Governance:

AmeriTrust provides commercial property and casualty lines of insurance in the U.S. The strategy includes profitable growth and diversification of the underwriting portfolio across products and geographical locations. There is a limited appetite for climate risk to provide natural catastrophe protection included with property coverages to insureds. The ERM team participates in the review of new business opportunities that may have exposure to climate change.

The Audit and Risk Committee of the Board was responsible for the oversight of managing climate related financial risks. Senior Management formulated and executed the strategy that inherently included risk and opportunities related to climate change. Senior management were members of the ERM Committee that assessed and managed climate related risks. The Chief Risk Officer and ERM Team provided information to the ERM Committee to aid in the decision-making process of risk taking and growth opportunities. Senior management and the Board were informed of the climate risks taken by AmeriTrust by means of quarterly ERM reporting. The quarterly reporting included key risk indicators for natural catastrophe risk. The Board reviewed a summary of our Economic Capital Model and Stress test results that showed the amount of capital required to support the risks of the enterprise in total and for natural catastrophe risk. Climate related disclosures are handled at the group level.

Strategy:

The actual and potential impacts of climate-related risks and opportunities on AmeriTrust businesses, strategy and financial planning are summarized below.

- Climate change has the potential to increase frequency and/or severity of catastrophes caused by natural perils.
- Climate change could increase property and liability claim costs for AmeriTrust associated with increased storm activity.
- Increased wildfire risk in western states related to climate change.
- Increased storm activity could cause damage to AmeriTrust offices in California, Florida, and Kansas.
- For general liability, we have exclusions that limit our environmental exposure (e.g. exclusions for pollutants).

The following are steps we have taken to engage key constituencies on the topic of climate risk and resiliency.

- We had climate change discussions with our reinsurance broker.
- We reach out to Conning to understand how climate change is considered in the Investment process.
- As part of our insurance operations, we have the opportunity to offer Loss Control advice and services. We offer a free online suite of risk management materials called SafetySurance. We do not offer advice to policyholders to use environmentally friendly procedures or building materials. We control loss experience on weather related exposures by use of Loss Control, higher pricing, deductibles, and limited coverage.
- We did plug-in ESG score (on Bloomberg and S&P Global) for internal investment process, and we evaluated ESG standard/ practice as part of engaging external manager process.

We have taken the following steps to reduce and mitigate greenhouse gas emissions in our operations.

- Over 90% of the employees of the AmeriTrust employees have been working from home since April of 2020. Work from home has reduced the amount of driving to and from work that increases carbon emissions.
- Extensive working from home has eliminated much of the use of paper that was utilized in the office.
- AmeriTrust participates in recycling paper, plastics, and soda cans.
- AmeriTrust has reduced the number of offices since 2019. Fewer offices use less fuel and electricity that reduce emissions.
- Travel was significantly reduced starting in April of 2020 as more on-line meetings and seminars were available.
- We attended webinars on the impacts of climate change.

The impact of a 2^{o}C up to 6^{o}C change in temperature up to the year 2100 to our catastrophe PML's is shown under disclosure 4 (metrics). In the case of an extreme climate change scenario with a 2^{o}C change in temperature change over twenty years, AmeriTrust has the ability to withstand the financial and operational consequences. In this scenario, AmeriTrust would reduce coastal wind coverage that would be more exposed to Hurricane damage. General property insurance rates would rise to cover the increase in exposure to wind. Continued use of catastrophe models that include climate change would allow us to avoid higher risk areas and reduce concentration of property accounts by location. Wildfire risk can be minimized by use of HazardHub to avoid higher risk areas. AmeriTrust has demonstrated in the past that it can change its underwriting portfolio substantially within two to three years to react to the changing environment. AmeriTrust offices are in locations that would be less impacted by a major shift in climate change. Our business continuity practices demonstrated resiliency during the Covid-19 pandemic showing the ability to pay claims and service policy holders as most of the company shifted to working from home within one month.

Risk Management:

We have a comprehensive Enterprise Risk Management Process with a control cycle that includes a continuous cycle that promotes transparency and discipline in management of risk taken through (1) Risk Identification, (2) Risk Assessments, Evaluations, and Analysis, (3) Risk Reporting and Mitigation actions, and (4) Risk Monitoring and Reporting. Communication among business units and departments and the continuous nature of this cycle, contribute to our ability to facilitate an enterprise-wide perspective on aggregate losses, an entity-level risk reporting process which provides early-warnings on key risk and decreases the frequency of surprises, enables management to adapt to the environment and optimize operational and financial resources.

Climate risks are identified, assessed, and managed by our general ERM framework that addresses key risks. Climate risks are monitored quarterly. A natural catastrophe risk assessment is completed once a year.

Climate risks are identified by monitoring news on climate change from publicly available sources, monitoring natural catastrophe key risk indicators, risk surveys, and conducting risk interviews with our risk owners.

Climate risks are assessed by use of our economic capital model and stress testing. The economic capital model includes extreme events for natural catastrophes and business interruption risks. The economic capital model estimates the amount of risk capital required to support the enterprise overall and the amount for catastrophe and operational risks. We prepare a formal risk assessment for natural catastrophe risk including climate change once a year that includes the results from our different models.

Stress tests of natural catastrophes including climate change are included in ORSA. Natural catastrophes that are influenced by climate change include increased hurricane risk, wildfire risk, and severe convective storms. Natural Catastrophe including climate change stress tests are evaluated once a year for a 1 in 20-year event and 1 in 100-year event. The stress test is applied to our three-year financial plan. The test shows the impact of a natural cat to the AmeriTrust RBC, combined ratio, and change in surplus. The results of the 1 in 100-year stress test are summarized below and included in the AmeriTrust ORSA.

- Risk Based Capital Ratio – Under our base case, the projected ending RBC ratio was 535%. Under the natural catastrophe and climate change stress test worst (1 in 100 year) case, the resulting RBC ratio is 499%, which is well above our Desired Capital level of 400%.
- Surplus - The resulting decrease to projected 12/31/2023 surplus would $28 million, or a 4.1% decrease from the beginning (12/31/2022) Surplus.
- Combined Ratio – The resulting three year (2022-2024) cumulative combined ratio is 102.5% compared to our Base case of 100.7%, or a 1.8 percentage point unfavorable impact.

Climate change risk are managed within our ERM framework. Underwriting risks associated with Climate change are managed by our Presidents of Admitted and Non-Admitted distribution channels and corporate underwriting. Catastrophe model analysis is used to manage the risk of the coastal wind exposure. Concentrations are monitored and tools are used to limit the exposure. Our non-admitted underwriting team monitors coastal wind property exposure monthly examining year built, distance to coast, building construction type, state, zone, rate, TIV, PML, and premium changes.

Our risk appetite statement specifies the conditions of accepting catastrophe risk and imposes risk limits to prevent the risk from exceeding our appetite. The risk is managed by modifying the premium writings, pricing, coverage, underwriting, or reinsurance structure to keep the risk profile within the stated risk tolerances. Reinsurance protects against large claim events and natural catastrophes that could dramatically impact surplus.

We have a formal business continuity plan that can be used in the case of an event impacting operations. This plan is updated and tested on a regular basis. We provide training to our Business Continuity team which includes leaders from all areas of the Enterprise. Our Loss Control activities safety advice to our policyholders and clients.

Metric and Targets:

Below is a list of risk metrics that AmeriTrust uses to assess catastrophe risks that are sensitive to climate change.

- Catastrophe damage losses to AmeriTrust policyholders are estimated by Catastrophe models provided by our reinsurance broker Lockton Re. Probable Maximum Loss (PML) at various percentiles by peril are measured on a quarterly basis. Climate change related perils include Hurricane, Severe Convective Storms, and Wildfire. PML's are calculated on a gross and net of reinsurance basis. PML's are also provided for a single catastrophe event and in aggregate for an entire year for multiple events. Below is a summary of our catastrophe model results including 2 climate change scenarios. As of August 2022, the AmeriTrust 1 in 200 PML for the Hurricane peril net of per excess reinsurance but before catastrophe reinsurance was $81.8M. Under scenario RCP 4.5 2030, the PML increases to $87.7M in today's dollars. Under scenario RCP 8.5 2030, the PML increases to $89.0M in today's dollars. We had catastrophe reinsurance protection up to $100M with a $15M retention. The most AmeriTrust would pay for a Hurricane loss under each climate scenario is $15M that was within our risk appetite. The two scenarios are defined below.

  RCP 4.5: Emissions peak around 2040, then decline. This requires a significant shift toward renewable energy sources and alternative/public transport systems, and the uptake of new technologies across a broad range of sectors. This pathway would result in 1.8 – 3.3°C warming by 2100.

  RCP 8.5: Emissions continue to rise throughout the 21st Century. This may be considered unlikely in light of recent developments in the energy sector but should not be entirely ruled out, partly due to the uncertainty associated with carbon-cycle feedbacks. This pathway would result in 3.0 – 6.2°C warming by 2100.

		ATG Hurricane PML Climate Change Impact		
Return Period	Exceedance Probability	Net Loss Pre Cat OEP - Today As Is	Net Loss Pre Cat 2030 RCP 4.5 +2 to 3°C by 2100	Net Loss Pre Cat 2030 RCP 8.5 +3 to 6°C by 2100
200	0.50%	81,802,780	87,681,907	88,968,437
100	1.00%	58,534,776	62,674,850	63,627,330
Pure Premium (AAL)		4,940,356	5,112,191	5,195,452

- Property catastrophe events for claim changes sensitive perils are included in the Economic Capital Model (ECM) for AmeriTrust. The frequency and severity assumptions for events greater than $1M for hurricane, severe convective storms, and wildfire based on catastrophe model results provided by Lockton are inputs into the ECM. The economic capital model is used for estimating the total required risk capital for AmeriTrust, aiding reinsurance decisions, evaluating growth strategy, and setting profitability targets for underwriting segments.

- The actuarial climate index is included in our Key Risk Indicator database. Changes in climate may impact our coastal wind production strategy and the placement of property risks in western states that have greater wildfire exposure.

AmeriTrust has risk tolerances and risk limits to control catastrophe risks that are increased with climate change. We target to keep our property catastrophe exposures well within the risk tolerances and limits. Property catastrophe risk tolerances are listed below.

Catastrophe Risk Limits

- Catastrophic risk without effective location level data sets to produce meaningful outputs from aggregation tools and modeling will be avoided.
- Concentrations of catastrophic risks that increase reinsurance costs without appropriate reward for such risk will be avoided.
- Retention for property catastrophes should be less than or equal $15.0 million
- The 1 in 200-year PML as indicated by the Cat models using a blend of RMS and AIR is the minimum acceptable reinsurance protection required for property catastrophe less than $100 million.
- Less than 1% chance of a catastrophe loss exceeding 5% of GAAP equity as measured by the economic capital model.
- Property Catastrophe All Perils 1 in 200 PML AEP pretax net of all reinsurance AIR-RMS blend / Surplus will be less than 8%

The AmeriTrust catastrophe risk profile as of 12/31/2022 is shown below. The profile shows the level of risk relative to the tolerance and limits.

Catastrophe Risk Profile

- The new Century Coastal wind program has effective location level data sets to produce meaningful outputs from aggregation tools and modeling.
- Reward for Century Coastal wind initiative were sufficient for the additional risk undertaken.
- Retention for property catastrophes = $15 million as of 12/31/2022.
- The 1 in 200 years per occurrence PML for all perils as indicated by the Cat models using a blend of RMS and AIR = $73M as of 12/31/2022.
- Less than 1% chance of a catastrophe loss exceeding 4% of GAAP equity as measured by the 2022 economic capital model.
- Property Catastrophe All Perils 1 in 200 PML AEP pretax net of all reinsurance AIR-RMS blend / Surplus was 7.5% as of 12/31/2022.

The AmeriTrust investment team uses Environmental-Social-Governance (ESG) scores to purchase investments that encourage ESG behavior.

A business interruption analysis was completed in 2022 to estimate the financial impact of closing our large offices due to a catastrophic event or other circumstances. The analysis considers the number of days operations cease as well as the number of employees that are unable to work. The estimated average cost of a business interruption event is $1M. A remote case (1 in 20-year event) is $3M. A

credible worst case (1 in 100-year event) is $10M. Our property insurance coverage for AmeriTrust covers up to $4M of loss for our largest property location in excess of a $10K deductible.

AmeriTrust has 19 locations within its operations. Many of these locations have Scope 1 emissions related to natural gas consumption to provide heat in the winter. All the locations have Scope 2 emissions due use of electricity for lights, AC, computers, communications, and other necessities for the offices. AmeriTrust does not have company vehicles.

Under Scope 3, AmeriTrust insures commercial risks that haver various degrees of emission exposure. On the lower end of emission exposures are good and services accounts including food service, restaurants, and apartment buildings. On the heavier end of emission exposures are accounts with auto exposure, oil and gas liability, and some manufacturing. More of the accounts have a lower end of emissions exposure than the heavier end.

Below is a summary of the AmeriTrust non-admitted coastal wind premiums by state and zone.

GA Group Coastal Wind In-force Monitor December 2022
includes Inland Marine TIV and Premium
Source: CIMS processed business

	Current Period	Prior Period
Start Eff Date:	12/3/2021	12/3/2020
End Eff Date:	12/18/2022	12/18/2021
End Post Date:	December 2022	December 2021

**Policy effective date range used is 380 days to account for policy processing backlog*

State Level

State Name	TIV (in millions) Current In-force	TIV (in millions) Prior In-force	TIV (in millions) Change	TIV (in millions) % Change	GWP - Total Property w/ Wind GWP Current In-force	GWP - Total Property w/ Wind GWP Prior In-force	GWP - Total Property w/ Wind GWP Change	GWP - Total Property w/ Wind GWP % Change	Average Rate* Current In-force	Average Rate* Prior In-force	Average Rate* % Change	Allocated 200 Yr HU PML Estimate** Current PML	Allocated 200 Yr HU PML Estimate** Prior PML	Allocated 200 Yr HU PML Estimate** Change	Allocated 200 Yr HU PML Estimate** % Change	200 Yr HU PML / TIV Current PML / TIV Ratio	200 Yr HU PML / TIV % Change	200 Yr HU PML / GWP Current PML / GWP Ratio	200 Yr HU PML / GWP % Change
ALABAMA	34.4	24.7	9.7	39%	324,712	251,172	73,540	29%	0.931	1.013	-8.1%	203,713	173,861	29,852	17%	0.006	-16%	0.63	-9%
FLORIDA	1,184.5	1,359.4	(174.9)	-13%	11,489,487	11,480,419	9,068	0%	0.914	0.769	18.8%	9,527,603	19,332,266	(9,804,663)	-51%	0.008	-43%	0.83	-51%
GEORGIA	13.7	15.0	(1.3)	-9%	148,550	155,257	(6,707)	-4%	1.103	1.048	5.3%	18,574	37,650	(19,075)	-51%	0.001	-46%	0.13	-48%
LOUISIANA	176.6	77.3	99.3	128%	2,133,950	790,949	1,343,001	170%	1.190	0.976	21.8%	3,284,434	561,536	2,722,898	485%	0.019	156%	1.54	117%
MISSISSIPPI	9.0	8.7	0.3	3%	105,592	107,730	(2,138)	-2%	1.153	1.237	-6.8%	61,350	35,709	25,641	72%	0.007	67%	0.58	73%
SOUTH CAROLINA	68.4	42.0	26.4	63%	575,774	331,448	244,326	74%	0.833	0.784	6.4%	96,868	82,111	14,757	18%	0.001	-28%	0.17	-32%
TEXAS	765.4	846.8	(81.5)	-10%	7,859,467	7,237,902	621,565	9%	1.008	0.827	21.8%	15,988,660	19,425,505	(3,436,844)	-18%	0.021	-9%	2.03	-24%
Total	**2,252.0**	**2,373.9**	**(121.9)**	**-5%**	**22,637,532**	**20,354,877**	**2,282,655**	**11%**	**0.968**	**0.803**	**20.6%**	**29,181,203**	**39,648,638**	**(10,467,435)**	**-26%**	**0.013**	**-22%**	**1.29**	**-34%**

Zone Level

State Name	Zone	TIV (in millions) Current In-force	TIV (in millions) Prior In-force	TIV (in millions) Change	TIV (in millions) % Change	GWP - Total Property w/ Wind GWP Current In-force	GWP - Total Property w/ Wind GWP Prior In-force	GWP - Total Property w/ Wind GWP Change	GWP - Total Property w/ Wind GWP % Change	Average Rate* Current In-force	Average Rate* Prior In-force	Average Rate* % Change	Allocated 200 Yr HU PML Estimate** Current PML	Allocated 200 Yr HU PML Estimate** Prior PML	Allocated 200 Yr HU PML Estimate** Change	Allocated 200 Yr HU PML Estimate** % Change	200 Yr HU PML / TIV Current PML / TIV Ratio	200 Yr HU PML / TIV % Change	200 Yr HU PML / GWP Current PML / GWP Ratio	200 Yr HU PML / GWP % Change
ALABAMA	1	34.4	24.7	9.7	39%	324,712	251,172	73,540	29%	0.931	1.013	-8.1%	203,713	173,861	29,852	17%	0.006	-16%	0.63	-9%
FLORIDA	1	83.0	106.4	(23.4)	-22%	1,183,064	1,627,712	(444,648)	-27%	1.213	1.162	4.4%	702,207	745,472	(43,265)	-6%	0.008	21%	0.59	30%
	2	52.8	48.8	4.0	8%	637,028	523,421	113,607	22%	1.099	0.933	17.8%	225,191	440,057	(204,866)	-47%	0.004	-51%	0.37	-56%
	3	170.4	274.3	(104.0)	-38%	1,950,243	2,460,960	(510,717)	-21%	1.057	0.829	27.5%	2,255,202	4,857,624	(2,602,421)	-54%	0.013	-25%	1.16	-41%
	4	450.3	548.4	(98.1)	-18%	4,191,953	4,070,770	121,183	3%	0.901	0.707	27.5%	4,441,657	10,425,394	(5,983,737)	-57%	0.010	-48%	1.06	-59%
	5	295.4	249.7	45.7	18%	2,447,964	1,832,836	615,128	34%	0.817	0.706	15.7%	1,821,087	2,342,663	(521,626)	-22%	0.006	-34%	0.74	-42%
	6	132.6	131.6	0.9	1%	1,079,235	964,720	114,515	12%	0.806	0.722	11.7%	72,309	521,056	(448,747)	-86%	0.001	-86%	0.07	-88%
GEORGIA	1	8.6	9.2	(0.6)	-6%	95,539	96,566	(1,027)	-1%	1.185	1.120	5.9%	6,690	19,910	(13,220)	-66%	0.001	-64%	0.07	-66%
	2	2.6	4.0	(1.3)	-34%	28,886	37,781	(8,895)	-24%	0.995	0.865	15.1%	3,017	7,484	(4,467)	-60%	0.001	-39%	0.10	-47%
	3	2.5	1.9	0.6	31%	24,125	20,910	3,215	15%	0.966	1.093	-11.7%	8,868	10,256	(1,388)	-14%	0.004	-34%	0.37	-25%
LOUISIANA	1	24.3	52.0	(27.6)	-53%	276,340	507,358	(231,018)	-46%	1.067	0.944	13.0%	486,714	416,244	70,469	17%	0.020	150%	1.76	113%
	2	9.7	8.0	1.7	22%	128,543	86,344	42,199	49%	1.213	0.942	28.8%	319,406	46,049	273,357	594%	0.033	470%	2.48	366%
	3	142.5	17.4	125.2	721%	1,729,067	197,247	1,531,820	777%	1.208	1.087	11.1%	2,478,314	99,243	2,379,071	2397%	0.017	204%	1.43	183%
MISSISSIPPI	1	1.6	4.7	(3.1)	-66%	18,922	53,659	(34,737)	-65%	1.200	1.147	4.6%	9,523	25,541	(16,018)	-63%	0.006	11%	0.50	6%
	2	7.4	4.1	3.4	83%	86,670	54,071	32,599	60%	1.143	1.363	-16.1%	51,827	10,169	41,659	410%	0.007	179%	0.60	218%
SOUTH CAROLINA	1	3.3	1.6	1.7	104%	27,027	13,182	13,845	105%	0.814	0.809	0.6%	3,309	2,347	962	41%	0.001	-31%	0.12	-31%
	2	39.4	26.8	12.5	47%	324,142	213,384	110,758	52%	0.814	0.795	2.4%	36,709	49,451	(12,742)	-26%	0.001	-49%	0.11	-51%
	3	25.7	13.5	12.2	91%	224,605	104,882	119,723	114%	0.866	0.758	14.3%	56,850	30,313	26,537	88%	0.002	-2%	0.25	-12%
TEXAS	1	147.3	207.8	(60.4)	-29%	1,850,043	2,138,496	(288,453)	-13%	1.244	1.012	23.0%	2,872,346	4,820,360	(1,948,014)	-40%	0.019	-16%	1.55	-31%
	2	389.4	455.7	(66.3)	-15%	4,174,774	3,783,155	391,619	10%	1.043	0.795	31.3%	9,575,489	11,778,678	(2,203,185)	-19%	0.025	-5%	2.29	-26%
	3	228.6	183.4	45.2	25%	1,834,650	1,316,251	518,399	39%	0.793	0.697	13.9%	3,540,821	2,826,467	714,354	25%	0.015	0%	1.93	-10%
Total		**2,252.0**	**2,373.9**	**(121.9)**	**-5%**	**22,637,532**	**20,354,877**	**2,282,655**	**11%**	**0.968**	**0.803**	**20.6%**	**29,181,203**	**39,648,638**	**(10,467,435)**	**-26%**	**0.013**	**-22%**	**1.29**	**-34%**

Note:
* Average Rate calculated excludes Inland Marine business. These rates and rate changes may not match those measured through the price monitoring (PMON) process.
** Allocated PML Estimates are based on PML/TIV Ratios developed using Lockton's "ATG_Coastal Wind PML TIV Ratio table_Dec 31 2021 data" and "ATG_Coastal Wind PML TIV Ratio Sept 30 2022" files. These estimates do not tie exactly to Lockton's files.