

Cover Letter

Root Insurance Company is amending its June 30, 2018 quarterly filing to reflect revised ceded unearned premium of \$5,778,982, and net unearned premium to \$8,097,342. Original reported amounts were \$6,950,215 and 6,926,109, respectively.

On the Statement of Income, ceded premium earned is amended to \$5,620,315 and net earned premium to \$5,554,998, for current year to date ended on June 30, 2018. Original reported amounts were \$4,449,082 and \$6,726,231, respectively.

The net impact of these changes on unassigned surplus and net income is a reduction of \$1,171,233, respectively, as of June 30, 2018. As a result of these changes, Note 1 and 23 in the Notes to Financial Statements are updated to reflect the correct amounts.



PROPERTY AND CASUALTY COMPANIES - ASSOCIATION EDITION

QUARTERLY STATEMENT

AS OF JUNE 30, 2018

OF THE CONDITION AND AFFAIRS OF THE

Root Insurance Company

NAIC Group Code00000000NAIC Company Code10974Employer's ID Number31-1631404

Organized under the Laws ofOhio, State of Domicile or Port of EntryOH

Country of DomicileUnited States of America

Incorporated/Organized12/11/1998Commenced Business04/29/1999

Statutory Home Office34 W. Gay St, Ste. 2A, Columbus , OH, US 43215

Main Administrative Office34 W. Gay St, Ste. 2A, Columbus , OH, US 43215866-980-9431

Mail Address34 W. Gay St, Ste. 2A, Columbus , OH, US 43215

Primary Location of Books and Records34 W. Gay St, Ste. 2A, Columbus , OH, US 43215866-980-9431

Internet Website Addresswww.joinroot.com

Statutory Statement ContactLawrence Theodore Conrad, 866-980-9431

OFFICERS

PresidentAlexander Edward Timm

Vice PresidentDaniel Craig Manges

SecretaryJonathan Alexander Allison

Chief Financial OfficerCynthia Ann Powell

OTHER

DIRECTORS OR TRUSTEES

Alexander Edward Timm

Christopher George Olsen

Cynthia Ann Powell

Lawrence Allen Hilsheimer

David Matthew McMullen

State ofOhio

County ofFranklin

SS:

The officers of this reporting entity being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

Alexander Edward TimmPresident

Jonathan Alexander AllisonSecretary

Cynthia Ann PowellChief Financial Officer

Subscribed and sworn to before me this day of

a. Is this an original filing? Yes [] No [X]

b. If no,

1. State the amendment number.....1

2. Date filed11/06/2018

3. Number of pages attached..... 8

STATEMENT AS OF JUNE 30, 2018 OF THE Root Insurance Company

LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Statement Date	2 December 31, Prior Year
1. Losses (current accident year \$ 2,122,701)	3,548,683	662,348
2. Reinsurance payable on paid losses and loss adjustment expenses		
3. Loss adjustment expenses	225,073	116,409
4. Commissions payable, contingent commissions and other similar charges		
5. Other expenses (excluding taxes, licenses and fees)	3,765,761	1,758,447
6. Taxes, licenses and fees (excluding federal and foreign income taxes)	418,041	61,769
7.1 Current federal and foreign income taxes (including \$ on realized capital gains (losses))		
7.2 Net deferred tax liability		
8. Borrowed money \$ and interest thereon \$		
9. Unearned premiums (after deducting unearned premiums for ceded reinsurance of \$ 5,778,982 and including warranty reserves of \$ and accrued accident and health experience rating refunds including \$ 0 for medical loss ratio rebate per the Public Health Service Act)	8,097,342	1,076,868
10. Advance premium	280,497	45,438
11. Dividends declared and unpaid:		
11.1 Stockholders		
11.2 Policyholders		
12. Ceded reinsurance premiums payable (net of ceding commissions)	3,590,505	237,990
13. Funds held by company under reinsurance treaties		
14. Amounts withheld or retained by company for account of others		
15. Remittances and items not allocated		
16. Provision for reinsurance (including \$ certified)		
17. Net adjustments in assets and liabilities due to foreign exchange rates		
18. Drafts outstanding		
19. Payable to parent, subsidiaries and affiliates		
20. Derivatives	0	
21. Payable for securities		
22. Payable for securities lending		
23. Liability for amounts held under uninsured plans		
24. Capital notes \$ and interest thereon \$		
25. Aggregate write-ins for liabilities	27,285	21,143
26. Total liabilities excluding protected cell liabilities (Lines 1 through 25)	19,953,187	3,980,411
27. Protected cell liabilities		
28. Total liabilities (Lines 26 and 27)	19,953,187	3,980,411
29. Aggregate write-ins for special surplus funds	0	0
30. Common capital stock	4,500,000	4,500,000
31. Preferred capital stock		
32. Aggregate write-ins for other than special surplus funds	0	0
33. Surplus notes		
34. Gross paid in and contributed surplus	76,264,379	31,258,379
35. Unassigned funds (surplus)	(38,547,283)	(17,639,404)
36. Less treasury stock, at cost:		
36.1 shares common (value included in Line 30 \$)		
36.2 shares preferred (value included in Line 31 \$)		
37. Surplus as regards policyholders (Lines 29 to 35, less 36)	42,217,096	18,118,975
38. Totals (Page 2, Line 28, Col. 3)	62,170,283	22,099,387
DETAILS OF WRITE-INS		
2501. Deferred Rent	25,719	21,143
2502. Withholdings Due	1,566	0
2503.		
2598. Summary of remaining write-ins for Line 25 from overflow page	0	0
2599. Totals (Lines 2501 through 2503 plus 2598)(Line 25 above)	27,285	21,143
2901.		
2902.		
2903.		
2998. Summary of remaining write-ins for Line 29 from overflow page	0	0
2999. Totals (Lines 2901 through 2903 plus 2998)(Line 29 above)	0	0
3201.		
3202.		
3203.		
3298. Summary of remaining write-ins for Line 32 from overflow page	0	0
3299. Totals (Lines 3201 through 3203 plus 3298)(Line 32 above)	0	0

STATEMENT OF INCOME

	1 Current Year to Date	2 Prior Year to Date	3 Prior Year Ended December 31
UNDERWRITING INCOME			
1. Premiums earned:			
1.1 Direct (written \$ 22,776,973)	11,175,313	162,628	1,711,228
1.2 Assumed (written \$)			0
1.3 Ceded (written \$ 10,201,500)	5,620,315	86,075	919,565
1.4 Net (written \$ 12,575,473)	5,554,998	76,553	791,663
DEDUCTIONS:			
2. Losses incurred (current accident year \$)::			
2.1 Direct	11,536,133	251,490	2,369,290
2.2 Assumed			0
2.3 Ceded	5,631,893	125,744	1,184,645
2.4 Net	5,904,240	125,746	1,184,645
3. Loss adjustment expenses incurred	737,329	12,063	145,595
4. Other underwriting expenses incurred	19,710,265	4,119,845	15,222,640
5. Aggregate write-ins for underwriting deductions	0	0	0
6. Total underwriting deductions (Lines 2 through 5)	26,351,834	4,257,654	16,552,880
7. Net income of protected cells			
8. Net underwriting gain or (loss) (Line 1 minus Line 6 + Line 7)	(20,796,836)	(4,181,101)	(15,761,217)
INVESTMENT INCOME			
9. Net investment income earned	210,121	11,760	47,714
10. Net realized capital gains (losses) less capital gains tax of \$			
11. Net investment gain (loss) (Lines 9 + 10)	210,121	11,760	47,714
OTHER INCOME			
12. Net gain or (loss) from agents' or premium balances charged off (amount recovered \$ amount charged off \$ 1,769)	(1,769)	0	
13. Finance and service charges not included in premiums	390,983	7,685	70,820
14. Aggregate write-ins for miscellaneous income	19,116	991	0
15. Total other income (Lines 12 through 14)	408,330	8,676	70,820
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15)	(20,178,385)	(4,160,665)	(15,642,683)
17. Dividends to policyholders			
18. Net income, after dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Line 16 minus Line 17)	(20,178,385)	(4,160,665)	(15,642,683)
19. Federal and foreign income taxes incurred			
20. Net income (Line 18 minus Line 19)(to Line 22)	(20,178,385)	(4,160,665)	(15,642,683)
CAPITAL AND SURPLUS ACCOUNT			
21. Surplus as regards policyholders, December 31 prior year	18,118,975	4,128,431	4,128,431
22. Net income (from Line 20)	(20,178,385)	(4,160,665)	(15,642,683)
23. Net transfers (to) from Protected Cell accounts			
24. Change in net unrealized capital gains (losses) less capital gains tax of \$			
25. Change in net unrealized foreign exchange capital gain (loss)			
26. Change in net deferred income tax		1,457,339	(616,072)
27. Change in nonadmitted assets	(729,494)	(1,589,548)	(262,701)
28. Change in provision for reinsurance			
29. Change in surplus notes			
30. Surplus (contributed to) withdrawn from protected cells			
31. Cumulative effect of changes in accounting principles			
32. Capital changes:			
32.1 Paid in		3,500,000	3,500,000
32.2 Transferred from surplus (Stock Dividend)			
32.3 Transferred to surplus			
33. Surplus adjustments:			
33.1 Paid in	45,006,000	11,012,000	27,018,000
33.2 Transferred to capital (Stock Dividend)			
33.3 Transferred from capital			
34. Net remittances from or (to) Home Office			
35. Dividends to stockholders			
36. Change in treasury stock			
37. Aggregate write-ins for gains and losses in surplus	0	(6,000)	(6,000)
38. Change in surplus as regards policyholders (Lines 22 through 37)	24,098,121	10,213,126	13,990,544
39. Surplus as regards policyholders, as of statement date (Lines 21 plus 38)	42,217,096	14,341,557	18,118,975
DETAILS OF WRITE-INS			
0501.			
0502.			
0503.			
0598. Summary of remaining write-ins for Line 5 from overflow page	0	0	0
0599. Totals (Lines 0501 through 0503 plus 0598)(Line 5 above)	0	0	0
1401. Misc Income	19,116	991	0
1402.			
1403.			
1498. Summary of remaining write-ins for Line 14 from overflow page	0	0	0
1499. Totals (Lines 1401 through 1403 plus 1498)(Line 14 above)	19,116	991	0
3701. 2016 License Fee		(6,000)	(6,000)
3702.			
3703.			
3798. Summary of remaining write-ins for Line 37 from overflow page	0	0	0
3799. Totals (Lines 3701 through 3703 plus 3798)(Line 37 above)	0	(6,000)	(6,000)

NOTES TO FINANCIAL STATEMENTS

NOTE 1

Summary of Significant Accounting Policies and Going Concern

- A. **Basis of Presentation** – The financial statements of Root Insurance Company (the “Company”) are presented on the basis of accounting practices prescribed or permitted by the Ohio Department of Insurance. The Ohio Department of Insurance recognizes only statutory accounting practices prescribed or permitted by the State of Ohio for determining and reporting the financial condition and results of operations of an insurance company, for determining its solvency under the Ohio Insurance Law. The National Association of Insurance Commissioners’ (NAIC) Accounting Practices and Procedures Manual (NAIC SAP) has been adopted as a component of prescribed or permitted practices by the state of Ohio, subject to any deviations prescribed or permitted by the Ohio Department of Insurance. There are no significant differences between Ohio prescribed practices and the NAIC SAP which affect the Company. The following reconciliation table illustrates the Company’s net income and capital and surplus under NAIC SAP and those practices prescribed and permitted by the State of Ohio:

	SSAP #	F/S Page	F/S Line #	2018	2017
NET INCOME					
(1) State Basis (Page 4, Line 20, Columns 1 & 2)	XXX	XXX	XXX	(20,178,385)	(4,160,665)
(2) State Prescribed Practices that increase/(decrease) NAIC SAP:	.....	.....	.....	.....	.....
(3) State Permitted Practices that increase/(decrease) NAIC SAP:	.....	.....	.....	.....	.....
(4) NAIC SAP (1-2-3=4)	XXX	XXX	XXX	(20,178,385)	(4,160,665)
SURPLUS					
(5) State basis (Page 3, Line 37, Column 1 & 2)	XXX	XXX	XXX	42,217,096	18,118,975
(6) State Prescribed Practices that increase/(decrease) NAIC SAP:	.....	.....	.....	.....	.....
(7) State Permitted Practices that increase/(decrease) NAIC SAP:	.....	.....	.....	.....	.....
(8) NAIC SAP (5-6-7=8)	XXX	XXX	XXX	42,217,096	18,118,975

- B. **Use of Estimates in Preparation of Financial Statements** – No significant change.
C. **Accounting Policy** – No significant change.
D. **Going Concern** – There are no going concern issues at this time.

NOTE 2

Accounting Changes and Corrections of Errors – Not Applicable

NOTE 3

Business Combinations and Goodwill – Not Applicable

NOTE 4

Discontinued Operations – Not Applicable

NOTE 5

Investments

- A. **Mortgage Loans** – Not Applicable
B. **Trouble Debt Restructuring for Creditors** – Not Applicable
C. **Reverse Mortgages** – Not Applicable
D. **Loan Backed Securities** – Not Applicable
E. **Repurchase Agreements** – Not Applicable
F. **Write Downs for Impairment of Real Estate** – Not Applicable
G. **Low Income Housing Tax Credits** – Not Applicable
H. **Restricted Assets** – Not Applicable

NOTE 6

Joint Ventures, Partnerships and Limited Liability Companies – Not Applicable

NOTE 7

Investment Income

- A. **Accrued Investment Income** – No significant change.
B. **Amounts Non-admitted** – Not Applicable

NOTE 8

Derivative Instruments – Not Applicable

NOTE 9

Income Taxes – No significant change.

NOTE 10

Information Concerning Parent, Subsidiaries, Affiliates and Other Related Parties

- A. **Nature of Relationships** – Effective June 28, 2018 IBOD Company, Inc. changed its name to Root, Inc.
B. **Detail of Transactions Greater than 1/2 of Admitted Assets** – On March 26, 2018, Root, Inc. made \$30,000,000 in cash contributions to the Company.
C. **Changes in Terms of Intercompany Arrangements** – No significant change.
D. **Amounts Due to or from Related Parties** – At June 30, 2018, the Company had a \$15,027,066 receivable from Root, Inc. Included in this receivable is an approved SSAP 72 \$15,000,000 capital contribution that was settled in full on July 30, 2018. See Note 22.
E. **Management, Service Contracts, Cost Sharing Arrangements** – Not Applicable

STATEMENT AS OF JUNE 30, 2018 OF THE Root Insurance Company

- F. **Nature of Relationship's that Could Affect Operations** – Not Applicable
- G. **Amount Deducted for Investment in Upstream Company** – Not Applicable
- H. **Detail of Investments in Affiliates Greater than 10% of Admitted Assets** – Not Applicable
- I. **Write Down for Impairments of Investments in Affiliates** – Not Applicable
- J. **Foreign Insurance Subsidiary Valued Using CARVM** – Not Applicable
- K. **Downstream Holding Company Valued Using Look – Through Method** – Not Applicable

NOTE 11

Debt – Not Applicable

NOTE 12

Retirement Plans, Deferred Compensation, Postretirement Benefits and Compensated Absences and Other Postretirement

Through April 30, 2018 the Company leased its employees from an unrelated third party, which provided employer-related health and welfare plans. The Company had no legal obligation to these plans. As of May 1, 2018, the Company is allocated its share of employee costs through an Administrative Services Agreement with Root Inc., the employer of record.

NOTE 13

Capital and Surplus, Dividend Restrictions and Quasi-Reorganizations

A. Outstanding Shares –

At March 31, 2018, the Company has 850 shares of \$10,000 par value common stock authorized and 450 shares issued and outstanding.

On July 19, 2017, Root, Inc. made \$8,500,000 cash contributions to the Company, which included acquiring an additional 200 shares of \$10,000 par value common stock.

- B. **Dividend Rate of Preferred Stock** - Not Applicable
- C. **Dividend Restrictions** - Not Applicable
- D. **Dates and Amounts of Dividends Paid** - Not Applicable
- E. **Number of Ordinary Dividends that May be Paid** - Not Applicable
- F. **Restrictions on Unassigned Funds** - Not Applicable
- G. **Mutual Surplus Advances** - Not Applicable
- H. **Company Stock Held for Special Purposes** - Not Applicable
- I. **Changes in Special Surplus Funds** - Not Applicable
- J. **Changes in Unassigned Funds** - Not Applicable
- K. **Surplus Notes** - Not Applicable
- L. **Impact of Quasi-Reorganization** - Not Applicable
- M. **Date of Quasi-Reorganizations** - Not Applicable

NOTE 14

Contingencies

- A. **Contingent Commitments** – Not Applicable
- B. **Guaranty Fund and Other Assessments** – Not Applicable
- C. **Gain Contingencies** - Not Applicable
- D. **Extra Contractual Obligations and Bad Faith Losses** - Not Applicable
- E. **Product Warranties** - Not Applicable
- F. **Other Contingencies** - Not Applicable

NOTE 15

Leases

- A. **Lessee Operating Lease** – No significant change.
- B. **Lessor Leases** – Not Applicable

NOTE 16

Information about Financial Instruments with Off-Balance Sheet Risk and Financial Instruments with Concentrations – Not Applicable

NOTE 17

Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities

- A. **Transfer of Receivables Reported as Sales** – Not Applicable
- B. **Transfers and Servicing of Financial Assets** – Not Applicable
- C. **Wash Sales** – Not Applicable

NOTE 18

Gain or Loss to the Reporting Entity from Uninsured Plans and the Uninsured Portion of Partially Insured Plans – Not Applicable

NOTE 19

Direct Premium Written/Produced By Managing General Agents/Third Party Administrators – Not Applicable

NOTE 20

Fair Value Measurement

- A. **Inputs Used for Assets & Liabilities Measured at Fair Value** – Not Applicable
- B. **Other Fair Value Disclosures** – Not Applicable
- C. **Fair Values for All Financial Instruments by Level 1,2 and 3** – Not Applicable
- D. **Financial Instruments for which Not Practicable to Determine Fair Values** – Not Applicable

NOTE 21

Other Items

- A. **Extraordinary Items** – Not Applicable
- B. **Troubled Debt Restructuring for Debtors** – Not Applicable
- C. **Other Disclosures** – Not Applicable
- D. **Business Interruption Insurance Recoveries** – Not Applicable
- E. **State Transferable and non-transferable Tax Credits** - Not Applicable
- F. **Subprime Mortgage Related Risk Exposure** - Not Applicable

NOTE 22

STATEMENT AS OF JUNE 30, 2018 OF THE Root Insurance Company

Subsequent Events

At June 30, 2018, the Company had a \$15,027,066 receivable from Root, Inc. Included in this receivable is an approved SSAP 72 \$15,000,000 capital contribution that was settled in full on July 30, 2018.

NOTE 23

Reinsurance

- A. Unsecured Reinsurance Recoverable – Not Applicable
- B. Reinsurance Recoverable in Dispute – Not Applicable
- C. Reinsurance Assumed and Ceded

	Assumed Reinsurance		Ceded Reinsurance		Net	
	(1) Premium Reserve	(2) Commission Equity	(3) Premium Reserve	(4) Commission Equity	(5) Premium Reserve	(6) Commission Equity
a. Affiliates						
b. All Other			5,778,982	1,656,704	(5,778,982)	(1,656,704)
c. Total			\$ 5,778,982	\$ 1,656,704	\$ (5,778,982)	\$ (1,656,704)
d. Direct Unearned Premium Reserve			\$ 13,876,324			

Effective July 1, 2016, the Company entered into a quota-share agreement ("Quota Share Treaty 1") that ceded 50 percent of the premiums written and losses and loss adjustment expenses incurred on policies written during the contract period. The Quota Share Treaty 1 was terminated on May 31, 2018. Effective June 1, 2018, the Company entered into a 7-month quota-share agreement ("Quota Share Treaty 2") that cedes 25 percent of the premiums written and losses incurred on policies written during the contract period. The contract also includes a 10% loss expense allowance based on premiums ceded.

Effective July 1, 2016, the Company entered into an excess-of-loss contract ("XOL Treaty 1") that covers losses up to \$1,000,000 in excess of \$100,000. The reinsurance premium payable was accrued based on a rate table applied to the underlying split limits of individual policies and was subject to a minimum premium. The Company made quarterly deposit premiums based on terms outlined in the contract. Deposit premiums paid through June 30, 2018 were \$559,191 and are reflected as a component of reinsurance premiums payable. XOL Treaty 1 was terminated on May 31, 2018. Effective June 1, 2018, the Company entered into a 7-month excess-of-loss contract ("XOL Treaty 2") that covers losses up to \$1,000,000 in excess of \$100,000. The reinsurance premium payable is being accrued based on a rate table applied to the underlying split limits of individual policies and is subject to a minimum premium. The Company makes quarterly deposit premiums based on terms outlined in the contract. No deposit premiums had been paid as of June 30, 2018.

- D. Uncollectible Reinsurance – Not Applicable
- E. Commutation of Ceded Reinsurance – Not Applicable
- F. Retroactive Reinsurance – Not Applicable
- G. Reinsurance Accounted as Deposit – Not Applicable
- H. Disclosures for the Transfer of Property and Casualty Run-off Agreements – Not Applicable
- I. Certified Reinsurer Rating Downgraded or Status Subject to Revocation – Not Applicable
- J. Reinsurance Agreements Qualifying for Reinsurer Aggregation – Not Applicable

NOTE 24

Retrospectively Rated Contracts & Contracts Subject to Redetermination – Not Applicable

NOTE 25

Changes in Incurred Losses and Loss Adjustment Expenses

Incurred loss and loss adjustment expenses attributable to prior accident years decreased by \$344,000 from December 31, 2017. This decrease is primarily the result of claims settling less than the case reserve and lack of newly reported claims on prior years across both personal auto liability and physical damage coverages. These estimates are continually reviewed and increased or decreased as additional information becomes known regarding individual claims.

NOTE 26

Intercompany Pooling Arrangements – Not Applicable

NOTE 27

Structured Settlements – Not Applicable

NOTE 28

Health Care Receivables – Not Applicable

NOTE 29

Participating Policies – Not Applicable

NOTE 30

Premium Deficiency Reserves

Liability carried for premium deficiency reserves	0
Date of the most recent evaluation of this liability	6/30/18
Was anticipated investment income utilized in the calculation?	Yes [X] No []

NOTE 31

High Deductibles – Not Applicable

NOTE 32

Discounting of Liabilities for Unpaid Losses or Unpaid Loss Adjustment Expenses – Not Applicable

NOTE 33

Asbestos/Environmental Reserves – Not Applicable

NOTE 34

Subscriber Savings Accounts – Not Applicable

NOTE 35

Multiple Peril Crop Insurance – Not Applicable

STATEMENT AS OF JUNE 30, 2018 OF THE Root Insurance Company

NOTE 36

Financial Guaranty Insurance – Not Applicable