INDEPENDENCE HOLDING CO Form 10-Q November 09, 2010

#### **UNITED STATES**

SECUR	ITTES AND EXCHANGE COMMISSION
	WASHINGTON, D.C. 20549
	FORM 10-Q
[X]	
Quarterly Report Pursuant to Section 13	or 15(d) of the Securities Exchange Act of 1934.
For the quarterly period ended <b>Septembe</b>	er 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: <b>0-10306</b>

## INDEPENDENCE HOLDING COMPANY

(Exact name of registrant as specified in its charter)

**Delaware** 

**58-1407235** 

(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 [X] 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 [X]		
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 [X]

## **Class**

Outstanding at November 9, 2010

Common stock, \$ 1.00 par value

15,232,865 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.	

#### **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, <u>Risk Factors</u>, 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.

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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
	<b>December 31, 2009</b>
	(T) N
	(Unaudited)

**ASSETS:** 

Investments:

Short-term investments

\$

53

\$

52

Securities purchased under agreements to resell

34,060



37,643

Total investments

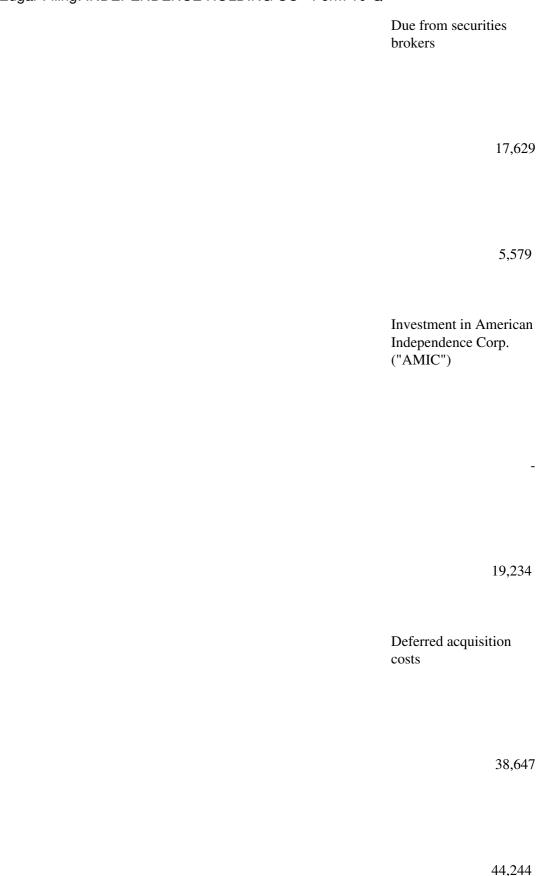
927,443

831,081

Cash and cash equivalents

9,617

7,394





43,663

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	Notes and other receivables	
		18,092
		13,528
	Goodwill	
		51,713
		48,859
	Other assets	
	other assets	
		59,399
		57,580
		27,200

#### TOTAL ASSETS

\$

1,381,080

\$

1,304,476

LIABILITIES AND EQUITY:

#### LIABILITIES:

Insurance reserves-health

\$

184,374

\$

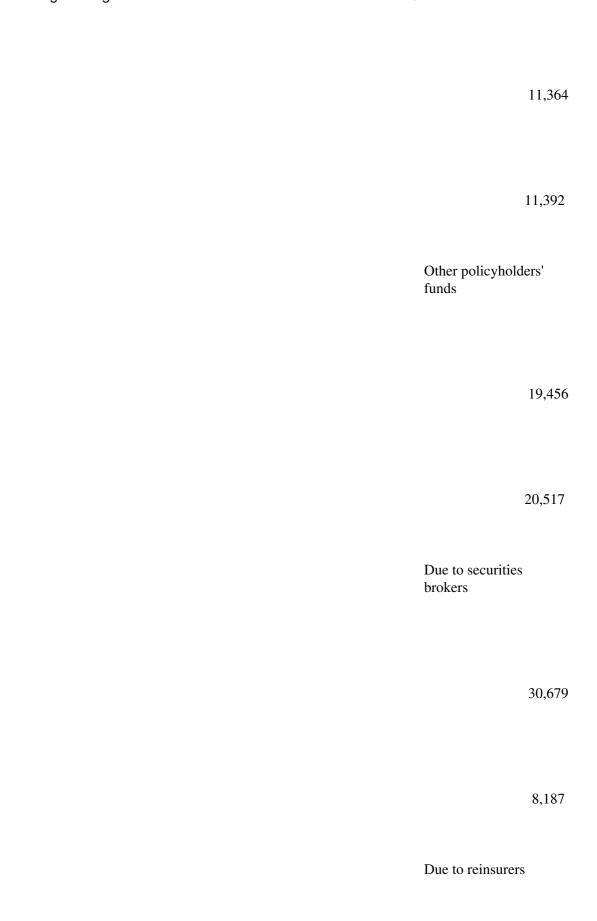
184,146

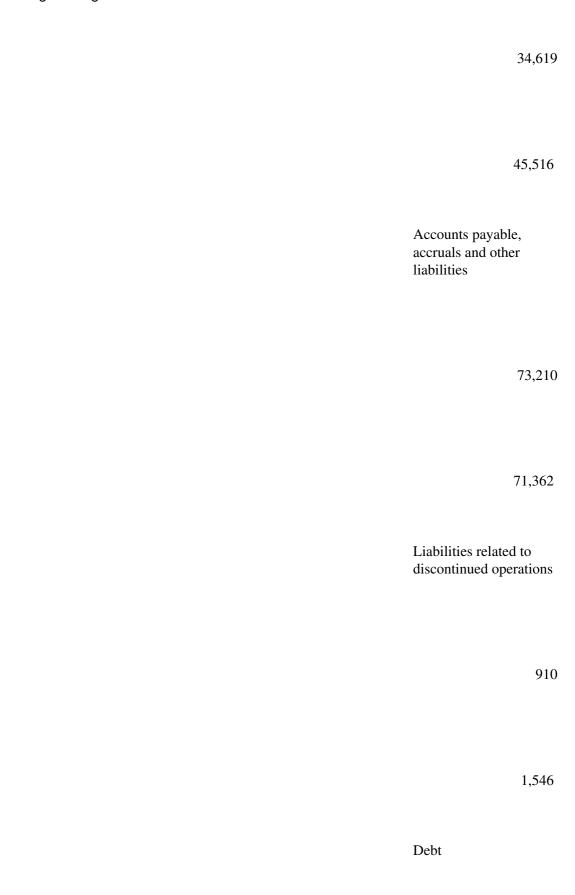
Insurance reserves-life and annuity

274,272

270,987







7,500

9,000

Junior subordinated debt securities

38,146

38,146

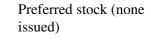
TOTAL LIABILITIES

1,110,011

1,100,969

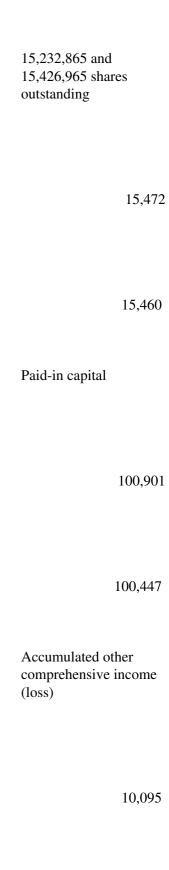
**EQUITY:** 

IHC STOCKHOLDERS' EQUITY:

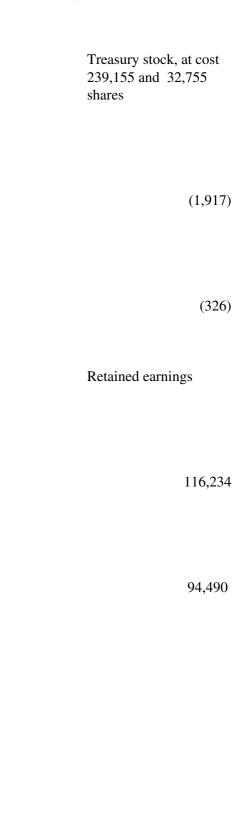


Common stock \$1.00 par value, 20,000,000 shares authorized;

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



(7,104)



240,785

202,967

NONCONTROLLING INTERESTS IN SUBSIDIARIES

30,284

540

TOTAL EQUITY





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

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2010

2009

**REVENUES:** 

Premiums earned:

Health

\$

74,071

	\$
	62,527
	\$
	211,735
	\$
	197,452
I	ife and annuity
	9,188
	9,215
	27,022
	27,804
	Net investment ncome
	11,136
	11,303
	30,638

33,450	
55, 150	

Fee in	ncome
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8,102

6,614

25,343

22,943

Net realized investment gains

4,030