

NAIC CLIMATE RISK DISCLOSURE SURVEY

TCFD-ALIGNED QUESTIONS

UPDATED 2022

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.

Response to Governance:

The Audit Committee of the Board of Directors at UHA is responsible for enterprise risk oversight, including a review of the company's Risk Management Plan on an annual basis. This review is conducted in collaboration with the Chief Executive Officer, with the purpose of assessing current and emerging risks, including those related to climate change. While UHA's primary focus remains on providing medical and other benefits to its members, the company acknowledges the evolving nature of climate-related risks and the potential for these risks to impact the healthcare insurance sector in the future.

The Audit Committee is the primary body responsible for the oversight of climate-related risks. This committee, along with the CEO, periodically reviews potential risks, including those associated with climate change, to ensure that UHA's risk management strategies remain comprehensive and up-to-date. The committee's oversight includes assessing the need for additional risk management measures and recommending necessary adjustments to the Risk Management Plan.

The Chief Executive Officer, along with other senior management, plays a critical role in assessing and managing climate-related risks and opportunities. Management is responsible for implementing the Risk Management Plan, which includes integrating relevant climate-related risks into daily operations and

strategic planning. By doing so, UHA aims to ensure that all potential risks are effectively managed, and opportunities are leveraged to benefit our members.

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.

Response to Strategy:

UHA maintains a comprehensive Risk Management Plan that is periodically reviewed to evaluate and mitigate both actual and potential material risks to the company's business. At present, climate-related risks have been assessed as low, and consequently, they do not have a significant impact on the company's risk management or strategic planning processes. However, UHA recognizing the importance of remaining vigilant as climate-related risks can evolve, potentially impacting the healthcare insurance sector over time.

While UHA has not established specific plans to assess, reduce, or mitigate greenhouse gas emissions at this time, the company has implemented several initiatives that contribute to a positive environmental impact. These include the transition to a predominantly remote work environment and the reduction of corporate office space, which have collectively led to a decrease

in the company's overall carbon footprint. UHA continues to explore additional ways to improve its environmental sustainability, including energy efficiency measures and waste reduction practices.

In the short-term, UHA does not foresee significant climate-related risks impacting its operations or financial planning. Over the medium to long-term, UHA will continue to monitor climate-related developments, such as changes in regulatory requirements or shifts in customer expectations, to assess any potential impact on its business strategy. UHA is committed to maintaining flexibility in its planning process to accommodate future changes. UHA's overall approach to risk management includes considering a wide range of potential risks, allowing the company to adapt to evolving conditions as necessary.

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.

Response to Risk Management:

UHA conducts an annual comprehensive review of its Risk Management Plan, overseen by the Audit Committee of the Board of Directors. This process includes an evaluation of all potential risks to the organization, including climate-related risks. Currently, UHA assesses climate-related risks to be low, given the nature of its operations as a healthcare insurer. As part of this annual review, UHA considers the financial implications of various risks, including climate-related risks, to ensure that any emerging threats are appropriately identified and addressed. The frequency of this assessment allows UHA to remain vigilant in monitoring potential changes in risk exposure.

UHA integrates the management of climate-related risks into its overall enterprise risk management framework. While climate-related risks have been assessed as low at this time, they are nonetheless incorporated into the processes. This integration ensures that any changes in risk levels are promptly address within the broader context of the company's risk management strategies. UHA utilizes a structured approach to risk management, which includes regular monitoring and updates to the Risk Management Plan to align with evolving industry standards and regulatory expectations.

Given UHA's current assessment that climate-related risks are low, the company has not made specific adjustments to its underwriting or investment strategies based on these risks. However, UHA continues to monitor developments in climate-related risks and remains open to adjusting its strategies as necessary to manage potential exposures. UHA's investment portfolio is managed with a focus on long-term stability and resilience, and the company periodically reviews its investment strategy to ensure alignment with its overall risk management objectives.

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.

* Asterisks represent questions derived from the original Climate Risk Disclosure Survey.

Response to Metrics and Targets:

Currently, UHA has not established specific metrics or targets to assess climate-related risks or opportunities. As a healthcare insurer, UHA's primary focus is on providing medical and other benefits to its members, and the assessment of climate-related risks has been determined to be of low material impact on our operations at this time. However, UHA recognizes the growing importance of understanding and managing potential climate-related risks, and remains committed to monitoring developments in this area. Should the nature of our risk exposure change, UHA would evaluate the need for incorporating metrics, targets, catastrophe modeling or other analytical tools into our risk management strategy.