IN THE DISTRICT COURT OF CLEVELAND COUNTY
STATE OF OKLAHOMA

STATE OF OKLAHOMA } S.S.
CLEVELAND COUNTY }
FILED
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In the office of the
Court Clerk MARILYN WILLIAMS

STATE OF OKLAHOMA, *ex rel.* GENTNER DRUMMOND, OKLAHOMA ATTORNEY GENERAL, Plaintiff, v. STATE FARM FIRE AND CASUALTY COMPANY, Defendant.	Case No. CJ-2026-1066 Virgin

STATE OF OKLAHOMA'S PETITION

Plaintiff State of Oklahoma, *ex rel.* Gentner Drummond, Attorney General ("Attorney General"), for its causes of action against Defendant State Farm Fire and Casualty Company ("State Farm"), alleges and states as follows:

I. NATURE OF THE ACTION

1. The Attorney General alleges that State Farm, acting through its officers, employees, computer systems, and a network of captive agents and associated entities as unnamed co-conspirators, implemented an internal program, commonly referred to as the "Hail Focus Initiative" to drastically reduce aggregate roof indemnity payments in Oklahoma. Rather than adjust claims according to coverage language in its policies, State Farm secretly substituted restrictive, extra-contractual standards and used those hidden standards to deny or minimize payment of legitimate covered losses.

2. At the point of sale and renewal, State Farm and its captive agents, as frontline underwriters, marketed and sold homeowners policies as providing "full replacement cost" coverage for storm-related roof damage, including wind and hail, and cultivated a "good neighbor" image designed to induce reliance and trust. In reality, rather than evaluating each claim on its

merits, State Farm adopted internal directives requiring reduced roof replacement approvals, effectively predetermining outcomes to satisfy a corporate objective of lowering indemnity payments for roof claims.

3. The Attorney General brings this action to: (a) enforce Oklahoma's consumer-protection and anti-racketeering laws to halt a systematic fraudulent scheme harming Oklahoma homeowners; (b) obtain civil penalties and other relief authorized by the Oklahoma Consumer Protection Act ("OCPA") and Oklahoma Racketeer-Influenced and Corrupt Organizations Act ("ORICO"); (c) obtain structural injunctive relief to dismantle the Hail Focus Initiative; (d) compel the disgorgement of illicit profits, which may be distributed as restitution as an ancillary remedy, to prevent State Farm's unjust enrichment.

II. PARTIES

4. State Farm is a foreign insurance corporation licensed to do business in Oklahoma. At all relevant times, State Farm has marketed, sold, underwritten, and adjusted homeowners insurance policies in Oklahoma, including policies providing replacement cost coverage for dwellings and roofs for covered losses. State Farm acts through its officers, employees, and adjusters and is legally responsible for their acts and omissions within the scope of their authority.

5. Numerous State Farm captive agents and their incorporated agencies are non-party co-conspirators and associated persons for purposes of the enterprise and civil conspiracy alleged herein. These agents and agencies are legally distinct entities from State Farm, generally organized as separate corporations or business entities under Oklahoma law, but contractually obligated to sell State Farm insurance products. State Farm created underwriting duties which must be followed by its agents to properly determine the risk of insuring a property.

6. The Attorney General is the chief law officer of the State of Oklahoma, authorized by law to enforce the ORICO, 22 O.S. §§ 1401–1419, and the OCPA, 15 O.S. §§ 751–764.1, including by seeking injunctive relief, civil penalties, disgorgement, damages, and restitution on behalf of Oklahoma consumers.

7. The Attorney General is also expressly authorized by 74 O.S. § 18b(A)(22) to "represent and protect the collective interests of insurance consumers of this state in rate-related proceedings before the Insurance Commissioner or in any other state or federal judicial or administrative proceeding," and by 74 O.S. § 18b(A)(3) to "initiate or appear in any action in which the interests of the state or the people of the state are at issue." This action falls squarely within both grants of authority.

8. Moreover, this public enforcement action is brought by the Attorney General to protect Oklahoma homeowners and the integrity of the Oklahoma insurance marketplace. The Attorney General brings this action in his official capacity to enforce public rights and protect the health, safety, and economic well-being of Oklahoma residents who purchased State Farm homeowners policies and were subjected to State Farm's systematic misrepresentations and unfair claim denials. The injuries alleged are not confined to a handful of private disputes; they are widespread, market-wide harms that individual lawsuits cannot adequately address.

9. The State's sovereign and quasi-sovereign interests are directly implicated. The State has a sovereign interest in the integrity of its insurance marketplace, a quasi-sovereign interest in the economic well-being of its residents as a class, and an interest in deterring and remedying systemic violations of laws of general application enacted to protect Oklahoma consumers. This is not an action by which the State assumes the cause of one private citizen against

another; it is an action by which the State enforces its own laws, in its own name, to redress harms to the public at large.

III. JURISDICTION, VENUE, AUTHORITY, AND PUBLIC INTEREST

10. This Court has jurisdiction over this civil enforcement proceeding pursuant to 22 O.S. § 1409(A), which authorizes the Attorney General to institute civil proceedings in an appropriate district court against any person for relief from conduct constituting a violation of ORICO.

11. This Court also has jurisdiction under the OCPA, including for actions brought pursuant to 15 O.S. § 761.1, which authorizes the Attorney General to bring actions in district court to enjoin unlawful practices, obtain restitution, and damages, and recover civil penalties and costs.

12. This Court further has jurisdiction over the Attorney General's common-law claims for civil conspiracy and unjust enrichment under the general civil jurisdiction of the district courts of this State. Okla. Const. art. VII, § 7.

13. Venue is proper in Cleveland County. State Farm transacts business in Cleveland County through licensed captive agents and agencies operating in Norman and other Cleveland County communities. State Farm marketed, sold, and renewed homeowners insurance policies to Cleveland County residents during the relevant period, including policies promising full replacement cost coverage for hail and wind damage on dwellings. Cleveland County policyholders submitted claims for hail and wind damage that were adjudicated under the concealed, extra-contractual standards of the Hail Focus Initiative, and Cleveland County residents suffered economic harm as a result of those wrongful denials and underpayments. Multiple acts of racketeering activity and deceptive practices alleged herein—including misrepresentations at sale and renewal, claim denials communicated by mail and electronic means, and use of computer

systems to execute the scheme—occurred in Cleveland County. ORICO expressly permits venue in any county where at least one act of racketeering activity has occurred, 22 O.S. § 1404, allowing a single district court to exercise jurisdiction over the enterprise and the pattern of conduct.

14. The pattern of racketeering and deceptive conduct alleged herein continues to the present. The Attorney General brings this action to enforce public rights and exercises the State's sovereign police powers. The Attorney General brings this enforcement action not to vindicate individualized private claims, but to restrain an ongoing fraudulent scheme that threatens the integrity of Oklahoma's insurance market and the economic welfare of a substantial portion of the State's population. Moreover, Defendant's affirmative misrepresentations and concealment of its internal Hail Focus standards and related claims-handling practices tolled any applicable limitations periods by fraudulent concealment until such time as the existence and nature of the scheme could reasonably be discovered.

IV. FACTUAL ALLEGATIONS

A. Background: Hail Storms and State Farm's Concern About Roof Claim

15. Oklahoma experiences severe hail and wind storms that damage residential roofs and exteriors. In the years leading up to the events at issue, State Farm faced a significant volume of hail and wind claims from Oklahoma homeowners, many involving full roof replacement.

16. By 2022, State Farm management became concerned about the aggregate cost of roof replacements and the perceived severity of its hail and wind losses. Internal communications show that State Farm believed it was approving "too many" roof claims.

17. In response, State Farm made a corporate decision to change its approach to roof claims, with the express purpose of reducing the total number and dollar amount of roof indemnity payments in Oklahoma and other markets, rather than simply improving accuracy or fraud

detection. State Farm determined, before reviewing any individual claim or making any individual coverage determination, that it would reduce overall indemnity payments for roof claims, and then implemented and tracked the scheme alleged herein in order to meet its predetermined savings targets down to the dollar.

18. Under its new approach, State Farm adjusters were instructed that they no longer had authority to authorize total roof replacements, because State Farm was paying for too many roof claims. In addition, without the knowledge of policyholders, regulators, or the public, State Farm changed its internal claim standards with the express purpose of reducing claim payments. Policies continued to be sold and renewed with State Farm continuing to offer the same written language promising coverage for losses caused by perils such as hail and wind.

B. The Hail Focus Initiative and Internal Claim-Handing Changes

19. As part of its effort to reduce roof indemnity payments, State Farm developed and implemented an internal program known as the Hail Focus Initiative. The precise internal name, dates of rollout, and written directives are within State Farm's exclusive possession, custody, and control.

20. Upon information and belief, State Farm stripped or sharply curtailed the authority of field adjusters to approve full roof replacements. Under prior procedures, experienced adjusters in the field could determine a total roof replacement was appropriate when they observed sufficient hail or wind damage. Under the Hail Focus Initiative, State Farm required higher-level managers to approve full roof replacements, thereby creating additional layers of scrutiny and opportunities to deny, delay, and limit claims.

21. Upon information and belief, State Farm in conjunction with co-conspirator engineering and consulting firms, created and internally adopted undisclosed, extra-contractual

definitions of key claims concepts, including "hail damage," "functional damage," and "direct physical loss." These internal standards were systematically more restrictive than the policy language and secretly and fraudulently withheld from policyholders.

22. Upon information and belief, State Farm formulated, implemented, and enforced claim-handling practices and policies under which adjusters, independent inspectors, engineers, consultants, and other personnel were instructed, trained, encouraged, and otherwise induced to treat hail strikes under restrictive internal and undisclosed definitions which resulted in the increased denial of claims.

23. Upon information and belief, State Farm formulated, implemented, and enforced claim-handling practices and policies under which adjusters, independent inspectors, engineers, consultants, and other personnel were instructed, trained, encouraged, and otherwise induced to treat hail strikes as attributed to "wear and tear," "installation error," "cosmetic damage," "manufacturing defect," or other purportedly excluded causes, even when the timing and pattern of damage indicated a recent hail event and at times without inspection of the roof prior to the covered event.

24. Upon information and belief, State Farm required or strongly encouraged the use of third-party engineering or inspection firms known to provide reports favorable to denial or minimization of hail claims. Engineers were often deployed after a contractor, independent adjuster, or field employee observed significant hail impacts. The resulting reports frequently discounted hail as the cause of the damage and emphasized non-covered factors, thereby providing a pretext for denial.

25. Upon information and belief, State Farm used computer-based software, systems, and platforms in the contracting, adjusting and denying of Oklahoma's homeowners insurance

claims. This includes the use of computer-generated and disseminated forms and policies, the use of computer systems to submit, adjust, track, and deny claims, the use of computer systems to communicate and/or achieve communications with policyholders and State Farm's co-conspirators and use of computer systems to conceal the enterprise.

26. The Hail Focus Initiative and associated claims-handling changes were motivated by financial considerations: reducing State Farm's loss ratios and indemnity costs for hail and wind claims, especially total roof replacements. This initiative was designed and executed not to more faithfully apply existing policy terms, but to avoid paying claims that State Farm knew or should have known were covered under those terms.

C. Role of Captive Agents and Other Participants

27. State Farm distributes its homeowners' policies in Oklahoma through captive agents and their separate agencies. These agents and agencies are non-party co-conspirators and associated persons for purposes of the enterprise and conspiracy alleged herein.

28. At policy inception and renewal, captive agents are the local face of State Farm, marketing policies to homeowners and fostering trust through branding such as "Like a good neighbor, State Farm is there." Agents assure customers that State Farm will take care of them if their home is damaged by hail or wind in a covered loss and emphasize that replacement cost coverage will restore the home to its pre-loss condition.

29. State Farm's captive agents possess authority to bind coverage and issue policies on State Farm's behalf. In many instances the agents represent to State Farm and the insured that the property meets underwriting guidelines. In some cases, agents may inspect the roof or rely on representations about its condition. In other cases, agents fail to inspect the roof entirely, failing to meet State Farm's own underwriting requirements.

30. Captive agents knew, or at minimum had reason to know, that State Farm was tightening internal claim standards and increasingly denying hail claims that would previously have been paid. Despite this knowledge or reason to know, captive agents continued to sell and renew policies without disclosing that State Farm was internally adopting extra-contractual restrictive hail-damage standards and limiting roof replacements. Agents remained silent about the internal Hail Focus Initiative and did not warn customers that their ability to obtain roof replacement coverage had materially changed.

31. Third-party engineering firms and independent adjusting firms likewise participated by providing outcome-oriented reports and estimates that supported pre-determined denials or underpayments. These entities functioned as part of the same de facto enterprise, even though they are not named as defendants in this civil action.

D. Misrepresentations and Deceptive Practices at Sale and Renewal

32. Throughout the relevant period, State Farm marketed homeowners' policies as providing full replacement cost coverage for dwelling damage, including hail and wind damage to roofs. Advertising materials and agent sales presentations created the clear impression that if a hail storm damaged a roof in a covered loss, State Farm would pay to repair or replace the roof, minus any applicable deductible, so the home could be restored to its prior condition.

33. These marketing representations did not inform consumers that State Farm would internally redefine damage much more narrowly than the policy language, or that State Farm would treat many forms of hail impact as non-qualifying damage contrary to the purchased policy.

34. State Farm failed to disclose to consumers that its adjusters and managers would apply internal damage-assessment standards not contained in the policy and that exclusions for

pre-existing conditions, wear and tear, or cosmetic damage would be invoked aggressively to limit coverage, even when the roof had performed properly until a specific hail event.

35. In some cases, State Farm allegedly covered homes and collected premiums without identifying any pre-existing roof conditions, only to later deny hail claims on the ground that the damage was pre-existing or due to age and wear. If the roof had truly been in such defective or worn condition at inception, State Farm would have declined the risk. This pattern reflects a post-hoc use of exclusions to avoid paying for hail damage that manifestly arose after policy inception.

36. By promising full replacement cost coverage while internally planning not to honor full roof replacement claims in many circumstances, State Farm effectively sold illusory or materially impaired coverage. Policyholders paid premiums based on one understanding of coverage, while State Farm secretly intended to apply a much narrower, self-serving standard.

E. Fraudulent Claim Denials and Underpayments

37. The Attorney General identifies the harm to numerous Oklahoma policyholders as proof of the "pattern of racketeering activity" required by ORICO. Their experiences demonstrate the scope and magnitude of State Farm's enterprise-wide scheme.

38. After hail and wind storms, Oklahoma homeowners who purchased State Farm policies submitted claims for roof and related damage. As part of the Hail Focus Initiative, State Farm handled many such claims through a common set of deceptive tactics. These tactics included re-characterizing hail impacts as wear and tear, blistering, granular loss, or other non-covered conditions despite clear temporal and physical evidence of a recent storm; invoking pre-existing damage or the age of the roof to deny claims, even where the roof had not leaked or shown problems before the storm and had been treated as insurable when the policy was issued or

renewed; and limiting repair scopes or estimates to minor components (such as spot repairs, vents, or gutters) while ignoring widespread damage that would require full replacement.

39. Claim denials and underpayments were communicated to policyholders in letters and estimates transmitted by mail or electronic means. Those communications often stated or implied that the denial was required by the policy terms or based on an objective lack of hail damage, when in truth the outcome was driven by undisclosed internal standards and financial targets.

F. The Enterprise

40. At all times relevant to this Petition, State Farm, its captive insurance agents, and co-conspirator engineering and consulting firms, were members of an organization (the "Denial Enterprise") whose members and associates engaged in, among other activities, fraud, false representation, and unfair and deceptive practices.

41. The Denial Enterprise, including its leadership, its captive agencies, and its hired vendors, constituted an "enterprise," as defined by 22 O.S. § 1402(2) and related Oklahoma statutes, that is, a group of individuals and entities associated in fact, although not a single legal entity. The Denial Enterprise constituted an ongoing organization whose members and associates functioned as a continuing unit for a common purpose of achieving the objectives of the Enterprise.

42. State Farm was the leader of the Denial Enterprise, and directed other members and associates of the Denial Enterprise, including individual agents and distinct legal entities serving as captive agencies in carrying out unlawful and other activities in furtherance of the conduct of the Denial Enterprise's affairs. State Farm developed definitions designed to reduce indemnity claims, specifically the Hail Focus Initiative, and directed the implementation of these restrictive definitions through the Denial Enterprise.

G. Purpose of the Denial Enterprise

43. The purpose of the Denial Enterprise was the enrichment of the members and associates of the Denial Enterprise through, among other things, the sale of insurance policies under false pretenses and the retention of premiums that should have been paid out as indemnity. The Denial Enterprise aimed to grow, protect, and preserve the power, profits, and market share of its members and associates through the systematic denial of valid claims and the underpayment of losses. The Denial Enterprise sought to promote and enhance the activities of its members and associates by marketing coverage to consumers while internally utilizing claims-handling practices designed to minimize payouts on valid claims.

H. Means and Methods of the Denial Enterprise

44. Members and associates of the Denial Enterprise employed numerous means and methods to conduct and participate in the affairs of the Enterprise. First, they committed, conspired, and attempted to commit acts of fraud and false representation to protect and expand the Enterprise's financial operations, including marketing homeowners insurance policies that State Farm did not intend to honor as represented. Members and associates of the Denial Enterprise committed, conspired, and attempted to commit acts of fraud and false representation to protect and expand the Denial Enterprise's financial operations, including the marketing of policies State Farm did not intend to honor as represented.

45. Members and associates of the Enterprise functioned as distinct legal persons who ensured policy placement and consumer engagement, thereby facilitating the scheme by marketing and renewing policies under false pretenses. These actors knowingly promoted full replacement coverage while concealing that State Farm had internally adopted restrictive, undisclosed standards that would dramatically limit claim payments.

46. In furtherance of the scheme, members and associates of the Enterprise also utilized co-conspirator engineering firms to produce outcome-oriented reports and redefined damage criteria designed to justify the denial or reduction of indemnity claims under the "Hail Focus Initiative." These engineered assessments provided the pretext necessary to label hail impacts as non-covered conditions such as wear, blistering, or installation defects.

47. Finally, members and associates of the Enterprise systematically denied or underpaid hail and wind claims to curtail roof claim payments regardless of actual coverage or loss. Through this coordinated course of conduct, the Denial Enterprise defrauded Oklahoma consumers, deprived them of the insurance benefits for which they paid, and generated substantial unlawful financial gains for State Farm.

I. The Racketeering Violation

48. From at least in or about 2020, up to and including the present, in the State of Oklahoma and elsewhere, State Farm, being a person employed by and associated with the Enterprise, engaged in, directly and indirectly, the conduct of the affairs of that enterprise through a pattern of racketeering activity.

49. The pattern of racketeering activity, as defined in 22 O.S. § 1402(5), consisted of multiple and interrelated instances of OCPA violations and violations of the Oklahoma Computer Crimes Act, 21 O.S. § 1951. et seq., including but not limited to:

a. On two or more occasions, knowingly made or caused false representations or promises regarding insurance coverage, with intent not to sell or provide it as advertised which constitutes an unlawful, chargeable, and/or indictable felony act under 15 O.S. § 753(9); and

b. On two or more occasions, committed unfair and deceptive acts which are unlawful, chargeable and/or indictable felony acts as defined in 15 O.S. § 752(13) and prohibited under 15 O.S. § 753(21).

c. On two or more occasions used of a computer, computer system, and/or computer network for the purpose of devising and executing a scheme to defraud or deceive by means of false or fraudulent pretense or representation which constitutes an unlawful, chargeable, and/or indictable felony act under 21 O.S. 1953(A).

50. These acts share the same or similar purposes, results, participants, victims, and methods of commission, and are not isolated events. As a direct result of the Enterprise operation, victims have suffered substantial economic harm, including unpaid insurance benefits and consequential property damage.

J. Public Harm and Market Impact

51. The Denial Enterprise has caused significant public harm to individual homeowners having been deprived of the insurance benefits for which they paid, leaving them to shoulder the cost of roof replacements and related repairs or to live under damaged, leaking roofs.

52. The Denial Enterprise has caused significant harm to the aggregate Oklahoma economy as funds that should have been injected into repairs and construction were retained by State Farm instead.

53. The Attorney General alleges that the pattern of conduct is ongoing and likely to continue absent judicial intervention, particularly in future hail and wind seasons.

54. The Attorney General brings this action on behalf of the general public and the State of Oklahoma itself, not on behalf of any individual insured, group of insureds, or putative class of private claimants. The Attorney General brings this action in the general public's interest seeking

to address violations of consumer laws for the benefit of the general public and the protection of the Oklahoma insurance marketplace. The State has a sovereign interest in the economic well-being of its residents and in the integrity and stability of its homeowners' insurance markets.

55. The claims asserted here target the corporate-level conduct that is common to all affected policyholders—the design and concealed implementation of the Hail Focus Initiative, the use of undisclosed extra-contractual standards, the misrepresentations made at sale and renewal, and the systemic claims-handling practices the Enterprise used to deny valid claims. Adjudication of these claims does not require this Court to determine the merits of any individual policyholder's coverage dispute. The remedies sought—injunctive relief to dismantle the scheme, civil penalties to deter future violations, disgorgement of ill-gotten gains, and ancillary restitution—are systemic in nature and turn on State Farm's uniform corporate conduct, not on individualized claim-by-claim factual determinations.

V. CAUSES OF ACTION

Count I: Violations of the Oklahoma Consumer Protection Act

56. The Attorney General re-alleges and incorporates by reference the preceding paragraphs as though fully set forth herein.

57. State Farm is a "person" engaged in commerce within the meaning of 15 O.S. § 752(1). Oklahoma homeowners who purchased State Farm homeowners policies for personal, family, or household purposes are "consumers" under 15 O.S. § 752(2). The marketing, sale, and administration of homeowners insurance policies constitute "consumer transactions" within the meaning of § 752(2).

58. In the course of these consumer transactions, State Farm engaged in multiple unlawful practices in violation of the Oklahoma Consumer Protection Act, as detailed above. These

practices include advertising or offering the subject of a consumer transaction with the intent not to sell or furnish it as advertised, in violation of 15 O.S. § 753(9). State Farm marketed and sold homeowners policies as providing full replacement cost coverage for hail and wind damage while internally intending not to provide such coverage and instead relying on undisclosed internal standards to deny or limit claims.

59. State Farm also committed unfair or deceptive trade practices as defined in 15 O.S. § 752(13) and prohibited by 15 O.S. § 753(21). Its conduct included deception, fraud, false pretenses, false promises, misrepresentations, and the knowing concealment and omission of material facts in connection with both the sale of insurance and the processing of claims. This deceptive conduct consisted of concealing the existence and effect of the Hail Focus Initiative and the use of extra-contractual internal criteria; misrepresenting to policyholders that hail-damaged roofs exhibited only wear and tear or other uncovered causes despite knowing or having reason to know that hail caused the loss; failing to disclose material limitations and internal standards at the time of sale and renewal while relying on those undisclosed standards to deny claims; and using outcome-oriented engineering or inspection reports to manufacture a pretext for denial or underpayment of valid claims.

60. State Farm's unfair, deceptive, and unlawful practices were willful or, at minimum, committed with knowledge or reason to know of their deceptive nature. Management deliberately designed the Hail Focus Initiative to mislead policyholders about the scope of coverage and to reduce claim payments.

61. These unlawful practices occurred in trade or commerce and affected the public interest. They were not isolated incidents but part of a company-wide and ongoing scheme impacting numerous Oklahoma residents.

62. As a result of State Farm's unlawful practices, Oklahoma consumers have suffered ascertainable losses of money and property, including but not limited to: premiums paid for coverage not delivered as represented, the cost of roof repairs and replacements that should have been covered, diminished property values, and consequential damages.

63. The Attorney General brings this claim under his enforcement authority, including the authority to act under the OCPA, to obtain injunctive relief, restitution, damages, civil penalties, and costs and attorneys' fees.

Count II: Violations of the Oklahoma Racketeer-Influenced and Corrupt Organization Act

64. The Attorney General re-alleges and incorporates by reference all preceding paragraphs as if fully set forth herein.

65. At all times relevant to this Petition, State Farm, together with captive agents, their agencies, third-party engineering and consulting firms, and related vendors formed an "association-in-fact" enterprise within the meaning of 22 O.S. § 1402 referred to as the Denial Enterprise. The members of the Denial Enterprise can be defined apart from the predicate acts as separate individuals or operating entities.

66. The common purpose of the Denial Enterprise is to maximize profits for State Farm by systematically denying or underpaying valid property damage claims through the implementation of the Hail Focus Initiative. This purpose is achieved by collecting premiums for coverage while adjudicating claims under restrictive, undisclosed standards, thereby depriving Oklahoma policyholders of the benefits of their insurance contracts.

67. Under 22 O.S. § 1403(A), it is unlawful for any person employed by or associated with an enterprise to conduct or participate, directly or indirectly, in the conduct of such enterprise's affairs through a pattern of racketeering activity. State Farm violated this provision.

68. State Farm is a "person" for the purpose of the Oklahoma Racketeer-Influenced and Corrupt Organizations Act because State Farm is a corporate entity within the meaning as defined by 22 O.S. § 1402(7).

69. State Farm and other members of the Denial Enterprise conducted the affairs of the Denial Enterprise through a "pattern of racketeering activity" as defined in 22 O.S. § 1402(10), engaging in at least two acts of racketeering activity within the requisite time period. These acts are related by their common purpose, reducing indemnity severity, and method of commission, fraudulent denial of hail claims and include: willful false representations in violation of 15 O.S. § 753(9); willful unfair and deceptive practices in violation of 15 O.S. § 753(21); and knowingly and willfully used a computer, computer system, and computer network for the purpose of devising and executing the fraudulent scheme described herein, in violation of 21 O.S. § 1953(A)(2).

70. As a direct and proximate result of State Farm's racketeering acts, numerous Oklahoma consumers have been injured in their business or property. Policyholders suffered monetary losses when valid claims were wrongfully denied or underpaid and were forced either to fund roof repairs and related damage out-of-pocket or to endure diminution in property value due to unrepaired damage. Consumers also paid premiums for coverage materially more robust than what State Farm actually intended to provide, thereby overpaying for illusory or substantially impaired coverage.

71. State Farm agreed and combined with these co-conspirators to implement the Hail Focus Initiative and related practices.

Count III: Civil Conspiracy

72. The Attorney General re-alleges and incorporates by reference all preceding paragraphs as if fully set forth herein.

73. State Farm knowingly entered into an agreement and combination with non-party captive agents, their agencies, and other associated entities to accomplish unlawful objectives or to accomplish ostensibly lawful objectives by unlawful means, including violating the OCPA through deceptive marketing and claims practices; and engaging in fraudulent claim-handling practices to avoid paying covered hail and wind claims.

74. The conspirators formed and executed this agreement by, among other things, adopting and implementing the Hail Focus Initiative, concealing internal standards, misrepresenting coverage at sale and renewal, and coordinating claim denials based on pretextual rationales.

75. Numerous overt acts were committed in furtherance of the conspiracy, including each sale or renewal of a policy under false pretenses, each application of undisclosed internal standards to deny or diminish claims, and each specific claim denial or underpayment premised on false statements or material omissions.

76. State Farm is liable for the full extent of damages and equitable relief caused by the conspiracy, regardless of the degree of participation by any individual co-conspirator.

Count IV: Unjust Enrichment

77. The Attorney General re-alleges and incorporates by reference all preceding paragraphs as if fully set forth herein.

78. By virtue of the conduct described herein, State Farm has been unjustly enriched at the expense of the Oklahoma economy and the Oklahoma homeowners insurance market. State Farm collected and retained substantial premiums for homeowners insurance policies marketed as providing full replacement cost coverage for hail and wind damage, while internally intending to restrict or deny such coverage and thereafter wrongfully denying or underpaying valid claims.

79. State Farm also retained the financial benefits affecting the Oklahoma homeowners insurance market and Oklahoma economy by reducing claim payments achieved through its deceptive Hail Focus Initiative and related claims-handling practices, including the savings from roof replacements and related repairs that should have been paid but were not.

80. Under principles of equity, State Farm should not be permitted to retain these ill-gotten gains. Equity requires that State Farm disgorge the value of improperly retained premiums and unpaid benefits attributable to the scheme and that such funds be restored to remedy the public harm.

VI. PRAYER FOR RELIEF

WHEREFORE, Plaintiff, State of Oklahoma *ex rel.* Oklahoma Attorney General, prays for judgment in its favor and against State Farm as follows:

a. A declaration that Defendant's conduct as alleged herein violates the Oklahoma Racketeer-Influenced and Corrupt Organizations Act (22 O.S. §§ 1401–1419) and the Oklahoma Consumer Protection Act (15 O.S. §§ 751–764.1), and that such conduct constitutes fraud and deceit upon Oklahoma consumers.

b. A permanent injunction restraining Defendant, its officers, agents, employees, and all persons acting in concert with them from engaging in the unlawful practices described above.

c. All appropriate orders under 22 O.S. § 1409 to dismantle the racketeering enterprise and prevent its re-occurrence.

d. An award of restitution for the harm caused to the Oklahoma public and disgorgement of State Farm's ill-gotten gains.

e. An award of statutory damages as permitted by ORICO and/or OCPA.

f. Imposition of civil penalties.

g. An award of reasonable attorney's fees, investigative costs, and litigation costs incurred in this action.

h. Awarding pre-judgment and post-judgment interest on all monetary awards as permitted by law.

i. Such other and further relief as this Court deems just and proper.

Respectfully submitted,

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