

Climate Risk Disclosure Survey Responses, Reporting Year 2023

1. Disclose the insurer's governance around climate-related risks and opportunities

At the request of executive management, Community Health Options tracks a climate-related risk as part of the broader enterprise risk management (ERM) program. Quarterly updates on the ERM program are provided to the Audit Committee of the Board of Directors and members of the management team. Community Health Options has not made public any goals related to climate-related risks and opportunities.

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 reporting year 2023, there were minimal risks to Community Health Options' business, strategy and financial planning related to climate change due to the industry Community Health Options is in and the physical location of our members (health insurance in the state of Maine). While the risk of climate impact is currently minimal, assessment through the Enterprise Risk Management (ERM) process is still conducted throughout the year.

- Impact to Business Resiliency

Community Health Options has protocols in place for recovering from natural disasters and regularly conducts a business impact analysis. We have not increased rates, limited sales, or eliminated coverages in any geographic locations in response to catastrophic events.

- Impact to Financial Investments

Health Options' investment policy is guided by its statutory requirements and optimizing returns among a secure and stable portfolio of securities of high-grade corporate bonds. To the extent that climate change downgrades the rating of any particular security, our investment portfolio would shift to maintain compliance with our policy.

- Engagement of Key Constituencies

Community Health Options has not taken steps to engage key constituencies on the topic of climate change. Community Health Options engagement with policymakers has largely been limited to legislation and rulemaking directly related to health insurance coverage in the Maine market.

- Impact to Our Employees and the Community Served

According to the Environmental Protection Agency, transportation accounts for the single largest source of greenhouse gas emissions in the United States. In March of 2020, Community Health Options successfully transitioned to a work from home model significantly reducing vehicle miles travelled for work purposes. The majority of Community Health Options employees continue working remotely.

3. Disclose how the insurer identifies, assesses, and manages climate-related risks.

Through its inclusion in the ERM program, Community Health Options is developing a framework for assessing operational and financial climate-related risk.

Community Health Options uses annually updated data for rate setting. This should allow the company to adjust rates at frequent enough intervals to reflect changes in overall Membership health.

As of now, due to the level of risk associated with climate change in the healthcare industry specific to members in the state of Maine, Community Health Options has not taken steps to encourage policyholders to reduce the losses caused by climate-change influenced events. Community Health Options has focused its loss reduction and policyholder wellbeing efforts on interventions such as assistance with managing chronic conditions, site of care considerations, application of stop loss resources and use of third-party network arrangements, transitions of care, and reductions in readmissions.

4. Disclose the metrics and targets used to assess and manage relevant collateralized risks and opportunities where such information is material

Community Health Options has not yet used catastrophe modeling to manage climate-related risks. We have not modeled climate trends or formally considered the health impact of a changing environment. Community Health Options has conducted disaster recovery planning responsive to environmental events. Other risk mitigation efforts have focused on internal processes and business strategy.

Metrics and Targets – Closed Ended Questions

- Does the insurer use catastrophe modeling to manage your climate-related risks? No
- Does the insurer use metrics to assess and monitor climate-related risks? No
- Does the insurer have targets to manage climate-related risks and opportunities? No
- Does the insurer have targets to manage climate-related performance? No