nycm INSURANCE

Climate Report

November 2022

Enterprise Risk Management

Contents

About NYCM Insurance

The NYCM Insurance Group (NYCM or Group) consists of two property & casualty insurance companies that operate under an interCompany reinsurance pooling agreement led by its parent Company, New York Central Mutual Fire Insurance Company (New York Central Mutual), and its wholly owned stock subsidiary, A. Central Insurance Company (A. Central or ACIC), established through its downstream holding Company, NYCM Holdings, Inc. (NYCM Holdings).

Ranked among the largest homeowner and private passenger automobile writers in the state of New York, NYCM maintains a long-standing history, dating back to 1899, providing preferred and standard personal lines insurance, including homeowners, private passenger auto, umbrella, and commercial coverages exclusively in New York State.

CLIMATE RISK MANAGEMENT

NYCM recognizes that climate change poses longer-term, wide-ranging, and material risks to the financial sector, especially for the insurance industry.

NYCM recognizes that climate change poses long-term, wide-ranging, and material risks to the financial sector, especially for the insurance industry. NYCM also fully understands transition risks may arise from society's progression towards a low-carbon economy or heavy reliance upon (participation in) utility investments (putting all eggs in one basket).[1] In addition to climate change, the Company also considers business activities which have actual or potential negative impact on air, land, water, ecosystems, and human health factors within this risk group.

Since climate change is emerging as a risk management concern, NYCM's Risk Management team and the ERM Division monitor current events as well as the Department of Financial Services expectations regarding climate change. Climate change is considered in the development and review of NYCM's:

- Governance framework
- Risk management processes
- Business strategies

The ERM Division annually reviews Climate Change (risk) factors within the *LogicManager* GRC software platform methodology. Factors reviewed include the following:

- Reputational and brand risk
- Operational risk
- Investment risk
- Liquidity risk
- Underwriting risk
- Strategic and emerging risk

Additionally, the ERM Sub-Committee for Finance and Catastrophes added climate change (risk) to its agenda of items to monitor and consider in 2021. Moreover, cross-divisional risk assessment workshops surrounding climate risk were slated for 2022. Participants will be charged to comprehensively identify risks, their likelihood, and risk mitigation associated with climate change.

[1] Insurance Circular Letter No. 15 (2020). Climate Change and Financial Risks. New York State Department of Financial Services. September 22, 2020.

Governance

Climate Governance at NYCM

The Company's Chairman of the Board of Directors oversees management of our environmental, social and governance (ESG) strategy and progress, including climate-related risks and opportunities. To ensure sustainable operations, NYCM continues to monitor and grow its understanding of economic impact and sustainability challenges due to climate change. This is monitored by the Company's Enterprise Risk Management (ERM) Committee, chaired by the Chief Risk Officer (CRO), who reports to the Board of Directors. Moreover, NYCM has designated a team to coordinate climate change risk through the Company's ERM Finance and Catastrophe Sub-Committee. This Sub-Committee has been tasked with monitoring the risks to its operations related to climate change. The Company has two other Sub-Committees that also monitor and assess relevant climate risk. The Competitive Risk, Pricing and Brand Integrity Sub-Committee oversees risks involving competitive risk, pricing, and brand integrity. The Privacy, Security and Data Governance Sub-Committee oversees risks regarding privacy, security, and data governance. Although the Finance and Catastrophe Sub-Committee is designated to monitor climate risk, all three Sub-Committees recognize that climate risk could directly impact or result in cascading risks that impact the Company. For this reason, climate risk is monitored and assessed by all three Sub-Committees.

Board of Directors

The Board of Directors has ultimate responsibility for risk management[2] and provides oversight and review of executive management's implementation of the Company's risk management policy. (See Figure 1) The Board of Directors is responsible for:

- Approving the annual ERM Report and the ORSA Summary Report
- Appointing the CRO
- Approving CRO reports of significant risks and mitigation efforts

Table 1 below reflects the responsibilities of the Audit and Executive Committees of the Board of Directors:

Audit Committee	Executive Committee
Review of filings and earnings releases	Forming and sunsetting committees
Oversight of financial reporting and related internal controls	Overseeing policies and policy development
Regulatory risk oversight	Ensuring the Board is establishing and maintaining good governance practices
Oversight of internal audit, ethics and compliance	

Table 1. Audit and Executive Committee Responsibilites.

[2] *Any reference to "risk management" or "risk" includes climate risk and cascading risks impacted by climate change.*

Chief Executive Officer

The CEO is responsible for oversight of risk management activities throughout the Company and for developing the Company's risk culture. The CEO is responsible for:

- Appointing ERM Committee and Sub-Committee members jointly with the CRO
- Providing leadership and direction to senior management in partnership with the Strategic Planning Committee

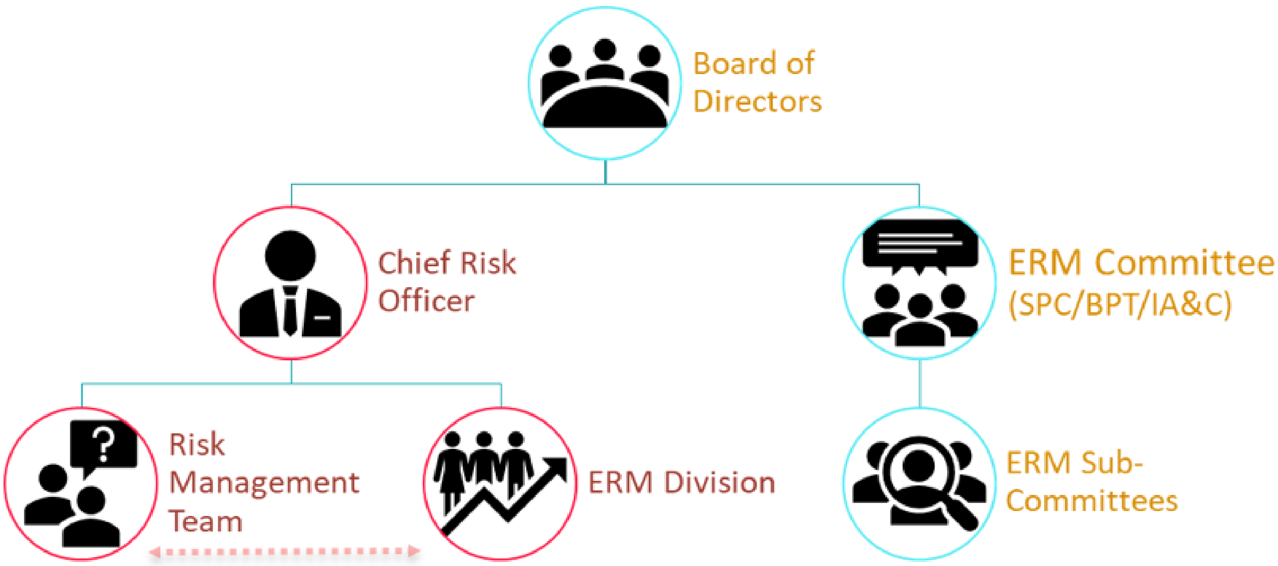


Figure 1. Risk Governance Structure.

Chief Risk Officer

In collaboration with the CEO, the CRO is responsible for oversight of risk management activities throughout the Company and for developing the Company's risk culture. Specifically, the CRO is responsible for:

- Driving the Company's culture of risk
- Developing an ERM strategy that is aligned with corporate strategy
- Working with the Board and CEO to formulate the Company's risk appetite and tolerances and monitoring adherence to these standards
- Identifying significant risks to the Company and ensuring effective programs are in place to manage them
- Assigning tasks and monitoring risk projects/activities led by the Senior Vice President, Risk Management Team, and the Division Manager, Enterprise Risk Management
- Appointing ERM Committee and Sub-Committee members jointly with the CEO
- Ensuring ESG factors are considered in risk identification and assurance
- Providing leadership, guidance, and communicating expectations to the ERM Committee
- Chairing quarterly meetings of the ERM Committee and directing activities of the ERM Committee and Sub-Committees
- Providing an ERM report to the board

Strategic Planning Committee (SPC)

Collaborates up and down the organization to match business strategy (strategy owner) with risk management and works together to appoint members of the ERM Committee and Sub-Committees.

ERM Committee

Select executive leaders are nominated to form the ERM Committee and are tasked to address risks and opportunities related to the Company's most significant risk events. (See Figure 2) The ERM Committee meets quarterly for the following purposes:

- Reviewing and discussing Corporate strategic goals and objectives
- Reviewing and discussing Governance strategy
- Reviewing and analyzing committee, Sub-Committee, and working group reports
- Identifying and documenting risk management of Risk Appetite and Tolerance
- Risk Acceptance and Risk Mitigation
- Business Continuity Management
- Risk Register Review & Vetting

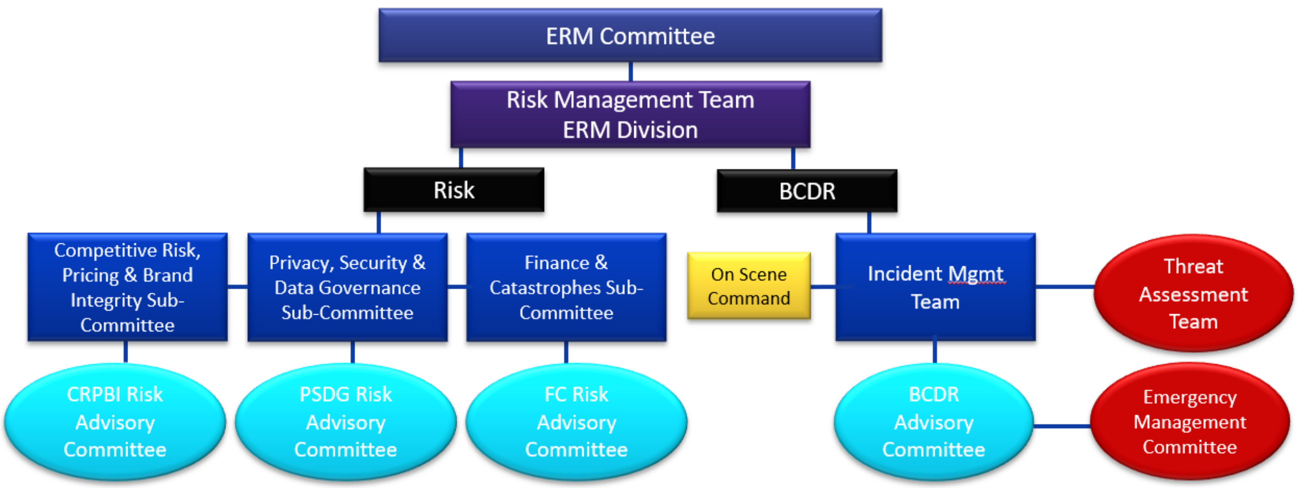


Figure 2. ERM Committee/Sub-Committees.

SVP, Risk Management Team, and Division Manager, Enterprise Risk Management

Through collaboration with the CRO, the SVP, Risk Management Team, and the Division Manager, ERM, develop various risk-related initiatives/programs and are responsible for the following:

- Drafting the ORSA Report and the Annual ERM Report
- Creating and maintaining the Company's Risk Register and Risk Library
- Developing standards, practices and procedures for effective risk management ensuring they are embedded into business processes
- Developing, updating, and maintaining the Risk Maturity Model
- Developing risk questionnaires to obtain risk-related information from all levels of the organization
- Collaborating with the Business Unit Manager, BCDR, to complete or refresh the annual Business Impact Analysis
- Creating a 'continuous' business continuity and disaster recovery mindset prevalent throughout the enterprise
- Completing financial stress tests
- Modifying, and maintaining the Company's Risk Appetite and Risk Tolerance Statements
- Developing risk-related education and awareness programs to ensure risk identification is pervasive throughout the organization
- Maintaining certification and skills in risk management through participation in professional risk organizations
- Developing and maintaining Economic Capital Model and benchmarking
- Preparing for and documenting ERM Committee and Subcommittee meetings and associated action items
- Facilitating ERM Committee and Subcommittee Chair and Vice Chair requests
- Providing leadership, guidance, and communicating expectations to the ERM Committee
- Helping the Company to identify emerging risks and risk opportunities
- Leading and administering *LogicManager*, the Company's Governance, Risk and Compliance (GRC) tool "force multiplier"
- Providing an ERM report to the Board

ERM Sub-Committee

Each ERM Sub-Committee has an appointed Chair and Vice Chair responsible for working with the ERM Division to set the agenda for meetings, sponsor the communication of various topics and guide conversation. All Division Managers are assigned to a Sub-Committee role, typically for a period of 2-3 years. In union with the CRO, SPC, SVP, Risk Management Team, and the Division Manager, ERM, the Chairs of ERM Sub-Committees and all Division Managers are responsible for:

- Identifying risks and opportunities related to risk events and developing and implementing risk management practices specific to their divisions
- Ensuring risk management practices are aligned with the corporate strategy
- Considering risk interdependencies and working with their divisions to ensure risks are addressed
- Alerting executive management to emerging risks and opportunities
- Completing the review, prioritization, scoring and input of identified risks via *LogicManager*

Risk Advisory Committee

The Risk Advisory Committee is chartered to focus on operational business risk and reports to the ERM Committee in support of the Category and Functional risk owners. The Risk Advisory Committee also acts as a sub-group of their respective ERM Sub-Committee. The two groups work towards shared goals fostering communication between upper management and the next layer of risk managers within each Division. Various Risk Assessment working groups may be chartered as needed under the purview of the Advisory Committee. The Risk Management Advisory Committee activities are facilitated by the ERM Division.

Internal Audit and Compliance

- Provides consulting expertise to the ERM Division including guidance and expertise in the assessment of Risk and Business Continuity maturity models, frameworks, professional practices, controls, velocity of change and the most significant risks of the organization
- Reviews ERM activities
- Coordinates external audit activities pertaining to risk assessment
- Utilizes the Internal Audit module of *LogicManager* to help "connect the dots" of risk management across the enterprise (enhances collaboration while maintaining an independent view)
- Ensures compliance with NYS DFS Regulation 500 designed to promote the protection of customer information as well as the information technology systems of regulated entities and NYS DFS Regulation 118 requiring the Company to establish an Audit committee

Employees

- Apply risk management practices in their daily work. The goal is for each employee to become a risk manager who can balance risk and return considerations in their daily decision-making.
- Alert their managers to emerging risks and opportunities. Through additional training (e.g., various quarterly awareness opportunities such as "*See Something, Say Something*", mandatory monthly Cyber Security training for all employees, Crisis Coach training for all leaders), NYCM asks employees to report abnormal situations or anything that could affect personal safety or the livelihood of the Company.
- Participate in Risk Assessment workshops as deemed appropriate by management

Ironically, it can be challenging to identify the magnitude of a risk when it develops around us over an extend period of time. Climate change risk requires a dynamic long-term strategy to manage its impact on our business and community.

-Michael A. Perrino,
Treasurer, CFO, CRO

Strategy

Climate Philosophy

The Company notes that climate change has a significant impact on the insurance industry. NYCM believes it is prudent to be aware and considerate of how the Company's actions may affect the climate. NYCM maintains a conservative approach that balances financial stability, reasonable effectiveness, and being climate considerate. The Company is mindful in its effort to identify and address climate friendly opportunities as they arise.

Controlling our Risk Profile

The Company identified the fact that catastrophic events are beginning to have a greater effect on upstate regions. Additionally, when considering the recent five years, the flood hazard continues to increase in frequency and intensity. NYCM believes this trend will persist. For several years, the Company has actively examined our geographic spread of property exposures, through RMS and AIR modeling, to ensure NYCM manages the concentration of risk related to climate change. The Company has assessed our level of climate exposure for nearly ten years, especially as it pertains to geographical spread. As a result the Company took the opportunity to put into action several initiatives to manage climate change exposure.

The Company introduced a methodology of risk evaluation that reduces and avoids significant exposure to shoreline risk. NYCM keeps a measured approach to managing current growth exposure levels. Additionally, the Company maintains a conservative catastrophe reinsurance program. These considerations affect all lines of business including homeowner, dwelling fire, business owners, and automobile.

The Company's geographical focus spreads across New York State. Historically, NYCM maintains a higher presence in the Western part of the State while effectively managing exposure along the shorelines of Long Island.

Over the last ten years the Company has improved the geographical risk exposure via growth across the remainder of the state. Additionally, NYCM also focused on exposure to flood, especially relative to homeowner and automobile lines. The Company also partnered with a company that specializes in flood hazard to assist us with promoting the coverage. Consideration here extends beyond coastal regions to rivers and streams.

Lastly, NYCM introduced several risk mitigation measures and controls to manage potential exposures. These include, but are not limited to, improved risk-based pricing, limiting new business submissions, increased utilization of deductibles, enhancing educational opportunities, the conservative purchase of reinsurance, and moving to three-year reinsurance contracts.

Investment Strategy

The Company also considers the impact of climate change on its investment portfolio. Since NYCM's investment portfolio is composed substantially of high-quality investment grade fixed-income securities, the investment risks presented by potential global climate change are considered negligible. For more than 20 years NYCM has screened all municipal bond purchases for coastal exposure. The Company's investment strategy emphasizes proper diversification by issuer and instrument, which effectively reduces the risk within the portfolio from any potential climate-related event that could erode the asset values, such as a natural catastrophe striking a particular geographic location. Assessments are made and investment holdings may be adjusted, accordingly. Regarding all fossil fuel related corporate bond purchases, the Company limited its appetite and reduced duration to 5 years or less to avoid longer-term exposure to these investment types. NYCM also engaged with financial data provider Bloomberg L.P. to build on our capacity to understand ESG-related performance. Presently, NYCM is reviewing several potential ESG scoring providers and working with Bloomberg to learn which offers the most credible and mature product. The Company is working with Alliance Bernstein (AB), to research potential ESG focused investment funds. Of significance, NYCM's investment management firm, AB, currently screens ESG investments.

Assessing Physical Risks in a Warming Scenario

In 2021, the Company researched various hazards utilizing Hazard assessments from multiple counties in New York State.

The Company then completed a forward-looking assessment of climate-related hazards over the next 10 years. The assessment consisted of evaluating physical risks as they are currently and how those risks will evolve in 2030. These hazards included risks such as extreme temperatures, ice storms, snowstorms, wildfires, severe storms, and many other climate-related and cascading risks.

The Company recognizes that over the next decade that these risks can evolve in a warming scenario and will evaluate and review these risks on an annual basis to assess and monitor the velocity of change.

Potential Opportunities and Risks

NYCM Recognizes that climate change provides both risks and opportunities. *Figure 3* depicts opportunistic examples that the company may consider researching and exploring further. In the pursuit of potential opportunities that balances financial stability, reasonable effectiveness, and being climate considerate, the Company programmed for 2022 to explore the potential opportunity of the installation of chargers for electric vehicles.

Figure 3. Climate Opportunities to Explore.

Risk Limitation Strategy *Mitigating Factors*
• Internal Climate risk assessment performed in 2022 • NYCM volunteered to participate in 3 National Association of Mutual Insurance Companies (NAMIC) and NYS DFS-sponsored panels • Periodic review of physical plant and facilities to determine if company can reduce carbon footprint • Window replacement upgrades installed over the last five years • LED Lighting upgrades installed over the last five years • Added natural light to the workplace thereby reducing the need for electrical lighting • Installed foam insulation to all exterior walls as part of our renovation to reduce fossil fuel carbon footprint

Figure 4 below depicts the different mechanisms of climate impact, and the different types of financial impact climate risks and opportunities provide. In turn, *Figure 5* graphically depicts Scope 1, Scope 2, and Scope 3 activities and different risk categories that could impact each of those scopes.

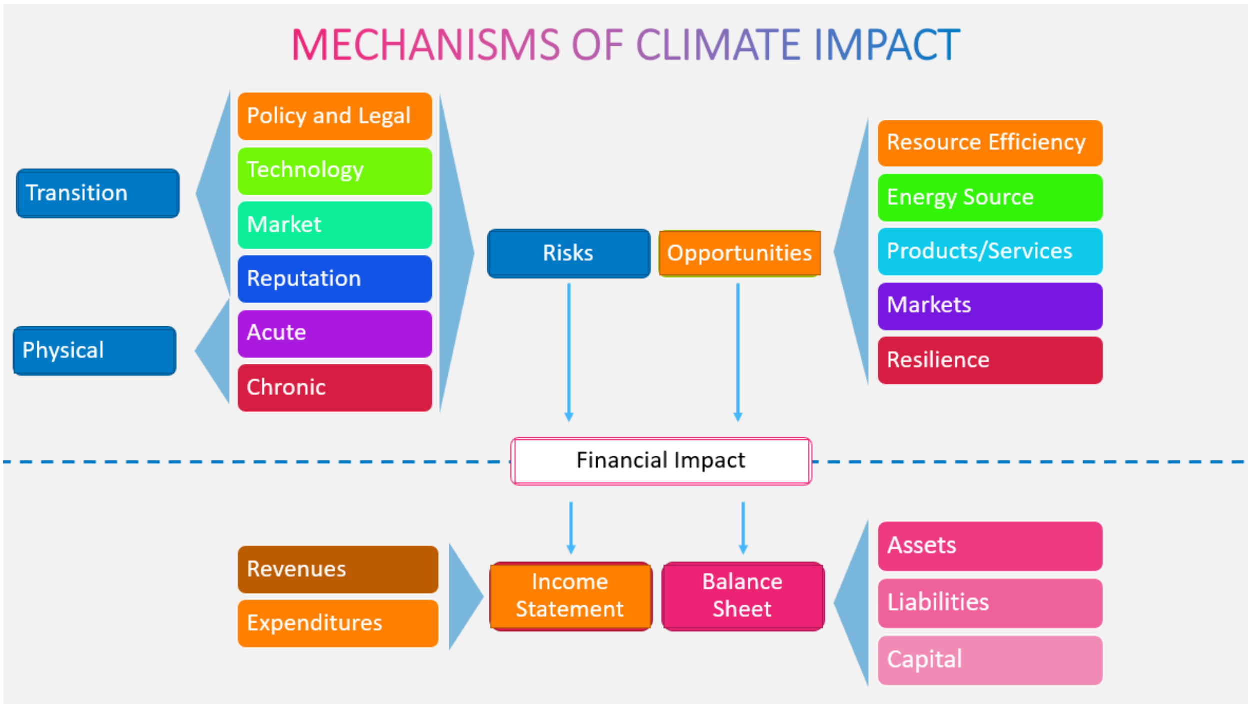


Figure 4. Mechanisms of Climate Impact.

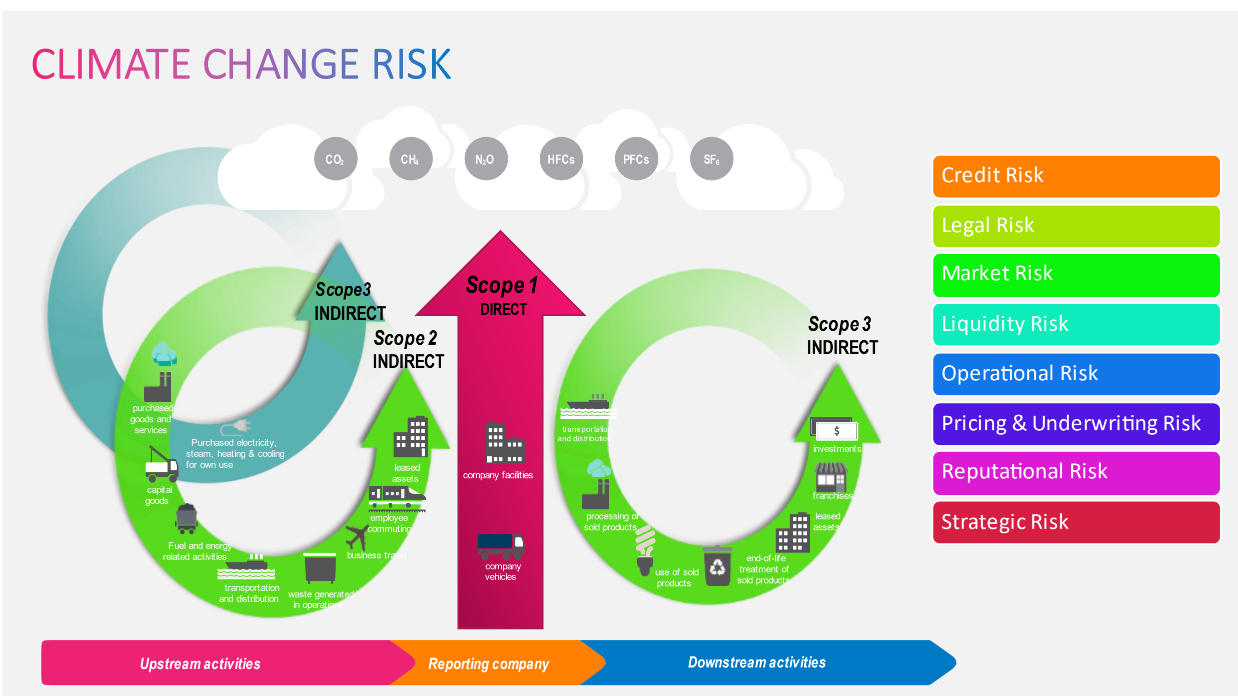


Figure 5. Climate Change Risk Scopes.

Risk Management

Risk Management Background

The Board of Directors and Management of NYCM have determined that the various risks and opportunities which could affect the parent Company and all subsidiaries shall be identified, evaluated, managed, monitored, and communicated to all parties involved. While NYCM Insurance has practiced aspects of ERM throughout its over 100-year history, it undertook a more formal and documented process in the fall of 2007. Over the past ten years, risk Sub-Committees were formed to further mature program emphasis and process. In early 2018, the desire for an enhanced ERM Program compelled senior management to establish the formal ERM Division to better focus on corporate risk, strategic risk, emerging risk, and other related opportunities. Ensuring ERM programs become pervasive across the enterprise is a journey that continued throughout 2021.

The Board of Directors has ultimate responsibility for risk management and provides oversight and review of executive managements implementation of the risk program. In turn, the Board appoints the Chief Risk Officer (CRO). The Chief Executive Officer (CEO), Chief Operating Officer (COO), and CRO are members of the Strategic Planning Committee (SPC). The SPC is responsible for oversight of risk management activities throughout the Company and for influencing the Company's risk culture. They appoint an ERM Committee and associated Sub-Committees to address risk and opportunities related to the Company's most significant risk events.

We are very good at managing risks that affect our daily lives and well-being. Climate change presents a risk that can effectively change the way we live. As an industry, we have a responsibility to make a meaningful difference. It's what we do best!

-Michael A. Perrino, Treasurer, CFO, CRO

The positioning of the Business Continuity and Disaster Recovery Business Unit within the ERM Division provides a natural synergy as the disciplines leverage each other when identifying risk and determining risk response (deciding whether to avoid, accept, reduce, or share risk).

Risk Management Culture

For over 120 years, NYCM Insurance has adopted a conservative approach to its business operations. The risk management culture of the organization continues to become more widespread, with great strides made over the past ten years. Moreover, the culture of risk management continues to evolve with the objectives of prioritizing risk and adding value to the Company. With the establishment of a formal ERM division along with the appointment of a dedicated and professional risk staff during the second quarter of 2018, the Board of Directors and Company executives decided to rigorously promote and further the risk culture of the enterprise. Continual review of the COSO-integrated ERM Framework and the Risk and Insurance Management Society's Risk Maturity Model will help to guide the organization in further risk maturity. Over the last three years, the ERM Division has been adjusting its goals based on areas of improvement after evaluation of the COSO integrated framework and the RIMS maturity model.

Risk Management at NYCM

Our ERM Committee, led by our Chief Risk Officer, meets regularly to consider potential risks, including those posed by climate change. As previously noted, an ERM Sub-Committee concerned with Finance & Catastrophes is tasked to consider the impact of climate change in their risk assessments. The Company's Risk Management Team (including Committees) regularly monitor industry news and research relative to climate and the impact on the future of our business. As research is conducted, various climate risks are discussed, scored, and financial impacts are determined. Risks are reviewed and scored continuously (as needed) throughout the year. Mitigation measures are determined and incorporated into a final risk score.

Regarding financial implications, much of the Company's efforts are centered on regularly updating our catastrophe modeling to incorporate recent experience and the incremental value events throughout the world are having on the development of these models. This has resulted in strategic planning that places more of a significant emphasis on exposure regions and how best to mitigate risk. In doing so, the Company continued to embrace a conservative approach to growth in exposed regions of the state. In recognition of the increasing concern with climate change, NYCM continues to invest in the purchase of catastrophe reinsurance to buttress our surplus. Moreover, the Company does so at levels considered to be double that of industry standard. Each year NYCM considers the level of exposure climate change may have on our longer-term financial leverage, level of liquidity and implications relative to remaining a going concern. And, although it is obvious that an increase in the frequency of catastrophe losses would have a negative compounded impact on reinsurance costs and reinstatement provisions, the lack of investment returns due to depressed interest rates has driven the capacity for catastrophe cover to new highs driving down pricing and yield. The Company's response has been to begin hedging our position via longer-term contracts to cover potential volatility going forward.

In consideration of climate change and how it can present a different set of exposure challenges, NYCM has taken proactive measures to gauge the level of impact new weather-related threats pose. The Company has not yet, however, built in any degree of climate change trending to anticipate the development of this impact over time. To that end, NYCM's dedicated ERM Division endeavoring to monitor and understand risk trends, determine our approach and mitigation methods, and ensure a long-term conservative approach via the utilization of catastrophic reinsurance the Company believes is essential to avoiding insolvency.

Own Risk Solvency Assessment

Climate risk is formally documented within NYCM's annual Own Risk Solvency Assessment (ORSA) Summary Report and the Company's annual ERM Report to the Board of Directors and shared with external auditors. Over the past year, the ERM and risk management teams have reviewed and prioritized countywide hazards resulting from severe weather and spanning historical data of the past 20 years. Importantly, the teams have analyzed projected trends of severe weather (possibly due to climate change) looking forward 10 years (to 2030 and beyond) to both identify critical risk and our efforts to mitigate those risks. A meaningful amount of time and effort is spent evaluating catastrophic events, including atypical scenarios for the state of New York. The Company makes use of extensive modeling to identify the impact of hurricane winds, storm surge, straight-line winds, winter storm, tornado, and hail.

LogicManager Risk and Governance Tool

NYCM utilizes the *LogicManager* GRC software platform (to identify, assess and manage risk identification and prioritization. *LogicManager* assists the Company by providing a standardized methodology to identify, assess, prioritize, and report risk impact, likelihood, and mitigation. The *LogicManager* GRC platform is comprised of nine major modules including ERM, Incident Management, IT Governance & Security, Compliance Management, Vendor Management, Financial Reporting, Audit Management, Business Continuity & DR, and Policy Management.

Using *LogicManager* as a "force multiplier" involves incrementally building out an enterprise view of the risks of the organization (risk register / library) which allows the Company to best utilize its resources on prioritized objectives.

Setting Appropriate Time Horizons

A strategic response to climate change requires a longer-term view than the typical business planning horizon of three to five years. When evaluating risks and the time horizon that climate risk could materialize, our Company adopted the standard short (1-5 Years), medium (5-10 Years) and long (10-30 Years) term time horizons.

Encouraging Our Policyholders

We encourage our policyholders, through information provided in mailings and on our website, to take steps to mitigate risks due to any type of severe weather activity, but not specifically due to climate change. A premium credit is offered for those residences protected by storm shutters and Hurricane Resistant Laminated Glass. The Company is actively working with our agents to promote supplementary flood insurance education, as we know that less than two percent of homeowners are covered for flood loss. NYCM has made available a multitude of resources to assist in this effort. We will continue to educate ourselves and study appropriate resources pertaining to climate change, as they become available. The data we acquire may be made available to our policyholders, as well as the general public.

Metrics and Targets

Risk Assessment

At its core, the goal of risk management is to make better decisions to add business value. Better decision making requires transparency into all risk information gathered at an organizational level. It also requires the ability to prioritize information by assessing the risks identified as they relate to organizational goals, resources, and controls. Monitoring is done by conducting a risk assessment with key stakeholders that understand the impact of potential business decisions. Many times, risks are identified and assessed via a risk assessment workshop. In the workshop, participants identify any risks associated with the initiative that are related to people, systems, processes, relationships, and even those that could affect the organization. Risks are then scored utilizing NYCM's standard risk-scoring methodology as the participants analyze the potential impact and likelihood of the risks, as well as how well the organization is equipped to mitigate the risk currently. The risks and scores brought forth in the workshop are inputted into *LogicManager* and develop a plan for risk management thereof.

Gaining Efficiencies

The Company does assess its operational emissions when they arise. These initiatives include the following:

- Updated HVAC
- Installation of efficient heat pumps
- Updated Internal Lighting
    - Adding natural light to the workplace therefore reducing the need for electric lighting
- Foam insulation for all exterior walls as part of our renovation to reduce fossil fuel carbon footprint.
- Replacement of Windows
- The replacement of spinning disk with a flash storage upgrade results 50% less energy by minimizing heat through the elimination of moving hardware.
- New server technology has been implemented to run our virtualization and micro services environments resulting in an estimated 30% decrease in energy consumption to run these environments.
- Our disaster recovery site utilizes outside air for cooling when the outside air is cooler than room temperature
- In our production printing rooms, we deploy printers without fusing technology reducing energy usage and heat emissions
- The Company is also considering newer ink jet models which could lower energy consumption and eliminate heat generation with the removal of toner fusion
- Ongoing research continues for future implementations of Virtual Desktops, and Cloud Services to further reduce energy consumption and heat generation in our data centers

Assessing Emissions and Targets

The Company is currently considering potential opportunities to explore in relation to climate risk. One of these opportunities is the measurement of Scope 1, Scope 2, and Scope 3 emissions. The Company is also considering potential targets used to manage climate-related risks and opportunities. See *Figure 3* above for potential opportunities that may be potentially explored and considered.

Reducing Paper

At NYCM Insurance, we are committed to offering convenience to our customers while also being mindful of our environmental impact. We are excited to launch an initiative in 2022 to "Go Paperless," encouraging customers to access their policy information online by signing up for eBill, ePolicy, & Electronic Fund Transfer. The ease of utilizing these features enhances the customer experience by increasing accessibility to policy information while offering the convenience of managing payments online. Customers can opt-in to eBill and ePolicy by logging into their MyAccount and selecting "Go Paperless."

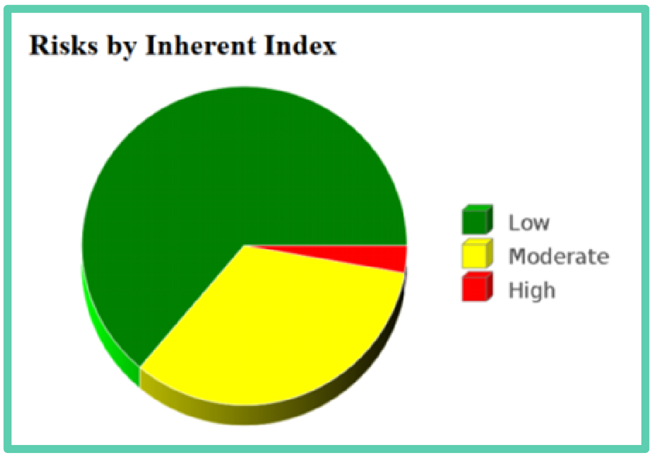
This initiative is another step that we are taking to offer efficient and convenient services to our customers while displaying genuine care about minimizing the environmental impact of overusing paper.

THE FUTURE OF CLIMATE AT NYCM

Assessing the risks

ERM facilitated its first climate workshop in April of 2022, where climate risks were identified, discussed, and scored. The top risks identified were in the following categories:

- Design of Products or Services
- Economic, Market and Business Environment
- Hazards
- Internally Related Challenges
- Regulations and Guidelines
- Socio-political Environment
- Third Party Due Diligence
- Third Party Provider Delivery



As NYCM faces the challenges of emerging climate risks, it is prudent to have a dynamic strategy in place. The climate risk workshop was the first step to gaining insight from our internal subject matter experts and uncovering the concerns of the enterprise.

Learning opportunities

Importantly, NYCM volunteered to participate in 3 National Association of Mutual Insurance Companies (NAMIC) and NYS DFS-sponsored panels with the following roles providing leadership on various aspects of climate change:

- Regulatory and Legal Affairs Division Manager - Collection/creation of materials (including a video presentation) to educate consumers, elected officials, and other stakeholders on disaster-related issues
- Enterprise Risk Management Division Manager - Development of a standardized form to help collect consistent, real-time information in the wake of a natural disaster
- Property Claims Division Manager - Review of the temporary adjuster licensing process to expedite claims while also protecting consumers

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NEW YORK CENTRAL MUTUAL FIRE INSURANCE GROUP

2022 Task Force on Climate-related Financial Disclosures (TCFD)

Climate Report