

**AAA Life Insurance Company**

**2023 NAIC Climate Risk Disclosure Survey Responses (filed in 2024)**

Note: Responses are in bold

**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: No publicly stated goals on climate-related risks and opportunities have been announced by AAA Life Insurance Company (AAA Life).**

**Climate-related disclosures are generally handled at a group level, covering AAA Life and its wholly-owned subsidiary, AAA Life Insurance Company of New York. However, if required, certain disclosures are made at the company level.**

**Ultimate accountability for oversight resides with the Board of Directors. Through delegation from the Board of Directors, the Audit Committee's primary function is to assist the Board in fulfilling its oversight responsibilities related to financial statements, corporate ethics and compliance, and risk management programs. This oversight covers all risks, including climate-related risks.**

**Management's roles and responsibilities are outlined in the ERM Framework and follow The Institute of Internal Auditors' Three Lines Model. The Chief Executive Officer (CEO), as the leader of the first line, develops and implements the strategies and initiatives that support the achievement of the Mission and Vision Statements. The CEO is responsible for ensuring that these strategies and initiatives align with the Core Values; maintain enterprise risk within the Risk Appetite Statement; and comply with legal, regulatory, and ethical expectations. Risk Management functions as the second line and is led by the Chief Audit and Risk Officer. Risk Management provides expertise, support, and**

**reporting related to the management of risk. The third line, Internal Audit, offers independent and objective assurance, advice, and insight of the risk management, control, and governance processes.**

### 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: No material climate-related risks and opportunities have been identified thus far. The business, strategy, and financial planning has not been directly impacted by material climate-related risks and opportunities.**

**AAA Life's strategy has not been subject to different climate-related scenarios.**

### 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: No material climate-related risks have been identified thus far.**

**AAA Life works with its investment managers to assess a wide variety of risks related to its portfolio. As no material climate-related risks have been identified thus far, the investment strategy has not been directly altered in response to material climate-related risks.**

#### 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: No material climate-related risks and opportunities have been identified thus far.**

**As a life insurer, AAA Life does not have risk exposures to weather-related catastrophes of property business.**

**Greenhouse gas emissions are not calculated at this time.**

**No publicly stated goals on climate-related risks and opportunities have been announced by AAA Life.**