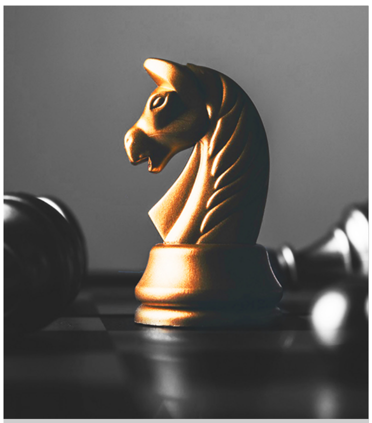
STEEL CITY RE

ESG Insurance Fact Sheet



ESG Insurance is part "errors and omissions" insurance, part "ESG board performance" bond, and part strategic communication.

Steel City Re forges value through reputation resilience. We provide parametric reputation insurances and risk management advisory services built on a framework of behavioral economics.

Purpose & Qualifications

Just as firms with the most diligent board members still need the protection of D&O liability coverage, they now also require ESG Insurance protection from claims related to corporate failures to meet stakeholder expectations for ESG performance. ESG Insurance is part "errors and omissions" insurance, part "ESG board performance" bond, and part strategic communication to regulators, institutional investors and both bond and ESG raters. It is available to firms that have established ESG risk governance and management apparatus (*see* Page 2), or are engaging us to establish this apparatus.

EX: Well-governed firms can be caught up in broad-brush charges of "greenwashing." The policy pays for extraordinary "strategic managerial and governance actions signaling corporate values" that may arise in the context of an ESG crisis.

Payment Trigger

Like Steel City Re's Reputational Value Insurance built on a framework of behavioral economics, payment is triggered by an ESG event occurrence and index value change exceeding a pre-determined parametric threshold.
EX: An error or omission in a firm's ESG goal setting and a 20 week sustained depression of a firm's reputation value metric.

Recovery

Pre-agreed payment structure based on failed ESG governance and management processes, and change in the reputational value index.

EX: Increasing pay-out amounts with greater depressions of a firm's index parameter of its reputational value metric.

Basis Risk

Correlation of reputational value index, the pay-out, and the loss sustained.

EX: Basis risk is the risk that the trigger index does not perfectly correlate with the underlying risk exposure resulting in the client suffering a loss but the parametric insurance not being triggered. Basis risk can never be fully eliminated when it comes to index-based insurance, but it can be minimized by more sophisticated structures.

Claims process – Loss Assessment and Payment

Transparent, and predictable, based on an event and parameter value, with quick settlement.

EX: Pay out can be distributed four weeks after the dual trigger conditions are met as there is no business interruption-type settlement process.

Term

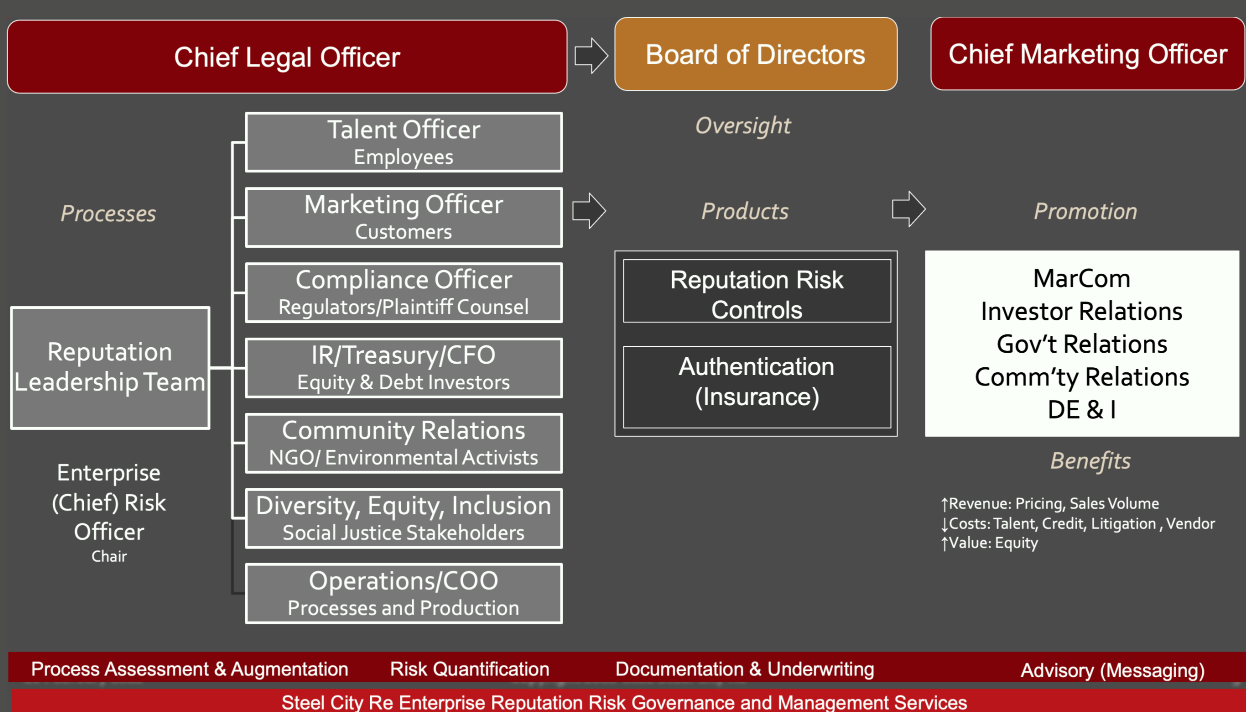
Single year.

Structure

Customized product with high structuring flexibility inherent in solution design. Captives can be integrated into this structure.

EX: Parametric wording templates (i.e a specimen policies) are available to provide a basic sample. Each of the structures will have a uniquely tailored index, pay-out structure and limits. This is bespoke to individual client needs, applications, and qualifications; and could be a single trigger, multi-trigger, etc. with higher limits offered to those with a top level ESG risk governance and management apparatus in place.

Example of a Top Level ESG Risk Governance and Management Apparatus



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