

# 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.*

**HealthPartners Insurance Company participates in the sustainability program of its parent organization, HealthPartners, Inc. (HealthPartners), which addresses climate-related risks and opportunities. Senior leaders are responsible for providing guidance and direction to the program and ultimately approve which initiatives and commitments the organization will pursue. In addition, the program reports to the Audit & Compliance Committee of HealthPartners Board of Directors.**

**HealthPartners signed the White House/HHS Health Sector Climate Pledge (Pledge) on April 26, 2022, making a public commitment to reduce its carbon footprint in alignment with the commitments the federal health systems have made. Information about HealthPartners sustainability program is shared with members on a public website.**

#### 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.*

**HealthPartners Insurance Company is a licensed insurance company and provides coverage for health care related claims. As a result, HealthPartners Insurance Company employs several strategies to ensure its ability to cover unexpected surges in health claims, no matter the cause. Strategies include adequate reserves, reinsurance and stop loss coverage. In addition, HealthPartners Insurance Company is covered by the property insurance of its parent, HealthPartners. Finally, HealthPartners Insurance Company maintains robust business continuity and disaster recovery programs.**

**HealthPartners Insurance Company has identified four specific risks that climate change could pose to its business. The first is the spread of pandemic-causing organisms affected by climate change. A pandemic could affect HealthPartners Insurance Company in one of two ways—loss of employees to process claims and/or increase in claims from members becoming sick. HealthPartners Insurance Company participates in its parent organization's pandemic monitoring and response program to mitigate the risks of a pandemic to the company. The second risk is a surge in claims related to climate related injury or illness as a result of a catastrophic weather event, such as a tornado or flood. HealthPartners Insurance Company employs several strategies to ensure its ability to cover unexpected surges in health claims. The third risk is an increase in chronic illness related to climate change, such as asthma. HealthPartners routinely monitors changing health patterns of its members and takes these patterns into account during underwriting and product development. The fourth risk is an increase in supply chain disruptions as a result of climate events. HealthPartners has developed and is implementing a strategy to reduce risk in the supply chain.**

**HealthPartners Insurance Company has taken steps to encourage its members to reduce the losses caused by climate change-influenced events by encouraging members to reduce their own impact on the processes that influence climate change. For example, encouraging members to sign up to receive electronic EOBs and plan documents.**

**HealthPartners Insurance Company's parent company, HealthPartners, understands the importance of developing a plan to assess and strive to reduce or mitigate emissions in its operations. HealthPartners' sustainability program has been measuring and trending its Scope 1 and 2 greenhouse gas emissions and continually seeks opportunities to pursue energy efficiency projects in buildings and transportation. Additionally, HealthPartners has subscribed to numerous community solar gardens (CSGs) to increase the amount of renewable energy on the grid.**

**HealthPartners also engages key constituencies both internally and externally to support climate resilience and the transition to a low-carbon economy. Internally, HealthPartners has established facilities and supply chain work groups to provide guidance on carbon mitigation initiatives.**

## **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.

**Please see the response in the Strategy question (#2) related to how HealthPartners Insurance Company identifies, assesses, and manages climate related risks. In addition to the response above, HealthPartners Insurance Company conducts ongoing hazard vulnerability assessments to determine the impact on physical loss of assets from a climate related event. HealthPartners Insurance Company mitigates this impact through its general enterprise risk management framework, including emergency management and business continuity plans. HealthPartners Insurance Company continues to evaluate climate related losses specific to health insurance.**

**HealthPartners Insurance Company has indirectly considered the impact of climate change on its investment portfolio by making investments that are consistent with its mission to improve health and well being in partnership with our members, patients and community. In addition, HealthPartners Insurance Company strives to pursue business activities that are sustainable and socially responsible. Finally, HealthPartners Insurance Company investments take ESG ratings into consideration.**

## **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.*

**As mentioned previously, HealthPartners Insurance Company's parent, HealthPartners recently signed the White House/HHS Health Sector Climate Pledge. HealthPartners believes that it has an obligation to do its part to mitigate its climate impacts, adapt to the changes it cannot avoid and lead the community to expedite change to reduce the health and environmental impacts on the communities it serves.**

**While HealthPartners Insurance Company's parent company, HealthPartners, has not yet formally modeled its impacts, it has aligned its goals with federal health care carbon reduction efforts that have been modeled to meet the carbon reduction target of less than 1.5C degree increase by 2050. HealthPartners monitors its progress related to these goals outlined in the Pledge.**

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