

IN THE DISTRICT COURT OF GRADY COUNTY
STATE OF OKLAHOMA

DONALD L. WATKINS, JR. and)
BRIDGET WATKINS, individually)
and as representatives of a)
class of similarly situated)
individuals,)

Plaintiffs,)

vs.)

STATE FARM FIRE & CASUALTY)
COMPANY, and DANNY WALKER,)
and other similarly situated)
agents of State Farm Fire &)
Casualty Company.)

Defendants.)

CIVIL ACTION

FILE NO. CJ-2000-303

* * *

Deposition of ROBERT L. TRIPPEL taken on behalf of
the Defendants in accordance with the applicable court
rules before Deborah Halley, RPR, CCR No. B-294 at 125
Tenth Street, Atlanta, Georgia, on the 29th day of
November, 2006, commencing at the hour of 9:00 a.m.

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Plaintiff's

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24 Also Present: Justin Stewart, Videographer

25 * * *

(Whereupon, the Court Reporter Disclosure
Statement was tendered into the record.)

VIDEOGRAPHER: We're on video.

MR. MARR: Okay. We're here this morning
to take the deposition of Bob Trippel in
Atlanta, Georgia in the matter of Watkins
versus State Farm.

How are you, Mr. Trippel?

1 THE WITNESS: Fine.

2 MR. MARR: My name is Jeff Marr. I'm the
3 attorney that represents plaintiffs in the
4 class action lawsuit in Oklahoma entitled
5 Watkins versus State Farm Fire & Casualty. Are
6 you familiar with that case?

7 ROBERT L. TRIPPEL,
8 having been first duly sworn, was
9 examined and testified as follows:

10 EXAMINATION

11 BY MR. MARR:

12 Q First I want to thank you for being here this
13 morning.

14 If you would, give me a brief chronology, and
15 I know you have been with the company for over, I
16 believe, 30 years, so I don't know how brief you can
17 be, but walk me through from the time you went to work
18 for State Farm in I believe '75 in underwriting until
19 present.

20 A I started in 1975 as you indicated in
21 Illinois in underwriting. I moved out into agency up
22 in the Chicago area about four years later. Became an
23 agency manager, agency director, the normal channels of
24 our agency leadership positions. And I'm to become a
25 vice president of agency in Jacksonville, Florida,

1 across the country out to California, back to
2 Bloomington in different positions in agency
3 leadership. I spent time in corporate headquarters in
4 agency leading our general agency department. I became
5 a senior vice president in the heartland zone which is
6 six states in the midwest. When we went to the zone
7 structure and then I assumed my current position in
8 Atlanta approximately two years ago as a senior vice
9 president also.

10 MR. CURVIN: Jeff, are we going to put on
11 the record any stipulations or anything like
12 that?

13 MR. MARR: Well, I mean this is normally
14 the court reporter does that.

15 MR. CURVIN: That's fine, I'm just asking.

16 MR. MARR: I can. The usual stipulations
17 we have is all objections other than those to
18 form are preserved until the time of trial. Is
19 that consistent with the way it works around
20 here?

21 MR. CURVIN: That's fine. Yeah, we do it
22 that way here, too. I would just like to state
23 for the record on behalf of State Farm there is
24 a confidentiality order in place that prohibits
25 the dissemination of deposition transcripts to

1 the media and we believe this deposition is
2 covered by that. I just want to put that on
3 the record.

4 MR. MARR: I believe all orders issued in
5 the Watkins case are applicable to this
6 deposition as well as any others.

7 MR. CURVIN: Okay.

8 BY MR. MARR:

9 Q All right. When you said you were in the
10 heartland zone and that comprised six states, what six
11 states were those?

12 A Minnesota, Wisconsin, Iowa, Nebraska, North
13 and South Dakota.

14 Q And approximately 2004 you took over the
15 position as vice president for the southern region?

16 A Senior vice president of the southern
17 region -- southern zone, excuse me.

18 Q And was the change from regions to zone that
19 occurred somewhere around 2002, that sound right?

20 A Close. Maybe 2001. I'm trying to think
21 back. I was three years in the previous zone and two
22 years here so approximately -- maybe it's 2000.

23 Q You were in the West Lake region for a period
24 of time, were you not?

25 A I was in West Lake back -- I was an agency

1 director out there back in the late eighties, early
2 nineties.

3 Q Up until roughly '94 sound right?

4 A Sounds right.

5 Q And then when you went back, worked at
6 corporate, you mean Bloomington, right?

7 A Right.

8 Q What did you do there?

9 A I was an executive assistant.

10 Q What's an executive assistant?

11 A Position that works on various projects,
12 ultimately with the goal of going out to become a vice
13 president of agency or operations. You have executive
14 assistants on the agency side, executive assistants on
15 the operations side. It's kind of a stepping stone of
16 corporate experience before you go out to a zone.

17 Q Who was your immediate supervisor in that
18 position?

19 A Doug Eaton.

20 Q Doug Eaton?

21 A Doug Eaton. We move people in and out of
22 those positions. He was there the bulk of the time.

23 Q Now, are you an employee of the mutual
24 company or are you an employee of State Farm Fire &
25 Casualty?

1 A Mutual company.

2 Q Has that always been the case?

3 A To my knowledge.

4 Q How is it the mutual company has oversight
5 for the operations of State Farm Fire & Casualty?

6 A Can you be a little more specific?

7 Q Well, I'm not sure. The part of your job
8 responsibilities is to manage and oversee State Farm
9 Fire & Casualty's operations in the southern zone,
10 correct?

11 A Correct.

12 Q How is that? How is it that a mutual company
13 employee is responsible for oversight and supervision
14 for the State Farm Fire & Casualty's operation?

15 A It's -- you know, I'd be speculating as to
16 how we're corporately structured but to the best of my
17 knowledge the fire and casualty company is a wholly
18 owned subsidiary of our mutual company.

19 Q So the management and direction of the wholly
20 owned subsidiary is controlled by the mutual company as
21 far as you know?

22 A As far as I know.

23 Q Now, whenever you took over the position of
24 senior vice president for the southern zone roughly in
25 2004, did you say?

1 A Yes.

2 Q What were your responsibilities to include?

3 A Executive oversight of what, of most aspects
4 of what goes on within the zone structure.

5 Q Can you give me some examples of what you're
6 responsible for on a daily basis?

7 A Direct responsibility or oversight
8 responsibility?

9 Q Let's go oversight responsibility first, and
10 then we'll go direct.

11 A Oversight responsibility for our pricing
12 structure, our, which is underwriting areas, our agency
13 force, our claim operation, some functions within those
14 areas. We do not report directly to zone, they report
15 to different areas, but those are generally the areas
16 I'd be covering.

17 Q Okay. And now direct responsibility or
18 direct oversight?

19 A Over my vice presidents that oversee those
20 areas.

21 Q Would those be Mr. Fincher and Mr. Smith?

22 A They'd be two of the folks.

23 Q Give me the structure of the hierarchy, the
24 organizational structure of the zone.

25 A Okay. You have a senior vice president. We

1 have an operations --

2 Q That's you?

3 A That's me.

4 Q Okay.

5 A And then you have an operations vice
6 president and an agency vice president.

7 Q Now, obviously as the senior VP over the
8 operations and the agency, the vice president?

9 A Yes.

10 Q Okay.

11 A And then you have those two and under your
12 operations vice president you'd have your vice
13 presidents of operations which would have different
14 functional areas and then you'd have individual vice
15 presidents of agency who would report up through the
16 agency vice president. And then you'd have managers
17 that would report up on the operations side to the vice
18 presidents of operations. On the agency side you'd
19 have agency field leadership people that report up
20 through the vice presidents of agency and then the
21 structure below that -- do you want me to go deeper?

22 Q No. Well, what I'm trying to find out, and I
23 guess you have answered my question, to some extent the
24 organizational structure is very similar to the
25 regional structure before State Farm made the

1 transition from regions to zones, correct, at least as
2 far as you've described?

3 A There's new positions in each of the areas.
4 We didn't have the operations vice president before.

5 Q Okay.

6 A So those are new positions, the geographic
7 responsibility's broader. Generally it's, would be
8 similar. I think the responsibilities are greater
9 and -- but many of the positions below are the same.

10 Q Took on more states, more responsibility for
11 states when you went from regions to zones, correct?

12 A Correct.

13 Q What would the Mississippi -- excuse me --
14 Mississippi, Georgia states, what region would they
15 have fallen in, southeast?

16 A No. At the time --

17 Q Yes, sir.

18 A -- that they were merged. At the time they
19 were merged you had the Alabama, Mississippi region and
20 you had the Georgia, South Carolina region, so two
21 operation centers, one in Atlanta here and one in
22 Birmingham.

23 Q Florida had its own?

24 A Florida had its own.

25 Q And then whenever it changed to zones you

1 went Mississippi, Alabama, Louisiana, Georgia and South
2 Carolina?

3 A Not Louisiana.

4 Q No.

5 A Alabama, Mississippi, Georgia, South Carolina
6 became the southern zone.

7 Q Right. And Texas and Louisiana are the
8 central zone?

9 A No.

10 Q No. Who comprises the central zone?

11 A Louisiana, Oklahoma, Kansas -- give me a map.

12 Q Arkansas?

13 A Yeah.

14 Q That's the easy one to forget about. It's
15 not that big.

16 A I'm trying to think in between. Then Texas
17 is a separate zone of its own.

18 Q Now, Texas, is it, there used to be a south
19 Texas. Is Texas now just a zone in and of itself, the
20 entire state?

21 A Yes.

22 Q It's just called the Texas zone?

23 A Yes.

24 Q Makes sense.

25 Now, did you have claim consultants before

1 the transition was made from regions to zones, general
2 claim consultants to be more specific?

3 A When you say did we have them, did we have a
4 claim consultant structure?

5 Q Yes.

6 A I would say yes, but I'm not a hundred
7 percent sure it was in place at the time.

8 Q At the time you took over as deputy regional
9 vice president were there general claim consultants?

10 A Yes. And, correct that, it's senior vice
11 president, not deputy.

12 Q Were you not a deputy vice president before?

13 A Okay. If you -- yeah, for a short period of
14 time in southeastern on the agency side.

15 Q Right. And that was before, that was back in
16 the mid nineties, that was before the change was made
17 from regions to zones, correct?

18 A Based on that question I would say I don't
19 know for sure.

20 Q Okay.

21 A I didn't have responsibility for claims at
22 that time.

23 Q All right. Who is Steven Hinkle?

24 A Steven is a, it's my understanding Steven is
25 our claim consultant for the southern zone.

1 Q Mike Tucker is the consultant for the central
2 zone?

3 A I'm not aware of that. I don't know.

4 Q You don't know Mr. Tucker?

5 A No, I don't.

6 Q Do you know Mr. Hathaway?

7 A Keith Hathaway?

8 Q Yes.

9 A Yes.

10 Q What is Mr. Hathaway?

11 A I don't know.

12 Q You don't know what his title is?

13 A No, I don't.

14 Q How do you know him?

15 A I actually worked with him back in South
16 Carolina so I know him more by name than currently what
17 he's doing.

18 Q What was his position back when you worked
19 with him in South Carolina?

20 A As I recall he was a superintendent in
21 claims.

22 Q Divisional claims superintendent?

23 A That's what I recall but that's to the best
24 of my knowledge. It may not be a hundred percent
25 accurate but he worked in our zone or in our region at

1 the time.

2 Q As senior vice president for the southern
3 region how do you utilize general claim consultants?

4 A I rely on my, my personal reliance on the
5 general claim consultants, I have very little
6 interaction with them at all.

7 Q Well, tell me what interaction you do have.

8 A The only interaction I would have would be
9 information that would be obtained through discussions
10 with my operation vice president or my vice president
11 of operations.

12 Q And --

13 A I don't know that I've had a face to face
14 conversation in the two years I've been there with our
15 claim consultant.

16 Q Do you receive any type of reports or written
17 information from your general claim consultant?

18 A I may have in the past been copied on an
19 e-mail but generally I don't get any direct
20 communication.

21 Q Do you ever ask anything or assign any
22 projects to the general claim consultant as it may
23 relate to the southern region?

24 A I don't personally, no.

25 Q When's the last time you had a conversation

1 with Mr. Hinkle, your claim consultant?

2 A I think I stated a minute ago I don't think
3 I've had a conversation directly with him.

4 Q Ever?

5 A In my at least two years there.

6 Q In your two years in your current position?

7 A In my current position, that I can recall. I
8 mean we could have bumped into each other somewhere but
9 it wouldn't have been a business conversation.

10 Q Okay. How many catastrophes have you been
11 involved in in your capacity with State Farm?

12 A Quite a few. You know, I don't know that I
13 could speculate. We had catastrophes out in
14 California, we had catastrophes when I was an agent at
15 different varying levels in the organization. Southern
16 zone I was in Florida, lot of hurricanes, so I don't
17 even know if I could even guess.

18 Q Okay. Tell me which catastrophes you do
19 recall being involved with.

20 A California, the Santa Barbara fires, Aniki
21 and Aaron.

22 Q Excuse me?

23 MR. CURVIN: Aniki, is that what --

24 THE WITNESS: That's not right. Two that
25 happened hit Florida. They run together now.

1 BY MR. MARR:

2 Q Man, don't look at me, I'm from Oklahoma.

3 MR. CURVIN: You're talking about
4 hurricanes that hit Florida?

5 THE WITNESS: The two hurricanes that hit
6 the coast when I was down there as a deputy.
7 We had two that hit the Pensacola area.

8 MR. CURVIN: Frederick?

9 THE WITNESS: No.

10 BY MR. MARR:

11 Q Andrew?

12 A No. I thought it was Aaron and --

13 MR. CURVIN: Opal.

14 THE WITNESS: Opal was one of them. Good
15 thinking. And then we had smaller ones while I
16 was in the southern zone, there was Ivan that
17 came up through Georgia and Alabama, and I
18 think, I'm not sure if I was there for George
19 or not, George came through, too. Then of
20 course Katrina the most recent one. South
21 Carolina was before Hugo. I'm trying to think
22 if there was any, that was back when I was in
23 Illinois we had an ice storm, I was involved in
24 that. All kind of different things.

25

1 BY MR. MARR:

2 Q What about Northridge?

3 A I had left California before Northridge hit.

4 Q That was close, wasn't it.

5 A Real close. My house came out without
6 damage. Lot of people did not, unfortunately.

7 Q What were your responsibilities in handling
8 the Katrina claims as senior vice president for the
9 southern zone?

10 A Executive oversight of the activities, in
11 coordination in conjunction with our corporate partners
12 on many of the issues.

13 Q Okay.

14 A Specifically a lot of agency involvement with
15 getting the agents, deployment of resources, aware of
16 claim discussions that were going on, discussions with
17 departments of insurance, discussions with other
18 departments of insurance on what was happening in
19 Mississippi.

20 Q When you say claims discussion what do you
21 mean?

22 A Just a lot of early on deployment of
23 resources, claims set up offices where they should be.
24 I was involved in discussions, I didn't make any of
25 those decisions, but I was aware of those discussions

1 going on. I was aware of discussions going on
2 regarding the handling of the wind/water discussion. I
3 was aware of those discussions.

4 Q Were you aware of the drafting of the wind
5 and water protocol?

6 A I was aware of that being done.

7 Q Okay. What contribution, if any, did you
8 give to that protocol?

9 A None. I received a copy of it after it was
10 produced.

11 Q Were you consulted by Mr. Hinkle or anyone
12 else for that matter concerning --

13 A I was not personally.

14 MR. CURVIN: Bob, make sure Mr. Marr has
15 completely finished his questions before you
16 start answering. It's tough for the court
17 reporter to get it down when you're both
18 talking so.

19 BY MR. MARR:

20 Q Are their zone CAT plans?

21 A Yes.

22 Q Was there a CAT plan in place for the
23 southern zone at the time Katrina occurred?

24 A Be more specific on a plan. Are you talking
25 about a written plan?

1 Q Yes.

2 A Okay. To my knowledge there's not a written
3 plan.

4 Q Have you ever seen a regional catastrophe
5 plan?

6 A Years ago.

7 Q You haven't seen its equivalent since State
8 Farm has made the transition to zones?

9 A No, I have not.

10 Q What was your understanding as to what the
11 purpose was of the regional catastrophe plan when
12 State Farm was still in regions?

13 A My understanding would be that it was a
14 blueprint to follow to try to set up a claim, or a
15 catastrophe operation in a short period of time so we
16 could respond to customers in a short period of time.

17 Q Do you have any idea why there's not an
18 equivalent since State Farm has made the transition to
19 zones?

20 A Well, the question I said that I'm not aware
21 that there's one. There may be one.

22 Q Okay. Well --

23 A I'm not aware of one.

24 Q Okay.

25 A There may be a written catastrophe plan for

1 zones.

2 Q Okay. But if there is it's not something
3 that you refer to at any time in your oversight of the
4 handling of the Katrina, correct?

5 A No. Correct, yes.

6 Q What is your knowledge of the meeting that
7 took place in Atlanta before Katrina made landfall?

8 A I'm not aware of a meeting that took place.

9 Q Okay. You're not aware --

10 A But --

11 Q Go ahead.

12 A Maybe I'll -- specifically if you give me --

13 Q Well, State Farm personnel --

14 A Okay.

15 Q -- met to discuss how Katrina would be
16 handled.

17 A Anytime a catastrophe is, or particularly a
18 hurricane because you can track them further, there are
19 meetings that are held to discuss if it does hit where
20 it hits, how we deploy resources, are we positioned to
21 respond to the media, respond to getting hotel rooms,
22 deploy claims reps. My guess, my understanding would
23 be -- excuse me, my understanding would be that that
24 would have happened prior to landfall with Katrina.

25 Q All right. Are you talking about the zone

1 core group meetings?

2 A Zone core group, yes.

3 Q I'm talking about another type of meeting.

4 A Yeah.

5 Q A meeting where a decision was made as to how
6 State Farm was going to handle Katrina claims from a
7 coverage position.

8 A Yeah. I'm not aware of that meeting.

9 Q Were there discussions, whether or not you
10 were involved or aware of a meeting prior to Katrina
11 making landfall, as to how claims would be handled from
12 a coverage standpoint?

13 A Not to my knowledge.

14 Q Were any corporate, were you provided with
15 any corporate resources?

16 And maybe I need to rephrase that. In the
17 regional catastrophe plan there are or were what were
18 identified as corporate resources, including everything
19 from law firms to engineers. Were you provided with
20 any type of information on those issues?

21 A Me, personally?

22 Q Yes.

23 A No.

24 Q Did you ever see any?

25 A No.

1 Q What exactly did you do to ensure that the
2 policyholders in the southern zone who were victims of
3 Katrina had their claim handled fairly and in good
4 faith, you personally?

5 A I rely heavily on my operations vice
6 president and my vice president, my claim vice
7 presidents to manage that. What I would personally say
8 I monitored would be our closed claim numbers to see if
9 we were making progress. I monitored the call centers,
10 types of calls that were coming in which gives you an
11 indication in my estimation as to what's happening. I
12 monitored our agency force which we'll hear from --
13 we'll hear directly from the customers if there are
14 concerns. I would say those are probably the three
15 areas. I monitored the media pieces trying to make
16 sure that we were communicating so customers knew how
17 to get their claims handled.

18 Q Okay. How did you go about monitoring the
19 media?

20 A Maybe "monitoring" may not be the word.
21 Making sure we had appropriate ads placed and working
22 with our area of responsibility, our public affairs
23 responsibility that actually does that making sure
24 we're getting good coverage within the state. Of
25 course as you know customers were all over the country

1 so this became more than just a southern zone effort.
2 We had to have some contacts beyond just the state of
3 Mississippi.

4 Q When you say work with public affairs, are
5 you talking about State Farm's public affairs?

6 A We have local public affairs in our zone and
7 they would work with our corporate partners.

8 Q What does that mean?

9 A Maybe try that again. I'm not sure when you
10 say what does that mean.

11 Q Okay. You say they were with your corporate
12 partners. Was this public affairs, are you talking
13 about is this a division of State Farm or an entity
14 within State Farm or what is it? Is it an outside
15 organization?

16 A It's a department within State Farm and then
17 ultimately the ads would be placed in different media
18 outlets.

19 Q What's the department called specifically?

20 A In the zone it's -- I can't tell you the
21 exact name, it just recently changed.

22 Q What was it before it changed?

23 A Public affairs.

24 Q Where is public affairs located?

25 A In the zone it's located in our operations

1 center in Atlanta and then we have people deployed in
2 different facilities throughout the zone and there's a
3 corporate department.

4 Q Okay. Does the corporate department provide
5 oversight and control of the public affairs sector in
6 the OP center here?

7 A No. I think we consult with them when
8 necessary, but the decision of the placement of the ads
9 really belong to us.

10 Q Okay. How were you involved or first of all
11 who did you communicate with in public affairs?

12 A Rob Lowenthal who is my communications or my
13 public affairs manager.

14 Q Rob Lowenthal?

15 A Yes, L-O-W-E-N-T-H-A-L.

16 Q He was the public affairs manager?

17 A Yes/marketing.

18 Q Did you communicate or deal with anyone else
19 within public affairs, anyone on the corporate level
20 perhaps?

21 A Give me a time frame.

22 Q As a result of or arising out of Katrina.

23 A Yes.

24 Q Who?

25 A Our corporate partners. You want names?

1 Q Yes.

2 A Okay. Mike Fernandez.

3 Q Fernandez with an F?

4 A Fernandez.

5 Q Who else?

6 A We've had a number of people come through.

7 Q Tell me the ones you can recall.

8 A Huh?

9 Q Just tell me the ones you can recall.

10 A Yeah. Joe Strupek is there now, Kelly
11 Clapper. Previously it was Kevin Callis. That's the
12 one I was trying to recall. Those are the key people
13 we dealt with.

14 Q Okay. For purposes of the record Joe's last
15 name was?

16 A Strupek, S-T-R-U-P-E-K.

17 Q Kelly Clapper, and the last one was whom?

18 A Kevin Callis.

19 Q How do you spell Kevin's last name?

20 A C-A-L-L-I-S.

21 Q And where are these folks out of,
22 Bloomington?

23 A Yeah. Kevin has recently been moved to
24 another opportunity. He's not in that department but
25 he was in Bloomington at the time.

1 Q All right. So these four you just mentioned,
2 Fernandez, Strupek, Clapper and Callis, were out of
3 public affairs at the home office?

4 A Right.

5 Q How would you communicate with them?

6 A Many times through my contact and in some
7 cases directly with those individuals.

8 Q So sometimes through Rob?

9 A Sometimes directly with these individuals.

10 Q Would you communicate by electronic mail,
11 telephone, how?

12 A Mostly phone. I can't say there weren't some
13 electronic communications, but I'd say mostly phone.

14 Q Would you do anything to document your
15 conversation whenever you would speak with them by
16 phone?

17 A No.

18 Q Would they communicate with you by e-mail?

19 A Yes.

20 Q Those e-mails still be available?

21 A I would expect they would be. I see no
22 reason they wouldn't be.

23 Q You said you also monitored closed claim
24 numbers. Was that in the catastrophe summary sheets?

25 A Yes.

1 Q And that's, is it still done where it has
2 Severity I, Severity II, Severity III?

3 A If you have a copy I'll look at it but I, you
4 know, it could be. I can't recall. I mean we got the
5 document everyday but I usually looked at the bottom
6 line number.

7 Q Right. It's like a running tally of what's
8 been paid?

9 A On auto and fire, both.

10 Q Why was it you monitored those?

11 A To me it was an indication on the progress we
12 were making toward settling the claims.

13 Q How so?

14 A I believe a closed claim is an indication
15 we've met our obligation with the customer.

16 Q So a closed claim is an indication to you
17 that State Farm has met its obligation to the customer,
18 correct?

19 A Yes. It's one indication.

20 Q That's why you were looking at the monitoring
21 the closed claim numbers, correct?

22 A Yes.

23 Q From your review what was your feeling on
24 that issue?

25 A We made, in my estimation, excellent progress

1 in a very timely fashion. We have not closed all the
2 claims, and that's still work to be done; on the auto
3 side we're in very good shape.

4 Q What about on the fire side?

5 A On the fire side we still have -- I haven't
6 seen a recent report, we've stopped producing it, but
7 it's -- we're probably within one and a half percent of
8 the total claims are still open.

9 Q And to the best of your recollection how many
10 claims were there approximately, fire claims?

11 A Speaking just to Mississippi or the whole
12 Katrina?

13 Q Katrina.

14 A About 295,000 fire claims.

15 Q Now, did -- you said you also monitored the
16 call centers. Why did you do that?

17 A Would you repeat that. I didn't hear the
18 first word.

19 Q The call centers, you monitored the call
20 centers. Why did you do that?

21 A Again from my perspective it allowed me to
22 hear what some of the customers were calling in and
23 concerns that they had. It gives you a little bit of a
24 pulse as to what's happening.

25 Q How were you able to hear these calls?

1 A I talked to the claim reps. I usually would
2 sit -- not claim reps, excuse me, the call center folks
3 after the call, what are some of the issues that you're
4 dealing with, what are the customers calling. I did
5 not listen in on any calls.

6 Q Is that possible?

7 A To my knowledge, I honestly don't know if
8 it's possible.

9 Q Okay.

10 A It may be.

11 Q When you say you monitored the call centers
12 that consisted of speaking with the people that manned
13 the phones at the call center?

14 A Right.

15 Q Did you get any type of written report?

16 A No.

17 Q Would you receive a verbal report on any type
18 of regular basis?

19 A No.

20 Q Where was the call center located?

21 A We have multiple call centers but the one I
22 would monitor would be the one in our Atlanta
23 operations center.

24 Q Is there any particular person you would
25 speak with there?

1 A No.

2 Q Can you give me the name of anyone you recall
3 speaking with at the Atlanta call center?

4 A No.

5 Q How many times did you do this? By this I
6 mean contact the call center to monitor what
7 policyholders' complaints were?

8 A I'd probably say a least for the first three
9 months or so every other week I would stop over there.

10 Q Oh, so you would go by there?

11 A Yes.

12 Q Would you review anything while you were
13 there?

14 A They would have up on the board how many
15 calls they took. Again compliment them on the fact
16 many of these folks were working extended hours,
17 tremendous amount of hours. And so part of the reason
18 for going over there too was to keep the moral support
19 up of the folks that were answering the phone calls.
20 So that's, you know, if anything I'd look at their
21 chart and compliment them.

22 Q Okay. When you say you look at the board,
23 what board?

24 A On the board they'd have how many incoming
25 calls did we get and just that type of activity.

1 That's all that was really up there. It was the volume
2 of calls you could begin to see, if the volume of calls
3 were increasing then obviously we're being challenged
4 with getting back to customers in appropriate time. If
5 the volume is down then generally speaking our field
6 people are making contacts appropriately.

7 Q What were the complaints or were there any
8 complaints?

9 A Mostly that complaint right there was
10 generally a complaint I would hear is that I couldn't
11 reach my claim rep. They stopped by and I wasn't able
12 to get back to them. And then we would route it back
13 to our system to get a note to the claim rep to call
14 the customer.

15 Q That was the predominant complaint?

16 A That would be the predominant complaint
17 during that period of time.

18 Q Any others?

19 A No.

20 Q What about not limiting it to that particular
21 period of time? There have been other complaints that
22 you observed when you would visit the call centers to
23 monitor these policyholders' comments?

24 A I can't recall that there were any specific
25 complaints that would jump out at me. At the time it

1 was really trying to connect the customer with a claim
2 rep that could handle it and sometimes get back to the
3 agent. Again there weren't -- back then there were a
4 lot of phone lines that were not back up. Agents'
5 offices were not open so many people had the only
6 opportunity to get in touch with State Farm was to call
7 the 800 number.

8 Q So was there a problem with keeping the
9 morale up of the troops so to speak given the
10 significant nature of this catastrophe?

11 A I would -- most of our folks stepped in and
12 did a tremendous job, but, yes, you know, working late
13 Saturday, all day Saturday, all day Sunday, and there
14 were some morale issues. Most because of the work, the
15 amount of work, not because they feel like they were
16 getting attacked by a customer. It was really just the
17 amount of work they had to put in, their job plus.

18 Q Catastrophes are pretty stressful events,
19 aren't they?

20 A Yeah. For those folks particularly.

21 Q What about for the policyholders?

22 A Tremendously stressful for the customer.

23 Q Did you ever do anything to go out and visit
24 with any of your policyholders to keep up their morale?

25 A There were a couple instances where I went

1 out with the claim rep and visited customers.

2 Q Who was that claim rep?

3 A I would be down there and who's got an
4 appointment to go see, so that's what, where, what I
5 would do. I couldn't tell you any particular claim rep
6 or any particular customer I went with.

7 Q Okay.

8 A To see it. And honestly it was not that
9 often. It was probably a couple times. Mostly I would
10 be down there to keep up the morale of our agents who
11 were talking to the customers constantly.

12 Q This is something you would go out and do in
13 the field?

14 A Yes.

15 Q Where did you go?

16 A To Biloxi, Pass Christian, the whole Gulf
17 Coast area.

18 Q Have you ever talked with any of your
19 policyholders who were victims of Katrina?

20 A On those ride alongs. I talked to our
21 employees, agents who were victims of Katrina who were
22 also policyholders.

23 Q Okay. What about people that aren't employed
24 by State Farm that are insured by State Farm?

25 A On the ride along, plus I would take calls

1 when there were complaints that would come into my
2 office.

3 Q Okay. So you would take complaints from
4 policyholders in your office?

5 A Yes.

6 Q How many times did that happen? I mean was
7 that a regular occurrence?

8 A We have a structure in place to address those
9 but if I'm available I'll take the call and talk to a
10 customer.

11 Q How are those calls documented, or are they?

12 A Yeah, they're through our claim tracking,
13 complaint tracking procedure.

14 Q Tell me about that.

15 A We have an enterprise wide complaint tracking
16 process basically that we log in the complaint calls,
17 log in the letters, and until they're resolved we have
18 a tracking system to make sure we address them.

19 Q Okay. Who's responsible for logging in those
20 complaints?

21 A I think there's -- I don't know specifically.

22 Q Have you ever seen these logs?

23 A I've seen the system. You asked me who's
24 responsible, I think there's multiple people
25 responsible but I can't speak to any one person. The

1 folks I've talked to are over in our Atlanta operations
2 center and it's an electronic log they put them in. My
3 secretary enters them too at times and there may be
4 other people that enter them, I just don't know.

5 Q Okay. So it's an electronic log, a complaint
6 log?

7 A Yes.

8 Q Are you ever provided with a printouts of
9 these electronic complaint logs?

10 A No.

11 Q Why not?

12 A I'm not personally.

13 Q Have you ever seen one?

14 A No.

15 Q Have you ever asked for one?

16 A No.

17 Q Do you think that would be a good way to
18 monitor how you're doing in regard to handling
19 policyholders' claims?

20 A What I have done is asked my claim management
21 folks to keep an eye and monitor that.

22 Q I asked if you --

23 A I did not get it directly. I counted on them
24 to monitor that. I was concerned about the volume of
25 potential complaints that could happen as a result of a

1 storm this size.

2 Q Okay. But you never --

3 A So I did get involved from that standpoint of
4 saying, you know, my expectation would be you would
5 look at these things to make sure we're managing the
6 number.

7 Q Right, but you as the senior vice president
8 for the southern zone never looked at a printout of the
9 complaint log of your policyholders, correct?

10 A Correct.

11 Q Never asked for one, correct?

12 A Correct.

13 Q Have you ever given your deposition before,
14 Mr. Trippel?

15 A Yes.

16 Q How many times?

17 A To the best of my knowledge, twice.

18 Q When was the most recent?

19 A It was probably seven, eight years ago.

20 Q That was in connection -- first of all, in
21 your capacity as what?

22 A As, in my capacity at the time of agency
23 director.

24 Q Where?

25 A As best I can recall it was a lawsuit or an

1 agent issue out of California but I was in corporate at
2 the time.

3 Q Do you recall the case name?

4 A No, I do not.

5 Q And the other time when you gave a
6 deposition?

7 A Also as I recall an agency issue and it was
8 most likely -- I'm speculating here.

9 Q Sure. Just your best estimate.

10 A I would say it was back in California also.
11 As I recall both were agency issues.

12 Q Excuse me -- I didn't mean to interrupt.

13 A No.

14 Q Both were either while or, while you were in
15 California or at corporate, correct?

16 A Correct.

17 (Marked for identification,
18 Plaintiff's Exhibit No. 1)

19 BY MR. MARR:

20 Q I've marked as Plaintiff's Exhibit 1 to your
21 deposition an Emergency Motion of Non-Party Robert L.
22 Trippel -- am I pronouncing your last name correctly?

23 A Uh-huh (affirmative).

24 Q -- to Quash Subpoena. Would you take a look
25 at that. I think there's two copies there.

1 MR. CURVIN: Yeah. Thank you.

2 BY MR. MARR:

3 Q Now, I believe that you, this was a motion
4 that I understand was filed by your lawyer to try and
5 quash the deposition subpoena but that's a moot point
6 now -- we've agreed and you're here today -- but what I
7 want to ask you, sir, is some questions about an
8 affidavit that you executed as a part of this emergency
9 motion. The first question is: Did you in fact
10 execute this affidavit?

11 A Can you define what you mean by execute.

12 Q Yes, sir, sign it.

13 A Okay. Yes.

14 Q So that is your signature and it's dated the
15 fifth of November, 2006, correct?

16 A Yes.

17 Q Did you read it before you signed it?

18 A Yes, I did.

19 Q So there are no misrepresentations anywhere
20 in here, is that correct? It's accurate?

21 A Can I take a minute and reread it?

22 Q Okay.

23 A That's correct.

24 Q Who is the individual who notarized your
25 signature? I can't make that out.

1 A My assistant.

2 Q Your secretary?

3 A Yes.

4 Q What's her name?

5 A Roseann Smith.

6 Q Who prepared this document?

7 A Tom.

8 Q Who?

9 A Tom Curvin or his office.

10 Q The lawyer that's here with you today?

11 A Yes.

12 Q Mr. Curvin's office?

13 A Yes.

14 Q Take a look at paragraph eight. It says: I
15 have been advised by counsel that this case concerns
16 the handling of claims arising from tornado damage in
17 Oklahoma. I have no personal knowledge of the handling
18 of those claims or any other claims in the State of
19 Oklahoma.

20 Did I read that correctly?

21 A Yes.

22 Q My only knowledge of the Oklahoma litigation
23 comes from information provided to me by counsel in
24 connection with the preparation of this affidavit.

25 Is that correct?

1 A Detailed knowledge, correct.

2 Q So my only, it should say detailed knowledge
3 of the Oklahoma litigation comes from information
4 provided to me by counsel in connection with the
5 preparation of this affidavit, is that what it should
6 say? Because it says your only knowledge.

7 A I'm going to stick by what it says here.

8 Q Okay. And then when you say this
9 litigation -- this -- excuse me, when you say your
10 knowledge of the Oklahoma litigation are you referring
11 to the Watkins case?

12 A Yes, I am.

13 Q So before preparing this affidavit or
14 executing this affidavit on November 5th you had no
15 knowledge of the Watkins case according to your
16 affidavit, correct?

17 A No knowledge of the Oklahoma litigation, the
18 Watkins case, other than what was provided by counsel.

19 Q In relation to this affidavit?

20 A Correct.

21 Q You hadn't received any information from, for
22 example, your claim consultant Mr. Hinkle or anyone
23 else, that's according to your affidavit. Your only
24 knowledge was provided to you by your lawyer in
25 connection with preparation of this affidavit, right?

1 A Define -- maybe we're playing with technical
2 terms here but when you say the Oklahoma litigation or
3 the Watkins litigation, the actual litigation itself
4 was provided by legal counsel. What I read in the
5 newspaper or been made aware of to me that's peripheral
6 information to what the Watkins case is. Generally
7 what the Watkins case is about, but any detailed
8 information was provided by counsel so I don't know --

9 Q Okay. So other than what you read in the
10 newspaper --

11 A Or what has been provided by our counsel.

12 Q According to this the only -- excuse me, go
13 ahead.

14 A Or what was provided by our message points,
15 but very generic.

16 Q What do you mean your message points?

17 A Message points that came out after the
18 Watkins litigation.

19 Q What are message points?

20 A A little background, general information on
21 the case.

22 Q Is that what they're called, message points?

23 A That's what I call them.

24 Q Is that what State Farm calls them?

25 A I don't know.

1 Q Are they titled "message points"?

2 A May be.

3 Q Where did you run across these message
4 points?

5 A Some of them were contained in a document
6 that was sent to us.

7 Q What document that was sent to you?

8 A A document that was sent, as I recall, after
9 the Watkins verdict.

10 Q What document that was sent to you after the
11 Watkins verdict?

12 A A document that -- well, as I recall there
13 was a communication that came out to us after the
14 Watkins verdict that was sent to us from our
15 publication, or public affairs department.

16 Q Who at public affairs department?

17 A I don't know who authored it.

18 Q Okay.

19 A If we have, you know, if we have the memo I
20 could verify that but I don't know who -- it could have
21 been authored by a number of people up there.

22 Q Okay.

23 A But we did get something after the Watkins
24 verdict.

25 Q When you say "we" who are you speaking of?

1 A It was sent to, as I recall, the -- generally
2 speaking what happens in these type of things,
3 situation, we'll get a communication sent to the senior
4 vice presidents.

5 Q Which is you?

6 A Which was me.

7 Q And you received it from public affairs?

8 A Uh-huh (affirmative).

9 Q At corporate?

10 A Yes.

11 Q And it was telling you what?

12 A I can't recall the specifics.

13 Q Your best recollection.

14 A To me general information that there may be a
15 story airing, you may read about this in the newspaper,
16 those type of things, which to me does not, that's why
17 I stand by this, that's not getting into litigation,
18 it's more what will happen as a result of this verdict,
19 where we may read about it, where we may hear about it.

20 Q Okay. Did it give you any instruction on how
21 to deal with the situation?

22 A Generally what would happen, again not having
23 the e-mail in front of me, generally what would happen
24 they'd suggest we would forward this on to advise folks
25 that would have been our area of responsibility that

1 they may see something in the newspaper on this.

2 Q Okay. And did you do that?

3 A I can't recall specifically.

4 Q Who would you normally forward that type of
5 information with these message points onto?

6 A And they may not have been message points in
7 that document per se, but I would have forwarded it on
8 generally to the associates in the zone which would be
9 our agents and our -- really everyone. If it's a story
10 that will hit and someone could read about it in the
11 newspaper we'll let everyone of our associates know.

12 Q What's the purpose behind that?

13 A Information sharing so they're not surprised,
14 trying to keep them aware of what's happening.

15 Q Did you do anything to pass that information
16 along to the policyholders in Katrina given the
17 findings in the Watkins jury?

18 A No.

19 Q Why not?

20 A At the time when that happened, when the
21 Watkins verdict came out, we currently were already
22 having an internal review of our files and I felt very
23 comfortable that that review will uncover any issues
24 that we need to address.

25 Q Okay.

1 A So at that point in time that was already
2 ongoing prior to the verdict in Watkins.

3 Q All right. Had you made the policyholders
4 aware that there was an internal investigation going
5 on?

6 A No. It was aired in one of the stories as I
7 recall.

8 Q What story?

9 A One of the Dateline, 20/20, multiple stories
10 that had been written on issues with Katrina. As I
11 recall in one of those stories there was discussion as
12 far as State Farm had an internal review going on.

13 Q All right. Whenever you got this memo from
14 State Farm's corporate office in Bloomington, their
15 public affairs department, telling you about the
16 Watkins verdict and how to deal with it in the media,
17 did you know what the allegations or the findings of
18 the jury were?

19 A I did through counsel.

20 Q Okay. Which counsel?

21 A Our general counsel at corporate.

22 Q Which general counsel at corporate?

23 A Kim Bruner specifically.

24 Q How did Mr. Bruner make you aware of that?

25 A Communication to us.

1 Q He communicated, was that a separate writing?

2 A Yes.

3 Q It was transmitted by Mr. Bruner to whom, all
4 senior VPs of zones?

5 A Without the memo I can't be specific but I
6 remember getting it.

7 MR. CURVIN: Jeff, when you get a stopping
8 point we've been going over an hour, I'd like
9 the witness to be given a break.

10 MR. MARR: Sure. Give me a couple
11 minutes.

12 BY MR. MARR:

13 Q Did -- after you received this memo from Kim
14 Bruner, State Farm's general counsel, did you then do
15 anything to contact your policyholders who had made
16 similar complaints down here in Katrina?

17 MR. CURVIN: Object to form. Assumes
18 facts not in evidence.

19 BY MR. MARR:

20 Q Go ahead.

21 MR. CURVIN: You can answer.

22 THE WITNESS: Again at the time the
23 Watkins verdict came out we were already had
24 underway internal review of our files and I
25 felt comfortable that that review would uncover

1 any issues that may have occurred in Katrina.

2 BY MR. MARR:

3 Q So is that a no, you didn't tell any of your
4 policyholders about the Watkins verdict or about what
5 Mr. Bruner had to say?

6 A That would be correct.

7 Q Okay. Can you tell me why other than or is
8 there anything you want to add in addition to the fact
9 we already had an investigation ongoing?

10 A No. You know, it -- no.

11 Q So you had an investigation going on into the
12 handling of Katrina claims at the time you received
13 Mr. Bruner's memo concerning the Watkins verdict, is
14 that correct?

15 A Restate that question just so I make sure I
16 answer it correctly and honestly.

17 Q At the time you received Mr. Bruner's memo,
18 transmittal, whatever you want to call it, concerning
19 the Watkins verdict, you already had, there was already
20 an ongoing investigation into State Farm's handling of
21 Katrina claims down here?

22 A That would be correct.

23 MR. MARR: We can stop for a break.

24 MR. CURVIN: Thanks.

25 VIDEOGRAPHER: We are off video.

1 (Brief recess).

2 VIDEOGRAPHER: We are back on video.

3 BY MR. MARR:

4 Q Mr. Trippel, we're back on the record after a
5 short break. Are you ready to continue with your
6 deposition?

7 A Yes, I am.

8 Q Back to your Exhibit 1, your affidavit that's
9 before you, and in regard to paragraph nine which is on
10 page two of your affidavit. It says: I do not have
11 any responsibility for or access to information
12 regarding State Farm operations in Oklahoma, nor have I
13 ever had such responsibility.

14 Is that true, you have no access to
15 information regarding State Farm operations in
16 Oklahoma?

17 A Generally speaking, yes.

18 Q Well, it doesn't say generally speaking. It
19 says: I do not have any responsibility for or access
20 to information regarding State Farm's operation in
21 Oklahoma.

22 I'm just having a hard time imagining that
23 that's true, but if it is, as represented here under
24 oath, why is that? Why is it you are unable to access
25 information regarding State Farm's claim handling in

1 Oklahoma?

2 MR. CURVIN: Objection to form.

3 BY MR. MARR:

4 Q Go ahead.

5 A You know, I have no claim information -- I'm
6 not sure what you're really asking. I mean access to
7 claim information for Oklahoma? I would have no access
8 to it, that I'm aware of, at least.

9 Q Okay.

10 A Maybe that's a better way to respond. I have
11 no access that I am aware of today nor have I ever
12 accessed information from other, from Oklahoma.

13 Q Well, have you ever accessed information from
14 any other state regarding State Farm's claim handling?

15 A Not that I can recall.

16 Q For purposes of maybe consistency in claim
17 handling or to see how it was done in another, a
18 similar situation, you have never accessed State Farm's
19 information from other states, is that correct?

20 A Claim information?

21 Q Yes.

22 A No. And that's how I viewed this question, I
23 guess, claim information. I can see production numbers
24 but not claim information.

25 Q Okay. So you do have access to information

1 regarding State Farm's operations in Oklahoma then?

2 A Yes.

3 Q Okay. Why did you say you didn't?

4 A I viewed this to be claim information and so
5 that's why I was comfortable signing that.

6 Q I mean, for example, if you wanted to check
7 out information concerning State Farm's handling of a
8 catastrophe in Oklahoma on May 3rd, 1999 involving an
9 F-5 tornado, would you have access to such information?

10 A No, I would not, that I'm aware of.

11 Q Have you ever tried to access information
12 from other catastrophes State Farm might have handled
13 prior to Katrina?

14 A Not to my knowledge.

15 Q So in handling Katrina claims or in
16 overseeing the handling of Katrina claims you didn't go
17 back and call upon any information or look at anything
18 to see how similar -- well, there wasn't a similar, but
19 how hurricanes have been handled by the company in the
20 past?

21 A Specifically the claim adjustment process or
22 the process of setting up claims?

23 Q Anything.

24 A The process or how we handled claims, no. I
25 think my experience and being involved in others,

1 catastrophes, drawing on that experience would allow me
2 to say that I brought some experience to how we would
3 set up a catastrophe in Mississippi.

4 Q Does State Farm compare the expenditures made
5 in one catastrophe versus expenditures made in another
6 catastrophe?

7 A Not to my knowledge.

8 Q Do you receive information regarding the
9 handling of other catastrophes through your general
10 claim consultant?

11 A I don't personally, no.

12 Q Do you know anyone in your zone that does?

13 A Not directly, you know, just -- it would,
14 generally speaking it would, I would say that it would
15 be, information at that level would be received by our
16 claim management folks below me. I don't know that
17 factually, but I would say, generally speaking, I would
18 think that would happen.

19 Q What -- have there been any --

20 When's the last time you saw what State
21 Farm's current combined ratio was?

22 A Third quarter.

23 Q And what was it?

24 A I couldn't recall.

25 Q Can't recall whether it was good or bad?

1 A I can recall that.

2 Q What was it?

3 A It was fairly positive.

4 Q Was it around the 102, 103, somewhere around
5 there?

6 A I can't recall that.

7 Q Okay. How was that information communicated
8 to you?

9 A By third quarter results.

10 Q Where did those come from?

11 A Corporate.

12 Q Which department of corporate?

13 A It would be our chief financial officer would
14 send those out.

15 Q Who would that be?

16 A Michael Tipsord.

17 Q Would you spell his last name for the court
18 reporter, please.

19 A T-I-P-S-O-R-D.

20 Q Is he a member of the chairman's council?

21 A Yes, he is.

22 Q Who do you report to as the senior vice
23 president of operations?

24 A I personally report to Jim Rutrough.

25 Q And Jim Rutrough is a member of the

1 chairman's council, is he not?

2 A Yes.

3 Q What is Jim Rutro's official title with State
4 Farm Mutual?

5 A Vice chairman and chief operating officer --
6 excuse me, chief operating officer -- excuse me,
7 administrative officer, I'm sorry.

8 Q How often do you communicate with
9 Mr. Rutrough?

10 A I'd say on an as-needed basis.

11 Q How often have you needed to communicate with
12 Mr. Rutrough since Katrina hit?

13 A We have quarterly meetings where all the
14 senior vice presidents get together. I see him at
15 those meetings. Maybe a few other times phone contact
16 on various issues. We have accountability, our results
17 calls with our chairman's office at our level and
18 that's done on a quarterly basis, so maybe in a period
19 of a year, 15 contacts or so.

20 Q Has he contacted you on anything but a
21 routine contact concerning handling of Katrina?

22 A No.

23 Q Tell me, these quarterly meetings with the
24 senior VPs which Mr. Rutrough attends where are those
25 conducted?

1 A Various locations.

2 Q Where was the last one?

3 A Chicago.

4 Q When, roughly?

5 A August.

6 Q And what goes on at those meetings?

7 A A variety of topics, business-related topics
8 from retirement benefit changes to discussions
9 regarding agency issues, production targets, strategic
10 direction and where we want to go as an organization.

11 Q And who usually moderates those meetings?

12 A Each one is a little different. It would be,
13 generally speaking, for most of the meetings it would
14 be Jim Rutrough, Mike Davidson and Michael Tipsord.

15 Q So the chief administrative officer and the
16 chief financial officer of State Farm Mutual?

17 A Yes.

18 Q You mention targets. Talk to me about the
19 targets that are discussed there in these quarterly
20 meetings of the senior vice presidents.

21 A Production, production goals.

22 Q Such as?

23 A Growth goals for auto, growth goals for life,
24 growth goals for our financial services products. The
25 discussion centers around not the target itself but the

1 strategies to achieve the targets. The targets are
2 owned really by the zone.

3 Q And these are videotaped, correct?

4 A No, they're not.

5 Q Are there PowerPoint presentations in any
6 part of the meeting?

7 A At any part of the meeting I would have to
8 answer yes. Generally though it's just discussion.

9 Q Do you ever receive any written materials
10 during these quarterly meetings of senior vice
11 presidents?

12 A At various times.

13 Q What about the last time?

14 A I couldn't recall.

15 Q Would it be more the rule or the exception if
16 you would receive written materials at these quarterly
17 senior vice president meetings?

18 A I'd say 25 percent of the time we get
19 background information to read prior to coming to the
20 meeting.

21 Q And that's transmitted to you electronically,
22 correct?

23 A Correct. It may be as simple as an article
24 to read to discuss.

25 Q Has the issue of State Farm's use of

1 engineers ever been discussed during any of these
2 meetings, quarterly meetings, with senior vice
3 presidents?

4 A Not as I can recall. Only Kim Bruner attends
5 on occasion.

6 Q Is he the one that discussed --

7 A Kim could have given an overview at some
8 point regarding some of the issues that were --

9 MR. CURVIN: Bob, don't get into the
10 substance of the information Mr. Bruner
11 communicated to the people at the meeting, that
12 would be protected by attorney-client
13 privilege.

14 THE WITNESS: Okay.

15 MR. MARR: I disagree that it would. I
16 think I'm entitled to know that information and
17 he's speaking to -- no, I don't agree at all.

18 MR. CURVIN: You can ask your questions
19 and we'll deal with the specific questions and
20 I'll make my objections and instructions I
21 think are appropriate.

22 BY MR. MARR:

23 Q I want to know what Mr. Bruner had to say
24 about the use of engineers at these senior vice
25 president meetings?

1 MR. CURVIN: I'll object on the grounds of
2 attorney-client privilege and instruct you not
3 to answer that one.

4 BY MR. MARR:

5 Q Are you going to take the advice of your
6 lawyer and not tell me?

7 A Yes.

8 Q Who all do you have with you here today?

9 A Tom Curvin, LeAnne and Kenneth Stewart --or
10 Stuart, sorry, Stuart Kenney.

11 Q Okay. Do you know Stuart Kenney?

12 A I've recently become acquainted with Stuart.

13 Q When did you become acquainted with
14 Mr. Kenney?

15 A About the time we got notified of the
16 deposition material.

17 Q A week or two ago?

18 A Back around, little bit before this November
19 date.

20 Q Okay. What about Ms. Burnett?

21 A Just met her a couple days ago.

22 Q Okay. Mr. Curvin?

23 A I've known him because he's done work for our
24 zone. First time I've, say we've actually worked
25 together but I know he represents the zone on a number

1 of issues.

2 Q So he represents State Farm southern zone?

3 A I'd have to say -- I can't say that. He
4 represents southern zone. If -- does it go beyond the
5 southern zone I don't know.

6 Q Okay. Is he representing State Farm on any
7 other issues right now in any other cases?

8 A He may be.

9 Q Are there other cases in the southern zone
10 Mr. Curvin's office is assisting State Farm with?

11 A I'm not aware of those.

12 Q Okay. To your knowledge he's not?

13 A To my knowledge he's not.

14 Q Okay. So when you receive the or you were
15 notified of the subpoena what did you do?

16 MR. CURVIN: Bob, you can answer that
17 without revealing any of the discussions you
18 had with Stu Kenney, myself or any of the
19 lawyers for State Farm.

20 THE WITNESS: Okay. Will you repeat the
21 direction again.

22 MR. CURVIN: Just don't discuss anything
23 you told State Farm's lawyers or anything we
24 told you, that's privileged.

25 BY MR. MARR:

1 Q I just want to know what you did.

2 A Yeah.

3 Q I don't want to know the content of any
4 conversation.

5 A I was contacted by Stuart and Stuart
6 coordinated who we'd bring in to prepare for the
7 deposition.

8 Q Okay. So you really didn't have to do
9 anything, you were contacted by State Farm's E.C., one
10 of State Farm's E.C. lawyers, right?

11 A I was not in the office so I can't directly
12 answer whether my assistant would have picked up the
13 phone and called Stuart or Stuart called her when we
14 received it.

15 Q Fair enough. Did you receive any materials?

16 A To prepare?

17 Q Yes.

18 A No.

19 Q You didn't review anything?

20 A Okay. Did I review, yes.

21 Q What did you review?

22 MR. CURVIN: You can tell him what you
23 remember, sure.

24 THE WITNESS: A few documents that were
25 presented to review.

1 BY MR. MARR:

2 Q Okay. Presented to you by whom?

3 A By Tom.

4 Q By Mr. Curvin?

5 A By Mr. Curvin.

6 Q And what were those documents?

7 A The memo we referenced a little while ago,
8 the Mike Fernandez communication, and the Kim Bruner
9 communication, and I recall that's all the documents.

10 Q Is that something that you pulled up and
11 provided to the lawyers, the lawyers provided to you?

12 A The lawyers provided to me.

13 Q Anything else?

14 A We reviewed the wind-water protocol memo.

15 Q Did you believe that would be an issue here
16 today?

17 A Yes.

18 Q Okay. In your opinion why would that be an
19 issue today?

20 A Just -- it -- I reviewed it because it was
21 presented to me to take a look at. I don't know that I
22 came -- said I'd like to see that document per se, it
23 was presented to me so I guess I'd have to ask Tom why
24 that was presented to review.

25 Q I'd like to but I don't think he'd tell me.

1 MR. CURVIN: Maybe off the record.

2 BY MR. MARR:

3 Q As we sit here today are you aware that the
4 Watkins jury, class action lawsuit in Watkins, found
5 that State Farm acted intentionally and maliciously in
6 regard to its use of Haag Engineering?

7 A Yes, I am.

8 Q How does that sit with you?

9 A You know, when we were notified of the, as we
10 were notified of the verdict obviously it was
11 troubling, extremely troubling. The award was
12 significant and it's not the State Farm mode that I'm
13 comfortable operating with, so it was troubling.

14 Q Well, it was consistent with the State Farm
15 that was depicted by Cori and Kerri Rigsby in the 20/20
16 story, wasn't it?

17 MR. CURVIN: Objection to form.

18 THE WITNESS: Different accusations. I'm
19 not close enough to the Watkins case specifics
20 to make that, make that comparison that you're
21 making with the Rigsbys.

22 BY MR. MARR:

23 Q The Rigsbys had allegations that, brought
24 allegations that State Farm was manipulating
25 engineering reports to support its denial of claims in

1 the Gulf, correct?

2 A That's what they've reported.

3 Q Okay. And one of those companies was the
4 very company that our jury in Watkins rendered a
5 verdict on, correct?

6 A I'm aware of that, yes.

7 Q For purposes of our record who is that
8 engineering company?

9 A Haag Engineering.

10 Q And how many catastrophes have you been
11 involved in where Haag was utilized?

12 A I have no basis of that knowledge.

13 Q Can you think of one catastrophe where, in
14 which you were involved that State Farm did not utilize
15 the services of Haag?

16 A Again I don't have any basis for that
17 knowledge. I wouldn't get close to that level of
18 detail in the past.

19 Q Has Haag Engineering been discussed at any of
20 your quarterly senior vice president meetings?

21 A Not that I can recall.

22 Q Just the use of engineers in general?

23 A Yes.

24 Q Okay. Whenever you learned of the Watkins
25 verdict what did you do?

1 A Again as I previously mentioned we already
2 had underway a review, internal review of our going out
3 and I felt confident and comfortable that that review
4 will uncover issues and we'll deal with them
5 appropriately.

6 Q Okay. Did you contact any of your
7 policyholders who sustained losses in Katrina and State
8 Farm has used, utilized the services of Haag to inspect
9 their property?

10 A No, I did not.

11 Q Did you tell any of those policyholders that
12 State Farm had been found to have acted in bad faith by
13 using Haag Engineering?

14 MR. CURVIN: Objection to form.

15 THE WITNESS: No.

16 BY MR. MARR:

17 Q Are you aware that that is not the first
18 time, the Watkins verdict is not the first time that
19 State Farm has been found in bad faith for utilizing
20 Haag Engineering?

21 A Repeat the question.

22 Q Are you aware the Watkins verdict is not the
23 first time that State Farm has been found to have acted
24 in bad faith for using Haag Engineering?

25 A I'm aware of that.

1 Q Were you aware of that whenever you permitted
2 Haag to inspect your policyholders' claims who suffered
3 losses in Katrina?

4 MR. CURVIN: Objection to form.

5 BY MR. MARR:

6 Q Go ahead.

7 A The decision to choose the engineering
8 reports is not mine, number one, and I guess, no, I was
9 no aware, even though the decision was mine I was not
10 aware of those previous decisions or the previous
11 decision prior to the Watkins case.

12 Q Your general claim consultant Mr. Hinkle had
13 never brought that to your attention?

14 A No, he did not.

15 Q Are you critical of Mr. Hinkle for failing to
16 bring that fact to your attention?

17 A No, I'm not.

18 Q Do you have any plans on taking any type of
19 disciplinary action against Mr. Hinkle, or anyone else
20 for that matter, for failing to bring that fact to your
21 attention?

22 A No, I would not.

23 Q Have any, has anyone been disciplined as a
24 result of their claim handling conduct in Katrina?

25 A Not to my knowledge.

1 Q Do you have any plans to discipline anyone --
2 we're more than a year after the fact -- for their
3 handling of Katrina claims?

4 A Again I'm not into that level of detail to
5 know. If there are individual claim issues that may be
6 going on, I'm not aware of those, so from my
7 perspective, no.

8 Q As senior vice president of the southern zone
9 and the one that's responsible for the overall
10 executive management of State Farm's southern zone, did
11 you have the ability, had you chosen to exercise it, to
12 say that Haag could not be used in the Gulf Coast?

13 A I would answer that to say that if I was
14 uncomfortable or was made aware that I would probably
15 have that ability to step in, but I rely on our
16 corporate folks who review those contracts, our legal
17 folks who review and keep current with the litigation
18 that's going on, and from my perspective there was no
19 reason to believe that Haag was not a reliable vendor
20 to use at the time in August when Katrina began.

21 Q What do you think now?

22 A Again until our investigation is completed,
23 internal review, I've got to withhold judgment.

24 Q Don't you think it incumbent upon you as the
25 head of the southern zone to contact your policyholders

1 and let them know that their claims were inspected by
2 an engineer who once, again, has been found to have
3 been biased in State Farm's favor?

4 MR. CURVIN: Objection to form.

5 BY MR. MARR:

6 Q Go ahead.

7 A The review itself that we're going through I
8 believe will address those issues.

9 Q Don't you think this is information that the
10 policyholders are entitled to know right now as soon as
11 you knew it?

12 A No.

13 Q Why not?

14 A I would -- I don't know that it's -- I don't
15 know that we would stop from sharing information with
16 the policyholders if they were to ask, but to send out
17 a communication to all of the customers in the Gulf
18 Coast I don't know that that would benefit the
19 customer.

20 Q Is that something if you were a policyholder
21 who suffered a catastrophic loss in Katrina you would
22 want to know?

23 MR. CURVIN: Objection to form.

24 THE WITNESS: If I was a policyholder that
25 was satisfied with my claims settlement and it

1 was settled by Haag would I care?

2 BY MR. MARR:

3 Q I don't know, are there many of those out
4 there?

5 A I don't know that.

6 Q Have you checked to see?

7 A As our investigation I continue to get
8 updates on our work that's being done to review the
9 files.

10 Q Okay. In any of those updates you have
11 received has that been the case, that somebody had Haag
12 inspect their property and they were just thrilled to
13 death with the outcome?

14 A I would have to --

15 MR. CURVIN: To the extent the updates you
16 are getting are coming from the legal
17 department it's protected by attorney-client
18 privilege and I will instruct you not to
19 answer.

20 BY MR. MARR:

21 Q Okay. So everything is done by the legal
22 department. The claim, how claims were handled is
23 being investigated by the legal department?

24 A They're involved in the process.

25 Q Okay. Aren't there any claims people

1 involved in the process?

2 A My updates come from our legal department so
3 I can't speak for that.

4 Q Okay. As you sit here today you can't tell
5 me from your own personal knowledge of one instance
6 where a policyholder was thrilled to death with the
7 outcome of their claim and Haag was involved, true?

8 A True.

9 Q I mean did you not see in your review of
10 these complaint logs that policyholders, many
11 policyholders were complaining about the use of
12 engineers in the handling of their claim?

13 MR. CURVIN: Objection to form.

14 THE WITNESS: In looking, I can honestly
15 say that the claim, the complaints I dealt with
16 and came in contact with to my knowledge none
17 of them included an engineer.

18 BY MR. MARR:

19 Q Okay. So you're unaware as you sit here
20 today then of any complaints, at least that you've
21 seen, by your policyholders concerning State Farm's use
22 of structural engineers relating to Katrina?

23 A Restate it, I'm sorry.

24 Q I don't know if I can.

25 A I want to give you an honest answer so I want

1 to hear it again.

2 Q I appreciate that.

3 As you sit here today you have never reviewed
4 any complaints by your policyholders wherein they
5 complained about State Farm's use of engineering firms
6 and their handling of Katrina claims?

7 A Not that I can recall.

8 Q You can't recall one?

9 A I can't recall one but that's again not to
10 say that I didn't. We had quite a few reviews and I
11 got a lot of letters that got --

12 Q What did you do, did you watch the 20/20
13 story that had Cori and Kerri Rigsby?

14 A No, I did not.

15 Q You never saw it?

16 A No, not the videotape.

17 Q Did you read the transcript?

18 A I read pieces of it.

19 Q Okay. Following that what did you do, if
20 anything, to go investigate, for example,
21 Mr. McFarland's claim or the McIntosh -- excuse me, the
22 Williams claim?

23 A Well, I do know that, as a process of the
24 review, the discussion after that story was around
25 looking at these claims and I can't give you any

1 specifics as to what actually happened, but I know our
2 people have tried to make contact. When these
3 claimants are not represented we've tried to address
4 the issues and tried to make settlement or have a
5 settlement with individuals.

6 Q I'm just asking you what you did?

7 A I've done, other than conversations with,
8 being party to conversations after those stories aired
9 with our legal department, our claims department,
10 trying to talk about exactly how to address these
11 issues.

12 Q All right.

13 A But I'm party to those discussions, I'm
14 comfortable with what I'm hearing on those discussions,
15 satisfy me that these issues are being addressed
16 appropriately.

17 Q All right. So you're comfortable with what
18 your lawyers are telling you?

19 A I'm comfortable with the discussion and the
20 process we're going through to get to the bottom of
21 those issues.

22 Q What lawyers did you have conversations with
23 following the 20/20 story?

24 A I couldn't recall who would be in the call.

25 Q Tell me one because you understand in order

1 for it to be privileged you have to be able to tell
2 me.

3 A Well, Kim Bruner would probably have been
4 there and Jeff Jackson, most likely.

5 Q Was this by phone or in person?

6 A By phone.

7 Q Okay. Jeff Jackson is a State Farm corporate
8 lawyer, correct?

9 A Correct.

10 Q And Mr. Bruner is State Farm's general
11 counsel, correct?

12 A Correct.

13 Q And also a member of the chairman's council,
14 right?

15 A Correct.

16 Q Did you at least ask for the file of those
17 folks that were, whose claims were shown in the 20/20
18 story, ask for their claim files so you could review it
19 to see if it was handled appropriately?

20 A No, I did not.

21 Q Why not?

22 A Again I, it was comfortable that the review
23 that the people that are the experts was appropriate.

24 Q But ultimately the responsibility is yours,
25 correct?

1 A Ultimately.

2 Q So you're comfortable with relying upon
3 lawyers and others at corporate to handle it?

4 A Well, not lawyers just, we have claim folks
5 that are reviewing those files with them.

6 Q Well, tell me about the claim files that are
7 being reviewed and who's doing them?

8 MR. CURVIN: I'm going to object on
9 grounds of attorney-client privilege. If you
10 can answer that question without talking about
11 the information you have received from State
12 Farm's lawyers you can do it, but otherwise
13 it's privileged.

14 THE WITNESS: Almost all the updates are
15 coming from our attorneys as to what happened;
16 who's on the team I don't know.

17 BY MR. MARR:

18 Q Well, now is that the investigation that's
19 being done by Ms. Rennick?

20 A Yes.

21 Q She's another State Farm lawyer up at
22 corporate, right?

23 A Correct.

24 Q But she's not the one, I hope, reviewing all
25 these claim files, is she?

1 MR. CURVIN: Objection to form.

2 THE WITNESS: It's my understanding we've
3 brought in third parties to look at these files
4 along with Tamarra's guidance.

5 BY MR. MARR:

6 Q Okay.

7 A Much beyond that I'd be purely speculating.

8 Q All right. So now there are third parties
9 that are reviewing the claim files, people outside the
10 State Farm organization?

11 MR. CURVIN: Again to the extent the
12 information you have is coming from State
13 Farm's lawyers, Ms. Rennick, Kim Bruner or Jeff
14 Jackson, that's protected by privilege.

15 MR. MARR: Well, not if it's in further --
16 as you know I saw where you all did some RICO
17 work, the crime fraud exception is pretty
18 clear. If it's in furtherance of commission of
19 a crime of fraud I don't think there is any
20 privilege, but we both made our record so.

21 BY MR. MARR:

22 Q Who is this third party, this outside third
23 party that's assisting in the investigation?

24 A I can't say. I mean I can't be specific. I
25 don't know the name of the firm we've employed.

1 Q Do you know where they're out of?

2 A My understanding is it's Mississippi.

3 Q Is it an engineering firm?

4 MR. CURVIN: Again, Bob, to the extent
5 this information is coming from State Farm's
6 lawyers I instruct you not to answer on the
7 grounds of attorney-client privilege. If
8 you've gotten it from sources other than State
9 Farm lawyers --

10 THE WITNESS: I'll take that advice then.

11 BY MR. MARR:

12 Q All right. So the only way you know anything
13 is because State Farm's lawyers told you, is that
14 right?

15 MR. CURVIN: Objection to form.

16 BY MR. MARR:

17 Q That's why you can't tell me, right?

18 A Yeah.

19 Q Okay.

20 A On the review process.

21 Q Well, all this investigation that's
22 supposedly going on, right?

23 A Right.

24 Q Did anyone ask your zone to gather up a bunch
25 of files from Katrina and send them anywhere or do

1 anything like that or is this all being done
2 electronically?

3 A I know we've gathered the files and sent
4 them.

5 Q You have?

6 A Yes, we have.

7 Q Okay. How many files were gathered?

8 A I can only speak to everyone connected with
9 Katrina forwarded on any of the records we had.

10 Q By records what do you mean?

11 A Anything.

12 Q Okay.

13 A Any communications, notes, publications,
14 anything.

15 Q All right.

16 A As far as claim files I can't speak to that.
17 I'm speaking to what I was asked to produce.

18 Q And what were you asked to produce?

19 A Anything related to Katrina that I had a
20 record of.

21 Q And who made that request?

22 A Again generally it would come from corporate
23 legal but I can't tell you who.

24 Q Was that request made by telephone or
25 electronically?

1 A Electronic.

2 Q Do you still have that e-mail?

3 A No, I don't.

4 Q Do you know why you were told -- you said you
5 don't know if this pertained to the claim files?

6 A No, but maybe I misspoke. What I indicated I
7 don't know what was requested from claims. I know what
8 I was requested to submit.

9 Q Okay. From an executive level you know what
10 you were requested?

11 A Right.

12 Q You're not sure what was requested of claims?

13 A Right.

14 Q Who would be the person to ask as to what was
15 requested from claims from the southern zone?

16 A It was either contained in that document or
17 whatever attorney sent the document out.

18 Q Who would be the person responsible for
19 gathering information from the claims side?

20 A I would, again I would say that request
21 either came from Tamarra or somebody at corporate
22 legal.

23 Q Right, but I mean in your southern zone who
24 would be responsible for gathering that information up,
25 the claim information up?

1 A I don't know.

2 Q You don't know who was in charge of making
3 sure that this directive sent down from corporate legal
4 was complied with?

5 A No, I don't.

6 Q Do you know whether or not it was complied
7 with?

8 A I can, again I rely on the claims management
9 folks and everyone in leadership to make sure their
10 area that was requested was handled appropriately.

11 Q All right. Have you had any conversations
12 with Susan Hood regarding State Farm's handling of
13 Katrina claims?

14 A I would say yes.

15 Q Tell me about those.

16 A Probably very brief conversations early after
17 the storm and at the time mostly from a logistics
18 standpoint and personnel standpoint, very general,
19 nothing formal. It was more hallway discussion where
20 we were just kind of comparing notes as to how it was
21 going from her end and how it was going from our end.

22 Q So were you up at corporate or was she down
23 here?

24 A We were actually attending a joint meeting.

25 Q And where was that?

1 A I think Orlando.

2 Q Was this the one this month that Ms. Hood
3 spoke at?

4 A No. It would have been -- it was last year.

5 Q Okay.

6 A It was soon after the storm.

7 Q What type of meeting was this that occurred
8 in Orlando where you and Ms. Hood compared notes?

9 A I think it was a fall leadership meeting we
10 had.

11 Q Excuse me?

12 A Fall leadership meeting.

13 Q How often do those meetings occur?

14 A It varies. Maybe every other year.

15 Q Okay. The last one was?

16 A The last one I recall was that one, a year
17 ago in August or September. It wouldn't have been
18 August. It would have been in the fall, maybe
19 November.

20 Q So close to about a year ago exactly?

21 A Yeah.

22 Q And what happens at the fall leadership
23 meetings?

24 A Various business topics, again probably
25 what's pertinent, results of the corporation, where

1 we're at, updates on information. I would guess
2 that -- I won't guess, but I know there was a lot of
3 discussions as far as our response to Katrina and how
4 large it was and really compliments to the folks that
5 were working real hard behind the scenes to get it
6 done.

7 Q Who normally attends the fall leadership
8 meetings from the chairman's council, let's start
9 there?

10 A I would say the, generally the entire
11 chairman's office.

12 Q Mr. Russ attends?

13 A Generally.

14 Q And who from the zones?

15 A It would be the vice presidents of agency,
16 vice presidents of operation, agency vice presidents,
17 operation vice presidents and the senior vice
18 presidents.

19 Q Anybody below that level?

20 A Generally, no.

21 Q What about anyone from State Farm's legal
22 department, do they usually attend?

23 A I would suspect Kim would be there.

24 Q Right, because he's a member of the
25 chairman's council. So any others that come to mind?

1 A Many times our corporate department heads
2 would also be there so people like, if you're -- Susan
3 Hood would be there, your agency department heads,
4 those folks, and whoever is at the department head
5 level in the legal department, too.

6 Q Do you know Steve Short?

7 A Yes.

8 Q Does he attend those meetings?

9 A Yes. Steve Short would generally attend.
10 Did he attend that meeting, I have no knowledge.

11 Q I'm not asking for a role call.

12 A Okay.

13 Q Does he -- how does his position with the
14 company equate to yours, is it the same, is he on the
15 same level, is he higher, is he lower?

16 A He's a vice president of operations so it
17 would be two steps lower.

18 Q Okay. The same as Mr. Smith, Tyrone Smith?

19 A Yes.

20 Q In the southern zone?

21 A Yes.

22 Q What about Mr. McKerrin, he would be your
23 equivalent, would he not?

24 A Yeah. That would have been under the
25 regional structure.

1 Q Right.

2 A Yes.

3 Q Did he normally attend those meetings?

4 A I would say yes.

5 Q Okay. So from all the zones, all zones
6 participate?

7 A Yes.

8 Q And it's an opportunity, I guess, to get
9 feedback and share information and pretty much say how
10 things are going?

11 A (Nods head affirmatively).

12 Q Is that fair enough?

13 A Yes.

14 Q Did Ms. Hood at the time you had this
15 conversation with her during the fall leadership
16 meetings, did she make you aware of the Watkins case
17 and what was going on with the allegations --

18 A No.

19 Q -- in regard to Haag and Renfroe?

20 A No.

21 Q Had she done that how would you have handled
22 or would you have handled Katrina differently as to the
23 utilization of the E.A. Renfroe & Company and Haag
24 Engineering?

25 MR. CURVIN: Objection to form.

1 THE WITNESS: That would be speculating.
2 I don't know. Depends on, I rely on Susan and
3 our legal team and depending on what she would
4 share with me I'd have to make an appropriate
5 decision based on that, but.

6 BY MR. MARR:

7 Q So you still might have went ahead and used
8 E.A. Renfroe & Company and Haag Engineering even if you
9 had been made aware of the Watkins case by Susan Hood?

10 MR. CURVIN: Same objection.

11 THE WITNESS: Again the decision to who is
12 selected or who is used as engineers or --
13 well, I can't state that. It's my
14 understanding that those selections are done
15 as, not at my level so I don't know that I even
16 have that authority other than if as you
17 indicated earlier we have a case where we have
18 somebody I'm not comfortable with then I can
19 step in and say I'd like to look at this.

20 BY MR. MARR:

21 Q Right.

22 A And I'm sure I would get the attention of
23 Susan and our legal people, but I was not made aware of
24 any of that information back at the time we talked.

25 Q Fair enough. Let me ask this question. Had

1 you been made aware of it, the Watkins, and the
2 allegations in the Watkins case concerning Haag and
3 Renfroe before Katrina, had you known that, would you
4 still use them?

5 MR. CURVIN: Same objection. Just an
6 objection to form. You can answer.

7 THE WITNESS: Okay.

8 BY MR. MARR:

9 Q Maybe I should say would you have allowed
10 them to be used in your zone?

11 A What are you asking, if I knew in June, if I
12 knew in August what we know now in June?

13 Q No.

14 A Okay.

15 Q Let's say, one, that you had, it had been
16 made known to you that back in the nineties Haag
17 Engineering had already been adjudicated to be biased
18 in State Farm's favor and State Farm had been found in
19 bad faith for using Haag, had you known that would you
20 have allowed Haag Engineering to be utilized in the
21 adjustment or inspection of your policyholder's claim
22 arising from Katrina?

23 MR. CURVIN: Objection to form.

24 THE WITNESS: I would have to still rely
25 on the folks that are closer to, within the

1 Watkins case and in the cases that you're
2 referring to prior to that for that expertise.

3 BY MR. MARR:

4 Q Have you ever read the Nicolau opinion?

5 A No.

6 Q Have you ever heard of it?

7 A No.

8 Q Your consultant never made you aware of the
9 Nicolau opinion?

10 A No.

11 Q Did your consultant ever make you aware of
12 the pending Watkins case?

13 A No.

14 Q These fall leadership meetings, are there
15 presentations, PowerPoint presentations made during
16 these meetings?

17 A I would say generally speaking maybe
18 25 percent of the time there may be a PowerPoint
19 utilized.

20 Q Just like the quarterly meetings for the VPs?

21 A Correct.

22 Q Is ACE ever discussed during these fall
23 leadership meetings or these quarterly senior VP
24 meetings?

25 A To my knowledge I don't recall. I don't

1 recall that it was or was not.

2 Q So it may have been you just don't recall?

3 A I don't recall.

4 Q It's possible?

5 A It's possible.

6 Q During the fall, last fall leadership meeting
7 was the utilization of engineers discussed?

8 A Not that I recall.

9 Q Was the utilization of independent adjusters
10 discussed?

11 A Not that I recall.

12 Q Are you now aware that State Farm was found
13 to have acted in bad faith and with malice in regard to
14 its use of E.A. Renfroe & Company?

15 A I'm now aware of that.

16 Q Had you been, had that been the case prior to
17 Katrina would you have still permitted the use of E.A.
18 Renfroe & Company in Katrina?

19 MR. CURVIN: Objection to form.

20 THE WITNESS: Again I'd have to rely on
21 our folks that are closer to that to make that
22 decision.

23 BY MR. MARR:

24 Q So that is not a call you would make?

25 A No.

1 Q What would it take for you to step in and
2 make the call that I'm not going to permit the use of a
3 particular vendor in the southern zone?

4 A I think a joint discussion with our corporate
5 partners and come to some agreement who are closer to
6 those issues than I am. If I had suspicion of an issue
7 I'd bring it to them and I would suspect that they
8 would say the same in reverse, we have some information
9 we think you need to know, we need to talk about.

10 Q What if they said, what if you had a problem
11 with continuing to use Haag or Renfroe and these other
12 folks, one of your corporate partners didn't, would you
13 step in and still say don't use them in my zone or
14 would you go along with your corporate partners?

15 MR. CURVIN: Objection to form.

16 THE WITNESS: I guess that would be
17 speculating from my perspective. I view my
18 role very -- it's a very important issue, very
19 important role so I think if I felt very
20 strongly about an issue that I would continue
21 to have dialogue with the appropriate parties
22 to come to some resolution --

23 BY MR. MARR:

24 Q Okay. Well --

25 A -- with that issue and if it wasn't the

1 people I was talking to I would elevate the discussion
2 if I felt that strongly and had fact-based information.

3 Q All right. What if corporate said continue
4 to use them and you didn't want to use them, would you
5 go ahead and do it?

6 A That's speculation. I'd have to know the
7 facts and I'd have to know did I take it all the way to
8 the top of the organization.

9 Q Have you ever taken any type of criticism or
10 complaints to corporate with regard to claim handling?

11 A Try to maybe rephrase it. I'm trying to --

12 Q Have you ever raised any criticism or voiced
13 any concern regarding State Farm's claim handling to
14 anyone at corporate?

15 A Okay. To my knowledge, no.

16 Q If you were going to do so, who would you
17 make that criticism or voice that complaint to?

18 A I would first have discussion with my local
19 management, my vice president of agency or -- and
20 Tyrone and done ultimately to Susan Hood.

21 Q Do you know Mr. Robie, Jim Robie?

22 A No, I don't. I don't believe I do.

23 Q Mr. Boyden?

24 A Yes.

25 Q Is Mr. Boyden involved in any investigations

1 of the company that you're aware of?

2 A Not that I'm aware of.

3 Q Why was there the need for an investigation
4 into State Farm's claim handling of Katrina?

5 MR. CURVIN: Bob, I'll let you answer that
6 to the extent you have knowledge independent of
7 what State Farm's lawyers have told you about
8 that.

9 BY MR. MARR:

10 Q I hope you do. Do you agree there should be
11 an investigation into State Farm's handling of Katrina
12 claims?

13 A Under normal, you know, we do normal reviews
14 and I think it's very appropriate with the issues that
15 were surfacing as a result of what we're reading about
16 in the media, the issues that were surfacing that it
17 was prudent to take an aggressive look and not wait to
18 rectify those issues, so, yes, I do think it's very
19 appropriate that we have, and I would use the term of a
20 review versus an investigation, but it could be, you
21 know.

22 Q So you would refer to it as claim review?

23 A Yes, that would be my term.

24 Q Is that your understanding of how it's been
25 characterized within the company?

1 A Yeah.

2 Q You said due to the issues that were
3 surfacing. What issues were surfacing?

4 A Well, early on the engineering discussions
5 that were coming out, lot of this, quite frankly, were
6 people that were going to the media. I can't speak
7 that we didn't uncover some of those in our own review
8 of the files. To believe we handled 295,000 files that
9 we wouldn't have had some mistakes would be
10 irresponsible on my part, in our part, so I think a
11 review is appropriate.

12 Q Would you agree with me, Mr. Trippel, that
13 there's a difference between a mistake and someone
14 coercing an engineering firm to change its report to
15 support State Farm's denial of a claim, there is a
16 difference, is there not?

17 A I'd say there's a difference but again I
18 don't believe that's, we're going to let the review
19 determine what happens.

20 Q Okay. So do you go into this internal claim
21 review with the mindset that it didn't happen?

22 A I can't, you know, I'm not the one doing the
23 review so I have to believe that the, our folks that
24 are in process of doing the reviews are looking at very
25 appropriately.

1 Q I mean don't you want to be involved?

2 A You want a truthful answer?

3 Q Yes, sir, I do.

4 A There's times that I do, yes.

5 Q I mean -- excuse me?

6 A But it -- anyway.

7 Q This is your zone?

8 A Right.

9 Q You're the top dog in the zone, right?

10 A Yep, and there's definitely times I'd like to
11 see the files myself but for obvious reasons --

12 Q Right, because in a sense this happened,
13 these complaints, these allegations happened on your
14 watch, right?

15 A Correct.

16 Q And I would think you more than anyone would
17 want to get to the bottom of it?

18 A Yes, and I do get regular updates from our
19 folks as to the progress that's being made.

20 Q Are you permitted to, if you wanted to go
21 review files, could you?

22 MR. CURVIN: Again, Bob, to the extent
23 these answers require you to disclose
24 communications you've had between State Farm
25 and Tamarra Rennick or Kim Bruner about the

1 scope of the review and the review process I
2 instruct you not to answer on the grounds that
3 that's privileged.

4 BY MR. MARR:

5 Q I don't see how that question called for the
6 disclosure of anything that could be possibly
7 privileged so I'd like an answer to it if you can give
8 me one.

9 A Ask it again.

10 Q Would you like to be involved? If you wanted
11 to have these claim files brought in for your review
12 could you do that?

13 A I'm not -- I'd answer it from the standpoint
14 that I don't think I'm the appropriate person. I don't
15 have the claim expertise to make that decision or the
16 knowledge to make an evaluation. You know, there's a
17 side I'd like to see them but it would serve very
18 little purpose.

19 Q All right. Are you free to do so if you
20 chose?

21 A I don't know.

22 Q Have you ever inquired?

23 MR. CURVIN: Again --

24 THE WITNESS: This is where I had that
25 conversation.

1 MR. CURVIN: We're getting into a
2 privileged conversation with corporate counsel.

3 BY MR. MARR:

4 Q Who did you have conversations with, what
5 corporate counsel did you have conversations with
6 regarding this issue?

7 A Tamarra Rennick.

8 Q Okay. Is Tamarra Rennick the one that all,
9 where everything is being sent to?

10 A I have to, you know, she's the one
11 coordinating a lot of the response and the reviews.

12 Q All right. When you sent the executive
13 portion of the information that was requested by
14 corporate who did you send it to?

15 A I don't know. I gathered the information
16 and, quite frankly, gave it to my assistant to deliver.

17 Q Which assistant?

18 A Roseann Smith, as per the instructions in the
19 document.

20 Q Have you received any feedback from anyone
21 since you sent it?

22 A No.

23 Q When did you send it, roughly?

24 A It would be the summer, I would suspect.

25 Q The summer of this year?

1 A Yeah.

2 MR. CURVIN: Jeff, we've been going an
3 hour again.

4 MR. MARR: Okay.

5 MR. CURVIN: If we could take five for the
6 witness?

7 MR. MARR: Good spot.

8 VIDEOGRAPHER: We're off video.

9 (Brief recess).

10 VIDEOGRAPHER: Stand by. We are back on
11 video.

12 BY MR. MARR:

13 Q Mr. Trippel, we're back on the record after
14 another break. Are you ready to proceed with your
15 deposition?

16 A Yes, I am.

17 Q Prior to Hurricane Katrina, did State Farm
18 have any strategic growth program in place in the
19 southern region?

20 A I can't be specific if we did or we did not.
21 I joined the zone in January and then August we had the
22 storm.

23 Q Okay.

24 A So that was not one of my early priorities to
25 look at.

1 Q Okay. Does State Farm have any strategic
2 growth program in place since Katrina?

3 A Define strategic growth.

4 Q It's a State Farm term. Have you ever heard
5 it?

6 A Yes.

7 Q So I guess my question again is: Does State
8 Farm, has State Farm put into place any type of
9 strategic growth program since Katrina in the southern
10 region?

11 A It's called a different name.

12 Q What's it called?

13 A Managing Our Business. And we implemented
14 changes in all four states in September, I think.

15 Q September?

16 A For new business.

17 Q September of?

18 A 2006.

19 Q And this Managing Our Business, is that, was
20 there a document or some initiative entitled that?

21 A I think each -- I can speak to the southern
22 zone.

23 Q Right, that's all I'm asking.

24 A I can speak to, we have a plan by state as to
25 how we plan to grow our business, particularly along

1 the coast.

2 Q Okay. So that's kind of like the zone's plan
3 of how they're going to proceed?

4 A Correct.

5 Q Strategically, correct?

6 A Yes.

7 Q And is that provided or sent up to corporate
8 and approved?

9 A It's reviewed by corporate.

10 Q Does corporate provide any input?

11 A Yes.

12 Q Who at corporate is it submitted to?

13 A It's submitted to, ultimately to Bill King.

14 Q Excuse me, I didn't hear you.

15 A Ultimately to Bill King.

16 Q Bill King. And Mr. King is a member of the
17 chairman's council, is he not?

18 A He is.

19 Q What is his title with State Farm Mutual?

20 A I don't know.

21 Q It's submitted to Mr. King and then
22 circulated and then it's returned to the zone, correct?

23 A Correct.

24 Q What happens then?

25 A We address or discuss any changes that may

1 have been recommended and communicate to the agents,
2 communicate to regulators, and ultimately then execute
3 the plan or implement the plan, a better term.

4 Q And are drafts and suggestions -- suggested
5 revisions to plan kept by State Farm?

6 A I don't know.

7 Q I mean when it comes back to you, when it
8 comes back to the zone do you have input from several
9 different departments, several different individuals,
10 or has the plan already been reworked?

11 A We get -- the suggestions generally come back
12 from legal. Any recommendations they would have,
13 suggestions. Ultimate decision is the zone.

14 Q Okay. Do they come back in the form, have
15 they already modified the plan or do the suggestions
16 come back and someone in the zone then incorporates
17 those suggestions from legal into the plan?

18 A I can't be certain. They don't come back to
19 me.

20 Q Who do they go to?

21 A We'll designate an individual in our zone
22 that's currently working on the project.

23 Q Okay. Who worked on this last one?

24 A John Argenzino. Good luck.

25 Q I can't help you either.

1 A A-R-G-E-N-Z-I-N-O.

2 Q What is his position in the southern zone?

3 A He's no longer in the southern zone, but he
4 at the time was a section manager in underwriting.

5 Q Okay. Where is he now?

6 A He went up to corporate.

7 Q What's his title at corporate?

8 A I believe he's going to be a consultant.

9 Q A general claims consultant?

10 A No, no, underwriting.

11 Q Underwriting consultant.

12 Does your zone have an underwriting
13 consultant assigned to it? By your zone, I mean the
14 southern zone.

15 A I would suspect we do. I do not know who
16 that is.

17 Q Who was it in the past? Who's the last one
18 that you can recall?

19 A Again I don't know who that would be.

20 Q Okay. So what was the objective of the
21 Managing Our Business plan that was done in
22 September 2006?

23 A To manage our coastal exposure.

24 Q How so? How was that objective going to be
25 achieved?

1 A Through specifics of --

2 Q Yes.

3 A Okay. Each state is different. Do you have
4 one state in mind?

5 Q Well, let's start with Mississippi.

6 A Each state is different simply because the
7 laws of the state are different and the departments
8 that regulate it are different, but our new business in
9 Mississippi we're writing business off the coast
10 5,000 feet.

11 Q 5,000 feet?

12 A No, no. Actually different areas, but
13 generally say it's a mile off the coast or a mile off
14 the coast and we're writing --

15 Q No business is being written --

16 A Within a mile.

17 Q -- within a mile of the coast. Okay. I
18 didn't mean to interrupt. Go ahead.

19 A And in the lower six counties we're writing X
20 wind. Minus wind is the term.

21 Q Can you tell the jury what X wind means?

22 A We're writing a policy without the wind
23 coverage on it.

24 Q So wind is now excluded in these six counties
25 in Mississippi?

1 A Correct.

2 Q What are those six counties?

3 A Harrison -- Harrison, Jackson, Lee -- the
4 lower, I can't recall them all off the top of my
5 head. I'm sorry.

6 Q The six that border the coast.

7 A The lower six, I guess. The three on top of
8 each other.

9 Q Are those the only initiatives that were
10 implemented in Mississippi?

11 A As of today, yes.

12 Q What about in regard to Georgia?

13 A Very similar approach except utilizes
14 deductibles instead of X-ing the wind. Utilizing
15 hurricane deductibles.

16 Q A higher deductible?

17 A A higher hurricane deductible.

18 Q Are you going now to a percentage deductible
19 as opposed to a dollar amount?

20 A Correct, two or 5 percent, depending on the
21 area.

22 Q Probably 5 percent closer to the coastline,
23 would that be a fair guess?

24 A Georgia has got a unique coast because it's
25 got a buffer.

1 Q Right.

2 A So we may be still writing 2 percent close to
3 the coast.

4 Q Okay. Am I correct that prior to the, going
5 with the percentage that the deductible was a dollar
6 amount, specific dollar amount deductible?

7 A Not when there was a -- no.

8 MR. CURVIN: Jeff, can we go off the
9 record a minute.

10 MR. MARR: Just a second.

11 BY MR. MARR:

12 Q Was it a 1 percent and now it's going to a
13 two to a five?

14 A There was a hurricane deductible and then you
15 had an all-peril deductible.

16 Q Okay.

17 A And the all-peril deductible has always been
18 a dollar amount.

19 Q Okay. Now are those the same pretty much
20 throughout every state? I mean is every state pretty
21 much the same type of initiative is being implemented
22 under this plan?

23 A Similar.

24 Q Okay. All right. Your attorney wants to
25 speak with me off the record. So let's go off the

1 record?

2 THE COURT: We're off video.

3 (Discussion off the record).

4 (Brief recess).

5 VIDEOGRAPHER: We are back on video.

6 MR. MARR: All right, Mr. Trippel, we're
7 back on the record after a break for Mr. Curvin
8 and Ms. Burnett to have a discussion. Counsel,
9 is there any record you would like to make?

10 MR. CURVIN: Yes, I'd like to put an
11 objection on the record. I'm not instructing
12 him not to answer these questions but State
13 Farm does object to the line of questioning
14 into the strategic growth and Managing Our
15 Business areas on the ground that it's
16 confidential, highly sensitive trade secret
17 information, and we reserve our right and
18 expressly do not waive the right to seek an
19 appropriate protective order covering that
20 information.

21 MR. MARR: Thank you.

22 BY MR. MARR:

23 Q All right, Mr. Trippel, after you
24 identified -- what are these called, initiatives, is
25 that what we'd call them -- in these different states

1 these things that are being conducted, what are they
2 called?

3 A I would say it's the new underwriting
4 guidelines.

5 Q Okay. And you covered Mississippi and
6 Georgia. Which state is next? What's another state in
7 this zone that's been affected by the change of
8 underwriting guidelines following Katrina?

9 A Alabama.

10 Q How has Alabama's underwriting guidelines
11 been changed following Katrina?

12 A Very similar with a mile setback off the
13 coast and hurricane deductibles for new business.

14 Q Okay. So similar to Mississippi in that new
15 business is only a mile off the coast, correct? Is
16 that correct?

17 A Correct.

18 Q And then the wind hurricane -- excuse me,
19 hurricane deductible is now 2 percent to 5 percent?

20 A Correct.

21 Q Any others?

22 A No.

23 Q Okay. What about South Carolina, is that in
24 the southern zone?

25 A Yes, is.

1 Q How has it been affected since Katrina?

2 A Very similar approach with a mile setback off
3 the coast, and a hurricane deductibles based on
4 different tiers off the coast.

5 Q It goes from what percentage to what
6 percentage?

7 A It varies based on, it would be five to
8 2 percent.

9 Q What are the variables?

10 A I'm not sure what the question, what are the
11 variables.

12 Q What's the criteria that takes it from two to
13 5 percent?

14 A Okay. It's tied to the hurricane tiers and
15 how we rate our coastline from an actuarial point of
16 view which is tied to the risk of that particular area.
17 I would also add that this was done in an effort to
18 continue to write business in the coastal area.

19 Q What effect will these underwriting changes
20 have on State Farm surplus, positive?

21 MR. CURVIN: Objection to form; calls for
22 speculation.

23 THE WITNESS: I don't know that I can
24 answer that. It will help us -- it will allow
25 us to continue to write business in a coastal

1 area that has been, that is growing right now
2 in the United States at a huge rate without
3 having, limiting our growth. A number of
4 corporations, as you know, have moved away from
5 the coast totally. We're staying on the coast,
6 we're continuing to write business on the
7 coast, and we're writing it without
8 restrictions other than writing it with
9 hurricane deductibles and a setback of a mile.
10 And in Mississippi, quite frankly, we're the
11 only state or, excuse me, the only company that
12 I'm aware of that's still writing business on
13 the coast, even with all the issues that we are
14 facing.

15 BY MR. MARR:

16 Q That's the one now where you are excluding
17 wind coverage?

18 A Correct.

19 Q But my question was: What effect will these
20 underwriting revisions following Katrina have on State
21 Farm's surplus? And by surplus I mean the amount of
22 money that State Farm has on hand.

23 MR. CURVIN: Objection to form; calls for
24 speculation.

25 THE WITNESS: I'm not sure you can make

1 that correlation.

2 BY MR. MARR:

3 Q That wasn't a factor in making these
4 underwriting revisions?

5 A No.

6 Q There were no discussions or projections as
7 to what effect making these underwriting revisions
8 would have on State Farm's surplus as part of this
9 plan?

10 A No, not to my knowledge.

11 Q Money wasn't even a consideration, is that
12 correct? Is that right?

13 A Whose money? We considered, as you do, what
14 I'm suggesting there's an impact on the agent's income.
15 To be specific, I mean their premium income to the
16 agents is going to vary based on these changes.

17 Q Are premiums going up in these areas?

18 A Each area is different.

19 Q Well, can you give me one area where the
20 premiums haven't gone up since Katrina?

21 A Mississippi.

22 Q Premium hasn't increased?

23 A Correct. There have been no rate increases.

24 Q Are there plans to as part of this Managing
25 Our Business plan?

1 A That to me I can't answer because that gets
2 into my mind antitrust, that's what we plan to do. I
3 can talk to you about what we've done but not what we
4 plan to do.

5 Q Okay. So while the rates haven't been raised
6 in Mississippi the coverage has been reduced
7 considerably, has it not?

8 A For new business; we've done nothing with our
9 renewal book business.

10 Q So that is a yes as to new business, the
11 coverage has been reduced dramatically, correct?

12 A For new customers.

13 Q Yes, is that right? I understand it's for
14 new customers.

15 A I can't say that because they may be coming
16 to us and already have a policy that's very similar to
17 what we're offering, so I don't know that it is
18 reducing their coverage.

19 Q Okay. Before Katrina did Mississippi
20 policyholders have wind coverage?

21 A Mississippi has a wind pool and that wind
22 pool had a lot of customers in it and some of those
23 customers are now going to connect their wind policy
24 with the wind pool and purchase now a State Farm policy
25 with it so I can't -- I mean I can't speak -- I mean

1 there's no way to know that.

2 Q Okay. So as you sit here today, senior vice
3 president of the southern zone, you don't know whether
4 or not prior to Hurricane Katrina State Farm
5 policyholders in Mississippi were covered for wind, is
6 that what you're telling me?

7 A No.

8 Q You don't know that?

9 A Your question is -- your question -- let me
10 restate your question which is what I heard you say is
11 State Farm customers.

12 Q Yes.

13 A Prior to Katrina had wind coverage.

14 Q And now after Katrina the new State Farm
15 customers in Mississippi, will they be able to have
16 wind coverage?

17 A Not in the lower six counties. These new
18 customers, not the existing customers.

19 Q Right.

20 What about when the existing policyholders go
21 to have their annual renewals, will they still be able
22 to have wind coverage?

23 A At this point, yes, as we sit here today.

24 Q Have there been discussions to make it where
25 that's not the case?

1 A There have been discussions.

2 Q Who was involved in those discussions?

3 A Our team in the zone and our corporate folks.

4 Q Which corporate folks?

5 A It would be Bill King, Rod Matthews, Perry
6 Thomas, and whoever they referred to in their shops.
7 Those are maybe three key people.

8 Q What is that final decision dependent upon?

9 A Lot of factors, and I'm not trying to be
10 evasive here.

11 Q I know, I understand.

12 A We've got the Department of Insurance working
13 with, we're trying to accommodate. We're not trying to
14 build the wind pool so large that it creates a problem
15 for the state. We've got internal issues we're trying
16 to manage through ourselves to do what's right with the
17 customers. Who has the final say?

18 Q Yes.

19 A I'll state that, it would be me.

20 Q When you said depends on the Mississippi
21 Department of Insurance, how do you mean that? How is
22 that a factor?

23 MR. CURVIN: Do you need to confer with
24 me? Are you getting into areas that raise some
25 antitrust issues?

1 THE WITNESS: I'm debating that in my own
2 mind here.

3 MR. CURVIN: We're talking about future.

4 BY MR. MARR:

5 Q Well, let me rephrase my question.

6 Has State Farm pitched the proposal to the
7 Mississippi Department of Insurance that it wants to
8 make these underwriting revisions applicable on
9 existing policyholders when their claims are renewed --
10 excuse me, when their policies are renewed?

11 A At this point, no. I can respond to that?

12 MR. CURVIN: Okay.

13 THE WITNESS: At this point, no.

14 BY MR. MARR:

15 Q Has the State Farm modified its underwriting
16 guidelines as to make them more restrictive following
17 Katrina as to the types of dwellings they insure? I'm
18 not talking now about geographic location, I'm talking
19 about the quality of the property.

20 A Can you speak to a state.

21 Q Mississippi.

22 A No.

23 Q Georgia?

24 A No.

25 Q Alabama?

1 A No.

2 Q South Carolina?

3 A I think in South Carolina we've, are allowing
4 business to be written a little closer to the coast if
5 it's written with the building codes, proper building
6 codes. We're writing within 2500 feet of the coast if
7 it's written with proper building codes.

8 Q All right. So in South Carolina State Farm
9 will go 2500 feet from the coast; anywhere else it's a
10 mile?

11 A Right.

12 Q Any other state in the zone?

13 A Again we'll write it because of the building
14 codes that are currently in place in the state.

15 Q Right.

16 A Which are not in place in the other states to
17 the same degree.

18 Q State Farm has a very sophisticated
19 predictive modeling in its underwriting, doesn't it?

20 MR. CURVIN: Objection to form.

21 THE WITNESS: Modeling, we have a lot of
22 different models. Are you speaking to what
23 type of model?

24 BY MR. MARR:

25 Q Catastrophe models, hurricane predictive

1 model.

2 A Okay. I would, generally speaking I would
3 say yes. I've not seen it or worked with it, but.

4 Q Would State Farm at the time Katrina occurred
5 was it in the position of being overexposed in the Gulf
6 Coast states?

7 MR. CURVIN: Objection to form.

8 THE WITNESS: No. No.

9 BY MR. MARR:

10 Q So why --

11 A We have a large -- go ahead.

12 Q So why the changes in the underwriting?

13 A To allow us to continue to grow in that area.

14 Q Okay. Well, if State Farm wasn't overexposed
15 why would there be a need to change the underwriting?

16 A Define overexposed.

17 Q Too many policies in force in
18 catastrophically-prone regions?

19 A Okay. I would say still to that answer no.
20 I think where those policies are located within that
21 area we probably were overexposed.

22 Q So as to the states of Mississippi -- as to
23 the states in the southern zones State Farm, you would
24 agree at the time of Katrina, was overexposed?

25 MR. CURVIN: Objection to the form.

1 THE WITNESS: Again to the homes sitting
2 right on the coastline, yes.

3 BY MR. MARR:

4 Q Maybe I need to make my question even a
5 little narrower.

6 At the time of Katrina State Farm was
7 overexposed in the state of Mississippi, correct?

8 MR. CURVIN: Objection to form.

9 THE WITNESS: Again I'd say no.

10 BY MR. MARR:

11 Q Okay. Then why is it you are changing or no
12 longer writing new policies that cover wind in those
13 counties?

14 A Mainly because of some of the issues we're
15 currently facing. Until those are resolved we need to
16 take a closer look at the issues you have. There are
17 homes sitting right on the water, most suspect to these
18 issues that we're dealing with.

19 Q What other issues that you're facing?

20 A All the issues we've just talked about with
21 the, with engineering reports needed to adjust claims;
22 when the homes are sitting on the water are very
23 difficult position to put claim reps in. The issues --

24 Q Go ahead.

25 A Go ahead.

1 Q Aren't State Farm claim personnel capable of
2 making the conclusion as to whether or not the damage
3 was caused by wind or water?

4 A Without assistance at times, no. I think
5 they make the conclusion based on input they gather
6 facts and then they are the ones that make the
7 decision, yes.

8 Q Have there been any revisions in the way
9 these folks are trained in so as to insure that the
10 next time a hurricane or tornado occurs it will be not
11 necessary to hire structural engineers from the outside
12 to come in?

13 A I'm not in that level of detail on that type
14 of a question.

15 Q Are you aware of any --

16 A No.

17 Q -- changes to training?

18 A I'm sorry.

19 Q Are you aware of any changes to training
20 being made so that they'll be able, competent to make
21 those determinations?

22 A I'm not aware of that.

23 Q So instead State Farm has revised its
24 underwriting criteria in those states, right?

25 MR. CURVIN: Objection to form.

1 THE WITNESS: As -- no, I wouldn't draw
2 that same conclusion.

3 BY MR. MARR:

4 Q Well, I'm having trouble understanding, if
5 State Farm wasn't overexposed to Katrina, why there was
6 a need in State Farm's mind to change its underwriting
7 criteria.

8 MR. CURVIN: He's already answered these
9 questions as best he can.

10 BY MR. MARR:

11 Q Go ahead.

12 MR. CURVIN: It's the same questions you
13 have asked him and he's answered.

14 BY MR. MARR:

15 Q Go ahead. Note your objection to the form,
16 please.

17 A There's -- when you're looking at the
18 coastline, Mississippi, the state of Mississippi,
19 currently there are no hurricane, very few hurricane
20 deductibles in place. Currently the law in the state
21 of Mississippi is restrictive as to how to do that.
22 Our alternative is at this point to go in with a policy
23 that's minus wind. When and if we're able to make
24 adjustments we'll begin writing wind. Now that I know
25 is crossing over the line here of antitrust and what we

1 plan to do, but our intent is to continue to write wind
2 coverage on the coast of Mississippi, just not on
3 business sitting right on the water because of our
4 exposure issues.

5 Q And that's what I'm getting at. What was it
6 about your experience in Katrina that caused you to
7 make those underwriting changes as they pertain to
8 Mississippi?

9 A The enormity of that storm, it created
10 enormous numbers of homes without any way to determine
11 how the damage occurred.

12 Q Okay. So it's a causation, the underwriting
13 was revised because of State Farm's difficulty in
14 determining causation?

15 A I would say to answer that truthfully that
16 that would be part of the decision at this point.

17 Q Okay.

18 A Until the issue is resolved and the fact that
19 we are still the only company writing business along
20 the coast and to prevent an overexposure issue putting
21 in these restrictions at this point in time at this
22 point as we sit here today it's prudent to manage our
23 business in a going forward basis. Our alternative is
24 to do what the other companies have done, which is to
25 withdraw from the marketplace providing those customers

1 no alternatives. We're still there, we're there in a
2 way that we believe we can continue to manage our
3 exposure so it doesn't get to a point where we have to
4 say, in answer to your question, we are overexposed and
5 we've got to shut it down.

6 Q Well, wouldn't State Farm's efforts be better
7 utilized in providing more training to its claims
8 personnel?

9 A When I stated that I don't know that that's
10 going on, I don't know that that's going on. I don't
11 know that it's not going on.

12 Q Wouldn't that be better for the policyholder
13 than doing things like changing the underwriting
14 criteria to exclude wind and things of that nature?

15 A I'm not a claim representative.

16 Q I understand.

17 A But I would state it would be extremely
18 difficult, when a home is sitting on the water and is
19 washed away, as the homes were down there, that it is
20 very difficult, I don't care if you're a structural
21 engineer or a trained claim rep, to solve that issue.

22 Q And when in doubt who receives the benefit of
23 the doubt, State Farm or the policyholder, when you
24 can't make the determination?

25 A I think there is a determination that's

1 ultimately made.

2 Q I thought you just told me --

3 A I said it's difficult to make a determination
4 but once that determination, there is a determination
5 made as to whether it's wind or water.

6 Q Okay. If State Farm was able to make that
7 determination then, why the underwriting change? I
8 thought you told me it was the difficulty in being able
9 to make the determination as what caused the loss is
10 what prompted State Farm to revise its underwriting
11 criteria in Mississippi; was I incorrect?

12 MR. CURVIN: We've been over this before
13 and that's only part of what he's told you so I
14 object to you mischaracterizing his testimony.

15 MR. MARR: I object to you making
16 suggestive objections. Just limit your
17 objection to the form.

18 MR. CURVIN: I'll make the objections that
19 are appropriate.

20 MR. MARR: Well, you know that's not an
21 appropriate one.

22 BY MR. MARR:

23 Q Go ahead.

24 A I'm going to have to ask you to restate it.

25 MR. MARR: I'll ask the reporter to read

1 it back if she could.

2 (Whereupon, the record was read).

3 BY MR. MARR:

4 Q Go ahead, please.

5 A That is again a piece of the decision are the
6 customers satisfied with those decisions; in all cases,
7 as we talked about earlier, no. So that brings into
8 question in my mind the ability to actually satisfy the
9 customer in those situations.

10 Q Well, didn't State Farm contemplate this very
11 dilemma when it wrote the policy in the first place?

12 A We did.

13 Q So what's changed?

14 A I believe the courts will determine that.

15 Q The courts will determine what?

16 A The courts will continue to determine as, on
17 a case by case basis, whether or not the flood
18 exclusion under the current homeowner's contract is
19 going to be upheld in the State of Mississippi. And as
20 those rulings continue to come in or not come in we'll
21 adjust our approaches accordingly.

22 Q All right. So the policyholder has to go
23 through the legal system before State Farm will pay on
24 those claims?

25 MR. CURVIN: Objection to form.

1 THE WITNESS: When the policy and the
2 determination of the loss is flood that is not
3 covered under the homeowner's contract.

4 BY MR. MARR:

5 Q Right.

6 A So, yes, they have a right then to --
7 hopefully they had flood insurance. If not, then they
8 do have recourse through the legal system.

9 Q What if it was caused by wind?

10 A Then we would have paid off of our
11 homeowner's policy.

12 Q State Farm used engineering firms such as
13 Haag to make the determination that it was caused by
14 water and not covered, didn't it?

15 A No, we used a lot of engineering reports,
16 Haag being only one of them.

17 Q That's what I said, you used Haag, right?

18 A They were one of the firms that was used and,
19 again, I wouldn't characterize the fact that they made
20 that conclusion, I don't know all the Haag Engineering
21 reports and what their conclusions were.

22 Q Okay. Do you know Lecky King?

23 A I know the name.

24 Q You don't know who she is?

25 A Do I know her personally?

1 Q Do you know who she is?

2 A I know who she is.

3 Q Okay. Who is she?

4 A My understanding is she is the flood section
5 manager that worked on Katrina claims.

6 Q Were you aware that she also was involved in
7 handling catastrophe claims in our F-5 tornado of
8 May 1999 in Oklahoma?

9 A No, I was not.

10 Q Do you have any criticism of the way Lecky
11 King or any of her team handled policyholders' claims
12 arising from Katrina?

13 A I have no information one way or the other on
14 that.

15 Q Okay. You haven't done anything to
16 investigate that personally?

17 A Other than as stated earlier the review of
18 the files that we're currently undergoing and the
19 reports that I get from Tamarra Rennick.

20 Q Has there been any moratorium placed on new
21 policies written at any time following Katrina?

22 A No.

23 Q Are you aware that Lecky King has been
24 deposed in this case, the Watkins case?

25 A Yes.

1 Q And how did you become aware of that fact?

2 A I would say through Tamarra Rennick or
3 general counsel, probably would be more there.

4 Q Okay. When did that happen?

5 A I can't be specific.

6 MR. CURVIN: You can answer when it
7 happened without getting into any specifics of
8 the conversation.

9 THE WITNESS: Yeah. I don't know. I
10 don't honestly know exactly when that would be.

11 BY MR. MARR:

12 Q Were you provided a copy of her testimony?

13 A No.

14 Q Did you ask for a copy of her testimony?

15 A No.

16 Q Has she been deposed to your knowledge in any
17 other case arising from Katrina?

18 A Not to my knowledge.

19 I think this is also -- well, I'm looking at
20 you thinking, I'm trying to recall. Not to my
21 knowledge, I'll stick with that. I don't honestly
22 know.

23 Q Are you aware that she refused to answer any
24 questions that were posed to her during her deposition?

25 A Yeah, I was told that.

1 Q Do you have any criticisms of that?

2 A It's her right to do that. And I assume she
3 was taking advice from her attorney at the time and I
4 can't step in and second guess that.

5 Q She was taking advice from her attorney and
6 State Farm's attorney?

7 A I don't know that.

8 Q I mean do you think it violates the State
9 Farm's code of conduct for one of its team managers who
10 is involved in catastrophes to refuse to answer by
11 taking the Fifth Amendment?

12 A No, I don't.

13 Q So you don't have a problem with it?

14 A You know -- no, I don't. I mean that's her
15 right as a citizen of the United States to do.

16 Q Well, what about as an employee of State Farm
17 responsible for handling policyholders' claims, under
18 State Farm's commitment to its policyholders doesn't it
19 have an obligation to be forthcoming with information
20 to its policyholders?

21 A I'm not familiar with the claims code of
22 conduct that you're speaking of.

23 Q You're not familiar with the State Farm code
24 of conduct?

25 A I'm familiar with the State Farm code of

1 conduct.

2 Q The other was the State Farm's commitment to
3 its policyholders, were you familiar with that?

4 A Not the entire document.

5 Q Okay. Do you believe that State Farm
6 personnel have an obligation to be forthcoming with
7 information when asked of its policyholders?

8 A Yes; generally speaking, yes.

9 Q So how do you reconcile Ms. King, team
10 manager, catastrophe team manager's refusal to answer
11 questions posed by counsel for its policyholders in
12 depositions?

13 MR. CURVIN: Objection to form.

14 BY MR. MARR:

15 Q Go ahead.

16 A I guess I'm going to stick -- she has that
17 right to do that and I'm sure in counsel with her
18 attorney that's what she chose to do.

19 Q Okay.

20 A And --

21 Q To your knowledge has any other State Farm
22 employee taken the Fifth in civil depositions brought
23 by policyholders?

24 A In Katrina?

25 Q Yes.

1 A Not to my knowledge.

2 Q Is she still out there adjusting claims on
3 behalf of the company?

4 A I don't know.

5 Q Have you done anything personally to
6 investigate Ms. King or any of her team's conduct in
7 handling of Katrina claims?

8 A Just through the review that's currently
9 underway.

10 Q I ask if you have done anything personally?

11 A No.

12 Q Have you received any types of reports on
13 extra-contractual lawsuits?

14 MR. CURVIN: You can, I will let you
15 answer that yes or no without saying anything
16 more about the substance of whatever reports
17 you might get on grounds of attorney-client
18 privilege.

19 THE WITNESS: I do get a report on the
20 lawsuits that are Katrina related.

21 BY MR. MARR:

22 Q You do get a report on lawsuits that are
23 Katrina related?

24 A Yes.

25 Q How often do you receive those?

1 A Approximately monthly.

2 Q Who do they come from?

3 A As I recall, Peter Martin.

4 Q Peter Martin. And who is he?

5 A One of our counsel, corporate.

6 Q Do you believe Lecky King should still be
7 adjusting claims for State Farm?

8 A I don't have the facts of her situation at
9 this point.

10 Q So you wouldn't have any reservations about
11 sending her out to adjust a claim tomorrow?

12 A Again I don't have the facts which, you know,
13 of what she did, what she's being accused of, put it
14 that way.

15 Q Have you tried to do anything to find out
16 that information?

17 A She doesn't report to the southern zone and
18 again I have confidence that the appropriate people she
19 reports to and their responsibility for her, they're
20 taking the appropriate action. I'm just not privy to
21 that.

22 Q Right, but you are responsible, I would
23 assume you have some level of responsibility to the
24 policyholders who are in the southern zone, right?

25 A I'm responsible to policyholders in the

1 southern zone but Lecky again reports to up, through
2 another person who's responsible and I have confidence
3 they're looking into her situation and the appropriate
4 action will be taken.

5 Q And Katrina happened how long ago?

6 A Little over a year, year and a few months.

7 Q Do you have the, if you were so inclined, do
8 you have the authority to impose any disciplinary
9 action against Lecky King?

10 A I don't believe I do.

11 Q Who would?

12 A I would assume under State Farm hierarchy it
13 would be someone in claims leadership. I do not know
14 who she reports to so I can't be specific.

15 Q How many times have you discussed Katrina
16 with Susan Hood?

17 A Just that one time. Susan has been in
18 discussions where Katrina has been talked about but not
19 as a one-on-one discussion.

20 Q Do you know David Cahill?

21 A I don't believe so.

22 Q Who was a zone CAT coordinator?

23 A Over -- the title CAT coordinator? Okay,
24 that would be Kevin Peterson.

25 Q Who was he employed by?

1 A He reports up through Jim Burwell. He's
2 employed by the southern zone if that's --

3 Q Is he employed by fire and casualty or is he
4 employed by the mutual company, the parent company?

5 A I would say the parent company, mutual, but I
6 don't know that for sure. I would just assume that
7 would be accurate.

8 Q So the parent company, the mutual company, is
9 overseeing the handling of claims of Katrina, right?

10 A Kevin Peterson, the fact -- I don't agree
11 with the connection you're making or at least
12 attempting to make, at least in my mind. The fact that
13 he receives his paycheck from the mutual company he
14 works for the fire & casualty company, that's who he's
15 accountable for, his management with the fire and
16 casualty company.

17 Q Okay. But the mutual company is responsible
18 for handling, ultimately responsible for handling the
19 Katrina claims, aren't they, from Susan Hood on down?

20 A I don't know.

21 Q What have you done within the southern zone
22 to investigate the truthfulness of the accusations made
23 by the Rigsby sisters, R-I-G-S-B-Y?

24 A Again I believe the review that we're
25 currently looking at, all of the files -- not all the

1 files but we're looking at files and we'll make that
2 determination, the accuracy. At this point I've done
3 nothing beyond just counting on and relying on the
4 folks that are in place doing that review.

5 Q The file review, what was the criteria for
6 the files which were to be selected for this purported
7 review?

8 A I don't recall.

9 Q Were they files just involving engineers?

10 A I don't recall.

11 Q Have you ever seen the Watkins class verdict
12 form?

13 A No, I have not.

14 Q Have you done anything about those findings
15 from the Watkins jury in your jurisdiction; and more
16 specifically I mean in your zone? More specifically I
17 mean regarding the use of Haag and use of Renfroe?

18 MR. CURVIN: Objection to form.

19 THE WITNESS: As I think I stated a number
20 of times, the review that we currently have,
21 once that verdict was rendered I felt very
22 comfortable that the work that's being done
23 will address the issues that have come out of
24 that verdict in addition if there's any
25 carryover spillover to Katrina.

1 BY MR. MARR:

2 Q Well, did State Farm go out and conduct any
3 reinspections of properties that have been inspected by
4 Haag following the Watkins verdict?

5 A I don't know that for sure.

6 Q To your knowledge has that happened in your
7 zone?

8 A It's possible but I don't know for sure.

9 Q Okay. You don't have any knowledge of anyone
10 doing any reinspections of policyholders' homes wherein
11 Haag was involved in Katrina following the Watkins
12 verdict, right?

13 A What I know -- no, I do not know.

14 Q Okay. And I think you may have already
15 answered this and I apologize if you have, none of the
16 policyholders who had claims arising from Katrina where
17 State Farm used Haag have been told anything about the
18 Watkins jury's verdict, is that correct?

19 MR. CURVIN: Objection to form and
20 foundation.

21 THE WITNESS: Not to my knowledge.

22 BY MR. MARR:

23 Q Now, is State Farm, are you still using Haag
24 Engineering?

25 A Not to my knowledge.

1 Q Are there still claims, Katrina claims, of
2 your policyholders in the southern zone who were denied
3 either in whole or in part based on a Haag report?

4 A I don't know.

5 Q Have you done anything to find out?

6 A No.

7 Q Do you have any plans to?

8 A Again rely on the folks that are currently
9 looking at the files, and if those are uncovered we'll
10 deal with them appropriately.

11 Q Okay. Do you still have confidence in Haag
12 like Ms. Hood does?

13 MR. CURVIN: Objection to form.

14 THE WITNESS: I'm not in a position to
15 respond to that. Obviously the verdict in the
16 Watkins case is significant and I'm confident
17 that the review we have in place will address
18 those issues and will determine the confidence
19 level.

20 BY MR. MARR:

21 Q Wasn't there, weren't there claim reviews
22 conducted prior to Katrina?

23 A I don't know. I'm not, you know, I'm not at
24 that level of detail to know. You're talking about
25 claim reviews in general?

1 Q Yes.

2 A I'm not -- there are normally claim reviews.
3 How often, how many claim files were reviewed I don't
4 know that level of detail, but we do do claim reviews,
5 yes.

6 Q What have you done, if anything, in regard to
7 your investigation of Renfroe?

8 A I think that was answered earlier, but again
9 that's going to be reviewed as we look at the files.

10 Q Did you know that your company in catastrophe
11 situations goes back to these independent adjusting
12 firms like Renfroe and asks for their money back, part
13 of their money back due to poor performance in CAT
14 situations by these independent adjusters, were you
15 aware of that?

16 MR. CURVIN: Objection to form.

17 THE WITNESS: I wouldn't have any way to
18 know that.

19 BY MR. MARR:

20 Q You haven't seen any of the e-mails coming
21 down from corporate about that?

22 A No.

23 MR. MARR: Let's take a quick break. I
24 think I'm just about done.

25 MR. CURVIN: Okay.

1 VIDEOGRAPHER: We are off video.

2 (Brief recess).

3 VIDEOGRAPHER: We are back on video.

4 BY MR. MARR:

5 Q All right, Mr. Trippel, we're back on the
6 record after another break. I don't believe that I
7 have any further questions for you today. I thank you
8 for your time and I appreciate your being here.

9 A Okay.

10 MR. CURVIN: We don't have any questions
11 and we will read and sign.

12 MR. MARR: Okay.

13 VIDEOGRAPHER: We are off video.

14 (Deposition concluded).

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1 E R R A T A P A G E

2 I, ROBERT L. TRIPPEL, the witness herein,
3 have read the transcript of my testimony and
4 the same is true and correct, to the best of my
5 knowledge, with the exception of the following
6 changes noted below, if any:

7	Page / Line /	Change	/ Reason
8	_____	_____	_____
9	_____	_____	_____
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18	_____	_____	_____

19 _____
20 ROBERT L. TRIPPEL

21 Sworn to and subscribed before me,
22 this the _____ day of _____, 2006.

23 _____
24 Notary Public
25 My commission expires:

C E R T I F I C A T E

G E O R G I A :

DeKALB COUNTY:

I hereby certify that the foregoing transcript was stenographically recorded by me, that the questions and answers thereto were reduced to printing by me, and that the preceding pages 1 through 133 represent a true and correct and complete transcript of the testimony given.

I further certify that I am not of kin or counsel to the parties in the case, am not in the regular employ of counsel for any of said parties, nor am I financially interested in the result of said case.

The deponent reserved signature.

This, the 1st day of December, 2006.

Deborah E. Halley, RPR
Certified Court Reporter B-294