

# 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.*

#### Health Plan Response:

McLaren Health Plan, Inc. is the parent company of McLaren Health Plan Community. Both HMOs are part of a holding company system. McLaren Integrated HMO Group (MIG) is the holding company providing management oversight to various HMOs. The Board of Directors for each health plan is responsible for overseeing the operations of the plan. Enterprise Risk Management (ERM) is reported at the holding company level, but with input from the HMOs. The MIG Board of Directors provides overall oversight and governance for enterprise risk management. MIG has established an ERM Core Committee that provides general oversight and governance for ERM. The ERM Core Committee established an ERM Subcommittee that identifies and outlines all risks impacting MIG and its subsidiaries. This committee prioritizes risks as well as activities and controls that mitigate these risks. This information is maintained on the ERM dashboard and presented to the ERM Committee for review and approval. Neither MIG nor the health plans have issued any publicly stated goals on climate-related risks or opportunities. As a health plan, climate has not materially impacted our risks or operations to date. We continuously evaluate risks and will modify them as needed to incorporate climate, if needed.

*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.*

#### Health Plan Response:

The company CEO and the executive leadership participate in the enterprise risk management process. The ERM governance process encourages input and solicitation from company management. To date, company management has not identified climate-related risks as a material risk.

## 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.*

### Health Plan Response:

As a health maintenance organization, we have not identified any climate related risks that are material to our current operations. Given our geographic location in Michigan, the risks of climate change are somewhat diminished as compared to other areas of the country (e.g., areas subject to extreme weather such as hurricanes, drought, wildfires, etc.). While changes to climate could impact the health of our members, we have not identified any direct correlation to increased medical expenses to date. Many employees work remotely, which reduces emissions related to commuting. We have a disaster recovery program that we can easily implement, if needed. We will continue to monitor and evaluate risks related to climate, but as of right now, they do not pose a material risk to our operations.

## 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.

### **Health Plan Response:**

As a health maintenance organization, we have not identified any climate related risks that are material to our current operations. Climate related risks are currently not considered in our rate development. Our investments are generally conservative due to constraints related to financial reserves. Risks are frequently identified and evaluated for analysis as part of our enterprise risk management process. To date, we have not identified climate as a material risk. We will continue to monitor and review climate related activity periodically to determine whether to add it as part of our enterprise risk management program.

## **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.*

**Health Plan Response:**

As part of our annual Own Risk Solvency Assessment (ORSA) report, we perform a financial stress test. We have not identified climate change as a risk that required a projection for the stress test. We continuously evaluate risks to include as part of financial modelling. Climate risks have not risen to the level where they would materially impact our financial performance.

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