



## **BLUE CROSS AND BLUE SHIELD OF ARIZONA, INC. NOMINATING AND GOVERNANCE COMMITTEE CHARTER**

### **Purpose of Committee**

The purpose of the Nominating and Governance Committee (Committee) of the Board of Directors (Board) of Blue Cross and Blue Shield of Arizona, Inc. (Company) is to assist the Board in discharging its responsibilities relating to Board composition and corporate governance by (i) identifying and recommending individuals to the Corporate Membership for nomination as Directors of the Board, (ii) identifying and recommending to the Board individuals to serve as Board officers (Chairman, Vice Chairman, and Secretary), (iii) identifying and recommending Committee members for all Board Committees except the Executive Committee, Nominating and Governance Committee and certain members of the Human Resources and Compensation Committee, and (iv) developing and recommending to the Board a set of corporate governance guidelines (Guidelines) applicable to the Company.

### **Committee Membership**

The Committee shall consist of five independent Members of the Board, as defined by the Board's Guidelines.

### **Committee Structure and Operations**

The Committee shall elect one Member of the Committee to serve as its Chairman. The Committee shall meet at least four (4) times a year at a time and place determined by the Committee Chairman. Further meetings may be held as deemed necessary by the Committee, Chairman of the Board, or Vice Chairman if the Chairman of the Committee or the Chief Executive Officer (CEO). Additional special meetings may be held at the call of the Compliance Officer, or by three or more members of the Committee.

### **Committee Duties and Responsibilities**

The following are the duties and responsibilities of the Committee:

1. To make recommendations to the Board from time to time as to changes that the Committee believes to be desirable as to the size of the Board.
2. To identify individuals believed to be qualified to become Directors, and to recommend to the Corporate Membership the nominees to stand for election as Directors at the annual meeting of Membership or, if applicable, at a special meeting of Members. In the case of

a vacancy in the office of a Director (other than a vacancy caused by the death, resignation or termination of the President), the Committee shall recommend to the Corporate Membership an individual to fill such vacancy. In nominating candidates, the Committee shall take into consideration such factors as it deems appropriate, and consult with the CEO. These factors may include judgment, skill, diversity, knowledge of the health benefits industry, experience with businesses and other organizations of comparable size, financial expertise, conformity with any requirements of the Blue Cross and Blue Shield Association and state law, the interplay of the candidate's experience with the experience of other Directors, and the extent to which the candidate would be a desirable addition to the Board and any Committees of the Board.

3. To develop and recommend to the Board standards for determining independence of Directors and to recommend to the Board annually the appropriate status of each Director as independent or not independent.
4. To identify and nominate to the Board individuals to serve as Board officers. A member of the Committee wishing to be nominated for an office shall submit his or her resignation from the Committee to the Chairman of the Board prior to the scheduled Committee meeting.
5. To identify and nominate to the Board individuals to serve as Committee members to all Board Committees except the Executive Committee, Nominating and Governance Committee and certain members of the Human Resources and Compensation Committee.
6. To establish procedures for the performance evaluation of the Board and assessment of Board members.
7. To develop and recommend to the Board a set of corporate governance Guidelines applicable to the Company and to review those Guidelines at least once a year. Such Guidelines shall include at a minimum:
  - a. Director qualification standards, including policies limiting the number of Boards or Audit Committees on which a Director may sit, and Director tenure, retirement, succession, and removal;
  - b. Director responsibilities, including basic duties and responsibilities with respect to attendance at Board and Committee meetings and advance review of meeting materials;
  - c. Director access to management and, as necessary or appropriate, independent advisors;
  - d. Director orientation and continuing education;

- e. Policies and principles for CEO selection and performance review, as well as policies regarding succession in the event of termination, emergency or retirement of the CEO; and
  - f. Board and Committee self-assessment on at least an annual basis to determine whether the Board and its Committees are functioning effectively.
8. To oversee the design and implementation of Director orientation and development programs.
  9. To initiate and/or review a Director's failure to perform his or her duties adequately including, but not limited to, negligence, criminal acts, or breaches of his or her duties to the Company warranting removal from the Board as outlined in the Bylaws.
  10. To perform any other duties or responsibilities expressly delegated to the Committee by the Board from time to time.

This Nominating and Governance Committee Charter is not intended to change or augment the obligations of the Company or its Directors or management under any federal or state laws, or to create new standards for determining whether Directors or management have fulfilled their duties, including fiduciary duties, under applicable state law.

### **Performance Evaluation**

The Committee shall produce and provide to the Board an annual performance evaluation of the Committee, which evaluation shall compare the performance of the Committee with the requirements of this Charter. The performance evaluation shall also recommend any improvements to the Committee's Charter deemed necessary or desirable by the Committee. The performance evaluation by the Committee shall be conducted in such manner, as the Committee deems appropriate.

### **Management Responsibilities and Obtaining Consultants**

It is management's responsibility to provide the Committee with the necessary resources to discharge the Committee's duties and responsibilities, as reflected in this Charter and as assigned to the Committee by the Board of Directors. It is the Committee's responsibility to hire and terminate consultants including, but not limited to, legal counsel needed to assist the Committee in the performance of its duties.