



Golden Bear
INSURANCE COMPANY



Climate Risk Disclosure
2024

Overview

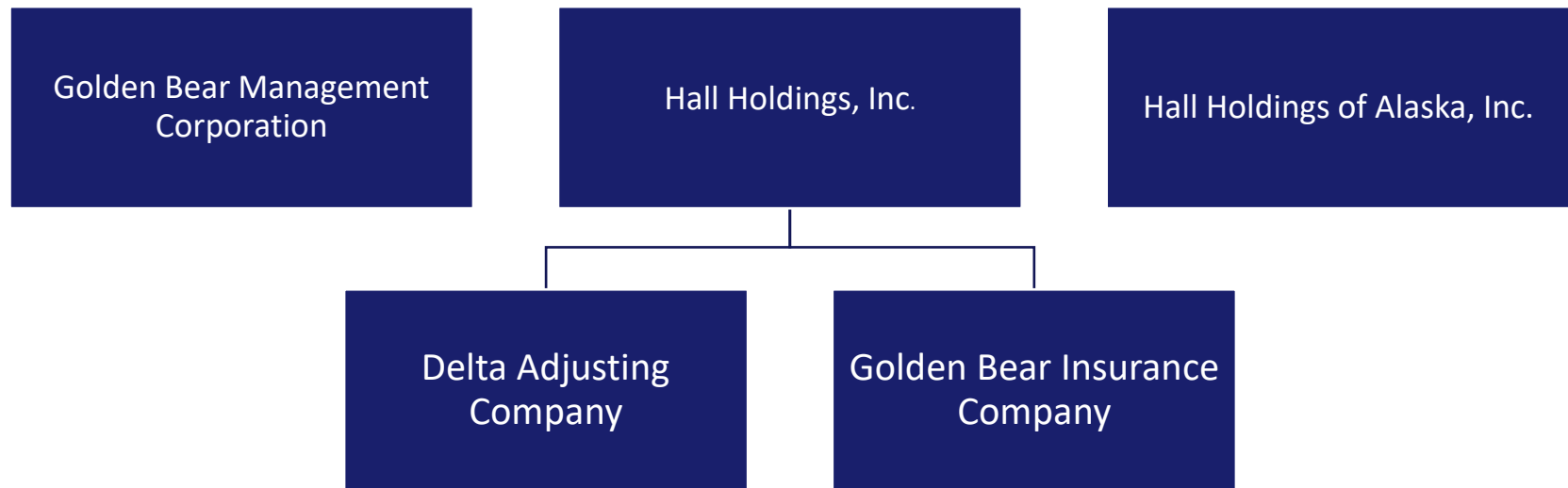
 Governance

 Strategy

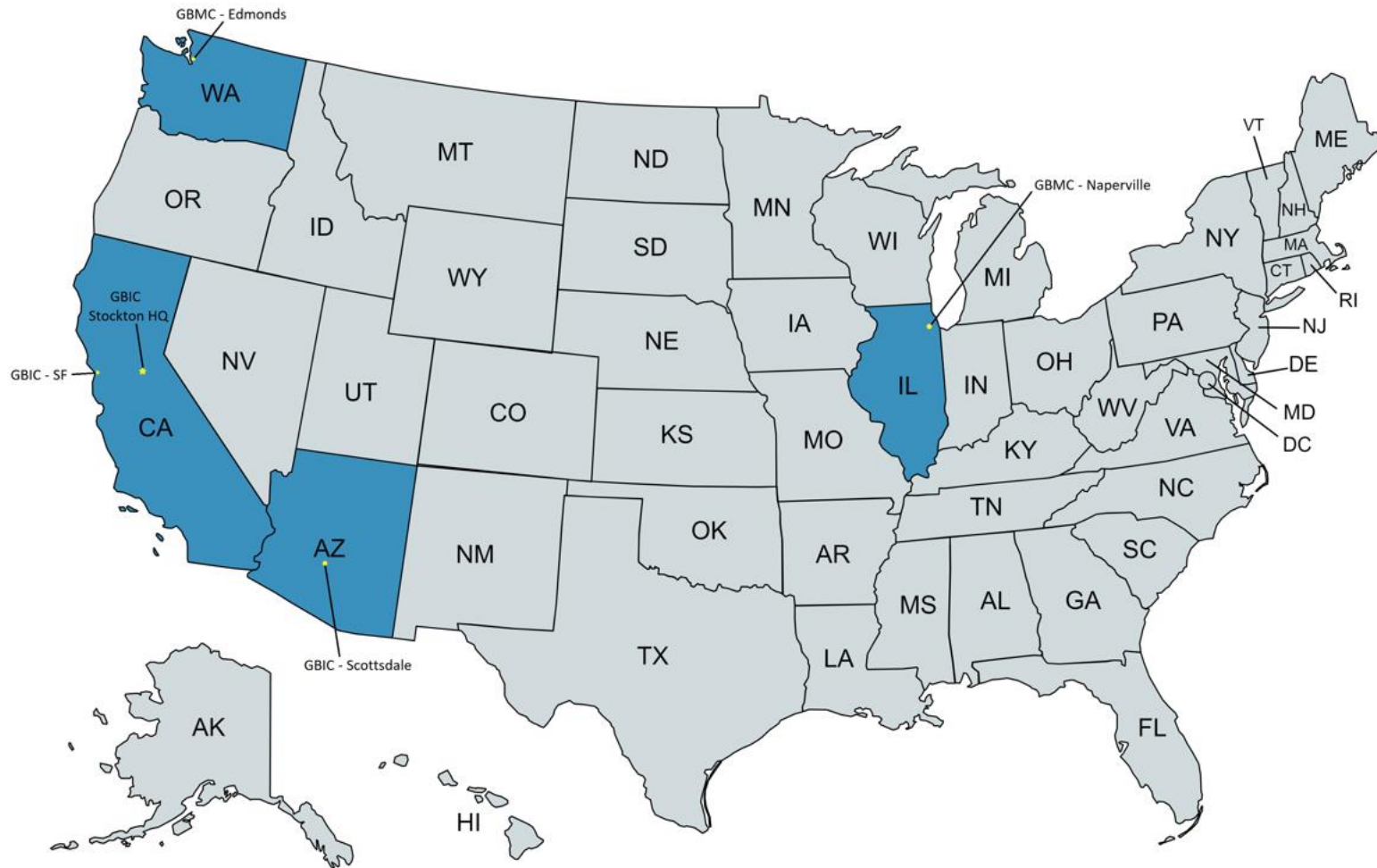
 Risk Management

 Metrics and Targets

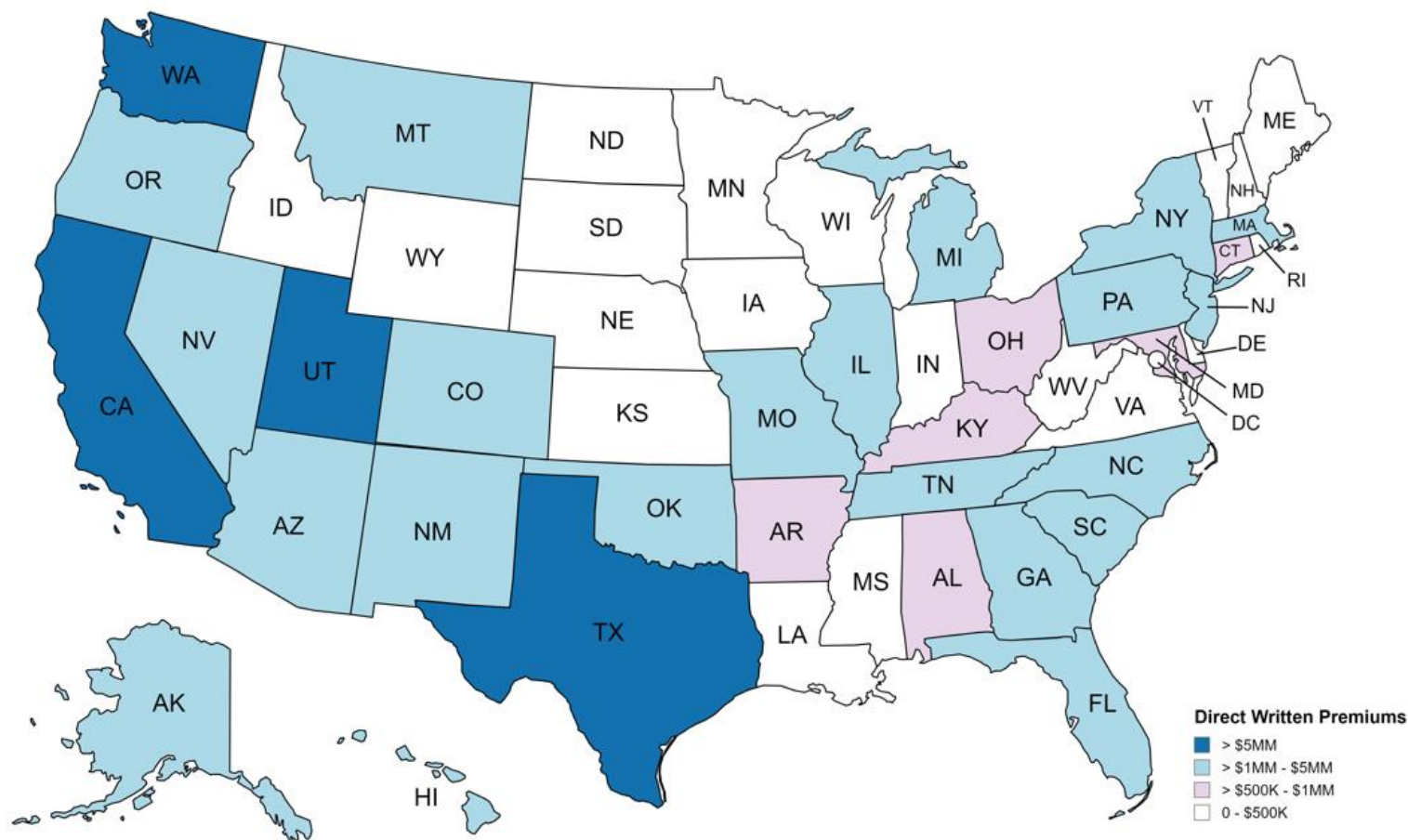
Organizational Structure



Organizational Structure - Offices



Operating Territory



Organizational Structure

-  Hall Holdings, Inc., is an insurance brokerage firm and holding company for Golden Bear Insurance Company and Delta Adjusting Company.
-  Hall Holdings has intercompany Operating Expense Allocation, Tax Allocation, and Brokerage agreements with Golden Bear.
-  Delta Adjusting Company provides claims handling services to both Golden Bear Insurance Company and Swiss Re Corporate Solutions Capacity Insurance Company (SRCSCIC), an affiliate of Swiss Re, for business placed by Golden Bear Management Corporation.
-  Golden Bear Management Corporation is a Managing General Underwriter for SRCSCIC.

ESG



The consideration of environmental, social and governance factors have been incorporated into our investment and underwriting process.



We stress test our environmental risk via active catastrophe modeling which is incorporated into the underwriting decisions.



Our Investment Manager, NEAM, became a signatory to the Principles for Responsible Investment (PRI) in June 2019 and has adopted an integrated approach to ESG as it applies to our investment activity.



The results of NEAM's stress tests of our portfolio as respects ESG as of June 30, 2024 are as follows.

ESG – Portfolio Climate Change Stress Test

Golden Bear Insurance Company - Climate Change Stress Test



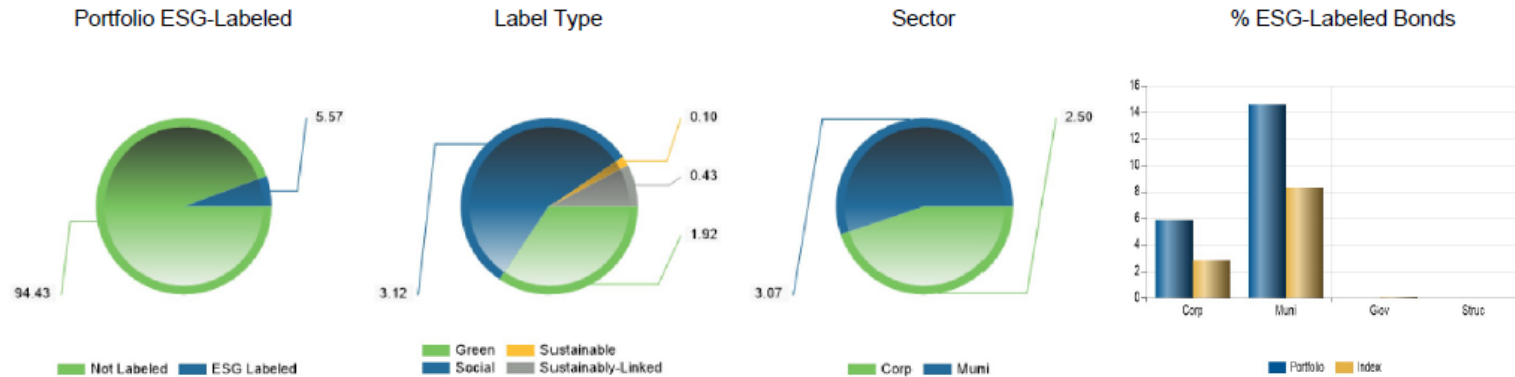
2021 CBES Summary Results

% Change In Market Value	Early Action (2020 - 2050)	Late Action (2020 - 2050)	No Add. Action (2050 - 2080)
Year 5	-0.74%		-0.97%
Year 10	-0.89%		-1.69%
Year 15	-1.03%	-2.22%	-2.69%
Year 20	-0.81%	-2.68%	-3.57%
Year 25	-0.53%	-2.22%	-4.57%
Year 30	-0.41%	-1.92%	-7.06%

The rest of the report provides further breakdown of the most severe time period under each scenario.

ESG

Golden Bear Insurance Company - ESG Label Surveillance



Top 10 ESG Labeled Assets

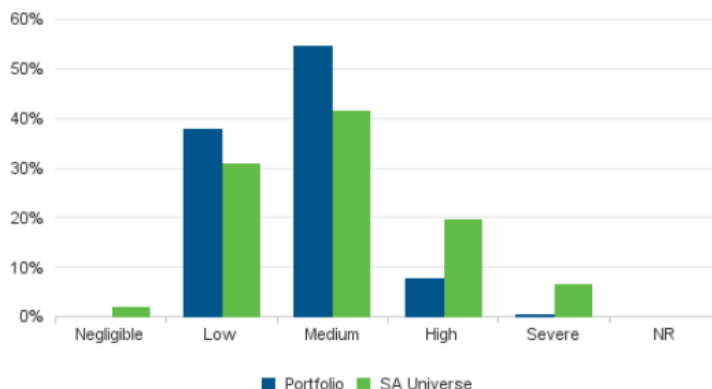
Label	Asset ID	Issuer	Sector	Sector Lvl 3	Lowest Rating	OAD	OAS	Book Yield	Book	Market	Unrealized Gain/Loss	% ESG	Market % Port
Green	009158BK1	AIR PRODUCTS & CHEMICALS	Corporate	Basic Industry	A	7.43	74	4.94	2,233,880	2,202,415	(31,465)	17.28	0.96
Social	70879QKT9	PENNSYLVANIA ST HSG FIN	Municipal	Local Or Gtd Housing	AA+	9.11	131	1.85	2,055,000	1,574,788	(480,212)	12.36	0.69
Social	97689QRK4	WISCONSIN ST HSG & ECON ...	Municipal	Local Or Gtd Housing	AA	3.03	97	3.43	1,240,161	1,211,046	(29,115)	9.50	0.53
Sustainably-Lin ...	29278GAW8	ENEL FINANCE INTL NV	Corporate	Utility	BBB	2.72	96	5.18	985,105	975,982	(9,123)	7.66	0.43
Social	89788MAD4	TRUIST FINANCIAL CORP	Corporate	Banking & Financial S...	BBB+	1.62	25	1.27	1,000,000	929,801	(70,199)	7.30	0.41
Green	544445B85	LOS ANGELES CA DEPT OF F ...	Municipal	Prt, Airprt & Marina R ...	AA	7.11	17	3.39	852,382	843,015	(9,367)	6.61	0.37
Social	17327CAN3	CITIGROUP INC	Corporate	Banking & Financial S...	BBB+	0.55	96	2.01	750,000	732,179	(17,821)	5.74	0.32
Green	74456QCJ3	PUBLIC SERVICE ELECTRIC	Corporate	Utility	A	6.63	77	3.12	748,879	655,343	(93,536)	5.14	0.29
Social	010609GH2	ALABAMA ST PUBLIC SCH & I ...	Municipal	Miscellaneous Taxes	AA	6.26	28	2.04	500,000	425,090	(74,910)	3.34	0.19
Social	70879QKS1	PENNSYLVANIA ST HSG FIN	Municipal	Local Or Gtd Housing	AA+	7.91	109	1.70	500,000	403,490	(96,510)	3.17	0.18
Top 10 Total:									10,865,407	9,953,149	(912,258)	78.09	4.34
ESG Total:									14,316,104	12,745,304	(1,570,800)		5.56
Portfolio Total:									245,812,499	229,090,287	(16,722,212)		

ESG

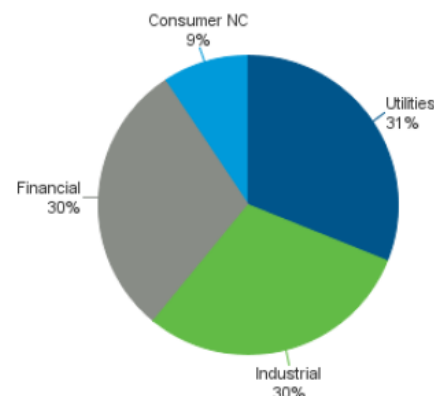
Golden Bear Insurance Company - ESG Risk Ratings Summary



ESG Risk Category Breakdown by Market Value



ESG - High and Severe Category by Industry Sector



ESG Risk Category Portfolio Summary

Category	BY	OAD	OAY	OAS	Rating	Market Value	% ESG	% Port
Negligible	-	-	-	-	-	-	-	-
Low	2.85	3.17	5.03	56	A+	38,598,014	37.6	16.8
Medium	3.13	3.50	5.26	70	A-	56,005,984	54.6	24.4
High	3.27	3.84	5.28	65	A	7,674,669	7.5	3.4
Severe	5.05	7.15	5.22	84	A	261,240	0.3	0.1
NR	-	-	-	-	-	-	-	-
Total	3.04	3.41	5.17	64	A	102,539,906	100.0	44.8

Total Portfolio Run through Sustainalytics 45%

Total Portfolio Covered by Sustainalytics 45%

Selected Holdings Covered by Sustainalytics: 100% Selected = Corp:Pfd Stk;Com Stk

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Highest ESG Risk Scores

Ticker	Issuer	Industry Sector	Category	Market Value	% Port
SO	ALABAMA POWER CO	Utilities	Severe	261,240	0.1
PPL	PPL ELECTRIC UTILITIES CORP	Utilities	High	243,963	0.1
WFC	WELLS FARGO & CO	Financial	High	2,359,008	1.0
CATMED	DIGNITY HEALTH	Consumer NC	High	372,217	0.2
AEE	AMEREN ILLINOIS CO	Utilities	High	1,962,958	0.9
ADM	ARCHER-DANIELS-MIDLAND CO	Consumer NC	High	371,768	0.2
RTX	RTX CORP	Industrial	High	478,798	0.2
CAT	CATERPILLAR FINANCIAL SERVIC	Industrial	High	1,885,958	0.8

ESG



Education is our risk management culture and the key to our success in writing specialty products. Continuing education opportunities are easily accessible for any employee with desire. A growing number of employees now participate in continuing ed coursework



We also develop and host educational symposiums for our underwriters and broker partners (Cannabis Symposium) and our managers are frequently called upon to present as experts at conferences on topics within the niche areas we write.



We have outfitted our corporate office with energy saving lighting and our campus is powered by an on-site solar array.






We are active in our community including sponsorship of various charitable activities and local clean up programs.






Our Managers are a diverse mix of gender and ethnicities.




Governance

-  Climate-related disclosure is handled at the Company level.
-  More specifically, climate-related financial risks are analyzed, assessed, and managed by Senior Management, including but not limited to the Chief Executive Officer and the Chief Financial Officer.
-  Their role is to identify and assess any climate-related financial risks, and to then implement initiatives to aid in managing said risks and potential opportunities.

Strategy

-  The Company is not actively involved with political issues concerning climate change.
-  Although the Company is relatively small, it has undertaken initiative to reduce its carbon footprint predominantly with the addition of a full solar array to its home office as well as outfitting the headquarters with energy saving lighting.
-  The Company has considered the impact of climate change on its investment portfolio but has not formally limited its policy.

Corporate Strategy

-  To provide dependable insurance products through informed agents and brokers and to support these select agents and brokers with ready access to knowledgeable and experienced underwriters.
-  To anticipate emerging risks, appreciate unique risks, and tailor our product lines to meet the coverage needs of the specialty insurance marketplace.
-  Maintain strict pricing discipline and prudent risk management strategies to ensure operating profitability.

Corporate Strategy



Under the lens of climate change, we continually aim to accomplish our Corporate Strategy with specific attention to our Property Lines of Business -- Fire risk being the most prevalent.






Fire risk associated with drought caused by climate change and exposure to fire is actively monitored by the Company and incorporated in its risk selection process, which includes the use of computer modeling.



These hazards have been rampant in California, which is the Company's state of domicile, as well as other states, and are also the focal point of its Commercial Fire Property risk portfolio.

Catastrophe Exposure – Lahaina Wildfire



-  Golden Bear suffered its first wildfire catastrophe loss in 2023 with the Lahaina Wildfire (ISO PCS #2362).
-  Loss consisted of two policies with gross incurred of \$6.5 million (\$1.3 million net of reinsurance).
-  No exposure to catastrophe treaty.

Catastrophe Modeling



Golden Bear actively monitors its geographic accumulations with internal modeling resources. We also leverage our reinsurance relationships to compare against other models.



Catastrophe coverage is maintained to exceed the projected probable maximum loss from a 250-year event. Note that the 250-year event exposure (pre-cat reinsurance) was \$487 million as of December 31, 2023.



We have implemented an API link between our EQ model and our underwriting platform, allowing for more efficient processing of EQ business. Similar API links with HazardHub and RiskMeter will allow for greater efficiency in reviewing property business. We have also licensed CatNet+ from Swiss Re which allows us to easily plot all of our covered locations and then overlay data elements such as active earthquake faults, volcanoes, wildfire hazard areas, flood hazard areas, and many other perils. We can produce a report for our account file as well as visualize the entire portfolio.



Golden Bear continues to model our entire portfolio of earthquake business frequently. We review and consider all loss perspectives that our model provides (Occurrence Exceedance Probability, Aggregate Exceedance Probability; Expected Mode, Distributed Mode, and Tail Conditional Expectation).

Catastrophe Modeling – 12/31/2023



Model based on the RMS Risklink version 21.0

Critical Prob.	Return Period	GBIC 12/31/2023 Portfolio (USD) Gross Loss AEP	GBIC 12/31/2023 Portfolio (USD) Gross Loss OEP	GBIC 12/31/2023 Portfolio (USD) Net Loss Pre Cat AEP	GBIC 12/31/2023 Portfolio (USD) Net Loss Pre Cat OEP	GBIC 12/31/2023 Portfolio (USD) Net Loss Post Cat AEP	GBIC 12/31/2023 Portfolio (USD) Net Loss Post Cat OEP
0.01%	10,000	3,981,878,483.13	3,979,883,127.61	3,720,771,039.23	3,720,174,404.93	3,195,237,097.12	3,195,112,019.00
0.02%	5,000	3,531,766,471.75	3,502,325,364.22	3,254,539,574.52	3,241,042,974.74	2,724,828,892.28	2,716,957,594.68
0.10%	1,000	1,888,774,287.45	1,876,451,232.69	1,635,114,733.72	1,634,135,824.74	1,109,559,474.96	1,109,191,582.66
0.20%	500	1,298,387,684.48	1,277,543,519.07	1,038,260,809.91	1,031,657,009.80	508,364,943.39	505,971,370.13
0.40%	250	735,480,670.20	729,108,900.01	489,011,504.02	487,333,476.37	20,209,987.61	10,000,130.52
0.50%	200	677,523,075.60	669,943,023.85	433,574,925.49	425,103,532.90	16,530,134.69	10,000,127.01
1.00%	100	421,741,103.64	415,948,136.32	175,886,143.81	175,736,979.28	10,460,395.95	10,000,109.46
2.00%	50	204,217,488.02	196,748,543.27	41,904,366.38	41,372,812.08	10,169,124.34	10,000,074.36
4.00%	25	88,875,083.01	85,363,297.34	19,084,640.64	18,475,515.15	10,031,706.55	10,000,004.16
5.00%	20	9,715,577.48	9,452,032.70	2,026,104.07	2,004,049.02	2,022,184.66	2,001,615.44
10.00%	10	539,318.80	538,490.73	116,177.25	109,753.62	113,948.56	108,775.78
20.00%	5	0.00	0.00	0.00	0.00	0.00	0.00




 Our catastrophe limit exceeds the 250 year return period probable maximum loss.

Catastrophe Response



CIERA

CALIFORNIA INSURANCE EMERGENCY RESPONSE ASSOCIATION

-  Golden Bear is a member of the California Insurance Emergency Response Association (CIERA). CIERA is a non-profit organization with a mission to provide the California property and casualty insurance industry with resources and support, in order to enhance its effectiveness in fulfilling policyholder commitments following catastrophic disasters, particularly major earthquakes.
-  All Claims Consultants are trained according to California Section 2695.42 Training Standards which says “Every insurer shall provide training regarding the handling of earthquake claims”.
-  External partnerships with emergency response agencies, contractors, and service providers are established to supplement internal capabilities and enhance response capacity.

Enterprise Risk Management



Over the past several years, considerable effort has gone into our ERM. We have always actively monitored our catastrophe exposure and have a robust disaster response plan in the event of a loss occurrence, operationally and for claims.



We partner with stable and highly rated reinsurers.



We maintain an off-site back-up of our network and have brought in a third-party network administrator to help supplement our internal IT resources and improve control structure.



Senior management and some board members are actively involved in our ERM analysis. Careful controls are in place to ensure that underwriting processes and procedures are carefully monitored.



While our Investments policy is conservative and in line with peers, we have retained New England Asset Management to assist us with our bond portfolio. They bring additional ERM tools to the table.

Enterprise Risk Management



On November 1, 2023, the California Department of Insurance completed their examination for the 2019 – 2022 years. This was a risk-focused examination process which included review of our current ERM program and risk assessment procedures.



The examination included identifying and evaluating significant risks that would potentially impact surplus currently and prospectively.



The DOI audit team was complimentary of our operation, and we received a mostly clean exam report with few recommendations, which have already been resolved or are in process of being remedied.

Enterprise Risk Management - IT



We engaged an independent cyber security firm, Abacode, to conduct an in-depth cyber security assessment which was completed in 2024.



We currently maintain a cyber security compliance program with ongoing monitoring with Abacode.



Privacy initiative – A high level Security and Privacy Impact assessment was completed in March 2023 with scope implementation currently underway, including best practices update of website privacy notice update, broker agreement and engagement letter privacy addendum, and CA policy privacy notices review (and federal model for disclosures to non-CA customers).






We rolled out an employee cyber security training program through KnowBe4. This program includes training and periodic testing. Participation is required by all employees and monitored by the IT Department.



We purchase \$5 million of cyber security and privacy liability insurance protection.

Metrics and Targets

-  Golden Bear actively monitors its geographic accumulations with internal modeling resources.
-  We also leverage our reinsurance relationships to compare against other models.
-  Catastrophe coverage is maintained to exceed the projected probable maximum loss from a 250-year earthquake event using the RMS model.