

NAIC Number: 15884, 31925

Company Name: Falls Lake Fire and Casualty Company, Falls Lake National Insurance Company

Line of Business: Property/Casualty

Group Filing: Y

Group Number: 3494

Group Name: James River Group

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 state goals on climate related risks and opportunities insurers should consider including the following:

Identify and include any publicly state 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.
- B. Describe management's role in assessing and managing climate related risks and opportunities.

Response for Governance:

James River Group's (the "Group") Chief Executive Officer, Chief Financial Officer and other holding company employees are part of the Group's Corporate and Other Segment. This is where the Group sets and directs strategy for the Group as a whole. All group wide risk management decisions are made in this segment.

The Group's management, including and under the supervision of the Chief Executive Officer, has the primary responsibility for managing risks of the Group, subject to Board oversight. The Board of Directors reviews strategic and operational risk in the context of reports from the Group's senior management team.

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 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.

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:

Changing climate conditions may increase the frequency and severity of catastrophic events and thereby adversely affect our financial condition and results of operations. Over the past several years, changing weather patterns and climate conditions, such as global warming, appear to have contributed to the unpredictability, frequency and severity of natural disasters and created additional uncertainty as to future trends and exposures. There is a growing scientific consensus that global warming and other climate changes are increasing the frequency and severity of catastrophic weather events, such as hurricanes, fires, tornadoes, windstorms, floods and other natural disasters. Such changes make it more difficult for us to predict and model catastrophic events, reducing our ability to accurately price our exposure to such events and mitigate risks. Any increase in the frequency or severity of natural disasters may adversely affect our financial condition or results.

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 Group writes very little property or catastrophe insurance and no property catastrophe reinsurance. For the year ended December 31, 2023, property insurance and represented 4.3% of the Group's gross written premiums from continued operations. When the Group does write property insurance, it buys reinsurance to significantly mitigate its 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.

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.

Disclose Scope 1, Scope 2, and if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.

Describe the targets used by the insurer to manage climate-related risks and opportunities and performance against targets.

Response for Metrics and Targets:

The Group uses catastrophe modeling software to analyze the risk of severe losses from hurricanes and earthquakes on its exposure. The Group utilizes the model in its risk selection, pricing, and to manage its overall portfolio probable maximum loss ("PML") accumulations.

The Group has structured its reinsurance arrangements so that the modeled net pre-tax loss from a 1/1000 year PML would not exceed 2.5% of shareholders' equity on a Group-wide basis. The Group believes it has minimal exposure to material property risks.