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.
Oregon Mutual does not have a formal climate change policy. Notwithstanding, its leadership is abreast of the impacts of climate change on the industry.

• 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. **Disclosures are handled at the entity level: Oregon Mutual Insurance Company (NAIC number 14907).**

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. **Climate-related financial risks are primarily overseen by the Investment Committee Chairperson, although the Risk Management Committee Chairperson may also provide guidance in this area.**

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

Primary responsibility for climate-related risks and opportunities with respect to insurance underwriting is held by the Chief Underwriting Officer. The Chief Financial Officer is primarily responsible to oversee and manage climate-related risks within the corporate investment portfolio.

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. * **Oregon Mutual's reinsurance partner provides a computer modeling service. OM has requested its reinsurers provide ongoing information on global warming as it relates to the risks underwritten. OM's reinsurance partner uses the latest technology and is proactive on the global warming issue. Oregon Mutual has no plans to commit direct resources to climate change research. As information on climate change becomes available, OM will respond accordingly.**

• Describe the insurer's plan to assess, reduce, or mitigate its greenhouse gas emissions in its operations or organizations. * **Oregon Mutual is employing a combination of strategies to reduce its data center footprint. This includes embracing the concept of infrastructure as a service to reduce data center footprint and power consumption. Oregon Mutual has a road map that will permit it to significantly reduce power consumption in the data center of the coming few years. Oregon Mutual undertakes a variety of additional activities to reduce carbon footprint. This includes an active recycling program, use of high-efficiency lighting, and installation of an electric vehicle charging station.**

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. **In the short term, the risk of increased wildfires is the primary risk that has been identified. Medium-term risks may include storms of increased severity, including both winter storms and damage in warmer months due to high winds and increased rainfall leading to landslides and flooding. Additionally, volatility in investment portfolios may become an increased risk in the medium term. Long-term risks may include issues related to rising sea levels, future climate-related litigation, and unknown risks related to the possibility that geoengineering solutions to climate change may be pursued.**

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. **Oregon Mutual does not at this time offer products or services specifically aimed at transitioning to a low-carbon economy.**

• Discuss if and how the insurer makes investments to support the transition to a low carbon economy. **Oregon Mutual employs a conservative investment philosophy. While there is no formal climate change policy relating to investments, Oregon Mutual's research group considers all potential risk factors when choosing whether to initially purchase or continue to hold investments.**

C. Describe the resilience of the insurer's strategy, taking into consideration different climate-related scenarios, including a 2 degree Celsius or lower scenario. **It is unclear to us what is being defined as "resilience" in relation to this question. Therefore, we are not prepared to make any representations in response to this question.**

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. * **Oregon Mutual is focused on underwriting risks as they relate to climate change. As an example, with the assistance of its reinsurers, it uses technology to observe risk accumulation in geographic areas that may be more prone to increased wildfire experience. The Claims division also endeavors to proactively contact policyholders in areas experiencing wildfires.**

• Describe any steps the insurer has taken to encourage policyholders to manage their potential physical and transition climate related risks, if applicable. * **Historically, Oregon Mutual's greatest risks have been winter storms in the Northwest, with wildfires growing as a risk in recent years. Oregon Mutual previously sent a bulletin to selected policyholders whose risk of wildfire is greater than others that details wildfire loss mitigation tips. Oregon Mutual will respond accordingly as information becomes available.**

• Describe how the insurer has considered the impact of climate-related risks on its investment portfolio, including what investment classes have been considered. * **Climate change is not a primary driver of the investment portfolio of Oregon Mutual. However, consideration of climate change may apply in specific decisions as to whether to purchase or hold particular securities. Such scenarios may include the following: 1) With regard to municipal bonds, Oregon Mutual seeks a geographically diversified portfolio to insulate risks presented by natural disasters. 2) With regard to utility industry holdings, Oregon Mutual's research group monitors credits and may also consider environmental litigation risk relating to fossil fuel usage by utilities. 3) With regard to corporate bonds, Oregon Mutual may consider drought risks and commodity pricing where applicable in the evaluation of financial risk.**

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. * **Oregon Mutual incorporates the effect of climate change by analysis of the variation in both the frequency and severity of historical loss trends. As the impacts of climate change occur over time, the data reveals such trends.**

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. **Climate-related risks are primarily addressed within the individual business function, such as Finance or Underwriting. However, they are also documented more generally through the general enterprise risk management process, which is subject to annual review.**

• 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. **Oregon Mutual's reinsurance partners use the latest technology in catastrophe modeling. Oregon Mutual has requested information on climate change from reinsurance brokers and will continue to evaluate climate change risks. Oregon Mutual monitors Probable Maximum Loss quarterly. During the annual reinsurance renewal process, Oregon Mutual uses computer modeling to evaluate and assess risks. Oregon Mutual is limited to the changes reflected in current computer models.**

• 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. **With respect to enterprise risk management, the effects of climate change are accounted for in the rigorous analysis of loss history frequency and severity experience by the actuarial, underwriting, and claims divisions.**

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. **As part of its operations, Oregon Mutual tracks on a quarterly basis the Probable Maximum Loss through catastrophe models provided by reinsurance partners. Over the long term, these strategies aim to provide resilience against global warming impacts such as flood, wind, and fire.**

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. **Oregon Mutual underwrites insurance products in Oregon, Washington, Idaho, and California. In conjunction with its reinsurers, Oregon Mutual has identified the greatest risks presented by climate change. The primary risk is increased intensity of winter storms. However, there is currently little research available in this area. Additionally, the wildfire season in the western United States has increased by almost 80 days over the past 30 years according to the Intergovernmental Panel on Climate Change. A potentially less significant risk posed is rising sea level, which could lead to greater severity of damage from tsunami formation in the Pacific. Although there is presently inconclusive research, there is concern about how climate change may affect frequency and severity of lightning storms. Oregon Mutual tracks industry research on the many possible effects of climate trends on its business.**

B. Disclose Scope 1, Scope 2, and if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks. **Oregon Mutual does not have a policy in this area and does not manage risks in this area. Activities in this area may include but are not limited to: Scope 1: use of heating utilities (gas) and automobiles for travel to and from the main office as needed by employees, vehicle and air travel undertaken by employees in connection with contacting agents and policyholders; Scope 2: use of other utilities including electricity, water, and sewage; Scope 3: purchases of various office supplies ranging from computers to paper office supplies, from vendors who may or may not actively address climate-change issues.**

C. Describe the targets used by the insurer to manage climate-related risks and opportunities and performance against targets. **Other than assessments of wildfire risks by underwriting staff as discussed above, Oregon Mutual does not assess performance in managing climate-related risks**

against quantifiable targets.

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