

**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 March 31, 2022

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**  
(Address of principal executive offices)

**37067**  
(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, 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

As of May 2, 2022, the registrant had 378,916,307 shares of Class A Common Stock, \$0.0001 par value per share, and 94,446,449 shares of Class B Common Stock, \$0.0001 par value per share, issued and outstanding.

## Table of Contents

	<u>Page</u>
<b><u>PART I.</u></b>	
<b><u>FINANCIAL INFORMATION</u></b>	<b><u>5</u></b>
<u>Item 1.</u>	
<u>Financial Statements (Unaudited)</u>	<u>5</u>
<u>Condensed Consolidated Balance Sheets</u>	<u>5</u>
<u>Condensed Consolidated Statements of Operations</u>	<u>7</u>
<u>Condensed Consolidated Statements of Changes in Convertible Preferred Stock and Stockholders' Equity</u>	<u>8</u>
<u>Condensed Consolidated Statements of Cash Flows</u>	<u>9</u>
<u>Notes to Unaudited Condensed Consolidated Financial Statements</u>	<u>10</u>
<u>Item 2.</u>	
<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>29</u>
<u>Item 3.</u>	
<u>Quantitative and Qualitative Disclosures About Market Risk</u>	<u>37</u>
<u>Item 4.</u>	
<u>Controls and Procedures</u>	<u>38</u>
<b><u>PART II.</u></b>	
<b><u>OTHER INFORMATION</u></b>	<b><u>39</u></b>
<u>Item 1.</u>	
<u>Legal Proceedings</u>	<u>39</u>
<u>Item 1A.</u>	
<u>Risk Factors</u>	<u>39</u>
<u>Item 2.</u>	
<u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	<u>39</u>
<u>Item 3.</u>	
<u>Defaults Upon Senior Securities</u>	<u>39</u>
<u>Item 4.</u>	
<u>Mine Safety Disclosures</u>	<u>39</u>
<u>Item 5.</u>	
<u>Other Information</u>	<u>39</u>
<u>Item 6.</u>	
<u>Exhibits</u>	<u>41</u>
<u>Signatures</u>	

As used in this report, "Company," "Clover," "Clover Health," "we," "us," "our," 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 expansion of our Insurance and Non-Insurance businesses;
- 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 expand our beneficiary base and provider network;
- our ability to maintain and increase adoption and use of the Clover Assistant;
- the anticipated benefits associated with the use of the Clover Assistant platform, including our ability to utilize the platform to manage our medical care ratios;
- 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 effect of uncertainties related to the global COVID-19 pandemic on our business, results of operations, and financial condition;
- 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;
- our ability to maintain or improve our Star Ratings or otherwise continue to improve the financial performance of our business;
- our ability to maintain, protect, and enhance our intellectual property; and
- general economic conditions, including the societal and economic impact of the COVID-19 pandemic and its variants, 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.

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, 2021, as filed with the SEC and available on its website at [www.sec.gov](http://www.sec.gov), 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](http://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 SEC's website, [www.sec.gov](http://www.sec.gov), contains reports, proxy statements and other information regarding issuers that file electronically with 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. 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 intend to 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 Twitter, and the LinkedIn account of our President, 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 at the bottom of our webpage at <https://investors.cloverhealth.com/investor-relations> 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>.

### **Operating Segments**

We have updated the names of our Medicare Advantage and Direct Contracting segments to the Insurance and Non-Insurance segments, respectively. We believe 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. Defined terms and metrics in this report reflect the new segment names.

**Part I**

**Item 1. Financial Statements and Supplementary Data**

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

	March 31, 2022 (Unaudited)	December 31, 2021
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 273,831	\$ 299,968
Short-term investments	212,258	293,851
Investment securities, available-for sale (Amortized cost: 2022: \$77,855; 2021: \$21,142)	77,401	21,131
Investment securities, held-to-maturity (Fair value: 2022: \$306; 2021: \$307)	305	305
Accrued retrospective premiums	57,681	34,923
Other receivables	13,731	14,282
Healthcare receivable	42,179	48,042
Non-Insurance performance year receivable	1,760,144	—
Surety bonds and deposits	14,769	12,613
Prepaid expenses	21,937	9,409
Other assets, current	17,181	18,022
Total current assets	2,491,417	752,546
Investment securities, available-for sale (Amortized cost: 2022: \$165,503; 2021: \$177,527)	158,699	175,604
Investment securities, held-to-maturity (Fair value: 2022: \$367; 2021: \$364)	350	335
Equity method investment	3,177	—
Property and equipment, net	2,311	2,287
Operating lease right-of-use assets	5,000	5,367
Goodwill and other intangible assets	4,233	4,233
Other assets, non-current	14,707	10,432
Total assets	\$ 2,679,894	\$ 950,804

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)

	March 31, 2022 (Unaudited)	December 31, 2021
<b>Liabilities and Stockholders' Equity</b>		
Current liabilities		
Unpaid claims	\$ 164,240	\$ 138,604
Due to related parties, net	1,950	2,320
Non-Insurance performance year obligation, current	1,780,297	36,891
Non-Insurance payable	81,003	37,773
Accounts payable and accrued expenses	27,451	28,129
Accrued salaries and benefits	11,590	15,147
Operating lease liabilities	2,411	3,059
Premium deficiency reserve	82,971	110,628
Other liabilities, current	110	73
Total current liabilities	<u>2,152,023</u>	<u>372,624</u>
Notes and securities payable, net of discounts and deferred issuance costs	19,947	19,938
Long-term operating lease liabilities	4,947	4,830
Other liabilities, non-current	13,164	14,095
Total liabilities	<u>2,190,081</u>	<u>411,487</u>
Commitments and Contingencies (Note 15)		
Stockholders' equity		
Class A Common Stock, \$0.0001 par value; 2,500,000,000 shares authorized as of March 31, 2022, and December 31, 2021; 378,854,310 and 352,645,626 issued and outstanding as of March 31, 2022, and December 31, 2021, respectively	37	34
Class B Common Stock, \$0.0001 par value; 500,000,000 shares authorized as of March 31, 2022, and December 31, 2021; 94,448,208 and 118,206,768 issued and outstanding as of March 31, 2022, and December 31, 2021, respectively	9	12
Additional paid-in capital	2,195,158	2,154,187
Accumulated other comprehensive loss	(7,258)	(1,934)
Accumulated deficit	(1,692,047)	(1,616,738)
Less: Treasury stock, at cost; 1,893,793 and 14,730 shares held as of March 31, 2022, and December 31, 2021, respectively	<u>(6,086)</u>	<u>(147)</u>
Clover stockholders' equity	489,813	535,414
Noncontrolling interest	—	3,903
Total stockholders' equity	<u>489,813</u>	<u>539,317</u>
Total liabilities and stockholders' equity	<u>\$ 2,679,894</u>	<u>\$ 950,804</u>

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 March 31,	
	2022	2021
<b>Revenues:</b>		
Premiums earned, net (Net of ceded premiums of \$119 and \$124 for the three months ended March 31, 2022 and 2021, respectively)	\$ 278,169	\$ 199,376
Non-Insurance revenue	594,898	—
Other income	1,312	949
<b>Total revenues</b>	<b>874,379</b>	<b>200,325</b>
<b>Operating expenses:</b>		
Net medical claims incurred	861,722	214,420
Salaries and benefits	69,091	66,024
General and administrative expenses	57,697	38,618
Premium deficiency reserve benefit	(27,657)	—
Depreciation and amortization	826	160
Other expense	—	191
<b>Total operating expenses</b>	<b>961,679</b>	<b>319,413</b>
<b>Loss from operations</b>	<b>(87,300)</b>	<b>(119,088)</b>
Change in fair value of warrants payable	—	(85,506)
Interest expense	403	1,175
Amortization of notes and securities discounts	—	13,660
Gain on investment	(12,394)	—
<b>Net loss</b>	<b>\$ (75,309)</b>	<b>\$ (48,417)</b>
<b>Per share data:</b>		
Net loss per share attributable to Class A and Class B common stockholders – basic and diluted <sup>(1)</sup>	\$ (0.16)	\$ (0.13)
Weighted average number of common shares outstanding		
Basic and diluted weighted average number of Class A and Class B common shares and common share equivalents outstanding <sup>(1)</sup>	473,028,651	376,170,545
Net unrealized loss on available-for-sale investments	\$ (5,324)	\$ (493)
<b>Comprehensive loss</b>	<b>\$ (80,633)</b>	<b>\$ (48,910)</b>

<sup>(1)</sup> Because the Company had a net loss during the three months ended March 31, 2022 and 2021, 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.

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

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		Class A and Class B Common Stock		Treasury Stock		Additional paid-in capital	Accumulated deficit	Accumulated other comprehensive income (loss)	Noncontrolling interest	Total stockholders' equity (deficit)
	Shares	Amount	Shares	Amount	Shares	Amount					
Balance, December 31, 2020	139,444,346	\$ 447,747	89,206,266	\$ 9	—	\$ —	\$ 411,867	\$ (1,028,982)	\$ 10	\$ 3,903	\$ (613,193)
Stock issuance for exercise of stock options, net of early exercise liability	—	—	761,480	—	—	—	1,282	—	—	—	1,282
Stock-based compensation	—	—	—	—	—	—	42,713	—	—	—	42,713
Unrealized holdings loss on investment securities, available-for-sale	—	—	—	—	—	—	—	—	(493)	—	(493)
Preferred stock conversion	(139,444,346)	(447,747)	139,444,346	14	—	—	447,733	—	—	—	447,747
Issuance of common stock related to exercises of legacy warrants	—	—	7,205,490	1	—	—	97,781	—	—	—	97,782
Convertible debt conversion and other issuances	—	—	75,084,703	7	—	—	16,052	—	—	—	16,059
Issuance of common stock in connection with Business Combination and PIPE offering	—	—	96,398,800	15	—	—	666,232	—	—	—	666,247
Capital contribution for extinguishment of debt	—	—	—	—	—	—	126,795	—	—	—	126,795
Acquisition of Public and Private Placement Warrants	—	—	—	—	—	—	(147,582)	—	—	—	(147,582)
Net loss	—	—	—	—	—	—	—	(48,417)	—	—	(48,417)
Balance, March 31, 2021	—	\$ —	408,101,085	\$ 46	—	\$ —	\$ 1,662,873	\$ (1,077,399)	\$ (483)	\$ 3,903	\$ 588,940
Balance, December 31, 2021	—	\$ —	470,852,394	\$ 46	14,730	\$ (147)	\$ 2,154,187	\$ (1,616,738)	\$ (1,934)	\$ 3,903	\$ 539,317
Stock issuance for exercise of stock options, net of early exercise liability	—	—	151,620	—	—	—	331	—	—	—	331
Stock-based compensation	—	—	—	—	—	—	40,640	—	—	—	40,640
Vested restricted stock units	—	—	2,074,756	—	—	—	—	—	—	—	—
Vested performance restricted stock units	—	—	8,951	—	—	—	—	—	—	—	—
Unrealized holdings loss on investment securities, available-for-sale	—	—	—	—	—	—	—	—	(5,324)	—	(5,324)
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	—	—	—	—	—	—	—	(75,309)	—	—	(75,309)
Balance, March 31, 2022	—	\$ —	473,302,518	\$ 46	1,893,793	\$ (6,086)	\$ 2,195,158	\$ (1,692,047)	\$ (7,258)	\$ —	\$ 489,813

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



CLOVER HEALTH INVESTMENTS, CORP.  
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)  
(Dollars in thousands)

	Three Months Ended March 31,	
	2022	2021
<b>Cash flows from operating activities:</b>		
Net loss	\$ (75,309)	\$ (48,417)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization expense	826	160
Amortization of notes and securities discounts and debt issuance costs	—	13,660
Stock-based compensation expense	40,640	42,713
Change in fair value of warrants payable and amortization of warrants	—	(85,506)
Accretion, net of amortization	(17)	52
Net realized losses on investment securities	—	61
Gain on investment	(12,394)	—
Premium deficiency reserve	(27,657)	—
Changes in operating assets and liabilities:		
Accrued retrospective premiums	(22,758)	(19,350)
Other receivables	551	(7,843)
Performance year receivable	(16,738)	—
Surety bonds and deposits	(2,156)	—
Prepaid expenses	(12,528)	(6,294)
Other assets	1,432	(6,622)
Healthcare receivables	5,863	8,520
Operating lease right-of-use assets	1,015	881
Unpaid claims	25,266	13,606
Accounts payable and accrued expenses	(678)	(4,502)
Accrued salaries and benefits	(3,557)	6,874
Other liabilities	(894)	151
Non-Insurance payable	43,230	—
Operating lease liabilities	(1,179)	(1,013)
Net cash used in operating activities	<u>(57,042)</u>	<u>(92,869)</u>
<b>Cash flows from investing activities:</b>		
Purchases of short-term investments, available-for-sale, and held-to-maturity securities	(113,079)	(274,909)
Proceeds from sales of short-term investments and available-for-sale securities	—	17,267
Proceeds from maturities of short-term investments and available-for-sale securities	150,000	265
Purchases of property and equipment	(158)	(99)
Acquisition of Clover Therapeutics Series A preferred shares	(250)	—
Net cash provided by (used in) investing activities	<u>36,513</u>	<u>(257,476)</u>
<b>Cash flows from financing activities:</b>		
Payment of notes payable principal	—	(5,020)
Issuance of common stock, net of early exercise liability	331	1,282
Proceeds from reverse recapitalization, net of transaction costs	—	666,242
Treasury stock acquired	(5,939)	—
Net cash (used in) provided by financing activities	<u>(5,608)</u>	<u>662,504</u>
Net (decrease) increase in cash and cash equivalents	<u>(26,137)</u>	<u>312,159</u>
Cash and cash equivalents, beginning of period	299,968	92,348
Cash and cash equivalents, end of period	<u>\$ 273,831</u>	<u>\$ 404,507</u>
<b>Supplemental cash flow disclosures</b>		
Cash paid during the period for interest	\$ —	\$ 812
<b>Supplemental disclosure of non-cash activities</b>		
Performance year receivable	\$ (1,743,406)	\$ —
Performance year obligation	1,743,406	—
Conversion of preferred stock to common stock	—	447,747
Issuance of common stock related to convertible debt	—	16,059
Capital contribution for extinguishment of debt	—	126,795
Issuance of common stock related to warrants exercised	—	97,782
Acquisition of Public and Private Warrants	—	147,582
Right-of-use assets obtained in exchange for lease liabilities	648	101
Recognition of equity method investments and preferred stock	8,644	—
Derecognition of noncontrolling interest	3,903	—
Conversion of Clover Therapeutics convertible note to preferred stock	250	—

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

**CLOVER HEALTH INVESTMENTS, CORP. AND SUBSIDIARIES**  
**Notes to Unaudited Condensed Consolidated Financial Statements**

**1. Organization and Operations**

Clover Health Investments, Corp. (collectively with its affiliates and subsidiaries, "Clover" or the "Company") is singularly focused on creating great, sustainable healthcare to improve every life. Clover has centered its strategy on building and deploying technology through its flagship software platform, the Clover Assistant, to help America's seniors receive better care at lower costs.

Clover provides affordable, high-quality Medicare Advantage (MA) 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, 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 care to aligned Original Medicare beneficiaries (the "Non-Insurance Beneficiaries"). 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.

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 uses machine learning-powered systems to deliver data and insights to physicians at the point of care in order to improve outcomes for beneficiaries 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, which the Company previously referred to as its Direct Contracting 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 the 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 16 in this report.

Clover was originally incorporated as a Cayman Islands exempted company on October 18, 2019, as a special purpose acquisition company under the name Social Capital Hedosophia Holdings Corp. III (SCH). On October 5, 2020, SCH entered into a Merger Agreement (the "Merger Agreement") with Clover Health Investments, Corp., a corporation originally incorporated on July 17, 2014, in the state of Delaware (Legacy Clover). Pursuant to the Merger Agreement, and a favorable vote of SCH's stockholders at an extraordinary general meeting on January 6, 2021 (the "Special Meeting"), on January 7, 2021, Asclepius Merger Sub Inc., a Delaware corporation and a newly formed, wholly-owned subsidiary of SCH (Merger Sub), merged with and into Legacy Clover. The separate corporate existence of Merger Sub ceased, Legacy Clover survived and merged with and into SCH, with SCH as the surviving corporation, and SCH was redomesticated as a Delaware corporation and renamed Clover Health Investments, Corp. (the "Business Combination"). The Business Combination was accounted for as a reverse recapitalization in accordance with generally accepted accounting principles in the United States (GAAP). Under the guidance in Accounting Standards Codification (ASC) 805, Legacy Clover is treated as the "acquirer" for financial reporting purposes, Legacy Clover is deemed the accounting predecessor of the combined business, and Clover Health Investments, Corp., as the parent company of the combined business, is the successor Securities and Exchange Commission (SEC) registrant, meaning that Legacy Clover's financial statements for previous periods are disclosed in periodic reports filed with the SEC.

The Business Combination has had and will have a significant impact on the Company's future reported financial position and results as a consequence of the reverse recapitalization. The Business Combination closed on January 7, 2021, and on the following day the Company's Class A Common Stock and then outstanding public warrants were listed on the Nasdaq Global Select Market (Nasdaq) under the symbols "CLOV" and "CLOVW," respectively, for trading in the public market.

For additional information, see Note 1 (Organization and Operations) and Note 3 (Business Combination) included in the Company's Annual Report on Form 10-K for the year ended December 31, 2021 (the "2021 Form 10-K").

## **2. Summary of Significant Accounting Policies**

### ***Basis of presentation***

The Company's interim condensed consolidated financial statements have been prepared in conformity with 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 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 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 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 2021 Form 10-K.

### ***Use of estimates***

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

The areas involving the most significant use of estimates are the 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, embedded derivative related to convertible securities, stock-based compensation, recoveries from third parties for coordination of benefits, Direct Contracting benchmark, specifically cost trend and risk score estimates that can develop over time, and final determination of medical cost adjustment pools.

### ***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.

### ***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. The Company operates in two reporting segments: Insurance and Non-Insurance.

### ***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 DC Model, the Company determined that it was making a performance guarantee with respect to providers of Non-Insurance Beneficiaries that should be recognized in the financial statements. Accordingly, a liability for the performance guarantee was recorded on the Condensed Consolidated Balance Sheet. Each month, as the performance guarantee is fulfilled, the guarantee is amortized on a straight-line basis for the amount that represents the completed performance. With respect to each performance year in which the DCE is a participant, the final consideration due to the DCE from CMS (shared savings) or the consideration due to CMS from the DCE (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 if the

Company is in a probable loss position. The DCE has entered into a surety bond agreement with CMS and a third-party surety to cover the reserve requirement, which is fifty percent of the amount determined by the CMS agreement.

### ***Capitalized software development costs - cloud computing arrangements***

The Company's cloud computing arrangements mostly comprise hosting arrangements which are 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 in other assets, 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 is primarily made up of commissions costs, are deferred and subsequently amortized. Deferred acquisition costs are recorded as other assets on the Condensed Consolidated Balance Sheet and are amortized over the estimated life of the related contracts. The amortization of deferred acquisition costs is recorded in general and administrative expenses in the Condensed Consolidated Statement of Operations and Comprehensive Loss. As of March 31, 2022, and December 31, 2021, 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 March 31, 2022 and 2021, charges related to deferred acquisition costs of \$11.8 million and \$1.8 million, respectively, were recognized in general and administrative expenses.

### ***COVID-19***

The societal and economic impact of the novel coronavirus (COVID-19) pandemic and its variants are continuing to evolve, and the ultimate impact on the Company's business, results of operations, financial condition, and cash flows is uncertain and difficult to predict. The global pandemic has severely impacted businesses worldwide, including many in the health insurance sector. In response to the pandemic, the Company has implemented additional steps related to its care delivery, member support, and internal policies and operations.

### ***Recent accounting pronouncements***

#### ***Recently adopted accounting pronouncements***

##### ***Accounting for convertible instruments and contracts in an entity's own equity***

In August 2020, the FASB issued ASU 2020-06, *Debt—Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging—Contracts in Entity's Own Equity (Subtopic 815-40)*. The amendments in ASU 2020-06 simplify the accounting for convertible instruments by removing certain separation models for convertible instruments. Under the amendments in ASU 2020-06, the embedded conversion features no longer are separated from the host contract for convertible instruments with conversion features that are not required to be accounted for as derivatives, or that do not result in substantial premiums accounted for as paid-in capital. Consequently, a convertible debt instrument will be accounted for as a single liability measured at its amortized cost, and a convertible preferred stock will be accounted for as a single equity instrument measured at its historical cost, as long as no other features require bifurcation and recognition as derivatives. ASU 2020-06 is effective for nonpublic entities for fiscal years beginning after December 15, 2023. Early adoption is permitted, but no earlier than fiscal years beginning after December 15, 2020, and public entities beginning after December 15, 2021. The Company adopted this standard on January 1, 2022. The adoption of ASU 2020-06 did not have an impact on the Company's financial statements.

##### ***Accounting pronouncements effective in future periods***

In August 2018, the FASB issued ASU 2018-12, *Financial Services - Insurance (Topic 944): Targeted Improvements 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 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 as of 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 as of the earliest period presented. The amendments for market risk benefits are to be applied retrospectively. ASU 2020-11 is effective for nonpublic entities and smaller reporting companies for fiscal years beginning after December 15, 2023, and for public entities beginning after December 15, 2022. The Company is currently evaluating the effects the adoption of ASU 2018-12 and ASU 2020-11 will have on its financial statements.

### 3. Investment Securities

The following tables present amortized cost and fair values of investments as of March 31, 2022, and December 31, 2021, respectively:

March 31, 2022	Amortized cost	Accumulated unrealized gains	Accumulated unrealized losses	Fair value
	(in thousands)			
<b>Investment securities, held-to-maturity</b>				
U.S. government and government agencies and authorities	\$ 655	\$ 38	\$ (20)	\$ 673
<b>Investment securities, available-for-sale</b>				
U.S. government and government agencies and authorities	243,358	21	(7,279)	236,100
<b>Total investment securities</b>	<b>\$ 244,013</b>	<b>\$ 59</b>	<b>\$ (7,299)</b>	<b>\$ 236,773</b>

December 31, 2021	Amortized cost	Accumulated unrealized gains	Accumulated unrealized losses	Fair value
	(in thousands)			
<b>Investment securities, held-to-maturity</b>				
U.S. government and government agencies and authorities	\$ 640	\$ 40	\$ (9)	\$ 671
<b>Investment securities, available-for-sale</b>				
U.S. government and government agencies and authorities	198,669	10	(1,944)	196,735
<b>Total investment securities</b>	<b>\$ 199,309</b>	<b>\$ 50</b>	<b>\$ (1,953)</b>	<b>\$ 197,406</b>

The following table presents the amortized cost and fair value of debt securities as of March 31, 2022, by contractual maturity:

March 31, 2022	Held-to-maturity		Available-for-sale	
	Amortized cost	Fair value	Amortized cost	Fair value
	(in thousands)			
Due within one year	\$ 305	\$ 306	\$ 77,855	\$ 77,401
Due after one year through five years	30	30	160,539	154,180
Due after five years through ten years	210	190	4,964	4,519
Due after ten years	110	147	—	—
<b>Total</b>	<b>\$ 655</b>	<b>\$ 673</b>	<b>\$ 243,358</b>	<b>\$ 236,100</b>

For the three months ended March 31, 2022 and 2021, respectively, net investment income, which is included within other income in the Condensed Consolidated Statements of Operations and Comprehensive Loss, was derived from the following sources:

	<b>Three Months Ended March 31,</b>	
	<b>2022</b>	<b>2021</b>
	(in thousands)	
Cash and cash equivalents	\$ 2	\$ —
Short-term investments	71	37
Investment securities	237	47
Investment income, net	<u>\$ 310</u>	<u>\$ 84</u>

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 March 31, 2022, and December 31, 2021.

<b>March 31, 2022</b>	<b>Less than 12 months</b>		<b>Greater than 12 months</b>		<b>Total</b>	
	<b>Fair value</b>	<b>Unrealized loss</b>	<b>Fair value</b>	<b>Unrealized loss</b>	<b>Fair value</b>	<b>Unrealized loss</b>
	(in thousands, except number of positions)					
U.S. government and government agencies and authorities	\$ 189,934	\$ (5,033)	\$ 28,759	\$ (2,266)	\$ 218,693	\$ (7,299)
Total	<u>\$ 189,934</u>	<u>\$ (5,033)</u>	<u>\$ 28,759</u>	<u>\$ (2,266)</u>	<u>\$ 218,693</u>	<u>\$ (7,299)</u>
Number of positions		21		6		27

<b>December 31, 2021</b>	<b>Less than 12 months</b>		<b>Greater than 12 months</b>		<b>Total</b>	
	<b>Fair value</b>	<b>Unrealized loss</b>	<b>Fair value</b>	<b>Unrealized loss</b>	<b>Fair value</b>	<b>Unrealized loss</b>
	(in thousands, except number of positions)					
U.S. government and government agencies and authorities	\$ 187,251	\$ (1,555)	\$ 7,902	\$ (398)	\$ 195,153	\$ (1,953)
Total	<u>\$ 187,251</u>	<u>\$ (1,555)</u>	<u>\$ 7,902</u>	<u>\$ (398)</u>	<u>\$ 195,153</u>	<u>\$ (1,953)</u>
Number of positions		18		4		22

The Company did not record any credit allowances for debt securities that were in an unrealized loss position as of March 31, 2022, and December 31, 2021.

As of March 31, 2022, all securities were investment grade, with credit ratings of AA+ or higher by S&P. 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 as of March 31, 2022, 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 investments, and related gross realized gains (losses) which are included within other income in the Condensed Consolidated Statements of Operations and Comprehensive Loss, were as follows for the three months ended March 31, 2022 and 2021, respectively:

	<b>Three Months Ended March 31,</b>	
	<b>2022</b>	<b>2021</b>
	(in thousands)	
Proceeds from sales of investment securities	\$ —	\$ 17,267
Proceeds from maturities of investment securities	150,000	265
Gross realized gains	—	16
Gross realized losses	—	(77)
Net realized losses	<u>\$ —</u>	<u>\$ (61)</u>

As of March 31, 2022, and December 31, 2021, the Company had \$11.2 million and \$11.1 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 table presents a summary of fair value measurements for financial instruments as of March 31, 2022, and December 31, 2021, respectively:

<b>March 31, 2022</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total fair value</b>
	(in thousands)			
U.S. government and government agencies	\$ —	\$ 236,100	\$ —	\$ 236,100
Total assets at fair value	<u>\$ —</u>	<u>\$ 236,100</u>	<u>\$ —</u>	<u>\$ 236,100</u>
<b>December 31, 2021</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total fair value</b>
	(in thousands)			
U.S. government and government agencies	\$ —	\$ 196,735	\$ —	\$ 196,735
Total assets at fair value	<u>\$ —</u>	<u>\$ 196,735</u>	<u>\$ —</u>	<u>\$ 196,735</u>

For additional information regarding the fair value measurements for financial instruments, see Note 5 (Fair Value Measurements) in the 2021 Form 10-K. For additional information regarding the liabilities, see Note 12 (Notes and Securities Payable), Note 13 (Warrants Payable), and Note 14 (Derivative Liabilities) in the 2021 Form 10-K.

The fair value of Legacy Clover's convertible securities was based on Level 3 inputs, which were unobservable and reflected management's best estimate of what market participants would use when pricing the asset or liability, including assumptions about risk. There was no fair value associated with convertible securities at March 31, 2022, due to the conversion of the securities to shares of the Company's common stock upon the completion of the Business Combination.

There were no changes in balances of Legacy Clover's Level 3 financial liabilities during the three months ended March 31, 2022. The changes in balances of Legacy Clover's Level 3 financial liabilities during the three months ended March 31, 2021, were as follows:

	Convertible securities	Derivative liabilities	Warrants payable	Total
	(in thousands)			
Balance, December 31, 2020	\$ 949,553	\$ 44,810	\$ 97,782	\$ 1,092,145
Issuances	—	—	—	—
Settlements	(949,553)	(44,810)	(97,782)	(1,092,145)
Transfers in	—	—	—	—
Transfers out	—	—	—	—
Total realized losses (gains)	—	—	—	—
Balance, March 31, 2021	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>

In addition to the Level 3 financial liabilities in the table above, on September 25, 2020, Seek Insurance Services, Inc. (Seek), a field marketing organization and an indirect wholly-owned subsidiary of the Company, entered into a note purchase agreement with a third-party investor and issued a note (the "Seek Convertible Note") in the principal amount of \$20.0 million, for which the carrying value is approximately the same as the fair value. For additional information, see Note 8 (Notes and Securities Payable). As of March 31, 2022, and December 31, 2021, both the carrying value, which includes accrued interest, and the fair value of the Seek Convertible Note were \$22.4 million and \$22.0 million, respectively, and these were considered Level 3 financial liabilities.

There were no transfers in or out of Level 3 financial assets or liabilities for the three months ended March 31, 2022 or 2021.

### **Warrants**

Warrants were accounted for as liabilities in accordance with ASC 815-40 and are presented within warrants payable on the Condensed Consolidated Balance Sheet. The warrant liabilities were measured at fair value at inception and measured on a recurring basis, with changes in fair value presented within change in fair value of warrants payable in the Condensed Consolidated Statement of Operations and Comprehensive Loss. The Company determined that the public warrants assumed in connection with the Business Combination were classified within Level 1 of the fair value hierarchy as the fair value was equal to the publicly traded price of the public warrants, and the private placement warrants, also assumed in connection with the Business Combination, were classified within Level 2 of the fair value hierarchy as the fair value was estimated using the price of the public warrants. On July 22, 2021, the Company issued a press release stating that it would redeem all of its public and private placement warrants. In connection with the redemption, effective August 24, 2021, the public warrants were delisted and classified within Level 2 of the fair value hierarchy as the fair value of the public warrants was based on proportional changes in the price of the Company's common stock. The end of the redemption period was September 9, 2021, at which time the Company redeemed all unexercised public and private placement warrants at a price of \$0.10 per warrant. Following the redemption, no public or private placement warrants were outstanding. For additional information, see Note 5 (Fair Value Measurements) and Note 13 (Warrants Payable) in the 2021 Form 10-K.

## **5. Healthcare Receivables**

Healthcare receivables include pharmaceutical rebates which 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 in healthcare receivables are Medicare Part D settlement receivables, member premium receivables, and other CMS receivables. The Company reported \$42.2 million and \$48.0 million of healthcare receivables at March 31, 2022, and December 31, 2021, 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). CarePoint Health is ultimately held and controlled by Vivek Garipalli, the Chief Executive Officer and a significant stockholder of the Company.



The Company contracts with CarePoint Health for the provision of inpatient and hospital-based outpatient services. Expenses and fees incurred related to these contracts, recorded in net medical claims incurred, were \$2.6 million and \$3.2 million for the three months ended March 31, 2022 and 2021, respectively. Additionally, \$2.0 million and \$2.3 million were payable to CarePoint Health as of March 31, 2022, and December 31, 2021, respectively.

The Company has contracted with Rogue Trading, LLC (Rogue), a marketing services provider. The Company's President, Andrew Toy, is related to the Chief Executive Officer of Rogue. There were no expenses and fees related to these contracts for the three months ended March 31, 2022. Expenses and fees related to these contracts were \$0.2 million for the three months ended March 31, 2021.

The Company has a contract with Medical Records Exchange, LLC (d/b/a ChartFast) pursuant to which the Company receives administrative services related to medical records via ChartFast's electronic applications and web portal platform. ChartFast is ultimately owned and controlled by Mr. Garipalli. Expenses and fees incurred related to this agreement were \$0.1 million and immaterial for the three months ended March 31, 2022 and 2021.

On July 2, 2021, the Company entered into a contract with Thyme Care, Inc. (Thyme Care), an oncology benefit management company, through which Thyme Care will provide concierge cancer coordination 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. Mr. Garipalli is a member of Thyme Care's board of directors. Expenses and fees incurred related to this agreement were \$0.4 million for the three months ended March 31, 2022.

## 7. Unpaid Claims

Activity in the liability for unpaid claims, including claims adjustment expenses, for the three months ended March 31, 2022 and 2021, is summarized as follows:

Three Months Ended March 31,	2022	2021
	(in thousands)	
<b>Gross and net balance, beginning of period <sup>(1)</sup></b>	\$ 136,137	\$ 103,976
Incurred related to:		
Current year	272,151	213,135
Prior years	(7,056)	1,285
<b>Total incurred</b>	<u>265,095</u>	<u>214,420</u>
Paid related to:		
Current year	164,034	130,447
Prior years	84,180	70,367
<b>Total paid</b>	<u>248,214</u>	<u>200,814</u>
<b>Gross and net balance, end of period <sup>(1)(2)</sup></b>	<u>\$ 153,018</u>	<u>\$ 117,582</u>

<sup>(1)</sup> Includes amounts due to related parties.

<sup>(2)</sup> 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 \$13.2 million as of March 31, 2022.

### *Unpaid Claims for Insurance Operations*

Unpaid claims for Insurance operations were \$153.0 million as of March 31, 2022. During the three months ended March 31, 2022, \$84.2 million was paid for incurred claims attributable to insured events of prior years. A favorable development of \$7.1 million was recognized during the three months ended March 31, 2022, resulting from the Company's actual experience with claims developing differently as compared to the Company's estimates as of December 31, 2021. An unfavorable development of \$1.3 million was recognized during the three months ended March 31, 2021, resulting from the Company's actual experience with claims developing differently as compared to the Company's estimates as of December 31, 2020. 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 60.3% for the three months ended March 31, 2022, and 61.2% for the three months ended March 31, 2021. This ratio serves as an indicator of claims processing speed, indicating that claims were processed at a slower rate during the three months ended March 31, 2022, than during the three months ended March 31, 2021.

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.

## 8. Notes and Securities Payable

### *Seek Convertible Note*

On September 25, 2020, Seek issued the Seek Convertible Note in the principal amount of \$20.0 million. The note bears simple interest at an annual rate of 8.0% and matures on September 25, 2023, unless earlier accelerated, converted, or paid in full. The outstanding principal and any accrued but unpaid interest will become immediately due and payable at the election of the note holder upon the occurrence of any event of default as defined in the note. The outstanding principal and accrued but unpaid interest will convert into an equity interest in Seek if prior to maturity, repayment, or conversion of the note: (1) the note holder elects to convert the note, (2) upon the closing of Seek's next equity financing; or (3) upon consummation of an initial public offering of Seek's common stock or a SPAC or reverse merger transaction with Seek. The Seek Convertible Note is not guaranteed by Clover Health Investments, Corp. or any of its subsidiaries, other than Seek.

The Company analyzed the embedded features for derivative accounting consideration and determined that the features are clearly and closely related to the debt host and do not require separate accounting as a derivative.

The carrying amount of the note was \$19.9 million at both March 31, 2022, and December 31, 2021. The Company capitalized \$0.1 million of issuance costs which are being amortized using the effective interest method over the term of the note. Unamortized debt issuance costs were \$0.1 million at both March 31, 2022, and December 31, 2021. Amortization of the debt issuance costs and interest expense on the note were \$0.4 million during the three months ended March 31, 2022 and 2021, respectively.

The effective interest rate was 8.1% during the three months ended March 31, 2022 and 2021, respectively.

The below table summarizes maturities of the Company's securities payable over the next five years as of March 31, 2022:

	(in thousands)	
2023	\$	20,000
2024		—
2025		—
2026		—
2027		—
Total	\$	<u>20,000</u>

Seek is currently in the process of winding down its operations.

## 9. Letter of Credit

On April 19, 2018, the Company entered into a secured letter of credit agreement (the "Letter") for up to an aggregate amount of \$2.5 million with a commercial lender that renews on an annual basis. The Letter bears an interest rate of 0.75%. There was an unused balance of \$2.5 million at both March 31, 2022, and December 31, 2021.

## 10. 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 as of March 31, 2022, and December 31, 2021, and up to 500,000,000 shares of Class B common stock as of March 31, 2022, and December 31, 2021. As of March 31, 2022, and December 31, 2021, there were 378,854,310 and 352,645,626 shares of Class A common stock issued and outstanding,

respectively. There were 94,448,208 and 118,206,768 shares of Class B common stock issued and outstanding as of March 31, 2022, and December 31, 2021, respectively. Class B common stock has 10 votes per share, and Class A common stock has one vote per share.

The Company is authorized to issue 25,000,000 shares of preferred stock having a par value of \$0.0001 per share, and the Company's board of directors (the "Board") has the authority to determine the rights, preferences, privileges, and restrictions, including voting rights, of those shares. As of March 31, 2022, there were no shares of preferred stock issued and outstanding.

### ***Issuance of Common Stock***

In November 2021, the Company sold 52,173,913 shares of Class A common stock at a public offering price of \$5.75 per share for gross proceeds of approximately \$300.0 million, before deducting underwriting discounts and commissions and other expenses payable by the Company, of \$16.2 million.

### ***Convertible Preferred Stock***

Each share of Legacy Clover's preferred stock was convertible at the option of the holder, at any time and from time to time, and without the payment of additional consideration by the holder thereof, into fully paid and non-assessable shares of common stock.

Pursuant to the Merger Agreement, all outstanding shares of Legacy Clover's preferred stock automatically converted into 139,444,346 shares of Class B Common Stock upon the closing of the Business Combination. For additional information, see Note 3 (Business Combination) in the 2021 Form 10-K.

## **11. Variable Interest Entity and Equity Method of Accounting**

On February 4, 2022, Clover Therapeutics Company (Clover TX), a subsidiary 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 Clover TX. As a result, the Company reassessed its interest in Clover TX and determined that while Clover TX 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 Clover TX that most significantly impact Clover TX's economic performance.

The Company determined that it does have a significant influence over Clover TX and, therefore, it began accounting for its common stock investment in Clover TX using the equity method on February 4, 2022. The Company derecognized all of Clover TX's assets and liabilities from its balance sheet and its noncontrolling interest related to Clover TX, 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 on the Condensed Consolidated Balance Sheets, and recognized a gain of \$12.4 million, which is included in gain on investment on the Condensed Consolidated Statements of Operations and Comprehensive Loss for the three months ended March 31, 2022.

As the Company applies the equity method to account for its common stock interest in Clover TX, the initial value of the investment is adjusted periodically to recognize (1) the proportionate share of the investee's net income or losses after the date of investment, (2) additional contributions made and dividends or distributions received, and (3) 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 in loss on investment on the Condensed Consolidated Statements of Operations and Comprehensive Loss.

With respect to the Company's preferred stock equity interest in Clover TX, 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 in other assets 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.

## 12. Employee Benefit Plans

### *Employee 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 \$0.3 million for both the three months ended March 31, 2022 and 2021, and are included in 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) and options to acquire shares of the Company's common stock, par value \$0.0001 per share, to employees, directors, officers, and consultants of the Company, and the Company's 2020 Management Incentive Plan (the "2020 MIP") provides for grants of RSUs to our Chief Executive Officer and President. 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. On March 9, 2022, the Board adopted the 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 Nasdaq Listing Rules. In accordance with Rule 5635(c)(4) of the Nasdaq Listing Rules, awards under the Inducement Plan may be made only 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 with the Company, and such grant is an inducement material to his or her entering into employment with the Company.

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 as of March 31, 2022, and December 31, 2021, were as follows:

	Shares Authorized Under Plans	Shares Outstanding Under Plans	Shares Remaining Under Plans
<b>March 31, 2022</b>			
2014 Plan	54,402,264	41,466,690	N/A
2020 Plan	31,884,272	13,710,002	17,044,920
2020 MIP	33,426,983	30,084,285	—
Inducement Plan	11,000,000	6,201,550	4,798,450
	Shares Authorized Under Plan	Shares Outstanding Under Plan	Shares Remaining Under Plan
<b>December 31, 2021</b>			
2014 Plan	54,402,264	41,905,875	N/A
2020 Plan	30,641,401	6,690,048	23,442,323
2020 MIP	33,426,983	33,426,983	—
Inducement Plan	N/A	N/A	N/A

Effective as of the closing of the Business Combination, the 2014 Plan was terminated, at which time 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. Shares may be issued from authorized but unissued Company stock.

The Plans are administered by the Talent and Compensation Committee of the Board (the "Compensation Committee"). The options are subject to the terms and conditions applicable to options granted under the Plans, as 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 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 and non-statutory options granted to employees, directors, officers, and consultants of the Company typically vest over four or five years. 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. The number of shares of common stock subject to an RSU award 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 fair value is amortized as an expense over the requisite service period as approved by the Compensation Committee.

The Company recorded stock-based compensation expense for options, RSUs, and performance restricted stock units (PRSUs) granted under the Plans, the Inducement Plan, and discounts offered in connection with the Company's 2020 Employee Stock Purchase Plan (ESPP) of \$40.6 million during the three months ended March 31, 2022, and such expenses are presented in salaries and benefits in the accompanying Condensed Consolidated Statements of Operations and Comprehensive Loss. Compensation cost presented in salaries and benefits in the accompanying Condensed Consolidated Statements of Operations and Comprehensive Loss were as follows:

<b>Three Months Ended March 31,</b>	<b>2022</b>	<b>2021</b>
	<b>(in thousands)</b>	
Stock options	\$ 1,304	\$ 3,694
RSUs	16,915	14,052
PRSUs	22,361	24,967
ESPP	60	—
Total compensation cost recognized for stock-based compensation plans	<u>\$ 40,640</u>	<u>\$ 42,713</u>

As of March 31, 2022, there was approximately \$68.0 million of unrecognized stock-based compensation expense related to unvested stock options, RSUs, PRSUs, and the ESPP, estimated to be recognized over a period of 3.96 years.

#### *Stock Options*

No stock options were granted during the three months ended March 31, 2022. The assumptions that the Company used in the Black-Scholes option-pricing model to determine the grant-date fair value of stock options granted for the three months ended March 31, 2021, respectively, were as follows:

	<b>Three Months Ended March 31, 2021</b>
Weighted-average risk-free interest rate	1.1 %
Expected term (in years)	6.06
Expected volatility	37.7 %
Expected dividend yield	—

A summary of option activity under the 2020 Plan during the three months ended March 31, 2022, is as follows:

	<b>Number of options</b>	<b>Weighted- average exercise price</b>
Outstanding, January 1, 2022	1,753,799	\$ 8.88
Granted during 2022	—	—
Exercised	—	—
Forfeited	(60,180)	8.88
Outstanding, March 31, 2022	<u>1,693,619</u>	<u>\$ 8.88</u>

A summary of option activity under the 2014 Plan during the three months ended March 31, 2022, is as follows:

	Number of options	Weighted- average exercise price
Outstanding, January 1, 2022	31,155,742	\$ 2.35
Granted during 2022	—	—
Exercised	(149,526)	2.03
Forfeited	(289,659)	2.51
Outstanding, March 31, 2022	<u>30,716,557</u>	<u>\$ 2.35</u>

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.

The weighted-average grant date fair value of stock options granted during the three months ended March 31, 2021, was \$3.36 per share.

As of March 31, 2022, outstanding stock options, substantially all of which are expected to vest, had an aggregate intrinsic value of \$47.6 million, and a weighted-average remaining contractual term of 6.45 years. As of March 31, 2022, there were 23,543,283 options exercisable under the Plan, with an aggregate intrinsic value of \$38.2 million, a weighted-average exercise price of \$2.40 per share, and a weighted-average remaining contractual term of 5.97 years. The total value of stock options exercised during the three months ended March 31, 2022 and 2021, was \$39.8 million and \$6.5 million, respectively. Cash received from stock option exercises during the three months ended March 31, 2022 and 2021, totaled \$6.4 million and \$1.2 million, respectively.

Pursuant to the terms of the applicable Plan and stock option award agreement, employees may exercise options at any time after grant while maintaining the original vesting period. The proceeds from exercise of unvested options are recorded as a liability until the option vests at which time the liability is reclassified to equity. If the employee terminates or otherwise forfeits an unvested option that has been exercised, the Company must redeem those shares at the original exercise price and remit payment of the forfeited portion of shares back to the employee.

#### *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, 2021	—	\$ —
Granted during 2021	16,844,216	16.02
Released	(95,834)	(16.02)
Outstanding, March 31, 2021	<u>16,748,382</u>	<u>\$ 16.02</u>
Outstanding, January 1, 2022	21,294,841	\$ 14.60
Granted during 2022	14,276,763	2.57
Released	(3,949,754)	(15.10)
Forfeited	(109,453)	(12.07)
Outstanding, March 31, 2022	<u>31,512,397</u>	<u>\$ 9.10</u>

#### *Performance Restricted Stock Units*

The Company has granted certain PRSUs 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"). Additionally, the Company has granted PRSUs that vest based on pre-established milestones including Company performance. 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. 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.

There were no Market PRSUs granted prior to 2021. The grant date fair value of Market PRSUs was determined using a Monte Carlo simulation model that incorporated multiple valuation assumptions, including the probability of achieving the specified market condition and the following assumptions:

### Three months ended March 31, 2022

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

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

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

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

A summary of PRSU activity is presented below:

	Number of PRSUs	Weighted-average grant date fair value per share
Non-vested, January 1, 2021	—	\$ —
Granted during 2021	27,460,364	9.59
Non-vested at March 31, 2021	27,460,364	\$ 9.59
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 March 31, 2022	27,539,954	\$ 9.58

As of March 31, 2022, there was \$151.3 million of unrecognized share-based compensation expense related to PRSUs, which is expected to be recognized over a period of 3.77 years.

### 2020 Employee Stock Purchase Plan

On January 6, 2021, stockholders approved the ESPP. The ESPP provides a means by which eligible employees and/or eligible service providers of either the Company or designated related companies and affiliates may be given an opportunity to purchase shares of Class A common stock at a 15.0% 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 6,312,038 shares, and the maximum number of shares that may be purchased on any single purchase date by any one participant is 5,000 shares. As of March 31, 2022, 6,097,241 shares of Class A common stock were available for issuance under the ESPP.

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, the calculation of the maximum number of ESPP shares shall include automatic increases in an amount equal to the lesser of (i) 1.0% 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 administrator of the ESPP; 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) as of January 7, 2021, on an as-converted basis.

The initial offering period for the ESPP was five months, commencing on September 1, 2021, and ending on January 31, 2022. The second offering period began on March 14, 2022, and will end on November 22, 2022, and the third offering period will begin on November 23, 2022, and end on May 21, 2023.

As of the date of this report, 214,797 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 three months ended March 31, 2022, were as follows:

**Three months ended March 31, 2022**

Weighted-average risk-free interest rate	102.0 %
Expected term (in years)	0.69
Expected volatility	85.6 %

**Equity warrants**

In November 2016 and December 2017, the Company issued warrants to purchase 139,629 shares of the Company's common stock at an exercise price of \$2.61 per share, and 122,052 shares of the Company's common stock at an exercise price of \$3.45 per share, respectively, as part of payment to certain providers for services provided to the Company. These warrants were automatically exercised in connection with the Business Combination. For additional information, see Note 1 (Organization and Operations), Note 3 (Business Combination), and Note 18 (Employee Benefit Plans) to the financial statements in the 2021 Form 10-K.

**13. Income Taxes**

The consolidated effective tax rate of the Company for the three months ended March 31, 2022 and 2021, was (0.0%) and (0.0%), respectively. 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 as of March 31, 2022, 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 as of March 31, 2022, and December 31, 2021.

**14. Net Loss per Share**

**Net Loss per Share**

Basic and diluted net loss per share attributable to Class A common stockholders and Class B common stockholders (collectively, "Common Stockholders") was calculated as follows:

	<b>Three Months Ended March 31,</b>	
	<b>2022</b>	<b>2021</b>
	<i>(in thousands, except per share data)</i>	
Net loss	\$ (75,309)	\$ (48,417)
Net loss attributable to Common Stockholders	(75,309)	(48,417)
Basic and diluted weighted average number of common shares and common share equivalents outstanding	473,028,651	376,170,545
Net loss per share attributable to Common Stockholders—basic and diluted	<u>\$ (0.16)</u>	<u>\$ (0.13)</u>

Because the Company had a net loss during the three months ended March 31, 2022 and 2021, the Company's potentially dilutive securities, which include stock 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:

	<b>Three Months Ended March 31,</b>	
	<b>2022</b>	<b>2021</b>
Options to purchase common stock	32,410,176	37,409,124
RSUs	31,512,397	16,748,379
PRSUs	27,539,954	—
Warrants to purchase common stock (as converted to common stock)	—	38,533,271
Total anti-dilutive shares excluded from computation of net loss per share	<u>91,462,527</u>	<u>92,690,774</u>

## 15. 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 March 31, 2022, and December 31, 2021, respectively, there were no material known contingent liabilities arising outside the normal course of business.

### *Securities Class Actions and Derivative Litigation*

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 an article issued on February 4, 2021, by Hindenburg Research LLC (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.

Parallel shareholder derivative actions 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. The court designated co-lead counsel and liaison counsel and ordered the parties to submit a proposed schedule for the initial stage of the case. In June 2021, the parties in the Sun and Furman actions submitted joint stipulations and proposed orders to stay both actions. Soon thereafter, the courts in both actions approved the stipulations, thereby staying all proceedings and deadlines in the Sun and Furman actions pending a final decision on the motion to dismiss in the Middle District of Tennessee class actions consolidated under the Bond action, and approving the filing of an amended complaint. 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 May 2, 2022, the court approved the parties' joint stipulation and proposed order to stay proceedings in the consolidated action until July 28, 2022. On January 19, 2022, the court in the Davies action approved the parties' joint stipulation and proposed order to stay all proceedings and deadlines in the action pending a final decision on the motion to dismiss in the Middle District of Tennessee class actions consolidated under the Bond action. On April 29, 2022, the parties filed a stipulation and proposed order that would stay proceedings until July 28, 2022.

The parties in the New York derivative actions agreed to stay and consolidate those two actions into one action. On February 2, 2022, the parties filed a stipulation with the court to that effect. Upon the court's approval, the complaint in the Sankaranarayanan action will be deemed the operative complaint in the New York derivative actions, and the parties will submit a proposed scheduling order for defendants' response to that complaint.

All of these cases remain in the preliminary stages. Given the inherent uncertainty of litigation and the legal standards that must be met, including class certification and success on the merits, the Company has determined that it is not probable or estimable that an unfavorable outcome or potential loss will occur. Clover intends to vigorously defend itself against the claims asserted against it.

#### *Guaranty Assessments*

Under state guaranty assessment laws, including those related to state cooperative failures in the industry, the Company may be assessed, up to prescribed limits, for certain obligations to the policyholders and claimants of insolvent insurance companies that write the same line or lines of business as the Company.

## 16. Non-Insurance

In April 2021, the Company began participating in the DC Model, which utilizes a structured model intended to reduce expenditures and preserve or enhance quality of care for beneficiaries in Medicare fee-for-service (FFS). As a participating entity in the DC Model with a global risk arrangement, the Company assumes the responsibility of guaranteeing the performance of its care network. The DC Model is intended to reduce the administrative burden, support a focus on complex, chronically ill patients, and encourage physician organizations that have not typically participated in Medicare FFS to serve beneficiaries in Medicare FFS. The Company's operations in connection with the DC Model are included in the Non-Insurance operating segment. See Note 17 (Operating Segments) for additional information.

During the first quarter of 2022, the Company updated the names of its Medicare Advantage and Direct Contracting segments to the Insurance and Non-Insurance segments, respectively. As a result, the names of previous line items on our condensed consolidated balance sheet and income statement, such as Direct Contracting performance year receivable, Direct Contracting performance year obligation, Direct Contracting payable, and Direct Contracting revenue, were updated to Non-Insurance performance year receivable, Non-Insurance performance year obligation, Non-Insurance payable, and Non-Insurance revenue, respectively. These line items for the periods presented and comparative periods have not been modified with the exception of the updated names of the line items. For additional information, please see the Company's financial statements in the 2021 Form 10-K.

### Performance Guarantees

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 22 (Direct Contracting) in the 2021 Form 10-K.

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

	<b>March 31, 2022</b>	
	<b>(in thousands)</b>	
Non-Insurance performance year receivable	\$	1,760,144
Non-Insurance performance year obligation <sup>(1)</sup>		1,780,297

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

  

	<b>Three months ended</b>	
	<b>March 31, 2022</b>	
	<b>(in thousands)</b>	
Amortization of the Non-Insurance performance year receivable	\$	(586,715)
Amortization of the Non-Insurance performance year obligation		586,715
Non-Insurance revenue		594,898

## 17. 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' Direct Contracting program. 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 chief operating decision maker, to assess performance and allocate resources.

During the first quarter of 2022, the Company updated the names of its Medicare Advantage and Direct Contracting 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:

<b>Three months ended March 31, 2022</b>	<b>Insurance</b>	<b>Non-Insurance</b>	<b>Corporate/Other</b>	<b>Eliminations</b>	<b>Consolidated Total</b>
	(in thousands)				
Premiums earned, net (Net of ceded premiums of \$119)	\$ 278,169	\$ —	\$ —	\$ —	\$ 278,169
Non-Insurance revenue	—	594,898	—	—	594,898
Other income	271	—	27,399	(26,358)	1,312
Intersegment revenues	—	—	19,136	(19,136)	—
Net medical claims incurred and other medical costs	268,126	593,999	2,628	(3,031)	861,722
Gross profit	<u>\$ 10,314</u>	<u>\$ 899</u>	<u>\$ 43,907</u>	<u>\$ (42,463)</u>	<u>\$ 12,657</u>
Total assets	<u>\$ 406,167</u>	<u>\$ 1,859,741</u>	<u>\$ 1,113,735</u>	<u>\$ (699,749)</u>	<u>\$ 2,679,894</u>

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:

	<b>Three months ended March 31, 2022</b>
	(in thousands)
Gross profit	\$ 12,657
Salaries and benefits	69,091
General and administrative expenses	57,697
Premium deficiency reserve benefit	(27,657)
Depreciation and amortization	826
Interest expense	403
Gain on investment	(12,394)
Net loss	<u>\$ (75,309)</u>

## 18. 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. As of March 31, 2022, and December 31, 2021, neither of the regulated insurance subsidiaries had paid any dividends.

## 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 unaudited condensed consolidated financial statements and notes thereto for the three months ended March 31, 2022, contained in this Quarterly Report on Form 10-Q (the "Form 10-Q") and the consolidated financial statements and notes thereto for the year ended December 31, 2021, contained in the Company’s Annual Report on Form 10-K for the year ended December 31, 2021, filed with the Securities and Exchange Commission (the “SEC”) on February 28, 2022 (the “2021 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 2021 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, we are singularly focused on creating great, sustainable healthcare to improve every life. We have centered our strategy on building and deploying technology that we believe will enable us to solve a significant data problem while avoiding the limitations of legacy approaches. By empowering physicians with access to data-driven, personalized insights at the point of care through our software platform, the Clover Assistant, we believe we can improve clinical decision making.

We operate Preferred Provider Organization (PPO) and Health Maintenance Organization (HMO) Medicare Advantage (MA) plans for Medicare-eligible consumers. We aim to provide great, affordable healthcare for all. We offer most members in our MA plans (the "members") the lowest average out-of-pocket costs for primary care provider co-pays, specialist co-pays, drug deductibles and drug costs in their markets. We deeply believe in providing our members provider choice, and we consider our PPO plan to be our flagship insurance plan. An important feature of our MA product is wide network access. We believe the use of the Clover Assistant and related data insights allows us to improve clinical decision-making through a highly scalable asset-light approach. As of March 31, 2022, we operated our MA plans in nine states and 209 counties, with 85,026 members.

On April 1, 2021, our 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), which will transition to the Accountable Care Organization Realizing Equity, Access, and Community Health Model (ACO Reach) in 2023. Our DCE assumes full risk (i.e., 100.0% shared savings and shared losses) for the total cost of care of aligned Original Medicare beneficiaries (the “Non-Insurance Beneficiaries” and, collectively with the members, “Lives under Clover Management” or the “beneficiaries”). Through our Direct Contracting operations, we focus on leveraging our technology platform, the Clover Assistant, to enhance healthcare delivery, reduce expenditures, and improve care for our Non-Insurance Beneficiaries. As of March 31, 2022, we had approximately 1,880 contracted participating providers who manage primary care for our Non-Insurance Beneficiaries. Additionally, as of March 31, 2022, we had approximately 1,560 preferred providers and preferred facilities in our DCE network. Our participation in the DC Model has enabled us to move beyond the MA market and target 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 the Clover Assistant.

As of March 31, 2022, we were partnering with providers to care for 257,442 Lives under Clover Management, which included 85,026 Insurance members and 172,416 aligned Non-Insurance Beneficiaries.

### Recent Developments

#### Geographic Expansion

In January 2022, we launched our MA plans in 101 new counties and an additional state, and we announced that membership in our MA plans had grown by over 25% versus the beginning of 2021. This expansion makes our MA plans available in a total of 209 counties across nine states. Additionally, after launching our DCE in eight states in April 2021, we have grown our Non-Insurance presence to 22 states in 2022.

#### Subsidiary Updates

On February 4, 2022, one of our subsidiaries, Clover Therapeutics Company (Clover TX), completed a private capital transaction in which it raised \$17.9 million. As a result, we reassessed our interest in Clover TX and determined that while Clover TX is a variable

interest entity (VIE), we are not considered the primary beneficiary of the VIE because we do not have the power to direct the activities of Clover TX that most significantly impact Clover TX's economic performance. However, we determined that we do have significant influence over Clover TX and, therefore, began accounting for our common stock investment in Clover TX using the equity method. Accordingly, we derecognized all of Clover TX's assets and liabilities from our balance sheet and our noncontrolling interest related to Clover TX, 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 on the Condensed Consolidated Balance Sheets, and recognized a gain of \$12.4 million, which is included in gain on investment on the Condensed Consolidated Statements of Operations and Comprehensive Loss for the three months ended March 31, 2022.

Additionally, the Company's indirect wholly-owned subsidiary, Seek Insurance Services, Inc. (Seek), is in the process of winding down its operations.

### **Impact of COVID-19**

The societal and economic impact of the COVID-19 pandemic and its variants continues to evolve, and the ultimate impact on our business, results of operations, financial condition, and cash flows is uncertain and difficult to predict. The global pandemic has severely impacted businesses worldwide, including many in the health insurance sector.

We are continuing to monitor the ongoing financial impact of COVID-19 on our business and operations and are making adjustments accordingly. A large portion of our membership is elderly and generally in the high-risk category for COVID-19, and we have worked closely with our network of providers to ensure that members are receiving necessary care. During the first quarter of 2022 and all of 2021, we incurred elevated costs as compared to prior to the outbreak of the pandemic in 2020 to care for those members who have contracted the virus, and indirect costs attributable to the COVID-19 pandemic increased as well, as deferral of services and increased costs related to conditions that were exacerbated by a lack of diagnoses and treatment in the earlier periods of the pandemic contributed to increased utilization. Additionally, CMS increases inpatient hospital fees by 20.0% for any patient diagnosed with COVID-19 regardless of whether that patient was admitted directly for COVID-19 or for a different condition or procedure. This has impacted medical costs especially due to the widespread transmission of recent COVID-19 variants. We will continue to monitor the pandemic's emerging treatment-related trends as well as the impact on our beneficiaries. Additionally, CMS risk adjustment requires that a member's health issues be documented annually regardless of the permanence of the underlying causes. Historically, this documentation was required to be completed during an in-person visit with a patient. As part of relief measures adopted pursuant to the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act"), CMS is allowing documentation prepared during video visits with patients to serve as support for CMS risk adjustments. Due to fewer visits in 2020, the providers' ability to document health conditions accurately and formulate treatment plans was adversely impacted due to COVID-19. However, we experienced improvements in documentation in 2021 with increased utilization of health services, impacting our 2022 risk score, as anticipated. We believe that this increase in documentation has supported our provider partners with better diagnosis accuracy and improved care planning and that this will result in increased revenue and reduced medical care ratio (MCR).

### **Key Performance Measures of Our Operating Segments**

#### ***Operating Segments***

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 Direct Contracting program, which will transition to the ACO Reach model in 2023. All other clinical services and all corporate overhead not included in the reportable segments are included within Corporate/Other.

These segment groupings are consistent with the information used by our Chief Executive Officer, our chief operating decision maker, to assess performance and allocate resources.

During the first quarter of 2022, we updated the names of our Medicare Advantage and Direct Contracting segments to the Insurance and Non-Insurance segments, respectively. We believe 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.

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.

## 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 at the point of care through our software platform, the Clover Assistant.

Three Months Ended March 31,	2022		2021	
	Total	PMPM	Total	PMPM
	(Premium and expense amounts in thousands, except PMPM amounts)			
Insurance members as of period end (#)	85,026	N/A	66,348	N/A
Premiums earned, gross	\$ 278,288	\$ 1,094	\$ 199,500	\$ 1,006
Premiums earned, net	278,169	1,094	199,376	1,005
Insurance medical claim expense incurred, gross	268,214	1,055	215,307	1,085
Insurance net medical claims incurred	268,126	1,054	215,177	1,085
Medical care ratio, gross <sup>(1)</sup>	96.4 %	N/A	107.9 %	N/A
Medical care ratio, net	96.4	N/A	107.9	N/A

<sup>(1)</sup> 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 important metrics to assess our financial performance because member growth 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 the 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 and documentation 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 revenue or any other measure presented in accordance with 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 revenue for the period including the member months for which the payment is designated by CMS.

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 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 consists 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.

### *Medical care ratio, gross and net.*

We calculate our medical care ratio 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 will transition to the ACO Reach model in 2023. As part of our Non-Insurance operations, we empower providers with the 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.

	Three months ended March 31, 2022	
	Total	PBPM
	(Revenue and claims amounts in thousands, except PBPM amounts)	
Non-Insurance Beneficiaries as of period end (#)	172,416	N/A
Non-Insurance revenue	\$ 594,898	\$ 1,140
Non-Insurance net medical claims incurred	593,999	1,138
Non-Insurance MCR <sup>(1)</sup>	99.8 %	N/A

<sup>(1)</sup> Defined as Non-Insurance net medical claims incurred divided by Non-Insurance revenue.

### *Non-Insurance Beneficiaries.*

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

### *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 calculated by taking 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 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 DC 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 consists 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 the DCE. Additionally, Non-Insurance net medical claims incurred is 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.

## Results of Operations

### Comparison of the Three Months Ended March 31, 2022 and 2021

The following table summarizes our consolidated results of operations for the three months ended March 31, 2022 and 2021. The period-to-period comparison of results is not necessarily indicative of results for future periods.

	Three Months Ended March 31,		Change between 2022 and 2021	
	2022	2021	(\$)	(%)
(\$ in thousands)				
<b>Revenues</b>				
Premiums earned, net (Net of ceded premiums of \$119 and \$124 for the three months ended March 31, 2022 and 2021, respectively)	\$ 278,169	\$ 199,376	\$ 78,793	39.5 %
Non-Insurance revenue	594,898	—	594,898	*
Other income	1,312	949	363	38.3
Total revenues	874,379	200,325	674,054	336.5
<b>Operating expenses</b>				
Net medical claims incurred	861,722	214,420	647,302	301.9
Salaries and benefits	69,091	66,024	3,067	4.6
General and administrative expenses	57,697	38,618	19,079	49.4
Premium deficiency reserve benefit	(27,657)	—	(27,657)	*
Depreciation and amortization	826	160	666	416.3
Other expense	—	191	(191)	*
Total operating expenses	961,679	319,413	642,266	201.1
Loss from operations	(87,300)	(119,088)	31,788	(26.7)
Change in fair value of warrants payable	—	(85,506)	85,506	*
Interest expense	403	1,175	(772)	(65.7)
Amortization of notes and securities discount	—	13,660	(13,660)	*
Gain on investment	(12,394)	—	(12,394)	*
Net loss	\$ (75,309)	\$ (48,417)	\$ (26,892)	55.5 %

\* Not presented because the 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 \$78.8 million, or 39.5%, to \$278.2 million for the three months ended March 31, 2022, compared to the three months ended March 31, 2021. The increase was primarily due to membership growth of 28.2% from 66,348 Insurance members at March 31, 2021, to 85,026 Insurance members at March 31, 2022. Additional risk adjustment revenue of \$22.6 million was recognized during the three months ended March 31, 2022.

### ***Non-Insurance Revenue***

Our participation in Direct Contracting launched in April 2021. Our Non-Insurance revenue was \$594.9 million for the three months ended March 31, 2022. This revenue was attributable to the alignment of Original Medicare beneficiaries to our DCE, which numbered 172,416 at March 31, 2022.

### ***Other Income***

Other income increased \$0.4 million, or 38.3%, to \$1.3 million for the three months ended March 31, 2022, compared to the three months ended March 31, 2021. The increase was due to higher net investment income and higher commission income.

### ***Net Medical Claims Incurred***

Net medical claims incurred increased \$647.3 million, or 301.9%, to \$861.7 million for the three months ended March 31, 2022, compared to the three months ended March 31, 2021. The increase was primarily associated with net medical claims attributable to our Non-Insurance Beneficiaries of \$594.0 million for the three months ended March 31, 2022, as compared to \$0 for the three months ended March 31, 2021, prior to the launch of the Direct Contracting program, and an increase of \$52.9 million in net medical claims attributable to our Insurance members, which was primarily driven by an increase in Insurance Members.

### ***Salaries and Benefits***

Salaries and benefits increased \$3.1 million, or 4.6%, to \$69.1 million for the three months ended March 31, 2022, compared to the three months ended March 31, 2021. The increase was primarily driven by increased headcount, partially offset by a \$2.1 million decrease in stock-based compensation expense.

### ***General and Administrative Expenses***

General and administrative expenses increased \$19.1 million, or 49.4%, to \$57.7 million for the three months ended March 31, 2022, compared to the three months ended March 31, 2021. The increase was driven in part by increases in legal and other professional fees to support our growth and public company costs, including costs associated with obtaining and maintaining directors' and officers' liability insurance. Legal and professional fees increased \$6.1 million for the three months ended March 31, 2022, compared to the three months ended March 31, 2021. Residual commissions, which are attributable to members retained by the Company from the previous plan year, increased by \$4.1 million. For the three months ended March 31, 2022, we recognized \$11.8 million of deferred acquisition costs related to the acquisition of new members, compared to \$1.8 million for the three months ended March 31, 2021. These increases were offset by decreases in marketing material expenses of \$1.1 million, broker events expenses of \$0.2 million, and research and development costs of \$0.1 million.

### ***Premium Deficiency Reserve Benefit***

A \$27.7 million premium deficiency reserve benefit was recorded for the three months ended March 31, 2022, associated with amortization of the reserve that was deemed necessary as of the end of fiscal year 2021 for fiscal year 2022. There was no premium deficiency reserve amortization for the three months ended March 31, 2021, as there was no reserve recorded as of the end of fiscal year 2020 for fiscal year 2021.

### ***Change in Fair Value of Warrants Payable***

There was no change in fair value of warrants payable to report for the three months ended March 31, 2022, as there were no warrants outstanding. There was a decrease of \$85.5 million for the three months ended March 31, 2021, due to the mark-to-market adjustment of the Public Warrants and Private Placement Warrants recognized for the three months ended March 31, 2021. For additional information, see Note 5 (Fair Value Measurements) and Note 13 (Warrants Payable) in our 2021 Form 10-K.

### ***Interest Expense***

Interest expense decreased \$0.8 million, or 65.7%, to \$0.4 million for the three months ended March 31, 2022, compared to the three months ended March 31, 2021, primarily related to the voluntary prepayment and termination of the remaining principal and interest associated with our Term Loan Notes.

### ***Amortization of Notes and Securities Discounts***

In 2021, all of our outstanding warrants were exercised or redeemed by us, and we voluntarily prepaid and terminated the remaining principal and interest on our Term Loans, thereby reducing the amortization of notes and securities discounts to none for the three months ended March 31, 2022, as compared to \$13.7 million for the three months ended March 31, 2021.

### ***Gain on Investment***

In February 2022, one of our subsidiaries, Clover Therapeutics (Clover TX) 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 evaluating our ownership interest in Clover TX, we began applying the equity method of accounting during the three months ended March 31, 2022, and recorded a gain on investment of \$12.4 million, which is attributable to our proportionate share of the gain on equity of that entity.

### **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.

As of March 31, 2022, we had cash, cash equivalents, and short-term investments of \$486.1 million. Additionally, as of March 31, 2022, we had \$236.8 million of available-for-sale and held-to-maturity investment securities, and an outstanding balance of \$22.4 million on convertible notes issued by Seek. Our cash equivalents, short-term investments, and investment securities consist primarily of money market funds and U.S. government debt securities.

Since inception, 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, issuances of convertible notes, premiums earned under our MA plans, borrowings under our term loan facility and, most recently, with our Non-Insurance revenues. We expect that our cash, cash equivalents, 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. In the event that 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.

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 short-term investments at the parent company, Clover Health Investments, Corp., were \$241.9 million and \$350.9 million as of March 31, 2022, and December 31, 2021, respectively. This decrease at the parent company primarily reflects operating expenses and capital contributions made to our regulated insurance subsidiaries. Our unregulated subsidiaries held \$97.2 million and \$52.2 million of cash, cash equivalents, and short-term investments as of March 31, 2022, and December 31, 2021, respectively. Our regulated insurance subsidiaries held \$147.0 million and \$190.7 million of cash, cash equivalents, and short-term investments as of March 31, 2022, and December 31, 2021, respectively. Additionally, our regulated insurance subsidiaries held \$134.2 million and \$118.0 million of available-for-sale and held-to-maturity investment securities as of March 31, 2022, and December 31, 2021, 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 24, 25, and 26 in our 2021 Form 10-K.

## Cash Flows

The following table summarizes our condensed consolidated cash flows for the three months ended March 31, 2022 and 2021.

Three Months Ended March 31,	2022	2021
	(in thousands)	
<b>Cash Flows Data:</b>		
Net cash used in operating activities	\$ (57,042)	\$ (92,869)
Net cash provided by (used in) investing activities	36,513	(257,476)
Net cash (used in) provided by financing activities	(5,608)	662,504
(Decrease) increase in cash and cash equivalents	(26,137)	312,159

### 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 flows from current operations and cash available for general corporate use.

### 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 three months ended March 31, 2022, net cash used in operating activities was \$57.0 million, which reflects net loss of \$75.3 million. Non-cash activities included a \$40.6 million charge to stock-based compensation expense, \$27.7 million amortization of the 2022 premium deficiency reserve, and a \$12.4 million gain on investment related to the change in the equity structure of Clover TX. Payments due to CMS related to our Non-Insurance operations increased by \$43.2 million. Change in our working capital included an increase in unpaid claims of \$25.3 million.

For the three months ended March 31, 2021, net cash used in operating activities was \$92.9 million, which reflects a net loss of \$48.4 million. Non-cash activities primarily consisted of a \$85.5 million gain as a result of the change in fair value of warrants payable and \$42.7 million of stock-based compensation expense.

### Investing Activities

Net cash used in investing activities for the three months ended March 31, 2022, of \$36.5 million was primarily due to \$113.1 million used to purchase investment securities, offset by \$150.0 million provided from the sale and maturity of investment securities.

Net cash provided by investing activities for the three months ended March 31, 2021, of \$257.5 million was primarily due to \$274.9 million used to purchase investment securities, partially offset by \$17.5 million provided from the sale and maturity of investment securities.

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

### Financing Activities

Net cash used in financing activities for the three months ended March 31, 2022, of \$5.6 million was primarily the result of the acquisition of \$5.9 million in treasury stock.

Net cash provided by financing activities for the three months ended March 31, 2021, of \$662.5 million was the result of \$666.2 million in proceeds from the reverse capitalization in connection with the Business Combination, net of transaction costs, and \$1.3 million in proceeds from the issuance of common stock, offset by \$5.0 million in principal payments on our outstanding Term Loan Notes.

### Financing Arrangements

There have been no material changes to our financing arrangements as of March 31, 2022, as compared to those disclosed in our 2021 Form 10-K.

## **Contractual Obligations and Commitments**

We believe that funds from future operating cash flows, cash, 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 as of March 31, 2022 include: (1) the recognition of a performance guarantee of \$1,780.3 million in connection with the Company's participation in the DC Model, (2) operating lease obligations of \$7.4 million, and (3) the outstanding principal balance related to the convertible note entered into by Seek, our indirect wholly-owned subsidiary, on September 25, 2020, for an aggregate principal amount of \$20.0 million. These commitments are associated with contracts that were enforceable and legally binding as of March 31, 2022, 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. For additional information regarding our remaining estimated contractual obligations and commitments, see Note 8 (Notes and Securities Payable), Note 15 (Commitments and Contingencies), and Note 16 (Non-Insurance) to Financial Statements in this report, and Note 16 (Leases) in the 2021 Form 10-K.

## **Indemnification Agreements**

In the ordinary course of business, we enter into agreements, with various parties (providers, vendors, consultants, etc.), of 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 which may accrue there from (including reasonable attorney's 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 Agreement.

## **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 Estimate**

We believe that the accounting policies and estimates involve a significant degree of judgment and complexity. There have been no significant changes in our critical accounting policies and estimates during the three months ended March 31, 2022, 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 2021 Form 10-K.

For recently adopted accounting pronouncements, see Note 2 (Summary of Significant Accounting Policies) to the Financial Statements in this Form 10-Q.

## **Recently Issued and Adopted Accounting Pronouncements**

See Note 2 (Summary of Significant Accounting Policies) to the Financial Statements 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 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. As of March 31, 2022, 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 as of March 31, 2022, 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, as of March 31, 2022, 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**

Other than the remediation discussed below, 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.

### **Background and Remediation of Material Weakness - Technical Accounting Related to Stock-Based Compensation Expense**

Management previously identified a material weakness in our internal control over financial reporting related to the accounting associated with certain performance restricted stock unit awards (PRSUs) issued by the Company, as disclosed in "Part II, Item 9A. Controls and Procedures" in our 2021 Form 10-K and as described further below. A material weakness is defined as a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis.

The material weakness related specifically to determining the expense associated with PRSUs issued by the Company. Our controls, specifically the review of assumptions related to determining the expense associated with stock-based compensation awards, did not operate as designed, resulting in an adjustment in fourth quarter 2021 to decrease operating expenses within the consolidated statements of operations and additional paid-in capital within the Company's consolidated balance sheet. Management has determined that the material weakness was remediated during the three months ended March 31, 2022, due to enhancements made to our business processes and related internal controls during the period and the fact that the staff responsible for preparing and reviewing stock-based compensation expense has completed additional training in the accounting of these types of complex stock awards as prescribed by current accounting standards.

## 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.

For example, since February 2021, Clover 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"). We are cooperating with the SEC's investigation. The Hindenburg article, which discussed, among other things, an ongoing inquiry by the U.S. Attorney's Office for the Eastern District of Pennsylvania relating to, among other things, certain of our arrangements with providers participating in our network and programs, and the Clover Assistant, was the subject of our Current Report on Form 8-K filed with the SEC on February 5, 2021.

Information concerning legal proceedings can be found in Note 15 (Commitments and Contingencies) to the 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

There have been no material changes in our risk factors from those disclosed in Part I, Item 1A of the 2021 Form 10-K. In the course of conducting our business operations, we are exposed to a variety of 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 "Risk Factors" section in the 2021 Form 10-K.

### 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

On May 5, 2022, our Board of Directors determined that our 2022 Annual Meeting of Stockholders (the "2022 Annual Meeting") will be held on September 22, 2022. The time and location for the 2022 Annual Meeting will be set forth in the Company's proxy statement for the 2022 Annual Meeting, which will be made available to stockholders prior to the meeting. Because we did not hold an annual meeting last year, we are informing stockholders of the date in accordance with Rule 14a-5(f) under the Exchange Act.

For stockholders who wish to present a proposal to be considered for inclusion in our proxy materials for the 2022 Annual Meeting, we have set a deadline for the receipt of such proposals in accordance with Rule 14a-8 under the Exchange Act. To be considered timely, a stockholder must submit its proposal, in writing, by May 19, 2022, to our Corporate Secretary at joseph.martin@cloverhealth.com. We have determined May 19, 2022, to be a reasonable time before we begin to print and send our proxy materials. Stockholder proposals referred to in this paragraph must also comply with all applicable requirements of Rule 14a-8.

In addition, because we did not hold an annual meeting last year, pursuant to the Company's Amended and Restated Bylaws (the "Bylaws"), stockholder proposals and nominations submitted outside of Rule 14a-8 of the Exchange Act, to be considered timely, must be submitted in writing, to our Corporate Secretary at joseph.martin@cloverhealth.com no earlier than May 25, 2022, and no

later than the close of business on June 24, 2022. Stockholders are advised to review the Bylaws, which contain additional requirements relating to stockholder proposals and director nominations.



## Item 6. Exhibits and Financial Statement Schedules

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

<b>Exhibit No.</b>	<b>Description</b>
10.1*	<a href="#">Employment Agreement, effective as of March 14, 2022, between the Registrant and Joseph Martin</a>
31.1*	<a href="#">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</a>
31.2*	<a href="#">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</a>
32.1†	<a href="#">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</a>
32.2†	<a href="#">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</a>
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)

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\* 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: May 9, 2022

By: \_\_\_\_\_  
*/s/ Vivek Garipalli*  
**Vivek Garipalli**  
**Chief Executive Officer (Principal Executive Officer)**

Date: May 9, 2022

By: \_\_\_\_\_  
*/s/ Mark C. Herbers*  
**Mark C. Herbers**  
**Interim Chief Financial Officer (Principal Financial Officer and  
Principal Accounting Officer)**

CONFIDENTIAL  
March 11, 2022

Clover Health Investments, Corp.  
3401 Mallory Lane, Suite 210  
Franklin, Tennessee 37067

Re: **EMPLOYMENT AGREEMENT**

Dear Joseph Martin,

This Employment Agreement (the "**Agreement**") between you (referred to hereinafter as the "**Executive**") and Clover Health, LLC (the "**Company**") sets forth the terms and conditions that shall govern Executive's employment with the Company (referred to hereinafter as "**Employment**" or the "**Employment Period**"), effective as of March 14, 2022.

1. **Duties and Scope of Employment.**

- a. **At-Will Employment.** Executive's Employment with the Company is for no specified period and constitutes "at will" employment. Except as otherwise set forth herein, Executive is free to terminate Employment at any time, with or without advance notice, and for any reason or for no reason. Similarly, the Company is free to terminate Executive's Employment at any time, with or without advance notice, and with or without Cause (as defined below). Furthermore, although terms and conditions of Executive's Employment with the Company may change over time, nothing shall change the at-will nature of Executive's Employment.
- b. **Position and Responsibilities.** During the Employment Period, the Company agrees to employ Executive in the position of General Counsel. Executive will report to the Company's Chief Executive Officer, Vivek Garipalli, or to such other Person as the Company subsequently may determine (Executive's "**Supervisor**"), and Executive will be working remotely and based out of New York. Executive will perform the duties and have the responsibilities and authority customarily performed and held by an employee in Executive's position or as otherwise may be assigned or delegated to Executive by Executive's Supervisor.
- c. **Obligations to the Company.** During the Employment Period, Executive shall perform Executive's duties faithfully and to the best of Executive's ability and will devote Executive's full business efforts and time to the Company. During the Employment Period, without the prior written approval of Executive's Supervisor, Executive shall not render services in any capacity to any other Person and shall not act as a sole proprietor, advisor or partner of any other Person or own more than five percent (5%) of the stock of any other corporation. Notwithstanding the foregoing, Executive may serve on civic or charitable boards or committees, deliver lectures, fulfill speaking engagements, teach at educational institutions, or manage personal investments without advance written consent of Executive's Supervisor; provided that such activities do not individually or in the aggregate interfere with the

performance of Executive's duties under this Agreement or create a potential business or fiduciary conflict. Executive shall comply with the Company's policies and rules, as they may be in effect from time to time during Executive's Employment. Executive represents and warrants to the Company that Executive has returned all property and confidential information belonging to any prior employer.

## 2. Cash and Incentive Compensation.

- a. **Base Salary.** The Company shall pay Executive, as compensation for Executive's services, a base salary at a gross annual rate of \$475,000.00, less all required tax withholdings and other applicable deductions, in accordance with the Company's standard payroll procedures. The annual compensation specified in this subsection (a), together with any modifications in such compensation that the Company may make from time to time, is referred to in this Agreement as the "**Base Salary**." Executive's Base Salary will be subject to review and adjustments that will be made based upon the Company's normal performance review practices. Effective as of the date of any change to Executive's Base Salary, the Base Salary as so changed shall be considered the new Base Salary for all purposes of this Agreement.
- b. **Cash Incentive Bonus.** Executive will be eligible to be considered for an annual cash incentive bonus (the "**Cash Bonus**") each calendar year during the Employment Period (the "**Performance Period**") based upon the achievement of certain objective or subjective criteria (collectively, the "**Performance Goals**"). In compliance with all relevant legal requirements and based on Executive's level within the Company, the Performance Goals for Executive's Cash Bonus for a particular year will be established by, and in the sole discretion of, the Company's Board of Directors (the "**Board**"), any Compensation Committee of the Board (the "**Committee**"), or a delegate of either the Board or the Committee (the "**Delegate**"), as applicable. The initial target amount for any such Cash Bonus will be up to 75% of Executive's Base Salary (the "**Target Bonus Percentage**"), less all required tax withholdings and other applicable deductions. The determinations of the Board, the Committee or the Delegate, as applicable, with respect to such Cash Bonus or the Target Bonus Percentage shall be final and binding. Executive's Target Bonus Percentage for any subsequent year may be adjusted up or down, as determined in the sole discretion of the Board, the Committee or the Delegate, as applicable. Executive shall not earn a Cash Bonus unless Executive (i) has been employed by the Company for a minimum of three (3) months of the Performance Period and (ii) is employed by and in good standing with the Company on the date when such Cash Bonus is actually paid by the Company. If Executive has not been employed by the Company for the full Performance Period associated with the Cash Bonus, Executive will not be eligible for the full Cash Bonus that year; instead, Executive's Cash Bonus will be prorated based on the number of completed months Executive has been employed with the Company.
- c. **Restricted Stock Units.** As an inducement for the Executive to accept the offer of employment with the Company as contemplated by this Agreement, subject to the approval of the Board or the Committee, as applicable, the Company shall grant Executive restricted stock units with a grant date fair value (the "**RSU Cash Value**") of \$8,000,000 (eight million dollars) of the Company's Class A common stock (the "**RSU Award**"). The number of shares subject to the RSU Awards will be determined based on dividing the RSU Cash Value by the

average closing price of a share of the Company's Class A common stock for the thirty (30) trading days ending on the trading day prior to the date of grant, as publicly reported. The RSU Awards shall be granted on the first day of your employment, pending Compensation Committee approval. Subject to any vesting acceleration rights Executive may have, the RSU Award shall vest and become payable as follows: 25% of the RSU Award will vest on the first anniversary of the grant date, and the remainder of the RSU Award will vest in twelve equal quarterly installments beginning on the date that is three months after the first anniversary of the grant date, in each case subject to Executive continuing to provide services to the Company through the relevant vesting dates. For avoidance of doubt, the vesting schedule described in this provision (i) applies only to the restricted stock unit component of the RSU Award and (ii) may be amended by the Board in subsequent years. The RSU Award will be subject to the terms, definitions and provisions of the applicable equity plan of the Company and a restricted stock unit agreement by and between Executive and the Company (the "**RSU Agreement**"). In addition, for future years, Executive will be eligible for a target Annual Award (the "**Annual Award**") in the form of a combination of restricted stock units and performance stock units with a combined grant date fair value of \$2,000,000 (two million dollars) and future awards under the terms of the Company's 2020 Equity Incentive Plan in line with your peers, as determined in the sole discretion of the Committee.

3. **Employee Benefits.** During the Employment Period, Executive shall be eligible to (a) receive paid time off ("**PTO**") in accordance with the Company's PTO policy, as it may be amended from time to time and (b) participate in the employee benefit plans maintained by the Company and generally available to similarly situated employees of the Company, subject in each case to the generally applicable terms and conditions of the plan or policy in question and to the determinations of any Person or committee administering such employee benefit plan or policy. The Company reserves the right to cancel or change the employee benefit plans, policies and programs it offers to its employees at any time.
4. **Business Expenses.** The Company will reimburse Executive for necessary and reasonable business expenses incurred in connection with Executive's duties hereunder upon presentation of an itemized account and appropriate supporting documentation, all in accordance with the Company's generally applicable expense reimbursement policies as in effect from to time.
5. **Rights Upon Termination.** Except as expressly provided in Section 6, upon the termination of Executive's Employment, for the period preceding the effective date of the termination of Employment, Executive shall only be entitled to the following: (i) the accrued but unpaid Base Salary compensation and PTO, (ii) the reimbursements for outstanding and unpaid business expenses described in Section 4 of this Agreement, and (iii) such other vested benefits earned under any Company-provided plans, policies, and arrangements in accordance with the governing documents and policies of any such, plans, policies and arrangements (collectively, the "**Accrued Benefits**"). The Accrued Benefits described in clauses (i) and (ii) of the preceding sentence shall be paid within thirty (30) days after the date of termination of Executive's Employment (or such earlier date as may be required by applicable law) and the Accrued Benefits described in clause (iii) of the preceding sentence shall be paid in accordance with the terms of the governing plan, policy or arrangement.

6. **Termination Benefits.**

a. **Termination without Cause outside of Change in Control Protection Period.** If the Company (or any parent, subsidiary or successor of the Company) terminates Executive's employment with the Company for a reason other than (i) Cause, (ii) Executive becoming Disabled or (iii) Executive's death, in each case, outside of the Change in Control Protection Period, then, subject to Section 7 (other than with respect to the Accrued Benefits), Executive will be entitled to the following:

- i. **Accrued Compensation.** The Company will pay Executive all Accrued Benefits.
- ii. **Severance Payment.** In exchange for Executive timely signing and not revoking the Release in accordance with the terms therein and in this Agreement, Executive will receive semi-monthly continuing payments of severance pay at a rate equal to Executive's Base Salary, as then in effect, for twelve (12) months (the "**Severance Period**"), less all required tax withholdings and other applicable deductions, which will be paid in accordance with the Company's regular payroll procedures commencing on the Release Deadline (as defined in Section 7(a)); provided that the first payment shall include any amounts that would have been paid to Executive if payment had commenced on the date of Executive's separation from service.
- iii. **Continued Employee Benefits.** If Executive elects continuation coverage pursuant to the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended ("**COBRA**") for Executive and Executive's eligible dependents, within the time period prescribed pursuant to COBRA, the Company will reimburse Executive for the COBRA premiums for such coverage (at the coverage levels in effect immediately prior to Executive's termination or resignation) until the earlier of (A) the end of the Severance Period, or (B) the date upon which Executive and/or Executive's eligible dependents become covered under similar plans. COBRA reimbursements will be made by the Company to Executive consistent with the Company's normal expense reimbursement policy and will be taxable to the extent required to avoid adverse consequences to Executive or the Company under either Code Section 105(h) or the Patient Protection and Affordable Care Act of 2010.

b. **Termination without Cause or Resignation for Good Reason within the Change in Control Protection Period.** If, during the Change in Control Protection Period, (x) the Company terminates Executive's employment with the Company without Cause, or (y) Executive resigns from such employment for Good Reason, then, subject to Section 7 (other than with respect to the Accrued Benefits), Executive will receive the following severance benefits from the Company in lieu of the benefits described in Section 6(a) above:

- i. **Accrued Compensation.** The Company will pay Executive all Accrued Benefits.
- ii. **Severance Payment.** In exchange for Executive timely signing and not revoking the Release in accordance with the terms therein and in this Agreement, Executive will receive a lump sum severance payment equal to twelve (12) months (the "**CIC Severance Period**") of Executive's Base Salary as in effect immediately prior to the

date of Executive's termination of employment plus applicable Cash Bonus, less all required tax withholdings and other applicable deductions, which will be paid in accordance with the Company's regular payroll procedures, but no later than thirty (30) days following the Release Deadline.

- iii. **Continued Employee Benefits.** If Executive elects continuation coverage pursuant to COBRA for Executive and Executive's eligible dependents, within the time period prescribed pursuant to COBRA, the Company will reimburse Executive for the COBRA premiums for such coverage (at the coverage levels in effect immediately prior to Executive's termination or resignation) until the earlier of (A) the end of the CIC Severance Period, or (B) the date upon which Executive and/or Executive's eligible dependents become covered under similar plans. COBRA reimbursements will be made by the Company to Executive consistent with the Company's normal expense reimbursement policy and will be taxable to the extent required to avoid adverse consequences to Executive or the Company under either Code Section 105(h) or the Patient Protection and Affordable Care Act of 2010.
- iv. **Equity.** All of Executive's unvested and outstanding time-based equity awards shall immediately vest and become exercisable as of the date of Executive's termination and any unvested and outstanding performance-based awards shall be subject to the terms and conditions of the Equity Plan and the award agreement by and between Executive and the Company pursuant to which such award was granted.
- c. **Disability; Death; Voluntary Resignation; Termination for Cause.** If Executive's employment with the Company is terminated due to (i) Executive becoming Disabled or Executive's death, (ii) Executive's voluntary resignation (other than for Good Reason during the twelve (12) month period immediately following a Change in Control), or (iii) the Company's termination of Executive's employment with the Company for Cause, then Executive or Executive's estate (as the case may be) will receive the Accrued Benefits, but will not be entitled to any other compensation or benefits from the Company except to the extent required by law (for example, COBRA).
- d. **Timing of Payments.** Subject to any specific timing provisions in Section 6(a), 6(b), or 6(c), as applicable, or the provisions of Section 7, payment of the severance and benefits hereunder shall be made or commence to be made as soon as practicable following Executive's termination of employment.
- e. **Exclusive Remedy.** In the event of a termination of Executive's employment with the Company (or any parent, subsidiary or successor of the Company), the provisions of this Section 6 are intended to be and are exclusive and in lieu of any other rights or remedies to which Executive or the Company may otherwise be entitled, whether at law, tort or contract, in equity, or under this Agreement (other than the payment of accrued but unpaid wages, as required by law, and any unreimbursed reimbursable expenses). Executive will be entitled to no other severance, benefits, compensation or other payments or rights upon a termination of employment, including, without limitation, any severance payments and/or benefits provided in

the Employment Agreement, other than those benefits expressly set forth in Section 6 of this Agreement or pursuant to written equity award agreements with the Company.

- f. **No Duty to Mitigate.** Executive will not be required to mitigate the amount of any payment contemplated by this Agreement, nor will any earnings that Executive may receive from any other source reduce any such payment.

7. **Conditions to Receipt of Severance.**

- a. **Release of Claims Agreement.** The receipt of any severance payments or benefits pursuant to Section 6 of this Agreement is subject to Executive signing and not revoking a separation agreement and release of claims in a form substantially similar, as determined by the Company, as that attached hereto as Attachment A (the "**Release**"), which must become effective no later than the sixtieth (60th) day following Executive's termination of employment (the "**Release Deadline**"), and if not, Executive will forfeit any right to severance payments or benefits under this Agreement. To become effective, the Release must be timely executed by Executive and any revocation periods (as required by statute, regulation, or otherwise) must have expired without Executive having revoked the Release. In addition, in no event will severance payments or benefits be paid or provided until the Release actually becomes effective. If the termination of employment occurs at a time during the calendar year where the Release Deadline could occur in the calendar year following the calendar year in which Executive's termination of employment occurs, then any severance payments or benefits under this Agreement that would be considered Deferred Payments (as defined in Section 7(c)(i)) will be paid on the first payroll date to occur during the calendar year following the calendar year in which such termination occurs, or such later time as required by (i) the payment schedule applicable to each payment or benefit as set forth in Section 6, (ii) the date the Release becomes effective, or (iii) Section 7(c)(ii); provided that the first payment shall include all amounts that would have been paid to Executive if payment had commenced on the date of Executive's termination of employment.
- b. **Confidentiality Agreement.** Executive's receipt of any payments or benefits under Section 6 will be subject to Executive continuing to comply with the terms of the Confidentiality Agreement (as defined in Section 11(a) below).
- c. **Section 409A.**
  - i. Notwithstanding anything to the contrary in this Agreement, no severance pay or benefits to be paid or provided to Executive, if any, pursuant to this Agreement that, when considered together with any other severance payments or separation benefits, are considered deferred compensation not exempt under Section 409A (together, the "**Deferred Payments**") will be paid or otherwise provided until Executive has a "separation from service" within the meaning of Section 409A. And for purposes of this Agreement, any reference to "termination of employment," "termination" or any similar term shall be construed to mean a "separation from service" within the meaning of Section 409A. Similarly, no severance payable to Executive, if any, pursuant to this Agreement that otherwise would be exempt from Section 409A pursuant to Treasury



Regulation Section 1.409A-1(b)(9) will be payable until Executive has a “separation from service” within the meaning of Section 409A.

- ii. Notwithstanding anything to the contrary in this Agreement, if Executive is a “**specified employee**” within the meaning of Section 409A at the time of Executive’s termination of employment (other than due to death), then the Deferred Payments, if any, that are payable within the first six (6) months following Executive’s separation from service, will become payable on the first payroll date that occurs on or after the date six (6) months and one (1) day following the date of Executive’s separation from service. All subsequent Deferred Payments, if any, will be payable in accordance with the payment schedule applicable to each payment or benefit. Notwithstanding anything herein to the contrary, if Executive dies following Executive’s separation from service, but prior to the six (6) month anniversary of the separation from service, then any payments delayed in accordance with this paragraph will be payable in a lump sum as soon as administratively practicable after the date of Executive’s death and all other Deferred Payments will be payable in accordance with the payment schedule applicable to each payment or benefit. Each payment, installment and benefit payable under this Agreement is intended to constitute a separate payment for purposes of Section 1.409A-2(b)(2) of the Treasury Regulations.
- iii. Without limitation, any amount paid under this Agreement that satisfies the requirements of the “short-term deferral” rule set forth in Section 1.409A-1(b)(4) of the Treasury Regulations is not intended to constitute Deferred Payments for purposes of clause (i) above.
- iv. Without limitation, any amount paid under this Agreement that qualifies as a payment made as a result of an involuntary separation from service pursuant to Section 1.409A-1(b)(9)(iii) of the Treasury Regulations that does not exceed the Section 409A Limit is not intended to constitute Deferred Payments for purposes of clause (i) above. Any payment intended to qualify under this exemption must be made within the allowable time period specified in Section 1.409A-1(b)(9)(iii) of the Treasury Regulations.
- v. To the extent that reimbursements or in-kind benefits under this Agreement constitute non-exempt “nonqualified deferred compensation” for purposes of Section 409A, (1) all reimbursements hereunder shall be made on or prior to the last day of the calendar year following the calendar year in which the expense was incurred by Executive, (2) any right to reimbursement or in-kind benefits shall not be subject to liquidation or exchange for another benefit, and (3) the amount of expenses eligible for reimbursement or in-kind benefits provided in any calendar year shall not in any way affect the expenses eligible for reimbursement or in-kind benefits to be provided, in any other calendar year.
- vi. The payments and benefits provided under Sections 6(a) and 6(b) are intended to be exempt from or comply with the requirements of Section 409A so that none of the severance payments and benefits to be provided hereunder will be subject to the

additional tax imposed under Section 409A, and any ambiguities or ambiguous terms herein will be interpreted to be exempt or so comply. The Company and Executive agree to work together in good faith to consider amendments to this Agreement and to take such reasonable actions that are necessary, appropriate or desirable to avoid imposition of any additional tax or income recognition prior to actual payment to Executive under Section 409A.

8. **Definition of Terms.** The following terms referred to in this Agreement will have the following meanings:

a. **Cause.** "Cause" means:

- i. Executive's gross negligence or willful misconduct in the performance of his or her duties and responsibilities to the Company or Executive's violation of any written Company policy;
- ii. Executive's commission of any act of fraud, theft, embezzlement, financial dishonesty, misappropriation from the Company or any other willful misconduct that has caused or is reasonably expected to result in injury to the Company;
- iii. Executive's conviction of, or pleading guilty or nolo contendere to, any felony or a lesser crime involving dishonesty or moral turpitude;
- iv. Executive's unlawful use (including being under the influence) or possession of illegal drugs on the premises of the Company or while performing Executive's duties and responsibilities for the Company
- v. Executive's unauthorized use or disclosure of any proprietary information or trade secrets of the Company or any other party to whom Executive owes an obligation of nondisclosure as a result of his or her relationship with the Company; or
- vi. Executive's material breach of any of his or her obligations under any written agreement or covenant with the Company.

b. **Change in Control.** "Change in Control" shall have the meaning ascribed to such term in the Equity Plan.

c. **Change in Control Protection Period.** "Change in Control Protection Period" means the period beginning one month prior to and ending twelve (12) months immediately following the consummation of a Change in Control.

d. **Code.** "Code" means the Internal Revenue Code of 1986, as amended.

e. **Disability.** "Disability" or "Disabled" means that Executive is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or which has lasted, or can be expected to last, for a continuous period of not less than one (1) year.

- f. **Good Reason.** “Good Reason” means Executive’s resignation or termination of employment within thirty (30) days following the expiration of any cure period (discussed below) following the occurrence of one or more of the following without Executive’s consent:
- i. A material reduction of Executive’s duties, authority or responsibilities, relative to Executive’s duties, authority or responsibilities in effect immediately prior to such reduction; provided, however, that a reduction in duties, authority or responsibilities solely by virtue of the Company being acquired and made part of a larger entity (as, for example, when the General Counsel of the Company remains as such following a Change in Control but is not made the General Counsel of the acquiring corporation) will not constitute Good Reason;
  - ii. A material reduction in Executive’s Base Salary (except where there is a reduction applicable to all similarly situated executive officers generally); provided, that a reduction of less than ten percent (10%) will not be considered a material reduction in Base Salary;
  - iii. A material change in the geographic location of Executive’s primary work facility or location; provided, that a relocation of less than fifty (50) miles from Executive’s then-present work location will not be considered a material change in geographic location; or
  - iv. A material breach by the Company of a material provision of this Agreement.

Executive will not resign for Good Reason without first providing the Company with written notice of the acts or omissions constituting the grounds for Good Reason within thirty (30) days of the initial existence of the grounds for Good Reason and a reasonable cure period of not less than thirty (30) days following the date the Company receives such notice during which such condition must not have been cured.

- g. **Governmental Authority.** “Governmental Authority” means any federal, state, municipal, foreign or other government, governmental department, commission, board, bureau, agency or instrumentality, or any private or public court or tribunal.
- h. **Person.** “Person” shall be construed in the broadest sense and means and includes any natural person, a partnership, a corporation, an association, a joint stock company, a limited liability company, a trust, a joint venture, an unincorporated organization and other entity or Governmental Authority.
- i. **Section 409A.** “Section 409A” means Section 409A of the Code, and the final regulations and any guidance promulgated thereunder or any state law equivalent.
- j. **Section 409A Limit.** “Section 409A Limit” shall mean two (2) times the lesser of: (i) Executive’s annualized compensation based upon the annual rate of pay paid to Executive during Executive’s taxable year preceding Executive’s taxable year of his or her separation from service as determined under Treasury Regulation Section 1.409A-1(b)(9)(iii)(A)(1) and any Internal Revenue Service guidance issued with respect thereto; or (ii) the maximum

amount that may be taken into account under a qualified plan pursuant to Section 401(a)(17) of the Code for the year in which Executive's separation from service occurred.

9. **Golden Parachute.**

- a. Anything in this Agreement to the contrary notwithstanding, if any payment or benefit Executive would receive from the Company or otherwise ("**Payment**") would (i) constitute a "parachute payment" within the meaning of Section 280G of the Code; and (ii) but for this sentence, be subject to the excise tax imposed by Section 4999 of the Code (the "**Excise Tax**"), then such Payment shall be equal to the Reduced Amount. The "**Reduced Amount**" shall be either (x) the largest portion of the Payment that would result in no portion of the Payment being subject to the Excise Tax; or (y) the largest portion, up to and including the total, of the Payment, whichever amount, after taking into account all applicable federal, state and local employment taxes, income taxes, and the Excise Tax (all computed at the highest applicable marginal rate), results in Executive's receipt, on an after-tax basis, of the greater amount of the Payment. Any reduction made pursuant to this Section 9(a) shall be made in accordance with the following order of priority: (i) stock options whose exercise price exceeds the fair market value of the optioned stock ("**Underwater Options**") (ii) Full Credit Payments (as defined below) that are payable in cash, (iii) non-cash Full Credit Payments that are taxable, (iv) non-cash Full Credit Payments that are not taxable (v) Partial Credit Payments (as defined below) and (vi) non-cash employee welfare benefits. In each case, reductions shall be made in reverse chronological order such that the payment or benefit owed on the latest date following the occurrence of the event triggering the excise tax will be the first payment or benefit to be reduced (with reductions made pro-rata in the event payments or benefits are owed at the same time). "**Full Credit Payment**" means a payment, distribution or benefit, whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise, that if reduced in value by one dollar reduces the amount of the parachute payment (as defined in Section 280G of the Code) by one dollar, determined as if such payment, distribution or benefit had been paid or distributed on the date of the event triggering the excise tax. "**Partial Credit Payment**" means any payment, distribution or benefit that is not a Full Credit Payment.
- b. A nationally recognized certified public accounting firm selected by the Company (the "**Accounting Firm**") shall perform the foregoing calculations related to the Excise Tax. If a reduction is required pursuant to Section 9(a), the Accounting Firm shall administer the ordering of the reduction as set forth in Section 9(a). The Company shall bear all expenses with respect to the determinations by such accounting firm required to be made hereunder.
- c. The Accounting Firm engaged to make the determinations hereunder shall provide its calculations, together with detailed supporting documentation, to Executive and the Company within fifteen (15) calendar days after the date on which Executive's right to a Payment is triggered. Any good faith determinations of the Accounting Firm made hereunder shall be final, binding, and conclusive upon Executive and the Company.

10. **Arbitration.** To the fullest extent permitted by applicable law, Executive and the Company agree that any and all disputes, demands, claims, or controversies ("**claims**") relating to, arising from or

regarding Executive's employment, including claims by the Company, claims against the Company, and claims against any current or former parent, affiliate, subsidiary, successor or predecessor of the Company, and each of the Company's and these entities' respective officers, directors, agents or employees, shall be resolved by final and binding arbitration before a single arbitrator in the State of New York (or another mutually agreeable location). This does not prevent either Executive or the Company from seeking and obtaining temporary or preliminary injunctive relief in court to prevent irreparable harm to Executive's or its confidential information or trade secrets pending the conclusion of any arbitration. This arbitration agreement does not apply to any claims that have been expressly excluded from arbitration by a governing law not preempted by the Federal Arbitration Act and does not restrict or preclude Executive from communicating with, filing an administrative charge or claim with, or providing testimony to any governmental entity about any actual or potential violation of law or obtaining relief through a government agency process. The parties hereto agree that claims shall be resolved on an individual basis only, and not on a class, collective, or representative basis on behalf of other employees to the fullest extent permitted by applicable law ("**Class Waiver**"). Any claim that all or part of the Class Waiver is invalid, unenforceable, or unconscionable may be determined only by a court. In no case may class, collective or representative claims proceed in arbitration on behalf of other employees.

The parties agree that the arbitration shall be conducted by a single neutral arbitrator through JAMS in accordance with JAMS Employment Arbitration Rules and Procedures. Except as to the Class Waiver, the arbitrator shall determine arbitrability. The Company will bear all JAMS arbitration fees and administrative costs in excess of the amount of administrative fees and costs that Executive otherwise would have been required to pay if the claims were litigated in court. The arbitrator shall apply the applicable substantive law in deciding the claims at issue. Claims will be governed by their applicable statute of limitations and failure to demand arbitration within the prescribed time period shall bar the claims as provided by law. The decision or award of the arbitrator shall be final and binding upon the parties. This arbitration agreement is enforceable under and governed by the Federal Arbitration Act. In the event that any portion of this arbitration agreement is held to be invalid or unenforceable, any such provision shall be severed, and the remainder of this arbitration agreement will be given full force and effect. By signing the offer letter, Executive acknowledges and agrees that Executive has read this arbitration agreement carefully, are bound by it and are WAIVING ANY RIGHT TO HAVE A TRIAL BEFORE A COURT OR JURY OF ANY AND ALL CLAIMS SUBJECT TO ARBITRATION UNDER THIS ARBITRATION AGREEMENT.

#### 11. **Pre-Employment Conditions.**<sup>[3]</sup>

- a. **Confidentiality Agreement.** Executive's acceptance of this offer and Executive's Employment with the Company is contingent upon the execution, and delivery to an officer of the Company, of the Company's Employee Nondisclosure, Non-Solicitation, Confidentiality and Developments Agreement, a copy of which is attached hereto as Attachment B for Executive's review and execution (the "**Confidentiality Agreement**"), prior to or on the Effective Date.
- b. **Right to Work.** For purposes of federal immigration law, Executive will be required, if Executive has not already, to provide to the Company documentary evidence of Executive's

identity and eligibility for employment in the United States. Such documentation must be provided to the Company within three (3) business days of the Effective Date, or the Employment relationship with Executive may be terminated.

- c. **Verification of Information.** This Agreement is also contingent upon the successful verification of the information Executive provided to the Company during Executive's application process, as well as a general background check performed by the Company to confirm Executive's suitability for Employment. By accepting this Agreement, Executive warrants that all information provided by Executive is true and correct to the best of Executive's knowledge, Executive agrees to execute any and all documentation necessary for the Company to conduct a background check and Executive expressly releases the Company from any claim or cause of action arising out of the Company's verification of such information.

## 12. **Successors.**

- a. **Company's Successors.** This Agreement shall be binding upon any successor (whether direct or indirect and whether by purchase, lease, merger, consolidation, liquidation or otherwise) to all or substantially all of the Company's business and/or assets. For all purposes under this Agreement, the term "***Company***" shall include any successor to the Company's business or assets that become bound by this Agreement or any affiliate of any such successor that employs Executive.
- b. **Executive's Successors.** This Agreement and all of Executive's rights hereunder shall inure to the benefit of, and be enforceable by, Executive's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees.

## 13. **Miscellaneous Provisions.**

- a. **Indemnification.** The Company shall indemnify Executive to the maximum extent permitted by applicable law and the Company's Bylaws with respect to Executive's service and Executive shall also be covered under a directors and officers liability insurance policy paid for by the Company to the extent that the Company maintains such a liability insurance policy now or in the future.
- b. **Headings.** All captions and section headings used in this Agreement are for convenient reference only and do not form a part of this Agreement.
- c. **Notice.**
  - i. **General.** Notices and all other communications contemplated by this Agreement shall be in writing and shall be deemed to have been duly given when personally delivered or when mailed by U.S. registered or certified mail, return receipt requested and postage prepaid. In Executive's case, mailed notices shall be addressed to Executive at the home address that Executive most recently communicated to the Company in writing. In the case of the Company, mailed notices shall be addressed to its corporate headquarters, and all notices shall be directed to the attention of its Secretary.

- ii. **Notice of Termination.** Any termination by the Company for Cause or by Executive for Good Reason will be communicated by a notice of termination to the other party hereto given in accordance with Section 13(c)(i) of this Agreement. Such notice will indicate the specific termination provision in this Agreement relied upon, will set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination under the provision so indicated, and will specify the termination date (which will be not more than thirty (30) days after the giving of such notice), subject to any applicable cure period. The failure by Executive or the Company to include in the notice any fact or circumstance which contributes to a showing of Good Reason or Cause, as applicable, will not waive any right of Executive or the Company, as applicable, hereunder or preclude Executive or the Company, as applicable, from asserting such fact or circumstance in enforcing his or her or its rights hereunder, as applicable. Any termination by Executive without Good Reason will be communicated by Executive to the Company upon sixty (60) days advance written notice.
- d. **Modifications and Waivers.** No provision of this Agreement shall be modified, waived or discharged unless the modification, waiver or discharge is agreed to in writing and signed by Executive and by an authorized officer of the Company (other than Executive ). No waiver by either party of any breach of, or of compliance with, any condition or provision of this Agreement by the other party shall be considered a waiver of any other condition or provision or of the same condition or provision at another time.
- e. **Entire Agreement.** This Agreement and the Confidentiality Agreement contain the entire understanding of the parties with respect to the subject matter hereof and supersede all other prior or contemporaneous discussions, understandings and agreements, whether oral or written, between them relating to the subject matter hereof.
- f. **Withholding Taxes.** All payments made under this Agreement shall be subject to reduction to reflect taxes or other deductions required to be withheld by law.
- g. **Choice of Law and Severability.** This Agreement shall be interpreted in accordance with the laws of the State of New York without giving effect to provisions governing the choice of law. If any provision of this Agreement becomes or is deemed invalid, illegal or unenforceable in any applicable jurisdiction by reason of the scope, extent or duration of its coverage, then such provision shall be deemed amended to the minimum extent necessary to conform to applicable law so as to be valid and enforceable or, if such provision cannot be so amended without materially altering the intention of the parties, then such provision shall be stricken and the remainder of this Agreement shall continue in full force and effect. If any provision of this Agreement is rendered illegal by any present or future statute, law, ordinance or regulation (collectively, the "**Law**") then that provision shall be curtailed or limited only to the minimum extent necessary to bring the provision into compliance with the Law. All the other terms and provisions of this Agreement shall continue in full force and effect without impairment or limitation.
- h. **No Assignment.** This Agreement and all of Executive's rights and obligations hereunder are personal to Executive and may not be transferred or assigned by Executive at any time. The

Company may assign its rights under this Agreement to any entity that assumes the Company's obligations hereunder in connection with any sale or transfer to such entity of all or a substantial portion of the Company's assets.

- i. **Acknowledgment.** Executive acknowledges that Executive has had the opportunity to discuss this matter with and obtain advice from Executive's personal attorney, has had sufficient time to, and has carefully read and fully understood all the provisions of this Agreement, and is knowingly and voluntarily entering into this Agreement.
- j. **Counterparts.** This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Execution of a facsimile copy will have the same force and effect as execution of an original, and a facsimile signature will be deemed an original and valid signature.
- k. **Electronic Delivery.** The Company may, in its sole discretion, decide to deliver any documents or notices related to this letter, securities of the Company or any of its affiliates or any other matter, including documents and/or notices required to be delivered to Executive by applicable securities law or any other law or the Company's Certificate of Incorporation or Bylaws by email or any other electronic means. Executive hereby consents to (i) conduct business electronically (ii) receive such documents and notices by such electronic delivery and (iii) sign documents electronically and agree to participate through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

*[Signature Page Follows]*



After you have had an opportunity to review this Agreement, please feel free to contact me if you have any questions or comments. To indicate your acceptance of this Agreement, please sign and date this letter in the space provided below and return it to the Company.

Very truly yours,

By: /s/ Vivek Garipalli  
Vivek Garipalli, CEO & Co-Founder

**Agreed to and Accepted by:**

/s/ Joseph Martin  
Joseph Martin

\_\_\_\_\_

Address

Date: 3/12/2022

## ATTACHMENT A

### SEPARATION AGREEMENT AND RELEASE

This Confidential Separation and Release Agreement (“Agreement”) sets forth the agreement reached concerning the separation of [EMPLOYEE NAME] (herein referred to as “you,” “your” or similar words, as the context requires) from employment with [ENTITY NAME] and/or its affiliates (collectively, the “Company”).

WHEREAS, your employment with the Company is ending effective [DATE], (the “Separation Date”), and thereafter you no longer will be employed with the Company; and

WHEREAS, you and the Company desire to end your employment relationship amicably, and settle, compromise and resolve any and all claims and disputes, whether known or unknown, which you may have against the Company at any time up to and including the date you sign this Agreement;

NOW, THEREFORE, in consideration of the mutual promises contained in this Agreement, you and the Company agree as follows:

1. Consideration for Execution of this Agreement. As consideration for your promises and obligations under this Agreement, the Company will provide you with the following consideration to which you are not otherwise entitled, provided you sign this Agreement within twenty one (21) days of receipt but not before your actual Separation Date:

- a. Severance Payment. The Company will pay you an amount equivalent to [ ] ([ ]) weeks of your regular base salary, in the gross amount of [ ] (\$[ ]), less applicable taxes and withholdings (the “Severance Payment”). The Severance Payment will be paid in a one-time, lump sum payment and payable upon the next regularly scheduled Company payroll date after your signed Agreement is received by the Company.

You acknowledge and agree that you would not be otherwise entitled to any of the above consideration but for your signing this Agreement and adhering to its terms and conditions.

2. General Release of Claims. You agree to release and forever discharge the Company, the Company’s affiliates, subsidiaries, parents, predecessors, successors and assigns, and the officers, directors, shareholders, agents, employees, counsel and insurers of each of them (together, the “Released Parties”) from any and all claims you may have or have had against any of the Released Parties arising prior to or on the dates you execute this Agreement, including without limitation any and all claims arising out of your employment with the Company and/or the termination of that employment. You understand and agree that this release is intended to waive all claims of every kind and nature, whether known or unknown, actual or contingent, asserted or unasserted, arising under common law, statutory law or otherwise. This release includes any and all causes of actions or claims you have had, now have, or may have up to the dates you execute this Agreement including, without

limitation, any claims arising pursuant to the Age Discrimination in Employment Act (“ADEA”), Title VII of the Civil Rights Act, the Family and Medical Leave Act, and the Americans with Disabilities Act, and common, federal, state, and local laws, regulations, rules, and ordinances. You also waive any claim to reinstatement or re-employment with the Company following your Separation Date.

You expressly acknowledge and represent that you have received all wages, benefits, compensation, reimbursements, vacation and paid time off, or any other remuneration to which you were entitled as an employee of the Company and are not currently aware of any facts or circumstances constituting a claim or cause of action you could bring for violation of the Fair Labor Standards Act (“FLSA”) or any other federal, state or local constitution, statute, rule, regulation, or common law that applies to your employment relationship. You expressly acknowledge and represent that no one has interfered with your ability to report possible violations of any law and it is Released Parties’ policy to encourage such reporting. You further acknowledge and represent that you have not suffered any on-the-job injury for which you have not already filed a claim, and the end of your employment is not related to any such injury.

No claim of any sort is exempt from the above release, except claims that the law does not allow you to waive by signing this Agreement, such as claims for workers’ compensation benefits (but it does apply to, waive and affect claims of discrimination and/or retaliation on the basis of having made a workers’ compensation claim), claims for unemployment benefits, or your rights to any vested benefits to which you are entitled under the terms of the applicable employee benefit plan. For the purpose of implementing a full and complete release, you expressly acknowledge that the release given in this Agreement is intended to include, without limitation, claims that you did not know or suspect to exist in your favor at the time of the date of your execution of this Agreement, regardless of whether the knowledge of such claims, or the facts upon which they might be based, would have materially affected the settlement of this matter; and that the consideration provided under this Agreement was also for the release of those claims and contemplates the extinguishment of any such unknown claims.

3. Older Workers’ Benefit Protection Act. This Agreement is intended to satisfy the requirements of the Older Workers’ Benefit Protection Act, 29 U.S.C. sec. 626(f). You are advised to consult with an attorney before executing this Agreement.

- a. Acknowledgments/Time to Consider. You acknowledge and agree that (a) you have read and understand the terms of this Agreement; (b) you have been advised in writing to consult with an attorney before executing this Agreement; (c) you have had the opportunity to obtain and consider such legal counsel as you deem necessary; (d) you have been given twenty-one (21) days to consider whether or not to enter into this Agreement (although you may

elect not to use the full 21- day period at your option); and (e) by signing this Agreement, you acknowledge that you do so freely, knowingly, and voluntarily.

- b. Revocation/Effective Date. This Agreement shall not become effective or enforceable until the eighth day after you sign this Agreement. In other words, you may revoke your acceptance of this Agreement within seven (7) days after the date you sign it. Your revocation must be in writing and sent via email to the Company's Chief People Officer, Rachel Fish, at email address rachel.fish@cloverhealth.com by the end of the seventh day in order to be effective. If you do not revoke acceptance within the seven (7) day period, your acceptance of this Agreement shall become binding and enforceable on the eighth day after you signed it ("Effective Date").
- c. Preserved Rights. This Agreement does not waive or release any rights or claims that you may have under the Age Discrimination in Employment Act that arise after dates that you execute this Agreement. In addition, this Agreement does not prohibit you from challenging the validity of this Agreement's waiver and release of claims under the Age Discrimination in Employment Act of 1967, as amended.

4. Restrictive Covenants. You agree and acknowledge that, notwithstanding anything stated in this Agreement, you shall remain bound by the terms of any other agreement relating to noncompetition, non-solicitation, confidentiality, intellectual property, or inventions that you executed prior to commencing employment with the Company, or during your employment with the Company, and any Company policies concerning non-competition, non- solicitation, confidentiality, intellectual property, or inventions that were in force at the time of your separation.

- a. Non-Litigation Covenant. You further agree not to sue Company or any Releasee with regard to any claim released in Section 2 of this Agreement. You understand that the provisions of this Agreement shall not be construed as preventing you from filing a charge with or cooperating or participating in any investigation or proceeding conducted by any governmental agency, only to the extent you are permitted to do so by law, notwithstanding any provisions of any agreement to the contrary. Both parties acknowledge that this Agreement does not limit your right to communicate with governmental agencies, including filing or participating in an investigative proceeding. Such communication, whether initiated by you or an agency, is not limited by this Agreement. However, you expressly release, waive, and disclaim any right to personal compensation or other benefit, including cost and attorneys' fees, that may otherwise inure to you as a result of you filing any such charge with a

government agency. You understand that the provisions of this paragraph mean that you cannot bring a personal, collective or class action lawsuit or arbitration in any forum against the Releasees for any reason for claims you may have as of the date of this Agreement.

- b. Waiver of Relator Recovery. To the fullest extent permitted by law, you further agree to release, waive, and forever discharge your right to any portion of any settlement, judgment, or other recovery as a Relator under the *qui tam* provisions of the False Claims Act, 31 U.S.C. § 3730, or analogous state false claims acts, in any lawsuit arising from, or in any way related to, any transactions or occurrences involving Company, and other companies Company dealt with, their affiliated or related entities through common identity of ownership (in whole or in part) from the beginning of time until the present, including but not limited to, any right to receive expenses, attorneys' fees, and costs under 31 U.S.C. § 3730(d) or analogous state laws.

5. Confidential Information. You acknowledge that during your employment you have learned Confidential Information relating to the business conducted and to be conducted by the Company. You agree that you have not and will not disclose or use or authorize any third party to disclose or use any such Confidential Information, without prior written approval of the Company. As used in this Agreement, "Confidential Information" means all information belonging to the Company or provided to the Company by a customer that is not known generally to the public or the Company's competitors and includes all trade secrets, client lists and information related to client files, know-how, show-how, technical, operating, financial, and other business information and materials. Confidential Information shall not, however, include any general know-how or skills that you possess whether obtained through your employment at the Company or elsewhere. Confidential Information also does not include information that (i) is publicly known or becomes publicly known through no fault of yours, or (ii) is generally or readily obtainable by the public. You understand that your obligations related to Confidential Information are in addition to, and not in lieu of, your obligations with regard to the protection of the Company's trade secrets under the law governing misappropriation of the Company's trade secrets, and any other agreements you may have with the Company of similar subject matter.

You may not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of a trade secret that is made: (a) in confidence to a Federal, State, or local government official, either directly or indirectly, or to an attorney, and provided that such disclosure is solely for the purpose of reporting or investigating a suspected violation of the law; or (b) in a complaint or other document filed in a lawsuit or other proceeding, provided that such filing is made under seal. Additionally, in the event you file a lawsuit against the Company for retaliation by the Company against you for reporting a suspected violation of law, you understand that you have the right to provide trade secret information to your attorney

and use the trade secret information in the court proceeding, although you must file any document containing the trade secret under seal and you may not disclose the trade secret, except pursuant to court order.

By signing this Agreement, you represent and warrant that you will not and have not disclosed any Confidential Information to a third party, or, except as permitted, consistent with Company policy, with respect to your personal mobile device(s) used for business purposes, sent/downloaded any Confidential Information to your personal email account(s), personal computer(s), personal mobile device(s), and/or external and removable thumb or flash drives. Insofar as you have printed any Confidential Information or sent/downloaded any Confidential Information on your personal mobile device(s), you represent and warrant that you have shredded and/or deleted all such information upon termination of your employment.

**PROTECTED RIGHTS: Nothing in this Agreement is intended to waive claims: (i) for vested rights under ERISA-covered employee benefit plans as applicable on the date you sign this Agreement; (ii) that may arise after the parties sign this Agreement; or (iii) which cannot be released by private agreement. In addition, nothing in this Agreement including but not limited to the release of claims, cooperation, non-disparagement, covenant not to sue, acknowledgements and representations, shall be construed to waive your right to testify in an administrative, legislative, or judicial proceeding concerning alleged criminal conduct on the part of the Company, or on the part of the agents or employees of the Company, when you have been required or requested to attend such a proceeding pursuant to a court order, subpoena, or written request from an administrative agency or the legislature, or shall prevent you from filing a charge or complaint with or from participating in an investigation or proceeding conducted by the Equal Employment Opportunity Commission (EEOC), National Labor Relations Board (NLRB), or any other any federal, state or local agency charged with the enforcement of any laws, or from exercising rights under Section 7 of the National Labor Relations Act (NLRA) to engage in joint activity with other employee, although by signing this release you are waiving rights to individual relief based on claims asserted in such a charge or complaint, or asserted by any third-party on your behalf, except where such a waiver of individual relief is prohibited.**

**ALTHOUGH THE PARTIES MAY HAVE AGREED TO KEEP THIS AGREEMENT, ITS TERMS AND UNDERLYING DETAILS CONFIDENTIAL, SUCH A PROVISION IS UNENFORCEABLE AS TO THE UNDERLYING DETAILS OF ANY CLAIM OF HARASSMENT, DISCRIMINATION OR RETALIATION AND IS UNENFORCEABLE AGAINST THE EMPLOYER IF THE EMPLOYEE PUBLICLY REVEALS SUFFICIENT DETAILS OF THE CLAIM SO THAT THE EMPLOYER IS REASONABLY IDENTIFIABLE.**

6. No Recognition of Wrongdoing. The signing of this Agreement and payment of the consideration described in it do not represent any admission of wrongdoing or violation of any statute, agreement, or common law by the Company. You represent that, as of the date(s) you sign this Agreement, you are not aware of and have not engaged in any activity that would constitute wrongful conduct including, but not limited to, fraud, misrepresentation, violation of any federal, state or local law or regulation, or any conduct contrary to existing policies of the Company. You further represent that you have complied with any existing obligations up through the date(s) of your signing this Agreement.

7. Confidentiality of Agreement. You agree that the terms and conditions of this Agreement are intended to remain strictly confidential between you and the Company. You have not and will not communicate this Agreement's terms to any third party (including fellow employees), whether verbally or in writing, by any means, including by social media such as Twitter, Facebook, and the like. Any disclosure by you will cause the Company irreparable harm that money cannot undo. Accordingly, violation of this section will entitle the Company to temporary and permanent injunctive relief. You further agree that have not and you will not disclose the terms of this Agreement to any other person, excluding your attorney(s), accountant(s), and lender(s), and your spouse, if any, to the extent needed for legal advice, income tax reporting purposes, or other financial purposes, or as otherwise required by law. You agree that, to the extent you make any permissible disclosures to your spouse, you will instruct your spouse to keep the information strictly confidential, and you further agree that you will be in breach of this Agreement if they make any further disclosure of such information beyond the disclosures permitted in this paragraph.

8. Non-Disparagement. You agree that you will not knowingly make any disparaging and/or defamatory statements about the Company's current or former customers, contractors, vendors or employees to the media or to any other person, including on social media. A disparaging statement is any communication that, if publicized, would cause or tend to cause the recipient of the communication to question the business condition, integrity, competence, good character, or product quality of the person or entity to whom the communication relates. You also agree not to knowingly make any defamatory statements about the Company to the media or to any other person, including on social media. However, nothing in this Agreement shall prohibit you from providing truthful disclosures to an appropriate government agency, arbitrator or court related to alleged violations of law. To the extent you are covered by Section 7 of the NLRA because you are an employee who is not in a supervisor or management role, nothing in this Agreement shall be construed to prohibit you from using information that you acquire regarding the wages, benefits, or other terms and conditions of employment at the Company for any purpose protected under the NLRA.

9. No Pending Claims. You represent and warrant that you have no charges, lawsuits, or actions pending in your name against any of the Released Parties relating to any claim that has been released in this Agreement. You also represent and warrant that you have

not assigned or transferred to any third party any right or claim against any of the Released Parties that you have released in this Agreement.

10. Return of Materials. No later than the Separation Date, you represent that you have returned to the Company, and have not retained in any form or format, all Company documents and other Company property that you had in your possession at any time. You also represent that, no later than the Separation Date, you have returned all Company laptops, iPads, iPhones, credit cards, entry cards, identification badges and keys, and all other Company equipment that you had in your possession at any time. You also represent that you have used good faith, reasonable efforts to permanently delete from any electronic media in your possession, custody, or control (such as computers, cell phones, hand-held devices, back-up devices, zip drives, PDAs, etc.), or to which you have access (such as remote e-mail exchange servers, back-up servers, off-site storage, etc.), all documents or electronically stored images containing Confidential Information of the Company.

11. Remedies for Breach. If the Company determines that you have violated, breached, or are about to breach any provision of this Agreement, or if you bring an action against the Company in violation of this Agreement, or if you bring an action asking that the Agreement be declared invalid, void, or unenforceable (except for any protected claims under the ADEA), the Company may immediately cease any payments pursuant to this Agreement, and you shall be required to reimburse the Company for all amounts paid to you under this Agreement, except for \$1,000 of the payment made under Section 1(a) of the Agreement. Any and all such disputes between you and the Company shall be resolved by binding arbitration in accordance with the Company's arbitration policy that you agreed to as a condition of employment with the Company. Nothing in this Section shall be construed as prohibiting the Company from pursuing any remedies available to it for breach of the Agreement, including injunctive relief and the recovery of any damages that it is able to prove. By your signature below, you represent that as of the date that you execute this Agreement, you have not breached any obligations or covenants contained in this Agreement. Further, except in the case of a legal action by you challenging or seeking a determination in good faith of the validity of the ADEA waiver, if either party to this agreement brings an action to enforce its rights under this Agreement, the prevailing party will be entitled to recover its costs and expenses, including the costs of mediation, arbitration, litigation, court fees, and reasonable attorneys' fees incurred in connection with such action.

12. Controlling Law; Jurisdiction and Venue. This Agreement shall be construed in accordance with and governed by the laws of the State of your employment, without reference to principles of conflict of laws that would require application of the law of another jurisdiction. The Company and you irrevocably consent solely to the jurisdiction of the federal and state courts in the State of your employment for the resolution of any disputes arising under or respect to this Agreement.



13. Entire Agreement. This Agreement, and any restrictive covenant and arbitration agreements and policies referenced in Sections 4 (Restrictive Covenants) and 11 (Remedies for Breach) of this Agreement, together (i) constitute the entire agreement between the Company and you regarding the separation of your employment, (ii) survive the termination of your employment, and (iii) supersede and cancel all prior and contemporaneous written and oral agreements, if any, except as specifically provided herein. You affirm that, by entering into this Agreement, you are not relying upon any other oral or written promise or statement made by anyone at any time on behalf of the Company. This Agreement may not be changed or altered, except by a writing signed by the Company and you. This Agreement may be executed, including execution by facsimile or electronically transmitted signature, in multiple counterparts, each of which will be deemed an original, and all of which together will be deemed to be one and the same instrument.

14. Severability. If any of the provisions, terms or clauses of this Agreement are declared illegal, unenforceable, or ineffective, those provisions, terms and clauses shall be deemed severable, and all other provisions, terms and clauses of this Agreement shall remain valid and binding upon both parties.

15. Representation. You agree that no promise or inducement has been offered except as set forth in this Agreement, and that you are signing this Agreement without reliance upon any statement or representation by the Company or any representative or agent of the Company except as set forth in this Agreement.

I HAVE CAREFULLY READ AND FULLY UNDERSTAND AND VOLUNTARILY AGREE TO ALL THE TERMS OF THIS CONFIDENTIAL SEPARATION AGREEMENT AND RELEASE IN EXCHANGE FOR THE ADDITIONAL BENEFITS TO WHICH I WOULD OTHERWISE NOT BE ENTITLED.

Dated:

AGREED TO AND ACCEPTED:

\_\_\_\_\_ CLOVER HEALTH INVESTMENTS, CORP.  
Employee Name

\_\_\_\_\_ By: \_\_\_\_\_  
Signature    Signature

\_\_\_\_\_  
Name

\_\_\_\_\_  
Title

Dated: \_\_\_\_\_

## ATTACHMENT B

### Nondisclosure, Confidentiality, and Nonsolicitation Agreement

In consideration of my employment or the continuation of my employment by Clover Health or any of its successors, assigns, affiliates or subsidiary companies (each hereinafter referred to as the "Company"), I agree as follows:

#### 1. TRADE SECRETS AND CONFIDENTIAL INFORMATION.

- a. Confidentiality and Confidential Information. I acknowledge that during the course of my employment, I will obtain, receive or gain access to certain valuable, proprietary or confidential information of the Company, its vendors, suppliers, customers, and its/their affiliates and/or subsidiaries, that is not otherwise generally known to the public, relating or pertaining to the Company's business, projects, products, customers, suppliers, inventions or trade secrets, including but not limited to: business and financial information; Company techniques, operations and methods of conducting business; computer programs, software and code, flowcharts, architecture, data structures, and data reporting methodologies; unpublished know how, whether patented or unpatented; customer names, addresses, buying habits, needs and the methods of fulfilling those needs; supplier names, addresses and pricing policies; information regarding the skills, ability and compensation of other employees; and Company pricing policies, profit margins, marketing strategies and research projects or developments relating to any aspect of the present or actual anticipated business of the Company (hereinafter collectively the "Confidential Information"). I further acknowledge that such Confidential Information may be in oral, written or electronic form and need not be marked or identified as "confidential." I promise and agree that during my employment with the Company and at all times thereafter, I shall hold in strictest confidence and shall not publish, disclose or communicate any Confidential Information to any person or entity, except as required in connection with my work for the Company, and I shall not use or acquire for my own purposes or the purposes of any others, including any future employers or companies, any Confidential Information of the Company without the prior written approval of a duly authorized officer of the Company.
- b. Confidentiality of Protected Health Information. The definition of "Confidential Information" includes Protected Health Information ("PHI") as the Health Insurance Portability and Accountability Act of 1996 ("HIPAA") defines it. During their employment, Company employees may access, use, create, receive, transmit, maintain, and/or disclose PHI. In addition, employees will receive training on HIPAA and will have access to and review Company HIPAA policies that set forth confidentiality protections that all Company employees must adhere to in regard to the access, use and/or disclosure of PHI. I agree to comply with all Company, Inc. policies governing the confidentiality and protection of PHI and am responsible for preserving the confidentiality of PHI and Individually Identifiable Health Information ("IIHI").
- c. Trade Secret Employee Notice Provision. An employee shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of a trade secret that is made in confidence to a Federal, State, or local government official or to an attorney solely for the purpose of reporting or investigating a suspected violation of law. An individual shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of a trade secret that is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. An employee who files a lawsuit for retaliation for

reporting a suspected violation of law may disclose the trade secret to the attorney of the individual and use the trade secret information in the court proceeding, if the individual files any document containing the trade secret under seal; and does not disclose the trade secret, except pursuant to court order.

- d. Prevention of Unauthorized Release of Company Confidential Information. I agree to take reasonable measures to prevent unauthorized persons or entities from having access to, obtaining or being furnished with any Company Confidential Information in my possession.
- e. Confidential Information of Third Parties. I agree to preserve as confidential any information that I learn or obtain in connection with my employment from a third party or relating to a third party, such as a client or customer, that is not readily available to the public and to treat such information as though it were Company Confidential Information.
- f. Confidential Information of Former Employers. I agree not to disclose to the Company and not to use in any way in connection with my employment therewith any proprietary confidential information or trade secrets of any kind, or any embodiments thereof, of any previous employer or other third party.
- g. Termination of Employment. I agree that, upon termination of my employment with the Company (voluntary or otherwise), or as otherwise requested by the Company, I will promptly return to the Company all Confidential Information and all things belonging to the Company, including all tools, equipment, devices or property of the Company, and that all documents, records, notebooks and tangible articles containing or embodying any Confidential Information, including copies thereof and whether stored in paper, electronic, magnetic or other form, then in my possession or control, whether prepared by me or others, will be left with the Company.
- h. Exit Interview. In consideration of my employment with the Company, I agree that, upon termination of my employment with the Company (voluntary or otherwise), I will attend an exit interview and execute a Termination Certificate in a form substantially similar as that attached hereto as "Exhibit A", and understand the Company may notify my new employer of this Agreement.

2. DUTY OF LOYALTY, NON-SOLICITATION, and NONDISPARAGEMENT

- a. Duty of Loyalty. I agree that at all times during my employment with the Company, I will not, without the Company's express written consent, engage in any employment or business activity that is competitive with or that would otherwise conflict with the business of the Company, nor will I engage in any other activities that may conflict with my obligations or duty of loyalty to the Company.
- b. Obligations to Prior Employers or Others. Except for those described below (if any), I do not have any non-disclosure, non-compete or other obligations to any previous employer or other person or entity that would conflict with my obligations under this Agreement or the performance of my duties for the Company. I have previously provided copies of each of the agreements described below, if any, to the Company.

LIST ANY EXCEPTIONS.

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- c. Solicitation of Employees. During my employment with the Company, and for a one (1) year period after the date my employment ends (voluntary or otherwise), I covenant and agree that I shall not, directly or indirectly, on my own behalf or for the benefit of any other person or entity, solicit or attempt to solicit any employee of the Company, or at any time unlawfully disrupt, damage, impair or interfere with the Company by raiding its work staff or unlawfully encouraging any employee of the Company to terminate their relationship with the Company.
- d. Solicitation of Customers. During my employment with the Company, and after my employment ends (voluntary or otherwise), I covenant and agree that I shall not in any manner, directly or indirectly, on my own behalf or for the benefit of any other person or entity, use any trade secrets or proprietary Confidential Information of the Company to solicit or attempt to solicit any client or customer of the Company, or at any time use any Confidential Information (including the confidential identity of any client or customer, or trade secret information about the client, account or customer relationship) to induce, influence or encourage any client or customer of the Company to reduce or cease doing business with the Company.
- e. Nondisparagement. I agree that I will not make any disparaging and/or defamatory statements about the Company's current or former products or services, including on social media. A disparaging statement is any communication that, if publicized, would cause or tend to cause the recipient of the communication to question the business condition, integrity, competence, good character, or product quality of the person or entity to whom the communication relates. I also agree not to make any defamatory statements about the Company to the media or to any other person, including on social media.

### 3. ASSIGNMENT OF INVENTIONS.

- a. Inventions and Assignment. In connection with your employment with the Company, you understand and agree that all Inventions, defined as and including discoveries, developments, designs, improvements, inventions, formulas, programs, computer software or code, processes, techniques, know-how, research, technical data and ideas (whether or not patentable or registrable under patent, copyright or similar statutes) that (i) that relate to the Company's business or potential business, (ii) that result from tasks assigned to me by the Company, or (iii) that are conceived or made with the use of the Company's time, facilities, materials or, resources, shall be the sole property of Company and its assigns, and Company shall be the sole owner of all Rights to said Inventions, said Rights being defined as and including patents, trademarks, service marks and copyrights, and other intellectual property rights pertaining to said Inventions or Confidential Information.<sup>1</sup> You further acknowledge and

<sup>1</sup> For employees in Delaware, Illinois, Kansas, Minnesota, North Carolina, Utah, Washington, and any other state where the Company employs you where this notice is specifically required by law state law: You are notified that nothing in this Agreement requires any Employee (regardless of state) to assign any of your rights to an invention you developed entirely on your own time using no equipment, supplies, facility, or trade secret information of the Company, unless the invention results from any work you performed for the Company or relates, at the time of conception or reduction to practice, to the business or actual or demonstrably anticipated research or development of the Company.

For employees in California, in accordance with Section 2872 of the California Labor Code, you are hereby notified this assignment does not apply to an invention subject to California law that you developed entirely on your own time without using the Company's equipment, supplies, facilities, or trade secret information except for those inventions that: (1) relate at the time of conception or reduction to practice of the invention to the Company's business, or actual or demonstrably anticipated research or development the Company; or (2) result from any work performed by you for the Company; or (3)

relate to any work performed by you relating to a contract under which the Company has an obligation to assign title to the United States with respect to inventions resulting from work performed thereunder.

agree that all original works of authorship are "works made for hire," as that term is defined in the United States Copyright Act and belong to the Company as an Invention under this policy. In the event that any original works or Inventions (i) that relate to the Company's business or potential business, (ii) that result from tasks assigned to me by the Company, or (iii) that are conceived or made with the use of the Company's time, facilities, materials or, resources shall be deemed to not constitute works made for hire, or in the event that you should otherwise, by operation of law, be deemed to retain any rights to any Inventions, you agree to assign to the Company, without further consideration, your entire right, title and interest in and to each and every such Invention and all Rights to said Inventions developed, created or discovered by you, whether working alone or jointly with others.

- b. Assistance. I agree to assist Company in every proper way (but at the Company's expense) to obtain and from time to time enforce the Rights identified above in any and all countries with respect to the Inventions, and I agree to execute all necessary documents for use in applying for, registering, obtaining, and enforcing the Rights and assignments as the Company may desire.
- c. Disclosure of Potential Inventions. During the period of my employment and for one (1) year after termination of my employment with the Company (voluntary or otherwise), I will promptly disclose to the Company fully and in writing (to be held in confidence by Company unless deemed to be an Invention) all potential Inventions authored, conceived or reduced to practice by me, either alone or jointly with others, and all patent applications filed by me or on my behalf, so that the Company may determine its rights to any such potential Inventions.
- d. Prior Inventions. To the extent I have made or conceived or first reduced to practice (either alone or jointly with others) any inventions or improvements relevant to my employment with Company, but before I commenced employment with Company, I am listing below all such inventions or improvements that are to be excluded from the operation of this Agreement. I am representing that I have listed all previously patented as well as any unpatented but potentially patentable ideas and inventions conceived prior to my employment with Company which have not been assigned to a former employer, and I further represent and warrant that such list is complete.

LIST ANY EXCLUSIONS

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4. GENERAL PROVISIONS.

- a. This Agreement will be binding upon my heirs, assigns, executors, administrators or other legal representatives and will be for the benefit of the Company and its successors and assigns.

- b. Except as otherwise may be modified herein, disputes under this Agreement shall be resolved pursuant to the Employee Grievance Process or Mutual Dispute Arbitration Policy/Mutual Agreement to Arbitrate.
- c. This agreement does not prohibit employees from testifying in an administrative, legislative, or judicial proceeding and giving truthful testimony when the employee has been required or requested to attend the proceeding pursuant to a court order, subpoena, or written request from an administrative agency or the legislature.
- d. This agreement also does not prohibit employees from exercising any federal or state statutory "whistleblowing" rights to report certain conduct to government agencies or from complying with all requirements of the Gramm-Leach-Bliley Act.
- e. This agreement does not prohibit employees from using open source software when working on assigned company projects. Employees may do so, but only in accordance with Company policy. Employee must obtain written permission from their immediate supervisor before making an open source contribution. Employees must clearly and carefully document all contributions. Employees must not sign any contribution or other related agreement until receiving written permission from their immediate supervisor to do so.
- f. No waiver by the Company of any breach of this Agreement shall be a waiver of any preceding or succeeding breach. No waiver by the Company of any right or obligation under this Agreement shall be construed as a waiver of any other right or obligation. The Company shall not be required to give prior notice to enforce strict adherence to all terms of this Agreement.
- g. In the event that any legal action becomes necessary to enforce or interpret the terms of this Agreement, the prevailing party shall be entitled, in addition to its court costs, to such reasonable attorney fees, expert witness fees and legal expenses as shall be fixed by a court of competent jurisdiction. This Agreement shall be governed by the laws of the State in which the employee works.
- h. Wherever necessary to carry out the intent of the parties, the provisions of this Agreement shall survive the termination of my employment with the Company and shall continue in full force and effect.
- i. In case any one or more of the provisions contained in this Agreement shall, for any reason, be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall be construed by limiting and reducing such provision, so as to be enforceable to the fullest extent compatible with the intent of the parties and the then current applicable law, and if not possible, then this Agreement shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein and it shall not affect the other provisions of this Agreement, which shall remain in full force and effect.
- j. I acknowledge that this Agreement is in consideration of my employment or continued employment with the Company, whether executed before, at, or following my initial employment therewith. I further acknowledge that this Agreement does not create any obligation for my continued employment by the Company, or in any way alter my status as an "at will" employee, which means that my employment relationship may be terminated by either me or the Company at any time, for any reason, with or without cause and with or without prior notice.

k. This Agreement, including the attached Exhibits as referenced above, contains the entire understanding between myself and the Company with respect to the subject matter hereof, and there are no representations, warranties, promises or undertakings other than those contained in the provisions above. No modification of or amendment to this Agreement, nor any waiver of any rights or obligations under this Agreement, will be effective unless in writing and signed by both me and the Company.

I represent and warrant that: (a) I have read this Agreement and understand all the terms and conditions hereof, (b) I have entered into this Agreement of my own free will and volition, (c) I have been advised by the Company that this Agreement is a legally binding contract and that I should seek my own independent attorney to review it, (d) I have been afforded ample opportunity to consult with my own attorney regarding this Agreement, and (e) the terms of this Agreement are fair, reasonable and are being agreed to voluntarily in exchange for my employment or continued employment by the Company

This Agreement is executed by me at \_\_\_\_\_, in the state of \_\_\_\_\_, as of this \_\_\_ day of \_\_\_, 202\_\_.

**EMPLOYEE:**

**WITNESS:**

\_\_\_\_\_  
**Print Name**

\_\_\_\_\_  
**Print Name**

\_\_\_\_\_  
**Signature**

\_\_\_\_\_  
**Signature**

## **EXHIBIT A TERMINATION CERTIFICATE**

This is to confirm that I have reviewed the Employee Nondisclosure, Confidentiality, and Nonsolicitation Agreement ("Agreement") signed by me on \_\_\_\_\_, 20\_\_ and that I understand the terms of that Agreement and the continuing obligations I have under that Agreement. During the course of my employment with the Company, I have had access to information regarded by the Company as Confidential information as defined by the Agreement.

I certify that I do not have in my possession or control, nor have I failed to return, any Confidential Information of the Company, including any specifications, drawings, blueprints, reproductions, prototypes, sketches, notes, reports, proposals or copies thereof, or other documents or materials, tools, equipment, devices or other property belonging to the Company, including any documents, records, notebooks and similar repositories of Confidential Information, or any copies thereof, whether prepared by me or others, and whether stored in paper, disk, electronic, magnetic or other form.

I recognize that the unauthorized taking of any of the Company's tangible trade secrets is a crime under Section 499(c) of the California Penal Code, and that any unauthorized taking of the Company's trade secrets also may result in civil liability under California Civil Code Section 3426, et seq.

I further certify that I have complied with and will continue to comply with all of the terms of the Agreement signed by me with the Company, including the reporting of any inventions conceived or reduced to practice by me and covered by the Agreement. I further agree that in compliance with the Agreement, I will preserve in strictest confidence and keep confidential all proprietary, technical and business information pertaining to the Company, and will not disclose or use any Confidential Information for myself or for the benefit of any other person or entity.

Upon termination of my employment with the Company, I will be employed by (name of new employer) in the (division/department) and will be working in connection with the projects (generally describe the projects):

If requested by the Company, I agree to notify my new employer as to the general nature or subject matter of the confidential and proprietary information to which I had access while employed by the Company, and as to my obligations with respect to such information (without actually disclosing such Confidential Information). I also understand that the Company may notify my new employer of the existence of the Agreement and this Certificate.

I understand and acknowledge that should I fail to comply with my obligations under the Agreement after my employment ends, the Company shall have, in addition to the right to damages, the right to obtain an injunction against me, including without limitation an injunction prohibiting me from disclosing Confidential Information to my new employer or to any third party.



This Agreement is executed by me at \_\_\_\_\_, in the State of \_\_\_\_\_, as of this \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

**EMPLOYEE:**

\_\_ Print Name

\_\_ Signature

**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, Vivek Garipalli, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the period ended March 31, 2022, 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 period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) 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):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

May 9, 2022

By:

/s/ Vivek Garipalli  
\_\_\_\_\_  
**Vivek Garipalli**  
**Chief Executive Officer**

**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, Mark C. Herbers, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the period ended March 31, 2022, 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 period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) 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):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

May 9, 2022

By:

/s/ Mark C. Herbers

**Mark C. Herbers**  
**Interim Chief Financial Officer, Principal Financial Officer, and**  
**Principal Accounting Officer**

**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 ended March 31, 2022, 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: May 9, 2022

By:

/s/ Vivek Garipalli

**Vivek Garipalli**  
**Chief Executive Officer**

