

**From:** Jordan Coad [/O=STATEFARM/OU=EAST/CN=RECIPIENTS/CN=P3DV]  
**Sent:** 1/19/2024 3:29:05 PM  
**To:** Nicole Manduca [nicole.manduca.lok2@statefarm.com]; Bryan McLaughlin [bryan.mclaughlin.he2g@statefarm.com]  
**BCC:** Jordan Coad [jordan.coad.p3dv@statefarm.com]; Nicole Manduca [nicole.manduca.lok2@statefarm.com]; Bryan McLaughlin [bryan.mclaughlin.he2g@statefarm.com]  
**Subject:** RE: Fix Profit Task Force - EOD draft for Tomorrow  
**Attachments:** image001.png; image002.png; image003.png

Hey team – and quick additional point – I am not sure we know yet what output they are looking for. So to Bryan's point in his email – we may be able to hang tight until that call before we draft any sort of output, but we can at least start the brainstorming on the yellow highlights below.

JC

**From:** Jordan Coad  
**Sent:** Friday, January 19, 2024 8:15 AM  
**To:** Nicole Manduca <nicole.manduca.lok2@statefarm.com>; Bryan McLaughlin <bryan.mclaughlin.he2g@statefarm.com>  
**Subject:** FW: Fix Profit Task Force - EOD draft for Tomorrow

Hey Nicole – saw your note. Safe travels today! I am not sure on specific format – but sounds like the call this afternoon is pulling together content for the yellow highlight below based on JC's note.

- A concise story on our quality results for 2023
- Our focus for 2024
- How we plan to continue to build on our momentum.

On the first bullet – I think this existing slide directly below may be helpful and possible something to use. For bullet 2 and 3 – we may need to draft fresh summary slides. JC put some thought starters for the focus for 2024 – so maybe these can get dunked on a slide?

#### 2024

- Continue focus on coverage for Water, Wind, and Hail.
- Narrow focus on estimatics based on areas of largest opportunity
- Strong focus on water mitigation and WRU expansion
- Improved vendor insights on performance

EXHIBIT

14

## Increasing Quality Accuracy\* of Claim Handling Summary

**YTD November Water, Wind, and Fire accuracy results increased compared to 2022, while Hail decreased.**

- **Water:**
  - The number of errors decreased -6% and their size decreased -14%.
- **Fire:**
  - The number of errors decreased -12% and their size decreased -22%.
- **Wind:**
  - The number of errors increased +7% and their size decreased -9%.
- **Hail:**
  - The number of errors increased +8% and their size increased +4%.

\*Whenever the term "accuracy" is used in this PowerPoint it is defined as: "Diligent investigation, evaluation and negotiation"

\*Quality claim handling is defined as diligently investigating each claim, evaluating the facts, applying coverage, accurately documenting the file, and paying what is owed. Each claim should be handled on its own merits in accordance with Our Commitment to Our Policyholders.



DRAFT

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**From:** John Christensen <[john.christensen.ghu1@statefarm.com](mailto:john.christensen.ghu1@statefarm.com)>

**Sent:** Thursday, January 18, 2024 12:47 PM

**To:** Phani Aytam <[phani.aytam.qik2@statefarm.com](mailto:phani.aytam.qik2@statefarm.com)>; Brad Babic <[brad.babic.lytv@statefarm.com](mailto:brad.babic.lytv@statefarm.com)>; Kimberly Rose <[kimberly.rose.nv8v@statefarm.com](mailto:kimberly.rose.nv8v@statefarm.com)>; Jordan Coad <[jordan.coad.p3dv@statefarm.com](mailto:jordan.coad.p3dv@statefarm.com)>; Nicole Manduca <[nicole.manduca.lok2@statefarm.com](mailto:nicole.manduca.lok2@statefarm.com)>; Katie Magwire <[katie.magwire.pwqx@statefarm.com](mailto:katie.magwire.pwqx@statefarm.com)>

**Cc:** Scott Welsh <[scott.welsh.ex30@statefarm.com](mailto:scott.welsh.ex30@statefarm.com)>; Bryan McLaughlin <[bryan.mclaughlin.he2g@statefarm.com](mailto:bryan.mclaughlin.he2g@statefarm.com)>; Byron Galloway <[byron.galloway.g6kt@statefarm.com](mailto:byron.galloway.g6kt@statefarm.com)>; Beth Enchinton <[beth.enchinton.g4m7@statefarm.com](mailto:beth.enchinton.g4m7@statefarm.com)>

**Subject:** FW: Fix Profit Task Force - EOD draft for Tomorrow

Good afternoon. I spoke with Mike. If you scroll down, you will see a note he shared with Matt Schulkins. His request to P&A and the Quality Pillar is to pull together:

- A concise story on our quality results for 2023
- Our focus for 2024
- How we plan to continue to build on our momentum.

Here are a few ideas pulling from the full quality deck that was just updated. Slide five still shows November data, can we get December YE Data before Tuesday? I'd like a few slides by EOD Friday to share with Mike.

If we need to huddle today or first thing in the morning, let me know.

A starting point:

### 2023

- We increased quality/accuracy of claim handling in the perils of water, fire, and wind. Hail accuracy declined. (Slide 5)
  - Water finding size decreased 14%
  - Fire finding size decreased 22%
  - Wind finding decreased 9%
  - Hail did not improve YOY but substantial improvement the last six months of the year

- Water coverage improved from YE2022 (7.36%) to YE 2023 (6.1%). The team improved from 8.5% in January to 6.1% YTD. (Slide 7)
- Hail coverage improved significantly the second half of 2023 with more focus on front end and back end leadership engagement. Internal staff also improved as they gained experience demonstrated by April 2023 error rate of 10.41% to 7.78% year end. ECRs also improved from a high of 14.58% in April to 10.66% in December. It's important to know the large reduction in Q4 2023 lessons the overall impact of their FED. (Slide 8)
- Wind...

## 2024

- Continue focus on coverage for Water, Wind, and Hail.
- Narrow focus on estimatics based on areas of largest opportunity
- Strong focus on water mitigation and WRU expansion
- Improved vendor insights on performance

Some slides would likely help.

## Increasing Quality Accuracy\* of Claim Handling Summary

**YTD November Water, Wind, and Fire accuracy results increased compared to 2022, while Hail decreased.**

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DRAFT

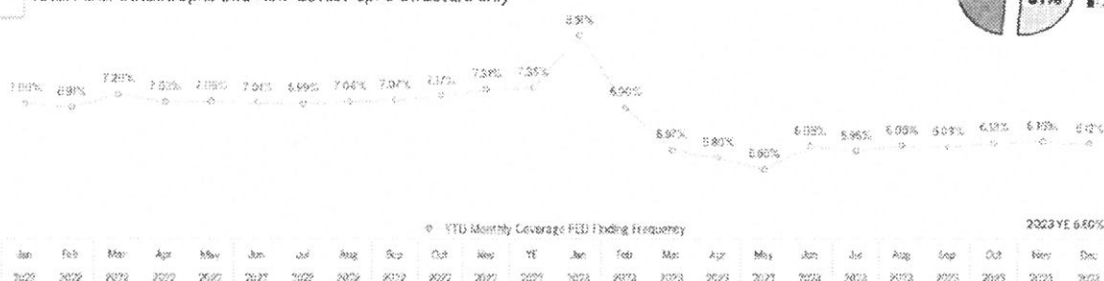
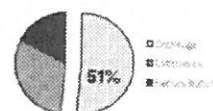
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## Water Claim Handling Quality\*

### Water Coverage YTD Reinspection Results

Total P&C, Catastrophe and Non-Catastrophe Structure only



YTD December 2023 result of 6.12% continues to be lower than full year 2022.

#### Strategy to address

- Enhanced Routing
- Claim Intervention (Early Management Involvement)
- Coverage Execution

\*Quality claim handling is defined as diligently investigating each claim, evaluating the facts, applying coverage, accurately documenting the file, and paying what is owed.

DRAFT

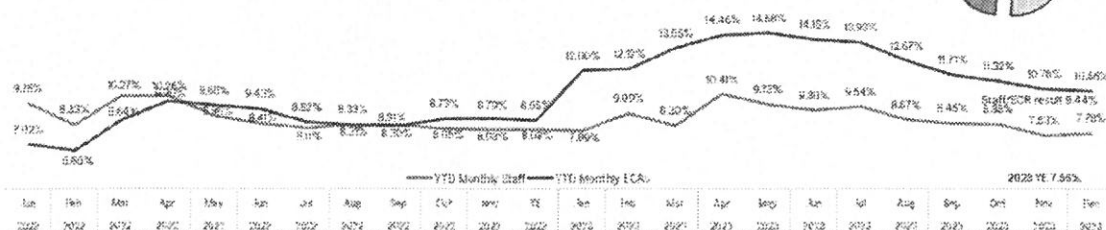
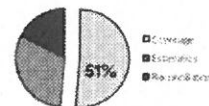
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## Hail Claim Handling Quality\*

### Hail Coverage YTD Reinspection Results - Staff and ECR

Total P&C, Catastrophe and Non-Catastrophe Structure only



In 2023, the ECR Hail Coverage result was consistently higher than the Staff result.

#### YTD December 2023

- Overall result is 9.44%, higher than full year 2022.
- ECR result is 10.66%, higher than full year 2022.
- Staff result is 7.78%, higher than full year 2022.

#### Strategy to address

- Accurate Damage Identification
- Repair vs. replace decisions
- Management Review and Intervention
- Vendor Accountability

\*Quality claim handling is defined as diligently investigating each claim, evaluating the facts, applying coverage, accurately documenting the file, and paying what is owed.

DRAFT

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From: Michael T Keating <michael.t.keating.ggrp@statefarm.com>

Sent: Thursday, January 18, 2024 8:54 AM

To: Matt Schulkins <matt.schulkins.m9e5@statefarm.com>

Cc: John Christensen <john.christensen.ghul@statefarm.com>

Subject: FW: Fix Profit Task Force

Matt,

With next week's FTFP being "claims" focused, when do you think you will have this info ready for NTHO? Wensley wants me to provide a fire update after auto next week, so having this will help.

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**From:** Wensley J Herbert <[wensley.j.herbert.c18b@statefarm.com](mailto:wensley.j.herbert.c18b@statefarm.com)>  
**Sent:** Wednesday, January 17, 2024 1:53 PM  
**To:** Matthew Parola <[matthew.parola.nzjn@statefarm.com](mailto:matthew.parola.nzjn@statefarm.com)>; Michael Arnold <[michael.arnold.bjhs@statefarm.com](mailto:michael.arnold.bjhs@statefarm.com)>; Michael T Keating <[michael.t.keating.ggrp@statefarm.com](mailto:michael.t.keating.ggrp@statefarm.com)>; Brian Truttmann <[brian.truttmann.g23f@statefarm.com](mailto:brian.truttmann.g23f@statefarm.com)>; Jennifer Megargell <[jennifer.megargell.uoyh@statefarm.com](mailto:jennifer.megargell.uoyh@statefarm.com)>  
**Subject:** FW: Fix Profit Task Force

FYI...updated with Dec info. Look at those BI pendings ☺

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**From:** Matt Schulkins <[matt.schulkins.m9e5@statefarm.com](mailto:matt.schulkins.m9e5@statefarm.com)>  
**Sent:** Wednesday, January 17, 2024 1:26 PM  
**To:** Wensley J Herbert <[wensley.j.herbert.c18b@statefarm.com](mailto:wensley.j.herbert.c18b@statefarm.com)>  
**Cc:** Michael Roper <[michael.ropen.pxll@statefarm.com](mailto:michael.ropen.pxll@statefarm.com)>  
**Subject:** RE: Fix Profit Task Force

Yep we just got the data for those pieces today. Pages 12 & 13 here are the ones you're looking for I believe.

We'll include this full Monitoring Plan as part of pre-read for FPTF next week even though I hit some highlights already yesterday.

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**From:** Wensley J Herbert <[wensley.j.herbert.c18b@statefarm.com](mailto:wensley.j.herbert.c18b@statefarm.com)>  
**Sent:** Tuesday, January 16, 2024 7:17 AM  
**To:** Matt Schulkins <[matt.schulkins.m9e5@statefarm.com](mailto:matt.schulkins.m9e5@statefarm.com)>  
**Subject:** RE: Fix Profit Task Force

Matt,  
Can I get as much of pages 22 & 23 of this updated for SEO next week?  
Thanks  
W

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**From:** Michael Roper <[michael.ropen.pxll@statefarm.com](mailto:michael.ropen.pxll@statefarm.com)>  
**Sent:** Saturday, December 16, 2023 9:38 AM  
**To:** Jon Farney <[jon.farney.gals@statefarm.com](mailto:jon.farney.gals@statefarm.com)>; Mark Schwamberger <[mark.schwamberger.c095@statefarm.com](mailto:mark.schwamberger.c095@statefarm.com)>; Justin Tipsord <[justin.tipsord.q064@statefarm.com](mailto:justin.tipsord.q064@statefarm.com)>; Chris Schell <[chris.schell.gxn0@statefarm.com](mailto:chris.schell.gxn0@statefarm.com)>; Sara Frankowiak <[sara.frankowiak.g4eb@statefarm.com](mailto:sara.frankowiak.g4eb@statefarm.com)>; Craig Isaacs <[craig.isaacs.io8i@statefarm.com](mailto:craig.isaacs.io8i@statefarm.com)>; Wensley J Herbert <[wensley.j.herbert.c18b@statefarm.com](mailto:wensley.j.herbert.c18b@statefarm.com)>; Michael Arnold <[michael.arnold.bjhs@statefarm.com](mailto:michael.arnold.bjhs@statefarm.com)>; Kristyn Cook <[kristyn.cook.itm0@statefarm.com](mailto:kristyn.cook.itm0@statefarm.com)>; Matthew Parola <[matthew.parola.nzjn@statefarm.com](mailto:matthew.parola.nzjn@statefarm.com)>; Matt Schulkins <[matt.schulkins.m9e5@statefarm.com](mailto:matt.schulkins.m9e5@statefarm.com)>; Nicole Forziati <[nicole.forziati.gvec@statefarm.com](mailto:nicole.forziati.gvec@statefarm.com)>; Brian Truttmann <[brian.truttmann.g23f@statefarm.com](mailto:brian.truttmann.g23f@statefarm.com)>; Jennifer Megargell <[jennifer.megargell.uoyh@statefarm.com](mailto:jennifer.megargell.uoyh@statefarm.com)>; Michael Tipsord <[michael.tipsord.cdrf@statefarm.com](mailto:michael.tipsord.cdrf@statefarm.com)>; Paul Smith <[paul.smith.chtb@statefarm.com](mailto:paul.smith.chtb@statefarm.com)>  
**Cc:** Becky Herald <[becky.herald.alda@statefarm.com](mailto:becky.herald.alda@statefarm.com)>  
**Subject:** RE: Fix Profit Task Force

Attached is the normal content to help support the conversation on Tuesday. Included starting on page 11 is the Claims Trends Monitoring Plan updated for November results. High level summary of November results is included below. The tentative approach for Tuesday is to briefly cover the November trends at a high level before spending the majority of the time focusing on Claims specific content.

Please let me know if there are any questions.

## Summary Observations:

- The Physical Damage coverages all experienced a downward trend in pure premium with the rate of change on severity dropping about 1% for each coverage month over month. That put Property Damage below the YE severity selection and Coll/Comp both less than 1% away and on track relative to glide paths.
  - This translates to a **\$100M+ favorable variance for the month** relative to the financial forecast estimates in December Guidance with most of that from Collision.
  - Note that the Property Damage CWP ratio was 39%, directly in line with estimates.
- The Major Liability coverages saw continued pressure on frequency for BI and UBI/WBI.
  - BI reported frequency R12 rate of change increased from +7% to +7.7%. For context on materiality, the 7.7% frequency increase translates to 434,400 more reported counts. If the increase was 7.0% it would have been an increase of 431,745. So these 2,700 incremental claims would translate to **roughly \$60M in additional expected losses** vs if it had held flat at least month's result (after accounting for average severity and expected reported to incurred conversion)

Michael Roper  
 AVP – Planning & Analysis  
 P&C Analytics  
 Office: 309-735-3403  
 Cell: 309-846-7509

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-----Original Appointment-----

**From:** Jon Farney <[jon.farney.gals@statefarm.com](mailto:jon.farney.gals@statefarm.com)>

**Sent:** Thursday, December 14, 2023 4:47 PM

**To:** Jon Farney; Michael Roper; Mark Schwamberger; Justin Tipsord; Chris Schell; Sara Frankowiak; Craig Isaacs; Wensley J Herbert; Michael Arnold; Kristyn Cook; Matthew Parola; Matt Schulkins; Nicole Forziati; Brian Truttmann; Jennifer Megargell; Michael Tipsord; Paul Smith

**Cc:** Becky Herald

**Subject:** Fix Profit Task Force

**When:** Tuesday, December 19, 2023 7:00 AM-8:00 AM (UTC-06:00) Central Time (US & Canada).

**Where:** E10 Room A | MS Teams (new link)

**UPDATE:** We're repurposing the **Dec. 19 FPTF** meeting to discuss claims – attendees have been modified and a new Microsoft Teams link has been added. We'll return to the regularly scheduled FPTF meetings on **Tuesday, Jan. 9**. Thank you.

This invite is to secure time on calendars for the Fix Profit Task Force (FPTF) **every Tuesday at 7 a.m. CT** beginning Jan. 10 through year end 2023. E10 Room A has been reserved for those of you in the office.

**Attendees** – Jon Farney; Michael Roper; Mark Schwamberger; Justin Tipsord; Chris Schell; Sara Frankowiak; Craig Isaacs; Wensley Herbert; Mike Arnold; Kristyn Cook; Matt Parola; Matt Schulkins; Nicole Forziati; Brian Truttmann; Jennifer Megargell

**Guests (Dec. 19)** – Michael Tipsord; Paul Smith

**Microsoft Teams (new link)** – [Click here to join the meeting](#)

**Meeting ID** – 253 880 419 047

**Passcode** – tgnXZa

**Join by phone** – +1 872-215-6947,,402531624#

Meeting options

/km