

CURE Auto Insurance

Climate-Related Risk Disclosure Report



August 2024



INTRODUCTION

Climate related risks represent the actual or potential negative impacts of climate-related conditions and events on an entity's financial statements, business operations, or value chains.

The Board of Directors of Citizens United Reciprocal Exchange ("CURE" or the "Exchange") and its committees oversee the Exchange's risk management policies, including those related to climate risk.

This report discusses CURE's approach to managing climate risk, consistent with the recommendations of the Task Force on Climate related Financial Disclosures (TCFD).

GOVERNANCE

CURE's Board of Directors is responsible for overseeing the Exchange's risk management policies and practices, including those related to climate risk. This responsibility is primarily carried out by the Audit & Actuarial Committee, which plays a central role in monitoring climate-related risks.

CURE's actuarial team regularly assess the potential financial impacts of climate-related events through analysis of data and statistical models. By assessing trends in weather patterns, natural disasters, and regulatory changes, they gauge the long-term liabilities and risks associated with climate change.

Meanwhile, the Audit & Actuarial Committee ensures that the organization's financial statements accurately reflect these risks and that appropriate risk management strategies are in place through discussions with management as well as oversight of CURE's external audit and actuarial functions, which provides guidance helping CURE navigate the complex landscape of climate risk management to safeguard its goals of financial stability and sustainability.



STRATEGY

CURE believes everyone deserves affordable car insurance, based primarily on their driving record, rather than credit score, education, or income. CURE only writes personal auto insurance, servicing three states: Michigan, New Jersey and Pennsylvania. Due to the nature of the coverage provided and geographic range of the coverage, CURE does not have significant exposure to climate-related risk.

While limited, CURE's primary climate-related exposure is flood risk stemming from its comprehensive coverage. Exposure with respect CURE's collision and liability coverages is minimal.



RISK MANAGEMENT

CURE's actuarial team plays a critical role in the Exchange's climate-related risk management strategy, conducting detailed reserve studies that monitor catastrophe losses. These studies involve a comprehensive analysis of historical data and trends related to weather-related events and other catastrophes that could impact the Exchange's financial stability. By carefully assessing the frequency and severity of these events, the actuarial team can accurately estimate the reserves needed to cover potential losses. A catastrophe loss report is presented to the Audit & Actuarial Committee each quarter to ensure ongoing oversight and preparedness.

This proactive approach not only ensures that CURE is prepared for unexpected climate-related events, but also helps in maintaining sufficient financial reserves to mitigate any adverse impacts on operations and policyholders that may be caused by such events. Through continuous monitoring the frequency and severity of these events, the actuarial team plays a critical role in strengthening CURE's resilience and its ability to navigate challenging market conditions.



METRICS AND TARGETS

Due to the nature of the coverage that CURE offers, and its geographic scope, CURE does not face significant exposure to climate-related risks. As a result, no particular metrics or targets have been established to address these risks.