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IN THE DISTRICT COURT OF OKLAHOMA COUNTY
STATE OF OKLAHOMA

BILLY and LACY HURSH, *Plaintiffs*, v. **STATE FARM FIRE AND CASUALTY COMPANY,** **MARK D. WELTY**, and **MARK D. WELTY INSURANCE AGENCY, INC.,** *Defendants*.	**Case No. CJ-2025-2626** **Judge Amy Palumbo**

PLAINTIFFS' RESPONSE IN OPPOSITION TO DEFENDANT STATE FARM FIRE AND CASUALTY COMPANY'S MOTION FOR A PROTECTIVE ORDER AND TO QUASH PLAINTIFFS' DEPOSITION NOTICE OF STATE FARM'S CORPORATE REPRESENTATIVE, AND BRIEF IN SUPPORT

CONTENTS

I. INTRODUCTION 1

II. FACTUAL AND PROCEDURAL BACKGROUND 2

A. The Petition Places State Farm's Indemnity-Reduction Scheme at the Center of This Case 2

B. State Farm Rewarded FME Personnel for the Scheme's "Lift," and Its Designee Denied Any Such Practice 3

C. State Farm's Designee on the Compensation Topic Gave No Testimony on It, and the Court Ordered Further Corporate Testimony 4

III. ARGUMENT AND AUTHORITIES 6

A. The Leave Requirement Does Not Bar This Deposition, and the Court Should Grant Leave Now 6

1. The Court Has Already Ordered Further Corporate Testimony, and Plaintiffs Request Leave to the Extent the Court Requires It 6

2. The Discovery Code Favors Leave 7

B. State Farm Has Not Carried Its Burden to Show Good Cause 7

1. Oklahoma Places the Burden on State Farm, and Unsworn Assertions Cannot Carry It 7

2. The Topics Seek Information Relevant to the Claims and Defenses the Petition Pleads 9

3. State Farm's Factual Premises Are Contradicted by Its Own Documents 11

4. Proportionality Favors the Deposition 12

C. The Topics Describe the Matters for Examination with Reasonable Particularity 13

D. Topic 13 Seeks Relevant Information about Where the Reward Records Reside 14

E. No Stay Is Warranted 15

IV. CONCLUSION 16

AUTHORITIES

Cases

Barlow v. State Farm Fire & Cas. Co.
No. CIV-25-44-R, 2026 WL 1295782 (W.D. Okla. May 12, 2026) 11, 13

Chick-fil-A, Inc. v. Ogden
2026 OK 13, 589 P.3d 138.....9, 14, 15

Crest Infiniti, II, LP v. Swinton
2007 OK 77, 174 P.3d 996.....8, 12

Disney v. United Nat'l Life Ins. Co. of Am.
No. CIV-19-00946-PRW, 2020 WL 7249045 (W.D. Okla. Dec. 9, 2020) 6

LKQ Corp. v. Kia Motors Am., Inc.
345 F.R.D. 152 (N.D. Ill. 2023).....15

Prescott v. Cracker Barrel Old Country Store, Inc.
No. CIV-18-121-SLP, 2019 WL 11339874 (W.D. Okla. Feb. 5, 2019).....8, 13, 14

Singh v. Shonrock
No. 15-9369-JWL-GEB, 2017 WL 698472 (D. Kan. Feb. 22, 2017) 7, 15

State Farm Mut. Auto. Ins. Co. v. New Horizont, Inc.
254 F.R.D. 227 (E.D. Pa. 2008).....6, 7

Timmons v. Royal Globe Ins. Co.
1982 OK 97, 653 P.2d 907.....10

United States v. HVI Cat Canyon, Inc.
No. CV 11-5097, 2016 WL 11683593 (C.D. Cal. Oct. 26, 2016).....7, 8, 14

YWCA of Okla. City v. Melson
1997 OK 81, 944 P.2d 304.....7

Statutes

12 O.S. § 3226 .....6, 7, 9, 12, 14, 15, 16

12 O.S. § 3230 .....6, 7, 13, 14, 16

23 O.S. § 9.1 11

Plaintiffs' Exhibit List

EXHIBITS

1. Email chain, "FME – Wind/Hail and Water – Our Reward Recommendations" (Nov. 24 – Dec. 5, 2021), HUR00056814–18 (Dep. Ex. 171)
2. Excerpts, Deposition of Wayne Stewart, State Farm corporate representative (Sept. 29, 2026), pp. 21–23, 34, 69–70, 116–117, 147, 335
3. Court Minute (Oct. 1, 2026)
4. Court Minute (July 7, 2026)
5. P&C Claims Fire Claim Quality, June 2021, HUR00031476–78 (de-designated as Exhibit 20 on Sept. 28, 2026)
6. Financial Operations P&C Analytics, Performance Dialogue, January 2024 Results, HUR00044257–67 (Dep. Ex. 67)
7. Deposition of Nicole Manduca, State Farm corporate representative (Oct. 1, 2026), pp. 1–297 (transcript without deposition exhibits; pp. 157–172, 179–182, 185–186, 188–189, 196–203, and 209–210, which concern a document subject to a pending privilege dispute, omitted)
8. Excerpts, Deposition of Mark Wood (Oct. 29, 2026), pp. 11, 22–23, 99, 101, 182–183
9. Homeowners Paid Severity & Incurred Pure Premium by State, September 2020, HUR00059950–58 (de-designated as Exhibit 25 on Sept. 28, 2026)
10. Operational Objectives, Accountability/Measures (Sept. 22, 2020), HUR00037462–65 (de-designated as Exhibit 70 on Sept. 28, 2026)
11. Fire Claims 2023 May Meeting: Priority Commitments, HUR00029613 (de-designated as Exhibit 23 on Sept. 28, 2026)
12. Email, Daly to Jokerst et al. (Jan. 12, 2022), HUR00002490 (de-designated as Exhibit 48 on Sept. 28, 2026)
13. Declaration of Kevin Mosby (Oct. 9, 2026), Ex. 1 to State Farm's Motion to Partially Reconsider (Oct. 14, 2026)

I. INTRODUCTION

State Farm asks the Court to bar a corporate deposition on thirteen topics about one subject: the rewards State Farm paid to the people who built and ran the Fire Model Enhancement ("FME") Scheme, and the metrics those rewards tracked. The subject comes from State Farm's own documents. In November 2021, Nicole Manduca and Dana Jokerst proposed $27,250 in rewards to FME committee members and explained they "[redacted]" with wind/hail work [redacted]." Exhibit 1 (Reward Emails) at HUR00056816. Kathy Ress, who reviewed the proposal, wrote she was "[redacted]" wanted to "[redacted]," and added "[redacted]." *Id.*

Three weeks before State Farm filed this Motion, its corporate designee testified that rewarding adjusters based on payouts or quotas "[redacted]". The Notice tests that sworn corporate position against the documents. The Petition alleges State Farm built an enterprise-wide Scheme to reduce indemnity on wind/hail roof claims and applied it to the Hurshes' claim. Pet. ¶¶ 4(f), 10–12, 40(o), 58. What State Farm paid its people for the Scheme's "lift," what metrics drove those payments, and whether the people who decided the Hurshes' claim participated, bear directly on those allegations and on punitive damages.

State Farm offers no affidavit, no declaration, and no evidence of burden. It rests on unsworn assertions, including this one: "none of the individuals who handled Plaintiffs' claim were involved with the FME or received any FME-related rewards." Mot. at 4. Topic 11 asks State Farm to establish that assertion under oath, and State Farm's own reward table shows FME rewards reaching field management, including an award "[redacted]" Exhibit 1 (Reward Emails) at HUR00056817. The same table lists Sharon Arnold, a

"Project Committee Member" on the FME water project, as a reward recipient. *Id.* Ms. Arnold previously served as section manager to Mark Wood, the team manager over Plaintiffs' 2023 claim. Exhibit 8 (Wood Dep.) at 11:5–8, 22:15–19. Mr. Wood receives an annual bonus of up to 16 percent of his salary and does not know the criteria on which it is based. *Id.* at 182:6–183:7. Oklahoma places the burden of showing good cause on State Farm, and blanket statements of counsel do not carry it. The Court should deny the Motion, grant leave to the extent leave is required, and order the deposition to proceed before the pretrial conference.

II. FACTUAL AND PROCEDURAL BACKGROUND

A. The Petition Places State Farm's Indemnity-Reduction Scheme at the Center of This Case.

The Hurshes allege State Farm's denial of their roof claim resulted from a scheme born of State Farm's Hail Focus Initiative, "which set out to reduce State Farm's indemnity losses on wind and hailstorm claims—most critically, total roof replacements." Pet. ¶ 4(f). They allege State Farm "established the goal of reducing its indemnity payments by denying full roof replacements," implemented the scheme "using a variety of bad faith tactics and employees at every level," and acted "consistent with an overall collective corporate goal of increasing profits through the systematic underpayment and denial of claims." *Id.* ¶¶ 10–11, 58. The Petition seeks punitive damages. *Id.* ¶ 58.

The Court has already overruled State Farm's objections to discovery into the FME. State Farm concedes as much. Mot. at 11. On July 7, 2026, the Court granted Plaintiffs' second motion to compel. Exhibit 4 (July 7, 2026 Minute). State Farm's own de-designated June 2021 Fire Claim Quality plan reports "Measurement and monitoring is in place at the team and individual level," counts the drop in the "Total Roof to Partial Roof Replacement" ratio from 4.1 to 2.3 as a "quality indicator[] trending positively," and directs Section Managers and Claim Managers to review

"Utilization Dashboards results associated with partial/total roofs and TM file reviews in monthly performance discussions." Exhibit 5 (June 2021 Quality Plan) at HUR00031476–77. A January 2024 performance dialogue reviews wind claims "[redacted]" and reports [redacted]" Exhibit 6 (Jan. 2024 Performance Dialogue) at HUR00044262. It sets a "[redacted]" for wind and hail, reviews paid "[redacted]," and places a claim handler whose reinspections showed estimatic issues on an action plan that includes [redacted]." *Id.* at HUR00044263–65. Topic 6 names the same metrics, including FED (the Fire Estimatic Difference), severity, and the total-to-partial roof ratio, and Topic 8 names severity and roof-replacement rates. Mot. Ex. 1, Topics 6, 8.

B. State Farm Rewarded FME Personnel for the Scheme's "Lift," and Its Designee Denied Any Such Practice.

On November 24, 2021, Dana Jokerst and Nicole Manduca sent Kathy Ress and Tyrone Smith their "[redacted]." Exhibit 1 (Reward Emails) at HUR00056816. They explained, "[redacted]." *Id.* Ms. Ress responded the same day: "[redacted]." *Id.* On December 2, 2021, Ms. Jokerst revised the table "[redacted]," noted the team was "[redacted]," and relied on "[redacted]." *Id.* at HUR00056815. Ms. Ress and Mr. Smith expressed no concerns and supported the recommendations. *Id.* at HUR00056814–15.

The reward table lists more than thirty recipients across the wind/hail and water projects, including an award to a project lead and "[redacted]" noting [redacted]" *Id.* at HUR00056817. The water column lists Sharon Arnold as a Project Committee Member receiving a recommended reward and a prior FME reward. *Id.* Mark Wood, the team manager over Plaintiffs' 2023 claim, identified Ms. Arnold on the table and testified she served as his section manager before Kyle Houts and Brent Kilbourne. Exhibit 8 (Wood Dep.) at 11:5–8, 22:15–22, 101:19–24. He could not recall who his section manager was in March 2024. *Id.* at 22:25–23:7. Topic 11 asks whether any individual, unit, or region involved in handling the Hursh claim received, was eligible for, or was evaluated under any FME-related reward, goal, or metric. Mot. Ex. 1, Topic 11.

On September 29, 2026, State Farm's corporate designee Wayne Stewart was asked whether "an insurance company cannot rely on outcome-based metrics or financial quotas for claim handlers in good faith," and answered, "Yeah. We -- right." Exhibit 2 (Stewart Dep.) at 116:16–19. Asked whether "rewarding adjusters based on payouts or quotas would be inappropriate," he answered, "That would be inappropriate, and that is not a practice that we have." *Id.* at 117:4–8. Asked whether "any targets for outcomes or targets of reductions in claims would be inherently inappropriate," he answered, "That is inappropriate, and that is consistent with guidelines that we have in place already." *Id.* at 117:9–14.

C. State Farm's Designee on the Compensation Topic Gave No Testimony on It, and the Court Ordered Further Corporate Testimony.

Plaintiffs' September 2025 notice included Topic 13, which sought testimony on tracking of roof replacements by individual adjusters and managers, "including recommendations, compensation or bonuses, performance reviews, [and] approvals." Mot. Ex. 2, Topic 13. The Court denied State Farm's motion to quash that notice. Exhibit 2 (Stewart Dep.) at 21:10–21. State Farm

designated two representatives on that notice, Mr. Stewart and Ms. Manduca. Mot. at 5. Mr. Stewart testified on Topics 1, 22(h)–(i), and 23 through 30, and Ms. Manduca took the remaining topics, including Topic 13. Exhibit 2 (Stewart Dep.) at 21:8–23:5, 69:11–70:7. Ms. Manduca testified on October 1, 2026, and gave no testimony on compensation, bonuses, or rewards. Her deposition closed for the day with Plaintiffs reserving additional time under the Court's October 1 order, which, as read into the record, provides that "the depo may extend beyond the six hours, as needed." Exhibit 7 (Manduca Dep.) at 140:17–23, 294:17–20; *see also* Ex. 3. Her testimony on the individual-level use of FME metrics confirms the subject remains open. She agreed State Farm's June 2021 quality plan reviews individual reinspection results monthly in "[redacted]" and has identified "[redacted]," and she testified claim handling behaviors are "[redacted]." *Id.* at 253:16–254:18. She agreed settlement authority is reviewed monthly and adjusted based on an individual performer's MyBlock 5 and reinspection results, which are "[redacted]" and State Farm uses those measures "[redacted]" *Id.* at 265:2–10, 270:2–7. On October 1, 2026, the Court found discovery "continues to be an issue," noted evidence of "white box redactions, no meta data, no privilege log, and others," and ordered "Nicole Manduca must testify as a corporate representative in a non-evasive manner." Exhibit 3 (Oct. 1, 2026 Minute). State Farm has asked the Court to reconsider that order. Mot. at 5.

Plaintiffs served the Notice on October 12, 2026, for a deposition on October 20, 2026. Mot. Ex. 1. State Farm produced the reward emails on or about July 1, 2026, after the September 2025 notice. State Farm filed this Motion on the day noticed for the deposition and served it by mail. Mot. at 18.

III. ARGUMENT AND AUTHORITIES

A. The Leave Requirement Does Not Bar This Deposition, and the Court Should Grant Leave Now.

1. The Court Has Already Ordered Further Corporate Testimony, and Plaintiffs Request Leave to the Extent the Court Requires It.

State Farm's lead argument rests on 12 O.S. § 3230(A)(2), which requires leave of court if, without the written stipulation of the parties, "the person to be examined already has been deposed in the case." 12 O.S. § 3230(A)(2)(a)(1). The statute sets no standard for granting leave beyond the limits of § 3226. The federal decisions State Farm cites treat the leave requirement as a procedural gate, not a merits bar. In *Disney*, the court declined to reach whether a second corporate deposition should proceed because the plaintiff had not asked, and stated, "If Plaintiff chooses to seek leave to do so, the Court will address the issue at that time." *Disney v. United Nat'l Life Ins. Co. of Am.*, No. CIV-19-00946-PRW, 2020 WL 7249045, at *2 (W.D. Okla. Dec. 9, 2020). In *New Horizont*, the court acknowledged courts disagree on whether leave applies to a second organizational deposition, then, "[i]n the interest of efficiency," addressed "the appropriateness of the discovery requested as if Defendants had sought leave of court." *State Farm Mut. Auto. Ins. Co. v. New Horizont, Inc.*, 254 F.R.D. 227, 234–35 (E.D. Pa. 2008). *New Horizont* also recognized leave was not required for a corporate deposition the court had ordered. *Id.* at 235 n.7.

The Court has ordered further corporate testimony in this case. Exhibit 3 (Oct. 1, 2026 Minute). State Farm acknowledges the Court "ordered a continuation" of the corporate deposition. Mot. at 5. To the extent the Court views the Notice as a second deposition requiring leave, Plaintiffs will request leave by separate motion, and the Court should decide the question now. However, trial is approaching quickly, so requiring a separate motion would only delay the case further.

2. The Discovery Code Favors Leave.

Section 3226(B)(2)(c) directs the Court to limit discovery that is "unreasonably cumulative or duplicative," that the requesting party "has had ample opportunity to obtain," or that falls outside the scope of § 3226(B)(1)(a). 12 O.S. § 3226(B)(2)(c). None applies. The Topics are not duplicative: State Farm's designee on the prior compensation topic gave no testimony on it, and the Court has ordered further non-evasive corporate testimony. Exhibit 3 (Oct. 1, 2026 Minute). *New Horizont* denied leave because the requesting party offered no reason for its "wait-and-see" approach and admitted, "We just simply decided to proceed in that manner." 254 F.R.D. at 235–36. Plaintiffs have a reason. The reward documents identify a practice State Farm's designee denied under oath, and they arrived after the September 2025 notice. Under the federal counterpart to § 3230(C)(5), "[t]he purpose of a Rule 30(b)(6) deposition is to provide sworn corporate admissions that are binding on the corporation." *United States v. HVI Cat Canyon, Inc.*, No. CV 11-5097, 2016 WL 11683593, at *5 (C.D. Cal. Oct. 26, 2016); *see id.* at *5 n.7 (noting courts differ on the degree to which such testimony binds the organization). Prior individual testimony does not substitute for it. *See Singh v. Shonrock*, No. 15-9369-JWL-GEB, 2017 WL 698472, at *3 (D. Kan. Feb. 22, 2017) (overruling objection to topic explored with prior witnesses because "a Rule 30(b)(6) deposition is distinct from a witness deposition" and prior witnesses could not recall).

B. State Farm Has Not Carried Its Burden to Show Good Cause.

1. Oklahoma Places the Burden on State Farm, and Unsworn Assertions Cannot Carry It.

A protective order issues only "for good cause shown." 12 O.S. § 3226(C)(1). The statute "shifts the burden of showing 'good cause' to the party who opposes discovery." *YWCA of Okla. City v. Melson*, 1997 OK 81, ¶ 15, 944 P.2d 304. "In Oklahoma 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, ¶ 17, 174 P.3d 996. A movant "must show more than these blanket statements to satisfy their burden for a protective order." *Id.* ¶ 18. Federal courts applying the parallel rule agree: good cause "contemplates a particular and specific demonstration of fact, as distinguished from stereotyped and conclusory statements." *Prescott v. Cracker Barrel Old Country Store, Inc.*, No. CIV-18-121-SLP, 2019 WL 11339874, at *1 (W.D. Okla. Feb. 5, 2019) (citation omitted).

State Farm's Motion rests on factual assertions without evidentiary support: State Farm "does not compensate its employees based on claim outcomes or payments to insureds"; "none of the individuals who handled Plaintiffs' claim were involved with the FME or received any FME-related rewards"; and preparing a witness would impose "significant, immediate burden and expense." Mot. at 2, 4, 15. No affidavit or declaration supports any of them. The Oklahoma Supreme Court has held "unsworn statements of counsel in a motion do not constitute evidence." *Crest Infiniti*, 2007 OK 77, ¶ 10. Motions raising fact issues "shall be verified by a person having knowledge of the facts, if possible; otherwise, a verified statement by counsel of what the proof will show will suffice *until a hearing or stipulation can be provided*." *Id.* ¶ 11 (citation omitted). State Farm offers neither. Where a movant offers no "specific showing" of burden beyond what appears on the face of the topics, the movant "has not adequately supported its request for a narrower scope." *Prescott*, 2019 WL 11339874, at *3. Even the out-of-state decision State Farm relies on for "painstaking specificity" rested on the movant's supporting declarations. *HVI Cat Canyon*, 2016 WL 11683593, at *1–2. State Farm knows how to support a claim of harm with evidence. Six days before filing this Motion, it supported a request to keep part of one document confidential with an eight-page sworn declaration. Exhibit 13 (Mosby Decl.). That declaration also

states that section managers and team managers can view "limited subsets of this information related to their individual team members," such as "the FED for a specific claim." *Id.* ¶ 28.

2. The Topics Seek Information Relevant to the Claims and Defenses the Petition Pleads.

Discovery extends to "any matter, not privileged, which is relevant to any party's claim or defense, reasonably calculated to lead to the discovery of admissible evidence and proportional to the needs of the case." 12 O.S. § 3226(B)(1)(a). *Chick-fil-A* does not change the burden here. The Court held the proponent must show relevance "when the request is overly broad on its face or when relevancy is not readily apparent." *Chick-fil-A, Inc. v. Ogden*, 2026 OK 13, ¶ 15, 589 P.3d 138 (citation omitted). The request there sought ten years of records of adverse events at every Chick-fil-A restaurant in the United States, which the trial court narrowed to five years of pedestrian incidents in any parking lot nationwide, in a case about one child struck in one drive-through lane. *Id.* ¶¶ 2–3, 7, 15. The Court noted a separate request, limited to lawsuits involving motor-vehicle injuries, "was not overly broad as drafted." *Id.* ¶ 8 n.2. The Court also recognized "other incidents of the same type," "information about organizational arrangements or filing systems," and information usable to impeach a likely witness as information, "suitably focused," relevant to a claim or defense. *Id.* ¶ 14.

The Topics fall within each category. Relevance here is apparent on the face of the Notice, and Plaintiffs demonstrate it in any event. A bad-faith claim is not confined to the reasons the insurer gave for its decision; "the jury may be shown the entire course of conduct between the parties." *Timmons v. Royal Globe Ins. Co.*, 1982 OK 97, ¶ 33, 653 P.2d 907. The Petition alleges the claim decision flowed from an enterprise Scheme designed to reduce indemnity on roof claims. Pet. ¶¶ 4(f), 10–12, 40(o). Whether State Farm paid its people for that Scheme's "[redacted]" makes the alleged purpose more probable. Exhibit 1 (Reward Emails) at HUR00056816. Whether the

rewards tracked indemnity metrics, and whether claim personnel were evaluated on the same metrics, goes to whether the Scheme operated as alleged at the level where claim decisions are made. Exhibit 5 (June 2021 Quality Plan) at HUR00031477; Exhibit 6 (Jan. 2024 Performance Dialogue) at HUR00044262–63. State Farm measured wind/hail accuracy against "Paid Severity to CAGR Targets and Fire Estimatics Difference," set year-end targets for both, and reviewed reinspection results "at the division, section, team and individual level," with "observations and actions plans . . . included in monthly performance summary." Exhibit 9 (Sept. 2020 Severity Report) at HUR00059957–58. Team managers were directed to "memorialize" each claim handler's contribution "in the quality portion of the claim handler's monthly MyBlock performance review." Exhibit 10 (Accountability Measures) at HUR00037462. In 2023, State Farm set monthly goals to reduce the "Percentage Roof Replacement Overturn" from a 4.41% baseline to 3.75%, and directed section and claim managers to review, and coach, the team managers with the most roof-replacement approvals. Exhibit 11 (May 2023 Priority Commitments) at HUR00029613. Whether the unit or region that handled the Hursh claims operated under FME rewards, goals, or metrics ties the Scheme to this claim. Mot. Ex. 1, Topic 11; Exhibit 1 (Reward Emails) at HUR00056817. The same evidence tests State Farm's sworn denial of any practice of rewarding claim personnel for outcomes. Exhibit 2 (Stewart Dep.) at 117:4–14.

The Topics also bear on punitive damages, which the Petition seeks. *See, e.g.*, Pet. ¶ 58. The factors a jury weighs include "[t]he profitability of the misconduct to the defendant" and, for a corporation, "the number and level of employees involved in causing or concealing the misconduct." 23 O.S. § 9.1(A)(2), (6). Rewards measured against enterprise "lift," reviewed at the vice-president level, and potentially extended to counsel, speak to both factors.

A federal court applying the same relevance standard to the same allegations reached the same conclusion. Judge Russell rejected State Farm's position "that only documents related to Plaintiffs' individual claim are discoverable," held "merits-based arguments are premature" in discovery, and found "information showing that State Farm tracked the implementation and effectiveness of the alleged scheme is within the scope of discovery." *Barlow v. State Farm Fire & Cas. Co.*, No. CIV-25-44-R, 2026 WL 1295782, at *2, *5 (W.D. Okla. May 12, 2026). The court limited that discovery to the actual analyses and reports, from 2019 through the adjustment of the plaintiffs' claim, and to Oklahoma for state-specific data. *Id.* at *5. Rewards keyed to the Scheme's results are tracking of its effectiveness. *Barlow* also denied State Farm's motion to quash the deposition of Ms. Manduca, over State Farm's objection she had no involvement in the plaintiffs' claim, because she led the team that "allegedly generated the claims handling tactics that underlie Plaintiffs' bad faith claim." *Id.* at *6.

3. State Farm's Factual Premises Are Contradicted by Its Own Documents.

State Farm's relevance argument depends on two premises: State Farm does not compensate employees based on claim outcomes, and no one involved in the Hursh claim received an FME reward. Mot. at 2, 4, 12. The first premise is the contested fact the Topics seek to test, and State Farm's documents describe rewards calibrated to the Scheme's [redacted]." Exhibit 1 (Reward Emails) at HUR00056816. The second premise is an unsworn assertion of counsel, and it addresses only whether the individual adjusters received rewards. Topic 11 reaches further, asking whether the unit or region that handled the claim was eligible for or evaluated under FME rewards, goals, or metrics. Mot. Ex. 1, Topic 11. The assertion also does not account for the claim's supervisory chain. Sharon Arnold, an FME reward recipient, served as section manager to the team manager on Plaintiffs' claim, and that team manager receives an annual bonus of up to 16 percent of salary on criteria he does not know. Exhibit 1 (Reward Emails) at HUR00056817; Exhibit 8 (Wood Dep.)

at 22:15–19, 101:19–24, 182:6–183:7. Asked whether FED or error rates are a factor, he answered, "[redacted]." *Id.* at 183:8–12. State Farm's corporate designee supplied the remaining pieces. Asked whether MyBlock housed performance evaluations, Mr. Stewart answered, "At the time we were using it, it would have included performance evaluations." Exhibit 2 (Stewart Dep.) at 34:15–18. Asked whether "[redacted]," he answered, "[redacted]." *Id.* at 147:18–22. Asked whether State Farm "[redacted]," he answered, "[redacted]" *Id.* at 335:17–21. Whether FME metrics enter those criteria is the question Topic 11 asks, and only a prepared corporate designee can answer it. State Farm's own documents also show the Scheme extended to section and claim managers through "[redacted]" and placed partial/total roof results in monthly performance discussions. Exhibit 1 (Reward Emails) at HUR00056817; Exhibit 5 (June 2021 Quality Plan) at HUR00031477. A party cannot defeat discovery by asserting the answer the discovery seeks. As in *Crest Infiniti*, State Farm does not "explain why the corporate official, as such, would not have knowledge of information relating to plaintiffs' causes of action." 2007 OK 77, ¶ 18.

4. Proportionality Favors the Deposition.

Each § 3226(B)(1)(a) factor favors Plaintiffs. The issues at stake extend beyond the policy benefits to bad-faith, constructive fraud, and punitive damages claims. Pet. ¶¶ 45–79. State Farm alone holds the reward records, approvals, and metrics; Plaintiffs have no other access. State Farm's resources vastly outweigh Plaintiffs'. The importance of the discovery follows from the conflict between State Farm's documents and its designee's own testimony. Against those factors, State Farm offers no evidence of burden. State Farm has already prepared designees on thirty topics in this case. Mot. at 5. One deposition on thirteen topics concerning a single subject is a modest addition, and State Farm's designee can answer to these topics.

C. The Topics Describe the Matters for Examination with Reasonable Particularity.

The Discovery Code requires a notice to "describe with reasonable particularity the matters on which examination is requested," and requires the organization's designees to "testify as to matters known or reasonably available to the organization." 12 O.S. § 3230(C)(5). The obligations are reciprocal. *Prescott*, 2019 WL 11339874, at *2. At a minimum, topics must be "stated with enough specificity to allow the corporation to designate and prepare a representative to testify." *Barlow*, 2026 WL 1295782, at *2 (citation omitted).

The Topics meet that standard. Topic 1 identifies the reward communications by Bates number, and Topics 2 and 4 quote the statements at issue. Mot. Ex. 1, Topics 1–2, 4. Topic 5 identifies the November 24, 2021 reply. *Id.*, Topic 5. Topic 10 names four individuals and the reward tables. *Id.*, Topic 10. Topic 11 names the Hursh claim. *Id.*, Topic 11. Topic 6 lists the metrics by name: the Fire Estimatic Difference, net paid indemnity, severity, roof payment volume, the full-roof-replacement rate, and the total-to-partial roof ratio. *Id.*, Topic 6. State Farm calls "FME savings," "indemnity reduction," "roof-replacement rates," and "claims-outcome metrics" vague. Mot. at 14. Those terms come from State Farm's own planning documents and performance dialogues. Exhibit 5 (June 2021 Quality Plan) at HUR00031476–77; Exhibit 6 (Jan. 2024 Performance Dialogue) at HUR00044262–65. State Farm's own personnel understood those terms well enough to rename them. On the Quality Pillar roadmap's "Reduce FED" metrics, one asked "can we change 'Reduce' to 'Target'" because "the lawyers would caution us on how others might use the terms out of context." Exhibit 12 (Jan. 12, 2022 Email) at HUR00002490. In 2023, a recap of the quality slide decks reported that any reference to "[redacted]" was to be replaced with [redacted]." Exhibit 7 (Manduca Dep.) at 282:3–12, 285:5–11 (reading Dep. Ex. 29, HUR00022161). A designee can be prepared to testify about metrics that State Farm's employees

named, renamed, and tracked. State Farm uses these terms in the ordinary course of its business and can prepare a designee to address them.

State Farm's "painstaking specificity" quotation does not support its position. State Farm quotes *HVI Cat Canyon* as stating, "Because § 3230(C)(5) places substantial responsibilities and burdens on the responding corporate party . . . ." Mot. at 3. The opinion says "Rule 30(b)(6)," not "§ 3230(C)(5)." *HVI Cat Canyon*, 2016 WL 11683593, at *7. State Farm altered the quotation without brackets. The decision also involved sixty-one surviving topics, many with subparts, spanning twelve facilities and more than a decade, which required "twelve full pages to set out," and the court granted relief without prejudice to a narrowed notice. *Id.* at *1–2, *8–10. Thirteen topics on one subject bear no resemblance to that notice.

State Farm's temporal objection does not warrant quashing the Notice. The Scheme began in 2020, and the Hurshes' losses occurred in October 2023 and May 2024. Pet. ¶ 40; Exhibit 1 (Reward Emails) at HUR00056816. Rewards and metrics from 2020 forward cover the period in which the Scheme developed and operated through the Hurshes' claims. If the Court finds any Topic overbroad in time, the remedy is a limitation, not an order "that the discovery not be had." *See* 12 O.S. § 3226(C)(1)(b), (d); *Prescott*, 2019 WL 11339874, at *2–5 (narrowing overbroad topics to their relevant subject matter).

D. Topic 13 Seeks Relevant Information about Where the Reward Records Reside.

Topic 13 asks where the records concerning FME rewards, budgets, approvals, and metrics are kept, who holds them, and whether State Farm preserved them. Mot. Ex. 1, Topic 13. *Chick-fil-A* identifies "information about organizational arrangements or filing systems" as relevant to a claim or defense when suitably focused. 2026 OK 13, ¶ 14. Topic 13 is limited to the records underlying the other Topics.

LKQ does not hold otherwise. That decision addressed a notice in which eleven of thirteen topics sought testimony about a party's ESI search and collection methodology in a patent case. *LKQ Corp. v. Kia Motors Am., Inc.*, 345 F.R.D. 152, 157 (N.D. Ill. 2023). Even there, the court recognized such discovery is available upon "concrete evidence" of a discovery failure. *Id.* at 162–63. The evidence here is concrete. The Court has found "white box redactions, no meta data, no privilege log, and others." Exhibit 3 (Oct. 1, 2026 Minute). State Farm's own FME leaders reported they were "[redacted]" and worked from "[redacted]" Exhibit 1 (Reward Emails) at HUR00056815. Courts order corporate testimony on preservation in these circumstances. *Singh*, 2017 WL 698472, at *5 (ordering designee to testify about the university's actions to preserve evidence, because "the production of a single email does not provide information sufficient to respond" and those actions "are not, without some other showing, subject to privilege").

E. No Stay Is Warranted.

State Farm asks the Court to stay the deposition until it "has exhausted its appellate remedies." Mot. at 15–16. Trial is quickly approaching. A stay of that scope would deny the discovery entirely. Review of a discovery order proceeds by extraordinary writ, which is available when a district court "exceeds its authority, issues an order based on an erroneous conclusion of law, or acts without a rational basis in evidence." *Chick-fil-A*, 2026 OK 13, ¶ 9. State Farm identifies no such error and no harm beyond the ordinary work of preparing a witness. The Discovery Code provides methods of discovery "may be used in any sequence," and one party's discovery "shall not operate to delay discovery by any other party." 12 O.S. § 3226(D). When the Court denies a protective order, it "may, on such terms and conditions as are just, order that any party or person provide or permit discovery." *Id.* § 3226(C)(2). State Farm's request for a stay is both premature and meritless.

IV. CONCLUSION

State Farm has not shown good cause. Plaintiffs request the Court (1) deny the Motion in its' entirety; (2) to the extent the Court deems leave necessary under 12 O.S. § 3230(A)(2), grant leave; (3) order State Farm to produce one or more prepared designees on Topics 1 through 13, and the documents requested in Exhibit B to the Notice; (4) deny the requested stay; and (5) award Plaintiffs their reasonable expenses incurred in opposing the Motion under 12 O.S. § 3226(C)(2).

Respectfully submitted,

Reggie Whitten

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Michael Burrage, OBA No. 1350
Blake Sonne, OBA No. 20341
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CERTIFICATE OF SERVICE

I certify that on November 9, 2026, I served a true and correct copy of the foregoing by electronic mail on the following counsel of record:

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Counsel of record for Defendants Mark D. Welty and Mark D. Welty Insurance Agency, Inc.

Reggie Whitten

Reggie N. Whitten

EXHIBITS FILED UNDER SEAL

1, 6, 7, 8

IN THE DISTRICT COURT OF OKLAHOMA COUNTY
STATE OF OKLAHOMA

BILLY & LACY HURSH,

Plaintiffs

vs. No. CJ-2025-2626

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

Defendants.

VIDEOTAPED DEPOSITION OF WAYNE STEWART

Taken on Behalf of the Plaintiffs

On September 29, 2026, beginning at 9:23 a.m.

In Oklahoma City, Oklahoma

APPEARANCES:

Appearing on behalf of the PLAINTIFFS

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Reggie N. Whitten
Blake Sonne
Michael Burrage
Autumn Hobbs
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(Appearances continued on next page)

EXHIBIT 2

today, September 29th, beginning at 9:00 a.m. in the Oklahoma County courthouse. There was no objection to this notice, and, normally, when we issue a 30-topic notice, I get a response delineating which topics to each witness. You assigned those topics to each witness based on, like, your categories of topics. I mean, you did not object to this notice. So the notice that is out is 1, 21, 23, 24, 25, 26, 27, 28, 29, and 30.

Considering that the Motion to Quash was denied, I am going to ask him about his preparation on the topics for his notice that he is testifying to today.

MR. LEFFEL: I'm simply telling you: All those I had except for 21. And then, maybe that we have -- our next witness is going to speak to 21.

MS. WHITTEN: Okay. So --

MR. LEFFEL: And we did obviously object and we filed a Motion to Quash. I agree it was overruled, but it's not accurate that we did not object to the topics. But we're here to prepare the witness on all the topics. I just don't have this gentleman down for 21, and if I'm mistaken, somebody can correct me on that.

MS. WHITTEN: I was just hoping that to

the extent that you saw anything wrong in the notices, you would bring that up in an email when we sent them out. Just so that we could prepare correctly.

MR. LEFFEL: Okay.

MS. WHITTEN: But the extent that you're taking the position that 21 is assigned to Manduca, I will take that off my list, but --

MR. LEFFEL: Yeah. We --

MS. WHITTEN: -- that is -- I never heard back --

MR. LEFFEL: All the other ones --

MS. WHITTEN: -- from that.

MR. LEFFEL: All the other ones, I think we have him prepared for. So, yeah.

MS. WHITTEN: Okay. So, just for the record, you would agree with me that Mr. Stewart is designated for Topic 1, Topic 23, Topic 24, Topic 25, 26, 27, 28, 29, and 30?

MR. LEFFEL: Yes. And then, I think -- did you say 22? Because we've got him on 22, as well.

MS. ZOLNER: Two subparts on 22.

MR. LEFFEL: Huh?

MS. ZOLNER: Two subparts on 22?

MR. LEFFEL: Okay. Two of the subparts on 22.

MS. ZOLNER: I think it's I and J.

MR. LEFFEL: H and I.

MS. ZOLNER: H and I. Thank you.

MS. WHITTEN: Oh, I did not have him on two subparts on 22. And this is -- I do take issue with this now. I mean, we sent these notices to all counsel for State Farm. I didn't receive a single email that any of the topics were incorrect in these notices, and so I'm entitled to prep as counsel a record in this case.

I sent out these notices three weeks ago by my paralegal, and to say now that we're changing the way that these topics have been delineated feels very prejudicial.

MR. LEFFEL: We have witnesses that are prepared to testify on all your topics, and I'm telling you these are the ones that he's here today. There's plenty of information. We're in agreement on everything except that there is -- we don't have him down for 21. We'll present Ms. Manduca on that later this week, and the remaining topics on 22, Ms. Manduca. He's here and he's prepared to testify to -- on Topics H and I.

was not quashed by this court. So did you review any documentation to be educated about State Farm's usage of MyBlock?

A I'm not even aware of any information about education and use of MyBlock.

Q Okay. And what was in MyBlock that isn't in there anymore?

MR. LEFFEL: Form.

You can go ahead.

THE WITNESS: Well, I don't know what is in or isn't in MyBlock. The information that used to be housed in MyBlock is now housed in a different application.

BY MS. WHITTEN:

Q Would you dispute that MyBlock housed performance evaluations?

A At the time we were using it, it would have included performance evaluations.

Q Would you dispute that MyBlock would include performance evaluations on roof claims specifically?

A I'm not aware of any evaluations that we do specifically to roof claims.

Q Okay. And if documents produced in this case reference MyBlock for roof skills review

MS. WHITTEN: I'm about to switch gears. Does anybody need a bathroom break? Because I'm happy to keep going, so...

MR. LEFFEL: Go ahead and take a break here real quick.

THE VIDEOGRAPHER: Off the record at 10:37 a.m.

(Off the record)

THE VIDEOGRAPHER: Back on the record at 10:54 a.m.

MR. LEFFEL: Can I briefly correct one thing that we discussed earlier on the record regarding the notice and the topics?

On the break I was able to find an email that my partner, Carrie McNeer, sent on September 10th at 2:41 p.m., stating that, "We had reviewed the September 3rd, 2026, notices for the corporate representatives, as specified the topics on which Nicole Manduca and Wayne Stewart will testify. There are two discrepancies in those notices we wanted to bring to your attention.

"Bullet Number 1. Ms. Manduca will be the company's designee on Topic 21, not Mr. Stewart.

"Bullet 2. Mr. Stewart will be the company's designee on Topic 22H and I, not

Ms. Manduca.

"Please let us know if you intend to issue corrected notices, otherwise, we will have -- the witnesses will address this on the record during the deposition."

And that was sent on September 10th to you and your partners.

MS. WHITTEN: Do you mind forwarding that to me?

MR. LEFFEL: Sure.

MS. WHITTEN: I'm not saying that I dispute it.

MR. LEFFEL: Yeah.

MS. WHITTEN: I don't. I'm just -- I appreciate that, but I have not seen that email.

BY MS. WHITTEN:

Q Okay. Mr. Stewart, are you ready to get back into it?

A I'm ready.

Q As always, if you need a break, you just let me know. I don't want you to have to, you know, hold it for the bathroom or you need a drink of water, just let me know. Okay?

A Okay. Thank you.

Q Now, we've discussed the roles that you've

THE WITNESS: But I don't remember what the question was.

BY MS. WHITTEN:

Q In your review of all of the policies and materials, did you see any definition of "outcome-based claim handling" that you've testified to here today?

A Would you please repeat the question?

Q Sure. You've provided me a definition that you're speaking to here today on behalf of State Farm that "outcome-based claim handling" is simply putting a claim in the right people's hands; right?

A That's my understanding of "outcome-based claim handling," yes.

Q And would you agree that an insurance company cannot rely on outcome-based metrics or financial quotas for claim handlers in good faith?

A Yeah. We -- right. The outcome of the claim is going to be the outcome of the claim.

Q Okay.

A Whatever that is.

Q And would you agree with me that if State Farm was engaging in processes that were predetermining the outcome of a claim, that would be

bad faith?

A That could be bad faith, and it's totally against what State Farm does, yes.

Q And would you agree that rewarding adjusters based on payouts or quotas would be inappropriate?

A That would be inappropriate, and that is not a practice that we have.

Q Would you agree that any targets for outcomes or targets of reductions in claims would be inherently inappropriate?

A That is inappropriate, and that is consistent with guidelines that we have in place already.

Q What is an industry standard?

A I don't know that I necessarily have a definition of "industry standard." There are probably some similar practices that may be used by different companies that may look a lot alike, but I don't know that there is a single standard for the industry.

Q And just so I'm clear. I'm not necessarily even currently limiting industry standard to insurance.

A Okay.

BY MS. WHITTEN:

Q And, Mr. Stewart, I know it is tough sometimes, but you might try to take a breath after every question, because I know Mr. Leffel is trying to get his objection in and I'm sure our reporter over here is trying to get both of your words on the record. So sometimes I just tell my witnesses, "Take a deep breath after every question."

MR. LEFFEL: In this instance, we agree with --

MS. WHITTEN: Very rare.

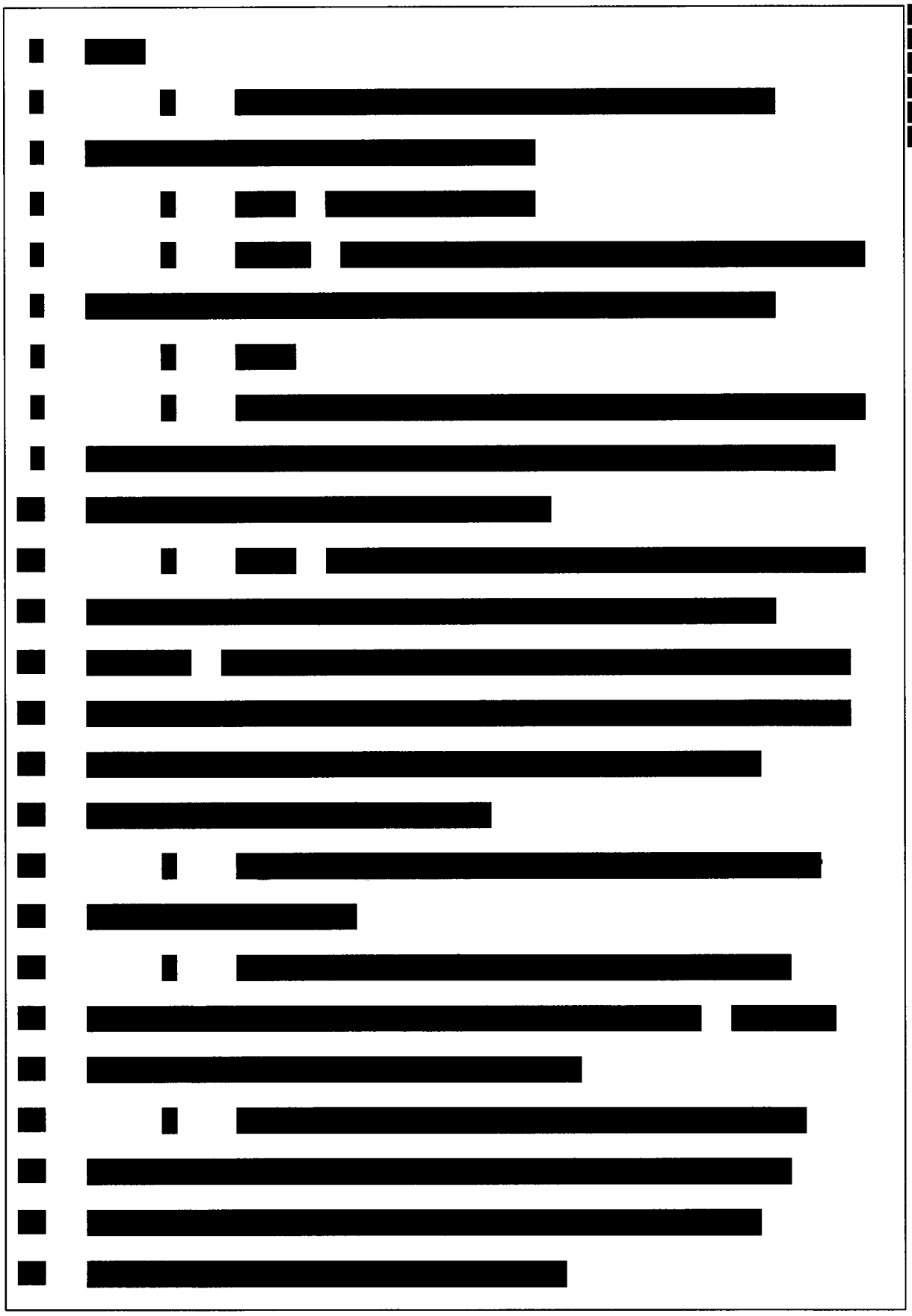
MR. LEFFEL: There it is, on the record.

THE WITNESS: And for the record, I agree, and I will try to do better. Thank you.

BY MS. WHITTEN:

Q Thank you, Mr. Stewart. I appreciate that.

[redacted]

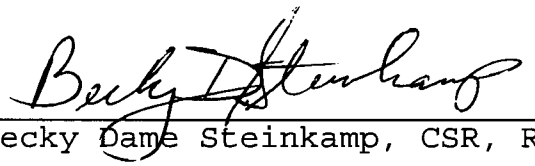


CERTIFICATE

STATE OF OKLAHOMA)
) SS:
COUNTY OF OKLAHOMA)

I, Becky Dame Steinkamp, Certified Shorthand Reporter within and for the State of Oklahoma, do hereby certify that the above-named WAYNE STEWART was by me first duly sworn to testify the truth, the whole truth, and nothing but the truth, in the case aforesaid; that the above and foregoing deposition was by me taken in shorthand and thereafter transcribed; and that I am not an attorney for nor relative of any of said parties or otherwise interested in the event of said action.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal this 5th day of October, 2026.



Becky Dame Steinkamp, CSR, RPR

IN THE DISTRICT COURT OF OKLAHOMA COUNTY
STATE OF OKLAHOMA

Hursh
Petitioner(s)

--vs.

State Farm, et. al.
Respondent(s)

Hannah Whitten, Peggie Whitten Blake Sonn
Attorney(s) for Petitioner

Case No. CJ-2025-

Lance Leffel, Erica Zolner, Tiffany Bowers
Attorney(s) for Respondent

FILED IN DISTRICT COURT
OKLAHOMA COUNTY
OCT - 1 2026
RICK WARREN
COURT CLERK
115

COURT MINUTE

Date: 10/1/26 Judge Palumbo

Hearing On: Discovery, Witnesses, and media
Ruling By Court:

Discovery continues to be an issue. This Court Ordered full and flawless compliance with production. this court has been presented with evidence of white box redactions, no meta data, no privilege log, and others.

On media, parties to submit briefs 10 pages or less about positions on the media. Court put media guardrails now, and allow media potentially. Parties to meet and confer on these issues prior to submission of briefs, to determine what they agree on. This Court expects witnesses to appear live. This Court orders that Nicole Manduca must testify as a corporate representative in a non-evasive manner.

Plaintiffs State Farm The Court

EXHIBIT 3

1061217354

IN THE DISTRICT COURT OF OKLAHOMA COUNTY
STATE OF OKLAHOMA

Hursh / Faust
Petitioner(s)

Beggie Whitten, Michael Burrage, Blake Sonne, Hannah Whitten
Attorney(s) for Petitioner

--vs.

Case No. CJ-2025-2626
CJ-2025-1675

State Farm, et al.
Respondent(s)

Lance Leffel, David Archer
Attorney(s) for Respondent

FILED IN DISTRICT COURT
OKLAHOMA COUNTY

COURT MINUTE

JUL 07 2026

RICK WARREN
COURT CLERK

78

Date: 7-7-2026 Judge Palumbo

Hearing On: Plaintiffs' 2nd Motion to Compel, SF's App. to File Unredacted
Ruling By Court:

Plaintiffs' second motion to compel is granted.

Pursuant to the First motion to compel, the Court expects production reflects it is provided in the ordinary course of business. State Farm's motion to file unredacted responses is denied.

JUDGE AMY PALUMBO

State Farm

OBA 19511

Lance E. Leffel

Plaintiffs

OBA #20341

Blake Sonne

EXHIBIT
4

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)

EXHIBIT
5

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- 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 ≥ $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

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

September 2020, rolling 12-months

The following information relates to all perils.

Data as of Sep 2020	% Net Paid Indemnity (sorted)	Net Paid Indemnity		Pure Premium		Frequency			Paid Severity	Pending Counts
		$ (M)	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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EXHIBIT 9

[Source: PCADSS]

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 Δ	YOY % Δ	YOY % Δ
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 then 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 Estimatics 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 and 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 estimatics experience;
- **Pennsylvania** - partnering with CFEU Estimatics 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 Δ	YOY % Δ	YOY % Δ
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 then 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 estimatics. 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)

Net Paid Indemnity (R12)	Sep-19	Sep-20	$ Δ	% Δ
Total	$4.50B	$5.14B	$644.0M	14.3%
Non-catastrophe	**$1.37B**	**$1.34B**	**- $30.7M**	**-2.2%**
Wind	$789.8M	$821.2M	$31.4M	4.0%
Hail	$571.4M	$511.4M	- $60.1M	-10.5%
Catastrophe	**$3.13B**	**$3.81B**	**$674.6M**	**21.5%**
Wind	$1.27B	$1.68B	$411.9M	32.4%
Hail	$1.86B	$2.12B	$262.5M	14.1%

Total Homeowners Wind/Hail - Paid Severity (R12)

Paid Severity (R12)	Sep-19	Sep-20	$ Δ	% Δ
Total	$10,477	$10,971	$494	4.7%
Non-catastrophe	**$8,962**	**$9,767**	**$805**	**9.0%**
Wind	$7,748	$8,495	$747	9.6%
Hail	$11,457	$12,889	$1,432	12.5%
Catastrophe	**$11,311**	**$11,467**	**$156**	**1.4%**
Wind	$9,519	$9,616	$96	1.0%
Hail	$12,988	$13,541	$553	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 Δ	YOY % Δ	YOY % Δ
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	$9,494	+$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 then 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.

[Source: PCADSS] 7

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 Peril (Catastrophe)	Paid Severity			IPP
Sep-20	$	YOY Δ	YOY % Δ	YOY % Δ
California	$9,875	+$548	+5.9%	+7.3%
Florida	$20,234	-$3,064	-13.2%	-42.3%
Georgia	$10,739	+$1,888	+21.3%	-28.7%
Illinois	$11,225	-$662	-5.6%	-6.0%
Michigan	$11,497	+$3,383	+41.7%	+89.9%
New York	$6,870	-$972	-12.4%	+123.9%
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	$11,467	+$156	+1.4%	+41.9%

Bold font indicates percent change greater then enterprise-wide.

2020 Declared Fire Cat Events

	2019	2020	Delta	Delta %
California	3,995	1,265	-2,730	-68.3%
Florida	828	4,877	4,049	489.0%
Georgia	6,080	17,538	11,458	188.5%
Illinois	36,815	49,371	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	10,373	-3,801	-26.8%
Pennsylvania	12,253	12,677	424	3.5%
Texas	37,085	48,951	11,866	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 segments 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 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.

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 Ress 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

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 accountabilities in the quality aspects of the claim handler's monthly performance expectations 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, QFC/QFC review, use of virtual tools and CSP, Claim Handler Summary Reports through Claim Management Tool (CMT), 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
10

- 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 estimatics.

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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.

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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

DRAFT

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Document Produced in Native Format

EXHIBIT
11

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 Path to Proficiency (P2P)
 	
TMs to review results of NTR assessment with claim handlers within 2 weeks of availability of results and provide appropriate coaching
 	
Leaders to ensure all NTR claim handlers take the skill assessment
	Employee Retention
	• Maintain results at 3.3% or less for <1-year employees
	
	Six-Month Skill Results:
	• Improve NTR Skills Assessment Result at next cycle (skill assessment is all perils)
	  o 68% to 71%
	  o 71% to 74%
		• 3Q & 4Q
		
		• July
		• October

NTR production meets established targets 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.	**NTR (Leader Weighted Expectation to Actual)*** Baseline: Ress 71.8%, Smith 76.4% • 85% of target • 92.5% of target • Achieves target *Percentage NTR meeting P2P productivity expectations (0-9 months)	• July • August • September

StateFarm®

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 (Steep/High) -minimum 11% (Baseline: 8.7%) • MAX Settlement -minimum 65% (Baseline: 23%)	• 3Q 64%, 4Q 74% • 3Q 6.5%, 4Q 8% • 3Q 4%, 4Q 5% • 3Q 9.5%, 4Q 11% • 3Q 50%, 4Q 65%
Reduce expense per claim by: Achieve primary/secondary ECR monthly schedule commitments/budget counts ECR counts align with demand/pending/productivity expectations	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)	• August • September
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.	**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	• July • August • September



May Dallas Executive Meeting Commitments

Quality Commitments

Quality Conversations 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	**Reduction in FED Finding Frequency %**	
TMs conduct regular cadence of reviews for water claims identified as not having origin or rate in the QFC 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.	Water (Baseline: June 9.17%) • 9.0% (target) • Maintain target	 • July • August forward
TMs conduct regular cadence of reviews for wind/hail claims with missing or incorrect structured phrases on the QFC 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.	Wind/Hail (Baseline: May* 6.02%) • 6.0% (target) • Maintain	 • July • August forward
Improved coverage application with appropriate roof repair/replacement assessment in alignment with Our Commitment to Our Policyholders	**Percentage Roof Replacement Overturn (Baseline: 4.41%)**	
SMs/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: • SMs will utilize FIM-Hub to review the "WN/HL – MGMT (R30) data" weekly • CMs will utilize FIM-Hub to review the "WN/HL – MGMT (R30) data" monthly • SMs/CMs will utilize RFG Dashboard: Reason Codes * for reviews monthly	• 4.0% • 3.75%	• July • August

AWC

2023 May Meeting: Priority Commitments

StateFarm

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	Results Expected	By when
Accelerate development of NTR claim handlers through effectively applying Path to Proficiency to increase productivity. Create an environment of leader support of NTR development with accountability to achieve path to proficiency expectations. 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.	**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%) **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 6/28/23) – 2.0; June Actual Productivity 1.6	**Overall:** • 2.5% EOY 2023 **<1 year:** • Maintain within 4.1% target **Productivity:** • July 1.8 • August 2.0 • Sept 2.2
Leverage Coaching & Engagement Tracker (C&E) learnings • 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	**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** **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 ≥ 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 56%, 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

Quality Commitments:

Start with direct conversations 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

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 79% • Sept 81% **Smart Part Sourcing:** • July 72% • Aug 74% • Sept 76%

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 >>

EXHIBIT
12

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

DECLARATION OF KEVIN MOSBY

I, Kevin Mosby, hereby certify, under penalty of perjury, that the following is true and correct:

1. I am over the age of 21 years, of sound mind, legally capable of making this Declaration, and have personal knowledge of the facts contained in this Declaration.

2. I am employed by State Farm Fire and Casualty Company ("State Farm") as a Staff Consultant. I have personal knowledge of the matters stated herein and, if called as a witness, could competently testify thereto.

3. I have reviewed the document produced in the above-referenced case at Bates numbers HUR00061156–76. The document contains an email chain with embedded reports that include reinspection data, estimated financial information, and discussions of reinspection trends on pages 3 through 21 (the "Confidential Pages") that would cause competitive harm if disclosed.

I. The Information in the Confidential Pages is Valuable and Unique to State Farm.

4. The reinspection data, reinspection trends, and related reports in the Confidential Pages reflect State Farm's internal framework for assessing claim accuracy based on its reinspection program, including Fire Estimatic Difference ("FED"), which is a proprietary

EXHIBIT
13

comparative analysis of estimate dollars as calculated during the reinspection process and estimate dollars written.

5. The Confidential Pages also reveal State Farm's internal taxonomy of reinspection finding codes and the counts and dollar values associated with each, along with trade-category breakdowns.

6. In addition, the Confidential Pages reveal information about State Farm's Centralized Fire Estimatics Unit ("CFEU"), which is a specialized internal department that reviews and analyzes estimates and provides its findings to claims analysts to facilitate claims accuracy. I am not aware of any competitors who have a specialized department like the CFEU.

7. State Farm's reinspection program and the related data, reports, and CFEU are unique and valuable to State Farm for the reasons set forth in this declaration and reflect proprietary investigation, analysis, and results.

II. State Farm Spent (and Continues to Spend) Significant Time and Resources Developing, Refining, and Implementing its Reinspection Process.

8. I had, and continue to have, primary responsibility for overseeing the development, refinement, and implementation of the reinspection program and FED at State Farm. Based on this personal knowledge and experience, State Farm has invested substantial resources in developing, implementing, maintaining, and improving its reinspection program and FED.

9. Initial development of the reinspection program and FED took a dedicated team that varied between six and eight people approximately nine months. During the first four months of this development, I spent approximately 85–90% of my time working solely on this project. In the same time frame, at least two other State Farm employees spent the entirety (100%) of their time working solely on this project.

10. Consequently, during this initial four-month period alone, State Farm expended at least 1,760 man-hours on this project, just counting the work I and two other employees did, without accounting for the work done by other members of my team.

11. After the initial development was completed, State Farm continued to refine the reinspection program and FED for approximately another year to ensure it was working correctly and that the data that was credible. During this time, I was spending approximately 25–50% of my time (approximately ten to twenty hours per week) working solely on this project. Other State Farm employees continued to assist as well.

12. After the initial refinement period began producing credible data, State Farm began implementing the reinspection program and FED, while continuing to refine it. including developing and conducting education sessions on what FED is, how it was developed, and how it should be used. This implementation/refinement period lasted approximately another year. During this implementation/refinement period, I continued to spend approximately 25–50% of my time (approximately ten to twenty hours per week) working solely on this project.

13. In total, State Farm's development, refinement, and implementation of the reinspection program took almost three years and involved thousands of man-hours.

14. State Farm continues to monitor and refine the reinspection program and FED.

III. The Information in the Confidential Pages Would be Valuable in the Industry

15. The insurance industry in the state of Oklahoma and throughout the United States is highly competitive. Accordingly, insurers do not disclose information about their claims-handling procedures, techniques, processes, methods, systems, policies and related programs to the general public or one another.

16. Because the information in the Confidential Pages is not publicly available, public disclosure would provide competitors insights and information that they would not otherwise have

and which they can then use to improve the measurement and accuracy of their own claims handling, to their competitive advantage and State Farm's competitive disadvantage.

17. If competitors were to obtain the information in the Confidential Pages, they would receive the benefit of State Farm's substantial work, time, and costs at no cost to themselves. This would especially benefit insurers that do not have the resources to develop their own reinspection program. Such insurers would be able to simply copy and adopt State Farm's confidential program, and the unique value of the reinspection program to State Farm would be impaired.

18. Release of State Farm's confidential information surrounding the reinspection program would also provide competitors with a ready-made template for designing their own reinspection programs, along with benchmark data against which to measure their own performance, thereby causing irreparable injury to State Farm and the loss of a business advantage.

19. At a minimum, the competitor's development time and cost to build a reinspection program would be greatly reduced if it had access to State Farm's confidential information. The competitor would realize substantial cost savings and thereby gain an unfair advantage without properly compensating State Farm for the expenses it incurred in developing the program.

20. Public disclosure of the information in the Confidential Pages could also cause competitive harm to State Farm by revealing to competitors and bad actors the capabilities of State Farm's reinspection program. Information about how State Farm assesses claim accuracy, if made public, would make it easier for malicious actors to file fraudulent claims and evade detection from State Farm.

21. Public disclosure of the internal forecasts and plan-versus-actual data in the Confidential Pages would reveal how State Farm budgets and areas where its operations are over-

or under-performing, which competitors can then use (to State Farm's disadvantage) in pricing, product, and market decisions.

22. Competitors could use the information in the Confidential Pages about how State Farm allocates resources, staffs its review functions, and structures internal controls based on FED to understand and replicate State Farm's operating model to their own competitive benefit, allowing them to identify periods and markets where State Farm's capacity is strained.

23. The loss of State Farm's competitive edge over its competitors based on these disclosures would lead to decreased revenue and reduced financial performance, in addition to wasting State Farm's prior substantial investments in the development, refinement, and implementation of the reinspection process.

IV. State Farm Maintains Robust Measures to Ensure the Confidentiality of This Information.

24. State Farm considers its reinspection program to be among its important assets. Accordingly, State Farm has been and remains vigilant about ensuring the confidentiality of the reinspection program through several methods.

25. First, State Farm limits and controls access to its sensitive information and documentation. The reinspection data, reinspection trends, and related reports referenced in the Confidential Pages are not distributed to policyholders, vendors, or the general public.

26. State Farm does not publish the reinspection data, reinspection trends, and related reports in any public filing, marketing material, or public statement.

27. The underlying data comes from internal reinspection and quality-review systems and dashboards accessible only to authorized State Farm personnel on the claim analytics team.

28. Access to aggregated reinspection data and trends, including related reports such as the ones in the Confidential Pages, is strictly limited. Only Claim Managers and positions above

them have access to this information. No individuals who have claim settlement authority have access to this information, and Section Managers and Team Managers can only view limited subsets of this information related to their individual team members (i.e., they can view the FED for a specific claim). They cannot view aggregated data for their teams or sections.

29. Additionally, all employees are advised in the Code of Conduct that the obligation to protect and not reveal proprietary information continues after they leave State Farm. The 2026 Code of Conduct contains the following language:

> **Intellectual Property and Confidential Information:**
>
> Information is an asset, and we must protect it from unauthorized or improper use. Types of information include trade secret, confidential, internal use only, and privileged, and each type needs to be protected on various levels. Intellectual property can include patents, copyrights, trade secrets, customer lists, business models and marketing plans, as well as claim information, contractual obligations and information developed for internal use. Any intellectual property developed while performing work for, or on behalf of, the Company, or while using Company resources, equipment, time or information belongs to the Company.
>
> As employees we must safeguard Company information from unauthorized disclosure or use, and must not use Company information for our benefit or that of others. When we leave the Company, we must return any information, and the obligation not to disclose or use such information continues after we leave.

30. The Code of Conduct prohibits State Farm employees from disclosing the reinspection data, reinspection trends, and related reports to outside sources.

31. State Farm also has an Enterprise Information Security Policy ("EISP") that restricts access to sensitive materials like the reinspection data, reinspection trends, and related reports to persons who have a business need to use them in order to perform their duties on behalf of State Farm.

32. For example, the EISP sets forth an "Access Approval Standard," which requires that internal employees only be provided access to sensitive information when such information is

required for their job duties and when they have been assigned a unique user ID and verifier. To the extent external associates need access to such materials, the EISP requires them to sign an appropriate "access agreement" prior to being provided the materials.

33. The EISP also contains an "Access Review Standard," which requires management to evaluate their direct reporting associate's system access privileges at least annually, and more often if there is a change in their job responsibilities, their levels of access granted, or the sensitivity of the information to which they have access.

34. Similarly, the EISP contains an "Access Removal Standard," which requires management to ensure there is a defined and documented procedure for removing access to sensitive information under appropriate circumstances. Upon termination of an employee, all access to sensitive materials is terminated as well. Additionally, State Farm ensures the return of items such as laptop computers, identification cards, and keys to State Farm.

35. Once granted access to sensitive information, State Farm's EISP outlines a number of limitations on how an employee may handle such information so as to protect the confidentiality and integrity of State Farm's sensitive information. For instance, the EISP requires that electronically stored trade secret information be secured in a manner to prevent inadvertent disclosure of such information. For employees with access to the reinspection data, reinspection trends, and related reports, the EISP requires them to, among other things: (a) keep the information encrypted at rest and in transit; (b) conduct a risk assessment before utilizing such data; (c) utilize tape logs (or other technology) to monitor electronic data sets; (d) shield their monitors and employ a screen lock to prevent unauthorized viewing; (e) secure any hard copies, keep them out of sight, and prevent anyone without proper access and a business need from viewing them; (f) secure

mobile devices from unauthorized exposure and access; and (g) ensure that all hardware and electronic media undergo data eradication before being released to any outside parties.

36. All of State Farm's procedures in the EISP and Code of Conduct are therefore aimed at preventing inadvertent disclosure of information like the reinspection data, reinspection trends, and related reports to unauthorized parties. In the rare instance where there is a need for a non-State Farm employee to view such documents, the EISP and other protocols require that those parties enter into an appropriate contract beforehand.

37. State Farm also limits and controls access to the reinspection data, reinspection trends, and related reports in the context of litigation by requiring that this information be produced subject to a protective order. As such, I understand that State Farm instructs its counsel to seek the entry of appropriate protective orders. I am unaware of any litigation wherein State Farm produced reinspection data, reinspection trends, or related reports without a protective order or a Court-order compelling production.

I state under penalty of perjury that the foregoing is true and correct.

SIGNED this 9th day of October, 2026.

Kevin C. Mosby

Kevin Mosby