NAIC CLIMATE RISK DISCLOSURE SURVEY
TCFD-ALIGNED QUESTIONS
UPDATED 2022

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.

2024 "Governance" Response – 2023 Reporting Period

The Company has a publicly stated climate-related goal as a key element of its Mission statement:

> *Nuclear power is vital to ensuring the clean energy needs of tomorrow. NEIL's Mission is to enable nuclear power through our commitment to:*
>
> • *Our Members – Delivering value by providing sustainable, cost effective and comprehensive insurance coverage to our Members*

NEIL's Management Team and Board are actively involved in assessing and managing climate-related risks and opportunities; specifically, the Board Finance and Risk Committee are responsible for oversight of climate related risks as part of its Underwriting, Investment, Loss Prevention and Nuclear Industry risk oversight responsibilities.

Primary forums facilitating assessment and management of climate-related risks include the Company's Enterprise Risk Assessment, Emerging Risk Committee, Portfolio Stress Testing and Long-Range Planning processes. Detailed analysis is conducted at the Company level, while reports of significant findings are shared with the full Board and the Board Finance and Risk Committee during quarterly Board meetings. Additional detail for each of the aforementioned processes is provided within the Risk Management section of this Survey.

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 1-5 years as short term, 5-10 years 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.

2024 "Strategy" Response – 2023 Reporting Period

The Company engages with its Membership regarding the impact of climate change on the nuclear industry and the energy industry as a whole. With oversight from the Board, NEIL has developed its strategic plan, with a major component designed to review the long-range impact of climate change on the fleet of insured nuclear power plants – and potentially offsetting lost premium (stemming from closed nuclear plants) with expanded coverage of emerging technology power plants, including wind and solar. Additionally, impact of "green credits" directed toward the industry is monitored by NEIL.

While no formal plan exists to assess, reduce, or mitigate greenhouse gas emissions in its operations, the Company has implemented a Remote Work Policy whereby all employees are now remotely based (aka work from home), thereby reducing vehicle carbon emissions associated with daily commute to work. As a company of ~80 employees, NEIL's emissions are not considered material.

The Company realizes both risks and opportunities associated with more severe climate activity. From an opportunity perspective, the Company expects to benefit from nuclear plant license extensions, made possible through both state and federal legislation providing various forms of funding and/or "green" tax credits - recognizing the importance of "base-load" clean energy provided by nuclear power plants. (Though even with the above referenced legislation, certain non-regulated plants remain economically challenged and are at risk of premature closure). NEIL also expects to benefit from current high interest in new technologies – including small modular nuclear reactors (SMRs); as well as wind and solar farms, and battery storage technologies. NEIL is either currently providing coverage (wind and solar farms) or is poised to provide coverage (SMRs) for the above technologies. NEIL has made investment in staff subject matter experts in underwriting and loss prevention to develop a Renewables Insurance Program. In addition, NEIL has a cross-functional focus group employed to develop and implement a plan to be ready to insure new advanced reactor construction and operation. NEIL is also actively involved in industry groups supporting and preparing for SMR deployment.

From a risk perspective, NEIL could expect to see increased property claim activity associated with climate change. As relates to NEIL's nuclear base of insured power plants, the locations are fortified to account for severe natural catastrophe events, including hardened building structures and other such steps. The aforementioned proactive

remediation activities have resulted in a relatively low historical loss ratio associated with natural catastrophes. As conventional power generating plants and renewables become a greater part of NEIL's portfolio, NEIL will rely on catastrophe modeling results – both prior to when the risk is bound, and on a portfolio level aggregate basis. The catastrophe modeling results are used to inform pricing decisions, capital adequacy, risk aggregation and loss stress scenario analysis. The referenced catastrophe modeling is conducted on risks throughout the United States and International and include earthquake, hurricane, and severe convection storm.

NEIL short, medium, and long-term planning scenarios take into account both pessimistic scenarios (e.g. early plant closures and reduced premium streams), as-well-as optimistic scenarios (e.g. extended plant operations and premium streams). The planning scenarios also take into account loss stress events (e.g. catastrophic weather events and investment market downturns).

Regarding resilience of the Company's business strategy, including the impact of a 2 degree Celsius (or lower) scenario, the direct impact to NEIL's core nuclear insureds are buffered by the aforementioned "hardened" construction nature of nuclear power plants. Following the accident at Japan's Fukushima Nuclear Power Plant the NRC developed requirements for stations in the USA to review their plants for the ability to safely withstand "beyond design basis accidents", such as higher winds, larger and more severe rainfall, and seismic events. The stations were originally overdesigned, and in most cases no actions were required based on this review. In a small number of cases plants made modifications or process changes to eliminate or reduce the risk. Also, the industry through the Electric Power Research Institute (EPRI) annually review current events around the world associated with natural catastrophes to determine if the US Nuclear Industry is at risk of the same event. A report is issued, and all nuclear plants review for applicability to their stations; to date no action has been required stemming from these review. As relates to the balance of its portfolio, NEIL will rely upon forward looking Key Risk Indicators and its Emerging Risk Committee to identify trends and/or emerging loss exposures, frequent catastrophic modeling and ongoing monitoring of Nat Cat accumulation (as outlined within its stated Risk Appetite Statement) – and closely monitor its nat-cat accumulations, as-well-as frequent portfolio stress testing.

In addition, the Institute of Nuclear Power Operators (INPO) has a working group made up of industry experts and EPRI specifically looking at nuclear power plant resiliency associated with climate change including aspects of temperature excursions greater than design, winds and rain higher than/beyond design basis. The group's charter is to develop a consistent process for stations to identify areas of vulnerability through specific evaluations, and where warranted take actions to eliminate or reduce the risk. NEIL is an active member in the INPO working group.

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.

2024 "Risk Management" Response – 2023 Reporting Period

The process(es) applied by the Company to identify, assess, and manage climate related risks are accomplished through various integrated forums. The Company's annual Enterprise Risk Assessment (ERA) and quarterly Emerging Risk Committee meetings take into account climate change in their respective assessment of existing and emerging risks – and property loss stress scenarios assist the Company in assessing the impact from large losses – Natural Catastrophe driven or other peril. The aforementioned risk assessment initiatives are designed to provide rigorous and timely assessment of emerging risks and to integrate with the Company's business and strategic planning processes.

Consistent with the Company's Underwriting and Risk Management policies, ongoing Catastrophic Modeling is conducted, incorporating hurricane, earthquake, and severe convection storm scenarios. The loss probabilities generated by the Catastrophe models are incorporated into pricing, capital adequacy, risk aggregation and loss stress scenario considerations. Within its Core Nuclear program, the Company also employs a $10M catastrophic deductible to all Members with an additional 10% coinsurance of the loss excess of $10M, up to a total maximum deductible of $50M – the aforementioned deductible and coinsurance strategy is designed to align policyholder goals and objectives in preventing and minimizing the impact of Cat Losses.

As relates to NEIL's investments, climate change is part of the broader Environmental, Social, and Governance ("ESG") framework implemented by NEIL's investment managers. NEIL utilizes a manager-of-managers approach and indirectly adopts its managers' ESG policies. While ESG policies differ across NEIL's investment managers, the assessment of ESG risks (including climate change) is generally embedded within the investment due diligence process in evaluating the relative value of an underlying investment. Nearly all of NEIL's investment managers have a formal ESG policy in place and over 90% of NEIL's invested assets are managed by asset managers who are UN PRI signatories committed to promote responsible investing (including incorporating climate risk in evaluating investments).

METRICS AND 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.

2024 "Metrics and Targets" Response – 2023 Reporting Period

NEIL actively manages climate risk exposure by maintaining a strong surplus position, purchasing appropriate levels of reinsurance, and through prudent underwriting practices. The Company also works with various external partners, such as Verisk Extreme Event Solutions (EES) and Aon Reinsurance Analytics, experts and leaders in the catastrophe modeling space, to monitor, manage, and mitigate natural disaster exposure. The vendors review and update their models frequently in order to incorporate the latest science and data available. For example, the EES U.S. Hurricane model is calibrated every two years to revisions of the HURDAT2 database, allowing them to adapt differentially to changing climate patterns.

The Company models all pertinent hazards, including but not limited to, hurricane, earthquake, severe convective storm, flood, and wildfire. Specifically for hurricane risk, NEIL also evaluates loss estimates using long-term event rates by utilizing EES's warm sea-surface temperature (WSST) catalog. By utilizing both the Standard and WSST catalogs, in addition to the modeling of storm surge, the Company maintains a comprehensive view of hurricane risk.

Catastrophe modeling and the managing of climate-related risks is a focus of NEIL, as evidenced by incorporating natural catastrophe risk tolerances into our corporate and subsidiary risk appetite statements. We model and manage our portfolio risk exposure through our reinsurance broker, obtaining and utilizing various risk metrics, such as exceedance probability curves with various key PMLs and average annual loss. All metrics are calculated by line of business and looked at on a gross and net basis. NEIL also conducts catastrophe modeling by account, when writing new business or renewing existing business. Each account is modeled, with the results incorporated into our pricing modeling, therefore, factoring in weather-related events and/or natural disasters into pricing decisions.

Outside of the above responses noting the Company's remote work policy and relatively small employment base of ~80 employees, the Company does not have Scope 1, Scope 2, or Scope 3 greenhouse gas emissions to disclose.

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