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.

Response to Governance

The Company's Enterprise Risk Management Program (ERM) is led by the Risk Management Committee (RMC) whose membership includes Chief Compliance Officer (CCO-Chair), Chief Financial Officer (CFO), Chief Underwriting Officer (CUO), and General Counsel (GC). The Company's Risk Management Committee is responsible for oversight of climate-related risks and opportunities along with all other risks. The Company's RMC reports to the CEO, provides leadership/oversight of EIC' s Enterprise Risk Management Framework, initiatives, mitigations, implements risk metrics, monitors results and provides bi-annual reports to the Audit Committee (AC). The Company's ERM program consists of five pillars which the company has identified as critical risk areas: Underwriting, CAT Management, Regulatory & Compliance, Financial Management and Operations Management. Each pillar is led by a business subject matter expert who proactively identifies, quantifies, measures and implements effective mitigations. Pillar updates include status on top risks and emerging risks with proposed mitigation plans. Risks are analyzed based on the likelihood of occurrence in years (Probability Analysis) and the magnitude of impact as a % of surplus after tax (Severity Analysis). The RMC meets quarterly, or on an as needed basis and provides bi-annual reports to the Audit Committee. All relevant risk issues are escalated to senior leadership as per Company's Governance structure (Pillar Leaders – RMC – Audit Committee-Board of Directors). Specific to climate-related risks and opportunities, the Company considers potential risk to losses, policyholder's perspective, investments, and its own carbon footprint.

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.

Response to Strategy

The Company uses standard industry catastrophe modelling to inform the effect of climate change risk on its business. Information developed is used to properly price and offer products with incentives to mitigate the effect of climate change. The Company also encourages its policyholders to reduce losses by offering mitigation discounts and by encouraging hardening against weather events. The company evaluates its own carbon footprint and works with its energy partners to implement strategies to reduce energy usage and waste. The Company has a facilities leader whose responsibilities include implementation of recommended changes and seeking out further opportunities. Examples include installation of a vehicle electric charging station, conversion to LED lighting, and reducing energy usage during peak demands. In general, the climate-related risks and opportunities identifies by the Company are looked at over the short, medium, and long term as follows: Short term (1- X)- Risk of losses and policyholders; Medium term (1 - x) - Investments; Long term (1-250)- CAT events.

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 to Risk Management

The Company identifies, assesses, and manages climate related risks through its use of standard industry catastrophe modelling to inform the effect of climate change risk on its business. Information developed is used to price and offer products with incentives to mitigate the effect of climate change. The primary risk posed to the Company is higher than anticipated losses. The Company utilizes catastrophe modelling to minimize the risk posed. In addition, the Company actively seeks a geographically diverse book of business to mitigate concentration risk from any specific type of loss, e.g. wildfire, hurricane, etc. The Company reviews loss trends regularly & will adjust rates appropriately to cover our losses. The Company considers all risks, including climate change, when assessing its investment portfolio. The Company has internal investment guidelines ensuring a quality and diversified portfolio and limiting exposures to specific risks. The Company incorporates ESG (Environmental, Social & Governance) in investment credit assessment and analysis, utilizing its investment manager's proprietary ESG risk factor score. The Company considers its own footprint and has a facilities leader whose responsibilities include implementation of recommended changes and seeking out further opportunities. Examples include installation of a vehicle electric charging station, conversion to LED lighting, and reducing energy usage during peak demand.

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.

Response to Metrics and Targets

The Company utilizes catastrophe modeling to minimize the risk posed. In addition, the Company actively seeks a geographically diverse book of business to mitigate concentration risk from any specific type of loss, e.g. wildfire, hurricane, etc. The Company reviews loss trends regularly & will adjust rates appropriately to cover our losses. The Company operates within the limits of its Risk Management Framework and its EIC Risk Tolerances which are:

• Company reserves >= actuarial selections
• Company after tax losses <= 10% of surplus
• Reinsurer: A- or above or backed by Letter of Credit (LOC)
• RBC Target above 700% industry A average
• AM Best BCAR target above 25% @ 99.6 VAR for Strongest category
Investments
• Minimum Avg “A” credit Rating for Bond Portfolio
• Below Investment Grade Limited to 5% of Portfolio …”B” Rated bonds Limited to 1%
• Per Issuer limits decreases with Credit Rating
Commercial Lines (CL)
• Retrospective Policy Structure...Limited Risk Corridor, Hight Attachment Points, Batching Capability
• Excludes High & Volatile Risk Coverage: Aviation & Aircraft Product Liability, Fidelity (Crime) Exposure & Fiduciary Liability
Personal Lines (PL)
• Risk related UW guidelines in place based on risk factors including driving record, distance to tidal water,

Home/Roof Age and Condition, Wildfire propensity
• Risk management including concentration measures in areas of Hurricane and hail
• Offload higher risk policies through Company Agency including motorcycle, flood, and certain high value homes
• Reinsurance is used to limit the net 250-year Catastrophe expected loss of the Company to 1 year of income

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