State Farm Ecosystem

State Farm
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Bloomington, IL 61710
Phone: 306-766-2311 statefarm.com

Outside Relationships

Regulators | Capital | Suppliers | Customers

US State Regulators
- Insurance Commissioners
- Offices of Insurance and Safety
- State Insurance Departments
- State Legislators
- National Alliance of Insurance Commissioners (NAIC)

US Federal Regulation

US Federal Regulators
- Federal Insurance Office (FIO)
- Financial Stability Oversight Council (FSOC)

US Federal Statutes
- McCarran-Ferguson Act (returned insurance regulation to states)
- Dodd-Frank Act
- Gramm-Leach-Bliley Act (data protection for consumers of financial institutions)
- Nonadmitted and Reinsurance Reform Act
- Terrorism Risk Insurance Act
- State Insurance Regulation Preservation Act Patient Care and Affordable Care Act (Obamacare)

State Farm Policyholders

Personal Auto, Fire, Life, Health, and Other Insurance Claims

Advertising
- DDB Worldwide Communications Group

Advertising Services

State Insurance Regulation

Selected Entertainment Partners
- National Basketball Association (NBA)
- State Farm Arena (Atlanta Hawks)
- NBC "This Is Us'
- Overwatch League (eSports)
- ESPN College GameDay
- Latin Billboard Music Awards

Product Endorsements, Sports Arena Naming Rights, and Promotional Services

Individual Consumers
- Car Owners
- Boat Owners
- Motorhome Owners
- Off-Road Vehicle Owners
- Rideshare Drivers

Auto Insurance Premiums

Auto Insurance Coverage

Federal Business and Insurance Regulation

State Farm Insurance Company (Illinois)

Liabilities

Total Liabilities: $62.318B Credit Ratings: AA (S&P) A++ (A.M. Best)

- Claims and Claim Expenses $32.544 Billion
- Unearned Premiums $13.022 Billion
- Other Liabilities $16.752 Billion

Ownership

Equity (2019)

As a Mutual company, State Farm is owned by its policyholders, not public shareholders.

Total Stockholder Equity: $116.231 Billion

- Funds for Protection of Policyholders, Including Investment Fluctuation Reserve: $65.907 Billion
- Funds Assigned for Catastrophe Reinsurance Assumed from Affiliates: $3.11 Billion
- Funds Assigned for Protection of Customers of Subsidiaries: $47.141 Billion

Governance

Board of Directors

Michael L. Tipsord	Allan R. Landon	Kenneth J. Worzel
Charles K. Bobrinskoy	Vicki A. O'Meara	Dan E. Arvizu
W. Steven Jones	Gary L. Perlin	
Debra L. Reed-Klages	Pamela B. Strobel	

Management Team

Michael L. Tipsord – President and Chief Executive Officer	Jon Farney – Chief Financial Officer and Treasurer	Terrence Ludwig – Chief Compliance Officer
Victor Terry – Chief Diversity Officer	Fawad Ahmad – Chief Digital Officer	Kjersten Moody – Chief Data & Analytics Officer
Jeff Jackson – Chief Legal Officer	Rand Harbert – Chief Agency, Sales, Marketing	Jim Gottsacker – Chief Information Security Officer
	Ashley Pettit – Chief Information Officer	Cathy Wallace – Chief Risk Officer

Human Resources
- Hiring / Training
- Compensation and Benefits
- Retirement/Pension Plans
- Talent Development
- Recruitment
- Diversity and Inclusion
- Culture
- Independent Agent Relations

Research & Development
- State Farm Labs
- RED Labs
- State Farm Research & Development Center
- State Farm Ventures

Procurement
- MRO Purchasing
- Contract Negotiations
- Supplier Relations

Finance and Accounting
- Budget Support
- Internal Audit
- Accounting
- Cash Management
- Financial Reporting
- Tax
- Risk Management
- FP&A
- Insurance
- Treasury / Cash Management

Corporate Matters

Legal
- Real Estate
- Transactions
- Contract Management
- Corporate Governance
- Secretarial Matters
- IP Management
- Subsidiary Management
- Litigation Management
- Bank Compliance
- Employment Law

Sales and Marketing
- Advertising
- Retail Accounts
- E Commerce
- Agents
- Consultants & Specialists

Information Technology
- Software Licenses
- IT Equipment
- Procurement Management Systems
- Data Processing Systems
- E Commerce Platforms
- Policy and Account Management Systems
- Help Desk / Hotline

Operations

Employees

Corporate Headquarters
- Bloomington, Illinois
- Consists of Corporate North and Corporate South campuses, company research and training facilities, centralized shipping and services center, and original Headquarters building.

State Farm has approximately **59,000** employees.

Hubs
- Dallas, Texas
- Atlanta, Georgia
- Phoenix, Arizona

Agents

Structure
- State Farm agents are independent contractors
- Consumers purchase coverage through their local agent
- Agents earn commission on policies and can also earn travel and other compensation

State Farm has approximately **19,200** agents.

Locations
- Agency Offices in all 50 States
- Agents are responsible for finding their own locations and office spaces
- Some agents have multiple office locations

Personal Property & Casualty Insurance (69.2 Million Policies)

Auto

State Farm auto insurance companies have approximately 42 million personal lines policies.

Competitors: GEICO, Progressive, Allstate, USAA, Liberty Mutual, Farmers, Nationwide, American Family, Travelers

Products and Services

Car Coverage			Other Vehicles
Comprehensive	Collision	Liability	Motorcycle
Car Rental/ Travel	Uninsured Driver	Underinsured Driver	Boat
Medical Payments	Emergency Road Service	Rideshare Driver	Motorhome
			Off-Road

Products and Services

Home	Condos	Renters
Homeowners	Condominium Unitowners	Renters
Manufactured Home	Personal Articles coverage is available to Homeowners or Renters policyholders as an optional endorsement.	Optional: Additional Liability; Identity Restoration
Farm & Ranch		

Fire

State Farm fire insurance companies have approximately 26 million personal lines policies.

Competitors: Berkshire Hathaway, Allstate, Progressive, Liberty Mutual, Travelers, USAA, Chubb, Nationwide, AIG

Health Insurance (891K Policies)

Products and Services
- Supplemental Health
- Medicare Supplement
- Individual Medical
- Disability

State Farm now offers **Pet Medical Insurance** through Trupanion. It is available for pet owners in all 50 states

Small Business Insurance (2.8 Million Policies)

Products and Services
- Business Owners Policy
- Professional Liability
- Business & Commercial Auto
- Workers Compensation
- Commercial Liability Umbrella
- Small Business Life

Life Insurance (8 Million Policies)

Products and Services
- Term Life
- Whole Life
- Universal Life

State Farm Life Insurance Company
Not licensed in MA, NY, or WI

State Farm Life And Accident Assurance Company
Licensed in NY and WI

Health Insurance Premiums | **Health Insurance Coverage** | **Pet Health Insurance Coverage**

Individual Consumers
- Individuals Seeking to Meet Obamacare Requirements
- Individuals Without Access To Insurance Through Their Employer
- Pet Owners
- Individuals with Long-term or Short-Term Disabilities
- Individuals With Costs Outside Their Primary Insurance Coverage
- Individuals on Medicare

Small Business Insurance Premiums | **Small Business Insurance Coverage**

Small Businesses
- Condominium Associations
- Food Shops and Restaurant
- Landlords
- Medical
- Personal Services and Animal Care
- Religious Organizations
- Contractors and Home Services
- Distributors and Wholesale
- Nonprofit Organizations
- Professional Services
- Retail
- Specialty Schools

Life Insurance Premiums | **Life Insurance Coverage**

Individual Consumers
- Individuals (Primarily with Families)
- Individuals In Certain States Do Not Have Access To All State Farm Life Insurance Policies

Insurance Policies Issued (i.e., Equity Capital)

Software Licenses

Homeowners Insurance Premiums

Homeowners Insurance Coverage

Outside Relationships

Customers | Suppliers | Capital | Regulators

Policyholders
- 83 Million Policies and Account Holders

Software Licenses
- Microsoft
- Oracle
- Qlik Sense
- GuideWire (Policy Center)

Individual Consumers
- Homeowners
- Manufactured Homeowners
- Condo Unit Owners
- Farm and Ranch Owners
- Renters
- Individuals with valuable personal property

Key Company Data

Key Subsidiaries
- State Farm Life Insurance Company
- State Farm Life and Accident Assurance Company
- State Farm Indemnity Company
- State Farm Guaranty Insurance Company
- State Farm General Insurance Company
- State Farm Florida Insurance Company
- State Farm County Mutual Insurance Company of Texas
- State Farm Lloyd's
- State Farm Investment Management Corp.
- State Farm Bank (Closing)
- State Farm VP Management Corp.

Assets (in Millions)
- Cash & Short-Term Investments $2,434
- Bonds $55,279
- Unaffiliated Common & Preferred Stocks $58,802
- Equity in Insurance Subsidiaries $45,233
- Other Assets $16,248
- Total Assets $178,476

2019 Operating Data
- Premium Earned: $42.137 Billion
- Less: Dollars for Claims ($27.536 Billion)
- Less: Expenses for Paying Claims ($5.065 Billion)
- Less: Service/Administrative Fees ($10.299 Billion)
- Underwriting Loss: ($762 Million)
- Plus: Investment Gain and Other Income $3.456 Billion
- Less: Dividends to Policyholders $0
- Less: Income Taxes Incurred (Recoverable) $383 Million
- Net Income $2.310 Billion

Other Business

Mutual Funds	Annuities	Banking Products
Fund Providers: BlackRock Capital Group	Future Income Plus	State Farm Bank is closing and moving all accounts to U.S. Bank
Mutual Funds: 423K	Guaranteed Income Now	
	Guaranteed Income Later	

Recent Developments

In response to COVID-19, State Farm implemented a "Good Neighbor Relief Program" which included $2.2 Billion in auto cuts and a $2 billion dividend credit.

On December 31, 2020, State Farm Mutual Automobile Insurance Company acquired non-standard auto insurer GAINSCO for approximately $400 in cash, the first acquisition of an insurance company in State Farm's 98-year history.

In July 2020, State Farm appointed Victor Cherry as Chief Diversity Officer.

State farm launched a new ad campaign, "Surprisingly Great Rates," airing on TV in early August 2020.

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