

## **Reporting Year 2023 NAIC Climate Risk Disclosure Survey**

### **Universal Property & Casualty Insurance Company**

#### **Governance**

The Risk Committee of the Board of Directors is responsible for oversight of managing climate-related risks as part of its overall risk management oversight responsibilities.

As part of its risk management framework, UPCIC has procedures in place to identify and assess new and emerging risks. All identified risks are collectively discussed and analyzed by the management team, which includes the actuarial, underwriting and claims departments.

Because of UPCIC's business concentration in the state of Florida, it extensively relies on catastrophe modeling in its risk assessment process. Industry standard catastrophe models are relied upon to assess risks associated with hurricanes, severe convective storms and other related weather events, the results of which are inherently impacted by climate change-related risks. These models are frequently updated to include current trends in weather patterns that reflect the real-time and predictive effects of climate change by the modeling firms. These assessments include the process of identifying the severity and likelihood of potential weather events, determining appropriate financing and reinsurance strategies for potential events, and measuring the potential impact on the company's financial results.

#### **Strategy**

We manage our exposure to climate-related risks through a combination of pricing, underwriting, and catastrophe modeling along with our reinsurance program, all as part of our overall risk management program. This includes looking at different climate-related scenarios.

We acknowledge our responsibility to reduce environmental impacts of our business. We are committed to promoting the benefits of environmental sustainability, reducing our environmental footprint, encouraging employee involvement, and monitoring progress. In addition, we are focused on managing our business to ensure environmental laws and recognized standards are met. We partner with international, national, and local nonprofits and organizations that align with our company mission, affect our business, and our employees are passionate about.

We are a U.S. Environmental Protection Agency (EPA) Green Power Partner (GPP). Through this partnership, our goal is to protect human health and the environment by reducing the negative health impacts of air emissions by using green power. Our organization has committed to use 652,000 kilowatt-hours (kWh) of green power annually (25% of our energy through renewals). Through the purchase of green renewable energy, including wind, solar, low-impact hydroelectric, and geothermal, we aim to reduce our own carbon footprint while encouraging others to take similar actions. Our purchase of Renewable Energy Credits (RECs) has been certified and verified by non-profit validation accreditors such as the Center for Resource Solutions' Green-e program to meet GPP program requirements.

We are corporate partners with The CLEO Institute, a Florida-based, 501(c)(3) non-profit, non-partisan organization exclusively dedicated to climate crisis education and advocacy. We are the primary Corporate Partner for the CLEO Speakers Network, a certification program that builds individuals' confidence in climate communication by breaking down the latest science, impacts, and actionable solutions. Through this training, they can carry a message of urgency to a broader audience to accelerate climate action. The program has trained hundreds of individuals throughout Florida to prepare and empower them to become climate advocates in our local communities. These trained speakers have provided over 1,500 webinars and presentations with vital climate change information to close to 50,000 Floridians. We are also Silver Level sponsors of the CLEO Institute's 2022 Climate Symposium, which enlists world-renowned speakers to discuss critical topics related to the climate crisis and innovative solutions that are available to tackle it. The Symposium brings together close to 1,000 international participants to receive the most up-to-date data on climate and health-related issues.

We partner with the Center for Climate and Energy Solutions (C2ES), the successor to the Pew Center on Global Climate Change which was founded in 1998, and is widely recognized as an influential and pragmatic voice on climate issues. Through our partnership, the C2ES resilience program convenes stakeholders and identifies strategies and policies for all levels of government that support the climate resilience of communities and businesses in the United States. Our funding supports C2ES forthcoming reports, which will examine how corporations can help advance local climate resilience, and how municipalities understand their climate risk to help build resilience. We were a Bronze Level sponsor of the 2022 C2ES Climate Leadership Conference. The annual Climate Leadership Conference is North America's premier event dedicated to addressing the climate crisis through policy, innovation, and business solutions. The conference brings together over 1,000 forward-thinking leaders from the business (55%), government (20%) and non-profit/academic (25%) sectors to explore energy and climate solutions and opportunities, and to showcase climate leadership.

As climate change accelerates and natural disasters strike with more frequency, our involvement as a Community Partner with Team Rubicon is vital for affected populations. Team Rubicon is an organization that mobilizes veterans, leveraging their skills and experience to help people prepare, respond, and recover from disasters and humanitarian crises. Team Rubicon utilizes the Center for Disease Control's Social Vulnerability Index (SVI) to ensure they reach the most vulnerable and at-risk communities. The SVI uses census data to measure a community's resiliency when confronted with an outside stressor. Disasters are indiscriminate, yet their devastating impact continues to disproportionately affect the poor and communities of color.

Through our online consumer content resource Clovered SM, we continue to educate consumers on how to prepare, protect, and recover to reduce potential financial losses, save lives, and preserve property. In addition, Clovered SM has partnered with a number of carriers to provide a variety of coverages to consumers in predominately coastal states that are most affected by climate. We believe this service and protection we provide to those hardest impacted by climate-related natural disasters is one of the strongest actions we can take to support the livelihood of consumers and is paramount to the sustainability and resilience of our towns and cities as well as environmental management and climate strategy.

### Sustainability Efforts:

To reduce our paper consumption and more efficiently deliver services to our customers, we revitalized our digital presence to enable our customers to submit claims and view documents electronically through our newly revamped public-facing websites.

We have continued our concerted effort to transition close to one million U.S. policyholders to "go paperless." The goal of this ongoing initiative is to capture all policyholders electronically, while reducing our dependency on paper correspondence.

In 2020, we installed Elkay water fountain filtration systems in several of our buildings. Adding the filtration systems has reduced our dependency on purchasing water bottles for employees and will result in a long-term cost savings for the Company. Each filtration station informs users of the number of 20 oz. single-use water bottles saved from waste by using reusable bottles and cups. By incorporating these fountains, we ultimately plan on reducing our plastic bottle consumption by 200,000 bottles per year.

### Modifications for Energy Efficiency:

We are committed to enhancing energy efficiency and have therefore implemented significant upgrades in our facilities. Exterior windows now feature low-e tinted glass, maximizing natural light while minimizing heat gain. The roof gravel at our headquarters was replaced with white reflective TPO membrane over R-20 insulation, serving to reflect sunlight and minimize cooling needs for the building. We have doubled the required R-5 exterior wall insulation to R-10 batts, further insulating our building. Our air conditioning system in our primary facility has been upgraded to an air-cooled chilled water system, offering greater efficiency. We have begun our next steps in taking stories in energy efficiency with transitioning to energy-efficient LED lighting in our facilities. The existing initiatives are pivotal in our journey towards improving our energy efficiency.

## **Risk Management**

UPCIC's risk management framework involves identifying particular events or circumstances (risk and opportunities) relevant to its objectives, assessing risks in terms of the likelihood and magnitude of impact, determining a response strategy in the event of a risk event, and continuously monitoring its exposure to key risks.

UPCIC regards climate change as a factor impacting risk associated with extreme weather events in that it is linked to rising temperatures, and includes effects on global weather patterns, greenhouse gases, sea, land and air temperatures, sea levels, rain and snow. The actuarial, underwriting and claims departments continuously monitor and model all risks for the perils insured under its policies, which include insured losses from weather events.

UPCIC's investment decisions are based on research performed by its professional investment advisors who are required to adhere to the company's investment guidelines. Any investments that either promote climate change initiatives or are impacted by climate change would be subject to research and scrutiny by the company's investment advisors to assure the investment meets its investment guidelines, requires action when an investment no longer meets those guidelines and

that UPCIC's overall investment portfolio promotes the company's financial strength. UPCIC has not adopted specific guidelines regarding the climate change sector.

**Metrics and Targets**

The company uses various statistics and measures including return times, average annual loss, etc. related to the impact of weather risks that are influenced by climate change.