

Our Commitment to Our Policyholders

I ended my last column by thanking you for keeping Our Commitment to Our Policyholders in what you do every day. As we enter this new year, I wanted to share with you a few of my thoughts about Our Commitment to Our Policyholders – what it means to me, and why it's such an inherently critical part of our business.

Since the mid-1990s, Our Commitment to Our Policyholders has been the written foundation for how we handle claims at State Farm®. It's something we've always practiced, but putting Our Commitment in writing gave us an opportunity to articulate our claim-handling philosophy and what we in Claims do.

Our policyholders place their trust in State Farm when they purchase insurance from us, and when they have a claim, we take pride in keeping our promise to them to pay what we owe, promptly, courteously, and efficiently.

Our Commitment is about our responsibilities in Claims. It's about how we treat our customers. It's about providing the best claim service in the industry. And above all, it's always all about our policyholders. Everything starts and ends with them.

To me, Our Commitment is all about:

- **Listening.** Listening is such a tremendous part of what you do every day. Our policyholders are looking to us to help them through a difficult time in their life. It's our job to listen to them, understand what they are saying to

us, make sure they know we're here to help them, and handle their claim promptly, courteously, and efficiently.

- **Compliance.** We must comply with the laws and regulations under which we operate.
- **Explaining coverages.** It's such an important part of our job in Claims to explain to our policyholders all coverages available to them. This can be complex sometimes, but we must take time to thoroughly review the policy and circumstances of the loss in order to ensure our policyholders receive the full benefits of their coverages according to the terms of their policy. This is just the right thing to do. When a claim is not covered, we must promptly and courteously explain why.
- **Investigation and evaluation.** Thorough investigation, evaluation, and timely resolution of a claim also are critical parts of what we do. By knowing the facts of the loss and understanding the terms of the policy, we are able to make sure our customers receive the benefits available to them. Our evaluations must be objective, and each claim must be evaluated on its own merits.
- **Due consideration.** We must be willing to listen to input from our policyholders and thoroughly review any additional information they may present. It is important that we carefully consider all information available in our evaluation and investigation of a claim.

- **Communication.** Prompt and responsive communication is key to the way we handle claims.



Everything we do in Claims is focused on our policyholders. Several of our current Claims initiatives are discussed in this issue of *Claims Quarterly*. These collaborative efforts, like the new Select Service® Program, Contents and Materials Spend Review, and development of the new Enterprise Claims System, are all focused on better serving our policyholders and upholding Our Commitment to them.

I talk frequently about Our Commitment to Our Policyholders. It's about what we do, day in and day out, as we handle claims. I hope you also keep it close to you throughout your workday, perhaps posting the copy on the next page in your work area.

I want to thank you for being so committed to our policyholders and to our business, and for always conducting yourself with integrity and professionalism. You make me proud to be a part of this outstanding claims organization.

As always, I enjoy hearing from you.

Our Commitment to Our Policyholders

It is the responsibility of the State Farm® claim staff to implement Company philosophy with respect to claim handling. Our Commitment to Our Policyholders is to treat them like a good neighbor. We should:

- Listen, be fair, be open, and carry out our part of the bargain under the contract in good faith.
- Be familiar and in compliance with those laws and regulations that impact claims in the appropriate state or province, and treat policyholders consistent with requirements of the law.
- Explain all relevant coverages under the policy. Encourage policyholders to report all losses and avail themselves of all benefits under their coverages.
- Diligently investigate the facts to determine if a claim is valid, reasonably evaluate the claim, and act promptly in resolving the claim. If it is necessary to reject a claim for coverage or damages, it should be done promptly and courteously, with an explanation for the decision.
- Make an objective evaluation of the facts and circumstances supporting our policyholders' claims. Doing so helps ensure our policyholders obtain all benefits available provided by the insurance policy.
- Give insureds a reasonable opportunity to comply with their responsibilities under the policy. If a claim is rejected, be willing to listen to subsequent input from the insured. Complete any necessary follow-up in a timely fashion, giving due consideration to any additional findings.
- Communicate with and be responsive to inquiries from insureds and their attorneys by promptly answering letters and phone calls.

In addition to our obligation to deal fairly with each policyholder, we also have an obligation to pay only covered claims in the proper amount. Payment of those claims not covered, or fraudulent claims, unnecessarily increases insurance costs for all policyholders.

In summary, we are committed to paying what we owe, promptly, courteously, and efficiently.