

Root Insurance Co

Updated: February 2020

Car insurance based on how people drive, not who they are



Root is a car insurance company founded on the belief that good drivers should pay less for insurance since they're less likely to get into accidents. With that in mind, Root set out to reinvent a broken industry—an industry with an archaic agent structure that was still assigning rates based primarily on demographics.

Using technology in smartphones to measure driving behavior, the Root app determines who is a safe driver and who isn't. By understanding and pricing for actual driving behavior, Root can offer more affordable rates. And the entire Root experience is simple and easy.

Fast facts

- Root is the country's first and only car insurance company that can be entirely mobile/app-based.
- Root's customers, on average, save \$1,142¹ per year on their car insurance policies when compared to their previous rate with another provider.
- Root requires a short test drive (measured through each driver's smartphone) to understand driving behavior before providing rates to consumers. The driving score is the single largest factor that determines policy rates².
- Root offers insurance in 30 states and plans to be nationwide by 2020.
Available states: Arizona, Arkansas, California, Connecticut, Colorado, Delaware, Georgia, Illinois, Indiana, Iowa, Kentucky, Louisiana, Maryland, Mississippi, Missouri, Montana, Nevada, New Mexico, Nebraska, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, South Carolina, Tennessee, Texas, Utah, Virginia, and West Virginia.
- All Root policies to consumers are backed by reinsurance.

Root's proprietary technology

- Root offers Usage Based Insurance (UBI), collecting telematics data from the accelerometer and other sensors in a smartphone to understand driving behavior. The company uses its proprietary algorithm to identify and offer policies to good drivers.
- Policy rates are based primarily on the results of a test drive, but also take traditional variables into consideration. Driving behavior is the single largest factor in Root's pricing structure.

¹Based on national reviews reported by actual customers.

²Telematics is not used and resulting represented savings are not applicable in California. Visit joinroot.com/califaq for more information.

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- Root looks at more than 200 driving variables to assess a driver's risk behind the wheel. Sample factors that Root looks at to assess driving behaviors include: braking, turning, miles driven, and phone use while driving.
- Customer sign-up for Root is done primarily through the company's app, available for iPhones (5s and above) and most Android phones. Sign-up is also available through the web. Once drivers receive their quote, they are able to purchase their policy and manage it entirely through Root's smartphone app.

Root's vision for insurance

When working at his first insurance job, Co-founder and CEO Alex Timm realized that the pricing algorithms used to set insurance rates were based almost exclusively on things like ZIP code, age, and other demographic data—factors beyond the control of a driver. He envisioned a technology-driven insurance model that would allow for more fair and more accurate pricing.

As Root's technology becomes more sophisticated, the company is committed to eliminating as many demographic variables from their pricing algorithm as possible and is focused on continuing to build a platform that provides rates based on actual driving behavior.

A strong growth trajectory

- As of the end of Q3 2019, Root has written more than \$580 million in direct premiums.
- Since November 2016, downloads of the Root app have averaged more than 120,000 per month.
- As of January 2020, Root has more than 800 employees, with offices in Columbus, Chicago, Phoenix, and San Francisco.
- In fall of 2019, Root expanded their line of products to include renters insurance in select markets.
- Root has raised more than \$525 million in venture funding, including a recently completed Series E round led by DST Management and Coatue, with Drive Capital, Redpoint Ventures, Ribbit Capital, Scale Venture Partners, and Tiger Global Management all participating.

Leadership

Root's management team has vast experience in both tech and insurance.

Alex Timm, Co-Founder and Chief Executive Officer

Dan Manges, Co-Founder and Chief Technology Officer

Daniel Rosenthal, Chief Financial Officer

Lauren Gruenebaum, Chief Product Officer

Kumi Walker, Chief Business Development and Strategy Officer

David Martin, Chief Data Scientist

Kelly Ruoff, Chief Brand Officer

Hemal Shah, Chief of Research and Development

Clara Kridler, VP of People