NAIC CLIMATE RISK DISCLOSURE SURVEY
TCFD-ALIGNED QUESTIONS
UPDATED 2022

GOVERNANCE

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

   SECURA, as noted within the narrative sections of this survey, includes SECURA Insurance Company and SECURA Supreme Insurance Company.

   SECURA's Audit and Risk Committee of the Board of Directors is responsible for enterprise risk oversight. Within risk management, climate-related financial risks are included. The Committee receives updates at least three times a year. All risks are categorized into one of four buckets: operational, financial, strategic, or hazard. The Enterprise Risk Management Committee (ERM), which consists of executive leadership, meets on a regular basis to discuss current and emerging risks and discuss mitigation strategies.

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.

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.*

   a. SECURA writes property and casualty lines of business mostly in the mid-west states. This exposes SECURA to tornadoes, wind, hail, and other weather events. To mitigate the financial impact, SECURA purchases reinsurance. The amount of reinsurance purchased is based on catastrophic modeling which produces the probable maximum losses under various scenarios. The scenarios have different degree of stress testing completed.
   b. In addition, SECURA monitors geographical concentration and expected weather losses by areas of risk. This monitoring uses ten plus years of data to determine the potential future losses. SECURA incorporates this information into growth plans so we can manage concentration risk in high catastrophe areas.
   c. SECURA engages with trade associations, including NAMIC, NAIC and APCIA, on the topic of climate risk and resiliency.
   d. SECURA invests with asset managers who incorporate ESG criteria into their investment process; some managers feature significant ESG integration. This is displayed through their dedication to ESG

through ESG specific investment policies, teams, senior level involvement, ESG research reliance, proprietary ESG scoring and UN PRI Signatory status. Specific to the transition to a low carbon economy, SECURA invests in Master Limited Partnerships and corporations that focus on energy transportation through pipelines. The asset manager for this investment is committed to integrating ESG into investment practices and ensuring that portfolio companies make ESG a top priority. They use their position as a large shareholder to engage with portfolio companies and advocate for change and improvement requiring portfolio companies to: have methane and CO2 emission reduction programs, produce impact and/or sustainability reports, embrace renewable power in their operations, integrate renewable natural gas and renewable diesel into supply, invest in carbon capture and participate in best practice coalitions such as One Future.

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.

RISK MANAGEMENT

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

    a. ***Within SECURA's ERM program we identify key risks, which includes climate related risk. The ERM risk are tiered to determine the risk level and develop risk mitigation strategies. The climate related risk such as underwriting, catastrophe and reserving are mitigated with analyses completed by our actuarial team to determine pricing, modeling catastrophe events and determine reinsurance needs. The ERM program has risk appetite and risk tolerance statements to guide the company with risk management.***
    b. ***SECURA manages a variety of risks in its investment portfolio through various layers of diversification such as: asset classes, sectors, issuers or portfolio companies, credit quality, market capitalization, and geography.***
    c. ***SECURA has deployed a 745 kW solar photovoltaic field, supplying nearly 20% of its annual energy use, reducing scope 1 emissions. Additionally, SECURA has onsite support to actively charge eight vehicles via charging stations, supporting employees and visitors use of electric vehicles, and reducing greenhouse gas emissions.***

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.

METRICS AND TARGETS

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

The ERM Committee leverages a dashboard which includes metrics with risk tolerance levels and action plans.

Within our annual ORSA report, SECURA conducts stress tests on our top risk, which could pose significant financial impact. Climate risk specifically has not been modeled, but as part of our pricing, reserving and catastrophe modeling and stress testing, climate impact is included.

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.

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