Insurer Climate Risk Disclosure Survey Questions

1. Does the company have a plan to assess, reduce or mitigate its emissions in its operations or organizations? If yes, please summarize.

A. The Company does not currently have a plan to assess, reduce or mitigate its emissions for its current facilities. The Company has, however, established a "Green Team" made up of employees working on a voluntary basis to deal, in part, with these issues. Electronics and cell phone recycling, electronics collection (vs. discarding), carpooling, bicycling, etc. In 2008 a bicycling commuter challenge was held. In the 14 weeks it was held, the employees involved rode over 2,000 miles, saving $300 in gasoline and reduced CO_2 emissions by over 2,700 pounds.

B. The Company does not have a holistic plan to assess or mitigate its emissions. Emissions mitigation is implicitly taken into account in a number of the Company's ongoing administrative efficiency initiatives, particularly a collection of initiatives referred to internally as the Green Information Technology (IT) project. Examples of ongoing Green IT initiatives include: encouraging increased use of electronic Explanation of Benefits forms instead of paper forms; increasing Work from Home capability for the Company's employees; and energy curtailment efforts relating to the Company's data centers.

C. Yes. We recognize that one of the important factors influencing health is the environment in which we live and work -- the air we breathe and the water we drink. That is why we are focused on minimizing the impact we have on the environment and creating a company culture that heightens our employees' awareness of the importance of preserving the environment and conserving energy and natural resources.

We are focused on achieving the following environmental policy objectives: (1) act in an environmentally responsible manner in the communities where we operate; (2) provide a safe and healthy workplace for our employees, visitors and guests; (3) focus on implementing green strategies for our facilities and buildings, where feasible, through our Environmental Management Group. Our Environmental Management Group seeks to decrease the environmental impact of our facilities and buildings by conserving energy, reducing natural resource consumption and green house gas emissions, while simultaneously reducing our costs and improving shareholder value.

We are also focused on implementing energy conservation best practices in existing and future facilities and buildings, where feasible: (1) raise awareness of environmentally sustainable practices by our employees; (2) periodically evaluate our progress in implementing environmentally sustainable practices, including: paper resources conservation; energy conservation; water conservation; waste management; recycling programs; employee awareness and engagement; comply with all applicable environmental laws and regulations. Where environmental laws and regulations do not exist, follow our own environmentally-conscious practices and encourage the use of environmentally-conscious practices in our workplaces. A committee of the Board of Directors oversees this policy and periodically reviews it.

2. Does the company have a climate change policy with respect to risk management and investment management? If yes, please summarize. If no, how do you account for climate change in your risk management?

A. The Company does not have a formal risk or investment management policies relating to climate change. The risks of climate change on the Company, as a life and health insurer, relate primarily to any resulting increases in average morbidity and mortality rates. Changes in morbidity and mortality risks are monitored through existing risk management practices and measured against pricing assumptions. Climate change may impact us indirectly if the issuer of a bond is impacted by climate change to the extent that the value of our investment in that bond is impaired. The Company monitors risks and impairments to its investment portfolio on an on-going basis.

B. The Company does not have a climate change policy with respect to investment management. Note that a very large portion of the Company's investment portfolio consists of short-term investments (Schedule DA) and cash equivalents (Schedule E). The Company does not have a climate change policy with respect to risk management. Almost all of the Company's underwriting risk is subject to re-pricing on an annual basis. To the extent that climate change were impacting the morbidity of the Company's policyholders, that impact would likely be long-term in nature, as one of several factors influencing inflation in healthcare costs. As such, any impact of climate change on policyholder morbidity would implicitly be considered in the Company's normal pricing & underwriting process, without there being any need to explicitly identify climate change as the root cause of that morbidity change. Consequently, we believe that climate change is implicitly addressed within our normal risk management process and that there is no need for the Company to explicitly address climate change in our risk management.

C. As a healthcare insurance provider we do not refuse insurance to anyone based on climate change risk.

3. Describe your company's process for identifying climate change-related risks and assessing the degree that that they could affect your business, including financial implications.

A. The Company has not adopted specific practices to identify climate change-related risks. However, the Company's enterprise risk management program is designed to identify, assess and manage any risks that potentially exceed the Company's defined risk tolerance.

B. The Company does not have a process for identifying or assessing climate change-related risks. In light of materiality considerations, we do not believe that such a process is relevant to an assessment of the Company's financial soundness. See also our response to Question 2 above.

C. We have no current policy in place to identify climate change risks associated with climate change within the healthcare services marketplace. While we continue to monitor climate change as it pertains to the global healthcare situation there is no conclusive information currently available that addresses the effects of climate change on healthcare.

4. Summarize the current or anticipated risks that climate change poses to your company. Explain the ways that these risks could affect your business. Include identification of the geographical areas affected by these risks.

A. The Company currently sells life, health and annuity products throughout the United States and some US territories. A significant increase in average mortality and morbidity rates in any geographical area of the United States could potentially result in an increase in loss ratios for the Company. If climate change has a significant impact on a specific bond issuer, or the economy in general, investment losses or a reduction in sales / revenue could potentially occur.

B. We do not believe that climate change currently poses, or is anticipated to pose in the foreseeable future, any risks to the Company that are material to an assessment of the Company's financial soundness. See also our response to Question 2 above.

C. We will monitor the effects of climate change as it pertains to the global healthcare situation and, if conclusive data becomes available the issue will be addressed. Currently there are no risks we actively see or anticipate anywhere we provide service.

5. Has the company considered the impact of climate change on its investment portfolio? Has it altered its investment strategy in response to these considerations? If so, please summarize steps you have taken.

A. The Company has not specifically considered the impact of climate change on its investment portfolio, but it is aware that some of our external, investment managers are thinking about its impact on investments.

B. The Company has not considered the impact of climate change on its investment portfolio, a very large portion of which is invested in short-term investments (Schedule DA) and cash equivalents (Schedule E).

C. Climate change has been considered for the investment portfolio primarily through traditional credit analysis and investment portfolio methods. Those methods emphasize portfolio diversification across industries and issuers, and each security is evaluated on a case by case basis. These policy characteristics are intended to mitigate the risk of any issuer or industry representing a disproportionate risk to the portfolio. Climate change is of great importance to several industries, and at this time is most effectively evaluated in the context of a particular group. To date no changes to the portfolio have been attributable to climate change. Two industries of special interest are the utilities, and the property and casualty insurers (P&C).

Significant legislative efforts have been made to address climate change and are directed at companies whose operations emit the largest amounts of carbons or other greenhouse gases. One estimate is that proposed legislation will reduce the earnings of the S&P 500 by 14%. However the impact is most significant to the utility industry, the origin of approximately 50% of emissions. The rating agencies Moody's and S&P have been attentive to these developments in estimating the impact of taxes and increased capital spending on the credit-worthiness and profitability of those firms. None have been downgraded due to pending climate change legislation.

The credit rating agency S&P has recognized the potential for greater catastrophic casualty losses in the wake of more cyclones or hurricanes. In their research S&P points to how the P&C industry is changing the way catastrophe risk is managed, to include new modeling techniques and risk-transfer vehicles.

6. Summarize the steps the company has taken to encourage policyholders to reduce the losses caused by climate changed-influenced events.

A. No answer.

B. Losses incurred by the Company's policyholders represent healthcare services. Any attempt to measure the influence of climate change on the utilization of healthcare services would be highly speculative and unlikely to be credible. In light of this dynamic, the Company has not taken any steps to "encourage policyholders to reduce the losses caused by climate change-influenced events," as we believe it would not be a worthwhile use of Company resources to attempt to engage our policyholders in discussions related to this subject.

C. No active steps have been taken to communicate with policy holders about the direct health effects of climate change and how they might change behavior to limit exposure due to the fact that there is no conclusive data that there are health effects directly (or indirectly) related to climate change.

7. Discuss steps, if any, the company has taken to engage key constituencies on the topic of climate change.

A. One of our external investment managers hosted, and the company attended, a luncheon discussing potential opportunities caused by climate change issues.

B. As part of the Company's Green initiative, we have encouraged both members and contracted healthcare providers to elect to conduct business with the Company electronically instead of by paper, e.g., encouraging members to elect to receive Explanation of Benefits forms by email instead of through the post.

C. No active steps have been taken to communicate with policy holders about the direct health effects of climate change and how they might change behavior to limit exposure due to the fact that there is no conclusive data that there are health effects directly (or indirectly) related to climate change.

8. Describe actions your company is taking to manage the risks climate change poses to your business including, in general terms, the use of computer modeling.

A. As described in number 2 above, the Company will continue to manage investment and pricing risks as impacted by climate change through its existing risk management practices. The Company has not designed any specific computer modeling to identify or manage impacts of climate change.

B. See our response to Question 2 above. In light of materiality, we believe that any efforts to apply computer modeling in explicitly assessing the Company's climate change risks would be a waste of corporate resources.

C. Due to the fact that conclusive data does not exist to connect climate change to health insurance risk, no steps have been taken to develop models or simulations regarding climate change in this market.