NAIC CLIMATE RISK DISCLOSURE SURVEY
TCFD-ALIGNED QUESTIONS
UPDATED 2022

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, entity 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:

Our advancement of the environmental, social and governance ("ESG") framework is intended to promote awareness, sustainable and inclusive development of insurance markets which has been an area of focus for standard setters and regulatory agencies at the state and federal level. We continue to progress in integrating ESG strategies into our business and operations. Specifically:

• ***Environment*** - we are currently focused on becoming more energy efficient, mitigating, and adapting to climate change along with conserving water and reducing waste.

• ***Social*** – we have put emphasis on creating an inclusive equal opportunity workplace and inspiring others to support community relations.

• ***Governance*** – we are committed in its pursuit in creating an ethical and transparent organization.

We continue to enhance our ESG policies as we assess, analyze, and identify critical topics. We continue to monitor the expansion of these policies to ensure compliance with future regulations and assess and seek to implement best practices in response to any emerging guidance.

The Company's approach to climate change remains in the early stages of development and incidental to our management of our overall operating objectives. As such, we do not have any publicly stated goals. Our board assesses climate change within the context of geographic concentrations affecting our exposure to catastrophic weather loss, as well as the amount and cost of reinsurance to address our business objectives and other fundamental insurance considerations.

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 a 2 degree Celsius or lower scenario.

Response for Strategy:

We have exposure to unpredictable catastrophes that are more pronounced because a large portion of our insurance business is conducted in coastal states, and this exposure can materially and adversely affect our financial results.

We write insurance policies that cover homeowners, condominium owners and commercial residential buildings for losses that result from, among other things, catastrophes. We are therefore subject to losses, including claims under policies we have assumed or written, arising out of catastrophes that may have a significant effect on our business, results of operations and financial condition. A significant catastrophe, or a series of catastrophes, could also have an adverse effect on our reinsurers. Catastrophes can be caused by various events, including hurricanes, severe convective storms, tropical storms, snowstorms, tornadoes, earthquakes, hailstorms, explosions, power outages, fires and by man-made events, such as terrorist attacks. Climate change, to the extent it produces extreme changes in temperatures and changes in weather patterns, could affect the frequency or severity of weather-related catastrophes.

The incidence and severity of catastrophes are inherently unpredictable. The extent of losses from a catastrophe is a function of both the total amount of insured exposure in the area affected and the severity of the event. As of December 31, 2023, nearly all our premium in force related to business in coastal states, which are especially subject to adverse weather conditions such as hurricanes, tropical storms, earthquakes, and winter storms. A single catastrophic event, or a series of such events, destructive weather patterns, general economic trend, regulatory development, or other condition specifically affecting the states in which we conduct business, particularly the more densely populated areas of those states, could have a disproportionately adverse impact on our business, financial condition, and results of operations. Therefore, although we attempt to manage our exposure to catastrophes through our underwriting process and the purchase of reinsurance protection, an especially severe catastrophe or series of catastrophes could exceed our reinsurance protection and may have a material adverse impact on our results of operations and financial condition.

We employ significant catastrophe reinsurance coverage to address single or multiple catastrophic events. Our ability to access this coverage, however, is subject to the severity and frequency of such events. We may experience significant losses and loss adjustment expenses in excess of our retention or experience multiple retentions for a series of catastrophic events in a single season, which could materially and adversely affect our financial results.

The Company deploys sophisticated modeling tools to direct our risk acquisition in a manner consistent with avoiding geographic concentrations and unsustainable reinsurance costs. The Company's approach has yet to evolve to the degree where climate change factors in investment decisions or where we evaluate the effects on underwriting for specific increases in average temperature.

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 conducts an annual risk assessment, where management evaluates the broad array of risks inherent to its operations and determines whether, in its opinion, our control environment and other action mitigate these exposures to a level consistent with management's risk appetite and the regulatory oversight to which we are subject.

We selected key risks from the universe of risks we face based on their potential consequences and impact on our long-term growth, our ability to achieve profitable operations in the short run, and the attainment of our long-term capitalization targets. Executive management evaluates risks, both opportunities and threats, considering the situation's business fundamentals, predictability among potential outcomes, likelihood among outcomes, and relevant range of potential impact magnitude. Concurrent with our executive evaluation of the relevant business variables, we objectively evaluate our degree of preparedness, organizational infrastructure, skills, and financial resources to address the threat or exploit the opportunity.

In determining our relevant key risk criteria, we considered:

- our comfort level in accepting risk (risk appetite)
- the nature and type of potential consequences
- our definition of unacceptable risk
- our description of "likelihood"
- the immediacy of the risk and development of the consequence
- potential impact measured in financial/operational terms
- impact on our reputation and sustainability
- how the outcomes of risk combinations collectively exceed tolerances

To date, the Company's risk assessment activities have indicated that addressing our exposure to the indeterminable potential impacts of climate change are best addressed through adequate pricing, control over geographic concentrations and prudent levels of reinsurance.

The Company files an Own Risk Solvency Assessment with its domestic regulator which describes the risk assessment process in depth.

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 does not evaluate its response to climate change in isolation. As such, there are no specific climate change metrics and targets. We strive to provide a stable market for the insurance consumers we service and profitable underwriting contributing to adequate capitalization to support our business objectives. Our ongoing evaluation of losses and their relationship to the premiums we charge will result in actions involving our pricing, geographic distribution, reinsurance protection and claims handling practices. We are confident that these remedial actions will be consistent with the pressure applied by the effects of climate change to these fundamental insurance considerations.

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