

FILED

JUN 15 2021

INSURANCE REGULATION
Docketed by: *[Signature]*



OFFICE OF INSURANCE REGULATION

DAVID ALTMAIER
COMMISSIONER

IN THE MATTER OF:

CASE NO.: 281916-21-CO

Application for the Issuance of a Certificate of Authority to
ROOT INSURANCE COMPANY

CONSENT ORDER

THIS CAUSE came on for consideration upon the filing of an application with the FLORIDA OFFICE OF INSURANCE REGULATION ("OFFICE") for the issuance of a Certificate of Authority to ROOT INSURANCE COMPANY ("APPLICANT") as an authorized foreign insurer, pursuant to Sections 624.401, 624.404, and 624.413, Florida Statutes, to write the (0040) Homeowners Multi-Peril, (0192) Private Passenger Auto Liability, and (0211) Private Passenger Auto Physical Damage lines of insurance in this state ("Application"). Following a complete review of the entire record, and upon consideration thereof, and being otherwise fully advised in the premises, the OFFICE hereby finds as follows:

1. The OFFICE has jurisdiction over the subject matter and the parties herein.
2. Subject to the present and continuing satisfaction of the requirements set forth for such licensure in the Florida Insurance Code, APPLICANT has met all of conditions precedent to the granting to it of a Certificate of Authority to operate as a foreign insurer in Florida.
3. APPLICANT is a stock property and casualty insurer domiciled in the state of Ohio. APPLICANT is owned 100% by CARET HOLDINGS, INC. ("CARET"), a Delaware corporation that is owned 100% by ROOT, INC. ("ROOT"), a Delaware corporation whose voting securities

are publicly traded on the New York Stock Exchange under the symbol "ROOT" and, as of February 28, 2021, were owned 27.5% by DC I Investment, LLC, a Delaware limited liability company, and 17.1% by Ribbit Capital IV, LP, a Cayman Islands limited partnership, with no other 10% or greater shareholders. The General Partner of Ribbit Capital IV, LP, is Ribbit Capital GP IV, LP, a Cayman Islands limited partnership whose General Partner is Ribbit Capital GP IV, Ltd., a Cayman Islands limited company. The Application represents that the majority owner and controlling person of both Ribbit Capital GP IV, LP, and Ribbit Capital GP IV, Ltd., is Meyer Malka, an individual. The membership interest of DC I Investment, LLC, is owned 98.1% by Drive Capital Fund I, LP, a Delaware limited liability partnership and 1.9% by Drive Capital Ignition Fund I, LP, a Delaware limited liability partnership. The General Partner of both Drive Capital Fund I, LP, and Drive Capital Ignition Fund I, LP, is Drive Capital I (GP), LLC, a Delaware limited liability company whose Managing Member is Drive Capital, LLC, an Ohio limited liability company, whose membership interest is owned 50% by Christopher Olsen and 50% by Mark Kvamme, both individuals.

4. APPLICANT, CARET, and ROOT have made material representations that, except as disclosed in the Application, none of the officers or directors of APPLICANT, CARET, or ROOT have been found guilty of, or have pleaded guilty or nolo contendere to, a felony or a misdemeanor, other than a civil traffic offense.

5. If the OFFICE determines that any individual for whom APPLICANT is required to submit background information as part of this Application is unacceptable under the Florida Insurance Code, APPLICANT, CARET, or ROOT shall cause the removal of said person within 30 days of notice from the OFFICE and replace them with a person or persons acceptable to the OFFICE, or shall undertake such other corrective action as directed by the OFFICE. Failure to act

would constitute an immediate serious danger to the public and the OFFICE may take administrative action as it deems appropriate upon the Certificate of Authority of ROOT without further proceedings, pursuant to Sections 120.569(2)(n) and 120.60(6), Florida Statutes.

6. The OFFICE has relied upon the representations in the Plan of Operation and supporting documents that APPLICANT has submitted with its Application. Written approval must be secured from the OFFICE prior to any material deviation from said Plan of Operation.

7. Based upon documentation filed with the OFFICE in this Application, and other sources utilized by the OFFICE to make its conclusion regarding the Application, APPLICANT will be granted a Certificate of Authority in this state based upon the following conditions for approval:

a. APPLICANT shall maintain Risk-Based Capital of not less than 300%;

b. APPLICANT shall file its initial base rates and receive written approval from the OFFICE prior to use of its initial base rates. Notwithstanding the provisions of Section 624.062(2)(a)2., Florida Statutes, if subsequent rates are implemented on a use and file basis, APPLICANT must immediately file the revised rates with the OFFICE.

c. Notwithstanding the writing ratios contained in Section 624.4095, Florida Statutes, APPLICANT shall be limited to Direct Written Premiums not exceeding 7.5 times its Surplus on a gross basis and Net Written Premiums not exceeding 3.7 times its Surplus. This limitation may be waived or modified by the OFFICE upon a satisfactory showing that APPLICANT has generated an operating profit. If APPLICANT proposes to exceed the writing ratios of the referenced statute, it may do so only if it demonstrates to the OFFICE's satisfaction that exceeding the ratios of that statute does not endanger the financial condition of the insurer or endanger the interests of the insurer's policyholders.

d. In addition to the requirements set forth in Section 624.424, Florida Statutes, APPLICANT shall file documentation with the OFFICE sufficient to allow the OFFICE to monitor APPLICANT's financial condition and compliance with gross and net writing ratios on a monthly basis in a format acceptable to the OFFICE;

e. APPLICANT shall not allow its Direct Written Premiums in Florida to exceed \$7 million United States Dollars ("USD") for the Year 2021; \$28 million USD for the Year 2022; or \$56 million USD for the Year 2023. This limitation may be waived or modified by the OFFICE upon a satisfactory showing that APPLICANT has generated an operating profit in Florida;

f. Within 30 days of execution of this Consent Order, APPLICANT shall make and thereafter maintain a deposit with the Bureau of Collateral Management in the amount of at least \$500,000 USD, notwithstanding the requirements of Section 624.411, Florida Statutes; and

g. APPLICANT, CARET, and ROOT agree that, in addition to the remedies provided in paragraph 14 of this Consent Order, APPLICANT shall cease writing policies in Florida immediately upon receipt of written notice from the OFFICE of APPLICANT's failure to adhere to one or more of the terms and conditions of this Consent Order. Upon submission of evidence satisfactory to the OFFICE that APPLICANT has cured its failure to adhere to one or more of the terms and conditions of this Consent Order, the OFFICE may provide APPLICANT with written authorization to resume writing new policies in Florida.

8. Within 6 months of execution of this Consent Order, APPLICANT shall file and thereafter maintain an anti-fraud plan that complies with Section 626.9891, Florida Statutes, and Chapter 69D-2, Florida Administrative Code.

9. APPLICANT shall file with the OFFICE all premium growth reports as required by Section 624.4243, Florida Statutes, in a complete and timely manner.

10. APPLICANT, CARET, and ROOT affirm that all information, explanations, representations, statements, and documents provided to the OFFICE in connection with this Application, including all attachments and supplements thereto, are true and correct and fully describe all transactions, agreements, ownership structures, understandings, and control with regard to the acquisition and future operations of APPLICANT. APPLICANT, CARET, and ROOT further agree and affirm that said information, explanations, representations, statements, and documents, including all attachments and supplements thereto, are material to the issuance of this Consent Order and have been relied upon by the OFFICE in its determination to enter into this Consent Order.

11. Any deadlines, reporting requirements, other provisions, or requirements set forth in this Consent Order may be altered or terminated by written approval of the OFFICE.

12. APPLICANT, CARET, and ROOT affirm that all requirements set forth herein are material to the issuance of this Consent Order.

13. APPLICANT, CARET, and ROOT expressly waive a hearing in this matter, the making of findings of fact and conclusions of law by the OFFICE, and all further and other proceedings herein to which they may be entitled by law or rules of the OFFICE. APPLICANT, CARET, and ROOT hereby knowingly and voluntarily waive all rights to challenge or to contest this Consent Order in any forum available to them, now or in the future, including the right to any administrative proceeding, state or federal court action, or any appeal.

14. APPLICANT, CARET, and ROOT agree that, upon execution of this Consent Order, failure to adhere to one or more of the terms and conditions contained herein may result,

without further proceedings, in the OFFICE suspending, revoking, or taking other administrative action as it deems appropriate upon APPLICANT's Certificate of Authority in this state in accordance with Sections 120.569(2)(n) and 120.60(6), Florida Statutes.

15. Each party to this action shall bear its own costs and fees.

16. The parties agree that this Consent Order shall be deemed to be executed when the OFFICE has signed and docketed a copy of this Consent Order bearing the notarized signatures of the authorized representatives of APPLICANT, CARET, and ROOT.

WHEREFORE, the agreement between ROOT INSURANCE COMPANY, CARET HOLDINGS, INC., ROOT, INC., and the FLORIDA OFFICE OF INSURANCE REGULATION, the terms and conditions of which are set forth above, is APPROVED, and the Application for the issuance of a Certificate of Authority to ROOT INSURANCE COMPANY as an authorized foreign insurer, pursuant to Sections 624.401, 624.404, and 624.413, Florida Statutes, is APPROVED.

FURTHER, all terms and conditions contained herein are hereby ORDERED.

DONE and ORDERED this 15 day of June, 2021.



David Altmaier
David Altmaier, Commissioner
Office of Insurance Regulation

By execution hereof, ROOT INSURANCE COMPANY consents to entry of this Consent Order, agrees without reservation to all of the above terms and conditions, and shall be bound by all provisions herein. The undersigned represents that they have the authority to bind ROOT INSURANCE COMPANY to the terms and conditions of this Consent Order.

ROOT INSURANCE COMPANY

By: *Alex Timm*

Print Name: Alex Timm

Title: CEO

Date: 6/15/2021

STATE OF Ohio

COUNTY OF Franklin

The foregoing instrument was acknowledged before me by means of physical presence

or online notarization, this 5th day of June 2021, by Alex Timm

(name of person)

as CEO for Root Insurance Company

(type of authority; e.g., officer, trustee, attorney in fact)

(company name)



NICOLE R BAILEY
Notary Public, State of Ohio
My Commission Expires 1-11-2022

Nicole R Bailey
(Signature of the Notary)

Nicole R. Bailey
(Print, Type or Stamp Commissioned Name of Notary)

Personally Known OR Produced Identification

Type of Identification Produced _____

My Commission Expires: 1-11-2022

By execution hereof, CARET HOLDINGS, INC., consents to entry of this Consent Order, agrees without reservation to all of the above terms and conditions, and shall be bound by all provisions herein. The undersigned represents that they have the authority to bind CARET HOLDINGS, INC., to the terms and conditions of this Consent Order.

CARET HOLDINGS, INC.

By: Alex E. Timm

Print Name: Alex Timm

Title: CEO

Date: 6/15/2021

STATE OF Ohio

COUNTY OF Franklin

The foregoing instrument was acknowledged before me by means of physical presence

or online notarization, this 15th day of June 2021, by Alex Timm

(name of person)

as CEO for Caret Holdings, Inc.

(type of authority; e.g., officer, trustee, attorney in fact)

(company name)



NICOLE R BAILEY
Notary Public, State of Ohio
My Commission Expires 1-11-2022

Nicole R Bailey
(Signature of the Notary)

Nicole R Bailey
(Print, Type or Stamp Commissioned Name of Notary)

Personally Known OR Produced Identification

Type of Identification Produced

My Commission Expires: 1-11-2022

By execution hereof, ROOT, INC., consents to entry of this Consent Order, agrees without reservation to all of the above terms and conditions, and shall be bound by all provisions herein. The undersigned represents that they have the authority to bind ROOT, INC., to the terms and conditions of this Consent Order.

ROOT, INC.

By: *Alex Timm*

Print Name: Alex Timm

Title: CEO

Date: 6/15/2021

STATE OF Ohio

COUNTY OF Franklin

The foregoing instrument was acknowledged before me by means of physical presence

or online notarization, this 15th day of June 2021, by Alex Timm

as CEO for Root, Inc.
(type of authority; e.g., officer, trustee, attorney in fact) (company name)



NICOLE R BAILEY
Notary Public, State of Ohio
My Commission Expires 1-11-2022

Nicole R Bailey
(Signature of the Notary)

Nicole R Bailey
(Print, Type or Stamp Commissioned Name of Notary)

Personally Known OR Produced Identification

Type of Identification Produced

My Commission Expires: 1-11-2022

COPIES FURNISHED TO:

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