

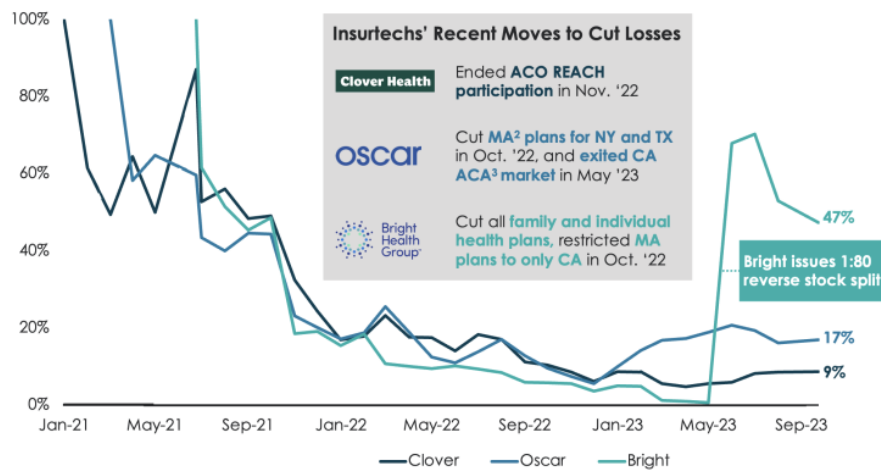
## Health “insurtechs” struggling to stay relevant

“Insurtechs” Clover Health, Oscar Health, and Bright Health all went public in the midst of the hot equity market of 2021. Investors were excited by the **fast growth** of these health insurer startups, and their potential to revolutionize an industry dominated by a few large players. However, the hype has dissipated as financial performance has deteriorated. **After growing at all costs during a period of low interest rates, changing market conditions directed investors to demand a pivot to profitability, which the companies have struggled to deliver—two years later, none of the three has turned a profit.** Oscar and Bright have cut back their market presence significantly, while Clover has mostly carried on while sustaining high losses. In the last two years, only Oscar has posted a medical loss ratio in line with other major payers, who meanwhile are **reporting** expectation-beating profits. While Oscar has shown signs of righting the ship since the **appointment** of former Aetna CEO Mark Bertolini, **the future of these small insurers remains uncertain. As their losses mount and they exit markets, they may become less desirable as acquisition targets for large payers.**

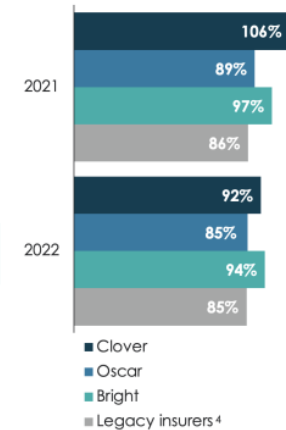
### “Insurtechs” Failing to Scale

Startup Health Insurers Struggling to Compete With Legacy Insurers Despite Hype and Fast Growth

#### Select Insurtech Companies Closing Stock Prices as a Percentage of Their IPO<sup>1</sup>



#### Average Medical Loss Ratios, by Insurer and Year



1. Initial public offering.
2. Medicare Advantage.
3. Affordable Care Act.
4. Includes UnitedHealth Group, Beavance, and Humana.

Sources: “Stock Historical Prices”, Yahoo Finance, Sep. 2023; Pound, S. “Stocks Fall to End Wall Street’s Worst Year Since 2008, S&P 500 Finishes 2022 Down Nearly 20%”, CNBC, Dec. 2022; Morse, S. “Oscar Health and Bright Health Are Curbing MA Expansion, For Now”, Healthcare Finance, Nov. 2022; Huleman, S. “Oscar Health Will Exit from California”, Healthcare Dive, May 2023; Emerson, J. “Clover Health Pulls Back on ACO Reach Program”, Becker’s Payer Issues, Dec. 2022; Gisi Healthcare analysis.