NAIC Climate Risk Disclosure Survey

TCFD-Aligned Questions

Narrative Survey Response Submitted 8/29/2024

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.

1. Governance:

The Company does not have publicly stated goals on climate-related risks but does disclose strategic decisions on catastrophe exposure in the 10Q and 10K filings of Global Indemnity Group LLC ("GBLI").

In GBLI's Annual Report on Form 10-K, there is disclosure in the Risk Factors section on risks arising out of natural disasters including climate events. The Company follows SEC reporting requirements and, accordingly, 10-K's and 10-Q's are certified by both the CEO and the CFO. Quarterly, the CFO leads a meeting with the Disclosure Committee, which is made up of select members of the GBLI Management team across departments, where 10-K and 10-Q disclosures are discussed. In addition, there is a Regulatory and Compliance team responsible for disclosure requirements, which reports up to SVP, Sr. Counsel & Head of Investor Relations.

The Enterprise Risk Management (ERM) Committee of the GBLI Board of Directors provides oversight for all enterprise risks. Catastrophe exposures, which include climate related risks, are regularly modeled and analyzed. Modeled results are included in the updates to the Enterprise Risk Committee. The ERM Committee is headed up by the Chairman of the Committee. During the quarterly board meeting, there is a scheduled session specifically for the ERM Committee, which is attended by all board members and select members of the GBLI Management team. The ERM committee provides oversight regarding climate-related financial risks. Management is responsible for executing the guidance from the ERM committee.

GBLI Management assesses natural catastrophe risk as part of the quarterly ERM process. GBLI is exposed to potential large aggregate losses from natural catastrophes (CAT) such as hurricane, earthquake, and wildfire. The Property Exposure and CAT Management team through our reinsurance intermediary utilizes reputable vendor CAT models to quantify aggregate probable maximum loss (PML) potential from such catastrophes and reinsurance is purchased to mitigate exposure to such events. The overall natural catastrophe risk is owned by GBLI's Chief Underwriting Officer. Quarterly analysis is performed to compare modeled results to predefined risk tolerance thresholds.

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 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. *
- 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, 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.

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.

2. Strategy:

Our organization participates in energy saving measures at all our facilities. By taking steps such as supporting recycling programs, implementing power management policies, sponsoring travel reduction programs, and educating employees, we strive to make a real environmental impact at all our locations.

Our plan includes the implementation of both mandatory and voluntary practices to reduce landfill waste, further recycling, conserve energy and reduce the usage of natural resources. As a company, we are committed to protecting and preserving the natural environment. Examples of this commitment would include the following:

· We have replaced inefficient light fixtures with LED lighting at numerous locations

· Installation of motion sensors for lighting control

· Recycling programs

· E-waste days throughout the year

· Installation of Electric Vehicle Charging Stations at multiple locations.

· Travel Reduction Incentive Program in the Scottsdale AZ office

· Most of our locations follow ASHRAE standards with respect to indoor air quality standards and HVAC operations

· Most locations use Eco-Friendly green cleaning products for Janitorial/Housekeeping operations

· Building standard paints are low VOC

· Celebrations that Promote Earth Day annually

As part of the company's quarterly ERM process GBLI Management assesses the risk of natural catastrophes. There is climate-related risk tied to the company's insurance writings which will continue to develop alongside the change in the climate. Changing frequency and severity of catastrophic weather events ranging from Hurricane to Wildfire may pose a threat to our property insurance business in the short-, medium-, and long-term horizons. However, these threats also provide business opportunities for innovative insurance product development which deals with these changes in exposure. The company continues to develop enhanced analytical tools which will allow us to leverage internal and external data sources to develop these new products in the future, identify market needs, as well as exit certain areas or lines of business when prudent.

The company partakes in an annual planning process which engages all levels of Management. The management team makes decisions about which geographical areas to enter, exit, and grow. As part of this process, the company has engaged in various underwriting efforts over the last several years to shift the profile of our business to reduce exposure to these catastrophic events. We monitor and track these catastrophic exposures through our quarterly ERM process to ensure that we remain within an acceptable PML range. For example, the company recently divested its Personal Lines & Agricultural units which were property driven lines of business. This resulted in a significant drop to the company's PML over the last year. The company also performs risk adjusted return on capital analysis that takes into consideration the cost of reinsurance as well as the cost of catastrophes.

We do not engage in conversations or provide products to our insureds related to the transition to a low carbon economy or adaptation to climate-related risk.

Our investment managers are leaders in Environmental, Social, and Governmental (ESG) fixed income investing and are committed to incorporating ESG factors into their investment analysis and decisionmaking process. They recently received an A+ score on the PRI (Principles for Responsible Investment) Assessment Report.

The Company, through our reinsurance intermediary utilizes catastrophe models which provide differing types of event catalogs or scenarios. These catalogs or scenarios can utilize variations in sea surface temperatures to produce alternative views of the PML for the company's property business. The company reports on changes in its PML as part of the quarterly ERM process.

RISK MANAGEMENT

1. *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. *
- 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 insurers' processes for identifying and assessing climate-related risks.

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. *

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 types of scenarios are used, and what timeframes are considered.

3. Risk Management:

The company stays abreast of climate-related risks in several ways which include but are not limited to:

- Articles published in scholarly journals
- Articles published in insurance trade publications
- White papers presented by modeling vendors
- Attendance of industry conferences and trade shows

We do not encourage policy holders to manage their potential physical and transition climate related risks.

Each potential purchase is analyzed by our investment managers for climate risk including the likelihood that climate change will affect the borrower over the lifetime of a bond.

GBLI Management assesses natural catastrophe risk as part of the quarterly ERM process. GBLI is exposed to potential large aggregate losses from natural catastrophes (CAT) such as hurricane, earthquake, and wildfire. The Property Exposure and CAT Management team through our reinsurance intermediary utilizes reputable vendor CAT models to quantify aggregate probable maximum loss (PML) potential from such catastrophes. The overall natural catastrophe risk is co-owned by GBLI's Chief Actuary and AVP of Reinsurance. Quarterly analysis is performed to compare modeled results to predefined risk tolerance thresholds.

The company through our reinsurance intermediary utilizes catastrophe models which provide differing types of event catalogs or scenarios. These catalogs or scenarios can utilize variations in sea surface temperatures to produce alternative views of the PML for the company's property business. The company reports on changes in its PML as part of the quarterly ERM process.

The Company does not specifically utilize climate change scenarios; however our investment managers rely on the incorporation of Environmental, Social, and Governmental (ESG) considerations as a function of the various platforms with which they invest.

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.

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.

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.

4. Metrics and Targets:

GBLI Management assesses natural catastrophe risk as part of the quarterly ERM process. GBLI is exposed to potential large aggregate losses from natural catastrophes (CAT) such as hurricane, earthquake, and wildfire. The Property Exposure and CAT Management team through our reinsurance intermediary utilizes reputable vendor CAT models to quantify aggregate probable maximum loss (PML) potential from such catastrophes. Specifically, the company evaluates its exposures at the 1 in 250 return period as part of its risk tolerance. The company also tracks additional return period metrics which are not used specifically in determining its risk tolerance.

The overall natural catastrophe risk is co-owned by GBLI's Chief Actuary and AVP of Reinsurance. Quarterly analysis is performed to compare modeled results to predefined risk tolerance thresholds.

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