



**ADVANTAGE CAPITAL HOLDINGS, LLC**  
**CLIMATE RISK SURVEY RESPONSES FOR REPORTING YEAR 2021**

**RESPONDING PARTIES:**

**Group Name:** Advantage Capital Holdings, LLC

**Group No.** 4824

**Company Name:** Sentinel Security Life Insurance Company

**Company No.** 68802

**Company Name:** Atlantic Coast Life Insurance Company

**Company No.:** 61115

Advantage Capital Holdings, LLC (the “Company”) A-CAP) (NAIC 4824) submits these Responses to the Climate Risk Survey on behalf of itself and its affiliates, Sentinel Security Life Insurance Company (NAIC 68802) and Atlantic Coast Life Insurance Company (NAIC 61115).

**SURVEY QUESTIONS AND COMPANY’S RESPONSES:**

**Governance--narrative**

<b><u>Survey Question</u></b>	<b><u>Company’s Response</u></b>
<p>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:</p> <ul style="list-style-type: none"><li>• Identify and include any publicly stated goals on climate-related risks and opportunities.</li><li>• 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.</li></ul>	<p>The Company has an established corporate governance system at the group and the insurer level. Climate-related governance is managed within this established governance system at the group and insurer level and within the Company’s existing enterprise risk management (ERM) framework.</p> <p>The Company is privately held and has not adopted publicly-stated goals on climate-related risks and opportunities.</p>

<p>A. Describe the board and/or committee responsible for the oversight of climate-related risks and opportunities.</p> <p>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:</p> <ul style="list-style-type: none"> <li>• Describe the position on the board and/or committee responsible for the oversight of managing the climate-related financial risks.</li> </ul>	<p>As discussed above, the Company assesses and manages climate-related risks and opportunities within its existing ERM framework at the group and the insurer levels.</p> <p>The Company's ERM operates under a "three lines of defense" model. Under this model, the line of business at the insurer level is the first and primary line of defense identifying, measuring, mitigating and reporting on risks. The Company's Executive Risk Committee (ERC), Enterprise Risk Management Committee (ERMC) and other business units and committees at the group level form the second line of defense and provide effective challenge, oversight, and advisory services to the line of business. Internal Audit and external audit provide the third line of defense, providing independent assurance over the risk and control environment and related processes and controls.</p> <p>At the group level, the ERMC is responsible for, among other things, reviewing and assessing current and emerging risks (including, as appropriate, climate-related risks), preparing a risk register, and monitoring the Company's risk profile relative to its risk appetite statement, strategy, business and capital plans, and risk capacity.</p> <p>In addition, the Credit and Investment Committee (Investment Committee) at the group level and the Company's Chief Investment Officers are responsible for oversight, monitoring, and implantation of the Company's investment strategy and investment decisions. The Company's investment strategy is focused on earning attractive risk-adjusted returns through diversified investments with a mix in terms of strategies, ratings, yield, and duration targets, while maintaining predictable cash flows and appropriate liquidity levels, preserving capital, and at all times adhering to statutory and regulatory investment requirements. As part of its investment strategy, the Company considers environmental, social, and</p>
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	governance (ESG) factors in making investment decisions, including, where appropriate, green investments.
B. Describe management's role in assessing and managing climate-related risks and opportunities.	<p>Under the Company's ERM framework, management at the insurer and group level play a key role in assessing and managing risk, including climate-related risks and opportunities.</p> <p>The ERMC at the group level is comprised principally of management at the insurer and group levels and meets regularly. The ERMC is charged with, among other things, reviewing and assessing current and emerging risks and actively monitoring the Company's risk profile relative to its approved risk appetite statement, strategy, business and capital plans, and risk capacity.</p> <p>In addition, the Investment Committee, comprised of senior management, is responsible for developing and providing oversight of the Company's and each insurer's investment strategy and guidelines.</p>

## **Company's Response to Governance (closed--ended questions)**

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

**No.**

- *Does your board have a member, members, a committee, or committees responsible for the oversight of managing the climate-related financial risk?*

**Yes**

- *Does management have a role in assessing climate-related risks and opportunities?*

**Yes**

- *Does management have a role in managing climate-related risks and opportunities?*

**Yes.**

## Strategy-narrative

<u>Survey Question</u>	<u>Company's Response</u>
<p>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.</p> <p>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:</p> <ul style="list-style-type: none"> <li>• Describe the steps the insurer has taken to engage key constituencies on the topic of climate risk and resiliency.</li> </ul> <p>Describe the insurer's plan to assess, reduce, or mitigate its greenhouse gas emissions in its operations or organizations.</p>	<p>The insurers within the Company issue, among other products, multiyear guaranteed fixed annuities, life insurance including final expense coverage, pre-need insurance, hospital indemnity and Medicare supplement insurance.</p> <p>The Company does not insure property-casualty exposures that may be directly impacted by climate change, and distributes its products nationally with no specific geographic concentration. As such, and given the nature of its core business and products, the Company does not believe that climate-related risk would directly and negatively affect its business in the short-term, medium, or long-term.</p> <p>The Company recognizes, however, that climate-related considerations nonetheless may present some level of short-term, medium term, and long-term risks to the Company. Climate-related risks may present a short-term reputational risk as policyholders, customers, regulators, and the public increasingly focus on a company's response to climate change in its investments and day-to-day operations. In addition, in the medium to long-term, climate-risks may impact the financial condition of the Company's customers and thus affect their ability to purchase or pay for the Company's products. Further, climate-related risks may present a risk with respect to the Company's investment portfolio, although the Company does not deem such risks to be material in the short-term and the Company actively monitors its investments and investment strategy through its Investment Committee and ERM framework.</p> <p>The Company has taken a number of measures to reduce or mitigate its greenhouse gas</p>

	<p>emissions in its operations including the following:</p> <ul style="list-style-type: none"> <li>▪ The Company offers its employees flexible hours and work-from-home options to minimize travel time and fuel usage;</li> <li>▪ The Company has converted its files from paper to electronic format;</li> <li>▪ The Company has migrated its email and office network applications to a hosted environment, thereby eliminating its need for servers, back-up devices, and associated hardware, and reducing energy consumption;</li> <li>▪ The Company provides an online portal through which agents can submit policy applications, review policy information, and review commission reports, thereby reducing the need for transmission of paper documents;</li> <li>▪ The Company provides its policyholders with an online portal through which customers may review and obtain policy and account documents;</li> <li>▪ The Company provides paperless options to its customers and policyholders.</li> </ul>
<p>A. Describe the climate-related risks and opportunities the insurer has identified over the short, medium, and long term.</p> <p>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:</p> <ul style="list-style-type: none"> <li>• 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.</li> </ul>	<p>See Response to Survey Item 2 above.</p>
<p>B. Describe the impact of climate-related risks and opportunities on the insurer's business, strategy, and financial planning.</p>	<p>See Response to Survey Item 2 above.</p> <p>As noted above, the Company has taken a number of measures to reduce or mitigate its</p>

<p>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:</p> <ul style="list-style-type: none"> <li>• 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.</li> <li>• Discuss if and how the insurer makes investments to support the transition to a low carbon economy.</li> </ul>	<p>greenhouse gas emissions in its operations including:</p> <ul style="list-style-type: none"> <li>▪ The Company offers its employees flexible hours and work-from-home options to minimize travel time and fuel usage;</li> <li>▪ The Company has converted its files from paper to electronic format;</li> <li>▪ The Company has migrated its email and office network applications to a hosted environment, thereby eliminating its need for servers, back-up devices, and associated hardware, and reducing energy consumption;</li> <li>▪ The Company provides an online portal through which agents can submit policy applications, review policy information, and review commission reports, thereby reducing the need for transmission of paper documents;</li> <li>▪ The Company provides its policyholders with an online portal through which customers may review and obtain policy and account documents;</li> <li>▪ The Company provides paperless options to its customers and policyholders.</li> </ul> <p>With respect to investments, the Company considers ESG factors in its investment analysis, investment strategy and decision-making processes as appropriate, and considers climate-related aspects of potential investments.</p>
<p>C. Describe the resilience of the insurer's strategy, taking into consideration different climate-related scenarios, including a 2 degree Celsius or lower scenario.</p>	<p>As discussed above, given the nature of its core business and products, the Company does not believe that climate-related risk would directly and negatively affect its business in the short-term, medium, or long-term. As such, the Company has not employed specific models to assess a 2 degree Celsius or lower scenario.</p> <p>With respect to investments, the Investment Committee develops and oversees the Company's and each insurer's investment strategy and guidelines, and considers climate-related risks and scenarios in developing and</p>

	evaluating the Company's investment strategy.
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## **Company's Response to Strategy (closed--ended questions)**

- Has the insurer taken steps to engage key constituencies on the topic of climate risk and resiliency? (Y/N)  
**Yes**
- 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)  
**Yes.**
- Does the insurer make investments to support the transition to a low carbon economy? (Y/N)  
**No.**
- Does the insurer have a plan to assess, reduce or mitigate its greenhouse gas emissions in its operations or organizations? (Y/N)  
**Yes.**

## **Risk Management – narrative**

<b><u>Survey Question</u></b>	<b><u>Company's Response</u></b>
<p>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:</p> <ul style="list-style-type: none"> <li>• 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.</li> <li>• Describe any steps the insurer has taken to encourage policyholders to manage their potential physical and transition climate related risks, if applicable.</li> <li>• Describe how the insurer has considered the impact of climate-related risks on its investment portfolio, including what investment classes have been considered.</li> </ul>	<p>Climate-related risk is assessed and managed at the group and insurer level within the Company's existing ERM framework.</p> <p>The Company's ERM operates under a "three lines of defense" model. Under this model, the line of business at the insurer level is the first and primary line of defense identifying, measuring, mitigating and reporting on risks. The Company's ERC and ERMC and other business units and committees at the group level form the second line of defense and provide effective challenge, oversight, and advisory services to the line of business. Internal Audit and external audit provide the third line of defense, providing independent assurance over the risk and control environment and related processes and controls.</p> <p>As discussed above, the Company issues life and annuity products, and does not insure property-casualty exposures that may be</p>

	<p>directly impacted by climate change. Accordingly, the Company does not believe that climate-related risks have a material impact on its underwriting exposure with respect to physical, transition, and liability risk.</p> <p>With respect to the Company's investment portfolio, the Credit Committee, comprised of senior management, is responsible for developing and providing oversight of the Company's and each insurer's investment strategy and guidelines. The Company considers ESG factors in its investment analysis, investment strategy and decision-making processes as appropriate, and considers climate-related aspects of potential investments.</p>
<p>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:</p> <ul style="list-style-type: none"> <li>• Discuss whether the process includes an assessment of financial implications and how frequently the process is completed.</li> </ul>	<p>As noted above, climate-related risks are identified, assessed, and managed within the Company's existing ERM framework.</p> <p>At the insurer level, the insurer Board has overall oversight for implementation of the ERM plan. The Board is charged with establishing the vision and mission of the insurer, setting strategy for the insurer, monitoring the performance of management, and generally managing the business and affairs of the insurer. With respect to the ERM Plan, the Board has critical roles and responsibilities including:</p> <ul style="list-style-type: none"> <li>• Development and approval of a Risk Appetite Statement in coordination with the ERM and ERC;</li> <li>• Integrating the Risk Appetite Statement in assessments of strategic decisions;</li> <li>• Reviewing business plans for consistency with the Risk Appetite Statement, including the assessment of incentives and disincentives within compensation programs</li> </ul>



	<p>to facilitate adherence to the Risk Appetite Statement;</p> <ul style="list-style-type: none"> <li>• Reviewing resources and expertise dedicated to risk management and Internal Audit with the objective of enabling these organizations to provide independent assurances to the Board and senior management that the insurer is operating within the approved Risk Appetite Statement;</li> <li>• Reviewing and adopting an ERM Plan to ensure that enterprise risk are identified and managed.</li> </ul> <p>At the group level, the ERM is charged with, among other things, reviewing and assessing current and emerging risks and actively monitoring the Company's risk profile relative to its approved risk appetite statement, strategy, business and capital plans, and risk capacity. The ERM prepares and updates a risk register identifying current and emerging enterprise risk based on input from core teams within the Company, internal risk surveys, and information from external sources.</p>
<p>B. Describe the insurer's processes for managing climate-related risks.</p>	<p>Climate-related risks are managed in accordance with the Company's ERM framework and plan.</p> <p>Risk owners at the line of business level are charged with conducting a risk analysis in accordance with the Company's risk appetite statement and ERM plan when commencing a new activity. Depending on the level of risk presented, the risk owner must identify controls and risk management measures to mitigate the risk.</p> <p>For risks presenting a catastrophic, high, or medium level risk under the criteria set forth in the risk appetite statement, the risk owner must report the risk and risk analysis to an executive</p>

	<p>officer for review.</p> <p>The ERM must review the risk analysis and proposed risk treatment for enterprise risks presenting a catastrophic, high, or medium level risk under the criteria set forth in the risk appetite statement. The ERM provides recommendations to the ERC concerning any enterprise risk that constitutes a catastrophic, high, or medium risk under the risk appetite statement and the proposed controls for such risk. The ERC reviews and evaluates for approval, disapproval, or modification ERM recommendations regarding risk and proposed controls/action plans for any catastrophic, high, or medium risk under the risk appetite statement. If the proposed controls/action plan are approved by the ERC, the risk owner or applicable Executive Officer must submit reports to the ERM regarding the effectiveness of the approved controls.</p>
<p>C. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the insurer's overall risk management.</p> <p>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:</p> <ul style="list-style-type: none"> <li>• 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.</li> <li>• 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.</li> <li>• 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</li> </ul>	<p>As discussed above, climate-related risks are identified, assessed, and managed in accordance with the Company's ERM framework and plan.</p> <p>As discussed above, the Company issues life and annuity products, and does not insure property-casualty exposures that may be directly impacted by climate change. Accordingly, the Company does not believe that climate-related risks have a material impact on its underwriting exposure.</p>

what timeframes are considered.	
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## **Company's Response to Risk Management (closed--ended questions)**

- Does the insurer have a process for identifying climate-related risks? (Y/N)  
**Yes.**
  - If yes, are climate-related risks addressed through the insurer's general enterprise-risk management process? (Y/N)  
**Yes.**
- Does the insurer have a process for assessing climate-related risks? (Y/N)  
**Yes.**
  - If yes, does the process include an assessment of financial implications? (Y/N)  
**Yes.**
- Does the insurer have a process for managing climate-related risks? (Y/N)  
**Yes.**
- Has the insurer considered the impact of climate-related risks on its underwriting portfolio? (Y/N/Not Applicable)\*  
**Not applicable.**
- Has the insurer taken steps to encourage policyholders to manage their potential climate-related risks? (Y/N)\*  
**Yes.**
- Has the insurer considered the impact of climate-related risks on its investment portfolio? (Y/N)\*  
**Yes.**
- Has the insurer utilized climate scenarios to analyze their underwriting risk? (Y/N)  
**No.**
- Has the insurer utilized climate scenarios to analyze their investment risk? (Y/N)  
**No.**

## **Metrics and Targets – narrative**

<b><u>Survey Question</u></b>	<b><u>Company's Response</u></b>
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	As discussed above, the Company issues life and annuity products, and does not insure property-casualty exposures that may be directly impacted by climate change. Accordingly, the Company has not employed catastrophe modeling to assess climate-related risks and to incorporate such risks into underwriting assumptions, as climate-change risks are not believed to be material.

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.	The Company uses industry-standard actuarial models in determining morbidity and mortality trends and the need for rate adjustments and product specification modifications that may be necessary to appropriately respond to changed circumstances, including potential negative effects caused by climate change.
<p>A. Disclose the metrics used by the insurer to assess climate-related risks and opportunities in line with its strategy and risk management process.</p> <p>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:</p> <ul style="list-style-type: none"> <li>• 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)</li> </ul>	See Response to Item 4 above.
B. Disclose Scope 1, Scope 2, and if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	The Company has not conducted a study of its GHG emissions.
C. Describe the targets used by the insurer to manage climate-related risks and opportunities and performance against targets.	Although the Company has not established specific targets to manage climate-related risks and performance, the Company considers ESG factors in the Company's investment analysis and strategy.

**Company's Response to Metrics and Target (closed-ended questions)**

- Does the insurer use catastrophe modeling to manage your climate-related risks? (Y/N)  
**No.**
- Does the insurer use metrics to assess and monitor climate-related risks? (Y/N)  
**No.**
- Does the insurer have targets to manage climate-related risks and opportunities? (Y/N)

**No.**

- Does the insure have targets to manage climate-related performance (Y/N)

**No**