NAIC CLIMATE RISK DISCLOSURE SURVEY
TCFD-ALIGNED QUESTIONS
UPDATED 2022

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.

While Millers Mutual does not have publicly stated goals pertaining to climate related risks and opportunities they are taken into consideration as part of annual catastrophe modeling and exposure management analysis which is conducted by Senior Leadership. Disclosure of climate related risks is handled at the entity and/or group level as per the requirements of regulators. Risk is aggregated from the entity level to the group level and risk management is provided by Senior Leadership and monitored within our Enterprise Risk Management framework which is overseen by the Board of Directors' Audit and Risk Committee.

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. *

Millers Mutual is predominantly a property focused writer of multi-family housing risks in the Mid-Atlantic region. We are exposed to hurricanes, severe winter weather events, and severe convective storms. We have engaged with a diverse portfolio of reinsurers to purchase per-risk and catastrophe reinsurance to mitigate the impacts of the changing climate risk environment to our book of business. The amount of reinsurance purchased is based upon catastrophe modeling conducted by our reinsurance broker.

• Describe the insurer's plan to assess, reduce, or mitigate its greenhouse gas emissions in its operations or organizations. *

Millers Mutual is mitigating our greenhouse gas emissions by moving our data center to an off-site location which is a certified green facility. We utilize video conferencing capabilities to reduce agency visits and continue to allow most employees to have the option to work from home, which serves to reduce greenhouse gas emissions.

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

Severe weather events present a threat to Millers Mutual in the short, medium, and longer terms. The impact of these severe weather events is the need to purchase higher limits of catastrophe reinsurance in the short term. We will continue to review the output of our modeled results to determine the need for additional capacity in the medium and longer terms.

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.

No differences in terms. From our perspective there are no differences in short, medium, and long terms being defined as 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.

Climate change is being taken into consideration as we explore potential opportunities for geographic expansion. We are actively limiting our exposure to regions or territories with a higher propensity to experience severe weather-related events including those thought to be exacerbated by climate change in the long term.

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.

Millers Mutual's efforts thus far have been investing in paperless billing and payment options as well as electronic information and document access for our insureds and agents.

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

Millers Mutual is focusing on investments towards improving internal operations that consider supporting a transition to a low carbon economy. The largest investment to date is the relocation of our data center to one that is powered by 100% renewable energy.

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

Our catastrophe modeling takes into consideration a 50/50 blend of RMS and AIR models to evaluate the potential impacts of different severe weather events in order to purchase adequate reinsurance limits to remain a solvent and resilient organization.

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. *

Our underwriting guidelines are in place to limit exposure to coastal regions, and we monitor the impact of hurricanes, severe winter weather and severe convective storms on an ongoing basis.

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

As part of our marketing strategy, we provide information to our customers that gives them advice on steps that they may take to prepare for adverse weather, such as hurricanes and winter freeze events.

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

Millers does not have an investment strategy driven primarily on assessing climate related risks on specific investments. However, for our fixed income securities (our largest major asset class) Millers Mutual monitors ESG ratings on an aggregate basis to understand the risk/return dynamic and concentration of risk that may be susceptible to climate-related risks which are a part of ESG evaluations. Furthermore, regarding equity investments we invest solely in market-balanced exchange traded funds. Therefore, as the general market favors or frowns on individual companies' efforts towards a low carbon economy, that change in market value impact on our investment portfolio is not an outlier to the general market.

A. Describe the insurers' processes for identifying and assessing climate-related risks

Millers Mutual employs a variety of tools to identify, assess, and manage climate related risks on an as needed basis. At a minimum we conduct an annual risk concentration analysis on our entire portfolio, but we may also review the impact of a larger exposure to the overall portfolio on an as needed basis. Concentration analysis is an element of our reinsurance modeling review which is completed annually. The financial implications are considered when determining the adequate limits for our reinsurance programs.

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. *

The financial implications are considered when determining the adequate limits for our reinsurance programs as well as potential large weather event impacts on our risk -based capital measurements. These are conducted on an annual basis.

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

At a minimum we conduct an annual risk concentration analysis on our entire portfolio, but we may also review the impact of a larger exposure to the overall portfolio on an as needed basis.

C. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the insurer's overall risk management.

Concentration analysis is an element of our reinsurance modeling review which is completed annually. Catastrophe modeling probable maximum loss limits are part of our Enterprise Risk Management process.

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.

Catastrophe events represent one of the key risk categories within our Enterprise Risk Management framework. This is reviewed on a quarterly 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.

We model scenarios such as hurricanes, windstorms, and severe convective storms. We are primarily focused on 100-year events.

- 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.

Climate risk scenarios are not currently utilized to analyze risks on investments.

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.

Millers Mutual is predominantly a property focused writer of multi-family housing risks in the Mid-Atlantic region. We are exposed to hurricanes, severe winter weather events, and severe convective storms.

A. Disclose the metrics used by the insurer to assess climate-related risks and opportunities in line with its strategy and risk management process.

Millers Mutual utilizes the average of the RMS and AIR models to assess climate-related risks and opportunities which are in-line with our quarterly ERM monitoring and control activities.

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.

On an annual basis Millers reviews and purchases reinsurance in keeping with our risk tolerance level, on a per occurrence basis, equal to 50% or less of surplus at a 1:200 PML for all perils, which equates to an approximate 1:300 hurricane or 1:800 severe convective storm. We do not have any targets or metrics to address climate VaR or carbon intensity.

C. *Disclose Scope 1, Scope 2, and if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.*

For Millers Mutual, Scope 1 greenhouse gas (GHG) emissions include all emissions resulting from the day-to-day operations of our physical plant and the activities of our employees. The indirect impact as it pertains to Scope 2 is the transmission of electricity and other utilities to our location. We are mitigating our greenhouse gas emissions by moving our data center to an off-site certified green facility. For Scope 3, we have instituted a hybrid work environment which serves to reduce the carbon footprint of employees as a result of reduced travel to and from the office.

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

We do not currently have specific targets to manage climate-related risk and opportunities.

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