

INDEPENDENCE HOLDING CO
Form 10-Q
November 09, 2010

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

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, 2010**.

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

For the transition period from: _____ to _____

Commission File Number: **0-10306**

INDEPENDENCE HOLDING COMPANY

(Exact name of registrant as specified in its charter)

Delaware

58-1407235

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(State or other jurisdiction of
incorporation or organization)

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

96 CUMMINGS POINT ROAD, STAMFORD, CONNECTICUT

06902

(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

Outstanding at November 9, 2010

Common stock, \$ 1.00 par value

15,232,865 Shares

INDEPENDENCE HOLDING COMPANY

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September 30,
2010 (unaudited)
and December 31,
2009

C o n d e n s e d
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Three Months and
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Ended September
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C o n d e n s e d
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-

Nine Months
Ended September
30, 2010
(unaudited)

Condensed
Consolidated
Statements of Cash
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Nine Months
Ended September
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Copies of the Company's SEC filings can be found on its website at 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)

September 30, 2010

December 31, 2009

(Unaudited)

ASSETS:

Investments:

Short-term investments

\$

53

\$

52

Securities purchased
under agreements to
resell

34,060

42,708

Fixed maturities,
available-for-sale

803,239

689,863

Equity securities,
available-for-sale

53,858

60,815

Other investments

36,233

37,643

Total investments

927,443

831,081

Cash and cash
equivalents

9,617

7,394

Due from securities
brokers

17,629

5,579

Investment in American
Independence Corp.
("AMIC")

-

19,234

Deferred acquisition
costs

38,647

44,244

Due and unpaid
premiums

47,873

48,731

Due from reinsurers

166,360

184,583

Premium and claim
funds

44,307

43,663

Notes and other
receivables

18,092

13,528

Goodwill

51,713

48,859

Other assets

59,399

57,580

TOTAL ASSETS

\$

1,381,080

\$

1,304,476

**LIABILITIES AND
EQUITY:**

LIABILITIES:

Insurance
reserves-health

\$

184,374

\$

184,146

Insurance reserves-life
and annuity

274,272

270,987

Funds on deposit

408,054

408,298

Unearned premiums

8,869

13,217

Policy claims-health

18,558

18,655

Policy claims-life

11,364

11,392

Other policyholders'
funds

19,456

20,517

Due to securities
brokers

30,679

8,187

Due to reinsurers

34,619

45,516

Accounts payable,
accruals and other
liabilities

73,210

71,362

Liabilities related to
discontinued operations

910

1,546

Debt

7,500

9,000

Junior subordinated
debt securities

38,146

38,146

**TOTAL
LIABILITIES**

1,110,011

1,100,969

EQUITY:

**IHC
STOCKHOLDERS'
EQUITY:**

Preferred stock (none
issued)

-

-

Common stock \$1.00
par value, 20,000,000
shares authorized;

15,472,000 and
15,459,720 shares
issued;

15,232,865 and
15,426,965 shares
outstanding

15,472

15,460

Paid-in capital

100,901

100,447

Accumulated other
comprehensive income
(loss)

10,095

(7,104)

Treasury stock, at cost
239,155 and 32,755
shares

(1,917)

(326)

Retained earnings

116,234

94,490

**TOTAL IHC
STOCKHOLDERS
EQUITY**

240,785

202,967

**NONCONTROLLING
INTERESTS IN
SUBSIDIARIES**

30,284

540

TOTAL EQUITY

271,069

203,507

**TOTAL
LIABILITIES AND
EQUITY**

\$

1,381,080

\$

1,304,476

See the accompanying Notes to Condensed Consolidated Financial Statements.

**INDEPENDENCE
HOLDING
COMPANY AND
SUBSIDIARIES**

**CONDENSED
CONSOLIDATED
STATEMENTS
OF OPERATIONS**

**(In thousands,
except per share
data) (Unaudited)**

**Three Months
Ended**

**Nine Months
Ended**

September 30,

September 30,

2010

2009

2010

2009

REVENUES:

Premiums earned:

Health

\$

74,071

33

\$
62,527
\$
211,735
\$
197,452

Life and annuity

9,188
9,215
27,022
27,804

Net investment
income

11,136
11,303
30,638

33,450

Fee income

8,102

6,614

25,343

22,943

Net realized
investment gains

4,030

553