

COVENTRY HEALTH CARE, INC.

AUDIT COMMITTEE CHARTER

Authorization

There shall be an Audit Committee (the “Committee”) of the Board of Directors (the “Board”) of Coventry Health Care, Inc. (the “Company”) to carry out the duties and responsibilities assigned to the Audit Committee under applicable law and regulations and the rules and regulations of the New York Stock Exchange, Inc. and to further assist the Board in monitoring (1) the integrity of the financial statements of the Company, (2) the Company’s compliance with legal and regulatory requirements, (3) the independent auditor’s qualifications and independence, and (4) the performance of the Company’s internal audit function and independent auditors. The Committee shall also prepare an audit committee report as required by the rules of the Securities and Exchange Commission (“SEC”) to be included in the Company’s annual proxy statement.

The Company’s Code of Business Conduct and Ethics cover the Company’s Chief Executive Officer and senior financial officers and the Committee shall monitor compliance with that code. In addition, the Board may adopt further changes or additional policies based on changes in law, regulation or circumstances.

Membership

The Committee must be comprised of at least three members and no more than five members of the Board. The members of the Committee shall be appointed by the Board on the recommendation of the Nominating/Corporate Governance Committee. A director that serves on the audit committees of more than three public companies (including the Company) may serve on the Committee only if the Board affirmatively determines that the director is able to effectively serve on the Committee (in which the Company must disclose such determination in its annual proxy statement).

All members of the Committee shall be independent of the management of the Company and free of any relationship that, in the opinion of the Board, would interfere with their exercise of independent judgment as Committee members.

The Board must also affirmatively determine, considering all relevant facts and circumstances, that the director has no direct or indirect material relationship with the Company. Each member of the Audit Committee must satisfy any other applicable membership requirements set forth in the listing requirements of the New York Stock Exchange and Rule 10A-3 under the Securities Exchange Act of 1934, as amended (the “Exchange Act”).

If there is any basis for believing a Committee member is not independent, the facts and circumstances should be reported to the General Counsel and the Board, and the Committee

member shall recuse himself or herself until the Board, or an independent committee thereof, has determined that the Committee member is truly independent.

All members of the Committee shall be able to read and understand fundamental financial statements, as the Board interprets such qualification in its business judgment. At least one member of the Committee shall have accounting or related financial management oversight experience, as the Board interprets such qualification in its business judgment. The Nominating/Corporate Governance Committee in nominating, and the Board in appointing, shall consider whether at least one member of the Committee falls within the definition of “financial expert” as defined by the SEC, and if not, why not. One member of the Committee shall serve as Chairman.

No Committee member may vote on any matter in which he or she, directly or indirectly, has a material interest.

Meetings

The Committee shall meet separately at least on a quarterly basis and may from time to time require special meetings, as deemed necessary by the Chairman of the Committee. The chair of the Committee will preside at each meeting of the Committee and shall set the length of the meeting and the agenda of the items to be addressed at each meeting. Management, the external auditors, and the internal auditors shall provide reports and information to the Committee as provided herein and as required by the Committee. An appropriate portion of the Committee’s meeting with the external auditors and the internal auditors shall be in executive session without management.

Annual Self Evaluation

At least annually, the Committee shall review and evaluate its own performance, the results of which shall be presented to the Board of Directors.

Purpose

The Audit Committee is charged with:

- Determining that the Company has in place adequate systems and controls to reasonably assure the fair presentation of the Company’s financial statements and otherwise overseeing the integrity of the Company’s financial statements;
- Overseeing the Company’s compliance with legal and regulatory requirements;
- Interfacing directly with and overseeing the performance of the external auditors regarding the annual audit and quarterly reviews of the Company’s financial statements;

- Interfacing directly with and overseeing the performance of the internal auditors regarding the internal auditing function and the internal controls of the Company;
- Appointing, dismissing, overseeing, and approving the compensation paid to the external auditors and internal auditors;
- Overseeing the qualifications and independence of the external auditors; and
- Preparing the report of the Committee required to be included in the Company's annual proxy statement.

The responsibilities of a member of the Committee are in addition to those responsibilities set out for a member of the Board. In addition to the matters set forth herein, the Committee shall perform such other functions as required by law, the Company's Certificate of Incorporation or Bylaws, or the Board.

The Committee does not prepare financial statements on behalf of the Company or perform the Company's audits, and its members are not the Company's auditors and do not certify the Company's financial statements. These functions are performed by the Company's management and independent auditors.

Key Responsibilities

The Committee shall have overall responsibility for oversight of the adequacy and effectiveness of the external and internal audit function. This shall include:

Internal and External Audits

1. Reviewing the results of internal audits, management recommendation letters, report of the internal auditors, management's internal control review and the adequacy and effectiveness of the internal auditing function and the internal controls of the Company, including computerized information system controls and security, the overall control environment and accounting and financial controls;
2. Sole authority for selecting and, where appropriate, replacing the independent auditors, approving audit services and any permissible non-audit services prior to commencement, and, at least annually, assessing the independence of the auditors and presenting its conclusion to the Board, including the receipt of an annual written statement from the independent auditors setting forth all relationships between the auditor and the Company, including the disclosure required by Independence Standards Board Standard No. 1, establishing clear hiring policies for employees and former employees of the independent auditors, and resolving any disagreements between the independent auditor and management;

3. Ensuring the rotation of the lead (or coordinating) audit partner having primary responsibility for the audit and the audit partner responsible for reviewing the audit as required by law and considering whether it is appropriate to regularly rotate the audit firm;
4. Approving the audit scope and audit plan prior to the audit's commencement and the fees and engagement terms of the independent auditors for its audit services and any permissible non-audit services;
5. Reviewing at least annually such information concerning the independent auditors as the Committee may determine appropriate, including a report by the independent auditor describing (1) the auditing firm's internal quality control procedures and (2) any material issues raised by its most recent quality control review or peer review, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years and any steps taken to resolve those issues;
6. Ensuring that the independent accountant provides the Committee with timely reports, which the Committee reviews, of (1) critical accounting policies and practices, (2) alternative treatments of financial information within generally accepted accounting principles that have been discussed with management, effects of using such alternatives, and the treatment preferred by the independent auditing firm, and (3) other material written communications between the independent auditor and management;
7. Reviewing with management and the independent auditors, the internal audit function and approving the scope, risk assessment and nature of the internal audit plans, any subsequent material changes in internal audit activities for the coming year and the coordination of such activities with the independent auditors;
8. Determining whether all or a portion of the Company's internal audit function will be provided by third parties, and if so, hiring, evaluating and compensating the internal auditors, and assuring their ability to have direct reporting to the Committee;
9. Having direct access to the internal or external auditors on both a scheduled and as needed basis;
10. Meeting separately and regularly with management, the external auditors, and the internal auditors and discussing with them, as applicable:
 - a) The quarterly and annual financial statements, the related footnotes, disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations", the quality of the Company's accounting principles, suggested changes relating to those principles, and the alternatives to those principles, the independent accountant's audit and report on the annual financial statements, the result of the independent accountant's review of the quarterly financial statements, the management letter provided by the independent auditor and the Company's response, financial or non-financial arrangements that do not appear on the financial statements of the Company and their risks, transactions or dealings with parties related to the

- Company and the procedures used to identify related parties, the clarity of financial disclosures, and any other matter related to the Company's independent audit;
- b) Significant findings quarterly and during the year and management's responses thereto, including the timetable for implementation of the recommendations to correct weaknesses in internal control;
 - c) Any difficulties encountered in the course of their audits, including any restrictions on the scope of their work or access to required information;
 - d) Any changes required in the planned scope of their audit plan;
 - e) the effect of regulatory and accounting initiatives and of any off-balance sheet structures on the Company's financial statements

Corporate Compliance and Risk Assessment

- 11. Periodically reviewing management's program to monitor, control, and report on compliance with the Company's established code of conduct and ethics and applicable laws, rules, and regulations. This review shall include:
 - a) Establishing procedures for employees to confidentially and anonymously submit to the Committee concerns or issues regarding the Company's accounting or auditing matters and procedures for the receipt, retention, and treatment of complaints regarding accounting or auditing matters, including internal controls.
 - b) Periodically reviewing and recommending changes or additions to the Company's code of business conduct and ethics, and reviewing management recommendations to the Board for changes that reflect changes in law or policy.
 - c) Discussing with management any significant risk exposures and steps taken to monitor and control them.
 - d) Discussing the activities of the compliance and ethics program with the Company's Compliance Officer.
 - e) Discussing with the external auditors their findings including significant risk exposures and any possible illegalities during the annual audit.
 - f) Discussing with the internal auditors regarding the teams' findings including significant risk exposures during operational reviews.
 - g) Discussing any legal matters that may have a material impact on the Company's financial statements or the Company's compliance policies with legal counsel.

General

12. Recommending inclusion of the Company's financial statements in the Annual Report on Form 10-K;
13. Conducting or authorizing investigations into any matters within its scope of responsibilities;
14. Reviewing and discussing earnings press releases (including the use of "pro forma" or "adjusted" non-GAAP information), and financial information and earnings guidance provided to analysts and ratings agencies;
15. Obtaining reports from the chief executive officer, the chief financial officer, or the chief internal auditor and retaining, at the Company's expense, experts to advise or assist the Committee, including outside counsel, accountants, financial analysts, consultants or others;
16. Taking any other action permitted by applicable laws, rules, and regulations necessary to accomplish any action authorized by this Charter or to further the goals of the Committee as set forth in this Charter;
17. Reviewing and reassessing at least annually the adequacy of this Charter and submit it to the Board of Directors for approval;
18. Preparing the Committee's annual report for inclusion in the Company's proxy statement.

Reporting

The Committee shall maintain minutes of all meetings which shall be made available to the Board of Directors of the Company. The Chairman of the Committee shall report regularly to the Board of Directors on the Committee's activities and findings.