Climate Risk Disclosure Survey

Group Filing: Yes

NAIC Group Number: 1143

Group Name: Geisinger Insurance Group

Governance – narrative

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.***

       Governance Response: Geisinger Health, the parent entity of Geisinger Health Plan, (Geisinger) has not publicly stated goals related to climate-risks and opportunities. The Geisinger Health Audit & Compliance Committee (GH ACC) is responsible for the oversight of the enterprise -wide top risks and receives routine updates from the GHP Executive team at respective meetings. GHP organizational key risks are assigned to members of GHP's Executive team who also participate in our Enterprise Risk Management Steering Committee which meets three times a year to monitor developments in our risk environment. The Geisinger Corporate Communications team has publicly communicated energy efficiencies incorporated into our existing buildings and new construction. Currently, Geisinger has not been impacted by climate change and does not envision a material impact to our business and operations.

Governance – closed ended questions answered in addition to the narrative.

• Does the insurer have publicly stated goals on climate-related risks and opportunities? (Y/N) Answer: No

• Does your board have a member, members, a committee, or committees responsible for the oversight of managing the climate-related financial risk? (Y/N) Answer: Yes

•Does management have a role in assessing climate-related risks and opportunities? (Y/N) Answer: Yes

• Does management have a role in managing climate-related risks and opportunities? (Y/N) Answer: Yes

Strategy – narrative

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.

Strategy Response: Communication occurs within our communities, our government officials and various healthcare networks related to initiatives focused on energy efficiencies and mitigation efforts. Communication of our accomplishments is to encourage these strategies for our community and other organizations. We have received formal recognition for our energy efficiencies and

reduction efforts along with grant funded programs to implement these efficiencies.

Geisinger Health has focused efforts to assess and reduce emissions within our operations. Generally, buildings are the largest consumer of energy and specifically healthcare buildings are the second most intense user of energy. Geisinger Health takes a holistic approach which is mission centric. The driving force is using less energy to reduce the pollutants generated at powerplants which will improve air quality and the health of our patients, members, and the communities we serve. Specifically, we have reduced emissions by 250,000 tons annually. This result has also lowered our annual system energy costs by $15 million but more importantly improving health. Here is a brief listing of the initiatives achieving these reductions and efficiencies:

1. Geisinger has the most LEED Buildings of any healthcare system in Pennsylvania at 17. LEED buildings are built to higher standards of efficiency and consume less energy. Current facilities plan includes the construction of two new patient towers within the communities we serve. These new patient towers are being planned for LEED building certifications.
2. We utilize co-generation (2 sites) to generate electricity almost 3 times more efficiently than utility power plants, since we can use the heat by-product. This alone has reduced our CO2 generation by 40,000 tons annually.
3. We employ thermal storage to store heat or cooling to reduce demand on the grid and improve efficiency and resiliency.
4. We maintain our building's efficiency by performing retro-commissioning. Four years ago, we performed retro-commissioning at the Hughes Center (corporate office for our health plan) and reduced energy consumption by more than $115,000, resulting in a payback of less than one year.

We have not identified climate-related risks and opportunities over defined short, medium, and long-term time periods.

Geisinger facilities consider the various climate-related risks in capital projects and other investment planning which would ultimately be incorporated in Geisinger's long range financial plan. Geisinger also has a hybrid work environment which limits the emissions and environmental impact of a full-scale, in-office workforce. Fewer than 25% of the GHP workforce is on-site.

We have not created a strategy based on various scenarios specific to temperature change. However, we do have emergency management response plans to address potential weather events (i.e., floods and snowstorms) and have implemented during actual events and completed testing exercises at various locations.

Emergency management response plans were evaluated after an actual event and revised as needed based on "lessons-learned". Overall, there were no significant revisions required to the current plans.

Strategy - closed ended questions answered in addition to the narrative.

•Has the insurer taken steps to engage key constituencies on the topic of climate risk and resiliency? (Y/N) Answer: No

• Does the insurer provide products or services to support the transition to a low carbon economy or help customers adapt to climate risk? (Y/N) Answer: Yes

• Does the insurer make investments to support the transition to a low carbon economy? (Y/N) Answer: Yes

• Does the insurer have a plan to assess, reduce or mitigate its greenhouse gas emissions in its operations or organizations? (Y/N) Answer: No

Risk Management – narrative

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.

Risk Management Response: Conning, our investment portfolio manager, considers climate change related issues as part of its bottom-up, fundamental analysis of issuers with respect to investment decisions, to the extent such issues could have a meaningful impact on the credit risk, financial profile, or business model of an issuer, or impact its ability to maintain business operations and repay its debt obligations. Currently, we evaluate corporate and municipal bonds in the context of climate-related risks. Conning assigns proprietary Transition Risk Factors on a sector as well as on an issuer level. Industry Transition Risk indicates the extent to which an industry is exposed to transition risk, e.g., Autos and Airlines are highly exposed. A second sector-level rating is assigned to indicate the preparedness of these industries for a transition to a lower-carbon economy. The Auto industry is well prepared, having already begun the transition using alternative technologies, while Airlines lags on this measure.

On an Issuer basis, we assign a Leader, Mid-Pack, or Laggard rating to identify those companies within an industry that are best- and worst-prepared for this transition. The time frame of these ratings is considered over the investment time horizon, typically 2-5 year or 5-10 year.

Conning also considers climate change related issues as part of its top-down, fundamental analysis of sectors and industries with respect to business trends and outlooks, to the extent such issues could have a meaningful impact on the business profile of a sector or industry, and by extension all companies within the sector or industry.

Further, Conning views ESG analysis as a component of traditional fundamental analysis, as ESG factors represent non-financial criteria that can have a material impact on the credit risk profile of an issuer. The criteria Conning uses to assess the ESG risk of an issuer vary by industry. Conning uses a 3-level range to identify and assign a proprietary ESG risk factor to corporate and municipal issuers: Strong, Average and Weak. ESG criteria are a component of the fundamental analysis process that analysts follow to establish an issuer target rating and outlook. An issuer with a Strong ESG Risk Factor exhibits characteristics related to ESG criteria that strengthen its fundamental Conning target rating. Conversely, an issuer with a Weak ESG Risk Factor exhibits characteristics related to ESG criteria that weaken its fundamental Conning target rating. An issuer with an Average ESG Risk Factor exhibits ESG criteria that neither strengthen nor weaken its fundamental Conning target rating. Conning's ratings reflect a shorter time horizon, but analysts consider

and comment on potential risks in the longer term arising from a global transition to a lower-carbon economy over a 5–10-year period and through to 2050.

Conning has developed specific dashboards in recognition of climate change risks. These have been designed to enable clients to be able to better identify, measure, monitor, manage, control, and report the physical and transition risks that relate to a transition to a low carbon economy at a portfolio level. In line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) our climate dashboards report on the distribution of the carbon intensity (scope 1 & 2) of the underlying issuers within the portfolio and the weighted average carbon intensity of the portfolio. The ESG and Carbon dashboards utilize proprietary as well as third-party MSCI data to provide a more wholistic understanding of risk. Our proprietary ratings consider a company's transition risk over a glidepath to 2050, with interim targets at 2030. We use MSCI Climate VaR (CvaR) which measures the impact on enterprise value over a 15-year time horizon under scenarios targeting 1.5'C, 2'C and 3'C or warming. Our reporting template illustrates this under an aggressive extreme-weather scenario.

Geisinger's property insurer conducts natural catastrophe modeling to statistically model and evaluate Geisinger's exposure to natural catastrophe such as windstorm, convective storm, flood, and earthquake. Modeling output includes a series of probability-based loss estimates for each peril to quantify and measure the potential impact of modeled events.

Natural catastrophe modeling is run annually and provides a portfolio wide, regional, or peril specific overview of Geisinger's exposure to natural catastrophe risks. Once natural catastrophe risks are identified as potentially impacting Geisinger, engineering resources and loss control improvement efforts can be focused to manage and address specific locations or exposures.

In addition to modeling, Geisinger's Property insurer conducts detailed risk engineering surveys at each of Geisinger critical locations and provides loss control reports that include site specific evaluations of natural catastrophe risks, loss estimates associated with natural hazard perils, and suggested recommendations for improvements to mitigate or limit the potential impact of natural catastrophe events to Geisinger.

Our enterprise risk management program is aimed at considering all risks facing Geisinger Health. Risks identified related to climate change are not limited to emission mitigation efforts, we strive in reducing energy consumption, protecting against natural disaster, infrastructure failures, catastrophic events (fire, nuclear & pandemic), utility outages, sustainability, and maintaining environmentally conscious buildings.

The following are examples of a few risk mitigations in place to protect Geisinger Health against these risks:

1. We have disaster recovery and business continuity plans in place for operations and information technology for redundancies. Our emergency management team as well as our information technology teams conduct scenario testing to ensure compliance and adherence to the plan. These scenarios have been instrumental in identifying opportunities for improvement.

2. We obtain insurance coverage to protect against financial losses related to weather perils and infrastructure events. This coverage includes physical building and equipment protection as well as business interruption coverage for loss of revenue.

3. We engage loss control services from our insurance company to assist in protecting against natural disasters and other potential events. Our carrier conducts routine inspections of our major locations and provide loss control recommendations for consideration. These reviews are targeted to protect against fire, flood, utility redundancies and human element risk factors.

4. Power supply mitigations including making sure our facilities have multiple power sources in the event of a disruption.

5. Some of our mission critical locations include a water reservoir and chiller plant to provide an alternate water source. Other locations have back up plans in place to bring water tankers onsite if needed.

Risk Management – closed ended questions answered in addition to the narrative.

- Does the insurer have a process for identifying climate-related risks? (Y/N) Answer: Yes
  - If yes, are climate-related risks addressed through the insurer's general enterprise-risk management process? (Y/N) Answer: Yes
- Does the insurer have a process for assessing climate-related risks? (Y/N) Answer: Yes
  - If yes, does the process include an assessment of financial implications? (Y/N) Answer: No
- Does the insurer have a process for managing climate-related risks? (Y/N) Answer: Yes
- Has the insurer considered the impact of climate-related risks on its underwriting portfolio? (Y/N/Not Applicable) * Answer: Not Applicable
- Has the insurer taken steps to encourage policyholders to manage their potential climate-related risks? (Y/N) * Answer: No
- Has the insurer considered the impact of climate-related risks on its investment portfolio? (Y/N) * Answer: Yes
- Has the insurer utilized climate scenarios to analyze their underwriting risk? (Y/N) Answer: No
- Has the insurer utilized climate scenarios to analyze their investment risk? (Y/N) Answer: Yes

Metrics and Targets – narrative

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.***

    Metrics and Targets Response: Geisinger's property insurer conducts natural catastrophe modeling to statistically model and evaluate Geisinger's exposure to natural catastrophe such as windstorm, convective storm, flood, and earthquake. Modeling output includes a series of probability-based loss estimates for each peril to quantify and measure the potential impact of modeled events.
    Natural catastrophe modeling is run annually and provides a portfolio wide, regional, or peril specific overview of Geisinger's exposure to natural catastrophe risks. Once natural catastrophe risks are identified as potentially impacting Geisinger, engineering resources and loss control improvement efforts can be focused to manage and address specific locations or exposures.
    In addition to modeling, Geisinger's Property insurer conducts detailed risk engineering surveys at each of Geisinger critical locations and provides loss control reports that include site specific evaluations of natural catastrophe risks, loss estimates associated with natural hazard perils, and suggested recommendations for improvements to mitigate or limit the potential impact of natural catastrophe events to Geisinger.

The metrics used by the insurer to assess climate-related risks and opportunities in line with its strategy and risk management process is not applicable.

Scope 1, Scope 2, and if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks is not applicable.

The targets used by the insurer to manage climate-related risks and opportunities and performance against targets is not applicable.

Metrics and Targets – closed ended questions answered in addition to the narrative.

- Does the insurer use catastrophe modeling to manage your climate-related risks? (Y/N)

Answer: Yes

- Does the insurer use metrics to assess and monitor climate-related risks? (Y/N)

Answer: No

- Does the insurer have targets to manage climate-related risks and opportunities? (Y/N)

Answer: No

- Does the insurer have targets to manage climate-related performance? (Y/N)

Answer: No

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