UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

(Mark One)

☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2020
OR
☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d)OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from_____to_____

Commission file number 001-39658

ROOT, INC.

(Exact name of Registrant as specified in its charter)

Delaware	**84-2717903**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification Number)**
80 E. Rich Street, Suite 500 Columbus, Ohio	**43215**
(Address of principal executive offices)	**(Zip Code)**

(866**)** 980-9431
(Registrant's telephone number, including area code)
Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class A common stock, $0.0001 par value per share	ROOT	Nasdaq Global Select Market

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definition of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12-b-2 of the Exchange Act.

Large accelerated filer ☐	Accelerated filer ☐
Non-accelerated filer ☒	Smaller reporting company ☐
	Emerging growth company ☒

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☐
The aggregate market value of the registrant's Class A common stock, par value $0.0001 per share (the "Common Stock") held by non-affiliates was approximately $933.9 million based upon the December 31, 2020, closing price of $15.71 as reported by the Nasdaq Global Select Market. The registrant has elected to use December 31, 2020 as the calculation date, which was the last trading date of the registrant's most recently completed fiscal year, because on June 30, 2020 (the last business day of the registrant's second fiscal quarter), the registrant was a privately held company.

There were 59,660,254 shares of Class A common stock and 192,034,884 shares of Class B common stock outstanding as of February 25, 2021.

DOCUMENTS INCORPORATED BY REFERENCE

Part III of this report incorporates by reference specific portions of the Registrant's Notice of Annual Meeting and Proxy Statement relating to the Annual Meeting of Stockholders to be held on June 8, 2021.

ROOT, INC.
FORM 10-K
As of and For the Year Ended December 31, 2020

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K contains forward-looking statements about us and our industry that involve substantial risks and uncertainties. All statements other than statements of historical facts contained in this Annual Report on Form 10-K are forward-looking statements. In some cases, you can identify forward-looking statements because they contain words such as “anticipate,” “believe,” “contemplate,” “continue,” “could,” “estimate,” “expect,” “intend,” “may,” “plan,” “potential,” “predict,” “project,” “should,” “target,” “will” or “would” or the negative of these words or other similar terms or expressions. These forward-looking statements include, but are not limited to, statements concerning the following:

- our ability to retain existing customers and acquire new customers;
- our expectations regarding our future financial performance, including total revenue, gross profit/(loss), adjusted gross profit/(loss), direct contribution, direct loss ratio, marketing costs, direct loss adjustment expense (LAE) ratio, quota share levels and expansion of our renewal premium base;
- the impact of the COVID-19 pandemic;
- our goal to be licensed in all states in the United States and the timing of obtaining additional licenses;
- the accuracy and efficiency of our telematics and behavioral data, and our ability to gather and leverage additional data;
- our ability to underwrite risks accurately and charge profitable rates;
- our ability to maintain our business model and improve our capital and marketing efficiency;
- our ability to drive improved conversion and decrease the cost of customer acquisition;
- our ability to maintain and enhance our brand and reputation;
- our ability to effectively manage the growth of our business;
- our ability to improve our product offerings, introduce new products and expand into additional insurance lines;
- our ability to cross sell our products and attain greater value from each customer;
- our lack of operating history and ability to attain profitability;
- our ability to compete effectively with existing competitors and new market entrants in our industry;
- future performance of the markets in which we operate;
- our ability to operate a “capital-light” business and obtain and maintain reinsurance contracts;
- our ability to expand our distribution channels through additional partnership relationships, digital media and referrals;
- our ability to protect our intellectual property and any costs associated therewith;
- our ability to expand domestically and internationally;
- our ability to raise additional capital;
- our ability to meet risk-based capital requirements;
- our ability to stay in compliance with laws and regulation that currently apply or become applicable to our business; and

- the growth rates of the markets in which we compete.

You should not rely on forward-looking statements as predictions of future events. The outcome of the events described in these forward-looking statements is subject to risks, uncertainties and other factors described under the header “Risk Factors” and elsewhere in this Annual Report on Form 10-K. Moreover, we operate in a very competitive and rapidly changing environment. New risks and uncertainties emerge from time to time, and it is not possible for us to predict all risks and uncertainties that could have an impact on the forward-looking statements contained herein. The results, events and circumstances reflected in the forward-looking statements may not be achieved or occur, and actual results, events or circumstances could differ materially from those described in the forward-looking statements.

The forward-looking statements made in this Annual Report on Form 10-K relate only to events as of the date on which the statements are made and we undertake no obligation to update them to reflect events or circumstances after the date of this Annual Report on Form 10-K or to reflect new information or the occurrence of unanticipated events, except as required by law.

Unless the context otherwise indicates, references in this report to the terms “Root,” “the Company,” “we,” “our” and “us” refer to Root, Inc. and its subsidiaries.

We may announce material business and financial information to our investors using our investor relations website (ir.joinroot.com). We therefore encourage investors and others interested in Root to review the information that we make available on our website, in addition to following our filings with the Securities and Exchange Commission, webcasts, press releases and conference calls.

Risk Factors Summary

Investing in our Class A common stock involves numerous risks and uncertainties, as more fully described below. You should read these risks before you invest in our Class A common stock. In particular, risks associated with our business include, but are not limited to, the following:

- We have a history of net losses and could continue to incur substantial net losses in the future. We may not continue to grow at historical rates or achieve or maintain profitability in the future.

- We may lose our existing customers or fail to acquire new customers, and our future growth and profitability depend in part on our ability to successfully operate in an insurance industry that is highly competitive. If we are unable to maintain the levels of customer service or continue technological innovation and improvements, our prospects for future growth may be materially adversely affected.

- We may require additional capital to support business growth or to satisfy our regulatory capital and surplus requirements, and this capital might not be available on acceptable terms, if at all.

- The COVID-19 pandemic has caused disruption to our operations and may negatively impact our business, key metrics, and results of operations in numerous ways that remain unpredictable.

- We rely on telematics, mobile technology and our digital platform to collect data points that we evaluate in pricing and underwriting our insurance policies, managing claims and customer support, and improving business processes. To the extent regulators prohibit or restrict our collection or use of this data, our business could be harmed.

- We depend on search engines, social media platforms, digital app stores, content-based online advertising and other online sources to attract consumers to our website and our mobile app both rapidly and cost-effectively. If these third parties change their listings or increase their pricing, if our relationship with them deteriorates or terminates, or if other factors related to these third parties arise which are beyond our control, we may be unable to attract new customers rapidly and cost-effectively, which would adversely affect our business and results of operations.

- Operating system platforms and application stores controlled by third parties, such as Apple and Google, may change their terms of service or policies in a manner that increases our costs or impacts our ability to distribute our mobile app, collect data through it, and market our products.

- Our expansion within the United States and any future international expansion strategy will subject us to regulatory approvals, regulatory exposure in new markets and additional costs and risks, and our plans may not be successful.

- Our technology platform may not operate properly or as we expect it to operate.

- Regulators may limit our ability to develop or implement our telematics-based pricing model and/or may eliminate or restrict the confidentiality of our proprietary technology.

- We may be unable to manage our growth effectively.

- We are subject to full scope financial examinations by state insurance regulatory authorities in each state in which one of our domestic insurance company subsidiaries is domiciled, which could result in adverse examination findings and necessitate remedial actions.

- We are subject to market conduct examinations by state insurance regulatory authorities in any state in which our domestic insurance company subsidiaries issue insurance policies, which could result in adverse examination findings and necessitate remedial actions.

- Our exposure to loss activity and regulation may be greater in states where we currently have most of our customers: Texas, Georgia and Kentucky.

- We are subject to stringent and changing privacy and data security laws, regulations, and standards related to data privacy and security, increasing the complexity of compliance. Our actual or perceived failure to comply with such obligations could harm our reputation, subject us to significant fines and liability, or adversely affect our business.

- Data security breaches, or real or perceived errors, failures or bugs in our systems, website or app could impair our operations, compromise our confidential information or our customers' personal information, damage our reputation and brand, and harm our business and operating results.

- The insurance business, including the market for automobile, renters and homeowners insurance, is historically cyclical in nature, and we may experience periods with excess underwriting capacity and unfavorable premium rates, which could adversely affect our business.

- Reinsurance may be unavailable at current levels and prices, which may limit our ability to underwrite new policies. Furthermore, reinsurance subjects us to counterparty risk and may not be adequate to protect us against losses, which could have a material effect on our results of operations and financial condition.

- Reinsurance subjects us to risks of our reinsurers and may not be adequate to protect us against losses arising from ceded insurance, which could have a material effect on our results of operations and financial condition.

PART 1.

Item 1. Business

Overview

Root is a technology company revolutionizing personal insurance with a pricing model based upon fairness and a modern customer experience. We operate a direct-to-consumer model in which we acquire the majority of our customers through mobile applications. We are currently writing auto insurance in 30 states in the U.S.

We have built a company that recognizes each individual is unique and puts customers in control, rewarding them for their actions. For centuries, traditional insurance companies have grouped people into risk pools and long relied on the 'law of large numbers' to produce acceptable pricing on an aggregate basis. Fairness at the individual level has been largely ignored. Root is different—we use technology to measure risk based on individual performance, prioritizing fairness to the customer. The way we design and deliver insurance is not a simple tweak to the traditional insurance model—we are fundamentally reinventing insurance through technology, data science and a maniacal focus on the customer. While our opportunity is expansive and our ambition is global, our primary focus is on U.S. auto insurance.

We believe the $266 billion U.S. auto insurance market is ripe for disruption. Traditional methods of pooled risk assessment are not personalized and inherently less precise given individual behavioral data is underutilized or not measured as a component of the insurance risk assessment process. Traditional systems and processes have become outdated and we believe they are increasingly disconnected from the needs of consumers. Insurance agents are the predominant form of distribution for traditional insurance and generally require expensive selling commissions, which increases the overall cost to the consumer. Our initial focus on auto insurance was motivated by how well-suited we believe the product to be for fundamental improvement through technology. We believe Root is the innovator to drive this transformation.

Auto insurance is required for the vast majority of drivers in the U.S. and we believe it is typically the first insurance policy purchased by consumers. As a result, our auto-first strategy establishes the foundation for an expansive lifetime relationship with the opportunity to add other personal insurance lines as customer needs evolve. Our strategy has also established the technological foundation for an enterprise software offering, diversifying our revenue streams over time.

The Root advantage is derived from our unique ability to segment individual risk based on complex behavioral data and proprietary telematics, a mobile-first customer experience built for ease of use and a product offering made possible with our full-stack insurance structure all uniquely integrated into a single cloud-based technology platform that captures the entire insurance value chain—from customer acquisition to claims and administration to ongoing customer engagement.

As a full-stack insurance carrier, we have the infrastructure to design products, and distribute, underwrite, administer and pay claims on all of our policies. Our model, supported by proprietary technology, leaves us virtually unencumbered by third parties across the value chain, provides complete design and feature discretion and we believe frees us to innovate and iterate more quickly than any of our major competitors. We view this flexibility as absolutely critical to introducing new capabilities, reinforcing customer centricity and driving growth. In practice this means we own and control an end-to-end insurance experience and have near complete operating autonomy, subject to regulation, to grow our business.

As with many data-enabled businesses, we benefit from a flywheel powered by data that allows us to improve our model and fuels growth. However, in contrast to many other flywheels where growth-generates-data-generates-growth, we believe our flywheel is more powerful in that increased data generates targeted growth and increases the lifetime value of our customers.

Our model naturally benefits from improvement in loss ratios as first term loss ratios decline with our growing data flywheel and our portfolio matures. We have observed first term accident period loss ratios declining, which we believe reflects our consistently improving risk segmentation capabilities and the power of our flywheel.

Furthermore, renewal premiums, referring to premiums from a customer's second term and beyond, have lower loss ratios as compared to new premiums in the customer's first term. As we grow our business, we anticipate, consistent with industry norms, that our portfolio will mature with a greater proportion of our premiums will be from customer renewals. We expect this growing proportion of renewal premiums will bring an increasing mix of lower loss ratio premiums and premiums without associated marketing costs.

Our direct written premium, or DWP, grew to $616.8 million in 2020 from $451.1 million in 2019 and $106.4 million in 2018. Similarly our direct earned premium, or DEP, grew to $605.2 million in 2020 from $352.9 million in 2019 and $61.4 million in 2018. We experienced declines in our direct loss ratios to 82.0% in 2020, compared to 99.9% in 2019 and 93.6% in 2018 with corresponding declines in our direct accident period loss ratios to 78.0% in 2020 down from 103.7% in 2019 and 112.1% in 2018. See the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations — Components of Our Results of Operations."

Our Industry

Insurance is one of the oldest and largest markets in the world, touching every corner of the world and protecting many of our most important assets. Global property and casualty, or P&C, insurance premiums amount to $2 trillion annually. Our primary addressable market today is U.S. personal lines insurance. This market exceeded $370 billion in 2019 premiums and has grown at a 5% compound annual growth rate, or CAGR, since 2014.

Over the past century, there have been only a few waves of innovative disruption within insurance. Perhaps the most disruptive was the advent of the internet as a distribution channel in the late 1990s which redefined the personal auto insurance market. We believe the rise of digital distribution is the primary driver of the $50 billion market share shift that has accrued to direct models over the last 20 years. Further, we believe the next technology-driven structural shift is underway—and this time the shift is not just distribution-related but a holistic change in the way insurance is priced and delivered.

We believe innovation has been slow within the P&C insurance industry, in part, because legacy systems are difficult to build upon and nearly impossible to replace. Also impacting the pace of innovation is institutional friction generated by the cost and perceived risk of a requisite ground-up technology rebuild, disruption of carrier-agent relationships and the business model implications of replacing broad pool-based pricing. Our proprietary technology and business model allow us to avoid these pain points and aggressively pursue the opportunity to be at the forefront of this structural shift.

Our Business Model

Behavioral Data and Proprietary Telematics

We use technology to measure risk based on transparent collection and analysis of individual driving performance, which we believe is the most powerful predictor of accidents and the leading variable in our underwriting model. By collecting and synthesizing massive amounts of rich, sensory behavioral data across thousands of driving variables, including distracted driving, we strive to price auto insurance based more on causality than correlation. This allows us to price our customers' policies more fairly—and in turn they pay premiums commensurate with their individual risk profile. While the notion of telematics has been around for decades, only recently has mobile technology made the concept adoptable at large scale.

The pooled-risk pricing strategy employed by the majority of incumbents takes a more uniform view of risk absent the capability to segment on an individualized basis. First, incumbents generally do not have the technology and infrastructure to collect and synthesize an integrated set of proprietary telematics and claims data. Second, introducing individualized telematics-based pricing across an existing portfolio constructed without telematics would have enormous profitability implications as lower-risk drivers would be re-rated to a meaningful discount, reducing profits, and high-risk drivers would be surcharged, which could result in reduced retention. As such, we

believe we are the only P&C insurance carrier with a scaled proprietary telematics solution designed to price an entire book of business.

The hallmark of our data advantage is our integrated set of actual claims and associated proprietary telematics, which we believe to be the largest in the market. We match miles tracked, on an individual basis, with actual claims and identify a set of driving performance factors that cause, or on a relative basis are more likely to cause, accidents. We use an internally developed claims infrastructure to capture comprehensive structured data, contributing to our data advantage when combined with telematics experience and iterated over time. This integrated data set drives a usage-based insurance, or UBI, score that is almost ten times more predictive at estimating futures losses than a leading third-party provider, according to Milliman, Inc., an independent third-party actuarial and consulting firm.

Our model revolves around using integrated data and technology to create a pricing advantage through granular risk segmentation. The data we collect feeds proprietary risk scoring models which assist us in identifying what we believe to be the riskiest 10-15% of drivers on the road, a group we have elected not to quote thus avoiding a risk segment that is up to two times more likely to get in an accident than our average targeted customer. By removing this high-risk segment, we can price the remaining population more fairly, resulting in a stronger conversion of customers whose behavioral data indicates lower risk than a market-standard demographic rating alone. Our segmentation often allows us to provide better pricing to lower risk customers based on their driving behavior, giving us an advantage in acquiring new customers, as compared to traditional insurance carriers, and allowing us to build a more attractive book of business that contributes even more data to our flywheel.

Customer Experience

We meet the vast majority of our customers where they are, on their mobile phone, with a user-friendly interface and convenient, efficient experience. This is the mantra that drives our mobile-first engagement strategy and underpins both our user experience and our fundamental business model. App installation and initial engagement is intuitive and customers can easily identify the coverage they need in everyday language, including offering bundling options which clearly lay out associated cost savings.

Our mobile engagement extends across the customer experience and value chain:

- *Engagement.* The vast majority of our new customers come through our digital or partnership channels, which are largely mobile.

- *Profile Creation.* The Root app is available for both iOS and Android operating systems making it available to 99% of U.S. smartphone users. By simply scanning a driver's license a prospective customer can nearly complete a profile, part of an on-boarding process that is possible to complete in as little as 47 seconds and with no keyboard interaction.

- *Underwriting.* The test drive is a key component of the underwriting process. A two-to-four week test drive gathers and analyzes data from smartphone sensors measuring braking, consistency, turning, time of day and other performance and contextual data.

- *Coverage Selection.* As part of profile setup, our app pre-populates with a customer's owned automobiles and existing or prior coverage terms, allowing easy and seamless selection of policy terms.

- *Policy Management*. Once bound, customers can perform all policy management functions seamlessly from our app including profile or coverage adjustments, obtaining proof of insurance or chatting with a bot or human.

- *Claims.* We make it easy to file a claim and track processing status through to settlement via the app, allowing us to payout claims rapidly.

Auto insurance is a product most people use every day, reinforcing the importance of our mobile-first engagement strategy for both customer experience and data collection.

Direct Distribution

We distribute largely through the mobile channel, with over 75% of customers acquired through either our mobile app or mobile web platform. One of the things that excited us most when we launched Root was a recognition that very little insurance was distributed through the mobile channel. Mobile is the fastest growing retail channel in the U.S., as customers spend less time in front of computers and utilize smart phones for more convenient shopping. We therefore designed a mobile-directed customer acquisition strategy, to ultimately deliver customer acquisition costs below the average cost of doing so through each of the direct and agent channels:

- *Digital.* Our digital channel is designed to drive volume by efficiently capturing high intent customers. We accomplish this by meeting our customers within platforms they use extensively such as Facebook and Google or select marketplace platforms where consumers are actively shopping for insurance. We deploy dynamic data science models to optimize targeting and bidding strategies across our digital platforms aligning customer acquisition cost to expected lifetime value of the potential customer.

- *Channel Media.* We build consideration and drive intent through household-level targeted digital media channels such as YouTube and Hulu, as well as more traditional media channels such as billboards, regional TV and radio and direct mail. We utilize these media channels to drive awareness when launching new states and to actively target customers in active states.

- *Partnership.* We build upon the superior mobile and web customer experiences of selected distribution partners such as Carvana, Chime, GasBuddy, SoFi and Stash to reach a captive customer base. Through deep integration we are able to engage prospective customers when contextually relevant in third-party applications and target high value customer segments at a higher marketing efficiency than other channels. We expect increased penetration of this channel over time as we seek to grow partnership relationships offering access to relevant customer bases.

- *Referral.* We encourage our existing customers to spread our value proposition. Our referral channel compensates existing customers who refer new customers who subsequently receive a quote. This channel facilitates community-based growth to those who value our fair and transparent approach to insurance. This is our lowest cost acquisition channel and an important aspect of our ongoing distribution strategy.

While our customer acquisition costs can vary by channel mix, by state or due to seasonality, our main channels allow us to efficiently acquire customers by leveraging our partners' premier user experiences to approach captive audiences in a contextually relevant, data-centric way. Accordingly, our marketing costs have historically been below industry averages. In the near term, as we expand our licensed footprint to 50 states, we have recently begun investing in our national brand, which will increase awareness, build credibility and support all four of our distribution channels. Furthermore, we continue to invest in the technology and data science behind our distribution with A/B tests, dynamic bidding models, and rapid updates and iterations, supporting differentiated cost of customer acquisition over the long term.

Capital Management

As a rapidly growing full-stack insurance company, we operate a "capital-light" business model which utilizes elevated levels of reinsurance. Our capital management strategy has three core objectives: (1) prioritize revenue and targeted customer growth while also maintaining regulatory capital requirements; (2) source efficient capital to support customer acquisition costs; and (3) mitigate impact of large losses or tail events. Together these strategies serve to maximize returns on shareholder capital as we grow.

Reinsurance is a cornerstone of our capital management framework. We have multiple strategic business partnerships with leading global reinsurers who offer us reinsurance solutions on both a proportional (i.e., quota share) and non-proportional (i.e., excess of loss or "XOL" coverage) basis for multi-year periods. We also utilize a wholly-owned, Cayman Islands-based reinsurer, Root Reinsurance Company, Ltd., or Root Re.

Our Growth Strategy

We are focused on the following growth strategies to continue penetrating the $266 billion U.S. auto insurance market and ultimately the $2 trillion global P&C market. In the near term, our primary focus is to execute on the auto opportunity at hand. In the longer-term, we will continue to develop additional growth opportunities though the expansion of product offerings, growing our enterprise solution and entering international markets.

- ***Execute the Auto Opportunity***
  - *Better, fairer pricing.* We will never stop working to improve our ability to segment risk by increasing the influence of behavioral factors in our underwriting and pricing models. Our primary tool for improvement is to continue applying data science to our powerful flywheel, where each rotation sheds incremental light on the causes of accidents. Over time we hope that we can replace all correlation-related inputs to our pricing model, such as credit scores, with a fully behavioral pricing model. We would view this as the ultimate achievement in customer transparency and fairness.
  - *Grow national auto insurance presence.* We will continue to aggressively invest in domestic growth by becoming active in more states while creating brand awareness through a national marketing campaign. In November 2020, we acquired Catlin Indemnity Company, a shell insurance company subsequently renamed Root Property & Casualty Insurance Company, or Root Property & Casualty, that expands our ability to sell personal auto insurance in 48 states and the District of Columbia. In instances where a prospective customer solicits a quote in a state where we do not currently underwrite, we retain their contact information with permission and reengage upon state entry.
  - *Enhance marketing efficiency.* We will continue to enhance the efficiency of our marketing spend through better data science and dynamic targeting in our digital channel, as well as greater investment in channel media and expansion of our partnership channel, where we build on the premium mobile and web experiences of contextually relevant partners to access their active customer base.
- ***Accelerate Insurance Product Innovation***
  - *Strengthen value proposition and business model through cross-sell*. We launched our home product in May of 2020 and our renters product in July of 2019. In bundling these products with auto insurance we unlock the 50% of the market that we believe prefers a bundled offering and was therefore not available to us before. This strategy supports our unit economics by creating additional revenue with no incremental marketing spend. We have also observed that customers with multiple policies retain better than auto-only customers.
- ***Pursue Enterprise and International Expansion***
  - *Invest in enterprise*. We have developed a distinct enterprise offering leveraging our existing technology and capabilities. In March 2020, we launched our first set of enterprise technology products to provide telematics-based data collection and trip tracking and today we have agreements with multiple clients. Over the long-term we plan to invest in and grow this product offering to create a distinct and scalable software-as-a-service recurring revenue stream absent risk retention.
  - *Pursue International*. In the long-term we will look to expand into the international market, both as a consumer-facing insurer in certain markets and through enterprise software in other markets, enabling select insurance companies with mobile telematics data collection and scoring capabilities.

We may selectively pursue additional acquisitions to accelerate any of our growth objectives or to improve our competitive positioning within existing and new products.

Investments

Our portfolio of investable assets is primarily held in cash, short-term investments, and available-for-sale fixed maturity securities, including U.S. Treasury securities, corporate debt securities, mortgage back securities and other

debt obligations. We manage the portfolio in accordance with investment policies and guidelines approved by our board of directors. We have designed our investment policy and guidelines to provide a balance between current yield, conservation of capital, and liquidity requirements of our operations setting guidelines that provide for a well-diversified investment portfolio that is compliant with insurance regulations applicable to the states in which we operate. For further information, see Note 3, “Investments,” to the Consolidated Financial Statements included elsewhere in this annual report.

Competition

The insurance industry in which we operate is highly competitive. Many of our primary competitors have well-established national brands and market similar products. Our competitors include large national insurance companies such as Geico, Progressive and Allstate, as well as up-and-coming companies and new market entrants in the insurtech industry, some of whom also utilize telematics and offer forms of usage-based insurance. Several of these established national insurance companies are larger than us and have significant competitive advantages over us, including increased name recognition, higher financial ratings, greater resources, additional access to capital, and more types of insurance coverage to offer, such as health and life, than we currently do. In particular, many of these competitors offer consumers the ability to purchase multiple other types of insurance coverage and “bundle” them together into one policy and, in certain circumstances, include an umbrella liability policy for additional coverage at competitive prices. Moreover, as we expand into new lines of business and offer additional products, we could face intense competition from traditional insurance companies that are already established in such markets.

Competition is based on many factors, including the reputation and experience of the insurer, coverages offered, pricing and other terms and conditions, customer service, size, and financial strength ratings, among other considerations. We believe we compete favorably across many of these factors and have developed a platform and business model based on behavioral data collection and machine learning that we believe will be difficult for incumbent insurance providers to emulate.

Intellectual Property

We believe that our intellectual property rights are valuable and important to our business. We rely on trademarks, patents, copyrights, trade secrets, license agreements, intellectual property assignment agreements, confidentiality procedures, non-disclosure agreements, and employee non-disclosure and invention assignment agreements to establish and protect our proprietary rights. Though we rely in part upon these legal and contractual protections, we believe that factors such as our skills and ingenuity of our employees and the functionality and frequent enhancements to our platform are larger contributors to our success in the marketplace.

As of December 31, 2020, we had 4 non-provisional patent applications pending examination in the United States. We continually review our development efforts to assess the existence and patentability of new intellectual property.

We have trademark rights in our name, our logo, and other brand indicia, and have trademark registrations for select markets in the United States and many other jurisdictions around the world. We also have registered domain names for websites that we use in our business.

We intend to pursue additional intellectual property protection to the extent we believe it would be beneficial and cost-effective. Despite our efforts to protect our intellectual property rights, they may not be respected in the future or may be invalidated, circumvented, or challenged. For additional information, see the sections titled “Risk Factors—Risks Related to Our Business—Our intellectual property rights are valuable, and any inability to protect them could reduce the value of our products, services and brand.”

Employees

As of December 31, 2020, we had 1,007 full-time, part-time and temporary employees. Of these employees, approximately 99% were full-time employees. None of our employees are represented by a labor union or covered by collective bargaining agreements. We have not experienced any work stoppages. We consider our relationship with our employees to be good.

Diversity and Inclusion

We have prioritized diversity and inclusion, as part of our corporate-wide strategic goals. Strategies we have taken to create and sustain a more diverse and inclusive culture include: expanding our recruiting efforts to focus on minorities and other diversity dimensions; learning and development training on creating inclusive environments, unconscious bias, and how to be an ally; and launching, expanding and supporting our Employee Resource Groups—groups of Root employees that voluntarily join together based on shared characteristics, life experiences, or interest around particular activities.

Workforce Planning and Retention

Our efforts to recruit and retain a diverse and passionate workforce include providing competitive compensation and benefit packages nationwide and ensuring we listen to our employees. To that end, we regularly survey our employees to obtain their views and assess employee satisfaction. We use the views expressed in the surveys to influence our people strategy and policies. We also use employee survey information, headcount data and cost analyses to gain insights into how and where we work.

Insurance Regulation

We are subject to insurance regulation in the jurisdictions in which we transact insurance through our licensed insurance carriers and producer subsidiaries. Insurance regulatory authorities have broad administrative powers to regulate all aspects of an insurance carrier or producer's business, including the powers to restrict or revoke licenses to transact business, and to levy fines and monetary penalties against insurers and insurance producers found to be in violation of applicable laws and regulations. Regulations to which our licensed insurance carriers and producer subsidiaries are subject include, but are not limited to:

- prior approval of transactions resulting in a change of "control" (as such term is defined under the Insurance Holding Company System Regulatory Act of Ohio, or the Ohio Holding Company Act, and the Delaware Insurance Holding Company System Registration Act, or the Delaware Holding Company Act, and together with the Ohio Holding Company Act, the Holding Company Acts);
- approval of policy forms and premiums;
- approval of intercompany service agreements;
- statutory and risk-based capital solvency requirements, including the minimum capital and surplus our regulated insurance subsidiaries must maintain;
- establishing minimum reserves that insurance carriers must hold to pay projected insurance claims;
- required participation by our regulated insurance subsidiaries in state guaranty funds;
- restrictions on the type and concentration of our regulated insurance subsidiaries' investments;
- restrictions on the advertising and marketing of insurance;
- restrictions on the adjustment and settlement of insurance claims;
- restrictions on the use of rebates to induce a policyholder to purchase insurance;
- restrictions on the sale, solicitation and negotiation of insurance;
- restrictions on the sharing of insurance commissions and payment of referral fees;
- prohibitions on the underwriting of insurance on the basis of race, sex, religion and other protected classes;
- restrictions on our ability to use telematics to underwrite and price insurance policies, particularly in California;

- restrictions on the ability of our regulated insurance subsidiaries to pay dividends to us or enter into certain related party transactions without prior regulatory approval;
- rules requiring the maintenance of statutory deposits for the benefit of policyholders;
- privacy regulation and data security;
- regulation of corporate governance and risk management;
- periodic examinations of operations, finances, market conduct and claims practices; and
- required periodic financial reporting.

The business of insurance is almost entirely regulated at the state level, and the laws and regulations to which we are subject vary depending on the state. Unless the context otherwise requires, references herein to "state" include any of the 50 states, the District of Columbia and certain U.S. territories. These rules are subject to change as state legislatures and regulatory agencies update their laws and regulations to address real and perceived issues and concerns. These laws and regulations are also subject to interpretation by courts. The National Association of Insurance Commissioners, or NAIC, and the National Council of Insurance Legislators, or NCOIL, are the principal organizations tasked with establishing standards and best practices across the various states, the District of Columbia and five U.S. territories, and from time to time promulgate model rules and regulations that often are the basis for insurance rules and regulations adopted by such jurisdictions. We cannot predict precisely whether or when regulatory actions may be taken that could adversely affect us or the operations of our regulated insurance subsidiaries. Interpretations of regulations by regulators may change and statutes, regulations and interpretations may be applied with retroactive effect, particularly in areas such as accounting or reserve requirements.

Required Licensing

We have two wholly-owned regulated U.S. insurance subsidiaries, Root Insurance Company and Root Property & Casualty. Root Insurance Company, an Ohio-domiciled insurer, is admitted in the state of Ohio to transact certain lines of property and casualty insurance, maintains licenses to transact insurance in Alabama, Alaska, Arizona, Arkansas, California, Colorado, Connecticut, Delaware, District of Columbia, Georgia, Hawaii, Illinois, Indiana, Iowa, Kentucky, Louisiana, Maryland, Mississippi, Missouri, Montana, Nebraska, Nevada, New Hampshire, New Mexico, North Carolina, North Dakota, Oklahoma, Oregon, Pennsylvania, South Carolina, Tennessee, Texas, Utah, Virginia, Washington and West Virginia, and has applications pending for licenses to transact insurance in Florida and Massachusetts. Root Property & Casualty is domiciled in Delaware and admitted in all 50 states and the District of Columbia to transact certain lines of property and casualty insurance (including to sell personal auto insurance in 48 states and the District of Columbia). Since Root Insurance Company is our regulated insurance subsidiary with the largest premium volume, Ohio is considered our primary state insurance regulator.

We have a reinsurance captive subsidiary, Root Reinsurance Company, Ltd., domiciled in the Cayman Islands.

Our licensed insurance producer subsidiary, Root Insurance Agency, LLC, must maintain an insurance producer license in every state in which it sells, solicits or negotiates insurance. Root Insurance Agency, LLC currently holds a resident insurance producer license in Ohio and a non-resident license in the remaining 49 states and the District of Columbia, except for California, Florida, Massachusetts and New York.

Insurance regulators have broad authority to restrict or revoke licenses of insurance carriers and producers who are found to be in violation of any applicable laws and regulations.

Licensing of Our Employees

Any of our employees who sell, solicit or negotiate insurance must be licensed and appointed insurance producers and must fulfill annual continuing education requirements. In certain states in which we operate, insurance claims adjusters are also required to be licensed and fulfill annual continuing education requirements.

Insurance Holding Company Regulation

As the ultimate controlling person in the "insurance holding company system" under the Holding Company Acts, we are required to file annual enterprise risk reports, corporate governance disclosures and own risk solvency assessments with our domiciliary regulators. Moreover, in Ohio for example, any person divesting control of an insurer must provide 30 days' notice to the regulator and the insurer.

Under the Holding Company Acts, all inter-affiliate transactions within a holding company system must meet the following conditions: (i) the terms must be fair and reasonable; (ii) charges or fees for services performed must be fair and reasonable; and (iii) expenses incurred and payments received must be allocated to the insurer in conformity with customary insurance accounting practices consistently applied. We generally must disclose any transaction between our regulated insurance subsidiaries and our other affiliates to the supervisory DOI and obtain prior approval from such DOI before entering into certain material inter-affiliate transactions, including, but not limited to, management agreements, tax allocation agreements, service contracts, cost-sharing arrangements, extraordinary dividends, certain reinsurance transactions and certain loan agreements.

Change of Control

Pursuant to the Holding Company Acts, a person must seek regulatory approval from the superintendent of the supervisory DOI prior to acquiring direct or indirect "control" of a domestic insurer by filing a Form A Statement Regarding the Acquisition of Control of or Merger with a Domestic Insurer. As part of this Form A application, the entity acquiring control (as well as any controlling shareholders of such entity) will need to submit, along with other documents and disclosures, its financial statements, organizational charts and biographical affidavits for any officers, directors and controlling shareholders of each applicable entity. The superintendent of the DOI will grant approval of an application to acquire control of a domestic insurer unless, after a public hearing, the superintendent finds that any of the following apply: (i) after the change of control, the domestic insurer would not be able to satisfy the requirements for the issuance of a license to write the line or lines of insurance for which it is presently licensed; (ii) the effect of the merger or other acquisition of control would be substantially to lessen competition in insurance in the applicable state or tend to create a monopoly; (iii) the financial condition of any acquiring party is such as might jeopardize the financial stability of the domestic insurer, or prejudice the interests of its policyholders; (iv) the plans or proposals that the acquiring party has to liquidate the domestic insurer, sell its assets, or consolidate or merge it with any person, or to make any other material change in its business or corporate structure or management, are unfair and unreasonable to policyholders of the domestic insurer and not in the public interest; (v) the competence, experience and integrity of the persons that would control the operation of the domestic insurer are such that it would not be in the interest of policyholders of the domestic insurer and of the public to permit the merger or other acquisition of control; or (vi) the acquisition is likely to be hazardous or prejudicial to the insurance-buying public.

The Holding Company Acts provide that control over a domestic insurer is presumed to exist if any person, directly or indirectly, owns, controls, holds with the power to vote, or holds proxies representing, ten percent or more of the voting securities of the domestic insurer. A person may rebut this statutory presumption of control by submitting a disclaimer of affiliation with the supervisory DOI, disclosing all material relationships and bases for affiliation between the person and the insurer as well as the basis for disclaiming such affiliation. The state regulators, however, may also find that "control" exists in circumstances in which a person owns or controls less than ten percent of the voting securities of the domestic insurer.

These change of control regulations may dissuade investors from acquiring a controlling stake in our company, including through transactions that some or all of our stockholders might consider to be desirable. Such regulations may also inhibit our ability to acquire an insurance company should we wish to do so in the future. See the section titled "Risk Factors—Risks Related to this Offering and Ownership of Our Class A Common Stock—Applicable insurance laws may make it difficult to effect a change of control."

ORSA

Pursuant to the Own Risk and Solvency Assessment, or ORSA Model Act, an insurance company with direct written and unaffiliated assumed premium of more than $500 million or that is part of an insurance group with direct

written and unaffiliated assumed premium of more than $1 billion must maintain a risk management framework to assist the insurer with identifying, assessing, monitoring, managing, and reporting on its material and relevant risks. In addition, the insurer must regularly conduct an own risk and solvency assessment in accordance with NAIC's ORSA Guidance Manual. Upon the request of the superintendent of the Ohio DOI, and not more than once a year, an insurer must submit an ORSA summary report, or any combination of reports that together contain the information described in the ORSA Guidance Manual, with respect to the insurer and the insurance group of which it is a member. Root Insurance Company became subject to ORSA in 2020 since it had direct written and unaffiliated assumed premium in excess of $500 million for that year and its first assessment is due prior to the end of fiscal year 2021.

Restrictions on Paying Dividends

We are a holding company that transacts a majority of its business through operating subsidiaries. Consequently, our ability to pay dividends to stockholders and meet our debt payment obligations depends on the results of operations of our operating subsidiaries and on the ability of such subsidiaries to provide us with cash, whether in the form of dividends, distributions, loans or otherwise. The payment of any extraordinary dividend by one of our regulated insurance subsidiaries requires the prior approval of the superintendent of the supervisory DOI. "Extraordinary dividend" is defined under the Code as: (i) any dividend or distribution of cash or other property whose fair market value, together with that of other dividends or distributions made within the preceding twelve months, exceeds the greater of (a) ten per cent of an insurer's policyholder surplus as of December 31 of the preceding year, or (b) an insurer's net income for the twelve-month period ending December 31 of the preceding year or (ii) any dividend or distribution paid by an insurer from a source other than earned surplus. As of December 31, 2020, neither Root Insurance Company nor Root Property & Casualty were permitted to pay any dividends to us without approval of the superintendent of the supervisory DOI. See the section titled "Risk Factors—Risks Related to Our Business—Failure to maintain our risk-based capital at the required levels could adversely affect our ability to maintain regulatory authority to conduct our business."

In addition, insurance regulators have broad powers to prevent a reduction of statutory surplus to inadequate levels, and there is no assurance that dividends of the maximum amount calculated under any applicable formula would be permitted. The Ohio DOI and the Delaware DOI may in the future adopt statutory provisions more restrictive than those currently in effect.

Reserves

Our domestic insurance subsidiaries are required to hold admitted assets as reserves to cover projected losses under its policies, in accordance with actuarial principles. In accordance with NAIC's property and casualty statement instructions, they must submit an annual Statement of Actuarial Opinion from a qualified actuary appointed by the company, certifying that its reserves are reasonable.

Risk-Based Capital

Our domestic insurance subsidiaries are required to maintain minimum levels of risk-based capital to support their overall business operations and minimize the risk of insolvency. State insurance regulators use risk-based capital to set capital requirements, based on the size and degree of risk taken by the insurer, taking into account various risk factors including asset risk, credit risk, underwriting risk, and interest rate risk. As the ratio of an insurer's total adjusted capital and surplus decreases relative to its risk-based capital, the risk-based capital laws provide for increasing levels of regulatory scrutiny and intervention.

Both Ohio and Delaware have adopted the model legislation promulgated by the NAIC pertaining to risk-based capital and require annual reporting by insurers domiciled within such states to confirm that the insurer is meeting its risk-based capital requirements. Insurers falling below a risk-based capital threshold may be subject to varying degrees of regulatory action. An insurance company with total adjusted capital that is less than 200% of its authorized control level risk-based capital is at a company action level, which would require the insurance company to file a risk-based capital plan that, among other things, contains proposals of corrective actions the company intends to take that are reasonably expected to result in the elimination of the company action level event. Additional action level events occur when the insurer's total adjusted capital falls below 150%, 100% and 70% of its authorized

control level risk-based capital. When total adjusted capital falls below 70%, a mandatory control event is triggered which results in the supervisory DOI placing the insurance company in receivership and assuming control of the operations of the insurer. As of December 31, 2020, both Root Insurance Company and Root Property & Casualty's risk based capital levels are above any of these regulatory action level thresholds.

Hazardous Financial Conditions

Our insurance regulatory authorities have the authority to deem our domestic insurance subsidiaries to be in a hazardous financial condition such that the insurer's continued operation may be hazardous to its policyholders, creditors, or the general public. A finding of a hazardous condition can be based upon a number of factors, including, but not limited to: (i) adverse findings in a financial, market conduct or other examination; (ii) failure to maintain adequate reserves in accordance with presently accepted actuarial standards of practice; (iii) net loss or negative net income in the last twelve month period or any shorter period of time; (iv) failure to meet financial and holding company filing requirements; (v) insolvencies with a company's reinsurer(s) or within the insurer's insurance holding company system; (vi) a finding of incompetent or unfit management of the insurer; (vii) a failure to furnish requested information or provide accurate information in relation to a response to an inquiry or filing of a financial statement; and (viii) any other finding determined by the commissioner to be hazardous to the insurer's policyholders, creditors or general public.

If an insurance regulatory authority finds one of our domestic insurance subsidiaries to be in hazardous condition it has the authority, in lieu of placing the insurer into supervision, rehabilitation or liquidation, to enter into a memorandum of understanding with the insurer or issue an order to require the insurer to remedy the hazard. This would include, but is not limited to, ordering the insurer to: (i) increase its capital and surplus, (ii) suspend payments of dividends, (iii) limit or withdraw from certain investments, (iv) correct corporate governance deficiencies and (v) take any other action necessary to cure the hazardous condition.

Periodic Examinations

Our insurance subsidiaries are subject to on-site visits and financial and/or market conduct examinations by state insurance regulatory authorities. We are subject to financial examinations in any state in which one of our insurance company subsidiaries is domiciled. For example, Root Insurance Company is Ohio-domiciled and subject to a financial examination by the Ohio DOI at least every five years, during which the Ohio DOI reviews the company's financials, governance, and operations, including its relationships and transactions with affiliates. Root Insurance Company is presently undergoing its first financial examination by the Ohio DOI. The Ohio DOI financial examination is scheduled to conclude at the end of the second quarter of 2021. Root Property & Casualty is a Delaware-domiciled insurer and subject to similar financial examination by the Delaware DOI.

We are also subject to market conduct examinations in any state in which one of our insurance subsidiaries issues policies. Market conduct examinations examine an insurer's conduct toward policyholders, including complaint handling, marketing, claims, policyholder notice, rate and form filing, and customer service. These examinations can result in fines and other monetary penalties, as well as other regulatory orders requiring remedial, injunctive, or other corrective action. Root Insurance Company is currently undergoing a market conduct examination conducted by the Virginia Bureau of Insurance. The examination is expected to conclude near the end of the second quarter of 2021.

Statutory Accounting Principles

A licensed insurance carrier's financial statements must be completed in accordance with statutory accounting principles, or SAP. SAP was developed by U.S. insurance regulators as a method of accounting used to monitor and regulate the solvency of insurance companies. In developing SAP, insurance regulators were primarily concerned with evaluating an insurer's ability to pay all its current and future obligations to customers. As a result, statutory accounting focuses on conservatively valuing the assets and liabilities of insurers, generally in accordance with standards specified by the insurer's domiciliary jurisdiction.

Uniform statutory accounting practices are established by the NAIC and generally adopted by regulators in the various U.S. jurisdictions. These accounting principles and related regulations differ somewhat from GAAP

principles, which are designed to measure a business on a going-concern basis. GAAP gives consideration to matching of revenue and expenses and, as a result, certain expenses are capitalized when incurred and then amortized over the life of the associated policies. Other assets such as goodwill are accounted for under GAAP financial statements but not SAP. As a result, the values for assets, liabilities, and equity reflected in financial statements prepared in accordance with GAAP may be different from those reflected in financial statements prepared under SAP.

Credit for Reinsurance

Root Insurance Company is currently party to a number of reinsurance agreements under which it has ceded a portion of the risk it is insuring to various reinsurers. State insurance laws permit U.S. insurance companies, as ceding insurers, to take financial statement credit for reinsurance that is ceded, so long as the assuming reinsurer satisfies the state's credit for reinsurance laws. Once an insurance carrier has received credit for reinsurance it does not need to hold separate admitted assets as reserves to cover claims on the risks that it has ceded to the reinsurer. There are several different ways in which the credit for reinsurance laws may be satisfied by an assuming reinsurer, including being licensed in the state, being accredited in the state, or maintaining certain types of qualifying collateral. We ensure that all of Root Insurance Company's reinsurers qualify for credit for reinsurance so that Root Insurance Company is able to take full financial statement credit for its reinsurance.

Rate Regulation

Most states require personal property and casualty insurers to file rating plans, policy or coverage forms, and other information with the state's regulatory authority. In certain cases, such rating plans, policy forms, or both must be approved prior to use.

We currently have products on file and approved in the following states: Arizona, Arkansas, California, Colorado, Connecticut, Delaware, Georgia, Illinois, Indiana, Iowa, Kentucky, Louisiana, Maryland, Mississippi, Missouri, Montana, Nebraska, Nevada, New Mexico, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, South Carolina, Tennessee, Texas, Utah, Virginia and West Virginia.

The speed with which an insurer can change rates in response to competition or increasing costs depends, in part, on whether the rating laws are (i) prior approval, (ii) file-and-use or (iii) use-and-file laws. In states having prior approval laws, the regulator must approve a rate before the insurer may use it. In states having file-and-use laws, the insurer does not have to wait for the regulator's approval to use a rate, but the rate must be filed with the regulatory authority prior to being used. A use-and-file law requires an insurer to file rates within a certain period of time after the insurer begins using them. Under all three types of rating laws, the regulator has the authority to disapprove a rate filing.

An insurer's ability to adjust its rates in response to competition or to changing costs depends on an insurer's ability to demonstrate to the regulator that its rates or proposed rating plan meet the requirements of the rating laws. In those states that significantly restrict an insurer's discretion in selecting the business that it wants to underwrite, an insurer can manage its risk of loss by charging a rate that reflects the cost and expense of providing the insurance. In those states that significantly restrict an insurer's ability to charge a rate that reflects the cost and expense of providing the insurance, the insurer can manage its risk of loss by being more selective in the type of business it underwrites. When a state significantly restricts both underwriting and pricing, it becomes more difficult for an insurer to maintain its profitability.

From time to time, the personal lines insurance industry comes under pressure from state regulators, legislators, and special-interest groups to reduce, freeze, or set rates at levels that do not correspond with our analysis of underlying costs and expenses. In particular, auto insurers have come under increasing pressure and in some states have been required to refund a portion of their premium to their policyholders due to decreasing auto claims arising from the COVID-19 pandemic. Whether this pressure continues to exist depends on the persistence of COVID-19 generally. State regulators may interpret existing law or rely on future legislation or regulations to impose new restrictions that adversely affect profitability or growth. We cannot predict with precision the impact on our business of possible future legislative and regulatory measures regarding insurance rates.

In addition, insurers are restricted in their ability to use telematics-based data to set premium rates in California. Proposition 103, which was passed by referendum in 1988, limits the factors that insurers can use to set auto insurance rates to, in decreasing order of importance: (i) the insured's driving safety record; (ii) the number of miles he or she drives annually; (iii) the number of years of driving experience the insured has had; and (iv) those other factors that the Commissioner of the California Insurance Department may adopt by regulation and that have a substantial relationship to the risk of loss. Under current California regulation, the use of telematics-based data beyond miles driven, including when, where or how the car is driven, is prohibited. We are currently in discussions with the California Department of Insurance, or the CA DOI, to revise its regulations to allow us to use telematics to a greater extent to underwrite and price insurance policies, although we cannot predict the outcome of these discussions, and there can be no assurance that the CA DOI will revise its regulations accordingly, if at all.

Insolvency Funds and Associations, Guarantee Funds, Assigned Risk Plans, Mandatory Pools, and Insurance Facilities

Most states require admitted property and casualty insurance companies to become members of insolvency funds or associations, which they fund through an annual assessment. In addition, certain states have enacted laws that require an insurer conducting business in that state to participate in assigned risk plans, reinsurance facilities and joint underwriting associations. These funds cover payments of claims of state policyholders whose admitted insurance carriers have become insolvent. The annual assessments required in any one year will vary from state to state and are subject to various maximum assessments per line of insurance.

Investment Regulation

Root Insurance Company is subject to Ohio's rules and regulations governing the investment of its assets. Similarly, Root Property & Casualty is subject to Delaware's rules and regulations governing invested assets. These laws generally require that an insurance company to invest in a diverse portfolio and limit their investments in certain asset categories. Failure to comply with these laws and regulations would cause non-conforming investments to be treated as non-admitted assets for purposes of measuring statutory surplus and, in certain circumstances, we would be required to dispose of those investments.

Trade Practices

Insurance producers are subject to regulation on how they may sell, solicit or negotiate insurance and conduct their business, with state laws prohibiting certain unfair trade practices. Such practices include, but are not limited to, false advertising, making false statements to regulators, unfair discrimination and rebating premium to policyholders above certain de minimis amounts. We set business conduct policies and provides training to make our employee-agents and other customer service personnel aware of these prohibitions and requires them to conduct their activities in compliance with these statutes.

Unfair Claims Practices

Insurance companies, third party administrators and individual claims adjusters are generally prohibited by state statutes from engaging in unfair claims practices. Unfair claims practices include, but are not limited to, misrepresenting pertinent facts or insurance policy provisions, failing to acknowledge and act reasonably promptly upon communications with respect to claims arising under insurance policies, failing to adopt reasonable standards for the investigation and settlement of a claim and attempting to settle a claim for less than the amount to which a reasonable person would have believed such person was entitled. We set business conduct policies to make claims adjusters aware of these prohibitions and to require them to conduct their activities in compliance with these statutes.

Commission Sharing

Insurance producers cannot share insurance commissions with any person for selling, soliciting or negotiating insurance unless such person holds an insurance producer license in the lines of insurance that are being transacted. Under the insurance laws of most states, there is a limited exception to this prohibition on commission sharing for the payment of referral fees to unlicensed persons, provided that the fee is a flat fee that is not contingent on the purchase of insurance and the referral does not involve the discussion of the terms or conditions of the policy.

Data Privacy

The use of non-public personal information in the insurance industry is subject to regulation under the privacy provisions of the Gramm-Leach Bliley Act and the NAIC Insurance Information and Privacy Act, as adopted and implemented by the various state legislatures and insurance regulators, including through the California Financial Information Privacy Act. Pursuant to these laws and regulations, among other things, an insurance carrier or producer must disclose its privacy policies to all of its applicants and policyholders and must also provide either an opt-in or opt-out, depending on the state, to the sharing of non-public personal information with unaffiliated third parties. Under these rules and regulations, insurance companies and producers must also establish a program of administrative, technical, and physical safeguards designed to ensure the security and confidentiality of customer information, protect against any anticipated threats or hazards to the security or integrity of customer information, and protect against unauthorized access to or use of customer information that could result in substantial harm or inconvenience to the customers.

We are also subject to the California Consumer Privacy Act, or CCPA, which took effect on January 1, 2020. The CCPA gives California residents the right to access and require deletion of their personal information, opt out of certain personal information sharing, and receive detailed disclosures about how their personal information is used and shared. The CCPA exempts certain information that is collected, processed, sold or disclosed pursuant to the California Financial Information Privacy Act, the Gramm-Leach-Bliley Act or the federal Driver's Privacy Protection Act, which also apply to us. However, the definition of "personal information" in the CCPA is broad and encompasses other information that we process beyond the scope of this exemption.

Cybersecurity

Additionally, in response to the growing threat of cyber-attacks in the insurance industry, certain jurisdictions have begun to consider and adopt new cybersecurity regulations. On October 24, 2017, the NAIC adopted the Insurance Data Security Model Law, intended to serve as model legislation for states to enact in order to govern cybersecurity and data protection practices of insurers, insurance agents, and other licensed entities registered under state insurance laws. Alabama, Connecticut, Delaware, Louisiana, Michigan, Mississippi, New Hampshire, Ohio, Indiana, South Carolina and Virginia, have adopted versions of the Insurance Data Security Model Law, each with a different effective date. Root takes steps to comply with financial industry cybersecurity regulations and believes it complies in all material respects with their requirements. Our board of directors oversees cybersecurity risk management and delegates oversight of our information security program to our executive officers and chief information security officer, who is responsible for the day-to-day management of our information security program and provides updates to the audit committee of our board of directors at each of its meetings. Our incident response team, headed by our general counsel, reports material information security incidents to our executive officers, who in turn report them to our board of directors.

Federal Regulation

The regulation of insurance companies is principally a matter of state law, and the federal government does not directly regulate the transaction of insurance. However, federal regulation and initiatives do have an impact on the insurance industry. In particular, the Federal Insurance Office, or FIO, was established within the U.S. Department of the Treasury by the Dodd-Frank Act in July 2010 to monitor and coordinate the regulation of the insurance industry across the United States.

Although the FIO has limited direct regulatory authority over insurance companies or other insurance industry participants, it does represent the United States on prudential aspects of international insurance matters, including at the International Association of Insurance Supervisors, or IAIS. In addition, the FIO serves as an advisory member of the Financial Stability Oversight Council, assists the secretary of the U.S. Department of the Treasury with administration of the Terrorism Risk Insurance Program, monitors trends in the insurance industry and advises the secretary of the U.S. Department of the Treasury on important national and international insurance matters. The FIO has the ability to make a recommendation to the Financial Stability Oversight Council to designate an insurer as "systemically significant," subjecting the insurer to regulation by the Federal Reserve as a bank holding company, which could lead to higher capital requirements.

In addition, a number of federal laws affect and apply to the insurance industry, including various privacy laws, false advertising laws, anti-money laundering laws, the Fair Credit Reporting Act, or FCRA, and the economic and trade sanctions implemented by the Office of Foreign Assets Control, or OFAC. OFAC has imposed civil penalties on persons, including insurance and reinsurance companies, arising from violations of its economic sanctions program.

Item 1A. Risk Factors

The following are certain risk factors that could affect our business, financial position and results of operations. The risks that we have highlighted in the following section of this report are not the only ones that we face. Our business involves various risks and uncertainties as well as those associated with the general business and insurance industry environments.

Investing in our Class A common stock involves a high degree of risk. You should carefully consider the following risks, together with all of the other information contained in this Annual Report on Form 10-K, before deciding to invest in our Class A common stock. Our business, financial condition, results of operations or prospects could be materially and adversely affected by any of these risks or uncertainties, as well as by risks or uncertainties not currently known to us, or that we do not currently believe are material. In that case, the trading price of our Class A common stock could decline, and you may lose all or part of your investment.

Risks Related to Our Business

We have a history of net losses and could continue to incur substantial net losses in the future. We may not continue to grow at historical rates or achieve or maintain profitability in the future.

We have incurred net losses on an annual basis since our incorporation in 2015, and we may incur significant net losses in the future. We incurred net losses of $363.0 million, $282.4 million and $69.1 million for the years ended December 31, 2020, 2019 and 2018, respectively. We had an accumulated loss of $748.0 million and $385.0 million as of December 31, 2020 and December 31, 2019, respectively.

The principal driver of our losses to date is our loss ratios associated with accidents by our customers. As a newer and high growth-focused full-stack insurance company, we have a higher proportion of new customers and/or customers who are inclined to more regularly shop for insurance relative to longer-tenured insurance companies. This higher proportion of new and shopper customers typically generates proportionately greater losses, thus impacting our loss ratio. Like with other more-tenured insurance companies, over time a greater proportion of all customers will be renewal customers. Establishing adequate premium rates is necessary, together with investment income, if any, to generate sufficient revenue to offset losses, loss adjustments expenses, or LAE, and other costs. If we do not accurately assess the risks that we underwrite, the premiums that we charge may not be adequate to cover our losses and expenses, which would adversely affect our results of operations and our profitability.

We expect expenses to continue to increase in the near term as we continue to make investments in the development and expansion of our business. These expenses may occur in the areas of telematics, digital marketing, brand advertising, consumer-facing technologies, core insurance operations services and lines of insurance not presently offered by Root. We may encounter unforeseen or unpredictable factors, including unforeseen operating expenses, complications or delays, which may result in increased costs, and it is difficult to predict the size and growth rate of our market, demand for our services and success of current or potential future competitors. Our investments to grow our business may not result in increased or sufficient revenue or growth for several years or at all. Additionally, we will continue to incur significant expenses in connection with the repayment of the outstanding principal and accrued interest on our credit facilities, under which we had approximately $199.5 million of borrowings outstanding as of December 31, 2020, and as a public company, we will also incur significant legal, accounting and other expenses that we did not incur as a private company.

Our limited operating history may make it difficult to evaluate our current business and our future prospects. While our revenue has grown in recent periods, this growth rate may not be sustainable and should not be considered indicative of future performance, and we may not realize sufficient revenue to achieve or maintain profitability. As we grow our business, we expect our revenue growth rates may slow in future periods due to a number of reasons. We may encounter unforeseen or unpredictable factors, which may result in increased operating expenses, complications or delays slowing demand for our service, increasing competition, a decrease in the growth of our overall market, and our failure to capitalize on growth opportunities or the maturation of our business. If we fail to manage our losses or to grow our revenue sufficiently to keep pace with our investments and other expenses, our business will be seriously harmed and we may not achieve or maintain profitability in future periods.

We may lose existing customers or fail to acquire new customers, and our future growth and profitability depend in part on our ability to successfully operate in an insurance industry that is highly competitive. If we are unable to maintain the levels of customer service or continue technological innovation and improvements, our prospects for future growth may be materially adversely affected.

Our ability to attract and retain customers depends, in part, on our ability to successfully expand geographically, grow our business in the markets we currently serve, expand into new lines of business and offer additional products beyond automobile, renters and homeowners insurance. Expanding into new geographic markets takes time, may place us in unfamiliar competitive environments, requires us to navigate and comply with extensive regulations and may occur more slowly than we expect or than it has occurred in the past. While our loss performance has improved over time as more customers renew their policies and remain policyholders for longer, a future loss of customers could lead to higher loss ratios or loss ratios that cease to decline, which would adversely impact our profitability. If we lose customers, our value will diminish. In addition, we may fail to accurately predict risk segmentation of new customers or potential customers, which could also reduce our profitability.

Further, the insurance industry in which we operate is highly competitive. Many of our primary competitors have well-established national brands and market similar products. Our competitors include large national insurance companies, as well as up-and-coming companies and new market entrants in the insurtech industry, some of whom also utilize telematics and offer forms of usage-based insurance. Several of these established national insurance companies are larger than us and have significant competitive advantages over us, including better name recognition, higher financial ratings, greater resources, additional access to capital, and more types of insurance coverage to offer, such as health and life, than we currently do. In particular, many of our competitors offer consumers the ability to purchase multiple types of insurance coverage and "bundle" them together into one policy and, in certain circumstances, include an umbrella liability policy for additional coverage at competitive prices. As we expand into new lines of business and offer additional products, we could face intense competition from traditional insurance companies that are already established in such markets.

Our business model and technology are still nascent compared to the established business models of the well-established incumbents in the insurance market. Our success in the automobile insurance market depends on our deep understanding of this industry. To penetrate new vertical markets, we will need to develop a deep understanding of those new markets and the associated business challenges faced by participants in them. Developing this level of understanding may require substantial investments of time and resources, and we may not be successful. In addition to the need for substantial resources, insurance regulation could limit our ability to introduce new product offerings. New insurance products could take months to be approved by regulatory authorities or may not be approved at all. If we fail to penetrate new vertical markets successfully, our revenue may grow at a slower rate than we anticipate, and our business, results of operations and financial condition could be materially adversely affected.

We have invested in growth strategies by utilizing unique customer value propositions, differentiated product offerings and distinctive advertising campaigns. If we are unsuccessful through these strategies in generating new business, retaining a sufficient number of customers or retaining or acquiring key relationships, our ability to maintain or increase premiums written or the ability to sell our products could be adversely impacted. Because of the competitive nature of the insurance industry, there can be no assurance that we will continue to compete effectively within our industry, or that competitive pressures will not have a material effect on our business, results of operations or financial condition. If we fail to remain competitive on customer experience, pricing, and insurance coverage options, our ability to grow our business may also be adversely affected.

There are many other factors that could negatively affect our ability to maintain or grow our customer base, including if:

- we fail to offer new and competitive products, or fail to obtain regulatory approvals necessary for expansion into new markets or in relation to our products (such as underwriting and rating requirements);

- we fail to effectively use search engines, social media platforms, digital app stores, content-based online advertising, and other online sources for generating traffic to our website and our mobile app;

- our digital platform experiences disruptions; technical or other problems frustrate the customer experience, particularly if those problems prevent us from generating quotes or paying claims in a fast and reliable manner; we fail to provide effective updates to our existing products or to keep pace with technological improvements in our industry; or customers have difficulty installing, updating or otherwise accessing our app or website on mobile devices or web browsers as a result of actions by us or third parties;

- we suffer reputational harm to our brand including from negative publicity, whether accurate or inaccurate;

- customers are unable or unwilling to adopt or embrace new technology or the perception emerges that purchasing insurance products online is not as effective as purchasing those products through traditional offline methods; or

- we are unable to address customer concerns regarding the content, privacy, and security of our digital platform.

Our inability to overcome these challenges could impair our ability to attract new customers and retain existing customers and could have a material adverse effect on our business, operating results and financial condition.

We may require additional capital to support business growth or to satisfy our regulatory capital and surplus requirements, and this capital might not be available on acceptable terms, if at all.

We intend to continue to make investments to support our business growth and may require additional funds to respond to business challenges, including the need to develop new features and products or enhance our existing products and services, satisfy our regulatory capital and surplus requirements, cover losses, improve our operating infrastructure or acquire complementary businesses and technologies. Many factors will affect our capital needs as well as their amount and timing, including our growth and profitability, regulatory requirements, market disruptions and other developments. If our present capital and surplus is insufficient to meet our current or future operating requirements, including regulatory capital and surplus requirements, or to cover losses, we may need to raise additional funds through financings or curtail our growth. We evaluate financing opportunities from time to time, and our ability to obtain financing will depend, among other things, on our development efforts, business plans and operating performance, as well as the condition of the capital markets at the time we seek financing. We cannot be certain that additional financing will be available to us on favorable terms, or at all.

If we raise additional funds through future issuances of equity or convertible debt securities, our existing stockholders could suffer significant dilution, and any new equity securities we issue could have rights, preferences and privileges superior to those of holders of Class A common stock. As an insurance company, we are subject to extensive laws and regulations in every jurisdiction in which we conduct business, and any such issuances of equity or convertible debt securities to secure additional funds may be impeded by regulatory approvals or requirements imposed by such regulatory authorities if such issuances are deemed to result in a person acquiring “control” of our company under applicable insurance laws and regulations. Such regulatory requirements may require potential investors to disclose their organizational structure and detailed financial statements as well as require managing partners, directors and/or senior officers to submit biographical affidavits which may deter investment in our company.

Further, we are restricted by covenants in our credit agreements. These covenants restrict, among other things, our ability to incur additional debt without lender consent or grant liens over our assets, which may limit our ability to obtain additional funds.

The COVID-19 pandemic has caused disruption to our operations and may negatively impact our business, key metrics, and results of operations in numerous ways that remain unpredictable.

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 unprecedented levels of unemployment. In the second quarter

of 2020, our business was favorably impacted by the SIPs as our customers drove less and we had a resulting material decline in loss coverages during this quarter, which have now returned to near pre-COVID-19 levels. 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 60 days and restrictions on increasing policy premiums. We continue to assess and update our business continuity plans in the context of this pandemic, including taking steps in an effort to help keep our employees healthy and safe. The spread of COVID-19 has caused us to modify our business practices (including employee travel, employee work locations in certain cases, and cancellation of physical participation in meetings, events, and conferences), and we expect to take further actions as may be required or recommended by government authorities or as we determine are in the best interests of our employees and customers. Furthermore, COVID-19 has impacted and may further impact the broader economies of affected countries, including negatively impacting economic growth, the proper functioning of financial and capital markets, foreign currency exchange rates, and interest rates. It is possible that the pandemic will cause an economic slowdown of potentially extended duration, as well as a global recession. This could result in an increase in costs associated with claims under our policies, as well as an increase in the number of customers experiencing difficulty paying premiums, any of which could have a material adverse effect on our business and results of operations. Furthermore, due to COVID-19's negative impact on driving, regulators in many states are either mandating or requesting 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. In all of the states in which we operate, state insurance regulators have either encouraged, strongly suggested or mandated insurers to provide COVID-19-related consumer relief. Regulators in 13 states in which we operate placed a mandatory moratorium on non-pay cancellations, providing consumers grace periods ranging from 30 days to 120 days, in duration during which premium did not need to be paid in a timely fashion. These moratoriums were part of the increase of premium write offs to 3.5% during the year ended December 31, 2020. These mandates and similar regulations or requests could negatively impact our ability to charge or increase premiums to adequately cover our losses and could result in continued increased premium write offs.

Though we continue to monitor the COVID-19 pandemic closely, due to the speed with which it continues to develop, the global breadth of its spread, the range of governmental and community reactions thereto and any delays in wide distribution, or public acceptance, of a vaccine, there is considerable uncertainty around its duration and ultimate impact. Even after the COVID-19 pandemic subsides, the U.S. economy and other major global economies may experience severe economic aftereffects, such as a recession, and we anticipate our business and operations could be materially adversely affected by an economic downturn in the U.S. The impact of the pandemic may also exacerbate the other risks described in these Risk Factors, and additional impacts may arise that we are not currently aware of, any of which could have a material effect on us. In addition, if there is a future resurgence of COVID-19, these negative impacts on our business may be further exacerbated. As a result, the full extent of the impact of the pandemic on our overall financial and operating results, whether in the near or long term, cannot be reasonably estimated at this time.

We rely on telematics, mobile technology and our digital platform to collect data points that we evaluate in pricing and underwriting our insurance policies, managing claims and customer support, and improving business processes. To the extent regulators prohibit or restrict our collection or use of this data, our business could be harmed.

We use telematics, mobile technology and our digital platform to collect data points that we evaluate in pricing and underwriting certain of our insurance policies, managing claims and customer support, and improving business processes. Our business model is dependent on our ability to collect driving behavior data and utilize telematics. If legislation were to restrict our ability to collect driving behavior data, it could impair our capacity to underwrite insurance cost effectively, negatively impacting our revenue and earnings. In addition, if federal, state or international regulators were to determine that the type of data we collect, the process we use for collecting this data or how we use it unfairly discriminates against a protected class of people, regulators could move to prohibit or restrict our collection or use of this data.

Due to Proposition 103 in California, we are currently limited in our ability to use telematics data beyond miles-driven to underwrite insurance, including data on how the car is driven. This has significantly hindered our ability to

offer cost-competitive insurance policies in California and could impede our ability to offer insurance policies in other states if they were to pass similar laws or regulations.

Although there is currently limited federal and state legislation outside of California restricting our ability to collect driving behavior data, private organizations are implementing principles and guidelines to protect driver privacy. The Alliance of Automobile Manufacturers and Global Automakers established their Consumer Privacy Protection Principles to provide member automobile manufacturers with a framework with which to consider privacy and build privacy into their products and services while the National Automobile Dealers Association has partnered with the Future of Privacy Forum to produce consumer education guidelines that explain the kinds of information that may be collected by consumers' cars, the guidelines that governs how it is collected and used, and the options consumers may have to protect their vehicle data. The Global Alliance for Vehicle Data Access is another organization that was formed to advocate for driver ownership of all vehicle data, particularly for insurance underwriting purposes. If federal or state legislators pass laws limiting our ability to collect driver data, particularly through driver's smartphones, such legislation could have a material adverse effect on our business, financial condition or results of operations.

Some regulators have expressed interest in the use of external data sources, algorithms and/or predictive models in insurance underwriting or rating. Specifically, regulators have raised questions about the potential for unfair discrimination and lack of transparency associated with the use of external consumer data. A determination by federal or state regulators that the data points we collect and the process we use for collecting data unfairly discriminates against a protected class of people could subject us to fines and other sanctions, including, but not limited to, disciplinary action, revocation and suspension of licenses, regulatory fines and other sanctions, and withdrawal of product forms. Any such event could, in turn, materially and adversely affect our business, financial condition, results of operations and prospects. Although we have implemented policies and procedures into our business operations that we feel are appropriately calibrated to our machine learning and automation-driven operations, these policies and procedures may prove inadequate to manage our use of this nascent technology, resulting in a greater likelihood of inadvertent legal or compliance failures.

In addition, the National Association of Insurance Commissioners, or NAIC, announced on July 23, 2020 the formation of a new Race and Insurance Special Committee, or the Special Committee. The Special Committee is tasked with analyzing the level of diversity and inclusion within the insurance sector, identifying current practices in the insurance industry that disadvantage minorities and making recommendations to increase diversity and inclusion within the insurance sector and address practices that disadvantage minorities. The Special Committee may look into strengthening unfair discrimination laws, such as prohibiting the use of credit scores in the underwriting of auto insurance. Any new unfair discrimination legislation that would prohibit us from using data that we currently use or plan to use in the future to underwrite insurance could negatively impact our business.

Regulators may also require us to disclose the external data we use, algorithms and/or predictive models prior to approving our underwriting models and rates. Such disclosures could put our intellectual property at risk.

Additionally, existing laws, such as the CCPA, future laws, and evolving attitudes about privacy protection may impair our ability to collect, use, and maintain data points of sufficient type or quantity to develop and train our algorithms. If such laws or regulations were enacted federally or in a large number of states in which we operate, it could impact the integrity and quality of our pricing and underwriting processes.

We depend on search engines, social media platforms, digital app stores, content-based online advertising and other online sources to attract consumers to our website and our mobile app both rapidly and cost-effectively. If these third parties change their listings or increase their pricing, if our relationship with them deteriorates or terminates, or if other factors related to these third parties arise which are beyond our control, we may be unable to attract new customers rapidly and cost-effectively, which would adversely affect our business and results of operations.

Our success depends on our ability to attract consumers to our website and convert them into customers in a rapid and cost-effective manner through our mobile app. We depend in large part on search engines, social media

platforms, digital app stores, content-based online advertising and other online sources for traffic to our website and our mobile app, which are material sources for new consumers.

With respect to search engines, we are included in search results as a result of both paid search listings, where we purchase specific search terms that result in the inclusion of our advertisement, and free search listings, which depend on algorithms used by search engines. For paid search listings, if one or more of the search engines or other online sources on which we rely modifies or terminates its relationship with us, our expenses could rise if we have to pay a higher price for such listings or if the alternatives we find are more expensive, or we could lose consumers and traffic to our website, any of which could have a material adverse effect on our business, results of operations and financial condition. For free search listings, if search engines on which we rely for algorithmic listings modify their algorithms, our websites may appear less prominently or not at all in search results, which could result in reduced traffic to our websites, and fewer new customers.

Our ability to maintain or increase the number of consumers who purchase our products after being directed to our website or our mobile app from other digital platforms depends on many factors that are not within our control. Search engines, social media platforms and other online sources often revise their algorithms and introduce new advertising products. If one or more of the search engines or other online sources on which we rely for traffic to our website and our mobile app were to modify its general methodology for how it displays our advertisements or keyword search results, resulting in fewer consumers clicking through to our website and our mobile app, our business and operating results are likely to suffer. In addition, if our online display advertisements are no longer effective or are not able to reach certain consumers due to consumers' use of ad-blocking software, our business and operating results could suffer.

Additionally, changes in regulations could limit the ability of search engines and social media platforms, including but not limited to Google and Facebook, to collect data from users and engage in targeted advertising, making them less effective in disseminating our advertisements to our target customers. For example, the proposed Designing Accounting Safeguards to Help Broaden Oversight and Regulations on Data, or DASHBOARD, Act would mandate annual disclosure to the SEC of the type and "aggregate value" of user data used by harvesting companies, such as Facebook, Google and Amazon, including how revenue is generated by user data and what measures are taken to protect the data. If the costs of advertising on search engines and social media platforms increase, we may incur additional marketing expenses or be required to allocate a larger portion of our marketing spend to other channels and our business and operating results could be adversely affected. Similarly, changes to regulations applicable to the insurance brokerage and distribution business may limit our ability to rely on key distribution platforms, such as the Root API, if the third-party distribution platforms are unable to continue to distribute our insurance products without an insurance producer license pursuant to applicable insurance laws and regulations.

The marketing of our insurance products depends on our ability to cultivate and maintain cost-effective and otherwise satisfactory relationships with digital app stores, in particular, those operated by Google and Apple. As we grow, we may struggle to maintain cost-effective marketing strategies, and our customer acquisition costs could rise substantially. Furthermore, because many of our customers access our insurance products through a mobile app, we depend on the Apple App Store and the Google Play Store to distribute our mobile app.

Operating system platforms and application stores controlled by third parties, such as Apple and Google, may change their terms of service or policies in a manner that increases our costs or impacts our ability to distribute our mobile app, collect data through it, and market our products.

We are subject to the terms of service and policies governing the operating system platforms on which our mobile app runs and the application stores through which we distribute our mobile app, such as those operated by Apple and Google. These terms of service and policies govern the distribution, operation and promotion of applications on such platforms and stores. These platforms and stores have broad discretion to change and interpret their terms of service and policies in a manner that may adversely affect our business. For example, an operating system platform or application store may increase its access fees, restrict the collection of data through mobile apps that run on those platforms, restrict how that data is used and shared, and limit how mobile app publishers advertise online.

Additionally, limitations on our ability to collect, use or share telematics and other data derived from customer activities on smartphones, as well as new technologies that block our ability to collect, use or share such data, could significantly diminish the value of our platform and have an adverse effect on our ability to generate revenue.

Limitations or blockages on our ability to collect, use or share data derived from use of our mobile app may also restrict our ability to analyze such data to facilitate our product improvement, research and development and advertising activities. For example, in June 2020, Apple announced plans to require applications using its mobile operating systems to obtain an end-user's permission to track them or access their device's advertising identifier for advertising and advertising measurement purposes, as well as other restrictions that could adversely affect our business.

If we were to violate, or be perceived to have violated, the terms of service or policies of an operating system platform or application store, the provider may limit or block our access to it. It is possible that an operating system platform or application store might limit, eliminate or otherwise interfere with the distribution of our mobile app, the features we provide and the manner in which we market our mobile app, or give preferential treatment on their platforms or stores to a competitor. To the extent either of these occur, our business, results of operations and financial condition could be adversely affected.

Furthermore, one of the factors we use to evaluate our customer satisfaction and market position is our Apple App Store ratings. This rating, however, may not be a reliable indicator of our customer satisfaction relative to other companies who are rated on the Apple App Store since, to date, we have received a fraction of the number of reviews of some of the companies we benchmark against, and thus our number of positive reviews may not be as meaningful.

Our expansion within the United States and any future international expansion strategy will subject us to additional regulatory approvals and costs and risks, and our plans may not be successful.

Our success depends in significant part on our ability to expand into additional markets in the United States and abroad. We currently hold Certificates of Authority in 50 states and the District of Columbia and operate in 30 of those states. We plan to have a presence in all 50 states and the District of Columbia in the near term but cannot guarantee that we will be able to provide nationwide coverage on that timeline or at all. We have applied for licenses in 11 states that have not been approved or were withdrawn. Root Insurance Company has two pending certificate of authority applications, one with the Florida Office of Insurance Regulation and one with the Massachusetts Division of Insurance and has not had a license application denied by any insurance regulators. Generally, regulators in states in which our applications were withdrawn preferred that we seek approval at such time that we could demonstrate an underwriting profit and/or willingness to commit to a risk-based capital position greater than what had been required by the Ohio DOI.

In addition to growing our domestic business, we may also seek to expand outside of the United States. International expansion may increase our risks in complying with various laws and standards, including with respect to anti-corruption, anti-bribery, anti-money laundering, export controls, and trade and economic sanctions. If we are successful in our efforts to expand abroad, operating outside of the United States may require significant management attention to oversee operations over a broad geographic area with varying cultural norms and customs, in addition to placing strain on our finance, analytics, compliance, legal, engineering, and operations teams.

As we seek to expand in the United States and abroad, we may incur significant operating expenses, including expenses in connection with securing applicable regulatory approvals, marketing, hiring additional personnel, engaging third-party service providers and other research and development costs. If we invest substantial time and resources to expand our operations while our revenues from those additional operations do not exceed the expense of establishing and maintaining them, or if we are unable to manage these risks effectively, our business, results of operations and financial condition could be adversely affected.

Moreover, our expansion may not be successful for a variety of reasons, including because of:

- one or more states could revoke our license to operate, or implement additional regulatory hurdles that could preclude or inhibit our ability to obtain or maintain our license in such state;

- failures in identifying and entering into joint ventures with strategic partners, both domestically and internationally, or entering into joint ventures that do not produce the desired results;

- challenges in, and the cost of, complying with various laws and regulatory standards, including with respect to the insurance business and insurance distribution, capital and outsourcing requirements, data privacy, tax and local regulatory restrictions;

- difficulty in recruiting and retaining licensed, talented and capable employees;

- competition from local incumbents that already own market share, better understand the local market, may market and operate more effectively and may enjoy greater local affinity or awareness;

- differing demand dynamics, which may make our product offerings less successful;

- currency exchange restrictions or costs and exchange rate fluctuations;

- our lack of experience in operating our business internationally;

- operating in jurisdictions that do not protect intellectual property rights to the same extent as the United States, and mechanisms for enforcement of intellectual property rights in some foreign countries may be inadequate; and

- limitations on the repatriation and investment of funds as well as foreign currency exchange restrictions.

If we fail to grow our geographic footprint or geographic growth occurs at a slower rate than expected, our business, results of operations and financial condition could be materially and adversely affected.

Our technology platform may not operate properly or as we expect it to operate.

We utilize our technology platform to gather customer data in order to determine whether or not to write and how to price our insurance products. Similarly, we use our technology platform to process many of our claims. Our technology platform is expensive and complex, its continuous development, maintenance and operation may encounter unforeseen difficulties including material performance problems or undetected defects or errors. We may encounter technical obstacles, and it is possible that we may discover additional problems that prevent our technology from operating properly. If our platform does not function reliably, we may incorrectly select our customers, price insurance products for our customers or incorrectly pay or deny claims made by our customers. These errors could cause us to select an uneconomic mix of customers, encounter customer dissatisfaction, which could lead customers to cancel or fail to renew their insurance policies with us or make it less likely that prospective customers obtain new insurance policies, underprice policies or overpay claims, or incorrectly deny policyholder claims and become subject to liability. Additionally, technology platform errors may lead to unintentional bias and discrimination in the underwriting process, which could subject us to legal or regulatory liability and harm our brand and reputation. Any of these eventualities could result in a material adverse effect on our business, results of operations and financial condition.

While we believe our telematics-based pricing model to be more fair to consumers, it may yield results that customers find unfair. For instance, we may quote certain drivers higher premiums than our competitors, if our model determines that the driver is higher risk even though their higher-risk driving has not resulted in a claim. Such perception of unfairness could negatively impact our brand and reputation.

Regulators may limit our ability to develop or implement our telematics-based pricing model and/or may eliminate or restrict the confidentiality of our proprietary technology.

Our future success depends on our ability to continue to develop and implement our telematics-based pricing model, and to maintain the confidentiality of our proprietary technology. Changes to existing regulations, their interpretation or implementation, or new regulations could impede our use of this technology or require that we disclose our proprietary technology to our competitors, which could negatively impact our competitive position and result in a material adverse effect on our business, results of operations, and financial condition. For example,

California voters recently approved the California Privacy Rights and Enforcement Act, or the CPRA, which will become effective January 1, 2023, and which affords California residents significantly more control over their personal information, including the right to information about the logic of certain algorithmic decisions about them and the right to opt-out of such decisions, imposes heightened compliance obligations on covered businesses and establishes a new enforcement agency dedicated to consumer privacy. The CPRA mandates issuance of regulations which could require disclosure of our proprietary technology, limit the effectiveness of our products and reduce demand for them.

We may not be able to manage our growth effectively.

Our rapid growth has placed and may continue to place significant demands on our management and our operational and financial resources. For example, we grew our employee base from 254 as of December 31, 2018 to 1,007 as of December 31, 2020. We have hired and expect to continue hiring additional personnel to support our rapid growth. Our organizational structure is becoming more complex as we add staff, and we will need to enhance our operational, financial and management controls as well as our reporting systems and procedures as we transition from being a private company to a public company. We will require significant capital expenditures and the allocation of valuable management resources to grow and change in these areas without undermining our corporate culture of rapid innovation, teamwork and attention to the insurance-buying experience for the customer. If we cannot manage our growth effectively to maintain the quality and efficiency of our customers' insurance-buying experience as well as the cost-effectiveness of our insurance products, as well as their experience as ongoing customers, our business could be harmed as a result, and our results of operations and financial condition could be materially and adversely affected.

We are subject to full scope financial examinations by state insurance regulatory authorities in each state in which one of our domestic insurance company subsidiaries is domiciled, which could result in adverse examination findings and necessitate remedial actions.

State insurance regulators perform examinations of insurance companies under their jurisdiction to assess compliance with applicable laws and regulations, financial condition and the conduct of regulated activities at least every five years. Root Insurance Company is Ohio-domiciled and currently undergoing, but has not completed, its first five-year financial examination with the Ohio DOI, which includes a review of the company's financials, governance, and operations, including its relationships and transactions with affiliates, and a specific examination of our pricing and underwriting methodologies and our regulatory capital. Similarly, Root Property & Casualty is a Delaware-domiciled insurer and subject to similar financial examination by the Delaware DOI. If, as a result of these examinations, our regulators determine that our financial condition, capital resources or other aspects of any of our operations are not satisfactory, or that we have violated applicable laws or regulations, such regulator may subject us to fines or other penalties and/or require us to take one or more remedial actions or otherwise subject us to regulatory scrutiny, such as pursuant to an enforcement action or, in the case of regulatory capital, require us to maintain additional capital. The results of the examinations are a matter of public record, and our reputation may also be harmed by such penalties.

We are subject to market conduct examinations by state insurance regulatory authorities in any state in which our domestic insurance subsidiaries issue insurance policies, which could result in adverse examination findings and necessitate remedial actions.

Our domestic insurance subsidiaries are also subject to other targeted investigations or inquiries, including market conduct examinations, in any state in which they issue policies. These examinations can result in fines and other monetary penalties, as well as other regulatory orders requiring remedial, injunctive, or other corrective action. For example, Root Insurance Company is currently subject to a market conduct examination by the Virginia State Corporation Commission's Bureau of Insurance. Any regulatory or enforcement action or any regulatory order imposing remedial, injunctive, or other corrective action against us resulting from this examination could have a material adverse effect on our business, reputation, financial condition or results of operations.

Our exposure to loss activity and regulation may be greater in states where we currently have most of our customers: Texas, Georgia and Kentucky.

Approximately 38.7% of our gross written premium for the year ended December 31, 2020 originated from customers in Texas, Georgia and Kentucky. As a result of this concentration, if a significant catastrophe event or series of catastrophe events occur, and cause material losses in Texas, Georgia or Kentucky, our business, financial condition and results of operation could be materially adversely affected. Further, as compared to our competitors who operate on a wider geographic scale, any adverse changes in the regulatory environment affecting property and casualty insurance in Texas, Georgia or Kentucky may expose us to more significant risks.

We are subject to stringent and changing privacy and data security laws, regulations, and standards related to data privacy and security, increasing the complexity of compliance. Our actual or perceived failure to comply with such obligations could harm our reputation, subject us to significant fines and liability, or adversely affect our business.

In the United States, insurance companies are subject to the privacy provisions of the federal Gramm-Leach-Bliley Act and the NAIC Insurance Information and Privacy Protection Model Act, as adopted and implemented by certain state legislatures and insurance regulators. The regulations implementing these laws require insurance companies to disclose their privacy practices to consumers, allow them to opt-in or opt-out, depending on the state, of the sharing of certain personal information with unaffiliated third parties, and maintain certain security controls to protect their information. Violators of these laws face regulatory enforcement action, substantial civil penalties, injunctions, and in some states, private lawsuits for damages. Insurance companies are also subject to state-specific privacy laws governing the use of particular data. For instance, the Illinois Biometric Information Privacy Act regulates the use and storage of biometric data such as fingerprints in the insurance industry and requires the informed written consent from policyholders if the insurance company intends to collect or disclose their personal biometric identifiers.

Privacy and data security regulation in the United States is rapidly evolving. For example, existing laws, such as the CCPA, which became effective January 1, 2020, future laws, and evolving attitudes about privacy protection may impair our ability to collect, use, and maintain data points of sufficient type or quantity to develop and train our algorithms. The CCPA gives California residents expanded rights to access and require deletion of their personal information, opt out of certain personal information sharing, and receive detailed information about how their personal information is used. The CCPA provides for civil penalties for violations, as well as a private right of action for certain data breaches, which is expected to increase the volume and success of class action data breach litigation. In addition to increasing our compliance costs and potential liability, the CCPA's restrictions on "sales" of personal information may restrict our use of cookies and similar technologies for advertising purposes. The CCPA excludes information covered by Gramm-Leach-Bliley Act, the Driver's Privacy Protection Act or the California Financial Information Privacy Act from the CCPA's scope, but the CCPA's definition of "personal information" is broad and may encompass other information that we maintain.

The requirements of the CCPA will expand substantially in January 2023 as a result of California voters approving the California Consumer Privacy Rights and Enforcement Act, or the CPRA, in November 2020. The CPRA will give California residents the ability to limit use of precise geolocation information and other categories of information classified as "sensitive"; add e-mail addresses and passwords to the list of personal information that, if lost or breached, would entitle affected individuals to bring private lawsuits; and establish the California Privacy Protection Agency to implement and enforce the new law, as well as impose administrative fines. The effects of the CCPA, CPRA, and other similar state or federal laws, are potentially significant and may require us to modify our data processing practices and policies, incur substantial compliance costs and subject us to increased potential liability.

Some observers have noted that the CCPA and CPRA could mark the beginning of a trend toward more stringent privacy legislation in the United States. There is also discussion in Congress of new comprehensive federal data protection and privacy laws to which we likely would be subject if it is enacted. Until an overarching federal privacy law is passed, however, it is anticipated that individual states will continue to adopt or amend state laws and

regulations governing data privacy and cybersecurity, which could increase the cost and complexity of our compliance efforts and could impact the integrity and quality of our pricing and underwriting processes.

Additionally, in response to the growing threat of cyberattacks in the insurance industry, certain jurisdictions have begun to impose new cybersecurity laws and regulations. On October 24, 2017, the NAIC adopted its Insurance Data Security Model Law, intended to serve as model legislation for states to enact in order to govern cybersecurity and data protection practices of insurers, insurance agents, and other licensed entities registered under state insurance laws. Alabama, Connecticut, Delaware, Indiana, Louisiana, Michigan, Mississippi, New Hampshire, Ohio, South Carolina and Virginia have adopted versions of the Insurance Data Security Model Law, each with a different effective date, and other states may adopt versions of the Insurance Data Security Model Law in the future. Also in 2017, the New York State Department of Financial Services adopted regulations providing minimum standards for insurance companies' cybersecurity programs, requiring an annual certification confirming compliance. In May 2018, South Carolina passed a cybersecurity bill requiring, among other things, any insurance entity operating in the state to establish and implement a cybersecurity program protecting their business and their customers from a data breach, to investigate data breaches and to notify regulators of a cybersecurity event. Some jurisdictions, such as Massachusetts, Nevada and California have enacted more generalized data security laws that apply to certain data that we process. Although we take steps to comply with financial industry cybersecurity regulations and other data security laws and believe we are materially compliant with their requirements, our failure to comply with new or existing cybersecurity regulations could result in material regulatory actions and other penalties. In addition, efforts to comply with new or existing cybersecurity regulations could impose significant costs on our business, which could materially and adversely affect our business, financial condition or results of operations.

If we expand into Europe, we may also face privacy, data security, and data protection risks in connection with requirements of the General Data Protection Regulation (E.U.) 2016/679, or GDPR, and other data protection regulations. Among other stringent requirements, the GDPR restricts transfers of data outside of the E.U. to third countries deemed to lack adequate privacy protections (such as the U.S.), unless an appropriate safeguard specified by the GDPR is implemented. A July 16, 2020 decision of the Court of Justice of the European Union invalidated a key mechanism for lawful data transfer to the U.S. and called into question the viability of its primary alternative. As such, the ability of companies to lawfully transfer personal data from the E.U. to the U.S. is presently uncertain. Other countries have enacted or are considering enacting similar cross-border data transfer rules or data localization requirements. These developments could limit our ability to deliver our products in the E.U. and other foreign markets. In addition, any failure or perceived failure to comply with these rules may result in regulatory fines or penalties including orders that require us to change the way we process data.

Additionally, we are subject to the terms of our privacy policies, privacy-related disclosures, and contractual and other privacy-related obligations to our customers and other third parties. Any failure or perceived failure by us or third parties we work with to comply with these policies, disclosures, and obligations to customers or other third parties, or privacy or data security laws may result in governmental or regulatory investigations, enforcement actions, regulatory fines, criminal compliance orders, litigation or public statements against us by consumer advocacy groups or others, and could cause customers to lose trust in us, all of which could be costly and have an adverse effect on our business.

Data security breaches, or real or perceived errors, failures or bugs in our systems, website or app could impair our operations, compromise our confidential information or our customers' personal information, damage our reputation and brand, and harm our business and operating results.

Our continued success depends on our systems, applications, and software continuing to operate and to meet the changing needs of our customers and users. We rely on our technology and engineering staff and vendors to successfully implement changes to and maintain our systems and services in an efficient and secure manner. Like all information systems and technology, our website and mobile app may contain or develop material errors, failures, vulnerabilities or bugs, particularly when new features or capabilities are released, and may be subject to computer viruses or malicious code, break-ins, phishing impersonation attacks, attempts to overload our servers with denial-of-service or other attacks, ransomware and similar incidents or disruptions from unauthorized use of our computer

systems, as well as unintentional incidents causing data leakage, any of which could lead to interruptions, delays or website or mobile app shutdowns.

From time to time, third parties may misappropriate our data through website scraping, bots or other means and aggregate this data on their websites with data from other companies. In addition, copycat websites or mobile apps may misappropriate data and attempt to imitate our brand or the functionality of our website or our mobile app. If we become aware of such websites or mobile apps, we intend to employ technological or legal measures in an attempt to halt their operations. However, we may be unable to detect all such websites or mobile apps in a timely manner and, even if we could, technological and legal measures may be insufficient to halt their operations. Regardless of whether we can successfully enforce our rights against the operators of these websites or mobile apps, any measures that we may take could require us to expend significant financial or other resources, which could harm our business, results of operations or financial condition. In addition, to the extent that such activity creates confusion among consumers or advertisers, our brand and business could be harmed.

Operating our business and products involves the collection, storage, use and transmission of sensitive, proprietary and confidential information, including personal information, pertaining to our current, prospective and past customers, employees, contractors, and business partners. The security measures we take to protect this information may be compromised as a result of computer malware, viruses, social engineering, ransomware attacks, credential stuffing attacks, hacking and cyberattacks, including by state-sponsored and other sophisticated organizations. Such incidents have become more prevalent in recent years. For example, attempts to fraudulently induce our personnel into disclosing usernames, passwords or other information that can be used to access our systems and the information in them have increased and could be successful. Cybersecurity incidents can also result from malfeasance of our personnel, theft, errors, data leaks, and security vulnerabilities or bugs in our website, mobile apps or the software or systems on which we rely. Cybersecurity incidents have in the past resulted in unauthorized access to certain personal information that we handle, and may in the future result in unauthorized, unlawful or inappropriate use, destruction or disclosure of, access to, or inability to access the sensitive, proprietary and confidential information that we handle. These incidents may remain undetected for extended periods of time.

We rely on third-parties to provide critical services that help us deliver our solutions and operate our business. These third-parties may support or operate critical business systems for us or store or process the same sensitive, proprietary and confidential information that we handle. They may not have adequate security measures and could experience a cybersecurity incident that compromises the confidentiality, integrity or availability of the systems they operate for us or the information they process on our behalf. Such occurrences could adversely affect our business to the same degree as if we had experienced these occurrences directly and we may not have recourse to the responsible third-parties for any resulting liability that we incur.

There are many different cybercrime and hacking techniques and such techniques continue to evolve, and we may be unable to anticipate attempted security breaches, react to cybersecurity incidents in a timely manner or implement adequate preventative measures. While we have developed systems and processes designed to protect the integrity, confidentiality and security of the confidential and personal information under our control, we cannot assure you that any security measures that we or our third-party service providers have implemented will be effective against current or future security threats.

A security breach or other cybersecurity incident, or the perception that one has occurred, could result in a loss of customer confidence in the security of our platform and damage our reputation and brand; reduce demand for our insurance products; disrupt normal business operations; require us to expend significant capital and resources to investigate and remedy the incident and prevent recurrence; and subject us to litigation, regulatory enforcement action, fines, penalties, and other liability, which could have material adverse effect on our business, financial condition and results of operations. Even if we take steps that we believe are adequate to protect us from cyber threats, hacking against our competitors or other companies in our industry could create the perception among our customers or potential customers that our digital platform is not safe to use. Security incidents could also damage our IT systems and our ability to make the financial reports and other public disclosures required of public companies. These risks are likely to increase as we continue to grow and process, store and transmit an increasingly large volume of data.

We cannot be certain that our insurance coverage will be adequate for cybersecurity liabilities, will continue to be available to us on economically reasonable terms, or at all, or that any insurer will not deny coverage as to any future claim. The successful assertion of one or more large claims against us that exceed available insurance coverage, or the occurrence of changes in our insurance policies, including premium increases or the imposition of large deductible or co-insurance requirements, could adversely affect our reputation, business, financial condition and results of operations. In some cases, particularly in the case of websites or mobile apps operating outside of the United States, our available remedies may not be adequate to protect us against the effect of the operation of such websites or mobile apps. Regardless of whether we can successfully enforce our rights against the operators of these websites or mobile apps, any measures that we may take could require us to expend significant financial or other resources, which could harm our business, results of operations or financial condition. In addition, to the extent that such activity creates confusion among consumers or advertisers, our brand and business could be harmed.

Our brand may not become as widely known or accepted as incumbents' brands or the brand may become tarnished.

Many of our competitors have brands that are well-recognized. As a relatively new entrant into the insurance market, we have spent, and expect that we will for the foreseeable future continue to spend, considerable amounts of money and other resources on creating brand awareness and building our reputation. We may not be able to build brand awareness to levels matching our competitors, and our efforts at building, maintaining and enhancing our reputation could fail and/or may not be cost-effective. Complaints or negative publicity about our business practices, our marketing and advertising campaigns (including marketing affiliations or partnerships), our compliance with applicable laws and regulations, the integrity of the data that we provide to consumers or business partners, data privacy and security issues, and other aspects of our business, whether real or perceived, could diminish confidence in our brand, which could adversely affect our reputation and business. As we expand our product offerings and enter new markets, we will need to establish our reputation with new customers, and to the extent we are not successful in creating positive impressions, our business in these newer markets could be adversely affected. While we may choose to engage in a broader marketing campaign to further promote our brand, this effort may not be successful or cost effective. If we are unable to maintain or enhance our reputation or enhance consumer awareness of our brand in a cost-effective manner, our business, results of operations and financial condition could be materially adversely affected.

We rely on highly skilled and experienced personnel and if we are unable to attract, retain or motivate key personnel or hire qualified personnel, our business may be seriously harmed. In addition, the loss of key senior management personnel could harm our business and future prospects.

Our performance largely depends on the talents and efforts of highly-skilled individuals. Our future success depends on our continuing ability to identify, hire, develop, motivate and retain highly skilled and experienced personnel and, if we are unable to hire and train a sufficient number of qualified employees for any reason, we may not be able to maintain or implement our current initiatives or grow, or our business may contract and we may lose market share. Moreover, certain of our competitors or other insurance or technology businesses may seek to hire our employees. We cannot assure you that our equity incentives and other compensation will provide adequate incentives to attract, retain and motivate employees in the future, particularly if the market price of our Class A common stock does not increase or declines. If we do not succeed in attracting, retaining and motivating highly qualified personnel, our business may be seriously harmed.

We depend on our senior management, including Alexander Timm and Dan Manges, our co-founders, and Daniel Rosenthal, our Chief Financial Officer, as well as other key personnel. We may not be able to retain the services of any of our senior management or other key personnel, as their employment is at-will and they could leave at any time. If we lose the services of one or more of our senior management and other key personnel, including as a result of the COVID-19 pandemic, we may not be able to successfully manage our business, meet competitive challenges or achieve our growth objectives. Further, to the extent that our business grows, we will need to attract and retain additional qualified management personnel in a timely manner, and we may not be able to do so. Our future success depends on our continuing ability to identify, hire, develop, motivate, retain and integrate highly skilled personnel in all areas of our organization.

New legislation or legal requirements may affect how we communicate with our customers, which could have a material adverse effect on our business model, financial condition, and results of operations.

State and federal lawmakers and insurance regulators are focusing on the use of artificial intelligence broadly, including concerns about transparency, deception, and fairness in particular. For instance, on August 24, 2020 the NAIC adopted guiding principles on artificial intelligence developed by the NAIC's AI Working Group to provide guidance to regulators on the use of artificial intelligence in the insurance industry. Changes in laws or regulations, or changes in the interpretation of laws or regulations by a regulatory authority, specific to the use of artificial intelligence, may decrease our revenues and earnings and may require us to change the manner in which we conduct some aspects of our business. We may also be required to disclose our proprietary software to regulators, putting our intellectual property at risk, in order to receive regulatory approval to use such artificial intelligence in the underwriting of insurance and/or the payment of claims. In addition, our business and operations are subject to various U.S. federal, state, and local consumer protection laws, including laws which place restrictions on the use of automated tools and technologies to communicate with wireless telephone subscribers or consumers generally. For example, a California law, effective as of July 2019, makes it unlawful for any person to use a bot to communicate with a person in California online with the intent to mislead the other person about the bot's artificial identity for the purpose of knowingly deceiving the person about the content of the communication in order to incentivize a purchase of goods or services in a commercial transaction. Although we have taken steps to mitigate our liability for violations of this and other laws restricting the use of electronic communication tools, no assurances can be given that we will not be exposed to civil litigation or regulatory enforcement. Further, to the extent that any changes in law or regulation further restrict the ways in which we communicate with prospective or current customers before or during onboarding, customer care, or claims management, these restrictions could result in a material reduction in our customer acquisition and retention, reducing the growth prospects of our business, and adversely affecting our financial condition and future cash flows.

Denial of claims or our failure to accurately and timely pay claims could materially and adversely affect our business, financial condition, results of operations, and prospects.

Under the terms of our policies, we are required to accurately and timely evaluate and pay claims. Our ability to do so depends on a number of factors, including the efficacy of our claims processing, the training and experience of our claims adjusters, including our third-party claims administrators, and our ability to develop or select and implement appropriate procedures and systems to support our claims functions.

We believe that the speed at which our technology-based claims processing platform allows us to process and pay claims is a differentiating factor for our business relative to our competitors, and an increase in the average time to process claims could lead to customer dissatisfaction and undermine our reputation and position in the insurance marketplace. If our claims adjusters or third-party claims administrators are unable to effectively process our volume of claims, our ability to grow our business while maintaining high levels of customer satisfaction could be compromised, which in turn, could adversely affect our operating margins. Any failure to pay claims accurately or timely could also lead to regulatory and administrative actions or other legal proceedings and litigation against us, or result in damage to our reputation, any one of which could materially and adversely affect our business, financial condition, results of operations, and prospects.

Unexpected increases in the frequency or severity of claims may adversely affect our results of operations and financial condition.

Our business may experience volatility in claim frequency from time to time, and short-term trends may not continue over the longer term. Changes in claim frequency may result from changes in mix of business, miles driven, distracted driving, weather, pandemics, macroeconomic or other factors. A significant increase in claim frequency could have an adverse effect on our results of operations and financial condition.

Changes in bodily injury claim severity are impacted by inflation in medical costs, litigation trends and precedents, regulation and the overall safety of automobile travel. Changes in auto property damage claim severity are driven primarily by inflation in the cost to repair vehicles, including parts and labor rates, the mix of vehicles that are declared total losses, model year mix as well as used car values. While actuarial models for pricing and

reserving typically include an expected level of inflation, unanticipated increases in claim severity can arise from events that are inherently difficult to predict such as inflationary shocks or surges in health care costs. Although we pursue various loss management initiatives to mitigate future increases in claim severity, there can be no assurances that these initiatives will successfully identify or reduce the effect of future increases in claim severity.

Failure to maintain our risk-based capital at the required levels could adversely affect our ability to maintain regulatory authority to conduct our business.

We are required to have sufficient capital and surplus in order to comply with insurance regulatory requirements, support our business operations and minimize our risk of insolvency. The NAIC has developed a system to test the adequacy of statutory capital and surplus of U.S.-based insurers, known as risk-based capital, that all states have adopted. This system establishes the minimum amount of capital and surplus necessary for an insurance company to support its overall business operations in consideration of its size and risk profile. It identifies insurers that may be inadequately capitalized by looking at certain risk factors, including asset risk, credit risk and underwriting risk with respect to the insurer's business in order to determine an insurer's authorized control level risk-based capital. An insurer's risk-based capital ratio measures the relationship between its total adjusted capital and its authorized control level risk-based capital.

Insurers with a ratio falling below certain calculated thresholds may be subject to varying degrees of regulatory action, including heightened supervision, examination, rehabilitation or liquidation. An insurance company with total adjusted capital that is less than 200% of its authorized control level risk-based capital is at a company action level, which would require the insurance company to file a risk-based capital plan that, among other things, contains proposals of corrective actions the company intends to take that are reasonably expected to result in the elimination of the company action level event. Additional action level events occur when the insurer's total adjusted capital falls below 150%, 100% and 70% of its authorized control level risk-based capital. Lower percentages trigger increasingly severe regulatory responses. In the event of a mandatory control level event (triggered when an insurer's total adjusted capital falls below 70% of its authorized control level risk-based capital), an insurer's primary regulator is required to take steps to place the insurer into receivership.

In addition, the NAIC Insurance Regulatory Information System, or IRIS, is a collection of analytical tools designed to provide state insurance regulators with an integrated approach to screening and analyzing the financial condition of insurance companies operating in their respective states. If our ratios fall outside of the usual range for one or more ratios set forth by the NAIC for any number of reasons, it could subject us to heightened regulatory scrutiny or measures or create investor uncertainty around the stability of our financial condition, which could harm our business. We have disclosed to the Ohio DOI, that certain of our ratios fall outside the usual range for one or more IRIS ratio factors. The Ohio DOI has acknowledged this and taken no regulatory action.

Further, the NAIC has promulgated a Model Regulation to Define Standards and Commissioner's Authority for Companies Deemed to be in Hazardous Financial Condition, or the Hazardous Financial Condition Standards, which has been adopted by states in whole or part. If our financial condition is deemed by state insurance regulators to meet the Hazardous Financial Conditions Standards, it could subject us to heightened regulatory scrutiny or measures or create uncertainty around the stability of our financial condition, which could harm our business. The Ohio DOI has determined that our financial condition does meet certain of those standards and requires us to provide the Ohio DOI with monthly financial reports.

Similarly, our wholly-owned, Cayman Islands-based captive reinsurer, Root Re, is subject to additional capital and other regulatory requirements imposed by the Cayman Islands Monetary Authority, or CIMA. Although these capital requirements are generally less constraining than U.S. capital requirements, failure to satisfy these requirements could result in regulatory actions from the CIMA or loss of or modification of Root Re's Class B(iii) insurer license, which could adversely impact our ability to improve our overall capital efficiency and support our "capital-light" model.

As a new entrant to the insurance industry, we may face additional capital and surplus requirements as compared to those of our larger and more established competitors. Failure to maintain adequate risk-based capital at

the required levels could result in increasingly onerous reporting and examination requirements and could adversely affect our ability to maintain regulatory authority to conduct our business.

We may be unable to prevent, monitor or detect fraudulent activity, including policy acquisitions or payments of claims that are fraudulent in nature.

If we fail to maintain adequate systems and processes to prevent, monitor and detect fraud, including fraudulent policy acquisitions or claims activity, or if inadvertent errors occur with such prevention, monitoring and detection systems due to human or computer error, our business could be materially adversely impacted. While we believe past incidents of fraudulent activity have been relatively isolated, we cannot be certain that our systems and processes will always be adequate in the face of increasingly sophisticated and ever-changing fraud schemes. We use a variety of tools to protect against fraud, but these tools may not always be successful at preventing such fraud. Instances of fraud may result in increased costs, including possible settlement and litigation expenses, and could have a material adverse effect on our business and reputation.

We rely on our mobile application to execute our business strategy. Government regulation of the internet and the use of mobile applications in particular is evolving, and unfavorable changes could seriously harm our business.

We rely on our mobile application to execute our business strategy. We are subject to general business regulations and laws as well as federal and state regulations and laws specifically governing the internet and the use of mobile applications in particular. Existing and future laws and regulations may impede the growth of the internet or other online services and increase the cost of providing online services. These regulations and laws may involve taxes, tariffs, privacy and data security, anti-spam, content protection, electronic contracts and communications, electronic signatures and consents, consumer protection and social media marketing. It is at times not clear how existing laws governing issues such as property ownership, sales and other taxes and consumer privacy apply to the internet and the use of mobile applications in particular, as the vast majority of these laws were adopted prior to the advent of the internet and the use of mobile applications and do not contemplate or address the unique issues raised by the internet. It is possible that general business regulations and laws, or those specifically governing the internet and the use of mobile applications in particular, may be interpreted and applied in a manner that is inconsistent from one jurisdiction to another and may conflict with other rules or our practices. We cannot be sure that our practices have complied, currently comply or will comply fully with all such laws and regulations. Any failure, or perceived failure, by us to comply with any of these laws or regulations could result in damage to our reputation, a loss in business and proceedings or actions against us by governmental entities or others. Any such proceeding or action could hurt our reputation, force us to spend significant amounts in defense of these proceedings, distract our management, increase our costs of doing business and decrease the use of our mobile application or website by consumers and suppliers and may result in the imposition of monetary liability. We may also be contractually liable to indemnify and hold harmless third parties from the costs or consequences of non-compliance with any such laws or regulations.

Our intellectual property rights are valuable, and any inability to protect them could reduce the value of our products, services and brand.

Our trade secrets, trademarks, copyrights and other intellectual property rights are important assets for us. We rely on, and expect to continue to rely on, various agreements with our employees, independent contractors, consultants and third parties with whom we have relationships, as well as trademark, trade dress, domain name, copyright, and trade secret laws, to protect our brand and other intellectual property rights. Such agreements may not effectively prevent unauthorized use or disclosure of our confidential information, intellectual property or technology and may not provide an adequate remedy in the event of unauthorized use or disclosure of our confidential information, intellectual property or technology, and we may fail to consistently obtain, police and enforce such agreements. Additionally, various factors outside our control pose a threat to our intellectual property rights, as well as to our products, services and technologies. For example, we may fail to obtain effective intellectual property protection, or effective intellectual property protection may not be available in every country in which our products and services are available. Also, the efforts we have taken to protect our intellectual property rights may not be sufficient or effective, and any of our intellectual property rights may be challenged, which could result in

them being narrowed in scope or declared invalid or unenforceable. Despite our efforts to protect our proprietary rights, there can be no assurance our intellectual property rights will be sufficient to protect against others offering products or services that are substantially similar to ours and compete with our business or that unauthorized parties may attempt to copy aspects of our technology and use information that we consider proprietary.

In addition to registered intellectual property rights such as trademark registrations, we rely on non-registered proprietary information and technology, such as trade secrets, confidential information, know-how and technical information. Certain information or technology that we endeavor to protect as trade secrets may not be eligible for trade secret protection in all jurisdictions, or the measures we undertake to establish and maintain such trade secret protection may be inadequate. In order to protect our proprietary information and technology, we rely in part on agreements with our employees, investors, independent contractors and other third parties that place restrictions on the use and disclosure of this intellectual property. These agreements may not adequately protect our trade secrets, these agreements may be breached, or this intellectual property, including trade secrets, may otherwise be disclosed or become known to our competitors, which could cause us to lose any competitive advantage resulting from this intellectual property. To the extent that our employees, independent contractors or other third parties with whom we do business use intellectual property owned by others in their work for us, disputes may arise as to the rights in related or resulting know-how and inventions. Current or future legal requirements may require us to disclose certain proprietary information or technology, such as our proprietary algorithms, to regulators or other third parties, including our competitors, which could impair or result in the loss of trade secret protection for such information or technology. The loss of trade secret protection could make it easier for third parties to compete with our products and services by copying functionality. In addition, any changes in, or unexpected interpretations of, intellectual property laws may compromise our ability to enforce our trade secret and intellectual property rights. Costly and time-consuming litigation could be necessary to enforce and determine the scope of our proprietary rights, and failure to obtain or maintain protection of our trade secrets or other proprietary information could harm our business, results of operations and competitive position.

We have filed, and may continue in the future to file, applications to protect certain of our innovations and intellectual property. We do not know whether any of our applications will result in the issuance of a patent, trademark or copyright, as applicable, or whether the examination process will require us to narrow our claims or otherwise limit the scope of such intellectual property. In addition, we may not receive competitive advantages from the rights granted under our intellectual property. Our existing intellectual property, and any intellectual property granted to us or that we otherwise acquire in the future, may be contested, circumvented or invalidated, and we may not be able to prevent third parties from infringing our rights to our intellectual property. Therefore, the exact effect of the protection of this intellectual property cannot be predicted with certainty. Because obtaining patent protection requires disclosing our inventions to the public, such disclosure may facilitate our competitors developing improvements to our innovations. In addition, given the costs, effort, risks and downside of obtaining patent protection, including the requirement to ultimately disclose the invention to the public, we may choose not to seek patent protection for certain innovations. Any failure to adequately obtain such patent protection, or other intellectual property protection, could later prove to adversely impact our business.

We currently hold various domain names relating to our brand, including joinroot.com and rootinsurance.com. Failure to protect our domain names could adversely affect our reputation and brand and make it more difficult for users to find our website and our mobile app. We may be unable, without significant cost or at all, to prevent third parties from acquiring domain names that are similar to, infringe upon or otherwise decrease the value of our trademarks and other proprietary rights.

We may be required to spend significant resources in order to monitor and protect our intellectual property rights, and some violations may be difficult or impossible to detect. Litigation to protect and enforce our intellectual property rights could be costly, time-consuming and distracting to management and could result in the impairment or loss of portions of our intellectual property. Our efforts to enforce our intellectual property rights may be met with defenses, counterclaims and countersuits attacking the validity and enforceability of our intellectual property rights. Our inability to protect our proprietary technology against unauthorized copying or use, as well as any costly litigation or diversion of our management’s attention and resources, could impair the functionality of our platform, delay introductions of enhancements to our platform, result in our substituting inferior or more costly technologies into our platform or harm our reputation or brand. In addition, we may be required to license additional technology

from third parties to develop and market new offerings or platform features, which may not be on commercially reasonable terms or at all and could adversely affect our ability to compete.

Although we take measures to protect our intellectual property, if we are unable to prevent the unauthorized use or exploitation of our intellectual property, the value of our brand, content, and other intangible assets may be diminished, competitors may be able to more effectively mimic our service and methods of operations, the perception of our business and service to customers and potential customers may become confused, and our ability to attract customers may be adversely affected. Any inability or failure to protect our intellectual property could adversely impact our business, results of operations and financial condition. While we take precautions designed to protect our intellectual property, it may still be possible for competitors and other unauthorized third parties to copy our technology and use our proprietary brand, content and information to create or enhance competing solutions and services, which could adversely affect our competitive position in our rapidly evolving and highly competitive industry. Some license provisions that protect against unauthorized use, copying, transfer and disclosure of our technology may be unenforceable under the laws of certain jurisdictions and foreign countries. While we enter into confidentiality and invention assignment agreements with our employees and consultants and enter into confidentiality agreements with our third-party providers and strategic partners, we cannot assure you that these agreements will be effective in controlling access to, and use and distribution of, our products and proprietary information. Further, these agreements do not prevent our competitors from independently developing technologies that are substantially equivalent or superior to our offerings.

Some of our products and services contain open source software, which may pose particular risks to our proprietary software, products, and services in a manner that could have a negative effect on our business.

We use open source software in our products and services and anticipate continuing to use open source software in the future. Some open source software licenses require those who distribute open source software as part of their own software product to publicly disclose all or part of the source code of such software product or to make available any derivative works of the open source code on unfavorable terms or at no cost, and we may be subject to such terms. The terms of certain open source licenses to which we are subject have not been interpreted by U.S. or foreign courts, and there is a risk that open source software licenses could be construed in a manner that imposes unanticipated conditions or restrictions on our ability to provide or distribute our products or services. Additionally, we could face claims from third parties claiming ownership of, or demanding release of, the open source software or derivative works that we develop using such software, which could include our proprietary source code, or otherwise seeking to enforce the terms of the applicable open source license. These claims could result in litigation and could require us to make our software source code freely available, purchase a costly license or cease offering the implicated products or services unless and until we can re-engineer such source code to eliminate use of such open source software. This re-engineering process could require us to expend significant additional research and development resources, and we may not be able to complete the re-engineering process successfully. In addition to risks related to license requirements, use of certain open source software can lead to greater risks than use of third-party commercial software, as open source licensors generally do not provide warranties, assurance of title or controls on the origin or operation of the open source software, which are risks that cannot be eliminated, and could, if not properly addressed, negatively affect our business. We have established processes to help alleviate these risks, including a review process for screening requests from our development teams for the use of open source software, but we cannot be sure that all of our use of open source software is in a manner that is consistent with our current policies and procedures, or will not subject us to liability. Any of these risks could be difficult to eliminate or manage, and, if not addressed, could have a negative effect on our business, financial condition and operating results.

Claims by others that we infringed proprietary technology or other intellectual property rights could harm our business.

Companies in the internet and technology industries are frequently subject to litigation based on allegations of infringement or other violations of intellectual property rights. In addition, certain companies and rights holders seek to enforce and monetize patents or other intellectual property rights they own, have purchased or have otherwise obtained. As we gain an increasingly high public profile, the possibility of intellectual property rights claims against us grows. From time to time, third parties may assert claims of infringement of intellectual property rights against

us. Although we believe that we will likely have meritorious defenses, there can be no assurance that we will be successful in defending against these allegations or in reaching a business resolution that is satisfactory to us. Our competitors and others may now and in the future have significantly larger and more mature patent portfolios than us. In addition, future litigation may involve patent holding companies or other adverse patent owners who have no relevant product or service revenue and against whom our own patents may therefore provide little or no deterrence or protection. Many potential litigants, including some of our competitors and patent-holding companies, have the ability to dedicate substantial resources to the assertion of their intellectual property rights. Any claim of infringement by a third party, even those without merit, could cause us to incur substantial costs defending against the claim, could distract our management from our business and could require us to cease use of such intellectual property. Furthermore, because of the substantial amount of discovery required in connection with intellectual property litigation, we risk compromising our confidential information during this type of litigation. We may be required to pay substantial damages, royalties or other fees in connection with a claimant securing a judgment against us, we may be subject to an injunction or other restrictions that prevent us from using or distributing our intellectual property, or from operating under our brand, or we may agree to a settlement that prevents us from distributing our offerings or a portion thereof, which could adversely affect our business, results of operations and financial condition.

With respect to any intellectual property rights claim, we may have to seek out a license to continue operations found or alleged to violate such rights, which may not be available on favorable or commercially reasonable terms and may significantly increase our operating expenses. Some licenses may be non-exclusive, and therefore our competitors may have access to the same technology licensed to us. If a third party does not offer us a license to its intellectual property on reasonable terms, or at all, we may be required to develop alternative, non-infringing technology, which could require significant time (during which we would be unable to continue to offer our affected offerings), effort and expense and may ultimately not be successful. Any of these events could adversely affect our business, results of operations and financial condition.

If our customers were to claim that the policies they purchased failed to provide adequate or appropriate coverage, we could face claims that could harm our business, results of operations and financial condition.

Although we aim to provide adequate and appropriate coverage under each of our policies, customers could purchase policies that prove to be inadequate or inappropriate. If such customers were to bring a claim or claims alleging that we failed in our responsibilities to provide them with the type or amount of coverage that they sought to purchase, we could be found liable for amounts significantly in excess of the policy limit, resulting in an adverse effect on our business, results of operations and financial condition. While we maintain agents errors and omissions insurance coverage to protect us against such liability, such coverage may be insufficient or inadequate.

If we are unable to underwrite risks accurately or charge competitive yet profitable rates to our customers, our business, results of operations and financial condition will be adversely affected.

In general, the premiums for our insurance policies are established at the time a policy is issued and, therefore, before all of our underlying costs are known. The accuracy of our pricing depends on our ability to adequately assess risks, estimate losses and comply with state insurance regulations. Like other insurance companies, we rely on estimates and assumptions in setting our premium rates. We also utilize the data that we gather through our interactions with our customers, as evaluated and curated by our technology-based pricing platform.

Establishing adequate premium rates is necessary, together with investment income, if any, to generate sufficient revenue to offset losses, LAE, and other costs. If we do not accurately assess the risks that we underwrite, the premiums that we charge may not be adequate to cover our losses and expenses, which would adversely affect our results of operations and our profitability. Moreover, if we determine that our prices are too low, insurance regulations may preclude us from being able to cancel insurance contracts, non-renew customers, or raise premiums. Alternatively, we could set our premiums too high, which could reduce our competitiveness and lead to fewer customers and lower revenues, which could have a material adverse effect on our business, results of operations and financial condition.

Pricing involves the acquisition and analysis of historical loss data and the projection of future trends, loss costs and expenses, and inflation trends, among other factors, for each of our products in multiple risk tiers and many different markets. In order to accurately price our policies, we must:

- collect and properly analyze a substantial volume of data from our customers;
- develop, test and apply appropriate actuarial projections and rating formulas;
- review and evaluate competitive product offerings and pricing dynamics;
- closely monitor and timely recognize changes in trends; and
- project both frequency and severity of our customers' losses with reasonable accuracy.

There are no assurances that we will have success in implementing our pricing methodology accurately in accordance with our assumptions. Our ability to accurately price our policies is subject to a number of risks and uncertainties, including:

- insufficient or unreliable data;
- incorrect or incomplete analysis of available data;
- uncertainties generally inherent in estimates and assumptions;
- our failure to implement appropriate actuarial projections and rating formulas or other pricing methodologies;
- incorrect or incomplete analysis of the competitive environment;
- regulatory constraints on rate increases; and
- our failure to accurately estimate investment yields and the duration of our liability for loss and loss adjustment expenses, as well as unanticipated court decisions, legislation or regulatory action.

To address the potential inadequacy of our current business model, we may be compelled to increase the amount allocated to cover policy claims, increase premium rates or adopt tighter underwriting standards, any of which may result in a decline in new business and renewals and, as a result, could have a material adverse effect on our business, results of operations and financial condition.

We are subject to assessments and other surcharges from state guaranty funds, which may reduce our profitability.

We are subject to statutory property and casualty guaranty fund assessments in many states in which we do business. The purpose of a guaranty fund is to protect customers in a particular state by requiring that solvent property and casualty insurers pay the insurance claims of insolvent insurers in such state. These guaranty associations generally pay these claims by assessing solvent insurers proportionately based on each insurer's share of voluntary premiums written in the state. During the year ended December 31, 2020, the amount we contributed to such funds were immaterial, however, as we enter new states the amount we are required to contribute may increase materially.

Maximum contributions required by law in any one year vary by state. We cannot predict with certainty the amount of future assessments because they depend on factors outside our control, such as insolvencies of other insurance companies. Significant assessments due to a rise in insurance insolvencies could have a material adverse effect on our financial condition and results of operations.

Litigation and legal proceedings filed by or against us and our subsidiaries could have a material adverse effect on our business, results of operations and financial condition.

From time to time, we are subject to allegations, and may be party to litigation and legal proceedings relating to our business operations. Litigation and other proceedings may include complaints from or litigation by customers or reinsurers, related to alleged breaches of contract or otherwise. We expect that as our market share increases, competitors may pursue litigation to require us to change our business practices or offerings and limit our ability to compete effectively.

As is typical in the insurance industry, we continually face risks associated with litigation of various types arising in the normal course of our business operations, including disputes relating to insurance claims under our policies as well as other general commercial and corporate litigation. Although we are not currently involved in any material litigation with our customers, members of the insurance industry are periodically the target of class action lawsuits and other types of litigation, some of which involve claims for substantial or indeterminate amounts, and the outcomes of which are unpredictable. This litigation is based on a variety of issues, including sale of insurance and claim settlement practices. In addition, because we employ a technology platform to collect customer data, it is possible that customers or consumer groups could bring individual or class action claims alleging that our methods of collecting data and pricing risk are impermissibly discriminatory. We cannot predict with any certainty whether we will be involved in such litigation in the future or what impact such litigation would have on our business. If we were to be involved in litigation and it was determined adversely, it could require us to pay significant damages or to change aspects of our operations, either of which could have a material adverse effect on our financial results. Even claims without merit can be time-consuming and costly to defend and may divert management's attention and resources away from our business and adversely affect our business, results of operations and financial condition. Additionally, routine lawsuits over claims that are not individually material could in the future become material if aggregated with a substantial number of similar lawsuits. In addition to increasing costs, a significant volume of customer complaints or litigation could also adversely affect our brand and reputation, regardless of whether such allegations have merit or whether we are liable. We cannot predict with certainty the costs of defense, the costs of prosecution, insurance coverage or the ultimate outcome of litigation or other proceedings filed by or against us, including remedies or damage awards, and adverse results in such litigation, and other proceedings may harm our business and financial condition.

Our ability to utilize our net operating loss carryforwards may be limited.

As of December 31, 2020, we had federal income tax net operating losses, or NOLs, of approximately $591.7 million available to offset our future taxable income, if any, prior to consideration of annual limitations that may be imposed under Section 382 of the Code, or otherwise. Of our federal NOLs, $339.4 million of losses will begin to expire in 2035 and $252.3 million of losses can be carried forward indefinitely.

We may be unable to fully use our NOLs, if at all. Under Section 382 of the Code, if a corporation undergoes an "ownership change" (very generally defined as a greater than 50% change, by value, in the corporation's equity ownership by certain shareholders or groups of shareholders over a rolling three-year period), the corporation's ability to use its pre-ownership change NOLs to offset its post-ownership change income may be limited. While we did not experience an ownership change related to our initial public offering, we have experienced ownership changes in the past, and we may experience ownership changes in the future as a result of subsequent shifts in our stock ownership, some of which may be outside of our control. If we undergo an ownership change, we may be prevented from fully utilizing our NOLs existing at the time of the ownership change prior to their expiration. Future regulatory changes could also limit our ability to utilize our NOLs. To the extent we are not able to offset future taxable income with our NOLs, our net income and cash flows may be adversely affected.

The Tax Cuts and Jobs Act, or the Tax Act, as modified by the Coronavirus Aid, Relief, and Economic Security Act, or the CARES Act, among other things, includes changes to U.S. federal tax rates and the rules governing NOL carryforwards. For federal NOLs arising in tax years beginning after December 31, 2017, the Tax Act as modified by the CARES Act limits a taxpayer's ability to utilize NOL carryforwards in taxable years beginning after December 31, 2020, to 80% of taxable income. In addition, federal NOLs arising in tax years beginning after December 31, 2017 can be carried forward indefinitely, but carryback of NOLs are generally permitted to the prior

five taxable years only for NOLs arising in taxable years beginning before January 1, 2021 and after December 31, 2017. Deferred tax assets for NOLs will need to be measured at the applicable tax rate in effect when the NOLs are expected to be utilized. The new limitation on use of NOLs may significantly impact our ability to utilize our NOLs to offset taxable income in the future. In addition, for state income tax purposes, there may be periods during which the use of net operating loss carryforwards is suspended or otherwise limited, which could accelerate or permanently increase state taxes owed. For example, California imposed limits on the usability of California state net operating losses to offset taxable income in tax years beginning after 2019 and before 2023.

Risks Related to Our Business Model and Industry

The insurance business, including the market for automobile, renters and homeowners insurance, is historically cyclical in nature, and we may experience periods with excess underwriting capacity and unfavorable premium rates, which could adversely affect our business.

Historically, insurers have experienced significant fluctuations in operating results due to competition, frequency and severity of catastrophic events, levels of capacity, adverse litigation trends, regulatory constraints, general economic conditions, and other factors. The supply of insurance is related to prevailing prices, the level of insured losses and the level of capital available to the industry that, in turn, may fluctuate in response to changes in rates of return on investments being earned in the insurance industry. As a result, the insurance business historically has been a cyclical industry characterized by periods of intense price competition due to excessive underwriting capacity as well as periods when shortages of capacity increase premium levels. Demand for insurance depends on numerous factors, including the frequency and severity of catastrophic events, levels of capacity, the introduction of new capital providers and general economic conditions. All of these factors fluctuate and may contribute to price declines generally in the insurance industry.

We cannot predict with certainty whether market conditions will improve, remain constant or deteriorate. Negative market conditions may impair our ability to underwrite insurance at rates we consider appropriate and commensurate relative to the risk assumed. Additionally, negative market conditions could result in a decline in policies sold, an increase in the frequency of claims and premium defaults, and an uptick in the frequency of falsification of claims. If we cannot underwrite insurance at appropriate rates, our ability to transact business will be materially and adversely affected. Any of these factors could lead to an adverse effect on our business, results of operations and financial condition.

Reinsurance may be unavailable at current levels and prices, which may limit our ability to underwrite new policies. Furthermore, reinsurance subjects us to counterparty risk and may not be adequate to protect us against losses, which could have a material effect on our results of operations and financial condition.

Reinsurance is a contract by which an insurer, which may be referred to as the ceding insurer, agrees with a second insurer, called a reinsurer, that the reinsurer will cover a portion of the losses incurred by the ceding insurer in the event a claim is made under a policy issued by the ceding insurer, in exchange for a premium. Our regulated insurance subsidiary, Root Insurance Company, obtains reinsurance to help manage its exposure to property and casualty insurance risks. Although our reinsurance counterparties are liable to us according to the terms of the reinsurance policies, we remain primarily liable to our policyholders as the direct insurers on all risks reinsured. As a result, reinsurance does not eliminate the obligation of our regulated insurance subsidiary to pay all claims, and we are subject to the risk that one or more of our reinsurers will be unable or unwilling to honor its obligations, that the reinsurers will not pay in a timely fashion, or that our losses are so large that they exceed the limits inherent in our reinsurance contracts, limiting recovery. We are also subject to the risk that under applicable insurance laws and regulations we may not be able to take credit for the reinsurance on our financial statements and instead would be required to hold separate admitted assets as reserves to cover claims on the risks that we have ceded to the reinsurer. Reinsurers may become financially unsound by the time that they are called upon to pay amounts due, which may not occur for many years, in which case we may have no legal ability to recover what is due to us under our agreement with such reinsurer. Any disputes with reinsurers regarding coverage under reinsurance contracts could be time consuming, costly, and uncertain of success.

Market conditions beyond our control impact the availability and cost of the reinsurance we purchase. No assurances can be made that reinsurance will remain continuously available to us to the same extent and on the same terms and rates as is currently available, as such availability depends in part on factors outside of our control. A new contract may not provide sufficient reinsurance protection. Market forces and external factors, such as significant losses from hurricanes or terrorist attacks or an increase in capital and surplus requirements, impact the availability and cost of the reinsurance we purchase. If we were unable to maintain our current level of reinsurance or purchase new reinsurance protection in amounts that we consider sufficient at acceptable prices, we would have to either accept an increase in our catastrophe exposure, reduce our insurance underwritings, or develop or seek other alternatives.

The unavailability of acceptable reinsurance protection would have a materially adverse impact on our business model, which depends on reinsurance companies to absorb any unfavorable variance from the level of losses anticipated at underwriting. If we are unable to obtain adequate reinsurance at reasonable rates, we would have to increase our risk exposure or reduce the level of our underwriting commitments, each of which could have a material adverse effect upon our business volume and profitability. Alternatively, we could elect to pay higher than reasonable rates for reinsurance coverage, which could have a material adverse effect upon our profitability unless policy premium rates could be raised, in most cases subject to approval by state regulators, to offset this additional cost.

Reinsurance subjects us to risks of our reinsurers and may not be adequate to protect us against losses arising from ceded insurance, which could have a material effect on our results of operations and financial condition.

The collectability of reinsurance recoverables is subject to uncertainty arising from a number of factors, including changes in market conditions, whether insured losses meet the qualifying conditions of the reinsurance contract and whether reinsurers, their affiliates, or certain regulatory bodies have the financial capacity and willingness to make payments under the terms of a reinsurance treaty or contract. Any disruption, volatility and uncertainty in the financial reinsurance markets may decrease our ability to access such markets on favorable terms or at all. In addition, we are subject to the risk that one or more of our reinsurers will not honor its obligations, that the reinsurers will not pay in a timely fashion, or that our losses are so large that they exceed the limits inherent in our reinsurance contracts, limiting recovery. Reinsurers may become financially unsound by the time that they are called upon to pay amounts due, which may not occur for many years, in which case we may have no legal ability to recover what is due to us under our agreement with such reinsurer. In addition, any disputes with reinsurers regarding coverage under reinsurance contracts could be time consuming, costly, and uncertain of success. Our inability to collect a material recovery from a reinsurer could have a material effect on our results of operations and financial condition.

We are subject to extensive regulation and potential further restrictive regulation may increase our operating costs and limit our growth.

We are subject to extensive laws and regulations by the individual state insurance departments in the states in which we transact business and the Cayman Island Monetary Authority as it pertains to our captive reinsurance company. These laws and regulations are complex and subject to change. Changes may sometimes lead to additional expenses, increased legal exposure, increased required reserves or capital and surplus, and additional limits on our ability to grow or to achieve targeted profitability. Regulations to which our licensed insurance carriers and producer subsidiaries are subject include, but are not limited to: prior approval of transactions resulting in a change of “control”; approval of policy forms and premiums; approval of intercompany service agreements; statutory and risk-based capital solvency requirements, including the minimum capital and surplus our regulated insurance subsidiary must maintain; and establishing minimum reserves that insurance carriers must hold to pay projected insurance claims.

To the extent we decide to expand our current product offerings to include other insurance products, this would subject us to additional regulatory requirements and scrutiny in each state in which we elect to offer such products. Several states have also adopted legislation prohibiting unfair methods of competition and unfair or deceptive acts and practices in the business of insurance as well as unfair claims practices. Prohibited practices include, but are not limited to, misrepresentations, false advertising, coercion, disparaging other insurers, unfair claims settlement

procedures, and discrimination in the business of insurance. Noncompliance with any of such state statutes may subject us to regulatory action by the relevant state insurance regulator, and possibly private litigation. States also regulate various aspects of the contractual relationships between insurers and independent agents as well as, in certain states, insurers and third-party administrators.

Although state insurance regulators have primary responsibility for administering and enforcing insurance regulations in the United States, such laws and regulations are further administered and enforced by a number of additional governmental authorities, each of which exercises a degree of interpretive latitude, including state securities administrators; state attorneys general as well as federal agencies including the SEC, the Financial Industry Regulatory Authority, the Federal Reserve Board, the Federal Insurance Office, the U.S. Department of Labor, the U.S. Department of Justice and the National Labor Relations Board. Consequently, compliance with any particular regulator's or enforcement authority's interpretation of a legal issue may not result in compliance with another's interpretation of the same issue, particularly when compliance is judged in hindsight. Such regulations or enforcement actions are often responsive to current consumer and political sensitivities, which may arise after a major event. Such rules and regulations may result in rate suppression, limit our ability to manage our exposure to unprofitable or volatile risks, or lead to fines, premium refunds or other adverse consequences. The federal government also may regulate aspects of our businesses, such as the protection of consumer confidential information or the use of consumer insurance (credit) scores to underwrite and assess the risk of customers under the Fair Credit Reporting Act, or FCRA. Among other things, the FCRA requires that insurance companies (i) have a permissible purpose before obtaining and using a consumer report for underwriting purposes and (ii) comply with related notice and recordkeeping requirements. Failure to comply with federal requirements under the FCRA or any other applicable federal laws could subject us to regulatory fines and other sanctions. In addition, given our short operating history to-date and rapid rate of growth, we are vulnerable to regulators identifying errors in the policy forms we use, the rates we charge, with respect to our customer communications. As a result of such noncompliance, regulators could impose fines, rebates or other penalties, including cease-and-desist orders with respect to our operations in an individual state, or all states, until the identified noncompliance is rectified.

In addition, there is risk that any particular regulator's or enforcement authority's interpretation of a legal issue or the scope of a regulator's authority may change over time to our detriment. There is also a risk that changes in the overall legal environment may cause us to change our views regarding the actions we need to take from a legal risk management perspective. This would necessitate changes to our practices that may adversely impact our business. Furthermore, in some cases, these laws and regulations are designed to protect or benefit the interests of a specific constituency rather than a range of constituencies. State insurance laws and regulations are generally intended to protect the interests of purchasers or users of insurance products, rather than the holders of securities that we issue. For example, state insurance laws are generally prescriptive with respect to the content and timeliness of notices we must provide policyholders. We recently became aware that we failed to comply with certain notice period timeliness requirements when cancelling a number of policies for nonpayment, as a result of which we could be liable for claims made under those policies. We are currently working to determine the exact extent to which cancellations were affected, and currently cannot predict with any certainty the impact these non-cancellations may have on our business, results of operations and financial condition, although this impact could be material. Failure to comply with other state insurance laws and regulations in the future could also have a material adverse effect on our business, operating results and financial condition. As another example, the federal government could pass a law expanding its authority to regulate the insurance industry, expanding federal regulation over our business to our detriment. These laws and regulations may limit our ability to grow, raise additional capital or improve the profitability of our business.

Our ability to retain state licenses depends on our ability to meet licensing requirements established by the NAIC and adopted by each state, subject to variations across states. If we are unable to satisfy the applicable licensing requirements of any particular state, we could lose our license to do business in that state, which would result in the temporary or permanent cessation of our operations in that state. Alternatively, if we are unable to satisfy applicable state licensing requirements, we may be subject to additional regulatory oversight, have our license suspended, or be subject to the seizure of assets. Any such events could adversely affect our business, results of operations or financial condition. See the sections titled (i) "Regulation — Insurance Regulation", (ii)

“Regulation — Insurance Holding Company Regulation” and (iii) “Regulation — Required Licensing” for additional information.

A regulatory environment that requires rate increases to be approved and that can dictate underwriting practices and mandate participation in loss sharing arrangements may adversely affect our results of operations and financial condition.

From time to time, political events and pressures affect the insurance market, including efforts to suppress rates to a level that may not allow us to reach targeted levels of profitability. For example, if our loss ratio compares favorably to that of the industry, state or provincial regulatory authorities may impose rate rollbacks, require us to pay premium refunds to policyholders, or challenge or otherwise delay our efforts to raise rates even if the property and casualty industry generally is not experiencing regulatory challenges to rate increases. Such challenges affect our ability to obtain approval for rate changes that may be required to achieve targeted levels of profitability and returns on equity. In particular due to the COVID-19 pandemic, state regulators and legislators are under increased political pressure to provide financial relief to policyholders through premium rebates or requiring insurers to pay claims arising from COVID-19 related losses, regardless of the applicable policy’s exclusions.

In addition, certain states have enacted laws that require an insurer conducting business in that state to participate in assigned risk plans, reinsurance facilities and joint underwriting associations. Certain states also require insurers to offer coverage to all consumers, often restricting an insurer’s ability to charge the price it might otherwise charge. In these markets, we may be compelled to underwrite significant amounts of business at lower-than-desired rates, possibly leading to an unacceptable return on equity. Laws and regulations of many states also limit an insurer’s ability to withdraw from one or more lines of insurance there, except pursuant to a plan that is approved by the state insurance department. Additionally, as addressed above, certain states require insurers to participate in guaranty funds for impaired or insolvent insurance companies. These funds periodically assess losses against all insurance companies doing business in the state. Our results of operations and financial condition could be adversely affected by any of these factors.

State insurance regulators impose additional reporting requirements regarding enterprise risk on insurance holding company systems, with which we must comply as an insurance holding company.

In the past decade, various state insurance regulators have increased their focus on risks within an insurer’s holding company system that may pose enterprise risk to the insurer. As an example, an insurance holding company system’s ultimate controlling person is required to submit annually to its primary state insurance regulator an “enterprise risk report” that identifies activities, circumstances or events involving one or more affiliates of an insurer that, if not remedied properly, are likely to have a material adverse effect upon the financial condition or liquidity of the insurer or its insurance holding company system as a whole. As the ultimate controlling person in the insurance holding company system, we are required to file an annual enterprise risk report. Root Insurance Company submitted its annual enterprise risk report with Ohio on July 31, 2020. Other changes include the requirement that a controlling person submit prior notice to its supervisory insurance regulator of a divestiture of control, having detailed minimum requirements for cost sharing and management agreements between an insurer and its affiliates and expansion of the agreements between an insurer and its affiliates to be filed with its supervisory insurance regulator.

There is also risk that insurance holding company systems may become subject to group capital requirements at the holding company level. The NAIC is currently working to develop a group capital calculation framework that regulators may use for informational purposes. As envisioned, the framework is intended to complement the current holding company analytics framework by providing additional information to the primary state regulator for use in assessing group risks and capital adequacy. The NAIC has not promulgated a model law or regulation on this subject.

We rely on technology and intellectual property from third parties for pricing and underwriting our insurance policies, handling claims and maximizing automation, the unavailability or inaccuracy of which could limit the functionality of our products and disrupt our business.

We use technology and intellectual property licensed from unaffiliated third parties in certain of our products, and we may license additional third-party technology and intellectual property in the future. Any errors or defects in this third-party technology and intellectual property could result in errors that could harm our brand and business. In addition, licensed technology and intellectual property may not continue to be available on commercially reasonable terms, or at all.

Further, although we believe that there are currently adequate replacements for the third-party technology and intellectual property we presently use, the loss of our right to use any of this technology and intellectual property could result in delays in producing or delivering affected products until equivalent technology or intellectual property is identified, licensed or otherwise procured, and integrated. Our business would be disrupted if any technology and intellectual property we license from others or functional equivalents of this software were either no longer available to us or no longer offered to us on commercially reasonable terms or prices. In either case, we would be required either to attempt to redesign our products to function with technology and intellectual property available from other parties or to develop these components ourselves, which would result in increased costs and could result in delays in product sales and the release of new product offerings. Alternatively, we might be forced to limit the features available in affected products. Any of these results could harm our business, results of operations and financial condition.

We are subject to payment processing risk.

We currently rely exclusively on one third-party vendor to provide payment processing services, including the processing of payments from credit cards and debit cards, and our business would be disrupted if this vendor refuses to provide these services to us and we are unable to find a suitable replacement on a timely basis or at all. If we or our processing vendor fail to maintain adequate systems for the authorization and processing of credit card transactions, it could cause one or more of the major credit card companies to disallow our continued use of their payment products. The failure to do so could result in contractual fines or disruption of our ability to receive credit card payments harming our reputation and financial condition. Data security standards for merchants and service providers that accept credit card payments are prescribed by the PCI Security Standards Council, or PCI, an independent body formed by an association of the major credit card vendors. These standards are intended to promote a common set of data security measures to help ensure the safe handling of sensitive information by companies accepting credit card payments. The PCI data security standards, however, will likely evolve over time to address emerging payment security risks and other issues, requiring additional compliance efforts by us. Our intention is to maintain compliance with PCI’s data security standards.

The payment methods that we offer also subject us to potential fraud and theft by criminals, who are becoming increasingly more sophisticated, seeking to obtain unauthorized access to or exploit weaknesses that may exist in payment systems. If we fail to comply with applicable rules or requirements for the payment methods we accept, including the Payment Card Industry Data Security Standard, a self-regulatory standard that requires companies that process payment card data to implement certain data security measures, or if payment-related data are compromised due to a breach of data, we may be liable for significant costs incurred by payment card issuing banks and other third parties or subject to fines and higher transaction fees, or our ability to accept or facilitate certain types of payments may be impaired. In addition, our customers could lose confidence in certain payment types, which may result in a shift to other payment types or potential changes to our payment systems that may result in higher costs. If we fail to adequately control fraudulent credit card transactions, we may face civil liability, diminished public perception of our security measures, and significantly higher credit card-related costs, each of which could harm our business, results of operations and financial condition.

Our success depends upon the insurance industry continuing to move online at its current pace and the continued growth and acceptance of online and mobile app-based products and services as effective alternatives to traditional offline products and services.

We provide automobile, renters and homeowners insurance products through our website and our online and mobile apps that compete with traditional offline counterparts. We do not offer insurance through traditional, offline brokers. We believe that the continued growth and acceptance of online products and services as well as those

offered through mobile devices generally will depend, to a large extent, on the continued growth in commercial use of the internet and mobile apps, and the continued migration of traditional offline markets and industries online.

Purchasers of insurance may develop the perception that purchasing insurance products online or through a mobile app is not as effective as purchasing such products through a broker or other traditional offline methods, and the insurance market may not migrate online as quickly as (or at the levels that) we expect. Moreover, if, for any reason, an unfavorable perception develops that telematics, mobile engagement, a technology-based platform and/or bots are less efficacious than traditional offline methods of purchasing insurance, underwriting, claims processing, and other functions that do not use data automation, artificial intelligence and/or bots, or that our processes lead to unfair outcomes, our business, results of operations and financial condition could be adversely affected.

Our actual incurred losses and LAE may be greater than our loss and loss adjustment expense reserves, which could have a material adverse effect on our financial condition and results of operations.

Our financial condition and results of operations depend on our ability to accurately price risk and assess potential losses and LAE under the terms of the policies we underwrite. Reserves do not represent an exact calculation of the unpaid claims liability. Rather, reserves represent an estimate of what the expected ultimate settlement and administration of claims will cost, and the ultimate liability may be greater or less than the current estimate. In our industry, there is always the risk that reserves may prove inadequate or redundant since we will likely misestimate the cost of claims and claims administration.

We base our estimates on our assessment of known facts and circumstances, as well as estimates of future trends in claim severity, claim frequency, judicial theories of liability, and other factors. These variables are affected by both internal and external events that could increase our exposure to losses, including changes in actuarial projections, claims handling procedures, inflation, severe weather, climate change, economic and judicial trends and legislative and regulatory changes. We regularly monitor reserves using new information on reported claims and a variety of statistical techniques to update our current estimate. Our estimates could prove to be inadequate, and this underestimation could have a material adverse effect on our financial condition.

Recorded claim reserves, including case reserves and incurred but not reported, or IBNR, claims reserves, are based on our estimates of losses after considering known facts and interpretations of the circumstances, including settlement agreements. Additionally, models that rely on the assumption that past loss development patterns will persist into the future are used. Internal factors are considered including our experience with similar cases, actual claims paid, historical trends involving claim payment patterns, pending levels of unpaid claims, loss management programs, product mix, state mix, contractual terms industry payment and reporting patterns, and changes in claim reporting, and settlement practices. External factors are also considered, such as court decisions, changes in law and litigation imposing unintended coverage. We also consider benefits, such as requiring the availability of multiple limits for a single loss occurrence. Regulatory requirements and economic conditions are also considered.

Since reserves are estimates of the unpaid portion of losses and expenses for events that have occurred, including IBNR losses, the establishment of appropriate reserves, including reserves for catastrophes, is an inherently uncertain and complex process that is regularly refined to reflect current estimation processes and practices. The ultimate cost of losses may vary materially from recorded reserves and such variance may adversely affect our results of operations and financial condition as the reserves and reinsurance recoverables are reestimated.

If any of our insurance reserves should prove to be inadequate for the reasons discussed above, or for any other reason, we will be required to increase reserves, resulting in a reduction in our net income and stockholders' equity in the period in which the deficiency is identified. Future loss experience substantially in excess of established reserves could also have a material adverse effect on future earnings and liquidity and financial rating, which would affect our ability to attract new business or to retain existing customers.

Performance of our investment portfolio is subject to a variety of investment risks that may adversely affect our financial results.

Our results of operations depend, in part, on the performance of our investment portfolio. We seek to hold a diversified portfolio of investments in accordance with our investment policy, which is routinely reviewed by the

Audit Committee. However, our investments are subject to general economic and market risks as well as risks inherent to particular securities.

Our primary market risk exposures are to changes in interest rates. See the section titled “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Quantitative and Qualitative Disclosures about Market Risk.” In recent years, interest rates have been at or near historic lows. A protracted low interest rate environment would continue to place pressure on our net investment income, particularly as it relates to fixed income securities and short-term investments, which, in turn, may adversely affect our operating results. Future increases in interest rates could cause the values of our fixed income securities portfolios to decline, with the magnitude of the decline depending on the maturity of the securities included in our portfolio and the amount by which interest rates increase. Some fixed income securities have call or prepayment options, which create possible reinvestment risk in declining rate environments. Other fixed income securities, such as mortgage-backed and asset-backed securities, carry prepayment risk or, in a rising interest rate environment, may not prepay as quickly as expected.

The value of our investment portfolio is subject to the risk that certain investments may default or become impaired due to deterioration in the financial condition of one or more issuers of the securities we hold, or due to deterioration in the financial condition of an insurer that guarantees an issuer’s payments on such investments. Downgrades in the credit ratings of fixed maturities also have a significant negative effect on the market valuation of such securities.

Such factors could reduce our net investment income and result in realized investment losses. Our investment portfolio is subject to increased valuation uncertainties when investment markets are illiquid. The valuation of investments is more subjective when markets are illiquid, thereby increasing the risk that the estimated fair value (i.e., the carrying amount) of the securities we hold in our portfolio does not reflect prices at which actual transactions would occur.

Risks for all types of securities are managed through the application of our investment policy, which establishes investment parameters that include, but are not limited to, maximum percentages of investment in certain types of securities and minimum levels of credit quality, which we believe are within applicable guidelines established by the NAIC. The maximum percentage and types of securities we may invest in are subject to insurance laws and regulations, which may change. Failure to comply with these laws and regulations would cause non-conforming investments to be treated as non-admitted assets for purposes of measuring statutory surplus and, in certain circumstances, we would be required to dispose of such investments.

Although we seek to preserve our capital, we cannot be certain that our investment objectives will be achieved, and results may vary substantially over time. In addition, although we seek to employ investment strategies that are not correlated with our insurance and reinsurance exposures, losses in our investment portfolio may occur at the same time as underwriting losses and, therefore, exacerbate the adverse effect of the losses on us.

Unexpected changes in the interpretation of our coverage or provisions, including loss limitations and exclusions, in our policies could have a material adverse effect on our financial condition and results of operations.

There can be no assurances that specifically negotiated loss limitations or exclusions in our policies will be enforceable in the manner we intend, or at all. As industry practices and legal, judicial, social, and other conditions change, unexpected and unintended issues related to claims and coverage may emerge. For example, many of our policies limit the period during which a customer may bring a claim, which may be shorter than the statutory period under which such claims can be brought against our customers. While these limitations and exclusions help us assess and mitigate our loss exposure, it is possible that a court or regulatory authority could nullify or void a limitation or exclusion, or legislation could be enacted modifying or barring the use of such limitations or exclusions. These types of governmental actions could result in higher than anticipated losses and loss adjustment expenses, which could have a material adverse effect on our financial condition or results of operations. In addition, court decisions, such as the 1995 Montrose decision in California could read policy exclusions narrowly so as to expand coverage, thereby requiring insurers to create and write new exclusions. Under insurance laws, the insurer typically has the burden of proving an exclusion applies and any ambiguities in the terms of a loss limitation or exclusion provision are

typically construed against the insurer. These issues may adversely affect our business by either broadening coverage beyond our underwriting intent or by increasing the frequency or severity of claims. In some instances, these changes may not become apparent until sometime after we have issued insurance contracts that are affected by the changes. As a result, the full extent of liability under our insurance contracts may not be known for many years after a contract is issued.

Risks Related to Ownership of Our Class A Common Stock

The dual class structure of our common stock will have the effect of concentrating voting control with our executive officers, directors and their affiliates, which will limit your ability to influence the outcome of important transactions.

Our Class B common stock has ten votes per share and our Class A common stock has one vote per share. As of December 31, 2020, holders of our Class B common stock collectively beneficially own shares representing approximately 97.0% of the voting power of our outstanding capital stock. Our directors and executive officers and their affiliates collectively beneficially own, in the aggregate, shares representing approximately 69.9% of the voting power of our outstanding capital stock. As a result, the holders of our Class B common stock are able to exercise considerable influence over matters requiring stockholder approval, including the election of directors and approval of significant corporate transactions, such as a merger or other sale of our company or our assets, even if their stock holdings represent less than 50% of the outstanding shares of our capital stock. This concentration of ownership limits the ability of other stockholders to influence corporate matters and may cause us to make strategic decisions that could involve risks to you or that may not be aligned with your interests. This control may adversely affect the market price of our Class A common stock.

Further, future transfers by holders of our Class B common stock will generally result in those shares converting into shares of our Class A common stock, subject to limited exceptions, such as certain transfers effected for tax or estate planning purposes. The conversion of shares of our Class B common stock into shares of our Class A common stock will have the effect, over time, of increasing the relative voting power of those holders of Class B common stock, including our directors and executive officers and their affiliates, who retain their shares in the long term.

Applicable insurance laws may make it difficult to effect a change of control.

Under applicable state insurance laws and regulations, no person may acquire “control” of a domestic insurer until written approval is obtained from the state insurance commissioner. Applicable law provides for a rebuttable presumption of “control” by any person which owns or acquires, directly or indirectly, 10% or more of the voting stock of the insurance company, and a person must seek regulatory approval from the superintendent of the supervisory DOI prior to acquiring direct or indirect “control” of a domestic insurer by filing a Form A Statement Regarding the Acquisition of Control of or Merger with a Domestic Insurer, or Form A. As part of this Form A application, the entity acquiring control (as well as any controlling shareholders of such entity) will need to submit, along with other documents and disclosures, its financial statements, organizational charts and biographical affidavits for any officers, directors and controlling shareholders of each applicable entity. Would-be acquirers may find these requirements burdensome, which could deter potential acquisition proposals and may serve to delay or prevent change of control transactions, including transactions that some or all of the stockholders might consider to be desirable. These requirements may also inhibit our ability to acquire an insurance company should we wish to do so in the future.

We are an emerging growth company, and we cannot be certain if the reduced reporting requirements applicable to emerging growth companies will make our Class A common stock less attractive to investors.

We are an emerging growth company, as defined in the JOBS Act. For as long as we continue to be an emerging growth company, we may take advantage of exemptions from various reporting requirements that are applicable to other public companies that are not emerging growth companies, including reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements and exemptions from the requirements of holding nonbinding advisory votes on executive compensation and stockholder approval of any golden parachute payments not previously approved. We could be an emerging growth company for up to five years following the year in which we completed our IPO, although circumstances could cause us to lose that status earlier.

We will remain an emerging growth company until the earlier of (1) the last day of the fiscal year (a) following the fifth anniversary of the completion of our IPO, (b) in which we have total annual gross revenue of at least $1.07 billion or (c) in which we are deemed to be a large accelerated filer, which requires the market value of our Class A common stock that is held by non-affiliates to exceed $700 million as of the prior June 30th, and (2) the date on which we have issued more than $1 billion in non-convertible debt during the prior three-year period.

Under the JOBS Act, emerging growth companies can also delay adopting new or revised accounting standards until such time as those standards apply to private companies. We have elected to use this extended transition period for complying with new or revised accounting standards that have different effective dates for public and private companies until the earlier of the date we (i) are no longer an emerging growth company or (ii) affirmatively and irrevocably opt out of the extended transition period provided in the JOBS Act. As a result, our financial statements may not be comparable to companies that comply with new or revised accounting pronouncements as of public company effective dates. If some investors find our Class A common stock less attractive as a result, there may be a less active trading market for our Class A common stock, and our stock price may be more volatile.

We do not intend to pay dividends on our Class A common stock so any returns will be limited to the value of our stock.

We currently anticipate that we will retain future earnings for the development, operation and expansion of our business and do not anticipate declaring or paying any cash dividends for the foreseeable future. Additionally, we are a holding company that transacts a majority of our business through operating subsidiaries. Consequently, our ability to pay dividends to stockholders is largely dependent on receipt of dividends and other distributions from our subsidiaries. As addressed above, applicable insurance laws restrict the ability of our regulated insurance subsidiary to declare extraordinary stockholder dividends and require insurance companies to maintain specified levels of statutory capital and surplus. Insurance regulators have broad powers to prevent reduction of statutory surplus to inadequate levels, and there is no assurance that dividends of the maximum amounts calculated under any applicable formula would be permitted. State insurance regulatory authorities that have jurisdiction over the payment of dividends by our regulated insurance subsidiary may in the future adopt statutory provisions more restrictive than those currently in effect. Any return to stockholders will therefore be limited to the appreciation of their stock.

As a public company, we are subject to more stringent federal and state law requirements. We will incur significant increased costs as a result of operating as a public company, and our management will be required to devote substantial time to new compliance initiatives.

As a public company, we are subject to the reporting requirements of the Securities Exchange Act of 1934, as amended, or the Exchange Act, the Sarbanes-Oxley Act, the Dodd–Frank Act, the listing requirements of Nasdaq, and other applicable securities rules and regulations. Despite reforms made possible by the JOBS Act, compliance with these rules and regulations will nonetheless increase our legal, accounting, investor relations, financial and other costs and expenses, make some activities more difficult, time-consuming or costly and increase demand on our systems and resources, particularly after we are no longer an emerging growth company. The Exchange Act requires, among other things, that we file annual, quarterly and current reports with respect to our business and operating results. In addition, the Sarbanes-Oxley Act and rules subsequently implemented by the SEC and Nasdaq have imposed various requirements on public companies, including establishment and maintenance of effective disclosure and financial controls and corporate governance practices. Stockholder activism, the current political environment and the current high level of U.S. government intervention and regulatory reform may also lead to substantial new regulations and disclosure obligations, which may in turn lead to additional compliance costs and impact the manner in which we operate our business in ways we do not currently anticipate. Our management and other personnel will need to devote a substantial amount of time to comply with these requirements. Moreover, these requirements will increase our legal and financial compliance costs and will make some activities more time-consuming and costly. We cannot predict or estimate the amount or timing of additional costs we may incur to respond to these requirements. Being a public company and the associated rules and regulations will make it more expensive for us to obtain director and officer liability insurance, and we may be required to accept reduced coverage or incur substantially higher costs to obtain adequate coverage. These factors could also make it more difficult for us to attract and retain qualified members of our board of directors, particularly to serve on our audit committee and compensation committee, and qualified executive officers.

If we fail to maintain proper and effective internal control over financial reporting, our ability to produce accurate and timely financial statements could be impaired, investors may lose confidence in our financial reporting and the trading price of our Class A common stock may decline.

Pursuant to Section 404 of the Sarbanes-Oxley Act, we are required to furnish a report by our management on our internal control over financial reporting, including an attestation report on internal control over financial reporting issued by our independent registered public accounting firm. However, while we remain an emerging growth company, we will not be required to include an attestation report on internal control over financial reporting issued by our independent registered public accounting firm. The rules governing the standards that must be met for management to assess our internal control over financial reporting are complex and require significant documentation, testing and possible remediation. To comply with the Sarbanes-Oxley Act, the requirements of being a reporting company under the Exchange Act and any complex accounting rules in the future, we may need to upgrade our information technology systems; implement additional financial and management controls, reporting systems and procedures; and hire additional accounting and finance staff. We are currently in the process of hiring additional accounting and finance staff as we grow our business. If we are unable to hire the additional accounting and finance staff necessary to comply with these requirements, we may need to retain additional outside consultants. If we or, if required, our auditors, are unable to conclude that our internal control over financial reporting is effective, investors may lose confidence in our financial reporting and the trading price of our Class A common stock may decline.

There can be no assurance that there will not be material weaknesses in our internal control over financial reporting in the future. Any failure to maintain internal control over financial reporting could severely inhibit our ability to accurately report our financial condition, results of operations or cash flows. If we are unable to conclude that our internal control over financial reporting is effective, or if our independent registered public accounting firm determines that we have a material weakness in our internal control over financial reporting, investors may lose confidence in the accuracy and completeness of our financial reports, the market price of our Class A common stock could decline and we could be subject to sanctions or investigations by Nasdaq, the SEC or other regulatory authorities. Failure to remedy any material weakness in our internal control over financial reporting, or to implement or maintain other effective control systems required of public companies, could also restrict our future access to the capital markets.

Provisions in our corporate charter documents and under Delaware law could make an acquisition of us, which may be beneficial to our stockholders, more difficult and may prevent attempts by our stockholders to replace or remove our current management.

Provisions in our amended and restated certificate of incorporation and amended and restated bylaws may discourage, delay or prevent a merger, acquisition or other change in control of us that stockholders may consider favorable, including transactions in which you might otherwise receive a premium for your shares. These provisions also could limit the price that investors might be willing to pay in the future for shares of our Class A common stock, thereby depressing the market price of our Class A common stock. In addition, because our board of directors is responsible for appointing the members of our management team, these provisions may frustrate or prevent any attempts by our stockholders to replace or remove our current management by making it more difficult for stockholders to replace members of our board of directors. Among other things, these provisions:

- establish a classified board of directors such that not all members of the board are elected at one time;
- allow the authorized number of our directors to be changed only by resolution of our board of directors;
- limit the manner in which stockholders can remove directors from the board;
- establish advance notice requirements for stockholder proposals that can be acted on at stockholder meetings and nominations to our board of directors;
- require that stockholder actions must be effected at a duly called stockholder meeting and prohibit actions by our stockholders by written consent;

- prohibit our stockholders from calling a special meeting of our stockholders;

- authorize our board of directors to issue preferred stock without stockholder approval, which could be used to institute a stockholder rights plan, or so-called "poison pill," that would work to dilute the stock ownership of a potential hostile acquirer, effectively preventing acquisitions that have not been approved by our board of directors; and

- require the approval of the holders of at least 66 2⁄3% of the votes that all our stockholders would be entitled to cast to amend or repeal certain provisions of our charter or bylaws.

Moreover, because we are incorporated in Delaware, we are governed by the provisions of Section 203 of the Delaware General Corporation Law, or DGCL, which prohibits a person who owns 15% or more of our outstanding voting stock from merging or combining with us for a period of three years after the date of the transaction in which the person acquired 15% or more of our outstanding voting stock, unless the merger or combination is approved in a prescribed manner. These provisions could discourage potential acquisition proposals and could delay or prevent a change in control transaction. They could also have the effect of discouraging others from making tender offers for our Class A common stock, including transactions that may be in your best interests. These provisions may also prevent changes in our management or limit the price that investors are willing to pay for our stock.

Claims for indemnification by our directors and officers may reduce our available funds to satisfy successful third-party claims against us and may reduce the amount of money available to us.

Our amended and restated certificate of incorporation and amended and restated bylaws provide that we will indemnify our directors and officers, in each case, to the fullest extent permitted by Delaware law. Delaware law provides that directors of a corporation will not be personally liable for monetary damages for any breach of fiduciary duties as directors, except liability for:

- any breach of the director's duty of loyalty to the corporation or its stockholders;

- any act or omission not in good faith or that involves intentional misconduct or a knowing violation of law;

- unlawful payments of dividends or unlawful stock repurchases or redemptions; or

- any transaction from which the director derived an improper personal benefit.

Such limitation of liability does not apply to liabilities arising under federal securities laws and does not affect the availability of equitable remedies such as injunctive relief or rescission.

Our amended and restated bylaws provide that we are required to indemnify our directors and officers to the fullest extent permitted by Delaware law and may indemnify our other employees and agents. Our amended and restated bylaws also provide that, on satisfaction of certain conditions, we will advance expenses incurred by a director or officer in advance of the final disposition of any action or proceeding, and secure insurance on behalf of any officer, director, employee or other agent for any liability arising out of his or her actions in that capacity regardless of whether we would otherwise be permitted to indemnify him or her under the provisions of Delaware law. We have entered and expect to continue to enter into agreements to indemnify our directors and executive officers. With certain exceptions, these agreements provide for indemnification for related expenses, including attorneys' fees, judgments, fines and settlement amounts incurred by any of these individuals in connection with any action, proceeding or investigation. We believe that these amended and restated certificate of incorporation and amended and restated bylaws provisions and indemnification agreements are necessary to attract and retain qualified persons as directors and officers.

While we maintain directors' and officers' liability insurance, such insurance may not be adequate to cover all liabilities that we may incur, which may reduce our available funds to satisfy third-party claims and may adversely impact our cash position.

Our amended and restated certificate of incorporation provides that the Court of Chancery of the State of Delaware and the federal district courts of the United States of America are the exclusive forums for substantially

all disputes between us and our stockholders, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers, or employees.

Our amended and restated certificate of incorporation provide that the Court of Chancery of the State of Delaware (or, if and only if the Court of Chancery of the State of Delaware lacks subject matter jurisdiction, any state court located within the State of Delaware or, if and only if all such state courts lack subject matter jurisdiction, the federal district court for the District of Delaware) is the exclusive forum for the following claims or causes of action under Delaware statutory or common law:

- any derivative claim or cause of action brought on our behalf;
- any claim or cause of action for breach of a fiduciary duty owed by any of our current or former directors, officers or other employees to us or our stockholders;
- any claim or cause of action against us or any of our current or former directors, officers or other employees, arising out of or pursuant to any provision of the DGCL, our certificate of incorporation or our bylaws;
- any claim or cause of action seeking to interpret, apply, enforce or determine the validity of our certificate of incorporation or our bylaws;
- any action or proceeding as to which the DGCL confers jurisdiction to the Court of Chancery of the State of Delaware; and
- any claim or cause of action against us or any of our current or former directors, officers or other employees that is governed by the internal-affairs doctrine, in all cases to the fullest extent permitted by law and subject to the court having personal jurisdiction over the indispensable parties named as defendants.

This provision would not apply to claims or causes of action brought to enforce a duty or liability created by the Exchange Act, or any other claim for which the federal courts have exclusive jurisdiction, or the Securities Act. Furthermore, Section 22 of the Securities Act creates concurrent jurisdiction for federal and state courts over all such Securities Act actions. Accordingly, both state and federal courts have jurisdiction to entertain such claims. To prevent having to litigate claims in multiple jurisdictions and the threat of inconsistent or contrary rulings by different courts, among other considerations, our amended and restated certificate of incorporation provides that the federal district courts of the United States of America will be the exclusive forum for resolving any complaint asserting a cause of action arising under the Securities Act. While the Delaware courts have determined that such choice of forum provisions are facially valid, a stockholder may nevertheless seek to bring a claim in a venue other than those designated in the exclusive forum provisions. In such instance, we would expect to vigorously assert the validity and enforceability of the exclusive forum provisions of our amended and restated certificate of incorporation. This may require significant additional costs associated with resolving such action in other jurisdictions and there can be no assurance that the provisions will be enforced by a court in those other jurisdictions.

These exclusive forum provisions may limit a stockholder's ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, officers, or other employees, which may discourage lawsuits against us and our directors, officers and other employees. If a court were to find either exclusive-forum provision in our amended and restated certificate of incorporation to be inapplicable or unenforceable in an action, we may incur additional costs associated with resolving the dispute in other jurisdictions, which could seriously harm our business.

General Risk Factors

Future acquisitions or investments could disrupt our business and harm our financial condition.

In the future we may pursue acquisitions or investments that we believe will help us achieve our strategic objectives. There is no assurance that such acquisitions or investments will perform as expected or will be successfully integrated into our business or generate substantial revenue, and we may overestimate cash flow, underestimate costs or fail to understand the risks of or of related to any investment or acquired business. The process of acquiring a business, product or technology can also cause us to incur various expenses and create

unforeseen operating difficulties, expenditures and other challenges, whether or not those acquisitions are consummated, such as:

- intense competition for suitable acquisition targets, which could increase prices and adversely affect our ability to consummate deals on favorable or acceptable terms;
- inadequacy of reserves for losses and loss adjustment expenses;
- failure or material delay in closing a transaction, including as a result of regulatory review and approvals;
- regulatory conditions attached to the approval of the acquisition and other regulatory hurdles;
- a need for additional capital that was not anticipated at the time of the acquisition;
- anticipated benefits not materializing or being lower than anticipated;
- diversion of management time and focus from operating our business to addressing acquisition integration challenges;
- transition of the acquired company's customers;
- difficulties in integrating the technologies, operations, existing contracts and personnel of an acquired company;
- retention of employees or business partners of an acquired company;
- cultural challenges associated with integrating employees from the acquired company into our organization;
- integration of the acquired company's accounting, management information, human resources and other administrative systems;
- the need to implement or improve controls, procedures and policies at a business that prior to the acquisition may have lacked effective controls, procedures and policies;
- coordination of product development and sales and marketing functions;
- theft of our trade secrets or confidential information that we share with potential acquisition candidates;
- risk that an acquired company or investment in new offerings cannibalizes a portion of our existing business;
- adverse market reaction to an acquisition;
- liability for activities of the acquired company before the acquisition, including patent and trademark infringement claims, violations of laws, commercial disputes, tax liabilities and other known and unknown liabilities; and
- litigation or other claims in connection with the acquired company, including claims from terminated employees, users, former stockholders or other third parties.

If we are unable to address these difficulties and challenges or other problems encountered in connection with any future acquisition or investment, we might not realize the anticipated benefits of that acquisition or investment and we might incur unanticipated liabilities or otherwise suffer harm to our business generally.

To the extent that we pay the consideration for any future acquisitions or investments in cash, it would reduce the amount of cash available to us for other purposes. Future acquisitions or investments could also result in dilutive issuances of our equity securities or the incurrence of debt, contingent liabilities, amortization expenses, increased interest expenses or impairment charges against goodwill on our consolidated balance sheet, any of which could seriously harm our business.

We expect a number of factors to cause our results of operations to fluctuate on a quarterly and annual basis, which may make it difficult to predict our future performance.

Our revenue and results of operations could vary significantly from quarter to quarter and year to year and may fail to match periodic expectations as a result of a variety of factors, many of which are outside of our control. Our results may vary from period to period as a result of fluctuations in the number of customers purchasing our insurance products and renewing their agreements with us as well as fluctuations in the timing and amount of our expenses. In addition, the insurance industry is subject to its own cyclical trends and uncertainties, including extreme weather which is often seasonal and may result in volatility in claims reporting and payment patterns. Fluctuations and variability across the industry may also affect our revenue. As a result, comparing our results of operations on a period-to-period basis may not be meaningful, and the results of any one period should not be relied on as an indication of future performance. Our results of operations may not meet the expectations of investors or public market analysts who follow us, which may adversely affect our stock price. In addition to other risk factors discussed in this "Risk Factors" section and elsewhere in this Annual Report on Form 10-K, factors that may contribute to the variability of our quarterly and annual results include:

- our ability to attract new customers and retain existing customers, including in a cost-effective manner;
- our ability to accurately forecast revenue and losses and appropriately plan our expenses;
- the effects of changes in search engine placement and prominence;
- the effects of increased competition on our business;
- our ability to successfully maintain our position in and expand in existing markets as well as successfully enter new markets;
- our ability to protect our existing intellectual property and to create new intellectual property;
- our ability to maintain an adequate rate of growth and effectively manage that growth;
- our ability to keep pace with technology changes in the insurance, mobile and automobile industries;
- the success of our sales and marketing efforts;
- costs associated with defending claims, including accident and coverage claims, intellectual property infringement claims, misclassifications and related judgments or settlements;
- the impact of, and changes in, governmental or other regulation affecting our business;
- the attraction and retention of qualified employees and key personnel;
- our ability to choose and effectively manage third-party service providers;
- our ability to identify and engage in joint ventures and strategic partnerships, both domestically and internationally;
- the effects of natural or man-made catastrophic events;
- the effectiveness of our internal controls; and
- changes in our tax rates or exposure to additional tax liabilities.

New or changing technologies, including those impacting personal transportation, could cause a disruption in our business model, which may materially impact our results of operations and financial condition.

If we fail to anticipate the impact on our business of changing technology, including automotive technology, our ability to successfully operate may be materially impaired. Our business could also be affected by potential technological changes, such as autonomous or partially autonomous vehicles or technologies that facilitate ride, car

or home sharing, or vehicles with built-in telematics features. Such changes could disrupt the demand for products from current customers, create coverage issues or impact the frequency or severity of losses, or reduce the size of the automobile insurance market, causing our business to decline. Since auto insurance constitutes substantially all of our business, we are more sensitive than other insurers and more adversely affected by trends that could decrease auto insurance rates or reduce demand for auto insurance over time. We may not be able to respond effectively to these changes, which could have a material effect on our results of operations and financial condition.

Future sales of our Class A common stock in the public market by current shareholders could cause the market price of our Class A common stock to decline.

Sales of a substantial number of shares of our Class A common stock in the public market, or the perception that these sales might occur, could depress the market price of our Class A common stock and could impair our ability to raise capital through the sale of additional equity securities. We are unable to predict the timing of or the effect that such sales may have on the prevailing market price of our Class A common stock.

In connection with our IPO, all of our directors and officers and the holders of a substantial majority all of our capital stock and securities convertible into our capital stock entered into lock-up agreements that restricted their ability to transfer shares of our capital stock. At midnight on March 7, 2021, most of the shares are expected to be released from the lock-up agreements and become eligible for immediate sale in the public market at the open of trading on March 8, 2021, in each case subject to trading limitations on shares held by our affiliates, continued vesting of any unvested equity awards as of such date, and our insider trading policies. As a result, a substantial number of shares of our Class A common stock will become eligible for sale in the public market in early March 2021.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

Our corporate headquarters are located in Columbus, Ohio, and consist of 109,062 square feet under lease agreements that expire in 2024 and 2026. We maintain additional offices in Columbus, Ohio and throughout the United States in order to serve our customers in various time zones. We lease all of our facilities and do not own any real property. We believe our facilities are adequate and suitable for our current needs and that, should it be needed, suitable additional or alternative space will be available to accommodate our operations.

Item 3. Legal Proceedings

From time to time, we are involved in various legal proceedings arising from the normal course of business activities. We are not presently a party to any litigation the outcome of which, we believe, if determined adversely to us, would individually or taken together have a material adverse effect on our business, operating results, cash flows or financial condition. Defending such proceedings is costly and can impose a significant burden on management and employees. The results of any current or future litigation cannot be predicted with certainty, and regardless of the outcome, litigation can have an adverse impact on us because of defense and settlement costs, diversion of management resources and other factors.

Item 4. Mine Safety Disclosures

Not applicable.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Market Information for Common Stock

Our Class A common stock is traded on the Nasdaq Global Select Market, or Nasdaq, under the symbol "ROOT." Our Class A common stock began trading on Nasdaq on October 28, 2020. Prior to that date, there was no public trading market for our Class A common stock. Our Class B common stock is neither listed nor traded, but each share of Class B common stock is convertible at any time at the option of the holder into one share of Class A common stock and is automatically converted upon sale or transfer into one share of Class A common stock.

Holders of Record

As of February 25, 2021, Root had 8 common stockholders of record and 59,660,254 shares of Class A common stock outstanding, and the closing price of our Class A common stock was $16.42 per share as reported on Nasdaq. Because many of our shares of Class A common stock are held by brokers and other institutions on behalf of stockholders, we are unable to estimate the total number of stockholders represented by these record holders.

As of February 25, 2021, Root had 208 common stockholders of record and 192,034,884 shares of Class B common stock outstanding.

Dividend Policy

We have never declared or paid cash dividends on our capital stock. We currently intend to retain all available funds and future earnings, if any, to fund the development and expansion of our business, and we do not anticipate paying any cash dividends in the foreseeable future. Any future determination regarding the declaration and payment of dividends, if any, will be at the discretion of our board of directors and will depend on then-existing conditions, including our financial condition, operating results, contractual restrictions, capital requirements, business prospects and other factors our board of directors may deem relevant.

Unregistered Sales of Equity Securities

From June 1, 2020 through October 5, 2020 (the date of the filing of our registration statement on Form S-1), we granted to our directors, officers, employees, consultants and other service providers restricted stock units for an aggregate 76,000 shares of our common stock under our 2015 Equity Incentive Plan.

On October 30, 2020, we issued and sold an aggregate of 18,518,518 shares (the "Private Placement Shares") of our Class A common stock, par value $0.0001 per share (the "Class A Common Stock"), to funds affiliated with Dragoneer Investment Group, LLC ("Dragoneer") and Silver Lake Technology Management, L.L.C ("Silver Lake") in private placements that occurred concurrently with the closing of our IPO.

The aggregate cash purchase price of the Private Placement Shares was $500.0 million, representing a per share price of $27.00, the same price at which shares of Common Stock were sold to the public in the IPO.

The foregoing transactions did not involve any underwriters, any underwriting discounts or commissions, or any public offering. We believe the offers, sales, and issuances of the above securities were exempt from registration under the Securities Act (or Regulation D or Regulation S promulgated thereunder) by virtue of Section 4(a)(2) of the Securities Act, because the issuance of securities to the recipients did not involve a public offering, or in reliance on Rule 701 because the transactions were pursuant to compensatory benefit plans or contracts relating to compensation as provided under such rule. The sale and issuance of the Private Placement Shares to Dragoneer and Silver Lake were not registered under the Securities Act or any state securities laws. We relied on the exemption from the registration requirements of the Securities Act by virtue of Section 4(a)(2) thereof and the rules and regulations promulgated thereunder relating to transactions not involving any public offering. The recipients of the securities in each of these transactions represented their intentions to acquire the securities for investment only and not with a view to or for sale in connection with any distribution thereof. All recipients had adequate access, through

their relationships with us or otherwise, to information about us. The issuances of these securities were made without any general solicitation or advertising.

Use of Proceeds

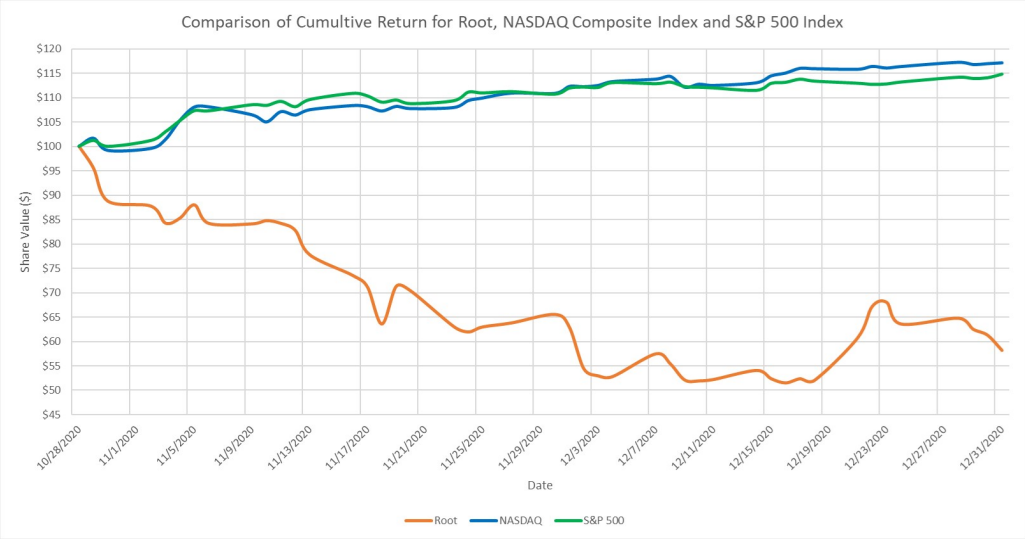
On October 30, 2020, we closed our IPO, in which we sold 24,249,330 million shares of our common stock at a price of $27.00 per share. The offer and sale of the shares in the IPO were registered under the Securities Act pursuant to a registration statement on Form S-1 (File No. 333-249692), which was declared effective by the SEC on October 27, 2020. We raised approximately $615.4 million in net proceeds after deducting underwriting discounts and commissions of $39.3 million and offering expenses. We intend to use the net proceeds we received from our IPO to meet regulatory capital requirements and for general corporate purposes, including working capital, operating expenses and capital expenditures. Additionally, we may use a portion of the net proceeds we received from our IPO for acquisitions and/or strategic investments in complementary businesses, products, services or technologies. The representatives of the underwriters of our IPO were Goldman Sachs & Co. LLC, Morgan Stanley & Co. LLC, Barclays Capital Inc. and Wells Fargo Securities, LLC. No payments were made by us to directors, officers or persons owning ten percent or more of our common stock or to their associates, or to our affiliates, other than payments in the ordinary course of business to officers for salaries and to non-employee directors pursuant to our director compensation policy.

Issuer Purchases of Equity Securities

None.

Stock Performance Graph

The graph below compares the cumulative total stockholder return on our Class A common stock with the cumulative total return on the S&P 500 Index and the NASDAQ Composite Index. The graph assumes $100 was invested at the market close on October 28, 2020, which was the first day our Class A common stock began trading. Data for the S&P 500 Index and the NASDAQ Composite Index assume reinvestment of dividends. The offering price of our Class A common stock in our IPO was $27.00 per share. The comparisons in the graph below are based upon historical data and are not indicative of, nor intended to forecast, future performance of our common stock.



Item 6. Selected Financial Data

The following tables set forth our selected consolidated financial and operating data. The selected consolidated statements of operations data for the years ended December 31, 2020, 2019 and 2018 and the selected consolidated balance sheet data as of December 31, 2020 and 2019 are derived from our audited consolidated financial statements included elsewhere in this Annual Report on Form 10-K. The consolidated balance sheet data as of December 31, 2018 is derived from our audited consolidated financial statements that are not included in this Annual Report on Form 10-K. You should read the following selected consolidated financial and operating data together with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our Consolidated Financial Statements and the related Notes to Consolidated Financial Statements included elsewhere in this annual report. The selected audited consolidated financial and operating data in this section are not intended to replace our audited consolidated financial statements and the related notes and are qualified in their entirety by the audited consolidated financial statements and the related notes included elsewhere in this annual report. Our historical results are not necessarily indicative of our results in any future period.

	Years Ended December 31,		
	2020[1]	2019	2018
	(in millions, except per share data)		
Consolidated Statements of Operations:			
Total revenue	$ 346.8	$ 290.2	$ 43.3
Net loss	(363.0)	(282.4)	(69.1)
Loss per common share: basic and diluted (both Class A and B)	$ (4.81)	$ (8.33)	$ (2.73)
Weighted-average common shares outstanding: basic and diluted	75.5	33.9	25.3

(1) In July 2020, we increased our use of third-party quota share reinsurance with the implementation of a staggered multi-treaty approach to our program which resulted in greater external reinsurance cessions. For further information, see "Management's Discussion and Analysis of Financial Condition and Results of Operations."

	As of December 31,		
	2020	2019	2018
	(dollars in millions)		
Consolidated Balance Sheets:			
Total investments	$ 224.5	$ 122.8	$ 20.2
Cash and cash equivalents[1]	1,112.8	391.7	122.3
Total assets[2]	1,762.3	728.6	216.0
Long-term debt and warrants	188.2	192.2	15.1
Total liabilities	729.9	542.2	129.1
Redeemable convertible preferred stock[1]	—	560.4	189.6
Total stockholders' equity (deficit)[1]	1,032.4	(374.0)	(102.7)

(1) In October 2020, we completed our initial public offering of common stock, or IPO, which resulted in the issuance and sale of 24.2 million shares of common stock at the IPO price of $27.00, Concurrently, we issued and sold 18.5 million shares of our Class A common stock in private placements. We received net proceeds of $1.1 billion after deducting certain underwriting discounts and commissions and other offering costs. For further information, see Note 2, "Significant Accounting Policies," in the Notes to Consolidated Financial Statements.

(2) In November 2020, we acquired a shell insurance company for $22.8 million, which included cash, cash equivalents, and accrued investment income of $14.4 million and insurance license indefinite-lived intangibles of $8.4 million. This acquisition will expand our ability to sell personal auto insurance in 48 states and the District of Columbia. For further information, see Note 2, "Significant Accounting Policies," in the Notes to Consolidated Financial Statements.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with the section titled "Selected Historical Consolidated Financial Data" and our consolidated financial statements and related notes included elsewhere in this annual report. This discussion contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from such forward-looking statements. Factors that could cause or contribute to those differences include, but are not limited to, those identified below and those discussed in the sections titled "Risk Factors" and "Special Note Regarding Forward-Looking Statements" included elsewhere in this annual report. Additionally, our historical results are not necessarily indicative of the results that may be expected for any period in the future. This Management's Discussion and Analysis does not discuss 2018 performance or a comparison of 2019 versus 2018 performance for select areas where we have determined the omitted information is not necessary to understand our current period financial condition, changes in our financial condition, or our results. The omitted information may be found in our Final Prospectus for our initial public offering, or our IPO, dated as of October 27, 2020 and filed with the Securities and Exchange Commission, or the SEC, pursuant to Rule 424(b)(4) on October 29, 2020.

Overview

Root is a technology company revolutionizing personal insurance with a pricing model based upon fairness and a modern customer experience. We operate a direct-to-consumer model in which we acquire majority of our customers through mobile applications. We are currently writing auto insurance in 30 states in the US.

Since launch in 2015, our model has delivered rapid growth and continuously improving operating results. Our DWP grew to $616.8 million in 2020 from $451.1 million in 2019 and $106.4 million in 2018. Similarly our DEP grew to $605.2 million in 2020 from $352.9 million in 2019 and $61.4 million in 2018. We experienced declines in our direct loss ratios to 82.0% in 2020, compared to 99.9% in 2019 and 93.6% in 2018 with corresponding declines in our direct accident period loss ratios to 78.0% in 2020 down from 103.7% in 2019 and 112.1% in 2018. See the section titled " — Components of Our Results of Operations."

The Root advantage is derived from our unique ability to segment individual risk based on complex behavioral data and proprietary telematics, a customer experience built for ease of use and a product offering made possible with our full-stack insurance structure all uniquely integrated into a single cloud-based technology platform that captures the entire insurance value chain—from customer acquisition to claims and administration to ongoing customer engagement.

Our model benefits from portfolio maturity. As we scale the business rapidly our results are disproportionately weighted towards new customers compared to traditional insurance carriers. As we build an underlying base of recurring customers, we expect the following financial impact:

- ***Improve loss ratio.*** Renewal premiums, referring to premiums from a customer's second term and beyond, have lower loss ratios as compared to new premiums in the customer's first term. As we grow our business, we anticipate, consistent with industry norms, that a greater proportion of our premiums will be from customer renewals driving down the loss ratio across our portfolio.

- ***Increase revenue per customer.*** Our product expansion provides an opportunity to generate additional premium and fee income per customer without material incremental marketing cost.

- ***Reduce marketing as a percentage of premium***. Recurring customer premiums have no associated customer acquisition costs and minimal underwriting costs, driving profitability. As we grow our business, we anticipate, consistent with industry norms, that a greater proportion of our premiums will be from customer renewals without associated marketing costs.

- ***Improve retention.*** As a young insurance carrier weighted towards new customers, we naturally have a higher percentage of more frequent shoppers. As our business tenures and our flywheel spins allowing us to increase our pricing advantage, we will have the opportunity to acquire more long-standing customers and retain those that

might naturally shop frequently. In addition to our pricing advantage, our expanding relationships with customers through bundling has also demonstrated improvement in retention.

We use technology to drive efficiency across all functions, including distribution, underwriting, policy administration and claims in particular. This allows us to operate with a cost to acquire and cost to serve advantage. We efficiently acquire customers directly through multiple channels, including digital (performance), strategic partnerships, channel media and referrals, and as a result our marketing costs are well below industry averages. Today, we acquire more than 75% of our customers through our mobile app and mobile website. Additionally, we are realizing operating efficiencies as we scale against our fixed expense base. Our claims management expenses, as represented by our loss adjustment expense, or LAE, are in line with peers within only two years of bringing claims management in-house and will improve as we further embed machine learning into our processes.

We also use our proprietary technology to measure long-term benefits to our business. When a state reaches certain maturation thresholds, we refer to it as a seasoned state. A seasoned state is defined as a state where (1) the regulator has approved our data science-driven telematics and pricing models and (2) we have been writing policies in the state for a minimum of one year with a minimum of two pricing filings.

As a rapidly growing full-stack insurance company, we currently employ a “capital light” model, which utilizes a variety of reinsurance structures at elevated levels of reinsurance. These reinsurance structures deliver three core objectives (1) Top-Line Growth Without a Commensurate Increase in Regulatory Capital Requirements. (2) Support of Customer Acquisition Costs and (3) Protection from Outsized Losses or Tail Events. While reinsurance has been core to our strategy since inception, beginning on July 1, 2020, we increased our use of third-party quota share reinsurance with the implementation of our staggered multi-treaty approach to our program. We expect to maintain an elevated level of third-party quota share reinsurance while rapidly growing our business in order to operate a capital light business model. As our business scales, we expect to have the flexibility to reduce our quota share levels to maximize the return to shareholders.

Given the significant impact of reinsurance on our results of operations, we added new direct basis key performance indicators to enhance investor understanding of the results of our business model prior to reinsurance. We believe our long-term success will be determined by the progression of our direct metrics used to manage and measure operations. Although we believe these direct metrics help investors understand the results of our business model, these results are not achievable under our regulatory landscape given our top-line growth and resulting capital requirements, which are relieved, in part, by obtaining reinsurance. The newly disclosed direct basis metrics include direct contribution, ratio of direct contribution to total revenue, ratio of direct contribution to direct earned premium and direct accident period loss ratio. For additional information, including definitions of these metrics, see “— Key Performance Indicators” and for reconciliation of direct contribution to the nearest GAAP metric, see “— Non-GAAP Financial Measures.”

Key Factors and Trends Affecting our Operating Performance

Our financial condition and results of operations have been, and will continue to be, affected by a number of factors, including the following:

Our Ability to Attract New Customers

Our long-term growth will depend, in large part, on our continued ability to attract new customers to our platform. We intend to continue to drive new customer growth by leveraging our differentiated consumer experience and our telematics-based pricing. Additionally, our proprietary dataset will continue to scale as we grow, enabling us to enhance our predictive models that will further improve pricing and attract potential new customers. We will also continue to target attractive potential customer segments through our digital marketing channels and strategic partnerships. Similarly, we intend to increase our presence in digital and traditional channel media and expand on our recently launched a national advertising campaign to build our brand awareness. Our ability to attract new customers will depend on a number of factors, including the pricing of our products, offerings of our competitors, our ability to expand into new markets, and the effectiveness of our marketing efforts. Our ability to attract and retain customers depends on maintaining and strengthening our brand by providing superior customer experiences and competitive pricing. In particular, we are challenged by traditional insurers who have more diverse product

offerings and longer established operating histories. These competitors can mimic certain aspects of our digital platform and offerings and as they have more types of insurance products, can offer customers the ability to "bundle" multiple coverage types together, which may be attractive to many customers.

Our Ability to Retain Customers

Our ability to derive significant lifetime value from our customer relationships depends, in part, on our ability to retain our customers over time. Strong retention allows us to build a recurring revenue base, generating additional premiums term over term without material incremental marketing costs. As we broadly retain customers and our book of business evolves to be more weighted towards renewals versus new business, as is the case with our mature competitors, we will benefit from the inherently lower loss ratios that characterize renewed premiums. Our ability to retain customers will depend on a number of factors, including our customers' satisfaction with our products, offerings of our competitors and pricing of products.

Our Ability to be Licensed in all States in the United States

Our long-term growth opportunity will benefit from our ability to provide insurance across more states in the United States. Today, we are currently licensed in 50 states (48 states for personal auto) and the District of Columbia and operate in 30 of those states. Our continuous state expansion has unlocked a large total addressable market for sustained growth, made our direct targeted marketing more efficient and creates an opportunity to build a national brand, supporting our marketing holistically.

To expand our geographic footprint, in November 2020, we acquired all of the authorized, issued and outstanding shares of Catlin Indemnity Company, subsequently renamed Root Property & Casualty Insurance Company, or Root Property & Casualty, for $22.8 million, which included cash, cash equivalents, and accrued investment income of $14.4 million and insurance license indefinite-lived intangible assets of $8.4 million. The transaction costs associated with this acquisition were $0.5 million and were allocated to the insurance license indefinite-lived intangible assets acquired. For further information, see Note 2, "Significant Accounting Policies," in the Notes to Consolidated Financial Statements.

Our Ability to Expand Premiums and Fee Income Per Policy Through Cross-Sell

We are in the early stages of cross-selling non-auto products across our customer base. In 2019, we began offering renters insurance and, in May 2020, we launched our homeowners insurance policy in partnership with Homesite Insurance, or Homesite. Cross-sales allow us to generate additional premiums (renters) and fee income (homeowners) without material incremental marketing spend, and ultimately higher revenue per customer. We have also observed that bundling products with auto insurance improves retention as the relationship with our customer expands. Our success in expanding revenues through cross-sales depends on our marketing efforts with new products, continuous state expansion of these offerings and the pricing of our bundled products. The success of our renters insurance offering is also subject to our ability to develop underwriting capabilities to adequately price renters risk.

Our Ability to Manage Risk

We leverage technology to help manage risk. For instance, we leverage machine learning to "clean" behavioral data obtained through a customer's mobile device and we use advanced statistical methods to model that data into usable behavior scores. We leverage intelligent chat functions, and various forms of machine learning and advanced automation help power our claims function. Technology is a key differentiator in managing risk across our key functions. Our success depends on our ability to adequately and competitively price risk.

Recent Developments Affecting Comparability

COVID-19 Impact

In December 2019, COVID-19 was first reported in Wuhan, China and in March 2020, the World Health Organization declared a global pandemic. The ongoing global pandemic has severely impacted businesses worldwide, including within the insurance industry. We have been impacted by certain individual state bulletins that

outline COVID-19 premium relief efforts, including restrictions on the ability to cancel policies for non-payment, requiring deferral of insurance premium payments for up to 60 days and restrictions on increasing policy premiums. Our business has also been impacted by COVID-19 by a slowdown in growth, lower loss ratios due to decreased claim frequency and improved retention. Throughout 2020, COVID-19 has impacted and may further impact the broader economic environment, including negatively impacting unemployment levels, economic growth, the proper functioning of financial and capital markets and interest rates. As the COVID-19 pandemic continues, there is uncertainty around the severity and duration of the pandemic and the pandemic's potential change on our business and our financial performance. See the section titled "Risk Factors" for more details.

Comprehensive Reinsurance

We expect to continue to utilize reinsurance in the future, and our diversified approach to reinsurance allows us to be flexible in response to changes in market conditions or our own business changes, which allows us to strategically fuel growth and technology investment by optimizing the amount of capital required in a "capital-light" model.

Key Performance Indicators

We regularly review a number of metrics, including the following key performance indicators, to evaluate our business, measure our performance, identify trends in our business, prepare financial projections and make strategic decisions. We believe these non-GAAP and operational measures are useful in evaluating our performance, in addition to our financial results prepared in accordance with GAAP. See the section titled "— Non-GAAP Financial Measures" for additional information regarding our use of adjusted gross profit/(loss) and direct contribution and their reconciliation to the most comparable GAAP measures.

	Years Ended December 31,		
	2020	2019	2018
	(dollars in millions, except Premiums per Policy)		
Policies in Force			
Auto	322,759	281,310	111,736
Renters	7,739	1,747	—
Premiums per Policy			
Auto	$ 939	$ 904	$ 729
Renters	$ 140	$ 127	$ —
Premiums in Force			
Auto	$ 606.1	$ 508.6	$ 162.9
Renters	$ 1.1	$ 0.2	$ —
Direct Written Premium	$ 616.8	$ 451.1	$ 106.4
Direct Earned Premium	$ 605.2	$ 352.9	$ 61.4
Gross Profit/(Loss)	$ (14.2)	$ (83.5)	$ (10.4)
Gross Margin	(4.1)%	(28.8)%	(24.0)%
Adjusted Gross Profit/(Loss)	$ 21.0	$ (54.2)	$ (0.2)
Direct Contribution	$ 18.9	$ (57.4)	$ (7.6)
Ratio of Adjusted Gross Profit/(Loss) to Total Revenue	6.1 %	(18.7)%	(0.5)%
Ratio of Adjusted Gross Profit/(Loss) to Direct Earned Premium	3.5 %	(15.4)%	(0.3)%
Ratio of Direct Contribution to Total Revenue	5.4 %	(19.8)%	(17.6)%
Ratio of Direct Contribution to Direct Earned Premium	3.1 %	(16.3)%	(12.4)%
Direct Loss Ratio	82.0 %	99.9 %	93.6 %
Direct LAE Ratio	10.1 %	12.0 %	16.9 %
Direct Accident Period Loss Ratio	78.0 %	103.7 %	112.1 %

Policies in Force

We define policies in force as the number of current and active policyholders underwritten by us as of the period end date. We view policies in force as an important metric to assess our financial performance because policy growth drives our revenue growth, expands brand awareness, deepens our market penetration, and generates additional data to continue to improve the functioning of our platform.

Premiums per Policy

We define premiums per policy as the ratio of direct written premium on policies in force divided by policies in force. We view premiums per policy as an important metric since the higher the premiums per policy the greater the amount of earned premium we expect from each policy.

Premiums in Force

We define premiums in force for our auto policies as premiums per policy multiplied by policies in force multiplied by two. We view premiums in force as an estimate of annualized run rate of direct written premium as of a given period. Since our auto policies are six month policies, we multiply this figure by two in order to determine an annualized amount of premiums in force. We define premiums in force for our renters policies as premiums per policy multiplied by policies in force. We view this as an important metric because it is an indicator of the size of our portfolio of policies as well as an indicator of expected earned premium over the coming 12 months. Premiums in force is not a forecast of future revenue nor is it a reliable indicator of revenue expected to be earned in any given period. We believe that our calculation of premiums in force is useful to investors and analysts because it captures the impact of growth in customers and premiums per policy at the end of each reported period, without adjusting for known or projected policy updates, cancellations and non-renewals.

Direct Written Premium

We define direct written premium, as the total amount of direct premium on policies that were bound during the period. We view direct written premium as an important metric because it is the metric that most closely correlates with our growth in direct earned premium. We use direct written premium, which excludes the impact of premiums ceded to reinsurers, to manage our business because we believe that it reflects the business volume and direct economic benefit generated by our customer acquisition activities, which along with our underlying underwriting and claims operations (direct loss ratio and direct LAE) are the key drivers of our future profit opportunities. Additionally, premiums ceded to reinsurers can change significantly based on the type and mix of reinsurance structures we use, and as such we have the optionality to fully retain the premiums from customers acquired in the future.

Direct Earned Premium

We define direct earned premium as the amount of direct premium that was earned during the period. Premiums are earned over the period in which insurance protection is provided, which is typically 6 months. We view direct earned premium as an important metric as it allows us to evaluate our growth prior to the impacts of reinsurance. It is the primary driver of our consolidated GAAP revenues. As with direct written premium, we use direct earned premium, which excludes the impact of premiums ceded to reinsurers to manage our business, because we believe that it reflects the business volume and direct economic benefit generated by our customer acquisition activities, which along with our underlying underwriting and claims operations (direct loss ratio and direct LAE) are the key drivers of our future profit opportunities.

Gross Profit/(Loss)

We define gross profit/(loss) as total revenue minus net loss, LAE and other insurance (benefit) expense inclusive of depreciation and amortization. We view gross profit/(loss) as an important metric because we believe it is informative of the financial performance of our core insurance business.

Gross margin is equal to gross profit/(loss) divided by total revenue.

Adjusted Gross Profit/(Loss)

We define adjusted gross profit/(loss), a non-GAAP financial measure, as gross profit/(loss) excluding net investment income, net realized gains (losses) on investments, report costs, Personnel Costs, allocated Overhead, licenses, professional fees and other expenses, which are included in other insurance (benefit) expense. After these adjustments, the resulting calculation is inclusive of only those variable costs of revenue incurred on the successful acquisition of business. We view adjusted gross profit/(loss) as an important metric because we believe it measures our progress towards profitability for our core insurance business.

The ratio of adjusted gross profit/(loss) to total revenue is equal to adjusted gross profit/(loss) divided by total revenue.

See the section titled "— Non-GAAP Financial Measures" for a reconciliation of total revenue to adjusted gross profit/(loss).

Direct Contribution

We define direct contribution, a non-GAAP financial measure, as adjusted gross profit/(loss) excluding ceded earned premium, ceded loss and LAE, and net ceding commission and other. Net ceding commission and other is comprised of ceding commission received in connection with reinsurance ceded, partially offset by sliding scale commission adjustments and amortization of excess ceding commission, and other impacts of reinsurance which are included in other insurance (benefit) expense. After these adjustments, the resulting calculation is inclusive of only those direct variable costs of revenue incurred on the successful acquisition of business, but exclusive of net ceding commission, ceded loss and LAE and other impacts of reinsurance. We view direct contribution as an important metric because we believe it measures progress towards the profitability of our total policy portfolio prior to the impact of reinsurance.

The ratio of direct contribution to total revenue is equal to direct contribution divided by total revenue.

See the section titled "— Non-GAAP Financial Measures" for a reconciliation of total revenue to direct contribution.

Ratio of Adjusted Gross Profit/(Loss) to Direct Earned Premium

The ratio of adjusted gross profit/(loss) to direct earned premium measures the relationship between the underlying business volume and gross economic benefit generated by our underwriting operations, on the one hand, and our underlying profitability trends, on the other. We rely on this measure, which supplements our gross margin as calculated in accordance with GAAP, because it provides management with insight into our underlying profitability trends with respect to our customer base. We use direct earned premium as the denominator in calculating this ratio because it reflects business volume free of elective capital efficiency choices related to our reinsurance programs.

	Years Ended December 31,		
	2020	2019	2018
	(dollars in millions)		
Numerator: Adjusted Gross Profit/(Loss)	$ 21.0	$ (54.2)	$ (0.2)
Denominator: Total Direct Earned Premium	$ 605.2	$ 352.9	$ 61.4
Ratio of Adjusted Gross Profit/(Loss) to Direct Earned Premium	3.5 %	(15.4)%	(0.3)%

Ratio of Direct Contribution to Direct Earned Premium

The ratio of direct contribution to direct earned premium measures the relationship between the underlying business volume and gross economic benefit generated by our underwriting operations, on the one hand, and our underlying profitability trends, on the other, without contemplating the impacts of reinsurance. We rely on this measure, which supplements our gross margin as calculated in accordance with GAAP, because it provides management with insight into our underlying profitability trends with respect to our total policy portfolio. We use

direct earned premium as the denominator in calculating this ratio because it reflects business volume free of elective capital efficiency cession or commission structures choices from our reinsurance programs.

	Years Ended December 31,		
	2020	2019	2018
	(dollars in millions)		
Numerator: Direct Contribution	$ 18.9	$ (57.4)	$ (7.6)
Denominator: Total Direct Earned Premium	$ 605.2	$ 352.9	$ 61.4
Ratio of Direct Contribution to Direct Earned Premium	3.1 %	(16.3)%	(12.4)%

Direct Loss Ratio

We define direct loss ratio expressed as a percentage, as the ratio of direct losses to direct earned premium. Direct loss ratio excludes LAE. We view direct loss ratio as an important metric because it allows us to evaluate incurred losses and LAE separately prior to the impact of reinsurance.

Direct LAE Ratio

We define direct LAE ratio expressed as a percentage, as the ratio of direct LAE to direct earned premium. We view direct LAE ratio as an important metric because it allows us to evaluate incurred losses and LAE separately. We actively monitor LAE ratio as it has a direct impact on our results regardless of our reinsurance strategy.

Direct Accident Period Loss Ratio

Direct accident period loss ratio, expressed as a percentage, represents all losses and claims expected to arise from insured events that occurred during the applicable period regardless of when they are reported and finally settled divided by direct earned premiums for the same period. Changes to our loss reserves are the primary driver of the difference between our direct accident period loss ratio and direct loss ratio. We believe that direct accident period loss ratio is useful in evaluating expected losses prior to the impact of reinsurance.

Components of Our Results of Operations

Revenue

We generate revenue primarily from the sale of auto insurance policies within the United States and to a lesser extent from the sale of renters insurance policies. We have agency operations that generate commission revenue by selling homeowners insurance policies on behalf of a third-party insurance company. We also generate revenue through fee income from our customers paying on installment and from net investment income earned on our investment portfolio.

Net Premiums Earned

Premiums written are deferred and earned pro rata over the policy period. Net premiums earned represents the earned portion of our gross written premium, less the earned portion that is ceded to third-party reinsurers under our reinsurance agreements.

Net Investment Income

Net investment income represents interest earned from our fixed maturity and short-term investments and cash and cash equivalents less investment expenses. Net investment income is directly correlated with the overall size of our investment portfolio and with the market level of interest rates. Net investment income will vary with both the size of our investment portfolio, market returns and the investment strategy.

Fee and Other Income

For those policyholders who pay premiums on an installment basis, we charge a flat fee for each installment related to the additional administrative costs associated with processing more frequent billing. Other income primarily comprises commissions earned for homeowners policies placed with third-party insurance companies where we have no exposure to the insured risk, recognized on the effective date of the associated policy, and sale of enterprise technology products to provide telematics-based data collection and trip tracking, recognized ratably as the service is performed.

Operating Expenses

Our operating expenses consist of loss and loss adjustment expenses, sales and marketing, other insurance (benefit) expense, technology and development, and general and administrative expenses.

Loss and Loss Adjustment Expenses

Loss and LAE include an amount determined using adjuster determined case-base estimates for reported claims and actuarial determined unpaid claim estimates using past experience and historical emergence patterns for unreported losses and loss adjustment expenses. These reserves are established to cover the estimated ultimate cost to settle insured losses. The unpaid claim estimates consider loss trends, mix of business, and other risk factors impacting claims settlement. The method used to estimate unpaid LAE reserves is based on claims transaction data, including the relative cost of settling the range of claim types from express material damage claims to more complex injury cases.

Loss and LAE is net of amounts ceded to reinsurers. We enter into reinsurance contracts to limit our exposure to potential losses as well as to provide additional capacity for growth. These expenses are a function of the size and term of the insurance policies we write and the loss experience associated with the underlying risks. Loss and LAE may be paid out over a period of years.

Various other expenses incurred during claims processing are allocated to LAE. These amounts include claims salaries, health benefits, bonuses, employee retirement plan related expenses and share-based compensation expense, or Personnel Costs; software expense; internally developed software amortization; and overhead allocated based on headcount, or Overhead.

Sales and Marketing

Sales and marketing includes spend related to performance and partnership channels, channel media, advertising, branding, public relations, consumer insights and referral fees. These expenses also include related Personnel Costs and Overhead. We incur sales and marketing activities for all product offerings. Sales and marketing are expensed as incurred.

We plan to continue investing in marketing to attract and acquire new customers, increase our brand awareness, and expand our Enterprise product offering. We expect that sales and marketing will increase in absolute dollars in future periods and vary from period-to-period as a percentage of revenue in the near-term. We expect that, in the long-term, our sales and marketing will decrease as a percentage of revenue as the proportion of renewals to our total business increases.

Other Insurance (Benefit) Expense

Other insurance (benefit) expense includes underwriting expenses, credit card and policy processing expenses, premium write-offs, insurance license expenses, and Personnel Costs and Overhead related to actuarial and certain data science activities. Other insurance expense also includes amortization of deferred acquisition costs like premium taxes and report costs related to the successful acquisition of a policy. Other insurance expense is expensed as incurred, except for costs related to deferred acquisition costs that are capitalized and subsequently amortized over the same period in which the related premiums are earned. These expenses are also recognized net of ceding commissions earned.

Technology and Development

Technology and development consists of software development costs related to our mobile app and homegrown information technology systems; third-party services related to infrastructure support; Personnel Costs and Overhead for engineering, product, technology, and certain data science activities; and amortization of internally developed software. Technology and development is expensed as incurred, except for development and testing costs related to internally developed software that are capitalized and subsequently amortized over the expected useful life.

We expect technology and development to increase in absolute dollars and as a percentage of total revenue as we continue to devote significant resources to enhance our customer experience and continually improve our integrated technology platform. Over time, we expect technology and development to decrease as a percentage of revenue.

General and Administrative

General and administrative expenses primarily relate to external professional service expenses; Personnel Costs and Overhead for corporate functions; and depreciation expense for computers, furniture and other fixed assets. General and administrative expenses are expensed as incurred.

We expect general and administrative expenses to continue to increase in the near term, both in absolute dollars and as a percentage of total revenue, and then decrease as a percentage of revenue over time.

Interest Expense

Interest expense is not an operating expense; therefore, we include these expenses below operating expenses. Interest expense primarily relates to interest incurred on our long term debt; certain fees that are expensed as incurred; and the amortization of debt issuance costs, and the issuance of warrants. In addition, changes in the fair value of warrant liabilities that are associated with our long term debt and changes in the fair value of our former Simple Agreement for Future Equity, or SAFE, are recorded as interest expense.

Results of Operations

Comparison of the Years Ended December 31, 2020 and 2019

The following table presents our results of operations for the periods indicated:

	Years Ended December 31,					
	2020	% of Total Revenue	2019	% of Total Revenue	$ Change	% Change
	(dollars in millions)					
Revenue:						
Net premiums earned	$ 322.5	93.0 %	$ 275.3	94.9 %	$ 47.2	17.1 %
Net investment income	5.4	1.6 %	5.2	1.8 %	$ 0.2	3.8 %
Net realized gains on investments	0.3	0.1 %	—	— %	$ 0.3	100.0 %
Fee and other income	18.6	5.4 %	9.7	3.3 %	$ 8.9	91.8 %
Total revenue	346.8	100.0 %	290.2	100.0 %	56.6	19.5 %
Operating expenses:						
Loss and loss adjustment expenses	362.8	104.6 %	321.4	110.8 %	41.4	12.9 %
Sales and marketing	139.7	40.3 %	109.6	37.8 %	30.1	27.5 %
Other insurance (benefit) expense	(1.8)	(0.5)%	52.3	18.0 %	(54.1)	(103.4)%
Technology and development	52.9	15.3 %	24.0	8.3 %	28.9	120.4 %
General and administrative	78.5	22.6 %	43.0	14.8 %	35.5	82.6 %
Total operating expenses	632.1	182.3 %	550.3	189.6 %	81.8	14.9 %
Interest expense	77.7	22.4 %	22.3	7.7 %	55.4	248.4 %
Loss before income tax expense	(363.0)	(104.7)%	(282.4)	(97.3)%	(80.6)	28.5 %
Income tax expense	—	— %	—	— %	—	— %
Net loss	(363.0)	(104.7)%	(282.4)	(97.3)%	(80.6)	28.5 %
Other comprehensive income:						
Changes in net unrealized gains on investments	5.0	1.4 %	0.6	0.2 %	4.4	N.M.
Comprehensive loss	$ (358.0)	(103.2)%	$ (281.8)	(97.1)%	$ (76.2)	N.M.

N.M. - Percentage change not meaningful

Revenue

Net Premiums Earned

Net premiums earned increased $47.2 million, or 17.1%, to $322.5 million for the year ended December 31, 2020 compared to 2019. The increase was primarily due to growth in direct earned premium driven by deeper penetration in the markets in which we operate and a greater proportion of seasoned states, partially offset by higher cessions of earned premium as a result of a change in third-party reinsurance structure.

During the years ended December 31, 2020 and 2019, we ceded approximately 46.7% and 22.0% of our direct earned premiums to third-party reinsurers, respectively. The change in ceding percentage was driven by a new reinsurance treaty that became effective on July 1, 2020 whereby we increased our use of third-party quota share reinsurance with the implementation of a staggered multi-treaty approach. Under this new quota share reinsurance program, we began ceding approximately 70% of direct earned premiums with a sequence of inception and maturity dates, and with the majority of the ceded premiums covered on a cohort basis for a four year duration.

The following table presents direct written premium, ceded written premium, net written premium, direct earned premium, ceded earned premium and net earned premium for the years ended December 31, 2020 and 2019:

	Years Ended December 31,			
	2020	2019	$ Change	% Change
	(dollars in millions)			
Direct written premium	$ 616.8	$ 451.1	$ 165.7	36.7 %
Ceded written premium	(378.0)	(82.3)	(295.7)	359.3 %
Net written premium	238.8	368.8	(130.0)	(35.2)%
Direct earned premium	605.2	352.9	252.3	71.5 %
Ceded earned premium	(282.7)	(77.6)	(205.1)	264.3 %
Net earned premium	$ 322.5	$ 275.3	$ 47.2	17.1 %

Direct earned premium growth was primarily due to a 36.7% increase in direct written premium from greater market share in served U.S. states and expansion of our U.S. state footprint. Since December 31, 2019, we began writing auto insurance policies in one additional U.S. state. We also saw a 3.9% increase in Premium per Policy for automobile insurance primarily resulting from pricing increases in several U.S. states.

Fee and Other Income

Fee and other income increased $8.9 million, or 91.8%, to $18.6 million for the year ended December 31, 2020 compared to 2019. The increase was primarily due to increased customer volumes and an increase in customers paying in installments.

Operating Expenses

Loss and Loss Adjustment Expenses

Loss and LAE increased $41.4 million, or 12.9%, to $362.8 million for the year ended December 31, 2020 compared to 2019. The increase was primarily due to higher claims volume and reserves related to the growth in policies in force, net of higher cessions of incurred losses as a result of a change in third-party reinsurance structure. We experienced declines in our direct loss ratios to 82.0% in 2020, compared to 99.9% in 2019 with corresponding declines in our direct accident period loss ratios to 78.0% in 2020 down from 103.7% in 2019. The decrease in direct loss ratios and direct accident period loss ratios year over year was driven by deployment of improved and additional underwriting and rating criteria in 2020, an increase in the number of seasoned states from three at the end of 2019 to 20 at the end of 2020, as well as a decrease in claims frequency beginning in March 2020 as a result of a reduction in driving attributable to the COVID-19 pandemic. Our net loss ratios experienced similar declines between the periods primarily driven by the same factors outlined above, partially offset by an increase in loss corridor provisions.

In addition, loss and LAE for the year ended December 31, 2020 includes an increase to held reserves for prior accident periods of $20.9 million 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.

Sales and Marketing

Sales and marketing increased $30.1 million, or 27.5%, to $139.7 million for the year ended December 31, 2020 compared to 2019. The increase was primarily due to increased investment in digital advertising and partnership marketing channels to support growth and market expansion.

Other Insurance (Benefit) Expense

Other insurance (benefit) expense decreased $54.1 million, or (103.4)%, to $(1.8) million for the year ended December 31, 2020 compared to 2019. The decrease was primarily due to increased ceding commission contra-expense of $91.6 million related to our increased use of third-party quota share reinsurance compared to $7.2 million of ceding commission contra-expense net of sliding scale commission expense for the year ended December 31, 2019. Under the external quota share reinsurance agreement effective July 1, 2020, which is on a loss occurring basis, we recognized ceding commissions under the agreement in proportion to the recognition of the direct written premiums during the period, including the remaining unearned premiums on ceded policies at the inception of the agreement. The ceding commission provides for reimbursement of both direct and other periodic acquisition costs, including certain underwriting and marketing costs, and is presented as a reduction of other insurance expense. This was partially offset by a $14.6 million increase in bad debt expense primarily related to delayed cancellation of policies for non-payment stemming from compulsory state issued notices in reaction to the COVID-19 pandemic and driven by growth in direct written premiums, $8.8 million increase in premium taxes driven by growth in direct written premiums and a $3.1 million increase in payment processing fee expense driven by the increase in collected premiums between periods, $1.9 million increase in personnel and overhead costs due to headcount growth.

Technology and Development

Technology and development increased $28.9 million, or 120.4%, to $52.9 million for the year ended December 31, 2020 compared to 2019. The increase was primarily driven by a $16.7 million increase in personnel and overhead costs due to headcount growth of engineering and product teams and a $5.8 million increase in share-based compensation expense related to the secondary tender offer completed in the first quarter of 2020. In addition, we incurred a $6.4 million increase in external software and amortization of internally developed software expense for the year ended December 31, 2020 compared to 2019, as we continued to invest in developing and improving our technology platforms and infrastructure.

General and Administrative

General and administrative increased $35.5 million, or 82.6%, to $78.5 million for the year ended December 31, 2020 compared to 2019. The increase was primarily driven by a $14.2 million increase in legal and other professional costs to support our overall growth and emerging compliance initiatives, including the IPO. In addition, a $10.3 million increase in share-based compensation expense mainly due to the secondary tender offer completed in the first quarter of 2020 and a $10.3 million increase in personnel costs across finance, legal, and administrative teams as a result of an increase in headcount.

Interest Expense

Interest expense increased $55.4 million, or 248.4%, to $77.7 million for the year ended December 31, 2020 compared to 2019. The increase was primarily due to a $54.7 million fair value adjustment of warrants that were exercised to purchase common stock. In addition, there was a $8.6 million increase in payment-in-kind, or PIK, interest expense and interest paid, and a $3.3 million increase in amortization of debt discount and debt and warrants issuance costs as a result of a higher average debt balance during 2020 compared to 2019. This was partially offset by a $11.2 million SAFE instrument fair value adjustment recognized during 2019.

Comparison of the Years Ended December 31, 2019 and 2018

The following table presents our results of operations for the periods indicated:

	Years Ended December 31,					
	2019	% of Total Revenue	2018	% of Total Revenue	$ Change	% Change
	(dollars in millions)					
Revenue:						
Net premiums earned	$ 275.3	94.9 %	$ 40.2	92.8 %	$ 235.1	584.8 %
Net investment income	5.2	1.8 %	1.2	2.8 %	$ 4.0	333.3 %
Fee and other income	9.7	3.3 %	1.9	4.4 %	$ 7.8	410.5 %
Total revenue	290.2	100.0 %	43.3	100.0 %	246.9	570.2 %
Operating expenses:						
Loss and loss adjustment expenses	321.4	110.8 %	43.5	100.5 %	277.9	638.9 %
Sales and marketing	109.6	37.8 %	40.3	93.1 %	69.3	172.0 %
Other insurance expense	52.3	18.0 %	10.2	23.6 %	42.1	412.7 %
Technology and development	24.0	8.3 %	8.2	18.9 %	15.8	192.7 %
General and administrative	43.0	14.8 %	9.3	21.5 %	33.7	362.4 %
Total operating expenses	550.3	189.6 %	111.5	257.5 %	438.8	393.5 %
Interest expense	22.3	7.7 %	0.9	2.1 %	21.4	2377.8 %
Loss before income tax expense	(282.4)	(97.3)%	(69.1)	(159.6)%	(213.3)	N.M.
Income tax expense	—	— %	—	— %		— %
Net loss	(282.4)	(97.3)%	(69.1)	(159.6)%	(213.3)	N.M.
Other comprehensive income:						
Changes in net unrealized gains on investments	0.6	0.2 %	—	— %	0.6	N.M.
Comprehensive loss	$ (281.8)	(97.1)%	$ (69.1)	(159.6)%	$ (212.7)	N.M.

N.M. - Percentage change not meaningful

The December 31, 2019 and 2018 results of operations discussion can be found in our Final Prospectus for our IPO, dated as of October 27, 2020 and filed with the Securities and Exchange Commission, or the SEC, pursuant to Rule 424(b)(4) on October 29, 2020.

Non-GAAP Financial Measures

The non-GAAP financial measures below have not been calculated in accordance with generally accepted accounting principles in the United States, or GAAP, and should be considered in addition to results prepared in accordance with GAAP and should not be considered as a substitute for, or superior to, GAAP results. In addition, adjusted gross profit/(loss) and direct contribution should not be construed as indicators of our operating performance, liquidity or cash flows generated by operating, investing and financing activities, as there may be significant factors or trends that they fail to address. We caution investors that non-GAAP financial information, by its nature, departs from traditional accounting conventions. Therefore, its use can make it difficult to compare our current results with our results from other reporting periods and with the results of other companies.

Our management uses these non-GAAP financial measures, in conjunction with GAAP financial measures, as an integral part of managing our business and to, among other things: (1) monitor and evaluate the performance of our business operations and financial performance; (2) facilitate internal comparisons of the historical operating performance of our business operations; (3) facilitate external comparisons of the results of our overall business to

the historical operating performance of other companies that may have different capital structures and debt levels; (4) review and assess the operating performance of our management team; (5) analyze and evaluate financial and strategic planning decisions regarding future operating investments; and (6) plan for and prepare future annual operating budgets and determine appropriate levels of operating investments.

Adjusted Gross Profit/(Loss)

For the definition of adjusted gross profit/(loss) and why management believes this measure provides useful information to investors, see "— Key Performance Indicators."

Direct Contribution

For the definition of direct contribution and why management believes this measure provides useful information to investors, see "— Key Performance Indicators."

The following table provides a reconciliation of total revenue to adjusted gross profit/(loss) and direct contribution for the years ended December 31, 2020, 2019 and 2018:

	Years Ended December 31,		
	2020	2019	2018
	(dollars in millions)		
Total revenue	$ 346.8	$ 290.2	$ 43.3
Loss and loss adjustment expenses	(362.8)	(321.4)	(43.5)
Other insurance benefit (expense)	1.8	(52.3)	(10.2)
Gross profit/(loss)	(14.2)	(83.5)	(10.4)
Gross margin	(4.1)%	(28.8)%	(24.0)%
Less:			
Net investment income	(5.4)	(5.2)	(1.2)
Net realized gains on investments	(0.3)	—	—
Adjustments from other insurance benefit (expense)[1]	40.9	34.5	11.4
Adjusted gross profit/(loss)	$ 21.0	$ (54.2)	$ (0.2)
Ceded earned premium	282.7	77.6	21.2
Ceded loss and LAE	(194.8)	(73.6)	(24.4)
Net ceding commission and other[2]	(90.0)	(7.2)	(4.2)
Direct contribution	$ 18.9	$ (57.4)	$ (7.6)
Direct earned premium	$ 605.2	$ 352.9	$ 61.4
Ratio of adjusted gross profit/(loss) to total revenue	6.1 %	(18.7)%	(0.5)%
Ratio of adjusted gross profit/(loss) to direct earned premium	3.5 %	(15.4)%	(0.3)%
Ratio of direct contribution to total revenue	5.4 %	(19.8)%	(17.6)%
Ratio of direct contribution to direct earned premium	3.1 %	(16.3)%	(12.4)%

(1) Adjustments from other insurance benefit (expense) includes report costs, personnel costs, allocated overhead, licenses, professional fees and other.

(2) Net ceding commission and other is comprised of ceding commissions received in connection with reinsurance ceded, partially offset by sliding scale commission adjustments and amortization of excess ceding commission, and other impacts of reinsurance.

Liquidity and Capital Resources

We are organized as a holding company, but our primary operations are conducted by our wholly-owned insurance subsidiary, Root Insurance Company, an Ohio-domiciled insurance company. Additionally, in November

2020, we acquired Root Property & Casualty, which expands our ability to sell personal auto insurance in 48 states and the District of Columbia.

The payment of dividends by Root Insurance Company and Root Property & Casualty are subject to restrictions set forth in the insurance laws and regulations of the States of Ohio and Delaware, respectively, or the insurance laws. The insurance laws require domestic insurance companies to notify the supervisory superintendent, commissioner and/or director to seek prior regulatory approval to pay a dividend or distribute cash or other property if the fair market value thereof, together with that of other dividends paid or distributions made within the preceding 12 months, exceeds the greater of 10% of the insurance company's statutory basis policyholders' surplus as of the preceding December 31 or the statutory basis net income of the insurance company for the 12-month period ended as of the preceding December 31. To date, our insurance subsidiaries have not paid any dividends and as of December 31, 2020, it was not permitted to pay any dividends to us without approval of the applicable superintendent, commissioner and/or director.

In addition, the Risk-Based Capital Model Act adopted by the NAIC provides formulas to determine the amount of capital that an insurance company must maintain to ensure that it has an acceptable expectation of not becoming financially impaired. As Root Insurance Company and Root Property & Casualty continue to grow, the amount of capital we are required to maintain to satisfy our risk-based capital requirements may increase significantly. To comply with these regulations, we may be required to maintain capital in our insurance subsidiaries that we would otherwise invest in our growth and operations. At December 31, 2020, Root Insurance Company and Root Property & Casualty maintained risk-based capital levels that are in excess of an amount that would require any corrective actions on our part. Our insurance subsidiaries' primary sources of funds are capital contributions from the holding company, premiums earned, fee income revenues, and net investment income. Funds are primarily used to pay claims and operating expenses and to purchase investments.

Our wholly-owned, Cayman Islands-based reinsurance subsidiary, Root Re, maintains a Class B(iii) insurer license under CIMA. At December 31, 2020, Root Re was subject to compliance with certain capital levels and a net earned premium to capital ratio of 8:1, which was maintained as of December 31, 2020. The capital ratio can fluctuate at Root Re's election, subject to regulatory approval. Root Re's primary sources of funds are capital contributions from the holding company, ceded insurance premiums and net investment income. These funds are primarily used to pay claims and operating expenses and to purchase investments. Root Re must receive approval from CIMA before it can pay any dividend to the holding company.

Since inception, we have financed operations primarily through sales of insurance policies and the net proceeds we have received from our issuance of common stock, debt, and sales of investments. As of December 31, 2020, we had $1,112.8 million in cash and cash equivalents, of which $1,082.1 million was held at Root, Inc. and outside of regulated insurance entities, and $224.5 million was held in marketable securities.

Our cash and cash equivalents primarily consist of bank deposits and money market funds. Our marketable securities consist of U.S. treasury securities, municipal securities, corporate debt securities, residential and commercial mortgage-backed securities, and other debt obligations.

In October 2020, we completed our IPO, which resulted in the issuance and sale of 24.2 million shares of common stock at the IPO price of $27.00. Concurrently, we issued and sold 18.5 million shares of our Class A common stock in private placements. We received net proceeds of $1.1 billion after deducting underwriting discounts and other offering costs. We believe that our existing cash and cash equivalents, marketable securities, cash flow from operations, along with the net proceeds from our IPO, will be sufficient to support working capital and capital expenditure requirements for at least the next 12 months. Our future capital requirements will depend on many factors, including our insurance premium growth rate, renewal activity, including the timing and the amount of cash received from customers, the expansion of marketing activities, the timing and extent of spending to support development efforts, the introduction of new and enhanced products, the continuing market adoption of offerings on our platform, and the current uncertainty in the global markets resulting from the worldwide COVID-19 pandemic.

The following table summarizes our cash flow data for the periods presented:

	Years Ended December 31,		
	2020	2019	2018
	(in millions)		
Net cash used in operating activities	$ (287.2)	$ (127.2)	$ (26.1)
Net cash used in investing activities	(114.1)	(114.0)	(20.6)
Net cash provided by financing activities	1,098.5	535.5	150.9

Comparison of Years Ended December 31, 2020 and 2019

Net cash used in operating activities for the year ended December 31, 2020 was $287.2 million compared to $127.2 million of net cash used in operating activities for the year ended December 31, 2019. The increase was primarily due to the volume and timing of premium receipts, claims payments and reinsurance activity as well as the non-cash impact of the tender offer, warrant fair value adjustment and bad debt expense.

Net cash used in investing activities for the year ended December 31, 2020 was $114.1 million compared to $114.0 million of net cash used in investing activities for the year ended December 31, 2019. Although net cash used in investing activities was flat year-over-year, it resulted from our acquisition of Root Property & Casualty, largely offset by the sale, maturities, calls and pay downs of investments for the year ended December 31, 2020 compared to the year ended December 31, 2019.

Net cash provided by financing activities for the year ended December 31, 2020 was $1,098.5 million, primarily due to proceeds from the issuance of common stock in connection with our IPO and concurrent private placements. Net cash provided by financing activities for the year ended December 31, 2019 was $535.5 million primarily due to the proceeds from issuing preferred stock, our Term Loan A, Term Loan B and SAFE agreements, which was partially offset by the repayment of long-term debt, and debt and warrants issuance costs.

Comparison of Years Ended December 31, 2019 and 2018

The December 31, 2019 and 2018 net cash discussion can be found in our Final Prospectus for our IPO, dated as of October 27, 2020 and filed with the Securities and Exchange Commission, or the SEC, pursuant to Rule 424(b)(4) on October 29, 2020.

Contractual Obligations

The following is a summary of material contractual obligations and commitments as of December 31, 2020:

	Payments Due by Period				
	Total	Less than 1 year	1-3 Years	3-5 Years	After 5 Years
	(in millions)				
Long-term debt	$ 199.5	$ 99.5	$ —	$ 100.0	$ —
Interest on long-term debt[(1)]	68.6	4.9	29.3	34.4	—
Operating leases	21.6	3.9	8.8	5.8	3.1
Purchase commitments	25.6	10.0	15.0	0.6	—
Total	$ 315.3	$ 118.3	$ 53.1	$ 140.8	$ 3.1

(1) We have the option to pay interest in-kind, or PIK, on Term Loan B until October 15, 2021. Through the year-ended December 31, 2020, we have elected to PIK interest on Term Loan B and we plan to PIK interest for the full PIK Period. See Note 8, “Long-Term Debt,” in the Notes to the Consolidated Financial Statements.

Financing Arrangements

In February 2020, we amended Term Loan A to add a new financial institution (Goldman Sachs Lending Partners LLC) to the syndicate in the amount of $12.5 million. Accordingly, $12.4 million of the $24.9 million

escrowed funds was remitted to us and the other $12.5 million was remitted to the two aforementioned existing holders to pay down the pro rata portion of the reallocated Term Loan A.

In September 2020, we amended Term Loan A to add financial institutions (Barclays, Deutsche Bank, Morgan Stanley, Wells Fargo and Citibank) to the syndication, upsize the outstanding facility by $13.5 million, and extend its maturity to October 15, 2021. We also added a $100 million revolving line of credit with members of the Term Loan A syndication as a part of the amendment. In order to amend Term Loan A, we also amended Term Loan B as the terms are pari passu. For further information, see Note 8, “Long-Term Debt,” in the Notes to Consolidated Financial Statements.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future material effect on our financial condition, results of operations, liquidity or cash flows.

Critical Accounting Policies and Estimates

Our financial statements are prepared in accordance with GAAP. The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States requires our management to make a number of estimates and assumptions relating to the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the period. We evaluate our significant estimates on an ongoing basis, including, but not limited to, estimates related to reserves for loss and loss adjustment expense, premium write-offs, share-based compensation, and valuation allowance on our deferred tax asset. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results could differ from those estimates.

We believe that the accounting policies described below involve a significant degree of judgment and complexity. Accordingly, we believe these are the most critical to aid in fully understanding and evaluating our consolidated financial condition and results of operations. For further information, see Note 2, “Summary of Significant Accounting Policies,” in the Notes to Consolidated Financial Statements.

Loss and LAE Reserves

Loss and LAE reserves represent management’s best estimate of the ultimate liability for all reported and unreported claims that occurred prior to the end of each accounting period but have not yet been paid. These reserves are established to cover the estimated ultimate cost to settle insured losses. Loss and LAE reserves include an amount determined using adjuster determined case-base estimates for reported claims and on actuarial unpaid claim estimates using past experience and historical emergence patterns for unreported loss and LAE. Case reserve amounts are determined by claims adjusters following our case reserving practices, which consider the circumstances presented with each claimant, applicable policy provisions, and state law. The unpaid claim estimates consider loss cost trends, mix of business, and other risk factors impacting claims settlement. The methods used to estimate ultimate loss reserves by accident month include reported loss development, paid loss development, expected loss ratio, or ELR, frequency-severity, premium based Bornhuetter/Ferguson, or B/F, and exposure based B/F using frequency-severity. The method used to estimate unpaid LAE reserves is determined by a transaction-based allocation method where historical claim department activities are measured by their relative effort or cost for handling different claim types. Our estimation for unpaid LAE reserves includes the ultimate cost of settling a range of claim types from express material damage claims to more complex bodily injury cases.

The evaluation and estimation of ultimate losses and LAE requires considerable judgment in understanding how claims mature, how claims differ between lines of business, and how changes in the business impact claims settlement over time. Loss reserves represent a liability estimate at a given point in time based on many input variables including historical and statistical information, inflation, contract interpretation, weather catastrophe impacts, regulatory environment, and economic conditions. While we consider many inputs into the loss reserve valuation process, as well as several actuarial methodologies, there is no single method for determining the exact

ultimate claims liability. In many cases, we use multiple estimation methods based on the particular facts and circumstances of the claims and liabilities being evaluated, resulting in a range of reasonable estimates for reserves for losses and LAE. We do not discount reserves.

Our actuarial reserving team performs monthly reviews of the claims experience and loss emergence to support our estimation of ultimate losses and LAE. A few considerations and assumptions in estimating ultimate claim liabilities includes relative case reserve adequacy over time, claims cycle time, claims settlement practices, exposure growth, actuarial projections, current economic conditions, driving patterns observed from telematics, weather catastrophes, and claim litigation. Our loss reserves can be grouped by claim type, where amounts related to material damage of vehicles and property tend to settle within 6 to 12 months, while claims that involve injuries or personal liability have a much longer time period between the occurrence of a loss and the settlement of the claim. In general, the longer the time span between the incidence of a loss and the settlement of the claim, the more the ultimate settlement amount can vary.

Because actual experience can differ from key assumptions used in establishing reserves, there is potential for significant variation in the development of loss reserves. There is considerable uncertainty associated with the actuarial estimates, and therefore the actual losses and LAE paid in the future may differ materially from the reserves we have recorded. Our loss estimates are continually reviewed by management and adjusted as necessary; with adjustments included in the period determined.

The key assumptions that materially affect the estimate of the reserves for loss and LAE are as follows:

- Many of the actuarial estimation methods assume that the speed of claim payments and claim closures, also known as cycle time, remains relatively consistent over time. While fluctuations and improvements in cycle time are expected as we grow, these timing changes can be difficult to discern from normal process risk variability in the data.

- For actuarial methods that rely on case reserve data, there is an implicit assumption that the adequacy of case reserve estimates stays relatively constant over time. For example, if the held case reserves represent the 50th percentile outcome for each claim, then any changes to this case reserve level, either higher or lower, would impact the ultimate loss estimates.

- Actuarial methods that rely on exposure bases, such as premiums or car years, perform better when the mix of business is relatively stable over time. Rapid business growth can change the mix of business across several dimensions: new business versus renewal, geography profile, and underwriting profile. As such, prior estimates of claim frequency, claim severity, or loss ratio may not be as predictive of future results when the mix of business changes.

- Broader macro level economics can have a material impact on loss reserve estimates, such as a rapid change in miles driven as was observed with COVID-19; unanticipated inflation, regulatory restrictions, and legal developments as they relate to contract and coverage interpretation and enforceability.

Due to the inherent uncertainty in determining our ultimate cost of settling claims, we evaluate what the potential impact on consolidated results of operations, financial position, and liquidity would be based on a hypothetical 5% and 10% increase or decrease in key assumptions described above. The loss reserve range noted below represents a range of reasonably likely reserves, not a range of all possible reserves. Therefore, the ultimate losses could reach levels corresponding to reserve amounts outside of the range provided. Given our growth from inception in 2015, we believe evaluating sensitivity based on a hypothetical increase or decrease of 5% and 10% is reflective of management's best estimate and provides an illustrative range of variability in key assumptions. The below tables present this sensitivity analysis:

	Scenarios for Changes in Bodily Injury Claim Severity for all Accident Years				
	(10)%	(5)%	—%	5%	10%
Bodily injury liability	$ 77.7	$ 82.0	$ 86.3	$ 90.6	$ 95.0
Uninsured and underinsured bodily injury	17.7	18.7	19.7	20.7	21.7
All other coverages	27.0	27.0	27.0	27.0	27.0
Total losses—net of reinsurance	$ 122.4	$ 127.7	$ 133.0	$ 138.3	$ 143.7

Our loss and LAE expense reserves are recorded net of external reinsurance and net of amounts expected to be received from salvage (the amount recovered from the damaged property after the we pay for a total loss) and subrogation (the right to recover payments from third parties).

Premium Revenue, Fee Income and Related Expenses

Premiums written are deferred and earned pro rata over the policy period. Unearned premium is established to cover the unexpired portion of premiums written. A premium deficiency, as measured on a direct basis, is recorded when the sum of expected losses, loss adjustment expenses, unamortized acquisition costs and maintenance costs exceed the recorded unearned premium reserve and anticipated investment income. A premium deficiency reserve is recognized as a reduction of deferred acquisition costs and, if necessary, by accruing an additional liability for the deficiency, with a corresponding charge to operations. We did not record a premium deficiency reserve in 2020 and 2019, respectively.

Premiums receivable represents premiums written but not yet collected. Generally, premiums are collected prior to providing risk coverage, minimizing our exposure to credit risk. Due to a variety of factors, including certain state regulations related to COVID-19 relief efforts, certain premiums billed may not be collected, for which we establish an allowance for doubtful accounts based on an analysis of historical collection experience. Allowance for doubtful accounts was $3.5 million and $2.0 million as of December 31, 2020 and 2019 on the consolidated balance sheets. A policy is generally considered past due on the first day after its due date and policies greater than 90 days past due are written-off. We recognized premium write-offs, or bad debt expense, of $23.6 million and $9.0 million for the periods ended December 31, 2020 and 2019, respectively.

For those policyholders who pay premiums on an installment basis, we charge a flat fee for each installment related to the additional administrative costs associated with processing more frequent billings. We recognize this fee income in the period which we process each installment.

Policy acquisition costs, consisting of premium taxes and certain marketing costs and underwriting expenses, net of ceding commissions, related to the successful acquisition or renewal business, are deferred and amortized over the same period in which the related premiums are earned. Ceding commissions relating to reinsurance agreements are recorded as a reimbursement for both deferrable and non-deferrable acquisition costs. The portion of the ceding commission that is equal to the pro rata share of acquisition costs based on quota share percentage is recorded as an offset to the direct deferred acquisition costs. Any portion of the ceding commission that exceeds the acquisition costs of the business ceded is recorded as excess ceding commission, a deferred liability, and amortized over the same period in which the related premiums are earned.

Reinsurance

In the ordinary course of business, we cede a portion of our business written to affiliated and unaffiliated reinsurers 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 us from our primary liability to the policyholder, the insurance company that assumes the coverage assumes the related liability. Amounts recoverable from and payable to reinsurers are estimated in a manner consistent with the claim liability associated with the reinsured business. Reinsurance premiums, commissions and expense reimbursements related to reinsured business are accounted for on a basis consistent with the basis used in accounting for the original policies issued and the terms of the reinsurance contracts. Premiums ceded to other companies have been reported as a reduction of premiums earned and are recognized over the remaining policy period based on the reinsurance protection provided. Amounts applicable to reinsurance ceded for unearned premium reserves are reported as a prepaid reinsurance premiums asset in the accompanying consolidated balance sheets and as reduction of unearned premiums in Note 6, “Reinsurance,” in the Notes to Consolidated Financial Statements. Ceding commissions received in connection with reinsurance ceded have been accounted for as a reduction of other insurance (benefit)/expense in the consolidated statements of operations and comprehensive loss.

Some of our reinsurance agreements provide for adjustment of commissions or amount of coverage based on loss experience referred to as sliding scale commissions and loss corridors, respectively. We recognize the asset or liability arising from these adjustable features in the period the adjustment, calculated based on experience to-date under the agreement, occurs.

In the event that all or any of the reinsuring companies might be unable to meet their obligations under existing reinsurance agreements, we would be liable for such defaulted amounts. We evaluate and monitor the financial condition associated with our reinsurers in order to minimize our exposure to significant losses from reinsurer insolvencies. We obtain reinsurance from a diverse group of global reinsurers and monitor concentration as well as financial strength ratings of the reinsurers to minimize counterparty credit risk. For our reinsurance partners who are not rated, we require adequate levels of collateral or letters of credit to be available to us in the event of downside scenarios. All reinsurance contracts provide for indemnification against loss or liability relating to insurance risk and have been accounted for as reinsurance.

Share-Based Compensation

We award share-based compensation, including stock options with only a service condition, stock options with service and performance conditions, restricted stock units, or RSUs, and restricted stock, to our officers, directors, employees, and certain advisors through approval from the Compensation Committee of the Board of Directors.

Share-based compensation expense is recognized based on the grant date fair value of the awards. The fair value of stock options is determined on the grant date using the Black-Scholes Merton, or BSM, option-pricing model. The BSM option pricing model requires inputs based on certain subjective assumptions, including the expected stock price volatility, the expected term of the options, the risk-free interest rate for a period that approximates the expected term of the option and our expected dividend yield. The fair value of restricted stock and RSUs granted before our IPO had historically been determined by our board of directors, with input from management, and considering third-party valuations of our common stock. Because there had been no public market for our common stock, our board of directors had determined its fair value at the time of grant of the pre-IPO option by considering a number of objective and subjective factors, including financing investment rounds, operating and financial performance, the lack of liquidity of share capital and general and industry specific economic outlook, among other factors. Our board of directors determined the fair value of common stock based on valuations performed using the Option Pricing Method and the Probability Weighted Expected Return Method subject to relevant facts and circumstances. After our IPO, our common stock is now listed on the Nasdaq and we use these market prices for the fair value of our common shares. Stock options are exercisable for a period up to ten years from the grant date. We recognize forfeitures as they occur.

Stock options with only a service condition generally vest over four years — 25% cliff vests after one year and approximately 2% vests each month over three years thereafter. Stock options with service and performance conditions generally vest ratably over a four-year period assuming achievement of the performance conditions. The compensation expense associated with non-vested stock options that have performance conditions is dependent on our periodic assessment of the probability of the performance conditions being achieved. If deemed probable, we recognize compensation expense on a straight-line basis over the requisite service period. If a performance condition is no longer probable of achievement, any previously recognized compensation expense is reversed and no subsequent compensation expense is recognized until achievement is once again probable, at which point a cumulative catch-up is recognized. RSUs generally vest over four years - 25% cliff vests after one year and approximately 2% vests each month over three years thereafter. Certain other RSUs vest over four years - 25% cliff vests after one year and in equal increments quarterly over three years thereafter; vest over four years in equal quarterly increments; and fully cliff vest after one year. We generally recognize share-based compensation expense ratably over the respective vesting period.

Before our IPO, the fair value of common stock underlying the options had historically been determined by our board of directors, with input from management, and considering third-party valuations of our common stock. Because there had been no public market for our common stock, our board of directors had determined its fair value at the time of grant of the pre-IPO option by considering a number of objective and subjective factors, including financing investment rounds, operating and financial performance, the lack of liquidity of share capital and general and industry specific economic outlook, among other factors. Our board of directors determined the fair value of common stock based on valuations performed using the Option Pricing Method and the Probability Weighted Expected Return Method subject to relevant facts and circumstances. After our IPO, our common stock is now listed on the Nasdaq and we use these market prices for the fair value of our common shares. For additional information refer to Note 11, “Share-Based Compensation,” in the Notes to Consolidated Financial Statements.

New Accounting Pronouncements

See Note 2, “Basis of Presentation and Summary of Significant Accounting Policies,” in the Notes to Consolidated Financial Statements.

Election Under the Jumpstart Our Business Startups Act of 2012

We currently qualify as an “emerging growth company” under the JOBS Act. Accordingly, we are provided the option to adopt new or revised accounting guidance either (1) within the same periods as those otherwise applicable to non-emerging growth companies or (2) within the same time periods as private companies.

We have elected to adopt new or revised accounting guidance within the same time period as private companies, unless management determines it is preferable to take advantage of early adoption provisions offered within the applicable guidance. Our utilization of these transition periods may make it difficult to compare our financial statements to those of non-emerging growth companies and other emerging growth companies that have opted out of the transition periods afforded under the JOBS Act.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

We are exposed to certain credit and interest rate risks as part of our ongoing business operations.

Interest Rate Risk

Our variable-rate debt obligations incur interest at floating rates based on changes in the London Inter-Bank Offered Rate, or LIBOR. A 1% increase in LIBOR would not have significantly impacted interest expense during 2020.

Credit Risk

We are exposed to credit risk on our investment portfolio and our reinsurance contracts. We manage the exposure to credit risk in our U.S. Treasury securities, municipal securities, corporate debt securities, residential

mortgage-backed securities, commercial mortgage-backed securities, and other debt obligations portfolio by investing in high quality securities and diversifying our holdings. We manage the exposure to credit risk in our reinsurance contracts by obtaining reinsurance from a diverse group of reinsurers and monitoring concentration as well as financial strength ratings of the reinsurers to minimize counterparty credit risk. Additionally, all reinsurance contracts provide for indemnification against loss or liability relating to insurance risk and have been accounted for as reinsurance.

We monitor our investment portfolio to ensure that credit risk does not exceed prudent levels. The majority of our investment portfolio is invested in high credit quality, investment grade fixed maturity securities. As of December 31, 2020, none of our fixed maturity portfolio was unrated or rated below investment grade.

Item 8. Financial Statements and Supplementary Data

INDEX TO THE CONSOLIDATED FINANCIAL STATEMENTS

Schedules other than those listed above are omitted for the reason that they are not required, are not applicable or that equivalent information has been included in the consolidated financial statements or notes thereto or elsewhere herein.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and the Board of Directors of Root, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Root, Inc. and subsidiaries (the "Company") as of December 31, 2020 and 2019 the related consolidated statements of operations and comprehensive loss, redeemable convertible preferred stock and stockholders' equity (deficit), and cash flows, for each of the three years in the period ended December 31, 2020, and the related notes and the schedules listed in the Index at Item 8 (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2020, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB), and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ DELOITTE & TOUCHE LLP
Columbus, Ohio
March 4, 2021

We have served as the Company's auditor since 2017.

ROOT, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
AS OF DECEMBER 31, 2020 AND 2019

	2020	2019
	(in millions, except par value)	
Assets		
Investments:		
Fixed maturities available-for-sale, at fair value (amortized cost: $215.4 and $118.7 at December 31, 2020 and December 31, 2019, respectively)	$ 221.0	$ 119.3
Short-term investments (amortized cost: $3.0 and $3.5 at December 31, 2020 and December 31, 2019, respectively)	3.0	3.5
Other investments	0.5	—
Total investments	224.5	122.8
Cash and cash equivalents	1,112.8	391.7
Restricted cash	1.0	24.9
Premiums receivable, net of allowance of $3.5 and $2.0 at December 31, 2020 and December 31, 2019, respectively	130.1	122.7
Reinsurance recoverable	124.8	25.3
Prepaid reinsurance premiums	112.8	17.4
Other assets	56.3	23.8
Total assets	$ 1,762.3	$ 728.6
Liabilities, Redeemable Convertible Preferred Stock and Stockholders' Equity (Deficit)		
Liabilities:		
Loss and loss adjustment expense reserves	$ 237.2	$ 140.7
Unearned premiums	157.1	145.4
Long-term debt and warrants	188.2	192.2
Reinsurance premiums payable	89.1	25.7
Accounts payable and accrued expenses	48.0	29.8
Other liabilities	10.3	8.4
Total liabilities	729.9	542.2
Commitments and Contingencies (Note 13)		
Redeemable convertible preferred stock, $0.0001 par value, zero and 158.9 shares issued and outstanding at December 31, 2020 and December 31, 2019, respectively (liquidation preference of zero and $549.8, respectively) (Note 10)	—	560.4
Stockholders' equity (deficit):		
Class A common stock, $0.0001 par value, 59.4 and zero shares issued and outstanding at December 31, 2020 and December 31, 2019, respectively (Note 10)	—	—
Class B common stock, $0.0001 par value, 192.2 and 44.4 shares issued and outstanding at December 31, 2020 and December 31, 2019, respectively (Note 10)	—	—
Treasury stock, at cost	(0.8)	(0.1)
Additional paid-in capital	1,775.6	10.5
Accumulated other comprehensive income	5.6	0.6
Accumulated loss	(748.0)	(385.0)
Total stockholders' equity (deficit)	1,032.4	(374.0)
Total liabilities, redeemable convertible preferred stock and stockholders' equity (deficit)	$ 1,762.3	$ 728.6

See Notes to Consolidated Financial Statements

ROOT, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
FOR THE YEARS ENDED DECEMBER 31, 2020, 2019 AND 2018

	2020	2019	2018
	(in millions, except per share data)		
Revenue:			
Net premiums earned	$ 322.5	$ 275.3	$ 40.2
Net investment income	5.4	5.2	1.2
Net realized gains on investments	0.3	—	—
Fee and other income	18.6	9.7	1.9
Total revenue	346.8	290.2	43.3
Operating expenses:			
Loss and loss adjustment expenses	362.8	321.4	43.5
Sales and marketing	139.7	109.6	40.3
Other insurance (benefit) expense	(1.8)	52.3	10.2
Technology and development	52.9	24.0	8.2
General and administrative	78.5	43.0	9.3
Total operating expenses	632.1	550.3	111.5
Interest expense	77.7	22.3	0.9
Loss before income tax expense	(363.0)	(282.4)	(69.1)
Income tax expense	—	—	—
Net loss	(363.0)	(282.4)	(69.1)
Other comprehensive income:			
Changes in net unrealized gains on investments	5.0	0.6	—
Comprehensive loss	$ (358.0)	$ (281.8)	$ (69.1)
Loss per common share: basic and diluted (both Class A and B)	$ (4.81)	$ (8.33)	$ (2.73)
Weighted-average common shares outstanding: basic and diluted	75.5	33.9	25.3

See Notes to Consolidated Financial Statements

ROOT, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF REDEEMABLE CONVERTIBLE PREFERRED STOCK AND STOCKHOLDERS' EQUITY (DEFICIT)
FOR THE YEARS ENDED DECEMBER 31, 2020, 2019 AND 2018

	Redeemable Convertible Preferred Stock		Class A and Class B Common Stock			Treasury Stock		Additional Paid-In Capital	Accumulated Other Comprehensive Income	Accumulated Loss	Total Stockholders' Deficit
	Shares	Amount	Class A Shares	Class B Shares	Amount	Shares	Amount				
								(in millions)			
Balance—January 1, 2018	81.7	$ 38.8	—	35.7	$ —	4.5	$ (0.1)	$ —	$ —	$ (33.5)	$ (33.6)
Comprehensive loss:											
Net loss	—	—	—	—	—	—	—	—	—	(69.1)	(69.1)
Common stock—option exercises	—	—	—	5.8	—	—	—	0.1	—	—	0.1
Reclassification of early-exercised stock option to liabilities	—	—	—	—	—	—	—	(0.2)	—	—	(0.2)
Common stock—shared-based compensation expense	—	—	—	—	—	—	—	0.1	—	—	0.1
Series C—preferred stock - voting issued, net of issuance costs	32.3	46.4	—	—	—	—	—	—	—	—	—
Series C—preferred stock - non-voting issued	3.1	4.5	—	—	—	—	—	—	—	—	—
Series D—preferred stock issued, net of issuance costs	19.3	99.9	—	—	—	—	—	—	—	—	—
Balance—December 31, 2018	136.4	$ 189.6	—	41.5	$ —	4.5	$ (0.1)	$ —	$ —	$ (102.6)	$ (102.7)
Comprehensive loss:											
Net loss	—	—	—	—	—	—	—	—	—	(282.4)	(282.4)
Changes in other comprehensive income	—	—	—	—	—	—	—	—	0.6	—	0.6
Tender offer	—	—	—	—	—	—	—	8.6	—	—	8.6
Common stock—option exercises	—	—	—	2.9	—	—	—	1.9	—	—	1.9
Reclassification of early-exercised stock option to liabilities	—	—	—	—	—	—	—	(1.4)	—	—	(1.4)
Common stock—share-based compensation expense	—	—	—	—	—	—	—	1.4	—	—	1.4
Series E—preferred stock - voting issued, net of issuance costs	21.2	349.6	—	—	—	—	—	—	—	—	—
Series E—SAFE conversion	1.3	21.2	—	—	—	—	—	—	—	—	—
Balance—December 31, 2019	158.9	$ 560.4	—	44.4	$ —	4.5	$ (0.1)	$ 10.5	$ 0.6	$ (385.0)	$ (374.0)
Comprehensive loss:											
Net loss	—	—	—	—	—	—	—	—	—	(363.0)	(363.0)
Changes in other comprehensive income	—	—	—	—	—	—	—	—	5.0	—	5.0
Tender offer and subsequent conversion (Note 11)	2.9	—	—	(2.9)	—	—	—	25.1	—	—	25.1
Conversion of redeemable convertible preferred stock to common stock from IPO	(161.8)	(560.4)	—	161.8	—	—	—	560.4	—	—	560.4
Common stock—issuance of shares from IPO and concurrent private placement, net of issuance costs	—	—	42.7	—	—	—	—	1,098.1	—	—	1,098.1
Conversion of Class B to Class A common stock	—	—	16.7	(16.7)	—	—	—	—	—	—	—
Warrants exercise	—	—	—	3.3	—	—	—	75.2	—	—	75.2
Common stock—option exercises	—	—	—	2.8	—	—	—	1.9	—	—	1.9
Reclassification of early-exercised stock option from liabilities	—	—	—	(0.1)	—	—	—	0.2	—	—	0.2
Common stock—share-based compensation expense	—	—	—	—	—	—	—	3.7	—	—	3.7
Settlement of related party loan (Note 12)	—	—	—	(0.4)	—	0.1	(0.7)	0.5	—	—	(0.2)
Balance—December 31, 2020	—	$ —	59.4	192.2	$ —	4.6	$ (0.8)	$ 1,775.6	$ 5.6	$ (748.0)	$ 1,032.4

See Notes to Consolidated Financial Statements

ROOT, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020, 2019 AND 2018

	2020	2019	2018
		(in millions)	
Cash flows from operating activities:			
Net loss	$ (363.0)	$ (282.4)	$ (69.1)
Adjustments to reconcile net loss to net cash used in operating activities:			
Share-based compensation	3.7	1.4	0.1
Tender offer	25.1	8.6	—
Depreciation and amortization, net	15.6	4.9	0.6
Bad debt expense	23.6	9.0	0.3
SAFE fair value adjustment	—	11.2	—
Warrants fair value adjustment	54.7	—	—
Paid-in kind interest expense	9.1	0.8	—
Realized gains on investments	(0.3)	—	—
Changes in operating assets and liabilities:			
Premiums receivable	(31.0)	(96.7)	(33.7)
Reinsurance recoverable	(99.5)	(9.2)	(15.2)
Prepaid reinsurance premiums	(95.4)	(4.6)	(11.6)
Other assets	(21.7)	(3.7)	(2.7)
Losses and loss adjustment expenses reserves	96.5	107.4	32.1
Unearned premiums	11.7	98.1	45.0
Reinsurance premiums payable	63.4	6.1	19.4
Accounts payable and accrued expenses	18.2	19.2	9.0
Other liabilities	2.1	2.7	(0.3)
Net cash used in operating activities	(287.2)	(127.2)	(26.1)
Cash flows from investing activities:			
Purchases of investments	(158.4)	(138.1)	(40.3)
Proceeds from maturities, call and pay downs of investments	42.5	36.2	19.2
Sales of investments	17.9	—	4.0
Purchases of indefinite-lived intangible assets and transaction costs	(8.9)	—	—
Capitalization of internally developed software	(5.4)	(5.5)	(2.3)
Purchases of fixed assets	(1.8)	(6.6)	(1.2)
Net cash used in investing activities	(114.1)	(114.0)	(20.6)
Cash flows from financing activities:			
Proceeds from issuance of common stock from IPO and concurrent private placements, net of issuance costs	1,098.1	—	—
Proceeds from exercise of stock options and warrants	2.1	1.9	0.1
Proceeds from issuance of preferred stock, net of issuance costs	—	349.6	150.8
Proceeds from debt and warrants issuance, net of issuance costs	12.0	189.5	—
Repayments of long-term debt	(13.5)	(15.5)	—
Proceeds from SAFE	—	10.0	—
Purchases of treasury stock	(0.2)	—	—
Net cash provided by financing activities	1,098.5	535.5	150.9
Net increase in cash, cash equivalents and restricted cash	697.2	294.3	104.2
Cash, cash equivalents and restricted cash at beginning of year	416.6	122.3	18.1
Cash, cash equivalents and restricted cash at end of year	$ 1,113.8	$ 416.6	$ 122.3
Supplemental disclosures:			
Interest paid	$ 4.5	$ 4.3	$ 0.8
Federal income taxes paid	—	—	—
Leasehold improvements - non-cash	—	1.5	2.6
Conversion of debt to preferred stock - non-cash	—	11.2	—
Conversion of preferred stock to common stock - non-cash	560.4	—	—
Conversion of warrants to common stock - non-cash	75.0	—	—
Purchases of treasury stock - non-cash	0.5	—	—

See Notes to Consolidated Financial Statements

ROOT, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. NATURE OF BUSINESS

Root, Inc. is a holding company which, directly or indirectly, maintains 100% ownership of each of its subsidiaries, including Root Insurance Company, an Ohio domiciled insurance company (together with Root, Inc. "We," "us" or "our"). We were formed in 2015 and began writing personal auto insurance in July 2016.

We are a technology company operating a direct-to-consumer model with more than 75% of our personal insurance customers acquired through mobile applications. We offer auto and renters insurance products underwritten by Root Insurance Company. As of December 31, 2020, we wrote auto policies in 30 states. As of December 31, 2020, we wrote renters insurance in nine states and offered homeowners insurance in 18 states in partnership with Homesite.

2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation and Consolidation—The consolidated financial statements include the accounts of Root, Inc. and its subsidiaries, all of which are wholly owned. These financial statements have been prepared in accordance with accounting principles generally accepted in the United States, or GAAP. All intercompany accounts and transactions have been eliminated. To conform to the current year presentation, certain prior year amounts have been reclassified.

Use of Estimates—The preparation of consolidated 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 consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates reflected in our consolidated financial statements include, but are not limited to, reserves for loss and loss adjustment expense, premium write-offs, intangible asset impairment and valuation allowance for income taxes.

COVID-19—In December 2019, COVID-19 was first reported in Wuhan, China and in March 2020, the World Health Organization declared a global pandemic. The global pandemic has severely impacted businesses worldwide, including within the insurance industry. We have been impacted by certain individual state bulletins that outline COVID-19 premium relief efforts, including restrictions on the ability to cancel policies for non-payment, requirements to defer insurance premium payments for up to 60 days and restrictions on increasing policy premiums. COVID-19 has impacted and may further impact the broader economic environment, including negatively impacting unemployment levels, economic growth, the proper functioning of financial and capital markets and interest rates. As the COVID-19 pandemic continues to develop, there is uncertainty around the severity and duration of the pandemic and the pandemic's potential impact on our business and our financial performance.

Deferred Offering Costs—Deferred offering costs, which primarily consist of legal, accounting, and other third-party fees directly related to our IPO and concurrent private placement, are capitalized as incurred. Upon consummation of the IPO, these deferred offering costs were offset against the IPO and concurrent private placement proceeds.

Asset Acquisition—In November 2020, we acquired all of the authorized, issued and outstanding shares of Catlin Indemnity Company, renamed Root Property & Casualty, for $22.8 million, which included cash, cash equivalents, and accrued investment income of $14.4 million and insurance license indefinite-lived intangible assets of $8.4 million. The transaction costs associated with this acquisition were $0.5 million and were allocated to the insurance license indefinite-lived intangible assets acquired. This acquisition will expand our ability to sell personal auto insurance in 48 states and the District of Columbia.

We accounted for the acquisition of Root Property & Casualty as an asset acquisition because substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets (the insurance licenses) and the acquisition of Root Property & Casualty did not include an input

and a substantive process that together significantly contribute to the ability to create outputs and therefore does not meet the definition of a business under GAAP. Accordingly, we recognized the acquired assets at fair value as of the acquisition date, with transaction costs allocated to the insurance license indefinite-lived intangible assets.

Indefinite-Lived Intangible Assets—In connection with the acquisition of Root Property & Casualty, we recognized insurance licenses of $8.9 million, including transaction cost, as of December 31, 2020 in other assets in our consolidated balance sheets. We incur a minimal fee to renew each license. These intangible assets are not amortized, but instead are tested for impairment annually or when indicators of impairment exist. The impairment test for indefinite-lived intangibles involves first assessing qualitative factors to determine if it is more likely than not that the fair value of the indefinite-lived intangible asset is less than its carrying amount. If so, then a quantitative test is performed to compare the estimated fair value of the indefinite-lived intangible asset to the respective asset's carrying amount. The evaluation requires the use of estimates and significant judgments and considers the weight of evidence and significance of all identified events and circumstances and most relevant drivers of fair value, both positive and negative, in determining whether it is more likely than not that the fair value of the indefinite-lived intangible asset is less than its carrying amount.

Segment Information—Our chief operating decision maker is the Chief Executive Officer. The chief operating decision maker manages operations, allocates resources, and evaluates financial performance on a company-wide basis. We operate in one reporting segment providing direct-to-consumer insurance products to customers.

Cash, Cash Equivalents and Restricted Cash—Cash consists of cash on deposit. Cash equivalents are short-term, highly liquid investments that mature within three months from the date of origination and are principally stated at amortized cost, which approximates their fair value. Restricted cash consists of amounts held in escrow by a financial institution to collateralize a portion of outstanding debt.

Book Overdraft—If checks are issued in excess of the amount of cash on hand a book overdraft shall be reclassified to accounts payable on the consolidated balance sheets. When a check is issued whereby a disbursement account is used to write the check, but the account is not funded until the check is presented for payment this "negative cash" balance is included in cash and cash equivalents on the consolidated balance sheets, if the funding account has sufficient funds.

Investments—Investments in debt securities are classified as short-term and available-for-sale securities and are carried at fair value with any unrealized gains and losses, net of taxes, recorded as a component of accumulated other comprehensive income.

Declines in the fair value of debt securities below their cost deemed to be other-than-temporary are reflected in operations as realized losses. Management regularly reviews its securities for signs of other-than-temporary impairment, an assessment requiring significant management judgment. Among the criteria management considers are the financial condition of the issuer, including receipt of scheduled principal and interest cash flows, length of time of unrealized loss, maturity dates, current economic conditions and intent to sell, including if it is more likely than not that we will be required to sell the security before recovery. When a debt security has been determined to have an other-than-temporary impairment, the impairment charge is separated into an amount representing the credit loss, which is recognized in earnings as a realized loss and the amount related to non-credit factors, which is recognized in other comprehensive income. There were no other-than-temporary impairments recognized in 2020, 2019, or 2018.

Fair Value Measurements—Fair value is defined as the price that would be received upon selling an asset or the price paid to transfer a liability on the measurement date in the principal or most advantageous market for the asset or liability in an orderly transaction between willing market participants. A three-tier hierarchy is established as a basis for considering such assumptions and for inputs used in the valuation methodologies in measuring fair value. This hierarchy requires entities to maximize the use of observable inputs and minimize the use of unobservable inputs. The three levels of inputs used to measure fair values are:

Level 1 - Financial assets and liabilities for which inputs are observable and are obtained from reliable quoted prices in active markets for identical assets and liabilities.

Level 2 - Financial assets and liabilities for which values are based on quoted prices in markets that are not active or for which values are based on similar assets and liabilities that are actively traded. This also includes pricing models for which the inputs are corroborated by market data.

Level 3 - Financial assets and liabilities for which values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement.

Premiums, Premiums Receivable and Premium Write-offs—Premiums written are deferred and earned pro rata over the policy period. Unearned premium is established to cover the unexpired portion of premiums written. A premium deficiency, as measured on a direct basis, is recorded when the sum of expected losses, loss adjustment expenses, unamortized acquisition costs and maintenance costs exceed the recorded unearned premium reserve and anticipated investment income. A premium deficiency reserve is recognized as a reduction of deferred acquisition costs and, if necessary, by accruing an additional liability for the deficiency, with a corresponding charge to operations. We did not record a premium deficiency reserve in 2020, 2019, or 2018.

Premiums receivable represents premiums written but not yet collected. Generally, premiums are collected prior to providing risk coverage, minimizing our exposure to credit risk. Due to a variety of factors, certain premiums billed may not be collected, for which we establish an allowance for doubtful accounts based on an analysis of historical collection experience. Allowance for doubtful accounts was $3.5 million and $2.0 million as of December 31, 2020 and 2019 on the consolidated balance sheets. A policy is considered past due on the first day after its due date and policies greater than 90 days past due are written-off. We recognized bad debt expense of $23.6 million, $9.0 million and $0.3 million for the years ended December 31, 2020, 2019 and 2018, respectively.

Fee and Other Income—Fee income consists of the flat fee we charge to those policyholders who pay premiums on an installment basis. The fee relates to the additional administrative costs associated with processing more frequent billings. We recognize this fee income in the period in which we process each installment. Other income primarily comprises commissions earned for homeowners policies placed with third-party insurance companies where we have no exposure to the insured risk, recognized on the effective date of the associated policy, and sale of enterprise technology products to provide telematics-based data collection and trip tracking, recognized ratably as the service is performed.

Sales and Marketing—Sales and marketing includes spend related to performance and partnership channels, channel media, advertising, branding, public relations, consumer insights and referral fees. These expenses also include related employee costs including salaries, health benefits, bonuses, employee retirement plan related expenses and share-based compensation expense, or Personnel Costs, and overhead allocated based on headcount, or Overhead. We incur sales and marketing activities for all product offerings. Sales and marketing costs are expensed as incurred.

Other Insurance (Benefit) Expense—Other insurance (benefit) expense includes underwriting expenses, credit card and policy processing expenses, premium write-offs, insurance license expenses, and Personnel Costs and Overhead related to actuarial and certain data science activities. Other insurance (benefit) expense also includes amortization of deferred acquisition costs like premium taxes and report costs related to the successful acquisition of a policy. Other insurance (benefit) expense is expensed as incurred, except for costs related to deferred acquisition costs that are capitalized and subsequently amortized over the same period in which the related premiums are earned.

These expenses are also recognized net of ceding commissions earned from our quota share reinsurance agreements. The ceding commission provides for reimbursement of both direct and other periodic acquisition costs, including certain underwriting and marketing costs, and is presented as a reduction of other insurance (benefit) expense.

Technology and development—Technology and development consists of software development costs related to our mobile app and homegrown information technology systems; third-party services related to infrastructure support; Personnel Costs and Overhead for engineering, product, technology, and certain data science activities; and amortization of internally developed software. Technology and development is expensed as incurred, except for

development and testing costs related to internally developed software that are capitalized and subsequently amortized over the expected useful life.

General and Administrative—General and administrative expenses primarily relate to external professional service expenses; Personnel Costs and Overhead for corporate functions; and depreciation expense for computers, furniture and other fixed assets. General and administrative expenses are expensed as incurred.

Policy Acquisition Costs—Acquisition costs, consisting of premium taxes and certain marketing costs and underwriting expenses, net of ceding commissions, related to the successful acquisition or renewal business, are deferred and amortized over the same period in which the related premiums are earned. Ceding commissions relating to reinsurance agreements are recorded as a reimbursement for both deferrable and non-deferrable acquisition costs. The portion of the ceding commission that is equal to the pro rata share of acquisition costs based on quota share percentage is recorded as an offset to the direct deferred acquisition costs. Any portion of the ceding commission that exceeds the acquisition costs of the business ceded is recorded as excess ceding commission, a deferred liability, and amortized over the same period in which the related premiums are earned.

We amortized deferred acquisition costs of $17.1 million, $12.2 million and $2.8 million for the years ended December 31, 2020, 2019 and 2018, respectively, which are recognized in other insurance (benefit) expense in our consolidated statements of operations and comprehensive loss.

Loss and Loss Adjustment Expense Reserves—Loss and loss adjustment expense ("LAE") reserves include an amount determined using adjuster determined case-base estimates for reported claims and on actuarial unpaid claim estimates using past experience and historical emergence patterns for unreported losses and LAE. These reserves are established to cover the estimated ultimate cost to settle insured losses. The unpaid claim estimates consider loss cost trends, mix of business, and other risk factors impacting claims settlement. The method used to estimate unpaid LAE reserves is based on claims transaction data, including the relative cost of settling the range of claim types from express material damage claims to more complex injury cases. There is considerable uncertainty associated with the actuarial estimates, and therefore no assurance can be made that the ultimate unpaid claim liability will not vary materially from such estimates. These loss estimates are continually reviewed by management and adjusted as necessary; with adjustments included in the period determined and recorded in loss and LAE on our consolidated statements of operations and comprehensive loss. As such, loss and LAE reserves represent management's best estimate of the ultimate liability related to reported and unreported claims.

Our loss and LAE reserves are recorded gross of reinsurance and net of amounts expected to be received from salvage (the amount recovered from a total loss claims expense) and subrogation (the right to recover payments from third parties).

Reinsurance—In the ordinary course of business, we cede a portion of our business written to reinsurers 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 us from our primary liability to the policyholder, the insurance company that assumes the coverage assumes the related liability. Amounts recoverable from and payable to reinsurers are estimated in a manner consistent with the claim liability associated with the reinsured business. Reinsurance premiums, commissions and expense reimbursements related to reinsured business are accounted for on a basis consistent with the basis used in accounting for the original policies issued and the terms of the reinsurance contracts. Premiums ceded to other companies have been reported as a reduction of premiums earned and are recognized over the remaining policy period based on the reinsurance protection provided. Amounts applicable to reinsurance ceded for unearned premium reserves are reported as a prepaid reinsurance premiums asset in the accompanying consolidated balance sheets and as reduction of unearned premiums in Note 6, "Reinsurance." Ceding commissions received in connection with reinsurance ceded have been accounted for as a reduction of other insurance (benefit) expense in the consolidated statements of operations and comprehensive loss.

Some of our reinsurance agreements provide for adjustment of commissions or amount of coverage based on loss experience. We recognize the asset or liability arising from these adjustable features in the period the adjustment occurs, which is calculated based on experience to-date under the agreement.

In the event that all or any of the reinsuring companies might be unable to meet their obligations under existing reinsurance agreements, we would be liable for such defaulted amounts. We evaluate and monitor the financial condition associated with our reinsurers in order to minimize our exposure to significant losses from reinsurer insolvencies. We obtain our reinsurance from a diverse group of reinsurers and monitor concentration as well as financial strength ratings of the reinsurers to minimize counterparty credit risk. All reinsurance contracts provide for indemnification against loss or liability relating to insurance risk and have been accounted for as reinsurance.

Income Taxes—For the 2020 tax year, Root, Inc. will file a consolidated federal income tax return with Caret Holdings, Inc., Root Insurance Company, Root Property & Casualty and Root Reinsurance Company, Ltd. The consolidated return also includes Root Insurance Agency, LLC and Root Enterprise, LLC, which are disregarded entities under Root Inc. for federal income tax purposes.

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

Deferred tax assets are recognized to the extent that there is sufficient positive evidence, as allowed under the Accounting Standard Codification, or ASC, 740, Income Taxes, to support the recoverability of those deferred tax assets. We establish a valuation allowance to the extent that there is insufficient evidence to support the recoverability of the deferred tax asset under ASC 740. In making such a determination, management considers all available positive and negative evidence, including future reversals of existing taxable temporary differences, projected future taxable income, tax planning strategies, and results of recent operations. If it is determined that the deferred tax assets would be realizable in the future in excess of their net recorded amount, an adjustment would be made to the deferred tax asset valuation allowance, which would reduce the provision for income taxes. A valuation allowance of $137.3 million and $76.8 million was established as of December 31, 2020 and 2019, respectively. Further details are discussed in Note 9, "Income Taxes."

We recognize the tax benefits of uncertain tax positions only when the position is more likely than not to be sustained under examination by the appropriate taxing authority. Interest and penalties on our reserve for uncertain tax positions are recognized as a component of tax expense. As of December 31, 2020 and 2019, we did not have any unrecognized tax benefits for uncertain tax positions and had no accrued interest or penalties related to uncertain tax positions.

Internally Developed Software—We review our software development activity and capitalize costs during the application development phase under ASC 350-40, *Internal-Use Software.* These costs are amortized on a straight-line basis over a five-year period. Internally developed software costs are assessed for impairment at least quarterly to ensure assets are still in service. If there are assets identified as no longer in use, the remaining unamortized costs will be fully amortized. We amortized internally developed software of $2.4 million, $1.4 million and $0.3 million for the years ended December 31, 2020, 2019 and 2018, respectively, recorded as technology and development expense in our consolidated statements of operations and comprehensive loss. The capitalized cost and accumulated amortization of internally developed software at December 31, 2020 and 2019 are as follows:

	2020	2019
	(dollars in millions)	
Internally developed software	$ 13.9	$ 8.5
Accumulated amortization	(4.3)	(1.9)
Internally developed software, net	$ 9.6	$ 6.6

Fixed Assets—Fixed Assets are carried at cost, net of accumulated depreciation. We capitalize purchases of fixed assets with costs greater than $1,000, including computers, furniture, and leasehold improvements. Depreciation on computers and furniture is recognized on a straight-line basis over a useful life of three years and five years, respectively. Depreciation on leasehold improvements is recognized on a straight-line basis over the

shorter of their useful life or the life of the lease. When certain events or changes in operating conditions occur, an impairment assessment may be performed on the recoverability of the carrying amounts. For the years ended December 31, 2020, 2019 and 2018, depreciation expense was $3.1 million, $1.7 million and $0.3 million, respectively, in our consolidated statements of operations and comprehensive loss. The capitalized cost and accumulated depreciation of fixed assets at December 31, 2020 and 2019 are as follows:

	2020	2019
	(dollars in millions)	
Computers	$ 4.5	$ 3.5
Furniture	3.4	2.9
Leasehold improvements	6.3	6.0
Total fixed assets, at cost	$ 14.2	$ 12.4
Accumulated depreciation	(5.3)	(2.2)
Fixed assets, net	$ 8.9	$ 10.2

Share-Based Compensation—We award share-based compensation, including stock options with only a service condition, stock options with service and performance conditions, restricted stock units, or RSUs, and restricted stock, to our officers, directors, employees, and certain advisors through approval from the Compensation Committee of the Board of Directors.

Share-based compensation expense is recognized based on the grant date fair value of the awards. The fair value of stock options is determined on the grant date using the Black-Scholes Merton, or BSM, option-pricing model. The BSM option pricing model requires inputs based on certain subjective assumptions, including the expected stock price volatility, the expected term of the options, the risk-free interest rate for a period that approximates the expected term of the option, and our expected dividend yield. The fair value of restricted stock and RSUs granted before our IPO had historically been determined by our Board of Directors, with input from management, and considering third-party valuations of our common stock. Because there had been no public market for our common stock, our board of directors had determined its fair value at the time of grant of the pre-IPO option by considering a number of objective and subjective factors, including financing investment rounds, operating and financial performance, the lack of liquidity of share capital and general and industry specific economic outlook, among other factors. Our Board of Directors determined the fair value of common stock based on valuations performed using the Option Pricing Method and the Probability Weighted Expected Return Method subject to relevant facts and circumstances. After our IPO, our common stock is now listed on the Nasdaq and we use these market prices for the fair value of our common shares. Stock options are exercisable for a period up to ten years from the grant date. We recognize forfeitures as they occur.

Stock options with only a service condition generally vest over four years - 25% cliff vests after one year and approximately 2% vests each month over three years thereafter. Stock options with service and performance conditions generally vest ratably over a four-year period assuming achievement of the performance conditions. The compensation expense associated with nonvested stock options that have performance conditions is dependent on our periodic assessment of the probability of the performance conditions being achieved. If deemed probable, we recognize compensation expense on a straight-line basis over the requisite service period. If a performance condition is no longer probable of achievement, any previously recognized compensation expense is reversed and no subsequent compensation expense is recognized until achievement is once again probable, at which point a cumulative catch-up is recognized. Restricted stocks units (RSUs) generally vest over four years - 25% cliff vests after one year and approximately 2% vests each month over three years thereafter. Certain other RSUs vest over four years - 25% cliff vests after one year and in equal increments quarterly over three years thereafter; vest over four years in equal quarterly increments; and fully cliff vest after one year. We generally recognize share-based compensation expense ratably over the respective vesting period.

Before our IPO, the fair value of common stock underlying the options had historically been determined by our board of directors, with input from management, and considering third-party valuations of our common stock. Because there had been no public market for our common stock, our board of directors had determined its fair value at the time of grant of the pre-IPO option by considering a number of objective and subjective factors, including

financing investment rounds, operating and financial performance, the lack of liquidity of share capital and general and industry specific economic outlook, among other factors. Our board of directors determined the fair value of common stock based on valuations performed using the Option Pricing Method and the Probability Weighted Expected Return Method subject to relevant facts and circumstances. After our IPO, our common stock is now listed on the Nasdaq and we use these market prices for the fair value of our common shares. For additional information refer to Note 11, “Share-Based Compensation.”

Net Loss Per Share—Net loss per share results are a key indicator of the overall performance relative to each share of our outstanding common stock. Basic net loss per share is computed by dividing net loss attributable to common stockholders by the weighted-average number of common shares vested and outstanding during the period. Our warrants were included in the weighted-average number of common shares outstanding, until they were exercised, because they have an insignificant exercise price of $0.0001 per share and are therefore considered outstanding common shares for computation of basic EPS. The calculation for Diluted net loss per share is similar to basic net loss per share discussed above except the conversion of dilutive securities is included in the denominator. Notable dilutive securities relevant to our operations are stock options, performance stock options, nonvested shares subject to repurchase, restricted stock units, warrants and redeemable convertible preferred stock.

We have operated at a loss from operations for the years ended December 31, 2020, 2019, and 2018. Therefore, the conversion of potential shares from dilutive securities would increase the denominator of the earnings (loss) per share, or EPS, calculation and would create a lower loss per share. This means that the potentially dilutive securities are considered antidilutive as they increase our EPS. Due to these losses from operations, diluted EPS would be equal to basic EPS. Earnings are allocated equally between each class of common stock because they are entitled to the same liquidation and dividend rights.

Adopted Accounting Pronouncement—In August 2018, the FASB issued Accounting Standards Update No. 2018-15, *Intangibles—Goodwill and Other—Internal-Use Software (Subtopic 350-40): Customer’s Accounting for Fees Paid in a Cloud Computing Arrangement*, to help entities evaluate the accounting for fees paid by a customer in a cloud computing arrangement (hosting arrangement) by providing guidance for determining when the arrangement includes a software license. We early adopted ASU 2018-15 on January 1, 2020. The adoption of this standard did not have a material impact on our financial statements or notes to financial statements.

In December 2019, the FASB issued ASU 2019-12, *Income Taxes (Topic 740)—Simplifying the Accounting for Income Taxes.* The amendments in the update simplify the accounting for income taxes by, among other things, removing the exception to the incremental approach for intraperiod tax allocation when there is a loss from continuing operations and income or a gain from other items like comprehensive income, and recognizing franchise tax that is partially based on income as an income-based tax. We early adopted ASU 2019-12 on January 1, 2020. The adoption of this standard did not have a material impact on our consolidated financial statements or notes to consolidated financial statements.

Upcoming Accounting Pronouncements—We currently qualify as an "emerging growth company" under the Jumpstart Our Business Startups Act of 2012, whereby we have the option to adopt new or revised accounting guidance within the same time periods as private companies. We have elected this option but may ultimately determine it is preferable to take advantage of early adoption provisions offered within the applicable guidance.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. The main provision of ASU 2016-02 requires the recognition of right-of-use lease assets and lease liabilities by lessees for those leases classified as operating leases under previous GAAP. The guidance also requires disclosures that meet the objective of enabling financial statement users to assess the amount, timing, and uncertainty of cash flows arising from leases. The effective date of ASU 2016-02 is for annual reporting periods beginning after December 15, 2021, and interim reporting periods beginning after December 15, 2022. We expect to elect the practical expedient which will allow us to not apply the amended lease accounting guidance to comparative periods that will be presented. The majority of our lease spend relates to real estate with the remaining lease spend primarily related to minor equipment. While we are finalizing the evaluation of the impact of this standard on our consolidated financial statements, we expect the adoption of this guidance will result in recognition of operating lease liabilities of approximately $16 million based on the present value of the remaining minimum lease commitments. We anticipate recognizing a corresponding

right-of-use asset based on the operating lease liabilities adjusted for previously recognized deferred rent and a cease-use liability previously recognized under ASC 420, *Exit or Disposal Cost Obligations*.

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. ASU 2016-13 amends previous guidance on the impairment of financial instruments by adding an impairment model that allows an entity to recognize expected credit losses as an allowance rather than impairing as they are incurred. The new guidance is intended to reduce complexity of credit impairment models and result in a more timely recognition of expected credit losses. The effective date of ASU 2016-13 is for reporting periods beginning after December 15, 2022. We are currently evaluating the impact of this ASU.

3. INVESTMENTS

The amortized cost and fair value of short-term investments and available-for-sale fixed maturity securities at December 31, 2020 and 2019 are as follows:

	2020			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
	(dollars in millions)			
Fixed maturities:				
U.S. Treasury securities and agencies	$ 16.9	$ 0.1	$ —	$ 17.0
Municipal securities	22.6	0.8	—	23.4
Corporate debt securities	87.5	3.1	(0.1)	90.5
Residential mortgage-backed securities	7.8	—	—	7.8
Commercial mortgage backed securities	57.1	1.3	—	58.4
Other debt obligations	23.5	0.4	—	23.9
Total fixed maturities	215.4	5.7	(0.1)	221.0
Short-term investments	3.0	—	—	3.0
Total	$ 218.4	$ 5.7	$ (0.1)	$ 224.0

	2019			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
	(dollars in millions)			
Fixed maturities:				
U.S. Treasury securities and agencies	$ 9.7	$ 0.1	$ —	$ 9.8
Municipal securities	10.2	0.1	—	10.3
Corporate debt securities	38.3	0.4	(0.1)	38.6
Residential mortgage-backed securities	3.3	—	—	3.3
Commercial mortgage backed securities	31.5	0.1	(0.1)	31.5
Other debt obligations	25.7	0.1	—	25.8
Total fixed maturities	118.7	0.8	(0.2)	119.3
Short-term investments	3.5	—	—	3.5
Total	$ 122.2	$ 0.8	$ (0.2)	$ 122.8

The following tables reflect the gross unrealized losses, fair value on bonds, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position at December 31, 2020 and 2019:

	2020					
	Less than 12 Months		12 Months or More		Total	
	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
	(dollars in millions)					
Bonds:						
U.S. Treasury securities and agencies	$ 15.7	$ —	$ —	$ —	$ 15.7	$ —
Municipal securities	2.3	—	—	—	2.3	—
Corporate debt securities	2.9	(0.1)	—	—	2.9	(0.1)
Residential mortgage-backed securities	3.7	—	—	—	3.7	—
Commercial mortgage-backed securities	4.9	—	—	—	4.9	—
Other debt obligations	0.1	—	—	—	0.1	—
Total bonds	$ 29.6	$ (0.1)	$ —	$ —	$ 29.6	$ (0.1)

	2019					
	Less than 12 Months		12 Months or More		Total	
	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
	(dollars in millions)					
Bonds:						
Municipal securities	$ 5.5	$ —	$ —	$ —	$ 5.5	$ —
Corporate debt securities	12.8	(0.1)	—	—	12.8	(0.1)
Residential mortgage-backed securities	1.9	—	—	—	1.9	—
Commercial mortgage-backed securities	24.5	(0.1)	—	—	24.5	(0.1)
Other debt obligations	7.4	—	—	—	7.4	—
Total bonds	$ 52.1	$ (0.2)	$ —	$ —	$ 52.1	$ (0.2)

There were no other-than-temporary impairments recognized for the years ended December 31, 2020, 2019 or 2018, respectively.

The amortized cost and fair value of short-term investments and fixed maturity securities by contractual maturity at December 31, 2020 and 2019 are as follows:

	2020		2019	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
	(dollars in millions)			
Due in one year or less	$ 12.9	$ 13.0	$ 14.3	$ 14.3
Due after one year through five years	158.9	163.7	81.6	82.1
Due five years through 10 years	13.3	13.5	4.9	4.9
Due after 10 years	33.3	33.8	21.4	21.5
Total	$ 218.4	$ 224.0	$ 122.2	$ 122.8

Net realized gains on investments was $0.3 million for the year ended December 31, 2020 and zero for years ended December 31, 2019 and 2018, respectively.

The following table sets forth the components of net investment income for the years ended December 31, 2020, 2019 and 2018:

	2020	2019	2018
	(dollars in millions)		
Interest on bonds	$ 4.2	$ 1.8	$ 0.4
Interest on deposits and cash equivalents	1.7	3.8	0.9
Total	5.9	5.6	1.3
Investment expense	(0.5)	(0.4)	(0.1)
Net investment income	$ 5.4	$ 5.2	$ 1.2

The following tables summarize the credit ratings of investments at December 31, 2020 and 2019:

	December 31, 2020		
S&P Global rating or equivalent	Amortized Cost	Fair Value	% of Total Fair Value
	(dollars in millions)		
AAA	$ 116.5	$ 118.7	53.0 %
AA+, AA, AA-, A-1	22.7	23.3	10.4
A+, A, A-	57.5	59.4	26.5
BBB+, BBB, BBB-	21.7	22.6	10.1
Total	$ 218.4	$ 224.0	100.0 %

	December 31, 2019		
S&P Global rating or equivalent	Amortized Cost	Fair Value	% of Total Fair Value
	(dollars in millions)		
AAA	$ 78.8	$ 79.0	64.3 %
AA+, AA, AA-, A-1	8.7	8.8	7.2
A+, A, A-	26.6	26.9	21.9
BBB+, BBB, BBB-	8.1	8.1	6.6
Total	$ 122.2	$ 122.8	100.0 %

Pursuant to certain regulatory requirements, we are required to hold assets on deposit with various state insurance departments for the benefit of policyholders. These special deposits are included in fixed maturities, available-for-sale on the consolidated balance sheets. As of December 31, 2020 and 2019, these required deposits had an amortized cost of $12.8 million and $10.6 million, respectively, and fair value of $13.6 million and $10.9 million, respectively.

4. FAIR VALUE OF FINANCIAL INSTRUMENTS

The following tables provide information about our financial assets and liabilities measured and reported at fair value:

	2020			
	Level 1	Level 2	Level 3	Total Fair Value
	(dollars in millions)			
Assets				
Fixed maturities:				
U.S. Treasury securities and agencies	$ 17.0	$ —	$ —	$ 17.0
Municipal securities	—	23.4	—	23.4
Corporate debt securities	—	90.5	—	90.5
Residential mortgage-backed securities	—	7.8	—	7.8
Commercial mortgage-backed securities	—	58.4	—	58.4
Other debt obligations	—	23.9	—	23.9
Total fixed maturities	17.0	204.0	—	221.0
Short-term investments	2.2	0.8	—	3.0
Cash equivalents	568.4	—	—	568.4
Total Assets at fair value	$ 587.6	$ 204.8	$ —	$ 792.4

	2019			
	Level 1	Level 2	Level 3	Total Fair Value
	(dollars in millions)			
Assets				
Fixed maturities:				
U.S. Treasury securities and agencies	$ 9.8	$ —	$ —	$ 9.8
Municipal securities	—	10.3	—	10.3
Corporate debt securities	—	38.6	—	38.6
Residential mortgage-backed securities	—	3.3	—	3.3
Commercial mortgage-backed securities	—	31.5	—	31.5
Other debt obligations	—	25.8	—	25.8
Total fixed maturities	9.8	109.5	—	119.3
Short-term investments	3.0	0.5	—	3.5
Cash equivalents	316.6	—	—	316.6
Total Assets at fair value	$ 329.4	$ 110.0	$ —	$ 439.4
Liabilities				
Warrant liability	$ —	$ —	$ 20.3	$ 20.3
Total Liabilities at fair value	$ —	$ —	$ 20.3	$ 20.3

We estimate the fair value of all our different classes of Level 2 fixed rate maturities and short-term investments by using quoted prices from a combination of an independent pricing vendor or broker/dealer, pricing models, quoted prices of securities with similar characteristics or discounted cash flows.

In conjunction with the closing of a note purchase agreement, we issued warrants that were disaggregated from the long-term debt in order to appropriately determine their standalone fair value. To calculate the fair value we utilized the BSM approach. The significant inputs in calculating the fair value of the warrants were the current price from the most recently completed 409A, the current risk-free rate used by the United States Treasury, the expected

term and the volatility assumption. As of December 31, 2019, the BSM calculation yielded a fair value of $7.2497 per share for each of the 2.8 million warrants for a standalone fair value of $20.3 million classified as long-term debt and warrants on the consolidated balance sheets. Upon the completion of our IPO, the warrant to purchase shares of preferred stock was converted into a warrant to purchase shares of our common stock. All warrants were exercised into shares of Class B common stock. As a result, the warrant liability was remeasured immediately prior to the IPO and reclassified to additional paid in capital within stockholders' equity on our consolidated balance sheets. During the year ended December 31, 2020 and 2019, we recognized an adjustment of $54.7 million and zero, respectively, to the fair value of the warrants within interest expense of our consolidated statements of operations and comprehensive loss.

The carrying amount of long-term debt is recorded at historical amounts. The fair value of outstanding long-term debt is classified within Level 2 of the fair value hierarchy. The fair value is based on a model referencing observable interest rates and spreads to project and discount cash flows to present value. For the years ended December 31, 2020 and 2019 the carrying amounts and fair values of these financial instruments were as follows:

	Carrying amount as of December 31, 2020	Estimated Fair Value as of December 31, 2020	Carrying amount as of December 31, 2019	Estimated Fair Value as of December 31, 2019
	(dollars in millions)			
Long-term debt	$ 188.2	$ 209.0	$ 172.7	$ 200.8

The carrying amounts of other short-term financial instruments approximates their fair value due to their short-term nature.

5. LOSS AND LOSS ADJUSTMENT EXPENSE RESERVES

The following provides a reconciliation of the beginning and ending reserve balances for loss and LAE, net of reinsurance:

	2020	2019	2018
	(dollars in millions)		
Gross loss and LAE reserves, January 1	$ 140.7	$ 33.3	$ 1.6
Reinsurance recoverable on unpaid losses	(18.9)	(11.4)	(0.8)
Net loss and LAE reserves, January 1	121.8	21.9	0.8
Net incurred loss and LAE related to:			
Current year	341.9	312.6	43.7
Prior years	20.9	8.8	(0.2)
Total incurred	362.8	321.4	43.5
Net paid loss and LAE related to:			
Current year	216.3	194.6	22.0
Prior years	110.7	26.9	0.4
Total paid	327.0	221.5	22.4
Net loss and LAE reserves, December 31	157.6	121.8	21.9
Plus reinsurance recoverable on unpaid losses	79.6	18.9	11.4
Gross loss and LAE reserves, December 31	$ 237.2	$ 140.7	$ 33.3

Incurred losses and LAE attributable to prior accident years was an increase of $20.9 million and $8.8 million during 2020 and 2019, respectively, and a decrease of $0.2 million during 2018.

The increase to held loss reserves of prior years in 2020 of approximately $20.9 million 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.

The increase to held loss reserves of prior years in 2019 of approximately $8.8 million was primarily related to higher than estimated reported losses resulting from higher emergence on bodily injury, uninsured and under-insured bodily injury, and property damage coverages.

Reconciliation of incurred and paid losses by LAE development to gross loss and loss expense reserves are as follows:

	2020	2019
	(dollars in millions)	
Losses—net of reinsurance	$ 133.0	$ 106.6
LAE—net of reinsurance	24.6	15.2
Reinsurance recoverables on unpaid losses	79.6	18.9
Total loss and LAE reserves—gross of reinsurance	$ 237.2	$ 140.7

The following table shows incurred and paid losses and allocated loss adjustment expenses, or ALAE, development by accident year for private passenger auto in aggregate, cumulative claim frequency is defined as the number of reported claims at the claim level which includes reported claims that do not result in a liability:

Incurred Losses and ALAE—Net of Reinsurance

Accident Year	2017 (unaudited)	2018 (unaudited)	2019 (unaudited)	2020	IBNR	Reported Claims[1]
			(dollars in millions)			
2017	$ 1.2	$ 1.1	$ 1.1	$ 1.1	$ —	543
2018		42.3	48.3	49.6	0.5	18,081
2019			287.3	306.3	14.2	89,823
2020				295.9	50.0	113,248
Total				$ 652.9	$ 64.7	221,695

Cumulative Paid Losses and ALAE—Net of Reinsurance

Accident Year	2017 (unaudited)	2018 (unaudited)	2019 (unaudited)	2020
			(dollars in millions)	
2017	$ 0.6	$ 0.9	$ 1.0	$ 1.1
2018		20.6	44.6	48.1
2019			177.0	277.7
2020				182.0
Total				$ 508.9

Loss and ALAE reserves—net of reinsurance	$ 144.0
Unallocated LAE reserves	13.6
Ceded unpaid loss and LAE	79.6
Loss and LAE reserves—gross of reinsurance	$ 237.2

(1) Reported by claim event.

The following table sets forth the historical average annual percentage payout of incurred losses and ALAE (claims duration), net of reinsurance, as of December 31, 2020:

Year	1	2	3	4
Incremental Paid[(1)]	53.8 %	36.2 %	8.1 %	1.9 %

(1) Supplemental information and unaudited.

6. REINSURANCE

The following table reflects amounts affecting the consolidated balance sheets and statements of operations and comprehensive loss for ceded reinsurance as of and for the years ended December 31:

	2020	2019	2018
	(dollars in millions)		
Loss & LAE reserves:			
Direct	$ 237.2	$ 140.7	$ 33.3
Ceded	(79.6)	(18.9)	(11.4)
Net loss and LAE reserves	$ 157.6	$ 121.8	$ 21.9
Unearned premiums:			
Direct	$ 157.1	$ 145.4	$ 47.3
Ceded	(112.8)	(17.4)	(12.8)
Net unearned premiums	$ 44.3	$ 128.0	$ 34.5
Premiums written:			
Direct	$ 616.8	$ 451.1	$ 106.4
Ceded	(378.0)	(82.3)	(32.8)
Net premiums written	$ 238.8	$ 368.8	$ 73.6
Premiums earned:			
Direct	$ 605.2	$ 352.9	$ 61.4
Ceded	(282.7)	(77.6)	(21.2)
Net premiums earned	$ 322.5	$ 275.3	$ 40.2
Losses and LAE incurred:			
Direct	$ 557.6	$ 395.0	$ 67.9
Ceded	(194.8)	(73.6)	(24.4)
Net losses and LAE incurred	$ 362.8	$ 321.4	$ 43.5

If our reinsurance was cancelled at December 31, 2020 and 2019, the maximum amount of return ceded commissions due with the return of unearned premiums would have been $27.2 million and $4.1 million, respectively. Our reinsurance recoverable on unpaid losses was $109.1 million and $26.7 million as of December 31, 2020 and 2019, respectively. As of December 31, 2020 and 2019, we recorded a provision for sliding scale commission of $8.1 million and $9.3 million, respectively, in reinsurance premiums payable on the consolidated balance sheets. As of December 31, 2020 and 2019, a provision for loss corridor of $29.5 million and $7.8 million, respectively, was recorded as a contra asset in reinsurance recoverable on the consolidated balance sheets.

7. EMPLOYEE BENEFIT PLANS

Beginning May 1, 2018, we became employer of record providing employees with employer-related health and welfare plans, including a defined contributory retirement plan, to which we contribute a percentage of an employee's salary and is fully vested. During 2020, 2019 and 2018, we contributed $2.6 million, $1.3 million and $0.5 million, respectively, to employee benefit 401(k) plans.

8. LONG-TERM DEBT

On April 17, 2019, we closed on a $65.0 million term loan, or Term Loan A, to a group of syndicated financial institutions including SunTrust Bank (now known as Truist Bank), Huntington National Bank, Silicon Valley Bank, or, collectively, the Lenders. The maturity of Term Loan A is October 16, 2020. Interest is paid monthly and is determined on a floating interest rate calculated on the 1-month LIBOR plus an applicable margin of 4%.

On June 26, 2019, we finalized an incremental term loan joinder agreement of $35.0 million to upsize Term Loan A with an additional lender (Western Alliance Bank) to bring the total Term Loan A principal balance to $100 million.

On November 25, 2019, we entered into an amended and restated Term Loan A in conjunction with an additional closing on a note purchase agreement of $100.0 million, or Term Loan B, with Centerbridge Partners, L.P., a private equity investor, or collectively our term loans. The maturity of Term Loan B is November 25, 2024. Interest is determined on a floating interest rate calculated on the 3-month LIBOR plus an applicable margin of 7%. In the event LIBOR is no longer available to the market, we will enter into an amended agreement, in accordance with the current agreement's terms, to reflect the alternate rate of interest based on this successor rate. We have the option to pay interest in-kind, or PIK, on Term Loan B until October 15, 2021. PIK interest will be added to the principal balance every 3 months until the end of the PIK Period, and interest will subsequently be paid quarterly. Through the year ended December 31, 2019, we have elected to PIK interest on Term Loan B. As a part of closing of Term Loan B, we issued warrants to purchase 2.8 million shares of our common stock with a strike price of $0.0001 per share and an expiration date of November 25, 2026. These warrants are classified as liabilities, within long-term debt on the consolidated balance sheets, because they may be settled with a variable number of our shares. The nature of these variable warrants is such that the Term Loan B and warrants holder will earn a rate of return between 20% to 30%. Accordingly, the warrants contract does not limit the number of shares that we could be required to issue. The fair value of these warrants as of December 31, 2019 was $7.2499 per share. Interest expense of $0.4 million related to the amortization of warrants discount was recognized during the year-ended December 31, 2019 on the consolidated statements of operations and comprehensive loss. The debt discount associated with these warrants, net of accumulated amortization and issuance costs, as of December 31, 2019 is approximately $19.5 million presented as long-term debt and warrants on the consolidated balance sheets. For further information about the exercise and conversion of these warrants and the impact on our consolidated statements of operations and comprehensive loss, see Note 4, “Fair Value of Financial Instruments.”

In connection with the amended and restated Term Loan A on November 25, 2019, Silicon Valley Bank exited the Term Loan A syndication and their $24.9 million of outstanding debt was reallocated to two of the existing holders of Term Loan A on a pro rata basis. This required us to escrow $24.9 million of cash for a potential pay down of the corresponding debt. The cash in escrow is reflected as restricted cash on the consolidated balance sheets as of December 31, 2020. In February 2020, we amended Term Loan A to add a new financial institution (Goldman Sachs Lending Partners LLC) to the syndicate in the amount of $12.5 million. Accordingly, $12.4 million of the $24.9 million escrowed funds was remitted to us and the other $12.5 million was remitted to the two aforementioned existing holders to pay down the pro rata portion of the reallocated Term Loan A.

In September 2020, we amended Term Loan A to add new financial institutions (Wells Fargo, Barclays, Morgan Stanley, Deutsche Bank and Citibank) to the syndicate in the amount of $13.5 million and extended the maturity of Term Loan A to October 15, 2021. As a part of the amended Term Loan A, the syndicate committed, pro rata, to a new $100 million revolving loan. Commitment fees accrue at 0.50% per annum on the daily amount of unused revolver and is paid quarterly. For any amounts drawn on the revolving loan, interest accrues and is paid consistent with Term Loan A. In addition, there is a letter of credit fee of 4% per annum on the average daily amount of issued letters of credit against the revolver and a 0.125% per annum fronting fee based on the average daily amount of letter of credit exposure. We have no letters of credit outstanding as of December 31, 2020.

In order to amend Term Loan A, we also amended Term Loan B as the terms are pari passu. Notable changes to Term Loan B include removal of the pay-down requirement after the completion of our IPO, an interest rate increase of 3.5% (to 3-month LIBOR plus an applicable margin of 10.5%) starting March 2021, and elimination of payment-in-kind, or PIK, interest after October 15, 2021.

We currently pay interest pursuant to the terms of the loan agreements and have the option to PIK on Term Loan B until October 15, 2021. PIK interest is added to the principal balance every 3 months until we no longer PIK interest, at which point interest is paid quarterly. We have elected to PIK interest on Term Loan B from the original date of closing through December 31, 2020. Deferred PIK interest was $9.1 million and $0.8 million as of December 31, 2020 and 2019.

The following summarizes the carrying value of long-term debt and warrants as of December 31, 2020 and 2019:

	2020	2019
	(dollars in millions)	
Term Loan A	$ 99.5	$ 99.5
Term Loan B	100.0	100.0
Warrants	—	20.3
Total	$ 199.5	$ 219.8
Accrued interest payable	$ 10.2	$ 0.9
Unamortized discount and debt and warrant issuance costs	(21.5)	(28.5)
Total	$ 188.2	$ 192.2

The required principal payments on long-term debt are as follows:

Years Ending	Amount
	(dollars in millions)
2021	$ 99.5
2022	—
2023	—
2024	100.0
2025	—
Total	$ 199.5

9. INCOME TAXES

We had no income tax expense (benefit) for the years ended December 31, 2020, 2019 and 2018:

	2020	2019	2018
	(dollars in millions)		
Current:			
Federal	$ —	$ —	$ —
State	—	—	—
Total current	—	—	—
Deferred:			
Federal	—	—	—
State	—	—	—
Total deferred	—	—	—
Total income tax expense (benefit)	$ —	$ —	$ —

The income tax expense (benefit) differed from the amounts computed by applying the statutory U.S. federal income tax rate of 21% in 2020, 2019 and 2018 to pretax income as a result of the following:

	2020		2019		2018	
	(dollars in millions)					
Loss before income taxes	$ (363.0)		$ (282.4)		$ (69.1)	
Statutory U.S. federal income tax benefit	(76.2)	21.0 %	(59.3)	21.0 %	(14.5)	21.0 %
Valuation allowance on deferred tax assets	61.5	(16.9)	57.4	(20.3)	14.8	(21.4)
Warrants fair value adjustment	11.5	(3.2)	—	—	—	—
Share-based compensation	5.0	(1.4)	1.7	(0.6)	—	—
Other	(1.8)	0.5	0.2	(0.1)	(0.3)	0.4
Income tax expense (benefit)	$ —	— %	$ —	— %	$ —	— %

The following table sets forth the tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities at December 31, 2020 and 2019:

	2020	2019
	(dollars in millions)	
Deferred tax assets:		
Unpaid losses and loss adjustment expenses	$ 1.5	$ 0.9
Unearned premium reserves	1.9	5.4
Nondeductible accruals	0.9	0.5
Deferred rent	1.4	1.0
Research and development credits	0.9	0.9
Disallowed interest carryforward	3.7	0.5
Bad debt expense	0.8	0.4
Debt issuance costs and discount	0.5	0.7
Deferred compensation	1.4	0.7
Other	0.6	0.2
Net operating loss carryforward	129.4	69.7
Gross deferred assets	$ 143.0	$ 80.9
Less valuation allowance	(137.3)	(76.8)
Total deferred tax assets, less valuation allowance	$ 5.7	$ 4.1
Deferred tax liabilities:		
Internally developed software	2.1	1.4
Fixed assets	1.9	1.8
Deferred acquisition costs	0.4	0.7
Unrealized gains	1.2	0.1
Other	0.1	0.1
Deferred tax liabilities	5.7	4.1
Net deferred tax asset	$ —	$ —

The above amounts were calculated in accordance with ASC 740 “Income Taxes.” The application of ASC 740 requires a company to evaluate the recoverability of deferred tax assets and to establish a valuation allowance if necessary to reduce the carrying value of the deferred tax asset to an amount which is more likely than not to be realized. Considerable judgment is required in determining whether a valuation allowance is necessary, and if so, the amount of such valuation allowance. In evaluating the need for a valuation allowance we include many factors, including: (1) the nature of the deferred tax assets and liabilities; (2) whether they are ordinary or capital; (3) the timing of expected reversal; (4) taxable income in prior carry back years as well as projected taxable earnings exclusive of reversing temporary differences and carry forwards; (5) the length of time that carryovers can be used; (6) unique tax rules that would impact the utilization of the deferred tax assets; (7) and any tax planning strategies that we would employ to avoid a tax benefit expiring unused. Although lack of realization is not assured, we believe it is more likely than not that the deferred tax assets will not be realized. As such, a valuation allowance of $137.3 million has been established.

We have carryforwards related to net operating losses of $591.7 million of which $339.4 million begin to expire in tax years 2035 through 2040, with the remaining $252.3 million carried forward indefinitely. We also have carryforwards for credits related to research and development costs of $0.9 million which expire between tax years 2036 through 2038, and state operating losses of $34.4 million which expire between tax years 2029 through 2040.

We file a consolidated federal income tax return and certain state income tax returns. Tax years subsequent to 2017 are still subject to U.S. federal examinations. The federal statute of limitations is generally three years.

Currently all state income and franchise tax returns are within each taxing authorities statute of limitations and are still subject to examination.

10. CAPITAL STOCK

In October 2020, our Board of Directors approved our amended and restated certificate of incorporation, which authorized additional shares bringing our total authorized shares to 1,000.0 million of Class A common stock, 269.0 million shares of Class B Common Stock and 100.0 million shares of Preferred Stock. All classes of stock have a par value of $0.0001 per share. As of December 31, 2020 the Company had 59.4 million shares of Class A Common Stock, 192.2 million shares of Class B Common Stock, and zero shares of preferred stock issued and outstanding.

In October 2020, we completed our IPO, which resulted in the issuance and sale of 24.2 million shares of Class A common stock at the IPO price of $27.00. Concurrently, we issued and sold 18.5 million shares of our Class A common stock in private placements. We received net proceeds of $1.1 billion after deducting certain underwriting discounts and commissions and other offering costs of $57.5 million. All shares of our common stock and redeemable convertible preferred stock outstanding immediately prior to our IPO were converted into shares of our Class B common stock, and all warrants were exercised into shares of Class B common stock. After completion of the IPO, 16.7 million shares of Class B common stock were converted to Class A common stock.

Other rights, privileges, and preferences of our common stock are as follows:

Dividends— Class A and Class B common stock are entitled to the same dividend rights.

Voting Rights—Our Class B common stock has ten votes per share and our Class A common stock has one vote per share. In October 2020, the Board of Directors increased the size of the board to eleven and filled the resulting four vacancies by the affirmative vote of a majority of our shareholders. Effective October 27, 2020, the Board of Directors assigned members already in office to one of three classes — Class I, Class II or Class III. At the first, second and third annual meetings of stockholders following such initial classification, the initial terms of the Class I, Class II and Class III directors, respectively, expire and such directors are elected for a full term of three years. At each succeeding annual meeting of stockholders, directors are elected for a full term of three years to succeed the directors of the class whose terms expire at such annual meeting.

Liquidation Preferences—In the event of any liquidation, dissolution, or winding up of our business, whether voluntary or involuntary, the holders of Class A and Class B common stock are entitled to the proceeds that shall be distributed to the common stockholders on a pro-rata basis. Class A and Class B common stock are entitled to the same liquidation rights.

Conversion and Transfer—Each share of Class B common stock is convertible at any time into one share of Class A common stock. Future transfers by holders of our Class B common stock will generally result in those shares converting into shares of our Class A common stock, subject to limited exceptions, such as certain transfers effected for tax or estate planning purposes.

Undesignated Preferred Stock—Shares of preferred stock may be issued from time to time in one or more series. The Board of Directors may determine, in whole or in part, the number, preferences, limitations or relative rights of any such series before the issuance of any shares of that series.

As of December 31, 2019, our certificate of incorporation, as amended and restated, authorized 266.0 million of voting common stock, 40.5 million of Series A preferred voting stock, 41.8 million Series B preferred voting stock, 35.4 million Series C voting preferred shares, 19.6 million of Series D preferred voting stock and 30.1 million of Series E preferred voting stock. All classes of stock have a par value of $0.0001 per share. The voting, dividend, and liquidation rights of the holders of the common stock are subject to and qualified by the rights, powers, and preferences of the holders of the preferred stock. The redeemable convertible preferred stock was recorded in mezzanine equity because while it is not mandatorily redeemable, it becomes redeemable at the option of the preferred stockholders upon the occurrence of a deemed liquidation event that is considered not solely within our control.

On September 20, 2019, 21.2 million Series E preferred shares were issued (as part of the “Series E Transaction”) to investors at a price per share of $16.4906 for a total cash contribution of $350.0 million. Additionally, the Series E transaction was considered a qualifying event for the Simple Agreement for Future Equity ("SAFE") that was originally entered into with an outside investor in June 2019 for a total cash contribution of $10.0 million. The SAFE was recorded as a liability prior to the Series E transaction. In accordance with the terms of the agreement, the SAFE converted into 1.3 million Series E preferred shares at a conversion price of $7.7842 per share. As of December 31, 2019, we recognized $11.2 million in interest expense in the consolidated statements of operations and comprehensive loss due to the change in fair value between the issuance date and the conversion date of the SAFE. As part of the Series E transaction, our certificate of incorporation was amended, authorizing 266.0 million common shares of voting stock, 40.5 million of Series A preferred voting stock, 41.8 million Series B preferred voting stock, 35.4 million Series C voting preferred shares, 19.6 million of Series D preferred voting stock and 30.1 million of Series E preferred voting stock. All classes of stock have a par value of $0.0001 per share.

On January 2, 2019 a holder of 1.3 million Series C non-voting preferred shares converted its shares to Series C voting preferred shares.

On December 19, 2018, a holder of 1.8 million Series C non-voting preferred shares converted its shares to C voting preferred shares.

On November 1, 2018, 19.3 million Series D voting preferred shares were issued (as part of the “Series D Transaction”) to both inside and outside investors at a price per share of $5.17071 for a total cash contribution of $100.0 million. As part of the Series D transaction, our certificate of incorporation was amended, authorizing 240 million common shares of voting stock, 40.5 million of Series A preferred voting stock, 41.8 million Series B preferred voting stock, 35.4 million Series C voting preferred shares, and 3.1 million Series C non-voting preferred shares. All classes of stock have a par value of $0.0001 per share.

On June 19, 2018, a 10-for-1 stock split was approved by our Board of Directors for our common and preferred stock. As part of the stock split, our certificate of incorporation was amended, authorizing 180.0 million common shares of voting stock, 40.5 million of Series A preferred voting stock, 41.8 million Series B preferred voting stock, 35.8 million Series C voting preferred shares, and 3.2 million Series C non-voting preferred shares. All classes of stock have a par value of $0.0001 per share.

On March 16, 2018, 32.3 million Series C voting preferred shares and 3.1 million Series C non-voting preferred shares were purchased (as part of the “Series C Transaction”) by both inside and outside investors at a price per share of $1.44206 for a total cash contribution of $51.0 million. Series C non-voting preferred shares may be converted at any time to voting preferred shares by the holder of the non-voting shares. As part of the Series C Transaction, our certificate of incorporation was amended, authorizing 180.0 million common shares of voting stock, 40.5 million of Series A preferred voting stock, 41.8 million Series B preferred voting stock, 35.8 million Series C preferred voting stock and 3.2 million Series C preferred non-voting stock. All classes of stock have a par value of $0.0001 per share.

The following table displays our capital stock as of December 31, 2019:

	Shares Authorized	Shares Issued and Outstanding	Carrying Value	Redemption Value	Common Stock Issuable Upon Conversion	Conversion Price Per Share	Redeemable on or After
Common Stock-Voting[1]	266.0	44.4	$ —		—		
Preferred Stock[1]							
Preferred-Series A Redeemable Convertible[2]	40.5	40.0	5.1	$ 5.0	40.0	0.03 - 0.29	September 6, 2026
Preferred-Series B Redeemable Convertible	41.8	41.7	33.7	33.8	41.7	0.81	September 6, 2026
Preferred-Series C Redeemable Convertible - Voting	35.4	35.4	50.9	51.0	35.4	1.44	September 6, 2026
Preferred-Series D Redeemable Convertible	19.6	19.3	99.9	100.0	19.3	5.17	September 6, 2026
Preferred-Series E Redeemable Convertible[3]	30.1	22.5	370.8	360.0	22.5	7.78 - 16.49	September 6, 2026
Total Preferred Stock	167.4	158.9	$ 560.4	$ 549.8	158.9		

(1) All classes of stock have a par value of $0.0001 per share
(2) Shares issued for Series A-1 had a conversion price of $0.03. Shares issued for Series A-2 had a conversion price of $0.11. Shares issued for Series A-3 had a conversion price of $0.29. Collectively these shares are referred to as Series A.
(3) Shares issued for Series E had a conversion price of $16.49. Shares issued for Series E-1 had a conversion price of $7.78. Collectively these shares are referred to as Series E.

11. SHARE-BASED COMPENSATION

2020 Equity Incentive Plan

We maintain an equity incentive plan, the 2020 Equity Incentive Plan, or the 2020 Plan, for the issuance and grant of equity awards (restricted stock, RSUs, and incentive and nonqualified stock options) to our officers, directors, employees and certain advisors. As of December 31, 2020, the number of shares initially authorized under the 2020 Plan was 41.2 million Class A common shares, inclusive of available shares previously reserved for issuance under the 2015 Plan and subject to increase for awards previously issued under the 2015 Plan which are forfeited or lapse unexercised. In addition, this reserve will automatically increase on January 1 of each year, commencing on January 1, 2021 and ending on (and including) January 1, 2030, in an amount equal to 4% of the total number of shares of capital stock outstanding on December 31 of the preceding year; however, the Board may act prior to January 1 of a given year to provide that the increase for such year will be a lesser number of shares of Class A common shares. The aggregate maximum number of shares of Class A common stock that may be issued pursuant to the exercise of incentive stock options is 120.0 million shares. As of December 31, 2020, the number of shares available for issuance under the 2020 Plan was 29.4 million.

In October 2020, our board of directors adopted and our stockholders approved the 2020 Employee Stock Purchase Plan (the “ESPP”), which became effective immediately prior to our IPO date. The number of shares of Class A common stock initially reserved for issuance under the ESPP is limited to 5.0 million shares. In addition, the number of shares reserved for issuance under the ESPP is subject to an annual increase on the first day of each calendar year beginning on January 1, 2021 and ending on and including January 1, 2030, in an amount equal to the lesser of (i) 1% of the total number of shares of capital stock outstanding on December 31st of the preceding year and (ii) 7.5 million shares of Class A common stock. Our board of directors may act prior to January 1st of a given year to provide that the increase for such year will be a lesser number of shares of Class A common stock.

2015 Equity Incentive Plan

In 2015, the board of directors of the Company adopted the 2015 Equity Incentive Plan, or the 2015 Plan, under which the Company may grant equity awards (restricted stock, and incentive and nonqualified stock options) to its

officers, directors, employees and certain advisors. In October 2020, this plan was superseded by the 2020 Plan and all reserved shares under the 2015 Plan were transferred to the 2020 Plan.

The following table displays share-based compensation expense recorded in the consolidated statements of operations and comprehensive loss:

	Years Ended December 31,		
	2020	2019	2018
	(dollars in millions)		
Share-based compensation expense:			
Loss and loss adjustment expenses	$ 0.6	$ —	$ —
Sales and marketing	1.0	—	—
Other insurance (benefit) expense	1.0	—	—
Technology and development	5.8	—	—
General and administrative	20.4	10.0	0.1
Total share-based compensation expense	$ 28.8	$ 10.0	$ 0.1

The following table provides total share-based compensation expense by type of award:

	Years Ended December 31,		
	2020	2019	2018
	(dollars in millions)		
Share-based compensation expense:			
Restricted stock unit expense	$ 0.6	$ —	$ —
Stock option expense	28.2	10.0	0.1
Total share-based compensation expense	$ 28.8	$ 10.0	$ 0.1

In March 2020, a current investor completed a tender offer for common stock from vested shareholders, many of whom were employees or members of the Board of Directors. To encourage participation, the tender offer was made at a price in excess of the fair value of our common stock. In February 2019, a similar tender offer by another investor was completed. As a result, we recognized $25.1 million and $8.6 million of share-based compensation expense related to these tender offers during the years ended December 31, 2020 and 2019, respectively.

As of December 31, 2020, there was $12.8 million and $6.9 million of unrecognized compensation cost related to unvested stocks options and restricted stock units. The remaining costs are expected to be recognized over a period of six and four years, respectively.

Restricted Stock Units

A summary of RSU activity for the year ended December 31, 2020 is as follows:

	2020		
Restricted Stock Units	Number of Shares	Weighted-Average Grant Date Fair Value per Share	Aggregate Intrinsic Value
	(in millions, except exercise price and term amounts)		
Nonvested at January 1, 2020	—	$ —	$ —
Granted	0.4	17.72	
Vested	—	7.25	0.3
Forfeited, expired or canceled	—	22.89	
Nonvested at December 31, 2020	0.4	$ 18.41	$ 6.2

Stock Options

The fair value of each stock option award is estimated on the date of grant using a BSM option-pricing model that uses the weighted-average assumptions noted in the following table. Expected volatilities are based on historical volatility of comparable publicly held companies because we did not have sufficient company-specific volatility at the time of grant. The risk-free rate for periods within the contractual life of the option is based on the U.S. Treasury yield curve in effect at the time of grant.

The assumptions used in the BSM option-pricing model for options granted by us in 2020 are as follows:

	2020			
	Range			Weighted-Average
Expected term (in years)				6.0
Interest rate	0.3%	-	1.7%	0.9 %
Volatility	19.7%	-	50.6%	42.0 %
Grant date fair value per stock option				$ 3.2

A summary of option activity for the years ended December 31, 2020 and 2019 is as follows:

	2020			
Options	Number of Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term (in Years)	Aggregate Intrinsic Value
	(in millions, except exercise price and term amounts)			
Outstanding at January 1, 2020	12.3	$ 1.42	8.22	$ 70.4
Granted	1.6	7.76		
Exercised	(2.8)	0.70		41.5
Forfeited, expired or canceled	(0.7)	5.00		
Outstanding at December 31, 2020	10.4	$ 2.39	7.75	$ 137.7

	2019			
Options	Number of Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term (in Years)	Aggregate Intrinsic Value
	(in millions, except exercise price and term amounts)			
Outstanding at January 1, 2019	10.8	$ 0.60	8.62	$ 17.8
Granted	5.3	2.75		
Exercised	(2.9)	0.97		18.6
Forfeited, expired or canceled	(0.9)	0.46		
Outstanding at December 31, 2019	12.3	$ 1.42	8.22	$ 70.4

A summary of total options outstanding and exercisable at December 31, 2020:

Options	Options Outstanding			Options Exercisable		
	Number of Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term (in Years)	Number of Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term (in Years)
	(in millions, except exercise price and term amounts)					
Range of Exercise Prices:						
$0.01 - $1.00	4.1	$ 0.27	6.53	4.1	$ 0.27	6.53
$1.00 - $2.50	4.7	$ 2.40	8.29	4.7	$ 2.40	8.29
$2.50 - $13.00	1.6	$ 7.75	9.28	1.6	$ 7.75	9.28

The 2015 and 2020 Plans permit the optionee to early exercise to obtain preferred tax treatment before the completion of the award's requisite service or vesting period. If the employee terminates employment before the end of this period, the Plans require us to repurchase the shares at the exercise price of the award. The repurchase feature is used to require the employee to remain through the requisite service or vesting period to receive the full economic benefit of the award.

Given the repurchase feature functions as a forfeiture provision for nonvested shares, we record the exercise cost of nonvested shares as a deposit liability for those shares settling in cash. As the shares vest, the deposit liability is reduced and Paid-In Capital is increased. As of December 31, 2020 and 2019, the early exercise deposit liability was $1.3 million and $1.5 million, respectively, and is included in other liabilities on the consolidated balance sheets.

12. RELATED PARTY LOANS

In July 2018 and April 2019, we entered into partial recourse promissory notes with several key employees for which proceeds were used to exercise 5.6 million in common stock options. The "recourse portion" of the note was an amount equal to 50% of the initial principal amount plus interested accrued on 100% of the principal amount, while the "non-recourse portion" was equal to 50% of the initial principal amount. The loans originally totaled $4.3 million and interest was due on the unpaid balances at a weighted-average interest rate of 2.80% compounded annually. As the stated interest rate was below the market rate that would have been charged for a loan of this nature, the transaction was accounted for as a modification of the stock options. An incremental expense was determined based on the difference in the fair value of the options immediately prior to the modification and the modified fair value. While we recognized the exercised options as shares outstanding, we did not recognize the impact of the underlying loan transaction and option exercise as the transaction is considered a non-recourse receivable in accordance with ASC 718, Compensation—Stock Compensation.

In May 2020, we settled a related party loan by accepting 0.3 million unvested shares and 0.1 million vested shares in exchange for the full repayment of the related $0.9 million related party loan and accrued interest. We recognized $0.7 million of treasury stock as a result.

In October 2020, our Board of Directors approved the forgiveness of all outstanding principal and accrued but unpaid interest for each of the remaining related party loans. As the exercise price had effectively been reduced to zero, the forgiveness was accounted for as a modification of the stock options. An incremental share-based compensation cost of $3.4 million was determined based on the difference in the fair value of the options immediately prior to the modification and the modified fair value. Based on 0.7 million shares having vested as of December 31, 2020, we recognized $0.5 million of share-based compensation expense as of December 2020. The remaining $2.9 million share-based compensation expense will be recognized ratably over the remaining vesting period of 6 years.

As of December 31, 2020 there were no related party loans outstanding. As of December 31, 2019, there were related party loans outstanding with several key employees of $4.3 million with a weighted-average interest rate of 2.80%.

13. COMMITMENTS AND CONTINGENCIES

We lease our office facilities under various non-cancelable operating lease agreements that expire in various years through February 2028. Some of these leases provide for payment by the lessee of property taxes, insurance premiums, cost of maintenance and other costs.

During the normal course of business, we also enter into various agreements to purchase services, primarily data and information technology based services, that are enforceable and legally binding. Certain supply contracts contain penalty provisions for early termination, in addition to variable costs that are based on volume and usage. We do not expect to incur penalty payments under these provisions that would materially affect our financial position, results of operations or cash flows.

The following table summarizes by remaining maturity, future commitments related to operating leases and other arrangements as of December 31, 2020:

	Operating Leases	Purchase Obligations
	(dollars in millions)	
2021	$ 3.9	$ 10.0
2022	4.4	9.3
2023	4.4	4.8
2024	4.3	0.9
2025	1.5	0.6
2026 and thereafter	3.1	—
Total	$ 21.6	$ 25.6

Base rent and related rent expenses was $4.8 million, $2.4 million and $0.4 million for the years ended December 31, 2020, 2019 and 2018, respectively.

We entered into office leases during 2020 and 2019. As part of the lease, the lessor provided us with tenant improvement incentives. These non-cash incentives were zero and $1.5 million as of December 31, 2020 and 2019, respectively, and have been capitalized as a leasehold improvement asset with an offset to deferred rent as part of other liabilities on the consolidated balance sheets. These leasehold improvement incentives are being amortized on a straight-line basis over the lease period as part of depreciation and amortization with deferred rent amortization offset against rent expense and included in general and administrative expenses on the consolidated statements of operations and comprehensive loss.

There are no litigation matters outstanding or pending that will have a material effect on our financial position or results of operations.

We are contingently liable for possible future assessments under regulatory requirements for insolvencies and impairments of unaffiliated insurance companies.

14. OTHER COMPREHENSIVE INCOME AND ACCUMULATED OTHER COMPREHENSIVE INCOME

The following table presents the changes in our accumulated other comprehensive income, or AOCI, for the years ended December 31, 2020, 2019 and 2018:

	2020	2019	2018
	(dollars in millions)		
Changes in net unrealized gains on investments:			
Accumulated other comprehensive income beginning balance	$ 0.6	$ —	$ —
Other comprehensive income before reclassifications	5.3	0.6	—
Realized gains on investments reclassified from AOCI to net loss	(0.3)	—	—
Net current period other comprehensive income	5.0	0.6	—
Accumulated other comprehensive income ending balance	$ 5.6	$ 0.6	$ —

15. LOSS PER SHARE

EPS is presented for both basic EPS and diluted EPS. We compute basic EPS by dividing net income (loss) attributable to common stockholders by the weighted-average number of shares of common stock outstanding during the period. The calculation of income (loss) available to common stockholders and EPS is based on the underlying premise that all income after payment of dividends on preferred shares is available to and will be distributed to the common stockholders. In addition to common shares outstanding, the computation of basic EPS includes instruments for which the holder has (or is deemed to have) the present rights as of the end of the reporting period to share in current period earnings (loss) with common stockholders (i.e., participating securities and common shares that are currently issuable for little or no cost to the holder). Accordingly, we include in the denominator of our basic EPS computation the weighted-average number of shares of common stock that would be issued upon the full exercise of the warrants which have an insignificant exercise price of $0.0001 per share.

Diluted EPS includes all the components of basic EPS, plus the dilutive effect of common stock equivalents such as convertible securities and stock options, but excludes those common stock equivalents from the calculation of diluted EPS when the effect of inclusion, assessed individually, would be anti-dilutive. Our potentially dilutive securities are considered antidilutive as they create a lower loss per share; thus, diluted EPS is equal to basic EPS. Earnings are allocated equally between each class of common stock because they are entitled to the same liquidation and dividend rights.

The following table displays the computation of basic and diluted loss per share of common stock:

	For the Years Ended December 31,		
	2020	2019	2018
	(in millions, except per share amounts)		
Net loss	$ (363.0)	$ (282.4)	$ (69.1)
Weighted-average common shares outstanding: basic and diluted	75.5	33.9	25.3
Loss per common share: basic and diluted	$ (4.81)	$ (8.33)	$ (2.73)

We excluded the following potential common shares, presented based on amounts outstanding at each year end, from the computation of diluted net loss per share attributable to common stockholders for the years indicated because including them would have had an anti-dilutive effect:

	As of December 31,		
	2020	2019	2018
	(in millions)		
Options to purchase common stock	10.4	12.3	10.8
Nonvested shares subject to repurchase	5.0	7.2	9.5
Restricted stock units	0.4	—	—
Redeemable convertible preferred stock (as converted to common stock)	—	158.9	136.4
Warrants to purchase redeemable convertible preferred stock (as converted to common stock)	—	0.6	0.6
	15.8	179.0	157.3

16. STATUTORY FINANCIAL INFORMATION

Root Insurance Company and Root Property & Casualty, or our insurance subsidiaries, are required to prepare statutory financial statements in conformity with the basis of accounting practices prescribed or permitted by the Ohio DOI and Delaware DOI, respectively. Ohio and Delaware have adopted the NAIC Accounting Practices and Procedures Manual as the basis of their statutory accounting practices. As of December 31, 2020, Root Property & Casualty maintained statutory capital and surplus of $16.3 million and had a statutory net loss of $25.5 million for the year ended December 31, 2020. Root Insurance Company maintained statutory capital and surplus and had statutory net loss as of and for the years ended December 31, 2020, 2019 and 2018 as follows:

	As of and for the Years Ended December 31,		
	2020	2019	2018
	(in millions)		
Statutory capital and surplus	$ 100.1	$ 152.3	$ 73.5
Statutory net loss	(123.8)	(157.6)	(58.3)

The payment of dividends by Root Insurance Company and Root Property & Casualty are subject to restrictions set forth in the insurance laws and regulations of the States of Ohio and Delaware, respectively, or the insurance laws. The insurance laws require domestic insurance companies to notify the supervisory superintendent, commissioner and/or director to seek prior regulatory approval to pay a dividend or distribute cash or other property if the fair market value thereof, together with that of other dividends or distributions made in the preceding twelve months, exceeds the greater of (1) 10% of statutory-basis policyholders' surplus as of the prior December 31 or (2) the statutory-basis net income of the insurer as of the prior December 31. During the years ended December 31, 2020, 2019 and 2018, we did not pay any dividends.

The insurance laws also require domestic insurers to seek prior regulatory approval for any dividend paid from other than earned surplus. Earned surplus is defined under the insurance laws as the amount equal to our unassigned funds as set forth in its most recent statutory financial statements, including net unrealized capital gains and losses.

Additionally, following any dividend, an insurers policyholder surplus must be reasonable in relation to the insurer's outstanding liabilities and adequate for its financial needs.

The NAIC Risk-Based Capital, or RBC, model law requires every insurer to calculate its total adjusted capital and RBC requirement to ensure insurer solvency. Regulatory guidelines provide for an insurance commissioner to intervene if the insurer experiences financial difficulty, as evidenced by a company's total adjusted capital falling below established relationships to required RBC. The model includes components for asset risk, underwriting risk, credit risk and other factors. The State of Ohio and the State of Delaware impose minimum RBC requirements that are developed by the NAIC. The formulas in the model for determining the amount of RBC specify various weighting factors that are applied to financial balances or various levels of activity based on the perceived degree of risk. Regulatory compliance is determined by a ratio of total adjusted capital to authorized control level RBC, as defined by the NAIC. Companies below specific trigger points or ratios are classified within certain levels, all of which require specified corrective action. The statutory surplus for Root Insurance Company exceeded the minimum RBC requirements for the years ended December 31, 2020 and 2019. The statutory surplus for Root Property & Casualty exceeded the minimum RBC requirements for the year ended December 31, 2020.

17. GEOGRAPHICAL BREAKDOWN OF DIRECT WRITTEN PREMIUM

Direct written premium, or DWP, by state is as follows:

	December 31,					
	2020		2019		2018	
	Amount	% of DWP	Amount	% of DWP	Amount	% of DWP
State	(dollars in millions)					
Texas	$ 132.5	21.5 %	$ 94.7	21.0 %	$ 34.2	32.1 %
Georgia	72.4	11.7	44.0	9.7	—	—
Kentucky	33.9	5.5	46.5	10.3	11.0	10.3
Pennsylvania	30.2	4.9	25.2	5.6	5.2	4.9
Arizona	28.4	4.6	26.7	5.9	9.1	8.6
Louisiana	28.0	4.5	15.3	3.4	3.8	3.6
Missouri	26.8	4.3	22.0	4.9	4.6	4.3
Utah	26.0	4.2	17.6	3.9	5.5	5.2
Oregon	22.3	3.6	12.4	2.7	1.9	1.8
Ohio	20.4	3.3	22.8	5.0	9.0	8.5
All others states	195.9	31.9	123.9	27.6	22.1	20.7
Total	$ 616.8	100.0 %	$ 451.1	100.0 %	$ 106.4	100.0 %

18. SELECTED QUARTERLY FINANCIAL INFORMATION (UNAUDITED)

The consolidated statements of operations for the quarterly periods in 2020 and 2019 are unaudited and in the opinion of management include all adjustments, consisting of normal recurring adjustments, necessary for a fair presentation of our consolidated statements of operations and comprehensive loss.

	For the 2020 Quarter Ended			
	March 31	June 30	September 30	December 31
	(in millions, except per share data)			
Revenue:				
Net premiums earned[1]	$ 117.8	$ 115.7	$ 44.9	$ 44.1
Net investment income	1.9	1.3	1.1	1.1
Net realized gains on investments	—	0.1	0.1	0.1
Fee and other income	4.3	4.3	4.4	5.6
Total revenue	$ 124.0	$ 121.4	$ 50.5	$ 50.9
Operating expenses:				
Loss and loss adjustment expenses[1]	129.9	97.3	76.1	59.5
Sales and marketing	35.8	17.4	36.9	49.6
Other insurance (benefit) expense[1]	11.3	15.3	(26.3)	(2.1)
Technology and development	16.0	11.3	12.9	12.7
General and administrative[3]	30.9	11.3	16.6	19.7
Total operating expenses	$ 223.9	$ 152.6	$ 116.2	$ 139.4
Interest expense[2]	5.7	7.7	19.5	44.8
Loss before income tax expense	$ (105.6)	$ (38.9)	$ (85.2)	$ (133.3)
Income tax expense	—	—	—	—
Net loss	$ (105.6)	$ (38.9)	$ (85.2)	$ (133.3)
Other comprehensive income	(1.8)	6.7	0.1	—
Comprehensive loss	$ (107.4)	$ (32.2)	$ (85.1)	$ (133.3)
Loss per common share: basic and diluted	$ (2.69)	$ (1.03)	$ (2.20)	$ (0.72)
Weighted-average common shares outstanding: basic and diluted	39.3	37.9	38.8	185.4

[1] In July 2020, we increased our use of third-party quota share reinsurance whereby we began ceding approximately 70% of direct earned premium to our third-party reinsurers. This, in turn, resulted in higher cessions of incurred losses and higher ceding commission contra-expense. For further information, see Note 2, “Basis of Presentation and Summary of Significant Accounting Policies.”

[2] In October 2020, in connection with our IPO, the 2.8 million liability classified warrants were exercised. As a result, the warrant liability was remeasured immediately prior to their exercise and the corresponding change in fair value was recognized as interest expense in the period. For further information, see Note 4, “Fair Value of Financial Instruments.”

[3] In March 2020, a tender offer for common stock from vested shareholders was completed, many of whom were employees or members of the Board of Directors. The tender offer was made at a price in excess of the fair value of our common stock. As a result we recognized $17.8 million of share-based compensation expense in General and administrative during the quarter ended March 31, 2020.

	For the 2019 Quarter Ended			
	March 31	June 30	September 30	December 31
	(in millions, except per share data)			
Revenue:				
Net premiums earned	$ 39.1	$ 59.5	$ 75.8	$ 100.9
Net investment income	0.7	1.0	1.1	2.4
Fee and other income	1.6	2.2	2.7	3.2
Total revenue	$ 41.4	$ 62.7	$ 79.6	$ 106.5
Operating expenses:				
Loss and loss adjustment expenses	50.0	59.6	100.9	110.9
Sales and marketing	16.0	23.2	34.4	36.0
Other insurance expense	8.2	10.7	15.2	18.2
Technology and development	2.8	5.6	7.0	8.6
General and administrative	13.9	8.5	9.0	11.6
Total operating expenses	$ 90.9	$ 107.6	$ 166.5	$ 185.3
Interest expense[1]	0.2	2.4	13.3	6.4
Loss before income tax expense	$ (49.7)	$ (47.3)	$ (100.2)	$ (85.2)
Income tax expense	—	—	—	—
Net loss	$ (49.7)	$ (47.3)	$ (100.2)	$ (85.2)
Other comprehensive income:				
Changes in unrealized gain on investments	0.2	0.5	0.1	(0.2)
Comprehensive loss	$ (49.5)	$ (46.8)	$ (100.1)	$ (85.4)
Loss per common share: basic and diluted	$ (1.61)	$ (1.44)	$ (2.88)	$ (2.30)
Weighted-average common shares outstanding: basic and diluted	30.9	32.8	34.8	37.1

[1] During the three months ended September 30, 2019, the SAFE instrument was remeasured immediately prior to its conversion into shares of our preferred stock and the corresponding change in fair value was recognized as interest expense. Moreover, we executed new term loans during 2019 that resulted in additional interest expense, debt related fees that were expensed as incurred, and amortization of certain capitalized debt issuance costs.

ROOT, INC. and CARET HOLDINGS, INC.
Schedule II: Condensed Combined Financial Information of Registrant
Balance Sheets (Parent Company)
(in millions, except par value)

	As of December 31,	
	2020	2019
Assets		
Other investments	$ 0.5	$ —
Cash and cash equivalents	1,043.1	193.2
Restricted cash	1.0	24.9
Investments in subsidiaries	115.0	137.0
Other assets	34.6	16.4
Intercompany receivable	43.3	18.2
Total Assets	$ 1,237.5	$ 389.7
Liabilities, Redeemable Convertible Preferred Stock and Stockholders' Equity (Deficit)		
Liabilities:		
Long-term debt and warrants	$ 188.2	$ 192.2
Accounts payable and accrued expenses	8.2	4.4
Other liabilities	8.7	6.7
Total liabilities	205.1	203.3
Commitments and Contingencies		
Redeemable convertible preferred stock, $0.0001 par value, zero and 158.9 shares issued and outstanding at December 31, 2020 and December 31, 2019, respectively (liquidation preference of zero and $549.8, respectively)	—	560.4
Stockholders' equity (deficit):		
Class A common stock, $0.0001 par value, 59.4 and zero shares issued and outstanding at December 31, 2020 and December 31, 2019, respectively	—	—
Class B common stock, $0.0001 par value, 192.2 and 44.4 shares issued and outstanding at December 31, 2020 and December 31, 2019, respectively	—	—
Treasury stock, at cost	(0.8)	(0.1)
Additional paid-in capital	1,775.6	10.5
Accumulated other comprehensive income	5.6	0.6
Accumulated loss	(748.0)	(385.0)
Total stockholders' equity (deficit)	1,032.4	(374.0)
Total liabilities, redeemable convertible preferred stock and stockholders' equity (deficit)	$ 1,237.5	$ 389.7

See Notes to Condensed Combined Financial Statements

ROOT, INC. and CARET HOLDINGS, INC.
Schedule II: Condensed Combined Financial Information of Registrant
Statements of Operations and Comprehensive Loss (Parent Company)
(in millions)

	For the Years Ended December 31,		
	2020	2019	2018
Revenue:			
Net investment income	$ 0.9	$ 1.6	$ 0.4
Total revenue	0.9	1.6	0.4
Operating expenses:			
Technology and development	19.5	3.5	—
General and administrative	37.8	15.7	0.4
Total operating expenses	57.3	19.2	0.4
Interest expense	77.7	22.3	0.9
Net loss before equity loss of subsidiaries	(134.1)	(39.9)	(0.9)
Net loss of subsidiaries	(228.9)	(242.5)	(68.2)
Net loss	(363.0)	(282.4)	(69.1)
Other comprehensive income of subsidiaries	5.0	0.6	—
Comprehensive loss	$ (358.0)	$ (281.8)	$ (69.1)

See Notes to Condensed Combined Financial Statements

ROOT, INC. and CARET HOLDINGS, INC.
Schedule II: Condensed Combined Financial Information of Registrant
Statements of Cash Flows (Parent Company)
(in millions)

	For the Years Ended December 31,		
	2020	**2019**	**2018**
Cash flows from operating activities:			
Net Loss	$ (363.0)	$ (282.4)	$ (69.1)
Adjustments to reconcile net loss to net cash used in operating activities:			
Share-based compensation	3.7	1.4	0.1
Tender offer	25.1	8.6	—
Depreciation and amortization, net	11.8	3.5	0.2
Change in equity in subsidiaries	228.9	242.5	68.2
SAFE fair value adjustment	—	11.2	—
Warrants fair value adjustment	54.7	—	—
Paid-in kind interest expense	9.1	0.8	—
Changes in operating assets and liabilities:			
Other assets	(15.5)	(1.2)	(1.1)
Accounts payable and accrued expenses	3.8	4.9	(0.4)
Other liabilities	2.1	0.6	0.3
Intercompany, net	(23.6)	(7.2)	(11.0)
Net cash used in operating activities	(62.9)	(17.3)	(12.8)
Cash flows from investing activities:			
Purchases of investments	(0.5)	—	(9.8)
Proceeds from maturities, call and pay downs of fixed maturities available-for-sale	—	1.7	8.2
Capitalization of internally developed software	(5.4)	(3.9)	—
Purchases of fixed assets	(1.8)	(6.5)	(1.0)
Investment in subsidiaries	(201.9)	(333.0)	(95.0)
Net cash used in investing activities	(209.6)	(341.7)	(97.6)
Cash flows from financing activities:			
Proceeds from issuance of common stock from IPO and concurrent private placements, net of issuance cost	1,098.1	—	—
Proceeds from exercise of stock options	2.1	1.9	0.1
Proceeds from issuance of preferred stock, net of issuance cost	—	349.6	150.8
Proceeds from debt and warrants issuance, net of issuance cost	12.0	189.5	—
Repayments of long-term debt	(13.5)	(15.5)	—
Proceeds from SAFE	—	10.0	—
Purchases of treasury stock	(0.2)	—	—
Net cash provided by financing activities	1,098.5	535.5	150.9
Net increase in cash and cash equivalents	826.0	176.5	40.5
Cash, cash equivalents and restricted cash at beginning of year	218.1	41.6	1.1
Cash, cash equivalents and restricted cash at end of year	$ 1,044.1	$ 218.1	$ 41.6
Supplemental disclosures:			
Interest paid	$ 4.5	$ 4.3	$ 0.8
Federal income taxes paid	—	—	—
Leasehold improvements - noncash	—	1.5	2.6
Conversion of SAFE to preferred stock - noncash	—	11.2	—
Conversion of preferred stock to common stock - non cash	560.4	—	—
Conversion of warrants to common stock - non-cash	75.0	—	—
Purchases treasury stock - non-cash	0.5	—	—

See Notes to Condensed Combined Financial Statements

ROOT, INC. and CARET HOLDINGS, INC.
Notes to Condensed Combined Financial Statements (Parent Company)

1. Business

Caret Holdings, Inc. is a holding company which was formed in 2015 to develop and launch a direct-to-consumer personal automobile insurance and mobile technology company. In August 2019 a new holding company, Root, Inc. was formed, which became the parent of Caret Holdings, Inc. and maintains 100% ownership of Caret Holdings, Inc.

2. Accounting Policies

Basis of Combination—The condensed combined financial statements include the accounts of Root, Inc. and its wholly owned subsidiary, Caret Holdings, Inc., and are prepared in accordance with accounting principles generally accepted in the United States. These financial statements have been combined in order to present comparative parent company financial statements for 2020, 2019 and 2018 and should be read in conjunction with our consolidated financial statements.

Use of Estimates—The preparation of condensed combined 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 condensed financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

3. Guarantees

Root, Inc. entered into an agreement with the Superintendent of Insurance, State of Ohio, (the “Superintendent”) guaranteeing that Root Insurance Company will maintain certain capital and surplus requirements or risk-based capital levels, whichever is greater, and such additional surplus as the Superintendent requires. The guarantee remains in effect until such time as the Superintendent may release Root, Inc. in writing.

ROOT, INC. AND SUBSIDIARIES
Schedule V: Valuation and Qualifying Accounts
For the Years Ended December 31, 2020, 2019 and 2018
(in millions)

	Balance at beginning of period	Additions		Deductions	Balance at end of period
		Charged to costs and expenses	Charge to other accounts		
Year Ended December 31, 2018					
Valuation allowance for deferred tax assets	$ 4.6	$ 14.8	$ —	$ —	$ 19.4
Allowance for premium receivables	$ —	$ 0.3	$ —	$ (0.3)	$ —
Year Ended December 31, 2019					
Valuation allowance for deferred tax assets	$ 19.4	$ 57.4	$ —	$ —	$ 76.8
Allowance for premium receivables	$ —	$ 9.0	$ —	$ (7.0)	$ 2.0
Year Ended December 31, 2020					
Valuation allowance for deferred tax assets	$ 76.8	$ 61.5	$ (1.0)	$ —	$ 137.3
Allowance for premium receivables	$ 2.0	$ 23.6	$ —	$ (22.1)	$ 3.5

Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our principal executive officer and principal financial officer, has evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended, or the Exchange Act), as of the end of the period covered by this Annual Report on Form 10-K. Based on such evaluation, our principal executive officer and principal financial officer have concluded that, as of such date, our disclosure controls and procedures were effective at a reasonable assurance level.

Management's Report on Internal Control Over Financial Reporting

This Annual Report on Form 10-K does not include a report of management's assessment regarding internal control over financial reporting or an attestation report of our independent registered public accounting firm as permitted in this transition period under the rules of the SEC for newly public companies.

Changes in Internal Control

There were no changes in our internal control over financial reporting identified in management's evaluation pursuant to Rules 13a-15(d) or 15d-15(d) of the Exchange Act during the fiscal quarter ended December 31, 2020 that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Limitations on Effectiveness of Controls and Procedures

Our management, including our principal executive officer and principal financial officer, do not expect that our disclosure controls and procedures or our internal control over financial reporting will prevent all errors and all fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of a simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people or by management override of the controls. The design of any system of controls is also based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions; over time, controls may become inadequate because of changes in conditions, or the degree of compliance with policies or procedures may deteriorate. Due to inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

Item 9B. Other Information

Not applicable.

PART III.

Item 10. Directors, Executive Officers and Corporate Governance

The information required by this Item is incorporated by reference in the definitive proxy statement from our Annual Meeting of Stockholders to be held June 8, 2021. This proxy statement is referred to in this report as the “2021 Proxy Statement.”

Item 11. Executive Compensation

The information required by this Item is incorporated by reference to the 2021 Proxy Statement.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information required by this Item is incorporated by reference to the 2021 Proxy Statement.

Item 13. Certain Relationships and Related Party Transactions

The information required by this Item is incorporated by reference to the 2021 Proxy Statement.

Item 14. Principal Accounting Fees and Services

The information required by this Item is incorporated by reference to the 2021 Proxy Statement.

PART IV.

Item 15. Exhibits and Financial Statement Schedules.

(a) Exhibits.

Exhibit Number	Description of Exhibit	Form	SEC File Number	Exhibit	Filing Date	Filed Herewith
3.1	Amended and Restated Certificate of Incorporation of Root, Inc.	8-K	001-39568	3.1	October 30, 2020	
3.2	Amended and Restated Bylaws of Root, Inc.	S-1/A	333-249332	3.4	October 20, 2020	
4.1	Form of Class A common stock certificate.	S-1/A	333-249332	4.1	October 20, 2020	
4.2	Description of Securities.					X
10.1	Fifth Amended and Restated Investors' Rights Agreement by and among Root, Inc. and certain of its stockholders, dated November 25, 2019.	S-1	333-249332	4.2	October 5, 2020	
10.2	Warrant to Purchase Stock by and between Root, Inc. and Silicon Valley Bank, dated July 7, 2016.	S-1	333-249332	4.3	October 5, 2020	
10.3	Warrant to Purchase Stock by and between Root, Inc. and Silicon Valley Bank, dated December 20, 2017, as amended.	S-1	333-249332	4.4	October 20, 2020	
10.4	Form of Floating Rate Senior Secured Note Due 2024.	S-1	333-249332	4.5	October 5, 2020	
10.5#	Root, Inc. Amended and Restated 2015 Equity Incentive Plan.	S-1	333-249332	10.1	October 5, 2020	
10.6	Form of Notice of Stock Option Exercise and Stock Option Exercise Agreement under the Amended and Restated 2015 Equity Incentive Plan.	S-1	333-249332	10.2	October 5, 2020	
10.7	Form of Notice of Stock Option Exercise and Stock Option Exercise Agreement under the Amended and Restated 2015 Equity Incentive Plan.					X
10.8	Form of RSU Agreement under the Amended and Restated 2015 Equity Incentive Plan.	S-1	333-249332	10.4	October 5, 2020	
10.9	Root, Inc. 2020 Equity Incentive Plan, and forms of agreements thereunder.	10-Q	001-39658	10.1	December 2, 2020	
10.10	Root, Inc. 2020 Employee Stock Purchase Plan.	S-1/A	333-249332	10.14	October 20, 2020	
10.11	Loan and Security Agreement by and between Root, Inc. and Silicon Valley Bank, dated July 7, 2016, as amended., dated July 7, 2016, as amended.	S-1/A	333-249332	10.5	October 20, 2020	
10.12	Office Lease Agreement by and between Root, Inc. and Two25 Commons LLC, dated May 9, 2018, as amended.	S-1	333-249332	10.6	October 5, 2020	

10.13	Amended and Restated Term Loan Agreement by and among Root, Inc., Caret Holdings, Inc., SunTrust Bank, and the lenders from time to time party thereto, dated November 25, 2019, as amended.					X
10.14	Note Purchase Agreement by and among Root, Inc., Caret Holdings, Inc., Wilmington Trust, National Association, and the noteholders from time to time party thereto, dated November 25, 2019, as amended.	S-1	333-249332	10.8	October 5, 2020	
10.15	Form of Indemnity Agreement entered into by and between Root, Inc. and each director and executive officer.	S-1	333-249332	10.9	October 20, 2020	
10.16#	Offer Letter by and between Root, Inc. and Alexander Timm, dated January 4, 2021.					X
10.17#	Amended and Restated Offer Letter by and between Root, Inc. and Daniel Rosenthal, dated February 24, 2021.					X
10.18#	Offer Letter by and between Root, Inc. and Daniel Manges, dated February 24, 2021.					X
10.19	Common Stock Purchase Agreement by and between the Registrant and Dragoneer Investment Group, LLC, dated October 19, 2020.	S-1	333-249332	10.16	October 20, 2020	
10.20	Common Stock Purchase Agreement by and between the Registrant and Silver Lake Partners VI, L.P., dated October 19, 2020.	S-1	333-249332	10.16	October 20, 2020	
21.1	List of subsidiaries of Root, Inc.					X
23.1	Consent of Deloitte & Touche, LLP.					X
24.1	Power of Attorney (incorporated by reference to the signature pages of this Annual Report on Form 10-K).					X
31.1	Certification of Principal Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanex-Oxley Act of 2002.					X
31.2	Certification of Principal Financial Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.					X
32.1*	Certification of Principal Executive Officer and Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.					X
101.INS	Inline XBRL Instance Document					
101.SCH	Inline XBRL Taxonomy Extension Schema Document					

101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).

_____

# Indicates management contract or compensatory plan.

* The certifications furnished in Exhibit 32.1 hereto are deemed to accompany this Annual Report on Form 10-K and will not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, except to the extent that the registrant specifically incorporates them by reference.

Item 16. Form 10-K Summary

Not applicable.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized**.**

Date: March 4, 2021

ROOT, INC.

By: /s/Alexander Timm

Alexander Timm

Chief Executive Officer

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Alexander Timm, Daniel Rosenthal and Megan Binkley, and each of them, as his or her true and lawful attorneys-in-fact and agents, with full power of substitution for him or her, and in his or her name in any and all capacities, to sign any and all amendments to this Annual Report on Form 10-K, and to file the same, with exhibits thereto and other documents in connection therewith, with the U.S. Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done therewith, as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, and either of them, his or her substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, this Report has been signed below by the following persons on behalf of the Registrant in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Alexander Timm Alexander Timm	Chief Executive Officer and Director (*Principal Executive Officer*)	March 4, 2021
/s/ Daniel Rosenthal Daniel Rosenthal	Chief Financial Officer (*Principal Financial Officer*)	March 4, 2021
/s/ Megan Binkley Megan Binkley	Chief Accounting Officer (*Principal Accounting Officer*)	March 4, 2021
/s/ Christopher Olsen Christopher Olsen	Director	March 4, 2021
/s/ Doug Ulman Doug Ulman	Director	March 4, 2021
/s/ Elliot Geidt Elliot Geidt	Director	March 4, 2021
/s/ Jerri DeVard Jerri DeVard	Director	March 4, 2021
/s/ Larry Hilsheimer Larry Hilsheimer	Director	March 4, 2021
/s/ Luis von Ahn Luis von Ahn	Director	March 4, 2021
/s/ Nancy Kramer Nancy Kramer	Director	March 4, 2021
/s/ Nick Shalek Nick Shalek	Director	March 4, 2021
/s/ Scott Maw Scott Maw	Director	March 4, 2021

Exhibit 4.2

DESCRIPTION OF THE REGISTRANT'S SECURITIES
REGISTERED PURSUANT TO SECTION 12 OF THE SECURITIES
EXCHANGE ACT OF 1934

As of December 31, 2020, Root, Inc. had one class of securities registered under Section 12 of the Securities Exchange Act of 1934, as amended, or the Exchange Act: our Class A common stock, $0.0001 par value per share. References herein to the terms "we," "our" and "us" refer to Root, Inc. and its subsidiaries.

The following description of our capital stock is a summary and does not purport to be complete. It is subject to, and qualified in its entirety by reference to, the applicable provisions of our amended and restated certificate of incorporation, our amended and restated bylaws and our investors' rights agreement entered into in November 2019, which are filed as exhibits to our Annual Report on Form 10-K, of which this Exhibit 4.2 is a part, and are incorporated by reference herein. We encourage you to read our amended and restated certificate of incorporation, our amended and restated bylaws, our investors' rights agreement and the applicable provisions of the Delaware General Corporation Law, or the DGCL, for more information.

General

Our amended and restated certificate of incorporation provides for two classes of common stock: Class A common stock and Class B common stock. In addition, our amended and restated certificate of incorporation authorizes shares of undesignated preferred stock, the rights, preferences and privileges of which may be designated from time to time by our board of directors.

Our authorized capital stock consists of 1,369,000,000 shares, all with a par value of $0.0001 per share, of which 1,000,000,000 shares are designated as Class A common stock, 269,000,000 shares are designated as Class B common stock and 100,000,000 shares are designated as preferred stock.

Our board of directors is authorized, without stockholder approval except as required by the listing standards of the Nasdaq Stock Market, to issue additional shares of our capital stock.

Class A Common Stock and Class B Common Stock

Voting Rights

Holders of Class A common stock are entitled to one vote per share on all matters to be voted upon by the stockholders. Holders of Class B common stock are entitled to ten votes per share on all matters to be voted upon by the stockholders. The holders of our Class A common stock and Class B common stock generally vote together as a single class on all matters submitted to a vote of our stockholders (including the election of directors), unless otherwise required by Delaware law or our amended and restated certificate of incorporation.

Our amended and restated certificate of incorporation does not provide for cumulative voting for the election of directors.

Dividend Rights

Holders of Class A common stock and Class B common stock are entitled to ratably receive dividends if, as, and when declared from time to time by our board of directors at its own discretion out of funds

legally available for that purpose, after payment of dividends required to be paid on outstanding preferred stock, if any. Under Delaware law, we can only pay dividends either out of "surplus" or out of the current or the immediately preceding year's net profits. Surplus is defined as the excess, if any, at any given time, of the total assets of a corporation over its total liabilities and statutory capital. The value of a corporation's assets can be measured in a number of ways and may not necessarily equal their book value.

Applicable insurance laws restrict the ability of our insurance subsidiaries to declare stockholder dividends and require insurance companies to maintain specified levels of statutory capital and surplus. Insurance regulators have broad powers to prevent reduction of statutory surplus to inadequate levels, and there is no assurance that dividends of the maximum amounts calculated under any applicable formula would be permitted. State insurance regulatory authorities that have jurisdiction over the payment of dividends by our insurance subsidiaries may in the future adopt statutory provisions more restrictive than those currently in effect.

Right to Receive Liquidation Distributions

Upon our dissolution, liquidation, or winding-up, the assets legally available for distribution to our stockholders are distributable ratably among the holders of our Class A common stock and Class B common stock, subject to prior satisfaction of all outstanding debt and liabilities and the preferential rights and payment of liquidation preferences, if any, on any outstanding shares of preferred stock, unless a different treatment is approved by the affirmative vote of the holders of a majority of the outstanding shares of such affected class, voting separately as a class.

Subdivisions and Combinations

If we subdivide or combine in any manner outstanding shares of Class A common stock or Class B common stock, the outstanding shares of the other classes will be subdivided or combined in the same manner.

Other Matters

Our Class A common stock and Class B common stock are not entitled to preemptive rights, and are not subject to conversion, redemption or sinking fund provisions, except for the conversion provisions with respect to the Class B common stock described below.

Conversion

Each outstanding share of Class B common stock is convertible at any time at the option of the holder into one share of Class A common stock. On any transfer of shares of Class B common stock, whether or not for value, each such transferred share will automatically convert into one share of Class A common stock, except for certain transfers described in our amended and restated certificate of incorporation, including transfers for tax and estate planning purposes, so long as the transferring holder continues to hold sole voting and dispositive power with respect to the shares transferred.

Any holder's shares of Class B common stock will convert automatically into Class A common stock, on a one-to-one basis, upon the following: (1) sale or transfer of such share of Class B common stock; (2) the death of the Class B common stockholder; and (3) on the final conversion date, defined as the earliest of (a) the first trading day falling nine months after the date on which the outstanding shares of Class B common stock represent less than 10% of the aggregate number of shares then outstanding of Class A common stock and Class B common stock; (b) the tenth anniversary of effectiveness under the Delaware General Corporation Law of the amended and restated certificate of incorporation immediately prior to

our initial public offering, and (c) the date specified by the holders of a majority of then-outstanding shares of Class B common stock, voting together as a single class.

Once transferred and converted into Class A common stock, the Class B common stock may not be reissued.

Registration Rights

We are party to an investors' rights agreement that provides holders of a substantial number of shares with rights, subject to certain conditions, to require us to file registration statements covering the sale of their shares or to include their shares in registration statements that we may file for ourselves or other stockholders. The registration of shares of our common stock by the exercise of such registration rights would enable the holders of such shares to sell these shares without restriction under the Securities Act of 1933, as amended, or the Securities Act, when the applicable registration statement is declared effective. We will pay the registration expenses, other than underwriting discounts and commissions, of the shares registered pursuant to such registration rights. The registration rights under our investors' rights agreement will terminate five years after the closing of our initial public offering, or with respect to any particular stockholder, such time after the closing of our initial public offering that such stockholder can sell all of its shares entitled to registration rights under Rule 144 of the Securities Act during any 90-day period.

Anti-Takeover Effects of Delaware Law and Our Certificate of Incorporation and Bylaws

Some provisions of Delaware law, our amended and restated certificate of incorporation and our amended and restated bylaws contain provisions that could make the following transactions more difficult: an acquisition of us by means of a tender offer; an acquisition of us by means of a proxy contest or otherwise; or the removal of our incumbent officers and directors. It is possible that these provisions could make it more difficult to accomplish or could deter transactions that stockholders may otherwise consider to be in their best interest or in our best interests, including transactions which provide for payment of a premium over the market price for our shares.

These provisions, summarized below, are intended to discourage coercive takeover practices and inadequate takeover bids. These provisions are also designed to encourage persons seeking to acquire control of us to first negotiate with our board of directors. We believe that the benefits of the increased protection of our potential ability to negotiate with the proponent of an unfriendly or unsolicited proposal to acquire or restructure us outweigh the disadvantages of discouraging these proposals because negotiation of these proposals could result in an improvement of their terms.

Stockholder Meetings

Our amended and restated bylaws provide that a special meeting of stockholders may be called only by our chairman of the board, chief executive officer or president, or by a resolution adopted by a majority of our board of directors.

Requirements for Advance Notification of Stockholder Nominations and Proposals

Our amended and restated bylaws establish advance notice procedures with respect to stockholder proposals to be brought before a stockholder meeting and the nomination of candidates for election as directors, other than nominations made by or at the direction of the board of directors or a committee of the board of directors.

Elimination of Stockholder Action by Written Consent

Our amended and restated certificate of incorporation and amended and restated bylaws eliminate the right of stockholders to act by written consent without a meeting.

Staggered Board

Our board of directors is divided into three classes. The directors in each class serves for a three-year term, one class being elected each year by our stockholders. This system of electing and removing directors may tend to discourage a third-party from making a tender offer or otherwise attempting to obtain control of us, because it generally makes it more difficult for stockholders to replace a majority of the directors.

Removal of Directors

Our amended and restated certificate of incorporation provides that no member of our board of directors may be removed from office by our stockholders except for cause and, in addition to any other vote required by law, upon the approval of not less than two thirds of the total voting power of all of our outstanding voting stock then entitled to vote in the election of directors.

Stockholders Not Entitled to Cumulative Voting

Our amended and restated certificate of incorporation does not permit stockholders to cumulate their votes in the election of directors. Accordingly, the holders of a majority of the outstanding shares of our Class A common stock and Class B common stock entitled to vote in any election of directors can elect all of the directors standing for election, if they choose, other than any directors that holders of our preferred stock may be entitled to elect.

Delaware Anti-Takeover Statute

We are subject to Section 203 of the Delaware General Corporation Law, which prohibits persons deemed to be "interested stockholders" from engaging in a "business combination" with a publicly held Delaware corporation for three years following the date these persons become interested stockholders unless the business combination is, or the transaction in which the person became an interested stockholder was, approved in a prescribed manner or another prescribed exception applies. Generally, an "interested stockholder" is a person who, together with affiliates and associates, owns, or within three years prior to the determination of interested stockholder status did own, 15% or more of a corporation's voting stock. Generally, a "business combination" includes a merger, asset or stock sale, or other transaction resulting in a financial benefit to the interested stockholder. The existence of this provision may have an anti-takeover effect with respect to transactions not approved in advance by the board of directors.

Choice of Forum

Our amended and restated certificate of incorporation provides that the Court of Chancery of the State of Delaware (or, if and only if the Court of Chancery of the State of Delaware lacks subject matter jurisdiction, any state court located within the State of Delaware or, if and only if all such state courts lack subject matter jurisdiction, the federal district court for the District of Delaware) is the sole and exclusive forum for the following claims or causes of action under Delaware statutory or common law: (i) any derivative claim or cause of action brought on our behalf; (ii) any claim or cause of action asserting a claim of breach of a fiduciary duty owed by any of our current or former directors, officers, or other employees to us or our stockholders; (iii) any claim or cause of action against us or any of our current or former directors, officers or other employees arising out of or pursuant to any provision of the Delaware

General Corporation Law, our amended and restated certificate of incorporation or our amended and restated bylaws; (iv) any claim or cause of action seeking to interpret, apply, enforce or determine the validity of our amended and restated certificate of incorporation or our amended and restated bylaws (including any right, obligation, or remedy thereunder); (v) any claim or cause of action as to which the Delaware General Corporation Law confers jurisdiction to the Court of Chancery of the State of Delaware; and (vi) any claim or cause of action against us or any of our current or former directors, officers, or other employees that is governed by the internal-affairs doctrine, in all cases to the fullest extent permitted by law and subject to the court having personal jurisdiction over the indispensable parties named as defendants. This choice of forum provision would not apply to suits brought to enforce a duty or liability created by the Exchange Act or any other claim for which the federal courts have exclusive jurisdiction, or the Securities Act. Our amended and restated certificate of incorporation further provides that, unless we consent in writing to the selection of an alternative forum, to the fullest extent permitted by law, the federal district courts of the United States of America will be the exclusive forum for resolving any complaint asserting a cause of action arising under the Securities Act. Additionally, our amended and restated certificate of incorporation provides that any person or entity holding, owning or otherwise acquiring any interest in any of our securities shall be deemed to have notice of and consented to these provisions.

Amendment of Charter Provisions

The amendment of any of the above provisions, except for the provision making it possible for our board of directors to issue preferred stock, would require approval by holders of at least two-thirds of the total voting power of all of our outstanding voting stock.

The provisions of Delaware law, our amended and restated certificate of incorporation and our amended and restated bylaws could have the effect of discouraging others from attempting hostile takeovers and, as a consequence, they may also inhibit temporary fluctuations in the market price of our Class A common stock that often result from actual or rumored hostile takeover attempts. These provisions may also have the effect of preventing changes in the composition of our board and management. It is possible that these provisions could make it more difficult to accomplish transactions that stockholders may otherwise deem to be in their best interests. Any person or entity purchasing or otherwise acquiring any interest in our securities shall be deemed to have notice of and consented to this provision. Although we believe this provision benefits us by providing increased consistency in the application of Delaware law in the types of lawsuits to which it applies, the provision may have the effect of discouraging lawsuits against our directors and officers.

Exchange Listing

Our Class A common stock is listed on the Nasdaq Stock Market under the symbol “ROOT.”

Transfer Agent and Registrar

The transfer agent and registrar for our Class A common stock and Class B common stock is American Stock Transfer & Trust Company, LLC. The transfer agent’s address is 6201 15th Avenue, Brooklyn, New York 11219 and the telephone number is (800) 937-5449.

ROOT, INC.
NOTICE OF EXERCISE

Root, Inc.
80 E. Rich Street, Ste. 500
Columbus, Ohio 43215

Ladies and Gentlemen:

1. **Option**. The person named below (the "***Purchaser***") was granted an option (the "***Option***") to purchase shares of Common Stock of Root, Inc., a Delaware corporation (the "***Company***") pursuant to the Company's 2015 Equity Incentive Plan (the "***Plan***"), by Notice of Stock Option Grant (the "***Grant Notice***") and the Stock Option Agreement (the "***Stock Option Agreement***") attached thereto, as described below.

Purchaser's Name: _____

Date of Option Grant: _____

Number of Shares Initially Subject to Option: _____

Exercise Price per Share: $ _____

Type of Option ☐ Incentive ☐ Nonqualified

2. **Exercise of Option**. I hereby elect to exercise the Option to purchase the following number of Shares, as authorized by the Grant Notice and the Stock Option Agreement:

Total Shares Purchased: _____

Total Exercise Price: $ _____
(Total Shares Purchase multiplied by the Exercise Price per Share)

3. **Payment**. I enclose payment in full of the total exercise price for the Shares in the following form(s)x, as authorized by my Stock Option Agreement:

☐ Cash (by ACH, or check, with a copy attached hereto as Attachment 3): $ _____

☐ Cancellation of indebtedness of the Company owed to me: $ _____

Number of Shares Initially Subject to Option: $ _____

☐ Tender of _____ fully paid, nonassessable and vested shares of Company Common Stock (such shares must meet the eligibility requirements set forth in Section 4.3(b) of the Option Agreement): $ _____

☐ Waiver of compensation due or accrued for services: $ _____

4. **Optionee Information**.

My address is: _____

_____

My Social Security Number is: _____

5. **Title to Shares**. The exact spelling of the name(s) under which I will take title to the Shares is:

I desire to take title to the Shares as follows:

☐ Individual, as separate property

☐ Husband and wife, as community property

☐ Joint Tenants

☐ Other; please specify: _____

To assign the Shares to a trust, a stock transfer agreement in the form provided by the Company (the "***Stock Transfer Agreement***") must be completed and executed.

6. **Exhibits**. I hereby acknowledge that (i) I (and my spouse, if any) have executed two (2) copies of a blank Stock Power and Assignment Separate from Stock Certificate in the form attached as Attachment 1 hereto (the "***Stock Powers***"); and (ii) if I am married, my spouse has executed a Consent of Spouse in the form attached as Attachment 2 hereto (the "***Spouse Consent***"), all of which are delivered herewith to the Company.

I acknowledge and agree that it is my sole responsibility, if I so desire, to prepare and file the election under Section 83(b) of the Code in connection with any exercise of the Option for

Unvested Shares and as discussed in Section 10.4 of the Stock Option Agreement. A form of Election Under Section 83(b) of the Internal Revenue Code is attached hereto as Attachment 4.

I acknowledge and agree that the Shares are being acquired in accordance with and subject to the terms, provisions and conditions of the Plan and the Stock Option Exercise Agreement attached hereto as Exhibit A, including the Right of Repurchase and Right of First Refusal set forth therein. The Plan and the Stock Option Exercise Agreement are incorporated herein by reference. Capitalized terms not defined herein shall have the meanings ascribed to them in the Plan or in the Stock Option Exercise Agreement, as applicable. I acknowledge receipt of a copy of the Plan and the Stock Option Exercise Agreement, represent that I have carefully read and am familiar with their provisions, and hereby accept the Shares subject to all of their terms and conditions. I acknowledge that there may be adverse tax consequences upon exercise of the Option or disposition of the Shares and that I should consult a tax adviser prior to such exercise or disposition.

This Notice of Exercise and the Stock Option Exercise Agreement shall be effective as of the later date on which this Notice is executed by the Company and the Purchaser.

Very truly yours,

_____
(Signature)

Name: _____

Dated: _____

Receipt of the above is hereby acknowledged.

Root, Inc.

By: _____

Name: _____

Title: _____

Dated: _____

ATTACHMENTS: Attachment 1 – Stock Power and Assignment Separate from Stock Certificate
Attachment 2 – Spousal Consent
Attachment 3 – Copy of Purchaser's check (if applicable)
Attachment 4 – Section 83(b) Election
Exhibit A – Stock Option Exercise Agreement

ATTACHMENT 1

STOCK POWER AND ASSIGNMENT
SEPARATE FROM STOCK CERTIFICATE

Stock Power And Assignment
Separate From Stock Certificate

FOR VALUE RECEIVED and pursuant to that certain Stock Option Exercise Agreement dated as of _____ (the "***Agreement***"), the undersigned hereby sells, assigns and transfers unto _____,_____ shares of the Common Stock, $0.0001 par value per share, of Root, Inc., a Delaware corporation (the "***Company***"), standing in the undersigned's name on the books of the Company represented by Certificate No(s). ___ delivered herewith, and does hereby irrevocably constitute and appoint the Secretary of the Company as the undersigned's attorney-in-fact, with full power of substitution, to transfer said stock on the books of the Company. *THIS ASSIGNMENT MAY ONLY BE USED AS AUTHORIZED BY THE AGREEMENT AND ANY EXHIBITS THERETO*.

Dated: _____

PURCHASER

_____
(Signature)

_____
(Please Print Name)

_____
(Spouse's Signature, if any)

_____
(Please Print Spouse's Name)

Instructions to Purchaser: Please do not fill in any blanks other than the signature line. The purpose of this Stock Power and Assignment is to enable the Company to acquire the shares pursuant to its "Right of First Refusal" and, if applicable, its "Repurchase Option" set forth in the Agreement without requiring additional signatures on the part of the Purchaser or Purchaser's Spouse.

Stock Power And Assignment
Separate From Stock Certificate

FOR VALUE RECEIVED and pursuant to that certain Stock Option Exercise Agreement dated as of _____ (the "***Agreement***"), the undersigned hereby sells, assigns and transfers unto _____,_____ shares of the Common Stock, $0.0001 par value per share, of Root, Inc., a Delaware corporation (the "***Company***"), standing in the undersigned's name on the books of the Company represented by Certificate No(s). ___ delivered herewith, and does hereby irrevocably constitute and appoint the Secretary of the Company as the undersigned's attorney-in-fact, with full power of substitution, to transfer said stock on the books of the Company. *THIS ASSIGNMENT MAY ONLY BE USED AS AUTHORIZED BY THE AGREEMENT AND ANY EXHIBITS THERETO*.

Dated: _____

PURCHASER

_____
(Signature)

_____
(Please Print Name)

_____
(Spouse's Signature, if any)

_____
(Please Print Spouse's Name)

Instructions to Purchaser: Please do not fill in any blanks other than the signature line. The purpose of this Stock Power and Assignment is to enable the Company to acquire the shares pursuant to its "Right of First Refusal" and, if applicable, its "Repurchase Option" set forth in the Agreement without requiring additional signatures on the part of the Purchaser or Purchaser's Spouse.

ATTACHMENT 2

SPOUSE CONSENT

Spouse Consent

The undersigned spouse of _____ (the "Purchaser") has read, understands, and hereby approves the Notice of Exercise (the "***Exercise Notice***") and the Stock Option Exercise Agreement between Purchaser and the Company (the "***Exercise Agreement***"). In consideration of the Company's granting my spouse the right to purchase the Shares as set forth in the Exercise Notice and the Agreement, the undersigned hereby agrees to be irrevocably bound by the Exercise Notice and the Exercise Agreement and further agrees that any community property interest I may have in the Shares shall similarly be bound by the Exercise Notice and the Exercise Agreement. The undersigned hereby appoints Purchaser as my attorney-in-fact with respect to any amendment or exercise of any rights under the Exercise Notice and the Agreement.

Dated: _____

_____

Print Name of Purchaser's Spouse

_____

Signature of Purchaser's Spouse

Address: _____

_____

Check this box if you do not have a spouse. ☐

ATTACHMENT 3

COPY OF PURCHASER'S CHECK

OR CHECK HERE IF PAYMENT IS BY ACH ____

ATTACHMENT 4

SECTION 83(b) ELECTION

IRS Section 83(b) Election Form

COMPLETE THE FOLLOWING STEPS WITHIN 30 DAYS OF YOUR AWARD DATE TO MAKE AN 83(B) ELECTION. THIS YOUR RESPONSBILITY. YOU (AND NOT THE COMPANY OR ANY OF ITS AGENTS) SHALL BE SOLEY RESPONSIBLE FOR FILING SUCH FORM WITH THE IRS, EVEN IF YOU REQUEST THE COMPANY OR ITS AGENTS TO MAKE THIS FILING ON YOUR BEHALF AND EVEN IF THE COMPANY OR ITS AGENTS HAVE PREVIOUSLY MADE THIS FILING ON YOUR BEHALF.

Print this form and mail to the IRS within 30 days of your Award Date (the date you initiated your exercise). A list of IRS Service Centers is available directly beneath these instructions (current, as of the 12/31/2017). We recommend mailing this form using certified mail, with return receipt requested. See the following for a current listing of the locations to file:

https://www.irs.gov/filing/where-to-file-paper-tax-returns-with-or-without-a-payment

Mail a copy of the completed form to your employer.

Where to file

If you live in:	Mail to:
Alabama, Georgia, Kentucky, New Jersey, North Carolina, South Carolina, Tennessee, Virginia	Department of the Treasury Internal Revenue Service Kansas City, MO 64999-0002
Florida, Louisiana, Mississippi, Texas	Department of the Treasury Internal Revenue Service Austin, TX 73301-0002
Arkansas, Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Montana, Nebraska, North Dakota, Ohio, Oklahoma, South Dakota, Wisconsin, Alaska, Arizona, California, Colorado, Hawaii, Idaho, New Mexico, Nevada, Oregon, Utah, Washington, Wyoming	Department of the Treasury Internal Revenue Service Fresno, CA 93888-0002
Delaware, Maine, Massachusetts, Missouri, New Hampshire, New York, Vermont	Department of the Treasury Internal Revenue Service Kansas City, MO 64999-0002
Connecticut, District of Columbia, Maryland, Pennsylvania, Rhode Island, West Virginia	Department of the Treasury Internal Revenue Service Ogden, UT 84201-0002

ELECTION UNDER SECTION 83(b) OF THE INTERNAL REVENUE CODE

The undersigned Taxpayer hereby elects, pursuant to Section 83(b) of the Internal Revenue Code of 1986, as amended, to include the excess, if any, of the fair market value of the property described below at the time of transfer over the amount paid for such property, as compensation for services in the calculation of: (1) regular gross income; (2) alternative minimum taxable income; or (3) disqualifying disposition gross income, as the case may be.

1. Taxpayer's name: _____

   Taxpayer's address: _____

   Social security number: _____

2. The property with respect to which the election is made is described as follows:_____ shares of Common Stock of _____, (the "***Company***"), which were transferred by the Company, which is the Taxpayer's employer or the corporation for whom the Taxpayer performs services.

3. The date on which the shares were transferred was _____ and this election is made for calendar year _____.

4. The shares are subject to the following restrictions: The Company may repurchase all or a portion of the shares at the Taxpayer's original purchase price under certain conditions at the time of Taxpayer's termination of employment or services.

5. The fair market value of the shares (without regard to restrictions other than restrictions which by their terms will never lapse) was _____ per share × _____ shares = _____ at the time of transfer.

6. The amount paid for such shares upon transfer was _____ × _____ shares = _____.

7. The Taxpayer has submitted a copy of this statement to the Company.

*This election must be filed with the internal revenue service ("**IRS**"), at the office where the taxpayer files annual income tax returns, within 30 days after the date of transfer of the shares. The election cannot be revoked without the consent of the IRS.*

Taxpayer's Signature: _____ Dated: _____

Exhibit A to Notice of Exercise

ROOT, INC.
2015 EQUITY INCENTIVE PLAN
STOCK OPTION EXERCISE AGREEMENT

1. EXERCISE OF OPTION.

1.1 Exercise. Pursuant to exercise of that certain option (the "***Option***") granted to the Purchaser (the "***Purchaser***") named on the Notice of Exercise (the "***Exercise Notice***") to which this Stock Option Exercise Agreement is attached, under the 2015 Equity Incentive Plan as may be amended from time to time (the "***Plan***"), of Root, Inc., a Delaware corporation (the "***Company***"), and subject to the terms and conditions of the Exercise Notice and this Stock Option Exercise Agreement (the "***Exercise Agreement***"), the Purchaser hereby purchases from the Company, and the Company hereby sells to the Purchaser, the Total Shares Purchased set forth in the Exercise Notice (the "***Shares***") of the Company's Common Stock, $0.001 par value per share, at the Exercise Price per Share set forth in the Exercise Notice (the "***Exercise Price***"). As used in this Exercise Agreement, the term "***Shares***" refers to the Shares purchased under the Exercise Notice and this Exercise Agreement and includes all securities received (i) in replacement of the Shares, (ii) as a result of stock dividends or stock splits with respect to the Shares, and (iii) all securities received in replacement of the Shares in a merger, recapitalization, reorganization or similar corporate transaction. Capitalized terms not defined herein shall have the meanings ascribed to them in the Plan or the Exercise Notice.

1.2 Payment. The Purchaser hereby delivers payment of the Exercise Price as set forth in the Exercise Notice.

2. DELIVERY.

2.1 Deliveries by Purchaser. The Purchaser hereby delivers to the Company (i) the Exercise Notice, (ii) the Stock Powers, (iii) if applicable, the Spouse Consent, and (iv) the Exercise Price and payment or other provision for any applicable tax obligations as specified in the Exercise Notice.

2.2 Deliveries by the Company. Upon its receipt of the Exercise Price, payment or other provision for any applicable tax obligations and all the documents to be executed and delivered by the Purchaser to the Company under Section 2.1 above, the Company will issue a duly executed stock certificate evidencing the Shares in the name of the Purchaser to be placed in escrow as provided in Section 11 until expiration or termination of the Company's Right of Repurchase and Right of First Refusal described in Sections 8, 9 and 11, hereof.

3. REPRESENTATIONS AND WARRANTIES OF PURCHASER. The Purchaser represents and warrants to the Company that:

3.1 Agrees to Terms of the Plan. The Purchaser has received a copy of the Plan, the Grant Notice and the Stock Option Agreement, has read and understands the terms of the Plan, the Grant Notice, the Stock Option Agreement, the Exercise Notice and this Exercise

Agreement, and agrees to be bound by their terms and conditions. The Purchaser acknowledges that there may be adverse tax consequences upon exercise of the Option or disposition of the Shares, and that the Purchaser should consult a tax adviser prior to such exercise or disposition.

3.2 **Purchase for Own Account for Investment**. The Purchaser is purchasing the Shares for the Purchaser's own account for investment purposes only and not with a view to, or for sale in connection with, a distribution of the Shares within the meaning of the Securities Act. The Purchaser has no present intention of selling or otherwise disposing of all or any portion of the Shares and no one other than the Purchaser has any beneficial ownership of any of the Shares.

3.3 **Access to Information**. The Purchaser has had access to all information regarding the Company and its present and prospective business, assets, liabilities and financial condition that the Purchaser reasonably considers important in making the decision to purchase the Shares, and the Purchaser has had ample opportunity to ask questions of the Company's representatives concerning such matters and this investment.

3.4 **Understanding of Risks**. The Purchaser is fully aware of: (i) the highly speculative nature of the investment in the Shares; (ii) the financial hazards involved; (iii) the lack of liquidity of the Shares and the restrictions on transferability of the Shares (e.g., that the Purchaser may not be able to sell or dispose of the Shares or use them as collateral for loans); (iv) the qualifications and backgrounds of the management of the Company; and (v) the tax consequences of investment in the Shares. The Purchaser is capable of evaluating the merits and risks of this investment, has the ability to protect his or her own interests in this transaction and is financially capable of bearing a total loss of this investment.

3.5 **No General Solicitation**. At no time was the Purchaser presented with or solicited by any publicly issued or circulated newspaper, mail, radio, television or other form of general advertising or solicitation in connection with the offer, sale and purchase of the Shares.

4. **COMPLIANCE WITH SECURITIES LAWS**.

4.1 **Compliance with U.S. Federal Securities Laws**. The Purchaser understands and acknowledges that the Shares have not been registered with the SEC under the Securities Act and that, notwithstanding any other provision of the Grant Notice and/or Stock Option Agreement to the contrary, the exercise of any rights to purchase any Shares is expressly conditioned upon compliance with the Securities Act and all applicable state securities laws. The Purchaser agrees to cooperate with the Company to ensure compliance with such laws.

4.2 **Compliance with Applicable State Securities Laws**. *ANY PROVISION OF THIS EXERCISE AGREEMENT THAT IS INCONSISTENT WITH APPLICABLE STATE SECURITIES REGULATIONS SHALL, WITHOUT FURTHER ACT OR AMENDMENT BY THE COMPANY OR THE BOARD, BE REFORMED TO COMPLY WITH THE REQUIREMENTS OF SUCH REGULATIONS. THE SALE OF THE SECURITIES THAT ARE THE SUBJECT OF THIS EXERCISE AGREEMENT, IF NOT YET QUALIFIED WITH ANY APPLICABLE STATE AGENCY AND NOT EXEMPT FROM SUCH QUALIFICATION, IS SUBJECT TO SUCH*

QUALIFICATION, AND THE ISSUANCE OF SUCH SECURITIES, AND THE RECEIPT OF ANY PART OF THE CONSIDERATION THEREFOR PRIOR TO SUCH QUALIFICATION, IS UNLAWFUL UNLESS THE SALE IS EXEMPT. THE RIGHTS OF THE PARTIES TO THIS EXERCISE AGREEMENT ARE EXPRESSLY CONDITIONED UPON SUCH QUALIFICATION BEING OBTAINED OR AN EXEMPTION BEING AVAILABLE.

5. RESTRICTED SECURITIES.

5.1 No Transfer Unless Registered or Exempt. The Purchaser understands that the Purchaser may not transfer any Shares unless such Shares are registered under the Securities Act or qualified under applicable state securities laws or unless, in the opinion of counsel to the Company, exemptions from such registration and qualification requirements are available. The Purchaser understands that only the Company may file a registration statement with the SEC and that the Company is under no obligation to do so with respect to the Shares. The Purchaser has also been advised that exemptions from registration and qualification may not be available or may not permit the Purchaser to transfer all or any of the Shares in the amounts or at the times proposed by the Purchaser.

5.2 SEC Rule 144. In addition, the Purchaser has been advised that SEC Rule 144 promulgated under the Securities Act, which permits certain limited sales of unregistered securities, is not presently available with respect to the Shares and, in any event, requires that the Shares be held for a minimum of one (1) year, and in certain cases two (2) years, after they have been purchased and paid for (within the meaning of Rule 144). The Purchaser understands that Rule 144 may indefinitely restrict transfer of the Shares so long as the Purchaser remains an "affiliate" of the Company or if "current public information" about the Company (as defined in Rule 144) is not publicly available.

5.3 SEC Rule 701. The Shares are issued pursuant to SEC Rule 701 promulgated under the Securities Act and may become freely tradable by non-affiliates (under limited conditions regarding the method of sale) ninety (90) days after the first sale of Common Stock of the Company to the general public pursuant to a registration statement filed with and declared effective by the SEC, subject to the lengthier market standoff agreement contained in Section 7 of this Exercise Agreement or any other agreement entered into by the Purchaser. Affiliates must comply with the provisions (other than the holding period requirements) of Rule 144.

6. RESTRICTIONS ON TRANSFERS.

6.1 Disposition of Shares. The Purchaser hereby agrees that the Purchaser shall make no disposition of the Shares (other than as permitted by this Exercise Agreement) unless and until:

(a) The Purchaser shall have notified the Company of the proposed disposition and provided a written summary of the terms and conditions of the proposed disposition;

(b) The Purchaser shall have complied with all requirements of this Exercise Agreement applicable to the disposition of the Shares;

(c) The Purchaser shall have provided the Company with written assurances, in form and substance satisfactory to counsel for the Company, that (i) the proposed disposition does not require registration of the Shares under the Securities Act or (ii) all appropriate actions necessary for compliance with the registration requirements of the Securities Act or of any exemption from registration available under the Securities Act (including Rule 144) have been taken; and

(d) The Purchaser shall have provided the Company with written assurances, in form and substance satisfactory to the Company, that the proposed disposition will not result in the contravention of any transfer restrictions applicable to the Shares pursuant to the provisions of the Regulations referred to in Section 4.2 hereof.

6.2 Restriction on Transfer. The Purchaser shall not transfer, assign, grant a lien or security interest in, pledge, hypothecate, encumber or otherwise dispose of any of the Shares that are subject to the Company's Right of First Refusal described below, except as permitted by this Exercise Agreement.

6.3 Transferee Obligations. Each person (other than the Company) to whom the Shares are transferred by means of one of the permitted transfers specified in this Exercise Agreement must, as a condition precedent to the validity of such transfer, acknowledge in writing to the Company that such person is bound by the provisions of this Exercise Agreement and that the transferred Shares are subject to (i) the Company's Right of Repurchase and Right of First Refusal granted hereunder and (ii) the market stand-off provisions of Section 7 hereof, to the same extent such Shares would be so subject if retained by the Purchaser.

7. MARKET STANDOFF AGREEMENT. The Purchaser agrees in connection with any registration of the Company's securities that, upon the request of the Company or the underwriters managing any public offering of the Company's securities, the Purchaser will not sell or otherwise dispose of any Shares without the prior written consent of the Company or such underwriters, as the case may be, for such period of time (not to exceed one hundred eighty (180) days) after the effective date of such registration requested by such managing underwriters and subject to all restrictions as the Company or the underwriters may specify. The Purchaser further

agrees to enter into any agreement reasonably required by the underwriters to implement the foregoing.

8. **COMPANY'S REPURCHASE OPTION FOR UNVESTED SHARES**. The Company, or its assignee, shall have the option to repurchase all or a portion of the Shares that are Unvested Shares (as defined in the Stock Option Agreement) on the terms and conditions set forth in this Section (the "***Repurchase Option***") if Purchaser is Terminated (as defined in the Plan) for any reason, or no reason, including without limitation, Purchaser's death, Disability (as defined in the Plan), voluntary resignation or termination by the Company with or without Cause.

8.1 **Termination and Termination Date**. In case of any dispute as to whether Purchaser is Terminated, the Committee shall have discretion to determine whether Purchaser has been Terminated and the effective date of such Termination (the "***Termination Date***").

8.2 **Exercise of Repurchase Option**. At any time within ninety (90) days after the Purchaser's Termination Date (or, in the case of securities issued upon exercise of an Option after the Purchaser's Termination Date, within ninety (90) days after the date of such exercise), the Company, or its assignee, may elect to repurchase any or all the Shares that are Unvested Shares by giving Purchaser written notice of exercise of the Repurchase Option.

8.3 **Calculation of Repurchase Price for Unvested Shares**. The Company or its assignee shall have the option to repurchase from Purchaser (or from Purchaser's personal representative as the case may be) the Unvested Shares at the Purchaser's Exercise Price, proportionately adjusted for any stock split or similar change in the capital structure of the Company as set forth in Section 2.2 of the Plan (the "***Repurchase Price***").

8.4 **Payment of Repurchase Price**. The Repurchase Price shall be payable, at the option of the Company or its assignee, by check or by cancellation of all or a portion of any outstanding purchase money indebtedness owed by Purchaser to the Company or such assignee, or by any combination thereof. The Repurchase Price shall be paid without interest within the term of the Repurchase Option as described in Section 8.2.

8.5 **Right of Termination Unaffected**. Nothing in this Exercise Agreement shall be construed to limit or otherwise affect in any manner whatsoever the right or power of the Company (or any Parent or Subsidiary of the Company) to terminate Purchaser's employment or other relationship with Company (or the Parent or Subsidiary of the Company) at any time, for any reason or no reason, with or without Cause.

9. **COMPANY'S RIGHT OF FIRST REFUSAL**. Unvested Shares may not be sold or otherwise transferred by the Purchaser with the Company's prior written consent. Before any Vested Shares held by the Purchaser or any transferee of such Vested Shares (either sometimes referred to herein as the "***Holder***") may be sold or otherwise transferred (including, without limitation, a transfer by gift or operation of law), the Company and/or its assignee(s) will

have a right of first refusal to purchase the Vested Shares to be sold or transferred (the "***Offered Shares***") on the terms and conditions set forth in this Section (the "***Right of First Refusal***").

9.1 **Notice of Proposed Transfer**. The Holder of the Offered Shares will deliver to the Company a written notice (the "***Notice of Transfer***") stating: (i) the Holder's bona fide intention to sell or otherwise transfer the Offered Shares; (ii) the name and address of each proposed purchaser or other transferee (the "***Proposed Transferee***"); (iii) the number of Offered Shares to be transferred to each Proposed Transferee; (iv) the bona fide cash price or other consideration for which the Holder proposes to transfer the Offered Shares (the "***Offered Price***"); and (v) that the Holder acknowledges this Notice of Transfer is an offer to sell the Offered Shares to the Company and/or its assignee(s) pursuant to the Company's Right of First Refusal at the Offered Price as provided for in this Exercise Agreement.

9.2 **Exercise of Right of First Refusal**. At any time within thirty (30) days after the date of the Notice of Transfer, the Company and/or its assignee(s) may, by giving written notice to the Holder, elect to purchase all (or, with the consent of the Holder, less than all) the Offered Shares proposed to be transferred to any one or more of the Proposed Transferees named in the Notice of Transfer, at the purchase price, determined as specified below.

9.3 **Purchase Price**. The purchase price for the Offered Shares purchased under this Section will be the Offered Price, provided that if the Offered Price consists of no legal consideration (as, for example, in the case of a transfer by gift) the purchase price will be the fair market value of the Offered Shares as determined in good faith by the Company's Board of Directors. If the Offered Price includes consideration other than cash, then the value of the non-cash consideration, as determined in good faith by the Company's Board of Directors, will conclusively be deemed to be the cash equivalent value of such non-cash consideration.

9.4 **Payment**. Payment of the purchase price for the Offered Shares will be payable, at the option of the Company and/or its assignee(s) (as applicable), by check or by cancellation of all or a portion of any outstanding purchase money indebtedness owed by the Holder to the Company (or to such assignee, in the case of a purchase of Offered Shares by such assignee) or by any combination thereof. The purchase price will be paid without interest within sixty (60) days after the Company's receipt of the Notice of Transfer, or, at the option of the Company and/or its assignee(s), in the manner and at the time(s) set forth in the Notice of Transfer.

9.5 **Holder's Right to Transfer**. If all of the Offered Shares proposed in the Notice of Transfer to be transferred to a given Proposed Transferee are not purchased by the Company and/or its assignee(s) as provided in this Section, then the Holder may sell or otherwise transfer such Offered Shares to each Proposed Transferee at the Offered Price or at a higher price, provided that (i) such sale or other transfer is consummated within one hundred twenty (120) days after the date of the Notice of Transfer, (ii) any such sale or other transfer is effected in compliance with all applicable securities laws, and (iii) each Proposed Transferee agrees in writing that the provisions of this Section will continue to apply to the Offered Shares in the hands of such Proposed Transferee. If the Offered Shares described in the Notice of Transfer are

not transferred to each Proposed Transferee within such one hundred twenty (120) day period, then a new Notice of Transfer must be given to the Company pursuant to which the Company will again be offered the Right of First Refusal before any Shares held by the Holder may be sold or otherwise transferred.

9.6 **Exempt Transfers**. Notwithstanding anything to the contrary in this Section, the following transfers of Vested Shares will be exempt from the Right of First Refusal: (i) the transfer of any or all of the Vested Shares during the Purchaser's lifetime by gift or on the Purchaser's death by will or intestacy to the Purchaser's "Immediate Family" (as defined below) or to a trust for the benefit of the Purchaser or the Purchaser's Immediate Family, provided that each transferee or other recipient agrees in a writing satisfactory to the Company that the provisions of this Agreement will continue to apply to the transferred Vested Shares in the hands of such transferee or other recipient; (ii) any transfer or conversion of Vested Shares made pursuant to a statutory merger or statutory consolidation of the Company with or into another corporation or corporations (except that the Right of First Refusal will continue to apply thereafter to such Vested Shares, in which case the surviving corporation of such merger or consolidation shall succeed to the rights of the Company under this Section unless (i) the common stock of the surviving corporation or any direct or indirect parent corporation thereof is registered under the Securities Exchange Act of 1934, as amended; or (ii) the agreement of merger or consolidation expressly otherwise provides); or (iii) any transfer of Vested Shares pursuant to the winding up and dissolution of the Company. As used herein, the term "***Immediate Family***" will mean the Purchaser's spouse, the lineal descendant or antecedent, father, mother, brother or sister, child, adopted child, grandchild or adopted grandchild of the Purchaser or the Purchaser's spouse, or the spouse of any of the above.

9.7 **Termination of Right of First Refusal**. The Right of First Refusal will terminate as to all Shares (i) on the effective date of the first sale of Common Stock of the Company to the general public pursuant to a registration statement filed with and declared effective by the SEC under the 1933 Act (other than a registration statement relating solely to the issuance of Common Stock pursuant to a business combination or an employee incentive or benefit plan) or (ii) on any transfer or conversion of Shares made pursuant to a statutory merger or statutory consolidation of the Company with or into another corporation or corporations if the common stock of the surviving corporation or any direct or indirect parent corporation thereof is registered under the Securities Exchange Act of 1934, as amended.

9.8 **Encumbrances on Vested Shares**. The Purchaser may grant a lien or security interest in, or pledge, hypothecate or encumber Vested Shares only if each party to whom such lien or security interest is granted, or to whom such pledge, hypothecation or other encumbrance is made, agrees in a writing satisfactory to the Company that: (i) such lien, security interest, pledge, hypothecation or encumbrance will not apply to such Vested Shares after they are acquired by the Company and/or its assignees under this Section; and (ii) the provisions of this Agreement will continue to apply to such Vested Shares in the hands of such party and any transferee of such party. The Purchaser may not grant a lien or security interest in, or pledge, hypothecate or encumber, any Unvested Shares.

10. **RIGHTS AS A STOCKHOLDER**. Subject to the terms and conditions of this Exercise Agreement, the Purchaser will have all of the rights of a stockholder of the Company with respect to the Shares from and after the date that Shares are issued to the Purchaser until such time as the Purchaser disposes of the Shares or the Company and/or its assignee(s) exercise(s) the Right of Repurchase or Right of First Refusal. Upon an exercise of the Right of Repurchase or Right of First Refusal, the Purchaser will have no further rights as a holder of the Shares so purchased upon such exercise, other than the right to receive payment for the Shares so purchased in accordance with the provisions of this Exercise Agreement, and the Purchaser will promptly surrender the stock certificate(s) evidencing the Shares so purchased to the Company for transfer or cancellation.

11. **ESCROW**. As security for the Purchaser's faithful performance of this Exercise Agreement, the Purchaser agrees, immediately upon receipt of the stock certificate(s) evidencing the Shares, to deliver such certificate(s), together with the Stock Powers executed by the Purchaser and by the Purchaser's spouse, if any (with the date and number of Shares left blank), to the Secretary of the Company or other designee of the Company (the "***Escrow Holder***"), who is hereby appointed to hold such certificate(s) and Stock Powers in escrow and to take all such actions and to effectuate all such transfers and/or releases of such Shares as are in accordance with the terms of this Exercise Agreement. The Purchaser and the Company agree that Escrow Holder will not be liable to any party to this Exercise Agreement (or to any other party) for any actions or omissions unless Escrow Holder is grossly negligent or intentionally fraudulent in carrying out the duties of Escrow Holder under this Exercise Agreement. Escrow Holder may rely upon any letter, notice or other document executed with any signature purported to be genuine and may rely on the advice of counsel and obey any order of any court with respect to the transactions contemplated by this Exercise Agreement. The Shares will be released from escrow upon termination of both the Right of Repurchase Option and Right of First Refusal.

12. **RESTRICTIVE LEGENDS AND STOP-TRANSFER ORDERS**.

12.1 **Legends**. The Purchaser understands and agrees that the Company will place the legends set forth below or similar legends on any stock certificate(s) evidencing the Shares, together with any other legends that may be required by state or U.S. Federal securities laws, the Company's Certificate of Incorporation or Bylaws, any other agreement between the Purchaser and the Company or any agreement between the Purchaser and any third party:

THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR UNDER THE SECURITIES LAWS OF CERTAIN STATES. THESE SECURITIES ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS, PURSUANT TO REGISTRATION OR EXEMPTION THEREFROM. INVESTORS SHOULD BE AWARE THAT THEY MAY BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN

INDEFINITE PERIOD OF TIME. THE ISSUER OF THESE SECURITIES MAY REQUIRE AN OPINION OF COUNSEL IN FORM AND SUBSTANCE SATISFACTORY TO THE ISSUER TO THE EFFECT THAT ANY PROPOSED TRANSFER OR RESALE IS IN COMPLIANCE WITH THE SECURITIES ACT AND ANY APPLICABLE STATE SECURITIES LAWS.

THE SHARES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO CERTAIN RESTRICTIONS ON PUBLIC RESALE AND TRANSFER, INCLUDING THE REPURCHASE AND RIGHT OF FIRST REFUSAL OPTIONS HELD BY THE ISSUER AND/OR ITS ASSIGNEE(S), AS SET FORTH IN A STOCK OPTION EXERCISE AGREEMENT BETWEEN THE ISSUER AND THE ORIGINAL HOLDER OF THESE SHARES, A COPY OF WHICH MAY BE OBTAINED AT THE PRINCIPAL OFFICE OF THE ISSUER. SUCH PUBLIC SALE AND TRANSFER RESTRICTIONS, INCLUDING THE RIGHT OF REPURCHASE AND RIGHT OF FIRST REFUSAL, ARE BINDING ON TRANSFEREES OF THESE SHARES.

THE SHARES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO A 180 DAY MARKET STANDOFF RESTRICTION AS SET FORTH IN A CERTAIN AGREEMENT BETWEEN THE ISSUER AND THE ORIGINAL HOLDER OF THESE SHARES, A COPY OF WHICH MAY BE OBTAINED AT THE PRINCIPAL OFFICE OF THE ISSUER. AS A RESULT OF SUCH AGREEMENT, THESE SHARES MAY NOT BE TRADED PRIOR TO 180 DAYS AFTER THE EFFECTIVE DATE OF ANY PUBLIC OFFERING OF THE COMMON STOCK OF THE ISSUER HEREOF. SUCH RESTRICTION IS BINDING ON TRANSFEREES OF THESE SHARES.

12.2 **Stop-Transfer Instructions**. The Purchaser agrees that, to ensure compliance with the restrictions imposed by this Exercise Agreement, the Company may issue appropriate "stop-transfer" instructions to its transfer agent, if any, and if the Company transfers its own securities, it may make appropriate notations to the same effect in its own records.

12.3 **Refusal to Transfer**. The Company will not be required (i) to transfer on its books any Shares that have been sold or otherwise transferred in violation of any of the provisions of this Exercise Agreement or (ii) to treat as owner of such Shares, or to accord the right to vote or pay dividends to any purchaser or other transferee to whom such Shares have been so transferred.

13. **TAX CONSEQUENCES**. *THE PURCHASER UNDERSTANDS THAT THE PURCHASER MAY SUFFER ADVERSE TAX CONSEQUENCES AS A RESULT OF THE PURCHASER'S PURCHASE OR DISPOSITION OF THE SHARES. THE PURCHASER REPRESENTS: (i) THAT THE PURCHASER HAS CONSULTED WITH ANY TAX ADVISER THAT THE PURCHASER DEEMS ADVISABLE IN CONNECTION WITH THE PURCHASE OR DISPOSITION OF THE SHARES AND (ii) THAT THE PURCHASER IS NOT RELYING ON THE COMPANY FOR ANY TAX ADVICE. IN PARTICULAR, IF UNVESTED SHARES ARE SUBJECT TO REPURCHASE BY THE COMPANY, PURCHASER REPRESENTS THAT*

PURCHASER HAS CONSULTED WITH PURCHASER'S OWN TAX ADVISER CONCERNING THE ADVISABILITY OF FILING AN 83(b) ELECTION WITH THE INTERNAL REVENUE SERVICE WHICH MUST BE FILED WITHIN THIRTY (30) DAYS OF THE PURCHASE OF THE SHARES TO BE EFFECTIVE. Set forth below is a brief summary as of the date the Plan was adopted by the Board of some of the U.S. Federal and applicable state tax consequences of exercise of the Option and disposition of the Shares. *THIS SUMMARY IS NECESSARILY INCOMPLETE, AND THE TAX LAWS AND REGULATIONS ARE SUBJECT TO CHANGE. THE PURCHASER SHOULD CONSULT HIS OR HER OWN TAX ADVISER BEFORE EXERCISING THIS OPTION OR DISPOSING OF THE SHARES.*

13.1 **Exercise of Incentive Stock Option**. If the Option qualifies as an ISO, there will be no regular U.S. Federal income tax liability or applicable state income tax liability upon the exercise of the Option, although the excess, if any, of the Fair Market Value of the Shares on the date of exercise over the Exercise Price will be treated as a tax preference item for U.S. Federal alternative minimum tax purposes and may subject the Purchaser to the alternative minimum tax in the year of exercise.

13.2 **Exercise of Nonqualified Stock Option**. If the Option does not qualify as an ISO, there may be a regular U.S. Federal income tax liability and an applicable state income tax liability upon the exercise of the Option. The Purchaser will be treated as having received compensation income (taxable at ordinary income tax rates) equal to the excess, if any, of the Fair Market Value of the Shares on the date of exercise over the Exercise Price. If the Purchaser is or was an employee of the Company, the Company may be required to withhold from the Purchaser's compensation or collect from the Purchaser and pay to the applicable taxing authorities an amount equal to a percentage of this compensation income at the time of exercise.

13.3 **Disposition of Shares**. The following tax consequences may apply upon disposition of the Shares.

(a) Incentive Stock Options. If the Shares are held for more than twelve (12) months after the date of purchase of the Shares pursuant to the exercise of an ISO and are disposed of more than two (2) years after the Date of Grant as set forth in the Grant Notice, any gain realized on disposition of the Shares will be treated as long term capital gain for U.S. federal and applicable state income tax purposes. If Vested Shares purchased under an ISO are disposed of within either of the applicable one (1) or two (2) year holding periods, any gain realized on such disposition will be treated as compensation income (taxable at ordinary income rates in the year of the disposition) to the extent of the excess, if any, of the Fair Market Value of the Shares on the date of exercise over the Exercise Price.

(b) Nonqualified Stock Options. If the Shares are held for more than twelve (12) months after the date of purchase of the Shares pursuant to the exercise of an NQSO, any gain realized on disposition of the Shares will be treated as long-term capital gain.

(c) Withholding. The Company may be required to withhold from the Purchaser's compensation or collect from the Purchaser and pay to the applicable taxing authorities an amount equal to a percentage of this compensation income.

13.4 Section 83(b) Election for Unvested Shares. With respect to Unvested Shares, which are subject to the Repurchase Option, unless an election is filed by the Purchaser with the Internal Revenue Service (and, if necessary, the proper state taxing authorities), **within 30 days of the purchase** of the Unvested Shares, electing pursuant to Section 83(b) of the Code (and similar state tax provisions, if applicable) to be taxed currently on any difference between the Exercise Price of the Unvested Shares and their Fair Market Value on the date of purchase, there may be a recognition of taxable income (including, where applicable, alternative minimum taxable income) to the Purchaser, measured by the excess, if any, of the Fair Market Value of the Unvested Shares at the time they cease to be Unvested Shares, over the Exercise Price of the Unvested Shares.

14. COMPLIANCE WITH LAWS AND REGULATIONS. The issuance and transfer of the Shares will be subject to and conditioned upon compliance by the Company and the Purchaser with all applicable state and U.S. Federal laws and regulations and with all applicable requirements of any stock exchange or automated quotation system on which the Company's Common Stock may be listed or quoted at the time of such issuance or transfer.

15. SUCCESSORS AND ASSIGNS. The Company may assign any of its rights under this Exercise Agreement, including its right to purchase Shares under the Repurchase Option and its Right of First Refusal. This Exercise Agreement shall be binding upon and inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer herein set forth, this Exercise Agreement will be binding upon the Purchaser and the Purchaser's heirs, executors, administrators, legal representatives, successors and assigns.

16. GOVERNING LAW; SEVERABILITY. This Exercise Agreement shall be governed by and construed in accordance with the internal laws of the State of Delaware as such laws are applied to agreements between Delaware residents entered into and to be performed entirely within Delaware. If any provision of this Exercise Agreement is determined by a court of law to be illegal or unenforceable, then such provision will be enforced to the maximum extent possible and the other provisions will remain fully effective and enforceable.

17. NOTICES. Any notice required to be given or delivered to the Company shall be in writing and addressed to the Corporate Secretary of the Company at its principal corporate offices. Any notice required to be given or delivered to the Purchaser shall be in writing and addressed to the Purchaser at the address indicated in the Exercise Notice or to such other address as the Purchaser may designate in writing from time to time to the Company. All notices shall be deemed to have been given or delivered upon: (i) personal delivery; (ii) three (3) days after deposit in the United States mail by certified or registered mail (return receipt requested); or (iii) one (1) business day after deposit with any return receipt express courier (prepaid).

18. FURTHER INSTRUMENTS. The parties agree to execute such further instruments and to take such further action as may be reasonably necessary to carry out the purposes and intent of the Exercise Notice and/or this Exercise Agreement.

19. **HEADINGS**. The captions and headings of this Exercise Agreement are included for ease of reference only and will be disregarded in interpreting or construing this Exercise Agreement. All references herein to Sections will refer to Sections of this Exercise Agreement.

20. **ENTIRE AGREEMENT**. The Plan, the Grant Notice, the Stock Option Agreement, the Exercise Notice and this Exercise Agreement, together with all Exhibits thereto, constitute the entire agreement and understanding of the parties with respect to the subject matter of the Exercise Notice and this Exercise Agreement, and supersede all prior understandings and agreements, whether oral or written, between the parties hereto with respect to the specific subject matter hereof.

Execution Version

AMENDED AND RESTATED TERM LOAN AGREEMENT
dated as of November 25, 2019

by and among

ROOT, INC.
as Borrower

ROOT STOCKHOLDINGS, INC.
as Holdings

THE LENDERS FROM TIME TO TIME PARTY HERETO

and

SUNTRUST BANK
as Administrative Agent

and

THE HUNTINGTON NATIONAL BANK
as Documentation Agent

SUNTRUST ROBINSON HUMPHREY, INC.
as Sole Lead Arranger and Sole Book Runner

Schedules

Schedule I - Term Loan Commitment Amounts

Schedule 3.1(b)(xv) - Delivered Material Agreements
Schedule 4.5 - Environmental Matters
Schedule 4.14 - Subsidiaries
Schedule 4.16 - Deposit and Disbursement Accounts
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Schedule 7.1 - Existing Indebtedness
Schedule 7.2 - Existing Liens
Schedule 7.4 - Existing Investments
Schedule 8.1 - Permitted Holders Capitalization Table

Exhibits

Exhibit A - Form of Assignment and Acceptance
Exhibit B - Form of Guaranty and Security Agreement
Exhibit D - Net Written Premium Calculation

Exhibit 2.9 - Form of Notice of Conversion/Continuation
Exhibits 2.16A – D - Tax Certificates
Exhibit 3.1(b)(ii) - Form of Secretary's Certificate
Exhibit 3.1(b)(v) - Form of Officer's Certificate
Exhibit 5.1(c) - Form of Monthly Reporting Package
Exhibit 5.1(d) - Form of Compliance Certificate

AMENDED AND RESTATED TERM LOAN AGREEMENT

THIS AMENDED AND RESTATED TERM LOAN AGREEMENT (this "Agreement") is made and entered into as of November 25, 2019, by and among **ROOT STOCKHOLDINGS, INC.**, a Delaware corporation ("Holdings"), **ROOT, INC.**, a Delaware corporation (the "Borrower"), the several banks and other financial institutions and lenders from time to time party hereto (the "Lenders"), and **SUNTRUST BANK**, in its capacity as Administrative Agent for the Lenders.

W I T N E S S E T H:

WHEREAS, Holdings, the Borrower and the Administrative Agent are parties to that certain Term Loan Agreement, dated as of April 17, 2019 (as amended, waived or otherwise modified and in effect immediately prior to the date hereof, the "Existing Credit Agreement");

WHEREAS, the Borrower has requested that the Lenders and the Administrative Agent amend and restate the Existing Credit Agreement on the terms and conditions set forth herein; and

WHEREAS, subject to the terms and conditions of this Agreement, the Administrative Agent and the Lenders are willing to so amend and restate the Existing Credit Agreement;

NOW, THEREFORE, in consideration of the premises and the mutual covenants herein contained, the Borrower, the Lenders and the Administrative Agent agree as follows:

Article I.

DEFINITIONS; CONSTRUCTION

Section 1.1. **Definitions**. In addition to the other terms defined herein, the following terms used herein shall have the meanings herein specified (to be equally applicable to both the singular and plural forms of the terms defined):

"Adjusted LIBO Rate" shall mean, with respect to each Interest Period for a Eurodollar Loan, (i) the rate *per annum* equal to the London interbank offered rate for deposits in Dollars appearing on Reuters screen page LIBOR 01 (or on any successor or substitute page of such service or any successor to such service, or if such service is not available, such other commercially available source providing rate quotations comparable to those currently provided on such page as may be reasonably designated by the Administrative Agent from time to time) (in each case, the "Screen Rate") at approximately 11:00 A.M. (London time) two (2) Business Days prior to the first day of such Interest Period, with a maturity comparable to such Interest Period, divided by (ii) 1.00 minus the then stated maximum rate of all reserve requirements (including any marginal, emergency, supplemental, special or other reserves and without benefit of credits for proration, exceptions or offsets that may be available from time to time) expressed as a decimal (rounded upward to the next 1/100th of 1%) applicable to any member bank of the Federal Reserve System in respect of Eurocurrency liabilities as defined in Regulation D (or any successor category of liabilities under Regulation D); provided that if the rate referred to in clause (i) above is not available at any such time for any reason, then the rate referred to in clause (i) shall instead be the interest rate *per annum*, as reasonably determined by the Administrative Agent, to be the arithmetic average of the rates *per annum* at which deposits in Dollars in an amount equal to the amount of such Eurodollar Loan are offered by major banks in the London interbank market to the Administrative Agent at approximately

11:00 A.M. (London time), two (2) Business Days prior to the first day of such Interest Period. For purposes of this Agreement, the Adjusted LIBO Rate will not be less than zero percent (0%).

"Administrative Agent" shall mean SunTrust Bank, in its capacity as administrative agent under any of the Loan Documents, or any successor administrative agent (as may be determined in accordance with Section 9.7).

"Administrative Questionnaire" shall mean, with respect to each Lender, an administrative questionnaire in the form provided by the Administrative Agent and submitted to the Administrative Agent duly completed by such Lender.

"Affiliate" shall mean, with respect to any Person, another Person that directly, or indirectly through one or more intermediaries, Controls, is Controlled by, or is under common Control with, the specified Person. For the purposes of this definition, "Control" shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ability to exercise voting power, by control or otherwise. The terms "Controlling" and "Controlled" have meanings correlative thereto.

"Agency Agreement" shall mean that certain Authorized Producer Agreement, dated as of October 1, 2018, by and between RIC and RIA, as the same may be amended, restated, supplemented, replaced or otherwise modified from time to time to the extent permitted hereby.

"Agent Fee Letter" shall mean that certain fee letter, dated October 15, 2019, executed by SunTrust Robinson Humphrey, Inc. and SunTrust Bank and accepted by the Borrower.

"Agreement" shall have the meaning assigned to such term in the introductory paragraph hereto.

"Anti-Corruption Laws" shall mean all laws, rules and regulations of any jurisdiction applicable to Holdings, the Borrower or their Subsidiaries concerning or relating to bribery or corruption.

"Applicable Lending Office" shall mean, for each Lender and for each Type of Loan, the "Lending Office" of such Lender (or an Affiliate of such Lender) designated for such Type of Loan in the Administrative Questionnaire submitted by such Lender or such other office of such Lender (or such Affiliate of such Lender) as such Lender may from time to time specify to the Administrative Agent and the Borrower as the office by which its Term Loans of such Type are to be made and maintained.

"Applicable Margin" shall mean (i) 3.00% *per annum* with respect to Base Rate Loans and (ii) 4.00% *per annum* with respect to Eurodollar Loans.

"Approved Fund" shall mean any Person (other than a natural Person (or any holding company, investment vehicle or trust for, or owned and operated for the primary benefit of, a natural Person)) that is (or will be) engaged in making, purchasing, holding or otherwise investing in commercial loans and similar extensions of credit in the ordinary course of its business and that is administered or managed by (a) a Lender, (b) an Affiliate of a Lender or (c) an entity or an Affiliate of an entity that administers or manages a Lender.

"Arranger" shall mean SunTrust Robinson Humphrey, Inc., in its capacity as sole lead arranger and bookrunner.

"Assignee Lenders" shall mean each of SunTrust Bank and The Huntington National Bank.

"Assignment and Acceptance" shall mean an assignment and acceptance entered into by a Lender and an Eligible Assignee (with the consent of any party whose consent is required by Section 10.4(b)) and accepted by the Administrative Agent, in substantially the form of Exhibit A attached hereto or any other form approved by the Administrative Agent.

"Bail-In Action" shall mean the exercise of any Write-Down and Conversion Powers by the applicable EEA Resolution Authority in respect of any liability of an EEA Financial Institution.

"Bail-In Legislation" shall mean, with respect to any EEA Member Country implementing Article 55 of Directive 2014/59/EU of the European Parliament and of the Council of the European Union, the implementing law for such EEA Member Country from time to time which is described in the EU Bail-In Legislation Schedule.

"Bank Product Amount" shall have the meaning set forth in the definition of "Bank Product Provider."

"Bank Product Obligations" shall mean, collectively, all obligations and other liabilities of any Loan Party to any Bank Product Provider arising with respect to any Bank Products.

"Bank Product Provider" shall mean any Person that, at the time it initially provides any Bank Product to any Loan Party (or if entered into prior to the Original Closing Date and is still in existence, on the Original Closing Date), (i) is a Lender or an Affiliate of a Lender and (ii) except when the Bank Product Provider is SunTrust Bank and its Affiliates, has provided prior written notice to the Administrative Agent which has been acknowledged by the Borrower of (x) the existence of such Bank Product, (y) the maximum dollar amount of obligations arising thereunder (the "Bank Product Amount") and (z) the methodology to be used by such parties in determining the obligations under such Bank Product from time to time. In no event shall any Bank Product Provider acting in such capacity be deemed a Lender for purposes hereof to the extent of and as to Bank Products except that each reference to the term "Lender" in Article IX and Section 10.3(b) shall be deemed to include such Bank Product Provider and in no event shall the approval of any such Person in its capacity as Bank Product Provider be required in connection with the release or termination of any guaranty, security interest or Lien of the Administrative Agent or of any Loan Document. The Bank Product Amount may be changed from time to time upon written notice to the Administrative Agent by the applicable Bank Product Provider. No Bank Product Amount may be established at any time that a Default or Event of Default exists.

"Bank Products" shall mean any of the following services provided to any Loan Party by any Bank Product Provider: (a) any treasury or other cash management services, including deposit accounts, automated clearing house (ACH) origination and other funds transfer, depository (including cash vault and check deposit), zero balance accounts and sweeps, return items processing, controlled disbursement accounts, positive pay, lockboxes and lockbox accounts, account reconciliation and information reporting, payables outsourcing, payroll processing, trade finance services, investment accounts and securities accounts, and (b) letter of credit services, card services, including credit cards (including purchasing cards and commercial cards), prepaid cards, including payroll, stored value and gift cards, merchant services processing, and debit card services. Notwithstanding anything to the contrary contained in this Agreement, each of the Escrow Agreements and the Escrow Accounts shall be deemed not to be a Bank Product.

"Base Rate" shall mean for any day a rate per annum equal to the highest of (i) the rate of interest which the Administrative Agent announces from time to time as its prime lending rate, as in effect from time to time (the "Prime Rate"), (ii) the Federal Funds Rate, as in effect from time to time, plus 0.50%, (iii) the Adjusted LIBO Rate determined on a daily basis for an Interest Period of one (1) month, plus 1.00% (any changes in such rates to be effective as of the date of any change in such rate), and (iv) zero percent (0.00%). The Administrative Agent's prime lending rate is a reference rate and does not necessarily represent the lowest or best rate actually charged to any customer. The Administrative Agent may make commercial loans or other loans at rates of interest at, above, or below the Administrative Agent's prime lending rate. Any change in the Base Rate due to a change in the Prime Rate, the Federal Funds Rate, or the Adjusted LIBO Rate will be effective from and including the effective date of such change in the Prime Rate, the Federal Funds Rate, or the Adjusted LIBO Rate.

"Base Rate Loans" shall mean Term Loans for which the rate of interest is based upon the Base Rate.

"Beneficial Ownership Certification" shall mean a certification regarding beneficial ownership as required by the Beneficial Ownership Regulation.

"Beneficial Ownership Regulation" shall mean 31 C.F.R. § 1010.230.

"Borrower" shall have the meaning set forth in the introductory paragraph hereof.

"Borrowing" shall mean the Term Loans made on the Original Closing Date.

"Business Day" shall mean any day other than (i) a Saturday, Sunday or other day on which commercial banks in Atlanta, Georgia or New York, New York are authorized or required by law to close and (ii) if such day relates to a payment or prepayment of principal or interest on, a continuation or conversion of or into, or an Interest Period for, a Eurodollar Loan or a notice with respect to any of the foregoing, any such day that is also a day on which dealings in Dollar deposits are not conducted by and between banks in the London interbank market.

"Capital Lease Obligations" of any Person shall mean all obligations of such Person to pay rent or other amounts under any lease (or other arrangement conveying the right to use) of real or personal property, or a combination thereof, which obligations are required to be classified and accounted for as capital leases on a balance sheet of such Person under GAAP as in effect on December 31, 2017, and the amount of such obligations shall be the capitalized amount thereof determined in accordance with GAAP as in effect on December 31, 2017.

"Capital Stock" shall mean all shares, options, warrants, general or limited partnership interests, membership interests or other equivalents (regardless of how designated) of or in a corporation, partnership, limited liability company or equivalent entity whether voting or nonvoting, including common stock, preferred stock or any other "equity security" (as such term is defined in Rule 3a11-1 of the General Rules and Regulations promulgated by the Securities and Exchange Commission under the Exchange Act).

"Ceded Earned Premium" shall mean all revenue recognized during the period of measurement for written insurance contracts that have been reinsured to a third party during the period of measurement as determined in accordance with SAP.

"Ceded Written Premium" shall mean all premium covering written insurance contracts that have been reinsured to a third party during the period of measurement as determined in accordance with SAP.

"Change in Control" shall mean the occurrence of one or more of the following events:

(i) at any time prior to the consummation of a Qualified IPO, the Permitted Holders shall cease to collectively own and control, on a fully diluted basis, Capital Stock of Holdings representing more than 50% (a) of the economic interests in Holdings or (b) the voting power of Holdings entitled to vote in the election of members of the board of directors (or equivalent governing body) of Holdings; or

(ii) at any time after the consummation of a Qualified IPO, any "person" or "group" (in each case, within the meaning of the Exchange Act and the rules of the Securities and Exchange Commission thereunder) other than the Permitted Holders or a trustee or other fiduciary holding securities under an employee benefit plan of Borrower (a) shall have acquired, directly or indirectly, beneficial ownership of 35.0% or more of the outstanding shares of the voting interests in the Capital Stock of Holdings or (b) shall have obtained the power (whether or not exercised) to elect a majority of the members of the board of directors (or equivalent governing body) of Holdings; or

(iii) at any time after the consummation of a Qualified IPO, during any period of 24 consecutive months, a majority of the members of the board of directors (or other equivalent governing body) of Holdings cease to be composed of individuals who are Continuing Directors; or

(iv) (a) Holdings shall cease to directly own and control 100% of the Capital Stock of the Borrower; or (b) the Borrower shall cease to own and control, directly or indirectly, 100% of the Capital Stock of each of its Subsidiaries (other than (x) pursuant to a transaction permitted by Sections 7.3(a) and (y) Subsidiaries the Capital Stock of which the Borrower does not directly or indirectly own 100% of at the time of the initial formation or acquisition of such Subsidiaries to the extent such initial formation or acquisition was permitted by Sections 7.4(m) and 7.4(o); provided that this parenthetical shall not apply with respect to any U.S. Insurance Subsidiary); or

(v) (a) at any time prior to the consummation of a Qualified IPO, Alex Timm shall own and control less than 8.0% of the outstanding shares of the economic and voting interests in the Capital Stock of Holdings, and (b) at any time after the consummation of a Qualified IPO, Alex Timm shall own and control less than 4.0% of the outstanding shares of the economic and voting interests in the Capital Stock of Holdings; or

(vi) Alex Timm shall cease at any time to be directly involved in the day to day management of the Borrower.

"Change in Law" shall mean the occurrence, after the Closing Date, of any of the following: (i) the adoption or taking effect of any applicable law, rule, regulation or treaty, (ii) any change in any applicable law, rule, regulation or treaty, or in the administration, interpretation, implementation or application thereof by any Governmental Authority, or (iii) the making or issuance of any request, rule, guideline or directive (whether or not having the force of law) of any Governmental Authority; provided that notwithstanding anything herein to the contrary, for purposes of this Agreement, (x) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives in connection therewith and (y) all requests, rules, guidelines or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States or foreign regulatory authorities, in each case pursuant to Basel III, shall in each case be deemed to be a "Change in Law", regardless of the date enacted, adopted or issued.

"Closing Date" shall mean the date on which the conditions precedent set forth in Section 3.1 and Section 3.3 have been satisfied or waived in accordance with Section 10.2.

"Code" shall mean the Internal Revenue Code of 1986, as amended and in effect from time to time.

"Collateral" shall mean all tangible and intangible property, real and personal, of any Loan Party that is or purports to be the subject of a Lien to the Administrative Agent under the Loan Documents to secure the whole or any part of the Obligations or any Guarantee thereof, and shall include, without limitation, all casualty insurance proceeds and condemnation awards with respect to any of the foregoing; provided that, for the avoidance of doubt, the Collateral shall exclude (i) all of the assets of any Insurance Subsidiary or any Subsidiary of an Insurance Subsidiary and (ii) all other Excluded Property.

"Collateral Access Agreement" shall mean each landlord waiver or bailee agreement granted to, and in form and substance reasonably acceptable to, the Administrative Agent.

"Collateral Assignment" shall mean that certain Collateral Assignment of Representations, Warranties, Covenants and Indemnities under the Agency Agreement, dated as of the Original Closing Date, executed by RIA in favor of the Administrative Agent.

"Collateral Documents" shall mean, collectively, the Guaranty and Security Agreement, any Real Estate Documents, the Control Account Agreements, the Collateral Assignment, all Copyright Security Agreements, all Patent Security Agreements, all Trademark Security Agreements, all Collateral Access Agreements, and all other instruments and agreements now or hereafter securing or perfecting the Liens securing the whole or any part of the Obligations or any Guarantee thereof. For the avoidance of doubt, the Escrow Agreements shall be deemed to not constitute Collateral Documents.

"Commodity Exchange Act" shall mean the Commodity Exchange Act (7 U.S.C. § 1 et seq.), as amended and in effect from time to time, and any successor statute.

"Compliance Certificate" shall mean a certificate from the principal executive officer, the principal financial officer, the principal accounting officer or the treasurer of the Borrower substantially in

the form of, and containing substantially the certifications set forth in, the form attached hereto as Exhibit 5.1(d).

"Connection Income Taxes" means Other Connection Taxes that are imposed on or measured by net income (however denominated) or that are franchise Taxes or branch profits Taxes.

"Continuing Director" shall mean, with respect to any period, any individuals (A) who were members of the board of directors or other equivalent governing body of the Borrower on the first day of such period, (B) whose election or nomination to that board or equivalent governing body was approved by individuals referred to in clause (A) above constituting at the time of such election or nomination at least a majority of that board or equivalent governing body, or (C) whose election or nomination to that board or other equivalent governing body was approved by individuals referred to in clauses (A) and (B) above constituting at the time of such election or nomination at least a majority of that board or equivalent governing body.

"Contractual Obligation" of any Person shall mean any provision of any security issued by such Person or of any agreement, instrument or undertaking under which such Person is obligated or by which it or any of the property in which it has an interest is bound.

"Control Account Agreement" shall mean any agreement by and among a Loan Party, the Administrative Agent, the NPA Agent (if applicable), and a depositary bank or securities intermediary at which such Loan Party maintains a Controlled Account, in each case in form and substance reasonably satisfactory to the Administrative Agent. For the avoidance of doubt, the Escrow Agreements shall be deemed to not constitute Control Account Agreements.

"Controlled Account" shall have the meaning set forth in Section 5.11(a).

"Copyright" shall have the meaning assigned to such term in the Guaranty and Security Agreement.

"Copyright Security Agreement" shall mean any Copyright Security Agreement executed by a Loan Party owning registered Copyrights or applications for Copyrights in favor of the Administrative Agent for the benefit of the Secured Parties, both on the Original Closing Date and thereafter.

"Covered Party" shall have the meaning set forth in Section 10.19(a).

"Debtor Relief Laws" shall mean the Bankruptcy Code of the United States of America, and all other liquidation, conservatorship, bankruptcy, assignment for the benefit of creditors, moratorium, rearrangement, receivership, insolvency, reorganization, or similar debtor relief Laws of the United States or other applicable jurisdictions from time to time in effect.

"Default" shall mean any condition or event that, with the giving of notice or the lapse of time or both, would constitute an Event of Default.

"Default Interest" shall have the meaning set forth in Section 2.8(c).

"Defaulting Lender" shall mean, subject to Section 2.21(b), any Lender that (a) has failed to (i) fund all or any portion of its Loans within two (2) Business Days of the date such Loans were required to be funded hereunder unless such Lender notifies the Administrative Agent and the Borrower in writing that such failure is the result of such Lender's good faith determination that one or more conditions precedent to funding (each of which conditions precedent, together with any applicable default, shall be specifically identified in such writing) has not been satisfied, or (ii) pay to the Administrative Agent or any other Lender any other amount required to be paid by it hereunder within two (2) Business Days of the date when due, or (b) has, or has a direct or indirect parent company that has (i) become the subject of a proceeding under any Debtor Relief Law, (ii) had appointed for it a receiver, custodian, conservator, trustee, administrator, assignee for the benefit of creditors or similar Person charged with reorganization or liquidation of its business or assets, including the Federal Deposit Insurance Corporation or any other state or federal regulatory authority acting in such a capacity or (iii) become the subject of a Bail-in Action; provided that a Lender shall not be a Defaulting Lender solely by virtue of the ownership or acquisition of any Capital Stock in that Lender or any direct or indirect parent company thereof by a Governmental Authority so long as such ownership interest does not result in or provide such Lender with immunity from the jurisdiction of courts within the United States or from the enforcement of judgments or writs of attachment on its assets or permit such Lender (or such Governmental Authority) to reject, repudiate, disavow or disaffirm any contracts or agreements made with such Lender. Any determination by the Administrative Agent that a Lender is a Defaulting Lender under clauses (a) and (b) above shall be conclusive and binding absent manifest error, and such Lender shall be deemed to be a Defaulting Lender (subject to Section 2.21(b)) upon delivery of written notice of such determination to the Borrower and each Lender.

"Direct Combined Ratio" shall mean the sum (expressed as a percentage) of the Direct Loss & LAE Ratio plus the Direct Expense Ratio.

"Direct Earned Premium" shall mean revenue recognized during the period of measurement for written insurance contracts, prior to any ceding, as determined in accordance with SAP.

"Direct Expense Ratio" shall mean, for any Test Period, (x) divided by (y) where (x) is Operating Expenses for all of the U.S. Insurance Subsidiaries for such period and (y) is Direct Written Premium of all U.S. Insurance Subsidiaries for such period.

"Direct Loss & LAE Ratio" shall mean, for any Test Period, (x) divided by (y) where (x) is the sum of (i) total new insurance policy incurred losses for all of the U.S. Insurance Subsidiaries for such period plus (ii) total renewal insurance policy incurred losses for all of the U.S. Insurance Subsidiaries for such period plus (iii) total costs for claims administration for all of the U.S. Insurance Subsidiaries related to Direct Earned Premium of the U.S. Insurance Subsidiaries for such period and (y) is Direct Earned Premium of the U.S. Insurance Subsidiaries for such period."Direct Written Premium" shall mean all premium covering written insurance contracts, prior to any ceding, during the period of measurement as determined in accordance with SAP.

"Disqualified Capital Stock" shall mean, with respect to any Person, any Capital Stock of such Person which (x) by its terms (or by the terms of any Capital Stock into which it is convertible or for which it is exchangeable), or upon the happening of any event, (a) matures or is mandatorily redeemable (other than solely for Qualified Capital Stock), pursuant to a sinking fund obligation or otherwise (except as a result of a change of control, asset sale or similar event so long as any rights of the holders thereof upon the occurrence of a change of control, asset sale or similar event shall be subject to the prior repayment in full of the Term Loans and all other Obligations that are accrued and payable) on or prior to the date that is ninety-one (91) days following the Maturity Date, (b) is redeemable at the option of the holder thereof (other than (i) solely for Qualified Capital Stock or (ii) as a result of a change of control, asset sale or similar event so long as any rights of the holders thereof upon the occurrence of a change of control, asset sale or similar event shall be subject to the prior repayment in full of the Term Loans and all other Obligations that are accrued and payable), in whole or in part, on or prior to the date that is ninety-one (91) days following the Maturity Date (c) provides for or otherwise permits the holder to receive scheduled payments of dividends or distributions in cash on or prior to the date that is ninety-one (91) days following the Maturity Date or (d) is or becomes convertible into or exchangeable for Indebtedness or any other Capital Stock that would constitute Disqualified Capital Stock, in each case, on or prior to the date that is ninety-one (91) days following the Maturity Date or (y) contains any repurchase obligation which, by its terms, may come into effect (except as a result of a change of control, asset sale or similar event so long as any rights of the holders thereof upon the occurrence of a change of control, asset sale or similar event shall be subject to the prior repayment in full of the Term Loans and all other Obligations that are accrued and payable) on or prior to the date that is ninety-one (91) days following the Maturity Date.

"Disqualified Institution" shall mean (a) any direct competitor of the Borrower that is in the same or a substantially similar line of business and that has been identified in writing to the Administrative Agent at least 2 Business Days in advance of any proposed assignment to such Person hereunder, which identification shall not apply retroactively for any purpose, including to disqualify any Persons that have previously acquired an assignment or participation interest in any Loans and/or Term Loan Commitments (each such entity, a "Competitor") and (b) any Person that is (i) actually known by the Administrative Agent to be an Affiliate (solely on the basis of name) of any Competitor or (ii) identified in writing to the Administrative Agent as an Affiliate of a Competitor at least 2 Business Days in advance of any proposed assignment to such Person hereunder, which identification shall not apply retroactively for any purpose, including to disqualify any Persons that have previously acquired an assignment or participation interest in any Loans and/or Term Loan Commitments; provided that a list of Disqualified Institutions identified in clauses (a) and (b)(ii) above shall be made available to all Lenders upon request to the Administrative Agent.

"Dollar(s)" and the sign "$" shall mean lawful money of the United States.

"EEA Financial Institution" shall mean (a) any credit institution or investment firm established in any EEA Member Country which is subject to the supervision of an EEA Resolution Authority, (b) any entity established in an EEA Member Country which is a parent of an institution described in clause (a) of this definition, or (c) any financial institution established in an EEA Member Country which is a subsidiary of an institution described in clauses (a) or (b) of this definition and is subject to consolidated supervision with its parent.

"EEA Member Country" shall mean any of the member states of the European Union, Iceland, Liechtenstein and Norway.

"EEA Resolution Authority" shall mean any public administrative authority or any Person entrusted with public administrative authority of any EEA Member Country (including any delegee) having responsibility for the resolution of any EEA Financial Institution.

"Eligible Assignee" shall mean any Person that meets the requirements to be an assignee under Section 10.4 (subject to such consents, if any, as may be required under Section 10.4(b)(iii)).

"Environmental Indemnity" shall mean each environmental indemnity made by each Loan Party with Real Estate required to be pledged as Collateral in favor of the Administrative Agent for the benefit of the Secured Parties, in each case in form and substance satisfactory to the Administrative Agent.

"Environmental Laws" shall mean all applicable laws, rules, regulations, codes, ordinances, orders, decrees, judgments, injunctions, notices or binding agreements issued, promulgated or entered into by or with any Governmental Authority relating in any way to the environment, preservation or reclamation of natural resources, the management, Release or threatened Release of any Hazardous Material or to health and safety matters concerning exposure to Hazardous Materials.

"Environmental Liability" shall mean any liability, contingent or otherwise (including any liability for damages, costs of environmental investigation and remediation, costs of administrative oversight, fines, natural resource damages, penalties or indemnities), of Holdings, the Borrower or any of their respective Subsidiaries directly or indirectly resulting from or based upon (i) any actual or alleged violation of any Environmental Law, (ii) the generation, use, handling, transportation, storage, treatment or disposal of any Hazardous Materials, (iii) any actual or alleged exposure to any Hazardous Materials, (iv) the Release or threatened Release of any Hazardous Materials or (v) any contract, agreement or other consensual arrangement pursuant to which liability is assumed or imposed with respect to any of the foregoing.

"Equity Monetization Event" shall mean, unless such event is waived by the Required Lenders or the Required Noteholders (as such term is defined in the Note Purchase Agreement) pursuant to the terms of the Note Purchase Agreement, the occurrence of any of the following:

(i) the consummation of a Qualified IPO;

(ii) the occurrence of a Change in Control pursuant to clauses (i), (ii), (iii) or (iv) of the definition thereof;

(iii) the occurrence of a Significant Transaction; or

(iv) any automatic exercise of the Closing Date Warrants (as defined in the Note Purchase Agreement) in accordance with the terms thereof.

"ERISA" shall mean the Employee Retirement Income Security Act of 1974, as amended from time to time, and any successor statute and the regulations promulgated and rulings issued thereunder.

"ERISA Affiliate" shall mean any Person that, together with Borrower or its Subsidiaries, is or was, at any relevant time, considered to be a "single employer" under Section 414(b), (c), (m) or (o) of the Code.

"ERISA Event" shall mean (i) any "reportable event" as defined in Section 4043(c) of ERISA with respect to a Plan (other than an event as to which the PBGC has waived the requirement of Section 4043(a) of ERISA that it be notified of such event); (ii) any failure to make by its due date a required contribution to any Plan that would result in the imposition of a lien or encumbrance under Section 430 of the Code or Section 303 or 4068 of ERISA, or the imposition on the assets of Holdings, the Borrower or their Subsidiaries of such a lien or encumbrance, or any filing of any request for a minimum funding waiver under Section 412 of the Code or Section 303 of ERISA with respect to any Plan or Multiemployer Plan, whether or not waived,, or any determination that any Plan is, or is expected to be, in at-risk status under Section 303 of ERISA; (iii) any incurrence by Holdings, the Borrower, any of their Subsidiaries or any of their respective ERISA Affiliates of any liability under Title IV of ERISA with respect to any Plan or Multiemployer Plan (other than for premiums due and not delinquent under Section 4007 of ERISA); (iv) any institution of proceedings, or the occurrence of an event or condition which would reasonably be expected to constitute grounds for the institution of proceedings by the PBGC, under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Plan; (v) any incurrence by Holdings, the Borrower, any of their Subsidiaries or any of their respective ERISA Affiliates of any liability with respect to the complete withdrawal or partial withdrawal (within the meaning of Sections 4203 and 4205 of ERISA) from any Multiemployer Plan, or the receipt by Holdings, the Borrower, any of their respective Subsidiaries or any of their respective ERISA Affiliates of any notice that a Multiemployer Plan is in endangered or critical status under Section 305 of ERISA; (vi) any receipt by Holdings, the Borrower, any of their respective Subsidiaries or any of their respective ERISA Affiliates of any notice, or any receipt by any Multiemployer Plan from Holdings, the Borrower, any of their respective Subsidiaries or any of their respective ERISA Affiliates of any notice, concerning the imposition of Withdrawal Liability or a determination that a Multiemployer Plan is, or is expected to be, insolvent or in reorganization, within the meaning of Section 4245 of ERISA; (vii) Holdings, the Borrower, any of their respective Subsidiaries engaging in a material non-exempt prohibited transaction within the meaning of Section 4975 of the Code or Section 406 of ERISA; or (viii) any filing of a notice of intent to terminate any Plan if such termination would require material additional contributions in order to be considered a standard termination within the meaning of Section 4041(b) of ERISA, any filing under Section 4041(c) of ERISA of a notice of intent to terminate any Plan, or the termination of any Plan under Section 4041(c) of ERISA.

"Escrow Accounts" shall mean any account pursuant to which Escrow Funds are held while subject to the Escrow Agreement.

"Escrow Agreement" shall mean, collectively, (i) that certain Escrow Agreement, dated as of the date hereof, by and among the Borrower, SunTrust Bank, as a Lender and SunTrust Bank, as

escrow agent and (ii) that certain Escrow Agreement, dated as of the date hereof, by and among the Borrower, The Huntington National Bank, as a Lender and SunTrust Bank, as escrow agent.

"Escrow Agent" shall mean SunTrust Bank, a Georgia banking corporation.

"Escrow Funds" shall mean all cash (and cash equivalents to the extent permitted by the Escrow Agreements) that is at any time and from time to time included in the "Escrow Fund" (as defined in each of the Escrow Agreements) and held in the "Escrow Account" (as defined in each of the Escrow Agreements); provided that the aggregate amount of Escrow Funds that the Loan Parties or their Subsidiaries are required to deposit on the Closing Date shall not exceed $24,937,500.00 in the aggregate.

"Escrow Period" shall have the meaning set forth in Section 11.2.

"EU Bail-In Legislation Schedule" shall mean the EU Bail-In Legislation Schedule published by the Loan Market Association (or any successor Person), as in effect from time to time.

"Eurodollar Loans" shall mean Term Loans for which the rate of interest applicable is based upon the Adjusted LIBO Rate.
"Eurodollar Successor Rate" shall have the meaning set forth in Section 2.12(b).

"Eurodollar Successor Rate Conforming Changes" shall mean, with respect to any proposed Eurodollar Successor Rate, any conforming changes to the definition of Base Rate, Interest Period, timing and frequency of determining rates and making payments of interest and other administrative matters as may be appropriate, in the reasonable discretion of the Administrative Agent in consultation with the Borrower, to reflect the adoption of such Eurodollar Successor Rate and to permit the administration thereof by the Administrative Agent in a manner substantially consistent with market practice (or, if the Administrative Agent reasonably determines that adoption of any portion of such market practice is not administratively feasible or that no market practice for the administration of such Eurodollar Successor Rate exists, in such other manner of administration as the Administrative Agent determines in consultation with the Borrower is reasonably necessary in connection with the administration of this Agreement).

"Event of Default" shall have the meaning set forth in Section 8.1.

"Exchange Act" shall mean the Securities Exchange Act of 1934, as amended and in effect from time to time.

"Excluded Property" shall have the meaning ascribed to such defined term in the Guaranty and Security Agreement.

"Excluded Swap Obligation" shall mean, with respect to any Guarantor, any Swap Obligation if, and to the extent that, all or a portion of the Guarantee of such Guarantor of, or the grant by such Guarantor of a security interest to secure, such Swap Obligation (or any Guarantee thereof) is or becomes illegal under the Commodity Exchange Act or any rule, regulation or order of the Commodity Futures Trading Commission (or the application or official interpretation of any thereof) by virtue of such Guarantor's failure for any reason to constitute an "eligible contract participant" as defined in the Commodity Exchange Act at the time the Guarantee of such Guarantor becomes effective with respect to such related Swap Obligation. If a Swap Obligation arises under a master agreement governing more than one swap, such exclusion shall apply only to the portion of such Swap Obligation that is attributable to swaps for which such Guarantee or security interest is or becomes illegal.

"Excluded Taxes" shall mean any of the following Taxes imposed on or with respect to a Recipient or required to be withheld or deducted from a payment to a Recipient, (a) Taxes imposed on or measured by net income (however denominated), franchise Taxes, and branch profits Taxes, in each case, (i) imposed as a result of such Recipient being organized under the laws of, or having its principal office or, in the case of any Lender, its applicable lending office located in, the jurisdiction imposing such Tax (or any political subdivision thereof) or (ii) that are Other Connection Taxes, (b) in the case of a Lender, U.S. federal withholding Taxes imposed on amounts payable to or for the account of such Lender with respect to an applicable interest in a Term Loan or Term Loan Commitment pursuant to a law in effect on the date on which (i) such Lender acquires such interest in the Term Loan or Term Loan Commitment (other than pursuant to an assignment request by the Borrower under Section 2.20) or (ii) such Lender changes its lending office, except in each case to the extent that, pursuant to Section 2.16, amounts with respect to such Taxes were payable either to such Lender's assignor immediately before such Lender became a party hereto or to such Lender immediately before it changed its lending office, (c) Taxes attributable to such Recipient's failure to comply with Section 2.16(g) and (d) any withholding Taxes imposed under FATCA.

"Existing Credit Agreement" shall have the meaning set forth in the recitals hereof.

"FATCA" shall mean Sections 1471 through 1474 of the Code, as of the date of this Agreement (or any amended or successor version that is substantively comparable and not materially more onerous to comply with), any current or future regulations or official interpretations thereof, any agreements entered into pursuant to Section 1471(b)(1) of the Code, any intergovernmental agreement, treaty or convention entered into among Governmental Authorities in connection with such Sections of the Code and any fiscal or regulatory legislation, rules or practices adopted pursuant to such intergovernmental agreement, treaty or convention.

"Federal Funds Rate" shall mean, for any day, the rate *per annum* (rounded upwards, if necessary, to the next 1/100 of 1%) equal to the weighted average of the rates on overnight Federal funds transactions with member banks of the Federal Reserve System, as published by the Federal Reserve Bank of New York on the next succeeding Business Day or, if such rate is not so published for any Business Day, the Federal Funds Rate for such day shall be the average (rounded upwards, if necessary, to the next 1/100 of 1%) of the quotations for such day on such transactions received by the Administrative Agent from three Federal funds brokers of recognized standing selected by the Administrative Agent. For purposes of this Agreement, the Federal Funds Rate shall not be less than zero percent (0%).

"Fee Letters" shall mean the Agent Fee Letter and the Lender Fee Letters.

"Fiscal Month" shall mean any fiscal month of the Borrower.

"Fiscal Quarter" shall mean any fiscal quarter of the Borrower.

"Fiscal Year" shall mean any fiscal year of the Borrower.

"Foreign Lender" shall mean a Lender that is not a U.S. Person.

"GAAP" shall mean generally accepted accounting principles in the United States applied on a consistent basis and subject to the terms of Section 1.3.

"Governmental Authority" shall mean the government of the United States or any other nation, or any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government (including any Insurance Regulatory Authority and any supra-national bodies such as the European Union or the European Central Bank).

"Guarantee" of or by any Person (the "guarantor") shall mean any obligation, contingent or otherwise, of the guarantor guaranteeing or having the economic effect of guaranteeing any Indebtedness or other obligation of any other Person (the "primary obligor") in any manner, whether directly or indirectly and including any obligation, direct or indirect, of the guarantor (i) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or other obligation or to purchase (or to advance or supply funds for the purchase of) any security for the payment thereof, (ii) to purchase or lease property, securities or services for the purpose of assuring the owner of such Indebtedness or other obligation of the payment thereof, (iii) to maintain working capital, equity capital or any other financial statement condition or liquidity of the primary obligor so as to enable the primary obligor to pay such Indebtedness or other obligation or (iv) as an account party in respect of any letter of credit or letter of guaranty issued in support of such Indebtedness or obligation; provided that the term "Guarantee" shall not include endorsements of instruments for deposit or collection in the ordinary course of business. The amount of any Guarantee shall be deemed to be an amount equal to the stated or determinable amount of the primary obligation in respect of which such Guarantee is made or, if not so stated or determinable, the maximum reasonably anticipated liability in respect thereof (assuming such Person is required to perform thereunder) as determined by such Person in good faith. The term "Guarantee" used as a verb has a corresponding meaning.

"Guarantors" shall mean, collectively, each of the Subsidiary Loan Parties and Holdings; provided that it is understood and agreed that no Insurance Subsidiary nor any Subsidiary of an Insurance Subsidiary shall be a Guarantor.

"Guaranty and Security Agreement" shall mean the Guaranty and Security Agreement, dated as of the Original Closing Date and substantially in the form of Exhibit B, made by the Loan Parties in favor of the Administrative Agent for the benefit of the Secured Parties.

"Hazardous Materials" shall mean all explosive or radioactive substances or wastes and all hazardous or toxic substances, wastes or other pollutants, including petroleum or petroleum distillates, asbestos or asbestos containing materials, polychlorinated biphenyls, radon gas, infectious or medical wastes and all other substances or wastes of any nature regulated pursuant to any Environmental Law.

"Hedge Termination Value" shall mean, in respect of any one or more Hedging Transactions, after taking into account the effect of any legally enforceable netting agreement relating to such Hedging Transactions, (a) for any date on or after the date such Hedging Transactions have been closed out and termination value(s) determined in accordance therewith, such termination value(s) and (b) for any date prior to the date referenced in clause (a), the amount(s) determined as the mark-to-market value(s) for such Hedging Transactions, as determined based upon one or more mid-market or other readily available quotations provided by any recognized dealer in such Hedging Transactions (which may include a Lender or any Affiliate of a Lender).

"Hedging Obligations" of any Person shall mean any and all obligations of such Person, whether absolute or contingent and howsoever and whensoever created, arising, evidenced or acquired under (i) any and all Hedging Transactions, (ii) any and all cancellations, buy backs, reversals,

terminations or assignments of any Hedging Transactions and (iii) any and all renewals, extensions and modifications of any Hedging Transactions and any and all substitutions for any Hedging Transactions.

"Hedging Transaction" of any Person shall mean (a) any transaction (including an agreement with respect to any such transaction) now existing or hereafter entered into by such Person that is a rate swap transaction, swap option, basis swap, forward rate transaction, commodity swap, commodity option, equity or equity index swap or option, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, spot transaction, credit protection transaction, credit swap, credit default swap, credit default option, total return swap, credit spread transaction, repurchase transaction, reverse repurchase transaction, buy/sell-back transaction, securities lending transaction, or any other similar transaction (including any option with respect to any of these transactions) or any combination thereof, whether or not any such transaction is governed by or subject to any master agreement, and (b) any and all transactions of any kind, and the related confirmations, which are subject to the terms and conditions of, or governed by, any form of master agreement published by the International Swaps and Derivatives Association, Inc., any International Foreign Exchange Master Agreement, or any other master agreement (any such master agreement, together with any related schedules, a "Master Agreement"), including any such obligations or liabilities under any Master Agreement. For the avoidance of doubt, Hedging Transactions shall not include (i) the issuance, underwriting, placement or selling of insurance by the Loan Parties and their Subsidiaries in the ordinary course of business or (ii) the purchasing by the Loan Parties and their Subsidiaries of risk allocation agreements or reinsurance in the ordinary course of business or otherwise in accordance with customary industry practice.

"Historical Financial Statements" shall have the meaning set forth in Section 4.4.

"Holdings" shall have the meaning set forth in the introductory paragraph hereof.

"Indebtedness" of any Person shall mean, without duplication, (i) all obligations of such Person for borrowed money, (ii) all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments, (iii) all obligations of such Person in respect of the deferred purchase price of property (including, for the avoidance of doubt, contingent obligations, earnouts, seller notes and other deferred payment obligations incurred in connection with any acquisition or otherwise) or services (other than trade payables incurred in the ordinary course of business; provided that, for purposes of Section 8.1(f), trade payables overdue by more than 120 days shall be included in this definition except to the extent that any of such trade payables are being disputed in good faith and by appropriate measures), (iv) all obligations of such Person under any conditional sale or other title retention agreement(s) relating to property acquired by such Person, (v) all Capital Lease Obligations of such Person, (vi) all obligations, contingent or otherwise, of such Person in respect of letters of credit, acceptances or similar extensions of credit, (vii) all Guarantees of such Person of the type of Indebtedness described in clauses (i) through (vi) above, (viii) all Indebtedness of a third party secured by any Lien on property owned by such Person, whether or not such Indebtedness has been assumed by such Person, (ix) all obligations of such Person, contingent or otherwise, to purchase, redeem, retire or otherwise acquire for value any Disqualified Capital Stock of such Person, (x) all Off-Balance Sheet Liabilities and (xi) all net Hedging Obligations. For all purposes hereof, the Indebtedness of any Person shall include the Indebtedness of any partnership or joint venture (other than a joint

venture that is itself a corporation or limited liability company or the foreign equivalent thereof) in which such Person is a general partner or a joint venturer, unless such Indebtedness is expressly made non-recourse to such Person. The amount of any net obligation under any Hedging Transaction on any date shall be deemed to be the Hedge Termination Value thereof as of such date. The amount of Indebtedness of any Person for purposes of clause (viii) that is expressly made nonrecourse or limited-recourse (limited solely to the assets securing such Indebtedness) to such Person shall be deemed to be equal to the lesser of (x) the aggregate unpaid amount of such Indebtedness and (y) the fair market value of the property encumbered thereby as determined by such Person in good faith**.** For the avoidance of doubt, Indebtedness of a Person shall not include (i) obligations under insurance issued, underwritten, placed or sold by such Person in the ordinary course of business or (ii) obligations under risk allocation agreements or reinsurance agreements purchased in the ordinary course of business or otherwise in accordance with customary industry practice.

"Indemnified Taxes" shall mean (a) Taxes, other than Excluded Taxes, imposed on or with respect to any payment made by or on account of any obligation of any Loan Party under any Loan Document and (b) to the extent not otherwise described in clause (a), Other Taxes.

"Intellectual Property" shall mean (a) all rights, title and interests in or relating to intellectual property and industrial property arising under any Requirement of Law, including all Copyrights, Patents, software, Trademarks, internet domain names and trade secrets, (b) all IP Licenses and (c) all IP Ancillary Rights relating thereto.

"Insurance Business" shall mean one or more aspects of the business of (a) issuing, selling, placing or underwriting insurance or (b) reinsurance.

"Insurance Licenses" shall mean licenses, permits or authorizations to transact insurance and reinsurance business required to be obtained from Insurance Regulatory Authorities in connection with the operation, ownership or transaction of insurance or reinsurance business.

"Insurance Regulatory Authority" shall mean, when used with respect to any Insurance Subsidiary, (x) the insurance department or similar administrative authority or agency located in each state or jurisdiction (foreign or domestic) in which such Insurance Subsidiary is domiciled or (y) to the extent asserting or having regulatory jurisdiction over such Insurance Subsidiary, the insurance department, authority or agency in each state or jurisdiction (foreign or domestic) in which such Insurance Subsidiary is licensed, and shall include any Federal or national insurance regulatory department, authority or agency that may be created and that asserts or has regulatory jurisdiction over such Insurance Subsidiary.

"Insurance Subsidiary" shall mean any Subsidiary of the Borrower that is authorized or admitted to carry on or transact Insurance Business and has received an Insurance License from an Insurance Regulatory Authority for the purpose of carrying on an Insurance Business. As of the Closing Date, RIC and RRC are the only Insurance Subsidiaries of the Borrower.

"Intercreditor Agreement" shall mean that certain First Lien Intercreditor Agreement, dated as of date hereof, by and among the Administrative Agent, the NPA Agent and each of the Loan Parties, as the same may be amended, restated, supplemented or otherwise modified from time to time in accordance with its terms.

"Interest Period" shall mean with respect to any Eurodollar Loan, a period of one, two, three or six months (or if agreed to by all Lenders, twelve months); provided that:

(i) the initial Interest Period for such Eurodollar Loan shall commence either (x) on the Original Closing Date (in the case of an election to borrow Eurodollar Loans pursuant to Section 2.2(a) of the Existing Credit Agreement) or (y) on the date of conversion from a Base Rate Loan into such Eurodollar Loan pursuant to Section 2.9, and each Interest Period occurring thereafter in respect of such Eurodollar Loan shall commence on the day on which the next preceding Interest Period expires;

(ii) if any Interest Period would otherwise end on a day other than a Business Day, such Interest Period shall be extended to the next succeeding Business Day, unless such Business Day falls in another calendar month, in which case such Interest Period would end on the immediately preceding Business Day;

(iii) any Interest Period which begins on the last Business Day of a calendar month or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period shall end on the last Business Day of such calendar month;

(iv) on each regularly scheduled principal installment payment date, the sum of the aggregate outstanding amount of (x) Eurodollar Loans with an Interest Period ending on such date plus (y) Base Rate Loans outstanding on such date, shall be at least equal to the amount of such scheduled principal installment due on such date; and

(v) no Interest Period may extend beyond the Maturity Date.

"Investments" shall have the meaning set forth in Section 7.4.

"IP Ancillary Rights" means, with respect to any Intellectual Property of the type described in clauses (a) and (b) of the definition of Intellectual Property, as applicable, all foreign counterparts to, and all divisionals, reversions, continuations, continuations-in-part, reissues, reexaminations, renewals and extensions of, such Intellectual Property and all income, royalties, proceeds and liabilities at any time due or payable or asserted under or with respect to any of the foregoing or otherwise with respect to such Intellectual Property, including all rights to sue or recover at law or in equity for any past, present or future infringement, misappropriation, dilution, violation or other impairment thereof, and, in each case, all rights to obtain any other IP Ancillary Right.

"IP License" means all written Contractual Obligations (and all related IP Ancillary Rights), granting any right, title and interest in or relating to any Intellectual Property of the type described in clause (a) of the definition of Intellectual Property.

"IRS" shall mean the United States Internal Revenue Service.

"Lender-Related Hedge Provider" shall mean any Person that, at the time it enters into a Hedging Transaction with any Loan Party (or if entered into prior to the Original Closing Date

and is still in existence, on the Original Closing Date), (i) is a Lender or an Affiliate of a Lender and (ii) except when the Lender-Related Hedge Provider is SunTrust Bank or any of its Affiliates, has provided prior written notice to the Administrative Agent which has been acknowledged by the Borrower of (x) the existence of such Hedging Transaction and (y) the methodology to be used by such parties in determining the obligations under such Hedging Transaction from time to time. In no event shall any Lender-Related Hedge Provider acting in such capacity be deemed a Lender for purposes hereof to the extent of and as to Hedging Obligations except that each reference to the term "Lender" in Article IX and Section 10.3(b) shall be deemed to include such Lender-Related Hedge Provider. In no event shall the approval of any such Person in its capacity as Lender-Related Hedge Provider be required in connection with the release or termination of any guaranty, security interest or Lien of the Administrative Agent or of any Loan Document.

"Lender Fee Letters" shall mean those certain fee letters, dated as of the date hereof, executed by the applicable Lenders and accepted by the Borrower.

"Lenders" shall have the meaning set forth in the introductory paragraph hereof.

"Leverage Ratio" shall mean (x) divided by (y) where (x) is Net Earned Premium of RRC for the twelve-month period on the last day of the month ended prior to the Test Date and (y) is RRC Equity.

"Lien" shall mean any mortgage, pledge, security interest, lien (statutory or otherwise), charge, encumbrance, hypothecation, assignment, deposit arrangement, or other arrangement having the practical effect of any of the foregoing or any preference, priority or other security agreement or preferential arrangement of any kind or nature whatsoever (including any conditional sale or other title retention agreement and any capital lease having the same economic effect as any of the foregoing).

"Liquidity" shall mean, on any date of determination, all cash and all cash equivalents (including any Permitted Investment that is a cash equivalent) owned and held by the Loan Parties, in each case, on the date of determination; provided however, that amounts calculated under this definition shall exclude any amounts that would not be considered "cash" or "cash equivalents" under GAAP or "cash" or "cash equivalents" as recorded on the books of the Loan Parties; provided, further, that amounts and cash equivalents included under this definition shall (i) be included only to the extent such amounts or cash equivalents are (A) not subject to any Lien or other restriction or encumbrance of any kind (other than Liens (x) arising solely by virtue of any statutory or common law provision relating to banker's liens, rights of set-off or similar rights so long as such liens and rights are not being enforced or otherwise exercised, (y) in favor of Administrative Agent or (z) permitted by Section 7.2(a)(ii)) and (B) subject to a perfected Lien in favor of the Administrative Agent, (ii) exclude any amounts held by the Loan Parties in escrow, trust or other fiduciary capacity for or on behalf of a client of Holdings, the Borrower, any Subsidiary of Holdings or any of their respective Affiliates and (iii) exclude all Escrow Funds.

"Loan Documents" shall mean, collectively, this Agreement, the Collateral Documents, the Fee Letters, the Reaffirmation Agreement, the Intercreditor Agreement, any promissory notes issued hereunder, any subordination agreement executed in connection with the Subordinated Debt (if any) and any and all other instruments, agreements, documents and writings executed in connection with any of the foregoing that are designated by the Borrower and the Administrative Agent as a Loan Document. For the avoidance of doubt, the Escrow Agreements shall be deemed to not constitute Loan Documents.

"Loan Parties" shall mean Holdings, the Borrower and the Subsidiary Loan Parties.

"Loans" shall mean the Term Loans.

"Material Adverse Effect" shall mean, with respect to any event, act, condition or occurrence of whatever nature (including any adverse determination in any litigation, arbitration, or governmental investigation or proceeding), whether singularly or in conjunction with any other event or events, act or acts, condition or conditions, occurrence or occurrences whether or not related, resulting in a material adverse change in, or a material adverse effect on, (i) the business, results of operations, financial condition, assets or liabilities of the Borrower and its Subsidiaries, taken as a whole, (ii) the ability of the Loan Parties, taken as a whole, to perform their obligations under the Loan Documents, (iii) the rights and remedies of the Administrative Agent or the Lenders under any of the Loan Documents, taken as a whole, or (iv) the legality, validity or enforceability of any of the Loan Documents.

"Material Agreements" shall mean (i) all agreements, indentures or notes governing the terms of any Material Indebtedness, (ii) all employment and non-compete agreements with management, (iii) all leases of Real Estate in locations that constitute the chief executive office of any of Holdings and/or its Subsidiaries or otherwise with rent in excess of $2,000,000 per year, and (iv) all other agreements, documents, contracts, indentures and instruments pursuant to which (A) any Loan Party or any of its Subsidiaries are obligated to make payments in any twelve month period of $2,000,000 or more, (B) any Loan Party or any of its Subsidiaries expects to receive revenue in any twelve month period of $2,000,000 or more and (C) a default, breach or termination thereof could reasonably be expected to result in a Material Adverse Effect. For the avoidance of doubt, the Loan Documents and the Escrow Agreements shall be deemed to not constitute Material Agreements.

"Material Indebtedness" shall mean any Indebtedness (other than the Term Loans) of Holdings, the Borrower or any of their respective Subsidiaries individually in a committed or outstanding principal amount exceeding $2,500,000. For purposes of determining the amount of attributed Indebtedness from Hedging Obligations, the "principal amount" of any Hedging Obligations at any time shall be the Net Mark-to-Market Exposure of such Hedging Obligations.

"Maturity Date" shall mean the earlier of (i) October 16, 2020 and (ii) the date on which the principal amount of all outstanding Term Loans have been declared or automatically have become due and payable (whether by acceleration or otherwise).

"Moody's" shall mean Moody's Investors Service, Inc.

"Mortgaged Property" shall mean, collectively, the Real Estate subject to the Mortgages, including, but not limited to, any Real Estate for which a Mortgage is required to be delivered after the date hereof pursuant to Section 5.12.

"Mortgages" shall mean, collectively, each mortgage, deed of trust, trust deed, security deed, debenture over real estate, deed of immovable hypothec, deed over real estate to secure debt or other real estate security documents delivered by any Loan Party to the Administrative Agent from time to time, all in form and substance reasonably satisfactory to the Administrative Agent, as the same may be amended, amended and restated, extended, supplemented, substituted or otherwise modified from time to time.

"Multiemployer Plan" shall mean any "multiemployer plan" as defined in Section 4001(a)(3) of ERISA, which is or was, during the preceding five calendar years, contributed to or required to be contributed to by Holdings, the Borrower, any of their respective Subsidiaries or an ERISA Affiliate.

"NAIC" shall mean the National Association of Insurance Commissioners.

"Net Cash Proceeds" means, as applicable: (a) with respect to any asset sale, disposition, casualty, condemnation or similar event, the gross proceeds received by Holdings or any of its Subsidiaries therefrom consisting of (x) cash, (y) cash equivalents and (z) any cash or cash equivalent payments received by way of a deferred payment pursuant to, or by monetization of, a note receivable or otherwise, as and when received, but excluding any interest and royalty payments, *less* the sum of: (i) in the case of an asset sale or disposition, all income taxes and other taxes assessed by, or reasonably estimated to be payable to, a Governmental Authority as a result of such transaction (provided that if such estimated taxes exceed the amount of actual taxes required to be paid in cash in respect of such asset sale or disposition, the amount of such excess shall constitute Net Cash Proceeds); (ii) all reasonable and customary out-of-pocket legal and other fees and expenses incurred in connection with such transaction or event (to the extent paid (x) on arm's length terms to an Affiliate of Holdings other than Holdings and its Subsidiaries or (y) to non-Affiliates); (iii) the principal amount of, premium, if any, and interest on any Indebtedness (other than any Indebtedness arising under the Loan Documents and the NPA Financing) that is required to be repaid in connection with such transaction or event and that is secured by Liens in such assets; (iv) reasonable reserves retained from such gross proceeds to fund contingent liabilities directly attributable to such asset sale, disposition, casualty, condemnation or similar event and reasonably estimated to be payable (provided that, to the extent and at the time any such amounts are released from such reserve, such amounts shall constitute Net Cash Proceeds); and (b) with respect to any incurrence of Indebtedness, the gross cash proceeds received by Holdings or any of its Subsidiaries therefrom *less* all reasonable and customary out-of-pocket legal, underwriting and other fees and expenses incurred in connection therewith (to the extent paid (x) on arm's length terms to an Affiliate of Holdings other than Holdings and its Subsidiaries or (y) to non-Affiliates).

"Net Earned Premium" shall mean Direct Earned Premium of RRC for any Test Period net of Ceded Earned Premium of RRC for such Test Period.

"Net Mark-to-Market Exposure" of any Person shall mean, as of any date of determination with respect to any Hedging Obligation, the excess (if any) of all unrealized losses over all unrealized profits of such Person arising from such Hedging Obligation. "Unrealized losses" shall mean the fair market value of the cost to such Person of replacing the Hedging Transaction giving rise to such Hedging Obligation as of the date of determination (assuming such Hedging Transaction were to be terminated as of that date), and "unrealized profits" shall mean the fair market value of the gain to such Person of replacing such Hedging Transaction as of the date of determination (assuming such Hedging Transaction were to be terminated as of that date).

"Net Written Premium" shall mean Direct Written Premium of the U.S. Insurance Subsidiaries for any Test Period net of Ceded Written Premium of the U.S. Insurance Subsidiaries for such Test Period. For the avoidance of doubt, Exhibit D shows a calculation of the Net Written Premium of the U.S. Insurance Subsidiaries for the last twelve months most recently ended prior to the Closing Date. The calculation of Net Written Premium hereunder on and after the Closing Date shall be substantially consistent with Exhibit D and in accordance with SAP.

"Non-Consenting Lender" shall have the meaning set forth in Section 2.20.

"Non-Defaulting Lender" shall mean, at any time, a Lender that is not a Defaulting Lender.

"Non-U.S. Plan" shall mean any plan, fund (including, without limitation, any superannuation fund) or other similar program established, contributed to (regardless of whether through direct contributions or through employee withholding) or maintained outside the United States by Holdings, the Borrower or one or more of their respective Subsidiaries primarily for the benefit of employees of Holdings, the Borrower or such Subsidiaries residing outside the United States, which plan, fund or other similar program provides, or results in, retirement income, a deferral of income in contemplation of retirement, or payments to be made upon termination of employment, and which plan is not subject to ERISA or the Code."Note Document" shall have the meaning assigned to the term "Note Documents" (or any equivalent term) in the Note Purchase Agreement.

"Note Purchase Agreement" shall mean that certain Note Purchase Agreement, dated as of the Closing Date, by and among the Borrower, the NPA Agent, as administrative agent, and the noteholders named therein, as the same may be amended, restated, modified, supplemented, extended, increased or refinanced or replaced pursuant to a Permitted Refinancing from time to time in one or more agreements (in each case with the same or new lenders, investors or agents), in each case, in accordance with the terms of this Agreement and the Intercreditor Agreement.

"Notice of Conversion/Continuation" shall have the meaning set forth in Section 2.9(b).

"NPA Agent" has the meaning assigned to the term "Administrative Agent" (or any equivalent term) in the Note Purchase Agreement.

"NPA Financing" shall mean, (i) collectively, the issuance of Indebtedness of the Borrower pursuant to the Note Purchase Agreement and the NPA Notes, together with the Indebtedness under the guaranties in respect thereof, secured on a pari passu basis with the Obligations pursuant to the Intercreditor Agreement and (ii) any Permitted Refinancing thereof.

"NPA Notes" shall mean the "Notes" (or any equivalent term) as defined in the Note Purchase Agreement.

"Obligations" shall mean (a) all amounts owing by the Loan Parties to the Administrative Agent any Lender or the Arranger pursuant to or in connection with this Agreement or any other Loan Document or otherwise with respect to any Term Loan including, without limitation, all principal, interest (including any interest accruing after the filing of any petition in bankruptcy or the commencement of any insolvency, reorganization or like proceeding relating to the Borrower, whether or not a claim for post-filing or post-petition interest is allowed in such proceeding), reimbursement obligations, fees, expenses, indemnification and reimbursement payments, costs and expenses (including all fees and expenses of

counsel to the Administrative Agent and any Lender incurred pursuant to this Agreement or any other Loan Document), whether direct or indirect, absolute or contingent, liquidated or unliquidated, now existing or hereafter arising hereunder or thereunder, (b) all Hedging Obligations owed by any Loan Party to any Lender-Related Hedge Provider, and (c) all Bank Product Obligations, together with all renewals, extensions, modifications or refinancings of any of the foregoing; provided, however, that with respect to any Guarantor, the Obligations shall not include any Excluded Swap Obligations.

"OFAC" shall mean the U.S. Department of the Treasury's Office of Foreign Assets Control.

"Off-Balance Sheet Liabilities" of any Person shall mean (i) any repurchase obligation or liability of such Person with respect to accounts or notes receivable sold by such Person, (ii) any liability of such Person under any sale and leaseback transactions that do not create a liability on the balance sheet of such Person, (iii) any Synthetic Lease Obligation or (iv) any obligation arising with respect to any other transaction which is the functional equivalent of or takes the place of borrowing but which does not constitute a liability on the balance sheet of such Person.

"Operating Expenses" shall mean, for any Person and for any Test Period, all operating expenses of such Person, including, for the avoidance of the doubt, the sum of (i) Acquisition Costs of such Person for such period plus (ii) Fixed Expense Costs of such Person for such period. For purposes of calculating "Operating Expenses", the following defined terms shall apply:

"Acquisition Costs" shall mean, the sum of commissions payable by the applicable Person to RIA plus report costs for the applicable Person; provided that "Acquisition Costs" shall exclude ceded commissions.

"Fixed Expense Costs" shall mean, the sum of (i) employment costs and expenses plus (ii) merger and acquisition costs and expenses plus (iii) premium taxes and payment processing fees, in each case, of such Person.

"Original Closing Date" shall mean April 17, 2019.

"OSHA" shall mean the Occupational Safety and Health Act of 1970, as amended from time to time, and any successor statute.

"Other Connection Taxes" shall mean, with respect to any Recipient, Taxes imposed as a result of a present or former connection between such Recipient and the jurisdiction imposing such Tax (other than connections arising from such Recipient having executed, delivered, become a party to, performed its obligations under, received payments under, received or perfected a security interest under, engaged in any other transaction pursuant to or enforced any Loan Document, or sold or assigned an interest in any Term Loan or Loan Document).

"Other Taxes" shall mean all present or future stamp, court or documentary, intangible, recording, filing or similar Taxes that arise from any payment made under, from the execution, delivery, performance, enforcement or registration of, from the receipt or perfection of a security interest under, or otherwise with respect to, any Loan Document, except any such Taxes that are Other Connection Taxes imposed with respect to an assignment (other than an assignment made pursuant to Section 2.20).

"Parent Company" shall mean, with respect to a Lender, the "bank holding company" as defined in Regulation Y, if any, of such Lender, and/or any Person owning, beneficially or of record, directly or indirectly, a majority of the shares of such Lender.

"Participant" shall have the meaning set forth in Section 10.4(d).

"Participant Register" shall have the meaning set forth in Section 10.4(d).

"Patent" shall have the meaning assigned to such term in the Guaranty and Security Agreement.

"Patent Security Agreement" shall mean any Patent Security Agreement executed by a Loan Party owning Patents or licenses of Patents in favor of the Administrative Agent for the benefit of the Secured Parties, both on the Original Closing Date and thereafter.

"Patriot Act" shall mean the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, Pub. L. 107-56.

"Payment Office" shall mean the office of the Administrative Agent located at 303 Peachtree Street, N.E., Atlanta, Georgia 30308, or such other location as to which the Administrative Agent shall have given written notice to the Borrower and the Lenders.

"PBGC" shall mean the U.S. Pension Benefit Guaranty Corporation referred to and defined in ERISA, and any successor entity performing similar functions.

"Perfection Certificate" shall mean that certain Perfection Certificate, dated as of the Original Closing Date.

"Permitted Acquisition" shall mean, subject to the limitations set forth in Section 7.17, any acquisition by the Borrower or any other Loan Party, whether by purchase, merger or otherwise, of all or substantially all of the assets of, all of the Capital Stock (other than directors' qualifying shares as required pursuant to applicable law) of, or a business line or unit or a division of, any Person in connection with which each of the following conditions is satisfied:

(i) immediately before and after giving pro forma effect thereto, no Default or Event of Default has occurred and is continuing or would result therefrom, and all representations and warranties of each Loan Party set forth in the Loan Documents shall be true and correct in all material respects (other than those representations and warranties that are expressly qualified by "Material Adverse Effect" or other materiality, which representations and warranties shall be true and correct in all respects);

(ii) immediately before and after giving pro forma effect thereto, the Loan Parties and their Subsidiaries shall be in pro forma compliance with each of the financial covenants set forth in Article VI, in each case, calculated on a pro forma basis as of the most recently ended Fiscal Month for which financial statements are required to have been delivered pursuant to Section 5.1(c), and the Borrower shall have delivered to the Administrative Agent a pro forma Compliance Certificate signed by a Responsible Officer certifying to the foregoing at least 10 days prior to the date of the consummation of such acquisition (or such later date as agreed in writing by the Administrative Agent in its sole discretion);

(iii) at least 30 days prior to the date of the consummation of such acquisition (or such later date as agreed in writing by the Administrative Agent in its sole discretion), the Borrower shall have delivered to the Administrative Agent notice of such acquisition, together with, to the extent available, historical financial information and analysis with respect to the Person whose stock or assets are being acquired and copies of the acquisition agreement and related documents (including, to the extent available, financial information and analysis, environmental assessments and reports, opinions, certificates and lien searches) and information reasonably requested by the Administrative Agent;

(iv) immediately before and after giving pro forma effect thereto, the Loan Parties and their Subsidiaries are in compliance with the provisions of Section 7.3(b);

(v) the Loan Parties shall have complied with the provisions of Sections 5.12 and 5.13 with respect to such acquisition within the time periods required thereby, and any Person whose Capital Stock is acquired pursuant to such acquisition shall be a Loan Party (and for the avoidance of doubt, shall not be an Insurance Subsidiary);

(vi) the board of directors (or the equivalent thereof) of the Person to be acquired (or whose assets are to be acquired) shall have approved or consented to the consummation of such acquisition;

(vii) as of the date of such acquisition, all of the issued and outstanding Capital Stock acquired by any Loan Party has been (to the extent such concepts are relevant with respect to such ownership interests) duly authorized and issued and is fully paid and non-assessable and free and clear of all Liens other than Liens created under the Loan Documents;

(viii) any Person or assets or division as acquired in accordance herewith shall be domiciled in either the United States or Canada;

(ix) such acquisition is consummated in compliance with all requirements of law in all material respects, and all material consents and approvals from any Governmental Authority or other Person required in connection with such acquisition have been obtained;

(x) the Borrower has delivered to the Administrative Agent a certificate executed by a Responsible Officer certifying that each of the conditions set forth above has been satisfied and that, immediately before and after giving pro forma effect to such acquisition, the Loan Parties and their Subsidiaries, taken as a whole, are Solvent.

"Permitted Encumbrances" shall mean:

(i) Liens imposed by law for taxes, assessments and other charges and levies imposed by any Governmental Authority, in each case, which are not yet due or which are being contested in good faith by appropriate proceedings diligently conducted and with respect to which adequate reserves are being maintained in accordance with GAAP;

(ii) statutory Liens of landlords, vendors, carriers, warehousemen, mechanics, materialmen, processors, suppliers, landlords, repairmen and other Liens imposed by law in the ordinary course of business for amounts not more than 45 days past due or which are

being contested in good faith by appropriate proceedings diligently conducted and with respect to which adequate reserves are being maintained in accordance with GAAP;

(iii) pledges and deposits made in the ordinary course of business in compliance with workers' compensation, unemployment insurance, social security and other similar laws or regulations;

(iv) deposits to secure the performance of bids, trade and commercial contracts, leases, statutory obligations, surety and appeal bonds, performance bonds and other obligations of a like nature, in each case in the ordinary course of business;

(v) (x) judgment and attachment liens not giving rise to an Event of Default and (y) Liens created by or existing from any litigation or legal proceeding that are currently being contested in good faith by appropriate proceedings diligently conducted and with respect to which adequate reserves are being maintained in accordance with GAAP;

(vi) customary rights of set-off, revocation, refund or chargeback under deposit agreements or under the Uniform Commercial Code or common law of banks or other financial institutions where Holdings or any of its Subsidiaries maintains deposits (other than deposits intended as cash collateral) in the ordinary course of business;

(vii) (x) easements, zoning restrictions, building codes, rights-of-way, reservations, covenants, rights and restrictions of record and similar encumbrances on real property imposed by law or arising in the ordinary course of business that do not secure any monetary obligations and do not materially detract from the value of the affected property or materially interfere with the ordinary conduct of business of Holdings and its Subsidiaries taken as a whole, (y) with respect to any leasehold interest, mortgages, obligations, Liens and other encumbrances incurred, created, assumed or permitted to exist and arising by, through or under a landlord, ground lessor or owner of the leased property or owned property and (z) with respect to any Mortgaged Property, all matters shown on the title report for such Real Estate;

(viii) Liens solely on cash earnest money deposits made by Holdings or any of its Subsidiaries;

(ix) restrictions on transfers of assets that are subject to sale or transfer pursuant to any purchase and sale agreements that are permitted under this Agreement;

(x) in the case of any joint ventures permitted hereunder, put/call arrangements or restrictions on dispositions related to its Capital Stock set forth in the applicable organizational documents or joint venture agreement;

(xi) Liens on insurance policies under which Holdings and its Subsidiaries are the insured parties (excluding, for the avoidance of doubt, any excess of loss, catastrophic or other similar insurance or reinsurance policies that are applicable to the line of business of Holdings and its Subsidiaries) and proceeds and premiums thereof or related thereto securing Indebtedness permitted under Section 7.1(n);

(xii) Liens on assets of any Insurance Subsidiary arising under agreements or arrangements established with respect to insurance policies underwritten by any Insurance Subsidiary in the ordinary course of business;

(xiii) leases or subleases of real property granted in the ordinary course of business, and leases, subleases, licenses or sublicenses of personal property (other than Intellectual Property) granted in the ordinary course of business to the extent that such leases or subleases do not materially interfere with the business of Holdings or its Subsidiaries;

(xiv) licenses and sub-licenses of Intellectual Property in the ordinary course of business consistent with past practices including any licenses that could not result in legal transfer of title that may be exclusive in respects other than territory and that may be exclusive as to territory only as to discreet geographical areas outside of the U.S.; and

(xv) pledges, deposits and guarantees made by an Insurance Subsidiary in order to comply with applicable Requirements of Law or as required by an Insurance Regulatory Authority;

provided that the term "Permitted Encumbrances" shall not include any Lien securing Indebtedness.

"Permitted Holders" shall mean all Persons that hold Capital Stock of Holdings as of the Closing Date as set forth on Schedule 8.1 and, in each case, their Affiliates, immediate family members, lineal descendants, heirs, estates and trusts for the benefit thereof.

"Permitted Investments" shall mean:

(i) direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States (or by any agency thereof to the extent such obligations are backed by the full faith and credit of the United States), in each case maturing within one year from the date of acquisition thereof;

(ii) marketable direct obligations issued by any state, commonwealth or territory of the United States or any political subdivision of any such state, commonwealth or territory, as applicable, maturing within one year from the date of acquisition thereof and having, at the time of the acquisition thereof, one of the two highest ratings obtainable from either S&P or Moody's;

(iii) commercial paper having the highest rating, at the time of acquisition thereof, of S&P or Moody's and in either case maturing within one year from the date of acquisition thereof;

(iv) certificates of deposit, bankers' acceptances and time deposits maturing within 180 days of the date of acquisition thereof issued or guaranteed by or placed with, and money market deposit accounts issued or offered by, (x) any Lender or (y) any domestic office of any other commercial bank organized under the laws of the United States or any state thereof which has a combined capital and surplus and undivided profits of not less than $500,000,000;

(v) fully collateralized repurchase agreements with a term of not more than 30 days for securities described in clause (i) above and entered into with a financial institution satisfying the criteria described in clause (iv) above;

(vi) Investments in the ordinary course of business and consistent with the investment policy approved by the board of directors of Holdings, the Borrower or the Subsidiaries; and

(vii) mutual funds investing at least 95% of their assets in any one or more of the Permitted Investments described in clauses (i) through (v) above.

"Permitted Prior Liens" means (a) with respect to any Capital Stock of any Subsidiary of Holdings, Liens permitted by Section 7.2 which are prior as a matter of law and (b) with respect to any other property or assets, any Liens permitted by Section 7.2.

"Permitted Refinancing" means, with respect to any Person, any modification, refinancing, refunding, renewal or extension of any Indebtedness of such Person; provided, that (a) the principal amount (or accreted value, if applicable) thereof does not exceed the principal amount (or accreted value, if applicable) of the Indebtedness so modified, refinanced, refunded, renewed or extended except by an amount equal to unpaid accrued interest and premium thereon plus other reasonable amounts paid, and customary fees, expenses, original issue discount and upfront fees incurred, in connection with such modification, refinancing, refunding, renewal or extension and by an amount equal to any existing commitments unutilized thereunder; (b) such modification, refinancing, refunding, renewal or extension has a final maturity date equal to or later than the final maturity date of, and has a Weighted Average Life to Maturity equal to or greater than the Weighted Average Life to Maturity of, the Indebtedness being modified, refinanced, refunded, renewed or extended (except by virtue of amortization of or prepayment of Indebtedness prior to such date of determination); (c) to the extent such Indebtedness being modified, refinanced, refunded, renewed or extended is subordinated in right of payment to the Obligations, such modification, refinancing, refunding, renewal or extension is subordinated in right of payment to the Obligations on terms, taken as a whole, at least as favorable to the Lenders as those contained in the documentation governing the Indebtedness being modified, refinanced, refunded, renewed or extended; (d) to the extent any Liens securing such Indebtedness being modified, refinanced, refunded, renewed or extended are subordinated to any Liens securing the Obligations, the Liens securing such modification, refinancing, refunding, renewal or extension are subordinated to the Liens securing the Obligations on terms, taken as a whole, at least as favorable to the Lenders as those contained in the documentation governing the Indebtedness being modified, refinanced, refunded, renewed or extended; (e) the only obligors in respect of such Indebtedness being modified, refinanced, refunded, renewed or extended are the original obligors thereon and any other Person required to be or become an obligor thereon under the then terms of the Indebtedness being so modified, refinanced, refunded, renewed or extended to become an obligor in respect of such Indebtedness (provided that any Loan Party may guarantee any Permitted Refinancing incurred by any other Loan Party to the extent permitted by Section 7.1(e)); (f) the terms and conditions of any such modification, refinancing, refunding, renewal or extension, taken as a whole, are not materially less favorable to the Lenders than the terms and conditions of the Indebtedness being modified, refinanced, refunded, renewed or extended; and (g) in the case of any Indebtedness consisting of a refinancing of NPA Financing, the terms and conditions of any such modification, refinancing, refunding, renewal or extension are subject to and in compliance with the requirements set forth in the Intercreditor Agreement.

"Permitted Third Party Bank" shall mean any bank or other financial institution with whom any Loan Party maintains a Controlled Account and with whom a Control Account Agreement has been executed.

"Person" shall mean any natural Person, corporation, limited liability company, trust, joint venture, association, company, partnership, Governmental Authority or other entity.

"Plan" shall mean any "employee benefit plan" as defined in Section 3(3) of ERISA (other than a Multiemployer Plan) subject to Title IV of ERISA that is or was, during the preceding five calendar years, maintained or contributed to or required to be contributed to by Holdings, the Borrower or any ERISA Affiliate.

"Platform" shall mean Debt Domain, Intralinks, Syndtrak or a substantially similar electronic transmission system.

"Pro Rata Share" shall mean with respect to all payments, computations and other matters relating to the Term Loan of any Lender, the percentage obtained by dividing (a) the Term Loan Exposure of that Lender by (b) the aggregate Term Loan Exposure of all Lenders.

"PTE" shall mean a prohibited transaction class exemption issued by the U.S. Department of Labor, as any such exemption may be amended from time to time.

"QFC Credit Support" shall have the meaning set forth in Section 10.19.

"Qualified Amount" shall mean, as of any date of determination with respect to each Assignee Lender, the amount of (i) Escrow Funds held for the benefit of such Assignee Lender as of such date less (ii) the aggregate amount of amortization payments and mandatory prepayments made after the Closing Date that are allocable to the Term Loan purchased by such Assignee Lender on the Closing Date pursuant to the SVB Assignment.

"Qualified Assignment" shall mean an assignment of the Term Loans made during the Escrow Period by the Assignee Lenders to an Eligible Assignee so long as such assignment is (i) evidenced by an Assignment and Acceptance, (ii) made on a ratable basis among the Assignee Lenders calculated pursuant to each Assignee Lender's *pro rata* share of the aggregate Escrow Funds existing immediately prior to giving effect to such assignment and (iii) has been consented to by the Borrower (unless a Specified Event of Default has occurred and is continuing at the time of such assignment).

"Qualified Capital Stock" of any Person shall mean any Capital Stock of such Person that is not Disqualified Capital Stock.

"Qualified IPO" means the issuance by Holdings of its Capital Stock in an underwritten primary public offering (other than a public offering pursuant to a registration statement on Form S-8) pursuant to an effective registration statement filed with the Securities and Exchange Commission in accordance with the Securities Act of 1933, as amended from time to time, and any successor statute (whether alone or in connection with a secondary public offering).

"Reaffirmation Agreement" shall mean the Reaffirmation Agreement and Master Amendment, dated as of the Closing Date, made by the Loan Parties in favor of the Administrative Agent for the benefit of the Secured Parties.

"Real Estate" shall mean all real property owned or leased by the Borrower and its Subsidiaries.

"Real Estate Documents" shall mean, collectively, (i) Mortgages covering all Real Estate owned by the Loan Parties that are required to be granted hereunder, duly executed by each applicable Loan Party, together with (A) title insurance policies, current as-built ALTA/ACSM Land Title surveys certified to the Administrative Agent, in each case relating to such Real Estate and reasonably satisfactory in form and substance to the Administrative Agent, (B) (x) Life of Loan" Federal Emergency Management Agency Standard Flood Hazard determinations, (y) notices, in the form required under the Flood Insurance Laws, about special flood hazard area status and flood disaster assistance duly executed by each Loan Party, and (z) if any improved real property encumbered by any Mortgage is located in a special flood hazard area, a policy of flood insurance that is on terms reasonably satisfactory to the Administrative Agent, (C) evidence that counterparts of such Mortgages have been recorded in all places to the extent necessary or desirable, in the reasonable judgment of the Administrative Agent, to create a valid and enforceable first priority Lien (subject to Permitted Encumbrances) on such Real Estate in favor of the Administrative Agent for the benefit of the Secured Parties (or in favor of such other trustee as may be required or desired under local law), (D) an opinion of counsel in each state in which such Real Estate is located in form and substance and from counsel reasonably satisfactory to the Administrative Agent, (E) a duly executed Environmental Indemnity with respect thereto, (F) Phase I Environmental Site Assessment Reports, consistent with American Society of Testing and Materials (ASTM) Standard E 1527-05, and applicable state requirements, on all of the owned Real Estate required to be subject to a Mortgage hereunder, dated no more than six (6) months prior to the Original Closing Date (or date of the applicable Mortgage if provided post-closing) (or such earlier date as acceptable to the Administrative Agent), prepared by environmental engineers reasonably satisfactory to the Administrative Agent, all in form and substance reasonably satisfactory to the Administrative Agent, and such environmental review and audit reports, including Phase II reports, with respect to the Real Estate of any Loan Party that is required to be subject to a Mortgage hereunder as the Administrative Agent shall have reasonably requested, in each case together with letters executed by the environmental firms preparing such environmental reports, in form and substance reasonably satisfactory to the Administrative Agent, authorizing the Administrative Agent and the Lenders to rely on such reports, and the Administrative Agent shall be reasonably satisfied with the contents of all such environmental reports and (G) such other reports, documents, instruments and agreements as the Administrative Agent shall reasonably request, each in form and substance reasonably satisfactory to Administrative Agent.

"Recipient" shall mean, as applicable, (a) the Administrative Agent and (b) any Lender.

"Regulation D" shall mean Regulation D of the Board of Governors of the Federal Reserve System, as the same may be in effect from time to time, and any successor regulations.

"Regulation T" shall mean Regulation T of the Board of Governors of the Federal Reserve System, as the same may be in effect from time to time, and any successor regulations.

"Regulation U" shall mean Regulation U of the Board of Governors of the Federal Reserve System, as the same may be in effect from time to time, and any successor regulations.

"Regulation X" shall mean Regulation X of the Board of Governors of the Federal Reserve System, as the same may be in effect from time to time, and any successor regulations.

"Regulation Y" shall mean Regulation Y of the Board of Governors of the Federal Reserve System, as the same may be in effect from time to time, and any successor regulations.

"Related Parties" shall mean, with respect to any Person, such Person's Affiliates and the managers, administrators, trustees, partners, directors, officers, employees, agents, advisors or other representatives of such Person and such Person's Affiliates.

"Release" shall mean any release, spill, emission, leaking, dumping, injection, pouring, deposit, disposal, discharge, dispersal, leaching or migration into the environment (including ambient air, surface water, groundwater, land surface or subsurface strata) or within any building, structure, facility or fixture.

"Required Lenders" shall mean Non-Defaulting Lenders holding, in the aggregate, more than 50% of total Term Loan Exposure at such time; provided that at any time that there are two or more unaffiliated Non-Defaulting Lenders, Required Lenders shall consist of at least two such Non-Defaulting Lenders; provided further that to the extent that any Lender is a Defaulting Lender, such Defaulting Lender and all of its Term Loans shall be excluded for purposes of determining Required Lenders.

"Requirement of Law" for any Person shall mean the articles or certificate of incorporation, bylaws, partnership certificate and agreement, or limited liability company certificate of organization and agreement, as the case may be, and other organizational and governing documents of such Person, and any law, treaty, rule or regulation, or determination of a Governmental Authority, in each case applicable to or binding upon such Person or any of its property or to which such Person or any of its property is subject.

"Responsible Officer" shall mean (x) with respect to certifying compliance with the financial covenants set forth in Article VI, the principal executive officer, the principal financial officer, the principal accounting officer, the treasurer or the controller of the Borrower and (y) with respect to all other provisions, any of the president, the principal executive officer, the principal operating officer, the principal financial officer, the treasurer, the controller or a vice president of the Borrower or such other senior officer that has similar responsibilities to the extent such officer is designated in writing to the Administrative Agent.

"Restricted Payment" shall mean (i) any dividend or other distribution, direct or indirect, on account of any shares of any class of Capital Stock of Holdings, the Borrower or any of their respective Subsidiaries now or hereafter outstanding, except a dividend payable solely in shares of that class of Capital Stock to the holders of that class (other than Disqualified Capital Stock); (ii) any redemption, retirement, sinking fund or similar payment, purchase or other acquisition for value, direct or indirect, of any shares of any class of Capital Stock of Holdings, the Borrower or any of their respective Subsidiaries now or hereafter outstanding; (iii) any payment made to retire, or to obtain the surrender of, any outstanding warrants, options or other rights to acquire shares of any class of Capital Stock of Holdings, the Borrower or any of their respective Subsidiaries now or hereafter outstanding; (iv) any payment, prepayment, redemption, purchase, retirement, defeasance (including in-substance or legal defeasance) or other satisfaction, in each case, prior to the repayment in full of all Obligations (other than (i) contingent obligations as to which no claim exists or has been asserted, (ii) Hedging Obligations owed by any Loan Party to any Lender-Related Hedge Provider, and (iii) Bank Product Obligations), with respect to the principal or interest of (or premium as a result of such payment, prepayment or satisfaction otherwise) any Indebtedness, liabilities or obligations that are in each case subordinated in right of payment and/or right of security to the Obligations and/or any Guarantee thereof, including, without limitation, the Subordinated Debt; and (v) any management or similar fees. For the avoidance of doubt, payments of principal, interest, fees or other amounts with respect to the NPA Financing shall not constitute a Restricted Payment.

"RIA" shall mean Root Insurance Agency, LLC, an Ohio limited liability company.

"RIC" shall mean Root Insurance Company, an Ohio corporation.

"Risk-Based Capital Ratio" shall mean, with respect to each Insurance Subsidiary, as of the end of any Fiscal Month, the ratio of Total Adjusted Capital as of the end of such Fiscal Month to Authorized Control Level Risk-Based Capital as of the end of such Fiscal Month (in each case as determined by SAP and defined in NAIC's Risk-Based Capital for Insurers Model Act (Volume III-312) applicable to Insurance Subsidiaries and consistent with applicable statutes of the applicable Insurance Regulatory Authority from time to time).

"RRC" shall mean Root Reinsurance Company, Ltd., a Cayman Islands exempted company.

"RRC Equity" shall mean, as of any date of determination, total equity reflected on the balance sheet of RRC prepared in accordance with GAAP.

"S&P" shall mean S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC, and any successor thereto.

"Sale/Leaseback Transaction" shall have the meaning set forth in Section 7.9.

"Sanctioned Country" shall mean, at any time, a country, region or territory that is, or whose government is, the subject or target of any Sanctions including, without limitation, as of the Closing Date, Crimea, Cuba, Iran, North Korea, Sudan and Syria.

"Sanctioned Person" shall mean, at any time, (a) any Person that is the subject or target of any Sanctions, (b) any Person located, organized, operating or resident in a Sanctioned Country or (c) any Person owned or controlled by any such Person.

"Sanctions" shall mean economic or financial sanctions or trade embargoes imposed, administered or enforced from time to time by (a) the U.S. government, including those administered by OFAC or the U.S. Department of State, (b) the United Nations Security Council, the European Union or Her Majesty's Treasury of the United Kingdom or (c) any other relevant sanctions authority.

"SAP" means, with respect to any Insurance Subsidiary, the accounting procedures and practices prescribed or permitted by the applicable Insurance Regulatory Authority, applied in accordance with Section 1.2

"Screen Rate" shall have the meaning assigned to such term in the definition of "Adjusted LIBO Rate".

"Secured Parties" shall mean the Administrative Agent, the Lenders, the Lender-Related Hedge Providers and the Bank Product Providers.

"Significant Transaction" shall mean (i) the entry by Holdings or any of its Subsidiaries into an investment, joint venture or similar transaction valued at more than $350,000,000 from a company that operates in the auto insurance industry or (ii) the entry by Holdings or any of its Subsidiaries into any investment, joint venture or similar transaction that would result in any one Person (together with such Person's Affiliates) (other than Permitted Holders) having an economic interest in RIC or any Loan Party greater than 33%.

"Solvent" shall mean, with respect to any Person on a particular date, that on such date (a) the fair value of the property of such Person is greater than the total amount of liabilities, including subordinated and contingent liabilities, of such Person; (b) the present fair saleable value of the assets of such Person is not less than the amount that will be required to pay the probable liability of such Person on its debts and liabilities, including subordinated and contingent liabilities as they become absolute and matured; (c) such Person does not intend to, and does not believe that it will, incur debts or liabilities beyond such Person's ability to pay as such debts and liabilities mature; and (d) such Person is not engaged in a business or transaction, and is not about to engage in a business or transaction, for which such Person's property would constitute an unreasonably small capital. The amount of contingent liabilities (such as litigation, guaranties and pension plan liabilities) at any time shall be computed as the amount that, in light of all the facts and circumstances existing at the time, represents the amount that would reasonably be expected to become an actual or matured liability.

"Specified Event of Default" shall mean an Event of Default under Section 8.1(a), (b), (d) (solely as a result of a failure to observe or perform any requirement under Article VI), (g), (h) or (j).

"Statutory Surplus" shall mean, with respect any Insurance Subsidiary, the surplus as to policyholders of such Insurance Subsidiary as determined pursuant to SAP.

"Subordinated Debt" shall mean any Indebtedness of the Loan Parties that is expressly permitted pursuant to Section 7.1(k).

"Subordinated Debt Documents" shall mean the indentures, loan agreements, notes, guaranties, subordination agreements and other related documents and/or agreements governing or evidencing the Subordinated Debt.

"Subsidiary" shall mean, with respect to any Person (the "parent") at any date, any corporation, partnership, joint venture, limited liability company, association or other entity the accounts of which would be consolidated with those of the parent in the parent's consolidated financial statements if such financial statements were prepared in accordance with GAAP as of such date, as well as any other corporation, partnership, joint venture, limited liability company, association or other entity (i) of which securities or other ownership interests representing more than 50% of the equity or more than 50% of the ordinary voting power or, in the case of a partnership, more than 50% of the general partnership interests are, as of such date, owned, controlled or held, or (ii) that is, as of such date, otherwise controlled, by the parent or one or more subsidiaries of the parent or by the parent and one or more subsidiaries of the parent. Unless otherwise indicated, all references to "Subsidiary" hereunder shall mean a Subsidiary of the Borrower. For the avoidance of doubt, an Insurance Subsidiary is a Subsidiary of the Borrower.

"Subsidiary Loan Party" shall mean any Subsidiary that executes or becomes a party to the Guaranty and Security Agreement; provided that it is understood and agreed that no Insurance Subsidiary nor any Subsidiary of an Insurance Subsidiary shall be a Subsidiary Loan Party.

"Supported QFC" shall have the meaning set forth in Section 10.19.

"SVB Assignment" shall have the meaning set forth in Section 11.1.

"SVB Loans" shall have the meaning set forth in Section 11.1.

"Swap Obligation" shall mean, with respect to any Guarantor, any obligation to pay or perform under any agreement, contract or transaction that constitutes a "swap" within the meaning of section 1a(47) of the Commodity Exchange Act.

"Synthetic Lease" shall mean a lease transaction under which the parties intend that (i) the lease will be treated as an "operating lease" by the lessee pursuant to Accounting Standards Codification Sections 840-10 and 840-20, as amended, and (ii) the lessee will be entitled to various tax and other benefits ordinarily available to owners (as opposed to lessees) of like property.

"Synthetic Lease Obligations" shall mean, with respect to any Person, the sum of (i) all remaining rental obligations of such Person as lessee under Synthetic Leases which are attributable to principal and, without duplication, (ii) all rental and purchase price payment obligations of such Person under such Synthetic Leases assuming such Person exercises the option to purchase the lease property at the end of the lease term.

"Taxes" shall mean any and all present or future taxes, levies, imposts, duties, deductions, withholdings (including backup withholding), assessments, fees, or charges imposed by any Governmental Authority, including any interest, additions to tax or penalties applicable thereto.

"Term Loan" shall mean a term loan made by a Lender to the Borrower pursuant to Section 2.1 or Section 2.18 of the Existing Credit Agreement and continued hereunder as set forth in Section 2.1 hereof.

"Term Loan Commitment" shall mean, with respect to each Lender, the obligation of such Lender to make a Term Loan hereunder on the Original Closing Date.

"Term Loan Exposure" shall mean, with respect to any Lender, as of any date of determination, the outstanding principal amount of the Term Loans of such Lender.

"Test Date" shall mean the last day of each Fiscal Month.

"Test Period" shall mean, unless the context otherwise requires, the most recently ended twelve-month period ending on the date of determination.

"Third Party Administrator Agreement" shall mean that certain Master Service Agreement, dated as of February 1, 2019, between Genpact (UK) Limited, a UK private limited company, and RIC.

"Threshold Amount" shall mean $2,500,000.

"Trademark" shall have the meaning assigned to such term in the Guaranty and Security Agreement.

"Trademark Security Agreement" shall mean any Trademark Security Agreement executed by a Loan Party owning registered Trademarks or applications for Trademarks in favor of the Administrative Agent for the benefit of the Secured Parties, both on the Original Closing Date and thereafter.

"Type" shall mean, with respect to a Term Loan, whether the rate of interest on such Term Loan is determined by reference to the Adjusted LIBO Rate or the Base Rate.

"Unfunded Pension Liability" of any Plan shall mean the amount, if any, by which the value of the accumulated plan benefits under the Plan, determined on a plan termination basis in accordance with actuarial assumptions at such time consistent with those prescribed by the PBGC for

purposes of Section 4044 of ERISA, exceeds the fair market value of all Plan assets allocable to such liabilities under Title IV of ERISA (excluding any accrued but unpaid contributions).

"Uniform Commercial Code" or "UCC" shall mean the Uniform Commercial Code as in effect from time to time in the State of New York.

"United States" or "U.S." shall mean the United States of America.

"U.S. Insurance Subsidiary" shall mean a wholly owned Insurance Subsidiary of Holdings (whether direct or indirect) that is domiciled in the United States; provided, that "U.S. Insurance Subsidiaries" shall mean each U.S. Insurance Subsidiary on a collective basis.

"U.S. Person" shall mean any Person that is a "United States person" as defined in Section 7701(a)(30) of the Code.

"U.S. Special Resolution Regimes" shall have the meaning set forth in Section 10.19.

"U.S. Tax Compliance Certificate" shall have the meaning set forth in Section 2.16(g)(ii).

"Weighted Average Life to Maturity" shall mean when applied to any Indebtedness at any date, the number of years obtained by dividing (i) the sum of the products obtained by multiplying (x) the amount of each then remaining installment, sinking fund, serial maturity or other required payments of principal, including payment at final maturity, in respect thereof, by (y) the number of years (calculated to the nearest one twelfth) that will elapse between such date and the making of such payment by (ii) the then outstanding principal amount of such Indebtedness.

"Withdrawal Liability" shall mean liability to a Multiemployer Plan as a result of a complete or partial withdrawal from such Multiemployer Plan, as such terms are defined in Part I of Subtitle E of Title IV of ERISA.

"Withholding Agent" shall mean the Borrower, any other Loan Party or the Administrative Agent, as applicable.

"Write-Down and Conversion Powers" shall mean, with respect to any EEA Resolution Authority, the write-down and conversion powers of such EEA Resolution Authority from time to time under the Bail-In Legislation for the applicable EEA Member Country, which write-down and conversion powers are described in the EU Bail-In Legislation Schedule.

Section 1.2. **Accounting Terms and Determination**. Unless otherwise defined or specified herein, all accounting terms used herein shall be interpreted, all accounting determinations hereunder shall be made, and all financial statements required to be delivered hereunder shall be prepared, in accordance with GAAP or SAP, as applicable, as in effect from time to time, applied on a basis consistent with the most recent audited consolidated financial statements of Holdings delivered pursuant to Section 5.1(a) (or, if no such financial statements have been delivered, on a basis consistent with the audited consolidated financial statements of the Borrower last delivered to the Administrative Agent in connection with this Agreement); provided that if the Borrower notifies the Administrative Agent that the Borrower wishes to amend any covenant in Article VI to eliminate the effect of any change in GAAP or SAP, as applicable, on the operation of such covenant (or if the Administrative Agent notifies the Borrower that the Required Lenders wish to amend Article VI for such purpose), then the Borrower's compliance with such covenant shall be determined on the basis of GAAP or SAP, as applicable, in effect immediately before the relevant change in GAAP or SAP, as applicable, became effective, until either

such notice is withdrawn or such covenant is amended in a manner satisfactory to the Borrower and the Required Lenders. Notwithstanding any other provision contained herein, (a) all terms of an accounting or financial nature used herein shall be construed, and all computations of amounts and ratios referred to herein shall be made, (x) without giving effect to any election under Accounting Standards Codification Section 825-10 (or any other Financial Accounting Standard having a similar result or effect including ASU 2015-03, 1 and any other related treatment for debt discounts and premiums, such as original issue discount) to value any Indebtedness or other liabilities of any Loan Party or any Subsidiary of any Loan Party at "fair value", as defined therein and (y) without giving effect to any treatment of Indebtedness in respect of convertible debt instruments under Accounting Standards Codification 470-20 (or any other Financial Accounting Standard having a similar result or effect) to value any such Indebtedness in a reduced or bifurcated manner as described therein, and such Indebtedness shall at all times be valued at the full stated principal amount thereof, (b) the accounting for any lease (and whether such lease shall be treated as Capital Lease Obligations) shall be based on GAAP as in effect on December 31, 2017 and without giving effect to any subsequent changes in GAAP (or required implementation of any previously promulgated changes in GAAP) relating to the treatment of a lease as an operating lease, capitalized lease or finance lease and (c) for purposes of determining compliance with any basket, test, or condition under any provision of this Agreement or any other Loan Document, no Loan Party may retroactively divide, classify, re-classify or deem or otherwise treat a historical transaction as having occurred in reliance on a basket or exception that was not available at the time of such historical transaction or if and to the extent that such basket or exception was relied upon for any later transaction.

Section 1.3. **Terms Generally**. The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words "include", "includes" and "including" shall be deemed to be followed by the phrase "without limitation". The words "other" and "otherwise" shall not be construed ejusdem generis with any foregoing words where a wider construction is possible. Except as otherwise expressly provided herein, the word "or" shall not be exclusive. The word "will" shall be construed to have the same meaning and effect as the word "shall". In the computation of periods of time from a specified date to a later specified date, the word "from" means "from and including" and the word "to" means "to but excluding". Unless the context requires otherwise (i) any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as it was originally executed or as it may from time to time be amended, restated, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein), (ii) any reference herein to any Person shall be construed to include such Person's successors and permitted assigns, (iii) the words "hereof", "herein" and "hereunder" and words of similar import shall be construed to refer to this Agreement as a whole and not to any particular provision hereof, (iv) all references to Articles, Sections, Exhibits and Schedules shall be construed to refer to Articles, Sections, Exhibits and Schedules to this Agreement, (v) any definition of or reference to any law shall include all statutory and regulatory provisions consolidating, amending, or interpreting any such law and any reference to or definition of any law or regulation, unless otherwise specified, shall refer to such law or regulation as amended, modified or supplemented from time to time, (vi) the words "asset" and "property" shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contract rights and (vii) all references to a specific time shall be construed to refer to the time in the city and state of the Administrative Agent's principal office, unless otherwise indicated. Unless otherwise expressly provided herein, all references to dollar amounts shall mean Dollars. Any reference herein to a merger, transfer, consolidation, amalgamation, assignment, sale or disposition or similar term, shall be deemed to apply to a division of or by a limited liability company, or an allocation of assets to a series of a limited liability company (or the unwinding of such a division or

allocation), as if it were a merger, transfer, consolidation, amalgamation, assignment, sale or disposition, or similar term, as applicable, to, of or with a separate Person. Any division of a limited liability company shall constitute a separate Person hereunder (and each division of any limited liability company that is a Subsidiary, joint venture or any other like term shall also constitute such a Person or entity).

Article II

AMOUNT AND TERMS OF THE COMMITMENTS

Section 2.1. **Term Loan**. The parties hereto acknowledge and agree that, prior to the Closing Date, certain "Term Loans" were made to the Borrower pursuant to (and as defined in) the Existing Credit Agreement. Such "Term Loans" are continued as the Term Loans hereunder and are subject to Section 3.2 (the "Term Loans") and the terms of this Agreement and the other Loan Documents. The Borrower acknowledges and agrees that the outstanding principal amount of the Term Loans immediately prior to giving effect to this Agreement is $99,750,000. The Borrower and the Lenders acknowledge and agree that the principal amount of such Term Loan held by each Lender as of the Closing Date (after giving effect to this Agreement) is set forth on Schedule I opposite the name of such Lender. Subject to the terms and conditions set forth herein, the Term Loans may be, from time to time, Base Rate Loans or Eurodollar Loans or a combination thereof. Amounts paid or prepaid with respect to Term Loans may not be reborrowed.

Section 2.2. **[Reserved]**.

Section 2.3. **[Reserved]**.

Section 2.4. **Repayment of Loans**. The Borrower unconditionally promises to pay to the Administrative Agent for the account of each Lender the then unpaid principal amount of the Term Loan of such Lender in installments payable on the dates set forth below, with each such installment being in the aggregate principal amount for all Lenders set forth opposite such date below (and on such other date(s) as may be required hereunder, and subject to any reduction in accordance with Sections 2.6 and 2.7):

Installment Date	Aggregate Principal Amount
December 31, 2019	$250,000
March 31, 2020	$250,000
June 30, 2020	$250,000
September 30, 2020	$250,000

provided that, to the extent not previously paid, the aggregate unpaid principal balance of the Term Loans shall be due and payable on the Maturity Date.

Section 2.5. **Evidence of Indebtedness**.

(a) Each Lender shall maintain in accordance with its usual practice appropriate records evidencing the Indebtedness of the Borrower to such Lender resulting from each Term Loan made by such Lender from time to time, including the amounts of principal and interest payable thereon and paid to such Lender from time to time under this Agreement. The Administrative Agent shall maintain appropriate records in which shall be recorded (i) the Term Loan Commitment of each Lender, (ii) the amount of each Term Loan made hereunder by each Lender, the Type thereof and, in the case of each Eurodollar Loan, the Interest Period applicable thereto, (iii) the date of any continuation of any Eurodollar

Loan pursuant to Section 2.9, (iv) the date of any conversion of all or a portion of any Type of Loan to another Type pursuant to Section 2.9, (v) the date and amount of any principal or interest due and payable or to become due and payable from the Borrower to each Lender hereunder in respect of the Term Loans and (vi) both the date and amount of any sum received by the Administrative Agent hereunder from the Borrower in respect of the Term Loans and each Lender's Pro Rata Share thereof. The entries made in such records shall be *prima facie* evidence of the existence and amounts of the obligations of the Borrower therein recorded; provided that the failure or delay of any Lender or the Administrative Agent in maintaining or making entries into any such record or any error therein shall not in any manner affect the obligation of the Borrower to repay the Term Loans (both principal and unpaid accrued interest) of such Lender in accordance with the terms of this Agreement.

(b) This Agreement evidences the obligation of the Borrower to repay the Term Loans and is being executed as a "noteless" term loan agreement. However, at the request of any Lender at any time, the Borrower agrees that it will prepare, execute and deliver to such Lender a promissory note payable to the order of such Lender (or, if requested by such Lender, to such Lender and its registered assigns) and in a form approved by the Administrative Agent. Thereafter, the Term Loans evidenced by such promissory note and interest thereon shall at all times (including after assignment permitted hereunder) be represented by one or more promissory notes in such form payable to the order of the payee named therein (or, if such promissory note is a registered note, to such payee and its registered assigns).

Section 2.6. **Optional Prepayments**. The Borrower shall have the right at any time and from time to time to prepay the Term Loans, in whole or in part, without premium or penalty, by giving written notice (or telephonic notice promptly confirmed in writing) to the Administrative Agent no later than (i) in the case of any prepayment of any Eurodollar Loan, 1:00 p.m. not less than three (3) Business Days prior to the date of such prepayment and (ii) in the case of any prepayment of any Base Rate Loan, no later than 1:00 p.m. on the date of such prepayment. Each such notice shall be irrevocable and shall specify the proposed date of such prepayment and the principal amount of Term Loan or portion thereof to be prepaid; provided that any such notice in connection with a repayment of the Term Loans may be conditioned upon the occurrence of another financing or transaction. Upon receipt of any such notice, the Administrative Agent shall promptly notify each affected Lender of the contents thereof and of such Lender's Pro Rata Share of any such prepayment. If such notice is given, the aggregate amount specified in such notice shall be due and payable on the date designated in such notice (subject to the occurrence of any condition described above), together with accrued interest to such date on the amount so prepaid in accordance with Section 2.8(d); provided that if a Eurodollar Loan is prepaid on a date other than the last day of an Interest Period applicable thereto, the Borrower shall also pay all amounts required pursuant to Section 2.15. Each prepayment made by the Borrower pursuant to this Section 2.6 shall be applied to the principal balance of the Term Loans, until the same shall have been paid in full, *pro rata* to the Lenders based on their Pro Rata Shares of the Term Loans (except during the Escrow Period with respect to any optional prepayment solely to the extent such optional prepayment, or any portion of any optional prepayment, is effected by applying the Escrow Funds to the Term Loans pursuant to Section 11.4(a), in which case each such optional prepayment (or portion of any optional prepayment) shall be made on a ratable basis to the Assignee Lenders based on each Assignee Lender's *pro rata* share of the aggregate then-existing Escrow Funds), and applied to installments of the Term Loans in the manner specified by the Borrower or, if not so specified on or prior to the date of such optional prepayment, in direct order of maturity.

Section 2.7. **Mandatory Prepayments**.

(a) No later than the third (3rd) Business Day following the date of receipt by Holdings or any of its Subsidiaries of any Net Cash Proceeds of any sale or disposition by Holdings or any of its Subsidiaries of any assets in an aggregate amount exceeding $250,000, the Borrower shall prepay the Obligations in an amount equal to the Net Cash Proceeds of such sale or disposition; provided, that (i) the Borrower shall not be required to prepay the Obligations with respect to proceeds from the sales or dispositions of assets in the ordinary course of business (including obsolete or worn-out equipment no longer useful in its business), and (ii) so long as no Default or Event of Default shall have occurred and be continuing at the time of the receipt of proceeds pursuant to this subsection (a) or at the proposed time of the reinvestment of such proceeds, the Borrower shall have the option, upon written notice to the Administrative Agent, directly or (x) in the case of proceeds received by a Loan Party, through one or more of its Subsidiaries that is a Loan Party or (y) in the case of proceeds received by a Subsidiary that is not a Loan Party, through one or more of its Subsidiaries, to reinvest such proceeds within one hundred eighty (180) days of receipt thereof in assets of the general type used in the business of the Borrower and its Subsidiaries so long as such proceeds received by a Loan Party are held in Controlled Accounts at SunTrust Bank or subject to Control Account Agreements until reinvested; provided, further that the obligation of the Borrower to prepay the Obligations under this subsection (a) shall also not apply solely to the extent that (A) the sale or disposition was consummated by any Insurance Subsidiary (or Subsidiary thereof) of any of such Insurance Subsidiary's assets (or the assets of a Subsidiary thereof) and (B) the dividend of such Net Cash Proceeds by such Insurance Subsidiary (or Subsidiary thereof) to the Borrower for application of this subsection (a) is prohibited by applicable law (including, without limitation, rules and regulations of any Insurance Regulatory Authority), it being understood and agreed that absent the prohibition set forth in clause (B), the Borrower shall cause such Insurance Subsidiary (or Subsidiary thereof) to immediately make a dividend of the Net Cash Proceeds to the Borrower which the Borrower shall use to prepay the Obligations in accordance with this subsection (a). Any such prepayment shall be applied in accordance with subsection (f) of this Section.

(b) No later than the third (3rd) Business Day following the date of receipt by Holdings or any of its Subsidiaries of any Net Cash Proceeds from any casualty insurance policies or eminent domain, condemnation or similar proceedings, the Borrower shall prepay the Obligations in an amount equal to all such Net Cash Proceeds; provided, that so long as no Default or Event of Default shall have occurred and be continuing at the time of the receipt of proceeds pursuant to this subsection (b) or at the proposed time of the reinvestment of such proceeds, the Borrower shall have the option, upon written notice to the Administrative Agent, directly or (x) in the case of proceeds received by a Loan Party, through one or more of its Subsidiaries that is a Loan Party or (y) in the case of proceeds received by a Subsidiary that is not a Loan Party, through one or more of its Subsidiaries, to reinvest such proceeds within one hundred eighty (180) days of receipt thereof in assets of the general type used in the business of the Borrower and its Subsidiaries so long as such proceeds received by a Loan Party are held in Controlled Accounts at SunTrust Bank or subject to Control Account Agreements until reinvested; provided, further that the obligation of the Borrower to prepay the Obligations under this subsection (b) shall also not apply solely to the extent that (A) the Net Cash Proceeds of the casualty insurance policies or eminent domain, condemnation or similar proceedings were received by any Insurance Subsidiary (or Subsidiary thereof) and (B) the dividend of such Net Cash Proceeds by such Insurance Subsidiary (or Subsidiary thereof) to the Borrower for application of this subsection (b) is prohibited by applicable law (including, without limitation, rules and regulations of any Insurance Regulatory Authority), it being understood and agreed that absent the prohibition set forth in clause (B), the Borrower shall cause such Insurance Subsidiary (or Subsidiary thereof) to immediately make a dividend of the Net Cash Proceeds to the Borrower which the

Borrower shall use to prepay the Obligations in accordance with this subsection (b). Any such prepayment shall be applied in accordance with subsection (f) of this Section.

(c) No later than the first (1st) Business Day following the date of receipt by Holdings or any of its Subsidiaries of any Net Cash Proceeds from any issuance of Indebtedness by Holdings or any of its Subsidiaries, the Borrower shall prepay the Obligations in an amount equal to all such Net Cash Proceeds; provided, that the Borrower shall not be required to prepay the Obligations with respect to proceeds of Indebtedness permitted under Section 7.1; provided, further that the obligation of the Borrower to prepay the Obligations under this subsection (c) shall also not apply solely to the extent that (A) the Net Cash Proceeds of such Indebtedness were incurred and received by any Insurance Subsidiary (or Subsidiary thereof) and (B) the dividend of such Net Cash Proceeds by such Insurance Subsidiary (or Subsidiary thereof) to the Borrower for application of this subsection (c) is prohibited by applicable law (including, without limitation, rules and regulations of any Insurance Regulatory Authority), it being understood and agreed that absent the prohibition set forth in clause (B), the Borrower shall cause such Insurance Subsidiary (or Subsidiary thereof) to immediately make a dividend of the Net Cash Proceeds to the Borrower which the Borrower shall use to prepay the Obligations in accordance with this subsection (c). Any such prepayment shall be applied in accordance with subsection (f) of this Section.

(d) No later than the first (1st) Business Day following the date of receipt by the Borrower or any of its Subsidiaries of any proceeds from key man life insurance policies, the Borrower shall prepay the Obligations in an amount equal to all such proceeds. Any such prepayment shall be applied in accordance with subsection (f) of this Section.

(e) No later than the first (1st) Business Day following the occurrence of an Equity Monetization Event, the Borrower shall prepay the Obligations in full. Any such prepayment shall be applied in accordance with subsection (f) of this Section.

(f) Any prepayments made by the Borrower pursuant to subsection (a), (b), (c), (d) or (e) of this Section shall be applied as follows: first, to the Administrative Agent's fees and reimbursable expenses then due and payable pursuant to any of the Loan Documents and any amounts payable to the Lenders pursuant to Section 2.15; and second, to the principal balance of the Term Loans, until the same shall have been paid in full, *pro rata* to the Lenders based on their Pro Rata Shares of the Term Loans, and applied to installments of the Term Loans on a *pro rata* basis (excluding the final payment due on the Maturity Date); provided, that, after all regularly scheduled amortization payments have been made in full in accordance with Section 2.4, any remaining amounts required to be prepaid under this Section 2.7 shall be applied as a prepayment to the final payment that would otherwise be due on the Maturity Date until paid in full.

(g) The Borrower shall notify the Administrative Agent by written notice of any prepayment pursuant to clauses (a), (b), (c), (d) or (e) of this Section 2.7 not later than 11:00 a.m. (New York City time) one (1) Business Day before the date of prepayment. Each such notice shall specify the prepayment date (which shall be a Business Day), the principal amount of the Loans to be prepaid and a reasonably detailed calculation of the amount of such prepayment. Promptly following receipt of any such notice, the Administrative Agent shall advise the Lenders of the contents thereof. All prepayments of the Loans pursuant to clauses (a), (b), (c), (d) or (e) of this Section 2.7 shall be accompanied by accrued and unpaid interest on the principal amount to be prepaid to but excluding the date of payment.

(h) To the extent that this Agreement and the Note Purchase Agreement both require mandatory prepayments for the events described in clauses (a), (b), (c) or (d) of this Section 2.7, the Borrower may pay a portion of the Net Cash Proceeds (or proceeds from key man life insurance policies,

as applicable) derived from such events, determined on a Ratable Basis (as defined in the Intercreditor Agreement), to the NPA Agent to prepay Indebtedness (but not any portion of the Make-Whole Amount (as defined in the Note Purchase Agreement)) in accordance with the terms of the Note Purchase Agreement. To the extent that this Agreement and the Note Purchase Agreement both require mandatory prepayments following the occurrence of an Equity Monetization Event as described in clause (e) of this Section 2.7, the parties agree that such mandatory prepayments shall be made on a Ratable Basis (as defined in the Intercreditor Agreement) subject to and in accordance with the Intercreditor Agreement (including, for the avoidance of doubt, Section 5.15(a) of the Intercreditor Agreement).

Section 2.8. **Interest on Loans**.

(a) The Borrower shall pay interest on (i) each Base Rate Loan at the Base Rate plus the Applicable Margin and (ii) each Eurodollar Loan at the Adjusted LIBO Rate for the applicable Interest Period then in effect plus the Applicable Margin.

(b) [Reserved].

(c) Notwithstanding subsection (a) of this Section, at the election of the Administrative Agent (or upon the written request of the Required Lenders), and automatically after the occurrence and during the continuance of an Event of Default pursuant to Section 8.1(a), (b), (g), (h) or (j)) if an Event of Default has occurred and is continuing, and automatically after acceleration or with respect to any past due amount hereunder, the Borrower shall pay interest ("Default Interest") with respect to all Eurodollar Loans at the rate *per annum* equal to 200 basis points above the otherwise applicable interest rate for such Eurodollar Loans for the then-current Interest Period until the last day of such Interest Period, and thereafter, and with respect to all Base Rate Loans and all other Obligations hereunder, at the rate *per annum* equal to 200 basis points above the otherwise applicable interest rate for Base Rate Loans.

(d) Interest on the principal amount of all Term Loans shall accrue from and including the date such Term Loans are made to but excluding the date of any repayment thereof. Interest on all outstanding Base Rate Loans shall be payable quarterly in arrears on the last day of each March, June, September and December and on the Maturity Date. Interest on all outstanding Eurodollar Loans shall be payable on the last day of each Interest Period applicable thereto, and, in the case of any Eurodollar Loans having an Interest Period in excess of three months, on each day which occurs every three months after the initial date of such Interest Period, and on the Maturity Date. Interest on any Term Loan which is converted into a Term Loan of another Type or which is repaid or prepaid shall be payable on the date of such conversion or on the date of any such repayment or prepayment (on the amount repaid or prepaid) thereof. All Default Interest shall be payable on demand.

(e) The Administrative Agent shall determine each interest rate applicable to the Term Loans hereunder and shall promptly notify the Borrower and the Lenders of such rate in writing (or by telephone, promptly confirmed in writing). Any such determination shall be conclusive and binding for all purposes, absent manifest error.

Section 2.9. **Conversion/Continuation**.

(a) Subject to Section 2.12 and so long as no Default or Event of Default shall have occurred and be continuing, the Borrower shall have the option:

(i) To convert at any time all or any part of any Term Loan equal to $100,000 and integral multiples of $100,000 in excess of that amount from one Type of Term Loan to another

Type of Term Loan; provided a Eurodollar Loan may only be converted on the expiration of the Interest Period applicable to such Eurodollar Loan unless the Borrower shall pay all amounts due under Section 2.15;

(ii) Upon the expiration of any Interest Period applicable to any Eurodollar Loan, to continue all or an portion of such Eurodollar Loan equal to $100,000 and integral multiples of $100,000 in excess of that amount as a Eurodollar Loan.

(b) The Borrower shall deliver to the Administrative Agent a written notice (or a telephonic notice promptly confirmed in writing) of each Type of Term Loan that is to be converted or continued, as the case may be, substantially in the form of Exhibit 2.9 attached hereto (a "Notice of Conversion/Continuation") no later than 1:00 p.m. (New York City time) at least one Business Day in advance of the proposed conversion date (in the case of a conversion to a Base Rate Loan) and at least three Business Days in advance of the proposed conversion/continuation date (in the case of a conversion to, or the continuation of, an Eurodollar Loan). Each Notice of Conversion/Continuation shall be irrevocable, and the Borrower shall be bound to effect a conversion or continuation in accordance therewith.

(c) If, on the expiration of any Interest Period in respect of any Eurodollar Loan, the Borrower shall have failed to deliver a Notice of Conversion/Continuation, then, unless such Eurodollar Loan is repaid as provided herein, the Borrower shall be deemed to have elected to convert such Eurodollar Loan to a Base Rate Loan.

(d) Upon receipt of any Notice of Conversion/Continuation, the Administrative Agent shall promptly notify each Lender of the details thereof.

Section 2.10. **Fees**. The Borrower shall pay on the Closing Date to the Administrative Agent and its affiliates (for the account of the Persons entitled thereto in accordance with the terms thereof) all fees in the Fee Letters that are due and payable on or prior to (to the extent any such fees have not already been paid) the Closing Date.

Section 2.11. **Computation of Interest and Fees**.

Interest hereunder based on the Administrative Agent's prime lending rate shall be computed on the basis of a year of 365 days (or 366 days in a leap year) and paid for the actual number of days elapsed (including the first day but excluding the last day). All other interest and all fees hereunder shall be computed on the basis of a year of 360 days and paid for the actual number of days elapsed (including the first day but excluding the last day). Each determination by the Administrative Agent of an interest rate or fee hereunder shall be made in good faith and, except for manifest error, shall be final, conclusive and binding for all purposes.

Section 2.12. **Inability to Determine Interest Rates**.

(a) If, prior to the commencement of any Interest Period for any Eurodollar Loan:

(i) the Administrative Agent shall have reasonably determined (which determination shall be conclusive and binding upon the Borrower) that, by reason of circumstances affecting the relevant interbank market, adequate and reasonable means do not exist for ascertaining the Adjusted LIBO Rate (including, without limitation, because

the Screen Rate is not available or published on a current basis) for such Interest Period, or

(ii) the Administrative Agent shall have received notice from the Required Lenders that the Required Lenders have reasonably determined that the Adjusted LIBO Rate for such Interest Period will not adequately and fairly reflect the cost to such Lenders of making, funding or maintaining their Eurodollar Loans for such Interest Period, then the Administrative Agent shall give written notice thereof (or telephonic notice, promptly confirmed in writing) to the Borrower and to the Lenders as soon as practicable thereafter. Until the Administrative Agent shall notify the Borrower and the Lenders that the circumstances giving rise to such notice no longer exist, (i) any Eurodollar Loans requested to be made on the first day of such Interest Period which have not yet been incurred shall be deemed rescinded by the Borrower and (ii) all such affected Eurodollar Loans shall be converted into Base Rate Loans on the last day of the then current Interest Period applicable thereto unless the Borrower prepays such Eurodollar Loans in accordance with this Agreement. Until such notice has been withdrawn by the Administrative Agent, no further Eurodollar Loans shall be made or continued as such, nor shall the Borrower have the right to convert a Type of Term Loan to Eurodollar Loans.

(b) If at any time the Administrative Agent reasonably determines in consultation with the Borrower that (i) the circumstances set forth in clause (a)(i) or (a)(ii) above have arisen and such circumstances are unlikely to be temporary or (ii) the circumstances set forth in clause (a)(i) or (a)(ii) above have not arisen but either (x) the administrator of the Screen Rate has made a public statement identifying a specific date after which the Screen Rate will permanently or indefinitely cease to be published by it (and there is no successor administrator that will continue publication of the Screen Rate), (y) the supervisor for the administrator of the Screen Rate has made a public statement identifying a specific date after which the Screen Rate will permanently or indefinitely cease to be published or (z) the supervisor for the administrator of the Screen Rate or a Governmental Authority having jurisdiction over the Administrative Agent has made a public statement identifying a specific date after which the Screen Rate shall no longer be used for determining interest rates for loans, then the Administrative Agent and the Borrower shall endeavor to establish an alternate benchmark rate of interest to the Screen Rate that gives due consideration to the then prevailing market convention for determining a rate of interest for syndicated loans in the United States at such time (any such proposed rate a "Eurodollar Successor Rate"), and shall enter into an amendment to this Agreement to reflect such alternate rate of interest together with any Eurodollar Successor Rate Conforming Changes and such other related changes to this Agreement as may be applicable (but for the avoidance of doubt, such related changes shall not include a reduction of the Applicable Margin). Notwithstanding anything to the contrary in Section 10.2, such amendment shall become effective without any further action or consent of any other party to this Agreement so long as the Administrative Agent shall not have received, within five (5) Business Days of the date notice of such alternate rate of interest is provided to the Lenders, a written notice from the Required Lenders stating that such Required Lenders object to such amendment. Until an alternate rate of interest shall be determined in accordance with this clause (b) (but, in the case of the circumstances described in clause (ii) of the first sentence of this Section 2.12(b), only to the extent the Screen Rate for the applicable currency and/or such Interest Period is not available or published at such time on a current basis (x) any Notice of Conversion/Continuation that requests the conversion of any Base Rate Loan to, or continuation of any Eurodollar Loan as, a Eurodollar Loan shall be ineffective,

(y) any outstanding Eurodollar Loan shall be converted to a Base Rate Loan on the last day of the current Interest Period applicable thereto and the obligation of Lenders to make or maintain Eurodollar Loans shall be suspended (to the extent of the affected Eurodollar Loans or Interest Periods), and (z) the Adjusted LIBO Rate component shall no longer be utilized in determining the Base Rate; provided, that, if such alternate rate of interest shall be less than zero, such rate shall be deemed to be zero for the purposes of this Agreement.

Section 2.13. **Illegality**. If any Change in Law shall make it unlawful or impossible for any Lender to make, maintain or fund any Eurodollar Loan and such Lender shall so notify the Administrative Agent, the Administrative Agent shall promptly give notice thereof to the Borrower and the other Lenders, whereupon until such Lender notifies the Administrative Agent and the Borrower that the circumstances giving rise to such suspension no longer exist, the obligation of such Lender to make Eurodollar Loans, or to continue or convert outstanding Types of Term Loans as or into Eurodollar Loans, shall be suspended. If the affected Eurodollar Loan is then outstanding, such Eurodollar Loan shall be converted to a Base Rate Loan either (i) on the last day of the then current Interest Period applicable to such Eurodollar Loan if such Lender may lawfully continue to maintain such Eurodollar Loan to such date or (ii) immediately if such Lender shall determine that it may not lawfully continue to maintain such Eurodollar Loan to such date. Notwithstanding the foregoing, the affected Lender shall, prior to giving such notice to the Administrative Agent, use reasonable efforts to designate a different Applicable Lending Office if such designation would avoid the need for giving such notice and if such designation would not otherwise be disadvantageous to such Lender in the good faith exercise of its discretion.

Section 2.14. **Increased Costs**.

(a) If any Change in Law shall:

(i) impose, modify or deem applicable any reserve, special deposit or similar requirement that is not otherwise included in the determination of the Adjusted LIBO Rate hereunder against assets of, deposits with or for the account of, or credit extended by, any Lender (except any such reserve requirement reflected in the Adjusted LIBO Rate); or

(ii) subject any Recipient to any Taxes (other than (A) Indemnified Taxes, (B) Taxes described in clauses (b) through (d) of the definition of Excluded Taxes and (C) Connection Income Taxes) on its loans, loan principal, commitments, or other obligations, or its deposits, reserves, other liabilities or capital attributable thereto; or

(iii) impose on any Lender or the eurodollar interbank market any other condition, cost or expense (other than Taxes) affecting this Agreement or any Eurodollar Loans made by such Lender (except any such requirement reflected in the Adjusted LIBO Rate);

and the result of any of the foregoing is to increase the cost to such Lender of making, converting into, continuing or maintaining a Eurodollar Loan or to increase the cost to such Lender,

then, from time to time, such Lender may provide the Borrower (with a copy thereof to the Administrative Agent) with written notice and demand with respect to such increased costs or reduced amounts, and within ten (10) Business Days after receipt of such notice and demand, the Borrower shall pay to such Lender such additional amounts as will compensate such Lender for any such increased costs incurred or reduction suffered.

(b) If any Lender shall have determined that any Change in Law regarding capital or liquidity ratios or requirements has or would have the effect of reducing the rate of return on such Lender's capital (or on the capital of the Parent Company of such Lender) as a consequence of its obligations hereunder to a level below that which such Lender or such Parent Company could have achieved but for such Change in Law (taking into consideration such Lender's policies or the policies of such Parent Company with respect to capital adequacy and liquidity), then, from time to time, such Lender may provide the Borrower (with a copy thereof to the Administrative Agent) with written notice and demand with respect to such reduced amounts, and within ten (10) Business Days after receipt of such notice and demand the Borrower shall pay to such Lender such additional amounts as will compensate such Lender or such Parent Company for any such reduction suffered.

(c) A certificate of such Lender setting forth the amount or amounts necessary to compensate such Lender or the Parent Company of such Lender specified in subsection (a) or (b) of this Section shall be delivered to the Borrower (with a copy to the Administrative Agent) and shall be conclusive, absent manifest error.

(d) Failure or delay on the part of any Lender to demand compensation pursuant to this Section shall not constitute a waiver of such Lender's right to demand such compensation; provided that the Borrowers shall not be required to compensate any Lender pursuant to this Section for any increased costs incurred or reductions suffered more than six (6) months prior to the date that such Lender notifies the Borrower of the Change in Law giving rise to such increased costs or reductions and of such Lender's intention to claim compensation therefor (except that, if the Change in Law giving rise to such increased costs or reductions is retroactive, then the six (6)-month period referred to above shall be extended to include the period of retroactive effect thereof).

Section 2.15. **Funding Indemnity**. In the event of (a) the payment of any principal of a Eurodollar Loan other than on the last day of the Interest Period applicable thereto (including as a result of an Event of Default), (b) the conversion or continuation of a Eurodollar Loan other than on the last day of the Interest Period applicable thereto, or (c) the failure by the Borrower to borrow, prepay, convert or continue any Eurodollar Loan on the date specified in any applicable notice (regardless of whether such notice is withdrawn or revoked but other than as a result of a notice pursuant to Sections 2.12 or 2.13), then, in any such event, the Borrower shall compensate each Lender, within ten (10) Business Days after written demand from such Lender, for any loss, cost or expense attributable to such event. In the case of a Eurodollar Loan, such loss, cost or expense shall be deemed to include an amount determined by such Lender to be the excess, if any, of (A) the amount of interest that would have accrued on the principal amount of such Eurodollar Loan if such event had not occurred at the Adjusted LIBO Rate applicable to such Eurodollar Loan for the period from the date of such event to the last day of the then current Interest Period therefor (or, in the case of a failure to borrow, convert or continue, for the period that would have been the Interest Period for such Eurodollar Loan) over (B) the amount of interest that would accrue on the principal amount of such Eurodollar Loan for the same period if the Adjusted LIBO Rate were set on the date such Eurodollar Loan was prepaid or converted or the date on which the Borrower failed to borrow, convert or continue such Eurodollar Loan. A certificate as to any additional amount payable under this Section submitted to the Borrower by any Lender (with a copy to the Administrative Agent) shall be conclusive, absent manifest error.

Section 2.16. **Taxes**.

(a) Defined Terms. For purposes of this Section 2.16, the term "applicable law" includes FATCA.

(b) Payments Free of Taxes. Any and all payments by or on account of any obligation of any Loan Party under any Loan Document shall be made without deduction or withholding for any Taxes, except as required by applicable law. If any applicable law (as determined in the good faith discretion of an applicable Withholding Agent) requires the deduction or withholding of any Tax from any such payment by a Withholding Agent, then the applicable Withholding Agent shall be entitled to make such deduction or withholding and shall timely pay the full amount deducted or withheld to the relevant Governmental Authority in accordance with applicable law and, if such Tax is an Indemnified Tax, then the sum payable by the applicable Loan Party shall be increased as necessary so that after such deduction or withholding has been made (including such deductions and withholdings applicable to additional sums payable under this Section) the applicable Recipient receives an amount equal to the sum it would have received had no such deduction or withholding been made.

(c) Payment of Other Taxes by the Borrower. The Borrower shall timely pay to the relevant Governmental Authority in accordance with applicable law, or at the option of the Administrative Agent timely reimburse it for the payment of, any Other Taxes.

(d) Indemnification by the Borrower. The Borrower shall indemnify each Recipient, within 10 Business Days after demand therefor, for the full amount of any Indemnified Taxes (including Indemnified Taxes imposed or asserted on or attributable to amounts payable under this Section) payable or paid by such Recipient or required to be withheld or deducted from a payment to such Recipient and any reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to the Borrower by a Lender (with a copy to the Administrative Agent), or by the Administrative Agent on its own behalf or on behalf of a Lender, shall be conclusive absent manifest error.

(e) Indemnification by the Lenders. Each Lender shall severally indemnify the Administrative Agent, within 10 Business Days after demand therefor, for (i) any Indemnified Taxes attributable to such Lender (but only to the extent that the Borrower has not already indemnified the Administrative Agent for such Indemnified Taxes and without limiting the obligation of the Borrower to do so), (ii) any Taxes attributable to such Lender's failure to comply with the provisions of Section 10.4(d) relating to the maintenance of a Participant Register and (iii) any Excluded Taxes attributable to such Lender, in each case, that are payable or paid by the Administrative Agent in connection with any Loan Document, and any reasonable expenses arising therefrom or with respect thereto, whether or not such Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to any Lender by the Administrative Agent shall be conclusive absent manifest error. Each Lender hereby authorizes the Administrative Agent to set off and apply any and all amounts at any time owing to such Lender under any Loan Document or otherwise payable by the Administrative Agent to the Lender from any other source against any amount due to the Administrative Agent under this paragraph (e).

(f) Evidence of Payments. As soon as practicable after any payment of Taxes by the Borrower or any other Loan Party to a Governmental Authority pursuant to this Section 2.16, the Borrower or other Loan Party shall deliver to the Administrative Agent the original or a certified

copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to the Administrative Agent.

(g) Status of Lenders.

(i) Any Lender that is entitled to an exemption from or reduction of withholding Tax with respect to payments made under any Loan Document shall deliver to the Borrower and the Administrative Agent, at the time or times reasonably requested by the Borrower or the Administrative Agent, such properly completed and executed documentation reasonably requested by the Borrower or the Administrative Agent as will permit such payments to be made without withholding or at a reduced rate of withholding. In addition, any Lender, if reasonably requested by the Borrower or the Administrative Agent, shall deliver such other documentation prescribed by applicable law or reasonably requested by the Borrower or the Administrative Agent as will enable the Borrower or the Administrative Agent to determine whether or not such Lender is subject to backup withholding or information reporting requirements. Notwithstanding anything to the contrary in the preceding two sentences, the completion, execution and submission of such documentation (other than such documentation set forth in Section 2.16(g)(ii)(A), (ii)(B) and (ii)(D) below) shall not be required if in the Lender's reasonable judgment such completion, execution or submission would subject such Lender to any material unreimbursed cost or expense or would materially prejudice the legal or commercial position of such Lender.

(ii) Without limiting the generality of the foregoing,

(A) any Lender that is a U.S. Person shall deliver to the Borrower and the Administrative Agent on or prior to the date on which such Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Borrower or the Administrative Agent), executed originals of IRS Form W-9 certifying that such Lender is exempt from U.S. federal backup withholding tax;

(B) any Foreign Lender shall, to the extent it is legally entitled to do so, deliver to the Borrower and the Administrative Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Foreign Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Borrower or the Administrative Agent), whichever of the following is applicable:

(i) in the case of a Foreign Lender claiming the benefits of an income tax treaty to which the United States is a party (x) with respect to payments of interest under any Loan Document, executed originals of IRS Form W-8BEN or IRS Form W-8BEN-E establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the "interest" article of such tax treaty and (y) with respect to any other applicable payments under any Loan Document, IRS Form W-8BEN or IRS Form W-8BEN-E establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the "business profits" or "other income" article of such tax treaty;

(ii) executed originals of IRS Form W-8ECI;

(iii) in the case of a Foreign Lender claiming the benefits of the exemption for portfolio interest under Section 881(c) of the Code, (x) a certificate substantially in the form of Exhibit 2.16A to the effect that such Foreign Lender is not a "bank" within the meaning of Section 881(c)(3)(A) of the Code, a "10 percent shareholder" of the Borrower within the meaning of Section 881(c)(3)(B) of the Code, or a "controlled foreign corporation" described in Section 881(c)(3)(C) of the Code (a "U.S. Tax Compliance Certificate") and (y) executed originals of IRS Form W-8BEN or IRS Form W-8BEN-E; or

(iv) to the extent a Foreign Lender is not the beneficial owner, executed originals of IRS Form W-8IMY, accompanied by IRS Form W-8ECI, IRS Form W-8BEN or IRS Form W-8BEN-E, a U.S. Tax Compliance Certificate substantially in the form of Exhibit 2.16B or Exhibit 2.16C, IRS Form W-9, and/or other certification documents from each beneficial owner, as applicable; provided that if the Foreign Lender is a partnership and one or more direct or indirect partners of such Foreign Lender are claiming the portfolio interest exemption, such Foreign Lender may provide a U.S. Tax Compliance Certificate substantially in the form of Exhibit 2.16D on behalf of each such direct and indirect partner;

(C) any Foreign Lender shall, to the extent it is legally entitled to do so, deliver to the Borrower and the Administrative Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Foreign Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Borrower or the Administrative Agent), executed originals of any other form prescribed by applicable law as a basis for claiming exemption from or a reduction in U.S. federal withholding Tax, duly completed, together with such supplementary documentation as may be prescribed by applicable law to permit the Borrower or the Administrative Agent to determine the withholding or deduction required to be made; and

(D) if a payment made to a Lender under any Loan Document would be subject to U.S. federal withholding Tax imposed by FATCA if such Lender were to fail to comply with the applicable reporting requirements of FATCA (including those contained in Section 1471(b) or 1472(b) of the Code, as applicable), such Lender shall deliver to the Borrower and the Administrative Agent at the time or times prescribed by law and at such time or times reasonably requested by the Borrower or the Administrative Agent such documentation prescribed by applicable law (including as prescribed by Section 1471(b)(3)(C)(i) of the Code) and such additional documentation reasonably requested by the Borrower or the Administrative Agent as may be necessary for the Borrower and the Administrative Agent to comply with their obligations under FATCA and to determine that such Lender has complied with such Lender's obligations under FATCA or to determine the amount to deduct and withhold from such payment. Solely for purposes of this clause (D), "FATCA" shall include any amendments made to FATCA after the date of this Agreement.

Each Lender agrees that if any form or certification it previously delivered expires or becomes obsolete or inaccurate in any respect, it shall update such form or certification or promptly notify the Borrower and the Administrative Agent in writing of its legal inability to do so.

(h) Treatment of Certain Refunds. If any party determines, in its sole discretion exercised in good faith, that it has received a refund of any Taxes as to which it has been indemnified pursuant to this Section 2.16 (including by the payment of additional amounts pursuant to this Section 2.16), it shall pay to the indemnifying party an amount equal to such refund (but only to the extent of indemnity payments made under this Section with respect to the Taxes giving rise to such refund), net of all out-of-pocket expenses (including Taxes) of such indemnified party and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund). Such indemnifying party, upon the request of such indemnified party, shall repay to such indemnified party the amount paid over pursuant to this paragraph (h) (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) in the event that such indemnified party is required to repay such refund to such Governmental Authority. Notwithstanding anything to the contrary in this paragraph (h), in no event will the indemnified party be required to pay any amount to an indemnifying party pursuant to this paragraph (h) the payment of which would place the indemnified party in a less favorable net after-Tax position than the indemnified party would have been in if the Tax subject to indemnification and giving rise to such refund had not been deducted, withheld or otherwise imposed and the indemnification payments or additional amounts with respect to such Tax had never been paid. This paragraph shall not be construed to require any indemnified party to make available its Tax returns (or any other information relating to its Taxes that it deems confidential) to the indemnifying party or any other Person.

(i) Survival. Each party's obligations under this Section 2.16 shall survive the resignation or replacement of the Administrative Agent or any assignment of rights by, or the replacement of, a Lender, the termination of the Term Loan Commitments and the repayment, satisfaction or discharge of all obligations under any Loan Document.

Section 2.17. **Payments Generally; Pro Rata Treatment; Sharing of Set-offs**.

(a) The Borrower shall make each payment required to be made by it hereunder (whether of principal, interest, fees of amounts payable under Section 2.14, 2.15 or 2.16, or otherwise) prior to 2:00 p.m. on the date when due, in immediately available funds, free and clear of any defenses, rights of set-off, counterclaim, or withholding or deduction of taxes. Any amounts received after such time on any date may, in the discretion of the Administrative Agent, be deemed to have been received on the next succeeding Business Day for purposes of calculating interest thereon. All such payments shall be made to the Administrative Agent at the Payment Office, except that payments pursuant to Sections 2.14, 2.15, 2.16 and 10.3 shall be made directly to the Persons entitled thereto. The Administrative Agent shall distribute any such payments received by it for the account of any other Person to the appropriate recipient promptly following receipt thereof. If any payment hereunder shall be due on a day that is not a Business Day, the date for payment shall be extended to the next succeeding Business Day, and, in the case of any payment accruing interest, interest thereon shall be made payable for the period of such extension. All payments hereunder shall be made in Dollars.

(b) If at any time insufficient funds are received by and available to the Administrative Agent to pay fully all amounts of principal, interest and fees then due hereunder, such funds shall be applied as follows: first, to all fees, indemnities and reimbursable expenses of

the Administrative Agent then due and payable pursuant to any of the Loan Documents; second, to all reimbursable expenses of the Lenders then due and payable pursuant to any of the Loan Documents, *pro rata* to the Lenders based on their respective *pro rata* shares of such fees and expenses; third, to all interest and fees then due and payable hereunder, *pro rata* to the Lenders based on their respective *pro rata* shares of such interest and fees; and fourth, to all principal of the Term Loans then due and payable hereunder, *pro rata* to the parties entitled thereto based on their respective *pro rata* shares of such principal.

(c) Other than in the case of any Lender exercising remedies solely with respect to, or receiving prepayments solely from, the Escrow Funds as set forth in Article XI hereof and the Escrow Agreements, if any Lender shall, by exercising any right of set-off or counterclaim or otherwise, obtain payment in respect of any principal of or interest on any of its Term Loans that would result in such Lender receiving payment of a greater proportion of the aggregate amount of Term Loans and accrued interest and fees thereon than the proportion received by any other Lender with respect to its Term Loans, then the Lender receiving such greater proportion shall purchase (for cash at face value) Term Loans of other Lenders to the extent necessary so that the benefit of all such payments shall be shared by the Lenders ratably in accordance with the aggregate amount of principal of and accrued interest on their respective Term Loans; provided that (i) if any such participations are purchased and all or any portion of the payment giving rise thereto is recovered, such participations shall be rescinded and the purchase price restored to the extent of such recovery, without interest, and (ii) the provisions of this subsection shall not be construed to apply to any payment made by the Borrower pursuant to and in accordance with the express terms of this Agreement or any payment obtained by a Lender as consideration for the assignment of or sale of a participation in any of its Term Loans to any assignee or participant, other than to the Borrower or any Subsidiary or Affiliate thereof (as to which the provisions of this subsection shall apply). The Borrower consents to the foregoing and agrees, to the extent it may effectively do so under applicable law, that any Lender acquiring a participation pursuant to the foregoing arrangements may exercise against the Borrower rights of set-off and counterclaim with respect to such participation as fully as if such Lender were a direct creditor of the Borrower in the amount of such participation.

(d) Unless the Administrative Agent shall have received notice from the Borrower prior to the date on which any payment is due to the Administrative Agent for the account of the Lenders that the Borrower will not make such payment, the Administrative Agent may assume that the Borrower has made such payment on such date in accordance herewith and may, in reliance upon such assumption, distribute to the Lenders the amount or amounts due. In such event, if the Borrower has not in fact made such payment, then each of the Lenders severally agrees to repay to the Administrative Agent forthwith on demand the amount so distributed to such Lender with interest thereon, for each day from and including the date such amount is distributed to it to but excluding the date of payment to the Administrative Agent, at the greater of the Federal Funds Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation.

Section 2.18. **[Reserved]**.

Section 2.19. **Mitigation of Obligations**. If any Lender requests compensation under Section 2.14, or if the Borrower is required to pay any Indemnified Taxes or additional amount to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 2.16, then such Lender shall use reasonable efforts to designate a different lending office for funding or booking its Term Loans hereunder or to assign its rights and obligations hereunder to another of its offices, branches or affiliates,

if, in the sole judgment of such Lender, such designation or assignment (i) would eliminate or reduce amounts payable under Section 2.14 or Section 2.16, as the case may be, in the future and (ii) would not subject such Lender to any unreimbursed cost or expense and would not otherwise be disadvantageous to such Lender. The Borrower hereby agrees to pay all costs and expenses incurred by any Lender in connection with such designation or assignment.

Section 2.20. **Replacement of Lenders**. If (a) any Lender gives notice under Section 2.13, (b) any Lender requests compensation under Section 2.14, (c) the Borrower is required to pay any Indemnified Taxes or additional amount to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 2.16, (d) any Lender is a Defaulting Lender or (e) in connection with any proposed amendment, modification, termination, waiver or consent with respect to any of the provisions hereof as contemplated by Section 10.2(b), the consent of the Required Lenders shall have been obtained but the consent of one or more of such other Lenders (each a "Non-Consenting Lender") whose consent is required shall not have been obtained, then the Borrower may, at its sole expense and effort, upon notice to such Lender and the Administrative Agent, require such Lender to assign and delegate, without recourse (in accordance with and subject to the restrictions set forth in Section 10.4(b)), all of its interests, rights (other than its existing rights to payments pursuant to Section 2.14 or 2.16, as applicable) and obligations under this Agreement and the other Loan Documents to an assignee that shall assume such obligations (which assignee may be another Lender) (a "Replacement Lender"); provided that (i) the Borrower shall have received the prior written consent of the Administrative Agent (to the extent such consent is required for an assignment to such Replacement Lender pursuant to Section 10.4(b)), which consent shall not be unreasonably withheld, (ii) such Lender shall have received payment of an amount equal to the outstanding principal amount of all Loans owed to it, accrued interest thereon, accrued fees and all other amounts payable to it hereunder from the assignee (in the case of such outstanding principal and accrued interest) and from the Borrower (in the case of all other amounts), and (iii) in the case of a notice under Section 2.13, a claim for compensation under Section 2.14 or payments required to be made pursuant to Section 2.16, such assignment will result in elimination of the applicable illegality or a reduction in such compensation or payments. A Lender shall not be required to make any such assignment and delegation if, prior thereto, as a result of a waiver by such Lender or otherwise, the circumstances entitling the Borrower to require such assignment and delegation cease to apply. Upon receipt by the Lender being replaced of all amounts required to be paid by it pursuant to this Section 2.20, such Lender shall execute an Assignment and Acceptance within two Business Days of the date on which the Replacement Lender executes and delivers such Assignment and Assumption to the Lender (or such executed Assignment and Assumption is delivered by the Administrative Agent on behalf of the Replacement Lender). If the Lender does not execute such Assignment and Acceptance within such two Business Days, then such Lender shall be deemed to have executed and delivered the Assignment and Assumption without any action on the part of the Lender and the Assignment and Assumption so executed by the Replacement Lender shall be effective for the purposes of this Section 2.20 and Section 10.4.

Section 2.21. **Defaulting Lenders**.

(a) Notwithstanding anything to the contrary contained in this Agreement, if any Lender becomes a Defaulting Lender, then, until such time as such Lender is no longer a Defaulting Lender, to the extent permitted by applicable law such Defaulting Lender's right to approve or disapprove any amendment, waiver or consent with respect to this Agreement shall be restricted as set forth in the definition of Required Lenders and in Section 10.2.

(b) If the Borrower and the Administrative Agent agree in writing that a Lender is no longer a Defaulting Lender, the Administrative Agent will so notify the parties hereto, whereupon

as of the effective date specified in such notice and subject to any conditions set forth therein, that Lender will cease to be a Defaulting Lender; provided that except to the extent otherwise expressly agreed by the affected parties, no change hereunder from Defaulting Lender to Lender will constitute a waiver or release of any claim of any party hereunder arising from that Lender's having been a Defaulting Lender.

Article III

CONDITIONS PRECEDENT TO EFFECTIVENESS

Section 3.1. **Conditions to Effectiveness**. This Agreement shall not become effective until the date on which each of the following conditions is satisfied (or waived in accordance with Section 10.2):

(a) The Administrative Agent shall have received payment of all fees, expenses and other amounts due and payable on or prior to the Closing Date, including, without limitation, reimbursement or payment of all out-of-pocket expenses of the Administrative Agent, the Arranger and their Affiliates (including reasonable fees, charges and disbursements of one firm of outside counsel for the Administrative Agent, and, if necessary, of a single firm of local counsel in each appropriate jurisdiction (which may include a single firm of special counsel acting in multiple jurisdictions) to the Administrative Agent) required to be reimbursed or paid by the Borrower hereunder, under any other Loan Document and under any agreement with the Administrative Agent or the Arranger (including the Fee Letters).

(b) The Administrative Agent (or its counsel) shall have received the following, each to be in form and substance satisfactory to the Administrative Agent:

(i) a counterpart of this Agreement signed by or on behalf of each party hereto or written evidence satisfactory to the Administrative Agent (which may include facsimile transmission of a signed signature page of this Agreement) that such party has signed a counterpart of this Agreement;

(ii) a certificate of the Secretary or Assistant Secretary of each Loan Party in the form of Exhibit 3.1(b)(ii), attaching and certifying copies of (x) its bylaws, or partnership agreement or limited liability company agreement (or certifying that its bylaws, or partnership agreement or limited liability company agreement have not been amended, restated or otherwise modified since the Original Closing Date), (y) its articles or certificate of incorporation, certificate of organization or limited partnership, or other registered organizational documents of such Loan Party (or certifying that its articles or certificate of incorporation, certificate of organization or limited partnership, or other registered organizational documents have not been amended, restated or otherwise modified since the Original Closing Date), and (z) the resolutions of its board of directors or other equivalent governing body, or comparable organizational documents and authorizations, authorizing the execution, delivery and performance of the Loan Documents to which it is a party and certifying the name, title and true signature of each officer of such Loan Party executing the Loan Documents to which it is a party;

(iii) certificates of good standing or existence, as may be available from the Secretary of State of the jurisdiction of organization of each Loan Party;

(iv) written opinions of Latham & Watkins LLP and Squire Patton Boggs LLP, counsel to the Loan Parties, addressed to the Administrative Agent and each of the Lenders, and covering such matters relating to the Loan Parties, the Loan Documents and the transactions contemplated therein as the Administrative Agent shall reasonably request (which opinions will expressly permit reliance by permitted successors and assigns of the Administrative Agent and the Lenders);

(v) a certificate in the form of Exhibit 3.1(b)(v), dated the Closing Date and signed by a Responsible Officer, certifying that immediately after giving effect to consummation of the transactions contemplated to occur on the Closing Date, including consummation of the transactions contemplated hereby and under the Note Purchase Agreement, (A) no Default or Event of Default exists or will result therefrom, (B) all representations and warranties of each Loan Party set forth in the Loan Documents are true and correct in all material respects (other than those representations and warranties that are expressly qualified by "Material Adverse Effect" or other materiality, which representations and warranties shall be true and correct in all respects), (C) since the date of the financial statements of the Borrower described in Section 4.4, there shall have been no change which has had or could reasonably be expected to have a Material Adverse Effect and (D) (x) the Liquidity of the Borrower and the Guarantors shall be no less than $250,000,000 and (y) the Statutory Surplus of RIC is not less than $100,000,000;

(vi) [reserved];

(vii) certified copies of all consents, approvals, authorizations, registrations and filings and orders required to be made or obtained under any Requirement of Law, or by any Material Agreement of any Loan Party, in connection with the execution, delivery, performance, validity and enforceability of the Loan Documents or any of the transactions contemplated hereby or thereby, and such consents, approvals, authorizations, registrations, filings and orders shall be in full force and effect and all applicable waiting periods shall have expired, and no investigation or inquiry by any Governmental Authority regarding the Term Loans shall be ongoing;

(viii) [reserved];

(ix) a duly completed and executed Compliance Certificate, including calculations of the financial covenants set forth in Article VI hereof as of September 30, 2019, calculated on a *pro forma* basis as if the NPA Financing had been consummated as of the first day of the relevant period for testing compliance (and setting forth in reasonable detail such calculations);

(x) evidence that (a) the Note Purchase Agreement shall have been executed and delivered by the parties thereto on terms and conditions acceptable to the Administrative Agent and (b) the NPA Notes shall have been issued by the Borrower in accordance with the terms of the Note Purchase Agreement;

(xi) the Reaffirmation Agreement, duly executed by the Loan Parties and in form and substance reasonably satisfactory to the Administrative Agent;

(xii) the Intercreditor Agreement, in form and substance satisfactory to the Administrative Agent, duly executed by each of the parties thereto;

(xiii) [reserved];

(xiv) a certificate, dated the Closing Date and signed by a Responsible Officer of the Borrower, confirming that the Loan Parties and their Subsidiaries, taken as a whole, are Solvent immediately after giving effect to the consummation of the transactions contemplated to occur on the Closing Date;

(xv) copies of all Material Agreements listed on Schedule 3.1(b)(xv) that were not been provided in connection with the Existing Credit Agreement;

(xvi) the Escrow Agreements together with evidence that the Borrower shall have remitted $24,937,500.00 to the Escrow Agent in connection therewith; and

(xvii) delivery of such other documents, certificates, information or legal opinions as the Administrative Agent or any Lender shall have reasonably requested prior to the Closing Date.

Without limiting the generality of the provisions of this Section, for purposes of determining compliance with the conditions specified in this Section, each Lender that has signed this Agreement shall be deemed to have consented to, approved of, accepted or been satisfied with each document or other matter required thereunder to be consented to, approved by or acceptable or satisfactory to a Lender unless the Administrative Agent shall have received notice from such Lender prior to the proposed Closing Date specifying its objection thereto.

Section 3.2. **Effect of Amendment and Restatement**. Upon this Agreement becoming effective pursuant to Section 3.1, from and after the Closing Date: (i) the Term Loans (as defined in the Existing Credit Agreement) shall be deemed to be continued as the Term Loans outstanding hereunder (as the same have been reallocated after giving effect to the SVB Assignment); (ii) all terms and conditions of the Existing Credit Agreement and any other "Loan Document" as defined therein, as amended and restated by this Agreement and the other Loan Documents being executed and delivered on the Closing Date, shall be and remain in full force and effect, as so amended and restated, and shall constitute the legal, valid, binding and enforceable obligations of the Loan Parties to the Lenders and the Administrative Agent; (iii) the terms and conditions of the Existing Credit Agreement shall be amended and restated as set forth herein and, as so amended and restated, shall be restated in their entirety, but shall be amended only with respect to the rights, duties and obligations among Holdings, the Borrower, the other Loan Parties, the Lenders and the Administrative Agent accruing from and after the Closing Date; (iv) this Agreement shall not in any way release or impair the rights, duties, Obligations or Liens created pursuant to the Existing Credit Agreement or any other "Loan Document" as defined therein or affect the relative priorities thereof, in each case to the extent in force and effect thereunder as of the Closing Date, except as modified hereby or by documents, instruments and agreements executed and delivered in connection herewith, and all of such rights, duties, Obligations and Liens are assumed, ratified and affirmed by the Borrower; (v) all indemnification obligations of the Loan Parties under the Existing Credit Agreement and any other "Loan Document" as defined therein shall survive the execution and delivery of this Agreement and shall continue in full force and effect for the benefit of the Lenders, the Administrative Agent, and any other Person indemnified under the Existing Credit Agreement or such other Loan Document at any time prior to the Closing Date; (vi) the Obligations incurred under the Existing Credit Agreement shall, to the extent outstanding on the Closing Date, continue to be outstanding under this Agreement and shall not be deemed to be paid, released, discharged or otherwise satisfied by the execution of this Agreement, and this Agreement shall not constitute a substitution or novation of such Obligations or any of the other rights, duties and obligations of the parties hereunder; (vii) the execution,

delivery and effectiveness of this Agreement shall not operate as a waiver of any right, power or remedy of the Lenders or the Administrative Agent under the Existing Credit Agreement, nor constitute a waiver of any covenant, agreement or obligation under the Existing Credit Agreement, except to the extent that any such covenant, agreement or obligation is no longer set forth herein or is modified hereby; and (viii) any and all references in the Loan Documents to the Existing Credit Agreement shall, without further action of the parties, be deemed a reference to the Existing Credit Agreement, as amended and restated by this Agreement, and as this Agreement shall be further amended, modified, supplemented or amended and restated from time to time hereafter in accordance with the terms of this Agreement.

Section 3.3. **Delivery of Documents**. All of the Loan Documents, certificates, legal opinions and other documents and papers referred to in this Article, unless otherwise specified, shall be delivered to the Administrative Agent for the account of each of the Lenders and in sufficient counterparts or copies for each of the Lenders and shall be in form and substance satisfactory in all respects to the Administrative Agent.

Article IV

REPRESENTATIONS AND WARRANTIES

Each of Holdings and the Borrower represents and warrants to the Administrative Agent and each Lender as follows:

Section 4.1. **Existence; Power**. Holdings and each of its Subsidiaries (i) is duly organized, validly existing and in good standing as a corporation, partnership or limited liability company under the laws of the jurisdiction of its organization, (ii) has all requisite power and authority to (a) carry on its business as now conducted except where a failure could not reasonably be expected to result in a Material Adverse Effect and (b) execute, deliver and perform its obligations under the Loan Documents to which it is a party (if any), and (iii) is duly qualified to do business, and is in good standing, in each jurisdiction where such qualification is required, except where a failure to be so qualified could not reasonably be expected to result in a Material Adverse Effect.

Section 4.2. **Organizational Power; Authorization**. The execution, delivery and performance by each Loan Party of the Loan Documents to which it is a party are within such Loan Party's organizational powers and have been duly authorized by all necessary organizational and, if required, shareholder, partner or member action. This Agreement has been duly executed and delivered by Holdings and the Borrower and constitutes, and each other Loan Document to which any Loan Party is a party, when executed and delivered by such Loan Party, will constitute, valid and binding obligations of the Borrower or such Loan Party (as the case may be), enforceable against it in accordance with their respective terms, except as may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally and by general principles of equity.

Section 4.3. **Governmental Approvals; No Conflicts; No Default**. The execution, delivery and performance by each Loan Party of the Loan Documents to which it is a party (a) do not require any material consent or approval of, registration or filing with, or any action by, any Governmental Authority or any other Person, except those as have been obtained or made and are in full force and effect and except for filings necessary to perfect or maintain perfection of the Liens created under the Loan Documents, (b) will not materially violate (i) any Requirement of Law applicable to Holdings or any of its Subsidiaries or (ii) any judgment, order or ruling of any Governmental Authority, (c) will not violate or result in a default under any Contractual Obligation of Holdings or any of its Subsidiaries or any of its assets or give rise to a right thereunder to require any payment to be made by Holdings or any of its Subsidiaries (except as could not reasonably be expected to result in a Material Adverse Effect) and (d) will not result in the creation or imposition of any Lien on any asset of Holdings or any of its Subsidiaries, except Liens (if any) created under the Loan Documents and Liens permitted under Section 7.2. As of the Closing Date no Default or Event of Default has occurred and is continuing. As of the Closing Date, neither the Borrower nor any Subsidiary is in default under or with respect to any Material Agreement in any respect that individually or together with all such defaults, would reasonably be expected to have a Material Adverse Effect.

Section 4.4. **Financial Statements**. The Borrower has furnished to each Lender (i) the audited consolidated balance sheet of the Borrower and its Subsidiaries as of the Fiscal Years ended December 31, 2016, December 31, 2017 and December 31, 2018, and the related audited consolidated statements of income, shareholders' equity and cash flows for such Fiscal Years then ended, prepared by Deloitte, (ii) the unaudited consolidated balance sheet of the Borrower and its Subsidiaries as of September 30, 2019, and the related unaudited consolidated statements of income and cash flows for the Fiscal Month and year-to-date period then ended, certified by a Responsible Officer and (iii) the audited consolidated balance sheet of RIC as of the Fiscal Years ended December 31, 2016, December 31, 2017 and December 31, 2018, and the related audited consolidated statements of income, shareholders' equity and cash flows for such Fiscal Years then ended, prepared by Deloitte (the foregoing items (i)-(iii), collectively, the "Historical Financial Statements"). Such financial statements fairly present the consolidated financial condition of (A) in the case of clauses (i) and (ii), the Borrower and its Subsidiaries as of such dates and the consolidated results of operations for such periods in conformity with GAAP consistently applied, subject to year-end audit adjustments and the absence of footnotes in the case of the statements referred to in clause (ii) and (B) in the case of clause (iii), RIC and the consolidated results of operations for such periods in conformity with SAP consistently applied. Since December 31, 2018, there have been no changes with respect to the Borrower and its Subsidiaries which have had or could reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect.

Section 4.5. **Litigation and Environmental Matters**.

(a) No litigation, investigation or proceeding of or before any arbitrators or Governmental Authorities is pending against or, to the knowledge of Holdings or the Borrower, threatened against or affecting Holdings, the Borrower or any of their respective Subsidiaries (i) as to which there is a reasonable possibility of an adverse determination that could reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect or (ii) which in any manner draws into question the validity or enforceability of this Agreement or any other Loan Document.

(b) Except for the matters set forth on Schedule 4.5 and matters that could not reasonably be expected to result in a Material Adverse Effect, neither Holdings nor any of its Subsidiaries (i) has failed to comply with any Environmental Law or to obtain, maintain or comply with any permit, license or other approval required under any Environmental Law, (ii) has become subject to any Environmental Liability, (iii) has received written notice of any claim against it with respect to any Environmental Liability or (iv) has actual knowledge of any facts or circumstances that could reasonably be expected to give rise to an Environmental Liability.

Section 4.6. **Compliance with Laws and Agreements**. Holdings and each of its Subsidiaries is in compliance with (a) all Requirements of Law and all judgments, decrees and orders of any Governmental Authority and (b) all indentures, agreements or other instruments binding upon it or its properties, except where non-compliance, either individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect.

Section 4.7. **Investment Company Act**. Neither Holdings nor any of its Subsidiaries is (a) an "investment company" or is "controlled" by an "investment company", as such terms are defined in, or subject to regulation under, the Investment Company Act of 1940, as amended and in effect from time to time, or (b) otherwise subject to any other regulatory scheme limiting its ability to incur its Obligations under the Loan Documents or requiring any approval or consent from, or registration or filing with, any Governmental Authority in connection therewith.

Section 4.8. **Taxes**. Holdings and its Subsidiaries have timely filed or caused to be filed all Federal income tax returns and all other material tax returns that are required to be filed by them, and have paid all material taxes due and payable (whether or not shown on such returns) or on any assessments made against it or its property and all other material taxes, fees or other charges imposed on it or any of its property by any Governmental Authority, except where the same are currently being contested in good faith by appropriate proceedings and for which Holdings or such Subsidiary, as the case may be, has set aside on its books adequate reserves in accordance with GAAP. The charges, accruals and reserves on the books of Holdings and its Subsidiaries in respect of such taxes are adequate, and no tax liabilities that could be materially in excess of the amount so provided are anticipated.

Section 4.9. **Margin Regulations**. None of the proceeds of any of the Term Loans were used, directly or indirectly, for "purchasing" or "carrying" any "margin stock" within the respective meanings of each of such terms under Regulation U or for any purpose that violates the provisions of Regulation T, Regulation U or Regulation X. Neither Holdings nor any of its Subsidiaries is engaged principally, or as one of its important activities, in the business of extending credit for the purpose of purchasing or carrying "margin stock".

Section 4.10. **ERISA**.

(a) Each Plan which is intended to be qualified under Section 401(a) of the Code has received a favorable determination letter from the IRS to the effect that it meets the requirements of Section 401(a) of the Code, or is comprised of a master or prototype plan that has received a favorable opinion letter from the IRS, and, to the knowledge of Holdings or the Borrower, nothing has occurred since the date of such determination or opinion letter that would adversely affect such qualification. Except as could not reasonably be expected to result in Material Adverse Effect, (i) each Plan is in compliance in form and operation with its terms and with ERISA and the Code (including, without limitation, the Code provisions compliance with which is necessary for any intended favorable tax treatment) and all other applicable laws

and regulations, (ii) no ERISA Event has occurred or, to the knowledge of Holdings or the Borrower, is reasonably expected to occur; (iii) there exists no Unfunded Pension Liability with respect to any Plan; (iv) there are no actions, suits or claims pending against or involving a Plan (other than routine claims for benefits) or, to the knowledge of Holdings or the Borrower, any of their respective Subsidiaries or any ERISA Affiliate, threatened; and (v) none of Holdings, any of its Subsidiaries or any ERISA Affiliate have, within the past five calendar years, ceased operations at a facility so as to become subject to the provisions of Section 4068(a) of ERISA, withdrawn as a substantial employer so as to become subject to the provisions of Section 4063 of ERISA or ceased making contributions to any Plan subject to Section 4064(a) of ERISA to which it made contributions. None of Holdings, any of its Subsidiaries or any ERISA Affiliate is, has or had, within any of the five calendar years immediately preceding the date this assurance is given or deemed given, made or been required to make contributions to any Multiemployer Plan.

(b) Except as could not reasonably be expected to result in a Material Adverse Effect, (i) each Non-U.S. Plan has been maintained in compliance with its terms and with the requirements of any and all applicable laws, statutes, rules, regulations and orders and has been maintained, where required, in good standing with applicable regulatory authorities; (ii) neither Holdings nor any of its Subsidiaries has incurred any obligation in connection with the termination of, or withdrawal from, any Non-U.S. Plan; and (iii) the present value of the accrued benefit liabilities (whether or not vested) under each Non-U.S. Plan, determined as of the end of Holdings' most recently ended fiscal year on the basis of reasonable actuarial assumptions, did not exceed the current value of the assets of such Non-U.S. Plan allocable to such benefit liabilities.

Section 4.11. **Ownership of Property; Intellectual Property; and Insurance**.

(a) Each of the Borrower and its Subsidiaries has good title to, or valid leasehold interests in, all of its real and personal property material to the operation of its business, including all such properties reflected in the most recent audited consolidated balance sheet of the Borrower referred to in Section 4.4 or purported to have been acquired by the Borrower or any of its Subsidiaries after said date (except as sold or otherwise disposed of in the ordinary course of business or otherwise as permitted under Section 7.6 of this Agreement), in each case free and clear of Liens prohibited by this Agreement. All leases that individually or in the aggregate are material to the business or operations of Holdings and its Subsidiaries are valid and subsisting and are in full force.

(b) Each of Holdings and its Subsidiaries owns, or is licensed to use, all Intellectual Property necessary to conduct its business as currently conducted except for such Intellectual Property the failure of which to own or license would not reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect. To the knowledge of the Borrower, (a) the conduct and operations of the businesses of Holdings and its Subsidiaries does not infringe, misappropriate, dilute or violate any Intellectual Property owned by any other Person and (b) no other Person has contested any right, title or interest of Holdings or its Subsidiaries in, or relating to, any Intellectual Property, other than, in each case, as would not, in the aggregate, reasonably be expected to have a Material Adverse Effect.

(c) The properties of Holdings and its Subsidiaries are insured with financially sound and reputable insurance companies which are not Affiliates of Holdings, in such amounts with such deductibles and covering such risks as are customarily carried by companies engaged in

similar businesses and owning similar properties in localities where Holdings or any applicable Subsidiary operates.

(d) As of the Closing Date, neither the Borrower nor any of its Subsidiaries owns a fee interest in any Real Estate.

Section 4.12. **Disclosure**.

(a) Holdings and the Borrower have disclosed to the Lenders all agreements, instruments, and corporate or other restrictions to which Holdings, the Borrower or any of their respective Subsidiaries is subject, and all other matters known to any of them, that, either individually or in the aggregate, could reasonably be expected to result in a Material Adverse Effect. None of the reports (including, without limitation, all reports that an Insurance Subsidiary is required to file with any regulatory agency), financial statements, certificates or other written information furnished by or on behalf of the Borrower to the Administrative Agent or any Lender in connection with the negotiation or syndication of this Agreement or any other Loan Document or delivered hereunder or thereunder (as modified or supplemented by any other information so furnished) contains any material misstatement of fact or omits to state any material fact necessary to make the statements therein, taken as a whole in light of the circumstances under which they were made, not misleading; provided that, with respect to projected financial information, Holdings and the Borrower represent only that such information was prepared in good faith based upon assumptions believed to be reasonable at the time furnished (it being acknowledged and understood that such information is subject to material contingencies and assumptions, many of which are beyond the Borrower's control, and that actual results may differ materially from such information and that such projections are not a guarantee of financial performance).

(b) As of the Closing Date, the information included in the Beneficial Ownership Certification is true and correct in all respects.

Section 4.13. **Labor Relations**. Except as could not reasonably be expected to result in a Material Adverse Effect, (i) there are no strikes, lockouts or other material labor disputes or grievances against Holdings or any of its Subsidiaries, or, to Holdings' or the Borrower's knowledge, threatened against or affecting Holdings or the Borrower or any of their respective Subsidiaries; (ii) significant unfair labor practice charges or grievances are pending against the Borrower or any of its Subsidiaries, or, to Holdings' or the Borrower's knowledge, threatened against any of them before any Governmental Authority; and (iii) all payments due from Holdings or any of its Subsidiaries pursuant to the provisions of any collective bargaining agreement have been paid or accrued as a liability on the books of Holdings or any such Subsidiary.

Section 4.14. **Subsidiaries**. Schedule 4.14 sets forth the name of, the ownership interest of the applicable Loan Party in, the jurisdiction of incorporation or organization of, and the type of each Subsidiary of Holdings and the other Loan Parties and identifies each Subsidiary that is a Subsidiary Loan Party, in each case as of the Closing Date. As of the Closing Date, all of the issued and outstanding Capital Stock of the Subsidiaries owned by any Loan Party have been (to the extent such concepts are relevant with respect to such ownership interests) duly authorized and issued and are fully paid and non-assessable free and clear of all Liens. As of the Closing Date, there are no outstanding purchase options, warrants, subscription rights, agreements to issue or sell or convertible interests by Holdings or any Subsidiary of Holdings relating to Capital Stock of Holdings or any Subsidiary of Holdings, other than (i) the Closing Date Warrants (as defined in the Note Purchase Agreement), (ii) warrants issued to Silicon Valley Bank to purchase 97,960 shares of Holdings' Series B Preferred Stock and 500,000 shares of

Holdings' Series A-3 Preferred Stock and (iii) equity awards issued pursuant to an equity incentive plan of Holdings or any Subsidiary of Holdings or other compensation arrangements with employees of Holdings or any Subsidiary of Holdings.

Section 4.15. **Solvency**. After giving effect to the execution and delivery of the Loan Documents, the consummation of the NPA Financing, including the issuance of the NPA Notes and any other transactions contemplated thereunder on the Closing Date, and the use of proceeds of the NPA Notes in connection therewith on the Closing Date, the Loan Parties and their Subsidiaries, taken as a whole, are Solvent.

Section 4.16. **Deposit and Disbursement Accounts**. Schedule 4.16 lists all banks and other financial institutions at which any Loan Party maintains deposit accounts, lockbox accounts, disbursement accounts, investment accounts or other similar accounts as of the Closing Date, and such Schedule correctly identifies the name, address and telephone number of each financial institution, the name in which the account is held, the type of the account, and the complete account number therefor.

Section 4.17. **Collateral Documents**.

(a) The Guaranty and Security Agreement (including as reaffirmed by the Reaffirmation Agreement) is effective to create in favor of the Administrative Agent for the ratable benefit of the Secured Parties a legal, valid and enforceable security interest in the Collateral (as defined therein), and the Liens created under the Guaranty and Security Agreement constitute fully perfected Liens (to the extent that such Lien may be perfected by the filing of a UCC financing statement) on, and security interest in, all right, title and interest of the grantors thereunder in such Collateral, in each case prior and superior in right to any other Person, other than with respect to Permitted Prior Liens and the Liens of the NPA Agent; provided that the Liens of the NPA Agent shall be *pari passu* with the Liens granted to the Administrative Agent under the Loan Documents pursuant to the Intercreditor Agreement. Subject to the Intercreditor Agreement, when the certificates evidencing Capital Stock that constitutes "certificated securities" pledged pursuant to the Guaranty and Security Agreement are delivered to the Administrative Agent, together with appropriate stock powers or other similar instruments of transfer duly executed in blank, the Liens in such Capital Stock shall be fully perfected first priority security interests, perfected by "control" as defined in the UCC.

(b) When, if applicable, the Patent Security Agreements and the Trademark Security Agreements are filed in the United States Patent and Trademark Office and the Copyright Security Agreements are filed in the United States Copyright Office, the Liens created by Guaranty and Security Agreement shall constitute a fully perfected Lien on, and security interest in, all right, title and interest of the Loan Parties in the Patents, Trademarks and Copyrights, if any, in which a security interest may be perfected by filing, recording or registering a security agreement, financing statement or analogous document in the United States Patent and Trademark Office or the United States Copyright Office, as applicable, in each case prior and superior in right to any other Person other than with respect to Permitted Prior Liens and the Liens of the NPA Agent; provided that the Liens of the NPA Agent shall be *pari passu* with the Liens granted to the Administrative Agent under the Loan Documents pursuant to the Intercreditor Agreement.

(c) Each Mortgage, if any, when duly executed and delivered by the relevant Loan Party, will be effective to create in favor of the Administrative Agent for the ratable benefit of the Secured Parties a legal, valid and enforceable Lien on all of such Loan Party's right, title and

interest in and to the Real Estate of such Loan Party covered thereby and the proceeds thereof, and when such Mortgage is filed in the real estate records where the respective Mortgaged Property is located, such Mortgage shall constitute a fully perfected Lien on, and security interest in, all right, title and interest of such Loan Party in such Real Estate and the proceeds thereof, in each case prior and superior in right to any other Person, other than with respect to Permitted Prior Liens and the Liens of the NPA Agent; provided that the Liens of the NPA Agent shall be *pari passu* with the Liens granted to the Administrative Agent under the Loan Documents pursuant to the Intercreditor Agreement.

(d) No Mortgage encumbers improved real property that is located in an area that has been identified by the Secretary of Housing and Urban Development as an area having special flood hazards and in which flood insurance has been made available under the National Flood Insurance Act of 1968, except to the extent that the applicable Loan Party maintains flood insurance with respect to such improved real property in compliance with the requirements of Section 5.8.

Section 4.18. **Material Agreements**. As of the Closing Date, all Material Agreements of the Borrower and its Subsidiaries are described on Schedule 4.18, and each such Material Agreement is in full force and effect. As of the Closing Date, the Borrower does not have any knowledge of any pending amendments or threatened termination of any of the Material Agreements. As of the Closing Date, the Borrower has delivered to the Administrative Agent a true, complete and correct copy of each Material Agreement (including all schedules, exhibits, amendments, supplements, modifications, assignments and all other documents delivered pursuant thereto or in connection therewith) listed on Schedule 3.1(b)(xv).

Section 4.19. **Insurance Licenses**. No Insurance License of the Borrower or any Insurance Subsidiary, the loss of which individually or in the aggregate would reasonably be expected to have a Material Adverse Effect, is the subject of a proceeding for suspension or revocation. To the best of the Borrower's knowledge, there is no sustainable basis for a suspension or revocation of any Insurance License of the Borrower or any Insurance Subsidiary which individually or in the aggregate would reasonably be expected to have a Material Adverse Effect, and no such suspension or revocation has been threatened by any Governmental Authority which individually or in the aggregate would reasonably be expected to have a Material Adverse Effect.

Section 4.20. **Sanctions and Anti-Corruption Laws**.

(a) None of Holdings or any of its Subsidiaries or any of their respective directors, officers, employees, agents or affiliates is a Sanctioned Person. No Term Loans, use of proceeds, or other transaction contemplated by this Agreement or the other Loan Documents will violate Anti-Corruption Laws, the PATRIOT Act, or Sanctions.

(b) Holdings, its Subsidiaries and their respective directors, officers and employees and, to the knowledge of Holdings and the Borrower, the agents of Holdings and its Subsidiaries, are in compliance with applicable Anti-Corruption Laws, the PATRIOT Act and applicable Sanctions. The Borrower and its Subsidiaries have instituted and maintain policies and procedures designed to promote continued compliance therewith.

Section 4.21. **EEA Financial Institutions.** No Loan Party is an EEA Financial Institution.

ARTICLE V

AFFIRMATIVE COVENANTS

Until all Obligations (other than (i) contingent obligations as to which no claim exists or has been asserted, (ii) Hedging Obligations owed by any Loan Party to any Lender-Related Hedge Provider, and (iii) Bank Product Obligations) have been paid in full, Holdings and the Borrower covenant and agree with the Administrative Agent and the Lenders that:

Section 5.1. **Financial Statements and Other Information**. Holdings will deliver to the Administrative Agent for delivery to each Lender:

(a) as soon as available and in any event within 120 days after the end of each Fiscal Year of Holdings, a copy of the annual audited report for such Fiscal Year for Holdings and its Subsidiaries (commencing with the Fiscal Year ended December 31, 2019), containing a consolidated and consolidating balance sheet of Holdings and its Subsidiaries as of the end of such Fiscal Year and the related consolidated and consolidating statements of income, stockholders' equity and cash flows (together with all footnotes thereto) of Holdings and its Subsidiaries for such Fiscal Year, setting forth in each case in comparative form the figures for the previous Fiscal Year, all in reasonable detail and reported on by Deloitte or other independent public accountants of nationally recognized standing (which may have a "going concern" or like qualification, exception or explanation for the Fiscal Year ending December 31, 2019 solely as a result of the impending Maturity Date but without any other qualification as to the scope of such audit) to the effect that such financial statements present fairly in all material respects the financial condition and the results of operations of Holdings and its Subsidiaries for such Fiscal Year on a consolidated basis in accordance with GAAP;

(b) as soon as available and in any event within 60 days (or in the case of any audited statements and risk-based capital reports required to be delivered pursuant to this clause (b), 180 days) after the end of each Fiscal Year of each Insurance Subsidiary (commencing, in the case of any audited statements and risk-based capital reports required to be delivered, with the Fiscal Year ended December 31, 2019), the annual statement of such Insurance Subsidiary (prepared in accordance with SAP) for such Fiscal Year and as filed with the Insurance Regulatory Authorities of the state in which such Insurance Subsidiary is domiciled (together with any certifications or statements of such Insurance Subsidiary relating to such annual statement and any audited statements and risk-based capital reports, in each case which are required by such Insurance Regulatory Authorities);

(c) as soon as available and in any event (i) within 30 days after the end of each Fiscal Month (commencing with the Fiscal Month ended October 31, 2019) of Holdings, an unaudited consolidated and consolidating balance sheets of Holdings and its Subsidiaries as of the end of such Fiscal Month and the related unaudited consolidated and consolidating statements of income and cash flows of Holdings and its Subsidiaries for such Fiscal Month and the then elapsed portion of such Fiscal Year, setting forth in each case in comparative form the figures for the corresponding Fiscal Month and the corresponding portion of Holdings' previous Fiscal Year and the corresponding figures for the budget for the current Fiscal Year, together with a monthly reporting package consistent with Exhibit 5.1(c) (provided, that delivery of such monthly reporting package shall commence for the Fiscal Month ending January 31, 2020); (ii) within 30 days after the end of each Fiscal Quarter, quarterly financial statements of each Insurance Subsidiary (prepared in accordance with SAP), consisting of balance sheet, income statement and

cash flows of each Insurance Subsidiary; and (iii) within 45 days after the end of each Fiscal Quarter (or 60 days after the end of each Fiscal Quarter ending December 31), quarterly financial statements of each Insurance Subsidiary (prepared in accordance with SAP) as filed with the Insurance Regulatory Authority of the state in which such Insurance Subsidiary is domiciled (together with any certifications or statements of such Insurance Subsidiary relating to such financial statements as required by such Insurance Regulatory Authority);

(d) concurrently with the delivery of the financial statements referred to in subsections (a) and (c)(i) of this Section, a Compliance Certificate;

(e) [reserved];

(f) as soon as available and in any event within 30 days after the end of the calendar year, forecasts and a pro forma budget for the succeeding Fiscal Year, containing an income statement, balance sheet, statement of cash flow and projected dividend capacity;

(g) promptly after the same become publicly available, copies of all periodic and other reports, proxy statements and other materials filed with any Insurance Regulatory Authority, the Securities and Exchange Commission, or any Governmental Authority succeeding to any or all functions of said Commission, or with any national securities exchange, or distributed by Holdings to its shareholders generally, as the case may be;

(h) promptly following the delivery to or receipt by Holdings, the Borrower or any of their respective Subsidiaries thereof, (i) a copy of any regular or periodic final examination reports or results of any market conduct examination or examination by the applicable Insurance Regulatory Authority or the NAIC of the financial condition and operations of, or any notice of any finding as to a violation of any Requirement of Law from an Insurance Regulatory Authority, or (ii) any other report with respect to any Insurance Subsidiary (including any summary report from the NAIC with respect to the performance of such Insurance Subsidiary as measured against the ratios and other financial measurements developed by the NAIC under its Insurance Regulatory Information System as in effect from time to time) that would reasonably be expected to result in a Material Adverse Effect;

(i) promptly following receipt thereof, (i) a copy of the "Statement of Actuarial Opinion" and "Management Discussion and Analysis" for each Insurance Subsidiary that is provided to the applicable Insurance Regulatory Authority or other applicable Governmental Authority (or equivalent information should such Governmental Authority no longer require such a statement) as to the adequacy of reserves of such Insurance Subsidiary, such opinion to be in the format prescribed by the insurance code of the applicable Insurance Regulatory Authority and (ii) each audit of any Insurance Subsidiary from the applicable Insurance Regulatory Authorities; and

(j) promptly following any request therefor, (i) such other information regarding the results of operations, business affairs and financial condition of Holdings or any of its Subsidiaries as the Administrative Agent or any Lender may reasonably request and (ii) information and documentation reasonably requested by the Administrative Agent or any Lender for purposes of compliance with applicable "know your customer" requirements under the Patriot Act or other applicable anti-money laundering laws.

Notwithstanding the foregoing or anything in Section 5.2 to the contrary, Holdings and its Subsidiaries shall not be required to disclose any information or deliver any document to the extent it

would violate confidentiality agreements or any Requirement of Law or result in a loss of attorney-client privilege or claim of attorney work product; provided that, in the event that Holdings and its Subsidiaries do not disclose any such information or deliver any document pursuant to such restrictions or obligations, the Borrower shall provide written notice to the Administrative Agent that such information or document is being withheld and the Borrower shall use commercially reasonable efforts to communicate the applicable information in a way that would not violate the applicable obligation or risk waiver of such privilege; provided further that to the extent any such restriction or obligation is removed or no longer valid, the Borrower shall promptly share any such information that was withheld.

Holdings and the Borrower hereby acknowledge that (a) the Administrative Agent and/or the Arrangers will make available to the Lenders materials and/or information provided by or on behalf of the Borrower hereunder (collectively, "Borrower Materials") by posting the Borrower Materials on the Platform and (b) certain of the Lenders (each, a "Public Lender") may have personnel who do not wish to receive material non-public information with respect to the Borrower or its Affiliates, or the respective securities of any of the foregoing, and who may be engaged in investment and other market-related activities with respect to such Persons' securities. The Borrower hereby agrees that it will use commercially reasonable efforts to identify that portion of the Borrower Materials that may be distributed to Public Lenders and that (w) all such Borrower Materials shall be clearly and conspicuously marked "PUBLIC" which, at a minimum, shall mean that the word "PUBLIC" shall appear prominently on the first page thereof; (x) by marking Borrower Materials "PUBLIC", the Borrower shall be deemed to have authorized the Administrative Agent, the Arrangers and the Lenders to treat such Borrower Materials as not containing any material non-public information (although it may be sensitive and proprietary) with respect to the Borrower or its securities for purposes of United States Federal and state securities laws (provided, however, that to the extent such Borrower Materials constitute confidential information, they shall be treated as set forth in Section 10.12); (y) all Borrower Materials marked "PUBLIC" are permitted to be made available through a portion of the Platform designated "Public Side Information"; and (z) the Administrative Agent and the Arrangers shall be entitled to treat any Borrower Materials that are not marked "PUBLIC" as being suitable only for posting on a portion of the Platform not designated "Public Side Information".

Section 5.2. **Notices of Material Events**.

(a) The Borrower will furnish to the Administrative Agent for delivery to each Lender prompt (and, in any event, not later than three (3) Business Days after a Responsible Officer becomes aware thereof) written notice of the following:

(i) the occurrence of any Default or Event of Default;

(ii) the filing or commencement of, or any material development in, any action, suit or proceeding by or before any arbitrator or Governmental Authority against or, to the knowledge of Holdings or the Borrower, affecting Holdings, the Borrower or any of their respective Subsidiaries which, if adversely determined, could reasonably be expected to result in a Material Adverse Effect;

(iii) the occurrence of any event or any other development by which Holdings or any of its Subsidiaries (A) fails to comply with any Environmental Law or to obtain, maintain or comply with any permit, license or other approval required under any Environmental Law, (B) becomes subject to any Environmental Liability, (C) receives notice of any claim with respect to any Environmental Liability, or (D) becomes aware of any basis for any Environmental Liability,

in each case which, either individually or in the aggregate, could reasonably be expected to result in a Material Adverse Effect;

(iv) promptly and in any event within 15 days after (A) Holdings, any of its Subsidiaries or any ERISA Affiliate knows or has reason to know that any ERISA Event has occurred, a certificate of a Responsible Officer of the Borrower describing such ERISA Event and the action, if any, proposed to be taken with respect to such ERISA Event and a copy of any notice filed with the PBGC or the IRS pertaining to such ERISA Event and any notices received by Holdings, such Subsidiary or such ERISA Affiliate from the PBGC or any other governmental agency with respect thereto, and (B) becoming aware (1) that there has been an increase in Unfunded Pension Liabilities (not taking into account Plans with negative Unfunded Pension Liabilities) since the date the representations hereunder are given or deemed given, or from any prior notice, as applicable, (2) of the existence of any Withdrawal Liability, (3) of the adoption of, or the commencement of contributions to, any Plan subject to Section 412 of the Code by Holdings, any of its Subsidiaries or any ERISA Affiliate, or (4) of the adoption of any amendment to a Plan subject to Section 412 of the Code which results in a material increase in contribution obligations of Holdings, any of its Subsidiaries or any ERISA Affiliate, a detailed written description thereof from a Responsible Officer of the Borrower;

(v) the occurrence of any default or event of default, or the receipt by Holdings or any of its Subsidiaries of any written notice of an alleged default or event of default, with respect to any Material Indebtedness of Holdings or any of its Subsidiaries;

(vi) any material amendment or modification to any Material Agreement (together with a copy thereof), and prompt notice of any termination, expiration or loss of any Material Agreement that, individually or in the aggregate, could reasonably be expected to result in a reduction in revenue of the Loan Parties of 10% or more on a consolidated basis from the prior Fiscal Year;

(vii) any change in the information provided in the Beneficial Ownership Certification that would result in a change to the list of beneficial owners identified in parts (c) and (d) of such certification;

(viii) any amendment, waiver, supplement, or other modification of any Subordinated Debt Document or Note Document; and

(ix) any other development that results in, or could reasonably be expected to result in, a Material Adverse Effect.

(b) The Borrower will furnish to the Administrative Agent and each Lender the following:

(i) promptly and in any event at least 30 days prior thereto (or such later date as agreed in writing by the Administrative Agent), notice of any change (i) in any Loan Party's legal name, (ii) in any Loan Party's chief executive office, its principal place of business, any office in which it maintains books or records or any office or facility at which Collateral owned by it is located (including the establishment of any such new office or facility), (iii) in any Loan Party's identity or legal structure, (iv) in any Loan Party's federal taxpayer identification number or organizational number or (v) in any Loan Party's jurisdiction of organization;

(ii) promptly and in any event within 30 days after receipt thereof: (x) each actuarial report for each Insurance Subsidiary; and (y) each audit of an Insurance Subsidiary from the applicable Insurance Regulatory Authorities; and

(iii) as soon as available and in any event within 30 days after receipt thereof, a copy of any environmental report or site assessment obtained by or for Holdings or any of its Subsidiaries after the Closing Date on any Real Estate.

(c) The Borrower shall promptly (and in any event within 7 days) notify the Administrative Agent of the formation or acquisition of any Insurance Subsidiary or Subsidiary of an Insurance Subsidiary or if any Subsidiary of the Borrower has applied for an Insurance License and will become an Insurance Subsidiary or Subsidiary of an Insurance Subsidiary upon the approval of such Insurance License.

Each notice or other document delivered under this Section shall be accompanied by a written statement of a Responsible Officer setting forth the details of the event or development requiring such notice or other document and any action taken or proposed to be taken with respect thereto.

Section 5.3. **Existence; Conduct of Business**. Holdings will, and will cause each of its Subsidiaries to, do or cause to be done all things necessary to preserve, renew and maintain in full force and effect its legal existence and the Intellectual Property that is material to the conduct of its business; provided that nothing in this Section shall prohibit any merger, consolidation, liquidation or dissolution permitted under Section 7.3 or any disposition permitted under Section 7.6.

Section 5.4. **Compliance with Laws**. Holdings will, and will cause each of its Subsidiaries to, comply with all laws, rules, regulations and requirements of any Governmental Authority applicable to its business and properties, including, without limitation, all Environmental Laws, ERISA and OSHA, except where the failure to do so, either individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect. Holdings will maintain in effect and enforce policies and procedures designed to promote and achieve compliance by Holdings, its Subsidiaries and their respective directors, officers, employees and agents with applicable Anti-Corruption Laws, the PATRIOT Act and applicable Sanctions.

Section 5.5. **Payment of Obligations**. Holdings will, and will cause each of its Subsidiaries to, pay and discharge at or before maturity all of its obligations and liabilities (including, without limitation, all taxes, assessments and other governmental charges, levies and all other claims that could result in a statutory Lien) before the same shall become delinquent or in default, except where (a) the validity or amount thereof is being contested in good faith by appropriate proceedings and Holdings or such Subsidiary has set aside on its books adequate reserves with respect thereto in accordance with GAAP or (b) the failure to make such payment could not reasonably be expected to result in a Material Adverse Effect.

Section 5.6. **Books and Records**. Holdings will, and will cause each of its Subsidiaries to, keep proper books of record and account in which full, true and correct entries in all material respects shall be made of all dealings and transactions in relation to its business and activities to the extent necessary to prepare the consolidated financial statements of Holdings and its Subsidiaries in conformity with GAAP or SAP, as applicable.

Section 5.7. **Visitation and Inspection**. Holdings and the Borrower will, and will cause each of their respective Subsidiaries to, permit any representative of the Administrative Agent or any Lender to visit and inspect its properties, to examine its books and records and to make copies and take extracts therefrom, and to discuss its affairs, finances and accounts with any of its officers and with its independent certified public

accountants (provided that representatives of the Borrower shall be permitted to be present at any discussion with such accountants), all at such reasonable times and as often as the Administrative Agent or any Lender may reasonably request after reasonable prior notice to Holdings or the Borrower; provided that (a) so long as no Event of Default shall have occurred and be continuing, the Administrative Agent and the Lenders shall not make more than one such visit and inspection at the expense of the Borrower in any Fiscal Year, (b) if an Event of Default has occurred and is continuing, no prior notice shall be required and (c) Holdings and its Subsidiaries shall not be required to disclose any information or deliver any document to the extent it would violate confidentiality agreements or any Requirement of Law or result in a loss of attorney-client privilege or claim of attorney work product; provided that, in the event that Holdings and its Subsidiaries do not disclose any such information or deliver any document pursuant to such restrictions or obligations, the Borrower shall provide written notice to the Administrative Agent that such information or document is being withheld and the Borrower shall use commercially reasonable efforts to communicate the applicable information in a way that would not violate the applicable obligation or risk waiver of such privilege; provided further that to the extent any such restriction or obligation is removed or no longer valid, the Borrower shall promptly share any such information that was withheld.

Section 5.8. **Maintenance of Properties; Insurance**. Holdings will, and will cause each of its Subsidiaries to, (a) keep and maintain all property material to the conduct of its business in good working order and condition, ordinary wear and tear and casualty and condemnation excepted, (b) maintain with financially sound and reputable insurance companies which are not Affiliates of Holdings (i) insurance with respect to its properties and business, and the properties and business of its Subsidiaries, against loss or damage of the kinds customarily insured against by companies in the same or similar businesses operating in the same or similar locations (including, in any event, flood insurance as described in the definition of Real Estate Documents), (ii) key man life insurance policies consistent with those in place as of the Closing Date, and (iii) (A) all insurance required to be maintained pursuant to the Collateral Documents, and will, upon request of the Administrative Agent, furnish to each Lender at reasonable intervals (but in no event more than once per Fiscal Year) a certificate of a Responsible Officer setting forth the nature and extent of all insurance maintained by the Borrower and its Subsidiaries in accordance with this Section and (B) reinsurance of the types and in amounts no less than as required pursuant to Section 7.15(d), and comply with all requirements and covenants set forth in the applicable reinsurance agreements in all material respects, and (c) at all times shall name the Administrative Agent as additional insured on all liability policies of the Borrower and its Subsidiaries and as loss payee (pursuant to a loss payee endorsement approved by the Administrative Agent) on all casualty and property insurance policies of the Borrower and its Subsidiaries.

Section 5.9. **[Reserved]**.

Section 5.10. **Casualty and Condemnation**. The Borrower (a) will furnish to the Administrative Agent and the Lenders prompt written notice of any casualty or other insured damage to any material portion of any Collateral or the commencement of any action or proceeding for the taking of any material portion of any Collateral or any part thereof or interest therein under power of eminent domain or by condemnation or similar proceeding and (b) will ensure that the Net Cash Proceeds of any such event (whether in the form of insurance proceeds, condemnation awards or otherwise) are collected and applied in accordance with the applicable provisions of this Agreement and the Collateral Documents.

Section 5.11. **Cash Management**. Holdings and the Borrower shall, and shall cause each of its respective Subsidiaries that are Loan Parties to:

(a) maintain all cash management and treasury business with SunTrust Bank or a Permitted Third Party Bank, including, without limitation, all deposit accounts, disbursement accounts, investment accounts and lockbox accounts (other than (i) zero-balance accounts, (ii) accounts so long as the aggregate balance in all such accounts does not exceed $250,000 at any time, and (iii) payroll, withholding, trust, escrow, impound and other fiduciary accounts, all of which the Loan Parties may maintain without restriction) (each such non-excluded deposit account, disbursement account, investment account and lockbox account, a "Controlled Account"); each Controlled Account shall be a cash collateral account, with all cash, checks and other similar items of payment in such account securing payment of the Obligations, and in which the Borrower and each of the other Loan Parties shall, subject to the Intercreditor Agreement, have granted a first priority Lien to the Administrative Agent, on behalf of the Secured Parties, perfected either automatically under the UCC (with respect to Controlled Accounts at SunTrust Bank) or subject to Control Account Agreements; provided that the Loan Parties shall have 60 days (or such later date as may be agreed in writing by the Administrative Agent) after the acquisition of a new Controlled Account (pursuant to any Permitted Acquisition or other Investment permitted by Section 7.4) to obtain a Control Account Agreement over such acquired Controlled Accounts; provided, further, that notwithstanding the foregoing and for the avoidance of doubt, (A) the Escrow Accounts and Escrow Funds on deposit therein shall not constitute assets of any Loan Party, but, alternatively, in the event that the Escrow Accounts or Escrow Funds are deemed to be assets of any Loan Party, the Escrow Accounts and Escrow Funds shall be Excluded Property (and therefore not be "Collateral" or "Controlled Accounts" as defined hereunder or under the Collateral Documents) and (B) the Escrow Funds shall not be subject to the Intercreditor Agreement in any respect.

(b) deposit promptly, and in any event no later than 10 Business Days after the date of receipt thereof, all cash, checks, drafts or other similar items of payment relating to or constituting payments made in respect of any and all accounts and other Collateral into Controlled Accounts, in each case except for cash and Permitted Investments the aggregate value of which does not exceed $250,000 at any time; and

(c) subject to the Intercreditor Agreement, at any time after the occurrence and during the continuance of an Event of Default, at the request of the Required Lenders, Holdings and the Borrower will, and will cause each other Loan Party to, cause all payments constituting proceeds of accounts or other Collateral to be directed into lockbox accounts under agreements in form and substance reasonably satisfactory to the Administrative Agent.

Section 5.12. **Additional Subsidiaries and Collateral**.

(a) In the event that, subsequent to the Closing Date, any Person becomes a Subsidiary, whether pursuant to formation, acquisition or otherwise, (x) the Borrower shall promptly notify the Administrative Agent and the Lenders thereof and (y) within 30 days after such Person becomes a Subsidiary (other than (a) any Insurance Subsidiary, (b) any Subsidiary of an Insurance Subsidiary or (c) any other Subsidiary of the Borrower that has applied for an Insurance License and will become an Insurance Subsidiary or Subsidiary of an Insurance Subsidiary upon the approval of such Insurance License) (or such later date as agreed in writing by the Administrative Agent in its sole discretion), the Borrower shall cause such Subsidiary (i) to become a new Guarantor and to grant Liens in favor of the Administrative Agent in all of its personal property (other than Excluded Property) by executing and delivering to the Administrative Agent a supplement to the Guaranty and Security Agreement in form and substance reasonably satisfactory to the Administrative Agent, executing and delivering a Copyright Security Agreement, Patent Security Agreement and Trademark Security Agreement, as applicable, and authorizing and delivering, at the request of the Administrative Agent, such UCC financing statements or similar instruments required by the Administrative Agent to perfect the Liens in favor of the Administrative Agent and granted under any of the Loan Documents (it being understood and agreed that, with respect to any Foreign Subsidiary, this clause (i) shall include the granting of Liens and taking of all perfection actions under the local laws of such Foreign Subsidiary's jurisdiction of formation as may be reasonably required by the Administrative Agent), (ii) to grant Liens in favor of the Administrative Agent in all interests in Real Estate (other than Excluded Property) to the extent required by Section 5.13 by executing and delivering to the Administrative Agent such Real Estate Documents as the Administrative Agent shall reasonably require, and (iii) to deliver all such other documentation (including, without limitation, certified organizational documents, resolutions, lien searches, title insurance policies, surveys, environmental reports and legal opinions) and to take all such other actions as such Subsidiary would have been required to deliver and take pursuant to Section 3.1 if such Subsidiary had been a Loan Party on the Closing Date or that such Subsidiary would be required to deliver pursuant to Section 5.13 with respect to any Real Estate. In addition, within 30 days after the date any Person becomes a direct Subsidiary of a Loan Party (or such later date as agreed in writing by the Administrative Agent in its sole discretion), the Borrower shall, or shall cause the applicable Loan Party to (i) pledge all of the Capital Stock of such Subsidiary directly owned by a Loan Party (other than Excluded Property) to the Administrative Agent as security for the Obligations by executing and delivering a supplement to the Guaranty and Security Agreement in form and substance satisfactory to the Administrative Agent, and (ii) subject to the Intercreditor Agreement, deliver the original certificates evidencing such pledged Capital Stock (other than Excluded Property) to the Administrative Agent, together with appropriate powers executed in blank; provided, that (1) if such Person that becomes a Subsidiary is an Insurance Subsidiary, a Subsidiary of an Insurance Subsidiary or any other Subsidiary of the Borrower that has applied for an Insurance License and will become an Insurance Subsidiary or Subsidiary of an Insurance Subsidiary upon the approval of such Insurance License, this requirement to pledge all of the Capital Stock of such Person shall not apply only to the extent the pledge thereof is (or would be) deemed a change of control of such Person or is (or would be) otherwise prohibited by applicable law or regulations and (2) in the case of any Subsidiary of the Borrower that has applied for an Insurance License and will become an Insurance Subsidiary or Subsidiary of an Insurance Subsidiary upon the approval of such Insurance License, it is understood and agreed that until such approval is obtained, such Subsidiary shall not transact business or hold any material assets. For the avoidance of doubt, (x) in no event shall any Insurance Company, Subsidiary of an Insurance Company or any other Subsidiary of the Borrower that has applied for an Insurance License and will become an Insurance Subsidiary or Subsidiary of an Insurance Subsidiary upon the approval of such Insurance License be required to become a Subsidiary Loan Party, a Loan Party or a Guarantor hereunder; however, for the avoidance of doubt, in the case of the Persons described in

clause (1) immediately above, each such Person shall be subject to the applicable covenants contained herein and (y) subject to Section 5.15, the Capital Stock of RRC shall be pledged and perfected under the laws of Cayman Islands (to the extent not prohibited thereunder).

(b) Subject to the Intercreditor Agreement, the Borrower agrees that, following the delivery of any Collateral Documents required to be executed and delivered by this Section, the Administrative Agent shall have a valid and enforceable, first priority perfected Lien on the property required to be pledged pursuant to subsection (a) of this Section (to the extent that such Lien can be perfected by execution, delivery and/or recording of the Collateral Documents or UCC financing statements, or possession of such Collateral), free and clear of all Liens other than Liens expressly permitted by Section 7.2. All actions to be taken pursuant to this Section shall be at the expense of the Borrower or the applicable Loan Party, and shall be taken to the reasonable satisfaction of the Administrative Agent.

Section 5.13. **Additional Real Estate; Leased Locations**.

(a) To the extent otherwise permitted hereunder, if any Loan Party proposes to acquire a fee ownership interest in Real Estate with a fair market value in excess of $5,000,000 after the Closing Date, it shall at the time of such acquisition provide to the Administrative Agent Real Estate Documents in regard to such Real Estate.

(b) To the extent otherwise permitted hereunder, if any Loan Party proposes to lease any Real Estate, it shall first provide to the Administrative Agent a copy of such lease and a Collateral Access Agreement from the landlord of such leased property or the bailee with respect to any warehouse or other location where such books, records or Collateral will be stored or located, which agreement or letter shall be reasonably satisfactory in form and substance to the Administrative Agent; provided that if such Loan Party is unable to deliver any such Collateral Access Agreement after using its commercially reasonable efforts to do so, the Administrative Agent may waive the foregoing requirement in its reasonable discretion.

Section 5.14. **Further Assurances**. Holdings will, and will cause each other Loan Party to, execute any and all further documents, financing statements, agreements and instruments, and take all such further actions (including the filing and recording of financing statements, fixture filings, Mortgages and other documents), which may be required under any applicable law, or which the Administrative Agent or the Required Lenders may reasonably request, to effectuate the transactions contemplated by the Loan Documents or to grant, preserve, protect or perfect the Liens created by the Collateral Documents or the validity or priority of any such Lien, all at the expense of the Loan Parties; provided that in no event shall the Loan Parties be required to grant any Lien to secure the Obligations over any Excluded Property. The Borrower also agrees to provide to the Administrative Agent, from time to time upon request, evidence reasonably satisfactory to the Administrative Agent as to the perfection and priority of the Liens created or intended to be created by the Collateral Documents.

Section 5.15. **Post-Closing Matters.** Within sixty (60) days after the Closing Date (or such later date as may be agreed in writing (including via email) by the Administrative Agent in its sole discretion), the Borrower shall deliver or cause to be delivered to the Administrative Agent, in form and substance reasonably satisfactory to the Administrative Agent, the following in connection with a pledge of the Capital Stock of RRC under the laws of the Cayman Islands:(i) an amendment to the Security Agreement to add an equitable mortgage governed by the laws of the Cayman Islands together with prior approval by the Cayman Islands Monetary Authority, (ii) a customary legal opinion from Cayman counsel, and (iii) the deliverables as set out within the equitable mortgage, including, but not limited to: (a) executed but undated instruments of transfer relating to the Capital Stock of RRC in favor of the Administrative Agent; (b) evidence of an undertaking from RRC to: (x) register the transfer of the Capital Stock of RRC in favor of the Administrative Agent, (y) make a notation of the security in the register of

members of RRC and (z) keep the register of members in the Cayman Islands at all times; (c) a certified copy of the register of members of RRC containing the notation set out in clause (b) immediately above; (d) an executed irrevocable proxy appointing the Administrative Agent (or its nominee) for the purpose of voting the Capital Stock of RRC on or after the occurrence of an Event of Default; (e) a power of attorney executed by the directors of RRC appointing the Administrative Agent as attorney to register the transfer of the Capital Stock of RRC; and (f) the amended memorandum and articles of RRC.

Section 5.16. **Maintenance of Reinsurance Coverage**. For so long as the Term Loans are outstanding, each Insurance Subsidiary shall purchase reinsurance only from reinsurers with a minimum financial strength rating (as of the effective date of the relevant reinsurance agreement) of "A-" by A.M. Best Company or a minimum credit rating of "A-" by S&P, unless such reinsurance liabilities have been fully collateralized by such reinsurers.

Section 5.17. **Incorporation of Note Purchase Agreement Provisions**.

(a) If Holdings or any Subsidiary thereof shall at any time after the Closing Date amend, amend and restate, supplement, modify, renew or refinance the Note Documents as in effect on the Closing Date that includes representations and warranties, affirmative covenants, negative covenants, financial covenants, events of defaults or other agreements (each a "Specified Provision" and, collectively, the "Specified Provisions") applicable to Holdings or any Subsidiary that at such time either (i) is not included in this Agreement or (ii) is included in this Agreement but is more restrictive upon Holdings or such Subsidiary than the corresponding Specified Provision included in this Agreement, each such Specified Provision and each event of default, definition and other provision relating to such Specified Provision (solely as used therein) in such Note Document (as amended or modified from time to time thereafter) shall (together with any grace or cure period applicable to either such Specified Provision or any event of default that arises from a breach of such Specified Provision) automatically be deemed to be incorporated by reference in this Agreement, mutatis mutandis, as if then set forth herein in full and effective as of the date such Specified Provision becomes effective under such Note Document.

(b) Promptly and in any event within five Business Days (or such later date as agreed in writing by the Administrative Agent) after the effective date of such amendment, amendment and restatement, supplement, modification, renewal or refinancing of the Note Documents, the Borrower will furnish to the Administrative Agent a copy of the Note Documents, as so amended, amended and restated, supplemented, modified, renewed or refinanced; and if requested by the Required Lenders, within 20 days after furnishing such Note Documents, the Loan Parties will execute and deliver to the Administrative Agent an instrument amending this Agreement to, as applicable, either (i) incorporate the full text of such Specified Provision and the related events of default, definitions and other provisions as used therein or (ii) modify the corresponding Specified Provision included in this Agreement to incorporate the terms of the more restrictive Specified Provision and add and/or modify any related events of default, definitions and other provisions as used therein, as necessary.

(c) The incorporation of any such Specified Provision and other provisions and the amendment of this Agreement as aforesaid in respect of the Note Documents shall automatically (without any action being taken by any Loan Party, the Administrative Agent or any Lender) take effect simultaneously with the effectiveness of such amendment, amendment and restatement, modification, supplement, renewal or refinancing of the Note Documents.

(d) In furtherance of the foregoing, for the avoidance of doubt, any incorporation by reference into this Agreement of a Specified Provision contained in any Note Document as contemplated by this Section 5.17 (including any permanent written amendment or modification of a Specified

Provision) shall have no impact on (i) the continuing effectiveness of any similar provision (including any financial covenant) contained or incorporated in this Agreement at the effective time of such incorporation by reference and (ii) the rights, duties or obligations of the Administrative Agent unless consented to in writing by the Administrative Agent**.**

Article VI

FINANCIAL COVENANTS

Until all Obligations (other than (i) contingent obligations as to which no claim exists or has been asserted, (ii) Hedging Obligations owed by any Loan Party to any Lender-Related Hedge Provider, and (iii) Bank Product Obligations) have been paid in full, Holdings and the Borrower covenant and agree with the Administrative Agent and the Lenders to:

Section 6.1. **Minimum Risk-Based Capital Ratio**.

(a) Maintain, or cause to be maintained, a Risk-Based Capital Ratio of RIC, as of the last day of each Fiscal Month (beginning with the Fiscal Month ending November 30, 2019**)**, of no less than the greater of (i) the highest Risk-Based Capital Ratio required (x) by the Insurance Regulatory Authority of the State of Ohio (or in the event RIC redomiciles in any other state, then the applicable Insurance Regulatory Authority in such other state of domicile), or (y) pursuant to any agreement, instrument or Guarantee entered into by Holdings or any of its Subsidiaries and applicable to RIC (whether or not RIC is a party thereto), in any case as certified by the Borrower in the applicable Compliance Certificate, and (ii) 2.50 to 1.00.

(b) Maintain, or cause to be maintained, a Risk-Based Capital Ratio of each U.S. Insurance Subsidiary (excluding RIC), as of the last day of each Fiscal Month (beginning with the Fiscal Month ending November 30, 2019), of no less than the greater of (i) the highest Risk-Based Capital Ratio required (x) by the applicable Insurance Regulatory Authority of such U.S. Insurance Subsidiary in its state of domicile or (y) pursuant to any agreement, instrument or Guarantee entered into by Holdings or any of its Subsidiaries and applicable to such U.S. Insurance Subsidiary (whether or not such U.S. Insurance Subsidiary is a party thereto), in any case as certified by the Borrower in the applicable Compliance Certificate, and (ii) 2.50 to 1.00.

Section 6.2. **Maximum Direct Combined Ratio**. Not permit the Direct Combined Ratio of the U.S. Insurance Subsidiaries, as of the last day of each Fiscal Quarter (beginning with the Fiscal Quarter ending December 31, 2019), to exceed the following ratios (expressed as a percentage) corresponding to each such Fiscal Quarter end:

Fiscal Quarter End	Maximum Direct Combined Ratio
December 31, 2019	152.9%
March 31, 2020	140.7%
June 30, 2020	133.6%
September 30, 2020	127.6%

Section 6.3. **Minimum Statutory Surplus**. Not permit the U.S. Insurance Subsidiaries (on an aggregate basis) to have a Statutory Surplus as of the last day of any Fiscal Month (beginning with the Fiscal Month ending November 30, 2019) of less than the greater of (i) $100,000,000, and (ii) the aggregate Statutory Surplus which the U.S. Insurance Subsidiaries are required to have or maintain, or have otherwise agreed to have or maintain, pursuant to the requirements of any Insurance Regulatory Authority or any instrument, Guarantee or

other agreement applicable to the U.S. Insurance Subsidiaries (whether or not any such U.S. Insurance Subsidiary is a party thereto).

Section 6.4. **Minimum Liquidity**. Not permit Liquidity at any time, commencing on the Closing Date, to be less than $25,000,000.

Section 6.5. **Minimum Liquidity, Statutory Surplus and RRC Equity**. Not permit the sum of (i) Liquidity as of any Test Date, plus (ii) the Statutory Surplus of the U.S. Insurance Subsidiaries (on an aggregate basis) as of any Test Date, plus (iii) RRC Equity as of any Test Date to be less than (x) beginning with the Fiscal Month ending November 30, 2019 and ending with the Fiscal Month ending December 31, 2019, $125,000,000 and (y) beginning with the Fiscal Month ending January 31, 2020, $125,000,000 plus the greater of (A) $0 and (B) an amount equal to 15.0% of Net Written Premiums for the twelve-month period ending on such Test Date minus Net Written Premiums for the twelve-month period on the last day of the month ended prior to such Test Date; provided, that at no time shall the amount required under this Section 6.5 exceed $200,000,000.

Section 6.6. **Maximum Leverage Ratio** . Not permit the Leverage Ratio as of the Test Date (beginning with the Fiscal Month ending November 30, 2019), to be greater than 8.00 to 1.00 (unless otherwise agreed in writing by the Administrative Agent and the Required Lenders and not prohibited by applicable law or the Insurance Regulatory Authority governing RRC in its jurisdiction of domicile).

Section 6.7. **Maximum Indebtedness.** Without limiting the restrictions set forth in Section 7.1, not permit the Indebtedness of Holdings and its Subsidiaries on a consolidated basis at any time to exceed $350,000,000.

ARTICLE VII

NEGATIVE COVENANTS

Until all Obligations (other than (i) contingent obligations as to which no claim exists or has been asserted, (ii) Hedging Obligations owed by any Loan Party to any Lender-Related Hedge Provider, and (iii) Bank Product Obligations) have been paid in full, Holdings and the Borrower covenant and agree with the Administrative Agent and the Lenders that:

Section 7.1. **Indebtedness**. Holdings and the Borrower will not, and will not permit any of their respective Subsidiaries to, create, incur, assume or suffer to exist any Indebtedness, except:

(a) (i) Indebtedness created pursuant to the Loan Documents and the Escrow Agreements and (ii) (x) Indebtedness incurred pursuant to the NPA Financing in an aggregate principal amount not to exceed $100,000,000, plus capitalized PIK Interest (as defined in the Note Purchase Agreement), minus any principal payments or prepayments made in cash in respect of the NPA Notes and (y) Permitted Refinancings thereof; provided, that no Make-Whole Amount (as defined in the Note Purchase Agreement) paid in respect of the NPA Notes may be capitalized as part of a Permitted Refinancing and any such Make-Whole Amount payment shall be subordinated to the Obligations to the same extent as provided in the Intercreditor Agreement;

(b) Indebtedness of the Borrower and its Subsidiaries existing on the Closing Date and set forth on Schedule 7.1 and Permitted Refinancings thereof;

(c) (i) Indebtedness of the Borrower or any of its Subsidiaries incurred to finance the acquisition, construction or improvement of any fixed or capital assets, including Capital Lease Obligations, and any Indebtedness assumed in connection with the acquisition of any such assets or

secured by a Lien on any such assets prior to the acquisition thereof (provided that such Indebtedness is incurred prior to or within 90 days after such acquisition or the completion of such construction or improvements), and extensions, renewals or replacements of any such Indebtedness that do not increase the outstanding principal amount thereof (immediately prior to giving effect to such extension, renewal or replacement) or shorten the maturity or the weighted average life thereof; provided that the aggregate principal amount of such Indebtedness does not exceed $5,000,000 at any time outstanding (provided, however, that the aggregate principal amount of such Indebtedness incurred by Insurance Subsidiaries and Subsidiaries of an Insurance Subsidiary shall not exceed $2,500,000 at any time outstanding) and (ii) Permitted Refinancings thereof;

(d) Indebtedness of the Borrower owing to Holdings or any Subsidiary and of any Subsidiary owing to Holdings, the Borrower or any other Subsidiary; provided that any such Indebtedness that is owed by or to a Subsidiary that is not a Subsidiary Loan Party shall only be permitted to be incurred in accordance with Section 7.4;

(e) Guarantees by Holdings, the Borrower or any Subsidiary of Indebtedness of Holdings, the Borrower or any other Subsidiary, in each case, in the ordinary course of business; provided that Guarantees by any Loan Party of Indebtedness of any Subsidiary that is not a Subsidiary Loan Party shall only be permitted to be incurred in accordance with Section 7.4;

(f) (A) Indebtedness of any Person which becomes a Subsidiary (excluding each Insurance Subsidiary and each of Subsidiary of an Insurance Subsidiary) after the date of this Agreement; provided that (i) such Indebtedness exists at the time that such Person becomes a Subsidiary and is not created in contemplation of or in connection with such Person becoming a Subsidiary, and (ii) the aggregate principal amount of such Indebtedness permitted hereunder shall not exceed $2,000,000 at any time outstanding and (B) Permitted Refinancings thereof;

(g) Hedging Obligations permitted by Section 7.10;

(h) Indebtedness of the Borrower or its Subsidiaries (excluding each Insurance Subsidiary and each of Subsidiary of an Insurance Subsidiary) in respect of letters of credit entered into in the ordinary course of business, in an aggregate face amount not to exceed $1,000,000 at any time outstanding;

(i) Bank Product Obligations and other Indebtedness in respect of netting services, automatic clearinghouse arrangements, overdraft protections, treasury, depository, cash management and similar arrangements in each case in connection with deposit accounts incurred in the ordinary course;

(j) to the extent constituting Indebtedness, obligations owed by any Subsidiary of Holdings to a Loan Party under the Agency Agreement and the Third Party Administrator Agreement;

(k) (i) unsecured Indebtedness in an aggregate principal amount not to exceed $100,000,000; provided, that, such unsecured Indebtedness shall not be permitted hereunder unless such Indebtedness is subordinated to the Obligations and all of the terms, conditions and provisions (including, without limitation, the subordination and intercreditor provisions) of the Subordinated Debt Documents are consented and agreed to in writing by each of the Borrower, the Administrative Agent and the Required Lenders (it being understood and agreed that such consent on the part of the Administrative Agent may be conditioned upon, among other things, amendments or other modifications to the terms and provisions of this Agreement and the other Loan Documents) and (ii) Permitted Refinancings thereof;

(l) Indebtedness arising in connection with endorsement of instruments for deposit in the ordinary course of business or arising from the honoring by a bank or other financial institution of a check, draft or other similar instrument drawn against insufficient funds in the ordinary course of business;

(m) Indebtedness under performance bonds, surety bonds, release, appeal and similar bonds, statutory obligations or with respect to workers' compensation claims, in each case incurred in the ordinary course of business, and reimbursement obligations in respect of any of the foregoing;

(n) Indebtedness consisting of financing of insurance premiums in the ordinary course of business;

(o) customer advances or deposits received in the ordinary course of business; and

(p) (i) other unsecured Indebtedness of the Borrower or its Subsidiaries (excluding each Insurance Subsidiary and each of Subsidiary of an Insurance Subsidiary) in an aggregate principal amount not to exceed $10,000,000 at any time outstanding (which may include, for the avoidance of doubt, unsecured Indebtedness consisting of contingent obligations, earnouts, seller notes and other deferred payment obligations incurred in connection with any acquisition or otherwise) and (ii) Permitted Refinancings thereof.

Section7.2. **Liens**. Holdings and the Borrower will not, and will not permit any of their respective Subsidiaries to, create, incur, assume or suffer to exist any Lien on any of its assets or property now owned or hereafter acquired, except:

(a) Liens securing the (i) Obligations; provided that no Liens may secure Hedging Obligations or Bank Product Obligations under this clause (a) without securing all other Obligations on a basis at least *pari passu* with such Hedging Obligations or Bank Product Obligations and subject to the priority of payments set forth in Section 2.17 and Section 8.2 and (ii) (A) the Obligations (as defined in the Note Purchase Agreement) under the Note Purchase Agreement and the other Note Documents and (B) any Permitted Refinancing thereof; provided that all Liens securing Indebtedness under the Note Purchase Agreement or any Permitted Refinancing thereof shall be subject to the terms, conditions and provisions of the Intercreditor Agreement;

(b) Permitted Encumbrances and licenses permitted under this Agreement;

(c) Liens on any property or asset of the Borrower or any of its Subsidiaries existing on the Closing Date and set forth on Schedule 7.2; provided that such Liens shall not apply to any other property or asset of Holdings or any Subsidiary;

(d) purchase money Liens upon or in any fixed or capital assets to secure the purchase price or the cost of construction or improvement of such fixed or capital assets or to secure Indebtedness incurred solely for the purpose of financing the acquisition, construction or improvement of such fixed or capital assets (including Liens securing any Capital Lease Obligations); provided that (i) such Lien secures Indebtedness permitted by Section 7.1(c), (ii) such Lien attaches to such asset concurrently or within 90 days after the acquisition or the completion of the construction or improvements thereof, (iii) such Lien does not extend to any other asset other than accessions to such asset and reasonable extensions of such asset (and provided that such obligations owed to a single lender may be cross-collateralized), and (iv) the Indebtedness secured thereby does not exceed the cost of acquiring, constructing or improving such fixed or capital assets;

(e) any Lien (x) existing on any asset of any Person at the time such Person becomes a Subsidiary of the Borrower, (y) existing on any asset of any Person at the time such Person is merged with or into the Borrower or any of its Subsidiaries, or (z) existing on any asset prior to the acquisition thereof by the Borrower or any of its Subsidiaries; provided that (i) any such Lien was not created in the contemplation of any of the foregoing and (ii) any such Lien secures only those obligations which it secures on the date that such Person becomes a Subsidiary or the date of such merger or the date of such acquisition;

(f) Liens on assets of any Insurance Subsidiary securing obligations under transactions entered into in connection with Investments permitted by the terms hereof in an aggregate amount not to exceed, at any time, $5,000,000;

(g) Liens consisting of deposit of cash or other assets of an Insurance Subsidiary and the Subsidiaries of an Insurance Subsidiary as required by Governmental Authorities;

(h) [Reserved];

(i) Liens securing other obligations in an aggregate amount not to exceed $2,000,000 at any time outstanding; and

(j) to the extent constituting a Lien, Liens in favor of each of the Escrow Agent and any Assignee Lender pursuant to the Escrow Agreements;

(k) extensions, renewals, or replacements of any Lien referred to in subsections (b) through (k) of this Section; provided that the principal amount of the Indebtedness secured thereby is not increased and that any such extension, renewal or replacement is limited to the assets originally encumbered thereby.

Section 7.3. **Fundamental Changes**.

(a) Holdings and the Borrower will not, and will not permit any of their respective Subsidiaries to, merge into or consolidate into any other Person, or permit any other Person to merge into or consolidate with it, or sell, lease, transfer or otherwise dispose of (in a single transaction or a series of transactions) all or substantially all of its assets (in each case, whether now owned or hereafter acquired) or all or substantially all of the stock of any of its Subsidiaries (in each case, whether now owned or hereafter acquired) or liquidate or dissolve; provided that if, at the time thereof and immediately after giving effect thereto, no Default or Event of Default shall have occurred and be continuing, (i) the Borrower or any Subsidiary may merge with a Person if the Borrower (or such Subsidiary if the Borrower is not a party to such merger) is the surviving Person; provided that a Subsidiary Loan Party shall be the surviving Person in a merger between a Subsidiary Loan Party and a Subsidiary that is not a Subsidiary Loan Party, (ii) any Subsidiary may merge into another Subsidiary, provided that if any party to such merger is a Subsidiary Loan Party, the Subsidiary Loan Party shall be the surviving Person, (iii) any Subsidiary may sell, transfer, lease, dissolve into or otherwise dispose of all or substantially all of its assets to the Borrower or to a Subsidiary Loan Party and (iv) any Subsidiary (other than a Subsidiary Loan Party) may liquidate or dissolve if the Borrower determines in good faith that such liquidation or dissolution is in the best interests of the Borrower and is not materially disadvantageous to the Lenders; provided, further, that any such merger involving a Person that is not a wholly owned Subsidiary immediately prior to such merger shall not be permitted unless also permitted by Section 7.4.

(b) The Borrower will not, and will not permit any of its Subsidiaries to, engage in any business other than businesses of the type conducted by the Borrower and its Subsidiaries on the Closing Date and businesses reasonably related or ancillary thereto and reasonable extensions thereof.

Section 7.4. **Investments, Loans**. Holdings and the Borrower will not, and will not permit any of their respective Subsidiaries to, purchase or acquire (including pursuant to any merger with any Person or entity) any Capital Stock, loan or other securities (including any option, warrant, or other right to acquire any of the foregoing) of, make or permit to exist any loans or advances to, Guarantee any obligations of, or make or permit to exist any investment or any other interest in or make any other investment in (including capital contributions in or to), any other Person, or purchase or otherwise acquire (in one transaction or a series of transactions) all or substantially all of the assets of a Person, or any assets of any other Person that constitute a business unit or division of any other Person, or create or form any Subsidiary, or enter into any other arrangement pursuant to which any Loan Party conveys, sells, leases, assigns, transfers or otherwise disposes of any of its assets, business or property to any Subsidiary that is not a Loan Party (all of the foregoing being collectively called "Investments"), except:

(a) Investments (other than Permitted Investments) existing on the Closing Date and set forth on Schedule 7.4 (including Investments in Subsidiaries and any Investments deemed to be made pursuant to the Escrow Agreements as set forth in Article XI);

(b) Permitted Investments;

(c) Guarantees by Holdings, the Borrower and its Subsidiaries constituting Indebtedness permitted by Section 7.1; provided that the aggregate principal amount of Indebtedness of Subsidiaries that are not Subsidiary Loan Parties that is Guaranteed by any Loan Party shall be subject to the limitation set forth in subsection (d) of this Section;

(d) Investments made by Holdings in or to the Borrower or by Holdings or the Borrower in or to any Subsidiary and by any Subsidiary in or to the Borrower or in or to another Subsidiary; provided that the aggregate amount of Investments by the Loan Parties in or to, and Guarantees by the Loan Parties of Indebtedness of, any Subsidiary that is not a Subsidiary Loan Party (including all such Investments and Guarantees existing on the Closing Date) shall not exceed $2,500,000 at any time outstanding;

(e) Investments consisting of travel advances and employee relocation loans and other employee loans and advances in the ordinary course of business; provided that the aggregate amount of all such loans and advances (excluding any such loans and advances outstanding on the Closing Date) does not exceed $500,000 at any time outstanding;

(f) Hedging Transactions permitted by Section 7.10;

(g) other Investments made by a Loan Party to a U.S. Insurance Subsidiary so long as (i) no Default or Event of Default has occurred and is continuing or would result therefrom and (ii) the Borrower is in pro forma compliance with each of the financial covenants set forth in Article VI at the time of and immediately after giving effect to such Investment, in each case, calculated on a pro forma basis as of the most recently ended Fiscal Month for which financial statements are required to have been delivered pursuant to Section 5.1(c);

(h) Permitted Acquisitions;

(i) Investments consisting of (i) pledges, advance deposits and prepaid expenses or royalties and (ii) extensions of credit to the customers of the Borrower or of any of its Subsidiaries in the nature of

accounts receivable, prepaid royalties, or notes receivable, arising from the grant of trade credit or business of the Borrower or such Subsidiary, in each case in this clause (i), in the ordinary course of business;

(j) Investments consisting of the endorsement of negotiable instruments for deposit or collection or similar transactions in the ordinary course of business;

(k) Investments (including debt obligations) received in connection with the bankruptcy or reorganization of customers or suppliers and in settlement of delinquent obligations of, and other disputes with, customers or suppliers arising in the ordinary course of business;

(l) Advances, or indebtedness arising from cash management, tax and/or accounting operations made in the ordinary course of business;

(m) joint ventures or strategic alliances consisting of the licensing of technology permitted under this Agreement, the development of technology or the providing of technical support; provided that any such Investments do not in the aggregate have a fair market value (determined in each case at the time such Investment is made) in excess of $5,000,000 during the term of this Agreement;

(n) other Investments made by a Loan Party to RRC so long as (i) no Default or Event of Default has occurred and is continuing or would result therefrom and (ii) the Borrower is in pro forma compliance with each of the financial covenants set forth in Article VI at the time of and immediately after giving effect to such Investment, in each case, calculated on a pro forma basis as of the most recently ended Fiscal Month for which financial statements are required to have been delivered pursuant to Section 5.1(c); provided, that the aggregate amount of all such Investments shall not exceed $150,000,000 at any time outstanding;

(o) other Investments made by a Loan Party in or to any non-wholly owned Subsidiary of the Borrower; provided that the aggregate amount of all such Investments under this clause (o) shall not exceed $5,000,000 at any time outstanding; and

(p) other Investments which in the aggregate do not exceed $10,000,000 during the term of this Agreement.

For purposes of determining the amount of any Investment outstanding for purposes of this Section 7.4, such amount shall be deemed to be the amount of such Investment when made, purchased or acquired less any amount realized in respect of such Investment upon the sale, collection or return of capital (not to exceed the original amount invested).

Section 7.5. **Restricted Payments**. Holdings and the Borrower will not, and will not permit any of their respective Subsidiaries to, declare or make, or agree to pay or make, directly or indirectly, any Restricted Payment, except:

(a) Restricted Payments made by any Subsidiary to the Borrower or to any other Subsidiary (including, for the avoidance of doubt, from any Insurance Subsidiary to the Borrower);

(b) Restricted Payments made by the Borrower and its Subsidiaries to Holdings, and by Holdings to its direct or indirect parents, in an aggregate amount not to exceed $2,000,000 in any Fiscal Year to the extent necessary to permit Holdings and its direct and indirect parents to pay general administrative costs and expenses (including administrative, legal, accounting and similar costs and expenses provided by third parties, customary salary, commissions, bonus and other benefits payable to

officers and employees of Holdings (or any direct or indirect parent of Holdings) and directors fees and director and officer indemnification obligations) incurred in the ordinary course of business and then due and payable (solely as such costs and expenses relate to the business of the Borrower and its Subsidiaries or Holdings' ownership thereof);

(c) Holdings and the Borrower may repurchase the stock of former employees, directors, officers or consultants pursuant to stock repurchase agreements in the ordinary course of business and in accordance with Holdings' stock purchase plan, so long as (A) no Default or Event of Default exists at the time of such repurchase and would not exist after giving effect to such repurchase, (B) the aggregate amount repurchased in any calendar year does not exceed $1,000,000 and (C) the aggregate amount repurchased during the term of this Agreement does not exceed $2,000,000;

(d) regularly scheduled non-accelerated payments of interest in respect of the Subordinated Debt to the extent permitted (and only to the extent expressly agreed in writing by the Administrative Agent in its sole discretion) pursuant to the terms of the Subordinated Debt Documents;

(e) repayments of principal and interest of the Subordinated Debt with the proceeds of a Permitted Refinancing thereof or by exchange or conversion to Qualified Capital Stock of Holdings;

(f) if, for any taxable period, the Borrower is a member of a group filing a consolidated, unitary or combined tax return of which Holdings is the common parent (a "Tax Group"), an amount equal to income Taxes for such taxable period then due and payable pursuant to such returns and attributable to the taxable income of the Borrower and the Subsidiary Loan Parties that are members of such group and, to the extent of the cash amount actually received by the Borrower or any Subsidiary Loan Party from any Subsidiary that is not a Subsidiary Loan Party (a "Non-Guarantor Subsidiary") for the payment of income taxes, an amount equal to the income Taxes for such taxable period then due and payable and attributable to the taxable income of such Non-Guarantor Subsidiary, provided that, for each taxable period, payment for such amounts shall not exceed the lesser of (A) the amount of any such Taxes that the Borrower and the Subsidiary Loan Parties (and, subject to the limitation described above, any applicable Non-Guarantor Subsidiaries) that are members of such group would have been required to pay for such taxable period on a separate group basis if the Borrower and the Subsidiary Loan Parties (and, subject to the limitation described above, any applicable Non-Guarantor Subsidiaries) had paid Tax on a consolidated, combined, group, affiliated or unitary basis on behalf of an affiliated group consisting only of the Borrower and the Subsidiary Loan Parties (and, subject to the limitation described above, any applicable Non-Guarantor Subsidiaries) or (B) the actual tax liability of the Tax Group for such taxable period; and

(g) Holdings may repurchase, retire or otherwise acquire Capital Stock of Holdings solely in exchange for, or solely out of the proceeds of the substantially concurrent sale of, Qualified Capital Stock of Holdings.

Section 7.6. **Sale of Assets**. Holdings and the Borrower will not, and will not permit any of their respective Subsidiaries to, convey, sell, lease, assign, transfer or otherwise dispose of any of its assets, business or property or, in the case of any Subsidiary, any shares of such Subsidiary's Capital Stock, in each case whether now owned or hereafter acquired, to any Person other than the Borrower or a Subsidiary Loan Party (or to qualify directors if required by applicable law), except:

(a) the sale or other disposition of obsolete or worn out property or other property not necessary for operations disposed of in the ordinary course of business;

(b) the sale of inventory and Permitted Investments in the ordinary course of business;

(c) the sale or other disposition of Investments (i) by Insurance Subsidiaries and their Subsidiaries (other than the Capital Stock of Insurance Subsidiaries and their Subsidiaries) and (ii) by the Borrower and its Subsidiaries (other than the Capital Stock of Subsidiaries of Holdings) permitted under this Agreement, in each case, (A) in the ordinary course of business and consistent with the investment policy approved by the board of directors of Holdings, the Borrower or such Subsidiary, as the case may be or (B) required by Insurance Regulatory Authorities;

(d) any sale or other disposition pursuant to a reinsurance agreement so long as such disposition or other disposition is entered into in the ordinary course of business for the purpose of managing insurance risk consistent with industry practice;

(e) non-exclusive licenses and sub-licenses of Intellectual Property in the ordinary course of business consistent with past practices including any licenses that could not result in legal transfer of title that may be exclusive in respects other than territory and that may be exclusive as to territory only as to discreet geographical areas outside of the U.S. not interfering, individually or in the aggregate, in any material respect with the business of Holdings or any of its Subsidiaries;

(f) leases, subleases, licenses, or sublicenses of real or personal property (other than Intellectual Property) granted by the Borrower or any of its Subsidiaries to others, in each case, in the ordinary course of business not interfering, individually or in the aggregate, in any material respect with the business of Holdings or any of its Subsidiaries;

(g) (i) surrender or waiver of contractual rights or the settlement or waiver of contractual or litigation claims in the ordinary course of business in each case as may be approved by the board of directors of Holdings or the Borrower or the applicable Subsidiary in good faith; and (ii) the sale, license or other transfer of Intellectual Property in connection with the settlement or waiver of contractual or litigation claims in respect of the Intellectual Property; provided that such sale, license or transfer does not materially interfere with the business of the Borrower and its Subsidiaries, taken as a whole;

(h) termination of licenses, leases, and other contractual rights in the ordinary course of business, which does not materially interfere with the conduct of business of the Borrower and its Subsidiaries and is not disadvantageous to the rights or remedies of the Lenders;

(i) sales, leases, assignments, dispositions and transfers constituting Liens permitted under Section 7.2, Investments permitted under Section 7.4 or Restricted Payments permitted under Section 7.5; and

(j) the sale or other disposition of such assets in an aggregate amount (based on the fair market value of such assets) not to exceed $500,000 in any Fiscal Year (but excluding the sale of any Capital Stock of any Subsidiary of Holdings).

Section 7.7. **Transactions with Affiliates**. Holdings and the Borrower will not, and will not permit any of their respective Subsidiaries to, sell, lease or otherwise transfer any property or assets to, or purchase, lease or otherwise acquire any property or assets from, or otherwise engage in any other transactions with, any of its Affiliates, except:

(a) at prices and on terms and conditions, taken as a whole, not less favorable to Holdings or such Subsidiary than could be obtained on an arm's-length basis from unrelated third parties;

(b) employment and severance arrangements between Holdings or any of its Subsidiaries and their respective officers, directors and employees in the ordinary course of business and transactions pursuant to equity incentive plans and employee benefit plans and arrangements (provided that this clause (b) shall not be deemed to permit any Restricted Payments of the type set forth in Section 7.5(c) to the extent not permitted thereunder);

(c) transactions solely between or among Loan Parties (and between Loan Parties and other Subsidiaries of Holdings to the extent permitted by Administrative Agent in writing its sole discretion);

(d) any Restricted Payment permitted by Section 7.5 and any Investment permitted by Section 7.4; and

(e) performing under the Agency Agreement or Third Party Administrator Agreement.

Section 7.8. **Restrictive Agreements**. Holdings and the Borrower will not, and will not permit any of their respective Subsidiaries to, directly or indirectly, enter into, incur or permit to exist any agreement that prohibits, restricts or imposes any condition upon (a) the ability of Holdings or any of its Subsidiaries to create, incur or permit any Lien to secure the Obligations upon any of its assets or properties, whether now owned or hereafter acquired, or (b) the ability of any Subsidiaries of the Borrower to pay dividends or other distributions with respect to its Capital Stock, to make or repay loans or advances to the Borrower, to Guarantee the Obligations or to transfer any of its property or assets to the Borrower; provided that (i) the foregoing clauses (a) and (b) shall not apply to restrictions or conditions imposed by law or by this Agreement or any other Loan Document or the Escrow Agreement, (ii) the foregoing clause (b) shall not apply to restrictions or conditions imposed by any Subordinated Debt Document or Note Document (or any document governing any Permitted Refinancing thereof), (iii) the foregoing clauses (a) and (b) shall not apply to customary restrictions and conditions contained in agreements relating to the sale of a Subsidiary (or any assets thereof) pending such sale, provided such restrictions and conditions apply only to the Subsidiary (or any assets thereof) that is sold and such sale is permitted hereunder, (iv) the foregoing clauses (a) and (b) (but, with respect to clause (b), only to the extent that any imposed transfer restrictions or conditions apply only to property or assets that are subject to Capital Lease Obligations or obligations incurred in connection with purchase money Indebtedness) shall not apply to restrictions or conditions imposed by any agreement relating to secured Indebtedness permitted by this Agreement if such restrictions and conditions apply only to the property or assets securing such Indebtedness and the obligors of such Indebtedness, (v) the foregoing clauses (a) and (b) shall not apply to customary provisions in leases, licenses and contracts restricting the assignment of any such lease, license and/or contract and (vi) the foregoing clause (b) shall not apply to customary restrictions on transfers of Capital Stock in a joint venture to the extent expressly permitted by clause (x) of the definition of Permitted Encumbrance (but for the avoidance of doubt, there shall be no restriction on the ability of Holdings or any of its Subsidiaries to pledge Capital Stock in a joint venture to secure the Obligations).

Section 7.9. **Sale and Leaseback Transactions**. Holdings and the Borrower will not, and will not permit any of their respective Subsidiaries to, enter into any arrangement, directly or indirectly, whereby it shall sell or transfer any property, real or personal, used or useful in its business, whether now owned or hereinafter acquired, and thereafter rent or lease such property or other property that it intends to use for substantially the same purpose or purposes as the property sold or transferred (each, a "Sale/Leaseback Transaction").

Section 7.10. **Hedging Transactions**. Holdings and the Borrower will not, and will not permit any of their respective Subsidiaries to, enter into any Hedging Transaction, other than Hedging Transactions entered into in the ordinary course of business to hedge or mitigate risks to which Holdings, the Borrower or any of their respective Subsidiaries is exposed in the conduct of its business or the management of its liabilities. Solely for the avoidance of doubt, Holdings and the Borrower acknowledge that a Hedging Transaction entered into for

speculative purposes or of a speculative nature (which shall be deemed to include any Hedging Transaction under which Holdings, the Borrower or any of their respective Subsidiaries is or may become obliged to make any payment (i) in connection with the purchase by any third party of any Capital Stock or any Indebtedness or (ii) as a result of changes in the market value of any Capital Stock or any Indebtedness) is not a Hedging Transaction entered into in the ordinary course of business to hedge or mitigate risks.

Section 7.11. **Amendment to Material Documents**. Other than to the extent expressly required by any Insurance Regulatory Authority with respect to any Insurance Subsidiary or Subsidiary thereof, Holdings and the Borrower will not, and will not permit any of their respective Subsidiaries to, amend, modify or waive any of its rights under (a) its certificate of incorporation, bylaws or other organizational documents or (b) any Material Agreements, except in any manner that would not have an adverse effect on the Lenders or the Administrative Agent in any material respect (or in the case of any Note Document (or any document governing any Permitted Refinancing thereof), as permitted by the Intercreditor Agreement).

Section 7.12. **Activities of Holdings**. Notwithstanding anything to the contrary contained herein, Holdings shall not engage in any business or other activity other than (a) maintaining its existence, including (i) participating in tax, accounting and other administrative matters, (ii) filing Tax returns and reports and paying Taxes and other customary obligations related thereto in the ordinary course (and contesting any Taxes in good faith, if applicable), (iii) holding director and member meetings, preparing organizational records and other organizational activities required to maintain its separate organizational structure and (iv) complying with applicable law, and activities incidental to the foregoing, (b) holding and maintaining its interest in the Capital Stock of, and making Investments in, the Borrower, (c) performing its Obligations under this Agreement and the other Loan Documents and other Indebtedness and Guarantees permitted hereunder (including Guarantees of the Subordinated Debt and obligations under the Note Documents and any Permitted Refinancing thereof), and actions incidental thereto, including the granting of Liens permitted hereby, (d) issuing its own Qualified Capital Stock; (e) preparing reports to Governmental Authorities and to its shareholders, (f) holding cash and Permitted Investments and other assets received in connection with Restricted Payments received from, or Investments made by the Borrower to the extent permitted hereby; (g) providing indemnification for its current or former officers, directors, members of management, managers, employees and advisors or consultants; (h) performing its obligations under the transactions with respect to Holdings that are otherwise specifically permitted or expressly contemplated by Article VII; (i) the maintenance and administration of equity option and equity ownership plans and activities incidental thereto; and (j) performing activities incidental to any of the foregoing.

Section 7.13. **Accounting Changes**. Holdings and the Borrower will not, and will not permit any of their respective Subsidiaries to, make any significant change in accounting treatment or reporting practices, except as required by GAAP (or SAP), or change the Fiscal Year of Holdings or the fiscal year of any of its Subsidiaries, except to change the fiscal year of a Subsidiary to conform its fiscal year to that of Holdings.

Section 7.14. **Underwriting Risks**. Holdings and the Borrower will not, and will not permit any of their respective Subsidiaries to, undertake any underwriting risk inconsistent with their historical and customary practices in the ordinary course of business (it being understood and agreed that this Section 7.14 shall not prohibit Holdings and its Subsidiaries from entering into additional lines of property and casualty insurance business).

Section 7.15. **Insurance Subsidiaries**. Notwithstanding anything herein to the contrary, without the prior written consent of the Required Lenders, Holdings and the Borrower will not, and will not permit any of their respective Subsidiaries (including, for the avoidance of doubt, Insurance Subsidiaries) to, permit: (a) a material change in the nature of the businesses that RIC conducts or is otherwise engaged in as of the Original Closing Date; (b) the discounting (except for prompt payment discounts) or sale by any of the Insurance Subsidiaries of any of their notes or accounts receivable, other than in connection with the collection, settlement

or compromise thereof in the ordinary course of business; (c) any one or more material Insurance Licenses of any of the Insurance Subsidiaries to be suspended, limited or terminated or not be renewed; and (d) the Borrower or its Subsidiaries (including for the avoidance of doubt, all Insurance Subsidiaries and any reinsurance Subsidiaries) to fail to maintain, (i) excess of loss reinsurance with a maximum limit in an amount no less than $900,000 and (ii) catastrophe reinsurance that permits the ability to cede losses in excess of an amount no greater than 1.65% of Direct Earned Premium as of the most recent Test Date for which financial statements are required to have been delivered pursuant to Section 5.1 (but at no time shall such amount exceed $10,000,000); provided, that with respect to any reinsurance company Subsidiary, such reinsurance company Subsidiary shall be permitted to maintain its own reinsurance arrangements or otherwise limit such exposure by virtue of its relationship with other Insurance Subsidiaries' other reinsurance contracts, in each case, so long as such reinsurance arrangements or other limitation on exposure is in form and substance reasonably acceptable to the Administrative Agent.

Section 7.16. **Sanctions and Anti-Corruption Laws**. Holdings and the Borrower will not, and will not permit any Subsidiary to, request any Term Loan or, directly or indirectly, use the proceeds of any Term Loan, or lend, contribute or otherwise make available such proceeds to any subsidiary, joint venture partner or other Person (i) to fund any activities or business of or with any Person, or in any country or territory, that, at the time of such funding, is, or whose government is, the subject of Sanctions, (ii) in any other manner that would result in a violation of Sanctions by any Person (including any Person participating in the Term Loans, whether as an Arranger, the Administrative Agent, any Lender, underwriter, advisor, investor or otherwise, or (iii) in furtherance of an offer, payment, promise to pay or authorization of the payment or giving of money or anything else of value to any Person in violation of applicable Anti-Corruption Laws.

Section 7.17. **Foreign Insurance Companies**. Holdings and the Borrower will not, and will not permit any Subsidiary to, own or hold any Investment in, nor create or acquire, (i) any Insurance Subsidiary that is domiciled outside of the United States or (ii) any reinsurance company, in each case excluding RRC and any Investments in RRC expressly permitted under Section 7.4 of this Agreement.

Section 7.18. **Other Liens and Guarantees**. Notwithstanding anything to the contrary in this Agreement or any other Loan Document, Holdings and the Borrower will not, and will not permit any of their respective Subsidiaries to, (i) create, incur, assume or suffer to exist any Lien on any of its assets or property now owned or hereafter acquired, in each case, securing any Indebtedness incurred pursuant to Section 7.1(a)(ii), unless the Loans are secured by a valid and enforceable, first priority perfected Lien on such assets or property (subject to the Intercreditor Agreement) or (ii) Guarantee any Indebtedness incurred pursuant to Section 7.1(a)(ii) unless the Loans are Guaranteed on a pari passu basis with such Guarantee.

ARTICLE VIII

EVENTS OF DEFAULT

Section 8.1. **Events of Default**. If any of the following events (each, an "Event of Default") shall occur:

(a) the Borrower shall fail to pay any principal of any Term Loan when and as the same shall become due and payable, whether at the due date thereof or at a date fixed for prepayment or otherwise; or

(b) the Borrower shall fail to pay any interest on any Term Loan or any fee or any other amount (other than an amount payable under subsection (a) of this Section or an amount related to a Bank Product Obligation) payable under this Agreement or any other Loan Document, when and as the same

shall become due and payable, and such failure shall continue unremedied for a period of three (3) Business Days; or

(c) any representation or warranty made or deemed made by or on behalf of Holdings, the Borrower or any of their Subsidiaries in or in connection with this Agreement or any other Loan Document (including the Schedules attached hereto and thereto), or in any amendments or modifications hereof or waivers hereunder, or in any certificate, report, financial statement or other document submitted to the Administrative Agent or the Lenders by any Loan Party or any representative of any Loan Party pursuant to or in connection with this Agreement or any other Loan Document shall prove to be incorrect in any material respect (other than any representation or warranty that is expressly qualified by a Material Adverse Effect or other materiality, in which case such representation or warranty shall prove to be incorrect in any respect) when made or deemed made or submitted; or

(d) (i) Holdings or the Borrower shall fail to observe or perform any covenant or agreement contained in Section 5.1(a), (b), (c) or (d), 5.2(a)(i), 5.3 (with respect to legal existence), 5.8(b)(iii)(B), 5.17 or Article VI or VII or Article XI (ii) Holdings or the Borrower shall fail to observe or perform the covenant contained in Section 5.2(a)(v), and such failure shall remain unremedied for 10 Business Days after any officer of the Borrower becomes aware of such failure; or

(e) any Loan Party shall fail to observe or perform any covenant or agreement contained in this Agreement (other than those referred to in subsections (a), (b) and (d) of this Section) or any other Loan Document, and such failure shall remain unremedied for 30 days after the earlier of (i) any officer of the Borrower becomes aware of such failure, or (ii) notice thereof shall have been given to the Borrower by the Administrative Agent or any Lender; or

(f) (i)(A) Holdings, the Borrower or any of their respective Subsidiaries (whether as primary obligor or as guarantor or other surety) shall fail to pay any principal of, or premium or interest on, any Material Indebtedness (other than any Hedging Obligation) that is outstanding, when and as the same shall become due and payable (whether at scheduled maturity, required prepayment, acceleration, demand or otherwise), and such failure shall continue after the applicable grace period, if any, specified in the agreement or instrument evidencing or governing such Indebtedness; or (B) any other event shall occur or condition shall exist under the Note Documents, if the effect of such event or condition is to accelerate, or permit the acceleration of, the maturity of the Indebtedness thereunder; or (C) any other event shall occur or condition shall exist under any agreement or instrument relating to any Material Indebtedness and shall continue after the applicable grace period, if any, specified in such agreement or instrument, if the effect of such event or condition is to accelerate, or permit the acceleration of, the maturity of such Indebtedness; or (D) any Material Indebtedness shall be declared to be due and payable, or required to be prepaid or redeemed (other than by a regularly scheduled required prepayment or redemption), purchased or defeased, or any offer to prepay, redeem, purchase or defease such Indebtedness shall be required to be made, in each case prior to the stated maturity thereof in each case, excluding any prepayment or redemption requirements in connection with an asset sale or disposition permitted under Section 7.6 of assets that secure Material Indebtedness (to the extent that the Material Indebtedness being required to be prepaid or redeemed secures only the assets that were sold) or (ii) there occurs under any Hedging Transaction an Early Termination Date (as defined in such Hedging Transaction) resulting from (x) any event of default under such Hedging Transaction as to which Holdings or any of its Subsidiaries is the Defaulting Party (as defined in such Hedging Transaction) and the Hedge Termination Value owed by Holdings or such Subsidiary as a result thereof is greater than the Threshold Amount or (y) any Termination Event (as so defined) under such Hedging Transaction as to which Holdings or any Subsidiary is an Affected Party (as so defined) and the Hedge Termination Value owed by Holdings or such Subsidiary as a result thereof is greater than the Threshold Amount and is not paid; or

(g) Holdings, the Borrower or any of their respective Subsidiaries shall (i) commence a voluntary case or other proceeding or file any petition seeking liquidation, reorganization or other relief under any federal, state or foreign bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a custodian, trustee, receiver, liquidator or other similar official of it or any substantial part of its property, (ii) consent to the institution of, or fail to contest in a timely and appropriate manner, any proceeding or petition described in subsection (i) of this clause (g), (iii) apply for or consent to the appointment of a custodian, trustee, receiver, liquidator or other similar official for Holdings or any such Subsidiary or for a substantial part of its assets, (iv) file an answer admitting the material allegations of a petition filed against it in any such proceeding, (v) make a general assignment for the benefit of creditors, or (vi) take any action for the purpose of effecting any of the foregoing; or

(h) an involuntary proceeding shall be commenced or an involuntary petition shall be filed seeking (i) liquidation, reorganization or other relief in respect of Holdings or any of its Subsidiaries or its debts, or any substantial part of its assets, under any federal, state or foreign bankruptcy, insolvency or other similar law now or hereafter in effect or (ii) the appointment of a custodian, trustee, receiver, liquidator or other similar official for Holdings or any of its Subsidiaries or for a substantial part of its assets, and in any such case, such proceeding or petition shall remain undismissed for a period of 60 days or an order or decree approving or ordering any of the foregoing shall be entered; or

(i) after the effectiveness thereof, the provisions of the Intercreditor Agreement or any subordination agreement between the Administrative Agent and the agent for the Subordinated Debt cease to be effective or cease to be legally valid, binding and enforceable against the Persons party thereto, except in accordance with its terms; or

(j) Holdings, the Borrower or any of their respective Subsidiaries shall become unable to pay, shall admit in writing its inability to pay, or shall fail to pay, its debts as they become due; or

(k) (i) an ERISA Event shall have occurred that, in the opinion of the Required Lenders, when taken together with other ERISA Events that have occurred, could reasonably be expected to result in liability to Holdings, the Borrower and any of their respective Subsidiaries in an aggregate amount exceeding $1,000,000, (ii) there is or arises an Unfunded Pension Liability (not taking into account Plans with negative Unfunded Pension Liability) in an aggregate amount exceeding $1,000,000, or (iii) there is or arises any potential Withdrawal Liability in an aggregate amount exceeding $1,000,000; or

(l) any judgment, order for the payment of money, writ, warrant of attachment or similar process involving an amount (to the extent not paid or covered by insurance as to which the relevant insurance company has not denied coverage) in excess of $2,500,000 in the aggregate shall be rendered against Holdings or any of its Subsidiaries, and either (i) enforcement proceedings shall have been commenced by any creditor upon such judgment or order or (ii) there shall be a period of 30 consecutive days during which a stay of enforcement of such judgment or order, by reason of a pending appeal or otherwise, shall not be in effect; or

(m) any non-monetary judgment or order shall be rendered against Holdings or any of its Subsidiaries that could reasonably be expected, either individually or in the aggregate, to have a Material Adverse Effect, and there shall be a period of 30 consecutive days during which a stay of enforcement of such judgment or order, by reason of a pending appeal or otherwise, shall not be in effect; or

(n) (i) the termination (without a substantially similar replacement as reasonably determined by the Administrative Agent) of the Agency Agreement or (ii) a decrease in rates charged under the Agency Agreement of more than 5.0% in any Fiscal Quarter or more than 7.5% in the aggregate during

the term of this Agreement, or any other change to the Agency Agreement that is adverse to the interests of the Lenders;

(o) any court, Governmental Authority, including any Insurance Regulatory Authority, shall condemn, seize or otherwise appropriate, or take custody or control of, all or any portion of the property of Holdings, the Borrower or any of their respective Subsidiaries which, when taken together with all other property of Holdings, the Borrower and their respective Subsidiaries so condemned, seized, appropriated, or taken custody or control of, during the twelve-month period ending with the month in which any such action occurs, exceeds $1,000,000, in each case, except to the extent Holdings, the Borrower or any of their respective Subsidiaries receive fair compensation in respect of such condemnation, seizure or appropriation and the net cash proceeds thereof are applied in accordance with Section 2.7(b); or

(p) any one or more licenses, permits, accreditations or authorizations of Holdings, the Borrower or any of their respective Subsidiaries, including any Insurance License with respect to any Insurance Subsidiary, shall be suspended, limited, modified or terminated or shall not be renewed, and such suspension, limitation, modification, termination or non-renewal would reasonably be expected to result in a Material Adverse Effect, or any other action shall be taken, by any Governmental Authority in response to any alleged failure by Holdings, the Borrower or any of their respective Subsidiaries to be in compliance with applicable law, and such action, individually or in the aggregate, has or would reasonably be expected to have a Material Adverse Effect;

(q) a Change in Control shall occur or exist; or

(r) any provision of the Guaranty and Security Agreement or any other Collateral Document or any Escrow Agreement (solely during the Escrow Period) shall for any reason cease to be valid and binding on, or enforceable against, any Loan Party, or any Loan Party shall so state in writing, or any Loan Party shall seek to terminate its obligation under the Guaranty and Security Agreement or any other Collateral Document (other than the release of any guaranty or collateral to the extent permitted pursuant to Section 9.11); or

(s) any Lien purported to be created under any Collateral Document or any Escrow Agreement (solely during the Escrow Period) shall fail or cease to be, or shall be asserted by any Loan Party not to be, a valid and perfected Lien on any Collateral, with the priority, subject to the Intercreditor Agreement, required by the applicable Collateral Documents (other than as a result of the failure by the Administrative Agent to take any action solely within its control);

then, and in every such event (other than an event described in subsection (g) or (h) of this Section) and at any time thereafter during the continuance of such event, the Administrative Agent may, and upon the written request of the Required Lenders shall, by notice to the Borrower, take any or all of the following actions, at the same or different times: (i) declare the principal of and any accrued interest on the Loans, and all other Obligations owing hereunder, to be, whereupon the same shall become, due and payable immediately, without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Borrower, (ii) exercise all remedies contained in any other Loan Document, and (iii) exercise any other remedies available at law or in equity; provided that, if an Event of Default specified in either subsection (g) or (h) shall occur, the principal of the Term Loans then outstanding, together with accrued interest thereon, and all fees and all other Obligations shall automatically become due and payable, without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Borrower.

Section 8.2. **Application of Proceeds from Collateral**. All proceeds from each sale of, or other realization upon, all or any part of the Collateral by any Secured Party after an Event of Default arises shall, subject to the terms of the Intercreditor Agreement, be applied as follows:

(a) first, to the reimbursable expenses of the Administrative Agent incurred in connection with such sale or other realization upon the Collateral, until the same shall have been paid in full;

(b) second, to the fees, indemnitees and other reimbursable expenses of the Administrative Agent then due and payable pursuant to any of the Loan Documents, until the same shall have been paid in full;

(c) third, to all reimbursable expenses, if any, of the Lenders then due and payable pursuant to any of the Loan Documents, until the same shall have been paid in full;

(d) fourth, to the fees and interest then due and payable under the terms of this Agreement, until the same shall have been paid in full;

(e) fifth, to the aggregate outstanding principal amount of the Term Loans, the Bank Product Obligations and the Net Mark-to-Market Exposure of the Hedging Obligations that constitute Obligations, until the same shall have been paid in full, allocated *pro rata* among the Secured Parties based on their respective *pro rata* shares of the aggregate amount of such Term Loans, Bank Product Obligations and Net Mark-to-Market Exposure of such Hedging Obligations; and

(f) sixth, to the extent any proceeds remain, to the Borrower or as otherwise provided by a court of competent jurisdiction.

All amounts allocated pursuant to the foregoing clauses third through fifth to the Lenders as a result of amounts owed to the Lenders under the Loan Documents shall be allocated among, and distributed to, the Lenders *pro rata* based on their respective Pro Rata Shares.

Notwithstanding the foregoing, (a) no amount received from any Guarantor (including any proceeds of any sale of, or other realization upon, all or any part of the Collateral owned by such Guarantor) shall be applied to any Excluded Swap Obligation of such Guarantor and (b) Bank Product Obligations and Hedging Obligations shall be excluded from the application described above if the Administrative Agent has not received written notice thereof, together with such supporting documentation as the Administrative Agent may request, from the Bank Product Provider or the Lender-Related Hedge Provider, as the case may be. Each Bank Product Provider or Lender-Related Hedge Provider that has given the notice contemplated by the preceding sentence shall, by such notice, be deemed to have acknowledged and accepted the appointment of the Administrative Agent pursuant to the terms of Article IX hereof for itself and its Affiliates as if a "Lender" party hereto.

ARTICLE IX

THE ADMINISTRATIVE AGENT

Section 9.1. **Appointment of the Administrative Agent**.

(a) Each Lender irrevocably appoints SunTrust Bank as the Administrative Agent and authorizes it to take such actions on its behalf and to exercise such powers as are delegated to the Administrative Agent under this Agreement and the other Loan Documents, together with all such
actions and powers that are reasonably incidental thereto. The Administrative Agent may perform any of its duties hereunder or under the other Loan Documents by or through any one or more sub-agents or attorneys-in-fact appointed by the Administrative Agent. The Administrative Agent and any such sub-agent or attorney-in-fact may perform any and all of its duties and exercise its rights and powers through their respective Related Parties. The exculpatory provisions set forth in this Article shall apply to any such sub-agent, attorney-in-fact or Related Party and shall apply to their respective activities in connection with the syndication of the credit facilities provided for herein as well as activities as the Administrative Agent.

(b) It is understood and agreed that the use of the term "agent" herein or in any other Loan Document (or any similar term) with reference to the Administrative Agent is not intended to connote any fiduciary or other implied (or express) obligations arising under agency doctrine of any applicable law. Instead such term is used as a matter of market custom and is intended to create or reflect only an administrative relationship between contracting parties.

Section 9.2. **Nature of Duties of the Administrative Agent**. The Administrative Agent shall not have any duties or obligations except those expressly set forth in this Agreement and the other Loan Documents. Without limiting the generality of the foregoing, (a) the Administrative Agent shall not be subject to any fiduciary or other implied duties, regardless of whether a Default or an Event of Default has occurred and is continuing, (b) the Administrative Agent shall not have any duty to take any discretionary action or exercise any discretionary powers, except those discretionary rights and powers expressly contemplated by the Loan Documents that the Administrative Agent is required to exercise in writing by the Required Lenders (or such other number or percentage of the Lenders as shall be necessary under the circumstances as provided in Section 10.2), provided that the Administrative Agent shall not be required to take any action that, in its opinion or the opinion of its counsel, may expose the Administrative Agent to liability or that is contrary to any Loan Document or applicable law, including for the avoidance of doubt any action that may be in violation of the automatic stay under any Debtor Relief Law; and (c) except as expressly set forth in the Loan Documents, the Administrative Agent shall not have any duty to disclose, and shall not be liable for the failure to disclose, any information relating to Holdings or any of its Subsidiaries that is communicated to or obtained by the Administrative Agent or any of its Affiliates in any capacity. The Administrative Agent shall not be liable for any action taken or not taken by it, its sub¬agents or its attorneys-in-fact with the consent or at the request of the Required Lenders (or such other number or percentage of the Lenders as shall be necessary under the circumstances as provided in Section 10.2) or in the absence of its own gross negligence or willful misconduct as determined by a court of competent jurisdiction in a final non-appealable judgment. The Administrative Agent shall not be responsible for the negligence or misconduct of any sub-agents or attorneys-in-fact except to the extent that a court of competent jurisdiction determines in a final and nonappelable judgment that the Administrative Agent acted with gross negligence or willful misconduct in the selection of such sub-agents. The Administrative Agent shall not be deemed to have knowledge of any Default or Event of Default unless and until written notice thereof (which notice shall include an express reference to such event being a "Default" or "Event of Default" hereunder) is given to the Administrative Agent by the Borrower or any Lender, and the Administrative Agent shall not be responsible for or have any duty to ascertain or inquire into (i) any statement, warranty or representation made in or in connection with any Loan Document, (ii) the contents of any certificate, report or other document delivered hereunder or thereunder or in connection herewith or therewith, (iii) the performance or observance of any of the covenants, agreements, or other terms and conditions set forth in any Loan Document, (iv) the validity, enforceability, effectiveness or genuineness of any Loan Document or any other agreement, instrument or document, or (v) the satisfaction of any condition set forth in Article III or elsewhere in any Loan Document,

other than to confirm receipt of items expressly required to be delivered to the Administrative Agent. The Administrative Agent may consult with legal counsel (including counsel for the Borrower) concerning all matters pertaining to such duties.

Section 9.3. **Lack of Reliance on the Administrative Agent**. Each of the Lenders acknowledges that it has, independently and without reliance upon the Administrative Agent or any other Lender and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each of the Lenders also acknowledges that it will, independently and without reliance upon the Administrative Agent or any other Lender and based on such documents and information as it has deemed appropriate, continue to make its own decisions in taking or not taking any action under or based on this Agreement, any related agreement or any document furnished hereunder or thereunder. Each of the Lenders acknowledges and agrees that outside legal counsel to the Administrative Agent in connection with the preparation, negotiation, execution, delivery and administration (including any amendments, waivers and consents) of this Agreement and the other Loan Documents is acting solely as counsel to the Administrative Agent and is not acting as counsel to any Lender (other than the Administrative Agent and its Affiliates) in connection with this Agreement, the other Loan Documents or any of the transactions contemplated hereby or thereby.

Section 9.4. **Certain Rights of the Administrative Agent**. If the Administrative Agent shall request instructions from the Required Lenders with respect to any action or actions (including the failure to act) in connection with this Agreement, the Administrative Agent shall be entitled to refrain from such act or taking such act unless and until it shall have received instructions from such Lenders, and the Administrative Agent shall not incur liability to any Person by reason of so refraining. Without limiting the foregoing, no Lender shall have any right of action whatsoever against the Administrative Agent as a result of the Administrative Agent acting or refraining from acting hereunder in accordance with the instructions of the Required Lenders where required by the terms of this Agreement.

Section 9.5. **Reliance by the Administrative Agent**. The Administrative Agent shall be entitled to rely upon, and shall not incur any liability for relying upon, any notice, request, certificate, consent, statement, instrument, document or other writing (including any electronic message, posting or other distribution) believed by it to be genuine and to have been signed, sent or made by the proper Person. The Administrative Agent may also rely upon any statement made to it orally or by telephone and believed by it to be made by the proper Person and shall not incur any liability for relying thereon. The Administrative Agent may consult with legal counsel (including counsel for the Borrower), independent public accountants and other experts selected by it and shall not be liable for any action taken or not taken by it in accordance with the advice of such counsel, accountants or experts.

Section 9.6. **The Administrative Agent in its Individual Capacity**. The bank serving as the Administrative Agent shall have the same rights and powers under this Agreement and any other Loan Document in its capacity as a Lender as any other Lender and may exercise or refrain from exercising the same as though it were not the Administrative Agent; and the terms "Lenders", "Required Lenders" or any similar terms shall, unless the context clearly otherwise indicates, include the Administrative Agent in its individual capacity. The bank acting as the Administrative Agent and its Affiliates may accept deposits from, lend money to, and generally engage in any kind of business with the Borrower or any Subsidiary or Affiliate of the Borrower as if it were not the Administrative Agent hereunder.

Section 9.7. **Successor Administrative Agent**.

(a) The Administrative Agent may resign at any time by giving notice thereof to the Lenders and the Borrower. Upon any such resignation, the Required Lenders shall have the right to appoint a

successor Administrative Agent, subject to approval by the Borrower provided that no Specified Event of Default shall exist at such time. If no successor Administrative Agent shall have been so appointed, and shall have accepted such appointment within 30 days after the retiring Administrative Agent gives notice of resignation, then the retiring Administrative Agent may, on behalf of the Lenders, appoint a successor Administrative Agent which shall be a commercial bank organized under the laws of the United States or any state thereof or a bank which maintains an office in the United States.

(b) Upon the acceptance of its appointment as the Administrative Agent hereunder by a successor, such successor Administrative Agent shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the retiring Administrative Agent, and the retiring Administrative Agent shall be discharged from its duties and obligations under this Agreement and the other Loan Documents. If, within 45 days after written notice is given of the retiring Administrative Agent's resignation under this Section, no successor Administrative Agent shall have been appointed and shall have accepted such appointment, then on such 45th day (i) the retiring Administrative Agent's resignation shall become effective, (ii) the retiring Administrative Agent shall thereupon be discharged from its duties and obligations under the Loan Documents and (iii) the Required Lenders shall thereafter perform all duties of the retiring Administrative Agent under the Loan Documents until such time as the Required Lenders appoint (and if the Borrower's approval would be required by clause (a) above, the Borrower approves) a successor Administrative Agent as provided above. After any retiring Administrative Agent's resignation hereunder, the provisions of this Article shall continue in effect for the benefit of such retiring Administrative Agent and its representatives and agents in respect of any actions taken or not taken by any of them while it was serving as the Administrative Agent.

Section 9.8. **Withholding Tax**. To the extent required by any applicable law, the Administrative Agent may withhold from any interest payment to any Lender an amount equivalent to any applicable withholding tax. If the IRS or any authority of the United States or any other jurisdiction asserts a claim that the Administrative Agent did not properly withhold tax from amounts paid to or for the account of any Lender (because the appropriate form was not delivered or was not properly executed, or because such Lender failed to notify the Administrative Agent of a change in circumstances that rendered the exemption from, or reduction of, withholding tax ineffective, or for any other reason), such Lender shall indemnify the Administrative Agent (to the extent that the Administrative Agent has not already been reimbursed by the Borrower and without limiting the obligation of the Borrower to do so) fully for all amounts paid, directly or indirectly, by the Administrative Agent as tax or otherwise, including penalties and interest, together with all expenses incurred, including legal expenses, allocated staff costs and any out of pocket expenses.

Section 9.9. **The Administrative Agent May File Proofs of Claim**.

(a) In case of the pendency of any receivership, insolvency, liquidation, bankruptcy, reorganization, arrangement, adjustment, composition or other judicial proceeding relative to any Loan Party, the Administrative Agent (irrespective of whether the principal of any Term Loan shall then be due and payable as herein expressed or by declaration or otherwise and irrespective of whether the Administrative Agent shall have made any demand on the Borrower) shall be entitled and empowered, by intervention in such proceeding or otherwise:

(i) to file and prove a claim for the whole amount of the principal and interest owing and unpaid in respect of the Term Loans and all other Obligations that are owing and unpaid and to file such other documents as may be necessary or advisable in order to have the claims of the Lenders and the Administrative Agent (including any claim for the reasonable compensation, expenses, disbursements and advances of the Lenders and the Administrative Agent and its agents

and counsel and all other amounts due the Lenders and the Administrative Agent under Section 10.3) allowed in such judicial proceeding; and

(ii) to collect and receive any monies or other property payable or deliverable on any such claims and to distribute the same.

(b) Any custodian, receiver, assignee, trustee, liquidator, sequestrator or other similar official in any such judicial proceeding is hereby authorized by each Lender to make such payments to the Administrative Agent and, if the Administrative Agent shall consent to the making of such payments directly to the Lenders, to pay to the Administrative Agent any amount due for the reasonable compensation, expenses, disbursements and advances of the Administrative Agent and its agents and counsel, and any other amounts due the Administrative Agent under Section 10.3.

(c) Nothing contained herein shall be deemed to authorize the Administrative Agent to authorize or consent to or accept or adopt on behalf of any Lender any plan of reorganization, arrangement, adjustment or composition affecting the Obligations or the rights of any Lender or to authorize the Administrative Agent to vote in respect of the claim of any Lender in any such proceeding.

Section 9.10. **Authorization to Execute Other Loan Documents**. Each Lender hereby authorizes the Administrative Agent to execute on behalf of all Lenders all Loan Documents (including, without limitation, the Collateral Documents, the Intercreditor Agreement and any other intercreditor or subordination agreements (including with the agent for the Subordinated Debt)) other than this Agreement.

Section 9.11. **Collateral and Guaranty Matters**. The Lenders irrevocably authorize the Administrative Agent:

(a) to release any Lien on any property granted to or held by the Administrative Agent under any Loan Document (i) that is sold or to be sold as part of or in connection with any sale permitted hereunder or under any other Loan Document, (ii) if approved, authorized or ratified in writing in accordance with Section 10.2 or (iii) upon the payment in full of the Obligations (other than (i) contingent obligations as to which no claim exists or has been asserted, (ii) Hedging Obligations owed by any Loan Party to any Lender-Related Hedge Provider, and (iii) Bank Product Obligations);

(b) to subordinate any Lien on any collateral granted to or held by the Administrative Agent under any Loan Document to the holder of any Lien permitted by Section 7.2(d); and

(c) to release any Loan Party from its obligations under the applicable Collateral Documents if such Person ceases to be a Subsidiary as a result of a transaction permitted hereunder.

Upon request by the Administrative Agent at any time, the Required Lenders will confirm in writing the Administrative Agent's authority to release its interest in particular types or items of property, or to release any Loan Party from its obligations under the applicable Collateral Documents pursuant to this Section. In each case as specified in this Section, the Administrative Agent is authorized, at the Borrower's expense, to execute and deliver to the applicable Loan Party such documents as such Loan Party may reasonably request to evidence the release of such item of Collateral from the Liens granted under the applicable Collateral Documents, or to release such Loan Party from its obligations under the applicable Collateral Documents, in each case in accordance with the terms of the Loan Documents and this Section. In the case of any such sale, transfer or disposal of any property constituting Collateral in a transaction constituting a disposition expressly permitted pursuant to Section 7.6, the Liens created by any

of the Loan Documents on such property shall be automatically released without need for further action by any person.

Section 9.12. **Documentation Agent**. Each Lender hereby designates The Huntington National Bank as the Documentation Agent and agrees that the Documentation Agent shall have no duties or obligations under any Loan Documents to any Lender or any Loan Party.

Section 9.13. **Right to Realize on Collateral and Enforce Guarantee**. Anything contained in any of the Loan Documents to the contrary notwithstanding, the Borrower, the Administrative Agent and each Lender hereby agree that (i) no Lender shall have any right individually to realize upon any of the Collateral or to enforce the Collateral Documents, it being understood and agreed that all powers, rights and remedies hereunder and under the Collateral Documents may be exercised solely by the Administrative Agent, and (ii) in the event of a foreclosure by the Administrative Agent on any of the Collateral pursuant to a public or private sale or other disposition, the Administrative Agent or any Lender may be the purchaser or licensor of any or all of such Collateral at any such sale or other disposition and the Administrative Agent, as agent for and representative of the Lenders (but not any Lender or Lenders in its or their respective individual capacities unless the Required Lenders shall otherwise agree in writing), shall be entitled, for the purpose of bidding and making settlement or payment of the purchase price for all or any portion of the Collateral sold at any such public sale, to use and apply any of the Obligations as a credit on account of the purchase price for any collateral payable by the Administrative Agent at such sale or other disposition.

Section 9.14. **Secured Bank Product Obligations and Hedging Obligations**. No Bank Product Provider or Lender-Related Hedge Provider that obtains the benefits of Section 8.2, the Collateral Documents or any Collateral by virtue of the provisions hereof or of any other Loan Document shall have any right to notice of any action or to consent to, direct or object to any action hereunder or under any other Loan Document or otherwise in respect of the Collateral (including the release or impairment of any Collateral) other than in its capacity as a Lender and, in such case, only to the extent expressly provided in the Loan Documents. Notwithstanding any other provision of this Article to the contrary, the Administrative Agent shall not be required to verify the payment of, or that other satisfactory arrangements have been made with respect to, Bank Product Obligations and Hedging Obligations unless the Administrative Agent has received written notice of such Obligations, together with such supporting documentation as the Administrative Agent may request, from the applicable Bank Product Provider or Lender-Related Hedge Provider, as the case may be.

ARTICLE X

MISCELLANEOUS

Section 10.1. **Notices**.

(a) Written Notices.

(i) Except in the case of notices and other communications expressly permitted to be given by telephone, all notices and other communications to any party herein to be effective shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by facsimile or electronic mail, as follows:

To the Borrower: Root, Inc.
[***]

With copies to (for information purposes only): Latham & Watkins LLP
[***]
and

Latham & Watkins LLP
[***]

To the Administrative Agent:
SunTrust Bank
[***]

With a copy to (for information purposes only): SunTrust Bank
[***]
and

Alston & Bird LLP
[***]

To any other Lender:

the address set forth in the Administrative Questionnaire or the Assignment and Acceptance executed by such Lender

Any party hereto may change its address or facsimile number for notices and other communications hereunder by notice to the other parties hereto.

(ii) Any agreement of the Administrative Agent or any Lender herein to receive certain notices by telephone or facsimile is solely for the convenience and at the request of the Borrower. The Administrative Agent and each Lender shall be entitled to rely on the authority of any Person purporting to be a Person authorized by the Borrower to give such notice and the Administrative Agent and the Lenders shall not have any liability to the Borrower or other Person on account of any action taken or not taken by the Administrative Agent or any Lender in reliance upon such telephonic or facsimile notice. The obligation of the Borrower to repay the Term Loans and all other Obligations hereunder shall not be affected in any way or to any extent by any failure of the Administrative Agent or any Lender to receive written confirmation of any telephonic or facsimile notice or the receipt by the Administrative Agent or any Lender of a confirmation which is at variance with the terms understood by the Administrative Agent and such Lender to be contained in any such telephonic or facsimile notice.

(b) Electronic Communications.

(i) Notices and other communications to the Lenders hereunder may be delivered or furnished by electronic communication (including e-mail and Internet or intranet websites) pursuant to procedures approved by the Administrative Agent; provided that the foregoing shall not apply to notices to any Lender if such Lender has notified the Administrative Agent that it is incapable of receiving, or is unwilling to receive, notices by electronic communication. The Administrative Agent or the Borrower may, in its discretion, agree to accept notices and other communications to it hereunder by electronic

communications pursuant to procedures approved by it; provided that approval of such procedures may be limited to particular notices or communications.

(ii) Unless the Administrative Agent otherwise prescribes, (A) notices and other communications sent to an e-mail address shall be deemed received upon the sender's receipt of an acknowledgement from the intended recipient (such as by the "return receipt requested" function, as available, return e-mail or other written acknowledgement) and (B) notices or communications posted to an Internet or intranet website shall be deemed received upon the deemed receipt by the intended recipient at its e-mail address as described in the foregoing clause (A) of notification that such notice or communication is available and identifying the website address therefor; provided that, in the case of clauses (A) and (B) above, if such notice or other communication is not sent during the normal business hours of the recipient, such notice or communication shall be deemed to have been sent at the opening of business on the next Business Day for the recipient.

(iii) The Borrower agrees that the Administrative Agent may, but shall not be obligated to, make Communications (as defined below) available to the other Lenders by posting the Communications on Debt Domain, Intralinks, Syndtrak, ClearPar or a substantially similar electronic system.

(iv) THE PLATFORM IS PROVIDED "AS IS" AND "AS AVAILABLE." NEITHER THE ADMINISTRATIVE AGENT NOR ANY OF ITS RELATED PARTIES WARRANT THE ACCURACY OR COMPLETENESS OF THE BORROWER MATERIALS OR THE ADEQUACY OF THE PLATFORM, AND EXPRESSLY DISCLAIM LIABILITY FOR ERRORS IN OR OMISSIONS IN THE COMMUNICATIONS (AS DEFINED BELOW) AND FROM THE BORROWER MATERIALS. NO WARRANTY OF ANY KIND, EXPRESS, IMPLIED OR STATUTORY, INCLUDING ANY WARRANTY OF MERCHANTABILITY, FITNESS

FOR A PARTICULAR PURPOSE, NONINFRINGEMENT OF THIRD PARTY RIGHTS OR FREEDOM FROM VIRUSES OR OTHER CODE DEFECTS, IS MADE BY THE ADMINISTRATIVE AGENT OR ANY OF ITS RELATED PARTIES IN CONNECTION WITH THE BORROWER MATERIALS OR THE PLATFORM. In no event shall the Administrative Agent or any of its Related Parties have any liability to any Loan Party or any of their respective Subsidiaries, any Lender or any other Person or entity for losses, claims, damages, liabilities or expenses of any kind, including, without limitation, direct or indirect, special, incidental or consequential damages, losses or expenses, whether or not based on strict liability (whether in tort, contract or otherwise), arising out of any Loan Party's or the Administrative Agent's transmission of Borrower Materials through the Internet, except to the extent that such losses, claims, damages, liabilities or expenses are determined by a court of competent jurisdiction by a final and nonappealable judgment to have resulted from the gross negligence or willful misconduct of the Administrative Agent or such Related Party; provided, however, that in no event shall the Administrative Agent or any Related Party have any liability to any Loan Party or any of their respective Subsidiaries, any Lender or any other Person for indirect, special, incidental, consequential or punitive damages (as opposed to direct or actual damages) arising out of any Loan Party's or the Administrative Agent's transmission of Communications. "Communications" means, collectively, any notice, demand, communication, information, document or other material provided by or on behalf of any Loan Party pursuant to any Loan Document or the transactions contemplated therein which is distributed by the Administrative Agent and any Lender by means of electronic communications pursuant to this Section, including through the Platform.

(c) Telephonic Notices. Unless otherwise expressly provided herein, all notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight

courier service, mailed by certified or registered mail or sent by facsimile or electronic mail as follows, and all notices and other communications expressly permitted hereunder to be given by telephone shall be made to the applicable telephone number, as follows:

(i) if to Holdings, the Borrower or the Administrative Agent, to the address, facsimile number, electronic mail address or telephone number specified for such Person in Section 10.1(a) or to such other address, facsimile number, electronic mail address or telephone number as shall be designated by such party in a notice to the other parties hereto, as provided in Section 10.1(d); and

(ii) if to any other Lender, to the address, facsimile number, electronic mail address or telephone number specified in its Administrative Questionnaire.

(d) All such notices and other communications sent to any party hereto in accordance with the provisions of this Agreement are made upon the earlier to occur of (i) actual receipt by the relevant party hereto and (ii) (A) if delivered by hand or by courier, when signed for by or on behalf of the relevant party hereto; (B) if delivered by mail, three (3) Business Days after deposit in the mails, postage prepaid; (C) if delivered by facsimile, when sent and receipt has been confirmed by telephone; and (D) if delivered by electronic mail, to the extent provided in clause (b) above and effective as provided in such clause; provided that notices and other communications to the Administrative Agent pursuant to Article II shall not be effective until actually received by such Person. In no event shall a voice mail message be effective as a notice, communication or confirmation hereunder.

(e) Loan Documents may be transmitted and/or signed by facsimile or other electronic communication. The effectiveness of any such documents and signatures shall, subject to applicable Law, have the same force and effect as manually signed originals and shall be binding on all Loan Parties, the Agents and the Lenders.

Section 10.2. **Waiver; Amendments**.

(a) No failure or delay by the Administrative Agent or any Lender in exercising any right or power hereunder or under any other Loan Document, and no course of dealing between the Borrower and the Administrative Agent or any Lender**,** shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such right or power, preclude any other or further exercise thereof or the exercise of any other right or power hereunder or thereunder. The rights and remedies of the Administrative Agent and the Lenders hereunder and under the other Loan Documents are cumulative and are not exclusive of any rights or remedies provided by law. No waiver of any provision of this Agreement or of any other Loan Document or consent to any departure by the Borrower therefrom shall in any event be effective unless the same shall be permitted by subsection (b) of this Section, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. Without limiting the generality of the foregoing, the making of a Term Loan shall not be construed as a waiver of any Default or Event of Default, regardless of whether the Administrative Agent or any Lender may have had notice or knowledge of such Default or Event of Default at the time.

(b) Subject to Section 2.12(b), no amendment or waiver of any provision of this Agreement or of the other Loan Documents (other than the Fee Letters), nor consent to any departure by the Borrower therefrom, shall in any event be effective unless the same shall be in writing and signed by the Borrower and the Required Lenders, or the Borrower and the Administrative Agent with the consent of the Required Lenders, and then such amendment, waiver or consent shall be effective only in the specific instance and for the specific purpose for which given; provided that, in addition to the consent of the Required Lenders, no amendment, waiver or consent shall:

(i) increase the Term Loan Commitment of any Lender without the written consent of such Lender;

(ii) reduce the principal amount of any Term Loan or reduce the rate of interest thereon, or reduce any fees or other amounts payable hereunder, without the written consent of each Lender directly affected thereby; provided that only the consent of the Required Lenders shall be necessary to waive any obligation of the Borrower to pay interest at the rate set forth in Section 2.8(c) during the continuance of an Event of Default;

(iii) postpone the date fixed for any payment of any principal of, or interest on, any Term Loan or any fees or other amounts hereunder or reduce the amount of, waive or excuse any such payment, without the written consent of each Lender directly affected thereby (it being understood that the waiver of any Default or Event of Default or mandatory prepayment shall not constitute a postponement, extension, reduction, excuse or waiver any payment for purposes of this clause (iii));

(iv) (A) change Section 2.17(b) or (c) in a manner that would alter the *pro rata* sharing of payments required thereby, without the written consent of each Lender directly affected thereby or (B) change Section 8.2 in a manner that would alter the pro rata sharing of payments or the order of application required thereby without the written consent of each Lender directly affected thereby;

(v) change any of the provisions of this subsection (b) or the definition of "Required Lenders" or any other provision hereof specifying the number or percentage of Lenders which are

required to waive, amend or modify any rights hereunder or make any determination or grant any consent hereunder, without the consent of each Lender directly affected thereby;

(vi) release all or substantially all of the Guarantors without the written consent of each Lender;

(vii) release all or substantially all Collateral (if any) securing any of the Obligations, without the written consent of each Lender; or

(viii) subordinate all or substantially all of the Liens securing the Obligations without the consent of each Lender affected thereby.

provided, further, that no such amendment, waiver or consent shall amend, modify or otherwise affect the rights, duties or obligations of the Administrative Agent without the prior written consent of such Person.

Notwithstanding anything to the contrary herein, no Defaulting Lender shall have any right to approve or disapprove any amendment, waiver or consent hereunder, except that the Term Loan Commitment of such Lender may not be increased, and amounts payable to such Lender hereunder may not be permanently reduced, without the consent of such Lender (other than reductions in fees and interest in which such reduction does not disproportionately affect such Lender). Notwithstanding anything contained herein to the contrary, this Agreement may be amended and restated without the consent of any Lender (but with the consent of the Borrower and the Administrative Agent) if, upon giving effect to such amendment and restatement, such Lender shall no longer be a party to this Agreement (as so amended and restated), the Term Loan Commitments of such Lender shall have terminated (but such Lender shall continue to be entitled to the benefits of Sections 2.14, 2.15, 2.16 and 10.3), such Lender shall have no other commitment or other obligation hereunder and such Lender shall have been paid in full all principal, interest and other amounts owing to it or accrued for its account under this Agreement. Notwithstanding anything herein or otherwise to the contrary, any Event of Default occurring hereunder shall continue to exist (and shall be deemed to be continuing) until such time as such Event of Default is waived in writing in accordance with the terms of this Section notwithstanding (i) any attempted cure or other action taken by the Borrower or any other Person subsequent to the occurrence of such Event of Default or (ii) any action taken or omitted to be taken by the Administrative Agent or any Lender prior to or subsequent to the occurrence of such Event of Default (other than the granting of a waiver in writing in accordance with the terms of this Section).

Notwithstanding anything to the contrary herein, the Administrative Agent may, with the consent of the Borrower only, amend, modify or supplement any Loan Document to cure any obvious ambiguity, omission, mistake, defect or inconsistency.

Section 10.3. **Expenses; Indemnification**.

(a) The Borrower shall pay (i) all reasonable and documented (in the case of legal expenses, in summary form), out-of-pocket costs and expenses of the Administrative Agent and its Affiliates, including the reasonable and documented (in summary form) fees and disbursements of counsel for the Administrative Agent and its Affiliates, in connection with the syndication of the credit facilities provided for herein, the preparation and administration of the Loan Documents and any amendments, modifications or waivers thereof (whether or not the transactions contemplated in this Agreement or any other Loan Document shall be consummated), and (ii) all reasonable and documented out-of-pocket costs and expenses (including, without limitation, the reasonable and documented (in summary form) fees and disbursements of counsel) incurred by the Administrative Agent or any Lender in connection with the

enforcement or protection of its rights in connection with this Agreement, including its rights and remedies under this Section, or in connection with the Term Loans made hereunder, including all such out-of-pocket expenses incurred during any workout, restructuring or negotiations in respect of the Term Loans; provided, that notwithstanding the foregoing, legal expenses under clauses (i) and (ii) shall be limited to one firm of outside counsel for the Indemnitees, taken as a whole and, if necessary, of a single firm of local counsel in each appropriate jurisdiction (which may include a single firm of special counsel acting in multiple jurisdictions) for all such Indemnitees, taken as a whole (and, in the case of clause (ii), solely in the case of an actual or perceived conflict of interest where the Indemnitee affected by such conflict notifies the Borrower of the existence of such conflict and thereafter retains its own counsel, of one other firm of counsel for each group of similarly situated affected Indemnitees).

(b) The Borrower shall indemnify the Administrative Agent (and any sub-agent thereof) and each Lender, and each Related Party of any of the foregoing Persons (each such Person being called an "Indemnitee") against, and hold each Indemnitee harmless from, and promptly reimburse such Indemnitee for, any and all losses, claims, damages, liabilities or other expenses (including the reasonable and documented (in summary form) fees and disbursements of any counsel for any Indemnitee), incurred by any Indemnitee or asserted against any Indemnitee by any third party or by the Borrower or any other Loan Party arising out of, in connection with, or as a result of (i) the execution or delivery of this Agreement, any other Loan Document or any agreement or instrument contemplated hereby or thereby, the performance by the parties hereto of their respective obligations hereunder or thereunder or the consummation of the transactions contemplated hereby or thereby, (ii) any Term Loan or the use or proposed use of the proceeds therefrom, (iii) any actual or alleged presence or Release of Hazardous Materials on or from any property owned or operated by Holdings or any of its Subsidiaries, or any Environmental Liability related in any way to Holdings or any of its Subsidiaries, or (iv) any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory, whether brought by a third party or by the Borrower or any other Loan Party, and regardless of whether any Indemnitee is a party thereto; provided that such indemnity shall not, as to any Indemnitee, be available to the extent that such losses, claims, damages, liabilities or related expenses (x) are determined by a court of competent jurisdiction by final and non-appealable judgment to have resulted from the fraud, gross negligence, or willful misconduct of such Indemnitee, (y) other than in the case of the Administrative Agent and its Related Parties, arise from a material breach of such Indemnitee's obligations hereunder or under any other Loan Document or (z) result from disputes (not involving any act or omission by Holdings or its Subsidiaries or their Affiliates) solely among the Indemnitees for actions by one or more of the Indemnitees, other than claims against the Administrative Agent in such capacity fulfilling its agency role under the Loan Documents; provided, that notwithstanding the foregoing, legal expenses under this clause (b) shall be limited to one firm of outside counsel for the Indemnitees, taken as a whole and, if necessary, of a single firm of local counsel in each appropriate jurisdiction (which may include a single firm of special counsel acting in multiple jurisdictions) for all such Indemnitees, taken as a whole (and, in the case of clause (ii), solely in the case of an actual or perceived conflict of interest where the Indemnitee affected by such conflict notifies the Borrower of the existence of such conflict and thereafter retains its own counsel, of one other firm of counsel for each group of similarly situated affected Indemnitees). This clause (b) shall not apply with respect to Taxes other than any Taxes that represent losses, claims, damages, liabilities and related expenses arising from any non-Tax claim.

(c) To the extent that the Borrower fails to pay any amount required to be paid to the Administrative Agent under subsection (a) or (b) hereof, each Lender severally agrees to pay to the Administrative Agent such Lender's *pro rata* share of such unpaid amount; provided that the

unreimbursed expense or indemnified payment, claim, damage, liability or related expense, as the case may be, was incurred by or asserted against the Administrative Agent in its capacity as such.

(d) To the extent permitted by applicable law, no party hereto shall assert, and each party hereto hereby waives, any claim, on any theory of liability, for special, indirect, consequential, exemplary or punitive damages (as opposed to actual or direct damages) arising out of, in connection with or as a result of this Agreement, any other Loan Document or any agreement or instrument contemplated hereby, the transactions contemplated therein, any Term Loan or the use of proceeds thereof; provided that nothing in this clause (d) shall relieve the Borrower of any obligation it may have under clause (b) above to indemnify any Indemnitee against special, indirect, consequential or punitive damages asserted against such Indemnitee by a third party.

(e) All amounts due under this Section shall be payable promptly, but in any event within ten (10) Business Days, after written demand therefor.

Section 10.4. **Successors and Assigns**.

(a) The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby, except that the Borrower may not assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of the Administrative Agent and each Lender, and no Lender may assign or otherwise transfer any of its rights or obligations hereunder except (i) to an assignee in accordance with the provisions of subsection (b) of this Section or Section 11.3, (ii) by way of participation in accordance with the provisions of subsection (d) of this Section or (iii) by way of pledge or assignment of a security interest subject to the restrictions of subsection (f) of this Section (and any other attempted assignment or transfer by any party hereto shall be null and void). Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby, Participants to the extent provided in subsection (d) of this Section and, to the extent expressly contemplated hereby, the Related Parties of each of the Administrative Agent and the Lenders) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b) Subject to Section 11.3, any Lender may at any time assign to one or more assignees all or a portion of its rights and obligations under this Agreement (including all or a portion of its Term Loans at the time owing to it); provided that any such assignment shall be subject to the following conditions:

(i) Minimum Amounts.

(A) in the case of an assignment of the entire remaining amount of the assigning Lender's Term Loans at the time owing to it or in the case of an assignment to a Lender, an Affiliate of a Lender or an Approved Fund, no minimum amount need be assigned; and

(B) in any case not described in subsection (b)(i)(A) of this Section, the aggregate amount of the principal outstanding balance of the Term Loans of the assigning Lender subject to each such assignment (determined as of the date the Assignment and Acceptance with respect to such assignment is delivered to the Administrative Agent or, if "Trade Date" is specified in the Assignment and Acceptance, as of the Trade Date) shall not be less than $1,000,000 with respect to Term Loans and in minimum increments of $1,000,000, unless each of the Administrative Agent and, so long as no Specified

Event of Default has occurred and is continuing, the Borrower otherwise consents (each such consent not to be unreasonably withheld or delayed).

(ii) Proportionate Amounts. Each partial assignment shall be made as an assignment of a proportionate part of all the assigning Lender's rights and obligations under this Agreement with respect to the Term Loans assigned.

(iii) Required Consents. No consent shall be required for any assignment except to the extent required by subsection (b)(i)(B) of this Section and, in addition:

(A) the consent of the Borrower (such consent not to be unreasonably withheld or delayed) shall be required unless (x) a Specified Event of Default has occurred and is continuing at the time of such assignment or (y) such assignment is to a Lender, an Affiliate of such Lender or an Approved Fund of such Lender; and

(B) the consent of the Administrative Agent (such consent not to be unreasonably withheld or delayed) shall be required unless such assignment is of a Term Loan to a Lender, an Affiliate of such Lender or an Approved Fund of such Lender.

(iv) Assignment and Acceptance. The parties to each assignment shall deliver to the Administrative Agent (A) a duly executed Assignment and Acceptance, (B) a processing and recordation fee of $3,500, (C) an Administrative Questionnaire unless the assignee is already a Lender and (D) the documents required under Section 2.16(g).

(v) No Assignment to certain Persons. No such assignment shall be made to (A) Holdings, the Borrower or any of their respective Affiliates or Subsidiaries**,** (B) any Disqualified Institutions or (C) to any Defaulting Lender or any of its Subsidiaries, or any Person who, upon becoming a Lender hereunder, would constitute any of the foregoing Persons described in this clause.

(vi) No Assignment to Natural Persons. No such assignment shall be made to a natural person (or any holding company, investment vehicle or trust for, or owned and operated solely for the benefit of, a natural Person).

Subject to acceptance and recording thereof by the Administrative Agent pursuant to subsection (c) of this Section, from and after the effective date specified in each Assignment and Acceptance, the assignee thereunder shall be a party to this Agreement and, to the extent of the interest assigned by such Assignment and Acceptance, have the rights and obligations of a Lender under this Agreement, and the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Acceptance, be released from its obligations under this Agreement (and, in the case of an Assignment and Acceptance covering all of the assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto) but shall continue to be entitled to the benefits of Sections 2.14, 2.15, 2.16 and 10.3 with respect to facts and circumstances occurring prior to the effective date of such assignment; provided that, except to the extent otherwise expressly agreed by the affected parties, no assignment by a Defaulting Lender will constitute a waiver or release of any claim of any party hereunder arising from such Lender's having been a Defaulting Lender. Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with this subsection shall be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with subsection (d) of this Section. If the consent of the Borrower to an assignment is required

hereunder (including a consent to an assignment which does not meet the minimum assignment thresholds specified above), the Borrower shall be deemed to have given its consent unless it shall object thereto by written notice to the Administrative Agent within five (5) Business Days after notice thereof has actually been delivered by the assigning Lender (through the Administrative Agent) to the Borrower.

(c) The Administrative Agent, acting solely for this purpose as a non-fiduciary agent of the Borrower, shall maintain at one of its offices in Atlanta, Georgia or other office within the United States a copy of each Assignment and Acceptance delivered to it and a register for the recordation of the names and addresses of the Lenders, and the Term Loan Commitments of, and principal amount (and stated interest) of the Term Loans owing to, each Lender pursuant to the terms hereof from time to time (the "Register"). Information contained in the Register with respect to any Lender shall be available for inspection by such Lender at any reasonable time and from time to time upon reasonable prior notice; information contained in the Register shall also be available for inspection by the Borrower at any reasonable time and from time to time upon reasonable prior notice. In establishing and maintaining the Register, the Administrative Agent shall serve as the Borrower's agent solely for tax purposes and solely with respect to the actions described in this Section, and the Borrower hereby agrees that, to the extent SunTrust Bank serves in such capacity, SunTrust Bank and its officers, directors, employees, agents, sub-agents and affiliates shall constitute "Indemnitees".

(d) Any Lender may at any time, without the consent of, or notice to, the Borrower or the Administrative Agent sell participations to any Person (other than a natural person (or any holding company, investment vehicle or trust for, or owned and operated solely for the benefit of, a natural Person), Holdings, the Borrower, any of the Borrower's Affiliates or Subsidiaries, a Disqualified Institution or a Defaulting Lender or any Affiliate thereof) (each, a "Participant") in all or a portion of such Lender's rights and/or obligations under this Agreement (including all or a portion of its Term Loan Commitment and/or the Loans owing to it); provided that (i) such Lender's obligations under this Agreement shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations and (iii) the Borrower, the Administrative Agent and the other Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement.

Any agreement or instrument pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce this Agreement and to approve any amendment, modification or waiver of any provision of this Agreement; provided that such agreement or instrument may provide that such Lender will not, without the consent of the Participant, agree to any amendment, modification or waiver with respect to the following to the extent affecting such Participant: (i) reduce the principal amount of any Term Loan or reduce the rate of interest thereon, or reduce any fees payable hereunder (other than waiving default interest); (ii) postpone the date fixed for any payment of any principal of, or interest on, any Term Loan or any fees hereunder (other than waivers of Defaults, Events of Default and mandatory prepayments); (iii) change Section 2.17(b) or (c) in a manner that would alter the *pro rata* sharing of payments required thereby; (iv) change any of the provisions of Section 10.2(b) or the definition of "Required Lenders" or any other provision hereof specifying the number or percentage of Lenders which are required to waive, amend or modify any rights hereunder or make any determination or grant any consent hereunder; (v) release all or substantially all of the Guarantors; or (vi) release all or substantially all Collateral (if any) securing any of the Obligations. Subject to subsection (e) of this Section, the Borrower agrees that each Participant shall be entitled to the benefits of Sections 2.14, 2.15, and 2.16 to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to subsection (b) of this Section; provided that such Participant agrees to be subject to Section 2.19 as though it were a Lender. To the extent permitted by law, each Participant also shall be entitled to

the benefits of Section 10.7 as though it were a Lender; provided that such Participant agrees to be subject to Section 2.17 as though it were a Lender.

Each Lender that sells a participation shall, acting solely for this purpose as a non-fiduciary agent of the Borrower, maintain a register in the United States on which it enters the name and address of each Participant and the principal amounts (and stated interest) of each Participant's interest in the Term Loans or other obligations under the Loan Documents (the "Participant Register"). The entries in the Participant Register shall be conclusive, absent manifest error, and such Lender shall treat each person whose name is recorded in the Participant Register as the owner of such participation for all purposes of this Agreement notwithstanding any notice to the contrary. The Borrower and the Administrative Agent shall have inspection rights to such Participant Register (upon reasonable prior notice to the applicable Lender) solely for purposes of demonstrating that such Term Loans or other obligations under the Loan Documents are in "registered form" for purposes of the Code. For the avoidance of doubt, the Administrative Agent (in its capacity as Administrative Agent) shall have no responsibility for maintaining a Participant Register.

(e) A Participant shall not be entitled to receive any greater payment under Sections 2.14 and 2.16 than the applicable Lender would have been entitled to receive with respect to the participation sold to such Participant, unless the sale of the participation to such Participant is made with the Borrower's prior written consent. A Participant shall not be entitled to the benefits of Section 2.16 unless the Borrower is notified of the participation sold to such Participant and such Participant agrees, for the benefit of the Borrower, to comply with Section 2.16(g) and (h) as though it were a Lender.

(f) Any Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement to secure obligations of such Lender, including, without limitation, any pledge or assignment to secure obligations to a Federal Reserve Bank; provided that no such pledge or assignment shall release such Lender from any of its obligations hereunder or substitute any such pledgee or assignee for such Lender as a party hereto.

(g) The Administrative Agent shall not be responsible or have any liability for, or have any duty to ascertain, inquire into, monitor or enforce, compliance with the provisions hereof relating to Disqualified Institutions. Without limiting the generality of the foregoing, the Administrative Agent shall not (i) be obligated to ascertain, monitor or inquire as to whether any Lender or Participant or prospective Lender or Participant is a Disqualified Institution or (ii) have any liability with respect to or arising out of any assignment or participation of Term Loans, or disclosure of confidential information, to any Disqualified Institution.

Section 10.5. **Governing Law; Jurisdiction; Consent to Service of Process**.

(a) This Agreement and the other Loan Documents and any claims, controversy, dispute or cause of action (whether in contract or tort or otherwise) based upon, arising out of or relating to this Agreement or any other Loan Document (except, as to any other Loan Document, as expressly set forth therein) and the transactions contemplated hereby and thereby shall be construed in accordance with and be governed by the law of the State of New York.

(b) Each of the parties hereto hereby irrevocably and unconditionally submits, for itself and its property, to the exclusive jurisdiction of the United States District Court for the Southern District of New York, and of the Supreme Court of the State of New York sitting in New York County, Borough of Manhattan, and of any appellate court from any thereof, in any action or proceeding arising out of or relating to this Agreement or any other Loan Document or the transactions contemplated hereby or

thereby, or for recognition or enforcement of any judgment, and each of the parties hereto hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in such District Court or state court or, to the extent permitted by applicable law, such appellate court. Each of the parties hereto agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Agreement or any other Loan Document shall affect any right that the Administrative Agent or any Lender may otherwise have to bring any action or proceeding relating to this Agreement or any other Loan Document against the Borrower or its properties in the courts of any jurisdiction.

(c) Each of the parties hereto hereby irrevocably and unconditionally waives any objection which it may now or hereafter have to the laying of venue of any such suit, action or proceeding described in subsection (b) of this Section and brought in any court referred to in subsection (b) of this Section. Each of the parties hereto irrevocably waives, to the fullest extent permitted by applicable law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

(d) Each party to this Agreement irrevocably consents to the service of process in the manner provided for notices in Section 10.1. Nothing in this Agreement or in any other Loan Document will affect the right of any party hereto to serve process in any other manner permitted by law.

Section 10.6. **WAIVER OF JURY TRIAL**. EACH PARTY HERETO IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER, AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

Section 10.7. **Right of Set-off**. In addition to any rights now or hereafter granted under applicable law and not by way of limitation of any such rights, each Lender shall have the right, at any time or from time to time upon the occurrence and during the continuance of an Event of Default, without prior notice to the Borrower, any such notice being expressly waived by the Borrower to the extent permitted by applicable law, to set off and apply against all deposits (general or special, time or demand, provisional or final) of the Borrower at any time held or other obligations at any time owing by such Lender to or for the credit or the account of the Borrower against any and all Obligations held by such Lender irrespective of whether such Lender shall have made demand hereunder and although such Obligations may be unmatured. Each Lender agrees promptly to notify the Administrative Agent and the Borrower after any such set-off and any application made by such Lender; provided that the failure to give such notice shall not affect the validity of such set-off and application. Each Lender agrees to apply all amounts collected from any such set-off to the Obligations before applying such amounts to any other Indebtedness or other obligations owed by the Borrower and any of its Subsidiaries to such Lender.

Section 10.8. **Counterparts; Integration**. This Agreement may be executed by one or more of the parties to this Agreement on any number of separate counterparts, and all of said counterparts taken together shall be deemed to constitute one and the same instrument. This Agreement, the Fee Letters, the other Loan Documents, and any separate letter agreements relating to any fees payable to the Administrative Agent and its Affiliates constitute the entire agreement among the parties hereto and thereto and their affiliates regarding the

subject matters hereof and thereof and supersede all prior agreements and understandings, oral or written, regarding such subject matters. Delivery of an executed counterpart to this Agreement or any other Loan Document by facsimile transmission or by electronic mail in pdf format shall be as effective as delivery of a manually executed counterpart hereof.

Section 10.9. **Survival**. All covenants, agreements, representations and warranties made by Holdings and the Borrower herein and in the certificates, reports, notices or other instruments delivered in connection with or pursuant to this Agreement shall be considered to have been relied upon by the other parties hereto and shall survive the execution and delivery of this Agreement and the other Loan Documents and the making of any Term Loans, regardless of any investigation made by any such other party or on its behalf and notwithstanding that the Administrative Agent or any Lender may have had notice or knowledge of any Default or incorrect representation or warranty at the time any credit is extended hereunder, and shall continue in full force and effect as long as the principal of or any accrued interest on any Term Loan or any fee or any other amount payable under this Agreement is outstanding and unpaid. The provisions of Sections 2.14, 2.15, 2.16, and 10.3 and Article IX shall survive and remain in full force and effect regardless of the consummation of the transactions contemplated hereby, the repayment of the Term Loans or the termination of this Agreement or any provision hereof. All representations and warranties made herein, in the Loan Documents in the certificates, reports, notices, and other documents delivered pursuant to this Agreement shall survive the execution and delivery of this Agreement and the other Loan Documents, and the making of the Term Loans.

Section 10.10. **Severability**. Any provision of this Agreement or any other Loan Document held to be illegal, invalid or unenforceable in any jurisdiction, shall, as to such jurisdiction, be ineffective to the extent of such illegality, invalidity or unenforceability without affecting the legality, validity or enforceability of the remaining provisions hereof or thereof; and the illegality, invalidity or unenforceability of a particular provision in a particular jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

Section 10.11. **Confidentiality**. Each of the Administrative Agent and the Lenders agrees to maintain the confidentiality of any non-public information relating to Holdings, the Borrower or any of their respective Subsidiaries or any of their respective businesses, to the extent provided to it by or on behalf of Holdings or any of its Subsidiaries, in accordance with the Administrative Agent's or the Lenders' customary practices, other than any such information that is available to the Administrative Agent or any Lender on a non-confidential basis prior to disclosure by or on behalf of Holdings or any of its Subsidiaries, except that such information may be disclosed (i) to any Related Party of the Administrative Agent or any such Lender or their respective Affiliates including, without limitation, accountants, legal counsel, officers, directors, employees, independent auditors, professionals and other experts, agents or advisors (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential), (ii) to the extent required by applicable laws or regulations or by any subpoena or similar legal process (in which case such disclosing party agrees to inform the Borrower reasonably promptly thereof and prior to such disclosure to the extent not prohibited by law), (iii) to the extent requested by any regulatory agency or authority purporting to have jurisdiction over it (including any self-regulatory authority such as the National Association of Insurance Commissioners), (iv) to the extent that such information becomes publicly available other than as a result of a breach of this Section, or which becomes available to the Administrative Agent, any Lender or any Related Party of any of the foregoing on a non-confidential basis from a source other than Holdings or any of its Subsidiaries, (v) in connection with the exercise of any remedy hereunder or under any other Loan Documents or any suit, action or proceeding relating to this Agreement or any other Loan Documents or the enforcement of rights hereunder or thereunder or as otherwise required by applicable law or regulation, (vi) subject to execution by such Person of an agreement containing provisions substantially the same as those of this Section, to (A) any assignee of or Participant in, or any prospective assignee of or Participant in, any of its rights or obligations under this Agreement, or (B) any actual or prospective party (or its Related Parties) to any swap or derivative or other

transaction under which payments are to be made by reference to the Borrower and its obligations, this Agreement or payments hereunder, (vii) to any rating agency, (viii) to the CUSIP Service Bureau or any similar organization, (ix) to the extent that such information is received by the Administrative Agent from a third party that is not, to the knowledge of the Administrative Agent, subject to confidentiality obligations owing to the Borrower or any Affiliate of the Borrower, (x) for purposes of establishing a "due diligence" defense, provided that prompt notice of such defense shall be provided to the Borrower, to the extent permitted by law, (xi) to the extent that such information was already in the possession of the Administrative Agent prior to any duty or other undertaking of confidentiality entered into in connection with this Agreement or any of the Loan Documents, or (xii) with the written consent of the Borrower. Any Person required to maintain the confidentiality of any information as provided for in this Section shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such information as such Person would accord its own confidential information. In the event of any conflict between the terms of this Section and those of any other Contractual Obligation entered into with any Credit Party (whether or not a Loan Document), the terms of this Section shall govern. Notwithstanding the foregoing, no such confidential information shall be disclosed to a Disqualified Institution that has been identified to all Lenders prior to the time of such disclosure without the Borrower's consent.

Subject to the Borrower's prior written approval (such approval not to be unreasonably conditioned, withheld or delayed), the Administrative Agent or any Lender may use non-confidential information related to this Agreement and the Term Loan made hereunder in connection with any marketing, press releases or other transactional announcements or updates provided to investor or trade publications, including, but not limited to, the placement of "tombstone" advertisements in publications of its choice at its own expense using such Loan Party's name, product photographs, logo or trademark. Each Lender hereby consents to the disclosure by the Administrative Agent or the Arranger of information necessary or customary for inclusion in league table measurements.

Section 10.12. **Interest Rate Limitation**. Notwithstanding anything herein to the contrary, if at any time the interest rate applicable to any Term Loan, together with all fees, charges and other amounts which may be treated as interest on such Term Loan under applicable law (collectively, the "Charges"), shall exceed the maximum lawful rate of interest (the "Maximum Rate") which may be contracted for, charged, taken, received or reserved by a Lender holding such Term Loan in accordance with applicable law, the rate of interest payable in respect of such Term Loan hereunder, together with all Charges payable in respect thereof, shall be limited to the Maximum Rate and, to the extent lawful, the interest and Charges that would have been payable in respect of such Term Loan but were not payable as a result of the operation of this Section shall be cumulated and the interest and Charges payable to such Lender in respect of other Term Loans or periods shall be increased (but not above the Maximum Rate therefor) until such cumulated amount, together with interest thereon at the Federal Funds Rate to the date of repayment (to the extent permitted by applicable law), shall have been received by such Lender.

Section 10.13. **Waiver of Effect of Corporate Seal**. The Borrower represents and warrants that neither it nor any other Loan Party is required to affix its corporate seal to this Agreement or any other Loan Document pursuant to any Requirement of Law, agrees that this Agreement is delivered by the Borrower under seal and waives any shortening of the statute of limitations that may result from not affixing the corporate seal to this Agreement or such other Loan Documents.

Section 10.14. **Patriot Act**. The Administrative Agent and each Lender hereby notifies the Loan Parties that, pursuant to (a) the requirements of the Patriot Act, it is required to obtain, verify and record information that identifies each Loan Party, which information includes the name and address of such Loan Party and other information that will allow such Lender or the Administrative Agent, as applicable, to identify such Loan Party in accordance with the Patriot Act and (b) the Beneficial Ownership Regulation, it is required to obtain a Beneficial Ownership Certification.

Section 10.15. **No Advisory or Fiduciary Responsibility**. In connection with all aspects of each transaction contemplated hereby (including in connection with any amendment, waiver or other modification hereof or of any other Loan Document), the Borrower and each other Loan Party acknowledges and agrees and acknowledges its Affiliates' understanding that (i) (A) the services regarding this Agreement provided by the Administrative Agent and/or the Lenders are arm's-length commercial transactions between the Borrower, each other Loan Party and their respective Affiliates, on the one hand, and the Administrative Agent and the Lenders, on the other hand, (B) each of the Borrower and the other Loan Parties have consulted their own legal, accounting, regulatory and tax advisors to the extent they have deemed appropriate, and (C) the Borrower and each other Loan Party is capable of evaluating and understanding, and understands and accepts, the terms, risks and conditions of the transactions contemplated hereby and by the other Loan Documents; (ii) (A) each of the Administrative Agent and the Lenders is and has been acting solely as a principal and, except as expressly agreed in writing by the relevant parties, has not been, is not, and will not be acting as an advisor, agent or fiduciary for the Borrower, any other Loan Party or any of their respective Affiliates, or any other Person, and (B) neither the Administrative Agent nor any Lender has any obligation to the Borrower, any other Loan Party or any of their Affiliates with respect to the transaction contemplated hereby except those obligations expressly set forth herein and in the other Loan Documents; and (iii) the Administrative Agent, the Lenders and their respective Affiliates may be engaged in a broad range of transactions that involve interests that differ from those of the Borrower, the other Loan Parties and their respective Affiliates, and each of the Administrative Agent and the Lenders has no obligation to disclose any of such interests to the Borrower, any other Loan Party or any of their respective Affiliates. To the fullest extent permitted by law, each of the Borrower and the other Loan Parties hereby waives and releases any claims that it may have against the Administrative Agent or any Lender with respect to any breach or alleged breach of agency or fiduciary duty in connection with any aspect of any transaction contemplated hereby.

Section 10.16. **Location of Closing**. Each Lender acknowledges and agrees that it has delivered, with the intent to be bound, its executed counterparts of this Agreement to the Administrative Agent. The Borrower acknowledges and agrees that it has delivered, with the intent to be bound, its executed counterparts of this Agreement and each other Loan Document, together with all other documents, instruments, opinions, certificates and other items required under Section 3.1, to the Administrative Agent. All parties agree that the closing of the transactions contemplated by this Agreement has occurred in New York.

Section 10.17. **Independence of Covenants**. All covenants hereunder shall be given independent effect so that if a particular action or condition is not permitted by any of such covenants, the fact that it would be permitted by an exception to, or would otherwise be within the limitations of, another covenant shall not avoid the occurrence of a Default or an Event of Default if such action is taken or condition exists.

Section 10.18. **Acknowledgement and Consent to Bail-In of EEA Financial Institutions**. Notwithstanding anything to the contrary in any Loan Document or in any other agreement, arrangement or understanding among any such parties, each party hereto acknowledges that any liability of any EEA Financial Institution arising under any Loan Document, to the extent such liability is unsecured, may be subject to the Write-Down and Conversion Powers of an EEA Resolution Authority and agrees and consents to, and acknowledges and agrees to be bound by:

(a) the application of any Write-Down and Conversion Powers by an EEA Resolution Authority to any such liabilities arising hereunder which may be payable to it by any party hereto that is an EEA Financial Institution; and

(b) the effects of any Bail-In Action on any such liability, including, if applicable (i) a reduction in full or in part or cancellation of any such liability, (ii) a conversion of all, or a portion of, such liability into shares or other instruments of ownership in such EEA Financial Institution, its parent

undertaking, or a bridge institution that may be issued to it or otherwise conferred on it, and that such shares or other instruments of ownership will be accepted by it in lieu of any rights with respect to any such liability under this Agreement or any other Loan Document or (iii) the variation of the terms of such liability in connection with the exercise of the Write-Down and Conversion Powers of any EEA Resolution Authority.

Section 10.19. **Acknowledgement Regarding Any Supported QFCs**. To the extent that the Loan Documents provide support, through a guarantee or otherwise, for Hedging Transactions or any other agreement or instrument that is a QFC (such support, "QFC Credit Support" and each such QFC a "Supported QFC"), the parties acknowledge and agree as follows with respect to the resolution power of the Federal Deposit Insurance Corporation under the Federal Deposit Insurance Act and Title II of the Dodd-Frank Wall Street Reform and Consumer Protection Act (together with the regulations promulgated thereunder, the "U.S. Special Resolution Regimes") in respect of such Supported QFC and QFC Credit Support (with the provisions below applicable notwithstanding that the Loan Documents and any Supported QFC may in fact be stated to be governed by the laws of the State of New York and/or of the United States or any other state of the United States):

(a) In the event a Covered Entity that is party to a Supported QFC (each, a "Covered Party") becomes subject to a proceeding under a U.S. Special Resolution Regime, the transfer of such Supported QFC and the benefit of such QFC Credit Support (and any interest and obligation in or under such Supported QFC and such QFC Credit Support, and any rights in property securing such Supported QFC or such QFC Credit Support) from such Covered Party will be effective to the same extent as the transfer would be effective under the U.S. Special Resolution Regime if the Supported QFC and such QFC Credit Support (and any such interest, obligation and rights in property) were governed by the laws of the United States or a state of the United States. In the event a Covered Party or a BHC Act Affiliate of a Covered Party becomes subject to a proceeding under a U.S. Special Resolution Regime, Default Rights under the Loan Documents that might otherwise apply to such Supported QFC or any QFC Credit Support that may be exercised against such Covered Party are permitted to be exercised to no greater extent than such Default Rights could be exercised under the U.S. Special Resolution Regime if the Supported QFC and the Loan Documents were governed by the laws of the United States or a state of the United States. Without limitation of the foregoing, it is understood and agreed that rights and remedies of the parties with respect to a Defaulting Lender shall in no event affect the rights of any Covered Party with respect to a Supported QFC or any QFC Credit Support.

(b) As used in this Section 10.19, the following terms have the following meanings:

"BHC Act Affiliate" of a party means an "affiliate" (as such term is defined under, and interpreted in accordance with, 12 U.S.C. 1841(k)) of such party.

"Covered Entity" means any of the following:

(i) a "covered entity" as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 252.82(b);

(ii) a "covered bank" as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 47.3(b); or

(iii) a "covered FSI" as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 382.2(b).

"Default Right" has the meaning assigned to that term in, and shall be interpreted in accordance with, 12 C.F.R. §§ 252.81, 47.2 or 382.1, as applicable.

"QFC" has the meaning assigned to the term "qualified financial contract" in, and shall be interpreted in accordance with, 12 U.S.C. 5390(c)(8)(D).

ARTICLE XI

SVB ASSIGNMENT AND ESCROW AGREEMENTS

Section 11.1. **SVB Assignment**. Immediately prior to giving effect to this Agreement, Silicon Valley Bank held outstanding Term Loans in a principal amount equal to $24,937,500.00 in its capacity as a lender under the Existing Credit Agreement (the "SVB Loans"). Simultaneously with the closing of this Agreement, it is understood and agreed by all Persons signatory hereto that Silicon Valley Bank shall sell and assign to the Assignee Lenders, and the Assignee Lenders shall purchase and assume from Silicon Valley Bank, all of Silicon Valley Bank's rights and obligations under the Existing Credit Agreement including the SVB Loans and all accrued interest thereon (the "SVB Assignment") on the terms and conditions set forth in that certain Assignment and Acceptance, dated as of the Closing Date, by and between Silicon Valley Bank and the Assignee Lenders (and consented to by the Borrower), which assignment shall be effective as of the Closing Date. For the avoidance of doubt, the portion of SVB Loans assigned to each Assignee Lender pursuant to the SVB Assignment on the Closing Date shall be as follows:

SunTrust Bank: $18,703,125.00
The Huntington National Bank: $6,234,375.00

Section 11.2. **Escrow Arrangements**. In order to induce the Assignee Lenders to purchase and assume the SVB Loans pursuant to the SVB Assignment, the Borrower has agreed to remit the Escrow Funds on the Closing Date to the Escrow Agent for the benefit of each Assignee Lender in accordance with the applicable Escrow Agreement for the applicable Assignee Lender for the period commencing on the Closing Date and ending on the earliest to occur of (i) the three-month anniversary of the Closing Date and (ii) the date that the Escrow Funds are disbursed in full pursuant to any prepayment described in Section 11.4 (such period, the "Escrow Period").

Section 11.3. **Assignments During Escrow Period**.

(a) Optional Assignment. Notwithstanding anything else to the contrary contained herein (including, without limitation, Section 10.4(b)), no Assignee Lender shall be permitted to assign all or any portion of its Term Loans during the Escrow Period other than in connection with a Qualified Assignment pursuant to Section 11.3(b) below.

(b) Mandatory Qualified Assignment. During the Escrow Period, (i) each of the parties hereto acknowledges and agrees that the Borrower may engage the Arranger to use commercially reasonable efforts to further syndicate the SVB Loans acquired and held by the Assignee Lenders and (ii) each Assignee Lender agrees to assign a portion of its Term Loans in an amount not to exceed such Assignee Lender's Qualified Amount pursuant to, and to otherwise facilitate the execution, delivery and execution of, a Qualified Assignment. The assignee in any Qualified Assignment shall purchase from each Assignee Lender such Assignee Lender's share of the Term Loans that are being assigned and each such Assignee

Lender shall thereafter promptly return (or cause to be returned by the Escrow Agent in accordance with the terms of the Escrow Agreement) an amount of the Escrow Funds equal to the principal amount of the Term Loans so assigned by such Assignee Lender to the Borrower (with any excess Escrow Funds to be applied as a prepayment in accordance with Section 11.4(b) below); provided that upon the return of any Escrow Funds to the Borrower under this Section 11.3(b) (whether by the Escrow Agent or the applicable Assignee Lender), such cash shall no longer be Excluded Property solely due to it previously having been Escrow Funds.

Upon the expiration of the Escrow Period, Section 10.4 (together with any other corresponding provisions) shall govern the terms and conditions of assignments without giving effect to this Section 11.3.

Section 11.4. **Escrow Agreement Prepayments**.

(a) Optional Prepayment. The Borrower shall have the right at any time upon written notice to the Administrative Agent and the Assignee Lenders to cause all or a portion of the Escrow Funds to be applied to prepay the Term Loans held by the Assignee Lenders subject to and in accordance with subsection (c) of this Section, the notice provisions of Section 2.6 and the terms and conditions of the Escrow Agreement.

(b) Mandatory Prepayment. Immediately upon receipt by an Assignee Lender of any Escrow Funds pursuant to Section 1.3 of the Escrow Agreement, the full amount of the Escrow Funds received by such Assignee Lender shall be required to be applied to prepay the Term Loans in accordance with subsection (c) of this Section.

(c) Application of Prepayments. Any application of Escrow Funds to prepay the Term Loans pursuant to subsections (a) and (b) above shall be applied (i) to the principal balance of the Term Loans held by each Assignee Lender based on such Assignee Lender's *pro rata* share of the aggregate amount of Escrow Funds existing and held by the Assignee Lenders immediately prior to giving effect to the prepayment and (ii) to the installments of the Term Loans held by such Assignee Lenders in the inverse order of maturity. It is understood and agreed that no amortization payment or mandatory or voluntary prepayment paid in cash during the Escrow Period (from funds other than the Escrow Funds) shall cause the Escrow Funds to be reduced.

For the avoidance of doubt, the parties agree that any prepayment made with the Escrow Funds pursuant to this Section 11.4 shall only be applied to reduce the Term Loans held by the Assignee Lenders and no portion shall be used or required to prepay any Indebtedness consisting of the NPA Financing.

Section 11.5. **Remedies**. It is understood and agreed by all parties to this Agreement that, in addition to each Assignee Lender's rights with respect to the Escrow Funds as set forth herein, each Assignee Lender shall also have the right to provide written instructions directing the Escrow Agent to disburse the Escrow Funds from the applicable Escrow Account and apply the proceeds thereof to prepay such Assignee Lender's Term Loans in accordance with and subject to the terms and conditions of the Escrow Agreement.

Section 11.6. **Termination**. Upon the expiration of the Escrow Period (including the completion of any prepayments in full of the Escrow Funds giving rise to such expiration), (i) Sections 11.2 through 11.5, the corresponding definitions and other provisions herein solely relating to the Escrow Agreements shall be deemed to be null and void (without impairing the validity or effectiveness of any other provision of this Agreement), (ii) the Escrow Accounts shall be closed and (iii) the Escrow Agreements shall be terminated pursuant to the terms hereof and thereof.

[*Remainder of page intentionally blank; signature pages follow.*]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective authorized officers as of the day and year first above written.

ROOT, INC.

By: /s/ Alexander Timm
Name: Alexander Timm
Title: Chief Executive Officer

ROOT STOCKHOLDINGS, INC.

By: /s/ Alexander Timm
Name: Alexander Timm
Title: Chief Executive Officer

SUNTRUST BANK
as the Administrative Agent and as a Lender

By: /s/ David Fournier
Name: David Fournier
Title: Managing Director

THE HUNTINGTON NATIONAL BANK
as a Lender

By: /s/ Melissa Diethelm
Name: Melissa Diethelm
Title: Vice President

WESTERN ALLIANCE BANK
as a Lender

By: /s/ Tony Paster
Name: Tony Paster
Title: AVP, Technology Banking

Outgoing Lender:

SILICON VALLEY BANK

By: /s/ Michael Shuhy
Name: Michael Shuhy
Title: Managing Director

Execution Version

FIRST AMENDMENT TO AMENDED AND RESTATED TERM LOAN AGREEMENT

THIS **FIRST AMENDMENT TO AMENDED AND RESTATED TERM LOAN AGREEMENT** is dated as of February 20, 2020 (this "Amendment"), by and among **ROOT, INC.**, a Delaware corporation (the "Borrower"), **ROOT STOCKHOLDINGS, INC.**, a Delaware corporation ("Holdings"), each of the financial institutions party hereto as "Lenders" (the "Lenders") and **TRUIST BANK**, successor by merger to SunTrust Bank, in its capacity as Administrative Agent (in such capacity, the "Administrative Agent").

W I T N E S S E T H:

WHEREAS, the Borrower, Holdings, the Lenders and the Administrative Agent are parties to that certain Amended and Restated Term Loan Agreement dated as of November 25, 2019 (as amended, restated, supplemented or otherwise modified from time to time, the "Term Loan Agreement");

WHEREAS, the Borrower, Holdings, Root Insurance Agency, LLC, an Ohio limited liability company, Buzzwords Labs Inc., a Delaware corporation, Root Enterprise, LLC, a Delaware limited liability company, and the Administrative Agent are parties to that certain Guaranty and Security Agreement dated as of April 17, 2019 (as amended by that certain Reaffirmation Agreement and Master Amendment, dated as of November 25, 2019, by and among the Borrower, Holdings, the other Loan Parties thereto and the Administrative Agent, and as further amended, restated, supplemented or otherwise modified from time to time, the "Guaranty and Security Agreement");

WHEREAS, the Borrower has requested that the Administrative Agent and the Lenders amend certain provisions of the Term Loan Agreement, as more particularly set forth below;

WHEREAS, subject to the terms and conditions set forth herein, the Borrower, Holdings, the Administrative Agent and the Lenders have agreed to amend the Term Loan Agreement;

NOW, THEREFORE, for and in consideration of the above premises and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the parties hereto, the parties hereto hereby agree as follows:

Section 1. Defined Terms. Capitalized terms which are used herein without definition and which are defined in the Term Loan Agreement shall have the same meanings herein as in the Term Loan Agreement.

Section 2. Amendments to Term Loan Agreement.

(a) The Term Loan Agreement is hereby amended by replacing the defined terms "Lenders", "Loans", "Term Loan" and "Term Loan Commitment" set forth in Section 1.1 thereof in their entirety with the following:

""Lenders" shall have the meaning set forth in the introductory paragraph hereof and shall include, where appropriate, each Increasing Lender and each Additional Lender that joins this Agreement pursuant to Section 2.18.

"Loans" shall mean the Term Loans and shall include, where appropriate, any loan made pursuant to Section 2.18.

"Term Loan" shall mean a term loan made by a Lender to the Borrower pursuant to (i) Section 2.1 and Section 2.18 of the Existing Credit Agreement and continued hereunder as set forth in Section 2.1 hereof and (ii) Section 2.18 hereof.

"Term Loan Commitment" shall mean, with respect to each Lender, (i) the obligation of such Lender to make a Term Loan hereunder on the Original Closing Date or the Original Incremental Effective Date, as applicable, and (ii) the obligation of any such Lender that becomes an Increasing Lender or Additional Lender pursuant to Section 2.18 to make a Term Loan hereunder on the applicable Incremental Effective Date not exceeding the amount set forth with respect to such Lender in the applicable Incremental Joinder Agreement."

(b) The Term Loan Agreement is hereby further amended by adding the following new defined terms to Section 1.1 thereof in the appropriate alphabetical order:

""Additional Lender" shall have the meaning set forth in Section 2.18.

"Increasing Lender" shall have the meaning set forth in Section 2.18.

"Incremental Commitment" shall have the meaning set forth in Section 2.18.

"Incremental Effective Date" shall have the meaning set forth in Section 2.18.

"Incremental Joinder Agreement" shall have the meaning set forth in Section 2.18.

"Incremental Term Loan" shall have the meaning set forth in Section 2.18.

"Original Incremental Effective Date" shall mean June 28, 2019."

(c) The Term Loan Agreement is hereby further amended by replacing Section 2.18 thereof in its entirety with the following:

"Section 2.18. **Increase of Commitments; Additional Lenders**.

a. From time to time after the Closing Date and in accordance with this Section, the Borrower and one or more Increasing Lenders or Additional Lenders (each as defined below) may enter into an agreement to increase the aggregate Term Loan Commitments hereunder (such increase, an "Incremental Commitment") so long as the following conditions are satisfied as of the funding date of such Incremental Commitment (the "Incremental Effective Date"):

i. the aggregate principal amount of all such Incremental Commitments made pursuant to this Section shall not exceed $12,500,000;

ii. the Borrower shall execute and deliver such documents and instruments and take such other actions as may be reasonably required by the Administrative Agent in connection with and at the time of any such proposed increase;

iii. at the time of and immediately after giving effect to any such proposed increase, no Default or Event of Default shall exist, all representations and warranties of each Loan Party set forth in the Loan Documents shall be true and correct in all material respects (other than those representations and warranties that are expressly qualified by a Material Adverse Effect or other materiality, in which case such representations and warranties shall be true and correct in all respects), and, since December 31, 2018, there shall have been no change which has had or could reasonably be expected to have a Material Adverse Effect;

iv. any incremental Term Loans made pursuant to this Section (the "Incremental Term Loans") shall have a Weighted Average Life to Maturity no shorter than that of the Term Loans made pursuant to (and as defined in) the Existing Credit Agreement and continued on the Closing Date as set forth in Section 2.1;

v. the Borrower and Holdings shall be in pro forma compliance with each of the financial covenants set forth in Article VI, after giving effect to any such proposed increase, as of the most recently ended Fiscal Month (or Fiscal Quarter, as applicable) for which financial statements are required to have been delivered, calculated as if all such Incremental Term Loans had been made as of the first day of the relevant period for testing compliance;

vi. if the Initial Yield applicable to any such Incremental Term Loans exceeds by more than 0.50% *per annum* the sum of the Applicable Margin then in effect for Eurodollar Loans plus one fourth of the Up-Front Fees paid in respect of the existing Term Loans (the "Existing Yield"), then the Applicable Margin of the existing Term Loans shall increase by an amount equal to the difference between the Initial Yield and the Existing Yield minus 0.50% *per annum;*

vii. any collateral securing any such Incremental Commitments shall also secure all other Obligations on a *pari passu* basis; and

viii. all other terms and conditions with respect to any such Incremental Commitments shall be reasonably satisfactory to the Administrative Agent.

(b) The Borrower shall provide at least 5 days' (or such shorter period as acceptable to Administrative Agent in its sole discretion) advance written notice to the Administrative Agent of any request to establish an Incremental Commitment. No Lender (or any successor thereto) shall have any obligation, express or implied, to offer to increase the aggregate principal amount of its Term Loan Commitment, and any decision by a Lender to increase its Term Loan Commitment shall be made in its sole

discretion independently from any other Lender. Only the consent of existing Lenders who desire to increase their Term Loan Commitments (the "Increasing Lenders") and new Lenders who desire to provide Term Loan Commitments (the "Additional Lenders") shall be required for an increase in the aggregate principal amount of the Term Loan Commitments pursuant to this Section. No Lender which declines to increase the principal amount of its Term Loan Commitment may be replaced with respect to its existing Term Loans as a result thereof without such Lender's consent.

(c) Subject to subsections (a) and (b) of this Section, any increase requested by the Borrower shall be effective upon delivery to the Administrative Agent of each of the following documents:

(i) an originally executed copy of an instrument of joinder, in form and substance reasonably acceptable to the Administrative Agent (an "Incremental Joinder Agreement"), executed by the Borrower, the Administrative Agent, each Additional Lender and by each Increasing Lender, setting forth the Incremental Commitments of such Lenders and, if applicable, setting forth the agreement of each Additional Lender to become a party to this Agreement and to be bound by all of the terms and provisions hereof;

(ii) such evidence of appropriate corporate authorization on the part of the Borrower with respect to such Incremental Commitment and such opinions of counsel for the Borrower with respect to such Incremental Commitment as the Administrative Agent may reasonably request;

(iii) a certificate of the Borrower signed by a Responsible Officer, in form and substance reasonably acceptable to the Administrative Agent, certifying that each of the conditions in subsection (a) of this Section has been satisfied;

(iv) to the extent requested by any Additional Lender or any Increasing Lender, executed promissory notes evidencing such Incremental Term Loans, issued by the Borrower in accordance with Section 2.5; and

(v) any other certificates or documents that the Administrative Agent shall reasonably request, in form and substance reasonably satisfactory to the Administrative Agent.

Upon the funding of each such Incremental Commitment, the Term Loans and Pro Rata Share of each Lender will be adjusted to give effect to the Incremental Term Loans and Schedule I shall automatically be deemed amended accordingly.

(d) The terms and provisions of the Incremental Term Loans shall be, except as otherwise set forth herein, identical to the existing Term Loans. The scheduled principal payments on the Term Loans to be made pursuant to Section 2.4 shall be ratably increased after the making of any Incremental Term Loans under this Section
2.18 by the aggregate principal amount of such Incremental Term Loans (subject to customary adjustments to provide for the "fungibility" of such Incremental Term Loans). Notwithstanding anything to the contrary in Section 10.2, the Administrative Agent (together with the consent of the Borrower) is expressly permitted to amend the Loan

Documents to the extent necessary to give effect to any increase pursuant to this Section and mechanical changes necessary or advisable in connection therewith (including amendments to implement the requirements in the preceding sentence and amendments to ensure *pro rata* allocations of Eurodollar Loans and Base Rate Loans between Loans incurred pursuant to this Section and Loans outstanding immediately prior to any such incurrence) without the consent of any Lender other than the Lenders participating in such Incremental Term Loans.

(e) For purposes of this Section, the following terms shall have the meanings specified below:

"Initial Yield" shall mean, the amount (as determined by the Administrative Agent) equal to the sum of (A) the margin above the Eurodollar Rate on Incremental Term Loans (including as margin the effect of any "LIBO rate floor" applicable on the date of the calculation), plus (B) (x) the amount of any Up-Front Fees on Incremental Term Loans (including any fee or discount received by the Lenders in connection with the initial extension thereof), divided by (y) the lesser of (1) the Weighted Average Life to Maturity of such Incremental Term Loans and (2) four.

"Up-Front Fees" shall mean the amount of any fees or discounts received by the Lenders in connection with the making of Loans or extensions of credit, expressed as a percentage of such Loan or extension of credit. For the avoidance of doubt, "Up-Front Fees" shall not include any arrangement, structuring, amendment or other similar fee paid to the Arranger (or any arranger of an Incremental Term Loan).

"Weighted Average Life to Maturity" shall mean, when applied to any Indebtedness at any date, the number of years obtained by dividing (i) the sum of the products obtained by multiplying (x) the amount of each then remaining installment, sinking fund, serial maturity or other required payments of principal, including payment at final maturity, in respect thereof, by (y) the number of years (calculated to the nearest one-twelfth) that will elapse between such date and the making of such payment by (ii) the then outstanding principal amount of such Indebtedness."

(d) The Term Loan Agreement is hereby further amended by deleting sub-clause (d)(i) of Section 7.15 thereof in its entirety and substituting in lieu thereof the following:

"(i) excess of loss reinsurance with a maximum limit in an amount no less than $900,000 per policy (or per occurrence) and"

(e) The Term Loan Agreement is hereby further amended by inserting the following new paragraph at the end of Section 10.2 thereof:

"Notwithstanding anything to the contrary herein, the Administrative Agent and the Borrower may enter into Incremental Joinder Agreements in order to provide for the incurrence of Incremental Term Loans and the modification of the Loan Documents as provided in Section 2.18."

Section 3. Conditions Precedent to Effectiveness. The effectiveness of this Amendment is subject to the truth and accuracy of the warranties and representations set forth in Sections 4 and 5 below and receipt by the Administrative Agent of each of the following, each of which shall be in form and substance satisfactory to Administrative Agent:

(a) this Amendment, duly executed and delivered by the Borrower, Holdings, the Lenders constituting the Required Lenders and the Administrative Agent;

(b) an amendment to the Note Purchase Agreement, in form and substance reasonably satisfactory to the Administrative Agent; and

(c) evidence that, substantially concurrently with or prior to the effectiveness of this Amendment, a Qualified Assignment in an aggregate amount not to exceed $12,500,000 shall have been consummated on terms and conditions reasonably satisfactory to the Administrative Agent.

Section 4. Representations. The Borrower and Holdings represent and warrant to the Administrative Agent and the Lenders that, as of the date hereof:

(a) Power and Authority. Each of the Borrower and Holdings has the requisite power and authority to execute, deliver and perform its obligations under this Amendment and the Term Loan Agreement, as amended by this Amendment, and have taken all necessary organizational and, if required, shareholder, partner or member action to duly authorize the execution, delivery and performance of this Amendment. Each of this Amendment and the Term Loan Agreement, as amended by this Amendment, constitutes the valid and binding obligation of each of the Borrower and Holdings enforceable against them in accordance with its terms, except as may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally and by general principles of equity.

(b) No Violation. The execution, delivery and performance by the Borrower and Holdings of this Amendment, and compliance by them with the terms and provisions of the Term Loan Agreement, as amended by this Amendment: (i) will not materially violate any judgment, order or ruling of any Governmental Authority, (ii) will not conflict with or result in any breach of any of the terms, covenants, conditions or provisions of, or constitute a default under, or result in the creation or imposition of (or the obligation to create or impose) any lien upon any of the property or assets of any Loan Party pursuant to the terms of any indenture, mortgage, deed of trust, credit agreement or loan agreement, or any other agreement, contract or instrument, to which any Loan Party is a party or by which they or any of their property or assets is bound or to which they may be subject or (iii) will not violate any provision of the certificate or articles of incorporation or bylaws of the Borrower or Holdings or any other Loan Party.

(c) Governmental Approvals. No order, consent, approval, license, authorization or validation of, or filing, recording or registration with (except for those that have otherwise been obtained or made on or prior to the date of the effectiveness of this Amendment and which remain in full force and effect on such date), or exemption by, any Governmental Authority, is required to authorize, or is required in connection with, (i) the execution, delivery and performance of this Amendment by each of the Borrower and Holdings or (ii) the legality, validity, binding effect or enforceability of the Term Loan Agreement, as amended by this Amendment against the Borrower and Holdings.

(d) No Default. No Default or Event of Default has occurred and is continuing as of the date hereof and no Default or Event of Default will exist immediately after giving effect to this Amendment.

(e) No Impairment. The execution, delivery, performance and effectiveness of this Amendment will not: (a) impair the validity, effectiveness or priority of the Liens granted pursuant to any Loan Document, and such Liens continue unimpaired with the same priority to secure repayment of all of the applicable Obligations, whether heretofore or hereafter incurred, and (b) require that any new filings be made or other action taken to perfect or to maintain the perfection of such Liens.

Section 5. Reaffirmation of Representations. Each of the Borrower and Holdings hereby repeats and reaffirms all representations and warranties made to the Administrative Agent and the Lenders in the Term Loan Agreement and the other Loan Documents on and as of the date hereof (and after giving effect to this Amendment) with the same force and effect as if such representations and warranties were set forth in this Amendment in full (except to the extent that such representations and warranties relate expressly to an earlier date, in which case such representations and warranties were true and correct as of such earlier date).

Section 6. No Further Amendments; Ratification of Liability. Except as expressly amended hereby, the Term Loan Agreement and each of the other Loan Documents shall remain in full force and effect in accordance with their respective terms, and the Lenders and the Administrative Agent hereby require strict compliance with the terms and conditions of the Term Loan Agreement and the other Loan Documents in the future, in each case, pursuant to the terms of the Loan Documents. Each of the Borrower and Holdings hereby (i) restates, ratifies, confirms and reaffirms its respective liabilities, payment and performance obligations (contingent or otherwise) and each and every term, covenant and condition set forth in the Term Loan Agreement and the other Loan Documents to which it is a party, all as amended by this Amendment, and the liens and security interests granted, created and perfected thereby and (ii) acknowledges and agrees that this Amendment shall not in any way affect the validity and enforceability of any Loan Document to which it is a party, or reduce, impair or discharge the obligations of the Borrower or Holdings or the Collateral granted to the Administrative Agent and/or the Lenders thereunder. The Lenders' agreement to the terms of this Amendment or any other amendment of the Term Loan Agreement or any other Loan Document shall not be deemed to establish or create a custom or course of dealing between the Borrower, Holdings or the Lenders, or any of them. This Amendment shall be deemed to be a "Loan Document" for all purposes under the Term Loan Agreement. After the effectiveness of this Amendment, each reference to the Term Loan Agreement in any of the Loan Documents shall be deemed to be a reference to the Term Loan Agreement as amended by this Amendment. The amendments contained herein shall be deemed to have prospective application only.

Section 7. Other Provisions.

(a) This Amendment may be executed by one or more of the parties to this Amendment on any number of separate counterparts, and all of said counterparts taken together shall be deemed to constitute one and the same instrument.

(b) The Borrower agrees to reimburse the Administrative Agent on demand for all reasonable and documented (in the case of legal expenses, in summary form), out-of-pocket costs and expenses of the Administrative Agent incurred by the Administrative Agent in negotiating, documenting and consummating this Amendment and the transactions contemplated hereby and thereby.

(c) THIS AMENDMENT SHALL BE GOVERNED BY AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH AND BE GOVERNED BY THE LAW OF THE STATE OF NEW YORK.

(d) THIS AMENDMENT CONSTITUTES THE ENTIRE CONTRACT AMONG THE PARTIES HERETO RELATING TO THE SUBJECT MATTER HEREOF AND SUPERSEDES ANY AND ALL PREVIOUS DISCUSSIONS, CORRESPONDENCE, AGREEMENTS AND OTHER UNDERSTANDINGS, WHETHER ORAL OR WRITTEN, RELATING TO THE SUBJECT MATTER HEREOF.

[Signature Page Follows]

IN WITNESS WHEREOF, the Borrower, Holdings the Lenders and the Administrative Agent have caused this First Amendment to Amended and Restated Term Loan Agreement to be duly executed by their respective duly authorized officers and representatives as of the day and year first above written.

BORROWER:
ROOT, INC.

By: /s/ Jonathan A. Allison
Name: Jonathan A. Allison
Title: General Counsel & Secretary

HOLDINGS:
ROOT STOCKHOLDINGS, BJC.

By: /s/ Jonathan A. Allison
Name: Jonathan A. Allison
Title: General Counsel & Secretary

TRUIST BANK, as Administrative Agent and a Lender

By: /s/ David Fournier
Name: David Fournier Title: Managing Director

THE HUNTINGTON BANK, as a lender

By: /s/ Melissa Diethelm

Name: Melissa Diethelm
Title: Vice President

WESTERN ALLIANCE BANK, as a lender

By: /s/ Tony Pastor

Name: Tony Pastor Title: AVP,
Technology Banking

CONFIRMATION OF GUARANTY

The undersigned Guarantors hereby (a) acknowledge, consent and agree to the terms of the foregoing Amendment and (b) agree and confirm that their obligations as set forth in the Guaranty and Security Agreement and all other Loan Documents to which they are a party will continue in full force and effect and extend to all Obligations (as defined in the Term Loan Agreement, as amended and modified by this Amendment).

As of this 20th day of February 2020.

ROOT INSURANCE AGENCY, LLC

By: Root, Inc., its Sole Member

By: /s/ Jonathan A. Allison Name: Jonathan A. Allison
Title: General Counsel & Secretary

BUZZWORDS LABS INC.

By: /s/ Jonathan A. Allison Name: Jonathan A. Allison
Title: General Counsel

ROOT ENTERPRISE, LLC

By: /s/ Raja Chakravorti Name: Raja Chakravorti
Title: President

SECOND AMENDMENT TO AMENDED AND RESTATED TERM LOAN AGREEMENT

THIS **SECOND AMENDMENT TO AMENDED AND RESTATED TERM LOAN AGREEMENT** is dated as of September 14, 2020 (this "Amendment"), by and among **ROOT, INC.**, a Delaware corporation (the "Borrower"), **ROOT STOCKHOLDINGS, INC.**, a Delaware corporation ("Holdings"), **ROOT INSURANCE AGENCY, LLC**, an Ohio limited liability company ("RIA"), **BUZZWORDS LABS INC.**, a Delaware corporation ("Buzzwords") and **ROOT ENTERPRISE, LLC**, a Delaware limited liability company ("Enterprise"; and together with the Borrower, Holdings, RIA and Buzzwords, each individually a "Loan Party" and collectively, the "Loan Parties") each of the financial institutions party hereto as "Lenders" (the "Lenders") and **TRUIST BANK**, successor by merger to SunTrust Bank, in its capacity as Administrative Agent (in such capacity, the "Administrative Agent").

W I T N E S S E T H:

WHEREAS, the Borrower, Holdings, certain of the Lenders and the Administrative Agent are parties to that certain Amended and Restated Term Loan Agreement dated as of November 25, 2019 (as amended by that certain First Amendment to Amended and Restated Term Loan Agreement dated as of February 20, 2020 and as otherwise amended, restated, supplemented or otherwise modified from time to time, the "Existing Loan Agreement");

WHEREAS, each of the Loan Parties are party to that certain Guaranty and Security Agreement dated as of April 17, 2019 (as amended and reaffirmed by that certain Reaffirmation Agreement and Master Amendment, dated as of November 25, 2019, by and among the Loan Parties and the Administrative Agent, and as further amended, restated, supplemented or otherwise modified from time to time, the "Existing Guaranty and Security Agreement");

WHEREAS, the Borrower has requested that the Administrative Agent and each of the Lenders to the Existing Loan Agreement (it being understood that, for the avoidance of doubt, the "Lenders" signatory to this Amendment constitute all of the Lenders under the Existing Loan Agreement and certain "New Lenders" (as defined below)) amend (a) certain provisions of the Existing Loan Agreement in order to (i) increase the aggregate principal amount of the Term Loans, (ii) establish a revolving credit facility, (iii) extend the Maturity Date, (iv) modify the financial covenants and (v) make certain other changes set forth herein and (b) certain provisions of the Existing Guaranty and Security Agreement;

WHEREAS, Holdings and the Borrower have notified the Administrative Agent of their intent to change their names to, respectively, Root, Inc. and Caret Holdings, Inc., at which time Root, Inc. shall be Holdings and Caret Holdings, Inc. shall be the Borrower under the Amended Loan Agreement (as defined below) (the "IPO Name Changes");

WHEREAS, subject to the terms and conditions set forth herein, the Loan Parties, the Administrative Agent and the Lenders have agreed to amend the Existing Loan Agreement and the Existing Guaranty and Security Agreement; and

WHEREAS, the parties hereto desire to have each entity listed on Schedule I attached hereto (each, a "New Lender" and, collectively, the "New Lenders") become a party to the Amended Loan Agreement (as defined below) in its capacity as a "Lender" and to have all rights, benefits and obligations of a Lender under the Amended Loan Agreement and the other Loan Documents.

NOW, THEREFORE, for and in consideration of the above premises and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the parties hereto, the parties hereto hereby agree as follows:

Section 1. Defined Terms. Unless otherwise defined herein, capitalized terms used herein shall have the meanings assigned to such terms in the Existing Loan Agreement, as amended by this Amendment (the "Amended Loan Agreement").

Section 2. Ratification and Incorporation of Existing Loan Agreement, the Existing Guaranty and Security Agreement and Other Loan Documents; Acknowledgments. Except as expressly set forth herein, this Amendment (i) shall not by implication or otherwise limit, impair, constitute a waiver of or otherwise affect the rights and remedies of the Lenders or the Administrative Agent under the Existing Loan Agreement, the Existing Guaranty and Security Agreement or any other Loan Document, and (ii) shall not alter, modify, amend or in any way affect any of the terms, conditions, obligations, covenants or agreements contained in the Existing Loan Agreement, the Existing Guaranty and Security Agreement or any other provision of either such agreement or any other Loan Document. Except as expressly set forth herein, each and every term, condition, obligation, covenant and agreement contained in the Existing Loan Agreement, the Existing Guaranty and Security Agreement and each other Loan Document is hereby ratified and re-affirmed in all respects and shall continue in full force and effect. Nothing in this Amendment is intended (or shall be construed) to constitute (a) the consent of the Administrative Agent or any Lender to any other provision or transaction other than as expressly set forth herein or (b) a waiver by Administrative Agent or any Lender of any Default or Event of Default. Each Loan Party acknowledges and agrees that as of the Second Amendment Effective Date immediately before giving effect to the consummation of this Amendment, the aggregate principal balance of the Term Loan was $86,502,424.78 (which does not include interest, fees, expenses and other amounts that are chargeable or otherwise reimbursable under or in connection with this Amendment, the Amended Loan Agreement and the other Loan Documents).

Section 3. Amendments to Existing Loan Agreement and the Existing Guaranty and Security Agreement. The Loan Parties, the Administrative Agent and the undersigned Lenders hereby consent and agree to the following amendments:

(a) The parties hereto hereby agree that the Existing Loan Agreement is amended to delete the stricken text (indicated textually in the same manner as the following example: ~~stricken text~~) and to add the underlined text (indicated textually in the same manner as the following example: underlined text) as set forth in Annex A attached hereto. Upon the Second Amendment Effective Date, all of the Obligations incurred under the Existing Loan Agreement shall, to the extent outstanding on the Second Amendment Effective Date, continue to be outstanding under the Amended Loan Agreement and shall not be deemed to be paid, released, discharged or otherwise satisfied by the execution of this Amendment, and this Amendment shall not constitute a substitution or novation of such Obligations or any of the other rights, duties and obligations of the parties hereunder. For the avoidance of doubt, the name of the Existing Loan Agreement is hereby amended from "Amended and Restated Term Loan Agreement" to "Amended and Restated Revolving Credit and Term Loan Agreement" (as reflected in the Amended Loan Agreement);

(b) The parties hereto hereby agree that the Schedules to the Existing Loan Agreement are amended to replace Schedules I, 4.14, 4.16 and 4.18 with the corresponding new Schedules I, 4.14, 4.16 and 4.18 set forth in Annex B attached hereto;

(c) The parties hereto hereby agree that the Exhibits to the Existing Loan Agreement are amended to add the new Exhibits 2.3 (Form of Notice of Revolving Borrowing) and 2.4 (Form of Notice of Swingline Borrowing) set forth in Annex C attached hereto;

(d) The parties hereto hereby agree that the Exhibits to the Existing Loan Agreement are further amended to replace Exhibit 5.1(d) in its entirety with the corresponding new Exhibit 5.1(d) set forth in Annex D attached hereto; and

(e) The parties hereto hereby agree that the Exhibits to the Existing Loan Agreement are further amended to rename "Exhibit 2.9" as "Exhibit 2.13" and "Exhibits 2.16(A)-(D)" as "Exhibits 2.20(A)-(D)"; provided that it is understood and agreed that the substance of such Exhibits shall not change; and

(f) The parties hereto hereby agree that the Existing Guaranty and Security Agreement is amended to delete the stricken text (indicated textually in the same manner as the following example: ~~stricken text~~) and to add the underlined text (indicated textually in the same manner as the following example: underlined text) as set forth in Annex E attached hereto. Upon the Second Amendment Effective Date, all of the Obligations incurred and Liens granted under the Existing Guaranty and Security Agreement shall, to the extent outstanding on the Second Amendment Effective Date, continue to be outstanding under the Existing Guaranty and Security Agreement as amended hereby (the "Amended Guaranty and Security Agreement") and shall not be deemed to be paid, released, discharged or otherwise satisfied by the execution of this Amendment. This Amendment shall not constitute a substitution or novation of such Obligations or any of the other rights, duties and obligations of the parties hereunder, and shall not have any impact on the perfection of the Liens granted by the Loan Parties under the Existing Guaranty and Security Agreement.

Section 4. Conditions Precedent to Effectiveness. This Amendment will become effective on the date (the "Second Amendment Effective Date") on which each of the following conditions has been satisfied to the satisfaction of the Administrative Agent:

(a) the Administrative Agent shall have received a counterpart of this Amendment, duly executed and delivered by the Borrower, Holdings, all other Loan Parties, all Lenders (including the New Lenders), and the Administrative Agent;

(b) for any Lender (including any New Lender) that has requested a new and/or replacement (as applicable) promissory note prior to the Second Amendment Effective Date, the Administrative Agent shall have received such duly executed promissory note issued by the Borrower payable to such Lender that requested the same;

(c) the Administrative Agent shall have received (i) a duly executed amendment to the Note Purchase Agreement and (ii) a duly executed amendment to the Intercreditor Agreement, in each case in form and substance reasonably satisfactory to the Administrative Agent;

(d) the Administrative Agent shall have received written opinions of Cooley LLP and Squire Patton Boggs LLP, counsel to the Loan Parties, addressed to the Administrative Agent and each of the Lenders, and covering such matters relating to the Loan Parties, this Amendment, the Loan Documents and the transactions contemplated therein as the Administrative Agent shall reasonably request (which opinions will expressly permit reliance by permitted successors and assigns of the Administrative Agent and the Lenders);

(e) the Administrative Agent shall have received a certificate of the Secretary or Assistant Secretary of each Loan Party in form and substance satisfactory to the Administrative Agent, attaching and certifying copies of (x) its bylaws, or partnership agreement or limited liability company agreement (or certifying that its bylaws, or partnership agreement or limited liability company agreement have not been amended, restated or otherwise modified since the Original Closing Date), (y) its articles or certificate of incorporation, certificate of organization or limited partnership, or other registered organizational documents of such Loan Party (or certifying that its articles or certificate of incorporation, certificate of organization or limited partnership, or other registered organizational documents have not been amended, restated or otherwise modified since the Original Closing Date), and (z) the resolutions of its board of directors or other equivalent governing body, or comparable organizational documents and authorizations, authorizing the execution, delivery and performance of this Amendment and the other Loan Documents to which it is a party and certifying the name, title and true signature of each officer of such Loan Party executing this Amendment and the Loan Documents to which it is a party;

(f) the Administrative Agent shall have received certificates of good standing or existence, as may be available from the Secretary of State of the jurisdiction of organization of each Loan Party;

(g) the Administrative Agent shall have received one or more duly executed borrowing notices from the Borrower in form and substance reasonably acceptable to the Administrative Agent with respect to the Term Loans and any Revolving Loans to be made on the Second Amendment Effective Date (it being understood and agreed that the Administrative Agent and each Lender party hereto waives (i) the advance notice requirement under Section 2.3 of the Existing Loan Agreement for Eurodollar Borrowings solely with respect to such Eurodollar Borrowings to be funded on the Second Amendment Effective Date and (ii) any losses, costs or expenses owing to such Lenders pursuant to Section 2.19 of the Existing Loan Agreement solely as a result of the refunding of any Eurodollar Loans on the Second Amendment Effective Date);

(h) the Administrative Agent shall have received a certificate dated as of the Second Amendment Effective Date and signed by a Responsible Officer (i) certifying that immediately after giving effect to the consummation of the transactions contemplated to occur on the Second Amendment Effective Date, (A) no Default or Event of Default exists or will result therefrom, (B) all representations and warranties of each Loan Party set forth in the Loan Documents are true and correct in all material respects (other than those representations and warranties that are expressly qualified by "Material Adverse Effect" or other materiality, which representations and warranties shall be true and correct in all respects) and (C) since the date of the financial statements of the Borrower described in Section 4.4 of the Existing Loan Agreement, there shall have been no change which has had or could reasonably be expected to have a Material Adverse Effect, (ii) confirming that the Loan Parties and their Subsidiaries, taken as a whole, are Solvent immediately after giving effect to the consummation of the transactions contemplated to occur on the Second Amendment Effective Date and (iii) that attaches a duly completed and executed Compliance Certificate, including calculations of the financial covenants set forth in Article VI of the Amended Loan Agreement as of July 30, 2020;

(i) The Administrative Agent shall have received the results of recent lien and judgment searches in each of the jurisdictions in which UCC financing statements or similar filings or recordations should be made to evidence or perfect security interests in all assets of the Loan Parties, and such searches shall reveal no Liens on any of the assets of the Loan Party, except for Permitted Liens or Liens to be discharged on or prior to the Second Amendment Effective Date;

(j) the Administrative Agent shall have received (i) an upfront fee in an amount equal to $400,000, for the benefit of each of the Lenders in accordance with their Pro Rata Share of all Revolving Commitments and Term Loans under the Amended Credit Agreement and (ii) payment all other fees, expenses and other amounts owing to the Administrative Agent, Truist Securities (f/k/a SunTrust Robinson Humphrey, Inc.) and the Lenders in accordance with that certain engagement letter dated September 10, 2020 executed by Truist Securities and accepted by the Borrower;

(k) the Administrative Agent shall have received evidence that all fees, charges and disbursements of counsel to the Administrative Agent have been paid by the Borrower; and

(l) the Administrative Agent shall have received information and documentation reasonably requested by the Administrative Agent or any Lender for purposes of compliance with applicable "know your customer" requirements under the Patriot Act or other applicable anti-money laundering laws.

Section 5. Condition Subsequent. At any time after the closing of this Amendment on the Second Amendment Effective Date but before 5:00pm Charlotte, North Carolina on the third (3rd) Business Day after the Second Amendment Effective Date, Holdings and the Borrower shall have (i) filed the IPO Name Changes with the Delaware Secretary of State and (ii) delivered evidence and a record of such filing to the Administrative Agent. For the avoidance of doubt, the Administrative Agent and the Lenders hereby consent to the IPO Name Changes notwithstanding the advance notice requirement set forth in Section 6.6 of the Guaranty and Security Agreement so long as the Borrower and Holdings comply with the conditions described in clauses (i) and (ii) of this Section 5.

Section 6. Joinder of New Lenders. Each New Lender, by executing this Amendment, hereby agrees to be joined to the Amended Loan Agreement and become a "Lender" under the Amended Loan Agreement and the other Loan Documents with all of the rights and benefits of a Lender under the Amended Loan Agreement and the other Loan Documents, and to be bound by all of the terms and provisions (and subject to all of the obligations) of a Lender under the Amended Loan Agreement and the other Loan Documents.

Section 7. Representations. Each of the Loan Parties represents and warrants to the Administrative Agent and the Lenders that, as of the date hereof:

(a) Power and Authority. The execution, delivery and performance by such Loan Party of this Amendment and such Loan Party's performance under each Loan Document to which it is a party, as amended hereby (including, for the avoidance of doubt, pursuant to the Amended Loan Agreement and Amended Guaranty and Security Agreement, as applicable), are within its organizational powers and have been duly authorized by all necessary organizational and, if required, shareholder, partner or member action. This Amendment has been duly executed and delivered by such Loan Party and constitutes a valid

and binding obligation, enforceable against such Loan Party in accordance with its respective terms, except as may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally and by general principles of equity.

(b) No Violation. The execution, delivery and performance by such Loan Party of this Amendment, and compliance by such Loan Party with the terms and provisions of the Amended Guaranty and Security Agreement and, solely in the case of Holdings and the Borrower, the Amended Loan Agreement: (i) will not materially violate any judgment, order or ruling of any Governmental Authority, (ii) will not conflict with or result in any breach of any of the terms, covenants, conditions or provisions of, or constitute a default under, or result in the creation or imposition of (or the obligation to create or impose) any lien upon any of the property or assets of any Loan Party pursuant to the terms of any indenture, mortgage, deed of trust, credit agreement or loan agreement, or any other agreement, contract or instrument, to which any Loan Party is a party or by which they or any of their property or assets is bound or to which they may be subject (other than the existing Liens granted under the Loan Documents that secure the Obligations, which for the avoidance of doubt shall be unaffected by this Amendment) or (iii) will not violate any provision of the certificate or articles of incorporation or bylaws (or similar corporate documents) of such Loan Party. The execution, delivery and performance by the Borrower and Holdings of this Amendment, and compliance by them with the terms and provisions of the Amended Loan Agreement (a) do not require any material consent or approval of, registration or filing with, or any action by, any Governmental Authority or any other Person, except those as have been obtained or made and are in full force and effect and except for filings necessary to perfect or maintain perfection of the Liens created under the Loan Documents, (b) will not materially violate (x) any Requirement of Law applicable to Holdings or Borrower or (y) any judgment, order or ruling of any Governmental Authority, (c) will not violate or result in a default under any Contractual Obligation of Holdings or Borrower or any of its assets or give rise to a right thereunder to require any payment to be made by Holdings or Borrower (except as could not reasonably be expected to result in a Material Adverse Effect) and (d) will not result in the creation or imposition of any Lien on any asset of Holdings or Borrower, except Liens (if any) created under the Loan Documents and Liens permitted under Section 7.2 of the Amended Loan Agreement.

(c) No Default. No Default or Event of Default has occurred and is continuing as of the date hereof and no Default or Event of Default will exist immediately after giving effect to this Amendment.

(d) No Impairment. The execution, delivery, performance and effectiveness of this Amendment will not: (a) impair the validity, effectiveness or priority of the Liens granted pursuant to any Loan Document, and such Liens continue unimpaired with the same priority to secure repayment of all of the applicable Obligations, whether heretofore or hereafter incurred, and (b) require that any new filings be made or other action taken to perfect or to maintain the perfection of such Liens (other than in connection with the IPO Name Changes).

Section 8. Effect of this Amendment; No Further Amendments; Ratification of Liability. Except as expressly amended hereby, the Existing Loan Agreement, the Existing Guaranty and Security Agreement and each of the other Loan Documents shall remain in full force and effect in accordance with their respective terms, and the Lenders and the Administrative Agent hereby require strict compliance with the terms and conditions of the Amended Loan Agreement, the Existing Guaranty and Security Agreement and the other Loan Documents in the future, in each case, pursuant to the terms of the Loan Documents. Each reference in the Existing Loan Agreement to "this Agreement", "hereunder", "hereof", "herein" or words of like import referring to the Existing Loan Agreement, and each reference in the other Loan Documents to the "Amended and Restated Term Loan Agreement", "thereunder", "thereof" or

words of like import referring to the Existing Loan Agreement, shall mean and be a reference to the Amended Loan Agreement. Each of (i) the Borrower and Holdings hereby restates, ratifies, confirms and reaffirms its respective liabilities, payment and performance obligations (contingent or otherwise) and each and every term, covenant and condition set forth in the Existing Loan Agreement and the other Loan Documents to which it is a party, all as amended by this Amendment, and the liens and security interests granted, created and perfected thereby and (ii) the other Loan Parties hereby restates, ratifies, confirms and reaffirms its respective liabilities, payment and performance obligations (contingent or otherwise) and each and every term, covenant and condition set forth in the Existing Guaranty and Security Agreement and the other Loan Documents to which it is a party, all as amended by this Amendment, and the liens and security interests granted, created and perfected thereby. Each Loan Party acknowledges and agrees that this Amendment shall not in any way affect the validity and enforceability of any Loan Document to which it is a party, or reduce, impair or discharge the obligations of any Loan Party or the Collateral granted to the Administrative Agent and/or the Lenders thereunder. The Lenders' agreement to the terms of this Amendment or any other Loan Document shall not be deemed to establish or create a custom or course of dealing between the Borrower, Holdings or the Lenders, or any of them. This Amendment shall be deemed to be a "Loan Document" for all purposes under the Loan Agreement. The amendments contained herein shall be deemed to have prospective application only.

Section 9. Other Provisions.

(a) This Amendment may be executed by one or more of the parties to this Amendment on any number of separate counterparts, and all of said counterparts taken together shall be deemed to constitute one and the same instrument. Delivery of an executed counterpart of a signature page to this Amendment by facsimile or by electronic transmission (in pdf form) shall be as effective as delivery of a manually executed counterpart hereof.

(b) Any provision of this Amendment held by a court of competent jurisdiction to be invalid or unenforceable shall not impair or invalidate the remainder of this Amendment.

(c) THIS AMENDMENT SHALL BE GOVERNED BY AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH AND BE GOVERNED BY THE LAW OF THE STATE OF NEW YORK.

(d) THIS AMENDMENT CONSTITUTES THE ENTIRE CONTRACT AMONG THE PARTIES HERETO RELATING TO THE SUBJECT MATTER HEREOF AND SUPERSEDES ANY AND ALL PREVIOUS DISCUSSIONS, CORRESPONDENCE, AGREEMENTS AND OTHER UNDERSTANDINGS, WHETHER ORAL OR WRITTEN, RELATING TO THE SUBJECT MATTER HEREOF.

[Signature Page Follows]

IN WITNESS WHEREOF, the Loan Parties, the Lenders and the Administrative Agent have caused this Second Amendment to Amended and Restated Loan Agreement to be duly executed by their respective duly authorized officers and representatives as of the day and year first above written.

BORROWER:

ROOT, INC.

By: /s/ Alexander Timm
Name: Alexander Timm

Title: Chief Executive Officer

HOLDINGS:

ROOT STOCKHOLDINGS, INC.

By: /s/ Alexander Timm
Name: Alexander Timm

Title: Chief Executive Officer

OTHER LOAN PARTIES:

ROOT INSURANCE AGENCY, LLC

By: Root, Inc., its Sole Member

By: /s/ Alexander Timm
Name: Alexander Timm

Title: Chief Executive Officer

BUZZWORDS LABS INC.

By: /s/Jonathan A. Allison
Name: Jonathan A. Allison

Title: General Counsel

ROOT ENTERPRISE, LLC

By: /s/ Alexander Timm
Name: Alexander Timm

Title: Chief Executive Officer

TRUIST BANK, as Administrative Agent and a Lender

By: /s/ David Fournier
Name: David Fournier

Title: Managing Director

The Huntington National Bank, as a Lender

By: /s/ Melissa Diethelm
Name: Melissa Diethelm

Title: Vice President

GOLDMAN SACHS LENDING PARTNERS LLC, as a Lender

By: /s/ Ryan Durkin
Name: Ryan Durkin

Title: Authorized Signatory

WESTERN ALLIANCE BANK, as a Lender

By: /s/ Brian McCabe
Name: Brian McCabe

Title: Director

New Lenders:

MORGAN STANLEY SENIOR FUNDING, INC., as a Lender

By: /s/ Julie Lilienfeld
Name: Julie Lilienfeld

Title: Authorized Signatory

Wells Fargo Bank, N.A., as a Lender

By: /s/ Paritosh Satia
Name: Paritosh Satia

Title: Director

BARCLAYS BANK PLC, as a Lender

By: /s/ Ronnie Glen
Name: Ronnie Glen

Title: Director

DEUTSCHE BANK AG NEW YORK BRANCH, as a Lender

By: /s/ Michael Strobel
Name: Michael Strobel
Title: Vice President
[***]
[***]

By:
Name:

Title:

Schedule 1

New Lenders

1. Morgan Stanley Senior Funding, Inc.
2. Wells Fargo Bank, N.A.
3. Barclays Bank PLC
4. Deutsche Bank AG New York Branch

Annex A

Amended Loan Agreement

Annex A

Conformed through Second Amendment to Amended and Restated Term Loan Agreement dated September 14, 2020

CUSIP Number (Term Loan): [***]

CUSIP Number (Revolver): [***]

AMENDED AND RESTATED REVOLVING CREDIT AND TERM LOAN AGREEMENT

dated as of November 25, 2019

by and among

ROOT, INC.

as Borrower

ROOT STOCKHOLDINGS, INC.

as Holdings

THE LENDERS FROM TIME TO TIME PARTY HERETO

and

~~SUNTRUST~~TRUIST BANK

as Administrative Agent

and

THE HUNTINGTON NATIONAL BANK

as Documentation Agent

TRUIST SECURITIES, INC. (F/K/A SUNTRUST ROBINSON HUMPHREY, INC.)

as Sole Lead Arranger and Sole Book Runner

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AMENDED AND RESTATED REVOLVING CREDIT AND TERM LOAN AGREEMENT

THIS AMENDED AND RESTATED REVOLVING CREDIT AND TERM LOAN AGREEMENT (this "Agreement") is made and entered into as of November 25, 2019, by and among **ROOT STOCKHOLDINGS, INC.**, a Delaware corporation ("Holdings"), **ROOT, INC.**, a Delaware corporation (the "Borrower"), the several banks and other financial institutions and lenders from time to time party hereto (the "Lenders"), and ~~**SUNTRUST**~~**TRUIST BANK**, successor by merger to SunTrust Bank, in its capacity as Administrative Agent for the Lenders (in such capacity, the "Administrative Agent") and, from and after the Second Amendment Effective Date, as issuing bank (in such capacity, the "Issuing Bank") and as swingline lender (in such capacity, the "Swingline Lender").

W I T N E S S E T H:

WHEREAS, Holdings, the Borrower and the Administrative Agent are parties to that certain Term Loan Agreement, dated as of April 17, 2019 (as amended, waived or otherwise modified and in effect immediately prior to the date hereof, the "Existing Credit Agreement");

WHEREAS, the Borrower has requested that the Lenders and the Administrative Agent amend and restate the Existing Credit Agreement on the terms and conditions set forth herein; and

WHEREAS, subject to the terms and conditions of this Agreement, the Administrative Agent and the Lenders are willing to so amend and restate the Existing Credit Agreement;

NOW, THEREFORE, in consideration of the premises and the mutual covenants herein contained, the Borrower, the Lenders ~~and~~, the Administrative Agent, the Issuing Bank and the Swingline Lender agree as follows:

Article I.

DEFINITIONS; CONSTRUCTION

Section i **Definitions**. In addition to the other terms defined herein, the following terms used herein shall have the meanings herein specified (to be equally applicable to both the singular and plural forms of the terms defined):

~~"Additional Lender" shall have the meaning set forth in Section 2.18.~~

"Acquisition Consideration" shall mean the purchase consideration for any Permitted Acquisition and all other payments by Holdings or any of its Subsidiaries in exchange for, or as part of, or in connection with, any Permitted Acquisition, whether paid in cash or by exchange of Capital Stock or of properties or otherwise and whether payable at or prior to the consummation of such Permitted Acquisition or deferred for payment at any future time, whether or not any such future payment is subject to the occurrence of any contingency, and includes any and all payments representing the purchase price and any assumptions of Indebtedness, "earn-outs" and other agreements to make any payment the amount of which is, or the terms of payment of which are, in any respect subject to or contingent upon the revenues, income, cash flow or profits (or the like) of any person or business acquired in connection with such Permitted Acquisition; provided that any such future payment that is subject to a contingency shall be considered Acquisition Consideration only to the extent required under GAAP to be reflected as a liability on the balance sheet of Holdings as of the closing of such acquisition.

"Adjusted LIBO Rate" shall mean, with respect to each Interest Period for a Eurodollar Loan, (i) the rate *per annum* equal to the London interbank offered rate for deposits in Dollars appearing on Reuters screen page LIBOR 01 (or on any successor or substitute page of such service or any successor to such service, or if such service is not available, such other commercially available source providing rate quotations comparable to those currently provided on such page as may be reasonably designated by the Administrative Agent from time to time) (in each case, the "Screen Rate") at approximately 11:00 A.M. (London time) two (2) Business Days prior to the first day of such Interest Period, with a maturity comparable to such Interest Period, divided by (ii) 1.00 minus the then stated maximum rate of all reserve requirements (including any marginal, emergency, supplemental, special or other reserves and without benefit of credits for proration, exceptions or offsets that may be available from time to time) expressed as a decimal (rounded upward to the next 1/100th of 1%) applicable to any member bank of the Federal Reserve System in respect of Eurocurrency liabilities as defined in Regulation D (or any successor category of liabilities under Regulation D); provided that if the rate referred to in clause (i) above is not available at any such time for any reason, then the rate referred to in clause (i) shall instead be the interest rate *per annum*, as reasonably determined by the Administrative Agent, to be the arithmetic average of the rates *per annum* at which deposits in Dollars in an amount equal to the amount of such Eurodollar Loan are offered by major banks in the London interbank market to the Administrative Agent at approximately 11:00 A.M. (London time), two (2) Business Days prior to the first day of such Interest Period. For purposes of this Agreement, the Adjusted LIBO Rate will not be less than zero percent (0%).

"Administrative Agent" shall mean ~~SunTrust~~Truist Bank, in its capacity as administrative agent under any of the Loan Documents, or any successor administrative agent (as may be determined in accordance with Section 9.7).

"Administrative Questionnaire" shall mean, with respect to each Lender, an administrative questionnaire in the form provided by the Administrative Agent and submitted to the Administrative Agent duly completed by such Lender.

"Affected Financial Institution" shall mean (a) any EEA Financial Institution or (b) any UK Financial Institution.

"Affiliate" shall mean, with respect to any Person, another Person that directly, or indirectly through one or more intermediaries, Controls, is Controlled by, or is under common Control with, the specified Person. For the purposes of this definition, "Control" shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ability to exercise voting power, by control or otherwise. The terms "Controlling" and "Controlled" have meanings correlative thereto.

"Agency Agreement" shall mean that certain Authorized Producer Agreement, dated as of October 1, 2018, by and between RIC and RIA, as the same may be amended, restated, supplemented, replaced or otherwise modified from time to time to the extent permitted hereby.

"Agent Fee Letter" shall mean that certain fee letter, dated October 15, 2019, executed by Truist Securities, Inc. (f/k/a SunTrust Robinson Humphrey, Inc.) and ~~SunTrust~~Truist Bank and accepted by the Borrower.

"Aggregate Revolving Commitment Amount" shall mean the aggregate principal amount of the Aggregate Revolving Commitments from time to time. On the Second Amendment Effective Date, the Aggregate Revolving Commitment Amount is $100,000,000.

"Aggregate Revolving Commitments" shall mean, collectively, all Revolving Commitments of all Lenders at any time outstanding.

"Agreement" shall have the meaning assigned to such term in the introductory paragraph hereto.

"Anti-Corruption Laws" shall mean all laws, rules and regulations of any jurisdiction applicable to Holdings, the Borrower and/or their Subsidiaries concerning or relating to bribery or corruption.

"Applicable Lending Office" shall mean, for each Lender and for each Type of Loan, the "Lending Office" of such Lender (or an Affiliate of such Lender) designated for such Type of Loan in the Administrative Questionnaire submitted by such Lender or such other office of such Lender (or such Affiliate of such Lender) as such Lender may from time to time specify to the Administrative Agent and the Borrower as the office by which its ~~Term~~ Loans of such Type are to be made and maintained.

"Applicable Margin" shall mean (i) 3.00% *per annum* with respect to Base Rate Loans and (ii) 4.00% *per annum* with respect to Eurodollar Loans.

"Approved Fund" shall mean any Person (other than a natural Person (or any holding company, investment vehicle or trust for, or owned and operated for the primary benefit of, a natural Person)) that is (or will be) engaged in making, purchasing, holding or otherwise investing in commercial loans and similar extensions of credit in the ordinary course of its business and that is administered or managed by (a) a Lender, (b) an Affiliate of a Lender or (c) an entity or an Affiliate of an entity that administers or manages a Lender.

"Arranger" shall mean Truist Securities, Inc. (f/k/a SunTrust Robinson Humphrey, Inc.), in its capacity as sole lead arranger and bookrunner.

"Assignee Lenders" shall mean each of ~~SunTrust~~Truist Bank and The Huntington National Bank.

"Assignment and Acceptance" shall mean an assignment and acceptance entered into by a Lender and an Eligible Assignee (with the consent of any party whose consent is required by Section 10.4(b)) and accepted by the Administrative Agent, in substantially the form of Exhibit A attached hereto or any other form approved by the Administrative Agent.

"Availability Period" shall mean the period from the Second Amendment Effective Date to but excluding the Revolving Commitment Termination Date.

"Bail-In Action" shall mean the exercise of any Write-Down and Conversion Powers by the applicable ~~EEA~~ Resolution Authority in respect of any liability of an ~~EEA~~Affected Financial Institution.

"Bail-In Legislation" shall mean, (a) with respect to any EEA Member Country implementing Article 55 of Directive 2014/59/EU of the European Parliament and of the Council of the

European Union, the implementing law, regulation, rule or requirement for such EEA Member Country from time to time which is described in the EU Bail-In Legislation Schedule. and (b) with respect to the United Kingdom, Part I of the United Kingdom Banking Act 2009 (as amended from time to time) and any other law, regulation or rule applicable in the United Kingdom relating to the resolution of unsound or failing banks, investment firms or other financial institutions or their affiliates (other than through liquidation, administration or other insolvency proceedings).

"Bank Product Amount" shall have the meaning set forth in the definition of "Bank Product Provider."

"Bank Product Obligations" shall mean, collectively, all obligations and other liabilities of any Loan Party to any Bank Product Provider arising with respect to any Bank Products.

"Bank Product Provider" shall mean any Person that, at the time it initially provides any Bank Product to any Loan Party (or if entered into prior to the Original Closing Date and is still in existence, on the Original Closing Date), (i) is a Lender or an Affiliate of a Lender and (ii) except when the Bank Product Provider is ~~SunTrust~~Truist Bank and its Affiliates, has provided prior written notice to the Administrative Agent which has been acknowledged by the Borrower of (x) the existence of such Bank Product, (y) the maximum dollar amount of obligations arising thereunder (the "Bank Product Amount") and (z) the methodology to be used by such parties in determining the obligations under such Bank Product from time to time. In no event shall any Bank Product Provider acting in such capacity be deemed a Lender for purposes hereof to the extent of and as to Bank Products except that each reference to the term "Lender" in Article IX and Section 10.3(b) shall be deemed to include such Bank Product Provider and in no event shall the approval of any such Person in its capacity as Bank Product Provider be required in connection with the release or termination of any guaranty, security interest or Lien of the Administrative Agent or of any Loan Document. The Bank Product Amount may be changed from time to time upon written notice to the Administrative Agent by the applicable Bank Product Provider. No Bank Product Amount may be established at any time that a Default or Event of Default exists.

"Bank Products" shall mean any of the following services provided to any Loan Party by any Bank Product Provider: (a) any treasury or other cash management services, including deposit accounts, automated clearing house (ACH) origination and other funds transfer, depository (including cash vault and check deposit), zero balance accounts and sweeps, return items processing, controlled disbursement accounts, positive pay, lockboxes and lockbox accounts, account reconciliation and information reporting, payables outsourcing, payroll processing, trade finance services, investment accounts and securities accounts, and (b) letter of credit services, card services, including credit cards (including purchasing cards and commercial cards), prepaid cards, including payroll, stored value and gift cards, merchant services processing, and debit card services. Notwithstanding anything to the contrary contained in this Agreement, each of the Escrow Agreements and the Escrow Accounts shall be deemed not to be a Bank Product.

"Base Rate" shall mean for any day a rate per annum equal to the highest of (i) the rate of interest which the Administrative Agent announces from time to time as its prime lending rate, as in effect from time to time (the "Prime Rate"), (ii) the Federal Funds Rate, as in effect from time to time, plus 0.50%, (iii) the Adjusted LIBO Rate determined on a daily basis for an Interest Period of one (1) month, plus 1.00% (any changes in such rates to be effective as of the date of any change in such rate), and (iv) zero percent (0.00%). The Administrative Agent's prime lending rate is a reference rate and does not necessarily represent the lowest or best rate actually charged to any customer. The Administrative Agent may make commercial loans or other loans at rates of interest at, above, or below the Administrative

Agent's prime lending rate. Any change in the Base Rate due to a change in the Prime Rate, the Federal Funds Rate, or the Adjusted LIBO Rate will be effective from and including the effective date of such change in the Prime Rate, the Federal Funds Rate, or the Adjusted LIBO Rate.

"Base Rate Loans" shall mean ~~Term~~ Loans for which the rate of interest is based upon the Base Rate.

"Benchmark Replacement" shall mean the sum of: (a) the alternate benchmark rate (which may include Term SOFR) that has been selected by the Administrative Agent and the Borrower giving due consideration to (i) any selection or recommendation of a replacement rate or the mechanism for determining such a rate by the Relevant Governmental Body or (ii) any evolving or then-prevailing market convention for determining a rate of interest as a replacement to the Screen Rate for U.S. dollar- denominated syndicated credit facilities and (b) the Benchmark Replacement Adjustment; provided that, if the Benchmark Replacement as so determined would be less than zero, the Benchmark Replacement will be deemed to be zero for the purposes of this Agreement.

"Benchmark Replacement Adjustment" shall mean, with respect to any replacement of the Screen Rate with an Unadjusted Benchmark Replacement for each applicable Interest Period, the spread adjustment, or method for calculating or determining such spread adjustment, (which may be a positive or negative value or zero) that has been selected by the Administrative Agent and the Borrower giving due consideration to (i) any selection or recommendation of a spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of the Screen Rate with the applicable Unadjusted Benchmark Replacement by the Relevant Governmental Body or (ii) any evolving or then-prevailing market convention for determining a spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of the Screen Rate with the applicable Unadjusted Benchmark Replacement for U.S. dollar-denominated syndicated credit facilities at such time.

"Benchmark Replacement Conforming Changes" shall mean, with respect to any Benchmark Replacement, any technical, administrative or operational changes (including changes to the definition of "Base Rate," the definition of "Interest Period," timing and frequency of determining rates and making payments of interest and other administrative matters) that the Administrative Agent decides may be appropriate to reflect the adoption and implementation of such Benchmark Replacement and to permit the administration thereof by the Administrative Agent in a manner substantially consistent with market practice (or, if the Administrative Agent decides that adoption of any portion of such market practice is not administratively feasible or if the Administrative Agent determines that no market practice for the administration of the Benchmark Replacement exists, in such other manner of administration as the Administrative Agent decides is reasonably necessary in connection with the administration of this Agreement).

"Benchmark Replacement Date" shall mean the earlier to occur of the following events with respect to the Screen Rate:

(1) in the case of clause (1) or (2) of the definition of "Benchmark Transition Event," the later of (a) the date of the public statement or publication of information referenced therein and (b) the date on which the administrator of the Screen Rate permanently or indefinitely ceases to provide the Screen Rate; or

(2) in the case of clause (3) of the definition of "Benchmark Transition Event," the date of the public statement or publication of information referenced therein.

"Benchmark Transition Event" shall mean the occurrence of one or more of the following events with respect to the Screen Rate:

(1) a public statement or publication of information by or on behalf of the administrator of the Screen Rate announcing that such administrator has ceased or will cease to provide the Screen Rate, permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide the Screen Rate;

(2) a public statement or publication of information by the regulatory supervisor for the administrator of the Screen Rate, the U.S. Federal Reserve System, an insolvency official with jurisdiction over the administrator for the Screen Rate, a resolution authority with jurisdiction over the administrator for the Screen Rate, or a court or an entity with similar insolvency or resolution authority over the administrator for the Screen Rate, which states that the administrator of the Screen Rate has ceased or will cease to provide the Screen Rate permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide the Screen Rate; or

(3) a public statement or publication of information by the regulatory supervisor for the administrator of the Screen Rate announcing that the Screen Rate is no longer representative.

"Benchmark Transition Start Date" shall mean (a) in the case of a Benchmark Transition Event, the earlier of (i) the applicable Benchmark Replacement Date and (ii) if such Benchmark Transition Event is a public statement or publication of information of a prospective event, the 90th day prior to the expected date of such event as of such public statement or publication of information (or if the expected date of such prospective event is fewer than 90 days after such statement or publication, the date of such statement or publication) and (b) in the case of an Early Opt-in Election, the date specified by the Administrative Agent or the Required Lenders, as applicable, by notice to the Borrower, the Administrative Agent (in the case of such notice by the Required Lenders) and the Lenders.

"Benchmark Unavailability Period" shall mean, if a Benchmark Transition Event and its related Benchmark Replacement Date have occurred with respect to the Screen Rate and solely to the extent that the Screen Rate has not been replaced with a Benchmark Replacement, the period (x) beginning at the time that such Benchmark Replacement Date has occurred if, at such time, no Benchmark Replacement has replaced the Screen Rate for all purposes hereunder in accordance with Section 2.16(b)-(e) and (y) ending at the time that a Benchmark Replacement has replaced the Screen Rate for all purposes hereunder pursuant to Section 2.16(b)-(e).

"Beneficial Ownership Certification" shall mean a certification regarding beneficial ownership as required by the Beneficial Ownership Regulation.

"Beneficial Ownership Regulation" shall mean 31 C.F.R. § 1010.230.

"Borrower" shall have the meaning set forth in the introductory paragraph hereof.

"Borrowing" shall mean any Loans of the same Type and Class made, converted or continued on the same date, including the Term Loans made on the Original Closing Date, and, in the case of Eurodollar Loans, as to which a single Interest Period is in effect.

"Business Day" shall mean any day other than (i) a Saturday, Sunday or other day on which commercial banks in ~~Atlanta, Georgia~~Charlotte, North Carolina or New York, New York are authorized or required by law to close and (ii) if such day relates to a Borrowing of, a payment or prepayment of principal or interest on, a continuation or conversion of or into, or an Interest Period for, a Eurodollar Loan or a notice with respect to any of the foregoing, any such day that is also a day on which dealings in Dollar deposits are not conducted by and between banks in the London interbank market.

"Capital Lease Obligations" of any Person shall mean all obligations of such Person to pay rent or other amounts under any lease (or other arrangement conveying the right to use) of real or personal property, or a combination thereof, which obligations are required to be classified and accounted for as capital leases on a balance sheet of such Person under GAAP as in effect on December 31, 2017, and the amount of such obligations shall be the capitalized amount thereof determined in accordance with GAAP as in effect on December 31, 2017.

"Capital Stock" shall mean all shares, options, warrants, general or limited partnership interests, membership interests or other equivalents (regardless of how designated) of or in a corporation, partnership, limited liability company or equivalent entity whether voting or nonvoting, including common stock, preferred stock or any other "equity security" (as such term is defined in Rule 3a11-1 of the General Rules and Regulations promulgated by the Securities and Exchange Commission under the Exchange Act).

"Cash Collateralize" shall mean, to pledge and deposit with or deliver to the Administrative Agent, for the benefit of the Issuing Bank or Swingline Lender (as applicable) and the Lenders, as collateral for LC Exposure, Obligations in respect of Swingline Loans, or obligations of Lenders to fund participations in respect of either thereof (as the context may require), cash or deposit account balances or, if the applicable Issuing Bank or Swingline Lender benefitting from such collateral shall agree in its sole discretion, other credit support, in each case pursuant to documentation in form and substance satisfactory to (a) the Administrative Agent and (b) the applicable Issuing Bank or the Swingline Lender (as applicable). "Cash Collateral" shall have a meaning correlative to the foregoing and shall include the proceeds of such cash collateral and other credit support.

"Ceded Earned Premium" shall mean all revenue recognized during the period of measurement for written insurance contracts that have been reinsured to a third party during the period of measurement as determined in accordance with SAP.

"Ceded Written Premium" shall mean all premium covering written insurance contracts that have been reinsured to a third party during the period of measurement as determined in accordance with SAP.

"Change in Control" shall mean the occurrence of one or more of the following events:

(i) at any time prior to the consummation of a Qualified IPO, the Permitted Holders shall cease to collectively own and control, on a fully diluted basis, Capital Stock of Holdings representing more than 50% (a) of the economic interests in Holdings or (b) the voting power of Holdings entitled to vote in the election of members of the board of directors (or equivalent governing body) of Holdings; or

(ii) at any time after the consummation of a Qualified IPO, any "person" or "group" (in each case, within the meaning of the Exchange Act and the rules of the Securities and Exchange Commission thereunder) other than the Permitted Holders or a trustee or other

fiduciary holding securities under an employee benefit plan of Borrower (a) shall have acquired, directly or indirectly, beneficial ownership of 35.0% or more of the outstanding shares of the voting interests in the Capital Stock of Holdings or (b) shall have obtained the power (whether or not exercised) to elect a majority of the members of the board of directors (or equivalent governing body) of Holdings; or

(iii) at any time after the consummation of a Qualified IPO, during any period of 24 consecutive months, a majority of the members of the board of directors (or other equivalent governing body) of Holdings cease to be composed of individuals who are Continuing Directors; or

(iv) (a) Holdings shall cease to directly own and control 100% of the Capital Stock of the Borrower; or (b) the Borrower shall cease to own and control, directly or indirectly, 100% of the Capital Stock of each of its Subsidiaries (other than (x) pursuant to a transaction permitted by ~~Sections~~Section 7.3(a) and (y) Subsidiaries the Capital Stock of which the Borrower does not directly or indirectly own 100% of at the time of the initial formation or acquisition of such Subsidiaries (including, for the avoidance of doubt, any Subsidiaries that are mutual insurance companies) to the extent such initial formation or acquisition was permitted by Sections 7.4(m) and 7.4(o); provided that clause (x) of this parenthetical shall not apply with respect to any U.S. Insurance Subsidiary); or

(v) ~~(a)~~ at any time prior to the consummation of a Qualified IPO, Alex Timm shall own and control less than 8.0% of the outstanding shares of the economic and voting interests in the Capital Stock of Holdings~~, and (b) at any time after the consummation of a Qualified IPO, Alex Timm shall own and control less than 4.0% of the outstanding shares of the economic and voting interests in the Capital Stock of Holdings~~; or

(vi) at any time prior to the consummation of a Qualified IPO, Alex Timm shall cease at any time to be directly involved in the day to day management of the Borrower.

"Change in Law" shall mean the occurrence, after the Closing Date, of any of the following: (i) the adoption or taking effect of any applicable law, rule, regulation or treaty, (ii) any change in any applicable law, rule, regulation or treaty, or in the administration, interpretation, implementation or application thereof by any Governmental Authority, or (iii) the making or issuance of any request, rule, guideline or directive (whether or not having the force of law) of any Governmental Authority; provided that notwithstanding anything herein to the contrary, for purposes of this Agreement, (x) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives in connection therewith and (y) all requests, rules, guidelines or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States or foreign regulatory authorities, in each case pursuant to Basel III, shall in each case be deemed to be a "Change in Law", regardless of the date enacted, adopted or issued.

"Class", when used in reference to any Loan or Borrowing, refers to whether such Loan, or each of the Loans comprising such Borrowing, is a Revolving Loan, a Swingline Loan or the Term Loan and when used in reference to any Commitment, refers to whether such Commitment is a Revolving Commitment, a Swingline Commitment or a Term Loan Commitment.

"Closing Date" shall mean the date on which the conditions precedent set forth in Section 3.1 and Section ~~3.3~~3.4 have been satisfied or waived in accordance with Section 10.2.

"Code" shall mean the Internal Revenue Code of 1986, as amended and in effect from time to time.

"Collateral" shall mean all tangible and intangible property, real and personal, of any Loan Party that is or purports to be the subject of a Lien to the Administrative Agent under the Loan Documents to secure the whole or any part of the Obligations or any Guarantee thereof, and shall include, without limitation, all casualty insurance proceeds and condemnation awards with respect to any of the foregoing; provided that, for the avoidance of doubt, the Collateral shall exclude (i) all of the assets of any Insurance Subsidiary or any Subsidiary of an Insurance Subsidiary and (ii) all other Excluded Property.

"Collateral Access Agreement" shall mean each landlord waiver or bailee agreement granted to, and in form and substance reasonably acceptable to, the Administrative Agent.

"Collateral Assignment" shall mean that certain Collateral Assignment of Representations, Warranties, Covenants and Indemnities under the Agency Agreement, dated as of the Original Closing Date, executed by RIA in favor of the Administrative Agent.

"Collateral Documents" shall mean, collectively, the Guaranty and Security Agreement, any Real Estate Documents, the Control Account Agreements, the Collateral Assignment, all Copyright Security Agreements, all Patent Security Agreements, all Trademark Security Agreements, all Collateral Access Agreements, and all other instruments and agreements now or hereafter securing or perfecting the Liens securing the whole or any part of the Obligations or any Guarantee thereof. For the avoidance of doubt, the Escrow Agreements shall be deemed to not constitute Collateral Documents.

"Commitment" shall mean a Revolving Commitment, a Swingline Commitment, a Term Loan Commitment or any combination thereof (as the context shall permit or require).

"Commitment Fee" shall have the meaning set forth in Section 2.14(b).

"Commodity Exchange Act" shall mean the Commodity Exchange Act (7 U.S.C. § 1 et seq.), as amended and in effect from time to time, and any successor statute.

"Compliance Certificate" shall mean a certificate from the principal executive officer, the principal financial officer, the principal accounting officer or the treasurer of the Borrower substantially in the form of, and containing substantially the certifications set forth in, the form attached hereto as Exhibit 5.1(d).

"Connection Income Taxes" means Other Connection Taxes that are imposed on or measured by net income (however denominated) or that are franchise Taxes or branch profits Taxes.

"Contingent Line of Credit" shall mean any unsecured line of credit pursuant to which (i) all obligations owing by the debtor or debtors under such line of credit are expressly subordinated in right of payment to the Obligations on terms and conditions (including, for the avoidance of doubt, standstill provisions) acceptable to the Administrative Agent in its sole discretion, (ii) the only debtors under such line of credit are Loan Parties, (iii) such line of credit and any Indebtedness issued thereunder does not have a stated maturity date or provide for scheduled amortization payments prior to one hundred eighty (180) days after the Stated Maturity Date, and (iv) there shall be no mandatory prepayment, redemption or redemption required (except for (x) provisions requiring Holdings to convert all or any portion of such Indebtedness into Qualified Capital Stock of Holdings, (y) customary repayment provisions upon a

change of control and (z) customary acceleration rights after an event of default) prior to one hundred eighty (180) days after the Stated Maturity Date.

"Continuing Director" shall mean, with respect to any period, any individuals (A) who were members of the board of directors or other equivalent governing body of the Borrower on the first day of such period, (B) whose election or nomination to that board or equivalent governing body was approved by individuals referred to in clause (A) above constituting at the time of such election or nomination at least a majority of that board or equivalent governing body, or (C) whose election or nomination to that board or other equivalent governing body was approved by individuals referred to in clauses (A) and (B) above constituting at the time of such election or nomination at least a majority of that board or equivalent governing body.

"Contractual Obligation" of any Person shall mean any provision of any security issued by such Person or of any agreement, instrument or undertaking under which such Person is obligated or by which it or any of the property in which it has an interest is bound.

"Control Account Agreement" shall mean any agreement by and among a Loan Party, the Administrative Agent, the NPA Agent (if applicable), and a depositary bank or securities intermediary at which such Loan Party maintains a Controlled Account, in each case in form and substance reasonably satisfactory to the Administrative Agent. For the avoidance of doubt, the Escrow Agreements shall be deemed to not constitute Control Account Agreements.

"Controlled Account" shall have the meaning set forth in Section 5.11(a).

"Copyright" shall have the meaning assigned to such term in the Guaranty and Security Agreement.

"Copyright Security Agreement" shall mean any Copyright Security Agreement executed by a Loan Party owning registered Copyrights or applications for Copyrights in favor of the Administrative Agent for the benefit of the Secured Parties, both on the Original Closing Date and thereafter.

"Covered Party" shall have the meaning set forth in Section 10.19(a).

"Debtor Relief Laws" shall mean the Bankruptcy Code of the United States of America, and all other liquidation, conservatorship, bankruptcy, assignment for the benefit of creditors, moratorium, rearrangement, receivership, insolvency, reorganization, or similar debtor relief Laws of the United States or other applicable jurisdictions from time to time in effect.

"Default" shall mean any condition or event that, with the giving of notice or the lapse of time or both, would constitute an Event of Default.

"Default Interest" shall have the meaning set forth in Section ~~2.8~~2.12(c).

"Defaulting Lender" shall mean, subject to Section ~~2.21~~2.26(~~b~~c), any Lender that (a) has failed to (i) fund all or any portion of its Loans within two (2) Business Days of the date such Loans were required to be funded hereunder unless such Lender notifies the Administrative Agent and the Borrower in writing that such failure is the result of such Lender's good faith determination that one or more conditions precedent to funding (each of which conditions precedent, together with any applicable default, shall be specifically identified in such writing) has not been satisfied, or (ii) pay to the

Administrative Agent, the Issuing Bank, any Swingline Lender or any other Lender any other amount required to be paid by it hereunder (including in respect of its participation in Letters of Credit or Swingline Loans) within two (2) Business Days of the date when due, ~~or~~ (b) has notified the Borrower, the Administrative Agent or the Issuing Bank or Swingline Lender in writing that it does not intend to comply with its funding obligations hereunder, or has made a public statement to that effect (unless such writing or public statement relates to such Lender's obligation to fund a Loan hereunder and states that such position is based on such Lender's determination that a condition precedent to funding (which condition precedent, together with any applicable default, shall be specifically identified in such writing or public statement) cannot be satisfied), (c) has failed, within three (3) Business Days after written request by the Administrative Agent or the Borrower, to confirm in writing to the Administrative Agent and the Borrower that it will comply with its prospective funding obligations hereunder (provided that such Lender shall cease to be a Defaulting Lender pursuant to this clause (c) upon receipt of such written confirmation by the Administrative Agent and the Borrower), or (d) has, or has a direct or indirect parent company that has (i) become the subject of a proceeding under any Debtor Relief Law, (ii) had appointed for it a receiver, custodian, conservator, trustee, administrator, assignee for the benefit of creditors or similar Person charged with reorganization or liquidation of its business or assets, including the Federal Deposit Insurance Corporation or any other state or federal regulatory authority acting in such a capacity or (iii) become the subject of a Bail-in Action; provided that a Lender shall not be a Defaulting Lender solely by virtue of the ownership or acquisition of any Capital Stock in that Lender or any direct or indirect parent company thereof by a Governmental Authority so long as such ownership interest does not result in or provide such Lender with immunity from the jurisdiction of courts within the United States or from the enforcement of judgments or writs of attachment on its assets or permit such Lender (or such Governmental Authority) to reject, repudiate, disavow or disaffirm any contracts or agreements made with such Lender. Any determination by the Administrative Agent that a Lender is a Defaulting Lender under clauses (a) ~~and~~through (~~b~~d) above shall be conclusive and binding absent manifest error, and such Lender shall be deemed to be a Defaulting Lender (subject to Section ~~2.21~~2.26(b)) upon delivery of written notice of such determination to the Borrower, each Issuing Bank, each Swingline Lender and each Lender.

"Direct Combined Ratio" shall mean the sum (expressed as a percentage) of the Direct Loss & LAE Ratio plus the Direct Expense Ratio.

"Direct Earned Premium" shall mean revenue recognized during the period of measurement for written insurance contracts, prior to any ceding, as determined in accordance with SAP.

"Direct Expense Ratio" shall mean, for any Test Period, (x) divided by (y) where (x) is Operating Expenses for all of the U.S. Insurance Subsidiaries for such period and (y) is Direct Written Premium of all U.S. Insurance Subsidiaries for such period.

"Direct Loss & LAE Ratio" shall mean, for any Test Period, (x) divided by (y) where (x) is the sum of (i) total new insurance policy incurred losses for all of the U.S. Insurance Subsidiaries for such period plus (ii) total renewal insurance policy incurred losses for all of the U.S. Insurance Subsidiaries for such period plus (iii) total costs for claims administration for all of the U.S. Insurance Subsidiaries related to Direct Earned Premium of the U.S. Insurance Subsidiaries for such period and (y) is Direct Earned Premium of the U.S. Insurance Subsidiaries for such period.

"Direct Written Premium" shall mean all premium covering written insurance contracts, prior to any ceding, during the period of measurement as determined in accordance with SAP.

"Disqualified Capital Stock" shall mean, with respect to any Person, any Capital Stock of such Person which (x) by its terms (or by the terms of any Capital Stock into which it is convertible or for which it is exchangeable), or upon the happening of any event, (a) matures or is mandatorily redeemable (other than solely for Qualified Capital Stock), pursuant to a sinking fund obligation or otherwise (except as a result of a change of control, asset sale or similar event so long as any rights of the holders thereof upon the occurrence of a change of control, asset sale or similar event shall be subject to the prior repayment in full of the ~~Term~~ Loans and all other Obligations that are accrued and payable) on or prior to the date that is ninety-one (91) days following the Stated Maturity Date, (b) is redeemable at the option of the holder thereof (other than (i) solely for Qualified Capital Stock or (ii) as a result of a change of control, asset sale or similar event so long as any rights of the holders thereof upon the occurrence of a change of control, asset sale or similar event shall be subject to the prior repayment in full of the ~~Term~~ Loans and all other Obligations that are accrued and payable), in whole or in part, on or prior to the date that is ninety-one (91) days following the Stated Maturity Date (c) provides for or otherwise permits the holder to receive scheduled payments of dividends or distributions in cash on or prior to the date that is ninety-one (91) days following the Stated Maturity Date or (d) is or becomes convertible into or exchangeable for Indebtedness or any other Capital Stock that would constitute Disqualified Capital Stock, in each case, on or prior to the date that is ninety-one (91) days following the Stated Maturity Date or (y) contains any repurchase obligation which, by its terms, may come into effect (except as a result of a change of control, asset sale or similar event so long as any rights of the holders thereof upon the occurrence of a change of control, asset sale or similar event shall be subject to the prior repayment in full of the ~~Term~~ Loans and all other Obligations that are accrued and payable) on or prior to the date that is ninety-one (91) days following the Stated Maturity Date.

"Disqualified Institution" shall mean (a) any direct competitor of the Borrower that is in the same or a substantially similar line of business and that has been identified in writing to the Administrative Agent at least 2 Business Days in advance of any proposed assignment to such Person hereunder, which identification shall not apply retroactively for any purpose, including to disqualify any Persons that have previously acquired an assignment or participation interest in any Loans and/or ~~Term Loan~~ Commitments (each such entity, a "Competitor") and (b) any Person that is (i) actually known by the Administrative Agent to be an Affiliate (solely on the basis of name) of any Competitor or (ii) identified in writing to the Administrative Agent as an Affiliate of a Competitor at least 2 Business Days in advance of any proposed assignment to such Person hereunder, which identification shall not apply retroactively for any purpose, including to disqualify any Persons that have previously acquired an assignment or participation interest in any Loans and/or ~~Term Loan~~ Commitments; provided that a list of Disqualified Institutions identified in clauses (a) and (b)(ii) above shall be made available to all Lenders upon request to the Administrative Agent.

"Dollar(s)" and the sign "$" shall mean lawful money of the United States.

"Early Opt-in Election" shall mean the occurrence of:

(1) (i) a determination by the Administrative Agent or (ii) a notification by the Required Lenders to the Administrative Agent (with a copy to the Borrower) that the Required Lenders have determined that U.S. dollar-denominated syndicated credit facilities being executed at such time, or that include language similar to that contained in Section 2.16(b)-(e) are being executed or amended, as applicable, to incorporate or adopt a new benchmark interest rate to replace the Screen Rate, and

(2) (i) the election by the Administrative Agent or (ii) the election by the Required Lenders to declare that an Early Opt-in Election has occurred and the provision, as applicable, by the Administrative Agent of written notice of such election to the Borrower and the Lenders or by the Required Lenders of written notice of such election to the Administrative Agent.

"EEA Financial Institution" shall mean (a) any credit institution or investment firm established in any EEA Member Country which is subject to the supervision of an EEA Resolution Authority, (b) any entity established in an EEA Member Country which is a parent of an institution described in clause (a) of this definition, or (c) any financial institution established in an EEA Member Country which is a subsidiary of an institution described in clauses (a) or (b) of this definition and is subject to consolidated supervision with its parent.

"EEA Member Country" shall mean any of the member states of the European Union, Iceland, Liechtenstein and Norway.

"EEA Resolution Authority" shall mean any public administrative authority or any Person entrusted with public administrative authority of any EEA Member Country (including any delegee) having responsibility for the resolution of any EEA Financial Institution.

"Eligible Assignee" shall mean any Person that meets the requirements to be an assignee under Section 10.4 (subject to such consents, if any, as may be required under Section 10.4(b)(iii)).

"Environmental Indemnity" shall mean each environmental indemnity made by each Loan Party with Real Estate required to be pledged as Collateral in favor of the Administrative Agent for the benefit of the Secured Parties, in each case in form and substance satisfactory to the Administrative Agent.

"Environmental Laws" shall mean all applicable laws, rules, regulations, codes, ordinances, orders, decrees, judgments, injunctions, notices or binding agreements issued, promulgated or entered into by or with any Governmental Authority relating in any way to the environment, preservation or reclamation of natural resources, the management, Release or threatened Release of any Hazardous Material or to health and safety matters concerning exposure to Hazardous Materials.

"Environmental Liability" shall mean any liability, contingent or otherwise (including any liability for damages, costs of environmental investigation and remediation, costs of administrative oversight, fines, natural resource damages, penalties or indemnities), of Holdings, the Borrower or any of their respective Subsidiaries directly or indirectly resulting from or based upon (i) any actual or alleged violation of any Environmental Law, (ii) the generation, use, handling, transportation, storage, treatment or disposal of any Hazardous Materials, (iii) any actual or alleged exposure to any Hazardous Materials, (iv) the Release or threatened Release of any Hazardous Materials or (v) any contract, agreement or other consensual arrangement pursuant to which liability is assumed or imposed with respect to any of the foregoing.

"Equity Monetization Event" shall mean, unless such event is waived by ~~the Required Lenders or the Required Noteholders (as such term is defined in the Note Purchase Agreement) pursuant to the terms of the Note Purchase Agreement~~all Lenders or a Significant Public Equity Capital Raise occurs prior to March 29, 2021, the occurrence of any of the following:

(i) the consummation of a Qualified IPO (other than pursuant to a Significant Public Equity Capital Raise);

(ii) the occurrence of a Change in Control ~~pursuant to clauses (i), (ii), (iii) or (iv) of the definition thereof~~;

(iii) the occurrence of a Significant Transaction; or

(iv) any automatic exercise of the Closing Date Warrants (as defined in the Note Purchase Agreement) in accordance with the terms thereof (other than pursuant to a Significant Public Equity Capital Raise).

"ERISA" shall mean the Employee Retirement Income Security Act of 1974, as amended and in effect from time to time, and any successor statute thereto and the regulations promulgated and rulings issued thereunder.

"ERISA Affiliate" shall mean any Person that, together with Borrower or its Subsidiaries, is or was, at any relevant time, considered to be a "single employer" under Section 414(b), (c), (m) or (o) of the Code.

"ERISA Event" shall mean (i) any "reportable event" as defined in Section 4043(c) of ERISA with respect to a Plan (other than an event as to which the PBGC has waived the requirement of Section 4043(a) of ERISA that it be notified of such event); (ii) any failure to make by its due date a required contribution to any Plan that would result in the imposition of a lien or encumbrance under Section 430 of the Code or Section 303 or 4068 of ERISA, or the imposition on the assets of Holdings, the Borrower or their Subsidiaries of such a lien or encumbrance, or any filing of any request for a minimum funding waiver under Section 412 of the Code or Section 303 of ERISA with respect to any Plan or Multiemployer Plan, whether or not waived,, or any determination that any Plan is, or is expected to be, in at-risk status under Section ~~303~~302 of ERISA; (iii) any incurrence by Holdings, the Borrower, any of their Subsidiaries or any of their respective ERISA Affiliates of any liability under Title IV of ERISA with respect to any Plan or Multiemployer Plan (other than for premiums due and not delinquent under Section 4007 of ERISA); (iv) any institution of proceedings, or the occurrence of an event or condition which would reasonably be expected to constitute grounds for the institution of proceedings by the PBGC, under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Plan; (v) any incurrence by Holdings, the Borrower, any of their Subsidiaries or any of their respective ERISA Affiliates of any liability with respect to the complete withdrawal or partial withdrawal (within the meaning of Sections 4203 and 4205 of ERISA) from any Multiemployer Plan, or the receipt by Holdings, the Borrower, any of their respective Subsidiaries or any of their respective ERISA Affiliates of any notice that a Multiemployer Plan is in endangered or critical status under Section 305 of ERISA; (vi) any receipt by Holdings, the Borrower, any of their respective Subsidiaries or any of their respective ERISA Affiliates of any notice, or any receipt by any Multiemployer Plan from Holdings, the Borrower, any of their respective Subsidiaries or any of their respective ERISA Affiliates of any notice, concerning the imposition of Withdrawal Liability or a determination that a Multiemployer Plan is, or is expected to be, insolvent or in reorganization, within the meaning of Section 4245 of ERISA; (vii) Holdings, the Borrower, any of their respective Subsidiaries engaging in a material non- exempt prohibited transaction within the meaning of Section 4975 of the Code or Section 406 of ERISA; or (viii) any filing of a notice of intent to terminate any Plan if such termination would require material additional contributions in order to be considered a standard termination within the meaning of Section 4041(b) of

ERISA, any filing under Section 4041(c) of ERISA of a notice of intent to terminate any Plan, or the termination of any Plan under Section 4041(c) of ERISA.

"Escrow Accounts" shall mean any account pursuant to which Escrow Funds are held while subject to the Escrow Agreement.

"Escrow Agreement" shall mean, collectively, (i) that certain Escrow Agreement, dated as of the date hereof, by and among the Borrower, ~~SunTrust~~Truist Bank, as a Lender and ~~SunTrust~~Truist Bank, as escrow agent and (ii) that certain Escrow Agreement, dated as of the date hereof, by and among the Borrower, The Huntington National Bank, as a Lender and ~~SunTrust~~Truist Bank, as escrow agent.

"Escrow Agent" shall mean ~~SunTrust~~Truist Bank, a ~~Georgia~~North Carolina banking corporation.

"Escrow Funds" shall mean all cash (and cash equivalents to the extent permitted by the Escrow Agreements) that is at any time and from time to time included in the "Escrow Fund" (as defined in each of the Escrow Agreements) and held in the "Escrow Account" (as defined in each of the Escrow Agreements); provided that the aggregate amount of Escrow Funds that the Loan Parties or their Subsidiaries are required to deposit on the Closing Date shall not exceed $24,937,500.00 in the aggregate.

"Escrow Period" shall have the meaning set forth in Section 11.2.

"EU Bail-In Legislation Schedule" shall mean the EU Bail-In Legislation Schedule published by the Loan Market Association (or any successor Person), as in effect from time to time.

"Eurodollar Loans" shall mean ~~Term~~ Loans for which the rate of interest applicable is based upon the Adjusted LIBO Rate.

~~"Eurodollar Successor Rate" shall have the meaning set forth in Section 2.12(b).~~

~~"Eurodollar Successor Rate Conforming Changes" shall mean, with respect to any proposed Eurodollar Successor Rate, any conforming changes to the definition of Base Rate, Interest Period, timing and frequency of determining rates and making payments of interest and other administrative matters as may be appropriate, in the reasonable discretion of the Administrative Agent in consultation with the Borrower, to reflect the adoption of such Eurodollar Successor Rate and to permit the administration thereof by the Administrative Agent in a manner substantially consistent with market practice (or, if the Administrative Agent reasonably determines that adoption of any portion of such market practice is not administratively feasible or that no market practice for the administration of such Eurodollar Successor Rate exists, in such other manner of administration as the Administrative Agent determines in consultation with the Borrower is reasonably necessary in connection with the administration of this Agreement).~~

"Event of Default" shall have the meaning set forth in Section 8.1.

"Exchange Act" shall mean the Securities Exchange Act of 1934, as amended and in effect from time to time.

"Excluded Property" shall have the meaning ascribed to such defined term in the Guaranty and Security Agreement.

"Excluded Swap Obligation" shall mean, with respect to any Guarantor, any Swap Obligation if, and to the extent that, all or a portion of the Guarantee of such Guarantor of, or the grant by such Guarantor of a security interest to secure, such Swap Obligation (or any Guarantee thereof) is or becomes illegal under the Commodity Exchange Act or any rule, regulation or order of the Commodity Futures Trading Commission (or the application or official interpretation of any thereof) by virtue of such Guarantor's failure for any reason to constitute an "eligible contract participant" as defined in the Commodity Exchange Act at the time the Guarantee of such Guarantor becomes effective with respect to such related Swap Obligation. If a Swap Obligation arises under a master agreement governing more than one swap, such exclusion shall apply only to the portion of such Swap Obligation that is attributable to swaps for which such Guarantee or security interest is or becomes illegal.

"Excluded Taxes" shall mean any of the following Taxes imposed on or with respect to a Recipient or required to be withheld or deducted from a payment to a Recipient, (a) Taxes imposed on or measured by net income (however denominated), franchise Taxes, and branch profits Taxes, in each case,

(i) imposed as a result of such Recipient being organized under the laws of, or having its principal office or, in the case of any Lender, its applicable lending office located in, the jurisdiction imposing such Tax (or any political subdivision thereof) or (ii) that are Other Connection Taxes, (b) in the case of a Lender, U.S. federal withholding Taxes imposed on amounts payable to or for the account of such Lender with respect to an applicable interest in a ~~Term~~ Loan or ~~Term Loan~~ Commitment pursuant to a law in effect on the date on which (i) such Lender acquires such interest in the ~~Term~~ Loan or ~~Term Loan~~ Commitment (other than pursuant to an assignment request by the Borrower under Section ~~2.20~~2.25) or (ii) such Lender changes its lending office, except in each case to the extent that, pursuant to Section ~~2.16~~2.20, amounts with respect to such Taxes were payable either to such Lender's assignor immediately before such Lender became a party hereto or to such Lender immediately before it changed its lending office, (c) Taxes attributable to such Recipient's failure to comply with Section ~~2.16~~2.20(g) and (d) any withholding Taxes imposed under FATCA.

"Existing Credit Agreement" shall have the meaning set forth in the recitals hereof.

"Existing Term Loans" have the meaning set forth in Section 2.1(a).

"FATCA" shall mean Sections 1471 through 1474 of the Code, as of the date of this Agreement (or any amended or successor version that is substantively comparable and not materially more onerous to comply with), any current or future regulations or official interpretations thereof, any agreements entered into pursuant to Section 1471(b)(1) of the Code, any intergovernmental agreement, treaty or convention entered into among Governmental Authorities in connection with such Sections of the Code and any fiscal or regulatory legislation, rules or practices adopted pursuant to such intergovernmental agreement, treaty or convention.

"Federal Reserve Bank of New York's Website" shall mean the website of the Federal Reserve Bank of New York at http://www.newyorkfed.org, or any successor source.

"Federal Funds Rate" shall mean, for any day, the rate *per annum* (rounded upwards, if necessary, to the next 1/100 of 1%) equal to the weighted average of the rates on overnight Federal funds transactions with member banks of the Federal Reserve System, as published by the Federal Reserve Bank of New York on the next succeeding Business Day or, if such rate is not so published for any Business Day, the Federal Funds Rate for such day shall be the average (rounded upwards, if necessary, to the next 1/100 of 1%) of the quotations for such day on such transactions received by the

Administrative Agent from three Federal funds brokers of recognized standing selected by the Administrative Agent. For purposes of this Agreement, the Federal Funds Rate shall not be less than zero percent (0%).

"Fee Letters" shall mean the Agent Fee Letter and the Lender Fee Letters.

"Fiscal Month" shall mean any fiscal month of the Borrower.

"Fiscal Quarter" shall mean any fiscal quarter of the Borrower.

"Fiscal Year" shall mean any fiscal year of the Borrower.

"Foreign Insurance Subsidiary" shall mean any Insurance Subsidiary that is not a U.S. Insurance Subsidiary.

"Foreign Lender" shall mean a Lender that is not a U.S. Person.

"GAAP" shall mean generally accepted accounting principles in the United States applied on a consistent basis and subject to the terms of Section 1.3.

"Governmental Authority" shall mean the government of the United States or any other nation, or any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government (including any Insurance Regulatory Authority and any supra-national bodies such as the European Union or the European Central Bank).

"Guarantee" of or by any Person (the "guarantor") shall mean any obligation, contingent or otherwise, of the guarantor guaranteeing or having the economic effect of guaranteeing any Indebtedness or other obligation of any other Person (the "primary obligor") in any manner, whether directly or indirectly and including any obligation, direct or indirect, of the guarantor (i) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or other obligation or to purchase (or to advance or supply funds for the purchase of) any security for the payment thereof, (ii) to purchase or lease property, securities or services for the purpose of assuring the owner of such Indebtedness or other obligation of the payment thereof, (iii) to maintain working capital, equity capital or any other financial statement condition or liquidity of the primary obligor so as to enable the primary obligor to pay such Indebtedness or other obligation or (iv) as an account party in respect of any letter of credit or letter of guaranty issued in support of such Indebtedness or obligation; provided that the term "Guarantee" shall not include endorsements of instruments for deposit or collection in the ordinary course of business. The amount of any Guarantee shall be deemed to be an amount equal to the stated or determinable amount of the primary obligation in respect of which such Guarantee is made or, if not so stated or determinable, the maximum reasonably anticipated liability in respect thereof (assuming such Person is required to perform thereunder) as determined by such Person in good faith. The term "Guarantee" used as a verb has a corresponding meaning.

"Guarantors" shall mean, collectively, each of the Subsidiary Loan Parties and Holdings; provided that it is understood and agreed that no Insurance Subsidiary nor any Subsidiary of an Insurance Subsidiary shall be a Guarantor.

"Guaranty and Security Agreement" shall mean the Guaranty and Security Agreement, dated as of the Original Closing Date and substantially in the form of Exhibit B, made by the Loan Parties in favor of the Administrative Agent for the benefit of the Secured Parties.

"Hazardous Materials" shall mean all explosive or radioactive substances or wastes and all hazardous or toxic substances, wastes or other pollutants, including petroleum or petroleum distillates, asbestos or asbestos containing materials, polychlorinated biphenyls, radon gas, infectious or medical wastes and all other substances or wastes of any nature regulated pursuant to any Environmental Law.

"Hedge Termination Value" shall mean, in respect of any one or more Hedging Transactions, after taking into account the effect of any legally enforceable netting agreement relating to such Hedging Transactions, (a) for any date on or after the date such Hedging Transactions have been closed out and termination value(s) determined in accordance therewith, such termination value(s) and (b) for any date prior to the date referenced in clause (a), the amount(s) determined as the mark-to-market value(s) for such Hedging Transactions, as determined based upon one or more mid-market or other readily available quotations provided by any recognized dealer in such Hedging Transactions (which may include a Lender or any Affiliate of a Lender).

"Hedging Obligations" of any Person shall mean any and all obligations of such Person, whether absolute or contingent and howsoever and whensoever created, arising, evidenced or acquired under (i) any and all Hedging Transactions, (ii) any and all cancellations, buy backs, reversals, terminations or assignments of any Hedging Transactions and (iii) any and all renewals, extensions and modifications of any Hedging Transactions and any and all substitutions for any Hedging Transactions.

"Hedging Transaction" of any Person shall mean (a) any transaction (including an agreement with respect to any such transaction) now existing or hereafter entered into by such Person that is a rate swap transaction, swap option, basis swap, forward rate transaction, commodity swap, commodity option, equity or equity index swap or option, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, spot transaction, credit protection transaction, credit swap, credit default swap, credit default option, total return swap, credit spread transaction, repurchase transaction, reverse repurchase transaction, buy/sell-back transaction, securities lending transaction, or any other similar transaction (including any option with respect to any of these transactions) or any combination thereof, whether or not any such transaction is governed by or subject to any master agreement, and (b) any and all transactions of any kind, and the related confirmations, which are subject to the terms and conditions of, or governed by, any form of master agreement published by the International Swaps and Derivatives Association, Inc., any International Foreign Exchange Master Agreement, or any other master agreement (any such master agreement, together with any related schedules, a "Master Agreement"), including any such obligations or liabilities under any Master Agreement. For the avoidance of doubt, Hedging Transactions shall not include (i) the issuance, underwriting, placement or selling of insurance by the Loan Parties and their Subsidiaries in the ordinary course of business ~~or~~, (ii) the purchasing by the Loan Parties and their Subsidiaries of risk allocation agreements or reinsurance in the ordinary course of business or otherwise in accordance with customary industry practice or (iii) from and after a Qualified IPO, any Permitted Equity Derivative.

"Historical Financial Statements" shall have the meaning set forth in Section 4.4.

"Holdings" shall have the meaning set forth in the introductory paragraph hereof.

~~"Increasing Lender" shall have the meaning set forth in Section 2.18.~~

~~"Incremental Commitment" shall have the meaning set forth in Section 2.18.~~

~~"Incremental Effective Date" shall have the meaning set forth in Section 2.18.~~

~~"Incremental Joinder Agreement" shall have the meaning set forth in Section 2.18.~~

~~"Incremental Term Loan" shall have the meaning set forth in Section 2.18.~~

"Indebtedness" of any Person shall mean, without duplication, (i) all obligations of such Person for borrowed money, (ii) all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments, (iii) all obligations of such Person in respect of the deferred purchase price of property (including, for the avoidance of doubt, contingent obligations, earnouts, seller notes and other deferred payment obligations incurred in connection with any acquisition or otherwise) or services (other than trade payables incurred in the ordinary course of business; provided that, for purposes of Section 8.1(f), trade payables overdue by more than 120 days shall be included in this definition except to the extent that any of such trade payables are being disputed in good faith and by appropriate measures), (iv) all obligations of such Person under any conditional sale or other title retention agreement(s) relating to property acquired by such Person, (v) all Capital Lease Obligations of such Person, (vi) all obligations, contingent or otherwise, of such Person in respect of letters of credit, acceptances or similar extensions of credit, (vii) all Guarantees of such Person of the type of Indebtedness described in clauses (i) through (vi) above, (viii) all Indebtedness of a third party secured by any Lien on property owned by such Person, whether or not such Indebtedness has been assumed by such Person, (ix) all obligations of such Person, contingent or otherwise, to purchase, redeem, retire or otherwise acquire for value any Disqualified Capital Stock of such Person, (x) all Off-Balance Sheet Liabilities and (xi) all net Hedging Obligations. For all purposes hereof, the Indebtedness of any Person shall include the Indebtedness of any partnership or joint venture (other than a joint venture that is itself a corporation or limited liability company or the foreign equivalent thereof) in which such Person is a general partner or a joint venturer, unless such Indebtedness is expressly made non-recourse to such Person. The amount of any net obligation under any Hedging Transaction on any date shall be deemed to be the Hedge Termination Value thereof as of such date. The amount of Indebtedness of any Person for purposes of clause (viii) that is expressly made nonrecourse or limited-recourse (limited solely to the assets securing such Indebtedness) to such Person shall be deemed to be equal to the lesser of (x) the aggregate unpaid amount of such Indebtedness and (y) the fair market value of the property encumbered thereby as determined by such Person in good faith. For the avoidance of doubt, Indebtedness of a Person shall not include (i) obligations under insurance issued, underwritten, placed or sold by such Person in the ordinary course of business or (ii) obligations under risk allocation agreements ~~or~~, reinsurance agreements, retrocession agreement and stop-loss arrangements purchased in the ordinary course of business or otherwise in accordance with ~~customary~~ industry practice.

"Indemnified Taxes" shall mean (a) Taxes, other than Excluded Taxes, imposed on or with respect to any payment made by or on account of any obligation of any Loan Party under any Loan Document and (b) to the extent not otherwise described in clause (a), Other Taxes.

"Intellectual Property" shall mean (a) all rights, title and interests in or relating to intellectual property and industrial property arising under any Requirement of Law, including all Copyrights, Patents, software, Trademarks, internet domain names and trade secrets, (b) all IP Licenses and (c) all IP Ancillary Rights relating thereto.

"Insurance Business" shall mean one or more aspects of the business of (a) issuing, selling, placing or underwriting insurance or (b) reinsurance.

"Insurance Licenses" shall mean licenses, permits or authorizations to transact insurance and reinsurance business required to be obtained from Insurance Regulatory Authorities in connection with the operation, ownership or transaction of insurance or reinsurance business.

"Insurance Regulatory Authority" shall mean, when used with respect to any Insurance Subsidiary, (x) the insurance department or similar administrative authority or agency located in each state or jurisdiction (foreign or domestic) in which such Insurance Subsidiary is domiciled or (y) to the extent asserting or having regulatory jurisdiction over such Insurance Subsidiary, the insurance department, authority or agency in each state or jurisdiction (foreign or domestic) in which such Insurance Subsidiary is licensed, and shall include any Federal or national insurance regulatory department, authority or agency that may be created and that asserts or has regulatory jurisdiction over such Insurance Subsidiary.

"Insurance Subsidiary" shall mean any Subsidiary of the Borrower that is authorized or admitted to carry on or transact Insurance Business and has received an Insurance License from an Insurance Regulatory Authority for the purpose of carrying on an Insurance Business. As of the Closing Date, RIC and RRC are the only Insurance Subsidiaries of the Borrower.

"Intercreditor Agreement" shall mean that certain First Lien Intercreditor Agreement, dated as of date hereof, by and among the Administrative Agent, the NPA Agent and each of the Loan Parties, as the same may be amended, restated, supplemented or otherwise modified from time to time in accordance with its terms.

"Interest Period" shall mean with respect to any Eurodollar ~~Loan~~Borrowing, a period of one, two, three or six months (or if agreed to by all Lenders, twelve months); provided that:

(i) the initial Interest Period for such Eurodollar Loan shall commence either (x) on the Original Closing Date (solely with respect to the Term Loan, in the case of an election to borrow Eurodollar Loans pursuant to Section 2.2(a) of the Existing Credit Agreement) ~~or~~, (y) on the date of any Eurodollar Borrowing or (z) on the date of conversion from a Base Rate Loan into ~~such~~a Eurodollar Loan pursuant to Section ~~2.9~~2.13, and each Interest Period occurring thereafter in respect of such Eurodollar Loan shall commence on the day on which the next preceding Interest Period expires;

(ii) if any Interest Period would otherwise end on a day other than a Business Day, such Interest Period shall be extended to the next succeeding Business Day, unless such Business Day falls in another calendar month, in which case such Interest Period would end on the immediately preceding Business Day;

(iii) any Interest Period which begins on the last Business Day of a calendar month or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period shall end on the last Business Day of such calendar month;

(iv) on each regularly scheduled principal installment payment date, the sum of the aggregate outstanding amount of (x) Eurodollar Loans with an Interest Period ending on such date plus (y) Base Rate Loans outstanding on such date, shall be at least equal to the amount of such scheduled principal installment due on such date; and

(v) no Interest Period may extend beyond the Revolving Commitment Termination Date or the Maturity Date.

"Investments" shall have the meaning set forth in Section 7.4.

"IP Ancillary Rights" means, with respect to any Intellectual Property of the type described in clauses (a) and (b) of the definition of Intellectual Property, as applicable, all foreign counterparts to, and all divisionals, reversions, continuations, continuations-in-part, reissues, reexaminations, renewals and extensions of, such Intellectual Property and all income, royalties, proceeds and liabilities at any time due or payable or asserted under or with respect to any of the foregoing or otherwise with respect to such Intellectual Property, including all rights to sue or recover at law or in equity for any past, present or future infringement, misappropriation, dilution, violation or other impairment thereof, and, in each case, all rights to obtain any other IP Ancillary Right.

"IP License" means all written Contractual Obligations (and all related IP Ancillary Rights), granting any right, title and interest in or relating to any Intellectual Property of the type described in clause (a) of the definition of Intellectual Property.

"IRS" shall mean the United States Internal Revenue Service.

"Issuing Bank" shall mean, collectively, (a) Truist Bank in its capacity as an issuer of Letters of Credit and (b) each other Lender with a Revolving Commitment selected by the Borrower and approved by the Administrative Agent that agrees in its sole discretion to act as an issuer of Letters of Credit (it being understood that any other Lender that becomes an Issuing Bank may condition its agreement to act in such capacity on a lesser sublimit within the LC Commitment but that the Administrative Agent shall not have any responsibility for monitoring the usage of such lesser sublimit), in each case pursuant to Section 2.22.

"LC Commitment" shall mean that portion of the Aggregate Revolving Commitments that may be used by the Borrower for the issuance of Letters of Credit in an aggregate face amount not to exceed $5,000,000.

"LC Disbursement" shall mean a payment made by the Issuing Bank pursuant to a Letter of Credit.

"LC Documents" shall mean all applications, agreements and instruments relating to the Letters of Credit but excluding the Letters of Credit.

"LC Exposure" shall mean, at any time, the sum of (i) the aggregate undrawn amount of all outstanding Letters of Credit at such time, plus (ii) the aggregate amount of all LC Disbursements that have not been reimbursed by or on behalf of the Borrower at such time. The LC Exposure of any Revolving Lender shall be its Pro Rata Share (based on such Revolving Lender's Revolving Commitment or Revolving Credit Exposure, as applicable) of the total LC Exposure at such time. Unless otherwise specified herein, the amount of a Letter of Credit at any time shall be deemed to be the stated amount of such Letter of Credit in effect at such time; provided, that with respect to any Letter of Credit that, by its terms or any document related thereto, provides for one or more automatic increases in the stated amount thereof, the amount of such Letter of Credit shall be deemed to be the maximum stated amount of such Letter of Credit after giving effect to all such increases, whether or not such maximum stated amount is in effect at such time.

"Lender-Related Hedge Provider" shall mean any Person that, at the time it enters into a Hedging Transaction with any Loan Party (or if entered into prior to the Original Closing Date and is still in existence, on the Original Closing Date), (i) is a Lender or an Affiliate of a Lender and (ii) except when the Lender-Related Hedge Provider is ~~SunTrust~~Truist Bank or any of its Affiliates, has provided prior written notice to the Administrative Agent which has been acknowledged by the Borrower of (x) the existence of such Hedging Transaction and (y) the methodology to be used by such parties in determining the obligations under such Hedging Transaction from time to time. In no event shall any Lender-Related Hedge Provider acting in such capacity be deemed a Lender for purposes hereof to the extent of and as to Hedging Obligations except that each reference to the term "Lender" in Article IX and Section 10.3(b) shall be deemed to include such Lender-Related Hedge Provider. In no event shall the approval of any such Person in its capacity as Lender-Related Hedge Provider be required in connection with the release or termination of any guaranty, security interest or Lien of the Administrative Agent or of any Loan Document.

"Lender Fee Letters" shall mean those certain fee letters, dated as of the date hereof, executed by the applicable Lenders and accepted by the Borrower.

"Lenders" shall have the meaning set forth in the introductory paragraph hereof and shall include, where appropriate, ~~each Increasing Lender and each Additional Lender that joins this Agreement pursuant to Section 2.18~~the Swingline Lender.

"Letter of Credit" shall mean any stand-by letter of credit issued pursuant to Section 2.22 by the Issuing Bank for the account of the Borrower pursuant to the LC Commitment.

"Leverage Ratio" shall mean (x) divided by (y) where (x) is Net Earned Premium of RRC for the twelve-month period on the last day of the month ended prior to the Test Date and (y) is RRC Equity.

"Lien" shall mean any mortgage, pledge, security interest, lien (statutory or otherwise), charge, encumbrance, hypothecation, assignment, deposit arrangement, or other arrangement having the practical effect of any of the foregoing or any preference, priority or other security agreement or preferential arrangement of any kind or nature whatsoever (including any conditional sale or other title retention agreement and any capital lease having the same economic effect as any of the foregoing).

"Liquidity" shall mean, on any date of determination, all cash and all cash equivalents (including any Permitted Investment that is a cash equivalent) owned and held by the Loan Parties, in each case, on the date of determination; provided however, that amounts calculated under this definition shall exclude any amounts that would not be considered "cash" or "cash equivalents" under GAAP or "cash" or "cash equivalents" as recorded on the books of the Loan Parties; provided, further, that amounts and cash equivalents included under this definition shall (i) be included only to the extent such amounts or cash equivalents are (A) not subject to any Lien or other restriction or encumbrance of any kind (other than Liens (x) arising solely by virtue of any statutory or common law provision relating to banker's liens, rights of set-off or similar rights so long as such liens and rights are not being enforced or otherwise exercised, (y) in favor of Administrative Agent or (z) permitted by Section 7.2(a)(ii)) and (B) subject to a perfected Lien in favor of the Administrative Agent, (ii) exclude any amounts held by the Loan Parties in escrow, trust or other fiduciary capacity for or on behalf of a client of Holdings, the Borrower, any Subsidiary of Holdings or any of their respective Affiliates and (iii) exclude all Escrow Funds.

"Loan Documents" shall mean, collectively, this Agreement, the Collateral Documents, the LC Documents, the Fee Letters, all Notices of Revolving Borrowing, all Notices of Swingline Borrowing, all Notices of Conversion/Continuation, the Reaffirmation Agreement, the Intercreditor Agreement, any promissory notes issued hereunder, any subordination agreement executed in connection with the Subordinated Debt (if any) and any and all other instruments, agreements, documents and writings executed in connection with any of the foregoing that are designated by the Borrower and the Administrative Agent as a Loan Document. For the avoidance of doubt, the Escrow Agreements shall be deemed to not constitute Loan Documents.

"Loan Parties" shall mean Holdings, the Borrower and the Subsidiary Loan Parties.

"Loans" shall mean all Revolving Loans, Swingline Loans and the Term ~~Loans and shall include, where appropriate, any loan made pursuant to Section 2.18~~Loan.

"Material Adverse Effect" shall mean, with respect to any event, act, condition or occurrence of whatever nature (including any adverse determination in any litigation, arbitration, or governmental investigation or proceeding), whether singularly or in conjunction with any other event or events, act or acts, condition or conditions, occurrence or occurrences whether or not related, resulting in a material adverse change in, or a material adverse effect on, (i) the business, results of operations, financial condition, assets or liabilities of the Borrower and its Subsidiaries, taken as a whole, (ii) the ability of the Loan Parties, taken as a whole, to perform their obligations under the Loan Documents, (iii) the rights and remedies of the Administrative Agent, the Issuing Bank, the Swingline Lender or the Lenders under any of the Loan Documents, taken as a whole, or (iv) the legality, validity or enforceability of any of the Loan Documents.

"Material Agreements" shall mean (i) all agreements, indentures or notes governing the terms of any Material Indebtedness, (ii) all employment and non-compete agreements with management, (iii) all leases of Real Estate in locations that constitute the chief executive office of any of Holdings and/or its Subsidiaries or otherwise with rent in excess of $2,000,000 (or, at all times after the occurrence of a Significant Equity Capital Raise, $5,000,000) per year, and (iv) all other agreements, documents, contracts, indentures and instruments pursuant to which (A) any Loan Party or any of its Subsidiaries are obligated to make payments in any twelve month period of $2,000,000 (or, at all times after the occurrence of a Significant Equity Capital Raise, $5,000,000) or more, (B) any Loan Party or any of its Subsidiaries expects to receive revenue in any twelve month period of $2,000,000 (or, at all times after the occurrence of a Significant Equity Capital Raise, $5,000,000) or more and (C) a default, breach or termination thereof could reasonably be expected to result in a Material Adverse Effect. For the avoidance of doubt, the Loan Documents and the Escrow Agreements shall be deemed to not constitute Material Agreements.

"Material Indebtedness" shall mean any Indebtedness (other than the ~~Term~~Commitments, the Loans and the Letters of Credit) of Holdings, the Borrower or any of their respective Subsidiaries individually in a committed or outstanding principal amount exceeding $~~2,500,000~~10,000,000. For purposes of determining the amount of attributed Indebtedness from Hedging Obligations, the "principal amount" of any Hedging Obligations at any time shall be the Net Mark-to- Market Exposure of such Hedging Obligations.

"Maturity Date" shall mean, with respect to the Term Loan, the earlier of (i) ~~October 16, 2020~~the Stated Maturity Date and (ii) the date on which the principal amount of all outstanding Term

Loans have been declared or automatically have become due and payable (whether by acceleration or otherwise).

"Moody's" shall mean Moody's Investors Service, Inc.

"Mortgaged Property" shall mean, collectively, the Real Estate subject to the Mortgages, including, but not limited to, any Real Estate for which a Mortgage is required to be delivered after the date hereof pursuant to Section 5.12.

"Mortgages" shall mean, collectively, each mortgage, deed of trust, trust deed, security deed, debenture over real estate, deed of immovable hypothec, deed over real estate to secure debt or other real estate security documents delivered by any Loan Party to the Administrative Agent from time to time, all in form and substance reasonably satisfactory to the Administrative Agent, as the same may be amended, amended and restated, extended, supplemented, substituted or otherwise modified from time to time.

"Multiemployer Plan" shall mean any "multiemployer plan" as defined in Section 4001(a)(3) of ERISA, which is or was, during the preceding five calendar years, contributed to or required to be contributed to by Holdings, the Borrower, any of their respective Subsidiaries or an ERISA Affiliate.

"NAIC" shall mean the National Association of Insurance Commissioners.

"Net Cash Proceeds" means, as applicable: (a) with respect to any asset sale, disposition, casualty, condemnation or similar event, the gross proceeds received by Holdings or any of its Subsidiaries therefrom consisting of (x) cash, (y) cash equivalents and (z) any cash or cash equivalent payments received by way of a deferred payment pursuant to, or by monetization of, a note receivable or otherwise, as and when received, but excluding any interest and royalty payments, *less* the sum of: (i) in the case of an asset sale or disposition, all income taxes and other taxes assessed by, or reasonably estimated to be payable to, a Governmental Authority as a result of such transaction (provided that if such estimated taxes exceed the amount of actual taxes required to be paid in cash in respect of such asset sale or disposition, the amount of such excess shall constitute Net Cash Proceeds); (ii) all reasonable and customary out-of-pocket legal and other fees and expenses incurred in connection with such transaction or event (to the extent paid (x) on arm's length terms to an Affiliate of Holdings other than Holdings and its Subsidiaries or (y) to non-Affiliates); (iii) the principal amount of, premium, if any, and interest on any Indebtedness (other than any Indebtedness arising under the Loan Documents and the NPA Financing) that is required to be repaid in connection with such transaction or event and that is secured by Liens in such assets; (iv) reasonable reserves retained from such gross proceeds to fund contingent liabilities directly attributable to such asset sale, disposition, casualty, condemnation or similar event and reasonably estimated to be payable (provided that, to the extent and at the time any such amounts are released from such reserve, such amounts shall constitute Net Cash Proceeds); and (b) with respect to any incurrence of Indebtedness, the gross cash proceeds received by Holdings or any of its Subsidiaries therefrom *less* all reasonable and customary out-of-pocket legal, underwriting and other fees and expenses incurred in connection therewith (to the extent paid (x) on arm's length terms to an Affiliate of Holdings other than Holdings and its Subsidiaries or (y) to non-Affiliates).

"Net Earned Premium" shall mean Direct Earned Premium of RRC for any Test Period net of Ceded Earned Premium of RRC for such Test Period.

"Net Mark-to-Market Exposure" of any Person shall mean, as of any date of determination with respect to any Hedging Obligation, the excess (if any) of all unrealized losses over all unrealized profits of such Person arising from such Hedging Obligation. "Unrealized losses" shall mean the fair market value of the cost to such Person of replacing the Hedging Transaction giving rise to such Hedging Obligation as of the date of determination (assuming such Hedging Transaction were to be terminated as of that date), and "unrealized profits" shall mean the fair market value of the gain to such Person of replacing such Hedging Transaction as of the date of determination (assuming such Hedging Transaction were to be terminated as of that date).

"Net Written Premium" shall mean Direct Written Premium of the U.S. Insurance Subsidiaries for any Test Period net of Ceded Written Premium of the U.S. Insurance Subsidiaries for such Test Period. For the avoidance of doubt, Exhibit D shows a calculation of the Net Written Premium of the U.S. Insurance Subsidiaries for the last twelve months most recently ended prior to the Closing Date. The calculation of Net Written Premium hereunder on and after the Closing Date shall be substantially consistent with Exhibit D and in accordance with SAP.

"Non-Consenting Lender" shall have the meaning set forth in Section ~~2.20~~2.25.

"Non-Defaulting Lender" shall mean, at any time, a Lender that is not a Defaulting Lender.

"Non-U.S. Plan" shall mean any plan, fund (including, without limitation, any superannuation fund) or other similar program established, contributed to (regardless of whether through direct contributions or through employee withholding) or maintained outside the United States by Holdings, the Borrower or one or more of their respective Subsidiaries primarily for the benefit of employees of Holdings, the Borrower or such Subsidiaries residing outside the United States, which plan, fund or other similar program provides, or results in, retirement income, a deferral of income in contemplation of retirement, or payments to be made upon termination of employment, and which plan is not subject to ERISA or the Code.

"Note Document" shall have the meaning assigned to the term "Note Documents" (or any equivalent term) in the Note Purchase Agreement.

"Note Purchase Agreement" shall mean that certain Note Purchase Agreement, dated as of the Closing Date, by and among the Borrower, the NPA Agent, as administrative agent, and the noteholders named therein, as the same may be amended, restated, modified, supplemented, extended, increased or refinanced or replaced pursuant to a Permitted Refinancing from time to time in one or more agreements (in each case with the same or new lenders, investors or agents), in each case, in accordance with the terms of this Agreement and the Intercreditor Agreement.

"Notice of Borrowing" shall mean a Notice of Revolving Borrowing or a Notice of Swingline Borrowing, as the context may require.

"Notice of Conversion/Continuation" shall have the meaning set forth in Section ~~2.9~~2.13(b).

"Notice of Revolving Borrowing" shall have the meaning set forth in Section 2.3.

"Notice of Swingline Borrowing" shall have the meaning set forth in Section 2.4

"NPA Agent" has the meaning assigned to the term "Administrative Agent" (or any equivalent term) in the Note Purchase Agreement.

"NPA Financing" shall mean, (i) collectively, the issuance of Indebtedness of the Borrower pursuant to the Note Purchase Agreement and the NPA Notes, together with the Indebtedness under the guaranties in respect thereof, secured on a pari passu basis with the Obligations pursuant to the Intercreditor Agreement and (ii) any Permitted Refinancing thereof.

"NPA Notes" shall mean the "Notes" (or any equivalent term) as defined in the Note Purchase Agreement.

"NPA Prepayment" shall mean any one-time payment in order to (i) prepay in full all Indebtedness existing pursuant to the NPA Financing (including the PIK Interest and the Make-Whole Amount, in each case as defined in the Note Purchase Agreement) and (ii) terminate the documentation evidencing the NPA Financing.

"Obligations" shall mean (a) all amounts owing by the Loan Parties to the Administrative Agent, the Issuing Bank, any Lender (including the Swingline Lender) or the Arranger pursuant to or in connection with this Agreement or any other Loan Document or otherwise with respect to any ~~Term~~Commitment, Loan or Letter of Credit including, without limitation, all principal, interest (including any interest accruing after the filing of any petition in bankruptcy or the commencement of any insolvency, reorganization or like proceeding relating to the Borrower, whether or not a claim for post-filing or post-petition interest is allowed in such proceeding), reimbursement obligations, fees, expenses, indemnification and reimbursement payments, costs and expenses (including all fees and expenses of counsel to the Administrative Agent, the Issuing Bank and any Lender (including the Swingline Lender) incurred pursuant to this Agreement or any other Loan Document), whether direct or indirect, absolute or contingent, liquidated or unliquidated, now existing or hereafter arising hereunder or thereunder, (b) all Hedging Obligations owed by any Loan Party to any Lender-Related Hedge Provider, and (c) all Bank Product Obligations, together with all renewals, extensions, modifications or refinancings of any of the foregoing; provided, however, that with respect to any Guarantor, the Obligations shall not include any Excluded Swap Obligations.

"OFAC" shall mean the U.S. Department of the Treasury's Office of Foreign Assets Control.

"Off-Balance Sheet Liabilities" of any Person shall mean (i) any repurchase obligation or liability of such Person with respect to accounts or notes receivable sold by such Person, (ii) any liability of such Person under any sale and leaseback transactions that do not create a liability on the balance sheet of such Person, (iii) any Synthetic Lease Obligation or (iv) any obligation arising with respect to any other transaction which is the functional equivalent of or takes the place of borrowing but which does not constitute a liability on the balance sheet of such Person.

"Operating Expenses" shall mean, for any Person and for any Test Period, all operating expenses of such Person, including, for the avoidance of the doubt, the sum of (i) Acquisition Costs of such Person for such period plus (ii) Fixed Expense Costs of such Person for such period. For purposes of calculating "Operating Expenses", the following defined terms shall apply:

"Acquisition Costs" shall mean, the sum of commissions payable by the applicable Person to RIA plus report costs for the applicable Person; provided that "Acquisition Costs" shall exclude ceded commissions.

"Fixed Expense Costs" shall mean, the sum of (i) employment costs and expenses plus (ii) merger and acquisition costs and expenses plus (iii) premium taxes and payment processing fees, in each case, of such Person.

"Original Closing Date" shall mean April 17, 2019.

"Original Incremental Effective Date" shall mean June 28, 2019.

"OSHA" shall mean the Occupational Safety and Health Act of 1970, as amended and in effect from time to time, and any successor statute thereto.

"Other Connection Taxes" shall mean, with respect to any Recipient, Taxes imposed as a result of a present or former connection between such Recipient and the jurisdiction imposing such Tax (other than connections arising from such Recipient having executed, delivered, become a party to, performed its obligations under, received payments under, received or perfected a security interest under, engaged in any other transaction pursuant to or enforced any Loan Document, or sold or assigned an interest in any ~~Term~~ Loan or Loan Document).

"Other Taxes" shall mean any and all present or future stamp, court or documentary, intangible, recording, filing or similar Taxes that arise from any payment made hereunder or under, any other Loan Document or from the execution, delivery, performance, enforcement or registration of, from the receipt or perfection of a security interest under, or otherwise with respect to, any Loan Document, except any such Taxes that are Other Connection Taxes imposed with respect to an assignment (other than an assignment made pursuant to Section ~~2.20~~2.25).

"Parent Company" shall mean, with respect to a Lender, the "bank holding company" as defined in Regulation Y, if any, of such Lender, and/or any Person owning, beneficially or of record, directly or indirectly, a majority of the shares of such Lender.

"Participant" shall have the meaning set forth in Section 10.4(d). "Participant Register" shall have the meaning set forth in Section 10.4(d).

"Patent" shall have the meaning assigned to such term in the Guaranty and Security Agreement.

"Patent Security Agreement" shall mean any Patent Security Agreement executed by a Loan Party owning Patents or licenses of Patents in favor of the Administrative Agent for the benefit of the Secured Parties, both on the Original Closing Date and thereafter.

"Patriot Act" shall mean the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, Pub. L. 107-56, as amended and in effect from time to time.

"Payment Office" shall mean the office of the Administrative Agent located at 303 Peachtree Street, N.E., Atlanta, Georgia 30308, or such other location as to which the Administrative Agent shall have given written notice to the Borrower and the Lenders.

"PBGC" shall mean the U.S. Pension Benefit Guaranty Corporation referred to and defined in ERISA, and any successor entity performing similar functions.

"Perfection Certificate" shall mean that certain Perfection Certificate, dated as of the Original Closing Date.

"Permitted Acquisition" shall mean, subject to the limitations set forth in Section 7.17, any acquisition by the Borrower or any other Loan Party, whether by purchase, merger or otherwise, of all or substantially all of the assets of, all of the Capital Stock (other than directors' qualifying shares as required pursuant to applicable law) of, or a business line or unit or a division of, any Person in connection with which each of the following conditions is satisfied:

(i) immediately before and after giving pro forma effect thereto, no Default or Event of Default has occurred and is continuing or would result therefrom, and all representations and warranties of each Loan Party set forth in the Loan Documents shall be true and correct in all material respects (other than those representations and warranties that are expressly qualified by "Material Adverse Effect" or other materiality, which representations and warranties shall be true and correct in all respects);

(ii) immediately before and after giving pro forma effect thereto, the Loan Parties and their Subsidiaries shall be in pro forma compliance with each of the financial covenants set forth in Article VI, in each case, calculated on a pro forma basis as of the most recently ended ~~Fiscal Month~~Test Date for which financial statements are required to have been delivered pursuant to Section 5.1(c)~~, and the Borrower shall have delivered to the Administrative Agent a pro forma Compliance Certificate signed by a Responsible Officer certifying to the foregoing at least 10 days prior to the date of the consummation of such acquisition (or such later date as agreed in writing by the Administrative Agent in its sole discretion);~~;

(iii) to the extent that the Acquisition Consideration (other than Acquisition Consideration to the extent payable in Qualified Capital Stock of Holdings) exceeds $10,000,000 for any Acquisition, at least ~~30~~three (3) days prior to the date of the consummation of such acquisition (or such later date as agreed in writing by the Administrative Agent in its sole discretion), the Borrower shall have delivered to the Administrative Agent notice of such acquisition, together with, to the extent available, historical financial information and analysis with respect to the Person whose stock or assets are being acquired and copies of the acquisition agreement and related documents (including, to the extent available, financial information and analysis, environmental assessments and reports, opinions, certificates and lien searches) and other information reasonably requested by the Administrative Agent;

(iv) immediately before and after giving pro forma effect thereto, the Loan Parties and their Subsidiaries are in compliance with the provisions of Section 7.3(b) and Section 7.4(h);

(v) the Loan Parties shall have complied with the provisions of Sections 5.12 and 5.13 with respect to such acquisition within the time periods required thereby~~, and any Person whose Capital Stock is acquired pursuant to such acquisition shall be a Loan Party (and for the avoidance of doubt, shall not be an Insurance Subsidiary)~~;

(vi) the board of directors (or the equivalent thereof) of the Person to be acquired (or whose assets are to be acquired) shall have approved or consented to the consummation of such acquisition;

(vii) as of the date of such acquisition, all of the issued and outstanding Capital Stock acquired by any Loan Party has been (to the extent such concepts are relevant with respect to such ownership interests) duly authorized and issued and is fully paid and non- assessable and free and clear of all Liens other than Permitted Prior Liens ~~created under the Loan Documents~~;

(viii) any Person or assets or division as acquired in accordance herewith shall be domiciled in either the United States or Canada[reserved];

(ix) such acquisition is consummated in compliance with all requirements of law in all material respects, and all material consents and approvals from any Governmental Authority or other Person required in connection with such acquisition have been obtained;

(x) the Borrower has delivered to the Administrative Agent a certificate executed by a Responsible Officer certifying that each of the conditions set forth above has been satisfied and that, immediately before and after giving pro forma effect to such acquisition, the Loan Parties and their Subsidiaries, taken as a whole, are Solvent.

"Permitted Bond Hedge Transaction" means any call or capped call option (or substantively equivalent derivative transaction) relating to Holdings' common stock purchased by Holdings in connection with the issuance of any Permitted Convertible Indebtedness; provided that the purchase price for any such call option transaction, less the proceeds received by Holdings from the sale of any related Permitted Equity Derivatives in connection with such issuance of Permitted Convertible Indebtedness, does not exceed the net proceeds received by Holdings from the issuance of such Permitted Convertible Indebtedness; provided further that the terms, conditions and covenants of each such call option transaction are customary for agreements of such type, as determined in good faith by the board of directors of Holdings or a committee thereof.

"Permitted Convertible Indebtedness" means Indebtedness of Holdings permitted to be incurred pursuant to Section 7.1(r) that is convertible into or exchangeable for common stock of Holdings (or other securities or property following a merger event or other change of the common stock of Holdings) and/or cash (in an amount determined by reference to the price of such common stock). For the avoidance of doubt, the amounts outstanding under any Permitted Convertible Indebtedness will be determined for purposes of the Loan Documents without giving effect to any treatment in respect of convertible debt instruments under Accounting Standards Codification Subtopics 470-20 or 815-40 (or any other Accounting Standards Codification or Financial Accounting Standard having a similar result or effect) to value any such Permitted Convertible Indebtedness in a reduced or bifurcated manner as described therein, and such Permitted Convertible Indebtedness shall at all times be valued at the full stated principal amount thereof.

"Permitted Encumbrances" shall mean:

(i) Liens imposed by law for taxes, assessments and other charges and levies imposed by any Governmental Authority, in each case, which are not yet due or which are being contested in good faith by appropriate proceedings diligently conducted and with respect to which adequate reserves are being maintained in accordance with GAAP;

(ii) statutory Liens of landlords, vendors, carriers, warehousemen, mechanics, materialmen, processors, suppliers, landlords, repairmen and other Liens

imposed by law in the ordinary course of business for amounts not more than 45 days past due or which are being contested in good faith by appropriate proceedings diligently conducted and with respect to which adequate reserves are being maintained in accordance with GAAP;

(iii) pledges and deposits made in the ordinary course of business in compliance with workers' compensation, unemployment insurance, social security and other similar laws or regulations;

(iv) deposits to secure the performance of bids, trade and commercial contracts, leases, statutory obligations, surety and appeal bonds, performance bonds and other obligations of a like nature, in each case in the ordinary course of business;

(v) (x) judgment and attachment liens not giving rise to an Event of Default and (y) Liens created by or existing from any litigation or legal proceeding that are currently being contested in good faith by appropriate proceedings diligently conducted and with respect to which adequate reserves are being maintained in accordance with GAAP;

(vi) customary rights of set-off, revocation, refund or chargeback under deposit agreements or under the Uniform Commercial Code or common law of banks or other financial institutions where Holdings or any of its Subsidiaries maintains deposits (other than deposits intended as cash collateral) in the ordinary course of business;

(vii) (x) easements, zoning restrictions, building codes, rights-of-way, reservations, covenants, rights and restrictions of record and similar encumbrances on real property imposed by law or arising in the ordinary course of business that do not secure any monetary obligations and do not materially detract from the value of the affected property or materially interfere with the ordinary conduct of business of Holdings and its Subsidiaries taken as a whole, (y) with respect to any leasehold interest, mortgages, obligations, Liens and other encumbrances incurred, created, assumed or permitted to exist and arising by, through or under a landlord, ground lessor or owner of the leased property or owned property and (z) with respect to any Mortgaged Property, all matters shown on the title report for such Real Estate;

(viii) Liens solely on cash earnest money deposits made by Holdings or any of its Subsidiaries;

(ix) restrictions on transfers of assets that are subject to sale or transfer pursuant to any purchase and sale agreements that are permitted under this Agreement;

(x) in the case of any joint ventures permitted hereunder, put/call arrangements or restrictions on dispositions related to its Capital Stock set forth in the applicable organizational documents or joint venture agreement;

(xi) Liens on insurance policies under which Holdings and its Subsidiaries are the insured parties (excluding, for the avoidance of doubt, any excess of loss, catastrophic or other similar insurance or reinsurance policies that are applicable to

the line of business of Holdings and its Subsidiaries) and proceeds and premiums thereof or related thereto securing Indebtedness permitted under Section 7.1(n);

(xii) Liens on assets of any Insurance Subsidiary arising under agreements or arrangements established with respect to insurance policies underwritten by any Insurance Subsidiary in the ordinary course of business;

(xiii) leases or subleases of real property granted in the ordinary course of business, and leases, subleases, licenses or sublicenses of personal property (other than Intellectual Property) granted in the ordinary course of business to the extent that such leases or subleases do not materially interfere with the business of Holdings or its Subsidiaries;

(xiv) licenses and sub-licenses of Intellectual Property in the ordinary course of business consistent with past practices including any licenses that could not result in legal transfer of title that may be exclusive in respects other than territory and that may be exclusive as to territory only as to discreet geographical areas outside of the U.S.; and (xv) pledges, deposits and guarantees made by an Insurance Subsidiary in order to comply with applicable Requirements of Law or as required by an Insurance Regulatory Authority; provided that the term "Permitted Encumbrances" shall not include any Lien securing Indebtedness.

"Permitted Equity Derivatives" means (i) any Permitted Bond Hedge, and (ii) any forward purchase, accelerated share repurchase, call option, warrant or other derivative transactions in respect of Holding's Qualified Capital Stock; provided, that any such transaction under this clause (ii) shall be classified in Holdings' stockholders' equity under ASC 815-40 or any successor provision; provided, further, that any Restricted Payment made in connection with such transaction is permitted pursuant to Section 7.5.

"Permitted Holders" shall mean all Persons that hold Capital Stock of Holdings as of the Closing Date as set forth on Schedule 8.1 and, in each case, their Affiliates, immediate family members, lineal descendants, heirs, estates and trusts for the benefit thereof.

"Permitted Investments" shall mean:

(i) direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States (or by any agency thereof to the extent such obligations are backed by the full faith and credit of the United States), in each case maturing within one year from the date of acquisition thereof;

(ii) marketable direct obligations issued by any state, commonwealth or territory of the United States or any political subdivision of any such state, commonwealth or territory, as applicable, maturing within one year from the date of acquisition thereof and having, at the time of the acquisition thereof, one of the two highest ratings obtainable from either S&P or Moody's;

(iii) commercial paper having the highest rating, at the time of acquisition thereof, of S&P or Moody's and in either case maturing within one year from the date of acquisition thereof;

(iv) certificates of deposit, bankers' acceptances and time deposits maturing within 180 days of the date of acquisition thereof issued or guaranteed by or placed with, and money market deposit accounts issued or offered by, (x) any Lender or

(y) any domestic office of any other commercial bank organized under the laws of the United States or any state thereof which has a combined capital and surplus and undivided profits of not less than $500,000,000;

(v) fully collateralized repurchase agreements with a term of not more than 30 days for securities described in clause (i) above and entered into with a financial institution satisfying the criteria described in clause (iv) above;

(vi) Investments in the ordinary course of business and consistent with the investment policy approved by the board of directors of Holdings, the Borrower or the Subsidiaries; and

(vii) mutual funds investing at least 95% of their assets in any one or more of the Permitted Investments described in clauses (i) through (v) above.

"Permitted Prior Liens" means (a) with respect to any Capital Stock of any Subsidiary of Holdings, Liens permitted by Section 7.2 which are prior as a matter of law and (b) with respect to any other property or assets, any Liens permitted by Section 7.2.

"Permitted Refinancing" means, with respect to any Person, any modification, refinancing, refunding, renewal or extension of any Indebtedness of such Person; provided, that (a) the principal amount (or accreted value, if applicable) thereof does not exceed the principal amount (or accreted value, if applicable) of the Indebtedness so modified, refinanced, refunded, renewed or extended except by an amount equal to unpaid accrued interest and premium thereon plus other reasonable amounts paid, and customary fees, expenses, original issue discount and upfront fees incurred, in connection with such modification, refinancing, refunding, renewal or extension and by an amount equal to any existing commitments unutilized thereunder; (b) such modification, refinancing, refunding, renewal or extension has a final maturity date equal to or later than the final maturity date of, and has a Weighted Average Life to Maturity equal to or greater than the Weighted Average Life to Maturity of, the Indebtedness being modified, refinanced, refunded, renewed or extended (except by virtue of amortization of or prepayment of Indebtedness prior to such date of determination); (c) to the extent such Indebtedness being modified, refinanced, refunded, renewed or extended is subordinated in right of payment to the Obligations, such modification, refinancing, refunding, renewal or extension is subordinated in right of payment to the Obligations on terms, taken as a whole, at least as favorable to the Lenders as those contained in the documentation governing the Indebtedness being modified, refinanced, refunded, renewed or extended; (d) to the extent any Liens securing such Indebtedness being modified, refinanced, refunded, renewed or extended are subordinated to any Liens securing the Obligations, the Liens securing such modification, refinancing, refunding, renewal or extension are subordinated to the Liens securing the Obligations on terms, taken as a whole, at least as favorable to the Lenders as those contained in the documentation governing the Indebtedness being modified, refinanced, refunded, renewed or extended; (e) the only obligors in respect of such Indebtedness being modified, refinanced, refunded, renewed or extended are the original obligors thereon and any other Person required to be or become an obligor thereon under the then terms of the Indebtedness being so modified, refinanced, refunded, renewed or extended to become an obligor in respect of such Indebtedness (provided that any Loan Party may guarantee any Permitted Refinancing incurred by any other Loan Party to the extent permitted by Section 7.1(e)); (f) the terms and

conditions of any such modification, refinancing, refunding, renewal or extension, taken as a whole, are not materially less favorable to the Lenders than the terms and conditions of the Indebtedness being modified, refinanced, refunded, renewed or extended; and (g) in the case of any Indebtedness consisting of a refinancing of NPA Financing, the terms and conditions of any such modification, refinancing, refunding, renewal or extension are subject to and in compliance with the requirements set forth in the Intercreditor Agreement.

"Permitted Reinsurance Activities" means any agreement, contract, treaty, certificate or other arrangement by which any Insurance Subsidiary agrees to cede to, or assume from, another insurer all or part of the liability assumed or assets held by it under one or more insurance, annuity, reinsurance or retrocession policies, agreements, contracts, treaties, certificates or similar arrangements, including any aggregate stop loss insurance arrangements or certain other related activities that, in the business judgment of the Borrower are undertaken to create a capital-light insurance enterprise.

"Permitted Third Party Bank" shall mean any bank or other financial institution with whom any Loan Party maintains a Controlled Account and with whom a Control Account Agreement has been executed.

"Person" shall mean any natural Person, corporation, limited liability company, trust, joint venture, association, company, partnership, Governmental Authority or other entity.

"Plan" shall mean any "employee benefit plan" as defined in Section 3(3) of ERISA (other than a Multiemployer Plan) subject to Title IV of ERISA that is or was, during the preceding five calendar years, maintained or contributed to or required to be contributed to by Holdings, the Borrower or any ERISA Affiliate.

"Platform" shall mean Debt Domain, Intralinks, Syndtrak or a substantially similar electronic transmission system.

"Pro Rata Share" shall mean (i) with respect to all payments, computations and other matters relating to the Term Loan of any Lender, the percentage obtained by dividing (a) the Term Loan Exposure of that Lender by (b) the aggregate Term Loan Exposure of all Lenders., (ii) with respect to any Revolving Loan or Swingline Loan of any Lender at any time, a percentage, the numerator of which shall be such Lender's Revolving Commitment or Swingline Commitment, as applicable (or if such Revolving Commitment or Swingline Commitment has been terminated or expired or the Revolving Loans or Swingline Loans, as applicable, have been declared to be due and payable, such Lender's Revolving Credit Exposure), and the denominator of which shall be the sum of all Revolving Commitments or Swingline Commitments, as applicable, of all Lenders (or if such Revolving Commitments or Swingline Commitments have been terminated or expired or the Revolving Loans or Swingline Loans, as applicable, have been declared to be due and payable, all Revolving Credit Exposure of all Lenders) and (iii) with respect to all Classes of Commitments and Loans of any Lender at any time, the numerator of which shall be the sum of such Lender's Revolving Commitment (or if such Revolving Commitment has been terminated or expired or the Loans have been declared to be due and payable, such Lender's Revolving Credit Exposure) and Term Loan Exposure and the denominator of which shall be the sum of all Lenders' Revolving Commitments (or if such Revolving Commitments have been terminated or expired or the Loans have been declared to be due and payable, all Revolving Credit Exposure of all Lenders funded under such Commitments) and Term Loan Exposure.

"PTE" shall mean a prohibited transaction class exemption issued by the U.S. Department of Labor, as any such exemption may be amended from time to time.

"QFC Credit Support" shall have the meaning set forth in Section 10.19.

"Qualified Amount" shall mean, as of any date of determination with respect to each Assignee Lender, the amount of (i) Escrow Funds held for the benefit of such Assignee Lender as of such date less (ii) the aggregate amount of amortization payments and mandatory prepayments made after the Closing Date that are allocable to the Term Loan purchased by such Assignee Lender on the Closing Date pursuant to the SVB Assignment.

"Qualified Assignment" shall mean an assignment of the Term Loans made during the Escrow Period by the Assignee Lenders to an Eligible Assignee so long as such assignment is (i) evidenced by an Assignment and Acceptance, (ii) made on a ratable basis among the Assignee Lenders calculated pursuant to each Assignee Lender's *pro rata* share of the aggregate Escrow Funds existing immediately prior to giving effect to such assignment and (iii) has been consented to by the Borrower (unless a Specified Event of Default has occurred and is continuing at the time of such assignment).

"Qualified Capital Stock" of any Person shall mean any Capital Stock of such Person that is not Disqualified Capital Stock.

"Qualified IPO" means the issuance by Holdings of its Capital Stock in an underwritten primary public offering (other than a public offering pursuant to a registration statement on Form S-8) pursuant to an effective registration statement filed with the Securities and Exchange Commission in accordance with the Securities Act of 1933, as amended from time to time, and any successor statute (whether alone or in connection with a secondary public offering).

"Reaffirmation Agreement" shall mean the Reaffirmation Agreement and Master Amendment, dated as of the Closing Date, made by the Loan Parties in favor of the Administrative Agent for the benefit of the Secured Parties.

"Real Estate" shall mean all real property owned or leased by the Borrower and its Subsidiaries.

"Real Estate Documents" shall mean, collectively, (i) Mortgages covering all Real Estate owned by the Loan Parties that are required to be granted hereunder, duly executed by each applicable Loan Party, together with (A) title insurance policies, current as-built ALTA/ACSM Land Title surveys certified to the Administrative Agent, in each case relating to such Real Estate and reasonably satisfactory in form and substance to the Administrative Agent, (B) (x) Life of Loan" Federal Emergency Management Agency Standard Flood Hazard determinations, (y) notices, in the form required under the Flood Insurance Laws, about special flood hazard area status and flood disaster assistance duly executed by each Loan Party, and (z) if any improved real property encumbered by any Mortgage is located in a special flood hazard area, a policy of flood insurance that is on terms reasonably satisfactory to the Administrative Agent, (C) evidence that counterparts of such Mortgages have been recorded in all places to the extent necessary or desirable, in the reasonable judgment of the Administrative Agent, to create a valid and enforceable first priority Lien (subject to Permitted Encumbrances) on such Real Estate in favor of the Administrative Agent for the benefit of the Secured Parties (or in favor of such other trustee as may be required or desired under local law), (D) an opinion of counsel in each state in which such Real Estate is located in form and substance and from counsel reasonably satisfactory to the Administrative Agent, (E) a duly executed Environmental Indemnity with respect thereto, (F) Phase I Environmental Site

Assessment Reports, consistent with American Society of Testing and Materials (ASTM) Standard E 1527-05, and applicable state requirements, on all of the owned Real Estate required to be subject to a Mortgage hereunder, dated no more than six (6) months prior to the Original Closing Date (or date of the applicable Mortgage if provided post-closing) (or such earlier date as acceptable to the Administrative Agent), prepared by environmental engineers reasonably satisfactory to the Administrative Agent, all in form and substance reasonably satisfactory to the Administrative Agent, and such environmental review and audit reports, including Phase II reports, with respect to the Real Estate of any Loan Party that is required to be subject to a Mortgage hereunder as the Administrative Agent shall have reasonably requested, in each case together with letters executed by the environmental firms preparing such environmental reports, in form and substance reasonably satisfactory to the Administrative Agent, authorizing the Administrative Agent and the Lenders to rely on such reports, and the Administrative Agent shall be reasonably satisfied with the contents of all such environmental reports and (G) such other reports, documents, instruments and agreements as the Administrative Agent shall reasonably request, each in form and substance reasonably satisfactory to Administrative Agent.

"Recipient" shall mean, as applicable, (a) the Administrative Agent ~~and~~, (b) any Lender and (c) the Issuing Bank.

"Regulation D" shall mean Regulation D of the Board of Governors of the Federal Reserve System, as the same may be in effect from time to time, and any successor regulations.

"Regulation T" shall mean Regulation T of the Board of Governors of the Federal Reserve System, as the same may be in effect from time to time, and any successor regulations.

"Regulation U" shall mean Regulation U of the Board of Governors of the Federal Reserve System, as the same may be in effect from time to time, and any successor regulations.

"Regulation X" shall mean Regulation X of the Board of Governors of the Federal Reserve System, as the same may be in effect from time to time, and any successor regulations.

"Regulation Y" shall mean Regulation Y of the Board of Governors of the Federal Reserve System, as the same may be in effect from time to time, and any successor regulations.

"Related Parties" shall mean, with respect to any Person, such Person's Affiliates and the managers, administrators, trustees, partners, directors, officers, employees, agents, advisors or other representatives of such Person and such Person's Affiliates.

"Release" shall mean any release, spill, emission, leaking, dumping, injection, pouring, deposit, disposal, discharge, dispersal, leaching or migration into the environment (including ambient air, surface water, groundwater, land surface or subsurface strata) or within any building, structure, facility or fixture.

"Relevant Governmental Body" shall mean the Federal Reserve Board and/or the Federal Reserve Bank of New York, or a committee officially endorsed or convened by the Federal Reserve Board and/or the Federal Reserve Bank of New York or any successor thereto.

"Required Lenders" shall mean Non-Defaulting Lenders holding, in the aggregate, more than 50% of the aggregate outstanding Revolving Commitments and total Term Loan Exposure or, if the Lenders have no Revolving Commitments or Swingline Commitments outstanding, then Lenders holding more than 50% of the aggregate outstanding Revolving Credit Exposure and total Term Loan Exposure of

the Lenders at such time; provided that at any time that there are two or more unaffiliated Non- Defaulting Lenders, Required Lenders shall consist of at least two such Non-Defaulting Lenders; provided further that to the extent that any Lender is a Defaulting Lender, such Defaulting Lender and all of its Revolving Commitments, Revolving Credit Exposure and Term Loans shall be excluded for purposes of determining Required Lenders.

"Required Revolving Lenders" shall mean, at any time, Lenders holding more than 50% of the aggregate outstanding Revolving Commitments at such time or, if the Lenders have no Revolving Commitments outstanding, then Lenders holding more than 50% of the aggregate Revolving Credit Exposure; provided that at any time that there are two or more unaffiliated Non-Defaulting Lenders, Required Revolving Lenders shall consist of at least two such Non-Defaulting Lenders; provided further that to the extent that any Lender is a Defaulting Lender, such Defaulting Lender and all of its Revolving Commitments and Revolving Credit Exposure shall be excluded for purposes of determining Required Revolving Lenders.

"Requirement of Law" for any Person shall mean the articles or certificate of incorporation, bylaws, partnership certificate and agreement, or limited liability company certificate of organization and agreement, as the case may be, and other organizational and governing documents of such Person, and any law, treaty, rule or regulation, or determination of a Governmental Authority, in each case applicable to or binding upon such Person or any of its property or to which such Person or any of its property is subject.

"Resolution Authority" shall mean an EEA Resolution Authority or, with respect to any UK Financial Institution, a UK Resolution Authority.

"Responsible Officer" shall mean (x) with respect to certifying compliance with the financial covenants set forth in Article VI, the principal executive officer, the principal financial officer, the principal accounting officer, the treasurer or the controller of the Borrower and (y) with respect to all other provisions, any of the president, the principal executive officer, the principal operating officer, the principal financial officer, the treasurer, the controller or a vice president of the Borrower or such other senior officer that has similar responsibilities to the extent such officer is designated in writing to the Administrative Agent.

"Restricted Debt" shall have the meaning set forth in Section 7.19. For the avoidance of doubt, Indebtedness consisting any intercompany Indebtedness, or any Indebtedness permitted under Sections 7.1(j), (l), (m), (n) and (o) shall not constitute Restricted Debt.

"Restricted Debt Payment" shall have the meaning set forth in Section 7.19.

"Restricted Payment" shall mean (i) any dividend or other distribution, direct or indirect, on account of any shares of any class of Capital Stock of Holdings, the Borrower or any of their respective Subsidiaries now or hereafter outstanding, except a dividend payable solely in shares of that class of Capital Stock to the holders of that class (other than Disqualified Capital Stock); (ii) any redemption, retirement, sinking fund or similar payment, purchase or other acquisition for value, direct or indirect, of any shares of any class of Capital Stock of Holdings, the Borrower or any of their respective Subsidiaries now or hereafter outstanding; (iii) any payment made to retire, or to obtain the surrender of, any outstanding warrants, options or other rights to acquire shares of any class of Capital Stock of Holdings, the Borrower or any of their respective Subsidiaries now or hereafter outstanding; and (iv) any payment, or prepayment~~, redemption, purchase, retirement, defeasance (including in-substance or legal~~

~~defeasance) or other satisfaction, in each case, prior to the repayment in full of all Obligations (other than (i) contingent obligations as to which no claim exists or has been asserted, (ii) Hedging Obligations owed by any Loan Party to any Lender-Related Hedge Provider, and (iii) Bank Product Obligations), with respect to the principal or interest of (or premium as a result of such payment, prepayment or satisfaction otherwise) any Indebtedness, liabilities or obligations that are in each case subordinated in right of payment and/or right of security to the Obligations and/or any Guarantee thereof, including, without limitation, the Subordinated Debt; and (v) any~~ of management or similar fees. ~~For the avoidance of doubt, payments of principal, interest, fees or other amounts with respect to the NPA Financing shall not constitute a Restricted Payment.~~

"Revolving Commitment" shall mean, with respect to each Lender, the commitment of such Lender to make Revolving Loans to the Borrower and to acquire participations in Letters of Credit and Swingline Loans in an aggregate principal amount not exceeding the amount set forth with respect to such Lender on Schedule I, or, in the case of a Person becoming a Lender after the Second Amendment Effective Date, the amount of the assigned "Revolving Commitment" as provided in the Assignment and Acceptance executed by such Person as an assignee, or the joinder executed by such Person, in each case as such commitment may subsequently be increased or decreased pursuant to the terms hereof.

"Revolving Commitment Termination Date" shall mean the earliest of (i) October 15, 2021, (ii) the date on which the Revolving Commitments are terminated pursuant to Section 2.7 and (iii) the date on which all amounts outstanding under this Agreement have been declared or have automatically become due and payable (whether by acceleration or otherwise).

"Revolving Credit Exposure" shall mean, with respect to any Lender at any time, the sum of the outstanding principal amount of such Lender's Revolving Loans, LC Exposure and Swingline Exposure.

"Revolving Lender" shall mean each Lender with a Revolving Commitment.

"Revolving Loan" shall mean a loan made by a Lender (other than the Swingline Lender) to the Borrower under its Revolving Commitment, which may either be a Base Rate Loan or a Eurodollar Loan.

"RIA" shall mean Root Insurance Agency, LLC, an Ohio limited liability company. "RIC" shall mean Root Insurance Company, an Ohio corporation.

"Risk-Based Capital Ratio" shall mean, with respect to each Insurance Subsidiary, as of the end of any ~~Fiscal Month~~Test Date, the ratio of Total Adjusted Capital as of the end of such ~~Fiscal Month~~Test Date to Authorized Control Level Risk-Based Capital as of the end of such ~~Fiscal Month~~Test Date (in each case as determined by SAP and defined in NAIC's Risk-Based Capital for Insurers Model Act (Volume III-312) applicable to Insurance Subsidiaries and consistent with applicable statutes of the applicable Insurance Regulatory Authority from time to time).

"RRC" shall mean Root Reinsurance Company, Ltd., a Cayman Islands exempted company.

"RRC Equity" shall mean, as of any date of determination, total equity reflected on the balance sheet of RRC prepared in accordance with GAAP.

"S&P" shall mean S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC, and any successor thereto.

"Sale/Leaseback Transaction" shall have the meaning set forth in Section 7.9.

"Sanctioned Country" shall mean, at any time, a country, region or territory that is, or whose government is, the subject or target of any Sanctions including, without limitation, as of the Closing Date, Crimea, Cuba, Iran, North Korea, Sudan and Syria.

"Sanctioned Person" shall mean, at any time, (a) any Person that is the subject or target of any Sanctions, (b) any Person located, organized, operating or resident in a Sanctioned Country or (c) any Person owned or controlled by any such Person.

"Sanctions" shall mean economic or financial sanctions or trade embargoes imposed, administered or enforced from time to time by (a) the U.S. government, including those administered by OFAC or the U.S. Department of State, (b) the United Nations Security Council, the European Union or Her Majesty's Treasury of the United Kingdom or (c) any other relevant sanctions authority.

"SAP" means, with respect to any Insurance Subsidiary, the accounting procedures and practices prescribed or permitted by the applicable Insurance Regulatory Authority, applied in accordance with Section 1.2

"Screen Rate" shall have the meaning assigned to such term in the definition of "Adjusted LIBO Rate".

"Second Amendment" shall mean that certain Second Amendment to Amended and Restated Term Loan Agreement dated as of the Second Amendment Effective Date.

"Second Amendment Effective Date" shall mean September 14, 2020.

"Secured Parties" shall mean the Administrative Agent, the Lenders, the Issuing Bank, the Lender-Related Hedge Providers and the Bank Product Providers.

"Significant Equity Capital Raise" shall mean a (or a series of) public (pursuant to a Qualified IPO) or private sale(s) after the Second Amendment Effective Date of (a) Qualified Capital Stock of Holdings or (b) Capital Stock of a direct or indirect parent entity of Holdings, or (c) any combination of the foregoing clauses (a) and (b), which, in the aggregate, generate(s) cash proceeds of at least $500,000,000, and such proceeds are contributed as common equity to Holdings or the Borrower.

"Significant Public Equity Capital Raise" shall mean a (or a series of) public (pursuant to a Qualified IPO) sale(s) after the Second Amendment Effective Date of (a) Qualified Capital Stock of Holdings or (b) Capital Stock of a direct or indirect parent entity of Holdings, or (c) any combination of the foregoing clauses (a) and (b), which, in the aggregate, generate(s) cash proceeds of at least $500,000,000, and such proceeds are contributed as common equity to Holdings or the Borrower.

"Significant Transaction" shall mean (i) the entry by Holdings or any of its Subsidiaries into an investment, joint venture or similar transaction valued at more than $350,000,000 from a company that operates in the auto insurance industry or (ii) the entry by Holdings or any of its Subsidiaries into any investment, joint venture or similar transaction that would result in any one Person (together with such

Person's Affiliates) (other than Permitted Holders) having an economic interest in RIC or any Loan Party greater than 33%.

"SOFR" with respect to any day shall mean the secured overnight financing rate published for such day by the Federal Reserve Bank of New York, as the administrator of the benchmark, (or a successor administrator) on the Federal Reserve Bank of New York's Website.

"Solvent" shall mean, with respect to any Person on a particular date, that on such date (a) the fair value of the property of such Person is greater than the total amount of liabilities, including subordinated and contingent liabilities, of such Person; (b) the present fair saleable value of the assets of such Person is not less than the amount that will be required to pay the probable liability of such Person on its debts and liabilities, including subordinated and contingent liabilities as they become absolute and matured; (c) such Person does not intend to, and does not believe that it will, incur debts or liabilities beyond such Person's ability to pay as such debts and liabilities mature; and (d) such Person is not engaged in a business or transaction, and is not about to engage in a business or transaction, for which such Person's property would constitute an unreasonably small capital. The amount of contingent liabilities (such as litigation, guaranties and pension plan liabilities) at any time shall be computed as the amount that, in light of all the facts and circumstances existing at the time, represents the amount that would reasonably be expected to become an actual or matured liability.

"Specified Event of Default" shall mean an Event of Default under Section 8.1(a), (b), (d) (solely as a result of a failure to observe or perform any requirement under Article VI), (g), (h) or (j).

"Stated Maturity Date" shall mean October 15, 2021.

"Statutory Surplus" shall mean, with respect any Insurance Subsidiary, the surplus as to policyholders of such Insurance Subsidiary as determined pursuant to SAP.

"Subordinated Debt" shall mean any Indebtedness of the Loan Parties that is expressly permitted pursuant to Section 7.1(k) and/or 7.1(q).

"Subordinated Debt Documents" shall mean the indentures, loan agreements, notes, guaranties, subordination agreements and other related documents and/or agreements governing or evidencing the Subordinated Debt.

"Subsidiary" shall mean, with respect to any Person (the "parent") at any date, any corporation, partnership, joint venture, limited liability company, association or other entity the accounts of which would be consolidated with those of the parent in the parent's consolidated financial statements if such financial statements were prepared in accordance with GAAP as of such date, as well as any other corporation, partnership, joint venture, limited liability company, association or other entity (i) of which securities or other ownership interests representing more than 50% of the equity or more than 50% of the ordinary voting power or, in the case of a partnership, more than 50% of the general partnership interests are, as of such date, owned, controlled or held, or (ii) that is, as of such date, otherwise controlled, by the parent or one or more subsidiaries of the parent or by the parent and one or more subsidiaries of the parent. Unless otherwise indicated, all references to "Subsidiary" hereunder shall mean a Subsidiary of the Borrower. For the avoidance of doubt, an Insurance Subsidiary is a Subsidiary of the Borrower.

"Subsidiary Loan Party" shall mean any Subsidiary that executes or becomes a party to the Guaranty and Security Agreement; provided that it is understood and agreed that no Insurance Subsidiary nor any Subsidiary of an Insurance Subsidiary shall be a Subsidiary Loan Party.

"Supported QFC" shall have the meaning set forth in Section 10.19.

"SVB Assignment" shall have the meaning set forth in Section 11.1.

"SVB Loans" shall have the meaning set forth in Section 11.1.

"Swap Obligation" shall mean, with respect to any Guarantor, any obligation to pay or perform under any agreement, contract or transaction that constitutes a "swap" within the meaning of section 1a(47) of the Commodity Exchange Act.

"Swingline Commitment" shall mean the commitment of the Swingline Lender to make Swingline Loans in an aggregate principal amount at any time outstanding not to exceed $5,000,000.

"Swingline Exposure" shall mean, with respect to each Lender, the principal amount of the Swingline Loans in which such Lender is legally obligated either to make a Base Rate Loan or to purchase a participation in accordance with Section 2.4, which shall equal such Lender's Pro Rata Share of all outstanding Swingline Loans.

"Swingline Lender" shall mean Truist Bank.

"Swingline Loan" shall mean a loan made to the Borrower by the Swingline Lender under the Swingline Commitment.

"Synthetic Lease" shall mean a lease transaction under which the parties intend that (i) the lease will be treated as an "operating lease" by the lessee pursuant to Accounting Standards Codification Sections 840-10 and 840-20, as amended, and (ii) the lessee will be entitled to various tax and other benefits ordinarily available to owners (as opposed to lessees) of like property.

"Synthetic Lease Obligations" shall mean, with respect to any Person, the sum of (i) all remaining rental obligations of such Person as lessee under Synthetic Leases which are attributable to principal and, without duplication, (ii) all rental and purchase price payment obligations of such Person under such Synthetic Leases assuming such Person exercises the option to purchase the lease property at the end of the lease term.

"Taxes" shall mean any and all present or future taxes, levies, imposts, duties, deductions, withholdings (including backup withholding), assessments, fees, or charges imposed by any Governmental Authority, including any interest, additions to tax or penalties applicable thereto.

~~"Term Loan" shall mean a term loan made by a Lender to the Borrower pursuant to Section 2.1, Section 2.18 of the Existing Credit Agreement and continued hereunder as set forth in Section 2.1 hereof or Section 2.18 hereof.~~

"Termination Date" shall mean the date upon which all (i) Commitments have expired or been terminated, (ii) all Obligations (other than (A) contingent obligations as to which no claim exists or has been asserted, (B) Hedging Obligations owed by any Loan Party to any Lender-Related Hedge Provider, and (C) Bank Product Obligations) have been paid in full in cash (iii) all Letters of Credit have expired or terminated, in each case without any pending draw, or been cash collateralized in form and substance satisfactory to the Issuing Bank (or alternative arrangements have been made with respect to any remaining Letters of Credit, in each case, to the satisfaction of the Issuing Bank), and (iv) all LC Disbursements have been reimbursed.

"Term Loan" shall have the meaning set forth in Section 2.5(b).

"Term Loan Commitment" shall mean, with respect to each Lender, (i) the obligation of such Lender to make a Term Loan ~~hereunder on the Original Closing Date or the Original Incremental Effective Date, as applicable, and (ii) the obligation of any such Lender that becomes an Increasing Lender or Additional Lender pursuant to Section 2.18 to make a Term Loan hereunder on the applicable Incremental Effective Date~~on the Second Amendment Effective Date, in a principal amount not exceeding the amount set forth with respect to such Lender ~~in the applicable Incremental Joinder Agreement~~on Schedule I. The aggregate principal amount of all Lenders' Term Loan Commitments as of the Second Amendment Effective Date is $100,000,000.

"Term Loan Exposure" shall mean, with respect to any Lender, as of any date of determination, the outstanding principal amount of the Term Loans of such Lender.

"~~Test Date~~Term SOFR" shall mean the ~~last day of each Fiscal Month~~forward-looking term rate based on SOFR that has been selected or recommended by the Relevant Governmental Body.

"Test Date" shall mean (i) at all times prior to a Significant Equity Capital Raise, the last day of each Fiscal Month and (ii) at all times after a Significant Equity Capital Raise, the last day of each Fiscal Quarter.

"Test Period" shall mean, unless the context otherwise requires, the most recently ended twelve-month period ending on the date of determination.

"Third Party Administrator Agreement" shall mean that certain Master Service Agreement, dated as of February 1, 2019, between Genpact (UK) Limited, a UK private limited company, and RIC.

"Threshold Amount" shall mean $~~2,500,000~~10,000,000.

"Trademark" shall have the meaning assigned to such term in the Guaranty and Security Agreement.

"Trademark Security Agreement" shall mean any Trademark Security Agreement executed by a Loan Party owning registered Trademarks or applications for Trademarks in favor of the Administrative Agent for the benefit of the Secured Parties, both on the Original Closing Date and thereafter.

"Type" shall mean, ~~with respect~~when used in reference to a ~~Term~~ Loan, or a Borrowing, refers to whether the rate of interest on such ~~Term~~ Loan, or on the Loans comprising such Borrowing, is determined by reference to the Adjusted LIBO Rate or the Base Rate.

"UK Financial Institution" shall mean any BRRD Undertaking (as such term is defined under the PRA Rulebook (as amended from time to time) promulgated by the United Kingdom Prudential Regulation Authority) or any person falling within IFPRU 11.6 of the FCA Handbook (as amended from time to time) promulgated by the United Kingdom Financial Conduct Authority, which includes certain credit institutions and investment firms, and certain affiliates of such credit institutions or investment firms.

"UK Resolution Authority" shall mean the Bank of England or any other public administrative authority having responsibility for the resolution of any UK Financial Institution.

"Unadjusted Benchmark Replacement" shall mean the Benchmark Replacement excluding the Benchmark Replacement Adjustment.

"Unfunded Pension Liability" of any Plan shall mean the amount, if any, by which the value of the accumulated plan benefits under the Plan, determined on a plan termination basis in accordance with actuarial assumptions at such time consistent with those prescribed by the PBGC for purposes of Section 4044 of ERISA, exceeds the fair market value of all Plan assets allocable to such liabilities under Title IV of ERISA (excluding any accrued but unpaid contributions).

"Uniform Commercial Code" or "UCC" shall mean the Uniform Commercial Code as in effect from time to time in the State of New York.

"United States" or "U.S." shall mean the United States of America.

"U.S. Insurance Subsidiary" shall mean a wholly owned Insurance Subsidiary of Holdings (whether direct or indirect) that is domiciled in the United States or any Insurance Subsidiary that is a mutual insurance company; provided, that "U.S. Insurance Subsidiaries" shall mean each U.S. Insurance Subsidiary on a collective basis.

"U.S. Person" shall mean any Person that is a "United States person" as defined in Section 7701(a)(30) of the Code.

"U.S. Special Resolution Regimes" shall have the meaning set forth in Section 10.19.

"U.S. Tax Compliance Certificate" shall have the meaning set forth in Section ~~2.16~~2.20(g)(ii).

"Weighted Average Life to Maturity" shall mean when applied to any Indebtedness at any date, the number of years obtained by dividing (i) the sum of the products obtained by multiplying (x) the amount of each then remaining installment, sinking fund, serial maturity or other required payments of principal, including payment at final maturity, in respect thereof, by (y) the number of years (calculated to the nearest one twelfth) that will elapse between such date and the making of such payment by (ii) the then outstanding principal amount of such Indebtedness.

"Withdrawal Liability" shall mean liability to a Multiemployer Plan as a result of a complete or partial withdrawal from such Multiemployer Plan, as such terms are defined in Part I of Subtitle E of Title IV of ERISA.

"Withholding Agent" shall mean the Borrower, any other Loan Party or the Administrative Agent, as applicable.

"Write-Down and Conversion Powers" shall mean, (a) with respect to any EEA Resolution Authority, the write-down and conversion powers of such EEA Resolution Authority from time to time under the Bail-In Legislation for the applicable EEA Member Country, which write-down and conversion powers are described in the EU Bail-In Legislation Schedule. and (b) with respect to the United Kingdom, any powers of the applicable Resolution Authority under the Bail-In Legislation to cancel, reduce, modify or change the form of a liability of any UK Financial Institution or any contract or

instrument under which that liability arises, to convert all or part of that liability into shares, securities or obligations of that person or any other person, to provide that any such contract or instrument is to have effect as if a right had been exercised under it or to suspend any obligation in respect of that liability or any of the powers under that Bail-In Legislation that are related to or ancillary to any of those powers.

Section ii **Classifications of Loans and Borrowings**. For purposes of this Agreement, Loans may be classified and referred to by Class (e.g. "Revolving Loan" or "Term Loan") or by Type (e.g. "Eurodollar Loan" or "Base Rate Loan") or by Class and Type (e.g. "Revolving Eurodollar Loan"). Borrowings also may be classified and referred to by Class (e.g. "Revolving Borrowing") or by Type (e.g. "Eurodollar Borrowing") or by Class and Type (e.g. "Revolving Eurodollar Borrowing").

Section iii ~~Section 1.2.~~ **Accounting Terms and Determination**. Unless otherwise defined or specified herein, all accounting terms used herein shall be interpreted, all accounting determinations hereunder shall be made, and all financial statements required to be delivered hereunder shall be prepared, in accordance with GAAP or SAP, as applicable, as in effect from time to time, applied on a basis consistent with the most recent audited consolidated financial statements of Holdings delivered pursuant to Section 5.1(a) (or, if no such financial statements have been delivered, on a basis consistent with the audited consolidated financial statements of the Borrower last delivered to the Administrative Agent in connection with this Agreement); provided that if the Borrower notifies the Administrative Agent that the Borrower wishes to amend any covenant in Article VI to eliminate the effect of any change in GAAP or SAP, as applicable, on the operation of such covenant (or if the Administrative Agent notifies the Borrower that the Required Lenders wish to amend Article VI for such purpose), then the Borrower's compliance with such covenant shall be determined on the basis of GAAP or SAP, as applicable, in effect immediately before the relevant change in GAAP or SAP, as applicable, became effective, until either such notice is withdrawn or such covenant is amended in a manner satisfactory to the Borrower and the Required Lenders. Notwithstanding any other provision contained herein, (a) all terms of an accounting or financial nature used herein shall be construed, and all computations of amounts and ratios referred to herein shall be made, (x) without giving effect to any election under Accounting Standards Codification Section 825-10 (or any other Financial Accounting Standard having a similar result or effect including ASU 2015-03, 1 and any other related treatment for debt discounts and premiums, such as original issue discount) to value any Indebtedness or other liabilities of any Loan Party or any Subsidiary of any Loan Party at "fair value", as defined therein and (y) without giving effect to any treatment of Indebtedness in respect of convertible debt instruments under Accounting Standards Codification 470-20 (or any other Financial Accounting Standard having a similar result or effect) to value any such Indebtedness in a reduced or bifurcated manner as described therein, and such Indebtedness shall at all times be valued at the full stated principal amount thereof, (b) the accounting for any lease (and whether such lease shall be treated as Capital Lease Obligations) shall be based on GAAP as in effect on December 31, 2017 and without giving effect to any subsequent changes in GAAP (or required implementation of any previously promulgated changes in GAAP) relating to the treatment of a lease as an operating lease, capitalized lease or finance lease and (c) for purposes of determining compliance with any basket, test, or condition under any provision of this Agreement or any other Loan Document, no Loan Party may retroactively divide, classify, re-classify or deem or otherwise treat a historical transaction as having occurred in reliance on a basket or exception that was not available at the time of such historical transaction or if and to the extent that such basket or exception was relied upon for any later transaction.

Section iv ~~Section 1.3.~~ **Terms Generally**. The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words "include", "includes" and "including" shall be deemed to be followed by the phrase "without limitation". The words "other" and

"otherwise" shall not be construed ejusdem generis with any foregoing words where a wider construction is possible. Except as otherwise expressly provided herein, the word "or" shall not be exclusive. The word "will" shall be construed to have the same meaning and effect as the word "shall". In the computation of periods of time from a specified date to a later specified date, the word "from" means "from and including" and the word "to" means "to but excluding". Unless the context requires otherwise (i) any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as it was originally executed or as it may from time to time be amended, restated, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein), (ii) any reference herein to any Person shall be construed to include such Person's successors and permitted assigns, (iii) the words "hereof", "herein" and "hereunder" and words of similar import shall be construed to refer to this Agreement as a whole and not to any particular provision hereof, (iv) all references to Articles, Sections, Exhibits and Schedules shall be construed to refer to Articles, Sections, Exhibits and Schedules to this Agreement, (v) any definition of or reference to any law shall include all statutory and regulatory provisions consolidating, amending, or interpreting any such law and any reference to or definition of any law or regulation, unless otherwise specified, shall refer to such law or regulation as amended, modified or supplemented from time to time, (vi) the words "asset" and "property" shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contract rights and (vii) all references to a specific time shall be construed to refer to the time in the city and state of the Administrative Agent's principal office, unless otherwise indicated. Unless otherwise expressly provided herein, all references to dollar amounts shall mean Dollars. ~~Any reference herein to a merger, transfer, consolidation, amalgamation, assignment, sale or disposition or similar term, shall be deemed to apply to a division of or by a limited liability company, or an allocation of assets to a series of a limited liability company (or the unwinding of such a division or allocation), as if it were a merger, transfer, consolidation, amalgamation, assignment, sale or disposition, or similar term, as applicable, to, of or with a separate Person. Any division of a limited liability company shall constitute a separate Person hereunder (and each division of any limited liability company that is a Subsidiary, joint venture or any other like term shall also constitute such a Person or entity).~~

Section 1.5. **Divisions**. For all purposes under the Loan Documents, in connection with any division or plan of division under Delaware law (or any comparable event under a different jurisdiction's laws): (a) if any asset, right, obligation or liability of any Person becomes the asset, right, obligation or liability of a different Person, then it shall be deemed to have been transferred from the original Person to the subsequent Person, and (b) if any new Person comes into existence, such new Person shall be deemed to have been organized on the first date of its existence by the holders of its equity interests at such time.

Section 1.6. **LIBOR**. The Administrative Agent does not warrant or accept responsibility for, and shall not have any liability with respect to, the administration, submission or any other matter related to the rates in the definition of "Adjusted LIBO Rate".

Article II.

AMOUNT AND TERMS OF THE COMMITMENTS

Section i **General Description of Revolving Facilities**. Subject to and upon the terms and conditions herein set forth, (i) the Lenders hereby establish in favor of the Borrower a revolving credit facility pursuant to which each Lender severally agrees (to the extent of such Lender's Revolving Commitment) to make Revolving Loans to the Borrower in accordance with Section 2.2; (ii) the Issuing Bank may issue Letters of Credit in accordance with Section 2.22; (iii) the Swingline Lender may make

Swingline Loans in accordance with Section 2.4; and (iv) each Lender agrees to purchase a participation interest in the Letters of Credit and the Swingline Loans pursuant to the terms and conditions hereof; provided that in no event shall the aggregate principal amount of all outstanding Revolving Loans, Swingline Loans and outstanding LC Exposure exceed the Aggregate Revolving Commitment Amount in effect from time to time.

Section ii **Revolving Loans**. Subject to the terms and conditions set forth herein, each Lender severally agrees to make Revolving Loans, ratably in proportion to its Pro Rata Share of the Aggregate Revolving Commitments, to the Borrower, from time to time during the Availability Period, in an aggregate principal amount outstanding at any time that will not result in (a) such Lender's Revolving Credit Exposure exceeding such Lender's Revolving Commitment or (b) the aggregate Revolving Credit Exposures of all Lenders exceeding the Aggregate Revolving Commitment Amount. During the Availability Period, the Borrower shall be entitled to borrow, prepay and reborrow Revolving Loans in accordance with the terms and conditions of this Agreement; provided that the Borrower may not borrow or reborrow should there exist a Default or Event of Default.

Section iii **Procedure for Revolving Borrowings**. The Borrower shall give the Administrative Agent written notice (or telephonic notice promptly confirmed in writing) of each Revolving Borrowing, substantially in the form of Exhibit 2.3 attached hereto (a "Notice of Revolving Borrowing"), (x) prior to 12:00 p.m. (New York city time) one (1) Business Day prior to the requested date of each Base Rate Borrowing and (y) prior to 12:00 p.m. (New York city time) three (3) Business Days prior to the requested date of each Eurodollar Borrowing. Each Notice of Revolving Borrowing shall be irrevocable and shall specify (i) the aggregate principal amount of such Borrowing, (ii) the date of such Borrowing (which shall be a Business Day), (iii) the Type of such Revolving Loan comprising such Borrowing and (iv) in the case of a Eurodollar Borrowing, the duration of the initial Interest Period applicable thereto (subject to the provisions of the definition of Interest Period). Each Revolving Borrowing shall consist entirely of Base Rate Loans or Eurodollar Loans, as the Borrower may request. The aggregate principal amount of each Eurodollar Borrowing shall not be less than $1,000,000 or a larger multiple of $1,000,000, and the aggregate principal amount of each Base Rate Borrowing shall not be less than $1,000,000 or a larger multiple of $100,000; provided that Base Rate Loans made pursuant to Section 2.4 or Section 2.22(d) may be made in lesser amounts as provided therein. At no time shall the total number of Eurodollar Borrowings outstanding at any time exceed four (4). Promptly following the receipt of a Notice of Revolving Borrowing in accordance herewith, the Administrative Agent shall advise each Lender of the details thereof and the amount of such Lender's Revolving Loan to be made as part of the requested Revolving Borrowing.

Section iv **Swingline Commitment**.

(1) Subject to the terms and conditions set forth herein, the Swingline Lender may, in its sole discretion, make Swingline Loans to the Borrower, from time to time during the Availability Period, in an aggregate principal amount outstanding at any time not to exceed the lesser of (i) the Swingline Commitment then in effect and (ii) the difference between the Aggregate Revolving Commitment Amount and the aggregate Revolving Credit Exposures of all Lenders; provided that the Swingline Lender shall not be required to make a Swingline Loan to refinance an outstanding Swingline Loan. The Borrower shall be entitled to borrow, repay and reborrow Swingline Loans in accordance with the terms and conditions of this Agreement.

(2) The Borrower shall give the Administrative Agent written notice (or telephonic notice promptly confirmed in writing) of each Swingline Borrowing, substantially in the form

of Exhibit 2.4 attached hereto (a "Notice of Swingline Borrowing"), prior to 12:00 p.m. (New York city time) on the requested date of each Swingline Borrowing. Each Notice of Swingline Borrowing shall be irrevocable and shall specify (i) the principal amount of such Swingline Borrowing, (ii) the date of such Swingline Borrowing (which shall be a Business Day) and (iii) the account of the Borrower to which the proceeds of such Swingline Borrowing should be credited. The Administrative Agent will promptly advise the Swingline Lender of each Notice of Swingline Borrowing. The aggregate principal amount of each Swingline Loan shall not be less than $100,000 or a larger multiple of $50,000, or such other minimum amounts agreed to by the Swingline Lender and the Borrower. The Swingline Lender will make the proceeds of each Swingline Loan available to the Borrower in Dollars in immediately available funds at the account specified by the Borrower in the applicable Notice of Swingline Borrowing not later than 1:00 p.m. (New York city time) on the requested date of such Swingline Borrowing.

(3) The Swingline Lender, at any time and from time to time in its sole discretion, may, but in no event no less frequently than once each calendar week shall, on behalf of the Borrower (which hereby irrevocably authorizes and directs the Swingline Lender to act on its behalf), give a Notice of Revolving Borrowing to the Administrative Agent requesting the Lenders (including the Swingline Lender) to make Base Rate Loans in an amount equal to the unpaid principal amount of any Swingline Loan. Each Lender will make the proceeds of its Base Rate Loan included in such Borrowing available to the Administrative Agent for the account of the Swingline Lender in accordance with Section 2.6, which will be used solely for the repayment of such Swingline Loan.

(4) If for any reason a Base Rate Borrowing may not be (as determined in the sole discretion of the Administrative Agent), or is not, made in accordance with the foregoing provisions, then each Lender (other than the Swingline Lender) shall purchase an undivided participating interest in such Swingline Loan in an amount equal to its Pro Rata Share thereof on the date that such Base Rate Borrowing should have occurred. On the date of such required purchase, each Lender shall promptly transfer, in immediately available funds, the amount of its participating interest to the Administrative Agent for the account of the Swingline Lender.

(5) Each Lender's obligation to make a Base Rate Loan pursuant to subsection (c) of this Section or to purchase participating interests pursuant to subsection (d) of this Section shall be absolute and unconditional and shall not be affected by any circumstance, including, without limitation, (i) any set-off, counterclaim, recoupment, defense or other right that such Lender or any other Person may have or claim against the Swingline Lender, the Borrower or any other Person for any reason whatsoever, (ii) the existence of a Default or an Event of Default or the termination of any Lender's Revolving Commitment, (iii) the existence (or alleged existence) of any event or condition which has had or could reasonably be expected to have a Material Adverse Effect, (iv) any breach of this Agreement or any other Loan Document by any Loan Party, the Administrative Agent or any Lender or (v) any other circumstance, happening or event whatsoever, whether or not similar to any of the foregoing. If such amount is not in fact made available to the Swingline Lender by any Lender, the Swingline Lender shall be entitled to recover such amount on demand from such Lender, together with accrued interest thereon for each day from the date of demand thereof (x) at the Federal Funds Rate until the second Business Day after such demand and (y) at the Base Rate at all times thereafter. Until such time as such Lender makes its required payment, the Swingline Lender shall be deemed to continue to have outstanding Swingline Loans in the amount of the unpaid participation for all purposes of the Loan Documents. In addition, such Lender shall be deemed to have assigned any and all payments made of principal and interest on its Loans and any other amounts due to it hereunder to the Swingline Lender to fund the amount of such Lender's participation interest in such Swingline Loans that such Lender failed to fund pursuant to this Section, until such amount has been purchased in full.

Section v **Term Loan; Term Loan Commitments.**

(1) ~~Section 2.1. **Term Loan**.~~ The parties hereto acknowledge and agree that, prior to the Closing Date, certain "Term Loans" were made by certain Lenders (any such Lender, an "Existing Lender") to the Borrower pursuant to (and as defined in) the Existing Credit Agreement. ~~Such "Term Loans" are continued as the Term Loans hereunder and are subject to Section 3.2 (the "Term Loans") and the terms of this Agreement and the other Loan Documents. The Borrower acknowledges and agrees that the outstanding principal amount of the Term Loans immediately prior to giving effect to this Agreement is $99,750,000. The Borrower and the Lenders acknowledge and agree that the principal amount of such Term Loan held by each Lender as of the Closing Date (after giving effect to this Agreement) is set forth on Schedule I opposite the name of such Lender.~~ Immediately before the consummation of the Second Amendment on the Second Amendment Effective Date, a single class of Existing Term Loans remained outstanding with an aggregate principal balance in an amount equal $86,502,424.78 (the "Existing Term Loan").

(2) On the Second Amendment Effective Date, (x) certain new Lenders agree to make a term loan to the Borrower and (y) certain of the Existing Lenders agree to reallocate the outstanding principal amount of its Existing Term Loan, such that, immediately following the effectiveness of the Second Amendment in accordance with its terms, the Term Loan Commitment of each Lender to make a Term Loan (the "Term Loan") to the Borrower on the Second Amendment Effective Date is set forth on Schedule I hereto. Notwithstanding anything to the foregoing, in order to effect any such reallocations of the Existing Term Loan, assignments shall be deemed to be made among the Lenders in such amounts as may be necessary, and with the same force and effect as if such assignments were evidenced by the applicable Assignment and Acceptance (but without the payment of any related assignment fee), and no other documents or instruments shall be required to be executed in connection with such assignments (all of which such requirements are hereby waived). Further, to effect the foregoing, each Lender agrees to make cash settlements in respect of the outstanding Existing Term Loans (including cash settlements to any Existing Lender), either directly or through the Administrative Agent, as the Administrative Agent may direct or approve, such that after giving effect to this Agreement, each Lender holds Term Loans equal to its Pro Rata Share (based on the Term Loan Commitment of each Lender as set forth on Schedule I hereto). Each of the Lenders hereby agrees that, immediately after giving effect to the foregoing transactions described in this clause (b) on the Second Amendment Effective Date, the outstanding principal amount of Term Loans held by each such Lender is set forth on Schedule I hereto.

(3) Subject to the terms and conditions set forth herein, the Term Loans may be, from time to time, Base Rate Loans or Eurodollar Loans or a combination thereof. Amounts paid or prepaid with respect to Term Loans may not be reborrowed.

Section vi ~~Section 2.2. **[Reserved]**~~**Funding of Borrowings**.

(1) Each Lender will make available each Revolving Loan or Swingline Loan, as applicable, to be made by it hereunder on the proposed date thereof by wire transfer in immediately available funds by 12:00 p.m. (New York city time) to the Administrative Agent at the Payment Office; provided that the Swingline Loans will be made as set forth in Section 2.4. The Administrative Agent will make such Revolving Loans or Swingline Loans, as applicable, available to the Borrower by promptly crediting the amounts that it receives, in like funds by the close of business on such proposed date, to an account maintained by the Borrower with the Administrative Agent or, at the

Borrower's option, by effecting a wire transfer of such amounts to an account designated by the Borrower to the Administrative Agent.

(2) Unless the Administrative Agent shall have been notified by any Lender prior to 5:00 p.m. (New York city time) one (1) Business Day prior to the date of a Borrowing in which such Lender is to participate that such Lender will not make available to the Administrative Agent such Lender's share of such Borrowing, the Administrative Agent may assume that such Lender has made such amount available to the Administrative Agent on such date, and the Administrative Agent, in reliance on such assumption, may make available to the Borrower on such date a corresponding amount. If such corresponding amount is not in fact made available to the Administrative Agent by such Lender on the date of such Borrowing, the Administrative Agent shall be entitled to recover such corresponding amount on demand from such Lender together with interest (x) at the Federal Funds Rate until the second Business Day after such demand and (y) at the Base Rate at all times thereafter. If such Lender does not pay such corresponding amount forthwith upon the Administrative Agent's demand therefor, the Administrative Agent shall promptly notify the Borrower, and the Borrower shall immediately pay such corresponding amount to the Administrative Agent together with interest at the rate specified for such Borrowing. Nothing in this subsection shall be deemed to relieve any Lender from its obligation to fund its Pro Rata Share of any Borrowing hereunder or to prejudice any rights which the Borrower may have against any Lender as a result of any default by such Lender hereunder.

(3) All Revolving Borrowings shall be made by the Lenders on the basis of their respective Pro Rata Shares. No Lender shall be responsible for any default by any other Lender in its obligations hereunder, and each Lender shall be obligated to make its Revolving Loans or Swingline Loans, as applicable, provided to be made by it hereunder, regardless of the failure of any other Lender to make its Revolving Loans or Swingline Loans, as applicable, hereunder.

Section vii **Optional Reduction and Termination of Commitments.**

(1) Unless previously terminated, all Revolving Commitments, Swingline Commitments and LC Commitments shall terminate on the Revolving Commitment Termination Date.

(2) Upon at least three (3) Business Days' prior written notice (or telephonic notice promptly confirmed in writing) to the Administrative Agent (which notice shall be irrevocable), the Borrower may reduce the Aggregate Revolving Commitments in part or terminate the Aggregate Revolving Commitments in whole; provided that (i) any partial reduction shall apply to reduce proportionately and permanently the Revolving Commitment of each Lender, (ii) any partial reduction pursuant to this Section shall be in an amount of at least $5,000,000 and any larger multiple of $1,000,000, and (iii) no such reduction shall be permitted which would reduce the Aggregate Revolving Commitment Amount to an amount less than the aggregate outstanding Revolving Credit Exposure of all Lenders; provided, further, that any such notice in connection with a repayment or refinancing of the Loans or Commitments may be conditioned upon the occurrence of another financing or transaction. Any such reduction in the Aggregate Revolving Commitment Amount below the principal amount of the Swingline Commitment and the LC Commitment shall result in a dollar-for-dollar reduction in the Swingline Commitment and the LC Commitment.

(3) With the written approval of the Administrative Agent, the Borrower may terminate (on a non-ratable basis) the unused amount of the Revolving Commitment of a Defaulting Lender, and in such event the provisions of Section 2.26 will apply to all amounts thereafter paid by the Borrower for the account of any such Defaulting Lender under this Agreement (whether on account of

principal, interest, fees, indemnity or other amounts); provided that such termination will not be deemed to be a waiver or release of any claim that the Borrower, the Administrative Agent, the Issuing Bank, the Swingline Lender or any other Lender may have against such Defaulting Lender.

Section viii ~~Section 2.3. [Reserved]~~**Repayment of Loans**.

(1) The outstanding principal amount of all Revolving Loans and Swingline Loans shall be due and payable (together with accrued and unpaid interest thereon) on the Revolving Commitment Termination Date.

~~Section 2.4. **Repayment of Loans**.~~ (b) The Borrower unconditionally promises to pay to the Administrative Agent for the account of each Lender the then unpaid principal amount of the Term Loan of such Lender in installments payable on the dates set forth below, with each such installment being in the aggregate principal amount for all Lenders set forth opposite such date below (and on such other date(s) as may be required hereunder, and subject to any reduction in accordance with Sections ~~2.6~~2.10 and ~~2.7~~2.11):

Installment Date	Aggregate Principal Amount
December 31, 2019	$250,000
March 31, 2020	$250,000
June 30, 2020	$250,000
September 30, 2020	$250,000
December 31, 2020	$250,000
March 31, 2021	$250,000
June 30, 2021	$250,000
September 30, 2021	$250,000

provided that, to the extent not previously paid, the aggregate unpaid principal balance of the Term Loans shall be due and payable on the Maturity Date.

Section ix ~~Section 2.5.~~ **Evidence of Indebtedness**.

(1) Each Lender shall maintain in accordance with its usual practice appropriate records evidencing the Indebtedness of the Borrower to such Lender resulting from each ~~Term~~ Loan made by such Lender from time to time, including the amounts of principal and interest payable thereon and paid to such Lender from time to time under this Agreement. The Administrative Agent shall maintain appropriate records in which shall be recorded (i) the Revolving Commitment and the Term Loan Commitment of each Lender, (ii) the amount of each ~~Term~~ Loan made hereunder by each Lender, the Class and Type thereof and, in the case of each Eurodollar Loan, the Interest Period applicable thereto, (iii) the date of any continuation of any Eurodollar Loan pursuant to Section ~~2.9~~2.13, (iv) the date of any conversion of all or a portion of any Type of Loan to another Type pursuant to Section ~~2.9~~2.13, (v) the date and amount of any principal or interest due and payable or to become due and payable from the Borrower to each Lender hereunder in respect of the ~~Term~~ Loans and (vi) both the date and amount of any sum received by the Administrative Agent hereunder from the Borrower in respect of the ~~Term~~ Loans and each Lender's Pro Rata Share thereof. The entries made in such records shall be *prima facie* evidence of the existence and amounts of the obligations of the Borrower therein recorded; provided that the failure or delay of any Lender or the Administrative Agent in maintaining or making entries into any such record or any error therein shall not in any manner affect the obligation of the

Borrower to repay the ~~Term~~ Loans (both principal and unpaid accrued interest) of such Lender in accordance with the terms of this Agreement.

(2) This Agreement evidences the obligation of the Borrower to repay the ~~Term~~ Loans and is being executed as a "noteless" ~~term loan~~credit agreement. However, at the request of any Lender (including the Swingline Lender) at any time, the Borrower agrees that it will prepare, execute and deliver to such Lender a promissory note payable to the order of such Lender (or, if requested by such Lender, to such Lender and its registered assigns) and in a form approved by the Administrative Agent. Thereafter, the ~~Term~~ Loans evidenced by such promissory note and interest thereon shall at all times (including after assignment permitted hereunder) be represented by one or more promissory notes in such form payable to the order of the payee named therein (or, if such promissory note is a registered note, to such payee and its registered assigns).

Section x ~~Section 2.6.~~ **Optional Prepayments**. The Borrower shall have the right at any time and from time to time to prepay ~~the Term Loans~~any Borrowing, in whole or in part, without premium or penalty, by giving written notice (or telephonic notice promptly confirmed in writing) to the Administrative Agent no later than (i) in the case of any prepayment of any Eurodollar ~~Loan~~Borrowing, 1:00 p.m. not less than three (3) Business Days prior to the date of such prepayment and (ii) in the case of any prepayment of any Base Rate ~~Loan~~Borrowing or any Swingline Borrowing, no later than 1:00 p.m. on the date of such prepayment. Each such notice shall be irrevocable and shall specify the proposed date of such prepayment and the principal amount of ~~Term Loan~~each Borrowing or portion thereof to be prepaid; provided that any such notice in connection with a repayment of the ~~Term~~ Loans may be conditioned upon the occurrence of another financing or transaction. Upon receipt of any such notice, the Administrative Agent shall promptly notify each affected Lender of the contents thereof and of such Lender's Pro Rata Share of any such prepayment. If such notice is given, the aggregate amount specified in such notice shall be due and payable on the date designated in such notice (subject to the occurrence of any condition described above), together with accrued interest to such date on the amount so prepaid in accordance with Section ~~2.8~~2.12(d); provided that if a Eurodollar ~~Loan~~Borrowing is prepaid on a date other than the last day of an Interest Period applicable thereto, the Borrower shall also pay all amounts required pursuant to Section ~~2.15~~2.19. Each partial prepayment of any Loan shall be in an amount that would be permitted in the case of an advance of a Revolving Borrowing of the same Type pursuant to Section 2.2 or, in the case of a Swingline Loan, pursuant to Section 2.4. Each prepayment of a Revolving Borrowing or Swingline Borrowing shall be applied ratably to the Loans comprising such Borrowing and, in the case of a prepayment made by the Borrower ~~pursuant to this Section 2.6~~of a Term Loan Borrowing, such prepayment shall be applied to the principal balance of the Term Loans, until the same shall have been paid in full, *pro rata* to the Lenders based on their Pro Rata Shares of the Term Loans (except during the Escrow Period with respect to any optional prepayment solely to the extent such optional prepayment, or any portion of any optional prepayment, is effected by applying the Escrow Funds to the Term Loans pursuant to Section 11.4(a), in which case each such optional prepayment (or portion of any optional prepayment) shall be made on a ratable basis to the Assignee Lenders based on each Assignee Lender's *pro rata* share of the aggregate then-existing Escrow Funds), and applied to installments of the Term Loans in the manner specified by the Borrower or, if not so specified on or prior to the date of such optional prepayment, in direct order of maturity.

Section xi ~~Section 2.7.~~ **Mandatory Prepayments**.

(1) No later than the third (3rd) Business Day following the date of receipt by Holdings or any of its Subsidiaries of any Net Cash Proceeds of any sale or disposition by Holdings or any of its Subsidiaries of any assets in an aggregate amount exceeding $~~250,000~~1,000,000, the Borrower

shall prepay the Obligations in an amount equal to the Net Cash Proceeds of such sale or disposition; provided, that (i) the Borrower shall not be required to prepay the Obligations with respect to proceeds from the sales or dispositions of assets in the ordinary course of business (including obsolete or worn-out equipment no longer useful in its business) or in connection with Permitted Reinsurance Activities in the ordinary course of business and consistent with industry practice (including the "InsureTech" industry), and (ii) so long as no Default or Event of Default shall have occurred and be continuing at the time of the receipt of proceeds pursuant to this subsection (a) or at the proposed time of the reinvestment of such proceeds, the Borrower shall have the option, upon written notice to the Administrative Agent, directly or (x) in the case of proceeds received by a Loan Party, through one or more of its Subsidiaries that is a Loan Party or (y) in the case of proceeds received by a Subsidiary that is not a Loan Party, through one or more of its Subsidiaries, to reinvest such proceeds within one hundred eighty (180) days of receipt thereof in assets of the general type used in the business of the Borrower and its Subsidiaries so long as such proceeds received by a Loan Party are held in Controlled Accounts at ~~SunTrust~~Truist Bank or subject to Control Account Agreements until reinvested; provided, further that the obligation of the Borrower to prepay the Obligations under this subsection (a) shall also not apply solely to the extent that (A) the sale or disposition was consummated by any Insurance Subsidiary (or Subsidiary thereof) of any of such Insurance Subsidiary's assets (or the assets of a Subsidiary thereof) and (B) the dividend of such Net Cash Proceeds by such Insurance Subsidiary (or Subsidiary thereof) to the Borrower for application of this subsection (a) is prohibited by applicable law (including, without limitation, rules and regulations of any Insurance Regulatory Authority), it being understood and agreed that absent the prohibition set forth in clause (B), the Borrower shall cause such Insurance Subsidiary (or Subsidiary thereof) to immediately make a dividend of the Net Cash Proceeds to the Borrower which the Borrower shall use to prepay the Obligations in accordance with this subsection (a). Any such prepayment shall be applied in accordance with subsection (f) of this Section.

(2) No later than the third (3rd) Business Day following the date of receipt by Holdings or any of its Subsidiaries of any Net Cash Proceeds from any casualty insurance policies or eminent domain, condemnation or similar proceedings, the Borrower shall prepay the Obligations in an amount equal to all such Net Cash Proceeds; provided, that so long as no Default or Event of Default shall have occurred and be continuing at the time of the receipt of proceeds pursuant to this subsection (b) or at the proposed time of the reinvestment of such proceeds, the Borrower shall have the option, upon written notice to the Administrative Agent, directly or (x) in the case of proceeds received by a Loan Party, through one or more of its Subsidiaries that is a Loan Party or (y) in the case of proceeds received by a Subsidiary that is not a Loan Party, through one or more of its Subsidiaries, to reinvest such proceeds within one hundred eighty (180) days of receipt thereof in assets of the general type used in the business of the Borrower and its Subsidiaries so long as such proceeds received by a Loan Party are held in Controlled Accounts at ~~SunTrust~~Truist Bank or subject to Control Account Agreements until reinvested; provided, further that the obligation of the Borrower to prepay the Obligations under this subsection (b) shall also not apply solely to the extent that (A) the Net Cash Proceeds of the casualty insurance policies or eminent domain, condemnation or similar proceedings were received by any Insurance Subsidiary (or Subsidiary thereof) and (B) the dividend of such Net Cash Proceeds by such Insurance Subsidiary (or Subsidiary thereof) to the Borrower for application of this subsection (b) is prohibited by applicable law (including, without limitation, rules and regulations of any Insurance Regulatory Authority), it being understood and agreed that absent the prohibition set forth in clause (B), the Borrower shall cause such Insurance Subsidiary (or Subsidiary thereof) to immediately make a dividend of the Net Cash Proceeds to the Borrower which the Borrower shall use to prepay the Obligations in accordance with this subsection (b). Any such prepayment shall be applied in accordance with subsection (f) of this Section.

(3) No later than the first (1st) Business Day following the date of receipt by Holdings or any of its Subsidiaries of any Net Cash Proceeds from any issuance of Indebtedness by Holdings or any of its Subsidiaries, the Borrower shall prepay the Obligations in an amount equal to all such Net Cash Proceeds; provided, that the Borrower shall not be required to prepay the Obligations with respect to proceeds of Indebtedness permitted under Section 7.1; provided, further that the obligation of the Borrower to prepay the Obligations under this subsection (c) shall also not apply solely to the extent that (A) the Net Cash Proceeds of such Indebtedness were incurred and received by any Insurance Subsidiary (or Subsidiary thereof) and (B) the dividend of such Net Cash Proceeds by such Insurance Subsidiary (or Subsidiary thereof) to the Borrower for application of this subsection (c) is prohibited by applicable law (including, without limitation, rules and regulations of any Insurance Regulatory Authority), it being understood and agreed that absent the prohibition set forth in clause (B), the Borrower shall cause such Insurance Subsidiary (or Subsidiary thereof) to immediately make a dividend of the Net Cash Proceeds to the Borrower which the Borrower shall use to prepay the Obligations in accordance with this subsection (c). Any such prepayment shall be applied in accordance with subsection (f) of this Section.

(4) ~~No~~Prior to the consummation of a Significant Equity Capital Raise, no later than the first (1st) Business Day following the date of receipt by the Borrower or any of its Subsidiaries of any proceeds from key man life insurance policies, the Borrower shall prepay the Obligations in an amount equal to all such proceeds. Any such prepayment shall be applied in accordance with subsection (f) of this Section.

(5) No later than the first (1st) Business Day following the occurrence of an Equity Monetization Event, the Borrower shall prepay the Obligations in full unless such prepayment is waived in writing by all Lenders under this Agreement. Any such prepayment shall be applied in accordance with subsection (f) of this Section.

(6) Any prepayments made by the Borrower pursuant to subsection (a), (b), (c), (d) or (e) of this Section shall be applied as follows: first, to the Administrative Agent's fees and reimbursable expenses then due and payable pursuant to any of the Loan Documents and any amounts payable to the Lenders pursuant to Section ~~2.15~~2.19; ~~and~~ second, to the principal balance of the Term Loans, until the same shall have been paid in full, *pro rata* to the Lenders based on their Pro Rata Shares of the Term Loans, and applied to installments of the Term Loans on a *pro rata* basis (excluding the final payment due on the Maturity Date); provided, that, after all regularly scheduled amortization payments have been made in full in accordance with Section ~~2.4~~2.9, any remaining amounts required to be prepaid under this Section ~~2.7~~2.11 shall be applied as a prepayment to the final payment that would otherwise be due on the Maturity Date until paid in full.; third, to the principal balance of the Swingline Loans, until the same shall have been paid in full, to the Swingline Lender; fourth, to the principal balance of the Revolving Loans, until the same shall have been paid in full, *pro rata* to the Lenders based on their respective Revolving Commitments; and fifth, to Cash Collateralize the Letters of Credit in an amount in cash equal to the LC Exposure as of such date plus any accrued and unpaid fees thereon. The Revolving Commitments of the Lenders shall be permanently reduced by the amount of any prepayments made pursuant to clauses third through fifth above at any time that any Indebtedness under the NPA Financing remains outstanding; provided that after the payment in full (and termination of) of the NPA Financing, the Revolving Commitments of the Lenders shall not be permanently reduced by the amount of any prepayments made pursuant to clauses third through fifth above, unless an Event of Default has occurred and is continuing and the Required Revolving Lenders so request.

(7) If at any time the aggregate Revolving Credit Exposure of all Lenders exceeds the Aggregate Revolving Commitment Amount, as reduced pursuant to Section 2.7 or otherwise, the Borrower shall immediately repay the Swingline Loans and the Revolving Loans in an amount equal to such excess, together with all accrued and unpaid interest on such excess amount and any amounts due under Section 2.19. Each prepayment shall be applied as follows: first, to the Swingline Loans to the full extent thereof; second, to the Base Rate Loans to the full extent thereof; and third, to the Eurodollar Loans to the full extent thereof. If, after giving effect to prepayment of all Swingline Loans and Revolving Loans, the aggregate Revolving Credit Exposure of all Lenders exceeds the Aggregate Revolving Commitment Amount, the Borrower shall Cash Collateralize its reimbursement obligations with respect to all Letters of Credit in an amount equal to such excess plus any accrued and unpaid fees thereon.

(8) ~~(g)~~ The Borrower shall notify the Administrative Agent by written notice of any prepayment pursuant to clauses (a), (b), (c), (d) or (e) of this Section ~~2.7~~2.11 not later than 11:00 a.m. (New York City time) one (1) Business Day before the date of prepayment. Each such notice shall specify the prepayment date (which shall be a Business Day), the principal amount of the Loans to be prepaid and a reasonably detailed calculation of the amount of such prepayment. Promptly following receipt of any such notice, the Administrative Agent shall advise the Lenders of the contents thereof. All prepayments of the Loans pursuant to clauses (a), (b), (c), (d) or (e) of this Section ~~2.7~~2.11 shall be accompanied by accrued and unpaid interest on the principal amount to be prepaid to but excluding the date of payment.

(9) ~~(h)~~ To the extent that this Agreement and the Note Purchase Agreement both require mandatory prepayments for the events described in clauses (a), (b), (c) or (d) of this Section ~~2.7~~2.11, the Borrower may pay a portion of the Net Cash Proceeds (or proceeds from key man life insurance policies, as applicable) derived from such events, determined on a Ratable Basis (as defined in the Intercreditor Agreement), to the NPA Agent to prepay Indebtedness (but not any portion of the Make- Whole Amount (as defined in the Note Purchase Agreement)) in accordance with the terms of the Note Purchase Agreement. To the extent that this Agreement and the Note Purchase Agreement both require mandatory prepayments following the occurrence of an Equity Monetization Event as described in clause (e) of this Section ~~2.7~~2.11, the parties hereto hereby agree that such mandatory prepayments shall be made on a Ratable Basis (as defined in the Intercreditor Agreement) subject to and in accordance with the Intercreditor Agreement (including, for the avoidance of doubt, Section 5.15~~(a)~~ of the Intercreditor Agreement). unless such mandatory prepayment is waived in writing by either all Lenders or the Required Noteholders, in which case any such mandatory prepayment shall not be required to be shared on a Ratable Basis (as defined in the Intercreditor Agreement); provided that, for the avoidance of doubt, any decision by the Required Noteholders to waive any such mandatory prepayment under the Note Purchase Agreement shall not have any effect on the Lenders' right to receive the mandatory prepayment required in clause (e) of this Section 2.11.

Section xii ~~Section 2.8.~~ **Interest on Loans**.

(1) The Borrower shall pay interest on (i) each Base Rate Loan at the Base Rate plus the Applicable Margin and (ii) each Eurodollar Loan at the Adjusted LIBO Rate for the applicable Interest Period then in effect plus the Applicable Margin.

(2) ~~[Reserved]~~The Borrower shall pay interest on each Swingline Loan at the Base Rate plus the Applicable Margin in effect from time to time.

(3) Notwithstanding ~~subsection~~subsections (a) and (b) of this Section, at the election of the Administrative Agent (or upon the written request of the Required Lenders), and automatically after the occurrence and during the continuance of an Event of Default pursuant to Section 8.1(a), (b), (g), (h) or (j)) if an Event of Default has occurred and is continuing, and automatically after acceleration or with respect to any past due amount hereunder, the Borrower shall pay interest ("Default Interest") with respect to all Eurodollar Loans at the rate *per annum* equal to 200 basis points above the otherwise applicable interest rate for such Eurodollar Loans for the then-current Interest Period until the last day of such Interest Period, and thereafter, and with respect to all Base Rate Loans and all other Obligations hereunder, at the rate *per annum* equal to 200 basis points above the otherwise applicable interest rate for Base Rate Loans.

(4) Interest on the principal amount of all ~~Term~~ Loans shall accrue from and including the date such ~~Term~~ Loans are made to but excluding the date of any repayment thereof. Interest on all outstanding Base Rate Loans and Swingline Loans shall be payable quarterly in arrears on the last day of each March, June, September and December and on the Revolving Commitment Termination Date or Maturity Date, as the case may be. Interest on all outstanding Eurodollar Loans shall be payable on the last day of each Interest Period applicable thereto, and, in the case of any Eurodollar Loans having an Interest Period in excess of three months, on each day which occurs every three months after the initial date of such Interest Period, and on the Revolving Commitment Termination Date or the Maturity Date, as the case may be. Interest on any ~~Term~~ Loan which is converted into a ~~Term~~ Loan of another Type or which is repaid or prepaid shall be payable on the date of such conversion or on the date of any such repayment or prepayment (on the amount repaid or prepaid) thereof. All Default Interest shall be payable on demand.

(5) The Administrative Agent shall determine each interest rate applicable to the ~~Term~~ Loans hereunder and shall promptly notify the Borrower and the Lenders of such rate in writing (or by telephone, promptly confirmed in writing). Any such determination shall be conclusive and binding for all purposes, absent manifest error.

Section xiii ~~Section 2.9.~~ **Conversion/Continuation**.

(1) ~~Subject~~Each Borrowing initially shall be of the Type specified in the applicable Notice of Borrowing. Thereafter, subject to Section ~~2.12~~2.16 and so long as no Default or Event of Default shall have occurred and be continuing, the Borrower shall have the option:

(a) To convert at any time all or any part of any ~~Term~~ Loan equal to $100,000 and integral multiples of $100,000 in excess of that amount from one Type of ~~Term~~ Loan to another Type of ~~Term~~ Loan; provided a Eurodollar Loan may only be converted on the expiration of the Interest Period applicable to such Eurodollar Loan unless the Borrower shall pay all amounts due under Section ~~2.15~~2.19;

(b) Upon the expiration of any Interest Period applicable to any Eurodollar Loan, to continue all or ~~an~~any portion of such Eurodollar Loan equal to $100,000 and integral multiples of $100,000 in excess of that amount as a Eurodollar Loan.

(2) The Borrower shall deliver to the Administrative Agent a written notice (or a telephonic notice promptly confirmed in writing) of each Type of ~~Term~~ Loan that is to be converted or continued, as the case may be, substantially in the form of Exhibit ~~2.9~~2.13 attached hereto (a "Notice of

Conversion/Continuation") no later than 1:00 p.m. (New York City time) at least one Business Day in advance of the proposed conversion date (in the case of a conversion to a Base Rate Loan) and at least three Business Days in advance of the proposed conversion/continuation date (in the case of a conversion to, or the continuation of, an Eurodollar Loan). Each Notice of Conversion/Continuation shall be irrevocable, and the Borrower shall be bound to effect a conversion or continuation in accordance therewith.

(3) If, on the expiration of any Interest Period in respect of any Eurodollar Loan, the Borrower shall have failed to deliver a Notice of Conversion/Continuation, then, unless such Eurodollar Loan is repaid as provided herein, the Borrower shall be deemed to have elected to convert such Eurodollar Loan to a Base Rate Loan.

(4) Upon receipt of any Notice of Conversion/Continuation, the Administrative Agent shall promptly notify each Lender of the details thereof.

Section xiv ~~Section 2.10.~~ **Fees.**

(1) ~~**Fees.**~~ The Borrower shall pay on the Closing Date to the Administrative Agent and its affiliates (for the account of the Persons entitled thereto in accordance with the terms thereof) all fees in the Fee Letters that are due and payable on or prior to (to the extent any such fees have not already been paid) the Closing Date.

(2) The Borrower agrees to pay to the Administrative Agent for the account of each Lender a commitment fee, which shall accrue at 0.50% *per annum* on the daily amount of the unused Revolving Commitment of such Lender during the Availability Period (the "Commitment Fee"). For purposes of computing the commitment fee, the Revolving Commitment of each Lender shall be deemed used to the extent of the outstanding Revolving Loans and LC Exposure, but not Swingline Exposure, of such Lender.

(3) The Borrower agrees to pay (i) to the Administrative Agent, for the account of each Lender, a letter of credit fee with respect to its participation in each Letter of Credit, which shall accrue at a rate *per annum* equal to the Applicable Margin for Eurodollar Loans then in effect on the average daily amount of such Lender's LC Exposure attributable to such Letter of Credit during the period from and including the date of issuance of such Letter of Credit to but excluding the date on which such Letter of Credit expires or is drawn in full (including, without limitation, any LC Exposure that remains outstanding after the Revolving Commitment Termination Date) and (ii) to the Issuing Bank for its own account a fronting fee, which shall accrue at the rate of 0.125% *per annum* on the average daily amount of the LC Exposure (excluding any portion thereof attributable to unreimbursed LC Disbursements) during the Availability Period (or until the date that such Letter of Credit is irrevocably cancelled, whichever is later), as well as the Issuing Bank's standard fees with respect to issuance, amendment, renewal or extension of any Letter of Credit or processing of drawings thereunder. Notwithstanding the foregoing, if the Required Lenders elect to increase the interest rate on the Loans to the rate for Default Interest pursuant to Section 2.13(c), the rate *per annum* used to calculate the letter of credit fee pursuant to clause (i) above shall automatically be increased by 200 basis points.

(4) Accrued fees under subsections (b) and (c) of this Section shall be payable quarterly in arrears on the last day of each March, June, September and December, commencing on September 30, 2020, and on the Revolving Commitment Termination Date (and, if later, the date the

Loans and LC Exposure shall be repaid in their entirety); provided that any such fees accruing after the Revolving Commitment Termination Date shall be payable on demand.

Section xv ~~Section 2.11.~~ **Computation of Interest and Fees**.

Interest hereunder based on the Administrative Agent's prime lending rate shall be computed on the basis of a year of 365 days (or 366 days in a leap year) and paid for the actual number of days elapsed (including the first day but excluding the last day). All other interest and all fees hereunder shall be computed on the basis of a year of 360 days and paid for the actual number of days elapsed (including the first day but excluding the last day). Each determination by the Administrative Agent of an interest rate or fee hereunder shall be made in good faith and, except for manifest error, shall be final, conclusive and binding for all purposes.

Section xvi ~~Section 2.12.~~ **Inability to Determine Interest Rates**.

(a) If, prior to the commencement of any Interest Period for any Eurodollar Loan:

(a) the Administrative Agent shall have reasonably determined (which determination shall be conclusive and binding upon the Borrower) that, by reason of circumstances affecting the relevant interbank market, adequate and reasonable means do not exist for ascertaining the Adjusted LIBO Rate (including, without limitation, because the Screen Rate is not available or published on a current basis) for such Interest Period, ~~or~~provided that no Benchmark Transition Event or Early Opt-In Election shall have occurred at such time or for such Interest Period, or

(b) the Administrative Agent shall have received notice from the Required Lenders that the Required Lenders have reasonably determined that the Adjusted LIBO Rate for such Interest Period will not adequately and fairly reflect the cost to such Lenders of making, funding or maintaining their Eurodollar Loans for such Interest Period, or

then the Administrative Agent shall give written notice thereof (or telephonic notice, promptly confirmed in writing) to the Borrower and to the Lenders as soon as practicable thereafter. Until the Administrative Agent shall notify the Borrower and the Lenders that the circumstances giving rise to such notice no longer exist, (i) any Eurodollar Loans requested to be made on the first day of such Interest Period which have not yet been incurred shall be deemed rescinded by the Borrower and (ii) all such affected Eurodollar Loans shall be converted into Base Rate Loans on the last day of the then current Interest Period applicable thereto unless the Borrower prepays such Eurodollar Loans in accordance with this Agreement. Until such notice has been withdrawn by the Administrative Agent, no further Eurodollar Loans shall be made or continued as such, nor shall the Borrower have the right to convert a Type of ~~Term~~ Loan to Eurodollar Loans.

~~(b) If at any time the Administrative Agent reasonably determines in consultation with the Borrower that (i) the circumstances set forth in clause (a)(i) or (a)(ii) above have arisen and such circumstances are unlikely to be temporary or (ii) the circumstances set forth in clause (a)(i) or (a)(ii) above have not arisen but either (x) the administrator of the Screen Rate has made a public statement identifying a specific date after which the Screen Rate will permanently or indefinitely cease to be published by it (and there is no successor administrator that will continue publication of the Screen Rate), (y) the supervisor for the administrator of the Screen Rate has made a public statement identifying a specific date after which the Screen Rate will permanently or indefinitely cease to be published or (z) the~~

~~supervisor for the administrator of the Screen Rate or a Governmental Authority having jurisdiction over the Administrative Agent has made a public statement identifying a specific date after which the Screen Rate shall no longer be used for determining interest rates for loans, then the Administrative Agent and the Borrower shall endeavor to establish an alternate benchmark rate of interest to the Screen Rate that gives due consideration to the then prevailing market convention for determining a rate of interest for syndicated loans in the United States at such time (any such proposed rate a "Eurodollar Successor Rate"), and shall enter into an amendment to this Agreement to reflect such alternate rate of interest together with any Eurodollar Successor Rate Conforming Changes and such other related changes to this Agreement as may be applicable (but for the avoidance of doubt, such related changes shall not include a reduction of the Applicable Margin). Notwithstanding anything to the contrary in Section 10.2, such amendment shall become effective without any further action or consent of any other party to this Agreement so long as the Administrative Agent shall not have received, within five (5) Business Days of the date notice of such alternate rate of interest is provided to the Lenders, a written notice from the Required Lenders stating that such Required Lenders object to such amendment. Until an alternate rate of interest shall be determined in accordance with this clause (b) (but, in the case of the circumstances described in clause (ii) of the first sentence of this Section 2.12(b), only to the extent the Screen Rate for the applicable currency and/or such Interest Period is not available or published at such time on a current basis (x) any Notice of Conversion/Continuation that requests the conversion of any Base Rate Loan to, or continuation of any Eurodollar Loan as, a Eurodollar Loan shall be ineffective, (y) any outstanding Eurodollar Loan shall be converted to a Base Rate Loan on the last day of the current Interest Period applicable thereto and the obligation of Lenders to make or maintain Eurodollar Loans shall be suspended (to the extent of the affected Eurodollar Loans or Interest Periods), and (z) the Adjusted LIBO Rate component shall no longer be utilized in determining the Base Rate; provided, that, if such alternate rate of interest shall be less than zero, such rate shall be deemed to be zero for the purposes of this Agreement.~~

(1) Notwithstanding anything to the contrary herein or in any other Loan Document, upon the occurrence of a Benchmark Transition Event or an Early Opt-in Election, as applicable, the Administrative Agent and the Borrower may amend this Agreement to replace the Screen Rate with a Benchmark Replacement. Any such amendment with respect to a Benchmark Transition Event will become effective at 5:00 p.m. on the fifth (5th) Business Day after the Administrative Agent has posted such proposed amendment to all Lenders and the Borrower so long as the Administrative Agent has not received, by such time, written notice of objection to such amendment from Lenders comprising the Required Lenders of each Class. Any such amendment with respect to an Early Opt-in Election will become effective on the date that Lenders comprising the Required Lenders of each Class have delivered to the Administrative Agent written notice that such Required Lenders accept such amendment. No replacement of the Screen Rate with a Benchmark Replacement pursuant to these provisions will occur prior to the applicable Benchmark Transition Start Date.

(2) In connection with the implementation of a Benchmark Replacement, the Administrative Agent will have the right to make Benchmark Replacement Conforming Changes from time to time and, notwithstanding anything to the contrary herein or in any other Loan Document, any amendments implementing such Benchmark Replacement Conforming Changes will become effective without any further action or consent of any other party to this Agreement.

(3) The Administrative Agent will promptly notify the Borrower and the Lenders of (i) any occurrence of a Benchmark Transition Event or an Early Opt-in Election, as applicable, and its related Benchmark Replacement Date and Benchmark Transition Start Date, (ii) the implementation of any Benchmark Replacement, (iii) the effectiveness of any Benchmark Replacement Conforming Changes and (iv) the commencement or conclusion of any Benchmark Unavailability Period.

Any determination, decision or election that may be made by the Administrative Agent or Lenders pursuant to this Section 2.16(b)-(e), including any determination with respect to a tenor, rate or adjustment or of the occurrence or non-occurrence of an event, circumstance or date and any decision to take or refrain from taking any action, will be conclusive and binding absent manifest error and may be made in its or their sole discretion and without consent from any other party hereto, except, in each case, as expressly required pursuant to this Section 2.16(b)-(e).

(4) Upon the Borrower's receipt of notice of the commencement of a Benchmark Unavailability Period, the Borrower may revoke any request for a Eurodollar Borrowing of, conversion to or continuation of Eurodollar Loans to be made, converted or continued during any Benchmark Unavailability Period and, failing that, the Borrower will be deemed to have converted any such request into a request for a Borrowing of or conversion to Base Rate Loans. During any Benchmark Unavailability Period, the component of Base Rate based upon the Adjusted LIBO Rate will not be used in any determination of Base Rate.

Section xvii ~~Section 2.13.~~ **Illegality**. If any Change in Law shall make it unlawful or impossible for any Lender to make, maintain or fund any Eurodollar Loan and such Lender shall so notify the Administrative Agent, the Administrative Agent shall promptly give notice thereof to the Borrower and the other Lenders, whereupon until such Lender notifies the Administrative Agent and the Borrower that the circumstances giving rise to such suspension no longer exist, the obligation of such Lender to make Eurodollar Loans, or to continue or convert outstanding Types of ~~Term~~ Loans as or into Eurodollar Loans, shall be suspended. ~~If~~In the case of the making of a Eurodollar Borrowing, such Lender's Revolving Loan shall be made as a Base Rate Loan as part of the same Revolving Borrowing for the same Interest Period and, if the affected Eurodollar Loan is then outstanding, such Eurodollar Loan shall be converted to a Base Rate Loan either (i) on the last day of the then current Interest Period applicable to such Eurodollar Loan if such Lender may lawfully continue to maintain such Eurodollar Loan to such date or (ii) immediately if such Lender shall determine that it may not lawfully continue to maintain such Eurodollar Loan to such date. Notwithstanding the foregoing, the affected Lender shall, prior to giving such notice to the Administrative Agent, use reasonable efforts to designate a different Applicable Lending Office if such designation would avoid the need for giving such notice and if such designation would not otherwise be disadvantageous to such Lender in the good faith exercise of its discretion.

Section xviii ~~Section 2.14.~~ **Increased Costs**.

(1) If any Change in Law shall:

(a) impose, modify or deem applicable any reserve, special deposit or similar requirement that is not otherwise included in the determination of the Adjusted LIBO Rate hereunder against assets of, deposits with or for the account of, or credit extended by, any Lender (except any such reserve requirement reflected in the Adjusted LIBO Rate) or the Issuing Bank; or

(b) subject any Recipient to any Taxes (other than (A) Indemnified Taxes, (B) Taxes described in clauses (b) through (d) of the definition of Excluded Taxes and (C) Connection Income Taxes) on its loans, loan principal, commitments, or other obligations, or its deposits, reserves, other liabilities or capital attributable thereto; or

(c) impose on any Lender, the Issuing Bank or the eurodollar interbank market any other condition, cost or expense (other than Taxes) affecting this

Agreement or any Eurodollar Loans made by such Lender (except any such requirement reflected in the Adjusted LIBO Rate) or any Letter of Credit or any participation therein;

and the result of any of the foregoing is to increase the cost to such Lender of making, converting into, continuing or maintaining a Eurodollar Loan or to increase the cost to such Lender, or the Issuing Bank of participating in or issuing any Letter of Credit or to reduce the amount received or receivable by such Lender or the Issuing Bank hereunder (whether of principal, interest or any other amount), then, from time to time, such Lender or the Issuing Bank may provide the Borrower (with a copy thereof to the Administrative Agent) with written notice and demand with respect to such increased costs or reduced amounts, and within ten (10) Business Days after receipt of such notice and demand, the Borrower shall pay to such Lender or the Issuing Bank, as the case may be, such additional amounts as will compensate such Lender or the Issuing Bank for any such increased costs incurred or reduction suffered.

(2) If any Lender or the Issuing Bank shall have determined that any Change in Law regarding capital or liquidity ratios or requirements has or would have the effect of reducing the rate of return on such Lender's or the Issuing Bank's capital (or on the capital of the Parent Company of such Lender or the Issuing Bank) as a consequence of its obligations hereunder or in respect of any Letter of Credit to a level below that which such Lender, the Issuing Bank or such Parent Company could have achieved but for such Change in Law (taking into consideration such Lender's or the Issuing Bank's policies or the policies of such Parent Company with respect to capital adequacy and liquidity), then, from time to time, such Lender or the Issuing Bank may provide the Borrower (with a copy thereof to the Administrative Agent) with written notice and demand with respect to such reduced amounts, and within ten (10) Business Days after receipt of such notice and demand the Borrower shall pay to such Lender or the Issuing Bank such additional amounts as will compensate such Lender, the Issuing Bank or such Parent Company for any such reduction suffered.

(3) A certificate of such Lender or the Issuing Bank setting forth the amount or amounts necessary to compensate such Lender, the Issuing Bank or the Parent Company of such Lender or the Issuing Bank, as the case may be, specified in subsection (a) or (b) of this Section shall be delivered to the Borrower (with a copy to the Administrative Agent) and shall be conclusive, absent manifest error.

(4) Failure or delay on the part of any Lender or the Issuing Bank to demand compensation pursuant to this Section shall not constitute a waiver of such Lender's or the Issuing Bank's right to demand such compensation; provided that the Borrowers shall not be required to compensate any Lender or the Issuing Bank pursuant to this Section for any increased costs incurred or reductions suffered more than six (6) months prior to the date that such Lender or the Issuing Bank notifies the Borrower of the Change in Law giving rise to such increased costs or reductions and of such Lender's or the Issuing Bank's intention to claim compensation therefor (except that, if the Change in Law giving rise to such increased costs or reductions is retroactive, then the six (6)-month period referred to above shall be extended to include the period of retroactive effect thereof).

Section xix ~~Section 2.15.~~ **Funding Indemnity**. In the event of (a) the payment of any principal of a Eurodollar Loan other than on the last day of the Interest Period applicable thereto (including as a result of an Event of Default), (b) the conversion or continuation of a Eurodollar Loan other than on the last day of the Interest Period applicable thereto, or (c) the failure by the Borrower to borrow, prepay, convert or continue any Eurodollar Loan on the date specified in any applicable notice (regardless of whether such notice is withdrawn or revoked but other than as a result of a notice pursuant to Sections ~~2.12~~2.16 or ~~2.13~~2.17), then, in any such event, the Borrower shall compensate each Lender, within ten (10) Business

Days after written demand from such Lender, for any loss, cost or expense attributable to such event. In the case of a Eurodollar Loan, such loss, cost or expense shall be deemed to include an amount determined by such Lender to be the excess, if any, of (A) the amount of interest that would have accrued on the principal amount of such Eurodollar Loan if such event had not occurred at the Adjusted LIBO Rate applicable to such Eurodollar Loan for the period from the date of such event to the last day of the then current Interest Period therefor (or, in the case of a failure to borrow, convert or continue, for the period that would have been the Interest Period for such Eurodollar Loan) over (B) the amount of interest that would accrue on the principal amount of such Eurodollar Loan for the same period if the Adjusted LIBO Rate were set on the date such Eurodollar Loan was prepaid or converted or the date on which the Borrower failed to borrow, convert or continue such Eurodollar Loan. A certificate as to any additional amount payable under this Section submitted to the Borrower by any Lender (with a copy to the Administrative Agent) shall be conclusive, absent manifest error.

Section xx ~~Section 2.16.~~ **Taxes**.

(1) Defined Terms. For purposes of this Section ~~2.16,~~2.20, the term "Lender" includes Issuing Bank and the term "applicable law" includes FATCA.

(2) Payments Free of Taxes. Any and all payments by or on account of any obligation of any Loan Party under any Loan Document shall be made without deduction or withholding for any Taxes, except as required by applicable law. If any applicable law (as determined in the good faith discretion of an applicable Withholding Agent) requires the deduction or withholding of any Tax from any such payment by a Withholding Agent, then the applicable Withholding Agent shall be entitled to make such deduction or withholding and shall timely pay the full amount deducted or withheld to the relevant Governmental Authority in accordance with applicable law and, if such Tax is an Indemnified Tax, then the sum payable by the applicable Loan Party shall be increased as necessary so that after such deduction or withholding has been made (including such deductions and withholdings applicable to additional sums payable under this Section) the applicable Recipient receives an amount equal to the sum it would have received had no such deduction or withholding been made.

(3) Payment of Other Taxes by the Borrower. The Borrower shall timely pay to the relevant Governmental Authority in accordance with applicable law, or at the option of the Administrative Agent timely reimburse it for the payment of, any Other Taxes.

(4) Indemnification by the Borrower. The Borrower shall indemnify each Recipient, within 10 Business Days after demand therefor, for the full amount of any Indemnified Taxes (including Indemnified Taxes imposed or asserted on or attributable to amounts payable under this Section) payable or paid by such Recipient or required to be withheld or deducted from a payment to such Recipient and any reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to the Borrower by a Lender (with a copy to the Administrative Agent), or by the Administrative Agent on its own behalf or on behalf of a Lender, shall be conclusive absent manifest error.

(5) Indemnification by the Lenders. Each Lender shall severally indemnify the Administrative Agent, within 10 Business Days after demand therefor, for (i) any Indemnified Taxes attributable to such Lender (but only to the extent that the Borrower has not already indemnified the Administrative Agent for such Indemnified Taxes and without limiting the obligation of the Borrower to do so), (ii) any Taxes attributable to such Lender's failure to comply with the provisions of Section

10.4(d) relating to the maintenance of a Participant Register and (iii) any Excluded Taxes attributable to such Lender, in each case, that are payable or paid by the Administrative Agent in connection with any Loan Document, and any reasonable expenses arising therefrom or with respect thereto, whether or not such Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to any Lender by the Administrative Agent shall be conclusive absent manifest error. Each Lender hereby authorizes the Administrative Agent to set off and apply any and all amounts at any time owing to such Lender under any Loan Document or otherwise payable by the Administrative Agent to the Lender from any other source against any amount due to the Administrative Agent under this paragraph (e).

(6) Evidence of Payments. As soon as practicable after any payment of Taxes by the Borrower or any other Loan Party to a Governmental Authority pursuant to this Section ~~2.16~~2.20, the Borrower or other Loan Party shall deliver to the Administrative Agent the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to the Administrative Agent.

(7) Status of Lenders.

(a) Any Lender that is entitled to an exemption from or reduction of withholding Tax with respect to payments made under any Loan Document shall deliver to the Borrower and the Administrative Agent, at the time or times reasonably requested by the Borrower or the Administrative Agent, such properly completed and executed documentation reasonably requested by the Borrower or the Administrative Agent as will permit such payments to be made without withholding or at a reduced rate of withholding. In addition, any Lender, if reasonably requested by the Borrower or the Administrative Agent, shall deliver such other documentation prescribed by applicable law or reasonably requested by the Borrower or the Administrative Agent as will enable the Borrower or the Administrative Agent to determine whether or not such Lender is subject to backup withholding or information reporting requirements. Notwithstanding anything to the contrary in the preceding two sentences, the completion, execution and submission of such documentation (other than such documentation set forth in Section ~~2.16~~2.20(g)(ii)(A), (ii)(B) and (ii)(D) below) shall not be required if in the Lender's reasonable judgment such completion, execution or submission would subject such Lender to any material unreimbursed cost or expense or would materially prejudice the legal or commercial position of such Lender.

(b) Without limiting the generality of the foregoing,

(i)any Lender that is a U.S. Person shall deliver to the Borrower and the Administrative Agent on or prior to the date on which such Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Borrower or the Administrative Agent), executed originals of IRS Form W-9 certifying that such Lender is exempt from U.S. federal backup withholding tax;

(ii)any Foreign Lender shall, to the extent it is legally entitled to do so, deliver to the Borrower and the Administrative Agent (in such number of copies as shall be requested by the recipient) on or prior to the

date on which such Foreign Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Borrower or the Administrative Agent), whichever of the following is applicable:

(i) in the case of a Foreign Lender claiming the benefits of an income tax treaty to which the United States is a party (x) with respect to payments of interest under any Loan Document, executed originals of IRS Form W-8BEN or IRS Form W-8BEN-E establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the "interest" article of such tax treaty and (y) with respect to any other applicable payments under any Loan Document, IRS Form W- 8BEN or IRS Form W-8BEN-E establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the "business profits" or "other income" article of such tax treaty;

(ii) executed originals of IRS Form W-8ECI;

(iii) in the case of a Foreign Lender claiming the benefits of the exemption for portfolio interest under Section 881(c) of the Code, (x) a certificate substantially in the form of Exhibit ~~2.16~~2.20A to the effect that such Foreign Lender is not a "bank" within the meaning of Section 881(c)(3)(A) of the Code, a "10 percent shareholder" of the Borrower within the meaning of Section 881(c)(3)(B) of the Code, or a "controlled foreign corporation" described in Section 881(c)(3)(C) of the Code (a "U.S. Tax Compliance Certificate") and (y) executed originals of IRS Form W-8BEN or IRS Form W-8BEN-E; or

(iv) to the extent a Foreign Lender is not the beneficial owner, executed originals of IRS Form W-8IMY, accompanied by IRS Form W-8ECI, IRS Form W-8BEN or IRS Form W-8BEN-E, a U.S. Tax Compliance Certificate substantially in the form of Exhibit ~~2.16~~2.20B or Exhibit ~~2.16~~2.20C, IRS Form W-9, and/or other certification documents from each beneficial owner, as applicable; provided that if the Foreign Lender is a partnership and one or more direct or indirect partners of such Foreign Lender are claiming the portfolio interest exemption, such Foreign Lender may provide a U.S. Tax Compliance Certificate substantially in the form of Exhibit ~~2.16~~2.20D on behalf of each such direct and indirect partner;

(iii)any Foreign Lender shall, to the extent it is legally entitled to do so, deliver to the Borrower and the Administrative Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Foreign Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request

of the Borrower or the Administrative Agent), executed originals of any other form prescribed by applicable law as a basis for claiming exemption from or a reduction in U.S. federal withholding Tax, duly completed, together with such supplementary documentation as may be prescribed by applicable law to permit the Borrower or the Administrative Agent to determine the withholding or deduction required to be made; and

(iv)if a payment made to a Lender under any Loan Document would be subject to U.S. federal withholding Tax imposed by FATCA if such Lender were to fail to comply with the applicable reporting requirements of FATCA (including those contained in Section 1471(b) or 1472(b) of the Code, as applicable), such Lender shall deliver to the Borrower and the Administrative Agent at the time or times prescribed by law and at such time or times reasonably requested by the Borrower or the Administrative Agent such documentation prescribed by applicable law (including as prescribed by Section 1471(b)(3)(C)(i) of the Code) and such additional documentation reasonably requested by the Borrower or the Administrative Agent as may be necessary for the Borrower and the Administrative Agent to comply with their obligations under FATCA and to determine that such Lender has complied with such Lender's obligations under FATCA or to determine the amount to deduct and withhold from such payment. Solely for purposes of this clause (D), "FATCA" shall include any amendments made to FATCA after the date of this Agreement.

Each Lender agrees that if any form or certification it previously delivered expires or becomes obsolete or inaccurate in any respect, it shall update such form or certification or promptly notify the Borrower and the Administrative Agent in writing of its legal inability to do so.

(8) Treatment of Certain Refunds. If any party determines, in its sole discretion exercised in good faith, that it has received a refund of any Taxes as to which it has been indemnified pursuant to this Section ~~2.16~~2.20 (including by the payment of additional amounts pursuant to this Section ~~2.16~~2.20), it shall pay to the indemnifying party an amount equal to such refund (but only to the extent of indemnity payments made under this Section with respect to the Taxes giving rise to such refund), net of all out-of-pocket expenses (including Taxes) of such indemnified party and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund). Such indemnifying party, upon the request of such indemnified party, shall repay to such indemnified party the amount paid over pursuant to this paragraph (h) (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) in the event that such indemnified party is required to repay such refund to such Governmental Authority. Notwithstanding anything to the contrary in this paragraph (h), in no event will the indemnified party be required to pay any amount to an indemnifying party pursuant to this paragraph (h) the payment of which would place the indemnified party in a less favorable net after-Tax position than the indemnified party would have been in if the Tax subject to indemnification and giving rise to such refund had not been deducted, withheld or otherwise imposed and the indemnification payments or additional amounts with respect to such Tax had never been paid. This paragraph shall not be construed to require any indemnified party to make available its Tax returns (or any other information relating to its Taxes that it deems confidential) to the indemnifying party or any other Person.

(9) Survival. Each party's obligations under this Section ~~2.16~~2.20 shall survive the resignation or replacement of the Administrative Agent or any assignment of rights by, or the replacement of, a Lender, the termination of the ~~Term Loan~~ Commitments and the repayment, satisfaction or discharge of all obligations under any Loan Document.

Section xxi ~~Section 2.17.~~ **Payments Generally; Pro ~~Rata~~rata Treatment; Sharing of Setoffs**.

(1) The Borrower shall make each payment required to be made by it hereunder (whether of principal, interest, fees or reimbursement of LC Disbursements, or of amounts payable under Section ~~2.14~~2.18, ~~2.15~~2.19 or ~~2.16~~2.20, or otherwise) prior to 2:00 p.m. on the date when due, in immediately available funds, free and clear of any defenses, rights of set-off, counterclaim, or withholding or deduction of taxes. Any amounts received after such time on any date may, in the discretion of the Administrative Agent, be deemed to have been received on the next succeeding Business Day for purposes of calculating interest thereon. All such payments shall be made to the Administrative Agent at the Payment Office, except payments to be made directly to the Issuing Bank or the Swingline Lender as expressly provided herein and except that payments pursuant to Sections ~~2.14~~2.18, ~~2.15~~2.19, ~~2.16~~2.20 and 10.3 shall be made directly to the Persons entitled thereto. The Administrative Agent shall distribute any such payments received by it for the account of any other Person to the appropriate recipient promptly following receipt thereof. If any payment hereunder shall be due on a day that is not a Business Day, the date for payment shall be extended to the next succeeding Business Day, and, in the case of any payment accruing interest, interest thereon shall be made payable for the period of such extension. All payments hereunder shall be made in Dollars.

(2) If at any time insufficient funds are received by and available to the Administrative Agent to pay fully all amounts of principal, unreimbursed LC Disbursements, interest and fees then due hereunder, such funds shall be applied as follows: first, to all fees, indemnities and reimbursable expenses of the Administrative Agent then due and payable pursuant to any of the Loan Documents; second, to all reimbursable expenses of the Lenders and all fees and reimbursable expenses of the Issuing Bank then due and payable pursuant to any of the Loan Documents, *pro rata* to the Lenders and the Issuing Bank based on their respective *pro rata* shares of such fees and expenses; third, to all interest and fees then due and payable hereunder, *pro rata* to the Lenders based on their respective *pro rata* shares of such interest and fees; and fourth, to all principal of the ~~Term~~ Loans and unreimbursed LC Disbursements then due and payable hereunder, *pro rata* to the parties entitled thereto based on their respective *pro rata* shares of such principal and unreimbursed LC Disbursements.

(3) Other than in the case of any Lender exercising remedies solely with respect to, or receiving prepayments solely from, the Escrow Funds as set forth in Article XI hereof and the Escrow Agreements, if any Lender shall, by exercising any right of set-off or counterclaim or otherwise, obtain payment in respect of any principal of or interest on any of its ~~Term~~Loans or participations in LC Disbursements or Swingline Loans that would result in such Lender receiving payment of a greater proportion of the aggregate amount of its Revolving Credit Exposure, Term Loans and accrued interest and fees thereon than the proportion received by any other Lender with respect to its Revolving Credit Exposure or Term Loans, then the Lender receiving such greater proportion shall purchase (for cash at face value) participations in the Revolving Credit Exposure and Term Loans of other Lenders to the extent necessary so that the benefit of all such payments shall be shared by the Lenders ratably in accordance with the aggregate amount of principal of and accrued interest on their respective Revolving Credit Exposure and Term Loans; provided that (i) if any such participations are purchased and all or any portion of the payment giving rise thereto is recovered, such participations shall be rescinded and the purchase price restored to the extent of such recovery, without interest, and (ii) the

provisions of this subsection shall not be construed to apply to any payment made by the Borrower pursuant to and in accordance with the express terms of this Agreement or any payment obtained by a Lender as consideration for the assignment of or sale of a participation in any of its Revolving Credit Exposure or Term Loans to any assignee or participant, other than to the Borrower or any Subsidiary or Affiliate thereof (as to which the provisions of this subsection shall apply). The Borrower consents to the foregoing and agrees, to the extent it may effectively do so under applicable law, that any Lender acquiring a participation pursuant to the foregoing arrangements may exercise against the Borrower rights of set-off and counterclaim with respect to such participation as fully as if such Lender were a direct creditor of the Borrower in the amount of such participation.

(4) Unless the Administrative Agent shall have received notice from the Borrower prior to the date on which any payment is due to the Administrative Agent for the account of the Lenders or the Issuing Bank hereunder that the Borrower will not make such payment, the Administrative Agent may assume that the Borrower has made such payment on such date in accordance herewith and may, in reliance upon such assumption, distribute to the Lenders or the Issuing Bank, as the case may be, the amount or amounts due. In such event, if the Borrower has not in fact made such payment, then each of the Lenders, or the Issuing Bank, as the case may be, severally agrees to repay to the Administrative Agent forthwith on demand the amount so distributed to such Lender or Issuing Bank with interest thereon, for each day from and including the date such amount is distributed to it to but excluding the date of payment to the Administrative Agent, at the greater of the Federal Funds Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation.

Section xxii ~~Section 2.18.~~ ~~**Increase of Commitments; Additional Lenders**~~ **Letters of Credit.**

(1) During the Availability Period, the Issuing Bank, in reliance upon the agreements of the other Lenders pursuant to subsections (d) and (e) of this Section, may, in its sole discretion, issue, at the request of the Borrower, Letters of Credit for the account of the Borrower or its Subsidiaries (it being understood and agreed that all LC Exposure shall be part of the Obligations notwithstanding the fact that an applicant may not be a Loan Party) on the terms and conditions hereinafter set forth; provided that (i) each Letter of Credit shall expire on the earlier of (A) the date one year after the date of issuance of such Letter of Credit (or, in the case of any renewal or extension thereof, one year after such renewal or extension) and (B) the date that is five (5) Business Days prior to the Revolving Commitment Termination Date; (ii) each Letter of Credit shall be in a stated amount of at least $1,000,000; and (iii) the Borrower may not request any Letter of Credit if, after giving effect to such issuance, (A) the aggregate LC Exposure would exceed the LC Commitment or (B) the aggregate Revolving Credit Exposure of all Lenders would exceed the Aggregate Revolving Commitment Amount and (iv) the Borrower shall not request, and the Issuing Bank shall have no obligation to issue, any Letter of Credit the proceeds of which would be made available to any Person (AA) to fund any activity or business of or with any Sanctioned Person or in any Sanctioned Countries, that, at the time of such funding, is the subject of any Sanctions or (BB) in any manner that would result in a violation of any Sanctions by any party to this Agreement. Each Revolving Lender shall be deemed to, and hereby irrevocably and unconditionally agrees to, purchase from the Issuing Bank without recourse a participation in each Letter of Credit equal to such Revolving Lender's Pro Rata Share of the aggregate amount available to be drawn under such Letter of Credit on the date of issuance with respect to all other Letters of Credit. Each issuance of a Letter of Credit shall be deemed to utilize the Revolving Commitment of each Revolving Lender by an amount equal to the amount of such participation.

(2) To request the issuance of a Letter of Credit (or any amendment, renewal or extension of an outstanding Letter of Credit), the Borrower shall give the Issuing Bank and the Administrative Agent irrevocable written notice at least three (3) Business Days prior to the requested date of such issuance specifying the date (which shall be a Business Day) such Letter of Credit is to be issued (or amended, renewed or extended, as the case may be), the expiration date of such Letter of Credit, the amount of such Letter of Credit, the name and address of the beneficiary thereof and such other information as shall be necessary to prepare, amend, renew or extend such Letter of Credit. In addition to the satisfaction of the conditions in Article III, the issuance of such Letter of Credit (or any amendment which increases the amount of such Letter of Credit) will be subject to the further conditions that such Letter of Credit shall be in such form and contain such terms as the Issuing Bank shall approve and that the Borrower shall have executed and delivered any additional applications, agreements and instruments relating to such Letter of Credit as the Issuing Bank shall reasonably require; provided that in the event of any conflict between such applications, agreements or instruments and this Agreement, the terms of this Agreement shall control.

(3) At least two (2) Business Days prior to the issuance of any Letter of Credit, the Issuing Bank will confirm with the Administrative Agent (by telephone or in writing) that the Administrative Agent has received such notice, and, if not, the Issuing Bank will provide the Administrative Agent with a copy thereof. Unless the Issuing Bank has received notice from the Administrative Agent, on or before the Business Day immediately preceding the date the Issuing Bank is to issue the requested Letter of Credit, directing the Issuing Bank not to issue the Letter of Credit because such issuance is not then permitted hereunder because of the limitations set forth in subsection (a) of this Section or that one or more conditions specified in Article III are not then satisfied, then, subject to the terms and conditions hereof, the Issuing Bank shall, on the requested date, issue such Letter of Credit in accordance with the Issuing Bank's usual and customary business practices.

(4) The Issuing Bank shall examine all documents purporting to represent a demand for payment under a Letter of Credit promptly following its receipt thereof. The Issuing Bank shall notify the Borrower and the Administrative Agent of such demand for payment and whether the Issuing Bank has made or will make a LC Disbursement thereunder; provided that any failure to give or delay in giving such notice shall not relieve the Borrower of its obligation to reimburse the Issuing Bank and the Lenders with respect to such LC Disbursement. The Borrower shall be irrevocably and unconditionally obligated to reimburse the Issuing Bank for any LC Disbursements paid by the Issuing Bank in respect of such drawing, without presentment, demand or other formalities of any kind. Unless the Borrower shall have notified the Issuing Bank and the Administrative Agent prior to 11:00 a.m. on the Business Day immediately prior to the date on which such drawing is honored that the Borrower intends to reimburse the Issuing Bank for the amount of such drawing in funds other than from the proceeds of Revolving Loans, the Borrower shall be deemed to have timely given a Notice of Revolving Borrowing to the Administrative Agent requesting the Lenders to make a Base Rate Borrowing on the date on which such drawing is honored in an exact amount due to the Issuing Bank; provided that for purposes solely of such Borrowing, the conditions precedent set forth in Section 3.2 hereof shall not be applicable. The Administrative Agent shall notify the Lenders of such Borrowing in accordance with Section 2.3, and each Lender shall make the proceeds of its Base Rate Loan included in such Borrowing available to the Administrative Agent for the account of the Issuing Bank in accordance with Section 2.6. The proceeds of such Borrowing shall be applied directly by the Administrative Agent to reimburse the Issuing Bank for such LC Disbursement.

(5) If for any reason a Base Rate Borrowing may not be (as determined in the sole discretion of the Administrative Agent), or is not, made in accordance with the foregoing

provisions, then each Lender (other than the Issuing Bank) shall be obligated to fund the participation that such Lender purchased pursuant to subsection (a) of this Section in an amount equal to its Pro Rata Share of such LC Disbursement on and as of the date which such Base Rate Borrowing should have occurred. Each Lender's obligation to fund its participation shall be absolute and unconditional and shall not be affected by any circumstance, including, without limitation, (i) any set-off, counterclaim, recoupment, defense or other right that such Lender or any other Person may have against the Issuing Bank or any other Person for any reason whatsoever, (ii) the existence of a Default or an Event of Default or the termination of the Aggregate Revolving Commitments, (iii) any adverse change in the condition (financial or otherwise) of the Borrower or any of its Subsidiaries, (iv) any breach of this Agreement by the Borrower or any other Lender, (v) any amendment, renewal or extension of any Letter of Credit or (vi) any other circumstance, happening or event whatsoever, whether or not similar to any of the foregoing. On the date that such participation is required to be funded, each Lender shall promptly transfer, in immediately available funds, the amount of its participation to the Administrative Agent for the account of the Issuing Bank. Whenever, at any time after the Issuing Bank has received from any such Lender the funds for its participation in a LC Disbursement, the Issuing Bank (or the Administrative Agent on its behalf) receives any payment on account thereof, the Administrative Agent or the Issuing Bank, as the case may be, will distribute to such Lender its Pro Rata Share of such payment; provided that if such payment is required to be returned for any reason to the Borrower or to a trustee, receiver, liquidator, custodian or similar official in any bankruptcy proceeding, such Lender will return to the Administrative Agent or the Issuing Bank any portion thereof previously distributed by the Administrative Agent or the Issuing Bank to it.

(6) To the extent that any Lender shall fail to pay any amount required to be paid pursuant to subsection (d) or (e) of this Section on the due date therefor, such Lender shall pay interest to the Issuing Bank (through the Administrative Agent) on such amount from such due date to the date such payment is made at a rate per annum equal to the Federal Funds Rate; provided that if such Lender shall fail to make such payment to the Issuing Bank within three (3) Business Days of such due date, then, retroactively to the due date, such Lender shall be obligated to pay interest on such amount at the Base Rate.

(7) If any Event of Default shall occur and be continuing, on the Business Day that the Borrower receives notice from the Administrative Agent or the Required Lenders demanding that its reimbursement obligations with respect to the Letters of Credit be Cash Collateralized pursuant to this subsection, the Borrower shall deposit in an account with the Administrative Agent, in the name of the Administrative Agent and for the benefit of the Issuing Bank and the Lenders, an amount in cash equal to 105% of the aggregate LC Exposure of all Lenders as of such date plus any accrued and unpaid fees thereon; provided that such obligation to Cash Collateralize the reimbursement obligations of the Borrower with respect to the Letters of Credit shall become effective immediately, and such deposit shall become immediately due and payable, without demand or notice of any kind, upon the occurrence of any Event of Default with respect to the Borrower described in Section 8.1(h) or (i). Such deposit shall be held by the Administrative Agent as collateral for the payment and performance of the obligations of the Borrower under this Agreement. The Administrative Agent shall have exclusive dominion and control, including the exclusive right of withdrawal, over such account. The Borrower agrees to execute any documents and/or certificates to effectuate the intent of this subsection. Other than any interest earned on the investment of such deposits, which investments shall be made at the option and sole discretion of the Administrative Agent and at the Borrower's risk and expense, such deposits shall not bear interest. Interest and profits, if any, on such investments shall accumulate in such account. Moneys in such account shall be applied by the Administrative Agent to reimburse the Issuing Bank for LC Disbursements for which it had not been reimbursed and, to the extent not so applied, shall be held for the

satisfaction of the reimbursement obligations of the Borrower for the LC Exposure at such time or, if the maturity of the Loans has been accelerated, with the consent of the Required Lenders, be applied to satisfy other obligations of the Borrower under this Agreement and the other Loan Documents. If the Borrower is required to Cash Collateralize its reimbursement obligations with respect to the Letters of Credit as a result of the occurrence of an Event of Default, such cash collateral so posted (to the extent not so applied as aforesaid) shall be returned to the Borrower within three (3) Business Days after all Events of Default have been cured or waived.

(8) Upon the request of any Lender, but no more frequently than quarterly, the Issuing Bank shall deliver (through the Administrative Agent) to each Lender and the Borrower a report describing the aggregate Letters of Credit then outstanding. Upon the request of any Lender from time to time, the Issuing Bank shall deliver to such Lender any other information reasonably requested by such Lender with respect to each Letter of Credit then outstanding.

(9) The Borrower's obligation to reimburse LC Disbursements hereunder shall be absolute, unconditional and irrevocable and shall be performed strictly in accordance with the terms of this Agreement under all circumstances whatsoever and irrespective of any of the following circumstances:

(a) ~~any lack of validity or enforceability of any Letter of Credit or this Agreement;~~

~~(a) From time to time after the Closing Date and in accordance with this Section, the Borrower and one or more Increasing Lenders or Additional Lenders (each as defined below) may enter into an agreement to increase the aggregate Term Loan Commitments hereunder (such increase, an "Incremental Commitment") so long as the following conditions are satisfied as of the funding date of such Incremental Commitment (the "Incremental Effective Date"):~~

~~(i) the aggregate principal amount of all such Incremental Commitments made pursuant to this Section shall not exceed $12,500,000;~~

~~(ii) the Borrower shall execute and deliver such documents and instruments and take such other actions as may be reasonably required by the Administrative Agent in connection with and at the time of any such proposed increase;~~

~~(iii) at the time of and immediately after giving effect to any such proposed increase, no Default or Event of Default shall exist, all representations and warranties of each Loan Party set forth in the Loan Documents shall be true and correct in all material respects (other than those representations and warranties that are expressly qualified by a Material Adverse Effect or other materiality, in which case such representations and warranties shall be true and correct in all respects), and, since December 31, 2019, there shall have been no change which has had or could reasonably be expected to have a Material Adverse Effect;~~

~~(iv) any incremental Term Loans made pursuant to this Section (the "Incremental Term Loans") shall have a maturity date no earlier than the Maturity Date and shall have a Weighted Average Life to Maturity no shorter than that of the Term Loans made pursuant to (and as defined in) the Existing Credit Agreement and continued on the Closing Date as set forth in Section 2.1;~~

(v) the Borrower and Holdings shall be in pro forma compliance with each of the financial covenants set forth in Article VI, after giving effect to any such proposed increase, as of the most recently ended Fiscal Month for which financial statements are required to have been delivered, calculated as if all such Incremental Term Loans had been made as of the first day of the relevant period for testing compliance;

(vi) if the Initial Yield applicable to any such Incremental Term Loans exceeds by more than 0.50% *per annum* the sum of the Applicable Margin then in effect for Eurodollar Loans plus one fourth of the Up Front Fees paid in respect of the existing Term Loans (the "Existing Yield"), then the Applicable Margin of the existing Term Loans shall increase by an amount equal to the difference between the Initial Yield and the Existing Yield minus 0.50% *per annum*;

(vii) any collateral securing any such Incremental Commitments shall also secure all other Obligations on a *pari passu* basis; and (viii) all other terms and conditions with respect to any such Incremental Commitments shall be reasonably satisfactory to the Administrative Agent.

(b) The Borrower shall provide at least 5 days' (or such shorter period as acceptable to Administrative Agent in its sole discretion) advance written notice to the Administrative Agent of any request to establish an Incremental Commitment. No Lender (or any successor thereto) shall have any obligation, express or implied, to offer to increase the aggregate principal amount of its Term Loan Commitment, and any decision by a Lender to increase its Term Loan Commitment shall be made in its sole discretion independently from any other Lender. Only the consent of existing Lenders who desire to increase their Term Loan Commitments (the "Increasing Lenders") and new Lenders who desire to provide Term Loan Commitments (the "Additional Lenders") shall be required for an increase in the aggregate principal amount of the Term Loan Commitments pursuant to this Section. No Lender which declines to increase the principal amount of its Term Loan Commitment may be replaced with respect to its existing Term Loans as a result thereof without such Lender's consent.

(c) Subject to subsections (a) and (b) of this Section, any increase requested by the Borrower shall be effective upon delivery to the Administrative Agent of each of the following documents:

(i) an originally executed copy of an instrument of joinder, in form and substance reasonably acceptable to the Administrative Agent (an "Incremental Joinder Agreement"), executed by the Borrower, the Administrative Agent, each Additional Lender and by each Increasing Lender, setting forth the Incremental Commitments of such Lenders and, if applicable, setting forth the agreement of each Additional Lender to become a party to this Agreement and to be bound by all of the terms and provisions hereof;

(ii) such evidence of appropriate corporate authorization on the part of the Borrower with respect to such Incremental Commitment and such opinions of counsel for the Borrower with respect to such Incremental Commitment as the Administrative Agent may reasonably request;

(iii) a certificate of the Borrower signed by a Responsible Officer, in form and substance reasonably acceptable to the Administrative Agent, certifying that each of the conditions in subsection (a) of this Section has been satisfied;

(iv) to the extent requested by any Additional Lender or any Increasing Lender, executed promissory notes evidencing such Incremental Term Loans, issued by the Borrower in accordance with Section 2.5; and

(v) any other certificates or documents that the Administrative Agent shall reasonably request, in form and substance reasonably satisfactory to the Administrative Agent.

Upon the funding of each such Incremental Commitment, the Term Loans and Pro Rata Share of each Lender will be adjusted to give effect to the Incremental Term Loans.

(d) If any Incremental Term Loans are to have terms that are different from the Term Loans outstanding immediately prior to such incurrence (any such Incremental Term Loans, the "Non-Conforming Credit Extensions"), all such terms shall be as set forth in the applicable Incremental Joinder Agreement. The scheduled principal payments on the Term Loans to be made pursuant to Section 2.4 shall be ratably increased after the making of any Incremental Term Loans (other than Term Loans that are Non-Conforming Credit Extensions) under this Section 2.18 by the aggregate principal amount of such Incremental Term Loans (subject to customary adjustments to provide for the "fungibility" of such Incremental Term Loans). After the incurrence of any Non-Conforming Credit Extensions, all optional prepayments shall be allocated ratably between the then-outstanding Term Loans and such Non-Conforming Credit Extensions. Notwithstanding anything to the contrary in Section 10.2, the Administrative Agent (together with the consent of the Borrower) is expressly permitted to amend the Loan Documents to the extent necessary to give effect to any increase pursuant to this Section and mechanical changes necessary or advisable in connection therewith (including amendments to implement the requirements in the preceding two sentences and amendments to ensure *pro rata* allocations of Eurodollar Loans and Base Rate Loans between Loans incurred pursuant to this Section and Loans outstanding immediately prior to any such incurrence) without the consent of any Lender other than the Lenders participating in such Incremental Term Loans.

(e) For purposes of this Section, the following terms shall have the meanings specified below:

(i) "Initial Yield" shall mean, the amount (as determined by the Administrative Agent) equal to the sum of (A) the margin above the Eurodollar Rate on Incremental Term Loans (including as margin the effect of any "LIBO rate floor" applicable on the date of the calculation), plus (B) (x) the amount of any Up-Front Fees on Incremental Term Loans (including any fee or discount received by the Lenders in connection with the initial extension thereof), divided by (y) the lesser of (1) the Weighted-Average Life to Maturity of such Incremental Term Loans and (2) four.

(b) "Up-Front Fees" shall mean the amount of any fees or discounts received by the Lendersthe existence of any claim, set-off, defense or other right which the Borrower or any Subsidiary or Affiliate of the Borrower may have at any time against a beneficiary or any transferee of any Letter of Credit (or any Persons or entities for whom any such beneficiary or transferee may be acting), any Lender (including the Issuing Bank) or any other Person, whether in connection with the making of Loans or extensions of credit, expressed as a percentage of such Loan or extension of credit. For the avoidance of doubt, "Up-Front Fees" shall not include any arrangement, structuring, amendment or other similar fee paid to the Arranger (or any arranger of an Incremental Term Loan).this Agreement or the Letter of Credit or any document related hereto or thereto or any unrelated transaction;

~~(iii) "Weighted Average Life to Maturity" shall mean, when applied to~~ any Indebtedness at any date, the number of years obtained by dividing (i) the sum of the products obtained by multiplying (x) the amount of each then remaining installment, sinking fund, serial maturity or other required payments of principal, including payment at final maturity, in respect thereof, by (y) the number of years (calculated to the nearest one-twelfth) that will elapse between such date and the making of such payment by (ii) ~~the then outstanding principal amount of such Indebtedness.~~

(c) any draft or other document presented under a Letter of Credit proving to be forged, fraudulent or invalid in any respect or any statement therein being untrue or inaccurate in any respect;

(d) payment by the Issuing Bank under a Letter of Credit against presentation of a draft or other document to the Issuing Bank that does not comply with the terms of such Letter of Credit;

(e) any other event or circumstance whatsoever, whether or not similar to any of the foregoing, that might, but for the provisions of this Section, constitute a legal or equitable discharge of, or provide a right of set-off against, the Borrower's obligations hereunder; or

(f) the existence of a Default or an Event of Default.

Neither the Administrative Agent, the Issuing Bank, any Lender nor any Related Party of any of the foregoing shall have any liability or responsibility by reason of or in connection with the issuance or transfer of any Letter of Credit or any payment or failure to make any payment thereunder (irrespective of any of the circumstances referred to above), or any error, omission, interruption, loss or delay in transmission or delivery of any draft, notice or other communication under or relating to any Letter of Credit (including any document required to make a drawing thereunder), any error in interpretation of technical terms or any consequence arising from causes beyond the control of the Issuing Bank; provided that the foregoing shall not be construed to excuse the Issuing Bank from liability to the Borrower to the extent of any actual direct damages (as opposed to special, indirect (including claims for lost profits or other consequential damages), or punitive damages, claims in respect of which are hereby waived by the Borrower to the extent permitted by applicable law) suffered by the Borrower that are caused by the Issuing Bank's failure to exercise due care when determining whether drafts or other documents presented under a Letter of Credit comply with the terms thereof. The parties hereto expressly agree that, in the absence of gross negligence or willful misconduct on the part of the Issuing Bank (as finally determined by a court of competent jurisdiction), the Issuing Bank shall be deemed to have exercised due care in each such determination. In furtherance of the foregoing and without limiting the generality thereof, the parties agree that, with respect to documents presented that appear on their face to be in substantial compliance with the terms of a Letter of Credit, the Issuing Bank may, in its sole discretion, either accept and make payment upon such documents without responsibility for further investigation, regardless of any notice or information to the contrary, or refuse to accept and make payment upon such documents if such documents are not in strict compliance with the terms of such Letter of Credit.

(10) Unless otherwise expressly agreed by the Issuing Bank and the Borrower when a Letter of Credit is issued and subject to applicable laws, (i) each standby Letter of Credit shall be governed by the "International Standby Practices 1998" (ISP98) (or such later revision as may be published by the Institute of International Banking Law & Practice on any date any Letter of Credit may

be issued), (ii) each documentary Letter of Credit shall be governed by the Uniform Customs and Practices for Documentary Credits (2007 Revision), International Chamber of Commerce Publication No. 600 (or such later revision as may be published by the International Chamber of Commerce on any date any Letter of Credit may be issued) and (iii) the Borrower shall specify the foregoing in each letter of credit application submitted for the issuance of a Letter of Credit.

(11) Any Issuing Bank may resign as an "Issuing Bank" hereunder upon 30 days' prior written notice to the Administrative Agent, the Lenders and the Borrower; provided that on or prior to the expiration of such 30-day period with respect to such resignation, the relevant Issuing Bank shall have identified a successor Issuing Bank reasonably acceptable to the Borrower willing to accept its appointment as successor Issuing Bank, and the effectiveness of such resignation shall be conditioned upon such successor assuming the rights and duties of the resigning Issuing Bank. In the event of any such resignation as Issuing Bank, the Borrower shall be entitled to appoint from among the Lenders a successor Issuing Bank hereunder; provided, however, that no failure by the Borrower to appoint any such successor shall affect the resignation of the resigning Issuing Bank except as expressly provided above. The Borrower may terminate the appointment of any Issuing Bank as an "Issuing Bank" hereunder by providing a written notice thereof to such Issuing Bank, with a copy to the Administrative Agent. Any such termination shall become effective upon the earlier of (i) such Issuing Bank acknowledging receipt of such notice and (ii) the third Business Day following the date of the delivery thereof; provided that no such termination shall become effective until and unless the LC Exposure attributable to Letters of Credit issued by such Issuing Bank (or its Affiliates) shall have been reduced to zero. At the time any such resignation or termination shall become effective, the Borrower shall pay all unpaid fees accrued for the account of the resigning or terminated Issuing Bank pursuant to Section 2.14(c). Notwithstanding the effectiveness of any such resignation or termination, the resigning or terminated Issuing Bank shall remain a party hereto and shall continue to have all the rights of the Issuing Bank under this Agreement with respect to Letters of Credit issued by it prior to such resignation or termination, but shall not be required to issue any additional Letters of Credit.

Section xxiii **[Reserved].**

Section xxiv ~~Section 2.19.~~ **Mitigation of Obligations**. If any Lender requests compensation under Section ~~2.14~~2.18, or if the Borrower is required to pay any Indemnified Taxes or additional amount to any Lender or any Governmental Authority for the account of any Lender pursuant to Section ~~2.16~~2.20, then such Lender shall use reasonable efforts to designate a different lending office for funding or booking its ~~Term~~ Loans hereunder or to assign its rights and obligations hereunder to another of its offices, branches or affiliates, if, in the sole judgment of such Lender, such designation or assignment (i) would eliminate or reduce amounts payable under Section ~~2.14~~2.18 or Section ~~2.16~~2.20, as the case may be, in the future and (ii) would not subject such Lender to any unreimbursed cost or expense and would not otherwise be disadvantageous to such Lender. The Borrower hereby agrees to pay all costs and expenses incurred by any Lender in connection with such designation or assignment.

Section xxv ~~Section 2.20.~~ **Replacement of Lenders**. If (a) any Lender gives notice under Section ~~2.13~~2.17, (b) any Lender requests compensation under Section ~~2.14~~2.18, (c) the Borrower is required to pay any Indemnified Taxes or additional amount to any Lender or any Governmental Authority for the account of any Lender pursuant to Section ~~2.16~~2.20, (d) any Lender is a Defaulting Lender or (e) in connection with any proposed amendment, modification, termination, waiver or consent with respect to any of the provisions hereof as contemplated by Section 10.2(b), the consent of the Required Lenders shall have been obtained but the consent of one or more of such other Lenders (each a "Non-Consenting Lender") whose consent is required shall not have been obtained, then the Borrower may, at its sole

expense and effort, upon notice to such Lender and the Administrative Agent, require such Lender to assign and delegate, without recourse (in accordance with and subject to the restrictions set forth in Section 10.4(b)), all of its interests, rights (other than its existing rights to payments pursuant to Section ~~2.14~~2.18 or ~~2.16~~2.20, as applicable) and obligations under this Agreement and the other Loan Documents to an assignee that shall assume such obligations (which assignee may be another Lender) (a "Replacement Lender"); provided that (i) the Borrower shall have received the prior written consent of the Administrative Agent (to the extent such consent is required for an assignment to such Replacement Lender pursuant to Section 10.4(b)), which consent shall not be unreasonably withheld, (ii) such Lender shall have received payment of an amount equal to the outstanding principal amount of all Loans owed to it, accrued interest thereon, accrued fees and all other amounts payable to it hereunder from the assignee (in the case of such outstanding principal and accrued interest) and from the Borrower (in the case of all other amounts), and (iii) in the case of a notice under Section ~~2.13~~2.17, a claim for compensation under Section ~~2.14~~2.18 or payments required to be made pursuant to Section ~~2.16~~2.20, such assignment will result in elimination of the applicable illegality or a reduction in such compensation or payments. A Lender shall not be required to make any such assignment and delegation if, prior thereto, as a result of a waiver by such Lender or otherwise, the circumstances entitling the Borrower to require such assignment and delegation cease to apply. Upon receipt by the Lender being replaced of all amounts required to be paid by it pursuant to this Section ~~2.20~~2.25, such Lender shall execute an Assignment and Acceptance within two Business Days of the date on which the Replacement Lender executes and delivers such Assignment and Assumption to the Lender (or such executed Assignment and Assumption is delivered by the Administrative Agent on behalf of the Replacement Lender). If the Lender does not execute such Assignment and Acceptance within such two Business Days, then such Lender shall be deemed to have executed and delivered the Assignment and Assumption without any action on the part of the Lender and the Assignment and Assumption so executed by the Replacement Lender shall be effective for the purposes of this Section ~~2.20~~2.25 and Section 10.4.

Section xxvi ~~Section 2.21.~~ **Defaulting Lenders**.

(1) Cash Collateral

(a) If the reallocation described in clause (b)(iii) below cannot, or can only partially, be effected, within two Business Day following the written request of the Administrative Agent or the Issuing Bank (with a copy to the Administrative Agent) the Borrower shall Cash Collateralize the Issuing Bank's LC Exposure with respect to such Defaulting Lender (determined after giving effect to Section 2.26(b)(iv) and any Cash Collateral provided by such Defaulting Lender) in an amount not less than 103% of the Issuing Bank's LC Exposure with respect to such Defaulting Lender.

(b) The Borrower, and to the extent provided by any Defaulting Lender, such Defaulting Lender, hereby grants to the Administrative Agent, for the benefit of the Issuing Bank, and agrees to maintain, a first priority security interest in all such Cash Collateral as security for the Defaulting Lenders' obligation to fund participations in respect of Letters of Credit, to be applied pursuant to clause (iii) below. If at any time the Administrative Agent determines that Cash Collateral is subject to any right or claim of any Person other than the Administrative Agent and the Issuing Bank as herein provided, or that the total amount of such Cash Collateral is less than the minimum amount required pursuant to clause (i) above, the Borrower will, promptly upon demand by the Administrative Agent, pay or provide to the Administrative Agent additional Cash

Collateral in an amount sufficient to eliminate such deficiency (after giving effect to any Cash Collateral provided by the Defaulting Lender).

(c) Notwithstanding anything to the contrary contained in this Agreement, Cash Collateral provided under this Section 2.26(a) or Section 2.26(b) in respect of Letters of Credit shall be applied to the satisfaction of the Defaulting Lender's obligation to fund participations in respect of Letters of Credit or LC Disbursements (including, as to Cash Collateral provided by a Defaulting Lender, any interest accrued on such obligation) for which the Cash Collateral was so provided, prior to any other application of such property as may otherwise be provided for herein.

(d) Cash Collateral (or the appropriate portion thereof) provided to reduce the Issuing Bank's LC Exposure shall no longer be required to be held as Cash Collateral pursuant to this Section 2.26(a) following (A) the elimination of the applicable LC Exposure (including by the termination of Defaulting Lender status of the applicable Lender), or (ii) the determination by the Administrative Agent and the Issuing Bank that there exists excess Cash Collateral; provided that, subject to Section 2.26(b) through (d) the Person providing Cash Collateral and the Issuing Bank may agree that Cash Collateral shall be held to support future anticipated LC Exposure or other obligations and provided further that to the extent that such Cash Collateral was provided by the Borrower, such Cash Collateral shall remain subject to the security interest granted pursuant to the Loan Documents.

(2) ~~(a)~~ Defaulting Lender Adjustments. Notwithstanding anything to the contrary contained in this Agreement, if any Lender becomes a Defaulting Lender, then, until such time as such Lender is no longer a Defaulting Lender, to the extent permitted by applicable law:

(a) such Defaulting Lender's right to approve or disapprove any amendment, waiver or consent with respect to this Agreement shall be restricted as set forth in the definition of Required Lenders and in Section 10.2.

(b) No Defaulting Lender shall be entitled to receive any Commitment Fee pursuant to Section 2.14(b) for any period during which that Lender is a Defaulting Lender (and the Borrower shall not be required to pay any such fee that otherwise would have been required to have been paid to that Defaulting Lender).

(i)Each Defaulting Lender shall be entitled to receive letter of credit fees pursuant to Section 2.14(c) for any period during which that Lender is a Defaulting Lender only to the extent allocable to that portion of its LC Exposure for which it has provided Cash Collateral pursuant to Section 2.26(a).

(ii)With respect to any letter of credit fee not required to be paid to any Defaulting Lender pursuant to clause (A) or (B) above, the Borrower shall (x) pay to each Non-Defaulting Lender that portion of any such fee otherwise payable to such Defaulting Lender with respect to such Defaulting Lender's participation in Letters of Credit or Swingline Loans that has been reallocated to such Non-Defaulting Lender pursuant to clause (iv) below, (y) pay to the Issuing Bank and Swingline Lender, as

applicable, the amount of any such fee otherwise payable to such Defaulting Lender to the extent allocable to the Issuing Bank's LC Exposure or Swingline Lender's Swingline Exposure with respect to such Defaulting Lender, and (z) not be required to pay the remaining amount of any such fee.

(c) All or any part of such Defaulting Lender's participation in Letters of Credit and Swingline Loans shall be reallocated among the Non-Defaulting Lenders in accordance with their respective Pro Rata Shares of the Revolving Commitments (calculated without regard to such Defaulting Lender's Revolving Commitment) but only to the extent that (x) the conditions set forth in Section 3.2 are satisfied at the time of such reallocation, and (y) such reallocation does not cause the aggregate Revolving Credit Exposure of any Non- Defaulting Lender to exceed such Non-Defaulting Lender's Revolving Commitment. Subject to Section 10.18, no reallocation hereunder shall constitute a waiver or release of any claim of any party hereunder against a Defaulting Lender arising from that Lender having become a Defaulting Lender, including any claim of a Non-Defaulting Lender as a result of such Non- Defaulting Lender's increased exposure following such reallocation.

(d) If the reallocation described in clause (iii) above cannot, or can only partially, be effected, the Borrower shall, without prejudice to any right or remedy available to it hereunder or under law, (x) first, prepay Swingline Loans in an amount equal to the Swingline Lender's Swingline Exposure with respect to such Defaulting Lender and (y) second, Cash Collateralize the Issuing Bank's LC Exposure with respect to such Defaulting Lender in accordance with the procedures set forth in Section 2.26(a).

(3) ~~(b)~~ Defaulting Lender Cure. If the Borrower ~~and~~, the Administrative Agent, Swingline Lender and Issuing Bank agree in writing that a Lender is no longer a Defaulting Lender, the Administrative Agent will so notify the parties hereto, whereupon as of the effective date specified in such notice and subject to any conditions set forth therein (which may include arrangements with respect to any Cash Collateral), that Lender will cease to be a Defaulting Lender; provided that except to the extent otherwise expressly agreed by the affected parties, no change hereunder from Defaulting Lender to Lender will constitute a waiver or release of any claim of any party hereunder arising from that Lender's having been a Defaulting Lender.

(4) New Swingline Loans/Letters of Credit. So long as any Lender is a Defaulting Lender, (i) the Swingline Lender shall not be required to fund any Swingline Loans unless it is satisfied that it will have no Swingline Exposure after giving effect to such Swingline Loan and (ii) no Issuing Bank shall be required to issue, extend, renew or increase any Letter of Credit unless it is satisfied that it will have no LC Exposure after giving effect thereto.

Article III.

CONDITIONS PRECEDENT TO ~~EFFECTIVENESS~~ LOANS AND LETTERS OF CREDIT

Section i **Conditions to Effectiveness**. This Agreement shall not become effective until the date on which each of the following conditions is satisfied (or waived in accordance with Section 10.2):

(1) The Administrative Agent shall have received payment of all fees, expenses and other amounts due and payable on or prior to the Closing Date, including, without limitation, reimbursement or payment of all out-of-pocket expenses of the Administrative Agent, the Arranger and their Affiliates (including reasonable fees, charges and disbursements of one firm of outside counsel for the Administrative Agent, and, if necessary, of a single firm of local counsel in each appropriate jurisdiction (which may include a single firm of special counsel acting in multiple jurisdictions) to the Administrative Agent) required to be reimbursed or paid by the Borrower hereunder, under any other Loan Document and under any agreement with the Administrative Agent or the Arranger (including the Fee Letters).

(2) The Administrative Agent (or its counsel) shall have received the following, each to be in form and substance satisfactory to the Administrative Agent:

(a) a counterpart of this Agreement signed by or on behalf of each party hereto or written evidence satisfactory to the Administrative Agent (which may include facsimile transmission of a signed signature page of this Agreement) that such party has signed a counterpart of this Agreement;

(b) a certificate of the Secretary or Assistant Secretary of each Loan Party in the form of Exhibit 3.1(b)(ii), attaching and certifying copies of (x) its bylaws, or partnership agreement or limited liability company agreement (or certifying that its bylaws, or partnership agreement or limited liability company agreement have not been amended, restated or otherwise modified since the Original Closing Date), (y) its articles or certificate of incorporation, certificate of organization or limited partnership, or other registered organizational documents of such Loan Party (or certifying that its articles or certificate of incorporation, certificate of organization or limited partnership, or other registered organizational documents have not been amended, restated or otherwise modified since the Original Closing Date), and (z) the resolutions of its board of directors or other equivalent governing body, or comparable organizational documents and authorizations, authorizing the execution, delivery and performance of the Loan Documents to which it is a party and certifying the name, title and true signature of each officer of such Loan Party executing the Loan Documents to which it is a party;

(c) certificates of good standing or existence, as may be available from the Secretary of State of the jurisdiction of organization of each Loan Party;

(d) written opinions of Latham & Watkins LLP and Squire Patton Boggs LLP, counsel to the Loan Parties, addressed to the Administrative Agent and each of the Lenders, and covering such matters relating to the Loan Parties, the Loan Documents and the transactions contemplated therein as the Administrative Agent shall reasonably request (which opinions will expressly permit reliance by permitted successors and assigns of the Administrative Agent and the Lenders);

(e) a certificate in the form of Exhibit 3.1(b)(v), dated the Closing Date and signed by a Responsible Officer, certifying that immediately after giving effect to consummation of the transactions contemplated to occur on the Closing Date, including consummation of the transactions contemplated hereby and under the Note Purchase Agreement, (A) no Default or Event of Default exists or will result therefrom, (B) all representations and warranties of each Loan Party set forth in the Loan Documents

are true and correct in all material respects (other than those representations and warranties that are expressly qualified by "Material Adverse Effect" or other materiality, which representations and warranties shall be true and correct in all respects), (C) since the date of the financial statements of the Borrower described in Section 4.4, there shall have been no change which has had or could reasonably be expected to have a Material Adverse Effect and (D) (x) the Liquidity of the Borrower and the Guarantors shall be no less than $250,000,000 and (y) the Statutory Surplus of RIC is not less than $100,000,000;

(f) [reserved];

(g) certified copies of all consents, approvals, authorizations, registrations and filings and orders required to be made or obtained under any Requirement of Law, or by any Material Agreement of any Loan Party, in connection with the execution, delivery, performance, validity and enforceability of the Loan Documents or any of the transactions contemplated hereby or thereby, and such consents, approvals, authorizations, registrations, filings and orders shall be in full force and effect and all applicable waiting periods shall have expired, and no investigation or inquiry by any Governmental Authority regarding the Term Loans shall be ongoing;

(h) [reserved];

(i) a duly completed and executed Compliance Certificate, including calculations of the financial covenants set forth in Article VI hereof as of September 30, 2019, calculated on a *pro forma* basis as if the NPA Financing had been consummated as of the first day of the relevant period for testing compliance (and setting forth in reasonable detail such calculations);

(j) evidence that (a) the Note Purchase Agreement shall have been executed and delivered by the parties thereto on terms and conditions acceptable to the Administrative Agent and (b) the NPA Notes shall have been issued by the Borrower in accordance with the terms of the Note Purchase Agreement;

(k) the Reaffirmation Agreement, duly executed by the Loan Parties and in form and substance reasonably satisfactory to the Administrative Agent;

(l) the Intercreditor Agreement, in form and substance satisfactory to the Administrative Agent, duly executed by each of the parties thereto;

(m) [reserved];

(n) a certificate, dated the Closing Date and signed by a Responsible Officer of the Borrower, confirming that the Loan Parties and their Subsidiaries, taken as a whole, are Solvent immediately after giving effect to the consummation of the transactions contemplated to occur on the Closing Date;

(o) copies of all Material Agreements listed on Schedule 3.1(b)(xv) that were not been provided in connection with the Existing Credit Agreement;

(p) the Escrow Agreements together with evidence that the Borrower shall have remitted $24,937,500.00 to the Escrow Agent in connection therewith; and

(q) delivery of such other documents, certificates, information or legal opinions as the Administrative Agent or any Lender shall have reasonably requested prior to the Closing Date.

Without limiting the generality of the provisions of this Section, for purposes of determining compliance with the conditions specified in this Section, each Lender that has signed this Agreement shall be deemed to have consented to, approved of, accepted or been satisfied with each document or other matter required thereunder to be consented to, approved by or acceptable or satisfactory to a Lender unless the Administrative Agent shall have received notice from such Lender prior to the proposed Closing Date specifying its objection thereto.

Section ii **Conditions to Each Credit Event**. The obligation of each Lender to make a Loan on the occasion of any Borrowing and of the Issuing Bank to issue, amend, renew or extend any Letter of Credit is subject to Section 2.26(c) and the satisfaction of the following conditions:

(1) at the time of and immediately after giving effect to such Borrowing or the issuance, amendment, renewal or extension of such Letter of Credit, as applicable, no Default or Event of Default shall exist;

(2) at the time of and immediately after giving effect to such Borrowing or the issuance, amendment, renewal or extension of such Letter of Credit, as applicable, all representations and warranties of each Loan Party set forth in the Loan Documents shall be true and correct in all material respects (other than those representations and warranties that are expressly qualified by a Material Adverse Effect or other materiality, in which case such representations and warranties shall be true and correct in all respects); and

(3) the Borrower shall have delivered the required Notice of Borrowing.

Each Borrowing and each issuance, amendment, renewal or extension of any Letter of Credit shall be deemed to constitute a representation and warranty by the Borrower on the date thereof as to the matters specified in subsections (a), (b) and (c) of this Section.

Section iii ~~Section 3.2.~~ **Effect of Amendment and Restatement**. Upon this Agreement becoming effective pursuant to Section 3.1, from and after the Closing Date: (i) the Term Loans (as defined in the Existing Credit Agreement) shall be deemed to be continued as the Term Loans outstanding hereunder (as the same have been reallocated after giving effect to the SVB Assignment); (ii) all terms and conditions of the Existing Credit Agreement and any other "Loan Document" as defined therein, as amended and restated by this Agreement and the other Loan Documents being executed and delivered on the Closing Date, shall be and remain in full force and effect, as so amended and restated, and shall constitute the legal, valid, binding and enforceable obligations of the Loan Parties to the Lenders and the Administrative Agent; (iii) the terms and conditions of the Existing Credit Agreement shall be amended and restated as set forth herein and, as so amended and restated, shall be restated in their entirety, but shall be amended only with respect to the rights, duties and obligations among Holdings, the Borrower, the other Loan Parties, the Lenders and the Administrative Agent accruing from and after the Closing Date; (iv) this Agreement shall not in any way release or impair the rights, duties, Obligations or Liens created pursuant to the Existing Credit Agreement or any other "Loan Document" as defined therein or affect the relative

priorities thereof, in each case to the extent in force and effect thereunder as of the Closing Date, except as modified hereby or by documents, instruments and agreements executed and delivered in connection herewith, and all of such rights, duties, Obligations and Liens are assumed, ratified and affirmed by the Borrower; (v) all indemnification obligations of the Loan Parties under the Existing Credit Agreement and any other "Loan Document" as defined therein shall survive the execution and delivery of this Agreement and shall continue in full force and effect for the benefit of the Lenders, the Administrative Agent, and any other Person indemnified under the Existing Credit Agreement or such other Loan Document at any time prior to the Closing Date; (vi) the Obligations incurred under the Existing Credit Agreement shall, to the extent outstanding on the Closing Date, continue to be outstanding under this Agreement and shall not be deemed to be paid, released, discharged or otherwise satisfied by the execution of this Agreement, and this Agreement shall not constitute a substitution or novation of such Obligations or any of the other rights, duties and obligations of the parties hereunder; (vii) the execution, delivery and effectiveness of this Agreement shall not operate as a waiver of any right, power or remedy of the Lenders or the Administrative Agent under the Existing Credit Agreement, nor constitute a waiver of any covenant, agreement or obligation under the Existing Credit Agreement, except to the extent that any such covenant, agreement or obligation is no longer set forth herein or is modified hereby; and (viii) any and all references in the Loan Documents to the Existing Credit Agreement shall, without further action of the parties, be deemed a reference to the Existing Credit Agreement, as amended and restated by this Agreement, and as this Agreement shall be further amended, modified, supplemented or amended and restated from time to time hereafter in accordance with the terms of this Agreement.

Section iv ~~Section 3.3.~~ **Delivery of Documents**. All of the Loan Documents, certificates, legal opinions and other documents and papers referred to in this Article, unless otherwise specified, shall be delivered to the Administrative Agent for the account of each of the Lenders and in sufficient counterparts or copies for each of the Lenders and shall be in form and substance satisfactory in all respects to the Administrative Agent.

Article IV.

REPRESENTATIONS AND WARRANTIES

Each of Holdings and the Borrower represents and warrants to the Administrative Agent ~~and~~, each Lender and the Issuing Bank as follows:

Section i **Existence; Power**. Holdings and each of its Subsidiaries (i) is duly organized, validly existing and in good standing as a corporation, partnership or limited liability company under the laws of the jurisdiction of its organization, (ii) has all requisite power and authority to (a) carry on its business as now conducted except where a failure could not reasonably be expected to result in a Material Adverse Effect and (b) execute, deliver and perform its obligations under the Loan Documents to which it is a party (if any), and (iii) is duly qualified to do business, and is in good standing, in each jurisdiction where such qualification is required, except where a failure to be so qualified could not reasonably be expected to result in a Material Adverse Effect.

Section ii **Organizational Power; Authorization**. The execution, delivery and performance by each Loan Party of the Loan Documents to which it is a party are within such Loan Party's organizational powers and have been duly authorized by all necessary organizational and, if required, shareholder, partner or member action. This Agreement has been duly executed and delivered by Holdings and the Borrower and constitutes, and each other Loan Document to which any Loan Party is a party, when executed and delivered by such Loan Party, will constitute, valid and binding obligations of the Borrower

or such Loan Party (as the case may be), enforceable against it in accordance with their respective terms, except as may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally and by general principles of equity.

Section iii **Governmental Approvals; No Conflicts; No Default**. The execution, delivery and performance by each Loan Party of the Loan Documents to which it is a party (a) do not require any material consent or approval of, registration or filing with, or any action by, any Governmental Authority or any other Person, except those as have been obtained or made and are in full force and effect and except for filings necessary to perfect or maintain perfection of the Liens created under the Loan Documents, (b) will not materially violate (i) any Requirement of Law applicable to Holdings or any of its Subsidiaries or (ii) any judgment, order or ruling of any Governmental Authority, (c) will not violate or result in a default under any Contractual Obligation of Holdings or any of its Subsidiaries or any of its assets or give rise to a right thereunder to require any payment to be made by Holdings or any of its Subsidiaries (except as could not reasonably be expected to result in a Material Adverse Effect) and (d) will not result in the creation or imposition of any Lien on any asset of Holdings or any of its Subsidiaries, except Liens (if any) created under the Loan Documents and Liens permitted under Section 7.2. As of the Closing Date no Default or Event of Default has occurred and is continuing. As of the Closing Date, neither the Borrower nor any Subsidiary is in default under or with respect to any Material Agreement in any respect that individually or together with all such defaults, would reasonably be expected to have a Material Adverse Effect.

Section iv **Financial Statements**. The Borrower has furnished to each Lender (i) the audited consolidated balance sheet of the Borrower and its Subsidiaries as of the Fiscal Years ended December 31, ~~2016~~2017, December 31, ~~2017~~2018 and December 31, ~~2018~~2019, and the related audited consolidated statements of income, shareholders' equity and cash flows for such Fiscal Years then ended, prepared by Deloitte, (ii) the unaudited consolidated balance sheet of the Borrower and its Subsidiaries as of ~~September 30~~July 31, 2019, and the related unaudited consolidated statements of income and cash flows for the Fiscal Month and year-to-date period then ended, certified by a Responsible Officer and (iii) the audited consolidated balance sheet of RIC as of the Fiscal Years ended December 31, ~~2016~~2017, December 31, ~~2017~~2018 and December 31, ~~2018~~2019, and the related audited consolidated statements of income, shareholders' equity and cash flows for such Fiscal Years then ended, prepared by Deloitte (the foregoing items (i)-(iii), collectively, the "Historical Financial Statements"). Such financial statements fairly present the consolidated financial condition of (A) in the case of clauses (i) and (ii), the Borrower and its Subsidiaries as of such dates and the consolidated results of operations for such periods in conformity with GAAP consistently applied, subject to year-end audit adjustments and the absence of footnotes in the case of the statements referred to in clause (ii) and (B) in the case of clause (iii), RIC and the consolidated results of operations for such periods in conformity with SAP consistently applied. Since December 31, ~~2018~~2019, there have been no changes with respect to the Borrower and its Subsidiaries which have had or could reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect.

Section v **Litigation and Environmental Matters**.

(1) No litigation, investigation or proceeding of or before any arbitrators or Governmental Authorities is pending against or, to the knowledge of Holdings or the Borrower, threatened against or affecting Holdings, the Borrower or any of their respective Subsidiaries (i) as to which there is a reasonable possibility of an adverse determination that could reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect or (ii) which in any manner draws into question the validity or enforceability of this Agreement or any other Loan Document.

(2) Except for the matters set forth on Schedule 4.5 and matters that could not reasonably be expected to result in a Material Adverse Effect, neither Holdings nor any of its Subsidiaries (i) has failed to comply with any Environmental Law or to obtain, maintain or comply with any permit, license or other approval required under any Environmental Law, (ii) has become subject to any Environmental Liability, (iii) has received written notice of any claim against it with respect to any Environmental Liability or (iv) has actual knowledge of any facts or circumstances that could reasonably be expected to give rise to an Environmental Liability.

Section vi **Compliance with Laws and Agreements**. Holdings and each of its Subsidiaries is in compliance with (a) all Requirements of Law and all judgments, decrees and orders of any Governmental Authority and (b) all indentures, agreements or other instruments binding upon it or its properties, except where non-compliance, either individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect.

Section vii **Investment Company Act**. Neither Holdings nor any of its Subsidiaries is (a) an "investment company" or is "controlled" by an "investment company", as such terms are defined in, or subject to regulation under, the Investment Company Act of 1940, as amended and in effect from time to time, or (b) otherwise subject to any other regulatory scheme limiting its ability to incur its Obligations under the Loan Documents or requiring any approval or consent from, or registration or filing with, any Governmental Authority in connection therewith.

Section viii **Taxes**. Holdings and its Subsidiaries have timely filed or caused to be filed all Federal income tax returns and all other material tax returns that are required to be filed by them, and have paid all material taxes due and payable (whether or not shown on such returns) or on any assessments made against it or its property and all other material taxes, fees or other charges imposed on it or any of its property by any Governmental Authority, except where the same are currently being contested in good faith by appropriate proceedings and for which Holdings or such Subsidiary, as the case may be, has set aside on its books adequate reserves in accordance with GAAP. The charges, accruals and reserves on the books of Holdings and its Subsidiaries in respect of such taxes are adequate, and no tax liabilities that could be materially in excess of the amount so provided are anticipated.

Section ix **Margin Regulations**. None of the proceeds of any of the ~~Term~~ Loans ~~were~~or Letters of Credit will be used, directly or indirectly, for "purchasing" or "carrying" any "margin stock" within the respective meanings of each of such terms under Regulation U or for any purpose that violates the provisions of Regulation T, Regulation U or Regulation X. Neither Holdings nor any of its Subsidiaries is engaged principally, or as one of its important activities, in the business of extending credit for the purpose of purchasing or carrying "margin stock".

Section x **ERISA**.

(1) Each Plan which is intended to be qualified under Section 401(a) of the Code has received a favorable determination letter from the IRS to the effect that it meets the requirements of Section 401(a) of the Code, or is comprised of a master or prototype plan that has received a favorable opinion letter from the IRS, and, to the knowledge of Holdings or the Borrower, nothing has occurred since the date of such determination or opinion letter that would adversely affect such qualification. Except as could not reasonably be expected to result in Material Adverse Effect, (i) each Plan is in compliance in form and operation with its terms and with ERISA and the Code (including, without limitation, the Code provisions compliance with which is necessary for any intended favorable tax treatment) and all other applicable laws and regulations, (ii) no ERISA Event has occurred or, to the

knowledge of Holdings or the Borrower, is reasonably expected to occur; (iii) there exists no Unfunded Pension Liability with respect to any Plan; (iv) there are no actions, suits or claims pending against or involving a Plan (other than routine claims for benefits) or, to the knowledge of Holdings or the Borrower, any of their respective Subsidiaries or any ERISA Affiliate, threatened; and (v) none of Holdings, any of its Subsidiaries or any ERISA Affiliate have, within the past five calendar years, ceased operations at a facility so as to become subject to the provisions of Section 4068(a) of ERISA, withdrawn as a substantial employer so as to become subject to the provisions of Section 4063 of ERISA or ceased making contributions to any Plan subject to Section 4064(a) of ERISA to which it made contributions. None of Holdings, any of its Subsidiaries or any ERISA Affiliate is, has or had, within any of the five calendar years immediately preceding the date this assurance is given or deemed given, made or been required to make contributions to any Multiemployer Plan.

(2) Except as could not reasonably be expected to result in a Material Adverse Effect, (i) each Non-U.S. Plan has been maintained in compliance with its terms and with the requirements of any and all applicable laws, statutes, rules, regulations and orders and has been maintained, where required, in good standing with applicable regulatory authorities; (ii) neither Holdings nor any of its Subsidiaries has incurred any obligation in connection with the termination of, or withdrawal from, any Non-U.S. Plan; and (iii) the present value of the accrued benefit liabilities (whether or not vested) under each Non-U.S. Plan, determined as of the end of Holdings' most recently ended fiscal year on the basis of reasonable actuarial assumptions, did not exceed the current value of the assets of such Non-U.S. Plan allocable to such benefit liabilities.

Section xi **Ownership of Property; Intellectual Property; and Insurance**.

(1) Each of the Borrower and its Subsidiaries has good title to, or valid leasehold interests in, all of its real and personal property material to the operation of its business, including all such properties reflected in the most recent audited consolidated balance sheet of the Borrower referred to in Section 4.4 or purported to have been acquired by the Borrower or any of its Subsidiaries after said date (except as sold or otherwise disposed of in the ordinary course of business or otherwise as permitted under Section 7.6 of this Agreement), in each case free and clear of Liens prohibited by this Agreement. All leases that individually or in the aggregate are material to the business or operations of Holdings and its Subsidiaries are valid and subsisting and are in full force.

(2) Each of Holdings and its Subsidiaries owns, or is licensed to use, all Intellectual Property necessary to conduct its business as currently conducted except for such Intellectual Property the failure of which to own or license would not reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect. To the knowledge of the Borrower, (a) the conduct and operations of the businesses of Holdings and its Subsidiaries does not infringe, misappropriate, dilute or violate any Intellectual Property owned by any other Person and (b) no other Person has contested any right, title or interest of Holdings or its Subsidiaries in, or relating to, any Intellectual Property, other than, in each case, as would not, in the aggregate, reasonably be expected to have a Material Adverse Effect.

(3) The properties of Holdings and its Subsidiaries are insured with financially sound and reputable insurance companies which are not Affiliates of Holdings, in such amounts with such deductibles and covering such risks as are customarily carried by companies engaged in similar businesses and owning similar properties in localities where Holdings or any applicable Subsidiary operates.

(4) As of the Closing Date, neither the Borrower nor any of its Subsidiaries owns a fee interest in any Real Estate.

Section xii **Disclosure**.

(1) Holdings and the Borrower have disclosed to the Lenders all agreements, instruments, and corporate or other restrictions to which Holdings, the Borrower or any of their respective Subsidiaries is subject, and all other matters known to any of them, that, either individually or in the aggregate, could reasonably be expected to result in a Material Adverse Effect. None of the reports (including, without limitation, all reports that an Insurance Subsidiary is required to file with any regulatory agency), financial statements, certificates or other written information furnished by or on behalf of the Borrower to the Administrative Agent or any Lender in connection with the negotiation or syndication of this Agreement or any other Loan Document or delivered hereunder or thereunder (as modified or supplemented by any other information so furnished) contains any material misstatement of fact or omits to state any material fact necessary to make the statements therein, taken as a whole in light of the circumstances under which they were made, not misleading; provided that, with respect to projected financial information, Holdings and the Borrower represent only that such information was prepared in good faith based upon assumptions believed to be reasonable at the time furnished (it being acknowledged and understood that such information is subject to material contingencies and assumptions, many of which are beyond the Borrower's control, and that actual results may differ materially from such information and that such projections are not a guarantee of financial performance).

(2) As of the Closing Date, the information included in the Beneficial Ownership Certification is true and correct in all respects.

Section xiii **Labor Relations**. Except as could not reasonably be expected to result in a Material Adverse Effect, (i) there are no strikes, lockouts or other material labor disputes or grievances against Holdings or any of its Subsidiaries, or, to Holdings' or the Borrower's knowledge, threatened against or affecting Holdings or the Borrower or any of their respective Subsidiaries; (ii) significant unfair labor practice charges or grievances are pending against the Borrower or any of its Subsidiaries, or, to Holdings' or the Borrower's knowledge, threatened against any of them before any Governmental Authority; and (iii) all payments due from Holdings or any of its Subsidiaries pursuant to the provisions of any collective bargaining agreement have been paid or accrued as a liability on the books of Holdings or any such Subsidiary.

Section xiv **Subsidiaries**. Schedule 4.14 sets forth the name of, the ownership interest of the applicable Loan Party in, the jurisdiction of incorporation or organization of, and the type of each Subsidiary of Holdings and the other Loan Parties and identifies each Subsidiary that is a Subsidiary Loan Party, in each case as of the ~~Closing~~Second Amendment Effective Date. As of the ~~Closing~~Second Amendment Effective Date, all of the issued and outstanding Capital Stock of the Subsidiaries owned by any Loan Party have been (to the extent such concepts are relevant with respect to such ownership interests) duly authorized and issued and are fully paid and non-assessable free and clear of all Liens. As of the ~~Closing~~Second Amendment Effective Date, there are no outstanding purchase options, warrants, subscription rights, agreements to issue or sell or convertible interests by Holdings or any Subsidiary of Holdings relating to Capital Stock of Holdings or any Subsidiary of Holdings, other than (i) the Closing Date Warrants (as defined in the Note Purchase Agreement), (ii) warrants issued to Silicon Valley Bank to purchase 97,960 shares of Holdings' Series B Preferred Stock and 500,000 shares of Holdings' Series A-3 Preferred Stock and (iii) equity awards issued pursuant to an equity incentive plan of Holdings or any

Subsidiary of Holdings or other compensation arrangements with employees of Holdings or any Subsidiary of Holdings.

Section xv **Solvency**. After giving effect to the execution and delivery of the Loan Documents, the consummation of the NPA Financing, including the issuance of the NPA Notes and any other transactions contemplated thereunder on the Closing Date, and the use of proceeds of the NPA Notes in connection therewith on the Closing Date, the Loan Parties and their Subsidiaries, taken as a whole, are Solvent.

Section xvi **Deposit and Disbursement Accounts**. Schedule 4.16 lists all banks and other financial institutions at which any Loan Party maintains deposit accounts, lockbox accounts, disbursement accounts, investment accounts or other similar accounts as of the ~~Closing~~Second Amendment Effective Date, and such Schedule correctly identifies the name, address and telephone number of each financial institution, the name in which the account is held, the type of the account, and the complete account number therefor.

Section xvii **Collateral Documents**.

(1) The Guaranty and Security Agreement (including as reaffirmed by the Reaffirmation Agreement) is effective to create in favor of the Administrative Agent for the ratable benefit of the Secured Parties a legal, valid and enforceable security interest in the Collateral (as defined therein), and the Liens created under the Guaranty and Security Agreement constitute fully perfected Liens (to the extent that such Lien may be perfected by the filing of a UCC financing statement) on, and security interest in, all right, title and interest of the grantors thereunder in such Collateral, in each case prior and superior in right to any other Person, other than with respect to Permitted Prior Liens and the Liens of the NPA Agent; provided that the Liens of the NPA Agent shall be *pari passu* with the Liens granted to the Administrative Agent under the Loan Documents pursuant to the Intercreditor Agreement. Subject to the Intercreditor Agreement, when the certificates evidencing Capital Stock that constitutes "certificated securities" pledged pursuant to the Guaranty and Security Agreement are delivered to the Administrative Agent, together with appropriate stock powers or other similar instruments of transfer duly executed in blank, the Liens in such Capital Stock shall be fully perfected first priority security interests, perfected by "control" as defined in the UCC.

(2) When, if applicable, the Patent Security Agreements and the Trademark Security Agreements are filed in the United States Patent and Trademark Office and the Copyright Security Agreements are filed in the United States Copyright Office, the Liens created by Guaranty and Security Agreement shall constitute a fully perfected Lien on, and security interest in, all right, title and interest of the Loan Parties in the Patents, Trademarks and Copyrights, if any, in which a security interest may be perfected by filing, recording or registering a security agreement, financing statement or analogous document in the United States Patent and Trademark Office or the United States Copyright Office, as applicable, in each case prior and superior in right to any other Person other than with respect to Permitted Prior Liens and the Liens of the NPA Agent; provided that the Liens of the NPA Agent shall be *pari passu* with the Liens granted to the Administrative Agent under the Loan Documents pursuant to the Intercreditor Agreement.

(3) Each Mortgage, if any, when duly executed and delivered by the relevant Loan Party, will be effective to create in favor of the Administrative Agent for the ratable benefit of the Secured Parties a legal, valid and enforceable Lien on all of such Loan Party's right, title and interest in and to the Real Estate of such Loan Party covered thereby and the proceeds thereof, and when such Mortgage is filed in the real estate records where the respective Mortgaged Property is located, such

Mortgage shall constitute a fully perfected Lien on, and security interest in, all right, title and interest of such Loan Party in such Real Estate and the proceeds thereof, in each case prior and superior in right to any other Person, other than with respect to Permitted Prior Liens and the Liens of the NPA Agent; provided that the Liens of the NPA Agent shall be *pari passu* with the Liens granted to the Administrative Agent under the Loan Documents pursuant to the Intercreditor Agreement.

(4) No Mortgage encumbers improved real property that is located in an area that has been identified by the Secretary of Housing and Urban Development as an area having special flood hazards and in which flood insurance has been made available under the National Flood Insurance Act of 1968, except to the extent that the applicable Loan Party maintains flood insurance with respect to such improved real property in compliance with the requirements of Section 5.8.

Section xviii **Material Agreements**. As of the ~~Closing~~Second Amendment Effective Date, all Material Agreements of the Borrower and its Subsidiaries are described on Schedule 4.18, and each such Material Agreement is in full force and effect. As of the ~~Closing~~Second Amendment Effective Date, the Borrower does not have any knowledge of any pending material amendments or threatened termination of any of the Material Agreements. As of the Closing Date, the Borrower has delivered to the Administrative Agent a true, complete and correct copy of each Material Agreement (including all schedules, exhibits, amendments, supplements, modifications, assignments and all other documents delivered pursuant thereto or in connection therewith) listed on Schedule 3.1(b)(xv).

Section xix **Insurance Licenses**. No Insurance License of the Borrower or any Insurance Subsidiary, the loss of which individually or in the aggregate would reasonably be expected to have a Material Adverse Effect, is the subject of a proceeding for suspension or revocation. To the best of the Borrower's knowledge, there is no sustainable basis for a suspension or revocation of any Insurance License of the Borrower or any Insurance Subsidiary which individually or in the aggregate would reasonably be expected to have a Material Adverse Effect, and no such suspension or revocation has been threatened by any Governmental Authority which individually or in the aggregate would reasonably be expected to have a Material Adverse Effect.

Section xx **Sanctions and Anti-Corruption Laws**.

(1) None of Holdings or any of its Subsidiaries or any of their respective directors, officers, employees, agents or affiliates is a Sanctioned Person. No ~~Term~~ Loans, use of proceeds, or other transaction contemplated by this Agreement or the other Loan Documents will violate Anti-Corruption Laws, the PATRIOT Act, or Sanctions.

(2) Holdings, its Subsidiaries and their respective directors, officers and employees and, to the knowledge of Holdings and the Borrower, the agents of Holdings and its Subsidiaries, are in compliance with applicable Anti-Corruption Laws, the PATRIOT Act and applicable Sanctions. The Borrower and its Subsidiaries have instituted and maintain policies and procedures designed to promote continued compliance therewith.

Section xxi ~~EEA~~**Affected Financial Institutions.** No Loan Party is an ~~EEA~~Affected Financial Institution.

Article V.

AFFIRMATIVE COVENANTS

Until ~~all Obligations (other than (i) contingent obligations as to which no claim exists or has been asserted, (ii) Hedging Obligations owed by any Loan Party to any Lender-Related Hedge Provider, and (iii) Bank Product Obligations) have been paid in full~~the Termination Date, Holdings and the Borrower covenant and agree with the Administrative Agent and the Lenders that:

Section i **Financial Statements and Other Information**. Holdings will deliver to the Administrative Agent for delivery to each Lender:

(1) as soon as available and in any event within 120 days after the end of each Fiscal Year of Holdings, a copy of the annual audited report for such Fiscal Year for Holdings and its Subsidiaries (commencing with the Fiscal Year ended December 31, 2019), containing a consolidated and, prior to the occurrence of a Significant Equity Capital Raise, consolidating balance sheet of Holdings and its Subsidiaries as of the end of such Fiscal Year and the related consolidated and, prior to the occurrence of a Significant Equity Capital Raise, consolidating statements of income, stockholders' equity and cash flows (together with all footnotes thereto) of Holdings and its Subsidiaries for such Fiscal Year, setting forth in each case in comparative form the figures for the previous Fiscal Year, all in reasonable detail and reported on by Deloitte or other independent public accountants of nationally recognized standing (which may have a "going concern" or like qualification, exception or explanation ~~for the Fiscal Year ending December 31, 2019~~ solely as a result of the impending Maturity Date but without any other qualification as to the scope of such audit) to the effect that such financial statements present fairly in all material respects the financial condition and the results of operations of Holdings and its Subsidiaries for such Fiscal Year on a consolidated basis in accordance with GAAP;

(2) as soon as available and in any event within 60 days (or in the case of any audited statements and risk-based capital reports required to be delivered pursuant to this clause (b), 180 days) after the end of each Fiscal Year of each Insurance Subsidiary (commencing, in the case of any audited statements and risk-based capital reports required to be delivered, with the Fiscal Year ended December 31, 2019), the annual statement of such Insurance Subsidiary (prepared in accordance with SAP) for such Fiscal Year and as filed with the Insurance Regulatory Authorities of the state in which such Insurance Subsidiary is domiciled (together with any certifications or statements of such Insurance Subsidiary relating to such annual statement and any audited statements and risk-based capital reports, in each case which are required by such Insurance Regulatory Authorities);

(3) as soon as available and in any event: (i)(A) at any time prior to the occurrence of a Significant Equity Capital Raise, within 30 days after the end of each Fiscal Month (commencing with the Fiscal Month ended October 31, 2019) of Holdings, an unaudited consolidated and consolidating balance sheets of Holdings and its Subsidiaries as of the end of such Fiscal Month and the related unaudited consolidated and consolidating statements of income and cash flows of Holdings and its Subsidiaries for such Fiscal Month and the then elapsed portion of such Fiscal Year, setting forth in each case in comparative form the figures for the corresponding Fiscal Month and the corresponding portion of Holdings' previous Fiscal Year and the corresponding figures for the budget for the current Fiscal Year, together with a monthly reporting package consistent with Exhibit 5.1(c) (provided, that delivery of such monthly reporting package shall commence for the Fiscal Month ending January 31, 2020); and (~~ii~~B) at any time after the occurrence of a Significant Equity Capital Raise, within ~~30~~45 days after the end of each ~~Fiscal Quarter, quarterly financial statements of each Insurance Subsidiary (prepared in accordance with SAP), consisting of balance sheet, income statement and cash flows of each Insurance Subsidiary~~of the first three Fiscal Quarters of Holdings (commencing with the first Fiscal Quarter ending after the occurrence of the Significant Equity Capital Raise other than the fourth Fiscal Quarter of a Fiscal Year), an unaudited consolidated balance sheet of Holdings and its Subsidiaries as of the end of such Fiscal

Quarter and the related unaudited consolidated statements of income and cash flows of Holdings and its Subsidiaries for such Fiscal Quarter and the then elapsed portion of such Fiscal Year, setting forth in each case in comparative form the figures for the corresponding Fiscal Quarter and the corresponding portion of Holdings' previous Fiscal Year; and (~~iii~~ii) within 45 days after the end of each Fiscal Quarter (or 60 days after the end of each Fiscal Quarter ending December 31), quarterly financial statements of each Insurance Subsidiary (prepared in accordance with SAP) as filed with the Insurance Regulatory Authority of the state in which such Insurance Subsidiary is domiciled (together with any certifications or statements of such Insurance Subsidiary relating to such financial statements as required by such Insurance Regulatory Authority);

(4) concurrently with the delivery of the financial statements referred to in subsections (a) and (c)(i) of this Section, a Compliance Certificate;

(5) [reserved];

(6) as soon as available and in any event within ~~30~~90 days after the end of the calendar year, forecasts and a pro forma budget for the succeeding Fiscal Year, containing an income statement, balance sheet, statement of cash flow and projected dividend capacity;

(7) promptly after the same become publicly available, copies of all periodic and other reports, proxy statements and other materials filed with any Insurance Regulatory Authority, the Securities and Exchange Commission, or any Governmental Authority succeeding to any or all functions of said Commission, or with any national securities exchange, or distributed by Holdings to its shareholders generally, as the case may be;

(8) promptly following the delivery to or receipt by Holdings, the Borrower or any of their respective Subsidiaries thereof, (i) a copy of any regular or periodic final examination reports or results of any market conduct examination or examination by the applicable Insurance Regulatory Authority or the NAIC of the financial condition and operations of, or any notice of any finding as to a violation of any Requirement of Law from an Insurance Regulatory Authority, or (ii) any other report with respect to any Insurance Subsidiary (including any summary report from the NAIC with respect to the performance of such Insurance Subsidiary as measured against the ratios and other financial measurements developed by the NAIC under its Insurance Regulatory Information System as in effect from time to time) that would reasonably be expected to result in a Material Adverse Effect;

(9) promptly following receipt thereof, (i) a copy of the "Statement of Actuarial Opinion" and "Management Discussion and Analysis" for each Insurance Subsidiary that is provided to the applicable Insurance Regulatory Authority or other applicable Governmental Authority (or equivalent information should such Governmental Authority no longer require such a statement) as to the adequacy of reserves of such Insurance Subsidiary, such opinion to be in the format prescribed by the insurance code of the applicable Insurance Regulatory Authority and (ii) each audit of any Insurance Subsidiary from the applicable Insurance Regulatory Authorities; and

(10) promptly following any request therefor, (i) such other information regarding the results of operations, business affairs and financial condition of Holdings or any of its Subsidiaries as the Administrative Agent or any Lender may reasonably request and (ii) information and documentation reasonably requested by the Administrative Agent or any Lender for purposes of compliance with applicable "know your customer" requirements under the Patriot Act or other applicable anti-money laundering laws.

Notwithstanding the foregoing or anything in Section 5.2 to the contrary, Holdings and its Subsidiaries shall not be required to disclose any information or deliver any document to the extent it would violate confidentiality agreements or any Requirement of Law or result in a loss of attorney-client privilege or claim of attorney work product; provided that, in the event that Holdings and its Subsidiaries do not disclose any such information or deliver any document pursuant to such restrictions or obligations, the Borrower shall provide written notice to the Administrative Agent that such information or document is being withheld and the Borrower shall use commercially reasonable efforts to communicate the applicable information in a way that would not violate the applicable obligation or risk waiver of such privilege; provided further that to the extent any such restriction or obligation is removed or no longer valid, the Borrower shall promptly share any such information that was withheld.

Holdings and the Borrower hereby acknowledge that (a) the Administrative Agent and/or the Arrangers will make available to the Lenders and the Issuing Bank materials and/or information provided by or on behalf of the Borrower hereunder (collectively, "Borrower Materials") by posting the Borrower Materials on the Platform and (b) certain of the Lenders (each, a "Public Lender") may have personnel who do not wish to receive material non-public information with respect to the Borrower or its Affiliates, or the respective securities of any of the foregoing, and who may be engaged in investment and other market-related activities with respect to such Persons' securities. The Borrower hereby agrees that it will use commercially reasonable efforts to identify that portion of the Borrower Materials that may be distributed to Public Lenders and that (w) all such Borrower Materials shall be clearly and conspicuously marked "PUBLIC" which, at a minimum, shall mean that the word "PUBLIC" shall appear prominently on the first page thereof; (x) by marking Borrower Materials "PUBLIC", the Borrower shall be deemed to have authorized the Administrative Agent, the Arrangers, the Issuing Bank and the Lenders to treat such Borrower Materials as not containing any material non-public information (although it may be sensitive and proprietary) with respect to the Borrower or its securities for purposes of United States Federal and state securities laws (provided, however, that to the extent such Borrower Materials constitute confidential information, they shall be treated as set forth in Section 10.12); (y) all Borrower Materials marked "PUBLIC" are permitted to be made available through a portion of the Platform designated "Public Side Information"; and (z) the Administrative Agent and the Arrangers shall be entitled to treat any Borrower Materials that are not marked "PUBLIC" as being suitable only for posting on a portion of the Platform not designated "Public Side Information".

Section ii **Notices of Material Events**.

(1) The Borrower will furnish to the Administrative Agent for delivery to each Lender prompt (and, in any event, not later than three (3) Business Days after a Responsible Officer becomes aware thereof) written notice of the following:

(a) the occurrence of any Default or Event of Default;

(b) the filing or commencement of, or any material development in, any action, suit or proceeding by or before any arbitrator or Governmental Authority against or, to the knowledge of Holdings or the Borrower, affecting Holdings, the Borrower or any of their respective Subsidiaries which, if adversely determined, could reasonably be expected to result in a Material Adverse Effect;

(c) the occurrence of any event or any other development by which Holdings or any of its Subsidiaries (A) fails to comply with any Environmental Law or to obtain, maintain or comply with any permit, license or other approval required under any

Environmental Law, (B) becomes subject to any Environmental Liability, (C) receives notice of any claim with respect to any Environmental Liability, or (D) becomes aware of any basis for any Environmental Liability, in each case which, either individually or in the aggregate, could reasonably be expected to result in a Material Adverse Effect;

(d) promptly and in any event within 15 days after (A) Holdings, any of its Subsidiaries or any ERISA Affiliate knows or has reason to know that any ERISA Event has occurred, a certificate of a Responsible Officer of the Borrower describing such ERISA Event and the action, if any, proposed to be taken with respect to such ERISA Event and a copy of any notice filed with the PBGC or the IRS pertaining to such ERISA Event and any notices received by Holdings, such Subsidiary or such ERISA Affiliate from the PBGC or any other governmental agency with respect thereto, and (B) becoming aware (1) that there has been an increase in Unfunded Pension Liabilities (not taking into account Plans with negative Unfunded Pension Liabilities) since the date the representations hereunder are given or deemed given, or from any prior notice, as applicable, (2) of the existence of any Withdrawal Liability, (3) of the adoption of, or the commencement of contributions to, any Plan subject to Section 412 of the Code by Holdings, any of its Subsidiaries or any ERISA Affiliate, or (4) of the adoption of any amendment to a Plan subject to Section 412 of the Code which results in a material increase in contribution obligations of Holdings, any of its Subsidiaries or any ERISA Affiliate, a detailed written description thereof from a Responsible Officer of the Borrower;

(e) the occurrence of any default or event of default, or the receipt by Holdings or any of its Subsidiaries of any written notice of an alleged default or event of default, with respect to any Material Indebtedness of Holdings or any of its Subsidiaries;

(f) any material amendment or modification to any Material Agreement (together with a copy thereof), and prompt notice of any termination, expiration or loss of any Material Agreement that, individually or in the aggregate, could reasonably be expected to result in a reduction in revenue of the Loan Parties of 10% or more on a consolidated basis from the prior Fiscal Year;

(g) any change in the information provided in the Beneficial Ownership Certification that would result in a change to the list of beneficial owners identified in parts (c) and (d) of such certification;

(h) any amendment, waiver, supplement, or other modification of any Subordinated Debt Document or Note Document; and (ix) any other development that results in, or could reasonably be expected to result in, a Material Adverse Effect.

(2) The Borrower will furnish to the Administrative Agent and each Lender the following:

(a) promptly and in any event at least 30 days prior thereto (or such later date as agreed in writing by the Administrative Agent), notice of any change (i) in any Loan Party's legal name, (ii) in any Loan Party's chief executive office, its principal place of business, any office in which it maintains books or records or any office or

facility at which Collateral owned by it is located (including the establishment of any such new office or facility), (iii) in any Loan Party's identity or legal structure, (iv) in any Loan Party's federal taxpayer identification number or organizational number or (v) in any Loan Party's jurisdiction of organization;

(b) promptly and in any event within 30 days after receipt thereof: (x) each actuarial report for each Insurance Subsidiary; and (y) each audit of an Insurance Subsidiary from the applicable Insurance Regulatory Authorities; and (iii) as soon as available and in any event within 30 days after receipt thereof, a copy of any environmental report or site assessment obtained by or for Holdings or any of its Subsidiaries after the Closing Date on any Real Estate.

(3) The Borrower shall promptly (and in any event within 7 days) notify the Administrative Agent of the formation or acquisition of any Insurance Subsidiary or Subsidiary of an Insurance Subsidiary or if any Subsidiary of the Borrower has applied for an Insurance License and will become an Insurance Subsidiary or Subsidiary of an Insurance Subsidiary upon the approval of such Insurance License.

Each notice or other document delivered under this Section shall be accompanied by a written statement of a Responsible Officer setting forth the details of the event or development requiring such notice or other document and any action taken or proposed to be taken with respect thereto.

Section iii **Existence; Conduct of Business**. Holdings will, and will cause each of its Subsidiaries to, do or cause to be done all things necessary to preserve, renew and maintain in full force and effect its legal existence and the Intellectual Property that is material to the conduct of its business; provided that nothing in this Section shall prohibit any merger, consolidation, liquidation or dissolution permitted under Section 7.3 or any disposition permitted under Section 7.6.

Section iv **Compliance with Laws**. Holdings will, and will cause each of its Subsidiaries to, comply with all laws, rules, regulations and requirements of any Governmental Authority applicable to its business and properties, including, without limitation, all Environmental Laws, ERISA and OSHA, except where the failure to do so, either individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect. Holdings will maintain in effect and enforce policies and procedures designed to promote and achieve compliance by Holdings, its Subsidiaries and their respective directors, officers, employees and agents with applicable Anti- Corruption Laws, the PATRIOT Act and applicable Sanctions.

Section v **Payment of Obligations**. Holdings will, and will cause each of its Subsidiaries to, pay and discharge at or before maturity all of its obligations and liabilities (including, without limitation, all taxes, assessments and other governmental charges, levies and all other claims that could result in a statutory Lien) before the same shall become delinquent or in default, except where (a) the validity or amount thereof is being contested in good faith by appropriate proceedings and Holdings or such Subsidiary has set aside on its books adequate reserves with respect thereto in accordance with GAAP or (b) the failure to make such payment could not reasonably be expected to result in a Material Adverse Effect.

Section vi **Books and Records**. Holdings will, and will cause each of its Subsidiaries to, keep proper books of record and account in which full, true and correct entries in all material respects shall be made of all dealings and transactions in relation to its business and activities to the extent necessary to

prepare the consolidated financial statements of Holdings and its Subsidiaries in conformity with GAAP or SAP, as applicable.

Section vii **Visitation and Inspection**. Holdings and the Borrower will, and will cause each of their respective Subsidiaries to, permit any representative of the Administrative Agent or any Lender to visit and inspect its properties, to examine its books and records and to make copies and take extracts therefrom, and to discuss its affairs, finances and accounts with any of its officers and with its independent certified public accountants (provided that representatives of the Borrower shall be permitted to be present at any discussion with such accountants), all at such reasonable times and as often as the Administrative Agent or any Lender may reasonably request after reasonable prior notice to Holdings or the Borrower; provided that (a) so long as no Event of Default shall have occurred and be continuing, the Administrative Agent and the Lenders shall not make more than one such visit and inspection at the expense of the Borrower in any Fiscal Year, (b) if an Event of Default has occurred and is continuing, no prior notice shall be required and (c) Holdings and its Subsidiaries shall not be required to disclose any information or deliver any document to the extent it would violate confidentiality agreements or any Requirement of Law or result in a loss of attorney-client privilege or claim of attorney work product; provided that, in the event that Holdings and its Subsidiaries do not disclose any such information or deliver any document pursuant to such restrictions or obligations, the Borrower shall provide written notice to the Administrative Agent that such information or document is being withheld and the Borrower shall use commercially reasonable efforts to communicate the applicable information in a way that would not violate the applicable obligation or risk waiver of such privilege; provided further that to the extent any such restriction or obligation is removed or no longer valid, the Borrower shall promptly share any such information that was withheld.

Section viii **Maintenance of Properties; Insurance**. Holdings will, and will cause each of its Subsidiaries to, (a) keep and maintain all property material to the conduct of its business in good working order and condition, ordinary wear and tear and casualty and condemnation excepted, (b) maintain with financially sound and reputable insurance companies which are not Affiliates of Holdings (i) insurance with respect to its properties and business, and the properties and business of its Subsidiaries, against loss or damage of the kinds customarily insured against by companies in the same or similar businesses operating in the same or similar locations (including, in any event, flood insurance as described in the definition of Real Estate Documents), (ii) key man life insurance policies consistent with those in place as of the Closing Date, and (iii) (A) all insurance required to be maintained pursuant to the Collateral Documents, and will, upon request of the Administrative Agent, furnish to each Lender at reasonable intervals (but in no event more than once per Fiscal Year) a certificate of a Responsible Officer setting forth the nature and extent of all insurance maintained by the Borrower and its Subsidiaries in accordance with this Section (and if requested by the Administrative Agent or any Lender a copy of any policy referenced therein if not already delivered), and (B) reinsurance of the types and in amounts no less than as required pursuant to Section 7.15(d), and comply with all requirements and covenants set forth in the applicable reinsurance agreements in all material respects, and (c) at all times shall name the Administrative Agent as additional insured on all liability policies of the Borrower and its Subsidiaries and as loss payee (pursuant to a loss payee endorsement approved by the Administrative Agent) on all casualty and property insurance policies of the Borrower and its Subsidiaries.

~~Section 5.9. **[Reserved]**.~~

Section ix **Use of Proceeds; Margin Regulations**. The Borrower will use the proceeds of all Revolving Loans and Swingline Loans to finance working capital needs, Permitted Acquisitions and capital expenditures and for other general corporate purposes of the Borrower and its Subsidiaries. No

part of the proceeds of any Revolving or Swingline Loan will be used, whether directly or indirectly, (i) to make any prepayment, purchase or repurchase of the NPA Notes or any payment in respect of the "Make-Whole Amount" as defined in the Note Purchase Agreement or (ii) for any purpose that would violate any rule or regulation of the Board of Governors of the Federal Reserve System, including Regulation T, Regulation U or Regulation X. All Letters of Credit will be used for general corporate purposes.

Section x **Casualty and Condemnation**. The Borrower (a) will furnish to the Administrative Agent and the Lenders prompt written notice of any casualty or other insured damage to any material portion of any Collateral or the commencement of any action or proceeding for the taking of any material portion of any Collateral or any part thereof or interest therein under power of eminent domain or by condemnation or similar proceeding and (b) will ensure that the Net Cash Proceeds of any such event (whether in the form of insurance proceeds, condemnation awards or otherwise) are collected and applied in accordance with the applicable provisions of this Agreement and the Collateral Documents.

Section xi **Cash Management**. Holdings and the Borrower shall, and shall cause each of its respective Subsidiaries that are Loan Parties to:

(1) maintain all cash management and treasury business with ~~SunTrust~~Truist Bank or a Permitted Third Party Bank, including, without limitation, all deposit accounts, disbursement accounts, investment accounts and lockbox accounts (other than (i) zero-balance accounts, (ii) accounts so long as the aggregate balance in all such accounts does not exceed $~~250,000~~1,000,000 at any time, and (iii) payroll, withholding, trust, escrow, impound and other fiduciary accounts, all of which the Loan Parties may maintain without restriction) (each such non-excluded deposit account, disbursement account, investment account and lockbox account, a "Controlled Account"); each Controlled Account shall be a cash collateral account, with all cash, checks and other similar items of payment in such account securing payment of the Obligations, and in which the Borrower and each of the other Loan Parties shall, subject to the Intercreditor Agreement, have granted a first priority Lien to the Administrative Agent, on behalf of the Secured Parties, perfected either automatically under the UCC (with respect to Controlled Accounts at ~~SunTrust~~Truist Bank) or subject to Control Account Agreements; provided that the Loan Parties shall have 60 days (or such later date as may be agreed in writing by the Administrative Agent) after the acquisition of a new Controlled Account (pursuant to any Permitted Acquisition or other Investment permitted by Section 7.4) to obtain a Control Account Agreement over such acquired Controlled Accounts; provided, further, that notwithstanding the foregoing and for the avoidance of doubt, (A) the Escrow Accounts and Escrow Funds on deposit therein shall not constitute assets of any Loan Party, but, alternatively, in the event that the Escrow Accounts or Escrow Funds are deemed to be assets of any Loan Party, the Escrow Accounts and Escrow Funds shall be Excluded Property (and therefore not be "Collateral" or "Controlled Accounts" as defined hereunder or under the Collateral Documents) and (B) the Escrow Funds shall not be subject to the Intercreditor Agreement in any respect.

(2) deposit promptly, and in any event no later than 10 Business Days after the date of receipt thereof, all cash, checks, drafts or other similar items of payment relating to or constituting payments made in respect of any and all accounts and other Collateral into Controlled Accounts, in each case except for cash and Permitted Investments the aggregate value of which does not exceed $~~250,000~~1,000,000 at any time; and

(3) subject to the Intercreditor Agreement, at any time after the occurrence and during the continuance of an Event of Default, at the request of the Required Lenders, Holdings and the Borrower will, and will cause each other Loan Party to, cause all payments constituting proceeds of

accounts or other Collateral to be directed into lockbox accounts under agreements in form and substance reasonably satisfactory to the Administrative Agent.

Section xii **Additional Subsidiaries and Collateral**.

(1) In the event that, subsequent to the Closing Date, any Person becomes a Subsidiary, whether pursuant to formation, acquisition or otherwise, (x) the Borrower shall promptly notify the Administrative Agent and the Lenders thereof and (y) within 30 days after such Person becomes a Subsidiary (other than (a) any Insurance Subsidiary, (b) any Subsidiary of an Insurance Subsidiary or (c) any other Subsidiary of the Borrower that has applied for an Insurance License and will become an Insurance Subsidiary or Subsidiary of an Insurance Subsidiary upon the approval of such Insurance License) (or such later date as agreed in writing by the Administrative Agent in its sole discretion), the Borrower shall cause such Subsidiary (i) to become a new Guarantor and to grant Liens in favor of the Administrative Agent in all of its personal property (other than Excluded Property) by executing and delivering to the Administrative Agent a supplement to the Guaranty and Security Agreement in form and substance reasonably satisfactory to the Administrative Agent, executing and delivering a Copyright Security Agreement, Patent Security Agreement and Trademark Security Agreement, as applicable, and authorizing and delivering, at the request of the Administrative Agent, such UCC financing statements or similar instruments required by the Administrative Agent to perfect the Liens in favor of the Administrative Agent and granted under any of the Loan Documents (it being understood and agreed that, with respect to any Foreign Subsidiary, this clause (i) shall include the granting of Liens and taking of all perfection actions under the local laws of such Foreign Subsidiary's jurisdiction of formation as may be reasonably required by the Administrative Agent), (ii) to grant Liens in favor of the Administrative Agent in all interests in Real Estate (other than Excluded Property) to the extent required by Section 5.13 by executing and delivering to the Administrative Agent such Real Estate Documents as the Administrative Agent shall reasonably require, and (iii) to deliver all such other documentation (including, without limitation, certified organizational documents, resolutions, lien searches, title insurance policies, surveys, environmental reports and legal opinions) and to take all such other actions as such Subsidiary would have been required to deliver and take pursuant to Section 3.1 if such Subsidiary had been a Loan Party on the Closing Date or that such Subsidiary would be required to deliver pursuant to Section 5.13 with respect to any Real Estate. In addition, within 30 days after the date any Person becomes a direct Subsidiary of a Loan Party (or such later date as agreed in writing by the Administrative Agent in its sole discretion), the Borrower shall, or shall cause the applicable Loan Party to (i) pledge all of the Capital Stock of such Subsidiary directly owned by a Loan Party (other than Excluded Property) to the Administrative Agent as security for the Obligations by executing and delivering a supplement to the Guaranty and Security Agreement in form and substance satisfactory to the Administrative Agent, and (ii) subject to the Intercreditor Agreement, deliver the original certificates evidencing such pledged Capital Stock (other than Excluded Property) to the Administrative Agent, together with appropriate powers executed in blank; provided, that (1) if such Person that becomes a Subsidiary is an Insurance Subsidiary, a Subsidiary of an Insurance Subsidiary or any other Subsidiary of the Borrower that has applied for an Insurance License and will become an Insurance Subsidiary or Subsidiary of an Insurance Subsidiary upon the approval of such Insurance License, this requirement to pledge all of the Capital Stock of such Person shall not apply only to the extent the pledge thereof is (or would be) deemed a change of control of such Person or is (or would be) otherwise prohibited by applicable law or regulations and (2) in the case of any Subsidiary of the Borrower that has applied for an Insurance License and will become an Insurance Subsidiary or Subsidiary of an Insurance Subsidiary upon the approval of such Insurance License, it is understood and agreed that until such approval is obtained, such Subsidiary shall not transact business or hold any material assets. For the avoidance of doubt, (x) in no event shall any Insurance Company, Subsidiary of an Insurance Company or any other

Subsidiary of the Borrower that has applied for an Insurance License and will become an Insurance Subsidiary or Subsidiary of an Insurance Subsidiary upon the approval of such Insurance License be required to become a Subsidiary Loan Party, a Loan Party or a Guarantor hereunder; however, for the avoidance of doubt, in the case of the Persons described in clause (1) immediately above, each such Person shall be subject to the applicable covenants contained herein and (y) subject to Section 5.15, the Capital Stock of RRC shall be pledged and perfected under the laws of Cayman Islands (to the extent not prohibited thereunder).

(2) Subject to the Intercreditor Agreement, the Borrower agrees that, following the delivery of any Collateral Documents required to be executed and delivered by this Section, the Administrative Agent shall have a valid and enforceable, first priority perfected Lien on the property required to be pledged pursuant to subsection (a) of this Section (to the extent that such Lien can be perfected by execution, delivery and/or recording of the Collateral Documents or UCC financing statements, or possession of such Collateral), free and clear of all Liens other than Liens expressly permitted by Section 7.2. All actions to be taken pursuant to this Section shall be at the expense of the Borrower or the applicable Loan Party, and shall be taken to the reasonable satisfaction of the Administrative Agent.

Section xiii **Additional Real Estate; Leased Locations**.

(1) To the extent otherwise permitted hereunder, if any Loan Party proposes to acquire a fee ownership interest in Real Estate with a fair market value in excess of $5,000,000 after the Closing Date, it shall at the time of such acquisition provide to the Administrative Agent Real Estate Documents in regard to such Real Estate.

(2) To the extent otherwise permitted hereunder, if any Loan Party proposes to lease any Real Estate, it shall first provide to the Administrative Agent a copy of such lease and a Collateral Access Agreement from the landlord of such leased property or the bailee with respect to any warehouse or other location where such books, records or Collateral will be stored or located, which agreement or letter shall be reasonably satisfactory in form and substance to the Administrative Agent; provided that if such Loan Party is unable to deliver any such Collateral Access Agreement after using its commercially reasonable efforts to do so, the Administrative Agent may waive the foregoing requirement in its reasonable discretion.

Section xiv **Further Assurances**. Holdings will, and will cause each other Loan Party to, execute any and all further documents, financing statements, agreements and instruments, and take all such further actions (including the filing and recording of financing statements, fixture filings, Mortgages and other documents), which may be required under any applicable law, or which the Administrative Agent or the Required Lenders may reasonably request, to effectuate the transactions contemplated by the Loan Documents or to grant, preserve, protect or perfect the Liens created by the Collateral Documents or the validity or priority of any such Lien, all at the expense of the Loan Parties; provided that in no event shall the Loan Parties be required to grant any Lien to secure the Obligations over any Excluded Property. The Borrower also agrees to provide to the Administrative Agent, from time to time upon request, evidence reasonably satisfactory to the Administrative Agent as to the perfection and priority of the Liens created or intended to be created by the Collateral Documents.

~~Section 5.15. **Post-Closing Matters.** Within sixty (60) days after the Closing Date (or such later date as may be agreed in writing (including via email) by the Administrative Agent in its sole discretion), the Borrower shall deliver or cause to be delivered to the Administrative Agent, in form and substance~~

~~reasonably satisfactory to the Administrative Agent, the following in connection with a pledge of the Capital Stock of RRC under the laws of the Cayman Islands:(i) an amendment to the Security Agreement to add an equitable mortgage governed by the laws of the Cayman Islands together with prior approval by the Cayman Islands Monetary Authority, (ii) a customary legal opinion from Cayman counsel, and (iii) the deliverables as set out within the equitable mortgage, including, but not limited to:~~

~~(a) executed but undated instruments of transfer relating to the Capital Stock of RRC in favor of the Administrative Agent; (b) evidence of an undertaking from RRC to: (x) register the transfer of the Capital Stock of RRC in favor of the Administrative Agent, (y) make a notation of the security in the register of members of RRC and (z) keep the register of members in the Cayman Islands at all times; (c) a certified copy of the register of members of RRC containing the notation set out in clause (b) immediately above; (d) an executed irrevocable proxy appointing the Administrative Agent (or its nominee) for the purpose of voting the Capital Stock of RRC on or after the occurrence of an Event of Default; (e) a power of attorney executed by the directors of RRC appointing the Administrative Agent as attorney to register the transfer of the Capital Stock of RRC; and (f) the amended memorandum and articles of RRC.~~

Section xv **[Reserved].**

Section xvi **Maintenance of Reinsurance Coverage**. For so long as ~~the Term~~any Loans are outstanding, each Insurance Subsidiary shall purchase reinsurance only from reinsurers with a minimum financial strength rating (as of the effective date of the relevant reinsurance agreement) of "A-" by A.M. Best Company or a minimum credit rating of "A-" by S&P, unless such reinsurance liabilities have been fully collateralized by such reinsurers.

Section xvii **Incorporation of Note Purchase Agreement Provisions**.

(1) ~~If Holdings or any Subsidiary thereof shall at any time after the Closing Date amend, amend and restate, supplement, modify, renew or refinance~~Notwithstanding anything to the contrary contained in this Agreement or the other Loan Documents, in the event that the Note Documents ~~as in effect on the Closing Date that includes~~contain any representation and warranty, affirmative covenant, negative covenant, financial covenant, event of default or other agreement (each, a "Specified Provision") that is more restrictive upon Holdings and/or any its Subsidiaries than the representations and warranties, affirmative covenants, negative covenants, financial covenants, events of ~~defaults~~default or other agreements (each a "Specified Provision" and, collectively, the "Specified Provisions") applicable to Holdings or ~~any Subsidiary that at such time either (i) is not included in this Agreement (or (ii) is included in this Agreement but is more restrictive upon Holdings or such Subsidiary than the corresponding Specified Provision included in this Agreement, each~~the other Loan Documents), then such Specified Provision and each event of default, definition and other provision relating to such Specified Provision (solely as used therein) in such Note Document ~~(as amended or modified from time to time thereafter)~~ shall (together with any grace or cure period applicable to either such Specified Provision or any event of default that arises from a breach of such Specified Provision) automatically be deemed to be incorporated ~~by reference~~ in this Agreement without the consent of the Loan Parties or any of the Lenders and without any action by any of the Agent, the Loan Parties or the Lenders, mutatis mutandis, as if ~~then~~ set forth herein in full and effective as of the date such Specified Provision ~~becomes~~became effective under such Note Document; provided that this Section 5.17 shall not apply after the payment in full and termination of the Note Documents. For the avoidance of doubt, it is understood, acknowledged and agreed that (1) at all times after the Second Amendment Effective Date until the "Covenant Holiday Termination Date" (as defined in the Note Purchase Agreement), the foregoing shall not apply to any

Specified Provisions set forth in the Note Documents that are subject to a covenant holiday pursuant to the Second Amendment to Note Purchase Agreement dated as of the Second Amendment Effective Date and (2) certain discrepancies may exist between the Note Documents and Loan Documents as a result of the amendments to the Note Documents and Loan Documents consummated on the Second Amendment Effective Date, and it is hereby agreed that the intent of the parties is for the Administrative Agent and Lenders under this Agreement to benefit from all more restrictive Specified Provisions contained in the Note Documents (subject to the proviso in the foregoing sentence). Notwithstanding the foregoing sentence, if and only if the "Noteholders" (including by action of the NPA Agent) under and as defined in the Note Documents agree to any consent or waiver of any Specified Provision that (A) would have resulted in a "Default" or "Event of Default" under and as defined in the Note Documents but (B) would not have resulted in a "Default" or "Event of Default" hereunder from and after the Second Amendment Effective Date as a result of such covenant or agreement being modified pursuant to the Second Amendment), the deemed inclusion of any such Specified Provision pursuant to this Section 5.17(a) shall be terminated and of no further force and effect.

~~(b) Promptly and in any event within five Business Days (or such later date as agreed in writing by the Administrative Agent) after the effective date of such amendment, amendment and restatement, supplement, modification, renewal or refinancing of the Note Documents, the Borrower will furnish to the Administrative Agent a copy of the Note Documents, as so amended, amended and restated, supplemented, modified, renewed or refinanced; and if requested by the Required Lenders, within 20 days after furnishing such Note Documents, the Loan Parties will execute and deliver to the Administrative Agent an instrument amending this Agreement to, as applicable, either (i) incorporate the full text of such Specified Provision and the related events of default, definitions and other provisions as used therein or (ii) modify the corresponding Specified Provision included in this Agreement to incorporate the terms of the more restrictive Specified Provision and add and/or modify any related events of default, definitions and other provisions as used therein, as necessary.~~

~~(c) The incorporation of any such Specified Provision and other provisions and the amendment of this Agreement as aforesaid in respect of the Note Documents shall automatically (without any action being taken by any Loan Party, the Administrative Agent or any Lender) take effect simultaneously with the effectiveness of such amendment, amendment and restatement, modification, supplement, renewal or refinancing of the Note Documents.~~

(2) ~~(d)~~ In furtherance of the foregoing, for the avoidance of doubt, any incorporation ~~by reference~~ into this Agreement of a Specified Provision contained in any Note Document as contemplated by this Section 5.17 ~~(including any permanent written amendment or modification of a Specified Provision)~~ shall have no impact on (i) the continuing effectiveness of any similar provision (including any financial covenant) contained or incorporated in this Agreement at the effective time of such incorporation ~~by reference~~ and (ii) the rights, duties or obligations of the Administrative Agent unless consented to in writing by the Administrative Agent.

Article VI.

FINANCIAL COVENANTS

Until ~~all Obligations (other than (i) contingent obligations as to which no claim exists or has~~ been asserted, (ii) Hedging Obligations owed by any Loan Party to any Lender-Related Hedge Provider, ~~and (iii) Bank Product Obligations) have been paid in full~~the Termination Date, Holdings and the Borrower covenant and agree with the Administrative Agent and the Lenders to:

Section i **Minimum Risk-Based Capital Ratio**.

(1) Maintain, or cause to be maintained, a Risk-Based Capital Ratio of RIC, as of the last day of each ~~Fiscal Month~~Test Date (beginning with the ~~Fiscal Month~~Test Date ending November 30, 2019**)**, of no less than the greater of (i) the highest Risk-Based Capital Ratio required (x) by the Insurance Regulatory Authority of the State of Ohio (or in the event RIC redomiciles in any other state, then the applicable Insurance Regulatory Authority in such other state of domicile), or (y) pursuant to any agreement, instrument or Guarantee entered into by Holdings or any of its Subsidiaries and applicable to RIC (whether or not RIC is a party thereto), in any case as certified by the Borrower in the applicable Compliance Certificate, and (ii) 2.50 to 1.00.

(2) Maintain, or cause to be maintained, a Risk-Based Capital Ratio of each U.S. Insurance Subsidiary (excluding RIC), as of the last day of each ~~Fiscal Month~~Test Date (beginning with the Fiscal Month ending November 30, 2019), of no less than the greater of (i) the highest Risk-Based Capital Ratio required (x) by the applicable Insurance Regulatory Authority of such U.S. Insurance Subsidiary in its state of domicile or (y) pursuant to any agreement, instrument or Guarantee entered into by Holdings or any of its Subsidiaries and applicable to such U.S. Insurance Subsidiary (whether or not such U.S. Insurance Subsidiary is a party thereto), in any case as certified by the Borrower in the applicable Compliance Certificate, and (ii) 2.50 to 1.00.

Section ii **Maximum Direct Combined Ratio**. Not permit the Direct Combined Ratio of the U.S. Insurance Subsidiaries, as of the last day of each Fiscal Quarter (beginning with the Fiscal Quarter ending December 31, 2019), to exceed the following ratios (expressed as a percentage) corresponding to each such Fiscal Quarter end:

Fiscal Quarter End	Maximum Direct Combined Ratio
December 31, 2019	152.9%
March 31, 2020	140.7%
June 30, 2020	133.6%
September 30, 2020	~~127.6~~132.5~~%~~
December 31, 2020	130.0%
March 31, 2021	127.5%
June 30, 2021	127.5%
September 30, 2021	127.5%

~~Section 6.3. **Minimum Statutory Surplus**. Not permit the U.S. Insurance Subsidiaries (on~~ an aggregate basis) to have a Statutory Surplus as of the last day of any Fiscal Month (beginning with the Fiscal Month ending November 30, 2019) of less than the greater of (i) $100,000,000, and (ii) the aggregate Statutory Surplus which the U.S. Insurance Subsidiaries are required to have or maintain, or have otherwise agreed to have or maintain, pursuant to the requirements of any Insurance Regulatory Authority or any instrument, Guarantee or other agreement applicable to the U.S. Insurance Subsidiaries ~~(whether or not any such U.S. Insurance Subsidiary is a party thereto).~~

Section iii **[Reserved]**.

Section iv **Minimum Liquidity**. Not permit Liquidity at any time, commencing on the Closing Date, to be less than $25,000,000.

Section v **Minimum Liquidity, Statutory Surplus and RRC Equity**. Not permit the sum of (i) Liquidity as of any Test Date, plus (ii) the Statutory Surplus of the U.S. Insurance Subsidiaries (on an aggregate basis) as of any Test Date, plus (iii) RRC Equity as of any Test Date to be less than ~~(x) beginning with the Fiscal Month ending November 30, 2019 and ending with the Fiscal Month ending December 31, 2019,~~ $125,000,000 ~~and (y) beginning with the Fiscal Month ending January 31, 2020, $125,000,000~~ plus the greater of (A) $0 and (B) an amount equal to 15.0% of Net Written Premiums for the twelve-month period ending on such Test Date minus Net Written Premiums for the twelve-month period on the last day of the month or quarter, as applicable, ended prior to such Test Date; provided, that at no time shall the amount required under this Section 6.5 exceed ~~$200,000,000.~~the sum of the aggregate outstanding amount of all Loans plus the outstanding amount of all NPA Notes under the NPA Financing (other than any capitalized PIK Interest (as defined in the Note Purchase Agreement)) plus outstanding Letters of Credit.

Section vi **Maximum Leverage Ratio ; Statutory Surplus of Foreign Insurance Subsidiary**. Not permit the Leverage Ratio as of ~~the~~any Test Date (beginning with the Fiscal Month ending November 30, 2019), to be greater than ~~8.00 to 1.00~~the lesser of (i) 10.00 to 1.00 and (ii) the amount required by the Insurance Regulatory Authority governing RRC in its jurisdiction of domicile (unless otherwise agreed in writing by the Administrative Agent and the Required Lenders and not prohibited by applicable law or the Insurance Regulatory Authority governing RRC in its jurisdiction of domicile). As of any Test Date on which there is any Foreign Insurance Subsidiary (other than RRC), not permit the Statutory Surplus of any such Foreign Insurance Subsidiary (other than RRC) as of such Test Date to be less than or equal to 105% of the Statutory Surplus required to be held by such Foreign Insurance Subsidiary as determined in order to comply with the law and regulatory requirements applicable to such Foreign Insurance Subsidiary.

Section 6.7. **Maximum Funded Indebtedness.** Without limiting the restrictions set forth in Section ~~7.1~~7.1:

(1) at all times prior to the occurrence of a Significant Equity Capital Raise, not permit the aggregate outstanding principal amount of Indebtedness (other than any Bank Product Obligations) of Holdings and its Subsidiaries on a consolidated basis ~~at any time~~ to exceed $~~350,000,000.~~450,000,000 at any time; and

(2) at all times after to the occurrence of a Significant Equity Capital Raise, not permit the aggregate outstanding principal amount of Indebtedness (other than any Bank Product Obligations) of Holdings and its Subsidiaries on a consolidated basis to exceed:

(a) if the net cash proceeds of the Significant Equity Capital Raise received by Holdings exceeded $1,000,000,000, $750,000,000 at any time;

(b) if the net cash proceeds of the Significant Equity Capital Raise received by Holdings exceeded $650,000,000 but were equal to or less than or equal to $1,000,000,000, $600,000,000 at any time;

(c) if the net cash proceeds of the Significant Equity Capital Raise received by Holdings exceeded $550,000,000, but were equal to or less than or equal to $650,000,000, $500,000,000 at any time; and

(d) if the net cash proceeds of the Significant Equity Capital Raise received by Holdings were less than or equal to $550,000,000, $450,000,000 at any time;

provided that the Acquisition Consideration paid for any Investment made pursuant to Section 7.4(q) shall be deducted from the calculation of the net cash proceeds received in each of clauses (b)(i)-(b)(iv) above.

Article VII.

NEGATIVE COVENANTS

Until ~~all Obligations (other than (i) contingent obligations as to which no claim exists or has been asserted, (ii) Hedging Obligations owed by any Loan Party to any Lender Related Hedge Provider, and (iii) Bank Product Obligations) have been paid in full~~the Termination Date, Holdings and the Borrower covenant and agree with the Administrative Agent and the Lenders that:

Section i **Indebtedness**. Holdings and the Borrower will not, and will not permit any of their respective Subsidiaries to, create, incur, assume or suffer to exist any Indebtedness, except:

(1) (i) Indebtedness created pursuant to the Loan Documents and the Escrow Agreements and (ii) (x) Indebtedness incurred pursuant to the NPA Financing in an aggregate principal amount not to exceed $100,000,000, plus capitalized PIK Interest (as defined in the Note Purchase Agreement), minus any principal payments or prepayments made in cash in respect of the NPA Notes and (y) Permitted Refinancings thereof; provided, that no Make-Whole Amount (as defined in the Note Purchase Agreement) paid in respect of the NPA Notes may be capitalized as part of a Permitted Refinancing and any such Make-Whole Amount payment shall be subordinated (it being understood and agreed that the NPA Prepayment described in Section 7.19(e) shall be permitted subject to the terms and conditions thereof) to the Obligations to the same extent as provided in the Intercreditor Agreement;

(2) Indebtedness of the Borrower and its Subsidiaries existing on the Closing Date and set forth on Schedule 7.1 and Permitted Refinancings thereof;

(3) (i) Indebtedness of the Borrower or any of its Subsidiaries incurred to finance the acquisition, construction or improvement of any fixed or capital assets, including Capital Lease Obligations, and any Indebtedness assumed in connection with the acquisition of any such assets or secured by a Lien on any such assets prior to the acquisition thereof (provided that such Indebtedness is incurred prior to or within 90 days after such acquisition or the completion of such construction or improvements), and extensions, renewals or replacements of any such Indebtedness that do not increase the outstanding principal amount thereof (immediately prior to giving effect to such extension, renewal or replacement) or shorten the maturity or the weighted average life thereof; provided that the aggregate principal amount of such Indebtedness does not exceed $5,000,000 (or, at all times after the occurrence of a Significant Equity Capital Raise, $10,000,000) at any time outstanding (provided, however, that the aggregate principal amount of such Indebtedness incurred by Insurance Subsidiaries and Subsidiaries of an Insurance Subsidiary shall not exceed $2,500,000 (or, at all times after the occurrence of a Significant Equity Capital Raise, $5,000,000) at any time outstanding) and (ii) Permitted Refinancings thereof;

(4) Indebtedness of the Borrower owing to Holdings or any Subsidiary and of any Subsidiary owing to Holdings, the Borrower or any other Subsidiary; provided that any such Indebtedness that is owed by or to a Subsidiary that is not a Subsidiary Loan Party shall only be permitted to be incurred in accordance with Section 7.4;

(5) Guarantees by Holdings, the Borrower or any Subsidiary of Indebtedness of Holdings, the Borrower or any other Subsidiary, in each case, in the ordinary course of business; provided that Guarantees by any Loan Party of Indebtedness of any Subsidiary that is not a Subsidiary Loan Party shall only be permitted to be incurred in accordance with Section 7.4;

(6) (A) Indebtedness of any Person which becomes a Subsidiary (excluding each Insurance Subsidiary and each of Subsidiary of an Insurance Subsidiary) after the date of this Agreement; provided that (i) such Indebtedness exists at the time that such Person becomes a Subsidiary and is not created in contemplation of or in connection with such Person becoming a Subsidiary, and (ii) the aggregate principal amount of such Indebtedness permitted hereunder shall not exceed $2,000,000 at any time outstanding and (B) Permitted Refinancings thereof;

(7) Hedging Obligations permitted by Section 7.10;

(8) ~~Indebtedness of the Borrower or its Subsidiaries (excluding each Insurance Subsidiary and each of Subsidiary of an Insurance Subsidiary) in respect of letters of credit entered into in the ordinary course of business, in an aggregate face amount not to exceed $1,000,000 at any time outstanding;~~[reserved];

(9) Bank Product Obligations and other Indebtedness in respect of netting services, automatic clearinghouse arrangements, overdraft protections, treasury, depository, cash management, purchasing card, deposit, lock box, commercial credit card, stored value card, employee credit card program, controlled disbursement, ACH transactions, return items, cash pooling and similar arrangements in each case ~~in connection with deposit accounts~~ incurred in the ordinary course;

(10) to the extent constituting Indebtedness, obligations owed by any Subsidiary of Holdings to a Loan Party under the Agency Agreement and the Third Party Administrator Agreement;

(11) (i) unsecured Indebtedness of the Loan Parties in an aggregate principal amount not to exceed $100,000,000; provided, that, such unsecured Indebtedness shall not be permitted hereunder unless such Indebtedness is subordinated to the Obligations and all of the terms, conditions and provisions (including, without limitation, the subordination and intercreditor provisions) of the Subordinated Debt Documents are consented and agreed to in writing by each of the Borrower, the Administrative Agent and the Required Lenders (it being understood and agreed that such consent on the part of the Administrative Agent may be conditioned upon, among other things, amendments or other modifications to the terms and provisions of this Agreement and the other Loan Documents) and (ii) Permitted Refinancings thereof;

(12) Indebtedness arising in connection with endorsement of instruments for deposit in the ordinary course of business or arising from the honoring by a bank or other financial institution of a check, draft or other similar instrument drawn against insufficient funds in the ordinary course of business;

(13) Indebtedness under performance bonds, surety bonds, release, appeal and similar bonds, statutory obligations or with respect to workers' compensation claims, in each case incurred in the ordinary course of business, and reimbursement obligations in respect of any of the foregoing;

(14) Indebtedness consisting of financing of insurance premiums in the ordinary course of business;

(15) customer advances or deposits received in the ordinary course of business; ~~and~~

(16) (i) other unsecured Indebtedness of the Borrower or its Subsidiaries (excluding each Insurance Subsidiary and each of Subsidiary of an Insurance Subsidiary) in an aggregate principal amount not to exceed $~~10,000,000~~25,000,000 at any time outstanding (which may include, for the avoidance of doubt, unsecured Indebtedness consisting of contingent obligations, earnouts, seller notes and other deferred payment obligations incurred in connection with any acquisition or otherwise) and (ii) Permitted Refinancings thereof.;

(17) to the extent constituting Indebtedness, Indebtedness of the Loan Parties consisting of a Contingent Line of Credit in a maximum principal amount not to exceed $500,000,000; and

(18) Permitted Convertible Indebtedness of the Loan Parties in an aggregate principal amount not to exceed $200,000,000, so long as (i) no Event of Default has occurred and is continuing or would immediately result therefrom and (ii) such Indebtedness shall (a) not require any scheduled amortization or otherwise require payment of principal prior to, or have a scheduled maturity date earlier than, one hundred eighty (180) days after the Stated Maturity Date, (b) be unsecured, (c) not be mandatorily prepayable, repurchaseable or redeemable (except for customary (A) asset sale, fundamental change or change of control provisions, (B) provisions requiring Holdings to repurchase or convert all or any portion of such Indebtedness and (C) acceleration rights after an event of default) prior to one hundred eighty (180) days after the Stated Maturity Date and (d) be on terms and conditions customary for Indebtedness of such type, as determined in good faith by the board of directors of Holdings or a committee thereof.

Section ii **Liens**. Holdings and the Borrower will not, and will not permit any of their respective Subsidiaries to, create, incur, assume or suffer to exist any Lien on any of its assets or property now owned or hereafter acquired, except:

(1) Liens securing the (i) Obligations; provided that no Liens may secure Hedging Obligations or Bank Product Obligations under this clause (a) without securing all other Obligations on a basis at least *pari passu* with such Hedging Obligations or Bank Product Obligations and subject to the priority of payments set forth in Section ~~2.17~~2.21 and Section 8.2 and (ii) (A) the Obligations (as defined in the Note Purchase Agreement) under the Note Purchase Agreement and the other Note Documents and (B) any Permitted Refinancing thereof; provided that all Liens securing Indebtedness under the Note Purchase Agreement or any Permitted Refinancing thereof shall be subject to the terms, conditions and provisions of the Intercreditor Agreement;

(2) Permitted Encumbrances and licenses permitted under this Agreement;

(3) Liens on any property or asset of the Borrower or any of its Subsidiaries existing on the Closing Date and set forth on Schedule 7.2; provided that such Liens shall not apply to any other property or asset of Holdings or any Subsidiary;

(4) purchase money Liens upon or in any fixed or capital assets to secure the purchase price or the cost of construction or improvement of such fixed or capital assets or to secure

Indebtedness incurred solely for the purpose of financing the acquisition, construction or improvement of such fixed or capital assets (including Liens securing any Capital Lease Obligations); provided that (i) such Lien secures Indebtedness permitted by Section 7.1(c), (ii) such Lien attaches to such asset concurrently or within 90 days after the acquisition or the completion of the construction or improvements thereof, (iii) such Lien does not extend to any other asset other than accessions to such asset and reasonable extensions of such asset (and provided that such obligations owed to a single lender may be cross-collateralized), and (iv) the Indebtedness secured thereby does not exceed the cost of acquiring, constructing or improving such fixed or capital assets;

(5) any Lien (x) existing on any asset of any Person at the time such Person becomes a Subsidiary of the Borrower, (y) existing on any asset of any Person at the time such Person is merged with or into the Borrower or any of its Subsidiaries, or (z) existing on any asset prior to the acquisition thereof by the Borrower or any of its Subsidiaries; provided that (i) any such Lien was not created in the contemplation of any of the foregoing and (ii) any such Lien secures only those obligations which it secures on the date that such Person becomes a Subsidiary or the date of such merger or the date of such acquisition;

(6) Liens on assets of any Insurance Subsidiary securing obligations under transactions entered into in connection with Investments permitted by the terms hereof in an aggregate amount not to exceed, at any time, $~~5,000,000~~20,000,000;

(7) Liens consisting of deposit of cash or other assets of an Insurance Subsidiary and the Subsidiaries of an Insurance Subsidiary as required by Governmental Authorities;

~~(h) [Reserved];~~

(8) ~~(i)~~ Liens securing other obligations in an aggregate amount not to exceed $~~2,000,000~~8,000,000 at any time outstanding; ~~and~~

(9) ~~(j)~~ to the extent constituting a Lien, Liens in favor of each of the Escrow Agent and any Assignee Lender pursuant to the Escrow Agreements; and

(10) ~~(k)~~ extensions, renewals, or replacements of any Lien referred to in subsections (b) through (k) of this Section; provided that the principal amount of the Indebtedness secured thereby is not increased and that any such extension, renewal or replacement is limited to the assets originally encumbered thereby.

Section iii **Fundamental Changes**.

(1) Holdings and the Borrower will not, and will not permit any of their respective Subsidiaries to, merge into or consolidate into any other Person, or permit any other Person to merge into or consolidate with it, or sell, lease, transfer or otherwise dispose of (in a single transaction or a series of transactions) all or substantially all of its assets (in each case, whether now owned or hereafter acquired) or all or substantially all of the stock of any of its Subsidiaries (in each case, whether now owned or hereafter acquired) or liquidate or dissolve; provided that if, at the time thereof and immediately after giving effect thereto, no Default or Event of Default shall have occurred and be continuing, (i) the Borrower or any Subsidiary may merge with a Person if the Borrower (or such Subsidiary if the Borrower is not a party to such merger) is the surviving Person; provided that a Subsidiary Loan Party shall be the surviving Person in a merger between a Subsidiary Loan Party and a Subsidiary that is not a Subsidiary Loan Party, (ii) any Subsidiary may merge into another Subsidiary, provided that if any party to such

merger is a Subsidiary Loan Party, the Subsidiary Loan Party shall be the surviving Person, (iii) any Subsidiary may sell, transfer, lease, dissolve into or otherwise dispose of all or substantially all of its assets to the Borrower or to a Subsidiary Loan Party and (iv) any Subsidiary (other than a Subsidiary Loan Party) may liquidate or dissolve if the Borrower determines in good faith that such liquidation or dissolution is in the best interests of the Borrower and is not materially disadvantageous to the Lenders; provided, further, that any such merger involving a Person that is not a wholly owned Subsidiary immediately prior to such merger shall not be permitted unless also permitted by Section 7.4.

(2) The Borrower will not, and will not permit any of its Subsidiaries to, engage in any business other than businesses of the type conducted by the Borrower and its Subsidiaries on the Closing Date and businesses reasonably related or ancillary thereto and reasonable extensions thereof.

Section iv **Investments, Loans**. Holdings and the Borrower will not, and will not permit any of their respective Subsidiaries to, purchase or acquire (including pursuant to any merger with any Person or entity) any Capital Stock, loan or other securities (including any option, warrant, or other right to acquire any of the foregoing) of, make or permit to exist any loans or advances to, Guarantee any obligations of, or make or permit to exist any investment or any other interest in or make any other investment in (including capital contributions in or to), any other Person, or purchase or otherwise acquire (in one transaction or a series of transactions) all or substantially all of the assets of a Person, or any assets of any other Person that constitute a business unit or division of any other Person, or create or form any Subsidiary, or enter into any other arrangement pursuant to which any Loan Party conveys, sells, leases, assigns, transfers or otherwise disposes of any of its assets, business or property to any Subsidiary that is not a Loan Party (all of the foregoing being collectively called "Investments"), except:

(1) Investments (other than Permitted Investments) existing on the Closing Date and set forth on Schedule 7.4 (including Investments in Subsidiaries and any Investments deemed to be made pursuant to the Escrow Agreements as set forth in Article XI);

(2) Permitted Investments;

(3) Guarantees by Holdings, the Borrower and its Subsidiaries constituting Indebtedness permitted by Section 7.1; provided that the aggregate principal amount of Indebtedness of Subsidiaries that are not Subsidiary Loan Parties that is Guaranteed by any Loan Party shall be subject to the limitation set forth in subsection (d) of this Section;

(4) Investments made by Holdings in or to the Borrower or by Holdings or the Borrower in or to any Subsidiary and by any Subsidiary in or to the Borrower or in or to another Subsidiary; provided that the aggregate amount of Investments by the Loan Parties in or to, and Guarantees by the Loan Parties of Indebtedness of, any Subsidiary that is not a Subsidiary Loan Party (including all such Investments and Guarantees existing on the Closing Date) shall not exceed $~~2,500,000~~5,000,000 (or, at all times after the occurrence of a Significant Equity Capital Raise, $20,000,000) at any time outstanding;

(5) Investments consisting of travel advances and employee relocation loans and other employee loans and advances in the ordinary course of business; provided that the aggregate amount of all such loans and advances (excluding any such loans and advances outstanding on the Closing Date) does not exceed $~~500,000~~2,000,000 at any time outstanding;

(6) Hedging Transactions permitted by Section 7.10;

(7) other Investments made by a Loan Party to a U.S. Insurance Subsidiary so long as (i) no Default or Event of Default has occurred and is continuing or would result therefrom and (ii) the Borrower is in pro forma compliance with each of the financial covenants set forth in Article VI at the time of and immediately after giving effect to such Investment, in each case, calculated on a pro forma basis as of the most recently ended ~~Fiscal Month~~Test Date for which financial statements are required to have been delivered pursuant to Section 5.1(c);

(8) Permitted Acquisitions; provided, that the Acquisition Consideration (other than Acquisition Consideration to the extent payable in Qualified Capital Stock of Holdings) paid for all acquisitions of any Person that does not become a Guarantor or any other assets that are not subject to the Liens securing the Obligations (in accordance with Sections 5.12 and 5.13) shall not exceed (A) $10,000,000 in the case of any such assets or Person that is not an Insurance Subsidiary and (B) $25,000,000 in the case of any such Person that is an Insurance Subsidiary (or, at all times after the occurrence of a Significant Equity Capital Raise, $50,000,000 for all such assets and Persons described in the foregoing clauses (A) and (B)) in the aggregate since the Second Amendment Effective Date;

(9) Investments consisting of (i) pledges, advance deposits and prepaid expenses or royalties and (ii) extensions of credit to the customers of the Borrower or of any of its Subsidiaries in the nature of accounts receivable, prepaid royalties, or notes receivable, arising from the grant of trade credit or business of the Borrower or such Subsidiary, in each case in this clause (i), in the ordinary course of business;

(10) Investments consisting of the endorsement of negotiable instruments for deposit or collection or similar transactions in the ordinary course of business;

(11) Investments (including debt obligations) received in connection with the bankruptcy or reorganization of customers or suppliers and in settlement of delinquent obligations of, and other disputes with, customers or suppliers arising in the ordinary course of business;

(12) Advances, or indebtedness arising from cash management, tax and/or accounting operations made in the ordinary course of business;

(13) joint ventures or strategic alliances consisting of the licensing of technology permitted under this Agreement, the development of technology or the providing of technical support; provided that any such Investments do not in the aggregate have a fair market value (determined in each case at the time such Investment is made) in excess of $5,000,000 (or, at all times after the occurrence of a Significant Equity Capital Raise, $20,000,000) during the term of this Agreement;

(14) other Investments made by a Loan Party to RRC so long as (i) no Default or Event of Default has occurred and is continuing or would result therefrom and (ii) the Borrower is in pro forma compliance with each of the financial covenants set forth in Article VI at the time of and immediately after giving effect to such Investment, in each case, calculated on a pro forma basis as of the most recently ended ~~Fiscal Month~~Test Date for which financial statements are required to have been delivered pursuant to Section 5.1(c); provided, that the aggregate amount of all such Investments shall not exceed $150,000,000 at any time outstanding;

(15) other Investments made by a Loan Party in or to any non-wholly owned Subsidiary of the Borrower; provided that the aggregate amount of all such Investments under this clause (o) shall not exceed $5,000,000 (or, at all times after the occurrence of a Significant Equity Capital Raise, $20,000,000) at any time outstanding; ~~and~~

(16) other Investments which in the aggregate do not exceed $10,000,000 (or, at all times after the occurrence of a Significant Equity Capital Raise, $40,000,000) during the term of this Agreement.;

(17) other Investments to purchase or acquire (i) any assets that become subject to the Liens securing the Obligations (in accordance with Sections 5.12 and 5.13), (ii) the Capital Stock of any Person that promptly becomes a Guarantor (in accordance with Section 5.12) or (iii) the Capital Stock of any Insurance Subsidiary, in each case solely to the extent made substantially concurrently with, and from, the net proceeds actually received by Holdings from any capital contributions to, or the sale or issuance of Qualified Capital Stock of Holdings after a Significant Equity Capital Raise (other than (A) Disqualified Capital Stock, (B) Capital Stock issued or sold to a Subsidiary or an employee stock ownership plan or similar trust to the extent such sale to an employee stock ownership plan or similar trust is financed by loans from or Guaranteed by the Borrower or any Subsidiary unless such loans have been repaid with cash on or prior to the date of determination and (C) proceeds used to achieve the $500,000,000 threshold in order to qualify as a Significant Equity Capital Raise); provided that any such Investment shall only be permitted to the extent that (i) no Default or Event of Default has occurred and is continuing or would result therefrom and (ii) the Borrower is in pro forma compliance with each of the financial covenants set forth in Article VI at the time of and immediately after giving effect to such Investment, in each case, calculated on a pro forma basis as of the most recently ended Test Date for which financial statements are required to have been delivered pursuant to Section 5.1(c); and

(18) Investments by any Insurance Subsidiary in connection with Permitted Reinsurance Activities that are customary in the industry.

For purposes of determining the amount of any Investment outstanding for purposes of this Section 7.4, such amount shall be deemed to be the amount of such Investment when made, purchased or acquired less any amount realized in respect of such Investment upon the sale, collection or return of capital (not to exceed the original amount invested).

Notwithstanding anything to the contrary in the foregoing, neither the purchase of any Permitted Equity Derivative by Holdings or any of its Subsidiaries, the performance of its obligations thereunder nor the acquisition of Qualified Capital Stock of Holdings upon termination or settlement thereof shall be an Investment.

Section v **Restricted Payments**. Holdings and the Borrower will not, and will not permit any of their respective Subsidiaries to, declare or make, or agree to pay or make, directly or indirectly, any Restricted Payment, except:

(1) Restricted Payments made by any Subsidiary to the Borrower or to any other Subsidiary (including, for the avoidance of doubt, from any Insurance Subsidiary to the Borrower);

(2) Restricted Payments made by the Borrower and its Subsidiaries (i) to Holdings, and by Holdings to its direct or indirect parents, in an aggregate amount not to exceed $~~2,000,000~~10,000,000 in any Fiscal Year to the extent necessary to permit Holdings and its direct and indirect parents to pay general administrative costs and expenses (including administrative, legal, accounting and similar costs and expenses provided by third parties, customary salary, commissions, bonus and other benefits payable to officers and employees of Holdings (or any direct or indirect parent of Holdings) and directors fees and director and officer indemnification obligations) incurred in the

ordinary course of business and then due and payable (solely as such costs and expenses relate to the business of the Borrower and its Subsidiaries or Holdings' ownership thereof) and (ii) to pay general administrative costs and expenses in connection with a Significant Equity Capital Raise;

(3) Holdings and the Borrower may repurchase the stock of former employees, directors, officers or consultants pursuant to stock repurchase agreements in the ordinary course of business and in accordance with Holdings' stock purchase plan, so long as (A) no Default or Event of Default exists at the time of such repurchase and would not exist after giving effect to such repurchase, and (B) the aggregate amount repurchased in any calendar year does not exceed $1,000,000 and (C) the aggregate amount repurchased during the term of this Agreement does not exceed $2,000,0005,000,000;

(4) [reserved];

(d) regularly scheduled non-accelerated payments of interest in respect of the Subordinated Debt to the extent permitted (and only to the extent expressly agreed in writing by the Administrative Agent in its sole discretion) pursuant to the terms of the Subordinated Debt Documents;

(e) repayments of principal and interest of the Subordinated Debt with the proceeds of a Permitted Refinancing thereof or by exchange or conversion to Qualified Capital Stock of Holdings;

(5) (f) if, for any taxable period, the Borrower is a member of a group filing a consolidated, unitary or combined tax return of which Holdings is the common parent (a "Tax Group"), an amount equal to income Taxes for such taxable period then due and payable pursuant to such returns and attributable to the taxable income of the Borrower and the Subsidiary Loan Parties that are members of such group and, to the extent of the cash amount actually received by the Borrower or any Subsidiary Loan Party from any Subsidiary that is not a Subsidiary Loan Party (a "Non-Guarantor Subsidiary") for the payment of income taxes, an amount equal to the income Taxes for such taxable period then due and payable and attributable to the taxable income of such Non-Guarantor Subsidiary, provided that, for each taxable period, payment for such amounts shall not exceed the lesser of (A) the amount of any such Taxes that the Borrower and the Subsidiary Loan Parties (and, subject to the limitation described above, any applicable Non-Guarantor Subsidiaries) that are members of such group would have been required to pay for such taxable period on a separate group basis if the Borrower and the Subsidiary Loan Parties (and, subject to the limitation described above, any applicable Non-Guarantor Subsidiaries) had paid Tax on a consolidated, combined, group, affiliated or unitary basis on behalf of an affiliated group consisting only of the Borrower and the Subsidiary Loan Parties (and, subject to the limitation described above, any applicable Non-Guarantor Subsidiaries) or (B) the actual tax liability of the Tax Group for such taxable period; and

(6) (g) Holdings may repurchase, retire or otherwise acquire Capital Stock of Holdings (i) solely in exchange for, or Qualified Capital Stock of Holdings or (ii) solely out of the proceeds of thea substantially concurrent sale of, Qualified Capital Stock of Holdings.; provided that the cash proceeds paid to repurchase, retire or otherwise acquire any Capital Stock under this clause (f) shall not exceed $20,000,000 during the term of this Agreement;

(7) from and after a Qualified IPO, (i) the purchase of any Permitted Equity Derivative in connection with the issuance of any Permitted Convertible Indebtedness permitted pursuant to Section 7.1(r); provided, that the purchase price for such Permitted Equity Derivatives net of any cash proceeds relating to any concurrent sale or termination of any Permitted Equity Derivatives, in respect of

any such Permitted Convertible Indebtedness does not exceed the net cash proceeds from such issuances of Permitted Convertible Debt, and (ii) the exercise, termination or other settlement of any Permitted Equity Derivative acquired in compliance with this Section 7.5 in accordance with the following: Holdings may (a) make any payment in connection with Permitted Convertible Indebtedness or Permitted Equity Derivatives by delivery of shares of its common stock upon settlement thereof (together with cash in lieu of fractional shares); (b) make any payment in cash to holders of Permitted Convertible Indebtedness upon conversion thereof up to the original principal amount thereof and any payment of cash in excess of the original principal amount thereof (together with cash in lieu of any fractional shares) to the extent that an amount corresponding to such excess is receivable in cash substantially contemporaneously from the other parties to a Permitted Bond Hedge Transaction relating to such Permitted Convertible Indebtedness; and (c) receive shares of its own common stock and/or cash on account of settlements and/or terminations or cancellations of any Permitted Bond Hedge Transactions or other Permitted Equity Derivative;

(8) cash payment, in lieu of issuance of fractional shares in connection with the exercise of warrants, options or other securities convertible into or exchangeable for the Capital Stock of Holdings or a Subsidiary;

(9) to the extent constituting a Restricted Payment, any Restricted Debt Payment (x) in respect of the Contingent Line of Credit that is expressly permitted pursuant to Section 7.19(d) or (y) in respect of any Permitted Convertible Indebtedness that is expressly permitted under Section 7.19(a); and

(10) any repurchase of Capital Stock deemed to occur upon the exercise of stock options, warrants or other convertible or exchangeable securities if such Capital Stock represents a portion of the exercise, conversion or exchange price thereof and repurchases of Capital Stock deemed to occur upon the withholding of a portion of the Capital Stock granted or awarded to a current or former officer, director, employee or consultant to pay for the taxes payable by such Person upon such grant or award (or upon vesting thereof); provided that to the extent such repurchases require any cash payments from Holdings or any Subsidiary to any Person that is not a Loan Party, the aggregate amount of all such payments shall not exceed $5,000,000.

Section vi **Sale of Assets**. Holdings and the Borrower will not, and will not permit any of their respective Subsidiaries to, convey, sell, lease, assign, transfer or otherwise dispose of any of its assets, business or property or, in the case of any Subsidiary, any shares of such Subsidiary's Capital Stock, in each case whether now owned or hereafter acquired, to any Person other than the Borrower or a Subsidiary Loan Party (or to qualify directors if required by applicable law), except:

(1) the sale or other disposition of obsolete or worn out property or other property not necessary for operations disposed of in the ordinary course of business;

(2) the sale of inventory and Permitted Investments in the ordinary course of business;

(3) the sale or other disposition of Investments (i) by Insurance Subsidiaries and their Subsidiaries (other than the Capital Stock of Insurance Subsidiaries and their Subsidiaries) and (ii) by the Borrower and its Subsidiaries (other than the Capital Stock of Subsidiaries of Holdings) permitted under this Agreement, in each case, (A) in the ordinary course of business and consistent with

the investment policy approved by the board of directors of Holdings, the Borrower or such Subsidiary, as the case may be or (B) required by Insurance Regulatory Authorities;

(4) any sale or other disposition pursuant to (x) a reinsurance agreement so long as such disposition or other disposition is entered into in the ordinary course of business for the purpose of managing insurance risk consistent with industry practice and (y) Permitted Reinsurance Activities in the ordinary course of business and consistent with industry practice (including the "InsureTech" industry);

(5) non-exclusive licenses and sub-licenses of Intellectual Property in the ordinary course of business consistent with past practices including any licenses that could not result in legal transfer of title that may be exclusive in respects other than territory and that may be exclusive as to territory only as to discreet geographical areas outside of the U.S. not interfering, individually or in the aggregate, in any material respect with the business of Holdings or any of its Subsidiaries;

(6) leases, subleases, licenses, or sublicenses of real or personal property (other than Intellectual Property) granted by the Borrower or any of its Subsidiaries to others, in each case, in the ordinary course of business not interfering, individually or in the aggregate, in any material respect with the business of Holdings or any of its Subsidiaries;

(7) (i) surrender or waiver of contractual rights or the settlement or waiver of contractual or litigation claims in the ordinary course of business in each case as may be approved by the board of directors of Holdings or the Borrower or the applicable Subsidiary in good faith; and (ii) the sale, license or other transfer of Intellectual Property in connection with the settlement or waiver of contractual or litigation claims in respect of the Intellectual Property; provided that such sale, license or transfer does not materially interfere with the business of the Borrower and its Subsidiaries, taken as a whole;

(8) termination of licenses, leases, and other contractual rights in the ordinary course of business, which does not materially interfere with the conduct of business of the Borrower and its Subsidiaries and is not disadvantageous to the rights or remedies of the Lenders;

(9) sales, leases, assignments, dispositions and transfers constituting Liens permitted under Section 7.2, Investments permitted under Section 7.4 or Restricted Payments permitted under Section 7.5; and

(10) the sale or other disposition of such assets in an aggregate amount (based on the fair market value of such assets) not to exceed $~~500,000~~2,000,000 in any Fiscal Year (but excluding the sale of any Capital Stock of any Subsidiary of Holdings).

Section vii **Transactions with Affiliates**. Holdings and the Borrower will not, and will not permit any of their respective Subsidiaries to, sell, lease or otherwise transfer any property or assets to, or purchase, lease or otherwise acquire any property or assets from, or otherwise engage in any other transactions with, any of its Affiliates, except:

(1) at prices and on terms and conditions, taken as a whole, not less favorable to Holdings or such Subsidiary than could be obtained on an arm's-length basis from unrelated third parties;

(2) employment and severance arrangements between Holdings or any of its Subsidiaries and their respective officers, directors and employees in the ordinary course of business and

transactions pursuant to equity incentive plans and employee benefit plans and arrangements (provided that this clause (b) shall not be deemed to permit any Restricted Payments of the type set forth in Section 7.5(c) to the extent not permitted thereunder);

(3) transactions solely between or among Loan Parties (and between Loan Parties and other Subsidiaries of Holdings to the extent permitted by Administrative Agent in writing its sole discretion);

(4) any Restricted Payment permitted by Section 7.5 and any Investment permitted by Section 7.4; and

(5) performing under the Agency Agreement or Third Party Administrator Agreement.

Section viii **Restrictive Agreements**. Holdings and the Borrower will not, and will not permit any of their respective Subsidiaries to, directly or indirectly, enter into, incur or permit to exist any agreement that prohibits, restricts or imposes any condition upon (a) the ability of Holdings or any of its Subsidiaries to create, incur or permit any Lien to secure the Obligations upon any of its assets or properties, whether now owned or hereafter acquired, or (b) the ability of any Subsidiaries of the Borrower to pay dividends or other distributions with respect to its Capital Stock, to make or repay loans or advances to the Borrower, to Guarantee the Obligations or to transfer any of its property or assets to the Borrower; provided that (i) the foregoing clauses (a) and (b) shall not apply to restrictions or conditions imposed by law or by this Agreement or any other Loan Document ~~or~~, the Escrow Agreement, (ii) the foregoing clause (b) shall not apply to restrictions or conditions imposed by any Subordinated Debt Document or Note Document (or any document governing any Permitted Refinancing thereof), (iii) the foregoing clauses (a) and (b) shall not apply to customary restrictions and conditions contained in agreements relating to the sale of a Subsidiary (or any assets thereof) pending such sale, provided such restrictions and conditions apply only to the Subsidiary (or any assets thereof) that is sold and such sale is permitted hereunder, (iv) the foregoing clauses (a) and (b) (but, with respect to clause (b), only to the extent that any imposed transfer restrictions or conditions apply only to property or assets that are subject to Capital Lease Obligations or obligations incurred in connection with purchase money Indebtedness) shall not apply to restrictions or conditions imposed by any agreement relating to secured Indebtedness permitted by this Agreement if such restrictions and conditions apply only to the property or assets securing such Indebtedness and the obligors of such Indebtedness, (v) the foregoing clauses (a) and (b) shall not apply to customary provisions in leases, licenses and contracts restricting the assignment of any such lease, license and/or contract and (vi) the foregoing clause (b) shall not apply to customary restrictions on transfers of Capital Stock in a joint venture to the extent expressly permitted by clause (x) of the definition of Permitted Encumbrance (but for the avoidance of doubt, there shall be no restriction on the ability of Holdings or any of its Subsidiaries to pledge Capital Stock in a joint venture to secure the Obligations).

Section ix **Sale and Leaseback Transactions**. Holdings and the Borrower will not, and will not permit any of their respective Subsidiaries to, enter into any arrangement, directly or indirectly, whereby it shall sell or transfer any property, real or personal, used or useful in its business, whether now owned or hereinafter acquired, and thereafter rent or lease such property or other property that it intends to use for substantially the same purpose or purposes as the property sold or transferred (each, a "Sale/Leaseback Transaction").

Section x **Hedging Transactions**. Holdings and the Borrower will not, and will not permit any of their respective Subsidiaries to, enter into any Hedging Transaction, other than Hedging Transactions entered into in the ordinary course of business to hedge or mitigate risks to which Holdings, the Borrower or any of their respective Subsidiaries is exposed in the conduct of its business or the management of its liabilities. Solely for the avoidance of doubt, Holdings and the Borrower acknowledge that a Hedging Transaction entered into for speculative purposes or of a speculative nature (which shall be deemed to include any Hedging Transaction under which Holdings, the Borrower or any of their respective Subsidiaries is or may become obliged to make any payment (i) in connection with the purchase by any third party of any Capital Stock or any Indebtedness or (ii) as a result of changes in the market value of any Capital Stock or any Indebtedness) is not a Hedging Transaction entered into in the ordinary course of business to hedge or mitigate risks.

Section xi **Amendment to Material Documents**. Other than to the extent expressly required by any Insurance Regulatory Authority with respect to any Insurance Subsidiary or Subsidiary thereof, Holdings and the Borrower will not, and will not permit any of their respective Subsidiaries to, amend, modify or waive any of its rights under (a) its certificate of incorporation, bylaws or other organizational documents or (b) any Material Agreements, except in any manner that would not have an adverse effect on the Lenders or the Administrative Agent in any material respect (or in the case of any Note Document (or any document governing any Permitted Refinancing thereof), as permitted by the Intercreditor Agreement).

Section xii **Activities of Holdings**. Notwithstanding anything to the contrary contained herein, Holdings shall not engage in any business or other activity other than (a) maintaining its existence, including (i) participating in tax, accounting and other administrative matters, (ii) filing Tax returns and reports and paying Taxes and other customary obligations related thereto in the ordinary course (and contesting any Taxes in good faith, if applicable), (iii) holding director and member meetings, preparing organizational records and other organizational activities required to maintain its separate organizational structure and (iv) complying with applicable law, and activities incidental to the foregoing, (b) holding and maintaining its interest in the Capital Stock of, and making Investments in, the Borrower, (c) performing its Obligations under this Agreement and the other Loan Documents and other Indebtedness and Guarantees permitted hereunder (including Guarantees of the Subordinated Debt and obligations under the Note Documents and any Permitted Refinancing thereof and any actions in connection with the issuance of Permitted Convertible Indebtedness), and actions incidental thereto, including the granting of Liens permitted hereby, (d) issuing its own Qualified Capital Stock (including in respect of a Significant Equity Capital Raise); (e) preparing reports to Governmental Authorities and to its shareholders, (f) holding cash and Permitted Investments and other assets received in connection with Restricted Payments received from, or Investments made by the Borrower to the extent permitted hereby; (g) providing indemnification for its current or former officers, directors, members of management, managers, employees and advisors or consultants; (h) performing its obligations under the transactions with respect to Holdings that are otherwise specifically permitted or expressly contemplated by Article VII; (i) the maintenance and administration of equity option and equity ownership plans and activities incidental thereto; and (j) performing activities incidental to any of the foregoing.

Section xiii **Accounting Changes**. Holdings and the Borrower will not, and will not permit any of their respective Subsidiaries to, make any significant change in accounting treatment or reporting practices, except as required by GAAP (or SAP), or change the Fiscal Year of Holdings or the fiscal year of any of its Subsidiaries, except to change the fiscal year of a Subsidiary to conform its fiscal year to that of Holdings.

Section xiv **Underwriting Risks**. Holdings and the Borrower will not, and will not permit any of their respective Subsidiaries to, undertake any underwriting risk inconsistent with their historical and customary practices in the ordinary course of business (it being understood and agreed that this Section 7.14 shall not prohibit Holdings and its Subsidiaries from entering into additional lines of property and casualty insurance business).

Section xv **Insurance Subsidiaries**. Notwithstanding anything herein to the contrary, without the prior written consent of the Required Lenders, Holdings and the Borrower will not, and will not permit any of their respective Subsidiaries (including, for the avoidance of doubt, Insurance Subsidiaries) to, permit: (a) a material change in the nature of the businesses that RIC conducts or is otherwise engaged in as of the Original Closing Date; (b) the discounting (except for prompt payment discounts) or sale by any of the Insurance Subsidiaries of any of their notes or accounts receivable, other than in connection with the collection, settlement or compromise thereof in the ordinary course of business; (c) any one or more material Insurance Licenses of any of the Insurance Subsidiaries to be suspended, limited or terminated or not be renewed; and (d) the Borrower or its Subsidiaries (including for the avoidance of doubt, all Insurance Subsidiaries and any reinsurance Subsidiaries) to fail to maintain, (i) excess of loss reinsurance with a maximum limit in an amount no less than $900,000 per policy (or per occurrence) and (ii) catastrophe reinsurance that permits the ability to cede losses in excess of an amount no greater than 1.65% of Direct Earned Premium as of the most recent Test Date for which financial statements are required to have been delivered pursuant to Section 5.1 (but at no time shall such amount exceed $~~10,000,000~~40,000,000); provided, that with respect to any reinsurance company Subsidiary, such reinsurance company Subsidiary shall be permitted to maintain its own reinsurance arrangements or otherwise limit such exposure by virtue of its relationship with other Insurance Subsidiaries' other reinsurance contracts, in each case, so long as such reinsurance arrangements or other limitation on exposure is in form and substance reasonably acceptable to the Administrative Agent.

Section xvi **Sanctions and Anti-Corruption Laws**. Holdings and the Borrower will not, and will not permit any Subsidiary to, request any ~~Term~~ Loan or Letter of Credit or, directly or indirectly, use the proceeds of any ~~Term~~ Loan or any Letter of Credit, or lend, contribute or otherwise make available such proceeds to any subsidiary, joint venture partner or other Person (i) to fund any activities or business of or with any Person, or in any country or territory, that, at the time of such funding, is, or whose government is, the subject of Sanctions, (ii) in any other manner that would result in a violation of Sanctions by any Person (including any Person participating in the ~~Term~~ Loans, whether as an Arranger, the Administrative Agent, any Lender (including a Swingline Lender), the Issuing Bank, underwriter, advisor, investor or otherwise), or (iii) in furtherance of an offer, payment, promise to pay or authorization of the payment or giving of money or anything else of value to any Person in violation of applicable Anti-Corruption Laws.

Section xvii ~~**Foreign Insurance**~~**Reinsurance Companies**. Holdings and the Borrower will not, and will not permit any Subsidiary to, own or hold any Investment in, nor create or acquire~~, (i) any Insurance Subsidiary that is domiciled outside of the United States or (ii)~~ any reinsurance company, in each case excluding RRC and any Investments in RRC expressly permitted under Section 7.4 of this Agreement.

Section xviii **Other Liens and Guarantees**. Notwithstanding anything to the contrary in this Agreement or any other Loan Document, Holdings and the Borrower will not, and will not permit any of their respective Subsidiaries to, (i) create, incur, assume or suffer to exist any Lien on any of its assets or property now owned or hereafter acquired, in each case, securing any Indebtedness incurred pursuant to Section 7.1(a)(ii), unless the Loans are secured by a valid and enforceable, first priority perfected Lien on such assets or property (subject to the Intercreditor Agreement) or (ii) Guarantee any Indebtedness

incurred pursuant to Section 7.1(a)(ii) unless the Loans are Guaranteed on a pari passu basis with such Guarantee.

Section xix Restricted Debt Payments. Holdings and the Borrower will not, and will not permit any of their respective Subsidiaries to, make any payment or prepayment in cash, securities or other property on or in respect of principal of or interest on any (i) Indebtedness incurred pursuant to the NPA Financing (including the PIK Interest and the Make-Whole Amount, in each case as defined in the Note Purchase Agreement), (ii) Subordinated Debt (including, for the avoidance of doubt, Indebtedness permitted pursuant to Section 7.1(k) and the Contingent Line of Credit), (iii) Indebtedness permitted pursuant to Section 7.1(p) and (iv) Permitted Convertible Indebtedness (all such Indebtedness, collectively, the "Restricted Debt"), including any sinking fund or similar deposit, on account of the purchase, redemption, retirement, defeasance, acquisition, cancellation or termination of any Restricted Debt (collectively, "Restricted Debt Payments"), except:

(1) Restricted Debt Payments (other than payments with respect to (x) the Contingent Line of Credit, (y) any Subordinated Debt to the extent prohibited by the subordination provisions thereof and (z) Indebtedness incurred pursuant to the NPA Financing (including the PIK Interest and the Make-Whole Amount, in each case as defined in the Note Purchase Agreement)) consisting of (i) regularly scheduled interest payments as and when due in respect of any Restricted Debt and (ii) dividends in respect of Permitted Convertible Indebtedness permitted pursuant to Sections 7.1(r) or 7.1(p) solely to the extent such dividends are regularly scheduled and in a fixed amount (or fixed percentage);

(2) Restricted Debt Payments as a result of the conversion or exchange of all or any portion of Permitted Convertible Indebtedness into or for Qualified Capital Stock of Holdings as well as cash payment, in lieu of issuance of fractional shares, in connection therewith;

(3) repayments of principal and interest of any Indebtedness with the proceeds of a Permitted Refinancing thereof or by exchange or conversion to Qualified Capital Stock of Holdings as well as cash payment, in lieu of issuance of fractional shares in connection therewith;

(4) in the case of any Contingent Line of Credit, any regularly scheduled payments of interest, commitment fees and/or dividends in accordance with the terms of the documentation evidencing the Contingent Line of Credit so long as no Default or Event of Default exists at the time of or results from such regularly scheduled payment; provided that the aggregate amount of all such payments made in cash shall not exceed $15,000,000 (or, at all times after the occurrence of a Significant Equity Capital Raise, $20,000,000) during the term of this Agreement;

(5) the NPA Prepayment so long as (i) substantially concurrently with the NPA Prepayment, the Borrower either (A) makes a prepayment of the Term Loans that is applied in the manner set forth in Section 2.11(f) in an amount no less than $50,000,000 or (B) causes a permanent reduction of the Aggregate Revolving Commitments in accordance with Section 2.7(b) by an amount no less than $50,000,000 (it being understood and agreed that a prepayment of outstanding Revolving Loans may be required in order to effect such reduction), (ii) Holdings has received net cash proceeds of a Significant Public Equity Capital Raise (calculated in the manner set forth in Section 6.7(b), including the proviso thereto) in an amount no less than $750,000,000, (iii) before and immediately after giving effect to the NPA Prepayment and the prepayment or reduction set forth in clause (i), the aggregate Liquidity shall be no less than $500,000,000, (iv) no Default or Event of Default exists at the time of or results from the NPA Prepayment, (v) the Borrower is in pro forma compliance with each of the financial covenants

set forth in Article VI at the time of and immediately after giving effect to the NPA Prepayment, in each case, calculated on a pro forma basis as of the most recently ended Test Date for which financial statements are required to have been delivered pursuant to Section 5.1(c) and (vi) the NPA Prepayment shall be permitted by and consummated in accordance with Section 5.15 of the Intercreditor Agreement; and

(6) any payments under the NPA Financing that are permitted by Section 5.15 of the Intercreditor Agreement (other than the NPA Prepayment).

Article VIII.

EVENTS OF DEFAULT

Section i **Events of Default**. If any of the following events (each, an "Event of Default") shall occur:

(1) the Borrower shall fail to pay any principal of any ~~Term~~ Loan or of any reimbursement obligation in respect of any LC Disbursement, when and as the same shall become due and payable, whether at the due date thereof or at a date fixed for prepayment or otherwise; or

(2) the Borrower shall fail to pay any interest on any ~~Term~~ Loan or any fee or any other amount (other than an amount payable under subsection (a) of this Section or an amount related to a Bank Product Obligation) payable under this Agreement or any other Loan Document, when and as the same shall become due and payable, and such failure shall continue unremedied for a period of three (3) Business Days; or

(3) any representation or warranty made or deemed made by or on behalf of Holdings, the Borrower or any of their Subsidiaries in or in connection with this Agreement or any other Loan Document (including the Schedules attached hereto and thereto), or in any amendments or modifications hereof or waivers hereunder, or in any certificate, report, financial statement or other document submitted to the Administrative Agent or the Lenders by any Loan Party or any representative of any Loan Party pursuant to or in connection with this Agreement or any other Loan Document shall prove to be incorrect in any material respect (other than any representation or warranty that is expressly qualified by a Material Adverse Effect or other materiality, in which case such representation or warranty shall prove to be incorrect in any respect) when made or deemed made or submitted; or

(4) (i) Holdings or the Borrower shall fail to observe or perform any covenant or agreement contained in Section 5.1(a), (b), (c) or (d), 5.2(a)(i), 5.3 (with respect to legal existence), 5.8(b)(iii)(B), 5.17 or Article VI (other than Section 6.1) or VII or Article XI, or (ii) Holdings or the Borrower shall fail to observe or perform the covenant contained in Section 5.2(a)(v), and such failure shall remain unremedied for 10 Business Days after any officer of the Borrower becomes aware of such failure~~; or~~, or (iii) Holdings or the Borrower shall fail to satisfy the covenant contained in Section 6.1, and such failure shall remain unremedied for 29 days after the last day of any Fiscal Month (or, at all times after the occurrence of a Significant Equity Capital Raise, 30 days after the last day of any Fiscal Quarter); or

(5) any Loan Party shall fail to observe or perform any covenant or agreement contained in this Agreement (other than those referred to in subsections (a), (b) and (d) of this Section) or any other Loan Document, and such failure shall remain unremedied for 30 days after the

earlier of (i) any officer of the Borrower becomes aware of such failure, or (ii) notice thereof shall have been given to the Borrower by the Administrative Agent or any Lender; or

(6) (i)(A) Holdings, the Borrower or any of their respective Subsidiaries (whether as primary obligor or as guarantor or other surety) shall fail to pay any principal of, or premium or interest on, any Material Indebtedness (other than any Hedging Obligation) that is outstanding, when and as the same shall become due and payable (whether at scheduled maturity, required prepayment, acceleration, demand or otherwise), and such failure shall continue after the applicable grace period, if any, specified in the agreement or instrument evidencing or governing such Indebtedness; or (B) any other event shall occur or condition shall exist under the Note Documents, if the effect of such event or condition is to accelerate, or permit the acceleration of, the maturity of the Indebtedness thereunder; or (C) any other event shall occur or condition shall exist under any agreement or instrument relating to any Material Indebtedness and shall continue after the applicable grace period, if any, specified in such agreement or instrument, if the effect of such event or condition is to accelerate, or permit the acceleration of, the maturity of such Indebtedness; or (D) any Material Indebtedness shall be declared to be due and payable, or required to be prepaid or redeemed (other than by a regularly scheduled required prepayment or redemption), purchased or defeased, or any offer to prepay, redeem, purchase or defease such Indebtedness shall be required to be made, in each case prior to the stated maturity thereof in each case, excluding any prepayment or redemption requirements in connection with an asset sale or disposition permitted under Section 7.6 of assets that secure Material Indebtedness (to the extent that the Material Indebtedness being required to be prepaid or redeemed secures only the assets that were sold); provided, that this clause (f) shall not apply to any conversion or exchange of any Permitted Convertible Indebtedness or satisfaction of any condition giving rise to or permitting a conversion or exchange of any Permitted Convertible Indebtedness, in either case, into cash, Qualified Capital Stock of Holdings (and nominal cash payments in respect of fractional shares) or any combination thereof in accordance with the express terms or conditions thereof or (ii) there occurs under any Hedging Transaction an Early Termination Date (as defined in such Hedging Transaction) resulting from (x) any event of default under such Hedging Transaction as to which Holdings or any of its Subsidiaries is the Defaulting Party (as defined in such Hedging Transaction) and the Hedge Termination Value owed by Holdings or such Subsidiary as a result thereof is greater than the Threshold Amount or (y) any Termination Event (as so defined) under such Hedging Transaction as to which Holdings or any Subsidiary is an Affected Party (as so defined) and the Hedge Termination Value owed by Holdings or such Subsidiary as a result thereof is greater than the Threshold Amount and is not paid; or

(7) Holdings, the Borrower or any of their respective Subsidiaries shall (i) commence a voluntary case or other proceeding or file any petition seeking liquidation, reorganization or other relief under any federal, state or foreign bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a custodian, trustee, receiver, liquidator or other similar official of it or any substantial part of its property, (ii) consent to the institution of, or fail to contest in a timely and appropriate manner, any proceeding or petition described in subsection (i) of this clause (g), (iii) apply for or consent to the appointment of a custodian, trustee, receiver, liquidator or other similar official for Holdings or any such Subsidiary or for a substantial part of its assets, (iv) file an answer admitting the material allegations of a petition filed against it in any such proceeding, (v) make a general assignment for the benefit of creditors, or (vi) take any action for the purpose of effecting any of the foregoing; or

(8) an involuntary proceeding shall be commenced or an involuntary petition shall be filed seeking (i) liquidation, reorganization or other relief in respect of Holdings or any of its Subsidiaries or its debts, or any substantial part of its assets, under any federal, state or foreign

bankruptcy, insolvency or other similar law now or hereafter in effect or (ii) the appointment of a custodian, trustee, receiver, liquidator or other similar official for Holdings or any of its Subsidiaries or for a substantial part of its assets, and in any such case, such proceeding or petition shall remain undismissed for a period of 60 days or an order or decree approving or ordering any of the foregoing shall be entered; or

(9) after the effectiveness thereof, the provisions of the Intercreditor Agreement or any subordination agreement between the Administrative Agent and the agent for the Subordinated Debt cease to be effective or cease to be legally valid, binding and enforceable against the Persons party thereto, except in accordance with its terms; or

(10) Holdings, the Borrower or any of their respective Subsidiaries shall become unable to pay, shall admit in writing its inability to pay, or shall fail to pay, its debts as they become due; or

(11) (i) an ERISA Event shall have occurred that, in the opinion of the Required Lenders, when taken together with other ERISA Events that have occurred, could reasonably be expected to result in liability to Holdings, the Borrower and any of their respective Subsidiaries in an aggregate amount exceeding $~~1,000,000~~10,000,000, (ii) there is or arises an Unfunded Pension Liability (not taking into account Plans with negative Unfunded Pension Liability) in an aggregate amount exceeding $~~1,000,000~~10,000,000, or (iii) there is or arises any potential Withdrawal Liability in an aggregate amount exceeding $~~1,000,000~~10,000,000; or

(12) any judgment, order for the payment of money, writ, warrant of attachment or similar process involving an amount (to the extent not paid or covered by insurance as to which the relevant insurance company has not denied coverage) in excess of $~~2,500,000~~10,000,000 in the aggregate shall be rendered against Holdings or any of its Subsidiaries, and either (i) enforcement proceedings shall have been commenced by any creditor upon such judgment or order or (ii) there shall be a period of 30 consecutive days during which a stay of enforcement of such judgment or order, by reason of a pending appeal or otherwise, shall not be in effect; or

(13) any non-monetary judgment or order shall be rendered against Holdings or any of its Subsidiaries that could reasonably be expected, either individually or in the aggregate, to have a Material Adverse Effect, and there shall be a period of 30 consecutive days during which a stay of enforcement of such judgment or order, by reason of a pending appeal or otherwise, shall not be in effect; or

(14) (i) the termination (without a substantially similar replacement as reasonably determined by the Administrative Agent) of the Agency Agreement or (ii) a decrease in rates charged under the Agency Agreement of more than 5.0% in any Fiscal Quarter or more than 7.5% in the aggregate during the term of this Agreement, or any other change to the Agency Agreement that is adverse to the interests of the Lenders;

(15) any court, Governmental Authority, including any Insurance Regulatory Authority, shall condemn, seize or otherwise appropriate, or take custody or control of, all or any portion of the property of Holdings, the Borrower or any of their respective Subsidiaries which, when taken together with all other property of Holdings, the Borrower and their respective Subsidiaries so condemned, seized, appropriated, or taken custody or control of, during the twelve-month period ending with the month in which any such action occurs, exceeds $~~1,000,000~~10,000,000, in each case, except to

the extent Holdings, the Borrower or any of their respective Subsidiaries receive fair compensation in respect of such condemnation, seizure or appropriation and the net cash proceeds thereof are applied in accordance with Section ~~2.7~~2.11(b); or

(16) any one or more licenses, permits, accreditations or authorizations of Holdings, the Borrower or any of their respective Subsidiaries, including any Insurance License with respect to any Insurance Subsidiary, shall be suspended, limited, modified or terminated or shall not be renewed, and such suspension, limitation, modification, termination or non-renewal would reasonably be expected to result in a Material Adverse Effect, or any other action shall be taken, by any Governmental Authority in response to any alleged failure by Holdings, the Borrower or any of their respective Subsidiaries to be in compliance with applicable law, and such action, individually or in the aggregate, has or would reasonably be expected to have a Material Adverse Effect;

(17) a Change in Control shall occur or exist; or

(18) any provision of the Guaranty and Security Agreement or any other Collateral Document or any Escrow Agreement (solely during the Escrow Period) shall for any reason cease to be valid and binding on, or enforceable against, any Loan Party, or any Loan Party shall so state in writing, or any Loan Party shall seek to terminate its obligation under the Guaranty and Security Agreement or any other Collateral Document (other than the release of any guaranty or collateral to the extent permitted pursuant to Section 9.11); or

(19) any Lien purported to be created under any Collateral Document or any Escrow Agreement (solely during the Escrow Period) shall fail or cease to be, or shall be asserted by any Loan Party not to be, a valid and perfected Lien on any Collateral, with the priority, subject to the Intercreditor Agreement, required by the applicable Collateral Documents (other than as a result of the failure by the Administrative Agent to take any action solely within its control);

then, and in every such event (other than an event described in subsection (g) or (h) of this Section) and at any time thereafter during the continuance of such event, the Administrative Agent may, and upon the written request of the Required Lenders shall, by notice to the Borrower, take any or all of the following actions, at the same or different times: (i) terminate the Commitments, whereupon the Commitment of each Lender shall terminate immediately, (ii) declare the principal of and any accrued interest on the Loans, and all other Obligations owing hereunder, to be, whereupon the same shall become, due and payable immediately, without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Borrower, (~~ii~~iii) exercise all remedies contained in any other Loan Document, and (vii) exercise any other remedies available at law or in equity; provided that, if an Event of Default specified in either subsection (g) or (h) shall occur, the Commitments shall automatically terminate and the principal of the ~~Term~~ Loans then outstanding, together with accrued interest thereon, and all fees and all other Obligations shall automatically become due and payable, without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Borrower.

Section ii **Application of Proceeds from Collateral**. All proceeds from each sale of, or other realization upon, all or any part of the Collateral by any Secured Party after an Event of Default arises shall, subject to the terms of the Intercreditor Agreement, be applied as follows:

(1) first, to the reimbursable expenses of the Administrative Agent incurred in connection with such sale or other realization upon the Collateral, until the same shall have been paid in full;

(2) second, to the fees, indemnitees and other reimbursable expenses of the Administrative Agent, the Swingline Lender and the Issuing Bank then due and payable pursuant to any of the Loan Documents, until the same shall have been paid in full;

(3) third, to all reimbursable expenses, if any, of the Lenders then due and payable pursuant to any of the Loan Documents, until the same shall have been paid in full;

(4) fourth, to the fees and interest then due and payable under the terms of this Agreement, until the same shall have been paid in full;

(5) fifth, to the aggregate outstanding principal amount of the ~~Term~~ Loans, the LC Exposure, the Bank Product Obligations and the Net Mark-to-Market Exposure of the Hedging Obligations that constitute Obligations, until the same shall have been paid in full, allocated *pro rata* among the Secured Parties based on their respective *pro rata* shares of the aggregate amount of such ~~Term~~ Loans, LC Exposure, Bank Product Obligations and Net Mark-to-Market Exposure of such Hedging Obligations; ~~and~~

(6) sixth, to additional cash collateral for the aggregate amount of all outstanding Letters of Credit until the aggregate amount of all cash collateral held by the Administrative Agent pursuant to this Agreement is at least 105% of the LC Exposure after giving effect to the foregoing clause fifth; and

(7) ~~(f) sixth~~seventh, to the extent any proceeds remain, to the Borrower or as otherwise provided by a court of competent jurisdiction.

All amounts allocated pursuant to the foregoing clauses third through fifth to the Lenders as a result of amounts owed to the Lenders under the Loan Documents shall be allocated among, and distributed to, the Lenders *pro rata* based on their respective Pro Rata Shares.; provided that all amounts allocated to that portion of the LC Exposure comprised of the aggregate undrawn amount of all outstanding Letters of Credit pursuant to clauses fifth and sixth shall be distributed to the Administrative Agent, rather than to the Lenders, and held by the Administrative Agent in an account in the name of the Administrative Agent for the benefit of the Issuing Bank and the Lenders as cash collateral for the LC Exposure, such account to be administered in accordance with Section 2.22(g). All cash collateral for LC Exposure shall be applied to satisfy drawings under the Letters of Credit as they occur; if any amount remains on deposit on cash collateral after all letters of credit have either been fully drawn or expired, such remaining amount shall be applied to other Obligations, if any, in the order set forth above.

Notwithstanding the foregoing, (a) no amount received from any Guarantor (including any proceeds of any sale of, or other realization upon, all or any part of the Collateral owned by such Guarantor) shall be applied to any Excluded Swap Obligation of such Guarantor and (b) Bank Product Obligations and Hedging Obligations shall be excluded from the application described above if the Administrative Agent has not received written notice thereof, together with such supporting documentation as the Administrative Agent may request, from the Bank Product Provider or the Lender- Related Hedge Provider, as the case may be. Each Bank Product Provider or Lender-Related Hedge Provider that has given the notice contemplated by the preceding sentence shall, by such notice, be deemed to have acknowledged and accepted the appointment of the Administrative Agent pursuant to the terms of Article IX hereof for itself and its Affiliates as if a "Lender" party hereto.

Article IX.

THE ADMINISTRATIVE AGENT

Section i **Appointment of the Administrative Agent**.

(1) Each Lender irrevocably appoints ~~SunTrust~~Truist Bank as the Administrative Agent and authorizes it to take such actions on its behalf and to exercise such powers as are delegated to the Administrative Agent under this Agreement and the other Loan Documents, together with all such actions and powers that are reasonably incidental thereto. The Administrative Agent may perform any of its duties hereunder or under the other Loan Documents by or through any one or more sub-agents or attorneys-in-fact appointed by the Administrative Agent. The Administrative Agent and any such sub-agent or attorney-in-fact may perform any and all of its duties and exercise its rights and powers through their respective Related Parties. The exculpatory provisions set forth in this Article shall apply to any such sub-agent, attorney-in-fact or Related Party and shall apply to their respective activities in connection with the syndication of the credit facilities provided for herein as well as activities as the Administrative Agent.

(2) The Issuing Bank shall act on behalf of the Lenders with respect to any Letters of Credit issued by it and the documents associated therewith until such time and except for so long as the Administrative Agent may agree at the request of the Required Lenders to act for the Issuing Bank with respect thereto; provided that the Issuing Bank shall have all the benefits and immunities (i) provided to the Administrative Agent in this Article with respect to any acts taken or omissions suffered by the Issuing Bank in connection with Letters of Credit issued by it or proposed to be issued by it and the application and agreements for letters of credit pertaining to the Letters of Credit as fully as if the term "Administrative Agent" as used in this Article included the Issuing Bank with respect to such acts or omissions and (ii) as additionally provided in this Agreement with respect to the Issuing Bank.

(3) ~~(b)~~ It is understood and agreed that the use of the term "agent" herein or in any other Loan Document (or any similar term) with reference to the Administrative Agent is not intended to connote any fiduciary or other implied (or express) obligations arising under agency doctrine of any applicable law. Instead such term is used as a matter of market custom and is intended to create or reflect only an administrative relationship between contracting parties.

Section ii **Nature of Duties of the Administrative Agent**. The Administrative Agent shall not have any duties or obligations except those expressly set forth in this Agreement and the other Loan Documents. Without limiting the generality of the foregoing, (a) the Administrative Agent shall not be subject to any fiduciary or other implied duties, regardless of whether a Default or an Event of Default has occurred and is continuing, (b) the Administrative Agent shall not have any duty to take any discretionary action or exercise any discretionary powers, except those discretionary rights and powers expressly contemplated by the Loan Documents that the Administrative Agent is required to exercise in writing by the Required Lenders (or such other number or percentage of the Lenders as shall be necessary under the circumstances as provided in Section 10.2), provided that the Administrative Agent shall not be required to take any action that, in its opinion or the opinion of its counsel, may expose the Administrative Agent to liability or that is contrary to any Loan Document or applicable law, including for the avoidance of doubt any action that may be in violation of the automatic stay under any Debtor Relief Law; and (c) except as expressly set forth in the Loan Documents, the Administrative Agent shall not have any duty to disclose, and shall not be liable for the failure to disclose, any information relating to Holdings or any of its Subsidiaries that is communicated to or obtained by the Administrative Agent or

any of its Affiliates in any capacity. The Administrative Agent shall not be li- able for any action taken or not taken by it, its sub-agents or its attorneys-in-fact with the consent or at the request of the Required Lenders (or such other number or percentage of the Lenders as shall be necessary under the circumstances as provided in Section 10.2) or in the absence of its own gross negligence or willful misconduct as determined by a court of competent jurisdiction in a final non-appealable judgment. The Administrative Agent shall not be responsible for the negligence or misconduct of any sub-agents or attorneys-in-fact except to the extent that a court of competent jurisdiction determines in a final and nonappelable judgment that the Administrative Agent acted with gross negligence or willful misconduct in the selection of such sub-agents. The Administrative Agent shall not be deemed to have knowledge of any Default or Event of Default unless and until written notice thereof (which notice shall include an express reference to such event being a "Default" or "Event of Default" hereunder) is given to the Administrative Agent by the Borrower or any Lender, and the Administrative Agent shall not be responsible for or have any duty to ascertain or inquire into (i) any statement, warranty or representation made in or in connection with any Loan Document, (ii) the contents of any certificate, report or other document delivered hereunder or thereunder or in connection herewith or therewith, (iii) the performance or observance of any of the covenants, agreements, or other terms and conditions set forth in any Loan Document, (iv) the validity, enforceability, effectiveness or genuineness of any Loan Document or any other agreement, instrument or document, or (v) the satisfaction of any condition set forth in Article III or elsewhere in any Loan Document, other than to confirm receipt of items expressly required to be delivered to the Administrative Agent. The Administrative Agent may consult with legal counsel (including counsel for the Borrower) concerning all matters pertaining to such duties.

Section iii **Lack of Reliance on the Administrative Agent**. Each of the Lenders, the Swingline Lender and the Issuing Bank acknowledges that it has, independently and without reliance upon the Administrative Agent, the Issuing Bank or any other Lender and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each of the Lenders, the Swingline Lender and the Issuing Bank also acknowledges that it will, independently and without reliance upon the Administrative Agent, the Issuing Bank or any other Lender and based on such documents and information as it has deemed appropriate, continue to make its own decisions in taking or not taking any action under or based on this Agreement, any related agreement or any document furnished hereunder or thereunder, and to make such investigations as it deems necessary to inform itself as to the business, prospects, operations, property, financial and other condition and creditworthiness of the Loan Parties. Each Lender represents and warrants to the Administrative Agent that (i) the Loan Documents set forth the terms of a commercial lending facility and (ii) it is engaged in making, acquiring or holding commercial loans in the ordinary course and is entering into this Agreement as a Lender for the purpose of making, acquiring or holding commercial loans and providing other facilities set forth herein as may be applicable to such Lender, and not for the purpose of purchasing, acquiring or holding any other type of financial instrument, and each Lender agrees not to assert a claim in contravention of the foregoing. Each Lender represents and warrants to the Administrative Agent that it is sophisticated with respect to decisions to make, acquire and/or hold commercial loans and to provide other facilities set forth herein, as may be applicable to such Lender, and either it, or the Person exercising discretion in making its decision to make, acquire and/or hold such commercial loans or to provide such other facilities, is experienced in making, acquiring or holding such commercial loans or providing such other facilities. Each of the Lenders acknowledges and agrees that outside legal counsel to the Administrative Agent in connection with the preparation, negotiation, execution, delivery and administration (including any amendments, waivers and consents) of this Agreement and the other Loan Documents is acting solely as counsel to the Administrative Agent and is not acting as counsel to any Lender (other than the Administrative Agent and its Affiliates) in connection

with this Agreement, the other Loan Documents or any of the transactions contemplated hereby or thereby.

Section iv **Certain Rights of the Administrative Agent**. If the Administrative Agent shall request instructions from the Required Lenders with respect to any action or actions (including the failure to act) in connection with this Agreement, the Administrative Agent shall be entitled to refrain from such act or taking such act unless and until it shall have received instructions from such Lenders, and the Administrative Agent shall not incur liability to any Person by reason of so refraining. Without limiting the foregoing, no Lender shall have any right of action whatsoever against the Administrative Agent as a result of the Administrative Agent acting or refraining from acting hereunder in accordance with the instructions of the Required Lenders where required by the terms of this Agreement.

Section v **Reliance by the Administrative Agent**. The Administrative Agent shall be entitled to rely upon, and shall not incur any liability for relying upon, any notice, request, certificate, consent, statement, instrument, document or other writing (including any electronic message, posting or other distribution) believed by it to be genuine and to have been signed, sent or made by the proper Person. The Administrative Agent may also rely upon any statement made to it orally or by telephone and believed by it to be made by the proper Person and shall not incur any liability for relying thereon. The Administrative Agent may consult with legal counsel (including counsel for the Borrower), independent public accountants and other experts selected by it and shall not be liable for any action taken or not taken by it in accordance with the advice of such counsel, accountants or experts.

Section vi **The Administrative Agent in its Individual Capacity**. The bank serving as the Administrative Agent shall have the same rights and powers under this Agreement and any other Loan Document in its capacity as a Lender as any other Lender and may exercise or refrain from exercising the same as though it were not the Administrative Agent; and the terms "Lenders", "Required Lenders", "Required Revolving Lenders", or any similar terms shall, unless the context clearly otherwise indicates, include the Administrative Agent in its individual capacity. The bank acting as the Administrative Agent and its Affiliates may accept deposits from, lend money to, and generally engage in any kind of business with the Borrower or any Subsidiary or Affiliate of the Borrower as if it were not the Administrative Agent hereunder.

Section vii **Successor Administrative Agent**.

(1) The Administrative Agent may resign at any time by giving notice thereof to the Lenders and the Borrower. Upon any such resignation, the Required Lenders shall have the right to appoint a successor Administrative Agent, subject to approval by the Borrower provided that no Specified Event of Default shall exist at such time. If no successor Administrative Agent shall have been so appointed, and shall have accepted such appointment within 30 days after the retiring Administrative Agent gives notice of resignation, then the retiring Administrative Agent may, on behalf of the Lenders, appoint a successor Administrative Agent which shall be a commercial bank organized under the laws of the United States or any state thereof or a bank which maintains an office in the United States. Any resignation by the Administrative Agent pursuant to this Section shall also constitute its resignation as the Issuing Bank and Swingline Lender. Upon the acceptance of a successor's appointment as Administrative Agent hereunder: (i) such successor shall succeed to and become vested with all of the rights, powers, privileges and duties of the retiring Issuing Bank and Swingline Lender; (ii) the retiring Issuing Bank and Swingline Lender shall be discharged from all of their respective duties and obligations hereunder or under the other Loan Documents; and (iii) the successor Issuing Lender shall issue letters of credit in substitution for the Letters of Credit, if any, outstanding at the time of such succession or make other

arrangement satisfactory to the retiring Issuing Bank to effectively assume the obligations of the retiring Issuing Bank with respect to such Letters of Credit.

(2) Upon the acceptance of its appointment as the Administrative Agent hereunder by a successor, such successor Administrative Agent shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the retiring Administrative Agent, and the retiring Administrative Agent shall be discharged from its duties and obligations under this Agreement and the other Loan Documents. If, within 45 days after written notice is given of the retiring Administrative Agent's resignation under this Section, no successor Administrative Agent shall have been appointed and shall have accepted such appointment, then on such 45th day (i) the retiring Administrative Agent's resignation shall become effective, (ii) the retiring Administrative Agent shall thereupon be discharged from its duties and obligations under the Loan Documents and (iii) the Required Lenders shall thereafter perform all duties of the retiring Administrative Agent under the Loan Documents until such time as the Required Lenders appoint (and if the Borrower's approval would be required by clause (a) above, the Borrower approves) a successor Administrative Agent as provided above. After any retiring Administrative Agent's resignation hereunder, the provisions of this Article shall continue in effect for the benefit of such retiring Administrative Agent and its representatives and agents in respect of any actions taken or not taken by any of them while it was serving as the Administrative Agent.

(3) In addition to the foregoing, if a Lender becomes, and during the period it remains, a Defaulting Lender, and if any Default has arisen from a failure of the Borrower to comply with Section 2.26(b), then the Issuing Bank and the Swingline Lender may, upon prior written notice to the Borrower and the Administrative Agent, resign as Issuing Bank or as Swingline Lender, as the case may be, effective at the close of business Charlotte, North Carolina time on a date specified in such notice (which date may not be less than five (5) Business Days after the date of such notice).

Section viii **Withholding Tax**. To the extent required by any applicable law, the Administrative Agent may withhold from any interest payment to any Lender an amount equivalent to any applicable withholding tax. If the IRS or any authority of the United States or any other jurisdiction asserts a claim that the Administrative Agent did not properly withhold tax from amounts paid to or for the account of any Lender (because the appropriate form was not delivered or was not properly executed, or because such Lender failed to notify the Administrative Agent of a change in circumstances that rendered the exemption from, or reduction of, withholding tax ineffective, or for any other reason), such Lender shall indemnify the Administrative Agent (to the extent that the Administrative Agent has not already been reimbursed by the Borrower and without limiting the obligation of the Borrower to do so) fully for all amounts paid, directly or indirectly, by the Administrative Agent as tax or otherwise, including penalties and interest, together with all expenses incurred, including legal expenses, allocated staff costs and any out of pocket expenses.

Section ix **The Administrative Agent May File Proofs of Claim**.

(1) In case of the pendency of any receivership, insolvency, liquidation, bankruptcy, reorganization, arrangement, adjustment, composition or other judicial proceeding relative to any Loan Party, the Administrative Agent (irrespective of whether the principal of any ~~Term~~ Loan or any Revolving Credit Exposure shall then be due and payable as herein expressed or by declaration or otherwise and irrespective of whether the Administrative Agent shall have made any demand on the Borrower) shall be entitled and empowered, by intervention in such proceeding or otherwise:

(a) to file and prove a claim for the whole amount of the principal and interest owing and unpaid in respect of the ~~Term~~ Loans or Revolving Credit Exposure and all other Obligations that are owing and unpaid and to file such other documents as may be necessary or advisable in order to have the claims of the Lenders, the Issuing Bank and the Administrative Agent (including any claim for the reasonable compensation, expenses, disbursements and advances of the Lenders, the Issuing Bank and the Administrative Agent and its agents and counsel and all other amounts due the Lenders, the Issuing Bank and the Administrative Agent under Section 10.3) allowed in such judicial proceeding; and

(b) to collect and receive any monies or other property payable or deliverable on any such claims and to distribute the same.

(2) Any custodian, receiver, assignee, trustee, liquidator, sequestrator or other similar official in any such judicial proceeding is hereby authorized by each Lender and the Issuing Bank to make such payments to the Administrative Agent and, if the Administrative Agent shall consent to the making of such payments directly to the Lenders and the Issuing Bank, to pay to the Administrative Agent any amount due for the reasonable compensation, expenses, disbursements and advances of the Administrative Agent and its agents and counsel, and any other amounts due the Administrative Agent under Section 10.3.

(3) Nothing contained herein shall be deemed to authorize the Administrative Agent to authorize or consent to or accept or adopt on behalf of any Lender or the Issuing Bank any plan of reorganization, arrangement, adjustment or composition affecting the Obligations or the rights of any Lender or to authorize the Administrative Agent to vote in respect of the claim of any Lender in any such proceeding.

Section x **Authorization to Execute Other Loan Documents**. Each Lender hereby authorizes the Administrative Agent to execute on behalf of all Lenders all Loan Documents (including, without limitation, the Collateral Documents, the Intercreditor Agreement and any other intercreditor or subordination agreements (including with the agent for the Subordinated Debt)) other than this Agreement.

Section xi **Collateral and Guaranty Matters**. The Lenders irrevocably authorize the Administrative Agent:

(1) to release any Lien on any property granted to or held by the Administrative Agent under any Loan Document (i) upon the Termination Date; (ii) that is sold or to be sold as part of or in connection with any sale permitted hereunder or under any other Loan Document, and (~~ii~~iii) if approved, authorized or ratified in writing in accordance with Section 10.2~~ or (iii) upon the payment in full of the Obligations (other than (i) contingent obligations as to which no claim exists or has been asserted, (ii) Hedging Obligations owed by any Loan Party to any Lender Related Hedge Provider, and (iii) Bank Product Obligations);~~;

(2) to subordinate any Lien on any collateral granted to or held by the Administrative Agent under any Loan Document to the holder of any Lien permitted by Section 7.2(d); and

(3) to release any Loan Party from its obligations under the applicable Collateral Documents if such Person ceases to be a Subsidiary as a result of a transaction permitted hereunder.

Upon request by the Administrative Agent at any time, the Required Lenders will confirm in writing the Administrative Agent's authority to release its interest in particular types or items of property, or to release any Loan Party from its obligations under the applicable Collateral Documents pursuant to this Section. In each case as specified in this Section, the Administrative Agent is authorized, at the Borrower's expense, to execute and deliver to the applicable Loan Party such documents as such Loan Party may reasonably request to evidence the release of such item of Collateral from the Liens granted under the applicable Collateral Documents, or to release such Loan Party from its obligations under the applicable Collateral Documents, in each case in accordance with the terms of the Loan Documents and this Section. In the case of any such sale, transfer or disposal of any property constituting Collateral in a transaction constituting a disposition expressly permitted pursuant to Section 7.6, the Liens created by any of the Loan Documents on such property shall be automatically released without need for further action by any person.

Section xii **Documentation Agent**. Each Lender hereby designates The Huntington National Bank as the Documentation Agent and agrees that the Documentation Agent shall have no duties or obligations under any Loan Documents to any Lender or any Loan Party.

Section xiii **Right to Realize on Collateral and Enforce Guarantee**. Anything contained in any of the Loan Documents to the contrary notwithstanding, the Borrower, the Administrative Agent and each Lender hereby agree that (i) no Lender shall have any right individually to realize upon any of the Collateral or to enforce the Collateral Documents, it being understood and agreed that all powers, rights and remedies hereunder and under the Collateral Documents may be exercised solely by the Administrative Agent, and (ii) in the event of a foreclosure by the Administrative Agent on any of the Collateral pursuant to a public or private sale or other disposition, the Administrative Agent or any Lender may be the purchaser or licensor of any or all of such Collateral at any such sale or other disposition and the Administrative Agent, as agent for and representative of the Lenders (but not any Lender or Lenders in its or their respective individual capacities unless the Required Lenders shall otherwise agree in writing), shall be entitled, for the purpose of bidding and making settlement or payment of the purchase price for all or any portion of the Collateral sold at any such public sale, to use and apply any of the Obligations as a credit on account of the purchase price for any collateral payable by the Administrative Agent at such sale or other disposition.

Section xiv **Secured Bank Product Obligations and Hedging Obligations**. No Bank Product Provider or Lender-Related Hedge Provider that obtains the benefits of Section 8.2, the Collateral Documents or any Collateral by virtue of the provisions hereof or of any other Loan Document shall have any right to notice of any action or to consent to, direct or object to any action hereunder or under any other Loan Document or otherwise in respect of the Collateral (including the release or impairment of any Collateral) other than in its capacity as a Lender and, in such case, only to the extent expressly provided in the Loan Documents. Notwithstanding any other provision of this Article to the contrary, the Administrative Agent shall not be required to verify the payment of, or that other satisfactory arrangements have been made with respect to, Bank Product Obligations and Hedging Obligations unless the Administrative Agent has received written notice of such Obligations, together with such supporting documentation as the Administrative Agent may request, from the applicable Bank Product Provider or Lender-Related Hedge Provider, as the case may be.

Article X.

MISCELLANEOUS

Section i **Notices**.

(1) Written Notices.

(a) Except in the case of notices and other communications expressly permitted to be given by telephone, all notices and other communications to any party herein to be effective shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by facsimile or electronic mail, as follows:

To the Borrower: Root, Inc.
80 E. Rich Street
Columbus, OH 43215
Suite 500
Attention: Alex Timm, Chief Executive Officer
Facsimile Number: [***]
Email: [***]

With copies to (for information purposes only): ~~Latham & Watkins~~Cooley LLP
~~140 Scott Drive~~
~~Menlo Park, CA 94025~~
~~Attention: Patrick Pohlen~~
~~Email:~~ [***]
101 California Street, 5th Floor
~~and~~
~~Latham & Watkins LLP~~
~~505 Montgomery, Suite 2000~~
San Francisco, CA ~~94111~~9411
Attention: ~~Haim Zaltzman~~Gian-Michele a Marca
Email: [***]

To the Administrative Agent: ~~SunTrust~~Truist Bank
~~3333~~303 Peachtree ~~Road, 7th Floor~~Street, N.E.
Atlanta, Georgia ~~30326~~30308
Attention: ~~Doug Kennedy~~Agency Services Manager
Facsimile Number: [***]
~~Email:~~ [***]

With a copy to (for information purposes only): ~~SunTrust~~Truist Bank
3333 Peachtree Road, N.E. / South Tower, 3rd Floor
Atlanta, Georgia 30326
Attention: Debra Rivers
Facsimile Number: [***]

Email: [***]

and

Truist Bank
Agency Services
303 Peachtree Street, N.E. / 25th Floor
Atlanta, Georgia 30308
Attention: Agency Services Manager
Facsimile Number: [***]

and

Alston & Bird LLP
1201 West Peachtree Street
Atlanta, Georgia 30309
Attention: Rick D. Blumen, Esq.
Facsimile Number: [***]
Email: [***]

To the Issuing Bank: Truist Bank
Attn: Standby Letter of Credit Dept
245 Peachtree Center Ave., 17th FL
Atlanta, Georgia 30303
Telephone:[***]

To the Swingline Lender: Truist Bank
Agency Services
303 Peachtree Street, N.E. / 25th Floor
Atlanta, Georgia 30308
Attention: Agency Services Manager
Telephone: [***]

To any other Lender: the address set forth in the Administrative Questionnaire or the Assignment and Acceptance executed by such Lender

Any party hereto may change its address or facsimile number for notices and other communications hereunder by notice to the other parties hereto.

(b) Any agreement of the Administrative Agent, the Issuing Bank or any Lender herein to receive certain notices by telephone or facsimile is solely for the convenience and at the request of the Borrower. The Administrative Agent, the Issuing Bank and each Lender shall be entitled to rely on the authority of any Person purporting to be a Person authorized by the Borrower to give such notice and the Administrative Agent, the Issuing Bank and the Lenders shall not have any liability to the Borrower or other Person on account of any action taken or not taken by the Administrative Agent, the Issuing Bank or any Lender in reliance upon such telephonic or facsimile notice. The obligation of the Borrower to repay the ~~Term~~ Loans and all other Obligations hereunder shall not be affected in any way or to any extent by any failure of the Administrative Agent, the Issuing Bank or any Lender to receive written confirmation of any telephonic

or facsimile notice or the receipt by the Administrative Agent, the Issuing Bank or any Lender of a confirmation which is at variance with the terms understood by the Administrative Agent, the Issuing Bank and such Lender to be contained in any such telephonic or facsimile notice.

(2) Electronic Communications.

(a) Notices and other communications to the Lenders and the Issuing Bank hereunder may be delivered or furnished by electronic communication (including e-mail and Internet or intranet websites) pursuant to procedures approved by the Administrative Agent; provided that the foregoing shall not apply to notices to any Lender or the Issuing Bank if such Lender or such Issuing Bank, as applicable, has notified the Administrative Agent that it is incapable of receiving, or is unwilling to receive, notices by electronic communication. The Administrative Agent or the Borrower may, in its discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by it; provided that approval of such procedures may be limited to particular notices or communications.

(b) Unless the Administrative Agent otherwise prescribes, (A) notices and other communications sent to an e-mail address shall be deemed received upon the sender's receipt of an acknowledgement from the intended recipient (such as by the "return receipt requested" function, as available, return e-mail or other written acknowledgement) and (B) notices or communications posted to an Internet or intranet website shall be deemed received upon the deemed receipt by the intended recipient at its e-mail address as described in the foregoing clause (A) of notification that such notice or communication is available and identifying the website address therefor; provided that, in the case of clauses (A) and (B) above, if such notice or other communication is not sent during the normal business hours of the recipient, such notice or communication shall be deemed to have been sent at the opening of business on the next Business Day for the recipient.

(c) The Borrower agrees that the Administrative Agent may, but shall not be obligated to, make Communications (as defined below) available to the Issuing Bank and the other Lenders by posting the Communications on Debt Domain, Intralinks, Syndtrak, ClearPar or a substantially similar electronic system.

(d) THE PLATFORM IS PROVIDED "AS IS" AND "AS AVAILABLE." NEITHER THE ADMINISTRATIVE AGENT NOR ANY OF ITS RELATED PARTIES WARRANT THE ACCURACY OR COMPLETENESS OF THE BORROWER MATERIALS OR THE ADEQUACY OF THE PLATFORM, AND EXPRESSLY DISCLAIM LIABILITY FOR ERRORS IN OR OMISSIONS IN THE COMMUNICATIONS (AS DEFINED BELOW) AND FROM THE BORROWER MATERIALS. NO WARRANTY OF ANY KIND, EXPRESS, IMPLIED OR STATUTORY, INCLUDING ANY WARRANTY OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, NONINFRINGEMENT OF THIRD PARTY RIGHTS OR FREEDOM FROM VIRUSES OR OTHER CODE DEFECTS, IS MADE BY THE ADMINISTRATIVE AGENT OR ANY OF ITS RELATED PARTIES IN CONNECTION WITH THE BORROWER MATERIALS OR THE PLATFORM. In no event shall the Administrative Agent or any of its Related Parties have any liability to

any Loan Party or any of their respective Subsidiaries, any Lender, the Issuing Bank or any other Person or entity for losses, claims, damages, liabilities or expenses of any kind, including, without limitation, direct or indirect, special, incidental or consequential damages, losses or expenses, whether or not based on strict liability (whether in tort, contract or otherwise), arising out of any Loan Party's or the Administrative Agent's transmission of Borrower Materials through the Internet, except to the extent that such losses, claims, damages, liabilities or expenses are determined by a court of competent jurisdiction by a final and nonappealable judgment to have resulted from the gross negligence or willful misconduct of the Administrative Agent or such Related Party; provided, however, that in no event shall the Administrative Agent or any Related Party have any liability to any Loan Party or any of their respective Subsidiaries, any Lender, the Issuing Bank or any other Person for indirect, special, incidental, consequential or punitive damages (as opposed to direct or actual damages) arising out of any Loan Party's or the Administrative Agent's transmission of Communications. "Communications" means, collectively, any notice, demand, communication, information, document or other material provided by or on behalf of any Loan Party pursuant to any Loan Document or the transactions contemplated therein which is distributed by the Administrative Agent ~~and~~, any Lender or the Issuing Bank by means of electronic communications pursuant to this Section, including through the Platform.

(3) Telephonic Notices. Unless otherwise expressly provided herein, all notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by facsimile or electronic mail as follows, and all notices and other communications expressly permitted hereunder to be given by telephone shall be made to the applicable telephone number, as follows:

(a) if to Holdings, the Borrower ~~or~~, the Administrative Agent or the Issuing Bank, to the address, facsimile number, electronic mail address or telephone number specified for such Person in Section 10.1(a) or to such other address, facsimile number, electronic mail address or telephone number as shall be designated by such party in a notice to the other parties hereto, as provided in Section 10.1(d); and

(b) if to any other Lender, to the address, facsimile number, electronic mail address or telephone number specified in its Administrative Questionnaire.

(4) All such notices and other communications sent to any party hereto in accordance with the provisions of this Agreement are made upon the earlier to occur of (i) actual receipt by the relevant party hereto and (ii) (A) if delivered by hand or by courier, when signed for by or on behalf of the relevant party hereto; (B) if delivered by mail, three (3) Business Days after deposit in the mails, postage prepaid; (C) if delivered by facsimile, when sent and receipt has been confirmed by telephone; and (D) if delivered by electronic mail, to the extent provided in clause (b) above and effective as provided in such clause; provided that notices and other communications to the Administrative Agent and the Issuing Bank pursuant to Article II shall not be effective until actually received by such Person. In no event shall a voice mail message be effective as a notice, communication or confirmation hereunder.

(5) Loan Documents may be transmitted and/or signed by facsimile or other electronic communication. The effectiveness of any such documents and signatures shall, subject to

applicable Law, have the same force and effect as manually signed originals and shall be binding on all Loan Parties, the Agents and the Lenders.

Section ii **Waiver; Amendments**.

(1) No failure or delay by the Administrative Agent, the Issuing Bank or any Lender in exercising any right or power hereunder or under any other Loan Document, and no course of dealing between the Borrower and the Administrative Agent or any Lender**,** shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such right or power, preclude any other or further exercise thereof or the exercise of any other right or power hereunder or thereunder. The rights and remedies of the Administrative Agent, the Issuing Bank and the Lenders hereunder and under the other Loan Documents are cumulative and are not exclusive of any rights or remedies provided by law. No waiver of any provision of this Agreement or of any other Loan Document or consent to any departure by the Borrower therefrom shall in any event be effective unless the same shall be permitted by subsection (b) of this Section, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. Without limiting the generality of the foregoing, the making of a ~~Term~~ Loan or the issuance of a Letter of Credit shall not be construed as a waiver of any Default or Event of Default, regardless of whether the Administrative Agent ~~or~~, any Lender or the Issuing Bank may have had notice or knowledge of such Default or Event of Default at the time.

(2) ~~Subject to Section 2.12(b)~~Except as otherwise provided in this Agreement, including, without limitation, as provided in Section 2.16 with respect to the implantation of a Benchmark Replacement or Benchmark Conforming Changes (as set forth therein) and Section 5.17 with respect to the deemed incorporation of any additional and/or more restrictive Specified Provisions contained in the Note Documents, no amendment or waiver of any provision of this Agreement or of the other Loan Documents (other than the Fee Letters), nor consent to any departure by the Borrower therefrom, shall in any event be effective unless the same shall be in writing and signed by the Borrower and the Required Lenders, or the Borrower and the Administrative Agent with the consent of the Required Lenders, and then such amendment, waiver or consent shall be effective only in the specific instance and for the specific purpose for which given; provided that, in addition to the consent of the Required Lenders, no amendment, waiver or consent shall:

(a) increase the ~~Term Loan~~ Commitment of any Lender without the written consent of such Lender;

(b) reduce the principal amount of any ~~Term~~ Loan or LC Disbursement or reduce the rate of interest thereon, or reduce any fees or other amounts payable hereunder, without the written consent of each Lender directly affected thereby; provided that only the consent of the Required Lenders shall be necessary to waive any obligation of the Borrower to pay interest at the rate set forth in Section ~~2.8~~2.12(c) during the continuance of an Event of Default;

(c) postpone the date fixed for any payment (other than any mandatory prepayment) of any principal of, or interest on, any ~~Term~~ Loan or LC Disbursement or any fees or other amounts hereunder or reduce the amount of, waive or excuse any such payment or postpone the scheduled date for the termination or reduction of any Commitment, without the written consent of each Lender directly affected thereby (it being understood that the waiver of any Default or Event of Default or mandatory

prepayment shall not constitute a postponement, extension, reduction, excuse or waiver any payment for purposes of this clause (iii), except as provided in clause (x) below);

(d) (A) change Section ~~2.17~~2.21(b) or (c) in a manner that would alter the *pro rata* sharing of payments required thereby, ~~without the written consent of each Lender directly affected thereby or (B~~(B) change Section 2.7 in a manner that would alter the pro rata sharing of Commitment reductions thereby, (C) change Section 8.2 in a manner that would alter the pro rata sharing of payments or the order of application required thereby or (D) change any other provision of this Agreement or any of the other Loan Documents that addresses the matters described in (A), (B) or (C) or permit any action which would directly or indirectly have the effect of amending any of the provisions described in this clause (iv), in each case without the written consent of each Lender directly affected thereby;

(e) change any of the provisions of this subsection (b) or the definition of "Required Lenders" or "Required Revolving Lenders" or any other provision hereof specifying the number or percentage of Lenders which are required to waive, amend or modify any rights hereunder or make any determination or grant any consent hereunder, without the consent of each Lender directly affected thereby;

(f) release all or substantially all of the Guarantors without the written consent of each Lender;

(g) release all or substantially all Collateral (if any) securing any of the Obligations, without the written consent of each Lender; ~~or~~

(h) subordinate all or substantially all of the Liens securing the Obligations without the consent of each Lender affected thereby.; or

(ix) change or waive the conditions set forth in Section 3.2 without the consent of each Revolving Lender; or

(x) waive the mandatory prepayment described in Section 2.11(e) as a result of an Equity Monetization Event without the consent of each Lender.

provided, further, that no such amendment, waiver or consent shall amend, modify or otherwise affect the rights, duties or obligations of the Administrative Agent, the Swingline Lender or the Issuing Bank without the prior written consent of such Person.

Notwithstanding anything to the contrary herein, no Defaulting Lender shall have any right to approve or disapprove any amendment, waiver or consent hereunder, except that the ~~Term Loan~~ Commitment of such Lender may not be increased, and amounts payable to such Lender hereunder may not be permanently reduced, without the consent of such Lender (other than reductions in fees and interest in which such reduction does not disproportionately affect such Lender). Notwithstanding anything contained herein to the contrary, this Agreement may be amended and restated without the consent of any Lender (but with the consent of the Borrower and the Administrative Agent) if, upon giving effect to such amendment and restatement, such Lender shall no longer be a party to this Agreement (as so amended and restated), the ~~Term Loan~~ Commitments of such Lender shall have terminated (but such Lender shall continue to be entitled to the benefits of Sections ~~2.14~~2.18, ~~2.15~~2.19, ~~2.16~~2.20 and 10.3), such Lender shall have no other commitment or other obligation hereunder and such Lender shall have been paid in

full all principal, interest and other amounts owing to it or accrued for its account under this Agreement. Notwithstanding anything herein or otherwise to the contrary, any Event of Default occurring hereunder shall continue to exist (and shall be deemed to be continuing) until such time as such Event of Default is waived in writing in accordance with the terms of this Section notwithstanding (i) any attempted cure or other action taken by the Borrower or any other Person subsequent to the occurrence of such Event of Default or (ii) any action taken or omitted to be taken by the Administrative Agent or any Lender prior to or subsequent to the occurrence of such Event of Default (other than the granting of a waiver in writing in accordance with the terms of this Section).

Notwithstanding anything to the contrary herein, the Administrative Agent may, with the consent of the Borrower only, amend, modify or supplement any Loan Document to cure any obvious ambiguity, omission, mistake, defect or inconsistency.

~~Notwithstanding anything to the contrary herein, the Administrative Agent and the Borrower may enter into Incremental Joinder Agreements in order to provide for the incurrence of Incremental Term Loans and the modification of the Loan Documents as provided in Section 2.18.~~

Section iii **Expenses; Indemnification**.

(1) The Borrower shall pay (i) all reasonable and documented (in the case of legal expenses, in summary form), out-of-pocket costs and expenses of the Administrative Agent and its Affiliates, including the reasonable and documented (in summary form) fees and disbursements of counsel for the Administrative Agent and its Affiliates, in connection with the syndication of the credit facilities provided for herein, the preparation and administration of the Loan Documents and any amendments, modifications or waivers thereof (whether or not the transactions contemplated in this Agreement or any other Loan Document shall be consummated), ~~and~~ (ii) all reasonable and documented out-of-pocket costs and expenses incurred by the Issuing Bank in connection with the issuance, amendment, renewal or extension of any Letter of Credit or any demand for payment thereunder and (iii) all reasonable and documented out-of-pocket costs and expenses (including, without limitation, the reasonable and documented (in summary form) fees and disbursements of counsel) incurred by the Administrative Agent, the Issuing Bank or any Lender in connection with the enforcement or protection of its rights in connection with this Agreement, including its rights and remedies under this Section, or in connection with the ~~Term~~ Loans made or Letters of Credit issued hereunder, including all such out-of- pocket expenses incurred during any workout, restructuring or negotiations in respect of ~~the Term~~such Loans or Letters of Credit; provided, that notwithstanding the foregoing, legal expenses under clauses (i) and (ii) shall be limited to one firm of outside counsel for the Indemnitees, taken as a whole and, if necessary, of a single firm of local counsel in each appropriate jurisdiction (which may include a single firm of special counsel acting in multiple jurisdictions) for all such Indemnitees, taken as a whole (and, in the case of clause (ii), solely in the case of an actual or perceived conflict of interest where the Indemnitee affected by such conflict notifies the Borrower of the existence of such conflict and thereafter retains its own counsel, of one other firm of counsel for each group of similarly situated affected Indemnitees).

(2) The Borrower shall indemnify the Administrative Agent (and any sub- agent thereof) ~~and~~, each Lender and the Issuing Bank, and each Related Party of any of the foregoing Persons (each such Person being called an "Indemnitee") against, and hold each Indemnitee harmless from, and promptly reimburse such Indemnitee for, any and all losses, claims, damages, penalties, liabilities or other expenses (including the reasonable and documented (in summary form) fees and disbursements of any counsel for any Indemnitee), incurred by any Indemnitee or asserted against any Indemnitee by any third party or by the Borrower or any other Loan Party arising out of, in connection

with, or as a result of (i) the execution or delivery of this Agreement, any other Loan Document or any agreement or instrument contemplated hereby or thereby, the performance by the parties hereto of their respective obligations hereunder or thereunder or the consummation of the transactions contemplated hereby or thereby, (ii) any ~~Term~~ Loan or Letter of Credit or the use or proposed use of the proceeds therefrom (including any refusal by the Issuing Bank to honor a demand for payment under a Letter of Credit if the documents presented in connection with such demand do not strictly comply with the terms of such Letter of Credit), (iii) any actual or alleged presence or Release of Hazardous Materials on or from any property owned or operated by Holdings or any of its Subsidiaries, or any Environmental Liability related in any way to Holdings or any of its Subsidiaries, or (iv) any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory, whether brought by a third party or by the Borrower or any other Loan Party, and regardless of whether any Indemnitee is a party thereto; provided that such indemnity shall not, as to any Indemnitee, be available to the extent that such losses, claims, damages, penalties, liabilities or related expenses (x) are determined by a court of competent jurisdiction by final and non-appealable judgment to have resulted from the fraud, gross negligence, or willful misconduct of such Indemnitee, (y) other than in the case of the Administrative Agent and its Related Parties, arise from a material breach of such Indemnitee's obligations hereunder or under any other Loan Document or (z) result from disputes (not involving any act or omission by Holdings or its Subsidiaries or their Affiliates) solely among the Indemnitees for actions by one or more of the Indemnitees, other than claims against the Administrative Agent in such capacity fulfilling its agency role under the Loan Documents; provided, that notwithstanding the foregoing, legal expenses under this clause (b) shall be limited to one firm of outside counsel for the Indemnitees, taken as a whole and, if necessary, of a single firm of local counsel in each appropriate jurisdiction (which may include a single firm of special counsel acting in multiple jurisdictions) for all such Indemnitees, taken as a whole (and, in the case of clause (ii), solely in the case of an actual or perceived conflict of interest where the Indemnitee affected by such conflict notifies the Borrower of the existence of such conflict and thereafter retains its own counsel, of one other firm of counsel for each group of similarly situated affected Indemnitees). This clause (b) shall not apply with respect to Taxes other than any Taxes that represent losses, claims, damages, penalties, liabilities and related expenses arising from any non-Tax claim.

(3) To the extent that the Borrower fails to pay any amount required to be paid to the Administrative Agent, the Issuing Bank or the Swingline Lender under subsection (a) or (b) hereof, each Lender severally agrees to pay to the Administrative Agent, the Issuing Bank or the Swingline Lender, as the case may be, such Lender's *pro rata* share (in accordance with its respective Revolving Commitment (or Revolving Credit Exposure, as applicable) and Term Loan determined as of the time that the unreimbursed expense or indemnity payment is sought) of such unpaid amount; provided that the unreimbursed expense or indemnified payment, claim, damage, liability or related expense, as the case may be, was incurred by or asserted against the Administrative Agent, the Issuing Bank or the Swingline Lender in its capacity as such.

(4) To the extent permitted by applicable law, no party hereto shall assert, and each party hereto hereby waives, any claim, on any theory of liability, for special, indirect, consequential, exemplary or punitive damages (as opposed to actual or direct damages) arising out of, in connection with or as a result of this Agreement, any other Loan Document or any agreement or instrument contemplated hereby, the transactions contemplated therein, any ~~Term~~ Loan or any Letter of Credit or the use of proceeds thereof; provided that nothing in this clause (d) shall relieve the Borrower of any obligation it may have under clause (b) above to indemnify any Indemnitee against special, indirect, consequential or punitive damages asserted against such Indemnitee by a third party.

(5) All amounts due under this Section shall be payable promptly, but in any event within ten (10) Business Days, after written demand therefor.

Section iv **Successors and Assigns**.

(1) The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby, except that the Borrower may not assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of the Administrative Agent and each Lender, and no Lender may assign or otherwise transfer any of its rights or obligations hereunder except (i) to an assignee in accordance with the provisions of subsection (b) of this Section or Section 11.3, (ii) by way of participation in accordance with the provisions of subsection (d) of this Section or (iii) by way of pledge or assignment of a security interest subject to the restrictions of subsection (f) of this Section (and any other attempted assignment or transfer by any party hereto shall be null and void). Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby, Participants to the extent provided in subsection (d) of this Section and, to the extent expressly contemplated hereby, the Related Parties of each of the Administrative Agent and the Lenders) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(2) Subject to Section 11.3, any Lender may at any time assign to one or more assignees all or a portion of its rights and obligations under this Agreement (including all or a portion of its ~~Term~~Commitments, Loans and other Revolving Credit Exposure at the time owing to it); provided that any such assignment shall be subject to the following conditions:

(a) Minimum Amounts.

(i) in the case of an assignment of the entire remaining amount of the assigning Lender's ~~Term~~Commitments, Loans and other Revolving Credit Exposure at the time owing to it or in the case of an assignment to a Lender, an Affiliate of a Lender or an Approved Fund, no minimum amount need be assigned; and

(ii) in any case not described in subsection (b)(i)(A) of this Section, the aggregate amount of the Commitment (which for this purpose includes Loans and Revolving Credit Exposure outstanding thereunder) or, if the applicable Commitment is not then in effect, principal outstanding balance of the ~~Term~~ Loans and Revolving Credit Exposure of the assigning Lender subject to each such assignment (determined as of the date the Assignment and Acceptance with respect to such assignment is delivered to the Administrative Agent or, if "Trade Date" is specified in the Assignment and Acceptance, as of the Trade Date) shall not be less than $1,000,000 with respect to Term Loans and $5,000,000 with respect to the Revolving Loans and in minimum increments of $1,000,000, unless each of the Administrative Agent and, so long as no Specified Event of Default has occurred and is continuing, the Borrower otherwise consents (each such consent not to be unreasonably withheld or delayed).

(b) Proportionate Amounts. Each partial assignment shall be made as an assignment of a proportionate part of all the assigning Lender's rights and obligations under this Agreement with respect to the ~~Term~~ Loans, other Revolving Credit Exposure or the Commitments assigned.

(c) Required Consents. No consent shall be required for any assignment except to the extent required by subsection (b)(i)(B) of this Section and, in addition:

(i) the consent of the Borrower (such consent not to be unreasonably withheld or delayed) shall be required unless (x) a Specified Event of Default has occurred and is continuing at the time of such assignment or (y) such assignment is to a Lender, an Affiliate of such Lender or an Approved Fund of such Lender; ~~and~~

(ii) the consent of the Administrative Agent (such consent not to be unreasonably withheld or delayed) shall be required unless such assignment is of a Term Loan to a Lender, an Affiliate of such Lender or an Approved Fund of such Lender.; and

(C) the consent of the Issuing Bank (such consent not to be unreasonably withheld or delayed) shall be required for any assignment that increases the obligation of the assignee to participate in exposure under one or more Letters of Credit (whether or not then outstanding), and the consent of the Swingline Lender (such consent not to be unreasonably withheld or delayed) shall be required for any assignment in respect of the Revolving Commitments.

(d) Assignment and Acceptance. The parties to each assignment shall deliver to the Administrative Agent (A) a duly executed Assignment and Acceptance, (B) a processing and recordation fee of $3,500, (C) an Administrative Questionnaire unless the assignee is already a Lender and (D) the documents required under Section ~~2.16~~2.20(g).

(e) No Assignment to certain Persons. No such assignment shall be made to (A) Holdings, the Borrower or any of their respective Affiliates or Subsidiaries**,** (B) any Disqualified Institutions or (C) to any Defaulting Lender or any of its Subsidiaries, or any Person who, upon becoming a Lender hereunder, would constitute any of the foregoing Persons described in this clause.

(f) No Assignment to Natural Persons. No such assignment shall be made to a natural person (or any holding company, investment vehicle or trust for, or owned and operated solely for the benefit of, a natural Person).

Subject to acceptance and recording thereof by the Administrative Agent pursuant to subsection (c) of this Section, from and after the effective date specified in each Assignment and Acceptance, the assignee thereunder shall be a party to this Agreement and, to the extent of the interest assigned by such Assignment and Acceptance, have the rights and obligations of a Lender under this Agreement, and the

assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Acceptance, be released from its obligations under this Agreement (and, in the case of an Assignment and Acceptance covering all of the assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto) but shall continue to be entitled to the benefits of Sections ~~2.14~~2.18, ~~2.15~~2.19, ~~2.16~~2.20 and 10.3 with respect to facts and circumstances occurring prior to the effective date of such assignment; provided that, except to the extent otherwise expressly agreed by the affected parties, no assignment by a Defaulting Lender will constitute a waiver or release of any claim of any party hereunder arising from such Lender's having been a Defaulting Lender. Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with this subsection shall be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with subsection (d) of this Section. If the consent of the Borrower to an assignment is required hereunder (including a consent to an assignment which does not meet the minimum assignment thresholds specified above), the Borrower shall be deemed to have given its consent unless it shall object thereto by written notice to the Administrative Agent within five (5) Business Days after notice thereof has actually been delivered by the assigning Lender (through the Administrative Agent) to the Borrower.

(3) The Administrative Agent, acting solely for this purpose as a non- fiduciary agent of the Borrower, shall maintain at one of its offices in ~~Atlanta, Georgia~~Charlotte, North Carolina or other office within the United States a copy of each Assignment and Acceptance delivered to it and a register for the recordation of the names and addresses of the Lenders, and the ~~Term Loan~~ Commitments of, and principal amount (and stated interest) of the ~~Term~~ Loans and Revolving Credit Exposure owing to, each Lender pursuant to the terms hereof from time to time (the "Register"). Information contained in the Register with respect to any Lender shall be available for inspection by such Lender at any reasonable time and from time to time upon reasonable prior notice; information contained in the Register shall also be available for inspection by the Borrower at any reasonable time and from time to time upon reasonable prior notice. In establishing and maintaining the Register, the Administrative Agent shall serve as the Borrower's agent solely for tax purposes and solely with respect to the actions described in this Section, and the Borrower hereby agrees that, to the extent ~~SunTrust~~Truist Bank serves in such capacity, ~~SunTrust~~Truist Bank and its officers, directors, employees, agents, sub- agents and affiliates shall constitute "Indemnitees".

(4) Any Lender may at any time, without the consent of, or notice to, the Borrower ~~or~~, the Administrative Agent, the Swingline Lender or the Issuing Bank sell participations to any Person (other than a natural person (or any holding company, investment vehicle or trust for, or owned and operated solely for the benefit of, a natural Person), Holdings, the Borrower, any of the Borrower's Affiliates or Subsidiaries, a Disqualified Institution or a Defaulting Lender or any Affiliate thereof) (each, a "Participant") in all or a portion of such Lender's rights and/or obligations under this Agreement (including all or a portion of its ~~Term Loan~~ Commitment and/or the Loans owing to it); provided that (i) such Lender's obligations under this Agreement shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations and (iii) the Borrower, the Administrative Agent, the Issuing Bank, the Swingline Lender and the other Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement.

Any agreement or instrument pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce this Agreement and to approve any amendment, modification or waiver of any provision of this Agreement; provided that such agreement or instrument may provide that such Lender will not, without the consent of the Participant, agree to any

amendment, modification or waiver with respect to the following to the extent affecting such Participant: (i) increase the Commitment of such Lender; (ii) reduce the principal amount of any ~~Term~~ Loan or LC Disbursement or reduce the rate of interest thereon, or reduce any fees payable hereunder (other than waiving default interest); (~~ii~~iii) postpone the date fixed for any payment of any principal of, or interest on, any ~~Term~~ Loan or LC Disbursement or any fees hereunder or reduce the amount of, waive or excuse any such payment, or postpone the scheduled date for the termination or reduction of any Commitment (other than waivers of Defaults, Events of Default and mandatory prepayments); (~~iii~~iv) change Section ~~2.17~~2.21(b) or (c) in a manner that would alter the *pro rata* sharing of payments required thereby; (iv) change any of the provisions of Section 10.2(b) or the definition of "Required Lenders" or "Required Revolving Lenders" or any other provision hereof specifying the number or percentage of Lenders which are required to waive, amend or modify any rights hereunder or make any determination or grant any consent hereunder; (v) release all or substantially all of the Guarantors; or (vi) release all or substantially all Collateral (if any) securing any of the Obligations. Subject to subsection (e) of this Section, the Borrower agrees that each Participant shall be entitled to the benefits of Sections ~~2.14~~2.18, ~~2.15~~2.19, and ~~2.16~~2.20 to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to subsection (b) of this Section; provided that such Participant agrees to be subject to Section ~~2.19~~2.24 as though it were a Lender. To the extent permitted by law, each Participant also shall be entitled to the benefits of Section 10.7 as though it were a Lender; provided that such Participant agrees to be subject to Section ~~2.17~~2.21 as though it were a Lender.

Each Lender that sells a participation shall, acting solely for this purpose as a non- fiduciary agent of the Borrower, maintain a register in the United States on which it enters the name and address of each Participant and the principal amounts (and stated interest) of each Participant's interest in the ~~Term~~ Loans or other obligations under the Loan Documents (the "Participant Register"). The entries in the Participant Register shall be conclusive, absent manifest error, and such Lender shall treat each person whose name is recorded in the Participant Register as the owner of such participation for all purposes of this Agreement notwithstanding any notice to the contrary. The Borrower and the Administrative Agent shall have inspection rights to such Participant Register (upon reasonable prior notice to the applicable Lender) solely for purposes of demonstrating that such ~~Term~~ Loans or other obligations under the Loan Documents are in "registered form" for purposes of the Code. For the avoidance of doubt, the Administrative Agent (in its capacity as Administrative Agent) shall have no responsibility for maintaining a Participant Register.

(5) A Participant shall not be entitled to receive any greater payment under Sections ~~2.14~~2.18 and ~~2.16~~2.20 than the applicable Lender would have been entitled to receive with respect to the participation sold to such Participant, unless the sale of the participation to such Participant is made with the Borrower's prior written consent. A Participant shall not be entitled to the benefits of Section ~~2.16~~2.20 unless the Borrower is notified of the participation sold to such Participant and such Participant agrees, for the benefit of the Borrower, to comply with Section ~~2.16~~2.20(g) and (h) as though it were a Lender.

(6) Any Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement to secure obligations of such Lender, including, without limitation, any pledge or assignment to secure obligations to a Federal Reserve Bank; provided that no such pledge or assignment shall release such Lender from any of its obligations hereunder or substitute any such pledgee or assignee for such Lender as a party hereto.

(7) The Administrative Agent shall not be responsible or have any liability for, or have any duty to ascertain, inquire into, monitor or enforce, compliance with the provisions hereof

relating to Disqualified Institutions. Without limiting the generality of the foregoing, the Administrative Agent shall not (i) be obligated to ascertain, monitor or inquire as to whether any Lender or Participant or prospective Lender or Participant is a Disqualified Institution or (ii) have any liability with respect to or arising out of any assignment or participation of ~~Term~~ Loans or Commitments, or disclosure of confidential information, to any Disqualified Institution.

Section v **Governing Law; Jurisdiction; Consent to Service of Process**.

(1) This Agreement and the other Loan Documents and any claims, controversy, dispute or cause of action (whether in contract or tort or otherwise) based upon, arising out of or relating to this Agreement or any other Loan Document (except, as to any other Loan Document, as expressly set forth therein) and the transactions contemplated hereby and thereby shall be construed in accordance with and be governed by the law of the State of New York.

(2) Each of the parties hereto hereby irrevocably and unconditionally submits, for itself and its property, to the exclusive jurisdiction of the United States District Court for the Southern District of New York, and of the Supreme Court of the State of New York sitting in New York County, Borough of Manhattan, and of any appellate court from any thereof, in any action or proceeding arising out of or relating to this Agreement or any other Loan Document or the transactions contemplated hereby or thereby, or for recognition or enforcement of any judgment, and each of the parties hereto hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in such District Court or state court or, to the extent permitted by applicable law, such appellate court. Each of the parties hereto agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Agreement or any other Loan Document shall affect any right that the Administrative Agent, the Issuing Bank or any Lender may otherwise have to bring any action or proceeding relating to this Agreement or any other Loan Document against the Borrower or its properties in the courts of any jurisdiction.

(3) Each of the parties hereto hereby irrevocably and unconditionally waives any objection which it may now or hereafter have to the laying of venue of any such suit, action or proceeding described in subsection (b) of this Section and brought in any court referred to in subsection (b) of this Section. Each of the parties hereto irrevocably waives, to the fullest extent permitted by applicable law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

(4) Each party to this Agreement irrevocably consents to the service of process in the manner provided for notices in Section 10.1. Nothing in this Agreement or in any other Loan Document will affect the right of any party hereto to serve process in any other manner permitted by law.

Section vi **WAIVER OF JURY TRIAL**. EACH PARTY HERETO IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION,

SEEK TO ENFORCE THE FOREGOING WAIVER, AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

Section vii **Right of Set-off**. In addition to any rights now or hereafter granted under applicable law and not by way of limitation of any such rights, each Lender and the Issuing Bank shall have the right, at any time or from time to time upon the occurrence and during the continuance of an Event of Default, without prior notice to the Borrower, any such notice being expressly waived by the Borrower to the extent permitted by applicable law, to set off and apply against all deposits (general or special, time or demand, provisional or final) of the Borrower at any time held or other obligations at any time owing by such Lender and the Issuing Bank to or for the credit or the account of the Borrower against any and all Obligations held by such Lender or the Issuing Bank, as the case may be, irrespective of whether such Lender or the Issuing Bank shall have made demand hereunder and although such Obligations may be unmatured. Each Lender and the Issuing Bank agrees promptly to notify the Administrative Agent and the Borrower after any such set-off and any application made by such Lender or the Issuing Bank, as the case may be; provided that the failure to give such notice shall not affect the validity of such set-off and application. Each Lender and the Issuing Bank agrees to apply all amounts collected from any such set-off to the Obligations before applying such amounts to any other Indebtedness or other obligations owed by the Borrower and any of its Subsidiaries to such Lender or the Issuing Bank.

Section viii **Counterparts; Integration**. This Agreement may be executed by one or more of the parties to this Agreement on any number of separate counterparts, and all of said counterparts taken together shall be deemed to constitute one and the same instrument. This Agreement, the Fee Letters, the other Loan Documents, and any separate letter agreements relating to any fees payable to the Administrative Agent and its Affiliates constitute the entire agreement among the parties hereto and thereto and their affiliates regarding the subject matters hereof and thereof and supersede all prior agreements and understandings, oral or written, regarding such subject matters. Delivery of an executed counterpart to this Agreement or any other Loan Document by facsimile transmission or by electronic mail in pdf format shall be as effective as delivery of a manually executed counterpart hereof.

Section ix **Survival**. All covenants, agreements, representations and warranties made by Holdings and the Borrower herein and in the certificates, reports, notices or other instruments delivered in connection with or pursuant to this Agreement shall be considered to have been relied upon by the other parties hereto and shall survive the execution and delivery of this Agreement and the other Loan Documents and the making of any ~~Term~~ Loans and issuance of any Letters of Credit, regardless of any investigation made by any such other party or on its behalf and notwithstanding that the Administrative Agent, the Issuing Bank or any Lender may have had notice or knowledge of any Default or incorrect representation or warranty at the time any credit is extended hereunder, and shall continue in full force and effect as long as the principal of or any accrued interest on any ~~Term~~ Loan or any fee or any other amount payable under this Agreement is outstanding and unpaid or any Letter of Credit is outstanding and so long as the Commitments have not expired or terminated. The provisions of Sections ~~2.14~~2.18, ~~2.15~~2.19, ~~2.16~~2.20, and 10.3 and Article IX shall survive and remain in full force and effect regardless of the consummation of the transactions contemplated hereby, the repayment of the ~~Term~~ Loans, the expiration or termination of the Letters of Credit and the Commitments or the termination of this Agreement or any provision hereof. All representations and warranties made herein, in the Loan Documents in the certificates, reports, notices, and other documents delivered pursuant to this Agreement shall survive the execution and delivery of this Agreement and the other Loan Documents, and the making of the ~~Term~~ Loans and the issuance of the Letters of Credit.

Section x **Severability**. Any provision of this Agreement or any other Loan Document held to be illegal, invalid or unenforceable in any jurisdiction, shall, as to such jurisdiction, be ineffective to the extent of such illegality, invalidity or unenforceability without affecting the legality, validity or enforceability of the remaining provisions hereof or thereof; and the illegality, invalidity or unenforceability of a particular provision in a particular jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

Section xi **Confidentiality**. Each of the Administrative Agent, the Issuing Bank and the Lenders agrees to maintain the confidentiality of any non-public information relating to Holdings, the Borrower or any of their respective Subsidiaries or any of their respective businesses, to the extent provided to it by or on behalf of Holdings or any of its Subsidiaries, in accordance with the Administrative Agent's or the Lenders' customary practices, other than any such information that is available to the Administrative Agent, the Issuing Bank or any Lender on a non-confidential basis prior to disclosure by or on behalf of Holdings or any of its Subsidiaries, except that such information may be disclosed (i) to any Related Party of the Administrative Agent, the Issuing Bank or any such Lender or their respective Affiliates including, without limitation, accountants, legal counsel, officers, directors, employees, independent auditors, professionals and other experts, agents or advisors (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential), (ii) to the extent required by applicable laws or regulations or by any subpoena or similar legal process (in which case such disclosing party agrees to inform the Borrower reasonably promptly thereof and prior to such disclosure to the extent not prohibited by law), (iii) to the extent requested by any regulatory agency or authority purporting to have jurisdiction over it (including any self-regulatory authority such as the National Association of Insurance Commissioners), (iv) to the extent that such information becomes publicly available other than as a result of a breach of this Section, or which becomes available to the Administrative Agent, the Issuing Bank, any Lender or any Related Party of any of the foregoing on a non-confidential basis from a source other than Holdings or any of its Subsidiaries, (v) in connection with the exercise of any remedy hereunder or under any other Loan Documents or any suit, action or proceeding relating to this Agreement or any other Loan Documents or the enforcement of rights hereunder or thereunder or as otherwise required by applicable law or regulation, (vi) subject to execution by such Person of an agreement containing provisions substantially the same as those of this Section, to (A) any assignee of or Participant in, or any prospective assignee of or Participant in, any of its rights or obligations under this Agreement, or (B) any actual or prospective party (or its Related Parties) to any swap or derivative or other transaction under which payments are to be made by reference to the Borrower and its obligations, this Agreement or payments hereunder, (vii) to any rating agency, (viii) to the CUSIP Service Bureau or any similar organization, (ix) to the extent that such information is received by the Administrative Agent from a third party that is not, to the knowledge of the Administrative Agent, subject to confidentiality obligations owing to the Borrower or any Affiliate of the Borrower, (x) for purposes of establishing a "due diligence" defense, provided that prompt notice of such defense shall be provided to the Borrower, to the extent permitted by law, (xi) to the extent that such information was already in the possession of the Administrative Agent prior to any duty or other undertaking of confidentiality entered into in connection with this Agreement or any of the Loan Documents, or (xii) with the written consent of the Borrower. Any Person required to maintain the confidentiality of any information as provided for in this Section shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such information as such Person would accord its own confidential information. In the event of any conflict between the terms of this Section and those of any other Contractual Obligation entered into with any Credit Party (whether or not a Loan Document), the terms of this Section shall govern. Notwithstanding the foregoing, no such confidential information shall be disclosed to a

Disqualified Institution that has been identified to all Lenders prior to the time of such disclosure without the Borrower's consent.

Subject to the Borrower's prior written approval (such approval not to be unreasonably conditioned, withheld or delayed), the Administrative Agent, the Issuing Bank or any Lender may use non-confidential information related to this Agreement and the ~~Term Loan~~Loans made hereunder in connection with any marketing, press releases or other transactional announcements or updates provided to investor or trade publications, including, but not limited to, the placement of "tombstone" advertisements in publications of its choice at its own expense using such Loan Party's name, product photographs, logo or trademark. Each Lender hereby consents to the disclosure by the Administrative Agent or the Arranger of information necessary or customary for inclusion in league table measurements.

Section xii **Interest Rate Limitation**. Notwithstanding anything herein to the contrary, if at any time the interest rate applicable to any ~~Term~~ Loan, together with all fees, charges and other amounts which may be treated as interest on such ~~Term~~ Loan under applicable law (collectively, the "Charges"), shall exceed the maximum lawful rate of interest (the "Maximum Rate") which may be contracted for, charged, taken, received or reserved by a Lender holding such ~~Term~~ Loan in accordance with applicable law, the rate of interest payable in respect of such ~~Term~~ Loan hereunder, together with all Charges payable in respect thereof, shall be limited to the Maximum Rate and, to the extent lawful, the interest and Charges that would have been payable in respect of such ~~Term~~ Loan but were not payable as a result of the operation of this Section shall be cumulated and the interest and Charges payable to such Lender in respect of other ~~Term~~ Loans or periods shall be increased (but not above the Maximum Rate therefor) until such cumulated amount, together with interest thereon at the Federal Funds Rate to the date of repayment (to the extent permitted by applicable law), shall have been received by such Lender.

Section xiii **Waiver of Effect of Corporate Seal**. The Borrower represents and warrants that neither it nor any other Loan Party is required to affix its corporate seal to this Agreement or any other Loan Document pursuant to any Requirement of Law, agrees that this Agreement is delivered by the Borrower under seal and waives any shortening of the statute of limitations that may result from not affixing the corporate seal to this Agreement or such other Loan Documents.

Section xiv **Patriot Act**. The Administrative Agent and each Lender hereby notifies the Loan Parties that, pursuant to (a) the requirements of the Patriot Act, it is required to obtain, verify and record information that identifies each Loan Party, which information includes the name and address of such Loan Party and other information that will allow such Lender or the Administrative Agent, as applicable, to identify such Loan Party in accordance with the Patriot Act and (b) the Beneficial Ownership Regulation, it is required to obtain a Beneficial Ownership Certification.

Section xv **No Advisory or Fiduciary Responsibility**. In connection with all aspects of each transaction contemplated hereby (including in connection with any amendment, waiver or other modification hereof or of any other Loan Document), the Borrower and each other Loan Party acknowledges and agrees and acknowledges its Affiliates' understanding that (i) (A) the services regarding this Agreement provided by the Administrative Agent and/or the Lenders are arm's-length commercial transactions between the Borrower, each other Loan Party and their respective Affiliates, on the one hand, and the Administrative Agent and the Lenders, on the other hand, (B) each of the Borrower and the other Loan Parties have consulted their own legal, accounting, regulatory and tax advisors to the extent they have deemed appropriate, and (C) the Borrower and each other Loan Party is capable of evaluating and understanding, and understands and accepts, the terms, risks and conditions of the transactions contemplated hereby and by the other Loan Documents; (ii) (A) each of the Administrative

Agent and the Lenders is and has been acting solely as a principal and, except as expressly agreed in writing by the relevant parties, has not been, is not, and will not be acting as an advisor, agent or fiduciary for the Borrower, any other Loan Party or any of their respective Affiliates, or any other Person, and (B) neither the Administrative Agent nor any Lender has any obligation to the Borrower, any other Loan Party or any of their Affiliates with respect to the transaction contemplated hereby except those obligations expressly set forth herein and in the other Loan Documents; and (iii) the Administrative Agent, the Lenders and their respective Affiliates may be engaged in a broad range of transactions that involve interests that differ from those of the Borrower, the other Loan Parties and their respective Affiliates, and each of the Administrative Agent and the Lenders has no obligation to disclose any of such interests to the Borrower, any other Loan Party or any of their respective Affiliates. To the fullest extent permitted by law, each of the Borrower and the other Loan Parties hereby waives and releases any claims that it may have against the Administrative Agent or any Lender with respect to any breach or alleged breach of agency or fiduciary duty in connection with any aspect of any transaction contemplated hereby.

Section xvi **Location of Closing**. Each Lender and the Issuing Bank acknowledges and agrees that it has delivered, with the intent to be bound, its executed counterparts of this Agreement to the Administrative Agent. The Borrower acknowledges and agrees that it has delivered, with the intent to be bound, its executed counterparts of this Agreement and each other Loan Document, together with all other documents, instruments, opinions, certificates and other items required under Section 3.1, to the Administrative Agent. All parties agree that the closing of the transactions contemplated by this Agreement has occurred in New York.

Section xvii **Independence of Covenants**. All covenants hereunder shall be given independent effect so that if a particular action or condition is not permitted by any of such covenants, the fact that it would be permitted by an exception to, or would otherwise be within the limitations of, another covenant shall not avoid the occurrence of a Default or an Event of Default if such action is taken or condition exists.

Section xviii **Acknowledgement and Consent to Bail-In of ~~EEA~~Affected Financial Institutions**. Notwithstanding anything to the contrary in any Loan Document or in any other agreement, arrangement or understanding among any such parties, each party hereto acknowledges that any liability of any ~~EEA~~Affected Financial Institution arising under any Loan Document, to the extent such liability is unsecured, may be subject to the ~~Write-Down and Conversion Powers of an EEA~~write-down and conversion powers of the applicable Resolution Authority and agrees and consents to, and acknowledges and agrees to be bound by:

(1) the application of any Write-Down and Conversion Powers by ~~an EEA~~the applicable Resolution Authority to any such liabilities arising hereunder which may be payable to it by any party hereto that is an ~~EEA~~Affected Financial Institution; and

(2) the effects of any Bail-In Action on any such liability, including, if applicable (i) a reduction in full or in part or cancellation of any such liability, (ii) a conversion of all, or a portion of, such liability into shares or other instruments of ownership in such ~~EEA~~Affected Financial Institution, its parent undertaking, or a bridge institution that may be issued to it or otherwise conferred on it, and that such shares or other instruments of ownership will be accepted by it in lieu of any rights with respect to any such liability under this Agreement or any other Loan Document or (iii) the variation of the terms of such liability in connection with the exercise of the ~~Write-Down and Conversion Powers of any EEA~~write-down and conversion powers of the applicable Resolution Authority.

Section xix **Acknowledgement Regarding Any Supported QFCs.** To the extent that the Loan Documents provide support, through a guarantee or otherwise, for Hedging Transactions or any other agreement or instrument that is a QFC (such support, "QFC Credit Support" and each such QFC a "Supported QFC"), the parties acknowledge and agree as follows with respect to the resolution power of the Federal Deposit Insurance Corporation under the Federal Deposit Insurance Act and Title II of the Dodd-Frank Wall Street Reform and Consumer Protection Act (together with the regulations promulgated thereunder, the "U.S. Special Resolution Regimes") in respect of such Supported QFC and QFC Credit Support (with the provisions below applicable notwithstanding that the Loan Documents and any Supported QFC may in fact be stated to be governed by the laws of the State of New York and/or of the United States or any other state of the United States):

(1) In the event a Covered Entity that is party to a Supported QFC (each, a "Covered Party") becomes subject to a proceeding under a U.S. Special Resolution Regime, the transfer of such Supported QFC and the benefit of such QFC Credit Support (and any interest and obligation in or under such Supported QFC and such QFC Credit Support, and any rights in property securing such Supported QFC or such QFC Credit Support) from such Covered Party will be effective to the same extent as the transfer would be effective under the U.S. Special Resolution Regime if the Supported QFC and such QFC Credit Support (and any such interest, obligation and rights in property) were governed by the laws of the United States or a state of the United States. In the event a Covered Party or a BHC Act Affiliate of a Covered Party becomes subject to a proceeding under a U.S. Special Resolution Regime, Default Rights under the Loan Documents that might otherwise apply to such Supported QFC or any QFC Credit Support that may be exercised against such Covered Party are permitted to be exercised to no greater extent than such Default Rights could be exercised under the U.S. Special Resolution Regime if the Supported QFC and the Loan Documents were governed by the laws of the United States or a state of the United States. Without limitation of the foregoing, it is understood and agreed that rights and remedies of the parties with respect to a Defaulting Lender shall in no event affect the rights of any Covered Party with respect to a Supported QFC or any QFC Credit Support.

(2) As used in this Section 10.19, the following terms have the following meanings:

"BHC Act Affiliate" of a party means an "affiliate" (as such term is defined under, and interpreted in accordance with, 12 U.S.C. 1841(k)) of such party.

"Covered Entity" means any of the following:

(i) a "covered entity" as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 252.82(b);

(ii) a "covered bank" as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 47.3(b); or (iii) a "covered FSI" as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 382.2(b).

"Default Right" has the meaning assigned to that term in, and shall be interpreted in accordance with, 12 C.F.R. §§ 252.81, 47.2 or 382.1, as applicable.

"QFC" has the meaning assigned to the term "qualified financial contract" in, and shall be interpreted in accordance with, 12 U.S.C. 5390(c)(8)(D).

Section xx **Electronic Signatures.** The words "execution," "execute," "signed," "signature," and words of like import in or related to this Agreement or any other document to be signed in connection with this Agreement and the transactions contemplated hereby shall be deemed to include electronic signatures, the electronic matching of assignment terms and contract formations on electronic platforms approved by the Administrative Agent, or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, or any other similar state laws based on the Uniform Electronic Transactions Act; *provided* that notwithstanding anything contained herein to the contrary the Administrative Agent is under no obligation to agree to accept electronic signatures in any form or in any format unless expressly agreed to by the Administrative Agent pursuant to procedures approved by it.

Article XI.

SVB ASSIGNMENT AND ESCROW AGREEMENTS

Section i **SVB Assignment**. Immediately prior to giving effect to this Agreement, Silicon Valley Bank held outstanding Term Loans in a principal amount equal to $24,937,500.00 in its capacity as a lender under the Existing Credit Agreement (the "SVB Loans"). Simultaneously with the closing of this Agreement, it is understood and agreed by all Persons signatory hereto that Silicon Valley Bank shall sell and assign to the Assignee Lenders, and the Assignee Lenders shall purchase and assume from Silicon Valley Bank, all of Silicon Valley Bank's rights and obligations under the Existing Credit Agreement including the SVB Loans and all accrued interest thereon (the "SVB Assignment") on the terms and conditions set forth in that certain Assignment and Acceptance, dated as of the Closing Date, by and between Silicon Valley Bank and the Assignee Lenders (and consented to by the Borrower), which assignment shall be effective as of the Closing Date. For the avoidance of doubt, the portion of SVB Loans assigned to each Assignee Lender pursuant to the SVB Assignment on the Closing Date shall be as follows:

~~SunTrust~~Truist Bank: $18,703,125.00
The Huntington National Bank: $6,234,375.00

Section ii **Escrow Arrangements**. In order to induce the Assignee Lenders to purchase and assume the SVB Loans pursuant to the SVB Assignment, the Borrower has agreed to remit the Escrow Funds on the Closing Date to the Escrow Agent for the benefit of each Assignee Lender in accordance with the applicable Escrow Agreement for the applicable Assignee Lender for the period commencing on the Closing Date and ending on the earliest to occur of (i) the three- month anniversary of the Closing Date and (ii) the date that the Escrow Funds are disbursed in full pursuant to any prepayment described in Section 11.4 (such period, the "Escrow Period").

Section iii **Assignments During Escrow Period**.

(1) Optional Assignment. Notwithstanding anything else to the contrary contained herein (including, without limitation, Section 10.4(b)), no Assignee Lender shall be permitted to assign all or any portion of its Term Loans during the Escrow Period other than in connection with a Qualified Assignment pursuant to Section 11.3(b) below.

(2) Mandatory Qualified Assignment. During the Escrow Period, (i) each of the parties hereto acknowledges and agrees that the Borrower may engage the Arranger to use commercially reasonable efforts to further syndicate the SVB Loans acquired and held by the Assignee Lenders and (ii) each Assignee Lender agrees to assign a portion of its Term Loans in an amount not to exceed such Assignee Lender's Qualified Amount pursuant to, and to otherwise facilitate the execution, delivery and execution of, a Qualified Assignment. The assignee in any Qualified Assignment shall purchase from each Assignee Lender such Assignee Lender's share of the Term Loans that are being assigned and each such Assignee Lender shall thereafter promptly return (or cause to be returned by the Escrow Agent in accordance with the terms of the Escrow Agreement) an amount of the Escrow Funds equal to the principal amount of the Term Loans so assigned by such Assignee Lender to the Borrower (with any excess Escrow Funds to be applied as a prepayment in accordance with Section 11.4(b) below); provided that upon the return of any Escrow Funds to the Borrower under this Section 11.3(b) (whether by the Escrow Agent or the applicable Assignee Lender), such cash shall no longer be Excluded Property solely due to it previously having been Escrow Funds.

Upon the expiration of the Escrow Period, Section 10.4 (together with any other corresponding provisions) shall govern the terms and conditions of assignments without giving effect to this Section 11.3.

Section iv **Escrow Agreement Prepayments**.

(1) Optional Prepayment. The Borrower shall have the right at any time upon written notice to the Administrative Agent and the Assignee Lenders to cause all or a portion of the Escrow Funds to be applied to prepay the Term Loans held by the Assignee Lenders subject to and in accordance with subsection (c) of this Section, the notice provisions of Section ~~2.6~~2.10 and the terms and conditions of the Escrow Agreement.

(2) Mandatory Prepayment. Immediately upon receipt by an Assignee Lender of any Escrow Funds pursuant to Section 1.3 of the Escrow Agreement, the full amount of the Escrow Funds received by such Assignee Lender shall be required to be applied to prepay the Term Loans in accordance with subsection (c) of this Section.

(3) Application of Prepayments. Any application of Escrow Funds to prepay the Term Loans pursuant to subsections (a) and (b) above shall be applied (i) to the principal balance of the Term Loans held by each Assignee Lender based on such Assignee Lender's *pro rata* share of the aggregate amount of Escrow Funds existing and held by the Assignee Lenders immediately prior to giving effect to the prepayment and (ii) to the installments of the Term Loans held by such Assignee Lenders in the inverse order of maturity. It is understood and agreed that no amortization payment or mandatory or voluntary prepayment paid in cash during the Escrow Period (from funds other than the Escrow Funds) shall cause the Escrow Funds to be reduced.

For the avoidance of doubt, the parties agree that any prepayment made with the Escrow Funds pursuant to this Section 11.4 shall only be applied to reduce the Term Loans held by the Assignee Lenders and no portion shall be used or required to prepay any Indebtedness consisting of the NPA Financing.

Section v **Remedies**. It is understood and agreed by all parties to this Agreement that, in addition to each Assignee Lender's rights with respect to the Escrow Funds as set forth herein, each Assignee Lender shall also have the right to provide written instructions directing the Escrow Agent to disburse the Escrow Funds from the applicable Escrow Account and apply the proceeds thereof to prepay such Assignee

Lender’s Term Loans in accordance with and subject to the terms and conditions of the Escrow Agreement.

Section vi **Termination**. Upon the expiration of the Escrow Period (including the completion of any prepayments in full of the Escrow Funds giving rise to such expiration), (i) Sections 11.2 through 11.5, the corresponding definitions and other provisions herein solely relating to the Escrow Agreements shall be deemed to be null and void (without impairing the validity or effectiveness of any other provision of this Agreement), (ii) the Escrow Accounts shall be closed and (iii) the Escrow Agreements shall be terminated pursuant to the terms hereof and thereof.

[*Remainder of page intentionally blank; signature pages follow.*]

Annex B

Schedules I, 4.14, 4.16 and 4.18

SCHEDULE I

Commitments and Outstanding Term Loan Amounts

Lender	Revolving Commitment Amount	Term Loan Commitment	Outstanding Principal Amount of Term Loans (immediately after Second Amendment Effective Date)
Truist Bank	$17,500,000	$17,500,000	$17,500,000
The Huntington National Bank	$12,500,000	$12,500,000	$12,500,000
Western Alliance Bank	$12,500,000	$12,500,000	$12,500,000
Goldman Sachs Lending Partners LLC	$12,500,000	$12,500,000	$12,500,000
Wells Fargo Bank, National Association	$15,000,000	$15,000,000	$15,000,000
Barclays Bank PLC	$12,500,000	$12,500,000	$12,500,000
Morgan Stanley Senior Funding, Inc.	$12,500,000	$12,500,000	$12,500,000
Deutsche Bank	$5,000,000	$5,000,000	$5,000,000
Total	$100,000,000	$100,000,000	$100,000,000

SCHEDULE 4.14

Subsidiaries

Name	**Ownership**	**Jurisdiction of Incorporation or Organization**	**Type of Entity**
Root, Inc.*	100% owned by Root Stockholdings, Inc.	Delaware	Corporation
Root Insurance Company	100% owned by Root, Inc.	Ohio	Corporation
Root Insurance Agency, LLC*	100% owned by Root, Inc.	Ohio	Limited Liability Company
Root Reinsurance Company, Ltd.	100% owned by Root, Inc.	Cayman Islands	Exempted Company
Buzzwords Labs Inc.*	100% owned by Root, Inc.	Delaware	Corporation
Root Enterprise, LLC*	100% owned by Root, Inc.	Delaware	Limited Liability Company

* Indicates Subsidiary Note Party

SCHEDULE 4.16

Deposit and Disbursement Accounts

SCHEDULE 4.18

Material Agreements

Annex C

Exhibits 2.3 and 2.4

Annex C

EXHIBIT 2.3

FORM OF NOTICE OF REVOLVING BORROWING

[*Date*][1]

Truist Bank,
as Administrative Agent
303 Peachtree Street, N.E.
Atlanta, GA 30308
Attention: Doug Kennedy

Ladies and Gentlemen:

Reference is made to that certain Amended and Restated Revolving Credit and Term Loan Agreement dated as of November 25, 2019 (as amended, restated, supplemented or otherwise modified from time to time and in effect on the date hereof, the "Loan Agreement"), by and among Root, Inc., a Delaware corporation, as Borrower, Root Stockholdings, Inc., a Delaware corporation, as Holdings, the Lenders from time to time party thereto and Truist Bank, as Administrative Agent, Issuing Bank and Swingline Lender. Capitalized terms used herein and not otherwise defined shall have the meanings assigned to such terms in the Loan Agreement. This notice constitutes a Notice of Revolving Borrowing, and the Borrower hereby requests a Borrowing under the Loan Agreement, and in that connection the Borrower specifies the following information with respect to the Borrowing requested hereby:

(A) Aggregate principal amount of Borrowing[2]: __

(B) Date of Borrowing (which is a Business Day): __

(C) Type of Revolving Loan: [Eurodollar Borrowing][Base Rate Borrowing]

(D) [Interest Period[3]:___][4]

(E) Location and number of Borrower's account to which proceeds of Borrowing are to be disbursed: __

[1] Must be made prior to 12:00 p.m. (New York City time) one (1) Business Day prior to the requested date of each Base Rate Borrowing and three (3) Business Days prior to the requested date of each Eurodollar Borrowing.

[2] Not less than $1,000,000 or a larger multiple of $1,000,000 for Eurodollar Borrowing, and not less than $1,000,000 or a larger integral multiple of $100,000 for Base Rate Borrowing (other than Base Rate Loans made pursuant to Section 2.4 or Section 2.22(d) of the Loan Agreement, which may be made in lesser amounts as provided for therein).

[3] Which must comply with the definition of "Interest Period" and not end after the Revolving Commitment Termination Date.

[4] Insert for Eurodollar Borrowings only.

[remainder of page intentionally left blank]

The Borrower hereby represents and warrants that the conditions specified in Section 3.2 of the Loan Agreement are satisfied at the time of and immediately after giving effect to the requested Borrowing.

Very truly yours,

ROOT INC.

By: __
Name:
Title:

EXHIBIT 2.4

FORM OF NOTICE OF SWINGLINE BORROWING

[*Date*]

Truist Bank,
as Administrative Agent
303 Peachtree Street, N.E.
Atlanta, GA 30308
Attention: Doug Kennedy

Ladies and Gentlemen:

Reference is made to that certain Amended and Restated Revolving Credit and Term Loan Agreement dated as of November 25, 2019 (as amended, restated, supplemented or otherwise modified from time to time and in effect on the date hereof, the "Loan Agreement"), by and among Root, Inc., a Delaware corporation, as Borrower, Root Stockholdings, Inc., a Delaware corporation, as Holdings, the Lenders from time to time party thereto and Truist Bank, as Administrative Agent, Issuing Bank and Swingline Lender. Capitalized terms used herein and not otherwise defined shall have the meanings assigned to such terms in the Loan Agreement. This notice constitutes a Notice of Swingline Borrowing, and the Borrower hereby requests a Swingline Borrowing under the Loan Agreement, and in that connection the Borrower specifies the following information with respect to the Swingline Borrowing requested hereby:

(A) Principal amount of Borrowing[5]: __

(B) Date of Swingline Borrowing (which is a Business Day): __

(C) Location and number of Borrower's account to which proceeds of the Swingline Borrowing are to be disbursed: __

[remainder of page intentionally left blank]

[5] Not less than $100,000 or a larger multiple of $50,000.

The Borrower hereby represents and warrants that the conditions specified in Section 3.2 of the Loan Agreement are satisfied at the time of and immediately after giving effect to the requested Swingline Borrowing.

Very truly yours,

ROOT INC.

By: __
Name:
Title:

Annex D

Exhibit 5.1(d)

Annex D

EXHIBIT 5.1(d)

FORM OF COMPLIANCE CERTIFICATE

To: Truist Bank, as Administrative Agent
303 Peachtree Street, N.E.
Atlanta, GA 30308
Attention: Agency Services Manager

Ladies and Gentlemen:

Reference is made to that certain Amended and Restated Revolving Credit and Term Loan Agreement dated as of November 25, 2019 (as amended, restated, supplemented or otherwise modified from time to time and in effect on the date hereof, the "Loan Agreement"), by and among Root, Inc., a Delaware corporation (the "Borrower"), Root Stockholdings, Inc., a Delaware corporation ("Holdings"), the Lenders from time to time party thereto and Truist Bank, as Administrative Agent, Issuing Bank and Swingline Lender. Capitalized terms used herein and not otherwise defined shall have the meanings assigned to such terms in the Loan Agreement.

I,_____, being the duly elected and qualified, and acting in my capacity as, [Chief Financial Officer][Chief Executive Officer][Principal Accounting Officer][Treasurer][Controller] of the Borrower, and not in any individual capacity, hereby certify to the Administrative Agent and each Lender on behalf of the Borrower as follows:

1. [The consolidated [and consolidating][6] financial statements and the related statements of income, stockholders' equity and cash flows of Holdings and its Subsidiaries are attached hereto for the Fiscal Year ending _____ pursuant to Section 5.1(a) of the Loan Agreement.][7]

[The financial statements of Holdings and its Subsidiaries attached hereto for the Fiscal Month ending___pursuant to Section 5.1(c)(i)(A) of the Loan Agreement fairly present in all material respects the financial condition and the results of operations of Holdings and its Subsidiaries as at the end of such Fiscal Month on a consolidated and consolidating basis, and the related statements of income, stockholders' equity and cash flows of Holdings and its Subsidiaries for such Fiscal Month, in accordance with GAAP consistently applied (subject, in the case of such monthly financial statements, to normal year- end audit adjustments and the absence of footnotes).][8]

[The financial statements of Holdings and its Subsidiaries attached hereto for the Fiscal Quarter ending _____ pursuant to Section 5.1(c)(i)(B) of the Loan Agreement fairly present in all material respects the financial condition and the results of operations of Holdings and its Subsidiaries as at the end of such Fiscal Quarter on a consolidated basis, and the related statements of income, stockholders' equity and cash flows of Holdings and its Subsidiaries for such Fiscal Quarter, in accordance with GAAP

[6] Consolidating financials only required prior to the occurrence of a Significant Equity Capital Raise.

[7] To be included for Compliance Certificate delivered in connection with annual financial statements pursuant to Section 5.1(a) of the Loan Agreement.

[8] To be included for Compliance Certificate delivered in connection with monthly financial statements pursuant to Section 5.1(c)(i)(A) of the Loan Agreement prior to the occurrence of a Significant Equity Capital Raise.

consistently applied (subject, in the case of such quarterly financial statements, to normal year-end audit adjustments and the absence of footnotes).][9]

2. The calculations set forth in Attachment I are computations of the Risk-Based Capital Ratio for RIC calculated from the financial statements referenced in paragraph 1 above in accordance with the terms of the Loan Agreement.

3. The calculations set forth in Attachment II are computations of the Risk-Based Capital Ratio for each U.S. Insurance Subsidiary (excluding RIC) calculated from the financial statements referenced in paragraph 1 above in accordance with the terms of the Loan Agreement.

4. The calculations set forth in Attachment III are computations of the Direct Combined Ratio for the U.S. Insurance Subsidiaries calculated from the financial statements referenced in paragraph 1 above in accordance with the terms of the Loan Agreement.

5. The calculations set forth in Attachment IV are computations of Liquidity calculated from the financial statements referenced in paragraph 1 above in accordance with the terms of the Loan Agreement.

6. The calculations set forth in Attachment V are computations of the sum of Liquidity, Statutory Surplus with respect to the U.S. Insurance Subsidiaries (on an aggregate basis) and RRC Equity, each calculated from the financial statements referenced in paragraph 1 above in accordance with the terms of the Loan Agreement.

7. The calculations set forth in Attachment VI are computations of the Statutory Surplus with respect to each Foreign Insurance Subsidiary (other than Root Reinsurance Company, Ltd.) calculated from the financial statements referenced in paragraph 1 above in accordance with the terms of the Loan Agreement.

8. The calculations set forth in Attachment VII are computations of the Leverage Ratio calculated from the financial statements referenced in paragraph 1 above in accordance with the terms of the Loan Agreement.

9. The calculations set forth in Attachment VIII are computations of the aggregate outstanding principal amount of Indebtedness (other than Bank Product Obligations) of Holdings and its Subsidiaries on a consolidated basis calculated from the financial statements referenced in paragraph 1 above in accordance with the terms of the Loan Agreement (without limiting the restrictions set forth in Section 7.1 of the Loan Agreement).

10. [Attachment IX sets forth any change in the identity of the Subsidiaries as of the end of such [Fiscal Year][Fiscal Month][Fiscal Quarter] period covered by the financial statements attached hereto from the Subsidiaries identified to the Lenders [on the Closing Date][as of the most recent [Fiscal Year][Fiscal Month][Fiscal Quarter], to the extent not already disclosed to the Administrative Agent pursuant to Section 6.6 of the Guaranty and Security Agreement.]

[9] To be included for Compliance Certificate delivered in connection with quarterly financial statements pursuant to Section 5.1(c)(i)(B) of the Loan Agreement after the occurrence of a Significant Equity Capital Raise.

11. Based upon a review of the activities of Holdings and its Subsidiaries and the financial statements attached hereto during the period covered thereby, as of the date hereof, there exists no Default or Event of Default *[if such is not the case, specify such Default or Event of Default and its nature, when it occurred and whether it is continuing and the steps being taken by Holdings with respect to such event, condition or failure]*.

12. There has been [no change][a change] in GAAP or in the application thereof that has occurred and that resulted in a change in the financial results set forth in the financial statements since the date of Holdings' and the Subsidiaries' most recently delivered audited financial statements delivered pursuant to Section 5.1(a) or Section 5.1(c)(i) of the Loan Agreement *[if such is not the case, specify such change and the effect of such change on the financial statements accompanying this Compliance Certificate]*.

13. [No Loan Party, either by itself or through any agent, employee, licensee or designee, has filed an application for the registration of any Copyright, Patent, Trademark, or IP License (to the extent constituting an exclusive license in favor of such Loan Party to specifically identified registrations or applications for Copyrights, Trademarks, and Patents)][Attachment [IX][X] sets forth a list of any applications filed for the registration of Copyrights, Patents, Trademarks, and/or IP Licenses (to the extent constituting an exclusive license in favor of any Loan Party to specifically identified registrations or applications for Copyrights, Trademarks, and Patents)] with the United States Copyright Office, the United States Patent and Trademark Office or any similar office or agency in any other country or any political subdivision thereof since the date of the most recently delivered Compliance Certificate delivered pursuant to Section 5.1(a) or (c)(i) of the Loan Agreement, as applicable.

[Signature on Next Page]

Exhibit 5.1(d)

IN WITNESS WHEREOF, I have hereunto signed my name as _____ of the Borrower, and not in an individual capacity, as of the date first set forth above.

Name:
Title:

Exhibit 5.1(d)

Attachment I: Risk-Based Capital Ratio (RIC)

The calculations set forth on this Attachment I are computations of the Risk-Based Capital Ratio calculated from the financial statements of RIC as of the last day of the Test Date ended _____ __, 20__, made in accordance with the terms of the Loan Agreement.

[Calculations to be attached]

Actual:___:__

Highest Risk-Based Capital Ratio required (x) by the Insurance Regulatory Authority of the State of Ohio (or in the event RIC redomiciles in any other state, then the applicable Insurance Regulatory Authority in such other state of domicile) or (y) pursuant to any agreement, instrument or Guarantee entered into by Holdings or any of its Subsidiaries and applicable to RIC (whether or not RIC is a party thereto)	_.___:1.00
Minimum for each Test Date ending on or after November 30, 2019	The greater of (i) 2.50:1.00 and (ii) the ratio set forth immediately above

[remainder of page intentionally left blank]

Attachment II: Risk-Based Capital Ratio (U.S. Insurance Subsidiaries (other than RIC))

The calculations set forth on this Attachment II are computations of the Risk-Based Capital Ratio calculated from the financial statements of each U.S. Insurance Subsidiary (excluding RIC) as of the last day of the Test Date ended _____ __, 20__, made in accordance with the terms of the Loan Agreement.

[Calculations to be attached]

Actual:__:__

Highest Risk-Based Capital Ratio required (x) by the Insurance Regulatory Authority of the State of [____] or (y) pursuant to any agreement, instrument or Guarantee entered into by Holdings or any of its Subsidiaries and applicable to such U.S. Insurance Subsidiary (whether or not such U.S. Insurance Subsidiary is a party thereto)	_.___:1.00
Minimum for each Test Date ending on or after November 30, 2019[10]	The greater of (i) 2.50:1.00 and (ii) the ratio set forth immediately above [11]

[remainder of page intentionally left blank]

[10] NTD: To be state of domicile for applicable U.S. Insurance Subsidiary

[11] Root to provide for every U.S. Insurance Subsidiary.

Attachment III: Direct Combined Ratio

The calculations set forth on this Attachment III are computations of the Direct Combined Ratio calculated from the financial statements of the U.S. Insurance Subsidiaries as of the last day of the Fiscal Quarter ended _____ __, 20_, made in accordance with the terms of the Loan Agreement.

[Calculations to be attached]

Actual: __.__%

Maximum as of Fiscal Quarter end December 31, 2019 152.9%

Maximum as of Fiscal Quarter end March 31, 2019 140.7%

Maximum as of Fiscal Quarter end June 30, 2020 133.6%

Maximum as of Fiscal Quarter end September 30, 2020 132.5%

Maximum as of Fiscal Quarter end December 31, 2020 130.0%

Maximum as of Fiscal Quarter end March 31, 2021 127.5%

Maximum as of Fiscal Quarter end June 30, 2021 127.5%

Maximum as of Fiscal Quarter end September 30, 2021 127.5%

[remainder of page intentionally left blank]

Attachment IV: Liquidity

Attachment IV sets forth the Loan Parties' Liquidity[12] as of_____ __, 20__, as determined in accordance with the terms of the Loan Agreement.

[Calculations to be attached]

Actual: $ _____.__

Minimum at any time: $25,000,000.00

[remainder of page intentionally left blank]

[12] "Liquidity" shall mean, on any date of determination, all cash and all cash equivalents (including any Permitted Investment that is a cash equivalent) owned and held by the Loan Parties, in each case, on the date of determination; provided however, that amounts calculated under this definition shall exclude any amounts that would not be considered "cash" or "cash equivalents" under GAAP or "cash" or "cash equivalents" as recorded on the books of the Loan Parties; provided, further, that amounts and cash equivalents included under this definition shall (i) be included only to the extent such amounts or cash equivalents are (A) not subject to any Lien or other restriction or encumbrance of any kind (other than Liens (x) arising solely by virtue of any statutory or common law provision relating to banker's liens, rights of set-off or similar rights so long as such liens and rights are not being enforced or otherwise exercised, (y) in favor of Administrative Agent or (z) permitted by Section 7.2(a)(ii) of the Loan Agreement and (B) subject to a perfected Lien in favor of the Administrative Agent and (ii) exclude any amounts held by the Loan Parties in escrow, trust or other fiduciary capacity for or on behalf of a client of Holdings, the Borrower, any Subsidiary of Holdings or any of their respective Affiliates.

Attachment V: Minimum Liquidity, Statutory Surplus and RRC Equity

The calculations set forth on this Attachment VI are computations of the sum of (i) Liquidity, (ii) the Statutory Surplus of the U.S. Insurance Subsidiaries (on an aggregate basis) and (iii) RRC Equity, in each case, as of the following Test Date: _____ __, 20__, as determined in accordance with the terms of the Loan Agreement.

[Calculations to be attached]

(a) Statutory Surplus of U.S. Insurance $__

Subsidiaries
(b) Liquidity $__[13]

(c) RRC Equity $__

Actual: ((a) + (b) + (c)) $__

Minimum at any time $__[14]

[remainder of page intentionally left blank]

[13] Insert figure from Attachment IV.

[14] Amount to be $125,000,000 plus the greater of (A) $0 and (B) an amount equal to 15.0% of Net Written Premiums for the twelve-month period ending on the Test Date minus Net Written Premiums for the twelve-month period on the last day of the month or quarter, as applicable, ended prior to the Test Date; provided, that at no time shall the amount required under Section 6.5 of the Loan Agreement exceed the sum of the aggregate outstanding amount of all Loans plus the outstanding amount of all NPA Notes under the NPA Financing (other than any capitalized PIK Interest (as defined in the Note Purchase Agreement)) plus outstanding Letters of Credit.

Attachment VI: Statutory Surplus

The calculations set forth on this Attachment VI are computations of the Statutory Surplus calculated from the financial statements of each Foreign Insurance Subsidiary (other than Root Reinsurance Company, Ltd.**)** as of the following Test Date: _____ __, 20__, as determined in accordance with the terms of the Loan Agreement.

[Calculations to be attached]

Each Foreign Insurance Subsidiaries	
Statutory Surplus of [_____] (a Foreign Insurance Subsidiary)	$_____
Minimum for any Test Date:	105% of the Statutory Surplus required to be held by such Foreign Insurance Subsidiary, as determined in order to comply with the law and regulatory requirements applicable to such Foreign Insurance Subsidiary[15]

[remainder of page intentionally left blank]

[15] Root to provide required amount for each Foreign Insurance Subsidiary (other than Root Reinsurance Company, Ltd.).

Attachment VII: Leverage Ratio

The calculations set forth on this Attachment VII are computations of the Leverage Ratio calculated from the financial statements of RRC as of the following Test Date: _____ __, 20__, made in accordance with the terms of the Loan Agreement.

[Calculations to be attached]

Actual:____:____

Maximum for each Fiscal [Month][Quarter][16] **___**:___:1.00[17]

[remainder of page intentionally left blank]

[16] Select monthly test at all times prior to the occurrence of a Significant Equity Capital Raise; quarterly thereafter.

[17] To be the lesser of (i) 10.00 to 1.00 and (ii) the amount required by the Insurance Regulatory Authority governing RRC in its jurisdiction of domicile. Root to provide amount referenced in the foregoing clause (ii).

Attachment VIII: Funded Indebtedness

Attachment VIII sets forth the aggregate outstanding principal amount of Indebtedness (other than Bank Product Obligations) of Holdings and its Subsidiaries as of _____ __, 20__, as determined in accordance with the terms of the Loan Agreement and without limiting the restrictions set forth in Section 7.1 of the Loan Agreement.

[Calculations to be attached]

Actual:____:____

Maximum at any time prior to the occurrence of a Significant Equity Capital Raise	$450,000,0000
Maximum at any time after the occurrence of a Significant Equity Capital Raise **if**:[18]	
a. the net cash proceeds of the Significant Equity Capital Raise received by Holdings exceeded $1,000,000,0000:	$750,000,000
b. the net cash proceeds of the Significant Equity Capital Raise received by Holdings exceeded $650,000,0000 but were equal to or less than $1,000,000,0000:	$600,000,000
c. the net cash proceeds of the Significant Equity Capital Raise received by Holdings exceeded $550,000,0000 but were equal to or less than $650,0000,000:	$500,000,000
d. the net cash proceeds of the Significant Equity Capital Raise received by Holdings were less than or equal to $550,000,000:	$450,000,000

[Attachment IX: Changes in the Identity of the Subsidiaries]

[18] The Acquisition Consideration paid for any Investment made pursuant to Section 7.4(q) of the Loan Agreement shall be deducted from the calculation of the net cash proceeds received in clauses (a) through (d) of this Attachment VIII.

[Attachment [IX][X]: IP Filings]

Exhibit 5.1(d)

Annex E

Amended Guaranty and Security Agreement

Annex ~~I~~E

Execution Version

NOTWITHSTANDING ANYTHING HEREIN TO THE CONTRARY, (I) THE LIEN AND SECURITY INTEREST GRANTED TO THE ADMINISTRATIVE AGENT, FOR THE BENEFIT OF THE SECURED PARTIES, PURSUANT TO THIS AGREEMENT ARE SUBJECT TO THE PROVISIONS OF THE INTERCREDITOR AGREEMENT, DATED AS OF NOVEMBER 25, 2019, AS AMENDED, RESTATED OR OTHERWISE MODIFIED FROM TIME TO TIME, AMONG THE ADMINISTRATIVE AGENT, THE NPA AGENT, HOLDINGS, THE BORROWER AND THE OTHER LOAN PARTIES FROM TIME TO TIME PARTY THERETO, AND (II) THE EXERCISE OF ANY RIGHT OR REMEDY BY THE ADMINISTRATIVE AGENT AND THE OTHER SECURED PARTIES HEREUNDER IS SUBJECT TO THE PROVISIONS OF THE INTERCREDITOR AGREEMENT. IN THE EVENT OF ANY CONFLICT BETWEEN THE TERMS OF THE INTERCREDITOR AGREEMENT AND THIS AGREEMENT, THE TERMS OF THE INTERCREDITOR AGREEMENT SHALL GOVERN AND CONTROL.

GUARANTY AND SECURITY AGREEMENT

dated as of April 17, 2019

made by

ROOT, INC.
as a Grantor

and

THE OTHER GRANTORS FROM TIME TO TIME PARTY HERETO

in favor of

~~SUNTRUST~~TRUIST BANK
as Administrative Agent

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GUARANTY AND SECURITY AGREEMENT

THIS GUARANTY AND SECURITY AGREEMENT, dated as of April 17, 2019, is made by **ROOT, INC.**, a Delaware corporation (the "Borrower"), **ROOT INSURANCE AGENCY, LLC**, an Ohio limited liability company ("RIA"), and the other Persons party hereto from time to time (including pursuant to a joinder consummated after the date hereof in accordance with the terms hereof) as a "Grantor" (together with the Borrower and RIA, each, a "Grantor" and, collectively, the "Grantors"), in favor of ~~**SUNTRUST**~~**TRUIST BANK**, successor by merger to SunTrust Bank, as administrative agent (in such capacity, together with its successors in such capacity, the "Administrative Agent") for the Secured Parties (as defined below).

WHEREAS, the Borrower is entering into that certain Term Loan Agreement, dated as of the date hereof, by and among the Borrower, the several banks and other financial institutions and lenders from time to time party thereto, and the Administrative Agent, which, among other things, provides for the making by the Lenders of a $100,000,000 term loan facility on the Original Closing Date (as ~~may be~~amended by that certain Amended and Restated Term Loan Agreement, dated as of November 25, 2019, that certain First Amendment to Amended and Restated Term Loan Agreement, dated February 20, 2020 and that certain Second Amendment to Amended and Restated Term Loan Agreement, dated September 14, 2020 (which, among other things, amended the title of such document to the "Amended and Restated Revolving Credit and Loan Agreement" and added a $100,000,000 revolving credit facility to the existing term loan facility and increased the principal amount of the term loan facility to $100,000,000 as of the Second Amendment Effective Date), and as may be further amended, restated, supplemented, replaced, increased, refinanced or otherwise modified from time to time, ~~including pursuant to that Amended and Restated Term Loan Agreement, dated as of November 25, 2019, the "Term~~the "Loan Agreement"); and

WHEREAS, it is a condition precedent to the obligations of the Lenders and the Administrative Agent under the Loan Documents that the Grantors are required to enter into this Agreement, pursuant to which the Guarantors shall guaranty all Obligations of the Borrower and the Grantors shall grant Liens on all of their personal property to the Administrative Agent, on behalf of the Secured Parties, to secure their respective Obligations;

NOW, THEREFORE, in consideration of the premises and to induce the Administrative Agent and the Lenders to enter into the ~~Term~~ Loan Agreement and to induce the Lenders to make their respective extensions of credit to the Borrower thereunder, each Grantor hereby agrees with the Administrative Agent, for the ratable benefit of the Secured Parties, as follows:

ARTICLE I

DEFINITIONS

Section 1.1 Definitions.

(a) Each term defined above shall have the meaning set forth above for all purposes of this Agreement. Unless otherwise defined herein, terms defined in the ~~Term~~ Loan Agreement and used herein shall have the meanings assigned to such terms in the ~~Term~~ Loan Agreement, and the terms "Account Debtor", "Accounts", "Chattel Paper", "Commercial Tort Claims", "Deposit Accounts", "Documents", "Electronic Chattel Paper", "Equipment", "Fixtures", "General Intangibles", "Goods", "Instruments", "Inventory", "Investment Property", "Letter-of-Credit Rights", "Payment Intangibles", "Proceeds", "Supporting Obligations", and "Tangible Chattel Paper" shall have the meanings assigned to

such terms in the UCC (and, if defined in more than one article of the UCC, shall have the meaning given in Article 9 thereof) as in effect on the date hereof:

(b) The following terms shall have the following meanings:

"Agreement" shall mean this Guaranty and Security Agreement, as amended, restated, supplemented or otherwise modified from time to time.

"Collateral" shall have the meaning set forth in Section 3.1.

"Copyright Licenses" shall mean any and all present and future written agreements providing for the granting of any right in or to Copyrights (whether the applicable Grantor is licensee or licensor thereunder), including, without limitation, any thereof referred to in Schedule 8.

"Copyrights" shall mean, collectively, with respect to each Grantor, all copyrights, whether registered or unregistered, owned by or assigned to such Grantor and all registrations and applications for the foregoing (whether by statutory or common law, whether established or registered in the United States, any State thereof, or any other country or any political subdivision thereof and, in each case, owned by such Grantor), and all goodwill associated therewith, now existing or hereafter adopted or acquired, together with any and all (i) rights and privileges arising under applicable law with respect to such Grantor's use of any copyrights, (ii) reissues, continuations, extensions and renewals thereof and amendments thereto, (iii) income, fees, royalties, damages and payments now and hereafter due and/or payable thereunder and with respect thereto, including damages, claims and payments for past, present or future infringements thereof, (iv) rights corresponding thereto throughout the world and (v) rights to sue for past, present or future infringements thereof, including, without limitation, any thereof referred to in Schedule 8.

"Excluded Account" shall mean any of the following Deposit Accounts: (a) zero-balance Deposit Accounts, (b) payroll, withholding, trust, escrow, impound and other fiduciary Deposit Accounts, (c) any Deposit Accounts with aggregate balance in all such accounts not to exceed $250,000; provided, that (A) the Escrow Accounts and Escrow Funds on deposit therein shall not constitute assets of any Loan Party, but, alternatively, in the event that the Escrow Accounts or Escrow Funds are deemed to be assets of any Loan Party, the Escrow Accounts shall be Excluded Accounts (and therefore not be "Collateral" or "Controlled Accounts" as defined hereunder or under the Collateral Documents) and (B) the Escrow Funds shall also be Excluded Property and not subject to the Intercreditor Agreement in any respect.

"Excluded Property" shall mean, collectively:

(a) any intent-to-use trademark application prior to the filing of a "Statement of Use", "Amendment to Allege Use" or similar filing with respect thereto, solely to the extent, if any, that, and solely during the period, if any, in which the grant of a security interest therein would impair the validity or enforceability of such intent-to-use trademark application under applicable law;

(b) any assets of any Insurance Subsidiary or any Subsidiary of an Insurance Subsidiary;

(c) any Capital Stock or Stock Equivalents of any Insurance Subsidiary or any Subsidiary of an Insurance Subsidiary, solely to the extent that the pledge of such Capital Stock or Stock Equivalents (i) is prohibited by, applicable laws (including, without limitation, rules and regulations of any Insurance Regulatory Authority or any other Governmental Authority or agency) or (ii) would result

in an acquisition or change of control as to which the prior approval of any Insurance Regulatory Authority or any other Governmental Authority or agency would be required (and, for the avoidance of doubt, solely to the extent that such approval has not been obtained) (the "Insurance Subsidiary Pledged Shares");

(d) any motor vehicles, aircraft and other similar assets subject to certificates of title or ownership (except to the extent a security interest therein can be perfected by the filing of a UCC financing statement);

(e) Letter-of-Credit Rights to the extent not constituting Supporting Obligations (except to the extent a security interest therein can be perfected by the filing of a UCC financing statement);

(f) except with respect to the Capital Stock or Stock Equivalents of any Insurance Subsidiary or any Subsidiary of an Insurance Subsidiary (which is governed exclusively by clause (c) immediately above), any property or assets to the extent that (i) the Administrative Agent may not validly possess a security interest therein under, or such security interest is prohibited by, applicable laws (including, without limitation, rules and regulations of any Insurance Regulatory Authority or any other Governmental Authority or agency) or (ii) the pledge or creation of a security interest in which would require third party consent, approval, license or authorization not obtained, other than to the extent such covenant, prohibition or limitation (A) is rendered ineffective or unenforceable under the UCC or other applicable law notwithstanding such prohibition or (B) is otherwise terminated or waived; provided, that, in the case of clause (ii), such property or assets shall not be excluded to the extent that the contract or agreement related thereto was executed in contemplation of this Agreement;

(g) Excluded Accounts;

(h) Margin Stock;

(i) any interest in leased real property (including Fixtures related thereto);

(j) any fee interest in owned real property (including Fixtures related thereto) if the fair market value of such fee interest is less than $5,000,000 individually;

(k) any lease, license, permit, franchise or other agreement or any property subject to a purchase money security interest or Lien securing a capital lease (or similar arrangement having the same economic effect as the foregoing), in each case solely to the extent that, and only so long as, (i) such lease, license, agreement or property is permitted under the Loan Documents and (ii) a grant of a security interest or creation of a Lien therein to secure the Obligations (A) would require third party consent, approval, license or authorization not obtained or (B) would violate the terms of such lease, license, permit, franchise or other agreement or the contract related thereto or would give rise to a termination right thereunder in favor of a party thereto other than the Borrower or a Guarantor, in each case other than to the extent such condition, prohibition or limitation (x) is rendered ineffective or unenforceable under the anti-assignment provisions UCC or other applicable law or (y) is otherwise terminated or waived (at which time the security interest granted hereunder shall attach immediately); provided, that such lease, license, permit, franchise or other agreement or property shall not be excluded to the extent that the contract or agreement related thereto was executed in contemplation of this Agreement; and

(l) any other particular assets solely to the extent that, and only for so long as, the Administrative Agent agrees in its reasonable discretion that the cost of creating or perfecting a security

interest in such assets exceeds the practical benefits to be obtained by the Lenders therefrom; provided, that "Excluded Property" shall not include any proceeds, products, substitutions or replacements of Excluded Property (unless such proceeds, products, substitutions or replacements would otherwise constitute Excluded Property).

"Guaranteed Obligations" shall have the meaning set forth in Section 2.1(a). "Guarantors" shall mean, collectively, each Grantor other than the Borrower.

"IP License" shall mean, collectively, each Copyright License, Trademark License and Patent License.

"Issuers" shall mean, collectively, each issuer of a Pledged Security.

"Margin Stock" shall have the meaning assigned to such term in Regulation U. "Monetary Obligation" shall mean a monetary obligation secured by Goods or owed under a lease of Goods and includes a monetary obligation with respect to software used in Goods.

"Note" shall mean an instrument that evidences a promise to pay a Monetary Obligation and any other instrument within the description of "promissory note" as defined in Article 9 of the UCC.

"Patent Licenses" shall mean any and all present and future written agreements providing for the granting of any right in or to Patents (whether the applicable Grantor is licensee or licensor thereunder), including, without limitation, any thereof referred to in Schedule 6.

"Patents" shall mean, collectively, with respect to each Grantor, all letters patent issued or assigned to, and all patent applications and registrations made by, such Grantor (whether established or registered or recorded in the United States, any State thereof or any other country or any political subdivision thereof and, in each case, owned by such Grantor), and all goodwill associated therewith, now existing or hereafter adopted or acquired, together with any and all (i) rights and privileges arising under applicable law with respect to such Grantor's use of any patents, (ii) inventions and improvements described and claimed therein, (iii) reissues, divisions, continuations, renewals, extensions and continuations-in-part thereof and amendments thereto, and rights to obtain any of the foregoing, (iv) income, fees, royalties, damages, claims and payments now or hereafter due and/or payable thereunder and with respect thereto including damages and payments for past, present or future infringements thereof, (v) rights corresponding thereto throughout the world and (vi) rights to sue for past, present or future infringements thereof, including, without limitation, any thereof referred to in Schedule 6.

"Pledged Certificated Stock" shall mean all certificated securities and any other Capital Stock or Stock Equivalent of any Person, in each case, evidenced by a certificate, instrument or other similar document, in each case now owned or at any time hereafter acquired by any Grantor, and any dividend or distribution of cash, instruments or other property made on, in respect of or in exchange for the foregoing from time to time, including in each case those interests set forth on Schedule 2, in each case, other than Excluded Property.

"Pledged Securities" shall mean, collectively, all Pledged Certificated Stock and all Pledged Uncertificated Stock.

"Pledged Uncertificated Stock" shall mean any Capital Stock or Stock Equivalent of any Person, other than Pledged Certificated Stock, in each case now owned or at any time hereafter acquired by any Grantor, including all right, title and interest of any Grantor as a limited or general partner in any

partnership or as a member of any limited liability company not constituting Pledged Certificated Stock, all right, title and interest of any Grantor in, to and under any organizational document of any partnership or limited liability company to which it is a party, and any dividend or distribution of cash, instruments or other property made on, in respect of or in exchange for the foregoing from time to time, including in each case those interests set forth on Schedule 2, in each case, other than Excluded Property.

"Qualified ECP Guarantor" shall mean, in respect of any Swap Obligation, each Loan Party that has total assets exceeding $10,000,000 at the time the relevant Guarantee or grant of the relevant security interest becomes effective with respect to such Swap Obligation or such other person as constitutes an "eligible contract participant" under the Commodity Exchange Act or any regulations promulgated thereunder and can cause another Person to qualify as an "eligible contract participant" at such time by entering into a keepwell under Section 1a(18)(A)(v)(II) of the Commodity Exchange Act. time to time.

"Secured Obligations" shall have the meaning set forth in Section 3.1.

"Securities Act" shall mean the Securities Act of 1933, as amended and in effect from "Stock Equivalents" shall mean all securities convertible into or exchangeable for Capital Stock or any other Stock Equivalent and all warrants, options or other rights to purchase, subscribe for or otherwise acquire any Capital Stock or any other Stock Equivalent, whether or not presently convertible, exchangeable or exercisable.

"Trademark Licenses" shall mean any and all present and future written agreements providing for the granting of any right in or to Trademarks (whether the applicable Grantor is licensee or licensor thereunder), including, without limitation, any thereof referred to in Schedule 7.

"Trademarks" shall mean, collectively, with respect to each Grantor, all trademarks, service marks, slogans, logos, certification marks, trade dress, uniform resource locations (URL's), domain names, corporate names, trade names and other source or business identifiers, whether registered or unregistered, owned by or assigned to such Grantor and all registrations and applications for the foregoing (whether by statutory or common law, whether established or registered in the United States, any State thereof, or any other country or any political subdivision thereof and, in each case, owned by such Grantor), and all goodwill associated therewith, now existing or hereafter adopted or acquired, together with any and all (i) rights and privileges arising under applicable law with respect to such Grantor's use of any trademarks, (ii) reissues, continuations, extensions and renewals thereof and amendments thereto, (iii) income, fees, royalties, damages and payments now and hereafter due and/or payable thereunder and with respect thereto, including damages, claims and payments for past, present or future infringements thereof, (iv) rights corresponding thereto throughout the world and (v) rights to sue for past, present or future infringements thereof, including, without limitation, any thereof referred to in Schedule 7.

Section 1.2 Other Definitional Provisions; References. The definition of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words "include", "includes" and "including" shall be deemed to be followed by the phrase "without limitation". The words "other" and "otherwise" shall not be construed ejusdem generis with any foregoing words where a wider construction is possible. Except as otherwise expressly provided herein, the word "or" shall not be exclusive. The word "will" shall be construed to have the same meaning and effect as the word "shall". In the computation of periods of time from a specified date to a later specified date, the word "from" means

"from and including" and the word "to" means "to but excluding". Unless the context requires otherwise (a) any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as it was originally executed or as it may from time to time be amended, restated, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein), (b) any reference herein to any Person shall be construed to include such Person's successors and permitted assigns, (c) the words "herein", "hereof" and "hereunder", and words of similar import, shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof, (d) all references herein to Articles, Sections, Exhibits, Schedules and Annexes shall, unless otherwise stated, be construed to refer to Articles and Sections of, and Exhibits, Schedules and Annexes to, this Agreement, (e) any definition of or reference to any law shall include all statutory and regulatory provisions consolidating, amending, or interpreting any such law and any reference to or definition of any law or regulation, unless otherwise specified, shall refer to such law or regulation as amended, modified or supplemented from time to time, and (f) the words "asset" and "property" shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contract rights. Where the context requires, terms relating to the Collateral or any part thereof, when used in relation to a Grantor, shall refer to such Grantor's Collateral or the relevant part thereof.

ARTICLE II

GUARANTEE

Section 2.1 Guarantee.

(a) Each Guarantor unconditionally guarantees, jointly with the other Guarantors and severally, as a primary obligor and not merely as a surety, (i) the due and punctual payment of all Obligations of the Borrower and the other Loan Parties including, without limitation, (A) the principal of and premium, if any, and interest (including interest accruing during the pendency of any bankruptcy, insolvency, receivership or other similar proceeding, regardless of whether allowed or allowable in such proceeding) on the Loans, when and as due, whether at maturity, by acceleration, upon one or more dates set for prepayment or otherwise, ~~and~~ (B) each payment required to be made by the Borrower under the Loan Agreement in respect of any Letter of Credit, when and as due, including payments in respect of reimbursement or disbursements, interest thereon and obligations to provide cash collateral, and (C) all other monetary obligations, including fees, costs, expenses and indemnities, whether primary, secondary, direct, contingent, fixed or otherwise (including monetary obligations incurred during the pendency of any bankruptcy, insolvency, receivership or other similar proceeding, regardless of whether allowed or allowable in such proceeding), of the Loan Parties to the Administrative Agent ~~and~~, the Lenders and the Issuing Bank under the ~~Term~~ Loan Agreement and the other Loan Documents; (ii) the due and punctual performance of all covenants, agreements, obligations and liabilities of the Loan Parties under or pursuant to the ~~Term~~ Loan Agreement and the other Loan Documents; (iii) the due and punctual payment of all Bank Product Obligations; and (iv) the due and punctual payment and performance of all Hedging Obligations owed by any Loan Party to any Lender-Related Hedge Provider (all the monetary and other obligations referred to in the preceding clauses (i) through (iv) being collectively called the "Guaranteed Obligations"); provided, however, that in no event shall "Guaranteed Obligations" of any Guarantor include any Excluded Swap Obligation of such Guarantor. Each Guarantor further agrees that the Guaranteed Obligations may be extended or renewed, in whole or in part, without notice to or further assent from such Guarantor, and that such Guarantor will remain bound upon its guarantee notwithstanding any extension or renewal of any Guaranteed Obligations.

(b) Each Guarantor further agrees that its guarantee constitutes a guarantee of payment when due and not of collection, and waives any right to require that any resort be had by the Administrative Agent or any Secured Party to any of the security held for payment of the Guaranteed Obligations or to any balance of any deposit account or credit on the books of the Administrative Agent or any Secured Party in favor of the Borrower or any other Guarantor.

(c) It is the intent of each Guarantor and the Administrative Agent that the maximum obligations of the Guarantors hereunder shall be, but not in excess of:

(i) in a case or proceeding commenced by or against any Guarantor under the provisions of Title 11 of the United States Code, 11 U.S.C. §§101 et seq., as amended and in effect from time to time (the "Bankruptcy Code"), on or within one year from the date on which any of the Guaranteed Obligations are incurred, the maximum amount which would not otherwise cause the Guaranteed Obligations (or any other obligations of such Guarantor owed to the Administrative Agent or the Secured Parties) to be avoidable or unenforceable against such Guarantor under (i) Section 548 of the Bankruptcy Code or (ii) any state fraudulent transfer or fraudulent conveyance act or statute applied in any such case or proceeding by virtue of Section 544 of the Bankruptcy Code; or

(ii) in a case or proceeding commenced by or against any Guarantor under the Bankruptcy Code subsequent to one year from the date on which any of the Guaranteed Obligations are incurred, the maximum amount which would not otherwise cause the Guaranteed Obligations (or any other obligations of such Guarantor to the Administrative Agent or the Secured Parties) to be avoidable or unenforceable against such Guarantor under any state fraudulent transfer or fraudulent conveyance act or statute applied in any such case or proceeding by virtue of Section 544 of the Bankruptcy Code; or

(iii) in a case or proceeding commenced by or against any Guarantor under any law, statute or regulation other than the Bankruptcy Code (including, without limitation, any other bankruptcy, reorganization, arrangement, moratorium, readjustment of debt, dissolution, liquidation or similar debtor relief laws), the maximum amount which would not otherwise cause the Guaranteed Obligations (or any other obligations of such Guarantor to the Administrative Agent or the Secured Parties) to be avoidable or unenforceable against such Guarantor under such law, statute or regulation, including, without limitation, any state fraudulent transfer or fraudulent conveyance act or statute applied in any such case or proceeding.

(d) The substantive laws under which the possible avoidance or unenforceability of the Guaranteed Obligations (or any other obligations of such Guarantor to the Administrative Agent or the Secured Parties) as may be determined in any case or proceeding shall hereinafter be referred to as the "Avoidance Provisions". To the extent set forth in subsections 2.1(c)(i), (ii) and (iii) of this Section, but only to the extent that the Guaranteed Obligations would otherwise be subject to avoidance or found unenforceable under the Avoidance Provisions, if any Guarantor is not deemed to have received valuable consideration, fair value or reasonably equivalent value for the Guaranteed Obligations, or if the Guaranteed Obligations would render such Guarantor insolvent, or leave such Guarantor with an unreasonably small capital to conduct its business, or cause such Guarantor to have incurred debts (or to have intended to have incurred debts) beyond its ability to pay such debts as they mature, in each case as of the time any of the Guaranteed Obligations are deemed to have been incurred under the Avoidance Provisions and after giving effect to the contribution by such Guarantor, the maximum Guaranteed Obligations for which such Guarantor shall be liable hereunder shall be reduced to that amount which,

after giving effect thereto, would not cause the Guaranteed Obligations (or any other obligations of such Guarantor to the Administrative Agent or the Secured Parties), as so reduced, to be subject to avoidance or unenforceability under the Avoidance Provisions.

(e) This Section is intended solely to preserve the rights of the Administrative Agent and the Secured Parties hereunder to the maximum extent that would not cause the Guaranteed Obligations of such Guarantor to be subject to avoidance or unenforceability under the Avoidance Provisions, and neither the Grantors nor any other Person shall have any right or claim under this Section as against the Administrative Agent or any Secured Party that would not otherwise be available to such Person under the Avoidance Provisions.

(f) Each Guarantor agrees that if the maturity of any of the Guaranteed Obligations is accelerated by bankruptcy or otherwise, such maturity shall also be deemed accelerated for the purpose of this guarantee without demand or notice to such Guarantor. The guarantee contained in this Article shall remain in full force and effect until ~~all Guaranteed Obligations are irrevocably satisfied in full (other than (i) contingent obligations as to which no claim exists or has been asserted, (ii) Hedging Obligations owed by any Loan Party to any Lender-Related Hedge Provider, and (iii) Bank Product Obligations).~~the Termination Date.

Section 2.2 **Payments**. Each Guarantor hereby agrees and guarantees that payments hereunder will be paid to the Administrative Agent without set-off or counterclaim in U.S. dollars at the office of the Administrative Agent specified pursuant to the ~~Term~~ Loan Agreement.

ARTICLE III

GRANT OF SECURITY INTEREST

Section 3.1 **Grant of Security Interest**. Each Grantor hereby pledges to the Administrative Agent, for the ratable benefit of the Secured Parties, and grants to the Administrative Agent, for the ratable benefit of the Secured Parties, a security interest in all of such Grantor's right, title and interest in the following property now owned or at any time hereafter acquired by such Grantor or in which such Grantor now has or at any time in the future may acquire any right, title or interest and whether now existing or hereafter coming into existence (collectively, the "Collateral"), as collateral security for the prompt and complete payment and performance when due (whether at the stated maturity, by acceleration or otherwise) of the Obligations (collectively, the "Secured Obligations"); provided, however, that, notwithstanding the foregoing, in no event shall "Secured Obligations" include any Excluded Swap Obligations of any Grantor:

(a) all Accounts and Chattel Paper;

(b) all Copyrights and Copyright Licenses;

(c) all Commercial Tort Claims, including, without limitation, those set forth on Schedule 9;

(d) all Deposit Accounts;

(e) all Documents;

(f) all General Intangibles;

(g) all Goods (including, without limitation, all Inventory, all Equipment and all Fixtures);

(h) all Instruments;

(i) all Investment Property;

(j) all Letter-of-Credit Rights;

(k) all Notes and all other intercompany obligations between the Loan Parties;

(l) all Patents and Patent Licenses;

(m) all Pledged Securities;

(n) all Trademarks and Trademark Licenses;

(o) all books and records, Supporting Obligations and related letters of credit or other claims and causes of action, in each case to the extent pertaining to the Collateral; and

(p) to the extent not otherwise included, substitutions, replacements, accessions, products and other Proceeds (including, without limitation, insurance proceeds, licenses, royalties, income, payments, claims, damages and proceeds of suit) of any or all of the foregoing and all collateral security, guarantees and other Supporting Obligations given with respect to any of the foregoing;

provided that, notwithstanding the foregoing, no Lien or security interest is hereby granted on and the term "Collateral" shall not include any Excluded Property, and, to the extent that any Collateral later becomes Excluded Property, the Lien granted hereunder will automatically be deemed to have been released;

provided, further, that if and when any property (including, without limitation, the Capital Stock described in the foregoing proviso, if applicable) shall cease to be Excluded Property, a Lien on and security interest in such property shall automatically be deemed granted therein.

Section 3.2 Transfer of Pledged Securities. All certificates and instruments representing or evidencing the Pledged Certificated Stock shall be delivered to and held pursuant hereto by the Administrative Agent or a Person designated by the Administrative Agent and, in the case of an instrument or certificate in registered form, shall be duly indorsed to the Administrative Agent or in blank by an effective endorsement (whether on the certificate or instrument or on a separate writing), and accompanied by any required transfer tax stamps to effect the pledge of the Pledged Securities to the Administrative Agent. Notwithstanding the preceding sentence, each Grantor shall take all such further action as may be reasonably requested by the Administrative Agent, as to permit the Administrative Agent to be a "protected purchaser" to the extent of its security interest as provided in Section 8-303 of the UCC.

Section 3.3 Grantors Remain Liable under Accounts, Chattel Paper and Payment Intangibles. Anything herein to the contrary notwithstanding, each Grantor shall remain liable under each of the Accounts, Chattel Paper and Payment Intangibles to observe and perform all of the conditions and obligations to be observed and performed by it thereunder, all in accordance with the terms of any agreement giving rise to each such Account, Chattel Paper or Payment Intangible. Neither the

Administrative Agent nor any other Secured Party shall have any obligation or liability under any Account, Chattel Paper or Payment Intangible (or any agreement giving rise thereto) by reason of or arising out of this Agreement or the receipt by the Administrative Agent or any such other Secured Party of any payment relating to such Account, Chattel Paper or Payment Intangible pursuant hereto, nor shall the Administrative Agent or any other Secured Party be obligated in any manner to perform any of the obligations of any Grantor under or pursuant to any Account, Chattel Paper or Payment Intangible (or any agreement giving rise thereto) to make any payment, to make any inquiry as to the nature or the sufficiency of any payment received by it or as to the sufficiency of any performance by any party under any Account, Chattel Paper or Payment Intangible (or any agreement giving rise thereto), to present or file any claim, to take any action to enforce any performance or to collect the payment of any amounts which may have been assigned to it or to which it may be entitled at any time or times.

ARTICLE IV

ACKNOWLEDGMENTS, WAIVERS AND CONSENTS

Section 4.1 Acknowledgments, Waivers and Consents.

(a) Each Guarantor acknowledges and agrees that the obligations undertaken by it under this Agreement involve the guarantee of, and each Grantor acknowledges and agrees that the obligations undertaken by it under this Agreement involve the provision of collateral security for, Obligations of Persons other than such Grantor and that such Grantor's guarantee and provision of collateral security for the Secured Obligations are absolute, irrevocable and unconditional under any and all circumstances. In full recognition and furtherance of the foregoing, each Grantor understands and agrees, to the fullest extent permitted under applicable law and except as may otherwise be expressly and specifically provided in the Loan Documents, that each Grantor shall remain obligated hereunder (including, without limitation, with respect to each Guarantor the guarantee made by it herein and, with respect to each Grantor, the collateral security provided by such Grantor herein), and the enforceability and effectiveness of this Agreement and the liability of such Grantor, and the rights, remedies, powers and privileges of the Administrative Agent and the other Secured Parties under this Agreement and the other Loan Documents, shall not be affected, limited, reduced, discharged or terminated in any way:

(i) notwithstanding that, without any reservation of rights against any Grantor and without notice to or further assent by any Grantor, (A) any demand for payment of any of the Secured Obligations made by the Administrative Agent or any other Secured Party may be rescinded by the Administrative Agent or such other Secured Party and any of the Secured Obligations continued; (B) the Secured Obligations, the liability of any other Person upon or for any part thereof or any collateral security or guarantee therefor or right of offset with respect thereto may, from time to time, in whole or in part, be renewed, extended, amended, modified, accelerated, compromised, waived, surrendered or released by, or any indulgence or forbearance in respect thereof granted by, the Administrative Agent or any other Secured Party; (C) the ~~Term~~ Loan Agreement, the other Loan Documents and all other documents executed and delivered in connection therewith or in connection with Hedging Obligations and Bank Product Obligations included as Obligations may be amended, modified, supplemented or terminated, in whole or in part, as the Administrative Agent (or the Required Lenders, all Lenders, or the other parties thereto, as the case may be) may deem advisable from time to time; (D) the Borrower, any Guarantor or any other Person may from time to time accept or enter into new or additional agreements, security documents, guarantees or other instruments in addition to, in exchange for or relative to any Loan Document, all or any part of the Secured Obligations or any Collateral now

or in the future serving as security for the Secured Obligations; (E) any collateral security, guarantee or right of offset at any time held by the Administrative Agent or any other Secured Party for the payment of the Secured Obligations may be sold, exchanged, waived, surrendered or released; and (F) any other event shall occur which constitutes a defense or release of sureties generally (other than a defense of payment or performance); and

(ii) regardless of, and each Grantor hereby expressly waives to the fullest extent permitted by law any defense now or in the future arising by reason of, (A) the illegality, invalidity or unenforceability of the ~~Term~~ Loan Agreement, any other Loan Document, any of the Secured Obligations or any other collateral security therefor or guarantee or right of offset with respect thereto at any time or from time to time held by the Administrative Agent or any other Secured Party; (B) any defense, set-off or counterclaim (other than a defense of payment or performance) which may at any time be available to or be asserted by any Grantor or any other Person against the Administrative Agent or any other Secured Party; (C) the insolvency, bankruptcy arrangement, reorganization, adjustment, composition, liquidation, disability, dissolution or lack of power of any Grantor or any other Person at any time liable for the payment of all or part of the Secured Obligations or the failure of the Administrative Agent or any other Secured Party to file or enforce a claim in bankruptcy or other proceeding with respect to any Person, or any sale, lease or transfer of any or all of the assets of any Grantor, or any changes in the shareholders of any Grantor; (D) the fact that any Collateral or Lien contemplated or intended to be given, created or granted as security for the repayment of the Secured Obligations shall not be properly perfected or created, or shall prove to be unenforceable or subordinate to any other Lien, it being recognized and agreed by each of the Grantors that it is not entering into this Agreement in reliance on, or in contemplation of the benefits of, the validity, enforceability, collectability or value of any of the Collateral for the Secured Obligations; (E) any failure of the Administrative Agent or any other Secured Party to marshal assets in favor of any Grantor or any other Person, to exhaust any collateral for all or any part of the Secured Obligations, to pursue or exhaust any right, remedy, power or privilege it may have against any Grantor or any other Person or to take any action whatsoever to mitigate or reduce any Grantor's liability under this Agreement or any other Loan Document; (F) any law which provides that the obligation of a surety or guarantor must neither be larger in amount nor in other respects more burdensome than that of the principal or which reduces a surety's or guarantor's obligation in proportion to the principal obligation; (G) the possibility that the Secured Obligations may at any time and from time to time exceed the aggregate liability of such Grantor under this Agreement; or (H) any other circumstance or act whatsoever, including any action or omission of the type described in subsection (a)(i) of this Section (with or without notice to or knowledge of any Grantor), which constitutes, or might be construed to constitute, an equitable or legal discharge or defense (other than a defense of payment or performance) of the Borrower for the Obligations, or of such Guarantor under the guarantee contained in Article II, or with respect to the collateral security provided by such Grantor herein, or which might be available to a surety or guarantor, in bankruptcy or in any other instance.

(b) Each Grantor hereby waives to the extent permitted by law (i) except as expressly provided otherwise in any Loan Document, all notices to such Grantor, or to any other Person, including, but not limited to, notices of the acceptance of this Agreement, the guarantee contained in Article II or the provision of collateral security provided herein, or the creation, renewal, extension, modification or accrual of any Secured Obligations, or notice of or proof of reliance by the Administrative Agent or any other Secured Party upon the guarantee contained in Article II or upon the collateral security provided herein, or of default in the payment or performance of any of the Secured Obligations owed to the

Administrative Agent or any other Secured Party and enforcement of any right or remedy with respect thereto, or notice of any other matters relating thereto; the Secured Obligations, and any of them, shall conclusively be deemed to have been created, contracted or incurred, or renewed, extended, amended or waived, in reliance upon the guarantee contained in Article II and the collateral security provided herein and no notice of creation of the Secured Obligations or any extension of credit already or hereafter contracted by or extended to the Borrower need be given to any Grantor, and all dealings between the Borrower and any of the Grantors, on the one hand, and the Administrative Agent and the other Secured Parties, on the other hand, likewise shall be conclusively presumed to have been had or consummated in reliance upon the guarantee contained in Article II and on the collateral security provided herein; (ii) diligence and demand of payment, presentment, protest, dishonor and notice of dishonor; (iii) any statute of limitations affecting any Grantor's liability hereunder or the enforcement thereof; (iv) all rights of revocation with respect to the Secured Obligations, the guarantee contained in Article II and the provision of collateral security herein; and (v) all principles or provisions of law which conflict with the terms of this Agreement and which can, as a matter of law, be waived.

(c) When making any demand hereunder or otherwise pursuing its rights and remedies hereunder against any Grantor, the Administrative Agent or any other Secured Party may, but shall be under no obligation to, join or make a similar demand on or otherwise pursue or exhaust such rights and remedies as it may have against the Borrower, any other Grantor or any other Person or against any collateral security or guarantee for the Secured Obligations or any right of offset with respect thereto, and any failure by the Administrative Agent or any other Secured Party to make any such demand, to pursue such other rights or remedies or to collect any payments from the Borrower, any other Grantor or any other Person or to realize upon any such collateral security or guarantee or to exercise any such right of offset, or any release of the Borrower, any other Grantor or any other Person or any such collateral security, guarantee or right of offset, shall not relieve any Grantor of any obligation or liability hereunder, and shall not impair or affect the rights and remedies, whether express, implied or available as a matter of law, of the Administrative Agent or any other Secured Party against any Grantor. For the purposes hereof, "demand" shall include the commencement and continuance of any legal proceedings. Neither the Administrative Agent nor any other Secured Party shall have any obligation to protect, secure, perfect or insure any Lien at any time held by it as security for the Secured Obligations or for the guarantee contained in Article II or any property subject thereto.

Section 4.2 No Subrogation, Contribution or Reimbursement. Until ~~all Secured Obligations are irrevocably satisfied in full (other than (i) contingent obligations as to which no claim exists or has been asserted, (ii) Hedging Obligations owed by any Loan Party to any Lender Related Hedge Provider, and (iii) Bank Product Obligations) and all commitments of each Secured Party under the Term Loan Agreement or any other Loan Document have been irrevocably terminated~~the Termination Date, notwithstanding any payment made by any Grantor hereunder or any set-off or application of funds of any Grantor by the Administrative Agent or any other Secured Party, no Grantor shall be entitled to be subrogated to any of the rights of the Administrative Agent or any other Secured Party against the Borrower or any other Grantor or any collateral security or guarantee or right of offset held by the Administrative Agent or any other Secured Party for the payment of the Secured Obligations, nor shall any Grantor seek or be entitled to seek any indemnity, exoneration, participation, contribution or reimbursement from the Borrower or any other Grantor in respect of payments made by such Grantor hereunder, and each Grantor hereby expressly waives, releases and agrees not to exercise any or all such rights of subrogation, reimbursement, indemnity and contribution. Each Grantor further agrees that to the extent that such waiver and release set forth herein is found by a court of competent jurisdiction to be void or voidable for any reason, any rights of subrogation, reimbursement, indemnity and contribution such Grantor may have against the Borrower or any other Grantor or against any collateral or security or

guarantee or right of offset held by the Administrative Agent or any other Secured Party shall be junior and subordinate to any rights the Administrative Agent and the other Secured Parties may have against the Borrower and such Grantor and to all right, title and interest the Administrative Agent and the other Secured Parties may have in such collateral or security or guarantee or right of offset. The Administrative Agent, for the benefit of the Secured Parties, may use, sell or dispose of any item of Collateral or security as it sees fit without regard to any subrogation rights any Grantor may have, and upon any disposition or sale, any rights of subrogation any Grantor may have shall terminate.

ARTICLE V

REPRESENTATIONS AND WARRANTIES

To induce the Administrative Agent and the other Secured Parties to enter into the ~~Term~~ Loan Agreement and the other Loan Documents, to induce the Lenders and the Issuing Bank to make their respective extensions of credit to the Borrower thereunder and to induce the Lender-Related Hedge Providers and the Bank Product Providers to enter into Hedging Obligations and Bank Product Obligations with the Grantors, each Grantor represents and warrants to the Administrative Agent and each other Secured Party as follows:

Section 5.1 Confirmation of Representations in ~~Term~~ Loan Agreement. Each Grantor represents and warrants to the Secured Parties that the representations and warranties set forth in Article IV of the ~~Term~~ Loan Agreement as they relate to such Grantor (in its capacity as a Loan Party or a Subsidiary of the Borrower, as the case may be) or to the Loan Documents to which such Grantor is a party are true and correct in all material respects; provided that each reference in each such representation and warranty to the Borrower's knowledge shall, for the purposes of this Section, be deemed to be a reference to such Guarantor's knowledge.

Section 5.2 Benefit to the Guarantors. As of the Original Closing Date, the Borrower is a member of an affiliated group of companies that includes each Guarantor, and the Borrower and the Guarantors are engaged in related businesses permitted pursuant to Section 5.3 of the ~~Term~~ Loan Agreement. Each Guarantor (other than Holdings) is a Subsidiary of the Borrower, and the guaranty and surety obligations of each Guarantor pursuant to this Agreement reasonably may be expected to benefit, directly or indirectly, such Guarantor; and each Guarantor has determined that this Agreement is necessary and convenient to the conduct, promotion and attainment of the business of such Guarantor and the Borrower.

Section 5.3 First Priority Liens. The Liens and security interests granted pursuant to this Agreement (a) upon completion of the filings and other actions specified on Schedule 3 (which, in the case of all filings and other documents referred to on said Schedule have been delivered to the Administrative Agent in completed and, if applicable, duly executed form (other than such documents and actions on said Schedule which expressly may be delivered or taken, as applicable, after the Original Closing Date pursuant to the ~~Term~~ Loan Agreement)) will, subject to the Intercreditor Agreement, constitute valid perfected Liens on, and security interests in, all of the Collateral in favor of the Administrative Agent, for the ratable benefit of the Secured Parties, as collateral security for such Grantor's obligations, enforceable in accordance with the terms hereof against all creditors of such Grantor and any Persons purporting to purchase any Collateral from such Grantor, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditor's rights generally and by general equitable principles (whether such enforcement is sought in a proceeding at law or in equity) and (b) are prior to all other

Liens on the Collateral in existence on the Original Closing Date, except for Permitted Prior Liens. Notwithstanding anything to the contrary contained herein, the lien and security interest granted pursuant to this Agreement are subject to the provisions of the Intercreditor Agreement. In the event of any conflict between the terms of the Intercreditor Agreement and this Agreement, the terms of the Intercreditor Agreement shall govern and control.

Section 5.4 Legal Name, Organizational Status, Chief Executive Office. On the Closing Date, the correct legal name of such Grantor, such Grantor's jurisdiction of organization, organizational identification number, federal (and, if applicable, state) taxpayer identification number and the location of such Grantor's chief executive office or sole place of business are specified on Schedule 4.

Section 5.5 Prior Names, Prior Chief Executive Offices. Schedule 5 correctly sets forth (a) all names and trade names that such Grantor has used in the last five years and (b) the chief executive office of such Grantor over the last five years (if different from that which is set forth in Section 5.4).

Section 5.6 [Reserved].

Section 5.7 Chattel Paper. No Collateral constituting Chattel Paper or Instruments with an aggregate value of greater than $100,000 contains any statement therein to the effect that such Collateral has been assigned to an identified party other than the Administrative Agent, and the grant of a security interest in such Collateral in favor of the Administrative Agent hereunder does not violate the rights of any other Person as a secured party.

Section 5.8 Accounts. The place where each Grantor keeps its records concerning the Accounts, Chattel Paper and Payment Intangibles comprising a portion of the Collateral is 80 E. Rich St., Ste. 500, Columbus, Franklin County, OH 43215, as such address may be updated by such Grantor after the Original Closing Date in a written notice (including by delivery of a Compliance Certificate) provided to the Administrative Agent in accordance with the Loan Documents.

Section 5.9 Governmental Obligors. None of the Account Debtors on such Grantor's Accounts, Chattel Paper or Payment Intangibles is a Governmental Authority, except to the extent such Accounts, Chattel Paper or Payment Intangibles have an aggregate value of less than $100,000.

Section 5.10 Copyrights, Patents and Trademarks. Schedule 6 correctly sets forth all material Patents and Patent Licenses owned by such Grantor in its own name as of the Closing Date, Schedule 7 correctly sets forth all material Trademarks and Trademark Licenses owned by such Grantor in its own name as of the Closing Date and Schedule 8 correctly sets forth all material Copyrights and Copyright Licenses owned by such Grantor in its own name as of the Closing Date other than, in each case, generally available on a commercial basis by a "shrink-wrap," "click-wrap," "click-through," "browse-wrap," "off-the-shelf," or other generally-available end-user non-exclusive license of standard and reasonable terms with an annual or one time license fee of less than $50,000. To each such Grantor's knowledge, (i) each such material Copyright, Patent and Trademark is valid, subsisting, unexpired and enforceable and has not been abandoned, (ii) except as expressly set forth in Schedules 6, 7 or 8 (as each such Schedule may be updated by such Grantor after the Closing Date in a written notice (including by delivery of a Compliance Certificate) provided to the Administrative Agent in accordance with the Loan Documents), none of such material Patents, Trademarks and Copyrights is the subject of any licensing or franchise agreement, (iii) no holding, decision or judgment has been rendered by any Governmental Authority which would limit, cancel or question the validity of such material Patent, Trademark or Copyright, and (iv) no action or proceeding is pending (x) seeking to limit, cancel or question the validity

of any material Patent, Trademark or Copyright, or (y) which, if adversely determined, would have a Material Adverse Effect on the value of any Patent, Trademark or Copyright. To the best of each such Grantor's knowledge, such Grantor is not in material breach or default under any material IP License.

Section 5.11 Commercial Tort Claims. Schedule 9 correctly sets forth all Commercial Tort Claims of such Grantor in existence as of the Closing Date and having a value, individually, or in the aggregate, in excess of $100,000.

Section 5.12 Letter of Credit Rights. Schedule 10 correctly sets forth all letters of credit under which such Grantor is named as the beneficiary as of the Closing Date with an aggregate face amount in excess of $100,000.

ARTICLE VI

COVENANTS

Each Grantor covenants and agrees with the Administrative Agent and the other Secured Parties that, from and after the date of this Agreement until the ~~Secured Obligations shall have been paid in full (other than (i) contingent obligations as to which no claim exists or has been asserted, (ii) Hedging Obligations owed by any Loan Party to any Lender-Related Hedge Provider, and (iii) Bank Product Obligations).~~Termination Date:

Section 6.1 Covenants in ~~Term~~ Loan Agreement. In the case of each Guarantor, such Guarantor shall comply with all covenants in the ~~Term~~ Loan Agreement applicable to it as a Loan Party or Holdings or a Subsidiary.

Section 6.2 Maintenance of Perfected Security Interest; Further Documentation.

(a) Such Grantor shall maintain the security interest created by this Agreement as a perfected security interest having at least the priority described in Section 5.3 and shall use commercially reasonable efforts to defend such security interest against the claims and demands of all Persons whomsoever, except for Liens expressly permitted under Section 7.2 of the ~~Term~~ Loan Agreement.

(b) At any time and from time to time, upon the reasonable request of the Administrative Agent or any other Secured Party, and at the sole expense of such Grantor, such Grantor will promptly and duly give, execute, deliver, indorse, file or record any and all financing statements, continuation statements, amendments, notices (including, without limitation, notifications to financial institutions and any other Person), contracts, agreements, assignments, certificates, stock powers or other instruments, obtain any and all governmental approvals and consents and take or cause to be taken any and all steps or acts that may be necessary or as the Administrative Agent may reasonably request to create, perfect, establish the priority of, or to preserve the validity, perfection or priority of, the Liens granted by this Agreement or to enable the Administrative Agent or any other Secured Party to enforce its rights, remedies, powers and privileges under this Agreement with respect to such Liens or to otherwise obtain or preserve the full benefits of this Agreement and the rights, powers and privileges herein granted.

(c) Without limiting the obligations of the Grantors under subsection (b) of this Section, (i) upon the reasonable request of the Administrative Agent and to the extent required by this Agreement, such Grantor shall take or cause to be taken all actions (other than any actions required to be taken by the Administrative Agent) reasonably requested by the Administrative Agent to cause the Administrative Agent to (A) have "control" (within the meaning of Sections 9-104, 9-105, 9-106, and 9-

107 of the UCC) over any Collateral constituting Deposit Accounts, Electronic Chattel Paper, Investment Property (including the Pledged Securities), or Letter-of-Credit Rights, including, without limitation, executing and delivering any agreements, in form and substance reasonably satisfactory to the Administrative Agent, with securities intermediaries, issuers or other Persons in order to establish "control", and, each Grantor shall promptly notify the Administrative Agent and the other Secured Parties of such Grantor's acquisition of any such Collateral, and (B) be a "protected purchaser" (as defined in Section 8-303 of the UCC); (ii) with respect to Collateral with a fair market value in excess of $100,000 (other than certificated securities and Goods covered by a document in the possession of a Person other than such Grantor or the Administrative Agent), such Grantor shall use commercially reasonably efforts to obtain written acknowledgment that such Person holds possession for the Administrative Agent's benefit; and (iii) with respect to any Collateral with a fair market value in excess of $100,000 constituting Goods that are in the possession of a bailee, such Grantor shall provide prompt notice to the Administrative Agent and the other Secured Parties of any such Collateral then in the possession of such bailee, and such Grantor shall use commercially reasonable efforts to take or cause to be taken all actions (other than any actions required to be taken by the Administrative Agent or any other Secured Party) necessary or reasonably requested by the Administrative Agent to cause the Administrative Agent to have a perfected security interest in such Collateral under applicable law; provided, that no Grantor shall be required to take or cause to be taken any action to enter into any control agreement or otherwise perfect any security interest by "control" in any Excluded Accounts, any Electronic Chattel Paper with a value less than $100,000 in the aggregate or any letter-of-credit rights with a value less than $100,000 in the aggregate.

Section 6.3 **Maintenance of Records**. Such Grantor will keep and maintain at its own cost and expense records of the Collateral in a manner consistent with prudent industry practice, including, without limitation, a record of all payments received and all credits granted with respect to the Accounts comprising any part of the Collateral. For the Administrative Agent's and the other Secured Parties' further security, the Administrative Agent, for the ratable benefit of the Secured Parties, shall have a security interest in all of such Grantor's books and records pertaining to the Collateral.

Section 6.4 **Visitation and Inspection**. Each Guarantor hereby agrees to the visitation and inspection rights set forth in Section 5.7 of the ~~Term~~ Loan Agreement.

Section 6.5 **Further Identification of Collateral**. Such Grantor will furnish to the Administrative Agent from time to time, at such Grantor's sole cost and expense, statements and schedules further identifying and describing the Collateral and such other reports in connection with the Collateral as the Administrative Agent may reasonably request, all in reasonable detail.

Section 6.6 **Changes in Names, Locations**. Such Grantor recognizes that financing statements pertaining to the Collateral have been or may be filed where such Grantor is organized. Without limitation of any other covenant herein and in the other Loan Documents, at least 30 days prior thereto (or such later date as agreed by the Administrative Agent), such Grantor will notify the Administrative Agent in writing of any change to be made in its (x) legal name, identity or legal structure, (y) chief executive office, its principal place of business, any office in which it maintains books or records or any office or facility at which Collateral owned in an amount exceeding $250,000 by it is located (including the establishment of any such new office or facility) or (z) jurisdiction of organization. Such Grantor shall take all action reasonably requested by the Administrative Agent or any other Secured Party for the purpose of maintaining perfection and priority of the Administrative Agent's security interest under this Agreement. In any notice furnished pursuant to this Section, such Grantor will expressly state in a conspicuous manner that the notice is required by this Agreement and contains facts that may require

additional filings of financing statements or other notices for the purposes of continuing perfection of the Administrative Agent's security interest in the Collateral.

Section 6.7 [Reserved].

Section 6.8 Limitations on Dispositions of Collateral. The Administrative Agent and the other Secured Parties do not authorize the Grantors to, and such Grantor agrees not to, sell, transfer, lease or otherwise dispose of any of the Collateral, or attempt, offer or contract to do so, except to the extent expressly permitted by the Loan Documents (including, without limitation and solely for the avoidance of doubt, Section 7.6 of the ~~Term~~ Loan Agreement).

Section 6.9 Pledged Securities.

(a) If such Grantor shall become entitled to receive or shall receive any stock certificate or other instrument (including, without limitation, any certificate or instrument representing a dividend or a distribution in connection with any reclassification, increase or reduction of capital or any certificate or instrument issued in connection with any reorganization), option or rights in respect of the Capital Stock or other equity interests of any nature of any Issuer, whether in addition to, in substitution of, as a conversion of, or in exchange for, any shares (or such other interests) of the Pledged Securities, or otherwise in respect thereof, except as otherwise provided herein or in the ~~Term~~ Loan Agreement and subject, in the case of the pledge of the Capital Stock of any Insurance Subsidiary or any Subsidiary of an Insurance Subsidiary, to Requirements of Law and applicable statutes of the applicable Insurance Regulatory Authority, such Grantor shall accept the same as the agent of the Administrative Agent and the other Secured Parties, hold the same in trust for the Administrative Agent and the other Secured Parties and deliver the same promptly (and in any event within five (5) Business Days) to the Administrative Agent in the exact form received, duly indorsed by such Grantor to the Administrative Agent, if required, together with an undated stock power or other equivalent instrument of transfer acceptable to the Administrative Agent covering such certificate or instrument duly executed in blank by such Grantor to be held by the Administrative Agent, subject to the terms hereof, as additional collateral security for the Secured Obligations.

(b) Without the prior written consent of the Administrative Agent, such Grantor will not (i) unless otherwise permitted by the Loan Documents, vote to enable, or take any other action to permit, any Issuer to issue any Capital Stock or other equity interests of any nature or to issue any other securities or interests convertible into or granting the right to purchase or exchange for any Capital Stock or other equity interests of any nature of any Issuer, (ii) sell, assign, transfer, exchange or otherwise dispose of, or grant any option with respect to, the Pledged Securities or Proceeds thereof (except pursuant to a transaction expressly permitted by the Loan Documents) or (iii) create, incur or permit to exist any Lien (except for Liens permitted by Section 7.2 of the ~~Term~~ Loan Agreement) or option in favor of, or any claim of any Person with respect to, any of the Pledged Securities or Proceeds thereof, or any interest therein, except for the security interests created by this Agreement.

(c) In the case of each Grantor which is an Issuer, and each other Issuer that executes the Acknowledgment and Consent in the form of Annex IV (which the applicable Grantor shall use its commercially reasonable efforts to obtain from each such other Issuer), such Issuer agrees that (i) it will be bound by the terms of this Agreement relating to the Pledged Securities issued by it and will comply with such terms insofar as such terms are applicable to it, (ii) it will notify the Administrative Agent promptly in writing of the occurrence of any of the events described in subsection (a) of this Section with respect to the Pledged Securities issued by it and (iii) the terms of Section 7.1(c) and Section 7.5 shall

apply to it, *mutatis mutandis*, with respect to all actions that may be required of it pursuant to Section 7.1(c) or Section 7.5 with respect to the Pledged Securities issued by it.

(d) Such Grantor shall furnish to the Administrative Agent such powers and other equivalent instruments of transfer as may be reasonably required by the Administrative Agent to assure the transferability of and the perfection of the security interest in the Pledged Securities when and as often as may be reasonably requested by the Administrative Agent.

(e) If any Grantor acquires any Pledged Securities after executing this Agreement, it shall execute a Supplement to this Agreement in the form of Annex III with respect to such Pledged Securities and deliver such Supplement to the Administrative Agent promptly thereafter.

Section 6.10 Limitations on Modifications, Waivers, Extensions of Agreements Giving Rise to Accounts. Such Grantor will not (i) amend, modify, terminate or waive any provision of any Chattel Paper, Instrument or any agreement giving rise to an Account or Payment Intangible comprising a portion of the Collateral, or (ii) fail to exercise promptly and diligently each and every right which it may have under any Chattel Paper, Instrument and each agreement giving rise to an Account or Payment Intangible comprising a portion of the Collateral (other than any right of termination), except, in each case under this Section 6.10, where such action or failure to act, individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect.

Section 6.11 [Reserved].

Section 6.12 Instruments and Tangible Chattel Paper. If any amount payable under or in connection with any of the Collateral shall be or become evidenced by any Instrument (other than checks received in the ordinary course of business) or Tangible Chattel Paper and the value of such Instruments and Tangible Chattel Paper in the aggregate is $100,000 or more, each such Instrument or Tangible Chattel Paper, shall be delivered to the Administrative Agent as soon as practicable, duly endorsed in a manner reasonably satisfactory to the Administrative Agent to be held as Collateral pursuant to this Agreement.

Section 6.13 Copyrights, Patents and Trademarks.

(a) Such Grantor (either itself or through licensees) will, except with respect to any Trademark that such Grantor shall reasonably determine is immaterial, (i) maintain as in the past the quality of services offered under such Trademark, (ii) maintain such Trademark in full force and effect, free from any claim of abandonment for non-use, (iii) employ such Trademark with the appropriate notice of registration, (iv) not adopt or use any mark which is confusingly similar or a colorable imitation of such Trademark unless the Administrative Agent, for the ratable benefit of the Secured Parties, shall obtain a perfected security interest in such mark pursuant to this Agreement, and (v) not (and not permit any licensee or sublicensee thereof to) do any act or knowingly omit to do any act whereby any Trademark may become invalidated.

(b) Such Grantor will not, except with respect to any Patent that such Grantor shall reasonably determine is immaterial, do any act, or omit to do any act, whereby any Patent may become abandoned or dedicated.

(c) Such Grantor will not, except with respect to any Copyright that such Grantor shall reasonably determine is immaterial, do any act, or omit to do any act, whereby any Copyright may become abandoned or dedicated.

(d) Such Grantor will notify the Administrative Agent and the other Secured Parties immediately if it knows, or has reason to know, that any material application or registration relating to any material Copyright, Patent or Trademark may become abandoned or dedicated, or of any adverse determination or development (including, without limitation, the institution of, or any such determination or development in, any proceeding in the United States Patent and Trademark Office, the United States Copyright Office or any court or tribunal in any country) regarding such Grantor's ownership of any material Copyright, Patent or Trademark or its right to register the same or to keep and maintain the same.

(e) Whenever a Grantor, either by itself or through any agent, employee, licensee or designee, shall file an application for the registration of any Copyright, Patent, Trademark or IP License (to the extent constituting an exclusive license in favor of the Grantor to specifically identified registrations or applications for Copyrights, Trademarks, and Patents) with the United States Copyright Office, the United States Patent and Trademark Office or any similar office or agency in any other country or any political subdivision thereof, such Grantor shall report such filing to the Administrative Agent and the other Secured Parties concurrently with the delivery of a Compliance Certificate pursuant to Section 5.1(a) or (b) or (c) of the ~~Term~~ Loan Agreement. Upon request of the Administrative Agent, such Grantor shall execute and deliver an Intellectual Property Security Agreement substantially in the form of Annex II, and any and all other agreements, instruments, documents, and papers as the Administrative Agent may reasonably request to evidence the Administrative Agent's and the other Secured Parties' security interest in any Copyright, Patent or Trademark and the goodwill and General Intangibles of such Grantor relating thereto or represented thereby, and such Grantor hereby constitutes the Administrative Agent its attorney-in-fact to execute and file all such writings for the foregoing purposes, all acts of such attorney in accordance with the foregoing being hereby ratified and confirmed; such power being coupled with an interest is irrevocable until the ~~Secured Obligations are paid in full (other than (i) contingent obligations as to which no claim exists or has been asserted, (ii) Hedging Obligations owed by any Loan Party to any Lender-Related Hedge Provider, and (iii) Bank Product Obligations).~~Termination Date.

(f) Such Grantor will take all reasonable and necessary steps, including, without limitation, in any proceeding before the United States Copyright Office, the United States Patent and Trademark Office, or any similar office or agency in any other country or any political subdivision thereof, to maintain and pursue each material application (and to obtain the relevant registration) and to maintain each material registration of the material Copyrights, Patents and Trademarks, including, without limitation, filing of applications for renewal, affidavits of use and affidavits of incontestability.

(g) In the event that any material Copyright, Patent or Trademark included in the Collateral is materially infringed, misappropriated or diluted by a third party, such Grantor shall promptly notify the Administrative Agent and the other Secured Parties after it learns thereof and shall, unless such Grantor shall reasonably determine that such Copyright, Patent or Trademark is immaterial to such Grantor which determination such Grantor shall promptly report to the Administrative Agent and the other Secured Parties, promptly sue for infringement, misappropriation or dilution, to seek injunctive relief where appropriate and to recover any and all damages for such infringement, misappropriation or dilution, or take such other actions as such Grantor shall reasonably deem appropriate under the circumstances to protect such Copyright, Patent or Trademark.

(h) Such Grantor shall maintain each IP License (other than non-exclusive IP Licenses), except where failure to maintain such IP License would not be reasonably expected to interfere, individually or in the aggregate, in any material respect with the business of the Grantors, taken as a whole.

Section 6.14 **Commercial Tort Claims**. If such Grantor shall at any time hold or acquire a Commercial Tort Claim that satisfies the requirements of the following sentence, such Grantor shall, within 30 days after such Commercial Tort Claim satisfies such requirements, notify the Administrative Agent and the other Secured Parties in a writing signed by such Grantor containing a brief description thereof, and granting to the Administrative Agent in such writing (for the benefit of the Secured Parties) a security interest therein and in the Proceeds thereof, all upon the terms of this Agreement, with such writing to be in form and substance reasonably satisfactory to the Administrative Agent. The provisions of the preceding sentence shall apply only to a Commercial Tort Claim that satisfies the following requirements: (i) the monetary value claimed by or payable to the relevant Grantor in connection with such Commercial Tort Claim shall exceed $100,000 in the aggregate, and (ii) either (A) such Grantor shall have filed a law suit or counterclaim or otherwise commenced legal proceedings (including, without limitation, arbitration proceedings) against the Person against whom such Commercial Tort Claim is made, or (B) such Grantor and the Person against whom such Commercial Tort Claim is asserted shall have entered into a settlement agreement with respect to such Commercial Tort Claim. In addition, to the extent that the existence of any Commercial Tort Claim held or acquired by any Grantor is disclosed by such Grantor in any public filing with the Securities Exchange Commission or any successor thereto or analogous Governmental Authority, or to the extent that the existence of any such Commercial Tort Claim is disclosed in any press release issued by any Grantor, then, upon the request of the Administrative Agent, the relevant Grantor shall, within 30 days after such request is made, transmit to the Administrative Agent and the other Secured Parties a writing signed by such Grantor containing a brief description of such Commercial Tort Claim and granting to the Administrative Agent in such writing (for the benefit of the Secured Parties) a security interest therein and in the Proceeds thereof, all upon the terms of this Agreement, with such writing to be in form and substance reasonably satisfactory to the Administrative Agent.

ARTICLE VII

REMEDIAL PROVISIONS

Section 7.1 **Pledged Securities**.

(a) Unless an Event of Default shall have occurred and be continuing and the Administrative Agent shall have given prior or concurrent written notice to the relevant Grantor of the Administrative Agent's intent to exercise its corresponding rights pursuant to subsection (b) of this Section, each Grantor shall be permitted to receive all dividends and distributions and payments paid in respect of the Pledged Securities paid in the normal course of business of the relevant Issuer, to the extent permitted in the ~~Term~~ Loan Agreement, and to exercise all voting and corporate rights with respect to the Pledged Securities.

(b) If an Event of Default shall occur and be continuing, then subject to the Intercreditor Agreement, at any time in the Administrative Agent's discretion, without notice, and subject, in the case of the pledge of the Capital Stock of any Insurance Subsidiary or any Subsidiary of an Insurance Subsidiary, to Requirements of Law and applicable approvals of the applicable Insurance Regulatory Authority, (i) the Administrative Agent shall have the right to receive any and all cash dividends, payments or other Proceeds paid in respect of the Pledged Securities and make application thereof to the Obligations in accordance with Section 2.7(d) of the ~~Term~~ Loan Agreement, and (ii) any or all of the Pledged Securities shall be registered in the name of the Administrative Agent or its nominee, and the Administrative Agent or its nominee may thereafter exercise (x) all voting, corporate and other rights pertaining to such Pledged Securities at any meeting of shareholders (or other equivalent body) of

the relevant Issuer or Issuers or otherwise and (y) any and all rights of conversion, exchange and subscription and any other rights, privileges or options pertaining to such Pledged Securities as if it were the absolute owner thereof (including, without limitation, the right to exchange at its discretion any and all of the Pledged Securities upon the merger, consolidation, reorganization, recapitalization or other fundamental change in the organizational structure of any Issuer, or upon the exercise by any Grantor or the Administrative Agent of any right, privilege or option pertaining to such Pledged Securities, and in connection therewith, the right to deposit and deliver any and all of the Pledged Securities with any committee, depositary, transfer agent, registrar or other designated agency upon such terms and conditions as the Administrative Agent may determine), all without liability except to account for property actually received by it, but the Administrative Agent shall have no duty to any Grantor to exercise any such right, privilege or option and shall not be responsible for any failure to do so or delay in so doing.

(c) Subject, in the case of the pledge of the Capital Stock of any Insurance Subsidiary or any Subsidiary of an Insurance Subsidiary, to Requirements of Law and applicable approvals of the applicable Insurance Regulatory Authority, each Grantor hereby authorizes and instructs each Issuer of any Pledged Securities pledged by such Grantor hereunder (and each Issuer party hereto hereby agrees) to, subject to the Intercreditor Agreement, (i) comply with any instruction received by it from the Administrative Agent in writing (x) after an Event of Default has occurred and is continuing and (y) that is otherwise in accordance with the terms of this Agreement, without any other or further instructions from such Grantor, and each Grantor agrees that each Issuer shall be fully protected in so complying, and (ii) after an Event of Default has occurred and is continuing, pay any dividends or other payments with respect to the Pledged Securities directly to the Administrative Agent.

(d) Subject, in the case of the pledge of the Capital Stock of any Insurance Subsidiary or any Subsidiary of an Insurance Subsidiary, to Requirements of Law and applicable approvals of the applicable Insurance Regulatory Authority, after the occurrence and during the continuation of an Event of Default, if the Issuer of any Pledged Securities is the subject of bankruptcy, insolvency, receivership, custodianship or other proceedings under the supervision of any Governmental Authority, then all rights of the Grantor in respect thereof to exercise the voting and other consensual rights which such Grantor would otherwise be entitled to exercise with respect to the Pledged Securities issued by such Issuer shall cease, and all such rights shall thereupon, subject to the Intercreditor Agreement, become vested in the Administrative Agent who shall thereupon have the sole right to exercise such voting and other consensual rights, but the Administrative Agent shall have no duty to exercise any such voting or other consensual rights and shall not be responsible for any failure to do so or delay in so doing.

Section 7.2 **Collections on Accounts**. The Administrative Agent hereby authorizes each Grantor to collect upon the Accounts, Instruments, Chattel Paper and Payment Intangibles consistent with its current business practice, and, in the case of the foregoing property constituting a portion of the Collateral, the Administrative Agent may curtail or terminate said authority at any time after the occurrence and during the continuance of an Event of Default. Upon the request of the Administrative Agent, at any time after the occurrence and during the continuance of an Event of Default, subject to the Intercreditor Agreement, each Grantor shall notify the applicable Account Debtors that the applicable Accounts, Chattel Paper and Payment Intangibles comprising a portion of the Collateral have been assigned to the Administrative Agent for the ratable benefit of the Secured Parties and that payments in respect thereof shall be made directly to the Administrative Agent. After the occurrence and during the continuance of an Event of Default, subject to the Intercreditor Agreement, the Administrative Agent may in its own name or in the name of others communicate with the applicable Account Debtors to verify with

them to its satisfaction the existence, amount and terms of any applicable Accounts, Chattel Paper or Payment Intangibles comprising a portion of the Collateral.

Section 7.3 **Proceeds**. Subject to the Intercreditor Agreement, if required by the Administrative Agent at any time after the occurrence and during the continuance of an Event of Default, any payments of Accounts, Instruments, Chattel Paper and Payment Intangibles comprising a portion of the Collateral, when collected or received by each Grantor, and any other cash or non-cash Proceeds received by each Grantor upon the sale or other disposition of any Collateral, shall be promptly (and, in any event, within two (2) Business Days) deposited by such Grantor in the exact form received, duly indorsed by such Grantor to the Administrative Agent in a special collateral account maintained by the Administrative Agent subject to withdrawal by the Administrative Agent for the ratable benefit of the Secured Parties only, as hereinafter provided, and, until so turned over, shall be held by such Grantor in trust for the Administrative Agent for the ratable benefit of the Secured Parties segregated from other funds of any such Grantor. Each deposit of any such Proceeds shall be accompanied by a report identifying in detail the nature and source of the payments included in the deposit. All Proceeds of the Collateral (including, without limitation, Proceeds constituting collections of Accounts, Chattel Paper, Instruments or Payment Intangibles comprising a portion of the Collateral) while held by the Administrative Agent (or by any Grantor in trust for the Administrative Agent for the ratable benefit of the Secured Parties) shall continue to be collateral security for all of the Secured Obligations and shall not constitute payment thereof until applied as hereinafter provided. At such intervals as may be agreed upon by each Grantor and the Administrative Agent, or, if an Event of Default shall have occurred and be continuing, subject to the Intercreditor Agreement, at any time at the Administrative Agent's election, the Administrative Agent shall apply all or any part of the funds or Proceeds on deposit in said special collateral account on account of the Secured Obligations in the order set forth in Section 8.2 of the ~~Term~~ Loan Agreement, and any part of such funds or Proceeds which the Administrative Agent elects not so to apply and deems not required as collateral security for the Secured Obligations shall be paid over from time to time by the Administrative Agent to each Grantor or to whomsoever may be lawfully entitled to receive the same.

Section 7.4 **UCC and Other Remedies**.

(a) Subject to the Intercreditor Agreement, if an Event of Default shall occur and be continuing, the Administrative Agent, on behalf of the Secured Parties, may (subject, in the case of the pledge of the Capital Stock of any Insurance Subsidiary or any Subsidiary of an Insurance Subsidiary, to Requirements of Law and applicable approvals of the applicable Insurance Regulatory Authority), exercise in its discretion, in addition to all other rights, remedies, powers and privileges granted to them in this Agreement, the other Loan Documents, and in any other instrument or agreement securing, evidencing or relating to the Secured Obligations, all rights, remedies, powers and privileges of a secured party under the UCC (regardless of whether the UCC is in effect in the jurisdiction where such rights, remedies, powers or privileges are asserted) or any other applicable law or otherwise available at law or equity. Without limiting the generality of the foregoing, but subject to the Intercreditor Agreement, the Administrative Agent, without demand of performance or other demand, presentment, protest, advertisement or notice of any kind (except any notice required by law referred to below) to or upon any Grantor or any other Person (all and each of which demands, presentments, protests, advertisements and notices are hereby waived), may (subject, in the case of the pledge of the Capital Stock of any Insurance Subsidiary or any Subsidiary of an Insurance Subsidiary, to Requirements of Law and applicable approvals of the applicable Insurance Regulatory Authority) in such circumstances forthwith collect, receive, appropriate and realize upon the Collateral, or any part thereof, and/or may forthwith sell, lease, assign, give option or options to purchase, or otherwise dispose of and deliver the Collateral or any part

thereof (or contract to do any of the foregoing), in one or more parcels at public or private sale or sales, at any exchange, broker's board or office of the Administrative Agent or any other Secured Party or elsewhere upon such terms and conditions as it may deem advisable and at such prices as it may deem best, for cash or on credit or for future delivery without assumption of any credit risk. The Administrative Agent or any other Secured Party shall have the right upon any such public sale or sales, and, to the extent permitted by law, upon any such private sale or sales, to purchase the whole or any part of the Collateral so sold, free of any right or equity of redemption in any Grantor, which right or equity is hereby waived and released. If an Event of Default shall occur and be continuing, subject to the Intercreditor Agreement, each Grantor further agrees, at the Administrative Agent's request, to assemble the Collateral and make it available to the Administrative Agent at places which the Administrative Agent shall reasonably select, whether at such Grantor's premises or elsewhere. Any such sale or transfer by the Administrative Agent either to itself or to any other Person shall be absolutely free from any claim of right by any Grantor, including any equity or right of redemption, stay or appraisal which such Grantor has or may have under any rule of law, regulation or statute now existing or hereafter adopted. Upon any such sale or transfer, the Administrative Agent shall have the right to deliver, assign and transfer to the purchaser or transferee thereof the Collateral so sold or transferred. The Administrative Agent shall apply the net proceeds of any action taken by it pursuant to this Section, after deducting all reasonable costs and expenses of every kind incurred in connection therewith or incidental to the care or safekeeping of any of the Collateral or in any way relating to the Collateral or the rights of the Administrative Agent and the other Secured Parties hereunder, including, without limitation, reasonable attorneys' fees and disbursements, to the payment in whole or in part of the Obligations, in accordance with the Intercreditor Agreement and Section 8.2 of the ~~Term~~ Loan Agreement, and only after such application and after the payment by the Administrative Agent of any other amount required by any provision of law, including, without limitation, Section 9-615 of the UCC, need the Administrative Agent account for the surplus, if any, to any Grantor. To the extent permitted by applicable law, each Grantor waives all claims, damages and demands it may acquire against the Administrative Agent or any other Secured Party arising out of the exercise by them of any rights hereunder. If any notice of a proposed sale or other disposition of Collateral shall be required by law, such notice shall be deemed reasonable and proper if given at least 10 days before such sale or other disposition.

(b) In the event that the Administrative Agent elects not to sell the Collateral, the Administrative Agent retains its rights to dispose of or utilize the Collateral or any part or parts thereof in any manner authorized or permitted by law or in equity and to apply the proceeds of the same towards payment of the Secured Obligations. Each and every method of disposition of the Collateral described in this Agreement shall constitute disposition in a commercially reasonable manner. The Administrative Agent may appoint any Person as agent to perform any act or acts necessary or incident to any sale or transfer of the Collateral.

Section 7.5 **Private Sales of Pledged Securities**. Each Grantor recognizes that the Administrative Agent may be unable to effect a public sale of any or all the Pledged Securities, by reason of certain prohibitions contained in the Securities Act and applicable state securities laws or otherwise, and may be compelled to resort to (subject, in the case of the pledge of the Capital Stock of any Insurance Subsidiary or any Subsidiary of an Insurance Subsidiary, to Requirements of Law and applicable approvals of the applicable Insurance Regulatory Authority) one or more private sales thereof to a restricted group of purchasers which will be obliged to agree, among other things, to acquire such securities for their own account for investment and not with a view to the distribution or resale thereof. Each Grantor acknowledges and agrees that any such private sale may result in prices and other terms less favorable than if such sale were a public sale and, notwithstanding such circumstances, agrees that any such private sale shall be deemed to have been made in a commercially reasonable manner. The

Administrative Agent shall be under no obligation to delay a sale of any of the Pledged Securities for the period of time necessary to permit the Issuer thereof to register such securities for public sale under the Securities Act, or under applicable state securities laws, even if such Issuer would agree to do so. Each Grantor agrees to use commercially reasonable efforts to do or cause to be done all such other acts as may reasonably be necessary to make such sale or sales of all or any portion of the Pledged Securities pursuant to this Section valid and binding and in compliance with any and all other applicable Requirements of Law. Each Grantor further agrees that a breach of any of the covenants contained in this Section will cause irreparable injury to the Administrative Agent and the other Secured Parties, that the Administrative Agent and the other Secured Parties have no adequate remedy at law in respect of such breach and, as a consequence, that each and every covenant contained in this Section shall be specifically enforceable against such Grantor, and such Grantor hereby waives and agrees not to assert any defenses against an action for specific performance of such covenants.

Section 7.6 **Waiver; Deficiency**. Each Grantor shall remain liable for any deficiency if the proceeds of any sale or other disposition of the Collateral are insufficient to pay its Obligations or Guaranteed Obligations, as the case may be, and the reasonable fees and disbursements of any attorneys employed by the Administrative Agent or any other Secured Party to collect such deficiency.

Section 7.7 **Non-Judicial Enforcement**. The Administrative Agent may enforce its rights hereunder without prior judicial process or judicial hearing, and, to the extent permitted by law, each Grantor expressly waives any and all legal rights which might otherwise require the Administrative Agent to enforce its rights by judicial process.

ARTICLE VIII

THE ADMINISTRATIVE AGENT

Section 8.1 **The Administrative Agent's Appointment as Attorney-in-Fact**.

(a) Each Grantor hereby irrevocably constitutes and appoints the Administrative Agent and any officer or agent thereof, with full power of substitution, as its true and lawful attorney-in- fact with full irrevocable power and authority in the place and stead of such Grantor and in the name of such Grantor or in its own name, for the purpose of carrying out the terms of this Agreement but subject to the Intercreditor Agreement, (i) to, solely upon the occurrence and continuation of an Event of Default, take any and all reasonably appropriate action and to execute any and all documents and instruments which may be reasonably necessary or desirable to accomplish the purposes of this Agreement, and, (ii) without limiting the generality of the foregoing, each Grantor hereby gives the Administrative Agent the power and right, on behalf of such Grantor, without notice to or assent by such Grantor, to do any or all of the following:

(i) pay or discharge Taxes and Liens (other than Liens permitted by Section 7.2 of the ~~Term~~ Loan Agreement) levied or placed on or threatened against the Collateral, effect any repairs or any insurance called for by the terms of this Agreement and pay all or any part of the premiums therefor and the costs thereof;

(ii) execute, in connection with any sale provided for in Section 7.4 or Section 7.5, any endorsements, assignments or other instruments of conveyance or transfer with respect to the Collateral; and (iii) (A) direct any party liable for any payment under any of the Collateral to make payment of any and all moneys due or to become due thereunder directly to the Administrative Agent or as the Administrative Agent shall direct; (B) take possession of

and indorse and collect any checks, drafts, notes, acceptances or other instruments for the payment of moneys due under, to the extent constituting Collateral, any Account, Instrument, General Intangible, Chattel Paper or Payment Intangible or with respect to any other Collateral, and to file any claim or to take any other action or proceeding in any court of law or equity or otherwise deemed appropriate by the Administrative Agent for the purpose of collecting any or all such moneys due under, to the extent constituting Collateral, any Account, Instrument or General Intangible or with respect to any other Collateral whenever payable; (C) ask or demand for, collect, and receive payment of and receipt for any and all moneys, claims and other amounts due or to become due at any time in respect of or arising out of any Collateral; (D) sign and indorse any invoices, freight or express bills, bills of lading, storage or warehouse receipts, drafts against debtors, assignments, verifications, notices and other documents in connection with any of the Collateral; (E) receive, change the address for delivery, open and dispose of mail addressed to any Grantor, and execute, assign and indorse negotiable and other instruments for the payment of money, documents of title or other evidences of payment, shipment or storage for any form of Collateral on behalf of and in the name of any Grantor; (F) commence and prosecute any suits, actions or proceedings at law or in equity in any court of competent jurisdiction to collect the Collateral or any portion thereof and to enforce any other right in respect of any Collateral; (G) defend any suit, action or proceeding brought against such Grantor with respect to any Collateral; (H) settle, compromise or adjust any such suit, action or proceeding and, in connection therewith, give such discharges or releases as the Administrative Agent may deem appropriate; (I) assign any Patent or Trademark (along with the goodwill of the business to which any such Trademark pertains) throughout the world for such term or terms, on such conditions, and in such manner as the Administrative Agent shall in its sole discretion determine; and (J) generally, sell, transfer, pledge and make any agreement with respect to or otherwise deal with any of the Collateral as fully and completely as though the Administrative Agent were the absolute owner thereof for all purposes, and do, at the Administrative Agent's option and such Grantor's expense, at any time, or from time to time, all acts and things which the Administrative Agent deems necessary to protect, preserve or realize upon the Collateral and the Administrative Agent's and the other Secured Parties' security interests therein and to effect the intent of this Agreement, all as fully and effectively as such Grantor might do.

Anything in this subsection to the contrary notwithstanding, the Administrative Agent agrees that it will not exercise any rights under the power of attorney provided for in this subsection unless an Event of Default shall have occurred and be continuing. The Administrative Agent shall give the relevant Grantor notice of any action taken pursuant to this subsection when reasonably practicable; provided that the Administrative Agent shall have no liability for the failure to provide any such notice.

(b) If any Grantor fails to perform or comply with any of its agreements contained herein within the applicable grace periods, the Administrative Agent, at its option, but without any obligation so to do, may perform or comply, or otherwise cause performance or compliance, with such agreement.

(c) The expenses of the Administrative Agent incurred in connection with actions undertaken as provided in this Section, together with interest thereon at the rate for Default Interest from the date of payment by the Administrative Agent to the date reimbursed by the relevant Grantor, shall be payable by such Grantor to the Administrative Agent in accordance with Section 10.3 of the ~~Term~~ Loan Agreement.

(d) Each Grantor hereby ratifies all that said attorneys shall lawfully do or cause to be done by virtue hereof and in compliance herewith. All powers, authorizations and agencies contained in this Agreement are coupled with an interest and are irrevocable until this Agreement is terminated and the security interests created hereby are released.

Section 8.2 **Duty of the Administrative Agent**. The Administrative Agent's sole duty with respect to the custody, safekeeping and physical preservation of the Collateral in its possession, under Section 9-207 of the UCC or otherwise, shall be to deal with it in the same manner as the Administrative Agent deals with similar property for its own account and shall be deemed to have exercised reasonable care in the custody and preservation of the Collateral in its possession if the Collateral is accorded treatment substantially equal to that which comparable secured parties accord comparable collateral. Neither the Administrative Agent, any other Secured Party nor any of their respective officers, directors, employees or agents shall be liable for failure to demand, collect or realize upon any of the Collateral or for any delay in doing so or shall be under any obligation to sell or otherwise dispose of any Collateral upon the request of any Grantor or any other Person or to take any other action whatsoever with regard to the Collateral or any part thereof. The powers conferred on the Administrative Agent and the other Secured Parties hereunder are solely to protect the Administrative Agent's and the other Secured Parties' interests in the Collateral and shall not impose any duty upon the Administrative Agent or any other Secured Party to exercise any such powers. The Administrative Agent and the other Secured Parties shall be accountable only for amounts that they actually receive as a result of the exercise of such powers, and neither they nor any of their officers, directors, employees or agents shall be responsible to any Grantor for any act or failure to act hereunder, except for their own gross negligence, fraud, material breach or willful misconduct as determined by a court of competent jurisdiction in a final and non- appealable judgment. To the fullest extent permitted by applicable law, the Administrative Agent shall be under no duty whatsoever to make or give any presentment, notice of dishonor, protest, demand for performance, notice of non-performance, notice of intent to accelerate, notice of acceleration, or other notice or demand in connection with any Collateral, or to take any steps necessary to preserve any rights against any Grantor or other Person or ascertaining or taking action with respect to calls, conversions, exchanges, maturities, tenders or other matters relative to any Collateral, whether or not it has or is deemed to have knowledge of such matters. Each Grantor, to the extent permitted by applicable law, waives any right of marshaling in respect of any and all Collateral, and waives any right to require the Administrative Agent or any other Secured Party to proceed against any Grantor or other Person, exhaust any Collateral or enforce any other remedy which the Administrative Agent or any other Secured Party now has or may hereafter have against any Grantor or other Person.

Section 8.3 **Filing of Financing Statements**. Pursuant to the UCC and any other applicable law, each Grantor authorizes the Administrative Agent, its counsel or its representative or designee, at any time and from time to time, to file or record financing statements, continuation statements, amendments thereto and other filing or recording documents or instruments with respect to the Collateral without the signature of such Grantor in such form and in such offices as the Administrative Agent reasonably determines appropriate to perfect the security interests of the Administrative Agent under this Agreement. Additionally, each Grantor authorizes the Administrative Agent, its counsel or its representative or designee, at any time and from time to time, to file or record such financing statements that describe the collateral covered thereby as "all assets of the Grantor", "all personal property of the Grantor" or words of similar effect. A photographic or other reproduction of this Agreement shall be sufficient as a financing statement or other filing or recording document or instrument for filing or recording in any jurisdiction.

Section 8.4 **Authority of the Administrative Agent**. Each Grantor acknowledges that the rights and responsibilities of the Administrative Agent under this Agreement with respect to any action

taken by the Administrative Agent or the exercise or non-exercise by the Administrative Agent of any option, voting right, request, judgment or other right or remedy provided for herein or resulting or arising out of this Agreement shall, as between the Administrative Agent and the other Secured Parties, be governed by the ~~Term~~ Loan Agreement and by such other agreements with respect thereto as may exist from time to time among them, but, as between the Administrative Agent and the Grantors, the Administrative Agent shall be conclusively presumed to be acting as agent for the Secured Parties with full and valid authority so to act or refrain from acting, and no Grantor shall be under any obligation, or entitlement, to make any inquiry respecting such authority. By accepting the benefits of this Agreement, each Secured Party expressly acknowledges and agrees that this Agreement may be enforced only by the action of the Administrative Agent including upon instruction of Required Lenders and that no other Secured Party shall have any right individually to seek to enforce or to enforce this Agreement or to realize upon the security purported to be granted hereby, it being understood and agreed that such rights and remedies may only be exercised by the Administrative Agent for the benefit of the Secured Parties upon the terms of this Agreement and the Loan Documents.

ARTICLE IX

SUBORDINATION OF INDEBTEDNESS

Section 9.1 **Subordination of All Guarantor Claims**. As used herein, the term "Guarantor Claims" shall mean all debts and obligations of the Borrower or any other Grantor to any Grantor, whether such debts and obligations now exist or are hereafter incurred or arise, or whether the obligation of the debtor thereon be direct, contingent, primary, secondary, several, joint and several, or otherwise, and irrespective of whether such debts or obligations be evidenced by note, contract, open account, or otherwise, and irrespective of the Person or Persons in whose favor such debts or obligations may, at their inception, have been or may hereafter be created, or the manner in which they have been or may hereafter be acquired. After the occurrence and during the continuation of an Event of Default (until payment in full of the Secured Obligations other than contingent obligations as to which no claim exists or has been asserted, Hedging Obligations owed by any Loan Party to any Lender-Related Hedge Provider, and Bank Product Obligations), no Grantor shall receive or collect, directly or indirectly, from any obligor in respect thereof any amount upon the Guarantor Claims.

Section 9.2 **Claims in Bankruptcy**. In the event of receivership, bankruptcy, reorganization, arrangement, debtor's relief or other insolvency proceedings involving any Grantor, the Administrative Agent on behalf of the Secured Parties shall have the right to prove their claim in any proceeding, so as to establish their rights hereunder and receive directly from the receiver, trustee or other court custodian dividends and payments which would otherwise be payable upon Guarantor Claims. Each Grantor hereby assigns such dividends and payments to the Administrative Agent for the benefit of the Secured Parties for application against the Secured Obligations as provided under Section 8.2 of the ~~Term~~ Loan Agreement. Should the Administrative Agent or any other Secured Party receive, for application upon the Secured Obligations, any such dividend or payment which is otherwise payable to any Grantor, and which, as between such Grantor, shall constitute a credit upon the Guarantor Claims, then upon payment in full of the Secured Obligations (other than (i) contingent obligations as to which no claim exists or has been asserted, (ii) Hedging Obligations owed by any Loan Party to any Lender- Related Hedge Provider, and (iii) Bank Product Obligations), the intended recipient shall become subrogated to the rights of the Administrative Agent and the other Secured Parties to the extent that such payments to the Administrative Agent and the other Secured Parties on the Guarantor Claims have contributed toward the liquidation of the Secured Obligations, and such subrogation shall be with respect to that proportion of the Secured

Obligations which would have been unpaid if the Administrative Agent and the other Secured Parties had not received dividends or payments upon the Guarantor Claims.

Section 9.3 **Payments Held in Trust**. In the event that, notwithstanding Section 9.1 and Section 9.2, any Grantor should receive any funds, payments, claims or distributions which are prohibited by such Sections, then it agrees (a) to hold in trust for the Administrative Agent and the other Secured Parties an amount equal to the amount of all funds, payments, claims or distributions so received, and (b) that it shall have absolutely no dominion over the amount of such funds, payments, claims or distributions except to pay them promptly to the Administrative Agent, for the benefit of the Secured Parties; and each Grantor covenants promptly to pay the same to the Administrative Agent.

Section 9.4 **Liens Subordinate**. Each Grantor agrees that, until the ~~Secured Obligations are paid in full (other than (i) contingent obligations as to which no claim exists or has been asserted, (ii) Hedging Obligations owed by any Loan Party to any Lender Related Hedge Provider, and (iii) Bank Product Obligations),~~Termination Date, any Liens securing payment of the Guarantor Claims shall be and remain inferior and subordinate to any Liens securing payment of the Secured Obligations, regardless of whether such encumbrances in favor of such Grantor, the Administrative Agent or any other Secured Party presently exist or are hereafter created or attach. Without the prior written consent of the Administrative Agent, no Grantor, during the period in which any of the Secured Obligations ~~are outstanding~~ (other than (i) contingent obligations as to which no claim exists or has been asserted, (ii) Hedging Obligations owed by any Loan Party to any Lender-Related Hedge Provider, and (iii) Bank Product Obligations), Letters of Credit (other than any Letter of Credit that has been Cash Collateralized) and/or Commitments remain outstanding, shall (a) exercise or enforce any creditor's right it may have against any debtor in respect of the Guarantor Claims, or (b) foreclose, repossess, sequester or otherwise take steps or institute any action or proceeding (judicial or otherwise, including, without limitation, the commencement of or joinder in any liquidation, bankruptcy, rearrangement, debtor's relief or insolvency proceeding) to enforce any Lien held by it.

Section 9.5 **Notation of Records**. Upon the request of the Administrative Agent, all promissory notes and all accounts receivable ledgers or other evidence of the Guarantor Claims accepted by or held by any Grantor shall contain a specific written notice thereon that the indebtedness evidenced thereby is subordinated under the terms of this Agreement.

ARTICLE X

MISCELLANEOUS

Section 10.1 **Waiver**. No failure on the part of the Administrative Agent or any other Secured Party to exercise and no delay in exercising, and no course of dealing with respect to, any right, remedy, power or privilege under any of the Loan Documents shall operate as a waiver thereof, nor shall any single or partial exercise of any right, power or privilege under any of the Loan Documents preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. The rights, remedies, powers and privileges provided herein are cumulative and not exclusive of any rights, remedies, powers and privileges provided by law. The exercise by the Administrative Agent of any one or more of the rights, powers and remedies herein shall not be construed as a waiver of any other rights, powers and remedies, including, without limitation, any rights of set-off.

Section 10.2 **Notices**. All notices and other communications provided for herein shall be given in the manner and subject to the terms of Section 10.1 of the ~~Term~~ Loan Agreement; provided that any

such notice, request or demand to or upon any Guarantor shall be addressed to such Guarantor at its notice address set forth on Schedule 1.

Section 10.3 Payment of Expenses, Indemnities. The terms of Section 10.3 of the ~~Term~~ Loan Agreement are incorporated herein by reference and shall be interpreted as if each reference to "Borrower" is replaced with "Grantors", mutatis mutandis, and the parties hereto agree to such terms.

Section 10.4 Amendments in Writing. None of the terms or provisions of this Agreement may be waived, amended, supplemented or otherwise modified except in accordance with Section 10.2 of the ~~Term~~ Loan Agreement.

Section 10.5 Successors and Assigns. This Agreement shall be binding upon the successors and assigns of each Grantor and shall inure to the benefit of the Administrative Agent and the other Secured Parties, the future holders of the Loans, and their respective successors and assigns; provided that no Grantor may assign, transfer or delegate any of its rights or Secured Obligations under this Agreement without the prior written consent of the Administrative Agent and the Lenders.

Section 10.6 Severability. Any provision of this Agreement held to be invalid, illegal or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such invalidity, illegality or unenforceability without affecting the validity, legality and enforceability of the remaining provisions hereof; and the invalidity of a particular provision in a particular jurisdiction shall not invalidate such provision in any other jurisdiction.

Section 10.7 Counterparts. This Agreement may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument, and any of the parties hereto may execute this Agreement by signing any such counterpart. Delivery of an executed counterpart to this Agreement by facsimile transmission or by electronic mail in pdf format shall be as effective as delivery of a manually executed counterpart hereof.

Section 10.8 Survival. The obligations of the parties under Section 10.3 shall survive the repayment of the Secured Obligations and the termination of the ~~Term~~ Loan Agreement, the Loans, the ~~Term Loan~~Letters of Credit, the Commitments, the Hedging Obligations and the Bank Product Obligations. To the extent that any payments on the Secured Obligations or proceeds of any Collateral are subsequently invalidated, declared to be fraudulent or preferential, set aside or required to be repaid to a trustee, debtor in possession, receiver or other Person under any bankruptcy law, common law or equitable cause, then, to such extent, the Secured Obligations so satisfied shall be revived and continue as if such payment or proceeds had not been received and the Administrative Agent's and the other Secured Parties' Liens, security interests, rights, powers and remedies under this Agreement and each other applicable Collateral Document shall continue in full force and effect. In such event, each applicable Collateral Document shall be automatically reinstated and each Grantor shall take such action as may be reasonably requested by the Administrative Agent and the other Secured Parties to effect such reinstatement.

Section 10.9 Captions. Captions and section headings appearing herein are included solely for convenience of reference and are not intended to affect the interpretation of any provision of this Agreement.

Section 10.10 No Oral Agreements. The Loan Documents embody the entire agreement and understanding between the parties and supersede all other agreements and understandings between such parties relating to the subject matter hereof and thereof. The Loan Documents represent the final

agreement between the parties and may not be contradicted by evidence of prior, contemporaneous or subsequent oral agreements of the parties. There are no unwritten oral agreements between the parties.

Section 10.11 Governing Law; Submission to Jurisdiction.

(a) This Agreement and the other Loan Documents and any claims, controversy, dispute or cause of action (whether in contract or tort or otherwise) based upon, arising out of or relating to this Agreement or any other Loan Document (except, as to any other Loan Document, as expressly set forth therein) and the transactions contemplated hereby and thereby shall be construed in accordance with and be governed by the law (without giving effect to the conflict of law principles thereof) of the State of New York.

(b) Each party to this Agreement hereby irrevocably and unconditionally submits, for itself and its property, to the exclusive jurisdiction of the United States District Court for the Southern District of New York, and of the Supreme Court of the State of New York sitting in New York County, Borough of Manhattan, and of any appellate court from any thereof, in any action or proceeding arising out of or relating to this Agreement or any other Loan Document or the transactions contemplated hereby or thereby, or for recognition or enforcement of any judgment, and each of the parties hereto hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in such District Court or state court or, to the extent permitted by applicable law, such appellate court. Each of the parties hereto agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Agreement or any other Loan Document shall affect any right that the Administrative Agent, the Issuing Bank or any Lender may otherwise have to bring any action or proceeding relating to this Agreement or any other Loan Document against the Borrower or its properties in the courts of any jurisdiction.

(c) Each party to this Agreement irrevocably and unconditionally waives any objection which it may now or hereafter have to the laying of venue of any such suit, action or proceeding described in subsection (b) of this Section and brought in any court referred to in subsection (b) of this Section. Each of the parties hereto irrevocably waives, to the fullest extent permitted by applicable law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

(d) Each party to this Agreement irrevocably consents to the service of process in the manner provided for notices in Section 10.2. Nothing in this Agreement or in any other Loan Document will affect the right of any party hereto to serve process in any other manner permitted by law.

Section 10.12 WAIVER OF JURY TRIAL. EACH PARTY HERETO IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER, AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

Section 10.13 Acknowledgments.

(a) Each Grantor hereby acknowledges that:

(i) it has been advised by counsel in the negotiation, execution and delivery of this Agreement and the other Loan Documents to which it is a party;

(ii) neither the Administrative Agent nor any other Secured Party has any fiduciary relationship with or duty to any Grantor arising out of or in connection with this Agreement or any of the other Loan Documents, and the relationship between the Grantors, on the one hand, and the Administrative Agent and the other Secured Parties, on the other hand, in connection herewith or therewith is solely that of debtor and creditor; and

(iii) no joint venture is created hereby or by the other Loan Documents or otherwise exists by virtue of the transactions contemplated hereby among the Secured Parties or among the Grantors and the Lenders.

(b) Each of the parties hereto specifically agrees that it has a duty to read this Agreement and the other Loan Documents to which it is a party and agrees that it is charged with notice and knowledge of the terms of this Agreement and the other Loan Documents to which it is a party; that it has in fact read this Agreement and the other Loan Documents to which it is a party and is fully informed and has full notice and knowledge of the terms, conditions and effects of this Agreement and the other Loan Documents to which it is a party; that it has been represented by independent legal counsel of its choice throughout the negotiations preceding its execution of this Agreement and the other Loan Documents to which it is party; and has received the advice of its attorney in entering into this Agreement and the other Loan Documents to which it is a party; and that it recognizes that certain of the terms of this Agreement and other Loan Documents to which it is a party result in one party assuming the liability inherent in some aspects of the transaction and relieving the other party of its responsibility for such liability. Each Grantor agrees and covenants that it will not contest the validity or enforceability of any exculpatory provision of this Agreement or the other Loan Documents to which it is a party on the basis that such Grantor had no notice or knowledge of such provision or that the provision is not "conspicuous".

(c) Each Grantor warrants and agrees that each of the waivers and consents set forth in this Agreement are made voluntarily and unconditionally after consultation with outside legal counsel and with full knowledge of their significance and consequences, with the understanding that events giving rise to any defense or right waived may diminish, destroy or otherwise adversely affect rights which such Grantor otherwise may have against any other Grantor, the Administrative Agent, the other Secured Parties or any other Person or against any Collateral. If, notwithstanding the intent of the parties that the terms of this Agreement shall control in any and all circumstances, any such waivers or consents are determined to be unenforceable under applicable law, such waivers and consents shall be effective to the maximum extent permitted by law.

Section 10.14 Additional Grantors. Each Person that is required to become a party to this Agreement pursuant to Section 5.12 of the ~~Term~~ Loan Agreement and is not a signatory hereto shall become a Grantor for all purposes of this Agreement upon execution and delivery by such Person of an Assumption Agreement in the form of Annex I.

Section 10.15 Set-Off. Each Grantor agrees that, in addition to (and without limitation of) any right of set-off, bankers' lien or counterclaim a Secured Party may otherwise have, each Secured Party

shall have the right and be entitled (after consultation with the Administrative Agent), at its option, to offset (i) balances held by it or by any of its Affiliates for account of any Grantor or any of its Subsidiaries (other than an Insurance Subsidiary or any Subsidiary of an Insurance Subsidiary) at any of its offices, in dollars or in any other currency, and (ii) Obligations then due and payable to such Secured Party (or any Affiliate of such Secured Party), which are not paid when due, in which case it shall promptly notify the Borrower and the Administrative Agent thereof, provided that such Secured Party's failure to give such notice shall not affect the validity thereof.

Section 10.16 Releases.

(a) Release Upon Payment in Full. The grant of the security interest hereunder and all of the rights, powers and remedies in connection herewith shall remain in full force and effect until the Administrative Agent has (i) retransferred and delivered all of the Collateral in its possession to the Grantors, and (ii) executed a written release or termination statement and reassigned to the Grantors without recourse or warranty any remaining Collateral and all rights conveyed hereby. Upon the payment in full of the Secured Obligations (other than (i) contingent obligations as to which no claim exists or has been asserted, (ii) Hedging Obligations owed by any Loan Party to any Lender-Related Hedge Provider, and (iii) Bank Product Obligations) ~~and~~, the termination ~~or~~, expiration, or Cash Collateralization, as applicable, of the ~~Term~~ Loan Agreement, all Commitments and all Letters of Credit (without, for the avoidance of doubt, any pending draw requests unless any such obligations are also Cash Collateralized), the Administrative Agent, at the request and expense of the Borrower, will promptly release, reassign and transfer the Collateral to the Grantors, without recourse, representation, warranty or other assurance of any kind, and declare this Agreement to be of no further force or effect.

(b) Further Assurances. If any of the Collateral shall be sold, transferred or otherwise disposed of by any Grantor in a transaction permitted by the ~~Term~~ Loan Agreement, then the Administrative Agent, at the request and sole expense of such Grantor, shall promptly execute and deliver to such Grantor all releases or other documents reasonably necessary for the release of the Liens created hereby on such Collateral and, if applicable, the Capital Stock of such Grantor, made without recourse, representation, warranty or other assurance of any kind. At the request and sole expense of the Borrower, a Grantor shall be released from its obligations hereunder in the event that all the Capital Stock of such Grantor shall be sold, transferred or otherwise disposed of in a transaction expressly permitted by the ~~Term~~ Loan Agreement; provided that the Borrower shall have delivered to the Administrative Agent, at least five (5) Business Days prior to the date of the proposed release or such later date as agreed in writing by the Administrative Agent in its sole discretion, a written request for release identifying the relevant Grantor, together with a certification by the Borrower stating that such transaction is in compliance with the ~~Term~~ Loan Agreement and the other Loan Documents.

(c) Retention in Satisfaction. Except as may be expressly applicable pursuant to Section 9-620 of the UCC, no action taken or omission to act by the Administrative Agent or the other Secured Parties hereunder, including, without limitation, any exercise of voting or consensual rights or any other action taken or inaction, shall be deemed to constitute a retention of the Collateral in satisfaction of the Secured Obligations or otherwise to be in full satisfaction of the Secured Obligations, and the Secured Obligations shall remain in full force and effect, until the Administrative Agent and the other Secured Parties shall have applied payments (including, without limitation, collections from Collateral) towards the Secured Obligations in the full amount then outstanding or until such subsequent time as is provided in subsection (a) of this Section.

Section 10.17 **Intercreditor Agreement**. Notwithstanding anything herein to the contrary, (i) the lien and security interest granted to the Administrative Agent, for the benefit of the Secured Parties, pursuant to this Agreement are subject to the provisions of the Intercreditor Agreement and (ii) the exercise of any right or remedy by the Administrative Agent and the other Secured Parties hereunder is subject to the provisions of the Intercreditor Agreement. To the extent that pursuant to the Intercreditor Agreement any person other than the Administrative Agent is entitled to possession of any Collateral, then notwithstanding any other provision of this Agreement, any requirement to deliver Collateral to the Administrative Agent shall be deemed satisfied if such Collateral is delivered to such other person. In the event of any conflict between the terms of the Intercreditor Agreement and this Agreement, the terms of the Intercreditor Agreement shall govern and control.

Section 10.18 **Reinstatement**. The obligations of each Grantor under this Agreement (including, without limitation, with respect to the guarantee contained in Article II and the provision of collateral herein) shall continue to be effective, or be reinstated, as the case may be, if at any time payment, or any part thereof, of any of the Obligations is rescinded or must otherwise be restored or returned by the Administrative Agent or any other Secured Party upon the insolvency, bankruptcy, dissolution, liquidation or reorganization of the Borrower or any other Grantor, or upon or as a result of the appointment of a receiver, intervenor or conservator of, or trustee or similar officer for, the Borrower or any other Grantor or any substantial part of its property, or otherwise, all as though such payments had not been made.

Section 10.19 **Acceptance**. Each Grantor hereby expressly waives notice of acceptance of this Agreement, acceptance on the part of the Administrative Agent and the other Secured Parties being conclusively presumed by their request for this Agreement and delivery of the same to the Administrative Agent.

ARTICLE XI

KEEPWELL

Each Qualified ECP Guarantor hereby jointly and severally absolutely, unconditionally and irrevocably undertakes to provide such funds or other support as may be needed from time to time by each other Loan Party to honor all of its obligations under this Agreement in respect of Swap Obligations (provided, however, that each Qualified ECP Guarantor shall only be liable under this Article XI for the maximum amount of such liability that can be hereby incurred without rendering its obligations under this Article XI, or otherwise under this Agreement, voidable under applicable law relating to fraudulent conveyance or fraudulent transfer, and not for any greater amount). The obligations of each Qualified ECP Guarantor under this Section shall remain in full force and effect until this Agreement has been terminated pursuant to Section 10.16(a). Each Qualified ECP Guarantor intends that this Article XI constitute, and this Article XI shall be deemed to constitute, a "keepwell, support, or other agreement" for the benefit of each other Loan Party for all purposes of Section 1a(18)(A)(v)(II) of the Commodity Exchange Act.

November 1, 2020

Alexander Timm

Re: Employment Terms

Dear Alex:

You are currently employed with Root, Inc. (the "**Company**"). This letter agreement confirms the terms and conditions of your employment (the "**Agreement**"). As of your execution of this Agreement, you acknowledge and agree that you are no longer eligible for nor entitled to any further compensation or benefits under the terms of any other prior offer letter, other agreement or terms of employment with the Company, all of which are hereby superseded and replaced by this Agreement.

1. Position. You are serving in a full-time capacity as the Chief Executive Officer, reporting to the Company's Board of Directors (the "**Board**"), working in the Company's office located in Columbus, Ohio. You will also continue to serve as a director on the Board. You shall devote your best efforts and full business time, skill and attention to the performance of your duties. The Company may change your position, duties, work location and compensation from time to time in its discretion, subject to the terms and conditions set forth herein.

2. Salary. You will be paid an annual base salary at the rate of $600,000 per year, less applicable deductions and withholdings, paid in accordance with the Company's payroll practices, as may be in effect from time to time.

3. Benefits. You will be eligible to participate in the Company's standard benefit programs, subject to the terms and conditions of such plans. Currently, exempt employees do not accrue vacation. Supervisors will approve paid vacation requests based on the employee's progress on work goals or milestones, status of projects, fairness to the working team, and productivity and efficiency of the employee. Since vacation is not allotted or accrued, there is no "unused" vacation time to be carried over from one year to the next nor paid out upon termination. The Company may, from time to time, change these benefits in its discretion. Additional information regarding these benefits is available for your review upon request.

4. Stock Options. You have been granted various equity interests in the Company. Those equity interests shall continue to be governed in all respects by the terms of the applicable equity agreements, grant notices and equity plans.

5. Performance Bonuses. Each year, you will be eligible to earn an annual discretionary bonus of up to 125% of your annual base salary. Whether you receive such a bonus, and the amount of any such bonus, shall be determined by the Company in its sole discretion, and shall be based, in part, upon your performance and the performance of the Company during the calendar year, as well as any other criteria the Company deems relevant. The Company will pay you this bonus, if any, no later than March 15th of the following calendar year. You must be employed on the day that your bonus (if any) is paid in order to earn the bonus. Therefore, if your employment is terminated either by you or the Company for any

reason prior to the bonus being paid, you will not have earned the bonus and no partial or prorated bonus will be paid.

6. At-Will Employment / Severance Eligibility.

(a) **At-Will Employment.** Your employment with Company remains "at- will." This means that either you or Company may terminate your employment at any time, with or without Cause (as defined below), and with or without advance notice.

(b) **Termination For Cause; Resignation without Good Reason.** If, at any time, the Company terminates your employment for Cause (as defined below), you resign your employment without Good Reason (as defined below), or if either party terminates your employment as a result of your death or disability, you will receive your base salary accrued through your last day of employment. Under these circumstances, you will not be entitled to any other form of compensation from the Company, including any severance benefits.

(c) **Termination without Cause; Resignation for Good Reason.** If, at any time, the Company terminates your employment without Cause or if you resign your employment for Good Reason, (either such termination referred to as a "**Qualifying Termination**"), and other than as a result of your death or disability, and provided such termination constitutes a "separation from service" (as defined under Treasury Regulation Section 1.409A-1(h), without regard to any alternative definition thereunder, a "**Separation from Service**"), then subject to your obligations and the conditions set forth below, you shall be entitled to receive the following severance benefits (collectively, the "**Severance Benefits**"):

i. an amount equal to 12 months of your then current base salary, less all applicable withholdings and deductions, paid over such 12-month period on the schedule described below (the "**Salary Continuation**");

ii. if you timely elect continued coverage under COBRA for yourself and your covered dependents under the Company's group health plans following such termination or resignation of employment, then the Company shall (in the Company's discretion) pay directly or reimburse you for the payment of the COBRA premiums necessary to continue your health insurance coverage in effect for yourself and your eligible dependents on the Separation from Service date until the earliest of (A) the 12-month period following the termination of your employment, (B) the expiration of your eligibility for the continuation coverage under COBRA, or (C) the date when you become eligible for substantially equivalent health insurance coverage in connection with new employment or self-employment (such period from the termination date through the earliest of (A) through (C), the "**COBRA Payment Period**"). Notwithstanding the foregoing, if the Company determines, in its sole discretion, that the payment of the COBRA premiums could result in a violation of the nondiscrimination rules of Section 105(h)(2) of Section 409A of the Internal Revenue Code (the "**Code**") or any statute or regulation of similar effect (including but not limited to the 2010 Patient Protection and Affordable Care Act, as amended by the 2010 Health Care and Education Reconciliation Act), then in lieu of providing the COBRA premiums, the Company, in its sole discretion, may elect to instead pay you on the first day of each month of the COBRA Payment Period, a fully taxable cash payment equal to the

COBRA premiums for that month, subject to applicable tax withholdings (such amount, the "**Special Severance Payment**"), for the remainder of the COBRA Payment Period. You may, but are not obligated to, use such Special Severance Payment toward the cost of COBRA premiums. If you become eligible for coverage under another employer's group health plan or otherwise cease to be eligible for COBRA during the period provided in this clause, you must immediately notify the Company of such event, and all payments and obligations under this clause shall cease;

iii. the Company shall accelerate the vesting of any then-unvested Company equity awards then held by you such that as of your Separation from Service date, you will be deemed vested in those shares that would have vested had you remained employed with the Company for an additional 12 months; and

iv. in the event of a Qualifying Termination that occurs upon or within 12 months following the closing of a Change in Control (as defined in the Company's 2020 Equity Incentive Plan), provided such Qualifying Termination constitutes a Separation from Service, then the Company shall accelerate the vesting of any then-unvested Company equity awards then held by you such that 100% of such awards shall be deemed immediately vested and exercisable as of your Separation from Service date.

Such Severance Benefits are conditional upon (a) your continuing to comply with your obligations under your Proprietary Information and Inventions Agreement; (b) your delivering to the Company an effective, general release of claims in favor of the Company in a form acceptable to the Company (the "**Release**") within 60 days following your termination date; and if you are a member of the Board, your resignation from the Board, to be effective no later than the date of your Separation from Service date (or such other date as requested by the Board). The Salary Continuation will be paid in equal installments on the Company's regular payroll schedule and will be subject to applicable tax withholdings over the period outlined above following the date of your Separation from Service; provided, however, that no payments will be made prior to the 60th day following your Separation from Service date. On the 60th day following your Separation from Service date, the Company will pay you in a lump sum the Salary Continuation and other Severance Benefits that you would have received on or prior to such date under the original schedule but for the delay while waiting for the 60th day in compliance with Code Section 409A and the effectiveness of the release, with the balance of the Salary Continuation and other Severance Benefits being paid as originally scheduled.

(d) **Definition of Cause**. For purposes of this Agreement, "**Cause**" shall mean a good faith finding by the Company that you have (i) failed, neglected, or willfully refused to perform a material aspect of your lawful employment duties related to your position or as from time to time assigned to you (other than due to disability within the meaning of Internal Revenue Code Section 22(eX3)), have been provided a written notice of such failure and have been provided seven business days to begin to cure such failure but have not cured the issue; (ii) committed any willful, intentional, or grossly negligent act having the effect of injuring the interest, business, or reputation of the Company; (iii) committed an act constituting a felony or misdemeanor involving moral turpitude, fraud, theft, or dishonesty; (iv) misappropriated or embezzled any property of the Company (whether or not an act constituting a felony or misdemeanor); (v) committed an intentional or willful unauthorized disclosure of Confidential Information (as

defined in the Company's Proprietary Information and Inventions Agreement); (vi) breached any material provision of any written agreement between you and the Company; or (vii) failed, neglected, or refused to comply with the Company's written policies or rules, as they may be in effect from time to time during your employment, have been provided written notice of such violation of the Company's written policies or rules and have failed to cure any such violation within seven business days of the receipt of the written notice.

(e) **Definition of Good Reason.** For purposes of this Agreement, you shall have "**Good Reason**" for resigning from employment with the Company if any of the following actions are taken by the Company without your written consent, provided that the requirements regarding advance notice and an opportunity to cure set forth below are satisfied: (i) a reduction of your then-current base salary by 10% or more unless such reduction is part of a generalized salary reduction affecting similarly situated employees; (ii) a material reduction in your job responsibilities, duties or authority, including requiring you to report to anyone other than the Board or requiring you to perform a role other than the role of the chief executive officer of the Company ; or (iii) the Company conditions your continued service with the Company on your being transferred to a site of employment that would increase your one-way commute by more than 35 miles from your then principal residence. In order for you to resign for Good Reason, you must provide written notice to the Company of the existence of the Good Reason condition within 60 days of the initial existence of such Good Reason condition. Upon receipt of such notice, the Company must have 30 days during which it may remedy the Good Reason condition. If the Good Reason condition is not remedied within such 30-day period, you may resign based on the Good Reason condition specified in the notice effective no later than 30 days following the expiration of the 30-day cure period.

7. Section 409A. It is intended that all of the Severance Benefits and other payments payable under this Agreement be exempt from the application of Code Section 409A, and if not so exempt that they comply with the provisions of Section 409A, and this Agreement will be construed and interpreted accordingly. For purposes of Code Section 409A, your right to receive any installment payments under this Agreement (whether severance payments, reimbursements or otherwise) shall be treated as a right to receive a series of separate payments and, accordingly, each installment payment hereunder shall at all times be considered a separate and distinct payment. Notwithstanding any provision to the contrary in this Agreement, if you are deemed by the Company at the time of your Separation from Service to be a "specified employee" for purposes of Code Section 409A(a)(2)(B)(i), and if any of the payments upon Separation from Service set forth herein and/or under any other agreement with the Company are deemed to be "deferred compensation", then to the extent delayed commencement of any portion of such payments is required in order to avoid a prohibited distribution under Code Section 409A(a)(2)(B)(i) and the related adverse taxation under Section 409A, such payments shall not be provided to you prior to the earliest of (a) the expiration of the six-month period measured from the date of your Separation from Service with the Company, (b) the date of your death or (c) such earlier date as permitted under Section 409A without the imposition of adverse taxation. Upon the first business day following the expiration of such applicable Code Section 409A(a)(2)(B)(i) period, all payments deferred pursuant to this paragraph shall be paid in a lump sum to you, and any remaining payments due shall be paid as otherwise provided herein or in the applicable agreement. No interest shall be due on any amounts so deferred. With respect to payments to be made upon execution of an effective release, if the release revocation period

spans two calendar years, payments will be made in the second of the two calendar years to the extent necessary to avoid taxation under Code Section 409A. With respect to reimbursements or in-kind benefits provided to you hereunder (or otherwise) that are not exempt from Section 409A, the following rules shall apply: (i) the amount of expenses eligible for reimbursement, or in-kind benefits provided, during any one of your taxable years shall not affect the expenses eligible for reimbursement, or in-kind benefit to be provided in any other taxable year, (ii) in the case of any reimbursements of eligible expenses, reimbursement shall be made on or before the last day of your taxable year following the taxable year in which the expense was incurred and (iii) the right to reimbursement or in-kind benefits shall not be subject to liquidation or exchange for another benefit.

8. Section 280G; Parachute Payments.

(a) If any payment or benefit you will or may receive from the Company or otherwise (a "**280G Payment**") would (i) constitute a "parachute payment" within the meaning of Section 280G of the Code, and (ii) but for this sentence, be subject to the excise tax imposed by Section 4999 of the Code (the "**Excise Tax**"), then any such 280G Payment provided pursuant to this Agreement (a "**Payment**") shall be equal to the Reduced Amount. The "**Reduced Amount**" shall be either (x) the largest portion of the Payment that would result in no portion of the Payment (after reduction) being subject to the Excise Tax or (y) the largest portion, up to and including the total, of the Payment, whichever amount (i.e., the amount determined by clause (x) or by clause (y)), after taking into account all applicable federal, state and local employment taxes, income taxes, and the Excise Tax (all computed at the highest applicable marginal rate), results in your receipt, on an after-tax basis, of the greater economic benefit notwithstanding that all or some portion of the Payment may be subject to the Excise Tax. If a reduction in a Payment is required pursuant to the preceding sentence and the Reduced Amount is determined pursuant to clause (x) of the preceding sentence, the reduction shall occur in the manner (the "**Reduction Method**") that results in the greatest economic benefit for you. If more than one method of reduction will result in the same economic benefit, the items so reduced will be reduced pro rata (the "**Pro Rata Reduction Method**").

(b) Notwithstanding any provision of subsection (a) above to the contrary, if the Reduction Method or the Pro Rata Reduction Method would result in any portion of the Payment being subject to taxes pursuant to Section 409A that would not otherwise be subject to taxes pursuant to Section 409A, then the Reduction Method and/or the Pro Rata Reduction Method, as the case may be, shall be modified so as to avoid the imposition of taxes pursuant to Section 409A as follows: (i) as a first priority, the modification shall preserve to the greatest extent possible, the greatest economic benefit for you as determined on an after-tax basis; (ii) as a second priority, Payments that are contingent on future events (e.g., being terminated without Cause), shall be reduced (or eliminated) before Payments that are not contingent on future events; and (iii) as a third priority, Payments that are "deferred compensation" within the meaning of Section 409A shall be reduced (or eliminated) before Payments that are not deferred compensation within the meaning of Section 409A.

(c) If you receive a Payment for which the Reduced Amount was determined pursuant to clause (x) of Section 8(a) and the Internal Revenue Service determines thereafter that some portion of the Payment is subject to the Excise Tax, you agree to promptly return to the

Company a sufficient amount of the Payment (after reduction pursuant to clause (x) of Section 8(a)) so that no portion of the remaining Payment is subject to the Excise Tax. For the avoidance of doubt, if the Reduced Amount was determined pursuant to clause (y) of Section 8(a), you shall have no obligation to return any portion of the Payment pursuant to the preceding sentence.

9. Confidentiality; Company Rules and Policies. As a condition of your continued employment, you must sign and abide by the Company's standard form of Proprietary Information and Inventions Agreement, a copy of which is attached hereto as **Exhibit A**. You are also expected to comply with the Company's rules and policies. Finally, during the period that you render services to the Company, you agree to not engage in any employment, business or activity that is in any way competitive with the business or proposed business of the Company. You will disclose to the Company in writing any other gainful employment, business or activity that you are currently associated with or participate in so the company may assess whether a conflict exists. You will not assist any other person or organization in competing with the Company or in preparing to engage in competition with the business or proposed business of the Company. In order to retain necessary flexibility in the administration of its policies and procedures, the Company reserves the right to change or revise its policies, procedures, and benefits at any time.

10. Outside Activities. Throughout your employment with the Company, you may engage in civic and not-for-profit activities (including continuing to serve on the Board of Directors of GoHealth, Inc.) so long as such activities do not interfere with the performance of your duties hereunder or present a conflict of interest with the Company. Whether an outside activity interferes with the performance of your duties or presents a conflict of interest with the Company shall be determined by the Board in its sole discretion. During your employment by the Company, except on behalf of the Company, you will not directly or indirectly serve as an officer, director, stockholder, employee, partner, proprietor, investor, joint venturer, associate, representative or consultant of any other person, corporation, firm, partnership or other entity whatsoever that competes with the Company (or is planning or preparing to compete with the Company), anywhere in the world, in any line of business engaged in (or planned to be engaged in) by the Company; provided, however, that you may purchase or otherwise acquire up to (but not more than) one percent (1%) of any class of securities of any enterprise (but without participating in the activities of such enterprise) if such securities are listed on any national or regional securities exchange. Whether a person, corporation, firm, partnership or other entity competes with the Company shall be determined by the Board in its sole discretion.

11. Arbitration. To ensure the rapid and economical resolution of disputes that may arise in connection with your employment with the Company, you and the Company agree that any and all disputes, claims, or causes of action, in law or equity, including but not limited to statutory claims, arising from or relating to the enforcement, breach, performance, or interpretation of this Agreement, your employment with the Company, or the termination of your employment, shall be resolved pursuant to the Federal Arbitration Act, 9 U.S.C. § 1-16, to the fullest extent permitted by law, by final, binding and confidential arbitration conducted by JAMS or its successor, under JAMS' then applicable rules and procedures for employment disputes before a single arbitrator (available upon request and also currently available at http://www.jamsadr.com/rules-employment-arbitration/). **You acknowledge that by agreeing to this arbitration procedure, both you and the Company waive the right to resolve any such**

dispute through a trial by jury or judge or administrative proceeding. In addition, all claims, disputes, or causes of action under this section, whether by you or the Company, must be brought in an individual capacity, and shall not be brought as a plaintiff (or claimant) or class member in any purported class or representative proceeding, nor joined or consolidated with the claims of any other person or entity. The arbitrator may not consolidate the claims of more than one person or entity, and may not preside over any form of representative or class proceeding. To the extent that the preceding sentences regarding class claims or proceedings are found to violate applicable law or are otherwise found unenforceable, any claim(s) alleged or brought on behalf of a class shall proceed in a court of law rather than by arbitration. This paragraph shall not apply to any action or claim that cannot be subject to mandatory arbitration as a matter of law, to the extent such claims are not permitted by applicable law(s) to be submitted to mandatory arbitration and the applicable law(s) are not preempted by the Federal Arbitration Act or otherwise invalid (collectively, the "**Excluded Claims**"). In the event you intend to bring multiple claims, including one of the Excluded Claims listed above, the Excluded Claims may be filed with a court, while any other claims will remain subject to mandatory arbitration. You will have the right to be represented by legal counsel at any arbitration proceeding. Questions of whether a claim is subject to arbitration under this Agreement shall be decided by the arbitrator. Likewise, procedural questions which grow out of the dispute and bear on the final disposition are also matters for the arbitrator. The arbitrator shall: (a) have the authority to compel adequate discovery for the resolution of the dispute and to award such relief as would otherwise be permitted by law; and (b) issue a written statement signed by the arbitrator regarding the disposition of each claim and the relief, if any, awarded as to each claim, the reasons for the award, and the arbitrator's essential findings and conclusions on which the award is based. The arbitrator shall be authorized to award all relief that you or the Company would be entitled to seek in a court of law. The Company shall pay all JAMS arbitration fees in excess of the administrative fees that you would be required to pay if the dispute were decided in a court of law. Nothing in this Agreement is intended to prevent either you or the Company from obtaining injunctive relief in court to prevent irreparable harm pending the conclusion of any such arbitration. Any awards or orders in such arbitrations may be entered and enforced as judgments in the federal and state courts of any competent jurisdiction.

12. **Miscellaneous.** You acknowledge and agree that as of your execution of this Agreement, your sole entitlement to any compensation or benefits from the Company will be as set forth in this Agreement. This Agreement, together with your Proprietary Information and Inventions Agreement, forms the complete and exclusive statement of your employment agreement with the Company, and supersedes and replaces any and all prior agreements or representations with regard to the subject matter hereof, whether written or oral. It is entered into without reliance on any promise or representation other than those expressly contained herein. Changes in your employment terms, other than those changes expressly reserved to the Company's discretion in this Agreement, require a written modification signed by you and a duly authorized member of the Board. This Agreement is intended to bind and inure to the benefit of and be enforceable by you and the Company, and our respective successors, assigns, heirs, executors and administrators, except that you may not assign any of your duties or rights hereunder without the express written consent of the Company. If any provision of this Agreement is determined to be invalid or unenforceable, in whole or in part, this determination shall not affect any other provision of this Agreement and the provision in question shall be modified so as to be rendered enforceable in a manner consistent with the intent of the parties

insofar as possible under applicable law. This Agreement and the terms of your employment with the Company shall be governed in all aspects by the laws of the State of Ohio. This Agreement may be delivered and executed via facsimile, electronic mail (including pdf or any electronic signature complying with the U.S. federal ESIGN Act of 2000, Uniform Electronic Transactions Act or other applicable law) or other transmission method and shall be deemed to have been duly and validly delivered and executed and be valid and effective for all purposes.

Please sign and date this Agreement, and return it to me asap if you wish to accept continued employment at the Company under the terms described above.

Best regards,

ON BEHALF OF ROOT, INC BOARD.

/s/ Nancy Kramer
Nancy Kramer
Compensation Committee Chair

Accepted and agreed:
/s/Alexander Timm
Alexander Timm

Date: 1/4/2021

EXHIBIT A

PROPRIETARY INFORMATION AND INVENTIONS AGREEMENT

Exhibit 10.17

February 24,2021

Daniel Rosenthal
9101 Burning Tree Road Bethesda MD 20817

Re: Employment Terms

Dear Dan:

You are currently employed with Root, Inc. (the "**Company**"). This letter agreement confirms the terms and conditions of your employment (the "**Agreement**"). As of your execution of this Agreement, you acknowledge and agree that you are no longer eligible for nor entitled to any further compensation or benefits under the terms of your offer letter of employment with the Company, dated July 16, 2019 (the "**July 2019 Agreement**"), or any other prior offer letter, other agreement or terms of employment with the Company, all of which are hereby superseded and replaced by this Agreement.

1. Position. You are serving in a full-time capacity as the Chief Financial Officer ("**CFO**"), reporting to the Chief Executive Officer. The scope of your responsibilities as CFO will include finance, accounting, legal and regulatory responsibilities ("**Scope of Responsibilities**"). You will work remotely from your home office in Bethesda, Maryland. You will be expected to travel to the Company's office located in Columbus, Ohio from time to time and upon the Company's request. You will be reimbursed for reasonable and documented expenses related to business-related travel outside of the D.C.-metro area pursuant to the Company's policies and practices. You shall devote your best efforts and full business time, skill and attention to the performance of your duties. The Company may change your position, duties, work location and compensation from time to time in its discretion, subject to the terms and conditions set forth herein.

2. Salary. You will be paid an annual base salary at the rate of $475,000 per year, less applicable deductions and withholdings, paid in accordance with the Company's payroll practices, as may be in effect from time to time.

3. Benefits. You will be eligible to participate in the Company's standard benefit programs, subject to the terms and conditions of such plans. Currently, exempt employees do not accrue vacation. Supervisors will approve paid vacation requests based on the employee's progress on work goals or milestones, status of projects, fairness to the working team, and productivity and efficiency of the employee. Since vacation is not allotted or accrued, there is no "unused" vacation time to be carried over from one year to the next nor paid out upon termination. The Company may, from time to time, change these benefits in its discretion. Additional information regarding these benefits is available for your review upon request.

4. Stock Options. You have previously been granted various equity interests in the Company. The Company confirms that all of the performance target based Equity Grant in

Section 4 of the 2019 Agreement have been satisfied and those options have vested in full. The currently unvested time-based options shall survive the termination of the 2019 Agreement. All such options shall remain in effect and continue to be governed in all respects by the terms of the applicable equity agreements, grant notices and equity plans.

5. Performance Bonuses. Each year, you will be eligible to earn an annual discretionary bonus of up to 100% of your annual base salary. Whether you receive such a bonus, and the amount of any such bonus, shall be determined by the Company in its sole discretion, and shall be based, in part, upon your performance and the performance of the Company during the calendar year, as well as any other criteria the Company deems relevant. The Company will pay you this bonus, if any, no later than March 15th of the following calendar year. You must be employed on the day that your bonus (if any) is paid in order to earn the bonus. Therefore, if your employment is terminated either by you or the Company for any reason prior to the bonus being paid, you will not have earned the bonus and no partial or prorated bonus will be paid.

6. At-Will Employment / Severance Eligibility.

(a) At-Will Employment. Your employment with Company remains "at- will." This means that either you or Company may terminate your employment at any time, with or without Cause (as defined below), and with or without advance notice.

(b) Termination For Cause; Resignation without Good Reason. If, at any time, the Company terminates your employment for Cause (as defined below), you resign your employment without Good Reason (as defined below), or if either party terminates your employment as a result of your death or disability, you will receive your base salary accrued through your last day of employment. Under these circumstances, you will not be entitled to any other form of compensation from the Company, including any severance benefits.

(c) Termination without Cause; Resignation for Good Reason. If, at any time, the Company terminates your employment without Cause or if you resign your employment for Good Reason, (either such termination referred to as a "**Qualifying Termination**"), and other than as a result of your death or disability, and provided such termination constitutes a "separation from service" (as defined under Treasury Regulation Section 1.409A-1(h), without regard to any alternative definition thereunder, a "**Separation from Service**"), then subject to your obligations and the conditions set forth below, you shall be entitled to receive the following severance benefits (collectively, the "**Severance Benefits**"):

i. an amount equal to 12 months of your then current base salary, less all applicable withholdings and deductions, paid over such 12-month period on the schedule described below (the "**Salary Continuation**");

ii. if you timely elect continued coverage under COBRA for yourself and your covered dependents under the Company's group health plans following such termination or resignation of employment, then the Company shall (in the Company's discretion) pay directly or reimburse you for the payment of the COBRA premiums necessary to continue your health insurance coverage in effect for yourself and your eligible dependents on the

Separation from Service date until the earliest of (A) the 12-month period following the termination of your employment, (B) the expiration of your eligibility for the continuation coverage under COBRA, or (C) the date when you become eligible for substantially equivalent health insurance coverage in connection with new employment or self-employment (such period from the termination date through the earliest of (A) through (C), the "**COBRA Payment Period**"). Notwithstanding the foregoing, if the Company determines, in its sole discretion, that the payment of the COBRA premiums could result in a violation of the nondiscrimination rules of Section 105(h)(2) of Section 409A of the Internal Revenue Code (the "**Code**") or any statute or regulation of similar effect (including but not limited to the 2010 Patient Protection and Affordable Care Act, as amended by the 2010 Health Care and Education Reconciliation Act), then in lieu of providing the COBRA premiums, the Company, in its sole discretion, may elect to instead pay you on the first day of each month of the COBRA Payment Period, a fully taxable cash payment equal to the COBRA premiums for that month, subject to applicable tax withholdings (such amount, the "**Special Severance Payment**"), for the remainder of the COBRA Payment Period. You may, but are not obligated to, use such Special Severance Payment toward the cost of COBRA premiums. If you become eligible for coverage under another employer's group health plan or otherwise cease to be eligible for COBRA during the period provided in this clause, you must immediately notify the Company of such event, and all payments and obligations under this clause shall cease;

iii. the Company shall accelerate the vesting of any then-unvested Company equity awards, including but not limited to restricted stock units and performance stock units, then held by you such that as of your Separation from Service date, you will be deemed to have satisfied all performance requirements and shall be vested in all shares that were unvested at the time of termination without cause; and

iv. in the event of a Qualifying Termination that occurs upon or within 12 months following the closing of a Change in Control (as defined in the Company's 2020 Equity Incentive Plan), provided such Qualifying Termination constitutes a Separation from Service, then the Company shall accelerate the vesting of any then-unvested Company equity awards then held by you such that 100% of such awards shall be deemed immediately vested and exercisable as of your Separation from Service date.

Such Severance Benefits are conditional upon (a) your continuing to comply with your obligations under your Proprietary Information and Inventions Agreement; (b) your delivering to the Company an effective, general release of claims in favor of the Company in a form acceptable to the Company (the "**Release**") within 60 days following your termination date; and
(c) if you are a member of the Company's Board of Directors (the "**Board**"), your resignation from the Board, to be effective no later than the date of your Separation from Service date (or such other date as requested by the Board). The Salary Continuation will be paid in equal installments on the Company's regular payroll schedule and will be subject to applicable tax withholdings over the period outlined above following the date of your Separation from Service; provided, however, that no payments will be made prior to the 60th day following your Separation from Service date. On the 60th day following your Separation from Service date, the Company will pay you in a lump sum the Salary Continuation and other Severance Benefits that you would have received on or prior to such date under the original schedule but for the delay while waiting for the 60th day in compliance with Code Section 409A and the effectiveness of

the release, with the balance of the Salary Continuation and other Severance Benefits being paid as originally scheduled.

(d) Definition of Cause. For purposes of this Agreement, "**Cause**" shall mean a good faith finding by the Company that you have (i) failed, neglected, or willfully refused to perform a material aspect of your lawful employment duties related to your position or as from time to time assigned to you (other than due to disability within the meaning of Internal Revenue Code Section 22(eX3)), have been provided a written notice of such failure and have been provided seven business days to begin to cure such failure but have not cured the issue; (ii) committed any willful, intentional, or grossly negligent act having the effect of injuring the interest, business, or reputation of the Company; (iii) committed an act constituting a felony or misdemeanor involving moral turpitude, fraud, theft, or dishonesty; (iv) misappropriated or embezzled any property of the Company (whether or not an act constituting a felony or misdemeanor); (v) committed an intentional or willful unauthorized disclosure of Confidential Information (as defined in the Company's Proprietary Information and Inventions Agreement);
(vi) breached any material provision of any written agreement between you and the Company; or
(vii) failed, neglected, or refused to comply with the Company's written policies or rules, as they may be in effect from time to time during your employment, have been provided written notice of such violation of the Company's written policies or rules and have failed to cure any such violation within seven business days of the receipt of the written notice.

(e) Definition of Good Reason. For purposes of this Agreement, you shall have "**Good Reason**" for resigning from employment with the Company if any of the following actions are taken by the Company without your written consent, provided that the requirements regarding advance notice and an opportunity to cure set forth below are satisfied: (i) a reduction of your then-current base salary by 10% or more unless such reduction is part of a generalized salary reduction affecting similarly situated employees; (ii) a material reduction in your authority (including requiring you to report to anyone other than the current chief executive officer, Alex Timm), or to the Scope of Responsibilities (provided that a mere change in title to a position that is substantially similar to the prior position held shall not constitute a material reduction in authority or to the Scope of Responsibilities); (iii) the Company removes you from the Board without cause (provided however that the Company may remove you from the Board if required for an established regulatory or legal reason); (iv) the Company conditions your continued service with the Company on your being transferred to a site of employment that would increase your one-way commute by more than 35 miles from your then principal residence; or (v) the Company requires you to relocate. In order for you to resign for Good Reason, you must provide written notice to the Company of the existence of the Good Reason condition within 60 days of the initial existence of such Good Reason condition. Upon receipt of such notice, the Company must have 30 days during which it may remedy the Good Reason condition. If the Good Reason condition is not remedied within such 30-day period, you may resign based on the Good Reason condition specified in the notice effective no later than 30 days following the expiration of the 30-day cure period.

7. Section 409A. It is intended that all of the Severance Benefits and other payments payable under this Agreement be exempt from the application of Code Section 409A, and if not so exempt that they comply with the provisions of Section 409A, and this Agreement will be construed and interpreted accordingly. For purposes of Code Section 409A, your right to

receive any installment payments under this Agreement (whether severance payments, reimbursements or otherwise) shall be treated as a right to receive a series of separate payments and, accordingly, each installment payment hereunder shall at all times be considered a separate and distinct payment. Notwithstanding any provision to the contrary in this Agreement, if you are deemed by the Company at the time of your Separation from Service to be a "specified employee" for purposes of Code Section 409A(a)(2)(B)(i), and if any of the payments upon Separation from Service set forth herein and/or under any other agreement with the Company are deemed to be "deferred compensation", then to the extent delayed commencement of any portion of such payments is required in order to avoid a prohibited distribution under Code Section 409A(a)(2)(B)(i) and the related adverse taxation under Section 409A, such payments shall not be provided to you prior to the earliest of (a) the expiration of the six-month period measured from the date of your Separation from Service with the Company, (b) the date of your death or
(c) such earlier date as permitted under Section 409A without the imposition of adverse taxation. Upon the first business day following the expiration of such applicable Code Section 409A(a)(2)(B)(i) period, all payments deferred pursuant to this paragraph shall be paid in a lump sum to you, and any remaining payments due shall be paid as otherwise provided herein or in the applicable agreement. No interest shall be due on any amounts so deferred. With respect to payments to be made upon execution of an effective release, if the release revocation period spans two calendar years, payments will be made in the second of the two calendar years to the extent necessary to avoid taxation under Code Section 409A. With respect to reimbursements or in-kind benefits provided to you hereunder (or otherwise) that are not exempt from Section 409A, the following rules shall apply: (i) the amount of expenses eligible for reimbursement, or in-kind benefits provided, during any one of your taxable years shall not affect the expenses eligible for reimbursement, or in-kind benefit to be provided in any other taxable year, (ii) in the case of any reimbursements of eligible expenses, reimbursement shall be made on or before the last day of your taxable year following the taxable year in which the expense was incurred and
(iii) the right to reimbursement or in-kind benefits shall not be subject to liquidation or exchange for another benefit.

8. Section 280G; Parachute Payments.

(a) If any payment or benefit you will or may receive from the Company or otherwise (a "**280G Payment**") would (i) constitute a "parachute payment" within the meaning of Section 280G of the Code, and (ii) but for this sentence, be subject to the excise tax imposed by Section 4999 of the Code (the "**Excise Tax**"), then any such 280G Payment provided pursuant to this Agreement (a "**Payment**") shall be equal to the Reduced Amount. The "**Reduced Amount**" shall be either (x) the largest portion of the Payment that would result in no portion of the Payment (after reduction) being subject to the Excise Tax or (y) the largest portion, up to and including the total, of the Payment, whichever amount (i.e., the amount determined by clause (x) or by clause (y)), after taking into account all applicable federal, state and local employment taxes, income taxes, and the Excise Tax (all computed at the highest applicable marginal rate), results in your receipt, on an after-tax basis, of the greater economic benefit notwithstanding that all or some portion of the Payment may be subject to the Excise Tax. If a reduction in a Payment is required pursuant to the preceding sentence and the Reduced Amount is determined pursuant to clause (x) of the preceding sentence, the reduction shall occur in the manner (the "**Reduction Method**") that results in the greatest economic benefit for you. If more than one method of

reduction will result in the same economic benefit, the items so reduced will be reduced pro rata (the "**Pro Rata Reduction Method**").

(b) Notwithstanding any provision of subsection (a) above to the contrary, if the Reduction Method or the Pro Rata Reduction Method would result in any portion of the Payment being subject to taxes pursuant to Section 409A that would not otherwise be subject to taxes pursuant to Section 409A, then the Reduction Method and/or the Pro Rata Reduction Method, as the case may be, shall be modified so as to avoid the imposition of taxes pursuant to Section 409A as follows: (i) as a first priority, the modification shall preserve to the greatest extent possible, the greatest economic benefit for you as determined on an after-tax basis; (ii) as a second priority, Payments that are contingent on future events (e.g., being terminated without Cause), shall be reduced (or eliminated) before Payments that are not contingent on future events; and (iii) as a third priority, Payments that are "deferred compensation" within the meaning of Section 409A shall be reduced (or eliminated) before Payments that are not deferred compensation within the meaning of Section 409A.

(c) If you receive a Payment for which the Reduced Amount was determined pursuant to clause (x) of Section 8(a) and the Internal Revenue Service determines thereafter that some portion of the Payment is subject to the Excise Tax, you agree to promptly return to the Company a sufficient amount of the Payment (after reduction pursuant to clause (x) of Section 8(a)) so that no portion of the remaining Payment is subject to the Excise Tax. For the avoidance of doubt, if the Reduced Amount was determined pursuant to clause (y) of Section 8(a), you shall have no obligation to return any portion of the Payment pursuant to the preceding sentence.

9. Confidentiality; Company Rules and Policies. As a condition of your continued employment, you must sign and abide by the Company's standard form of Proprietary Information and Inventions Agreement, a copy of which is attached hereto as **Exhibit A**. You are also expected to comply with the Company's rules and policies. Finally, during the period that you render services to the Company, you agree to not engage in any employment, business or activity that is in any way competitive with the business or proposed business of the Company. You will disclose to the Company in writing any other gainful employment, business or activity that you are currently associated with or participate in so the company may assess whether a conflict exists. You will not assist any other person or organization in competing with the Company or in preparing to engage in competition with the business or proposed business of the Company. In order to retain necessary flexibility in the administration of its policies and procedures, the Company reserves the right to change or revise its policies, procedures, and benefits at any time.

10. Outside Activities. Throughout your employment with the Company, you may engage in civic and not-for-profit activities so long as such activities do not interfere with the performance of your duties hereunder or present a conflict of interest with the Company. Whether an outside activity interferes with the performance of your duties or presents a conflict of interest with the Company shall be determined by the Board in its sole discretion. During your employment by the Company, except on behalf of the Company, you will not directly or indirectly serve as an officer, director, stockholder, employee, partner, proprietor, investor, joint venturer, associate, representative or consultant of any other person, corporation, firm, partnership or other entity whatsoever that competes with the Company (or is planning or

preparing to compete with the Company), anywhere in the world, in any line of business engaged in (or planned to be engaged in) by the Company; provided, however, that you may purchase or otherwise acquire up to (but not more than) one percent (1%) of any class of securities of any enterprise (but without participating in the activities of such enterprise) if such securities are listed on any national or regional securities exchange. Whether a person, corporation, firm, partnership or other entity competes with the Company shall be determined by the Board in its sole discretion.

11. Arbitration. To ensure the rapid and economical resolution of disputes that may arise in connection with your employment with the Company, you and the Company agree that any and all disputes, claims, or causes of action, in law or equity, including but not limited to statutory claims, arising from or relating to the enforcement, breach, performance, or interpretation of this Agreement, your employment with the Company, or the termination of your employment, shall be resolved pursuant to the Federal Arbitration Act, 9 U.S.C. § 1-16, to the fullest extent permitted by law, by final, binding and confidential arbitration conducted by JAMS or its successor, under JAMS' then applicable rules and procedures for employment disputes before a single arbitrator (available upon request and also currently available at http://www.jamsadr.com/rules-employment-arbitration/). **You acknowledge that by agreeing to this arbitration procedure, both you and the Company waive the right to resolve any such dispute through a trial by jury or judge or administrative proceeding.** In addition, all claims, disputes, or causes of action under this section, whether by you or the Company, must be brought in an individual capacity, and shall not be brought as a plaintiff (or claimant) or class member in any purported class or representative proceeding, nor joined or consolidated with the claims of any other person or entity. The arbitrator may not consolidate the claims of more than one person or entity, and may not preside over any form of representative or class proceeding. To the extent that the preceding sentences regarding class claims or proceedings are found to violate applicable law or are otherwise found unenforceable, any claim(s) alleged or brought on behalf of a class shall proceed in a court of law rather than by arbitration. This paragraph shall not apply to any action or claim that cannot be subject to mandatory arbitration as a matter of law, including but not limited to sexual harassment claims, to the extent such claims are not permitted by applicable law(s) to be submitted to mandatory arbitration and the applicable law(s) are not preempted by the Federal Arbitration Act or otherwise invalid (collectively, the "**Excluded Claims**"). In the event you intend to bring multiple claims, including one of the Excluded Claims listed above, the Excluded Claims may be filed with a court, while any other claims will remain subject to mandatory arbitration. You will have the right to be represented by legal counsel at any arbitration proceeding. Questions of whether a claim is subject to arbitration under this Agreement shall be decided by the arbitrator. Likewise, procedural questions which grow out of the dispute and bear on the final disposition are also matters for the arbitrator. The arbitrator shall: (a) have the authority to compel adequate discovery for the resolution of the dispute and to award such relief as would otherwise be permitted by law; and (b) issue a written statement signed by the arbitrator regarding the disposition of each claim and the relief, if any, awarded as to each claim, the reasons for the award, and the arbitrator's essential findings and conclusions on which the award is based. The arbitrator shall be authorized to award all relief that you or the Company would be entitled to seek in a court of law. The Company shall pay all JAMS arbitration fees in excess of the administrative fees that you would be required to pay if the dispute were decided in a court of law. Nothing in this Agreement is intended to prevent

either you or the Company from obtaining injunctive relief in court to prevent irreparable harm pending the conclusion of any such arbitration. Any awards or orders in such arbitrations may be entered and enforced as judgments in the federal and state courts of any competent jurisdiction.

12. Miscellaneous. You acknowledge and agree that as of your execution of this Agreement, except as to your prior equity grants which remain in full force and effect, your sole entitlement to any compensation or benefits from the Company will be as set forth in this Agreement. This Agreement, together with your Proprietary Information and Inventions Agreement and existing equity grants, forms the complete and exclusive statement of your employment agreement with the Company, and supersedes and replaces any and all prior agreements or representations with regard to the subject matter hereof, whether written or oral, including but not limited to the July 2019 Agreement (with the exception of Section 4 as it relates to your time-based equity awards). It is entered into without reliance on any promise or representation other than those expressly contained herein. Changes in your employment terms, other than those changes expressly reserved to the Company's discretion in this Agreement, require a written modification signed by you and a duly authorized member of the Board. This Agreement is intended to bind and inure to the benefit of and be enforceable by you and the Company, and our respective successors, assigns, heirs, executors and administrators, except that you may not assign any of your duties or rights hereunder without the express written consent of the Company. The Company agrees to review this Agreement and those employment agreements of the other officers of the Company with the compensation committee with the aim that all material provisions of the officers' employment agreements align to the extent applicable, and reflect their respective positions and individual circumstances. D&O insurance and indemnity will be provided to you consistent with that customarily provided to similarly situated executive officers of publicly traded companies. If any provision of this Agreement is determined to be invalid or unenforceable, in whole or in part, this determination shall not affect any other provision of this Agreement and the provision in question shall be modified so as to be rendered enforceable in a manner consistent with the intent of the parties insofar as possible under applicable law. This Agreement and the terms of your employment with the Company shall be governed in all aspects by the laws of the State of Ohio. This Agreement may be delivered and executed via facsimile, electronic mail (including pdf or any electronic signature complying with the U.S. federal ESIGN Act of 2000, Uniform Electronic Transactions Act or other applicable law) or other transmission method and shall be deemed to have been duly and validly delivered and executed and be valid and effective for all purposes.

Please sign and date this Agreement, and return it to me by February 25, 2021 if you wish to accept continued employment at the Company under the terms described above.

Best regards,

ROOT, INC.

/s/ Alexander Timm
Chief Executive Officer

Accepted and agreed:
/s/Daniel Rosenthal
Daniel Rosenthal

Date: 2/24/2021

EXHIBIT A

PROPRIETARY INFORMATION AND INVENTIONS AGREEMENT

February 24, 2021

Daniel Manges 1185 Bluffway Dr.
Columbus, OH 43235

Re: Employment Terms

Dear Daniel:

You are currently employed with Root, Inc. (the "**Company**"). This letter agreement confirms the terms and conditions of your employment (the "**Agreement**"). As of your execution of this Agreement, you acknowledge and agree that you are no longer eligible for nor entitled to any further compensation or benefits under the terms of any other prior offer letter, other agreement or terms of employment with the Company, all of which are hereby superseded and replaced by this Agreement.

1. Position. You are serving in a full-time capacity as the Chief Technology Officer, reporting to the Chief Executive Officer, working in the Company's office located in Columbus, Ohio. You shall devote your best efforts and full business time, skill and attention to the performance of your duties. The Company may change your position, duties, work location and compensation from time to time in its discretion, subject to the terms and conditions set forth herein.

2. Salary. You will be paid an annual base salary at the rate of $375,000 per year, less applicable deductions and withholdings, paid in accordance with the Company's payroll practices, as may be in effect from time to time.

3. Benefits. You will be eligible to participate in the Company's standard benefit programs, subject to the terms and conditions of such plans. Currently, exempt employees do not accrue vacation. Supervisors will approve paid vacation requests based on the employee's progress on work goals or milestones, status of projects, fairness to the working team, and productivity and efficiency of the employee. Since vacation is not allotted or accrued, there is no "unused" vacation time to be carried over from one year to the next nor paid out upon termination. The Company may, from time to time, change these benefits in its discretion. Additional information regarding these benefits is available for your review upon request.

4. Stock Options. You have been granted various equity interests in the Company. Those equity interests shall continue to be governed in all respects by the terms of the applicable equity agreements, grant notices and equity plans.

5. Performance Bonuses. Each year, you will be eligible to earn an annual discretionary bonus of up to 75% of your annual base salary. Whether you receive such a bonus, and the amount of any such bonus, shall be determined by the Company in its sole discretion, and shall be based, in part, upon your performance and the performance of the Company during

the calendar year, as well as any other criteria the Company deems relevant. The Company will pay you this bonus, if any, no later than March 15th of the following calendar year. You must be employed on the day that your bonus (if any) is paid in order to earn the bonus. Therefore, if your employment is terminated either by you or the Company for any reason prior to the bonus being paid, you will not have earned the bonus and no partial or prorated bonus will be paid.

6. At-Will Employment / Severance Eligibility.

(a) **At-Will Employment.** Your employment with Company remains "at- will." This means that either you or Company may terminate your employment at any time, with or without Cause (as defined below), and with or without advance notice.

(b) **Termination For Cause; Resignation without Good Reason.** If, at any time, the Company terminates your employment for Cause (as defined below), you resign your employment without Good Reason (as defined below), or if either party terminates your employment as a result of your death or disability, you will receive your base salary accrued through your last day of employment. Under these circumstances, you will not be entitled to any other form of compensation from the Company, including any severance benefits.

(c) **Termination without Cause; Resignation for Good Reason.** If, at any time, the Company terminates your employment without Cause or if you resign your employment for Good Reason, (either such termination referred to as a "**Qualifying Termination**"), and other than as a result of your death or disability, and provided such termination constitutes a "separation from service" (as defined under Treasury Regulation Section 1.409A-1(h), without regard to any alternative definition thereunder, a "**Separation from Service**"), then subject to your obligations and the conditions set forth below, you shall be entitled to receive the following severance benefits (collectively, the "**Severance Benefits**"):

i. an amount equal to 12 months of your then current base salary, less all applicable withholdings and deductions, paid over such 12-month period on the schedule described below (the "**Salary Continuation**");

ii. if you timely elect continued coverage under COBRA for yourself and your covered dependents under the Company's group health plans following such termination or resignation of employment, then the Company shall (in the Company's discretion) pay directly or reimburse you for the payment of the COBRA premiums necessary to continue your health insurance coverage in effect for yourself and your eligible dependents on the Separation from Service date until the earliest of (A) the 12-month period following the termination of your employment, (B) the expiration of your eligibility for the continuation coverage under COBRA, or (C) the date when you become eligible for substantially equivalent health insurance coverage in connection with new employment or self-employment (such period from the termination date through the earliest of (A) through (C), the "**COBRA Payment Period**"). Notwithstanding the foregoing, if the Company determines, in its sole discretion, that the payment of the COBRA premiums could result in a violation of the nondiscrimination rules of Section 105(h)(2) of Section 409A of the Internal Revenue Code (the "**Code**") or any statute or regulation of similar effect (including but not limited to the 2010 Patient Protection and Affordable Care Act, as amended by the 2010 Health Care and Education Reconciliation Act),

then in lieu of providing the COBRA premiums, the Company, in its sole discretion, may elect to instead pay you on the first day of each month of the COBRA Payment Period, a fully taxable cash payment equal to the COBRA premiums for that month, subject to applicable tax withholdings (such amount, the "**Special Severance Payment**"), for the remainder of the COBRA Payment Period. You may, but are not obligated to, use such Special Severance Payment toward the cost of COBRA premiums. If you become eligible for coverage under another employer's group health plan or otherwise cease to be eligible for COBRA during the period provided in this clause, you must immediately notify the Company of such event, and all payments and obligations under this clause shall cease;

i. the Company shall accelerate the vesting of any then-unvested Company equity awards then held by you such that as of your Separation from Service date, you will be deemed vested in those shares that would have vested had you remained employed with the Company for an additional 12 months; and

ii. in the event of a Qualifying Termination that occurs upon or within 12 months following the closing of a Change in Control (as defined in the Company's 2020 Equity Incentive Plan), provided such Qualifying Termination constitutes a Separation from Service, then the Company shall accelerate the vesting of any then-unvested Company equity awards then held by you such that 100% of such awards shall be deemed immediately vested and exercisable as of your Separation from Service date.

Such Severance Benefits are conditional upon (a) your continuing to comply with your obligations under your Proprietary Information and Inventions Agreement; (b) your delivering to the Company an effective, general release of claims in favor of the Company in a form acceptable to the Company (the "**Release**") within 60 days following your termination date; and

(c) if you are a member of the Company's Board of Directors (the "**Board**"), your resignation from the Board, to be effective no later than the date of your Separation from Service date (or such other date as requested by the Board). The Salary Continuation will be paid in equal installments on the Company's regular payroll schedule and will be subject to applicable tax withholdings over the period outlined above following the date of your Separation from Service; provided, however, that no payments will be made prior to the 60th day following your Separation from Service date. On the 60th day following your Separation from Service date, the Company will pay you in a lump sum the Salary Continuation and other Severance Benefits that you would have received on or prior to such date under the original schedule but for the delay while waiting for the 60th day in compliance with Code Section 409A and the effectiveness of the release, with the balance of the Salary Continuation and other Severance Benefits being paid as originally scheduled.

(d) **Definition of Cause**. For purposes of this Agreement, "**Cause**" shall mean a good faith finding by the Company that you have (i) failed, neglected, or willfully refused to perform a material aspect of your lawful employment duties related to your position or as from time to time assigned to you (other than due to disability within the meaning of Internal Revenue Code Section 22(eX3)), have been provided a written notice of such failure and have been provided seven business days to begin to cure such failure but have not cured the issue; (ii) committed any willful, intentional, or grossly negligent act having the effect of injuring the interest, business, or reputation of the Company; (iii) committed an act constituting a felony or

misdemeanor involving moral turpitude, fraud, theft, or dishonesty; (iv) misappropriated or embezzled any property of the Company (whether or not an act constituting a felony or misdemeanor); (v) committed an intentional or willful unauthorized disclosure of Confidential Information (as defined in the Company's Proprietary Information and Inventions Agreement);
(vi) breached any material provision of any written agreement between you and the Company; or
(vii) failed, neglected, or refused to comply with the Company's written policies or rules, as they may be in effect from time to time during your employment, have been provided written notice of such violation of the Company's written policies or rules and have failed to cure any such violation within seven business days of the receipt of the written notice.

(e) **Definition of Good Reason.** For purposes of this Agreement, you shall have "**Good Reason**" for resigning from employment with the Company if any of the following actions are taken by the Company without your written consent, provided that the requirements regarding advance notice and an opportunity to cure set forth below are satisfied: (i) a reduction of your then-current base salary by 10% or more unless such reduction is part of a generalized salary reduction affecting similarly situated employees; (ii) a material reduction in your job responsibilities, duties or authority (provided that a mere change in title to a position that is substantially similar to the prior position held shall not constitute a material reduction in job responsibilities, duties or authority); or (iii) the Company conditions your continued service with the Company on your being transferred to a site of employment that would increase your one- way commute by more than 35 miles from your then principal residence. In order for you to resign for Good Reason, you must provide written notice to the Company of the existence of the Good Reason condition within 60 days of the initial existence of such Good Reason condition. Upon receipt of such notice, the Company must have 30 days during which it may remedy the Good Reason condition. If the Good Reason condition is not remedied within such 30-day period, you may resign based on the Good Reason condition specified in the notice effective no later than 30 days following the expiration of the 30-day cure period.

7. Section 409A. It is intended that all of the Severance Benefits and other payments payable under this Agreement be exempt from the application of Code Section 409A, and if not so exempt that they comply with the provisions of Section 409A, and this Agreement will be construed and interpreted accordingly. For purposes of Code Section 409A, your right to receive any installment payments under this Agreement (whether severance payments, reimbursements or otherwise) shall be treated as a right to receive a series of separate payments and, accordingly, each installment payment hereunder shall at all times be considered a separate and distinct payment. Notwithstanding any provision to the contrary in this Agreement, if you are deemed by the Company at the time of your Separation from Service to be a "specified employee" for purposes of Code Section 409A(a)(2)(B)(i), and if any of the payments upon Separation from Service set forth herein and/or under any other agreement with the Company are deemed to be "deferred compensation", then to the extent delayed commencement of any portion of such payments is required in order to avoid a prohibited distribution under Code Section 409A(a)(2)(B)(i) and the related adverse taxation under Section 409A, such payments shall not be provided to you prior to the earliest of (a) the expiration of the six-month period measured from the date of your Separation from Service with the Company, (b) the date of your death or
(c) such earlier date as permitted under Section 409A without the imposition of adverse taxation. Upon the first business day following the expiration of such applicable Code Section 409A(a)(2)(B)(i) period, all payments deferred pursuant to this paragraph shall be paid in a lump

sum to you, and any remaining payments due shall be paid as otherwise provided herein or in the applicable agreement. No interest shall be due on any amounts so deferred. With respect to payments to be made upon execution of an effective release, if the release revocation period spans two calendar years, payments will be made in the second of the two calendar years to the extent necessary to avoid taxation under Code Section 409A. With respect to reimbursements or in-kind benefits provided to you hereunder (or otherwise) that are not exempt from Section 409A, the following rules shall apply: (i) the amount of expenses eligible for reimbursement, or in-kind benefits provided, during any one of your taxable years shall not affect the expenses eligible for reimbursement, or in-kind benefit to be provided in any other taxable year, (ii) in the case of any reimbursements of eligible expenses, reimbursement shall be made on or before the last day of your taxable year following the taxable year in which the expense was incurred and
(iii) the right to reimbursement or in-kind benefits shall not be subject to liquidation or exchange for another benefit.

8. Section 280G; Parachute Payments.

(a) If any payment or benefit you will or may receive from the Company or otherwise (a "**280G Payment**") would (i) constitute a "parachute payment" within the meaning of Section 280G of the Code, and (ii) but for this sentence, be subject to the excise tax imposed by Section 4999 of the Code (the "**Excise Tax**"), then any such 280G Payment provided pursuant to this Agreement (a "**Payment**") shall be equal to the Reduced Amount. The "**Reduced Amount**" shall be either (x) the largest portion of the Payment that would result in no portion of the Payment (after reduction) being subject to the Excise Tax or (y) the largest portion, up to and including the total, of the Payment, whichever amount (i.e., the amount determined by clause (x) or by clause (y)), after taking into account all applicable federal, state and local employment taxes, income taxes, and the Excise Tax (all computed at the highest applicable marginal rate), results in your receipt, on an after-tax basis, of the greater economic benefit notwithstanding that all or some portion of the Payment may be subject to the Excise Tax. If a reduction in a Payment is required pursuant to the preceding sentence and the Reduced Amount is determined pursuant to clause (x) of the preceding sentence, the reduction shall occur in the manner (the "**Reduction Method**") that results in the greatest economic benefit for you. If more than one method of reduction will result in the same economic benefit, the items so reduced will be reduced pro rata (the "**Pro Rata Reduction Method**").

(b) Notwithstanding any provision of subsection (a) above to the contrary, if the Reduction Method or the Pro Rata Reduction Method would result in any portion of the Payment being subject to taxes pursuant to Section 409A that would not otherwise be subject to taxes pursuant to Section 409A, then the Reduction Method and/or the Pro Rata Reduction Method, as the case may be, shall be modified so as to avoid the imposition of taxes pursuant to Section 409A as follows: (i) as a first priority, the modification shall preserve to the greatest extent possible, the greatest economic benefit for you as determined on an after-tax basis; (ii) as a second priority, Payments that are contingent on future events (e.g., being terminated without Cause), shall be reduced (or eliminated) before Payments that are not contingent on future events; and (iii) as a third priority, Payments that are "deferred compensation" within the meaning of Section 409A shall be reduced (or eliminated) before Payments that are not deferred compensation within the meaning of Section 409A.

(c) If you receive a Payment for which the Reduced Amount was determined pursuant to clause (x) of Section 8(a) and the Internal Revenue Service determines thereafter that some portion of the Payment is subject to the Excise Tax, you agree to promptly return to the Company a sufficient amount of the Payment (after reduction pursuant to clause (x) of Section 8(a)) so that no portion of the remaining Payment is subject to the Excise Tax. For the avoidance of doubt, if the Reduced Amount was determined pursuant to clause (y) of Section 8(a), you shall have no obligation to return any portion of the Payment pursuant to the preceding sentence.

9. Confidentiality; Company Rules and Policies. As a condition of your continued employment, you must sign and abide by the Company's standard form of Proprietary Information and Inventions Agreement, a copy of which is attached hereto as **Exhibit A**. You are also expected to comply with the Company's rules and policies. Finally, during the period that you render services to the Company, you agree to not engage in any employment, business or activity that is in any way competitive with the business or proposed business of the Company. You will disclose to the Company in writing any other gainful employment, business or activity that you are currently associated with or participate in so the company may assess whether a conflict exists. You will not assist any other person or organization in competing with the Company or in preparing to engage in competition with the business or proposed business of the Company. In order to retain necessary flexibility in the administration of its policies and procedures, the Company reserves the right to change or revise its policies, procedures, and benefits at any time.

10. Outside Activities. Throughout your employment with the Company, you may engage in civic and not-for-profit activities so long as such activities do not interfere with the performance of your duties hereunder or present a conflict of interest with the Company. Whether an outside activity interferes with the performance of your duties or presents a conflict of interest with the Company shall be determined by the Board in its sole discretion. During your employment by the Company, except on behalf of the Company, you will not directly or indirectly serve as an officer, director, stockholder, employee, partner, proprietor, investor, joint venturer, associate, representative or consultant of any other person, corporation, firm, partnership or other entity whatsoever that competes with the Company (or is planning or preparing to compete with the Company), anywhere in the world, in any line of business engaged in (or planned to be engaged in) by the Company; provided, however, that you may purchase or otherwise acquire up to (but not more than) one percent (1%) of any class of securities of any enterprise (but without participating in the activities of such enterprise) if such securities are listed on any national or regional securities exchange. Whether a person, corporation, firm, partnership or other entity competes with the Company shall be determined by the Board in its sole discretion.

11. Covenants Not to Solicit or Compete.

(a) Non-Solicitation: As a condition of your employment and during the period of your employment with the Company and a period of twelve (12) months after termination of such employment for any reason, you shall not, without the prior written consent of the Company, directly or indirectly solicit or attempt to solicit any employee of the Company to terminate his or her

employment with the Company in order to become an employee, consultant or independent contractor to or for any other employer.

(b) Non-Competition. During the period of your employment with the Company and for a period of twelve (12) months after termination of your employment for any reason, you shall not, without the prior written consent of the Company, directly or indirectly, have an interest in, be employed by or render services for, as an employee, consultant, officer, director, partner or otherwise, any person or entity owning, managing, controlling, operating or otherwise participating in or assisting with any property and casualty insurance company, doing business within or without the United States, or any company, doing business within or without the United States, that directly or indirectly provides insurance-related telematics or data science services of any kind to any property and casualty insurance company. You further agree that the covenants contained in this section are reasonable in scope and duration in light of the nature of the Company's business.

12. Arbitration. To ensure the rapid and economical resolution of disputes that may arise in connection with your employment with the Company, you and the Company agree that any and all disputes, claims, or causes of action, in law or equity, including but not limited to statutory claims, arising from or relating to the enforcement, breach, performance, or interpretation of this Agreement, your employment with the Company, or the termination of your employment, shall be resolved pursuant to the Federal Arbitration Act, 9 U.S.C. § 1-16, to the fullest extent permitted by law, by final, binding and confidential arbitration conducted by JAMS or its successor, under JAMS' then applicable rules and procedures for employment disputes before a single arbitrator (available upon request and also currently available at http://www.jamsadr.com/rules-employment-arbitration/). **You acknowledge that by agreeing to this arbitration procedure, both you and the Company waive the right to resolve any such dispute through a trial by jury or judge or administrative proceeding.** In addition, all claims, disputes, or causes of action under this section, whether by you or the Company, must be brought in an individual capacity, and shall not be brought as a plaintiff (or claimant) or class member in any purported class or representative proceeding, nor joined or consolidated with the claims of any other person or entity. The arbitrator may not consolidate the claims of more than one person or entity, and may not preside over any form of representative or class proceeding. To the extent that the preceding sentences regarding class claims or proceedings are found to violate applicable law or are otherwise found unenforceable, any claim(s) alleged or brought on behalf of a class shall proceed in a court of law rather than by arbitration. This paragraph shall not apply to any action or claim that cannot be subject to mandatory arbitration as a matter of law, to the extent such claims are not permitted by applicable law(s) to be submitted to mandatory arbitration and the applicable law(s) are not preempted by the Federal Arbitration Act or otherwise invalid (collectively, the "**Excluded Claims**"). In the event you intend to bring multiple claims, including one of the Excluded Claims listed above, the Excluded Claims may be filed with a court, while any other claims will remain subject to mandatory arbitration. You will have the right to be represented by legal counsel at any arbitration proceeding. Questions of whether a claim is subject to arbitration under this Agreement shall be decided by the arbitrator. Likewise, procedural questions which grow out of the dispute and bear on the final disposition

are also matters for the arbitrator. The arbitrator shall: (a) have the authority to compel adequate discovery for the resolution of the dispute and to award such relief as would otherwise be permitted by law; and (b) issue a written statement signed by the arbitrator regarding the disposition of each claim and the relief, if any, awarded as to each claim, the reasons for the award, and the arbitrator's essential findings and conclusions on which the award is based. The arbitrator shall be authorized to award all relief that you or the Company would be entitled to seek in a court of law. The Company shall pay all JAMS arbitration fees in excess of the administrative fees that you would be required to pay if the dispute were decided in a court of law. Nothing in this Agreement is intended to prevent either you or the Company from obtaining injunctive relief in court to prevent irreparable harm pending the conclusion of any such arbitration. Any awards or orders in such arbitrations may be entered and enforced as judgments in the federal and state courts of any competent jurisdiction.

13. Miscellaneous. You acknowledge and agree that as of your execution of this Agreement, your sole entitlement to any compensation or benefits from the Company will be as set forth in this Agreement. This Agreement, together with your Proprietary Information and Inventions Agreement, forms the complete and exclusive statement of your employment agreement with the Company, and supersedes and replaces any and all prior agreements or representations with regard to the subject matter hereof, whether written or oral. It is entered into without reliance on any promise or representation other than those expressly contained herein. Changes in your employment terms, other than those changes expressly reserved to the Company's discretion in this Agreement, require a written modification signed by you and a duly authorized member of the Board. This Agreement is intended to bind and inure to the benefit of and be enforceable by you and the Company, and our respective successors, assigns, heirs, executors and administrators, except that you may not assign any of your duties or rights hereunder without the express written consent of the Company. If any provision of this Agreement is determined to be invalid or unenforceable, in whole or in part, this determination shall not affect any other provision of this Agreement and the provision in question shall be modified so as to be rendered enforceable in a manner consistent with the intent of the parties insofar as possible under applicable law. This Agreement and the terms of your employment with the Company shall be governed in all aspects by the laws of the State of Ohio. This Agreement may be delivered and executed via facsimile, electronic mail (including pdf or any electronic signature complying with the U.S. federal ESIGN Act of 2000, Uniform Electronic Transactions Act or other applicable law) or other transmission method and shall be deemed to have been duly and validly delivered and executed and be valid and effective for all purposes.

Please sign and date this Agreement, and return it to me by February 25, 2021, if you wish to accept continued employment at the Company under the terms described above.

Best regards,

ROOT, INC.

/s/ Alexander Timm
Chief Executive Officer

Accepted and agreed:

/s/ Daniel Manges
Daniel Manges

Date: 2/24/2021

EXHIBIT A

PROPRIETARY INFORMATION AND INVENTIONS AGREEMENT

Exhibit 21.1

Subsidiaries of Root, Inc.

Name	Jurisdiction
Caret Holdings, Inc.	Delaware
Root Enterprise, LLC	Delaware
Root Insurance Company	Ohio
Root Insurance Agency, LLC	Ohio
Root Reinsurance Company, Ltd.	Cayman Islands
Buzzwords Labs Inc.	Delaware
Root Property & Casualty Insurance Company	Delaware

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement No. 333-249777 on Form S-8 of our report dated March 4, 2021, relating to the financial statements of Root, Inc. appearing in this Annual Report on Form 10-K for the year ended December 31, 2020.

/s/ DELOITTE & TOUCHE LLP

Columbus, Ohio

March 4, 2021

EXHIBIT 31.1

Certification of Chief Executive Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Alexander Timm, certify that:

1 I have reviewed this Annual Report on Form 10-K of Root, Inc.;

2 Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3 Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4 The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) [Intentionally omitted];

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5 The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 4, 2021

/s/ Alexander Timm

Alexander Timm
Chief Executive Officer and Director
(Principal Executive Officer)

EXHIBIT 31.2

Certification of Chief Financial Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Daniel Rosenthal, certify that:

1 I have reviewed this Annual Report on Form 10-K of Root, Inc.;

2 Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3 Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4 The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) [Intentionally omitted];

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5 The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 4, 2021

/s/ Daniel Rosenthal
Daniel Rosenthal
Chief Financial Officer
(*Principal Financial Officer*)

EXHIBIT 32.1

CERTIFICATION

Pursuant to the requirement set forth in Rule 13a-14(b) of the Securities Exchange Act of 1934, as amended, (the "Exchange Act") and Section 1350 of Chapter 63 of Title 18 of the United States Code (18 U.S.C. §1350), Alexander Timm, Chief Executive Officer of Root, Inc. (the "Company"), and Daniel Rosenthal, Chief Financial Officer of the Company, each hereby certifies that, to the best of his knowledge:

1 The Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2020, to which this Certification is attached as Exhibit 32.1 (the "Annual Report"), fully complies with the requirements of Section 13(a) or Section 15(d) of the Exchange Act; and

2 The information contained in the Annual Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: March 4, 2021

In Witness Whereof, the undersigned have set their hands hereto as of the 4th day of March, 2021.

/s/ Alexander Timm	/s/ Daniel Rosenthal
Alexander Timm	Daniel Rosenthal
Chief Executive Officer and Director	Chief Financial Officer
(Principal Executive Officer)	*(Principal Financial Officer)*

This certification accompanies the Form 10-K to which it relates, is not deemed filed with the Securities and Exchange Commission and is not to be incorporated by reference into any filing of Root, Inc.. under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended (whether made before or after the date of the Form 10-K), irrespective of any general incorporation language contained in such filing.