



November 6, 2014

American Independence Corp. Announces 2014 Third-Quarter and Nine-Month Results

NEW YORK, Nov. 6, 2014 (GLOBE NEWSWIRE) -- American Independence Corp. (Nasdaq:AMIC) today reported 2014 third-quarter and nine-month results.

Financial Results

AMIC reported net income of \$2.1 million (\$.25 per diluted share) for the three months ended September 30, 2014 compared to \$0.6 million (\$.07 per diluted share) for the three months ended September 30, 2013. AMIC reported net income of \$3.2 million (\$.39 per diluted share) for the nine months ended September 30, 2014 compared to \$2.5 million (\$.31 per diluted share) for the nine months ended September 30, 2013.

Revenues increased to \$41.2 million for the three months ended September 30, 2014 compared to revenues of \$37.6 million for the three months ended September 30, 2013, primarily due to an increase in premiums and fee income. Revenues increased to \$124.3 million for the nine months ended September 30, 2014 compared to revenues of \$110.3 million for the nine months ended September 30, 2013, primarily due to an increase in premiums, fee income and agency income.

Chief Executive Officer's Comments

Roy Thung, Chief Executive Officer, commented, "We are pleased with the continuing growth in earned premium and with the profitability of business written by IHC Risk Solutions. We attribute the growth in our direct distribution to our enhanced sales force, focused underwriting and employer groups moving from fully insured to self-funding as they consider alternatives as a result of health care reform. We expect continued improvement in this line of business, as evidenced by the 36% growth in our direct business written for the twelve months ended October 31, 2014, while maintaining consistent profit margins on a growing premium base. We are also encouraged by the growth in our occupational accident and ancillary lines of business. With respect to our fully insured operating companies, we continue to build out the direct-to-consumer distribution that is essential to our future growth as a specialty health company. Our financial condition and balance sheet remain strong. We have no debt and have grown our book value to \$10.99 per share at September 30, 2014 from \$10.44 per share at December 31, 2013."

Change in Accounting Principle

AMIC was acquired in a series of transactions by Independence Holding Company ("IHC") beginning in 2002 with a 19.9% equity investment and culminating in its current ownership of 90%. In March 2010, IHC increased its ownership to over 50% and, in accordance with generally accepted accounting principles in the United States ("GAAP"), IHC established a new basis for AMIC's assets and liabilities in IHC's consolidated financial statements based on the fair value of AMIC's identifiable assets and liabilities assumed at that time. AMIC did not "push down" the new basis for its assets and liabilities; instead, AMIC maintained its historical basis in its assets and liabilities for the purpose of issuing its separate standalone financial statements. Accordingly, the reporting basis for AMIC's assets and liabilities included in the consolidated financial statements of IHC were different from the reporting basis for AMIC's assets and liabilities included in AMIC's previously reported separate standalone financial statements. During the second quarter of 2014, due to the lifting of certain restrictions and requirements relating to IHC's ownership of AMIC stock, AMIC has elected, for all periods presented, to reflect IHC's basis.

As a result of the above-mentioned change in accounting principle, the consolidated financial statements and financial information of AMIC reported prior to June 30, 2014 are not directly comparable to the financial statements and financial information of AMIC included in this news release. The differences relate to the write-off of goodwill, basis differences in intangible assets and related amortization, other assets, other investments, non-controlling interests in subsidiaries, taxes and related tax provisions, net income, additional paid-in capital, retained earnings and total shareholders' equity (including a corresponding change in book value per share). See Notes to Condensed Consolidated Financial Statements included in the September 30, 2014 Form 10-Q for the impact of this adoption on AMIC's condensed consolidated balance sheets and condensed consolidated statements of income at and for the periods ended December 31, 2013 and September 30, 2013. The restatement resulted in the reduction of book value per share to correspond with IHC's carrying basis in AMIC.

About American Independence Corp.

AMIC, through Independence American Insurance Company and its other subsidiaries, offers pet insurance, non-subscriber occupational accident, short-term medical, medical stop-loss, group and individual, dental and various supplemental products. AMIC provides to the individual and self-employed markets health insurance and related products, which are distributed through its subsidiaries IPA Family, LLC, healthinsurance.org, LLC, IHC Specialty Benefits, Inc., and IPA Direct, LLC. AMIC markets medical stop-loss through its marketing and administrative company IHC Risk Solutions, LLC.

Certain statements in this news release may be considered forward-looking statements, such as statements relating to management's views with respect to future events and financial performance. Such forward-looking statements are subject to risks, uncertainties and other factors that could cause actual results to differ materially from historical experience or from future results expressed or implied by such forward-looking statements. Potential risks and uncertainties include, but are not limited to, economic conditions in the markets in which AMIC operates, new federal and state governmental regulation, AMIC's ability to effectively operate, integrate and leverage any past or future strategic acquisition, and other factors which can be found in AMIC's other news releases and filings with the Securities and Exchange Commission. AMIC expressly disclaims any duty to update its forward-looking statements or earnings guidance, and does not undertake to provide any such guidance in the future.

American Independence Corp.
Condensed Consolidated Statements of Income
(In thousands, except per share data)
(Unaudited)

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2014	2013	2014	2013
Premiums earned	\$ 33,927	\$ 31,844	\$ 100,055	\$ 93,458
Fee and agency income	5,944	5,038	21,481	13,973
Net investment income	544	537	1,645	1,542
Net realized investment gains	580	46	863	973
Other income	162	126	220	380
Revenues	41,157	37,591	124,264	110,326
Insurance benefits, claims and reserves	21,229	22,203	64,012	63,630
Selling, general and administrative expenses	16,215	13,834	53,703	40,835
Amortization and depreciation	418	465	1,280	1,377
Expenses	37,862	36,502	118,995	105,842
Income before income tax	3,295	1,089	5,269	4,484
Provision for income taxes	1,339	323	1,988	1,367
Net income	1,956	766	3,281	3,117
Less: Net (income) loss attributable to the non-controlling interest	101	(201)	(125)	(634)
Net income attributable to American Independence Corp.	<u>\$ 2,057</u>	<u>\$ 565</u>	<u>\$ 3,156</u>	<u>\$ 2,483</u>
Basic income per common share:				
Net income attributable to American Independence Corp. common stockholders	<u>\$.25</u>	<u>\$.07</u>	<u>\$.39</u>	<u>\$.31</u>

Weighted-average shares outstanding	<u>8,079</u>	<u>8,073</u>	<u>8,076</u>	<u>8,077</u>
Diluted income per common share:				
Net income attributable to American Independence Corp. common stockholders	<u>\$.25</u>	<u>\$.07</u>	<u>\$.39</u>	<u>\$.31</u>
Weighted-average diluted shares outstanding	<u>8,097</u>	<u>8,081</u>	<u>8,102</u>	<u>8,083</u>

American Independence Corp.
Condensed Consolidated Balance Sheets
(In thousands, except per share data)
(Unaudited)

	September 30, 2014	December 31, 2013
ASSETS:		
Investments:		
Securities purchased under agreements to resell	\$ 2,979	\$ 3,563
Trading securities	1,136	859
Fixed maturities available-for-sale, at fair value	71,530	68,222
Equity securities available-for-sale, at fair value	<u>1,003</u>	<u>988</u>
Total investments	76,648	73,632
Cash and cash equivalents	4,400	4,424
Restricted cash	16,751	10,067
Accrued investment income	679	604
Premiums receivable	14,145	14,364
Net deferred tax asset	9,295	11,172
Due from reinsurers	6,526	7,549
Intangible assets	10,267	11,408
Accrued fee income	3,206	2,332
Due from securities brokers	183	172
Other assets	<u>16,510</u>	<u>17,450</u>
TOTAL ASSETS	<u><u>\$ 158,610</u></u>	<u><u>\$ 153,174</u></u>
LIABILITIES AND STOCKHOLDERS' EQUITY:		
LIABILITIES:		
Policy benefits and claims	\$ 32,295	\$ 35,252
Premium and claim funds payable	16,751	10,067
Commission payable	5,416	5,455
Accounts payable, accruals and other liabilities	11,036	13,251
State income taxes payable	585	544
Due to securities brokers	--	45
Due to reinsurers	<u>942</u>	<u>1,177</u>
Total liabilities	<u>67,025</u>	<u>65,791</u>
STOCKHOLDERS' EQUITY:		

American Independence Corp. stockholders' equity:		
Preferred stock, \$0.10 par value, 1,000 shares designated; no shares issued and outstanding	--	--
Common stock, \$0.01 par value, 15,000,000 shares authorized; 9,181,793 shares issued, respectively; 8,079,215 and 8,072,548 shares outstanding, respectively	92	92
Additional paid-in capital	79,734	79,694
Accumulated other comprehensive loss	(830)	(2,152)
Treasury stock, at cost, 1,102,578 and 1,109,245 shares, respectively	(10,243)	(10,305)
Retained earnings	<u>20,060</u>	<u>16,970</u>
Total American Independence Corp. stockholders' equity	88,813	84,299
Non-controlling interest in subsidiaries	<u>2,772</u>	<u>3,084</u>
Total equity	<u>91,585</u>	<u>87,383</u>
TOTAL LIABILITIES AND EQUITY	<u><u>\$ 158,610</u></u>	<u><u>\$ 153,174</u></u>

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