

## REDESIGNED STATE CLIMATE RISK DISCLOSURE SURVEY

### INTENT AND PURPOSE

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The Climate Risk Disclosure Survey is a voluntary risk management tool for state insurance regulators to request from insurers on an annual basis a non-confidential disclosure of the insurers' assessment and management of their climate-related risks.

The purpose of the Climate Risk Disclosure Survey is to:

- Enhance transparency about how insurers manage climate-related risks and opportunities.
- Identify good practices and vulnerabilities.
- Provide a baseline supervisory tool to assess how climate-related risks may affect the insurance industry.
- Promote insurer strategic management and encourage shared learning for continual improvement.
- Enable better-informed collaboration and engagement on climate-related issues among regulators and interested parties.
- Align with international climate risk disclosure frameworks to reduce redundancy in reporting requirements.

### BACKGROUND

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The NAIC adopted the original [Climate Risk Disclosure Survey](#) in 2010 and it has since been administered by the California Department of Insurance. In 2021, fifteen states participated in the climate risk disclosure survey initiative, up from six states in prior years. Because any insurer writing business in a participating state is required to submit their survey response annually, adding nine states in 2021, increased the market coverage from approximately 70% in 2020 to nearly 80% of the market in 2021 based on direct premium written.

In 2021, the Financial Stability Oversight Council (FSOC) produced a [series of recommendations](#) for financial regulators to enhance supervision, data analysis, staff resources, and regulatory cooperation related to climate risk. This included a recommendation to consider enhancing public reporting requirements for climate-related risks in a manner that builds on the four core elements of the [Task Force on Climate-Related Financial Disclosure \(TCFD\)](#), to the extent consistent with the U.S. regulatory framework and the needs of U.S. regulators and market participants.

This revised survey responds to FSOC's recommendations and incorporates international best practices in adopting a TCFD aligned framework for US insurers to report on climate risks when requested by their state regulator.

The TCFD framework is structured around four thematic areas that are core elements

for how insurers operate—governance, strategy, risk management, and metrics and targets. The four thematic areas are supported by key climate-related financial disclosures—referred to as recommended disclosures—that build out the framework with information that will help regulators and others understand how reporting organizations assess and approach climate-related issues.

## INTRODUCTORY GUIDANCE

### ***Timeline and expectation for reporting***

We expect that every company who will be asked to complete the survey in 2022 will have already completed the existing NAIC survey or filed a TCFD report; nearly all companies having participated for several prior years. The table below outlines the timing and other expectations for reporting in 2022 and 2023 as the new survey is phased in. If a company has not previously responded to the NAIC survey, it should be given until 2023 to first respond.

<b><u>Reporting Year</u></b>	<b><u>Expectation Regarding Content</u></b>	<b><u>Deadline for Completion</u></b>
2022	<ul style="list-style-type: none"> <li>• If the insurer has already completed a TCFD for this reporting year, they can submit it as is.</li> <li>• If the insurer has not already completed a TCFD for this reporting year, they should make their best effort to complete the survey below or include such information in their TCFD filing, as is requested below.</li> <li>• Closed-ended questions are voluntary for 2022, and states may opt out of requesting responses to closed-ended questions.</li> </ul>	To allow additional time for insurers to move to the new reporting structure, submission deadlines should be moved from Aug. 31 to Nov. 30. Extensions may be granted by the state that initiated the request to the company or the lead state for the group filing.
2023	Insurers are expected to address the content of the entire TCFD aligned survey below, to the best of their ability.	In accordance with prior years, submissions are due from insurers by Aug. 31 <sup>st</sup> . Extensions may be granted by the state that initiated the request to the company.

### ***Threshold and voluntary state participation***

The reporting threshold remains consistent with the threshold implemented each year since 2013. All insurers with countrywide premium written of at least \$100 million, licensed to write in any of the participating states/territories, are required to complete and submit their survey on an annual basis. As of 2021, the following states/territories participate: California,

Connecticut, Delaware, District of Columbia, Maine, Maryland, Massachusetts, Minnesota, New Mexico, New York, Oregon, Pennsylvania, Rhode Island, Vermont, Washington.

### ***Confidentiality and best effort basis***

While the existing NAIC survey and TCFD contain sufficient overlap in the analysis required to answer, we recognize that many insurers will be moving to a new reporting framework in the TCFD. Insurers should make their best effort to answer each question honestly and completely, keeping in mind that the information contained in the filing will be made public. During the transition to the TCFD aligned survey, state insurance regulators should work closely with insurers to provide as much flexibility as possible in terms of responding to the survey and deadlines. Confidential information should not be included in this public disclosure unless it is intended to be made public. If additional detail is requested by a state insurance regulator, that request will be handled directly between the regulator and insurer.

### ***Materiality***

There is no requirement to provide information that is immaterial to an assessment of financial soundness (insurers may choose to disclose such information voluntarily, with no implication that such information is in fact material). Insurers should justify their materiality assessment. For the definition of materiality, refer to the [Financial Condition Examiners Handbook](#) and/or the [U.S. Securities and Exchange Commission Accounting Bulletin: No. 99](#), if applicable.

Consistent with TCFD guidance, the Strategy and Metrics and Targets Sections involve an assessment of materiality, except for the question on Scope 1 and Scope 2 greenhouse gas emissions within the Metrics and Targets Section. Disclosures related to Governance and Risk Management Sections do not involve an assessment of materiality.

### ***Assessing financial impact of climate-related risks and opportunities***

The financial impacts of climate-related issues on an insurer are driven by the specific climate-related risks and opportunities to which the insurer is exposed and its strategic and risk management decisions on seizing those opportunities and managing those risks (i.e., accept, avoid, pursue, reduce, or share/transfer). Once an insurer assesses its climate-related issues and determines its response to those issues, it can then consider actual and potential financial impacts on revenues, expenditures, assets and liabilities, and capital and financing.<sup>1</sup>

Consistent with the TCFD Guidelines, determining whether an individual organization is or may be affected financially by climate-related issues usually depends on:

- the organization's **exposure** to, and anticipated effects of, specific climate-related risks and opportunities;
- the organization's planned **responses** to manage (i.e., accept, avoid, pursue, reduce, or share/transfer) its risks or seize opportunities; and

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<sup>1</sup> [https://assets.bbhub.io/company/sites/60/2021/07/2021-TCFD-Implementing\\_Guidance.pdf](https://assets.bbhub.io/company/sites/60/2021/07/2021-TCFD-Implementing_Guidance.pdf), pg.9

- the **implications** of the organization's planned responses on its income statement, cash flow statement, and balance sheet.<sup>2</sup>

Importantly, an organization should assess its climate-related risks and opportunities within the context of its businesses, operations, and physical locations in order to determine potential financial implications. In making such an assessment, an organization should consider (1) current and anticipated policy constraints and incentives in relevant jurisdictions, technology changes and availability, and market changes and (2) whether an organization's physical locations or suppliers are particularly vulnerable to physical impacts from climate change.<sup>3</sup>

See pages 10-12 of the TCFD's [Implementation Recommendation Report](#) for more guidance on assessing exposure, response and implications.

### **ADDITIONAL SPECIFIC GUIDANCE**

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One of the several benefits of aligning with the TCFD is that it allows insurers to benefit from years of guidance and supporting material developed and being regularly updated by the TCFD and other organizations.

For those insurers new to TCFD reporting, the [Implementation Recommendation Report](#) provides a useful guide. It contains guidance for all sectors on each of the four thematic areas of governance, strategy, risk management and metrics and targets. For example, in relation to the risk management disclosure to describe the insurers' processes for identifying and assessing climate-related risks, it provides the following guidance:

Organizations should describe their risk management processes for identifying and assessing climate-related risks. An important aspect of this description is how organizations determine the relative significance of climate-related risks in relation to other risks.

Organizations should describe whether they consider existing and emerging regulatory requirements related to climate change (e.g., limits on emissions) as well as other relevant factors considered.

Organizations should also consider disclosing the following:

- processes for assessing the potential size and scope of identified climate-related risks and
- definitions of risk terminology used or references to existing risk classification frameworks used.<sup>4</sup>

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<sup>2</sup> [https://assets.bbhub.io/company/sites/60/2021/07/2021-TCFD-Implementing\\_Guidance.pdf](https://assets.bbhub.io/company/sites/60/2021/07/2021-TCFD-Implementing_Guidance.pdf), pg.10

<sup>3</sup> [https://assets.bbhub.io/company/sites/60/2021/07/2021-TCFD-Implementing\\_Guidance.pdf](https://assets.bbhub.io/company/sites/60/2021/07/2021-TCFD-Implementing_Guidance.pdf), pg. 11

<sup>4</sup> [https://assets.bbhub.io/company/sites/60/2021/07/2021-TCFD-Implementing\\_Guidance.pdf](https://assets.bbhub.io/company/sites/60/2021/07/2021-TCFD-Implementing_Guidance.pdf), pgs. 32-33.

The same document also provides supplemental insurance-sector specific guidance. For example, for the same disclosure question, it provides:

Insurance companies should describe the processes for identifying and assessing climate-related risks on re-/insurance portfolios by geography, business division, or product segments, including the following risks:

- physical risks from changing frequencies and intensities of weather-related perils;
- transition risks resulting from a reduction in insurable interest due to a decline in value, changing energy costs, or implementation of carbon regulation; and
- liability risks that could intensify due to a possible increase in litigation.<sup>5</sup>

Notably, this general and supplemental guidance is not required to be included in a TCFD report. Rather, it is designed to support an insurer in developing climate-related financial disclosures consistent with the TCFD framework, including by providing context and suggestions for implementing the recommended disclosures.

The disclosures identified in bullet points in this survey are intended to be supplemental, insurance-sector specific guidance. They have been developed by the NAIC to respond to the TCFD and FSOC recommendations that regulators enhance public reporting requirements for climate-related risks in a manner that builds on the TCFD's four core elements. They are designed to further support insurers' in developing their disclosures by providing context and suggestions for the information a regulator may expect.

Additional guidance published by the TCFD includes:

**[The Use of Scenario Analysis in Disclosure of Climate-Related Risks and Opportunities](#)** (2017) provides information on types of climate-related scenarios, the application of scenario analysis, and the key challenges in implementing scenario analysis to support an organization's disclosure of the resilience of its strategy, taking into consideration different climate-related scenarios.

**[Guidance on Risk Management Integration and Disclosure](#)** (2020) describes considerations for organizations interested in integrating climate-related risks into their existing risk management processes and disclosing information on their risk management processes in alignment with the Task Force's recommendations.

**[Guidance on Metrics, Targets, and Transition Plans](#)** (2021) describes recent developments around climate-related metrics and users' increasing focus on information describing organizations' plans for transitioning to a low-carbon economy. The guidance also describes a

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<sup>5</sup> [https://assets.bbhub.io/company/sites/60/2021/07/2021-TCFD-Implementing\\_Guidance.pdf](https://assets.bbhub.io/company/sites/60/2021/07/2021-TCFD-Implementing_Guidance.pdf), pg. 33.

set of cross-industry, climate related metric categories (described in Appendix 2: Cross-Industry, Climate-Related Metric Categories) that the Task Force believes are applicable to all organizations.

The FSB frequently produces content to assist companies in creating TCFD reports, the knowledge hub with related content is accessible at <https://www.tcfdhub.org/>.

## **SURVEY QUESTIONS**

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To provide clear direction for achieving a robust, insurance-sector specific TCFD report, narrative and closed ended questions follow, grouped into the TCFD's four topics: governance, strategy, risk management and metrics and targets.

The statements listed next to numbers and letters are directly taken from the TCFD Framework and should be fully addressed in the insurer's response. As discussed in detail above, insurers should consider including the bulleted items in their response to the TCFD statement above it. For additional guidance on sector specific content to consider including, refer to the [Implementation Recommendation Report](#).

### **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.

There are no publicly stated goals specific to our climate-related risks. However, we do have publicly available information on Blue Shield of California's environmental goals around reducing carbon emissions and waste as well as influencing the health care sector to act more sustainably; some of this work intersects with addressing climate-related opportunities (e.g., understanding impacts of climate events on healthcare utilization, identifying climate-smart models of care).

- 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.

Combination – group and entity level. Members of the Climate Risk Working Group include actuary, health solutions, corporate real estate, corporate citizenship, reputation, risk management, global business services and treasury. The group assesses and ranks the various risk drivers and opportunities. On an annual basis, the Enterprise Risk Management (ERM) Function performs an Enterprise Risk Assessment (ERA) that focuses on identifying and evaluating the most significant risks faced by Blue Shield of California; this results in the Top Risk Profile. It is

updated throughout the year as determined appropriate. Each risk identified in the Top Risk Profile is subject to ongoing monitoring including understanding the root causes, monitoring key leading risk indicators, and evaluating the status of management's risk mitigation activities. Climate risk is currently assessed as part of the Enterprise Risk Assessment (ERA) and has interdependencies with several top risks.

- A. Describe the board and/or committee responsible for the oversight of climate-related risks and opportunities.*

The Climate Risk Working Group is responsible and reports out to the Enterprise Risk Management team for inclusion in the Enterprise Risk Assessment.

*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:*

- B. Describe the position on the board and/or committee responsible for the oversight of managing the climate-related financial risks.*

We have conducted limited financial assessments related to the physical risks associated with the impacts of climate events on our facilities.

The Climate Risk Working Group is in the process of developing a plan to ensure the oversight of managing the climate-related financial risks.

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

The Enterprise Risk Management Function has implemented an integrated governance structure to allow for the escalation and review of risks within the business to be evaluated for inclusion into the Top Risk Profile, including climate-related risks and opportunities. Subject Matter Experts from each key functional area meet quarterly to review the existing Top Risk Profile, and recommend changes, as needed. The Top Risk Profile is shared with Senior Staff and the Audit Committee quarterly.

Management of climate-related risks and opportunities occurs under the respective business unit owners.

## **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.\*<sup>i</sup>

Blue Shield of California reaches out to members during climate events such as wildfires and poor air quality days to provide resources and guidance to ensure continuity of care for impacted members (i.e., ensuring access to prescriptions etc.). Blue Shield of California has also leveraged virtual care for members impacted by climate events.

- Describe the insurer's plan to assess, reduce, or mitigate its greenhouse gas emissions in its operations or organizations.\*

To assess emissions:

Blue Shield of California updates its carbon inventory on an annual basis and includes scope 1,2, and 3 emissions in its accounting. We have also begun to estimate our carbon emissions associated with 'healthcare delivery'.

This year we received third-party verification for our carbon inventory.

To reduce emissions:

Blue Shield of California launched the Supplier Sustainability Program in 2021 to help address greenhouse gas emissions across the supply chain - a major source of our carbon emissions. In its third year, the program targeted 41 suppliers to report climate data via CDP (formerly Carbon Disclosure Project), a disclosure platform.

Our Corporate Real Estate Team also facilitates the following efforts:

- Update interior/exterior lighting to more efficient LED bulbs when feasible
- Exploring additional renewable energy opportunities
- Installation of Electric Vehicle (EV) charging stations
- Landscaping evaluation to reduce water use and preserve pollinator plants

Our Paperless Initiative aims to digitize 95% of our communications assets and reduce paper waste by 80% to relieve strain on natural resources. To date, 61% of our members have opted to go paperless.



### To Mitigate emissions:

In 2020, 2021, 2022, Blue Shield of California received CarbonNeutral® company certification from leading experts on carbon neutrality and climate finance.

In April 2021, Blue Shield of California announced its new Sustainability Goals, which include:

- Become carbon negative by 2023
- Achieve zero waste operations by 2025
- Quantify the cost of climate change on human health by 2023
- Adopt and promote climate smart health care by 2025

#### *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.

Blue Shield of California defines short-term as 0-1 year, medium-term as 1-2 years and long-term as 2-3 years.

### Risk Drivers:

- Extreme weather events impact operations infrastructure affecting business continuity
- Extreme weather events impact supply chain/third parties affecting business continuity
- Extreme weather events impact members ability to obtain medical services
- Extreme weather events impact providers ability to deliver medical services
- Population health impacts from climate change and disease affect claim costs
- Population health impacts from climate change and disease affect members services
- Energy and Carbon taxes and regulations
- Investment Strategy
- Loss of Reputation

### Opportunity Drivers:

- Resilience and continuity planning – Supply Chain
- Resilience and continuity planning – Operations
- Climate-smart healthcare delivery models
- Climate positive health plans
- Research potential costs of climate on human health

- Energy and water efficiency
- Decarbonize value-chain
- Impact Investing Strategy
- Climate leadership

*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.

Blue Shield of California's innovative new plan, Virtual Blue, connects virtual and in-person care for a simpler, more effective healthcare experience. Virtual Blue integrates primary, behavioral, specialist, and 24/7 urgent care – with virtual doctors as diverse as the populations they serve. A dedicated, multi-disciplinary virtual care team guides the member's experience, focusing on their preferences, needs and goals.

Virtual Blue is designed to connect an otherwise fragmented care experience. Members can access their care through a single sign-on to see a virtual doctor within 1-3 days, including primary care, behavioral health and more than 20 specialist care types – the integration of these three care types is Virtual Blue's key differentiator. To further personalize and integrate the experience, a health coach helps members with appointments, labs, prescriptions, and more. Electronic medical records can be shared across a member's full virtual and in-person care team. Virtual Blue removes a cost barrier to care with unlimited \$0 virtual visits. Virtual care can help avoid costly urgent care and emergency room visits, control ongoing health costs, and realize better health outcomes faster. Emphasis on primary care helps detect and address concerns early. According to historical Blue Shield of California's claims data, a healthy member's first primary care visit is associated with a 20% cost savings. 60% of surveyed early adopters would have used costlier care (e.g., urgent care, ER) or ignored/delayed care if not for Virtual Blue.

Virtual Blue - is estimated to shift 30% of utilization from in-person to virtual, for a potential of 20,000 estimated members starting in 2023. That is an increase in virtual utilization from our current 5.2% utilization of our current virtual care vendor (Teladoc). However, it represents different type of healthcare utilization being shifted (possibly lower-environmentally impacting care, rather than acute care utilization, which

is associated with higher negative environmental impacts). Thus, while additional environmental benefits are expected from this additional use of virtual care, the full environmental impacts are not fully understood yet.

There are other solutions and initiatives that the Blue Shield of California Health Solutions team has implemented that may have a positive environmental impact by decreasing unnecessary utilization of care. Examples of this include value-based payment models, community health programs (advocates, doulas). However, we do not have enough data or resources to fully evaluate environmental impacts of these programs yet. We hope to build capacity and resources to better track carbon and other environmental benefits these programs may be creating for Blue Shield of California, providers and our members. Ultimately, we recognize that investing in public health measures generally makes good environmental sense as well.

- Discuss if and how the insurer makes investments to support the transition to a low carbon economy.

We have invested in virtual care, digitizing health (i.e., reducing paper), a comprehensive patient record, real-time claims, and other measures to enhance efficiency in the healthcare insurance sector. It is generally understood that these efficiencies can also have environmental benefits by reducing resource consumption.

Our investment managers incorporate ESG factors into their assessments of securities. We prefer securities which show superior social and governance practices or are determined to be Green Bonds, Social Bonds, Sustainable Bonds or Sustainable Development (SDG) Bonds.

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

Unknown, this work has not yet been done.

### **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.\*

Climate related risks are currently factored in as a 'residual trend' (i.e., gradual multi-year phenomena). We have not yet modeled acute climate events.

- Describe any steps the insurer has taken to encourage policyholders to manage their potential physical and transition climate related risks, if applicable.\*

We have reached out to members and provided information during climate events (e.g., during poor air quality events as a result of wildfires).

- Describe how the insurer has considered the impact of climate-related risks on its investment portfolio, including what investment classes have been considered.\*

Our investment managers incorporate ESG factors into their assessments of securities. We prefer securities which show superior social and governance practices or are determined to be Green Bonds, Social Bonds, Sustainable Bonds or Sustainable Development (SDG) Bonds.

*A. Describe the insurers' processes for identifying and assessing climate-related risks.*

Risk and Opportunities owners (i.e. the Climate Risk Working Group) meet on an annual basis to assess climate-related risks and opportunities via a mostly qualitative assessment (with an exception for physical risk which now includes a quantitative assessment). The approach supports TCFD (Taskforce on Climate-related Financial Disclosures)-aligned external reporting.

The risk drivers identified are linked to a range of acute and chronic physical impacts of climate change, and transitional risks and opportunities, such as shifts in climate policy, markets and reputation.

The risk and opportunity drivers are screened for inherent risk/opportunity and current management responses.

*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 process includes an estimated financial impact as a result of climate change events impacting our facilities.

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

Actions for managing climate-related risks are identified on an annual basis and are managed within the relevant business units.

*C. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the insurer's overall risk management.*

It is included as part of the annual Enterprise Risk Assessment, described above. Blue Shield of California recently completed its third year of including climate risk as part of its assessment and will continue to refine the processes for identifying, assessing, and managing climate-related risks.

*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.

It is included as part of the annual ERA with more frequent updates as needed.

- 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.

Not yet done.

- 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.

Not yet done.

**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.

Not currently done.

*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)

Our exposure in Sacramento and El Dorado counties are at highest risk for experiencing impacts of climate-related events including wildfires, extreme precipitation, drought, and heatwaves). The primary operational impact is likely to be from increased frequency and duration of power outages.

Our office portfolio will on average experience a 310% increase in heatwave days and 190% average increase in severe droughts.

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

2022:

Scope 1 & 2: **3,125 tCO<sub>2</sub>e**

Scope 3: **475,247 tCO<sub>2</sub>e (this number includes category-15 emissions)**

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

Targets not yet set.

**Closed-ended questions directly correspond to the narrative above, allowing for explanation and qualification of the yes/no answers. Closed-ended questions are voluntary for reporting year 2022 and individual states may elect not to request them.**

**Governance**

- Does the insurer have publicly stated goals on climate-related risks and opportunities? (Y/N) N
- Does your board have a member, members, a committee, or committees responsible for the oversight of managing the climate-related financial risk? (Y/N) Y
- Does management have a role in assessing climate-related risks and opportunities? (Y/N) Y
- Does management have a role in managing climate-related risks and opportunities? (Y/N) Y

**Strategy**

- Has the insurer taken steps to engage key constituencies on the topic of climate risk and resiliency? (Y/N) \* Y – some steps taken but minimal
- Does the insurer provide products or services to support the transition to a low carbon economy or help customers adapt to climate risk? (Y/N) Y
- Does the insurer make investments to support the transition to a low carbon economy? (Y/N) Y
- Does the insurer have a plan to assess, reduce or mitigate its greenhouse gas emissions in its operations or organizations? (Y/N)\* Y

**Risk Management**

- Does the insurer have a process for identifying climate-related risks? (Y/N) Y
  - If yes, are climate-related risks addressed through the insurer's general enterprise-risk management process? (Y/N) Y
- Does the insurer have a process for assessing climate-related risks? (Y/N) Y
  - If yes, does the process include an assessment of financial implications? (Y/N) N – not a full assessment
- Does the insurer have a process for managing climate-related risks? (Y/N) Y
- Has the insurer considered the impact of climate-related risks on its underwriting portfolio? (Y/N/Not Applicable)\* N
- Has the insurer taken steps to encourage policyholders to manage their potential climate-related risks? (Y/N)\* N

- Has the insurer considered the impact of climate-related risks on its investment portfolio? (Y/N)\* N
- Has the insurer utilized climate scenarios to analyze their underwriting risk? (Y/N) N
- Has the insurer utilized climate scenarios to analyze their investment risk? (Y/N) N

#### **Metrics and Targets**

- Does the insurer use catastrophe modeling to manage your climate-related risks? (Y/N) N
- Does the insurer use metrics to assess and monitor climate-related risks? (Y/N) N
- Does the insurer have targets to manage climate-related risks and opportunities? (Y/N) N
- Does the insurer have targets to manage climate-related performance? (Y/N) N

 [2022ProposedClimateRiskSurvey](#)

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<sup>i</sup> \* Asterisks represent questions derived from the original Climate Risk Disclosure Survey.