

THE IHC GROUP

Corporate Governance Guidelines

The board of directors of Independence Holding Company (“*IHC*”) (the “*IHC Board*”) has adopted the following Corporate Governance Guidelines (the “*Guidelines*”) for itself and its subsidiaries (collectively, “*The IHC Group*”) to advance the functioning of the respective boards of directors and committees and set forth the expectations as to how they should perform their functions. These Guidelines are subject to modification from time to time by the Board as it may deem appropriate and in the best interests of The IHC Group or as required by applicable laws. The Guidelines should be interpreted in the context of all applicable laws and the respective charters, by-laws and other corporate governance documents of IHC.

Board Responsibility

1. Role of the Board of Directors

Company business shall be conducted by the officers, managers and employees under the direction of the Chief Executive Officer and President (which may be the same individual or two separate individuals) and the oversight of the board of directors. The directors are elected by the stockholders to oversee management and to exercise their business judgment in the best interests of the company.

All directors are expected to: (i) attend board meetings and meetings of committees on which they serve; (ii) prepare for meetings; (iii) review relevant materials; (iv) ask questions and engage in discussion; and (v) spend the time needed and meet as frequently as necessary to properly discharge their responsibilities. Participation by telephone is appropriate in the event of scheduling conflicts.

Directors should be familiar with the company’s business, financial statements and capital structure, and the risks and competition it faces, to facilitate active and effective participation in the board and committee meetings that such director attends. Directors are expected to: (i) maintain an attitude of constructive involvement and oversight; (ii) ask incisive,

probing questions and require accurate, honest answers; (iii) act with integrity; and (iv) demonstrate a commitment to the company, its values, its business plan and long-term stockholder value.

Directors' responsibility is one of oversight, and in performing their oversight role, directors rely on the competence and integrity of management in carrying out their responsibilities. It is the responsibility of management to operate the company in an effective and ethical manner in order to produce value for the company's stockholders.

All directors owe a duty of loyalty to the company, which mandates that the best interests of the company prevail over any individual interests of a director.

Board Composition

2. Board Size

The board of directors periodically reviews the appropriate size of the board, which may vary to accommodate the availability of suitable candidates and the needs of the company, subject to the requirements of the company's by-laws and corporate statutes.

3. Selection of Chairman of the Board and Chief Executive Officer and President

The board of directors may select the Chairman of the Board and the Chief Executive Officer and President as it may determine from time to time in the best interests of the company. These offices may be filled by one individual or two different individuals.

4. Selection of Board Members

Board members are elected each year by the company's stockholders at the annual meeting of stockholders in accordance with the company's charter and by-laws. The board of directors recommends to the stockholders a slate of nominees for election at the annual meeting. Between annual meetings of stockholders, the board of directors may appoint directors to fill vacancies to serve until the next annual meeting. Because IHC qualifies as a "controlled company" under NYSE Rule 303A, the IHC Board has determined that it should select and nominate the slate of director nominees for election at the annual meeting and the individual nominees to otherwise be appointed to fill vacancies between annual meetings, in accordance

with the policies and principles contained in these Guidelines and the requirements of IHC's charter and by-laws. Stockholders may propose nominees for consideration by the IHC Board by submitting the names and supporting information to IHC's Secretary in accordance with IHC's policies.

5. Board Membership Criteria; Other Directorships or Commitments

The board of directors is responsible for reviewing, on an annual basis, the requisite skills and characteristics of individual board members, as well as the composition of the board as a whole, in the context of the needs of the company. The board of directors will review all nominees for director in accordance with the requirements and qualifications contained in these Guidelines. This review will involve an assessment of the personal qualities and characteristics, accomplishments and business reputation. The board of directors will assess candidates' qualifications based on the following minimum criteria, which may be modified from time to time by the board:

- Demonstrated personal integrity and moral character;
- Willingness to apply sound and independent business judgment for the long-term interests of stockholders;
- Relevant business or professional experience, technical expertise or specialized skills;
- Personality traits and background that appear to fit with those of the other directors to produce a collegial and cooperative board responsive to the company's needs; and
- Ability to commit sufficient time to effectively carry out substantial duties of a director.

Due to competitive, confidentiality and legal considerations, the board of directors will not consider as a director candidate anyone who is an officer, director or principal of an enterprise which is in substantial competition with The IHC Group.

The company values the experience directors bring from other boards of directors on which they serve and other activities in which they participate, but recognizes that those boards and activities may also present demands on a director's time and availability and may present conflicts or legal issues, including independence issues. Directors should

advise the Chairman of the Board and the Chief Executive Officer and President before accepting a nomination or appointment to membership on other boards of directors or any audit committee or other significant committee assignment on any other boards, or establishing other significant relationships with businesses, institutions, governmental units or regulatory entities, particularly those that may result in significant time commitments or a change in the director's relationship to the company. Directors should not serve on more than five other boards of directors of public companies in addition to the company's board.

6. Change in Job Responsibility

The board of directors believes that directors who retire from their present employment, or materially change their position, should tender their resignation from the board so that the board can consider whether to accept the resignation upon an assessment of whether the director continues to meet the board's qualifications criteria under the circumstances. Retirement or material change in position should not necessarily preclude a director's continued service on the company's board of directors; however, the board should be in a position to consider the change in evaluating the appropriate mix of skills and experience necessary for the board to perform its oversight function effectively.

7. Term Limits

The board of directors does not believe it is advisable to limit the number of terms for which an individual may serve as a director. Directors who have served on the board of directors for an extended period of time are able to provide valuable insight into the company's business based on their experience and understanding of the company's history, policies and objectives. The board of directors believes that it can, as necessary, utilize the nominating process described above to elect or appoint new directors to obtain new ideas and viewpoints regarding the company's business and affairs.

8. Retirement Policy

The board of directors has determined not to establish a mandatory retirement age. Alternatively, the board will review each director's continuation on the board upon reaching the age of 75 and every five years thereafter.

9. Director Independence

IHC is a “controlled company” within the meaning of NYSE Rule 303A. Therefore, it is not required, nor does it intend, to comply with the independence requirements of Rule 303A.

Board Meetings

10. Board Meeting Schedule and Agenda

The IHC Board shall have at least four regularly scheduled meetings each year. Additional unscheduled board meetings may be called upon appropriate notice at any time to address specific needs of the company’s business. The Chairman of the Board and the Chief Executive Officer and President will establish the agenda for each board meeting. Each board member is encouraged to suggest the inclusion of items on the agenda at any time. The board of directors will review the company's long-term strategic plan and the fundamental factors affecting the company’s successful operation of its business during at least one meeting each year. The Chief Executive Officer and President and the Secretary shall attend all non-executive sessions of the board of directors, and other members of management may attend non-executive sessions of the board at the invitation of the Chief Executive Officer and President or the board.

11. Advance Distribution of Materials

Information and data that are important to the board of directors' understanding of the business to be conducted at a board or committee meeting should generally be distributed in writing to the directors before the meeting. Directors should review these materials in advance of the meeting to preserve time at the meeting and to provoke questions and discussion about the material. On certain occasions where the subject matter is too sensitive to put in writing, the matter will be discussed at the meeting.

12. Presiding Director

At their discretion, the non-management directors may elect one director from among their membership as Presiding Director. Responsibilities of the Presiding Director shall include: (I) leadership of executive sessions of the board of directors; (ii) consultation with the

Chairman of the Board concerning the agenda for board meetings; (iii) input as to the kind of material to be provided to the board of directors in consultation with the Chairman of the Board and the Chief Executive Officer and President; (iv) facilitation of communications between the board of directors and management; (v) focal point for stockholder communications addressed to independent or non-management directors; (vi) ability to retain outside professionals on behalf of the board as the board may determine is necessary or appropriate; and (vii) such other functions as the board may direct.

13. Executive Session

The non-management directors of the IHC Board will meet in executive session at least twice a year and will have an opportunity to meet in executive session at each regular meeting of the board of directors. Executive session discussions may include such topics as the non-management directors determine, but actions of the board of directors should be taken separately at a formal board meeting. The Presiding Director, or if one shall not have been designated, a director chosen by the non-management directors, shall serve as chairperson for any executive session of the board of directors. If the non-management directors include any non-independent directors, independent directors will meet at least once a year in executive session.

Committees of the Board

14. Number of Committees

The IHC Board will have at all times an audit committee and a compensation committee. The IHC Board may have additional committees as it determines from time to time are necessary or appropriate.

15. Committee Membership

Committee members will be appointed by the board of directors after taking into account the desires, experiences and expertise of individual directors. The board of directors believes that consideration should be given to rotating committee members periodically, but the board does not believe that rotation should be mandated as a policy. Audit committee members shall not serve simultaneously on the audit committee of more than two other companies, unless the board of directors determines that such service will not impair the member's ability to serve

on the company's audit committee.

16. Committee Structure

Each committee will have its own charter. The charters will set forth the purposes, goals and responsibilities of the committees as well as (i) qualifications for committee membership; (ii) procedures for committee member appointment and removal; (iii) committee structure and operations; and (iv) committee reporting to the board of directors. IHC's charter will also provide that each committee will annually evaluate its performance and assess the adequacy of its charter and will otherwise comply with the listing standards of the NYSE and applicable regulations of the SEC.

17. Committee Meetings

The chairperson of each committee, in consultation with the committee members, will determine the frequency and length of the committee meetings consistent with any requirements set forth in the committee's charter. The chairperson of each committee, in consultation with the appropriate members of the committee and management, will develop the committee's agenda. Each committee chair will periodically give a report of his or her committee's activities to the board of directors.

Director Access and Stockholder Communications

18. Director Access to Officers and Employees

Directors have full and free access to officers and employees of the company. Any meetings or contacts that a director wishes to initiate may be arranged through the Chief Executive Officer and President or the Secretary or directly by the director. Any such contact should be done in a way that is not disruptive to the business operations of the company. Any non-routine written communications between a director and an officer or employee of the company should be copied to the Chief Executive Officer and President.

19. Stockholder Communications with the Board

The board of directors and the non-management directors welcome communications from stockholders and interested parties. Stockholders or interested parties may submit communications addressed to the board of directors or the non-

management directors to the company's Secretary in accordance with the company's policies.

20. Director Access to Outside Advisors

The board of directors and each committee shall have the power to hire independent legal, financial or other advisors as they may deem necessary, without consulting or obtaining the approval of any officer of the company in advance.

21. Board's Interaction with Third Parties

The board of directors believes that the management speaks for the company. At the request of management, individual board members may, from time to time, meet or otherwise communicate with various constituencies that are involved with the company. If comments are appropriate, they should in most circumstances come from the Chairman of the Board or the Chief Executive Officer and President.

Director Remuneration

22. Director Compensation

The form and amount of director compensation for IHC will be determined by the IHC Board, in accordance with the policies and principles set forth in its charter and these Guidelines. Management shall report to the board of directors annually on an assessment of director compensation measured against comparable companies. Board compensation should be consistent with market practices, but should not be set at a level that would call into question the board of directors' objectivity. Independent directors serving on the audit committee will receive no additional compensation, in the form of consulting fees or other specific benefits, beyond that provided for service on the board of directors or a committee.

Chief Executive Officer and President Compensation, Evaluation and Succession

23. Chief Executive Officer and President Compensation and Evaluation

The compensation committee shall annually approve the goals and objectives for

compensating the Chief Executive Officer and President. The compensation committee shall evaluate the Chief Executive Officer and President's performance in light of these goals and objectives before setting the Chief Executive Officer and President's salary, bonus and other incentive and equity compensation. The compensation committee shall also annually approve the compensation structure for the company's officers, and shall evaluate the performance of the company's senior executive officers before approving their salary, bonus and other incentive and equity compensation.

24. Succession Plan

At least annually, the IHC Board shall approve and maintain a succession plan, developed by management, outlining policies and principles to select the Chief Executive Officer and President, both in the ordinary course of business and in an emergency. The succession plan should include an assessment of the experience, performance, skills and planned career paths for a possible successor to the Chief Executive Officer and President.

Miscellaneous

25. Board and Committee Evaluation

Board positions should not be regarded as permanent. Directors should serve only so long as they add value to the board of directors, and a director's ability to continue to contribute to the board should be considered each time the director is considered for re-nomination. The board of directors will have a process for reviewing and evaluating the performance of the board and its committees annually to determine whether the board and the committees are functioning effectively.

26. Director Orientation and Continuing Education

The board of directors and the company's management will conduct a comprehensive orientation process for new directors to become familiar with the company's vision, strategic direction, core values (including ethics), financial matters, corporate governance practices and other key policies and practices through a review of background material and meetings with senior management. The board of directors also recognizes the importance of continuing education for its directors and is committed to provide such education in order to improve both board and committee performance.

27. Review of Governance Guidelines

These guidelines have been developed based on the prior experiences of the IHC Board. The IHC Board expects to review these guidelines at least every two years as appropriate.