



June 6, 2016

Independence Holding Company Announces 2015 Fourth-Quarter and Annual Results

STAMFORD, Conn., June 06, 2016 (GLOBE NEWSWIRE) -- Independence Holding Company (NYSE:IHC) today reported 2015 fourth-quarter and annual results. As a result of the delay in reporting these results, IHC is currently working on its 2016 first-quarter results.

Financial Results

Net income attributable to IHC increased to \$.28 per share, diluted, or \$4,933,000, for the three months ended December 31, 2015 compared to \$.23 per share, diluted, or \$4,034,000, for the three months ended December 31, 2014. Net income attributable to IHC increased to \$1.71 per share, diluted, or \$29,944,000, for the year ended December 31, 2015 compared to \$.92 per share, diluted, or \$16,293,000, for the year ended December 31, 2014.

Revenues decreased to \$125,080,000 for the three months ended December 31, 2015 as compared to revenues for the three months ended December 31, 2014 of \$127,090,000; and revenues decreased to \$532,868,000 for the year ended December 31, 2015 compared to revenues for the year ended December 31, 2014 of \$533,933,000. Revenues decreased primarily due to a reduction in premiums from having exited the major medical market and a decrease in realized gains. Exiting the major medical line, which was triggered by the requirements of the Affordable Care Act ("ACA"), resulted in a reduction in revenue of \$15,856,000 for the fourth quarter and \$58,382,000 for the year ended December 31, 2015. These reductions were partially offset by an increase in medical stop-loss and specialty health premiums and from gains due to the following transactions which closed in 2015: (i) the reinsurance of substantially all of our run-off blocks of individual life and annuities and the sale of the infrastructure related to those blocks; and (ii) the joint venture with Ebix, Inc. to form Ebix Health Exchange Holdings, LLC, which acquired our subsidiary Ebix Health Administration Exchange (f.k.a. IHC Health Solutions, Inc.).

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, pet, group and individual specialty health insurance. All of these lines performed very well in 2015, and the pet and specialty health lines grew significantly. We anticipate continued growth and good underwriting results from these lines of business in 2016. 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 \$18.73 per share at December 31, 2015 from \$17.25 per share at December 31, 2014, and our total stockholders' equity increased to \$323 million at December 31, 2015 compared to \$300 million at December 31, 2014. Both of these are all-time highs. As previously reported, we have sold IHC Risk Solutions LLC and the stop-loss business it produced on March 31, 2016 and that transaction will further increase our stockholders' equity by approximately \$100 million."

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% 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
FOURTH QUARTER REPORT
December 31, 2015
(In Thousands, Except Per Share Data)

| | Three Months Ended | | Year Ended | |
|---|---------------------------|-----------------|---------------------|------------------|
| | December 31, | | December 31, | |
| | 2015 | 2014 | 2015 | 2014 |
| REVENUES: | | | | |
| Premiums earned | \$ 117,939 | \$ 116,938 | \$ 479,534 | \$ 479,048 |
| Net investment income | 3,414 | 5,018 | 17,298 | 21,692 |
| Fee income | 1,925 | 2,633 | 12,954 | 20,646 |
| Other income | 1,920 | 1,727 | 10,276 | 4,859 |
| Gain on sale of subsidiary to joint venture | (221) | - | 9,940 | - |
| Net realized investment gains | 103 | 774 | 3,094 | 7,688 |
| Net impairment losses recognized in earnings | - | - | (228) | - |
| | <u>125,080</u> | <u>127,090</u> | <u>532,868</u> | <u>533,933</u> |
| EXPENSES: | | | | |
| Insurance benefits, claims and reserves | 73,960 | 82,547 | 307,178 | 326,035 |
| Selling, general and administrative expenses | 42,345 | 39,850 | 172,180 | 177,848 |
| Amortization of deferred acquisitions costs | 78 | 1,054 | 3,524 | 4,941 |
| Interest expense on debt | 444 | 440 | 1,798 | 1,797 |
| | <u>116,827</u> | <u>123,891</u> | <u>484,680</u> | <u>510,621</u> |
| Income before income taxes | 8,253 | 3,199 | 48,188 | 23,312 |
| Income tax expense (benefit) | 3,106 | (1,013) | 17,666 | 6,391 |
| Net income | 5,147 | 4,212 | 30,522 | 16,921 |
| Less: income from noncontrolling interests in subsidiaries | (214) | (178) | (578) | (628) |
| NET INCOME ATTRIBUTABLE TO IHC | <u>\$ 4,933</u> | <u>\$ 4,034</u> | <u>\$ 29,944</u> | <u>\$ 16,293</u> |
| Basic income per common share | <u>\$.29</u> | <u>\$.23</u> | <u>\$ 1.73</u> | <u>\$.93</u> |
| WEIGHTED AVERAGE SHARES OUTSTANDING | <u>17,262</u> | <u>17,371</u> | <u>17,314</u> | <u>17,471</u> |
| Diluted income per common share | <u>\$.28</u> | <u>\$.23</u> | <u>\$ 1.71</u> | <u>\$.92</u> |
| WEIGHTED AVERAGE DILUTED SHARES OUTSTANDING | <u>17,447</u> | <u>17,549</u> | <u>17,484</u> | <u>17,636</u> |

As of May 31, 2016, there were 17,223,233 common shares outstanding, net of treasury shares.

INDEPENDENCE HOLDING COMPANY
CONSOLIDATED BALANCE SHEETS
(In Thousands, Except Share Data)

| | <u>December 31,</u> <u>2015</u> | <u>December 31,</u> <u>2014</u> |
|--|------------------------------------|------------------------------------|
| ASSETS: | | |
| Investments: | | |
| Short-term investments | \$ 50 | \$ 50 |
| Securities purchased under agreements to resell | 28,285 | 16,790 |
| Trading securities | 1,259 | 11,095 |
| Fixed maturities, available-for-sale | 428,601 | 583,880 |
| Equity securities, available-for-sale | 8,426 | 13,895 |
| Other investments | 21,538 | 25,251 |
| Total investments | <u>488,159</u> | <u>650,961</u> |
| Cash and cash equivalents | 19,171 | 25,083 |
| Deferred acquisition costs | 499 | 30,806 |
| Due and unpaid premiums | 69,075 | 62,628 |
| Due from reinsurers | 480,859 | 278,242 |
| Premium and claim funds | 22,755 | 32,553 |
| Goodwill | 52,940 | 50,318 |
| Other assets | <u>64,505</u> | <u>65,636</u> |
| TOTAL ASSETS | <u>\$ 1,197,963</u> | <u>\$ 1,196,227</u> |
| LIABILITIES AND STOCKHOLDERS' EQUITY: | | |
| LIABILITIES: | | |
| Policy benefits and claims | \$ 245,443 | \$ 236,803 |
| Future policy benefits | 270,624 | 277,041 |
| Funds on deposit | 173,350 | 186,782 |
| Unearned premiums | 10,236 | 9,455 |
| Other policyholders' funds | 11,822 | 18,802 |
| Due to reinsurers | 44,141 | 47,945 |
| Accounts payable, accruals and other liabilities | 66,308 | 67,641 |
| Debt | 5,189 | 4,000 |
| Junior subordinated debt securities | <u>38,146</u> | <u>38,146</u> |
| TOTAL LIABILITIES | <u>865,259</u> | <u>886,615</u> |
| STOCKHOLDERS' EQUITY: | | |
| IHC STOCKHOLDERS' EQUITY: | | |
| Preferred stock (none issued) | - | - |
| Common stock | 18,569 | 18,531 |
| Paid-in capital | 127,733 | 127,098 |
| Accumulated other comprehensive income (loss) | (3,440) | 22 |
| Treasury stock, at cost | (13,961) | (12,141) |
| Retained earnings | <u>194,450</u> | <u>166,177</u> |
| TOTAL IHC STOCKHOLDERS' EQUITY | 323,351 | 299,687 |
| NONCONTROLLING INTERESTS IN SUBSIDIARIES | <u>9,353</u> | <u>9,925</u> |
| TOTAL EQUITY | <u>332,704</u> | <u>309,612</u> |
| TOTAL LIABILITIES AND EQUITY | <u>\$ 1,197,963</u> | <u>\$ 1,196,227</u> |

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