CO/ACTION SM
SPECIALTY INSURANCE GROUP

CLIMATE RISK SURVEY
REPORTING 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.

Response to Governance

Coaction Global, Inc., the ultimate parent of New York Marine and General Insurance Company and Gotham Insurance Company (collectively "the Company") performs governance over climate-related risk at both the ultimate holding company level and the entity level. The Company's board of directors (the "Board") has appointed the Risk and Underwriting Committee ("R&U Committee") to provide strategic oversight over climate-related strategy by articulating and acknowledging climate-related risks over short, medium and long-term timeframes. The R&U Committee is further able to measure and manage climate-related risks for CAT exposed policies, such as geo-location, distance from coast, construction material, and the presence of solar panels, captured as part of underwriting risks.

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The Board has further developed the Environmental, Social and Governance ("ESG") Steering Committee (the "Steering Committee"), which consists of the Chief Risk Officer ("CRO"), General Counsel, and Chief Human Resources Officer. The Steering Committee meets quarterly with a dedicated ESG Project Manager, who sets strategies and coordinates with subject matter experts from multiple disciplines across the Company, including internal audit, human resources, legal, underwriting, investments, IT, claims, operations and finance. To this end, the Steering Committee prepares and presents ESG Goals and Key Performance Indicators ("KPI") on a quarterly basis to the Nominating and Governance ("Nom and Gov") Committee. While these goals span the breadth of ESG, these goals specifically capture the Company's focus on operational emissions and incentivizing environmental responsibility.

The Steering Committee presents quarterly reports to the Nom and Gov Committee on ESG datapoints, including the Company's CAT risk profile exposed to climate driven events and their potential impact on the Company's risk appetite framework and enterprise risk management ("ERM") framework and classification of risks under a Realistic Disaster Scenarios ("RDS") list. In support of the Company's Own Risk and Solvency Assessment ("ORSA") process, the RDS is reviewed at least annually by senior management and the R&U Committee. The Board also approves key risk tolerances to maintain a sound risk appetite relative to strategy. The Steering Committee also provides ideation on KPIs and key risk indicators (KRIs), with the intent of capturing current climate-related measures and setting qualitative and quantitative goals for the short, medium and long-term.

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 strives to maintain and continue to grow a well-diversified, geographically and by peril, portfolio of property risks. Current market opportunities in the non-admitted property market have created an attractive landscape for carriers, which can help effectively manage risks. Climate-related risks, while difficult to quantify, impact the Company's strategic, financial and operational decisions in a number of areas, such as:

- using reinsurance to limit downside from CAT exposed property, which to a degree implicitly limits climate risks attributable to CAT exposure;
- using the latest versions of CAT modeling software to best assess exposures and measure plan impact from various growth scenario options, such as increased writing of a particular peril within a geographical area or implied risk comparisons between risks of different construction types;
- monitoring the Company's in-force property portfolio against historical storm paths to understand how current exposures would be impacted by historical event sets. While the Company regularly models and monitors its CAT exposures,

the increased occurrence of large and regular wind storms may impact the Company's strategy outlook; and,

- stress testing the Company's in-force portfolio against the most severe historic tropical cyclones based on the portfolio's exposure.

The Company's risk appetite contains risk tolerances to insurance, operational, and investments metrics to which the Company adheres. Insurance metrics include climate risk impacting property exposures that are implicitly considered when setting retentions per risk, setting geographical appetites, and determining perils. Additionally, for the Company's underwriting strategy and risk appetite, rating agencies and risk-based capital paradigms specifically consider catastrophe risks as inputs into their scoring. As such, the Company extensively uses CAT modeling to inform the size and profile of its property portfolio.

Specifically, over the short and medium-term, the Company is focused on adequate pricing on climate risk uncertainty and its impact on severity of natural disaster events. The Company monitors its in-force policies along climate prone areas of the country and the impact to such policies due to weather-related activities. Over the long term, the Company will review the transition risk progress of some insured classes and their insurability.

Related to operational metrics in addressing the Company's emissions related to its IT, facilities, and operations group, the Company has pursued cloud efficient setups for critical systems, energy efficient facilities for staff through use of solar panels at the Company's headquarters in Morristown, New Jersey, and energy efficient hardware (staff equipment, IT servers) to minimize its environmental footprint and support energy conscious vendors.

The investment portfolio has robust risk management programs and processes in place implemented by the Company's third-party investment managers to identify and assess significant risks impacting the business, regardless of the source or timeframe. Climate-related risks are managed in conjunction with the broader risk assessment process and constantly reviewed over the short, medium and long-term, in order to avoid potential downside. For example, the Company's third-party investment managers tend to avoid or limit exposure to companies that have large carbon footprints as noted in the third-party investment manager's ESG scoring criteria. Companies that have declining scores are sold down, while companies that have improving scores may be added. It is constantly evolving, but certainly within the investment criteria used by the Company's third-party investment managers.

The Company expects to remain resilient under different climate related scenarios, including a 2 degree Celsius or lower scenario. As a services company, the transition to a lower carbon economy is not expected to unduly impact the Company's strategy. Sector or market-wide goals can help the Company address transition risks born by insureds. This may require the need for additional reinsurance coverages, the Company tightening its gross risk appetite, or changes within the Company's underwriting actions of its current book of business.

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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.

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- 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's ERM strategy is led by the CRO, who organizes a quarterly risk dashboard (the "Risk Dashboard") to assess the Company's material risks. The supporting information gathering process facilitates an opportunity for the ERM department and risk owners, such as the legal & compliance department, to discuss new and emerging risks, which include climate-related risk. The Company monitors evolving regulations related to climate risk accountability and reporting and adheres to requirements as appropriate. Climate risks are also considered as part of the Company's broader ESG framework, which assigns ownership to key stakeholders for reporting purposes to the R&U Committee and Board.

The Risk Dashboard includes a section on climate change with a risk level designation of "Monitor"; defined as material risk(s) that could change the outcome of the Company's objectives without management action. This risk level acknowledges the uncertainty posed by climate risk's dynamics.

With regard to the underwriting portfolio for the property line of business, CAT exposures are modeled to inform appetite decisions impacted by climate risks. This includes:

- concertation monitoring;
- measuring costs for appropriate reinsurance;
- identifying loss drivers and portfolio steering;
- using climate adjusted peril specific risk scores that reflect most recent weather patterns, vegetation, humidity, seal level, precipitation, and hazard layers;
- incorporating climate change event sets and model updates in our Own View of Risk, with some event sets looking to the year 2050 and continuing to be refined every year; and,
- inputting aggregation measures for casualty lines for climate-related factors, by monitoring insured's trade, occupancy, and jurisdiction.

The Company's ERM function maintains a list of RDS, which documents insurance, operational, and investment risks born by the Company's risk profile. The RDS classifies risks by their estimated probability of occurrence and severity. Property exposure to wind events ranks amongst the most probable scenarios that could occur. In support of the Company's ORSA process, the RDS is reviewed at least annually with senior management, the R&U Committee, and other stakeholders to review existing scenarios and document new risks, whether internal or external, such as climate-related risk.

The Company actively allocates capital to investments that have a reduced carbon footprint and directly slow down the impact of climate change. For instance, the Company allocates to solar

power projects that have economic and climate change value. While it is not a large portion of the investment portfolio, it is expected to grow as long as the investments have attractive risk-adjusted return profiles. The Company relies on the application of ESG scoring by the Company's third-party investment managers. Companies with low ESG scores are not purchased and one's with higher scores 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.

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 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.

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Response to Metrics and Targets

Wind exposed property constitutes the Company's most likely area of CAT exposure to be impacted by climate risk over the short and medium-term. Key metrics are run monthly on the in-force portfolio to measure probable maximum loss (PML) at different return periods by various measures, including geography, peril, construction type, occupancy, and hazard scores. The Company runs a full loss curve (1:10 to 1:500 year) maximum probable loss for all and individual perils. This is a key component of the Company's property risk appetite, and the largest direct exposure to climate risks. To account for the difficulty in measuring climate risk, different modeling approaches are used to estimate buffers when monitoring the Company's portfolio. Adherence to the Company's risk appetite framework by underwriting, claims, ERM, legal and other key stakeholders in the risk selection and management process are codified and regularly reviewed.

The Company has integrated its vendor management, expense, cloud server, and facilities systems with carbon accounting software, and is currently reviewing readouts of Scope 1, 2 and 3 GHG emissions. Upon refining and segmenting data inputs, the Company will be in a position to disclose its carbon dioxide equivalent figures. Moreover, the Company is currently integrating underwriting systems to begin tracking GHG impact based on industries and underwriting verticals. Upon developing base level readouts, the Company will be in a better position to identify emissions targets and goals.

As a service entity, the Company's operational carbon footprint is not deemed to be particularly significant. The Company's California and New York facilities are LEED Certified Gold and its New Jersey office utilizes expansive solar capabilities. Further, the Company hosts document intensive needs through online platforms to eliminate the need for printing and invests in energy efficient IT equipment. On a going forward basis, the Company intends to reduce its kilowatt-hour (kWh) emissions in its offices by replacing old and less energy efficient multifunction devices, enabling employees to work remotely, and moving towards cloud storage.

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