

NAIC CLIMATE RISK DISCLOSURE SURVEY QUESTIONS AND RESPONSES REPORTING YEAR 2023

AMALGAMATED LIFE INSURANCE COMPANY, NAIC# 60216

Governance – narrative

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.

Additional information requested by DFS in the Appendix to July 7, 2022 letter:

Appendix – Information that New York domestic insurers should include in the Governance section of their Survey responses:

1. Please describe your company's board governance structure as it relates to climate risks and include at least the information below:
 - The board member(s) or committee(s) that are responsible for the oversight of the management of climate risks.
 - The board's familiarity with climate risks and education/training on climate risks.
 - Whether board governance is done at the ultimate holding company level (if applicable), intermediate holding company level (if applicable), the entity level, or a combination. If handled at the ultimate holding company level, describe what activities are undertaken at the entity level.
 - If the company has made climate commitments, how the board oversees management's progress toward meeting such commitments.
 - The senior management function(s) that are responsible for the management of climate risks. Please share any other relevant information.
2. Please describe the specific plans the company has developed on climate-related organizational structure and include at least the information below:
 - How climate risks will be managed through the company's existing enterprise risk management functions.

- The roles and responsibilities of the control functions related to managing climate risks.
- How the risk management process will be implemented across lines of business, operations, and control functions.
- Plans for explicitly considering climate risks in enterprise risk reports and ORSA summary reports.
- Plans for the internal review of the functions and procedures for managing climate risks.
- Plans for developing the skill, expertise, and knowledge for assessing and managing climate risks.
- (Optional) If the company has considered using remuneration policies to align incentives with the strategy for managing climate risks and with performance against climate metrics, please describe any such considerations and their status.
- (Optional) The Department does not expect the plans relating to organizational structure to be implemented by August 15, 2022. However, if the company has implemented any portion of those plans, please describe the status and when the plans will be fully implemented.

Q1 Response:

Amalgamated Life Insurance Company is a mid-sized life insurance company with its corporate headquarters at 333 Westchester Avenue, White Plains, New York 10604. Amalgamated Life is domiciled in New York State and licensed to write life and health insurance in all 50 states and the District of Columbia. The Audit Committee of the Board of Directors is responsible for the oversight of Amalgamated Life's Enterprise Risk Management ("ERM") Program. The ERM Committee is a cross-functional Committee comprised of members of senior management, including the Chief Executive Officer, Chief Financial Officer, Chief Risk Officer, Chief Actuary, Chief Information Officer, and the Chief Information Security Officer. The ERM Committee is tasked with identifying and managing risks to the Company. The ERM Committee has included climate change as a financial risk to the Company's diversified investment portfolio, which is managed by an external asset manager. The ERM Committee has also created a Climate Change Task Force to develop the skill, expertise and knowledge to assess and manage climate risk. The Company's current climate initiatives are available here: <https://www.amalgamatedbenefits.com/amalgamated-life/esg/environmental/>.

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.*i
- 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 1-5years as short term, 5-10years as medium term, and 10-30years 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.

Q2 Response:

To date the ERM Committee has not identified climate change as a material risk that would impact the Company's business or operations. The Company's headquarters is located in White Plains, New York, an area that has not experienced sustained extreme weather such as wildfires, flooding or tornadoes. Should a climate-related disaster occur, the Company maintains Business Continuity and Disaster Response Plans that provide staff with remote work capabilities and backup facilities in other locations. The ERM Committee has included climate change as a financial risk category to the Company's diversified investment portfolio, which is managed by an external asset manager.

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.

Q3 Response:

The Company's ERM Committee periodically conducts an enterprise-wide risk assessment to assess the Company's overall risk profile and evaluate whether that risk profile is consistent with established risk appetite statements and tolerance levels. The ERM Committee has identified climate change as a financial risk with a potential impact on the Company's investment portfolio. The Company manages this financial risk by instructing its external asset manager to maintain a diverse investment portfolio. The ERM Committee has created a Climate Change Task Force to develop the skill, expertise and knowledge to assess and manage climate risk.

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

Q4 Response:

The Company's external asset manager periodically prepares an ESG benchmarking analysis of the Company's investment holdings for consideration by the Investment Committee of the Board of Directors. The Company does not currently track any other metrics or targets related to climate change. The ERM Committee has created a Climate Change Task Force to develop the skill, expertise and knowledge to assess and manage climate risk.