From: Scott Welsh [/O=STATEFARM/OU=EXTERNAL (FYDIBOHF25SPDLT)/CN=RECIPIENTS/CN=5D99B0B083AF4638BBA0385827DECFB9]
Sent: 10/14/2021 4:45:22 PM
To: Tom Moss [tom.moss.c4sg@statefarm.com]
CC: Angela Null [angela.null.ga2z@statefarm.com]
BCC: Scott Welsh [scott.welsh.cx30@statefarm.com]; Tom Moss [tom.moss.c4sg@statefarm.com]; Angela Null [angela.null.ga2z@statefarm.com]
Subject: RE: Agent Tracy Blair Haus Summary: Reputation
Attachments: image001.jpg; image002.png; image003.png; image004.png; image005.png; image006.png

Thank you Tom for sharing.

Let me know when you all have a chance to connect with Renee – If possible I would like to attend, please send me the invite.

Is José in the loop on the file review and invited to the call? We will need Renee's leadership to participate in that review.

Thanks again Tom for sharing and please let me know how I can help.

From: Tom Moss <tom.moss.c4sg@statefarm.com>
Sent: Thursday, October 14, 2021 7:53 AM
To: Scott Welsh <scott.welsh.cx30@statefarm.com>
Cc: Angela Null <angela.null.ga2z@statefarm.com>
Subject: FW: Agent Tracy Blair Haus Summary: Reputation

FYI

From: Renee Bass-Taylor
Sent: Wednesday, October 13, 2021 9:19 PM
To: Bill Fanelli <bill.fanelli.bkx7@statefarm.com>; Tom Moss <tom.moss.c4sg@statefarm.com>; Angela Null <angela.null.ga2z@statefarm.com>
Cc: Renee Bass-Taylor <renee.bass-taylor.a91a@statefarm.com>
Subject: Agent Tracy Blair Haus Summary: Reputation

Tom and Angela, I'll look for time to connect this week for more context.

From: Kathy Ress
Sent: Wednesday, October 13, 2021 8:07 PM
To: Renee Bass-Taylor <renee.bass-taylor.a91a@statefarm.com>
Cc: Kathy Ress <kathy.ress.he8j@statefarm.com>
Subject: FW: Agent Tracy Blair Haus Summary: Reputation

I know you have an action plan. let's move forward on what we have noted to get in touch with the roofer and the agents file reviews. We can loop then on overall findings and next steps.

Thank you!

Kathy
3096629496

EXHIBIT
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From: Kathy Ress <kathy.ress.he8j@statefarm.com>
Date: Wednesday, Oct 13, 2021, 7:34 PM
To: Wensley J Herbert <wensley.j.herbert.c18b@statefarm.com>, Dan Krause <dan.krause.crgb@statefarm.com>
Cc: Shyama N Terry <shyama.n.terry.bqbj@statefarm.com>, Paul Odland <paul.odland.gu8a@statefarm.com>, Kathy Ress <kathy.ress.he8j@statefarm.com>
Subject: Agent Tracy Blair Haus Summary: Reputation

Wensley and Dan,

We had a positive visit with Tracy on Tuesday, 10/12/21, to gain more insights into her perspective. Per Wensley's request, outlined a summary and next steps. VPA Paul Odland, Fire Claim Manager Renee Bass-Taylor, Estimatics Claim Manager Jeremy Bryan and I met with Tracy. We were able to discuss both auto and fire concerns. Tracy shared her peer group of high performing agents were encouraging her to share her point of view which triggered her email outreach after reviewing 10 prior roof claims.

General Themes

- Auto Claims: Timely communication from Auto claim segments
- Auto Claims: Time to resolve auto estimate differences from Non-Program Shop estimates is impacting the customer's rental benefit
- Fire Claims: Perception State Farm is not writing accurate estimates as we are writing estimates to repair roofs instead of replacing

Discussion

- Auto: Timely Communication from Auto segments
  - Extended hold times with auto claim segments; Auto Click to Chat does not seem to be actually solving issues and have to call to resolve
  - Claim handlers generally are not making decision to move the claim forward and have to get team managers involved to resolve simple issues
  - Example: Agero did not pick up a vehicle. Called into auto claims and waited 5 days for a return call.

- Auto: Time to resolve auto estimate differences from Non-Program Shop estimates is impacting the customer's rental benefit
  - Since Parts Trader came about, body shops saying difficult to work with State Farm due to the administrative work to agree upon an accurate estimate and time to rewrite estimates
  - Customers selecting Non Program Shops as program shops are backed up, especially related to supply issues
  - Parts Trader delaying delivery of parts
  - Claim handling delays adding many days to repair due to indecisions on estimates from non-program shops
    - 10-15 days to resolve between State Farm on resolution of the NPS estimate
    - Two claim handlers told the agent what coverage to sell to provide a greater benefit since rental benefits are running out
  - Claim handlers are not calling the shops to address the differences, instead putting it on the customer to resolve

- Fire: Perception State Farm is not writing accurate estimates as we are writing to repair roofs instead of replacing
  - Several roofers Tracy works with indicate "they are not your Good Neighbor" and it's now discussed regularly across roofing contractors
  - Advised lack of confidence in inspectors (REIAP vendors) "like Allstate" uses in place of an adjuster; no concerns when claim adjuster actually inspects

o Tracy indicated we do not appear to be paying what we owe with a roof repair estimate and has examples where a reasonable repair was not affected and later paid to replace; also indicated some repairs not made properly and additional damage ensues
o She indicated State Farm agents are fighting with Fire Claims to make a payment and some agents are using "ADA to pay for roofs"; indicates fire claim handlers are asking for proof from the customer and contractor to update the initial damage estimate and there is no room for negotiation
o Tracy advised there are no time service issues with Fire Claims

Next Steps

- Auto

o I will visit with Estimatics and the Auto Property segment VPOs on the issues raised by Tracy to address root cause and take necessary action
o An auto claim manager will reach out to VPA Paul Odland and Tracy to close the loop

- Fire:

o A Claim Consultant and Fire Proximity Section Manager will reach out to the roofer shared by Tracy to obtain his perception of the repair issues from a roofing contractor perspective
o Claim Manager Renee Bass-Taylor is obtaining the 10 claims Tracy mentioned she reviewed; additionally we are reviewing five open claims involving wind/hail for root causes. We will then loop back with Tracy on overall claim handling.
o Claim Manager Renee Bass-Taylor will review claim feedback and observations from the file reviews with Fire In Office claim managers and calibrate on application of Kentucky regulation specific to Reasonable Consistent Appearance.
o Increase observations of communication with agent and customer about the damage evaluation and reconciliation process.
▪ Are we explaining what is impacting the claim decision and payment or just making adjustments?
▪ Help agents understand reasons why a supplement may be warranted and the process we have in place to step through.
o At a broader level, Consulting Services will facilitate a targeted file review on roof claims with appraisals and engineers to identify any trends.

We appreciate the opportunity to visit with Tracy with the support of Paul.

Kathy

From: Dan Krause
Sent: Tuesday, October 5, 2021 2:25 PM
To: Michael Tipsord <michael.tipsord.cdrf@statefarm.com>; Rand Harbert <rand.harbert.hey8@statefarm.com>; Jon Farney <jon.farney.ga1s@statefarm.com>
Cc: Wensley J Herbert <wensley.j.herbert.c18b@statefarm.com>
Subject: FW: Reputation

I will work with Wensley to respond to Tracy.

From: Tracy Blair Haus
Sent: Tuesday, October 5, 2021 3:14 PM
To: Michael Tipsord <michael.tipsord.cdrf@statefarm.com>; Rand Harbert <rand.harbert.hey8@statefarm.com>; Dan Krause <dan.krause.crgb@statefarm.com>; Jon Farney <jon.farney.ga1s@statefarm.com>
Subject: Reputation

Hello amazing leadership!
I send this email with the upmost respect for all of you. For a long time we have heard from the top how important it is to keep our #1 position. While being #1 carries a lot of weight, having a bad reputation when it comes to delivering on the promise is not worth that #1 position. I would take system outages, higher rates any day over giving bad service at claim time.

We are a big business made up of a lot of little businesses and we grow by having good reparations in each and every small community. The old slogan of "we pay what we owe, not a penny less, not a penny more" is not the case right now. We now pay really low and customers fight to get what we owe them in more and more cases. In my 20 years I have NEVER had to worry about the reputation of State Farm. Even when we have raised rates and been uncompetitive, I always knew even if customers were paying more to be with us, we would come through at claim time! #ClaimTimeIsGameTime

I have heard for years now about Allstate's declining reputation when it comes to claims. I have taken so many of their customers all while paying more to be with us in most cases.

I know I am not the first to send an email about the issues we are having in claims, I certainly hope you are receiving A LOT of communication from agents letting you know what's happening to our company from the ground.

I have been involved in many agent discussions, email groups etc. about fire claims problems, and specially Roofing issues. I had faith that you all were handling it and that you knew by word of sales leaders and claims team managers that are on the ground that its really bad. But when I heard the slogan from a very reputable roofing company owner,
"You are not in good hands and we are not your good neighbor" …I was very upset.
That's the slogan around the country, not just here in Louisville. He sent me screen shot after screen shot of reputable companies that for years have loved working with us and now say we are just as bad as Allstate. And if we choose to ignore the contractors then we must listen to our clients. Calls have increased, almost every roofing claim we have the customer is unhappy, the process is laborious, and 8/10 times we end up paying what we should have in the beginning but end up with a mad customer and a tarnished reputation. My team is spending more and more time on claims and being pulled away from selling.

For the last 6 months the roofing claim problems have grown. I received an email that you all were doing the following –

1) Minimize # of people who touch an account. Home especially.
2) Inspection will be customer's choice up front (how would you like us to handle this – face to face or virtual)
3) Simplify language when talking to customers (no insurance lingo)
4) *Proactively* personally contact customer and contractor
5) Phone call to agent when there's a negative claim decision or problematic situation.
6) Empathy, empathy, empathy.

While those things will no doubly help with all claims and should be the 101 of claim handling, what is being done to look at and hopefully change the way Roofing claims are being handled? This system is not only broken it is taking us down quicker than you can imagine. Its gone from bad to worse in record time. Word of mouth travels far and right now body shops to rental car companies to contractors are screaming from the rooftops and not saying nice things.

Right now, our adjustors (4 in Louisville) are not the problem they are the solution. Roofing contractors would say we have a great team. Inspectors are being sent out to measure and photo roofs and hand out a very small estimate to REPAIR knowing that in a lot of cases it should be much more than that. They are afraid to get their hand slapped and are in the pockets of State Farm so they are low balling at best and almost NEVER replace a roof. More 3rd party appraisers are bring called out time after time.

As a leader agent and someone who bleeds State Farm logos I am asking you to do something. The above 6 items are not enough. We need a drastic change before it's too late! Is it really worth it to walk on the stage at convention to say we are #1 in the ranks but not #1 when it comes to delivering great service.

TBH

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