



IN THE DISTRICT COURT OF OKLAHOMA COUNTY
STATE OF OKLAHOMA

BILLY & LACY HURSH,

Plaintiffs,

v.

**STATE FARM FIRE & 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 MOTION TO PARTIALLY RECONSIDER THE
COURT'S SEPTEMBER 28, 2026 ORDER ON PLAINTIFFS' MOTION TO DE-
DESIGNATE**

**FILED IN DISTRICT COURT
OKLAHOMA COUNTY**

OCT 23 2026

**RICK WARREN
COURT CLERK**

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EXHIBITS

- | | |
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| Exhibit 1 | Protective Order |
| Exhibit 2 | Court Minute (Sept. 28, 2026) |
| Exhibit 3 | HUR00061156-76 (Reply Ex. 12; Supp. Ex. 12) |
| Exhibit 4 | HUR00068381-84 (Reply Ex. 4) |
| Exhibit 5 | HUR00069466-68 (Reply Ex. 5) |
| Exhibit 6 | HUR00037462-65 (Reply Ex. 6) |
| Exhibit 7 | Pl.'s Resp. to State Farm's Mot. for Clarification, <i>Adair v. State Farm</i> , No. CJ-2023-6121 (Okla. Cnty. Dist. Ct. Oct. 5, 2026), with exhibits |
| Exhibit 8 | Court Order, <i>West v. State Farm</i> , No. CJ-2025-135 (Comanche Cnty. Dist. Ct. Aug. 20, 2026) |

I. INTRODUCTION

State Farm asks the Court to restore confidentiality to nineteen pages of a document the Court de-designated on September 28, 2026. The request rests on a declaration State Farm obtained eleven days after the hearing, describing a reinspection program State Farm built over three years and security policies already in force. Nothing in the declaration was unavailable on August 21, 2026, when State Farm responded to Plaintiffs' Motion to De-Designate, or on September 28, 2026, when the Court heard it. State Farm chose to defend its designations with argument alone, and the Court ruled on the record State Farm made.

The motion also fails on the merits. The Protective Order protects commercial information only when the designating party maintains it "in secrecy from third Parties" and in good faith believes public disclosure "would result in substantial competitive harm." Exhibit 1 (Protective Order) ¶ 3(b). The document pages State Farm seeks to have reconsidered ("De-Designated Exhibit Pages") satisfy neither element. The categories of information State Farm now calls secret (reinspection results, Fire Estimate Difference ("FED") percentages, and Centralized Fire Estimatics Unit ("CFEU") parameters) are also mentioned in other documents de-designated by this Court and Judge Sheperd. Most important, the pages document that State Farm measured and pursued reductions in "Potential Net Paid Indemnity," *the conduct at the center of this case*. Disclosure of that evidence may embarrass State Farm, but embarrassment is not the competitive harm the Protective Order requires. The Court should deny the motion.

On October 5, 2026, the plaintiff in *Adair v. State Farm* filed the entire document of record and served it on the same counsel who signed this motion nine days later. State Farm's motion does not mention the filing. The categories of information in the De-Designated Exhibit Pages also appear in documents this Court and the District Court of Comanche County de-designated, and State Farm has not challenged those rulings.

II. STATEMENT OF RELEVANT FACTS

A. The Protective Order Places the Burden on State Farm and Subjects Every Designation to Judicial Review

The Protective Order permits a party to designate a document “Confidential” only “after a bona fide determination made in good faith that the material is in fact trade secret or other confidential information as defined in paragraph 3.” Exhibit 1 (Protective Order) ¶ 1. State Farm invokes only the second category, which reaches “information that is maintained in secrecy from third Parties and which a party in good faith believes would result in substantial competitive harm if publicly disclosed.” *Id.* ¶ 3(b); Mot. at 2. A designation “shall not create a presumption the document is, in fact, confidential,” and the burden “shall remain on the party making the designation.” Exhibit 1 (Protective Order) ¶ 4. The Protective Order does not restrict use of information “in the public domain.” *Id.* ¶ 7. Designated materials filed with the Court must be submitted under seal, *id.* ¶ 6; any request to file under seal must conform to 12 O.S. § 3226(C)(2), *id.* ¶ 12; and the outcome of every designation is “subject to judicial review and determination by the Court” under the Open Records Act sealing provisions, 51 O.S. §§ 24A.29-24A.30, and 12 O.S. § 3226(C)(2). Exhibit 1 (Protective Order) ¶ 13.

B. State Farm Defended Its Designations Without Evidence

Plaintiffs moved to strike State Farm’s blanket designation and to de-designate documents on August 4, 2026. State Farm responded on August 21, 2026. Its response attached the Protective Order and nothing else. It offered no declaration, no affidavit, and no description of the secrecy measures or competitive harm associated with any document. *See* SF Resp. (Aug. 21, 2026). State Farm acknowledged the burden rests with it once a party challenges a designation: under the Protective Order, “State Farm then bears the burden of justifying those challenged designations.” *Id.* at 8.

Plaintiffs' August 26, 2026 Reply identified HUR00061156 by Bates number as a document for de-designation and noted State Farm's failure to submit evidence. Pls.' Reply (Aug. 26, 2026) at 2, 4 & n.1. The Court then reset the hearing from September 1, 2026 to September 28, 2026. Pls.' Resp. to SF Mot. to Strike (Sept. 8, 2026) at 1. On September 23, 2026, Plaintiffs re-attached the document as Exhibit 12 to their Notice of Supplemental Authority. State Farm submitted no evidence during the five weeks between its response and the hearing.

C. The Court De-Designated the Exhibit; State Farm Returned with a New Declaration

After the September 28, 2026 hearing, the Court de-designated eleven documents, including "Exhibits 4-6 and 12 to Plaintiffs' Reply ISO De-Designation." Exhibit 2 (Court Minute). Counsel for State Farm signed the minute. *Id.* On October 9, 2026, State Farm staff consultant Kevin Mosby signed a declaration describing the development of State Farm's reinspection program. Mot. Ex. 1 (Mosby Decl.) ¶¶ 8-14, 24-37. State Farm filed this motion on October 14, 2026, seeking to restore confidentiality to pages 3 through 21 of Reply Exhibit 12, HUR00061158-76 (the "De-Designated Exhibit Pages"). Mot. at 1. The full document, HUR00061156-76, is attached as Exhibit 3 (HUR00061156-76).

D. The Exhibit Entered the Public Record Before State Farm Filed Its Motion

On October 5, 2026, the plaintiff in *Adair v. State Farm Fire & Casualty Co.*, No. CJ-2023-6121 (Okla. Cnty. Dist. Ct.), filed a response to State Farm's motion for clarification in that case. Exhibit 7 (Adair Resp.). The response reproduced the "Potential Net Paid Indemnity" table from HUR00061158 in the body of the brief and attached all twenty-one pages of HUR00061156-76 as its Exhibit 15. *Id.* at 8 & Ex. 15. The certificate of service reflects service on State Farm's *Adair* counsel and on Carrie B. McNeer, Grant A. Fitz, and Lance E. Leffel, who also signed this motion. *Id.* at 10-11. The *Adair* plaintiff filed the response and all of its exhibits publicly, not under seal.

III. ARGUMENT

A. State Farm Offers No Basis to Revisit a Ruling Made on the Record State Farm Chose

State Farm correctly notes the Court may revise an interlocutory order before final judgment. Mot. at 2 (citing *Kordis v. Kordis*, 2001 OK 99, ¶ 9, 37 P.3d 866, 870; *Conterez v. O'Donnell*, 2002 OK 67, 58 P.3d 759, 761-62; *Reams v. Tulsa Cable Television, Inc.*, 1979 OK 171, 604 P.2d 373). Those decisions establish the Court's power to revisit an interlocutory ruling. None addresses when the Court should exercise that power, and none permits a party to introduce evidence it withheld until after an adverse ruling. The Court's control over its interlocutory orders is broad, but the exercise of that discretion "is not one without fixed principles." *Andrew v. Depani-Sparkes*, 2017 OK 42, ¶ 16 & n.24, 396 P.3d 210, 217-18 & n.24 (citation omitted). One of those principles prohibits conduct amounting to the proverbial "taking a second bite at the apple." *Id.* ¶ 21, 396 P.3d at 219. The Supreme Court in *Andrew* held "new submissions in support of the motion to reconsider should not be considered," and explained "[a] litigant's failure to buttress its position because of confidence in the strength of that position is always indulged in at the litigant's own risk." *Id.* ¶¶ 24-25, 396 P.3d at 219-20 (citation omitted). *Andrew* arose under District Court Rule 13, but its reasoning applies with equal force to a party who defends a challenged designation without evidence and then seeks a second hearing with new evidence. The Court's authority to revise an interlocutory order does not relieve State Farm of the burden it bore before the hearing, and it does not convert reconsideration into a second evidentiary hearing.

Federal courts apply the same rule. Grounds for reconsideration "include (1) an intervening change in the controlling law, (2) new evidence previously unavailable, and (3) the need to correct clear error or prevent manifest injustice." *Servants of the Paraclete v. Does*, 204 F.3d 1005, 1012 (10th Cir. 2000). A motion for reconsideration is an "inappropriate vehicle[] to reargue an issue

previously addressed by the court when the motion merely advances new arguments, or supporting facts which were available at the time of the original motion.” *Id.*

Courts in the Northern District of Oklahoma apply those grounds to interlocutory orders through a three-factor approach. The court considers (1) how thoroughly the earlier ruling addressed the point the motion challenges; (2) “the case’s overall progress and posture, the motion for reconsideration’s timeliness relative to the ruling it challenges, and any direct evidence that the parties may produce,” which inform “the degree of reasonable reliance the opposing party has placed in the Court’s prior ruling”; and (3) the *Servants of the Paraclete* grounds. *SFF-TIR, LLC v. Stephenson*, 264 F. Supp. 3d 1148, 1219-20 (N.D. Okla. 2017); *United States v. Osage Wind, LLC*, No. 14-CV-704-GKF-JFJ, 2021 WL 3774685, at *3 (N.D. Okla. Aug. 25, 2021); *Gabriel v. Melton Truck Lines*, No. 21-CV-493-JFH-SH, 2022 WL 1528820, at *1-2 (N.D. Okla. Apr. 7, 2022). A movant “faces an easier task” with a narrow motion than with one that “essentially asks the Court to grant the movant a mulligan on its earlier failure to present persuasive argument and evidence.” *SFF-TIR*, 264 F. Supp. 3d at 1220. The movant “carr[ies] the full burden of production,” and “a motion to reconsider is not—and is not supposed to be—a fair fight procedurally. The deck is stacked against a movant for reconsideration.” *Id.* at 1221.

State Farm satisfies none of these grounds. It identifies no intervening change in law, no fact arising after the hearing, and no error in the Court’s application of the Protective Order. State Farm offers only evidence it possessed all along. The declaration does not identify a single fact arising after September 28, 2026. It describes State Farm’s preexisting reinspection program, its preexisting security policies, and documents from 2025. Mr. Mosby describes a program State Farm developed and refined over roughly three years, Mot. Ex. 1 (Mosby Decl.) ¶¶ 8-14, and security policies already in effect, including State Farm’s “2026 Code of Conduct.” *Id.* ¶ 29. The

De-Designated Exhibit Pages date from April through June 2025. Exhibit 3 (HUR00061156-76) at HUR00061156, HUR00061166. Every fact in the declaration existed on August 21, 2026, when State Farm chose to rest on argument, and on September 28, 2026, when the Court ruled. Argument is not evidence: “unsworn statements of counsel in a motion do not constitute evidence.” *Crest Infiniti, II, LP v. Swinton*, 2007 OK 77, ¶ 10, 174 P.3d 996, 1002. The Supreme Court in *Crest Infiniti* declined to consider an affidavit created after the challenged ruling, explaining “[a] fact cannot be used to show an abuse of discretion when that fact was not presented before the trial court prior to exercising its discretion.” *Id.* ¶ 7 & n.8, 174 P.3d at 1001 & n.8. The Court did not err by ruling on the record State Farm chose to present.

Each factor of the three-factor approach weighs against State Farm. First, the parties briefed the designation of HUR00061156-76 and the Court ruled after a hearing. State Farm does not identify a discrete point the Court overlooked; it asks the Court to decide the same question again on a record State Farm has now rebuilt. That request is the “mulligan” the first factor disfavors. *SFF-TIR*, 264 F. Supp. 3d at 1220; *see Osage Wind*, 2021 WL 3774685, at *5 (first factor weighed against reconsideration where the motion “rehashes the same arguments from the first motion[s]”) (quoting *SFF-TIR*, 264 F. Supp. 3d at 1220). Second, the posture of the document weighs against reopening the ruling. The pages now appear in the public record of *Adair*, and an order in this case cannot remove them from that record. Exhibit 7 (*Adair* Resp.) at Ex. 15. Reconsideration would not restore their secrecy; it would only subject the same pages to different treatment in two courts. Third, State Farm presents no *Servants of the Paraclete* ground. Its declaration describes facts available to State Farm before the hearing, and State Farm offers no reason it withheld them.

The Protective Order does not contemplate a second round. Paragraph 4 places the burden on the designating party and requires it to seek relief after an impasse; if the producing party does

not timely move, “the document shall no longer be subject to this Protective Order.” Exhibit 1 (Protective Order) ¶ 4. State Farm received written notice of Plaintiffs’ challenge to HUR00061156 no later than August 26, 2026, Pls.’ Reply at 4 n.1, and submitted no evidence until it filed this motion seven weeks later. A designating party who withholds its evidence until after an adverse ruling, then presents it on reconsideration, converts every de-designation hearing into a preview. State Farm designated its production in this case wholesale, SF Resp. at 2 n.2, and the procedure it proposes here would repeat for every document the Court de-designates. The Court should decline to adopt it.

B. The De-Designated Exhibit Pages Do Not Satisfy Paragraph 3(b)

Even considered on the merits, the declaration does not carry State Farm’s burden. Paragraph 3(b) requires both secrecy from third parties and a good-faith belief in substantial competitive harm from public disclosure. Exhibit 1 (Protective Order) ¶ 3(b). Applying a materially identical protective order to the same categories of State Farm documents, the District Court of Comanche County required State Farm to establish “by a particular and specific demonstration of fact, that the material falls within a Paragraph 3 category and that its disclosure would cause a cognizable competitive or other legally protectable harm.” Exhibit 8 (*West Order*) at 8. That standard reflects settled law. A party seeking protection must establish good cause “by demonstrating a particular need for protection.” *Cipollone v. Liggett Grp., Inc.*, 785 F.2d 1108, 1121 (3d Cir. 1986). In Oklahoma, the party resisting disclosure “bears the responsibility to establish” the harm a protective order guards against, *YWCA of Oklahoma City v. Melson*, 1997 OK 81, ¶ 22, 944 P.2d 304, 311, and it “must show more than . . . blanket statements to satisfy [its] burden for a protective order.” *Crest Infiniti*, 2007 OK 77, ¶ 18, 174 P.3d at 1004. When a party challenges a designation under an agreed protective order, the court must “strictly scrutinize[]” the designation. *Video Gaming Techs., Inc. v. Castle Hill Studios LLC*, No. 17-CV-454-GKF-

JFJ, 2019 WL 2514705, at *3 (N.D. Okla. June 18, 2019) (internal quotation marks and citation omitted). The designating party in *Video Gaming* prevailed only because it “made a particularized showing of prejudice and harm, based on [its] declaration and other evidence presented to the Court” when the court decided the challenge. *Id.* at *5. State Farm’s showing fails at each step.

1. State Farm Does Not Maintain the Information in Secrecy from Third Parties

The Exhibit is already public. The plaintiff in *Adair* and *Cox* filed all twenty-one pages of record on October 5, 2026, and reproduced the “Potential Net Paid Indemnity” table in the body of a brief. Exhibit 7 (*Adair* Resp.) at 8 & Ex. 15. State Farm’s motion, filed nine days later by counsel served with the *Adair* filing, does not acknowledge it. State Farm asks the Court to restore secrecy to pages already filed publicly and served on the counsel who signed the motion, and the motion does not disclose that filing to the Court. Information in a public court file is not “maintained in secrecy,” and the Protective Order expressly declines to restrict information “in the public domain.” Exhibit 1 (Protective Order) ¶¶ 3(b), 7. Courts recognize they cannot restore secrecy to information already made public. *Gambale v. Deutsche Bank AG*, 377 F.3d 133, 144 (2d Cir. 2004) (“We simply do not have the power, even were we of the mind to use it if we had, to make what has thus become public private again.”); *Apple Inc. v. Samsung Elecs. Co.*, 727 F.3d 1214, 1220 (Fed. Cir. 2013) (“[O]nce the parties’ confidential information is made publicly available, it cannot be made secret again.”). Oklahoma law follows the same principle: “Matters of public knowledge in an industry cannot be appropriated by one as his secret.” *Central Plastics Co. v. Goodson*, 1975 OK 71, ¶ 16, 537 P.2d 330, 333 (quoting Restatement of Torts § 757 cmt. b (1939)).

The *Adair* filing was consistent with this Court’s ruling and with the Protective Order. The Court de-designated HUR00061156-76 on September 28, 2026, in a minute State Farm’s counsel

signed, and the minute does not stay its effect. Exhibit 2 (Court Minute). From that date the document no longer carried a “Confidential” designation. Paragraph 8 permitted State Farm to “request the Court to modify or otherwise grant relief from any provision of this Protective Order.” *Id.* ¶ 8. State Farm did not request a stay in the sixteen days between the ruling and its motion, and the motion does not request one. The motion also does not contend the *Adair* filing violated any order. The *Adair* plaintiff filed a document this Court had already de-designated.

The relief State Farm requests is also impractical. A designation in this case cannot remove the Exhibit from the public file in *Adair*, cannot withdraw the table reproduced in the body of the public *Adair* brief, and cannot make public information secret again. Exhibit 7 (*Adair* Resp.) at 8 & Ex. 15; *see Gambale*, 377 F.3d at 144; *Apple*, 727 F.3d at 1220.

The categories of information State Farm describes were public even before the *Adair* filing, through documents State Farm has not asked the Court to reconsider. The Court de-designated a June 2021 “P&C Claims Fire Claim Quality” report setting out State Farm’s reinspection error-frequency targets, FED percentages by segment, the “top three drivers” of reinspection findings, and State Farm’s responsive actions. Exhibit 4 (HUR00068381-84) at HUR00068381-83. The Court de-designated a September 2020 “Operational Objectives” document identifying reinspection results as an accountability measure and setting the dollar thresholds for CFEU review of structural losses. Exhibit 6 (HUR00037462-65) at HUR00037462, HUR00037464. The Court also de-designated an August 2022 email titled “Fire Estimate Difference OVP Summary Report- May 2022 Results.” Exhibit 2. The District Court of Comanche County de-designated an April 2021 State Farm business review reporting “YTD April FED% for Fire Weather was 4.06%,” which now appears in the public record. Exhibit 7 (*Adair* Resp.) Ex. 1

at WEST00004173. State Farm calls FED, its finding taxonomy, and the CFEU proprietary, Mot. at 6-7, yet it accepted the de-designation of each of these documents.

The confidentiality legends State Farm cites prove nothing. State Farm relies on “FOR INTERNAL STATE FARM USE ONLY” and “DRAFT” markings. Mot. at 3. The Court de-designated a January 2021 Roof Skills Review memorandum bearing the identical “FOR INTERNAL STATE FARM USE ONLY” legend, and State Farm does not seek reconsideration of that ruling. Exhibit 5 (HUR00069466-68) at HUR00069468. A label State Farm applies to routine internal memoranda does not establish secrecy.

The Exhibit itself also reflects distribution broader than Mr. Mosby describes. Mr. Mosby does not claim to have prepared, received, or distributed either report; he states only he “reviewed the document.” Mot. Ex. 1 (Mosby Decl.) ¶ 3. The Exhibit shows the May 2025 report was prepared to be packaged “for Bob and the V’s” and sent “to the VPOs” or Vice Presidents of Operations. Exhibit 3 (HUR00061156-76) at HUR00061156-57. It describes reinspection “[c]overage findings . . . being shared weekly with CM/SMs,” *id.* at HUR00061160; leadership calls on the Fire Estimatics Dashboard and CFEU calls convened “to help Fire Claims team managers and section managers improve estimate quality” using the “Acceptance Rate Dashboard,” *id.* at HUR00061159; and a meeting with “Fire Field CM’s and Consultants” in five states “to review current Reinspection results.” *Id.* at HUR00061168. The information did not stay within the “small, defined group” State Farm describes. Mot. at 3.

The Exhibit also contradicts the declaration’s account of access. Mr. Mosby states Section Managers and Team Managers “cannot view aggregated data for their teams or sections.” Mot. Ex. 1 (Mosby Decl.) ¶ 28. The Exhibit describes coverage findings shared weekly with “CM/SMs”

and CFEU calls convened “to help Fire Claims team managers and section managers improve estimate quality.” Exhibit 3 (HUR00061156-76) at HUR00061159-60.

2. State Farm Has Not Shown Substantial Competitive Harm

The pages report results, not methodology. Mr. Mosby devotes much of his declaration to the time and labor State Farm invested in developing “the reinspection program and FED.” Mot. Ex. 1 (Mosby Decl.) ¶¶ 8-14, 17-19. The De-Designated Exhibit Pages do not disclose that program. They do not explain how reinspectors select files, how the reinspection comparison estimate is built, how FED is calculated, or how finding codes are assigned. They report outputs: monthly percentages, finding counts, dollar totals, and the actions State Farm took in response. *See* Exhibit 3 (HUR00061156-76) at HUR00061158-76. A competitor cannot build a reinspection program from another insurer’s monthly scorecard. Mr. Mosby asserts the pages would give competitors “a ready-made template,” Mot. Ex. 1 (Mosby Decl.) ¶ 18, but he identifies no template in them. The declaration describes how State Farm built its reinspection program, but the De-Designated Exhibit Pages do not teach a competitor how to build one.

The data are dated. The figures run through May 2025. Exhibit 3 (HUR00061156-76) at HUR00061158, HUR00061166. The “forecasts” State Farm emphasizes are 2025 forecasts measured against 2025 year-to-date results, *id.* at HUR00061160, HUR00061163, for a year ending before this motion will be heard. The document itself shows these metrics move month to month. *Id.* at HUR00061159, HUR00061167. State Farm contends the pages describe “initiatives that are ongoing,” Mot. at 4, but the pages describe those initiatives in general terms, and several appear in documents the Court already de-designated. *Compare* Exhibit 3 (HUR00061156-76) at HUR00061164 (Haag training), *with* Exhibit 6 (HUR00037462-65) at HUR00037464 (Haag training requirements and CFEU review thresholds).

Age matters because State Farm must show present harm. “[B]usiness information substantially out of date unlikely merits protection,” and “[a] party seeking to protect such outdated information must establish the requisite present harm” through a “specific demonstration of facts.” *Suture Express, Inc. v. Cardinal Health 200, LLC*, No. 12-2760-RDR, 2013 WL 6909158, at *4 (D. Kan. Dec. 31, 2013). The court in *Suture Express* refused heightened protection for historical contract and pricing information because the proponent offered only “mere conclusory assertions” and did not identify “a single instance” of information whose disclosure “may cause present harm.” *Id.* Claims of confidentiality “are less persuasive when the documents in question are stale or old.” *Grundberg v. Upjohn Co.*, 137 F.R.D. 372, 394 n.36 (D. Utah 1991) (citations omitted). Mr. Mosby does not explain how monthly results from the first half of 2025 would give a competitor any present advantage. Mot. Ex. 1 (Mosby Decl.) ¶¶ 15-23.

The declaration is conclusory. Mr. Mosby’s competitive-harm paragraphs could describe any internal document of any insurer. Mot. Ex. 1 (Mosby Decl.) ¶¶ 15-23. He identifies no competitor lacking a reinspection program, no pricing or product decision a competitor could make with the data, and no harm State Farm suffered when comparable FED data entered the public record in *West* and *Adair*. His suggestion that disclosure would help “malicious actors” evade fraud detection, *id.* ¶ 20, fails on its own terms: the pages contain no fraud-detection criteria, and harm from fraudulent claimants is not competitive harm. “Broad allegations of harm, unsubstantiated by specific examples or articulated reasoning,” do not establish good cause. *Cipollone*, 785 F.2d at 1121. The District Court of Comanche County rejected the same kind of showing:

Internal corporate documents do not automatically merit protective orders, and a protective order does not exist to prevent “negative publicity” or reputational injury; such material qualifies as confidential commercial information only when the proponent couples it with a particularized showing of competitive harm.

Exhibit 8 (*West* Order) at 5.

The Tenth Circuit recently rejected comparable proof. In *Double Eagle*, the company's president swore the information at issue was "protected, confidential, and not available to the public" and "could be used to gain a competitive advantage," but the court held the evidence "too generalized and conclusory" because it did not describe "the competitive advantage" the information afforded or its "uniqueness" compared to other companies. *Double Eagle Alloys, Inc. v. Hooper*, 134 F.4th 1078, 1092-93 (10th Cir. 2025). Mr. Mosby's declaration has the same deficiency. Mot. Ex. 1 (Mosby Decl.) ¶¶ 15-23.

The declaration has further defects. Oklahoma permits an unsworn declaration in place of an affidavit only when the declarant signs it "under penalty of perjury setting forth the date and place of execution and that it is made under the laws of this state." 12 O.S. § 426(A). Mr. Mosby's declaration does not state the place of execution or that it is made under Oklahoma law. Mot. Ex. 1 (Mosby Decl.) at 8. Its account of State Farm's litigation practices rests on what Mr. Mosby "understand[s]" about the instructions State Farm gives its counsel. *Id.* ¶ 37. That paragraph confirms State Farm relies on protective orders to control this information, *id.*, but this Protective Order permits any party to challenge a designation and places on State Farm the burden of justifying it. Exhibit 1 (Protective Order) ¶ 4. A designation subject to judicial review does not establish secrecy.

The harm State Farm fears is reputational. The De-Designated Exhibit Pages convert reinspection findings into "Potential Net Paid Indemnity" by peril, totaling \$359.2 million for 2024 year-to-date and \$336.2 million for 2025 year-to-date. Exhibit 3 (HUR00061156-76) at HUR00061158-59. The finding codes driving those figures include "Depreciation not applied but should have been," "Overhead and profit applied but should not have been," "Estimate included line item(s) not required for the repair," "Quantity for line item(s) greater than what is necessary,"

“Overlapping prior damage included in settlement,” and “Inspection report over scoped or included undamaged items.” *Id.* at HUR00061161, HUR00061164, HUR00061172, HUR00061174. State Farm’s responsive actions include “[a]uthority adjustments” in five states “with water coverage decisions being reviewed by leadership,” the “[a]ppropriate administration of settlement authority,” and Haag training attended by more than five thousand claim specialists and team managers on wind and hail claims. *Id.* at HUR00061160, HUR00061164, HUR00061166. The pages identify Oklahoma among the states with “the greatest opportunity” based on FED dollars. *Id.* at HUR00061165.

Plaintiffs allege State Farm employs a practice of reducing wind and hail indemnity payments through undisclosed standards and claim-handling tactics. Pet. ¶¶ 3-4. Plaintiffs’ claims arise from losses on or about October 4, 2023 and May 21, 2024. *Id.* ¶ 5. The De-Designated Exhibit Pages describe how State Farm measured and pursued indemnity reductions across 2024 and 2025. Public disclosure of that evidence may embarrass State Farm, but embarrassment is not the “substantial competitive harm” Paragraph 3(b) requires. Exhibit 1 (Protective Order) ¶ 3(b). A business resting on embarrassment “will have to show with some specificity that the embarrassment resulting from dissemination of the information would cause a significant harm to its competitive and financial position.” *Cipollone*, 785 F.2d at 1121. “Simply showing that the information would harm the company’s reputation is not sufficient to overcome the strong common law presumption in favor of public access to court proceedings and records.” *Brown & Williamson Tobacco Corp. v. FTC*, 710 F.2d 1165, 1179 (6th Cir. 1983).

The Protective Order itself excludes this subject from trade-secret protection. The parties agreed “[t]rade secret” “shall explicitly not include any aspects of the handling of Plaintiffs’ claim as first-party insureds, including but not limited to attempts to lower indemnity payments on

Plaintiffs' claim." Exhibit 1 (Protective Order) ¶ 3(a)(ii). The De-Designated Exhibit Pages report how State Farm identified and pursued indemnity reductions on wind and hail claims across 2024 and 2025. Exhibit 3 (HUR00061156-76) at HUR00061158-60, HUR00061164. State Farm invokes only Paragraph 3(b), Mot. at 2, but the parties' agreement shows they understood efforts to lower indemnity on Plaintiffs' claim as the subject of this lawsuit, not as State Farm's secret. State Farm cannot obtain under Paragraph 3(b) the protection Paragraph 3(a)(ii) withholds.

The public interest points the same direction. Lifting a seal over a business's objection, the Sixth Circuit endorsed the observation "[t]he potential harm asserted by the corporate defendants is in disclosure of poor management in the past. This is hardly a trade secret." *Brown & Williamson*, 710 F.2d at 1180 (citation omitted). The court explained "[t]he public has an interest in ascertaining what evidence and records the District Court and this Court have relied upon in reaching our decisions." *Id.* at 1181. The Court relied on the Exhibit in deciding the Motion to De-Designate, and the Exhibit describes how State Farm measured and pursued reductions in the claim payments of its policyholders, identifying Oklahoma among the states with "the greatest opportunity." Exhibit 3 (HUR00061156-76) at HUR00061165. The public's interest in that information is substantial.

The public interest also extends to other policyholders and litigants. Courts weigh against confidentiality "when the sharing of information among litigants would promote fairness and efficiency." *Pansy v. Borough of Stroudsburg*, 23 F.3d 772, 787 (3d Cir. 1994) (citation omitted). "Federal courts should not provide a shield to potential claims by entering broad protective orders that prevent public disclosure of relevant information. The sharing of information among current and potential litigants is furthered by open proceedings." *Glenmede Tr. Co. v. Thompson*, 56 F.3d 476, 485 (3d Cir. 1995). State Farm litigates the same categories of evidence in *West* and *Adair*.

Exhibit 7 (Adair Resp.); Exhibit 8 (West Order). Restoring the designation here would hinder the sharing of evidence the *Adair* plaintiff has already filed.

The compilation theory adds nothing. State Farm argues the pages, taken together, form a competitively sensitive compilation. Mot. at 7-8. A compilation qualifies under Paragraph 3(b) only if the compilation itself is maintained in secrecy and its disclosure would cause substantial competitive harm. This compilation sits in a public court file, and its components appear in documents State Farm allowed to be de-designated. The compilation argument does not cure the absence of evidence.

State Farm's authorities do not support reconsideration. In *Hadley*, the proponent "represented that it conducted the relevant research and analysis internally, and that it keeps the exhibit at issue confidential," and the court found the request "narrowly tailored." *Hadley v. Kellogg Sales Co.*, No. 16-CV-04955-LHK, 2019 WL 12495009, at *2 (N.D. Cal. Dec. 12, 2019). *Apple* limited its reasoning to information "not central to a decision on the merits." *Apple*, 727 F.3d at 1228. *Bral* refused to permit sealing under an agreed protective order because agreement "does not dispense with the requirement to show good cause." *Bral Env't Servs., Inc. v. Shaw Env't, Inc.*, No. 03-2300-JWL, 2003 WL 22843180, at *1 (D. Kan. Oct. 23, 2003). In *Gann*, the proponent supported its original motion with a detailed declaration. *Gann v. Gen. Motors LLC*, No. CV-22-00080-TUC-RM (EJM), 2022 WL 3552484, at *4 (D. Ariz. Aug. 18, 2022). *Compulife* addressed a database already found to be a trade secret. *Compulife Software Inc. v. Newman*, 959 F.3d 1288, 1312, 1314 (11th Cir. 2020). None of these decisions permits a designating party to withhold its evidence until after a ruling, and none restores confidentiality to a document already filed in a public court record.

C. Oklahoma’s Sealing Statutes Independently Foreclose the Relief State Farm Seeks

Plaintiffs filed the Exhibit with this Court in support of the Motion to De-Designate, and the *Adair* plaintiff filed it of record in that case. Under Paragraph 6, any document designated “Confidential” must be filed under seal. Exhibit 1 (Protective Order) ¶ 6. Restoring the designation would therefore remove a filed document from public view, and Paragraphs 12 and 13 subject that result to 12 O.S. § 3226(C)(2) and 51 O.S. §§ 24A.29-24A.30. *Id.* ¶¶ 12-13. State Farm itself told the Court “documents that have become court records as a result of being filed in court must satisfy a higher standard to maintain their confidentiality.” SF Resp. at 5 (citing 51 O.S. § 24A.30).

Section 24A.30 permits sealing only where “a compelling privacy interest exists which outweighs the public’s interest in the record,” and requires the Court to “[u]tilize the least restrictive means for achieving confidentiality.” 51 O.S. § 24A.30. An order removing material from the public record must state the Court “has determined it is necessary in the interests of justice.” 12 O.S. § 3226(C)(2); 51 O.S. § 24A.29. The *West* court applied these same requirements to State Farm’s documents. Exhibit 8 (*West* Order) at 6-7. State Farm’s motion does not cite these statutes and does not attempt the required showing. State Farm identifies no discrete formula, pricing term, algorithm, or vendor information within the De-Designated Exhibit Pages. It seeks categorical secrecy for all nineteen pages, the opposite of the least restrictive means the statute requires. *See Rivero*, 2021 OK 31, ¶ 76, 489 P.3d at 63. In *Mitchell*, a sealing order’s lack of specificity made it “impossible to determine if the least restrictive means to achieve confidentiality has been employed” or whether the order was “narrowly tailored.” *Mitchell*, 2021 OK CIV APP 17, ¶ 30, 491 P.3d at 766. No such showing is possible for a document already open to the public in another court’s file.

Oklahoma courts enforce these requirements strictly. “[S]trict compliance with the Open Records Act is required before material may be sealed or removed from the public record.” *Good*

v. Farmers Ins. Co., 2023 OK CIV APP 28, ¶ 12, 536 P.3d 961, 968. In *Good*, as here, the protective order required a motion conforming to § 3226(C) and § 24A.29 before any party filed documents under seal. *Id.* A protective order entered by agreement does not relax these requirements. When parties ask a court to make a court record confidential, their agreement “is not without statutory limits due to the Open Records Act,” and those limits “reflect a public policy set by our Legislature that the exercise of judicial power should be within the public view unless confidentiality is required by law, or a compelling privacy interest outweighs the public’s interest and the confidentiality is narrowly applied.” *State ex rel. Okla. State Bd. of Med. Licensure & Supervision v. Rivero*, 2021 OK 31, ¶ 76, 489 P.3d 36, 63. A district court “must implement the public policy legislatively expressed in the Open Records Act” when it exercises judicial power in a case governed by the Discovery Code. *Id.* ¶ 86, 489 P.3d at 67. “Parties may wish to keep information from the public eye, but courts are the gatekeepers of public confidence in the administration of justice” *Mitchell v. Mitchell*, 2021 OK CIV APP 17, ¶ 29, 491 P.3d 759, 765. State Farm’s preference for confidentiality does not satisfy the statutory standard.

Federal courts applying the common-law right of access place the burden in the same place. The presumption of access “can be rebutted if countervailing interests heavily outweigh the public interests in access,” and “[t]he party seeking to overcome the presumption bears the burden of showing some significant interest that outweighs the presumption.” *Mann v. Boatright*, 477 F.3d 1140, 1149 (10th Cir. 2007) (quotations omitted). In *Colony*, the Tenth Circuit denied unopposed motions to seal settlement agreements in an insurance dispute, even though sealing “would further the district court’s order maintaining the confidentiality of these documents,” because neither party offered “any specific argument or facts” showing why confidentiality outweighed the presumption of access. *Colony Ins. Co. v. Burke*, 698 F.3d 1222, 1241-42 (10th Cir. 2012). Prior public

disclosure weakens a sealing request further. In *Mann*, the information “appear[ed] to have been disclosed previously in the public probate court proceedings, further undermining [the party’s] privacy concerns.” *Mann*, 477 F.3d at 1149. The De-Designated Exhibit Pages stand in the same position after the *Adair* filing. Exhibit 7 (Adair Resp.) at Ex. 15.

D. State Farm’s No-Prejudice Argument Misstates the Burden

State Farm argues confidentiality would not prejudice Plaintiffs because Plaintiffs could still use the Exhibit in this case. Mot. at 8. Prejudice to the challenging party is not an element of Paragraph 3(b), and its absence does not relieve State Farm of the burden Paragraph 4 imposes. Exhibit 1 (Protective Order) ¶¶ 3(b), 4. Under an umbrella protective order, “[t]he burden of proof would be at all times on the movant; only the burden of raising the issue with respect to certain documents would shift to the other party.” *Cipollone*, 785 F.2d at 1122. The argument also understates the restrictions a designation carries: filing under seal, *id.* ¶ 6; disclosure only to enumerated persons, with witnesses permitted access only after they have “manifested their assent to be bound,” *id.* ¶ 5; and closure of a public court record. If the absence of prejudice justified confidentiality, it would justify every designation State Farm has made, which is the blanket approach Paragraph 1 forbids. *Id.* ¶ 1.

A blanket designation also warrants little deference. Reliance on a confidentiality order “will be less with a blanket order, because it is by nature overinclusive.” *Pansy*, 23 F.3d at 790 (citation omitted). The Oklahoma Supreme Court has recognized the same principle. *Rivero*, 2021 OK 31, ¶ 80, 489 P.3d at 64-65. State Farm designated its production wholesale, SF Resp. at 2 n.2, and cannot claim reliance on designations it never justified.

IV. CONCLUSION

State Farm had every opportunity before the September 28, 2026 hearing to support its designation of HUR00061156-76 and chose not to. The declaration it offers now was available

then, and it does not establish secrecy or substantial competitive harm in any event. The document is in the public record of another court, its categories of information appear in documents State Farm allowed to be de-designated, and the harm State Farm describes is the embarrassment of disclosure, not competitive injury. Plaintiffs respectfully request the Court deny State Farm's Motion to Partially Reconsider the Court's September 28, 2026 Order and confirm the de-designation of HUR00061156-76 in its entirety.

Respectfully submitted,



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CERTIFICATE OF SERVICE

I hereby certify that on the 23 day of October, 2026, a true, correct, and exact copy of the foregoing document was emailed and/or mailed to the following persons:

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Heimlich Unruh

Hannah Whitten

FILED IN DISTRICT COURT
OKLAHOMA COUNTY

IN THE DISTRICT COURT OF OKLAHOMA COUNTY
STATE OF OKLAHOMA

DEC 11 2025

RICK WARREN
COURT CLERK

135

BILL and LACY HURSH,

Plaintiffs,

v.

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

Defendants.

CASE NO. CJ-2025-2626

Hon. Amy Palumbo

PROTECTIVE ORDER

All Parties to this litigation, defined as Plaintiffs Bill and Lacy Hursh ("Plaintiffs"), Defendant State Farm Fire and Casualty Company ("State Farm"), Defendant Mark D. Welty ("Welty"), and Defendant Mark D. Welty Insurance Agency, Inc., ("Welty Agency") acknowledge that certain documents produced in this action may contain trade secret or other confidential information as defined in paragraph 3 of this Protective Order. The Parties, by and through their attorneys of record, therefore agree and it is hereby ordered as follows:

1. Any party may designate as "Confidential" any documents or any portion of a document produced by it in this litigation. The party making the designation of confidential material represents that it has done so after a bona fide determination made in good faith that the material is in fact trade secret or other confidential information as defined in paragraph 3. Each document or portion of a document the party in good faith believes to contain confidential

EXHIBIT

1

information shall be marked "Confidential." The party shall take care that its designation does not obscure or render illegible the information on the document so designated.

2. Any party may designate as "Confidential" a portion of a deposition taken in this matter by stating on the record that the party is designating a portion of the deposition "Confidential" or by advising the court reporter and counsel for all other Parties, in writing, within thirty (30) days of receiving the deposition transcript of the page(s) and lines of the deposition that the party deems "Confidential." Nothing within this Protective Order shall allow a party to designate an entire deposition transcript as "Confidential" without first obtaining an order from this Court allowing such designation.

3. As used in this Protective Order, "Confidential" information shall only apply to the following materials:

- a. "Trade secret" shall have the same meaning as in 78 O.S. §86(4).
 - i. "Trade secret" means information, including a formula, pattern, compilation, program, device, method, technique or process, that:
 - a. derives independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use, and
 - b. is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.
 - ii. "Trade secret" shall explicitly not include any aspects of the handling of Plaintiffs' claim as first-party insureds, including but not limited to attempts to lower indemnity payments on Plaintiffs' claim, including the total roof

replacement requested, and anything regarding denying or partially denying Plaintiffs' claim.

- b. "Confidential research, development or commercial information" shall refer to information that is maintained in secrecy from third Parties and which a party in good faith believes would result in substantial competitive harm if publicly disclosed.
- c. "Personal confidential information" shall include a person's social security number, medical records, bank records, personnel records and tax information.

4. Any party may challenge any other party's designation of a document or portion of a document as "Confidential." A party shall not be obliged to challenge the propriety of a "Confidential" designation at the time made, and failure to do so shall not preclude a subsequent challenge thereto. In the event that any party to this litigation takes issue at any stage of these proceedings with such designation, such party shall provide to the producing party written notice of its disagreement with the designation. The producing party shall respond, in writing, within twenty (20) days, by stating whether it agrees or disagrees that designation should be removed. The Parties shall attempt to dispose of such dispute in good faith on an informal basis. If the Parties are unable to reach an agreement, the producing party shall have thirty (30) days to submit a motion for relief from the Court. If the producing party fails to timely file said motion for relief within the time prescribed, the document shall no longer be subject to this Protective Order. The fact a document has been designated as "Confidential" shall not create a presumption the document is, in fact, confidential or a trade secret entitled to protection by this Protective Order. The burden of establishing that a document or testimony contains trade secret or personal confidential information and is entitled to the protection of this Protective Order shall remain on the party

making the designation. Further, a party's agreement to this Protective Order does not prejudice the party's right to move the Court to lift the Protective Order for good cause.

5. Documents and/or deposition transcripts designated as "Confidential" shall not disseminated publicly, and may be disclosed only to the following persons, unless prior written consent to further disclosure has been obtained from counsel for the designating party or permission for such disclosure has been given by the Court:

- a. The Court pursuant to the terms of this Protective Order;
- b. The attorneys working on this action on behalf of any party, including inside, outside and consulting counsel, their legal associates, paralegals, and employees working under the supervision of such counsel;
- c. Any director, officer or employee of a party who is required by such party to work directly on this litigation, with disclosure only to the extent necessary to perform such work;
- d. Any person not employed by a party who is expressly retained or sought to be retained by any attorney described in paragraph 5(b) to assist in the prosecution or defense of this action, including outside experts and their employees;
- e. Any actual or potential deposition or trial witnesses in this action;
- f. Any mediator mutually agreed upon by the Parties in this action; and
- g. Any other Court or Judiciary with jurisdiction over this action.

The persons described in paragraphs (c), (d), and (e) shall have access to "Confidential" material only after they have been made aware of the terms of this Protective Order and have manifested their assent to be bound thereby.

6. It shall not be deemed a violation of this Protective Order for counsel to disseminate documents designated as "Confidential" at deposition or as part of their filings with the Court. If any "Confidential" material is used in any deposition, filing or court proceeding during the course of this litigation, it shall not lose its "Confidential" status through such use. This notwithstanding, any materials specifically designated as "Confidential" under this Protective Order shall, when filed with the Court, be submitted in a sealed envelope or other container, and shall be prominently labeled on the first page: "Contains Confidential Information - Subject to Court Order."

7. This Protective Order is not intended to preclude use or disclosure of any document, deposition transcript or information which is in the public domain, which has been provided to a party, his/her/its attorneys or experts, by a source independent of the designating party or his/her/its attorney.

8. Any of the undersigned may request the Court to modify or otherwise grant relief from any provision of this Protective Order. Nothing in this Protective Order shall operate as an admission by any party that any particular document is, or is not, admissible in evidence at the trial of this action.

9. Nothing in this Protective Order shall be construed as a waiver of any rights by any party with respect to matters not specifically provided for herein.

10. This Court shall retain jurisdiction to enforce this Protective Order and decide any issues relating to or arising from it. If the terms of this Protective Order are violated, the Court may grant such relief to the producing party as is just and necessary, including but not limited to sanctions.

11. The terms and conditions of this Protective Order shall remain in full force and effect and shall survive the final resolution of this litigation unless the Protective Order is terminated or modified in writing by the Parties or by further order of the Court.

12. All requests made by a party for a document to be filed "under seal" in accordance with this Protective Order shall be made by motion and conform to the requirements set forth in 12 O.S. § 3226(C)(2).

13. The outcome of any "Confidential" designations made in this Proceeding will be subject to judicial review and determination by the Court pursuant to 50 Okla. Stat. §§ 24A.29-24A.30 and 12 Okla. Stat. § 3226(C)(2).

IT IS SO ORDERED THIS 26th day of November, 2025.

AMY PALUMBO

THE HONORABLE AMY PALUMBO
JUDGE OF THE DISTRICT COURT

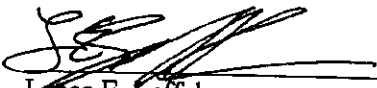
APPROVED AS TO FORM:

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Michael Burrage, OBA No. 1350
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Hannah Whitten, OBA No. 35261
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IN THE DISTRICT COURT OF OKLAHOMA COUNTY

FILED IN DISTRICT COURT
STATE OF OKLAHOMA
OKLAHOMA COUNTY

Billy & Lacy Hursh

Petitioner(s)

SEP 28 2026

Hannah Whitten, Bongie Whitten, Ryan Delgars

Attorney(s) for Petitioner

-vs.

RICK WARREN
COURT CLERK

Case No. CT-2025-2626

78

State Farm, et. al.

Respondent(s)

Lance Leffel, Ashlyn Smith

Attorney(s) for Respondent

COURT MINUTE

Date: 9-28-2026

Judge Amy Palumbo

Hearing On: Plaintiffs' Motion to De-Designate & Strike Confidentiality
Ruling By Court:

This Court de-designates 11 documents: Exhibits 10, 11, 12, 15, 17, and 19; Exhibits 4-6 and 12 to Plaintiffs' Reply ISO De-Designation; and Exhibit 16 to Plaintiffs' Supplemental Authority Regarding Plaintiffs' Motion to De-Designate.

EXHIBIT

2

[Signature]
Plaintiffs

[Signature]
State Farm

[Signature]
The Court

From: Nicole Manduca [/O=STATEFARM/OU=HOME/CN=RECIPIENTS/CN=LOK2]
Sent: 6/17/2025 1:02:29 PM
To: Scott Welsh [scott.welsh.cx30@statefarm.com]; Jordan Coad [jordan.coad.p3dv@statefarm.com]; Katie Magwire [katie.magwire.pwqx@statefarm.com]; Greg Robinson [greg.robinson.l420@statefarm.com]; Denise Hensley [denise.hensley.gsvl@statefarm.com]; Paul Robichaux [paul.robichaux.h6zw@statefarm.com]
CC: Kimberly Rose [kimberly.rose.nv8v@statefarm.com]; Byron Galloway [byron.galloway.g6kt@statefarm.com]; Rob Tierney [rob.tierney.heps@statefarm.com]
Subject: Re: Scrimmage Prep Document - Draft - May Results
Attachments: image001.png; image002.png; image003.png; image004.png; image009.png; image010.png; image011.png; image012.jpg; image013.jpg; image014.jpg; image015.jpg; image016.jpg; image017.jpg; image018.jpg; image019.png; image020.png; image021.png; image022.png; image023.png; image024.png; image025.png; image026.png

I'll have Wind updated today and can package for Bob and the V's.

Get Outlook for iOS

From: Scott Welsh <scott.welsh.cx30@statefarm.com>
Sent: Tuesday, June 17, 2025 3:56:40 AM
To: Jordan Coad <jordan.coad.p3dv@statefarm.com>; Katie Magwire <katie.magwire.pwqx@statefarm.com>; Nicole Manduca <nicole.manduca.lok2@statefarm.com>; Greg Robinson <greg.robinson.l420@statefarm.com>; Denise Hensley <denise.hensley.gsvl@statefarm.com>; Paul Robichaux <paul.robichaux.h6zw@statefarm.com>
Cc: Kimberly Rose <kimberly.rose.nv8v@statefarm.com>; Byron Galloway <byron.galloway.g6kt@statefarm.com>; Rob Tierney <rob.tierney.heps@statefarm.com>
Subject: RE: Scrimmage Prep Document - Draft - May Results

Thank you all for updating the document – Lots of good progress as we hit the half way point in 2025.

From: Jordan Coad <jordan.coad.p3dv@statefarm.com>
Sent: Monday, June 16, 2025 8:09 PM
To: Katie Magwire <katie.magwire.pwqx@statefarm.com>; Nicole Manduca <nicole.manduca.lok2@statefarm.com>; Greg Robinson <greg.robinson.l420@statefarm.com>; Denise Hensley <denise.hensley.gsvl@statefarm.com>; Paul Robichaux <paul.robichaux.h6zw@statefarm.com>
Cc: Scott Welsh <scott.welsh.cx30@statefarm.com>; Kimberly Rose <kimberly.rose.nv8v@statefarm.com>; Byron Galloway <byron.galloway.g6kt@statefarm.com>; Rob Tierney <rob.tierney.heps@statefarm.com>
Subject: RE: Scrimmage Prep Document - Draft - May Results

Hey Team – updated for Water. Carried forward all other updates – so this should be the most current copy.

JC

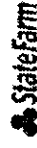
EXHIBIT
3

From: Katie Magwire <katie.magwire.pwqx@statefarm.com>
Sent: Monday, June 16, 2025 3:52 PM
To: Nicole Manduca <nicole.manduca.lok2@statefarm.com>; Greg Robinson <greg.robinson.l420@statefarm.com>; Denise Hensley <denise.hensley.gsvl@statefarm.com>; Paul Robichaux <paul.robichaux.h6zw@statefarm.com>; Jordan Coad <jordan.coad.p3dv@statefarm.com>
Cc: Scott Welsh <scott.welsh.cx30@statefarm.com>; Kimberly Rose <kimberly.rose.nv8v@statefarm.com>; Byron Galloway <byron.galloway.g6kt@statefarm.com>; Rob Tierney <rob.tierney.heps@statefarm.com>; Katie Magwire <katie.magwire.pwqx@statefarm.com>
Subject: FW: Scrimmage Prep Document - Draft - May Results

Updated for Hail...this is most recent copy so CFEU and Fire should be good to go as well.

Thanks

Katie Magwire



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

From: Jordan Coad <jordan.coad.p3dv@statefarm.com>
Sent: Thursday, June 12, 2025 5:46 PM
To: Nicole Manduca <nicole.manduca.lok2@statefarm.com>; Greg Robinson <greg.robinson.l420@statefarm.com>; Katie Magwire <katie.magwire.pwqx@statefarm.com>; Denise Hensley <denise.hensley.gsvl@statefarm.com>; Paul Robichaux <paul.robichaux.h6zw@statefarm.com>; Bryan McLaughlin <bryan.mclaughlin.he2g@statefarm.com>
Cc: Scott Welsh <scott.welsh.cx30@statefarm.com>; Kimberly Rose <kimberly.rose.nv8v@statefarm.com>; Byron Galloway <byron.galloway.g6kt@statefarm.com>; Rob Tierney <rob.tierney.heps@statefarm.com>; Jordan Coad <jordan.coad.p3dv@statefarm.com>
Subject: A: Scrimmage Prep Document - Draft - May Results

Hey Team –

Sending the prep doc for Scrimmage 1 next week. We have time and Scrimmage 1 is not until 6/19 – but Me and Katie are in the Fire IO SLL meeting next week in Dallas and so getting this out early. We will want to target to send to the VPOs no later 6/18.

For this month on the peril assignments, I updated the alignment to have Denise take the CFEU portion as a handoff from Bryan (does that work okay?). Then Paul, figure we can start weaving you into this too next month. We can use our next CM quality touch-point call to go over this and share this with you.

Alignment to fill out template below:

- Jordan – Water
- Katie – Hail
- Nicole – Wind
- Greg – Fire

- Denise (handoff from Bryan) – CFEU

I included in the bottom email what we sent last month. Feel free to use as a shell/starting place for this month.

Can everyone target to have finished by 6/17 so we can send on 6/18? Thank you!

JC

 Peril Year over Year (YOY) Comparison – Draft – Results through May 2025							
Peril	Question	% FED to Est S Written			Potential Net Paid Indemnity		
		YTD 2024	YTD 2025	Diff	YTD 2024 Rate	YTD 2025 Rate	Diff '25 - '24
Water	Coverage	2.35%	3.73%	1.38%	\$26.1M	\$41.4M	\$15.3M
	Estimatics	3.10%	3.72%	0.62%	\$26.5M	\$31.8M	\$5.3M
	Reconciliation	3.43%	3.37%	-0.06%	\$27.4M	\$27.0M	-\$0.4M
	3 Questions Above				\$80.0M	\$100.3M	\$20.2M
Hail	Coverage	3.48%	2.19%	-1.29%	\$60.9M	\$38.4M	-\$22.5M
	Estimatics	1.88%	1.96%	0.08%	\$34.8M	\$36.2M	\$1.4M
	Reconciliation	0.86%	1.50%	0.64%	\$2.3M	\$4.1M	\$1.7M
	3 Questions Above				\$98.0M	\$78.6M	-\$19.4M
Wind	Coverage	2.64%	2.15%	-0.49%	\$33.5M	\$27.3M	-\$6.2M
	Estimatics	5.94%	4.97%	-0.97%	\$73.9M	\$61.8M	-\$12.1M
	Reconciliation	3.64%	3.63%	0.00%	\$19.8M	\$19.8M	\$0.0M
	3 Questions Above				\$127.3M	\$108.9M	-\$18.4M
Fire	Coverage	0.17%	0.28%	0.12%	\$6.1M	\$10.3M	\$4.2M
	Estimatics	1.00%	0.91%	-0.08%	\$30.2M	\$27.7M	-\$2.5M

	Reconciliation	1.59%	0.95%	-0.65%	\$17.6M	\$10.5M	- \$7.1M
	3 Questions Above				\$53.8M	\$48.4M	- \$5.4M
	Total				\$359.2M	\$336.2M	- \$22.9M

Review of YOY Estimatic Trending (Chart Above) – What are the headlines for each Peril?

Peril High-Level

- **Water**
 - Water coverage remains less accurate YOY. MoM result is more accurate than last year; however, the comparison is to May 2024 (5.28%) was one of the highest historical results of any month.
 - Water estimatics monthly result, for the 2nd consecutive month put downward pressure on YTD result.
 - Water Reconciliation remains more accurate YOY. After more accurate Jan and Feb results, the past 3 months have declined YOY.
- **Hail**
 - Hail coverage remains more accurate compared to last year. Discrete May's result of 0.81% is the lowest of the past 2 years, the EDW amount is the largest of the past 10 months.
 - Hail estimatics is nearly unchanged YOY. Discrete May results were the lowest since September of 2024
 - Hail reconciliation is slightly less accurate YOY.
- **Wind**
 - Wind coverage, estimatics and reconciliation YTD remains more accurate or unchanged YOY
- **Fire**
 - Fire coverage is less accurate YOY influenced by a claim in WVA with \$36K paid on the structure with a finding: "insuring agreement not met or misapplied". Fire estimatics and reconciliation results were more accurate YOY.

CFEU

- CFEU Acknowledgement rate in March was near 2025 target (97%). As with nearly every metric associated with CFEU, CG ZI is heavily influencing results. ZI Acknowledgement rate is 99%, 7ppts higher than reviews without the ZI CG code.
- CFEU March results: 110.50% of eligible estimates were received, with a 97.24% acknowledgement rate and 81.08% acceptance rate.
- As with nearly every metric associated with CFEU, CG ZI is heavily influencing results. March CG ZI acknowledgement rate is 98.69%, ~6ppts higher than reviews without the ZI CG code.
- In May, 1,597 estimates between \$100k-\$250k met eligibility criteria.
- Of the 2,121 May estimates that appear to meet the eligibility parameters, 1,128 have been submitted to CFEU to date.
- CFEU experienced service level challenges starting in mid-May with volume 15% higher than projected. 4.63 days average time for delivery in May. Operational health achieved by early June. Currently, 1.82 days average time for delivery in June.
- Oversight Shared Services and Quality Pillar hosted two calls (Fire Estimatics Leadership Forum) to review the Fire Estimatics Dashboard enhancements and provide more information about the acceptance review process. Calls were held June 5 and June 10.
- CFEU is facilitating one-hour Fire Estimatics calls on June 24 and 25. Topics for the call include The CFEU estimate review submission and criteria process, large loss estimate review best practices, and Acceptance Rate Dashboard. The purpose of these calls is to help Fire Claims team managers and section managers improve estimate quality, provide tools to assist leaders with completing estimate reviews, and improve claim handling efficiency.

Peril Deep Dive

Water

- Water Overall:
 - YTD %FEW is 10.95% - this did not improve from prior month (10.87%) and outside of forecast (9.50%).
 - So far YTD – the Top FED Driver is CA01 Water Coverage (followed by Reconciliation) (chart below).
- Water Coverage
 - Water Coverage YTD (3.73%) is less accurate than the YOY (2.35%) and the prior month YTD (3.53%).
 - Water Coverage result remains outside forecast (actual YTD 3.73% and Forecast is 2.72%).
 - MoM result is more accurate than last year; however, the comparison is to May 2024 (5.28%) was one of the highest historical results of any month.
 - 23 claims with FED Coverage Findings in May (Visual below); split between FPS (10) and Proximity (12).
 - Findings relate to both CRLS and paying for PLM (origin) that is not owed and failed due to Wear/Tear.

53-Coverage Analysis Application	CA01 Water the paid damages covered under the policy?	2025-05-01	191	12.97%	24	30	187			
		2025-01-01	262	9.54%	25	\$981,615	237	8.78%	\$4,418	8.80%
		2025-02-01	332	8.43%	28	\$736,853	364	8.43%	\$4,936	3.64%
		2025-03-01	114	7.89%	9	\$29,772	165	7.82%	\$2,596	3.38%
		2025-04-01	274	10.86%	25	\$140,963	263	9.85%	\$6,408	1.90%
		2025-05-01	184	12.50%	23	\$88,828	191	11.41%	\$4,711	4.34%
	CA01 YTD Water the paid damages covered under the policy?	2025-05-01	107	11.14%	10	\$5,844	109	8.74%	\$1,470	2.56%

- Estimatics (Scoping)
 - YTD %FEW did improve from last month (YTD improved from 3.84% to 3.72%).
 - Water estimatics discrete May result (3.01%) was the most 2nd most accurate of the year.
 - Comparing to prior year – Estimatics % is higher than 2024 ('25 3.72% vs. '24 3.10%).
 - Current YTD result (3.72%) is still outside forecast (3.14%).
 - Top estimate FED driver continues to be FNC and PNT (Visual below); FCW has dropped out of the top 3.
- Reconciliation:
 - YTD Water reconciliation remains more accurate when compared to last year ('25 3.37% vs. '24 3.43%).
 - The YTD result did not improve from prior month – the April YTD was 3.22% vs. the May YTD at 3.37%.
 - YTD result is outside of forecast (actual YTD 3.37% and Forecast is 3.23%).
- Water Reconciliation Unit (WRU) – Visual added below:
 - WRU reconciliation impact YTD reflects a \$24M impact, exceeding projections by \$2.8M.
 - WRU Volume YTD is 146% to plan (plan 3250 and actual 4746).

Actions we are taking for Water:

- Updated 2025 Fire Business Plan to include SLBs specific to use of GEN AI-FRA.
- Fire IO has modified OAR timing to 10 days – so leaders are in the file earlier to help influence coverage.
- Authority adjustments in AZ, FL, KY, OH, and PA with water coverage decisions being reviewed by leadership.
- GEN AI - FRA expanded to additional COL in March of 2025 – which includes COL 37/Water.
- IO executing an estimatic strategy which includes; Ride Alongs, Self-Study, Capstone and Instructor led training.
- Coverage findings are being shared weekly with CM/SMs to address authority, as appropriate.
- As we better execute CHIP Prioritization – this will put us in the right files at the right time to support Quality.

YTD Top FED Categories:

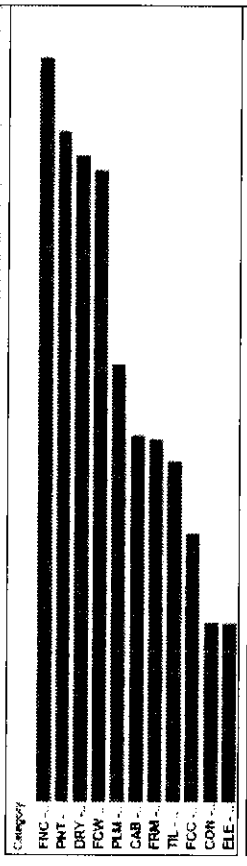
Finding Description	Count	Total FED Dollars
CA0140 Losses Not Insured not applied or misapplied	73	\$345,106
ES0602 Estimate reconciled but one or more opportunities exist	275	\$208,215
SC0110 Estimate included line item(s) not required for the repair	209	\$200,483
ES0607 Depreciation not applied but should have been	208	\$167,743
ES0601 Estimate reconciliation necessary but not completed in	205	\$114,637
CA0101 COV A. Insuring Agreement not met or misapplied	23	\$101,549
SC0112 Quantity for line item(s) greater than what is necessary	181	\$92,583
SP0210 Estimate included line item(s) not required for the repair	43	\$44,238
SC0113 Two or more line items duplicated the same repair proc.	39	\$34,465
ES0602 Labor Minimum included but should not have been	167	\$33,744
PR0202 Type of building materials estimated was inconsistent w/	121	\$29,631
CA0141 Exclusions misapplied	1	\$29,600
ES0701 Overhead and profit applied but should not have been	25	\$19,246
SC0114 Additional costs of paint products allowed for the repair	86	\$16,603
SP0212 Quantity for line item(s) greater than what is necessary	29	\$17,525

Category: Contractor's Submittal

YTD Estimates (Scoping) Top FED Drivers:

Finding Description	Count	Total FED Dollars
CA0140 Losses Not Insured not applied or misapplied	73	\$345,106
ES0602 Estimate reconciled but one or more opportunities exist	275	\$208,215
SC0110 Estimate included line item(s) not required for the repair	209	\$200,483
ES0607 Depreciation not applied but should have been	208	\$167,743
ES0601 Estimate reconciliation necessary but not completed in	205	\$114,637
CA0101 COV A. Insuring Agreement not met or misapplied	23	\$101,549
SC0112 Quantity for line item(s) greater than what is necessary	181	\$92,583
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PR0202 Type of building materials estimated was inconsistent w/	121	\$29,631
CA0141 Exclusions misapplied	1	\$29,600
ES0701 Overhead and profit applied but should not have been	25	\$19,246
SC0114 Additional costs of paint products allowed for the repair	86	\$16,603
SP0212 Quantity for line item(s) greater than what is necessary	29	\$17,525

Category: Contractor's Submittal



Quality[®] Claim Handling Water Reconciliation Unit (WRU) - 2025 Plan

- Coverage
- Estimate
- Reconciliation

YTD Reconciliation

Reconciliation Plan Reconciled Actual

\$1,500,000 \$4,396,534

YTD Referral Counts

Referral Plan Referral Actual % to Plan

2,200 1,745 79%

Q1 2025

2025

Q1 2025

2025

Results YTD through May \$24.4M YTD impact, exceeding projections by +\$2.8M. Volume was +145% over plan.

- WRU estimate thresholds were adjusted in February '23 to drive more volume into WRU
- WRU is now live in all 50 states and supporting Non-PSP Mitigation meeting certain estimate thresholds
- Automation went live in Q4 - which accelerates new assignment to WRU and removes manual assignment

*Quality's claim handling is delivered as a proprietary, end-to-end solution, encompassing the entire claims lifecycle. Accurately documenting the plan, policy, and coverage is critical to the success of the claim handling process.

DRAFT

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Wind

Hail Peril

- **Headlines:**

- Hail coverage remains more accurate compared to last year. **Discrete May's** result of 0.81% is the lowest of the past 2 years, the EDW amount is the largest of the past 10 months.
- Hail estimates is nearly unchanged YOY. Discrete May results were the lowest since September of 2024
- Hail reconciliation is slightly less accurate YOY.

● Overall:

- YTD %FEW is 6.18% which is a better than April YTD of 7.13% and better than forecast of 6.35%.

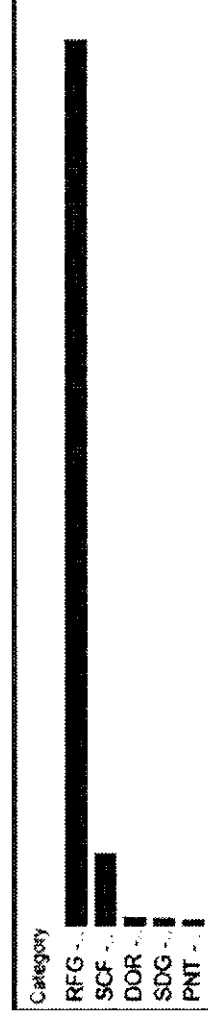
- 2025 YTD May compared to YTD April shows improvements overall and in coverage and scoping. Reconciliation remains flat.
- May had 514 hail reinspections which is similar to April at 508.
- Coverage
 - YTD %FEW results in May improved from 2.77% in April YTD to 2.19% May YTD.
 - Comparing April to May discrete – April FEW% 3.62% w/ average finding \$5,416 while May improved to .81% / average finding at \$3,010.
 - YTD Hail Coverage results are better than forecast (actual YTD 2.19% and Forecast is 2.62%).
 - Comparing to prior year – Coverage FEW% is better than 2024 ('25 is 2.19% vs. '24 3.73%).
 - Total of 15 claims with FED Coverage Findings in May for Hail; 1 in IO and 14 in Proximity.
 - Findings relate to loss insured not applied or misapplied and insuring agreement not met or misapplied – RFG, SFG, SDG (see below)
- Estimations /Scoping
 - YTD %FEW did improve from April and MoM steadily each month in 2025 ending May YTD at 1.96% This is a 1.08% improvement from January and the best result so far in 2025.
 - Comparing to prior year – Estimations % is higher than 2024 ('25 was 1.96% vs. '24 was 1.83%) but gap is closing.
 - Although improved MoM – current YTD (1.96%) is still outside forecast (1.74%). May discrete FED% is 1.41% which is better than forecast and the best discrete month in 2025.
 - Top estimations FED drivers were Quantity of items greater than what was necessary for repair and Estimate included items not required for repair. Segments driving FED include Proximity and Deployed.
 - The size of the average finding increased slightly from \$728 to \$793
- Reconciliation:
 - May YTD %FEW results remained mostly flat compared to April YTD.
 - May YTD result is outside of forecast (actual YTD 1.50% and Forecast is 1.09%).
 - Total of 13 ES09 findings with FED in May. Average finding increased from \$751 to 3,694 with the Estimate reconciled but opportunities remain in RFG being the biggest driver. This was driven specifically by 2 claims.
 - In-Office SM had large finding for \$2,000
 - \$4,000 finding on windows the ECR average finding increased to \$4,541 average which made the biggest impact.

Hail summary of YTD TOP FED Description:

Finding Description	#	Count	Total FED Dollars
CA0101 COV A: Insuring agreement not met or misapplied		37	\$202,230
CA0140 Losses Not Insured not applied or misapplied		29	\$201,787
ES0807 Depreciation not applied but should have been		196	\$155,637
SC0112 Quantity for line item(s) greater than what is necessary		213	\$145,024
SC0110 Estimate included line item(s) not required for the repair		208	\$133,917
SC0115 Estimate included replacing items that should have been		23	\$52,767
SC0201 Overlapping prior damage included in settlement		35	\$51,533
ES0701 Overhead and profit applied but should not have been		11	\$45,048
PI0202 Type of building materials estimated was inconsistent w...		183	\$29,614
ES0602 Labor Minimum included but should not have been		167	\$28,872
SC0105 High/Steep Charge misapplied		165	\$28,792
ES0902 Estimate reconciled but one or more opportunities exist		28	\$28,098
ES0102 Waste included but misapplied		131	\$19,382
IR0301 Inspection report over scoped or included undamaged it...		61	\$19,160
ES0901 Estimate reconciliation necessary but not completed an...		24	\$18,490

Hail YTD Coverage TOP FED Drivers:

Finding Description	#	Count	Total FED Dollars
CA0101 COV A: Insuring agreement not met or misapplied		37	\$202,230
CA0140 Losses Not Insured not applied or misapplied		29	\$201,787
CA0121 Option OL - Building Ordinance or Law Coverage misa...		19	\$14,685
CA0142 Conditions misapplied		1	\$10,257
CA0141 Exclusions misapplied		2	\$5,502
CA0130 Applicable policy endorsements misapplied		3	\$2,607
CA0150 COV A: Loss Settlement Provision misapplied		2	\$1,839



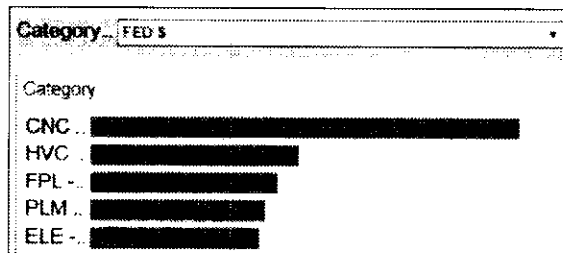
We are taking actions for Wind and Hail:

- FRA and Reconciliation template reporting
- Intel ASP Roofing and updates to felt within Xactimate.
- Monitoring FLL Dynamic calendars and insights through CLIP for early intervention at decision points
- Over 5k CSs/TMs attended the Wind/Hail refresher sessions, Leadership sessions, HAAG training. Makeup sessions this week.

- CFEU Dashboard to monitor adherence to standards of 100k estimates or greater. Drop-in sessions with leaders to review dashboards held 3/25 and 3/27.
- Advancing use of HOVER in proximity.
- Progress Inspection and Authority Dynamic template
- FRA Phase III in test phase and will involve an interactive user interface which will compliment current dynamic templates.
- Executive FIM Hub view for monitoring

Fire

- **Overall YTD (Jan-May) for %FEW** is 2.72% which is lower than selection of 2.97% and YTD 2024 of 2.84%.
 - Increase from YTD April 2025 which was 2.52%
 - 3 YTD results are more accurate than the 2025 selection: Fire - Overall, Rec and Scoping
- **Coverage (CA01) YTD (Jan-May) for %FEW** is 0.28%, which is higher than selection of 0.24% and above YTD 2024 of 0.17%.
 - Increase from YTD April 2025 which was 0.22%
 - Influenced by a claim in WVA with \$36K paid on the structure with a finding: "insuring agreement not met or misapplied"
 - CA0101 COV A: Insuring agreement not met or misapplied; CA0150 COV A: Loss Settlement Provision misapplied; CA0120 Option ID - Increased Dwelling Limit misapplied; are drivers
- **Scoping/Estimating (SC01) YTD (Jan-April) for %FEW** is 0.91% which is better than selection of 1.11% and YTD 2024 of 1.00%.
 - Increase from YTD April 2025 which was 0.89%
 - The top 5 trades with the greatest opportunities on FED\$ are CNC, HVC, FPL, PLM, ELE
 - SC0112 Quantity for line item(s) greater than what is necessary for repair process; SC0110 Estimate included line item(s) not required for the repair process; SC0113 Two or more line items duplicated the same repair process/components; are drivers.



- **Reconciliation YTD (Jan-May) for %FEW** is 0.95% which is better than selection, of 1.64%, and YTD 2024 of 1.59%.
 - Increase from YTD April 2025 which was 0.85%
 - ES0901 Estimate reconciliation necessary but not completed and/or not documented; ES0902 Estimate reconciled but one or more opportunities exist; are drivers.
 - The appropriate Xactimate labor efficiency remains an area of opportunity worthy of ongoing reinforcement to ensure consistency of appropriate application – 8 findings for ~ \$79K
 - Depreciation under the Estimatics category accounts for 23 findings for ~\$38K
 - IA, WV, TX, VA, WI, OK have the greatest opportunity in April based on FED\$. WV, MS, SC, ID, NJ, KS based on %FEW
- Actions we are taking for Fire:**
- Strategies to improve accuracy include adjustment to CFEU review parameters to include all estimates above \$100k on April 1st. New parameter established for secondary CFEU review for supplements that exceed 25% of the original estimate value.

- Roll out of a claim handler dynamic template to consistently document response to CFEU observations. CFEU to validate claim handler responses, estimate actions taken and overall acceptance rate.
- Monthly report of estimates that met CFEU review parameters but were not submitted to CFEU. Reinforcement by the Quality Pillar during monthly assigned CM meetings.
- CFEU Dashboard
- Additional strategies to improve accuracy include leveraging XM Bypass Report, CFEU observations and OED dashboards to assist with opportunity identification and coaching. Appropriate administration of settlement authority and execution of the authority review process. Use of Gen AI Reconciliation Assist rolled out for COL 33.

From: Nicole Manduca <nicole.manduca.lok2@statefarm.com>

Sent: Sunday, May 18, 2025 10:33 AM

To: David Bonenfant <david.bonenfant.gmrg@statefarm.com>; John Christensen <john.christensen.ghu1@statefarm.com>; Kathy Ress <kathy.ress.he8j@statefarm.com>

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Subject: Scrimmage Prep Document - Draft - April Results

Hello,

In advance of our scrimmage, sharing our April results for your review.

 Peril Year over Year (YOY) Comparison – Draft – Results through April 2025					% FED to Est \$ Written			
Peril	Question	April YOY Results			Peril	YTD March Compared to YTD April 2025		
		YTD 2024	YTD 2025	Diff		Prior Month (March) YTD 2025	April YTD 2025	YTD Current VS Prior Month YTD
Water	Coverage	1.90%	3.53%	1.64%	Water	3.07%	3.53%	0.47%
	Estimates	2.97%	3.84%	0.87%		4.59%	3.84%	-0.75%
	Reconciliation	3.57%	3.22%	-0.36%		2.96%	3.22%	0.26%

Hail	Coverage	3.49%	2.77%	-0.72%	Hail	2.53%	2.77%	0.24%
	Estimatics	1.91%	2.18%	0.27%		2.29%	2.18%	-0.11%
	Reconciliation	0.84%	1.46%	0.62%		1.70%	1.46%	-0.24%
Wind	Coverage	2.61%	2.34%	-0.27%	Wind	1.85%	2.34%	0.49%
	Estimatics	5.79%	5.04%	-0.75%		5.16%	5.04%	-0.12%
	Reconciliation	3.39%	4.09%	0.70%		3.81%	4.09%	0.28%
Fire	Coverage	0.15%	0.22%	0.07%	Fire	0.31%	0.22%	-0.10%
	Estimatics	0.96%	0.89%	-0.07%		1.06%	0.89%	-0.17%
	Reconciliation	1.56%	0.86%	-0.70%		1.20%	0.86%	-0.34%

Review of YOY Estimatic Trending (Chart Above) – What are the headlines for each Peril?

High Level Headlines

- Water:
 - Water coverage remains less accurate YOY.
 - Water estimatics discrete April result (1.76%) was the most accurate of any month over the past 16, resulting in downward pressure on the YTD result.
 - Water Reconciliation remains more accurate YOY despite less accurate discrete March and April results compared to the same time last year. The YOY decrease is due to discrete February's high accuracy result coupled with the largest monthly amount of EDW over the past 16 months.
- Hail:
 - Hail coverage remains more accurate compared to last year. Possible headwind: In 2024 June-December results were some of the most accurate ever posted for Hail coverage.
 - Hail estimatics and reconciliation monthly results were nearly unchanged MOM, but the reinspection volume of EDW was higher than March, resulting in downward pressure (more accurate) YTD monthly results compared to prior YTD (-0.11ppt and -0.24ppt, respectively).
- Wind:
 - Wind coverage YTD remains more accurate YOY, however discrete April's result was the least accurate of the past 16 months adding +0.49ppts to the YTD.
 - Wind estimatics YTD remains more accurate YOY, and discrete April's result of 4.64% was the most accurate this year, decreasing the YTD result by -0.12ppts
 - Wind reconciliation YTD remains less accurate YOY with the second consecutive month over 5%.
- Fire:
 - Fire coverage, estimatics and reconciliation YTD results each were more accurate MOM (discrete April's results) and some of the most accurate of the past 16 months.

CFEU Detail:

- CFEU February results: 94% of eligible estimates were received, with a 96% acknowledgement rate and 84% acceptance rate. The highest results since tracking.
- With the parameter expansion effective 4/1, CFEU throughput increased as expected. Up to 1,688 estimates between \$100k-\$250k now met eligibility criteria.
- Of the 2,372 April estimates that appear to meet the eligibility parameters, 1,351 have been submitted to CFEU to date.
- The QP is reviewing 494 claims with estimates completed more than 30 days ago to determine whether submission to CFEU should have occurred, with coaching/accountability follow up planned thereafter.
- Valid reasons for claims that appear to meet review criteria not being submitted include valued policy state, estimate writer error, estimate revised below dollar threshold post authority review, supplements less than 25% of original and/or those that increase the total estimate over \$100k.

Authority Play:

- QP CMs met with the Fire Field CM's and Consultants for the states of AZ, FL, KY, OH, and PA on 4/27 to review current Reinspection results and to check in on the water authority sprint. All states have extended this play beyond the initial 30-day period to further evaluate and make authority decisions.
- YTD 2025 Reinspection water results have generally show improvement in the majority of the 5 states when compared to YE 2024.
- The QCRT surveyed the 5 states in February to assist with benchmarking and March to track progress. Improvements were realized in origin identification, rate/flow and documentation of what was observed. Cause of loss continues to be an area of significant opportunity.
- The QP CM's and QCRT SM will meet with the Fire Field CM's and Consultants for the 5 states on 5/22. Survey trending will be reviewed in detail and plans for a future surveying to monitor progress will be firmed up.

Peril Deep Dive and Detail**Water**

- **Water Overall:**
 - YTD %FEW is 10.87% - this did not improve from prior month (10.73%) and outside of forecast (9.50%).
 - So far YTD – the Top FED Driver is CA01 and Water Coverage (followed by SC01; Estimatics) (chart below).
 - April was the largest RI sample size YTD – April was 564 RI surveys vs. 273 completed in March.
- **Water Coverage**
 - Water Coverage YTD (3.53%) is less accurate than the YOY (1.90%) and the prior month YTD results (3.07%).
 - Water Coverage result remains outside forecast (actual YTD 3.53% and Forecast is 2.72%). As a reminder, the first 4 months of 2024 were some of the most accurate results of the past few years.
 - We had 25 claims with FED Coverage Findings in April (visual below); 3 BCFR, 10 FPS, 12 Proximity
 - Findings relate to both CRLS and paying for PLM (origin) that is not owed and failed due to Wear/Tear.

Q3-Coverage Analysis Application	CA01 Were the paid damage(s) covered under the policy?	2025-03-01	780	8.09%	4	\$0
		2025-04-01	222	9.01%	26	\$0
		2025-01-01	262	9.54%	25	\$101,815
		2025-02-01	332	8.43%	36	\$124,893
		2025-03-01	114	7.89%	0	\$29,772
		2025-04-01	234	10.98%	25	\$148,043
	CA02 Were the deductibles applied per Operation Grades?	2025-01-01	272	1.10%	1	\$2,951
		2025-02-01	273	1.10%	1	\$2,951

- **Estimatics (Scoping)**
 - YTD %FEW did improve from March and MoM (improved from 4.59% to 3.84%).

Water estimates discrete April result (1.76%) was the most accurate of any month over the past 16, resulting in downward pressure on the YTD result.

Comparing to prior year – Estimates % is higher than 2024 ('25 3.84% vs. '24 2.99%).

Current YTD result (3.84%) is still outside forecast (3.14%).

Top estimate FED driver continues to be FCW and FNC (Visual below).

Reconciliation:

YTD Water reconciliation remains more accurate overall when compared to last year ('25 3.22% vs. '24 3.57%).

The YTD result did not improve from prior month – the March YTD was 2.96% vs. the April YTD was 3.22%.

YTD result is still below forecast (actual YTD 3.22% and Forecast is 3.23%).

While not as strong as February result – the discrete April result (4.07%) did show improvement from March (4.88%)

Water Reconciliation Unit (WRU) – Visual added below:

WRU reconciliation impact YTD reflects a \$20.1M impact, exceeding projections by \$2.9M.

WRU Volume YTD is 144% to plan (plan 2600 and actual 3744).

WRU has exceeded forecast for both planned volume and reconciliation dollars for the second consecutive month.

Actions we are taking for Water:

Updated 2025 Fire Business Plan to include SLBs specific to use of GEN AI-FRA.

Authority adjustments made in AZ, FL, KY, OH, and PA and water coverage decisions being reviewed by leadership.

GEN AI - FRA expanded to additional COL in March of 2025 – which includes COL 37/Water.

Through Fire Standards work – Operational Standards established for GEN AI-FRA, Dynamic Templates and Structured Phrases.

Coverage findings are being shared weekly with CM/SMs to address authority, as appropriate.

As we better execute CHIP Prioritization – this will put us in the right files at the right time to support Quality.

Summary of YTD TOP FED Description:

Finding Description	Count	Total FED Dollars
CA0140 Losses not insured not applied or misapplied	55	\$254,100
SC0116 Estimate included line items not required for the repair	100	\$174,517
ES0087 Estimate recorded but one or more opportunities exist	224	\$166,831
ES0087 Depreciation not applied but should have been	183	\$140,630
ES0081 Estimate reconciliation necessary but not completed on	168	\$100,272
CA0101 COV A Insuring agreement not met or misapplied	19	\$91,700
SC0112 Quantity for line items greater than what is necessary	134	\$83,672
SP0216 Estimate included line items not required for the repair	35	\$36,968
SC0113 Two or more line items duplicated the same repair price	77	\$32,627
ES0082 Labor Minimum included but should not have been	145	\$29,761
CA0141 Exclusions misapplied	1	\$29,000
PR0202 Type of building materials estimated was inconsistent with	104	\$20,148
SC0114 Additional costs of paint products allowed for the repair	78	\$16,096
ES0701 Overhead and profit applied but should not have been	21	\$17,740
SC0111 Line item(s) actually field enhanced the repair process	57	\$14,303

YTD Estimates (Scoping) TOP FED Drivers:

Trading Description	Count	Total FEO Dollars
C50160 Lessors not insured and applied to insurance	100	\$176,517
ES0902 Estimate recorded but not of scope appropriate cost		
ES0903 Depreciation not applied but should have been		
ES0904 Estimate reconciliation necessary but not completed		
C50101 COV A: Insuring agreement not met or misapplied		
SC0112 Quantity for line item(s) greater than what is necessary		
SP0210 Estimate included line item(s) not required for the repair		
SC0113 Two or more line items duplicated for same repair job		
ES0602 Labor Materials included but should not have been		
C50141 Exclusions misapplied		
PN0202 Type of building materials estimated were inaccurate at		
SC0114 Additional code of plant products allowed for but not		
ES0701 Overhead and profit applied but should not have been		
SC0111 Line items activity item enhanced the repair process		
Change/Revision Item Order		
101.8		
1000000		
PTNC		
PCW		
DRY		
SMI		
PLM		
FRM		
TL		
CAB		
BLE		
MYR		
PCC		
SALE		
B		
AV		
MASS		
SH		
P		
XAL		
102		
TEX		
NFCP		
PLM		
PLM		



Quality* Claim Handling Water Reconciliation Unit (WRU) - 2025 Plan



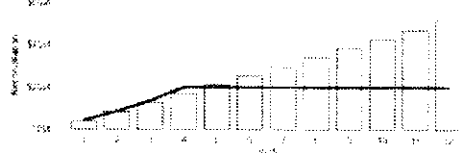
■ Coverage
■ Estimate & Acc
■ Reconciliation



YTD Reconciliation

Reconciliation Plan	Reconciled Actual
\$17,262,105	\$20,188,056

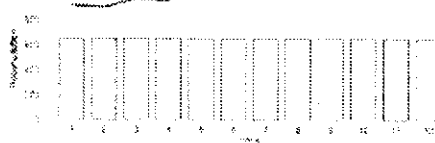
○ Plan
● Actual



YTD Referral Counts

Referral Plan	Referral Actuals	% to Plan
2,800.0	3,744	134.0%

○ Plan
● Actual



Results YTD through April \$20.2M YTD impact, exceeding projections by +\$2.9M. Volume was +144% over plan.

- WRU estimate thresholds were adjusted in February '25 to drive more volume into WRU
- WRU is now live in all 50 states and supporting Non-PSP Mitigation meeting certain estimate thresholds
- Automation went live in Q4 - which accelerates new assignment to WRU and removes manual assignment

*Quality claim handling is defined as diligently investigating each claim, evaluating the facts, applying coverage, accurately documenting the file, and paying what is owed.

DRAFT



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Wind Peril

- **Headline:** Wind coverage and estimates remain more accurate compared to last year. Wind reconciliation monthly results improved from Mar but remains higher overall YTD Apr '25 (4.61%) compared to YTD Apr '24 (3.39%).
- **Headline:** Wind did not improve Mar to Apr however YTD Apr results are better (12.16%) compared to YTD Apr '24 (12.86%). YTD Apr '25 results for Coverage (2.34%) and Scoping (5.04%) are better than YTD Apr '24 Coverage (2.61%) and Scoping (5.79%).

Overall:

- YTD %FEW is 12.16% which is a slight deterioration from March YTD of 12.01%
- YTD result at 12.16% is outside of forecast (8.62%).
- 2025 YTD - the Top FED Driver is SC01 Scoping (\$530K YTD) followed by CA01 Coverage (\$250K) and ES09 Reconciliation (\$200K).
- 2025 YTD April compared to YTD March shows slight improvements in scoping (5.04% down from 5.16%).
- March only had 267 claims reinspected compared to 504 in April

Coverage

- YTD %FEW results in April declined Mar YTD at 1.85% to 2.34%.
- Comparing March to April discrete - March FEW% 1.03% w/ average finding of \$1,373 and April FEW% 4.01% w/ average finding \$3,917.
- YTD Wind Coverage results are outside of forecast (actual YTD 2.34% and Forecast is 1.94%).
- Comparing to prior year - Coverage FEW% is better than 2024 ('25 is 2.34% vs. '24 2.61%).
- Total of 29 claims with FED Coverage Findings in April for Wind; 2 in IO, 5 in Deployed, and 22 in Proximity.
- Findings relate to insuring agreement not met or losses not insured no applied or misapplied - RFG, DRY, FEN

- **Estimates /Scoping**

- YTD %FEW did improve from March and MoM (improved from 5.39% to 4.64%).
- Comparing to prior year – Estimates % is better than 2024 ('25 is 5.04% vs. '24 at 5.79%).
- Although improved MoM – current YTD (5.04%) is still outside forecast (3.70%).
- Top estimates FED drivers were quantity of items greater than what was necessary for repair and estimate included items not required for repair.
- Segments driving FED include Prox (\$59K), Dep (\$36K), and In-Office (\$12k).
- The size of the average finding increased from \$1003 in Mar to \$1255 in Apr.

- **Reconciliation:**

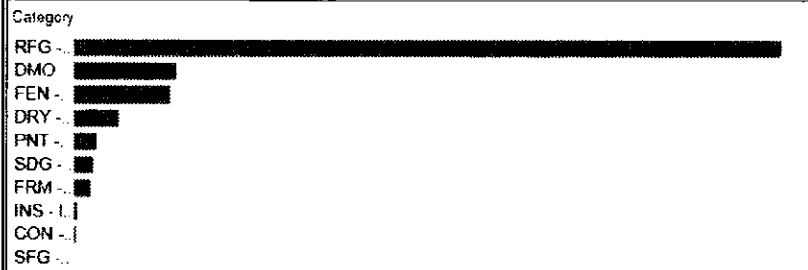
- Apr YTD %FEW results did not improve compared to YTD March (3.39% to 4.09%), however Mar discrete to Apr discrete did improve (5.90% to 5.05%).
- Apr YTD result is outside of forecast (actual YTD 4.09% and Forecast is 2.87%).
- April had 46 findings total for reconciliation ES09. Average findings were \$2,623, up from Mar at \$2,345, with the Estimate reconciliation necessary but not completed and estimate reconciled but opportunities remain in RFG being the biggest driver.

Wind summary of YTD TOP FED Description:

Finding Description	Count	Total FED D.
SC0112 Quantity for line item(s) greater than what is necessary	178	\$177,586
SC0115 Estimate included replacing items that should have been	61	\$160,791
ES0807 Depreciation not applied but should have been	201	\$147,915
SC0110 Estimate included line item(s) not required for the repair	171	\$129,956
ES0901 Estimate reconciliation necessary but not completed and	136	\$122,103
CA0101 COV A: Insuring agreement not met or misapplied	34	\$107,574
ES0902 Estimate reconciled but one or more opportunities exist	79	\$77,944
PI0202 Type of building materials estimated was inconsistent with	139	\$56,338
CA0140 Losses Not Insured not applied or misapplied	17	\$43,597
ES0302 Demolition/debris removal included but misapplied	55	\$34,893
SC0201 Overlapping prior damage included in settlement	27	\$31,363
CA0110 Debris Removal Additional Coverage misapplied	17	\$30,642
ES0701 Overhead and profit applied but should not have been	20	\$28,560
CH0301 Loss amount(s) missing or inconsistent with supporting	50	\$25,506
SC0113 Two or more line items duplicated the same repair procedure	36	\$20,674

Wind YTD Coverage TOP FED Drivers:

Finding Description	Count	Total FED Dollars
CA0101 COV A: Insuring agreement not met or misapplied	34	\$107,574
CA0140 Losses Not Insured not applied or misapplied	17	\$43,597
CA0110 Debris Removal Additional Coverage misapplied	17	\$30,642
CA0150 COV A: Loss Settlement Provision misapplied	9	\$15,514
CA0160 COV A: Coverage limit(s) misapplied or exceeded	1	\$15,400
CA0130 Applicable policy endorsements misapplied	2	\$13,616
CA0121 Option OL - Building Ordinance or Law Coverage misapplied	10	\$11,284
CA0142 Conditions misapplied	2	\$11,226
CA0111 Trees, Shrubs and Other Plants Additional Coverage misapplied	4	\$1,304
CA0104 Property Not Covered misapplied	2	\$438
CA0103 COV C: Insuring agreement not met or misapplied	3	\$209
CA0102 COV B: Insuring agreement not met or misapplied	2	\$116
CA0151 COV B: Loss Settlement Provision misapplied	1	\$0



We are taking actions for Wind and Hail:

- FRA and Reconciliation template reporting
- VSP went live on 3/18/25.
- IteL ASP Roofing and updates to felt within Xactimate. IteL test in GA/SC Deployed CG YT
- Monitoring FLL Dynamic calendars and insights through CLIP for early intervention at decision points
- Over 5k CSs/TMs attended the Wind/Hail refresher sessions, Leadership sessions, HAAG® training. Makeup sessions this week.
- CFEU Dashboard to monitor adherence to standards of 100k estimates or greater. Drop-in sessions with leaders to review dashboards held 3/25 and 3/27.
- Advanced to testing PLNAR virtual inspection tools and will compare to HOVER.
- Progress Inspection and Authority Dynamic template

FRA Phase III in test phase and will involve an interactive user interface which will compliment current dynamic templates.

Hail Peril

- **Headline:** Hail coverage remains more accurate compared to last year. Hail estimates and reconciliation monthly results were unchanged MOM, but the reinspection volume of EDW was higher than March, resulting in downward pressure (more accurate) YTD monthly results compared to prior YTD (-0.11ppt and -0.24ppt respectively)
- Hail improved Feb '25 YTD compared to March '25 in scoping and reconciliation Hail performed better March YTD '25 compared to March YTD '24 in overall and coverage. YTD 2025 we note slight declines in overall (6.51% to 6.92%) and coverage (2.01% to 2.53%)

Overall:

- YTD %FEW is 7.13% which is a slight deterioration from March YTD of 6.92%
- YTD result at 7.13% is outside of forecast (6.35%).
- 2025 YTD – the Top FED Driver is CA01 Coverage followed by SC01 Scoping
- 2025 YTD April compared to YTD March shows improvements in both scoping and reconciliation.
- March only had 269 claims reinspected compared to 508 in April

Coverage

- YTD %FEW results in March declined slightly from Feb YTD at 2.53% to 2.77%.
- Comparing March to April discrete – March FEW% 5.54% w/ average finding of \$6,944 and April FEW% 3.62% w/ average finding \$5,416.
- YTD Hail Coverage results are slightly outside of the forecast (actual YTD 2.77% and Forecast is 2.62%).
- Comparing to prior year – Coverage FEW% is better than 2024 ('25 is 2.77% vs. '24 3.58%).
- Total of 21 claims with FED Coverage Findings in March for Hail; 2 in IO and 19 in Proximity.
- Findings relate to loss insured not applied or misapplied and insuring agreement not met or misapplied – RFG, SFG, SDG (see below)

Estimates /Scoping

- o YTD %FEW did improve from March and MoM (improved from 2.43% to 2.29% and down to 2.18% in April). This is an .86% improvement from January and the best result so far in 2025.
- o Comparing to prior year – Estimates % is higher than 2024 ('25 was 2.18% vs. '24 was 1.83%).
- o Although improved MoM – current YTD (2.18%) is still outside forecast (1.74%).
- o Top estimates FED drivers were Quantity of items greater than what was necessary for repair and Estimate included items not required for repair. Segments driving FED include Proximity and Deployed.
- o The size of the average finding decreased from \$885 in Feb. to \$775 in March discrete and lowest YTD at \$728 in April
- Reconciliation:
 - o March YTD %FEW results did improve again in April compared to YTD March (1.70% to 1.46%). This is a 1.26% improvement from January and the best result so far in 2025.
 - o Although it improved, March YTD result is outside of forecast (actual YTD 1.70% and Forecast is 1.09%).
 - o Decrease in total findings and finding size. April had 8 findings total for reconciliation ES09. Average findings were \$751 with the Estimate reconciled but opportunities remain in RFG being the biggest driver.

Hail summary of YTD TOP FED Description:

Finding Description	F	Count	Total FED D.
CA0140 Losses Not Insured not applied or misapplied		26	\$197,896
CA0101 COVA: Insuring agreement not met or misapplied		29	\$168,056
ES0807 Depreciation not applied but should have been		141	\$113,753
SC0112 Quantity for line item(s) greater than what is necessary		153	\$110,801
SC0110 Estimate included line item(s) not required for the repair		155	\$100,290
SC0115 Estimate included replacing items that should have been		15	\$59,215
SC0201 Overlapping prior damage included in settlement		26	\$46,110
ES0701 Overhead and profit applied but should not have been		9	\$34,614
ES0902 Estimate reconciled but one or more opportunities exist		21	\$26,098
ES0602 Labor Minimum included but should not have been		125	\$21,992
SC0105 High/Sleep Charge misapplied		126	\$19,914
PI0202 Type of building materials estimated was inconsistent wi		131	\$19,847
IR0301 Inspection report over scoped or included undamaged it		52	\$19,160

Hail YTD Coverage TOP FED Drivers:

Finding Description	F	Count	Total FED Dollars
CA0140 Losses Not Insured not applied or misapplied		26	\$197,896
CA0101 COVA: Insuring agreement not met or misapplied		29	\$168,056
CA0142 Conditions misapplied		1	\$10,257
CA0121 Option OL - Building Ordinance or Law Coverage misa		13	\$10,084
CA0130 Applicable policy endorsements misapplied		2	\$2,607
CA0150 COV A: Loss Settlement Provision misapplied		2	\$1,839

Category

**We are taking actions for Wind and Hail:**

- FRA and Reconciliation template reporting
- VSP went live on 3/18/25.
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- Monitoring FLL Dynamic calendars and insights through CLIP for early intervention at decision points
- Over 5k CSs/TMs attended the Wind/Hail refresher sessions, Leadership sessions, HAAG© training. Makeup sessions this week.
- CFEU Dashboard to monitor adherence to standards of 100k estimates or greater. Drop-in sessions with leaders to review dashboards held 3/25 and 3/27.
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- FRA Phase III in test phase and will involve an interactive user interface which will compliment current dynamic templates.

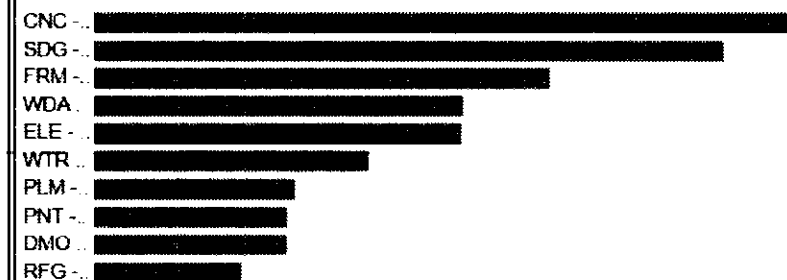
Fire

- **Overall YTD (Jan-April) for %FEW** is 2.52% which is lower than selection of 2.97% and YTD 2024 of 2.76%.
 - Decrease from YTD March which was 3.01%
- **Coverage (CA01) YTD (Jan-April) for %FEW** is 0.22% which lower than selection of 0.24% but above YTD 2024 of 0.15%.
 - Decrease from YTD March which was 0.31%
 - Losses Not Insured not applied or misapplied; & COV A, B & C: Coverage limit(s) misapplied or exceeded are drivers.
- **Scoping/Estimating (SC01) YTD (Jan-April) for %FEW** is 0.89% which is better than selection of 1.11% and YTD 2024 of 0.96%.
 - Decrease from YTD March which was 1.05%
 - The top trades with the greatest opportunities on FED\$ are CNC (10), SDG (11), FRM (34), WDA (8), ELE (44)
 - Quantity for line item(s) greater than what is necessary for repair process; Two or more-line items duplicated the same repair process/components; & Estimate included line item(s) not required for the repair process are drivers.

Category/Selector Sort Order

FED \$

Category



- **Reconciliation YTD (Jan-April) for %FEW is 0.85% which is better than selection, of 1.64%, and YTD 2024 of 1.56%.**
- o Decrease from YTD March which was 1.20%
- o Estimate reconciliation necessary but not completed and/or not documented; & Estimate reconciled but one or more opportunities exist are drivers.
- The appropriate labor efficiency under Estimatics and XM parameters remains an area of opportunity worthy of ongoing reinforcement to ensure consistency of appropriate application (Only 1 Finding but \$48K, 12% of FED \$)
- Depreciation under the Estimatics category accounts for approximately 9.5% of the April FED \$ overall (~\$38K) .
- TX, CA, OH, GA, TN, IL have the greatest opportunity in April based on FED\$. TX, ID, NY, NH, IA based on %FEW

Actions we are taking for Fire:

- Strategies to improve accuracy include adjustment to CFEU review parameters to include all estimates above \$100k on April 1st. New parameter established for secondary CFEU review for supplements that exceed 25% of the original estimate value.
- Roll out of a claim handler dynamic template to consistently document response to CFEU observations. CFEU to validate claim handler responses, estimate actions taken and overall acceptance rate.
- Monthly report of estimates that met CFEU review parameters but were not submitted to CFEU. Reinforcement by the Quality Pillar during monthly assigned CM meetings.
- CFEU Dashboard
- Additional strategies to improve accuracy include leveraging XM Bypass Report, CFEU observations and OED dashboards to assist with opportunity identification and coaching. Appropriate administration of settlement authority and execution of the authority review process. Use of Gen AI Reconciliation Assist rolled out for COL 33.

Please let us know if any questions – thank you, Bob.

Quality Pillar

P&C Claims Fire Claim Quality

June 2021



Fire Claims

The 2021 Fire Property Claims Quality Plan outlines specific tactics to address quality opportunities, yet action plans are adjusted based on actual results. Measurement and monitoring is in place at the team and individual level. Results are reviewed monthly at each level and documented in MyBlock to include trends and next steps for improvement and oversight. Results, Drivers and Actions in Progress are outlined by each VPO to drive improvement with the common thread of a one team quality approach to improve accuracy across fire claims.

Fire Weather: Ress

Coverage analysis is the strongest area of improvement, yet remains the largest area of opportunity related to FED \$. Estimate reconciliation also improved in reconciling the contractors estimate, yet remains an area of focus. Scoping covered damages needs improvement. Action plans are heightened for scoping.

Results

Fire Weather Reinspection Fire Frequency Error Target is 7.8%, or a 20% improvement from 9.75% 4Q20 results.

- 7.33% YTD results for Fire Weather internal staff only (includes Winter Storm Uri)
- 8.12% YTD results for all Externals (includes Winter Storm Uri) compared to 8.36% at 4Q20
- 7.73% YTD Wind Hail combined; 7.58% YTD Wind Only, 7.93% YTD Hail Only

Three month wind/hail trends are improving for combined wind/hail peril from March to May and running at target error rate. External trends also improving Mar to May. Fire Weather internal staff 3-month trends declined, primarily related to winter freeze claim reinspection findings as Uri claims represent the largest volume of catastrophe claims handled YTD.

Other quality indicators trending positively include:

- May 2021 Total Roof to Partial Roof Replacement down from 4.1 in June 2020 to 2.3 in May 2021
- Wind/Hail estimate payment bands over \$10,000 decreased 13% YOY
- Wind Cat/NCAT CWP/Reported ratio is up 7.7 at 32.3 R12 (10YR CAGR is 25.2); Hail Cat/NCAT CWP/Reported ratio is up 15.7 at 34.7 R12 (10YR CAGR is 22.9)
- Virtual Inspection

FED 4Q Actual 4.06% for Fire Weather Internal Staff, YTD FED 4.25% with Mar to May trending down. FED 4Q Actual 4.71% for Externals, YTD FED 5.53 % with March to May also trending down. FED \$ results are heavily related to freeze losses.

Drivers

The **top three drivers** of results differ between Fire Weather internal and external resources. For staff members, the drivers include:

- Paying for non-covered roof damage
- Reconciling the contractor's estimate related to finish carpentry (freeze losses)
- Roof estimates reflect covered damages per the scope

The Roofing Skills Assessment identified the following areas for improvement in scoping the roof

- Xactimate Category/Selector Codes (e.g. skylight trim)
- Application of Appropriate Roof Waste Factor
- Identifying Hail Resistive Roofing Material

For ECRs, the drivers include:

- Paying for non-covered roof damage
- Reconciling the contractor's estimate related to water extraction (freeze losses)



- Estimate reflecting covered damages per the scope related to Painting (freeze losses)

Actions in Progress

Fire Model Enhancement

- Wind/Hail guidelines with TM intervention for total roof replacements on small hail/light wind.
- Fire Data Accuracy Dashboard spot-check reviews for 'TM Approvals' on small hail, light wind and age & condition (specified states).
- Conducting recalibration sessions in early July on repair/replace and reasonable consistent appearance following a file review.

Estimatics Skills Enhancement

- WCCS Stewardship TM Estimate Writing Assessment conducted on June 21st; to implement targeted estimatics training. TMs completed Assessment on 6/21, with an average overall score of 83%. Training assessment in progress to deliver targeted training in July.
- Implementing targeted Training Modules based on under-scoping reinspection analysis in July.
- Reinspectors to deploy onsite to support findings earlier in the cycle starting in July.

Leadership Accountability and Alignment

- Division/Section/Team/Individual reinspection results are reviewed monthly with Top 3 Areas of Focus for monthly MyBlock, huddle and performance dialogues. This focus has led to identifying several individual claim handlers driving negative quality results.
- All division leaders (CM, SM and TM) complete spot-check reviews as outlined in the Fire Quality Plan with focus on CWP to Payments $\geq$ \$2500 (5 reviews) and Total Roof Reason Codes (5 reviews)
- Monthly meeting with Claim Consultant to review overturned roof calls by In-Office to drive consistency and specific opportunities like "Reasonable Appearance".

ECR Vendor Performance Management

- Delivering reinspection findings at macro and micro level to vendor executives and leaders regarding error frequency and most common errors to enable action
- Vendor Performance Dialogue sessions with vendor leaders where specific actions/tactics are delivered by firms in quality space
- Tracking of ECR tenure to obtain action plans by ECR Vendors when there is lower tenure

Fire Proximity: Smith

The main areas of opportunity based on findings and FED include Coverage, Reconciliation and Scope.

Results

While opportunities remain, Reinspection trending supports the efficacy in the action items currently in place. Overall Proximity results for May, in both % FED to Estimate Dollars Written (5.38%) and Finding Frequency (10.15%) were below the Q4 benchmarks.

- Finding Frequency has been below benchmark (10.75%) each month so far this year. May's result was the lowest of the year.
- % FED to Estimate Dollars Written has been below benchmark (5.43%) 4 of 5 months this year.

Drivers

Coverage

- Wind/Hail: accurate damage assessment on roof claims
- Water: accurate coverage analysis on continuous, repeated, seepage and leakage (CRSL) related claims

Reconciliation

- Identification in overlap between mitigation and repair estimates
- File documentation to support claim handling

Scope

- Over scoping; top driver associated with paint

Actions in Progress

Additional oversight, accountability and monitoring have been added at each leadership level as outlined.

- Review of Reinspection Results associated with coverage, reconciliation and scope
 - To be reviewed between TMs and SMs on FED findings over \$1K; SMs to review trends with CM and Consultant
 - SMs to review FED findings over \$5K with CM
 - Review Reinspection Coverage finding in monthly performance conversations
- Q2 Water Forums – Focus on Estimatics and Reconciliation based on top Reinspection Findings
 - Expectation setting for all claim specialists and leadership
- Wind/Hail Quality Focus
 - Primary focus is on coverage and repair versus replacement damage evaluations
 - TM authority required on wind less than 50 MPH and hail less than 1"
 - SM and CM review of Utilization Dashboards results associated with partial/total roofs and TM file reviews in monthly performance discussions
- Water Quality Focus
 - Accelerated Management Reviews to address Coverage and Estimatics
 - Water Claim Handling Estimatics Considerations developed for handlers based on most common Reinspection findings
 - SM and CM review of Utilization Dashboards results associated with completion and direction provided through the Accelerated Management Reviews/Water Coverage Analysis tasks
- Monthly Quality Review at the Segment and Division levels to address results, drivers and impact of the plan.
-

Fire In-Office: Mazza

The main areas of opportunity based on findings and FED include Coverage, Reconciliation and Scope.

Results

Overall reinspection findings for HCCS In-Office operations have made improvements over Q4 2020 results for both severity (FED %) and frequency (findings per claim). FED% is down from Q4 benchmark of 5.2% to 4.1% YTD, and findings per claim from .535 to .498. However there are opportunities for continued improvement. Coverage determination has seen the biggest change over Q4, with remaining improvements expected for CRSL and slab leak losses. Our largest areas of opportunity are Estimate reconciliation - specifically related to water mitigation and paint, Depreciation and Coverage. The majority of findings and dollars are in Estimate Reconciliation.

Drivers

- Lack of strong estimatics and water mitigation skillsets to efficiently reconcile estimates
- Inconsistent confidence levels preventing handlers from engaging with contractors on reconciliation
- Coverage determination for CRSL and slab leaks is inconsistent

Actions in Progress

- Accountability and follow up to the individual Online Reinspection Tool results is focused and scheduled for all levels of leadership, with MyBlock documentation.
- Water Forums are building skillsets and confidence for handlers with coverage determination and reconciliation. Skills assessments following the forums are utilized to identify areas needing follow up at the individual and team levels.
- In-office TM estimatics skill assessments to ensure knowledge and ability to coach
- Art of the Conversation attendance to build confidence with handlers
- Claim Insights for accelerated water reviews for coverage and estimatics
- Water test team is scaling proven tactics to HSTWD operation (starting this week)

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Page 4 of 4

From: Sharon Arnold [/O=STATEFARM/OU=EAST/CN=RECIPIENTS/CN=GISG]
Sent: 2/8/2021 3:30:13 PM
To: Brett Barthelme [brett.barthelme.szru@statefarm.com]
BCC: Sharon Arnold [sharon.arnold.gisg@statefarm.com]; Brett Barthelme [brett.barthelme.szru@statefarm.com]
Subject: RE: Roof Skills Review

LOL! You di dn't have t o share your score but gl ad you di d. Great j ob!

From: Brett Barthelme
Sent: Monday, February 08, 2021 9:00 AM
To: Sharon Arnold <sharon.arnold.gisg@statefarm.com>
Subject: RE: Roof Skills Review

I got a 92% Boss...couple trick questions in here...☺

From: Sharon Arnold
Sent: Monday, February 1, 2021 11:02 AM
To: Brett Barthelme <brett.barthelme.szru@statefarm.com>; Carmen Richwine <carmen.richwine.bsna@statefarm.com>; Jack Buben <jack.buben.grfv@statefarm.com>; Jacqueline Draper <jacqueline.draper.truw@statefarm.com>; Jason Taylor <jason.taylor.gfen@statefarm.com>; Julie P Lawson <julie.p.lawson.cpg9@statefarm.com>; Kendra Docktor <kendra.docktor.mri8@statefarm.com>; Vincent Jenkins <vincent.jenkins.cspp@statefarm.com>
Subject: FW: Roof Skills Review

Team

I wanted t o share t his w ith you. I have no doubt our group will do well on t his roof assessments!

From: Andre Cooke
Sent: Saturday, January 30, 2021 9:12 AM
To: Bethany Whiteacre <bethany.whiteacre.t6pj@statefarm.com>; Devin Clippinger <devin.clippinger.pbxe@statefarm.com>; John Vivona <john.vivona.cnej@statefarm.com>; Mark B Henry <mark.b.henry.a411@statefarm.com>; Rob McQuillen <rob.mcquillen.bhgb@statefarm.com>; Sharon Arnold <sharon.arnold.gisg@statefarm.com>
Subject: FW: Roof Skills Review

Please share this note.

We will need to discuss on Tuesday.

From: HOME PC-CLAIMSTRAINING
Sent: Friday, January 29, 2021 2:11 PM

EXHIBIT

5

To: DL-PC-CLMS-AllFire-CMs <DL-PC-CLMS-AllFire-CMs.DLNMA6@internal.statefarm.com>; DL-PC-CLMS-SIU-CMs <DL-PC-CLMS-SIU-CMs.DL7IGU@internal.statefarm.com>

Cc: Kelly Bever <kelly.bever.a7xs@statefarm.com>; Gregory E Jones <gregory.e.jones.gzwh@statefarm.com>; Wendy Mazza <wendy.mazza.c9s2@statefarm.com>; Kathy Ress <kathy.ress.he8j@statefarm.com>; Tyrone Smith <tyrone.smith.a57w@statefarm.com>; Scott Welsh <scott.welsh.cx30@statefarm.com>; Michael T Keating <michael.t.keating.ggrp@statefarm.com>; Brianne Jones <brianne.jones.siut@statefarm.com>; Melissa Grimmert <melissa.grimmert.ghi1@statefarm.com>; DL-PC-CLMS-CS-Consultants-Fire <DL-PC-CLMS-CS-Consultants-Fire.DL252I@internal.statefarm.com>; Ryan M Murphy <ryan.m.murphy.hi5q@statefarm.com>; DL-PC-CLMS-Training-SMMurphy-TMs <DL-PC-CLMS-Training-SMMurphy-TMs.DLWRQR@internal.statefarm.com>; Tanya E Potts <tanya.e.potts.gghu@statefarm.com>; Chris Lucas <chris.lucas.m6dk@statefarm.com>; Kevin M Gillies <kevin.m.gillies.c5f9@statefarm.com>

Subject: Roof Skills Review

January 29, 2021

Subject: Roof Skills Review

To: Fire Claims Managers
SIU Claims Managers

From: Melissa Grimmert, Learning Director – Claims Training
Brad Rushton, Claim Consultant – Consulting Services
Rob Tierney, Claim Consultant – Consulting Services

******* Action Requested *******

What you should know

A Roof Skills Review has been built to reinforce estimatic skills for wind and hail claim handling in conjunction with the Fire Model Enhancement in support of Our Commitment to Our Policyholders.

Action required

The Roof Skills Review is available in MyBlock (20077596) and should be completed by Fire claim handlers and team managers in our WCCS Stewardship, WCCS Deployed, Hail Reconciliation Unit, Boat Commercial Farm Ranch and Fire Proximity segments by **Saturday, March 6, 2021**. Team managers and section managers should check transcripts for their teams to ensure their teams have completed the Roof Skills Review prior to the deadline. Team managers and section managers will receive their team results from Claims Training on or before Friday March 12, 2021. Team managers should review the results and discuss areas of opportunity with their teams by Saturday March 20, 2021. Section managers should review the results and discuss areas of opportunity with their team managers by Saturday March 27, 2021. Claim managers should review the results and discuss areas of opportunity with their section managers by Saturday April 2, 2021.

Claim decisions related to wind and hail damage should be made based on the merits of each individual claim. Claims should be handled in accordance with the policy language and in alignment with the guidance provided in the Operation Guides. Policy language may vary, it is important to analyze specific policy wording when applying coverage to hail or wind claims.

Please cascade this memo to your section managers to share with their teams by February 2, 2021.

Additional details

- The Roof Skills Review is 39 questions. Employees will have one attempt when completing the Roof Skills Review (although, when completing the review you can save your answers and come back if needed). We recommend they set aside 45 minutes to complete it.
- The Roof Skills review should not be completed by external claim resources.
- Roof Skills Review results will be provided to the team manager and section managers by March 12, 2021. Section managers and team managers will also receive resources to assist in reviewing the results with their teams.
- Results should not be used for performance evaluation or discussions. Reports received will be at a team level and will not identify individual team member results.
- Your Claims Training liaison or learning team manager is available to assist with any training needs identified based on the team results.

If you have questions

For any issues with accessing the Roof Skills Review, please contact LTM Heather Hanselka.

C:

Kelly Bever; Greg Jones; Wendy Mazza; Kathy Ress; Tyrone Smith, Scott Welsh, Michael Keating; Brianne Jones, Fire Claim Consultants, Ryan M Murphy, Fire Claims Training Learning Managers, Tanya E Potts, Chris Lucas, Kevin Gillies

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Contains information that may not be disclosed outside State Farm without authorization

Operational Objectives (Draft)

- Uphold Our Commitment to Our Policyholders.
- Each claim will be investigated and handled on its own merits, and pay what we owe, promptly, courteously, and efficiently.
- Continued focus on quality claim handling*.
- Proactive claim handling, handling each claim to the furthest point in each interaction with the policyholder.

**Quality claim handling is defined as diligently investigating each claim, evaluating the facts, applying coverage, accurately documenting the file, and paying what is owed.*

Claim Handling Fundamentals

- Diligent Investigation**
- Coverage Analysis
- Estimate Writing
- Estimate Reconciliation

***Diligent investigation begins with the Quality First Contact (QFC) and continues throughout the life of the claim*

Accountability/Measures **(Management Oversight)**

- EOM activities; ride-alongs; side-by-sides
- Open Assignment Reviews (OARs)
- Management Closed Assignment Reviews (MCARs)
- Request reviews
- Complaint handling
- MyBlock monthly performance reviews

(Shared Services Oversight)

- Reinspection results
- Consulting Services Section Manager (SM) survey results
- Claim Review Team (CRT) surveys

Leadership Application of Oversight Feedback and Observations

1. Deployment of these accountability measures will allow us to achieve Quality Claim Handling Expectations and promote ownership in support of our Operational Objectives.
2. Team Managers will observe each claim handler's contribution toward Operational Objectives and memorialize in the quality portion of the claim handler's monthly MyBlock performance review. These entries should include discussion on observations/progress from prior action items, current areas of opportunity, and action item(s) for improvement.
 - Observations and coaching opportunities will be identified through EOM activities, OARs, MCARS, request reviews, complaint handling, SLO review (OTR/Qlikview), use of virtual tools and CSP, Claim Handler Summary Reports through Online Reinspection Tool (ORT), call recording/screen recording, or other leadership activities.
 - These will also be reinforced with the claim handlers during weekly team huddles and team performance dialogues.

September 22, 2020



- Team Managers in all fire property claim segments will review 2-5 files per month per claim handler and memorialize observations in MyBlock. TMs and SMs will determine the specific areas(s) of focus.
 - TMs will review Claim Handler Summary Reports through the Online Reinspection Tool (ORT) with each claim handler during monthly one-on-ones and provide feedback and memorialize coaching opportunities in MyBlock.
3. Section Managers (SMs) will review MyBlock entries completed by Team Managers (TMs) for claim handlers during their monthly one on ones. Observations and coaching opportunities will be memorialized in MyBlock. These entries should include discussion on observations, areas of opportunity and an action plan for improvement. Additional discussions could include individual development and training needs.
 4. Claim Managers (CMs) will review MyBlock entries completed by SMs for TMs during their monthly one on ones. Observations and coaching opportunities will be memorialized in MyBlock. CMs will review ORT results with each SM of their Section/Teams results during their monthly one on ones and will memorialize coaching opportunities in MyBlock.
 5. Consulting Services Section Manager (SM) survey results and Claim Review Team (CRT) Surveys will be used to highlight areas of opportunity in each segment.

Water Specific Training/Accountability

1. Claim Specialists will be expected to identify and complete tasks within their discretionary authority and move the claim to its furthest point before assigning any portion to another segment. This includes appropriate use of virtual claim handling tools, and offering PSP/CNSP on all applicable claims, a diligent investigation, estimate completion and reconciliation. OARs, MCARs, Surveys and Claim Settlement Tracker will be resources to assist all segments in validating appropriate behaviors. Individual findings will be documented in MyBlock.
2. Cause of loss 37 non-weather water losses to be handled in Proximity with TM approval:
 - Projected to exceed \$15,000 (without consideration of water mitigation) in FL where the Water Mitigation team is reviewing invoices.
 - Projected to exceed \$15,000 in GA, MI, and TX;
 - Projected to exceed \$25,000 (without consideration of water mitigation) in CA where the Water Mitigation team is reviewing invoices.
 - Projected to exceed \$25,000 in all other states

Leadership will monitor the workflow for potential revisions.

3. The HCCS Stewardship water mitigation unit will continue to reconcile water mitigation estimates (program and non-program) on claims HCCS Stewardship and Proximity Own for CA and FL. Leadership will continue to monitor expansion possibilities.
4. Proximity, BCFR and HCCS Stewardship will provide opportunities through the Institute of Inspection Cleaning and Restoration Certification (IICRC) to associates based on the capacity of IICRC throughout the year. Additional mini water forum sessions will focus on estimate reconciliation, coverage analysis, and virtual claim handling techniques and will be offered twice a year to all associates. Water Forums will be presented to New to Role associates in all segments with a focus on Repeated Seepage and Leakage, Slab claims, Water QFC and 306 Template completion and virtual estimates.

September 22, 2020

Wind/Hail Specific Training/Accountability

1. Haag Engineering will conduct hail training on site and virtual training sessions for WCCS In-Office, Deployed, and Fire Proximity. A required yearly refresher of relevant portions from the Haag training will be determined by the business area. Haag training will be incorporated into initial CS training for all Proximity and WCCS Claim Specialists. It is not included in the new to role curriculum- TMs will be responsible for ensuring it is completed within the first 30 days the CS is in role.
2. Leadership will be involved and input a file note documenting a decision to change a prior no damage or repair decision on a roof to a total roof replacement from wind or hail.
 - A report will be provided to leadership every two weeks identifying claims originally coded as COL 35 CWP with Reason Code NR or PR which were changed to a paid status with Reason code TR.
 - TMs are expected to spot check their team's identified claims to ensure leadership was involved in decisions to overturn a prior no damage or repair decision and report the results of their review to their SM.
3. Leadership will review claims from the Reason Code Report :
 - A Reason Code Report for Cause of Loss (COL) 35 payments for total roof (TR), partial roof (PR), no roof related damage (NR) will be provided to leadership every two weeks.
 - TMs are expected to spot check the accuracy of the decision and use of coding and report the results of their review to their SM.
4. Quarterly, TMs will conduct a virtual ride-along during or after completion of a virtual claim handling sessions, ie Facetime, Duo, Claims X, to ensure quality use of virtual tools.
5. Monthly, leadership will run a Xactanalysis Estimate Overhead and Profit report for COL 35. SM/TM's will spot check for proper application of GC O&P investigations.

Large Loss Specific Training/Accountability

1. An estimate should be completed on all large losses (over \$100,000) within 30 calendar days from inspection. With the exception of large scale events, claim specialists should send a pending file note to TM the first 7-15 days for preliminary review of large loss claims. The TM will provide appropriate coaching/direction. The TM will adjust the 26-day calendar based on the needs of the file.
2. Within 5 calendar days of the settlement authority, the claim handler should establish and communicate to the insured the anticipated time to repair or replace and establish the approximate completion date. The conversation should also cover all loss settlement conditions and be documented in ECS and in writing to the policyholder consistent with jurisdictional requirements.
3. Structural losses exceeding \$300,000 will be submitted to Consulting Services for review as outlined in OG 70-21. The Consultant may request a review of the estimate by Centralized Fire Estimatics Unit (CFEU) and the Consultant will share the observations provided by CFEU with the SM.

TMs in CA, FL, GA, MI, NY, TX, and IL may submit one structural loss (water/fire) per month per TM to CFEU for review. The structural losses submitted for review should have damages between \$100,000 and \$300,000. CFEU will provide observations of the review to the TM and copy the SM and Consultant.

September 22, 2020

4. State Farm Premier Service Program (SFPSP) **Contractor Services Program (CSP)** estimates should be reconciled with evidence of the reconciliation documented in the claim file.
5. Subcontractor estimates should be reconciled, or a comparative estimate completed, with evidence of reconciliation documented in the claim file.
6. The use of XactContents macros will be expected on large content losses with first offering to the customers. File documentation should reflect that the macros were offered and the customer accepted or declined.

Efficiencies:

- Settle Coverage B loss at 75% of limit as an advance (for total losses), and will need to complete the inventory if customer wants the rest of available limits
- Pay Coverage A limits for total losses in all states; complete scope sheet and write estimate only if customer is seeking Option ID (if not all states, we would like to vet for VPL states)
- Straight through processing of CSP under \$50K
- Use government averages per day for ALE meal expenses if under 30 days
- Ladder lean for inspection versus ladder only for two-story steep
- During physical inspection, use of Claim Experience or similar software such as "Matterport" to video rooms instead of photos, which take time to label
- Use Itel only if average grade is disputed

September 22, 2020

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IN THE DISTRICT COURT OF OKLAHOMA COUNTY
STATE OF OKLAHOMA

JOHN ADAIR,

Plaintiff,

v.

STATE FARM FIRE AND CASUALTY
COMPANY and TIM CUSTER
INSURANCE AGENCY, INC.,

Defendants.

JACOB COX,

Plaintiff,

v.

STATE FARM FIRE AND CASUALTY
COMPANY and ELIZABETH
GALLERY,

Defendants.

Case No.: CJ-2023-6121
Hon. Brent Dishman

FILED IN DISTRICT COURT
OKLAHOMA COUNTY

OCT - 5 2026

RICK WARREN
COURT CLERK

42 _____

Case No.: CJ-2024-7630
Hon. Brent Dishman

**PLAINTIFF'S RESPONSE TO STATE FARM'S MOTION FOR CLARIFICATION AND
STAY OF THE DISCOVERY MASTER'S JULY 23, 2026 DISCOVERY ORDER WITH
RESPECT TO HAAG-RELATED DISCOVERY**

State Farm filed a Motion for Clarification and Stay ("Motion") seeking to have the Special Discovery Master ("SDM") reconsider its Order granting Plaintiff's Motion to Compel related to Haag Engineering. This SDM should affirm his Order and deny State Farm's Motion because State Farm's usage of Haag is pervasive and every single adjuster at State Farm is forced to undergo Haag training, meaning Haag is used in every single claim at State Farm.

HAAG IS PERVASIVE AT STATE FARM

In 2006, an Oklahoma jury found State Farm's usage of Haag Engineering was in bad faith. *Watkins v. State Farm*, CJ-2000-303. Thereafter, State Farm implemented a moratorium on the usage of Haag which remains in place today.

Through documents recently de-designated by Judge Sheperd, Plaintiff can show this Court that State Farm's arguments of not using Haag are false. For example, in State Farm's April 2021 Claim Update, it provides that "tactics going well" includes "HAAG Hail/Wind Refresher Training and Roof Skills Assessment," showing that State Farm used Haag on wind and hail claims specifically:

Tactics going well

- o Wind/Hail Quality Claim Handling sessions with Fire Claim Leaders and Market Area Leadership
- o 2021 Market Area & Fire Claims (MAC) Partnership where we align on enterprise priorities and build a cooperative one team approach.
- o Execution of Fire Claims Quality plan tactics focused on damage causation, scoping roof repair/replace, and estimate reconciliation.
- o Leaders leveraging Reinspection Results available at each level of leadership and by ECR Vendor to identify specific gaps and take action based on trends.
- o Roof claim handling guidelines integrated into onboarding, assessments and claim file reviews
- o HAAG Hail/Wind Refresher Training and Roof Skills Assessment enhancing technical skills in handling to roof damage claims to fulfill Our Commitment to Our Policyholders

See Ex. 1, WEST00004173 (Ex. 23 to West Resp.). Discovery in the public record shows that State Farm worked with Haag in early 2020 to develop claim training materials for its adjusting force, the same adjusting force that handled Plaintiff's claim:

What you should know

The 2020 Fire Property Claims Quality Plan, released in early February, 2020, references material being delivered by Haag Education sometime in Q1 of 2020. Claims training worked with Haag Education to develop a hail and wind damage assessment e-learning/informational video series in preparation for the 2020 storm season. This "just in time" informational video series supports the plan's continued focus on quality claim handling and fundamentals accountability. As provided within the plan, the video series should be scheduled and completed, as capacity and service goals allow.

Action Required

The Haag Education Hail and Wind Damage Assessment Video Series is available in MyBlock

See Ex. 2, WEST00073884 (Ex. 25 to West Resp.). In fact, this training was created specifically for Oklahoma and Texas:

deployed and proximity locations as capacity and other priorities allow. Consideration should be given to have handlers complete the e-learning video series located in hail prone locations, and those most likely to respond to weather events in Texas and Oklahoma, for example, initially.

The information provided by Haag provides an engineering perspective of damage causation and is not intended to provide an analysis of coverage under an insurance policy. Claim handlers should refer to OG 75-01 First Party Claim Guidelines and Requirements and OG 75-160 Wind/Hail Roofing Guidelines for additional information regarding coverage for wind and hail losses. To help with communicating this to your leadership teams, we have identified a few examples to refer to specifically in your communications. Please do not forward the attachment.

See *id.* Even more sinister, despite telling adjusters that Haag's information is from an engineering perspective and not from a damage perspective, State Farm adopted Haag's longstanding definition of damage into its operating guidelines. For example, Haag has long provided, since 2006, their definition of damage:

A White Paper: Hail Damage to Composition Shingles

Haag Engineering Co.

Functional damage to any roofing is defined as diminution in its water-shedding capability or reduction in the expected long-term service life of the material. For asphalt or polymer-modified

In fact, on Haag's website today, it provides:

For example, if the question is, "Did hail functionally damage the roof?", then the client should advise the expert if there is a specific definition of "functional damage" the carrier is using that needs to be applied. If there is no governing definition, the expert will be left to state their own definition. [A longstanding definition of functional damage used by Haag is a reduction in the water-shedding capability or expected service life of the roofing material.] If the question is, "Was hail damage to roof cosmetic or functional?", then questions arise as to the definitions of both functional and cosmetic damage.

See Ex. 3, Haag's Website Page ¹(emphasis added). However, State Farm's operating guidelines provide the same definition, which is missing from the State Farm policy:

C. Composition Roofs (asphalt, fiberglass):

Damage occurs to roof coverings when water shedding ability or the life expectancy of the material is reduced. Damage from hail, wind, normal weathering, and defects may be observed to a composition roof surface. On a composition roof surface, this could include bruising, fractures, punctures or excessive granular loss.

And State Farm made Haag's training on damage mandatory, having different requirements for those who are new to the role versus a refresher for those who have been at State Farm, but all employees handling wind and hail claims were required to watch Haag videos:

1. HAAG Education Hail and Wind Assessment Video Series:

- For all Fire Proximity and WCCS Section Managers, Team Managers, and Claim Specialists who have previously completed the full HAAG Education Hail and Wind Assessment Video Series.
 - o A yearly refresher of relevant portions from the HAAG Education Hail and Wind Assessment Video Series will be determined by the business area. A minimum of 2 hours of refresher training will be completed by each claim handler and TM.
 - o The training is segmented into 4 Chapters with multiple segments per chapter. Chapter 1 - Hail and Wind Basics contains 4 segments and is ~ 1 hour and 28 minutes. Chapter 2 - Composition Shingles contains 9 segments and is ~ 2 hours and 33 minutes.
- New to Role - this training is not included in the new to role curriculum and will be incorporated into initial claim specialist (CS) training for all Fire Proximity and WCCS Claim Specialists. TMs will be responsible for ensuring the full video series of training, which is 22 sessions and approximately 5.5 hours in duration, is completed within the first 30 days the CS is in role.

The 2021 Quality Plan requires everyone to complete 2 hours of Haag refresher training.

¹ <https://haagglobal.com/articles/september-2019-blog-post/> (last visited September 25, 2026).

Training

- *Continued Education:* Complete virtual training/up-skilling sessions for all employees to ensure they have the contemporary skills to address evolving claim trends examples: Hail & wind technical training in Fire Weather
- Completion of HAAG wind/hail training.
 - The training was made available in early April 2020 and was completed by claim handlers and management by the end of July 2020.
 - The 2021 Fire Quality Plan requires all claim handlers and management to take refresher training on segments of the HAAG training in the 1st quarter of 2021, in advance of the 2021 wind/hail season.
 - All new to role claim handlers complete this training as they onboard.

See Ex. 4, WEST00035083 (Ex. 27 to West Resp.). See also Ex. 5, WEST00112657 (Ex. 28 to West Resp.); Ex. 9, HUR00021502. The Haag training was used as a coaching tool. See Ex. 14, HUR00037464. The Haag Refresher was a part of the Fire Model Enhancement

~~Playbook~~ that helped State Farm develop, which was the cause of Plaintiff's damages:

Wind/Hail – Playbook

Fundamentals

- Roof Skills Review
- HAAG Refresher
- Wind Loss Overview
- Wind Evaluation Sheet
- Art of the Conversation
- Fire Data Accuracy Dashboard

Live Plays

- TM reviews on roof replacement recommendations ($\leq 1"$, ≥ 50 mph, and Age & Condition)
- Enhanced emphasis on Claim Handling Hygiene
- Use of Structured Phrases to measure adoption
- Weekly Monitoring & Surveying
- Targeted Reinspections

Calibration

- Age & Condition reviews in all states
- ITEL vendor solution for shingle identification / availability
- EagleView Connect Explorer
- Policy Endorsement

See Ex. 6, WEST-RFP44-Sub.Prod.000126. There was also a Roof Skills Review for wind and hail training. See Ex. 13, HUR00069467. State Farm is well aware it cannot defend against its usage of Haag and instead tells this Court that Haag is simply irrelevant to this case. The evidence states otherwise and justice requires the SDM deny State Farm's Motion.

STATE FARM'S FME TACTICS ARE INTENDED TO REDUCE CLAIM PAYMENTS

Haag is just one of the tactics of the FME Playbook. Documents de-designated by Judge Sheperd and Judge Palumbo evidence what Plaintiff has long alleged: that State Farm developed tactics in 2020 to intentionally reduce claim payments. This entire scheme is based on the false hypothesis that State Farm was overpaying on total roof replacements for wind less than 50 MPH and hail less than 1 inch: "Industry best F[ull] R[oo]f R[eplacements] on light wind and small hail averages a 5-10% frequency, therefore an internal quality improvement opportunity of 53-55% on light wind and 80-85% for small hail." *See* Ex. 10, HUR00169482, p. 4 of the PP. State Farm used this industry standard to set a goal of reducing hail full roof replacements by 80-85% and wind full roof replacements by 54-58%, a massive reduction:

Wind/Hail Initial Analysis & Prioritized Tactics				
TYPE	DESCRIPTION	METRIC	CURRENT	REDUCTIONS
Wind	Unnecessary roof replacement on minor 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%

Small Hail & Light Wind (≤ 60 mph)

- Early Team Manager Involvement

- Data Set Analysis: Texas, All Wind/Hail Losses (Cal and Han-Cal), 2017-2019
- Baseline: Analysis of 3-year data validated 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 small hail averages a 5-10% frequency, therefore an internal quality improvement opportunity of 53-58% for light wind and 80-85% for small hail
- Quality Play: Establish parameters 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)

See id. State Farm knew its targeting of reducing FED or an internal metric created to only measure alleged overpayments, because executives suggested changing "reduce" to "target." *See* Ex. 11, HUR00002490. State Farm's key tactic to reduce coverage was the requirement for Team Managers to approve any roof replacement recommendation, which State Farm admits in writing was to reduce coverage:

Repair vs. Replace Roof Decisions: TMs review roof replacement recommendations for small hail, light wind, and age & condition to increase accuracy in damage identification and roof calls which will in turn reduce coverage and reconciliation RI findings. TMs/SMs/CMs spot check reviews and provided targeted coaching when appropriate.

See Ex. 8, HUR00142566. State Farm's team manager required approval for roof replacements was implemented where leaders provided targeted coaching related to roof replacement overturns and tracked in the Coaching and Engagement Tracker and actually set roof replacement overturn goals:

Improved coverage application with appropriate roof repair/replacement assessment in alignment with Our Commitment to Our Policyholders SMs/CAs conduct regular cadence of reviews for TM Roof Replacement Approvals and Overturns prioritized by 1) higher frequency of TM approvals in last 30 days (≥ 10 approvals) and 2) a minimum of 1 review per TM. Leaders will provide targeted coaching to TMs based on observations from reviews and monitor for improvement. Observations will be documented in the Coaching & Engagement Tracker.	Percentage Roof Replacement Overturn (Baseline: 4.41%) • 4.0% • 3.75%
---	---

See Ex. 7, HUR00029613. In fact, State Farm's documents discuss leveraging oversight of tactics to address claim handler performance and even reducing claim settlement authority based on performance:

Enhanced/focused Leadership Oversight • Accountability: Real time tools such as Leadership Tracker Surveys, SM Surveys, and MyBlock5 are utilized to monitor each segment's quality. Multiple levels of leadership, including the VPO, conduct reviews and validate execution of tactics. These approaches tie directly to improving accountability at all levels. • EOM: Leverage EOM coaching activities to share strategic alignment from the executive to the claim handler level. • Online Reinspection Worksheet - Results are reviewed at the division, section, team and individual level. Findings are discussed during Monthly 1x1s; observations and action plans are included in monthly performance summary. • Claim Settlement Authority – Settlement authority is reviewed monthly and adjusted based on individual performer's MyBlock5, Online Reinspection Tool, XactAnalysis reports, and other quality performance measures. • Total Roof Overturn Authority - Allows leaders to maintain authority to total a roof. Weekly random reviews are conducted for wind/hail losses involving roof damage to check for damage identification and coverage decisions. All claims recoded from no/partial roof damage to total roof replacement are reviewed through Reason Code Reviews. • Weekly Closed Without Payment (CWP) to Total Replacement (TR) Report is distributed for leadership to spot check and identify coaching opportunities.
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See Ex. 9, HUR00021502. As the tactics began reducing wind and hail claim payouts, State Farm described that as "quality indicators trending positively:"

Other quality indicators trending positively include: • May 2021 Total Roof to Partial Roof Replacement down from 4.1 in June 2020 to 2.3 in May 2021 • Wind/Hail estimate payment bands over \$10,000 decreased 13% YOY • Wind Cat/NCAT CWP/Reported ratio is up 7.7 at 32.3 R12 (10YR CAGR is 25.2); Hail Cat/NCAT CWP/Reported ratio is up 15.7 at 34.7 R12 (10YR CAGR is 22.9) • Virtual Inspection

See Ex. 12, HUR00068381. This was all done with a goal to reduce indemnity payments on claims:

Peril	Question	YTD in Est's Written			Potential Net Paid Indemnity		
		YTD 2024	YTD 2025	Diff	YTD 2024 Rate	YTD 2025 Rate	Diff 25 - 24
Water	Coverage	2.35%	3.73%	1.38%	\$26.1M	\$41.4M	\$15.3M
	Estimates	3.10%	3.72%	0.62%	\$26.5M	\$31.8M	\$5.3M
	Reconciliation	3.43%	3.37%	-0.06%	\$27.4M	\$27.0M	-\$0.4M
	3 Questions Above				\$80.0M	\$100.3M	\$20.2M
Hail	Coverage	3.48%	2.19%	-1.29%	\$60.9M	\$38.4M	-\$22.5M
	Estimates	1.88%	1.96%	0.08%	\$34.8M	\$36.2M	\$1.4M
	Reconciliation	0.86%	1.50%	0.64%	\$2.3M	\$4.1M	\$1.7M
	3 Questions Above				\$98.0M	\$78.6M	-\$19.3M
Wind	Coverage	2.64%	2.15%	-0.49%	\$33.5M	\$27.3M	-\$6.2M
	Estimates	5.94%	4.97%	-0.97%	\$73.9M	\$61.8M	-\$12.1M
	Reconciliation	3.64%	3.63%	0.00%	\$19.8M	\$19.8M	\$0.0M
	3 Questions Above				\$127.3M	\$108.9M	-\$18.4M

See Ex. 15, HUR00061158. This Court can look for himself at the internal documents two judges have found are not subject to a protective order and see the tactics plead by Plaintiffs, including Haag, used to reduce claim payments. As such, State Farm's Motion should be denied.

Respectfully submitted,

Hannah Whitten

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CERTIFICATE OF SERVICE

This is to certify that a true and correct copy of the above and foregoing was served by regular mail this 5th day of October, 2026, upon:

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State Farm®

DRAFT

OVP Herbert – Quarterly Business Review (Fire Weather & AWC) – April 2021

Trends identified in this document may be due to multiple variables. They are provided to help identify potential root causes for study and action.

Quality: Improve Claim Handling Accuracy**Results**

- YTD April Fire Finding Frequency for Fire Weather was 6.82%, better than the target of 7.8%; ECR Vendor Finding Frequency was 8.24%, down from 4Q20 at 8.71%.
- YTD April FED% for Fire Weather was 4.06% compared to 4Q20 3.13%; ECR FED% was 5.73% compared to 4Q20 4.71%.

Tactics going well

- Wind/Hail Quality Claim Handling sessions with Fire Claim Leaders and Market Area Leadership.
- 2021 Market Area & Fire Claims (MAC) Partnership where we align on enterprise priorities and build a cooperative one team approach.
- Execution of Fire Claims Quality plan tactics focused on damage causation, scoping roof repair/replace, and estimate reconciliation.
- Leaders leveraging Reinspection Results available at each level of leadership and by ECR Vendor to identify specific gaps and take action based on trends.
- Roof claim handling guidelines integrated into onboarding, assessments and claim file reviews.
- HAAG Hail/Wind Refresher Training and Roof Skills Assessment enhancing technical skills in handling to roof damage claims to fulfill Our Commitment to Our Policyholders.

Tactics in progress to improve performance

- Wind/Hail Quality Claim Handling calibration sessions with Fire Claim Specialists with focus on operational guidelines on scoping and evaluating roof repair/replace; use of Wind Repair v. Replace Comparison worksheet.
- TM intervention in small hail/light wind to evaluate total roof replacement estimates prior to claim settlement, and deeper calibration with claim leaders based on trends using Advanced Analytics QlikSense Dashboard.
- Estimating Job Aid – Laminated Shingle Measurements to assist claim handlers in their reconciliation and resolution of differences with roofing contractors on ability to repair shingles.
- In Office team managers completing Estimate Writing Assessment to identify gaps and provide targeted training, to enable greater coaching to IO claim handlers.
- Conduct pricing components refresher on proper estimate line items owed/not owed based on standard practices.
- AWC: Testing reinspection program for virtual inspections to implement in partnership with Consulting Services to measure AED.

Customer: Deliver a Remarkable Claim Experience and Improve Customer Satisfaction**Results**

- Overall Fire claim satisfaction (OSAT) in Fire Weather Ops rebounded in 4Q, with Jan 21 at 86%. OSAT for Fire overall. AWC OSAT trends at record highs 89% (Dec 2020) in 4Q, and the Jan monthly result was the highest looking back 6 months at 93%.
- Fire Weather & AWC operations are maintaining overall health; at times of significant catastrophe volatility, customer facing health recovers within the week, and overall health returns in 2 weeks per recovery plans.
- Virtual First and Vendor Network Inspection Solutions – WCCS Stewardship Closed Claims with Non-Proximity inspection at 45.9% YTD, SFPSP at 8.1% YTD, activated 52% of ClaimX Live sessions and 61% of File Request activations for past 8 weeks. AWC 96% virtual insp.

Tactics going well

- Phone Message prioritization to return customer calls within SLO.
- Use of 2021 'Inspection – No Estimate' tool to monitor and identify gaps in estimate completion service levels and proactively update customers where estimate service levels will not be met.
- Increased adoption in engaging customers in virtual and vendor tools with the December implementation of the Fire Inspection Options Tool.
- Art of the Conversation training for internal and externals.
- Enhanced ECR Vendor Performance Management approach.

Tactics in progress to improve performance

- Refreshing approach to framing fire claim process & next steps to simplify the experience for the customer.
- Enhanced performance visibility into individual management of claim handler voicemail.
- Spring test of 'Field Inspection Scheduling' for hail customers at time of Quality First Contact to set the customer at ease.
- Call Recording Management tools to implement following moratorium lift for Direct Dialed lines for ease of leadership observation.
- Testing ClaimXperience Live Sessions with auto catastrophe customers to speed cycle times.
- Fire property photos to load viewable for customer and agent viewing on Claims/Agency Hubs.
- Op Model project focused on modernizing the ECR Vendor Performance Management System to include customer service metrics.

EXHIBIT**1**

Last updated

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DRAFT

OVP Herbert – Quarterly Business Review (Fire Weather & AWC) – April 2021

Trends identified in this document may be due to multiple variables. They are provided to help identify potential root causes for study and action.

Employee: Develop Our People and Increase Employee Engagement**Results**

- Q1 2021 the EEI target was met in AWC In-Office; AWC Deployed and Fire Weather In-Office are close to target.
- Q1 2021 Leader result (4.3) for Inclusion exceeded the goal of 4.0; Diversity result was 3.9.
- Over 200 claim leaders engaged in how to facilitate Small Group D&I Conversations; most claim leaders participated in 1Q Small Group Conversations for Fire Weather & AWC leaders.

Tactics going well

- Deep and broad engagement in small group conversations and create safe environments to do same; all level of leadership engaged in a broad operational approach and individual conversations with teams.
- #wngw leadership dialogue sessions to align on purpose, inspire action, and take ownership of areas to improve; engagement cadence includes quarterly 'town hall' sessions with claim team members to connect, align and check in on mindsets.
- Identification of diverse candidates to place into pipeline opportunities.
- Development plans for all MG5 leaders in alignment with Korn Ferry Talent Strategy.
- Connecting with In Office and Deployed claim team members through use of Where We Go, We Grow newsletter, ongoing personal recognition of personal services, and use of Our Rewards.

Tactics in progress to improve performance

- 2Q Small Group D&I Conversations available in May for all claim team members, facilitated by Fire Weather & AWC leaders.
- Korn Ferry Talent Development mapping underway for MG2-4 leaders who engaged in the KFALP.
- World Cafes engage claim team members to target improvement opportunities, engage in solutions and execute to action plans.
- Modernized Leadership Operational Playbooks to deepen operational management skills for operations of various size.

Expense: Drive Improvement in Operational Expense and Claim Handling Capabilities**Results**

- 2020 Budgeted ECR Expense was \$61.14M. Normalized April 21 YTD ECR expenses are \$ 57.22M, demonstrating running on target. ECR budget estimates are based on a normalized year of demand.
- Non-normalized external fire labor expense is above April 21 budget by 148% (\$90.59M) related to 2021's extraordinary demand and the carryover of 2020 claim pendings into Apr 21 (15.8 ppts. higher than norm). April 21 YTD is the highest year in claim demand since 2012, with demand 47% greater than 2020, 31% above the 5-year average, and 45% above the 10-year average. A \$9.8M residual of 2020 ECR expense paid in 2021.
- Normalized April 21 productivity places claim received per performer productivity up 14.4% over the 2018-19 norm for all Fire Weather performers (12.0 to 13.7); internals up 11.0 to 12.6 and externals up 13.3 to 15.1. Non-normalized Fire Weather combined claims received per performer is down in April 21YTD (47.5 to 42.0) related to performers assigned to handle extraordinary 2020 carryover pendings.
- Normalizing April 21 pendings places pendings per performer up 15% over the 2018-19 norm for all Fire Weather performers (25.9 to 29.8); Internals up 23.8 to 28.1 and Externals up 28.6 to 33. Non-normalized Fire Weather combined pendings per performer is down in April 21 (27.8 to 25).
- AWC IO claims received per performer productivity is down -8.7% YOY (17.2 to 15.7). NOTE: In 2020, Express resources were not tracked in 2020. AWC Deployed Virtual Inspection productivity is up 19% from YE 2020 of 2.6 to 3.1; onsite inspections up from 3.6 to 5.3 (47%). April 21 auto catastrophe claim demand running 12% YOY, yet most demand reported in the month of April.

Tactics going well

- Productivity is improving due to virtual CH capabilities, vendor network solutions, and the inspection & scoping vendors; virtual inspections enable a claim handler to conduct inspections at the same time as Quality First Contacts for eligible losses, and speeds resolution of the loss.
- Internal resource sharing into Fire Weather & AWC from other claim segments has reduced labor costs by external value of \$10.3M Apr YTD.
- Data-driven rigor on the resource release process consistent with the resource modeling and deployment process.

Tactics in progress to improve performance

- Targeted upskilling of In Office claim teams to speed estimate writing as more estimates being handled from the desktop.
- Root cause analysis identified specific people and process opportunities to increase virtual & vendor inspections optimal for desktop adjusting.
- Refreshing initial claim handling by Deployed resources to shift work to vendor networks for eligible hail losses and increase inventories; Fire Inspections Options Tool being updated with hail criteria and prioritization of virtual and vendor network solutions before field inspection.
- ECR Vendor Manager Role test underway at estimated value \$8-14M per year in reduced ECR backfills in place of using claim team leads.
- VMSO & Consulting Services to build CPS & RPS capacity in hail prone geo territories based on historical claim demand.
- ET dropping New Mail bundling solution to collapse 10 New Mail Tasks to one for every uploaded photo (ECRM, Claims Hub, and ECA).
- 2021 Roadmap projects underway to reduce cost includes: 1) solution to route hail to In Office claim handlers (lowest cost labor), 2) "No equipment" solution for external staff augmentation, and 3) ECR Vendor Estimate Assignment Only test to price the inspection and estimate service at a competitive per claim rate.

Last updated

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From: Tom Moss [/O=STATEFARM/OU=HOME/CN=RECIPIENTS/CN=C4SG]
Sent: 3/21/2020 3:40:33 AM
To: Melissa Grimmert [melissa.grimmert.ghi1@statefarm.com]; Brad Rushton [brad.rushton.b92n@statefarm.com]
CC: Scott Welsh [scott.welsh.cx30@statefarm.com]; Tanya E Potts [tanya.e.potts.gqhu@statefarm.com]
BCC: Tom Moss [tom.moss.c4sg@statefarm.com]; Melissa Grimmert [melissa.grimmert.ghi1@statefarm.com]; Brad Rushton [brad.rushton.b92n@statefarm.com]; Scott Welsh [scott.welsh.cx30@statefarm.com]; Tanya E Potts [tanya.e.potts.gqhu@statefarm.com]
Subject: RE: Update: Haag Wind and Hail Videos

Updated with hyperlinks to OGs

From: Tom Moss
Sent: Friday, March 20, 2020 10:37 PM
To: Melissa Grimmert <melissa.grimmert.ghi1@statefarm.com>; Brad Rushton <brad.rushton.b92n@statefarm.com>
Cc: Scott Welsh <scott.welsh.cx30@statefarm.com>; Tanya E Potts <tanya.e.potts.gqhu@statefarm.com>
Subject: RE: Update: Haag Wind and Hail Videos
Importance: High

Hello Melissa, I have updated the memo with my thoughts.

Brad – thoughts?

Tom

March XX, 2020



Subject: HAAG Education Presents – Hail and Wind Damage Assessment Video Series

To: Claims Managers – P&C Claims – distribution list needed

From: Claims Training & Consulting? Yes or no? Yes, I think this should come from Training (you) and Consulting Services, either Brad as technical consultant or me as I have the wind/hail focus

What you should know

The 2020 Fire Property Claims Quality Plan, released in early February, 2020, references material being delivered by Haag Education sometime in Q1 of 2020. Claims training worked with Haag Education to develop a hail and wind damage assessment e-learning/informational video series in preparation for the 2020 storm season. This “just in time” informational video series supports the plan’s continued focus on quality claim handling and fundamentals accountability. As provided within the plan, the video series should be scheduled and completed, as capacity and service goals allow.

Action Required

The Haag Education Hail and Wind Damage Assessment Video Series is available in MyBlock (Course XXXXXX) and is recommended to be completed by Fire claim handlers in our in-office,

deployed and proximity locations as capacity and other priorities allow. Consideration should be given to have handlers complete the e-learning video series located in hail prone locations, and those most likely to respond to weather events in Texas and Oklahoma, for example, initially.

The information provided by Haag provides an engineering perspective of damage causation and is not intended to provide an analysis of coverage under an insurance policy. Claim handlers should refer to OG 75-01 First Party Claim Guidelines and Requirements and OG 75-160 Wind/Hail Roofing Guidelines for additional information regarding coverage for wind and hail losses. To help with communicating this to your leadership teams, we have identified a few examples to refer to specifically in your communications. Please do not forward the attachment.

<< OLE Object: Microsoft Word Document >>

Additional details

- Included with the attachment above are the chapter/segments included in the video series.
- The video series from start to finish, if viewed in its entirety, is approximately 5.5 hours in length.
- Is this mandatory? I think we say all should attend but not mark as mandatory, in the event that someone fails to attend and then we have the document that states it is mandatory.
- Should there be a "mark complete" requirement at the completion of the video series? Yes, I would like a way to track that it has been completed.

If you have questions

If you have questions, please reach out to your Consultant or Claims Training (link in Mel's ID for Claims Training).

C:

Kelly Bever, VPO – P&C Claims
Wendy Mazza, VPO – P&C Claims
Kathy Ress, VPO – P&C Claims
Tyrone Smith, VPO – P&C Claims
Greg Jones, VPO – P&C Claims

(Check to make sure all VPO's are included)

From: Melissa Grimmett

Sent: Thursday, March 19, 2020 7:38 AM

To: Tom Moss <tom.moss.c4sg@statefarm.com>; Brad Rushton <brad.rushton.b92n@statefarm.com>

Cc: Scott Welsh <scott.welsh.cx30@statefarm.com>; Tanya E Potts <tanya.e.potts.gqhu@statefarm.com>

Subject: FW: Update: Haag Wind and Hail Videos

Importance: High

Good morning. Heard from HAAG. There is no script and they will work on one. Tanya provides details below. Since it might take them a while to do this, we have a handful of analysts in-house transcribing. It might take us a few days, but we will work through it and send to you for review once completed.

Action – in the meantime, can you take a look at the communication below and add in your edits from a Consulting perspective? Hoping once the transcript is complete, we can move quickly to communicate.

Special thanks to Tanya and her team for keeping this moving.

From: Tanya E Potts

Sent: Wednesday, March 18, 2020 8:35 PM

To: Melissa Grimmertt <melissa.grimmertt.gh1@statefarm.com>

Cc: Sharonna Owens <sharonna.owens.lsur@statefarm.com>; Tina Kohn <tina.kohn.l2su@statefarm.com>

Subject: RE: Update: Haag Wind and Hail Videos

Update: Good News

- HAAG agreed to provide a script.
- The turnaround to receive the script is - best case one week and worst case two weeks or more if staffing/capacity becomes impacted for the transcription services vendor Haag contracts with. Once Kevin knows the timeframe he will share with us.
- Discussed next steps with Tina and we decided to proceed with having analysts and any LDF with some capacity along with myself to transcribe the videos to expedite the publishing.
- There are six analysts and myself currently transcribing. Tricia Carter has taken the lead on this and has organized and provided the transcription and publishing assignments out to those assisting. (Tricia has been very helpful and informative throughout the process.)
- The teamwork shown in an effort to complete this video publishing and script creation effort has been outstanding – specifically the leadership and guidance provided by Tina throughout. (I sincerely appreciate you Tina – thank you for your willingness to support this effort.)
- Depending on additional LDF/analyst capacity we may be able to secure, we will continue to keep the pace to get the scripts transcribed and videos published. Jerry is looking for a person to deploy to assist us.
- I will update once the video publishing has been completed.

Pending

- Memo editing – review of message points with Consulting Services if warranted
- Video message points discussed and documented within a separate document? Or a general message regarding State Farm perspective?
- Once published, submit MyBlock form to set up Course and imbed training course information in Announcement Haag Wind and Hail Assessment Videos

March XX, 2020

Subject:

HAAG Education Presents – Hail and Wind
Damage Assessment Video Series

To: Claims Managers – P&C Claims – distribution list needed

From: Claims Training & Consulting? Yes or no?

What you should know

The 2020 Fire Property Claims Quality Plan, released in early February, 2020, references material being delivered by Haag Education sometime in Q1 of 2020. Claims training worked with Haag Education to develop a hail and wind damage assessment e-learning/informational video series in preparation for the 2020 storm season. This "just in time" informational video series supports the plan's continued focus on quality claim handling and fundamentals accountability. As provided within the plan, the video series should be scheduled and completed, as capacity and service goals allow.

Action Required

The Haag Education Hail and Wind Damage Assessment Video Series is available in MyBlock (Course XXXXXX) and is recommended to be completed by Fire claim handlers in our in-office, deployed and proximity locations as capacity and other priorities allow. Consideration should be given to have handlers complete the e-learning video series located in hail prone locations, and those most likely to respond to weather events in Texas and Oklahoma, for example, initially.

The information provided by Haag does lend an engineering perspective in some instances and not an insurance coverage/damage perspective. While their perspective is not inaccurate, it is not State Farm's understanding and should be noted in advance of viewing the videos. To help with communicating this to your leadership teams, we have identified a few examples to refer to specifically in your communications. Please do not forward the attachment.

<< OLE Object: Microsoft Word Document >>

Additional details

- Included with the attachment above are the chapter/segments included in the video series.
- The video series from start to finish, if viewed in its entirety, is approximately 5.5 hours in length.
- Is this mandatory? Should there be a "mark complete" requirement at the completion of the video series?

If you have questions

If you have questions, please reach out to your Consultant or Claims Training (link in Mel's ID for Claims Training).

C: Kelly Bever, VPO – P&C Claims
Wendy Mazza, VPO – P&C Claims
Kathy Ress, VPO – P&C Claims
Tyrone Smith, VPO – P&C Claims

(Check to make sure all VPO's are included)

Assessing Hail Damage: Issues with "Functional" vs "Cosmetic" Damage

[← BACK TO ARTICLES](#)



As we celebrate Haag's 95th anniversary in 2019, we are looking back at some of the noteworthy projects Haag Engineers and Consultants have been involved with over the last 95 years. Each month in 2019, this blog will feature one unique, important project, as selected by our senior staff. This month, we're featuring Haag Education's Haag Certified Inspector- Commercial Roofs program, and we're doing a special 2-part feature "Assessing Hail Damage: Issues with "Functional" vs "Cosmetic" Damage".

ASSESSING HAIL DAMAGE:

PART 1 – ISSUES WITH "FUNCTIONAL" VS "COSMETIC" DAMAGE

By Justin Kestner, P.E., Steve Smith, P.E., and Jim Chaney, CPCU

EXHIBIT

3

As the season turns to fall, we will focus on something that falls from the sky in much of the U.S. – hail. This is the first of a two-part series on hail damage. The second part will be in next month's blog. This post focuses on wording choices used in hail reports to describe hail effects. Part two will focus on proper hail inspection protocol, damage criteria, and so forth. This post was written by two Haag engineers and by a Haag Education Co. instructor, the latter of whom has been an adjuster and provided adjuster training for years prior to joining Haag Education.

To be clear, it is this instructor who addresses policy provisions in this post, and it is the responsibility of the adjuster to know and apply each policy.

For those of us who have been assessing hail-caused damage to roofs for some time, the terms "functional damage" and "cosmetic damage" have been tossed around quite commonly over the years. But as insurance policies and case law have evolved, so too should your vernacular when it comes to hail damage assessment.

Some of you may have read a 2018 Haag article on hail and metal roofing or a read a CLM article on the same subject (<http://clmmag.theclm.org/home/article/Testing-Your-Mettle>). A recent court ruling in Indiana has shed light yet again on the subject of hail damage with respect to insurance claims.

The court in this decision, denied an insurance company's motion for summary judgment to dismiss an accusation of bad faith. The ruling cited the definition of hail damage applied by an engineer (not a Haag file, by the way) retained by the insurance company to evaluate "shingle" roofing. Per the plaintiff's allegation, the engineer defined hail damage as "functional damage" while the policy covered "cosmetic shingle damage". While the case itself has yet to be decided, the issue of cosmetic versus functional damage is one worth addressing.

Casual use of the term "damage" – either cosmetic or functional – by an expert can have major implications depending on a particular insurance policy. It is not the role of the engineer or roof consultant to interpret an insurance policy or make coverage decisions. Those tasks are solely the role of the insurance adjuster. Instead, the expert should clearly state what the hail did and did not do. Some basic examples follow.

- Hail dented gutters, downspouts facing south and west, window frames facing south and west, flue caps, and metal apron flashing. Hail did not fracture shingle reinforcements.
- Hail dented metal roof panels but did not rupture or puncture the panels, compromise panel seams, or compromise fasteners. Hail also dented skylight frames but did not fracture the skylights.
- Hail fractured PVC membrane at the rate of 10 fractures per roofing square. The PVC membrane requires replacement.
- Hail did not fracture the TPO membrane but dented and fractured underlying polyiso insulation. Laboratory testing by Haag Research & Testing Co. determined that the insulation did not sustain a measurable loss of R-value.

- Hail fractured modified bitumen (mod-bit) base flashing at the rate of 1 bruise per 10 linear feet along east and north parapets. Also, hail ruptured the aluminized coating on the smooth mod-bit membrane but did not fracture the membrane reinforcements. The membrane could be re-coated to remediate the effects of hail.
- Hail spalled granules from the nominally flat mod-bit membrane, exposing asphalt at the rate of 4 spalls per roofing square. Hail also fractured the membrane reinforcement at the rate of 1 fracture per square of roofing. The fractures could be repaired, and the granules could be replenished economically.

If a client tasks an expert with answering a specific question, however, then the expert should answer that question as best as he or she can. For example, if the question is, "Did hail functionally damage the roof?", then the client should advise the expert if there is a specific definition of "functional damage" the carrier is using that needs to be applied. If there is no governing definition, the expert will be left to state their own definition. [A longstanding definition of functional damage used by Haag is a reduction in the water-shedding capability or expected service life of the roofing material.] If the question is, "Was hail damage to roof cosmetic or functional?", then questions arise as to the definitions of both functional and cosmetic damage.

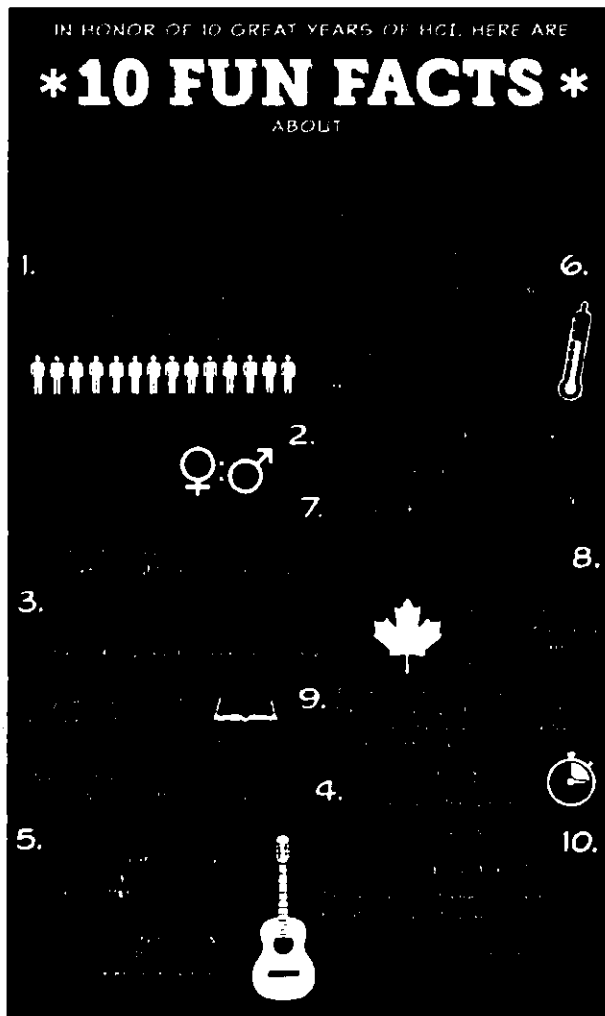
Otherwise, the expert could consider referring to dents in metal, insignificant granule loss, or other such hail effects that did not shorten the service life or reduce the water-shedding capability of the roof or appurtenances as "cosmetic effects" or "cosmetic conditions". By clearly stating what hail did and did not do to the roof and by avoiding the term "damage", the inspector enables the insurance adjuster to perform his or her role of applying the policy and making coverage decisions.

Several courts in various states have addressed the issue of what constitutes "direct physical damage" under an insurance policy. In almost all cases thus far, courts have ruled that cosmetic changes in roofing materials caused by wind or hail are "damage" under the insurance policy. That, however, does not mean that the cosmetic changes are covered damage. Whether those conditions are covered will depend on the policy wording. Even if there is a cosmetic damage exclusion or similar endorsement on the policy, coverage will vary depending on the specific policy wording and occasionally on the state in which the loss occurs if a court in that jurisdiction has made a ruling that sets a precedent.

About the Authors:

- Justin Kestner is the CEO of Haag Global and the President of Haag Engineering Co., where he also serves as a Principal Engineer. He is a licensed engineer in 17 states and has inspected thousands of roofs.
- Steve Smith is the Director of Haag Research & Testing Co. and a Principal Engineer at Haag Engineering. He has co-authored several papers on hail damage and has inspected thousands of roofs. He is a licensed engineer in 6 states and can be reached at ssmith@haagglobal.com.
- Jim Chaney is the Director of Curriculum and Senior Instructor for Haag Education Co. He has 12 years of insurance adjusting experience and an additional 12 years as a full-time trainer. He was also a community college adjunct faculty member developing and teaching insurance claims courses for five years. Jim has an all-lines adjuster license in Texas and has been approved to teach adjuster CE in multiple states. He can be reached at jchaney@haagglobal.com.

HAAG EDUCATION CELEBRATES 10 YEARS OF HCI-COMMERCIAL



The Haag Certified Inspector program began setting the damage assessment standard for roofs in 2007 with our HCRI-Residential (since changed to HCI-Residential) program. Immediately, Haag Education was inundated with questions about when a similar program would be released for commercial (flat roof) systems. Work immediately began on the new program and in September 2009, we presented our first HCI-Commercial class to a sold-out crowd in Irving, TX.

HCI-C quickly started to make its own mark in the industry among the more experienced adjusters, consultants, engineers, and commercial roofers. Damage assessors with the HCI-C professional designation were able to inspect roofs with more accuracy, efficiency and with more confidence.

The HCI-C program teaches students how to accurately identify and document hail/wind damage, installation issues, manufacturing issues on many types of commercial roofs including built-up, single-ply membrane (thermoplastic & thermoset), polymer-modified bitumen, SPF, metal and vegetated roofs. In additi

to the roofing types, inspectors also learn about different coatings and issues that are specific to flat/commercial roofs.

As the commercial roofing industry evolves, so does our HCI-C program. Haag's Research & Testing division, along with Haag's engineers in the field, keep their fingers on the pulse of the industry. As a result of continuing changes to the industry, Haag Education introduced our HCI-C 2.0 version in 2018, a major overhaul of the program including some all-new class activities to enhance the learning experience.

In the last 10 years of HCI-C, nearly 3,700 industry professionals have earned the HCI-C designation and set themselves apart as premier commercial roof damage assessors. The first 10 years of HCI-C have contributed to changing our industry damage assessment standards, and Haag intends to keep the momentum going forward into the next decade of the Haag Certified Inspector program. Stay tuned for more updates on HCI-C and Haag's next big industry changer!

MORE TO READ

[How to choose a roofing contractor: 7 essential questions you need to ask](#)

•

[Young companies are building a reputation for being change agents and thought leaders in their respective industries](#)

•

What Insurance Adjusters And Inspectors Need To Know About Earthquake Damage Assessment

[READ MORE](#)

From: Pete McArdle [/OU=VIRTUAL/CN=CACE]
Sent: 3/3/2021 2:56:28 PM
To: Eileen Colbert [eileen.colbert.gitd@statefarm.com]; Gwen Hodgson [gwen.hodgson.lpb5@statefarm.com]; Katina Butler [katina.butler.gmih@statefarm.com]
BCC: Eileen Colbert [eileen.colbert.gitd@statefarm.com]; Gwen Hodgson [gwen.hodgson.lpb5@statefarm.com]; Katina Butler [katina.butler.gmih@statefarm.com]
Subject: RE: Fire Claims 2021 Quality Plan

Looks good Eileen, I think 2 hours 15 minutes should do it.

From: Eileen Colbert
Sent: Wednesday, March 3, 2021 8:55 AM
To: Gwen Hodgson <gwen.hodgson.lpb5@statefarm.com>; Katina Butler <katina.butler.gmih@statefarm.com>; Pete McArdle <pete.mcardle.cace@statefarm.com>
Cc: Eileen Colbert <eileen.colbert.gitd@statefarm.com>
Subject: FW: Fire Claims 2021 Quality Plan

Are you all good with these segments as our plan?

- Chapter 1 (1 hour, 28 mins) + Chapter 2, Segment 1 (22 mins) + Chapter 2, Segment 3 (12 mins). **Total of 2 hrs, 2 mins.**

If so, how much time do we need ESS&P to schedule per person? Is 2 hrs, 15 mins enough? 2 hrs, 30 mins?

I'll get a note to Allen when I hear back from you so we can start scheduling.

I'll also mention at huddle today. We should probably also get a memo to the TMs this afternoon recapping which segments of the refresher are required to forward to their teams if one of you don't mind taking the lead on that.

Thanks.

From: Eileen Colbert
Sent: Wednesday, March 3, 2021 9:41 AM
To: Tom Moss <tom.moss.c4sg@statefarm.com>; Bill Lingenfelter <bill.lingenfelter.hx3v@statefarm.com>
Cc: Eileen Colbert <eileen.colbert.gitd@statefarm.com>; Gwen Hodgson <gwen.hodgson.lpb5@statefarm.com>; Katina Butler <katina.butler.gmih@statefarm.com>; Pete McArdle <pete.mcardle.cace@statefarm.com>
Subject: RE: Fire Claims 2021 Quality Plan

Hi Tom –

Thanks much for tracking this down for us!

I'm also pleased to see you prioritize me over Bill.....I concur it should ALWAYS be that way, and it speaks to your high level of intellect. ☺

From: Tom Moss



Sent: Wednesday, March 3, 2021 9:17 AM

To: Bill Lingenfelter <bill.lingenfelter.hx3v@statefarm.com>; Eileen Colbert <eileen.colbert.gitd@statefarm.com>

Subject: RE: Fire Claims 2021 Quality Plan

I did it for Eileen Bill ☺

Hope you both are having a good day.

From: Bill Lingenfelter

Sent: Wednesday, March 03, 2021 8:14 AM

To: Tom Moss <tom.moss.c4sg@statefarm.com>; Eileen Colbert <eileen.colbert.gitd@statefarm.com>

Subject: RE: Fire Claims 2021 Quality Plan

Thank you Tom!!

From: Tom Moss

Sent: Wednesday, March 03, 2021 9:12 AM

To: Bill Lingenfelter <bill.lingenfelter.hx3v@statefarm.com>; Eileen Colbert <eileen.colbert.gitd@statefarm.com>

Subject: FW: Fire Claims 2021 Quality Plan

Updated to 7 segments of Haag Training.

From: Tanya E Potts

Sent: Wednesday, March 03, 2021 8:05 AM

To: Tom Moss <tom.moss.c4sg@statefarm.com>; Heather Hanselka <heather.hanselka.g9aj@statefarm.com>

Cc: Tanya E Potts <tanya.e.potts.gqhu@statefarm.com>

Subject: RE: Fire Claims 2021 Quality Plan

Tom –

The update to seven segments was completed yesterday afternoon.

The instructions were also updated to read 7 segments completed will complete the requirement.

To date 1007 completions of the refresher training are recorded and an additional 30 are in progress and will likely be moved to completing the requirement with the change to 7 segments.

Further clarification on why 11 segments were used to fulfill the two hour requirement were shared with me yesterday.

- If the shortest segments are selected, 11 segments were required to get to 1:58 minutes.
- As you shared yesterday, seven segments completed in Chapters one and two only require seven segments be completed to meet the requirement as there are several 20 minute or longer segments.

- Chapter three and four have several shorter segments between 6 and 12 minutes in length and the shortest seven segments are 1:04. The next four shortest segments provide an additional 54 minutes to be two minutes shy of the requirement.
- If any additional message points or updates to the requirements are necessary, please let me know?

If you would like an updated memo sent, I will get one back to you today.

Thank you,
Tanya

From: Tom Moss
Sent: Tuesday, March 2, 2021 11:29 AM
To: Tanya E Potts <tanya.e.potts.gghu@statefarm.com>; Heather Hanselka <heather.hanselka.g9aj@statefarm.com>
Subject: RE: Fire Claims 2021 Quality Plan

Excellent – thank you

From: Tanya E Potts
Sent: Tuesday, March 02, 2021 11:24 AM
To: Tom Moss <tom.moss.c4sg@statefarm.com>; Heather Hanselka <heather.hanselka.g9aj@statefarm.com>
Subject: RE: Fire Claims 2021 Quality Plan

Tom –

I have asked the HR&D group to re-evaluate that and will follow up as soon as I hear back from them.

Thanks,
Tanya

From: Tom Moss
Sent: Tuesday, March 2, 2021 11:12 AM
To: Tanya E Potts <tanya.e.potts.gghu@statefarm.com>; Heather Hanselka <heather.hanselka.g9aj@statefarm.com>
Subject: RE: Fire Claims 2021 Quality Plan

Thanks Tanya,

I reviewed the length of the segments and many of the segments are 20+ minutes long. I think that completing 7 segments would guarantee 2 hours, even if the user choose all the shortest segments. I can go back through the length of each of the segments and confirm, but I believe I am correct.

Tom

From: Tanya E Potts
Sent: Tuesday, March 02, 2021 11:09 AM
To: Tom Moss <tom.moss.c4sg@statefarm.com>; Heather Hanselka <heather.hanselka.g9aj@statefarm.com>
Cc: Tanya E Potts <tanya.e.potts.gqhu@statefarm.com>
Subject: RE: Fire Claims 2021 Quality Plan

Hi Tom –

In order to get accurate/clean reporting in MyBlock – that would recognize the 2 hour completion requirement, the HR&D MyBlock team ran algorithms using all of the segments that averaged the need to complete 11 segments to get two hours of the HAAG training completed.

I hope my explanation makes sense, but I can get additional detail if you would like?

Thanks,
Tanya

From: Tom Moss
Sent: Tuesday, March 2, 2021 10:43 AM
To: Tanya E Potts <tanya.e.potts.gqhu@statefarm.com>; Heather Hanselka <heather.hanselka.g9aj@statefarm.com>
Subject: FW: Fire Claims 2021 Quality Plan
Importance: High

Good morning,

I am in classes all week and do not have time to join a quick call to discuss.

The quality plan for 2021 requires 2 hours of Haag Training. Does the Haag Refresher Training require them to complete 11 segments or 2 hours?

Tom

From: Eileen Colbert
Sent: Tuesday, March 02, 2021 10:40 AM
To: Pete McArdle <pete.mcardle.cace@statefarm.com>; Katina Butler <katina.butler.gmih@statefarm.com>; Gwen Hodgson <gwen.hodgson.lpb5@statefarm.com>; Tom Moss <tom.moss.c4sg@statefarm.com>
Cc: Eileen Colbert <eileen.colbert.gitd@statefarm.com>
Subject: RE: Fire Claims 2021 Quality Plan
Importance: High

This is what I am seeing in the quality plan pertaining to a minimum of 2 hours of refresher training, which doesn't align with the Refresher course details in MyBlock which indicates 11 segments need to be completed.

Wind/Hall Losses

1. HAAG Education Hail and Wind Assessment Video Series:

- For all Fire Proximity and WCCS Section Managers, Team Managers, and Claim Specialists who have previously completed the full HAAG Education Hail and Wind Assessment Video Series.

- o A yearly refresher of relevant portions from the HAAG Education Hail and Wind Assessment Video Series will be determined by the business area. A minimum of 2 hours of refresher training will be completed by each claim handler and TM.

- o The training is segmented into 4 Chapters with multiple segments per chapter. Chapter 1 - Hail and Wind Basics contains 4 segments and is ~ 1 hour and 28 minutes. Chapter 2 - Composition Shingles contains 9 segments and is ~ 2 hours and 33 minutes.

- New to Role - this training is not included in the new to role curriculum and will be incorporated into initial claim specialist (CS) training for all Fire Proximity and WCCS Claim Specialists. TMs will be responsible for ensuring the full video series of training, which is 22 sessions and approximately 5.5 hours in duration, is completed within the first 30 days the CS is in role.

Tom – will you please weigh-in on the expectation for HRU. Are we needing to complete a minimum of 2 hours (please see highlighted note below a suggested selection of 6 segments totaling 2 hrs, 2 mins) or complete 11 segments? If we do need to complete 11 segments, including Chapter 1 and 7 of the most applicable segments in Chapter 2, the total time is appx. 3 hrs, 26 mins. for 250+ handlers.

Thanks.

From: Pete McArdle

Sent: Tuesday, March 2, 2021 11:09 AM

To: Katina Butler <katina.butler.gmih@statefarm.com>; Eileen Colbert <eileen.colbert.gitd@statefarm.com>; Gwen Hodgson <gwen.hodgson.lpb5@statefarm.com>

Subject: RE: Fire Claims 2021 Quality Plan

Agree, we haven't done anything to schedule the refresher to this point.

From: Katina Butler

Sent: Tuesday, March 2, 2021 10:05 AM

To: Eileen Colbert <eileen.colbert.gitd@statefarm.com>; Gwen Hodgson <gwen.hodgson.lpb5@statefarm.com>; Pete McArdle <pete.mcardle.cace@statefarm.com>

Subject: RE: Fire Claims 2021 Quality Plan

I agree we can review on call today. I believe we have to complete 11 parts for the refresher.

From: Eileen Colbert

Sent: Tuesday, March 2, 2021 10:32 AM

To: Gwen Hodgson <gwen.hodgson.lpb5@statefarm.com>; Katina Butler <katina.butler.gmih@statefarm.com>; Pete McArdle <pete.mcardle.cace@statefarm.com>

Cc: Eileen Colbert <eileen.colbert.gitd@statefarm.com>

Subject: FW: Fire Claims 2021 Quality Plan

Oops.....I missed getting this on the calendar. Anyone else contact ESS&P to get it scheduled? If not, we can review today in the call.

We also need to figure out 2 hrs worth of training. Perhaps Chapter 1 (1 hour, 28 mins) + Chapter 2, Segment 1 (22 mins) + Chapter 2, Segment 3 (12 mins)?

From: Nicole Manduca
Sent: Friday, February 26, 2021 7:25 PM
To: Bill Escott <bill.escott.bfs6@statefarm.com>; Eileen Colbert <eileen.colbert.gitd@statefarm.com>; Gwen Hodgson <gwen.hodgson.jp5@statefarm.com>; Katina Butler <katina.butler.gmih@statefarm.com>; Laura E Mize <laura.e.mize.ihth@statefarm.com>; Pete McArdle <pete.mcardle.cace@statefarm.com>; Scott Steele <scott.steele.h7j0@statefarm.com>; Stacey Janssen <stacey.janssen.i0pk@statefarm.com>
Subject: FW: Fire Claims 2021 Quality Plan

Friendly reminder -- the HAAG Refresher Training should be completed by the end of Q1 (per P&C).

From: Julie Jarnagin On Behalf Of Scott Welsh
Sent: Wednesday, December 23, 2020 7:53 AM
To: DL-PC-CLMS-AllFire-SMs <DL-PC-CLMS-AllFire-SMs.DLGOG0@internal.statefarm.com>; DL-PC-CLMS-AllFire-CMs <DL-PC-CLMS-AllFire-CMs.DLNMA6@internal.statefarm.com>; DL-PC-CLMS-CS-Consultants-Fire <DL-PC-CLMS-CS-Consultants-Fire.DL252I@internal.statefarm.com>
Cc: Kathy Ress <kathy.ress.he8j@statefarm.com>; Wendy Mazza <wendy.mazza.c9s2@statefarm.com>; Gregory E Jones <gregory.e.jones.gzwh@statefarm.com>; Tyrone Smith <tyrone.smith.a57w@statefarm.com>; Scott Welsh <scott.welsh.cx30@statefarm.com>; Brad Rushton <brad.rushton.b92n@statefarm.com>
Subject: Fire Claims 2021 Quality Plan

December 23, 2020

Subject: Fire Claims 2021 Quality Plan

To: Fire Claims Section Managers
Fire Claim Managers
Fire Property Claim Consultants

From: Fire Claims 2021 Planning Committee

Thank you for our discussion on the 2021 planning process and the updates to Fire Focus recommendations for the new year.

The following documents are resources for use in further development of each section's specific tactics. Claim managers, in partnership with consulting services, will be working with section managers to provide guidance on how the plan will be implemented within each division/section and monitored throughout the year.

2021 Fire Claims Quality Plan

Fire Claims Quality 2021 Plan – presentation

Please consider inviting your Claim Manager and Fire Claim Consultant if you are discussing the plan or setting expectations with your team.

If you have questions

Contact your Consultant or Claim Manager.

C: Fire Claim VPOs, Scott Welsh, Brad Rushton

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From: Scott Welsh [/O=STATEFARM/OU=EXTERNAL (FYDIBOHF2SSPDLT)/CN=RECIPIENTS/CN=SD99B0B083AF46388BA0385827DECFB9]
Sent: 1/29/2021 11:04:22 PM
To: Tom Moss [tom.moss.c4sg@statefarm.com]
BCC: Scott Welsh [scott.welsh.cx30@statefarm.com]; Tom Moss [tom.moss.c4sg@statefarm.com]
Subject: RE: HAAG video series

Thank you for sharing Tom – What a great way to track engagement/progress on learning.

From: Tom Moss
Sent: Friday, January 29, 2021 4:29 PM
To: Tanya E Potts <tanya.e.potts.gqhu@statefarm.com>; Marie Dyer <marie.dyer.gmxb@statefarm.com>
Cc: Nicole Manduca <nicole.manduca.lok2@statefarm.com>; Heather Hanselka <heather.hanselka.g9aj@statefarm.com>; Scott Welsh <scott.welsh.cx30@statefarm.com>
Subject: RE: HAAG video series

This sounds like an amazing solution. Thank you. Tuesday works great for us.

Tom

From: Tanya E Potts
Sent: Friday, January 29, 2021 2:00 PM
To: Tom Moss <tom.moss.c4sg@statefarm.com>; Marie Dyer <marie.dyer.gmxb@statefarm.com>
Cc: Nicole Manduca <nicole.manduca.lok2@statefarm.com>; Heather Hanselka <heather.hanselka.g9aj@statefarm.com>; Tanya E Potts <tanya.e.potts.gqhu@statefarm.com>
Subject: RE: HAAG video series

Hi Tom – We have an idea we are working with the MyBlock support team in HR&D to present (we are working up a visual to share our proposed solution), that would allow the learner to select from the complete listing of HAAG videos, two hours of video content, that must be completed as refresher in 2021. They would then be required to certify the completion in MyBlock when finished with the two hours. This would serve as their completion record. The TM may want to run individual transcripts to ensure they have two hours of video content completed, but CS/SM/CM would be able to pull a report for their section/division/all of FIRE claims to document all who certified their completion of the two hours.

Would it be possible to complete our work up of this visual to share for further clarification and provide to you by Tuesday? If you do require a response sooner and/or have questions, please let me know.

Thank you,
Tanya

From: Tom Moss
Sent: Friday, January 29, 2021 1:30 PM
To: Marie Dyer <marie.dyer.gmxb@statefarm.com>; Tanya E Potts <tanya.e.potts.gqhu@statefarm.com>
Cc: Nicole Manduca <nicole.manduca.lok2@statefarm.com>; Heather Hanselka



<heather.hanselka.g9aj@statefarm.com>

Subject: RE: HAAG video series

Can we track the chapters that each learner completes?

From: Marie Dyer

Sent: Friday, January 29, 2021 1:19 PM

To: Tom Moss <tom.moss.c4sg@statefarm.com>; Tanya E Potts <tanya.e.potts.gghu@statefarm.com>

Cc: Nicole Manduca <nicole.manduca.lok2@statefarm.com>; Heather Hanselka

<heather.hanselka.g9aj@statefarm.com>; Marie Dyer <marie.dyer.gmxb@statefarm.com>

Subject: RE: HAAG video series

Tom,

I will have a new curriculum built for 2021 Refresher HAAG training. You can then communicate a deadline for learners to complete, and run a My Block report of completers and non-completers. Let me know which training you would like to include in the new refresher curriculum – one chapter, two chapters, or any combination for the 2 hours you are trying to hit.

Thank you,
Marie

From: Tom Moss

Sent: Friday, January 29, 2021 1:12 PM

To: Tanya E Potts <tanya.e.potts.gghu@statefarm.com>

Cc: Nicole Manduca <nicole.manduca.lok2@statefarm.com>; Heather Hanselka

<heather.hanselka.g9aj@statefarm.com>; Marie Dyer <marie.dyer.gmxb@statefarm.com>

Subject: RE: HAAG video series

Awesome. So how will we know when they have completed 2 hours of training? Can we run a report? Or do we need to specifically assign segments for them to review?

Tom

From: Tanya E Potts

Sent: Friday, January 29, 2021 12:47 PM

To: Tom Moss <tom.moss.c4sg@statefarm.com>

Cc: Nicole Manduca <nicole.manduca.lok2@statefarm.com>; Heather Hanselka

<heather.hanselka.g9aj@statefarm.com>; Marie Dyer <marie.dyer.gmxb@statefarm.com>; Tanya E Potts

<tanya.e.potts.gghu@statefarm.com>

Subject: RE: HAAG video series

Good Afternoon –

After discussing with my master curriculum creator, Marie, we can do what is requested below or any combination of the Haag video series as a refresher for 2021.

We would still keep the original series published as is for all "new to role learners" and anyone who was interested in or needed to take the entire series.

Please let me know if you have any questions or would like to discuss further?

Thank you,
Tanya and Marie

From: Heather Hanselka
Sent: Friday, January 29, 2021 11:31 AM
To: Tom Moss <tom.moss.c4sg@statefarm.com>; Tanya E Potts <tanya.e.potts.pghu@statefarm.com>
Cc: Nicole Manduca <nicole.manduca.lok2@statefarm.com>
Subject: FW: HAAG video series

Hj -

I am bringing Tanya into this as her team will be working with L&D and she can make sure it meets your needs for reporting. I like the idea of having specific segments in and calling it a refresher but Tanya has some options for you.

Will we be able to track when they have completed 2 hours of the training? Or, should just add certain segments of the training under the 2021 HAAG Education Hail & Wind Assessment Video Series? Specifically, Chapter 1 - Hail and Wind Basics (4 segments and is ~ 1 hour and 28 minutes) and Chapter 2 - Composition Shingles (9 segments and is ~ 2 hours and 33 minutes.) If we add specific segments, we may want to call it 2021 HAAG Education Hail & Wind Assessment Video Series – Refresher.

The 2021 Quality Plan requires everyone to complete 2 hours of Haag refresher training.

Tom

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

P&C Claims
June 24, 2021

Fire Model Enhancement – Water & Wind/Hail



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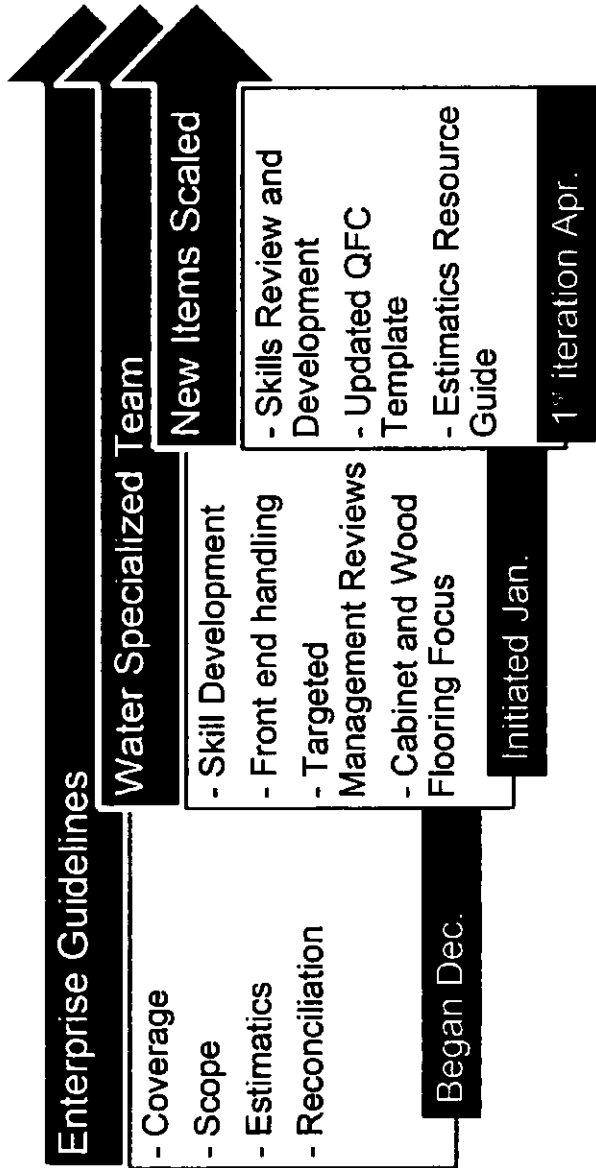
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EXHIBIT

6

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

Water – Overview



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

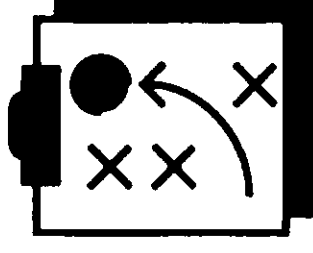
Water – Next Steps

Lessons Learned

- o Coverage and Scope opportunities
- o Timing of Management Reviews

Additional Testing in Progress

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



Future Updates/Deliverables

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



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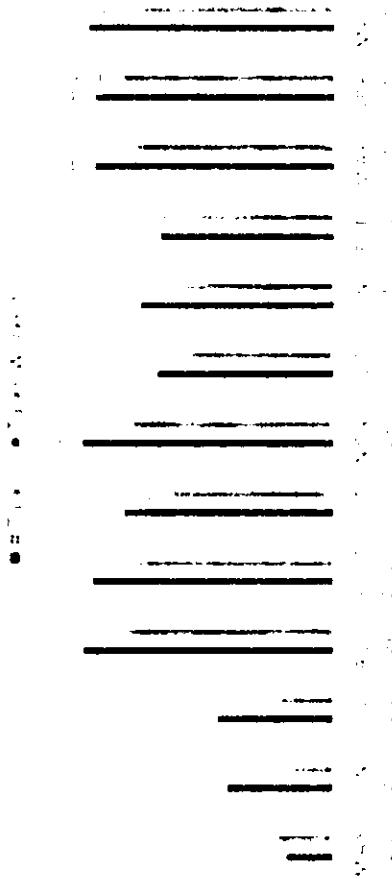
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Hosier, Gary, et al. v. SFF&CC, et al.

Water – Measurements

Accelerated Management Reviews Fire Water Coverage



*note, March and April 2021 figures approximate

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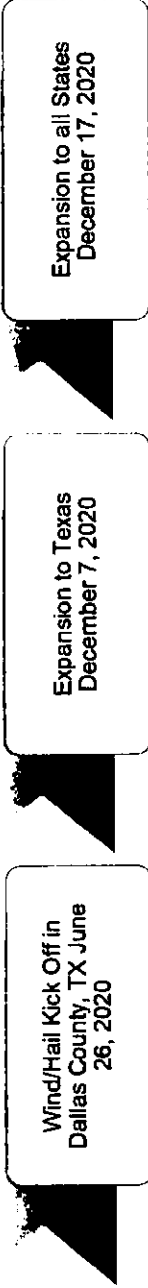
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Hosier, Gary, et al. v. SFF&CC, et al.

Wind/Hail – Initial Analysis & Prioritized Tactics

	PERIL	HYPOTHESIS	METRIC	BASELINE	INDUSTRY BEST
- Hygiene - Small Hail (≤ 1") & Light Wind (≥ 50 mph) - Early Team Manager Involvement	Wind	Unnecessary roof replacement on minor 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 Wind/Hail Losses (Cat and Non-Cat), 2017-2019 - Baseline: Analysis of 3-year data validated 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 small hail averages a 5-10% frequency, therefore an internal quality improvement opportunity of 53-59% for light wind and 80-85% for small hail - Quality Play: Establish parameters to engage Team Manager review when claim handler recommends full slope replacement or full roof replacement for claims with light wind (50 mph or less) or small hail (1" or smaller)					



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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

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Wind/Hail – February 2021 vs June 2021

AccuWeather Phrase Usage %	QFC + ISO Documented %	Scope Sheet Documented %	AccuWeather Phrase Usage %	QFC + ISO Documented %	Scope Sheet Documented %
22.3%	18.7%	18.5%	54.2%	42.8%	57.5%

Full Roof Replace TM Review -
Approval %

80.9% 73.8% 54.8% 42.7% 45.8% 49.3%

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

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 (-16,108) 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

	18.4%	\$1,115.8	+\$979.3	+717.8%	+1,139.8%	+853.9%	+1,129.5%	+237.4%	+414.9%	+104.7%	+138.5%	+18.8%	+138.3%
Louisiana	9.6%	\$581.3	+\$67.4	+17.7%	-7.2%	-1.7%	-11.5%	+17.7%	-19.1%	-16.5%	-9.4%	-25.8%	+11.9%
Texas	8.7%	\$530.1	+\$46.2	-8.0%	+10.2%	-22.1%	-4.3%	-14.2%	-6.2%	-9.2%	-2.0%	-68.7%	-44.7%
Illinois	6.3%	\$380.0	+\$290.9	+328.6%	+497.7%	+291.1%	+434.4%	+312.8%	+446.8%	-3.2%	-2.2%	-52.0%	-12.9%
Iowa	4.7%	\$287.7	+\$28.5	+11.0%	-27.7%	+10.7%	+27.3%	-4.0%	+16.8%	-6.4%	-14.6%	+78.4%	+84.8%
Mennessee	4.7%	\$286.0	-\$96.6	+51.0%	-24.5%	+38.2%	+18.8%	+21.8%	-10.2%	+13.8%	+32.2%	-17.1%	+60.2%
Georgia	3.5%	\$214.4	+\$131.1	+187.4%	+131.3%	+128.3%	+118.4%	+110.1%	+106.8%	+8.7%	+5.6%	+18.4%	+182.2%
Alabama	3.1%	\$188.7	-\$12.9	-6.4%	+82.1%	-11.9%	+47.8%	-16.6%	+12.7%	-5.7%	+31.0%	-49.9%	-19.4%
Ohio	3.0%	\$182.3	-\$6.7	-3.8%	-36.0%	-11.7%	-19.6%	-10.8%	+14.3%	-1.0%	-4.8%	-60.0%	-13.6%
Oklahoma	3.0%	\$179.8	-\$12.4	-6.5%	-12.0%	-27.3%	-6.2%	-39.0%	-28.0%	+19.3%	+27.8%	-82.2%	-69.3%
Missouri	2.7%	\$165.5	-\$114.4	-40.9%	-40.3%	-44.0%	-44.6%	-52.9%	-65.4%	+18.8%	+60.2%	-18.6%	-57.6%
Colorado	2.6%	\$160.4	-\$24.3	-13.2%	+84.4%	-32.2%	-34.5%	-48.2%	-18.4%	+30.8%	+64.8%	-61.3%	-11.6%
Tennessee	2.6%	\$155.5	-\$16.0	-11.5%	-8.4%	-3.1%	-7.7%	+16.6%	-33.2%	-16.8%	+38.1%	+13.9%	+122.8%
Florida	2.6%	\$155.5	-\$16.0	-11.5%	-8.4%	-3.1%	-7.7%	+16.6%	-33.2%	-16.8%	+38.1%	+13.9%	+122.8%

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Wind/Hail – Law of Recency

PERIL	HYPOTHESIS	METRIC	BASELINE	INDUSTRY BEST
Wind	Unnecessary roof replacement on minor 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 Wind/Hail Losses (Cat and Non-Cat), 2017-2019 • Baseline: Analysis of 3-year data validated 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 small hail averages a 5-10% frequency, therefore an internal quality improvement opportunity of 53-58% for light wind and 80-85% for small hail • Quality Play: Establish parameters to engage Team Manager review when claim handler recommends full slope replacement or full roof replacement for claims with light wind (50 mph or less) or small hail (1" or smaller)				

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Questions?

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Fire Claims

2023 May Meeting: Priority Commitments



Workforce Stabilization Commitments:

1. Define (specifically) how the three aspects of Path to Proficiency show up in your segment and how that translates into EOM Activities.
2. Have direct conversations with CM/Director Teams on LDPs, assessment of frameworks, and accountability to use frameworks.
3. Within conversations ensure the way we're talking about what we're aiming for is simple and consistent. This all starts with Paying What We Owe – promptly, courteously and efficiently. And EOM is our tried-and-true method to ensure this happening through messaging, modeling and monitoring.

Commitment (attraction, retention, development, execution)	Results Expected	By when
Accelerate development of new to role employees through the <u>Path to Proficiency</u> (P2P)	Employee Retention • Maintain results at 3.3% or less for <1-year employees	• 3Q & 4Q
TMs to review results of NTR assessment with claim handlers within 2 weeks of availability of results and provide appropriate coaching	Six-Month Skill Results: • Improve NTR Skills Assessment Result at next cycle (skill assessment is all parts) - o 68% to 71% - o 71% to 74%	• July • October
Leaders to ensure all NTR claim handlers take the skill assessment		
NTR production meets established targets	NTR (Leader Weighted Expectation to Actual)* Baseline: Ress 71.6%, Smith 76.4%	
Leaders (TM, SM, CM) ensure NTR claim handlers are receiving adequate claims to achieve production targets. Strategies to include but not limited to release of ECRs and resource sharing as levers.	• 85% of target • 92.5% of target • Achieves target	• July • August • September
	*Percentage NTR meeting P2P productivity expectations (0-9 months)	



May Dallas Executive Meeting Commitments

Expense Commitments:

Focus on mindsets. Start with direct conversations with CM/Director Teams on:

1. Start with how we **OUTPERFORM** in this space. Ensure clarity of actions and responsibilities to enable accountability for lack of execution
2. Create shared accountability mindset – the whole team is accountable, not just CMs with responsibility for expense/budget.
3. Create greater transparency, understanding and discussion around cost per claim.

Commitment	Results Expected	When
Improve internal productivity through increased efficiency by: Increasing use of: FIOT CSP/RSP CX Live REIAP MAX Settlement	• FIOT -minimum 74% (Baseline: 48%) • CSP/RSP -minimum 8% % (Baseline: 3.5%) • CX Live -minimum 5% (Baseline: 3.8%) • REIAP (Sleep/High) -minimum 11% (Baseline: 8.7%) • MAX Settlement -minimum 65% (Baseline: 23%)	• 3Q 84%, 4Q 74% • 3Q 8.5%, 4Q 8% • 3Q 4%, 4Q 5% • 3Q 9.5%, 4Q 11% • 3Q 50%, 4Q 85%
Reduce expense per claim by: Achieve primary/secondary ECR monthly schedule commitments/budget counts ECR counts align with demand/pending/productivity expectations Internal claim handlers meet or exceed established production targets Leaders (TM, SM, CM) ensure claim handlers are receiving adequate claims to achieve production targets. Strategies to include but not limited to release of ECRs and resource sharing as levers.	Achieve minimum \$94.5M expense avoidance in reduced ECR use Reduction of staffing gap ECRs* (Baseline: 276) *Staffing gap ECRs that are covering production gaps (TWA/LDA, mentors, trainers, NTR productivity) Claims & ACH Closed per Internal Performer Counts Baseline (May 2023): Ress 3.92, Smith 5.91 • Ress-4.0, Smith 6.0 • Ress-4.1, Smith 6.2 • Ress-4.3, Smith 6.5	• August • September • July • August • September



Quantity: 6 **Commitments with CM/Director Teams on:**

1. **Obligation and opportunity to discuss the quality capabilities of the team – coaching effectiveness, understanding, ownership and accountability to results.**
2. **In this conversation:**
 1. **Determine coaching skillsets and how to help them with that.**
 2. **Ask them what's getting in their way.**

Commitment	Results Expected	When
Improve coverage, estimating and reconciliation to align with Our Commitment to Our Policyholders TMs conduct regular cadence of reviews for water claims identified as not having origin or rate in the OFC template - a minimum of 1 review per CS per week using the FIM Hub dashboard. Leaders will provide targeted coaching to CSs based on observations from reviews and monitor for improvement. Observations will be documented in the Coaching & Engagement Tracker. TMs conduct regular cadence of reviews for wind/hail claims with missing or incorrect structured phrases on the OFC template based on Accuweather data - a minimum of 1 review per CS per week using the FIM Hub dashboard. Leaders will provide targeted coaching to CSs based on observations from reviews and monitor for improvement. Observations will be documented in the Coaching & Engagement Tracker.	Reduction in FED Finding Frequency % Water (Baseline: June 9.17%) 9.0% (target) - Maintain target Wind/Hail (Baseline: May* 5.02%) 6.0% (target) - Maintain	- July - August forward - July - August forward
Improved coverage application with appropriate roof repair/replacement assessment in alignment with Our Commitment to Our Policyholders SMA/CMs conduct regular cadence of reviews for TM Roof Replacement Approvals and Overturns prioritized by 1) higher frequency of TM approvals in last 30 days (≥10 approvals) and 2) a minimum of 1 review per TM. Leaders will provide targeted coaching to TMs based on observations from reviews and monitor for improvement. Observations will be documented in the Coaching & Engagement Tracker: - SMA will utilize FIM-Hub to review the "WNHL - MGMT (R30) data" weekly - CMs will utilize FIM-Hub to review the "WNHL - MGMT (R30) data" monthly - SMA/CMs will utilize <u>RFG Dashboard: Reason Codes</u> for reviews monthly	Percentage Roof Replacement Overturn (Baseline: 4.41%) 4.0% 3.75%	- July - August



AWC

2023 May Meeting: Priority Commitments



Workforce Stabilization Commitments:

1. Define (specifically) how the three aspects of Path to Proficiency show up in your segment and how that translates into EOM Activities.
2. Have direct conversations with CMDirector Teams on LDPs, assessment of frameworks, and accountability to use frameworks.
3. Within conversations ensure the way we're talking about what we're aiming for is simple and consistent. This all starts with Paying What We Owe – promptly, courteously and efficiently. And EOM is our tried-and-true method to ensure this happening through messaging, modeling and monitoring.

Commitment	Results Expected	By when
Accelerate development of NTR claim handlers through effectively applying Path to Proficiency to increase productivity.	Employee Retention • Reduce overall In Office separations to 2.5% target (May baseline 2.9%) • Maintain In Office separations for tenure <1 year within 4.1% target (May baseline 4.1%)	Overall: • 2.5% EOY 2023
Create an environment of leader support of NTR development with accountability to achieve path to proficiency expectations.	Productivity by Tenure Bands • Continue to monitor productivity by tenure bands (currently above baseline for 3 consecutive months). May Baseline 1.5, May Actual Productivity 2.2 • New Productivity Target (P&C Analytics' recommendation as of 8/28/23) – 2.0; June Actual Productivity 1.6	<1 year: • Maintain within 4.1% target
Leaders (TM, SM, CM) ensure claim handlers are receiving adequate claims to achieve production targets. Strategies to include but not limited to release of ECRs and resource sharing as levers.		Productivity: • July 1.8 • August 2.0 • Sept 2.2
Leverage Coaching & Engagement Tracker (C&E) learnings	Employee Retention & Increased Productivity • Consistent Use of C&E Tracker (minimum of 1 observation per CA/CS/TM/SM in C&E Tracker per month) • 20% improvement (210) from May baseline (175) by end of July 2023 • Additional 20% improvement (252) by end of August 2023	Retention and Productivity as captured above
• CM to review and report on teams' performance/results monthly during CM Touch Point starting in July • SMs to report on how they are using C&E Tracker reviews to inform of virtual/in-person EOM observation opportunities monthly starting in July • TMs to use C&E Tracker to capture observations and align focus with areas for improvement • Identify new to role experience gaps – utilize targeted training and study halls to close gaps • Provide coaching and reinforce learnings - on-going		Use of Tracker: • By end of July 2023 • By end of August 2023

May Dallas Executive Meeting Commitments



Expense Commitments:

Focus on mindsets. Start with direct conversations with CM/Director Teams on:

1. Start with how we **OUTPERFORM** in this space. Ensure clarity of actions and responsibilities to enable accountability for lack of execution
2. Create shared accountability mindset – the whole team is accountable, not just CMs with responsibility for expense/budget.
3. Create greater transparency, understanding and discussion around cost per claim.

Commitment	Results Expected	When
Improve internal productivity through increased efficiency • Improve Virtual Estimating productivity and customer response with quality • Review current percentage of VIO (Virtual Inspection Option) appointments, WGI (Weather General Inspection) assignments with drivable vehicles and productivity impact to determine opportunity • AWC Leadership is focused on claim handler explanation of inspection options to maximize available tools/technology on virtual inspections • Increase use (and acceptance) in: • Digital Pay • Email Communication • AWC Leadership is currently working with P&A to refresh productivity targets.	Increased VIO appointment and reduce WGI assignments for drivable vehicles • Target TBD • Increase ClaimXperience usage $\geq$ 60% • Baseline 53% All Things Digital • Increase "all things digital" utilization by 2 ppt/month each month through Aug 2023 then re-evaluate (Target - Digital Pay 58%, Email 60%). • Digital Pay: baseline 49.5% • Email Communication: baseline 56%	ClaimXperience: • 55% (June) • 58% (July) • 60% (Aug) Digital Pay: • 52% (June) • 54% (July) • 56% (Aug) Email Communication: • 56% (June) • 58% (July) • 60% (Aug)
Finalize AWC ECR Framework for oversight and accountability • Once finalized, implement AWC ECR Operating Rules Process: • Review of ECR release triggers, hour workweeks based on experience levels, productivity and quality • CM/SM authority levels to add ECRs • Review for component pricing • Execution of ECR Operating Rules Process by CM, SM and CCG • Systematic execution of ECR Vendor Performance Dialogues and vendor accountability	Achieve expense avoidance in reduced ECR use • Achieve primary/secondary ECR monthly schedule commitments/budget counts • ECR counts align with demand/pending/productivity expectations	End of July 2023/ongoing

May Dallas Executive Meeting Commitments



Quality Commitments

Start with direct conversations with CMDirector Teams on:

1. *Obligation and opportunity to discuss the quality capabilities of the team – coaching effectiveness, understanding, ownership and accountability to results.*
2. *In this conversation:*
 1. *Determine coaching skillsets and how to help them with that.*
 2. *Ask them what's getting in their way.*

Commitment	Results Expected	When
Execute on EOM Observations - CM/SM/TM complete behavior observations during EOM observations, utilizing C&E Tracker to track trends and monitor improvement - CM/SM use EOM/3M execution to focus on quality claim handling behaviors: - Observe leadership and claim handler interactions and document in C&E Tracker - Listen for coaching and behavior discussions - Identify behaviors and leading practices and share during CM huddle/staff meetings - CM huddle/staff meeting report outs	Improved Monitoring & Claim Handling Quality - Increased quality discussions with focus on behaviors and coaching to drive improvement. - Minimum of 1 observation per CA/CS/TM/SM in C&E Tracker per month 20% improvement (210) from May baseline (175) by end of July 2023 - Additional 20% improvement (252) by end of August 2023	Monthly Use of Tracker: - By end of July 2023 - By end of August 2023
Leverage Claim Review Team Survey Process - Claim Review Team Process = 2023 AWC Section Manager Survey - Monthly review of action plan results during CM/SM huddle for gaps to make targeted improvements.	Improve AWC Section Manager Survey Results - Overall Composite Score target is 90%. March 2023 result of 82%. Enterprise Goal: Increase by 5 ppt (87%) at next survey. - Build Sheet Usage – Baseline April 2023 75%; 2 ppt increase each month - Smart Part Sourcing – Baseline April 2023 70%; 2 ppt increase each month	Fall 2023 Survey Build Sheet usage: - July 77% - Aug 78% - Sept 81% Smart Part Sourcing: - July 72% - Aug 74% - Sept 76%



May Dallas Executive Meeting Commitments

From: Nicole Manduca [nicole.manduca.lok2@statefarm.com]
Sent: 8/3/2022 2:12:11 AM
To: Dana Jokerst [dana.jokerst.pmhi@statefarm.com]
Subject: RE: Fire Estimate Difference OVP Summary Report – May 2022 Results

Awesome – thank you

From: Dana Jokerst <dana.jokerst.pmhi@statefarm.com>
Sent: Tuesday, August 2, 2022 7:12 PM
To: Nicole Manduca <nicole.manduca.lok2@statefarm.com>
Subject: RE: Fire Estimate Difference OVP Summary Report – May 2022 Results

Hi love! I'll look for a few mins for us tomorrow. Tyrone gave me some additional context after the quality call. I don't think we need to do much. Most of it's here.

From: Nicole Manduca <nicole.manduca.lok2@statefarm.com>
Sent: Tuesday, August 2, 2022 7:04 PM
To: Tyrone Smith <tyrone.smith.a57w@statefarm.com>; Dana Jokerst <dana.jokerst.pmhi@statefarm.com>
Subject: RE: Fire Estimate Difference OVP Summary Report – May 2022 Results

We're on it – thank you, Tyrone.

From: Tyrone Smith <tyrone.smith.a57w@statefarm.com>
Sent: Tuesday, August 2, 2022 2:41 PM
To: Dana Jokerst <dana.jokerst.pmhi@statefarm.com>; Nicole Manduca <nicole.manduca.lok2@statefarm.com>
Subject: FW: Fire Estimate Difference OVP Summary Report – May 2022 Results

FYI. Can the two of you work together to add our key tactics for our the other major perils. Also, would appreciate your thoughts on what 2 – 3 tactics by peril are and/or will have the most significant impact on our results.

Thanks and reach out if you have questions.

Tyrone

From: Shyama N Terry <shyama.n.terry.bqbj@statefarm.com>
Sent: Tuesday, August 2, 2022 11:40 AM
To: Tyrone Smith <tyrone.smith.a57w@statefarm.com>
Cc: Kathy Ress <kathy.ress.he8j@statefarm.com>
Subject: RE: Fire Estimate Difference OVP Summary Report – May 2022 Results

Thanks Tyrone. Please add the fire tactics. With this list, we can be aligned (up, down, and sideways) and can decide on the top 2-3 that drive 80% of the result.

EXHIBIT

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From: Tyrone Smith <tyrone.smith.a57w@statefarm.com>
Sent: Tuesday, August 2, 2022 8:30 AM
To: Shyama N Terry <shyama.n.terry.bqbj@statefarm.com>
Cc: Kathy Ress <kathy.ress.he8j@statefarm.com>
Subject: RE: Fire Estimate Difference OVP Summary Report – May 2022 Results

Hello Shyama –

Below are our key Wind/Hail tactics. Also, a graph that captures our Total to Partial Roof Replacements. I am checking now to see if we can get this information by Market Area.

Tyrone

Sharing the following Wind/Hail tactics to address Reconciliation opportunities, some of which are already captured below yet summarizing in one view:

- **Wind/Hail FME Survey:** Wind/Hail FME project team conducts weekly surveys to review claims initially closed without payment (CWP) and later paid as a total roof (TR Reason Code) and developing action items to address findings.
- **Repair vs. Replace Roof Decisions:** TMs review roof replacement recommendations for small hail, light wind, and age & condition to increase accuracy in damage identification and roof calls which will in turn reduce coverage and reconciliation RI findings. TMs/SMs/CMs spot check reviews and provided targeted coaching when appropriate.
- **Roofing Material Job Aid:** The Roofing Material Job Aid was updated to support behaviors associated with roofing material availability given increased material and production shortages. This job aid assists in limiting volume to the Roofing Locator Service (RLS), decreasing claim cycle time, and reducing customer irritants by promptly identifying roofing material/availability.
- **Leadership Orientation Messaging:** Wind/Hail FME Project Team created the Wind and Hail Claims orientation document for staff and vendor management to be used in Wind/Hail events – Published 7/20/2022 *New!*
- **New Structured Phrase:** Implementing a 'Structured Phrase' to capture TM direction following additional inspections and recommendations to overturn the initial roof damage assessment (i.e. CWP to Total Roof scenarios). Data will be aggregated at the TM/SM/CM/VPO levels to assist in identifying coaching opportunities. - Target Timeline August 2022 *New!*
- **Wind/Hail Guided Estimate Tool:** Wind/Hail FME Project Team is partnering with Enterprise Technology and Process to develop a Wind/Hail guided estimating tool to drive greater quality in estimate preparation. – Tentative Timing September 2022 (requires OVP approval and PMO support – next PMO meeting scheduled 8/18/2022, therefore if OVP supported and PMO approved September timing is feasible) *New!*
- **Reconciliation Guide:** Initiating discussions with ET to develop a Reconciliation Guide, similar to the Wind/Hail Guided Estimate Tool, to provide a framework and intelligent 'prompts' to the claim handler recognizing key reconciliation considerations (i.e. measurement differences, prices differences, scope differences, material availability) when reconciling Wind/Hail losses – Tentative Test TBD *New!*

The following graph captures the Total Roof to Partial Roof Replacement (TR to PRR) ratio through July YTD. We are observing inverse trends Jun-Jul 2022 compared to Jun-Jul 2021 which aligns with our recent discussion to continue the TM roof replacement reviews on small hail, light wind, and age & condition. The 'New Structured Phrase' referenced above to review Overturn calls will provide improved data to measure quality trends with our first line leaders.

<< OLE Object: Picture (Device Independent Bitmap) >>

**Graph represents the number of roofs replaced for every single (1) roof repaired. In July 2022, roofs were replaced at rate of 2.4 to every 1 repair. At inception of the Wind/Hail FME work in April 2020, the TR to PRR ratio was 4.2 to 1.*

Please let me know if any questions or additional information needed.

Nicole

From: Shyama N Terry <shyama.n.terry.bqbj@statefarm.com>
Sent: Monday, July 25, 2022 4:18 PM
To: Tyrone Smith <tyrone.smith.a57w@statefarm.com>
Subject: FW: Fire Estimate Difference OVP Summary Report – May 2022 Results

Can you have the wind and hail tactics added? Thanks.

From: Tyrone Smith <tyrone.smith.a57w@statefarm.com>
Sent: Wednesday, June 22, 2022 9:37 AM
To: Shyama N Terry <shyama.n.terry.bqbj@statefarm.com>
Subject: RE: Fire Estimate Difference OVP Summary Report – May 2022 Results

Hi Shyama –

Here are some of the actions we have in place to assist with addressing reinspection opportunities and issues.

Tyrone

Water

- **Quarterly Mini Sessions:** Address top RI finding opportunities
- **Huddle Documents:** Information for leadership to address common estimatic opportunities
- **CLIP (Water Estimate Reviews):** Enhancing to include RI opportunities
- **Onboarding for New to Role Employees and In Office Employees:** Detailed training with CS and TMs to address top RI opportunities with mitigation and repairs.
- **SFPSP:** Developing strategies to increase assignments. Research and data support less reconciliation opportunities on claims that go through the program.
- **EOM / Coaching:** Targeted coaching in side by sides and ride along activity

Wind/Hail

- **Wind/Hail FME Survey:** Survey conducted to review claims initially closed without payment (CWP) and later paid as a total roof (TR Reason Code) and developing action items to address findings
- **New Structured Phrase:** Implementing new 'Structured Phrase' to capture Team Manager direction following additional inspection and recommendations to overturn the initial roof damage assessment (i.e. Closed-Without-Payment to Total Roof scenarios) - Target Timeline July 2022
- **Repair vs. Replace Roof Decisions:** Team Managers review roof replacement recommendations for small hail, light wind, and age & condition to increase accuracy in damage identification and roof calls which will in turn reduce coverage and reconciliation RI findings.
- **Roofing Material Job Aid:** The Roofing Material Job Aid was updated to support behaviors associated with roofing material availability.
- **Leadership Orientation Messaging:** Wind/Hail FME Project Team created document for staff and vendor management to be used in wind/hail events – Tentative Publish Date 6/23/2022

- **Wind/Hail Guided Estimate Tool:** Wind/Hail FME Project Team partnering with Enterprise Technology and Process to develop a wind/hail guided estimating tool to drive greater quality in estimate preparation

From: Shyama N Terry <shyama.n.terry.bqbj@statefarm.com>
Sent: Tuesday, June 21, 2022 1:17 PM
To: Tyrone Smith <tyrone.smith.a57w@statefarm.com>
Subject: FW: Fire Estimate Difference OVP Summary Report – May 2022 Results

Hello. Please remind me what actions we have in place to specifically address reconciliation issues. Thanks.

From: Pamela Cheley <pamela.cheley.hfd5@statefarm.com> On Behalf Of Ed Mondragon
Sent: Tuesday, June 14, 2022 10:27 AM
To: DL-PC-CLMS-OVPs <DL-PC-CLMS-OVPs.DLUSS2@internal.statefarm.com>
Cc: Scott Welsh <scott.welsh.cx30@statefarm.com>; Jose Adrian Rodriguez <jose.a.rodriguez.c8tg@statefarm.com>
Subject: Fire Estimate Difference OVP Summary Report – May 2022 Results

State Farm®
P&C Claims
Oversight Shared Services

June 14, 2022

Subject: Fire Estimate Difference OVP Summary Report – May 2022 Results

To: Operations Vice Presidents – Fire Claims

From: Ed Mondragon - LDA Director, P&C Claims

Here is a Fire Estimate Difference OVP Summary of key Fire Reinspection questions, sorted by VPO for May 2022 results. Prior monthly reports can be accessed [here](#). Below is a summary of observations for May results.

Enterprise observations

- Water Scoping FED Increased 1.63 points
VPO Res increased 2.39 points
ECR Vendors increased 0.20 points
- Wind/Hail Coverage Application FED decreased 3.58 points
VPO Res decreased 4.03 points
ECR Vendors decreased 4.49 points

C: Scott Welsh, José Rodriguez

Advance Copy

State Farm®
P&C Claims
Oversight Shared Services

June 15, 2022

Subject: Fire Reinspection Reporting – May 2022 Results

To: Kathy Ress, Vice President, Operations
Tyrone Smith, Vice President, Operations
Fire Claim Managers
Fire Claim Consultants

From: Ed Mondragon - LDA Director, P&C Claims
José Rodriguez, Claim Manager – Oversight Shared Services

What you should know

Fire Reinspection results have been updated with May 2022 results and are now available for viewing.

Enterprise Observations

- Fire Estimate Difference (FED) % of estimate dollars written increased 0.35 points from 4.94% (\$2,909,843) in April 2022 to 5.29% (\$2,792,010) in May 20
- FED finding frequency decreased from 8.18% in April 2022 to 8.03% in May 2022.

Additional Details

Reporting is now accessible through the Fire Reinspection Report Landing Page. This allows for an ability to view current month/quarter reports along with all previous monthly/quarterly reports. Below is a description of each report:

Snapshot Reporting – These reports provide a point-in-time view of results and are not designed for trend analysis

Trend Reporting – These reports show results over different periods of time and are designed for trend analysis

Distribution:

- Distribution of these reports should be shared in whole and not in parts
- Distribution of the data is limited to Fire Claim Managers/Claim Consultants and above

For More Information

Contact one of us or you can e-mail CLMS-OSS.

C: Operation Vice Presidents – Fire Claims, Greg Jones, Scott Welsh, José Rodriguez, Derek Miller, Greg Mier, Bruce Aldrich, Kevin Mosby, Leroy Walker

STATE FARM CONFIDENTIAL INFORMATION
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Homeowners Paid Severity & Incurred Pure Premium (IPP) by State – All Perils

September 2020, rolling 12-months

The following information relates to all perils.

Date as of Sep 2020	% Net Paid Severity (total)	Net Paid Indemnity (\$M)	Pure Premium		Frequency				Paid Severity	Pending Counts
			YOY Δ Percent	Paid YOY Δ %	Incurred YOY Δ %	Reported YOY Δ %	Paid YOY Δ %	Incurred YOY Δ %	YOY Δ %	YOY Δ Percent
Fire	32.5%	\$2,009.4	+4.9%	+3.6%	+6.5%	-2.5%	-4.5%	-1.8%	+8.5%	+8.0%
Water	25.3%	\$1,565.7	-6.6%	-7.7%	-5.2%	-7.8%	-13.1%	-10.7%	+6.2%	+24.0%
Wind/Hail	21.6%	\$1,335.1	-2.2%	-3.4%	+0.5%	-5.7%	-11.4%	-7.8%	+9.0%	+68.3%
Liability	6.8%	\$419.5	+1.0%	-0.2%	+2.3%	-3.2%	-4.7%	-2.2%	+4.7%	+3.6%
Time Element	5.8%	\$356.1	+0.1%	-1.1%	-4.1%	-5.6%	-6.8%	-9.6%	+6.1%	-4.3%
Other	5.4%	\$334.4	-10.3%	-11.4%	-5.7%	-11.6%	-17.6%	-12.4%	+7.5%	+39.7%
Crime	2.6%	\$162.7	-22.6%	-23.5%	-21.5%	-21.6%	-25.1%	-23.1%	+2.1%	+2.3%
All Perils	100.0%	\$6,182.9	-2.1%	-3.2%	-0.3%	-8.2%	-12.8%	-10.1%	+11.0%	+17.6%

What's Driving the Trends

Internal Influences

- Opportunities for improvement in coverage analysis, scope, estimatics and reconciliation have been identified by internal quality reviews and exist across all perils
- Covid19 - Internal
 - As a result of COVID19 we are doing more virtual loss adjustments.
 - Reinspection is starting to deploy back into the field and future reinspection results will provide a better analysis of potential impact of virtual adjusting
- Pending claims have increased across perils, impacting ability to close claims more timely, and an increase workload for leadership and claim specialists.

External Influences

- Labor/material cost increases may be a factor in severity trending - For some markets and for particular building materials we are starting to see increases in cost for building materials
- Covid19 – External market costs may be impacted by the current safety requirement and equipment needs
 - Cost increases as a result of COVID19
 - People cost, including PPE at the repair sites
 - Impacts to repair process associated with restrictions and cleaning requirements

What Actions are we Taking to Address the Trends

- In 2020, Fire claims implemented a quality plan. The steps included in that plan as well as other enhancements were designed to strengthen coverage analysis and estimate writing in 2020. Similar approach is occurring for 2021 planning as well.
- Emphasis on quality file reviews, feedback, monitoring and accountability to improvements are discussed and documented monthly.
- Reinspection results and fire estimate differences reports addressed at each leadership level and with claim specialists.
- Utilization of tools and vendor programs to enhance response to customers and create capacity to reduce pendings and level out workloads. This includes leveraging:
 - Technology for increased virtual claim handling (Remote Visual Options/Customer Supplied documents)
 - Business partners in local markets (Premier Services Program/Exterior Inspections Programs)
 - Aerial Imagery, including roof and elevation measurements

DRAFT

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Distribution on a Business Need to Know Basis Only.

EXHIBIT

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Source: PCADSS] 1

Homeowners Paid Severity & Incurred Pure Premium (IPP) by State – Fire Peril

September 2020, rolling 12-months

Fire peril IPP increase was primarily influenced by the rise in paid severity; incurred frequency decreased. The severity increase was primarily influenced by two factors: Just under half of the increase is related to the decrease in lightning paid counts, shifting the type of claim being paid away from lightning losses (which have lower severity) and toward non-lightning losses. The remainder of the increase can be explained by severity increases within non-lightning losses, influenced by a rise in claims \$250K+. The larger rate of increase in severity this month compared to last month is primarily the result of an increase in large loss volume.

Fire Peril (Non-Catastrophe)	Paid Severity			IPP
Sep 20	\$	YOY %	YOY %	YOY %
California	\$89,194	+\$11,864	+15.3%	+69.3%
Florida	\$35,692	+\$10,877	+43.8%	+29.4%
Georgia	\$34,318	+\$104	+0.3%	-6.4%
Illinois	\$52,228	+\$6,644	+14.6%	+17.3%
Michigan	\$48,350	+\$543	+1.1%	-5.4%
New York	\$69,474	+\$10,984	+18.8%	+13.4%
Ohio	\$42,348	+\$444	+1.1%	+0.1%
Pennsylvania	\$43,982	+\$9,851	+28.9%	+25.2%
Texas	\$47,542	+\$11,777	+32.9%	+13.3%
Enterprise-wide	\$45,131	+\$3,541	+8.5%	+6.5%

Bold font indicates percent change greater than enterprise-wide.

Comments:

What's Driving the Trend

- **California** - Non-catastrophe wildfire activity through the state; over 1,200 claims, 6 payments in September over \$500K. The monthly average of claims that size is 2.6. Northern California contains a large number of the fire peril activity, with roughly 35 to 40% of the claim volume made up of the fire cause of loss. Opportunities to increase estimatics knowledge and application with claims specialists and leadership
- **Georgia** – consistency of staff resources in that jurisdiction has been a challenge
- **Florida** - The mediation and appraisal process is a key driver in severity, being driven by public adjuster, vendors and plaintiff attorneys.
- **Pennsylvania** - Increase in the number of claims in each of the following claim payment bands \$250K to \$499K , \$500K to \$999K and the \$1M and above range.
- **New York** - increase in the number of claims in each of the following claim payment bands \$250K to \$499K , \$500K to \$999K and the \$1M and above range.

Homeowners Paid Severity & Incurred Pure Premium (IPP) by State – Fire Peril

September 2020, rolling 12-months

Comments:

What Actions are we Taking to Address the Trend

- Streamlined Valued Policy Law (VPL) process for total loss claims on VPL states.
- Increasing Large Loss teams and/or dedicated claim specialists through the primary states.
- Increased monitoring and adjustment of authority at leadership and claim specialists' levels.
- An estimate should be completed on all large losses (over \$100,000) within 30 calendar days from inspection date. Management reviews each file to provide guidance and ensure active claim handling. With early completion and reconciliation of estimates, we have seen an improvement in the quality of the product.
- Structural losses exceeding \$300,000 are submitted to Consulting Services for review.
 - Centralized Fire Estimating Unit (CFEU) will provide observations of the review for feedback and improvement with the SMs
 - Specified number of losses exceeding \$100K get reviewed through this process as well
 - CFEU has partnered with Learning and Development to identify areas where additional training can improve quality.
- Enhancements have been made to job aids and additional training opportunities were provided to staff on estimate reconciliation

- **California** – Identified one SM to oversee production and quality of wildfire activity; reduced spans of control at leadership levels and aligned large loss teams with more estimating experience;
- **Pennsylvania** - partnering with CFEU Estimating Unit to conduct training around estimate review practices,
- **New York** - dedicated large loss team to provide additional focus; adjustment of estimates to remove tax on labor for repairs that would be considered capital improvements. This will have the greatest impact on large loss claims as many of the repairs would be considered capital improvements.

Homeowners Paid Severity & Incurred Pure Premium (IPP) by State – Water

September 2020, rolling 12-months

Water peril IPP decrease was due to a reduction in incurred frequency, which includes influences from a mild winter and COVID related volume reductions in April and May. The severity increase is primarily non-weather related. Indemnity decreased across all stratification ranges. However, it decreased quite a bit more in the lower dollar losses (<\$5K) which is placing upward pressure on overall severity. These lower dollar losses are more frequently weather-related, but both weather and non-weather are contributing to the indemnity decrease. Severity within the upper stratification ranges (>\$25K) is decreasing. Despite the higher dollar losses costing less, there are fewer lower dollar losses to bring overall severity down.

Water Peril (Non-Catastrophe)	Paid Severity			IPP
	Sep-20	\$	YOY %	YOY %
California	\$18,263	-\$337	-1.8%	-7.9%
Florida	\$14,461	+\$1,563	+12.1%	+11.4%
Georgia	\$10,588	+\$368	+3.6%	+0.8%
Illinois	\$10,722	+\$925	+9.4%	+0.9%
Michigan	\$11,159	+\$230	+2.1%	-14.3%
New York	\$11,551	+\$225	+2.0%	-21.3%
North Carolina	\$9,677	+\$500	+5.5%	+3.6%
Pennsylvania	\$7,502	+\$537	+7.7%	-9.5%
Tennessee	\$10,348	+\$1,133	+12.3%	+3.4%
Texas	\$9,940	+\$821	+9.0%	-1.0%
Washington	\$14,205	-\$9	-0.1%	-5.1%
Enterprise-wide	\$11,001	+\$639	+6.2%	-5.2%

Bold font indicates percent change greater than enterprise-wide.

Comments:

What's Driving the Trend

- Non-weather water YOY frequency is also down -5.6%, where COVID-19 related living conditions may be influencing the trending. Higher occupancy may be reducing the number of incidents of undetected plumbing and appliance related losses.
- The milder winter season has led to YOY reduced frequency (-11.1%) for the weather-related water losses (i.e., freezing) which in turn is a primary driver of the overall water NPI reduction.
- Labor and material related to water losses have increased as follows in the past year (R12):
 - Raw lumber material composite, increased 45.7% (affects wood flooring, cabinetry, doors, framing costs)
 - Drywall labor, increased 13.29%
 - Drywall materials, increased 2.61%
 - Flooring labor, increased 5.04%
 - Carpet material composite, increased 6.51%
- Florida - increased matter activity through the state driven by public adjuster and attorneys.

Homeowners Paid Severity & Incurred Pure Premium (IPP) by State – Water

September 2020, rolling 12-months

Comments:

What Actions are we Taking to Address the Trend

- There has been significant work over the past few years through our annual planning process to improve estimate writing skills and enhance TM engagement/oversight to support quality adjustments. We are experiencing success with these efforts, yet opportunity for continuous improvement remains, including:
 - Coverage Analysis
 - Estimate writing and reconciliation of contractors estimates
- Better leverage Impact of the management file reviews to address opportunities with coverage and estimates. Utilization of Claim Insights to identify claims for accelerated reviews.
- Continued education on water loss handling through mini-sessions conducted through the year and accountability to reinspection findings and Fire Estimate Difference.
- One team created and focused on water mitigation reconciliation efforts in CA and FL.
- California - water handling expectations setting across the state, heightened oversight with TM proficiency assessment on coverage interpretations, quarterly assessment of coverage application.
- Florida – Reduction of authority levels for team managers and claim specialists
- Texas – Management approvals for wood floor and cabinet replacement.

Homeowners Paid Severity & Incurred Pure Premium (IPP) by State – Wind/Hail

September 2020, rolling 12-months

- The combined wind/hail catastrophe & non-catastrophe paid severity result increased +4.7% YOY, including severity increases in both non-catastrophe (+9.0%) and catastrophe (+1.4%) losses.
- While it would appear on the surface that non-catastrophe losses are the primary influencer to the overall rise in severity based solely on the larger % increase, catastrophe losses are also placing upward pressure on the overall severity result.
- This is due to the fact that we are paying more catastrophe losses this year, which cost on average +17% (+\$1,700) more than non-catastrophe losses.
- If we do some rough math, we find that both are contributing to the +4.7% overall severity increase. Non-catastrophe is responsible for just over half of the increase (so catastrophe just under half).
- While non-catastrophe is having an impact on the overall severity increase, IPP and NPI results have decreased YOY, while catastrophe frequency and NPI have increased notably YOY.

Total Homeowners Wind/Hail - Net Paid Indemnity (R12)				
	2019	2020	Change	% Change
Total	\$4,585	\$5,149	\$644.0M	14.3%
Non-catastrophe	\$1,378	\$1,348	-\$30.7M	-2.2%
Wind	\$788.8M	\$821.2M	\$31.4M	4.0%
Hail	\$571.4M	\$511.4M	-\$80.1M	-10.5%
Catastrophe	\$3,138	\$3,618	\$674.0M	21.5%
Wind	\$1,278	\$1,688	\$411.9M	32.4%
Hail	\$1,868	\$2,128	\$262.5M	14.1%

Total Homeowners Wind/Hail - Paid Severity (R12)				
	2019	2020	Change	% Change
Total	\$10,477	\$10,971	\$494	4.7%
Non-catastrophe	\$8,882	\$9,767	\$885	9.0%
Wind	\$7,748	\$8,495	\$747	9.6%
Hail	\$11,467	\$12,889	\$1,432	12.5%
Catastrophe	\$11,311	\$11,467	\$156	1.4%
Wind	\$9,519	\$9,616	\$96	1.0%
Hail	\$12,888	\$13,541	\$653	4.3%

Homeowners Paid Severity & Incurred Pure Premium (IPP) by State – Wind/Hail

September 2020, rolling 12-months

Non-Catastrophe Wind/Hail IPP decreased as a result of lower volume and incurred frequency compared to prior year. The decrease in volume from prior year was primarily related to a reduction in hail related losses. Overall severity increased from prior year, influenced by increases in wind (+9.6%) and hail (+12.5%) severity. A shift to more wind losses (which have lower severity than hail losses) did slow the rate of increase a bit. Although IPP and net paid indemnity have decreased from prior year, it is worth noting that last year was a high non-catastrophe activity year and both metrics are above the five year average.

Current States of Focus

Wind/Hail Peril (Non-Catastrophe)	Paid Severity			IPP
Sep-20	\$	YOY \	YOY % \	YOY % \
California	\$7,234	-\$583	-7.5%	-25.3%
Florida	\$11,791	+\$2,975	+33.7%	+25.8%
Georgia	\$9,384	+\$572	+6.5%	+6.8%
Illinois	\$10,201	+\$1,521	+17.5%	+25.0%
Michigan	\$8,268	+\$340	+4.3%	+3.0%
New York	\$7,623	+\$756	+11.0%	+26.2%
Ohio	\$8,494	+\$1,771	+22.9%	-2.9%
Pennsylvania	\$7,720	+\$1,204	+18.5%	+23.7%
Texas	\$10,623	+\$752	+7.6%	-39.2%
Enterprise-wide	\$9,767	+\$805	+9.0%	+0.5%

Bold font indicates percent change greater than enterprise-wide.

Comments:

What's Driving the Trend

- Wind/Hail severity (non-catastrophe) has increased 9.1% to \$9,810. Hail severity has increased 12.5% and wind severity has increased 9.7%.
- Much of the increase in wind/hail severity can be attributed to the increase in labor and materials.
- Labor and material related to roof losses has increased as follows in the past year (R12):
 - 25 Year Shingle – labor and materials, increased 5.29%
 - Roof labor, increased 6.57%
 - Roof material composite, increased 1.14%
- Claim volume has been up the last two months compared to forecasted and above 2019 volume.
- Weather ECR experience has been limited due to demand across the Enterprise.
- Ohio - increased involvement of Public Adjustors and Contractor driven activity.

Homeowners Paid Severity & Incurred Pure Premium (IPP) by State – Wind/Hail

September 2020, rolling 12-months

Catastrophe Wind/Hail has been influenced by historical catastrophe activity this year. The IPP increase is primarily incurred frequency related and the result of large storm activity in April/May, along with several hurricane landfalls and the Midwest derecho impacting the months of August/September. Overall severity increased slightly from prior year, including increases in wind (+1.0%) and hail (+4.3%) losses. September net paid indemnity is the highest R12 result in the past six years, and future months will likely continue to be higher as a larger current pending inventory is paid in the coming months.

Current States of Focus

Wind/Hail Paid (Estimated)	Paid Severity			IPP
Sept 20	\$	YOY	YOY %	YOY %
California	\$9,875	+\$548	+5.9%	+7.3%
Florida	\$20,234	-\$9,884	-13.2%	-42.9%
Georgia	\$10,739	+\$1,868	+21.3%	-28.7%
Illinois	\$11,225	-\$862	-5.8%	-8.8%
Michigan	\$11,487	+\$3,383	+41.7%	+88.8%
New York	\$6,870	-\$972	-12.4%	+123.8%
Ohio	\$10,674	+\$1,364	+14.7%	+23.8%
Pennsylvania	\$10,300	+\$1,940	+23.2%	+11.7%
Texas	\$13,230	+\$1,513	+12.9%	+21.5%
Enterprise-wide	\$11,607	+\$688	+1.3%	+41.9%

Bold font indicates percent change greater than enterprise-wide.

2020 Declared Fire Cat Events

	2019	2020	2020	% Change
California	3,995	1,265	-2,730	-68.3%
Florida	828	4,877	4,049	489.0%
Georgia	8,060	17,538	11,454	188.5%
Illinois	36,815	49,571	12,556	34.1%
Michigan	5,221	4,853	-368	-7.0%
New York	3,399	8,648	5,249	154.4%
Ohio	14,174	10,573	-3,601	-26.8%
Pennsylvania	12,253	12,677	424	3.5%
Texas	37,083	48,951	11,868	32.0%
Enterprise	211,106	420,429	209,323	99.2%

Source: ECS Claim Group Summary as of 9/30/2019 and 9/30/2020

What's Driving the Trend

- Wind & Hail R12 Trends are heavily influenced by record level Spring severe weather outbreaks impacting 30+ states in multiple catastrophe events, the Midwest Derecho, and historical tropical activity making landfall and resulting in an above average Severity 1 losses and significant hail size (1.75" or greater)
- Catastrophe claim volume is up and non-catastrophe claim volume is down overall in 2020 compared to 2019. Some states still have reduced Wind/Hail claim volume as shown in the table above. This data solely reflects claims from new 2020 events and does not include all claims received in 2020 from pre-2020 events.
- Combined Wind/Hail accuracy results have improved and are on track to achieve year end targets.
- Accuracy results are measured by Paid Severity to CAGR Targets and Fire Estimatics Difference for Non-Tenant Homeowners, and quality survey results.
- Yearend CAGR Wind/Hail Combined Target is 4.8%. Sept YTD Result is 2.0%, with Hail having the greatest impact on results YTD.
- Yearend Fire Estimatics Difference Wind/Hail Combined Target is 11.0%. Sept YTD Result is 5.2%.
- Quality surveys show a +9 ppt. improvement in the Hail Reconciliation segment, or 80% result to a minimum 80% target, and +16 ppt. improvement in the Large Loss Reconciliation segment, or 77% result to a minimum 80% target.
- SEE ABOVE FOR IMPACT OF MATERIAL AND LABOR INCREASES

Homeowners Paid Severity & Incurred Pure Premium (IPP) by State – Wind/Hail

September 2020, rolling 12-months

What Actions are we Taking to Address the Trend

To maintain focus on claim handling quality and accuracy in 2020, Fire segments implemented plans focusing on: quality first contacts, proper identification of causation, scoping of damages, diligent investigations, accurate evaluations/estimates, and reconciling damages.

Quality tactics are designed to address the three root drivers of accuracy: Causation (Damage ID), Estimate Writing (Repair v. Replace), Reconciliation Accuracy.

Enhanced/focused Leadership Oversight

- **Accountability:** Real time tools such as Leadership Tracker Surveys, SM Surveys, and MyBlock5 are utilized to monitor each segment's quality. Multiple levels of leadership, including the VPO, conduct reviews and validate execution of tactics. These approaches tie directly to improving accountability at all levels.
- **EOM:** Leverage EOM coaching activities to share strategic alignment from the executive to the claim handler level.
- **Online Reinspection Worksheet - Results** are reviewed at the division, section, team and individual level. Findings are discussed during Monthly 1x1s; observations and actions plans are included in monthly performance summary.
- **Claim Settlement Authority** – Settlement authority is reviewed monthly and adjusted based on individual performer's MyBlock5, Online Reinspection Tool, XactAnalysis reports, and other quality performance measures.
- **Total Roof Overtum Authority** - Allows leaders to maintain authority to total a roof. Weekly random reviews are conducted for wind/hail losses involving roof damage to check for damage identification and coverage decisions. All claims recoded from no/partial roof damage to total roof replacement are reviewed through Reason Code Reviews.
- **Weekly Closed Without Payment (CWP) to Total Replacement (TR) Report** is distributed for leadership to spot check and identify coaching opportunities.

ECR Oversight

- **Execution management of External Claim Resource (ECR) vendors realigned** - Claim leaders are assigned to individual vendors to drive outcomes. Vendor Performance Dialogues are facilitated by VPO Kathy Röss with vendor executives on a biweekly/monthly cadence.

Training

- **Continued Education:** Complete virtual training/up-skilling sessions for all employees to ensure they have the contemporary skills to address evolving claim trends examples: Hail & wind technical training in Fire Weather
- **Completion of HAAG wind/hail training.**
 - The training was made available in early April 2020 and was completed by claim handlers and management by the end of July 2020.
 - The 2021 Fire Quality Plan requires all claim handlers and management to take refresher training on segments of the HAAG training in the 1st quarter of 2021, in advance of the 2021 wind/hail season.
 - All new to role claim handlers complete this training as they onboard.

Workflow/vendor support

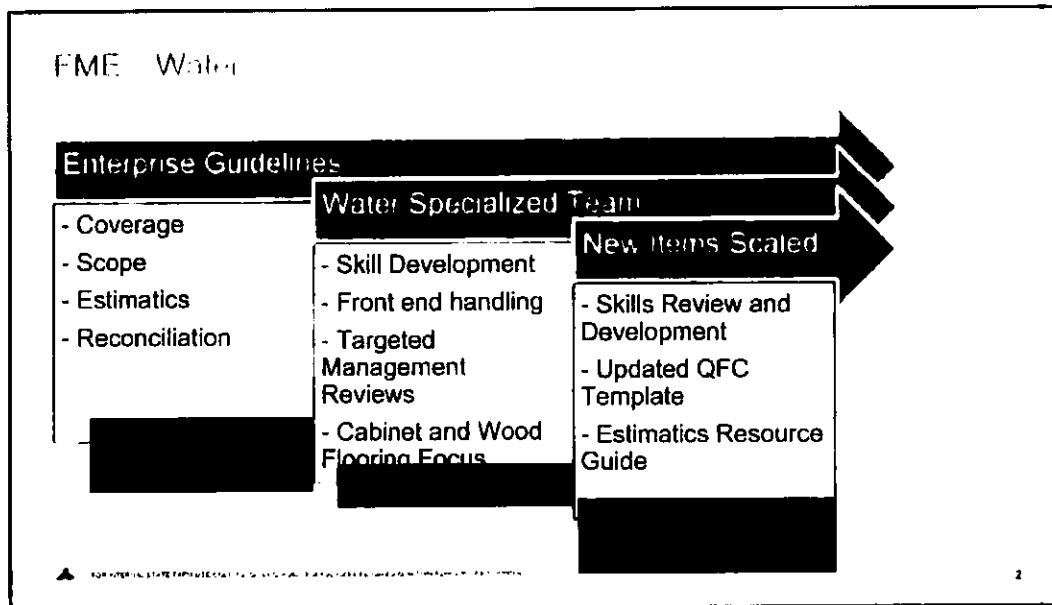
- **Roof and Exterior Inspection Assist Program (REIAP)** to assist in the claim adjustment of roof and exterior structural (Georgia, Illinois, Maryland and New Mexico).
- **Texas - State Model Implementation** to include specialty wind/hail team, proficiency testing, weather data and heightened leadership oversight.
- **State Model Hail Focus** – Focus on small/medium hail causation and repair/replacement in DFW area to fulfill Our Commitment to Our Policyholder

Document Produced in Native Format



Fire Model Enhancement – Water & Wind/Hail





Water Slide 1

Work started in November – first deliverable Dec. 2020 reinforce lead practices across all states

ENTERPRISE GUIDELINES

Leading with data and file observations

Additional guidelines and behaviors communicated each month throughout Q1 2021– hygiene items

- Coverage Analysis, Scope, Investigation, Mitigation, use of SFPSP, Estimatics, Reconciliation

WST

January – started testing workflows and processes with a Specialized Team to determine efficacy to scale

Started with CA, FL and TX

- onboarding, skills review and development
- Additional front end handling to further handle coverage, scope investigation and communication with vendors
- Modified template to help better address areas of opportunity

Targeted management reviews, coaching and oversight – authority levels and Claim Insights model to proactively address coverage opportunities

- Cabinet and wood flooring
- Results – RI and survey results, extremely favorable
 - Isolated behaviors that really give us lift, scale Enterprise to impact trend.

NEW ITEMS SCALED

- Benefit of the training and appropriate management support and oversight
- Skills Review to validate where team members needed assistance.
- Benefit of the knowledge and time at the onset of the claim to get coverage right and secure proper scope of damage.
 - QFC Template
- Estimatics – lead with RI findings – build training around common opportunities
 - Cabinets and Wood Flooring

FME – Water

Lessons Learned

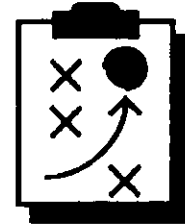
- Coverage and Scope opportunities
- Timing of Management Reviews

Additional Testing in Progress

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

Future Updates/Deliverables

- Florida Vendor Test
- Increase of Accelerated Management Reviews



Water Slide 2

Lessons Learned

- Coverage
- Scope
 - Importance of front end handling
- Benefit of the training and appropriate management support and oversight
- Benefit of the knowledge and time at the onset of the claim to get coverage right and secure proper scope of damage.
- Management in the files at the right time – leading with data – FNOL and using information from the QFC – coverage issue and when CAB and FCW involved.
 - Authority reductions only solve part of the problem.
- Need to create capacity to get these two things right and have the necessary conversations
 - Through vendors
 - Technology and tools
 - Insights, data automation

Additional testing– To demonstrate ways to create capacity

- Proximity and WST – added GA, NY and IL
 - ESX – Vendor work product – time and quality

Template adjustment

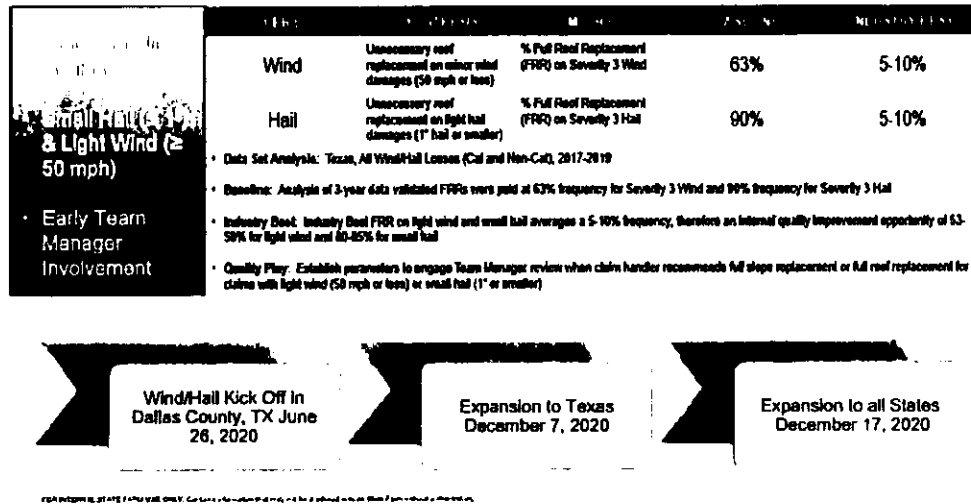
- Insights data based on scope of damage, where to put leadership attention – i.e. CAB and Wood Flooring

- HO-6 – vendor testing

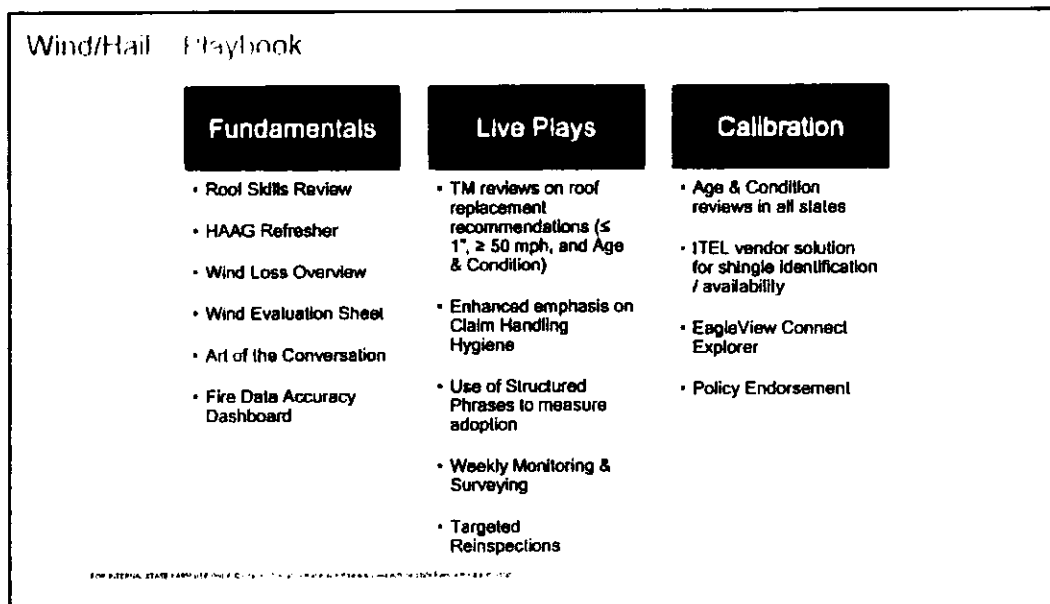
Upcoming

- CST/CLIP – offset OARs
- Florida Vendors

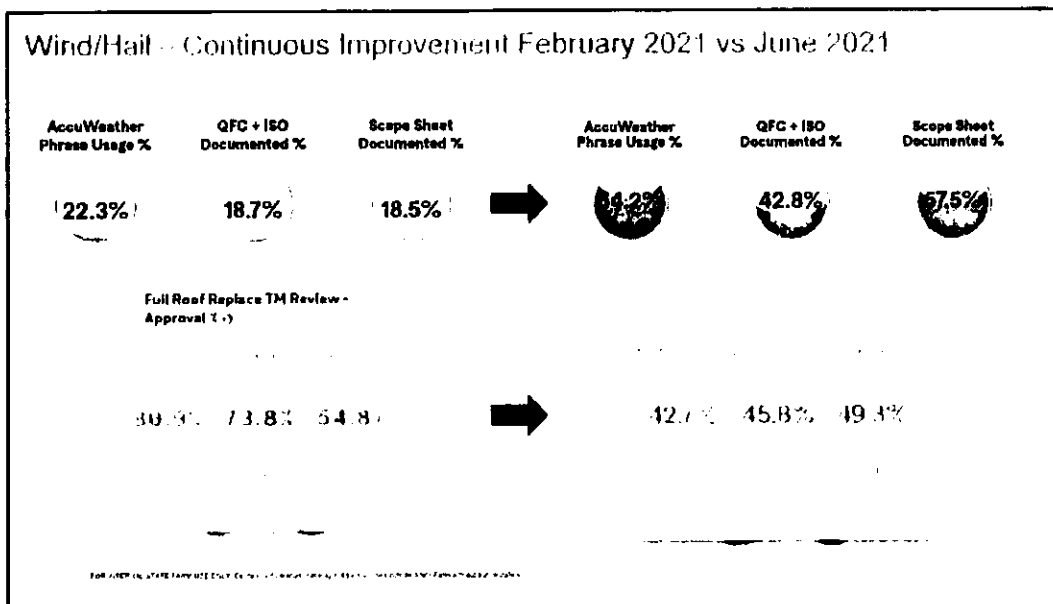
Wind/Hail – Initial Analysis & Prioritized Tactics



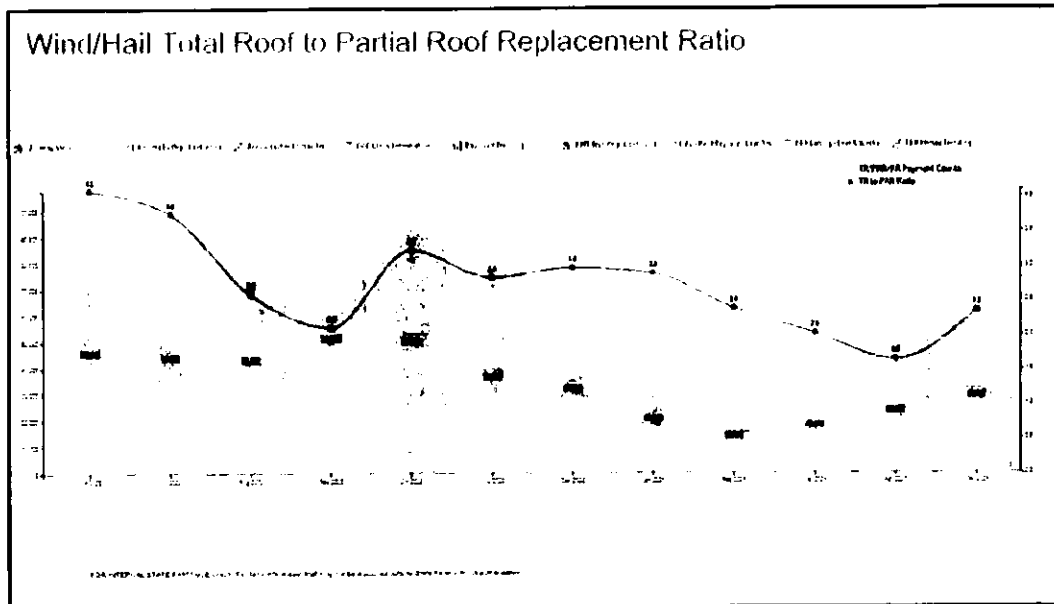
- As we embarked on this work, we explored several hypothesis on areas/activities impacting quality results – some thoughts included weather severity, size of home/steepness of roof, and labor/materials. As we further analyzed the data and prioritized our biggest bucket of opportunity, a targeted focus on Small Hail and Light Wind readily surfaced
- Our initial analysis last spring highlighted opportunity for improved claim handling hygiene (i.e. updating participants, additional inspection activity, etc) along with improved Damage ID/Quality with Small Hail (1" or less) and Light Wind (50 mph or less)
- Incorporated tactic to engage first line leaders earlier in the damage assessment process by virtue of review on small hail / light wind full roof replacements
- Initial focus in the State of Texas with testing in small scale: Dallas County – implemented 6/26/2020; intent to scale in broader fashion in Q3/Q4 2020, however historic catastrophe activity took precedent
- Georgia and Illinois followed as the additional States of Focus



- In addition to prioritizing 'areas of focus' (damage ID, repair vs replace), our project team understood the need to build a foundation on claim handling fundamentals and oversight (provide brief overview of 'Fundamentals' bullets)
- With the Wind/Hail guidelines going 'live' for all states in late December, key tactics were in place to enhance leadership involvement (note early 2021 generally lacked significant wind/hail activity). In March 2021, our team began observing improvements in using the Structured Phrases and operating within the Guidelines. Since that time, we continue to realize improvements.
- As we gather more results and conduct quality reviews, additional learnings have informed our 'Calibration' plays as this work evolves: this includes expanding Age & Condition reviews to all states (TM capacity impact), further exploring the viability of ITEL Roofing on shingle manufacturer/availability options, expanding upon EagleView Connect Explorer use case to improve virtual claim handling quality, and philosophical policy endorsement considerations.



- Top portion of this slide reflects 'Swishy Bottles' for our Claim Handling Hygiene plays – Feb to Jun
- Bottom portion reflects 'Deck of Cards' for Full Roof Replacement TM Reviews – Feb to June



- This slide gives us a look in the rearview of the frequency in which we had Total Roof Payment Codes in contrast to Partial Roof Payment Codes...the Total Roof to Partial Roof Replacement Ratio (4:1 to 1 compared to 2.3 to 1).
- Just like any data...it's a number with various factors that may contribute to results...for example, severity of damages, concentration of damages, claim volume and the like.
- What we can see here is the frequency of Total Roof Payment Codes is less than where we were last year – again, several factors that may contribute to this result. But what this means is we are also repairing more roofs (Partial Roof), which means we really need to be having the 'right' conversations with our customers and agents. Taking the time to explain our inspection findings, what may be covered under their loss and all the while checking for understanding with our customers.

Wind/Hail – Continuous Improvement

- Wind/hail paid NPI increased +\$1.49B (+45.3%) YOY yet decreased -\$74.0M (-1.5%) in the past three months. Jurisdictions with YOY increases greater than +\$50M 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 hail) Trends by Jurisdiction

Jurisdiction	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Louisiana	18.4%	\$1,118.8	+887.3	+717.8%	+1,126.8%	+883.3%	+1,126.8%	+237.4%	+494.6%	+186.7%	+126.8%	+126.8%
Texas	9.8%	\$581.3	+587.4	+17.7%	-7.2%	-1.7%	-11.8%	+17.7%	-18.1%	-18.2%	-18.4%	-18.4%
Illinois	8.7%	\$538.1	+540.2	8.0%	+10.3%	-22.1%	-4.2%	-14.2%	-8.2%	-8.2%	-8.2%	-8.2%
Iowa	6.3%	\$388.0	+388.9	+388.9%	+457.7%	+291.1%	+434.4%	+312.8%	+446.9%	+4.2%	-2.2%	-12.9%
Minnesota	4.7%	\$281.7	+328.3	+11.0%	+27.7%	+10.7%	-27.3%	+4.0%	+16.6%	+6.4%	+14.9%	+78.6%
Georgia	4.7%	\$288.0	+596.6	+61.8%	+24.8%	+58.3%	+18.6%	+21.6%	-10.2%	+13.8%	+12.3%	+17.1%
Alabama	3.9%	\$214.4	+513.1	+167.4%	+131.2%	+188.3%	+118.4%	+118.1%	+188.6%	+6.7%	+9.4%	+18.4%
Ohio	3.1%	\$186.7	+142.9	4.4%	+83.1%	-11.9%	+47.6%	-16.8%	+12.7%	+5.7%	+21.0%	-18.4%
Oklahoma	3.0%	\$182.2	+54.7	-3.8%	+38.0%	-11.7%	+18.6%	-10.8%	+14.2%	-1.0%	+4.5%	-60.0%
Missouri	3.0%	\$179.8	+112.4	-4.5%	-12.0%	-27.3%	-8.2%	-38.0%	-28.9%	+19.3%	+27.8%	-62.2%
Colorado	2.7%	\$164.8	-111.4	-66.9%	-40.3%	-44.0%	-44.6%	-82.8%	-68.4%	+16.9%	+66.3%	-18.6%
Tennessee	2.6%	\$160.4	+24.3	12.2%	+64.4%	-32.2%	+34.5%	-48.2%	-18.4%	+36.8%	+64.8%	-41.3%
Florida	2.6%	\$155.5	+110.0	+11.5%	+8.4%	-3.1%	-7.7%	+18.8%	-33.2%	-18.8%	+28.1%	+12.8%

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- Paid Severity increased 8.2% YOY, largely influenced by increased cost of wind losses (Derecho & Hurricane Activity)
- Observed Paid Severity decreases of -16.5% and -9.2% for Texas and Illinois respectively; Georgia, our 3rd state of focus, realized a 13.5% increase in Paid Severity (OK)
- Weekly file surveys help inform performance to the Guideline Resources along with providing targeted feedback to TMs/SMs/CMs
- Some states benefitting from weekly calibration reviews (Fire Prox, W Dep & W-Stew/HRU)

Wind/Hail -- Law of Recency

CLAIM	DESCRIPTION	Metric	BEST PRACTICE	INDUSTRY AVERAGE
Wind	Unnecessary roof replacement on minor 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 Wind/Hail Losses (Cal and Non-Cal), 2017-2019
- Baseline: Analysis of 3-year data validated 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 small hail averages a 5-10% frequency, therefore an internal quality improvement opportunity of 53-50% for light wind and 80-85% for small hail
- Quality Play: Establish parameters to engage Team Manager review when claim handler recommends full slope replacement or full roof replacement for claims with light wind (50 mph or less) or small hail (1" or smaller)

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- Recent data results @ small hail and associated survey to review Quality results



Questions?

- Questions?
- Thank you!

From: Eric R Daly [/OU=VIRTUAL/CN=SMTP/CN=CDZO@STATEFARM.ONMICROSOFT.COM]
Sent: 1/12/2022 2:10:07 PM
To: Dana Jokerst [dana.jokerst.pmhi@statefarm.com]; Nicole Manduca [nicole.manduca.lok2@statefarm.com]; David Chikahisa [david.chikahisa.bn72@statefarm.com]
BCC: Eric R Daly [eric.r.daly.cdzo@statefarm.com]; Dana Jokerst [dana.jokerst.pmhi@statefarm.com]; Nicole Manduca [nicole.manduca.lok2@statefarm.com]; David Chikahisa [david.chikahisa.bn72@statefarm.com]
Subject: RE: Draft_Work in Progress_01.11.2021 Fire AWC Claims Quality Pillar Roadmap

Looks fantastic, thank you for all the work on this.

One suggestion, in the Monitor and Measure area can we change "Reduce" to "Target". I fully understanding the meaning, but I think the lawyers would caution us on how others might use the terms out of context. I did a word search of the document and I only saw it in this area.

Thanks!

E

Monitoring and Measuring

- Call to Action Surveys – Quality Composite
- ~~Reduce Target~~ Fire Frequency Errors – Wind 6.1%, Hail 6.2%, Water 8.2%, Fire 7.7%
- ~~Reduce Target~~ FED in top finding area – Coverage, Scope, Reconciliation and Depreciation
- XX% Auto Frequency Errors
- Dashboards
- YOY Skills Assessment improvement

From: Dana Jokerst
Sent: Wednesday, January 12, 2022 12:01 AM
To: Nicole Manduca <nicole.manduca.lok2@statefarm.com>; Eric R Daly <eric.r.daly.cdzo@statefarm.com>; David Chikahisa <david.chikahisa.bn72@statefarm.com>
Subject: Draft_Work in Progress_01.11.2021 Fire AWC Claims Quality Pillar Roadmap

Here is the latest update. Nicole, can you see review the highlighted areas for wind/hail and the FME work to expand where appropriate. I will get with Denise on the AWC information.

Also, for the group; our first Fire Quality In Action Call is on Friday. We will need to direct the group what to be prepared to discuss, update the One Note and perhaps meet again tomorrow ☺

Forgive me in advance for all the meetings.

Thank you!!! << File: Draft_Work in Progress_01.11.2021 Fire AWC Claims Quality Pillar Roadmap.doc >>



P&C Claims Fire Claim Quality

June 2021



Fire Claims

The 2021 Fire Property Claims Quality Plan outlines specific tactics to address quality opportunities, yet action plans are adjusted based on actual results. Measurement and monitoring is in place at the team and individual level. Results are reviewed monthly at each level and documented in MyBlock to include trends and next steps for improvement and oversight. Results, Drivers and Actions in Progress are outlined by each VPO to drive improvement with the common thread of a one team quality approach to improve accuracy across fire claims.

Fire Weather: Ress

Coverage analysis is the strongest area of improvement, yet remains the largest area of opportunity related to FED \$. Estimate reconciliation also improved in reconciling the contractors estimate, yet remains an area of focus. Scoping covered damages needs improvement. Action plans are heightened for scoping.

Results

Fire Weather Reinspection Fire Frequency Error Target is 7.8%, or a 20% improvement from 9.75% 4Q20 results.

- 7.33% YTD results for Fire Weather internal staff only (includes Winter Storm Uri)
- 8.12% YTD results for all Externals (includes Winter Storm Uri) compared to 8.36% at 4Q20
- 7.73% YTD Wind Hail combined; 7.58% YTD Wind Only, 7.93% YTD Hail Only

Three month wind/hail trends are improving for combined wind/hail peril from March to May and running at target error rate. External trends also improving Mar to May. Fire Weather internal staff 3-month trends declined, primarily related to winter freeze claim reinspection findings as Uri claims represent the largest volume of catastrophe claims handled YTD.

Other quality indicators trending positively include:

- May 2021 Total Roof to Partial Roof Replacement down from 4.1 in June 2020 to 2.3 in May 2021
- Wind/Hail estimate payment bands over \$10,000 decreased 13% YOY
- Wind Cat/NCAT CWP/Reported ratio is up 7.7 at 32.3 R12 (10YR CAGR is 25.2); Hail Cat/NCAT CWP/Reported ratio is up 15.7 at 34.7 R12 (10YR CAGR is 22.9)
- Virtual Inspection

FED 4Q Actual 4.06% for Fire Weather Internal Staff, YTD FED 4.25% with Mar to May trending down. FED 4Q Actual 4.71% for Externals, YTD FED 5.53 % with March to May also trending down. FED \$ results are heavily related to freeze losses.

Drivers

The top three drivers of results differ between Fire Weather internal and external resources. For staff members, the drivers include:

- Paying for non-covered roof damage
- Reconciling the contractor's estimate related to finish carpentry (freeze losses)
- Roof estimates reflect covered damages per the scope

The Roofing Skills Assessment identified the following areas for improvement in scoping the roof

- Xactimate Category/Selector Codes (e.g. skylight trim)
- Application of Appropriate Roof Waste Factor
- Identifying Hail Resistive Roofing Material

For ECRs, the drivers include:

- Paying for non-covered roof damage
- Reconciling the contractor's estimate related to water extraction (freeze losses)



- Estimate reflecting covered damages per the scope related to Painting (freeze losses)

Actions in Progress

Fire Model Enhancement

- Wind/Hail guidelines with TM intervention for total roof replacements on small hail/light wind.
- Fire Data Accuracy Dashboard spot-check reviews for 'TM Approvals' on small hail, light wind and age & condition (specified states).
- Conducting recalibration sessions in early July on repair/replace and reasonable consistent appearance following a file review.

Estimatics Skills Enhancement

- WCCS Stewardship TM Estimate Writing Assessment conducted on June 21st; to implement targeted estimatics training. TMs completed Assessment on 6/21, with an average overall score of 83%. Training assessment in progress to deliver targeted training in July.
- Implementing targeted Training Modules based on under-scoping reinspection analysis in July.
- Reinspectors to deploy onsite to support findings earlier in the cycle starting in July.

Leadership Accountability and Alignment

- Division/Section/Team/Individual reinspection results are reviewed monthly with Top 3 Areas of Focus for monthly MyBlock, huddle and performance dialogues. This focus has led to identifying several individual claim handlers driving negative quality results.
- All division leaders (CM, SM and TM) complete spot-check reviews as outlined in the Fire Quality Plan with focus on CWP to Payments $\geq$ \$2500 (5 reviews) and Total Roof Reason Codes (5 reviews)
- Monthly meeting with Claim Consultant to review overturned roof calls by In-Office to drive consistency and specific opportunities like "Reasonable Appearance".

ECR Vendor Performance Management

- Delivering reinspection findings at macro and micro level to vendor executives and leaders regarding error frequency and most common errors to enable action
- Vendor Performance Dialogue sessions with vendor leaders where specific actions/tactics are delivered by firms in quality space
- Tracking of ECR tenure to obtain action plans by ECR Vendors when there is lower tenure

Fire Proximity: Smith

The main areas of opportunity based on findings and FED include Coverage, Reconciliation and Scope.

Results

While opportunities remain, Reinspection trending supports the efficacy in the action items currently in place. Overall Proximity results for May, in both % FED to Estimate Dollars Written (5.38%) and Finding Frequency (10.15%) were below the Q4 benchmarks.

- Finding Frequency has been below benchmark (10.75%) each month so far this year. May's result was the lowest of the year.
- % FED to Estimate Dollars Written has been below benchmark (5.43%) 4 of 5 months this year.

Drivers

Coverage

- Wind/Hail: accurate damage assessment on roof claims
- Water: accurate coverage analysis on continuous, repeated, seepage and leakage (CRSL) related claims

Reconciliation

- Identification in overlap between mitigation and repair estimates
- File documentation to support claim handling

Scope

- Over scoping; top driver associated with paint

Actions in Progress

Additional oversight, accountability and monitoring have been added at each leadership level as outlined.

- Review of Reinspection Results associated with coverage, reconciliation and scope
 - To be reviewed between TMs and SMs on FED findings over \$1K; SMs to review trends with CM and Consultant
 - SMs to review FED findings over \$5K with CM
 - Review Reinspection Coverage finding in monthly performance conversations
- Q2 Water Forums – Focus on Estimatics and Reconciliation based on top Reinspection Findings
 - Expectation setting for all claim specialists and leadership
- Wind/Hail Quality Focus
 - Primary focus is on coverage and repair versus replacement damage evaluations
 - TM authority required on wind less than 50 MPH and hail less than 1"
 - SM and CM review of Utilization Dashboards results associated with partial/total roofs and TM file reviews in monthly performance discussions
- Water Quality Focus
 - Accelerated Management Reviews to address Coverage and Estimatics
 - Water Claim Handling Estimatics Considerations developed for handlers based on most common Reinspection findings
 - SM and CM review of Utilization Dashboards results associated with completion and direction provided through the Accelerated Management Reviews/Water Coverage Analysis tasks
- Monthly Quality Review at the Segment and Division levels to address results, drivers and impact of the plan.
-

Fire In-Office: Mazza

The main areas of opportunity based on findings and FED include Coverage, Reconciliation and Scope.

Results

Overall reinspection findings for HCCS In-Office operations have made improvements over Q4 2020 results for both severity (FED %) and frequency (findings per claim). FED% is down from Q4 benchmark of 5.2% to 4.1% YTD, and findings per claim from .535 to .498. However there are opportunities for continued improvement. Coverage determination has seen the biggest change over Q4, with remaining improvements expected for CRSL and slab leak losses. Our largest areas of opportunity are Estimate reconciliation - specifically related to water mitigation and paint, Depreciation and Coverage. The majority of findings and dollars are in Estimate Reconciliation.

Drivers

- Lack of strong estimatics and water mitigation skillsets to efficiently reconcile estimates
- Inconsistent confidence levels preventing handlers from engaging with contractors on reconciliation
- Coverage determination for CRSL and slab leaks is inconsistent

Actions in Progress

- Accountability and follow up to the individual Online Reinspection Tool results is focused and scheduled for all levels of leadership, with MyBlock documentation.
- Water Forums are building skillsets and confidence for handlers with coverage determination and reconciliation. Skills assessments following the forums are utilized to identify areas needing follow up at the individual and team levels.
- In-office TM estimatics skill assessments to ensure knowledge and ability to coach
- Art of the Conversation attendance to build confidence with handlers
- Claim Insights for accelerated water reviews for coverage and estimatics
- Water test team is scaling proven tactics to HSTWD operation (starting this week)

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Page 4 of 4

From: Sharon Arnold [/O=STATEFARM/OU=EAST/CN=RECIPIENTS/CN=GISG]
Sent: 2/8/2021 3:30:13 PM
To: Brett Barthelme [brett.barthelme.szru@statefarm.com]
BCC: Sharon Arnold [sharon.arnold.gisg@statefarm.com]; Brett Barthelme [brett.barthelme.szru@statefarm.com]
Subject: RE: Roof Skills Review

LOL! You di dn't have to share your score but gl ad you di d. Great j ob!

From: Brett Barthelme
Sent: Monday, February 08, 2021 9:00 AM
To: Sharon Arnold <sharon.arnold.gisg@statefarm.com>
Subject: RE: Roof Skills Review

I got a 92% Boss...couple trick questions in here...☺

From: Sharon Arnold
Sent: Monday, February 1, 2021 11:02 AM
To: Brett Barthelme <brett.barthelme.szru@statefarm.com>; Carmen Richwine <carmen.richwine.bsna@statefarm.com>; Jack Buben <jack.buben.grfv@statefarm.com>; Jacqueline Draper <jacqueline.draper.truw@statefarm.com>; Jason Taylor <jason.taylor.gfen@statefarm.com>; Julie P Lawson <julie.p.lawson.cpg9@statefarm.com>; Kendra Docktor <kendra.docktor.mri8@statefarm.com>; Vincent Jenkins <vincent.jenkins.cspp@statefarm.com>
Subject: FW: Roof Skills Review

Team

I wanted to share this with you. I have no doubt our group will do well on this roof assessments!

From: Andre Cooke
Sent: Saturday, January 30, 2021 9:12 AM
To: Bethany Whiteacre <bethany.whiteacre.t6pj@statefarm.com>; Devin Clippinger <devin.clippinger.pbxe@statefarm.com>; John Vivona <john.vivona.cnej@statefarm.com>; Mark B Henry <mark.b.henry.a411@statefarm.com>; Rob McQuillen <rob.mcquillen.bhgb@statefarm.com>; Sharon Arnold <sharon.arnold.gisg@statefarm.com>
Subject: FW: Roof Skills Review

Please share this note.

We will need to discuss on Tuesday.

From: HOME PC-CLAIMSTRaining
Sent: Friday, January 29, 2021 2:11 PM



To: DL-PC-CLMS-AllFire-CMs <DL-PC-CLMS-AllFire-CMs.DLNMA6@internal.statefarm.com>; DL-PC-CLMS-SIU-CMs <DL-PC-CLMS-SIU-CMs.DL7IGU@internal.statefarm.com>

Cc: Kelly Bever <kelly.bever.a7xs@statefarm.com>; Gregory E Jones <gregory.e.jones.gzwh@statefarm.com>; Wendy Mazza <wendy.mazza.c9s2@statefarm.com>; Kathy Ress <kathy.ress.he8j@statefarm.com>; Tyrone Smith <tyrone.smith.a57w@statefarm.com>; Scott Welsh <scott.welsh.cx30@statefarm.com>; Michael T Keating <michael.t.keating.ggrp@statefarm.com>; Brianne Jones <brianne.jones.siut@statefarm.com>; Melissa Grimmert <melissa.grimmert.ghi1@statefarm.com>; DL-PC-CLMS-CS-Consultants-Fire <DL-PC-CLMS-CS-Consultants-Fire.DL252I@internal.statefarm.com>; Ryan M Murphy <ryan.m.murphy.hi5q@statefarm.com>; DL-PC-CLMS-Training-SMMurphy-TMs <DL-PC-CLMS-Training-SMMurphy-TMs.DLWRQR@internal.statefarm.com>; Tanya E Potts <tanya.e.potts.gghu@statefarm.com>; Chris Lucas <chris.lucas.m6dk@statefarm.com>; Kevin M Gillies <kevin.m.gillies.c5f9@statefarm.com>

Subject: Roof Skills Review

January 29, 2021

Subject: Roof Skills Review

To: Fire Claims Managers
SIU Claims Managers

From: Melissa Grimmert, Learning Director – Claims Training
Brad Rushton, Claim Consultant – Consulting Services
Rob Tierney, Claim Consultant – Consulting Services

***** Action Requested *****

What you should know

A Roof Skills Review has been built to reinforce estimatic skills for wind and hail claim handling in conjunction with the Fire Model Enhancement in support of Our Commitment to Our Policyholders.

Action required

The Roof Skills Review is available in MyBlock (20077596) and should be completed by Fire claim handlers and team managers in our WCCS Stewardship, WCCS Deployed, Hail Reconciliation Unit, Boat Commercial Farm Ranch and Fire Proximity segments by **Saturday, March 6, 2021**. Team managers and section managers should check transcripts for their teams to ensure their teams have completed the Roof Skills Review prior to the deadline. Team managers and section managers will receive their team results from Claims Training on or before Friday March 12, 2021. Team managers should review the results and discuss areas of opportunity with their teams by Saturday March 20, 2021. Section managers should review the results and discuss areas of opportunity with their team managers by Saturday March 27, 2021. Claim managers should review the results and discuss areas of opportunity with their section managers by Saturday April 2, 2021.

Claim decisions related to wind and hail damage should be made based on the merits of each individual claim. Claims should be handled in accordance with the policy language and in alignment with the guidance provided in the Operation Guides. Policy language may vary, it is important to analyze specific policy wording when applying coverage to hail or wind claims.

Please cascade this memo to your section managers to share with their teams by February 2, 2021.

Additional details

- The Roof Skills Review is 39 questions. Employees will have one attempt when completing the Roof Skills Review (although, when completing the review you can save your answers and come back if needed). We recommend they set aside 45 minutes to complete it.
- The Roof Skills review should not be completed by external claim resources.
- Roof Skills Review results will be provided to the team manager and section managers by March 12, 2021. Section managers and team managers will also receive resources to assist in reviewing the results with their teams.
- Results should not be used for performance evaluation or discussions. Reports received will be at a team level and will not identify individual team member results.
- Your Claims Training liaison or learning team manager is available to assist with any training needs identified based on the team results.

If you have questions

For any issues with accessing the Roof Skills Review, please contact LTM Heather Hanseika.

C:

Kelly Bever; Greg Jones; Wendy Mazza; Kathy Riss; Tyrone Smith, Scott Welsh, Michael Keating; Brianne Jones, Fire Claim Consultants, Ryan M Murphy, Fire Claims Training Learning Managers, Tanya E Potts, Chris Lucas, Kevin Gillies

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Operational Objectives (Draft)

- Uphold Our Commitment to Our Policyholders.
- Each claim will be investigated and handled on its own merits, and pay what we owe, promptly, courteously, and efficiently.
- Continued focus on quality claim handling*.
- Proactive claim handling, handling each claim to the furthest point in each interaction with the policyholder.

**Quality claim handling is defined as diligently investigating each claim, evaluating the facts, applying coverage, accurately documenting the file, and paying what is owed.*

Claim Handling Fundamentals

- Diligent Investigation**
- Coverage Analysis
- Estimate Writing
- Estimate Reconciliation

***Diligent investigation begins with the Quality First Contact (QFC) and continues throughout the life of the claim*

Accountability/Measures (Management Oversight)

- EOM activities, huddles; side-by-sides
- Open Assignment Reviews (OARs)
- Management Closed Assignment Reviews (MCARs)
- Request reviews
- Complaint handling
- MyBlock monthly performance reviews

(Shared Services Oversight)

- Reinspection results
- Consulting Services Section Manager (SM) survey results
- Claim Review Team (CRT) surveys

Leadership Application of Oversight Feedback and Observations

1. Deployment of these accountability measures will allow us to achieve Quality Claim Handling Expectations and promote ownership in support of our Operational Objectives.
2. Team Managers will observe each claim handler's contribution toward Operational Objectives and memorialize in the quality portion of the claim handler's monthly MyBlock performance review. These entries should include discussion on observations/progress from prior action items, current areas of opportunity, and action item(s) for improvement.
 - Observations and coaching opportunities will be identified through EOM activities, OARs, MCARS, request reviews, complaint handling, SLO review (OTR/Qlikview), use of virtual tools and CSP, Claim Handler Summary Reports through Online Reinspection Tool (ORT), call recording/screen recording, or other leadership activities.
 - These will also be reinforced with the claim handlers during weekly team huddles and team performance dialogues.

September 22, 2020

EXHIBIT

14

- Team Managers in all fire property claim segments will review 2-5 files per month per claim handler and memorialize observations in MyBlock. TMs and SMs will determine the specific areas(s) of focus.
 - TMs will review Claim Handler Summary Reports through the Online Reinspection Tool (ORT) with each claim handler during monthly one-on-ones and provide feedback and memorialize coaching opportunities in MyBlock.
3. Section Managers (SMs) will review MyBlock entries completed by Team Managers (TMs) for claim handlers during their monthly one on ones. Observations and coaching opportunities will be memorialized in MyBlock. These entries should include discussion on observations, areas of opportunity and an action plan for improvement. Additional discussions could include individual development and training needs.
 4. Claim Managers (CMs) will review MyBlock entries completed by SMs for TMs during their monthly one on ones. Observations and coaching opportunities will be memorialized in MyBlock. CMs will review ORT results with each SM of their Section/Team results during their monthly one on ones and will memorialize coaching opportunities in MyBlock.
 5. Consulting Services Section Manager (SM) survey results and Claim Review Team (CRT) Surveys will be used to highlight areas of opportunity in each segment.

Water Specific Training/Accountability

1. Claim Specialists will be expected to identify and complete tasks within their discretionary authority and move the claim to its furthest point before assigning any portion to another segment. This includes appropriate use of virtual claim handling tools, and offering PSP/CNSP on all applicable claims, a diligent investigation, estimate completion and reconciliation. OARs, MCARs, Surveys and Claim Settlement Tracker will be resources to assist all segments in validating appropriate behaviors. Individual findings will be documented in MyBlock.
2. Cause of loss of non-weather water losses to be handled in Proximity with TM approval:
 - Projected to exceed \$15,000 (without consideration of water mitigation) in FL where the Water Mitigation team is reviewing invoices.
 - Projected to exceed \$15,000 in GA, MI, and TX;
 - Projected to exceed \$25,000 (without consideration of water mitigation) in CA where the Water Mitigation team is reviewing invoices.
 - Projected to exceed \$25,000 in all other states

Leadership will monitor the workflow for potential revisions.

3. The HCCS Stewardship water mitigation unit will continue to reconcile water mitigation estimates (program and non-program) on claims HCCS Stewardship and Proximity Own for CA and FL. Leadership will continue to monitor expansion possibilities.
4. Proximity, BGFR and HCCS Stewardship will provide opportunities through the Institute of Inspection, Cleaning and Restoration Certification (IICRC) to associates based on the capacity of IICRC throughout the year. Additional mini water forum sessions will focus on estimate reconciliation, coverage analysis, and virtual claim handling techniques and will be offered twice a year to all associates. Water Forums will be presented to New to Role associates in all segments with a focus on Repeated Seepage and Leakage, Slab claims, Water QFC and 306 Template completion and virtual estimates.

September 22, 2020

Wind/Hail Specific Training/Accountability

1. Haag Engineering will conduct hail training on site and virtual training sessions for WCCS In-Office, Deployed, and Fire Proximity. A required yearly refresher of relevant portions from the Haag training will be determined by the business area. Haag training will be incorporated into initial CS training for all Proximity and WCCS Claim Specialists. It is not included in the new to role curriculum. TMs will be responsible for ensuring it is completed within the first 30 days the CS is in role.
2. Leadership will be involved and input a file note documenting a decision to change a prior no damage or repair decision on a roof to a total roof replacement from wind or hail.
 - A report will be provided to leadership every two weeks identifying claims originally coded as COL 35 CWP with Reason Code NR or PR which were changed to a paid status with Reason code TR.
 - TMs are expected to spot check their team's identified claims to ensure leadership was involved in decisions to overturn a prior no damage or repair decision and report the results of their review to their SM.
3. Leadership will review claims from the Reason Code Report.
 - A Reason Code Report for Cause of Loss (COL) 35 payments for total roof (TR), partial roof (PR), no roof related damage (NR) will be provided to leadership every two weeks.
 - TMs are expected to spot check the accuracy of the decision and use of coding and report the results of their review to their SM.
4. Quarterly, TMs will conduct a virtual ride-along during or after completion of a virtual claim handling sessions, ie Facetime, Duo, Claims X, to ensure quality use of virtual tools.
5. Monthly, leadership will run a Xactanalysis Estimate Overhead and Profit report for COL 35. SM/TM's will spot check for proper application of GC O&P investigations.

Large Loss Specific Training/Accountability

1. An estimate should be completed on all large losses (over \$100,000) within 30 calendar days from inspection. With the exception of large scale events, claim specialists should send a pending file note to TM the first 7-15 days for preliminary review of large loss claims. The TM will provide appropriate coaching/direction. The TM will adjust the 26-day calendar based on the needs of the file.
2. Within 5 calendar days of the settlement authority, the claim handler should establish and communicate to the insured the anticipated time to repair or replace and establish the approximate completion date. The conversation should also cover all loss settlement conditions and be documented in ECS and in writing to the policyholder consistent with jurisdictional requirements.
3. Structural losses exceeding \$300,000 will be submitted to Consulting Services for review as outlined in OG 70-21. The Consultant may request a review of the estimate by Centralized Fire Estimatics Unit (CFEU) and the Consultant will share the observations provided by CFEU with the SM.

TMs in CA, FL, GA, MI, NY, TX, and IL may submit one structural loss (water/fire) per month per TM to CFEU for review. The structural losses submitted for review should have damages between \$100,000 and \$300,000. CFEU will provide observations of the review to the TM and copy the SM and Consultant.

September 22, 2020

4. State Farm Premier Service Program (SFPSP) Contractor Services Program (CSP) estimates should be reconciled with evidence of the reconciliation documented in the claim file.
5. Subcontractor estimates should be reconciled, or a comparative estimate completed, with evidence of reconciliation documented in the claim file.
6. The use of XactContents macros will be expected on large content losses with first offering to the customers. File documentation should reflect that the macros were offered and the customer accepted or declined.

Efficiencies:

- Settle Coverage B loss at 75% of limit as an advance (for total losses), and will need to complete the inventory if customer wants the rest of available limits
- Pay Coverage A limits for total losses in all states; complete scope sheet and write estimate only if customer is seeking Option ID (if not all states, we would like to vet for VPL states)
- Straight through processing of CSP under \$50K
- Use government averages per day for ALE meal expenses if under 30 days
- Ladder lean for inspection versus ladder only for two-story steep
- During physical inspection, use of Claim Experience or similar software such as "Matterport" to video rooms instead of photos, which take time to label
- Use Itel only if average grade is disputed

September 22, 2020

From: Nicole Manduca [/O=STATEFARM/OU=HOME/CN=RECIPIENTS/CN=LOK2]
Sent: 6/17/2025 1:02:29 PM
To: Scott Welsh [scott.welsh.cx30@statefarm.com]; Jordan Coad [jordan.coad.p3dv@statefarm.com]; Katie Magwire [katie.magwire.pwqx@statefarm.com]; Greg Robinson [greg.robinson.l420@statefarm.com]; Denise Hensley [denise.hensley.gsvl@statefarm.com]; Paul Robichaux [paul.robichaux.h6zw@statefarm.com]
CC: Kimberly Rose [kimberly.rose.nv8v@statefarm.com]; Byron Galloway [byron.galloway.g6kt@statefarm.com]; Rob Tierney [rob.tierney.heps@statefarm.com]
Subject: Re: Scrimmage Prep Document - Draft - May Results
Attachments: image001.png; image002.png; image003.png; image004.png; image009.png; image010.png; image011.png; image012.jpg; image013.jpg; image014.jpg; image015.jpg; image016.jpg; image017.jpg; image018.jpg; image019.png; image020.png; image021.png; image022.png; image023.png; image024.png; image025.png; image026.png

I'll have Wind updated today and can package for Bob and the V's.

Get Outlook for iOS

From: Scott Welsh <scott.welsh.cx30@statefarm.com>
Sent: Tuesday, June 17, 2025 3:56:40 AM
To: Jordan Coad <jordan.coad.p3dv@statefarm.com>; Katie Magwire <katie.magwire.pwqx@statefarm.com>; Nicole Manduca <nicole.manduca.lok2@statefarm.com>; Greg Robinson <greg.robinson.l420@statefarm.com>; Denise Hensley <denise.hensley.gsvl@statefarm.com>; Paul Robichaux <paul.robichaux.h6zw@statefarm.com>
Cc: Kimberly Rose <kimberly.rose.nv8v@statefarm.com>; Byron Galloway <byron.galloway.g6kt@statefarm.com>; Rob Tierney <rob.tierney.heps@statefarm.com>
Subject: RE: Scrimmage Prep Document - Draft - May Results

Thank you all for updating the document – Lots of good progress as we hit the half way point in 2025.

From: Jordan Coad <jordan.coad.p3dv@statefarm.com>
Sent: Monday, June 16, 2025 8:09 PM
To: Katie Magwire <katie.magwire.pwqx@statefarm.com>; Nicole Manduca <nicole.manduca.lok2@statefarm.com>; Greg Robinson <greg.robinson.l420@statefarm.com>; Denise Hensley <denise.hensley.gsvl@statefarm.com>; Paul Robichaux <paul.robichaux.h6zw@statefarm.com>
Cc: Scott Welsh <scott.welsh.cx30@statefarm.com>; Kimberly Rose <kimberly.rose.nv8v@statefarm.com>; Byron Galloway <byron.galloway.g6kt@statefarm.com>; Rob Tierney <rob.tierney.heps@statefarm.com>
Subject: RE: Scrimmage Prep Document - Draft - May Results

Hey Team – updated for Water. Carried forward all other updates – so this should be the most current copy.

JC



From: Katie Magwire <katie.magwire.pwqx@statefarm.com>
Sent: Monday, June 16, 2025 3:52 PM
To: Nicole Manduca <nicole.manduca.lok2@statefarm.com>; Greg Robinson <greg.robinson.1420@statefarm.com>; Denise Hensley <denise.hensley.gsvl@statefarm.com>; Paul Robichaux <paul.robichaux.h6zw@statefarm.com>; Jordan Coad <jordan.coad.p3dv@statefarm.com>
Cc: Scott Welsh <scott.welsh.cx30@statefarm.com>; Kimberly Rose <kimberly.rose.nv8v@statefarm.com>; Byron Galloway <byron.galloway.g6kt@statefarm.com>; Rob Tierney <rob.tierney.heps@statefarm.com>; Katie Magwire <katie.magwire.pwqx@statefarm.com>
Subject: FW: Scrimmage Prep Document - Draft - May Results

Updated for Hail...this is most recent copy so CFEU and Fire should be good to go as well.

Thanks

Katie Magwire



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From: Jordan Coad <jordan.coad.p3dv@statefarm.com>
Sent: Thursday, June 12, 2025 5:46 PM
To: Nicole Manduca <nicole.manduca.lok2@statefarm.com>; Greg Robinson <greg.robinson.1420@statefarm.com>; Katie Magwire <katie.magwire.pwqx@statefarm.com>; Denise Hensley <denise.hensley.gsvl@statefarm.com>; Paul Robichaux <paul.robichaux.h6zw@statefarm.com>; Bryan McLaughlin <bryan.mclaughlin.he2g@statefarm.com>
Cc: Scott Welsh <scott.welsh.cx30@statefarm.com>; Kimberly Rose <kimberly.rose.nv8v@statefarm.com>; Byron Galloway <byron.galloway.g6kt@statefarm.com>; Rob Tierney <rob.tierney.heps@statefarm.com>; Jordan Coad <jordan.coad.p3dv@statefarm.com>
Subject: A: Scrimmage Prep Document - Draft - May Results

Hey Team -

Sending the prep doc for Scrimmage 1 next week. We have time and Scrimmage 1 is not until 6/19 - but Me and Katie are in the Fire IO SLL meeting next week in Dallas and so getting this out early. We will want to target to send to the VPOs no later 6/18.

For this month on the peril assignments, I updated the alignment to have Denise take the CFEU portion as a handoff from Bryan (does that work okay?). Then Paul, figure we can start weaving you into this too next month. We can use our next CM quality touch-point call to go over this and share this with you.

Alignment to fill out template below:

- Jordan - Water
- Katie - Hail
- Nicole - Wind
- Greg - Fire

- Denise (handoff from Bryan) – CFEU

I included in the bottom email what we sent last month. Feel free to use as a shell/starting place for this month.

Can everyone target to have finished by 6/17 so we can send on 6/18? Thank you!

JC

 Peril Year over Year (YOY) Comparison – Draft – Results through May 2025									
Peril	Question	% FLD to FLS Written				Potential Net Paid Indemnity			
		YTD 2024	YTD 2025	Diff		YTD 2024 Rate	YTD 2025 Rate	Diff '25 - '24	
Water	Coverage	2.35%	3.73%	1.38%		\$26.1M	\$41.4M		\$15.3M
	Estimates	3.10%	3.72%	0.62%		\$26.5M	\$31.8M		\$5.3M
	Reconciliation	3.43%	3.37%	-0.06%		\$27.4M	\$27.0M		-\$0.4M
	3 Questions Above					\$80.0M	\$100.3M		\$20.2M
Hail	Coverage	3.48%	2.19%	-1.29%		\$60.9M	\$38.4M		-\$22.5M
	Estimates	1.88%	1.96%	0.08%		\$34.8M	\$36.2M		\$1.4M
	Reconciliation	0.86%	1.50%	0.64%		\$2.3M	\$4.1M		\$1.7M
	3 Questions Above					\$98.0M	\$78.6M		-\$19.4M
Wind	Coverage	2.64%	2.15%	-0.49%		\$33.5M	\$27.3M		-\$6.2M
	Estimates	5.94%	4.97%	-0.97%		\$73.9M	\$61.8M		-\$12.1M
	Reconciliation	3.64%	3.63%	0.00%		\$19.8M	\$19.8M		\$0.0M
	3 Questions Above					\$127.3M	\$108.9M		-\$18.4M
Fire	Coverage	0.17%	0.28%	0.12%		\$6.1M	\$10.3M		\$4.2M
	Estimates	1.00%	0.91%	-0.08%		\$30.2M	\$27.7M		-\$2.5M

Reconciliation	1.59%	0.95%	-0.65%	\$17.6M	\$10.5M	-\$7.1M
3 Questions Above				\$53.8M	\$48.4M	-\$5.4M
Total				\$359.2M	\$336.2M	-\$22.9M

Review of YOY Estimate Trending (Chart Above) - What are the headlines for each Peril?

Peril High-Level

- Water
 - o Water coverage remains less accurate YOY. MoM result is more accurate than last year; however, the comparison is to May 2024 (5.28%) was one of the highest historical results of any month.
 - o Water estimates monthly result, for the 2nd consecutive month put downward pressure on YTD result.
 - o Water Reconciliation remains more accurate YOY. After more accurate Jan and Feb results, the past 3 months have declined YOY.
- Hail
 - o Hail coverage remains more accurate compared to last year. Discrete May's result of 0.81% is the lowest of the past 2 years, the EDW amount is the largest of the past 10 months.
 - o Hail estimates is nearly unchanged YOY. Discrete May results were the lowest since September of 2024
 - o Hail reconciliation is slightly less accurate YOY.
- Wind
 - o Wind coverage, estimates and reconciliation YTD remains more accurate or unchanged YOY
- Fire
 - o Fire coverage is less accurate YOY influenced by a claim in WVA with \$36K paid on the structure with a finding: "insuring agreement not met or misapplied". Fire estimates and reconciliation results were more accurate YOY.

CFEU

- CFEU Acknowledgement rate in March was near 2025 target (97%). As with nearly every metric associated with CFEU, CG ZI is heavily influencing results. ZI Acknowledgement rate is 99%, 7ppts higher than reviews without the ZI CG code.
- CFEU March results: 110.50% of eligible estimates were received, with a 97.24% acknowledgement rate and 81.08% acceptance rate.
- As with nearly every metric associated with CFEU, CG ZI is heavily influencing results. March CG ZI acknowledgement rate is 98.69%, ~6ppts higher than reviews without the ZI CG code.
- In May, 1,597 estimates between \$100k-\$250k met eligibility criteria.
- Of the 2,121 May estimates that appear to meet the eligibility parameters, 1,128 have been submitted to CFEU to date.
- CFEU experienced service level challenges starting in mid-May with volume 15% higher than projected. 4.63 days average time for delivery in May. Operational health achieved by early June. Currently, 1.82 days average time for delivery in June.
- Oversight Shared Services and Quality Pillar hosted two calls (Fire Estimates Leadership Forum) to review the Fire Estimates Dashboard enhancements and provide more information about the acceptance review process. Calls were held June 5 and June 10.
- CFEU is facilitating one-hour Fire Estimates calls on June 24 and 25. Topics for the call include The CFEU estimate review submission and criteria process, large loss estimate review best practices, and Acceptance Rate Dashboard. The purpose of these calls is to help Fire Claims team managers and section managers improve estimate quality, provide tools to assist leaders with completing estimate reviews, and improve claim handling efficiency.

Peril Deep Dive

Water

Water Overall:

YTD %FEW is 10.95% - this did not improve from prior month (10.87%) and outside of forecast (9.50%). So far YTD - the Top FED Driver is CA01 Water Coverage (followed by Reconciliation) (chart below).

Water Coverage

Water Coverage YTD (3.73%) is less accurate than the YOY (2.35%) and the prior month YTD (3.53%).

Water Coverage result remains outside forecast (actual YTD 3.73% and Forecast is 2.72%).

MoM result is more accurate than last year; however, the comparison is to May 2024 (5.28%) was one of the highest historical results of any month.

23 claims with FED Coverage Findings in May (Visual below); split between FPS (10) and Proximity (12).

Findings relate to both CRLS and paying for PLM (origin) that is not owed and failed due to Wear/Tear.

Water Coverage Analysis Findings	CA01 Water Coverage (Control under the policy)									
	2023-06-01	2023-07-01	2023-08-01	2023-09-01	2023-10-01	2023-11-01	2023-12-01	2024-01-01	2024-02-01	2024-03-01
	181	262	342	342	342	342	342	342	342	342
	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%
	181	262	342	342	342	342	342	342	342	342
	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%
	181	262	342	342	342	342	342	342	342	342
	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%
	181	262	342	342	342	342	342	342	342	342
	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%
	181	262	342	342	342	342	342	342	342	342
	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%

Estimates (Scoping)

YTD %FEW did improve from last month (YTD improved from 3.84% to 3.72%).

Water estimates discrete May result (3.01%) was the most 2nd most accurate of the year.

Comparing to prior year - Estimates % is higher than 2024 ('25 3.72% vs. '24 3.10%).

Current YTD result (3.72%) is still outside forecast (3.14%).

Top estimate FED driver continues to be FNC and PNT (Visual below); FCW has dropped out of the top 3.

Reconciliation:

YTD Water reconciliation remains more accurate when compared to last year ('25 3.37% vs. '24 3.43%).

The YTD result did not improve from prior month - the April YTD was 3.22% vs. the May YTD at 3.37%.

YTD result is outside of forecast (actual YTD 3.37% and Forecast is 3.23%).

Water Reconciliation Unit (WRU) - Visual added below:

WRU reconciliation impact YTD reflects a \$24M impact, exceeding projections by \$2.8M.

WRU Volume YTD is 146% to plan (plan 3250 and actual 4746).

Actions we are taking for Water:

- Updated 2025 Fire Business Plan to include SLBs specific to use of GEN AI-FRA.
- Fire IO has modified OAR timing to 10 days - so leaders are in the file earlier to help influence coverage.
- Authority adjustments in AZ, FL, KY, OH, and PA with water coverage decisions being reviewed by leadership.
- GEN AI - FRA expanded to additional COL in March of 2025 - which includes COL 37/Water.
- IO executing an estimate strategy which includes; Ride Alongs, Self-Study, Capstone and Instructor led training.
- Coverage findings are being shared weekly with CM/SMs to address authority, as appropriate.
- As we better execute CHIP Prioritization - this will put us in the right files at the right time to support Quality.

YTD Top FED Categories:

Finding Description	Count	Total FED Dollars
C48148 Estimate not included or misapplied	75	\$345,186
E50001 Estimate included but not or more opportunities exist	275	\$299,215
SC3110 Estimate included but item(s) not required for the repair.	298	\$299,463
E50007 Depreciation not applied but should have been	285	\$187,245
E50001 Estimate reconciliation necessary but not completed in.	285	\$114,837
C48191 COV A: Insuring agreement not met or misapplied	23	\$181,849
SC3112 Quantity for line item(s) greater than what is necessary	181	\$82,530
SPC118 Estimate included but item(s) not required for the repair.	43	\$44,238
SC3113 Two or more line items duplicated the same repair proc.	38	\$34,465
E50002 Labor Materials included but should not have been	287	\$33,744
P48282 Type of building materials estimated was inconsistent w/.	121	\$28,831
C48141 Exclusions misapplied	1	\$29,999
E50774 Overhead and profit applied but should not have been	25	\$19,246
SC3114 Additional costs of paint products allowed for the repair.	85	\$18,603
SP3212 Quantity for line item(s) greater than what is necessary	29	\$17,529

YTD Estimates (Scoping) Top FED Drivers:

Finding Description	Count	Total FED Dollars
C48148 Estimate not included or misapplied	75	\$345,186
E50002 Estimate reconciliation necessary but not completed in.	285	\$187,245
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SC3114 Additional costs of paint products allowed for the repair.	85	\$18,603
SP3212 Quantity for line item(s) greater than what is necessary	29	\$17,529

Category	Count	Total FED Dollars
PRC	1	\$345,186
PRT	1	\$345,186
DRT	1	\$345,186
FCW	1	\$345,186
PAL	1	\$345,186
CAR	1	\$345,186
FRM	1	\$345,186
TL	1	\$345,186
FCC	1	\$345,186
COM	1	\$345,186
ELE	1	\$345,186

Quality® Claim Handling
Water Reconciliation Unit (WRRU) - 2025 Plan

BCoverage
 BfCoverage
 BfCoverage

YTD Reconciliation	
Reconciliation Plus Reconciliation Amount	
\$21,602,695	\$2,439,334

YTD Reconciliation	
Reconciliation Plus Reconciliation Amount	% to Plan
1,253.6	4.1%
	95.9%

Qtr 4 Actual
 100%

Qtr 4 Actual
 100%

Results YTD through May 2024 YTD impact, exceeding projections by +\$2.8M. Volume was +140% over plan.

- WRRU estimate thresholds were adjusted in February 25 to drive more volume into WRRU
- WRRU is now live in all 50 states and supporting Non-TSP Mitigation meeting certain estimate thresholds
- Automation went live in Q4 - which accelerates new assignment to WRRU and removes manual assignment

Quality claim handling is a service provided by State Farm Mutual Insurance Company, a member of the State Farm Insurance Group. Quality claim handling is a service provided by State Farm Mutual Insurance Company, a member of the State Farm Insurance Group. Quality claim handling is a service provided by State Farm Mutual Insurance Company, a member of the State Farm Insurance Group.

State Farm

DRAFT

Wind

Hail Peril

Headlines:

- Hail coverage remains the largest of the past 10 months.

- Hail estimates is nearly unchanged YOY. Discrete May results were the lowest since September of 2024
- Hail reconciliation is slightly less accurate YOY.

Overall:

YTD %FEW is 6.18% which is a better than April YTD of 7.13% and better than forecast of 6.35%.

- 2025 YTD May compared to YTD April shows improvements overall and in coverage and scoping. Reconciliation remains flat.
- May had 514 hail reinspectin which is similar to April at 508.
- Coverage
 - YTD %FEW results in May improved from 2.77% in April YTD to 2.19% May YTD.
 - Comparing April to May discrete – April FEW% 3.62% w/ average finding \$5,416 while May improved to .81% / average finding at \$3,010.
 - YTD Hail Coverage results are better than forecast (actual YTD 2.19% and Forecast is 2.62%).
 - Comparing to prior year – Coverage FEW% is better than 2024 ('25 is 2.19% vs. '24 3.73%).
 - Total of 15 claims with FED Coverage Findings in May for Hail; 1 in IO and 14 in Proximity.
 - Findings relate to loss insured not applied or misapplied and insuring agreement not met or misapplied – RFG, SFG, SDG (see below)
- Estimations /Scoping
 - YTD %FEW did improve from April and MoM steadily each month in 2025 ending May YTD at 1.96% This is a 1.08% improvement from January and the best result so far in 2025.
 - Comparing to prior year – Estimations % is higher than 2024 ('25 was 1.96% vs. '24 was 1.83%) but gap is closing.
 - Although improved MoM – current YTD (1.96%) is still outside forecast (1.74%). May discrete FED% is 1.41% which is better than forecast and the best discrete month in 2025.
 - Top estimations FED drivers were Quantity of items greater than what was necessary for repair and Estimate included items not required for repair. Segments driving FED include Proximity and Deployed.
 - The size of the average finding increased slightly from \$728 to \$793
- Reconciliation:
 - May YTD %FEW results remained mostly flat compared to April YTD.
 - May YTD result is outside of forecast (actual YTD 1.50% and Forecast is 1.09%).
 - Total of 13 ES09 findings with FED in May. Average finding increased from \$751 to 3,694 with the Estimate reconciled but opportunities remain in RFG being the biggest driver. This was driven specificaly by 2 claims.
 - In-Office SM had large finding for \$2,000
 - \$4,000 finding on windows the ECR average finding increased to \$4,541 average which made the biggest impact.

Hail summary of YTD TOP FED Description:

Finding Description	#	Count	Total FED Dollars
CA0101 COV A: Insuring agreement not met or misapplied		37	\$202,230
CA0140 Losses Not Insured not applied or misapplied		29	\$201,787
ES0807 Depreciation not applied but should have been		198	\$155,637
SC0112 Quantity for line item(s) greater than what is necessary ..		213	\$145,824
SC0110 Estimate included line item(s) not required for the repel.		208	\$133,917
SC0115 Estimate included replacing items that should have bee..		23	\$82,787
SC0201 Overlapping prior damage included in settlement		35	\$51,533
ES0701 Overhead and profit applied but should not have been		11	\$45,048
PI0202 Type of building materials estimated was inconsistent w/..		183	\$29,614
ES0602 Labor Minimum included but should not have been		187	\$28,872
SC0105 High/Steep Charge misapplied		165	\$28,792
ES0902 Estimate reconciled but one or more opportunities exist		28	\$28,098
ES0102 Waste included but misapplied		131	\$19,382
IR0301 Inspection report over scoped or included undamaged it..		61	\$19,180
ES0901 Estimate reconciliation necessary but not completed an..		24	\$18,490

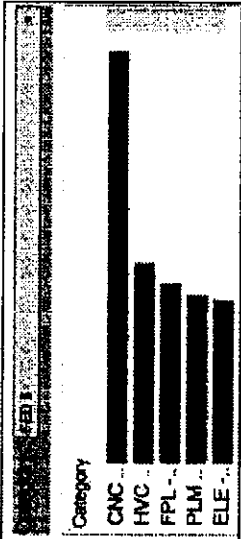
Hail YTD Coverage TOP FED Drivers:

Finding Description	#	Count	Total FED Dollars
CA0101 COV A: Insuring agreement not met or misapplied		37	\$202,230
CA0140 Losses Not Insured not applied or misapplied		29	\$201,787
CA0121 Option OL - Building Ordinance or Law Coverage misa..		19	\$14,985
CA0142 Conditions misapplied		1	\$10,257
CA0141 Exclusions misapplied		2	\$5,502
CA0130 Applicable policy endorsements misapplied		3	\$2,607
CA0150 COV A: Loss Settlement Provision misapplied		2	\$1,839



We are taking actions for Wind and Hail:

- FRA and Reconciliation template reporting
- Itel ASP Roofing and updates to felt within Xacimate.
- Monitoring FLL Dynamic calendars and insights through CLIP for early intervention at decision points
- Over 5k CSs/TMs attended the Wind/Hail refresher sessions, Leadership sessions, HAAGO training. Makeup sessions this week.

• CFEU Dashboard to monitor adherence to standards of 100k estimates or greater. Drop-in sessions with leaders to review dashboards held 3/25 and 3/27. • Advancing use of HOVER in proximity. • Progress Inspection and Authority Dynamic template • FRA Phase III in test phase and will involve an interactive user interface which will compliment current dynamic templates. • Executive FIM Hub view for monitoring													
Fire • Overall YTD (Jan-May) for %FEW is 2.72% which is lower than selection of 2.97% and YTD 2024 of 2.84%. ◦ Increase from YTD April 2025 which was 2.52% ◦ 3 YTD results are more accurate than the 2025 selection: Fire - Overall, Rec and Scoping • Coverage (CA01) YTD (Jan-May) for %FEW is 0.28%, which is higher than selection of 0.24% and above YTD 2024 of 0.17%. ◦ Increase from YTD April 2025 which was 0.22% ◦ Influenced by a claim in WVA with \$36K paid on the structure with a finding: "insuring agreement not met or misapplied" ◦ CA0101 COV A: Insuring agreement not met or misapplied; CA0150 COV A: Loss Settlement Provision misapplied; CA0120 Option ID - Increased Dwelling Limit misapplied; are drivers • Scoping/Estimating (SC01) YTD (Jan-April) for %FEW is 0.91% which is better than selection of 1.11% and YTD 2024 of 1.00%. ◦ Increase from YTD April 2025 which was 0.89% ◦ The top 5 trades with the greatest opportunities on FED\$ are CNC, HVC, FPL, PLM, ELE ◦ SC0112 Quantity for line item(s) greater than what is necessary for repair process; SC0110 Estimate included line item(s) not required for the repair process; SC0113 Two or more line items duplicated the same repair process/components; are drivers.	<table border="1"><caption>FIRE'S</caption><thead><tr><th>Category</th><th>%FEW</th></tr></thead><tbody><tr><td>CNC</td><td>0.91%</td></tr><tr><td>HVC</td><td>0.89%</td></tr><tr><td>FPL</td><td>0.85%</td></tr><tr><td>PLM</td><td>0.85%</td></tr><tr><td>ELE</td><td>0.85%</td></tr></tbody></table> • Reconciliation YTD (Jan-May) for %FEW is 0.95% which is better than selection, of 1.64%, and YTD 2024 of 1.59%. ◦ Increase from YTD April 2025 which was 0.85% ◦ ES0901 Estimate reconciliation necessary but not completed and/or not documented; ES0902 Estimate reconciled but one or more opportunities exist; are drivers. • The appropriate Xactimate labor efficiency remains an area of opportunity worthy of ongoing reinforcement to ensure consistency of appropriate application – 8 findings for ~ \$79K • Depreciation under the Estimations category accounts for 23 findings for ~\$38K • IA, WV, TX, VA, WI, OK have the greatest opportunity in April based on FED\$. WV, MS, SC, ID, NJ, KS based on %FEW • Actions we are taking for Fire: • Strategies to improve accuracy include adjustment to CFEU review parameters to include all estimates above \$100k on April 1st. New parameter established for secondary CFEU review for supplements that exceed 25% of the original estimate value.	Category	%FEW	CNC	0.91%	HVC	0.89%	FPL	0.85%	PLM	0.85%	ELE	0.85%
Category	%FEW												
CNC	0.91%												
HVC	0.89%												
FPL	0.85%												
PLM	0.85%												
ELE	0.85%												

- Roll out of a claim handler dynamic template to consistently document response to CFEU observations. CFEU to validate claim handler responses, estimate actions taken and overall acceptance rate.
- Monthly report of estimates that met CFEU review parameters but were not submitted to CFEU. Reinforcement by the Quality Pillar during monthly assigned CM meetings.
- CFEU Dashboard
- Additional strategies to improve accuracy include leveraging XM Bypass Report, CFEU observations and OED dashboards to assist with opportunity identification and coaching. Appropriate administration of settlement authority and execution of the authority review process. Use of Gen AI Reconciliation Assist rolled out for COL 33.

From: Nicole Manduca <nicole.manduca.lok2@statefarm.com>

Sent: Sunday, May 18, 2025 10:33 AM

To: David Bonenfant <david.bonenfant.gmrg@statefarm.com>; John Christensen <john.christensen.ghu1@statefarm.com>; Kathy Riss <kathy.riss.he8l@statefarm.com>

Cc: Bryan McLaughlin <bryan.mclaughlin.he2g@statefarm.com>; Denise Hensley <denise.hensley.gsvl@statefarm.com>; Greg Robinson <greg.robinson.l420@statefarm.com>; Jordan Coad <jordan.coad.p3dv@statefarm.com>; Katie Magwire <katie.magwire.pwqx@statefarm.com>; Byron Galloway <byron.galloway.g6kt@statefarm.com>; Scott Welsh <scott.welsh.cx30@statefarm.com>; Nicole Manduca <nicole.manduca.lok2@statefarm.com>

Subject: Scrimmage Prep Document - Draft - April Results

Hello,

In advance of our scrimmage, sharing our April results for your review.

									
Peril Year over Year (YOY) Comparison – Draft – Results through April 2025									
*a FTD to FTS Written									
		April YOY Results				YTD March Compared to YTD April 2025			
Peril	Question	YTD 2024	YTD 2025	Diff		Prior Month (March) YTD 2025	April YTD 2025	YTD Current VS Prior Month YTD	
Water	Coverage	1.90%	3.53%	1.64%			3.53%	0.47%	
	Estimates	2.97%	3.84%	0.87%			3.84%	-0.73%	
	Reconciliation	3.57%	3.22%	-0.36%			3.22%	0.26%	

Hail	Coverage	3.49%	2.77%	0.72%
	Estimates	1.91%	2.18%	0.27%
	Reconciliation	0.84%	1.46%	0.62%
Wind	Coverage	2.61%	2.34%	0.27%
	Estimates	5.79%	5.04%	0.75%
	Reconciliation	3.39%	4.09%	0.70%
Fire	Coverage	0.15%	0.22%	0.07%
	Estimates	0.96%	0.89%	0.07%
	Reconciliation	1.56%	0.86%	0.70%

Review of YOY Estimate Trending (Chart Above) What are the headlines for each Peril?

High Level Headlines

- Water:
 - Water coverage remains less accurate YOY.
 - Water estimates discrete April result (1.76%) was the most accurate of any month over the past 16, resulting in downward pressure on the YTD result.
 - Water Reconciliation remains more accurate YOY despite less accurate discrete March and April results compared to the same time last year. The YOY decrease is due to discrete February's high accuracy result coupled with the largest monthly amount of EDW over the past 16 months.
- Hail:
 - Hail coverage remains more accurate compared to last year. Possible headwind: In 2024 June-December results were some of the most accurate ever posted for Hail coverage.
 - Hail estimates and reconciliation monthly results were nearly unchanged MOM, but the reinspection volume of EDW was higher than March, resulting in downward pressure (more accurate) YTD monthly results compared to prior YTD (-0.11ppt and -0.24ppt, respectively).
- Wind:
 - Wind coverage YTD remains more accurate YOY, however discrete April's result was the least accurate of the past 16 months adding +0.49ppts to the YTD.
 - Wind estimates YTD remains more accurate YOY, and discrete April's result of 4.64% was the most accurate this year, decreasing the YTD result by -0.12ppts
 - Wind reconciliation YTD remains less accurate YOY with the second consecutive month over 5%.
- Fire:
 - Fire coverage, estimates and reconciliation YTD results each were more accurate MOM (discrete April's results) and some of the most accurate of the past 16 months.

CFEU Detail:

- CFEU February results: 94% of eligible estimates were received, with a 96% acknowledgement rate and 84% acceptance rate. The highest results since tracking.
- With the parameter expansion effective 4/1, CFEU throughput increased as expected. Up to 1,688 estimates between \$100k-\$250k now met eligibility criteria.
- Of the 2,372 April estimates that appear to meet the eligibility parameters, 1,351 have been submitted to CFEU to date.
- The QP is reviewing 494 claims with estimates completed more than 30 days ago to determine whether submission to CFEU should have occurred, with coaching/accountability follow up planned thereafter.
- Valid reasons for claims that appear to meet review criteria not being submitted include valued policy state, estimate writer error, estimate revised below dollar threshold post authority review, supplements less than 25% of original and/or those that increase the total estimate over \$100k.

Authority Play:

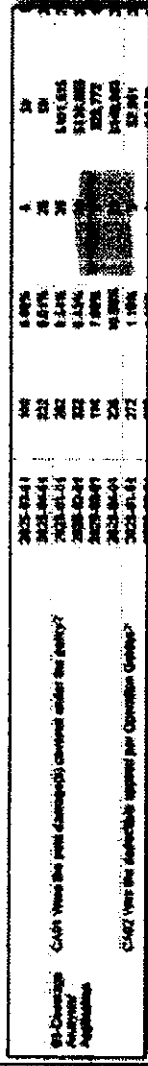
- QP CMs met with the Fire Field CM's and Consultants for the states of AZ, FL, KY, OH, and PA on 4/27 to review current Reinspection results and to check in on the water authority sprint. All states have extended this play beyond the initial 30-day period to further evaluate and make authority decisions.
- YTD 2025 Reinspection water results have generally show improvement in the majority of the 5 states when compared to YE 2024.
- The QCRT surveyed the 5 states in February to assist with benchmarking and March to track progress. Improvements were realized in origin identification, rate/flow and documentation of what was observed. Cause of loss continues to be an area of significant opportunity.
- The QP CM's and QCRT SM will meet with the Fire Field CM's and Consultants for the 5 states on 5/22. Survey trending will be reviewed in detail and plans for a future surveying to monitor progress will be firmred up.

Peril Deep Dive and Detail

Water

Water Overall:

- YTD %FEW is 10.87% - this did not improve from prior month (10.73%) and outside of forecast (9.50%).
- So far YTD - the Top FED Driver is CA01 and Water Coverage (followed by SC01; Estimations) (chart below).
- April was the largest RI sample size YTD - April was 564 RI surveys vs. 273 completed in March.
- Water Coverage**
 - Water Coverage YTD (3.53%) is less accurate than the YOY (1.90%) and the prior month YTD results (3.07%).
 - Water Coverage result remains outside forecast (actual YTD 3.53% and Forecast is 2.72%). As a reminder, the first 4 months of 2024 were some of the most accurate results of the past few years.
 - We had 25 claims with FED Coverage Findings in April (visual below); 3 BCFR, 10 FPS, 12 Proximity
 - Findings relate to both CRLS and paying for PLM (origin) that is not owed and failed due to Wear/Tear.



Estimations (Scooping)

- YTD %FEW did improve from March and MoM (improved from 4.59% to 3.84%).

Water estimates discrete April result (1.76%) was the most accurate of any month over the past 16, resulting in downward pressure on the YTD result.

Comparing to prior year – Estimates % is higher than 2024 ('25 3.84% vs. '24 2.99%).

Current YTD result (3.84%) is still outside forecast (3.14%).

Top estimate FED driver continues to be FCW and FNC (Visual below).

Reconciliation:

YTD Water reconciliation remains more accurate overall when compared to last year ('25 3.22% vs. '24 3.57%).

The YTD result did not improve from prior month – the March YTD was 2.96% vs. the April YTD was 3.22%.

YTD result is still below forecast (actual YTD 3.22% and Forecast is 3.23%).

While not as strong as February result – the discrete April result (4.07%) did show improvement from March (4.88%)

Water Reconciliation Unit (WRU) – Visual added below:

WRU reconciliation impact YTD reflects a \$20.1M impact, exceeding projections by \$2.9M.

WRU Volume YTD is 144% to plan (plan 2600 and actual 3744).

WRU has exceeded forecast for both planned volume and reconciliation dollars for the second consecutive month.

Actions we are taking for Water:

Updated 2025 Fire Business Plan to include SLBs specific to use of GEN AI-FRA.

Authority adjustments made in AZ, FL, KY, OH, and PA and water coverage decisions being reviewed by leadership.

GEN AI - FRA expanded to additional COL in March of 2025 – which includes COL 37/Water.

Through Fire Standards work – Operational Standards established for GEN AI-FRA, Dynamic Templates and Structured Phrases.

Coverage findings are being shared weekly with CM/SMs to address authority, as appropriate.

As we better execute CHIP Prioritization – this will put us in the right files at the right time to support Quality.

Summary of YTD TOP FED Description:

Primary Description	F	Count	Top FED Dollars
CA1016: License not issued and not applied or misapplied	446	2774,517	2774,517
SC2016: Estimate submitted but not applied for the estimate	284	2768,011	2768,011
SC2017: Estimate submitted but not applied for the estimate	183	2748,028	2748,028
SC2018: Estimate submitted but not applied for the estimate	148	1488,372	1488,372
SC2019: Estimate submitted but not applied for the estimate	12	347,085	347,085
SC2020: Estimate submitted but not applied for the estimate	12	363,677	363,677
SC2021: Estimate submitted but not applied for the estimate	26	338,866	338,866
SC2022: Estimate submitted but not applied for the estimate	77	322,637	322,637
SC2023: Estimate submitted but not applied for the estimate	145	323,791	323,791
SC2024: Estimate submitted but not applied for the estimate	1	320,064	320,064
SC2025: Estimate submitted but not applied for the estimate	78	316,948	316,948
SC2026: Estimate submitted but not applied for the estimate	21	312,748	312,748
SC2027: Estimate submitted but not applied for the estimate	87	312,889	312,889

YTD Estimates (Scoping) TOP FED Drivers:

Category	Count	Percentage
Category 1	1	1.0%
Category 2	2	2.0%
Category 3	3	3.0%
Category 4	4	4.0%
Category 5	5	5.0%
Category 6	6	6.0%
Category 7	7	7.0%
Category 8	8	8.0%
Category 9	9	9.0%
Category 10	10	10.0%
Category 11	11	11.0%
Category 12	12	12.0%
Category 13	13	13.0%
Category 14	14	14.0%
Category 15	15	15.0%
Category 16	16	16.0%
Category 17	17	17.0%
Category 18	18	18.0%
Category 19	19	19.0%
Category 20	20	20.0%
Category 21	21	21.0%
Category 22	22	22.0%
Category 23	23	23.0%
Category 24	24	24.0%
Category 25	25	25.0%
Category 26	26	26.0%
Category 27	27	27.0%
Category 28	28	28.0%
Category 29	29	29.0%
Category 30	30	30.0%
Category 31	31	31.0%
Category 32	32	32.0%
Category 33	33	33.0%
Category 34	34	34.0%
Category 35	35	35.0%
Category 36	36	36.0%
Category 37	37	37.0%
Category 38	38	38.0%
Category 39	39	39.0%
Category 40	40	40.0%
Category 41	41	41.0%
Category 42	42	42.0%
Category 43	43	43.0%
Category 44	44	44.0%
Category 45	45	45.0%
Category 46	46	46.0%
Category 47	47	47.0%
Category 48	48	48.0%
Category 49	49	49.0%
Category 50	50	50.0%

Quality* Claim Handling Water Reconciliation Unit (WRU) - 2025 Plan

- Coverage
- Estimates
- Reconciliation

YTD Reconciliation	
Reconciliation Plan	Reconciliation Actual
\$17,252,100	\$20,180,000

1 2 3 4 5 6 7 8 9 10 11 12

Other -> Status
KCM

YTD Reconciliation	
Reconciliation Plan	Reconciliation Actual
\$17,252,100	\$20,180,000

Other -> Status
KCM

Results: YTD through April \$20.2M YTD Impact, exceeding projections by +\$2.9M. Volume was +144% over plan.

- WRU estimates thresholds were adjusted in February '25 to drive more volume into WRU
- WRU is now live in all 50 states and supporting Non-PSP Mitigation meeting certain estimate thresholds
- Automation went live in Q4 - which accelerates new assignment to WRU and removes manual assignment

*Quality claim handling is defined as: identifying each claim, evaluating the facts, applying coverage, accurately documenting the claim, and paying what is owed.

State Farm

DRAFT

Wind Peril

Headline: Wind coverage and estimates remain more accurate compared to last year. Wind reconciliation monthly results improved from Mar but remains higher overall YTD Apr '25 (4.61%) compared to YTD Apr '24 (3.39%).

- **Headline:** Wind did not improve Mar to Apr however YTD Apr results are better (12.16%) compared to YTD Apr '24 (12.86%). YTD Apr '25 results for Coverage (2.34%) and Scoping (5.04%) are better than YTD Apr '24 Coverage (2.61%) and Scoping (5.79%).

Overall:

YTD %FEW is 12.16% which is a slight deterioration from March YTD of 12.01%
YTD result at 12.16% is outside of forecast (8.62%).

2025 YTD – the Top FED Driver is SC01 Scoping (\$530K YTD) followed by CA01 Coverage (\$250K) and ES09 Reconciliation (\$200K).

2025 YTD April compared to YTD March shows slight improvements in scoping (5.04% down from 5.16%).

March only had 267 claims reinspected compared to 504 in April

Coverage

YTD %FEW results in April declined Mar YTD at 1.85% to 2.34%.

Comparing March to April discrete – March FEW⁰% 1.03%% w/ average finding of \$1,373 and April FEW⁰% 4.01% w/ average finding \$3,917.

YTD Wind Coverage results are outside of forecast (actual YTD 2.34% and Forecast is 1.94%).

Comparing to prior year – Coverage FEW% is better than 2024 ('25 is 2.34% vs. '24 2.61%).

Total of 29 claims with FED Coverage Findings in April for Wind; 2 in IO, 5 in Deployed, and 22 in Proximity.

Findings relate to insuring agreement not met or losses not insured no applied or misapplied - RFG, DRY, FEN

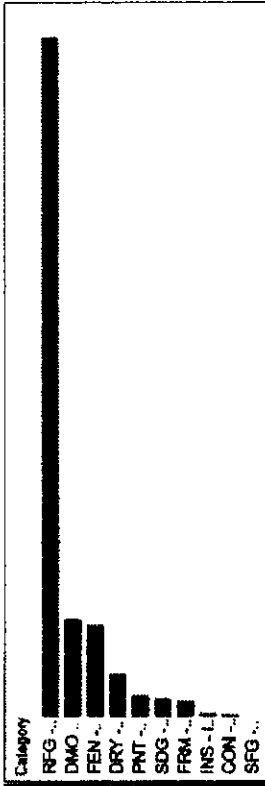
- Estimates /Scoping
 - YTD %FEW did improve from March and MoM (improved from 5.39% to 4.64%).
 - Comparing to prior year – Estimates % is better than 2024 ('25 is 5.04% vs. '24 at 5.79%).
 - Although improved MoM – current YTD (5.04%) is still outside forecast (3.70%).
 - Top estimates FED drivers were quantity of items greater than what was necessary for repair and estimate included items not required for repair.
- Segments driving FED include Prox (\$59K), Dep (\$36K), and In-Office (\$12k).
- The size of the average finding increased from \$1003 in Mar to \$1255 in Apr.
- Reconciliation:
 - Apr YTD %FEW results did not improve compared to YTD March (3.39% to 4.09%), however Mar discrete to Apr discrete did improve (5.90% to 5.05%).
 - Apr YTD result is outside of forecast (actual YTD 4.09% and Forecast is 2.87%).
 - April had 46 findings total for reconciliation ES09. Average findings were \$2,623, up from Mar at \$2,345, with the Estimate reconciliation necessary but not completed and estimate reconciled but opportunities remain in RFG being the biggest driver.

Wind summary of YTD TOP FED Description:

Finding Description	F	Count	Total FED D.
SC0112 Quantity for line item(s) greater than what is necessary		178	\$177,566
SC0115 Estimate included replacing items that should have been		61	\$160,791
ES0807 Depreciation not applied but should have been		201	\$147,815
SC0110 Estimate included line item(s) not required for the repair		171	\$129,856
ES0801 Estimate reconciliation necessary but not completed an.		136	\$122,103
CA0101 COV A: Insuring agreement not met or misapplied		34	\$107,574
ES0802 Estimate reconciled but one or more opportunities exist		79	\$77,944
PI0202 Type of building materials estimated was inconsistent w.		139	\$68,339
CA0140 Losses Not Insured not applied or misapplied		17	\$43,597
ES0302 Demolition/Debris removal included but misapplied		56	\$34,983
SC0201 Overlapping prior damage included in settlement		27	\$31,363
CA0110 Debris Removal Additional Coverage misapplied		17	\$30,842
ES0701 Overhead and profit applied but should not have been		20	\$28,560
CH0301 Loss amount(s) missing or inconsistent with supporting.		50	\$25,806
SC0113 Two or more line items duplicated the same repair proc.		35	\$20,674

Wind YTD Coverage TOP FED Drivers:

Finding Description	F	Count	Total FED Dollars
CA0101 COV A: Insuring agreement not met or misapplied		34	\$107,574
CA0140 Losses Not Insured not applied or misapplied		17	\$43,597
CA0110 Debris Removal Additional Coverage misapplied		17	\$30,842
CA0150 COV A: Loss Settlement Provision misapplied		9	\$15,514
CA0160 COV A: Coverage limit(s) misapplied or exceeded		1	\$15,400
CA0130 Applicable policy endorsements misapplied		2	\$13,919
CA0121 Option OL - Building Ordinance or Law Coverage misa.		10	\$11,284
CA0142 Conditions misapplied		2	\$11,228
CA0111 Trees, Shrubs and Other Plants Additional Coverage m.		4	\$1,304
CA0104 Property Not Covered misapplied		2	\$438
CA0103 COV C: Insuring agreement not met or misapplied		3	\$309
CA0102 COV B: Insuring agreement not met or misapplied		2	\$118
CA0161 COV B: Loss Settlement Provision misapplied		1	\$0



We are taking actions for Wind and Hail:

- FRA and Reconciliation template reporting
- VSP went live on 3/18/25.
- Intel ASP Roofing and updates to felt within Xactimate. Intel test in GA/SC Deployed CG YT
- Monitoring FLL Dynamic calendars and insights through CLIP for early intervention at decision points
- Over 5k CSs/TMs attended the Wind/Hail refresher sessions, Leadership sessions, HAAGO training. Makeup sessions this week.
- CFEU Dashboard to monitor adherence to standards of 100k estimates or greater. Drop-in sessions with leaders to review dashboards held 3/25 and 3/27.
- Advanced to testing PLNAR virtual inspection tools and will compare to HOVER.
- Progress Inspection and Authority Dynamic template
- FRA Phase III in test phase and will involve an interactive user interface which will complement current dynamic templates.

Hail Peril

- Headline: Hail coverage remains more accurate compared to last year. Hail estimates and reconciliation monthly results were unchanged MOM, but the reinspection volume of EDW was higher than March, resulting in downward pressure (more accurate) YTD monthly results compared to prior YTD (-0.1 lppt and -0.24ppt respectively)

Hail improved Feb '25 YTD compared to March '25 in scoping and reconciliation Hail performed better March YTD '25 compared to March YTD '24 in overall and coverage. YTD 2025 we note slight declines in overall (6.51% to 6.92%) and coverage (2.01% to 2.53%)

Overall:

YTD %FEW is 7.13% which is a slight deterioration from March YTD of 6.92%
YTD result at 7.13% is outside of forecast (6.35%).

2025 YTD - the Top FED Driver is CA01 Coverage followed by SC01 Scoping

2025 YTD April compared to YTD March shows improvements in both scoping and reconciliation.

March only had 269 claims reinspected compared to 508 in April

Coverage

YTD %FEW results in March declined slightly from Feb YTD at 2.53% to 2.77%.

Comparing March to April discrete - March FEW% 5.54% w/ average finding of \$6,944 and April FEW% 3.62% w/ average finding \$5,416.

YTD Hail Coverage results are slightly outside of the forecast (actual YTD 2.77% and Forecast is 2.62%).

Comparing to prior year - Coverage FEW% is better than 2024 ('25 is 2.77% vs. '24 3.58%).

Total of 21 claims with FED Coverage Findings in March for Hail; 2 in IO and 19 in Proximity.

Findings relate to loss insured not applied or misapplied and insuring agreement not met or misapplied - RFG, SFG, SDG (see below)

Estimates /Scoping

- o YTD %FEW did improve from March and MoM (improved from 2.43% to 2.29% and down to 2.18% in April). This is an .86% improvement from January and the best result so far in 2025.
- o Comparing to prior year – Estimates % is higher than 2024 ('25 was 2.18% vs. '24 was 1.83%).
- o Although improved MoM – current YTD (2.18%) is still outside forecast (1.74%).
- o Top estimates FED drivers were Quantity of items greater than what was necessary for repair and Estimate included items not required for repair. Segments driving FED include Proximity and Deployed.
- o The size of the average finding decreased from \$885 in Feb. to \$775 in March discrete and lowest YTD at \$728 in April
- Reconciliation:
 - o March YTD %FEW results did improve again in April compared to YTD March (1.70% to 1.46%). This is a 1.26% improvement from January and the best result so far in 2025.
 - o Although it improved, March YTD result is outside of forecast (actual YTD 1.70% and Forecast is 1.09%).
 - o Decrease in total findings and finding size. April had 8 findings total for reconciliation ES09. Average findings were \$751 with the Estimate reconciled but opportunities remain in RFG being the biggest driver.

Hail summary of YTD TOP FED Description:

Finding Description	F	Count	Total FED D.
CA0140 Losses Not insured not applied or misapplied		26	\$197,886
CA0101 COV A: Insuring agreement not met or misapplied		29	\$168,058
ES0807 Depreciation not applied but should have been		141	\$113,753
SC0112 Quantity for line item(s) greater than what is necessary		153	\$110,801
SC0110 Estimate included line item(s) not required for the repair		155	\$100,290
SC0115 Estimate included replacing items that should have been		15	\$59,215
SC0201 Overlapping prior damage included in settlement		26	\$46,110
ES0701 Overhead and profit applied but should not have been		9	\$34,814
ES0902 Estimate reconciled but one or more opportunities exist		21	\$28,088
ES0602 Labor Minimum included but should not have been		125	\$21,862
SC0105 High/Sleep Charge misapplied		126	\$19,914
PI0202 Type of building materials estimated was inconsistent w.		131	\$19,847
IR0901 Inspection report over scoped or included undamaged it.		52	\$18,160

Hail YTD Coverage TOP FED Drivers:

Finding Description	F	Count	Total FED Dollars
CA0140 Losses Not insured not applied or misapplied		26	\$197,886
CA0101 COV A: Insuring agreement not met or misapplied		29	\$168,058
CA0142 Conditions misapplied		1	\$10,257
CA0121 Option OL - Building Ordinance or Law Coverage misa.		13	\$10,094
CA0130 Applicable policy endorsements misapplied		2	\$2,607
CA0150 COV A: Loss Settlement Provision misapplied		2	\$1,839

Category	
RFG	
SCF	
DOR	
SDG	
PNT	
We are taking actions for Wind and Hail: - FRA and Reconciliation template reporting - VSP went live on 3/18/25. - Intel ASP Roofing and updates to felt within Xactimate. Intel test in GA/SC Deployed CG YT - Monitoring FLL Dynamic calendars and insights through CLIP for early intervention at decision points - Over 5k CSs/TMs attended the Wind/Hail refresher sessions, Leadership sessions, HAAGO training. Makeup sessions this week. - CFEU Dashboard to monitor adherence to standards of 100k estimates or greater. Drop-in sessions with leaders to review dashboards held 3/25 and 3/27. - Advanced to testing PLNAR virtual inspection tools and will compare to HOVER. - Progress Inspection and Authority Dynamic template - FRA Phase III in test phase and will involve an interactive user interface which will compliment current dynamic templates.	
Fire	
Overall YTD (Jan-April) for %FEW is 2.52% which is lower than selection of 2.97% and YTD 2024 of 2.76%. - Decrease from YTD March which was 3.01% Coverage (CA01)YTD (Jan-April) for %FEW is 0.22% which lower than selection of 0.24% but above YTD 2024 of 0.15%. - Decrease from YTD March which was 0.31% - Losses Not Insured not applied or misapplied; & COV A, B & C: Coverage limit(s) misapplied or exceeded are drivers. Scoping/Estimating (SC01) YTD (Jan-April) for %FEW is 0.89% which is better than selection of 1.11% and YTD 2024 of 0.96%. - Decrease from YTD March which was 1.05% - The top trades with the greatest opportunities on FEDS are CNC (10), SDG (11), FRM (34), WDA (8), ELE (44) - Quantity for line item(s) greater than what is necessary for repair process; Two or more-line items duplicated the same repair process/components; & Estimate included line item(s) not required for the repair process are drivers.	
Category	
CNC	
SDG	
FRM	
WDA	
ELE	
WTR	
PLM	
PNT	
DMO	
RFG	

• **Reconciliation YTD (Jan-April) for %FEW is 0.85% which is better than selection, of 1.64%, and YTD 2024 of 1.56%.**

- Decrease from YTD March which was 1.20%
- Estimate reconciliation necessary but not completed and/or not documented; & Estimate reconciled but one or more opportunities exist are drivers.

• The appropriate labor efficiency under Estimations and XM parameters remains an area of opportunity worthy of ongoing reinforcement to ensure consistency of appropriate application (Only 1 Finding but \$48K, 12% of FED \$)

• Depreciation under the Estimations category accounts for approximately 9.5% of the April FED \$ overall (~\$38K) .

• TX, CA, OH, GA, TN, IL have the greatest opportunity in April based on FED\$. TX, ID, NY, NH, IA based on %FEW

• **Actions we are taking for Fire:**

- Strategies to improve accuracy include adjustment to CFEU review parameters to include all estimates above \$100k on April 1st. New parameter established for secondary CFEU review for supplements that exceed 25% of the original estimate value.
- Roll out of a claim handler dynamic template to consistently document response to CFEU observations. CFEU to validate claim handler responses, estimate actions taken and overall acceptance rate.
- Monthly report of estimates that met CFEU review parameters but were not submitted to CFEU. Reinforcement by the Quality Pillar during monthly assigned CM meetings.
- CFEU Dashboard
- Additional strategies to improve accuracy include leveraging XM Bypass Report, CFEU observations and OED dashboards to assist with opportunity identification and coaching. Appropriate administration of settlement authority and execution of the authority review process. Use of Gen AI Reconciliation Assist rolled out for COL 33.

Please let us know if any questions – thank you, Bob.

Quality Pillar

“personal confidential information,” meaning “a person’s social security number, medical records, bank records, personnel records and tax information.”

4. Paragraph 3(a)(ii) of the Protective Order expressly provides that “trade secret’ shall explicitly not include any aspects of the handling of Plaintiffs’ claim as first-party insureds, including but not limited to attempts to lower indemnity payments on Plaintiffs’ claim, including the total roof replacement requested, and anything regarding denying or partially denying Plaintiffs’ claim.”
5. Paragraph 4 of the Protective Order establishes the procedure for challenging a designation and allocates the burden of proof. It provides that a designation shall not “create a presumption the document is, in fact, confidential or a trade secret entitled to protection,” and that “[t]he burden of establishing that a document or testimony contains trade secret or personal confidential information and is entitled to the protection of this Protective Order shall remain on the party making the designation.”
6. In response to the Court’s order granting Plaintiffs’ motion to compel, State Farm produced a large volume of documents. Plaintiffs represent that the production exceeds 800,000 pages and that State Farm designated every page “Confidential.” State Farm represents that it produced “nearly 800,000 documents (millions of pages),” that it “has not designated all documents confidential,” and that over 600,000 of the produced documents were reproduced from other litigation in which they are subject to confidentiality provisions of settlement agreements and/or protective orders entered by other courts. State Farm contends that not all documents turned over in discovery were labeled “confidential”.

7. Plaintiffs objected to State Farm's designations, and State Farm declined to withdraw them. The parties disagree as to whether or not the "challenge" procedure outlined in paragraph 4 of the Protective Order has been complied with. Regardless, the parties have failed to resolve the dispute informally.
8. The documents Plaintiffs specifically identify as improperly designated concern State Farm's internal "FME" and "Wind/Hail" initiatives, tracking of roof replacements and indemnity savings, and managerial-approval requirements for full roof replacements.

CONCLUSIONS OF LAW

A. Governing standard and allocation of the burden

9. A protective order in Oklahoma issues under 12 O.S. §3226(C)(1), which authorizes the Court, "for good cause shown," to enter an order protecting a party "from annoyance, harassment, embarrassment, oppression or undue delay, burden or expense," including an order "that a trade secret or other confidential research, development or commercial information not be disclosed or be disclosed only in a designated way." (**Okla. Stat. Ann. tit. 12, § 3226**)
10. The Oklahoma Supreme Court has held that §3226(C) shifts the burden of showing 'good cause' to the party who opposes discovery. (**YWCA of Oklahoma City v. Melson, 1997 OK 81, 944 P.2d 304**) The burden of showing good cause "is statutorily placed on the party objecting to discovery and is part of that party's motion for a protective order." (**Crest Infiniti, II, LP v. Swinton, 2007 OK 77, 174 P.3d 996**) The Protective Order codifies this same allocation: designation creates no presumption of confidentiality, and

the burden of establishing that material is entitled to protection “shall remain on the party making the designation.”

11. A party does not carry that burden with conclusory or blanket assertions. In (Crest Infiniti, II, LP v. Swinton, 2007 OK 77, 174 P.3d 996), the Oklahoma Supreme Court held that “blanket statements” were insufficient and that the party seeking protection “must show more than these blanket statements to satisfy their burden for a protective order.” (Crest Infiniti, II, LP v. Swinton, 2007 OK 77, 174 P.3d 996)

B. Blanket designations.

12. Plaintiffs have raised the issue as to State Farm’s blanket confidentiality designations.

Under both Oklahoma law and Paragraph 4 of the Protective Order, the burden now rests on State Farm to justify, on a document or category basis, the confidentiality of the material it has designated. A designation applied uniformly to every page of the production, without regard to content, does not satisfy that burden.

C. Trade secret and confidential commercial information

13. The Protective Order adopts the statutory definition of “trade secret” in 78 O.S. §86(4):
information that “derives independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use,” and “is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.” (Okla. Stat. Ann. tit. 78, § 86)
14. Under Oklahoma law, protectable trade secrets and confidential information “must be the particular secrets of the [proprietor] as distinguished from the general secrets of the

trade,” must possess “a substantial element of secrecy,” and must “contain elements which are unique and, not generally known or used in the trade.” (Cent. Plastics Co. v. Goodson, 1975 OK 71, 537 P.2d 330) “Matters of public knowledge in an industry cannot be appropriated by one as [its] secret.” (Cent. Plastics Co. v. Goodson, 1975 OK 71, 537 P.2d 330) Applying §86(4), the Tenth Circuit has confirmed that the proponent must show the information is not readily ascertainable and provide evidence that it “conferred some type of competitive advantage or economic value”; generalized and conclusory evidence will not suffice. (Double Eagle Alloys, Inc. v. Hooper, 134 F.4th 1078 (10th Cir. 2025))

15. To restrict disclosure of trade secret or “other confidential research, development, or commercial information,” the proponent “must ‘first establish that the information sought is a trade secret [or other confidential research, development, or commercial information]’ and then ‘demonstrate that its disclosure might be harmful,’ by “a particular and specific demonstration of fact, as distinguished from stereotyped and conclusory statements.” (Video Gaming Techs., Inc. v. Castle Hill Studios LLC, No. 17-CV-454-GKF-JFJ, 2019 WL 2514705 (N.D. Okla. June 18, 2019))
16. An insurer’s internal claims-handling policies, procedures, and business strategies are not automatically protectable. Internal corporate documents do not automatically merit protective orders, and a protective order does not exist to prevent “negative publicity” or reputational injury; such material qualifies as confidential commercial information only when the proponent couples it with a particularized showing of competitive harm. (Video Gaming Techs., Inc. v. Castle Hill Studios LLC, No. 17-CV-454-GKF-JFJ, 2019 WL 2514705 (N.D. Okla. June 18, 2019))

17. Independent of these authorities, Paragraph 3(a)(ii) of the Protective Order removes from the “trade secret” category any aspects of the handling of Plaintiffs’ claim as first-party insureds, including attempts to lower indemnity payments on Plaintiffs’ claim, the total roof replacement requested, and anything regarding denying or partially denying Plaintiffs’ claim. Documents falling within Paragraph 3(a)(ii) are, by the terms the parties agreed to, not trade secrets and may not be designated Confidential on that basis.

D. Confidentiality of discovery is distinct from sealing of court records.

18. The Court agrees with State Farm that the standard governing confidentiality designations of discovery material differs from the standard governing the sealing of records filed with the Court. Under Oklahoma law, “discovery documents produced in private litigation are not public records and would not, under the Open Records Act, otherwise be available for public inspection and copying, unless the documents are filed of record or admitted into evidence.” (Good v. Farmers Ins. Co., 2023 OK CIV APP 28, 536 P.3d 961)
19. When material is filed with the Court, however, it becomes subject to the presumption of public access, and sealing is governed by the Oklahoma Open Records Act. (Mitchell v. Mitchell, 2021 OK CIV APP 17, 491 P.3d 759) Court records are public unless a statute requires confidentiality, and the Court “may seal a record or portion of a record only if a compelling privacy interest exists which outweighs the public’s interest in the record.” A sealing order must be public and must (1) make findings of fact, (2) state conclusions of law specific enough to reveal the legal basis for sealing, (3) use “the least restrictive means for achieving confidentiality,” and (4) be “narrowly tailored so that only the portions of the record subject to confidentiality are sealed and the remainder of the record

is kept open.” (Okla. Stat. Ann. tit. 51, § 24A.30) Any order removing material from the public record must also contain a statement that removal “is necessary in the interests of justice” and a “specific identification of the material” withheld. (Okla. Stat. Ann. tit. 51, § 24A.29) Strict compliance with these requirements “is mandatory in all cases.” (Good v. Farmers Ins. Co., 2023 OK CIV APP 28, 536 P.3d 961) The “interests of justice” finding is “a very high standard for good reason and is required in every case,” and speculative harm will not support closure. (Good v. Farmers Ins. Co., 2023 OK CIV APP 28, 536 P.3d 961; Nichols v. Jackson, 2001 OK CR 35, 38 P.3d 228)

20. This distinction cuts both ways. It defeats Plaintiffs’ contention that the presumption of public access to court records, standing alone, requires the wholesale de-designation of unfiled discovery. It equally defeats State Farm’s suggestion that the good-faith designation standard excuses it from justifying challenged designations: the challenge procedure in Paragraph 4 and 12 O.S. §3226(C), not the sealing statutes, supply the standard, and under that standard the burden of justification remains on State Farm. (YWCA of Oklahoma City v. Melson, 1997 OK 81, 944 P.2d 304)

IT IS THEREFORE ORDERED, ADJUDGED AND DECREED that State Farm’s blanket designation of its entire production as “Confidential” is STRICKEN. A uniform, undifferentiated designation applied to every page of the production does not reflect the “bona fide determination made in good faith” that Paragraph 1 of the Protective Order requires, and it does not satisfy State Farm’s burden under 12 O.S. §3226(C) and Paragraph 4 of the Protective Order. (YWCA of Oklahoma City v. Melson, 1997 OK 81, 944 P.2d 304; State ex rel. Oklahoma State Bd. of Med. Licensure & Supervision v. Rivero, 2021 OK 31, 489 P.3d 36).

Further, the Court finds that Exhibit numbers: 2-7, 9, 11, 12, 14-16, 24, 26-38, 40-42 and 44-45 identified in Plaintiff's Reply, filed on August 6th, 2026 shall be de-designated and removed from the protective order as the exhibits identified above do not contain any protected information as outlined in the protective order. Further, the exhibits listed above shall be treated like normal documents exchanged in the course of discovery.

Re-designation on a particularized basis. Within thirty (30) days of the date of this Order, State Farm shall review its production and re-designate as "Confidential" only those documents, or portions of documents, that it has determined in good faith fall within one of the three categories defined in Paragraph 3 of the Protective Order. For each document or reasonably defined category of documents it re-designates, State Farm shall identify the applicable Paragraph 3 category. Any document not re-designated within that period shall no longer be subject to the Protective Order and is DE-DESIGNATED, consistent with Paragraph 4 of the Protective Order.

First-party claim-handling materials. Consistent with Paragraph 3(a)(ii) of the Protective Order, any document concerning the handling of Plaintiffs' own claim as first-party insureds — including attempts to lower indemnity payments on Plaintiffs' claim, the total roof replacement requested, and the denial or partial denial of Plaintiffs' claim — may not be designated "Confidential" as a "trade secret" and is DE-DESIGNATED to the extent so designated on that basis.

Burden on any maintained designation. For any designation State Farm maintains and Plaintiffs continue to challenge, State Farm bears the burden of establishing, by a particular and specific demonstration of fact, that the material falls within a Paragraph 3 category and that its disclosure would cause a cognizable competitive or other legally protectable harm.

Documents subject to other courts' orders. In its re-designation, State Farm shall separately identify any documents it contends remain confidential solely by reason of a protective order or settlement agreement entered in other litigation. The de-designation directed by this Order does not, of its own force, disturb a confidentiality obligation independently imposed by another court; any dispute regarding such documents shall be addressed under the Paragraph 4 procedure with reference to the terms and jurisdiction of the order said to govern them.

Meet and confer/further challenges. The parties *SHALL MEET AND CONFER IN PERSON AND IN GOOD FAITH* regarding any designations that remain in dispute following State Farm's re-designation, in accordance with Paragraph 4 of the Protective Order. Any designation the parties cannot resolve shall be submitted to the Court for determination, at which time the burden of justifying the designation shall rest on State Farm. The Court further admonishes the parties that future discovery disputes could result in attorney fees, sanctions or the appointment of a discovery master.

The Protective Order remains in effect. Plaintiffs' request to lift or dissolve the Protective Order in its entirety is DENIED. The Protective Order was entered on the parties' agreement and provides an orderly mechanism, in Paragraph 4, for resolving the very dispute presented here; the appropriate remedy for over-designation is application of that mechanism and the de-designation directed above, not wholesale dissolution. Except as modified by this Order, the Protective Order remains in full force and effect.

Sealing of court records. Plaintiffs' request for a prospective order prohibiting all future under-seal filings absent a particularized showing of harm is DENIED. Nothing in this Order relieves any party of the obligation to satisfy 51 O.S. §§24A.29 and 24A.30 before any material is filed under seal or removed from the public record. Any request to seal a filed record shall be

made by motion, shall be evaluated on a case-by-case basis under the compelling-privacy-interest standard, and shall be granted only upon the findings of fact, conclusions of law, least-restrictive-means, and narrow-tailoring requirements those statutes impose. (**Good v. Farmers Ins. Co., 2023 OK CIV APP 28, 536 P.3d 961**)

IT IS SO ORDERED this 20th day of August, 2026.


JUDGE OF THE DISTRICT COURT

CLERK TO MAIL A COPY OF THIS ORDER TO ALL PARTIES AND FILE A CERTIFICATE OF MAILING

I, ROBERT MORALES, District Court Clerk in and for Comanche County, Oklahoma, hereby certify that the foregoing is a true, correct, and complete copy of the instrument herewith set out as appears of record in the Court Clerk's office of Comanche County, Oklahoma. This 20 day of August 2026
By Robert Morales Deputy