STATE OF MISSOURI

DEPARTMENT OF COMMERCE & INSURANCE

P.O. Box 690, Jefferson City, Mo. 65102-0690

***In Re*:**	)	
	)	
STATE FARM FIRE AND CASUALTY	)	**Market Conduct Examination No. 492921**
INSURANCE COMPANY	)	
(NAIC #25143)		

ORDER OF THE DIRECTOR

NOW, on this 22nd day of June, 2026, Director Angela L. Nelson, after consideration and review of the Stipulation of Settlement ("Stipulation"), entered into by the Division of Insurance Market Regulation ("Division") and State Farm Fire and Casualty Insurance Company (NAIC #25143) ("State Farm") relating to market conduct examination #492921, does hereby issue the following orders:

This order, issued pursuant to §374.205.2(5) and §374.046.15 RSMo, is in the public interest.

IT IS THEREFORE ORDERED that the Director does hereby approve the Stipulation as agreed to by State Farm and the Division.

IT IS FURTHER ORDERED that State Farm shall not violate any of the statutes and regulations referenced in the Stipulation, shall implement procedures to place it in full compliance with the requirements of the Stipulation and the statutes and regulations of the State of Missouri, shall perform the claim audits and remedial actions set forth in the Stipulation, and shall fully comply with all terms of the Stipulation.

IT IS SO ORDERED.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of my office in Jefferson City, Missouri, this 22nd day of June, 2026.

Angela L. Nelson
Director

IN THE DEPARTMENT OF COMMERCE AND INSURANCE
STATE OF MISSOURI

***In Re*:**	)	
	)	
STATE FARM FIRE AND CASUALTY	)	**Market Conduct Examination No. 492921**
COMPANY (NAIC #25143)	)	
	)	
	)	

STIPULATION OF SETTLEMENT

It is hereby stipulated and agreed by the Division of Insurance Market Regulation (hereinafter the "Division") and State Farm Fire and Casualty Company (hereinafter "State Farm"), as follows:

WHEREAS, the Division is a unit of the Missouri Department of Commerce and Insurance (hereinafter the "Department"), an agency of the State of Missouri, created and established for administering and enforcing all laws in relation to insurance companies doing business in the State of Missouri;

WHEREAS, State Farm has been granted a certificate of authority to transact the business of insurance in the State of Missouri;

WHEREAS, the Division initiated a market conduct examination to review consumer complaints received by the Department's Division of Consumer Affairs, investigating whether State Farm did not investigate and compensate Missouri homeowners for storm-related damage to their homes in accordance with the statutes and regulations of the State of Missouri.

WHEREAS, the Division seeks a more representative evaluation of State Farm claim handling to ensure State Farm has not engaged in violations of the following Missouri improper claims practices statutory provisions in a manner that indicated a general business practice:

1. "Refusing to pay claims without conducting a reasonable investigation. "Mo. Rev. Stat. §375.1007 (6).

2. "Not attempting in good faith to effectuate prompt, fair and equitable settlements of claims submitted in which liability has become reasonably clear." Mo. Rev. Stat. § 375.1007(4).

WHEREAS, State Farm is committed to fairly and diligently evaluating each claim to ensure Missouri policyholders receive what they are owed under their policies and fully cooperating with the Division in its evaluation of State Farm claim handling to ensure that has taken place.

WHEREAS, the Division and State Farm have agreed to resolve the issues raised in the market conduct examination as follows:

A. **Scope of Agreement.** This Stipulation of Settlement (hereinafter "Stipulation") embodies the entire agreement and understanding of the signatories with respect to the subject matter contained herein. The signatories hereby declare and represent that no promise, inducement or agreement not herein expressed has been made, and acknowledge that the terms and conditions of this agreement are contractual and not a mere recital.

B. **Claim Audits and Remedial Action.** State Farm agrees to perform claim audits and complete any remedial action necessary to bring State Farm claim handling into compliance with the statutes and regulations of Missouri and agrees to maintain those remedial actions at all times. Such claim audits and remedial actions shall include the following:

1. State Farm agrees that it will perform a claims audit of Missouri homeowners, condominium unit owners, rental condominium unit owners, and manufactured homes claims involving storm or other weather related damage from January 1, 2025 to December 31, 2025 to determine if a reasonable investigation was conducted and if the settlement of the claim was fair and equitable. If there are reasonable grounds for an additional inspection of the storm related damage, State Farm agrees that it will provide an additional inspection. If an additional inspection is not possible because the damage has already been repaired or the customer does not permit an additional inspection, State Farm agrees to

review and consider all available information and documentation, including such information and documentation provided by the insured, in lieu of an additional inspection. If there are reasonable grounds for determining that a claim was improperly denied or underpaid, State Farm agrees to make additional payments to fully compensate the claimant for all damage covered by and subject to the terms of the policy. Payment of interest shall be included pursuant to §374.191. A letter will be included indicating that in performing a claim audit in conjunction with the Missouri Department of Commerce and Insurance it was discovered that additional payments were owed on the claim. State Farm shall report to the Division the results of this audit, along with supporting evidence as requested by the examiners, within 180 days of the date of the Order approving this Stipulation.

2. State Farm agrees that it will submit to the Department a plan detailing how it will perform the claims audit set out in Section B 1. The plan will be submitted within 30 days of the date of the Order approving this Stipulation. The plan is subject to the approval of the Director of the Department (hereinafter "Director"). In the event that State Farm and the Department are unable to agree on the terms of a plan, the Director, at her discretion, may initiate a Market Conduct Examination of State Farm to review Missouri storm or weather related claims covering the period from January 1, 2024 through the date of the Order approving this Stipulation.

3. If State Farm's audit finds that additional payments were required in 7% or more of the claims audited as set forth and approved by the Director pursuant to Section B 2, State Farm agrees to:

a. Perform a root cause analysis within 30 days of completing the claims audit to determine why additional payments were required.
b. Based on the results of the root cause analysis:
    i. Adopt and implement policies and procedures to ensure that reasonable investigations are conducted of future Missouri storm damage claims and that

settlements of future Missouri storm damage claims are fair and equitable;

ii. Perform a targeted claims audit of storm or other weather related damage claims from January 1, 2024 to December 31, 2026. The audit will be of those Missouri homeowners, condominium unit owners, rental condominium unit owners, and manufactured homes claims that were denied or underpaid for the reasons identified in the root cause analysis. If there are reasonable grounds for an additional inspection of the storm related damage, State Farm agrees that it will provide an additional inspection. If an additional inspection is not possible because the damage has already been repaired or the customer does not permit an additional inspection, State Farm agrees to review and consider all available information and documentation, including such information and documentation provided by the insured, in lieu of an additional inspection. If there are reasonable grounds for determining that a claim was improperly denied or underpaid, State Farm agrees to make additional payments to fully compensate the claimant for all damage covered by and subject to the terms of the policy. Payment of interest shall be included pursuant to §374.191. A letter will be included indicating that_in performing a claim audit in conjunction with the Missouri Department of Commerce and Insurance it was discovered that additional payments were owed on the claim. State Farm shall report to the Division the results of this audit, along with supporting evidence as requested by the examiners, within the time period set forth in the plan approved by the Director in Section B 3 b iii.

iii. Submit to the Department a plan detailing how it will perform the targeted claims audit set out in Section B 3 b ii. The plan will be submitted within 30 days of the date of the completion of the root cause analysis. The plan is subject to the approval of the Director. In the event State Farm and the Department are unable to agree on the terms of a plan, the Director, at her discretion, may initiate a Market Conduct Examination of State Farm to review Missouri storm or weather related claims covering the period from January 1, 2024 through the date of the Order approving this Stipulation.

4. Unless the Director initiates a Market Conduct Examination of State Farm pursuant to Paragraphs B 2 or B 3, State Farm agrees to conduct an additional claims audit of a statistically credible random sample of storm or other weather related Missouri claims involving homeowner, condominium unit owner, rental condominium unit owners, and manufactured home policies to determine if a reasonable investigation was conducted and if the settlement of the claim was fair and equitable. In the event a root cause analysis is performed, the claims selected in the statistically credible sample shall be based on the results of the root cause analysis. In the event that no root cause analysis is performed, the review will include a statistically credible sample of claims that did not include a total roof replacement. The audit period will include claims with a date of loss and submitted between March 1, 2027 and August 31, 2027. If there are reasonable grounds for an additional inspection of the storm-related damage, State Farm agrees to provide an additional inspection. If an additional inspection is not possible because the damage has already been repaired or the customer does not permit an additional inspection, State Farm agrees to review and consider all available information and documentation, including such information and documentation provided by the insured, in lieu of an additional inspection. If there are reasonable grounds for determining that a claim was improperly denied or underpaid, State Farm agrees to make additional payments to fully compensate the claimant for all damage covered by and subject to the terms of the policy. Payment of interest shall be included pursuant to §374.191. A letter will be included indicating

that in performing a claim audit in conjunction with the Missouri Department of Commerce and Insurance it was discovered that additional payments were owed on the claim. State Farm shall report to the Division the results of the audit, including claims where additional payments were made as a result of the audit, along with supporting evidence as requested by the examiners, within 60 days of the end of the audit period.

5. If additional payments were required in 7% or more of the claims pursuant to the claims audit referenced in Paragraph B 4, State Farm agrees that the Director of the Department may, within her discretion:

a. Require State Farm to:

i. Extend the review referenced in Paragraph B 4 to include all Missouri storm or weather related claims filed between March 1, 2027 and August 31, 2027 involving issues identified in the root cause analysis that formed the basis of the review in Paragraph B 4. If the review in Paragraph B 4 was not based on a root cause analysis, State Farm may be required to perform a root cause analysis within 30 days of completing the Paragraph B 4 claims audit to determine why additional payments were required, and extend the review to include Missouri storm or weather related claims filed between March 1, 2007 and August 31, 2027 based on this root cause analysis. State Farm must submit to the Department a plan detailing how it will perform the targeted claims audit set out in this Section B 5 a i. The plan will be submitted within 30 days of the date of the completion of the root cause analysis. The plan is subject to the approval of the Director. In the event State Farm and the Department are unable to agree on the terms of a plan, the Director, at her discretion, may initiate a new market conduct examination to review Missouri storm or weather related damage claims filed after the date of the Order issued approving this Stipulation. State Farm shall report to the Division the results of any root cause analysis and audit performed pursuant to this Paragraph B 5 a i, including claims where additional payments were made as a result of the audit, along with supporting evidence as requested by the examiners, within 60 days of the end of the audit period; and

ii. Conduct a second review of a statistically credible random sample of Missouri storm or weather related claims filed between March 1, 2028 and August 31, 2028 to proceed according to the same parameters set out in Paragraph B 4; or

b. Initiate a new market conduct examination to review Missouri storm or weather related damage claims filed after the date of the Order issued approving this Stipulation. In the event the Director initiates a new market conduct examination, State Farm consents to the examination which may be conducted as a desk audit or an on-site audit at the discretion of the Director.

C. **Charitable Contribution.** After such time that State Farm and the Department agree on the terms of the audit plan pursuant to Paragraphs B 1 and B 2, State Farm will voluntarily make a charitable contribution of two hundred fifty thousand dollars ($250,000) to the City of St. Louis Tornado Response Fund, to assist Missouri homeowners adversely affected by storm or other weather related events. In the event State Farm and the Department are unable to agree on the terms of the audit plan pursuant to Paragraphs B 1 and B 2, State Farm will not make this charitable contribution or any charitable contribution as part of this Stipulation.

D. **Compliance and Monitoring.** State Farm agrees to file documentation pursuant to §374.205 with the Division, in a format acceptable to the Division, of any remedial action taken to implement compliance with the terms of this Stipulation. Documentation of remedial actions shall be provided within the timeframes set out in Section B of this Stipulation. State Farm's compliance with this Stipulation will be subject to a Monitoring Period. The Monitoring Period shall begin on the date the Order is issued approving this Stipulation and will end on December 31, 2027 if State Farm's audit pursuant to Paragraph B 4 finds that additional payments were required in less than 7% of the claims reviewed. If State Farm's audit pursuant to Paragraph B 4 finds that additional payments were require in 7% or more of the claims reviewed, the Monitoring Period will end on December 31, 2028. State Farm consents, as part of the monitoring, to an ongoing examination to begin on the date of the Order issued approving this Stipulation and continue through the end of the Monitoring Period. As part of the ongoing examination, State Farm agrees to pay any reasonable fees related to the ongoing examination for the duration of the Monitoring Period.

E. **Confidentiality.** Pursuant to §374.205, all working papers, recorded information, documents and copies thereof produced by, obtained by or disclosed to the Director or any person pursuant to this Stipulation, shall be given confidential treatment and are not subject to subpoena and may not be made public by the Director or any other person, except to the extent permitted by law.

F. **Non-Admission.** Nothing in this Stipulation shall be construed as an admission by State Farm, this Stipulation being part of a compromise settlement to resolve disputed factual and legal allegations arising out of the above referenced market conduct examination.

G. **Non-Waiver.** Nothing in this Stipulation shall be construed to waive:

1. the Director's right to issue a penalty, order consumer restitution, or order other monetary relief authorized by Missouri law against State Farm for any violations of Missouri statutes and regulations identified in the audits or Monitoring Period; or

2. State Farm's right to challenge the Director's determination of any violations of

Missouri statutes and regulations identified in the audits or Monitoring Period and the issuance of any penalty, order of consumer restitution, or order of other monetary relief through an administrative hearing in a contested case before the Director or Hearing Officer pursuant to §536.063, and to seek review of the administrative hearing by a trial or appellate court.

H. **Waivers.** State Farm, after being advised by legal counsel, does hereby voluntarily and knowingly waive any and all rights to procedural requirements, including notice and an opportunity for a hearing, and review or appeal by any trial or appellate court, which may have otherwise applied to the market conduct examination no. 492921 or to enforcement of the Stipulation and Order approving the Stipulation.

I. **Amendments.** No amendments to this Stipulation shall be effective unless made in writing and agreed to by authorized representatives of the Division and State Farm.

J. **Governing Law.** This Stipulation shall be governed and construed in accordance with the laws of the State of Missouri.

K. **Authority.** The signatories below represent, acknowledge and warrant that they are authorized to sign this Stipulation, on behalf of the Division and State Farm, respectively.

L. **Counterparts and Electronic Signature.** This Stipulation may be executed in multiple counterparts, each of which shall be deemed an original and all of which taken together shall constitute a single document. Execution by facsimile or by electronically transmitted signature shall be fully and legally effective and binding.

M. **Effect of Stipulation.** This Stipulation shall not become effective until entry of an Order by the Director approving this Stipulation.

N. **Request for an Order.** The signatories below request that the Director issue an Order approving this Stipulation and ordering the relief agreed to in the Stipulation, and consent to the issuance of such Order.

DATED: June 19, 2026

Teresa Kroll
Chief Market Conduct Examiner
Division of Insurance Market Regulation

DATED: June 19, 2024

Millicent Roth
Vice President of Operations – P&C Claims
State Farm Fire and Casualty Company