WRIGHT NATIONAL FLOOD INSURANCE COMPANY 11523

CLIMATE RISK DISCLOSURE SURVEY 2023

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 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.

RESPONSE TO GOVERNANCE:

The Board of Directors of Brown & Brown, Inc. (ultimate parent) is responsible for the oversight and strategic direction of Wright National Flood Insurance Company ("WNFIC"). The Board has been focused on the company's sustainability and social responsibility. The Nominating/Corporate Governance Committee provides oversight for our Environmental, Social and Governance (ESG) initiatives, which include Climate/Environment. The Committee's independent directors report to and advise the Board on matters relating to sustainable management and ESG risks and opportunities, such as monitoring, evaluating, and overseeing the implementation of the company's strategy on environmental, health and safety, corporate social responsibility, sustainability, and other public policy matters. The Committee established an ESG Leadership Committee in 2021, composed of three top-level leaders – the General Counsel, Chief Financial Officer, and Chief People Officer, to guide and implement many of our ESG initiatives. The Leadership Committee also assists our chief executive officer to set general strategy; oversee communications concerning ESG matters, monitor and assess developments relating to, and improving, the company's understanding of ESG issues, and reporting that progress in improving its ESG profile to the Governance Committee and 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 business, 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 1-5 years as short term, 5-10 years as medium term, and 10-30 years 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 continuously search for new and innovative ways to further help our customers and contribute to the world around us, including our commitment to sustainability and the environment. Progress continues to be made in evaluating risks and opportunities around climate by incorporating ESG standards into current and future plans and projects. To gain further information about our sustainability footprint, Scope 1 and Scope 2 emissions will be measured and analyzed at Corporate headquarters and other offices for which measurement is practicable. We recognize the importance of providing meaningful information about our progress toward our sustainability goals. By following Sustainability Accounting Standards Board (SASB) standards and issuing an annual ESG report, we are committed to transparency about our performance, products and impacts.

With the majority of WNFIC's business being flood insurance via the National Flood Insurance Program (NFIP), it is important to note that the Federal Emergency Management Agency (FEMA) dictates all rates, rules and risk selection. As to our admitted Excess Flood product, geographic concentration and management of product risk are assessed monthly. WNFIC measures the Probable Maximum Loss (PML) and risk management ratios to limit peak zones and ensure portfolio diversification geographically using probabilistic flood models.

As climate change issues become more prevalent, the U.S. and foreign governments are responding. Increasing governmental focus on climate change may result in new environmental regulations. Accordingly, the company supports the transition to a low carbon economy. In compliance with the California Department of Insurance's Climate Risk Carbon Initiative and Thermal Coal Divestiture regarding fossil fuel investments, WNFIC completed the divestiture of any thermal coal investments held. Additionally, we affirmed that we had no plans to make new or additional investments in thermal coal enterprises.

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 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 insurer's processes for identifying and assessing climate-related risks. In describing the insurer's processes for identifying and assessing climate-related risks, insurers should consider 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 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:

With the majority of WNFIC's business being flood insurance via the National Flood Insurance Program (NFIP), it is important to note that the Federal Emergency Management Agency (FEMA) dictates all rates, rules and risk selection. As to our admitted Excess Flood product, geographic concentration and management of product risk are assessed monthly. The company measures the Probable Maximum Loss (PML) and risk management ratios to limit peak zones and ensure portfolio diversification geographically using probabilistic flood models.

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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:

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The company measures the Probable Maximum Loss (PML) and risk management ratios to limit peak zones and ensure portfolio diversification geographically using probabilistic flood models.

While we recognize the importance of measuring and analyzing Scope 1 and Scope 2 emissions, we are not currently measuring these items but we plan to.