

NAIC Climate Risk Survey Disclosure

Lumeris Group Holdings Corporation

Group ID 4597

Essence Healthcare, Inc. NAIC 11699

Essence Healthcare PPO, Inc NAIC 17254

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

Essence Healthcare, Inc. (EHI) is a Medicare Advantage plan that focuses on delivering high quality care to its members. EHI acknowledges that climate change and the risks related to climate change are important. However, EHI does not have a climate change policy but instead addresses all risks, in an annual risk assessment exercise. During this annual risk assessment exercise, a team comprised of members from leadership, legal, internal audit/compliance, and actuary are responsible for oversight of the risk assessment. Through survey and data analysis, the team develops top risks for the company to address and mitigate in the upcoming year.

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 1-5years as short term, 5-10years as medium term, and 10-30years 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

EHI is currently in its annual risk assessment period and has not yet identified climate-related risks that could impact business or strategies. EHI has identified current region-specific climate risks of major flooding of rivers like the Mississippi River and Missouri River. The company remains updated on regional impacts and considers the impact of global climate change as it relates to changes in the healthcare industry. EHI has taken steps to reduce its impact on climate change by using cloud-based storage and remote workspaces. The company does provide business travel accommodations that might contribute to emissions and tries to do so responsibly offering virtual/remote workspaces when available. EHI provides telehealth services and other virtual options for its members.

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 time frames 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

As stated above, EHI identifies risks, including climate change risks, in an annual risk assessment exercise. This exercise includes a closed-ended survey questionnaire sent to employees across the company and analyzes the results to identify its "Top Risks". The top risks are reviewed by the leadership team and initiates a plan of action to mitigate the risks. A final report is drafted and distributed to guide future company goals.

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 100years 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.

Response to Metrics and Targets

EHI evaluates climate-related risks and the possible impact to the continuity of the business by utilizing a Facility Crisis Scenario Risk Assessment. Assessments are performed on Crisis Scenarios as they pertain to weather/natural related crisis, health related pandemics and potential man-made impacts to buildings and personnel such as an active shooter, building fire or bomb threat. To perform the assessments a potential list of crisis events needs to be identified by researching government available websites (federal & state). Each of the crisis' need to be researched and analyzed to determine if there is a potential for occurrence to impact the Primary Site (where most personnel work) and Alternate Sites. The results of the assessments will produce the crisis scenarios list EHI will have crisis plans developed and personnel trained on.