



October 24, 2005

SUBJECT: Standard Security Life Insurance Company replacing AVEMCO for new group sales

Standard Security Life Insurance Company of New York, which has an "A" (Excellent) rating from by A.M. Best Company, has entered into a mutual agreement with Avemco Insurance Company to assume the existing IAC small group business. The assumption of the inforce block is on target to be completed in December, 2005. In addition, Standard Security Life will become the underwriting carrier for all new sales of the IAC Group Advantage Series small group plans effective 11/1/2006 as a strategic acquisition to increase its presence in the fully insured business space.

About Standard Security Life Insurance Company of New York

Standard Security has established a significant presence in the employer group insurance market and its long term plans are to grow this segment of their business. The transition to Standard Security Life was initiated by IAC to capitalize on our successful management of this block of business since 1998 so that a secure, long-term commitment to you and IAC can continue far into the future. While Avemco has been a quality partner and insurer for IAC for many years, Standard Security brings to us added value in the following ways:

- A long-term commitment to participate with us in the small group business.
- An ability to provide lower new business rates and improved benefits as a result of better economic arrangements.
- A more recognizable Life & Health insurance company name.
- An insurer partner whose core business is Life & Health products and who is engaged in expanding its portfolio of health and ancillary products for our markets.

Standard Security Life Insurance Company of New York (www.sslicny.com) is a part of the Independence Holding Company Insurance Group (www.independenceholding.com; NYSE listed: IHC). IHC has assets of approximately \$1 billion and it is one of the largest writers of employer medical stop loss business in the United States.

We are now ready to begin issuing Standard Security Life certificates on IAC's Group Advantage Series plans for **new business**, effective immediately.

Key points you need to know about new sales under the IAC Group Advantage Series small group programs:

- The IAC Group Advantage Series plans and rates have not changed and will continue to be offered in all the current states it is offered today. We have a **strong new carrier; with the same great plans.**
- Effective immediately, all new business should be written on Standard Security Life applications. You can obtain supplies from your IAC General Agent or download them from www.iacusa.com
- Destroy all Avemco applications and begin using and submitting Standard Security Life applications.
- You should use the existing IAC Group Advantage brochures with the Standard Security Life cover that is available from your IAC General Agent. Advise your clients that anywhere Avemco is stated is now replaced by Standard Security of New York. Standard Security Life is also underwriting the Dental and Life & Accidental Death & Dismemberment coverage. (New brochures will be available at the end of the year)
- If you do not have a brochure cover and need to make a presentation, an alternative brochure insert is available at www.iacusa.com that should be used only as a backup.

- continued -

Agent Contracting

Producers who have written small group business with IAC in the last 24 months on a group basis will automatically be appointed under Standard Security. Those who have not written business during this period will need to be appointed the traditional method via the IAC Agent Contracting Department.

IMPORTANT: Avemco Employer & Employee applications cannot be accepted after December 1 and for effective dates after December 1 (see the Special Note below for exceptions). Marketing materials, including the updated applications, are available on the IAC website for download today and from your IAC General Agent.

*****Special note for agencies doing business in Indiana, North Carolina, and Virginia*****

Final approval of the Standard Security product is pending in Virginia. We will notify you when to begin using the updated marketing materials as soon as the approvals are finalized. Until you have received notification otherwise, continue using Avemco applications and the Avemco brochure, without the Standard Security Life cover.

Sincerely,

Frank Fugiel
Vice President Business Development