

# 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.*

#### Medisun Response

Medisun Inc. has delegated its risk management program to its parent company, Blue Cross Blue Shield of Arizona (BCBSAZ). Risk governance is overseen by BCBSAZ Board of Directors with specific responsibilities delegated down to the business through the BCBSAZ Chief Executive Officer, BCBSAZ Chief Risk Officer and the BCBSAZ Enterprise Risk Planning & Management (ERPM) Steering Committee. The Enterprise Risk Management team facilitates and supports Enterprise Risk Management activities across the organization.

The Audit, Compliance, and Risk Committee of the BCBSAZ Board has specific responsibility for oversight of the Enterprise Risk Management function. They meet quarterly and regular risk topics include Internal Audit's Risk Assessment, Compliance updates, the Own Risk & Solvency Assessment and the Enterprise Risk Dashboard.

The ERPM Steering Committee meets monthly and is chaired by the BCBSAZ Chief Financial Officer, who is also the organization's Chief Risk Officer. The BCBSAZ Chief Information Officer co-chairs the Committee. Its purpose is to oversee the organization's Enterprise Risk Management programs.

#### 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.*

## Medisun Response

As a health insurer, BCBSAZ has not identified climate as a principal risk to our business, strategy, or financial planning. However, we do acknowledge and understand that there are potential climate-related impacts to the health of our customers and employees.

Relative to reducing greenhouse gas emissions, BCBSAZ does not have specific targets, however we have taken steps to reduce our environment impact in the following ways:

- Solar panels generate an average of 785,462 kWh annually, resulting in production of 18%+ of our own energy and average of \$72,947 in savings annually.
- LED lighting produces an annual savings of \$140,000.
- Campus-wide recycling program.
- Bottle-filling stations, avoiding 28,343 single-use bottles annually.
- Electric-car charging stations with 4.4 metric tons of carbon dioxide savings annually.

BCBSAZ does not provide products or services directly related to climate-related risks.

BCBSAZ does not have an investment strategy that focuses specifically on transition to a low carbon economy.

## 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.

## Medisun Response

The BCBSAZ Enterprise Risk Management program identifies, analyzes, monitor and responds to known and emerging risks within the organization's internal and external operating environments. Such risks are discussed in the monthly ERPM meetings. Climate is not currently identified as a principal risk to our business, and we maintain no direct underwriting exposure to climate risk.

Relative to the BCBSAZ investment portfolio, climate risk is broadly considered in asset allocation decisions. Climate and weather-related risk is particularly considered in decisions related to real estate investments.

## 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.*

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

### Medisun Response

This question is not applicable to our underwritten lines of business.