BEFORE THE INSURANCE COMMISSIONER OF THE STATE OF OKLAHOMA

STATE OF OKLAHOMA, ex rel. GLEN MULREADY, Insurance Commissioner, **Petitioner,**	)	
v.	)	**Case No. 26-1372-DIS**
STATE FARM FIRE AND CASUALTY COMPANY, a foreign insurance company, **Respondent.**	)	

SETTLEMENT AGREEMENT

The State of Oklahoma, ex rel. Glen Mulready, Insurance Commissioner, and State Farm Fire and Casualty Company (individually, each a "Party"; together, the "Parties") enter into this Settlement Agreement (the "Agreement").

RECITALS

WHEREAS, Glen Mulready is the Insurance Commissioner of the State of Oklahoma and, as such, is charged with the duty of administering and enforcing all provisions of the Oklahoma Insurance Code, 36 O.S. §§ 101 - 7501, including the Unfair Claims Settlement Practices Act, 36 O.S. §§ 1250.1 – 1250.17;

WHEREAS, State Farm Fire and Casualty Company ("State Farm") is a foreign insurance company, holding NAIC Code 25143, authorized to write property and casualty insurance in the State of Oklahoma. State Farm's address of record is 1 State Farm Plaza, Bloomington, Illinois 61710-0001;

WHEREAS, the Oklahoma Insurance Commissioner and the Oklahoma Insurance Department ("OID" or the "Department") conducted a targeted Market Conduct Examination (the "Examination") of State Farm pursuant to 36 O.S. §§ 309.1 – 309.7;

WHEREAS, the Department's independent examiner issued a report (the "Examination Report") setting forth its findings and conclusions concerning the Examination, which were adopted by the Insurance Commissioner in the November 10, 2026 Order Adopting Report of Examination, OID Case No. 22-0423-EXM (the "Order");

WHEREAS, State Farm disputes the Examination Report's findings and conclusions and denies any violation of law or wrongdoing;

WHEREAS, the Parties wish to resolve these disputed matters, provide consumer relief to eligible Oklahoma insureds, and avoid the expense, inconvenience, and uncertainty of further proceedings, without trial or adjudication of any disputed issue of fact or law, any finding of liability, or any admission by State Farm of liability, wrongdoing, or the accuracy of the disputed findings; and

WHEREAS, informal disposition of this matter may be made by agreed settlement pursuant to 75 O.S. § 309(E);

WHEREAS, entry of this Agreement is in the public interest and reflects the agreement between the above-mentioned Parties to reach a resolution of disputed matters between the Parties relating to this Case No. 26-1372-DIS and Case No. 22-0423-EXM.

NOW, THEREFORE, for and in consideration of the mutual releases and agreements contained herein, the promises of payment herein provided, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties have agreed as follows:

DEFINITIONS

A. Eligible Insureds: Eligible Insureds shall be insureds who submitted an Oklahoma residential claim to State Farm for potential damage caused by wind or hail, which State Farm assigns as Cause of Loss ("COL") 35 (wind/hail), with a date of loss from January 1, 2021 through December 31, 2025, for which COL 35 was closed without payment. Eligible Insureds who have initiated litigation in connection with an Eligible Claim are permitted to participate in the Claims Review Program, provided that they dismiss their litigated claim(s) with prejudice as a condition of receiving any payment approved by the Claim Administrator.

B. Eligible Claims: Eligible Claims shall be Oklahoma residential claims for potential damage caused by wind or hail, which State Farm assigns as COL 35 (wind/hail), with a date of loss from January 1, 2021 through December 31, 2025, for which COL 35 was closed without payment. Claims previously resolved by settlement or final judgment concerning the same roof loss, or voluntarily withdrawn by the insured before State Farm made a payment determination, are excluded. Eligibility for review does not establish entitlement to payment.

C. Closed Without Payment Claims ("CWP"): CWPs are claims where a determination was made by State Farm that payment was not appropriate for reasons that include, but are not limited to: (1) the damage was determined to be less than the applicable policy deductible; (2) a loss not insured caused the damage; (3) no covered peril caused the damage; (4) a determination of no damage to the property; and (5) violations of policy conditions by the insured preclude payment.

D. Claim Administrator: An independent, third-party claim administrator, mutually

agreed upon by the Parties, engaged to review Eligible Claims submitted by Eligible Insureds who opt into the Claims Review Program. The Claim Administrator shall have no existing vendor relationship or other conflict of interest with State Farm.

E. Opt-In Period: The one hundred and eighty (180) day period following the issuance of the Initial Notice during which Eligible Insureds may opt into the Claims Review Program and have their claims reviewed by the Claim Administrator.

F. Claims Review Program: The claims review and payment process established under this Agreement.

G. Effective Date: The date this Agreement is fully executed by both Parties.

TERMS AND CONDITIONS

1. To provide consumer relief to eligible Oklahoma insureds, State Farm shall, within thirty (30) days after the Effective Date, deposit Thirty-Five Million Dollars ($35,000,000) into an escrow account held by and through the OID for payment to Eligible Insureds through the Claims Review Program. In order to facilitate expeditious administration, the reasonable costs of the Claim Administrator may be paid from the escrow fund. If the escrow funds are depleted and the Claim Administrator determines that additional funds are needed to pay Eligible Claims, (a) State Farm shall deposit additional funds into escrow up to the amount paid for Claim Administrator expenses, and (b) if additional funds are needed beyond reimbursement of Claim Administrator expenses, the Parties shall agree in good faith on the amount of additional funds that shall be deposited into the escrow account to ensure all Eligible Claims that are approved for payment pursuant to Paragraphs 13 and 18 are paid. The Claims Review Program may be extended by agreement of the Parties.

2. Any funds remaining in the escrow account, including accrued interest, after completion of the Claims Review Program and payment of approved claims (hereinafter, "the Remainder") shall be returned to State Farm within thirty (30) days after the Claim Administrator certifies completion. Fifty (50) percent of the Remainder shall be spent on programs related to resiliency or improved residential building techniques in Oklahoma, or other matters intended to benefit Oklahomans as agreed by State Farm and the Department. The other fifty (50) percent of the Remainder shall be spent on programs related to resiliency or improved residential building standards nationally that State Farm expects will indirectly benefit Oklahomans.

3. State Farm shall make an additional payment of Ten Million Dollars ($10,000,000) to the OID to be placed in the Strengthen Oklahoma Homes Revolving Fund, established in 36 O.S. § 976, solely for the Strengthening Oklahoma Homes (SOH) Program,

which provides grant funding for the fortification of Oklahomans' roofs and homes against extreme weather—such as tornadoes, high winds, and severe hailstorms.

4. State Farm shall pay an amount of Two Million Eight Hundred and Sixty Thousand Dollars ($2,860,000) for fines and reimbursement of expenses incurred by the Department in the investigation and examination of these matters. No additional amounts for those matters shall be due to the Department.

5. Although State Farm disputes the findings in the Examination Report, as part of the resolution of this matter, State Farm shall not appeal and waives its right to appeal the Order.

6. This Agreement constitutes the full and final resolution of the Department's examination and enforcement matters arising from or relating to Case Nos. 22-0423-EXM and 26-1372-DIS. Except to enforce this Agreement and the Order, the Department shall not seek additional penalties, restitution or corrective relief arising from or relating to the conduct addressed in the cases cited above occurring on or before the Effective Date.

7. It is further agreed between the Parties that the OID shall not conduct a market conduct examination on State Farm for matters addressed by Case Nos. 22-0423-EXM and 26-1372-DIS for a period of twelve (12) months after the Effective Date of this Agreement, provided that State Farm remains in material compliance with the Order, the Corrective Action Plan adopted pursuant to the Order, and this Agreement.

8. As part of OID's ongoing analysis of State Farm's market conduct under 36 O.S. § 309.4, for twelve (12) months following the Effective Date, State Farm shall provide the Department with quarterly reports covering each successive three-month period and shall respond to reasonable requests for the information below during any interim period. Each quarterly report shall be due within thirty (30) days after the end of the applicable reporting period and shall contain:

a. The total number of COL 35 claims filed;

b. The total number of COL 35 claims closed without payment;

c. The total number of COL 35 claims closed with payment and the aggregate amount paid;

d. The total number of COL 35 claims for which Oklahoma lawsuits were instituted against State Farm during the reporting period, to the extent reflected in State Farm's ordinary course records; and

e. Any additional information reasonably requested by the Department.

CLAIMS REVIEW PROGRAM

9. **Claim Administrator:** The Claim Administrator shall work with the Parties to develop procedures for implementing the Claims Review Program, including claim submissions, supporting documentation, notices, review, dispute resolution and payment. Such procedures, and any material changes, shall require the Parties' prior written approval and shall be consistent with this Agreement. Before commencing its duties, the Claim Administrator shall execute a Claims Review Program Agreement with the Parties, in a form mutually approved by the Parties, setting forth its responsibilities, authority, compensation and procedures for administering the Claims Review Program consistent with this Agreement.

The Claim Administrator shall be responsible for receiving and reviewing claims and supporting materials; determining eligibility and approving the amount of any payment in accordance with this Agreement; notifying insureds of deficiencies and determinations; obtaining required releases; directing approved payments from escrow; and maintaining records and providing periodic reports to both Parties concerning the status of reviews, payments and any applicable funding needs.

10. **Initial Notice:** Prior to December 31, 2026, State Farm shall send each Eligible Insured written notice describing the Claims Review Program and informing the insured that they have an Eligible Claim that can be reviewed by the Claim Administrator. Such written notice shall be approved in advance by the Department. The Initial Notice shall state the applicable deadline and explain how to submit a request for review during the Opt-In Period.

11. **Submission of Requests for Review:** To participate, an Eligible Insured must submit a request for review to the Claim Administrator during the Opt-In Period, using a form approved by the Parties, provided that the Claim Administrator may accept requests submitted after the Opt-In Period when equitable considerations warrant an exception and with the Parties' prior written agreement. The request shall include the insured's name, contact information, property address, the Eligible Claim for which review is requested, and a brief explanation of why additional payment is believed due. Supporting materials may accompany the request but are not required to elect participation. The Claim Administrator may request additional information from State Farm or the Eligible Insured that the Claim Administrator determines is reasonably necessary to evaluate the claim. If a timely request is incomplete, the Claim Administrator shall notify the insured of the deficiency and allow at least thirty (30) days from that notice to cure it, even if the Opt-In Period has ended. Notices of the deficiency shall also be sent to the Department so that the Department can assist insureds as needed in this process.

12. **Reminder Notice:** Thirty (30) days before expiration of the Opt-In Period, the Claim Administrator shall send a reminder notice to each Eligible Insured who has not submitted a request for review. The form of reminder notice shall be approved in advance by the Parties.

13. **Claim Evaluation:** The Claim Administrator shall evaluate causation, coverage and compensability to determine, under the terms, conditions and exclusions of the policy, whether payment over the applicable deductible amount, but not to exceed applicable policy limits, is due on an Eligible Claim submitted by an Eligible Insured. Any such payment shall include credit for sums previously paid on the same loss, except for sums paid by the policyholder. In fulfilling these duties, the Claim Administrator may communicate directly with Eligible Insureds, State Farm and the OID and request supporting information. The Claim Administrator shall use its expertise and judgment to assess each claim, including the reliability, timing and relevance of any information submitted, including conflicting photographs and subsequent storms. In reviewing an Eligible Claim, the Claim Administrator shall use existing records submitted by State Farm, materials submitted by the Eligible Insured, and other materials and experts, including independent adjusters or engineers, that the Claim Administrator deems relevant to assessment of the claim. Combined compensation from escrow and all other sources for the costs associated with the same COL 35 claim shall not exceed 100% of documented costs for that work.

14. **Treatment of New Claims:** New claims opened as a result of the evaluation in the Claims Review Program shall not be considered for purposes of underwriting or reunderwriting the insured's policy, including cancellation or nonrenewal.

15. **Preexisting Damage and Contractor Costs:** The Claim Administrator shall review the documentation to evaluate preexisting damage and ensure any costs of repair submitted by the Eligible Insured for additional review and consideration by the Claim Administrator are reasonable and necessary to repair covered loss under the applicable policy and subject to the Claims Review Program. Costs shall be based on estimates reflecting reasonable rates in the applicable local market at the time of reevaluation.

16. **Original Claim File:** Upon the request of the Claim Administrator, State Farm shall provide the Claim Administrator with a full and complete copy of the original claim file, any additional relevant claim files, applicable policies and other relevant documents.

17. **Notice of Determination:** All Eligible Insureds shall be informed in writing of the results of the Claim Administrator's review as expeditiously as practicable. The form of the letter notifying Eligible Insureds of such results shall be approved in advance by the Parties.

18. **Approval:** If the Claim Administrator determines an Eligible Claim is eligible for payment, the Claim Administrator's notification shall include the amount of payment and inform the Eligible Insured they can receive such payment in exchange for their execution of a release of all claims, including contractual, extracontractual, statutory or otherwise, the Eligible Insured may have against State Farm related to their Eligible Claim and the Claims Review Program. The notice shall include a release form (approved in advance by the Insurance Commissioner) and instructions notifying the Eligible Insured that upon receipt of the executed release, payment

will be issued. The Eligible Insured shall have thirty (30) days following receipt of the notice of determination to execute the release. If no action is taken by the Eligible Insured within thirty (30) days, the offer contained in the notice of determination shall be considered withdrawn, unless the Claim Administrator grants a reasonable, limited extension based on a showing that undue hardship prevented timely execution and return of the release. Such extension may be subject to approval by both the parties. Any extension shall be limited to the time reasonably necessary to address the hardship. The Claim Administrator shall periodically provide the original executed releases to State Farm and provide copies to the Insurance Commissioner.

19. **Disapproval**: If the Claim Administrator determines an Eligible Claim is not entitled to payment, the Claim Administrator's notification shall include this determination and describe any dispute resolution process that may be agreed upon by the Parties pursuant to the Disputes provision below.

20. **Claims Review Program Payments:** The Claims Review Program Agreement shall include a provision requiring the Claim Administrator to promptly release payments to Eligible Insureds with Eligible Claims upon receipt of funds from the escrow account and to provide periodic reporting of amounts paid to State Farm and the OID.

21. **Disputes:** The Parties may agree in writing on a dispute resolution process for insureds to dispute a determination by the Claim Administrator.

22. **Notice of Violation:** If the Insurance Commissioner believes State Farm has materially violated any terms of this Agreement, the Insurance Commissioner shall provide State Farm with a notice setting forth the factual basis and relief requested. Upon receipt of such notice, State Farm shall have thirty (30) days to respond and cure the alleged violation or, if cure reasonably requires more time, commence cure within that period and diligently complete it within a reasonable time agreed by the Parties. The Parties shall first attempt in good faith to resolve any disagreement. The notice does not establish a violation, and State Farm retains its right to contest it in the forum provided by this Agreement.

ADDITIONAL PROVISIONS

23. As set forth in 36 O.S. § 1250.13, and without admission by State Farm of any violation, State Farm agrees it shall comply with the Unfair Claims Settlement Practices Act, specifically 36 O.S. §§ 1250.5(4) and 1250.7(A).

24. This Agreement shall be binding upon and inure to the benefit of the Parties, and shall be binding on their respective successors, and assigns of each. The signatories of this Agreement represent and warrant that they are authorized to execute this Agreement and to bind the corresponding Party hereto.

25. Section headings contained in this Agreement are inserted solely as reference aids for the ease and convenience of the reader. They shall not be deemed to define or limit the scope or substance of the provisions they introduce, nor shall they be used in construing the intent or effect of such provisions or any other aspect of this Settlement.

26. This Agreement constitutes the entire agreement between the Parties and supersedes any prior and contemporaneous agreements, understandings, representations, and negotiations, whether oral or written, relating to the subject matter. This Agreement may not be altered or modified unless in writing and signed by the Parties.

27. The terms of this Agreement shall be governed by the laws of the State of Oklahoma. Any disputes arising under this Agreement shall be heard in the District Court of Oklahoma County.

28. Neither this Agreement nor its statements or commitments, nor any program determination or payment, constitutes an admission or concession by State Farm of any fact, liability, wrongdoing or violation of law. The Parties intend that they not be offered or used as evidence of such matters in other proceedings.

29. This Agreement may be executed in counterparts, and a facsimile or .pdf signature shall be deemed to be, and shall have the same force and effect as, an original signature.

30. Except for an Eligible Insured's right to receive payment under, and subject to the satisfaction of the conditions of, this Agreement, no third-party beneficiary rights are created by this Agreement.

31. The Parties agree to execute such other and further documents and releases, consistent with the terms of this Agreement, as may be reasonably required by either Party to evidence and effectuate the agreements reached herein.

32. Should any provision of this Agreement be held unenforceable for any reason, it will be deemed severed from the Agreement, the remainder of which will continue to be in force in its entirety.

STATE OF OKLAHOMA
ex rel. Glen Mulready,
Insurance Commissioner

By: _____
Name: Glen Mulready
Title: OK Insurance Commissioner
Date: 11/12/2026

STATE FARM FIRE AND CASUALTY COMPANY

By: _____
Name: Millicent Roth
Title: Operations Vice President-Claims
Date: 11/12/2026