

# NAIC CLIMATE RISK DISCLOSURE SURVEY

## Continental General Insurance Company, NAIC #71404

### Report Year 2023

#### 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.*

#### CGIC Response to Governance

The Company has not issued any publicly stated goals on climate-related risks and opportunities. Any climate-related disclosures will be handled at the company level.

The board of directors sets appropriate risk tolerances to consider in making investments through adoption of investment policies. The board also approves and monitors business continuity and disaster recovery risk mitigations, including those related to climate-related risks and opportunities.

Management responsibly reviews climate-related risks and opportunities, recommending and implementing risk mitigation as cost-effective strategies are identified.

#### 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.*

**CGIC Response to Strategy**

The Company is focused primarily on a closed block of LTC liabilities and believes the greatest climate-related risks and opportunities are within the Company’s asset portfolio and in potential new business lines. The Company does consider potential risks and opportunities with assets that are being assessed for investment or sale but has not incorporated these considerations into a plan to support a transition to a low carbon economy.

The Company does not have any plans to assess, reduce or mitigate its greenhouse gas emissions in its operations or organization in the short term over the short term over the next 1-5 years. The Company may develop such plans in the medium term, 5-10 years from now, and will consider long term goals beyond 10 years from now in the future.

With a focus on a closed block of Long-Term Care liabilities, the Company has not tested the impact of different climate-related scenarios on the Company’s strategy.

**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.

### CGIC Response to Risk Management

The Company manages a closed block of Long-Term Care, Annuities, and Life Insurance liabilities with the majority of the exposure focused on the Long-Term Care liabilities. Given the nature of the Company's liabilities, the Company does not anticipate significant climate-related risks on the underwriting portfolio.

The Company performs annual risk assessments that encompass the overall risk of the Company, which include climate change risks and opportunities. Although the Company does not anticipate a material impact on its financial position due to climate change, the Company maintains ample surplus and utilizes reinsurance to minimize the impacts of catastrophic losses, including those that might arise as a result of climate change.

While an explicit process for identifying and assessing climate-related risks does not exist, the Company does consider the risks of a business disruption that could result from climate-related risks and maintains a disaster recovery plan so that critical functions may continue during any office closures which is tested annually.

Furthermore, the Company reviews its investments on a case-by-case basis, considering in part claim-related risks or opportunities. This evaluation is one of many factors used when making an investment decision.

The Company neither encourages nor discourages the insured on broad issues, such as transitions due to climate-related risks.

## 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.*

### CGIC Response to Risk Management

The Company does not maintain metrics nor targets to assess and manage climate-related risks and opportunities.

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