

2024 NAIC / STATE CLIMATE RISK DISCLOSURE SURVEY

Governance – narrative

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.

Response:

The company has not identified any material climate related risks at this time, as such it does not have a board, board member, or committee specifically responsible for the oversight of climate-related risks and opportunities. The company, having not identified material climate related risks, has no stated private or public goals. In 2025 the company anticipates giving the Board Compliance Committee increased visibility regarding climate-related risks and opportunities on a group level and developing a plan to increase Board of Directors involvement. This visibility will come from informal review of climate change trends in the states we offer products and services and how those trends might relate to changes in the operational strength of our industry and our company.

Governance – closed ended questions answered in addition to the narrative

- Does the insurer have publicly stated goals on climate-related risks and opportunities? (Y/N)
- Does your board have a member, members, a committee, or committees responsible for the oversight of managing the climate-related financial risk? (Y/N)
- Does management have a role in assessing climate-related risks and opportunities? (Y/N)
- Does management have a role in managing climate-related risks and opportunities? (Y/N)

Strategy – narrative

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.*i
- 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 1-5years as short term, 5-10years as medium term, and 10-30years 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:

The company does not have a current, formalized, continuous process for identifying climate-related risks and opportunities be they short or long term; therefore, there is no group of specific activities under the banner of climate- change taking place to assess, reduce, or mitigate the effects of climate change on our operation, financials, products, services, or customers. That said, we do use surveys to assess our customer population's climate related health risks such as heat stroke or heat exhaustion, hypothermia or frostbite, dehydration, and acute or chronic respiratory conditions. Possible climate change related risks related to our operations would currently be identified with the assistance of our medical and financial experts on staff during the periodic review of the growing data about the impacts of climate change on health care delivery and health care costs.

We currently consider our short-term climate risks to be minimal. However, we understand that natural disasters of increasing frequency and intensity due to climate change, like wild fires or severe winter storms, can pose risks to our customer populations. We understand that long term risks to our financial performance could come from increasing stress on the health care system and increase in utilization and cost of health care from climate change related health impacts such as respiratory illnesses, heat-related hospitalizations, and pregnancy complications.

Operations of the company could be impacted if a significant amount of our workforce is located near a natural disaster. While we have several physical spaces from which we operate, much of our workforce works remotely on any given day. This spreads out our workforce and increases our resilience to a severe weather event as employees who are not impacted can assist with the work and maintain business continuity.

With regard to mitigation of greenhouse gas emissions in its operations the company has taken steps in its transportation usage and facilities practices to reduce emissions. With regard to transportation, the company offers public transportation subsidies and makes bicycle facilities available to employees at many of its larger worksites. It also allows a significant segment of its employees to work remotely, eliminating their need for a daily commute. With regard to facilities, two of the company's largest worksites are LEED certified and it has replaced many light bulbs with LED bulbs to reduce energy consumption.

In our investment management towards support of a transition to a low carbon economy, the company evaluated its investment portfolio as part of the California Climate Risk Carbon Initiative and determined that it held no investments that met the 30% thermal coal revenue threshold. In addition, the company agreed not to make any future direct investments in thermal coal enterprises that meet the revenue threshold.

Strategy - closed ended questions answered in addition to the narrative

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

Risk Management – narrative

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.*
- 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.

Response:

The company does not have a current formal process for continually identifying, assessing, or managing climate-related risks. As noted in question 1, in 2025 the company anticipates giving the Board Compliance Committee increased visibility towards identifying, assessing, and managing climate-related risks and opportunities. The company will on an ad-hoc basis analyze opportunities for developing a methodology to create climate related risk management processes.

Risk Management – closed ended questions answered in addition to the narrative

- Does the insurer have a process for identifying climate-related risks? (Y/N)
 - o If yes, are climate-related risks addressed through the insurer's general enterprise-risk management process? (Y/N)
- Does the insurer have a process for assessing climate-related risks? (Y/N)
 - o If yes, does the process include an assessment of financial implications? (Y/N)
- Does the insurer have a process for managing climate-related risks? (Y/N)
- Has the insurer considered the impact of climate-related risks on its underwriting portfolio? (Y/N/Not Applicable)*
- Has the insurer taken steps to encourage policyholders to manage their potential climate-related risks? (Y/N)*
- Has the insurer considered the impact of climate-related risks on its investment portfolio? (Y/N)*
- Has the insurer utilized climate scenarios to analyze their underwriting risk? (Y/N)
- Has the insurer utilized climate scenarios to analyze their investment risk? (Y/N)

Metrics and Targets – narrative

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.

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.

Response:

The company does not have a current formalized process for identifying or managing climate-related risks and opportunities; therefore, no group of metrics, targets, or risk modeling is used by the company.

Metrics and Targets – closed ended questions answered in addition to the narrative

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