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.

Response:

Safepoint Insurance Company has not developed specific goals surrounding climate-related risks and opportunities, however Safepoint has established an Enterprise Risk Management process that identifies various risks and initiatives that would affect operations and long-term strategic goals. The risks are measured on a quarterly basis and presented to the Board of Directors for review.

A. The Underwriting & Risk Committee is responsible for the oversight & management of the ERM process & reporting.
B. Each senior department officer is responsible for assessing their areas of risk & opportunity on an ongoing basis.

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

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.

• 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 10-30 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.

Response:

Safepoint Insurance Company is an admitted property & casualty insurer domiciled in the state of Florida that provides individual homeowners and commercial property insurance primarily in Florida and Louisiana, with some business in Texas, Mississippi, New Jersey, and Alabama. Climate risks are inherent to Safepoint's business model of insuring properties in coastal areas.

A. **Some of the climate-related risks that have been identified are:**
    1. **Short & medium term: Cost of reinsurance costs and return on investments**
    2. **Long term: Loss payouts & settlements**
B. **Impact of climate-related risks include:**
    1. **Higher cost of reinsurance – this is offset by improving rates to policyholders**

2. **Lower return on investments in the current market – maximized by adhering to conservative investment policy and taking advantage of certain state premium tax credits on investments in local/state securities.**
3. **Higher loss payments on large hurricane & other extreme weather events – increased the participation percentage in reinsurance program and participation in the Florida Hurricane Catastrophe Fund. Safepoint also keeps surplus at higher than required levels.**

C. **Resilience of the insurer's strategy**
Safepoint began operations in 2013 by initially writing Florida homeowners, however Safepoint has expanded into other states, with most of the expansion occurring in the state of Louisiana. This market has been successful mainly due to the favorable regulatory environment, lower severity & frequency of litigation, lower attritional losses, and lower loss development. Safepoint's reinsurance program is solid with participating reinsurers rated A or higher.

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

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:

Safepoint has strict underwriting guidelines that must be adhered to in order to minimize loss exposure. Underwriting guidelines are programmed into the system and any exceptions must be reviewed/approved by an underwriting manager. Safepoint does not specifically encourage policyholders to manage their climate-related risks, however it is inherent in the underwriting guidelines and the resulting premium rates.

A. **Safepoint's Analytics group continuously assesses its climate related risks by performing computer actuarial catastrophe modeling on its policyholder footprint. The results are reviewed by the CEO and CFO and other senior management on an ongoing basis in order to identify any potential increase in risk or exposure. Additionally, the Enterprise Risk Management process identifies compliance with accepted minimum standards that are set by senior management. Any component that does not meet minimum requirements must**

be explained and include a plan for remediation. ERM is discussed quarterly at the meeting of the Board of Directors.

B. **Climate-related risks are reviewed continuously as described in item A above.**

C. **See A above.**

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

- Does the insurer have a process for identifying climate-related risks? (Y/N)
  - 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)
  - 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 & Targets

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:

As discussed in the Risk Management section, Safepoint utilizes computerized catastrophe modeling on an ongoing basis in order to quickly identify any change in its property risk exposure.

A. **Metrics and Targets: Safepoint does not currently have any explicit metrics or targets.**
B. **Safepoint does not insure exposures related to greenhouse gas emissions.**
C. **Targets used to manage climate-related risks & their performance: Safepoint does not currently have any explicit metrics or targets.**

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)

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