NAIC Climate Risk Disclosure Survey – All Questions

Reporting Year 2023

Introduction:

On behalf of the insurance companies listed below, Berkley Insurance Company (”BIC”), a Delaware domestic insurance company, as ultimate parent company of all the domestic consolidated insurance companies of W. R. Berkley Corporation (the “Company”), a Delaware corporation and the ultimate controlling parent of BIC, files this Climate Risk Disclosure Survey (“Survey”) response for the 2023 reporting year. BIC is a wholly-owned subsidiary of Signet Star Holdings, Inc., which is a wholly-owned subsidiary of the Company. The following domestic insurance companies, which represent a portion of the domestic insurers that are subsidiaries of BIC, were requested to provide a response to the Survey by one or more of the following regulatory bodies: the Arizona Department of Insurance; the California Department of Insurance; the Colorado Division of Insurance; the Connecticut Insurance Department; the Delaware Department of Insurance; the District of Columbia Department of Insurance, Securities and Banking; the Illinois Department of Insurance; the Maine Bureau of Insurance; the Maryland Insurance Administration; the Massachusetts Division of Insurance; the Michigan Department of Insurance and Financial Services; the Minnesota Department of Commerce; the Nevada Division of Insurance; the New Hampshire Insurance Department; the New Jersey Department of Banking and Insurance; the New Mexico Office of Superintendent of Insurance; the New York Department of Financial Services; the Oregon Division of Financial Regulation; the Pennsylvania Insurance Department; the Rhode Island Department of Business Regulation; the Vermont Department of Financial Regulation; the Washington State Office of the Insurance Commissioner; and the Wisconsin Office of the Commissioner of Insurance:

Acadia Insurance Company, an Iowa domiciled insurer; NAIC No. 0098-31325
Admiral Insurance Company, a Delaware domiciled insurer; NAIC No. 0098-24856
Berkley Insurance Company, a Delaware domiciled insurer; NAIC No. 0098-32603
Berkley Casualty Company, an Iowa domiciled insurer; NAIC No. 0098-15911
Berkley Life and Health Insurance Company, an Iowa domiciled Insurer; NAIC No. 0098-64890
Berkley National Insurance Company, an Iowa domiciled insurer; NAIC No. 0098-38911
Berkley Regional Insurance Company, an Iowa domiciled insurer; NAIC no. 0098-29580
Berkley Specialty Insurance Company, a Delaware domiciled insurer; NAIC No. 0098-31295
Carolina Casualty Insurance Company, an Iowa domiciled insurer; NAIC No. 0098-10510
Continental Western Insurance Company, an Iowa domiciled insurer; NAIC No. 0098-10804
Firemen’s Insurance Company of Washington, DC, a Delaware domiciled insurer; NAIC No. 0098-21784
Gemini Insurance Company, a Delaware domiciled insurer; NAIC No. 0098-10833
Great Divide Insurance Company, a North Dakota domiciled insurer; NAIC No. 0098-25224
Intrepid Insurance Company, an Iowa domiciled insurer; NAIC No. 0098-10749
Intrepid Casualty Company, an Iowa domiciled insurer; NAIC No. 0098-17182
Key Risk Insurance Company, an Iowa domiciled insurer; NAIC No. 0098-10885
Midwest Employers Casualty Company, a Delaware domiciled insurer; NAIC No. 0098-23612

Preferred Employers Insurance Company, a California domiciled insurer; NAIC No. 0098-10900
Riverport Insurance Company, an Iowa domiciled insurer; NAIC No. 0098-36684
StarNet Insurance Company, an Iowa domiciled insurer; NAIC No. 0098-40045
Tri-State Insurance Company of Minnesota, an Iowa domiciled insurer; NAIC No. 0098-31003
Union Insurance Company, an Iowa domiciled insurer; NAIC No. 0098-25844

The Company's insurance business is conducted through 60 Businesses (collectively, "Businesses", and individually, "Business") that underwrite on behalf of, among others, the above-named insurance company subsidiaries, and the Company's other non-U.S. insurance companies. Most Businesses are not legal entities. The Company and all of its insurance company subsidiaries, as noted above, and Businesses are collectively referred to as the "Group," "Berkley," "we," "us," and "our."

The term "stakeholder" is amorphous, meaning different things to different people with its meaning further adapting to the context in which it is used. As used in this Survey, the term "stakeholder" broadly refers to any party with an interest in our operations, provided, however, such use of the term stakeholder does not imply and does not create any legal, equitable, contractual, or fiduciary right vis-à-vis any such interested party, which right does not already independently exist.

Please note that in 2023 approximately 21.7% of the Group's total net premiums written were for property and short-tail lines insurance and the remaining 78.3% of its total net premiums written were primarily for liability lines of insurance.

Berkley Life and Health Insurance Company ("Berkley Life") writes health insurance and reinsurance in four primary areas: medical stop loss, managed care, special risk, and group captive. Historically, Berkley Life has not experienced any material increase in losses as a result of natural catastrophes such as hurricane, flood or tornado, nor does it currently anticipate this to occur in the future. Neither the management of Berkley Life nor the Company's Enterprise Risk Management ("ERM") Department has identified any link between loss frequency and/or severity in these health insurance products written by Berkley Life and such catastrophes. Consequently, although Berkley Life has full access to the Company's research into the potential impacts of climate change, it is not currently considered an issue for Berkley Life from an insured loss perspective.

GOVERNANCE

Narrative Questions

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.***

Governance & How We Operate

Our ESG framework supports our efforts to remain flexible in the face of shifting global markets and risks. It leverages the decentralized organizational structure that is key to our success, enabling us to both universalize initiatives and tailor programs to our various Businesses. We developed an ESG operating model in which a multidisciplinary ESG team leads, manages, coordinates, and supports ESG efforts from an enterprise level, as overseen by W. R. Berkley Corporation's Board of Directors ("Board"). In 2023, we focused on refining our data collection processes and preparing for evolving regulatory reporting requirements in the various jurisdictions in which we operate.

This team specifically leads strategy, program implementation, and ESG reporting and disclosure within our ESG framework. As we have many distinct Businesses around the world, the ESG team also provides support for the diverse Businesses collecting and reporting data and empowers them to understand and act on the insights gained from our ESG program architecture and reporting function. The flexibility of our Businesses remains an integral component of our operating philosophy, and this model allows our initiatives to follow a common framework that can be implemented at a local level.

Moreover, we believe the continued evaluation and consideration of enterprise risk includes the examination of ESG-related risks and opportunities. Our senior officers are responsible for examining existing and potential risks as they arise in their various operational areas. Senior officers share this information among themselves and with our ERM department. Our Company's Senior Vice President - Enterprise Risk Management reports on areas of material risk to Berkley, including those related to climate change. These reports are regularly provided to our ERM management committee, our Company's President and CEO, and the Board.

Board Oversight of ESG

The oversight of risk, including ESG risks, is one of the Board's key responsibilities. Our Board and its committees receive periodic updates from management on risks, including those related to climate change, cybersecurity, human capital management ("HCM"), and overall ESG matters. Our ESG Management Committee is composed of the Company's President and CEO and other senior executives. The ESG Management Committee meets at least quarterly and shares information with the Board regarding ESG practices and matters that are of interest to various stakeholders. The Board, through the ESG Management Committee, guides our ESG disclosures, including the production of both our Sustainability Report and the ESG summary included in our annual proxy statement.

For more information on the Company's risk management or the Board's role in Risk Oversight, please see the Company's 2024 proxy statement, located at https://d18rn0p25nwr6d.cloudfront.net/CIK-0000011544/cd188831-8ec3-4077-84d5-1c178f885ab7.pdf

Closed Ended Questions

- ***Does the insurer have publicly stated goals on climate-related risks and opportunities? (Y/N)***
  RESPONSE: N

- ***Does your board have a member, members, a committee, or committees responsible for the oversight of managing the climate-related financial risk? (Y/N)***

  RESPONSE: Y

- ***Does management have a role in assessing climate-related risks and opportunities? (Y/N)***

  RESPONSE: Y

- ***Does management have a role in managing climate-related risks and opportunities? (Y/N)***

  RESPONSE: Y

STRATEGY

Narrative Questions

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, 5-10 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.***

Climate risk presents a number of challenges to all companies through physical and transition risks. Physical risks include event-driven (acute) risks, such as wildfires, storms, and floods, or risks due to longer-term shifts in climate patterns (chronic). Transition risks relate to the regulatory, legal, technological, and market changes to address mitigation and adaptation requirements related to transitioning to a lower-carbon economy. Key potential risks of climate change to Berkley, as a property and casualty insurance provider, include changes in the frequency and/or severity of natural perils such as hurricanes, coastal floods, and wildfires, and regional variability in peril change. Any of these may affect our operations, our exposures, our investments, and our policyholders.

Managing risks, including those posed by climate and environmental change, is central to our ability to thrive now and for generations into the future. The uncertainties posed by climate change also afford numerous opportunities for our Businesses to support policyholders in navigating a world of climate change–influenced weather events and the transition to a low-carbon economy.

Climate Change Risks & Opportunities

Insurance Risks

Our Company is exposed to risks from climate change due to our insurance activities. These risks differ by line of business ("LOB") and product and could manifest through changes in premium volume, changes in future loss experience, or changes in the runoff of loss reserves. Berkley has identified several risks to the performance of the LOBs, including:

- The agriculture industry has a significant exposure to physical risks for various coverages because large warehouses and crop fields are vulnerable to damages from physical events. More broadly, policyholders may not be able to relocate away from physical risks because certain crops must be grown in certain geographical locations where climate and land conditions are favorable.
- Environmental products, such as pollution liability coverage, are expected to see heightened transition and physical risks due to the hazardous nature of the businesses covered and because of changes in the frequency and severity of weather events.
- High-carbon-emitting sectors such as oil and gas are expected to see widespread regulation and litigation designed to reduce the use of fossil fuels and encourage increased use of renewable energy. Coverages written by Berkley may experience a significant impact from social inflation, which could expose policyholders to new and more extreme forms of litigation.
- The transportation industry is a high-emitting sector that is expected to see more-stringent climate-related policies for personal and commercial vehicles. Insuring commercial vehicles also poses a physical risk because entire fleets are exposed to weather events such as hurricanes and tornadoes.

The level of risk will differ by Business based on the premium volume and the uncertain impact of climate change on the loss costs in the LOBs they write, as well as the specifics of the business written. Factors that affect the risk to individual Businesses include the industries insured, the geographic concentration of the business, the specific terms and conditions in the insurance policies, and the ability to charge appropriate rates that reflect the current risk profile. As detailed in this section, our analysis allows us to consider modifying underwriting activities to better manage these risks to a reasonable level on an ongoing basis.

Investment Risks

Berkley is also exposed to climate change risk through our investments. Risks manifest through both the underlying industries that Berkley invests in and the characteristics of specific asset types. Berkley's qualitative analysis identified several risks to the investment portfolio:

- Oil, gas, and pipeline investments face the highest risk overall from climate change. These investments are exposed to high physical risk due to significant offshore and coastal operations, as well as to high transition risk due to regulatory changes and evolving societal perceptions.
- Investments in municipal bonds could be at risk from climate change because of the risk to underlying municipal assets from the impacts of climate change, thus potentially increasing the probability of default.
- Investments in electric utilities are exposed to significant physical risk due to the large and complex infrastructure and equipment used in the industry. Transition risks also exist due to the potential for the imposition of carbon pricing in various jurisdictions.

Berkley considers the level of climate risk across the investment portfolio as part of our risk management process. Climate-related investment risks, such as transition risks, are mitigated by the nature of our investments, as the majority of our investments are in fixed-maturity securities with an average duration of 2.4 years and an average rating of AA-. High-quality short-term investments incur lower risk in the face of potential long-term economic impacts caused by climate change.

Operational Risks

Berkley Office Locations

We seek to avoid the risk of functional obsolescence of our office locations, and we consider climate risks in that analysis. We assess each individual property location for catastrophe risk, with particular focus on those nearest to a coast, river, or estuary.

When considering real estate purchases and leases, Berkley's investment and lease administration teams consider the exposure to catastrophes at that location. When there is a risk of natural catastrophe, our investment and lease-administration teams assess the current risk and review flood risk maps and elevation to consider the possibility of increased risk over future years, if sea levels rise. These factors are taken into consideration when determining whether to proceed with the purchase or lease.

Because buildings account for over 35% of global energy-related carbon emissions[1], we embrace sustainable-building standards wherever possible. As part of our efforts to mitigate the impact of our operations on the environment, including leased assets, Berkley works to procure office space at buildings that are certified by BREEAM, LEED, or ENERGY STAR where practical.

Business Continuity Planning

We have developed what we believe to be a comprehensive business continuity plan for operational risks—our ability to provide uninterrupted and uncompromised services. Floods, wildfires, and other natural disasters could affect one or more of Berkley's office locations. To help prevent business interruptions, we have developed business continuity plans at each of our Businesses to maintain functionality during significant disruptions. Each Business is responsible for remote-access testing to ensure employees can work from home or other office locations, if required. Additionally, we follow policies for business continuity set by insurance industry regulators and review and consider those recommended by insurance industry trade associations.

Recent hurricanes have provided live "use cases" for our business continuity planning, as did the COVID-19 pandemic. During recent hurricanes, several of our U.S. office locations were closed but successfully continued with business as usual. Our business continuity plans also worked extremely well in 2020,

[1] "Why the Built Environment?" Architecture 2030, accessed August 21, 2024, https://www.architecture2030.org/why-the-built-environment/why-buildings/

when almost 100% of employees worked from home for an extended period of time in response to the COVID-19 pandemic, without disruption to our operations.

Other Climate-Related Risks

Legal Risk: As industry practices and economic, legal, judicial, social, and other environmental conditions change, unexpected and unintended issues related to claims and coverage may emerge. These issues may adversely affect our Businesses by either extending coverage beyond our underwriting intent or by increasing the number or size of claims. Emerging claims and coverage issues include, but are not limited to, potentially changing climate conditions. We continue to monitor industry practices and developments related to standard climate change exclusions on policies.

Transition Risk: In addition to monitoring physical risk and liability risk, we also continue to monitor potential changes in areas such as legislation, regulation, or reporting requirements relating to the transition to a lower-carbon economy for possible impacts on Berkley and our customers. Among other actions, we may refine our underwriting or risk appetite, make changes to our investment portfolio, establish new or additional procedures and processes, or adjust staffing levels or use of contracted services to help us address such changes.

Climate Change Opportunities

Berkley continues to identify new opportunities to benefit our Businesses amid the uncertainties around climate change. These opportunities include the following:

- Insuring Alternative Energy Companies: Several of our Businesses insure companies in the renewable-energy sector, which supports the growth of renewable energy. By insuring these operations, our Company makes a positive contribution to the growth of operations that produce energy from non-fossil fuel sources, which may reduce greenhouse gas (“GHG”) emissions.
- Supporting the Transition to Electric Vehicles: Certain Berkley Businesses support the transition to electric vehicles (“EV”) by insuring the design liability for contractors engaged in building EV battery plants for major automakers in the U.S., EV fleets, collision shops engaged in development and maintenance work for EVs, and EV alternatives for multi-passenger public transportation.
- Environmental Thought Leadership: Berkley Canada gathers brokers, agents, and clients to an annual environmental conference to discuss and present on developing issues. Past speakers have included environmental lawyers, consultants, industry professionals, as well as employees from Berkley Canada. Topics covered have included excess soil regulations, environmental liability regarding real estate portfolios, ESG, and claims.
- Supporting Sustainable Design & Construction: One Berkley Business provides liability insurance to architects, engineers, and contractors, insuring a number of firms that are involved in LEED building design and construction. In doing so, the Business supports the work of these firms in building environmentally friendly structures that have explicit standards for carbon outputs.
- Supporting Businesses with ESG Disclosure Requirements: One Berkley Business provides management liability coverages to U.S. publicly traded and large privately held companies, which

are by nature complex, sophisticated operations heavily focused on risk management, including climate change initiatives. The disclosure requirements of U.S. public companies on ESG topics, including climate change, generally arise out of U.S. Securities and Exchange Commission (“SEC”) regulations, accounting standards, the Sarbanes-Oxley Act of 2002, and state regulations. Additionally, those policyholders often adhere to protocols that have emerged for the voluntary reporting of ESG matters established by nongovernmental entities, including the disclosure of information regarding the environment, sustainability, corporate social responsibility, and, more recently, climate change and GHG emissions.

- Preserving Wetlands: One of our Businesses has an insurance product for companies engaged in the restoration, construction, enhancement, and preservation of wetlands and streams (i.e., aquatic resources) with the goal of offsetting the loss of resources from other projects authorized by the U.S. Army Corps of Engineers. This product provides the customer with confidence that the construction of these aquatic resources can be completed.
- Assisting Clients with Emergency Evacuation Procedures: Another Berkley Business assists clients with the development of emergency evacuation procedures for tornadoes, hurricanes, ice or snowstorms, and other weather-related events. It also provides training materials to teach employees how to manage heat stress and hurricane cleanup safety.
- Certified Green Dwellings: As a provider of insurance to high-net-worth individuals, Berkley One has the opportunity to underwrite certified green homes. The Business accepts certifications from the U.S. Green Building Council (LEED rating system for homes) and the National Association of Home Builders, both of which can certify homes that meet the applicable standards. For example, the National Association of Home Builders certifies for high performance in six areas—lot design and development, resource efficiency, water efficiency, energy efficiency, indoor environmental quality, and building operation and maintenance. It bestows four levels of certification: Bronze, Silver, Gold, and Emerald.

Loss Control Education & Services

We work to help our policyholders reduce their losses from climate change through education and prevention measures. One of our Businesses offers webinars and consulting services through the Nonprofit Risk Management Center to help policyholders reduce losses caused by events related to climate change. Some Businesses also alert policyholders to upcoming weather conditions through weather alert postings on their websites or state department of insurance bulletins communicated directly to policyholders or through producers. Many Businesses inform policyholders of environmental changes through a variety of loss control options, including “tips” brochures, webinars, training opportunities, newsletters, and disaster planning material.

Various Businesses engage with insurance industry trade organizations on overall industry and loss control issues, such as changes to the Federal Emergency Management Agency (“FEMA”), to encourage actuarially sound rates, building codes, and safety and storm preparedness. Specifically, one Business is an active participant in the Inland Marine Underwriters Association (“IMUA”) and sits on panels at industry events promoting loss control as it pertains to weather-related events. Another Business is an active participant in organizations improving environmental responsibility, including the Permian Basin Road Safety Coalition, the National Institute for Occupational Safety & Health ("NIOSH"), the Energy Workforce & Technology Council ("EWTC"), among others.

The following loss control services and related education efforts are currently available and have been offered to certain policyholders:

- Data on potential loss
- Measures needed to protect property
- Evaluation of losses within a regional area that is prone to certain types of losses
- Advice on resilience around natural perils
- Training webinars to assist in education and loss mitigation
- Green coverage endorsements for property, inland marine, and equipment breakdown to encourage policyholders to "think sustainably"
- Websites containing tips on a broad range of risk mitigation measures such as disaster planning, construction, and "green construction," as well as influences of weather and safety, that provide policyholders with practical tools and online training
- Mitigation advice on backup power generation systems and suppliers available to policyholders
- Tips on green construction, energy efficiency, influences of weather and other related topics on social media pages to provide practical tools for policyholders to handle potential climate hazards and mitigate the size and severity of the potential loss
- Guidance on managing upcoming hurricane seasons that typically points readers toward a checklist from the National Hurricane Survival Initiative and FEMA's business toolkits
- Training materials through a third-party risk management vendor about reducing emissions; the vendor provides operational improvement or technological solutions including operational efficiency, fuel efficiency, loss prevention, and spill mitigation
- Training on how to present safe-driving meetings to employees relating to high winds and changing road conditions, such as winter driving

Personal Lines

Berkley One provides a customizable suite of personal lines insurance solutions including home, condo/co-op, flood, excess flood, auto, liability, collectibles, collector vehicle, and recreational marine to high-net-worth individuals and families with sophisticated risk management needs. Berkley One has established a number of risk management and mitigation tools based on the philosophy that a home saved from a complete loss not only saves our clients heartache but saves valuable natural resources, too. In areas of the country exposed to wildfire, Berkley One engages the services of a private wildland fire monitoring and response provider that may take pre-suppression activities designed to lessen the threat to properties in certain instances.

Berkley One's risk management service uses aerial imagery to view residential roofs to help determine their integrity for withstanding hail and other weather-related risks.

This Business continues to offer discounts to policyholders for loss mitigation and has seen increased use of additional coverage that reimburses post-loss purchases of loss-mitigation devices. Several homeowners have taken advantage of that coverage by installing loss mitigation devices such as water shut-off devices, generators, backup power for sump pumps, and alarm systems. Berkley One continues to provide resources for customers seeking to take proactive steps to mitigate loss, such as the purchase of storm shutters, through its network of service providers. This Business also continues to provide a variety of other services, including blog posts and fact sheets that provide timely advice on loss control; green-coverage endorsements that cover loss to alternative-power-generating equipment and water systems, and that provide coverage to upgrade to more sustainable materials in the event of a covered loss; and premium credits for greenhouses and storm-protective building materials.

Focus on Low-Carbon Investing

The transition to a lower-carbon economy is a good example of a situation in which we consider ESG risks. Preparing for this global shift is part of our strategy to avoid holding investments that may become stranded assets. As we seek to position our Company to thrive in a low-carbon economy, we have set three objectives to advance our shift to low-carbon investing:

- Target certain investments in renewable energy infrastructure and sustainable bonds
- Screen for investments in utility companies that generate 30% or more of their revenues from the use of thermal coal
- Seek opportunities to expand on our property portfolio's environmental- and sustainability-related certifications (e.g., LEED-certified buildings)

Our sustainable bond portfolio grew by more than 4% in 2023 after growing 20% in 2022, more than 67% in 2021, and 70% in 2020. At year-end 2023, investments in utilities with greater than 30% exposure to thermal coal represented approximately 0.4% of our cash and investments, down from 0.5% at year-end 2022.

C. Describe the resilience of the insurer's strategy, taking into consideration different climate-related scenarios, including a 2 degree Celsius or lower scenario.

Our decentralized structure gives us a high degree of flexibility and nimbleness in navigating risk among our Businesses. Our insurance risk is diversified, and our policies generally have one-year terms, so we can quickly modify pricing, terms, and conditions to seek to achieve targeted risk-adjusted returns or enter and exit lines of business, if necessary, as the risk landscape changes.

Closed Ended Questions

- ***Has the insurer taken steps to engage key constituencies on the topic of climate risk and resiliency? (Y/N) ****
  RESPONSE: Y

- ***Does the insurer provide products or services to support the transition to a low carbon economy or help customers adapt to climate risk? (Y/N)***
  RESPONSE: Y

- ***Does the insurer make investments to support the transition to a low carbon economy? (Y/N)***
  RESPONSE: Y

- ***Does the insurer have a plan to assess, reduce or mitigate its greenhouse gas emissions in its operations or organizations? (Y/N)****
  RESPONSE: N

RISK MANAGEMENT

Narrative Questions

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.***

Climate Change Risk Management & Mitigation

Berkley seeks to support the transition to a low-carbon economy through our policies and practices. We believe that withdrawing all underwriting for specific sectors is not an appropriate or responsible approach to these efforts and will continue to consider underwriting insurance for companies engaged in legal businesses. We recognize the issues and challenges that come with certain exposures, such as those in fossil fuel industries, and take into consideration the messages provided by environmental and climate special interest groups. However, these issues have many dimensions that we seek to weigh and assess, and we remain conscious of the views of various stakeholders. We endeavor to strike a balance between long-term objectives and short-term impacts by considering the risks inherent in each client's business during the underwriting process, including environmental and social risks, and their potential impact on the financial condition of the business.

Underwriting

We incorporate catastrophe exposure in the underwriting and pricing processes implemented at each of our Businesses, where applicable. ESG factors are considered in underwriting where prescribed by local regulation. This gives each Business the flexibility to deal with localized jurisdictional factors and information related to each client. Berkley reviews its overall risk on a portfolio basis, rather than assessing the impact of specific industries or activities on an individual basis.

Risk Assessment & Modeling

To better manage our Businesses' exposures to the physical and transition risks of climate change, we performed a qualitative climate change risk assessment in 2022 and began a proof of concept for a quantitative climate change scenario analysis to assess the risks that are most likely to have a significant impact on our Businesses. We have reviewed and updated the quantitative analysis on a limited basis similar to the prior year. Details of these processes and the results of the exercises are summarized below.

Qualitative Risk Assessment

The qualitative risk assessment focused on three ERM risk categories: insurance, investments, and operational risk from developing regulation.

Our insurance risk assessment considers the potential impacts of physical and transition climate risk on pricing and risk selection, reserving, and strategy for individual LOBs. Each of these aspects of insurance risk is considered through the lens of the most relevant time horizon for that aspect of risk based on the following definitions:

- Short: 0-5 years
- Medium: 5-20 years
- Long: 20+ years

These LOB assessments are modified to reflect the characteristics of the portfolios written by individual Businesses to provide an overall risk perspective for the Businesses' insurance risk from climate change. The result was a ranking of our Businesses by exposure to climate risk.

Our insurance companies in various jurisdictions are also assessed for their ability to satisfy climate change regulatory reporting requirements. Factors such as date of compliance, amount of resources to comply, and complexity of reporting requirements are considered. A preliminary risk rating is assigned for each insurance company. These regulated entities are then mapped to all associated Businesses and a weighted assessment is determined.

We similarly assess our investments, which are managed by Berkley's internal investment manager. First, we conduct a broad assessment of the risk associated with specific industries. We then conduct a second assessment to incorporate specific aspects of our individual holdings, such as industry subgroup, asset class, investment duration, investment grade, and more. The result is an overall risk rating for the various components of our investment portfolio.

Finally, we consider operational risk at the enterprise level.

Quantitative Scenario Analysis Proof of Concept

Climate risks and opportunities are generally expected to manifest over long time horizons with high uncertainty regarding how climate trends, government policy, and socioeconomic factors will emerge in the future. To gain a better understanding of how some of the insurance risks identified in the qualitative risk assessment may manifest and affect the business under potential climate futures, we developed a proof of concept for a quantitative insurance climate scenario analysis and tested it on select Businesses. Our pilot methodology attempted to quantify the impact of a changing climate on individual economic sectors (such as the fossil fuel, renewable energy, and transportation subsectors). The methodology is intended to be used as a stress test of premium volume in the sectors and geographic locations where each Business may have a reliance on policyholders in those markets under short-, medium-, and long-term future time horizons and climate scenarios. We continue to evaluate the results of this pilot methodology, its applicability to stress tests on other metrics, and whether this methodology is fit for purpose.

In developing our proof of concept, we used the climate scenarios developed by the Network for Greening the Financial System ("NGFS"), which are largely considered the industry standard for climate scenario analysis within the financial sector. Using the underlying NGFS data and assumptions across those scenarios, we tested the pilot exercise across select Businesses. While not implemented enterprise-wide, the modeling methodology and detailed framework were designed to be customized to allow for potential future implementation across any Business. As such, the results of this exercise were only used to help refine the methodology for future use and have not yet explicitly influenced any major business or underwriting decisions.

Climate Risk in Catastrophe Modeling

Berkley uses computer models developed specifically to assess the risk from weather-related catastrophe events—including, but not limited to, tornadoes, hurricanes, and hailstorms—and outsources additional modeling to vendors to provide a second perspective on the frequency and severity of weather-related catastrophe events.

To make our modeling more robust, our ERM team attempts to assess the possibility of "model miss" within vendor catastrophe models; this includes a comparison of modeled industry losses against revalued historical losses, an assessment of individual subcomponents within the model, and stress-testing model frequency and severity assumptions. Models may not be available for all types of risks. In addition to this probabilistic view of natural catastrophe risk, our Company also monitors estimated losses to multiple natural catastrophe realistic disaster scenarios.

Overall, Berkley identifies and models our hurricane risks in 23 states that we believe are most likely to be affected by these perils. On an annual basis, we also have exposures modeled in an alternative vendor model with a broader set of states. Our ERM Committee regularly discusses these computer modeling results.

Berkley also provides each insurance Business with data on its exposures and with mapping software licensed by Berkley, which facilitates the monitoring and modeling of catastrophes. This mapping software can help each Business to identify its exposed limits by LOB, type of exposure (buildings, contents, business interruption, etc.), the number of locations, and the actual policies that are exposed in a particular location.

Each Business includes the catastrophe-exposed limits it anticipates for the next year by region and county tier in its business plan, and the Berkley ERM team monitors each Business against its planned aggregate over the course of each year.

Finally, our ERM team continues to evaluate emerging risks and develop risk assessment tools.

Addressing Identified Climate Risk

In response to the ERM team's catastrophe and climate change analyses and reports, we have taken several actions to manage our exposure, including the following: the use of peril-specific deductibles or sublimits, the nonrenewal of specific policies, the re-underwriting of particular segments of the portfolio, and the purchase of additional reinsurance protection.

We consider catastrophe modeling and management, along with other risks and stress testing, in the evaluation of our risk capital needs. This evaluation also takes into account regulatory requirements and financial strength and credit rating considerations, among other factors.

Aggregate catastrophe losses for the period are reported in quarterly earnings releases and SEC filings for each reporting segment and in the aggregate for our Company. The impact of catastrophe losses on our earnings has been below the industry average for many years because of our careful risk management and commitment to building long-term shareholder value through superior risk-adjusted returns.

As industry practices and economic, legal, judicial, social, and other environmental conditions change, unexpected and unintended issues related to claims and coverage may emerge.

We continue to monitor industry practices and developments related to standard climate change exclusions on policies.

Additional Environmental Factors Affecting Risk Appetite for Our Businesses

Climate change is just one of the environmental factors affecting our Businesses' risk appetite and selection. Other factors include:

- Environmental risk and impact management
- Resource efficiency
- Pollution prevention and management
- Ecosystems and biodiversity
- Low-carbon technology (including renewable energy insurance, energy savings warranties, and carbon capture and storage insurance)

Our approach to risk is designed to allow us to better mitigate excessive costs. We exercise particular caution in three areas:

- Where flood coverage is provided in FEMA flood zones, generally a modest limit is provided.
- We do not currently write personal lines homeowners insurance in California, where the vast majority of insured wildfire losses take place. To the extent permitted by insurance regulation applicable to each state, we are using a wildfire risk score as part of our risk selection and

underwriting process for homeowners insurance. To help mitigate the risk of wildfire damage, we employ a range of services for individual homeowners.

- We do not offer crop insurance (i.e., crop multi-peril business), which could be significantly affected by drought or flood.

Loss Control

As part of our climate change risk management and mitigation strategy, our Businesses may use risk surveys and inspections to determine roof integrity, erosion and landslide risk, wildfire precautions, excess snow loading on roofs, and exposure to hailstorms, and to provide customers with ways to proactively mitigate their risk of loss. Some of these inspections are conducted virtually, using point-to-point technology for virtual risk assessment and hazard identifications, which also reduces our carbon footprint. Many of our Businesses also offer regularly updated loss control services, advising policyholders on ways to reduce the risk of losses, including those caused by various climate-influenced risks.

Investments

We consider climate change in our investment strategy in an effort to reduce the likelihood of climate risks negatively affecting the investment portfolio. Examples of actions taken within the investment strategy to manage the risks from climate change include:

- Carrying out qualitative risk assessments and quantitative analysis exercises on a periodic basis to support an understanding of the risks from climate change in the current investment portfolio
- Seeking to limit our investments in municipal bonds in areas that are most subject to catastrophic loss; our ERM and investment teams coordinate to monitor Berkley's exposure to municipal bonds in locations we expect are most likely to experience significant catastrophes
- Favoring utility investments in natural gas-fired facilities over investments in facilities that use coal

We also performed a proof-of-concept climate scenario analysis on our investments. The same NGFS scenarios used in the insurance proof-of-concept were used for the quantitative investment analysis. The goal of the exercise was to better understand the possible impacts of the NGFS scenarios on our investment portfolio. Similar to the insurance proof of concept, this analysis is only a first step in creating a methodology for future use and has not yet explicitly influenced any investment decisions.

Liquidity Management

Liquidity is also an important consideration, especially with respect to our ability to pay claims after a significant catastrophe event. Our investment policy states that portfolio holdings should be sufficiently liquid for the timely payments of all obligations without material impact on market values.

Liquidity stress tests are performed with the assistance of our asset risk management system, which splits our fixed-maturity portfolio into various tiers based on its proprietary algorithm that tracks historical liquidity trends. Each security is assigned to one of the five liquidity tiers, which Berkley can then actively manage to seek an optimal balance. These reports are run quarterly or more frequently if necessary.

We believe the combination of operating cash flows and cash, cash equivalents, and short-term securities, as well as the laddered maturities of our high-quality fixed-maturity securities, should adequately address our liquidity needs. We also have the option to raise additional capital from public and private markets, if needed. Our outstanding long-term indebtedness does not have any liquidity or rating agency covenants that could cause it to be called early by investors. Furthermore, our assumed reinsurance business, in general, does not have rating agency downgrade triggers that could materially affect our liquidity position. Berkley also has a $40 million credit facility, allowing for the issuance of standby letters of credit on behalf of our Company and its subsidiaries, as well as a senior unsecured revolving credit facility that provides for borrowing up to an aggregate of $300 million with a sublimit of $50 million for letters of credit.

In order to accomplish our liquidity goals, Berkley:

- Targets a minimum of 5% of our assets in cash, cash equivalents, and short-term securities
- Maintains a portfolio of high-quality, fixed-maturity securities (with a current overall portfolio average rating of AA-) so that a significant portion matures each year
- Generates cash flow through investment income from the asset portfolio, as well as from operations
- Maintains significant liquidity at the Company that can be contributed to the insurance subsidiaries, if necessary.

<u>Closed Ended Questions</u>

- ***Does the insurer have a process for identifying climate-related risks? (Y/N)***

RESPONSE: Y

  - ***If yes, are climate-related risks addressed through the insurer's general enterprise-risk management process? (Y/N)***

RESPONSE: Y

- ***Does the insurer have a process for assessing climate-related risks? (Y/N)***

RESPONSE: Y

  - ***If yes, does the process include an assessment of financial implications? (Y/N)***

RESPONSE: Y

- ***Does the insurer have a process for managing climate-related risks? (Y/N)***

RESPONSE: Y

- ***Has the insurer considered the impact of climate-related risks on its underwriting portfolio? (Y/N/Not Applicable)****

RESPONSE: Y

- ***Has the insurer taken steps to encourage policyholders to manage their potential climate-related risks? (Y/N)****

RESPONSE: Y

- ***Has the insurer considered the impact of climate-related risks on its investment portfolio? (Y/N)****

RESPONSE: Y

- ***Has the insurer utilized climate scenarios to analyze their underwriting risk? (Y/N)***

RESPONSE: N

- ***Has the insurer utilized climate scenarios to analyze their investment risk? (Y/N)***

RESPONSE: N

METRICS and TARGETS

Narrative Questions

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.

Catastrophe Risk Management & Modeling

Catastrophe risk is a key consideration in the strategic management of our Company, and we consider this type of risk in an analytical manner. Berkley establishes a risk appetite as a percentage of total capital exposed to events at various probabilities of occurrence for our key catastrophe risks: earthquake, hurricane, and on a multiperil basis. The risk appetite indicates the size of loss we believe our Company could sustain without materially affecting the ongoing business. Percentages are used in place of dollar thresholds to scale up or down with our Company's capital resources. Risk utilization is regularly monitored and reported to the ERM Committee. Risks approaching risk appetite must be specifically addressed, and any overutilization must be approved by the Company's President and CEO. Our philosophy is that we should avoid risks that might prevent us from doing business tomorrow in substantially the same way that we do today.

As part of this process, our ERM team seeks to monitor key catastrophe exposures for Berkley overall and for each of our Businesses, and to identify locations and policies that are most likely to give rise to a substantial loss from catastrophic events such as hurricanes.

To understand the effects of climate change on catastrophe risks in our business, our ERM team studies scientific reports on the potential impacts of climate change, specifically focusing on current climatic conditions, and conducts analysis that helps us evaluate the possible effects of climate change on potential insured losses.

Greenhouse gas emissions

Berkley has been building on efforts to increase the portfolio coverage of our Scope 1 and Scope 2 emissions disclosure, and in 2023 we further increased the number of locations included in the estimate. This is Berkley's third year calculating a global footprint, and we are using an estimation methodology consistent with the GHG Protocol. To obtain the data needed for this exercise, we collaborated with our lease-administration and facilities teams.

Total 2023 Scope 1 emissions: 9,371 MT of CO_2e
Total 2023 Scope 2 emissions: 16,772 MT of CO_2e
Total 2023 Scope 1 and 2 emissions: 26,143 MT of CO_2e

Berkley does not currently disclose Scope 3 emissions.

Closed Ended Questions

- ***Does the insurer use catastrophe modeling to manage your climate-related risks? (Y/N)***

RESPONSE: Y

- ***Does the insurer use metrics to assess and monitor climate-related risks? (Y/N)***

RESPONSE: Y

- ***Does the insurer have targets to manage climate-related risks and opportunities? (Y/N)***

RESPONSE: N

- ***Does the insurer have targets to manage climate-related performance? (Y/N)***

RESPONSE: N