



IN THE DISTRICT COURT OF OKLAHOMA COUNTY
STATE OF OKLAHOMA

FILED IN DISTRICT COURT
OKLAHOMA COUNTY

OCT - 2 2026

RICK WARREN
COURT CLERK

108

BILLY & LACY HURSH,

Plaintiffs,

v.

**STATE FARM FIRE AND
CASUALTY COMPANY; MARK D.
WELTY; and MARK D. WELTY
INSURANCE AGENCY, INC.,**

Defendants.

Case No. CJ-2025-2626
Honorable Amy Palumbo

**PLAINTIFFS' RESPONSE IN OPPOSITION TO DEFENDANT STATE
FARM FIRE AND CASUALTY COMPANY'S AMENDED MOTION FOR
PROTECTIVE ORDER AND TO QUASH DEPOSITION NOTICE OF
MICHAEL KEATING AND COUNTER MOTION FOR RULE 4 ORDER**

COME NOW Plaintiffs, Billy and Lacy Hursh (“Plaintiffs”), and respond to Defendant State Farm’s Amended Motion for Protective Order and Motion to Quash Plaintiffs’ Deposition Notice of Michael Keating (Defendant’s “Motion” or “Mot.”). Plaintiffs respectfully request that the Court enter an order denying State Farm’s Motion and compelling Defendant’s production of Michael Keating for deposition. Plaintiffs respectfully request a ruling on the briefs under District Court Rule 4(h). 12 O.S. Chapter 2, Rule 4(h) (“Motions may be decided by the court without a hearing, and where this is done, the court shall notify the parties of its ruling in writing by mail or email.”). In support, Plaintiffs state as follows:

I. INTRODUCTION

Plaintiffs allege a broad-reaching and pervasive Scheme by State Farm to pre-textually deny wind and hail damage claims warranting total roof replacements through the development, implementation, and refinement of various bad faith claims-handling tactics. After the WHMET created these tactics, the Fix Profit Task Force—formerly known as the “*Keating Quality Deck*” (see Ex. 1, 2023.10.10 Rose Email)¹—continued to develop and implement these tactics across wind/hail, fire, and water losses across the country.

Accordingly, Plaintiffs properly noticed the deposition of an individual with unique knowledge as to the bad faith tactics State Farm implemented on wind and hail claims targeted at reducing indemnity payouts by denying full roof replacement claims, just like the Plaintiffs. Keating’s involvement as a fact witness who was essential in the implementation of the tactics to reduce coverage on wind/hail claims cuts against State Farm’s false claims that the deposition

¹ Exhibits 1 & 7 attached hereto are documents recently entered into the public record as an exhibit to the plaintiffs’ Resp. to Not. of Mtn. to Consolidate Depositions & Countermotion for Rule 4 Order in *West v. State Farm*, No. CJ-2025-135 (Comanche Cnty. Dist. Ct.) (Aug. 21, 2026).

notice is a fishing expedition. State Farm's Motion rehashes its tired attempt to misdirect the Court away from its Scheme and paint Plaintiffs' Petition as a single, isolated claim dispute.

To the contrary, Keating has knowledge of the exact facts alleged here. Pet. at ¶ 3, 4(b) ("Defendants employ a systematic and pervasive Scheme throughout Oklahoma, whereby State Farm wrongfully denies its insureds' claims for damage to their covered property caused by wind and/or hail [and] State Farm's claim denials on wind and hailstorm claims are unreasonable, lack true justification and are pre-determined" and "State Farm agents know about yet fail to disclose State Farm's other bad faith claims handling tactics inherent to the Scheme.").

Simply put, State Farm's insistence that Keating had nothing to do with the adjustment of Plaintiffs' Claims is both false and misleading. While it is true Plaintiffs do not allege Keating performed specific adjusting tasks on Plaintiffs' Claims, he directly and materially contributed to the implementation and oversight of State Farm's Scheme tactics to reduce indemnity payments on roof claims that resulted in the denial of Plaintiffs' Claims. And, because the denials of Plaintiffs' Claims are a direct result of the Scheme, Keating had as much to do with Plaintiffs' harm as the adjusters, managers, and/or supervisors that adjusted the claim. Thus, Keating's deposition is warranted.

State Farm has no right to dictate the order in which Plaintiffs notice relevant depositions in this matter. Nevertheless, State Farm advances a tired, myopic view of Plaintiffs' lawsuit in demanding Keating's deposition be off-limits or delayed. It flippantly insists that any inquiry beyond the four-corners of an individual claim file is equal parts irrelevant and impermissible. Plaintiffs have alleged, and this Court (as well as others) found a pervasive weaponization of State Farm's claims department to the detriment of its insureds including Plaintiffs. Keating was directly

involved in the development and oversight of the WHMET's tactics and further development of those tactics in the Profit Task Force. He can answer for it.

II. LEGAL STANDARD

Parties may obtain discovery regarding any non-privileged matter that is relevant to any party's claim or defense and proportional to the needs of the case. 12 O.S. § 3226(B)(1). Discovery is intentionally broad. Liberal discovery will minimize the possibility of bad faith litigation, stating "the strongest argument against discovery is more one of tactics, than of actual prejudice." *Tuller v. Shallcross*, 1994 OK 133, ¶ 10, 886 P.2d 481,484. The crux of State Farm's objections hinge largely upon its unilateral opinions of what is relevant to the needs of this case. But proportionality has nothing to do with the litigation strategy State Farm believes Plaintiffs should adopt. Nor does proportionality entail State Farm's opinions as to the value of Plaintiffs' claim or its unilateral contentions regarding Keating's knowledge of and involvement in the Scheme that caused State Farm's wrongful denials of Plaintiffs' Claims.

An action in bad faith is not confined to the four-corners of the insurance claim. As the Oklahoma Supreme Court has stated, "the essence [of a bad faith cause of action] is the failure to deal fairly and in good faith with an insured as such, the jury may be shown the entire course of contact between the parties." *Timmons v. World Globe*, 1982 OK 97, ¶ 18, 653 P.2d 907, 917. Relevance is broadly defined, and evidence need not be admissible to be relevant and discoverable. See 12 O.S. §3226(B)(1)(a); see also *Scott v. Peterson*, 2005 OK 84, ¶ 6, 126 P.3d 1232, 1234; *Reibert v. CSAA Fire & Cas. Ins. Co.*, 2018 WL 279348 (N.D. Okla. Jan. 3, 2018) at *3 & 6 (N.D. Okla. Jan. 3, 2018).

"Irrelevancy" is not an enumerated ground for a protective order under § 3226(C), and it is insufficient to simply recite boilerplate objections such as overbroad, burdensome, oppressive or

irrelevant. *Reibert, supra*. Rather, State Farm must demonstrate specific facts to warrant a protective order. *Crest Infiniti, II, LP v. Swinton*, 2007 OK 77, ¶ 17, 174 P.3d 996, 1004; *YWCA of Oklahoma City v. Melson*, 1997 OK 81, ¶ 15, 944 P.2d 304, 308-09. Accordingly, “[i]f the basis for an objection is lack of relevance, ‘the party resisting the discovery has the burden to establish the lack of relevance by demonstrating that the requested discovery is of such marginal relevance that the potential harm occasioned by discovery would outweigh the ordinary presumption in favor of broad disclosure.’ ” *Fed. Ins. Co. v. Indeck Power Equip. Co.*, 2016 WL 5173402, at *2 (W.D. Okla. Sept. 21, 2016) (citation omitted).

Thus, numerous courts have held the party opposing a deposition carries a “heavy burden” to justify its prohibition, and such prohibition shall only be granted upon a showing of “extraordinary circumstances” that warrant such relief. *Kulp Minerals, LLC v. Apache Corp.*, 2025 WL 872531, at *3 (D.N.M. Mar. 20, 2025) (“A party seeking to prevent a deposition ... carries a heavy burden to show why discovery should be denied—and absent extraordinary circumstances—it is very unusual for a court to prohibit the taking of a deposition.”); *Halley v. State of Oklahoma*, 2016 WL 4995393, at *1 (E.D. Okla. Sept. 19, 2016) (“A party seeking to quash a deposition has a ‘heavy burden of demonstrating good cause’ that the deposition should not be taken. ... The party seeking to prevent a deposition must show ‘extraordinary circumstances that present a particular and compelling need for such relief.’ ”) (citation omitted). Indeed, as noted, the complete prohibition of a deposition is viewed as an aberration only to be granted in rare circumstances.² *Denson v. Corp. of President of Church of Jesus Christ of Latter-Day Saints*,

² See *Kulp Minerals, supra* (citing *Salter v. Upjohn Co.*, 593 F.2d 649, 651 (5th Cir. 1979) (“It is very unusual for a court to prohibit the taking of a deposition altogether and absent extraordinary circumstances, such an order would likely be in error.”); *Jennings v. Family Mgmt.*, 201 F.R.D. 272, 275 (D.D.C. 2001); *Naftchi v. New York Univ. Med. Ctr.*, 172 F.R.D. 130, 132 (S.D.N.Y. 1997); *Frideres v. Schiltz*, 150 F.R.D. 153, 156 (S.D. Iowa 1993); *Rolscreen v. Pella Prods. of St.*

2018 WL 10247390, at *1 (D. Utah Dec. 4, 2018) (“*[C]ourts regard the complete prohibition of a deposition as an extraordinary measure which should be resorted to only in rare occasions. ...*

It is very unusual for a court to prohibit the taking of a deposition altogether and absent extraordinary circumstances, such an order would likely be in error. ... [I]t is exceedingly difficult to demonstrate an appropriate basis for an order barring the taking of a deposition. ... Protective orders prohibiting depositions are rarely granted.”) (emphasis added, internal citations omitted); *see also Roberts v. Cnty. of Riverside*, 2021 WL 5993528, at *5 (C.D. Cal. Oct. 7, 2021) (“Absent extraordinary circumstances, it is rare for a court to disallow the taking of a deposition. .. *[A] strong showing is required before a party will be denied entirely the right to take a deposition.* ... A party seeking to prevent a deposition carries a heavy burden to show why discovery should be denied. ... [I]t is very unusual for a court to prohibit the taking of a deposition altogether absent extraordinary circumstances.”) (emphasis added, internal citations and quotations omitted).³

Indeed, “[c]ourts allow depositions to go forward unless it is clear that the information sought has no relevance to a claim or defense.” *Tri Minh Huynh v. Wal-Mart Assocs., Inc.*, 2019 WL 4645724, at *2 (N.D. Cal. Aug. 19, 2019)(citation omitted). And, “courts *routinely reject* the reasons proffered for preventing depositions such as the examination would cause undue labor, expense, and delay, *that the examination would be premature*, or that the examining party was offered stipulations.” *Kulp Minerals*, 2025 WL 872531, at *3 (emphasis added, citation omitted).

Louis, Inc., 145 F.R.D. 92, 96 (S.D. Iowa 1992); *Motsinger v. Flynt*, 119 F.R.D. 373, 378 (M.D.N.C. 1988); *In re McCorhill Publ'g, Inc.*, 91 B.R. 223, 225 (S.D.N.Y. 1988)).

³ These decisions in accord with the standard for a protective order under § 3226. *See Crest Infiniti, supra*.

In short, it is State Farm's burden, as the party objecting to the deposition, to show that the requested deposition would not come within the scope of relevancy. Under this framework, State Farm's Motion fails.

III. ARGUMENT AND AUTHORITIES

State Farm's Motion fails on the merits. The Oklahoma Supreme Court affirmed the importance of pattern and practice evidence, the very assertion being made by the Plaintiffs with respect to the treatment of State Farm insureds due to its Wind/Hail Scheme tactics weaponized against first-party insureds in Oklahoma, including Plaintiffs. *See Allstate Vehicle & Prop. Ins. Co. v. Honorable Lara Russell*, 2025 OK 79. The Oklahoma Supreme Court denied Petitioner Allstate's efforts to redact the claim files the trial court ordered requiring production of numerous claim files regarding wind/hail on property damage claims. In doing so, the Court cited Oklahoma's long-standing recognition of pattern and practice bad faith evidence. *See id.* at *1 (emphasis added); *see also Barnes v. Okla. Farm Bur. Mut. Ins. Co.*, 2000 OK 55, 11 P.3d 162, 170 ("insurer's unreasonable treatment of Barnes was not an isolated incident, but the same or similar tactic was used by insurer repeatedly with other insureds"; awarding actual and punitive damages) (emphasis added); *Magellan v. Zurich Am. Ins. Co.*, 2017 WL 3579209, at *2 (N.D. Okla. Aug. 18, 2017) (compelling request for production of 85 other claim files where claimant was an employee of named insured and claimant's policy had similar language to plaintiffs' policy based on relevance to pattern and practice theory and punitive damages); *Reibert v. CSAA Fire & Cas. Ins. Co.*, 2018 WL 279348, at * 6 (N.D. Okla. Jan. 3, 2018) (finding pattern and practice to be permitted under Oklahoma law and citing the string of cases which agree); *Vining v. Enter. Fin. Group*, 148 F.3d 1206, 1218 (10th Cir. 1998) (finding that, where plaintiff sought to prove a pattern and practice of bad-faith conduct by insured, evidence regarding other insureds was relevant to

show defendant “acted in this case under Federal Rule of Evidence 406 (habit)” and that prejudice of evidence did not outweigh relevance of inquiry into defendant's “general business practices”); *Metzger v. Am. Fid. Assur. Co.*, 2007 WL 4342082, at *1 (W.D. Okla. Dec. 7, 2007) (same).

A. *Michael Keating Possesses Unique Knowledge Relevant and Proportional to the needs of Plaintiffs’ case.*

State Farm attaches as exhibit 5 to its Motion the Declaration of Michael Keating (“Keating”), which State Farm self-servingly recites to form the bases of its primary argument: that Keating is not involved in property damage claims and had no involvement with the WHMET. *See* Mot. at 5, 12-13; *see also id.* at exhibit 5. Both contentions are false, and Keating’s role as a fact witness in this case is evident by the production in this case, testimony provided by Wensley Herbert, and Keating’s own testimony before Congress.

On May 13, 2025, Keating testified before the United States Senate about his role with State Farm in the specific context of property damage claims and without any reference or limitation to auto claims. Ex. 2, Excerpt of Transcript of 2025.05.13 Hearing of Senate Subcommittee on Disaster Management (Keating testimony).⁴ Keating joined State Farm in 1993 as a **Homeowners Claim Representative**. *See id.*, at 70:24-71:2. Keating testified that as Operations Vice President, he oversees and provides instruction on State Farm claims-handling and has more than thirty years of experience on the subject. *Id.* at 71:1-6 (“Currently, I serve in the role of Operations Vice President **where I help lead State Farm’s claim process**. How I work and how I lead my team are **direct reflections on those experiences over three decades** and the values of customer service integrity.”) (emphasis added). Keating further testified that under his guidance, claims personnel are “to understand the scope of the damage, identify the cause, and

⁴ Compare *id.* at 69:25-70:12 and 71:23-72:13, with Mot. at 5, 12-13, and exhibit 5.

determine what we may owe [under the terms of the policy]. This is how I've instructed my teams to approach claims." *Id.* at 72:17-19. That Keating was presented to Congress to testify on State Farm's handling of property damage claims makes sense, as the leader of claims-handling for the largest property insurance company in the United States assuredly has personal knowledge of how his company handles such claims. State Farm's empty assertion that Keating lacks sufficient knowledge to testify is farcical.

State Farm has produced countless documents in this case that show State Farm's corporate leadership (including Keating) developed a pattern and practice of reducing claims on roof losses, yet wants to shield its fact witness executives without any legal basis for doing so. Indeed, Keating oversees wind and hail roof damage claims and plays a leadership role in State Farm's roof-specific Scheme tactics. *See Ex. 3*, 2023.10.04 Emails Between Keating & John Christensen re: Quality Play – Hail Review Team; *Ex. 4*, December 2023 Email Chain re: Next Gear QA Assist – Meeting Recap. In a September 30, 2025 email to various WHMET members, Keating scheduled a meeting "[REDACTED]" *Ex. 5*, September 30, 2025 Email re: Fire Executive – Quality Pillar. Keating elaborated that the meeting would "[REDACTED]" and identify "[REDACTED]" to "[REDACTED]" *See id.* On October 3, 2023, Keating led a team meeting on State Farm's strategies for "[REDACTED]" on wind/hail claims, which included guidance on tactics targeting roof repair versus replacement calls, "[REDACTED]," and to "[REDACTED]" and "[REDACTED]." *See Ex. 6*, October 2-3 Emails Between Keating & Manduca. In an email to Nicole Manduca leading up to this meeting, Keating identified his

⁵ State Farm knew its tactics to achieve "target" goals on roof claims constituted bad faith, as evidenced by their leadership's recommending that "any reference to 'targets' need replaced [sic] with 'selections.'" *See Ex. 1*.

knowledge of State Farm's strategies/tactics and advised he was comfortable with "[REDACTED]" *Id.*

Keating is also included in many high-level discussions among State Farm leadership regarding a variety of topics relating to the Wind/Hail Focus Initiative, such as Haag training, Roof Skills Review,⁶ Fire Claims Quality review, and others. HUR00201749; HUR00005957; HUR00033403. Various members of the WHMET reported Scheme-driven findings to Keating, including wind/hail claims data, roof replacement rates/ratios, and WHMET metrics data. *See Ex. 8*, July 25-26 Emails Between Keating and Manduca; *Ex. 9*, June 14-15 Emails Between Keating and Ress; *Ex. 10*, February 8, 2021 Email to Keating. Mr. Keating spoke as a "[REDACTED]" speaker in high-level discussions within State Farm addressing the recent increase in claim disputes, including the "[REDACTED]" that was crafted by State Farm to creatively explain to State Farm insureds why their claims were getting denied as a result of the fallout from the Wind/Hail Focus Initiative. *See Ex. 11*, 2022.04.20 Email re: Huddle Notes. He was even a lead speaker at State Farm's November 2024 Executive Showcase discussing State Farm's strategies on roof damage claims. *Ex. 12*, November 2024 Verisk Executive Showcase PowerPoint. These documents alone defeat State Farm's Motion and prove the need to depose Keating in this case.

WHMET member Wensley Herbert's testimony in this case additionally exposes Keating's direct knowledge of and involvement in the handling of State Farm property claims. Herbert

⁶ The Roof Skills Review (State Farm's program gauging claim handlers' and team managers' decisions on wind/hail roof damage claims) is a fundamental component of State Farm's Scheme discussed within its "Wind/Hail Playbook," and the WHMET used its results to inform its Wind/Hail FME Guidelines and to implement key Scheme tactics like its internal policy of mandating team manager reviews for full roof replacements. *See Ex. 7*, 2021 FME Wind/Hail PowerPoint.

and practice discovery is relevant to Plaintiffs' claim because the Scheme crafted and refined under Keating's leadership was used to deny Plaintiffs' and thousands of other insureds' claims both in Oklahoma and nationwide; (3) discovery regarding pattern and practice evidence is necessary and proportional to the needs of Plaintiffs' case given that Plaintiffs have alleged their claim denial was a direct result of State Farm's Wind/Hail Scheme tactics; (4) with regard to the importance of the claim and the amount in controversy, it is often said that a man's home is his castle and having a home that is functional is essential for peace of mind that State Farm's replacement cost homeowners policy was *supposed* to provide.

Further, this matter involves claims where the amount in controversy is in excess of \$75,000, including but not limited to punitive damages based on Plaintiffs' pattern and practice Scheme allegations; (5) with respect to access to relevant information, there is a disparity because State Farm is the only entity Plaintiffs can seek this discovery from regarding State Farm's pattern and practice of bad faith conduct by way of the Wind/Hail Focus Initiative; (6) in evaluating each party's resources, State Farm's parent company has a net income in 2024 of \$5.3 billion with billions of dollars in assets. On the other hand, Plaintiffs have experienced significant financial struggles recently and State Farm's denial of their claims exacerbated these struggles. For example, Plaintiffs had to take out a HELOC in order to afford the full replacement of their roof that State Farm wrongfully denied; (7) it is important to expose State Farm's improper pattern and practice of bad faith conduct on wind/hail claims because it has happening to thousands of insureds, including Plaintiffs, in Oklahoma and nationwide. This can go to both actual and punitive damages. Pattern and practice evidence is an explicit factor that the jury can consider when determining an award of punitive damages. *See* 23 O.S. § 9.1; and (8) there is little to no burden or expense in producing Keating for deposition because Plaintiffs are willing to bear the costs of traveling to

Keating for his deposition. Moreover, State Farm has been able to produce numerous executives for their depositions in this case.

Plaintiffs would be deeply prejudiced in prosecuting their claims without Keating's deposition testimony, and State Farm would love nothing more than to continue its rejected argument that the Scheme-related documents and key State Farm personnel are not relevant/proportional to the Scheme denial of the Plaintiffs' claims in order to deprive Plaintiffs of the most significant evidence needed ahead of the fast-approaching trial date in this case. Therefore, the need for Keating's deposition is urgent, relevant, and proportional to the needs of Plaintiffs' case as demonstrated herein.

B. State Farm's Attempt to Limit Discovery through an "Apex" Doctrine Fails.

The Oklahoma Supreme Court has plainly "decline[d] to adopt the apex doctrine." *Crest Infiniti*, 2007 OK 77, ¶ 17. Specifically, the Court refused to adopt the doctrine because it would "shift[] [the] burden to the party seeking discovery" in contradiction to both the spirit and letter of Oklahoma's Discovery Code. *Id.* Thus, whether Plaintiffs have yet deposed low-level adjusters or claims handlers involved in Plaintiffs' case has no effect on Plaintiffs' ability to depose the architects of State Farm's Scheme, including but not limited to Mr. Keating.

State Farm "should not be allowed to rely solely on the blanket statement that these witnesses lack any information relevant to the issues in this case." *Crest Infiniti*, 2007 OK 77 at ¶ 18. As discussed *supra*, Oklahoma law is clear that this heavy burden is on State Farm, not Plaintiffs:

We agree that petitioners must show more than these blanket statements to satisfy their burden for a protective order. Petitioners did not explain why the corporate official, as such, would not have knowledge of information relating to plaintiffs' causes of action. They did not explain why the particular information sought by plaintiffs would inflict annoyance, harassment, embarrassment, oppression or undue delay, burden or expense sufficient for issuance of a protective order when

that information was sought from this particular individual. Petitioners did not explain and identify [. . .] the more appropriate corporate official to provide the information sought by plaintiffs.

Id.; see also *Reed v. Illinois*, 318 F.R.D. 77, 81 (N.D. Ill. 2016). State Farm also vastly overstates and fails to explain the supposed burden and expense it would suffer from producing Keating. In addition to being a corporation worth billions of dollars, State Farm fails to acknowledge that Plaintiffs are willing to travel to Keating to eliminate burden of State Farm. There is simply no burden State Farm can articulate that rises to the heavy burden State Farm carries in seeking to quash. Nor has State Farm provided any facts supporting its blanket statement that Keating's deposition notice was designed to harass State Farm. *See, e.g.*, Mot. at 14.

In sum, State Farm has provided nothing to substantiate Keating's supposed lack of relevant knowledge beyond its usual unsupported rhetoric. As shown by the evidence provided herein, Keating has specific and specialized knowledge of the Scheme at issue that makes his testimony relevant and proportional to the needs of Plaintiffs' case. State Farm cannot meet its burden, especially when Plaintiffs have demonstrated Keating's personal knowledge and the relevance of same tactics used to deny Plaintiffs' claims in bad faith. Additionally, any confidentiality concerns State Farm asserts in its Motion are cured through the Protective Order this Court entered in this case. This is yet another tactic by State Farm to deny, delay, and deflect at any cost and must not be rewarded.

IV. CONCLUSION AND REQUEST FOR RELIEF

WHEREFORE, for the reasons stated herein, Plaintiffs respectfully request the Court deny State Farm's Motion for Protective Order and to Quash and/or Stay Deposition Notice of Michael Keating in its entirety and, under 12 O.S. Chapter 2, Rule 4(h) enter an order to the same.

Respectfully submitted,

/s/ Blake Sonne

Reggie N. Whitten, OBA No. 9576

Michael Burrage, OBA No. 1350

Blake Sonne, OBA No. 20341

Hannah Whitten, OBA No. 35261

John S. Sanders, OBA No. 34990

Jake Denne, OBA No. 35097

WHITTEN BURRAGE

512 North Broadway Avenue, Suite 300

Oklahoma City, OK 73102

Office: 405.516.7800

Facsimile: 405.516.7859

rwhitten@whittenburrage.com

mburrage@whittenburrage.com

bsonne@whittenburrage.com

hwhitten@whittenburrage.com

jsanders@whittenburrage.com

jdenne@whittenburrage.com

&

Patrick F. Colloghan, OBA #30529

Biby Law Firm

6305 E. 120th Ct., Suite F

Tulsa, OK 74137

918-574-8458

888-572-8263 (fax)

pat@bibylaw.com

&

R. Ryan Deligans, OBA #19793

Andrew M. Gunn, OBA #19470

920 North Harvey

Oklahoma City, OK 73102-2610

Telephone: (405)235-9584

Facsimile: (405)235-0551

rdeligan@dlb.net

agunn@dlb.net

ATTORNEYS FOR PLAINTIFFS

CERTIFICATE OF SERVICE

I hereby certify that on the 2nd day of October, 2026, a true, correct, and exact copy of the foregoing document was emailed and/or mailed to the following persons:

Carrie McNeer
Grant A. Fitz
GABLEGOTWALS
110 N. Elgin Avenue
Suite 200
Tulsa, OK 74120-1490
(918) 595-4800
(918) 595-4990 (fax)
cmcneer@gablelaw.com
gfitz@gablelaw.com

-and-

Lance E. Leffel
GABLEGOTWALS
BOK Park Plaza
499 W. Sheridan Ave. Suite 2200
Oklahoma City, OK 73102
lleffel@gablelaw.com
(405) 235-5500
(405) 235-2875 (fax)
ATTORNEYS FOR DEFENDANTS

/s/ Blake Sonne

From: Kimberly Rose [/O=STATEFARM/OU=EAST/CN=RECIPIENTS/CN=NV8V]
Sent: 10/10/2023 2:56:56 PM
To: Jordan Coad [jordan.coad.p3dv@statefarm.com]; Nicole Manduca [nicole.manduca.lok2@statefarm.com]; Scott Welsh [scott.welsh.cx30@statefarm.com]
CC: Bruce Aldrich [bruce.aldrich.coxm@statefarm.com]; Phani Aytam [phani.aytam.qik2@statefarm.com]; John Christensen [john.christensen.ghu1@statefarm.com]; Wendy Hopping [wendy.hopping.cw2l@statefarm.com]; Heather Burns [heather.burns.mbg@statefarm.com]; HOME CLMS-CA-EXEC-FIRE-RPT [home.clms-ca-exec-fire-rpt.243o28@statefarm.com]
BCC: Kimberly Rose [kimberly.rose.nv8v@statefarm.com]; Jordan Coad [jordan.coad.p3dv@statefarm.com]; Nicole Manduca [nicole.manduca.lok2@statefarm.com]; Scott Welsh [scott.welsh.cx30@statefarm.com]; Bruce Aldrich [bruce.aldrich.coxm@statefarm.com]; Phani Aytam [phani.aytam.qik2@statefarm.com]; John Christensen [john.christensen.ghu1@statefarm.com]
Subject: 10/9/2023 Meeting Recap - Quality Slide Decks
Attachments: Fix Profit Task Force Quality Claim Handling Draft.pptx; DRAFT Quality Early Monitoring Plan September 2023 Data FULL DECK_ 10.9 (002) - Read-Only.pptx

Good morning!

Thank you for providing input to simplify the suite of Quality Slide Decks to align them with your current needs during our call yesterday. We accomplished a lot in a small amount of time.

As we wait for our Business Partners to provide data we need to finalize the decks (Reinspection Results and Financial data, Performance Teams NTHO PPTs), we have made the preliminary changes and attached draft versions below for any input.

HIGHLEVEL OVERVIEW:

- October will have 2 slide decks rather than the 5 we collectively created last month.
- The Quality Early Monitoring Plan Slide Deck was condensed from 21 slides to 8.
- The Sizing and Scoping has been deck paused for now.
- The "Simplified Deck", "Keating Quality Deck" and Average Estimate Value Deck were consolidated into one new deck named "Fix Profit Task Force Deck" that will serve several meetings by adding and deleting slides as needed.

ACTION:

We have listed the changes made to the slide decks below. If this is not what you recall or if there are any additional changes needed, please let us know by noon, Thursday, October 12*.

1. Quality Early Monitoring Plan Slide Deck

Kept 8/Deleted 13 slides.

Slide 1-2 Kept – NTHO Severity Slides with Mark Holcomb's comments in the notes.

Slide 3:

- Took off Execution level control section.
- Changed Target to Selection
- One line per Finding Frequency.
- Take off dash line but kept %s.
- Removed selection % where applicable.
- Take key strategies and match Fix Profit Task Force.



Slide 4: Keep. Removed glide path and baseline on graph.

Slide 5: Keep. Changed footer to advise which states are reflected in months.

Slide 6: Keep. Same modifications as slide 3. In the note section, added the % of Overturned calls to total Roof.

Slide 7 and 8: Kept. Added baseline to title for clarity. UPDATED WITH SEPTEMBER DATA

2. **Sizing and Scoping Slide Deck** - Pausing
3. **Simplified Slide Deck** - will combine with other decks to create the Fix Profit Task Force Slide Deck.
4. **Keating Quality Slide Deck** - will combine with other decks to create the Fix Profit Task Force Slide Deck.
5. **Average Estimate Value Deck** - will combine with other decks to create the Fix Profit Task Force Slide Deck.

Fix Profit Task Force Slide Deck (NEW)

- Moving 5 of 6 slides from the Simplified Slide Deck
- Moving 3 of 3 slides from the Keating Quality Slide Deck (Eventually replacing the first slide with a new
- Moving 3 of 3 slides from the Average Estimate Value deck.
- Slide 1: Placeholder for new slide focusing on opportunity - Estimatics opportunities – OSS will Partner
- Slide 2-3 unchanged from Keating Quality Slide Deck
- Slide 4-6 Quality Leads summaries. **When updated, Scott advised that any reference to “targets” need replaced with “selections”.**
- Slide 7-8 NTHO Monitoring and Attribution Summary
- Slide 9-14 Appendix: NTHO Severity Monitoring and Average Estimate Value - UPDATED WITH SEPTEMBER DATA

5/13/2025

Page 1

HEARING OF THE SUBCOMMITTEE ON DISASTER MANAGEMENT, DISTRICT
OF COLUMBIA, AND CENSUS
EXAMINING THE INSURANCE INDUSTRY'S CLAIMS AND PRACTICES
FOLLOWING RECENT NATURAL DISASTERS

DATE: MAY 13, 2025

LOCATION: SENATE DIRKSEN BUILDING, SD-342

COURT REPORTER:

Suzanna K. Cable
INDY DEPOSITIONS LLC
8777 Purdue Road
Suite 101
Indianapolis, IN 46268
(317) 450-6218
www.indydepositions.com
Email: depositions@att.net

Indy Depositions, LLC
(317) 450-6218

**PLAINTIFF'S
EXHIBIT**

2

1 Whereupon:
 2 SENATOR HAWLEY: Order. Today's hearing
 3 entitled examining the insurance industry's claims
 4 and practices following recent natural disasters.
 5 This is the first hearing of the subcommittee on
 6 disaster management, and I am delighted to work on
 7 this committee with my colleague, the ranking member,
 8 Senator Kim. This has been a great, a great start to
 9 our, what I hope will be a great collaboration. And
 10 I want to say a special thank you to our witnesses
 11 who are in the room. We'll have a chance to hear
 12 from each of you in just a moment. I'm going to
 13 introduce each of you, give you the opportunity to
 14 make an opening statement, and then we'll have some
 15 rounds of questioning. Before we start that, let me
 16 just say a word about what brings us here and the
 17 significance of this hearing. In the last year
 18 alone, disasters have devastated communities across
 19 our country. In the State of Missouri, where I'm
 20 from, tornadoes have ripped across the state, leaving
 21 thousands without power, leaving homes damaged, in
 22 some cases leaving families without loved ones.
 23 Hurricanes Milton and Helene have cut a brutal path
 24 through the southeast, uprooting trees, destroying
 25 roads, turning family lives into a nightmare. On the

1 property owners are required to purchase insurance.
 2 And so they do so dutifully in every state in the
 3 union and they pay their premiums dutifully in every
 4 state in the union. And unfortunately, time after
 5 time, they find when disaster strikes in their moment
 6 of utmost need, the insurance companies come back to
 7 them, and they delay, and they deny, and they offer
 8 excuses, and they send out two adjusters and three
 9 adjusters and 15 adjusters and 25 adjusters, and they
 10 constantly change the estimates, and at the end of
 11 the day, they just won't pay what is due, what is
 12 required, what is just. And it's not a one-off
 13 situation. It's not like it's happened to just one
 14 family. It is a deliberate strategy to maximize
 15 profits. We're going to hear about it today. We're
 16 going to hear about it on this panel. Let me just
 17 give a brief overview of how it works. It goes
 18 something basically like this. When a disaster
 19 destroys, let's say, your home, the insurance
 20 companies send out an adjuster, often a third-party
 21 adjuster. That person writes up a report, often in
 22 good faith, doing their best to estimate the damages.
 23 And then what happens? Then the insurance company
 24 intervenes. Then the insurance company says you need
 25 to change the facts that you found. You need to

1 other end of the country in California, brutal
 2 wildfires have burned entire communities to the
 3 ground. And these disasters have done more than
 4 cause property damage, though that is quite
 5 significant, they have done more than cause
 6 inconvenience, though that can be harrowing. They
 7 have destroyed the lives of people. We're not
 8 talking here about minor inconveniences. We're
 9 talking about moms who've had to haul five-gallon
 10 buckets of water because the pipes are gone. We're
 11 talking about grandparents who've had to sleep in
 12 their cars because there's no roof over their
 13 heads. We're talking about families who are maxing
 14 out their credit cards because their insurance
 15 companies won't pay out any damage claims, and that's
 16 what brings us to today's hearing. Where do
 17 Americans turn after catastrophes like the ones we've
 18 experienced just in the last calendar year? The
 19 answer is they turn to their insurance companies, and
 20 they don't turn to their insurance companies for a
 21 handout. This isn't charity that we're talking
 22 about. They turn to their insurance companies
 23 because they pay premiums to those insurance
 24 companies. It's a contract and, by the way, it's
 25 required in law. Americans are required to purchase,

1 change your estimates. You need to change what's in
 2 the report, and they adjust arbitrarily the award
 3 down, down, down, down, and the policyholder never
 4 knows. And the policyholder gets no say in the
 5 process, and the policyholder is left to try and put
 6 back together her life as these insurance companies
 7 make billions and billions of dollars in profits.
 8 We're going to hear about it for the witnesses who
 9 are here today. And I will just say that even before
 10 today's hearing, committee staff, my staff, working
 11 with Senator Kim, has done a thorough investigation
 12 that we will continue. We will be submitting into
 13 the record evidence today that we have gathered that
 14 will corroborate the testimony that you are about to
 15 hear. This is a system that we're talking about
 16 here. This is a system that promises homeowners that
 17 they are in good hands, that they will watch over
 18 them like a good neighbor, and after billions and
 19 billions of dollars in premiums are collected and
 20 pocketed by these insurance companies, the people who
 21 are left holding the bag are the policyholders,
 22 American citizens, at their moment of maximum
 23 despair. There's something wrong with that system.
 24 There needs to be some accountability, and we're
 25 going to do our best to start getting it today. With

1 well from your experience? Did you feel like there
2 were some that were abiding very differently and very
3 much focused on the consumer, or do you feel like
4 this is a problem that you see across the industry no
5 matter which insurance company that you are working
6 with? Mr. Schroeder?

7 MR. SCHROEDER: I would say I work for many
8 different insurance companies. I kind of spread
9 myself out that way for the purpose of getting
10 different exposure and experience. And I do see this
11 as a systematic general consensus, a way, a standard
12 for practice amongst all insurance companies. Some,
13 though, are better than others. And, you know,
14 there's a couple standouts that I would say are
15 really fair and for the most part all the rest are in
16 the same group of consistently denying, unfairly,
17 claims that are where there's owed damage.

18 SENATOR KIM: Mr. Millikan, anything to add
19 here?

20 MR. MILLIKAN: No, sir. I've worked exclusively
21 for Allstate for the most part, so I only can speak
22 to that.

23 SENATOR KIM: Okay, thank you. Well, look, I
24 just want to say first of all what you were saying,
25 both Mr. Schroeder, Mr. Millikan, about the risk that

1 you are taking when it comes to your career, your
2 work, I just want you to know that's incredibly
3 powerful to hear and it just lends added gravity to
4 your testimony, to your answers today. And I want
5 you to know, you know, this is not some just check
6 the box thing that the Chairman and I are engaged on.
7 You know, we want to make sure that we are invested
8 in the follow-up to make sure that it's worth the
9 risk that you took. And to, you know, Ms. Migal, Mr.
10 Quinn, Mr. Vertel, you know, just the just hearing
11 about the impact this has had on you all, your
12 family, your kids. I just, you know, as a father of
13 a 7-year-old and 9-year-old and hearing from families
14 across New Jersey that years later still, you know,
15 they were saying that, I mean, you may very well
16 agree, but people I talked to in New Jersey, they're
17 saying like the storm was in some ways the easier
18 part. That was, you know, they thought that was
19 going to be the worst of it. They didn't expect all
20 the, you know, and I'll exclude the words that people
21 use, but all the other stuff that comes later. They
22 didn't expect that that would be so damn difficult,
23 and I just think that that's something I think the
24 American people really need to understand. Like why
25 is it that, you know, in your time of greatest need,

1 not only are you not able to rely upon those that are
2 supposed to help you, but they're actually making
3 things worse. And I just think that that's something
4 that just eats away. I mean, it just hurts so much
5 to hear your stories, and I'm sorry for what you all
6 have gone through, and the fact that you're sharing
7 it, it's for the betterment and hopefully we can save
8 this to help fix and make it easier for other
9 families in the future to be able to go through this.

10 SENATOR HAWLEY: I want to thank all of the
11 witnesses for being here today on this panel. Thank
12 you. Thank you for your testimony. Thank you for
13 being willing to share with us your stories, your
14 expertise, your knowledge of this industry. I want
15 to say again, I'm sorry for what you've had to go
16 through. Particularly you, Ms. Migal. You, Mr.
17 Vertel. And we'll continue to do everything we can
18 on this committee to get the facts, and you've helped
19 us a lot with that today, and to get some
20 accountability. We're going to take a five-minute
21 break here, and the Committee will stand in recess
22 while we change the panels, and we will reconvene in
23 about five minutes, subject to the Call of the Chair.

24 HEARING RECESSED
25 HEARING RECONVENED

1 SENATOR HAWLEY: We now will welcome our second
2 panel of the day. It is our practice, witnesses, as
3 I said to the first panel, it's our practice in this
4 committee and in the subcommittee to swear our
5 witnesses before we begin. So let me ask you to
6 rise, and raise your right hand, and repeat after me,
7 if you would. Do you swear that the testimony you're
8 about to give is the truth, the whole truth, and
9 nothing but the truth, so help you God?

10 ALL WITNESSES PRESENT ANSWER AUDIBLY IN THE AFFIRMATIVE

11 SENATOR HAWLEY: Very good. And now we will
12 hear from each of the witnesses in an opening
13 statement. We'll start with Mr. Michael Keating.
14 Mr. Keating is the operations vice president at State
15 Farm. Mr. Keating, floor is yours.

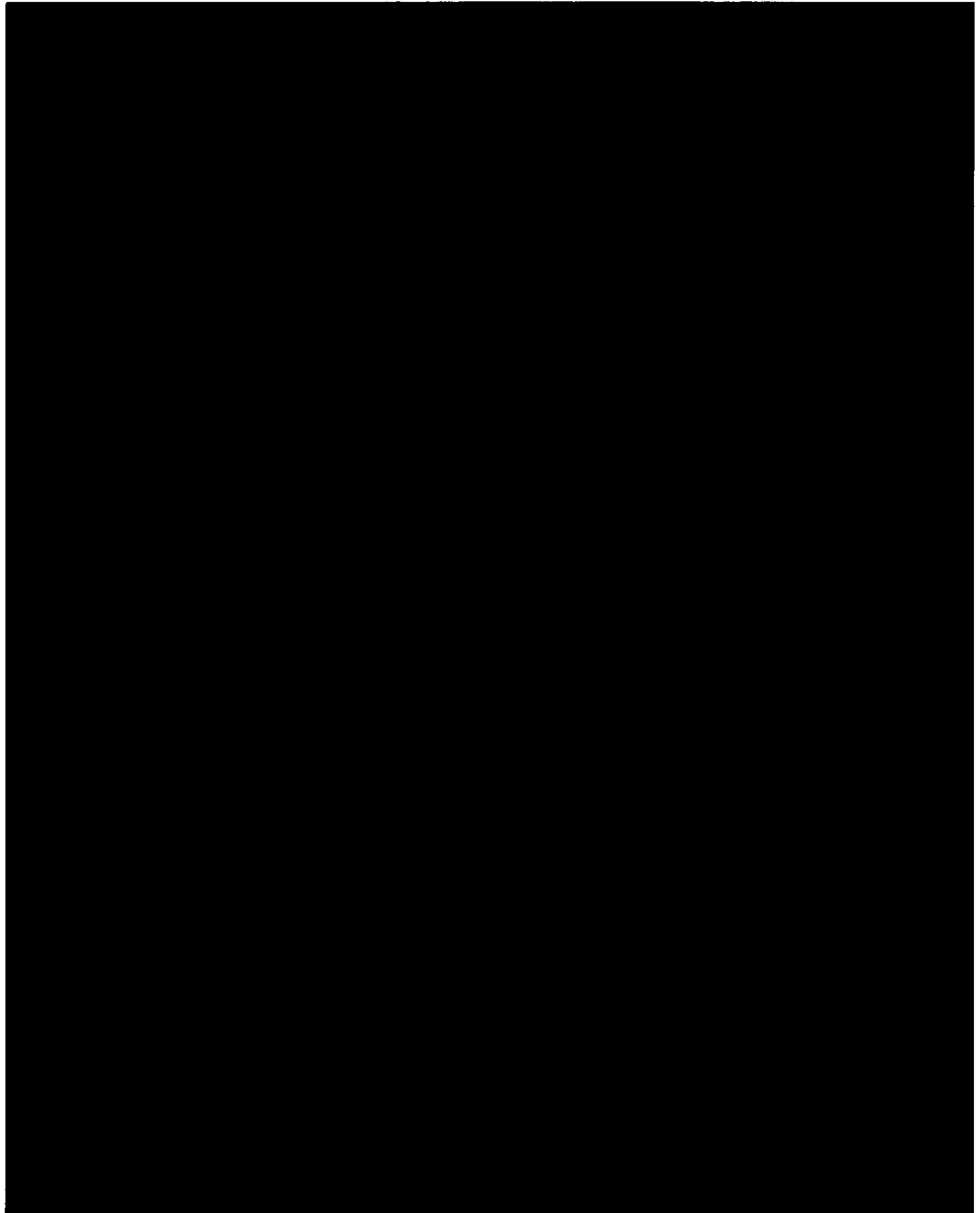
16 MR. KEATING: -- do that. My apologies.
17 Chairman Hawley, Ranking Member Kim, distinguished
18 members of the subcommittee, thank you for the
19 invitation to appear before you today. I appreciate
20 the subcommittee's interest in insurance claim
21 handling, and I am grateful for the opportunity to
22 provide insight regarding State Farm's approach to
23 helping our policyholders after disaster strikes.
24 But before I begin my formal statement, I do want to
25 address the difficult situation I heard with Mr.

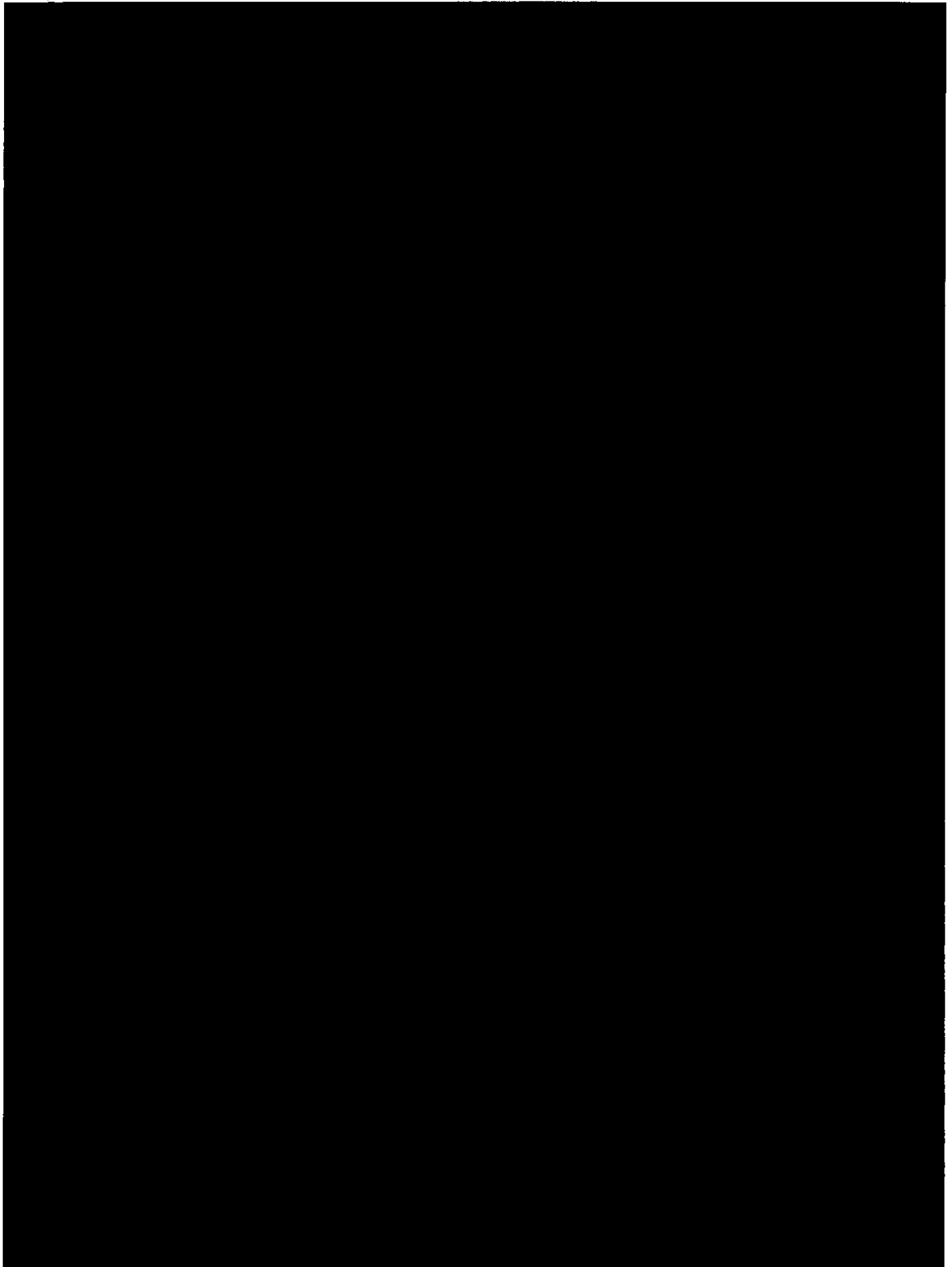
1 Vertel's testimony. State Farm is made up of 66,000
 2 employees, and we're human-beings. We make mistakes.
 3 I listened to Mr. Vertel's testimony and it, quite
 4 frankly, was difficult to hear. We made mistakes in
 5 the handling of this claim. As a 30-year employee of
 6 this company, I know the actions did not reflect the
 7 values of State Farm. On behalf of State Farm, I
 8 want to sincerely apologize to Mr. and Mrs. Vertel,
 9 their family and, again, we're not satisfied with how
 10 this claim was handled, and we're going to work hard
 11 with them and are already working hard with them to
 12 get this resolved. And if I may, I'd like to
 13 acknowledge Mr. Vertel. So, I'll continue. State
 14 Farm is the largest provider of personal home and
 15 auto insurance in the United States. Headquartered
 16 in Bloomington, Illinois, our mission for over 100
 17 years has been to help our policyholders manage the
 18 risk of everyday life and recover from the
 19 unexpected. As a mutual insurance company, State
 20 Farm operates for the benefit of our policyholders.
 21 State Farm has no shareholders seeking a quarterly
 22 return, so our organization is able to focus on the
 23 long-term interests of our policyholder group as a
 24 whole and deliver on the promises we make to them. I
 25 joined State Farm nearly 32 years ago as a Homeowners

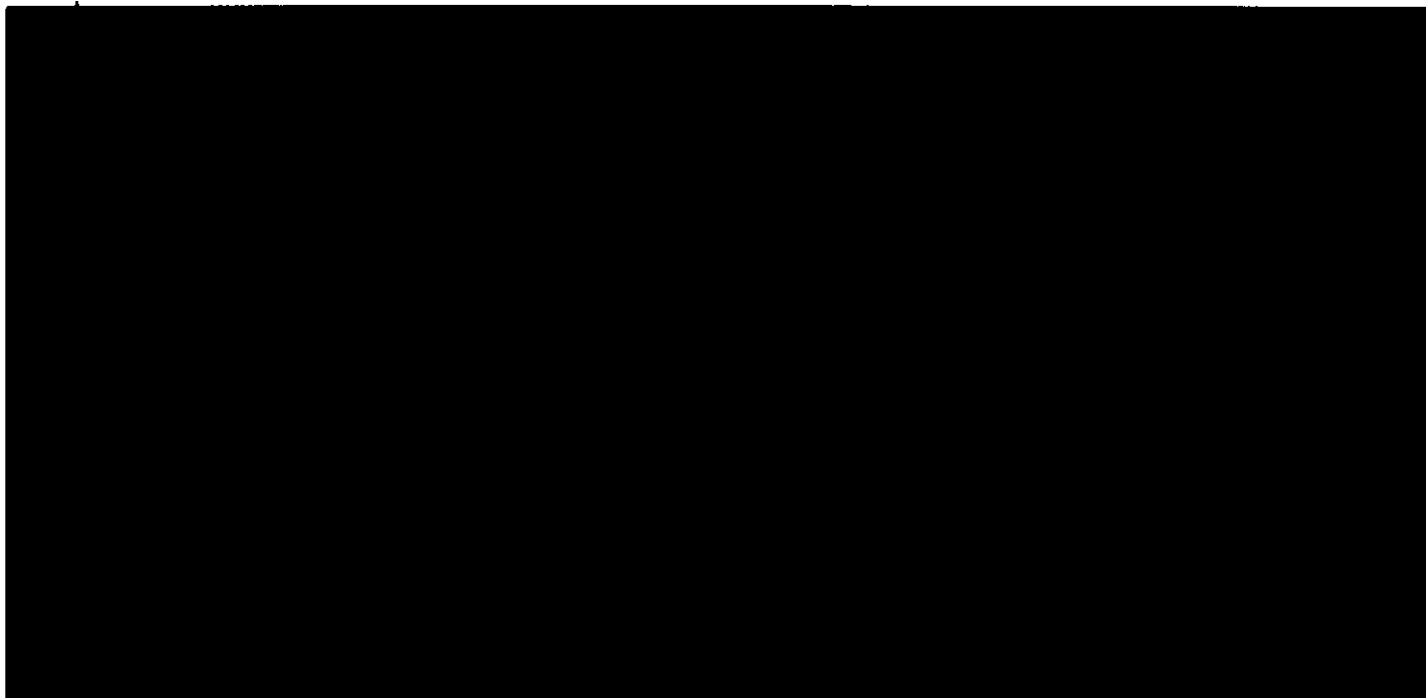
1 has already paid out nearly \$1.28 billion under those
 2 claims. Of these claims, less than 1 percent have
 3 received one or more policyholder complaints. In
 4 California, as of May 6th of this year, State Farm
 5 Companies have handled approximately 12,600 wildfire-
 6 related claims and have paid out more than \$3.4
 7 billion. In the wake of these natural disasters,
 8 State Farm is hard at work on the ground so
 9 policyholders can return to their communities and to
 10 their homes. To put this into further context, State
 11 Farm receives approximately 30,000 claims every
 12 single day, and we understand behind every claim is a
 13 person, a family, or a small business, who needs our
 14 help. No two disasters are the same and each claim
 15 is different, just as each individual submitting that
 16 claim is different. **Our goal in claims handling is**
 17 **to understand the scope of the damage, identify the**
 18 **cause, and determine what we may owe.** This is how
 19 I've instructed my teams to approach claims. Listen
 20 carefully, show empathy, investigate thoroughly, and
 21 pay what is owed under the terms of the policy. Now,
 22 we try to respond to most of the claims handling work
 23 ourselves, but sometimes we need to work with
 24 external independent adjusters to help us process a
 25 large volume of claims in a timely way. Similarly,

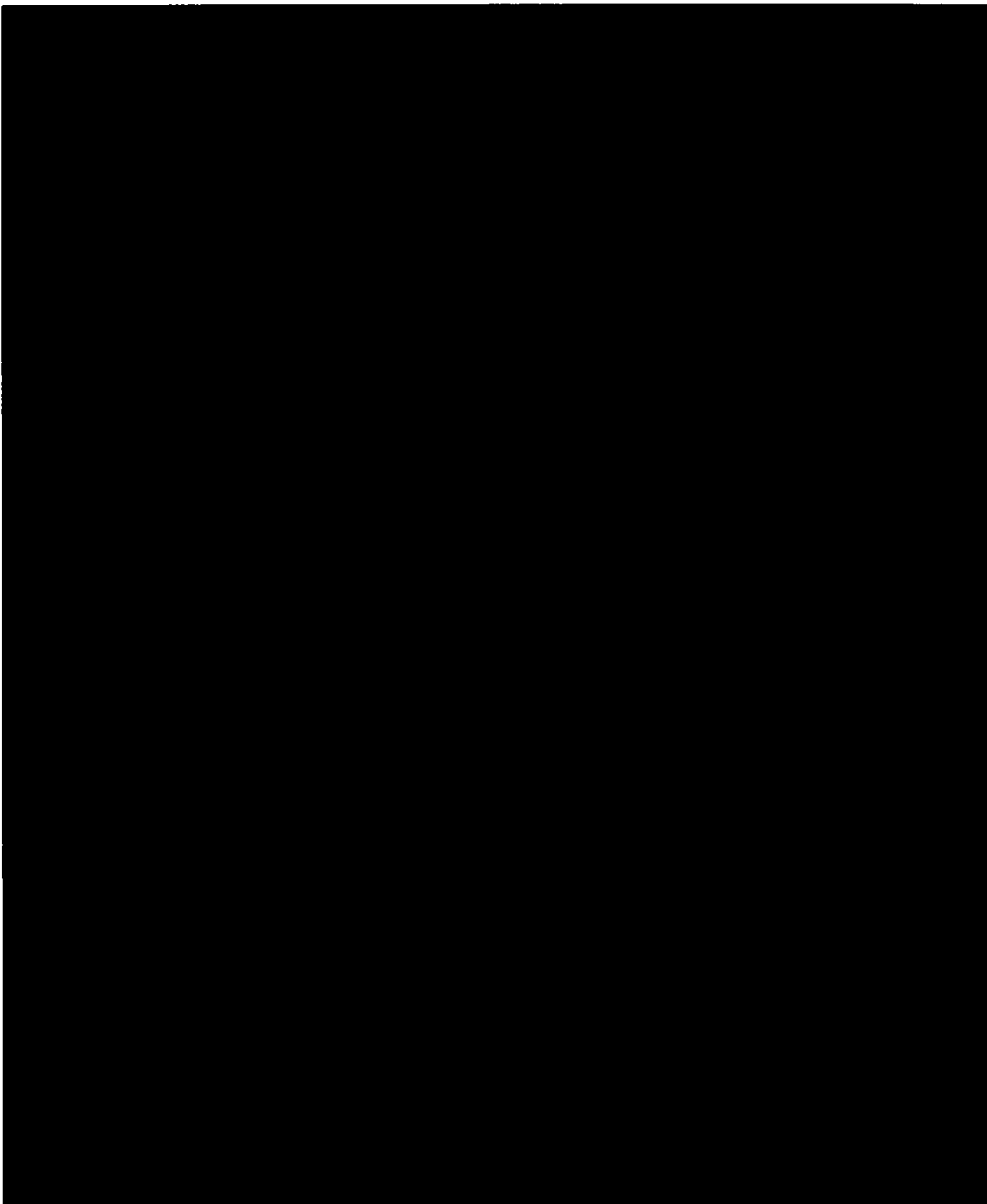
1 Claim Representative. Currently, I serve in the role
 2 of Operations Vice President where I help lead State
 3 Farms' claim process. How I work and how I lead my
 4 team are direct reflections on those experiences over
 5 three decades and the values of customer service
 6 integrity. They are what we hold dear at State Farm.
 7 From my first day at State Farm, I've had the
 8 privilege of helping people put their lives back
 9 together after the unexpected. It has shaped my role
 10 and how I lead others to fulfill State Farm's
 11 commitment to our policyholders to ensure that we pay
 12 policyholders what we owe under the terms of their
 13 policy promptly, courteously, and efficiently. Our
 14 commitment to our policyholders navigate some of the
 15 most difficult moments of their lives. That is
 16 especially critical in light of the recent
 17 devastation caused by natural disasters across the
 18 country. We share the subcommittee's concern for the
 19 families and communities impacted by these events.
 20 At State Farm, our policyholders are also often our
 21 neighbors, and as the largest claims force in the
 22 industry, we take seriously our role to help
 23 communities recover and rebuild. In the Southeast,
 24 damage from Hurricanes Helene and Milton resulted in
 25 approximately 129,600 property claims, and State Farm

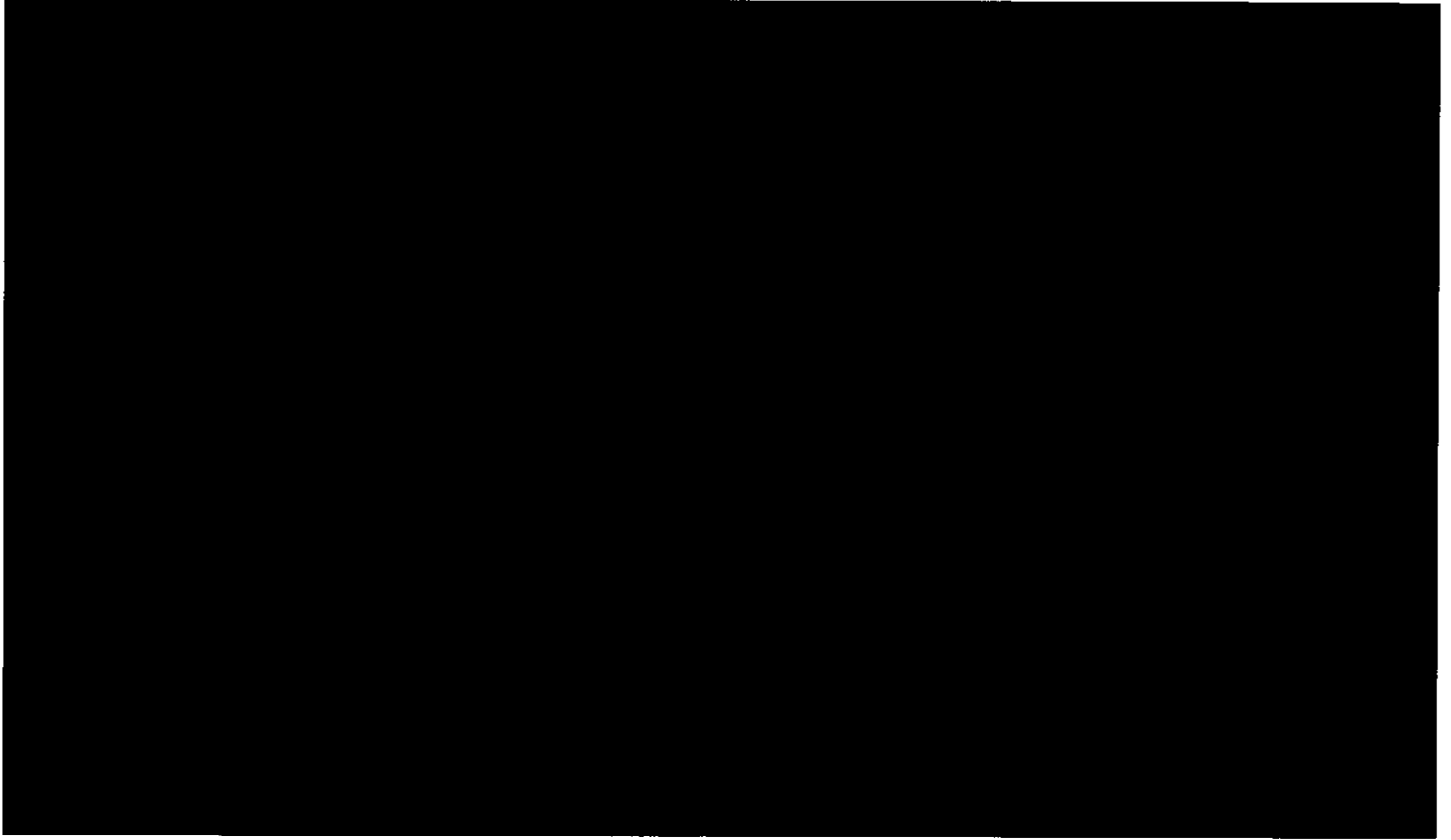
1 when a claim is particularly complex or requires
 2 special expertise, we may use engineers to help us
 3 resolve it. In such cases, we require that engineers
 4 are appropriately licensed, independent and objective
 5 and base their analysis on facts. So thank you again
 6 to the subcommittee for having me here today, and I
 7 do look forward to answering your questions.
 8 SENATOR HAWLEY: Thank you very much. Our next
 9 witness is Mike Fiato of Allstate. Mr. Fiato is the
 10 Executive Vice President and Chief Claims Officer of
 11 the Allstate Corporation. Mr. Fiato, the floor is
 12 yours.
 13 MR. FIATO: Chairman Hawley, Ranking Member Kim,
 14 and Members of the Subcommittee, thank you for
 15 inviting Allstate to share how we help customers
 16 recover when disaster strikes. My name is Mike
 17 Fiato. I am the Executive Vice President for Claims
 18 at Allstate, leading a team of 23,000 claims
 19 professionals, who help customers when they have
 20 fender benders or when their home burns to the
 21 ground. I joined Allstate about a year and a half
 22 ago after having spent more than three decades
 23 leading claims organizations at several other leading
 24 insurers. In my opinion, Allstate is among the
 25 finest in the industry and is exceptional when it

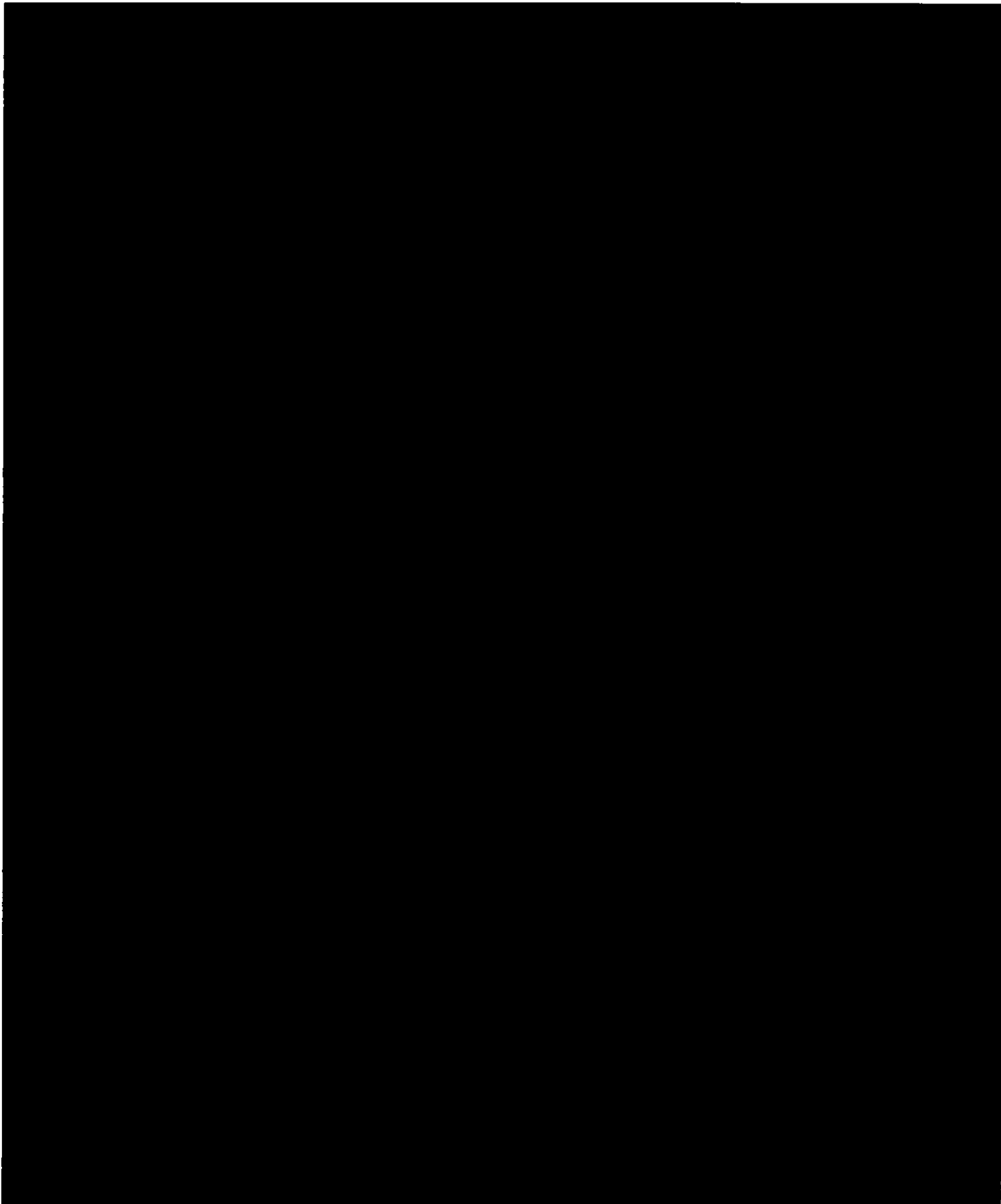








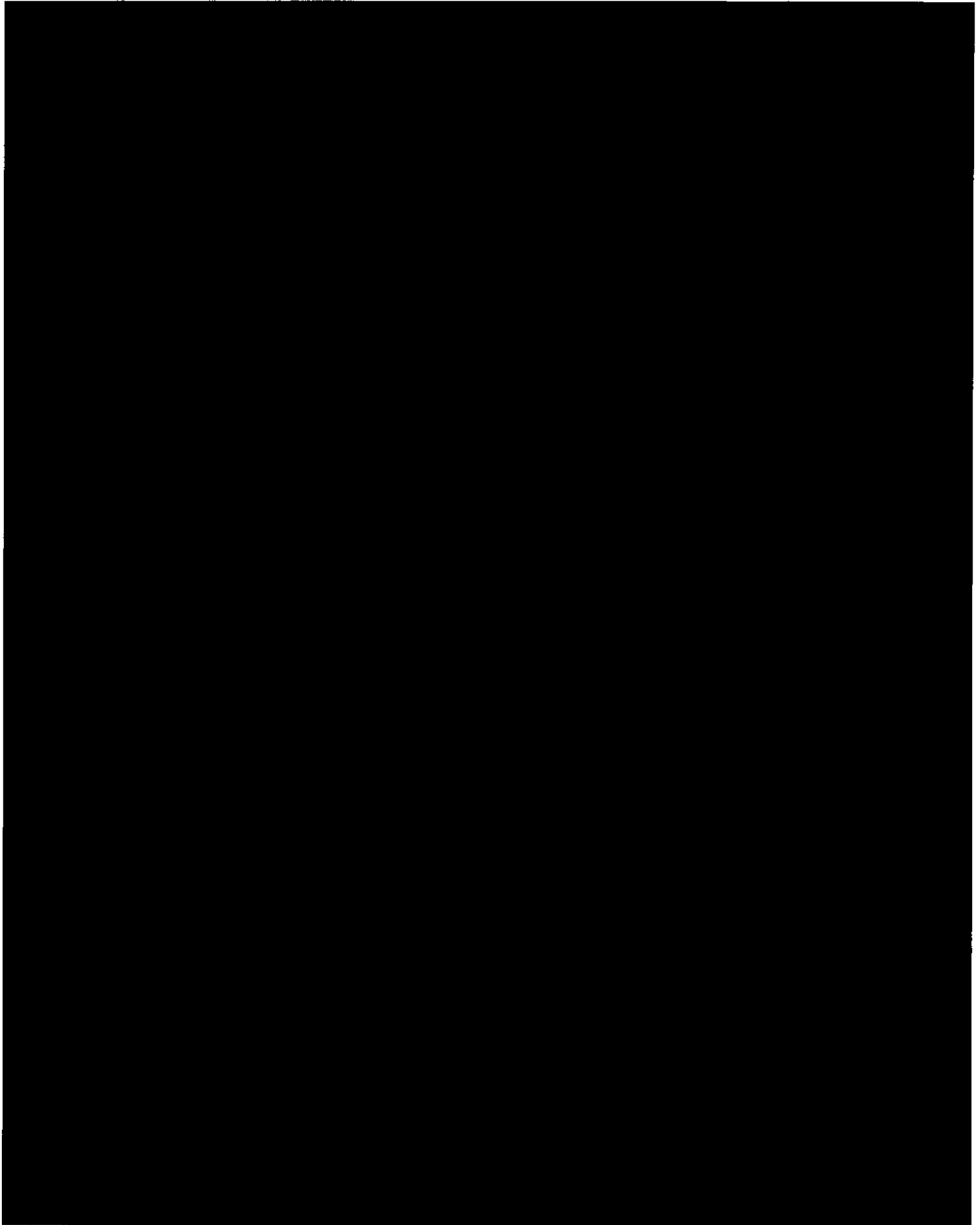




EXHIBIT

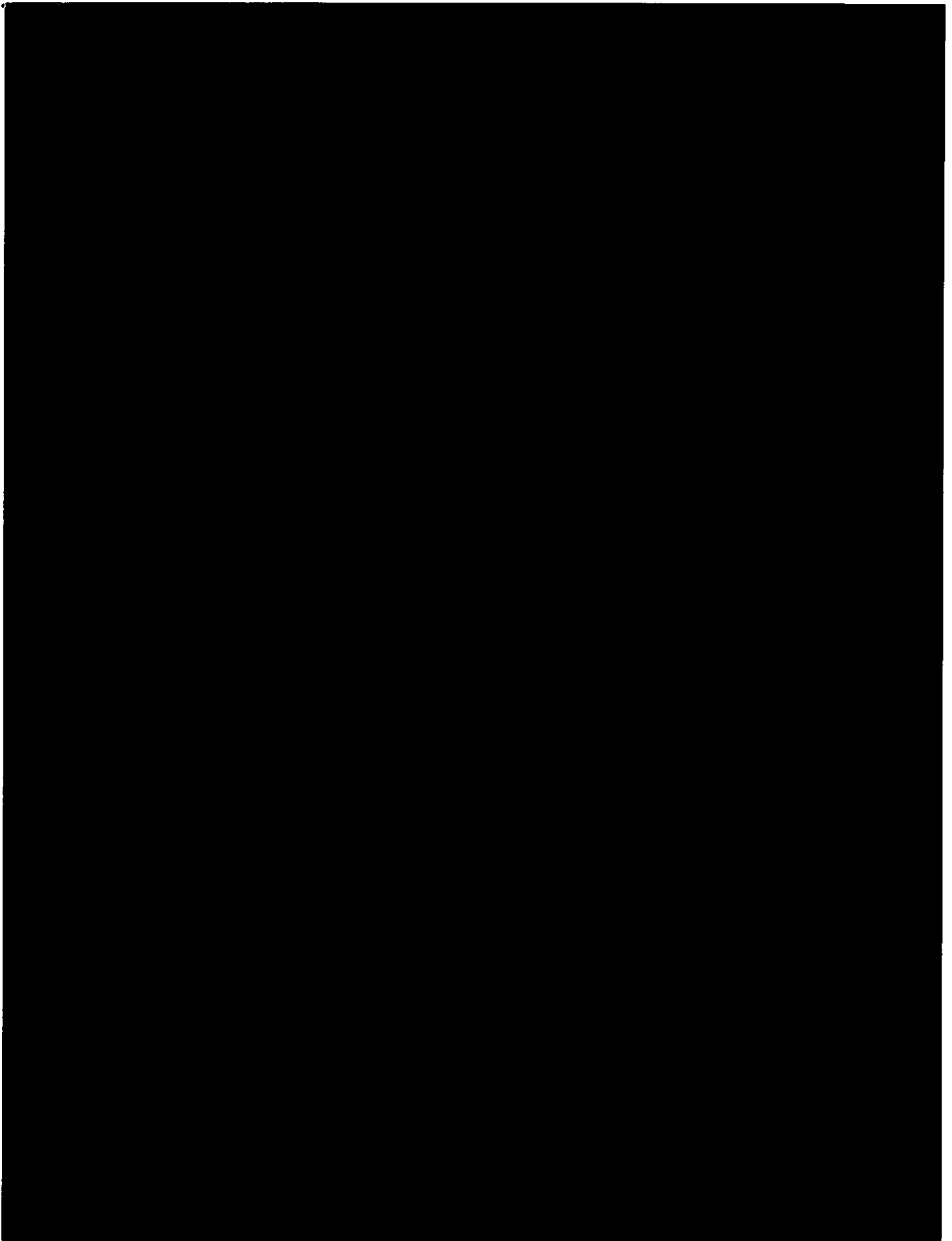
5

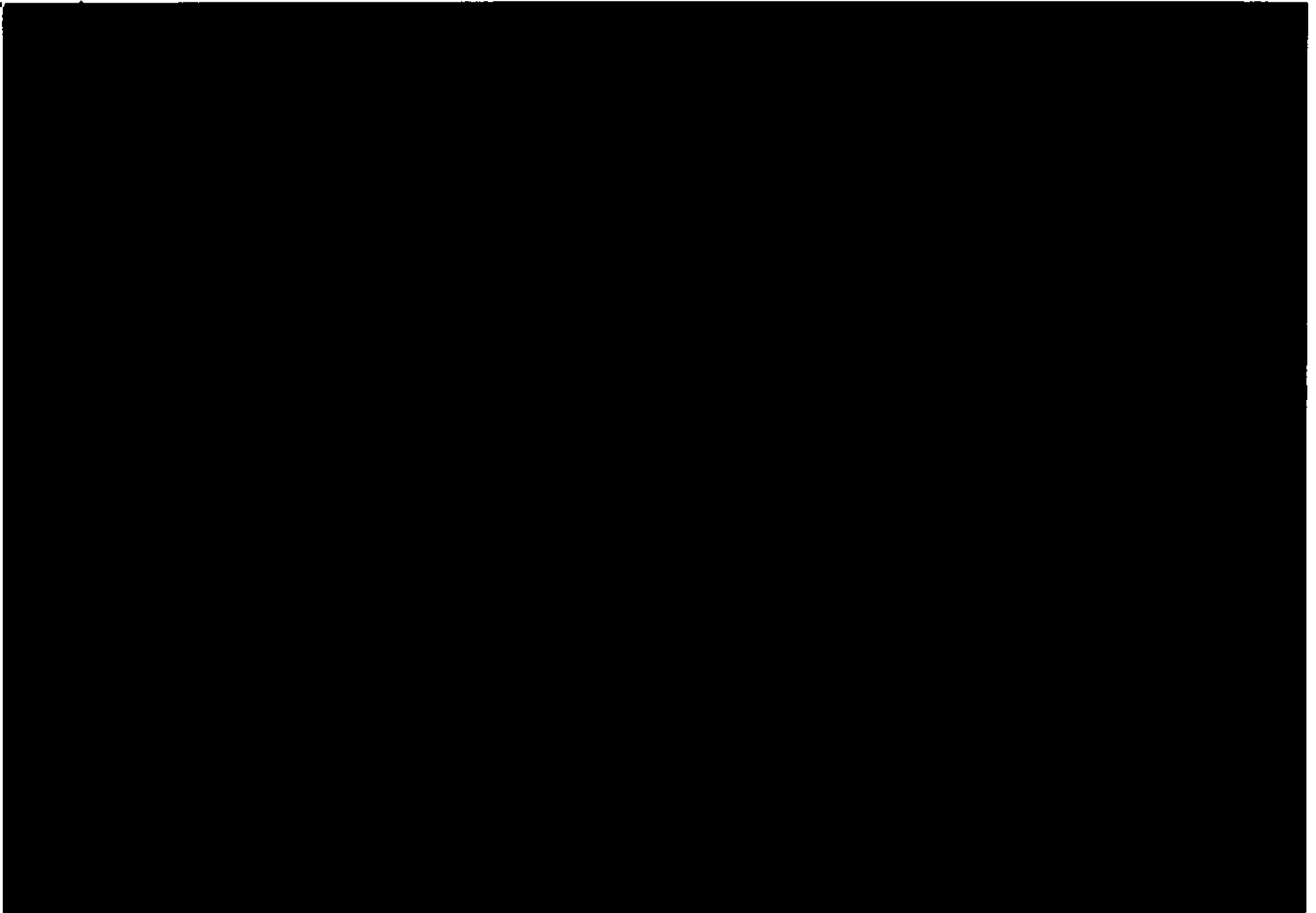




EXHIBIT

6





West. Neil, et al. v. SFF&CC, et al.

Hosier, Gary, et al. v. SFF&CC, et al.

PSC Claims
June 24, 2021

Fire Model Enhancement – Water & Wind/Hail



CONFIDENTIAL - PRODUCED PURSUANT TO PROTECTIVE ORDER

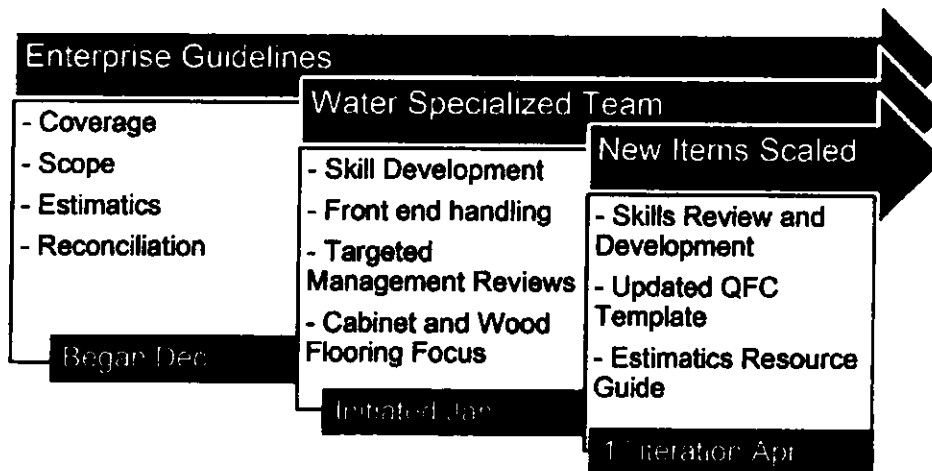
HOSIERGAR0074406PROD_Exh. 13



WEST-RFP44- Sub. Prod.000121



Water – Overview



 FOR INTERNAL STATE FILING USE ONLY. Complete information that may not be disclosed outside State form without authorization.

2

CONFIDENTIAL - PRODUCED PURSUANT TO PROTECTIVE ORDER

HOSIERGAR0074406PROD.0001_Exh. 13

WEST-RFP44- Sub. Prod.000122

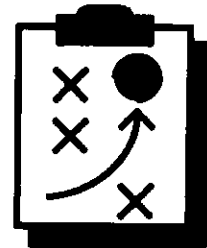
Water – Next Steps

Lessons Learned

- Coverage and Scope opportunities
- Timing of Management Reviews

Additional Testing in Progress

- SFPSP with HO-6 Claims
- Estimatics and Reconciliation strategies with Fire Proximity



Future Updates/Deliverables

- Florida Vendor Test
- Increase and Enhancements to Accelerated Management Reviews

 FOR INTERNAL STATE FAIR USE ONLY. Contains information that may not be disclosed outside State Farm without authorization.

3

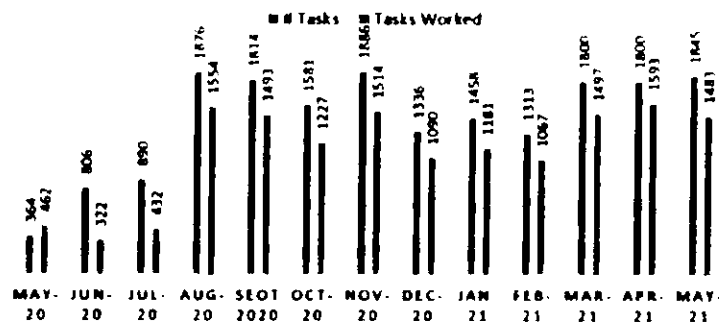
CONFIDENTIAL - PRODUCED PURSUANT TO PROTECTIVE ORDER

HOSIERGAR0074406PROD.0002_Ext. 13

WEST-RFP44- Sub. Prod.000123

Water – Measurements

Accelerated Management Reviews Fire Water Coverage



*note, March and April 2021 figures approximate

 FOR INTERNAL STATE FALLO USE ONLY. Contains information that may not be disclosed outside DHS Form without authorization.

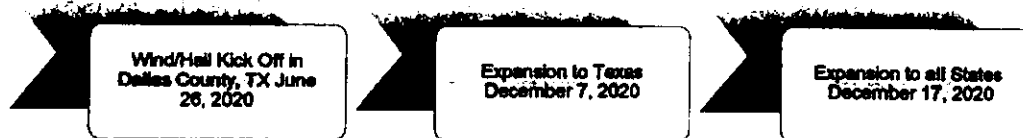
4

CONFIDENTIAL - PRODUCED PURSUANT TO PROTECTIVE ORDER

HOSIERGAR0074406PROD.0003_Ext. 13

Wind/Hail – Initial Analysis & Prioritized Tactics

	PERIL	HYPOTHESIS	METRIC	BASELINE	INDUSTRY PRACTICE
- Claim Handling Hygiene - Small Hail ($\leq 1"$) & Light Wind (≥ 50 mph) - Early Team Manager Involvement	Wind	Unnecessary roof replacement on minor wind damages ($\geq 1"$ high or deep)	% Full Roof Replacement (FRP) on Severity 3 Wind	63%	5-10%
	Hail	Unnecessary roof replacement on light hail damages ($1"$ hail or smaller)	% Full Roof Replacement (FRP) on Severity 3 Hail	90%	5-10%
State Bill Analysis: Texas, AB Wind/Hail Losses (Cut and New Cut), 2017-2018 Baseline: Analysis of 5-year data validated FRPs were paid at 63% frequency for Severity 3 Wind and 90% frequency for Severity 3 Hail Industry Best: Industry Best FRP on light wind and small hail averages a 5-10% frequency. Baseline an inherent quality improvement opportunity of 53-85% for light wind and 80-85% for small hail Quality Focus: Stakeholder agreement to require Texas Manager review when claim handler recommends full damage replacement or full roof replacement for claims paid with FRP on light wind or small or small hail ($1"$ or smaller)					



FOR INTERNAL STATE FARM USE ONLY. Contains information that may not be disclosed outside State Farm without authorization.

CONFIDENTIAL - PRODUCED PURSUANT TO PROTECTIVE ORDER

HOSIERGAR0074406PROD.0004_Exh. 13

Wind/Hail – Playbook

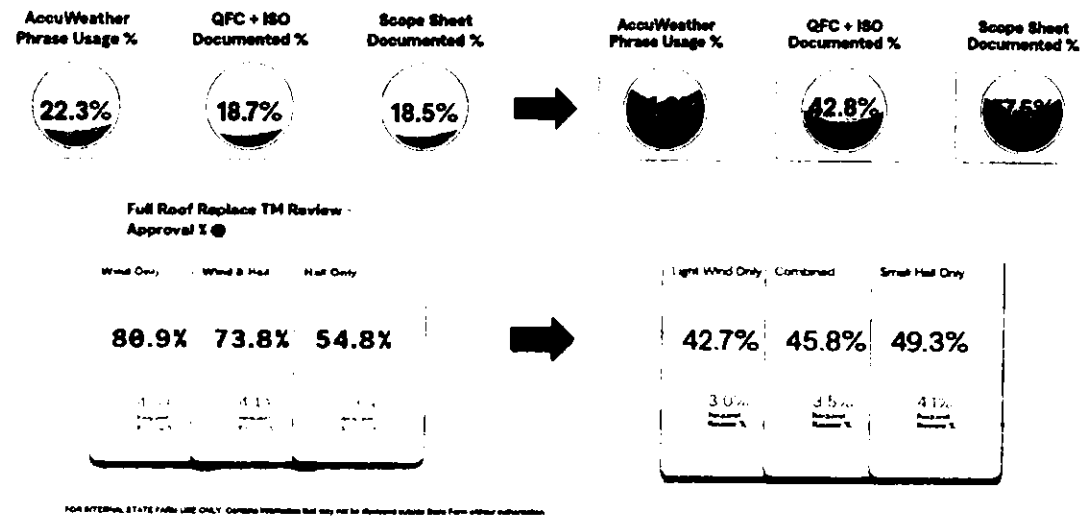
Fundamentals	Live Plays	Calibration
• Roof Skills Review • HAAG Refresher • Wind Loss Overview • Wind Evaluation Sheet • Art of the Conversation • Fire Data Accuracy Dashboard	• TM reviews on roof replacement recommendations (≤ 1", ≥ 50 mph, and Age & Condition) • Enhanced emphasis on Claim Handling Hygiene • Use of Structured Phrases to measure adoption • Weekly Monitoring & Surveying • Targeted Reinspections	• Age & Condition reviews in all states • ITEL vendor solution for shingle identification / availability • EagleView Connect Explorer • Policy Endorsement

FOR INTERNAL, STATE PARTIAL USE ONLY. Complete information that may not be disclosed outside State Farm without authorization.

CONFIDENTIAL - PRODUCED PURSUANT TO PROTECTIVE ORDER

HOSIERGAR0074406PROD.0005_Exh. 13

Wind/Hail – February 2021 vs June 2021



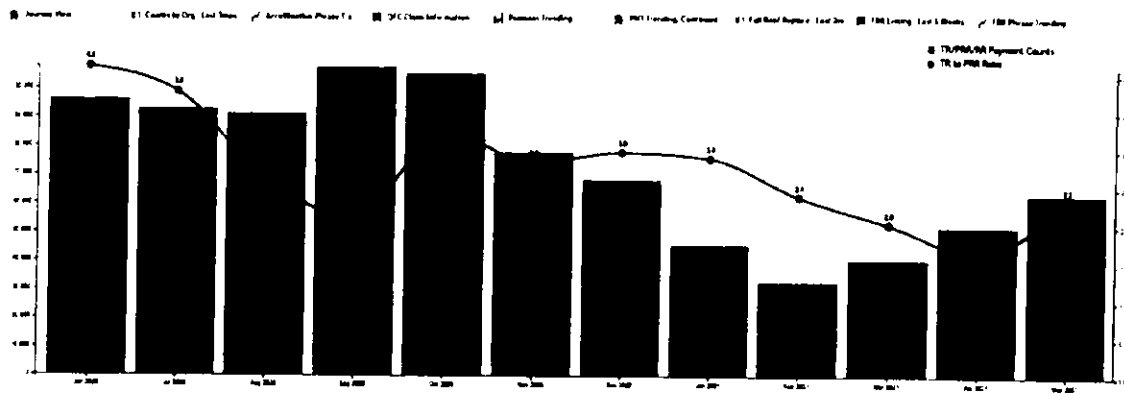
CONFIDENTIAL - PRODUCED PURSUANT TO PROTECTIVE ORDER

HOSIERGAR0074406PROD.0006_Ext. 13

West. Neil, et al. v. SFF&CC, et al.

Hosier, Gary, et al. v. SFF&CC, et al.

Wind/Hail Total Roof to Partial Roof Replacement Ratio



FOR INTERNAL STATE FARM USE ONLY. Contents information may not be released outside State Farm without authorization.

CONFIDENTIAL - PRODUCED PURSUANT TO PROTECTIVE ORDER

HOSIERGAR0074406PROD.0007_Exh. 13

WEST-RFP44- Sub. Prod.000128

Wind/Hail – Continuous Improvement

• Wind/hail peril NPI increased +\$1.49B (+45.3%) YOY yet decreased -\$74.0M (-1.5%) in the past three months. Jurisdictions with YOY increases greater than +\$90M were Louisiana, Iowa, Alabama, Texas, and Georgia; Colorado experienced the largest decrease (-\$110.9M). Pending counts decreased YOY (-16,106) yet increased in the past three months (+6,212).

*Our quality focus and claim handling are guided by and in support of *Our Commitment to Our Policyholders*

Total Homeowners Wind/Hail Peril (including Catastrophe) Trends by Jurisdiction

Jurisdiction	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Louisiana	18.4%	\$1,168.8	+8878.3	+717.8%	+1,188.8%	+888.9%	+1,128.8%	+227.4%	+414.8%	+188.1%	+128.4%	+128.2%
Iowa	8.8%	\$581.3	+887.4	+17.7%	-7.2%	-1.7%	-11.0%	+17.7%	-18.1%	-18.8%	-18.8%	-11.9%
Alabama	8.7%	\$538.1	-848.2	-8.0%	+10.2%	-22.1%	-4.3%	-14.2%	-8.2%	-2.0%	-48.7%	-44.7%
Texas	6.3%	\$388.0	+2280.8	+288.8%	+887.7%	+281.1%	+484.4%	+218.8%	+488.8%	-8.2%	-3.2%	-12.8%
Georgia	4.7%	\$287.7	+888.8	+11.8%	+27.7%	+88.7%	+27.3%	+4.8%	+88.8%	+8.4%	+14.8%	+78.4%
Colorado	4.7%	\$288.0	-888.8	-81.8%	-24.0%	-38.3%	-18.8%	-21.8%	-10.2%	-12.8%	-32.1%	-17.1%
Alabama	3.8%	\$214.4	+8121.1	+487.4%	+291.8%	+288.8%	+188.4%	+188.1%	+188.8%	+8.7%	+8.8%	+188.3%
Ohio	3.1%	\$188.7	-812.8	-8.4%	-88.1%	-11.9%	-47.8%	-18.8%	+12.7%	+8.7%	+18.8%	-18.4%
Oklahoma	3.0%	\$182.3	-88.7	-3.8%	-38.0%	-11.7%	+18.8%	-18.8%	+14.3%	-1.0%	-4.8%	-13.8%
Missouri	3.0%	\$178.8	-812.4	-8.8%	+12.0%	-27.3%	-8.2%	-38.0%	-28.0%	+18.3%	+27.8%	-88.3%
Colorado	2.7%	\$188.8	-8114.4	-40.8%	-40.3%	-44.0%	-44.8%	-82.8%	-88.4%	+18.8%	+88.3%	-18.8%
Tennessee	2.6%	\$188.4	-824.3	-13.2%	+84.4%	-32.2%	-34.8%	-88.2%	-18.4%	+38.8%	+84.8%	-81.3%
Florida	2.8%	\$188.3	-818.0	+11.8%	-8.4%	-3.1%	-7.7%	+18.8%	-32.2%	-18.8%	+28.1%	+122.8%

FOR INTERNAL STATE TABLE USE ONLY. CANNOT PREPARE THAT MAY BE TO DISCLOSE STATE DATA FROM WITHOUT AUTHORIZATION.

CONFIDENTIAL - PRODUCED PURSUANT TO PROTECTIVE ORDER

HOSIERGAR0074408PROD.0008_Ext. 13

West. Neil, et al. v. SFF&CC, et al.

Hosier, Gary, et al. v. SFF&CC, et al.

Wind/Hail – Law of Recency

PERIL	HYPOTHESIS	METRIC	BASELINE	INDUSTRY BEST
Wind	Unnecessary roof replacement on light wind damages (50 mph or less)	% Full Roof Replacement (FRR) on Severity 3 Wind	63%	5-10%
Hail	Unnecessary roof replacement on light hail damages (1" hail or smaller)	% Full Roof Replacement (FRR) on Severity 3 Hail	90%	5-10%

- **Data Set Analysis:** Texas, All Weathered Layers (Old and New-Cat), 2017-2019
- **Definition:** Analysis of 3-year data indicated FRRs were paid at 63% frequency for Severity 3 Wind and 90% frequency for Severity 3 Hail.
- **Industry Best:** Industry Best FRR on light wind and hail damages is 5-10% frequency, therefore an internal quality improvement opportunity of 63-90% for light wind and 90-90% for hail hail.
- **Quality Flag:** Establish procedure to engage Team Manager review when claims handler recommends full slope replacement or full roof replacement for claims with light wind (50 mph or less) or small hail (1" or smaller).

FOR INTERNAL STATE FARM USE ONLY. Contains information that may not be disclosed outside State Farm without authorization.

CONFIDENTIAL - PRODUCED PURSUANT TO PROTECTIVE ORDER

HOSIERGAR0074408PROD.0009_Exh. 13

WEST-RFP44- Sub. Prod.000130

West. Neil, et al. v. SFF&CC, et al.

Hosier, Gary, et al. v. SFF&CC, et al.

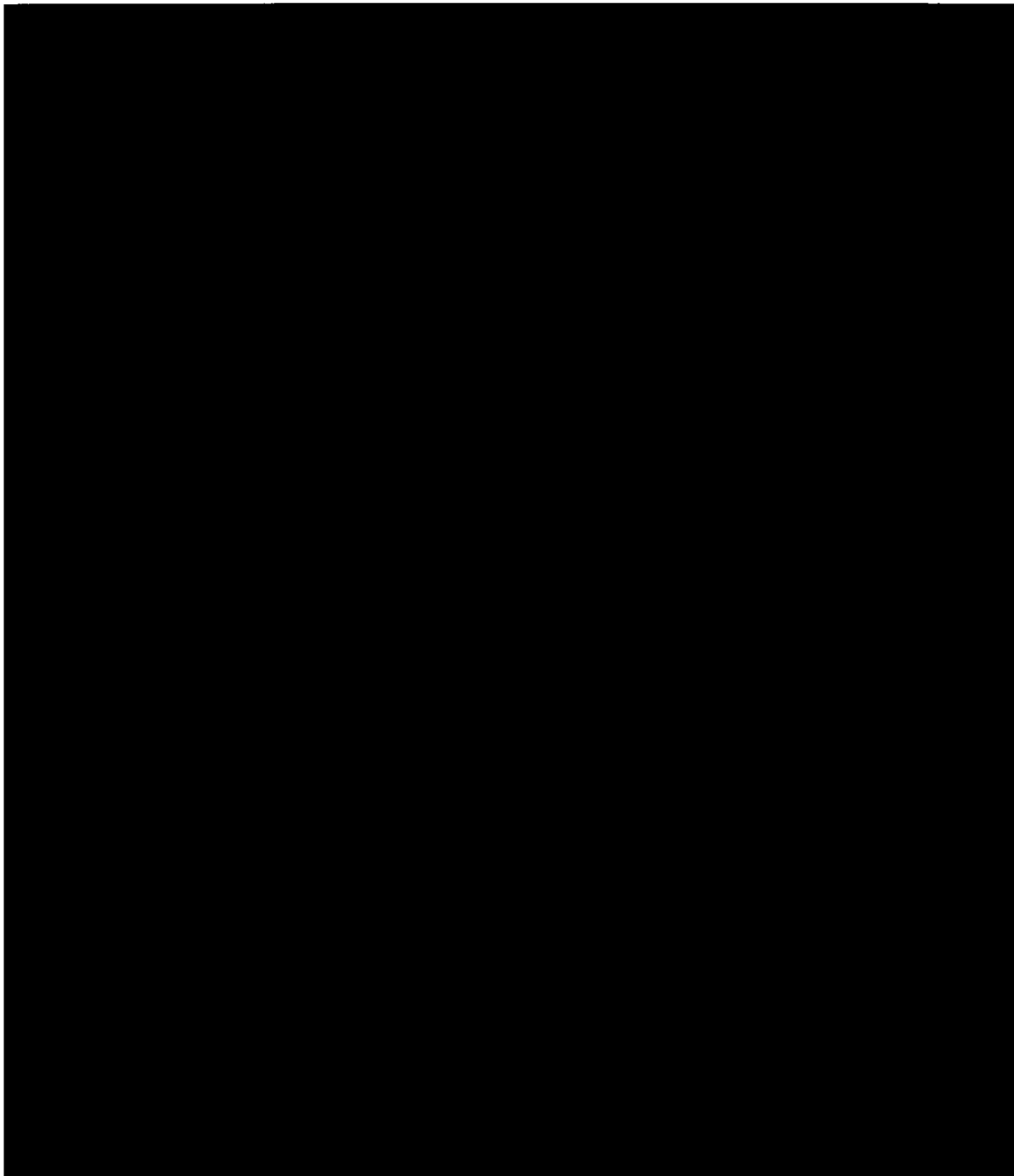


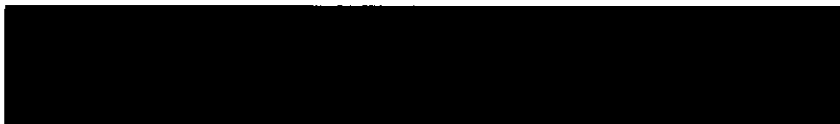
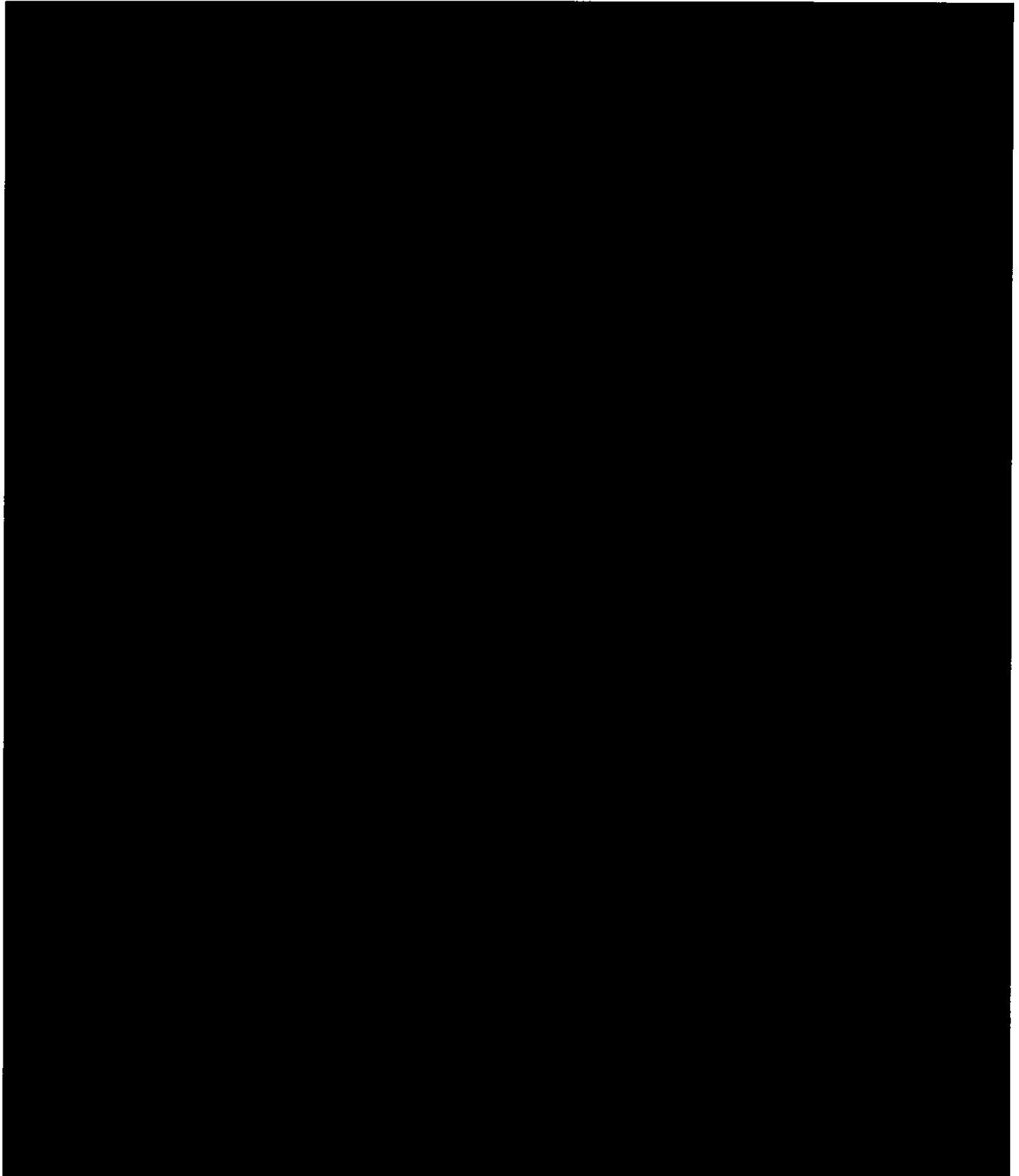
Questions?

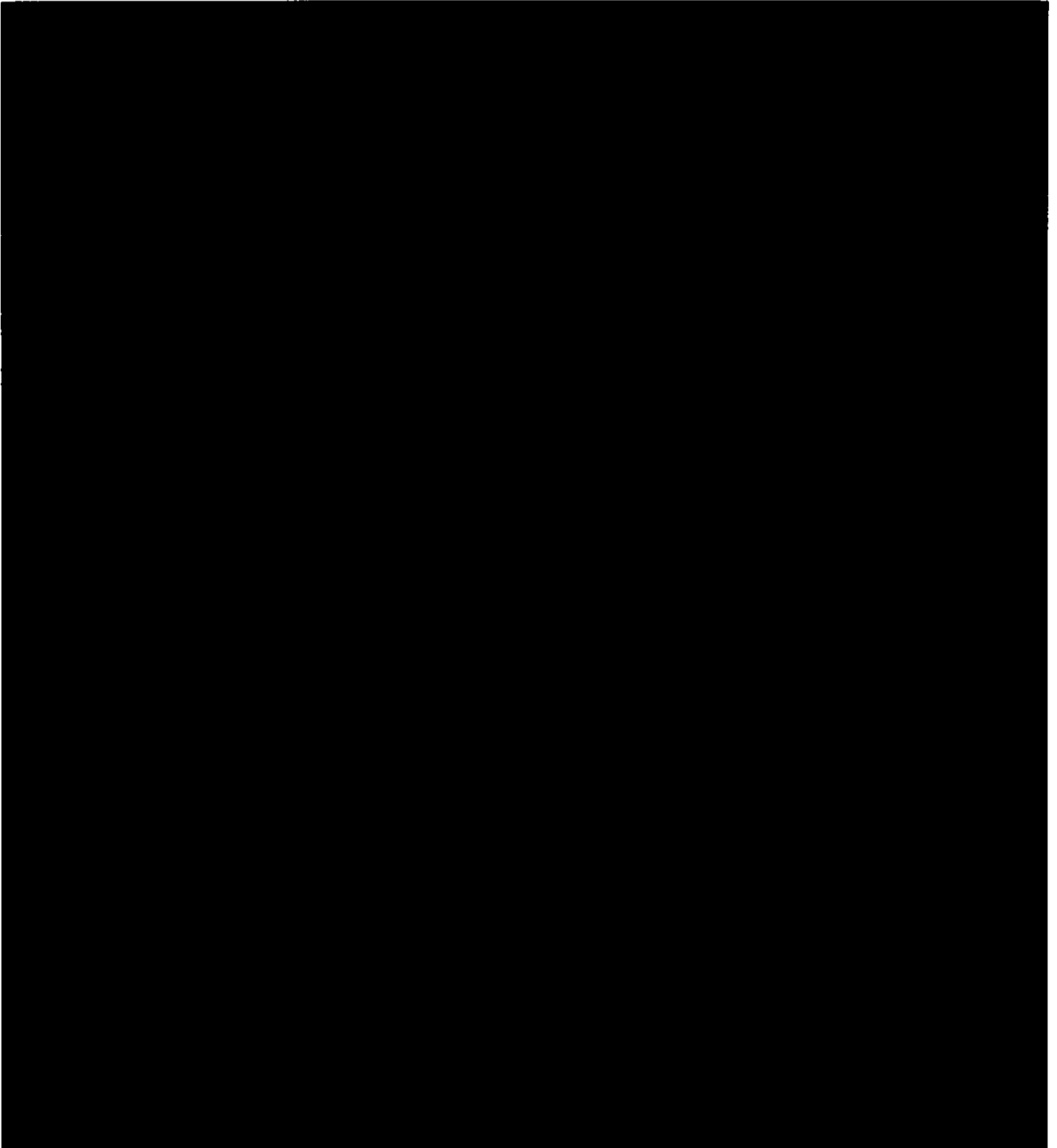
CONFIDENTIAL - PRODUCED PURSUANT TO PROTECTIVE ORDER

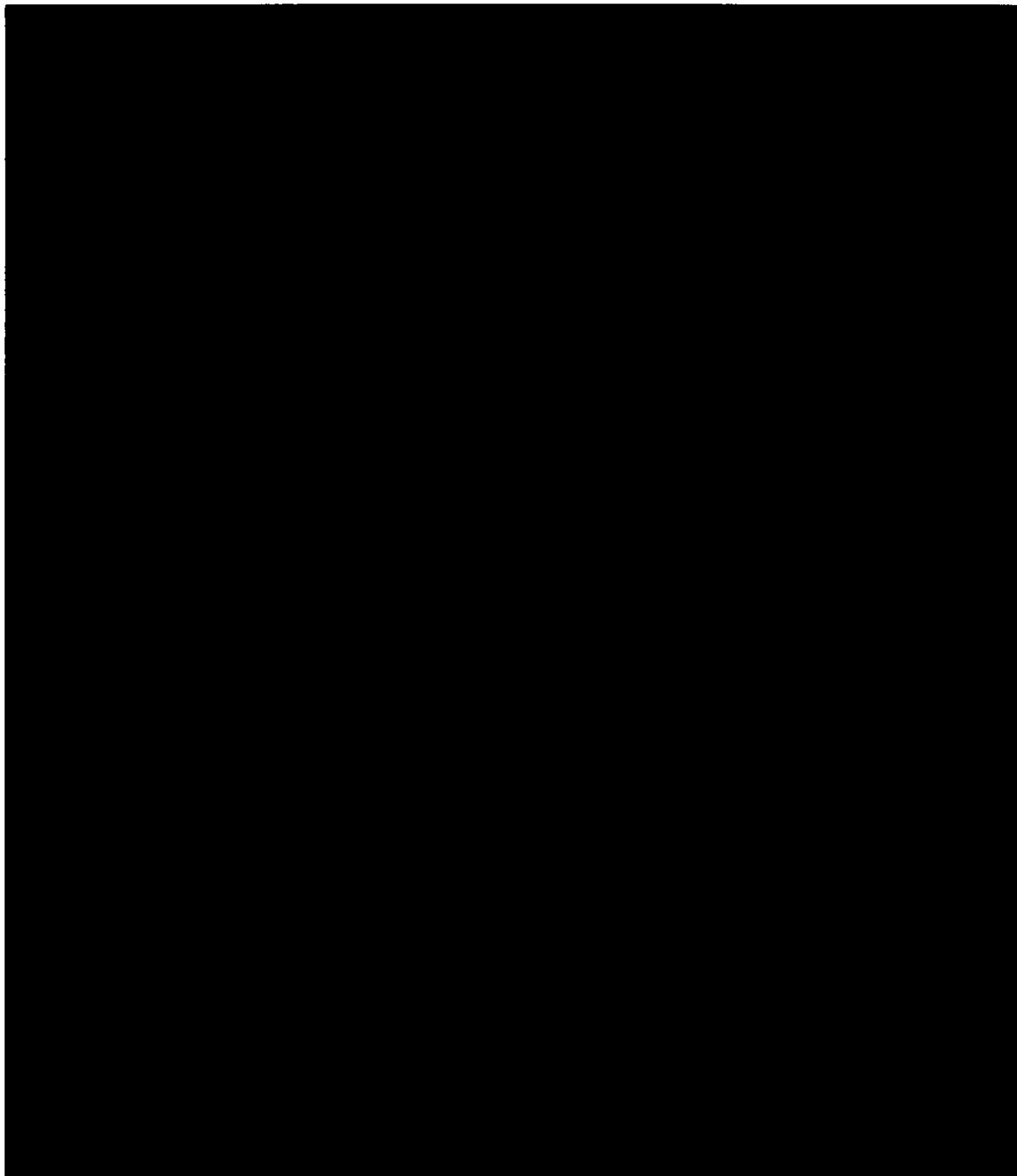
HOSIERGAR0074406PROD.0010_Exh. 13

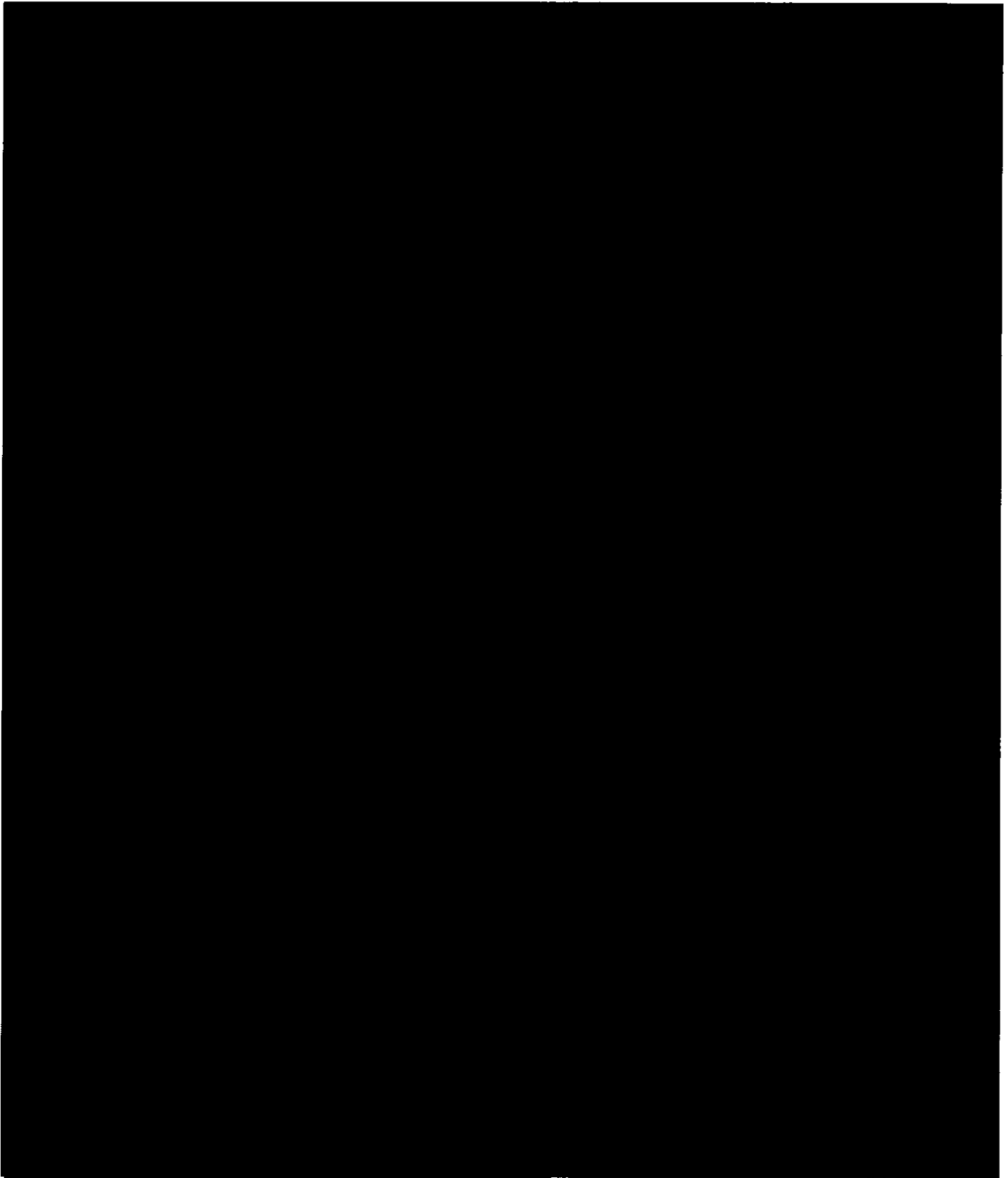
WEST-RFP44- Sub. Prod.000131



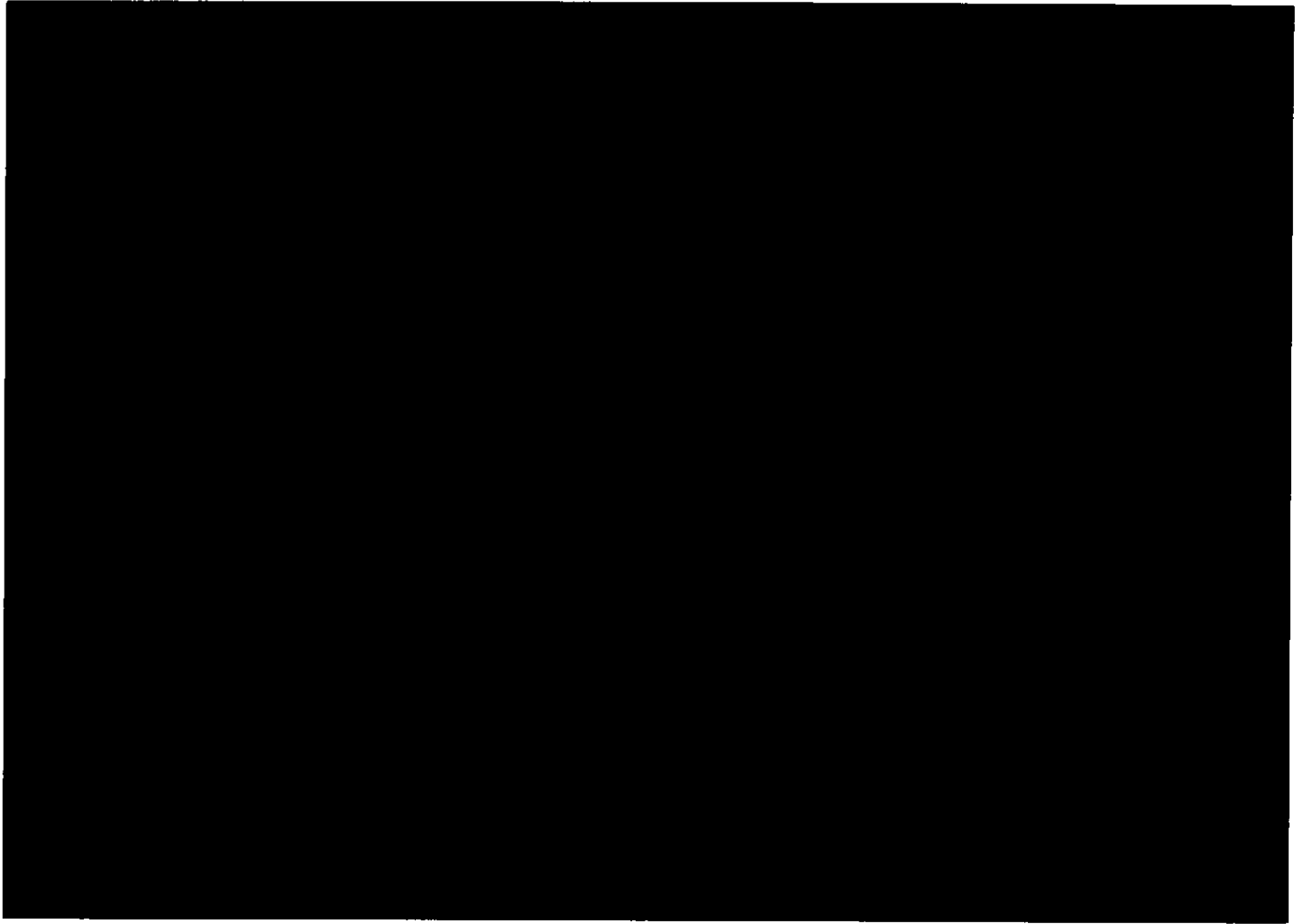




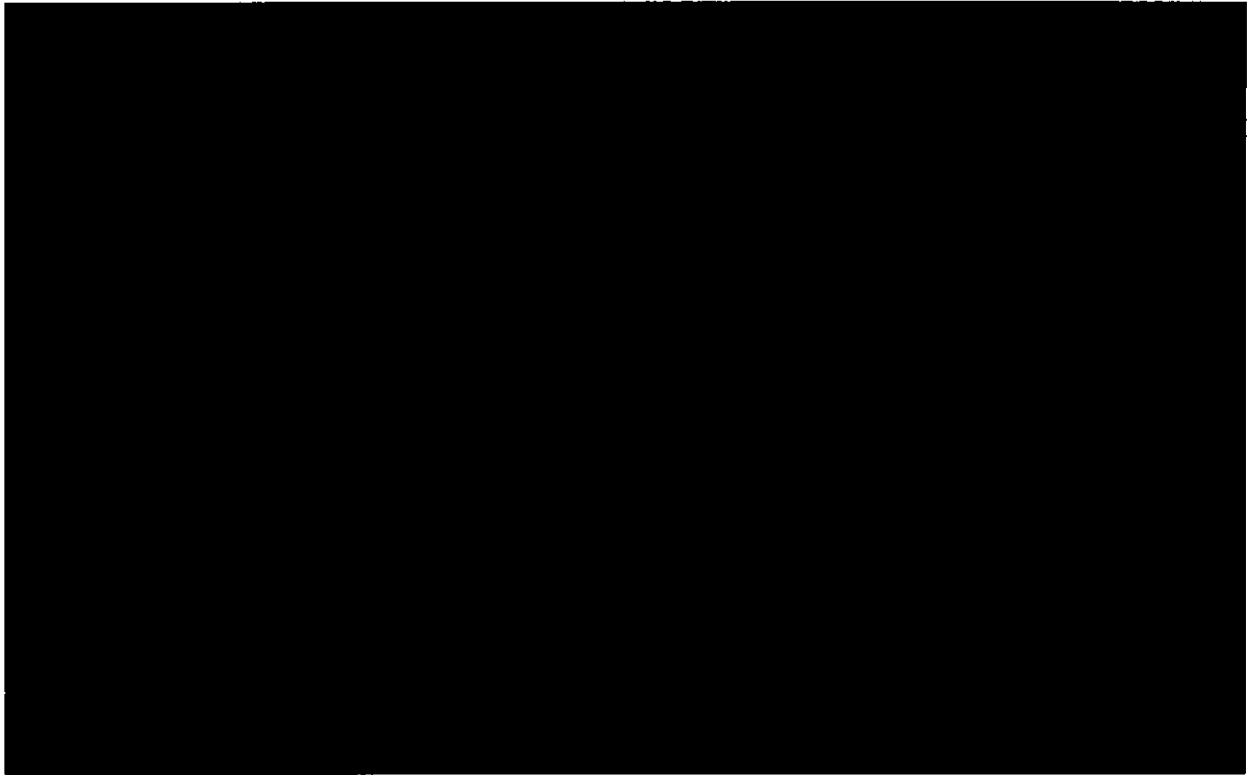


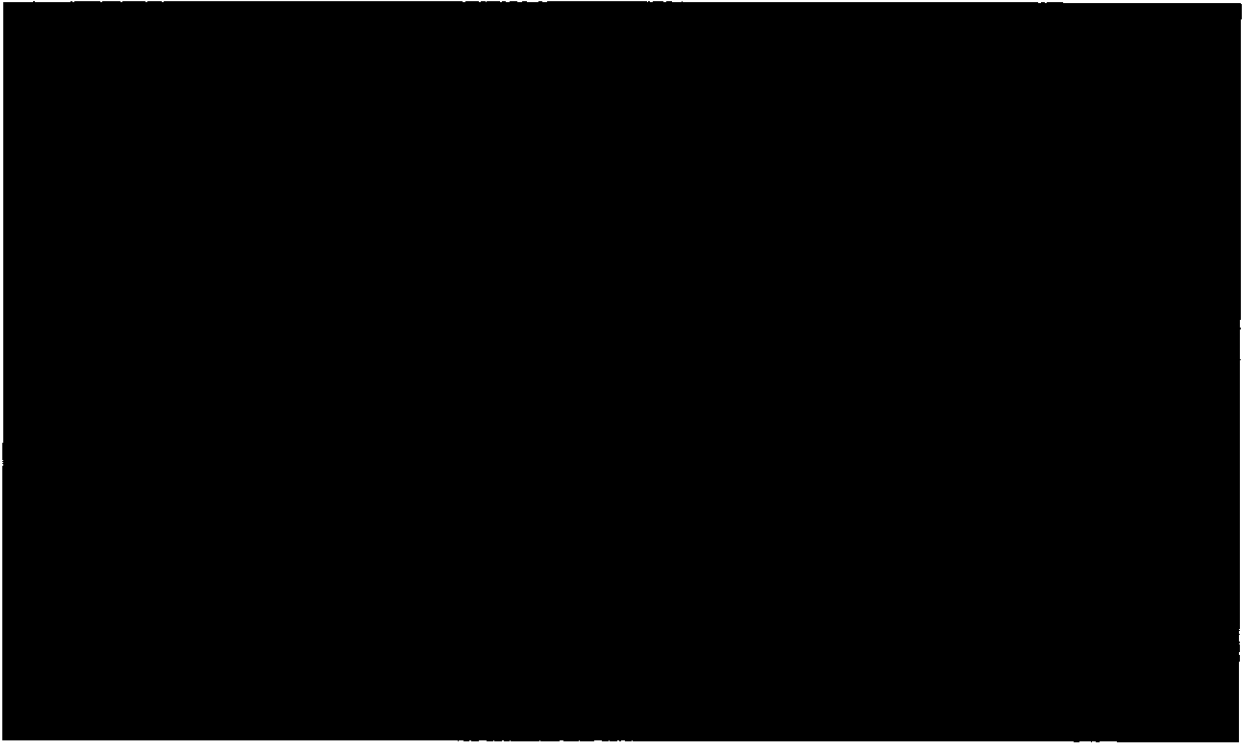


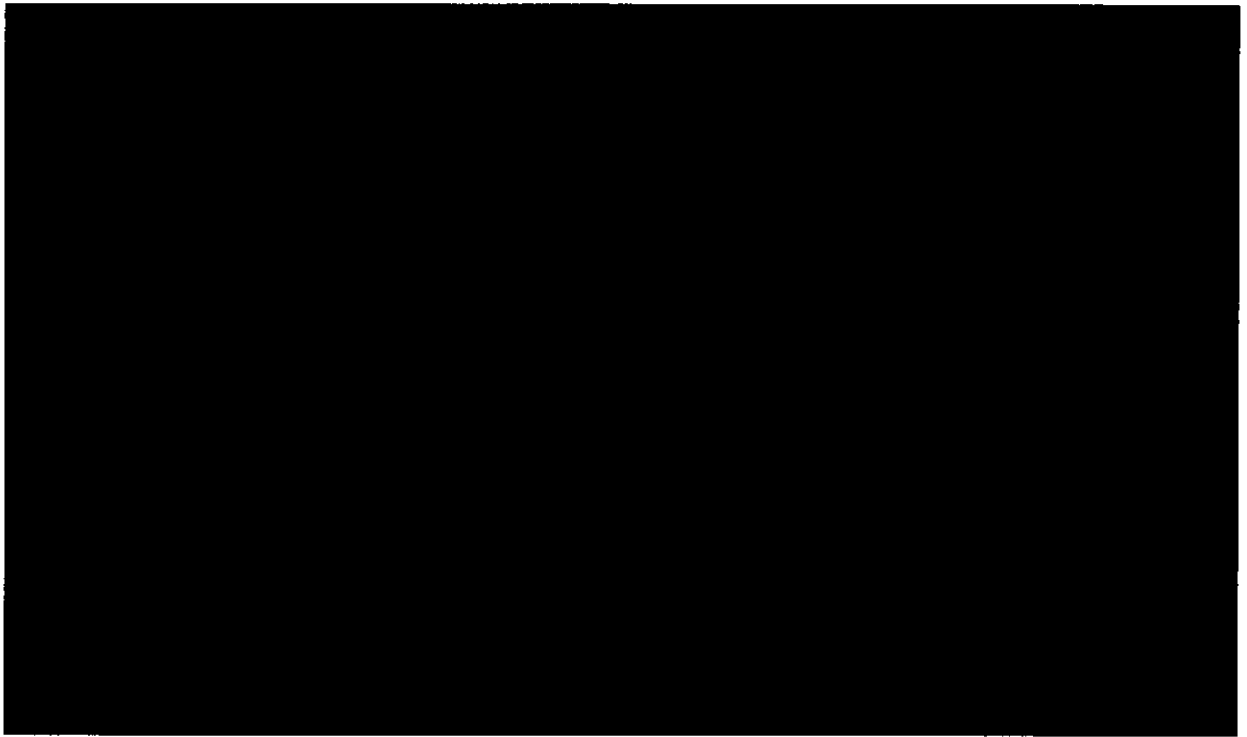
**PLAINTIFF'S
EXHIBIT
11**



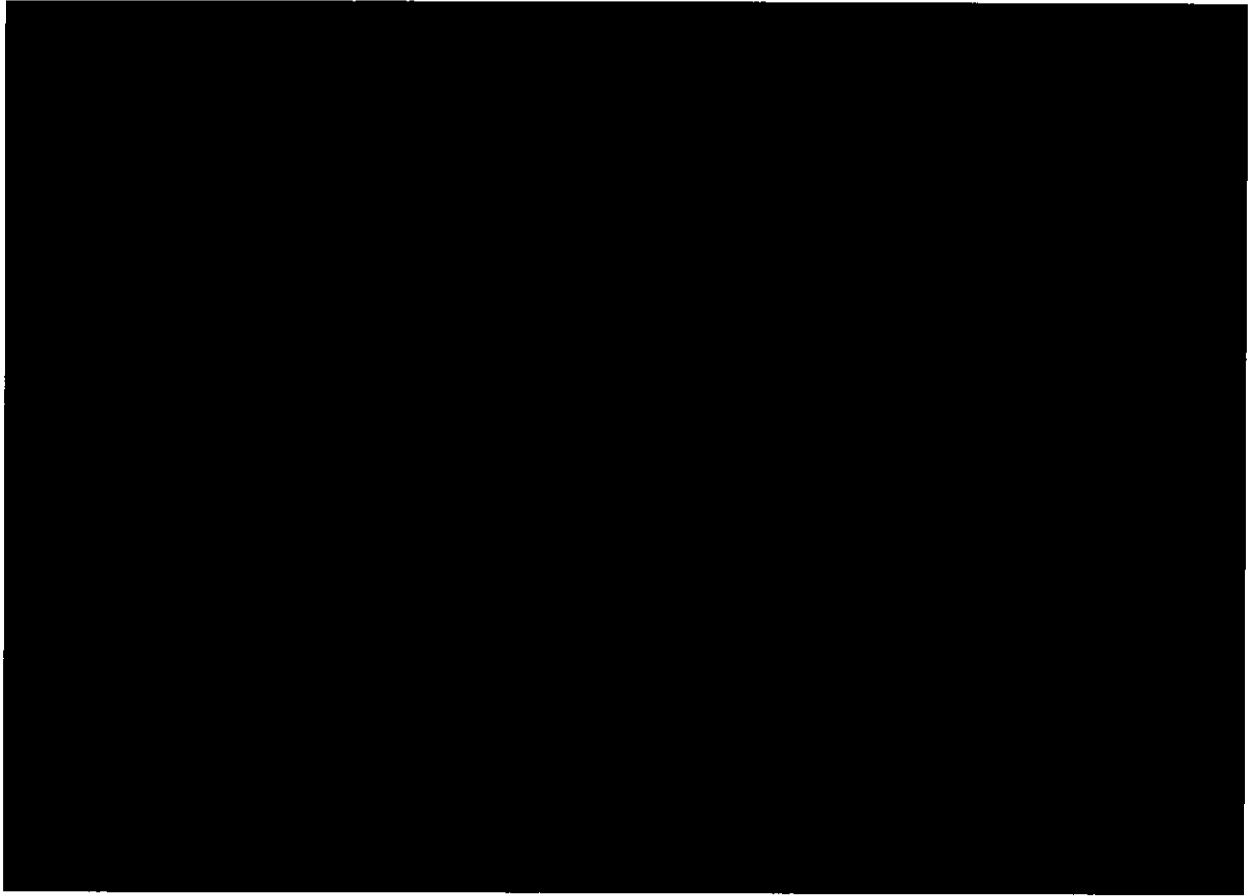


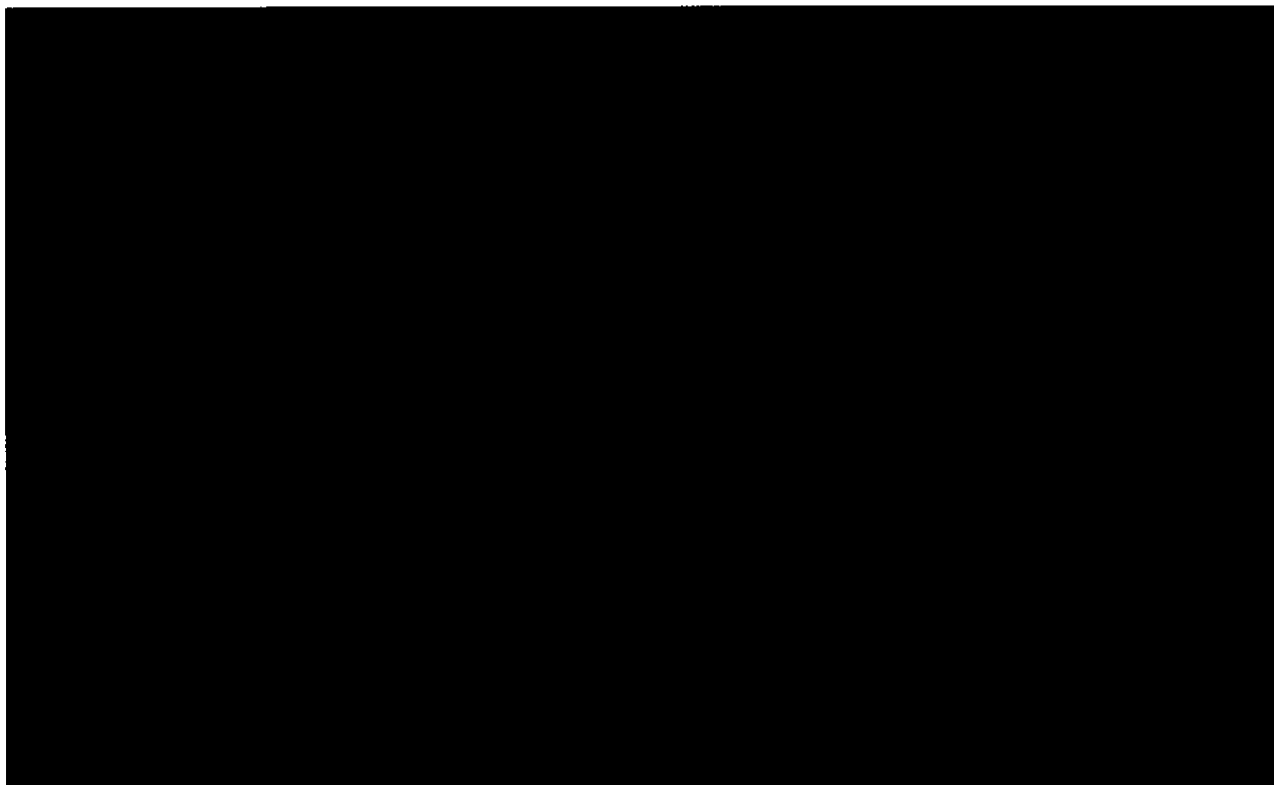


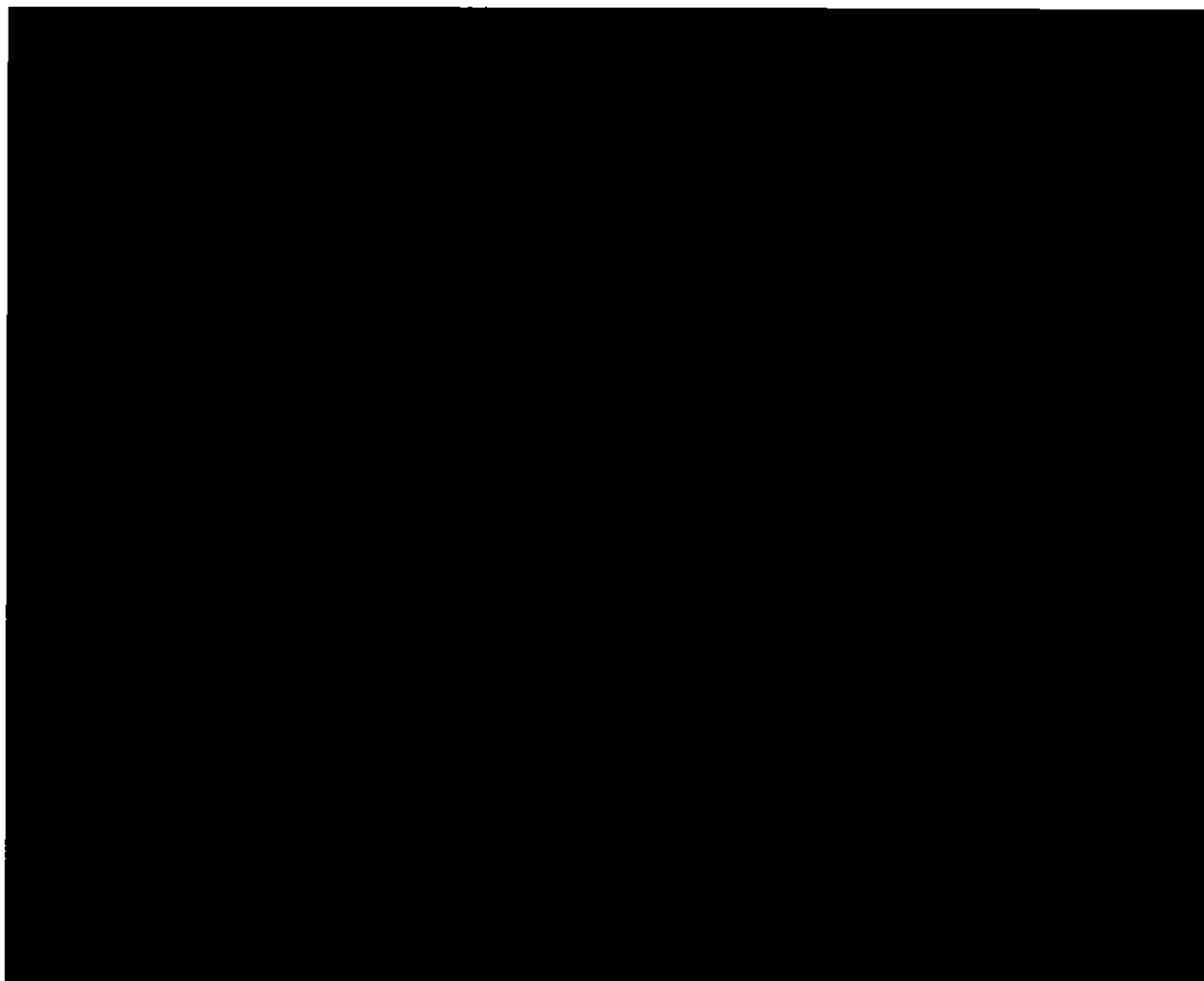


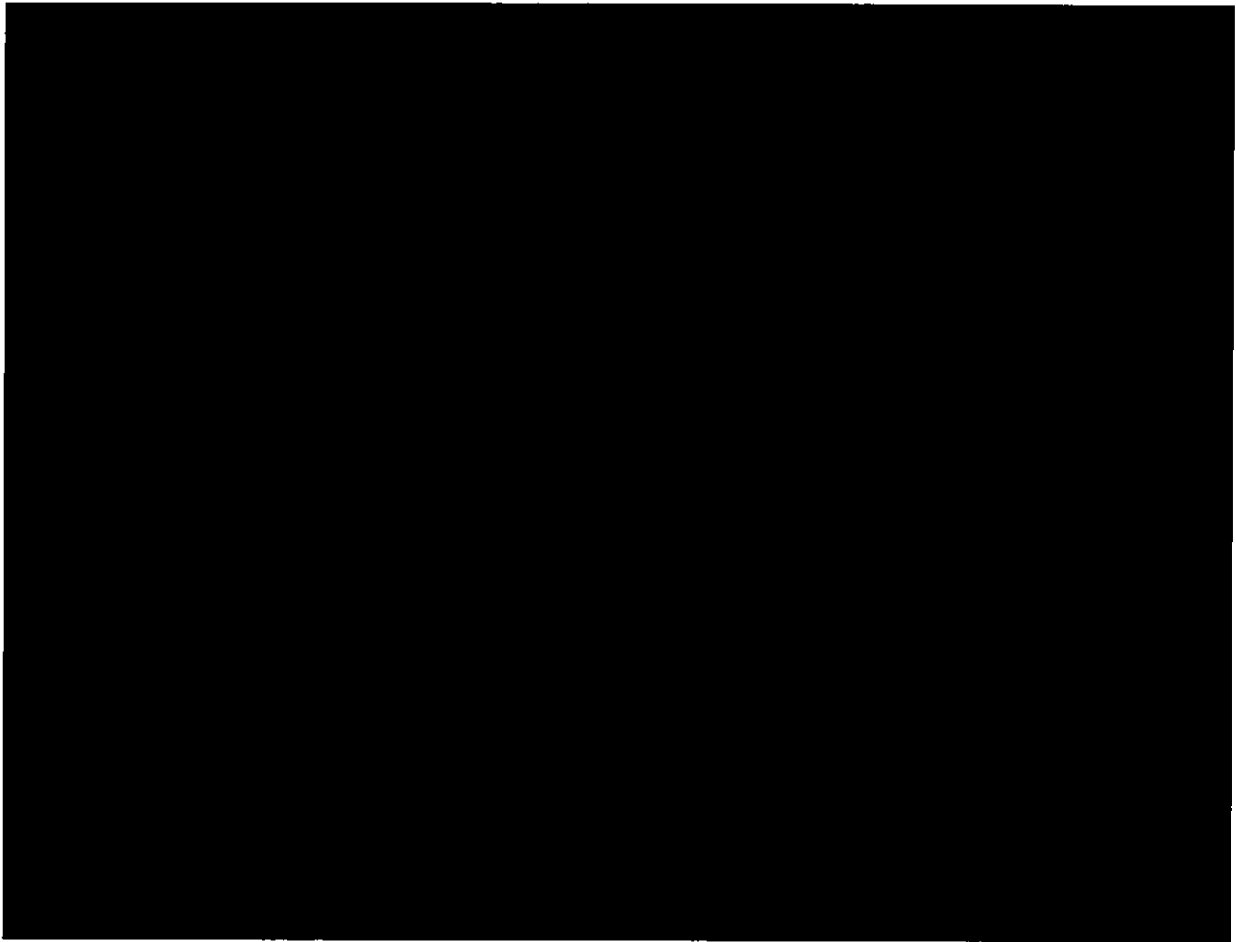


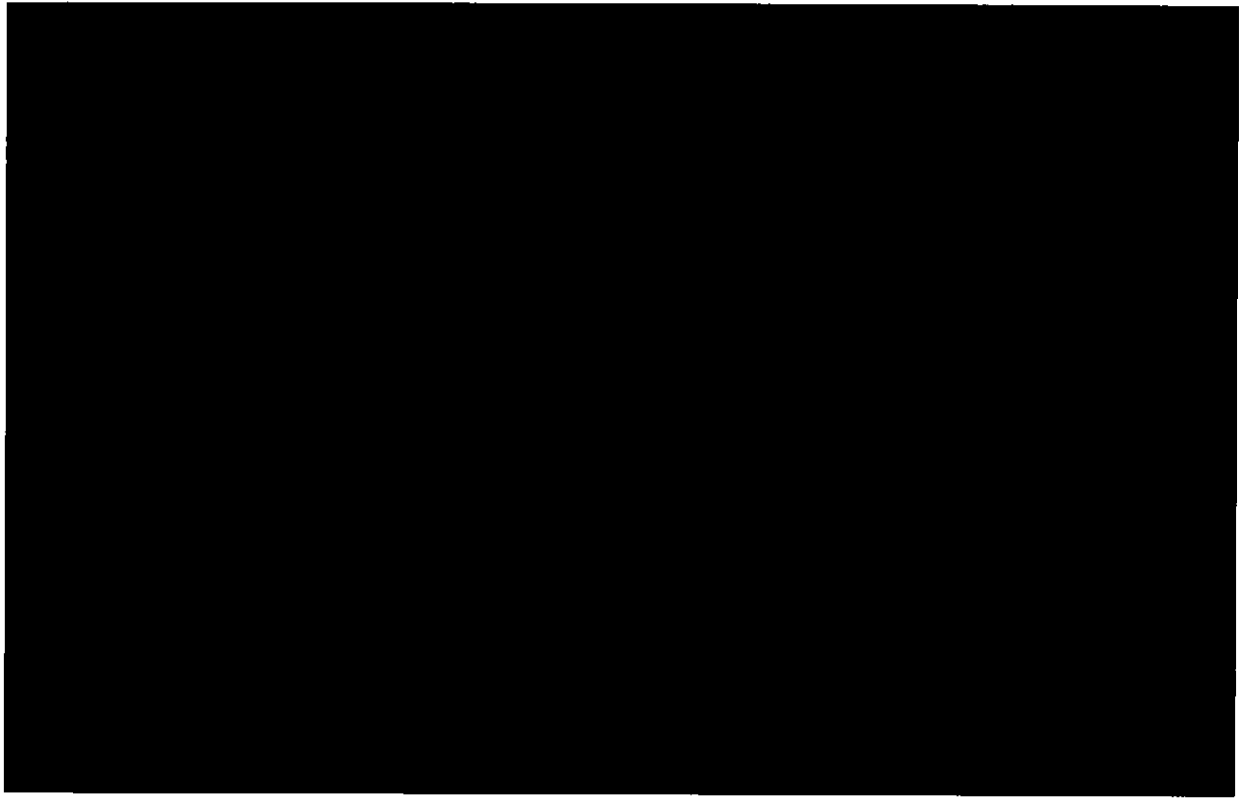


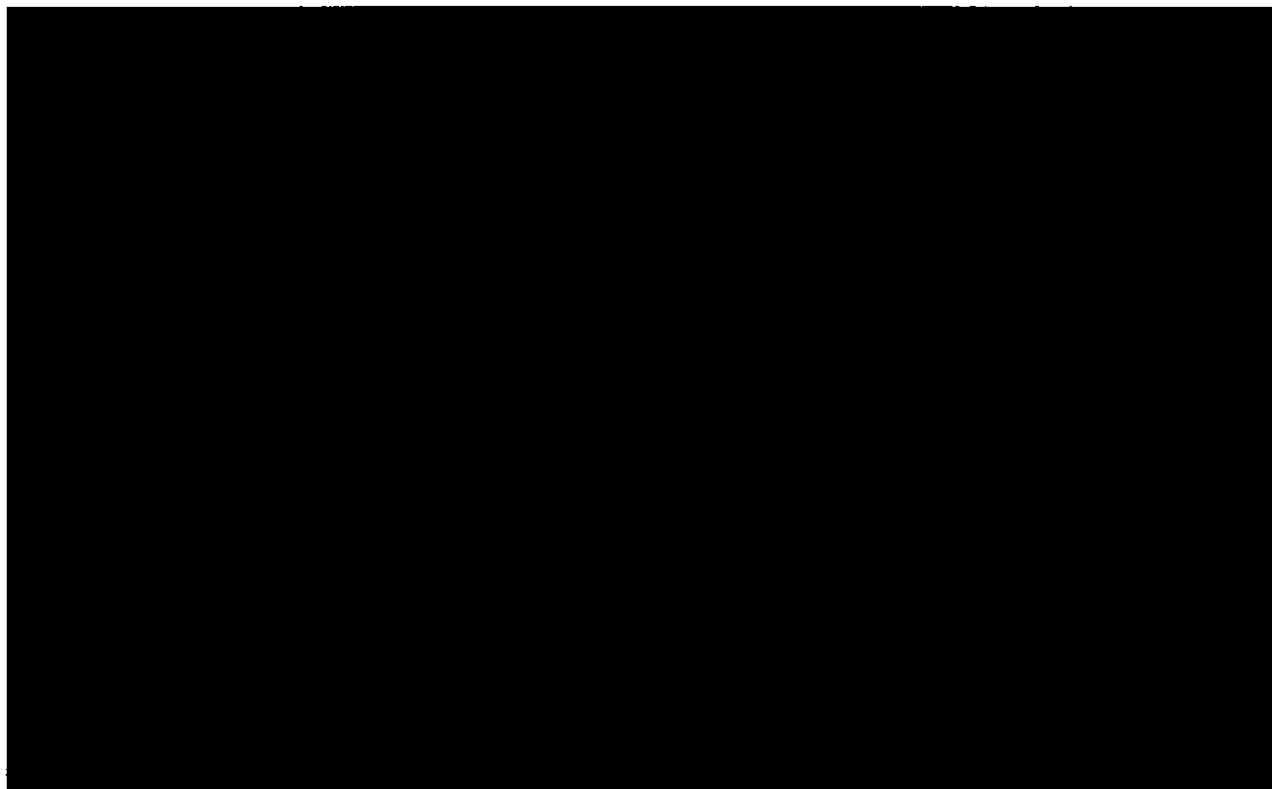


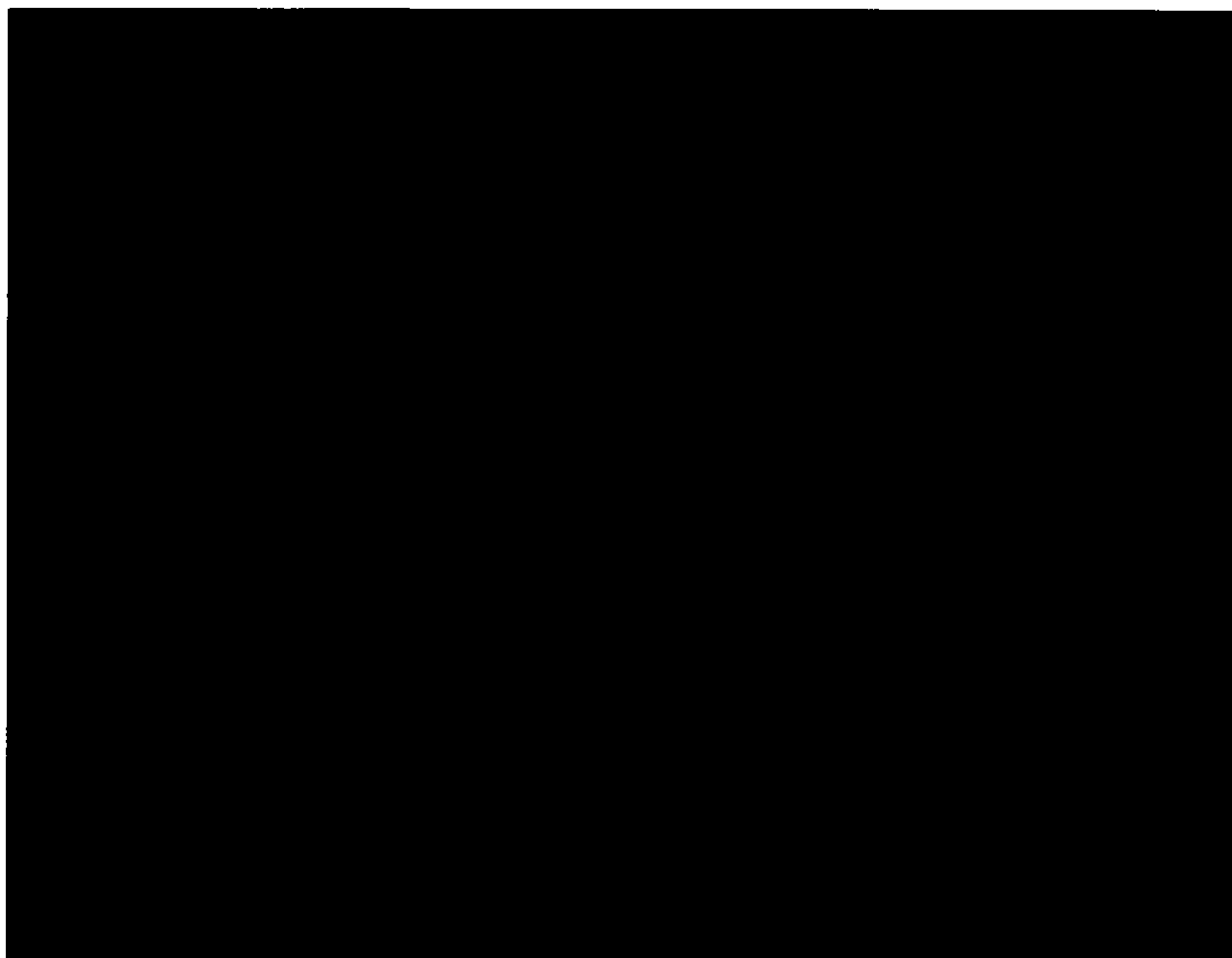


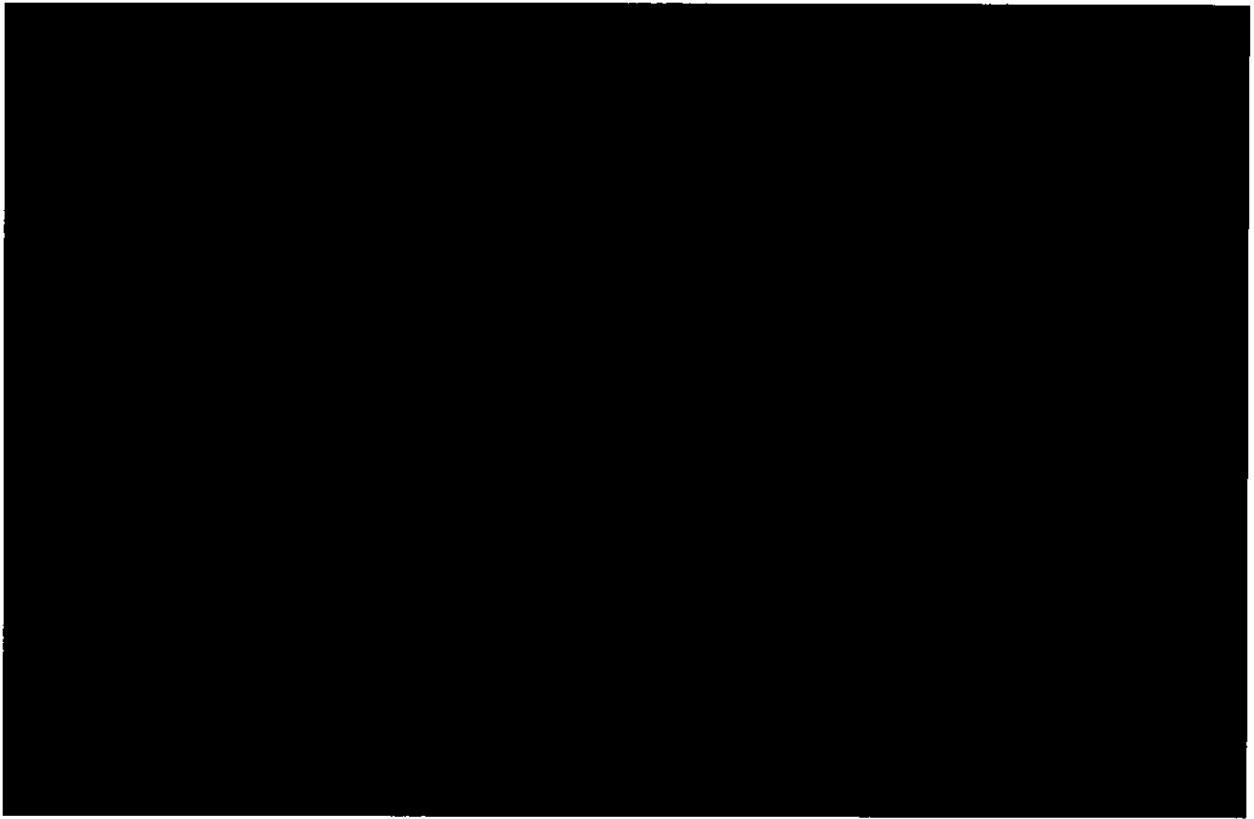


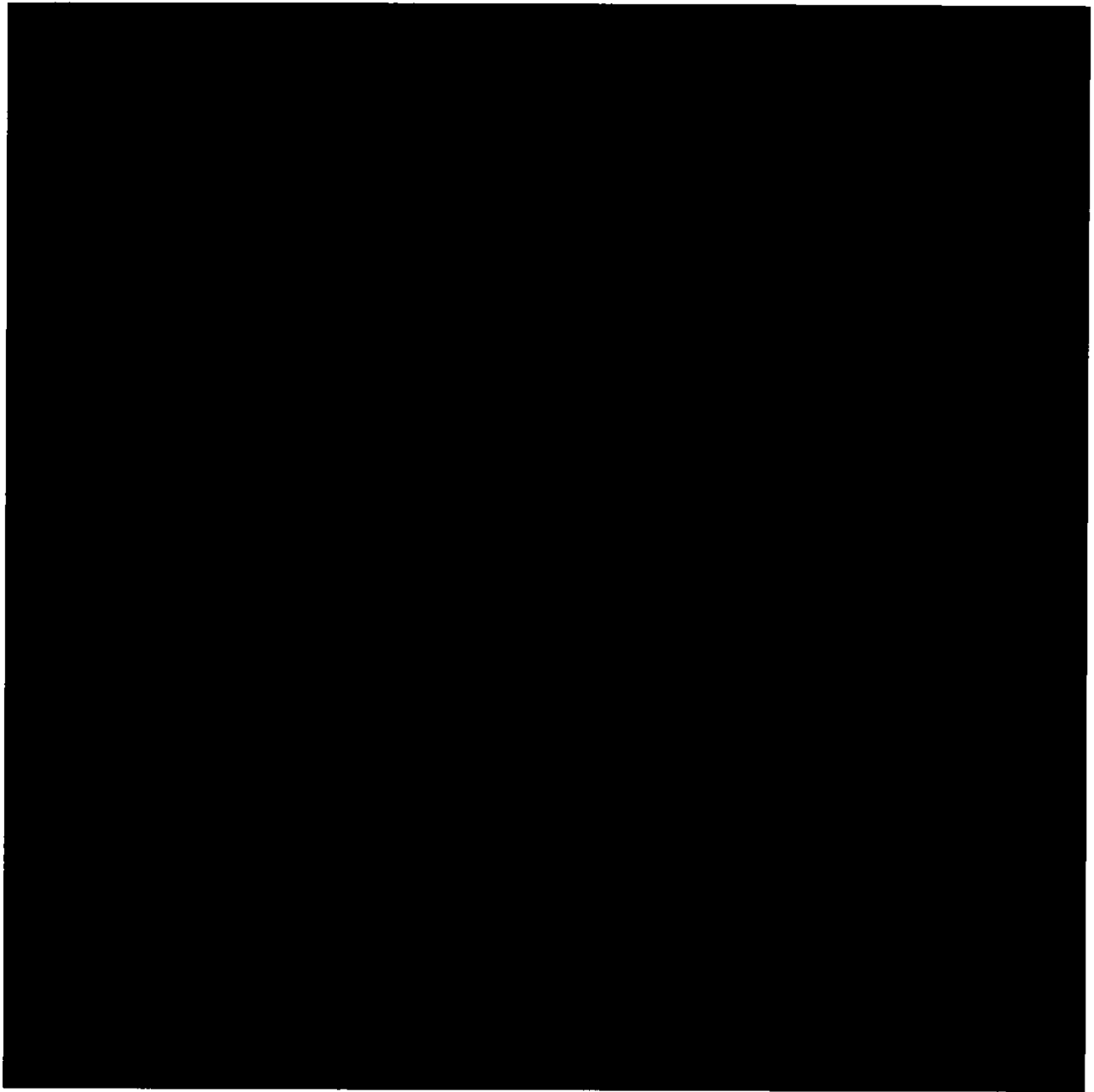


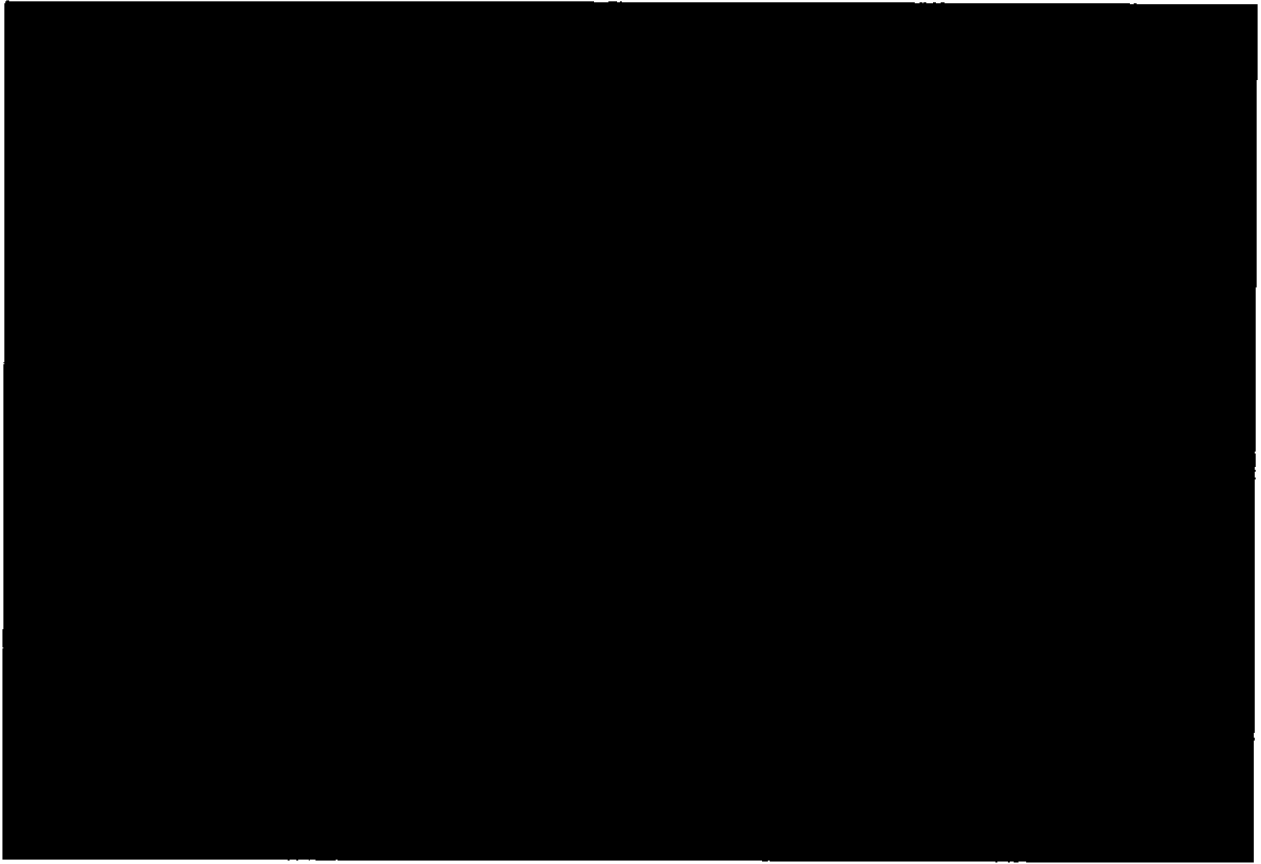




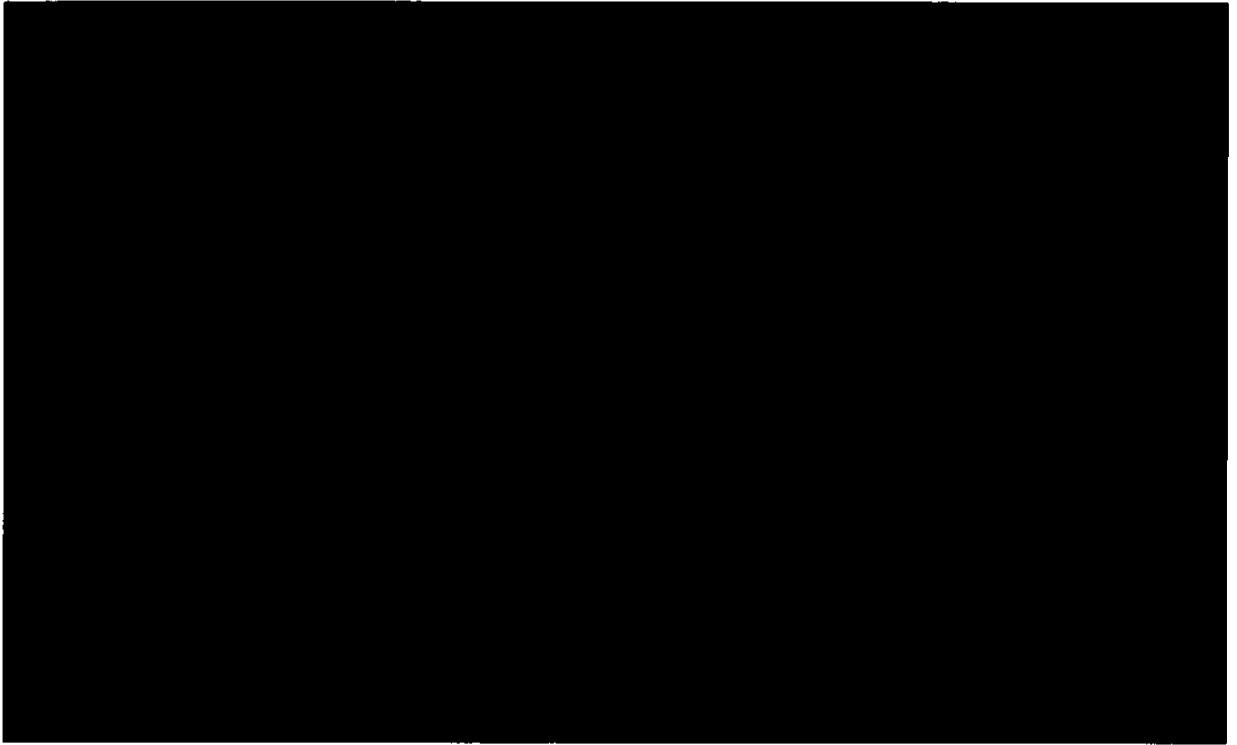


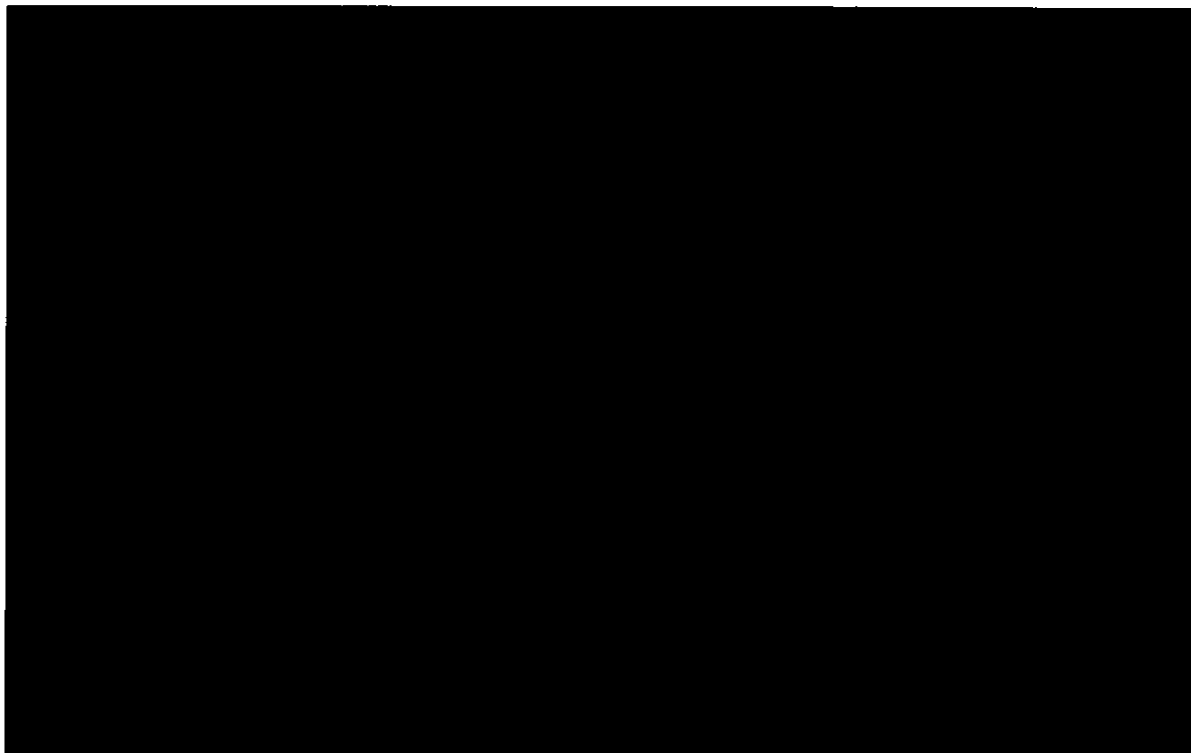


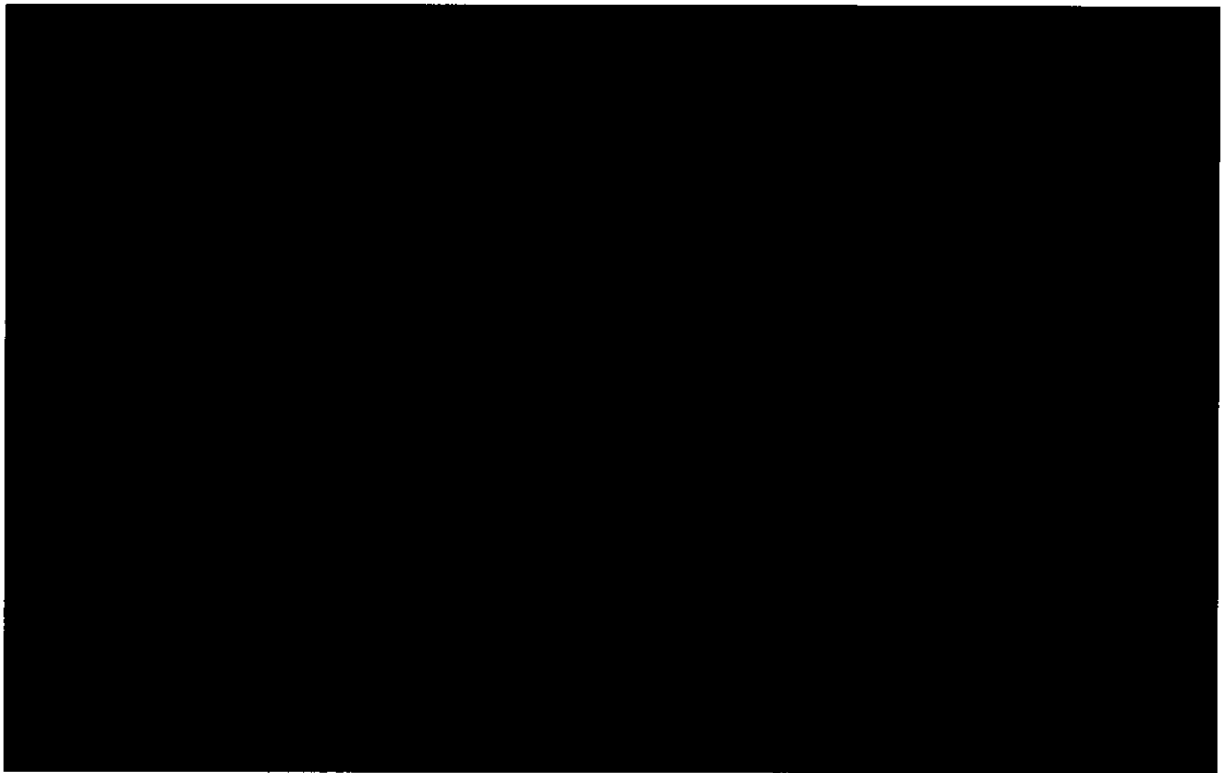


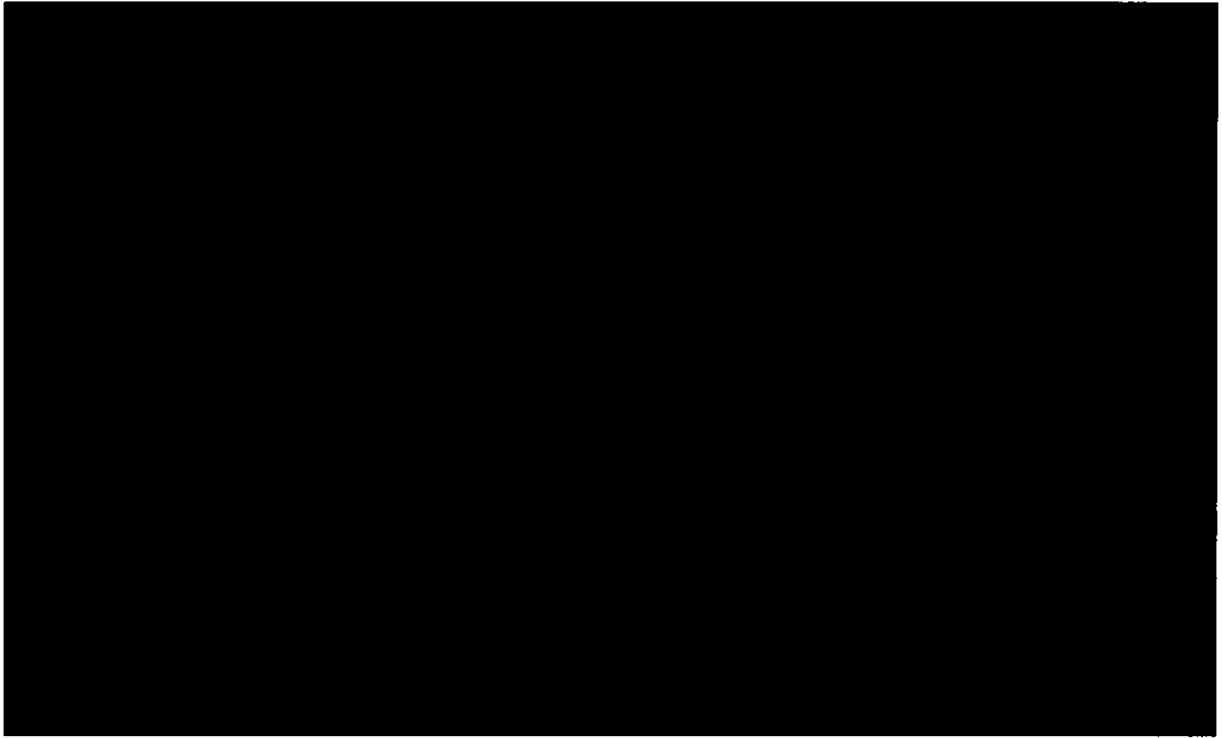




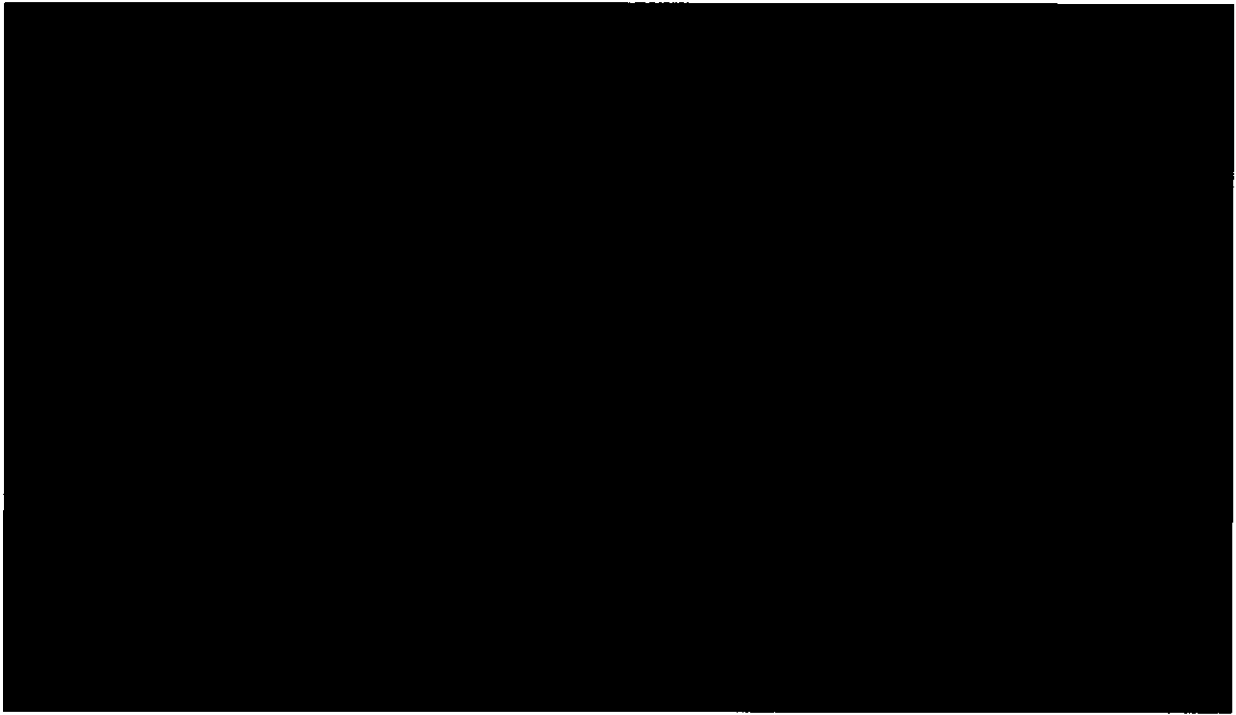


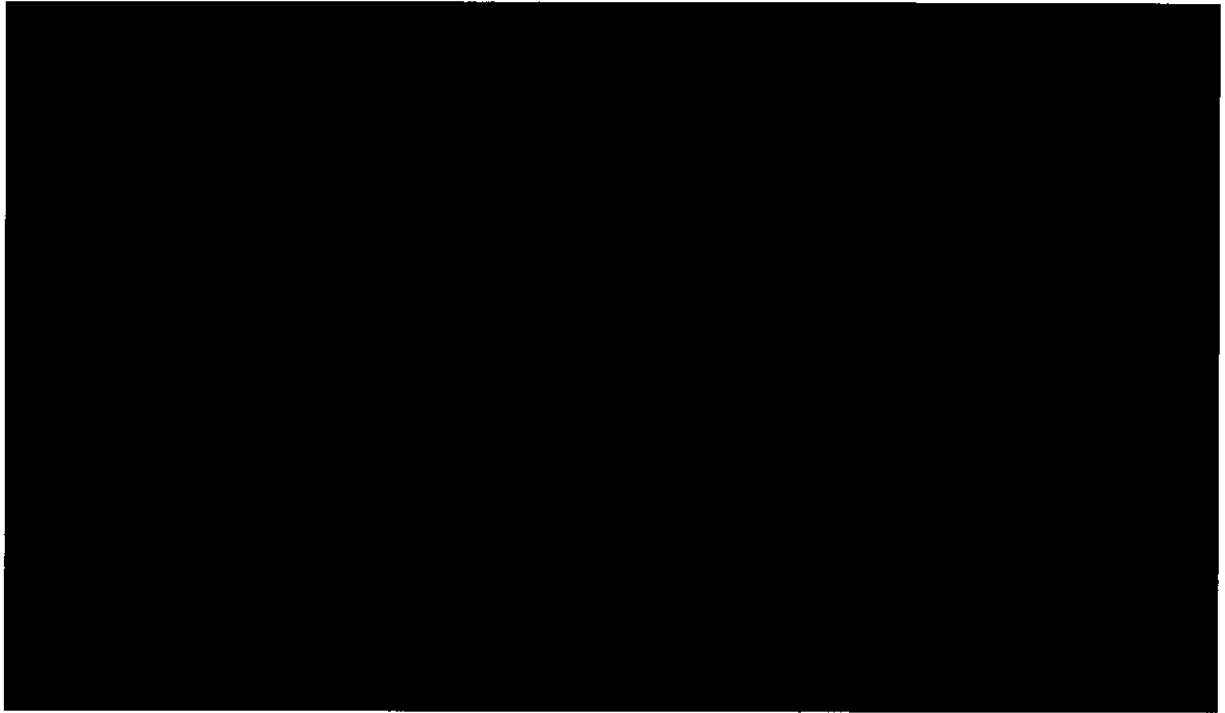


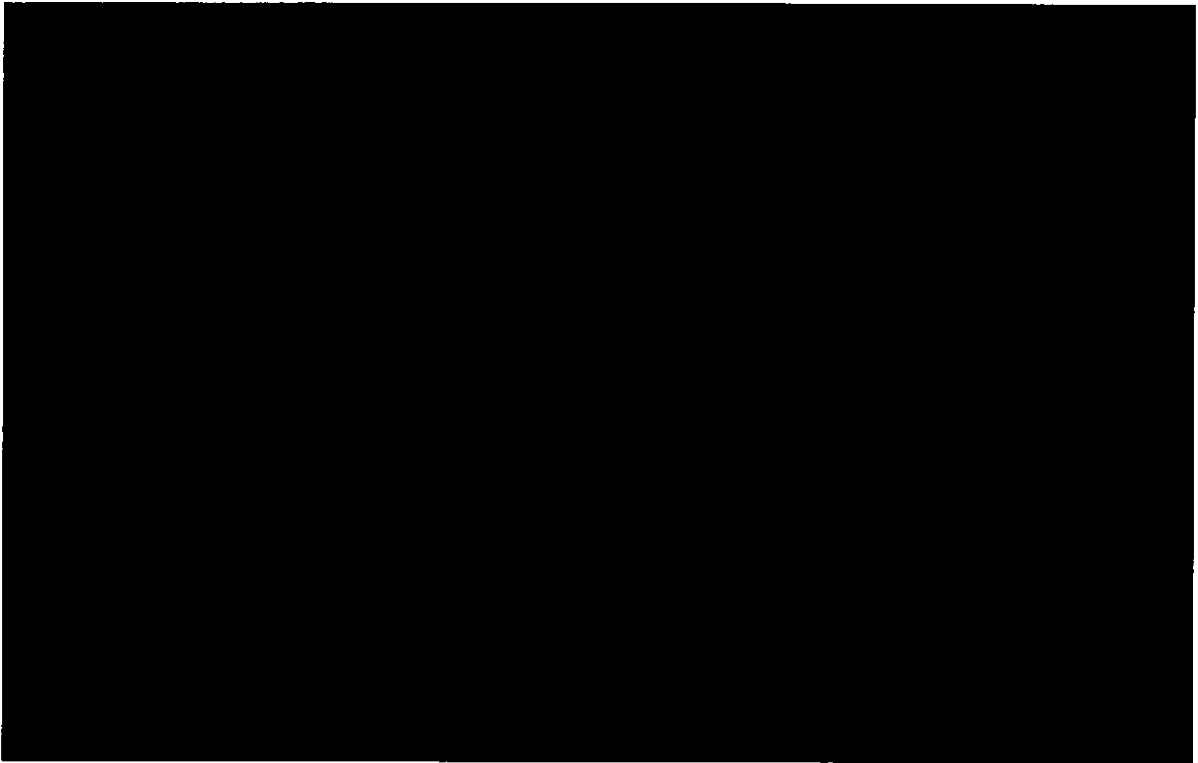


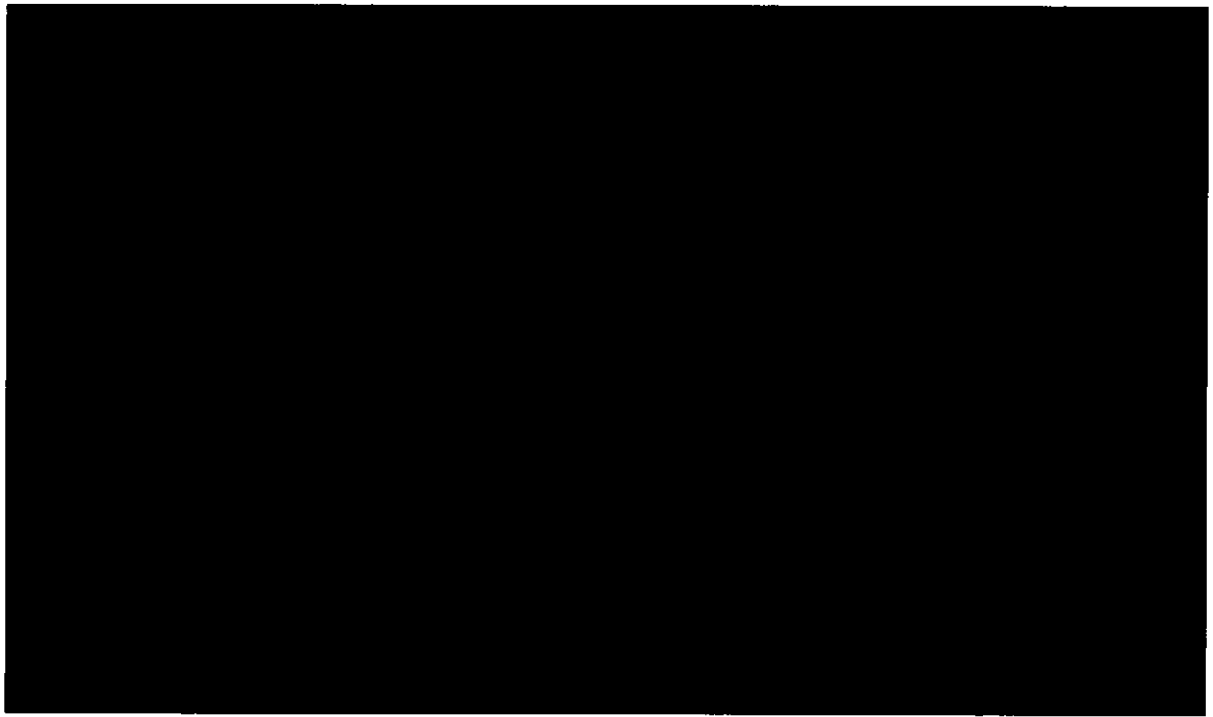


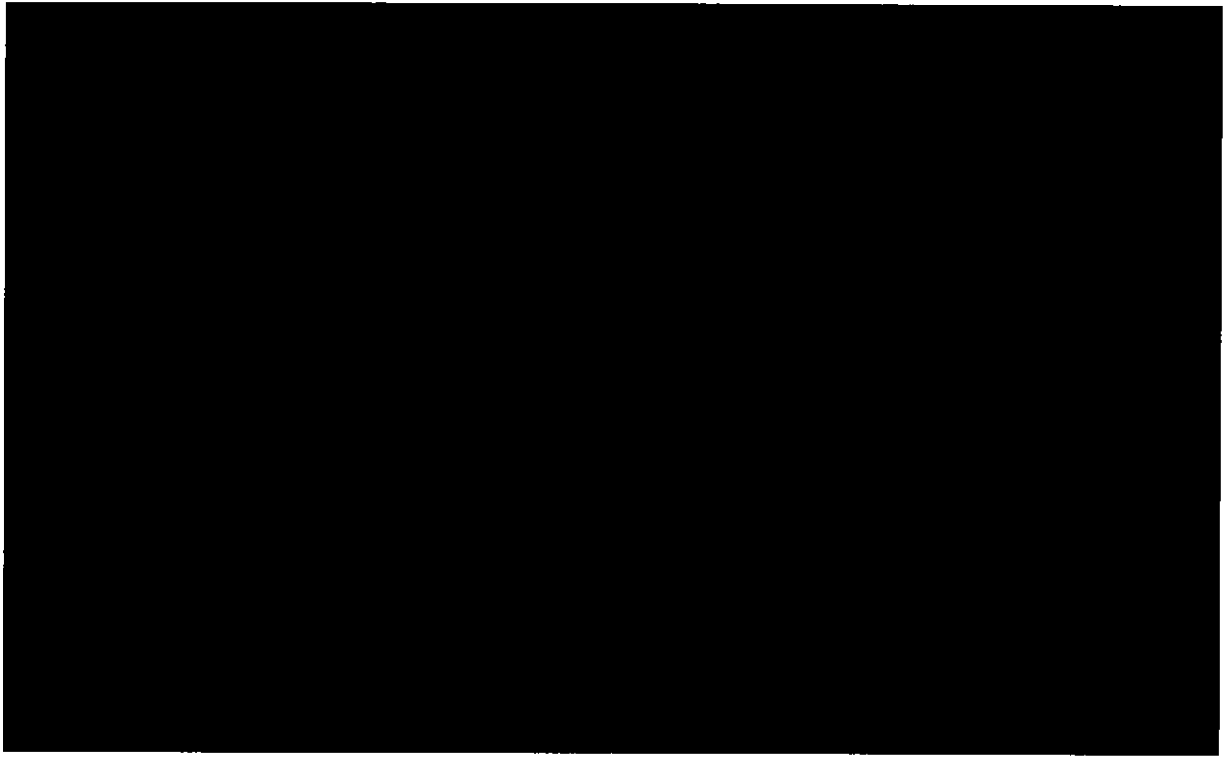


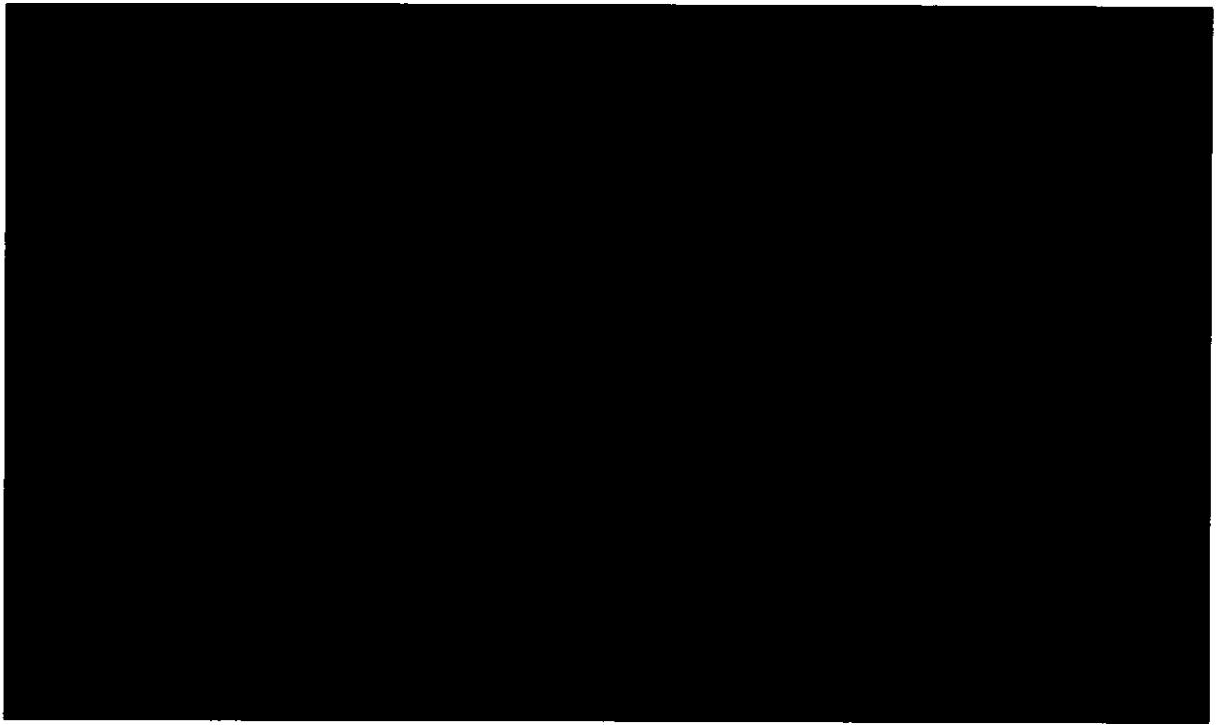


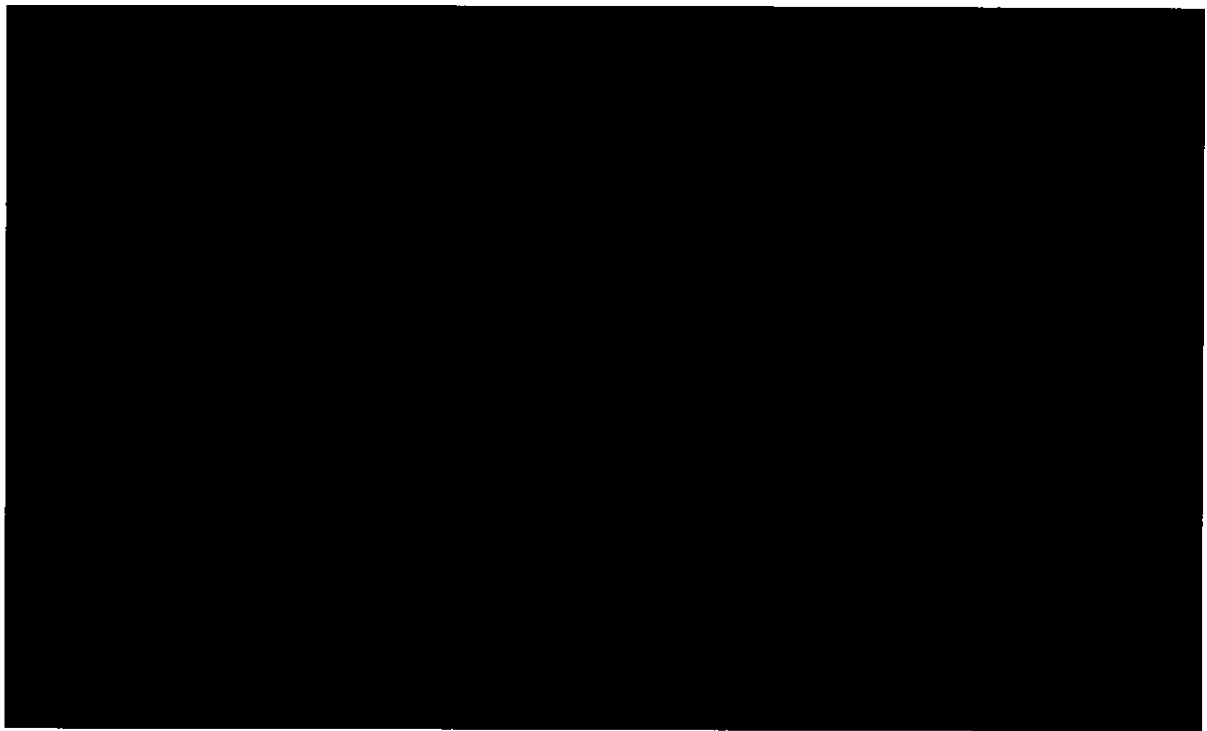


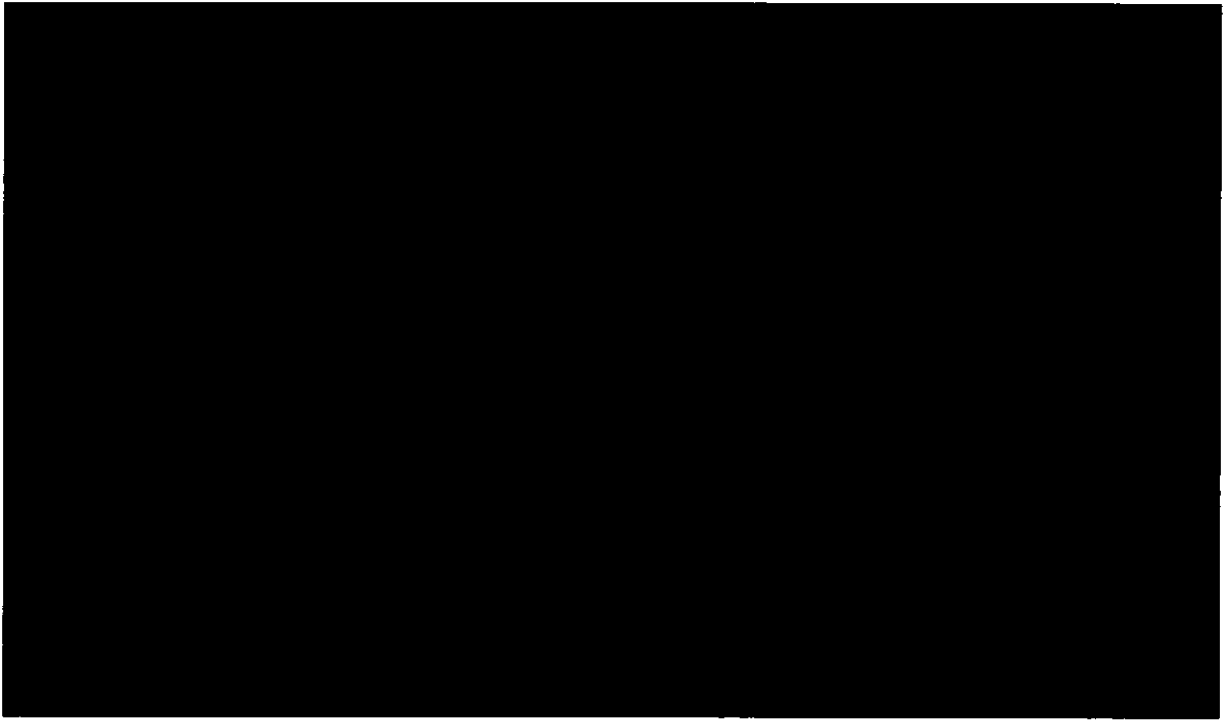


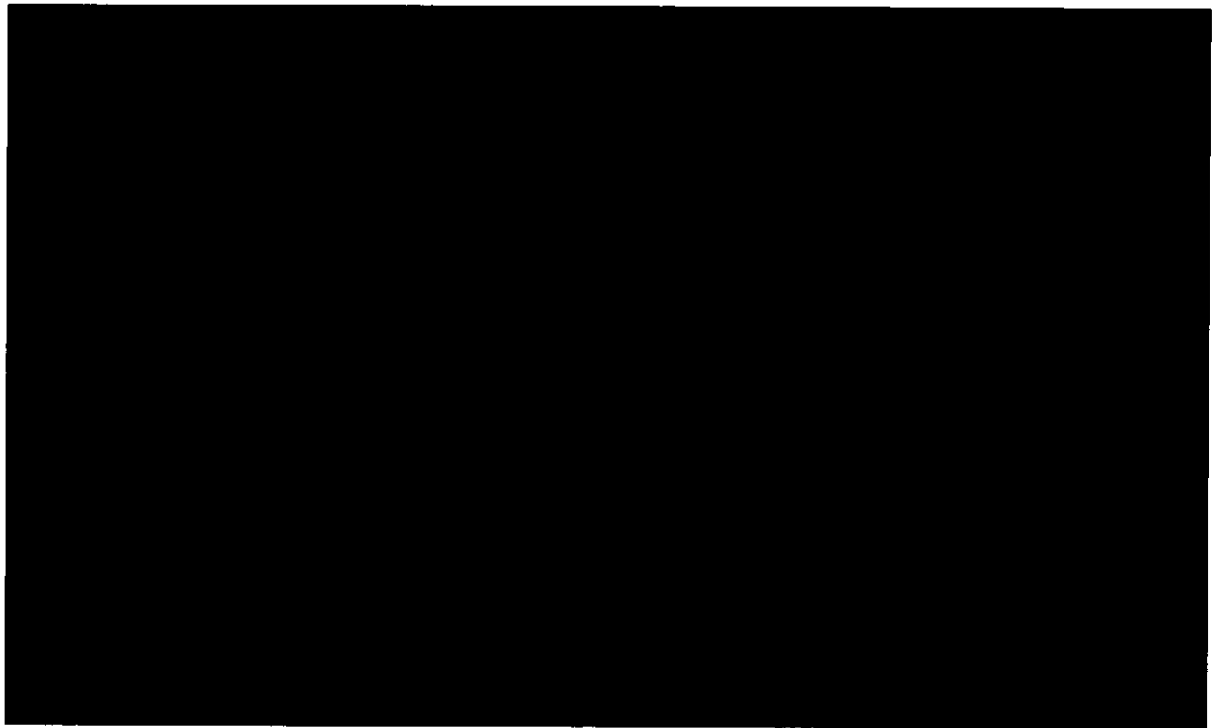


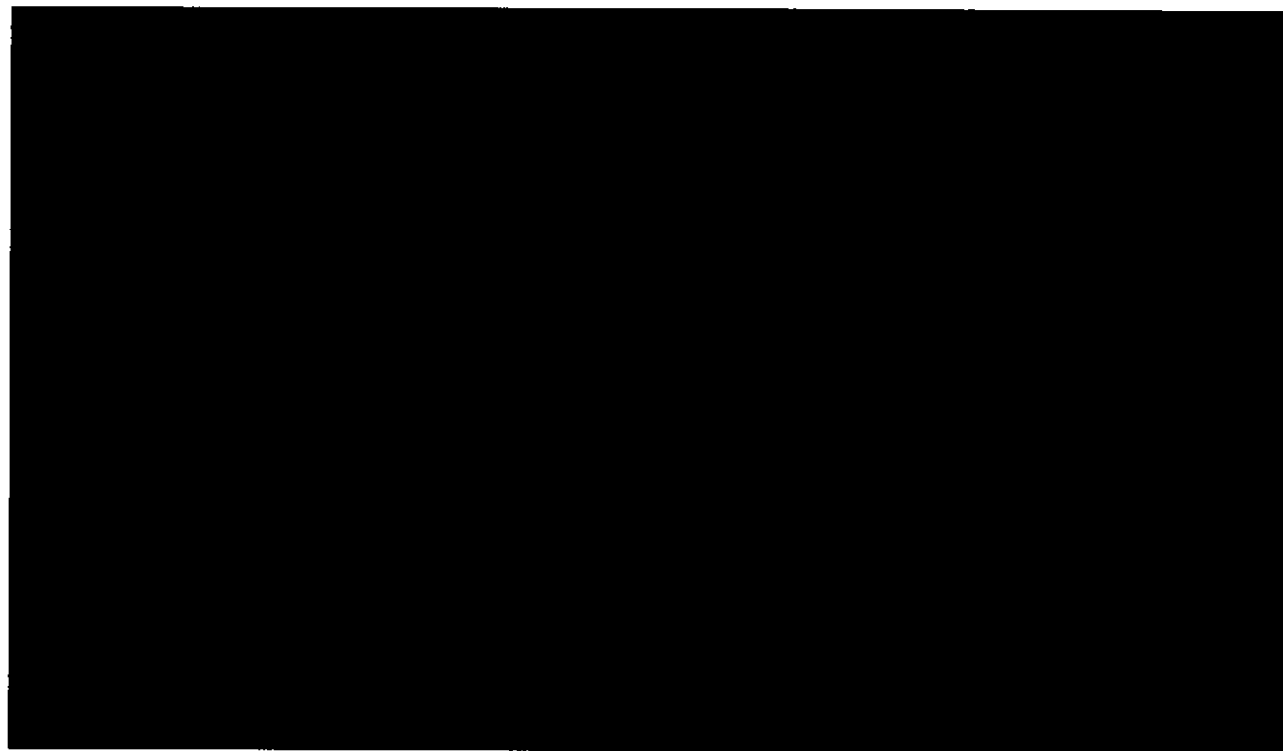


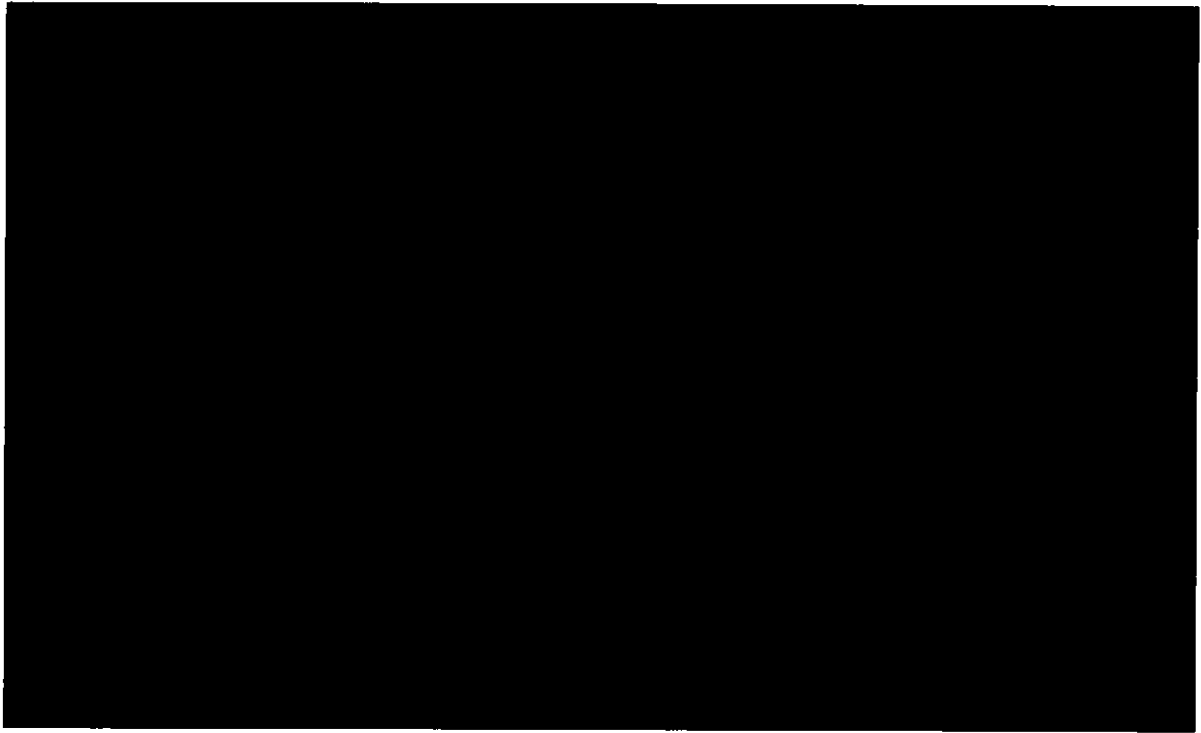












1

