

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: United Heritage Life Insurance Company (UHLIC) is a wholly owned subsidiary of United Heritage Financial Group, Inc. (UHFG). Climate-related risks and opportunities are identified, assessed, and managed by the UHLIC executive leadership team, working in concert with the UHFG executive leadership team. Responsibility for and oversight of climate-related financial risk management in UHLIC and the overall United Heritage enterprise ultimately rests with the UHFG Board of Directors (BOD), with specific responsibility delegated to the UHFG BOD Risk Committee. Our current investment policies are also overseen by the UHFG BOD Investment Committee and provide for broad diversification and risk mitigation.

As a life insurer primarily focused on individual insurance products (whole life and annuities) and group insurance products (term life, disability, vision, accident coverage and critical illness), UHLIC's exposure to climate-related risks is low. Although the UHLIC executive leadership team is continually identifying, assessing, and managing key risks and opportunities related to Environmental, Social and Governance (ESG) factors, UHLIC does not have any publicly stated goals on climate-related risks and opportunities.

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: As noted in the Governance Narrative above, UHLIC is a life insurer and the actual and potential impacts of climate-related risks and opportunities to UHLIC's business are low. UHLIC does not provide insurance products or services that support the transition to a low carbon economy or help customers adapt to climate-related risk, and based on UHLIC's product portfolio, no need has been identified to engage key constituencies on the topic of climate risk and resiliency. Accordingly, UHLIC has not currently identified any short-, medium-, or long-term climate-related risks or opportunities.

Climate-related initiatives are part of the United Heritage's Enterprise Risk Management (ERM) program that incorporates ESG risks. UHLIC's efforts to reduce greenhouse gas emissions and good faith efforts to transition to a low-carbon economy include the following at UHLIC headquarters in Meridian, Idaho: encouragement of recycling (including paper, plastic, furniture and office equipment products), investments in electric vehicle charging stations and solar panels, and offering hybrid and fully remote work schedules.

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: As set forth in the Governance and Strategy Narratives above, although UHLIC's exposure to climate-related risks is low, any such key risks are identified, assessed, and managed through the ERM framework and brought before the UHFG BOD Risk Committee on an as-identified basis.

The ERM framework, facilitated by the UHFG's Chief Risk Officer, has a consistent taxonomy to identify, assess, and manage strategic, financial, operational, technology, governance and compliance risks. As risks are identified, they are assessed for defined levels of impact, probability, velocity, and related controls to ensure the company is within the tolerable risk appetite. Based on the results of these measurements, resources are prioritized and applied to address those risks to bring them within appropriate tolerance levels. As with all risks and their resulting risk response, ongoing monitoring is in place to ascertain residual risk and the necessity for additional action.

UHLIC's underwriting portfolio faces minimal impact from climate-related risk, UHLIC does not utilize climate scenarios in analyzing underwriting or investment portfolio risks, and UHLIC does not engage with its policyholders regarding climate-related risks.

UHLIC has not performed a detailed climate scenario analysis on its investment portfolio in an attempt to quantify climate-related risks. Measurable ESG ratings for investments are still in their infancy and there are currently no standardized ratings that can be used to accurately determine ESG exposure. Our current investment policies, overseen by the UHFG BOD Investment Committee, provide for broad diversification and risk management.

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.

Response: UHLIC does not consider climate-related risks to be material to current business and accordingly does not utilize metrics or targets specific to climate-related risks.