

## **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:**

ATIC's Executive Management team integrates the consideration of climate risks into its governance structure and financial risk management as part of its Enterprise Risk Management ("ERM") plan. The Executive Committee of the Board understands climate risk and maintains oversight over the management team responsible for managing them.

ERM at the Company continues to be a process designed to help Management identify, assess, and manage enterprise risk. It is implemented by the Board of Directors, management and other personnel in a strategic setting. Our dynamic business environment requires Executive Management's unwavering oversight of day-to-day operations through reports and regular meetings with staff. In addition to constantly refining and improving upon internal operations, the Company seeks to identify future events that can influence our market and operation.

ATIC appointed two members of the Executive Management team to be primarily responsible for management of climate risks: Cisca Hung, Chief Risk Officer, and Joe Persaud, Chief Operating Officer.

**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 1-5years as short term, 5-10years as medium term, and 0-30years 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:**

ATIC continues to assess, reduce, or mitigate its greenhouse gas emissions in its operations or organizations. Some of the on-going initiatives include:

- ATIC owns a building in Freeport, Long Island, which has been completely upgraded. The electrical, heating and AC systems are energy efficient to minimize our carbon footprint. We will continue to service these equipment regularly in order to maximize the efficiency.

- We have shifted our paper retention and usage of paper by going paperless in many of our operations. This process has dramatically reduced the need for storage space as well as the constant creation of paper files. In the coming years, ATIC will further its goal of reducing carbon footprint and movement towards paperless operations with uses of imaging systems and other modern technologies and tools.
- Regrettably, within our current market paradigm, the transition from paper forms and documents to electronic versions remains optional to most of our clients. As such, the Company's management team is committed to introducing new, innovative, indemnification products and risk management services that exclusively utilize blockchain ledger technologies and methodologies in ways, so as to incorporate end-to-end electronic processing methodologies that will effectively supersede paper based systems.
- Expedited by the COVID pandemic, ATIC has enabled its employees to adopt remote working or hybrid working arrangements. It has migrated to cloud-based data storage and shifted to utilize server and desk top virtualized by VM Ware Virtualization Technology. The Virtualization Technology and thin client usage has resulted in about 60% less power usage.

ATIC follows development from New York City's studies on congestion and emission and what the City government may seek to accomplish by way of regulating the vehicle utilization and providing for drivers' financial well-being. ATIC is preparing to offer education, risk management services and other benefits via Excelsior For-Hire Transportation Group, an affiliated company, to drivers and operators which we believe will further promote safer driving and accident reduction.

ATIC considers the implications of climate change on its investment portfolio. The Investment Committee continues to carefully review the portfolio and how various risks impact the viability of the investments. Our asset allocation and money management guidelines, first and foremost, provide reasonable assurance that the Company can meet its business and financial objectives with a managed balance between risk, return, and cost. This risk-and-return analysis is completed in consultation with our professional advisers who review both macro and micro events with us in regard to the companies that are selected as investments. When evaluating investment opportunities, we continue to consider the traditional and financial analysis (such as corporate earnings, balance sheets, etc.) but have also asked our advisors to integrate non-financial, sustainability considerations into our investment process.

### **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:**

ATIC's business is concentrated in New York City and in taxis and for-hire vehicles. Within this context, physical and transition risks present the following challenges to ATIC:

- Physical risks arising from weather-related hazards, such as hurricane, floods, and snow storms, can cause widespread business disruption and damage / loss of assets which, in turn, may decrease demand and supply, respectively, for taxis and for-hire vehicles and lead to reduced revenue.
- Transition risks arising from society's transition towards low-carbon economy, whether driven by regulatory mandates or societal shifts, can lead to devaluation of certain corporate assets. ATIC's investment portfolio is well diversified and does not hold any concentrated exposure to a single company, therefore limiting the transition risks in its portfolio.

In partnership with Excelsior For-Hire Transportation Group, ATIC is working to introduce a platform for virtual fleet management. The platform shall allow cars to be managed remotely and digitally instead of going to and forth to a physical garage, and result in reduce carbon emission.

The platform offers a smartphone incident reporting app, enabling drivers and claimants can report an insurance claim at their convenient time and place using a mobile app. This reduces the need for them to travel to physical offices to deliver claims reports, and hence reduce usage of transportations and other related energy consumption. Furthermore, the Excelsior platform offers its members a one-stop-shop for essential services such as telemedicine and tele-dentistry.

With all the offerings designed for drivers, we believe that the Excelsior platform can naturally become a direct channel to communicate with the 175,000 for-hire drivers in New York about important sustainability practices and align incentives towards climate-resilient business models.

#### **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:

ATIC has appointed two members of the Executive Management team to spearhead our efforts: Joe Persaud, Chief Operating Officer; and Cisca Hung, Chief Risk Officer. They keep communication lines open, both internal and external to the company, regarding relevant information and best practices regarding low-carbon transition, and climate-related strategies. We analyze the Company's exposure to climate risks on both the underwriting and investment sides of its balance sheet.

We continue to seek to develop our understanding of climate risks so that we may advance our analysis of climate risks, and shift our assessment to an approach that is both qualitative and quantitative.