Oklahoma “Joan of Arc” Waged Prescient State Farm Battle

Oklahoma Watch

As anxious policyholders await a pivotal Oklahoma Supreme Court decision in a bad-faith case involving the now-infamous State Farm documents, additional revealing documents, compiled decades ago by a State Farm whistleblower with Oklahoma roots, have surfaced at the Oklahoma City office of attorney Charles Weddle.

Weddle, of White & Weddle, first heard of State Farm whistleblower Ina DeLong after she was featured on a 1993 segment of “60 Minutes.” A decade later, Weddle employed DeLong as an expert witness, and a couple years after that, on the occasion of a visit to her sister in Yukon, DeLong showed up at Weddle’s office with a sheaf of documents that Weddle placed into a binder boldly labeled “State Farm.”

Weddle knew that after working for State Farm as a claims adjuster for 22 years, DeLong had flipped to become a fervent defender of insureds and had helped to found an influential, California-based consumer advocacy firm, United Policyholders.

Weddle recalled that DeLong was convinced that State Farm was never going to stop cheating their insureds.

“It just so happened that she handed me those documents,” Weddle said. “She said, ‘Charles, look, I acquired these documents, and someone like you might find them useful someday.’”

After she became renowned as a whistleblower, DeLong told Weddle, she would find State Farm documents left for her in paper bags and envelopes, their contents presumably judged damning by those who took pains to hide their origin.

One document from 1985, a letter from a Los Angeles claim superintendent to State Farm’s director of claims, spoke of a reluctance to put too much in writing.

“It is our concern that these items could possibly come back to ‘haunt’ us in future litigation on how we handle claims,” the superintendent wrote.

Weddle preserved the documents because of the quality of their source, he said. He recalled the binder when news broke of State Farm’s alleged Oklahoma scheme of denying hail and wind claims. He fished the binder out of a box to see if they showed the same corporate mentality.

“Twenty years later, [DeLong] was right,” Weddle said. “We’re seeing the same corporate scheme to not pay off their insureds.”

Of DeLong’s Oklahoma roots, Weddle knew only rumors, and of her eventual fate, he knew less.

After years in the public eye, DeLong had disappeared.

The Profit Center

Weddle gave the 156-page binder of documents to Oklahoma Watch.

Representing approximately 30 years of corporate activity from 1970 to 2000, the binder sometimes includes full articles, such as a 21-page chapter of a 1981 claim superintendent manual entitled “Suits Against the Company.” Other documents are single pages excised from larger documents: performance reviews, correspondence and policy manuals.

One of the earliest documents, from 1970, is an operation guide from corporate headquarters advising claim superintendents to compose self-aggrandizing letters to bolster their position on claims.

“The Claim Superintendent should not overlook the opportunity to strengthen his file by preparing self-serving correspondence,” the guide reads.

The guide further suggested that an internal body known as the Excess Claim Committee could propose text for such letters.

A full examination of the documents by Oklahoma Watch suggested that an early effort to crack down on auto claim fraud with "special investigators" and "Senior Referral Units" may have evolved or suffered mission creep over time into more brazenly money-driven goals. Internal organizations known as the "General Claims Committee" and "Unit 414" smacked faintly of star chambers, while an "automation committee" appeared designed to take the human element out of claims handling.

Throughout, the documents employ Orwellian, euphemistic language: "indemnity containment," "safe" litigation strategies, "aggressive expense control," "realistic claims handling," "truer values," "proper evaluations," "imaginative investigations" and "tough negotiations."

A page of an article from an internal publication says that in the early 1970s State Farm was the country's largest user of computer technology, second only to the U.S. government. Systems designed to streamline claims handling came and went: RAMAC in the 1960s, Delta in the 1980s, MeData and EZEst in the 1990s, the latter specific to the auto claims business of which State Farm has been the country's leader since 1942.

By the late 80s, a "Profit Center" was established to create "added emphasis" on expense control, and in 1992 the company's fifth president, Edward B. Rust Jr., issued a fiat.

"Our efforts in controlling expense must show better results," Rust said, in one of the binder's documents.

According to yet another document, this came at a time when State Farm profits were on the rise: from 1988-90, State Farm's net annual income averaged $500 million; from 1991-93, the company's income soared threefold to $1.6 billion per year.

"Maybe We Have to Send Them to Jail"

One of the binder's documents, a 1991 memo from a law firm to a regional audit consultant, offered advice on how to respond to Ina DeLong's dramatic departure from State Farm. The memo prematurely belittled what would prove to be only the beginning of DeLong's fierce campaign against her former employer.

"Many insureds…see Ina as a modern day Joan of Arc," the memo said. "To re-ignite the embers of Ina's dying crusade at this time…would be to court a new wave of litigation."

Oklahoma Watch pieced together a timeline of DeLong's life.

DeLong was born Ina Prince in 1943, near Geary, an hour west of Oklahoma City. She was one of seven children, four daughters and three sons.

The family moved to Sebastopol, California, in 1958. DeLong's mother died three years later, her father 13 years after that, in a tractor accident. The remains of both parents would be returned to Oklahoma and interred in Elk City.

Ina Prince married Charles DeLong in 1962, and several years later she began working as a State Farm Claims adjuster. In 1978, Charles DeLong drove to the parking lot of a Santa Rosa, California, police station and shot himself to death.

In 1989, Ina DeLong was promoted and spent 131 days on a "Special Disaster Program" in California following the Loma Prieta Earthquake, at the time one of the most expensive natural disasters in history. For that work, State Farm rewarded DeLong with a letter of commendation.

That's when she started to go rogue.

DeLong compiled 2,700 cases in which she believed insureds had been cheated. Of these, she chose 10 to reinspect at her own expense and found that she was right: the homes had significantly more damage than policyholders had been compensated for.

Again operating on her own initiative, DeLong produced a video to better train claims adjusters; State Farm confiscated it.

Several years later, after she quit and appeared on "60 Minutes," DeLong said that better-trained adjusters would result in higher claims payouts.

"They don't want adjusters to be better trained," DeLong told interviewer Ed Bradley.

By then, DeLong was speaking to conference rooms of policyholders to offer advice on how to get insurance companies to pay up and serving as an expert witness in bad-faith claim cases. In 1999, she was a leader in a group of 39 present and former agents who banded together to resist abuses against agents and policyholders.

The following year, DeLong played a role in a pivotal case that reached the United States Supreme Court, Campbell v. State Farm. The Supreme Court overturned a $145 million jury award against State Farm on the argument that excessive punitive damages violated the 14th Amendment.

Conservative firebrand Justice Antonin Scalia dissented. In the oral arguments, Scalia offered a chilling assessment of the effectiveness of punitive damages against large corporations.

“No amount of money will suffice,” Scalia said. “Maybe we have to send them to jail.”

A short time later, DeLong disappeared from public view. Today, State Farm is facing massive fines and possible expulsion from the California insurance market.

State Farm did not respond to a request to interview any current employee with knowledge of Ina DeLong.

“Somebody Needs to Get Emotional”

DeLong’s binder of documents contained numerous examples of the company’s practice of pressuring employees to adhere to changing corporate culture.

“Each employee has been asked to make a personal commitment to State Farm,” one document reads.

“Overall, both claim representatives and management are not adhering to the Legal Services Program,” reads another.

A document from 1993 described a company-wide effort to discuss “career ambitions” with every employee, and another document revealed a change in policy: although “employment contingent” testing would come to an end — that is, pass a test or get fired — testing would continue to be used to determine employee competency.

Further documents establish arbitrary goal markers on “proactive claim handling,” reduction of non-assigned risk files, and early settlements.

Numerous documents reveal that throughout the 1980s and 90s, the company instituted a broad policy to achieve greater profits: take more claim cases to trial against aggrieved policyholders. In some cases, the goal of litigation was strictly reconnaissance — that is, to learn how much money a particular type of injury might be worth to a jury.

Amy Bach, who founded United Policyholders alongside DeLong, recalled her former partner as passionate about her work — almost to a fault.

Ed Bradley of "60 Minutes" asked DeLong as much.

"Was I too emotional?" Delong told Bradley, her voice cracking. "Yes, I was emotional. But when people's lives are in danger because they had the audacity to trust, somebody needs to get emotional."

As close as Bach and DeLong had once been, Bach was as uncertain of Delong's roots as she was of her ultimate fate.

"I heard different stories," Bach said. "I heard she was in an accident."

Oklahoma City attorney Weddle, too, knew little of DeLong's biography apart from the binder that had remained in his office for decades. Looking through them recently, he was struck by how clearly they presaged the hundreds of bad-faith cases now moving through Oklahoma courts.

"That corporate philosophy of looking for ways to pay less on claims — they set goals and criteria, and they were going to live by it," Weddle said. "This isn't some kind of mistake. It's an ingrained corporate philosophy that goes back decades. That's what these documents reveal."