

CALIFORNIA CLIMATE RISK DISCLOSURE SURVEY

Sunz Insurance Company – Responses

No.	Question - GOVERNANCE	SUNZ Insurance Company Response
1.	<p><i>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:</i></p> <ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> We do not have a formal written climate change policy with respect to risk or investment management. SUNZ Insurance is reviewing ways to introduce new risk management protocols and/or modifying existing ones so SUNZ Management can better manage potential exposure to claims. This could include reevaluating catastrophe modeling techniques considering shifting consumer demands in response to changing environmental conditions. SUNZ Insurance continues to be proactive in their underwriting process to ensure they are financially protected from potential climate-related losses. This may include revising policy limits or adjusting the risk appetite of certain future products or services. For risk management, we constantly evaluate potential risks and exposures but due to the nature of our business, climate-related risks are not a significant risk to the organization.
1(A)	<p><i>Describe the board and/or committee responsible for the oversight of climate-related risks and opportunities.</i></p> <p><i>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:</i></p> <ul style="list-style-type: none"> Describe the position on the board and/or committee responsible for the oversight of managing the climate-related financial risks. 	<ul style="list-style-type: none"> We do not have a formal written climate change policy with respect to risk or investment management. SUNZ Insurance will use its understanding of risk to help the organization allocate resources necessary to mitigate and adapt, thus protecting the breadth and scope of potential loss related to climate Change. For risk management, we constantly evaluate potential risks and exposures but due to the nature of our business, climate-related risks are not a significant risk to the organization.
1(B)	<p><i>Describe management's role in assessing and managing climate-related risks and opportunities.</i></p>	<ul style="list-style-type: none"> We do not have a formal written climate change policy with respect to risk or investment management. For risk management, we constantly evaluate potential risks and exposures but due to the nature of our business, climate-related risks are not a significant risk to the organization.

No.	Question – STRATEGY	SUNZ Insurance Company Response
2.	<p><i>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.</i></p> <p><i>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:</i></p> <ul style="list-style-type: none"> • 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. * 	<ul style="list-style-type: none"> • SUNZ uses a comprehensive Enterprise Risk Management Framework which is led by the board and supported by the CEO, Audit Committee, Chief Underwriting Officer, Chief Financial Officer and Chief Information Officer. • Oversight of risks is coordinated and managed through reports, internal reviews, external audits, and actuarial reviews. • SUNZ Insurance continues to be proactive in their underwriting process to ensure they are financially protected from potential climate-related losses. This may include revising policy limits or adjusting the risk appetite of certain future products or services. • SUNZ Insurance will incorporate climate-risk considerations in any new product launches and underwriting processes. • Corporate Underwriting oversees the underwriting operations for SUNZ. In this capacity, this department creates and enforces guidelines to ensure all operations adhere to specified regulations, guidelines, authority, and compliance within their respective niche. They also provide enterprise- wide underwriting policies and procedures to which the company must adhere. • The business conducts underwriting quality audits of the company’s operating units. • On an ongoing basis the company looks for opportunities to reduce our carbon emissions and environmental impacts. We provide a flexible and hybrid work strategy for all employees that reduces their carbon footprint with less travel to and from the office. SUNZ is evaluating moving systems to the cloud and will continue to research and implement appropriate solutions to reduce its environmental footprint.

No.	Question – STRATEGY	SUNZ Insurance Company Response
2(A)	<p><i>Describe the climate-related risks and opportunities the insurer has identified over the short, medium, and long term.</i></p> <p><i>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:</i></p> <ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> SUNZ uses a comprehensive Enterprise Risk Management Framework which is led by the board and supported by the CEO, Audit Committee, Chief Underwriting Officer, Chief Financial Officer and Chief Information Officer. As a monoline workers' compensation carrier, SUNZ Insurance continues to assess climate-related financial risks in the normal course of business SUNZ Insurance will incorporate climate-risk considerations in any new product launches and underwriting processes. Oversight of risks is coordinated and managed through reports, internal reviews, external audits, and actuarial reviews. Corporate Underwriting oversees the underwriting operations for SUNZ. In this capacity, this department creates and enforces guidelines to ensure all operations adhere to specified regulations, guidelines, authority, and compliance within their respective niche. They also provide enterprise- wide underwriting policies and procedures to which the company must adhere. The business conducts underwriting quality audits of the company's operating units.

No.	Question – STRATEGY	SUNZ Insurance Company Response
2(B)	<p><i>Describe the impact of climate-related risks and opportunities on the insurer's business, strategy, and financial planning.</i></p> <p><i>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:</i></p> <ul style="list-style-type: none"> • 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. 	<ul style="list-style-type: none"> • SUNZ uses a comprehensive Enterprise Risk Management Framework which is led by the board and supported by the CEO, Audit Committee, Chief Underwriting Officer, Chief Financial Officer and Chief Information Officer. • SUNZ Insurance will incorporate climate-risk considerations in any new product launches and underwriting processes. • Oversight of risks is coordinated and managed through reports, internal reviews, external audits, and actuarial reviews. • Corporate Underwriting oversees the underwriting operations for SUNZ. In this capacity, this department creates and enforces guidelines to ensure all operations adhere to specified regulations, guidelines, authority, and compliance within their respective niche. They also provide enterprise- wide underwriting policies and procedures to which the company must adhere. • The business conducts underwriting quality audits of the company's operating units.

No.	Question – STRATEGY	SUNZ Insurance Company Response
2(C)	<i>Describe the resilience of the insurer’s strategy, taking into consideration different climate-related scenarios, including a 2 degree Celsius or lower scenario.</i>	<ul style="list-style-type: none">• SUNZ uses a comprehensive Enterprise Risk Management Framework which is led by the board and supported by the CEO, Audit Committee, Chief Underwriting Officer, Chief Financial Officer and Chief Information Officer.• Oversight of risks is coordinated and managed through reports, internal reviews, external audits, and actuarial reviews.• Corporate Underwriting oversees the underwriting operations for SUNZ. In this capacity, this department creates and enforces guidelines to ensure all operations adhere to specified regulations, guidelines, authority, and compliance within their respective niche. They also provide enterprise- wide underwriting policies and procedures to which the company must adhere.• SUNZ Insurance uses analytics for minimizing the financial risks posed by a variety of exposures, including climate change. These tools help assess risk exposure, allowing SUNZ to make informed decisions about its future strategies. Specifically, risk analytics software can analyze historical data and track carrier performance by jurisdiction regarding changes in temperature or other environmental factors.• The business conducts underwriting quality audits of the company’s operating units.

No.	Question – RISK MANAGEMENT	SUNZ Insurance Company Response
3.	<p><i>Disclose how the insurer identifies, assesses, and manages climate-related risks.</i></p> <p><i>In disclosing how the insurer identifies, assesses, and manages climate-related risks, insurers should consider including the following:</i></p> <ul style="list-style-type: none"> 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. * 	<ul style="list-style-type: none"> For risk management, we constantly evaluate potential risks and exposures but due to the nature of our business, climate-related risks are not a significant risk to the organization. SUNZ Insurance uses analytics for minimizing the financial risks posed by a variety of exposures, including climate change. These tools help assess risk exposure, allowing SUNZ to make informed decisions about its future strategies. Specifically, risk analytics software can analyze historical data and track carrier performance by jurisdiction regarding changes in temperature or other environmental factors.
3(A)	<p><i>Describe the insurers' processes for identifying and assessing climate-related risks.</i></p> <p><i>In describing the insurers' processes for identifying and assessing climate-related risks, insurers should consider including the following:</i></p> <ul style="list-style-type: none"> Discuss whether the process includes an assessment of financial implications and how frequently the process is completed. * 	<ul style="list-style-type: none"> For risk management, we constantly evaluate potential risks and exposures but due to the nature of our business, climate-related risks are not a significant risk to the organization. SUNZ Insurance will incorporate climate-risk considerations in any new product launches and underwriting processes.

No.	Question – RISK MANAGEMENT	SUNZ Insurance Company Response
3(B)	<p><i>Describe the insurer’s processes for managing climate-related risks.</i></p>	<ul style="list-style-type: none"> For risk management, we constantly evaluate potential risks and exposures but due to the nature of our business, climate-related risks are not a significant risk to the organization. SUNZ Insurance uses analytics for minimizing the financial risks posed by a variety of exposures, including climate change. These tools help assess risk exposure, allowing SUNZ to make informed decisions about its future strategies. Specifically, risk analytics software can analyze historical data and track carrier performance by jurisdiction regarding changes in temperature or other environmental factors.
3(C)	<p><i>Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the insurer’s overall risk management.</i></p> <p><i>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:</i></p> <ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> For risk management, we constantly evaluate potential risks and exposures but due to the nature of our business, climate-related risks are not a significant risk to the organization. SUNZ utilizes catastrophe modeling for earthquakes and reviews metrics including average annual loss and purchases catastrophe reinsurance accordingly to manage potential risks and protect our financial solvency. SUNZ Insurance will incorporate climate-risk considerations in any new product launches and underwriting processes.

No.	Question – METRICS AND TARGETS	SUNZ Insurance Company Response
4.	<p><i>Disclose the metrics and targets used to assess and manage relevant collateralized risks and opportunities where such information is material.</i></p> <p><i>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:</i></p> <ul style="list-style-type: none"> • 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. 	<ul style="list-style-type: none"> • For risk management, we constantly evaluate potential risks and exposures but due to the nature of our business, climate-related risks are not a significant risk to the organization. • SUNZ utilizes catastrophe modeling for earthquakes and reviews metrics including average annual loss and purchases catastrophe reinsurance accordingly to manage potential risks and protect our financial solvency.
4(A)	<p><i>Disclose the metrics used by the insurer to assess climate-related risks and opportunities in line with its strategy and risk management process.</i></p> <p><i>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:</i></p> <ul style="list-style-type: none"> • 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. 	<ul style="list-style-type: none"> • For risk management, we constantly evaluate potential risks and exposures but due to the nature of our business, climate-related risks are not a significant risk to the organization. • SUNZ Insurance uses analytics for minimizing the financial risks posed by a variety of exposures, including climate change. These tools help assess risk exposure, allowing SUNZ to make informed decisions about its future strategies. Specifically, risk analytics software can analyze historical data and track carrier performance by jurisdiction regarding changes in temperature or other environmental factors.
4(B)	<p><i>Disclose Scope 1, Scope 2, and if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.</i></p>	<ul style="list-style-type: none"> • For risk management, we constantly evaluate potential risks and exposures but due to the nature of our business, climate-related risks are not a significant risk to the organization.

No.	Question – METRICS AND TARGETS	SUNZ Insurance Company Response
4(C)	<i>Describe the targets used by the insurer to manage climate-related risks and opportunities and performance against targets.</i>	<ul style="list-style-type: none">• For risk management, we constantly evaluate potential risks and exposures but due to the nature of our business, climate-related risks are not a significant risk to the organization.• SUNZ Insurance will use its understanding of risk to help the organization allocate resources necessary to mitigate and adapt, thus protecting the breadth and scope of potential loss related to climate Change.