

NAIC CLIMATE RISK DISCLOSURE SURVEY- 2024

NAIC#: 77879

Company: 5 Star Life Insurance Company

Line of Business: Life/Health

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. 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.

5 Star Life Response to Governance:

As a privately held small life insurance company, the Company does not publicly disclose goals or strategies. The Company does not have any outstanding public debt or equity. The Company's Board of Directors has oversight of the ERM program and reviews risks quarterly. Climate risk has been identified as a risk to the organization that is fully mitigated through geographic diversity of the policyholders, plans for business interruptions and recovery analysis, along with corporate liability insurance. The Company's investment guidelines include ESG consideration in purchase decisions which are acknowledged by the Company's Investment Committee.

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 1-5 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.

5 Star Life Response to Strategy:

As a life insurer of smaller face policies that are geographically diversified throughout the US, the Company has not considered climate change to be a considerable risk to its operations or financial performance. The Company's management only considers the effect that climate change has on weather conditions as they would affect the Company's business recovery plan in light of an incident and deems this risk to be short-term. The Company manages surplus and available cash liquidity for claims paying ability to ensure funds are available for near term cash flows when weather incidents limit the ability of policyholders to pay premiums for a period of time. Investment guidelines diversify the Company's holdings and limit the percentage amount and type of holdings in fixed income securities. Investment analysis considers geographic region in terms of reviewing indirect real estate holdings. Shadow pricing for carbon concerns is not performed.

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. 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.

5 Star Life Response to Risk Management:

The Company assesses climate-related risk through its general ERM process and does not consider climate change to be a considerable risk to its operations or financial performance. Climate scenarios are not considered a material underwriting risk in the types of insurance products offered (term life and supplemental health). The Company's physical assets, home office and branch offices are not located in regions particularly subjected to weather-related incidents that might increase with climate change. There is no high energy use or data storage or other computing-intensive process at any of the Company's locations that would increase risk for emissions or energy use.

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.

5 Star Life Response to Metrics and Targets:

The Company does not utilize metrics or have targets for climate-related risks. The Company does not offer commercial risk premium products where carbon measurement would be an effective tool for evaluating risks.