



Independence Holding Company Announces 2021 First-Quarter Results

May 6, 2021

STAMFORD, Conn., May 06, 2021 (GLOBE NEWSWIRE) -- Independence Holding Company (NYSE: IHC) today reported 2021 first-quarter results.

Financial Results

Net income attributable to IHC was \$5,621,000, or \$.38 per share, diluted, for the three months ended March 31, 2021 compared to \$4,278,000, or \$.29 per share, diluted, for the three months ended March 31, 2020.

The Company reported revenues of \$124,657,000 for the three months ended March 31, 2021 compared to revenues for the three months ended March 31, 2020 of \$103,997,000. The increase in revenues primarily relates to an increase for the Paid Family Leave (“PFL”) portion of our New York disability law (“DBL”) business, higher premium volume in our pet insurance business and an increase in sales of insurance products (primarily senior products, Affordable Care Act (“ACA”) plans and small group stop-loss) by the IHC agencies for multiple unaffiliated insurance carriers.

Chief Executive Officer’s Comments

Roy T. K. Thung, Chief Executive Officer, commented, “We are pleased with the increases in net income and revenues for the first quarter of 2021, primarily attributable to the performance of our DBL/PFL line of business as referenced above. Partially offsetting these positive results, we are experiencing a sharp drop in short term medical sales due to changes in the ACA, including the extended Special Enrollment Period for ACA coverage and the increased Advanced Premium Tax Credits, also known as subsidies, which have made ACA plans more affordable for many people who in the past may have elected short term medical. The Company expects weak sales in short term medical to continue. In addition, the group life incidence rate was higher than expected in the first quarter due to COVID-19 reported deaths, but subsequent to March 31st the death rates have returned to normal.”

Mr. Thung added, “IHC has a very strong balance sheet with no indebtedness and a very substantial amount of free cash at the corporate level and significant excess capital in our insurance companies. Our book value was \$32.36 per share at March 31, 2021. Our overall investment portfolio continues to be very highly rated (on average, AA) and has an effective duration of under three years.”

About Independence Holding Company

Through our subsidiaries, Independence Holding Company (NYSE: IHC) underwrites and distributes health, group disability and life, New York State DBL and paid family leave, and pet insurance. IHC underwrites policies in all 50 states, Washington D.C., Puerto Rico and the U.S. Virgin Islands through our three carriers: Independence American Insurance Company, Standard Security Life Insurance Company of New York (“Standard Security Life”) and Madison National Life Insurance Company, Inc. We also distribute products nationally through multiple channels, including our agencies, call centers, advisors, direct and affinity relationships, Web Broker, and web properties, including www.healthdeals.com; www.healthinsurance.org; www.medicareresources.org; www.petplace.com; and www.mypetinsurance.com. As previously announced, IHC recently entered into a stock purchase agreement to sell all of the issued and outstanding capital stock of Standard Security Life. To learn more, visit <https://ihcgroup.com/>.

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
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
March 31, 2021

(In Thousands, Except Shares and Per Share Data)

| | Three Months Ended March 31, | |
|------------------|---------------------------------|------|
| | 2021 | 2020 |
| REVENUES: | | |

| | | | | |
|---|-----------|---------------------|-----------|---------------------|
| Premiums earned | \$ | 115,141 | \$ | 96,050 |
| Net investment income | | 2,592 | | 3,240 |
| Fee income | | 6,356 | | 3,942 |
| Other income | | 353 | | 477 |
| Net investment gains | | 215 | | 288 |
| | | <u>124,657</u> | | <u>103,997</u> |
| EXPENSES: | | | | |
| Insurance benefits, claims and reserves | | 67,378 | | 54,058 |
| Selling, general and administrative expenses | | 50,420 | | 44,574 |
| | | <u>117,798</u> | | <u>98,632</u> |
| Income before income taxes | | 6,859 | | 5,365 |
| Income taxes | | 1,293 | | 1,043 |
| Net income | | 5,566 | | 4,322 |
| (Income) loss from noncontrolling interests | | 55 | | (44) |
| NET INCOME ATTRIBUTABLE TO IHC | \$ | <u>5,621</u> | \$ | <u>4,278</u> |
| Basic income per common share | \$ | <u>.38</u> | \$ | <u>.29</u> |
| WEIGHTED AVERAGE SHARES OUTSTANDING | | <u>14,641</u> | | <u>14,856</u> |
| Diluted income per common share | \$ | <u>.38</u> | \$ | <u>.29</u> |
| WEIGHTED AVERAGE DILUTED SHARES OUTSTANDING | | 14,778 | | 14,911 |
| As of May 6, 2021, there were 14,639,449 common shares outstanding, net of treasury shares. | | | | |

INDEPENDENCE HOLDING COMPANY
CONDENSED CONSOLIDATED BALANCE SHEETS
(In Thousands)

| | <u>March 31,</u> | <u>December 31,</u> |
|---|----------------------------|----------------------------|
| | <u>2021</u> | <u>2020</u> |
| ASSETS: | | |
| Investments: | | |
| Short-term investments | \$ 1,559 | \$ 2,634 |
| Securities purchased under agreements to resell | 145,392 | 49,990 |
| Fixed maturities, available-for-sale | 390,942 | 406,649 |
| Equity securities | 2,671 | 6,119 |
| Other investments | 10,768 | 8,238 |
| Total investments | <u>551,332</u> | <u>473,630</u> |
| Cash and cash equivalents | 22,123 | 72,089 |
| Due and unpaid premiums | 40,688 | 29,182 |
| Due from reinsurers | 357,053 | 357,205 |
| Goodwill | 74,900 | 74,900 |
| Other assets | 78,876 | 76,150 |
| TOTAL ASSETS | \$ <u>1,124,972</u> | \$ <u>1,083,156</u> |
| LIABILITIES AND STOCKHOLDERS' EQUITY: | | |
| LIABILITIES: | | |

| | | |
|--|---------------------|---------------------|
| Policy benefits and claims | \$ 193,282 | \$ 179,232 |
| Future policy benefits | 196,439 | 198,086 |
| Funds on deposit | 141,891 | 141,376 |
| Unearned premiums | 43,798 | 12,789 |
| Other policyholders' funds | 11,920 | 12,001 |
| Due to reinsurers | 2,634 | 3,872 |
| Accounts payable, accruals and other liabilities | 58,961 | 63,682 |
| TOTAL LIABILITIES | 648,925 | 611,038 |
| Commitments and contingencies | | |
| Redeemable noncontrolling interest | 2,258 | 2,312 |
| STOCKHOLDERS' EQUITY: | | |
| Preferred stock (none issued) | - | - |
| Common stock | 18,625 | 18,625 |
| Paid-in capital | 125,189 | 124,757 |
| Accumulated other comprehensive income | 2,268 | 4,197 |
| Treasury stock, at cost | (77,228) | (77,088) |
| Retained earnings | 404,894 | 399,273 |
| TOTAL IHC STOCKHOLDERS' EQUITY | 473,748 | 469,764 |
| NONREDEEMABLE NONCONTROLLING INTERESTS | 41 | 42 |
| TOTAL EQUITY | 473,789 | 469,806 |
| TOTAL LIABILITIES AND EQUITY | \$ 1,124,972 | \$ 1,083,156 |

CONTACT: Loan Nisser
(646) 509-2107
www.IHCGroup.com

Independence Holding Company