
Sneed Law Firm, LLC

Memorandum

To: The Honorable Julia Lynn, Chair
Special Committee on Economic Recovery

From: William W. Sneed, Legislative Counsel
The State Farm Insurance Companies

Date: August 11, 2020

RE: State Farm Insurance Testimony

Madame Chair, Members of the Committee: My name is Bill Sneed and I am Legislative Counsel for the State Farm Insurance Companies (“State Farm”). State Farm is the largest insurer of homes and automobiles in Kansas. State Farm insures one out of every three cars and one out of every four homes in the United States. We want to thank the Chair for inviting us to provide testimony to the committee

State Farm is proud of the work we’re doing to support our customers through these uncertain times. As a mutual company, State Farm is focused solely on serving customers while maintaining financial strength to deliver on the promises when the unexpected happens.

In early April, State Farm Mutual announced a [\\$2 billion dividend](#) to its auto insurance customers. The **average dividend credit for Kansas customers is 22.5%** of their March 20 to May 31 premium or just over \$15 million (which is about \$30 per policy). We began issuing the credits in June and most customers saw those savings reflected in their July bill. This is the single largest dividend paid to customers in our company’s history and is one of the largest returns of value in the industry. Additional information about the dividend is available on [statefarm.com](#) webpage.

- As driving behaviors evolve during the COVID-19 pandemic, State Farm continues to identify ways to support customers. In addition to the dividend credit, based on the evolving driving and claims trends, State Farm is implementing auto rate reductions [in every state](#) totaling \$2.2 billion. **Kansas Rate Reductions** have been filed for an average **-9.3%**. **This rate reduction will save 515,000 State**

Farm customers a total of \$32.9 million. This applies to current customers at policy renewal, as well as new and returning customers. We're also increasing our participation discount for [Drive Safe & Save](#) to 10% in Kansas. Customers can expect the rate change at renewal after the effective date of the rate reduction.

- The dividend and rate reductions total approximately \$4.2 billion in savings for State Farm auto customers across the country. State Farm has also taken a number of actions as part of our [Good Neighbor Relief Program](#).

Dividend/Supporting OUR Customers Infographic: <https://presspage-production-content.s3.amazonaws.com/uploads/1441/051820infogautoratecutpdfsupporting-our-customers-5-18-2.pdf?10000>

Rate Reduction Press Release: <https://newsroom.statefarm.com/state-farm-decreases-ks-auto-rates-2020/>

2020 Community Giving in Kansas

- **Good Neighbor Citizenship Grants – \$114K focused on safety, education, and community development** given in KS in 2020.
- **Good Neighbor fund – Grants focused on community activity tied to assisting with pandemic recovery and community support.** KS agents were each provided the opportunity to use a \$500 grant to help aid their community. The grant program ended in July and resulted in **a little more than \$105,000 contributed** across the state. Many agents also pitched in their own personal dollars on top of the \$500 grant, which isn't reflected in this total.
- **Total Company Community Giving To-Date = \$219K. There may be additional dollars awarded in KS through the below programs before YE:**
 - **Neighborhood Assist** –program is focused on empowering communities to create positive social impacts. The top 40 causes with the most votes will each receive a \$25,000 grant. KS currently has 20 organizations out of 2,000 being reviewed and considered to win the grant, which will be voted on via social media.
 - **Other Giving Programs** available to State Farm agents, retirees, and employees who apply in 2020:
 - **Foundation Matching Gifts** up to \$4,5000 max is available to each agent, retiree, and employee annually.
 - **Good Neighbor Volunteer** provides \$500 to each agent, retiree, and employee who volunteers 40 hours to a qualifying not-for-profit in a calendar year.

Currently my client is starting to see an up tick in travel miles. Although we have no "scientific" analysis we believe it is connected to citizens driving for vacations instead of flying. We anticipate that travel miles will revert to a level we have seen during the pandemic.

In addition, the Consumer Federation and Center for Economic Justice released a report with grading of each auto insurance company's response to the pandemic. Only two received an "A" grade of which State Farm was one.

Thank you for this opportunity and we look forward to working the committee in the future.

I am happy to answer questions at the appropriate time.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "William W. Sneed". The signature is fluid and cursive, with the first name "William" and last name "Sneed" being clearly legible.

William W. Sneed