

INDEPENDENCE HOLDING CO  
Form 10-Q  
November 09, 2015

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
**WASHINGTON, D.C. 20549**

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**FORM 10-Q**

Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

For the quarterly period ended **September 30, 2015**.

Transition Report under Section 13 or 15(d) of the Securities Exchange Act of 1934.

For the transition period from: \_\_\_\_\_ to \_\_\_\_\_

Commission File Number: **001-32244**

**INDEPENDENCE HOLDING COMPANY**

(Exact name of registrant as specified in its charter)

**Delaware**

(State or other jurisdiction of incorporation or organization)

**58-1407235**

(I.R.S. Employer Identification No.)

**96 CUMMINGS POINT ROAD, STAMFORD, CONNECTICUT**

**06902**

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(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code: **(203) 358-8000**

**NOT APPLICABLE**

Former name, former address and former fiscal year, if changed since last report.

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definitions of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer

Accelerated Filer

Non-Accelerated Filer

Smaller Reporting Company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

**Class**  
**Common stock, \$ 1.00 par value**

**Outstanding at November 1, 2015**  
**17,263,258 Shares**

**INDEPENDENCE HOLDING COMPANY**

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Copies of the Company's SEC filings can be found on its website at [www.ihcgroup.com](http://www.ihcgroup.com).

### Forward-Looking Statements

*This report on Form 10-Q contains certain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, which are intended to be covered by the safe harbors created by those laws. We have based our forward-looking statements on our current expectations and projections about future events. Our forward-looking statements include information about possible or assumed future results of our operations. All statements, other than statements of historical facts, included or incorporated by reference in this report that address activities, events or developments that we expect or anticipate may occur in the future, including such things as the growth of our business and operations, our business strategy, competitive strengths, goals, plans, future capital expenditures and references to future successes may be considered forward-looking statements. Also, when we use words such as anticipate, believe, estimate, expect, intend, probably or similar expressions, we are making forward-looking statements.*

*Numerous risks and uncertainties may impact the matters addressed by our forward-looking statements, any of which could negatively and materially affect our future financial results and performance. We describe some of these risks and uncertainties in greater detail in Item 1A, Risk Factors, of IHC's annual report on Form 10-K as filed with Securities and Exchange Commission.*

*Although we believe that the assumptions underlying our forward-looking statements are reasonable, any of these assumptions, and, therefore, also the forward-looking statements based on these assumptions, could themselves prove to be inaccurate. In light of the significant uncertainties inherent in the forward-looking statements that are included in this report, our inclusion of this information is not a representation by us or any other person that our objectives and plans will be achieved. Our forward-looking statements speak only as of the date made, and we will not update these forward-looking statements unless the securities laws require us to do so. In light of these risks, uncertainties and assumptions, any forward-looking event discussed in this report may not occur.*

**PART I - FINANCIAL INFORMATION****Item 1.****Financial Statements**

**INDEPENDENCE HOLDING COMPANY AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
(In thousands, except share data)

	<b>September 30, 2015 (Unaudited)</b>	<b>December 31, 2014</b>
<b>ASSETS:</b>		
Investments:		
Short-term investments	\$ 50	\$ 50
Securities purchased under agreements to resell	11,082	16,790
Trading securities	8,993	11,095
Fixed maturities, available-for-sale	435,929	583,880
Equity securities, available-for-sale	8,748	13,895
Other investments	24,037	25,251
Total investments	488,839	650,961
Cash and cash equivalents	18,730	25,083
Deferred acquisition costs	524	30,806
Due and unpaid premiums	68,988	62,628
Due from reinsurers	481,813	278,242
Premium and claim funds	24,420	32,553
Goodwill	53,371	50,318
Other assets	54,637	57,126
<b>TOTAL ASSETS</b>	<b>\$ 1,191,322</b>	<b>\$ 1,187,717</b>
<b>LIABILITIES AND STOCKHOLDERS EQUITY:</b>		
<b>LIABILITIES:</b>		
Policy benefits and claims	\$ 252,927	\$ 236,803
Future policy benefits	270,047	277,041
Funds on deposit	172,087	186,782
Unearned premiums	13,448	9,455
Other policyholders' funds	12,035	18,802
Due to reinsurers	36,904	47,945
Accounts payable, accruals and other liabilities	68,659	67,641
Debt	5,189	4,000
Junior subordinated debt securities	38,146	38,146
<b>TOTAL LIABILITIES</b>	<b>869,442</b>	<b>886,615</b>

**STOCKHOLDERS' EQUITY:**

**IHC STOCKHOLDERS' EQUITY:**

Preferred stock (none issued)	-	-
Common stock \$1.00 par value, 23,000,000 shares authorized; 18,555,683 and 18,531,158 shares issued; 17,257,630 and 17,371,040 shares outstanding	18,556	18,531
Paid-in capital	127,580	127,098
Accumulated other comprehensive income (loss)	(1,346)	22
Treasury stock, at cost; 1,298,053 and 1,160,118 shares	(13,890)	(12,141)
Retained earnings	181,817	157,667
<b>TOTAL IHC STOCKHOLDERS' EQUITY</b>	<b>312,717</b>	<b>291,177</b>
<b>NONCONTROLLING INTERESTS IN SUBSIDIARIES</b>	<b>9,163</b>	<b>9,925</b>
<b>TOTAL EQUITY</b>	<b>321,880</b>	<b>301,102</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$ 1,191,322</b>	<b>\$ 1,187,717</b>

**See the accompanying Notes to Condensed Consolidated Financial Statements.**

**INDEPENDENCE HOLDING COMPANY AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF INCOME (Unaudited)**  
(In thousands, except per share data)

	<b>Three Months Ended</b>		<b>Nine Months Ended</b>	
	<b>September 30,</b>		<b>September 30,</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
<b>REVENUES:</b>				
Premiums earned	\$ 119,038	\$ 117,705	\$ 361,595	\$ 362,110
Net investment income	3,938	5,439	13,884	16,674
Fee income	2,826	4,813	11,029	