

# 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.

**In our organization, climate-related risks and opportunities are handled at the entity level. The Board of Directors of Farm Bureau Life Insurance Company (the "Company") has oversight of all of the Company's risk exposures. While neither the Board nor the organization has developed any publicly-stated goals regarding climate-related risks and opportunities, risks in general are reported to the Board through the Audit Committee which has oversight of and receives reports regarding the Company's Enterprise Risk Management ("ERM") function. To the extent climate change or other climate-related developments pose a significant risk to the Company, such risk would be reported through the ERM function.**

*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.

**The Audit & Budget Committee of the Board of Directors receives quarterly reports regarding the Company's Enterprise Risk Management function. To the extent any extraordinary risks are identified in this report, those risks, including any climate-related risks, are further reported to the Board through the Audit & Budget Committee's report and by management. To the extent there are any significant opportunities which arise due to climate change or climate issues, these would be reported to the Board by management through the Company's Business Plan.**

*B. Describe management's role in assessing and managing climate-related risks and opportunities.*

**Climate-related risks, to the extent they impact the functions of the organization, are assessed and mitigated by management as part of the Company's business continuity plan. This plan addresses the potential that climate-related catastrophes might require operations to be conducted at alternative locations and/or by alternative means.**

**In the event climate-related opportunities arise, these would be developed and executed by management through the Company's Business Plans and investment strategies.**

## 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. \*

**As a provider of life insurance and annuity products, the Company does not have any material climate-related risks which would impact our product offerings, strategy, or financial planning. The Company has not taken steps to engage key constituents on the topic of climate change or assess, reduce, or mitigate its greenhouse gas emissions in its operations.**

*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.

**Current or anticipated climate-related risks the Company has identified deal primarily with the circumstances which might adversely affect the operations of our business such as an extreme weather event. The Company's business continuity plan is developed primarily around the potential for climate-related catastrophes that might require operations to be transferred and conducted at alternative sites and by alternative means.**

*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.

**With regard to our investment in a low carbon economy, we have made several investments across multiple sectors that help the transition. For example, in the Asset-Backed Securities (ABS) portfolio we have invested in solar. In both ABS and Mortgage-Backed Securities (MBS) we have invested in both residential and commercial PACE deals. PACE is an acronym for Property Assessed Clean Energy. In the Alternatives space, we have invested in both a Global Renewable Energy fund and a fund that combines low carbon investments with other ESG friendly investments. Finally, in the corporate bond portfolio we have energy investments in companies who are making great strides in moving more to green energy.**

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

**As a provider of life insurance and annuity products, the Company does not have any material climate-related risks which would impact our product offerings, strategy, or financial planning, including a 2 degree Celsius or lower scenario.**

## 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. \*

**The Company strives to identify all risks, without regard to whether the cause is related to climate, the economy, excessive regulations, or other factors related to our life and annuity products or business operations.**

*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. \*

**The Company strives to identify all risks, without regard to whether the cause is related to climate, the economy, excessive regulations, or other factors related to our life and annuity products or business operations. Once identified, the Company, through its Enterprise Risk Management Committee, evaluates methods of quantifying, mitigating, and reporting risk appropriately within the enterprise without regard to their cause. Management methods then vary based on the materiality, financial impact, and sources of mitigation.**

*B. Describe the insurer's processes for managing climate-related risks.*

**The Company manages all risks, including climate related, through its Enterprise Risk Management Committee, which evaluates methods of quantifying, mitigating, and reporting risk appropriately within the enterprise without regard to their cause. Management methods vary based on the materiality, financial impact, and sources of mitigation.**

**If a risk is identified, it will be reported to the Enterprise Risk Management Committee for review to evaluate the appropriate steps that need to be taken to mitigate the risk.**

*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.

**The Company strives to identify all risks, without regard to whether the cause is related to climate, the economy, excessive regulations, or other factors related to our life and annuity products or business operations. Once identified, the Company, through its Enterprise Risk Management Committee, evaluates methods of quantifying, mitigating, and reporting risk appropriately within the enterprise without regard to their cause. As a provider of life insurance and annuity products, the Company has not employed any climate scenarios in its underwriting or investment risk assessment.**

## 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.

**As a provider of life insurance and annuity products, the Company does not have any material relevant collateralized risks. Therefore, the Company does not employ any catastrophe modeling.**

*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.

**As a provider of life insurance and annuity products, the Company does not have any material climate-related risks.**

*B. Disclose Scope 1, Scope 2, and if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.*

**The Company proactively updates and modernizes its facilities. In doing so, it evaluates and takes into consideration sustainable and best practices for improvements from an energy, emissions, and economic perspective in relationship to the assets remaining useful life. Examples would include,**

**but not limited to, elevator modernizations, facility LED lighting and automation packages, chilled water system modernizations, and upgraded building mechanicals.**

*C. Describe the targets used by the insurer to manage climate-related risks and opportunities and performance against targets.*

**As a provider of life insurance and annuity products, the Company does not have any material climate-related risks for which targets have been established.**

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