

Investors Title

Investors Title Insurance Company

October 28, 2022

VIA Electronic Submission

California Department of Insurance
Task Force on Climate related Financial Disclosures (TCFD)

Dear Sir or Madam:

Enclosed are the responses in accordance with the NAIC Climate Risk Disclosure Survey.

If you require any additional information, please contact me at 919-968-2200 ext. 2609. Thank you for your assistance.

Sincerely,

Dr. Ashley Harris
Director of Licensing

Enclosures

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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 the managing climate-related risks and opportunities.

Response:

As a title insurer, the Company does not believe greenhouse gas or other climate emissions pose a significant risk to its operation or organization and has limited ability to impact it. However, the Company does support environmental responsibility.

Should an impact be made to operations due to a climate event, the Company's Disaster Recovery and Business Continuity teams are prepared to enact any necessary steps to ensure continuance of operations. Each of these teams consist of business leaders throughout the Company who are able to ensure key areas of operations are included in recovery and contingency plans. Annual simulations are held to ensure the existing plans are current and effective.

Strategy

1. 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 impact of climate-related risks and opportunities on the insurer's business, 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
- Describe the insurer's plan to assess, reduce or mitigate its greenhouse gas emissions in its operations or organizations.
- A. Describe the climate-related risks and opportunities the insurer has identified over the short, medium, and long-term.

In describing the climate-related risks and opportunities the insurer has identified over the short, medium, and longer term, insurer 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.
- 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.
- Discuss if and how the insurer makes investments to support the transition to a low carbon economy
- C. Describe the resilience of the insurer's strategy, taking into consideration different climate-related scenarios, including a 2 degree Celsius or lower scenario.

Response:

As a title insurer, the Company does not believe greenhouse gas or other climate emissions pose a significant risk to its operation or organization and has limited ability to impact it. However, the Company does support environmental responsibility.

Due to the size and business operations, the Company does not formally evaluate the impact of climate change on our corporate strategy.

1. Disclose how the insurer identified, assesses, and manages climate-related risks. In disclosing how the insurer identified, 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
 - Describe any steps the insurer has taken to encourage policyholders to manage their potential physical and transition climate related risks, if applicable
 - Describe how the insurer has considered the impact of climate-related risks on its investment portfolio, including what investment classes have been considered.
- A. Describe the insurer's processes for identifying and assessing climate-related risks

In describing the insurer's processes for identifying and assessing climate-related risks, insurer should consider including the following:

- Discuss whether the process includes and assessment of financial implications and how frequently the process is completed.
- B. Describe the insurer's processes for managing climate-related risks
- 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.
- 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.
- Discuss the climate scenarios utilized by the insurer to analyze risks on its investments, including which risk factors are utilized, what type of scenarios are used, and what timeframes are considered.

Response:

As a title insurer, the Company does not believe greenhouse gas or other climate emissions pose a significant risk to its operation or organization and has limited ability to impact it as title insurance protects the insured from losses resulting from claims against one's ownership of real estate. However, the Company does support environmental responsibility.

As stated in the parent Company's Form 10K for 2021, catastrophic events such as extreme weather conditions . . . could have a material adverse effect on the Company's future results of operations . . . The Company's business operations could be impacted, including availability of key Company personnel or the Company's information technology systems. Given the unpredictable nature of these events with respect to size, severity, duration and geographic location, it is not currently possible to quantify the ultimate impact that they may have on the Company's business.

Should an impact be made to operations due to a catastrophic climate event, the Company's Disaster Recovery and Business Continuity teams are prepared to enact any necessary steps to ensure continuance of operations. Each of these teams consist of business leaders throughout the Company who can ensure key areas of operations are included in recovery and contingency plans. Annual simulations are held to ensure the existing plans are current and effective.

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2022 Response to NAIC Climate Risk Disclosure Survey *continued*

Metrics and Targets

1. 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, 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 emissions⁰
- B. Disclose Scope 1, Scope 2, and if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.
- C. Describe the targets used by the insurer to manage climate-related risks and opportunities and performance against targets.

Response:

As a title insurer, the Company does not believe greenhouse gas or other climate emissions pose a significant risk to its operation or organization and has limited ability to impact it; therefore there are no metrics or target in place at this time.

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Close-ended questions directly correspond to the narrative above, allowing for explanation and qualification of the yes/no answers. Close-ended questions are voluntary for reporting year 2022 and individual states may elect not to request them.

Governance

- Does the insurer have publicly stated goals on climate-related risks and opportunities?

- Does your board have a member, members, a committee or committees responsible for the oversight of managing the climate-related financial risk?
- Does management have a role in assessing climate-related risks and opportunities?
- Does management have a role in managing climate-related risks and opportunities?

Strategy

- Has the insurer taken steps to engage key constituencies on the topic of climate risk and resiliency?
- Does the insurer provide products or services to support the transition to a low carbon economy or help customers adapt to climate risk?
- Does the insurer make investments to support the transition to a low carbon economy?
- Does the insurer have a plan to assess, reduce or mitigate its greenhouse gas emissions in its operations or organizations?

Risk Management

- Does the insurer have a process for identifying climate-related risks?
 - o If yes, are climate related risks addressed through the insurer's general enterprise risk management process?
- Does the insurer have a process for assessing climate-related risks?
 - o If yes, does the process include an assessment of financial implications?
- Does the insurer have a process for managing climate-related risks?
- Has the insurer considered the impact of climate-related risks on its underwriting portfolio?
- Has the insurer taken steps to encourage policy holders to manage their potential climate-related risks?
- Has the insurer considered the impact of climate related risks on its investment portfolio?
- Has the insurer utilized climate scenarios to analyze their underwriting risk?
- Has the insurer utilized climate scenarios to analyze their investment risk?

Metrics and Targets

- Does the insurer use catastrophe modeling to manage your climate-related risks?
- Does the insurer use metrics to assess and monitor climate related risks?
- Does the insurer have targets to manage climate-related risks and opportunities?
- Does the insurer have targets to manage climate-related performance?