

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.

Response to Governance: The company does not have publicly stated goals on climate-related risks and opportunities. Climate related disclosure is handled on the Entity level. Activities taken at the company level: recycling, energy-efficient facilities, flex-work schedules, green space, implementation of e-signature programs, software programs to enhance remote work. IHLIC does not currently have a board position or committee specifically focused on managing climate-related financial risks. Such risks are inherent with the decisions made by the IHLIC board. IHLIC Managers are required to assess and manage all risk and opportunities. Currently there is no specific guideline for assessing and managing climate-related financial risks. IHLIC is working to update its governance to include specific references to include such risks.

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 to Strategy: As a life insurer, the actual and potential impacts of climate-related risks and opportunities are limited. Risks include negative effects on the physical properties, employee safety (in and out of the office) – both resulting in increased operating costs. Similarly, customers' physical and personal loss resulting from climate-related incidents may result in reduced investment in life insurance products, early withdrawals, and increased death claims. All of these risks impact IHLIC's financial planning and are assessed accordingly.

Opportunities from climate-related risks include increasing customer engagement by providing educational materials and resources to current and potential customers. Similarly, there is an opportunity to educate and engage employees on climate-related risks and their potential effects on the business and personal life and how to mitigate such impacts.

IHLIC currently does not have a written plan to assess, reduce, or mitigate its greenhouse gas emissions. However, IHLIC does employ many practices that have had both short term and long-term benefit of reducing gas emissions. It has maintained a flex work schedule for employees resulting in a reduction of both vehicle-related emissions and office energy. IHLIC employees are encouraged to turn off lights and non-essential energy tools (i.e., coffee pots, etc.) when not in use. The facility maintains green spaces around its facility, including trees and landscaping throughout the parking area. It maintains a mixed horticulture/rock garden to prevent water runoff and contribute to carbon dioxide absorption. IHLIC installed a water fountain with a bottle filler to encourage employees' use of reusable containers instead of bottled water. The company also has recycling receptacles available for employee use. Because these operations are inherent in its operations and practiced by its employees, they are very resilient.

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 to Risk Management: IHLIC does not currently identify climate-related risks specifically in its underwriting or investment risks. Analysis of such known risks are inherent in IHLIC's risk management.

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 to Metrics and Targets: IHLIC does not currently utilize any metrics or targets to assess and manage relevant collateralized risks and opportunities where such information is material. Further, no catastrophe modeling is currently used by IHLIC to manage climate related risks to the business as these risks are not perceived as material by the insurer, at this time.

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