THE CAREFIRST 401(k) PLAN
NOTICE OF SAFE HARBOR MATCHING CONTRIBUTION AND QUALIFIED AUTOMATIC CONTRIBUTION ARRANGEMENT FOR THE PLAN YEAR BEGINNING JANUARY 1, 2020

Dear Eligible CareFirst Associate:

This required Notice is being provided by CareFirst, Inc. (the "Company") under the provisions of the Internal Revenue Code and the Employee Retirement Income Security Act ("ERISA") with respect to certain features of The CareFirst 401(k) Plan ("the Plan"). This Notice is intended to provide you with information about the:

- Safe Harbor Matching Contribution feature; and
- Qualified Automatic Contribution Arrangement ("QACA") provision.

Both of these Plan provisions were first described to associates around the time of the Plan change effective January 1, 2014. These Plan features have not changed since that time, but the Company is required to send this Notice to keep associates informed on an annual basis. You should read this Notice carefully and, if you have any questions, please review the Summary Plan Description ("SPD"), Plan document, or contact Fidelity (the provider of recordkeeping services for the Plan) at **1-800-835-5095**. In the event of a discrepancy between this Notice and the terms of the Plan, the official Plan document will govern. The remainder of this Notice describes the provisions of the Plan which together comprise a Qualified Automatic Contribution Arrangement (QACA).

Q1. Who may participate in the 401(k) Plan?

A. All active associates of CareFirst who are eligible to participate in the Plan may begin participating in the Plan, for the purpose of making pre-tax or Roth deferrals, generally on the first day of the payroll period coincident with or next following date of hire. All benefit eligible associates may participate in the Plan. Non-associates, including interns, contingent, temporary, supplemental, or substitute employees, collective bargaining employees, leased employees, and other non-associates are not eligible to participate in the Plan. For more information on eligibility and participation, please refer to the "Participating in the Plan" section of the SPD.

Q2. What is the Safe Harbor Matching Contribution?

A. The IRS has defined certain plan designs as "Safe Harbor" for employers with respect to certain aspects of the Internal Revenue Code. CareFirst adopted a "Safe Harbor" Matching Contribution design on January 1, 2014 which remains unchanged.

The Company makes a Safe Harbor Matching Contribution to your Account in the Plan in an amount equal to one hundred percent (100%) of the first one percent (1%) plus fifty percent (50%) of the next five percent (5%) of your Eligible Pay that you defer to the Plan each payroll period as a pre-tax and/or Roth contribution. Three and one-half percent (3½%) is the maximum Safe Harbor Matching Contribution provided by the Plan. No Safe Harbor Matching Contribution will be made if you elect to defer zero percent (0%) of your Eligible Pay.

For Plan purposes, Eligible Pay for computing the amount of your deferral contribution to the Plan and the amount of the Safe Harbor Matching Contribution is generally your W-2 wages, but does not

Contact us

You can get more information and request account transactions by phone and online.

Fidelity 1-800-835-5095

Fidelity NetBenefits®
www.401k.com

You may also request a Summary Plan Description by contacting:

CareFirst, Inc.
c/o Corporate Benefits Department
10455 Mill Run Circle
Mailstop OM2-250
Owings Mills, MD 21117
410-998-7355 or
1-877-838-3791

include compensation from a number of items such as tuition reimbursement, expense reimbursement, relocation expenses, and severance payments. For a complete list of excluded pay, please see the definition included in the "Glossary" section of the Plan SPD.

Your Eligible Pay is not reduced by contributions you made to a Company sponsored cafeteria plan or The CareFirst 401(k) Plan. Eligible Pay is limited to $285,000 in 2020.

You will be one hundred percent (100%) vested in Safe Harbor Matching Contributions after two (2) Years of Vesting Service. If you are an active associate, you are credited with a Year of Vesting Service for each Plan Year (calendar year) in which you complete at least 1,000 Hours of Service.

Vesting means that you have an entitlement interest in that amount and it cannot be taken away from you, even if you terminate employment. Refer to Q10 below for more details on vesting. Once you are a Plan participant, you are not required to meet any other requirements in order to receive the Safe Harbor Matching Contribution, such as working a specified number of Hours of Service during the Plan Year or being employed on the last day of the Plan Year.

The Plan Administrator is required to provide eligible associates with a notice describing the Safe Harbor Matching Contribution for the Plan Year at least thirty (30) days, but not more than ninety (90) days, before the beginning of each Plan Year for which a Safe Harbor Matching Contribution is to be made or during the initial Plan Year in which they become eligible to participate in the Plan.

The Plan Sponsor may amend the Plan to reduce or suspend Safe Harbor Matching Contributions. A supplemental notice will be provided to you at least thirty (30) days prior to the effective date of any such change.

Q3. How much can I contribute to the Plan? And how can I change my contribution election?

A. You may elect to defer between zero percent (0%) and fifty percent (50%) of your Eligible Pay to the Plan on a combined pre-tax and Roth basis. These combined contributions are subject to dollar limits that are set by law. In 2020, the limit is $19,500; however, you can defer an additional $6,500 in "catch-up" contributions if you are at least age 50 by December 31, 2020. You are always one hundred percent (100%) vested in any pre-tax and Roth contributions you make to the Plan.

You can change the amount you contribute to the Plan at virtually any time. You may change your contribution rate by logging on to Fidelity NetBenefits® at **www.401k.com** or by calling a Fidelity Retirement Representative at **1-800-835-5095**.

Q4. What is the Plan's automatic enrollment feature?

A. The Company makes saving for retirement under our 401(k) Plan even easier through an automatic enrollment feature.

If you have already made a specific affirmative contribution election under the 401(k) Plan, nothing will change. The automatic enrollment feature will not change your contribution level, and your contribution election will be followed, and matching contributions will be made based on your elected contribution level. See Q3 above to determine how you can change your contribution election.

Keep in mind that you can stop or change your 401(k) contribution at any time and for any reason going forward. However, once money for a 401(k) contribution is deducted from your paycheck, it generally cannot be returned while you are an active associate. Any such money will be held in your Plan account until you are eligible to withdraw it as outlined below in Q10.

Each eligible associate hired or rehired after January 1, 2020 who does not make an affirmative contribution election within twelve (12) days after his or her start date (i.e., date of hire or rehire plus twelve (12) calendar days) will be automatically enrolled in the Plan. Automatic contributions will be six percent (6%) of the associate's Eligible Pay deducted on a pre-tax basis each pay period. Automatic contributions under this arrangement will be made in the second payroll period after the date of hire or rehire or when you are first eligible to participate, if later.

Q5. Does the Plan's automatic enrollment feature apply to me?

A. An associate who is hired or rehired during the Plan Year beginning January 1, 2020 will be automatically enrolled in the Plan at a pre-tax contribution rate of six percent (6%) unless that individual makes an affirmative election prior to his or her automatic enrollment date (i.e., date of hire or rehire plus twelve (12) calendar days).

If you are an associate who is hired or rehired during the Plan Year beginning January 1, 2020, the Plan's automatic enrollment feature will <u>not</u> apply to you provided that you make an affirmative contribution election within your twelve-day (12-day) grace period described in Q4. If you make an affirmative election to contribute to the Plan or you elect a contribution rate of zero percent (0%) during that period, your action will override the automatic enrollment feature. You can virtually always change your contribution level (even if you are automatically enrolled and later decide to stop or change your contributions) by logging on to Fidelity NetBenefits® at **www.401k.com** or by calling a Fidelity Retirement Representative at **1-800-835-5095**.

If you do not make an election during your twelve-day (12-day) grace period, you will be enrolled in the Plan by your second pay of 2020 or when you are first eligible to participate, if later. This means money will be automatically deducted from your pay on a pre-tax basis and contributed to your Plan account by the Company on your behalf.

If you do not want to be enrolled, you must make an affirmative contribution election of zero percent (0%) by logging on to Fidelity NetBenefits® at **www.401k.com** or by calling a Fidelity Retirement Representative at **1-800-835-5095**.

Note: If you are a benefit eligible associate who was subject to the Plan's automatic enrollment feature in the past (before January 1, 2020) and you made an affirmative election to cancel or override the automatic enrollment feature either with a zero percent (0%) election or some other election, you do not need to make a new election for the Plan Year beginning January 1, 2020. Your current (existing) election will remain in place for the Plan Year beginning January 1, 2020. In other words, you do not need to enroll, re-enroll, or dis-enroll yourself for the Plan Year beginning January 1, 2020, if you are satisfied with your current (existing) election.

Q6. If I do nothing, how much will be withheld from my pay and contributed to my Plan account?

A. If you are an associate who is hired or rehired during the Plan Year beginning January 1, 2020 and you do not make an affirmative election prior to your automatic enrollment date as described in Q5, you will be automatically enrolled in the Plan at a pre-tax contribution rate of six percent (6%). Unless you actively make a different contribution election, six percent (6%) of your Eligible Pay for each pay period will be taken from your pay on a pre-tax basis and contributed to your Plan account. Once the money is deducted from your paycheck, it generally cannot be returned while you are an active associate. Any such money will be held in your Plan account until you are eligible to withdraw it as outlined below in Q10.

Your contributions to the Plan on a pre-tax basis are taken out of your pay and are not subject to federal income tax at that time. Instead, they are contributed to your Plan account and can grow over time with earnings. Your account will be subject to federal income tax only when withdrawn. This helpful tax rule is a reason to save for retirement through Plan contributions.

<u>If you are an associate who is hired or rehired during the Plan Year beginning January 1, 2020 and you do not take action, 401(k) contributions will be taken out of your pay</u>. However, you are in charge of your 401(k) contributions. You may decide to do nothing and become automatically enrolled at six percent (6%), or you may choose another percentage as low as one percent (1%) or as high as fifty percent (50%) that better serves your needs, or you may elect a zero percent (0%) contribution rate. You can change your contributions at virtually any time (even if you are automatically enrolled and later decide to stop or change your contributions) by logging on to Fidelity NetBenefits® at **www.401k.com** or by calling a Fidelity Retirement Representative at **1-800-835-5095**.

Q7. In addition to the contributions taken out of my pay, what amounts will the Company contribute to my Plan account?

A. The Company will make a Safe Harbor Matching Contribution to your Account in the Plan in an amount equal to one hundred percent (100%) of the first one percent (1%) plus fifty percent (50%) of the next five percent (5%) of your Eligible Pay that you defer to the Plan each payroll period. The Safe Harbor Matching Contribution will be made whether you are automatically enrolled or you choose your own contribution level. No Safe Harbor Matching Contribution will be made if you elect to defer zero percent (0%) of your Eligible Pay.

Q8. What other employer contributions are available under the Plan?

A. In addition to the Safe Harbor Matching Contributions to the Plan, associates hired or rehired on or after January 1, 2009 who are not eligible to accrue a benefit under either the CareFirst, Inc. Retirement Plan or the Service Benefit Plan Administrative Services Corporation Retirement Plan are eligible to receive a 401(k) Non-Elective Retirement Contribution equal to two percent (2%) of Eligible Pay, up to the maximum IRS compensation limit. Contributions begin as soon as administratively feasible following the thirty-first (31^{st}) day of employment.

The Company may also make an additional discretionary contribution on behalf of individuals who are eligible associates on the last day of the Plan Year. Any such contribution will be allocated as a uniform percentage of such associates' Eligible Pay.

Q9. Can I change the amount of my contributions?

A. You can virtually always change the amount you contribute to the Plan. If you know you do not want to contribute to the Plan, you must contact Fidelity. That way, you will avoid any automatic contributions. You may enroll or change your contribution rate at virtually any time by logging on to Fidelity NetBenefits® at **www.401k.com** or by calling a Fidelity Retirement Representative at **1-800-835-5095**.

Q10. When will my Plan account be vested and available to me?

A. You will always be fully vested in your pre-tax, Roth 401(k), and catch-up contributions to the Plan. For any Safe Harbor Matching Contributions you receive, you will be one hundred percent (100%) fully vested after two (2) Years of Vesting Service. No partial vesting is allowed under this Plan. For any Non-Elective Retirement Contributions you may receive, you will be one hundred percent (100%) fully vested after three (3) Years of Vesting Service.

To be "fully vested" in Plan contributions means that you meet the Plan's vesting requirements and your contributions (along with any related investment gains or losses) cannot be forfeited. For more information about the Plan's vesting provisions, please review the "Vesting" section of the SPD.

Even if you are fully vested in your Plan account, there are limits on when you may withdraw your funds. These limits may be important to you in deciding how much, if any, to contribute to the Plan. Withdrawals from the Plan are generally permitted when you reach age 59½, terminate your employment, retire, become permanently disabled as an active associate, or experience a severe financial hardship as defined by the Plan. Also, there is generally an extra ten percent (10%) tax on distributions taken before age 59½. Please be sure you understand the tax consequences of any withdrawal from the Plan.

If your vested account balance is over $1,000, you may take a distribution in the form of a lump sum or under various installment options. In addition, certain prior plan accounts may be eligible to be paid under annuity distribution options. Please refer to the "Withdrawals" and the Appendix "Special Information for Participants of Prior Plans" sections of the SPD to see the specific distribution options available to you. Your beneficiary can get any vested amount remaining in your account when you die.

You may take a loan against your account in accordance with Plan guidelines. If you actively serve in the military for thirty (30) days or more, you may take a qualified reservist distribution of 401(k) deferrals. You also may be able to take out certain vested amounts if you have a financial hardship that meets the Plan's requirements. Further 401(k) contributions will be suspended for six (6) months following a qualified reservist or hardship distribution. Please refer to the "Loans," "Withdrawals," and "Final Distribution of Funds" sections of the Plan's SPD to learn more about the Plan's loan, withdrawal, and distribution rules.

Q11. How will my Plan account be invested?

A. The Plan lets you invest your account in a number of different investment options. Unless you elect or have elected a different investment option, your Plan account will be invested in the Plan's default fund.

You have the right under the Plan to direct the investment of your existing balances and future contributions to any of the Plan's available investment options, including the right to transfer out of the Plan default fund to another investment option. Unless you provide alternative direction, your contributions and/or the portion of your account that is currently invested in the Plan default fund will continue to be invested in this option.

Q12. What is the Plan's default fund?

A. The Plan's default fund is the T. Rowe Price Retirement Target Funds, as determined by CareFirst based on your date of birth and assuming a retirement age of 65. If you do not make an investment election, this is where your money will be invested.

You are free to change how your Plan account is invested among the Plan's offered investment options. Separately, you will receive a Qualified Default Investment Alternatives ("QDIA") Notice, which contains additional important information regarding the Plan's default funds. To request changes or to obtain additional information about the T. Rowe Price Retirement Target Funds and the other Plan investment options including the expenses associated with each fund, please log on to Fidelity NetBenefits® at **www.401k.com** or call **1-800-835-5095**.

You may also make changes to your investment elections for future contributions and/or exchange all or a portion of your existing balance into other investment options available under the Plan via NetBenefits® online or by phone. We encourage you to review your investment mix and deferral percentage and update as appropriate.

The chart below illustrates the Plan-assigned fund to help fit your diversification needs should you not select an investment option. The investment objectives, risk and return characteristics, and fees and expenses related to each fund are described in detail in the QDIA Notice.

The T. Rowe Price Retirement Target Funds are mapped to the year you might retire based on your date of birth.

Fund Name	Retirement Date Range (assuming a retirement age of 65)	Date of Birth Range*
T. Rowe Price Retirement Balanced Trust	Before 2003	Before 1938
T. Rowe Price Retirement 2005 Trust	2003 - 2007	January 1, 1938 - December 31, 1942
T. Rowe Price Retirement 2010 Trust	2008 - 2012	January 1, 1943 - December 31, 1947
T. Rowe Price Retirement 2015 Trust	2013 - 2017	January 1, 1948 - December 31, 1952
T. Rowe Price Retirement 2020 Trust	2018 - 2022	January 1, 1953 - December 31, 1957
T. Rowe Price Retirement 2025 Trust	2023 - 2027	January 1, 1958 - December 31, 1962
T. Rowe Price Retirement 2030 Trust	2028 - 2032	January 1, 1963 - December 31, 1967
T. Rowe Price Retirement 2035 Trust	2033 - 2037	January 1, 1968 - December 31, 1972
T. Rowe Price Retirement 2040 Trust	2038 - 2042	January 1, 1973 - December 31, 1977
T. Rowe Price Retirement 2045 Trust	2043 - 2047	January 1, 1978 - December 31, 1982
T. Rowe Price Retirement 2050 Trust	2048 - 2052	January 1, 1983 - December 31, 1987

T. Rowe Price Retirement 2055 Trust	2053 - 2057	January 1, 1988 - December 31, 1992
T. Rowe Price Retirement 2060 Trust	2058 and beyond	January 1, 1993 and later

*Dates of birth ranges were selected by your Plan Sponsor (CareFirst).

Keep in mind that investing involves risk. The value of your investment will fluctuate over time and you may gain or lose money.

To see a complete list of the investment options available in the Plan, log on to Fidelity NetBenefits® at **www.401k.com** at any time.

Q13. Who should I contact if I have questions about this Notice or to receive a copy of the SPD?

A. If you have questions about this Notice or about the Plan, please contact the Plan Sponsor:

CareFirst, Inc.
c/o Corporate Benefits Department
10455 Mill Run Circle, Mailstop OWML2
Owings Mills, MD 21117
Email: Corporate.Benefits@CareFirst.com
410-998-7355 or 1-877-838-3791

The information contained herein has been provided by CareFirst, Inc. and is solely the responsibility of CareFirst, Inc.