

OVP Herbert – Quarterly Business Review (Fire Weather & AWC) – April 2021

Trends identified in this document may be due to multiple variables. They are provided to help identify potential root causes for study and action.

Quality: Improve Claim Handling Accuracy
Results

- YTD April Fire Finding Frequency for Fire Weather was 6.82%, better than the target of 7.8%; ECR Vendor Finding Frequency was 8.24%, down from 4Q20 at 8.71%.
- YTD April FED% for Fire Weather was 4.06% compared to 4Q20 3.13%; ECR FED% was 5.73% compared to 4Q20 4.71%.

Tactics going well

- Wind/Hail Quality Claim Handling sessions with Fire Claim Leaders and Market Area Leadership.
- 2021 Market Area & Fire Claims (MAC) Partnership where we align on enterprise priorities and build a cooperative one team approach.
- Execution of Fire Claims Quality plan tactics focused on damage causation, scoping roof repair/replace, and estimate reconciliation.
- Leaders leveraging Reinspection Results available at each level of leadership and by ECR Vendor to identify specific gaps and take action based on trends.
- Roof claim handling guidelines integrated into onboarding, assessments and claim file reviews.
- HAAG Hail/Wind Refresher Training and Roof Skills Assessment enhancing technical skills in handling to roof damage claims to fulfill Our Commitment to Our Policyholders.

Tactics in progress to improve performance

- Wind/Hail Quality Claim Handling calibration sessions with Fire Claim Specialists with focus on operational guidelines on scoping and evaluating roof repair/replace; use of Wind Repair v. Replace Comparison worksheet.
- TM intervention in small hail/light wind to evaluate total roof replacement estimates prior to claim settlement, and deeper calibration with claim leaders based on trends using Advanced Analytics QlikSense Dashboard.
- Estimating Job Aid – Laminate Shingle Measurements to assist claim handlers in their reconciliation and resolution of differences with roofing contractors on ability to repair shingles.
- In Office team managers completing Estimate Writing Assessment to identify gaps and provide targeted training, to enable greater coaching to IO claim handlers.
- Conduct pricing components refresher on proper estimate line items owed/not owed based on standard practices.
- AWC: Testing reinspection program for virtual inspections to implement in partnership with Consulting Services to measure AED.

Customer: Deliver a Remarkable Claim Experience and Improve Customer Satisfaction
Results

- Overall Fire claim satisfaction (OSAT) in Fire Weather Ops rebounded in 4Q, with Jan 21 at 86%. OSAT for Fire overall. AWC OSAT trends at record highs 89% (Dec 2020) in 4Q, and the Jan monthly result was the highest looking back 6 months at 93%.
- Fire Weather & AWC operations are maintaining overall health; at times of significant catastrophe volatility, customer facing health recovers within the week, and overall health returns in 2 weeks per recovery plans.
- Virtual First and Vendor Network Inspection Solutions – WCCS Stewardship Closed Claims with Non-Proximity inspection at 45.9% YTD, SFPSP at 8.1% YTD, activated 52% of ClaimX Live sessions and 61% of File Request activations for past 8 weeks. AWC 96% virtual insp.

Tactics going well

- Phone Message prioritization to return customer calls within SLO.
- Use of 2021 'Inspection – No Estimate' tool to monitor and identify gaps in estimate completion service levels and proactively update customers where estimate service levels will not be met.
- Increased adoption in engaging customers in virtual and vendor tools with the December implementation of the Fire Inspection Options Tool.
- **Art of the Conversation training for internal and externals.**
- Enhanced ECR Vendor Performance Management approach.

Tactics in progress to improve performance

- Refreshing approach to framing fire claim process & next steps to simplify the experience for the customer.
- Enhanced performance visibility into individual management of claim handler voicemail.
- Spring test of 'Field Inspection Scheduling' for hail customers at time of Quality First Contact to set the customer at ease.
- Call Recording Management tools to implement following moratorium lift for Direct Dialed lines for ease of leadership observation.
- Testing ClaimXperience Live Sessions with auto catastrophe customers to speed cycle times.
- Fire property photos to load viewable for customer and agent viewing on Claims/Agency Hubs.
- Op Model project focused on modernizing the ECR Vendor Performance Management System to include customer service metrics.

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Employee: Develop Our People and Increase Employee Engagement**Results**

- Q1 2021 the EEI target was met in AWC In-Office; AWC Deployed and Fire Weather In-Office are close to target.
- Q1 2021 Leader result (4.3) for Inclusion exceeded the goal of 4.0; Diversity result was 3.9.
- Over 200 claim leaders engaged in how to facilitate Small Group D&I Conversations; most claim leaders participated in 1Q Small Group Conversations for Fire Weather & AWC leaders.

Tactics going well

- Deep and broad engagement in small group conversations and create safe environments to do same; all level of leadership engaged in a broad operational approach and individual conversations with teams.
- #wwgwg leadership dialogue sessions to align on purpose, inspire action, and take ownership of areas to improve; engagement cadence includes quarterly 'town hall' sessions with claim team members to connect, align and check in on mindsets.
- Identification of diverse candidates to place into pipeline opportunities.
- Development plans for all MG5 leaders in alignment with Korn Ferry Talent Strategy.
- Connecting with In Office and Deployed claim team members through use of Where We Go, We Grow newsletter, ongoing personal recognition of personal services, and use of Our Rewards.

Tactics in progress to improve performance

- 2Q Small Group D&I Conversations available in May for all claim team members, facilitated by Fire Weather & AWC leaders.
- Korn Ferry Talent Development mapping underway for MG2-4 leaders who engaged in the KFALP.
- World Cafes engage claim team members to target improvement opportunities, engage in solutions and execute to action plans.
- Modernized Leadership Operational Playbooks to deepen operational management skills for operations of various size.

Expense: Drive Improvement in Operational Expense and Claim Handling Capabilities**Results**

- 2020 Budgeted ECR Expense was \$61.14M. Normalized April 21 YTD ECR expenses are \$ 57.22M, demonstrating running on target. ECR budget estimates are based on a normalized year of demand.
- Non-normalized external fire labor expense is above April 21 budget by 148% (\$90.59M) related to 2021's extraordinary demand and the carryover of 2020 claim pendings into Apr 21 (15.8 ppts. higher than norm). April 21 YTD is the highest year in claim demand since 2012, with demand 47% greater than 2020, 31% above the 5-year average, and 45% above the 10-year average. A \$9.8M residual of 2020 ECR expense paid in 2021.
- Normalized April 21 productivity places claim received per performer productivity up 14.4% over the 2018-19 norm for all Fire Weather performers (12.0 to 13.7); internals up 11.0 to 12.6 and externals up 13.3 to 15.1. Non-normalized Fire Weather combined claims received per performer is down in April 21YTD (47.5 to 42.0) related to performers assigned to handle extraordinary 2020 carryover pendings.
- Normalizing April 21 pendings places pendings per performer up 15% over the 2018-19 norm for all Fire Weather performers (25.9 to 29.8); Internals up 23.8 to 28.1 and Externals up 28.6 to 33. Non-normalized Fire Weather combined pendings per performer is down in April 21 (27.8 to 25).
- AWC IO claims received per performer productivity is down -8.7% YOY (17.2 to 15.7). NOTE: In 2020, Express resources were not tracked in 2020. AWC Deployed Virtual inspection productivity is up 19% from YE 2020 of 2.6 to 3.1; onsite inspections up from 3.6 to 5.3 (47%). April 21 auto catastrophe claim demand running 12% YOY, yet most demand reported in the month of April.

Tactics going well

- Productivity is improving due to virtual CH capabilities, vendor network solutions, and the inspection & scoping vendors; virtual inspections enable a claim handler to conduct inspections at the same time as Quality First Contacts for eligible losses, and speeds resolution of the loss.
- Internal resource sharing into Fire Weather & AWC from other claim segments has reduced labor costs by external value of \$10.3M Apr YTD.
- Data-driven rigor on the resource release process consistent with the resource modeling and deployment process.

Tactics in progress to improve performance

- Targeted upskilling of In Office claim teams to speed estimate writing as more estimates being handled from the desktop.
- Root cause analysis identified specific people and process opportunities to increase virtual & vendor inspections optimal for desktop adjusting.
- Refreshing initial claim handling by Deployed resources to shift work to vendor networks for eligible hail losses and increase inventories; Fire Inspections Options Tool being updated with hail criteria and prioritization of virtual and vendor network solutions before field inspection.
- ECR Vendor Manager Role test underway at estimated value \$8-14M per year in reduced ECR backfills in place of using claim team leads.
- VMSO & Consulting Services to build CPS & RPS capacity in hail prone geo territories based on historical claim demand.
- ET dropping New Mail bundling solution to collapse 10 New Mail Tasks to one for every uploaded photo (ECRM, Claims Hub, and ECA).
- 2021 Roadmap projects underway to reduce cost includes: 1) solution to route hail to In Office claim handlers (lowest cost labor), 2) "No equipment" solution for external staff augmentation, and 3) ECR Vendor Estimate Assignment Only test to price the inspection and estimate service at a competitive per claim rate.

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