

Financial statement notes are being updated to include not applicable disclosures previously omitted in Note 12 and Note 23.
Direct DCC Expense Paid, Direct DCC Expense Incurred and Direct DCC Unpaid were updated on the Grand Total state page between lines of business. The grand total of each column remains unchanged.
Reinsurance Summary Supplemental Filing is being updated.



PROPERTY AND CASUALTY COMPANIES - ASSOCIATION EDITION

ANNUAL STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2021
OF THE CONDITION AND AFFAIRS OF THE
Root Insurance Company

NAIC Group Code49914991NAIC Company Code10974Employer's ID Number31-1631404
(Current)(Prior)

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 Office80 E. Rich St., Suite. 500Columbus, OH, US 43215
(Street and Number)(City or Town, State, Country and Zip Code)

Main Administrative Office80 E. Rich St., Suite. 500
(Street and Number)
Columbus, OH, US 43215866-980-9431
(City or Town, State, Country and Zip Code)(Area Code) (Telephone Number)

Mail Address80 E. Rich St., Suite. 500Columbus, OH, US 43215
(Street and Number or P.O. Box)(City or Town, State, Country and Zip Code)

Primary Location of Books and Records80 E. Rich St., Suite. 500
(Street and Number)
Columbus, OH, US 43215866-980-9431
(City or Town, State, Country and Zip Code)(Area Code) (Telephone Number)

Internet Website Addresswww.joinroot.com

Statutory Statement ContactRyan William Forish614-591-4568
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OFFICERS

PresidentAlexander Edward TimmChief Financial OfficerDaniel Harris Rosenthal

SecretaryJodi Emmert Baker #

OTHER

DIRECTORS OR TRUSTEES

Alexander Edward TimmCynthia Ann PowellLawrence Allen Hilsheimer

Jonathan Alexander AllisonJulie Mix McPeak

State ofOhioSS

County ofFranklin

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 TimmJodi Emmert BakerDaniel Harris Rosenthal
PresidentSecretaryChief Financial Officer

Subscribed and sworn to before me thisa. Is this an original filing? Yes [] No [X]
day ofb. If no,
1. State the amendment number.....1
2. Date filed04/06/2022
3. Number of pages attached..... 13

ANNUAL STATEMENT FOR THE YEAR 2021 OF THE Root Insurance Company

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - Summary of Significant Accounting Policies and Going Concern

A. Accounting Practices

Basis of Presentation - The financial statements of Root Insurance Company (“Root”, the “Company” or “RIC”) 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 #	2021	2020
	NET INCOME					
(1)	State basis (Page 4, Line 20, Columns 1 & 2)	XXX	XXX	XXX	\$ (126,872,559)	\$ (123,848,173)
(2)	State Prescribed Practices that are an Increase/(decrease) from NAIC SAP:	XXX	XXX	XXX		
(3)	State Permitted Practices that are an increase/(decrease)from NAIC SAP:	XXX	XXX	XXX		
(4)	NAIC SAP (1-2-3=4)				\$ (126,872,559)	\$ (123,848,173)
	SURPLUS					
(5)	State basis (Page 3, Line 37, Columns 1 & 2)	XXX	XXX	XXX	\$ 91,457,118	\$ 100,054,231
(6)	State Prescribed Practices that are an increase/(decrease) from NAIC SAP:	XXX	XXX	XXX		
(7)	State Permitted Practices that are an increase/(decrease) from NAIC SAP:	XXX	XXX	XXX		
(8)	NAIC SAP (5-6-7=8)	XXX	XXX	XXX	\$ 91,457,118	\$ 100,054,231

B. Use of Estimates in the Preparation of the Financial Statements

The preparation of statutory financial statements requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the statutory financial statements and the reported amounts of revenue and expense during the reporting period. Actual results could differ from those estimates.

C. Accounting Policy

Premiums are recognized as earned pro rata over the policy period. Unearned premium is established to cover the unexpired portion of premiums written. A premium deficiency reserve, as measured on a gross basis, is recorded when the sum of expected losses, loss adjustment expenses and maintenance costs exceed the recorded unearned premium reserve and anticipated investment income. A premium deficiency reserve is recognized by accruing an additional liability for the deficiency, with a corresponding charge to operations. The Company did not record a premium deficiency reserve in 2021 and 2020.

Acquisition costs, including commissions paid to Root Insurance Agency (“RIA”), premium taxes, and other policy initiation costs, are charged to operations as incurred. Ceding commissions received under the terms of the Company’s quota share reinsurance treaties are recorded as a reduction of underwriting expenses. If the ceding commission percentage exceeds the acquisition costs of the business ceded the excess ceding commission is recorded as a deferred liability and amortized over the period in which the related premiums are earned.

Loss and loss adjustment expense reserves include an amount determined from case-base estimates for reported claims and on estimates, based on experience and perceived trends, for unreported losses and loss expenses. These reserves have been established to cover the estimated ultimate cost to settle insured losses. The amounts are based on estimates of loss cost trends and other factors, and accordingly the ultimate liability may vary materially from such estimates. These estimates are continually reviewed by management and adjusted as necessary; with adjustments included in the period determined. As such, loss and loss adjustment expense reserves represent management’s best estimate of the ultimate liability related to reported and unreported claims.

In the ordinary course of business, the Company cedes a portion of its business written to limit the maximum net loss potential arising from large risks and catastrophes. These arrangements, known as treaties, provide for reinsurance coverage on quota share and excess of loss basis. Although the ceding of reinsurance does not discharge the Company from its primary liability to its policyholder, the insurance company that assumes the coverage assumes the related liability. Amounts recoverable from reinsurers are estimated in a manner consistent with the claim liability associated with the reinsured business. Ceded reinsurance premiums are recognized over the remaining policy period based on the reinsurance protection provided. The Company evaluates and monitors the financial condition associated with its reinsurers in order to minimize its exposure to significant losses from reinsurer insolvencies. All reinsurance contracts provide for indemnification against loss or liability relating to insurance risk and have been accounted for as reinsurance.

Cash consists of cash on deposit. Cash equivalents are short-term, highly liquid investments that mature within three months from the date of origination. Money market mutual funds are stated at fair value and other cash equivalents are principally stated at amortized cost, which approximates their fair value. Short-term investments are securities with an original maturity greater than 3 months, but less than 1 year, and are stated at amortized cost, which approximates fair value.

Bonds are valued in accordance with the valuations prescribed by the NAIC. Bonds with an NAIC designation of 1 or 2 are valued and reported at amortized cost. Bonds with an NAIC designation of 3 through 6 are carried at the lower of amortized cost or fair value, with the difference reflected in unassigned surplus.

Investment income is recognized when earned. Realized investment gains and losses are determined on the basis of specific identification. The effective interest method is used for amortization of premiums or discounts. Unrealized gains and losses, net of taxes, on investments are included in unassigned surplus.

Other invested assets consist of partnership interests in tax credit funds and are held at amortized cost with amortization charged to investment income over the period in which the tax benefits, primarily credits, are utilized.

D. Going Concern - There are no going concern issues.

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, including Mezzanine Real Estate Loans - Not Applicable

B. Debt Restructuring - Not Applicable

C. Reverse Mortgages - Not Applicable

D. Loan - Backed Securities

(1) For fixed-rate agency mortgage-backed securities, the Company calculates prepayment speeds utilizing Mortgage Industry Advisory Corporation (MIAC) Mortgage Industry Medians (MIMs). MIMs are derived from a semi-monthly dealer-consensus survey of long-term prepayment projections. For other mortgage-backed, loan-backed, and structured securities, Clearwater utilizes prepayment assumptions from Moody’s Analytics. Moody’s applies a flat economic credit model and utilizes a vector of multiple monthly speeds as opposed to a single speed for more robust projections. In instances where Moody’s projections are not available, Clearwater uses data from Reuters, which utilizes the median prepayment speed from contributors’ models.

(2) OTTI recognized - Not applicable

ANNUAL STATEMENT FOR THE YEAR 2021 OF THE Root Insurance Company

NOTES TO FINANCIAL STATEMENTS

(3) OTTI - Not applicable

(4)

a) The aggregate amount of unrealized losses:	
1. Less than 12 Months	\$1,082
2. 12 Months or Longer	\$16,154
b) The aggregate related fair value of securities with unrealized losses:	
1. Less than 12 Months	\$1,633,941
2. 12 Months or Longer	\$505,066

- E. Dollar Repurchase Agreements and/or Securities Lending Transactions - Not Applicable
- F. Repurchase Agreements Transactions Accounted for as Secured Borrowing - Not Applicable
- G. Reverse Repurchase Agreements Transactions Accounted for as Secured Borrowing - Not Applicable
- H. Repurchase Agreements Transactions Accounted for as a Sale - Not Applicable
- I. Reverse Repurchase Agreements Transactions Accounted for as a Sale - Not Applicable
- J. Real Estate - Not Applicable
- K. Low Income Housing tax Credits (LIHTC) -

- (1) For the Company's LIHTC property investments, the number of remaining years of unexpired tax credits is 1.
- (2) The amount of LIHTC and other tax benefits recognized during 2021 and 2020 was \$1,568,365 and \$0, respectively.
- (3) The balance of the admitted LIHTC property investments recognized within other invested assets was \$103,635 as of December 31,2021
- (4) Management was not aware of any of the Company's LIHTC property investments and related properties being the subject of any regulatory reviews as of December 31, 2021
- (5) The Company's LIHTC property investments did not exceed 10%of the total admitted assets as of December 31, 2021.
- (6) The Company did not recognize OTTI losses related to its LIHTC property investments in 2021
- (7) In 2021, the Company did not write down or reclassify LIHTC property investments.

- L. Restricted Assets -
1. Restricted Assets (Including Pledged)

Restricted Asset Category	Gross (Admitted & Nonadmitted) Restricted						
	Current Year					6	7
	1	2	3	4	5		
	Total General Account (G/A)	G/A Supporting Protected Cell Account Activity (a)	Total Protected Cell Account Restricted Assets	Protected Cell Account Assets Supporting G/ A Activity (b)	Total (1 plus 3)	Total From Prior Year	Increase/ (Decrease) (5 minus 6)
a. Subject to contractual obligation for which liability is						\$ —	\$ —
b. Collateral held under security lending agreements						\$ —	\$ —
c. Subject to repurchase agreements						\$ —	\$ —
d. Subject to reverse repurchase agreements						\$ —	\$ —
e. Subject to dollar repurchase agreements						\$ —	\$ —
f. Subject to dollar reverse repurchase agreements						\$ —	\$ —
g. Placed under option contracts						\$ —	\$ —
h. Letter stock or securities restricted as to sale - excluding						\$ —	\$ —
i. FHLB capital stock						\$ —	\$ —
j. On deposit with states	\$ 7,794,082				\$ 7,794,082	\$ 7,986,726	\$ (192,644)
k. On deposit with other regulatory bodies						\$ —	\$ —
l. Pledged collateral to FHLB (including assets backing						\$ —	\$ —
m. Pledged as collateral not captured in other categories						\$ —	\$ —
n. Other restricted assets						\$ —	\$ —
o. Total Restricted Assets	\$ 7,794,082	\$ —	\$ —	\$ —	\$ 7,794,082	\$ 7,986,726	\$ (192,644)

- (a) Subset of Column 1
- (b) Subset of Column 3

ANNUAL STATEMENT FOR THE YEAR 2021 OF THE Root Insurance Company

NOTES TO FINANCIAL STATEMENTS

Restricted Asset Category	Current Year			
	8	9	Percentage	
			10	11
	Total Non-Admitted restricted	Total Admitted Restricted (5 minus 8)	Gross (admitted & Non-admitted) Restricted to Total Assets (c)	Admitted Restricted to Total Admitted Assets (d)
a. Subject to contractual obligation for which liability is not shown			0.000%	0.000%
b. Collateral held under security lending agreements			0.000%	0.000%
c. Subject to repurchase agreements			0.000%	0.000%
d. Subject to reverse repurchase agreements			0.000%	0.000%
e. Subject to dollar repurchase agreements			0.000%	0.000%
f. Subject to dollar reverse repurchase agreements			0.000%	0.000%
g. Placed under option contracts			0.000%	0.000%
h. Letter stock or securities restricted as to sale - excluding FHLB capital stock			0.000%	0.000%
i. FHLB capital stock			0.000%	0.000%
j. On deposit with states		\$ 7,794,082	1.606 %	1.610 %
k. On deposit with other regulatory bodies			0.000%	0.000%
l. Pledged collateral to FHLB (including assets backing funding agreements)			0.000%	0.000%
m. Pledged as collateral not captured in other categories			0.000%	0.000%
n. Other restricted assets			0.000%	0.000%
o. Total Restricted Assets			0.000%	0.000%

(c) Column 5 divided by Asset Page, Column 1, Line 28
(d) Column 9 divided by Asset Page, Column 3, Line 28

2. Detail of Assets Pledged as Collateral Not Captured in Other Categories (Contracts That Share Similar Characteristics, Such as Reinsurance and Derivatives, Are Reported in the Aggregate) - Not Applicable

3. Detail of Other Restricted Assets (Contracts That Share Similar Characteristics, Such as Reinsurance and Derivatives, Are Reported in the Aggregate) - Not Applicable

4. Collateral Received and Reflected as Assets Within the Reporting Entity's Financial Statements - Not applicable

- M. Working Capital Finance Investments - Not Applicable
- N. Offsetting and Netting of Assets and Liabilities - Not Applicable
- O. 5GI Securities - Not Applicable
- P. Short Sales - Not Applicable
- Q. Prepayment Penalty and Acceleration Fees -

	General Account	Protected Cell
(1) Number of CUSIPs	2	
(2) Aggregate Amount of Investment Income	116,371	

R. Share of cash pool by asset type - Not Applicable

NOTE 6 - Joint Ventures, Partnerships and Limited Liability Companies - Not Applicable

NOTE 7- Investment Income

- A. Accrued Investment Income - The Company does not admit accrued investment income over 90 days past due.
- B. Amounts Non-admitted - Not Applicable

Note 8 - Derivative Instruments - Not Applicable

Note 9 - Income Taxes

- A. The components of the net deferred tax asset/(liability) at the end of the current period are as follows:
- 1.

	As of End of Current Period			12/31/2020			Change		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
			(Col. 1+2)			(Col. 4+5)	(Col. 1-4)	(Col. 2-5)	(Col. 7+8)
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
Gross Deferred Tax Assets (a)	\$101,387,333		\$101,387,333	\$76,168,248		\$76,168,248	\$25,219,084	\$ —	\$25,219,084
Statutory Valuation Allowance Adjustment (b)	\$(101,113,853)		\$(101,113,853)	\$(75,681,190)		\$(75,681,190)	\$(25,432,667)	\$ —	\$(25,432,667)
Adjusted Gross Deferred Tax Assets (1a-1b) (c)	\$ 273,475	\$ —	\$ 273,475	\$ 487,058	\$ —	\$ 487,058	\$ (213,583)	\$ —	\$ (213,583)
Deferred Tax Assets Nonadmitted (d)	\$ —	\$ —	\$ —			\$ —	\$ —	\$ —	\$ —
Subtotal Net Admitted Deferred Tax Asset (e) (1c-1da)	\$ 273,475	\$ —	\$ 273,475	\$ 487,058	\$ —	\$ 487,058	\$ (213,583)	\$ —	\$ (213,583)
Deferred Tax Liabilities (f)	\$ (273,475)	\$ —	\$ (273,475)	\$ (487,058)		\$ (487,058)	\$ 213,583	\$ —	\$ 213,583
Net Admitted Deferred Tax Asset/(Net Deferred Tax Liability) (1e-1f) (g)	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —

ANNUAL STATEMENT FOR THE YEAR 2021 OF THE Root Insurance Company

NOTES TO FINANCIAL STATEMENTS

2.

	As of End of Current Period			12/31/2020			Change		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	Ordinary	Capital	(Col. 1+2) Total	Ordinary	Capital	(Col. 4+5) Total	(Col. 1-4) Ordinary	(Col. 2-5) Capital	(Col. 7+8) Total
Admission Calculation Components SSAP No. 101									
(a) (a) Federal Income Taxes Paid In Prior Years Recoverable Through Loss Carrybacks									
(b) (b) Adjusted Gross Deferred Tax Assets Expected To Be Realized (Excluding The Amount Of Deferred Tax Assets From 2(a) above) After Application of the Threshold Limitation. (The Lesser of 2(b) 1 and 2(b)2 Below)									
1.Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date.									
2. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold.	XXX	XXX	\$ 13,718,568	XXX	XXX	\$ 15,299,022	XXX	XXX	\$ (1,580,454)
Adjusted Gross Deferred Tax Assets (Excluding The Amount Of Deferred Tax Assets From 2(a) and 2(b) above) Offset by Gross Deferred Tax Liabilities.	\$ 273,475	\$ —	\$ 273,475	\$ 487,058		\$ 487,058	\$(213,583)	\$ —	\$ (213,583)
(c) Deferred Tax Assets Admitted as the result of Application of SSAP No. 101. Total (2(a) + 2(b) + 2(c))	\$ 273,475	\$ —	\$ 273,475	\$ 487,058	\$ —	\$ 487,058	\$(213,583)	\$ —	\$ (213,583)

3.

	2021	2020
a. Ratio Percentage Used To Determine Recovery Period And Threshold Limitation Amount.	408.055%	391.713%
b. Amount of Adjusted Capital And Surplus Used To Determine Recovery Period And Threshold Limitation in 2(b)2 Above.	\$91,457,118	\$100,054,231

4.

	As of End of Current Period		12/31/2020		Change	
	(1)	(2)	(3)	(4)	(5)	(6)
	Ordinary	Capital	Ordinary	Capital	(Col. 1-3) Ordinary	(Col. 2 - 4) Capital
Impact of Tax Planning Strategies:						
Determination of adjusted gross deferred tax assets and net admitted deferred tax assets, by tax character as a percentage.						
1.Adjusted Gross DTAs amount from Note 9A1(c)	\$ 273,475	\$ —	\$ 487,058	\$ —	\$(213,583)	\$ —
2. Percentage of Adjusted gross DTAs by tax character attributable to the impact of tax planning strategies	— %	— %	— %	— %	— %	— %
3. Net Admitted Adjusted Gross DTAs amount from Note 9A1(e)	\$ 273,475	\$ —	\$ 487,058	\$ —	\$(213,583)	\$ —
4. Percentage of net admitted adjusted gross DTAs by tax character admitted because of the impact of tax planning strategies	— %	— %	— %	— %	— %	— %

b. Do the Company's tax-planning strategies include the use of reinsurance ? Yes [] No [X]

B. DTLs Not recognized - Not Applicable

ANNUAL STATEMENT FOR THE YEAR 2021 OF THE Root Insurance Company

NOTES TO FINANCIAL STATEMENTS

C. Current income taxes incurred consist of the following major components:

	(1) As of End of Current Period	(2) As of End of Prior Period	(3) (Col. 1-2) Change
1 Current Income Tax: Federal			\$ —
(a) Federal			\$ —
(b) Foreign			\$ —
(c) Subtotal	\$ —	\$ —	\$ —
(d) Federal income tax on net capital gains			\$ —
(e) Utilization of capital loss carry-forwards			\$ —
(f) Other	\$ —	\$ —	\$ —
(g) Federal and foreign income taxes incurred			\$ —
2 Deferred Tax Assets:			\$ —
(a) Ordinary:			\$ —
(1) Discounting of unpaid losses	\$ 1,471,681	\$ 1,160,394	\$ 311,287
(2) Unearned premium reserve	\$ 856,390	\$ 951,872	\$ (95,482)
(3) Policyholder reserves			\$ —
(4) Investments			\$ —
(5) Deferred acquisition costs			\$ —
(6) Policyholder dividends accrual			\$ —
(7) Fixed assets	\$ 275,867	\$ 489,862	\$ (213,995)
(8) Compensation and benefits accrual	\$ 584,956		\$ 584,956
(9) Pension accrual			\$ —
(10) Receivables - nonadmitted	\$ 12,434		\$ 12,434
(11) Net operating loss carry-forward	\$ 96,047,335	\$ 70,902,438	\$ 25,144,897
(12) Tax credit carry-forward	\$ 487,780	\$ 487,780	\$ —
(13) Other (including items <5% of total ordinary tax assets)	\$ 1,650,889	\$ 2,175,902	\$ (525,013)
(99) Subtotal	\$ 101,387,332	\$ 76,168,248	\$ 25,219,084
(b) Statutory valuation allowance adjustment	\$ (101,113,857)	\$ (75,681,190)	\$ (25,432,667)
(c) Nonadmitted	\$ —	\$ —	\$ —
Admitted ordinary deferred tax assets (2a99 - 2b - 2c)	\$ 273,475	\$ 487,058	\$ (213,583)
(e) Capital			\$ —
(1) Investments			\$ —
(2) Net capital loss carry-forward			\$ —
(3) Real estate			\$ —
(4) ther (including items <5% of total ordinary tax assets)			\$ —
(99) Subtotal	\$ —	\$ —	\$ —
(f) Statutory valuation allowance adjustment			\$ —
(g) Nonadmitted			\$ —
Admitted capital deferred tax assets (2e99 - 2f - 2g)		\$ —	\$ —
(i) Admitted deferred tax assets (2d + 2h)	\$ 273,475	\$ 487,058	\$ (213,583)
3 Deferred Tax Liabilities			\$ —
(a) Ordinary:			\$ —
(1) Investments	\$ —	\$ 1,279	\$ (1,279)
(2) Fixed assets			\$ —
(3) Deferred and uncollected premium			\$ —
(4) Policyholder reserves			\$ —
(5) Other (including items <5% of total ordinary tax liabilities)	\$ 273,475	\$ 485,779	\$ (212,304)
(99) Subtotal	\$ 273,475	\$ 487,058	\$ (213,583)
(b) Capital:			\$ —
(1) Investments			\$ —
(2) Real estate			\$ —
(3) Other (including items <5% of total ordinary tax liabilities)			\$ —
(99) Subtotal	\$ —	\$ —	\$ —
(c) Deferred tax liabilities (3a99 + 3b99)	\$ 273,475	\$ 487,058	\$ (213,583)

ANNUAL STATEMENT FOR THE YEAR 2021 OF THE Root Insurance Company

NOTES TO FINANCIAL STATEMENTS

D. Significant Book to Tax Adjustments

The following table reconciles the difference between federal income taxes incurred and the expected amount of income taxes, which is obtained by applying the statutory U.S. federal income tax rate of 21% for 2021 and 2020, respectively, to income before federal income taxes:

	Amount	Tax Rate
Provision at statutory rate	\$ (26,643,237)	21.0 %
Tax exempt deduction		0.0%
Dividends received deduction		0.0%
Proration of tax exempt investment income		0.0%
Nondeductible expenses	\$ 545,217	0.0%
Tax rate change due to the Tax Act		0.0%
Change in deferred tax on non-admitted assets	\$ 201,560	0.0%
Change in deferred on pension plan		0.0%
Change in statutory valuation allowance	\$ 25,432,667	0.0%
Prior year over/under accrual		0.0%
Tax Credits		0.0%
RTP, permanent	\$ 463,793	0.0%
Total	\$ —	0.0%
		0.0%
Federal and Foreign Taxes	\$ —	0.0%
Tax on realized gain/(losses)	\$ —	0.0%
Change in net deferred Taxes	\$ —	0.0%
Total Statutory Income Taxes	\$ —	0.0%

E. Operating Loss & Tax Credit

1. As of December 31, 2021 and 2020, the Company had approximately \$457 million and \$338 million, respectively, of unused operating loss carryforwards available to offset future taxable income. These losses will expire between 2036 and 2040. The Company also has R&D tax credit carryforwards as of December 31, 2021 of approximately \$500 thousand, which originated 2016 through 2018 and will expire between 2036 and 2038.
2. As of December 31, 2021 and 2020, the Company had no federal income taxes incurred that are available for recoupment in the event of future net losses.
3. The Company has no protective tax deposits under Section 6603 of the Internal Revenue Code.

F. Consolidated Federal Tax Returns

The Company is included in a consolidated federal income tax return with its parent company, Caret Holdings, Inc (CAR). The Company has a written agreement, approved by the Company's Board of Directors, which sets forth the manner in which the total combined federal income tax is allocated to each entity which is a party to the consolidation. CAR's parent company is Root, Inc (RHC)., and additional members of the consolidated group include, Root Reinsurance Company, LTD. (RRE), Root Property & Casualty Insurance Company (RPC), and Root Lone Star Insurance Agency, Inc (RLS). The consolidated return also includes Root Insurance Agency, LLC (RIA), Root Enterprise, LLC (REL), and Root Scout, LLC (RSC), all of which are disregarded entities under CAR for federal income tax purposes.

G. Federal or Foreign Federal Income Tax Loss Contingencies - Not Applicable

H. Repatriation Transition Tax (RTT) - Not Applicable

I. Alternative Minimum Tax (AMT) Credit - Not Applicable	Amount
(1) Gross AMT Credit Recognized as:	
a. Current year recoverable	
b. Deferred tax asset (DTA)	
(2) Beginning Balance of AMT Credit Carryforward	
(3) Amounts Recovered	
(4) Adjustments	
(5) Ending Balance of AMT Credit Carryforward (5= 2-3-4)	
(6) Reduction for Sequestration	\$ 0
(7) Nonadmitted by Reporting Entity	
(8) Reporting Entity Ending Balance(8=5-6-7)	\$ 0

Note 10 - Information Concerning Parent, Subsidiaries, Affiliates and Other Related Parties

- A. Nature of the Relationship:
- On July 20, 2021, Buzzwords Labs Inc. was renamed Root Scout, LLC.
- On January 27, 2021, Caret Holdings, Inc. (CAR) acquired Root Lone Star Insurance Agency, Inc. (RLS), a non-insurance affiliate.
- Effective January 1, 2021, RIC and Root Property & Casualty Insurance Company (RPC) entered into an intercompany reinsurance pooling agreement. Refer to Note 26 for more detail.
- On November 23, 2020 CAR secured regulatory approval to purchase RPC, formerly Catlin Indemnity Insurance Company.
- On September 10, 2020 Holding company “Root, Inc.” was renamed “Caret Holdings, Inc.”
- On September 10, 2020 Holding company “Root Stockholdings, Inc.” was renamed “Root, Inc.” (RHC)
- On January 14, 2020 Root Enterprises (REL) was formed. REL is a non-insurance subsidiary of CAR.
- B. CAR made capital contributions totaling \$117,300,000 to the Company during 2021. On December 31, 2021, CAR made a \$18,200,000 capital contribution to the Company. On November 30, 2021, CAR made a \$8,500,000 capital contribution to the Company. On October 29, 2021, CAR made a \$13,900,000 capital contribution to the Company. On September 30, 2021, CAR made a \$20,100,000 capital contribution to the Company. On August 31, 2021, CAR made a \$14,900,000 capital contribution to the Company. On July 30, 2021, CAR made a \$14,600,000 capital contribution to the Company. On June 30, 2021, CAR made a \$18,800,000 capital contribution to the Company. On May 28, 2021, CAR made a \$8,300,000 capital contribution to the Company.
- CAR made capital contributions totaling \$70,712,000 to the Company during 2020. On October 30, 2020, CAR made a \$17,200,000 capital contribution to the Company. On September 30, 2020, CAR made a \$7,000,000 capital contribution to the Company. On August 31, 2020, CAR made a \$8,500,000 capital contribution to the Company. On July 31, 2020, CAR made a \$10,000,000 capital contribution to the company. On April 30, 2020, CAR made a \$3,400,000 capital contribution to the Company. On March 31, 2020, CAR made a \$6,300,000 capital contribution to the Company. On February 28, 2020, CAR made a \$12,300,000 capital contribution to the Company. On January 30, 2020, CAR made a \$6,000,000 capital contribution to the Company.
- C. Not Applicable
- D. Amounts Due From or To Related Parties – At December 31, 2021 the Company had a net receivable balance from RRE totaling \$6,358, RIA totaling \$309,860, RLS totaling \$71,143 and RPC totaling \$24,623. The Company had a net payable balance to CAR totaling \$66,079,743, REL totaling \$3,655 and RHC totaling \$1,079,992.

ANNUAL STATEMENT FOR THE YEAR 2021 OF THE Root Insurance Company

NOTES TO FINANCIAL STATEMENTS

E. Management/Service Contracts and Cost Sharing Arrangements –

The Company has administrative service agreement in place, where CAR provides employees and other administrative services to the Company. For these services, the Company reimburses CAR at cost.

During 2020 and 2021 the Company had a producer agreement with RIA, to provide advertising, marketing, and customer services. Beginning November 1, 2020, after receiving regulatory approval, the Company updated the producer agreement to also include policy administration, product design, pricing, and underwriting services. Additionally, under this new agreement RIA bears the expense related to premium write-offs and collects and retains all monthly installment fees. As compensation for these services, the Company pays a commission based on direct written premium. The Company paid a total of \$138,030,382 and \$71,645,017 to RIA related to this agreement during the year ended December 31, 2021 and the year ended December 31, 2020 respectively.

F. Guarantees or Contingencies for Related Parties – Not Applicable

G. Nature of the Control Relationship – Not Applicable

H. Amount Deducted for Investment in Upstream Company – Not Applicable

I. Investments in SCA Greater than 10% of Admitted Assets – Not Applicable

J. Investments in Impaired SCA Entities – Not Applicable

K. Investments in Foreign Insurance Subsidiaries – Not Applicable

L. Investments in Downstream Noninsurance Holding Company – Not Applicable

M. All SCA Investments – Not Applicable

N. Investment in Insurance SCAs – Not Applicable

O. SCA or SSAP 48 Entity Loss Tracking – Not Applicable

NOTE 11 Debt – Not Applicable

NOTE 12 Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit Plans

A. Defined Benefit Plan - Not Applicable

B. Description of Defined Benefit Plans Investment Policies and Strategies - Not Applicable

C. Fair Value of Defined Benefit Plan Assets - Not Applicable

D. Basis Used to Determine Overall Expected Rate-of-Return for Defined Benefit Plan Assets - Not Applicable

E. Defined Contribution Plan

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

F. Multiemployer Plans - Not Applicable

G. Consolidated/Holding Company Plans - Not Applicable

H. Postemployment Benefits and Compensated Absences - Not Applicable

I. Impact of Medicate Modernization Act on Postretirement Benefits - Not Applicable

NOTE 13 Capital and Surplus, Shareholders' Dividend Restrictions and Quasi – Reorganizations

(A) At December 31, 2021 and December 31, 2020 the Company had 850 shares of \$10,000 par value common stock authorized and 450 shares issued and outstanding.

(B) Preferred Stock – The Company has no preferred stock authorized, issued or outstanding.

(C) Dividend Restrictions – Without prior approval of the OH DOI, dividends to shareholders are limited to \$0, an amount that is based on restrictions relating to statutory surplus and net income.

(D) Dividends – Not Applicable

(E) Unassigned Surplus Available for Dividends – Not Applicable

(F) Unassigned Surplus Restriction – Not Applicable

(G) Mutual Reciprocals – Not Applicable

(H) Company Stock Held for Special Purposes – Not Applicable

(I) Changes in Special Surplus Funds – Not Applicable

(J) The portion of unassigned funds (surplus) represented or reduced by cumulative unrealized gains and losses - Not Applicable.

(K) Surplus Debentures – Not Applicable

(L) The impact of any restatement due to prior quasi-reorganization – Not Applicable

(M) Effective date of quasi- reorganization – Not Applicable

NOTE 14 Liabilities, Contingencies and Assessment

A. Contingent Commitments – Not Applicable

B. Assessments

1. The Company is subject to guaranty fund and other assessments by the states in which it writes business. guaranty fund assessments should be accrued at the time of insolvencies. Other assessments are recognized 1) at the time of assessment, 2) when premiums are written for premium-based assessments, or 3) when losses are incurred for loss based assessments.

As of December 31, 2021 and 2020, the Company accrued a liability for unpaid guaranty fund and other assessments of \$279,934 and \$0, respectively. These represent management's best estimates based on information received from the states in which the Company writes business. The Company expects the unpaid assessment to be paid in 2022, and the premium tax offsets for assessments paid in 2021 of \$274,275 to be recognized ratably beginning in 2021 through 2031. The Company did not pay any assessments in 2020 which qualified for premium tax offsets.

- 2.

ANNUAL STATEMENT FOR THE YEAR 2021 OF THE Root Insurance Company

NOTES TO FINANCIAL STATEMENTS

	Description	
	a. Assets recognized from paid and accrued premium tax offsets prior year-end	\$—
	b. Decreases current year:	
	Premium tax offsets applied	\$27,427
	c. Increases current year:	
	Change in accrued premium tax offsets	\$554,209
	d. Assets recognized from paid and accrued premium tax offsets current year-end	\$526,782
C.	Gain Contingencies – Not Applicable	
D.	Claims Related extra contractual obligations and bad faith losses stemming from lawsuits -	

	Direct
(1) The company paid the following amounts in the reporting period to settle claims related extra contractual obligations or bad faith claims stemming from lawsuits	\$43,882
(2) Number of claims where amounts were paid to settle claims related extra contractual obligations or bad faith claims resulting from lawsuits during the reporting period	0-25 Claims
(3) Indicate whether claim count information is disclosed per claim or per claimant	Per Claim

- E. Product Warranties – Not Applicable
- F. Joint and Several Liabilities – Not Applicable
- G. All Other Contingencies

The company is named as defendant in various lawsuits arising out of its insurance operations. All legal actions relating to claims made under insurance policies are considered by the company in establishing its loss and LAE reserves. While the outcome of all legal actions is not presently determinable, we do not believe that we are party to any current or pending legal action that could reasonably be expected to have a material adverse effect on our financial condition or results of operations and cash flow.

NOTE 15 Leases

- A. Lessee Operating Lease:
(1) The Company leases office space under a noncancelable operating lease agreement that expires September, 2022. Operating rent expense for 2021 was \$152,496 and 2020 was \$303,288.

(2) a. At December 31, 2021 the minimum aggregate rental commitments are as follows:

	Operating Leases
1. 2022	\$ 130,073
2. 2023	
3. 2024	
4. 2025	
5. 2026	
6. Total	\$ 130,073

(3) Not Applicable

- B. Lessor Leases
(1) The Company had two subleases in effect during 2021 and 2020. Rental income was \$160,915 and \$140,770 for 2021 and 2020, respectively. Anticipated rental income in 2022 is \$136,785.

NOTE 16 Information About Financial Instruments With Off-Balance Sheet Risk and Financial Instruments With Concentrations of Credit Risk – Not Applicable

NOTE 17 Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities - 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 Measurements

- A.
(1) Fair Value Measurements at Reporting Date

Description of each class of asset or liability	(Level 1)	(Level 2)	(Level 3)	Net Asset Value (NAV)	Total
a.Assets at fair value					
Cash Equivalents - Other Money Market Mutual Funds	\$26,745,250				\$26,745,250
Total assets at fair value/NAV	\$26,745,250				\$26,745,250

Description of each class of asset or liability	(Level 1)	(Level 2)	(Level 3)	Net Asset Value (NAV)	Total
b. Liabilities at fair value					
Total liabilities at fair value					

(2) Fair Value Measurements in (Level 3) of the Fair Value hierarchy

Description	Beginning balance as of 01/01/2021	Transfers into Level 3	Transfers out of Level 3	Total gains and (losses) included in Net Income	Total gains and (losses) included in Surplus	Purchases	Issuances	Sales	Settlements	Ending Balance at 12/31/2021
a.Assets										
Total Assets										

Description	Beginning balance as of 01/01/2021	Transfers into Level 3	Transfers out of Level 3	Total gains and (losses) included in Net Income	Total gains and (losses) included in Surplus	Purchases	Issuances	Sales	Settlements	Ending Balance at 12/31/2021
b.Liabilities										
Total Liabilities										

(3) The Company records transfers between Fair Value Levels at the end of each reporting period.

ANNUAL STATEMENT FOR THE YEAR 2021 OF THE Root Insurance Company

NOTES TO FINANCIAL STATEMENTS

(4) Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (exit price) in an orderly transaction between market participants at the measurement date. In determining fair value, the Company primarily uses the market approach which utilizes processes and other relevant information generated by market transactions involving identical or comparable assets or liabilities. To a lesser extent, the Company also uses the income approach which uses discounted cash flows to determine fair value. When applying either approach, the Company maximizes the use of observable inputs and minimizes the use of unobservable inputs. Observable inputs reflect the assumptions market participants would use in valuing a financial instrument based on market data obtained from sources independent of the Company. Unobservable inputs reflect the Company’s estimates about the assumptions market participants would use in valuing financial assets and financial liabilities based on the best information available in the circumstances.

The Company is required to categorize its financial assets and financial liabilities carried at fair value on the statutory statements of admitted assets, liabilities and capital and surplus according to a three-level hierarchy. A level is assigned to each financial asset and financial liability based on the lowest level input that is significant to the fair value measurement in its entirety. The levels of fair value hierarchy are as follows.

Level 1 - Fair Value is based on unadjusted quoted prices for identical assets or liabilities in an active market. The types of assets and liabilities utilizing Level 1 valuations generally include money-market funds.

Level 2 - Fair value is based on significant inputs, other than quoted prices included in Level 1, that are observable in active markets for identical or similar assets and liabilities.

Level 3 - Fair value is based on at least one or more significant unobservable inputs. These inputs reflect the Company’s assumptions about the inputs market participants would use in pricing the assets or liabilities.

The fair value of the Company’s financial assets and financial liabilities has been determined using available market information as of December 31, 2021. Although the Company is not aware of any factors that would significantly affect the fair value of financial assets and financial liabilities such amounts have not been comprehensively revalued since those dates. Therefore, estimates of fair value subsequent to the valuation dates may differ significantly from the amounts presented herein. Considerable judgement is required to interpret mater data to develop the estimates of fair value. The use of different market assumption and/or estimation methodologies may have a material effect on the estimated fair value amounts.

The Company uses prices and inputs that are current as of the measurement date. In periods of market disruption, the ability to observe prices and inputs may be reduced, which could cause an asset or liability to be reclassified to a lower level.

Inputs used to measure fair value of an asset or liability may fall into different levels of the fair value hierarchy. In these situations, the Company will determine the level in which the fair value based upon the lowest level input that is significant to the determination of the fair value.

(5) Not Applicable

- B. Not Applicable
- C. Aggregate fair value for all financial instruments and the level within the fair value hierarchy in which the fair value measurements in their entirety fall.

Type of Financial Instrument	Aggregate Fair Value	Admitted Assets	(Level 1)	(Level 2)	(Level 3)	Net Asset Value (NAV)	Not Practicable (Carrying Value)
Long Term Bonds	\$ 65,515,351	\$ 64,510,123	\$ 2,344,982	\$ 63,170,369	\$ —		
Short Term Bonds	\$ —	\$ —	\$ —	\$ —	\$ —		
Cash Equivalents	\$ 28,099,284	\$ 28,099,284	\$ 28,099,284	\$ —	\$ —		
Other Invested Assets	\$ 103,635	\$ 103,635	\$ —	\$ —	\$ 103,635		

D. Not Practicable to Estimate Fair Value

Type or Class of Financial Instrument	Carrying Value	Effective Interest Rate	Maturity Date	Explanation
	0	0	0	0

E. Measured Using Net Asset Value - Not Applicable

NOTE 21 Other Items

A. Unusual or Infrequent Items

Our business has been and may continue to be impacted by the effects of the outbreak of the novel strain of coronavirus, or COVID-19, which was declared a global pandemic in March 2020. This pandemic and related measures taken to contain the spread of COVID-19, such as government-mandated business closures, orders to “shelter in place,” or SIPs, and travel and transportation restrictions, have negatively affected the U.S. and global economies, disrupted global supply chains, and led to unemployment. In 2020, our business was favorably impacted by the SIPs as our customers drove less and we had a resulting material decline in loss coverages, which returned to pre-COVID-19 levels in 2021. Due to the COVID-19 pandemic’s negative impact on driving, regulators in many states either mandated or requested that auto insurance companies refund a portion of their premium to their policyholders to reflect the insurer’s decrease in projected loss exposure due to the virus, and could do so again in the future. Our business has also been impacted by certain state regulations related to COVID-19 relief efforts, including restrictions on the ability to cancel policies for non-payment, requirements to defer insurance premium payments for up to 120 days and restrictions on increasing policy premiums. These mandates and similar regulations or requests could negatively impact our ability to charge or increase premiums to adequately cover our losses.

The COVID-19 pandemic and governmental responses thereto have resulted, and could further result in, an increase in costs associated with claims under our policies, including the cost to repair or replace vehicles, as well as an increase in the number of customers experiencing difficulty paying premiums. In response to inflation and loss cost trends and to further drive efficiency and increased focus on our strategic priorities, subsequent to year end, the Company’s parent instituted an organizational realignment, including an involuntary workforce reduction affecting approximately 330 employees, which represented approximately 20% of our workforce. The majority of the reduction was driven by optimizing the claims and sales departments for the current macro environment. A majority of the affected employees were notified on January 20, 2022, with most job eliminations effective in January 2022. Expenses related to the workforce reduction were recognized by the Company’s parent in January 2022.

- B. Troubled Debt Restructuring: Debtors- No 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
- G. Insurance-Linked Securities (ILS) Contracts

On September 14, 2020, the Company entered into an agreement with Isosceles Insurance LTD. (Isosceles), a Bermuda Special Purpose Reinsurance Vehicle, for the purpose of securing collateralized aggregate excess of loss reinsurance (“Stop Loss”) protection. Through Separate Account 2020-C1 Isosceles issued a discounted zero coupon note in conjunction with this agreement that provides Stop Loss reinsurance coverage on net retained premium that attaches at a loss ratio above 90% and covers all losses that occur in this layer until it exhausts at 100%. For the 2020 risk period Isosceles provides coverage on net retained premium of up to \$123,450,000 and aggregate maximum proceeds of \$12,345,000. The coverage was effective July 1, 2020 and expires on June 30, 2021. This treaty did not attach during 2021 and the Company received no proceeds.

ANNUAL STATEMENT FOR THE YEAR 2021 OF THE Root Insurance Company

NOTES TO FINANCIAL STATEMENTS

Number of Outstanding ILS Contracts	Aggregate Maximum Proceeds
-------------------------------------	----------------------------

Management of Risk Related To:

(1) Direct Written Insurance Risks

a.	ILS Contracts As Issuer	\$	—
b.	ILS Contracts as Ceding Insurer		
c.	ILS Contracts as Counterparty	\$	—

(2) Assumed Insurance Risks

a.	ILS Contracts As Issuer	\$	—
b.	ILS Contracts as Ceding Insurer	\$	—
c.	ILS Contracts as Counterparty	\$	—

H. The Amount That Could Be Realized on Life Insurance Where the Reporting Entity is Owner and Beneficiary or Has Otherwise Obtained Rights to Control the Policy - Not Applicable

NOTE 22 Events Subsequent

In January 2022, the Company's Parent RHC closed on a \$300.0 million five-year term loan with BlackRock. Interest equal to 3-month USD SOFR (with a 1.0% floor) plus 9.0% per annum is payable quarterly, in cash. As part of the loan agreement, BlackRock received warrants to purchase 5.7 million shares of Class A common stock at \$9.00 per share, representing 2.0% of the aggregate number of issued and outstanding shares of our common stock on a fully-diluted basis as of January 26, 2022. Such warrants will expire on the later of the repayment in full of the term loan and January 27, 2027. Under certain contingent scenarios, BlackRock may also receive additional warrants to purchase shares of Class A common stock equal to 1.0% of the aggregate number of issued and outstanding shares of our common stock on a fully-diluted basis as of the triggering date. These warrants will have an exercise price equal to the 30-trading day volume weighted average price for the 30-day trading period ending on the trading day immediately prior to the triggering date. These warrants will expire on the later of the repayment in full of the term loan, January 27, 2027 and the date that falls 12 months after the issuance of these warrants.

NOTE 23 Reinsurance

A. Unsecured Reinsurance Recoverables

The Company had the following unsecured reinsurance recoverables that exceeded 3% of the Company's policyholders surplus as of December 31, 2021 and December 31, 2020, respectively:

	NAIC Group Code	FEIN	Unsecured Recoverables	
			2021	2020
Root Property & Casualty Insurance Company	4991	52-0249520	\$44,332,894	\$—
National Indemnity Company	20087	47-0355979	\$37,706,983	\$49,963,125
Hannover Ruckversicherung A.G.	10241	AA-1340125	\$9,915,810	\$10,768,010
Arch Reinsurance Company	11791	06-1430254	\$9,267,633	\$18,053,438
Swiss Reinsurance America Corporation	25364	13-1675535	\$8,267,626	\$6,456,256
Partner Reinsurance Company of the US	38636	13-3031176	\$7,305,468	\$6,671,179
Everest Reinsurance Company	00000	22-2005057	\$5,329,008	\$5,464,403

B. Reinsurance Recoverable in Dispute - Not Applicable

C. Reinsurance Assumed and Ceded -
(1)

	Assumed Reinsurance		Ceded Reinsurance		Net	
	Premium Reserve	Commission Equity	Premium Reserve	Commission Equity	Premium Reserve	Commission Equity
a. Affiliates	\$ 562,337		\$ 53,996,302	\$ 12,224,685	\$ (53,433,965)	\$ (12,224,685)
b. All Other			\$ 96,247,483	\$ 25,607,300	\$ (96,247,483)	\$ (25,607,300)
c. Total	\$ 562,337	\$ —	\$ 150,243,785	\$ 37,831,985	\$ (149,681,448)	\$ (37,831,985)
d. Direct Unearned Premium Reserve						\$ 170,071,692

(2)

	Direct	Assumed	Ceded	Net
a.Contingent Commission				
b. Sliding Scale Adjustments				\$ —
c. Other Profit Commission Arrangements				\$ —
d. TOTAL	\$ —	\$ —		

(3)

Protected Cell Name	Covered Exposure	Ultimate Exposure Amt	Fair Value of Assets as of Statement Date	Initial Contract Date of Securitization Instrument	Maturity Date of Securitized Instrument
TOTAL					

D. Uncollectible Reinsurance - Not Applicable

E. Commutation of Reinsurance Reflected in Income and Expenses - Not Applicable

F. Retroactive Reinsurance - Not Applicable

G. Reinsurance Accounted for as a 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

K. Reinsurance Credit - Not Applicable

ANNUAL STATEMENT FOR THE YEAR 2021 OF THE Root Insurance Company

NOTES TO FINANCIAL STATEMENTS

NOTE 24 Retrospectively Rated Contracts & Contracts Subject to Redetermination - Not Applicable

NOTE 25 Change in Incurred Losses and Loss Adjustment Expenses

A. Change in Incurred Losses and Loss Adjustment Expenses

Incurred losses and LAE attributable to prior accident years was a decrease of \$11.1 million and an increase of \$18.6 million during 2021 and 2020, respectively. For the year ended December 31, 2021, the decrease was primarily attributed to lower-than-expected reported losses on bodily injury claims from accident year 2020. In addition, recoveries from subrogation and salvage from 2020 material damage claims were higher than estimated. For the year ended December 31, 2020, the increase to held loss reserves of prior years was primarily related to higher than estimated reported losses resulting from frequency and severity in excess of expectations for bodily injury claims as well as higher emergence of collision claims from accident years 2019 and prior, partially due to timing of reported claims. The year ended December 31, 2020 also included development of incurred losses related to accident years 2019 and prior as a result of a change in estimate. The adjustments recorded in the year ended December 31, 2020 were necessary in order to effectuate management’s best estimate for determining the estimated ultimate cost of settling claims using our knowledge and experience about past and current events and developments.

B. Information about Significant Changes in Methodologies and Assumptions

There have been no significant changes in methodologies and assumptions used in calculating the liability for unpaid loss and loss adjustment expense.

NOTE 26 Intercompany Pooling Arrangements -

A. Information about Significant Changes in Methodologies and Assumptions

Pooling Entities	NAIC Company Code	Pooling Percentage
Root Insurance Company (Lead Member)	10974	80%
Root Property & Casualty	24503	20%

B. Description of Lines and Types of Business Subject to the Pooling Agreement

The pooling arrangement covered premiums, losses, and underwriting expenses for all lines during the year.

C. Description of Cessions to Non-Affiliated Reinsurance Subject to Pooling Agreement

Under the Pooling Agreement, the Company, as the Pool Lead, assumed 100% of the Pool Members’ gross premiums, losses, and underwriting expense activity. The Company purchases reinsurance on behalf of itself and the Pool Members. The net after reinsurance is then pooled and a retrocession is made to each Pool Member in proportion to its pool participation percentage.

D. Identification of all Pool Member that are Parties to Reinsurance Agreements with Non-Affiliated Reinsurers

Commencing January 1, 2021, all reinsurance contracts entered into for the benefit of the Pool Members were placed by the Company on behalf of itself and the Pool Members. All ceded reinsurance balances related to the reinsurance contracts were recorded in the statutory financial statements of the Company and all reinsurers which are parties to the contracts are included in the Company’s Sch F. Any Schedule F penalty is shared by the Pool Members in accordance with their pool year participation percentages.

E. Discrepancies Between Pooling Participants

There are no discrepancies related to the pooled business between the assumed and ceded reinsurance schedules of the Pool Members and Pool Lead.

F. Description of Intercompany Sharing - Not Applicable

G. Amounts due To/From Lead Entity and all Affiliated Entities Participating in the Intercompany Pool

As of December 31, 2021 the Company reported an aggregate pooling-related receivable of \$1,784,331.

NOTE 27 Structured Settlements - Not Applicable

NOTE 28 Health Care Receivables - Not Applicable

NOTE 29 Participating Policies - Not Applicable

NOTE 30 Premium Deficiency Reserves -

1	Liability carried for premium deficiency reserves	\$ -	
2	Date of the most recent evaluation of this liability	12/31/2021	
3	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

NOTE 36 Financial Guaranty Insurance - Not Applicable