

SECURITIES AND EXCHANGE COMMISSION

Washington, D. C. 20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2010

COMMISSION FILE NUMBER 000-01999

**INVESTORS HERITAGE CAPITAL CORPORATION**

(Exact name of registrant as specified in its Charter)

KENTUCKY  
(State or Other Jurisdiction of  
Incorporation or Organization)

61-6030333  
(IRS Employer  
Identification Number)

200 Capital Avenue, Frankfort, Kentucky 40601  
(Address of Principal Executive Offices)

Registrant's telephone number, including area code 502-223-2361

Securities registered pursuant to Section 12(b) of the Act:

None

Title of Each Class

None

Name of Each Exchange on Which Registered

None

Securities registered pursuant to Section 12(g) of the Act:

Common Capital Stock Par Value \$1.00 Per Share

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. YES ( ) NO (X)

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. YES ( ) NO (X)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES (X) NO ( )

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (Section 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). YES ( ) NO ( )

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendments to this Form 10-K. (X)

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ( )

Accelerated filer ( )

Non-accelerated filer ( ) (Do not check if a smaller reporting company)

Smaller Reporting Company (X)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). YES ( ) NO (X)

State the aggregate market value of the voting and non-voting common equity stock held by non-affiliates computed by reference to the price at which the common equity was last sold, or the average bid and asked price of such common equity as of June 30, 2010. \$24,354,416.

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date.

Class  
Common Capital Stock

Outstanding at March 1, 2011  
1,151,817.276

Documents Incorporated by Reference:

(1) Portions of the Annual Report to the Stockholders for the year ended December 31, 2010 (Form 10-K, Items 1, 7, 8 and 15.)

(2) Portions of the Proxy Statement dated April 1, 2011, for the Annual Meeting of Stockholders to be held May 12, 2011 (Form 10-K, Items 10, 11, 12, 13 and 14.)

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## PART I

### Item 1. Business

#### (a) Business Overview

Investors Heritage Capital Corporation is the holder of 100% of the outstanding common stock of a life insurance company, a printing company and an insurance marketing company and is the sole member of two Kentucky limited liability companies.

Investors Heritage Capital owns 100% of Investors Heritage Life Insurance Company, Investors Heritage Printing, Inc. and Investors Heritage Financial Services Group, Inc. Investors Heritage Capital is the sole member of At Need Funding, LLC, and Heritage Funding, LLC, both Kentucky limited liability companies. We will be referring to Investors Heritage Printing, Investors Heritage Financial, At Need Funding and Heritage Funding as the "Non-insurance Subsidiaries". We will be referring to Investors Heritage Life, Investors Heritage Printing, Investors Heritage Financial and At Need Funding as the "Subsidiaries". We will also be referring to Investors Heritage Capital and its subsidiaries as "we", "us", "our" and as the "Company".

Investors Heritage Life owns 96% of Investors Underwriters, Inc., an investment holding company. Less than 2% of Investors Heritage Capital's total consolidated revenues were generated by the Non-insurance Subsidiaries for the year ended December 31, 2010. The Non-insurance Subsidiaries' total assets and stockholders' equity comprised less than 1% in the aggregate of Investors Heritage Capital's reported total assets and stockholders' equity as of December 31, 2010.

#### (b) Financial Information About Business Segments

##### Investors Heritage Life

The business segments of Investors Heritage Life are identified and discussed on pages 7-8 of the Annual Report to Stockholders for the year ended December 31, 2010 and are incorporated herein by reference. We offer a portfolio of the standard forms of participating and non-participating whole life, limited pay, endowments, split-funding, interest-sensitive whole life, guaranteed issue whole life, universal life, term and group life. In addition, we write credit life and credit accident and health insurance (collectively "Credit Insurance") on a group basis. The business of Investors Heritage Life is not seasonal.

Prior to being sold, all insurance products must be approved by the Departments of Insurance in each state where Investors Heritage Life is authorized to do business. In addition, the financial condition and market conduct condition of Investors Heritage Life are monitored and examined by the state regulatory agencies on a regular basis.

Ordinary Production. The business segments for ordinary production are Preneed and Burial products ("Preneed") and Traditional and Universal Life products ("Traditional"). Ordinary in

force accounts for 26% of total in force business. We continue to work diligently to increase ordinary product sales. Our primary focus over the last several years has been the Preneed sales in the final expense and preneed funeral markets. Final expense sales include the sale of small face amount ordinary life insurance products, the purpose of which is to pay the insured's final expenses. Preneed funeral sales include the sale of multiple premium and single premium ordinary life policies which are sold to fund a specific prearranged funeral contract.

Administrative and Financial Services. This segment includes the administration of credit life and credit accident and health insurance as well as fees generated from our third party administration arrangements. Investors Heritage Life has sold credit insurance since 1966. Since 1996, Investors Heritage Financial has marketed Investors Heritage Life's credit insurance products. All of the risk on credit insurance policies sold by Investors Heritage Life has been and will continue to be reinsured with larger, highly rated companies. Until June 30, 2010, Investors Heritage Life had reinsurance agreements with ACE Life Insurance Company and Swiss Life AG, Zurich. Effective July 1, 2010, ACE discontinued reinsuring credit insurance business and therefore, terminated our reinsurance agreement with them. Currently, all credit insurance business is being reinsured with Swiss Life AG, Zurich and KenBanc Reinsurance Company, Ltd. During 2005, Investors Heritage Life, with the assistance of Investors Heritage Financial, entered into a joint venture partnership with the Kentucky Bankers Association ("KBA") to market various products to all of the KBA members throughout the Commonwealth of Kentucky. Investors Heritage Life reinsures credit business sold through KBA members to, and serves in an administrative capacity for, KenBanc Reinsurance Company, Ltd., the KBA's reinsurance company. As anticipated, an exclusive marketing agreement was executed in 2010 with the KBA and its insurance agency subsidiary, KenBanc Insurance Services, Inc., whereby they have assumed all marketing and sales management responsibilities for the credit insurance products to financial institutions in the Commonwealth of Kentucky. Investors Heritage Life will continue to provide insurance products to be marketed as well as all back office administrative services related to the credit insurance operations.

In addition to credit administration, this segment includes fees generated relative to our third party administrative relationships. We provide tailored administrative services for eight unaffiliated companies, comprised of five life insurance companies and three holding companies. Services provided to each company vary based on their needs and can include some or all aspects of back-office accounting, actuarial services and policy administration.

### (c) Narrative Description of Business

Preneed and Burial Products ("Preneed"). Approximately 61% of total ordinary insurance in force is Preneed. Sales for this segment are under the direct supervision of the home office using a regionally supervised agency system. The method of field operation involves independent contractual agents working with district and regional managers. These managers contract with and train agents who work under them. The regional managers may have several district managers under their supervision. As a result of our growth in the Preneed area, agency relationships have also been entered into directly with numerous funeral home owners. Management anticipates this trend to continue and, depending on the size of the funeral home and state law, preneed counselors may also become part of the agency force.

Preneed sales increased 3.9% during 2010 primarily due to increased marketing activity from our agency division in the preneed markets. Investors Heritage Life strives to continue to improve its marketing capability in this area. Our efforts and strategy to continue a successful ordinary insurance operation hinge on continuing to provide solid products and outstanding administrative service and on the personal relationships developed and fostered each year. Our preneed product, the Legacy Gold series, includes both single premium as well as multi-pay policies. Reaction to this product in our markets continues to be favorable. The performance of this product series has been in line with expectations and has improved product profitability in this segment. Our Preneed sales are generated primarily through independent funeral homes in fourteen states.

The preneed market is very competitive despite the recent conditions in the financial markets. There are more than twenty companies active in our preneed market and Investors Heritage ranks in the top 15 with respect to new sales. The principal methods of competition are product pricing including growth on preneed insurance products, commissions, and the quality and efficiency of service provided. Our competitive pricing and quality and efficient service as well as long term sustainability are positive factors in our competitive position. However, competitors introduce new products frequently and we strive to maintain and improve our offerings constantly as we ensure sales of sustainable and profitable business.

We also market a series of final expense whole life insurance policies known as the “Heritage Final Expense Products”. During the fourth quarter 2008, we introduced a new Final Expense product, Heritage Final Expense II, which replaced our old final expense product series and was designed to provide more flexibility to our customers. These products are non-participating whole life insurance issued with simplified underwriting. These products are offered outside of the preneed market and are performing in line with expectations.

Traditional and Universal Life Products (“Traditional”). Sales for this segment are under the direct supervision of the home office using a regionally supervised agency system. The method of field operation involves independent contractual agents working with district and regional managers. These managers contract with and train agents who work under them. The regional managers may have several district managers under their supervision. We also sell business through general agents or brokers who may represent one or more companies.

Approximately 39% of total ordinary insurance in force is Traditional. These sales are built around a standard portfolio of life insurance policies with some of the contributions to in-force business being a participating ordinary life insurance policy, a guaranteed issue whole life policy and non-participating life policies. In addition, we offer term insurance products.

During the fourth quarter 2008, we also introduced a new Whole Life Policy, HLW Choice Whole Life, which replaced our Life Paid Up at 95 product. This Whole Life Policy is designed with numerous options and with flexibility to achieve our customer’s goals.

Ordinary premium production from financial institutions decreased by \$170,860 to \$415,571 in 2010. This 29.1% decrease over 2009 was primarily due to the tightening of consumer credit markets in light of the current economic situation.

Group life accounts for 67% of total in-force business. In addition to the group business discussed above, Investors Heritage Life participates in the Federal Employee Group Life Insurance ("FEGLI") Program, which is administered by Metropolitan Life Insurance Company, and in the Servicemen's Group Life Insurance ("SEGLI") Program, which is administered by Prudential Insurance Company of America. As of year-end 2010, the total amount of insurance in force from the FEGLI and SEGLI programs was approximately \$831,624,000 and \$1,829,637,000, respectively. We are currently reviewing these programs to determine whether to continue our participation in them.

Administrative and Financial Services. Credit Insurance, which accounts for 7% of total in-force business, is generally sold through banks, finance companies and automobile dealerships and is offered in connection with the extension of credit. The amount of the insurance is designed to cover the amount of the loan with the financial institution being the beneficiary of the insurance policy to the extent of the unpaid balance of the loan. Credit Insurance production is dependent on consumer debt. In times of low unemployment, reasonable interest rates and a steadily improving economy, consumer debt increases; therefore, credit insurance sales increase. When the economy slows, consumer debt slows and therefore credit insurance sales decrease.

Investors Heritage Life has reinsurance agreements with eight unaffiliated companies, Transamerica Life Insurance Company, Universal Guaranty Life Insurance Company, Madison National Life Insurance Company, Minnesota Life Insurance Company, KenBanc Reinsurance Company, Ltd., Plateau Insurance Company, Central States Health and Life Company of Omaha and Aspi Re Limited. Pursuant to those agreements, our credit insurance products sold by each company's agents are then reinsured to each company, respectively. Investors Heritage Life and Investors Heritage Financial are paid an initiation fee and an administration fee for services provided. Investors Heritage Financial will continue to seek contracts to operate as an administrator for other companies that sell credit insurance.

Investors Heritage Financial continued to call on banks, finance companies and selected automobile dealerships to market credit insurance products for Investors Heritage Life during 2010. As anticipated, 14.8% of Investors Heritage Financial revenues for 2010 were derived from the sale of Investors Heritage Life's credit insurance products. Credit Insurance gross written premiums were lower than in the prior year due primarily to lower loan demand related to the sluggish economy. As noted above, Investors Heritage Life has entered into an exclusive marketing agreement with the KBA and its affiliated insurance agency, KenBanc Insurance Services, Inc., whereby KenBanc will provide all marketing and sales management responsibilities for the sale of our credit insurance products through financial institutions in the Commonwealth of Kentucky.

In addition to selling credit insurance, Investors Heritage Life provides ongoing servicing of written credit business, generating fee income. Additionally, Investors Heritage Life bank agents may obtain an ordinary life license enabling them to sell mortgage life insurance that might be required in excess of the statutory credit life limitation enacted by each state where our credit insurance products are sold. The mortgage life insurance sales operations will also be conducted through KenBanc. During the fourth quarter of 2008, we introduced a new product for our credit

ordinary sales through financial institutions, Heritage Protector IV. This product replaces the Heritage Protector III series. Investors Heritage Financial is also licensed with other unaffiliated insurance companies to provide products that Investors Heritage Life does not offer to the financial institutions and other agents. These products include cancer, accident, second-to-die, large face amount term insurance, short term and long term disability and annuities. These relationships generated additional fee income in the amount of \$157,553 during 2010 and management anticipates continued fee income from this area.

During 2010, we continued to market our third party administrative services to non-affiliated companies. We have an employee whose primary responsibility is to promote this aspect of our organization. This additional marketing focus has and is expected to generate increased fee income associated with providing these services. Our overall revenue is further enhanced by the fact that we generally incur minimal expense increases associated with the third party administrative services, which decreases our overall unit costs.

We have the capacity within our organization to handle the additional load and we have been successful in providing services without the need to add new employees. During 2010, we added one new company and now provide administrative services for eight companies. These agreements are with a variety of companies that encompass different levels of services, including in some cases, full life insurance back office administration and accounting.

Reinsurance. Investors Heritage Life utilizes a combination of yearly renewable term reinsurance and coinsurance to cede life insurance coverage in excess of its retention limit, which is \$25,000 per life. This retention level was achieved by keeping current reinsurance treaties in place and adding additional yearly renewable term treaties for the difference. As anticipated, this retention level has stabilized earnings fluctuations in the Traditional segment. Excess coverages are reinsured externally to unaffiliated reinsurers.

Investors Heritage Life has a reinsurance agreement with Munich American Reassurance Company, which reinsures the Heritage Final Expense products on an 80/20 quota share basis with Investors Heritage Life retaining 20% of the risk on each life. We also have a reinsurance agreement with Lincoln National Life Insurance Company, which reinsures the Term to 95 product on an 80/20 quota share basis with Investors Heritage Life retaining 20% of the risk on each life.

As of December 31, 2010, approximately \$44,209,000 or 12% of total benefit and unearned premium reserves was reinsured with non-affiliated, well-established insurance companies. Investors Heritage Life is party to reinsurance and coinsurance agreements with twenty-three non-affiliated companies. The reinsurers for Investors Heritage Life and amounts of insurance in force that are reinsured are as follows:

<u>Company</u>	<u>Reinsurance Reserves</u>	<u>Percent Of Total</u>
ACE Life Insurance Company	\$ 989,000	2.24%
Canada Life Assurance Company	112,000	0.25%

Central States Health & Life Co. of Omaha	95,000	0.21%
KenBanc Reinsurance Company LTD	239,000	0.54%
Lincoln National Life Insurance Company	1,051,000	2.38%
Madison National Life Insurance Company	69,000	0.16%
Minnesota Life Insurance Company	2,378,000	5.38%
Munich American Reassurance Company	6,076,000	13.74%
Optimum Re Insurance Company	33,000	0.07%
Plateau Life Insurance Company	12,000	0.03%
RBC Reinsurance (Ireland) Ltd.	497,000	1.12%
ReliaStar Life Insurance Company	22,000	0.05%
Scottish Annuity and Life Insurance Company	26,308,000	59.51%
Scottish RE (US)	770,000	1.74%
Settlers Life Insurance Company	1,212,000	2.74%
St James Reinsurance Corporation	103,000	0.23%
Swiss Life AG, Zurich	3,373,000	7.63%
Swiss Re Life & Health America Inc.	464,000	1.05%
Transamerica Life Insurance Company	388,000	0.88%
Universal Guaranty Life Insurance Company	13,000	0.03%
Other Companies (3)	5,000	0.01%
	<u>\$44,209,000</u>	<u>100.00%</u>

Investors Heritage Life reinsures all of the risk on the Credit Insurance products sold by its agents. Until June 30, 2010, this business was being reinsured with ACE Life Insurance Company and Swiss Life AG, Zurich. Effective July 1, 2010, ACE exited the credit reinsurance market and our reinsurance agreement was terminated. Accordingly, this business is currently being reinsured with Swiss Life AG, Zurich and KenBanc Reinsurance Company, Ltd. As explained above, some of these credit insurance risks are also reinsured to Transamerica, Universal Guaranty, Madison National, Minnesota Life, Plateau, Central States and Aspi Re.

Other Subsidiaries. Investors Heritage Printing does job printing for Investors Heritage Life as well as numerous unaffiliated sources. This includes the printing of the application forms and other office forms required by Investors Heritage Life. The income from Investors Heritage Printing is not a significant factor in our overall business. Revenues from Investors Heritage Printing were approximately \$344,000 in 2010, down \$19,000 compared to 2009.

The formation and operation of Investors Heritage Financial generates additional revenue to Investors Heritage Capital Corporation. Although this additional revenue is not a significant factor in our overall business, Investors Heritage Financial generated revenue from its operations of approximately \$186,000 in 2010 compared to \$237,000 in 2009. The decrease is directly related to the decrease in production of credit insurance and credit ordinary insurance due to the tightening of credit that resulted from the current economic conditions.

At Need Funding is a single member, limited liability company organized under the laws of the Commonwealth of Kentucky. Investors Heritage Capital Corporation is the sole member of the LLC. Funding provided by At Need Funding is secured by assignments of verified incontestable life insurance policies issued by unaffiliated companies. The funds are advanced to funeral

homes for services provided for the insured. Upon receipt of death benefits from the unaffiliated insurance company, the principal balance of the debt is reduced and interest and fees are recorded. This service is marketed primarily to funeral homes that do not have the manpower to timely complete necessary paperwork to process the insurance claim. Revenues from At Need Funding were approximately \$96,000 in 2010, up \$5,000 compared to 2009.

Dividends and distributions from the Non-insurance Subsidiaries for 2010 and 2009 amounted to \$74,000 and \$186,000, respectively.

Additionally, we earn fees for other services performed for our subsidiaries. The fees pay for the necessary supervision and coordination required to provide a common policy for all the companies. The supervision results in a coordination of contracts with the various independent agents, common sales brochures, and a savings to each company in the area of printing and purchasing. We purchase director and officer liability coverage, employment practices liability insurance coverage, professional liability coverage and blanket fidelity bonds. All policies provide coverage for each of the subsidiaries and provide a cost savings when compared to purchases made by individual companies. We also administer the group life and the retirement programs for the various companies. These fees are not significant to our total revenue and are eliminated in consolidation. Investors Heritage Capital Corporation also has revenue from other investments, but it is not a significant factor in our business.

Employees. Investors Heritage Capital Corporation does not have any employees. While Investors Heritage Capital Corporation's officers perform various functions, they are not paid a salary by Investors Heritage Capital Corporation for performing such functions. There are 86 people employed by Investors Heritage Life and 79 of these individuals are full-time employees. The number of active independent contractual agents of Investors Heritage Life is 2,508. There are no unions organized nor are there any collective bargaining agreements with the employees or agents. Management of Investors Heritage Life considers its relationship with the employees and agents to be satisfactory.

#### (d) Financial Information about Geographic Areas

The principal markets for Investors Heritage Life's products are in the Commonwealths of Kentucky and Virginia, and the States of North Carolina, South Carolina, Georgia, Ohio, Indiana, Florida, Tennessee and Michigan. Investors Heritage Life has approximately 2,508 licensed ordinary agents and regional managers throughout these states and credit life agents in 268 banks and automobile dealerships.

Investors Heritage Life is also licensed in twenty other states: Alabama, Arizona, Arkansas, Illinois, Louisiana, Mississippi and West Virginia in the South and Southeast; Colorado, Missouri, New Mexico, North Dakota, South Dakota, Oklahoma, Montana, Nebraska, Kansas, Texas and Utah in the West; and Maryland and Pennsylvania in the North. The business in these states is written mostly through general agents.

(e) Available Information

We file reports with the Securities and Exchange Commission, including, but not limited to, our annual report on form 10-K, quarterly reports on form 10-Q, current reports on form 8-K and amendments to those reports, as well as proxy and information statements and other filings pursuant to Section 13(a) or 15(d) of the Exchange Act. The public may read and copy any materials we file with the SEC at the SEC's Public Reference Room at 100 F Street, NE, Washington, D.C. 20549. The public may obtain information on the operation of the Public Reference Room by calling the SEC at 1- 800-SEC-0330. We are an electronic filer with the SEC and the SEC also maintains an internet site that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC and the address of that site is <http://www.sec.gov>. We also make available, free of charge, on or through our internet website all reports filed with the SEC as soon as reasonably practicable after we have electronically filed such material with, or furnished it to, the SEC. Our website is [www.investorsheritage.com](http://www.investorsheritage.com).

Forward Looking Information. We caution readers regarding certain forward-looking statements contained in this report and in any other statements made by, or on behalf of, the Company, whether or not in future filings with the Securities and Exchange Commission (the "SEC"). Forward-looking statements are statements not based on historical information and which relate to future operations, strategies, financial results, or other developments. Statements using verbs such as "expect," "anticipate," "believe" or words of similar import generally involve forward-looking statements. Without limiting the foregoing, forward-looking statements include statements which represent our beliefs concerning future levels of sales and redemptions of our products, investment spreads and yields, or the earnings and profitability of our activities.

Forward-looking statements are necessarily based on estimates and assumptions that are inherently subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond our control and many of which are subject to change. These uncertainties and contingencies could cause actual results to differ materially from those expressed in any forward-looking statements made by, or on behalf of, the Company. Whether or not actual results differ materially from forward-looking statements may depend on numerous foreseeable and unforeseeable factors and developments. Some of these may be national in scope, such as general economic conditions, changes in tax law and changes in interest rates. Some may be related to the insurance industry generally, such as pricing competition, regulatory developments, industry consolidation and the effects of competition in the insurance business from other insurance companies and other financial institutions operating in our market area and elsewhere. Others may relate to the Company specifically, such as credit, volatility and other risks associated with our investment portfolio. We caution that such factors are not exclusive. We disclaim any obligation to update forward-looking information.

Item 2. Properties

Our physical property consists of the home office building and grounds, owned in fee, at 200 Capital Avenue, Frankfort, Kentucky. Adjacent to the home office, we own additional property on Second Street and on Shelby Street in Frankfort, Kentucky. One building is used for agency

and company meetings; one building is a print shop used by Investors Heritage Printing, one building is used for supplies and additional storage; one building currently available for lease to a commercial tenant and one building is a residential apartment building. All of the properties are in good condition.

#### Item 3. Legal Proceedings

There are no legal proceedings to which Investors Heritage Capital Corporation is a party. There are no legal proceedings to which Investors Heritage Life is a party that are material to the overall financial condition or results of operations of Investors Heritage Capital Corporation.

#### Item 4. Reserved

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

(a)

The stock of Investors Heritage Capital Corporation is quoted on the OTC Bulletin Board. The quotations reflect inter-dealer prices, without retail mark-up, mark-down, or commission, and may not represent actual transactions. The symbol for Investors Heritage Capital Corporation is IHRC. The following table shows the range of high and low closing sales prices of our shares on the OTC Bulletin Board market quotations.

	HIGH	LOW
YEAR ENDED DECEMBER 31, 2010:		
First Quarter	\$17.15	\$16.00
Second Quarter	19.20	17.15
Third Quarter	25.00	18.25
Fourth Quarter	18.75	18.25

	HIGH	LOW
YEAR ENDED DECEMBER 31, 2009:		
First Quarter	\$24.00	\$13.50
Second Quarter	19.00	14.65
Third Quarter	21.00	17.10
Fourth Quarter	19.00	17.15

(b) Approximate Number of Equity Security Holders

(A)  
Title of Class  
Common Stock

(B)  
Number of Holders of Record 3-1-2011  
2,839

(c) Dividends

Investors Heritage Capital Corporation paid an annual dividend totaling \$149,364 to stockholders in 2010 representing \$.13 per share. The 2011 cash dividend to be paid April 7, 2011, to stockholders of record March 18, 2011, is \$.18 per share.

(d) Equity Compensation Plan Information

None.

(f) No share repurchases were made pursuant to a publicly announced plan or program. All share repurchases were shares tendered by original stockholders under our right of first refusal or by employees as part of our 401(k) plan.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

Management's Discussion and Analysis of financial condition and results of operations appears on pages 4-15 in the Annual Report to the Stockholders for the year ended December 31, 2010, and is incorporated herein by reference.

Item 8. Financial Statements

The financial statements and notes appear on pages 17-42 in the Annual Report to the Stockholders for the year ended December 31, 2010, and are incorporated herein by reference. See Part IV, Item 15.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

The independent registered public accounting firm for the fiscal year ending December 31, 2010 that we have selected is Mountjoy Chilton Medley LLP. Prior to that time, Ernst & Young LLP (E&Y) served in that capacity. However, on March 29, 2010, as a result of a competitive request for proposal process undertaken by the Audit Committee of our Board of Directors, we decided that we would not retain E&Y as our independent registered public accounting firm for the fiscal year ending December 31, 2010.

On March 29, 2010, the Audit Committee notified E&Y that it would not be retained as our independent registered public accounting firm to audit our consolidated financial statements for the fiscal year ending December 31, 2010. E&Y's engagement as our independent registered public accounting firm to audit our consolidated financial statements for the fiscal year ending December 31, 2009 was unaffected by this action. The change in accountants did not result from any dissatisfaction with the quality of professional services rendered by E&Y.

E&Y's report on our consolidated financial statements for the fiscal year ended December 31, 2009 did not contain an adverse opinion or a disclaimer of opinion, and was not qualified or modified as to uncertainty, audit scope or accounting principles.

On recommendation of our Audit Committee to our Board of Directors and upon approval of our Board of Directors, we decided to change our independent registered public accounting firm.

During the fiscal year ending December 31, 2009, and in the subsequent interim period through March 29, 2010, there were no disagreements between E&Y and us on any matter of accounting principles or practices, financial statement disclosure or auditing scope or procedure, which disagreement, if not resolved to the satisfaction of E&Y, would have caused E&Y to make reference to the subject matter of the disagreement in its reports on the consolidated financial statements for such years. There were no “reportable events” as that term is defined in Item 304(a)(1)(v) of Regulation S-K, except for the following matter: By letter dated December 31, 2009, E&Y reported a material weakness in our internal control over financial reporting to the Audit Committee of our Board of Directors and Management. The material weakness related to a matter we identified with respect to a clerical error in the calculation of our benefit reserves that had caused our Chief Executive Officer and Chief Financial Officer to conclude that our disclosure controls and procedures were not effective as of December 31, 2008, March 31, 2009, June 30, 2009 and September 30, 2009. We also restated our consolidated financial statements for these respective periods to correct the related errors. The Audit Committee of our Board of Directors has discussed the matter with E&Y and has authorized E&Y to respond fully to related inquiries of our successor independent registered public accounting firm.

We provided E&Y with a copy of our report on Form 8-K filed on April 1, 2010 and requested that E&Y furnish us with a letter addressed to the U.S. Securities and Exchange Commission stating whether E&Y agreed with the disclosure contained in the Form 8-K, or if not, stating the respects in which it did not agree. We received the requested letter from E&Y, and a copy of E&Y’s letter was filed as Exhibit 16.1 to such Form 8-K.

Upon recommendation of our Audit Committee and approval of our Board of Directors, we engaged Mountjoy Chilton Medley LLP as our new independent registered public accounting firm as of March 29, 2010. Mountjoy’s engagement commenced with review of our unaudited consolidated financial statements for the quarter ended March 31, 2010. During the fiscal year ended December 31, 2009, and for the interim period through March 29, 2010, we did not engage Mountjoy as either the principal accountant to audit our consolidated financial statements, or as an independent accountant to audit a significant subsidiary and on whom the principal accountant expressed reliance in its report. Also, during the recent fiscal year ended December 31, 2009, and for the interim period through March 29, 2010, we did not consult with Mountjoy regarding either (a) the application of accounting principles to a specified transaction, either completed or proposed; or the type of audit opinion that might be rendered on our financial statements and neither a written report nor oral advice was provided to us that Mountjoy concluded was an important factor considered by us in reaching a decision as to the accounting, auditing or financial reporting issue; or (b) any matter that was either the subject of a disagreement, as that term is defined in Item 304(a)(1)(iv) of Regulation S-K and the related instructions in Item 304 of Regulation S-K, or a reportable event, as that term is defined by Item 304(a)(1)(v) of Regulation S-K. For the fiscal years ended December 31, 2007 and 2008, Mountjoy & Bressler, LLP performed the audits for our retirement plans, the IHCC Retirement Savings Plan & Trust and the IHCC Employee Retirement Plan. Effective January 1, 2010,

Mountjoy & Bressler, LLP merged with Chilton & Medley, PLC to form Mountjoy Chilton Medley LLP, a new partnership.

Item 9A. Controls and Procedures (This report shall not be deemed to be filed for purposes of Section 18 of the Exchange Act or otherwise subject to the liabilities of that section).

- (a) Management is responsible for establishing and maintaining adequate internal control over our financial reporting. In addition, management is responsible for evaluating the effectiveness of our disclosure controls and procedures. As of the end of the period covered by this annual report, we carried out an evaluation, under the supervision and with the participation of our management, including our chief executive officer and chief financial officer, of the effectiveness of the design and operation of our disclosure controls and procedures as defined in Rule 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934 and of the effectiveness of the design and operation of our internal controls over financial reporting as defined in Rule 13a-15(f) and 15d-15(f) of the Securities Exchange Act of 1934.

Based on this evaluation, our chief executive officer and chief financial officer concluded that our disclosure controls and procedures are effective in timely alerting them to material information relating to the Company (including our consolidated subsidiaries) required to be included in this Annual Report on Form 10-K.

In addition, based upon this evaluation, management concluded that, as of the end of the period covered by this annual report, our internal controls over financial reporting are effective. The standard measures adopted by management in making its evaluation are the measures in the Internal-Control Integrated Framework published by the Committee of Sponsoring Organizations of the Treadway Commission.

- (b) This annual report does not include an attestation report of our independent registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to the attestation by our independent registered public accounting firm pursuant to rules of the Securities and Exchange Commission that permit us to provide only management's report in this annual report.

- (c) Changes to Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting during the three months ended December 31, 2010 that may have materially affected, or was reasonably likely to materially affect, the Company's internal control over financial reporting.

Item 9B. Other Information

None.

### PART III

#### Item 10. Directors, Executive Officers and Corporate Governance

(a) The Executive officers and directors of the Company are:

<b>Name, Position &amp; Year Became Officer/Director Family Relationship</b>	<b>Age</b>
Harry Lee Waterfield II Chairman of the Board, President/1963	67
Jimmy R. McIver, Treasurer/2000	59
Robert M. Hardy, Jr. Director, Vice President and General Counsel/1988 Nephew of Harry Lee Waterfield II	53
Raymond L. Carr, Chief Financial Officer, Vice President/2002	62
Jane S. Jackson, Secretary/2003	56
Helen S. Wagner, Director/1986	74
Gordon C. Duke, Director/1991	65
Harold G. Doran, Jr. Director/2001	57
Howard L. Graham, Director/2002	76
David W. Reed, Director/1982	56
Michael F. Dudgeon, Jr., Director/2004 Nephew of Harry Lee Waterfield II	49

(b) Each of the Directors has occupied the position indicated for a period of more than five years with the exception of Gordon C. Duke. Since 2003, Mr. Duke has been an independent businessman, and since November 1, 2008, he has also served as a consultant and as a Vice President for Nucleus: Kentucky's Life Science and Innovation Center, LLC. Board member and Audit Committee member, Jerry F. Howell, Jr. died in 2009 and his vacancy has not been filled by the Board.

There have been no events under any bankruptcy act, no criminal proceedings and no judgments or injunctions material to the evaluation of the ability and integrity of any Director or Executive Officer during the past ten years.

Additional information regarding the Directors and leadership structure of the Board are shown on pages 3-4 and page 7, respectively, of the Proxy Statement for the Annual Meeting of Shareholders to be held May 12, 2011 and is incorporated herein by reference.

Officers are appointed annually by the Board of Directors at the Board meeting immediately following the Annual Meeting of Shareholders. There are no arrangements or any understandings between any officer and any other person pursuant to which the officer was selected.

The Board of Directors has determined that Audit Committee members Harold G. Doran, Jr. and Gordon C. Duke are audit committee financial experts as defined by Item 407(d)(5) of Regulation S-K of the Exchange Act and are independent as that term is used in Item 7(d) of Schedule 14A under the Exchange Act. The Company has a designated Audit Committee established in accordance with Section 3(a)(58)(A) of the Exchange Act. The members of the Audit Committee are Harold G. Doran, Jr., Gordon C. Duke, and David W. Reed. All members of the Audit Committee are independent.

The Company has adopted a written code of ethics that applies to the Company's President and Chief Executive Officer, the Chief Financial Officer and all other corporate officers designated by the Chief Executive Officer. The Company has posted a copy of the code on the Company's internet website at the internet address: <http://www.investorsheritage.com>. Copies of the code may be obtained free of charge from the Company's website at the above internet address.

#### Item 11. Executive Compensation

Information regarding compensation of executive officers and transactions with executive officers and directors is shown on pages 7-10 of the Proxy Statement for the Annual Meeting of Shareholders to be held May 12, 2011, and is incorporated herein by reference.

#### Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

Security ownership by Officers, Directors, and management is shown on pages 4-6 of the Proxy Statement for the Annual Meeting of Shareholders to be held May 12, 2011, and is incorporated herein by reference.

#### Item 13. Certain Relationships and Related Transactions, and Director Independence

Certain relationships and related transactions are shown on page 12 of the Proxy Statement for the Annual Meeting of Shareholders to be held May 12, 2011, and are incorporated herein by reference.

#### Item 14. Principal Accountant Fees and Services

Information regarding accounting fees and services is shown on page 10-12 of the Proxy Statement for the Annual Meeting of Shareholders to be held May 12, 2011, and is incorporated herein by reference.

## PART IV

### Item 15. Exhibits

(a)1. The following financial statements incorporated herein by reference in Item 8 to the Company's Annual Report to Stockholders for the year ended December 31, 2010 (pages 17-42) are filed as Exhibit 1 thereto:

Reports of Independent Registered Public Accounting Firms

Consolidated Balance Sheets as of December 31, 2010 and 2009

For each of the two years in the period ended December 31, 2010:

Consolidated Statements of Income

Consolidated Statements of Stockholders' Equity

Consolidated Statements of Cash Flows

Notes to Consolidated Financial Statements

## INDEX TO EXHIBITS

### (a)3. Listing of Exhibits

<u>Exhibit Number</u>	<u>Description of Exhibits</u>
3.1	Articles of Incorporation of the Company, as amended, is incorporated by reference as Exhibit 3.1 to the Company's registration statement on Form S-4 filed on 10-7-1999 (File No. 333-87947).
3.2	By-Laws of the Company, as amended, are incorporated by reference as Exhibit 3.2 to the Company's registration statement on Form S-4 filed on 10-7-1999 (File No. 333-87947).
11	Statements re: computation of Per Share Earnings is contained in Note A to the Consolidated Financial Statements, "Common Stock and Earnings per Share", on page 22 of the Annual Report to the Stockholders for the year ended December 31, 2010, and is incorporated herein by reference.
13	Annual Report to the Stockholders for the year ended December 31, 2010 is attached hereto as Exhibit 1 and is incorporated herein by reference.
23	Consents of Independent Registered Public Accounting Firms.
31.1 & 31.2	Certifications pursuant to Securities and Exchange Act Rule 13a-14(a)/15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certifications pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

\*The material included in this Report shall not be deemed to be "filed" with the Commission or otherwise subject to the liabilities of Section 18 of the Act, except to the extent that this registrant specifically incorporates it in its Annual Report on this Form 10-K by reference.

(b) See Item 15(a)3 above.

## SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this Form 10-K to be signed on its behalf by the undersigned, thereunto duly authorized.

### INVESTORS HERITAGE CAPITAL CORPORATION

March 11, 2011

DATE

/s/Harry Lee Waterfield II

BY: Harry Lee Waterfield II

ITS: Chairman of the Board and President

Pursuant to the requirements of the Securities Exchange Act of 1934, this report is signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

/s/Harry Lee Waterfield II

Harry Lee Waterfield II

Chairman of the Board and President

Principal Executive Officer

March 11, 2011

/s/Robert M. Hardy, Jr.

Robert M. Hardy, Jr.

Vice President, General Counsel and Director

March 11, 2011

/s/Jimmy R. McIver

Jimmy R. McIver

Treasurer

March 11, 2011

/s/Raymond L. Carr

Raymond L. Carr

Chief Financial Officer

Vice President

March 11, 2011

/s/Gordon C. Duke  
Gordon C. Duke  
Director  
March 11, 2011

/s/Helen S. Wagner  
Helen S. Wagner  
Director  
March 11, 2011

/s/Harold G. Doran  
Harold G. Doran  
Director  
March 11, 2011

/s/David W. Reed  
David W. Reed  
Director  
March 11, 2011

/s/ Howard L. Graham  
Howard L. Graham  
Director  
March 11, 2011

/s/Michael F. Dudgeon, Jr.  
Michael F. Dudgeon, Jr.  
Director  
March 11, 2011