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.

N/A

- 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:

We do not have any publicly stated goals on climate-related risks and opportunities. Additionally, we do not have a committee of our Board specifically responsible for oversight as it relates to climate change. However, we have considered climate-related risk exposures in our geographical risk management approach to underwriting practices and as part of our overall strategy for state expansion. These risks and opportunities are discussed by senior management and the board as part of our Risk and Strategy Committee of the Board.

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.

RESPONSE TO STRATEGY:

We do not have any publicly stated goals on climate-related risks and opportunities. Additionally, we do not have a committee of our Board specifically responsible for oversight as it relates to climate change. However, we have considered climate-related risk exposures in our geographical risk management approach to underwriting practices and as part of our overall strategy for state expansion. These risks and opportunities are discussed by senior management and the board as part of our Risk and Strategy Committee of the Board.

Over the short term, we are reducing our property business in storm prone areas which have become more severe over the past few years. For the medium term, we are going to grow our book of business through state expansion in only commercial lines which will better diversify the company. And, long term, we will continue to monitor the impact of storms on insurance and manage our portfolio appropriately.

RISK MANAGEMENT

2. 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:

As a property and casualty insurance company writing business in five Midwestern states plus Arizona, Utah, we still have not determined that climate risk warrants the development of a climate change policy. Research on the topic of climate change indicates that climate change may result in the potential for sea-level rise along coastal areas. This change could affect properties and businesses in specific, isolated geographical areas. Research on climate change and weather patterns also indicates that changing precipitation patterns could result in flood, drought, and wildfire. We believe our exposure to losses arising from climate change is negligible currently. We have developed an ERM framework within our company and consider climate change as well as the impact of changing weather patterns in our overall risk assessment. Through our Actuarial Department, we have incorporated targeted property reduction to mitigate overall losses, including those caused by flood, hail, and severe storm. This practice has enabled us to diversify our exposures and mitigate potential losses. Through this process we have identified 'high-risk zones' based upon loss data. While the losses in these zones are weather-related, we have not been able to determine through certainty they are caused by climate change in and of itself. The organization will soon implement a new insurance risk governance framework that will include climate risk exposure as a characteristic of focus, amongst others

Increased storm risk impacts which lines of business we write and grow as well as our risk tolerance when it comes to capacity. Financial planning also considers storm risk in its projections.

Storms continue to impact the Midwest and as a result we have amended our guidelines for habitational exposures to mitigate losses.

Our main climate risk focuses include catastrophic storms from hail, windstorm/tornado and wildfires. We continue to monitor where storm patterns affect our book of business, our exposure load and risk mitigation opportunities in those areas. We then look for areas outside of these storm heavy regions to spread our risk of business.

Our P&C Claim Department monitors industry publications for new trends and risks associated with climate related risks. Additionally, through ongoing research efforts we seek to monitor significant developments in weather related risks to identifying potential emerging risks. To project the impact of an issue on the companies, we may utilize internal data on policies, coverages, claims, and payments, among other information as applicable, to determine potential impact. The specific data and analysis performed is dependent on and tailored to each identified issue.

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 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:

Our 100-year TVaR for Severe Convective Storm on a ground up basis was 107,519,900 as of the model run on 12/31/2023. We don't yet have the result back for this year's model run. The equivalent VaR was 72,978,400. While we also model winter storm, wildfire, and earthquake we felt the severe convective storm is the most relevant to this discussion and our book of business. However, we have significantly reduced our exposure to this risk in 2024 so we will see these numbers reduce dramatically next year. We note that the peril of Severe Convective Storm carries one of the highest uncertainties of an imprint on climate change for any peril in the United States. Given the heightened uncertainty and the associated error bars, we do not feel it is fit for purpose to analyze probabilistic catastrophe model results for future climate scenarios (time or carbon emissions) for that peril.