California Department of Insurance

INSURER CLIMATE RISK DISCLOSURE SURVEY
For Calendar Year 2010

Due Date: May 1, 2011

<table>
<thead>
<tr>
<th>Company Name:</th>
<th>California Automobile Insurance Company</th>
<th>Domiciled State:</th>
<th>CA</th>
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<tr>
<td>NAIC No.:</td>
<td>38342</td>
<td>NAIC Group No.:</td>
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<tr>
<td>CA Direct Premiums Written</td>
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**Survey Questions**

1. Does the company have a plan to assess, reduce or mitigate its emissions in its operations or organizations? If yes, please summarize.

   **Answer:**
   No.

2. Does the company have a climate change policy with respect to risk management and investment management? If yes, please summarize. If no, how do you account for climate change in your risk management?

   **Answer:**
   The only climate change risk that Mercury Insurance Group considers currently has to do with hurricane frequency. But since the company only writes automobile policies in California, a state that is not expected to suffer hurricanes, such losses appear improbable.

   The company does not have an investment climate change policy.

3. Describe your company’s process for identifying climate change-related risks and assessing the degree that they could affect your business, including financial implications.

   **Answer:**
   None

4. Summarize the current or anticipated risks that climate change poses to your company. Explain the ways that these risks could affect your business. Include identification of the geographical areas affected by these risks.

   **Answer:**
   None

**Comparable CDP Questions**

- Performance Question 21
- Risks and Opportunities Questions 1-3
- Risks and Opportunities Questions 1-3
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5. Has the company considered the impact of climate change on its investment portfolio? Has it altered its investment strategy in response to these considerations? If so, please summarize steps you have taken.

**Answer:**
No. Climate change is not a risk consideration for evaluating investment risk.

6. Summarize steps the company has taken to encourage policyholders to reduce the losses caused by climate change-influenced events.

**Answer:**
None

7. Discuss steps, if any, the company has taken to engage key constituencies on the topic of climate change.

**Answer:**
None

8. Describe actions your company is taking to manage the risks climate change poses to your business including, in general terms, the use of computer modeling.

**Answer:**
Mercury Insurance Group models its exposure to catastrophic loss at least annually, using at least two computer models in order to get a better indication of exposure to catastrophic losses. But since the company only writes automobile policies in California, a state that is not expected to suffer hurricanes, such losses appear improbable.

Risks and Opportunities Questions 1-3

Risks and Opportunities Questions 4-6

Governance Questions 24, 26, 27