

REFINITIV

DELTA REPORT

10-Q

CLOVER HEALTH INVESTMENTS

10-Q - MARCH 31, 2024 COMPARED TO 10-Q - SEPTEMBER 30, 2023

The following comparison report has been automatically generated

TOTAL DELTAS 1176

■ CHANGES	282
■ DELETIONS	464
■ ADDITIONS	430

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549**
FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended **September 30, 2023** **March 31, 2024**

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: 001-39252

Clover Health Investments, Corp.

(Exact Name of Registrant as Specified in its Charter)

Delaware

(State or other jurisdiction of incorporation or organization)

98-1515192

(I.R.S. Employer
Identification No.)

3401 Mallory Lane, Suite 210

Franklin, Tennessee

37067

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code: (201) 432-2133

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, par value \$0.0001 per share	CLOV	The NASDAQ Stock Market LLC

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 definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
Emerging growth company	<input type="checkbox"/>		

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 Exchange Act). Yes No

At **November 1, 2023** **April 29, 2024**, the registrant had **399,776,205** **406,788,098** shares of Class A Common Stock, \$0.0001 par value per share, and **87,867,732** **89,649,365** shares of Class B Common Stock, \$0.0001 par value per share, issued and outstanding.

	Page	
PART I.	FINANCIAL INFORMATION	5
<u>Item 1.</u>	<u>Financial Statements (Unaudited)</u>	5
	<u>Condensed Consolidated Balance Sheets at September March 30, 2023 31, 2024 (Unaudited), and December 31, 2022 December 31, 2023</u>	5
	<u>Condensed Consolidated Statements of Operations and Comprehensive Loss (Unaudited) for the three and nine months ended September March 30, 2023 31, 2024 and 2022 2023</u>	7
	<u>Condensed Consolidated Statements of Changes in Convertible Preferred Stock and Stockholders' Equity (Deficit) (Unaudited) for the three and nine months ended September March 31, 2024 30, 2023 and 2022 2023</u>	8
	<u>Condensed Consolidated Statements of Cash Flows (Unaudited) for the nine three months ended September March 30, 2023 31, 2024 and 2022 2023</u>	10 9
	<u>Notes to Unaudited Condensed Consolidated Financial Statements</u>	11 10
<u>Item 2.</u>	<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	35 33
<u>Item 3.</u>	<u>Quantitative and Qualitative Disclosures About Market Risk</u>	47 40
<u>Item 4.</u>	<u>Controls and Procedures</u>	47 40
PART II.	OTHER INFORMATION	48 41
<u>Item 1.</u>	<u>Legal Proceedings</u>	48 41
<u>Item 1A.</u>	<u>Risk Factors</u>	48 41
<u>Item 2.</u>	<u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	48 42
<u>Item 3.</u>	<u>Defaults Upon Senior Securities</u>	48 42
<u>Item 4.</u>	<u>Mine Safety Disclosures</u>	48 42
<u>Item 5.</u>	<u>Other Information</u>	49 42
<u>Item 6.</u>	<u>Exhibits</u>	49 43
<u>Signatures</u>		51 44

As used in this report, "Company," "Clover," "Clover Health," "we," "us," "our," "our company," and similar terms refer to Clover Health Investments, Corp. and its consolidated subsidiaries, unless otherwise noted or the context otherwise requires.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This document contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). All statements contained in this document other than statements of historical fact, including statements regarding our future results of operations, financial position, market size and opportunity, our business strategy and plans, the factors affecting our performance and our objectives for future operations, are forward-looking statements. The words "believe," "may," "will," "estimate," "continue," "anticipate," "intend," "could," "should," "would," "can," "expect," "project," "outlook," "forecast," "objective," "plan," "potential," "seek," "grow," "target," "if," and the negative or plural of these words and similar expressions are intended to identify forward-looking statements. We have based these forward-looking statements largely on our current expectations and projections about future events and trends that we believe may affect our financial condition, results of operations, business strategy, short-term and long-term business operations and objectives and financial needs. These forward-looking statements are subject to a number of risks, uncertainties and assumptions, including the risk factors described in our filings with the Securities and Exchange Commission (the "SEC"). Moreover, we operate in a very competitive and rapidly changing environment. New risks emerge from time to time. It is not possible for our management to predict all risks, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements we may make. In light of these risks, uncertainties and assumptions, the future events and trends discussed in this document may not occur, and actual results could differ materially and adversely from those anticipated or implied in the forward-looking statements. Forward-looking statements contained in this document involve a number of judgments, risks and uncertainties, including, without limitation, risks related to:

- our expectations regarding results of operations, financial condition, and cash flows;
- our expectations regarding the development and management of our Insurance and Non-Insurance businesses; business;
- our ability to successfully enter new service markets and manage our operations;

- anticipated trends and challenges in our business and in the markets in which we operate;
- our ability to effectively manage our beneficiary base and provider network;
- our ability to maintain and increase adoption and use of Clover Assistant;
- the anticipated benefits associated with the use of Clover Assistant, including our ability to utilize the platform to manage our medical care ratios;
- our expectations regarding costs and expenses associated with our exit from the ACO Reach Program;
- our ability to maintain or improve our Star Ratings or otherwise continue to improve the financial performance of our business;
- our ability to develop new features and functionality that meet market needs and achieve market acceptance;
- our ability to retain and hire necessary employees and staff our operations appropriately;
- the timing and amount of certain investments in growth;
- the outcome of any known and unknown litigation and regulatory proceedings;
- any current, pending, or future legislation, regulations or policies that could have a negative effect on our revenue and businesses, including rules, regulations, and policies relating to healthcare and Medicare;
- fluctuations in the price of our Class A common stock and our continued compliance ability to comply with Nasdaq's listing requirements;
- our ability to maintain, protect, and enhance our intellectual property;
- general economic conditions and uncertainty, including the societal and economic impact of the COVID-19 pandemic and its variants; uncertainty;
- persistent high inflation and interest rates; and
- geopolitical uncertainty and instability.

We caution you that the foregoing list of judgments, risks, and uncertainties that may cause actual results to differ materially from those in the forward-looking statements may not be complete. You should not rely upon forward-looking statements as predictions of future events. The events and circumstances reflected in the forward-looking statements may not be achieved or occur or may be materially different from what we expect. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance, or achievements. Except as required by law, we undertake no obligation to update any of these forward-looking statements after the date of this document or to conform these statements to actual results or revised expectations.

This document contains estimates, projections, and other information concerning our industry, our business, and the markets for our products. We obtained the industry, market, and similar data set forth in this document from our own internal estimates and research and from industry research, publications, surveys, and studies conducted by third parties, including governmental agencies, and such information is inherently subject to uncertainties. Actual events or circumstances may differ materially from events and circumstances that are assumed in this information. You are cautioned not to give undue weight to any such information, projections, or estimates.

3

As a result of a number of known and unknown risks and uncertainties, including without limitation, the important factors described in our reports filed with the SEC, including the discussion under "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023, as filed with the SEC, our actual results or performance may be materially different from those expressed or implied by these forward-looking statements.

Additional Information

Our website address is www.cloverhealth.com. Our filings with the SEC are posted on our website and available free of charge as soon as reasonably practical after they are electronically filed with, or furnished to, the SEC. The content on our website or on any other website referred to in this document is not incorporated by reference in this document. Further, the Company's references to website URLs are intended to be inactive textual references only.

Channels for Disclosure of Information

Investors and others should note that we routinely announce material information to investors and the marketplace using filings with the SEC, press releases, public conference calls, presentations, webcasts, and the investor relations page of our website, website at investors.cloverhealth.com. We use the investor relations page of our website for purposes of compliance with Regulation FD and as a routine channel for distribution of important information, including news releases, analyst presentations, financial information, and corporate governance practices. We also use certain social media channels as a means of disclosing information about the Company and our products to our customers, investors, and the public, including @CloverHealth and #CloverHealth on X (formerly known as Twitter), and the LinkedIn account of our Chief Executive Officer, Andrew Toy. The information posted on social media channels is not incorporated by reference in this report or in any other report or document we file with the SEC. While not all of the information that we post to the investor relations page of our website or to social media accounts is of a material nature, some information could be deemed to be material. Accordingly, we encourage investors, the media, and others interested in the Company to review the information that we share at the "Investors" link located on our webpage investor relations page of our website at <https://investors.cloverhealth.com/investor-relations> investors.cloverhealth.com and to sign up for and regularly follow our social media accounts. Users may automatically receive email alerts and other information about the Company when enrolling an email address by visiting "Email Alerts" in the "Investor Resources" section of our website at <https://investors.cloverhealth.com/investor-relations> investors.cloverhealth.com.

4

Part I

Item 1. Financial Statements and Supplementary Data

CLOVER HEALTH INVESTMENTS, CORP.
 CONDENSED CONSOLIDATED BALANCE SHEETS
 (Dollars in thousands, except share amounts)

		September 30, 2023 (Unaudited)	December 31, 2022	
		March 31, 2024 (Unaudited)	March 31, 2024 (Unaudited)	December 31, 2023
Assets	Assets			
Current assets	Current assets			
Current assets				
Cash and cash equivalents				
Cash and cash equivalents				
Cash and cash equivalents	Cash and cash equivalents	\$ 299,014	\$ 103,791	
Short-term investments	Short-term investments	14,830	41,457	
Investment securities, available-for-sale (Amortized cost: 2023: \$197,766; 2022: \$193,300)		196,381	189,498	
Investment securities, held-to-maturity (Fair value: 2023: \$6,692; 2022: \$15)		6,896	15	
Investment securities, available-for-sale (Amortized cost: 2024: \$119,528; 2023: \$101,412)				
Investment securities, held-to-maturity (Fair value: 2024: \$6,853; 2023: \$6,778)				
Accrued retrospective premiums	Accrued retrospective premiums	15,646	20,387	
Other receivables	Other receivables	14,760	23,596	
Healthcare receivables	Healthcare receivables	52,073	70,607	
Non-Insurance performance year receivable		185,404	—	
Non-Insurance receivable		64,228	52,955	

Surety bonds and deposits	Surety bonds and deposits	50,209	100,502
Prepaid expenses	Prepaid expenses	15,226	18,146
Other assets, current	Other assets, current	1,033	4,043
Assets related to discontinued operations (Note 17)			
Total current assets	Total current assets	915,700	624,997
Investment securities, available-for-sale (Amortized cost: 2023: \$105,087; 2022: \$142,940)	101,400	137,368	
Investment securities, held-to-maturity (Fair value: 2023: \$673; 2022: \$636)	792	742	
Investment securities, available-for-sale (Amortized cost: 2024: \$98,221; 2023: \$121,868)			
Investment securities, available-for-sale (Amortized cost: 2024: \$98,221; 2023: \$121,868)			
Investment securities, available-for-sale (Amortized cost: 2024: \$98,221; 2023: \$121,868)			
Investment securities, held-to-maturity (Fair value: 2024: \$693; 2023: \$692)			
Property and equipment, net	Property and equipment, net	4,572	5,753
Operating lease right-of-use assets	Operating lease right-of-use assets	3,620	4,025
Goodwill and other intangible assets		19,190	20,000
Other intangible assets			
Other assets, non-current	Other assets, non-current	14,523	15,735
Total assets	Total assets	\$1,059,797	\$ 808,620

The accompanying notes are an integral part of these condensed consolidated financial statements.

CLOVER HEALTH INVESTMENTS, CORP.
CONDENSED CONSOLIDATED BALANCE SHEETS
(Dollars in thousands, except share amounts)

	September 30, 2023 (Unaudited)	December 31, 2022		March 31, 2024 (Unaudited)	March 31, 2024 (Unaudited)	December 31, 2023
Liabilities and Stockholders' Equity	Liabilities and Stockholders' Equity			Liabilities and Stockholders' Equity		
Current liabilities	Current liabilities					
Current liabilities						
Current liabilities						
Unpaid claims						
Unpaid claims						
Unpaid claims	Unpaid claims	\$ 114,415	\$ 141,947			
Due to related parties, net	Due to related parties, net	1,251	1,566			
Non-Insurance performance year obligation, current		254,419	73,844			
Non-Insurance payable		182,435	148,191			
Accounts payable and accrued expenses	Accounts payable and accrued expenses	35,296	32,445			
Accrued salaries and benefits	Accrued salaries and benefits	24,333	23,962			
Deferred revenue	Deferred revenue	103,295	—			
Operating lease liabilities	Operating lease liabilities	1,668	1,827			
Premium deficiency reserve		683	7,239			
Other liabilities, current	Other liabilities, current	901	486			
Other liabilities, current						
Other liabilities, current						
Liabilities related to discontinued operations (Note 17)						
Total current liabilities	Total current liabilities	718,696	431,507			
Long-term operating lease liabilities	Long-term operating lease liabilities	3,292	4,033			
Long-term operating lease liabilities						
Long-term operating lease liabilities						

Other liabilities, non-current	Other liabilities, non-current	15,957	16,193
Total liabilities	Total liabilities	737,945	451,733

Commitments and Contingencies
(Note 14)

Commitments and
Contingencies
(Note 13)

Commitments and Contingencies (Note 13)

Stockholders'
equity

Stockholders'
equity

Class A Common Stock, \$0.0001
par value; 2,500,000,000 shares
authorized at September 30, 2023
and December 31, 2022;
399,374,685 and 383,998,718
issued and outstanding at
September 30, 2023 and December
31, 2022, respectively

38 37

Class B Common Stock, \$0.0001
par value; 500,000,000 shares
authorized at September 30, 2023
and December 31, 2022;
87,867,732 and 94,394,852 issued
and outstanding at September 30,
2023 and December 31, 2022,
respectively

9 9

Stockholders' equity

Stockholders' equity

Class A Common Stock, \$0.0001
par value; 2,500,000,000 shares
authorized at March 31, 2024 and
December 31, 2023; 406,155,332
and 401,183,882 issued and
outstanding at March 31, 2024 and
December 31, 2023, respectively

Class A Common Stock, \$0.0001
par value; 2,500,000,000 shares
authorized at March 31, 2024 and
December 31, 2023; 406,155,332
and 401,183,882 issued and
outstanding at March 31, 2024 and
December 31, 2023, respectively

Class A Common Stock, \$0.0001
par value; 2,500,000,000 shares
authorized at March 31, 2024 and
December 31, 2023; 406,155,332
and 401,183,882 issued and
outstanding at March 31, 2024 and
December 31, 2023, respectively

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Class B Common Stock, \$0.0001 par value; 500,000,000 shares authorized at March 31, 2024 and December 31, 2023; 89,649,365 and 87,867,732 issued and outstanding at March 31, 2024 and December 31, 2023, respectively			
Additional paid-in capital	Additional paid-in capital	2,428,101	2,319,157
Accumulated other comprehensive loss	Accumulated other comprehensive loss	(5,072)	(9,374)
Accumulated deficit	Accumulated deficit	(2,089,322)	(1,946,433)
Less: Treasury stock, at cost; 7,096,160 and 2,072,752 shares held at September 30, 2023 and December 31, 2022, respectively		(11,902)	(6,509)
Less: Treasury stock, at cost; 11,613,745 and 7,912,750 shares held at March 31, 2024 and December 31, 2023, respectively			
Total stockholders' equity	Total stockholders' equity	321,852	356,887
Total stockholders' equity			
Total stockholders' equity			
Total liabilities and stockholders' equity	Total liabilities and stockholders' equity	\$1,059,797	\$ 808,620

The accompanying notes are an integral part of these condensed consolidated financial statements.

CLOVER HEALTH INVESTMENTS, CORP.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS (Unaudited)
(Dollars in thousands, except per share and share amounts)

	Three Months Ended September 30,	Nine Months Ended September 30,

	2023	2022	2023	2022
Revenues:				
Premiums earned, net (Net of ceded premiums of \$106 and \$116, for the three months ended September 30, 2023 and 2022, respectively; net of ceded premiums of \$341 and \$354 for the nine months ended September 30, 2023 and 2022, respectively)	\$ 301,230	\$ 267,892	\$ 932,699	\$ 814,566
Non-Insurance revenue	176,038	585,311	575,311	1,757,579
Other income	4,798	3,614	15,459	5,751
Total revenues	482,066	856,817	1,523,469	2,577,896
Operating expenses:				
Net medical claims incurred	418,959	839,799	1,328,403	2,560,307
Salaries and benefits	60,567	70,142	193,211	209,724
General and administrative expenses	41,747	47,832	141,588	152,569
Premium deficiency reserve expense (benefit)	392	(27,476)	(6,556)	(82,428)
Depreciation and amortization	557	616	1,835	2,028
Restructuring costs	1,313	—	7,870	—
Total operating expenses	523,535	930,913	1,666,351	2,842,200
Loss from operations	(41,469)	(74,096)	(142,882)	(264,304)
Interest expense	—	404	7	1,197
Amortization of notes and securities discounts	—	9	—	27
Loss (gain) on investment	—	980	—	(10,187)
Net loss	\$ (41,469)	\$ (75,489)	\$ (142,889)	\$ (255,341)
Per share data:				
Net loss per share attributable to Class A and Class B common stockholders – basic and diluted ⁽¹⁾	\$ (0.09)	\$ (0.16)	\$ (0.30)	\$ (0.54)
Weighted average number of common shares outstanding	480,770,283	477,690,204	480,921,520	475,609,571
Basic and diluted weighted average number of Class A and Class B common shares and common share equivalents outstanding ⁽¹⁾	1,643	(2,407)	4,302	(8,826)
Net unrealized gain (loss) on available-for-sale investments	\$ (39,826)	\$ (77,896)	\$ (138,587)	\$ (264,167)

⁽¹⁾ Because the Company had a net loss during the nine months ended September 30, 2023 and 2022, the Company's potentially dilutive securities, which include stock options, restricted stock, preferred stock, and warrants to purchase shares of common stock and preferred stock, have been excluded from the computation of diluted net loss per share, as the effect would be anti-dilutive.

	Three Months Ended March 31,	
	2024	2023
Revenues:		
Premiums earned, net (Net of ceded premiums of \$101 and \$122 for the three months ended March 31, 2024 and 2023, respectively)	\$ 341,722	\$ 317,086
Other income	5,200	4,906
Total revenues	346,922	321,992
Operating expenses:		
Net medical claims incurred	265,162	274,789
Salaries and benefits	59,223	68,981
General and administrative expenses	44,569	57,644
Premium deficiency reserve benefit	—	(1,810)
Depreciation and amortization	318	279
Restructuring costs	353	1,807
Total operating expenses	369,625	401,690
Loss from continuing operations	(22,703)	(79,698)

Loss on investment	467	—
Net loss from continuing operations	(23,170)	(79,698)
Net income from discontinued operations (Note 17)	4,000	7,092
Net loss	\$ (19,170)	\$ (72,606)
Per share data:		
Continuing Operations:		
Basic and diluted weighted average number of Class A and Class B common shares and common share equivalents outstanding	486,374,644	478,805,067
Basic and diluted net loss per share	\$ (0.05)	\$ (0.17)
Discontinued operations:		
Basic weighted average number of Class A and Class B common shares and common share equivalents outstanding	486,374,644	478,805,067
Diluted weighted average number of Class A and Class B common shares and common share equivalents outstanding	567,451,166	566,629,082
Basic earnings per share	\$ 0.01	\$ 0.01
Diluted earnings per share	\$ 0.01	\$ 0.01
Net unrealized (loss) gain on available-for-sale investments	(190)	2,343
Comprehensive loss	\$ (19,360)	\$ (70,263)

The accompanying notes are an integral part of these condensed consolidated financial statements.

7

CLOVER HEALTH INVESTMENTS, CORP.																						
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN CONVERTIBLE PREFERRED STOCK AND STOCKHOLDERS' EQUITY (Unaudited)																						
(Dollars in thousands, except share amounts)																						
Convertible Preferred Stock																						
Shares		Amount		Class A Common Stock		Class B Common Stock		Treasury Stock		Additional paid-in capital		Accumulated other										
Shares		Amount		Shares		Shares		Amount		Accumulated deficit		comprehensive income (loss)										
Balance, December 31, 2021		— \$ —		352,645,626 \$ 34		118,206,768 \$ 12		14,730 \$ (147)		\$ 2,154,187 \$ (1,616,738)		\$ (1,934)										
												\$ 3,903 \$ 539,317										
Class A Common Stock																						
Class A Common Stock																						
Class A Common Stock																						
Class B Common Stock																						
Shares																						
Balance, December 31, 2022																						
Balance, December 31, 2022																						
Balance, December 31, 2022																						
Change in accounting policy		Change in accounting policy		— —		— —		— —		— —		723										
Adjusted balance, beginning of period		Adjusted balance, beginning of period		— \$ —		352,645,626 \$ 34		118,206,768 \$ 12		14,730 \$ (147)		\$ 2,154,187 \$ (1,616,015)										
												\$ (1,934) \$ 3,903 \$ 540,040										

Stock issuance for exercise of stock options, net of early exercise liability	Stock issuance for exercise of stock options, net of early exercise liability	—	—	151,620	—	—	—	—	—	331	—	—	—	331			
Stock-based compensation	Stock-based compensation	—	—	—	—	—	—	—	—	40,640	—	—	—	40,640			
Vested restricted stock units	Vested restricted stock units	—	—	396,883	—	1,677,873	—	—	—	—	—	—	—	—			
Vested performance stock units	—	—	—	8,951	—	—	—	—	—	—	—	—	—	—			
Unrealized holdings gain on investment securities, available for sale																	
Unrealized holdings gain on investment securities, available for sale																	
Unrealized holdings gain on investment securities, available for sale	Unrealized holdings gain on investment securities, available for sale	—	—	—	—	—	—	—	—	—	—	—	—	(5,324)			
Conversion from Class B Common Stock to Class A Common Stock	Conversion from Class B Common Stock to Class A Common Stock	—	—	25,436,433	3	(25,436,433)	(3)	—	—	—	—	—	—	(5,324)			
Treasury stock acquired	Treasury stock acquired	—	—	—	—	—	—	1,879,063	(5,939)	—	—	—	—	(5,939)			
Issuance of common stock under Employee Stock Purchase Plan	—	—	—	214,797	—	—	—	—	—	—	—	—	—	—			
Derecognition of noncontrolling interest	—	—	—	—	—	—	—	—	—	—	—	—	(3,903)	(3,903)			
Net loss	Net loss	—	—	—	—	—	—	—	—	(75,490)	—	—	—	(75,490)			
Balance, March 31, 2022	—	\$	—	378,854,310	\$	37	94,448,208	\$	9	1,893,793	(\$6,086)	\$2,195,158	\$ (1,691,505)	\$ (7,258)	\$	—	\$ 490,355
Balance, March 31, 2023																	
Balance, December 31, 2023																	
Balance, December 31, 2023																	
Stock issuance for exercise of stock options, net of early exercise liability	Stock issuance for exercise of stock options, net of early exercise liability	—	—	4,016,336	—	—	—	—	—	563	—	—	—	563			
Stock-based compensation	Stock-based compensation	—	—	—	—	—	—	—	—	41,927	—	—	—	41,927			
Vested restricted stock units	Vested restricted stock units	—	—	84,928	—	—	—	—	—	—	—	—	—	—			

Unrealized holdings gain on investment securities, available for sale	Unrealized holdings gain on investment securities, available for sale	—	—	—	—	—	—	—	—	(1,095)	—	(1,095)										
Unrealized holdings gain on investment securities, available for sale	Unrealized holdings gain on investment securities, available for sale	—	—	—	—	—	—	—	—	(1,095)	—	(1,095)										
Conversion from Class B Common Stock to Class A Common Stock	Treasury stock acquired	—	—	—	—	37,744	(105)	—	—	—	—	(105)										
Issuance of Common Stock under Employee Stock Purchase Plan	Net loss	—	—	—	—	—	—	(104,362)	—	—	—	(104,362)										
Balance, June 30, 2022	Net loss	—	\$	—	382,955,574	\$	37	94,448,208	\$	9	1,931,537	\$	(6,191)	2,237,648	\$	(1,795,867)	\$	(8,353)	\$	—	\$	427,283
Stock issuance for exercise of stock options, net of early exercise liability	—	—	190,052	—	—	—	—	—	—	—	408	—	—	—	—	—	—	—	—	—	—	408
Stock-based compensation	—	—	—	—	—	—	—	—	—	42,641	—	—	—	—	—	—	—	—	—	—	—	42,641
Vested RSUs and PSUs	—	—	438,063	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Treasury Stock	—	—	(110,411)	—	—	—	—	110,411	—	(276)	—	—	—	—	—	—	—	—	—	—	—	(276)
Balance, March 31, 2024	Net loss	—	\$	—	383,473,594	\$	37	94,447,892	\$	9	2,041,948	\$	(6,467)	2,280,697	\$	(1,871,356)	\$	(10,760)	\$	—	\$	392,160

The accompanying notes are an integral part of these condensed consolidated financial statements.

											Additional paid-in capital			Accumulated other comprehensive income (loss)		Noncontrolling interest		Total stockholders' equity (deficit)			
	Convertible Preferred Stock		Class A Common Stock		Class B Common Stock		Treasury Stock		Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount			
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount													
Balance, December 31, 2022	—	\$	—	383,998,718	\$	37	94,394,852	\$	9	2,072,752	\$	(6,509)	2,319,157	\$	(1,955,582)	\$	(9,374)	\$	—	\$	347,738

Change in accounting policy	—	—	—	—	—	—	—	—	9,149	—	—	—	9,149									
Adjusted balance, beginning of period	—	\$	—	383,998,718	\$	37	94,394,852	\$	9	2,072,752	\$	(6,509)	\$	2,319,157	\$	(1,946,433)	\$	(9,374)	\$	—	\$	356,887
Stock issuance for exercise of stock options, net of early exercise liability	—	—	—	1,240	—	—	—	—	—	848	—	—	—	—	—	848						
Stock-based compensation	—	—	—	—	—	—	—	—	—	38,617	—	—	—	—	—	38,617						
Vested restricted stock units	—	—	—	5,390,973	—	—	1,773,104	—	—	—	—	—	—	—	—	—						
Unrealized holdings gain on investment securities, available for sale	—	—	—	—	—	—	—	—	—	—	—	—	2,343	—	—	2,343						
Conversion from Class B Common Stock to Class A Common Stock	—	—	—	7,672,463	—	—	(7,672,463)	—	—	—	—	—	—	—	—	—						
Treasury stock acquired	—	—	—	(2,933,721)	—	—	—	—	2,933,721	(2,982)	—	—	—	—	—	(2,982)						
Net loss	—	—	—	—	—	—	—	—	—	(72,606)	—	—	—	—	—	(72,606)						
Balance, March 31, 2023	—	\$	—	394,129,673	\$	37	88,495,493	\$	9	5,006,473	\$	(9,491)	\$	2,358,622	\$	(2,019,039)	\$	(7,031)	\$	—	\$	323,107
Stock issuance for exercise of stock options, net of early exercise liability	—	—	—	1,241	—	—	—	—	—	270	—	—	—	—	—	270						
Stock-based compensation	—	—	—	—	—	—	—	—	—	36,108	—	—	—	—	—	36,108						
Vested restricted stock units	—	—	—	1,180,084	—	—	—	—	—	—	—	—	—	—	—	—						
Unrealized holdings gain on investment securities, available for sale	—	—	—	—	—	—	—	—	—	—	—	316	—	—	316							
Conversion from Class B Common Stock to Class A Common Stock	—	—	—	627,761	—	—	(627,761)	—	—	—	—	—	—	—	—	—						
Treasury stock acquired	—	—	—	(439,241)	—	—	—	—	439,241	(417)	—	—	—	—	—	(417)						
Issuance of Common Stock under Employee Stock Purchase Plan	—	—	—	271,152	—	—	—	—	—	—	—	—	—	—	—	—						
Net loss	—	—	—	—	—	—	—	—	—	(28,814)	—	—	—	—	—	(28,814)						
Balance, June 30, 2023	—	\$	—	395,770,670	\$	37	87,867,732	\$	9	5,445,714	\$	(9,908)	\$	2,395,000	\$	(2,047,853)	\$	(6,715)	\$	—	\$	330,570
Stock issuance for exercise of stock options, net of early exercise liability	—	—	—	76,156	—	—	—	—	—	31	—	—	—	—	—	31						
Stock-based compensation	—	—	—	—	—	—	—	—	—	33,070	—	—	—	—	—	33,070						
Vested restricted stock units	—	—	—	5,178,305	1	—	—	—	—	—	—	—	—	—	—	1						
Unrealized holdings gain on investment securities, available for sale	—	—	—	—	—	—	—	—	—	—	—	1,643	—	—	1,643							
Treasury Stock	—	—	—	(1,650,446)	—	—	—	—	1,650,446	(1,994)	—	—	—	—	—	(1,994)						
Net loss	—	—	—	—	—	—	—	—	—	(41,469)	—	—	—	—	—	(41,469)						
Balance, September 30, 2023	—	\$	—	399,374,685	\$	38	87,867,732	\$	9	7,096,160	\$	(11,902)	\$	2,428,101	\$	(2,089,322)	\$	(5,072)	\$	—	\$	321,852

CLOVER HEALTH INVESTMENTS, CORP.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)

(Dollars in thousands)

	Three Months Ended March 31,	
	2024	2023
Cash flows from operating activities:		
Net loss		
Adjustments to reconcile net loss to net cash used in operating activities:	\$ (19,170)	\$ (72,606)
Depreciation and amortization expense	318	279
Stock-based compensation expense	28,798	38,617
Accretion, net of amortization	(671)	(3,254)
Accrued interest earned	(153)	(12)
Net unrealized (losses) gains on investment securities	(190)	2,343
Gain on investment	467	—
Premium deficiency reserve	—	(1,810)
Changes in operating assets and liabilities:		
Accrued retrospective premiums	(48,531)	(49,798)
Other receivables	(5,867)	(695)

Surety bonds and deposits	(198)	—
Prepaid expenses	(2,343)	1,248
Other assets	(3,557)	3,391
Healthcare receivables	(19,703)	13,664
Operating lease right-of-use assets	258	(84)
Unpaid claims	102,383	1,122
Accounts payable and accrued expenses	(1,776)	15,007
Accrued salaries and benefits	7,376	6,344
Deferred revenue	(3,099)	107,563
Other liabilities	(65)	694
Operating lease liabilities	(323)	(90)
Discontinued operations (Note 17)	(8,019)	17,109
Net cash provided by operating activities	25,935	79,032
Cash flows from investing activities:		
Purchases of short-term investments, available-for-sale, and held-to-maturity securities	(24,105)	(67,893)
Proceeds from sales of short-term investments and available-for-sale securities	—	15,001
Proceeds from maturities of short-term investments, available-for-sale, and held-to-maturity securities	33,735	63,324
Purchases of property and equipment	(445)	(251)
Net cash provided by investing activities	9,185	10,181
Cash flows from financing activities:		
Issuance of common stock, net of early exercise liability	—	848
Treasury stock acquired	(3,359)	(2,982)
Net cash used in financing activities	(3,359)	(2,134)
Net increase in cash, cash equivalents, and restricted cash for discontinued and continuing operations	31,761	87,079
Cash, cash equivalents, and restricted cash, beginning of period for discontinued and continuing operations	176,494	186,213
Cash, cash equivalents, and restricted cash, end of period for discontinued and continuing operations	\$ 208,255	\$ 273,292
Reconciliation of cash and cash equivalents and restricted cash for discontinued and continuing operations		
Cash and cash equivalents	\$ 208,255	\$ 190,562
Restricted cash	—	82,730
Total cash, cash equivalents, and restricted cash for discontinued and continuing operations	\$ 208,255	\$ 273,292
Supplemental disclosure of non-cash activities		
Performance year receivable	\$ —	\$ (552,620)
Performance year obligation	—	552,620

The accompanying notes are an integral part of these condensed consolidated financial statements.

9

CLOVER HEALTH INVESTMENTS, CORP.			
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)			
(Dollars in thousands)			
		Nine Months Ended September 30,	
		2023	2022
Cash flows from operating activities:			
Net loss	\$ (142,889)	\$ (255,341)	
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation and amortization expense	1,835	2,028	
Amortization of notes and securities discounts and debt issuance costs	—	27	
Stock-based compensation expense	107,795	125,211	
Accretion, net of amortization	(3,096)	(730)	
Net realized losses on investment securities	(20)	18	

Gain on investment	—	(10,187)
Premium deficiency reserve	(6,556)	(82,428)
Changes in operating assets and liabilities:		
Accrued retrospective premiums	4,741	21,029
Other receivables	8,836	(8,803)
Surety bonds and deposits	20,601	769
Prepaid expenses	2,920	(8,407)
Other assets	4,227	(19,263)
Healthcare receivables	18,534	(10,844)
Non-Insurance receivable	(11,273)	—
Operating lease right-of-use assets	405	1,750
Unpaid claims	(27,847)	1,013
Accounts payable and accrued expenses	2,851	9,606
Accrued salaries and benefits	371	4,489
Deferred revenue	103,295	96,358
Other liabilities	179	(1,005)
Performance year obligation	(4,829)	33,057
Non-Insurance payable	34,244	109,359
Operating lease liabilities	(900)	(2,264)
Net cash provided by (used in) operating activities	113,424	5,442
Cash flows from investing activities:		
Purchases of short-term investments, available-for-sale, and held-to-maturity securities	(142,359)	(276,848)
Proceeds from sales of short-term investments and available-for-sale securities	60,436	9,710
Proceeds from maturities of short-term investments, available-for-sale, and held-to-maturity securities	139,122	350,455
Purchases of property and equipment	(848)	(590)
Acquisition of Character Biosciences, Inc. Series A preferred shares	—	(250)
Net cash provided by investing activities	56,351	82,477
Cash flows from financing activities:		
Issuance of common stock, net of early exercise liability	1,149	1,302
Treasury stock acquired	(5,393)	(6,320)
Net cash used in financing activities	(4,244)	(5,018)
Net increase in cash, cash equivalents, and restricted cash	165,531	82,901
Cash, cash equivalents, and restricted cash, beginning of period	186,213	299,968
Cash, cash equivalents, and restricted cash, end of period	\$ 351,744	\$ 382,869
Reconciliation of cash and cash equivalents and restricted cash		
Cash and cash equivalents	\$ 299,014	\$ 382,869
Restricted cash	52,730	—
Total cash, cash equivalents, and restricted cash	\$ 351,744	\$ 382,869
Supplemental disclosure of non-cash activities		
Performance year receivable	\$ (185,404)	\$ (585,901)
Performance year obligation	185,404	585,901
Right-of-use assets obtained in exchange for lease liabilities	—	642
Recognition of equity method investments and preferred stock	—	8,644
Derecognition of noncontrolling interest	—	3,903
Conversion of Character Biosciences, Inc. convertible note to preferred stock	—	250

The accompanying notes are an integral part of these condensed consolidated financial statements.

1. Organization and Operations

Clover Health Investments, Corp. (collectively with its affiliates and subsidiaries, "Clover" or the "Company") is focused on empowering physicians to identify and manage chronic diseases early. Clover has centered its strategy on building and deploying technology through its flagship software platform, Clover Assistant, to help America's seniors receive better care at lower costs.

Clover aims to provide affordable, high-quality Medicare Advantage plans, including Preferred Provider Organization ("PPO") and Health Maintenance Organization ("HMO") plans, through its regulated insurance subsidiaries. The Company's regulated insurance subsidiaries consist of Clover Insurance Company and Clover HMO of New Jersey Inc., which operate the Company's PPO and HMO health plans, respectively. On April 1, 2021, the Company's subsidiary, Clover Health Partners, LLC ("Health Partners"), began participating as a Direct Contracting Entity ("DCE") in the Global and Professional Direct Contracting Model ("DC Model") of the Centers for Medicare and Medicaid Services ("CMS"), an agency of the United States Department of Health and Human Services, through which the Company **provides** had previously provided care to aligned Medicare fee-for-service ("FFS") beneficiaries (the "Non-Insurance Beneficiaries"). Through our prior participation in ACO REACH Program, as defined herein, CMS redesigned the DC Model and renamed it the Accountable Care Organization ("ACO") Realizing Equity, Access, and Community Health ("REACH") ("ACO REACH") Model effective January 1, 2023. On December 1, 2023, the Company notified CMS that it will no longer participate as a REACH ACO in the CMS ACO Reach Program, effective as of the end of the 2023 performance year. The Company's exit from the ACO REACH Program follows its November 2022 announcement of a strategic reduction in the number of ACO REACH participating physicians in 2023, and was made after the Company determined that it is in the Company's best interest to fully exit the ACO REACH Program starting with the 2024 performance year. The activity recognized during 2024 relates to prior performance years with CMS and are presented within discontinued operations for all periods presented within the condensed consolidated financial statements. See Note 17 for further discussion of discontinued operations. Medical Service Professionals of NJ, LLC, houses Clover's employed physicians and the related support staff for Clover's in-home care program. Clover's administrative functions and insurance operations are primarily operated by its Clover Health, LLC and Clover Health Labs, LLC subsidiaries.

For any information following the aforementioned paragraph, the Company will refer to its participation in ACO REACH Model or the Company's participation in the predecessor DC Model as ACO REACH Model henceforth.

Clover's approach is to combine technology, data analytics, and preventive care to lower costs and increase the quality of health and life of Medicare beneficiaries. Clover's technology platform is designed to use machine learning-powered systems to deliver data and insights to physicians in order to improve outcomes for beneficiaries through the early identification and management of chronic disease and drive down costs. Clover's MA plans generally provide access to a wide network of primary care providers, specialists, and hospitals, enabling its members to see any doctor participating in Medicare willing to accept them. Clover focuses on minimizing members' out-of-pocket costs and offers many plans that allow members to pay the same co-pays for primary care provider visits regardless of whether their physician is in- or out-of-network. Through its Non-Insurance operations, the Company assumes full risk (i.e., 100.0% shared savings and shared losses) for the total cost of care of aligned Non-Insurance Beneficiaries, empowers providers with Clover Assistant, and offers a variety of programs aimed at reducing expenditures and preserving or enhancing the quality of care for Non-Insurance Beneficiaries. For additional information related to the Company's Non-Insurance operations, see Note 15 (Non-Insurance) in these financial statements.

For additional information, see Note 1 included in the Company's Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023 (the "2022" 2023 Form 10-K").

2. Summary of Significant Accounting Policies

Basis of presentation

The Company's **interim** unaudited condensed financial statements have been prepared in conformity with **Generally Accepted Accounting Principles ("GAAP")** GAAP and include the accounts of the Company and its wholly-owned subsidiaries. In the opinion of management, the Company has made all necessary adjustments, which include normal recurring adjustments, necessary for a fair presentation of its financial **position** **condition** and its results of operations for the **interim** periods presented. All material intercompany balances and transactions have been eliminated in consolidating these financial statements. Investments over which the Company **we** exercise significant influence, but do not control, are accounted for using the applicable accounting treatment based on the nature of the investment. These **interim** unaudited condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and related notes to the financial statements included in the **2022** 2023 Form 10-K.

11

Use of estimates

The preparation of the **interim** unaudited condensed financial statements in conformity with GAAP requires management to make estimates and assumptions that impact the amounts reported in the **interim** unaudited condensed financial statements and the accompanying notes.

10

The **area** areas involving the most significant use of estimates **is** **are** the **amount** **amounts** of incurred but not reported claims. Many factors can cause actual outcomes to deviate from these assumptions and estimates, such as changes in economic conditions, changes in government healthcare policy, advances in medical technology, changes in treatment patterns, and changes in average lifespan. Accordingly, the Company cannot determine with precision the ultimate amounts that it will pay for, or the timing of payment of actual

claims, or whether the assets supporting the liabilities will grow to the level the Company assumes prior to payment of claims. If the Company's actual experience is different from its assumptions or estimates, the Company's reserves may prove inadequate. As a result, the Company would incur a charge to operations in the period in which it determines such a shortfall exists, which could have a material adverse effect on the Company's business, results of operations, and financial condition. Other areas involving significant estimates include risk adjustment provisions related to Medicare contracts and the valuation of the Company's investment securities, **goodwill and other intangible assets, reinsurance, premium deficiency reserve, warrants, stock-based compensation, recoveries from third parties for coordination of benefits, ACO REACH Benchmark, specifically cost trend and risk score estimates that can develop over time, and final determination of medical cost adjustment pools.**

Reclassifications

Certain amounts in the prior years' Condensed Consolidated Balance Sheets and Condensed Consolidated Statements of Cash Flows have been reclassified to conform to the current year's presentation, primarily related to **Non-Insurance receivable, Other assets, current, Surety bonds and Performance year obligation, deposits and Change in restricted cash related to surety bonds, deposits, and escrow accounts**. In addition, **certain amounts have also been reclassified related to Accretion, net of amortization, Accrued interest earned and Net unrealized (losses) gains on investment securities.**

Certain amounts in the prior years' Condensed Consolidated Statements of **Cash Flows Operations and Comprehensive Loss** have been reclassified to conform with the to current year's presentation, associated with the **Performance year obligation**.

Change in Accounting Policy

In the first quarter of 2023, the Company changed the method for determining premium deficiency reserves, whereby the anticipated future investment income from funds made available by unearned premiums is now included in the determination of premium deficiency reserves. The accounting policy election to include the anticipated future investment income is preferable because it provides a better representation of the Company's business model reflecting the fact that all cash flows, including investment income, are used to meet the Company's obligations. The Company also believes that this change improves comparability with industry peers. This change is considered a change in accounting principle that requires retrospective application to all financial statement periods presented. This change decreased Accumulated deficit by \$0.7 million to \$1,616 million at January 1, 2022.

The cumulative effect of the changes made these amounts relate to the Company's Condensed Consolidated Balance Sheets was restructuring costs which were previously included within Salaries and benefits as follows: well as General and administrative expenses. These expenses are now recognized within Restructuring costs.

September 30, 2023	As Reported	As computed excluding anticipated net investment income		Effect of Change
		(in thousands)		
Premium deficiency reserve	\$ 683	\$ 1,154	\$ (471)	
Total current liabilities	718,696	719,167	\$ (471)	
Total liabilities	737,945	738,416	\$ (471)	
Accumulated deficit	(2,089,322)	(2,089,793)	\$ 471	
Total stockholders' equity	321,852	321,381	\$ 471	
Total liabilities and stockholders' equity	\$ 1,059,797	\$ 1,059,797	\$ 1,059,797	—

12

December 31, 2022	As Reported	Effect of Change		As Adjusted
		(in thousands)		
Premium deficiency reserve	\$ 16,388	\$ (9,149)	\$ 7,239	
Total current liabilities	440,656	(9,149)	431,507	
Total liabilities	460,882	(9,149)	451,733	
Accumulated deficit	(1,955,582)	9,149	(1,946,433)	
Total stockholders' equity	347,738	9,149	356,887	
Total liabilities and stockholders' equity	\$ 808,620	\$ —	\$ 808,620	—

December 31, 2021	As Reported	Effect of Change		As Adjusted
		(in thousands)		
Premium deficiency reserve	\$ 110,628	\$ (723)	\$ 109,905	

Total current liabilities	372,624	(723)	371,901
Total liabilities	411,487	(723)	410,764
Accumulated deficit	(1,616,738)	723	(1,616,015)
Total stockholders' equity	539,317	723	540,040
Total liabilities and stockholders' equity	\$ 950,804	\$ —	\$ 950,804

Discontinued Operations

The effect results of the changes made to operations for the Company's Condensed Consolidated Statements of Comprehensive Loss was former Non-Insurance segment have been reclassified as follows:

Three Months Ended September 30, 2023	As computed excluding anticipated net investment income			Effect of Change
	(in thousands)			
Premium deficiency reserve expense (benefit)	\$ 392	\$ (1,527)	\$ 1,919	
Total operating expenses	523,535	521,616	1,919	
Loss from operations	(41,469)	(39,550)	(1,919)	
Net loss	\$ (41,469)	\$ (39,550)	\$ (1,919)	
Per share data:				
Net loss per share attributable to Class A and B common stockholders - basic and diluted	\$ (0.09)	\$ (0.08)	\$ (0.01)	

Three Months Ended September 30, 2022	As Reported			Effect of Change	As Adjusted
	(in thousands)				
Premium deficiency reserve expense (benefit)	\$ (27,657)	\$ 181	\$ (27,476)		
Total operating expenses	930,732	181	930,913		
Loss from operations	(73,915)	(181)	(74,096)		
Net loss	\$ (75,308)	\$ (181)	\$ (75,489)		
Per share data:					
Net loss per share attributable to Class A and B common stockholders - basic and diluted	\$ (0.16)	\$ —	\$ (0.16)		

13

Nine Months Ended September 30, 2023	As computed excluding anticipated net investment income			Effect of Change	As Adjusted
	(in thousands)				
Premium deficiency reserve expense (benefit)	\$ (6,556)	\$ (15,234)	\$ 8,678		
Total operating expenses	1,666,351	1,657,673	8,678		
Loss from operations	(142,882)	(134,204)	(8,678)		
Net loss	\$ (142,889)	\$ (134,211)	\$ (8,678)		
Per share data:					
Net loss per share attributable to Class A and B common stockholders - basic and diluted	\$ (0.30)	\$ (0.28)	\$ (0.02)		

Nine Months Ended September 30, 2022	As Reported			Effect of Change	As Adjusted
	(in thousands)				

Premium deficiency reserve expense (benefit)	\$ (82,971)	\$ 543	\$ (82,428)
Total operating expenses	2,841,657	543	2,842,200
Loss from operations	(263,761)	(543)	(264,304)
Net loss	\$ (254,798)	\$ (543)	\$ (255,341)
Per share data:			
Net loss per share attributable to Class A and B common stockholders - basic and diluted	\$ (0.54)	\$ —	\$ (0.54)

There was no impact on discontinued operations for all periods presented in the Condensed Consolidated Statements of Cash Flows. Operations and Comprehensive Loss. Assets and liabilities related to the Company's former Non-Insurance segment have been reclassified as discontinued operations for all periods presented in the Condensed Consolidated Balance Sheets. Refer to Note 17 - Discontinued Operations for additional information.

Equity method of accounting and variable interest entities

Investments in entities in which the Company does not have control but its ownership falls between 20.0% and 50.0%, or it has the ability to exercise significant influence over operating and financial policies, are accounted for under the equity method of accounting.

The Company continuously assesses its partially-owned entities to determine if these entities are variable interest entities ("VIEs") and, if so, whether the Company is the primary beneficiary and, therefore, required to consolidate the VIE. To make this determination, the Company applies a qualitative approach to determine whether the Company has both the power to direct the activities of the VIE that most significantly impact the VIE's economic performance and the obligation to absorb losses of, or the rights to receive benefits from, the VIE that could potentially be significant to that VIE. If the Company has an interest in a VIE but is determined to not be the primary beneficiary, the Company accounts for the interest under the equity method of accounting.

When the Company's carrying value in an equity method investee company is reduced to zero, no further losses are recorded in the Company's interim unaudited condensed consolidated financial statements unless the Company guaranteed obligations of the investee company or has committed additional funding. When the investee company subsequently reports income, the Company will not record its share of such income until it equals the amount of its share of losses not previously recognized.

Segment information

Operating segments are defined as components of an enterprise for which separate financial information is available that is evaluated on a regular basis by the chief operating decision maker ("CODM") in deciding how to allocate resources to an individual segment and in assessing performance. The Company's CODM is its Chief Executive Officer. At March 31, 2024, the Company has two reporting segments: Insurance segment, Insurance. At the end of 2023, the Company exited the ACO REACH Model and Non-Insurance as a direct result, the reportable operating segment formerly known as Non-Insurance no longer meets the criteria of a required reportable operating segment starting in 2024.

1411

Performance guarantees

In April 2021, the Company began participating in the DC Model of the Centers for Medicare & Medicaid Services ("CMS"), which is a model intended to reduce expenditures and preserve or enhance quality of care for beneficiaries in FFS. CMS redesigned the DC Model and renamed the model the ACO Realizing Equity, Access, and Community Health (REACH) Model ("ACO REACH Model") effective January 1, 2023. As a participating entity in ACO REACH Model at January 1, 2023, with a global risk arrangement, the Company assumes the responsibility of guaranteeing the performance of its care network. The ACO REACH Model is intended to reduce administrative burden and support a focus on complex, chronically ill patients. The Company's operations in connection with the ACO REACH Model are included in the Non-Insurance operating segment. See Note 16 (Operating Segments) for additional information.

Certain of the Company's arrangements with third-party providers require it to guarantee the performance of its care network to CMS. As a result of the Company's participation in the ACO REACH model, the Company determined that it was making a performance guarantee with respect to providers under the Non-Insurance arrangement that should be recognized in the financial statements. The performance guarantee identified relates to the Company guaranteeing the performance of the third-party medical providers. Thus, the contract with CMS is accounted for as a performance guarantee under ASC 460-Guarantees. At the inception of the performance year, the Company measures and recognizes the performance guarantee receivable and obligation, issued in this standalone arm's length transaction, using the practical expedient to fair value as set forth in ASC 460-10-30-2(a). The Company estimates the annualized benchmark, which is the amount recognized in both the Non-Insurance performance year receivable and the Non-Insurance performance year obligation, current. This is consistent with ASC 460-10-25-4, which provides that a guarantor shall recognize in its statement of financial position a liability for that guarantee. In addition, when the guarantee is issued in a standalone transaction for a premium, the offsetting entry should be considered received (such as cash or a receivable) according to ASC 460-10-25-4. Thus the Company recognizes the Non-Insurance performance year receivable on its Condensed Consolidated Balance Sheets.

To subsequently measure and recognize the performance guarantee, the Company follows ASC 460-10-35-2(b) and applies a systematic and rational approach to reflect its release from risk. Under this approach, the Company amortizes on a straight-line basis over the performance year, the obligation. The Company has determined this systematic and rational method is appropriate, as it matches the period in which the guarantee is fulfilled. In addition, ASC 460-10-35-2 provides further guidance on the subsequent measurement related to the Company's performance guarantee. Per ASC 460-10-35-2, depending on the nature of the guarantee, the guarantor's release from risk typically can be recognized over the term of the guarantee using one of three methods: (1) upon expiration or settlement, (2) by systematic or rational amortization, or (3) as the fair value of the guarantee changes. The Company has determined that method (2) is the appropriate method of recognition as discussed above.

With respect to each performance year in which the ACO is a participant, the final consideration due to the ACO from CMS ("shared savings") or the consideration due to CMS from the ACO ("shared loss") is reconciled in the subsequent years following the performance year. The shared savings or loss is measured periodically and will be applied to the Non-Insurance performance obligation, current or Non-Insurance performance receivable if the Company is in a probable loss position or probable savings position, respectively.

Capitalized software development costs - cloud computing arrangements

The Company's cloud computing arrangements are mostly comprised of hosting arrangements that are mostly service contracts, whereby the Company gains remote access to use enterprise software hosted by the vendor or another third party on an as-needed basis for a period of time in exchange for a subscription fee. Implementation costs for cloud computing arrangements are capitalized if certain criteria are met and consist of internal and external costs directly attributable to developing and configuring cloud computing software for its intended use. These capitalized implementation costs are presented in the Condensed Consolidated Balance Sheets within Prepaid expenses, and are generally amortized over the fixed, non-cancelable term of the associated hosting arrangement on a straight-line basis.

Deferred acquisition costs

Acquisition costs directly related to the successful acquisition of new business, which are primarily made up of commissions costs, are deferred and subsequently amortized. Deferred acquisition costs are recorded within Other assets, current on the Condensed Consolidated Balance Sheets and are amortized over the estimated life of the related contracts. The amortization of deferred acquisition costs is recorded within General and administrative expenses within the Condensed Consolidated Statements of Operations and Comprehensive Loss. At September 30, 2023 For the quarter ended March 31, 2024 and December 31, 2022, 2023, there were no deferred acquisition costs as a result of the acceleration of amortization for deferred acquisition costs due to the recognition of a premium deficiency reserve. For the three months ended September 30, 2023 March 31, 2024 and 2022, there were 2023 charges related to deferred acquisition costs of \$0.6 million \$1.1 million and \$1.9 million, respectively. For the nine months ended September 30, 2023 and 2022, there were charges related to deferred acquisition costs of \$5.8 million, and \$15.6 million \$3.9 million, respectively, both periods were recognized within General and administrative expenses.

15

Restructuring Activities

Restructuring related expenses, which are recorded within Restructuring costs on the Condensed Consolidated Statements of Operations, include employee termination benefits, vendor costs associated with restructuring activities, and other costs associated with the business transformation initiatives. Restructuring costs are determined based on estimates, which are prepared at the time the restructuring actions are approved by management and are periodically reviewed and updated for changes in estimates. The Company applies the provisions of ASC 420, Exit or Disposal Cost Obligations ("ASC 420") as these costs meet the criteria of a one-time benefit. Under ASC 420-10, the Company establishes a liability for a cost associated with an exit or disposal activity, including employee termination benefits and other restructuring related costs, when the liability is incurred, rather than at the date that the Company commits to an exit plan. At each reporting date, there is an evaluation of the liability to ensure the amount is still appropriate. See Note 1816 (Restructuring costs) for further discussion.

Recent accounting pronouncements

Recently adopted accounting pronouncements

In August 2018,

There have been no new accounting pronouncements adopted during the FASB issued ASU 2018-12, *Financial Services - Insurance (Topic 944): Targeted Improvements* three months ended March 31, 2024 that are expected to the *Accounting for Long-Duration Contracts*, which was subsequently amended by ASU 2019-09, *Financial Services—Insurance (Topic 944): Effective Date and ASU 2020-11, Financial Services—Insurance (Topic 944): Effective Date and Early Application*. ASU 2020-11 was issued in consideration of the implications of COVID-19 and to provide transition relief and additional time for implementation by deferring the effective date by one year. The amendments in ASU 2018-12 make changes to a variety of areas to simplify or improve the existing recognition, measurement, presentation, and disclosure requirements for long-duration contracts issued by an insurance entity. The amendments require insurers to annually review the assumptions they make about their policyholders and update the liabilities for future policy benefits if the assumptions change. The amendments also simplify the amortization of deferred acquisition costs and add new disclosure requirements about the assumptions used to measure liabilities and the potential materially impact to future cash flows. The amendments related to the liability for future policy benefits for traditional and limited-payment contracts and deferred acquisition costs are to be applied to contracts in force at the beginning of the earliest period presented, with an option to apply such amendments retrospectively with a cumulative-effect adjustment to the opening balance of retained earnings at the earliest period presented. The amendments for market risk benefits are to be applied retrospectively. ASU 2020-11 is effective for public entities for periods beginning after December 15, 2022. The Company adopted this standard on January 1, 2023. The adoption of ASU 2018-12 and related amendments did not have a material impact on the Company's unaudited condensed consolidated financial statements.

Accounting pronouncements effective in future periods

None.

In July 2023, the FASB issued ASU 2023-03, *Presentation of Financial Statements (Topic 205), Income Statement—Reporting Comprehensive Income (Topic 220), Distinguishing Liabilities from Equity (Topic 480), Equity (Topic 505), and Compensation—Stock Compensation (Topic 718); Amendments to SEC Paragraphs Pursuant to SEC Staff Accounting Bulletin No. 120, SEC Staff Announcement at the March 24, 2022 EITF Meeting, and Staff Accounting Bulletin Topic 6.B, Accounting Series Release 280—General Revision of Regulation S-X: Income or Loss Applicable to Common Stock ("ASU 2023-03")*. This ASU amends or supersedes various SEC paragraphs within the applicable codification to conform to past SEC staff announcements. This ASU does not provide any new guidance. ASU 2023-03 will become effective for the Company once the addition to the FASB Codification is made available. The Company is currently evaluating the impact of the update on the Company's unaudited condensed consolidated financial statements and related disclosures.

12

In November 2023, the FASB issued ASU 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures*. The amendments in this update aim to improve reportable segment disclosures by requiring enhanced disclosures around significant segment expenses that are regularly provided to the chief operating decision maker. Additionally, ASU 2023-07 requires that all existing annual disclosures about segment profit or loss must be provided on an interim basis and clarifies that single reportable segment entities are subject to the disclosure requirement under Topic 280 in its entirety. ASU 2023-07 is effective for fiscal years beginning after December 15, 2023 and interim periods within those fiscal years beginning after December 15, 2024. A public entity should apply ASU 2023-07 retrospectively to all prior periods presented in the financial statements. Early adoption is permitted. The Company is currently evaluating the impact of ASU 2023-07 on its unaudited condensed consolidated financial statements and related disclosures.

In December 2023, the FASB issued ASU 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*. The amendments in this update aim to provide more transparency regarding tax disclosures mainly related to the rate reconciliation and income taxes paid information. The Company is currently evaluating the impact of ASU 2023-09 on its unaudited condensed consolidated financial statements and related disclosures.

3. Investment Securities

The following tables present amortized cost and fair values of investments at September 30, 2023, March 31, 2024 and December 31, 2022, December 31, 2023, respectively:

September 30, 2023		Accumulated Amortized		Accumulated unrealized		Fair value
		cost	unrealized gains	losses	Fair value	
		(in thousands)				
March 31, 2024		March 31, 2024	Amortized cost	Accumulated unrealized gains	Accumulated unrealized losses	Fair value
(in thousands)						
Investment securities, held-to-maturity	Investment securities, held-to-maturity					
U.S. government and government agencies and authorities						
U.S. government and government agencies and authorities						
U.S. government and government agencies and authorities	U.S. government and government agencies and authorities	\$ 7,688	\$ —	\$ (323)	\$ 7,365	
Investment securities, available-for-sale	Investment securities, available-for-sale					
U.S. government and government agencies and authorities	U.S. government and government agencies and authorities	195,029	1	(4,505)	190,525	
U.S. government and government agencies and authorities						
U.S. government and government agencies and authorities						
Corporate debt securities	Corporate debt securities	107,824	12	(580)	107,256	
Other						

Total held-to-maturity and available-for-sale investment securities	Total held-to-maturity and available-for-sale investment securities
	\$310,541 \$ 13 \$ (5,408) \$305,146

December 31, 2023	Amortized cost	Accumulated unrealized gains	Accumulated unrealized losses	Fair value
(in thousands)				
Investment securities, held-to-maturity				
U.S. government and government agencies and authorities	\$ 7,695	\$ —	\$ (225)	\$ 7,470
Investment securities, available-for-sale				
U.S. government and government agencies and authorities	126,071	713	(3,070)	123,714
Corporate debt	95,354	165	(176)	95,343
Other	1,855	—	(2)	1,853
Total held-to-maturity and available-for-sale investment securities	\$ 230,975	\$ 878	\$ (3,473)	\$ 228,380

1613

December 31, 2022	Amortized cost	Accumulated unrealized gains	Accumulated unrealized losses	Fair value
(in thousands)				
Investment securities, held-to-maturity				
U.S. government and government agencies and authorities	\$ 757	\$ —	\$ (106)	\$ 651
Investment securities, available-for-sale				
U.S. government and government agencies and authorities	237,457	10	(9,000)	228,467
Corporate debt	98,783	38	(422)	98,399
Total held-to-maturity and available-for-sale investment securities	\$ 336,997	\$ 48	\$ (9,528)	\$ 327,517

The following table presents the amortized cost and fair value of debt securities at September 30, 2023 March 31, 2024, by contractual maturity:

September 30, 2023	Held-to-maturity		Available-for-sale		
			Fair value	Amortized cost	
	Amortized cost	Fair value			
(in thousands)					
March 31, 2024			March 31, 2024	Held-to-maturity	Available-for-sale
	Amortized cost			Amortized cost	Fair value
					(in thousands)
Due within one year	Due within one year	\$ 6,896	\$ 6,692	\$ 197,766	\$ 196,381
Due after one year	Due after one year				
through five years	through five years	681	588	105,087	101,400

Due after five years	Due after five years	—	—	—	—
Due after ten years	Due after ten years	111	85	—	—
Total	Total	\$ 7,688	\$ 7,365	\$ 302,853	\$ 297,781

For the three and nine months ended **September 30, 2023** **March 31, 2024** and **2022, 2023**, respectively, net investment income, which is included within Other income within the Condensed Consolidated Statements of Operations and Comprehensive Loss, was derived from the following sources:

	Three Months Ended September 30,		Nine Months Ended September 30, 2023					
	2023	2022	2023	2022				
	(in thousands)							
Three Months Ended March 31,								
Three Months Ended March 31,								
Three Months Ended March 31,								
2024								
2024								
2024								
(in thousands)								
(in thousands)								
(in thousands)								
Cash and cash equivalents								
Cash and cash equivalents								
Cash and cash equivalents	Cash and cash equivalents	\$ 1,944	\$ 1,428	\$ 5,978				
Short-term investments	Short-term investments	605	879	1,920				
Short-term investments	Short-term investments							
Investment securities	Investment securities	1,840	543	5,322				
Investment income, net	Investment income, net	\$ 4,389	\$ 2,850	\$ 13,220				
Investment income, net	Investment income, net							
Investment income, net	Investment income, net							

Gross unrealized losses and fair values aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position were as follows at **September 30, 2023** **March 31, 2024**, and **December 31, 2022** **December 31, 2023**, respectively:

September 30, 2023	Greater than 12 months					
	Less than 12 months		months		Total	
	Unrealized Fair value		Unrealized loss		Unrealized Fair value	
(in thousands, except number of positions)						

March 31, 2024		March 31, 2024		Less than 12 months		Greater than 12 months		Total	
		Fair value		Fair value	Unrealized loss	Fair value	Unrealized loss	Fair value	Unrealized loss
(in thousands, except number of positions)									
U.S. government and government agencies and authorities	U.S. government and government agencies and authorities	\$ 39,425	\$ (163)	\$ 160,305	\$ (4,671)	\$ 199,730	\$ (4,834)		
Corporate debt securities	Corporate debt securities	91,165	(532)	9,874	(42)	101,039	(574)		
Total	Total	\$ 130,590	\$ (695)	\$ 170,179	\$ (4,713)	\$ 300,769	\$ (5,408)		
Number of positions	Number of positions	109		38		147			

December 31, 2023	Less than 12 months		Greater than 12 months		Total	
	Fair value	Unrealized loss	Fair value	Unrealized loss	Fair value	Unrealized loss
(in thousands, except number of positions)						
U.S. government and government agencies and authorities	\$ 12,584	\$ (32)	\$ 61,628	\$ (3,259)	\$ 74,212	\$ (3,291)
Corporate debt securities	61,007	(175)	5,017	(7)	66,024	(182)
Total	\$ 73,591	\$ (207)	\$ 66,645	\$ (3,266)	\$ 140,236	\$ (3,473)
Number of positions		69		27		96

1714

December 31, 2022	Less than 12 months		Greater than 12 months		Total	
	Fair value	Unrealized loss	Fair value	Unrealized loss	Fair value	Unrealized loss
(in thousands, except number of positions)						
U.S. government and government agencies and authorities	\$ 64,261	\$ (958)	\$ 147,757	\$ (8,148)	\$ 212,018	\$ (9,106)
Corporate debt securities	78,292	(422)	—	—	78,292	(422)
Total	\$ 142,553	\$ (1,380)	\$ 147,757	\$ (8,148)	\$ 290,310	\$ (9,528)
Number of positions		92		24		116

The Company did not record any credit allowances for debt securities that were in an unrealized loss position at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023.

At September 30, 2023 March 31, 2024, all securities were investment grade, with credit ratings of BBB+ or higher by S&P Global or as determined by other credit rating agencies within the Company's investment policy. Unrealized losses on investment grade securities are principally related to changes in interest rates or changes in issuer or sector related credit spreads since the securities were acquired. The gross unrealized investment losses at September 30, 2023 March 31, 2024, were assessed, based on, among other things:

- The relative magnitude to which fair values of these securities have been below their amortized cost was not indicative of an impairment loss;
- The absence of compelling evidence that would cause the Company to call into question the financial condition or near-term prospects of the issuer of the applicable security; and
- The Company's ability and intent to hold the applicable security for a period of time sufficient to allow for any anticipated recovery.

Proceeds from sales and maturities of investment securities, inclusive of Short-term short-term investments, and related gross realized gains (losses) which are included within Other income within the Condensed Consolidated Statements of Operations and Comprehensive Loss, were as follows for the three and nine months ended September 30,

2023 March 31, 2024 and 2022 2023, respectively:

		Three Months Ended September 30,		Nine Months Ended September 30,					
		2023	2022	2023	2022				
		(in thousands)		(in thousands)					
Three Months Ended March 31,									
Three Months Ended March 31,									
Three Months Ended March 31,									
2024									
2024									
2024									
(in thousands)									
(in thousands)									
(in thousands)									
Proceeds from sales of investment securities	Proceeds from sales of investment securities	\$ —	\$ 3,829	\$ 60,436	\$ 9,710				
Proceeds from sales of investment securities									
Proceeds from sales of investment securities									
Proceeds from maturities of investment securities									
Proceeds from maturities of investment securities									
Proceeds from maturities of investment securities	Proceeds from maturities of investment securities	32,240	60,000	139,122	350,455				
Gross realized gains	Gross realized gains	—	—	39	5				
Gross realized gains									
Gross realized gains									
Gross realized losses	Gross realized losses	—	(2)	(19)	(23)				
Net realized losses	\$ —	\$ (2)	\$ 20	\$ (18)					
Gross realized losses									
Gross realized losses									
Net realized gains (losses)									
Net realized gains (losses)									
Net realized gains (losses)									

At September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, the Company had \$14.6 million \$14.8 million and \$14.3 million \$14.7 million, respectively, in deposits with various states and regulatory bodies that are included as part of the Company's investment balances.

4. Fair Value Measurements

The following tables present a summary of fair value measurements for financial instruments at **September 30, 2023** **March 31, 2024** and **December 31, 2022** **December 31, 2023**, respectively:

		Level 1	Level 2	Level 3	Total fair value
September 30, 2023					
		(in thousands)			
March 31, 2024		March 31, 2024	Level 1	Level 2	Level 3
					(in thousands)
U.S. government and government agencies	U.S. government and government agencies	\$ — \$190,525	\$ — \$190,525		
Corporate debt securities	Corporate debt securities	— 107,256	— 107,256		
Other					
Warrants receivable	Warrants receivable	— — 900	— — 900		
Total assets at fair value	Total assets at fair value	\$ — \$297,781	\$900	\$298,681	
December 31, 2022		Level 1	Level 2	Level 3	Total fair value
		(in thousands)			
December 31, 2023		December 31, 2023	Level 1	Level 2	Level 3
					(in thousands)
U.S. government and government agencies	U.S. government and government agencies	\$ — \$228,467	\$ — \$228,467		
Corporate debt securities	Corporate debt securities	— 98,399	— 98,399		
Other					
Warrants receivable	Warrants receivable	— — 900	— — 900		
Total assets at fair value	Total assets at fair value	\$ — \$326,866	\$900	\$327,766	

There were no changes in the balances of the Company's Level 3 financial assets and liabilities during the three months ended **September 30, 2022**. The changes in balances of the Company's Level 3 financial assets and liabilities during the nine months ended **September 30, 2023** **March 31, 2024** were as follows:

Warrants receivable	
Warrants receivable	
Warrants receivable	
	Total

(in thousands)			(in thousands)		
Warrants receivable Total					
(in thousands)					
Balance, December 31, 2022	\$ 900	\$900			
Balance, December 31, 2023					
Balance, December 31, 2023					
Balance, December 31, 2023					
Receipts	Receipts	—	—		
Settlements	Settlements	—	—		
Transfers in	Transfers in	—	—		
Transfers out	Transfers out	—	—		
Total realized losses (gains)		—	—		
Balance, September 30, 2023	\$ 900	\$900			
Total unrealized losses (gains)		—	—		
Total unrealized losses (gains)		—	—		
Total unrealized losses (gains)		—	—		
Balance, March 31, 2024					

There were no transfers in or out of the Company's Level 3 financial assets or liabilities for the nine months ended September 30, 2023 March 31, 2024 or September 30, 2022 March 31, 2023.

Private Warrants

At September 30, 2023 March 31, 2024, the Company had exercisable private warrants which were embedded in several agreements as derivatives. These private warrants were accounted for as assets in accordance with ASC 815-40 and are presented within Other assets, non-current on the Unaudited Condensed Consolidated Balance Sheets. The warrant assets are measured at fair value at inception and on a recurring basis until redeemed, with changes in fair value presented within Change in fair value of warrants within the Unaudited Condensed Consolidated Statements of Operations and Comprehensive Loss. These private warrants were classified within Level 3 due to the subjectivity and use of estimates in the calculation of their fair value. These warrants at initial measurement date, December 31, 2022 December 31, 2023, were assessed to have a fair value of \$0.9 million \$0.8 million, with no other activity for the three months ended March 31, 2024. At September 30, 2023, these The Company reassesses the fair values of the warrants had a fair value of \$0.9 million, based on updated estimates and for the three months ended March 31, 2024 there were no unrealized gains or losses recognized.

1916

5. Healthcare Receivables

Healthcare receivables include pharmaceutical rebates that are accrued as they are earned and estimated based on contracted rebate rates, eligible amounts submitted to the manufacturers by the Company's pharmacy manager, pharmacy utilization volume, and historical collection patterns. Also included within Healthcare receivables are Medicare Part D settlement receivables, member premium receivables, and other CMS receivables. The Company reported \$52.1 \$83.9 million and \$70.6 \$64.2 million within Healthcare receivables at September 30, 2023 March 31, 2024, and December 31, 2022 December 31, 2023, respectively.

6. Related Party Transactions

Related party agreements

The Company has various contracts with IJKG Opco LLC (d/b/a CarePoint Health - Bayonne Medical Center), Hudson Hospital Opco, LLC (d/b/a CarePoint Health - Christ Hospital) and Hoboken University Medical Center Opco LLC (d/b/a CarePoint Health - Hoboken University Medical Center), which collectively do business as the CarePoint Health System ("CarePoint Health"), for the provision of inpatient and hospital-based outpatient services. CarePoint Health was ultimately held and controlled by Vivek Garipalli, the Company's Executive Chairman and a significant stockholder of the Company. In May 2022, Mr. Garipalli and his family completed a donation of their interest in CarePoint Health to a non-profit organization called CarePoint Health Systems, Inc. Following the donation, Mr. Garipalli has remained a Manager of Hudson Hospital Propco, LLC, an affiliate of Hudson Hospital Opco, LLC. Additionally, certain affiliates of Mr. Garipalli are owed certain money from CarePoint Health for prior obligations, and Mr. Garipalli has an indirect interest in Sequoia Healthcare Services, LLC and Sequoia Healthcare Management, LLC, which both provide services to CarePoint Health. Expenses and fees incurred related to Clover's contracts with CarePoint Health, recorded within Net medical claims incurred, were **\$3.2 million** **\$0.5 million** and **\$3.2 million** **\$3.7 million** for the three months ended **September 30, 2023** **March 31, 2024** and **2022**, respectively, and **\$9.7 million** and **\$8.9 million**, for the nine months ended **September 30, 2023** and **2022, 2023** respectively. Additionally, **\$1.3 million** **\$0.9 million** and **\$1.6 million** **\$1.4 million** were payable to CarePoint Health at **September 30, 2023** **March 31, 2024**, and **December 31, 2022** **December 31, 2023**, respectively.

The Company has a contract with Medical Records Exchange, LLC (formerly known as "ChartFast," now d/b/a Credo) pursuant to which the Company receives administrative services related to medical records retrieval via Credo's electronic applications and web portal platform. **Mr. Garipalli holds an equity interest of approximately ten percent (10%) of that entity.** Expenses and fees incurred related to this agreement were **\$0.3 million** **\$0.1 million** and **\$0.1 million** **\$0.1 million** for the three months ended **September 30, 2023** **March 31, 2024** and **2022**, respectively, **\$0.6 million** **2023** respectively. Vivek Garipalli, the Company's Executive Chairman and **\$0.2 million** for significant stockholder of the nine months ended **September 30, 2023** and **2022**, respectively. Company, is an indirect owner of Medical Records Exchange, LLC.

Since July 2, 2021, the Company has contracted with Thyme Care, Inc. ("Thyme Care"), an oncology care management company, through which Thyme Care was engaged to provide cancer care management services to the Company's Insurance members in New Jersey and develop a provider network to help ensure member access to high-value oncology care. The Company and Thyme Care have amended the terms of the engagement, effective April 1, 2023, to include additional clinical services available to Clover members as well as the value based payment terms. The Company entered into an agreement with Thyme Care effective September 23, 2020 where the Company purchased 1,773,049 shares (less than five percent (5%) of its class A common stock) for a nominal amount. This amount. The fair value of these shares is recorded **\$0.5 million** at **March 31, 2024**, and is recognized within Other assets, non-current, on the Condensed Consolidated Balance Sheet. In accordance with ASC 321, any changes in fair value associated with these shares are recognized within the Condensed Consolidated Statements of Operations and Comprehensive Loss. Mr. Garipalli is a member of the board of directors of Thyme Care and holds an equity interest of less than five percent (5%) of that entity. Expenses and fees incurred related to this agreement were **\$0.9 million** **none** and **\$0.5 million** for the three months ended **September 30, 2023** **March 31, 2024** and **2022**, respectively, and **\$1.7 million** and **\$1.3 million** for the nine months ended **September 30, 2023** and **2022, 2023**, respectively. Additionally, **\$0.2 million** **none** and **\$0.3 million** **\$0.2 million** were payable to Thyme Care at **September 30, 2023** **March 31, 2024**, and **December 31, 2022** **December 31, 2023**, respectively.

2017

7. Unpaid Claims

Activity within the liability for Unpaid claims, including claims adjustment expenses, for the **nine** **three** months ended **September 30, 2023** **March 31, 2024** and **2022, 2023**, respectively, is summarized as follows:

Nine Months Ended September 30,		2023 2022		2017	
				(in thousands)	
Three Months Ended March 31,		Three Months Ended March 31,		2024 2023	
				(in thousands)	
Gross and net balance, beginning of period	Gross and net balance, beginning of period				
(1)	(1)	\$137,395	\$136,317		
Gross and net balance, beginning of period					
(1)					
Gross and net balance, beginning of period					
(1)					

Incurred related to:	Incurred related to:		
Current year			
Current year			
Current year	Current year	750,705	773,530
Prior years	Prior years	(7,689)	(36,149)
Total incurred	Total incurred	743,016	737,381
Paid related to:	Paid related to:		
Current year	Current year	646,322	649,223
Current year			
Current year			
Prior years	Prior years	120,859	89,055
Total paid	Total paid	767,181	738,278
Gross and net balance, end of period (1)(2)		\$113,230	\$135,420
Gross and net balance, end of period (1)			
Gross and net balance, end of period (1)			
Gross and net balance, end of period (1)			

(1) Includes amounts due to related parties.

(2) Differs from the total Unpaid claims amount reported on the Condensed Consolidated Balance Sheets due to the fact the figure here excludes unpaid claims for the Company's Non-Insurance operations of \$2.4 million and \$6.5 million at September 30, 2023 and 2022, respectively.

The Company uses a variety of standard actuarial techniques to establish unpaid claims reserves. Management estimates are supported by the Company's actuarial analysis. The Company utilizes an internal actuarial team to review the adequacy of unpaid claim and unpaid claim adjustment expense. The estimation of claim costs is inherently difficult and requires significant judgment. The estimation has considerable inherent variability and can fluctuate significantly depending upon several factors, including medical cost trends and claim payment patterns, general economic conditions, and regulatory changes. The time value of money is not taken into account for the purposes of calculating the liability for unpaid claims. Management believes that the current reserves are adequate based on currently available information.

Unpaid Claims for Insurance Operations

Unpaid claims for Insurance operations were \$113.2 million at September 30, 2023 March 31, 2024. During the nine months ended September 30, 2023 March 31, 2024, \$120.9 million was paid for incurred claims attributable to insured events of prior years. A favorable development of \$7.7 million was recognized during the nine months ended September 30, 2023 March 31, 2024, resulting from the Company's actual experience with claims developing differently as compared to the Company's estimates at December 31, 2023. An unfavorable development of \$0.8 million was recognized during the three months ended March 31, 2023, resulting from the Company's actual experience with claims developing differently as compared to the Company's estimates at December 31, 2022. A favorable development of \$36.1 million was recognized during the nine months ended September 30, 2022, resulting from the Company's actual experience with claims developing differently as compared to the Company's estimates at December 31, 2021. Original estimates are increased or decreased, as additional information becomes known regarding individual claims. The ratio of current year medical claims paid as a percentage of current year Net medical claims incurred was 86.1% for the nine months ended September 30, 2023 March 31, 2024, and 83.9% for the nine months ended September 30, 2022 March 31, 2023. This ratio serves as an indicator of claims processing speed, indicating that claims were processed at a faster rate during the nine months ended September 30, 2023 March 31, 2024, than during the nine months ended September 30, 2022 March 31, 2023. As a result of slower claims processing, unpaid claims liability increased which increase was primarily due to claim submission and payment process disruptions related to a third-party cyber incident.

8. Letter of Credit

On April 19, 2018, the Company entered into a secured letter of credit agreement (the "Letter") required for its subsidiary, the Company, for an aggregate amount of up to \$2.5 million. The Letter is with a commercial lender and it renews on an annual basis. The Letter bears interest at a rate of 0.75%. On April 19, 2023, the Letter expired and at the time of

expiration there was an unused balance of \$2.5 million which was released to the Company. There was an unused balance of \$2.5 million at December 31, 2022.

9. Stockholders' Equity and Convertible Preferred Stock

Stockholders' Equity

The Company was authorized to issue up to 2,500,000,000 shares of Class A common stock at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively, and up to 500,000,000 shares of Class B common stock at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023. At September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, there were 399,374,685 406,155,332 and 383,998,718 401,183,882 shares of Class A common stock issued and outstanding, respectively. There were 87,867,732 89,649,365 and 94,394,852 87,867,732 shares of Class B common stock issued and outstanding at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively. Class B common stock has 10 votes per share, and Class A common stock has one vote per share. The Company had 7,096,160 11,613,745 and 2,072,752 7,912,750 shares held in treasury at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively. These amounts represent shares withheld to cover taxes upon vesting of employee stock-based awards.

At September 30, 2023 March 31, 2024, the Company was authorized to issue 25,000,000 shares of preferred stock having a par value of \$0.0001 per share, and the Company's Board has the authority to determine the rights, preferences, privileges, and restrictions, including voting rights, of those shares. At September 30, 2023 March 31, 2024, there were no shares of preferred stock issued and outstanding.

10.9. Variable Interest Entity and Equity Method of Accounting

On February 4, 2022, Character Biosciences, Inc. (f/k/a Clover Therapeutics Company) ("Character Biosciences"), an affiliate of the Company, completed a private capital transaction in which it raised \$17.9 million from the issuance of 16,210,602 shares of its preferred stock. Upon completion of the transaction, the Company owned approximately 25.46% of Character Biosciences. As a result, the Company reassessed its interest in Character Biosciences and determined that while Character Biosciences is a VIE, the Company is not considered as the primary beneficiary of the VIE because it does not have the power, through voting or similar rights and the license agreements, to direct the activities of Character Biosciences that most significantly impact Character Biosciences' economic performance. On January 23, 2023, Character Biosciences, completed a second private capital transaction in which it raised additional capital from the issuance of additional shares of its preferred stock. Upon completion of this transaction, the Company's ownership percentage in Character Biosciences decreased to 23.92%.

The Company determined that it does have a significant influence over Character Biosciences and, therefore, it began accounting for its common stock investment in Character Biosciences using the equity method on February 4, 2022. The Company derecognized all of Character Biosciences' assets and liabilities from its balance sheet and its noncontrolling interest related to Character Biosciences, and recognized the retained common stock and preferred stock equity interests at fair values of \$3.7 million and \$4.9 million, respectively, which are included in Equity method investment and Other assets, non-current on the Condensed Consolidated Balance Sheets, and Sheets. For the year ended December 31, 2022, the Company recognized a loss gain on investment of \$1.0 million for the three months ended September 30, 2022, \$9.2 million which is included within Loss (gain) on investment on the Condensed audited Consolidated Statements of Operations and Comprehensive Loss. For the year ended December 31, 2023, the Company recognized a loss on investment of \$4.7 million.

As the Company applies the equity method to account for its common stock interest in Character Biosciences, the initial value of the investment is adjusted periodically to recognize (i) the proportionate share of the investee's net income or losses after the date of investment, (ii) additional contributions made and dividends or distributions received, and (iii) impairment losses resulting from adjustments to net realizable value. The Company eliminates all intercompany transactions in accounting for equity method investments and records the proportionate share of the investee's net income or loss in equity within gain on investment on the Condensed audited Consolidated Statements of Operations and Comprehensive Loss.

With respect to the Company's preferred stock equity interest in Character Biosciences, the Company elected the measurement alternative to value this equity investment without a readily determinable fair value in accordance with ASC 321, Investments – Equity Securities. The carrying amount of the investment is included within Other assets, non-current in the Condensed Consolidated Balance Sheets. In accordance with ASC 321, for each reporting period, the Company completes a qualitative assessment considering impairment indicators to evaluate whether the investment is impaired.

In accordance with ASC 323, the Company recognized the proportionate share of Character Biosciences' net losses up to the investment carrying amount, at December 31, 2022, amount. As a result the Company discontinued applying a shared loss of \$0.5 million and zero for the equity method to account for its common stock interest in Character Biosciences as the Company's net losses exceeded the Company's investment carrying amount. The equity method investment in Character Biosciences was reduced to zero three months ended March 31, 2024 and no further losses were recorded in the Company's interim unaudited condensed consolidated financial statements as the Company did not guarantee obligations of the investee company nor has not committed additional funding. The Company will begin recognizing its share of net income only when it is greater than the cumulative net losses not recognized during the period the equity method was suspended.

On January 23, 2023, Character Biosciences, completed a second private capital transaction in which it raised an additional capital from the issuance of additional shares of its preferred stock. Upon completion of this transaction, the Company's ownership percentage in Character Biosciences decreased to 23.92%.

11.10. Employee Benefit Plans

Employee Retirement Savings Plan

The Company has a defined contribution retirement savings plan (the "401(k) Plan") covering eligible employees, which includes safe harbor matching contributions based on the amount of employees' contributions to the 401(k) Plan. The Company contributes to the 401(k) Plan annually 100.0% of the first 4.0% compensation that is contributed by the employee up to 4.0% of eligible annual compensation after one year of service. The Company's service contributions to the 401(k) Plan amounted to approximately \$0.5 million and \$0.4 million for the three months ended September 30, 2023 March 31, 2024 and 2022, respectively, and \$1.4 million and \$1.1 million for the nine months ended September 30, 2023 and 2022, respectively, and are included within Salaries and benefits on the Condensed Consolidated Statements of Operations and Comprehensive Loss. The Company's cash match is invested pursuant to the participant's contribution direction. Employer contributions are immediately 100.0% vested.

Stock-based Compensation

The Company's 2020 Equity Incentive Plan (the "2020 Plan") provides for grants of restricted stocks units ("RSUs"), performance-based restricted stock units ("PRSUs") and stock options to acquire shares of the Company's common stock, par value \$0.0001 per share, to employees, directors, officers, and non-employee consultants of the Company and its affiliates, and the Company's 2020 Management Incentive Plan (the "2020 MIP") provides for grants of RSUs and PRSUs to the Company's Executive Chair and CEO. During the year ended December 31, 2021, the Company approved the 2020 Plan and the 2020 MIP, and the Company's 2014 Equity Incentive Plan (the "2014 Plan") was terminated. When the 2014 Plan was terminated, the outstanding awards previously granted thereunder were assumed by the Company, and no new awards are available for grant under the 2014 Plan. Shares that are expired, terminated, surrendered, or canceled under the 2014 Plan without having been fully exercised are available for awards under the 2020 Plan. On March 9, 2022, the Board adopted the Company's 2022 Inducement Award Plan (the "Inducement Plan" and, collectively with the 2020 Plan, the 2020 MIP, and the 2014 Plan, the "Plans") and reserved 11,000,000 shares of Class A common stock for issuance under the Inducement Plan. The Inducement Plan was adopted by the Board without stockholder approval pursuant to Rule 5635(c)(4) of the in accordance with Nasdaq Listing Rules. In accordance with Rule 5635(c)(4) of the Nasdaq Listing Rules, awards under Under the Inducement Plan, the Company may be made only grant non-qualified stock options, RSUs, stock appreciation rights, and other stock or cash-based awards to an employee who has not previously been an employee or member of the Board, or following a bona fide period of non-employment, if he or she is granted such award in connection with his or her commencement of employment, or following a bona fide period of non-employment, with the Company and such grant is or an inducement material to his or her entering into employment with the Company affiliate.

The 2020 Plan has an evergreen provision that requires the number of shares available for issuance under the plan to be increased on the first day of each fiscal year beginning with the 2022 fiscal year and ending on (and including) the last day of the 2024 fiscal year, in each case, in an amount equal to the lesser of (i) seven percent (7%) of the outstanding shares of Class A Common common Stock on the last day of the immediately preceding fiscal year and (ii) such number of shares of Class A Common common Stock determined by the Board; provided that for each fiscal year beginning with the 2025 fiscal year through the fiscal year that includes the expiration date of the plan, each such increase shall be reduced to the lesser of five percent (5%) of the outstanding shares of Class A Common common Stock on the last day of the immediately preceding fiscal year or such number of shares as determined by the Board.

The maximum number of shares of the Company's common stock reserved for issuance over the term of the Plans, shares outstanding under the Plans, and shares remaining under the Plans at September 30, 2023 and December 31, 2022, respectively, March 31, 2024 were as follows:

September 30, 2023	Shares	Shares	Shares
	Authorized Under Plans	Outstanding Under Plans	Remaining Under Plans
2014 Plan	54,402,264	34,864,267	N/A
2020 Plan	58,521,709	43,767,670	5,193,626
2020 MIP	33,426,983	26,741,587	—
Inducement Plan	11,000,000	5,536,822	2,131,783

December 31, 2022	Shares	Shares	Shares
	Authorized Under Plans	Outstanding Under Plans	Remaining Under Plans
2014 Plan	54,402,264	36,378,558	N/A
2020 Plan	31,884,272	29,805,319	242,473
2020 MIP	33,426,983	30,084,285	—
Inducement Plan	11,000,000	11,000,000	—

	Shares Authorized Under Plans	Shares Outstanding Under Plans	Shares Remaining Under Plans
March 31, 2024			
2014 Plan	54,402,264	23,977,273	N/A
2020 Plan	86,604,581	45,291,944	22,392,308
2020 MIP	33,426,983	23,398,889	—
Inducement Plan	11,000,000	2,452,449	4,228,753

The Plans are administered by the Talent and Compensation Committee of the Board (the "Compensation Committee"). Stock options granted under the Plans are subject to the terms and conditions described in the applicable Plan and the applicable stock option grant agreement. The exercise prices, vesting, and other restrictions applicable to the stock options are determined at the discretion of the Compensation Committee, except that the exercise price per share of incentive stock options may not be less than 100.0% of the fair market value of a share of common stock on the date of grant. Stock options awarded under the Plans expire 10 years after the grant date. Incentive stock options date and non-statutory options granted to employees, directors, officers, and consultants of the Company typically generally vest over four or five years. The number of stock options granted is determined by dividing the approved grant date dollar value of an option by the Black Scholes option pricing value per share (as further discussed below). RSU awards are subject to the terms and conditions set forth in the Plans and the applicable RSU grant agreement. Vesting and other restrictions applicable to RSU awards are determined at the discretion of the Compensation Committee, but generally vest over one to four years from the date of the grant. The number of shares of common stock subject to an RSU award RSUs granted is determined by dividing the cash value of an RSU award by the average closing price of a share of the Company's Class A common stock over a specified period through the date of grant, and such awards typically vest over four years from the grant date. The total estimated grant date fair value is amortized as an expense over the requisite service period as approved by the Compensation Committee. period.

The Company recorded stock-based compensation expense for stock options, RSUs, and restricted units with performance-based vesting ("PRSUs") granted under the Plans, and discounts offered in connection with the Company's 2020 Employee Stock Purchase Plan ("ESPP") of \$33.1 million \$28.8 million and \$42.6 million \$38.6 million during the three months ended September 30, 2023 March 31, 2024 and 2022, respectively, and \$107.8 million and \$125.2 million during the nine months ended September 30, 2023 and 2022, 2023, respectively, and such expenses are presented within Salaries and benefits in the accompanying Condensed Consolidated Statements of Operations and Comprehensive Loss.

Compensation cost presented within Salaries and benefits within the accompanying Condensed Consolidated Statements of Operations and Comprehensive Loss were as follows:

Three Months Ended September 30,	2023	2022
(in thousands)		
Stock options	\$ 559	\$ 1,051
RSUs	20,603	19,499
PRSUs	11,851	21,903
ESPP	57	188
Total compensation cost recognized for stock-based compensation plans	\$ 33,070	\$ 42,641

Nine Months Ended September 30,		2023	2022
(in thousands)			
Three Months Ended March 31,			
Three Months Ended March 31,			
Three Months Ended March 31,			
		(in thousands)	
		(in thousands)	
		(in thousands)	
Stock options	Stock options	\$ 2,648	\$ 3,530
RSUs	RSUs	62,539	54,782
RSUs			
RSUs			
PRSUs			
PRSUs			
PRSUs	PRSUs	42,444	66,461
ESPP	ESPP	164	435
ESPP			

ESPP

Total compensation cost recognized for stock-based compensation plans	Total compensation cost recognized for stock-based compensation plans	\$ 107,795	\$ 125,208
-----------------------------------------------------------------------	-----------------------------------------------------------------------	------------	------------

Total compensation cost recognized for stock-based compensation plans

Total compensation cost recognized for stock-based compensation plans

At September 30, 2023 March 31, 2024, there was approximately \$452.0 million \$421.0 million of unrecognized stock-based compensation expense related to unvested stock options, unvested RSUs, unvested PRSUs, and the ESPP, estimated to be recognized over a period of four years. The Company recognized \$11.9 million and \$21.9 million in share-based compensation related to PRSUs for the three months ended September 30, 2023 and 2022, respectively, and \$42.4 million and \$66.5 million for the nine months ended September 30, 2023 and 2022, respectively. The Company has granted PRSUs to certain executives, which become eligible to vest if prior to the vesting date the average closing price of one share of the Company's common stock for 90 consecutive days equals or exceeds a specified price (the "Market PRSUs"). The expense referenced above is mainly attributable to Market PRSUs that vest based on pre-established milestones including Company performance. These milestones primarily consist of the volume-weighted average stock closing price ranging from \$20 to \$30 for 90 consecutive days. The grant date fair value of the Market PRSUs is recognized as expense over the vesting period under the accelerated attribution method and is not adjusted in future periods for the success or failure to achieve the specified market condition. At September 30, 2023, the market condition component of these awards has not been met, so the awards have not been earned. This expense represents approximately 40% of the total compensation cost recognized for the nine months ended September 30, 2023 related to stock-based compensation plans which is presented within Salaries and benefits in the accompanying Condensed Consolidated Statements of Operations and Comprehensive Loss.

2420

Stock Options

The Company did not grant stock options during the three months ended March 31, 2024 and 2023, respectively.

A summary of option activity under the 2020 Plan during the nine three months ended September 30, 2023 March 31, 2024, was as follows:

	Number of stock options	Weighted-average exercise price
Outstanding, January 1, 2023	1,364,822	\$ 8.88
Granted during 2023	—	—
Exercised	—	—
Forfeited	(341,734)	8.88
Outstanding, September 30, 2023	1,023,088	\$ 8.88

	Number of stock options	Weighted-average exercise price
Outstanding, January 1, 2024	952,900	\$ 8.88
Granted	—	—
Exercised	—	—
Forfeited	(78,180)	8.88
Outstanding, March 31, 2024	874,720	\$ 8.88

A summary of stock option activity under the 2014 Plan during the nine three months ended September 30, 2023 March 31, 2024, was as follows:

	Number of stock options	Weighted-average exercise price
Outstanding, January 1, 2023	25,631,686	\$ 2.35
Granted during 2023	—	—
Exercised	(78,637)	1.14
Forfeited	(1,437,790)	2.42

Outstanding, September 30, 2023	24,115,259	\$ 2.72
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The aggregate intrinsic value of stock options is calculated as the difference between the exercise price of the stock options and the fair value of the Company's common stock for those stock options that had exercise prices lower than the fair value of the Company's common stock.

	Number of stock options	Weighted-average exercise price
Outstanding, January 1, 2024	24,041,753	\$ 1.45
Granted	—	—
Exercised	83	0.84
Forfeited	(64,632)	2.37
Outstanding, March 31, 2024	23,977,204	\$ 1.45

At **September 30, 2023** **March 31, 2024**, outstanding stock options, substantially all of which are expected to vest, had an aggregate intrinsic value of less than \$0.1 million, and a weighted-average remaining contractual term of four years. At **September 30, 2023** **March 31, 2024**, there were **22,838,047** stock **23,752,137** options exercisable under the **Plans, Plan**, with an aggregate intrinsic value of less than \$0.1 million, a weighted-average exercise price of \$2.86 per share, and a weighted-average remaining contractual term of **5.59** **5.15** years. The total value of stock options exercised during the **nine** **three** months ended **September 30, 2023** **March 31, 2024** and **2022, 2023** was **\$0.1** million and **\$11.3** million, respectively, **none**. Cash received from stock option exercises during the **nine** **three** months ended **September 30, 2023** **March 31, 2024** and **2022**, was **none** and **\$1.0** million, respectively.

Pursuant to the terms of the applicable Plan and stock option award agreement, employees may exercise stock options at any time after grant while maintaining the original vesting period. The proceeds from exercise of unvested stock options are recorded as a liability until the stock option vests at which time the liability is reclassified to equity. If the employee terminates or otherwise forfeits an unvested stock option that has been exercised early, the Company must redeem those shares at the original exercise price and remit payment of the forfeited portion of shares back to the employee. **2023** totaled **none**.

2521

Restricted Stock Units

A summary of total RSU activity is presented below:

	Number of RSUs	Weighted-average grant date fair value per share
Outstanding, January 1, 2022	21,294,841	\$ 14.60
Granted during 2022	30,094,480	2.62
Released	(4,518,984)	14.31
Forfeited	(1,460,459)	5.31
Outstanding, September 30, 2022	45,409,878	\$ 6.99
Outstanding, January 1, 2023	49,617,199	\$ 6.48
Granted during 2023	23,443,658	1.00
Released	(12,568,029)	6.58
Forfeited	(4,947,831)	3.12
Outstanding, September 30, 2023	55,544,997	\$ 4.45

	Number of RSUs	Weighted-average grant date fair value per share
Outstanding, January 1, 2024	56,928,405	\$ 4.28
Granted during 2024	7,124,716	0.92
Released	(10,371,186)	6.45
Forfeited	(4,495,795)	2.28
Outstanding, March 31, 2024	49,186,140	\$ 3.52

Performance Restricted Stock Units

Additionally, the Company has granted PRSUs to certain executives and key employees, which become eligible to vest based on achievement of certain Company or individual performance milestones ("Non-Market PRSUs") and certain Company stock price targets ("Market PRSUs"), each as determined by the Compensation Committee. Market PRSUs will vest if prior to the vesting date the average closing price of one share of the Company's common stock for 90 consecutive days equals or exceeds a specified price. The expense referenced above is mainly attributable to Market PRSUs that vest based on pre-established milestones including Company performance, that primarily consist of the volume-weighted average stock closing price ranging from \$20 to \$30 for 90 consecutive days. The grant date fair value of the Non-Market PRSUs was based on the closing price of the Company's Class A common stock and recognized as expense over the requisite performance period under the accelerated attribution method and is adjusted in future periods for the success or failure to achieve the specified performance condition. The grant date fair value of the Market PRSUs was determined using a Monte Carlo simulation model that incorporated multiple valuation assumptions, including the probability of achieving the specified market condition. Expense for Market PRSUs is recognized as expense over the vesting derived service period under the accelerated attribution method and is not adjusted in future periods for the success or failure to achieve the specified market condition. The Company has also determined the requisite service period for the PRSUs with multiple performance conditions to be the longest of the explicit, implicit, or derived service period for each tranche.

The assumptions that the Company used in the Monte Carlo model to determine the grant date fair value of Market PRSUs was determined using a Monte Carlo simulation model that incorporated multiple valuation assumptions, including granted for the probability of achieving the specified market condition and the following assumptions: year ended December 31, 2021, were as follows:

Nine months Year ended September 30, 2023 December 31, 2021

Expected volatility ⁽¹⁾	40.7 %
Risk-free interest rate ⁽²⁾	0.5
Dividend yield ⁽³⁾	—

(1) Expected volatility is based on a blend of peer group company historical data adjusted for the Company's leverage.

(2) Risk-free interest rate based on U.S. Treasury yields with a term equal to the remaining Performance Period at as of the grant date.

(3) Dividend yield was assumed to be zero as the Company does not anticipate paying dividends.

At March 31, 2024, the market condition component of these PRSUs has not been met, so the awards have not been earned. This expense represents most of the PRSU expense recognized for the three months ended March 31, 2024 related to stock-based compensation plans which is presented within Salaries and benefits in the accompanying Condensed Consolidated Statements of Operations and Comprehensive Loss. The Company has also determined the requisite service period for the PRSUs with multiple performance conditions to be the longest of the explicit, implicit, or derived service period for each tranche.

2622

A summary of PRSU activity is presented below:

	Number of PRSUs	Weighted-average grant date fair value per share
Non-vested, January 1, 2022	27,818,524	\$ 9.58
Granted during 2022	—	—
Vested	(13,264)	8.90
Forfeited	(265,306)	9.11
Non-vested at September 30, 2022	27,539,954	\$ 9.58
Non-vested, January 1, 2023	29,945,235	\$ 8.92
Granted during 2023	1,294,247	0.94
Vested	(958,951)	1.23
Forfeited	(55,665)	5.48
Non-vested at September 30, 2023	30,224,866	\$ 8.83

	Number of PRSUs	Weighted-average grant date fair value per share
Non-vested, January 1, 2024	32,131,532	\$ 8.36
Granted during 2024	—	—
Vested	(11,857)	8.85

Forfeited	(290,381)	1.59
Non-vested at March 31, 2024	31,829,294	\$ 8.43

At **September 30, 2023** **March 31, 2024**, there was **\$47.6 million** **\$31.0 million** of unrecognized share-based compensation expense related to PRSUs, which is expected to be recognized over a period of **approximately four years**.

2020 Employee Stock Purchase Plan

On January 6, 2021, the Board adopted and the Company's stockholders approved the ESPP. The ESPP, provides a means by which permits eligible employees and/or eligible and service providers of either the Company or designated related companies and affiliates may be given an opportunity to contribute up to 15% of their eligible compensation during defined offering periods to purchase shares of the Company's Class A common stock at a **15.0%** **15%** discount from the fair market value of the common stock as determined on specific dates at specified intervals. Subject to adjustments provided in the ESPP that are discussed below, the maximum number of shares of common stock that may be purchased under the ESPP is **10,152,025** **14,163,863** shares, and the maximum number of shares that may be purchased on any single purchase date by any one participant is 5,000 shares. At **September 30, 2023** **March 31, 2024**, **9,311,065** **13,078,532** shares of Class A common stock were available for issuance under the ESPP.

The ESPP includes an evergreen provision that sets limits the maximum number of shares of Class A common stock that may be issued under the plan, to 2,785,582 shares, plus the number of shares of Class A common stock that are automatically added on the first day of each fiscal year beginning with the 2022 fiscal year and ending on (and including) the first day of the 2030 fiscal year, in an amount equal to the lesser of (i) one percent (1%) of the total number of shares of Class A common stock outstanding on the last day of the calendar month prior to the date of such automatic increase, and (ii) such number of shares of Class A common stock as determined by the Board; provided that the maximum number of shares of Class A common stock reserved under the ESPP shall not exceed 10.0% of the total outstanding capital stock of the Company (inclusive of the shares reserved under the ESPP) **at as of** January 7, 2021, on an as-converted basis.

The initial offering period for the ESPP was five months, which commenced on September 1, 2021, and ended on January 31, 2022. The second offering period began on March 14, 2022, and ended November 22, 2022, and the third offering period began on November 23, 2022, and ended on May 21, 2023. The fourth offering period began on May 22, 2023 and is scheduled to end on November 21, 2023.

At September 30, 2023, 840,960 shares of the Company's Class A common stock have been purchased or distributed pursuant to the ESPP.

The assumptions that the Company used in the Black-Scholes option-pricing model to determine the fair value of the purchase rights under the ESPP for the **nine months ended September 30, 2023**, **are most recent offering period**, is as follows:

Nine months ended September 30, 2023 Offering period from November 23, 2023 to May 21, 2024

Weighted-average risk-free interest rate	5.45.5 %
Expected term (in years)	0.50
Expected volatility	69.882.3 %

27

12.11. Income Taxes

The consolidated effective tax rate of the Company for the three and **nine** months ended **September 30, 2023** **March 31, 2024** and **2022** **2023**, was 0.0%. The Company continues to be in a net operating loss and net deferred tax asset position. As a result, and in accordance with accounting standards, the Company recorded a valuation allowance to reduce the value of the net deferred tax assets to zero. The Company believes that at **September 30, 2023** **March 31, 2024**, it had no material uncertain tax positions. Interest and penalties related to unrecognized tax expense (benefits) are recognized in income tax expense, when applicable.

There were no material liabilities for interest and penalties accrued at **September 30, 2023** **March 31, 2024** and **December 31, 2022** **December 31, 2023**.

13.

23

12. Net Loss per Share

Net Loss per Share - Continuing Operations

Basic and diluted net loss per share **from continuing operations** attributable to Class A common stockholders and Class B common stockholders (collectively, "Common Stockholders") for the years indicated **was** **were** calculated as follows:

12. Net Loss per Share - Continuing Operations

	Three Months Ended September 30,	
	2023	2022
Net loss		(in thousands, except per share and share amounts)
Net loss attributable to Common Stockholders	\$ (41,469)	\$ (75,489)
Basic and diluted weighted average number of common shares and common share equivalents outstanding	(41,469)	(75,489)
Net loss per share attributable to Common Stockholders—basic and diluted	480,770,283	477,690,204
	\$ (0.09)	\$ (0.16)

	Nine Months Ended September 30,	
	2023	2022
Net loss		(in thousands, except per share and share amounts)
Net loss attributable to Common Stockholders	\$ (142,889)	\$ (255,341)
Basic and diluted weighted average number of common shares and common share equivalents outstanding	(142,889)	(255,341)
Net loss per share attributable to Common Stockholders—basic and diluted	480,921,520	475,609,571
	\$ (0.30)	\$ (0.54)

	Three Months Ended March 31,	
	2024	2023
Net loss from continuing operations attributable to Common Stockholders		(in thousands, except per share and share amounts)
Basic and diluted weighted average number of common shares and common share equivalents outstanding	\$ (23,170)	\$ (79,698)
Basic and diluted net loss per share	486,374,644	478,805,067
	\$ (0.05)	\$ (0.17)

Because the Company had a Net loss during the three and nine months ended **September 30, 2023** **March 31, 2024** and **2022**, the Company's potentially dilutive securities, which include stock options, Options, RSUs, PRSUs, preferred stock, and warrants to purchase shares of common stock and preferred stock, have been excluded from the computation of diluted net loss per share, as the effect would be anti-dilutive. Therefore, during these periods, the diluted common shares outstanding equals the average common shares outstanding. The Company excluded the following potential common shares, presented based on amounts outstanding at each period end, from the computation of diluted net loss per share attributable to Common Stockholders for the periods indicated because including them would have had an anti-dilutive effect:

Three Months Ended September 30,			
2023	2022		
Three Months Ended March 31,			
Three Months Ended March 31,			
Three Months Ended March 31,			
2024			
Options to purchase common stock			
Options to purchase common stock			
Options to purchase common stock	25,138,347	27,373,475	
RSUs	RSUs	55,544,997	45,409,878
RSUs			
RSUs			
PRSUs			
PRSUs			

PRSU	PRSU	30,224,866	27,539,954
Total anti-dilutive shares excluded from computation of net loss per share	Total anti-dilutive shares excluded from computation of net loss per share	110,908,210	100,323,307

Total anti-dilutive shares excluded from computation of net loss per share

Total anti-dilutive shares excluded from computation of net loss per share

Net Income per Share - Discontinued Operations

Basic and diluted net loss per share from discontinued operations attributable to Class A common stockholders and Class B common stockholders (collectively, "Common Stockholders") for the years indicated were calculated as follows:

	Three Months Ended March 31,	
	2024	2023
		(in thousands, except per share and share amounts)
Net income from discontinued operations attributable to Common Stockholders	\$ 4,000	\$ 7,092
Basic weighted average number of common shares and common share equivalents outstanding	486,374,644	478,805,067
Potential dilutive shares:		
RSU	49,186,140	57,742,605
PRSU	31,829,294	29,945,235
Stock Options	61,088	136,175
Weighted average shares used in computing net income per share of common stock, diluted	567,451,166	566,629,082
Basic earnings per share	\$ 0.01	\$ 0.01
Diluted earnings per share	\$ 0.01	\$ 0.01

2824

	Nine Months Ended September 30,	
	2023	2022
Options to purchase common stock	25,138,347	27,373,475
RSUs	55,544,997	45,409,878
PRSU	30,224,866	27,539,954
Total anti-dilutive shares excluded from computation of net loss per share	110,908,210	100,323,307

The following table presents the potentially dilutive shares that were excluded from the computation of diluted net income per share of common stock:

	Three Months Ended March 31,	
	2024	2023
Options to purchase common stock	24,790,836	25,698,628

14.13. Commitments and Contingencies

Legal Actions

Various lawsuits against the Company may arise in the ordinary course of the Company's business. Contingent liabilities arising from ordinary course litigation, income taxes and other matters are not expected to be material in relation to the financial position of the Company. At **September 30, 2023** **March 31, 2024**, and **December 31, 2022** **December 31, 2023**, respectively, there were no material known contingent liabilities arising outside the normal course of business other than as set forth below. In accordance with ASC No. 450-20, "Loss Contingencies", we will record accruals for loss contingencies when it is probable that a liability has been incurred and the amount of loss can be reasonably estimated.

Securities Class Actions, Derivative Litigation and Investigations

Since February 2021, the Company has received subpoenas from the SEC related to certain disclosures and aspects of our business as well as certain matters described in an article issued on February 4, 2021, by Hindenburg Research LLC (the "Hindenburg Article"). The Company is cooperating with the SEC's investigation. The Hindenburg Article, which discussed, among other things, an inquiry by the U.S. Attorney's Office for the Eastern District of Pennsylvania relating to, among other things, certain of the Company's arrangements with providers participating in its network and programs, and Clover Assistant, was the subject of the Company's Current Report on Form 8-K dated February 5, 2021.

In February 2021, the Company and certain of its directors and officers were named as defendants in putative class actions filed in the United States District Court for the Middle District of Tennessee: Bond v. Clover Health Investments, Corp. et al., Case No. 3:21-cv-00096 (M.D. Tenn.); Kaul v. Clover Health Investments, Corp. et al., Case No. 3:21-cv-00101 (M.D. Tenn.); Yaniv v. Clover Health Investments, Corp. et al., Case No. 3:21-cv-00109 (M.D. Tenn.); and Tremblay v. Clover Health Investments, Corp. et al., Case No. 3:21-cv-00138 (M.D. Tenn.). The complaints assert violations of sections 10(b) and 20(a) of the Exchange Act and Rule 10b-5 promulgated under the Exchange Act. The Kaul action asserts additional claims under sections 11 and 15 of the Securities Act. The complaints generally relate to allegations published in the Hindenburg Article. The complaints seek unspecified damages on behalf of all persons and entities who purchased or acquired Clover securities during the class period (which begins on October 6, 2020, and, depending on the complaint, ends on February 3, 2021, or February 4, 2021), as well as certain other costs. In April 2021, the Middle District of Tennessee class actions were consolidated under Bond v. Clover Health Investments, Corp. et al., Case No. 3:21-cv-00096 (M.D. Tenn.) as the lead case. On June 28, 2021, the plaintiffs filed an amended complaint, which also generally relates to allegations published in the Hindenburg Article, but adds, among other things, allegations from confidential witnesses who purport to be former employees of the Company. The Company moved to dismiss the amended complaint on August 28, 2021; that motion was denied on February 28, 2022. On February 14, 2023, the court granted the plaintiffs' motion for class certification.

On April 21, 2023, the parties to the securities class action entered into a memorandum of understanding providing for the settlement of the action. The Court approved the settlement and dismissed the action with prejudice on October 3, 2023. Under the settlement, the class will receive \$22 million dollars (less an award of fees and expenses to the plaintiffs' counsel), and the defendants (including the Company) received customary releases. The Company used \$19.5 million in insurance proceeds to fund the settlement. **On June 29, 2023, the Company deposited \$7.7 million, in an escrow account for settlement purposes, and on July 3, 2023, it deposited the remaining \$14.3 million.** The Company previously filed a lawsuit in Delaware state court against certain of its insurers for full payment of its liabilities related to this securities litigation. The Company intends to oppose any efforts by the carrier defendants to recoup insurance proceeds that they have advanced to date.

2925

Shareholder derivative actions parallel to the securities class action have also been filed, naming Clover as a nominal defendant. The first action was filed in the United States District Court for the District of Delaware and is captioned Furman v. Garipalli, et al., Case No. 1:21-cv-00191 (D. Del.). The complaint asserts violations of sections 10(b) and 21D of the Exchange Act, breach of fiduciary duty, and waste of corporate assets against certain of the Company's directors. It seeks unspecified damages and an order requiring Clover to take certain actions to enhance Clover's corporate governance policies, and procedures. The second and third actions were filed in the United States District Court for the Middle District of Tennessee and are captioned Sun v. Garipalli, et al., Case No. 3:21-cv-00311 (M.D. Tenn.), and Luthra v. Garipalli, et al., Case No. 3:21-cv-00320 (M.D. Tenn.). The complaints assert violations of section 14(a) of the Exchange Act, breach of fiduciary duty, and aiding and abetting a breach of fiduciary duty. The Sun action also asserts unjust enrichment, abuse of control, gross mismanagement, waste of corporate assets, and contribution under section 11(f) of the Securities Act, and sections 10(b) and 21D of the Exchange Act. The complaints name certain current and former officers and directors as defendants. They seek unspecified damages and an order requiring Clover to take certain actions to enhance Clover's corporate governance policies and procedures.

The fourth action was filed in the United States District of Delaware and is captioned Wiegand v. Garipalli, et al., Case No. 1:21-cv-01053 (D. Del.). The initial complaint asserted violations of sections 14(a) and 20(a) of the Exchange Act, breach of fiduciary duty, unjust enrichment, and waste of corporate assets. The complaint names certain current and former officers and directors as defendants. It seeks, among other things, unspecified damages and an order requiring Clover to take certain actions to improve Clover's corporate governance and internal procedures. The fifth action was filed in the Supreme Court of the State of New York and is captioned Sankaranarayanan v. Palihapitiya, et al., Index No. 655420/2021 (N.Y. Sup. Ct., N.Y. Cnty.). The complaint asserts breach of fiduciary duty and unjust enrichment. The complaint names certain former officers and directors as defendants. It seeks, among other things, unspecified damages and an order directing Clover to take certain actions to reform and improve its corporate governance and internal procedures.

The sixth action was filed in the Delaware Court of Chancery and is captioned Davies v. Garipalli, et al., No. 2021-1016-SG (Del. Ch.). The complaint asserts breach of fiduciary duty. The complaint names certain current and former officers and directors as defendants. It seeks, among other things, unspecified damages and an order directing Clover to take certain actions to reform and improve its corporate governance and internal procedures. The seventh action was filed in the Supreme Court of the State of New York and is captioned Uvaydov v. Palihapitiya, et al., Index No. 656978/2021 (N.Y. Sup. Ct., N.Y. Cnty.). The complaint asserts breach of fiduciary duty, unjust enrichment, and aiding and abetting a breach of fiduciary duty. The complaint names certain current and former officers and directors as defendants. It seeks, among other things, unspecified damages, restitution, and disgorgement of profits obtained by defendants.

On May 10, 2021, the Middle District of Tennessee shareholder derivative actions described above were consolidated under Sun v. Garipalli, et al., Case No. 3:21-cv-00311 (M.D. Tenn.) as lead case. On November 30, 2021, the Sun and Luthra plaintiffs filed an amended complaint, asserting violations of section 14(a) of the Exchange Act, breach of fiduciary duty, aiding and abetting a breach of fiduciary duty, unjust enrichment, abuse of control, gross mismanagement, waste of corporate assets, and contribution under sections 10(b) and 21D of the Exchange Act. The amended complaint generally relates to the allegations published in the Hindenburg Article, and names certain current and former officers and

directors as defendants. It seeks, among other things, unspecified damages and an order requiring Clover to take certain actions to enhance Clover's corporate governance policies and procedures.

On September 16, 2021, the two District of Delaware derivative actions were consolidated under In re Clover Health Investments, Corp. Derivative Litigation, Case No. 1:21-cv-00191-LPS (Consolidated). The Furman complaint was deemed the operative complaint. On April 19, 2022, the plaintiff in the Wiegand action filed an amended complaint, asserting violations of Sections 10(b), 20(a), and 21D of the Exchange Act, breach of fiduciary duty, waste of corporate assets, and unjust enrichment against certain current and former officers and directors. The amended complaint seeks, among other things, unspecified damages and an order requiring Clover to take certain actions to improve Clover's corporate governance and internal procedures.

On August 19, 2022, the two derivative actions filed in New York state court were consolidated under In re Clover Health Investments, Corp. Stockholder Derivative Litig., Index No. 655420/2021. On November 3, 2022, the plaintiffs in this action filed a consolidated complaint, asserting breach of fiduciary duty, and unjust enrichment, and naming certain former officers and directors as defendants. The complaint seeks, among other things, unspecified damages, restitution, the disgorgement of profits obtained by defendants, and an order directing Clover to take certain actions to reform and improve its corporate governance and internal procedures.

On June 21, 2023, the plaintiffs in the derivative lawsuits, on the one hand, and the Company, on the other hand, entered into a binding memorandum of understanding providing for the settlement of the derivative actions. Subject On February 5, 2024, the parties executed a stipulation of settlement which, subject to negotiation of definitive documentation and final court approval, will provide the defendants in the derivative lawsuits will receive with customary releases and will require the Company will to implement a suite of corporate governance enhancements. On March 5, 2024, the United States District Court for the Middle District of Tennessee entered an Order Preliminarily Approving Settlement and Providing for Notice, and scheduled a hearing for July 11, 2024 to determine whether to give final approval to the Settlement. The settlement does not involve any monetary payment, other than payment of an award of fees and expenses to plaintiffs' counsel in the amount of \$2,500,000, which has amount is subject to court approval.

14. Operating Segments

Starting in 2024, the Company manages its operations based on one reportable operating segment: Insurance. Through the Insurance segment, the Company provides PPO and HMO plans to Medicare Advantage members in several states. These segment groupings are consistent with information used by the Chief Executive Officer, the Company's CODM, to assess performance and allocate resources.

The operations of the Company are organized into the following one segment:

- Insurance Segment includes operations related to the Company's MA plans, which generally provide access to a wide network of primary care providers, specialists, and hospitals.

Corporate/Other includes other clinical services not yet included in Medicare Advantage and all other corporate overhead. Clinical services is comprised of Clover Home Care and other clinical services that are offered to eligible beneficiaries.

The table below summarizes the Company's results by operating segment:

	Insurance	Corporate/Other	Eliminations	Consolidated Total
Three months ended March 31, 2024				
Premiums earned, net (net of ceded premiums of \$101)	\$ 341,722	\$ —	\$ —	\$ 341,722
Other income	3,727	15,681	(14,208)	5,200
Intersegment revenues	—	48,465	(48,465)	—
Net medical claims incurred	266,076	4,938	(5,852)	265,162
Gross profit (loss)	\$ 79,373	\$ 59,208	\$ (56,821)	\$ 81,760
Total assets	\$ 498,360	\$ 838,045	\$ (664,635)	\$ 671,770
Three months ended March 31, 2023				
Premiums earned, net (net of ceded premiums of \$122)	\$ 317,086	\$ —	\$ —	\$ 317,086
Other income	1,839	17,738	(14,671)	4,906
Intersegment revenues	—	23,231	(23,231)	—
Net medical claims incurred	274,504	3,448	(3,163)	274,789
Gross profit (loss)	\$ 44,421	\$ 37,521	\$ (34,739)	\$ 47,203
Total assets	\$ 467,392	\$ 936,903	\$ (666,810)	\$ 737,485

A reconciliation of the reportable segments' gross profit to the Net loss from continuing operations included in the Condensed Consolidated Statements of Operations and Comprehensive Loss is as follows:

Three Months Ended March 31,	2024	2023
	(in thousands)	
Gross profit	\$ 81,760	\$ 47,203
Salaries and benefits	59,223	68,981
General and administrative expenses	44,569	57,644
Premium deficiency reserve benefit	—	(1,810)
Depreciation and amortization	318	279
Restructuring costs	353	1,807
Loss (gain) on investment	467	—
Net loss from continuing operations	\$ (23,170)	\$ (79,698)

15. Dividend Restrictions

The Company's regulated insurance subsidiaries are subject to regulations and standards in their respective jurisdictions. These standards, among other things, require these subsidiaries to maintain specified levels of statutory capital and limit the timing and amount of dividends and other distributions that may be paid to their parent companies. Therefore, the Company's regulated insurance subsidiaries' ability to declare and pay dividends is limited by state regulations including obtaining prior approval by the New Jersey Department of Banking and Insurance. At March 31, 2024 and December 31, 2023, neither of the regulated insurance subsidiaries had been determined authorized nor paid any dividends.

16. Restructuring costs

On April 17, 2023, the Company announced it would implement certain business transformation initiatives, including an agreement to move its core plan operations to UST HealthProof's ("UST HealthProof") integrated technology platform and additional corporate restructuring actions. The agreement with UST HealthProof includes the transition of certain of the Company's plan operation functions in support of its Medicare Advantage members pursuant to a master services agreement. In addition to the arrangement with UST HealthProof, in April 2023 the Company conducted a reduction in force to better align its Selling, General, and Administrative cost structure with its revenue base. This restructuring resulted in the elimination of approximately 10% of the Company's workforce. The Company incurred costs related to these business transformation initiatives, which consisted of employee termination benefits, vendor related costs, and other costs, which are accounted for as exit and disposal costs and recorded pursuant to ASC 420, *Exit or Disposal Cost Obligations*. For those costs determined to be one-time termination benefits the Company established a liability for the restructuring related expenses when the plan was established, the remaining costs will be expensed as incurred.

The Restructuring costs are presented in the Company's Condensed Consolidated Statements of Operations and Comprehensive Loss, which were as follows:

Three Months Ended March 31,	2024	2023
	(in thousands)	
Employee termination benefits	\$ —	\$ 1,226
Vendor related costs	349	581
Other	4	—
Total restructuring costs	\$ 353	\$ 1,807

UST HealthProof Transition

As of March 31, 2024, the liability for employee termination benefits was recorded in Accrued salaries and benefits and the liability for vendor related costs and other expenses were recorded in Accounts payable and accrued expenses in the Condensed Consolidated Balance Sheets. The liability recorded reflects the Company's best estimate, which may be revised in subsequent periods as the restructuring progresses. The restructuring costs are recorded within the Corporate/Other operating segment. In addition, the Company incurred costs related to software impairment. These costs are recognized within Depreciation and amortization in the Condensed Consolidated Statements of Operations and Comprehensive Loss, and total \$0.1 million for the three months ended March 31, 2024.

	Employee Termination Benefits	Vendor related costs	Other	Total
(in thousands)				
Liability as of December 31, 2023	\$ 1,781	\$ 3,390	\$ —	\$ 5,171
Charges	—	349	4	353
Cash payments	(1,234)	(489)	(4)	(1,727)
Liability as of March 31, 2024	\$ 547	\$ 3,250	\$ —	\$ 3,797
Total cumulative costs incurred as of March 31, 2024	\$ 4,795	\$ 5,288	\$ 91	\$ 10,174

17. Discontinued Operations

On December 1, 2023, the Company notified CMS that it would no longer participate as a REACH ACO in connection with the 2024 performance year. The Company's exit from the ACO REACH Program was made after the Company determined that it is in its best interest to fully exit the ACO REACH Program starting with the 2024 performance year, and follows the Company's November 2022 announcement of a strategic reduction in the number of ACO REACH participating physicians in 2023. The nature of the remaining activities relate to the settlement with CMS related to prior performance years which is expected to be completed during the second half of 2024.

A summary of the results from discontinued operations included in the Condensed Consolidated Statements of Operations and Comprehensive Loss follows:

	Three Months Ended March 31,	
	2024	2023
(in thousands)		
Revenues:		
Non-Insurance revenue	\$ 6,824	\$ 205,783
Total revenues	6,824	205,783
Operating Expenses:		
Net medical claims incurred	\$ 2,235	\$ 197,701
General and administrative expenses	292	990
Restructuring costs	297	—
Total operating expenses	\$ 2,824	\$ 198,691
Gain from operations	4,000	7,092
Net income	\$ 4,000	\$ 7,092

A summary of the carrying amounts of major assets and liabilities, which were classified as held for settlement in the Condensed Consolidated Balance Sheets, follows:

	Assets ⁽¹⁾	March 31, 2024	December 31, 2023
		(in thousands)	
Cash and cash equivalents	\$ —	\$ 6,456	\$ 6,456
Surety bond and deposits	—	55,089	—
Non-Insurance receivable	10,926	10,926	10,926
Total assets	\$ 10,926	\$ 72,471	\$ 72,471
Liabilities ⁽¹⁾			
Unpaid claims	\$ 858	\$ 2,856	\$ 2,856
Accounts payable and accrued expenses	297	—	—
Accrued salaries and benefits	—	110	110

Non-Insurance performance year obligation, current	9,657	15,568
Non-Insurance payable	39,810	41,565
Total liabilities	\$ 50,622	\$ 60,099

(i) The assets and liabilities of the disposal group classified as current on the March 31, 2024 Condensed Consolidated Balance Sheet as the settlement with CMS is expected to occur within one year.

A summary of cash flows from discontinued operations included in the Condensed Consolidated Statements of Cash Flows follows:

	Three Months Ended March 31,	
	2024	2023
	(in thousands)	
Net cash (used in) provided by operating activities	\$ (8,019)	\$ 17,109

Performance guarantees

Certain of the Company's arrangements with third-party providers require it to guarantee the performance of its care network to CMS. As a result of the Company's participation in the ACO REACH Model, the Company determined that it was making a performance guarantee with respect to providers under the Non-Insurance arrangement that should be recognized in the financial statements. The performance guarantee identified relates to the Company guaranteeing the performance of the third-party medical providers. Thus, the contract with CMS is accounted for as a performance guarantee under ASC 460-Guarantees. At the inception of the performance year, the Company measures and recognizes the performance guarantee receivable and obligation, issued in this standalone arm's length transaction, using the practical expedient to fair value as set forth in ASC 460-10-30-2(a). The Company estimates the annualized benchmark, which is the amount recognized in both the Non-Insurance performance year receivable and the Non-Insurance performance year obligation, current. This is consistent with ASC 460-10-25-4, which provides that a guarantor shall recognize in its statement of financial position a liability for that guarantee. In addition, when the guarantee is issued in a standalone transaction for a premium, the offsetting entry should be considered received (such as cash or a receivable) according to ASC 460-10-25-4. Thus the Company recognizes the Non-Insurance performance year receivable on its balance sheets.

30

Guaranty Assessments

To subsequently measure and recognize the performance guarantee, the Company follows ASC 460-10-35-2(b) and applies a systematic and rational approach to reflect its release from risk. Under state guaranty assessment laws, including those this approach, the Company amortizes on a straight-line basis over the performance year, the obligation. The Company has determined this systematic and rational method is appropriate, as it matches the period in which the guarantee is fulfilled. In addition, ASC 460-10-35-2 provides further guidance on the subsequent measurement related to state cooperative failures the Company's performance guarantee. Per ASC 460-10-35-2, depending on the nature of the guarantee, the guarantor's release from risk typically can be recognized over the term of the guarantee using one of three methods: (1) upon expiration or settlement, (2) by systematic or rational amortization, or (3) as the fair value of the guarantee changes. The Company has determined that method (2) is the appropriate method of recognition as discussed above.

With respect to each performance year in which the ACO is a participant, the final consideration due to the ACO from CMS ("shared savings") or the consideration due to CMS from the ACO ("shared loss") is reconciled in the industry, subsequent years following the performance year. The shared savings or loss is measured periodically and will be applied to the Non-Insurance performance obligation, current or Non-Insurance performance receivable if the Company may be assessed, up is in a probable loss position or probable savings position, respectively. The ACO has entered into an agreement with CMS and a third-party to prescribed limits, for certain obligations to cover the policyholders and claimants of insolvent insurance companies that write the same line or lines of business as the Company.

15. Non-Insurance financial threshold determined by CMS.

In April 2021, the Company began participating in the Global and Professional Direct Contracting of the Centers for Medicare & Medicaid Services ("CMS"), which utilizes a structured model intended to reduce expenditures and preserve or enhance quality of care for people with Medicare fee-for-service ("FFS"). CMS redesigned rebranded the DC Model and renamed the model the ACO Realizing Equity, Access, and Community Health (REACH) Model ("ACO REACH Model") effective January 1, 2023. As a participating entity in the DC Model, referred to as the ACO REACH Model at January 1, 2023, with a global risk arrangement, the Company assumed assumed the responsibility of guaranteeing the performance of its care network. The ACO REACH Model is intended to reduce administrative burden and support a focus on complex, chronically ill patients. The Company's operations On December 1, 2023, the Company notified CMS that it will no longer participate as a REACH ACO in connection with the 2024 performance year. The Company's exit from the ACO REACH Model Program was made after the Company determined that it is included in the Non-Insurance operating segment. See Note 16 (Operating Segments) for additional information.

Performance Guarantees

Company's best interest to fully exit the ACO REACH Program, and follows its November 2022 announcement of a strategic reduction in the number of ACO REACH participating physicians in 2023.

Certain of the Company's arrangements with third-party providers require it to guarantee the performance of its care network to CMS, which, if not obtained, could potentially result in payment to CMS. The Non-Insurance performance year obligation and receivable are amortized on a straight-line basis for the amount that represents the completed performance. The Company is unable to estimate the maximum potential amount of future payments under the guarantee. This is attributable to the stop-loss arrangement and the corridors (tiered levels) in the arrangement. A certain percentage of these arrangements will still be the responsibility of the Company, in addition to a number of variables that are not reasonable for the Company to estimate, such as, but not limited to, risk ratings and benchmark trends that have an inestimable impact on the estimate of future payments.

For additional information, see Note 2 (Summary of Significant Accounting Policies) and Note 2220 (Non-Insurance) in the 20222023 Form 10-K.

The tables below include the financial statement impacts of the performance guarantee:

		March		March 31, 2024	December 31, 2023	
		31, 2024	(in thousands)			
		September 30, December				
		2023	31, 2022			
		(in thousands)				
Non-Insurance	Non-Insurance					
performance year	performance year					
receivable	\$ 185,404	\$ —				
Non-Insurance	Non-Insurance					
performance year	performance year					
obligation ⁽¹⁾						
Non-Insurance	Non-Insurance					
performance year	performance year					
obligation ⁽¹⁾						
Non-Insurance	Non-Insurance					
Insurance	Insurance					
performance year	performance year					
obligation ⁽¹⁾	obligation ⁽¹⁾	254,419	73,844			

⁽¹⁾ This obligation represents the consideration due to providers, net of the shared savings or loss for the period and amortization of the liability.

		Nine		2024	2023	
		Nine months	months			
		ended	ended			
		September 30, 2023	September 30, 2022			
		(in thousands)				
Three Months Ended March	Three Months Ended March					
31,	31,					
Three Months Ended March	Three Months Ended March					
31,	31,					
Three Months Ended March	Three Months Ended March					
31,	31,					
Amortization	Amortization					
of the Non-Insurance	of the Non-Insurance					
performance year	performance year					
receivable	receivable	\$ (556,211)	\$(1,757,702)			

Amortization of the Non-Insurance performance year obligation	Amortization of the Non-Insurance performance year obligation	556,211	1,757,702
Non-Insurance revenue	Non-Insurance revenue	575,311	1,757,579
Non-Insurance revenue			
Non-Insurance revenue			

16. Operating Segments

The Company manages its operations based on two reportable operating segments: Insurance and Non-Insurance. Through the Insurance segment, the Company provides PPO and HMO plans to Medicare Advantage members in several states. The Company's Non-Insurance segment consists of its operations in connection with its participation in CMS' Global and Professional Direct Contracting and ACO REACH programs. All other clinical services and all corporate overhead not included in the Insurance or Non-Insurance segments are included within Corporate/Other. These segment groupings are consistent with information used by the Chief Executive Officer, the Company's CODM, to assess performance and allocate resources.

31

The operations of Restructuring Activities

Restructuring related expenses, which are recorded within Restructuring costs on the Company are organized into the following two segments:

- **Insurance Segment** includes operations related to the Company's MA plans, which generally provide access to a wide network of primary care providers, specialists, and hospitals.
- **Non-Insurance Segment** includes the Company's operations relating to CMS' ACO REACH Model, which provides options aimed at reducing expenditures and preserving or enhancing quality of care for beneficiaries.

Corporate/Other includes other clinical services not included in Medicare Advantage and Global and Professional Direct Contracting Model and all other corporate overhead. Clinical services is comprised of Clover Home Care and other clinical services that are offered to eligible beneficiaries.

During the first quarter of 2022, the Company updated the names of its Medicare Advantage and Global and Professional Direct Contracting Model segments to the Insurance and Non-Insurance segments, respectively. The Company believes that this approach better reflects each segment's current role and contribution to its business. There has been no change to the existing composition of these segments, and previously reported consolidated and segment-level financial results of the Company were not impacted by these changes.

The table below summarizes the Company's results by operating segment:

	Insurance	Non-Insurance	Corporate/Other	Eliminations	Consolidated Total
	(in thousands)				
Three months ended September 30, 2023					
Premiums earned, net (net of ceded premiums of \$106)	301,230	—	—	—	301,230
Non-Insurance revenue	—	176,038	—	—	176,038
Other income	3,338	(478)	14,696	(12,758)	4,798
Intersegment revenues	—	—	43,335	(43,335)	—
Net medical claims incurred	236,533	183,173	4,691	(5,438)	418,959
Gross profit (loss)	68,035	(7,613)	53,340	(50,655)	63,107
Total assets	464,942	374,817	905,477	(685,439)	1,059,797
Nine months ended September 30, 2023					
Premiums earned, net (net of ceded premiums of \$341)	932,699	—	—	—	932,699
Non-Insurance revenue	—	575,311	—	—	575,311

Other income	7,192	1,266	44,466	(37,465)	15,459
Intersegment revenues	—	—	112,220	(112,220)	—
Net medical claims incurred	753,877	573,566	11,821	(10,861)	1,328,403
Gross profit (loss)	186,014	3,011	144,865	(138,824)	195,066
Total assets	464,942	374,817	905,477	(685,439)	1,059,797

32

	Insurance	Non-Insurance	Corporate/Other	Eliminations	Consolidated Total
Three months ended September 30, 2022					
Premiums earned, net (net of ceded premiums of \$116)	267,892	—	—	—	267,892
Non-Insurance revenue	—	585,311	—	—	585,311
Other income	957	457	15,494	(13,294)	3,614
Intersegment revenues	—	—	29,954	(29,954)	—
Net medical claims incurred	231,211	609,650	1,980	(3,042)	839,799
Gross profit (loss)	37,638	(23,882)	43,468	(40,206)	17,018
Total assets	476,025	715,672	859,637	(493,655)	1,557,679
	Insurance	Non-Insurance	Corporate/Other	Eliminations	Consolidated Total
Nine months ended September 30, 2022					
Premiums earned, net (net of ceded premiums of \$354)	814,566	—	—	—	814,566
Non-Insurance revenue	—	1,757,579	—	—	1,757,579
Other income	1,448	477	58,334	(54,508)	5,751
Intersegment revenues	—	—	76,119	(76,119)	—
Net medical claims incurred	746,612	1,815,771	7,155	(9,231)	2,560,307
Gross profit (loss)	69,402	(57,715)	127,298	(121,396)	17,589
Total assets	476,025	715,672	859,637	(493,655)	1,557,679

A reconciliation of the reportable segments' gross profit to the Net loss included in the Condensed Consolidated Statements of Operations, and Comprehensive Loss is as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2023		2022	
	(in thousands)			
Gross profit	\$ 63,107	\$ 17,018	\$ 195,066	\$ 17,589
Salaries and benefits	60,567	70,142	193,211	209,724
General and administrative expenses	41,747	47,832	141,588	152,569
Premium deficiency reserve benefit	392	(27,476)	(6,556)	(82,428)
Depreciation and amortization	557	616	1,835	2,028
Restructuring costs	1,313	—	7,870	—
Interest expense	—	404	7	1,197
Amortization of notes and securities discounts	—	9	—	27
Loss (gain) on investment	—	980	—	(10,187)
Net loss	\$ (41,469)	\$ (75,489)	\$ (142,889)	\$ (255,341)

17. Dividend Restrictions

The Company's regulated insurance subsidiaries are subject to regulations and standards in their respective jurisdictions. These standards, among other things, require these subsidiaries to maintain specified levels of statutory capital and limit the timing and amount of dividends include employee termination benefits, vendor costs associated with restructuring activities, and other distributions costs associated with the business transformation initiatives. Restructuring costs are determined based on estimates, which are prepared at the time the restructuring actions are approved by management and are periodically reviewed and updated for changes in estimates. The Company applies the

provisions of ASC 420, Exit or Disposal Cost Obligations ("ASC 420") as these costs meet the criteria of a one-time benefit. Under ASC 420-10, the Company establishes a liability for a cost associated with an exit or disposal activity, including employee termination benefits and other restructuring related costs, when the liability is incurred, rather than at the date that may be paid. The Company commits to their parent companies. Therefore, the Company's regulated insurance subsidiaries' ability to declare and pay dividends is limited by state regulations including obtaining prior approval by the New Jersey Department of Banking and Insurance. At September 30, 2023 and December 31, 2022, neither an evaluation of the regulated insurance subsidiaries had been authorized nor paid any dividends.

18. Restructuring costs liability to ensure the amount is still appropriate.

On April 17, 2023 December 1, 2023, the Company announced notified CMS that it would implement certain business transformation initiatives, including an agreement to move its core plan operations to UST HealthProof's ("UST HealthProof") integrated technology platform and additional corporate restructuring actions. will no longer participate as a REACH ACO in connection with the 2024 performance year. The agreement with UST HealthProof includes Company's exit from the transition of certain of the Company's plan operation functions in support of its Medicare Advantage members pursuant to a master services agreement. In addition to the arrangement with UST HealthProof, ACO REACH Program was made after the Company also announced determined that it is in its best interest to fully exit the ACO REACH Program, and follows the Company's November 2022 announcement of a recently conducted strategic reduction in force to better align its Selling, General, and Administrative cost structure with its revenue base. This restructuring resulted in the number of ACO REACH participating physicians in the elimination of approximately 10% of the Company's workforce. The Company incurred costs related to these business transformation initiatives, not continuing with the program, which consisted of employee termination benefits vendor related costs, and other costs, which are accounted for as exit and disposal costs and recorded pursuant to ASC 420, *Exit or Disposal Cost Obligations*. For those costs determined to be one-time termination benefits the Company established a liability for the restructuring related expenses when the plan was established, the remaining costs will be expensed as incurred.

The Restructuring costs are presented in the Company's Condensed Consolidated Statement of Operations and Comprehensive Loss, which were as follows:

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2023		2023	
	(in thousands)			
Employee termination benefits	\$	58	\$	4,620
Vendor related costs		1,245		3,166
Other		10		84
Total Restructuring costs	\$	1,313	\$	7,870

ACO REACH

As of September 30, 2023 March 31, 2024 and December 31, 2023, the liability for employee termination benefits was recorded in Accrued salaries and benefits and the liability for vendor related costs and other expenses were recorded in Accounts payable and accrued expenses in the Condensed Consolidated Balance Sheets discontinued operations balance sheets. The liability recorded reflects the Company's best estimate, which may be revised in subsequent periods as the restructuring progresses. The restructuring costs are recorded within the Corporate/Other operating segment. In addition, the Company incurred costs related to software impairment, these costs are recognized within Depreciation and amortization in the Condensed Consolidated Statement of Operations and Comprehensive Loss, these costs totaled \$0.1 million for the three and nine months ended September 30, 2023.

	Employee	Vendor related		Total
	Termination	costs	Other	
	Benefits			
	(in thousands)			
Liability as of December 31, 2022	\$	—	\$	—
Charges		4,620	3,166	84
Cash payments		(2,893)	(1,043)	(84)
Liability as of September 30, 2023	\$	1,727	\$	3,850
Total cumulative costs incurred as of September 30, 2023	\$	4,620	\$	7,870

	Employee	Vendor related		Total
	Termination	costs	Other	
	Benefits			
	(in thousands)			
Liability as of December 31, 2023	\$	110	\$	110
Charges		—		297

Cash payments	(110)	—	(110)
Liability as of March 31, 2024	\$ —	\$ 297	\$ 297
Total cumulative costs incurred as of March 31, 2024	\$ 110	\$ 297	\$ 407

19.18. Subsequent Events

None. Share Repurchase Authorization

On May 6, 2024, the Board of Directors of the Company authorized the repurchase of up to \$20,000,000 in shares of the Company's outstanding Class A Common Stock over a two year period. The timing, manner, price and amount of any repurchases are determined by the discretion of management, depending on market conditions and other factors. Repurchases may be made through open market purchases or accelerated share repurchases. The exact number of shares to be repurchased by the Company, if any, is not guaranteed. Depending on market conditions and other factors, these repurchases may be commenced or suspended at any time or periodically without prior notice.

3432

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis provides information that management believes is relevant to an assessment and understanding of our consolidated results of operations and financial condition. The discussion should be read in conjunction with the interim unaudited condensed consolidated financial statements and notes thereto for the nine months ended September 30, 2023 March 31, 2024, contained in this Quarterly Report on Form 10-Q (the "Form 10-Q") and the audited consolidated financial statements and notes thereto for the year ended December 31, 2022 December 31, 2023, contained in the Company's Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023, filed with the Securities and Exchange Commission (the "SEC") on March 1, 2023 March 14, 2023 (the 2022 2023 Form 10-K). This discussion contains forward-looking statements and involves numerous risks and uncertainties, including, but not limited to, those described in the "Risk Factors" section of the 2022 2023 Form 10-K. Actual results may differ materially from those contained in any forward-looking statements. See "Cautionary Note Regarding Forward-Looking Statements" for additional information. Unless the context otherwise requires, references in this "Management's Discussion and Analysis of Financial Condition and Results of Operations" to "we," "us," "our," "Clover," "Clover Health," and the "Company" mean the business and operations of Clover Health Investments, Corp. and its consolidated subsidiaries.

Overview

At Clover Health, our vision is to empower Medicare physicians to identify and manage chronic diseases early. Our strategy is to improve the care of people with Medicare, develop wide physician networks, and provide technology to help empower physicians. Our proprietary software platform, Clover Assistant, helps us execute this strategy by enabling physicians to detect, identify, and manage chronic diseases earlier than they otherwise could. This technology is a cloud-based software platform that provides physicians with access to data-driven and personalized insights for the patients they treat. This software is used in both our Insurance segment and our Non-Insurance segment.

We operate Preferred Provider Organization ("PPO") and Health Maintenance Organization ("HMO") Medicare Advantage ("MA") plans for Medicare-eligible individuals. We aim to provide high-quality, affordable healthcare for all Medicare beneficiaries. We Among plans with similar major characteristics, we offer most members in our MA plans (the "members") among the lowest average out-of-pocket costs for primary care provider and specialist co-pays drug deductibles and drug costs in their markets. We strongly believe in providing our members provider choice, and we consider our PPO plan to be our flagship insurance product. An important feature of our MA product is wide network access. We believe the use of Clover Assistant and related data insights allows us to improve clinical decision-making through a highly scalable platform. At September 30, 2023 March 31, 2024, we operated our MA plans in eight five states and 220 200 counties, with 81,275 79,527 members.

On April 1, 2021, our Our subsidiary, Clover Health Partners, LLC ("Health Partners"), began participating participated as a Direct Contracting Entity ("DCE") in the Global and Professional Direct Contracting Model ("DC Model") of the Centers for Medicare and Medicaid Services ("CMS"), which transitioned to the Accountable Care Organization Realizing Equity, Access, and Community Health Model ("ACO REACH Model" or "ACO REACH"). On December 1, 2023, the Company notified CMS that it will no longer participate as a REACH ACO in January 2023. Our DCE assumes full risk (i.e., 100.0% shared savings and shared losses) for the total cost of care of aligned Medicare fee-for-service ("FFS") beneficiaries (the "Non-Insurance Beneficiaries" and, collectively connection with the members, "Lives under Clover Management" or 2024 performance year. The Company's exit from the "beneficiaries"). Through our Direct Contracting operations, we focus on leveraging Clover Assistant to enhance healthcare delivery, reduce expenditures, and improve care for our Non-Insurance Beneficiaries. At the beginning of January 2023, we had approximately 605 contracted participant providers who manage primary care for our Non-Insurance Beneficiaries in 13 states. Additionally, at the beginning of January 2023, we had approximately 1,540 preferred providers and preferred facilities in our ACO REACH network. Program was made after the Company determined that it is in its best interest to fully exit the ACO REACH Program, and follows the Company's November 2022 announcement of a strategic reduction in the number of ACO REACH participating physicians in 2023. The remaining activity recognized during 2024 directly relates to prior performance years with CMS.

At September 30, 2023 March 31, 2024, we had approximately 615 contracted participant providers who manage primary care for our Non-Insurance Beneficiaries in 12 states. Additionally, at September 30, 2023, we had approximately 1,555 preferred providers and preferred facilities in our ACO REACH network. Our participation in the DC Model has enabled us to move beyond the MA market and serve the Medicare fee-for-service ("FFS") market, which is the largest segment of Medicare. We believe that expanding into the FFS market is not only a strategic milestone for Clover but also demonstrates the scalability of Clover Assistant.

For any information following the aforementioned paragraph, the Company will refer to its participation in ACO REACH Model or the Company's participation in the predecessor DC Model as ACO REACH Model.

At September 30, 2023, we were partnering with providers to care for 132,803 Lives under Clover Management, which included 81,275 Insurance members and 51,528 aligned Non-Insurance beneficiaries. Management.

35 33

Recent Developments

Geographic Presence

Beginning in 2024, our MA plans will be available in a total of 200 counties and 5 states.

Certain Business Transformation Initiatives

On April 17, 2023, the Company announced it would implement certain business transformation initiatives, including an agreement to move its core plan operations to UST HealthProof's ("UST HealthProof") integrated technology platform and additional corporate restructuring actions. The agreement with UST HealthProof includes the transition of certain of the Company's plan operation functions in support of its Medicare Advantage members pursuant to a master services agreement. In addition to the arrangement with UST HealthProof, the Company also announced a recently conducted reduction in force to better align its Selling, General, and Administrative cost structure with its revenue base. For the three and nine months ended September 30, 2023 the Company recorded \$1.3 million and \$7.9 million of restructuring charges related to these business transformation initiatives, which consisted of employee termination benefits, vendor related costs, and other costs. Refer to Note 18 "Restructuring costs" of the notes to interim unaudited condensed consolidated financial statements included in Part I, Item 1 of this Form 10-Q.

CMS Stars Star Ratings

Pursuant to CMS's Medicare Advantage Star ratings system, CMS annually awards between 1.0 and 5.0 Stars to Medicare Advantage plans based on performance in several categories. CMS released the Company's 2024 Star ratings in October 2023, related to the 2022 measurement year, which will impact the 2025 payment year. For both of the Company's plans (PPO and HMO), CMS gave a rating of 3.0 Stars for measurement year 2022, impacting the 2025 payment year. This represents a 0.5 Star rating decrease for both plans from the 2021 measurement year. The 3.0 Star rating will impact the 2025 payment year. In the calendar year 2024, the Company will be paid on the basis of 3.5 Stars for both our PPO and HMO plans, which ratings were previously awarded.

ACO REACH Participating Physicians

In December 1, 2023, the Company notified CMS that it will no longer participate as a REACH ACO in connection with the 2024 performance year. The Company's exit from the ACO REACH Program was made after the Company determined that it is in its best interest to fully exit the ACO REACH Program starting with the 2024 performance year, we again expect and follows the Company's November 2022 announcement of a strategic reduction in the number of ACO REACH participating physicians which will also result in a decrease in beneficiaries. As of January 1, 2024, this line of business meets the definition of discontinued operations, and prior period amounts have been updated to conform to the current period presentation, refer to Note 17 for additional information.

Key Performance Measures of Our Operating Segments

Operating Segments

We Starting in 2024, we manage our operations based on two reportable operating segments: Insurance and Non-Insurance. Through our Insurance segment, we provide PPO and HMO plans to Medicare Advantage members in several states. Our Non-Insurance segment consists of our operations in connection with our participation in the ACO REACH Model. All other clinical services and all corporate overhead not included in the reportable segments are included within Corporate/Other.

These The segment groupings are grouping is consistent with the information used by our Chief Executive Officer (identified as our chief operating decision maker) to assess performance and allocate the Company's resources.

We review several key performance measures, discussed below, to evaluate our business and results, measure performance, identify trends, formulate plans, and make strategic decisions. We believe that the presentation of such metrics is useful to management and counterparties to model the performance of healthcare companies such as Clover.

36

Insurance segment

Through our Insurance segment, we provide PPO and HMO plans to members in several states. We seek to improve care and lower costs for our Insurance members by empowering providers with data-driven, personalized insights to support treatment of members through our software platform, Clover Assistant.

Nine Months Ended September 30,		2023		2022	
		Total	PMPM (1)	Total	PMPM (1)
(Premium and expense amounts in thousands, except PMPM amounts)					
Three Months Ended March 31,					
Three Months Ended March 31,					
Three Months Ended March 31,					
Total					
Total					
Total					
(Premium and expense amounts in thousands, except PMPM amounts)					
(Premium and expense amounts in thousands, except PMPM amounts)					
(Premium and expense amounts in thousands, except PMPM amounts)					
Insurance members at period end (#)	Insurance members at period end (#)	81,275		N/A	88,136
Premiums earned, gross	Premiums earned, gross	\$ 933,040	\$ 1,252	\$ 814,920	\$ 1,050
Premiums earned, gross					
Premiums earned, gross					
Premiums earned, net					
Premiums earned, net					
Premiums earned, net	Premiums earned, net	932,699	1,251	814,566	1,049
Insurance medical claim expense incurred, gross	Insurance medical claim expense incurred, gross	754,422	1,012	747,250	962
Insurance medical claim expense incurred, gross					
Insurance medical claim expense incurred, gross					
Insurance net medical claims incurred					
Insurance net medical claims incurred					
Insurance net medical claims incurred	Insurance net medical claims incurred	753,877	1,011	746,612	962
Medical care ratio, gross (2)	Medical care ratio, gross (2)	80.9 %		N/A	91.7 %
Medical care ratio, gross (2)					
Medical care ratio, gross (2)					
Medical care ratio, net	Medical care ratio, net	80.8		N/A	91.7
Medical care ratio, net					
Medical care ratio, net					

(1) Calculated per member per month ("PMPM") figures are based on the applicable amount divided by member months in the given period. Member months represents the number of months members are enrolled in a Clover Health plan in the period.

(2) Defined as Insurance gross medical claims incurred divided by premiums earned, gross.

Membership and associated premiums earned and medical claim expenses.

We define new and returning members on a calendar year basis. Any member who is active on July 1 of a given year is considered a returning member in the following year. Any member who joins a Clover plan after July 1 in a given year is considered a new member for the entirety of the following calendar year. We view our number of members and associated PMPM premiums earned and medical claim expenses, in the aggregate and on a PMPM basis, as useful metrics to assess our financial performance; member growth and retention aligns with our mission, drives our Total revenues, expands brand awareness, deepens our market penetration, creates additional opportunities to inform our data-driven insights to improve care and decrease medical claim expenses, and generates additional data to continue to improve the functioning of Clover Assistant. Among other things, the longer a member is enrolled in one of our insurance plans, the more data we collect and synthesize and the more actionable insights we generate. We believe these data-driven insights lead to better care delivery as well as improved identification, documentation and management of members' chronic conditions, helping to lower PMPM medical claim expenses.

Premiums earned, gross.

Premiums earned, gross is the amount received, or to be received, for insurance policies written by us during a specific period of time without reduction for premiums ceded to reinsurance. We believe premiums earned, gross provides useful insight into the gross economic benefit generated by our business operations and allows us to evaluate our underwriting performance without regard to changes in our underlying reinsurance structure. Premiums earned, gross excludes the effects of premiums ceded to reinsurers, and therefore should not be used as a substitute for Premiums earned, net, Total revenues, or any other measure presented in accordance with generally accepted accounting principles in the United States ("GAAP").

Premiums earned, net.

Premiums earned, net represents the earned portion of our premiums earned, gross, less the earned portion that is ceded to third-party reinsurers under our reinsurance agreements. Premiums are earned in the period in which members are entitled to receive services, and are net of estimated uncollectible amounts, retroactive membership adjustments, and any adjustments to recognize rebates under the minimum benefit ratios required under the Patient Protection and Affordable Care Act.

Premiums earned, gross is the amount received, or to be received, for insurance policies written by us during a specific period of time without reduction for premiums ceded to reinsurance. We earn premiums through our plans offered under contracts with CMS. We receive premiums from CMS on a monthly basis based on our actuarial bid and the risk-adjustment model used by CMS. Premiums anticipated to be received within twelve months based on the documented diagnostic criteria of our members are estimated and included in revenues for the period, including the member months for which the payment is designated by CMS.

37

Premiums ceded is the amount of premiums earned, gross ceded to reinsurers. From time to time, we enter into reinsurance contracts to limit our exposure to potential losses as well as to provide additional capacity for growth. Under these agreements, the "reinsurer," agrees to cover a portion of the claims of another insurer, i.e., us, the "primary insurer," in return for a portion of their premium. Ceded earned premiums are earned over the reinsurance contract period in proportion to the period of risk covered. The volume of our ceded earned premium is impacted by the level of our premiums earned, gross and any decision we make to adjust our reinsurance agreements.

Insurance gross medical claims incurred.

Insurance gross medical claims incurred reflects claims incurred, excluding amounts ceded to reinsurers, and the costs associated with processing those claims. We believe gross medical claims incurred provides useful insight into the gross medical expense incurred by members and allows us to evaluate our underwriting performance without regard to changes in our underlying reinsurance structure.

Insurance gross medical claims incurred excludes the effects of medical claims and associated costs ceded to reinsurers, and therefore should not be used as a substitute for Net claims incurred, Total operating expenses, or any other measure presented in accordance with GAAP.

Insurance net medical claims incurred.

Insurance net medical claims incurred are our medical expenses and consist of the costs of claims, including the costs incurred for claims net of amounts ceded to reinsurers. We enter into reinsurance contracts to limit our exposure to potential catastrophic losses. These expenses generally vary based on the total number of members and their utilization rate of our services.

35

Medical care ratio, gross and net.

We calculate our medical care ratio ("MCR") by dividing total Insurance medical claim expenses incurred by premiums earned, in each case on a gross or net basis, as the case may be, in a given period. We believe our MCR is an indicator of our gross margin for our Insurance plans and the ability of our Clover Assistant platform to capture and analyze data over time to generate actionable insights for returning members to improve care and reduce medical expenses.

Non-Insurance segment

Our Non-Insurance segment consists of operations in connection with our participation in the Direct Contracting program, which we began in April 2021 and which transitioned to the ACO REACH Model beginning in 2023. As part of our Non-Insurance operations, we empower providers with Clover Assistant and offer a variety of programs aimed at reducing expenditures and preserving or enhancing the quality of care for our Non-Insurance Beneficiaries.

Nine months ended September 30, 2023	2023		2022	
	Total	PBPM (1)	Total	PBPM (1)
	(Revenue and claims amounts in thousands, except PBPM amounts)			
Non-Insurance Beneficiaries at period end	51,528	N/A	166,432	N/A
Non-Insurance revenue	\$ 575,311	\$ 1,209	\$ 1,757,579	\$ 1,148
Non-Insurance net medical claims incurred	573,566	1,206	1,815,771	1,186
Non-Insurance MCR (2)	99.7 %	N/A	103.3 %	N/A

(1) Calculated per beneficiary per month ("PBPM") figures are based on the applicable amount divided by beneficiary months in the given period. Beneficiary months represents the number of months beneficiaries are aligned to our ACO REACH Model.

(2) Defined as Non-Insurance net medical claims incurred divided by Non-Insurance revenues.

Non-Insurance Beneficiaries.

A Non-Insurance Beneficiary is defined as an eligible FFS covered life that has been aligned to our ACO REACH, Health Partners, via attribution to an ACO REACH-participant provider through alignment based on claims data or by beneficiary election through voluntary alignment. A beneficiary alignment is effective at the first of the month, for the full calendar month, regardless of whether eligibility is lost during the course of the month.

38

Non-Insurance revenue.

Non-Insurance revenue represents CMS' total expense incurred for medical services provided on behalf of Non-Insurance Beneficiaries during months in which they were alignment eligible during the performance year. Non-Insurance revenue is the sum of the capitation payments made to us for services within the scope of our capitation arrangement and FFS payments made to providers directly from CMS. Non-Insurance revenue is also known in the DC Model and ACO REACH Model as performance year expenditures and is the primary component used to calculate shared savings or shared loss versus the performance year benchmark. Non-Insurance revenue includes a direct reduction or increase of shared savings or loss, as applicable. Premiums and recoupments incurred in direct relation to the ACO REACH Model are recognized as a reduction or increase in Non-Insurance revenue, as applicable. We believe Non-Insurance revenue provides useful insight into the gross economic benefit generated by our business operations and allows us to evaluate our performance without regard to changes in our underlying reinsurance structure.

Non-Insurance net medical claims incurred.

Non-Insurance net medical claims incurred consist of the total incurred expense that CMS and we will remit for medical services provided on behalf of Non-Insurance Beneficiaries during the months in which they are alignment eligible and aligned to ACO REACH. Additionally, Non-Insurance net medical claims incurred are inclusive of fees paid to providers for Clover Assistant usage, care coordination, and any shared savings or shared loss agreements with providers.

Non-Insurance MCR.

We calculate our MCR by dividing Non-Insurance net medical claims incurred by Non-Insurance revenue in a given period. We believe our MCR is an indicator of our gross profitability and the ability to capture and analyze data over time to generate actionable insights for returning beneficiaries to improve care and reduce medical expenses.

39

Results of Operations

Comparison of the Three Months Ended September 30, 2023 March 31, 2024 and 2022 2023

The following table summarizes our **unaudited** condensed consolidated results of operations for the three months ended **September 30, 2023** **March 31, 2024** and **2022** **2023**. The period-to-period comparison of results is not necessarily indicative of results for future periods.

Three Months		
Ended September 30, 2023	Change between 2023 and 2022	
30,2023		

		2023	2022	(\$)	(%)				
		(in thousands)				Three Months Ended March 31, 2024	Three Months Ended March 31, 2023	Change between 2024 and 2023	
Three Months Ended March 31,						2024	2023	(\$)	(%)
		(in thousands)							
Revenues	Revenues								
Premiums earned, net (Net of ceded premiums of \$106 and \$116 for the three months ended September 30, 2023 and 2022, respectively)		\$301,230	\$267,892	\$ 33,338	12.4 %				
Non-Insurance revenue		176,038	585,311	(409,273)	(69.9)				
Revenues									
Revenues									
Premiums earned, net (Net of ceded premiums of \$101 and \$122 for the three months ended March 31, 2024 and 2023, respectively)									
Premiums earned, net (Net of ceded premiums of \$101 and \$122 for the three months ended March 31, 2024 and 2023, respectively)									
Premiums earned, net (Net of ceded premiums of \$101 and \$122 for the three months ended March 31, 2024 and 2023, respectively)									
Other income	Other income	4,798	3,614	1,184	32.8				
Total revenues	Total revenues	482,066	856,817	(374,751)	(43.7)				
Operating expenses									
Operating expenses									
Operating expenses	Operating expenses								
Net medical claims incurred	Net medical claims incurred	418,959	839,799	(420,840)	(50.1)				
Net medical claims incurred	Net medical claims incurred								
Salaries and benefits	Salaries and benefits	60,567	70,142	(9,575)	(13.7)				
General and administrative expenses	General and administrative expenses	41,747	47,832	(6,085)	(12.7)				
Premium deficiency reserve benefit	Premium deficiency reserve benefit	392	(27,476)	27,868	(101.4)	Premium deficiency reserve benefit	—	(1,810)	(1,810)
Depreciation and amortization	Depreciation and amortization	557	616	(59)	(9.6)			1,810	1,810
Restructuring costs	Restructuring costs	1,313	—	1,313	*			1,810	*

Total operating expenses	Total operating expenses	523,535	930,913	(407,378)	(43.8)
Loss from operations		(41,469)	(74,096)	32,627	(44.0)
Interest expense		—	404	(404)	*
Amortization of notes and securities discount		—	9	(9)	*
Loss from continuing operations					
Loss on investment	Loss on investment	—	980	(980)	*
Loss on investment					
Loss on investment				467	—
Net loss from continuing operations					467
Net loss from discontinued operations					*
Net income from discontinued operations					
(Note 17)					
Net loss	Net loss	\$ (41,469)	\$ (75,489)	\$ 34,020	(45.1)%
	Net loss	\$ (19,170)	\$ (72,606)	\$ 53,436	(43.6)%
					(73.6)%

* Not presented because the current or prior period amount is zero or the amount for the line item changed from a gain to a loss (or vice versa) and thus yields a result that is not meaningful.

Premiums earned, net

Premiums earned, net increased \$33.3 million \$24.6 million, or 12% 8%, to \$301.2 million \$24.6 million for the three months ended September 30, 2023 March 31, 2024, compared to the three months ended September 30, 2022 March 31, 2023. The increase was primarily due to the increased CMS premiums as a result of the 3.0 to 3.5 star rating effective January 1, 2023 and an increase in our risk adjustment revenue driving favorability as a result of the Company focusing on member retention.

Non-Insurance revenue Other income

Non-Insurance revenue decreased \$409.3 million. Other income increased \$0.3 million, or 70%, to \$176.0 million. \$5.2 million for the three months ended September 30, 2023, compared to the three months ended September 30, 2022. The decrease was primarily driven by a decrease in the number of our aligned Non-Insurance Beneficiaries from 166,432 at September 30, 2022, to 51,528 at September 30, 2023 primarily driven by the strategic reduction in Non-insurance Beneficiaries which occurred during the 2023 performance year.

Other income

Other income increased \$1.2 million, or 33%, to \$4.8 million for the three months ended September 30, 2023, compared to the three months ended September 30, 2022 March 31, 2023. The increase was primarily attributable to an increase from investment income partially impacted by a more favorable higher interest rate environment as compared to the prior period.

40

Net medical claims incurred

Total Net medical claims incurred for both Insurance and Non-Insurance decreased \$420.8 million \$9.6 million, or 50% 4%, to \$419.0 million \$265.2 million for the three months ended September 30, 2023 March 31, 2024, compared to the three months ended September 30, 2022 March 31, 2023. The decrease was primarily driven by lower membership as compared to the prior period.

36

Salaries and benefits

Salaries and benefits decreased \$9.8 million, or 14%, to \$59.2 million for the three months ended March 31, 2024, compared to the three months ended March 31, 2023. This decrease was primarily driven by a decrease in net medical claims related to our strategic reduction in Non-Insurance Beneficiaries from \$609.7 million for the three months ended

September 30, 2022, to \$183.2 million for the three months ended September 30, 2023. This was driven by a decrease in the number of our aligned Non-Insurance Beneficiaries from 166,432 at September 30, 2022, to 51,528 at September 30, 2023.

Salaries and benefits

Salaries and benefits decreased \$9.6 million, or 14%, to \$60.6 million for the three months ended September 30, 2023, compared to the three months ended September 30, 2022. This decrease was primarily driven by the Company's restructuring activity which resulted in an approximate 10% decrease in overall headcount starting in April 2023, share based compensation expense.

General and administrative expenses

General and administrative expenses decreased \$6.1 million \$13.1 million, or 13% 23%, to \$41.7 million \$44.6 million for the three months ended September 30, 2023 March 31, 2024, compared to the three months ended September 30, 2022 March 31, 2023. The decrease was primarily driven by a reduction in legal fees incurred, live healthy program expenses and lower broker commission expenses.

Premium deficiency reserve benefit Loss on investment

An approximately \$0.4 million premium deficiency reserve benefit was recorded Loss on investment increased \$0.5 million, or 100%, as compared to the prior for the three months ended September 30, 2023 March 31, 2024, which was primarily driven by the release of the reserve related compared to our PPO plans, with the remaining balance entirely related to our HMO plan.

Loss on investment

In February 2022, Character Biosciences completed a private capital transaction in which it raised \$17.9 million from the issuance of 16,210,602 shares of its preferred stock. After the Company evaluated its ownership interest in Character Biosciences, it began applying the equity method of accounting during the three months ended March 31, 2022 March 31, 2023. The increase is driven by the Company's proportional share of net losses incurred. Refer to Note 9 "Variable Interest Entity and Equity Method of Accounting" of the notes to unaudited condensed consolidated financial statements included in Part I, Item 1 of this Form 10-Q.

Restructuring costs

Restructuring costs decreased by \$1.5 million, and or 80%, to \$0.4 million for the three months ended September 30, 2022 recorded a loss on investment of \$1.0 million March 31, 2024, which is attributable compared to its proportionate share of the loss on equity of that entity during that period. Prior to the first quarter of 2022, this entity was consolidated on Clover's financial statements, and therefore the Company did not recognize a loss or gain on investment. In accordance with ASC 323, for the year ended December 31, 2022, the Company recognized the proportionate share of Character Biosciences' net losses up to the investment carrying amount. At December 31, 2022, the Company discontinued applying the equity method to account for our common stock interest in Character Biosciences as its net losses exceeded the investment carrying amount. The equity method investment in Character Biosciences was reduced to zero and no further losses were recorded in the Company's interim unaudited condensed consolidated financial statements as Clover did not guarantee obligations of the investee company or commit additional funding.

Restructuring costs

On April 17, 2023, the Company announced business transformation initiatives to accelerate the company's path to profitability, including an agreement to move its core plan operations to UST HealthProof's integrated technology platform, reduction in force, and corporate restructuring actions. We recorded \$1.3 million of restructuring charges for the three months ended September 30, 2023 March 31, 2023. As a result, we are incurring certain charges for non-retirement employee benefits and outside service contracts.

Comparison of the Nine Months Ended September 30, 2023 and 2022

The following table summarizes our condensed consolidated results of operations for the nine months ended September 30, 2023 and 2022. The period-to-period comparison of results is not necessarily indicative of results for future periods.

	Nine Months Ended September 30,		Change between 2023 and 2022	
	2023	2022	(\$)	(%)
(in thousands)				
Revenues				
Premiums earned, net (Net of ceded premiums of \$341 and \$354 for the nine months ended September 30, 2023 and 2022, respectively)	\$ 932,699	\$ 814,566	\$ 118,133	14.5 %
Non-Insurance revenue	575,311	1,757,579	(1,182,268)	(67.3)
Other income	15,459	5,751	9,708	168.8
Total revenues	1,523,469	2,577,896	(1,054,427)	(40.9)
Operating expenses				
Net medical claims incurred	1,328,403	2,560,307	(1,231,904)	(48.1)
Salaries and benefits	193,211	209,724	(16,513)	(7.9)
General and administrative expenses	141,588	152,569	(10,981)	(7.2)

Premium deficiency reserve benefit	(6,556)	(82,428)	75,872	(92.0)
Depreciation and amortization	1,835	2,028	(193)	(9.5)
Restructuring costs	7,870	—	7,870	*
Total operating expenses	1,666,351	2,842,200	(1,175,849)	(41.4)
Loss from operations	(142,882)	(264,304)	121,422	(45.9)
Interest expense	7	1,197	(1,190)	(99.4)
Amortization of notes and securities discount	—	27	(27)	*
Gain on investment	—	(10,187)	10,187	*
Net loss	\$ (142,889)	\$ (255,341)	\$ 112,452	(44.0)%

* Not presented because the current or prior period amount is zero or the amount for the line item changed from a gain to a loss (or vice versa) and thus yields a result that is not meaningful.

Premiums earned, net

Premiums earned, net increased \$118.1 million, or 14.5%, to \$932.7 million for the nine months ended September 30, 2023, compared to the nine months ended September 30, 2022. The increase was primarily due to the increased CMS premiums as a result of the 3.0 to 3.5 star rating effective January 1, 2023 and an increase in our risk adjustment revenue driving favorability as a result of the Company focusing on member retention.

Non-Insurance revenue

Non-Insurance revenue decreased \$1,182.3 million, or 67.3%, to \$575.3 million for the nine months ended September 30, 2023, compared to the nine months ended September 30, 2022. The This decrease was primarily driven by a decrease in the number of our aligned Non-Insurance Beneficiaries from 166,432 at September 30, 2022, to 51,528 at September 30, 2023 primarily driven by the strategic reduction in Non-insurance Beneficiaries which occurred during the 2023 performance year.

Other income

Other income increased \$9.7 million, or 168.8%, to \$15.5 million for the nine months ended September 30, 2023, compared to the nine months ended September 30, 2022. The increase was primarily attributable to an increase from investment income partially impacted by a more favorable interest rate environment as compared to the prior period.

42

Net medical claims incurred

Total Net medical claims incurred for both Insurance and Non-Insurance decreased \$1,231.9 million, or 48.1%, to \$1,328.4 million for the nine months ended September 30, 2023, compared to the nine months ended September 30, 2022. The decrease was primarily driven by a decrease in net medical claims employee termination related to our strategic reduction in Non-Insurance Beneficiaries from \$1,815.8 million for the nine months ended September 30, 2022, to \$573.6 million for the nine months ended September 30, 2023. This was driven by a decrease in the number of our aligned Non-Insurance Beneficiaries from 166,432 at September 30, 2022, to 51,528 at September 30, 2023.

Salaries and benefits

Salaries and benefits decreased \$16.5 million, or 7.9%, to \$193.2 million for the nine months ended September 30, 2023, compared to the nine months ended September 30, 2022. This decrease was primarily driven by the Company's restructuring activity which resulted in an approximate 10% decrease in overall headcount starting in April 2023.

General and administrative expenses

General and administrative expenses decreased \$11.0 million, or 7.2%, to \$141.6 million for the nine months ended September 30, 2023, compared to the nine months ended September 30, 2022. The decrease was primarily driven by a reduction in customer acquisition costs incurred.

Premium deficiency reserve benefit

An approximately \$6.6 million premium deficiency reserve benefit was recorded for the nine months ended September 30, 2023, which was primarily driven by the release of the reserve related to our PPO plans, with the remaining balance entirely related to our HMO plans.

Gain on investment

In February 2022, Character Biosciences completed a private capital transaction in which it raised \$17.9 million from the issuance of 16,210,602 shares of its preferred stock. After the Company evaluated its ownership interest in Character Biosciences, it began applying the equity method of accounting during the three months ended March 31, 2022, and for the nine months ended September 30, 2022 recorded a gain on investment of \$10.2 million, which is attributable to its proportionate share of the gain on equity of that entity during that period. Prior to the first quarter of 2022, this entity was consolidated on Clover's financial statements, and therefore the Company did not recognize a loss or gain on investment. In accordance with ASC 323, for the year ended December 31, 2022, the Company recognized the proportionate share of Character Biosciences's net losses up to the investment carrying amount. At December 31, 2022, the Company discontinued applying the equity method to account for our common stock interest in Character Biosciences as its net losses exceeded the investment carrying amount. The equity method investment in Character Biosciences was reduced to zero and no further losses were recorded in the Company's interim unaudited condensed consolidated financial statements as Clover did not guarantee obligations of the investee company or commit additional funding.

Restructuring costs

On April 17, 2023, the Company announced business transformation initiatives to accelerate the company's path to profitability, including an agreement to move its core plan operations to UST HealthProof's integrated technology platform, reduction in force, and corporate restructuring actions. We recorded \$7.9 million of restructuring charges for the nine months ended September 30, 2023. As a result, we are incurring certain charges for non-retirement employee benefits and outside service contracts.

43

expenses.

Liquidity and Capital Resources

We manage our liquidity and financial position in the context of our overall business strategy. We continually forecast and manage our cash, investments, working capital balances, and capital structure to meet the short-term and long-term obligations of our businesses while seeking to maintain liquidity and financial flexibility.

Historically, we have financed our operations primarily from the proceeds we received through public and private sales of equity securities, funds received in connection with the business combination which occurred early in 2021, issuances of convertible notes, premiums earned under our MA plans, and with our Non-Insurance revenue. We expect that our cash, cash equivalents, restricted cash, short-term investments, and our current projections of cash flows, taken together, will be sufficient to meet our projected operating and regulatory requirements for the next 12 months based on our current plans. Our future capital requirements will depend on many factors, including our needs to support our business growth, to respond to business opportunities, challenges or unforeseen circumstances, or for other reasons. We may be required to seek additional equity or debt financing to provide the capital required to maintain or expand our operations. Any future equity financing may be dilutive to our existing investors, and any future debt financing may include debt service requirements and financial and other restrictive covenants that may constrain our operations and growth strategies. If additional financing is required from outside sources, we may not be able to raise it on terms acceptable to us, or at all. If we are unable to raise additional capital when desired, our business, results of operations, and financial condition would be adversely affected.

Consolidated Entities

At September 30, 2023, total restricted and unrestricted cash, cash equivalents, and investments were \$672.0 million. Of this total, \$305.5 million was specifically related to available-for-sale and held-to-maturity investment securities. At December 31, 2022, we had cash, cash equivalents, restricted cash, and investments of \$555.3 million. Of this total, \$327.6 million was specifically related to available-for-sale and held-to-maturity investment securities. Our cash equivalents and investment securities consist primarily of money market funds, U.S. government debt securities, and corporate debt securities. At March 31, 2024 and December 31, 2023, total restricted and unrestricted cash, cash equivalents, and investments for all entities, inclusive of discontinued operations, were \$440.3 million and \$417.3 million, respectively. These totals consist of \$222.9 million and \$228.6 million at March 31, 2024 and December 31, 2023, respectively, that specifically related to available-for-sale and held-to-maturity investment securities.

Unregulated Entities

At September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, total restricted and unrestricted cash, cash equivalents, and investments for the parent company, Clover Health Investments, Corp., and unregulated subsidiaries (inclusive of discontinued operations) were \$308.2 million \$132.6 million and \$331.7 million \$136.8 million, respectively. This respectively, with the decrease at the parent company for December 31, 2023 primarily reflects reflecting operating expenses. We operate as a holding company in a highly regulated industry. As such, we may receive dividends and administrative expense reimbursements from our subsidiaries, two of which are subject to regulatory restrictions. We continue to maintain significant levels of aggregate excess statutory capital and surplus in our state-regulated insurance subsidiaries. Cash, cash equivalents, and investments at the parent company Clover Health Investments, Corp., were \$166.7 million \$127.9 million and \$238.0 million \$74.0 million at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively. Our unregulated subsidiaries held \$141.5 million \$4.7 million and \$93.7 million \$62.8 million of cash, cash equivalents, restricted cash, and investments at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively.

37

Regulated Entities

At September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023 total cash, cash equivalents, restricted cash, and investments for our regulated subsidiaries were \$363.8 \$307.7 million and \$223.6 million \$280.5 million, respectively. Additionally, our regulated insurance subsidiaries held \$196.8 million \$210.3 million and \$191.1 million \$203.4 million of available-for-sale and held-to-maturity investment securities at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively. Our use of operating cash derived from our unregulated subsidiaries is generally not restricted by departments of insurance (or comparable state regulatory agencies). Our regulated insurance subsidiaries have not paid dividends to the parent, and applicable insurance laws restrict the ability of our regulated insurance subsidiary to declare and pay dividends to the parent. 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.

For a detailed discussion of our regulatory requirements, including aggregate statutory capital and surplus as well as dividends paid from the subsidiaries to the parent, please refer to Notes 22 (Dividend Restrictions), 24 (Statutory Equity), and 25 and 26 (Regulatory Matters) in the 2022 2023 Form 10-K.

44

Cash Flows

The following table summarizes our **unaudited** condensed consolidated cash flows for the **nine** **three** months ended **September 30, 2023** **March 31, 2024** and **2022**, **2023**.

Nine Months Ended September 30,	2023		2022					
	(in thousands)							
Cash Flows Data:								
Net cash provided by (used in) operating activities	\$ 113,424	\$ 5,442						
Net cash provided by investing activities	56,351	82,477						
Net cash used in financing activities	(4,244)	(5,018)						
Increase (decrease) in cash, cash equivalents, and restricted cash	\$ 165,531	\$ 82,901						
 Three Months Ended March 31,								
	2024		2023					
Cash Flows Data:								
Net cash used in operating activities	\$ 25,935	\$ 79,032						
Net cash provided by investing activities	9,185	10,181						
Net cash (used in) provided by financing activities	(3,359)	(2,134)						
Decrease in cash, cash equivalents, and restricted cash	\$ 31,761	\$ 87,079						

Cash Requirements

Our cash requirements within the next twelve months include medical claims payable, accounts payable and accrued liabilities, current liabilities, purchase commitments, and other obligations. We expect the cash required to meet these obligations to be primarily generated through cash, cash equivalents, restricted cash, short-term investments, and our current projections of cash flows from operations.

Operating Activities

Our largest source of operating cash flows is capitated payments from CMS. Our primary uses of cash from operating activities are payments for medical benefits and payments of operating expenses.

For the **nine** **three** months ended **September 30, 2023** **March 31, 2024**, Net cash provided by operating activities was **\$113.4 million** **\$25.9 million**, which reflects a Net loss of **\$142.9 million** **\$19.2 million**. Non-cash activities included a **\$107.8 million** **\$28.8 million** charge to Stock-based compensation expense approximately **\$6.6 million** of amortization of the 2023 Premium deficiency reserve. A prepayment of **\$103.3 million** was received during the period from CMS for October 2023. Payments due to CMS related to our Non-Insurance operations and Unpaid claims increased by **\$34.2 million** **\$102.4 million**.

For the **nine** **three** months ended **September 30, 2022** **March 31, 2023**, Net cash **used in** provided by operating activities was **\$5.4 million** **\$79.0 million**, which reflects a Net loss of **\$255.3 million** **\$72.6 million**. Non-cash activities included a **\$125.2 million** **\$38.6 million** charge to Stock-based compensation expense, **\$82.4 million** amortization of the 2022 Premium deficiency reserve, and a **\$10.2 million** Gain on investment related to the change in the equity structure of Clover Therapeutics. Payments due to CMS related to our Non-Insurance operations increased by **\$109.4 million**. Change in our working capital included an increase in Unpaid claims of **\$1.0 million**.

Investing Activities

Net cash provided by investing activities for the **nine** **three** months ended **September 30, 2023**, **March 31, 2024** of **\$56.4 million** **\$9.2 million** was primarily due to **\$199.6 million** **\$33.7 million** provided from the sale and maturity of investment securities. This was offset by **\$142.4 million** **\$24.1 million** used to purchase investments.

Net cash **used in** provided by investing activities for the **nine** **three** months ended **September 30, 2022** **March 31, 2023**, of **\$82.5 million** **\$10.2 million** was primarily due to **\$276.8 million** used to purchase investment securities, offset by **\$360.2 million** **\$78.3 million** provided from the sale and maturity of investment securities. This was offset by **\$67.9 million** used to purchase investments.

For additional information regarding our investing activities, please refer to Note 3 (Investment Securities) to **the interim** **our** unaudited condensed consolidated financial statements included in this Form 10-Q.

Financing Activities

Net cash used in financing activities for the **nine** **three** months ended **September 30, 2023** **March 31, 2024** of **\$4.2 million** **\$3.4 million** was primarily the result of the acquisition of **\$5.4 million** **\$3.4 million** in Treasury stock.

Net cash **provided by** used in financing activities for the **nine** **three** months ended **September 30, 2022** **March 31, 2023** of **\$5.0 million** **\$2.1 million** was primarily the result of the acquisition of **\$6.3 million** **\$3.0 million** in Treasury stock.

Financing Arrangements

There have been no material changes to our financing arrangements at **September 30, 2023** **March 31, 2024**, as compared to those disclosed in the **2022** **2023** Form 10-K.

Contractual Obligations and Commitments

We believe that funds from projected future operating cash flows, cash, cash equivalents, and investments will be sufficient for future operations and commitments, and for capital acquisitions and other strategic transactions, over at least the next 12 months.

Material cash requirements from known contractual obligations and commitments at **September 30, 2023** **March 31, 2024** include: (1) the recognition of a performance guarantee of **\$254.4 million** **\$9.7 million** in connection with the Company's participation in the ACO REACH Model and (2) operating lease obligations of **\$5.0 million** **\$4.3 million**. These commitments are associated with contracts that were enforceable and legally binding at **September 30, 2023** **March 31, 2024**, and that specified all significant terms, including fixed or minimum serves to be used, fixed, minimum, or variable price provisions, and the approximate timing of the actions under the contracts. There were no other material cash requirements from known contractual obligations and commitments at **September 30, 2023** **March 31, 2024**. For additional information regarding our remaining estimated contractual obligations and commitments, see Note 12 (Notes and Securities Payable), Note 15 (Leases), Note 21 **13** (Commitments and Contingencies), and Note 22 (Non-Insurance) to the consolidated financial statements included in the 2022 Form 10-K, 17 (Discontinued Operations).

Indemnification Agreements

In the ordinary course of business, we enter into agreements, with various parties (providers, vendors, consultants, etc.), with varying scope and terms, pursuant to which we may agree to defend, indemnify, and hold harmless the other parties from any claim, demand, loss, lawsuit, settlement, judgment, fine, or other liability, and all related expenses that may accrue therefrom (including reasonable attorneys' fees), arising from or in connection with third party claims, including, but not limited to, negligence, recklessness, willful misconduct, fraud, or otherwise wrongful act or omission with respect to our obligations under the applicable agreements.

Off-balance Sheet Arrangements

We do not have any off-balance sheet arrangements, as defined by applicable regulations of the SEC, that are reasonably likely to have a current or future material effect on our financial condition, results of operations, liquidity, capital expenditures, or capital resources.

Critical Accounting Policies and Estimates

We believe that the accounting policies and estimates involve a significant degree of judgment and complexity. **For** **There have been no significant changes in our critical accounting policies and estimates during** the three months ended **September 30, 2023** **March 31, 2024**, **the Company has made one significant accounting policy change related to its calculation of premium deficiency reserve**, as compared to the critical accounting policies and estimates disclosed in the section titled **"Management's Discussion and Analysis of Financial Condition and Results of Operations"** included in the **2022** **2023** Form 10-K with the exception of a voluntary change to the method of determining our premium deficiency reserves. For more information on this change please see Note 2 (Summary of Significant Accounting Policies).

Recently Issued and Adopted Accounting Pronouncements

See Note 2 (Summary of Significant Accounting Policies) to the financial statements included in this report for a discussion of accounting pronouncements recently adopted and recently issued accounting pronouncements not yet adopted and their potential impact to our financial statements.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Market risk is the risk of economic losses due to adverse changes in the estimated fair value of a financial instrument as the result of changes in equity prices, interest rates, foreign currency exchange rates and commodity prices. Our Condensed Consolidated Balance Sheets include assets and liabilities with estimated fair values that are subject to market risk.

Our primary market risk has been interest rate risk associated with investments in instruments with fixed maturities. We do not have material exposure to commodity risk.

We are also exposed to credit risk on our investment portfolio. We manage the exposure to credit risk in our portfolio by investing in high quality securities and diversifying our holdings.

We monitor our investment portfolio to ensure that credit risk does not exceed prudent levels. Our investment policy is focused on preservation of capital, liquidity and earning a modest yield. Substantially all of our investment portfolio is invested in U.S. Treasury fixed maturity securities. At **September 30, 2023** **March 31, 2024**, none of our fixed maturity securities portfolio was unrated or rated below investment grade.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Disclosure controls are procedures that are designed with the objective of ensuring that information required to be disclosed in our reports filed under the Exchange Act, such as this report, is recorded, processed, summarized, and reported within the time period specified in the SEC's rules and forms. Disclosure controls are also designed with the objective of ensuring that such information is accumulated and communicated to our management, including the chief executive officer and chief financial officer, as appropriate to allow timely decisions regarding required disclosure. Our management evaluated, with the participation of our current chief executive officer and chief financial officer (our "Certifying Officers"), the effectiveness of our disclosure controls and procedures at **September 30, 2023** **March 31, 2024**, pursuant to Rule 13a-15(b) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Based upon that evaluation, our Certifying Officers concluded that, at **September 30, 2023** **March 31, 2024**, our disclosure controls and procedures were effective.

We do not expect that our disclosure controls and procedures will prevent all errors and all instances of fraud. Disclosure controls and procedures, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the disclosure controls and procedures are met. Further, the design of disclosure controls and procedures must reflect the fact that there are resource constraints, and the benefits must be considered relative to their costs. Because of the inherent limitations in all disclosure controls and procedures, no evaluation of disclosure controls and procedures can provide absolute assurance that we have detected all our control deficiencies and instances of fraud, if any. The design of disclosure controls and procedures also is based partly on 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.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act) during the most recent fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

4740

PART II

Item 1. Legal Proceedings

From time to time, in the normal course of business, we are subject to various legal proceedings, investigations (both formal and informal), and claims incidental to the conduct of a highly regulated business. Such proceedings can be costly, time consuming, and unpredictable. Therefore, no assurance can be given on the outcome of any proceeding or the potential impact on our financial condition or results of operation.

Information concerning legal proceedings can be found in Note **1413** (Commitments and Contingencies) to the **interim** unaudited condensed consolidated financial statements included in Part I, Item 1 of this Form 10-Q, which information is incorporated by reference into this item.

Item 1A. Risk Factors

Except as set forth below, there have been no material changes in our risk factors from those disclosed in Part I, Item 1A of the **2022** **2023** Form 10-K and Part II, Item 1A of our **Quarterly Report on Form 10-Q for the period ended March 31, 2023** (the "Q1 10-Q"), **10-K**. In the course of conducting our business operations, we are exposed to a variety of recurring and new risks, any of which have affected or could materially adversely affect our business, financial condition, and results of operations. The market price of our Class A common stock could decline, possibly significantly or permanently, if one or more of these risks and uncertainties occurs. Any factor described in this report or in any of our other SEC filings could by itself, or together with other factors, adversely affect our financial results and condition. For a discussion of risk factors that could adversely affect our financial results and condition, and the value of, and return on, an investment in the Company, please see the "Item 1A. Risk Factors" section included in the **2022** **2023** Form 10-K, and **Q1 10-Q**, as well as the factors identified under **"Cautionary Note Regarding Forward-Looking Statements"** at the beginning of Part I, Item 1 of this Form 10-Q and as may be updated in subsequent filings with the SEC.

The following risk factor is intended to update the risk factors of the Company previously disclosed in the **2022** **2023** Form 10-K.

If We have been notified by The Nasdaq Stock Market LLC of our failure to comply with certain continued listing requirements and, if we are unable to regain compliance with all applicable continued listing requirements and standards of Nasdaq, our Class A common stock could be delisted from Nasdaq, which would have an adverse impact on the trading, liquidity, and market price of our Class A common stock price does not satisfy stock.

On April 2, 2024, we received a written notice from The NASDAQ Nasdaq Stock Market LLC ("NASDAQ" ("Nasdaq")) minimum price requirement, our Class A common stock may be subject to delisting from NASDAQ.

If notifying us that, because the closing bid price of our Class A common stock is less than \$1.00 per share for 30 consecutive trading days, we may receive a notice from Nasdaq staff stating that our Class A common stock will be delisted unless we are able to regain compliance with the minimum price Nasdaq Listing Rule requirement. During 2023, our Class A common stock closing bid price has been below \$1.00 on multiple occasions, including most recently from October 16, 2023 to November 1, 2023. If we were to receive a notice from Nasdaq regarding the continued listing requirements, in order to regain compliance, generally, the listing requirement provides that we must maintain a closing bid price for our Class A common stock has fallen below \$1.00 per share for 30 consecutive business days, we no longer comply with the \$1.00 Minimum Bid Price requirement set forth in Nasdaq Listing Rule 5450(a)(1) for continued listing on The Nasdaq Global Select Market (the "Minimum Bid Price Requirement"). In accordance with Nasdaq Listing Rule 5810(c)(3)(A), the Company has a period of 180 calendar days, or until September 30, 2024, to regain compliance with the Minimum Bid Price Requirement. To regain compliance, the closing bid price of the Company's Class A common stock must be at least \$1.00 per share for a minimum of 10 consecutive business days (subject as required under Nasdaq Listing Rule 5810(c)(3)(A) (unless the Nasdaq staff exercises its discretion to Nasdaq's staff discretion in certain instances) extend this 10-day period pursuant to Nasdaq Listing Rule 5810(c)(3)(H)) during the 180-day period ending September 30, 2024. We cannot guarantee

If the Company does not regain compliance by September 30, 2024, the Company may be eligible for an additional 180-calendar day compliance period if it elects (and meets the listing standards) to transfer to The Nasdaq Capital Market to take advantage of the additional compliance period offered on that stock price will satisfy market. To qualify, the \$1.00 per share requirement or otherwise Company would be required, among other things, to meet Nasdaq's the continued listing requirements. Therefore, requirement for market value of publicly held shares as well as all other standards for initial listing on The Nasdaq Capital Market, with the exception of the bid price requirement, and would need to provide written notice of its intention to cure the bid price deficiency during the second compliance period. If the Company fails to regain compliance during the compliance period (including a second compliance period provided by a transfer to The Nasdaq Capital Market, if applicable), then Nasdaq will notify the Company of its determination to delist its Class A common stock, at which point the Company may appeal Nasdaq's delisting determination to a Nasdaq hearing panel.

We will continue to monitor the bid price levels for our Class A common stock may in and will consider appropriate alternatives to achieve compliance with the future be subject to delisting. If Minimum Bid Price Requirement within the compliance period, including, among other things, a potential reverse stock split. However, we cannot assure you that the price of our Class A common stock is delisted, this would, will subsequently remain in compliance with the required listing standard or that we will remain in compliance with any of the other applicable continued listing standards of Nasdaq. Any continuing failure to remain in compliance with Nasdaq's continued listing standards, and any subsequent failure to timely resume compliance with Nasdaq's continued listing standards within the applicable cure period could have adverse consequences, and among other things, substantially impair our ability to raise additional funds and could result in a loss of institutional investor interest and fewer development opportunities for us. Furthermore, a delisting would likely have a negative effect on the price of our Class A common stock and would impair the ability of stockholders to sell or purchase our Class A common stock when they wish to do so. In the event of a delisting, we would expect to take actions to restore our compliance with Nasdaq's listing requirements, but we can provide no assurance that any such action taken by us and would allow our Class A common stock to become listed again, lead to stability in the market price of our Class A common stock, improve the liquidity of our Class A common stock, prevent our Class A common stock from dropping below the Nasdaq minimum bid price requirement, or prevent future non-compliance with Nasdaq's listing requirements. As a result of these factors, a delisting of our Class A common stock from Nasdaq would have an adverse impact on the trading, liquidity, and market price of our Class A common stock.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

None.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information.

During the three months ended September 30, 2023 March 31, 2024, none of the Company's directors or officers (as defined in Rule 16a-1(f) of the Exchange Act) adopted or terminated a Rule 10b5-1 trading arrangement or non-Rule 10b5-1 trading arrangement (as such terms are defined in Item 408(a) of Regulation S-K of the Securities Act).

Item 6. Exhibits and Financial Statement Schedules

A list of exhibits to this Form 10-Q is set forth below:

Exhibit

No.	Description
10.1*	Non-Employee Director Compensation Policy
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 Sarbanes-Oxley Act of 2002
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
32.1†	Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2†	Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS	Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because XBRL tags are embedded within the Inline XBRL 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 (embedded within the Inline XBRL document)

* Filed herewith.

† Furnished herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

CLOVER HEALTH INVESTMENTS, CORP.

Date: **November 6, 2023** **May 7, 2024**

By: _____ /s/ Andrew Toy
Andrew Toy
Chief Executive Officer (Principal Executive Officer)

Date: **November 6, 2023** **May 7, 2024**

By: _____ /s/ **Scott J. Leffler** **Terrence Ronan**
Scott J. Leffler **Terrence Ronan**
Interim Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)



slide1

CLOVER HEALTH INVESTMENTS, CORP. AMENDED AND RESTATED DIRECTOR COMPENSATION POLICY (Adopted, approved, and effective on June 21, 2023) Each member of the Board of Directors (the "Board") of Clover Health Investments, Corp. (the "Company") who is not an employee of the Company (each such member, an "Outside Director") will receive the compensation described in this amended and restated Outside Director Compensation Policy (the "Amended and Restated Director Compensation Policy") for his or her Board service following the effective date set forth above (the "Effective Date"). The Amended and Restated Director Compensation Policy will become effective upon the Effective Date. The Amended and Restated Director Compensation Policy may be amended at any time in the sole discretion of the Board. Annual Cash Compensation Each Outside Director will receive the cash compensation set forth below for service on the Board. The annual cash compensation amounts will be payable in arrears, in equal quarterly installments following the end of each fiscal quarter of the Company in which the service occurred. Any amount payable for a partial quarter of service will be pro-rated by multiplying such amount by a fraction, the numerator of which will be the number of days of service that the Outside Director provided in such quarter and the denominator of which will be the number of days in such quarter inclusive. All annual cash fees are vested upon payment. 1. Annual Board Member Service Retainer: a. All Outside Directors: \$50,000. b. Outside Director serving as Chairperson: \$50,000 (in addition to above). c. Outside Director serving as Lead Independent Director: \$30,000 (in addition to above). 2. Annual Committee Member Service Retainer: a. Member of the Audit Committee: \$10,000. b. Member of the Compensation Committee: \$7,500. c. Member of the Nominating and Corporate Governance Committee: \$5,000. d. Member of the Clinical Committee: \$5,000. 3. Annual Committee Chair Service Retainer (in lieu of the Annual Committee Member Service Retainer): a. Chairperson of the Audit Committee: \$25,000. b. Chairperson of the Compensation Committee: \$20,000. c. Chairperson of the Nominating and Corporate Governance Committee: \$15,000. d. Chairperson of the Clinical Committee: \$15,000. Equity Compensation Equity awards will be granted under the Company's 2020 Equity Incentive Plan or any successor equity incentive plan adopted by the Board and the stockholders of the Company (the "Plan"). 1. Automatic Equity Grants. Annual and initial grants will be made as set forth below beginning for the relevant periods occurring after the annual meeting of the Company's stockholders ("Annual Meeting") during 2022 (the "2022 Annual Meeting"). Column A - Board and Committee Charters, Policies & Compensation 1



a. Annual Grant for Outside Directors. Without any further action of the Board, at the close of business on the third business day in January of each calendar year, each Outside Director shall be granted restricted stock units under the Plan covering shares of the Company's Class A Common Stock ("Shares") having an RSU Value (as defined below) of \$200,000 (an "Annual RSU Award"), provided that the number of Shares covered by each Annual RSU Award will be rounded down to the nearest whole Share. Each Annual RSU Award shall fully vest on the first anniversary of the date of grant, subject to the applicable Outside Director's continued service as a member of the Board through such date.

b. Initial Grant for New Outside Directors. Without any further action of the Board, each person who is elected or appointed for the first time to serve as a member of the Board, effective on a date other than January 1, will automatically, upon the effective date of his or her initial election or appointment, be granted restricted stock units under the Plan covering Shares having a prorated RSU Value equal to (x) \$200,000, multiplied by (y) a fraction the numerator of which is the number of days between the effective date of the new director's initial election or appointment and the end of the calendar year of such election or appointment, and the denominator of which is 365 (a "New Director Initial RSU Award"), provided that the number of Shares covered by each New Director Initial RSU Award will be rounded down to the nearest whole Share. Each New Director Initial RSU Award shall fully vest on the first anniversary of the date of grant, subject to the Outside Director's continued service as a member of the Board through such date.

2. Transitional RSU Grants. On the date of the 2022 Annual Meeting, in light of the change in timing for the equity grants implemented as part of this Amended and Restated Director Compensation Policy, each Outside Director who continues to serve as members of the Board after the 2022 Annual Meeting shall be granted a restricted stock unit award under the Plan covering Shares having a prorated RSU Value equal to (x) the Annual RSU Award value, multiplied by (y) a fraction the numerator of which is the number of days between date of the 2022 Annual Meeting of Shareholders and the end of the 2022 calendar year, and the denominator of which is 365 (a "2022 Transitional Annual RSU Award"), provided that the number of Shares covered by each 2022 Transitional Annual RSU Award will be rounded down to the nearest whole Share. Each 2022 Transitional Annual RSU Award shall vest on the first anniversary of the date of grant, subject to the applicable Outside Director's continued service as a member of the Board through such vesting date.

3. Vesting; Change in Control. Except as set forth herein, all vesting is subject to the Outside Director's continued service as a member of the Board through each applicable vesting date. Upon an Outside Director's cessation of service on the Board as a result of (i) death or Disability (as defined in the Plan), the unvested portion of any restricted stock unit award granted in consideration of such Outside Director's service as a member of the Board shall vest in full effective as of the effective date of the cessation of service (the "Termination Date"), (ii) the resignation by the Outside Director at the end of the Outside Director's then current term or the removal of the Outside Director other than for cause, the unvested portion of any restricted stock unit award granted in consideration of such Outside Director's service as a member of the Board shall vest pro-rata based on the portion of the award's original vesting period during which such Outside Director served prior to the Termination Date, and (iii) the removal of the Outside Director for cause or the resignation by the Outside Director other than at the end of the Outside Director's then current term, the unvested portion of any restricted stock unit award granted in consideration of such Outside Director's service as a member of the Board shall be forfeited. Notwithstanding the foregoing, for each Outside Director who remains in continuous service as a member of the Board until immediately prior to the closing of a "Change in Control" (as defined in the Plan), any unvested portion of any restricted stock unit award granted in consideration of such Outside Director's service as a member of the Board shall vest in full immediately prior to, and contingent upon, the consummation of the Change in Control.

4. Calculation of RSU Value. The "RSU Value" of a restricted stock unit award to be granted under this policy will be calculated with how similar calculations are completed by the Company for its employees at the time of grant, as determined by the Board or the Talent and Compensation Committee of the Board from time to time, which calculation, as of the effective date of this Amended and Restated Director Compensation Policy is completed as being equal to the number of Shares subject to the restricted stock unit award multiplied by the 30-trading day average closing price of a Share ending on the trading day prior to the grant date.

5. Discretionary Grants. In addition to the automatic grants described herein, the Board, in its sole discretion, may grant additional equity awards to certain Outside Directors for services to the Company that exceed the standard expectations of an Outside Director or for other circumstances determined appropriate by the Board, including, without limitation, an inducement for the Outside Director to remain on the Board, or the service of an Outside Director as the Board's Lead Independent Director.

6. Remaining Terms. The remaining terms and conditions of each restricted stock unit award granted under this policy

Column A - Board and Committee Charters, Policies & Compensation 2

slide3

will be as set forth in the Plan and the Company's standard form of restricted stock unit award agreement, as amended from time to time by the Board or the Compensation Committee of the Board, as applicable. Expenses The Company will reimburse each Outside Director for ordinary, necessary and reasonable out-of-pocket travel expenses to cover in-person attendance at, and participation in, Board and committee meetings, provided that the Outside Director timely submits to the Company appropriate documentation substantiating such expenses in accordance with the Company's travel and expense policy, as in effect from time to time. Column A - Board and Committee Charters, Policies & Compensation 3

Exhibit 31.1

**CERTIFICATION 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**

I, Andrew Toy, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the period three months ended September 30, 2023 March 31, 2024, of Clover Health Investments, Corp.;
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 periods 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)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) 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) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (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):

- 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
- 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: **November 6, 2023** **May 7, 2024**

By:

/s/ Andrew Toy

Andrew Toy

Chief Executive Officer

Exhibit 31.2

**CERTIFICATION 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**

I, **Scott J. Leffler**, **Terrence Ronan**, certify that:

- I have reviewed this Quarterly Report on Form 10-Q for the period three months ended **September 30, 2023** **March 31, 2024**, of Clover Health Investments, Corp.;
- 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 periods covered by this report;
- 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;
- 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)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - 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;
 - Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - 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
 - 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
- 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):
- 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
- 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.

Dated: November 6, 2023 May 7, 2024

By:

/s/ Scott J. Leffler Terrence Ronan

Scott J. Leffler Terrence Ronan

Interim Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)

Exhibit 32.1

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of Clover Health Investments, Corp. (the "Company") for the period three months ended September 30, 2023 March 31, 2024, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: November 6, 2023 May 7, 2024

By:

/s/ Andrew Toy

Andrew Toy

Chief Executive Officer

Exhibit 32.2

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of Clover Health Investments, Corp. (the "Company") for the period three months ended September 30, 2023 March 31, 2024, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: November 6, 2023 May 7, 2024

By:

/s/ Scott J. Leffler Terrence Ronan

Scott J. Leffler Terrence Ronan

Interim Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)

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