



DISCLOSURE MATERIALS

Certified B Corporations must complete a Disclosure Questionnaire to identify potentially sensitive issues related to the company (e.g. historical fines, sanctions, material litigation, or sensitive industry practices).

This component does not affect the company's score on the B Impact Assessment. If the company answers affirmatively to any items in the Disclosure Questionnaire and B Lab deems them to be material, the company must:

- 1) Be transparent about the disclosure issues identified on the company's public B Impact Report
- 2) Describe how the company has addressed this issue.
- 3) Demonstrate that management systems are in place to avoid similar issues from arising in the future.

In all cases, the Standards Advisory council reserves the right to refuse certification if the company is ultimately deemed not to uphold the spirit of the community.

In addition to the voluntary indication of sensitive issues in the Disclosure Questionnaire, companies pursuing Certification also are subject to background checks by B Lab staff. Background checks include a review of public records, news sources, and search engines for company names, brands, executives/founders, and other relevant topics.

Sensitive issues identified through background checks may or may not be within the scope of questions in the Disclosure Questionnaire, but undergo the same review process and are subject to the same possible review by the Standards Advisory Council, including ineligibility for B Corp Certification, required remediation, or disclosure.

This document contains a copy of the company's completed Disclosure Questionnaire and related disclosure documentation provided by the company.



DISCLOSURE QUESTIONNAIRE

Company Name: Coaction Specialty Insurance
Date Submitted: 02/06/2023

Industries & Products	Yes	No
Please indicate if the company is involved in production of or trade in any the following. Select Yes for all options that apply.		
Animal Products or Services		✓
Biodiversity Impacts		✓
Chemicals		✓
Company Explanation Of Disclosure Item Flags		✓
Disclosure Alcohol		✓
Disclosure Firearms Weapons		✓
Disclosure Mining		✓
Disclosure Pornography		✓
Disclosure Tobacco		✓
Energy and Emissions Intensive Industries		✓
Fossil fuels	✓	
Gambling		✓
Genetically Modified Organisms		✓
Illegal Products or Subject to Phase Out		✓
Industries at Risk of Human Rights Violations		✓
Monoculture Agriculture		✓
Nuclear Power or Hazardous Materials		✓
Payday, Short Term, or High Interest Lending		✓
Water Intensive Industries		✓
Tax Advisory Services		✓

Supply Chain Disclosures	Yes	No
Please indicate if any of the following statements are true regarding your company's significant suppliers.		
Business in Conflict Zones		✓
Child or Forced Labor		✓
Negative Environmental Impact		✓
Negative Social Impact		✓
Other		✓

Outcomes & Penalties	True	False
Please indicate if the company has had any formal complaint to a regulatory agency or been assessed any fine or sanction in the past five years for any of the following practices or policies. Check all that apply.		
Anti-Competitive Behavior		✓
Breaches of Confidential Information		✓
Bribery, Fraud, or Corruption		✓
Company Explanation Of Disclosure Item Flags		✓
Company has filed for bankruptcy		✓
Consumer Protection		✓
Financial Reporting, Taxes, Investments, or Loans		✓
Hazardous Discharges Into Air/Land/Water (Past 5 Yrs)		✓
Labor Issues		✓
Large Scale Land Conversion, Acquisition, or Relocation		✓
Litigation or Arbitration	✓	
On-Site Fatality		✓
Penalties Assessed For Environmental Issues		✓
Political Contributions or International Affairs		✓
Recalls		✓
Significant Layoffs		✓
Violation of Indigenous Peoples Rights		✓
Other		✓

Practices	True	False
Please indicate if the following statements are true regarding whether or not the company engages in the following practices. Check all that apply. If the statement is true, select "Yes." If false, select "No."		
Animal Testing		✓
Company/Suppliers Employ Under Age 15 (Or Other ILO Minimum Age)		✓
Company Explanation Of Disclosure Item Flags		✓
Company prohibits freedom of association/collective bargaining		✓
Company workers are prisoners		✓
Conduct Business in Conflict Zones		✓
Confirmation of Right to Work		✓
Does not transparently report corporate financials to government		✓
Employs Individuals on Zero-Hour Contracts		✓
Facilities located in sensitive ecosystems		✓
ID Cards Withheld or Penalties for Resignation		✓
No formal Registration Under Domestic Regulations		✓
No signed employment contracts for all workers		✓
Overtime For Hourly Workers Is Compulsory		✓
Payslips not provided to show wage calculation and deductions		✓
Sale of Data		✓
Tax Reduction Through Corporate Shells		✓
Workers cannot leave site during non-working hours		✓
Workers not Provided Clean Drinking Water or Toilets		✓
Workers paid below minimum wage		✓
Workers Under Bond		✓
Other		✓



B Corp Certification - Disclosure Questionnaire Documentation

PROVIDED BY:

Coaction Specialty Insurance

UPDATED AS OF:

02/06/2023

DISCLOSURE QUESTIONNAIRE CATEGORY	Litigation, Arbitration and Penalties
ISSUE DATE	2017 - 2022
TOPIC	Litigation and Arbitration related to coverage disputes
SUMMARY OF ISSUE	As a company operating in the property and casualty insurance industry, Coaction Specialty Insurance has been involved in litigation and arbitration related to coverage disputes. Over the past five years, the company has acted as a defendant in 4 cases that resolved in a settlement out of court.
SIZE/SCOPE OF ISSUE (e.g. \$ financial implication, # of individuals affected)	For the 4 cases that have been resolved out of court, the company has paid less than 2% of its total earned revenue for FY21 in settlement costs. Payments and settlements occurred over the past five years, spanning from 2017 to 2022.
IMPACT ON STAKEHOLDERS	Settlements stem from coverage disputes. In the cases represented herein, clients engaged in litigation and arbitration due to the perception that payouts or coverage from Coaction was not sufficient.
RESOLUTION	The four aforementioned cases were settled within the insuring contract and with no finding of fault against Coaction Specialty Insurance.
MANAGEMENT	In 2021, Coaction Specialty Insurance implemented updated, internal procedures to curtail the filing of lawsuits. These procedures included updated reporting requirements to elevate coverage disputes to the company's Legal Department. The Legal Department's coverage and litigation unit reviews each dispute for early resolution or to provide the Claims Department with advice and counsel on further handling.



B Corp Certification - Disclosure Questionnaire Documentation

PROVIDED BY: Coaction Specialty Insurance UPDATED AS OF: 02/06/2023

DISCLOSURE QUESTIONNAIRE CATEGORY	Disclosure Industries
TOPIC	Insurance Company with Clients in the Fossil Fuels Industry
SUMMARY OF ISSUE	<p>Coaction Specialty Insurance provides property and casualty insurance products (general liability, property, inland marine, umbrella, auto and workers compensation) to certain contractors and well site owner/operators servicing the upstream onshore oil and gas industry, as well as, to propane and fuel distribution operations in the USA. The company also provides excess liability to upstream oil and gas companies both onshore and offshore. These clients include owner/operators of well sites and or rigs, as well as, the construction and corresponding operations in and around the well sites.</p> <p>Through the company's general liability cover, Coaction pays to defend its clients against allegations of harm and would indemnify claimants that suffer harm as a result of the insured's actions.</p>
SIZE/SCOPE OF ISSUE (e.g. \$ financial implication, # of individuals affected)	<p>Coaction has approximately 300 to 400 insured clients annually in the upstream oil and gas industry. Insurance policies provided to clients are typically issued on an annual or biannual term.</p> <p>In 2021, 9% of Coaction's revenue was earned from these clients. Specifically, the company earned approximately 4.4% of revenue from oil and gas service contractors, and another 4.4% from fuel distribution, and approximately .6% from onshore/offshore upstream energy.</p>
IMPACT ON STAKEHOLDERS	<p>B Lab has identified fossil fuel companies as a controversial industry due to fossil fuels considerable impact on the health of the environment and communities.</p> <p>Fossil fuel companies are required by law to have insurance. However, it is unclear what types of harm caused by the fossil fuel industry that insurance companies may be indirectly involved with through its services. For instance, by lessening the financial or legal burden of these companies' actions.</p>
RESOLUTION	As a newly-acquired company, Coaction is working with its new ownership to determine business planning around fossil fuel-related underwriting. The new ownership, TowerBrook, is itself a Certified B Corporation.
IMPLEMENTED MGT PRACTICES	<p>Coaction's clients are required to carry insurance coverage, such as general liability and workers compensation, by various regulatory and legal authorities, as well as, by other parties with whom they do business.</p> <p>The very nature of the underwriting process is to conduct diligence on prospective clients in order to avoid taking on undue risk of clients that pose a risk of harm to others, whether environmental, reputational, property damage/bodily-harm related, or otherwise.</p> <p>Coaction would generally choose to not offer coverage to potential clients for the following reasons:</p> <ol style="list-style-type: none"> 1. Any history of egregious mismanagement of employment safety. 2. Frequency of employee injury. 3. Poor automobile fleet management.

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	<ol style="list-style-type: none"> 4. Occupational Safety & Health Administration (OSHA) compliance concerns. 5. Lack of compliance with previous recommendations. 6. Adverse loss activity or loss trends indicating uncontrolled exposures, safety program deficiencies or hazards existence. <p>Coaction requires Office of Foreign Assets Control (OFAC) clearance and leverages loss control inspections to ensure that clients are following standard industry protocol, OSHA requirements, etc. Coaction assesses the client's risk profile by reviewing their historic claims experience and would not offer coverage to insureds that have exhibited a trend of negligent or harmful practices.</p> <p>The company's insurance products and the associated rate plan are filed/approved with the Department of Insurance in each state. Insurance pricing is complex and based upon loss history, risk profile and exposure, among other variables.</p> <p>Due to MSAs (Master Service Agreements) that the insured executes with the well owner, if the insured's employee is injured, Coaction owes the contractual defense and indemnification for the owner. Example claims for this scenario relating to general liability are:</p> <ol style="list-style-type: none"> 1. Fatality claims due to electrocution. 2. Larger property damage claims due to damage sustained to a well that the insured is working on/servicing. 3. Claims where the insured has leased the land for potential drilling/wells which has caused damage to the land/property damage. <p>Vehicles that are insured for the oil and gas contractors niche are typically larger and would oftentimes be considered heavy equipment, consisting of large private passenger trucks, tractors, container trucks, etc. Scenarios relating to auto are:</p> <ol style="list-style-type: none"> 1. Heavy equipment loss will cause greater damage than what might be found in a sedan vs sedan collision. 2. A container truck is involved in a loss, there is a chance it could be hauling fracking water, when if leaked, would be an environmental contamination claim. <p>Coaction does not cover the following topics as it relates to the fossil fuel industry, specifically the company's Oil & Gas niche:</p> <ol style="list-style-type: none"> 1. Pollution 2. Professional liability 3. Communicable disease 4. Intentional acts and/or employee dishonesty <p>These exposures are generally excluded from insurance products the company sells in this space, and are typically/regularly excluded from coverage in this space. In addition, there is never insurance coverage available if such coverage is prohibited by law.</p>
REPORT	<p><i>optional - Link to any external reports, press releases, supplementary documents pertaining to the reviewed issue.</i></p>
OTHER MANAGEMENT COMMENTS	<p>Coaction provides property and casualty products to a variety of industries including, solar energy, accounting and legal services, entertainment, consumer services, real estate, construction and marine services.</p> <p>The company's solar energy offerings provide insurance coverage to solar developers, owner/operators and construction entities servicing the solar industry. The solar book comprises \$20M of the company's total gross annual written premium (part of \$900M annual gross written premium).</p>