

NAIC CLIMATE RISK DISCLOSURE SURVEY

Governance Response:

The American Road Insurance Company (TARIC) is a small insurer writing insurance in limited lines of business with an emphasis on insuring corporate affiliates. Given the small size, nature, and scope of our business, TARIC does not have a formal governance concerning climate-related risks and opportunities. However, two of TARIC's mature products have significant weather-related exposure and therefore, it is inherently monitoring climate-related risks in its continuous review of claims data. In addition, TARIC's PML study, which is produced by a third party, now includes flood risks as well as other weather types. While the majority of TARIC's business is currently written to corporate affiliates, TARIC will continue to monitor its business to determine if additional climate-related risks and opportunities arise.

Strategy Response:

TARIC's limited business offering include weather related risks which are identified by modeling probable maximum loss scenarios, maintaining a wide geographic spread of risk, and reviewing historical exposure and loss activity. This includes areas subject to hail and windstorms.

TARIC's ultimate controlling parent, Ford Motor Company, continues to make changes to product cycle plans to improve the fuel economy of petroleum powered vehicle and to offer more propulsion choices, such as electrified vehicles, with lower greenhouse gas (GHG) emissions.

Risk Management response:

TARIC relies on modeling probable maximum loss scenarios and reviewing historical loss patterns to monitor climate related risks. TARIC has identified and continues to monitor geographic areas, including those subject to hail, windstorms, and floods, that are more susceptible to extreme weather-related events through modeling and analysis of historical exposure and loss activity.

TARIC's present investment strategy is to maintain a high quality, short duration portfolio of debt investments. TARIC presently does not analyze risks derived from climate scenarios for its investment portfolio. However, TARIC will continue to evolve its strategy to potentially consider and analyze climate scenarios for its investments.

Metrics and Targets response:

Although TARIC is a small insurer, TARIC relies upon modeling probable maximum loss scenarios and reviewing historical loss patterns to monitor climate related risks. TARIC has identified and continues to monitor geographic areas, including those subject to hail, windstorms, and floods, that are more susceptible to extreme weather related events though modeling and analysis of historical exposure and loss activity.