

Headquartered in Bloomington, Illinois, the company is known for involvement with local communities around the nation. State Farm provides a wide variety of educational materials to schools and community groups. These programs offer instruction on topics ranging from insurance and financial services to fire safety. The State Farm Companies Foundation awards grants that further the company's commitment to all levels of education. Various organizations such as the National Council of La Raza, the United States Leadership Institute, the Organization of Chinese Americans, and the Korean-American Coalition have recognized State Farm's community commitment.

*Latina Style* and *Hispanic* magazines, among others, have showcased the quality of State Farm's working environment.

Ed Rust Jr., the company's chairman and CEO, has been very involved with education. He is the chairman of the Business Higher Education Forum, former chairman of the Business Roundtable's Education Initiative, a director of Achieve,

**THE MARKET**

State Farm® is the leading insurer of cars and homes in the United States, protecting about one out of every five insured cars and one out of every five homes. State Farm Life Insurance Company is ranked fifth in paid-for volume for ordinary life insurance among all U.S. companies. State Farm also offers a wide variety of financial services.

State Farm and its nearly 17,000 agents serve the United States and three provinces of Canada with close to 73 million auto, fire, life, and health policies in force.

**ACHIEVEMENTS**

State Farm Mutual Automobile Insurance Company is preparing to celebrate 85 years in business and its 65th year as the largest U.S. auto insurer. The company has been the largest U.S. insurer of homes for more than 40 years, and has been selling life policies for more than 75 years.

The company has consistently been recognized with top ratings for financial strength and claims-paying ability. It has also received recognition as one of the highest-ranked insurers in collision repair satisfaction.

State Farm Mutual is a mutual company, meaning the policyholders are the stakeholders. State Farm is the only company in the top ranks of the Fortune 500 that is not publicly traded.

The company has also achieved exceptional customer service through its 24-hour customer response center. Even when an agent's office is closed, customers can receive service around the clock. State Farm also has a completely bilingual call center that helps customers both in English and Spanish.

Inc., and a director of the National Center for Educational Accountability; he has served on the National (Glenn) Commission on Mathematics and Science Teaching for the 21st Century, was part of George W. Bush's transition committee on education, and received the National Promise of America Award presented by the Alliance for Youth. State Farm encourages each employee to become involved in local community efforts to help improve the quality of education.



**HISTORY**

At age 22, George J. Mecherle started farming his own land near Bloomington, Illinois. After he and his wife Mae Edith had farmed for 20 years, Mrs. Mecherle's health began to fail, and the couple moved to Bloomington where George Mecherle accepted a job selling insurance for a small

company. He was successful as a salesman, but he did not feel that the rates or business practices of the company suited the needs of farmers.

Mecherle believed that farmers should pay less for insurance because they drove less and had fewer losses than people who live in cities. When he informed his employer of his approach to insurance pricing, his employer laughed and said, "If you think you've got such a good idea, why don't you start your own company?"

Mecherle started State Farm in 1922 as a mutual automobile insurance company owned by its policyholders.

In 1924, some farmers in Indiana asked if they could buy policies, and in 1925 State Farm began selling there and in other states. In 1926, State Farm started marketing and providing policies to people living in cities as well as on farms.

By 1928, the decision was made to decentralize. Employees from the Bloomington office — along with other employees hired in Berkeley, California — established the company's first branch office, which provided support for agents and brought service closer to the customer.

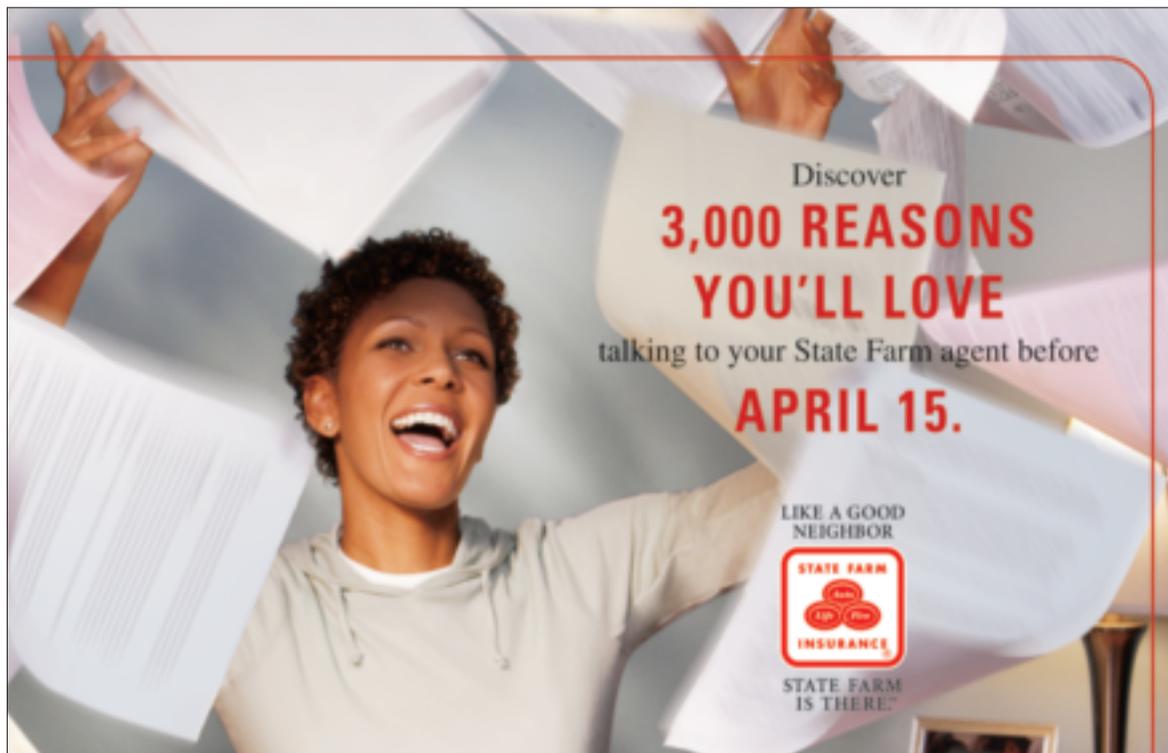
In almost 85 years, State Farm Insurance Companies has grown from a small farm mutual auto insurer to one of the world's most respected financial institutions. Despite State Farm's growth, Mecherle's original philosophy has remained: insurance coverage at a fair price coupled with fair claim settlement.



### THE PRODUCT

Although known primarily for its property-casualty lines — such as auto, homeowners, boat-owners, condominium unit owners, and renters insurance — State Farm also has a wide range of financial services products that focus on the various needs of its customers, such as investment options for retirement and college education.

Attractive rates and a reputation for quality service are the primary reasons people choose State Farm for their insurance needs. State Farm handles more than 30,000 insurance claims a day with almost 34,000 employees who deal with claims in some fashion and special programs that make the claim process faster.



### RECENT DEVELOPMENTS

Over the past few years State Farm has made an aggressive move in the financial services marketplace by offering several new products to meet the needs of customers. The company has also shifted its operating facilities from a system of 27 regions to 13 zones.

### PROMOTION

In 1953, State Farm's logo was created, and with it came the creation of one of America's most recognized brands. In 1971, the slogan *Like a good neighbor, State Farm is there.*<sup>®</sup> was born.

State Farm commercials are unique in showcasing real State Farm agents. State Farm's advertising is also focused on helping the customer instead of selling a product line. State Farm's marketing approach is to show how the company can serve the individual customer, whether he or she is just beginning to drive or preparing for retirement.

State Farm's most recent advertising illustrates the personal care its customers experience and features real agents telling true stories of how they helped policyholders when they were most needed. The True Stories advertising focuses on the value of State Farm and how it feels to have an agent on your side. The goal is to acknowl-

edge that while all auto insurers compete on price, no company can match the service provided by State Farm's dedicated, professional agency and claims forces.

Like any company with a strong brand, State Farm understands that brand identity is not just about what advertising looks like; it's also about a brand's role in the community. State Farm strengthens its reputation as a good neighbor by actively supporting auto-related safety initiatives. The company has been involved with highway safety since the 1950s, when it helped found the Insurance Institute for Highway Safety. State Farm also sponsors the Advocates for Highway and Auto Safety, a group devoted to promoting a broad

array of auto safety measures. In addition, State Farm works with automakers on improving damage resistance and other safety features of cars.

State Farm has partnered with The Children's Hospital of Philadelphia to find out why and how children are injured in vehicle accidents. Besides funding the study, State Farm provides a link between hospital researchers and customers whose children have been in crashes and are willing to share their experiences.

### BRAND VALUES

State Farm's business philosophy is to be a good neighbor. The company evolves with customers as they grow and understands their needs. State Farm connects with customers, not just as individuals and families but through neighborhoods and communities of every kind. The company's employees bring diverse talents and experiences, helping customers manage the risks of everyday life, recover from the unexpected, and realize their dreams.

The promise of being a good neighbor is at the heart of State Farm's brand, which is built on quality services and relationships, mutual trust, integrity, and financial strength. Built upon a foundation of these shared values, State Farm strives to be the first and best choice in the products and services it provides.

### THINGS YOU DIDN'T KNOW ABOUT STATE FARM

- State Farm has been the number-one insurer of cars in the United States since 1942 and homes since 1964.
- In 1971, Barry Manilow wrote the music for the jingle "Like a good neighbor, State Farm is there." The words were written by Keith Reinhard, ad legend and former CEO of DDB, State Farm's long-standing ad agency.
- Statefarm.com receives nearly 2 million unique visitors each month, consistently ranking among the most visited sites on the Web.