

NAIC Climate Risk Disclosure

NAIC Number and Company Name: 95796 - Quartz Health Benefit Plans Corporation (QHBPC), 95101 - Quartz Health Plan Corporation (QHPC), 95341 - Quartz Health Insurance Corporation (QHIC), and 14202 - Quartz Health Plan MN Corporation (QHPMC)

Line of Business: Health

Group Filing: Y

Group Number: 4870

Group Name: University Health Care & Gundersen Lutheran Group

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 for Governance:

Quartz is in the early stages of developing an environmental, social, and governance program. Quartz had internal discussions regarding climate risk and opportunities as described in the other sections of this report. However, Quartz currently does not have any publicly stated goals on climate risks and opportunities.

The Quartz group includes four insurance entities, QHBPC, QHPC, QHIC, and QHPMC. Quartz also includes Quartz Health Solutions, Inc. (QHS) which provides management services to the Quartz insurance entities. Climate risks and opportunities are generally handled by QHS.

To date, Quartz has not identified any climate-related risks. If Quartz identified risks related to climate, they would be included in the Enterprise Risk Management (ERM) program since Quartz does not have a separate program to address climate-related risks and opportunities.

Therefore, Quartz's Board Audit Committee also oversees climate-related risks, including financial impacts. The ERM program is further described in the ERM section of this survey.

In preparing this survey, Quartz's Senior Director of Audit and ERM facilitated responses with leaders in Clinical Affairs, Finance, Actuary, and Facilities to further identify climate-related risks, opportunities, and actions taken by Quartz to address any climate-related concerns. The original responses to this survey were presented to the Board Audit Committee and Compliance Committee to provide an overview of climate risk-related activities at Quartz.

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 for Strategy:

Quartz lowered greenhouse gas by moving staff out of areas of the building that are sparsely populated. Those staff members were moved to areas that are more densely populated, allowing Quartz to eliminate or reduce power consumption with printers, data closet equipment, Wi-Fi units, HVAC, and general lighting. Furthermore, Quartz made investments to support the transition to a low-carbon economy by replacing or converting higher energy-consuming light fixtures with LED fixtures.

Quartz Clinical Services is home to strategic clinical and care management programs that include holistic assessment, intervention and monitoring of members and their health. This includes an assessment of members' occupations, transportation access and preferences, disease prevalence (Asthma, COPD), and home/community environments. Care management's data-driven intervention focuses on risk mitigation to support members' adaptation to climate-related risks and may include PPE instructions for high-risk occupations, medication access and adherence, or transportation services.

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 for Risk Management:

Quartz is dedicated to the identification and mitigation of risks. Quartz's enterprise risk management (ERM) is embedded within the corporate governance, organizational structure, captured in policy statements, Board and management directives, and employee activities. The Company considers the general objectives of its ERM program to be as follows:

- Identify and assess potential risks and opportunities across all areas of the organization;
- Develop a comprehensive risk management framework that aligns with Quartz's objectives and risk appetite;
- Establish effective risk mitigation strategies and controls to minimize the likelihood and impact of risks;
- Foster a risk-aware culture throughout the organization, encouraging employees at all levels to actively identify and report risks;
- Continuously monitor and evaluate risks, adapting risk management strategies as necessary.

Climate-related risks are identified and assessed as part of the Company's general risk management process. Currently, climate-related risks do not rise to the level of strategic significance as it does not have a significant impact on our business, members, or care partners.

Quartz Clinical and Care Management Programming is well-positioned to support members in managing physical climate-related risks. Three strategies that Quartz leverages include: 1) Identification and preference of clinical contracted partners that are within the region to reduce carbon emissions associated with the transportation of goods, services, and people; 2) Quartz's digital transformation will move away from USPS communication to digitized, omnichannel avenues including telephone, text-based and/or secure messaging via MyChart or email which offers efficiency and effectiveness; 3) Member-level education and counseling around the benefits of group transportation, biking to work (when it is safe and possible) and plant-based dietary patterns.

Quartz has not analyzed the link between climate change and changes seen in the health status and healthcare utilization of our insured population. Quartz underwrites to the health status, healthcare utilization, and risk of the insured population.

Quartz has a conservative investment portfolio with a concentration in cash and government bonds to mitigate risk. Therefore, Quartz's financial investment strategy does not currently contemplate climate-related risks and opportunities. Quartz's investment policies are reviewed and approved by its Finance Committee annually.

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 for Metrics and Targets

Quartz developed a risk assessment framework that identifies, assesses, and responds to risks in a systemic and proactive manner. Quartz's risk universe classifies and identifies risks by category and prioritizes risks based on potential impact and likelihood. Quartz

currently considers its exposure to “extreme” climate-related risks as low. Therefore, unique metrics and targets have not been established to assess climate-related risks.

Quartz membership is largely concentrated in the Midwest of the United States but is diversified by product. Quartz reviews information by line of business and state regularly as part of its financial performance analysis.

Quartz maintains a robust Social and Environmental screening questionnaire that identifies member-level risk. Quartz indirectly educates members on the value of biking to work, car-pooling and plant-based diets.