

2020 Fire Weather Leadership Business Plan

Accuracy Tactical Plan



We are committed to achieving a culture of operational excellence where our actions lead to growing State Farm®. Our excellence will be achieved as #oneteam. We are compelled by our customer-driven focus, with a contemporary leadership mindset that drives success today and positions us for tomorrow. Our team accelerates outcomes through innovative thinking and early adoption of technology. We build confidence in our ability and agility, and inspiring each other to continuously improve and have fun in our service to others.



Accuracy* Drive improvement in claim handling accuracy.

Outcomes

- Improved Wind/Hail Trends
- A minimum of 80% on 100% Section Manager Surveys

Priorities

Year-over-year trends indicate Wind/Hail and Non-Weather Water perils provide the greatest opportunity to impact enterprise results, accounting for 57% of Net Paid Indemnity (NPI) and 70% of claim counts. Wind/Hail losses are 40% of NPI and 49% of claim counts, with Incurred Frequency up 1.2% YOY. Water losses account for 17% of NPI and 21% of claim counts, with Incurred Frequency down 4.9% YOY.

Wind/Hail Macro View of Quality Insights and Approach

EXHIBIT

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Trails	Root Causes	Solution Tactics	Success Measures	Resource Needs
Enterprise (as of Dec 2019)				
Trends	Skills Set Gaps	Skills Set Tactics		
Overall NPI	• Investigation & Coverage Analysis o Damage Identification	Applies to leaders and claim handlers	• Estimate Difference	• Haag Engineering Training
NPI Increase	• Estimate Writing o Scoping & Documentation	• MyBlock Performance Framework with Technical Skill Documentation	• Average Reconciliation Payment	• Consulting Services
Overall Counts	• Estimate Reconciliation	• Upskill in Office and Deployed workforce on Xactimate	• R12 Paid Severity	• Claims Training Support
Paid Severity		• Modified settlement authority	• Wind/Hail o Total Roof Overturn Role	• Reinspection Shared Services
PS Increase		Wind/Hail		
Incurred Frequency		• Haag Engineering Baseline Training		
		• Total Roof Overturn Authority		
		• Damage ID & Coverage Decision TM File Review and Coaching: 35 payments with Reason Code TR, PR or NR and 35 CWP to Paid status		
2020 Five States of Focus				
Ranked Opportunity by Peril				
Wind/Hail	Leadership Gaps	Leadership Tactics		
TX	• Consistent coaching to quality, including CM to SM, SM to TM and TM to CH	Applies to CM, SM and TM leaders		
FL	• Proactive use of monitoring tools	• MyBlock Performance Framework Validation		
MI	• Accountability to outcomes	• Use XactAnalysis to monitor progress and reskill as identified		
NY		• Modified settlement authority		
CA		• EOM Coaching Activities with focus on technical instruction		
Top Five States				
Enterprise Ranked Opportunity by Peril				
Wind/Hail		Wind/Hail		
TX		• Total Roof Overturn and 35 Payment Monitoring		
FL				
CA				
OH				
PA				

Where we go, we grow. But first, where do I need to lead my teams to grow.

- 2019 SM Survey Results indicates our opportunities are:
 1. Investigation - Damage Identification
 2. Estimate Writing – Scoping & Documentation
 3. Estimate Reconciliation
- Consider the opportunities and results below in our Fire Weather claim handling

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2019 SM Survey Results						Investigation				
		Damage				Initial Contact	Diligent Investigation	Initial Loss of Use Established	Effective Mgmt of Loss of Use	Subrogation
		Investigation	Evaluation	Resolution	Overall					
STEW	Huffman	65%	80%	71%	72%	59%	80%	33%	57%	67%
	Pilka	58%	61%	55%	59%	56%	60%	67%	67%	100%
	Short	78%	86%	71%	77%	66%	79%	100%	100%	75%
	Speckman	64%	80%	58%	67%	56%	79%	43%	80%	0%
	Moore	62%	77%	64%	68%	56%	71%	45%	70%	43%
HRU	Colbert	89%	93%	63%	78%		92%			
	McCardle	82%	87%	82%	70%		87%			
	Manduca	85%	90%	61%	71%		87%			
LRU	Hodgson	66%	68%	47%	61%	56%	71%	57%	57%	88%
	Manduca	66%	68%	47%	61%	56%	71%	57%	57%	88%
Deployed	Reuschendorfer	61%	70%	59%	69%	58%	69%	0%		57%
	Thoma	82%	81%	78%	81%	80%	85%	0%		
	Chikahisa									
	Frampton/Ellerman	71%	70%	75%	71%	63%	78%	100%	100%	
	Rantz	64%	64%	77%	66%	65%	63%	0%	0%	100%
	Robinson	63%	65%	82%	68%	64%	66%	0%		0%
	Tesoro	71%	78%	77%	76%	71%	77%	0%	60%	0%
	Young	72%	70%	63%	72%	75%	70%	100%	33%	
	Gardner									
	Betz	82%	79%	63%	74%	56%	69%			0%
	Escott	75%	77%	73%	79%	89%	80%	100%	100%	
	Galloway	69%	74%	64%	71%	72%	64%	100%	100%	
	Mack	68%	77%	70%	73%	86%	48%			
	Nasi	83%	82%	83%	83%	82%	75%			
	Parlo									

Damage Evaluation						Resolution		
Thorough Scope of Cov A Loss	Estimate	Thorough Scope of Cov B Loss	Personal Property Inventories Verified	PP Settlement Supported by Documentation	Estimate Reconciliation	Management Involvement	Active Handling and Resolution	
71%	67%	85%	59%	79%	56%	78%	75%	
50%	33%	62%	86%	57%	37%	20%	89%	
82%	86%	86%	95%	79%	59%	64%	76%	
53%	43%	89%	95%	82%	28%	50%	69%	
65%	56%	81%	91%	76%	42%	52%	72%	
96%	75%	100%	67%	67%	79%	81%	38%	
88%	100%	67%	67%	100%	75%	77%	45%	
92%	83%	85%	67%	80%	77%	79%	42%	
82%	88%	54%			33%	59%	38%	
82%	88%	54%			33%	59%	38%	
54%	69%	0%		57%	44%	82%	55%	
80%	85%	0%			56%	68%	84%	
89%	61%	77%	71%	51%	33%	73%	83%	
65%	63%	0%	0%	100%	88%	79%	75%	
64%	66%	0%		0%	60%	62%	89%	
71%	77%	0%	60%	0%	40%	73%	69%	
75%	76%	100%	33%		42%	45%	71%	
90%	49%	90%	93%	57%	33%	23%	73%	
91%	47%	95%	92%	67%	33%	61%	79%	
87%	59%	86%	89%	61%	33%	53%	72%	
90%	57%	92%	91%	64%	50%	58%	75%	
90%	35%	95%	98%	78%	75%	69%	82%	

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Strategy Execution Exercise

- Clear outcomes and common understanding
- Mutual commitment and cooperation
- Why, How, What execution

People

Tactic	Success Measure by Role	Frequency of Success Measure	EOM Coaching Activity by Role
Execute on 2020 Fire Property Claims Plan with excellence  1.30.20 2020 Fire Claims Quality Plan I • MyBlock5 • ORT Results • Total Roof Authority and Monitoring • Reconciliation Accuracy	MyBlock 5 VPO CM SM TM CH ORT Results VPO CM SM TM CH Total Roof Authority and Monitoring VPO CM SM TM CH Reconciliation Accuracy VPO CM SM TM CH	MyBlock 5 VPO CM SM TM CH ORT Results VPO CM SM TM CH Total Roof Authority and Monitoring VPO CM SM TM CH Reconciliation Accuracy VPO CM SM TM CH	MyBlock 5 VPO CM SM TM CH ORT Results VPO CM SM TM CH Total Roof Authority and Monitoring VPO CM SM TM CH Reconciliation Accuracy VPO CM SM TM CH
Conduct Hail Damage Identification training	VPO CM SM TM CH	VPO CM SM TM CH	VPO CM SM TM CH
Assess & adjust settlement authority based on quality claim handling; IO focus on Ordinance & Law, Deployed focus on Damage ID and Documentation	VPO CM SM TM CH	VPO CM SM TM CH	VPO CM SM TM CH
Refresh Coaching Activities with focus on technical instruction	VPO CM SM TM	VPO CM SM TM	VPO CM SM TM

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	CH	CH	CH
Leaders maintain authority on overturns and monitor payment activity on CWP claims	VPO CM SM TM CH	VPO CM SM TM CH	VPO CM SM TM CH
Upskill claims workforce on Xactimate	VPO CM SM TM CH	VPO CM SM TM CH	VPO CM SM TM CH
Targeted use of XactAnalysis to coach to performance results	VPO CM SM TM CH	VPO CM SM TM CH	VPO CM SM TM CH

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Process

Tactic	Success Measure by Role	Frequency of Success Measure	EOM Coaching Activity by Role
Align Deployed workforce to damage areas based on skills sets	VPO CM SM TM CH	VPO CM SM TM CH	VPO CM SM TM CH
Implement IO Call Recording/Screen Capture to enable root cause identification	VPO CM SM TM CH	VPO CM SM TM CH	VPO CM SM TM CH
Update Xactimate with Wind/Hail enhancements and use effectively	VPO CM SM TM CH	VPO CM SM TM CH	VPO CM SM TM CH
Activate state model approach to Wind/Hail Peril in alignment with Claim Insights testing	VPO CM SM TM CH	VPO CM SM TM CH	VPO CM SM TM CH

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Technology

Tactic	Success Measure by Role	Frequency of Success Measure	EOM Coaching Activity by Role
Address contractor phone activity into IO operations	VPO CM SM TM CH	VPO CM SM TM CH	VPO CM SM TM CH
Explore real-time "Xactimate Estimate Check" prior to issuing settlement draft	VPO CM SM TM CH	VPO CM SM TM CH	VPO CM SM TM CH
Discover opportunity for advanced weather data beyond atmospheric data, including Geospatial Intelligence Model Testing	VPO CM SM TM CH	VPO CM SM TM CH	VPO CM SM TM CH
Test Claim Data Insights opportunities to prioritize new claims based on file markers, optimize timing of management review, and enhance inventory management for Wind/Hail claims	VPO CM SM TM CII	VPO CM SM TM CII	VPO CM SM TM CII

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