

Blue Cross and Blue Shield of Kansas City Audit Committee Charter

Amended and Restated by the Board on May 31, 2018

PURPOSE

The Audit Committee (the "Committee") of the Board of Directors (the "Board") is established by the Bylaws of Blue Cross and Blue Shield of Kansas City (the "Corporation") for the primary purpose of assisting the Board in its oversight of:

- Integrity of the Corporation's financial statements and reporting processes;
- Work of any Independent Auditor employed by the Corporation;
- The Corporation's Internal Auditing department;
- Compliance risk management;
- Information security risk management; and
- Enterprise risk management

The Committee is empowered to conduct or authorize investigations into any matters within its scope of responsibility, including seeking information it requires from any employees and the retention of independent counsel, accounting or other advisors to assist in the execution of its responsibilities. The Chairperson is authorized to conduct preliminary fact-finding with respect to any concerns raised. Upon completion of this effort, the Committee Chairperson will inform the Board Chairperson and the full Committee of the results and whether further investigation is recommended.

The Committee may delegate specific responsibilities to a subsidiary Board, provided such responsibilities are clearly documented and approved by the Corporation's Board and the subsidiary Board.

While the Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Committee directly manage operational risks, plan or conduct audits, or to determine that the Corporation's financial statements are complete and accurate and are in accordance with applicable accounting principles. These are responsibilities of management and the Independent Auditor.

COMPOSITION

The Committee shall consist of three or more members of the Board, each of whom shall meet the independence and financial literacy requirements below.

- a) Committee members may not be an affiliated person of the Corporation or any subsidiary. (An "affiliated person" is a person that directly or indirectly through one or more intermediaries, controls, is controlled by or is under common control with the Corporation.)

- b) Each member of the Committee must be financially literate; as such qualification is interpreted by the Board in its business judgment, or must become financially literate within a reasonable period of time after appointment to the Committee.
- c) At least one member of the Committee shall be designated a "financial expert", based upon education and experience as a principal financial officer, principal accounting officer, controller, public accountant or auditor, or experience in one or more positions that involve the performance or oversight of similar functions as the Board interprets such qualification in its business judgment. The "financial expert" designation will not impose on such person individually, on the Committee, or on the Board as a whole, any greater duties, obligations or liability than would exist in the absence of the such designation.

Members of the Committee and its Chairperson shall be appointed by the Board Chairperson and ratified by the Board, members may be removed by the Board at its discretion.

MEETINGS

The Committee shall meet with such frequency and at intervals it determines necessary to carry out its duties and responsibilities, but not less than four times a year. Committee members are expected to attend each meeting in person, but infrequent participation via tele- or video-conference is permitted. A majority of members of the Committee shall constitute a quorum. The Committee shall act only by the affirmative vote of a majority of members at any meeting at which a quorum is present, or by the unanimous written consent of all of the Committee members. The Committee will hold executive sessions, including with advisors or members of management, as it deems appropriate. The Committee shall maintain copies of minutes of each meeting reflecting the actions authorized or taken. Results of Committee meetings shall be reported to the full Board.

RESPONSIBILITIES

In furtherance the Committee's purpose, its responsibilities include the following:

1. Financial Statements and Reporting

- a) Review the proposed scope and approach of the Independent Auditor's annual financial audit, including coordination with Internal Audit. The engagement letter shall be signed by the Committee Chairperson and a member of management.
- b) Review the adequacy and effectiveness of management's financial controls and financial reporting processes with the Independent Auditors, Internal Audit and management.

- c) Review the Independent Auditor's annual audit report for the Corporation's financial statements, including:
 - 1. Significant accounting and reporting issues, including material estimates, complex or unusual transactions, recent professional and regulatory pronouncements, the quality and acceptability of accounting principles applied by the Corporation, and their impact on the financial statements;
 - 2. The financial statements to consider whether they are complete and consistent with information known to Committee members;
 - 3. Material communications between the Independent Auditor and management (e.g., management letter, schedule of unadjusted differences, significant legal matters, significant fraud matters) and all other required communications associated with the annual audit.
- d) Review any difficulties encountered in performing the audit and resolve any financial reporting disagreements between management and the Independent Auditor.

2. Independent Auditor

- a) Appointment, compensation, retention, oversight, and termination of the Independent Auditor for any audit services. The Independent Auditor shall report directly to the Committee.
 - 1. The Committee shall only retain firms that are registered with the Public Company Accounting Oversight Board and will ensure its adherence to applicable Independent Auditor partner rotation and independence standards required by state law.
 - 2. The Committee shall not obtain audit services from a firm if a Board director, chief executive officer, chief financial officer, controller, chief accounting officer, general counsel, director of internal audit, director of financial reporting (or any person serving in an equivalent position for the Corporation or any person they organizationally report to) was employed by, or was a partner of, that firm and participated in any capacity in the audit of the Corporation during the one-year period preceding the date of the initiation of the audit.
- b) Pre-approve all audit, and permitted non-audit and tax services, to be provided by the Independent Auditor. The Chairperson shall have the authority to pre-approve such services, provided any approval shall be presented to the full Committee at its next scheduled meeting.
 - 1. When considering whether to grant approval, the nature, scope and fees associated with the service to be provided by the Independent Auditor should be considered to ensure the independence of their work for the Corporation.

2. The following non-audit services may not be provided by the Independent Auditor:
 - Bookkeeping or other services related to the Corporation's accounting records or financial statements;
 - Financial information systems design and implementation;
 - Appraisal or valuation services, fairness opinions or contribution-in-kind reports;
 - Actuarial services involving the determination of amounts to be recorded in the Corporation's financial statements.
 - Internal audit outsourcing services;
 - Management functions or human resources services;
 - Broker or dealer, investment adviser, or investment banking services;
 - Legal services and expert services unrelated to the audit; and
 - Any other service that the Public Company Accounting Oversight Board determines, by regulation, is impermissible.
- c) On an annual basis, review a report from the Independent Auditor describing any relationships between its personnel and the Corporation to assess the auditor's independence.
- d) On an annual basis, review a report by the Independent Auditor describing the firm's internal quality control procedures and any material issues raised by the most recent internal quality control review, peer review, or by any inquiry or investigation by governmental or professional authorities within the preceding five years.
- e) Hold regular executive sessions with the Independent Auditor to discuss any matters that the Committee believes should be discussed privately.
- f) On an annual basis, evaluate the Independent Auditor's performance.
- g) Conduct a thorough evaluation of the Independent Auditor at least every five to seven years, which may also include the consideration of other firms.

3. Internal Audit

- a) The Committee shall approve of the appointment, compensation and termination of the Director of Audit Services. The Director of Audit Services shall report functionally to the Committee and administratively to a member of senior management.
- b) On an annual basis, evaluate the Director of Audit Services performance.
- c) Review the Internal Audit function's budget, structure and staffing levels.

- d) On an annual basis, review and approve the Internal Audit department's Charter, including ensuring there are no unjustified restrictions or limitations on the Internal Audit function.
- e) Approve the annual audit plan and significant changes to the plan.
- f) Review reporting associated with Internal Audit assurance and consulting projects, as well as results of significant external audits.
- g) Hold regular executive sessions with the Director of Audit Services to discuss any matters that the Committee believes should be discussed privately.

4. Compliance

- a) Review the Corporation's Compliance and Ethics Program, including governance, structure, scope, and objectives.
- b) Review the Corporation's key compliance risks, and the effectiveness of management's processes to assess, mitigate, monitor, and respond to those risks.
- c) Review reporting associated with significant compliance issues, including results of examinations by regulatory agencies.
- d) Establish and publish an anonymous reporting mechanism for employees to directly contact the Committee regarding significant concerns (e.g., financial reporting, fraud, violations of laws, regulations, or the Code of Conduct).

5. Information Security

- a) Review the Corporation's information security program, including governance, structure, scope, and objectives.
- b) Review the Corporation's key information security risks, and the effectiveness of management's processes to assess, mitigate, monitor, and respond to those risks.
- c) Review reports related to significant information security issues.

6. Enterprise Risk Management

- a) Review management's processes to identify and manage key risks of the Corporation, including strategic and material operational risks (e.g., information security, compliance, business operations).
- b) Review reports from management related to enterprise risks within the Committee's scope of responsibility.

7. Other Responsibilities

- a) On an annual basis, review and assess the adequacy of the Committee charter and request Board approval for proposed changes.
- b) On an annual basis, confirm Committee responsibilities outlined in this Charter have been carried out.
- c) Evaluate the Committee's performance on an annual basis.
- d) Perform such other duties as may be delegated by the Board.

Revision History

Adopted by the Board on September 11, 2002

Amended by the Board on November 13, 2002

Amended by the Board on May 12, 2004

Amended by the Board on April 26, 2005

Reaffirmed by the Board on May 18, 2005

Amended by the Audit Committee on April 25, 2006

Reaffirmed by the Board on May 17, 2006

Amended by the Audit Committee on April 18, 2007

Amended and Reaffirmed by the Board on May 16, 2007

Reaffirmed by the Board on May 14, 2008

Amended by the Board on May 13, 2009

Amended and Reaffirmed by the Board on May 12, 2010

Amended and Reaffirmed by the Board on May 22, 2012

Amended and Reaffirmed by the Board on May 22, 2013

Amended and Reaffirmed by the Board on May 13, 2014

Amended and Reaffirmed by the Board on April 30, 2015

Amended and Reaffirmed by the Board on April 27, 2016

Amended and Reaffirmed by the Board on November 30, 2017