NAIC CLIMATE RISK DISCLOSURE SURVEY
TCFD-ALIGNED QUESTIONS
UPDATED 2022

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.

• 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. - We are a small privately held insurance company with 22 employees. All underwriting is performed by General Agents under Company management oversight. Residential property claims management is performed in-house while private passenger auto claims management is handled by a managing general agent. The executive management are also on the Board of Directors. The Board of Directors oversees the Company's environmental, social and governance (ESG) issues including climate-related risks and opportunities. As the Company is privately held, it does not have any publicly stated goals on 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. - Primary responsibility for oversight of risks associated with climate change sits with executive management, who are also on the Board of Directors. They in conjunction with the Director of Data and Product Analytics assess climate-related risks affecting our lines of business. Executive management also manage and assess risks related to the Company's investment portfolio.

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 the short and medium-term, climate risk may increase losses caused by extreme weather events. In the medium and long-term, climate risk may affect the coverage we are able to provide to customers, via higher deductibles, revisions to or discontinuation of replacement cost coverage, and increased rates. Additionally, it may impact our ability to obtain reinsurance and thus our ability to sustain or grow our current level of written premium. As we are a small company whose underwriting functions are handled by general agents, we have little opportunity for greenhouse gas emission mitigation, however our executive office is located in a LEED certified green building. We recycle paper, printer toner, cardboard and aluminum. We use energy saving light bulbs and AC thermostats. We have six employees who work remotely from home, either full-time or partially.

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. - Our employees and customers are sufficiently diversified geographically. We write private passenger auto insurance in two states on opposite sides of the country; we write residential property insurance in five states. Operations are managed via three office locations; executive management in New York City, accounting in Tallahassee, FL and in-house claims management in Gainesville, FL. Remote staff are located in Virginia, Texas, New York and Florida.

We review our disaster recovery and business continuity plans no less than annually, which includes assessing them for current climate-related risks and other factors.

The Company utilizes cloud-based resources for networking and data management which ensures that our systems and data are at a low risk to natural disasters.

The Company annually reviews the investment policy and ALL risks associated with our portfolio. We maintain a conservative and liquid investment portfolio and are well positioned to support our underwriting risks. Cash flow needs during a catastrophe have also been considered in our portfolio.

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. - The Company encourages policyholders to assist in the mitigation of climate change losses by providing premium incentives to utilize better building materials and storm mitigation devices.

Investments are made based on anticipated risks and expected investment return as opposed to goals to transition to a low carbon economy.

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 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. - The Company works with its reinsurance broker and utilizes computer modeling two to three times annually to assess our risk, including climate-related risks. Our modeling results may affect the areas that we open or close to underwriting, our underwriting guidelines as to the risks we will write or the coverage limits we will accept.

As previously noted, the Company encourages policyholders to assist in the mitigation of climate change losses by providing premium incentives to utilize better building materials and storm mitigation devices.

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. - See the Company's response at A. above.

C. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the insurer's overall risk management. - The Company's climate risk management is a consistent process to identify, assess and manage climate-related risks and their impact on the Company. Risk management is a process of continuous improvement.

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.

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.* - Because of the size and form of our Company, we have little effect on greenhouse gas emissions and do not utilize metrics to track them.

The Company utilizes AIR and RMS in modeling climate related risks, including wind and convective storm events. Results are used in determining underwriting goals and strategies for the Company.

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. - Because of the size and form of our Company, we have little effect on greenhouse gas emissions.

C. Describe the targets used by the insurer to manage climate-related risks and opportunities and performance against targets. - Because of the size and form of our Company, our carbon footprint is minimal and we have not set targets for reduction.

* Asterisks represent questions derived from the original Climate Risk Disclosure Survey.