

STATE OF OREGON
DEPARTMENT OF CONSUMER AND BUSINESS SERVICES
DIVISION OF FINANCIAL REGULATION

In the Matter of:

Case No. INS-20-0076

ROOT INSURANCE COMPANY,

Respondent.

ORDER TO CEASE AND DESIST,
FINAL ORDER SEEKING
RESTITUTION, FINAL ORDER
ASSESSING CIVIL PENALTY AND
CONSENT TO ENTRY OF ORDER

THIS IS A FINAL ORDER

The Director of the Department of Consumer and Business Services for the State of Oregon (“Director”), acting in accordance with Oregon Revised Statutes (“ORS”) chapters 731, 732, 733, 734, 735, 737, 742, 743, 743A, 743B, 744, 746, 748 and 750 (“Insurance Code”), has conducted an investigation into the insurance related activities of Root Insurance Company (“Respondent”).

Respondent submits to the Director’s jurisdiction and agrees to waive its rights to notice and an administrative hearing that arise under ORS 183.415 and wishes to resolve this matter by consenting to entry of this Final Order.

WHEREAS, Respondent has cooperated with the Division of Financial Regulation (the “Division”) by responding to inquiries, providing documentary evidence and other materials, and providing the Division with access to facts relating to the investigation; and

Respondent, without admitting or denying the Director’s Findings of Fact or Conclusions of Law, wishes to resolve and settle this matter with the Director.

NOW, THEREFORE, as evidenced by the authorized signatures subscribed on this document, Respondent hereby CONSENTS to entry of this order upon the Director’s Findings of Fact and Conclusions of Law as stated hereafter.

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350 Winter Street NE, Suite 410
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1 FINDINGS OF FACT

2 The Director FINDS that:

3 1. Respondent has been licensed as a foreign insurer since February 8, 2018 and
4 provides property and casualty products in Oregon. Respondent’s principle place of
5 business is 80 E. Rich Street, Suite 500, Columbus, OH, 43215. Respondent’s National
6 Association of Insurance Commissioners company code is 10974.

7 2. On July 31, 2019, an insurance producer contacted the Division expressing
8 concern that an online quote for a motor vehicle liability policy was obtained at
9 <https://www.joinroot.com> which did not include uninsured motorist coverage and
10 underinsurance coverage.

11 3. On December 5, 2019, the Division began a market analysis review of
12 Respondent’s insurance related activities concerning Oregon’s motor vehicle liability
13 requirements.

14 4. The market analysis review revealed that, from February 8, 2018 through
15 January 15, 2020, Respondent issued 8,433 motor vehicle liability policies, including
16 renewals, to 5,899 Oregon consumers (“Policyholders”) without uninsured motorist
17 coverage and underinsurance coverage.

18 5. On January 15, 2020, Respondent explained to the Division that the
19 Policyholders “...were subject to a technical anomaly that inadvertently enabled
20 declination of uninsured/underinsured coverage.” On February 25, 2020, Respondent sent
21 a letter to the Division describing the technical anomaly.¹

22 6. Of the 5,899 Policyholders described in Paragraph four above, 54 Policyholders
23

24 ¹ Specifically, Respondent stated the following: “Like all insurers, Root provides state-specific coverage
25 offerings to consumers during the application process and for any resulting quotes. The Company also
26 provides state-specific information to its policyholders after bind, including policy-related documents, such
as the state amendatory endorsement, and other required disclosures. Unfortunately, when the Oregon system
was designed, the feature that enabled policyholders to decline UM/UIM coverage at higher bodily injury
limits also inadvertently permitted policyholders to decline that coverage entirely.”



1 (“Claimants”) had claims for which Respondent originally determined were not covered
2 because the Claimant did not have uninsured motorist coverage and underinsurance
3 coverage.

4 7. Respondent has timely provided additional information to the Division and has
5 initiated contact with the 54 Claimants described in Paragraph six above. Based on
6 information already provided to the Division, Respondent has been in contact with the
7 majority of Claimants. Respondent continues to attempt contact with the remaining
8 Claimants.

9 CONCLUSIONS OF LAW

10 The Director CONCLUDES that:

11 8. Pursuant to ORS 731.252(1), whenever the Director has reason to believe that
12 any person has been engaged or is engaging or is about to engage in any violation of the
13 Insurance Code, the Director may issue an order, directed to such person, to discontinue or
14 desist from such violation or threatened violation.

15 9. Pursuant to ORS 731.256(2)(a), the Director may seek restitution on a
16 consumer’s behalf for actual damages the consumer suffers as a result of the insurer’s
17 violation of a provision of the Insurance Code or applicable federal law or the insurer’s
18 breach of an insurance contract or policy the insurer has with the consumer.

19 10. Pursuant to ORS 742.502(1), every motor vehicle liability policy that insures
20 against a loss that a natural person suffers and that results from liability imposed by law
21 for bodily injury or death that arises out of owning, maintaining or using a motor vehicle
22 shall provide in the policy or by indorsement on the policy uninsured motorist coverage if
23 the policy is either issued for delivery in this state or issued or delivered by an insurer that
24 does business in this state with respect to any motor vehicle then principally used or
25 principally garaged in this state.

26 11. Pursuant to ORS 742.502(2)(a), uninsured motorist coverage must include

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1 underinsurance coverage for bodily injury or death caused by accident and arising out of
2 the ownership, maintenance or use of a motor vehicle with motor vehicle liability insurance
3 that provides recovery in an amount that is less than the sums that the insured or the heirs
4 or legal representative of the insured is legally entitled to recover as damages for bodily
5 injury or death that is caused by accident and that arises out of owning, maintaining or
6 using an uninsured vehicle.

7 12. Pursuant to ORS 731.988(1), the Director may impose a civil penalty of up to
8 \$10,000 per violation upon any person who violates a provision of the Insurance Code.

9 ORDERS

10 Now therefore, the Director issues the following Orders:

11 13. As authorized by ORS 731.252(1), the Director ORDERS Respondent to
12 CEASE AND DESIST from violating ORS 742.502.

13 14. Based upon the foregoing and as authorized by ORS 731.256(2)(a), the Director
14 ORDERS that Respondent make restitution to the Claimants described in Paragraph six
15 above, as follows:

16 A. Respondent shall continue to make every reasonable effort to contact each
17 Claimant, including but not limited to contact by letter, phone call, email, and/or text
18 message.

19 B. After making contact with the Claimant, Respondent shall inform the Claimant
20 that they are entitled to uninsured/underinsured motorist benefits.

21 C. Respondent shall determine the amount of uninsured/underinsured motorist
22 benefits to which the Claimant is entitled and, if uninsured/underinsured motorist benefits
23 are due, pay that amount to the Claimant within 30 days of the first date of contact with
24 the Claimant for purposes of making restitution under this Order.

25 D. Within 90 days after the effective date of this Order, for each of the Claimants,
26 Respondent will notify the Division of the result of the claim, including but not limited to

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1 the amount of any loss payment to the Claimant.

2 15. Based upon the foregoing and as authorized by ORS 731.988(1), the Director
3 ORDERS that Respondent pay a total CIVIL PENALTY of \$50,000 for 8,433 violations
4 of ORS 742.502 as described in Paragraph four above.

5 16. The \$50,000 total CIVIL PENALTY assessed herein is due and payable at the
6 time this Order is returned to the Director.

7 17. This Order is a “Final Order” under ORS 183.310(6)(b). Subject to that
8 provision, entry of this Order in no way limits or prevents further remedies, sanctions, or
9 actions which may be available to the Director under Oregon law to enforce this Order, for
10 violations of this Order, for conduct or actions of Respondent that are not covered by this
11 Order, or against any party not covered by this Order.

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SO ORDERED this 10th day of December, 2020.

ANDREW R. STOLFI, Director
Department of Consumer and Business Services

/s/ Dorothy Bean
Dorothy Bean, Chief of Enforcement
Division of Financial Regulation

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