

# *Stock Ownership Plan*

*Partnership to Ownership*

*General Agent Program*



**IHC**

**INDEPENDENCE HOLDING COMPANY**  
NYSE: IHC

# The IHC Stock Ownership Plan

## A Producer Wealth-Building Program



*From the desk of Scott M. Wood  
Co-Chief Operating Officer of Independence Holding Company*

Welcome to the IHC Stock Ownership Program!

A lot of excitement was generated by our 2006 Stock Ownership Program and we are even more excited to be continuing this program for another year. We know that your efforts are critical to our success, and this program allows you to participate in the financial success of our company by granting you IHC stock.

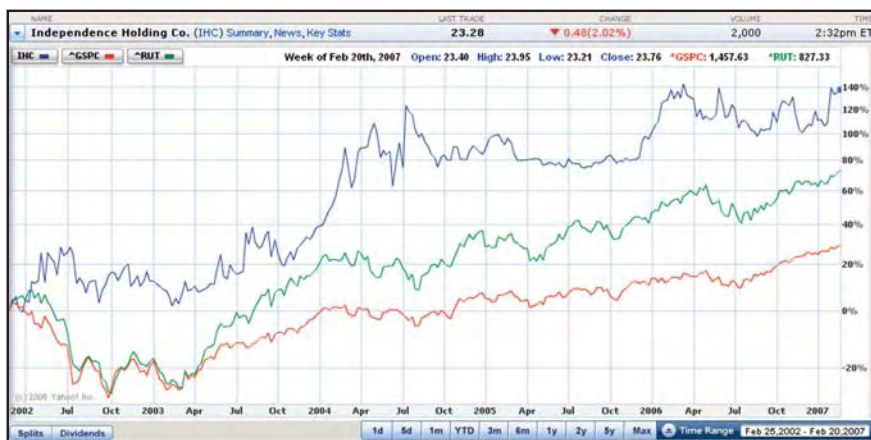
IHC is a publicly traded company (NYSE: IHC) with assets in excess of \$1 billion. **In the last 5 years, IHC stock more than doubled in value.**

This is a very unique opportunity to truly partner with your insurance company—a fantastic way to move from Partnership to Ownership. I encourage each of you to make the most of this program and write your business with IHC Group and partner companies. It will help your bottom line *and* increase the value of your new ownership stake in IHC.

With regards,

Scott M. Wood,  
Co-Chief Operating Officer, Independence Holding Company

### Previous five years' closing prices of Independence Holding Company\* (IHC) publicly traded stock as compared to the S&P 500 (GSPC) and Russell 2000 (RUT) indices



\*The value of a share fluctuates over time. Past performance is not a guarantee of future results of IHC stock. Visit <http://finance.yahoo.com> and type IHC in the *Enter Symbol* box for current stock price.

# How the General Agent plan works

## Eligibility

Eligible General Agents must be contracted with any IHC member company and be in good standing at the end of the award period.

## Qualification Period

The qualification period begins April 1, 2007 and ends on December 31, 2007. At the end of this period, the total will be tallied and stock will be issued.

## Checking Status

Throughout the program you can check how many shares you are earning by visiting [www.ihcstock.com](http://www.ihcstock.com) and logging in. You do not have to register.

Contact your IHC member company for details.

## Qualifying Premium

The minimum amount of combined annualized premium to qualify for awards is \$150,000. At \$150,000, you are automatically issued 15 shares of IHC stock. Additional shares are issued according to the table below.

For the purposes of this incentive program, premium is counted in the month the case is issued. Premium for cases cancelled back to the effective date will not be counted.

### 15 shares for \$150,000 in combined annualized premium, then:\* (Sum of all IHC member company premium)

Premium	Award
\$150,001-\$1,000,000	One Share for every \$10,000 of premium
\$1,000,001+	One Share for every \$5,000 of premium

\*See back page for details on how premium is counted.

## Special 100 Share Bonus for Selling Multiple Product Lines

If the qualifying new business premium is spread over at least three IHC product lines, the General Agent is eligible for a one-time bonus payout. **100 shares** will be awarded to a General Agent whose production:

- 1) Meets or exceeds \$500,000 in combined annualized premium with
- 2) At least \$50,000 in each of at least three of the IHC product lines (STM, Dental, Small Group, Limited Medical, and Individual).



IHC stock price\* on the  
New York Stock Exchange  
(as of February 20, 2007): **\$23.77**

\*Stock price obtained via Yahoo! Finance, Feb. 20, 2007

## HOW ANNUALIZED PREMIUM IS CALCULATED

Product Type	Premium	How it is annualized?
Small group (Max load cases not included)	Monthly gross premium equals all commissionable premium due for the first month of coverage. Cases must be inforce for no less than 31 days to be counted.	First month's premium x 12
Individual/Family Limited Medical		
Short-term	Monthly gross premium equals all commissionable premium due for the first month of coverage.	First month's premium x 6
Dental	Monthly gross premium equals all commissionable premium due for the first month of coverage. Cases must be inforce for no less than 31 days to be counted.	First month's premium x 12

Split cases will count toward the first agent listed on the application for insurance. Annualized premium equals base premium at the time the case is issued.



**Independence Holding Company (IHC)** is a publicly traded company (NYSE:IHC), with assets in excess of \$1 billion, that has been providing life and health insurance solutions for over 25 years.

In the last five years, IHC's publicly traded stock\* has:

- More than doubled in value
- Outperformed the S&P 500 Index
- Outperformed the Russell 2000 Index

\*The value of a share fluctuates over time. Past performance is not a guarantee of future results of IHC stock. Comparisons to S&P 500 and Russell 2000 indices based on information obtained via Yahoo! Finance, February 2007.

If production requirements are not met or an producer contract is terminated, all Awards will be forfeited. The participating producer must remain in good standing with IHC.

IHC reserves the right at any time to modify, amend, suspend or terminate this program.

IHC reserves the right to determine who is an eligible Producer for the purposes of this Stock Ownership Program.

Any stock rewards in connection with this program cannot be gifted.

IHC recommends participants consult with their tax advisor to understand any tax matters associated with stock awards.