2022 Climate Risk Survey – Elderplan, Inc.

Elderplan, Inc.
NAIC #95662
Line of Business: Health Insurance

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.

<u>Responses to Question #1 (Governance)</u>

Elderplan, Inc. ("Elderplan"), its Board of Directors, and its leadership has an understanding of the impact of climate-based risks on its membership and business operations. As an insurer that primarily serves an aged population whose members (i) often have respiratory and cardiac illnesses and conditions, and (ii) have the potential to be significantly and disproportionately impacted by climate-based risks and natural disasters (e.g., excessive heat, fires, floods, hurricanes, etc.), Elderplan is acutely aware of the impacts of climate-related risks.

For this reason, and in an effort to become a better global citizen with respect to climate impact mitigation, Elderplan has recently begun to assess the development of a program ("Climate Program") that will focus upon operational and programmatic areas in which Elderplan can address climate-related risks and opportunities. Elderplan is currently working with an outside consultant to identify climate change risks and to assist in the development and implementation of a Climate Program that is scalable to Elderplan's business, environmental footprint and needs. Responsibility for this initiative has been delegated by Elderplan's Board of Directors to the Board's Investment Committee. Though the Investment Committee will have primary responsibility for the assessment and development of the Climate Program, it will receive and consider input from leaders across the organization. Because Elderplan is in the early stages of assessing a Climate Program, it does not currently have any publicly stated goals on climate-related risks and opportunities. It is anticipated that the Climate Program activities would include an assessment of climate-based risk and the development of related organizational policies.

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.

<u>**Response to Question #2 (Strategy)**</u>

As indicated above, Elderplan has an understanding of the impact of actual and potential climate-related risks to its members, which necessarily impacts the ability of Elderplan to serve the healthcare needs of its members and the cost of care. Integral to the assessment of the Climate Program will be an evaluation of the ways in which climate-related risks impact Elderplan's business, strategy, culture and financial planning. It is expected that the Climate Program will include, but will not be limited to:

- Assessing and defining actual and potential climate-related risks in an effort to develop short-term, medium-term and long-term climate-based opportunities and initiatives;
- Evaluating and developing protocols for continuous review and assessment of climate-based risks and opportunities;
- Development and maintenance of processes and procedures for the implementation of climate-based risk mitigation strategies and programs; and
- Development of climate risk mitigation performance targets and measurements.

Despite the fact that Elderplan does not currently have a formal Climate Program, it has undertaken several actions to mitigate its carbon footprint, including an organization-wide relocation to new office space in a building that has LEED Gold Certification from the U.S. Green Building Council. In addition, Elderplan has moved to a hybrid staffing model whereby many employees work from a home office on a permanent basis, and the remaining employees are on a 3:2 schedule and are required to travel into work, at most, three days per week. In addition to relocating to a LEED certified building, this new hybrid staffing model has allowed Elderplan to significantly reduce its office space footprint by instituting a shared office space model, and decreasing the overall size of its office space. This hybrid staffing model has led to a significant reduction in automobile usage across Elderplan's 1000+ employees, thereby reducing emissions. Finally, Elderplan is in the process of making significant modifications to the fleet of vehicles that it uses for member-based activities. These vehicles are currently equipped with gas powered generators that supply electricity, air conditioning and heat. Elderplan has initiated the process of converting these gas-powered generators to electrical- and solar-powered generators.

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.

<u>Response to Question #3 (Risk Management)</u>

As part of its operations, Elderplan is continuously undertaking analyses designed to understand the impact of risk on its business operations and financial strength. This analysis includes the most effective and efficient ways to manage such risks. Risk management activities are critical to Elderplan's operation, finances, mission, culture and strategic vision. The assessment of climate-based risks is necessarily embedded in the organizations' overall risk management activities. That being said, Elderplan recognizes the emerging nature of climate-based risk assessment and mitigation policies and activities. As one example, Elderplan is currently in the process of assessing its property insurance requirements and coverages, including flood insurance for certain of its properties. This is a necessary risk management activity that has emerged based upon climate-based effects on the environment. It is our expectation that climate-based risks will continue to require attention as the impact of climate change continues to affect the organization's operations. Through the assessment of a Climate Program, Elderplan will undertake activities designed to more specifically identify, assess and manage climate-related risks including, but not limited to, the way in which climate-based risks impact Elderplan members, operations and financial planning.

Additionally, Elderplan is already undertaking a number of climate-based risk mitigation strategies with respect to its current investment portfolio. Among other things, the Investment Committee actively reviews and rates investment opportunities based upon environmental scores, and is considering whether to (i) eliminate fossil fuels from its portfolio completely and invest only in companies that follow positive environmental practices, and (ii) whether to invest directly in companies that seek to find solutions to mitigate the effects of climate change.

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 Value-at-Risk (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.

<u>Response to Question #4 (Metrics and Targets)</u>

As part of its overall business operations, Elderplan assesses risk across a variety of organizational areas including, but not limited to, financial risk, operational risk, cultural risk, compliance risk, and reputational/goodwill risk. Climate-based risks are subsumed into many of these areas and are currently assessed and measured as part of Elderplan's overall risk management functions. Though Elderplan does not foresee significant climate-based risk across these categories, through the assessment of a Climate Program, Elderplan will undertake activities designed to more specifically identify performance metrics and targets for climate-based risks and opportunities.