

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.

In our organization, climate-related risks and opportunities are handled at the entity level. The Board of Directors of Farm Bureau Property & Casualty Insurance Company/WAIC (the "Company") has oversight of all of the Company's risk exposures. While neither the Board nor the organization has developed any publicly-stated goals regarding climate-related risks and opportunities, risks in general are reported to the Board through the Audit Committee which has oversight of and receives reports regarding the Company's Enterprise Risk Management ("ERM") function. To the extent climate change or other climate-related developments pose a significant risk to the Company, such risk would be reported through the ERM function.

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.

The Audit & Budget Committee of the Board of Directors receives quarterly reports regarding the Company's Enterprise Risk Management function. To the extent any extraordinary risks are identified in this report, those risks, including any climate-related risks, are further reported to the Board through the Audit & Budget Committee's report and by management. To the extent there are any significant opportunities which arise due to climate change or climate issues, these would be reported to the Board by management through the Company's Business Plan.

B. Describe management's role in assessing and managing climate-related risks and opportunities.

Climate-related risks, to the extent they impact the functions of the organization, are assessed and mitigated by management as part of the Company's business continuity plan. This plan addresses the potential that climate-related catastrophes might require operations to be conducted at alternative locations and/or by alternative means. In addition, Company personnel in the actuarial, finance and product development departments assess changes in the frequency and severity of natural catastrophes, including weather-related catastrophes, which pose risk to the Company's business.

In the event climate-related opportunities arise, these would be developed and executed by management through the Company's Business Plans and investment strategies.

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. *

The Company is an active member of the Institute for Home and Business Safety (IHBS). IHBS is a research, engineering, and communications nonprofit organization that seeks to reduce deaths, injuries, property damage, economic losses and human suffering caused by natural disasters. As an environmentally conscious and safety-oriented organization, the Company proactively communicates with its employees, its policyholders and the communities it serves regarding changing weather and its overall impacts.

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.

The Company provides property and casualty insurance across a primarily Midwestern and Western footprint that has exposure to climate-related severe convective storms and wildfire. Changes to the frequency and severity of natural catastrophes pose risk to our business. This risk would be in the short-, medium-, and long-term time horizons. The longer the time horizon, the greater the uncertainty. Reinsurance is an important tool in the Company's management of risk. An additional risk across the time horizons would be reinsurance availability to cover climate-related risk.

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.

The Company provides property and casualty insurance across a primarily Midwestern and Western footprint that has exposure to climate-related severe convective storms and wildfire. The Company takes a proactive stance on providing consumer education that helps its policyholders - and other consumers - prepare for and weather severe storms, wildfires and other potentially disastrous events. A wide range of consumer tools are available to agents and policyholders to support

planning and preparedness. The Company's flagship brand, Farm Bureau Financial Services, dedicates significant website and other resources to consumer education and safety, with particular emphasis on severe weather. Discounts are available for homeowners to use more resilient roofing surfaces to mitigate convective storm losses.

With regard to our investment in a low carbon economy, we have made several investments in the past few years across multiple sectors that help the transition. For example, in the Asset-Backed Securities (ABS) portfolio we have invested in solar. In both ABS and Mortgage-Backed Securities (MBS) we have invested in both residential and commercial PACE deals. PACE is an acronym for Property Assessed Clean Energy. In the Alternatives space, we have invested in both a Global Renewable Energy fund and a fund that combines low carbon investments with other ESG friendly investments. Finally, in the corporate bond portfolio we have energy investments in companies who are making great strides in moving more to green energy.

C. Describe the resilience of the insurer's strategy, taking into consideration different climate-related scenarios, including a 2 degree Celsius or lower scenario.

The Company relies on property exposure modeling related to storm and weather exposures that it receives from its brokers which influences its reinsurance decisions. The Company has not estimated its resilience to a 2 degree Celsius or lower scenario.

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. *

The Company strives to identify all risks, without regard to whether the cause is related to climate, the economy, excessive regulations, or other factors related to our property and casualty products or business operations.

Given the Company's geographic footprint and changing weather patterns, we take a proactive stance on providing consumer education that helps policyholders - and other consumers - prepare for and weather severe storms, wildfires and other potentially disastrous events. The Company encourages policyholders to manage their potential climate related risks. One example would be offering discounts for hail resistive roofs and offering split deductibles for wind and hail losses.

Climate-related issues and regulation may impact specific industries and securities. These are considered along with many other factors impacting the prospective creditworthiness of securities we acquire. We view these factors as security or industry-specific and we do not have a macro portfolio level climate change investment policy.

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. *

Climate change can have a potential financial impact on our operation. Changes to the frequency and severity of natural catastrophes pose risk to our business. The Companies use both internal and external catastrophe modeling to assess prospective risk. Our modeling generates outputs on a deterministic and probabilistic basis which are considered when determining purchase of catastrophe reinsurance each year.

In addition, the Company's Business Continuity team is responsible for surfacing business risks of all types that could impact operations, employees, customers, and the communities it serves. Current plans include processes for responding to events whether or not they are related to or driven by climate change.

Once identified, the Company, through its Enterprise Risk Management Committee, evaluates methods of quantifying, mitigating, and reporting risk appropriately within the enterprise without regard to their cause.

B. Describe the insurer's processes for managing climate-related risks.

Since climate change can potentially have a significant impact on operations, the Company uses internal and external CAT modelling to assess climate risks. The results of these models ensures that the Company purchases the necessary amount of reinsurance. The Company further ensures that members have the appropriate coverage for potential climate related losses.

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.

The Company strives to identify all risks, without regard to whether the cause is related to climate, the economy, excessive regulations, or other factors related to our property and casualty products or business operations. Once identified, the Company, through its Enterprise Risk Management Committee, evaluates methods of quantifying, mitigating, and reporting risk appropriately within the enterprise without regard to their cause. The Enterprise Risk Management Committee meets on a quarterly basis and integrates climate related risks. In addition, the Company completes its Own Risk Solvency Assessment (ORSA) annually which models stress scenarios on its capital, some of which are climate related.

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.

In writing property exposures in the Midwest and Southwest, the Companies have exposure to severe convective storms and wildfire. Through its reinsurance brokers, the Companies have access to industry catastrophe deterministic and probabilistic models to estimate probable maximum loss from severe convective storms and wildfire.

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.

Climate change can have a potential financial impact on our operation. Changes to the frequency and severity of natural catastrophes pose risk to our business. The Company uses both internal and external catastrophe modeling to assess prospective risk. Our modeling generates outputs on a deterministic and probabilistic basis which are considered when determining purchase of catastrophe reinsurance each year.

B. Disclose Scope 1, Scope 2, and if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.

The Company proactively updates and modernizes its facilities. In doing so, it evaluates and takes into consideration sustainable and best practices for improvements from an energy, emissions, and economic perspective in relationship to the assets remaining useful life. Examples would include, but not limited to, elevator modernizations, facility LED lighting and automation packages, chilled water system modernizations, and upgraded building mechanicals.

C. Describe the targets used by the insurer to manage climate-related risks and opportunities and performance against targets.

The Companies' ERM process incorporates standards for reinsurance capacity based on probable maximum loss (PML) from various return periods shown below.

Acceptable level – Greater than 1 in 500-year event

Review level – Between 1 in 200 and 1 in 500-year event

Unacceptable level – Less than 1 in 200-year event

The Company has not established any other climate-related targets.

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