

BEST'S RATING REPORT



INDEPENDENCE HOLDING COMPANY GROUP

Domiciliary Address: 96 Cummings Point Road, Stamford, Connecticut 06902 United States

AMB #: 069756

NAIC #: N/A

FEIN #: N/A

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INDEPENDENCE AMERICAN INSURANCE COMPANY

A-

Administrative Office: 485 Madison Avenue, 14th Floor, New York, New York 10022-5872 United States

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AMB #: 003552

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Best's Credit Rating Effective Date

December 17, 2019

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Information

- [Best's Credit Rating Methodology](#)
- [Understanding Best's Credit Ratings](#)
- [Market Segment Outlooks](#)

Financial Data Presented

Financial data in this report: (i) includes data of affiliated entities that are not rating unit members where analytics benefit from inclusion; and/or (ii) excludes data of rating unit member entities if they operate in different segments or geographic areas than the Rating Unit generally. See [list of companies](#) for details of rating unit members and any such included and/or excluded entities.

The financial data in this report reflects the most current data available to the Analytical Team at the time of the rating. Updates to the financial exhibits in this report are available here: [Best's Financial Report](#).

Independence Holding Company Group

AMB #: 069756

Associated Ultimate Parent: AMB # 055438 - Geneve Holdings, Inc.

Best's Credit Ratings – for the Rating Unit Members

Financial Strength Rating (FSR)

A-
Excellent
Outlook: Stable
Action: Affirmed

Issuer Credit Rating (ICR)

a-
Excellent
Outlook: Stable
Action: Affirmed

Assessment Descriptors

Balance Sheet Strength	Strongest
Operating Performance	Adequate
Business Profile	Limited
Enterprise Risk Management	Appropriate

Rating Unit - Members

Rating Unit: Independence Holding Co Group | AMB #: 069756

AMB # Rating Unit Members
003552 Independence American Ins Co
006678 Madison National Life Ins Co

AMB # Rating Unit Members
007075 Standard Security Life of NY

Rating Rationale

Balance Sheet Strength: **Strongest**

- The Independence Holding Company Group (IHC Group) maintains the strongest level of risk-adjusted capitalization as measured by its Best's Capital Adequacy Ratio (BCAR).
- The group's investment portfolio is fairly conservative and diversified, with the majority of invested assets composed of investment-grade fixed income securities.
- The organization has moderate dependence on reinsurance, a quarter of gross premium is ceded including internal reinsurance, which comprises a significant portion of the reinsurance program. AM Best also notes that the external reinsurance companies are primarily highly rated reinsurers.

Operating Performance: **Adequate**

- The group is experiencing good new sales growth, particularly from its hospital indemnity, short-term medical, and pet insurance products, as well as new significant distribution relationships.
- The group has recently reported improved pre-tax net operating gains and net income, due primarily to favorable operating results in its core specialty health and group employee benefits segments.
- Significant improvement in underwriting results in 2018, as the group exited the stop-loss and major medical businesses several years ago, which were more capital intensive with less predictable margins.
- Investment income had steadily declined in recent years prior to 2018, due to a declining invested asset base from the transfer of reserves from the exited individual life and annuity lines. This trend has recently started to reverse, including through late 2019.

Business Profile: **Limited**

- IHC Group's business profile has significantly changed in recent years as the group exited the ordinary life and annuity, major medical, and stop-loss lines of business, while increasing its focus on specialty health, pet insurance and group employee benefit lines of business.
- The supplemental health and group life markets are highly competitive, which may hinder the group's growth somewhat.
- The legislative and regulatory environment could continue to pressure some of the group's business lines, such as specialty health, and short-term medical, in the near-to-medium term.

Enterprise Risk Management: **Appropriate**

- The group continues to develop its formal enterprise risk management program, which has been in place since 2009.
- While the group does not have formal risk appetite statements or risk tolerance limits, a new defined framework around risk categories has been implemented this year. The group's strategy has limited the amount of risks the group is willing to take within the current regulatory and market constraints.
- The group has successfully mitigated risks in past years, demonstrated by limiting exposure to highly regulated major medical and interest rate-sensitive products.

Outlook

- The stable outlooks reflect the group's strongest balance sheet strength assessment.

Rating Drivers

- A negative rating action could occur if the group develops unfavorable trends in premium and/or earnings.
- A negative rating action could occur if the group experiences a substantial decline in risk-adjusted capitalization.

Credit Analysis

Balance Sheet Strength

Independence Holding Company Group's (IHC Group's) balance sheet assessment is considered the strongest supported by a 2018 BCAR score of 75.1 at the 99.6% VaR confidence level. Capital and surplus has shown a long-term growth trend supported by the relative consistency of operating earnings within its diversified businesses that has offset annual dividends paid to the ultimate holding

Balance Sheet Strength (Continued...)

company over the years. These favorable trends continue into 2019; however, absolute capital and surplus declined in the third quarter due to a corporate restructuring where Independence American Insurance Company became a subsidiary of Independence Holding Group, whereas it formally was a subsidiary of Madison National Life Insurance, an affiliated insurance company in the group. A stock dividend of \$141M was sent from Madison National Life Insurance Company to the parent company decreasing the company's capital and surplus during the quarter. The five year CAGR for total capital and surplus was 7% in 2018 and year over year has steadily been increasing despite paying \$150 million in dividends in prior five years. Capital is managed appropriately at each subsidiary within the IHC Group as each markets different products that vary in capital requirements.

The group's underwriting leverage remained under 2 to 1 over the last five years as well as into 2019. It declined to 0.7 to 1 in 2016 from 1.4 to 1 in 2015 as a result of the sale of the stop-loss business. Capital and surplus to liabilities also increased to 163.6% in 2018 from 140.5% in 2017 which is noteworthy from 93.3% in 2015. Prior to the sale, the stop-loss business was the group's primary line of business, however, the group now focuses on lines of business that are less capital intensive than stop-loss products. While in the past there was some dependence on reinsurance as about two-thirds of gross written premiums were ceded, the group now cedes less than a quarter of its premiums which are from the group life and disability business and the group utilizes highly rated reinsurance companies.

IHC Group maintains a favorable level of liquidity due to the majority of its holdings in publicly-traded securities in addition to its sizable amount of cash and short-term investments. Despite the fluctuating percentage of cash and short-term investments, the liquidity position has remained relatively unchanged in recent years and continues to be favorable through 2018 and into 2019.

Capitalization

IHC Group's balance sheet assessment is considered to be at the strongest level, supported by its 2018 BCAR. Absolute capital and surplus had shown a long-term growth trend through late 2018 driven by relatively consistent operating earnings within its diversified businesses, partially offset by annual dividends paid to its holding company. However, as referenced above, the absolute capital and surplus declined in late 2019 due to the stock dividend payment to the parent company. Management deploys capital appropriately at each subsidiary within the group as each markets different products that vary in capital requirements.

The group's premium leverage ratios have been favorable in recent years remaining generally around 2 to 1, while capital and surplus to liabilities has exceeded 100% over the last two years. During this period the group pivoted to less capital intensive lines of business, after exiting its medical stop-loss business in 2016. Additionally, A.M. Best notes there is some moderate dependence on reinsurance, some internal as well as some closed blocks of business, which are ceded to highly rated reinsurers.

Asset Liability Management - Investments

The investment portfolios for IHC Group's insurance subsidiaries are managed by the chief investment officer within Independence Holding Company. The overall investment objective is to construct a conservative, diversified portfolio of multiple asset classes designed to match the group's liabilities duration and cash-flow requirements while maintaining a predominately investment-grade, diversified fixed income portfolio, with a high degree of liquidity. However, due to the various products each company markets, the composition of their individual investment portfolios will be slightly different to match its liability obligations.

In 2018, over half of the group's investment portfolio is made up of fixed income securities, entirely investment-grade and with 95% being NAIC 1 bonds. Fixed income securities made up of mostly municipal and corporate bonds with the remainder in US treasuries and a small amount in foreign government bonds. About a third of the portfolio is invested in equities holdings, which most are affiliated companies within the group. The remainder is allocated to cash and short-term securities and minimal amounts in policy loans and other invested assets. This portfolio allocation changed in 2019 due to a stock dividend to the parent, which decreased common stock down to less than one percent from 24.2% in the prior year, and increased fixed income securities to 85.9% from 65.8% in prior year.

Holding Company Assessment

Independence Holding Company (IHC), a Delaware corporation, is a publicly traded insurance holding company for a group of insurance subsidiary companies operating in the US trading on the NYSE under the symbol "IHC". The company markets primarily health and life and disability insurance business directly through its insurance subsidiaries and marketing affiliates, and through independent and affiliated brokers, producers, and agents.

IHC also owns administrative companies that underwrite, market, administer, and or price health and life and disability insurance business for its affiliated carriers, and, to a lesser extent, for non-affiliated insurance companies. These companies receive fees for

Balance Sheet Strength (Continued...)

their services and do not bear any of the insurance risk of the companies to which they provide services, other than through profit commissions.

IHC's principal administrative companies are: Specialty Benefits, a full-service marketing, technology, and distribution company that focuses on small employer, individual, and family products; Healthinsurance.org LLC (HIO) an online marketing company that owns www.healthinsurance.org, and www.medicareresources.org <<http://www.medicareresources.org>> lead generation sites for individual health insurance and IHC Carrier Solutions LLC ("Carrier Solutions"), a program management, actuarial, and regulatory compliance company providing product development and valuation services for IHC's specialty health segment. IHC owns a controlling interest in Global Accident Facilities, LLC (GAF) a holding company for an agency that produces injured on duty business. Specialty Benefits, GAF, and HIO are collectively referred to as IHC's agencies. The agencies earn commissions for selling health and life insurance products underwritten by IHC's owned and affiliated insurance companies and also by unaffiliated carriers. IHC also owns a significant equity interest in Ebix Health Exchange Holdings, LLC, an administration exchange for health insurance. Ebix Health Exchange administers various lines of health insurance for IHC and non-affiliated carriers through Ebix Health Administration Exchange, Inc.

During 2016 and 2017, IHC made the following investments that have increased the distribution of its specialty health products. The company also owns a 44% interest in The Abacus Group LLC, which is a managing general underwriter specializing in worksite marketing of voluntary benefits that is producing disability business for Madison National Life and has begun selling group limited medical for that carrier; IHC owns the domain name and assets of www.petplace.com ("PetPlace"), including subscribers and its social media outlets. In March 2017, the company acquired 85% of the stock of PetPartners, Inc., a pet insurance marketing and administration company. In January 2019, the company acquired all of the outstanding common stock of My1HR Inc., a web-based entity with state-of-the-art insurance quoting and cloud based enrollment platform for \$4.5M.

IHC has grown total equity over the last four years to \$451 million at year-end 2018 from \$278 million at year-end 2013. In 2018, total equity saw an increase of eighteen million from the prior year primarily due to an increase in net income and other comprehensive income. Invested assets, increased by 2% in 2018 from the prior year, are primarily comprised of fixed income securities with the remainder in cash and short-term investments, equities, and other invested assets. The organization completely eliminated its \$40 million of long-term debt in 2016. Income from continuing operations decreased to \$29 million in 2018 from \$42 million in 2017. Net investment income increased slightly to \$15M in 2018 with a net yield of 3%, previously net investment income has been decreasing in recent years, mainly from the generally lower invested asset base as its insurance subsidiaries have been selling their life and annuity business. While net income has fluctuated over the last five years, the organization has been consistently profitable due primarily to income from its insurance subsidiaries. IHC has required dividends paid out of the insurance subsidiaries for capital management purposes, as each is well capitalized to support its current business operations.

Operating Performance

IHC group's operating performance is considered adequate, while the make-up of earnings has shifted, positive net operating gains derived from diverse revenue sources were reported over the last five years through 2018. Underwriting income has been favorable during this time, and further improved 2018 when improvement in loss ratios has emerged and into late 2019.

Net premium has grown through 2019 over the same period in the prior year primarily driven by incremental changes to the NY Paid Family Leave (PFL) product, as well as new sales of short-term medical, hospital indemnity, its hybrid "Fusion" product, limited medical and Pet products. Premium significantly decreased in 2016 when the group exited the medical stop-loss segment, via a sale of this block of business. This decline has been partially offset by premium growth in multiple specialty health, ancillary medical products and pet insurance in 2018 and continuing into 2019.

Investment income has steadily declined in recent years, but showing some improvement in 2018, primarily from a decreasing invested asset base due to the transfer of reserves from the exited individual life and annuity line. Also, net yields have been steadily decreasing due to the low interest rate environment.

IHC Group has reported generally positive, albeit fluctuating, net income over the last five years, continuing into late 2019, as significant changes to its product portfolio improved its loss ratio, but grew its expense ratio as it started several new lines of business and operating initiatives. Previously in 2016, the group reported a net loss due to some one-time loss items at SSL and MNL, partially offset by IAIC's net income. SSL's net loss was driven by a realized capital loss (previously reflected as an unrealized capital loss) from the write-off of goodwill and gain on sale from divesting two affiliates to IHC in addition to lower income related to the running off stop-loss business. MNL's net loss was driven by a realized capital loss reclassified from an unrealized capital loss, which reflected a combination of amortized goodwill and equity losses.

Business Profile

IHC Group's business profile is considered limited, as this profile has changed significantly in recent years due to its exits from the individual life and annuity, major medical markets, and the sale of its medical stop-loss business; and focus on replacing these with specialty health, group employee benefits lines of business and pet insurance. The group is now building its competitive advantage and market positions in these lines of business, as prior years had been focused on building expertise around its former medical stop-loss business. Competition in the supplemental health market remains elevated, which may inhibit profitable premium growth in this space. However, the group has made several business initiatives in an effort to expand its reach to consumers. Additionally, a highly uncertain legislative and regulatory environment may negatively impact certain lines of business.

The group consists of three insurance subsidiaries; Madison National Life Insurance Company, Inc. (MNL), Standard Security Life Insurance Company of New York (SSL), and Independence American Insurance Company (IAIC). Collectively, their premium is comprised as follows: short-term medical/hospital Indemnity (32%), NY Disability Benefits Law (DBL) and Paid Family Leave (PFL) (21%), long-term disability (LTD) (16%), pet insurance (13%), group life (6%), group limited benefit medical & gap (5%), and dental/vision (4%). The following lines each comprise 1% or less of premium: occupational accident, accidental death and dismemberment, critical illness, group health modified indemnity, and expat med/LTD. Business is fairly well geographically diversified throughout the US.

IHC Group maintains a multi-channel distribution network including general agents, direct brokers, call centers, career agencies, and MGUs with long standing relationships. In recent years, the group has selectively re-deployed excess capital to grow owned distribution with new distribution partners. IHC Group benefits from several high profile distribution/marketing relationships as a primary product supplier for prominent medical carriers.

MNL, founded in 1961 and based in Madison, WI, is licensed to sell insurance products in 49 states, the District of Columbia, American Samoa, Guam, and the Virgin Islands. The company markets group life and disability, and specialty health products, including dental and vision. Core operations previously involved acquiring life and annuity blocks of policies from other insurance companies and state insurance guaranty associations under assumption reinsurance and coinsurance agreements. The majority of its individual life in-force business, prior to the reinsurance of all of its life and annuity business, had been acquired. Over the past several years, premium volume and reserves have been affected by the volume of reinsurance and acquisition activity conducted. In recent years, MNL's business profile has changed considerably, as its medical stop-loss business, once a core product for the company, was transferred to SSL. In addition, as a result of two separate transactions, the first in 2013 and the second in 2015, the company entered into coinsurance agreements with unaffiliated reinsurers covering the entire block of its annuity business. MNL has very minimal exposure to individual life and annuity products. Furthermore, similar to SSL, MNL exited the major medical segment after the implementation of the ACA.

SSL, founded in 1957 and based in New York, NY, is licensed to sell insurance products in all 50 states, the District of Columbia, the Virgin Islands, and Puerto Rico. The company markets short-term medical, limited medical, DBL and PFL, life, dental, and vision products. It maintains a sizable share of the DBL/PFL markets, which was further enhanced after the recent addition of PFL by NY. Prior to 2016, the company focused on profitable growth of its former stop-loss segment and posted a substantial revenue expansion in this segment before the IHC Group sold its medical stop-loss business to Swiss Re., which caused a 60% decline in its premium. SSL also formerly marketed major medical, but exited this line after the implementation of the ACA.

IAIC, founded in 1973 and domiciled in Delaware, is licensed to sell insurance products in all 50 states and the District of Columbia. The company markets various ancillary medical products, pet insurance, and non-subscriber occupational accident insurance. Historically, IAIC generated the majority of its premium as a reinsurer (over 20%) of employer medical stop-loss business produced by SSL, in addition to directly writing this business. Thus, the company's net premium decreased by approximately 40% from the sale of the stop-loss segment but is now increasing.

Enterprise Risk Management

IHC currently has an appropriate Enterprise Risk Management (ERM) program, which has been in place for several years. The plan encourages a strong risk culture and governance, ongoing discipline and risk identification, and regular reporting to its Audit Committee, Senior Management and Board of Directors. IHC also created an ERM Committee comprised of senior management representatives from each of the subsidiaries within the IHC Group. Additionally, IHC has a senior planning group that is headed by the CEO. The heads of each business unit are also involved in the ERM process as they are held responsible for their own risk and monitored by IHC's CEO. Over the last several years, the company has demonstrated risk awareness, as the management strategically selected the products and markets for growth based on the amount of risk the company is willing to take. As the ERM framework continues to evolve A.M. Best will continue to monitor the evolution and growth of the risk management capabilities used to monitor the process within the organization.

Enterprise Risk Management (Continued...)**Reinsurance Summary**

The group's subsidiaries maintain their own reinsurance agreements whereby they cede a certain portion of their gross premium. In 2018, MNL ceded 25% of its long-term and short-term disability business to RGA Reinsurance Co. (RGA) (Chesterfield, MO). The company also ceded 50% of its group term life business to RGA, and has an excess reinsurance agreement with RGA for claims over \$125K. MNL and SSL cede the majority of their run-off individual life and annuity business to National Guardian Life Insurance Co. (Madison, WI), with a smaller portion of this business ceded to Guggenheim Life and Annuity Company (Indianapolis, IN). SSL and IAIC cede their run-off medical stop loss business to Westport Insurance Corporation (Westport, CT), a subsidiary of Swiss Re. Also, MNL and SSL cede approximately 28% of their run-off medical stop-loss business to their affiliate, IAIC, which also assumes 20% of SSL's short-term statutory disability benefit product ("DBL") business.

Financial Statements

	9-Months		Year End - December 31			
	2019		2018		2017	
Balance Sheet	USD (000)	%	USD (000)	%	USD (000)	%
Cash and Short Term Investments	38,056	7.9	24,814	4.2	19,453	3.4
Bonds	374,071	77.9	362,158	61.1	356,609	62.5
Preferred and Common Stock	23,007	4.8	161,280	27.2	149,810	26.3
Other Invested Assets	531	0.1	2,412	0.4	1,139	0.2
Total Cash and Invested Assets	435,665	90.8	550,663	92.9	527,011	92.3
Premium Balances	20,667	4.3	18,689	3.2	15,324	2.7
Net Deferred Tax Asset	1,476	0.3	1,476	0.2	2,225	0.4
Other Assets	21,927	4.6	21,449	3.6	24,363	4.3
Total General Account Assets	479,907	100.0	592,980	100.0	570,676	100.0
Total Assets	479,907	100.0	592,980	100.0	570,676	100.0
Net Life Reserves	39,469	8.2	38,826	6.5	38,359	6.7
Net Accident & Health Reserves	122,921	25.6	122,049	20.6	138,526	24.3
Liability for Deposit Contracts	1,009	0.2	2,404	0.4	3,701	0.6
Asset Valuation Reserve	1,188	0.2	18,237	3.1	16,016	2.8
Other Liabilities	44,116	9.2	55,677	9.4	52,205	9.1
Total General Account Liabilities	219,702	45.8	243,171	41.0	253,345	44.4
Total Liabilities	219,702	45.8	243,171	41.0	253,345	44.4
Capital Stock	9,187	1.9	9,187	1.5	9,187	1.6
Paid-In and Contributed Surplus	121,365	25.3	121,365	20.5	121,365	21.3
Unassigned Surplus	110,860	23.1	198,999	33.6	164,602	28.8
Other Surplus	18,794	3.9	20,259	3.4	22,177	3.9
Total Capital and Surplus	260,205	54.2	349,809	59.0	317,330	55.6
Total Liabilities, Capital and Surplus	479,907	100.0	592,980	100.0	570,676	100.0

Source: BestLink® - Best's Financial Suite

Independence Holding Company Group

Operations

Date Incorporated: October 17, 1961

Domiciled: Connecticut, United States

Business Type: Life, Annuity, and Accident

Organization Type: Stock

Last Update

April 17, 2020

Identifiers

AMB #: 069756

This company is a data record that AM Best utilizes to represent the AM Best Consolidated financials for the Life, Annuity, and Accident business of AMB#: [055438 Geneve Holdings, Inc.](#)

AMB#: [006678 Madison National Life Insurance Company, Inc.](#) has been assigned as the AMB Group Lead for this consolidation and should be used to access name, address, or other contact information for this AM Best Consolidated Group.

Financial Data Presented

See [LINK](#) for details of the entities represented by the data presented in this report.

Best's Credit Ratings

Rating Relationship

This group represents an AM Best Rating Unit. In our opinion, companies under this Rating Unit have an Excellent ability to meet their ongoing insurance obligations and an Excellent ability to meet their ongoing senior financial obligations.

Best's Credit Rating Effective Date: December 17, 2019

Rating rationale and credit analysis can be found in the [Best's Credit Report for AMB# 069756 - Independence Holding Company Group](#).

AMB#	Rating Unit Members	Best's Credit Ratings	
		Financial Strength Rating	Long-Term Issuer Credit Rating
003552	Independence American Ins Co	A-	a-
006678	Madison National Life Ins Co	A-	a-
007075	Standard Security Life of NY	A-	a-

Independence American Insurance Company

Last Update

May 15, 2020

Identifiers

AMB #: 003552

NAIC #: 26581

FEIN #: 74-1746542

Contact Information

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Financial Data Presented

The financial data in this report reflects the most current data available at the time the report was printed.

Operations

Date Incorporated: February 26, 1973 | **Date Commenced:** March 15, 1973

Domiciled: Delaware, United States

Licensed: (Current since 03/21/2014). The company is licensed in the District of Columbia and all states.

Business Type: Health - Vision Non-HMO

Organization Type: Stock

Marketing Type: MGA

Financial Size: VIII (\$100 Million to \$250 Million)

Best's Credit Ratings

Best's Credit Rating History

AM Best has assigned ratings on this company since 2001. In our opinion, the company has an Excellent ability to meet their ongoing insurance obligations and an Excellent ability to meet their ongoing senior financial obligations.

The following are the most recent rating events, for longer history refer to [Rating History](#) in BestLink:

Best's Financial Strength Ratings					Best's Long-Term Issuer Credit Ratings		
Effective Date	Rating	Affiliation	Outlook	Action	Rating	Outlook	Action
Current -							
Dec 17, 2019	A-	g (Group Rating)	Stable	Affirmed	a-	Stable	Affirmed
Dec 19, 2018	A-	g (Group Rating)	Stable	Affirmed	a-	Stable	Affirmed
Dec 20, 2017	A-	g (Group Rating)	Stable	Affirmed	a-	Stable	Affirmed
Dec 22, 2016	A-	g (Group Rating)	Stable	Affirmed	a-	Stable	Affirmed
Apr 8, 2016	A-	g (Group Rating)	Stable	Affirmed	a-	Stable	Affirmed

Management

Officers

Vice Chairperson and Vice President: Rachel Lipari

President: David T. Kettig

Chief Information Officer: Brad Bielawski (Security)

SVP and CFO: Gary J. Balzofiore

SVP, Secretary, General Counsel and Chief Compliance Officer: Marla Di Resta

Officers (Continued...)**SVP and Chief Actuary:** Jon A. Dubauskas**SVP and Controller:** David B. Getz**SVP:** Rick Faucher (Specialty Products)**SVP:** Lane Kent (Senior Markets)**SVP:** Loan T. Nisser**Directors**

Gary J. Balzofiore

Larry R. Graber

Teresa A. Herbert

David T. Kettig

History

The company was incorporated on February 26, 1973 under the laws of Delaware as Pinnacle Insurance Company. The company's name was subsequently changed to Chaparral Insurance Company on November 17, 1975; Greenwich Insurance Company on November 20, 1981; First International Reinsurance Company on October 15, 1982; GHI Reinsurance Company on January 16, 1992; Cove Reinsurance Company on May 26, 1992 and First Standard Security Insurance Company on December 15, 1993. The present title was adopted on November 14, 2002. On May 12, 1993, Independence Holding Company purchased all of the stock of the Company from Geneve Holdings, Inc. On June 30, 1993, all of the stock was contributed to SSH Corp. Prior to November 2002, the company was a wholly-owned subsidiary of Standard Security Life Insurance Company of New York, which is part of Independence Holding Company and whose ultimate control rests with Geneve Holdings, Inc. On November 14, 2002, the company was sold to American Independence Corp. (AMIC) which is an affiliate of Standard Security. In August, 2016, AMIC merged into AMIC Holdings, Inc. The company's name was also changed from First Standard Security Insurance Company to Independence American Insurance Company, the present title.

Financial Statements

Financial Statements reflected were compiled from the most recent company-filed statement available in BestLink - Best's Statement File - L/H, US.

Currency: US Dollars

	Year End - December 31			
	2019		2018	
Balance Sheet	USD (000)	%	USD (000)	%
Cash and Short Term Investments	18,363	13.5	10,128	8.0
Bonds	101,675	74.8	100,748	79.6
Preferred and Common Stock	883	0.6	3,744	3.0
Other Invested Assets	2,197	1.6	1,533	1.2
Total Cash and Invested Assets	123,119	90.5	116,153	91.8
Premium Balances	6,577	4.8	4,475	3.5
Net Deferred Tax Asset	977	0.7	1,086	0.9
Other Assets	5,149	3.8	4,092	3.2
Total General Account Assets	135,989	100.0	126,510	100.0
Total Assets	135,989	100.0	126,510	100.0
Net Accident & Health Reserves	32,568	23.9	26,537	21.0
Other Liabilities	10,412	7.7	11,008	8.7
Total General Account Liabilities	51,456	37.8	43,524	34.4
Total Liabilities	51,456	37.8	43,524	34.4
Capital Stock	3,000	2.2	3,000	2.4
Paid-In and Contributed Surplus	26,902	19.8	26,902	21.3
Unassigned Surplus	54,631	40.2	53,084	42.0
Total Capital and Surplus	84,533	62.2	82,986	65.6
Total Liabilities, Capital and Surplus	135,989	100.0	126,510	100.0

Source: BestLink® - Best's Financial Suite

A Best's Financial Strength Rating opinion addresses the relative ability of an insurer to meet its ongoing insurance obligations. The ratings are not assigned to specific insurance policies or contracts and do not address any other risk, including, but not limited to, an insurer's claims-payment policies or procedures; the ability of the insurer to dispute or deny claims payment on grounds of misrepresentation or fraud; or any specific liability contractually borne by the policy or contract holder. A Financial Strength Rating is not a recommendation to purchase, hold or terminate any insurance policy, contract or any other financial obligation issued by an insurer, nor does it address the suitability of any particular policy or contract for a specific purpose or purchaser.

A Best's Issue/Issuer Credit Rating is an opinion regarding the relative future credit risk of an entity, a credit commitment or a debt or debt-like security.

Credit risk is the risk that an entity may not meet its contractual, financial obligations as they come due. These credit ratings do not address any other risk, including but not limited to liquidity risk, market value risk or price volatility of rated securities. The rating is not a recommendation to buy, sell or hold any securities, insurance policies, contracts or any other financial obligations, nor does it address the suitability of any particular financial obligation for a specific purpose or purchaser.

In arriving at a rating decision, AM Best relies on third-party audited financial data and/or other information provided to it. While this information is believed to be reliable, AM Best does not independently verify the accuracy or reliability of the information. Any and all ratings, opinions and information contained herein are provided "as is," without any express or implied warranty.

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