

# THE IHC GROUP

## Insider Trading Policy

### **I. Introduction**

A. It is the policy of Independence Holding Company (“**IHC**”) and its subsidiaries that no person who is aware of material nonpublic information relating to IHC or any of its subsidiaries may, directly or indirectly, (i) engage in transactions in the securities of IHC or (ii) disclose such material nonpublic information to outside parties and/or recommend to any person (i.e., tipping) the purchase, hold or sale of the common stock, preferred stock, derivative securities (such as options, warrants and convertible debentures), debt securities (such as notes, debentures and bonds), and any other type of securities of IHC (collectively, the “**Securities**”). In addition, it is the policy of IHC and its subsidiaries that no person who, in the course of working for IHC or any of its subsidiaries, as applicable, learns of nonpublic information about a company with which IHC or its subsidiary, as applicable, has a business relationship (e.g., customers and firms with which IHC or its subsidiary, as applicable, may be negotiating major transactions, such as an acquisition, investment or sale) may, directly or indirectly, disclose nonpublic information relating to, or trade in the securities of, such company with which IHC or its subsidiary, as applicable has a business relationship. It should be noted that in some cases, information that is not material to IHC and its subsidiaries may nevertheless be material to the company with which IHC or its subsidiary, as applicable, has a business relationship.

B. Maintaining the confidentiality of information is essential for competitive, security and other business reasons, as well as to comply with securities laws. You should treat all information you learn about IHC and its subsidiaries, including, without limitation, IHC and its subsidiaries’ business plans, as confidential and proprietary to IHC and its subsidiaries. Inadvertent disclosure of confidential or inside information may expose IHC and its subsidiaries and you to significant risk of investigation and litigation. Further, the timing and nature of the disclosure of material nonpublic information to outsiders is subject to legal rules, the breach of which could result in substantial liability to you, IHC and/or one or more of its subsidiaries and/or their respective management. Accordingly, it is important that responses to inquiries about IHC or any of its subsidiaries by the press, investment analysts or others in the financial community be made on IHC and its subsidiaries’ behalf only through authorized individuals.

C. To prevent the foregoing actions, protect IHC and its subsidiaries’ reputation for integrity and ethical conduct, and comply with federal and state securities laws, the Board of Directors of IHC has adopted this Insider Trading Policy (the “**Policy**”). There are no exceptions to this Policy, except as expressly and specifically noted herein. Without limiting the foregoing, transactions that may be necessary or justifiable for independent reasons (such as the need to raise money for an emergency expenditure) or small transactions are not excepted from this Policy. The securities laws do not recognize any mitigating circumstances.

D. It is your obligation to understand and comply with this Policy. Should you have any questions regarding this Policy or its application to a proposed transaction, please contact Loan Nisser at (646) 509-2107.

### **II. Definition of Material Nonpublic Information**

A. Material Information. Information is generally thought to be “material” if a reasonable investor would consider that information important in making a decision to buy, hold or sell securities or if the disclosure of information would be expected to significantly alter the total mix of information in the marketplace about a company. Any information that could be expected to affect the stock price of IHC, whether it be positive or negative, should be considered material. There is no bright-line standard for assessing materiality; rather,

materiality is based on an assessment of all of the facts and circumstances, and is often evaluated by enforcement authorities with the benefit of hindsight. Material information is not limited to historical facts, but may also include projections and forecasts. With respect to a future event, such as a merger, acquisition or introduction of a new product, the point at which negotiations or product development are determined to be material is determined by balancing the probability that the event will occur against the magnitude of the effect the event would have on a company's operations or stock price should it occur. When in doubt about whether particular nonpublic information is material, you should presume it is material. **If you are unsure whether information is material, you should either consult the Compliance Officer before making any decision to disclose such information (other than to persons who need to know it) or to trade in or recommend securities to which that information relates or assume that the information is material.**

While it is not possible to define all categories of material information, some examples of information that ordinarily would be regarded as material are:

- (i) Projections of future earnings or losses or other earnings guidance;
- (ii) Changes to previously announced earnings guidance or the decision to suspend earnings guidance;
- (iii) Significant write-downs in assets or increases or decreases in reserves;
- (iv) Existence of severe liquidity problems or impending bankruptcy;
- (v) A restructuring;
- (vi) Unusual gains or losses in major operations;
- (vii) A material change in pricing or cost structure;
- (viii) A pending or proposed merger, acquisition (including, without limitation, the acquisition of a significant asset), divestiture, recapitalization, joint venture, strategic alliances, licensing arrangements, or sale of substantial assets;
- (ix) Major events involving securities, including, without limitation, the declaration of a stock split, change in dividend policy, the offering of additional securities or tender offer;
- (x) The establishment or expansion of a repurchase program for securities;
- (xi) The imposition of a ban on trading in the Securities or the securities of another company;
- (xii) A change of control;
- (xiii) A change in senior management;
- (xiv) A change in auditors or notification that the auditor's reports may no longer be relied upon;

- (xv) A major change in accounting methods or policies;
- (xvi) Significant related party transactions;
- (xvii) New, pending or threatened litigation, or the resolution of a litigation not in the ordinary course;
- (xviii) Examination by a regulatory authority or the results of an examination other than the normal periodic exams conducted by the departments of insurance;
- (xix) Bank borrowings or other financing transactions out of the ordinary course of business;
- (xx) Development of a significant new process or service, or of new material contracts, relationships, or customers, or the loss of any of the foregoing;
- (xxi) The gain or loss of a significant customer, vendor or third party administrator;
- (xxii) Major marketing changes; and
- (xxiii) Cybersecurity risks and incidents, including vulnerabilities and breaches.

B. Public Information.

(i) Information that has not been disclosed to the public is considered to be nonpublic information. The fact that information has been disclosed to a few members of the public does not make it public for insider trading purposes. Without limiting the foregoing, information that is available only to officers, directors or employees, or to a select group of analysts, brokers and institutional investors, would not be deemed public. In addition, information that has been entrusted to IHC and its subsidiaries on a confidential basis is considered non-public until a public announcement of the information has been made and enough time has elapsed for the market to respond to a public announcement of the information (normally two trading days).

(ii) Information is usually deemed public if it has been widely disseminated through, among other things, newswire services or a broadcast on widely-available radio or television programs, or is published in a widely-disseminated newspaper, magazine or news website. Once information is widely disseminated, it is still necessary to afford the investing public with sufficient time to absorb the information. As a general rule, information should not be considered fully absorbed by the marketplace until after the second (2<sup>nd</sup>) full trading day after the day on which the information is released (e.g., if IHC were to make an announcement on a Monday prior to the market being open, you should not trade in the Securities until Wednesday, whereas if the announcement is made on Monday after the market has closed, you should not trade in the Securities until Thursday). Depending on the particular circumstances, IHC may determine that a longer or shorter period should apply to the release of specific material nonpublic information.

(iii) **If you are not sure whether information is considered public, you should either consult with the Compliance Officer or assume that the information is nonpublic and treat it as confidential.**

C. Individual Responsibility. Every Restricted Person (as defined below) has the individual responsibility to comply with this Policy. A Restricted Person may, from time to time, have to forego a proposed

transaction in the Securities even if he or she planned to make the transaction before learning of the material nonpublic information and even though the Restricted Person believes he or she may suffer an economic loss or forego anticipated profit by waiting. For the avoidance of doubt, a Restricted Person who has entered into an approved Rule 10b5-1 Plan would be in compliance with this Policy so long as the Rule 10b5-1 Plan was entered into prior to any knowledge of material information.

### **III. Persons Subject to the Policy**

A. (i) The individuals subject to this Policy (collectively, the “***Restricted Persons***” and each, a “***Restricted Person***”) are: (A) the respective officers of each of IHC and its subsidiaries; (B) all members of the boards of directors of each of IHC and its subsidiaries; (C) all respective employees, consultants and contractors of each of IHC and its subsidiaries; (D) all Family Members (as hereinafter defined); and (E) all entities (including, without limitation, any corporations, partnerships or trusts), other than IHC and its subsidiaries, that are under the influence or control of any of the foregoing (collectively, the “***Controlled Entities***”). This Policy continues to apply to transactions in the Securities even after your termination of service to IHC or its subsidiary, as applicable. If you are in possession of material nonpublic information when your service terminates, you may not trade in the Securities until that information has become public or is no longer material.

(ii) For purposes of this Policy, “***Family Members***” include family members who reside with you (including, without limitation, a spouse, a child, a child away at college, stepchildren, grandchildren, parents, stepparents, in-laws, grandparents and siblings), anyone else who lives in your household (other than housekeepers and the like), and family members who do not live in your household but whose transactions in the Securities are directed by you or are subject to your influence or control (e.g., parents or children who consult with you before they trade in the Securities). This Policy does not, however, apply to personal securities transactions of Family Members where the purchase or sale decision is made by a third party not controlled by, influenced by or related to you or your Family Members.

B. You are responsible for the transactions of the Family Members and Controlled Entities, and should treat all such transactions for the purposes of this Policy and applicable securities laws as if the transactions were for your own account. Therefore, you should make the Family Members and Controlled Entities aware of the need to confer with you before they trade in the Securities.

### **IV. Transactions Subject to the Policy**

A. This Policy applies to all transactions that involve the Securities.

B. Notwithstanding the foregoing, this Policy does not apply in the case of the following transactions, except as specifically and expressly noted (collectively, the “***Exempt Transactions***”):

(i) ***Stock Option Exercises***: The exercise of an employee stock option acquired pursuant to a stock incentive plan of IHC for cash, the delivery of previously owned stock of IHC, or the net exercise of IHC stock pursuant to the provisions of such plan, or the exercise of a tax withholding right pursuant to which a Restricted Person has elected to have such Restricted Person’s shares withheld subject to an option to satisfy tax withholding requirements. This Policy does, however, apply to any sale of the underlying stock or sale of stock as part of a broker-assisted cashless exercise of an option and any other market sale for the purpose of generating the cash needed to pay the exercise price of an option;

(ii) ***Share Appreciation Rights***: The exercise of a share appreciation right acquired (A) concurrently with the grant of a stock option, (B) with respect to an outstanding option or (C) independent of any

option;

(iii) Restricted Stock Awards: The vesting of restricted stock, or the exercise of a tax withholding right pursuant to which you elect to have your shares of stock withheld to satisfy tax withholding requirements upon the vesting of any restricted stock. This Policy does, however, apply to any market sale of restricted stock;

(iv) Deferred Share Unit: The crediting of deferred share units in lieu of the receipt of cash or other compensation (including shares);

(v) Performance Awards: The vesting of shares issued to reward performance. This Policy does, however, apply to any market sale of stock;

(vi) Mutual Funds: Transactions in mutual funds that are invested in the Securities;

(vii) Bona fide Gifts: Bona fide gifts of the Securities unless (A) the Restricted Person making the gift has reason to believe, or a reasonable person would have reason to believe, that the recipient intends to sell the Securities while the Restricted Person is aware of material nonpublic information or (B) the Restricted Person making the gift is subject to trading restrictions and prohibited from trading in the Securities during a certain period (e.g., blackout period) and the recipient plans to sell the Securities during such period; and

(viii) Other Similar Transactions: Any other similar transaction involving the Securities.

**V. Special and Prohibited Transactions.** IHC and its subsidiaries have determined that there is a heightened legal risk and/or the appearance of improper or inappropriate conduct if a member of the board of directors/managers of IHC or a subsidiary, as applicable, or an officer of IHC or a subsidiary, as applicable (collectively, the “*Company Insiders*”), or any employee that the Company may designate from time to time as “Covered Persons” because of such person’s position, responsibilities or his/her actual or potential access to material information (together with the Company Insiders, the “*Covered Persons*”), or a Covered Person’s Family Member or Controlled Entity, engages in certain types of transactions. It therefore is the policy of IHC and its subsidiaries that the following transactions be prohibited, unless express and specific consent is obtained from the Compliance Officer (as hereinafter defined):

(i) Short-Term Trading: Purchases of the Securities in the open market and sale of Securities during the six (6) months following the purchase;

(ii) Short Sales: Sale of Securities that the Restricted Person does not own (including, without limitation, a ‘sale against the box’ (i.e., sale with delayed delivery)), thereby possibly evidencing an expectation on the part of the Restricted Person that the Securities will decline in value, and therefore having the potential to signal to the market that the Restricted Person lacks confidence in the prospects of IHC;

(iii) Options: Transactions in put options, call options or other derivatives on an exchange or in any other organized market, which can be perceived as a speculative action, making a bet on a short-term movement in the price of the Company’s stock (because the put or call has an expiration date and a short duration) and that such person is focused on the Company’s short-term performance that is contrary to the stockholders’ long-term interests or is trading on insider information;

(iv) Margin Accounts: Holding the Securities in a margin account as collateral for a margin loan, thereby permitting a broker to sell such Securities without the Restricted Person’s consent if such Restricted

Person fails to meet a margin call, which may result in the sale occurring when the Restricted Person is aware of material nonpublic information or during a period that such Restricted Person is prohibited from trading in the Securities;

(v) Pledged Securities: Pledging the Securities, thereby permitting the sale of the Securities in foreclosure if the borrower defaults on the loan, which may result in the sale occurring when the Restricted Person is aware of material nonpublic information or during a period that such Restricted Person is prohibited from trading in the Securities;

(vi) Standing and Limit Orders: Placing standing and limit orders, thereby removing the ability for the Restricted Person to have control over the timing of purchases or sales that result from standing instructions to a broker (except standing and limit orders under approved Rule 10b5-1 Plans), which may result in the sale occurring when the Restricted Person is aware of material nonpublic information or during a period that such Restricted Person is prohibited from trading in the Securities; and

(vii) Hedging Transactions: Hedging or monetizing transactions (such as zero-cost collars, forward sale contracts, prepaid variable forwards, equity swaps, collars and exchange funds), thereby establishing a short position in the Securities and locking in much of the value of the Securities, in exchange for protection against drastic upside or downside price movement; giving up the full risks and rewards of security ownership can result in the perception that the holder no longer has the same interests as the Company's stockholders.

## **VI. Blackout Periods**

A. Covered Persons. All Covered Persons are prohibited from trading in the Company's securities during blackout periods as defined below.

B. Quarterly Blackout Periods. Trading in the Company's securities is prohibited during the period beginning at the close of the market two weeks before the end of each fiscal quarter and ending at the close of business on the second trading day following the date the Company's financial results are publicly disclosed. During these periods, Covered Persons generally possess or are presumed to possess material nonpublic information about the Company's financial results.

C. Other Blackout Periods. From time to time, other types of material nonpublic information regarding the Company (such as advanced negotiation of mergers, acquisitions or dispositions, investigation and assessment of cybersecurity incidents or new product developments) may be pending and not be publicly disclosed. While such material nonpublic information is pending, the Company may impose special blackout periods during which Covered Persons are prohibited from trading in the Company's securities. If the Company imposes a special blackout period, it will notify the Covered Persons affected.

D. 10b5-1 Plans. These trading restrictions do not apply to transactions under an approved pre-existing written plan, contract, instruction, or arrangement under Rule 10b5-1 under the Securities Exchange Act of 1934, as amended, that was entered into prior to any knowledge of material information.

E. Pre-clearance of Securities Transactions. Because Company Insiders are likely to obtain material nonpublic information on a regular basis, the Company requires all such persons to refrain from trading, even during a trading window, without first pre-clearing all transactions in the Company's securities. No Company Insider may, directly or indirectly, purchase or sell (or otherwise make any transfer, gift, pledge or loan of) any Company security at any time without first obtaining prior approval from the Compliance Officer. These procedures also apply to transactions by such person's Family Members and Controlled Entities. Unless revoked, a grant of permission will normally remain valid until the close of trading five business days following the day on

which it was granted. If the transaction does not occur during the five-day period, pre-clearance of the transaction must be re-requested.

## **VII. Consequences of Violations**

A. You could be subject to severe legal penalties for any conduct prohibited by this Policy and/or applicable securities laws. Potential penalties for insider trading violations include, without limitation, (i) imprisonment for up to twenty (20) years, (ii) criminal fines of up to \$5 million and (iii) a civil penalty in an amount up to three times the profit gained or loss avoided by the trading. The U.S. Securities and Exchange Commission (the “*SEC*”), U.S. Attorneys General and state enforcement authorities, and the stock exchanges investigate and are very effective at detecting insider trading, and pursue insider trading violations vigorously. Cases have been successfully prosecuted against trading by employees through foreign accounts, trading by Family Members and friends, trading involving only a small number of shares, and trading by a third party as a result of tipping even though the party disclosing the material nonpublic information did not trade or gain any benefit from such third party’s trading. In addition, you will be subject to sanctions imposed by IHC, including dismissal for cause, whether or not your failure to comply with this Policy results in a violation of law.

B. You may also be liable for improper transactions by any person (commonly referred to as a “tippee”) to whom you have disclosed nonpublic information regarding IHC or any of its subsidiaries or to whom they have made recommendations or expressed opinions on the basis of such information as to trading in the Securities. The SEC has imposed large penalties even when the disclosing person did not profit from the trading. The SEC, the stock exchanges and FINRA use sophisticated electronic surveillance techniques to uncover insider trading.

C. While the regulatory authorities concentrate their efforts on the individuals who trade, or who tip inside information to others who trade, the federal securities laws also impose potential liability on companies, and controlling persons who directly or indirectly control any person who misuses material nonpublic information (e.g., management and supervisory personnel), if they fail to take reasonable steps to prevent insider trading by its personnel. If IHC fails to take appropriate steps to prevent illegal insider trading, IHC may have controlling person liability for a trading violation, with civil penalties of up to the greater of (i) \$1 million and (ii) three times the profit gained or loss avoided, as well as criminal penalties of up to \$25 million. Additionally, IHC’s directors, officers and other supervisory personnel may be personally liable if they fail to take appropriate steps to prevent insider trading.

D. Any action or omission on the part of IHC or Compliance Officer, or any other person associated with IHC, does not in any way insulate a Restricted Person from liability under this Policy and/or applicable securities laws.

**VIII. Administration of the Policy.** Loan Nisser (or in her absence, her designee) shall serve as the compliance officer (the “*Compliance Officer*”) for the purposes of this Policy and be responsible for administration of this Policy. All determinations and interpretations by the Compliance Officer shall be final and not subject to further review.

**IX. Certifications.** All of the respective officers, directors, employees and consultants of IHC and its subsidiaries will be required to certify in writing their understanding of and intent to comply with the Policy. In addition, all of the respective officers, directors, employees and consultants of IHC and its subsidiaries may be required to certify their compliance with the Policy on an annual basis.

**X.** **Questions.** Your compliance with this Policy is of the utmost importance both for you and IHC. If you have any questions about this Policy or its application to any proposed transaction, you may obtain additional guidance from Loan Nisser at (646) 509-2107. Do not try to resolve uncertainties on your own, as the rules relating to insider trading are often complex, not always intuitive and carry severe consequences.

*This Policy is dated August 1, 2019  
and supersedes any previous policy of The IHC Group concerning insider trading.*

**Certification**

The undersigned employee, officer, director or consultant of Independence Holding Company and/or its subsidiaries and/or related corporations, hereby certifies that he/she has carefully read and understands (or has had explained) The IHC Group's Insider Trading Policy (a copy of which was distributed to the undersigned along with this Certification) and agrees to comply with such Policy at all times in connection with the purchase and sale of securities and the confidentiality of nonpublic information.

Date: \_\_\_\_\_, 2019

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Print Name)

\_\_\_\_\_  
(Department)