

# 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.*

The BCBSND Board is responsible for all risks and has overall oversight of ERM on behalf of the organization. Various committees of the Board have responsibility for specific risk areas. The ERM program is governed formally by three bodies within BCBSND: the Audit and Compliance Committee (ACC) of the Board, the Board, and the Risk Management Committee (RMC), which is an executive management level committee. The ACC assists the Board in fulfilling its responsibilities with respect to oversight of HDMH's ERM program processes; including but not limited to review of information provided by ERM management evidencing the way BCBSND manages and monitors enterprise risks. The ACC governs the process of monitoring and mitigating risks in support of the Board's oversight of risk. The Board has overall responsibility for oversight of ERM on behalf of the organization. The RMC assists the ACC and the Board in providing executive oversight of the ERM program of the enterprise.

#### 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.*

BCB5ND's formal Risk Management Framework process occurs at least once every 12-18 months although new risks are added on an ongoing basis. This process utilizes a four-phased approach which is designed to best anticipate, identify, prioritize, manage, and monitor the risks impacting HDMH. ERM utilizes a hybrid risk identification approach where Board, Executive, and Senior Leaders participate in risk identification and assessment processes which leads to a more complete view of the company's risk profile. The ERM Department also utilizes a risk universe organized by risk category (Environmental, Social, and Governance (ESG), Financial, Legal, Compliance, Audit, Operational, Strategic, Talent Management, and Technology Risks) to ensure risk identification captures potential risks BCB5ND may face.

As top risks are identified for formal top enterprise risk monitoring, executive owners are assigned to identify and/or develop risk mitigation strategies for the identified risk. Each top risk is then reviewed at least quarterly with the identified risk owner who provides updates on the risk including changes in the risk exposure, mitigation actions, and metrics. The information gathered informs the overall health of each top enterprise risk and provides an update from the risk owners on the mitigation efforts and key risk indicator metrics each risk owner oversees in monitoring the risk. The ERM Department compiles this information for reporting to the RMC, the ACC, and the Board.

## 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.

The company has an Enterprise Risk Management program (ERM) that prepares and insures the company against hazard risks, such as earthquakes or fires. However, climate change related risks have not specifically considered a contributing factor in hazard risks.

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## 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.*

As a Health insurance company, operations are primarily clerical and, as a result, emissions created from doing business are low and do not extend beyond a general use of electricity, AC and heat in the office setting. Today, there is no formal plan to assess, reduce or mitigate emissions. BCBSND has an Enterprise Risk Management (ERM) program and reducing or mitigating emissions has not identified as a material risk.

As a health plan, BCBSND has not specifically considered deviations from historical trends due to changes in climate-related hazards and, as such, has not modeled or analyzed perils associated with climate change-influenced events. We have not, therefore, delivered information to policyholders regarding potential reduction of losses associated with climate change.

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