

NAIC Number: 26581

Company Name: Independence American Insurance Company

Line Of Business: Property & Casualty

GOVERNANCE

1. Disclose the insurer's governance around climate-related risks and opportunities.

Independence American Insurance Company (IAIC) has determined that given that it predominately operates in the pet insurance space, its climate footprint is relatively low. However, it remains committed to furthering climate-related initiatives. While IAIC is new to this landscape, it has started to build the foundation for a strong program in the years to come.

IAIC has a management-level working group that collaborates to address environmental, social & governance (ESG) topics including climate-related issues. In addition, the working group includes a dedicated professional responsible for (1) assessing the status and landscape of the company's climate footprint, (2) developing goals, (2) establishing an action plan, and (3) reporting this information to the board at consistent intervals. In the first half of 2023, this group began a formal ESG Materiality Assessment process and completed a comprehensive ESG Questionnaire that will help to steer IAIC's goals in 2024 and beyond. In the second half of 2023, the ESG Double Materiality Analysis was completed and a roadmap for addressing material issues related to sustainability and climate was developed.

While IAIC has not developed publicly stated goals on climate-related risks and opportunities at this time, the company's 2023 ESG Materiality Assessment explicitly considered climate-related impacts, risks, and opportunities. In addition, one of IAIC's annual meeting of its Board of Directors ("Board") included focused discussion on environmental, social & governance (ESG) topics including climate that for consideration when setting strategic plans, organizational goals, and program budgets.

STRATEGY

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.

IAIC's ESG Working Group has identified general climate-related goals for the short, medium, and long term. For example, in the short-term, IAIC has undertaken efforts to better understand climate-related impacts, risks, and opportunities and develop strategies that align with the transition to a lower-carbon economy. In the medium term, for example, IAIC is exploring the possibility of robust carbon accounting practices including full greenhouse gas emissions inventory, ensuring that the physical footprint of leased office space is more energy efficient, continuing to offer employees options for remote and hybrid work, and continuing our goal of becoming nearly paperless and fulfilling and managing all policies electronically. Lastly, in the long term, for example, IAIC plans to work toward developing decarbonization pathways to be implemented across the company.

Please note that the consideration of these, short-, medium-, and long-term risks and opportunities is an item of discussion for the ESG Roadmap that is currently being reviewed by IAIC's leadership.

IAIC has determined that it is especially resilient to the physical risks associated with climate-related risks. For example, IAIC locations are relatively geographically disbursed, reducing overall risk and loss of assets. Additionally, IAIC is mostly operating and transacting in a virtual environment with multiple, non-physical bound resiliencies. Given that IAIC believes that climate-related risk exposure to be minimal, the company has not performed scenario analysis or planning at present.

Note that IAIC's ESG Investment Guidelines prohibit investments in a number of sectors and companies including those in industries involved in severe environmental damage (e.g., illegal forestry, illegal logging or deforestation, mining, etc.) and certain energy companies.

In early 2024, our ESG manager left the company and we have the role under review to then recruit and fill in Q3 2024.

RISK MANAGEMENT

3. **Disclose how the insurer identifies, assesses, and manages climate-related risks.**

IAIC is still actively building the foundation of its climate risk program and at this point has ~~yet to~~ not integrated climate-related risk into its overall risk management model. However, the company has considered the impact of climate change in general terms and has not found the physical, transition, and liability risk to be significant due to the nature of the pet insurance business. IAIC's ESG manager, ESG Guild (working group), and Enterprise Risk Management (ERM) manager regularly monitor and assess new regulations and information related to climate-related risks and provide briefings to leadership, when appropriate.

Similarly, the metrics, if any, that might be used to assess climate-related risks and opportunities will be considered as part of the ongoing efforts and when the company conducts a greenhouse gas emissions inventory.

METRICS AND TARGETS

4. **Disclose the metrics and targets used to assess and manage relevant collateralized risks and opportunities where such information is material.**

Given that IAIC's climate-related risk program is in the early stages of maturity, it has yet to develop the metrics and targets that may be utilized when assessing and managing relevant collateralized risks and opportunities.

IAIC does not perform catastrophe modeling to manage climate-related risks to the business. Metrics that might be used to assess climate-related risks and opportunities are being considered during ongoing meetings of the company's ESG Guild / Working Group but will likely include Scope 1 and Scope 2 greenhouse gas emissions.

Scope 1, Scope 2, and Scope 3 greenhouse gas emissions have not been calculated at this time due to the early stage of the company's climate program and the focus on setting clear and consistent calculation boundaries.