

2022 Fire & AWC Claims: Quality Pillar Strategy



Where we go, we grow. 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.

Context

The State Farm mission is to help people manage the risks of everyday life, recover from the unexpected and realize their dreams. **State Farm will drive improvement in claim handling accuracy.** We will be the leader in claim handling accuracy while delivering a differentiated customer experience and competitive cost structure through our operation model transformation.

Purpose

What is the purpose of the Pillar Team?

Outcomes

- Execute on Quality Plans
- Enhance technical skills and align complexity of work to the skills
- Carry out Model Enhancement guidelines

Monitoring and measuring

How will we know the tactics are working?

- 85% All SM Surveys
- Fire Frequency Errors – Wind 6.1%, Hail 6.2%, Water 8.2%, Fire 7.7%
- XX% Auto Frequency Errors

Potential Obstacles

What barriers do you anticipate you'll need to overcome?

Key Players

- Claims Exec Sponsors
 - VPO Kathy Ress
 - VPO Tyrone Smith
- Pillar Leads
 - Dana Jokerst
 - David Chikahisa
 - Eric Daly
 - Nicole Manduca
- Pillar Workgroup
 - XX

EXHIBIT

2

FOR INTERNAL STATE FARM USE ONLY

Contains information that may not be disclosed outside State Farm without authorization

Page 1

Last updated: 12.23.2021

2022 Fire & AWC Claims: Quality Pillar Strategy

**Pillar Tactical Roadmap**

- Date – Period of the month planned to execute the tactic
- Outcome – Input one of the three outcomes from the Pillar Outcomes above
- Tactic – Include high level name of the tactic
- Tactic Definition/Deliverable – Briefly define the tactic/deliverable being executed
- Milestone – Outline the expected result of the tactic and by when will the result occur (Result may be quantitative or qualitative)

QUARTER ONE				
JANUARY				
Date	Outcome	Tactic	Tactic Definition/Deliverable(s)	Milestone
FEBRUARY				
Date	Outcome	Tactic	Tactic Definition/Deliverable(s)	Milestone
MARCH				
Date	Outcome	Tactic	Tactic Definition/Deliverable(s)	Milestone
QUARTER TWO				
APRIL				
Date	Outcome	Tactic	Tactic Definition/Deliverable(s)	Milestone
MAY				
Date	Outcome	Tactic	Tactic Definition/Deliverable(s)	Milestone
JUNE				
Date	Outcome	Tactic	Tactic Definition/Deliverable(s)	Milestone
QUARTER THREE				
JULY				
Date	Outcome	Tactic	Tactic Definition/Deliverable(s)	Milestone
AUGUST				
Date	Outcome	Tactic	Tactic Definition/Deliverable(s)	Milestone

FOR INTERNAL STATE FARM USE ONLY

Contains information that may not be disclosed outside State Farm without authorization

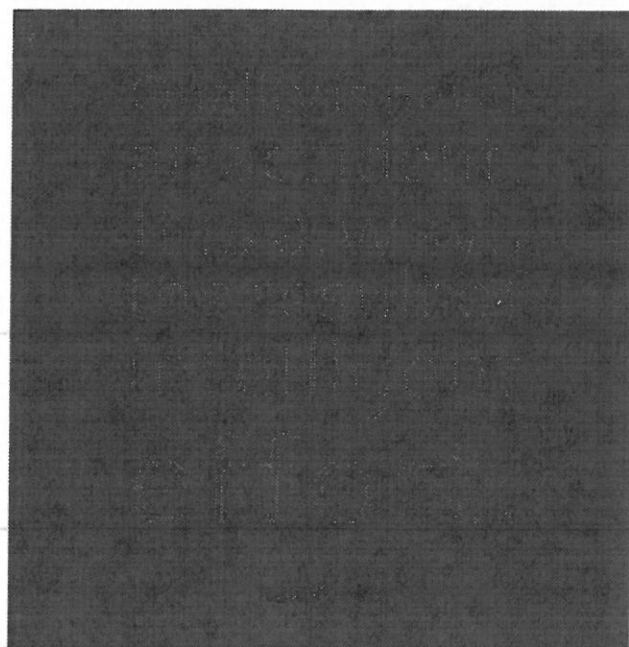
Page 2

Last updated: 12.23.2021

2022 Fire & AWC Claims: Quality Pillar Strategy



SEPTEMBER				
Date	Outcome	Tactic	Tactic Definition/Deliverable(s)	Milestone
QUARTER FOUR				
OCTOBER				
Date	Outcome	Tactic	Tactic Definition/Deliverable(s)	Milestone
NOVEMBER				
Date	Outcome	Tactic	Tactic Definition/Deliverable(s)	Milestone
DECEMBER				
Date	Outcome	Tactic	Tactic Definition/Deliverable(s)	Milestone



FOR INTERNAL STATE FARM USE ONLY
Contains information that may not be disclosed outside State Farm without authorization

Page 3
Last updated: 12.23.2021

Confidential Produced Pursuant to Protective Order

WEST00000016

2022 Fire & AWC Claims: Quality Pillar Strategy



APPENDIX

Communication Strategies and Key Messages

Claims Focus, Tactics & Measures

Strategic Priority	Focus	Tactics	How will we measure?
 Strategic Priority #3: Drive improvement in claim handling accuracy and operational expense.	✓ Reduce the volatility of our Claims loss trends and improve our error rates. ✓ Increase the focus on the internal drivers of our quality results. ✓ Effectively execute on budget goals and meet targets. ✓ Achieve and sustain productivity targets. ✓ Effectively manage absence rates.	1. Focus on quality claim handling practices to reduce error rates. 2. Execute on CRT modernized survey approach, including coaching to improved quality performance. 3. Build proficiency in use of virtual capabilities with quality results. 4. Build proficiency in use of CCC platform. Ensure capabilities are maximized by Estimatics and Total Loss associates following implementation. 5. Positively impact ECR expense trends by meeting productivity targets and leveraging available enterprise resources and virtual capabilities. 6. Manage DCCE through proactive claim handling, driving eligible files to CLC, reviewing litigation expenses, and use of matter screens. 7. Identify and address absence trends early.	✓ Reinspection Results ✓ Section Manager Survey Results ✓ Received to Closed Claim Ratio ✓ Reduced lead time (or additional productivity/SLO metrics we determine are needed) ✓ % of employees meeting or exceeding productivity goals ✓ Expense and Roadmap goals ✓ ECR Expense Trends ✓ DCCE Trends ✓ Absence Trends

FOR INTERNAL STATE FARM USE ONLY

Contains information that may not be disclosed outside State Farm without authorization

Page 4

Last updated: 12.23.2021

Confidential Produced Pursuant to Protective Order

WEST00000017