

NAIC CLIMATE RISK DISCLOSURE SURVEY

TCFD-ALIGNED QUESTIONS

UPDATED 2022

GOVERNANCE

Security National Life Insurance Company (“SNL”) is a market leader in “end-of-life” insurance products and services. SNL’s offerings, which include annuity, final expense, and preneed products, currently do not have any material climate-related impacts. Although SNL has no publicly stated climate goals, the company monitors relevant literature and studies concerning both the impact of climate change on the insurance industry and the industry’s impact on the environment, with particular emphasis on the morbidity and mortality impacts of climate change and natural disasters. SNL’s Board of Directors has delegated responsibility for climate-related disclosures to the Risk Committee. However, climate issues are monitored both at the departmental and management levels. The Risk Committee comprises members from Actuarial, Audit, Accounting, Legal, Human Resources, and various Operations departments.

SNL acknowledges that it is not immune to potential impacts of climate change on its day-to-day services. Consequently, the Risk Committee meets monthly, during which any climate-related risks are escalated for discussion. Risk discussions begin within the respective operational units and are then escalated to the Risk Committee. Depending on the severity of any climate-related issues, these matters may be further escalated to both the External Board Member who oversees the Risk Committee and the Board of Directors. The Risk Committee, particularly its Legal Compliance members, has collaborated with operational leads, including IT, to develop a business continuity plan in case of a natural disaster. This continuity plan prioritizes employee safety and provides resources to facilitate remote work while ensuring continuity of services during challenging periods for our payors and insureds.

STRATEGY

Currently, SNL addresses potential climate-related risks via maintaining its Disaster Response Plan to mitigate the effects of foreseeable natural disasters, particularly given that a portion of our workforce is located in regions susceptible to hurricanes and tornadoes. As mentioned above, our Disaster Response Plan enables our employees to work remotely once their health and physical safety are confirmed.

As previously stated, SNL strives to stay informed about changes in morbidity and mortality, including those related to climate change. Such activity ensures accurate pricing and underwriting, ability to identify emerging health threads that could impact policyholders, the viability of existing and prospective product offerings, setting of appropriate reserves, which SNL believes will result in positive customer experience and satisfaction.

SNL is headquartered in Utah, where our building features state-of-the-art low-flush valves, motion sensors for office lighting, energy-efficient appliances in break rooms and restrooms, blinds to prevent the greenhouse effect of direct sunlight, recycling facilities on each floor, and xeriscape landscaping for drought tolerance. Our facilities team continually seeks opportunities to lower SNL's carbon footprint. Additionally, SNL relocated to a new building in 2022, classified as a Class A commercial space, which meets the growing demand for high-density workspace in Utah and is conveniently located in the center of Salt Lake County. Historically, SNL has contributed to a local arboretum that engages in community outreach programs to educate Utah residents about indigenous and drought-resistant flora. Another long-term goal for SNL is to reduce its environmental impact by encouraging customer and agent activities to go paperless through our online solutions. Given the smaller scale of SNL's workforce, we typically assess climate-related challenges as they arise, such as transitioning to paperless options or purchasing energy-efficient appliances. However, the Risk Committee and management regularly discuss opportunities for long-term evolution.

RISK MANAGEMENT

SNL's Risk Committee currently focuses on monitoring the impact of climate change on mortality rates and considering the effects of both man-made and natural disasters on our operations. SNL recognizes that such events can significantly impact internal operations and the performance of our underwriting portfolio, including timely payments or surrenders of existing policies and the sales of new policies.

As with our review of all risks, financial implication and cost-justification of perceived risk threats is a significant consideration. In the assessment of risk, SNL evaluates the severity and probability of the risk event occurring. We also identify and classify the risk based on its nature (e.g. operational, financial, regulatory, or environmental). If there is a significant risk, the risk event is within SNL's control to mitigate, and it is cost justified, we proceed to develop a risk mitigation plan. Once the plan has received the proper review and the final version is prepared, we communicate and train accordingly.

METRICS

At present, SNL does not implement or use catastrophe modeling to manage climate-related risks to our business. As mentioned above, current climate considerations are limited to generally accepted ratings, such as "water smart," which are considered when acquiring items for our facilities. Similarly, we do not currently track metrics to assess climate-related risks and opportunities in alignment with our strategy and risk management process.

In conclusion, SNL recognizes the critical importance of monitoring climate-related risks as an integral part of its operational and strategic framework. By staying vigilant and informed about the potential impacts of climate change on morbidity and mortality rates, as well as on the broader industry, SNL ensures it is well-positioned to anticipate and respond to emerging challenges. Our commitment to regular risk assessment, proactive mitigation strategies, and robust business continuity planning underscores its dedication to safeguarding both its policyholders and its financial stability. By embedding climate risk monitoring into its governance and risk management practices, SNL not only protects its immediate interests but

also contributes to long-term sustainability and resilience in a potentially unpredictable environment.