2021 Insurer Climate Risk Disclosure Survey Questions - Governance

Topic	Closed Ended Questions	Respondents / SMEs	Response (Yes or No)
Governance	Does the insurer have publicly stated goals on climate-related risks and opportunities?	Courtney McDade	No
	Does your board have a member, members, a committee, or committees responsible for the oversight of managing the climate-related financial risk?	Paul Kane / Tom Hutton	Yes
	Does management have a role in assessing climate-related risks and opportunities?	ERM	Yes
	Does management have a role in managing climate-related risks and opportunities?	ERM	Yes

Topic	Narrative Questions	Respondents / SMEs	Responses
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.	Courtney McDade Seth Fick	The Company has not publicly shared goals on climate-related risks and opportunities. Climate-related disclosure is handled at the group level and included in the consolidated financial statements.
	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.	Paul Kane / Tom Hutton	The Company's Audit & Risk Management Committee is responsible to oversee the Company's Enterprise Risk Management (ERM) program and review the Company's financial reports.
	B. Describe management's role in assessing and managing climate-related risks and opportunities.	Paul Kane / ERM	The Company's enterprise risk management program is designed to timely identify, monitor, manage and report risks in conjunction with the execution of its business operations and strategic initiatives. However, climate-related risks are not explicitly identified as they are implicitly considered in the Company's normal pricing, underwriting, investment portfolio management and health wellness activities.

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Strategy	Has the insurer taken steps to engage key constituencies on the topic of climate risk and resiliency?	John Kalina and Carrie Sayers	Yes
	Does the insurer provide products or services to support the transition to a low carbon economy or help customers adapt to climate risk?	John Kalina, Carrie Sayers, and Vic Caraballo	No
	Does the insurer make investments to support the transition to a low carbon economy?	John Kalina, Carrie Sayers, and Vic Caraballo	Yes
	Does the insurer have a plan to assess, reduce or mitigate its greenhouse gas emissions in its operations or organizations?	John Kalina and Carrie Sayers	Yes

Topic	Narrative Questions	Respondents / SMEs	Responses
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 climate risk and resiliency. • Describe the insurer's plan to assess, reduce, or mitigate its greenhouse gas emissions in its operations or organizations.	John Kalina and Carrie Sayers	The Company follows environmentally-conscious practices and encourages associates to use environmentally-conscious practices in our workplaces. The Company is a Silver level member of the Philadelphia Green Business Program. The headquarters is 1901 is an Energy Star certified building. This program encourages Philadelphia area companies to make a public commitment to reduce their impact on the environment and reduce their carbon footprint. The Company does not have a holistic plan to assess or mitigate its emissions. However, emissions mitigation is implicitly considered in several of the Company's ongoing administrative efficiency initiatives. Examples within our ongoing plan to reduce emissions are as follows: -Utilizing updated Energy Efficient HVAC systems which now include Variable Frequency Drives (VFD) controls. -Installation of additional Energy Efficient HVAC equipment (Blazer/AnnexAir, etc.) and controls -Systematic replacement of outdated lighting with lower wattage lamps and LED fixtures -Installation of lighting controls that include occupancy sensors and daylighting capabilities -Installation of additional VFDs on fan motors, pumps, etc. -Installation of "hands free", low flow restroom faucets and flushometers -Continued manipulation of boilers to maximize energy by keeping domestic and heating hot water temperatures at the lowest acceptable ranges. -Recycle all possible paper, bottles, cans and purchase building products made from recycled materials, where possible.

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Strategy	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.	John Kalina, Carrie Sayers, Paul Kane and Vic Caraballo	The Company does not have a holistic plan to mitigate climate-related risks or assess climate-related opportunities as it is implicitly considered in several of the Company's ongoing administrative efficiency initiatives as well as the Company's normal pricing, underwriting and investment portfolio management activities. Almost all of the Company's underwriting risk is subject to re-pricing on an annual basis. To the extent that climate change were impacting the morbidity of the Company's policyholders, that impact would likely be long-term in nature, as one of several factors influencing inflation in health care costs. The individual securities held in the Company's investment portfolios are diversified across market sectors, asset classes and issuer/company to reduce/mitigate any unforeseen business or catastrophic risk (e.g. climate change), having a material impact on the market value of the portfolio. The Company promotes a number of wellness initiatives for policyholders of all ages. These initiatives are focused on healthy lifestyles and providing those with certain chronic conditions with information to take better care of themselves. A healthier and more educated policyholder will be in a position to better tolerate such changes in climate. Our wellness programs are reviewed and updated regularly, typically annually.
	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.	Vic Caraballo John Kalina, Carrie Sayers	The Company promotes a number of wellness initiatives for policyholders of all ages. These initiatives are focused on healthy lifestyles and providing those with certain chronic conditions with information to take better care of themselves. A healthier and more educated policyholder will be in a position to better tolerate such changes in climate. The Company's wellness programs are reviewed and updated regularly, typically annually. The Company does not have a holistic plan to mitigate climate-related risks or assess climate-related opportunities as they are implicitly considered in several of the Company's ongoing administrative efficiency initiatives. In addition, climate change may impact the Company indirectly to the extent that the value of its debt or equity investment is impaired if the issuer of a bond or equity investment is impacted by climate change. The Company monitors risks and impairments to its investment portfolio on an on-going basis.
	C. Describe the resilience of the insurer's strategy, taking into consideration different climate-related scenarios, including a 2 degree Celsius or lower scenario.	Steve Tenaglio	Annually, the Company assesses potential impacts of adverse business trends and other more significant risks (i.e., stress events), as identified by its ERM process, on the Company's capital adequacy. As the impact of climate change would likely be long-term in nature and one of several factors influencing increasing health care costs, management considers its adverse business trend volatility assumptions provide a reasonable range of the Company's resilience to different climate-related scenarios.

Topic	Closed Ended Questions	Respondents / SMEs	Response (Yes or No)
Risk Management	Does the insurer have a process for identifying climate-related risks?	Matt Heyse	Yes
	If yes, are climate-related risks addressed through the insurer's general enterprise-risk management process?	Matt Heyse	Yes
	Does the insurer have a process for assessing climate-related risks?	Matt Heyse, Paul Kane and Rich Cage	Yes
	If yes, does the process include an assessment of financial implications?	Matt Heyse, Paul Kane and Rich Cage	No
	Does the insurer have a process for managing climate-related risks?	Matt Heyse, Paul Kane and Rich Cage	Yes
	Has the insurer considered the impact of climate-related risks on its underwriting portfolio?	Paul Kane	Yes
	Has the insurer taken steps to encourage policyholders to manage their potential climate-related risks?	Vic Caraballo	Yes
	Has the insurer considered the impact of climate-related risks on its investment portfolio?	Rich Cage	Yes
	Has the insurer utilized climate scenarios to analyze their underwriting risk?	Paul Kane	No
	Has the insurer utilized climate scenarios to analyze their investment risk?	Rich Cage	No

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	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.	Paul Kane Vic Caraballo Rich Cage	The Company has not adopted a specific climate change policy in its corporate risk management program. However, the Company's enterprise risk management program is designed to timely identify, monitor, manage and report risks in conjunction with the execution of its business operations and strategic initiatives. Almost all of the Company's underwriting risk is subject to re-pricing on an annual basis. To the extent that climate change impacts the morbidity of the Company's policyholders, that impact would likely be long-term in nature, as one of several factors influencing inflation in health care costs. As such, any impact of climate change on policyholder morbidity would implicitly be considered in the Company's normal pricing and underwriting processes, without there being any need to explicitly identify climate change as the root cause of that morbidity change. The Company promotes a number of wellness initiatives for policyholders of all ages. These initiatives are focused on healthy lifestyles and providing those with certain chronic conditions with information to take better care of themselves. A healthier and more educated policyholder will be in a position to better tolerate such changes in climate. Our wellness programs are reviewed and updated regularly, typically annually. Any emerging concerns related to climate change will be considered in the ordinary course of program updates. Climate change may impact the Company indirectly to the extent that the value of our debt or equity investment is impaired if the issuer of a bond or equity investment is impacted by climate change. The Company monitors risks and impairments to its investment portfolio on an on-going basis. Further, the investment portfolio is diversified with the vast majority of the portfolios comprised of liquid marketable securities.

Risk Management	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.	Matt Heyse / ERM	The Company's enterprise risk management program is designed to timely identify, monitor, manage and report risks in conjunction with the execution of its business operations and strategic initiatives. However, climate-related risks are not explicitly identified as they are implicitly considered in the Company's normal pricing, underwriting and investment portfolio management activities. Refer to question 3 and item C for further description of these activities.
	B. Describe the insurer's processes for managing climate-related risks.	Matt Heyse / ERM	The Company's enterprise risk management program is designed to timely identify, monitor, manage and report risks in conjunction with the execution of its business operations and strategic initiatives. However, climate-related risks are not explicitly identified as they are implicitly considered in the Company's normal pricing, underwriting and investment portfolio management activities. Refer to question 3 for further description of these activities.
	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.	Matt Heyse, Paul Kane and Rich Cage	The Company's ERM program is designed to timely identify, monitor, manage and report risks in conjunction with the execution of its business operations and strategic initiatives. The Company's ERM department facilitates the Company's risk identification and prioritization process to identify and document risks across all lines of business. Additionally, management considers risks identified by external sources (e.g., Society of Actuaries, National Association of Insurance Commissioners, World Health Organization, etc.) to evaluate the comprehensiveness of the Company's Risk Profile. The Company does not utilize climate scenarios to analyze its underwriting risks as any impact of climate change on policyholder morbidity would implicitly be considered in the Company's normal pricing and underwriting processes, without there being any need to explicitly identify climate change as the root cause of that morbidity change. The Company does not utilize climate scenarios to analyze risks on its investments. The individual securities held in the portfolios are diversified across market sectors, asset classes and issuer/company to reduce/mitigate any unforeseen business or catastrophic risk (e.g. climate change), having a significant impact on the market value of the portfolio. To date, no change in value of the portfolio has been quantified or identified as being attributable solely to climate change. Further, since approximately 90-95% of the Company's portfolio is managed by external investment managers, issues such as climate change amongst others are taken into consideration when managing their specific mandate While not specifically addressed in the guidelines established, managers will review holdings and, to the extent climate change issues or any other potential performance issue might impact a specific holding or holdings, they will generally look to replace the securities.

2021 Insurer Climate Risk Disclosure Survey Questions - Metrics and Targets

Topic	Closed Ended Questions	Respondents / SMEs	Response (Yes or No)
Metrics and Targets	Does the insurer use catastrophe modeling to manage your climate-related risks?	Steve Tenaglio	No
	Does the insurer use metrics to assess and monitor climate-related risks?	Paul Kane, Steve Tenaglio, Matt Heyse	No
	Does the insurer have targets to manage climate-related risks and opportunities?	John Kalina	No
	Does the insurer have targets to manage climate-related performance?	John Kalina	No

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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.	Paul Kane, Steve Tenaglio, and Matt Heyse	The Company does not utilize catastrophe modeling to manage climate-related risks of our business. To the extent that climate change impacts the morbidity of the Company's policyholders, that impact would likely be long-term in nature, as one of several factors influencing inflation in health care costs. As such, any impact of climate change on policyholder morbidity would implicitly be considered in the Company's normal pricing and underwriting processes.
	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: • 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)	Paul Kane, Steve Tenaglio, and Matt Heyse	Climate risk is not explicitly quantified or assessed. To the extent that climate change impacts the morbidity of the Company's policyholders, that impact would likely be long-term in nature, as one of several factors influencing inflation in health care costs. As such, any impact of climate change on policyholder morbidity would implicitly be considered in the Company's normal pricing and underwriting processes, without there being any need to explicitly identify climate change as the root cause of that morbidity change.
	B. Disclose Scope 1, Scope 2, and if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	John Kalina	The Company does not currently have a holistic plan to assess, categorize or mitigate its emissions. We are looking into setting goals for Scope 1 and Scope 2 in the future.
	C. Describe the targets used by the insurer to manage climate-related risks and opportunities and performance against targets.	Paul Kane, Matt Heyse	The Company does not have a holistic plan to assess or mitigate its emissions or has it adopted a specific climate change policy in its corporate risk management program. Climate-related risks and performance against targets would implicitly be considered in the Company's normal pricing and underwriting processes as well as its investment portfolio oversight activities. Additionally, the Company's wellness programs are reviewed and updated regularly, typically annually. Any emerging concerns related to climate will be in the ordinary course of program updates.