

Blue Cross and Blue Shield of Kansas City
Investment & Finance Committee Charter
Amended and Reaffirmed by the Board on April 27, 2016

Investment & Finance Committee Charter

PURPOSE

The primary purposes of the Investment & Finance Committee are to:

1. Assist the Board with review and oversight of the Corporation's investment and financial policies and performance, objectives, guidelines, forecasts, budgets and other significant financial matters;
2. Provide recommendations to the Board on major investment and financial objectives, strategies, policies, forecasts and budgets; and
3. Oversee the Corporation's investment consultants.

AUTHORITY

The Investment & Finance Committee shall have the resources and appropriate authority to discharge its responsibilities, including the authority to retain and terminate investment consultants or advisors, legal counsel and other experts as it determines necessary to carry out its duties and responsibilities. The Committee shall have authority to approve the consultant's or advisor's fees and terms of service.

COMPOSITION

The Investment & Finance Committee will consist of at least three (3) non-management members (but no maximum) of the Board of Directors. In addition, the Board may appoint up to two non-board member advisors to assist the Committee. Such advisors may participate in Committee meetings, but shall not have voting rights. The Chairman of the Board shall be an ex-officio member of the Investment & Finance Committee. Members of the Investment & Finance Committee and its Chairman shall be appointed by the Chairman of the Board with ratification by the Board at the Annual Meeting.

QUALIFICATIONS FOR COMMITTEE MEMBERS

Each member of the Investment & Finance Committee must have investment experience and be financially literate; as such qualification is interpreted by the BCBSKC Board of Directors in its business judgment, or must become financially literate within a reasonable period of time after his or her appointment to the Investment & Finance Committee. In addition, at least one member of the Investment & Finance Committee must have investment or related financial management expertise, as

the BCBSKC Board of Directors interprets such qualification in its business judgment. In making such a determination, the Board shall consider whether a person has, through education and/or experience:

- a) An understanding of investment and financial principles, strategies, transactions and performance;
- b) Experience with and understanding of investment and financial statements and reporting;
- c) Experience with investment consultants and/or fund managers; and
- d) An understanding of investment markets.

SERVICE ON OTHER COMMITTEES

Because of the Investment & Finance Committee's demanding role and responsibilities, and the time commitment attendant to committee membership, each prospective Investment & Finance Committee member should evaluate carefully the existing demands on his or her time before accepting this important assignment.

If an Investment & Finance Committee member simultaneously serves on the Investment or Audit Committees of more than three non-charitable organizations, and BCBSKC does not limit the number of Investment or Audit Committees on which its Investment & Finance Committee members serve, then in each case, the Board must determine that such simultaneous service would not impair the ability of such member to effectively serve on the BCBSKC Investment & Finance Committee.

COMPENSATION

An Investment & Finance Committee member may not accept any consulting, advisory, or other compensatory fee from BCBSKC, other than in the member's capacity as a member of the board of directors or any Board Committee. Disallowed compensatory fees include indirect as well as direct payments. Indirect payments include, for example:

- Payments to spouses, or any children or stepchildren sharing a home with the Committee member; and
- Payments to a firm providing accounting, consulting, legal, investment, banking, or financial advisory services to BCBSKC and in which the director serves as a partner, member, executive officer or principal.

An Investment & Finance Committee member may receive their director's fee in cash or other in-kind consideration ordinarily available to directors, as well as all of the regular benefits that other directors receive.

MEETINGS

The Committee will meet at least four times a year, with authority to convene additional meetings, as circumstances require. All Committee members are expected to attend each meeting in person. Occasional participation via tele- or video-conference is permitted; however, in-person attendance is preferred. The Committee will invite members of management, investment advisors, fund managers or others to attend meetings and provide pertinent information, as necessary. Meeting agendas will be prepared and provided to members in advance, along with appropriate briefing materials. Minutes will be prepared for approval.

RESPONSIBILITIES

The Committee will carry out the following responsibilities:

1. Review and approve the corporation's investment policy, objectives and guidelines, including risk tolerance, at least annually; and, have the investment policy affirmed by the Board of Directors.
2. Develop selection criteria and select and terminate, if necessary, the corporation's investment consultants and specific fund managers.
3. Review the performance of the investment portfolios, the investment consultants and managers; and take appropriate action as necessary.
4. Perform initial review of the Company's proposed Budget and Three-Year Forecast and provide approval recommendation to the Board.
5. Provide input and feedback to management on significant financial matters, including but not limited to capital spending, reserves, bank relationships, insurance coverage, employee benefit plans and tax strategies.
6. Review and approve material exceptions to the Company's budget.
7. Review and approve Blue Cross and Blue Shield of Kansas City and its Subsidiaries' acquisitions, joint ventures and divestitures.
8. Conduct a formal review of the investment consultant and advisors at least once every three years. Included in that review will be the performance of fund managers recommended by the consultant or advisor.
9. Regularly report to the Board of Directors about Committee activities, issues, and related recommendations.
10. Perform other activities delegated to the Committee by the Board of Directors from time to time.
11. Review and assess the adequacy of the Investment & Finance Committee Charter annually, requesting Board approval for proposed changes.

12. Confirm annually that all responsibilities outlined in this Charter have been carried out.
13. Evaluate the Committee's performance on an annual basis.
14. Receive semi-annual reports on the investment performance of the BCBS National Retirement Trust.

Approved by the Board on May 16, 2007
Amended and Reaffirmed on May 14, 2008
Reaffirmed by the Committee on April 30, 2009
Reaffirmed by the Committee on April 27, 2010
Reaffirmed by the Committee on May 5, 2011
Amended and Reaffirmed by the Board on May 22, 2012
Amended and Reaffirmed by the Board on May 13, 2014
Amended and Reaffirmed by the Board on April 30, 2015