

# Root Insurance: Insurance based on how people drive, not who they are.

## About Root

Root is a car insurance company founded on the simple idea that people who drive well are less likely to get in accidents, and that means they should pay less for insurance. With that in mind, Root set out to reinvent a broken industry—an industry that was still assigning rates based primarily on demographics, had a complicated paperwork process, and determined pricing based on the driving records of all drivers. Using technology in smartphones to measure driving behavior, Root determines who's a safe driver and who isn't. Since Root doesn't insure bad drivers, they can save good drivers money. And it's all done in a simple, easy-to-use app.

## Fast facts

- Root is the country's first and only entirely mobile/app-based car insurance company.
- Root's customers, on average, save \$1,187<sup>1</sup> 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 pricing to individual consumers. The driving score is the single largest factor that determines policy rates.
- 30 percent of drivers cause 50 percent of all accidents. By not insuring bad drivers, Root is able to offer lower rates to good drivers.

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<sup>1</sup>Based on national reviews reported by actual customers

- Root is licensed to operate in 20 states with plans to be nationwide by the end of 2019.
  - Available states: Arizona, Arkansas, Delaware, Illinois, Indiana, Iowa, Kentucky, Louisiana, Maryland, Mississippi, Missouri, Montana, New Mexico, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, Texas and Utah.
  - All Root policies to consumers are backed by reinsurance from several of the largest reinsurance companies in the world (Munich Re and OdysseyRe)

## Root's proprietary technology

- Root offers Usage Based Insurance (UBI), collecting telematics data from the accelerometer and other sensors on 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.
- Root looks at more than 200 driving variables to assess a driver's risk behind the wheel. Sample factors that Root looks at to assesses driving behavior include, braking, turns and mileage driven.
- All customer sign-up for Root is done through the company's app, available for iPhones (5s and above) and most Android phones. Once drivers receive their quote, they are able to purchase and manage their policy 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 almost based exclusively on things like zip code, age and other demographic data beyond users' control. He envisioned a technology-driven insurance model that would allow for more fair and more accurate pricing.
- As Root's technology becomes more sophisticated and artificial intelligence becomes smarter, 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 quotes based on actual driving behavior.

## A strong growth trajectory

- As of the end of Q2 2018, Root has written more than \$25 million in direct premiums.
- Since November 2016, downloads of the Root app have grown 60% month-over-month.
- Root currently has more than 143 employees, all headquartered in Columbus, Ohio.
- In May 2018, the company announced plans to expand into a 65,000-square-foot space in Downtown Columbus and create more than 400 new, full-time, permanent jobs (based in Columbus) by the end of 2021.
- Root has raised more than \$177 million in venture funding, including a recently completed Series D round led by Tiger Global Management, with

Redpoint Ventures, Ribbit Capital and Scale Venture Partners 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
- Cindy Powell, Chief Financial Officer
- Lauren Gruenebaum, Chief Product Officer
- Kumi Walker, Chief Corporate Development & Strategy Officer
- David Martin, Chief Data Scientist
- Kelly Ruoff, Chief Brand Officer
- Clara Kridler, VP of People