

Climate Risk Survey reporting year 2023

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 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.

As a property-casualty insurance carrier MAG Mutual has not identified any current climate related risks that could significantly affect our business at this time, and as a company we have not publically stated our goals. Our target market is medical malpractice focused on physicians, surgeons, dentists, hospitals and other healthcare related facilities; our primary offering is medical malpractice for this target market. Although we do have incidental writings in other lines of business the volume is insignificant. Our primary writings are minimally impacted by climate risks, if at all, therefore a climate change governance program would not be relevant. We require our independent investment managers to identify potential investment risks, including those resulting from climate change, and recommend appropriate action. The MAG Mutual Actuarial team manages catastrophe modeling within our organization to model potential environment risk.

Strategy – narrative

2. Disclose the actual and potential impacts of climate-related risks and opportunities 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 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 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.

For our insurance operations, MAG Mutual utilizes catastrophe modeling to mitigate any potential environment risk, however, we do not believe that medical malpractice insurance is currently impacted by climate change.

As an employer, MAG Mutual has not taken specific steps to engage key constituents on climate risk and resiliency due to it not being relevant to our lines of business. In order to reduce or mitigate potential environment impacts, the company has implemented the following strategies:

- Beginning in 2020 our company implemented a hybrid work from home model, significantly reducing our daily travel emissions. The company operates with a limited carbon footprint. Most operations are centralized in Atlanta, GA in an updated facility. The company encourages ride-sharing, telecommuting and other initiatives to manage our carbon footprint into the future. We have moved toward a more remote workforce due to Covid-19; we believe this implementation to be long term. We have invested remote meeting technology thereby reducing countrywide travel to other office locations and client locations, at this time we believe that to last medium to long term.
- Our primary Atlanta, GA location also offers electric car recharging stations.
- All of our physical offices participate in recycling programs.

Risk Management – narrative

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.

Our primary insurance offering is medical malpractice which is not impacted by climate change. Although we do have incidental writings in other lines of business the volume is insignificant, therefore a climate change risk management program would not be relevant.

MAG Mutual does have a small Workers Compensation and Property book of business as supporting line offerings for our target market of physicians, surgeons, dentists, hospitals and other healthcare related facilities. Each year we utilize a catastrophe modeling organization to model potential environmental risk. We modify our risk profile as needed. We require our independent investment managers to identify potential investment risks, including those resulting from climate change, and recommend appropriate action.

Metrics and Targets – narrative

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.

While our company implements the catastrophe model, we do not believe that climate-related risks significantly impact our primary line of business, Medical Malpractice; therefore we do not currently track any metrics related to climate based upon our company footprint, though this is reevaluated by our actuary annually and can be reapplied to our risk management process if needed. Although we are not greatly impacted by climate related risks we require our independent investment managers to identify potential investment risks, including those resulting from climate change, and recommend appropriate action. Our company has not identified current or anticipated risks that climate change will pose to our company, therefore we do not have metrics or targets related to climate risk processes.