

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.

Clover Insurance Company exclusively writes Medicare Advantage health insurance in select markets. As such, many operating procedures and risk analyses are performed according to the specific requirements outlined by the Centers for Medicare and Medicaid Services.

Climate-related risks are not currently a main topic of oversight by the board or its committees. However, the Company has developed an Enterprise Risk Management framework and a Risk Management Committee that meets quarterly. Environmental risk is not identified as its own key risk within the Enterprise Risk Management framework at this time. However, elements of environmental risk can be apportioned to some of the existing key risk categories in this Enterprise Risk Management Framework as the threat of climate change increases, namely Government Legislation and Policy, Member Engagement, and Revenue, Growth and Solvency. Should environmental and climate risks become incorporated into CMS and state legislation, the Company will adjust the risk profiles as needed. Clover regularly updates its ERM framework and works with key vendors to establish joint business continuity plans.

B. Describe management's role in assessing and managing climate-related risks and opportunities.

The Company's Risk Management Committee is composed of members of management and their delegates. The Risk Management Committee informs the Company's Enterprise Risk Management Framework. Environmental risk is not identified as its own key risk within the Enterprise Risk Management framework at this time. However, elements of environmental risk are apportioned to some of the existing key risk categories, namely Government Legislation and Policy, Member Engagement, and Revenue, Growth and Solvency.

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.

Clover Insurance Company is a Medicare Advantage plan contracted with the Centers for Medicare and Medicaid Services (CMS) and does not insure any risk that we believe can be affected by climate change in the immediate future. Clover has members in select states and, while our members could be affected by climate-change, the severity of impact on our business would be determined by the severity of the change. Because Clover Insurance Company's business is regulated by the Centers for Medicare and Medicaid Services, changes to Clover's operations in response to climate risk would have to be made in tandem with regulatory changes. Service interruption for members is a key concern for Clover. Clover has integrated with a BPaaS vendor, which should mitigate service interruption concerns.

At this time, Clover does not have a specific process for identifying climate change-related risks. Clover is in the process of drafting further Business Continuity and Disaster Preparedness frameworks in addition to its ERM framework, which may address some of the risks imposed by climate change. Clover's BPaaS vendor has disaster preparedness policies in place to mitigate service disruptions due to, among other things, climate change-related disasters.

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.

Clover has not adjusted its strategy based on climate-related risks. Clover Insurance Company is a Medicare Advantage plan contracted with the Centers for Medicare and Medicaid Services (CMS) and does not insure any risk that we believe can be affected by climate change in the immediate future. At this time, Clover does not provide services specific to climate change or low carbon economy. Clover's programs and services are regulated and in compliance with CMS regulation.

Clover Insurance Company's investments are bound by specific NAIC guidelines. The majority of Clover Insurance Company's investments are in mandatory statutory deposits or NAIC-approved securities.

C. Describe the resilience of the insurer's strategy, taking into consideration different climate-related scenarios, including a 2 degree Celsius or lower scenario.

Clover's business strategy in response to climate-related scenarios would largely be dependent upon CMS guidance. If CMS were to require additional programs or coverage, the Company's plan design would have to be adjusted accordingly. The ramifications of any changes to plan design would be dependent on the change to the regulation however, which cannot be accurately predicted by the Company.

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. *

At this time, Clover does not have a specific process for identifying climate change-related risks. Clover is in the process of drafting further Business Continuity and Disaster Preparedness frameworks in addition to its ERM framework, that will address some of the risks imposed by climate change.

B. Describe the insurer's processes for managing climate-related risks.

At this time, Clover does not have a specific process for managing climate change-related risks. Clover Insurance Company does have an Enterprise Risk Management framework. Elements of environmental risk can be apportioned to some of the existing key risk categories in this Enterprise Risk Management Framework as the threat of climate change increases, namely Government Legislation and Policy, Member Engagement, and Revenue, Growth and Solvency. Should environmental and climate risks become incorporated into CMS and state legislation, the Company will adjust the risk profiles as needed. Clover is in the process of drafting further Business Continuity and Disaster Preparedness frameworks in addition to its ERM framework, that will address some of the risks imposed by climate change.

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.

At this time, Clover does not have a specific process for identifying climate change-related risks. Clover is in the process of drafting further Business Continuity and Disaster Preparedness frameworks in addition to its ERM framework, that will address some of the risks imposed by climate change.

Elements of environmental risk can be apportioned to some of the existing key risk categories in this Enterprise Risk Management Framework as the threat of climate change increases, namely Government Legislation and Policy, Member Engagement, and Revenue, Growth and Solvency. Should environmental and climate risks become incorporated into CMS and state legislation, the Company will adjust the risk profiles as needed. Clover is in the process of drafting further Business Continuity and Disaster Preparedness frameworks in addition to its ERM framework, that will address some of the risks imposed by 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 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.

At this time, Clover does not have a specific process or metrics for identifying climate change-related risks. Clover is in the process of drafting further Business Continuity and Disaster Preparedness frameworks in addition to its ERM framework, that will address some of the risks imposed by climate change.

Elements of environmental risk can be apportioned to some of the existing key risk categories in this Enterprise Risk Management Framework as the threat of climate change increases, namely Government Legislation and Policy, Member Engagement, and Revenue, Growth and Solvency. Should environmental and climate risks become incorporated into CMS and state legislation, the Company will adjust the risk profiles as needed. Clover is in the process of drafting further Business Continuity and Disaster Preparedness frameworks in addition to its ERM framework, that will address some of the risks imposed by climate change.

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