

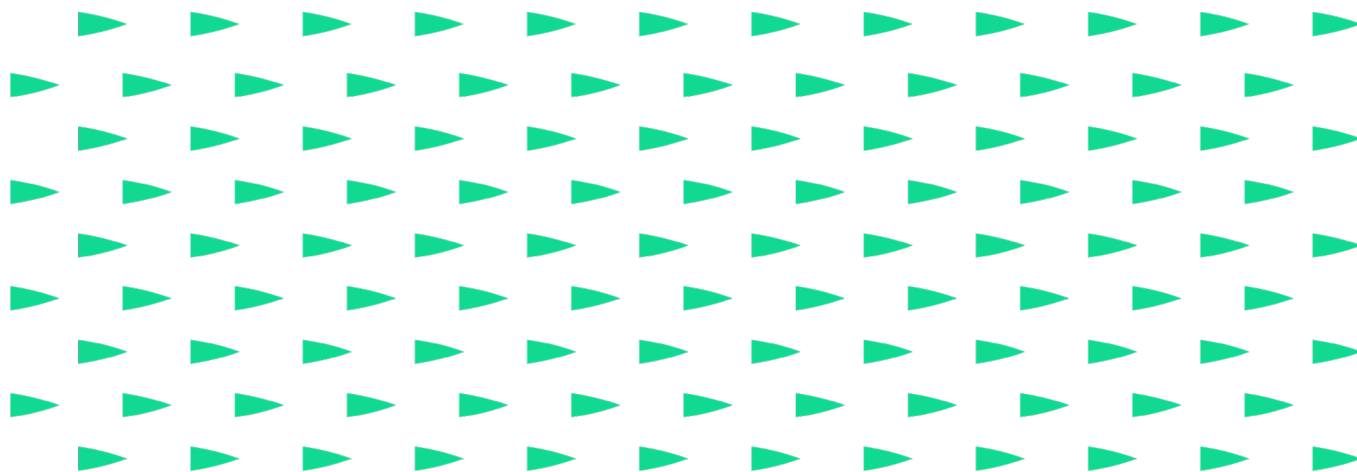


NAIC CLIMATE RISK DISCLOSURE SURVEY

The Kuvare Group

- ❖ Guaranty Income Life Insurance Company (NAIC 64238)
- ❖ Lincoln Benefit Life Company (NAIC 65595)
- ❖ United Life Insurance Company (NAIC 69973)

August 12, 2024



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

Kuvare and its subsidiaries and affiliates are environmentally conscious companies that strive to reduce their environmental impact while being fiscally responsible. As a life insurance and annuity company, Kuvare's emissions are minimal and typical for a company that utilizes office space. Kuvare has not made any public statements regarding changes to its operations in relation to climate-related risks and opportunities. Kuvare is not currently doing any public climate related disclosure.

1.A. Climate change-related risks are reviewed by the Executive Management Risk Committee, which reports to the Boards of Directors as necessary, at least annually as a part of Kuvare's annual risk assessment that is conducted by the Enterprise Risk Management (ERM) team.

1.B. Climate change risks are included in Kuvare's overall risk management program and are considered during its annual risk interviews, which identify keys risks within each of its business areas. Planning is updated regularly, and if a risk increases, appropriate mitigation action is taken.

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

As a group composed of life insurance and annuity companies, Kuvare is not particularly vulnerable to the impacts of climate change. The lines of business offered are not directly affected by climate change risks in the same way that a property and casualty insurer might be. However, Kuvare recognizes the possibility of sudden and sustained climate-related events that could affect both business operations and long-term mortality trends. In response to these potential events, Kuvare

has developed risk protocols that include personnel safety and business continuity procedures to ensure it can sustain business operations in the event of a climate-related disaster. To date, the company has not been significantly impacted by climate change, and it does not envision it presenting a material impact to Kuvare's business.

Kuvare has not yet taken active steps to engage constituencies regarding the perceived effects of climate change on our lines of business. This is because Kuvare is not aware of any conclusive data suggesting that its business areas (life and annuities) will be impacted by climate change in a way that would differ from its normal business trends. The Company continues to monitor industry trends and analysis related to climate change.

Kuvare continually monitors its impact on the environment and actively takes steps to minimize any negative impacts, especially within office spaces. As a life insurance and annuity company, Kuvare's greenhouse gas emissions are minimal and typical for an office-only facility.

2A. Climate change does not have a significant short-term direct effect on Kuvare's life, annuity, and long-term care business. Kuvare's customer base is widely diversified and is not subject to geographical concentrations that might be affected by climate change. Therefore, climate change is unlikely to directly impact our products or services, and Kuvare does not consider the company to be exposed to significant physical risks due to employee ability to telecommute and work remotely. In the long term, the climate-related risk Kuvare will continue to monitor is mortality changes due to natural disasters and temperature changes. Kuvare expects that such effects will manifest in both company and industry data and studies.

2.B. Kuvare is committed to enhancing our environmental impact by taking measures that include the following: prioritizing electronic applications, implementing paperless policies and billing, reducing printing and mailing services, and minimizing energy usage.

While Kuvare's investment guidelines are designed to diversify the company's holdings, we do consider climate change in the overall management of our investment portfolios. Instead, Kuvare prefers to reduce investments in dirty energy sectors due to both long-term economic reasons and potential environmental impacts. Any new investments are reviewed to ensure the portfolio's business activities, environmental impacts, and long-term sustainability efforts are understood.

2.C. Kuvare does not believe that climate change will significantly impact the products we offer (life insurance and annuities). However, it may affect the economy in general, influencing investments, interest rates, and other economic factors. Therefore, Kuvare continues to monitor these changes and their potential impacts on its business.

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

Kuvare does not consider the impact of climate related risks on its underwriting portfolio currently. However, Kuvare encourages policyholders and agents to go paperless to help reduce the amount of paper we print and mail.

Kuvare does not have a formal climate policy in place regarding our investment portfolio, but we factor in a macro view of energy consumption and climate trends into our investment decisions.

3.A. The Enterprise Risk Management (ERM) team conducts annual risk interviews and/or assessments of all business functions to identify new, changing, and emerging risks across the organization. No climate related risks have been identified through this process as of yet. However, climate change and its related risks are discussed in the broader context of general severe market risk or workplace disruption risk, i.e. natural disasters, man-made disasters, market liquidity and/or credit crises. Emphasis on business continuity and disaster recovery preparedness is a crucial part of maintaining operations in the face of these types of challenges for our organization.

The organization incorporates climate change considerations into its risk management practices. By running asset default scenarios that include credit losses associated with climate-related events, and by factoring in various interest rate scenarios that reflect economic impacts of climate change, we take a comprehensive approach to understanding and mitigating potential risks. This approach not only helps in assessing the direct financial impacts of climate change but also prepares the organization to adapt to evolving economic conditions.

3.B. Kuvare has not implemented any new efforts or policies to identify specific climate change-related risks as climate change has not been identified as a material risk to our business operations.

3.C. During annual risk assessments, the ERM team works with all the business areas/functions to identify new and emerging risks, collate those results, and present those risks to the executive team and boards of directors.

The company considers climate change impacts on mortality and morbidity of policyholders as a secondary, long-term factor. Integrating these considerations into normal pricing and underwriting processes alongside other evolving trends demonstrates a comprehensive approach to risk management. By addressing climate change risks implicitly within the broader risk assessment framework, we feel we are better positioned to adapt to future changes in demographic and health-related factors influenced by environmental shifts. This proactive stance helps mitigate potential adverse effects on the business operations and financial stability over time.

Metrics and Management

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

4.A. The Company has not explicitly incorporated climate-related risks into financial or any other modeling, as these risks have not directly impacted our business to date.

4.B. Kuvare does not have any Scope 1 or Scope 3 GHG to report/monitor. Our Scope 2 GHG is minimal for our office spaces. For the two buildings we own, Kuvare utilizes energy efficient equipment and green energy, whenever possible. For example, we have climate control systems, which conserve energy by adjusting thermostat controls, we have motion sensors on our lighting and computers are set to "sleep mode" after 15 minutes. For the offices that are leased, we have taken steps to recycle waste, save energy and use products that promote reduced energy

consumption. In addition, we use a cloud-based storage system to reduce the number of servers needed which in turn reduces the cooling systems needed, saving energy.

4.C. Not applicable to Kuvare at this time.