

# INDEPENDENCE HOLDING COMPANY

## Charter of the Compensation Committee of the Board of Directors

### PURPOSE

The purpose of the Compensation Committee (the “Committee”) of the Board of Directors (the “Board”) is to oversee the compensation of executive officers and senior management, including plans and programs relating to cash compensation, incentive compensation, equity-based awards and other benefits and perquisites and to administer any such plans or programs as required by the terms thereof.

### MEMBERSHIP

The Committee shall be comprised of not less than three members of the Board. Members of the Committee shall be appointed by the Board and may be removed by the Board in its discretion. The Company is a “controlled company” within the meaning of New York Stock Exchange Rule 303A. Therefore, the members of the Committee are not required to be independent. The Board shall designate a chairperson of the Committee.

### DUTIES AND RESPONSIBILITIES

The Committee shall have the following authority, duties and responsibilities:

- *Chief Executive Officer Compensation.* The Committee shall review and approve corporate goals and objectives relevant to the compensation of the Chief Executive Officer (the “CEO”), evaluate the CEO’s performance in light of those goals and objectives, and either as a committee or together with the other independent directors (as directed by the Board) exercise sole authority to determine and approve the CEO’s compensation level based on this evaluation. In determining the long-term incentive component of the CEO’s compensation, the Committee shall consider, among other factors selected by the Committee, the Company’s performance and relative shareholder return, the value of similar incentive awards to chief executive officers at comparable companies, and the awards given to the CEO in past years.
- *Non-CEO Compensation.* The Committee shall consider the recommendations of the CEO with respect to non-CEO management and key employee compensation and shall have the authority to determine and approve such compensation.
- *Incentive and Equity-Based Compensation Plans.* The Committee shall review and make recommendations to the Board with respect to incentive compensation plans and equity-based compensation plans or material changes to any such existing plans and shall discharge and administer any such plans as required by the terms thereof.

- *Annual Compensation Committee Report.* The Committee shall prepare an annual report of the Committee for inclusion in the Company’s annual proxy statement or annual report on Form 10-K in accordance with applicable SEC regulations.
- *Compliance.* The Committee shall, in consultation with management, oversee regulatory compliance with respect to compensation matters, including overseeing the Company’s policies on structuring compensation programs to preserve tax deductibility, and, as and when required, establishing performance goals and confirming that performance goals have been attained for purposes of Section 162(m) of the Internal Revenue Code.
- *Severance.* The Committee shall review and approve any severance or similar termination payments proposed to be made to any current or former executive officer of the Company.
- *Other Duties.* The Committee shall perform any other duties or responsibilities expressly delegated to the Committee by the Board from time to time relating to the Company’s compensation programs.

## **DELEGATION TO SUBCOMMITTEE**

The Committee may, in its discretion, delegate all or a portion of its duties and responsibilities to a subcommittee of the Committee. In particular, the Committee may delegate the approval of certain transactions to a subcommittee consisting solely of members of the Committee who are (i) “Non-Employee Directors” for the purposes of Rule 16b-3 under the Securities Exchange Act of 1934, as in effect from time to time, and (ii) “outside directors” for the purposes of Section 162(m) of the Internal Revenue Code, as in effect from time to time.

## **RESOURCES AND AUTHORITY OF THE COMMITTEE**

The Committee shall have the resources and authority appropriate to discharge its duties and responsibilities, including the authority to retain counsel and other experts or consultants as it deems appropriate, without obtaining the approval of the Board or management. The Committee shall have the sole authority to select and retain a compensation consultant, as necessary, to assist in the evaluation of CEO compensation.

## **COMMITTEE STRUCTURE AND OPERATIONS**

The Committee shall meet at least annually and as often as necessary to carry out its responsibilities, and when necessary or desirable, may take action by unanimous written consent. Members of management may participate in Committee meetings at the invitation of the Committee. The CEO shall not attend any meeting where the CEO’s performance or compensation is discussed, unless specifically invited by the Committee. Any action of the Committee (other than actions for which the Committee has sole authority as set forth herein) shall be subject to review and modification by the Board. Minutes will be kept of each meeting of the Committee and will be available to each member of the Board.

## **PERFORMANCE EVALUATION**

The Committee shall prepare and provide to the Board an annual performance evaluation of the Committee, including an assessment of the performance of the Committee based on the duties and responsibilities set forth in this charter and such other matters as the Committee may determine. The evaluation to the Board may take the form of an oral report by the Committee chairman or any other member of the Committee designated by the Committee to make the report. The Committee shall review and assess the adequacy of the Committee charter annually and propose any necessary changes for consideration and approval to the Board.