

REPORT ON EXAMINATION
OF
ROOT PROPERTY & CASUALTY INSURANCE COMPANY
AS OF
DECEMBER 31, 2020

TRINIDAD NAVARRO
COMMISSIONER



STATE OF DELAWARE
DEPARTMENT OF INSURANCE

REPORT ON EXAMINATION
OF
ROOT PROPERTY & CASUALTY INSURANCE COMPANY
AS OF
DECEMBER 31, 2020

The above-captioned report was completed by examiners of the Delaware Department of Insurance.

Consideration has been duly given to the comments, conclusions and recommendations of the examiners regarding the status of the company as reflected in the report.

This report is hereby accepted, adopted and filed as an official record of this Department.


Trinidad Navarro
Insurance Commissioner

Dated this 9th day of February, 2022

TABLE OF CONTENTS

| | |
|---|----|
| SCOPE OF EXAMINATION | 1 |
| SUMMARY OF SIGNIFICANT FINDINGS..... | 3 |
| COMPANY HISTORY | 3 |
| CAPITALIZATION | 5 |
| DIVIDENDS | 5 |
| MANAGEMENT AND CONTROL..... | 6 |
| DIRECTORS | 6 |
| OFFICERS..... | 6 |
| CORPORATE RECORDS..... | 7 |
| INSURANCE HOLDING COMPANY SYSTEM..... | 7 |
| AGREEMENTS WITH AFFILIATES | 8 |
| TERRITORY AND PLAN OF OPERATION..... | 9 |
| REINSURANCE | 9 |
| FINANCIAL STATEMENTS..... | 9 |
| STATEMENT OF ASSETS | 10 |
| STATEMENT OF LIABILITIES AND SURPLUS..... | 11 |
| STATEMENT OF INCOME..... | 12 |
| CAPITAL & SURPLUS ACCOUNT..... | 13 |
| RECONCILIATION OF CAPITAL AND SURPLUS..... | 14 |
| ANALYSIS OF CHANGES IN FINANCIAL STATEMENTS RESULTING FROM THE EXAMINATION | 15 |
| SUBSEQUENT EVENTS..... | 15 |
| COMPLIANCE WITH PRIOR EXAMINATION RECOMMENDATIONS..... | 16 |
| SUMMARY OF RECOMMENDATIONS..... | 16 |

January 19, 2022

Honorable Trinidad Navarro
Commissioner of Insurance
Delaware Department of Insurance
1351 West North Street
Suite 101
Dover, Delaware 19904

Dear Commissioner:

In compliance with instructions and pursuant to statutory provisions contained in Exam Authority No. 21.016, dated February 18, 2021, an examination has been made of the affairs, financial condition and management of

ROOT PROPERTY AND CASUALTY INSURANCE COMPANY

hereinafter referred to as the Company or RPCIC. The Company was incorporated under the laws of the State of Delaware as a stock company with its registered office located at 1209 Orange Street, Wilmington, Delaware, 19801. Due to the COVID-19 Pandemic, the examination was conducted offsite. The administrative office of the Company located at 80 E. Rich St., Suite 500, Columbus, Ohio, 43215. The report of examination thereon is respectfully submitted.

SCOPE OF EXAMINATION

The Delaware Department of Insurance (Department) performed a risk-focused financial examination of the Company. The previous regulatory examination of the Company covered the three-year period from January 1, 2013 through December 31, 2015. This examination covered the five-year period from January 1, 2016 through December 31,

2020. Transactions subsequent to the examination date were reviewed where deemed necessary.

We conducted our examination in accordance with the National Association of Insurance Commissioners (NAIC) *Financial Condition Examiners Handbook* (Handbook) and generally accepted statutory insurance examination standards consistent with the Insurance Code and Regulations of the State of Delaware. The Handbook requires that we plan and perform the examination to evaluate the financial condition, assess corporate governance, identify current and prospective risks of the company and evaluate system controls and procedures used to mitigate those risks. The examination also includes identifying and evaluating significant risks that could cause an insurer's surplus to be materially misstated both currently and prospectively.

All accounts and activities of the Company were considered in accordance with the risk-focused examination process. This may include assessing significant estimates made by management and evaluating management's compliance with Statutory Accounting Principles.

The examination does not attest to the fair presentation of the financial statements included herein. If during the course of the examination an adjustment is identified, the impact of such adjustment will be documented separately following the Company's financial statements.

This examination report includes significant findings of fact, pursuant to the General Corporation Law of the State of Delaware as required by 18 *Del. C.* § 321, along with general information about the insurer and its financial condition. There may be other items identified during the examination that, due to their nature, are not included within the examination report but separately communicated to other regulators and/or the Company.

SUMMARY OF SIGNIFICANT FINDINGS

There were no significant findings or material changes in financial statements as a result of this examination.

COMPANY HISTORY

The Company was established in 1845 as Mutual Insurance Company of Washington County, Maryland. It was reorganized as a stock company on June 6, 1928. The Company underwent a series of name changes until April 22, 1964 wherein it changed its name to Blue Ridge Insurance Company (BRIC). Over 70% of the outstanding stock of the Company was purchased by Republic Insurance Company (RIC) in July 1963. RIC continued to increase its ownership in BRIC and by the end of 1973 it owned 100% of the capital stock of the company. On December 9, 1982, all of the outstanding stock of Republic Financial Services, Inc., RIC's parent, was acquired by Winterthur U.S. Holdings, Inc. (Winterthur US). Winterthur US was a wholly owned subsidiary of Winterthur Swiss Insurance Company. A series of restructuring and acquisitions were held, and as a result, BRIC re-domesticated to Connecticut in 1995. Winterthur US became BRIC's immediate parent in 1997 and Credit Suisse Group became BRIC's indirect wholly owning parent.

On April 1, 2001, Winterthur US contributed 100% of the capital stock of BRIC to General Casualty Company of Wisconsin (GCWI). On August 11, 2003, the company re-domesticated from Connecticut to Wisconsin.

Effective December 22, 2006, Credit Suisse Group finalized the sale of Winterthur Swiss Insurance Company to AXA. Subsequently, effective May 31, 2007, AXA finalized the sale of Winterthur US and its consolidated subsidiaries to QBE Holdings, Inc., a subsidiary of Australian-based QBE Insurance Group Limited. Winterthur US was renamed QBE Regional Companies (N.A.), Inc..

On January 1, 2011, Catlin, Inc. purchased BRIC from GCWI. Effective February 28, 2011, BRIC's name was changed to Catlin Indemnity Company (CIND) and was re-domesticated from Wisconsin to Delaware.

On December 31, 2011, CIND acquired Catlin Insurance Company, Inc. from Catlin, Inc. (Catlin).

On December 31, 2013, the Company was acquired by Catlin Specialty Insurance Company (CSIC) from Catlin. The acquisition was completed as a capital contribution to CSIC and was approved by the Department.

On May 1, 2015, the Company was part of the merger of XL America Group (XL Insurance America, Inc., XL Select Insurance Company, XL Specialty Insurance Company and Indian Harbor Insurance Company), Catlin Group Limited (CGL) and Green Holdings Limited, a Bermuda company (Green Holdings with Green Holdings being the surviving entity). Thereafter, Green Holdings was contributed to XL Insurance Ltd (XLIB), which is an indirect subsidiary of XL America Group, thereby making Green Holdings a direct subsidiary of XLIB and an indirect subsidiary of XL America Group. As a result of the merger, the Company became an indirect subsidiary of Green Holdings and an indirect subsidiary of Catlin, a Delaware corporation.

On September 28, 2015, following the approval of the Exemption from the Form A filing by the Delaware Commissioner of Insurance dated August 12, 2015, XL America Group effected an internal reorganization in order to better align the newly acquired insurance operations of CGL with XL America Group's existing operations by transferring the ownership of CGL's U.S. insurance operations to X.L. Reinsurance America, Inc. (X.L. America), which is the holding company for XL America Group's U.S. insurance operations (the Internal Reorganization). As a result of the Internal Reorganization, Catlin converted to

Catlin, LLC, a Delaware limited liability company, with Catlin, LLC becoming a direct wholly-owned subsidiary of X.L. America, with CSIC becoming a direct subsidiary of Catlin, LLC, and the Company remaining as a direct subsidiary of CSIC. X.L. America remained the ultimate controlling person of the Delaware insurers following the Internal Reorganization.

On November 23, 2020, Caret Holdings Inc. (CAR) acquired CIND, a dormant shell company, from the X.L. America and subsequently changed its name to RPCIC. This acquisition expanded Root Group's ability to sell personal auto insurance in 48 states and the District of Columbia.

The Company is authorized as a stock insurer to transact the business of property, surety and casualty insurance, as defined in 18 *Del. C.* §903, §904, § 905, § 906, and §907.

Capitalization

The Company's Certificate of Incorporation authorizes the issue of 1,800,000 shares of common stock with a \$2.33 1/3 par value. As of December 31, 2020, the Company had 1,800,000 common shares issued and outstanding totaling \$4,200,000. All outstanding common shares of the Company are owned by CAR, a Delaware domiciled holding company. As of December 31, 2020, the Company reported gross paid in and contributed surplus of \$16,332,158.

Dividends

As part of the sale of the Company to Root Group, the Company paid a \$36,420,983 non-cash dividend to the Company's former parent, X.L. America. This dividend was approved as part of the Department's approval of the sale agreement.

MANAGEMENT AND CONTROL

Directors

Pursuant to the general Corporation Laws of the State of Delaware, as implemented by the Company's Certificate of Incorporation and bylaws, the property and affairs of the Company must be managed by or under the direction of its Board of Directors (Board). The authorized number of Directors of the corporation will be fixed by the Board from time to time. Directors need not be stockholders unless so required by the Certificate of Incorporation. If for any cause, the Directors have not been elected at an annual meeting, they may be elected as soon thereafter as convenient.

Each Director is elected annually by the stockholder and holds office until the next annual election and until their successors are elected and qualify except as removed for cause and the successor elected by a special meeting of the stockholder. Directors duly elected and serving as of December 31, 2020, are as follows:

| <u>Name</u> | <u>Affiliation</u> |
|----------------------------|----------------------------|
| Alexander Edward Timm | President and CEO |
| Cynthia Ann Powell | Semi-retired, Consultant |
| Lawrence Allen Hilsheimer | EVP & CFO, Greif Inc. |
| Jonathan Alexander Allison | Secretary |
| Julie Mix McPeak | General Counsel, Root Inc. |

Officers

Officers were elected in accordance with the bylaws during the period under examination. The officers of the corporation will include, if and when designated by the Board, the Chief Executive Officer, the President, one or more Vice Presidents, the Secretary, the Chief Financial Officer, the Treasurer and the Controller, all of whom will be elected or appointed from time to time by the Board. The Board may also appoint one or more Assistant Secretaries, Assistant Treasurers, Assistant Controllers and such other

officers and agents with such powers and duties as it deems necessary. The primary officers serving as of December 31, 2020, were as follows:

| <u>Name</u> | <u>Title</u> |
|----------------------------|-------------------------|
| Alexander Edward Timm | President |
| Daniel Harris Rosenthal | Chief Financial Officer |
| Daniel Craig Manges | Vice President |
| Jonathan Alexander Allison | Secretary |

Corporate Records

The recorded minutes of the shareholder and Board were reviewed for the period under examination. The recorded minutes of the Board adequately documented its meetings and approval of Company transactions and events including approval of investment transactions in accordance with 18 *Del. C.* §1304. In addition, the review of Company files indicated that written correspondence was submitted to the Department with regards to the changes in officers and directors during the period under examination in compliance with 18 *Del. C.* §4919.

Insurance Holding Company System

The Company is a member of an insurance holding company system known as Root Inc. (Root) as defined under 18 *Del. C.* §5001 of the Delaware Insurance Code. Root is a publically listed holding company whose common shares are listed on the NASDAQ stock exchange under the symbol ROOT. As of December 31, 2020, Root had consolidated assets of \$1,762.3 million and shareholders' equity of \$1,032.4 million. 18 *Del. C.* §5001(3) states that “. . .Control shall be presumed to exist if any person, directly or indirectly, owns, controls, holds with the power to vote, or holds proxies representing 10 percent or more of the voting securities of any other person.” Pursuant to this presumption Alex Timm, DC I Investment LLC and Ribbit Capital IV, LP collectively owned or controlled 10% or more of the voting

shares of Root as of the examination date and are considered the ultimate controlling entities of the Company.

An abbreviated organizational chart of the Group holding company system as of December 31, 2020, is as follows (with the percentage control of the downstream subsidiary by the upstream direct parent is shown):

| | <u>Domicile</u> | <u>Ownership Percentage</u> |
|--|-----------------|-----------------------------|
| Root Inc. (1) | DE | 100% |
| Caret Holdings, Inc. | DE | 100% |
| Root Insurance Company | OH | 100% |
| Root Property & Casualty Insurance Company | DE | 100% |
| Root Reinsurance Company Ltd. | CAYMAN | 100% |

(1) Percentage of Total Voting Power of Root Inc: Alex Timm (11%), DC I Investment LLC (31%), Ribbit Capital IV, LP (17.9%) and all other holders (40.1%)

Agreements with Affiliates

Administrative Services Agreement

Effective January 1, 2021, the Company entered into an Administrative Service Agreement with CAR. Under the terms of this agreement, CAR shall provide the following services to the Company including but not limited to the following: accounting, actuarial analysis, cash management, auditing, corporate administration, human resources, payroll, employee benefits, buying/procuring reinsurance, advertising, marketing, public relations, underwriting, investment services and data and records storage.

Producer Agreement

Effective January 1, 2021, the Company entered into an Authorized Producer Agreement with Root Insurance Agency, LLC (Root Agency). Under the terms of this agreement, the Company appointed Root Agency to act as its nonexclusive insurance agent

for the solicitation, underwriting servicing and administration of the insurance policies for the types, lines and classes of business conducted by the Company.

TERRITORY AND PLAN OF OPERATION

Territory

The Company is a Delaware domiciled stock insurance company which is a wholly-owned subsidiary of CAR that is licensed to write business in all 50 states and the District of Columbia. The Company is licensed to provide various forms of property and casualty insurance coverage.

Plan of Operation

As of December 31, 2020, the Company was a dormant shell company and was not writing business.

REINSURANCE

Effective January 1, 2019, the Company executed a 100% transfer and assumption reinsurance agreement with XL Specialty Insurance Company (XLSIC), an affiliate at that time. As a result of this transaction, the Company is indemnified of all its policyholder liabilities, which were assumed by XLSIC.

FINANCIAL STATEMENTS

The following financial statements, as reported and filed by the Company with the Department, are reflected in the following:

- Statement of Assets as of December 31, 2020
- Statement of Liabilities and Surplus as of December 31, 2020
- Statement of Income for the year ended December 31, 2020
- Statement of Capital and Surplus Account for the year ended December 31, 2020
 - Reconciliation of Capital and Surplus for the Period December 31, 2015 to December 31, 2020

ROOT PROPERTY & CASUALTY INSURANCE COMPANY
STATEMENT OF ASSETS
AS OF DECEMBER 31, 2020

| | <u>Ledger Assets</u> | Nonadmitted <u>Assets</u> | Net Admitted <u>Assets</u> |
|--|----------------------|------------------------------|-------------------------------|
| Bonds | \$ 13,734,859 | \$ - | \$ 13,734,859 |
| Cash | 36,487 | - | 36,487 |
| Cash equivalents | 250,914 | - | 250,914 |
| Short Term Investments | <u>2,249,144</u> | <u>-</u> | <u>2,249,144</u> |
| Subtotals, cash and invested assets | <u>16,271,404</u> | <u>-</u> | <u>16,271,404</u> |
| Investment income due and accrued | 61,005 | - | 61,005 |
| Aggregate write-ins for other than invested assets | <u>1,232,381</u> | <u>-</u> | <u>1,232,381</u> |
| Total Assets | <u>\$ 17,564,789</u> | <u>\$ -</u> | <u>\$ 17,564,789</u> |

ROOT PROPERTY & CASUALTY INSURANCE COMPANY
STATEMENT OF LIABILITIES AND SURPLUS
AS OF DECEMBER 31, 2020

| | | |
|---|----|--------------------------|
| Losses | \$ | - |
| Reinsurance payable on paid losses and loss adjustment expenses | | - |
| Loss adjustment expenses | | - |
| Commissions payable; contingent commissions and other similar charges | | - |
| Other expenses (excluding taxes; licenses and fees) | | - |
| Taxes, licenses, and fees (excluding federal and foreign income tax) | | - |
| Current federal and foreign income taxes | | - |
| Unearned premiums (after deducting unearned premiums for ceded reinsurance of \$0 and including warranty reserves of \$0) | | - |
| Advance Premium | | - |
| Dividends declared and unpaid: Policyholders | | - |
| Ceded reinsurance premiums payable (net of ceding commissions) | | - |
| Funds held by company under reinsurance treaties | | - |
| Amounts withheld or retained by company for account of others | | - |
| Remittances and items not allocated | | - |
| Provision for reinsurance (Including \$0 certified) | | - |
| Drafts outstanding | | - |
| Payable to parent; subsidiaries and affiliates | | 250 |
| Derivatives | | - |
| Payable for securities | | - |
| Aggregate write-ins for liabilities | | 1,232,381 |
| Total liabilities | \$ | <u>1,232,631</u> |
| Aggregate write-ins for special surplus funds | \$ | - |
| Common capital stock | | 4,200,000 |
| Preferred capital stock | | - |
| Gross paid in and contributed surplus | | 76,907,611 |
| Unassigned funds (surplus) | | <u>(64,775,453)</u> |
| Surplus as regards policyholders | \$ | <u>16,332,158</u> |
| Totals of liabilities & surplus | \$ | <u><u>17,564,789</u></u> |

ROOT PROPERTY & CASUALTY INSURANCE COMPANY
STATEMENT OF INCOME
FOR THE YEAR ENDED DECEMBER 31, 2020

| Underwriting Income | |
|---|-------------------------------|
| Premiums earned | \$ - |
| Deductions | |
| Losses incurred | \$ - |
| Loss adjustment expenses incurred | - |
| Other underwriting expenses incurred | 69,292 |
| Total underwriting deductions | |
| Net underwriting gain (loss) | <u>\$ (69,292)</u> |
| Investment Income | |
| Net investment income earned | \$ 412,637 |
| Net realized capital gains (losses) less capital gains tax of \$86,915 | <u>(25,954,453)</u> |
| Net investment gain (loss) | <u>\$ (25,541,816)</u> |
| Other Income | |
| Net gain (loss) from agents' or premium balances charged off | \$ - |
| Finance and service charges not included in premium | - |
| Aggregate write-ins for miscellaneous income | <u>(137,803)</u> |
| Total other income | <u>\$ (137,803)</u> |
| Net income before dividends to policyholders; after capital gains tax and before all other federal and foreign income taxes | <u>\$ (25,748,911)</u> |
| Dividends to policyholders | <u>-</u> |
| Net income; after dividends to policyholders; after capital gains tax and before all other federal and foreign income taxes | <u>\$ (25,748,911)</u> |
| Federal and foreign income taxes incurred | <u>(201,005)</u> |
| Net Income | <u><u>\$ (25,547,906)</u></u> |

**ROOT PROPERTY & CASUALTY INSURANCE COMPANY
CAPITAL & SURPLUS ACCOUNT
AS OF DECEMBER 31, 2020**

| | |
|---|-----------------------------|
| Surplus as regards to policyholders; December 31, 2019 | \$ 44,133,700 |
| Net income | (25,547,906) |
| Change in net unrealized capital gains (losses) less capital gains tax of \$0 | 27,301,173 |
| Change in net unrealized foreign exchange capital gain (loss) | - |
| Change in net deferred income tax | (1,031,850) |
| Change in nonadmitted assets | 1,170,082 |
| Change in provision for reinsurance | - |
| Capital Changes: Paid in | - |
| Surplus adjustment: Paid in | 6,739,474 |
| Transferred to Capital (Stock Dividend) | - |
| Dividends to stockholders | (36,420,983) |
| Aggregate write-ins for gains and losses in surplus | (11,532) |
| Net change in capital and surplus for the year | <u>\$ (27,801,542)</u> |
| Capital and surplus; December 31, 2020 | <u><u>\$ 16,332,158</u></u> |

ROOT PROPERTY & CASUALTY INSURANCE COMPANY
RECONCILIATION OF CAPITAL AND SURPLUS
As of December 31, 2015 to December 31, 2020

| | Common Stock | Gross Paid In Capital | Unassigned surplus | Total |
|----------------|---------------------|--------------------------|------------------------|----------------------|
| 12/31/2015 | \$ 4,200,000 | \$ 70,168,137 | \$ (10,775,140) | \$ 63,592,997 |
| 12/31/2016 | | | (185,688) (1) | 63,407,309 |
| 12/31/2016 | | | 5,205,046 (2) | 68,612,355 |
| 12/31/2017 | | | (447,819) (1) | 68,164,536 |
| 12/31/2017 | | | (1,052,578) (2) | 67,111,958 |
| 12/31/2018 | | | (816,168) (1) | 66,295,790 |
| 12/31/2018 | | | (4,788,448) (2) | 61,507,342 |
| 12/31/2019 | | | (1,348,045) (1) | 60,159,297 |
| 12/31/2019 | | | (16,025,597) (2) | 44,133,700 |
| 12/31/2020 | | | 1,753,267 (8) | 45,886,967 |
| 12/31/2020 | | | 27,301,173 (6) | 73,188,140 |
| 12/31/2020 | | | (27,301,173) (7) | 45,886,967 |
| 12/31/2020 | | 89,000,000 (4) | | 134,886,967 |
| 12/31/2020 | | (68,299,196) (4) | | 66,587,771 |
| 12/31/2020 | | (16,461,330) (4) | | 50,126,441 |
| 12/31/2020 | | 2,500,000 (5) | | 52,626,441 |
| 12/31/2020 | | | 126,700 (9) | 52,753,141 |
| 12/31/2020 | | | (36,420,983) (3) | 16,332,158 |
| Ending Balance | <u>\$ 4,200,000</u> | <u>\$ 76,907,611</u> | <u>\$ (64,775,453)</u> | <u>\$ 16,332,158</u> |

(1) Represents net income (loss)

(2) Change in non-admitted assets, change in unrealized gain(loss), Change in net deferred tax, Change in provision for reinsurance.

(3) Dividends to stockholder

(4) Received capital contribution \$89,000,000 from XLRA on May 20 2020, return of capital to XLRA \$68,299,196 on July 15, 2020 and \$16,461,330 on November 18, 2020 as approved by the Department.

(5) Received capital contribution from Root of \$2,500,000 on December 16, 2020

(6) Unrealized gain (loss) on sale of subsidiary

(7) Realized gain (loss) on sale of subsidiary

(8) Net income excludes realized gain on sale of subsidiary

(9) Change in non- admitted, change in deferred income tax and aggregate write ins

**ANALYSIS OF CHANGES IN FINANCIAL STATEMENTS RESULTING FROM
THE EXAMINATION**

There were no changes made to the Financial Statements as a result of this Examination.

SUBSEQUENT EVENTS

Effective January 1, 2021, the Company and Root Insurance Company (Pool Leader) entered into an Intercompany Pooling Agreement. The Company's pooling percentage is 20%.

On August 11, 2021, Root and Carvana announced an investment agreement to embed Root's telematics-based auto insurance products into Carvana's industry-leading, online car buying platform, or Integrated Platform. In connection with the agreement, Carvana will invest approximately \$126 million of primary capital in a convertible preferred security, convertible at \$9.00 per share, into approximately 14 million Class A shares of Root, or an ownership interest of 5.0% on a fully-diluted basis as of August 11, 2021.

The agreement also includes eight tranches of warrants that will be issued to Carvana (three tranches of which are short-term warrants and five tranches of which are long-term warrants). The short-term warrants will expire three years following the earlier of the date of completion of the Integrated Platform or 18 months following closing (such earlier date, the Reference Date) and long-term warrants will expire five years after the Reference Date. The short-term warrants will have exercise prices of \$10.00 to \$12.00 and the long-term warrants will have exercise prices of \$10.00 to \$30.00. The warrants will be subject to certain conditions to exercise, including relating to the achievement of defined milestones tied to the development of the Integrated Platform and insurance sales through the Integrated Platform. These warrants would enable Carvana to acquire additional shares of Class A Common Stock,

up to an amount representing 29.9% of the aggregate number of issued and outstanding shares of the Company's common stock (including shares of the Company's Class B common stock) on a fully-diluted basis as of August 11, 2021.

The exclusive partnership includes a commercial arrangement incorporating agent commissions payable to Carvana for policy origination and an enterprise total loss replacement vehicle solution. The Carvana agreement closed on October 1, 2021.

COMPLIANCE WITH PRIOR EXAMINATION RECOMMENDATIONS

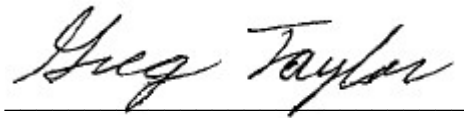
There were no recommendations contained in the prior examination report issued by the Department as of December 31, 2015.

SUMMARY OF RECOMMENDATIONS

There were no recommendations as a result of this examination.

The assistance and cooperation of the Company's management and staff was appreciated and is acknowledged.

Respectfully submitted,

A handwritten signature in cursive script that reads "Greg Taylor". The signature is written in black ink and is positioned above a solid horizontal line.

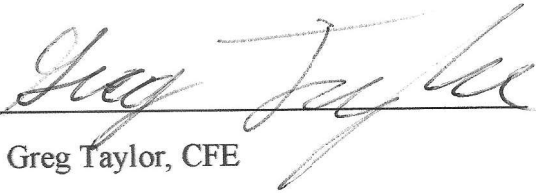
Greg Taylor, CFE
Examiner In-Charge
State of Delaware

A handwritten signature in cursive script that reads "Anthony C. Cardone". The signature is written in black ink and is positioned above a solid horizontal line.

Anthony Cardone, CPA, CFE
Supervising Examiner
State of Delaware

Root Property & Casualty Insurance Company

I, Greg Taylor, hereby verify and attest, under penalty of perjury, that the above is a true and correct copy of the examination report and findings submitted to the Delaware Department of Insurance pursuant to examination authority 21.016.


Greg Taylor, CFE