

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.

Response for Governance:

While Presbyterian does not have a formal written plan of action, the company continuously evaluates and implements, where appropriate, various initiatives to reduce the organizations' energy and emissions footprint. When new operational facilities are added, or when facility upgrades or replacements are planned, the Company seeks to assess existing conditions, opportunities for efficient upgrades, and strategies to employ industry best practices. Examples of industry best practices that have been used in several of our data centers include the tracking of power use efficiency; air flow modeling to ensure that cooling is targeted where it is needed; and to decrease the environmental impact of our facilities and buildings by conserving energy, reducing natural resource consumption and greenhouse gas emissions, while simultaneously reducing our costs. The company has an annual risk assessment management process. As a health insurer, climate change has not been considered a high risk for our company. We will re-evaluate this assessment as needed.

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.

Response for Strategy:

Our investment portfolio is managed under specific guidelines and any change requires Board of Directors approval. To date, no investment portfolio actions have been attributable to climate change. The company has an annual risk assessment management process. As a health insurer, climate change has not been considered a high risk for our company. We will re-evaluate this assessment as needed.

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.

Response for Risk Management:

Presbyterian has not launched a formal initiative to engage key constituencies specifically on the topic of climate change. However, Presbyterian is working to reduce environmental impacts in interactions with key constituencies such as members, providers, agents, and brokers through efforts to increase the move toward electronic communications. The company's business continuity and disaster recovery plans focus on minimizing the disruption to critical business functions and customers from events such as severe weather.

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.*

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

Response for Metrics and Targets:

While Presbyterian does not have a formal written plan of action, the company continuously evaluates and implements, where appropriate, various initiatives to reduce the organizations' energy and emissions footprint. When new operational facilities are added, or when facility upgrades or replacements are planned, the Company seeks to assess existing conditions, opportunities for efficient upgrades, and strategies to employ industry best practices. Examples of industry best practices that have been used in several of our data centers include the tracking of power use efficiency; air flow modeling to ensure that cooling is targeted where it is needed; and to decrease the environmental impact of our facilities and buildings by conserving energy, reducing natural resource consumption and greenhouse gas emissions, while simultaneously reducing our costs.

<i>Does the insurer have a process for identifying climate-related risks?</i>	Yes	<u>No</u>
<i>If yes, are climate-related risks addressed through the insurer's general enterprise-risk management process?</i>	Yes	<u>No</u>
<i>Does the insurer have a process for assessing climate-related risks?</i>	Yes	<u>No</u>
<i>If yes, does the process include an assessment of financial implications?</i>	Yes	<u>No</u>
<i>Does the insurer have a process for managing climate-related risks?</i>	Yes	<u>No</u>
<i>Has the insurer considered the impact of climate-related risks on its underwriting portfolio?</i>	Yes	<u>No</u>
<i>Has the insurer taken steps to encourage policyholders to manage their potential climate-related risks?</i>	Yes	<u>No</u>
<i>Has the insurer considered the impact of climate-related risks on its investment portfolio?</i>	Yes	<u>No</u>
<i>Has the insurer utilized climate scenarios to analyze their underwriting risk?</i>	Yes	<u>No</u>
<i>Has the insurer utilized climate scenarios to analyze their investment risk?</i>	Yes	<u>No</u>
<i>Does the insurer use catastrophe modeling to manage your climate-related risks?</i>	Yes	<u>No</u>
<i>Does the insurer use metrics to assess and monitor climate-related risks?</i>	Yes	<u>No</u>
<i>Does the insurer have targets to manage climate-related risks and opportunities?</i>	Yes	<u>No</u>
<i>Does the insurer have targets to manage climate-related performance?</i>	Yes	<u>No</u>
<i>Does the insurer have publicly stated goals on climate-related risks and opportunities?</i>	Yes	<u>No</u>
<i>Does your board have a member, members, a committee, or committees responsible for the oversight of managing the climate-related financial risk?</i>	Yes	<u>No</u>
<i>Does management have a role in assessing climate-related risks and opportunities?</i>	Yes	<u>No</u>
<i>Does management have a role in managing climate-related risks and opportunities?</i>	Yes	<u>No</u>