LEVIN MURRAY S
Form 4
March 11, 2019

FORM 4

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

OMB APPROVAL

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STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
LEVIN MURRAY S

(Last) (First) (Middle)

1845 WALNUT STREET, 18TH FLOOR

(Street)

PHILADELPHIA, PA 19103

(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading Symbol
Exantas Capital Corp. [XAN]

3. Date of Earliest Transaction (Month/Day/Year)
03/08/2019

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

__X__ Director _____ 10% Owner
_____ Officer (give title below) _____ Other (specify below)

6. Individual or Joint/Group Filing(Check Applicable Line)
_X_ Form filed by One Reporting Person
___ Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			
Common Stock	03/08/2019		A		3,292	A	$ 0 (1)	28,552	D	

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474 (9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(*e.g.*, puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)		5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Underlying Securities (Instr. 3 and 4)		8. Price of Derivative Security (Instr. 5)	9. Nu Deriv Secur Bene Owne Follo Repo Trans (Instr
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares		

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
LEVIN MURRAY S 1845 WALNUT STREET 18TH FLOOR PHILADELPHIA, PA 19103	X			

Signatures

Shelle Weisbaum, Attorney-in-Fact	03/11/2019
**Signature of Reporting Person	Date

Explanation of Responses:

* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

(1) The reporting person has been granted 3,292 shares of restricted common stock under the issuer's Amended & Restated Omnibus Equity Compensation Plan. These shares will fully vest on March 8, 2020 and are receivable on account of the reporting person's service as a director of the Company and without additional consideration.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.
Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number. 48.733>

32,736

$

181,870

$

4,828

$

108,196

12,887

Net realized investment gains

1,145

Explanation of Responses:

Other-than-temporary impairment losses	(33,256)
Interest expense	(2,795)
Loss from continuing operations before income taxes	(22,019)
Income tax benefits	

(8,892)

Loss from continuing operations

$

(13,127)

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Premiums Earned

Total premiums earned decreased $15.0 million to $225.3 million in the first nine months of 2009 from $240.3 million in the comparable period of 2008. The decrease is largely due to: (i) the Medical Stop-Loss segment which decreased $21.6 million, primarily due to reduced production from stricter underwriting guidelines and the termination of certain managing general underwiters; and (ii) the individual life, annuities and other segment which decreased $1.9 million, primarily due to the ceding and commutation of certain ordinary life and annuity business during 2009, slightly offset by an increase in premiums due to the 2008 acquisition; offset by (iii) the Fully Insured Health segment which had a $1.6 million increase in premiums in the first nine months of 2009 compared to the first nine months of 2008, comprised primarily of a $3.3 million increase in dental premiums as a result of increased production, a $.7 million increase in small group premiums earned as a result of new production sources and increased retention, offset by a $3.0 million decrease in student accident premiums as a result of the cancellation of a producer of this product and a $.6 million net increase in all other lines of this segment due to increase retention; and (iv) a $6.9 million increase in the group disability, life, annuities and DBL segment primarily from the LTD line due to an increase in retention and new business written.

Net Investment Income

Total net investment income decreased $.2 million primarily due to a decrease in assets due to the ceded block of life and annuity business. The overall annualized investment yields were 5.2% and 5.0% (approximately 5.5% and 5.1%, on a tax advantaged basis) in the first nine months of 2009 and 2008, respectively. The annualized investment yields on bonds, equities and short-term investments were 5.0% and 5.2% in the first nine months of 2009 and 2008, respectively. A decrease in interest and dividend income, as a result of a reallocation of the investment portfolio towards more liquid assets during 2009, was more than offset by a decrease in losses from partnership investments. In addition, the Company experienced unprecedented pre-payments in GNMAs during the second quarter of 2009 resulting in significantly reduced yields on such investments.

Net Realized Investment Gains and Other-Than-Temporary Impairment Losses, Net

Net realized investment gains increased $2.4 million to $3.5 million in 2009 compared to $1.1 million in 2008. These amounts include gains and losses from sales of fixed maturities and equity securities available-for-sale, as well as trading securities and other investments. Decisions to sell securities are based on management's ongoing evaluation of investment opportunities and economic and market conditions, thus creating fluctuations in gains and losses from period to period. For the nine months ended September 30, 2009 and 2008, the Company recorded pretax losses of $.3 million and $33.3 million, respectively, from other-than-temporary impairments.

Fee Income and Other Income

Fee income decreased $6.1 million to $24.7 million in the nine months ended September 30, 2009 from $30.8 million in the nine months ended September 30, 2008 primarily as a result of a decrease in gross premiums from the small group line of business in the Fully Insured Health segment due in part to stricter underwriting guidelines and downward pressure on enrollment due to the recession and due to a decrease in other business administered by IAC.

Total other income increased $3.4 million in the nine months ended September 30, 2009 to $5.4 million from $2.0 million in the nine months ended September 30, 2008, primarily due to (i) income resulting from the commutation, in 2009, of a block of business, (ii) administrative fees associated with a coinsurance agreement, and (iii) deferred gain amortization associated with a block of ordinary life and annuities business ceded in second quarter of 2009.

Insurance Benefits, Claims and Reserves

Benefits, claims and reserves decreased $9.8 million. The decrease is primarily due to: (i) a decrease of $17.1 million in the Medical Stop-Loss segment, primarily resulting from a decrease in premiums earned; (ii) a $3.7 million decrease in the individual life, annuities and other segment primarily resulting from the commutation of reserves in the third quarter of 2009 and the ceding of a block of ordinary life and annuity policies in 2009; offset by (iii) an increase of $5.3 million in the Fully Insured Health segment, primarily as a result of the increase in claims and reserves in dental and small group businesses; (iv) an increase of $5.7 million in the group disability, life, annuities and DBL segment primarily as a result of increased LTD retention, new LTD business written and higher loss ratios on the GTL business.

Amortization of Deferred Acquisition Costs

Amortization of deferred acquisition costs decreased $1.4 million primarily due to lower investment income assumptions used in making this calculation in 2009 as a result of a decrease in yields on insurance investments.

Interest Expense on Debt

Interest expense decreased $.6 million primarily as a result of principal repayments and lower interest rates.

Selling, General and Administrative Expenses

Total selling, general and administrative expenses decreased $1.7 million in the first nine months of 2009 as compared to the first nine months of 2008. The decrease is primarily due to: (i) a $4.5 million decrease in commissions and other general expenses in the Medical Stop-Loss segment due to a decrease in volume as a result of reduced production; (ii) a $3.2 million decrease in the Fully Insured Health segment primarily consisting of a decrease in general expenses resulting from a lower volume of business and a reduction in work force; offset by (iii) a $4.1 million increase in compensation, commission and administrative expenses associated with the individual life, annuities and other segment, primarily as a result of the acquisition of a block of life and annuity business in the third quarter of 2008; and (iv) a $1.9 million increase in the group disability, life, annuities and DBL segment primarily due to an increase in premiums earned.

Income Taxes

Income tax expense increased $10.6 million to $1.7 million for the nine months ended September 30, 2009 from a tax benefit of $8.9 million for the first nine months of 2008. The effective tax rate was 19.1% for the first nine months of 2009 compared to (40.5)% for the first nine months of 2008. The difference in the effective tax rates is primarily attributable to an increased amount of tax benefits derived from tax advantaged investments in 2009 and state income taxes. The Company has significantly increased in 2009 its position in state and political subdivision investments that generate tax exempt interest, thereby resulting in a greater proportion of tax advantaged income to income before taxes.

LIQUIDITY

Insurance Group

The Insurance Group normally provides cash flow from: (i) operations; (ii) the receipt of scheduled principal payments on its portfolio of fixed maturities; and (iii) earnings on investments. Such cash flow is partially used to fund liabilities for insurance policy benefits. These liabilities represent long-term and short-term obligations.

Corporate

Corporate derives its funds principally from: (i) dividends from the Insurance Group; (ii) management fees from its subsidiaries; and (iii) investment income from Corporate liquidity. Regulatory constraints historically have not affected the Company's consolidated liquidity, although state insurance laws have provisions relating to the ability of the parent company to use cash generated by the Insurance Group.

Cash Flows

As of September 30, 2009, the Company had $8.5 million of cash and cash equivalents compared with $7.8 million as of December 31, 2008.

Net cash used by operating activities of continuing operations for the nine months ended September 30, 2009 was $29.9 million largely as a result of a $40.8 million increase in net amounts due from reinsurers primarily due to the reinsurance treaty entered into by Madison National Life on April 1, 2009. Net cash used by operating activities of discontinued operations for the nine months ended September 30, 2009 was $2.1 million.

Net cash provided by investing activities of continuing operations for the nine months ended September 30, 2009 was $33.7 million primarily as a result of $50.8 million in net proceeds on sales of equity securities and securities under resale and repurchase agreements and a $16.6 million decrease in net amounts due from brokers, partially offset by $32.8 million in net purchases of fixed maturities.

The Company has $463.3 million of insurance reserves that it expects to ultimately pay out of current assets and cash flows from future business. If necessary, the Company could utilize the cash received from maturities and repayments of its fixed maturity investments if the timing of claim payments associated with the Company's insurance resources does not coincide with future cash flows. For the nine months ended September 30, 2009, cash received from the maturities and other repayments of fixed maturities was $87.6 million.

The Company believes it has sufficient cash to meet its currently anticipated business requirements over the next twelve months including working capital requirements and capital investments.

BALANCE SHEET

Total investments, net of amounts due from brokers, increased $62.3 million to $826.0 million during the nine months ended September 30, 2009 from $763.7 million at December 31, 2008 largely due to a $93.0 million decrease in unrealized losses on available-for-sale securities offset by net sales of investment securities of $34.6 million.

The Company had net receivables from reinsurers of $141.4 million at September 30, 2009. All of such reinsurance receivables are either due from the Company's affiliate, Independence American, highly rated companies or are adequately secured. No allowance for doubtful accounts was necessary at September 30, 2009.

Other assets decreased $37.0 million primarily due to a $31.0 million decrease in net deferred tax assets. Of this amount, $29.1 million represents the deferred taxes on the net unrealized gains on investment securities allocated to stockholders equity arising during the nine months ended September 30, 2009.

The Company's health reserves by segment are as follows (in thousands):

	Total Health Reserves			
	September 30, 2009		December 31, 2008	
Medical Stop-Loss	$	75,859	$	89,684
Fully Insured Health		35,484		38,168
Group Disability		80,023		71,643
Individual A&H and Other		12,583		11,823
	$	203,949	$	211,318

Major factors that affect the Projected Net Loss Ratio assumption in reserving for medical stop-loss relate to: (i) frequency and severity of claims; (ii) changes in medical trend resulting from the influences of underlying cost inflation, changes in utilization and demand for medical services, the impact of new medical technology and changes in medical treatment protocols; and (ii) the adherence by the MGUs that produce and administer this business to the Company's underwriting guidelines. Changes in these underlying factors are what determine the reasonably likely changes in the Projected Net Loss Ratio.

The primary assumption in the determination of fully insured reserves is that historical claim development patterns tend to be representative of future claim development patterns. Factors which may affect this assumption include changes in claim payment processing times and procedures, changes in product design, changes in time delay in submission of claims, and the incidence of unusually large claims. The reserving analysis includes a review of claim processing statistical measures and large claim early notifications; the potential impacts of any changes in these factors are minimal. The time delay in submission of claims tends to be stable over time and not subject to significant volatility. Since our analysis considered a variety of outcomes related to these factors, the Company does not believe that any reasonably likely change in these factors will have a material effect on the Company s financial condition, results of operations, or liquidity.

The $58.3 million increase in IHC s stockholders' equity in the first nine months of 2009 is primarily due to $6.9 million in net income and a $52.2 million decrease in net unrealized losses on investments.

Asset Quality and Investment Impairments

The nature and quality of insurance company investments must comply with all applicable statutes and regulations, which have been promulgated primarily for the protection of policyholders. Of the aggregate carrying value of the Company's cash and investment assets, approximately 88.7% was invested in investment grade fixed maturities, equity securities, resale agreements, policy loans and cash and cash equivalents at September 30, 2009. Although the Company's gross unrealized losses on available-for-sale securities totaled $22.1 million at September 30, 2009, approximately 96.5% of the Company s fixed maturities were investment grade and continue to be rated on average AA. The Company marks all of its available-for-sale securities to fair value through accumulated other comprehensive income or loss. These investments tend to carry less default risk and, therefore, lower interest rates than other types of fixed maturity investments. At September 30, 2009, approximately 3.5% (or $25.3 million) of the carrying value of fixed maturities was invested in non-investment grade fixed maturities (primarily mortgage securities) (investments in such securities have different risks than investment grade securities, including greater risk

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of loss upon default, and thinner trading markets). The increase in non-investment grade securities is primarily due to the downgrades in credit ratings of certain Alt-A mortgage securities The Company has only one non-performing fixed maturity at September 30, 2009 with a cost of $.7 million, or 0.1% of total fixed maturities.

The Company reviews its investments regularly and monitors its investments continually for impairments. For the nine months ended September 30, 2009 and 2008, the Company recorded losses of $.3 million and $33.3 million, respectively, for other-than-temporary impairments. The following table summarizes the carrying value of securities with fair values less than 80% of their amortized cost at September 30, 2009 by the length of time the fair values of those securities were below 80% of their amortized cost (in thousands):

	Less than 3 months	Greater than 3 months, less than 6 months	Greater than 6 months, less than 12 months	Greater than 12 months	Total
Fixed maturities	$ 2,175	$ -	$ 2,437	$ 2,924	$ 7,536
Equity securities	-	-	382	-	382
Total	$ 2,175	$ -	$ 2,819	$ 2,924	$ 7,918

The unrealized losses on all remaining available-for-sale securities have been evaluated in accordance with the Company's impairment policy and were determined to be temporary in nature at September 30, 2009. In 2009, the Company experienced a decrease in net unrealized losses of $94.9 million which, net of deferred taxes of $29.1 million, net of deferred policy acquisition costs of $13.6 million, and net of the net cumulative effect adjustment of $1.6 million for the adoption of recent investment accounting pronouncements, increased stockholders' equity by $50.6 million (reflecting net unrealized losses of $3.7 million at September 30, 2009 compared to net unrealized losses of $54.3 million at December 31, 2008). From time to time, as warranted, the Company may employ investment strategies to mitigate interest rate and other market exposures. Further deterioration in credit quality of the companies backing the securities, further deterioration in the condition of the financial services industry, a continuation of the current imbalances in liquidity that exist in the marketplace, a continuation or worsening of the current economic recession, or additional declines in real estate values may further affect the fair value of these securities and increase the potential that certain unrealized losses be designated as other-than-temporary in future periods and the Company may incur additional write-downs.

CAPITAL RESOURCES

Due to its strong capital ratios, broad licensing and excellent asset quality and credit-worthiness, the Insurance Group remains well positioned to increase or diversify its current activities. It is anticipated that future acquisitions or other expansion of operations will be funded internally from existing capital and surplus and parent company liquidity. In the event additional funds are required, it is expected that they would be borrowed or raised in the public or private capital markets to the extent determined to be necessary or desirable.

IHC enters into a variety of contractual obligations with third parties in the ordinary course of its operations, including liabilities for insurance reserves, funds on deposit, debt and operating lease obligations. However, IHC does not believe that its cash flow requirements can be fully assessed based solely upon an analysis of these obligations. Future cash outflows, whether they are contractual obligations or not, also will vary based upon IHC s future needs. Although some outflows are fixed, others depend on future events. The maturity distribution of the Company s obligations, as of September 30, 2009, is not materially different from that reported in the schedule of such obligations at December 31, 2008 which was included in Item **7** of the Company s Annual Report on Form 10-K.

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OUTLOOK

For the balance of 2009, IHC s business plan is to: (i) improve the profitability of our Fully Insured Health business and the efficiency of our administrative companies, while selectively pursuing new opportunities to continue to diversify our portfolio of products, (ii) expand the distribution and continue to improve the profitability of our Medical Stop-Loss business, (iii) proactively adjust our mix of business to take advantage of market conditions, and (iv) continue to expand the distribution of our life and disability products. Like many other insurance companies, our gross premiums have been adversely impacted by the current economic downturn.

The following summarizes what IHC has accomplished and the outlook for the balance of 2009 and beyond by segment.

Historic Core Lines of Business

IHC has historically been a life and health insurance holding company for two insurance companies, Standard Security Life Insurance Company of New York ("Standard Security Life") and Madison National Life Insurance Company, Inc. ("Madison National Life"), which relied on independent general agents, managing general underwriters ("MGUs") and administrators to perform the majority of all marketing, underwriting, claims and administrative functions for our two primary product segments (Medical Stop-Loss and group disability, life, annuities and DBL). While it is always our intent to emphasize underwriting profits and not top line growth, the medical stop-loss industry as a whole succumbed to pricing pressures caused by an unexpectedly long down cycle (or "soft" market) beginning in 2004. As a consequence of these market conditions, we made a decision to curtail our growth through stricter underwriting guidelines and the termination of several MGUs in 2008 and 2009. As a result, we have experienced a decline in stop-loss premiums in the first nine months of 2009, which we anticipate will continue throughout the balance of this year. The Company has experienced an increase in its gross group life and disability premiums in 2009 as a result of taking over an estimated $18 million block from an insurer that exited the market, of which we are retaining approximately 20%.

With respect to distribution, Standard Security Life is approved to write Medical Stop-Loss in all 50 states and Madison National Life in most states. Standard Security Life is currently contracted to write this product through six MGUs, and Madison National Life through two. The Company has a significant ownership interest in five of these MGUs (including those owned by AMIC), which produced $99.8 million (approximately 54%) of Medical Stop-Loss premiums written on IHC paper in 2008.

Fully Insured Health Segment

The Fully Insured Health market (estimated at $500 billion) in the U.S. is a much larger market than the Medical Stop-Loss market (estimated at $4 billion). The Company experienced a decrease in gross premiums during the first nine months of 2009, primarily in its small group line of business, which it expects will continue throughout the balance of the year. This decrease is due to stricter underwriting guidelines and the downward pressure on enrollment caused by the recession, however, net premiums increased slightly due to an increase in retention. In addition, IAC terminated a program on which it received fee income, but the Company did not take risk, which has further adversely impacted fee income. The decrease in gross premiums had an adverse impact on both our carrier fees and the fee income generated by our administrative operations.

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Investments

Our fixed maturity portfolio continues to be rated on average AA. Approximately 3% of our total investment portfolio is Alt-A mortgages. While these mortgages have seen lower market values in 2008 and 2009, we believe that the unrealized losses on these securities are not necessarily indicative of their ultimate performance. The Company also has approximately 4% of its total investment portfolio in preferred stocks of financial institutions which also realized significant losses in 2008. The market for these securities showed significant improvement in 2009 and the Company reduced its exposure from December 31, 2008, through either tender offers or sales of such securities at amounts greater than their adjusted cost basis. Our book value per share increased to $14.33 at September 30, 2009 from $10.56 at December 31, 2008 due to net income and positive changes in the fair value of our investment portfolio. To the extent that the capital markets remain unsettled, we may continue to see volatility in the market price of our equity and fixed maturity securities, which could have a negative impact on our net income and book value per share.

Summary

In summary, the Company has begun to see improved performance in 2009 from continuing operations primarily as a result of (i) continuing profitability of the group disability, life, annuities and DBL; (ii) better performance from investment partnerships; (iii) improved performance on our investment portfolio; and (iv) decreases in overhead due to subsidiary consolidation and cost cutting measures.

ITEM 3.
QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company manages interest rate risk by seeking to maintain an investment portfolio with a duration and average life that falls within the band of the duration and average life of the applicable liabilities. Options may be utilized to modify the duration and average life of such assets.

The Company monitors its investment portfolio on a continuous basis and believes that the liquidity of the Insurance Group will not be adversely affected by its current investments. This monitoring includes the maintenance of an asset-liability model that matches current insurance liability cash flows with current investment cash flows. This is accomplished by first creating an insurance model of the Company's in-force policies using current assumptions on mortality, lapses and expenses. Then, current investments are assigned to specific insurance blocks in the model using appropriate prepayment schedules and future reinvestment patterns. The results of the model specify whether the investments and their related cash flows can support the related current insurance cash flows. Additionally, various scenarios are developed changing interest rates and other related assumptions. These scenarios help evaluate the market risk due to changing interest rates in relation to the business of the Insurance Group.

The expected change in fair value as a percentage of the Company's fixed income portfolio at September 30, 2009 given a 100 to 200 basis point rise or decline in interest rates is not materially different than the expected change at December 31, 2008 included in Item 7A of the Company s Annual Report on Form 10-K.

In the Company's analysis of the asset-liability model, a 100 to 200 basis point change in interest rates on the Insurance Group's liabilities would not be expected to have a material adverse effect on the Company. With respect to its liabilities, if interest rates were to increase, the risk to the Company is that policies would be surrendered and assets would need to be sold. This is not a material exposure to the Company since a large portion of the Insurance Group's interest sensitive policies are burial policies that are not subject to the typical surrender patterns of other interest sensitive policies, and many of the Insurance Group's universal life and annuity policies were acquired from liquidated companies which tend to exhibit lower surrender rates than such policies of continuing companies. Additionally, there are charges to help offset the benefits being surrendered. If interest rates were to decrease substantially, the risk to the Company is that some of its investment assets would be subject to early redemption. This is not a material

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exposure because the Company would have additional unrealized gains in its investment portfolio to help offset the future reduction of investment income. With respect to its investments, the Company employs (from time to time as warranted) investment strategies to mitigate interest rate and other market exposures.

ITEM 4.
CONTROLS AND PROCEDURES

IHC s Chief Executive Officer and Chief Financial Officer supervised and participated in IHC s evaluation of its disclosure controls and procedures as of the end of the period covered by this report. Disclosure controls and procedures are controls and procedures designed to ensure that information required to be disclosed in IHC s periodic reports filed or submitted under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission s rules and forms. Based upon that evaluation, IHC S Chief Executive Officer and Chief Financial Officer concluded that IHC s disclosure controls and procedures are effective.

There has been no change in IHC s internal control over financial reporting during the fiscal quarter ended September 30, 2009 that has materially affected, or is reasonably likely to materially affect, IHC's internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1.
LEGAL PROCEEDINGS

We are involved in legal proceedings and claims that arise in the ordinary course of our businesses. We have established reserves that we believe are sufficient given information presently available related to our outstanding legal proceedings and claims. We do not anticipate that the result of any pending legal proceeding or claim will have a material adverse effect on our financial condition or cash flows, although there could be such an effect on our results of operations for any particular period.

ITEM 1A.
RISK FACTORS

There were no material changes from the risk factors previously disclosed in the Company s Annual Report on Form 10-K for the year ended December 31, 2008 in Item 1A to Part 1 of Form 10-K.

ITEM 2.
UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Share Repurchase Program

IHC has a program, initiated in 1991, under which it repurchases shares of its common stock. As of September 30, 2009, 108,642 shares were still authorized to be repurchased under the plan. There were no share repurchases during the third quarter of 2009.

ITEM 3.
DEFAULTS UPON SENIOR SECURITIES

Not applicable

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ITEM 4.
SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

Not applicable

ITEM 5.
OTHER INFORMATION

Not applicable

ITEM 6.
EXHIBITS

31.1
Certification of the Chief Executive Officer and President Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

31.2
Certification of the Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

32.1
Certification Pursuant to 18 U.S.C. Section 1350 as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

32.2
Certification Pursuant to 18 U.S.C. Section 1350 as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

INDEPENDENCE HOLDING COMPANY

(REGISTRANT)

By:
/s/Roy T. K. Thung
Date:
November 9, 2009

Roy T.K. Thung

Chief Executive Officer and President

By:
/s/Teresa A. Herbert
Date:
November 9, 2009

Teresa A. Herbert

Senior Vice President and

Chief Financial Officer

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