



August 1, 2016

## **Independence Holding Company Announces 2016 First-Quarter Results**

STAMFORD, Conn., Aug. 01, 2016 (GLOBE NEWSWIRE) -- Independence Holding Company (NYSE:IHC) today reported 2016 first-quarter results.

### ***Financial Results***

On March 31, 2016, IHC completed the sale of IHC Risk Solutions LLC ("Risk Solutions"), exited the medical stop-loss business and realized an after tax gain of approximately \$99,793,000, net of noncontrolling interest. In addition, under the purchase and sale agreement, all of IHC's in-force medical stop-loss business produced by Risk Solutions is 100% co-insured as of January 1, 2016 and is expected to run out by early 2017. The disposal transaction qualified for reporting as discontinued operations in the first quarter of 2016.

Net income attributable to IHC of \$106,010,000, or \$6.08 per share diluted, for the three months ended March 31, 2016 increased from \$5,219,000, or \$.30 per share diluted, in the same period of 2015 primarily due to the sale of Risk Solutions. Income from continuing operations increased to \$.33 per share, diluted, or \$5,896,000, for the three months ended March 31, 2016 compared to \$.27 per share, diluted, or \$4,701,000, for the three months ended March 31, 2015.

The Company reported revenues of \$75,895,000 for the three months ended March 31, 2016 compared to revenues for the three months ended March 31, 2015 of \$133,105,000. Revenues decreased primarily due to a reduction in premiums from the 100% co-insurance of the Company's stop-loss business produced by Risk Solutions.

### ***Chief Executive Officer's Comments***

Roy T. K. Thung, Chief Executive Officer, commented, "With the sale of our stop-loss business, we are now focused on growing our remaining lines of business: group long term disability and life, statutory disability benefit policies (DBL) in New York, and group and individual specialty health insurance (including dental, vision, short term medical, hospital indemnity, gap and scheduled benefit plans). All of these lines performed well in the first quarter and we anticipate continued growth and good underwriting results from these lines of business for the remainder of 2016."

He continued, "Also as a result of the sale of our stop-loss business, we will have a very significant amount of cash and, by early next year as the stop-loss runs out, significant excess statutory surplus in our carriers. We have designated a relatively small portion of our liquidity to generate growth in our current product lines, and to date we have made two investments in call centers that focus on selling our specialty health products. We have not yet determined how to utilize our remaining large amount of liquidity. Our overall investment portfolio continues to be very highly rated (on average, AA) and has a duration of approximately five and a half years. Our book value increased to \$25.08 per share at March 31, 2016 from \$18.73 per share at December 31, 2015, and our total stockholders' equity increased to \$432 million at March 31, 2016 compared to \$323 million at December 31, 2015. Both of these are all-time highs. The closing price of IHC stock on Friday was \$17.41 or 69% of our book value and 81% of our tangible book value."

### ***About The IHC Group***

Independence Holding Company (NYSE:IHC) is a holding company that is principally engaged in underwriting, administering and/or distributing group and individual disability, specialty and supplemental health, pet, and life insurance through its subsidiaries since 1980. The IHC Group (including through its 91.4% ownership of American Independence Corp. (NASDAQ:AMIC)) owns three insurance companies (Standard Security Life Insurance Company of New York, Madison National Life Insurance Company, Inc. and Independence American Insurance Company), a majority of Ebix Health Administration Exchange, Inc., a fully insured third party administrator, and IHC Specialty Benefits, Inc., which is a technology-driven insurance sales and marketing company that creates value for insurance producers, carriers and consumers (both individuals and small businesses) through a suite of proprietary tools and products (including ACA plans and small group medical stop-loss). All products are placed with highly rated carriers.

### ***Forward-looking Statements***

Certain statements and information contained in this 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 IHC operates, new federal or state governmental regulation, IHC's ability to effectively operate, integrate and leverage any past or future strategic acquisition, and other factors which can be found in IHC's other news releases and filings with the Securities and Exchange Commission. IHC expressly disclaims any duty to update its forward-looking statements unless required by applicable law.

**INDEPENDENCE HOLDING COMPANY**  
**FIRST QUARTER REPORT**  
**March 31, 2016**  
**(In Thousands, Except Per Share Data)**

		<b>Three Months Ended</b>	
		<b>March 31,</b>	
		<b>2016</b>	<b>2015</b>
<b>REVENUES:</b>			
Premiums earned		\$ 62,562	\$ 122,114
Net investment income		4,436	5,422
Fee income		5,079	2,577
Other income		3,258	992
Net realized investment gains		560	2,000
		<u>75,895</u>	<u>133,105</u>
<b>EXPENSES:</b>			
Insurance benefits, claims and reserves		30,743	79,620
Selling, general and administrative expenses		35,227	45,484
Interest expense on debt		453	432
		<u>66,423</u>	<u>125,536</u>
Income from continuing operations before income taxes		9,472	7,569
Income taxes		3,576	2,868
<b>Income from continuing operations</b>		5,896	4,701
<b>Discontinued operations</b>			
	Income from discontinued operations, before income taxes	117,636	1,031
	Income taxes on discontinued operations	7,866	401
	<b>Income from discontinued operations</b>	<u>109,770</u>	<u>630</u>
<b>Net income</b>		115,666	5,331
Less: income from noncontrolling interests in subsidiaries		(9,656)	(112)
<b>NET INCOME ATTRIBUTABLE TO IHC</b>		<u>\$ 106,010</u>	<u>\$ 5,219</u>
<b>Basic income per common share</b>			
	Income from continuing operations	\$ .34	\$ .27
	Income from discontinued operations	5.81	.03
	<b>Basic income per common share</b>	<u>\$ 6.15</u>	<u>\$ .30</u>
<b>WEIGHTED AVERAGE SHARES OUTSTANDING</b>			
		<u>17,243</u>	<u>17,364</u>
<b>Diluted income per common share</b>			
	Income from continuing operations	\$ .33	\$ .27

Income from discontinued operations  
Diluted income per common share

	5.75	.03
\$	<u>6.08</u>	<u>\$ .30</u>

WEIGHTED AVERAGE DILUTED SHARES OUTSTANDING

<u>17,449</u>	<u>17,531</u>
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As of July 30, 2016, there were 17,170,933 common shares outstanding, net of treasury shares.

**INDEPENDENCE HOLDING COMPANY**

**CONDENSED CONSOLIDATED BALANCE SHEETS**  
(In Thousands, Except Share Data)

	<u>March 31, 2016</u>	<u>December 31, 2015</u>
<b>ASSETS:</b>		
Investments:		
Short-term investments	\$ 50	\$ 50
Securities purchased under agreements to resell	21,196	28,285
Trading securities	1,190	1,259
Fixed maturities, available-for-sale	520,638	428,601
Equity securities, available-for-sale	8,714	8,426
Other investments	20,501	21,538
Total investments	<u>572,289</u>	<u>488,159</u>
Cash and cash equivalents	145,696	17,500
Due and unpaid premiums	64,645	69,075
Due from reinsurers	462,087	483,073
Premium and claim funds	41,576	22,015
Goodwill	47,276	47,276
Other assets	48,257	57,934
Assets attributable to discontinued operations	<u>-</u>	<u>12,931</u>
<b>TOTAL ASSETS</b>	<u>\$ 1,381,826</u>	<u>\$ 1,197,963</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY:</b>		
<b>LIABILITIES:</b>		
Policy benefits and claims	\$ 247,900	\$ 245,443
Future policy benefits	235,251	270,624
Funds on deposit	149,147	173,350
Unearned premiums	13,350	10,236
Other policyholders' funds	9,675	11,822
Due to reinsurers	70,283	46,355
Due to securities brokers	99,803	998
Accounts payable, accruals and other liabilities	57,020	63,111
Liabilities attributable to discontinued operations	6,085	(15)
Debt	4,250	5,189
Junior subordinated debt securities	<u>38,146</u>	<u>38,146</u>
<b>TOTAL LIABILITIES</b>	<u>930,910</u>	<u>865,259</u>
<b>STOCKHOLDERS' EQUITY:</b>		
<b>IHC STOCKHOLDERS' EQUITY:</b>		
Preferred stock (none issued)	-	-
Common stock	18,569	18,569

Paid-in capital	128,053	127,733
Accumulated other comprehensive income	(479)	(3,440)
Treasury stock, at cost	(14,782)	(13,961)
Retained earnings	<u>300,457</u>	<u>194,450</u>
<b>TOTAL IHC STOCKHOLDERS' EQUITY</b>	431,818	323,351
<b>NONCONTROLLING INTERESTS IN SUBSIDIARIES</b>	<u>19,098</u>	<u>9,353</u>
<b>TOTAL EQUITY</b>	<u>450,916</u>	<u>332,704</u>
<b>TOTAL LIABILITIES AND EQUITY</b>	<u><u>\$ 1,381,826</u></u>	<u><u>\$ 1,197,963</u></u>

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