

NAIC Climate Risk Disclosure Survey
Homeowners of America Insurance Company
NAIC Number 12536

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

Company does not currently have 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.

Climate-related disclosures are handled at the entity level.

A. Describe the board and/or committee responsible for the oversight of climate-related risks and opportunities.

The committee responsible for oversight of climate-related risks and opportunities is the Return & Risk Committee. This is a committee of the board of directors.

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.

The committee responsible for oversight of climate-related risks and opportunities is the Return & Risk Committee. This is a committee of the board of directors.

B. Describe management's role in assessing and managing climate-related risks and opportunities.

Homeowners of America Insurance Company's ("HOAIC") management consistently reviews insurance experience from severe storms, hurricanes and wildfires to assess climate-related risks, specifically frequency and severity trends to ensure premium rates are sufficient and manage its underwriting exposure in certain areas. This process is managed by HOAIC's Actuarial team and shared across the company when premium indications justify changes. For wildfires, HOAIC uses third-party data to assess climate-related risks and determine acceptability of risks and premium.

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.*

HOAIC identifies that the impacts of climate related risk, specifically the increasing severity and frequency of catastrophic weather will have an impact on its business. HOAIC actively plans for this increased risk including assessing financial impact, rate adequacy, its reinsurance program, and overall claims strategy.

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. * *None.*
- Describe the insurer's plan to assess, reduce, or mitigate its greenhouse gas emissions in its operations or organizations. *

HOAIC has does not currently have a plan to assess, reduce, or mitigate its greenhouse gas emissions in its operations or organizations. Please note, HOAIC's workforce is remote which naturally helps to minimize the greenhouse gas emissions in its operations.

A. Describe the climate-related risks and opportunities the insurer has identified over the short, medium, and long term.

See 2 above.

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.

N/A

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.

HOAIC does not currently provide products or services to support the transition to a low carbon economy or to help customers adapt to climate-related risk.

- Discuss if and how the insurer makes investments to support the transition to a low carbon economy.

N/A

C. Describe the resilience of the insurer's strategy, taking into consideration different climate-related scenarios, including a 2 degree Celsius or lower scenario.

N/A

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. *

The company utilized multiple third-party models in addition to its internal data to assess risk related to climate/weather. The combination of this data evaluates geo-specific and location specific risk that impacts the frequency and severity of climate related risk.

- Describe any steps the insurer has taken to encourage policyholders to manage their potential physical and transition climate related risks, if applicable. *

HOAIC encourages policyholders to manage their potential physical and transition climate related risks by offering certain discounts for risk mitigation measures taken by the policyholder.

- Describe how the insurer has considered the impact of climate-related risks on its investment portfolio, including what investment classes have been considered. *

Understanding that climate change is an increasing risk to our portfolio holdings, we employ a variety of tools and systems to measure, model, and screen portfolios for their climate risk exposures. These include detailed ESG ratings from a variety of providers, carbon emissions data, industry involvement screens and the RMI's PACTA (Paris Agreement Capital Transition Assessment) portfolio modeling tool. Additionally,

AAM's (HOAIC's Investment Manager) investment analysts incorporate climate related risks and opportunities into their analysis when making investment decisions.

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. *

Assessments of financial implications of climate-related risks are assessed no less than monthly.

B. Describe the insurer's processes for managing climate-related risks.

We utilize third-party catastrophe models to help manage risk related to tropical cyclone, severe thunderstorm, winter storm, and wildfire. For each of these perils we evaluate both the distinct and collective average annual loss (location and portfolio level), volatility, and the value at risk at varying percentiles. Additionally, we measure the output of the third-party model against our own experience. For planning and risk management purposes, we defer to the more conservative view based on all available information.

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.

Climate-related risks are addressed through HOAIC's general enterprise-risk management process on an ongoing basis.

- 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. *See 3.B. above.*

- 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. *N/A*

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.

HOAIC utilizes third-party catastrophe models to help manage risk related to tropical cyclone, severe thunderstorm, winter storm, and wildfire. For each of these perils HOAIC evaluates both the distinct and collective average annual loss (location and portfolio level), volatility, and the value at risk at varying percentiles. Additionally, HOAIC measures the output of the third-party model against our own experience. For planning and risk management purposes, HOAIC defers to the more conservative view based on all available information.

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. *See 4.A. above.*

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

C. Describe the targets used by the insurer to manage climate-related risks and opportunities and performance against targets. See 4.A. above.

* Asterisks represent questions derived from the original Climate Risk Disclosure Survey.