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.

The company has created a governance structure that allows for effective oversight, decision-making and execution of our approach to risk management, including climate related risk and opportunities.

PSIC’s Board of Directors has oversight of the company’s overall risk management approach, including climate related risks and opportunities. The Board Risk and Compliance Committee, including its chairman, has responsibility for monitoring and overseeing all risks, including climate-related risks. The full Board considers material climate-related information when reviewing and guiding strategy.

PSIC’s Executive ERM Committee is tasked with identifying and mitigating risks rising to the enterprise level, including climate related risks. The Executive Leadership Team is tasked with incorporating risk management, as identified by the ERM committee into the strategy. To the extent that climate related risks are identified, the risk management requirements are incorporated into company strategy.

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 1-5years as short term, 5-10years as medium term, and
10-30years 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.

Geographic concentration is the largest area of concern related to climate risk. As climate related natural disasters affect California or worsen due to climate change, the company's financial well-being may be put at risk. Our strategic plan addresses geographic diversification to manage this climate related risk. To the extent that catastrophe modeling includes climate change factors, the company protects itself against worsening catastrophe scenarios by purchasing adequate reinsurance to address increased catastrophe risks.

At an underwriting level, PSIC encourages risk mitigation strategies for consumers facing increased catastrophe risks due to climate change. PSIC offers discounts for loss control related to wind and fire losses.

Operationally the company has significantly reduced its office footprint in the last couple of years and offers flexible at home work arrangements which significantly reduces our workforce carbon footprint. PSIC has also worked to update our policy systems to allow less paper output and paperless delivery options for our customers. We continue to improve on this and look forward to seeing a continued reduction of our company's carbon footprint.

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.

Effectively evaluating and managing risk is a core aspect of insurance. Unlike other financial industries, the insurance industry is focused on managing not just average risks — but the extremes of risk. This is highly relevant from a climate risk perspective as climate change can increase the frequency and severity of extreme weather events which result in significant social and economic devastation. PSIC assess risk, including climate risk, both at an enterprise-level and within each business line. We are constantly evolving our risk management capabilities to meet the expected needs of our customers and regulators. PSIC's ERM Committee is responsible for identifying, assessing, monitoring and mitigating all risks, inclusive of climate-related risks.

PSIC monitors natural catastrophe gross and net tolerances and limits at the corporate and business unit levels based on the company's risk appetite, capital and earnings. Our product team maintains exposure databases and stochastically models losses for key perils, then reports on modeled losses relative to limits and tolerances on an annual basis. The company uses a combination of sound underwriting practices, exposure management and reinsurance to mitigate the financial impact of extreme natural catastrophe events.

Through the ERM and strategic planning processes, we are further exploring transition risks. One of the short-term transition risks that the industry faces is government mandates or increased regulation of products. Increases in property catastrophe risk associated with climate change will manifest themselves gradually over a period of many years, while insurance policies are usually of one year duration. This allows P&C insurers to adjust rates, coverages and underwriting guidelines, as required, in response to trends that demonstrate an increase in the frequency and/or severity of natural catastrophe events. An emerging concern is that regulatory regimes do not allow sufficient flexibility to ensure that pricing is set at actuarially sound levels, and, in effect, impose rate review and approval processes that are slow to react to changes in risk levels. Should P&C insurers be unable to adjust rates to account for increases in natural catastrophe risk, they may need to explore restricting the amount of business written in certain markets.

METRICS AND JOB TARGET

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 specific 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.

The company has not set metrics and targets related to climate related risks and opportunities.