



**Golden Bear**  
INSURANCE COMPANY



Climate Risk Disclosure  
2022

# Overview





 Governance

 Strategy

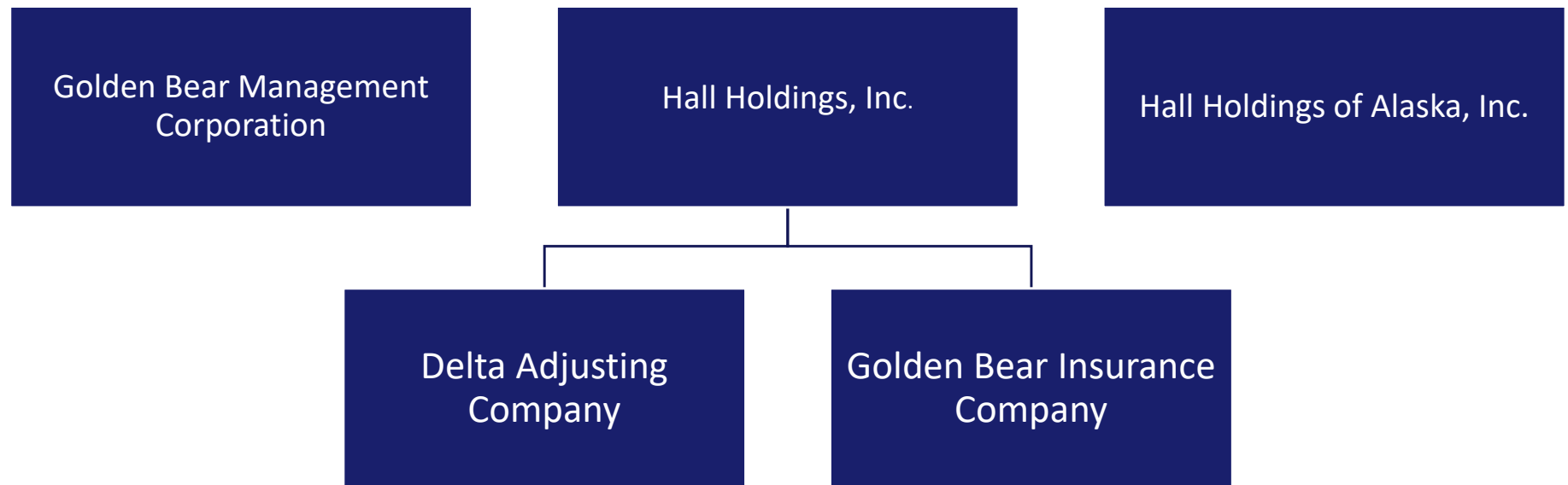
 Risk Management

 Metrics and Targets



# Environmental, Social, and Governance

-  The consideration of environmental, social and governance factors has been incorporated into our investment and underwriting process.
-  We stress test our environmental risk via active catastrophe modeling which is incorporated into the underwriting decisions.
-  We are looking at ways to address social inflation and the impact to our claims process.
-  Our Investment Manager, NEAM, became a signatory to the Principles for Responsible Investment (PRI) in June 2019 and has adopted an integrated approach to ESG as it applies to our investment activity.

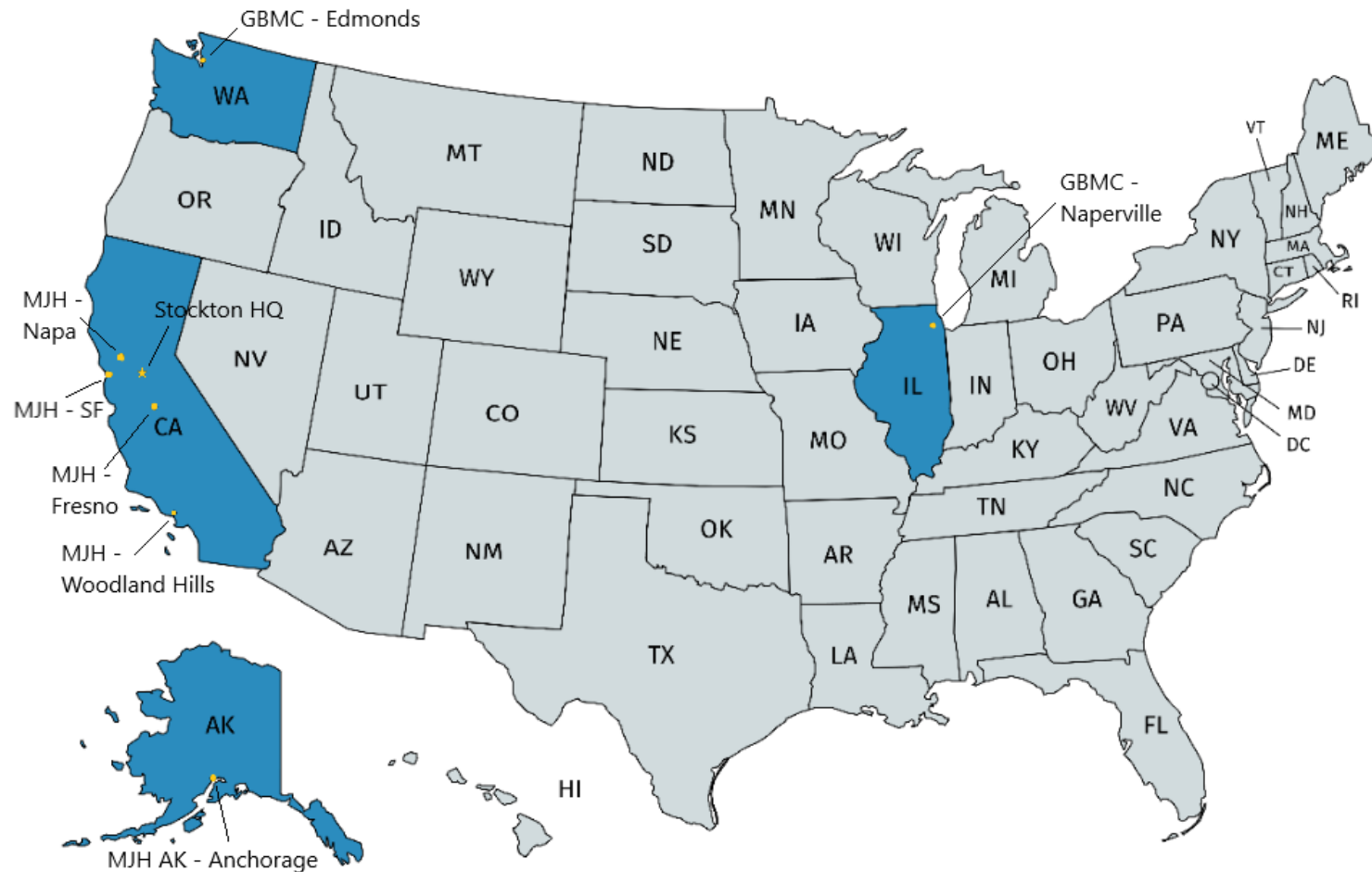
# Organizational Structure






# Organizational Structure

-  M.J. Hall and Company, Inc., is an insurance brokerage firm and holding company for Golden Bear Insurance Company and Delta Adjusting Company.
-  M.J. Hall has intercompany Operating Expense Allocation, Tax Allocation, Brokerage and Reinsurance Intermediary agreements with Golden Bear.
-  Delta Adjusting Company provides claims handling services to both Golden Bear Insurance Company and North American Capacity Insurance Company (NAC), an affiliate of Swiss Re, for business placed by Golden Bear Management Company.
-  Golden Bear Management Company is a Managing General Underwriter for NAC.

# Organizational Structure - Offices



# Governance (continued)

-  Climate-related disclosure is handled at the Company level.
-  More specifically, climate-related financial risks are analyzed, assessed, and managed by Executive Management, including but not limited to the Chief Executive Officer and the Chief Financial Officer.
-  Their role is to identify and assess any climate-related financial risks, and to then implement initiatives to aid in managing said risks and potential opportunities.

# Innovation - Opportunity



We are in the process of launching an earthquake parametric program for both residential and commercial risks.



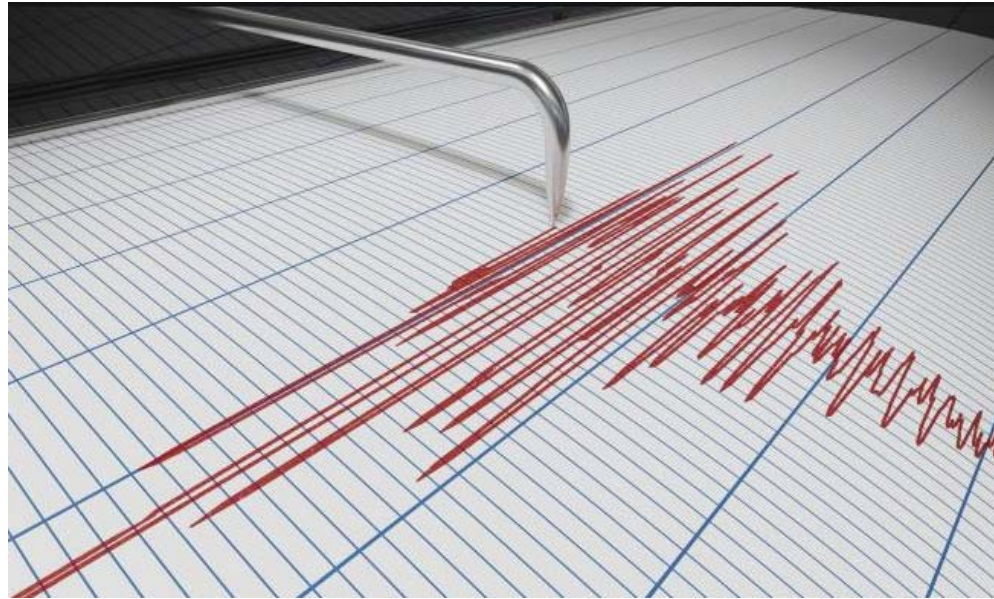
We are the first admitted company to receive rate and form approval from the state of California Department of Insurance for a parametric based product.





This is not intended as a replacement for traditional earthquake insurance, but rather as an option for insureds to cover immediate expenses while waiting for their traditional insurance to adjust their claim.






# Earthquake Lifeline Policy - Parametric






-  Provide insureds with immediate funds in the aftermath of an earthquake event.
-  Proceeds will be paid upon receipt of a verified report that meets dual trigger of magnitude 6.0 or greater and risk is within specified radius from epicenter.




# Strategy

-  The Company is not actively involved with political issues concerning climate change.
-  Although the Company is relatively small, it has undertaken initiative to reduce its carbon footprint predominantly with the addition of a full solar array to its home office as well as outfitting the headquarters with energy saving lighting.
-  The Company has considered the impact of climate change on its investment portfolio but has not formally limited its policy.

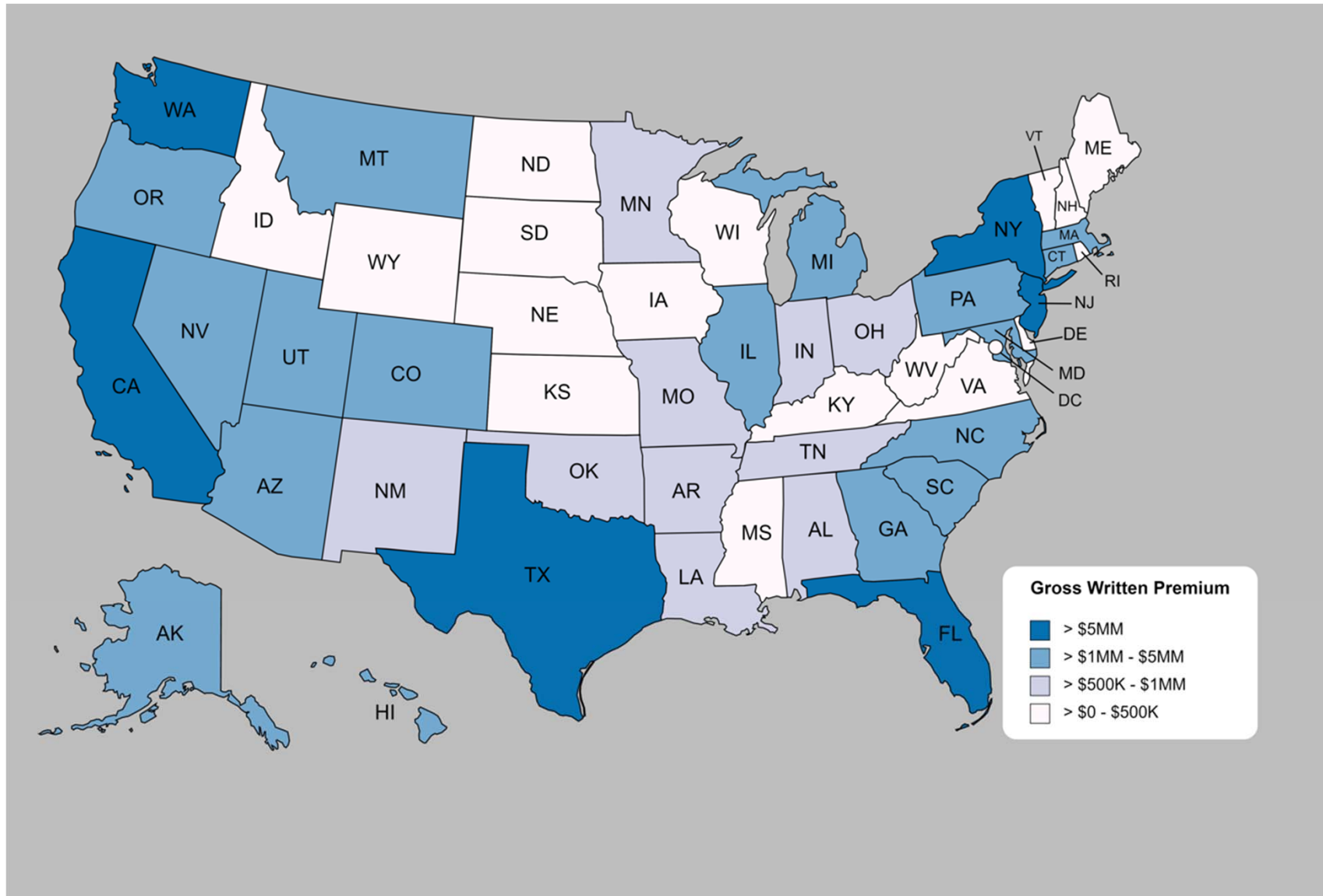
# Corporate Strategy

-  To provide dependable insurance products through informed agents and brokers and to support these select agents and brokers with ready access to knowledgeable and experienced underwriters.
-  To anticipate emerging risks, appreciate unique risks, and tailor our product lines to meet the coverage needs of the specialty insurance marketplace.
-  Maintain strict pricing discipline and prudent risk management strategies to ensure operating profitability.






# Corporate Strategy (continued)

-  Under the lens of climate change, we continually aim to accomplish our Corporate Strategy with specific attention to our Property Lines of Business -- Fire risk being the most prevalent.
-  Fire risk associated with drought caused by climate change and exposure to fire is actively monitored by the Company and incorporated in its risk selection process, which includes the use of computer modeling.
-  These hazards have been rampant in California, which is the Company's state of domicile, as well as other states, and are also the focal point of its Personal Lines and Commercial Fire Property risk portfolios.




# Operating Territory






# Enterprise Risk Management

-  Over the past several years, considerable effort has gone into our ERM. We have always actively monitored our catastrophe exposure and have a robust disaster response plan in the event of a loss occurrence, operationally and for claims.
-  We partner with stable and highly rated reinsurers.
-  We maintain an off-site back-up of our network and have brought in a third-party network administrator to help supplement our internal IT resources and improve control structure.
-  Senior managers and some board members are actively involved in our ERM analysis. Careful controls are in place to ensure that underwriting processes and procedures are carefully monitored.
-  While our Investments policy is conservative and in line with peers, we have retained New England Asset Management to assist us with our bond portfolio. They bring additional ERM tools to the table.

# Enterprise Risk Management

-  On May 12, 2020, the California Department of Insurance completed their examination for the 2014 – 2018 years. This was a risk-focused examination process which included review of our current ERM program and risk assessment procedures.
-  The examination included identifying and evaluating significant risks that would potentially impact surplus currently and prospectively.
-  The DOI audit team was complimentary of our operation and we received a clean exam report with no adjustments.

# Metrics and Targets

-  Golden Bear actively monitors its geographic accumulations with internal modeling resources.
-  We also leverage our reinsurance relationships to compare against other models.
-  Catastrophe coverage is maintained to exceed the projected probable maximum loss from a 250-year earthquake event using the RMS model.