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

FORM 10-Q

(Mark One)

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2016

or

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

For the transition period from _____ to _____

Commission File Number: 1-35811

Health Insurance Innovations, Inc.
(Exact name of registrant as specified in its charter)

Delaware	**46-1282634**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**

15438 N. Florida Avenue, Suite 201
Tampa, FL 33613
(Address of Principal Executive Offices)

(877) 376-5831
(Registrant's telephone number, including area code)

N/A
(Former name, former address and former fiscal year, if changed since last report)

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 Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§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 [X] No [ ]

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 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 Exchange Act Rule 12b-2). Yes [ ] No [X]

As of August 5, 2016, the registrant had 7,910,086 shares of Class A common stock, $0.001 par value, outstanding and 6,841,667 shares of Class B common stock, $0.001 par value, outstanding.

HEALTH INSURANCE INNOVATIONS, INC.

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PART I—FINANCIAL INFORMATION

ITEM 1—FINANCIAL STATEMENTS

HEALTH INSURANCE INNOVATIONS, INC.

Condensed Consolidated Balance Sheets
($ in thousands, except share and per share data)

	June 30, 2016 (unaudited)	December 31, 2015
Assets		
Current assets:		
Cash and cash equivalents	$ 9,269	$ 7,695
Restricted cash	15,682	7,906
Accounts receivable, net, prepaid expenses and other current assets	1,478	1,778
Advanced commissions, net	32,803	24,531
Income taxes receivable	—	591
Total current assets	59,232	42,501
Property and equipment, net	3,205	2,004
Goodwill	41,076	41,076
Intangible assets, net	8,946	10,061
Other assets	264	142
Total assets	$ 112,723	$ 95,784
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable and accrued expenses	$ 21,096	$ 17,847
Deferred revenue	160	384
Current portion of contingent acquisition consideration	—	532
Income taxes payable	296	—
Due to member	790	342
Other current liabilities	211	203
Total current liabilities	22,553	19,308
Revolving line of credit	14,000	7,500
Deferred tax liability	109	358
Due to member	387	406
Other liabilities	186	158
Total liabilities	37,235	27,730
Commitments and contingencies		
Stockholders' equity:		
Class A common stock (par value $0.001 per share, 100,000,000 shares authorized; 7,910,086 and 7,910,086 shares issued, respectively; and 7,791,225 and 7,759,092 shares outstanding, respectively)	8	8
Class B common stock (par value $0.001 per share, 20,000,000 shares authorized; 6,841,667 shares issued and outstanding, respectively)	7	7
Preferred stock (par value $0.001 per share, 5,000,000 shares authorized; no shares issued and outstanding)	—	—
Additional paid-in capital	45,185	44,591
Treasury stock, at cost (118,860 and 150,993 shares, respectively)	(1,190)	(1,542)
Accumulated deficit	(331)	(3,093)
Total Health Insurance Innovations, Inc. stockholders' equity	43,679	39,971
Noncontrolling interests	31,809	28,083
Total stockholders' equity	75,488	68,054
Total liabilities and stockholders' equity	$ 112,723	$ 95,784

See accompanying notes to the condensed consolidated financial statements.

HEALTH INSURANCE INNOVATIONS, INC.

Condensed Consolidated Statements of Operations (unaudited)
($ in thousands, except share and per share data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	**2015**	**2016**	**2015**
Revenues (premium equivalents of $76,977 and $38,531 for the three months ended June 30, 2016 and 2015, respectively and $147,717 and $76,812 for the six months ended June 30, 2016 and 2015, respectively)	$ 44,494	$ 22,747	$ 86,984	$ 45,288
Operating expenses:				
Third-party commissions	25,859	11,260	51,849	22,094
Credit card and ACH fees	974	527	1,857	1,012
Selling, general and administrative	11,697	10,351	23,667	21,515
Depreciation and amortization	797	784	1,532	1,568
Total operating expenses	39,327	22,922	78,905	46,189
Income (loss) from operations	5,167	(175)	8,079	(901)
Other (income) expense:				
Interest expense (income)	100	(10)	155	(17)
Fair value adjustment to contingent acquisition consideration	15	105	15	(386)
Other expense (income)	245	(105)	432	(253)
Net income (loss) before income taxes	4,807	(165)	7,477	(245)
Provision for income taxes	537	373	921	37
Net income (loss)	4,270	(538)	6,556	(282)
Net income (loss) attributable to noncontrolling interests	2,413	(212)	3,794	(9)
Net income (loss) attributable to Health Insurance Innovations, Inc.	$ 1,857	$ (326)	$ 2,762	$ (273)
Per share data:				
Net income (loss) per share attributable to Health Insurance Innovations, Inc.				
Basic	$ 0.24	$ (0.04)	$ 0.36	$ (0.04)
Diluted	$ 0.24	$ (0.04)	$ 0.36	$ (0.04)
Weighted average Class A common shares outstanding				
Basic	7,592,972	7,516,308	7,578,264	7,515,684
Diluted	7,732,664	7,516,308	7,716,202	7,515,684

See accompanying notes to the condensed consolidated financial statements.

HEALTH INSURANCE INNOVATIONS, INC.

Condensed Consolidated Statements of Stockholders' Equity (unaudited)
($ in thousands, except share data)

	Health Insurance Innovations, Inc.									
	Class A Common Stock		Class B Common Stock		Additional Paid-in	Treasury Stock		Accumulated	Noncontrolling	Stockholders'
	Shares	Amount	Shares	Amount	Capital	Shares	Amount	Deficit	Interests	Equity
Balance as of January 1, 2015	7,852,941	$ 8	6,841,667	$ 7	$ 42,647	47,144	$ (347)	$ (3,694)	$ 28,091	$ 66,712
Net income	—	—	—	—	—	—	—	601	864	1,465
Repurchases of Class A common stock	(73,852)	—	—	—	—	73,852	(520)	—	—	(520)
Issuance of Class A common stock under equity compensation plans	10,000	—	—	—	—	—	—	—	—	—
Class A common stock withheld in Treasury from restricted share vesting	(17,081)	—	—	—	—	17,081	(95)	—	—	(95)
Forfeiture of restricted stock held in Treasury	(164,132)	—	—	—	2,125	164,132	(2,125)	—	—	—
Issuances of restricted shares from treasury	151,216	—	—	—	(1,545)	(151,216)	1,545	—	—	—
Stock compensation expense	—	—	—	—	1,364	—	—	—	—	1,364
Distributions	—	—	—	—	—	—	—	—	(872)	(872)
Balance as of December 31, 2015	7,759,092	$ 8	6,841,667	$ 7	$ 44,591	150,993	$ (1,542)	$ (3,093)	$ 28,083	$ 68,054
Net income	—	—	—	—	—	—	—	2,762	3,794	6,556
Class A common stock withheld in Treasury from restricted share vesting	(6,531)	—	—	—	—	6,531	(39)	—	—	(39)
Forfeiture of restricted stock held in Treasury	(3,200)	—	—	—	30	3,200	(30)	—	—	—
Issuances of restricted shares from treasury	26,584	—	—	—	(267)	(26,584)	267	—	—	—
Issuances of Class A common stock from treasury	15,280	—	—	—	(138)	(15,280)	154	—	—	16
Stock compensation expense	—	—	—	—	969	—	—	—	—	969
Distributions	—	—	—	—	—	—	—	—	(68)	(68)
Balance as of June 30, 2016 (unaudited)	7,791,225	$ 8	6,841,667	$ 7	$ 45,185	118,860	$ (1,190)	$ (331)	$ 31,809	$ 75,488

See accompanying notes to the condensed consolidated financial statements.

HEALTH INSURANCE INNOVATIONS, INC.

Condensed Consolidated Statements of Cash Flows (unaudited)
($ in thousands)

	Six Months Ended June 30,	
	2016	**2015**
Operating activities:		
Net income (loss)	$ 6,556	$ (282)
Adjustments to reconcile net income (loss) to net cash used in operating activities:		
Stock-based compensation	969	687
Depreciation and amortization	1,532	1,568
Fair value adjustments to contingent acquisition consideration	—	(386)
Gain on deconsolidation of variable interest entity	—	(189)
Deferred income taxes	(249)	80
Changes in operating assets and liabilities:		
(Increase) decrease in restricted cash	(7,776)	704
Decrease in accounts receivable, prepaid expenses and other assets	178	905
Increase in advanced commissions	(8,272)	(4,772)
Decrease (increase) in income taxes receivable	591	(199)
Increase in income taxes payable	296	—
Increase (decrease) in accounts payable, accrued expenses and other liabilities	3,381	(808)
Increase in deferred revenue	(224)	84
Increase in due to related parties pursuant to tax receivable agreement	429	106
Net cash used in operating activities	(2,589)	(2,502)
Investing activities:		
Capitalized internal-use software and website development costs	(1,609)	(795)
Issuance of note receivable	—	(1,014)
Proceeds from repayment of note receivable	—	30
Proceeds from sale of available-for sale securities	—	461
Purchases of property and equipment	(9)	(63)
Net cash used in investing activities	(1,618)	(1,381)
Financing activities:		
Proceeds from borrowings under revolving line of credit	7,500	—
Payments on borrowings under revolving line of credit	(1,000)	—
Payments for contingent acquisition consideration	(532)	(2,056)
Payments for noncompete obligation	(96)	(96)
Class A common stock withheld in treasury from restricted share vesting	(39)	(89)
Issuances of Class A common stock from treasury	16	—
Purchases of treasury stock	—	(520)
Distributions to member	(68)	(657)
Net cash provided by (used in) financing activities	5,781	(3,418)
Net increase (decrease) in cash and cash equivalents	1,574	(7,301)
Cash and cash equivalents at beginning of period	7,695	15,986
Cash and cash equivalents at end of period	$ 9,269	$ 8,685
Supplemental disclosure of cash flow information:		
Cash paid for interest	138	—
Cash paid for income taxes	430	—
Supplemental disclosure of non-cash investing activities:		
Capitalized software and website development costs included in accounts payable	—	100

See accompanying notes to the condensed consolidated financial statements.

1. Organization, Basis of Presentation and Summary of Significant Accounting Policies

In this quarterly report, unless the context suggests otherwise, references to the "Company," "we," "us" and "our" refer (1) prior to the February 13, 2013 closing of an initial public offering ("IPO") of the Class A common stock of Health Insurance Innovations, Inc. and related transactions, to Health Plan Intermediaries, LLC ("HPI") and its consolidated subsidiaries and (2) after the IPO and related transactions, to Health Insurance Innovations, Inc. and its consolidated subsidiaries. The terms "HII", "HPIH", and "ICE" refer to the stand-alone entities Health Insurance Innovations, Inc., Health Plan Intermediaries Holdings, LLC, and Insurance Center for Excellence, LLC, respectively. The term "Secured" refers to (a) prior to or at the time of their July 17, 2013 acquisition by us, Sunrise Health Plans, Inc., Sunrise Group Marketing, Inc. and Secured Software Solutions, Inc., collectively, and (b) following our July 17, 2013 acquisition, the entities described in (a) and the limited liability companies into which such entities were converted shortly following such acquisition. The terms "HealthPocket" or "HP" refer to HealthPocket, Inc., our wholly owned subsidiary which was acquired by HPIH on July 14, 2014. The term "ASIA" refers to American Service Insurance Agency LLC, a wholly owned subsidiary which was acquired by HPIH on August 8, 2014. HPIH, ICE, Secured, HP and ASIA are consolidated subsidiaries of HII.

Principles of Consolidation and Basis of Presentation

The accompanying condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States of America ("GAAP") for interim financial information. Accordingly, they do not include all of the financial information and footnotes required by U.S. GAAP for complete financial statements. The condensed consolidated financial statements include the accounts of Health Insurance Innovations, Inc., its wholly-owned subsidiaries, and Variable Interest Entities ("VIE"), of which the Company is the primary beneficiary. All significant intercompany balances and transactions have been eliminated in preparing the consolidated financial statements. The results of operations for business combinations are included from their respective dates of acquisition.

Noncontrolling interests are included in the condensed consolidated balance sheets as a component of stockholders' equity that is not attributable to the equity of the Company. We report separately the amounts of consolidated net loss or income attributable to us and noncontrolling interests.

The information included in this quarterly report, including the interim condensed consolidated financial statements and the accompanying notes, should be read in conjunction with the audited consolidated financial statements and related notes included in the Company's Annual Report on Form 10-K for the year ended December 31, 2015. The condensed consolidated results for the three and six months ended June 30, 2016 are not necessarily indicative of the results to be expected for any interim subsequent period or for the year ending December 31, 2016.

As an "emerging growth company" as defined in the Jumpstart Our Business Startups Act of 2012 (the "JOBS Act"), we benefit from certain temporary exemptions from various reporting requirements, including, but not limited to, not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act and reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements. We have also elected under the JOBS Act to delay the adoption of new and revised accounting pronouncements applicable to public companies until such pronouncements are made applicable to private companies. As a result of this election, our financial statements may not be comparable to companies that comply with public company effective dates. These exemptions will apply for a period of five years following the completion of our IPO which closed on February 13, 2013. However, if the market value of our common stock that is held by non-affiliates exceeds $700 million as of any June 30 before that time, we would cease to be an emerging growth company as of the following December 31.

Business Description and Organizational Structure of the Company

Our Business

We are a developer, distributor and virtual administrator of affordable, cloud-based individual health and family insurance plans ("IFP") and supplemental products, which include short-term medical ("STM") insurance plans and guaranteed-issue and underwritten hospital indemnity plans.

STM plans provide up to six, eleven or twelve months of health insurance coverage with a wide range of deductible and copay levels. STM plans generally offer qualifying individuals comparable benefits for fixed short-term durations with premiums that are substantially more affordable than the premiums of individual major medical ("IMM") plans which offer lifetime renewable coverage. STM plans feature a streamlined underwriting process offering immediate coverage options. Hospital indemnity plans are guaranteed-issue and underwritten plans that pay fixed cash benefits for covered procedures and services for individuals under the age of 65.

We also offer a variety of additional insurance and non-insurance products such as pharmacy benefit cards, dental plans, vision plans, cancer/critical illness plans, deductible and gap protection plans and life insurance policies that are frequently purchased as supplements to IFP.

We design and structure these products on behalf of insurance carriers and market them to individuals through our internal and external distribution network. We manage member relations via our online member portal, which is available 24 hours a day, seven days a week. Our online enrollment process allows us to aggregate and analyze consumer data and purchasing habits to track market trends and drive product innovation.

As the managing general underwriter of our individual health insurance plans and supplemental products, we receive all amounts due in connection with the plans we sell on behalf of the providers of the services, third-party commissions and referral fees. We refer to these total collections as premium equivalents, which typically represent a combination of premiums, fees for discount benefit plans (a non-insurance benefit product that supplements or enhances an insurance product), fees for distributors, our enrollment fees and third-party commissions and referral fees. From premium equivalents, we remit risk premium to carriers and amounts earned by discount benefit plan providers, who we refer to as third-party obligors, such carriers and third-party obligors being the ultimate parties responsible for providing the insurance coverage or discount benefits to the member. Our revenues consist of the balance of the premium equivalents.

We collect premium equivalents upon the initial sale of the plan and then monthly upon each subsequent periodic payment under such plan. We receive most premium equivalents through online credit card or ACH processing. As a result, we have limited accounts receivable. We remit the risk premium to the applicable carriers and the amounts earned by third-party obligors on a monthly basis based on the respective compensation arrangements.

We also provide consumers with access to health insurance information search and comparison technology through our website, HealthPocket.com. This free website allows consumers to easily and clearly compare and rank all health insurance plans available for an individual, family, or small business, empowering consumers to make health plan decisions and reduce their out of pocket costs. In addition, the data aggregated by HealthPocket ("HP") is used to research consumer needs and to measure product demand to help us design and manufacture high-demand insurance products.

In 2015, we launched a direct-to-consumer insurance website that allows consumers to research health insurance trends, comparison shop, and purchase IFP under the AgileHealthInsurance® brand. AgileHealthInsurance.com is one of the few internet sites dedicated to helping consumers understand the benefits of Term Health Insurance. We use the term Term Health Insurance to refer to health insurance products of less than one year in duration, such as STM. These new plans are the culmination of extensive research on health insurance needs in the Patient Protection and Affordable Care Act ("PPACA") era, and we believe consumers will easily be able to find affordable prices for these plans on AgileHealthInsurance.com. AgileHealthInsurance.com utilizes what we believe is a best-of-class plan comparison and online enrollment tool, to accompany these new plans. The underlying technology was developed by engineers with decades of experience working on top-tier e-Commerce websites known for their ease-of-use.

Our History

Our business began operations as HPI in 2008. To facilitate the IPO, HII was incorporated in the State of Delaware in October 2012. In November 2012, through a series of transactions, HPI assigned the operating assets of our business to HPIH, and HPIH assumed the operating liabilities of HPI. Since November 2012, we have operated our business through HPIH and its subsidiaries.

Our Reorganization and IPO

HII was incorporated in the State of Delaware in October 2012 to facilitate the IPO and to become a holding company owning as its principal asset membership interests in HPIH. Since November 2012, we have operated our business through HPIH and its consolidated subsidiaries. See [Note 7] for more information about the IPO.

HII sold 4,666,667 shares of common stock for $14.00 per share in the IPO on February 13, 2013. Simultaneous with the offering, HII obtained a 35% membership interest, 35% economic interest and 100% of the voting interest in HPIH.

Upon completion of the offering, HII became a holding company the principal asset of which is its interest in HPIH. All of HII's business is conducted through HPIH and its subsidiaries. HII is the sole managing member of HPIH and has 100% of the voting rights and control.

HII has two classes of outstanding capital stock: Class A common stock and Class B common stock. Class A shares represent 100% of the economic rights of the holders of all classes of our common stock to share in our distributions. Class B shares do not entitle their holders to any dividends paid by, or rights upon liquidation of, HII. Shares of our Class A common stock vote together with shares of our Class B common stock as a single class, except as otherwise required by law. Each share of our Class A common stock and our Class B common stock entitles its holder to one vote. As of June 30, 2016, Michael Kosloske, our Executive Chairman of the Board and Chief of Product Innovation, beneficially owns 46.7% of our outstanding Class A common stock and Class B common stock on a combined basis, which equals his combined economic interest in the Company.

HPIH has two series of outstanding equity: Series A Membership Interests, which may only be issued to HII, as sole managing member, and Series B Membership Interests. The Series B Membership Interests are held by HPI and Health Plan Intermediaries Sub, LLC ("HPIS"), a subsidiary of HPI, and these entities are beneficially owned by Mr. Kosloske. As of June 30, 2016, and December 31, 2015, (i) the Series A Membership Interests held by HII represent 53.3% and 53.1%, respectively, of the outstanding membership interests, 53.3% and 53.1%, respectively, of the economic interests and 100% of the voting interests in HPIH and (ii) the Series B Membership Interests held by the entities beneficially owned by Mr. Kosloske represent 46.7% and 46.9%, respectively, of the outstanding membership interests, 46.7% and 46.9%, respectively, of the economic interests and no voting interest in HPIH.

Reclassifications

Certain amounts in prior periods' consolidated financial statements have been reclassified to conform to the current period presentation. Such reclassifications include excluding amounts payable for third-party commission expense and third-party obligors payable from restricted cash and including such amounts in cash and cash equivalents in the accompanying condensed consolidated statements of cash flows.

Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") requires management to make estimates, judgments, and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements. These estimates also affect the reported amounts of revenue and expenses during the reporting periods. Actual results could differ from those estimates.

Summary of Significant Accounting Policies

The following is an update to our significant accounting policies described in Note 1, Organization, Basis of Presentation, and Summary of Significant Accounting Policies, in our audited consolidated financial statements for the year ended December 31, 2015 included in our Annual Report on Form 10-K.

Restricted Cash

In our capacity as the policy administrator, we collect premiums from members and distributors and, after deducting our earned commission and fees, remit these premiums to our contracted insurance carriers, discount benefit vendors and distributors. Where contractually obligated, we hold the unremitted funds in a fiduciary capacity until they are disbursed, and the use of such funds is restricted. We hold these funds in bank accounts. These unremitted amounts are reported as restricted cash in the accompanying condensed consolidated balance sheets with the related liabilities reported in accounts payable. The Company previously referred to such restricted cash as cash held on behalf of others.

The Company also holds restricted cash as pledged deposits with certain institutions. These deposits are contractually required and are pledged as security for such institutions. At June 30, 2016, $5.0 million was held restricted for this purpose. No such amounts were restricted as of December 31, 2015.

Stock-based Compensation

During the second quarter of 2016, the company issued stock appreciation rights ("SARs") that contain performance vesting conditions. In accordance with GAAP, performance conditions that affect vesting are not reflected in estimating the fair value of an award at the grant date and accruals of compensation cost for an award with a performance condition shall be based on the probable outcome of that performance condition. Compensation cost shall be accrued if it is probable that the performance condition will be achieved and shall not be accrued if it is not probable that the performance condition will be achieved. As such, management must make certain judgements regarding the probability of achievement of certain targets defined within the respective SAR agreements that may materially affect the timing of recognized compensation cost, if any at all.

Recent Accounting Pronouncements

In the following summary of recent accounting pronouncements, all references to effective dates of Financial Accounting Standards Board ("FASB") guidance relate to nonpublic entities. As noted above, we have elected to delay the adoption of new and revised accounting pronouncements applicable to public companies until such pronouncements are made applicable to private companies under provisions of the JOBS Act.

In March 2016, the FASB issued an amendment to its accounting guidance for stock compensation as part of the FASB's simplification initiative. The amendments affect all entities that issue share-based payment awards to their employees. The areas for simplification involve several aspects of the accounting for share-based payment transactions, including the income tax consequences, classification of awards as either equity or liabilities, and classification on the statement of cash flows. Some of the areas for simplification apply only to nonpublic entities. This guidance is effective for fiscal years beginning after December 15, 2017 and interim periods within annual periods beginning after December 15, 2018. Early adoption is permitted. We will adopt this guidance in reporting periods beginning after December 15, 2017. We are currently evaluating the impact of this guidance on our condensed consolidated financial statements.

In February 2016, the FASB issued an amendment to its accounting guidance for leases to increase transparency and comparability by requiring organizations to recognize lease assets and lease liabilities on the balance sheet and increasing disclosures about key leasing arrangements. The amendment updates the critical determinant from capital versus operating to whether a contract is or contains a lease because lessees are required to recognize lease assets and lease liabilities for all leases – financing and operating – other than short term. This guidance is effective for fiscal years beginning after December 15, 2018. Early adoption is permitted. We are currently evaluating the impact of this guidance on our condensed consolidated financial statements.

In April 2015, the FASB issued an update to its accounting guidance related to debt issuance costs as a part of its initiative to reduce complexity in accounting standards. To simplify presentation of debt issuance costs, the amendments in this update require that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. This guidance is effective for fiscal years beginning after December 15, 2016 and all interim periods within. Early adoption is permitted. We will adopt this guidance in reporting periods beginning after December 15, 2016. The impact of adopting this pronouncement on our condensed consolidated financial statements will be immaterial.

In May 2014, the FASB issued an amendment to its accounting guidance related to revenue recognition. The amendment clarifies the principles for recognizing revenue. The guidance is based on the principle that revenue is recognized to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The guidance also requires additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in the judgments and assets recognized from costs incurred to obtain or fulfill a contract. We will adopt this guidance in reporting periods beginning after December 15, 2018. We are currently evaluating the impact of adopting this pronouncement on our condensed consolidated financial statements.

2. Variable Interest Entities

As of June 30, 2016, we are the primary beneficiary of one entity, HPIH, that constitutes a VIE pursuant to FASB guidance. HPIH is a VIE as the voting rights of the investors are not proportional to their obligations to absorb the expected losses of HPIH. We hold 100% of the voting power in HPIH, but 53.3% of the total membership and economic interest, and the other members of HPIH hold no voting rights in HPIH. Further, substantially all of the activities of HPIH are conducted on behalf of a membership with disproportionately few voting rights. We have concluded that we are the primary beneficiary of HPIH, and, therefore, should consolidate HPIH since we have power over and receive the benefits of HPIH. We have the power to direct the activities of HPIH that most significantly impact its economic performance. Our equity interest in HPIH obligates us to absorb losses of HPIH and gives us the right to receive benefits from HPIH related to the day-to-day operations of the entity, both of which could potentially be significant to HPIH. As such, our maximum exposure to loss as a result of our involvement in this VIE is the net income or loss allocated to us based on our interest.

On August 15, 2014, the non-HII members of HPIH exchanged 1,725,000 Class B Membership Units of HPIH (together with an equal number of shares of HII Class B common stock) in exchange for an equal number of Class A common stock pursuant to an Exchange Agreement (the "Exchange Agreement"). See Note 7 for further information on the Exchange Agreement and this transaction. This transaction resulted in HII obtaining greater than 50% of the membership and economic interest of HPIH. As of June 30, 2016, HII holds 100% of the voting power and 53.3% of the membership and economic interest in HPIH.

3. Goodwill and Intangible Assets

Goodwill

Our goodwill balance as of June 30, 2016 and December 31, 2015 of $41.1 million arose from previous acquisitions as described in our Annual Report on Form 10-K for the year ended December 31, 2015. There have been no changes in the carrying amounts of goodwill.

During the second quarter of 2016, the Department of Health and Human Services issued a proposal to limit the duration of STM to a period of no longer than three months compared to the current period of up to one year. The proposed rule led to a decline in stock price which was deemed to be a triggering event for a goodwill impairment analysis and accordingly the Company performed step one of the two step impairment test under GAAP. Upon completion of the step one analysis as of June 30, 2016, we determined that the fair value of the reporting unit exceeded its carrying value. As such, a step two analysis was not required.

Other intangible assets

Our other intangible assets arose primarily from acquisitions described in our Annual Report on Form 10-K for the year ended December 31, 2015 and consist of a brand, our carrier network, distributor relationships, customer relationships, noncompete agreements and capitalized software. Finite-lived intangible assets are amortized over their useful lives from two to fifteen years.

Major classes of intangible assets as of June 30, 2016 consisted of the following ($ in thousands):

	Weighted-average Amortization (years)	Gross Carrying Amount	Accumulated Amortization	Intangible Assets, net
Brand	14.0	$ 1,377	$ (267)	$ 1,110
Carrier network	5.0	40	(38)	2
Distributor relationships	6.8	4,059	(2,533)	1,526
Noncompete agreements	4.7	987	(787)	200
Customer relationships	4.7	1,484	(1,100)	384
Capitalized software	6.6	8,571	(2,847)	5,724
Total intangible assets		$ 16,518	$ (7,572)	$ 8,946

Major classes of intangible assets as of December 31, 2015 consisted of the following ($ in thousands):

	Weighted-average Amortization (years)	Gross Carrying Amount	Accumulated Amortization	Intangible Assets, net
Brand	14.0	$ 1,377	$ (219)	$ 1,158
Carrier network	5.0	40	(35)	5
Distributor relationships	7.9	4,059	(2,234)	1,825
Noncompete agreements	4.7	987	(679)	308
Customer relationships	4.7	1,484	(1,019)	465
Capitalized software	6.6	8,571	(2,271)	6,300
Total intangible assets		$ 16,518	$ (6,457)	$ 10,061

Amortization expense for the three months ended June 30, 2016 and 2015 was $557,000 and $736,000, respectively, and for the six months ended June 30, 2016 and 2015 was $1.1 million and $1.5 million, respectively.

Estimated annual pretax amortization of intangible assets for the remainder of 2016 and in each of the next five years and thereafter are as follows ($ in thousands):

Remainder of 2016	$ 1,039
2017	1,965
2018	1,725
2019	1,338
2020	1,338
2021	685
Thereafter	856
Total	$ 8,946

4. Accounts Payable and Other Liabilities

Accounts payable and accrued expenses consisted of the following as of ($ in thousands):

	June 30, 2016	December 31, 2015
Carriers and vendors payable	$ 10,363	$ 7,364
Commissions payable	3,970	3,830
Accrued wages	1,893	1,140
Accrued refunds	1,620	2,049
Accounts payable	1,030	670
Accrued professional fees	547	175
Accrued credit card/ACH fees	331	293
Accrued interest	-	3
Accrued restructuring	81	1,304
Other accrued expenses	1,261	1,019
Total accounts payable and accrued expenses	$ 21,096	$ 17,847

5. Debt

Revolving Line of Credit

On December 15, 2014, we entered into a three-year revolving line of credit ("RLOC") for $15.0 million with a bank. The purpose of the RLOC is to provide working capital, expand the advanced commissions program, and to help us maintain adequate liquidity. Borrowings under this facility are secured by all of our and our subsidiaries' assets, including, but not limited to, cash, accounts receivable, and property and equipment. The stated interest rate for the RLOC is 30-day LIBOR, plus 1.95%, which at June 30, 2016 and December 31, 2015 was 2.42% and 2.38%, respectively. As of June 30, 2016 and December 31, 2015, we have drawn $14 million and $7.5 million on the RLOC, respectively. The outstanding balance on the RLOC as of June 30, 2016 was $14 million and there is $1 million available to be drawn upon the RLOC.

The RLOC is subject to customary covenants and restrictions which, among other things, require us to maintain minimum working capital equal to 1.50 times the outstanding balance, and require that our maximum funded debt to tangible net worth ratio shall not exceed 1.50 at any time during the term of the RLOC. The RLOC also imposes certain nonfinancial covenants on us that would require immediate payment if we, among other things, reorganize, merge, consolidate, or otherwise change ownership or business structure without the bank's prior written consent. As collateral, there is a first position Uniform Commercial Code filing on all business assets.

The RLOC agreements also contain customary representations and warranties and events of default. The payment of outstanding principal under the RLOC and accrued interest thereon may be accelerated and become immediately due and payable upon default of payment or other performance obligations or failure to comply with financial or other covenants in the RLOC agreements, subject to applicable notice requirements and cure periods as provided in the RLOC agreements. As of June 30, 2016 and December 31, 2015, the Company was in compliance with all covenants of the RLOC agreement.

Under the terms of the RLOC, we incurred certain costs related to acquiring the RLOC of $23,000. These costs have been capitalized and are included in Accounts receivable, net, prepaid expenses and other current assets at June 30, 2016. As of June 30, 2016 and December 31, 2015, the balance of the deferred financing costs was $11,000 and $15,000, respectively. The deferred financing costs consist primarily of consulting and legal fees directly related to the bank loan. These amounts are amortized over the life of the related debt.

6. Restructuring

During the last quarter of the year ended December 31, 2015, the Company committed to and communicated a plan to restructure its operations at ICE and Secured. The Company determined the services of ICE and Secured to be duplicative and recognized that efficiencies could be gained by leveraging these operations with other owned call centers. As of December 31, 2015, the restructuring plan was communicated to employees and substantially complete.

No expense related to restructuring activities was recorded during the three and six months ended June 30, 2016. As of June 30, 2016, the remaining liability associated with the restructuring is $81,000 and is included in the condensed consolidated balance sheet as accounts payable and accrued expenses. At December 31, 2015, $1.3 million was included in the consolidated balance sheet as accounts payable and accrued expenses.

All liabilities associated with the restructuring approximate their fair values. All recorded liabilities are classified as current within the condensed consolidated balance sheet.

7. Stockholders' Equity

On February 13, 2013, we completed our IPO by issuing 4,666,667 shares of our Class A common stock, par value $0.001 per share, at a price to the public of $14.00 per share of Class A common stock. In addition, we issued 8,666,667 shares of our Class B common stock, of which 8,580,000 shares of Class B common stock were obtained by HPI, and 86,667 shares of Class B common stock were obtained by Health Plan Intermediaries Sub, LLC ("HPIS"), of which HPI is the managing member. In addition, we granted the underwriters of the IPO the right to purchase additional shares of Class A common stock to cover over-allotments (the "over-allotment option").

Our authorized capital stock consists of 100,000,000 shares of Class A common stock, par value $0.001 per share, 20,000,000 shares of Class B common stock, par value $0.001 per share, and 5,000,000 shares of preferred stock, par value $0.001 per share.

Class A Common Stock and Class B Common Stock

Each share of Class A common stock and Class B common stock entitles its holders to one vote per share on all matters to be voted upon by the stockholders, and holders of each class will vote together as a single class on all such matters. Holders of shares of our Class A common stock and Class B common stock vote together as a single class on all matters presented to our stockholders for their vote or approval, except as otherwise required by applicable law. As of June 30, 2016, the Class A common stockholders had 53.3% of the voting power in HII and the Class B common stockholders had 46.7% of the voting power in HII. Holders of shares of our Class A common stock have 100% of the economic interest in HII. Holders of Class B common stock do not have an economic interest in HII.

The determination to pay dividends, if any, to our Class A common stockholders will be made by our Board of Directors. We do not, however, expect to declare or pay any cash or other dividends in the foreseeable future on our Class A common stock, as we intend to reinvest any cash flow generated by operations in our business. We may enter into credit agreements or other borrowing arrangements in the future that prohibit or restrict our ability to declare or pay dividends on our Class A common stock. In the event of liquidation, dissolution, or winding up of HII, the holders of Class A common stock are entitled to share ratably in all assets remaining after payment of liabilities, subject to prior distribution rights of preferred stock, if any, then outstanding. The holders of our Class A common stock have no preemptive or conversion rights or other subscription rights. There are no redemption or sinking fund provisions applicable to the Class A common stock. The rights, preferences and privileges of holders of our common stock will be subject to those of the holders of any shares of our preferred stock we may issue in the future.

Class B common stockholders will not be entitled to any dividend payments. In the event of any dissolution, liquidation, or winding up of our affairs, whether voluntary or involuntary, after payment of our debts and other liabilities and making provision for any holders of our preferred stock that have a liquidation preference, our Class B common stockholders will not be entitled to receive any of our assets. In the event of our merger or consolidation with or into another company in connection with which shares of Class A common stock and Class B common stock (together with the related membership interests) are converted into, or become exchangeable for, shares of stock, other securities or property (including cash), each Class B common stockholder will be entitled to receive the same number of shares of stock as is received by Class A common stockholders for each share of Class A common stock, and will not be entitled, for each share of Class B common stock, to receive other securities or property (including cash). No holders of Class B common stock will have preemptive rights to purchase additional shares of Class B common stock.

The following table presents the effects of changes in HII's ownership interests in HPIH and its consolidated subsidiaries on its equity ($ in 000's):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
Net income (loss) attributable to Health Insurance Innovations, Inc.	$ 1,857	$ (326)	$ 2,762	$ (273)
Distributions	(75)	(338)	(68)	(657)
Total	$ 1,782	$ (664)	$ 2,694	$ (930)

Exchange Agreement

On February 13, 2013, we entered into an exchange agreement (the "Exchange Agreement") with the holders of the Series B Membership Interests of HPIH ("Series B Membership Interests"). Pursuant to and subject to the terms of the Exchange Agreement and the amended and restated limited liability company agreement of HPIH, holders of Series B Membership Interests, at any time and from time to time, may exchange one or more Series B Membership Interests, together with an equal number of shares of our Class B common stock, for shares of our Class A common stock on a one-for-one basis, subject to equitable adjustments for stock splits, stock dividends and reclassifications. See Note 1 from our December 31, 2015 audited consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2015 for further information on the Exchange Agreement.

Preferred Stock

Our board of directors has the authority to issue shares of preferred stock in one or more series and to fix the rights, preferences, privileges and restrictions thereof, including dividend rights, dividend rates, conversion rights, voting rights, terms of redemption, redemption prices, liquidation preferences and the number of shares constituting any series or the designation of such series, without further vote or action by the stockholders.

The issuance of preferred stock may have the effect of delaying, deferring or preventing a change in control of HII without further action by the stockholders and may adversely affect the voting and other rights of the holders of Class A common stock. At present, we have no plans to issue any preferred stock.

Treasury Stock

Treasury stock is recorded at cost. As of June 30, 2016 and December 31, 2015, we held 118,860 and 150,993 shares of treasury stock, respectively, recorded at a cost of $1.2 million and $1.5 million, respectively.

Share Repurchase Program

On December 17, 2014, our Board of Directors authorized us to purchase up to 800,000 shares of our registered Class A common stock under a repurchase program which could remain in place until December 31, 2016. We have adopted a plan (the "Repurchase Plan") under Rule 10b5-1 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), in connection with this authorization. The Repurchase Plan allows us to repurchase our shares of Class A common stock at times when we otherwise might be prevented from doing so under insider trading laws or self-imposed trading blackout periods.

During the three and six months ended June 30, 2016 we made no repurchases under the Repurchase Plan. During the three and six months ended June 30, 2015, we repurchased 6,700 and 73,852 shares, respectively, of our registered Class A common stock under the Repurchase Plan at an average price per share of $5.80 and $7.05, respectively.

Tax Obligation Settlements and Treasury Stock Transactions

Treasury stock is recorded pursuant to the surrender of shares by certain employees to satisfy statutory tax withholding obligations on vested restricted stock awards. In addition, certain forfeited stock-based awards are transferred to and recorded as treasury stock, and certain restricted stock awards have been granted from shares in Treasury, and certain forfeited awards.

During the three and six months ended June 30, 2016, 2,399 and 6,531 shares, respectively, were transferred to Treasury as a result of surrendered shares of vested restricted stock awards and 1,623 and 15,280 options, respectively, were exercised and converted to Class A common stock out of treasury. During the three and six months ended June 30, 2016, 3,200 and 3,200 shares, respectively, were transferred to Treasury as a result of forfeitures of restricted stock awards. During the three and six months ended June 30, 2015, 10,357 and 15,790 shares, respectively, were transferred to Treasury as a result of surrendered shares of vested restricted stock awards, 6,632 and 156,632 shares, respectively, were transferred to Treasury as the result of forfeitures of restricted stock awards. During the three and six months ended June 30, 2015, 81,216 Treasury shares were granted under restricted stock awards.

8. Stock-based Compensation

We maintain one stock-based incentive plan, the Health Insurance Innovations, Inc. Long Term Incentive Plan (the "LTIP"), which became effective February 7, 2013, under which SARs, restricted stock, restricted stock units and other types of equity and cash incentive awards may be granted to employees, non-employee directors and service providers. The LTIP expires after ten years, unless prior to that date the maximum number of shares available for issuance under the plan has been issued or our Board of Directors terminates this plan. At its inception, 1,250,000 shares of Class A common stock were reserved for issuance under the LTIP. In May 2016, the Company's shareholders approved an increase of 1,000,000 shares of Class A common stock and as of that date, there were 3,250,000 shares of Class A common stock reserved for issuance under the LTIP. As of December 31, 2015, there were 2,250,000 shares of Class A common stock reserved for issuance under the LTIP.

Expense for stock-based compensation is recognized based upon estimated grant date fair value and is amortized over the requisite service period of the awards using the accelerated method. We offer awards which vest based on service conditions, performance conditions, or market conditions. For grants of SARs and stock options, we apply the Black-Scholes option-pricing model, a Monte Carlo Simulation, or a lattice model, depending on the vesting conditions, in determining the fair value of share-based payments to employees. These models incorporate various assumptions, including expected volatility and expected term. Through November of 2015, expected stock price volatilities were estimated using implied volatilities of comparable publicly-traded companies, given our limited trading history. As of December 2015, volatility is calculated using the Company's trading history. The expected term of the awards represents the estimated period of time until exercise, giving consideration to the contractual terms, vesting schedules and expectations of future employee behavior. The Company uses its best estimate and the simplified method for "plain vanilla" awards under GAAP for calculating the expected term, where applicable. The risk-free interest rate is based on the U.S. Treasury yield curve in effect at the time of grant with an equivalent remaining term. Compensation expense is recognized only for those awards expected to vest, with forfeitures estimated based on our historical experience and future expectations. In accordance with GAAP, compensation expense is not recognized for awards with performance vesting conditions until it is deemed probable that the underlying performance events will occur. All stock-based compensation expense is classified within S, G & A expense in the condensed consolidated statements of operations.

None of the stock-based compensation was capitalized during the three and six months ended June 30, 2016 and 2015, respectively.

The Black-Scholes option-pricing model was used with the following weighted average assumptions:

	Six Months Ended June 30,	
	2016	2015
Risk-free rate	1.2%	1.5%
Expected life	4.6 years	4.5 years
Expected volatility	55.4%	43.9%
Expected dividend	none	none

The following table summarizes restricted shares, SARs, and stock options granted during the three and six months ended June 30, 2016 and 2015 (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
Restricted shares	27	81	27	91
SARs	569	395	584	395
Stock options	—	—	—	—

There were no exercises of SARs during the three and six months ended June 30, 2016. During the three and six months ended June 30, 2016, 12,000 and 22,000 SARs, respectively, and 3,200 and 3,200 restricted share awards, respectively, were forfeited. During the three and six months ended June 30, 2015, 51,000 and 226,000 SARs, respectively, and 6,632 and 156,632 restricted share awards, respectively, were forfeited. All of these awards were unvested. No SARs were exercised during the three and six months ended June 30, 2015.

During the three and six months ended June 30, 2016, there were 1,623 and 15,280 options exercised, respectively. During the three and six months ended June 30, 2015, there were no options exercised.

For the three and six months ended June 30, 2016, the settlement of stock based incentive plans resulted in a cash outflow of $14,000 and $39,000, respectively, with respect to shares redeemed to cover the recipient's tax obligations. For the three and six months ended June 30, 2015, these settlements resulted in a cash outflow of $54,000 and $89,000, respectively. We recognized an income tax benefit of $28,000 and $42,000 from stock-based activity for the three and six months ended June 30, 2016, respectively, and $37,000 and $91,000 for the three and six months ended June 30, 2015, respectively.

The following table summarizes stock-based compensation expense for the three and six months ended June 30, 2016 and 2015 ($ in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
Restricted shares	$ 130	$ 330	$ 295	$ 264
SARs	323	200	604	196
Stock options	29	96	70	227
	$ 482	$ 626	$ 969	$ 687

The following table summarizes unrecognized stock-based compensation and the remaining weighted average period over which such stock-based compensation is expected to be recognized as of June 30, 2016 ($ in thousands):

			Weighted Average Remaining years
Restricted shares	$	558	1.8
SARs		2,341	1.6
Stock options		39	0.8
	$	2,938	

The amounts in the table above do not include the cost of any additional awards that may be granted in future periods nor any changes in our forfeiture rate.

9. Net Income per Share

The computations of basic and diluted net income (loss) per share attributable to HII for the three and six months ended June 30, 2016 and 2015 were as follows ($ in thousands, except share and per share data):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
Basic net income (loss) attributable to Health Insurance Innovations, Inc.	$ 1,857	$ (326)	$ 2,762	$ (273)
Average shares—basic	7,592,972	7,516,308	7,578,264	7,515,684
Effect of dilutive securities:				
Restricted shares	77,915	—	78,475	—
SARs	19,353	—	15,886	—
Stock options	42,424	—	43,577	—
Average shares—diluted	7,732,664	7,516,308	7,716,202	7,515,684
Basic net income per share attributable to Health Insurance Innovations, Inc.	$ 0.24	$ (0.04)	$ 0.36	$ (0.04)
Diluted net income per share attributable to Health Insurance Innovations, Inc.	$ 0.24	$ (0.04)	$ 0.36	$ (0.04)

Potential common shares are included in the diluted per share calculation when dilutive. Potential common shares consist of Class A common stock issuable through unvested restricted stock grants and stock appreciation rights and are calculated using the treasury stock method.

The following securities were not included in the calculation of diluted net income (loss) per share because such inclusion would be anti-dilutive (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
Restricted shares	19	149	24	149
SARs	10	763	17	763
Stock options	—	84	—	84

Additionally, potential common stock totaling 6,841,667 shares at June 30, 2016 and 2015 issuable under an exchange agreement were not included in diluted shares because such inclusion would be antidilutive. See Note 7 for further details on the exchange agreement.

10. Income Taxes

HPIH is taxed as a partnership for income tax purposes; as a result, it is not subject to entity-level federal or state income taxation but its members are liable for taxes with respect to their allocable shares of each company's respective net taxable income. We are subject to U.S. corporate federal, state and local income taxes on our allocable share of net taxable income that is reflected in our consolidated financial statements.

The effective tax rate for the three and six months ended June 30, 2016 was 11.2% and 12.4%, respectively. The effective tax rate for the three and six months ended June 30, 2015 was (226.1%) and (15.1%), respectively. For the three and six months ended June 30, 2016, the provision for income taxes was $539,000 and $921,000, respectively. For the three and six months ended June 30, 2015, the provision for income taxes were $373,000 and $37,000, respectively. Deferred taxes on our investment in HPIH are measured on the difference between the carrying amount of our investment in HPIH and the corresponding tax basis of this investment. We do not measure deferred taxes on differences within HPIH, as those differences inherently comprise our deferred taxes on our external investment in HPIH.

Our effective tax rate includes a rate detriment attributable to the fact that certain of our subsidiaries operate as limited liability companies which are not subject to federal or state income tax. Accordingly, a portion of our earnings or losses attributable to noncontrolling interests are not subject to corporate level taxes. Additionally, our effective tax rate includes a valuation allowance placed on all of our net deferred tax assets, as our belief is more likely than not that some of our deferred tax assets will not be realized to offset future taxable income.

We recorded a valuation allowance against all of the deferred tax assets of HII as of both June 30, 2016, and December 31, 2015. We intend to continue maintaining a full valuation allowance on all of the deferred tax assets of HII until there is sufficient evidence to support the reversal of all or some portion of this allowance. Should we determine that we would be able to realize our remaining deferred income tax assets in the foreseeable future, a release of all, or part, of the related valuation allowance would result in the recognition of certain deferred tax assets in the period such determination is made. Significant management judgment is required in determining the period in which the reversal of a valuation allowance should occur. We consider all available evidence, both positive and negative, such as historical levels of income and future forecasts of taxable income, among other items, in determining whether a full or partial release of a valuation allowance is required. In addition, our assessments sometimes require us to schedule future taxable income in accordance with the applicable tax accounting guidance to assess the appropriateness of a valuation allowance which further requires the exercise of significant management judgment. Such release of the valuation allowance could occur within the next 12 months upon resolution of the aforementioned uncertainties. A reduction of the valuation allowance would also result in the recognition of a tax receivable agreement obligation. See Note 11 for further information.

We account for uncertainty in income taxes using a two-step process. The first step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates that it is more likely than not that the position will be sustained upon audit, including resolution of related appeals or litigation processes, if any. The second step requires us to estimate and measure the tax benefit as the largest amount that is more than 50% likely to be realized upon ultimate settlement. Such amounts are subjective, as a determination must be made on the probability of various possible outcomes. We reevaluate uncertain tax positions on a quarterly basis. This evaluation is based on factors including, but not limited to, changes in facts or circumstances, changes in tax law, effectively settled issues under audit, and new audit activity. Such a change in recognition and measurement could result in recognition of a tax benefit or an additional tax provision.

For the three and six months ended June 30, 2016 and 2015, respectively, we did not have a balance of gross unrecognized tax benefits, and as such, no amount would favorably affect the effective income tax rate in any future periods. We believe that there will not be a significant increase or decrease to the uncertain tax positions within 12 months of the reporting date. The Company accounts for interest and penalties associated with uncertain tax positions as a component of tax expense, and none were included in the Company's financial statements as there are not uncertain tax positions outstanding as of June 30, 2016 and 2015, respectively. The Company's 2012 through 2015 tax years remain subject to examination by tax authorities.

11. Commitments and Contingencies

BimSym Agreements

On August 1, 2012, we entered into a software assignment agreement with BimSym eBusiness Solutions, Inc. ("BimSym") for our exclusive ownership of all rights, title and interest in the technology platform ("A.R.I.E.S. System") developed by BimSym and utilized by us. As a result of the agreement, we purchased the A.R.I.E.S. System, our proprietary sales and member administration platforms, for $45,000 and this purchase was capitalized and recorded as an intangible asset. In connection with this agreement, we simultaneously entered into a master services agreement for the technology, under which we are required to make monthly payments of $26,000 for 5 years. After the five-year term, this agreement automatically renews for one-year terms unless we give 60 days' notice.

Additionally, we also entered into an exclusivity agreement with BimSym whereby neither BimSym nor any of its affiliates will create, market or sell a software, system or service with the same or similar functionality as that of the A.R.I.E.S. System under which we are required to make monthly payments of $16,000 for five years. The present value of these payments was capitalized and recorded as an intangible asset with a corresponding liability on the accompanying condensed consolidated balance sheets.

Tax Receivable Agreement

On February 13, 2013, we entered into a Tax Receivable Agreement ("TRA") with the holders of the HPIH Series B Membership Interests, which holders are beneficially owned by Michael W. Kosloske, our founder, Executive Chairman of the Board, and Chief of Product Innovation. The TRA requires us to pay to such holders 85% of the cash savings, if any, in U.S. federal, state and local income tax we realize (or are deemed to realize in the case of an early termination payment, a change in control or a material breach by us of our obligations under the TRA) as a result of any possible future increases in tax basis and of certain other tax benefits related to entering into the TRA, including tax benefits attributable to payments under the TRA itself. This is HII's obligation and not an obligation of HPIH. HII will benefit from the remaining 15% of any realized cash savings. For purposes of the TRA, cash savings in income tax is computed by comparing our actual income tax liability with our hypothetical liability had we not been able to utilize the tax benefits subject to the TRA itself. The TRA became effective upon completion of the IPO and will remain in effect until all such tax benefits have been used or expired, unless HII exercises its right to terminate the TRA for an amount based on the agreed payments remaining to be made under the agreement or HII breaches any of its material obligations under the TRA in which case all obligations will generally be accelerated and due as if HII had exercised its right to terminate the agreement. Any potential future payments will be calculated using the market value of our Class A common stock at the time of the relevant exchange and prevailing tax rates in future years and will be dependent on us generating sufficient future taxable income to realize the benefit. Payments are generally due under the TRA within a specified period of time following the filing of our tax return for the taxable year with respect to which payment of the obligation arises.

Exchanges of Series B Membership Interests, together with an equal number of shares of our Class B common stock, for shares of our Class A common stock, are expected to increase our tax basis in our share of HPIH's tangible and intangible assets. These increases in tax basis are expected to increase our depreciation and amortization deductions and create other tax benefits and therefore may reduce the amount of tax that we would otherwise be required to pay in the future. As of June 30, 2016, Series B Membership Interests, together with an equal number of shares of Class B common stock have been exchanged for of a total of 1,825,000 shares of Class A common stock subsequent to the IPO. See Note 7 for further information on these issuances of Class A common stock. As a result of the exchanges noted above, we have recorded a liability of $1.2 million pursuant to the TRA as of June 30, 2016. We have determined that some of this amount is probable to be paid, because a portion of the deductions and other tax benefits noted above has been utilized based on our estimated taxable income for 2016. Therefore we have also reversed a portion of the valuation allowance on our deferred tax assets related to the tax receivable agreement. The exchange transactions created a tax benefit to be shared by the Company and the entities beneficially owned by Mr. Kosloske. Our total liability pursuant to the tax receivable agreement for exchange transactions completed through June 30, 2016 would be $11.3 million, representing the share of tax benefits payable to the entities beneficially owned by Mr. Kosloske, if we generate sufficient taxable income in the future. We have made no payments under the tax receivable agreement as of June 30, 2016, but plan to make payments under the tax receivable agreement during the year ended December 31, 2016.

Distributor Advanced Commissions

As a course of business, we enter into agreements with our distributors to loan future commission payments based on actual sales, referred to as advanced commissions, net on the condensed consolidated balance sheets. Certain of these agreements may include a loan agreement and a UCC1 financing statement for the purposes of securing the future commission payments we make. Generally, these loans will be repaid to us by future commissions earned by the distributor based on actual sales, as described in the respective agreements. The Company makes an allowance for uncollectible advanced commissions based on an assessment of recoverability. Allowances are applied to advance commissions when events or circumstances indicate that the carrying amount may not be recoverable. While the Company does not expect to continue the same degree of historic expansion with the advanced commissions program, the Company is in pursuit of additional sources of funding to complement the program should additional growth be appropriate.

On May 1, 2015, we entered into an agreement with HBO, and certain individuals and entities related to HBO to make advances via a variable secured promissory note (the "May 2015 Note"). The May 2015 Note provides for two advances of $500,000 each. As of December 31, 2015, the Company paid both advances totaling $1.0 million. The May 2015 Note, which secures the advances, matures on January 31, 2017 and bears interest only upon the occurrence of an event of default. All amounts outstanding, including interest, are due within thirty days of the maturity date, subject to acceleration upon the occurrence of an event of default.

Under the May 2015 Note, HBO is eligible to earn production credits, beginning in January 2016, for each qualifying sale of our products, as defined in the May 2015 Note. Such production credits will be applied based on qualifying sales during each calendar quarter of 2016. Any such production credits earned during calendar year 2016 will be applied against the outstanding balance payable to us under the May 2015 Note in lieu of a cash payment to us but no amount will be payable by us to HBO. The remaining balance under the May 2015 Note was $5,000 at June 30, 2016.

Legal Proceedings

As of June 30, 2016, we had no significant outstanding legal proceedings. We are subject to certain legal proceedings and claims that may arise in the ordinary course of business. In the opinion of management, we do not have a potential liability related to any current legal proceedings and claims that would individually, or in the aggregate, have a material adverse effect on our financial condition, liquidity, results of operations, or cash flows.

State Regulatory Examinations

The Company has received notification from the Indiana Department of Insurance that a multistate examination has been commenced providing for the review of HCC Life Insurance Company's ("HCC") short term medical plans, Affordable Care Act compliance, marketing, and rate and form filing for all products. As the Company is a distributor of HCC products, the notification indicated that the multistate examination will include a review of the activities of the Company and a review of whether the Company's practices are in compliance with Indiana insurance law and the similar laws of other states participating in the examination. The Indiana Department of Insurance will serve as the managing participant of the multistate examination, and the examination will include, among other things, a review of whether HCC (and presumably the Company) has engaged in any unfair or deceptive acts or insurance business practices. In addition to the multistate examination led by Indiana, we are aware that several other states, including Arkansas, Florida, Kansas, Montana, Ohio, South Dakota, and Massachusetts, are reviewing the sales practices and potential unlicensed sale of insurance by third-party distributor call centers utilized by the Company. The Company is not aware of any examination into the sales practices of the Company-owned call centers, although the Company cannot be certain that no such investigation is occurring or will occur, and the Company is aware of and managing additional claims and inquiries that it does not believe are material at this time. It is too early to determine whether any of these regulatory examinations will have a material impact on the Company. The Company is proactively communicating and cooperating with all applicable regulatory agencies

12. Fair Value Measurements

We measure and report financial assets and liabilities at fair value on a recurring basis. Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (referred to as an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs. The fair value of our financial assets and liabilities is determined by using three levels of input, which are defined as follows:

Level 1: Quoted prices in active markets for identical assets or liabilities

Level 2: Quoted prices in active markets for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in markets that are not active, or inputs other than quoted prices that are observable for the asset or liability

Level 3: Unobservable inputs for the asset or liability

The categorization of a financial instrument within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

We utilize the market approach to measure the fair value of our financial assets. As subjectivity exists with respect to many of the valuation techniques, the fair value estimates we have disclosed may not equal prices that we may ultimately realize if the assets are sold or the liabilities are settled with third parties. Below is a description of our valuation methods.

Contingent consideration for business acquisition. The contingent consideration related to the acquisition of Secured and ASIA includes periodic cash payments, as described in Note 2 in our audited consolidated financial statements for the year ended December 31, 2015 included in our Annual Report on Form 10-K, and were valued using external valuation specialists. The inputs include discount rates reflecting the credit risk, and the probability of the underlying outcome of the results required by Secured to receive payment and the nature of such payments. The underlying outcomes are subject to the target results in the respective instruments or agreement. These liabilities are included in Level 3 of the fair value hierarchy.

Noncompete obligation. Our noncompete obligation, an exclusivity agreement with the developer of the A.R.I.E.S System as described in Note 11 is primarily valued using nonbinding market prices as stated in the agreement that are corroborated by observable market data. The inputs and fair value are reviewed for reasonableness and may be further validated by comparison to publicly available information or compared to multiple independent valuation sources. The noncompete obligation is classified within Level 2 of the fair value hierarchy.

The carrying amounts of financial assets and liabilities reported in the accompanying condensed consolidated balance sheets for cash and cash equivalents, restricted cash, credit card transactions receivable, accounts receivable, advanced commissions, carriers and vendors payable, commissions payable, line of credit, and accounts payable and accrued expenses as of June 30, 2016 and December 31, 2015, respectively, approximate fair value because of the short-term duration of these instruments.

As of June 30, 2016, our liabilities measured at fair value were as follows ($ in thousands):

	Carrying Value as of June 30, 2016	Fair Value Measurement as of June 30, 2016		
		Level 1	Level 2	Level 3
Liabilities:				
Noncompete obligation	$ 202	$ —	$ 202	$ —
Contingent acquisition consideration	—	—	—	—
	$ 202	$ —	$ 202	$ —

As of December 31, 2015, our liabilities measured at fair value were as follows ($ in thousands):

	Carrying Value as of December 31, 2015	Fair Value Measurement as of December 31, 2015		
		Level 1	Level 2	Level 3
Liabilities:				
Noncompete obligation	$ 291	$ —	$ 291	$ —
Contingent acquisition consideration	532	—	—	532
	$ 823	$ —	$ 291	$ 532

A summary of the changes in the fair value of liabilities carried at fair value that have been classified in Level 3 of the fair value hierarchy was as follows ($ in thousands):

	Contingent Acquisition Consideration
Balance as of January 1, 2015	$ 4,400
Issuance and settlements, net	(2,603)
Realized gain included in income	(1,265)
Balance as of December 31, 2015	$ 532
Issuance and settlements, net	(532)
Realized gain included in income	—
Balance as of June 30, 2016	$ —

Realized and unrealized loss on the contingent acquisition consideration are included in fair value adjustment of contingent consideration on the accompanying condensed consolidated statements of operations.

13. Segment Information

Operating segments are defined as components of an enterprise about which separate financial information is available that is evaluated regularly by the chief operating decision maker ("CODM"), or decision-making group, in deciding how to allocate resources and in assessing performance. During the three months ended March 31, 2015, we had two reportable segments: IPD and HP; however during the three months ended June 30, 2015, the structure of our organization changed such that our President and Chief Executive Officer became our named CODM. HP is viewed by our CODM as a component of the operations comprising the IPD segment. The CODM reviews our financial information in a manner substantially similar to the accompanying consolidated financial statements. As such, at June 30, 2016 and December 31, 2015, we had one reportable operating and geographic segment.

14. Related Party Transactions

Health Plan Intermediaries, LLC

HPI and its subsidiary HPIS, which are beneficially owned by Mr. Kosloske, are related parties by virtue of their Series B Membership Interests in HPIH, of which we are managing member. During the six months ended June 30, 2016 and 2015, HPIH paid cash distributions of $68,000 and $657,000, respectively, for these entities related to estimated federal and state income taxes, pursuant to the operating agreement entered into by HPIH and HPI.

Tax Receivable Agreement

As discussed in Note 11, on February 13, 2013, we entered into a tax receivable agreement with the holders of the HPIH Series B Membership Interests, which holders are beneficially owned by Mr. Kosloske.

As of June 30, 2016, we have made no such payments under the TRA. As of June 30, 2016, we would be obligated to pay $1.2 million pursuant to the TRA, of which $790,000 is included in current liabilities and $387,000 is included in long-term liabilities on the accompanying condensed consolidated balance sheets. As of December 31, 2015, $748,000 was payable pursuant to the TRA, of which $342,000 was included in current liabilities and $406,000 was included in long-term liabilities on the accompanying condensed consolidated balance sheets. Our total liability pursuant to the TRA for exchange transactions completed through June 30, 2016 would be $11.3 million if we generate sufficient taxable income in the future.

Reinsurance

Insurance carriers with which we do business often reinsure a portion of their risk. From time to time, entities owned or affiliated with Michael Kosloske, serve as reinsurers for insurance carriers that offer products sold by HPIH.

ITEM 2—MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

We have made statements in Management's Discussion and Analysis of Financial Condition and Results of Operations below and in other sections of this report that are forward-looking statements. All statements other than statements of historical fact included in this quarterly report are forward-looking statements. You can identify forward-looking statements by the fact that they do not relate strictly to historical or current facts. These statements may include words such as "may," "might," "will," "should," "expects," "plans," "anticipates," "believes," "estimates," "predicts," "potential" or "continue," the negative of these terms and other comparable terminology. These forward-looking statements, which are subject to risks, uncertainties and assumptions about us, may include projections of our future financial performance, our anticipated growth strategies, anticipated trends in our business and other future events or circumstances. These statements are only predictions based on our current expectations and projections about future events. There are important factors that could cause our actual results, level of activity, performance or achievements and other future events or circumstances to differ materially from the results, level of activity, performance or achievements, events or circumstances expressed or implied by the forward-looking statements, including those factors discussed in "Part I. – Item 1A. Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2015 and those factors, if any, discussed in "Part II – Item 1A. Risk Factors" below. You should specifically consider the numerous risks outlined under "Part I. – Item 1A. Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2015 and "Part II – Item 1A. Risk Factors" below.

We cannot guarantee future results, level of activity, performance, achievements, events or circumstances. We are under no duty to update any of these forward-looking statements after the date of this report to conform our prior statements to actual results or revised expectations.

Overview

Health Insurance Innovations, Inc. is a Delaware corporation incorporated on October 26, 2012. In this quarterly report, unless the context suggests otherwise, references to the "Company," "we," "us" and "our" refer (1) prior to the February 13, 2013 closing of an initial public offering ("IPO") of the Class A common stock of Health Insurance Innovations, Inc. and related transactions, to Health Plan Intermediaries, LLC ("HPI") and its consolidated subsidiaries and (2) after the IPO and related transactions, to Health Insurance Innovations, Inc. and its consolidated subsidiaries. The terms "HII", "HPIH", and "ICE" refer to the following entities on a stand-alone basis: Health Insurance Innovations, Inc., Health Plan Intermediaries Holdings, LLC, and Insurance Center for Excellence, LLC, respectively. The term "Secured" refers to (a) prior to or at the time of their July 17, 2013 acquisition by us, Sunrise Health Plans, Inc., Sunrise Group Marketing, Inc. and Secured Software Solutions, Inc., collectively, and (b) following our July 17, 2013 acquisition, the entities described in (a) and the limited liability companies into which such entities were converted shortly following such acquisition. The terms "HealthPocket" or "HP" refer to HealthPocket, Inc., our wholly owned subsidiary which was acquired by HPIH on July 14, 2014. The term "ASIA" refers to American Service Insurance Agency LLC, a wholly owned subsidiary which was acquired by HPIH on August 8, 2014. HPIH, ICE, Secured, HP and ASIA are consolidated subsidiaries of HII.

We are a developer, distributor, and virtual administrator of affordable cloud-based individual health and family insurance plans and supplemental products. In May 2015, we launched www.AgileHealthInsurance.com, an online direct-to-consumer website, primarily using internal resources at HP.

Our Products

We are an industry leader in the sale of individual and family medical insurance plans ("IFP"), which include short-term medical ("STM") insurance plans and guaranteed-issue and underwritten hospital indemnity plans.

STM plans provide up to six, eleven or twelve months of health insurance coverage with a wide range of deductible and copay levels. STM plans generally offer qualifying individuals comparable benefits for fixed short-term durations with premiums that are substantially more affordable than the premiums of individual major medical ("IMM") plans which offer lifetime renewable coverage. STM plans feature a streamlined underwriting process offering immediate coverage options. Hospital indemnity plans are guaranteed-issue and underwritten plans that pay fixed cash benefits for covered procedures and services for individuals under the age of 65. We also offer a variety of additional insurance and non-insurance products such as pharmacy benefit cards, dental plans, vision plans, cancer/critical illness plans, deductible and gap protection plans and life insurance policies that are frequently purchased as supplements to IFP.

On June 10, 2016, the Internal Revenue Service, the Employee Benefits Security Administration, and the U.S Department of Health and Human Services, collectively "HHS," proposed a rule, 2016-13583, that potentially impacts short-term, limited-duration insurance, or STM. The rule potentially limits STM duration to three months without the ability for consumers to re-apply or extend the overall duration of the coverage. After the open comment period, we expect HHS to review stakeholder comments and respond within 60 to 90 days thereafter. If no changes are made to the proposal, the rule would go into effect on January 1, 2017.

We design and structure these products on behalf of insurance carriers and market them to individuals through our internal and external distribution network. We manage member relations via our online member portal, which is available 24 hours a day, seven days a week. Our online enrollment process allows us to aggregate and analyze consumer data and purchasing habits to track market trends and drive product innovation.

Our scalable, proprietary, and web-based technology platform provides customers, whom we refer to as members, immediate access to the products we sell through our owned and third-party distribution channels. The health insurance products we develop are underwritten by insurance carriers, and we assume no underwriting, insurance or reimbursement risk. Members can tailor product selections to meet their personal insurance and budget needs, buy policies and print policy documents and identification cards in real-time. Our technology platform uses abbreviated online applications, some with health questionnaires, to provide an immediate accept or reject decision for products that we offer. Once an application is accepted, individuals can use our automated payment system to complete the enrollment process and obtain instant electronic access to their policy fulfillment documents, including the insurance policy, benefits schedule and identification cards. We receive credit card and Automated Clearing House ("ACH") payments directly from members at the time of sale. Our technology platform provides operating leverage as we add members and reduces the costs associated with marketing, selling, underwriting and administering policies.

Our sales of IFP and supplemental products focus on the large and under-penetrated segment of the U.S. population who are uninsured or underinsured. These respective classes include individuals not covered by employer-sponsored insurance plans, such as the self-employed, small business owners and their employees, individuals who are unable to afford the rising cost of IMM premiums, underserved "gap populations" that require insurance due to changes caused by life events: new graduates, divorcees, early retirees, military discharges, the unemployed, part-time and seasonal employees and customers seeking health insurance between the open enrollment periods created under the Patient Protection and Affordable Care Act ("PPACA").

We also provide consumers with access to health insurance information search and comparison technology through our website, HealthPocket.com. This free website allows consumers to easily and clearly compare and rank all health insurance plans available for an individual, family, or small business, empowering consumers to make health plan decisions and reduce their out-of-pocket costs. In addition, the data aggregated by HealthPocket ("HP") is used to research consumer needs and to measure product demand to help us design and manufacture high-demand insurance products.

As the managing general underwriter of our individual health insurance plans and supplemental products, we receive substantially all amounts due in connection with the plans we sell on behalf of the providers of the services, third-party commissions and referral fees. We refer to these total collections as premium equivalents, which typically represent a combination of premiums, fees for discount benefit plans (a non-insurance benefit product that supplements or enhances an insurance product), fees for distributors, our enrollment fees, and third-party commissions and referral fees. From premium equivalents, we remit risk premium to carriers and amounts earned by discount benefit plan providers, who we refer to as third-party obligors, such carriers and third-party obligors being the ultimate parties responsible for providing the insurance coverage or discount benefits to the member. Our revenues consist of the balance of the premium equivalents.

We collect premium equivalents upon the initial sale of the plan and then monthly upon each subsequent periodic payment under such plan. We receive most premium equivalents through online credit card or ACH processing. As a result, we have limited accounts receivable. We remit the risk premium to the applicable carriers and the amounts earned by third-party obligors on a monthly basis based on the respective compensation arrangements.

As of June 30, 2016, we had 258,425 total plans in force, compared with 113,154 on June 30, 2015. For the three months ended June 30, 2016, our premium equivalents and revenues were $77.0 million and $44.5 million, respectively, representing increases of 99.8% and 95.6% when compared to the three months ended June 30, 2015. For the six months ended June 30, 2016, our premium equivalents and revenues were $147.7 million and $87.0 million, respectively, representing increases of 92.3% and 92.1%, respectively, when compared to the six months ended June 30, 2015. For more detail about the use of premium equivalents as a business metric and a reconciliation of premium equivalents to revenues, see "Key Business Metrics—Premium Equivalents" below.

In 2015, we launched a direct-to-consumer insurance website that allows consumers to research health insurance trends, comparison shop, and purchase IFP under the AgileHealthInsurance® brand. AgileHealthInsurance.com is one of the few internet sites dedicated to helping consumers understand the benefits of Term Health Insurance. We use the term "Term Health Insurance" to refer to health insurance products of less than one year in duration, such as STM. These new plans are the culmination of extensive research on health insurance needs in the PPACA era, and we believe consumers will easily be able to find affordable prices for these plans on AgileHealthInsurance.com. AgileHealthInsurance.com utilizes what we believe is a best-of-class plan comparison and online enrollment tool to accompany these new plans. The underlying technology was developed, and continues to be developed, by engineers with decades of experience working on top-tier e-Commerce websites known for their ease-of-use.

Key Business Metrics

In addition to traditional financial metrics, we rely upon the following key business metrics to evaluate our business performance and facilitate long-term strategic planning:

Premium equivalents. We define this metric as our total collections, including the combination of premiums, fees for discount benefit plans, enrollment fees, and third-party commissions and referral fees. All amounts not paid out as risk premium to carriers or paid out to other third-party obligors are considered to be revenues for financial reporting purposes. We have included premium equivalents in this report because it is a key measure used by our management to understand and evaluate our core operating performance and trends, to prepare and approve our annual budget and to develop short- and long-term operational plans. In particular, the inclusion of premium equivalents can provide a useful measure for period-to-period comparisons of our business. This financial measurement is considered a non-GAAP financial measure and is not recognized under generally accepted accounting principles in the United States of America ("GAAP") and should not be used as, and is not an alternative to, revenues as a measure of our operating performance.

The following table presents a reconciliation of premium equivalents to revenues for the three and six months ended June 30, 2016 and 2015 ($ in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
Premium equivalents	$ 76,977	$ 38,531	$ 147,717	$ 76,812
Less risk premium	30,942	14,962	57,824	29,868
Less amounts earned by third party obligors	1,541	822	2,909	1,656
Revenues	$ 44,494	$ 22,747	$ 86,984	$ 45,288

Plans in force. We consider a plan to be in force when we have issued a member his or her insurance policy or discount benefit plan and have collected the applicable premium payments and/or discount benefit fees. Our plans in force are an important indicator of our expected revenues, as we receive a monthly commission for up to six months for our six-month STM plans, up to eleven months for our eleven months plans, up to twelve months for our approximately twelve-month (i.e., up to 364 days) STM plans and often more than twelve months for our hospital indemnity and discount benefit plans, provided that the policy or discount benefit plan is not cancelled. A member may be enrolled in more than one policy or discount benefit plan simultaneously. A plan becomes inactive upon notification to us of termination of the policy or discount benefit plan, when the member's policy or discount benefit plan expires or following non-payment of premiums or discount benefit fees when due.

The following table presents the number of policies in force by product type as of June 30, 2016 and 2015:

	As of June 30,		
	2016	2015	Change (%)
IFP	120,944	50,674	138.7%
Supplemental products	137,481	62,480	120.0%
Total	258,425	113,154	128.4%

Adjusted gross margin. We define adjusted gross margin as revenue less third-party commissions and credit card and ACH fees. Adjusted gross margin does not represent, and should not be considered as, an alternative to revenues, as determined in accordance with GAAP. Adjusted gross margin is a key measure used by our management to understand and evaluate our core operating performance and trends, to prepare and approve our annual budget and to develop short-term and long-term operational plans. In particular, adjusted gross margin can provide a useful measure for period-to-period comparisons of our business. Adjusted gross margin has limitations as an analytical tool, and you should not consider it in isolation or as a substitute for analysis of our results as reported under GAAP.

The following table presents a reconciliation of premium equivalents and revenues to adjusted gross margin for the three and six months ended June 30, 2016 and 2015 ($ in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
Premium equivalents	$ 76,977	$ 38,531	$ 147,717	$ 76,812
Less risk premium	30,942	14,962	57,824	29,868
Less amounts earned by third party obligors	1,541	822	2,909	1,656
Revenues	44,494	22,747	86,984	45,288
Third-party commissions	25,859	11,260	51,849	22,094
Credit card and ACH fees	974	527	1,857	1,012
Adjusted gross margin	$ 17,661	$ 10,960	$ 33,278	$ 22,182

EBITDA. We define this metric as net income (loss) before interest expense, income taxes and depreciation and amortization. We have included EBITDA in this report because it is a key measure used by our management and board of directors to understand and evaluate our core operating performance and trends, to prepare and approve our annual budget and to develop short- and long-term operational plans. In particular, the exclusion of certain expenses in calculating EBITDA can provide a useful measure for period-to-period comparisons of our business. However, EBITDA does not represent, and should not be considered as, an alternative to net income or cash flows from operations, each as determined in accordance with GAAP. Other companies may calculate EBITDA differently than we do. EBITDA has limitations as an analytical tool, and you should not consider it in isolation or as a substitute for analysis of our results as reported under GAAP.

Adjusted EBITDA. To calculate adjusted EBITDA, we calculate EBITDA, which is then further adjusted for items that are not part of regular operating activities, including acquisition costs, restructuring costs, contract termination costs, and other non-cash items such as non-cash stock-based compensation. Adjusted EBITDA does not represent, and should not be considered as, an alternative to net income or cash flows from operations, each as determined in accordance with GAAP. We have presented adjusted EBITDA because we consider it an important supplemental measure of our performance and believe that it is frequently used by analysts, investors and other interested parties in the evaluation of companies. Other companies may calculate adjusted EBITDA differently than we do. Adjusted EBITDA has limitations as an analytical tool, and you should not consider it in isolation or as a substitute for analysis of our results as reported under GAAP.

The following table presents a reconciliation of net income to EBITDA and adjusted EBITDA for the three and six months ended June 30, 2016 and 2015 ($ in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
Net income (loss)	$ 4,270	$ (538)	$ 6,556	$ (282)
Interest expense (income)	100	(10)	155	(17)
Depreciation and amortization	797	784	1,532	1,568
Provision for income taxes	537	373	921	37
EBITDA	5,704	609	9,164	1,306
Non-cash stock-based compensation	482	626	969	687
Fair value adjustment to contingent consideration	15	105	15	(386)
Transaction costs	—	—	—	24
Tax receivable agreement liability adjustment	244	(19)	429	106
Other non-recurring charges	103	468	222	398
Adjusted EBITDA	$ 6,548	$ 1,789	$ 10,799	$ 2,135

Adjusted net income. To calculate adjusted net income, we calculate net income then add back amortization (but not depreciation), interest, tax expense and other items that are not part of regular operating activities, including acquisition costs, restructuring costs, contract termination costs, tax receivable agreement liability adjustments, and other non-cash items such as non-cash stock-based compensation and fair value adjustment to contingent consideration. From adjusted pre-tax net income we apply a pro forma tax expense calculated at an assumed rate of 38%. We believe that when measuring Company and executive performance against the adjusted net income measure, applying a pro forma tax rate better reflects the performance of the Company without regard to the Company's organizational tax structure. We have included adjusted net income in this report because it is a key performance measure used by our management to understand and evaluate our core operating performance and trends and because we believe it is frequently used by analysts, investors and other interested parties in their evaluation of our company. Other companies may calculate this measure differently than we do. Adjusted net income has limitations as an analytical tool, and you should not consider it in isolation or substitution for earnings per share as reported under GAAP.

Adjusted net income per share. Adjusted net income per share is computed by dividing adjusted net income by the total number of diluted Class A and Class B shares of our common stock for each period. We have included adjusted net income per share in this report because it is a key measure used by our management to understand and evaluate our core operating performance and trends and because we believe it is frequently used by analysts, investors and other interested parties in the evaluation of companies. Other companies may calculate this measure differently than we do. Adjusted net income per share has limitations as an analytical tool, and you should not consider it in isolation or as a substitute for earnings per share as reported under GAAP.

The following table presents a reconciliation of net income (loss) to adjusted net income and adjusted net income per share for the three and six months ended June 30, 2016 and 2015 (in thousands, except per share data):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
Net income (loss)	$ 4,270	$ (538)	$ 6,556	$ (282)
Interest expense (income)	100	(10)	155	(17)
Amortization	557	784	1,115	1,472
Provision for income taxes	537	373	921	37
Non-cash stock-based compensation	482	626	969	687
Fair value adjustment to contingent consideration	15	105	15	(386)
Transaction costs	—	—	—	24
Tax receivable agreement liability adjustment	244	(19)	429	106
Other non-recurring charges	103	468	222	398
Adjusted pre-tax income	6,308	1,789	10,382	2,039
Pro forma income taxes	(2,397)	(680)	(3,945)	(775)
Adjusted net income	$ 3,911	$ 1,109	$ 6,437	$ 1,264
Total weighted average diluted share count	14,575	14,358	14,558	14,358
Adjusted net income per share	$ 0.27	$ 0.08	$ 0.44	$ 0.09

Results of Operations

Comparison of Three and Six Months Ended June 30, 2016 and 2015

Revenues

Our revenues primarily consist of commissions and fees earned for health insurance policies and supplemental products issued to members, enrollment fees paid by members, referral fees, fees for discount benefit plans, and administration fees paid by members as a direct result of our enrollment services, brokerage services or referral sales. Revenues reported by the Company are net of premiums remitted to insurance carriers and fees paid for discount benefit plans.

Commission rates for our products are agreed to in advance with the relevant insurance carrier and vary by carrier and policy type. Under our carrier compensation arrangements, the commission rate schedule that is in effect on the policy effective date governs the commissions over the life of the policy. In addition, we earn enrollment and administration fees on policies issued. All amounts due to insurance carriers and discount benefit vendors are reported and paid to them according to the procedures provided for in the contractual agreements between the individual carrier or vendor and us.

We continue to receive a commission payment until the plan expires or is terminated. Accordingly, a significant portion of our monthly revenues is predictable on a month-to-month basis and revenues increase in direct proportion to the growth we experience in the number of plans in force.

HP's revenue is principally derived from referral fees and marketing fees, licensing fees, limited exclusivity fees, and landing page development fees. HP recognizes revenue when: (1) persuasive evidence exists of an arrangement with the customer reflecting the terms and conditions under which products or services will be provided; (2) delivery has occurred or services have been provided; (3) the fee is fixed or determinable; and (4) collection is reasonably assured.

Revenues for the three months ended June 30, 2016 were $44.5 million, an increase of $21.7 million, or 95.6%, compared to the same period in 2015. Revenues for the six months ended June 30, 2016 were $87.0 million, an increase of $41.7 million, or 92.1%, compared to the same period in 2015. The increases were primarily due to the increase in the number of policies in force. The increase in policies in force was due primarily to continued consumer demand for our affordable healthcare products outside of the ACA open enrollment period and the enhancement of our distribution system, including our ecommerce division, AgileHealthInsurance.com. Premium equivalents for the six months ended June 30, 2016 increased $70.9 million whereas risk premiums and third-party expenses which are subtracted from premium equivalents to arrive at revenue, increased by $29.2 million.

Third-party Commissions

Our third-party commissions consist of fees and commissions paid to distributors for selling our products to members, which we pay monthly for existing members and on a weekly basis for new members. Generally, we expect third-party commissions as a percentage of revenue to remain generally consistent with prior periods.

Third-party commissions for the three months ended June 30, 2016 were $25.9 million, an increase of $14.6 million, or 129.7%, compared to the three months ended June 30, 2015. Third-party commissions for the six months ended June 30, 2016 were $51.8 million, an increase of $29.8 million, or 134.7%, compared to the six months ended June 30, 2015. The increases in third-party commissions were primarily due to an increase in the number of policies in force sold through non-owned distributors.

Third-party commissions represented 58.1% and 33.6% of revenues and premium equivalents, respectively, for the three months ended June 30, 2016 as compared to 49.5% and 29.2% of revenues and premium equivalents for the three months ended June 30, 2015. Third-party commissions represented 59.6% and 35.1% of revenues and premium equivalents, respectively, for the six months ended June 30, 2016 as compared to 48.8% and 28.8% of revenues and premium equivalents for the six months ended June 30, 2015. These increases were largely the result of a revenue mix shift towards non-owned call centers and away from owned call centers due to the restructuring of two of our call centers in November 2015 and increased incentives provided to several third-party distributors during the quarter. Third-party commission increases were partially off-set by lower effective commission rates for distributors with advanced commission balances.

Credit Card and ACH Fees

Our credit card and ACH fees are fees paid to our banks and processors for the collection of credit card and ACH payments. We expect credit card and ACH fees as a percentage of revenue to remain generally consistent with prior periods.

Credit card and ACH fees for the for the three months ended June 30, 2016 were $974,000, an increase of $447,000, or 84.8%, compared to the three months ended June 30, 2015. Credit card and ACH fees for the for the six months ended June 30, 2016 were $1.9 million, an increase of $845,000, or 83.5%, compared to the six months ended June 30, 2015. The increase in credit card and ACH fees was primarily due to the increase in the number of policies in force.

Credit card and ACH fees represented 2.2% and 1.3% of revenues and premium equivalents, respectively, for the three months ended June 30, 2016 as compared to 2.3% and 1.4% of revenues and premium equivalents for the three months ended June 30, 2015. Credit card and ACH fees represented 2.1% and 1.3% of revenues and premium equivalents, respectively, for the six months ended June 30, 2016 as compared to 2.2% and 1.3% of revenues and premium equivalents for the six months ended June 30, 2015. These fluctuations are in line with our expectations and consistent over prior year.

Selling, General and Administrative Expense

Our selling, general and administrative ("S, G & A") expenses primarily consist of personnel costs, which include salaries, bonuses, commissions, stock-based compensation, payroll taxes and benefits. S, G & A expenses also include selling and marketing expenses and travel costs associated with obtaining new distributor relationships. In addition, these expenses also include expenses for outside professional services and technology expenses, including legal, audit and financial services and the maintenance of our administrative technology platform and marketing costs for online advertising. In addition, the insurance brokerage operating expenses of Secured, ASIA and ICE are included in this category for the three and six months ended June 30, 2015 but only include ASIA for the three and six months ended June 30, 2016 because of the restructuring that occurred in 2015. See Note 6 of the accompanying condensed consolidated financial statements for further information on the restructuring.

S, G & A expense for the three months ended June 30, 2016 was $11.7 million. This represents an increase of $1.3 million, or 13.0% compared to the three months ended June 30, 2015.

S, G & A expense represented 26.3% and 15.2% of revenues and premium equivalents, respectively, for the three months ended June 30, 2016 as compared to 45.5% and 26.9% of revenues and premium equivalents for the three months ended June 30, 2015.

The decrease in S, G & A expenses as a percentage of revenue for the three months ended June 30, 2016 compared to the same period 2015 was primarily attributable to the restructuring of ICE and Secured in December of 2015 which reduced duplicative processes and consequently S, G & A expenses incurred at those entities.

S, G & A expense for the six months ended June 30, 2016 was $23.7 million. This represents an increase of $2.2 million, or 10.0% compared to the six months ended June 30, 2015.

S, G & A expense represented 27.2% and 16.0% of revenues and premium equivalents, respectively, for the six months ended March 31, 2016 as compared to 47.5% and 28.0% of revenues and premium equivalents for the six months ended June 30, 2015.

The decrease in S, G & A expenses for the six months ended June 30, 2016 compared to the same period 2015 was primarily attributable to the restructuring of ICE and Secured in December of 2015 which reduced duplicative processes and consequently S, G & A expenses incurred at those entities.

Depreciation and Amortization

Depreciation and amortization expense is primarily related to the amortization of acquired intangible assets as well as depreciation of property and equipment used in our business.

Depreciation and amortization expense for the three months ended June 30, 2016 was $797,000, an increase of $13,000, or 1.7%, compared to the three months ended June 30, 2015. Depreciation and amortization expense for the six months ended June 30, 2016 was $1.5 million, a decrease of $36,000, or (2.3%), compared to the six months ended June 30, 2015. The decrease in depreciation and amortization was primarily driven by the write-off of assets associated with the restructuring in 2015 offset by the amortization of acquired intangible assets. See Note 6 of the accompanying condensed consolidated financial statements for further information on the restructuring.

Restructuring Expense

During the last quarter of the year ended December 31, 2015, the Company committed to and communicated a plan to restructure its operations at ICE and Secured. The Company determined the services of ICE and Secured to be duplicative and recognized that efficiencies could be gained by leveraging these operations with other owned call centers. As of December 31, 2015, the restructuring plan was communicated to employees and substantially complete.

No expense related to restructuring activities was recorded during the three and six months ended June 30, 2016. As of June 30, 2016, the remaining liability associated with the restructuring is $81,000 and is included in the condensed consolidated balance sheet as accounts payable and accrued expenses. At December 31, 2015, $1.3 million was included in the consolidated balance sheet as accounts payable and accrued expenses.

All liabilities associated with the restructuring approximate their fair values. All recorded liabilities are classified as current within the consolidated balance sheet. See Note 6 of the accompanying condensed consolidated financial statements for further information about our restructuring activities.

Other Income (Expense)

Other expense was $245,000 for the three months ended June 30, 2016 and $105,000 of income for the three months ended June 30, 2015. Other expense was $432,000 and $253,000 of income for the six months ended June 30, 2016 and 2015, respectively. Of the other expense as of June 30, 2016, $429,000 related to expenses recorded pursuant to a Tax Receivable Agreement ("TRA"). Other income of $253,000 for the six months ended June 30, 2015 included a $189,000 gain on the deconsolidation of SIL and $182,000 in fees related to advancing of commissions. These increases were partially offset by $106,000 of expenses recorded pursuant to the TRA.

Provision (Benefit) for Income Taxes

For the three months ended June 30, 2016 and 2015, we recorded a respective provision and benefit for income taxes of $539,000 and $373,000, reflecting an effective tax rate of 11.2% and (226.1%), respectively. For the six months ended June 30, 2016 and 2015, we recorded a respective provision and benefit for income taxes of $924,000 and $37,000, reflecting an effective tax rate of 12.4% and (15.1%), respectively. The effective tax rate for the six months ended June 30, 2016 and 2015 were significantly impacted by a change in the valuation allowance provided against our deferred tax assets as we believe it is more likely than not that some of our deferred tax assets will not be realized. See Note 10 of the accompanying condensed financial statements for further information on income taxes and the effective tax rates.

Noncontrolling Interests

We are the sole managing member of HPIH and have 100% of the voting rights and control. As of June 30, 2016, we had a 53.3% economic interest in HPIH, and HPI had a 46.7% economic interest in HPIH. HPI's interest in HPIH is reflected as a noncontrolling interest on our accompanying condensed consolidated financial statements.

Net income attributable to HII for the respective three and six months ended June 30, 2016 included HII's share of its consolidated entities' net income and loss, and a provision for income taxes of $537,000 and $921,000. Net loss attributable to HII for the three and six months ended June 30, 2015 included HII's share of its consolidated entities' net loss, a provision for income taxes of $373,000 and $37,000, respectively.

On August 15, 2014, we entered into an underwriting agreement with Raymond James & Associates, Inc., as the underwriter, and HPI and HPIS, as the selling stockholders (the "Selling Stockholders"). Pursuant to the underwriting agreement and the Exchange Agreement, we issued 1,725,000 shares of Class A common stock, at a public offering price of $12.15 per share ($11.54 per share, net of underwriting discounts), for net proceeds of $19.9 million. We immediately used these proceeds to acquire Series B Membership Interests, together with an equal number of shares of our Class B common stock from the Selling Stockholders. These Series B Membership Interests were immediately recapitalized into Series A Membership Interests in HPIH. The Selling Stockholders agreed to sell to the underwriter for resale all 1,725,000 shares of Class A common stock. No shares were sold by the Company in this offering, and the Company did not receive any of the proceeds from the sale by the Selling Stockholders. The sale by the Selling Stockholders was made pursuant to the registration statement on Form S-3 described above. No other shares of Class A common stock have been issued or sold pursuant to the registration statement on Form S-3. See Note 7 of the accompanying condensed consolidated financial statements for more information on this transaction and the Exchange Agreement.

Liquidity and Capital Resources

General

As of June 30, 2016, we had $9.3 million of cash and cash equivalents.

We believe that our available cash and cash flows expected to be generated from operations will be adequate to satisfy our current and planned operations for at least the next 12 months, although we can give no assurances concerning future liquidity.

Our Indebtedness

On December 15, 2014, we entered into the RLOC for $15.0 million with a bank. As of June 30, 2016, we have drawn $14 million against the line of credit primarily in support of expanding the advanced commission program. The purpose of the RLOC is to provide working capital, expand the advanced commission program, and to help us maintain adequate liquidity. Borrowings under the facility are secured by all of our and our subsidiaries' assets, including, but not limited to, cash, accounts receivable, and property and equipment. While the Company does not expect to continue the same degree of historic expansion with the advanced commission program, the Company is in pursuit of additional sources of funding to complement the program should additional growth be appropriate.

Cash Flows

The following summary of cash flows for the periods indicated has been derived from our financial statements included elsewhere in this report.

Cash Flows from Operating Activities

Cash used in operating activities for the six months ended June 30, 2016 was primarily the result of a $8.3 million increase in advanced commissions and an increase in restricted cash of $7.8 million. These uses of cash were partially offset by a $3.4 million increase in accounts payable, accrued expenses and other liabilities. Cash used in operating activities for the six months ended June 30, 2015 was primarily the result of a $4.8 million increase in advanced commissions and an $808,000 decrease in accounts payable and accrued liabilities. These uses of cash were partially offset by a decrease to accounts receivable and other assets of $905,000 and a $704,000 decrease in restricted cash.

Cash Flows from Investing Activities

Our primary investing activities for the six months ended June 30, 2016 were attributable to capitalized internal-use software and website development costs of $1.6 million. Our primary investing activities for the six months ended June 30, 2015 included the issuance of a revolving note receivable of $1.0 million to one of our distributors and $795,000 of capitalized website development costs, partially offset by maturities of certificates of deposits classified as held-to-maturity investments of $461,000.

Cash Flows from Financing Activities

During the six months ended June 30, 2016, cash provided by financing activities of $5.8 million was primarily driven by the proceeds of $7.5 million from borrowing under the revolving line of credit, partially offset by payments of $1.0 million toward the pay down of the RLOC, $532,000 of contingent acquisition consideration, $96,000 of payments for noncompete obligations and $68,000 in member distributions. During the six months ended June 30, 2015, cash used in financing activities was $3.4 million, consisting primarily of $2.1 million in payments of contingent acquisition consideration, $657,000 in distributions to members of HPIH and $520,000 to repurchase shares of our Class A common stock under a share repurchase plan.

Revolving Line of Credit

The purpose of the RLOC is to provide working capital, expand the advanced commissions program, and to help us maintain adequate liquidity. Borrowings under this facility are secured by all of our and our subsidiaries' assets, including, but not limited to, cash, accounts receivable, and property and equipment. The stated interest rate for the RLOC is 30-day LIBOR, plus 1.95%. As of June 30, 2016, we have drawn $14 million against the RLOC primarily to support the expansion of the advanced commissions program.

The RLOC is subject to customary covenants and restrictions which, among other things, require us to maintain minimum working capital equal to 1.50 times the outstanding balance, and require that our maximum funded debt to tangible net worth ratio shall not exceed 1.50 at any time during the term of the RLOC. The RLOC also imposes certain nonfinancial covenants on us that would require immediate payment if we, among other things, reorganize, merge, consolidate, or otherwise change ownership or business structure without the bank's prior written consent.

The RLOC agreements also contain customary representations and warranties and events of default. The payment of outstanding principal under the RLOC and accrued interest thereon may be accelerated and become immediately due and payable upon default of payment or other performance obligations or failure to comply with financial or other covenants in the RLOC agreements, subject to applicable notice requirements and cure periods as provided in the RLOC agreements.

Under the terms of the RLOC, we incurred certain costs related to acquiring the RLOC of $23,000. These costs have been capitalized and are included in consolidated balance sheet at June 30, 2016. The financing costs consist primarily of consulting and legal fees directly related to the bank loan. These amounts are amortized over the life of the related debt. The unamortized balance as of June 30, 2016 was $11,000.

Critical Accounting Policies and Estimates

Our financial statements are prepared in accordance with GAAP. The preparation of these financial statements requires our management to make estimates, assumptions and judgments that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the applicable periods. We base our estimates, assumptions and judgments on historical experience and on various other factors that we believe to be reasonable under the circumstances. Different assumptions and judgments could change the estimates used in the preparation of our financial statements, which, in turn, could change the results from those reported. We evaluate our estimates, assumptions and judgments on an ongoing basis. The critical accounting estimates, assumptions and judgments that we believe have the most significant impact on our financial statements are described below. We have elected under the JOBS Act to delay adoption of new or revised accounting pronouncements applicable to public companies until such pronouncements are made applicable to private companies. As a result of this election, our financial statements may not be comparable to companies that comply with public company effective dates.

Restricted Cash

In our capacity as the policy administrator, we collect premiums from members and distributors and, after deducting our earned commission and fees, remit these premiums to our contracted insurance carriers, discount benefit vendors and distributors. Where contractually obligated, we hold the unremitted funds in a fiduciary capacity until they are disbursed, and the use of such funds is restricted. We hold these funds in bank accounts. These unremitted amounts are reported as restricted cash in the accompanying condensed consolidated balance sheets with the related liabilities reported in accounts payable. The Company previously referred to such restricted cash as cash held on behalf of others.

The Company also holds restricted cash as pledged deposits with certain institutions of which the Company owns but cannot access. These deposits are contractually required and are pledged as security for such institutions. At June 30, 2016, $5.0 million was held restricted for this purpose. No such amounts were restricted as of December 31, 2015.

Revenue Recognition

Our revenues consist primarily of commissions earned for health insurance policies and discount benefit plans issued to members, enrollment fees paid by members, and administration fees paid by members as a direct result of our enrollment services. The members' payments include a combination of risk premium, fees for discount benefit plans and an enrollment fee, which are collectively referred to as "premium equivalents." Revenues reported by the Company are net of premiums remitted to insurance carriers and fees paid for discount benefit plans. Revenues are net of an allowance for policies expected to be cancelled by members during a limited cancellation period. We establish an allowance for estimated policy cancellations through a charge to revenues. The allowance is estimated using historical data to project future experience. Such estimates and assumptions could change in the future as more information becomes known, which could impact the amounts reported. We periodically review the adequacy of the allowance, which generally has been accurate in the past, and record adjustments as necessary. Historically, the variation of those estimates to actual results is immaterial and material variation is not expected in the future. The net allowance for estimated policy cancellations as of June 30, 2016 and December 31, 2015 was $324,000 and $352,000, respectively.

Revenue is earned at the time of sale. Commission rates for our products are agreed to in advance with the relevant insurance carrier and vary by carrier and policy type. Under our carrier compensation arrangements, the commission rate schedule that is in effect on the policy effective date governs the commissions over the life of the policy. In addition, we earn enrollment and administration fees on policies issued. All amounts due to insurance carriers and discount benefit vendors are reported and paid to them according to the procedures provided for in the contractual agreements between the individual carrier or vendor and us. Premiums are typically reported and remitted to insurance carriers on the 15th of the month following the end of the month in which they are collected.

In concluding that revenues should be reported on a net basis, we considered Financial Accounting Standards Board ("FASB") requirements and whether we have the responsibility to provide the goods or services to the customer or if we rely on a supplier to provide the goods or services to the customer. We are not the ultimate party responsible for providing the insurance coverage or discount benefits to the member and, therefore, we are not the primary obligor in the arrangement. The supplier, or insurance carrier, bears the risk for that insurance coverage. We therefore report our revenues net of amounts paid to the contracted insurance carrier companies and discount benefit vendors.

HP's revenue is principally derived from referral and marketing fees, limited exclusivity fees, and landing page development fees. HP recognizes revenue when: (1) persuasive evidence exists of an arrangement with the customer reflecting the terms and conditions under which products or services will be provided; (2) delivery has occurred or services have been provided; (3) the fee is fixed or determinable; and (4) collection is reasonably assured.

Revenue is considered earned when the performance measures have been completed. Deposits (whether refundable or non-refundable), early payments and progress payments are not recognized as revenue until the revenue producing event has occurred.

Marketing fee revenue. HP offers marketing services over a specified term. This fee is related to telephone and website traffic received by HealthPocket.com for the customer and is recognized ratably over the life of the specified term of the marketing services. There are two ways marketing fee revenue is determined: lead fee revenue and conversion fee revenue. HP offers lead marketing services in the form of providing leads to customers. Revenue for leads provided is recognized based on the contractually agreed price per lead multiplied by the number of leads provided by HP during the period. HP offers conversion marketing services in the form of providing leads to customers with revenue recognized on a cost per acquisition basis. Revenue is calculated based on the number of qualifying conversions generated by HP leads. The customer collects conversion data and provides a contractually agreed periodical report to HP. Revenue is recognized based on the agreed price per lead conversion multiplied by the number of leads converted during the period.

Limited exclusivity fee revenue. HP offers to certain customers limited exclusivity for placement of advertisements on the HealthPocket website for a fee. This fee is recognized on a straight-line basis over the life of the limited exclusivity term

Landing page development. HP offers to design, build and support a customer's hosting of certain landing pages for the purpose of capturing e-leads and phone calls. Revenue for this service is recognized on a straight-line basis over the life of the support period of the landing pages.

Goodwill and Other Intangible Assets

Goodwill

As a result of our various acquisitions, we have recorded goodwill which represents the excess of the consideration paid over the fair value of the identifiable net assets acquired in a transaction accounted for as a business combination. An impairment test is performed by us at least annually as of October 1st of each year, or whenever events or circumstances indicate a potential for impairment.

Under FASB guidance, we have the option of performing a qualitative assessment to determine whether based on the facts and circumstances it is more likely than not that the fair value of the reporting unit exceeds the carrying value of its net assets. A qualitative assessment will require judgments involving relevant factors, including but not limited to, changes in the general economic environment, industry and regulatory considerations, current economic performance compared to historical economic performance and other relevant company-specific events such as changes in management, key personnel or business strategy, where applicable. If we elect to bypass the qualitative assessment, or if we determine, based upon our assessment of those qualitative factors that it is more likely than not that the fair value of the reporting unit is less than its carrying value, a quantitative assessment for impairment is required. As of June 30, 2016 we have one reporting unit and the most recent impairment assessment as of June 30, 2016 did not indicate impairment. See Note 13 of the accompanying condensed consolidated financial statements for further information on our change in reporting units.

The quantitative assessment for evaluating the potential impairment of goodwill involves a two-step assessment process which requires significant estimates and judgments by us to be used during the analysis. In step one we determine if there is an indication of goodwill impairment by determining the fair value of the reporting unit's net assets and comparing that value to the reporting unit's carrying value including the goodwill. If the carrying value of the net assets exceed the fair value, then the second step of the impairment assessment is required. The step two assessment determines if an impairment exists, and if so, the magnitude of the impairment by comparing the estimated fair value of the reporting unit's goodwill with the carrying amount of that goodwill. The excess of the carrying value over the estimated fair value of the goodwill determines the amount of impairment which would then be recorded as a loss on our statement of operations in the year the impairment occurred.

While performing the reporting unit's impairment assessment we use, or have used, a combination of valuation approaches including the market approach and the income approach.

The market approach uses a guideline company methodology, which is based upon a comparison of the reporting unit to similar publicly-traded companies within our industry. We derive a market value of invested capital or business enterprise value for each comparable company by multiplying the price per share of common stock of the publicly traded companies by their total common shares outstanding and adding each company's current level of debt. We calculate a business enterprise multiple based on revenue and earnings from each company, then apply those multiples to our revenue and earnings to calculate a business enterprise value. Assumptions regarding the selection of comparable companies are made based on, among other factors, capital structure, operating environment and industry. As the comparable companies were typically larger and more diversified than our business, multiples were adjusted prior to application to our revenues and earnings to reflect differences in margins, long-term growth prospects and market capitalization.

The income approach uses a discounted debt-free cash flow analysis to measure fair value by estimating the present value of future economic benefits. To perform the discounted debt-free cash flow analysis, we develop a pro forma analysis of the reporting unit to estimate future available debt-free cash flow and discounting estimated debt-free cash flow by an estimated industry weighted average cost of capital based on the same comparable companies used in the market approach. Per FASB guidance, the weighted average cost of capital is based on inputs (e.g., capital structure, risk, etc.) from a market participant's perspective and not necessarily from the reporting unit's perspective. Future cash flow is projected based on assumptions for our economic growth, industry expansion, future operations and the discount rate, all of which require significant judgments by management.

We establish our assumptions and arrive at the estimates used in these calculations based upon our historical experience, knowledge of our industry and by incorporating third-party data, which we believe results in a reasonably accurate approximation of fair value. Nevertheless, changes in the assumptions used could have an impact on our assessment of recoverability. We believe our projected sales are reasonable based on, among other things, available information regarding our industry. We also believe the discount rate is appropriate. The weighted average discount rate is impacted by current financial market trends and will remain dependent on such trends in the future.

After computing a separate business enterprise value under the above approaches, we apply a weighting to them to derive the business enterprise value of the reporting unit. The weightings are evaluated each time a goodwill impairment assessment is performed and give consideration to the relative reliability of each approach at that time. The estimated fair value is then compared to the reporting unit's carrying value. Upon completion of the analysis in step one as of October 1, 2015, we determined that the fair value of the reporting unit exceeded its carrying value. As such, a step two analysis was not required.

During the second quarter of 2016, the Department of Health and Human Services issued a proposal to limit the duration of STM to a period of no longer than three months compared to the current period of up to one year. The proposed rule led to a decline in stock price which was deemed to be a triggering event for a goodwill impairment analysis and accordingly the Company performed step one of the two step impairment test. Upon completion of the step one analysis as of June 30, 2016, we determined that the fair value of the reporting unit exceeded its carrying value. As such, a step two analysis was not required.

See Note 2 in our audited consolidated financial statements for the year ended December 31, 2015 included in our Annual Report on Form 10-K and Note 3 of the accompanying condensed consolidated financial statements for further information on the acquisitions and our goodwill balance as of December 31, 2015 and June 30, 2016, respectively.

Other Intangible Assets

Our other intangible assets arose primarily from the acquisitions described above and consist of a brand, the carrier network, distributor relationships, customer relationships, noncompete agreements and capitalized software. Finite-lived intangible assets are amortized over their useful lives from two to fifteen years. See Note 3 of the accompanying condensed consolidated financial statements for further information on our intangible assets.

Accounting for Stock-Based Compensation

Expense for stock-based compensation is recognized based upon estimated grant date fair value and is amortized over the service period of the awards using the accelerated method. We offer awards which vest based on service conditions, performance conditions or market conditions. For grants of SARs and stock options, we apply the Black-Scholes option-pricing model, Monte Carlo Simulation, or a lattice model, depending on the vesting conditions, in determining the fair value of share-based payments to employees. These models incorporate various assumptions, including expected volatility and expected term. Through November of 2015, expected stock price volatilities were estimated using implied volatilities of comparable publicly-traded companies, given our limited trading history. As of December 2015, volatility is calculated using the Company's trading history. The expected term of awards granted is based on the Company's best estimate and the use of the simplified method for "plain vanilla" awards under GAAP, where applicable.

The resulting compensation expense is recognized over the requisite service period. The requisite service period is the period during which an employee is required to provide service in exchange for an award, which often is the vesting period. Compensation expense is recognized only for those awards expected to vest. In accordance with GAAP, compensation expense is not recognized for awards with performance vesting conditions until it is deemed probable that the underlying performance events will occur. All stock-based compensation expense is classified within S, G & A expense in the condensed consolidated statements of operations. We do not believe there is a reasonable likelihood that there will be a material change in the future estimates or assumptions we use to determine stock-based compensation expense.

Fair Value Measurements

We measure and report financial assets and liabilities at fair value on a recurring basis. Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (referred to as an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs. The fair value of our financial assets and liabilities is determined by using three levels of input, which are defined as follows:

Level 1: Quoted prices in active markets for identical assets or liabilities

Level 2: Quoted prices in active markets for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in markets that are not active, or inputs other than quoted prices that are observable for the asset or liability

Level 3: Unobservable inputs for the asset or liability

The categorization of a financial instrument within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

We utilize the market approach to measure the fair value of our financial assets. As subjectivity exists with respect to many of the valuation techniques, the fair value estimates we have disclosed may not equal prices that we may ultimately realize if the assets are sold or the liabilities are settled with third parties.

Recent Accounting Pronouncements

In the following summary of recent accounting pronouncements, all references to effective dates of FASB guidance relate to nonpublic entities. As noted above, we have elected to delay the adoption of new and revised accounting standards until those standards would otherwise apply to nonpublic companies under provisions of the JOBS Act.

In March 2016, the FASB issued an amendment to its accounting guidance for stock compensation as part of the FASB's simplification initiative. The amendments affect all entities that issue share-based payment awards to their employees. The areas for simplification involve several aspects of the accounting for share-based payment transactions, including the income tax consequences, classification of awards as either equity or liabilities, and classification on the statement of cash flows. Some of the areas for simplification apply only to nonpublic entities. This guidance is effective for fiscal years beginning after December 15, 2017 and interim periods within annual periods beginning after December 15, 2018. Early adoption is permitted. We will adopt this guidance in reporting periods beginning after December 15, 2017.We are currently evaluating the impact of this guidance on our condensed consolidated financial statements.

In February 2016, the FASB issued an amendment to its accounting guidance for leases to increase transparency and comparability by requiring organizations to recognize lease assets and lease liabilities on the balance sheet and increasing disclosures about key leasing arrangements. The amendment updates the critical determinant from capital versus operating to whether a contract is or contains a lease because lessees are required to recognize lease assets and lease liabilities for all leases – financing and operating – other than short term. This guidance is effective for fiscal years beginning after December 15, 2018. Early adoption is permitted. We are currently evaluating the impact of this guidance on our condensed consolidated financial statements.

In April 2015, the FASB issued an update to its accounting guidance related to debt issuance costs as a part of its initiative to reduce complexity in accounting standards. To simplify presentation of debt issuance costs, the amendments in this update require that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. This guidance is effective for fiscal years beginning after December 15, 2016 and all interim periods within. Early adoption is permitted. We will adopt this guidance in reporting periods beginning after December 15, 2016. The impact of adopting this pronouncement on our condensed consolidated financial statements will be immaterial.

In May 2014, the FASB issued an amendment to its accounting guidance related to revenue recognition. The amendment clarifies the principles for recognizing revenue. The guidance is based on the principle that revenue is recognized to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The guidance also requires additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in the judgments and assets recognized from costs incurred to obtain or fulfill a contract. We will adopt this guidance in reporting periods beginning after December 15, 2017.

We are currently evaluating the impact of adopting this pronouncement on our condensed consolidated financial statements.

Carrier Concentration

For the six months ended June 30, 2016, three carriers accounted for 66% of our premium equivalents and for the year ended December 31, 2015, two carriers accounted for 70% of our premium equivalents.

Legal and Other Contingencies

We are not currently a party to any material litigation proceedings. From time to time, however, we may be a party to litigation and subject to claims incident to the ordinary course of business. Regardless of the outcome, litigation can have an adverse impact on us because of defense and settlement costs, diversion of management resources and other factors.

ITEM 3—QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

This item is not applicable for smaller reporting companies.

ITEM 4—CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer (principal executive officer) and our Chief Financial Officer (principal financial officer), evaluated the effectiveness of our disclosure controls and procedures as of June 30, 2016. The term "disclosure controls and procedures," as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act means controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the Company's management, including its principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure. Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Based on the evaluation of our disclosure controls and procedures as of June 30, 2016, our Chief Executive Officer and Chief Financial Officer concluded that, as of such date, our disclosure controls and procedures were effective.

Changes in Internal Control over Financial Reporting

There were no changes in the Company's internal control over financial reporting during the quarter ended March 31, 2016 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II—OTHER INFORMATION

ITEM 1—LEGAL PROCEEDINGS

We are not currently a party to any material litigation proceedings. From time to time, however, we may be a party to litigation and subject to claims incident to the ordinary course of business. Regardless of the outcome, litigation can have an adverse impact on us because of defense and settlement costs, diversion of management resources and other factors.

ITEM 1A—RISK FACTORS

There were no material changes to the risk factors disclosed in our Annual Report on Form 10-K for the year ended December 31, 2015, other than the following new risk factor:

Proposed HHS rules may have a material adverse impact on future revenues.

In June 2016, the Internal Revenue Service, the Employee Benefits Security Administration, and the U.S Department of Health and Human Services, collectively referred to as "HHS," proposed a rule that that will potentially limit the duration of short-term medical plans to three months without the ability for consumers to re-apply or extend the overall duration of the coverage. If this rule is adopted in the form proposed, or even if not adopted as proposed but with materially similar provisions, the rule may have a material adverse impact on our revenues from the sale of short-term insurance products beginning with our 2017 fiscal year. We intend to focus on sales of other existing products as well as launch new products with a goal to mitigate such potential revenue losses, although there is no assurance that such other sales will fully offset any revenue losses.

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

There were no unregistered sales of equity securities during the six months ended June 30, 2016.

Issuer Purchases of Equity Securities

Share Repurchase Plan

On December 17, 2014, our Board of Directors authorized us to purchase up to 800,000 shares of our registered Class A common stock under a repurchase program which could remain in place until December 31, 2016. We have adopted a plan (the "Repurchase Plan") under Rule 10b5-1 of the Exchange Act, in connection with this authorization. The Repurchase Plan allows us to repurchase our shares of Class A common stock at times when we otherwise might be prevented from doing so under insider trading laws or self-imposed trading blackout periods. The Repurchase Plan commenced on December 19, 2014. During the six months ended June 30, 2016, we have not repurchased any shares of our registered Class A common stock under our Repurchase Plan.

Employee Awards

Pursuant to certain restricted stock award agreements, we allow the surrender of restricted shares by certain employees to satisfy statutory tax withholding obligations on vested restricted stock awards.

The following table lists our actual and deemed share repurchases during the three months ended June 30, 2016.

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Program (1)	Maximum Number of Shares That May Yet Be Purchased Under the Program
April 1, 2016 through April 30, 2016	2,399(2)	-	-	682,830
May 1, 2016 through May 31, 2016	-	-	-	682,830
June 1, 2016 through June 30, 2016	-	-	-	682,830
Total	2,399		-	682,830

(1) A total of 117,170 shares were repurchased under the Repurchase Plan since the inception of the Repurchase Plan on December 19, 2014.

(2) Includes only shares that were surrendered by employees to satisfy statutory tax withholding obligations in connection with the vesting of stock-based compensation awards.

ITEM 3—DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4—MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5—OTHER INFORMATION

Code of Business Conduct and Ethics

Our Board of Directors has adopted a Code of Business Conduct and Ethics for our business and our employees, officers and directors. We have posted a copy of the Code of Business Conduct and Ethics on our investor relations section of our website located at www.hiiquote.com. We intend to post notice of any waiver from, or amendment to, any provision of our Code of Business Conduct and Ethics on our website.

Demand Letter

On May 2, 2016, we received a letter from a law firm on behalf of a purported stockholder alleging that we violated the terms of our Long Term Incentive Plan (the "LTIP") by granting stock appreciation rights (SARs) in excess of the LTIP's annual per-person limits and that we failed to disclose related material information in the proxy statement for our 2016 Annual Meeting of Stockholders (the "2016 Proxy Statement"). The demand letter, among other things, alleges that the Compensation Committee of the Board of Directors granted SARs in excess of the LTIP's annual per-person limits to our President and Chief Executive Officer, Patrick R. McNamee, and that the 2016 Proxy Statement failed to disclose that Mr. McNamee was granted awards in excess of the LTIP limit. The letter demanded that our Board of Directors rescind the allegedly excess SARs and to make certain other disclosures.

As the administrator of the LTIP, the Compensation Committee has full power and authority to, among other things, interpret and administer the LTIP, including any awards made under the LTIP. The Compensation Committee, in connection with the 725,000 SARs granted to Mr. McNamee, interpreted the LTIP to permit the award of up to 200,000 SARs as well as up to 525,000 Other Stock-Based Awards, which may consist of SARs or any other type of award, that qualify as "qualified performance-based compensation" under Section 162(m). Accordingly, our Board of Directors believes that the SARs awarded to Mr. McNamee are fully consistent with the terms of the stockholder-approved LTIP, and we have responded in writing to the law firm with this position. As a result of our communications with the law firm, the law firm has withdrawn its demand on behalf of the stockholder, although the law firm has orally demanded the payment of legal fees based on certain supplemental disclosures made to our stockholders in advance of the 2016 Annual Meeting of Stockholders relating to the amendment of the LTIP.

On May 5, 2016, the Company received a letter from another law firm on behalf of another purported stockholder alleging that, like the above-described letter, the Company's grant of SARs to Mr. McNamee in 2015 exceeded the per-person annual limits of the LTIP (for the same reason stated in the above-described letter), The Company intends to respond in the same manner, but discussions with the second law firm are ongoing.

State Regulatory Examinations

The Company has received notification from the Indiana Department of Insurance that a multistate examination has been commenced providing for the review of HCC Life Insurance Company's ("HCC") short term medical plans, Affordable Care Act compliance, marketing, and rate and form filing for all products. As the Company is a distributor of HCC products, the notification indicated that the multistate examination will include a review of the activities of the Company and a review of whether the Company's practices are in compliance with Indiana insurance law and the similar laws of other states participating in the examination. The Indiana Department of Insurance will serve as the managing participant of the multistate examination, and the examination will include, among other things, a review of whether HCC (and presumably the Company) has engaged in any unfair or deceptive acts or insurance business practices. In addition to the multistate examination led by Indiana, we are aware that several other states, including Arkansas, Florida, Kansas, Montana, Ohio, South Dakota, and Massachusetts, are reviewing the sales practices and potential unlicensed sale of insurance by third-party distributor call centers utilized by the Company. The Company is not aware of any examination into the sales practices of the Company-owned call centers, although the Company cannot be certain that no such investigation is occurring or will occur, and the Company is aware of and managing additional claims and inquiries that it does not believe are material at this time. It is too early to determine whether any of these regulatory examinations will have a material impact on the Company. The Company is proactively communicating and cooperating with all applicable regulatory agencies.

ITEM 6—EXHIBITS

The following exhibits are filed herewith or incorporated by reference herein:

Exhibit No.	Description
10.1#	Health Insurance Innovations, Inc. Long Term Incentive Plan, as amended *(Incorporated herein by reference to Exhibit 10.1 to the Form 8-K filed on May 31, 2016).*
10.2*#	Employment Agreement, dated July 20, 2016, between Health Insurance Innovations, Inc. and Gavin D. Southwell.
10.3*#	Employment Agreement, dated July 24, 2015 between Health Insurance Innovations, Inc. and Josef Denother.
10.4*#	Amendment to Employment Agreement, dated July 20, 2016, between Health Insurance Innovations, Inc. and Josef Denother.
10.5*#	Second Amendment to Employment Agreement, dated July 20, 2016, between Health Insurance Innovations, Inc. and Patrick R. McNamee.
31.1*	Certification of Principal Executive Officer pursuant to Rule 13a-14(a).
31.2*	Certification of Principal Financial Officer pursuant to Rule 13a-14(a).
32**	Section 1350 Certifications
100.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Calculation Linkbase Document
101.LAB	XBRL Taxonomy Label Linkbase Document
101.PRE	XBRL Taxonomy Presentation Linkbase Document
101.DEF	XBRL Taxonomy Definition Document

* Document is filed with this Quarterly Report on Form 10-Q.
** Document is furnished with this Quarterly Report on Form 10-Q.
# Indicates management contract or compensatory plan or arrangement.

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.

HEALTH INSURANCE INNOVATIONS, INC.

August 8, 2016

/s/ Patrick R. McNamee

PATRICK R. MCNAMEE
CHIEF EXECUTIVE OFFICER
(PRINCIPAL EXECUTIVE OFFICER)

August 8, 2016

/s/ Michael D. Hershberger

MICHAEL D. HERSHBERGER
CHIEF FINANCIAL OFFICER, SECRETARY AND TREASURER
(PRINCIPAL FINANCIAL OFFICER)

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT (this "**Agreement**") is dated as of July 20, 2016, by and between HEALTH INSURANCE INNOVATIONS, INC., a Delaware incorporated corporation (the "**Company**"), and GAVIN SOUTHWELL ("**Executive**").

Recitals

A. Executive and Company previously entered into a Consulting Agreement effective as of April 18, 2016 (the "Consulting Agreement");

B. The Company now desires to hire Executive as a full-time employee, and Executive desires to be hired by the Company, upon the terms and conditions set forth herein;

C. Executive is a United Kingdom national who is seeking an O-1 Visa from the U.S. Citizenship and Immigration Services (the "**Visa**"), and notwithstanding the fact that this Agreement is entered into as of the date first set forth above, Executive's employment by the Company pursuant to this Agreement shall not become effective until such date on which the Visa is granted to Executive (the "**Effective Date**");

D. Accordingly, Executive and Company acknowledge, agree and understand that simultaneously with the Effective Date hereof, the Consulting Agreement shall terminate and be of no further force and effect except for any term or provisions set forth therein specifically stated to survive termination and then solely to extent not contrary to the terms and provisions of this Agreement; and

E. The Company and Executive agree to protect the interests of the Company and Company's customers and Confidential Information (as defined below) that may have been or that may be disclosed to Executive as set forth herein.

Agreement

NOW, THEREFORE, in consideration of the mutual promises made herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties, intending to be legally bound, agree as follows:

Section 1. ***Employment, Duties and Acceptance.***

(a) Effective as of the Effective Date, and during the Term (as defined below), Executive shall serve as President of the Company. In his capacity as President, Executive shall report directly to the Company's Chief Executive Officer ("CEO") and shall at the CEO's direction (i) be responsible for managing the day to day sales operations of the Company and its subsidiaries, (ii) oversee the Senior Vice President of Compliance and other related executives of the Company, (iii) work to integrates sales, compliance and operations functions to ensure joint responsibility, consistency, synergy and teamwork, integrated strategies, accountability and improved execution of job responsibilities and directives, (iv) provide direct oversight and hands on management to the following departments: (a) sales and sales strategy, (b) marketing, (c) product management, (d) compliance, (d) call center partners, (e) owned call centers and (f) operations, and (v) be responsible for performing such other duties and exercising such other powers which the CEO may from time-to-time assign to Executive consistent with his role as President.

(b) Executive hereby accepts such employment and agrees, during the Term (as defined below), to render Executive's services to the Company on a full-time basis and to devote Executive's full business time and attention to the business and affairs of the Company and its subsidiaries and, as needed, Company affiliates. Executive agrees that at all times during the Term, Executive will faithfully perform his duties to the best of Executive's ability. Executive further agrees to accept election, and to serve, during all or any part of the Term, as an officer, director or representative of any subsidiary or affiliate of the Company, as determined to be necessary by the CEO and/or Executive without any additional compensation therefor other than that specified in this Agreement.

(c) The duties to be performed by Executive hereunder shall be principally performed at the Company's offices located in Tampa, Florida, subject to reasonable travel requirements on behalf of the Company. Executive shall be entitled to an annual paid time off of 20 days on the same terms that are applicable to other members of the Company's senior management and in accordance with the Company's policies and practices; provided that Executive shall schedule the timing and duration of Executive's vacations in a reasonable manner taking into account the needs of the business of the Company.

(d) Executive acknowledges that from time to time the Company may promulgate workplace policies and rules. Executive agrees to fully comply with all such policies and rules, and understands that failure to do so may result in a disciplinary action up to and including immediate discharge for Cause.

Section 2. ***Term.*** As used herein, the "**Term**" means the period commencing on the Effective Date and ending as of the close of business on the day before the one (1) year anniversary date of the Effective Date and each one (1) year period thereafter so long as this Agreement remains in effect. Each Term shall automatically be extended for successive one-year periods if this Agreement is not terminated earlier in accordance with Section 4 below unless Executive or the Company gives written notice of termination on or before the 30th day prior to the expiration of the then current Term of its desire not to renew the current Term. Any such renewal shall be upon the terms and conditions set forth herein unless otherwise agreed between the Company and Executive. In the event that the Company gives written notice that it does not intend to renew the Term, Executive shall be entitled to the benefits set forth in Section 4(b)(iii).

Section 3. ***Compensation.*** Executive shall be entitled to the following compensation:

(a) The Company agrees to pay to Executive a salary ("**Salary**") as compensation for the services to be performed by Executive in his capacity as President at the rate of $350,000 per year, pro-rated for any period less than twelve (12) months. Executive's Salary will paid in accordance with the Company's customary payroll procedures and be subject to applicable taxes and withholdings. During the Term, the Company shall have the right to (at its discretion) increase, but not decrease, Executive's Salary, except the Company may decrease Executive's Salary in connection with a base salary decrease that is generally applicable to all members of the Company's senior management. Executive's salary as in effect from time to time shall constitute his "**Salary**" for purposes of this Agreement.

(b) On the Effective Date, the Company shall sign and deliver to the Executive a Stock Appreciation Rights Award Agreement in the form attached hereto as Exhibit B (the "**SARA Agreement**"), evidencing a grant to Executive pursuant to the terms of the Health Insurance Innovations, Inc. Long Term Incentive Plan (the "**LTI Plan**") of 33,333 SARs (as defined in the SARA Agreement) with a vesting schedule as set forth therein. The SARA Agreement shall only be effective upon Company's receipt of a fully executed copy of same by Executive.

(c) On the Effective Date, the Company shall sign and deliver to the Executive a Restricted Stock Award Agreement in the form attached hereto as Exhibit C (the "**Restricted Stock Agreement**"), evidencing a grant of 17,777 restricted shares of the Company's Class A common stock (" **Restricted Shares**"), with a vesting schedule as set forth therein. The Restricted Stock Agreement shall only be effective upon Company's receipt of a fully executed copy of same by Executive.

(d) Executive shall be paid a signing bonus (the "**Signing Bonus**") in the amount of $50,000, subject to applicable taxes and withholdings, on the date of Executive's first regular paycheck following the Effective Date. Company shall, in addition, pay to Executive additional amounts as a gross up payment for Executive's tax liabilities resulting from the payment to Executive of the Signing Bonus. For this purpose, the additional amount payable as a gross up payment shall be an amount that is sufficient to reimburse Executive, net of all applicable federal and state taxes imposed on the gross up payment itself, so that Executive shall retain an amount equal to the federal and state taxes imposed on the Signing Bonus. Gross up payments shall be paid as a reimbursement to Executive and shall take into account the actual tax liability of Executive resulting from the Signing Bonus, and shall be paid as soon as practicable following the determination of the amount payable, and, in all cases, at a time and in a manner that is consistent with all requirements of Treasury Regulation Sections 1.409A-3(i)(1)(v) (regarding payment of tax gross ups as a form of nonqualified deferred compensation consistent with the requirements of Code Section 409A regarding payments being made at a specified time or on a fixed schedule). If Executive's employment is terminated for Cause or Executive resigns absent a Good Reason Event prior to the first anniversary of the Effective Date, then Executive shall, on the Termination Date, reimburse the Company for the *pro-rated* amount of such Signing Bonus (measured on a monthly basis with credit for last month if last date of employment is on or before the 15th of such month).

(e) During the Term, beginning on January 1, 2017, and on each January 1 thereafter, at the sole discretion of the CEO, but subject to the approval of the Board of Directors of the Company (the "**Board**"), Executive will be eligible for a target equity grant under the LTI Plan of up to 75% of Executive's Salary then in effect as follows: (i) 1/3 of such grant in Restricted Shares and (ii) 2/3 of such grant in SARs (as determined by the Black-Sholes option pricing model), with a strike price equal to the market closing price of the Company's Class A common stock on the NASDAQ Global Market (or such other national securities exchange on which such common stock is then traded) on the applicable grant date (or if the grant date is not a trading day, then on the most recent trading day). These annual grants of Restricted Shares and SARs, if awarded, will vest 25% on each of the first two anniversaries of the applicable grant date and 50% on the third anniversary of the applicable grant date. Annual awards of SARs under this Section 3.e will be in substantially the same form, and contain substantially the same terms and conditions, as the SARA Agreement attached hereto as Exhibit B (or such other award agreement as is made applicable to other members of the Company's senior management) and annual awards of Restricted Shares under this Section 3.e will be in substantially the same form, and contain substantially the same terms and conditions, as the form of Restricted Stock Agreement attached hereto as Exhibit C (or such other award agreement as is made applicable to other members of the Company's senior management).

(f) The Company shall reimburse Executive for all reasonable expenses incurred by Executive in the course of performing Executive's duties under this Agreement that are consistent with the Company's policies in effect from time to time with respect to travel, entertainment and other business expenses, subject to the Company's requirements with respect to reporting and documentation of such expenses.

(g) Executive shall be eligible to participate in any equity incentive plan, restricted share plan, share award plan, stock appreciation rights plan, stock option plan or similar plan adopted by the Company on the same terms and conditions applicable to other senior Company executives, with the amount of such awards to be determined by the CEO in his sole discretion (but subject to the approval of the Board). Executive shall be eligible for an annual bonus and long term incentive awards as determined at the sole discretion of the CEO (but subject to the approval of the Board). Executive's target bonus under the Company's management bonus plan will be equal to 65% of Executive's Salary then in effect; provided, that Executive will be considered for a bonus for calendar year 2016 (which Executive and Company agreed will be paid in full and not *pro-rated* for service performed by Executive during 2016 following the Effective Date).

(h) Executive shall be entitled to all rights and benefits for which Executive shall be eligible under any retirement, retirement savings, profit-sharing, pension or welfare benefit plan, life, disability, health, dental, hospitalization and other forms of insurance and all other so-called "fringe" benefits or perquisites (except for with respect to any plan that provides severance or other similar benefits), on the same terms that are applicable to other members of the Company's senior management (subject to all restrictions on participation that may apply under federal and state tax laws). Additionally, the Company shall sponsor Executive for his U.S. Visa and pay all of Executive's costs and expenses related thereto as long as he remains an employee of the Company.

(i) All determinations and calculations of compensation and adjustments to any of the foregoing, shall be made by the certified public accountant regularly retained by the Company, whose determinations and calculations shall be final and not subject to dispute.

Section 4. ***Termination.***

(a) *Events of Termination.* Executive's employment with the Company shall terminate (the date of such termination being the "**Termination Date**") immediately upon any of the following:

(i) Executive's death ("**Termination Upon Death**");

(ii) the effective date of a written notice sent to Executive stating the Company's determination, made in good faith, that due to a mental or physical condition, Executive has been unable and failed to substantially render the services to be provided by Executive to the Company for a period of at least 180 days out of any consecutive 360 days ("**Termination For Disability**");

(iii) the effective date of a written notice sent to Executive stating the Company's determination, made in good faith, that it is terminating Executive's employment for Cause (as defined below) ("**Termination For Cause**");

(iv) the effective date of a notice sent to Executive stating that the Company is terminating Executive's employment without Cause (including any notice from the Company to Executive pursuant to Section 2 that the Company has decided not to renew the Term at a time when there are no circumstances pending that would permit Termination for Cause), which notice can be given by the Company at any time after the Effective Date at the Company's sole discretion, for any reason or for no reason ("**Termination Without Cause**");

(v) the effective date of a notice (other than a notice delivered pursuant to Section 4(a)(vi) of this Agreement, but including any notice from Executive to the Company pursuant to Section 2 that Executive has decided not to renew the Term at a time when there are no circumstances pending that would permit Resignation for Good Reason) sent to the Company from Executive stating that Executive is electing to terminate Executive's employment with the Company absent a Good Reason Event ("**Resignation Without Good Reason**"); or

(vi) the effective date of a written notice to Company stating Executive's determination, made in good faith, that a Good Reason Event (as defined below) has occurred within 30 days preceding such notice and as a consequence Executive is electing to terminate Executive's employment hereunder for a Good Reason Event ("**Resignation For Good Reason**"); provided, however, that Executive will give the Company 30 days to cure such Good Reason Event, and if the Company fails to cure such Good Reason Event within 30 days after Executive gives written notice of resignation hereunder, then Executive may immediately terminate Executive's employment with the Company, and such termination will be a Resignation For Good Reason hereunder; provided, further, that Executive's termination shall be deemed a Termination For Cause if the Company has delivered to Executive written notice of any act or omission that, if not cured, would constitute Cause at any time preceding the notice provided by Executive hereunder.

As used herein, the term "**Cause**" shall mean (i) commission of a willful act of dishonesty in the course of Executive's duties hereunder, (ii) conviction by a court of competent jurisdiction of, or plea of no contest to, a crime constituting a felony or conviction in respect of, or plea of no contest to, any act involving fraud, dishonesty or moral turpitude, (iii) Executive's performance under the influence of controlled substances (other than those taken pursuant to a medical doctor's orders), or continued habitual intoxication, during working hours, (iv) frequent or extended, and unjustifiable, absenteeism, (v) Executive's personal misconduct or refusal to timely perform duties and responsibilities or to timely carry out the lawful directives of the CEO, which, if capable of being cured shall not have been cured, within 30 days after the CEO shall have advised Executive in writing of its intention to terminate Executive's employment; provided, that such right to cure shall not apply to any subsequent act or omission of a substantially similar nature or type, or (vi) Executive's material non-compliance with the terms of this Agreement, which, if capable of being cured, shall not have been cured within 30 days after the Company shall have advised Executive in writing of its intention to terminate Executive's employment for such reason.

As used herein, the term "**Good Reason Event**" shall mean (i) a material adverse change in the responsibilities or duties of Executive as set forth in this Agreement without Executive's prior consent at a time when there are no circumstances pending that would permit a Termination for Cause, (ii) any reduction in the Salary or a material reduction in Executive's benefits (other than (x) a reduction in Salary that is the result of an administrative or clerical error, and which is cured within 15 business days after the Company receives notice of such failure or (y) a reduction in Salary or benefits that is generally applicable to all members of the Company's senior management), (iii) a material breach by the Company of this Agreement that is not cured within 30 days following the Company's receipt of written notice of such breach from Executive, or (iv) without Executive's prior written consent, the relocation of Executive's principal place of employment outside of a 50 mile radius from the location of the Company's offices in Tampa, Florida as of the Effective Date. With regard to clause (i), Executive acknowledges that the CEO has flexibility under Section 1(a) to assign Executive a broad range of responsibilities and duties that are consistent with his duties as President, and to make changes in Executive's responsibilities in a manner that is materially consistent with the duties described under Section 1(a), and such assignments and change will not constitute a "Good Reason Event". Moreover, Executive further acknowledges that the CEO may change executive reporting responsibilities (i.e., change the persons to whom an executive reports) from time to time, and any such changes shall not constitute a "Good Reason Event."

As used herein, the term "**Change in Control"** shall mean (a) any sale, lease, exchange or other transfer (in one transaction or a series of transactions) of all or substantially all of the assets of Company; or (b) any consolidation or merger or other business combination of the Company with any other entity where the shareholders of Company, immediately prior to the consolidation or merger or other business combination would not, immediately after the consolidation or merger or other business combination, beneficially own, directly or indirectly, shares representing greater than fifty percent (50%) of the combined voting power of all of the outstanding securities of the entity issuing cash or securities in the consolidation or merger or other business combination (or its ultimate parent corporation, if any).

(b) *Effect of Termination.*

(i) *Death or Disability.* In the event of Termination Upon Death or Termination For Disability pursuant to Sections 4(a)(i) or 4(a)(ii) of this Agreement:

(A) Executive (or Executive's legal representative) shall be entitled to receive wages in an amount equal to any earned but unpaid Salary owing by the Company to Executive as of the Termination Date (the "**Accrued Salary**"); and

(B) only to the extent specifically provided for in writing under any management bonus plan in which Employee participates, Executive (or Executive's legal representative) shall be entitled to receive wages in an amount equal to the pro rata portion, determined as of the Termination Date, of any bonus to which Executive would have been entitled had Executive been employed by the Company at the time such bonus would have otherwise been paid (the "**Accrued Bonus**").

(ii) *Termination For Cause.* In the event of a Termination For Cause pursuant to Section 4(a)(iii) of this Agreement, Executive shall be entitled to receive an amount equal to any Accrued Salary.

(iii) *Termination Without Cause and Resignation For Good Reason and Termination Upon Non-renewal.* In the event of Termination Without Cause or Resignation For Good Reason pursuant to Sections 4(a)(iv) or 4(a)(vi) of this Agreement, subject to Section 4(c)(ii) and (iv) of this Agreement:

(A) Executive (or Executive's legal representative) shall be entitled to receive wages in an amount equal to the Accrued Salary;

(B) only to the extent specifically provided for in writing under any management bonus plan in which Executive participates, Executive (or Executive's legal representative) shall be entitled to receive wages in an amount equal to the Accrued Bonus; and

(C) Executive (or Executive's legal representative) shall be entitled to receive wages in an amount equal to twelve months of Executive's Salary (at the rate then in effect, and without taking into account any reductions that would have given rise to a Good Reason Event), payable in equal installments in accordance with the Company's customary payroll procedures commencing on the Termination Date and ending twelve months thereafter.

(iv) *Resignation Without Good Reason.* In the event of Resignation Without Good Reason pursuant to Section 4(a)(v) of this Agreement, Executive shall be entitled to receive wages in an amount equal to any Accrued Salary.

(v) *Upon Termination For Any Reason.* In the event of any termination, Executive shall be entitled to receive:

(A) any unpaid reasonable, reimbursable business expenses incurred by Executive in the course of performing Executive's duties under this Agreement that were incurred in a manner consistent with the Company's policies in effect from time to time with respect to travel, entertainment and other business expenses, subject to the Company's requirements with respect to incurring, reporting and documenting such expenses; and

(B) benefits under the Company's benefit plans of general application as shall be determined under the provisions of those plans.

(vi) *Upon Termination Due to Change of Control*. Upon a Change in Control, Company and Executive shall each have the right, but not the obligation, to terminate this Agreement immediately and subject to Section 4(c)(ii) and (iv) of this Agreement, Executive shall be eligible to receive:

(A) Wages in an amount equal to any Accrued Salary;

(B) only to the extent specifically provided for in writing under any management bonus plan in which Executive participates, Executive (or Executive's legal representative) shall be entitled to receive wages in an amount equal to Executive's annual bonus (which is 65% of Executive's then-existing salary); and

(C) Executive (or Executive's legal representative) shall be entitled to receive wages in an amount equal to twelve months of Executive's Salary, payable in equal installments in accordance with the Company's customary payroll procedures commencing on the Termination Date and ending twelve months thereafter.

(c) *Additional Provisions.*

(i) Any amounts to be paid pursuant to this Section 4 shall be paid in accordance with the Company's existing payroll or bonus payment practices, as applicable, subject to applicable taxes and withholdings.

(ii) As a condition to the Company's obligations, if any, to make any Accrued Bonus and post-employment payments provided under Sections 4(b)(i)(B), 4(b)(iii)(B) 4(b)(iii)(C), 4(b)(vi)(B) and 4(b)(vi)(C), Executive (or Executive's legal representative in the case of death or Disability) shall have executed, delivered and not revoked a general release in the form attached hereto as Exhibit A.

(iii) Notwithstanding any provision of this Agreement to the contrary, the obligations and commitments under Section 5 of this Agreement shall survive and continue in full force and effect in accordance with their terms notwithstanding any termination of Executive's employment for any reason or termination of this Agreement for any reason.

(iv) Notwithstanding anything in this Agreement to the contrary, the Company shall have no obligation to pay any amounts payable under Sections 4(b)(i)(B), 4(b)(iii)(B) 4(b)(iii)(C), 4(b)(vi)(B) or 4(b)(vi)(C), of this Agreement during such times as Executive is in breach of Section 5 or Section 18 of this Agreement, after the Company provides Executive with notice of such breach.

(v) Executive agrees that termination of Executive's employment for any reason shall, with no further action by Executive required, constitute Executive's resignation, as of the Termination Date and to the extent applicable, from all positions as an officer, director or representative of the Company, any subsidiary and/or any affiliate of the Company.

(d) *Failure to Obtain Visa*. Unless otherwise agreed in writing by Executive and the Company, this Agreement shall automatically terminate and be deemed void ab initio in the event that Executive does not obtain the Visa by September 1, 2016.

Section 5. ***Noncompetition, Nonsolicitation And Confidentiality.***

(a) *Definitions.*

"**Company's Business**" means (i) developing and administering web-based individual and/or group health insurance plans and ancillary insurance products, (ii) designing and structuring data-driven individual and/or group health insurance plans and ancillary insurance products, (iii) marketing such individual and/or group health insurance plans and ancillary insurance products, (iv) managing relations with insureds, (v) the development and maintenance of insurance and call center-oriented software and information technology systems, (vi) the development and maintenance of information technology systems to facilitate the comparison of health insurance plans and (vii) any other business or commercial activity, in each case as conducted by the Company or any parent, subsidiary or other affiliate of the Company.

"**Competitor**" means any company, other entity or association or individual that directly or indirectly is engaged in the Company's Business.

"**Confidential Information**" means any confidential information with respect to the Company's Business and/or the businesses of its clients or customers, including, but not limited to: the trade secrets of the Company; products or services; standard proposals; standard submissions, surveys and analyses; Commercial Lines Quality Assurance Manual; Claims Services Department Procedures and Quality Assurance Manual; Surety Quality Assurance Manual; policy forms; fees, costs and pricing structures; marketing information; advertising and pricing strategies; analyses; reports; computer software, including operating systems, applications and program listings; flow charts; manuals and documentation; data bases; all copyrightable works; the Company's existing and prospective clients and customers, their addresses or other contact information and/or their confidential information; existing and prospective client and customer lists and other related data; expiration periods; policy numbers; coverage specifications; daily reports and related correspondence; premium renewal notices; all other Company records, files, data, methods, formulae, products, apparats, sales lists, agent lists, vendor lists, plans, specifications, price lists, and other similar and related information in whatever form. The term Confidential Information does not include, and there shall be no obligation hereunder with respect to, information that (i) is generally available to the public on the date of this Agreement, (ii) becomes generally available to the public other than as a result of a disclosure by Executive not otherwise permissible hereunder or (iii) Executive has learned or learns from other sources where, to Executive's knowledge, such sources have not violated their confidentiality obligation to the Company or any other applicable obligation of confidentiality.

(b) *Noncompetition.* Executive covenants and agrees that during the period commencing on the Effective Date and ending two years following the Termination Date (the "**Restricted Period**"), Executive will not, directly or indirectly, own, manage, operate, control, render service to, or participate in the ownership, management, operation or control of any Competitor anywhere in the United States of America; provided, however, that Executive shall be entitled to own shares of stock of any entity having a class of equity securities actively traded on a national securities exchange or on the NASDAQ Global Market which represent, in the aggregate, not more than 1% of such entity's fully-diluted shares.

(c) *Nonsolicitation of Employees.* Executive covenants and agrees that during the Restricted Period, Executive will not, directly or indirectly, employ or solicit, or receive or accept the performance of services by any then current officer, manager, employee or independent contractor of the Company or any subsidiary or affiliate of the Company, or in any way interfere with the relationship between the Company or any subsidiary or affiliate of the Company, on the one hand, and any such officer, manager, employee or independent contractor, on the other hand.

(d) *Nonsolicitation of Customers and Vendors.* Executive covenants and agrees that during the Restricted Period, Executive will not, directly or indirectly, knowingly induce, or attempt to induce, any customer, salesperson, distributor, supplier, vendor, manufacturer, representative, agent, jobber, licensee or other person known by Executive to be transacting business with the Company or any subsidiary or affiliate of the Company (collectively the "**Customers**" and "**Vendors**") to reduce or cease doing business with the Company or any such subsidiary or affiliate of the Company, or in any way to interfere with the relationship between any such Customer or Vendor, on the one hand, and the Company or any subsidiary or affiliate of the Company, on the other hand.

(e) *Representations and Covenants by Executive.* Executive represents and warrants that: (i) Executive's execution, delivery and performance of this Agreement do not and will not conflict with, breach, violate or cause a default under any contract, agreement, instrument, order, judgment or decree to which Executive is a party or by which Executive is bound; (ii) Executive is not a party to or bound by any employment agreement, noncompete agreement or confidentiality agreement with any other person or entity (other than the Company) and Executive is not subject to any other agreement that would prevent or in any manner restrict Executive from performing Executive's duties for the Company or otherwise complying with this Agreement; (iii) Executive is not subject to or in breach of any nondisclosure agreement, including any agreement concerning trade secrets or confidential information owned by any other party; and (iv) upon the execution and delivery of this Agreement by the Company, this Agreement shall be the valid and binding obligation of Executive, enforceable in accordance with its terms.

(f) *Nondisclosure of Confidential Information.* Executive hereby acknowledges and represents that Executive has consulted with independent legal counsel regarding Executive's rights and obligations under this Agreement and that Executive fully understands the terms and conditions contained herein and Executive agrees that Executive will not, directly or indirectly: (i) use, disclose, reverse engineer or otherwise exploit for Executive's own benefit or for the benefit of anyone other than the Company the Confidential Information except as authorized by the Company; (ii) during Executive's employment with the Company, use, disclose, or reverse engineer (x) any confidential information or trade secrets of any former employer or third party, or (y) any works of authorship developed in whole or in part by Executive during any former employment or for any other party, unless authorized in writing by the former employer or third party; or (iii) upon Executive's resignation or termination (x) retain Confidential Information, including any copies existing in any form (including electronic form), that are in Executive's possession or control, or (y) destroy, delete or alter the Confidential Information without the Company's consent. Notwithstanding the foregoing, Executive may use the Confidential Information in the course of performing Executive's duties on behalf of the Company or any subsidiary or affiliate of the Company as described hereunder, provided that such use is made in good faith. Executive will immediately surrender possession of all Confidential Information to Company upon any suspension or termination of Executive's employment with Company for any reason.

(g) *Inventions and Patents.* Executive acknowledges that all (i) inventions, innovations, improvements, developments, methods, designs, analysis, drawings, reports, processes, novel concepts, ideas, copyrights, trademarks and service marks relating to any present or prospective activities of Company, including but not limited to structures, processes, software, formula, techniques and improvements to the foregoing or to know how, and all similar or related information (whether or not patentable) that relate to the Company's or any of its subsidiaries' or affiliates' actual or anticipated businesses, (ii) research and development and (iii) existing or future products or services that are, to any extent, conceived, developed or made by Executive while employed by the Company or any subsidiary or affiliate of the Company ("**Work Product**") belong to the Company or such subsidiary or affiliate. Executive shall promptly disclose such Work Product to the Company and, at the cost and expense of the Company, perform all actions reasonably necessary or requested by the Company (whether during or after the Term) to establish and confirm such ownership (including, without limitation, executing assignments, consents, powers of attorney and other instruments).

(h) *Miscellaneous.*

(i) Executive acknowledges that (x) Executive's position is a position of trust and responsibility with access to Confidential Information of the Company, (y) the Confidential Information, and the relationship between the Company and each of its employees, Customers and Vendors, are valuable assets of the Company and may not be converted to Executives own use and (z) the restrictions contained in this Section 5 are reasonable and necessary to protect the legitimate business interests of the Company and will not impair or infringe upon Executive's right to work or earn a living after Executive's employment with the Company ends.

(ii) Each of the foregoing obligations shall be enforceable independent of any other obligation, and the existence of any claim or cause of action that Executive may have against the Company, whether predicated on this Agreement or otherwise, shall not constitute a defense to the enforcement by the Company of these obligations.

(iii) Executive acknowledges that monetary damages will not be an adequate remedy for the Company in the event of a breach of this Agreement and that it would be impossible for the Company to measure damages in the event of such a breach. Therefore, Executive agrees that, in addition to other rights that the Company may have at law or equity, the Company is entitled, without posting bond, to seek an injunction preventing Executive from any breach of this Agreement.

(iv) In the event of a breach or violation by Executive during the Restricted Period of any restriction in Section 5(b), (c) or (d) of this Agreement, the Restricted Period shall be tolled until such breach or violation has been cured.

(v) The parties intend to provide the Company with the maximum protection possible with respect to its Customers and Vendors. The parties, however, do not intend to include a provision that contravenes the public policy of any state. Therefore, if any provision of this Section 5 is unlawful, against public policy or otherwise declared void, such provision shall not be deemed part of this Agreement, which otherwise shall remain in full force and effect. If, at the time of enforcement of this Agreement, a court or other tribunal holds that the duration, scope or area restriction stated herein is unreasonable under the circumstances then existing, the parties agree that the court should enforce the restrictions to the extent it deems reasonable.

(vi) Executive hereby agrees that prior to accepting employment with any other person or entity during the Term or during the Restricted Period following the Termination Date, Executive will provide such prospective employer with written notice of the existence of this Agreement and the provisions of this Section 5 of this Agreement, with a copy of such notice delivered simultaneously to the Company in accordance with Section 10 of this Agreement.

(vii) Notwithstanding any provision of this Agreement, the obligations and commitments of this Section 5 shall survive and continue in full force and effect in accordance with their terms notwithstanding any termination of Executive's employment for any reason or termination of this Agreement for any reason.

Section 6. ***Withholding Taxes.*** Prior to making any payments required to be made pursuant to this Agreement, the Company may require that the Company be reimbursed in cash for any taxes required by any government to be withheld or otherwise deducted and paid by the Company in respect of such payment by the Company. In lieu thereof, the Company shall have the right to withhold the amount of such taxes from any sums due or to become due from it to Executive.

Section 7. ***Expenses.*** In the event of any legal action to enforce Executive's or the Company's rights under this Agreement, each party will be responsible for that party's reasonable attorneys' fees, expenses and disbursements.

Section 8. ***Assignment.*** This Agreement is binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns. Executive shall not assign or transfer any rights or obligations hereunder. The Company shall have the right to assign or transfer any rights or obligations hereunder only to (a) a successor entity in the event of a merger, consolidation, or transfer or sale of all or substantially all the assets of the Company or (b) a subsidiary or affiliate of the Company. Any purported assignment, other than as provided above, shall be null and void.

Section 9. ***Indemnification.*** The Company shall indemnify Executive for any act or omission done or not done in performance of Executive's duties hereunder in accordance with the Company's certificate of incorporation, by-laws and any other constituent document to the extent provided for any other officer of the Company and thought to be in the best interest of the Company. The Company's obligations under this Section 9 shall survive any termination of this Agreement or Executive's employment hereunder.

Section 10. ***Notices.*** All notices, requests, consents and other communications required or permitted to be given hereunder, shall be in writing and shall be delivered personally or sent by prepaid telegram, telex, facsimile transmission, overnight courier or mailed, first class, postage prepaid by registered or certified mail, as follows:

If to the Company: Health Insurance Innovations, Inc.
15438 N. Florida Avenue, Suite 201
Tampa, Florida 33613
Attention: Chief Executive Officer
Telecopy: (877) 376-5832

with a copy to (which shall not constitute notice hereunder):

Health Insurance Innovations, Inc.
15438 N. Florida Avenue, Suite 201
Tampa, Florida 33613
Attention: Chief Financial Officer
Telecopy: (877) 376-5832

If to Executive: To Executive's address as reflected on the payroll records of the Company

or such other address as either party shall designate by notice in writing to the other in accordance herewith. Any such notice shall be deemed given when so delivered personally, by telex, facsimile transmission or telegram, or if sent by overnight courier, one day after delivery to such courier by the sender or if mailed, five days after deposit by the sender in the U.S. mails.

Section 11. ***Entire Agreement.*** Except as otherwise indicated herein, this Agreement shall constitute the entire agreement between Executive and the Company concerning the subject matter hereof. This Agreement supersedes and preempts any prior employment agreement or other understandings, agreements or representations by or among the parties, written or oral, that may have related to the subject matter hereof. No provisions of this Agreement may be modified, waived or discharged unless such waiver, modification or discharge is agreed to in writing, signed by Executive and an authorized officer of the Company.

Section 12. ***Governing Law.*** This Agreement shall be subject to and governed by the laws of the State of Florida, without giving effect to the principles of conflicts of law under Florida law that would require or permit the application of the laws of a jurisdiction other than the State of Florida and irrespective of the fact that the parties now or at any time may be residents of or engage in activities in a different state. Executive agrees that in the event of any dispute or claim arising under this Agreement, jurisdiction and venue shall be vested and proper, and Executive hereby consents to the jurisdiction of any court sitting in Tampa, Florida, including the United States District Court for the Middle District of Florida.

Section 13. ***Full Settlement.*** Executive acknowledges and agrees that, subject to the payment by the Company of the benefits provided in this Agreement to Executive, in no event will the Company nor any subsidiary or affiliate thereof be liable to Executive for damages under any claim of breach of contract as a result of the termination of Executive's employment. In the event of any such termination, the Company shall be liable only to provide to Executive, or Executive's heirs or beneficiaries, the benefits specified in this Agreement.

Section 14. ***Strict Compliance.*** Executive's or the Company's failure to insist upon strict compliance with any provision of this Agreement or the failure to assert any right Executive or the Company may have hereunder shall not be deemed to be a waiver of such provision or right or any other provision or right of this Agreement. The waiver, whether express or implied, by either party of a violation of any of the provisions of this Agreement shall not operate or be construed as a waiver of any subsequent violation of any such provision.

Section 15. ***Creditor Status.*** No benefit or promise hereunder shall be secured by any specific assets of the Company. Executive shall have only the rights of an unsecured general creditor of the Company in seeking satisfaction of such benefits or promises.

Section 16. ***Section 409A.*** This Agreement is intended to comply with the requirements of Section 409A of the Internal Revenue Code of 1986, as amended ("**Section 409A**"), and shall be construed accordingly. Any payments or distributions to be made to Executive under this Agreement upon a separation from service of amounts classified as "nonqualified deferred compensation" for purposes of Section 409A, shall in no event be made or commence until six months after such separation from service if Executive is determined to be a specified Executive of a public company (all as determined under Section 409A). Each payment of nonqualified deferred compensation under this Agreement shall be treated as a separate payment for purposes of Section 409A. Any reimbursements made pursuant to this Agreement shall be paid as soon as practicable but no later than 90 days after Executive submits evidence of such expenses to the Company (which payment date shall in no event be later than the last day of the calendar incurred). The amount of such reimbursements paid and any in-kind benefits the year following the calendar year in which the expense was provided during any calendar year shall not affect the reimbursements paid or in-kind benefits provided in any other calendar year, and the right to any such payments and benefits shall not be subject to liquidation or exchange for another payment or benefit.

Section 17. ***Cooperation.*** Executive agrees to provide assistance to and cooperate with the Company upon its reasonable request with respect to matters within the scope of Executive's duties and responsibilities during the Restricted Period. During such Period, the Company shall, to the maximum extent coordinate or cause any such request with Executive's other commitments and responsibilities to minimize the degree to which such request interferes with such commitments and responsibilities. The Company agrees that it will reimburse Executive for reasonable documented travel expenses (i.e., travel, meals and lodging) that Executive may incur in providing assistance to the Company hereunder.

Section 18. ***Non-disparagement.*** Executive agrees to not make any statements, written or oral, while employed by the Company and thereafter, which would be reasonably likely to disparage or damage the Company, its affiliates or subsidiaries or the personal or professional reputation of any present or former employees, officers or members of the managing or directorial boards or committees of the Company or its affiliates or subsidiaries. The Company agrees that it will instruct each of its and its affiliates' and subsidiaries' members, directors, managers, officers and employees not to make any disparaging communication regarding Executive, and no such person or entity will be authorized on the Company's or any affiliate's or subsidiary's behalf to make any such disparaging communications regarding Executive.

Section 19. ***Recoupment.*** Executive agrees to reimburse the Company for all or a portion, as determined below, of any bonus or incentive or equity-based compensation paid or awarded to Executive by the Company, if the Board determines that (a) the payment, award or vesting thereof was predicated upon the achievement of certain financial results that were subsequently the subject of a material financial restatement, (b) Executive engaged in fraud or misconduct that caused, in whole or in part, the need for the material financial restatement, and (c) a lower payment, award or vesting would have occurred based upon the restated financial results. In such event, Executive agrees to reimburse (in the manner determined by the Board, including cancellation of options or other stock awards) any bonus or incentive or equity-based compensation previously paid, awarded or vested in the amount by which such bonus or incentive or equity-based compensation actually paid, awarded or vested exceeds the lower payment, award or vesting that would have occurred based upon the restated financial result; provided that no reimbursement shall be required if the payment, award or vesting otherwise subject to reimbursement hereunder occurred more than three (3) years prior to the date the applicable reinstatement is disclosed. In addition, notwithstanding anything to the contrary, any bonus or incentive or equity-based compensation, or other compensation, payable to Executive pursuant to this Agreement or any other agreement, plan or arrangement of the Company shall be subject to repayment or recoupment (clawback) by the Company to the extent applicable under Section 304 of the Sarbanes-Oxley Act of 2002 (and not otherwise exempted) and in accordance with such policies and procedures as the Board or the Compensation Committee of the Board may adopt from time to time, including policies and procedures to implement applicable law (including, but not limited to, Section 954 of the Dodd-Frank Act), stock market or exchange rules and regulations or accounting or tax rules and regulations.

Section 20. ***Survival.*** Any provision of this Agreement that is expressly or by implication intended to survive the termination of this Agreement shall survive or remain in effect after the termination of this Agreement.

Section 21. ***Counterparts.*** This Agreement may be executed in separate counterparts, either one of which need not contain the signature of more than one party, but both such counterparts taken together shall constitute one and the same agreement.

Section 22. ***Consulting Agreement.*** Executive and Company entered into a Consulting Agreement effective as of April 18, 2016. Executive and Company acknowledge, agree and understand that simultaneously with the Effective Date, the Consulting Agreement shall be terminated and of no further force and effect except for any term or provisions set forth therein specifically stated to survive termination and then solely to extent not contrary to the terms and provisions of this Agreement. Any and all SARs granted to Executive in connection with the execution of the Consulting Agreement in accordance with Section 4 thereof shall remain outstanding in accordance with their terms.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first written above.

HEALTH INSURANCE INNOVATIONS, INC.

By: */s/ Patrick R. McNamee*
Name: Patrick R. McNamee
Title: Chief Executive Officer

EXECUTIVE

/s/ Gavin Southwell
Gavin Southwell

EXHIBIT A
FORM OF RELEASE

This RELEASE ("**Release**") is granted effective as of the **[●]** day of **[●]**, 20**[●]** by GAVIN SOUTHWELL (the "**Executive**") in favor of HEALTH INSURANCE INNOVATIONS, INC. (the "**Company**") and the other Released Parties (as defined below). This is the Release referred to in the Employment Agreement, dated as of July ____, 2016, between the Company and the Executive (the "**Employment Agreement**"). The Executive gives this Release in consideration of the Company's promises and covenants contained in the Employment Agreement, with respect to which this Release is an integral part.

1. *Release of the Company.* The Executive, for himself, his successors, assigns, attorneys, and all those entitled to assert his rights, now and forever hereby releases and discharges the Company and its respective officers, directors, stockholders, trustees, executives, agents, parent corporations, subsidiaries, affiliates, estates, successors, assigns and attorneys (the "**Released Parties**"), from any and all claims, actions, causes of action, sums of money due, suits, debts, liens, covenants, contracts, obligations, costs, expenses, damages, judgments, agreements, promises, demands, claims for attorney's fees and costs, or liabilities whatsoever, in law or in equity, which the Executive ever had or now has against the Released Parties, arising by reason of or in any way connected with or which may be traced either directly or indirectly to the employment relationship which existed between the Company or any of its parents, subsidiaries, affiliates, or predecessors and the Executive, or the termination of that relationship, that the Executive has, had or purports to have, from the beginning of time to the date of this Release, whether known or unknown, that now exists, no matter how remotely they may be related to the aforesaid employment relationship including but not limited to claims for employment discrimination under federal or state law, except as provided in Paragraph 2; claims arising under Title VII of the Civil Rights Act of 1964, and any amendments, the Florida Human Rights Act of 1977, the Florida Civil Rights Act of 1992, Section 760.50 of the Florida Statutes, Section 440.205 of the Florida Statutes, the Florida Minimum Wage Act (Fla. Stat. 448.110), Section 448.102 of the Florida Statutes, 42 U.S.C. §1981, the Equal Pay Act, the Americans With Disabilities Act, Sections 503 and 504 of the Rehabilitation Act of 1973, the Family Medical Leave Act, the ADA Amendments Act of 2008, the Age Discrimination in Employment Act (ADEA), the Fair Labor Standards Act, the Lilly Ledbetter Fair Pay Act of 2009, the Civil Rights Act of 1866, the Civil Rights Act of 1991, the Employee Retirement Income Security Act, the Genetic Information Nondiscrimination Act, the Occupational Safety and Health Act, the Workers' Adjustment and Retraining Notification Act, as amended, Florida's private sector and public sector Whistle-Blower Act, as amended, the Hillsborough County, Florida Code of Ordinances, and any of the wage and discrimination laws of the United States, the State of Florida, or any other state, civil or statutory laws, including any and all human rights laws and laws against discrimination, workers' compensation laws, any other federal, state or local fair employment statute, code or ordinance, common law, contract law, tort, including, but not limited to, negligence claims and fraudulent inducement to enter into this contract, and any and all claims for attorneys' fees.; and provided, however, that nothing herein shall release the Company of its obligations to the Executive under the Employment Agreement, the SARA Agreement (as defined in the Employment Agreement), or any other contractual obligations between the Company or its subsidiaries or affiliates and the Executive (including, without limitation, any equity award agreement), or any indemnification obligations to the Executive under the Indemnification Agreement, Company's certificate of incorporation, bylaws, operating agreement or other constituent document or any federal, state or local law or otherwise.

2. *Release of Claims Under Age Discrimination in Employment Act.* Without limiting the generality of the foregoing, the Executive agrees that by executing this Release, he has released and waived any and all claims he has or may have as of the date of this Release for age discrimination under the Age Discrimination in Employment Act, 29 U.S.C. § 621, *et seq*. It is understood that the Executive has been advised to consult with an attorney prior to executing this Release; that he in fact has consulted a knowledgeable, competent attorney regarding this Release; that he may, before executing this Release, consider this Release for a period of 21 calendar days; and that the consideration he receives for this Release is in addition to amounts to which he was already entitled. It is further understood that this Release is not effective until seven calendar days after the execution of this Release and that the Executive may revoke this Release within seven calendar days from the date of execution hereof.

The Executive agrees that he has carefully read this Release and is signing it voluntarily. The Executive acknowledges that he has had 21 days from receipt of this Release to review it prior to signing or that, if the Executive is signing this Release prior to the expiration of such 21-day period, the Executive is waiving his right to review the Release for such full 21-day period prior to signing it. The Executive has the right to revoke this release within seven days following the date of its execution by him. However, if the Executive revokes this Release within such seven-day period, no post-employment benefit will be payable to him under the Employment Agreement and he shall return to the Company any such payment received prior to that date.

THE EXECUTIVE HAS CAREFULLY READ THIS RELEASE AND ACKNOWLEDGES THAT IT CONSTITUTES A GENERAL RELEASE OF ALL KNOWN AND UNKNOWN CLAIMS AGAINST THE COMPANY UNDER THE AGE DISCRIMINATION IN EMPLOYMENT ACT. THE EXECUTIVE ACKNOWLEDGES THAT HE HAS HAD A FULL OPPORTUNITY TO CONSULT WITH AN ATTORNEY OR OTHER ADVISOR OF HIS CHOOSING CONCERNING HIS EXECUTION OF THIS RELEASE AND THAT HE IS SIGNING THIS RELEASE VOLUNTARILY AND WITH THE FULL INTENT OF RELEASING THE COMPANY FROM ALL SUCH CLAIMS.

GAVIN SOUTHWELL
Date: **[●]**, 20**[●]**

HEALTH INSURANCE INNOVATIONS, INC.
LONG TERM INCENTIVE PLAN

Stock Appreciation Rights Award Agreement

You have been granted Stock Appreciation Rights (this "**Award**") on the following terms and subject to the provisions of Attachment A and the Long Term Incentive Plan, as amended (the "**Plan**"), of Health Insurance Innovations, Inc. (the "**Company**"). Unless defined in this Award (including Attachment A, this "**Agreement**"), capitalized terms will have the meanings assigned to them in the Plan. In the event of a conflict among the provisions of the Plan, this Agreement and any descriptive materials provided to you, the provisions of the Plan will prevail.

Participant	Gavin D. Southwell
Number of Stock Appreciation Rights	33,333 (each a "**SAR**")
Exercise Price per SAR	$[_____]
Grant Date	[_____], 2016
Expiration Date	[_____], 2023, subject to earlier termination under Section 2(d) of Attachment A.

Vesting Schedule
(subject to Section 2(c) and Section 2(d) of Attachment A)

Vesting	Subject to Section 2(c) and Section 2(d) of Attachment A, the SARs shall vest and become non-forfeitable in three tranches, on the following dates in the following amounts: [_____], 2017: 8,333 [_____], 2018: 8,333 [_____], 2019: 16,667

Attachment A

Stock Appreciation Rights Award Agreement

Terms and Conditions

Grant to: Gavin D. Southwell

Section 1. *Grant of Stock Appreciation Rights*. Subject to the terms and conditions of the Plan and this Agreement, the Company hereby grants this Award to the Participant on the Grant Date on the terms set forth on the cover page of this Agreement, as more fully described in this Attachment A. This Award is granted under the Plan, which is incorporated herein by this reference and made a part of this Agreement.

Section 2. *Terms of SAR*.

(a) *Generally*. Subject to the terms and conditions of this Agreement and the Plan, each SAR constitutes an unfunded and unsecured promise of the Company to deliver to Participant, at the time such SAR is validly exercised, an amount, payable in the form of Shares, equal to the excess of (i) the Fair Market Value of one Share on the date of exercise, over (ii) the Exercise Price per SAR set forth on the cover page of this Agreement (the "**Spread**").

(b) *Exercisability*. Subject to the terms and conditions of this Agreement and the Plan, a SAR may be exercised only after if it has vested and become exercisable under Section 2(c) or Section 2(d)(ii), and only before it has expired or been terminated under Section 2(d)(i), Section 2(d)(ii) or Section 2(d)(iii).

(c) *Vesting, Generally*.

(i) Subject to Section 2(d), the SARs shall vest and become exercisable in accordance with the Vesting Schedule set forth on the cover page of this Agreement.

(ii) If the Participant holds unvested SARs at the time a Change in Control occurs, the SARs shall become 100% vested and exercisable on the date of the Change in Control immediately prior to the consummation thereof.

(d) *Accelerated Vesting; Termination*.

(i) Except as otherwise provided in this Section 2(d), all of the SARs shall terminate at 5:00 p.m., Eastern time, on the Expiration Date set forth on the cover page of this Agreement, unless earlier terminated under subsections (ii) or (iii) below.

(ii) In the event of the Participant's Termination of Service at any time due to Termination Upon Death, Termination For Disability, Termination Without Cause or Resignation For Good Reason, 100% of the SARs granted under this Agreement shall become vested and exercisable, and shall continue to be exercisable until 5:00 p.m., Eastern time, on the date that is one year after the Termination Date and at such time any unexercised SARs shall terminate, cease to be exercisable and by automatically forfeited to the Company without consideration. For purposes of this Agreement, Termination Upon Death, Termination For Disability, Termination Without Cause, Resignation For Good Reason and Termination Date shall have the respective meanings set forth in the Employment Agreement, dated as of [_____], 2016, by and between the Participant and the Company.

(iii) In the event of the Participant's Termination of Service at any time under circumstances not described in Section 2(d)(ii), all of the SARs shall terminate simultaneously with the Termination of Service on the Termination Date, including to the extent that the SARs are otherwise vested and exercisable as of the Termination Date, and shall automatically be forfeited to the Company without consideration, and, if otherwise vested and exercisable, shall cease to be exercisable.

For clarity, in no event shall any SAR be exercisable after the Expiration Date set forth on the cover page of this Agreement.

(e) *Transferability*. The SARs, and the Participant's rights under this Agreement, shall not be assigned, sold, transferred or otherwise be subject to alienation by the Participant, other than by will or the law of descent and distribution, and any purported assignment, sale, transfer or other alienation not permitted hereunder shall be void. During the Participant's lifetime, the SARs shall be exercisable only by the Participant.

Section 3. *Exercise*.

(a) *When to Exercise*. Except as otherwise provided in the Plan or this Agreement, the Participant (or in the case of exercise after the Participant's death or incapacity, the Participant's guardian, legal representative, heir or legatee, as the case may be) may exercise his or her SARs that are then exercisable under Section 2, in whole or in part, by following the procedures set forth in this Section 3. If partially exercised, the Participant (or in the case of exercise after the Participant's death or incapacity, the Participant's guardian, legal representative, heir or legatee, as the case may be) may thereafter exercise the remaining unexercised portion of the SARs, to the extent that they are then exercisable under Section 2, by following the procedures set forth in this Section 3.

(b) *Election to Exercise*. To exercise the SARs, the Participant (or in the case of exercise after the Participant's death or incapacity, the Participant's guardian, legal representative, heir or legatee, as the case may be) must deliver to the Secretary of the Company (or his or her designee) a written notice (or notice through another previously approved method, which could include a web-based or e-mail system) which sets forth the number of SARs being exercised, together with any additional documents as the Company may require. Each such notice must satisfy whatever then-current procedures apply to the SARs and must contain such representations, warranties and covenants as the Company requires. If someone other than the Participant exercises the SARs, then such person must submit documentation reasonably acceptable to the Company verifying that such person has the legal right to exercise the SARs.

(c) *Date of Exercise*. The SARs shall be deemed to be exercised on the business day that the Company receives a fully executed and completed exercise notice. If an exercise notice is received on a day that is not a business day, or is received after 5:00 p.m., Eastern time, on a business day, then the SARs shall be deemed to be exercised on the first business day immediately following the day such notice is received by the Company.

(d) *Settlement*. Upon a valid exercise of SARs, the Participant shall be entitled to receive that number of Shares determined by dividing (i) (1) the total number of SARs then being exercised, multiplied by (2) the Spread on the date of exercise, by (ii) the Fair Market Value of one Share on the date of exercise.

(e) *Fractional Shares*. No fractional Shares shall be issued upon exercise of SARs, and if the number of Shares otherwise issuable under Section 3(d) upon an exercise of SARs includes a fraction of a Share, then upon such exercise the Participant shall be entitled to receive (i) the number of Shares determined under Section 3(d), rounded down to the nearest whole Share, plus (ii) an amount of cash equal to the Fair Market Value of one Share on the date of exercise, multiplied by such fraction of a Share.

(f) *Withholding Requirements*. The delivery of Shares upon settlement of SARs is conditioned on the Participant making arrangements satisfactory to the Company to enable the Company to satisfy all tax (or other governmental obligation) withholding requirements. In the event that there is any such withholding requirement upon an exercise of SARs, the Committee may, in its sole discretion and pursuant to such procedures as the Committee may require, permit the Participant to satisfy any such withholding requirement by having the Company withhold from the number of Shares otherwise issuable to the Participant upon such exercise a number of Shares having an aggregate Fair Market Value equal to the minimum amount required to be withheld. If the Committee permits the Participant to satisfy any such withholding requirement pursuant to the preceding sentence, the Company shall remit to the Internal Revenue Service and appropriate state and local revenue agencies, for the credit of the Participant, an amount of cash withholding equal to the Fair Market Value of the Shares withheld by the Company as provided above.

(g) *Compliance with Law and Regulations*. The SARs, their exercise and the obligation of the Company to issue Shares in settlement thereof are subject to all applicable federal and state laws, rules and regulations, including securities laws, to approvals by any government or regulatory agency as may be required, and to the rules, regulations and other requirements of the stock market or exchange upon which the Shares are then quoted, traded or listed. The Participant may not exercise a SAR if such exercise would violate any securities laws or other applicable law, rule, regulation or requirement.

Section 4. *No Rights of Stockholder*. A holder of a SAR, as such, shall not be entitled to vote or receive dividends or be deemed the holder of the Shares underlying the SAR for any purpose, nor shall anything contained in this Agreement be construed to confer upon the holder of a SAR, as such, any of the rights or obligations of a stockholder of the Company, unless and until Shares are actually issued to and held of record by such holder upon settlement of the SARs following valid exercise thereof.

Section 5. *Change in Control*. Without limiting the Committee's power under the Plan, upon the occurrence of a Change in Control, the Committee is authorized (but not obligated) to make adjustments to the terms and conditions of the SARs without the need for the consent of the Participant, including, without limitation, the following (or any combination thereof):

(a) The Committee may provide for the continuation or assumption of the SARs and this Agreement by the acquiring or successor entity (or parent thereof), including the Company if it is the surviving entity, or for the substitution of the SARs and this Agreement with a substitute award with terms comparable to the SARs and this Agreement (in each case with appropriate adjustments as to the Exercise Price and the number and type of Shares (or other securities) underlying the Award or substitute award). The determination of such appropriate adjustments and comparability shall be made by the Committee.

(b) The Committee may provide for the cancellation of all or any portion of the SARs for their Intrinsic Value (payable in the form of cash, stock, securities, other property or any combination thereof) based upon the price per Share received or to be received by other stockholders of the Company in the Change in Control transaction. If at the time of a Change in Control such Intrinsic Value is equal to or less than zero (i.e., the Exercise Price of the SARs equals or exceeds the price per Share received or to be received by other stockholders of the Company in the Change in Control transaction), then the Committee may provide for the cancellation of the SARs without the payment of any consideration therefor.

Section 6. *Miscellaneous Provisions*.

(a) *Notices*. All notices, requests and other communications under this Agreement (other than a notice of exercise, which shall be provided in accordance with Section 3) shall be in writing and shall be delivered in person (by courier or otherwise), mailed by certified or registered mail, return receipt requested, or sent by facsimile transmission, as follows:

if to the Company, to:

Health Insurance Innovations, Inc.
15438 N. Florida Avenue, Suite 201
Tampa, Florida, 33613
Attention: Chief Executive Officer
Telecopy: (877) 376-5832

with a copy to (which shall not constitute notice hereunder):

Health Insurance Innovations, Inc.
15438 N. Florida Avenue, Suite 201
Tampa, Florida, 33613
Attention: Chief Financial Officer
Telecopy: (877) 376-5832

if to the Participant, to the address that the Participant most recently provided to the Company,

or to such other address or facsimile number as such party may hereafter specify for the purpose by notice to the other party hereto. All such notices, requests and other communications shall be deemed received on the date of receipt by the recipient thereof if received prior to 5:00 p.m. on a business day in the place of receipt. Otherwise, any such notice, request or communication shall be deemed received on the next succeeding business day in the place of receipt.

(b) *Entire Agreement*. This Agreement, the Plan and any other agreements referred to herein and therein and any attachments referred to herein or therein, constitute the entire agreement and understanding between the parties in respect of the subject matter hereof and supersede all prior and contemporaneous arrangements, agreements and understandings, both oral and written, whether in term sheets, presentations or otherwise, between the parties with respect to the subject matter hereof.

(c) *Amendment; Waiver*. No amendment or modification of any provision of this Agreement shall be effective unless signed in writing by or on behalf of the Company and the Participant, except that the Committee may amend or modify this Agreement without the Participant's consent in accordance with the provisions of the Plan or as otherwise set forth in this Agreement. No waiver of any breach or condition of this Agreement shall be deemed to be a waiver of any other or subsequent breach or condition whether of like or different nature. Any amendment or modification of or to any provision of this Agreement, or any waiver of any provision of this Agreement, shall be effective only in the specific instance and for the specific purpose for which made or given.

(d) *Successors and Assigns; No Third Party Beneficiaries*. This Agreement shall inure to the benefit of and be binding upon the Company and the Participant and their respective heirs, successors, legal representatives and permitted assigns. Nothing in this Agreement, expressed or implied, is intended to confer on anyone other than the Company and the Participant, and their respective heirs, successors, legal representatives and permitted assigns, any rights, remedies, obligations or liabilities under or by reason of this Agreement.

(e) *Counterparts*. This Agreement may be signed in any number of counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument.

(f) *Plan*. The Participant acknowledges and understands that material definitions and provisions concerning this Award and the Participant's rights and obligations with respect thereto are set forth in the Plan. The Participant has read carefully, and understands, the provisions of the Plan.

(g) *Governing Law*. The Agreement shall be governed by the laws of the State of Florida, without application of the conflicts of law principles thereof.

(h) *No Right to Continued Service*. The granting of the Award evidenced hereby and this Agreement shall impose no obligation on the Company or any Affiliate to continue the service of the Participant and shall not lessen or affect the right that the Company or any Affiliate may have to terminate the service of the Participant.

(i) *WAIVER OF JURY TRIAL*. EACH OF THE PARTIES HERETO IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first written above.

HEALTH INSURANCE INNOVATIONS, INC.

By: _____

Michael Hershberger,
Chief Financial Officer

PARTICIPANT

_____

Gavin D. Southwell

EXHIBIT C
FORM OF RESTRICTED STOCK AWARD AGREEMENT

HEALTH INSURANCE INNOVATIONS, INC.
LONG TERM INCENTIVE PLAN

Restricted Stock Award Agreement

You have been granted Restricted Stock (this "**Award**") on the following terms and subject to the provisions of Attachment A and the Long Term Incentive Plan (the "**Plan**") of Health Insurance Innovations, Inc. (the "**Company**"). Unless defined in this Award (including Attachment A, this "**Agreement**"), capitalized terms will have the meanings assigned to them in the Plan. In the event of a conflict among the provisions of the Plan, this Agreement and any descriptive materials provided to you, the provisions of the Plan will prevail.

Participant	Gavin D. Southwell
Number of Shares Underlying Award	17,777 Shares (to the extent not vested as of any applicable date, the "**Restricted Shares**")
Grant Date	[_____], 2016

Vesting Schedule
(subject to Section 3 of Attachment A)

Vesting	Subject to Section 3 of Attachment A, the Restricted Shares shall vest and become non-forfeitable in three tranches, on the following dates in the following amounts: [_____], 2017: 4,444 [_____], 2018: 4,444 [_____], 2019: 8,889

Restricted Stock Award Agreement
Terms and Conditions

Grant to: Gavin D. Southwell

Section 1. *Grant of Restricted Stock Award*. Subject to the terms and conditions of the Plan and this Agreement, the Company hereby grants this Award to the Participant on the Grant Date on the terms set forth on the cover page of this Agreement, as more fully described in this Attachment A. This Award is granted under the Plan, which is incorporated herein by this reference and made a part of this Agreement.

Section 2. *Issuance of Shares.*

(a) The Restricted Shares shall be evidenced by entry into the register of members of the Company; provided, however, that the Committee may determine that the Restricted Shares shall be evidenced in such other manner as it deems appropriate, including the issuance of a share certificate or certificates. In the event that any share certificate is issued in respect of the Restricted Shares, such certificate shall (i) be registered in the name of the Participant, (ii) bear an appropriate legend referring to the terms, conditions and restrictions applicable to the Restricted Shares and (iii) be held in custody by the Company.

(b) *Voting Rights.* The Participant shall have voting rights with respect to the Restricted Shares.

(c) *Dividends.* All cash and other dividends and distributions, if any, that are paid with respect to the Restricted Shares shall be paid to the Participant at the time that the portion of this Award to which such dividends or other distributions relate vests and becomes nonforfeitable.

(d) *Transferability.* Unless and until the Restricted Shares become vested in accordance with this Agreement, the Restricted Shares shall not be assigned, sold, transferred or otherwise be subject to alienation by the Participant, and any purported assignment, sale, transfer or other alienation not permitted hereunder shall be void.

(e) *Section 83(b) Election.* If the Participant chooses, the Participant may make an election under Section 83(b) of the Code with respect to the Restricted Shares, which would cause the Participant currently to recognize income for U.S. federal income tax purposes in an amount equal to the excess (if any) of the Fair Market Value of the Restricted Shares (determined as of the Grant Date) over the amount, if any, that the Participant paid for the Restricted Shares, which excess will be subject to U.S. federal income tax. The form for making a Section 83(b) election is available from the Company at the address indicated in Section 4(a). **The Participant acknowledges that (i) the Participant is solely responsible for the decision whether or not to make a Section 83(b) election, and the Company is not making any recommendation with respect thereto, (ii) it is the Participant's sole responsibility to timely file the Section 83(b) election within 30 days after the Grant Date, if the Participant decides to make such election, and (iii) if the Participant does not make a valid and timely Section 83(b) election, the Participant will be required to recognize ordinary income at the time of vesting on any future appreciation on the Restricted Shares.**

(f) *Withholding Requirements.* The Company may withhold any tax (or other governmental obligation) that becomes due with respect to the Restricted Shares (or any dividend or distribution thereon), and the Participant shall make arrangements satisfactory to the Company to enable the Company to satisfy all such withholding requirements. Notwithstanding the foregoing, the Committee, in its sole discretion, may permit the Participant to satisfy any such withholding requirement by transferring to the Company pursuant to such procedures as the Committee may require, effective as of the date on which such requirement arises, a number of vested Shares owned and designated by the Participant having an aggregate Fair Market Value as of such date that is equal to the minimum amount required to be withheld. If the Committee permits the Participant to satisfy any such withholding requirement pursuant to the preceding sentence, the Company shall remit to the Internal Revenue Service and appropriate state and local revenue agencies, for the credit of the Participant, an amount of cash withholding equal to the Fair Market Value of the Shares transferred to the Company as provided above.

Section 3. *Accelerated Vesting and Forfeiture upon Termination of Service; Accelerated Vesting Generally.*

(a) *Death, Disability, Termination Without Cause or Resignation For Good Reason.* In the event of the Participant's Termination of Service at any time due to Termination Upon Death, Termination For Disability, Termination Without Cause or Resignation For Good Reason, the Restricted Shares shall fully vest and become 100% vested and non-forfeitable on the Termination Date. For purposes of this Agreement, Cause, Disability, Termination Upon Death, Termination For Disability, Termination Without Cause, Resignation For Good Reason and Termination Date shall have the respective meanings set forth in the Employment Agreement, dated as of [_____], 2016, by and between the Participant and the Company, as the same has been or may be further amended and/or restated by the parties from time to time.

(b) *For Any Other Reason*. In the event of the Participant's Termination of Service at any time under circumstances not described in Section 3(a), the Restricted Shares shall be forfeited in their entirety without any payment to the Participant.

(c) *Change of Control*. If the Participant holds Restricted Shares at the time a Change in Control occurs, the Restricted Shares shall become 100% vested and non-forfeitable on the date of the Change in Control immediately prior to the consummation thereof.

Section 4. *Change in Control*. Without limiting the Committee's power under the Plan, upon the occurrence of a Change in Control, the Committee is authorized (but not obligated) to make adjustments to the terms and conditions of the Restricted Shares without the need for the consent of the Participant, including, without limitation, the following (or any combination thereof):

(a) The Committee may provide for the continuation or assumption of the Restricted Shares and this Agreement by the acquiring or successor entity (or parent thereof), including the Company if it is the surviving entity, or for the substitution of the Restricted Shares and this Agreement with a substitute award with terms comparable to the Restricted Shares and this Agreement (in each case with appropriate adjustments as to the number and type of Shares (or other securities) underlying the Award or substitute award). The determination of such appropriate adjustments and comparability shall be made by the Committee.

(b) The Committee may provide for the cancellation of all or any portion of the Restricted Shares for value (payable in the form of cash, stock, securities, other property or any combination thereof) based upon the price per Share received or to be received by other stockholders of the Company in the Change in Control transaction.

Section 5. *Miscellaneous Provisions.*

(a) *Notices.* All notices, requests and other communications under this Agreement shall be in writing and shall be delivered in person (by courier or otherwise), mailed by certified or registered mail, return receipt requested, or sent by facsimile transmission, as follows:

if to the Company, to:

Health Insurance Innovations, Inc.
15438 N. Florida Avenue, Suite 201
Tampa, Florida 33613
Attention: President
Telecopy: (877) 376-5832

with a copy to (which shall not constitute notice hereunder):

Health Insurance Innovations, Inc.
15438 N. Florida Avenue, Suite 201
Tampa, Florida 33613
Attention: Chief Financial Officer
Telecopy: (877) 376-5832

if to the Participant, to the address that the Participant most recently provided to the Company,

or to such other address or facsimile number as such party may hereafter specify for the purpose by notice to the other party hereto. All such notices, requests and other communications shall be deemed received on the date of receipt by the recipient thereof if received prior to 5:00 p.m. on a business day in the place of receipt. Otherwise, any such notice, request or communication shall be deemed received on the next succeeding business day in the place of receipt.

(b) *Entire Agreement.* This Agreement, the Plan and any other agreements referred to herein and therein and any attachments referred to herein or therein, constitute the entire agreement and understanding between the parties in respect of the subject matter hereof and supersede all prior and contemporaneous arrangements, agreements and understandings, both oral and written, whether in term sheets, presentations or otherwise, between the parties with respect to the subject matter hereof.

(c) *Amendment; Waiver.* No amendment or modification of any provision of this Agreement shall be effective unless signed in writing by or on behalf of the Company and the Participant, except that the Committee may amend or modify this Agreement without the Participant's consent in accordance with the provisions of the Plan or as otherwise set forth in this Agreement. No waiver of any breach or condition of this Agreement shall be deemed to be a waiver of any other or subsequent breach or condition whether of like or different nature. Any amendment or modification of or to any provision of this Agreement, or any waiver of any provision of this Agreement, shall be effective only in the specific instance and for the specific purpose for which made or given.

(d) *Assignment.* Neither this Agreement nor any right, remedy, obligation or liability arising hereunder or by reason hereof shall be assignable by the Participant.

(e) *Successors and Assigns; No Third Party Beneficiaries.* This Agreement shall inure to the benefit of and be binding upon the Company and the Participant and their respective heirs, successors, legal representatives and permitted assigns. Nothing in this Agreement, expressed or implied, is intended to confer on anyone other than the Company and the Participant, and their respective heirs, successors, legal representatives and permitted assigns, any rights, remedies, obligations or liabilities under or by reason of this Agreement.

(f) *Counterparts.* This Agreement may be signed in any number of counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument.

(g) *Plan.* The Participant acknowledges and understands that material definitions and provisions concerning this Award and the Participant's rights and obligations with respect thereto are set forth in the Plan. The Participant has read carefully, and understands, the provisions of the Plan.

(h) *Governing Law.* The Agreement shall be governed by the laws of the State of Florida, without application of the conflicts of law principles thereof.

(i) *No Right to Continued Service.* The granting of the Award evidenced hereby and this Agreement shall impose no obligation on the Company or any Affiliate to continue the service of the Participant and shall not lessen or affect the right that the Company or any Affiliate may have to terminate the service of the Participant.

(j) *WAIVER OF JURY TRIAL.* EACH OF THE PARTIES HERETO IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first written above.

HEALTH INSURANCE INNOVATIONS, INC.

By: *Michael Hershberger*
Michael Hershberger,
Chief Financial Officer

PARTICIPANT

/s/ Gavin D. Southwell
Gavin D. Southwell

July 24th, 2015

Joseph Denother
Portland, OR

Dear Joe,

We are pleased to offer you the position of Vice President, Operations of Health Insurance Innovations, Inc. (the "Company" or "HII"). We believe this is an exceptional opportunity for you to join our growing and dynamic organization. This offer is based upon a mutually acceptable start date as Vice President, Operations, to be determined ("Start Date"), however, the compensation and benefits package outlined in this letter assumes a Start Date on or prior to August 17, 2015.

The terms of our offer are as follows:

- Effective as of the Start Date, your title will be Vice President, Operations of HII. In this capacity, you will report directly to the President of the Company.

- Your duties will be performed primarily at our home office in Tampa, Florida, subject to reasonable travel requirements on behalf of the Company.

- Your starting annual base salary will be $200,000, subject to applicable taxes and withholdings. On the date of your first regular paycheck following your Start Date, you will be paid a relocation bonus in the amount of $35,000, "grossed up" for applicable taxes and withholdings. If you are terminated for "cause" or resign without "good reason" prior to the third anniversary of your Start Date, you will be responsible for reimbursing the Company for the *pro-rated* amount (measured on a monthly basis) of such bonus.

- You will be eligible to participate in the Company's management bonus program in such amounts, on such terms and subject to such conditions as determined by the Compensation Committee of the Board of Directors of the Company ("Compensation Committee"). Your target bonus will be equal to 25% of your base salary, which will be pro-rated for calendar year 2015. All bonus payments will be subject to applicable taxes and withholdings**.**

- You will be eligible to participate in the Company's Long Term Incentive Plan (the "LTIP"). On your Start Date, subject to the approval of the Compensation Committee, and on the terms and subject to the conditions of the LTIP and the applicable grant document, you will be granted 10,000 Class A share-settled stock appreciation rights ("SSARs") with a strike price equal to the market closing price of HII Class A shares on the Start Date.

- Subject to your continued employment with the Company, beginning on January 1, 2016 and on each January 1 thereafter, at the discretion of the Compensation Committee, you will be eligible for a target equity grant under the LTIP of up to 25% of your base salary as follows: (a) 1/3 of such grant in HII Class A shares ("Restricted Shares") and (b) 2/3 of such grant in SSARs (as determined by the Black-Scholes option-pricing model), with a strike price equal to the market closing price of HII Class A shares on the applicable grant date.

15438 N Florida Ave Ste 201 Tampa, FL 33613
OFFICE *877.376.5831* FAX *877.376.5832*
www.hiiquote.com

- Your grants of Restricted Shares and SSARs will vest 25% on each of the first two anniversaries of the applicable grant date (which, for your initial grant of SSARs will be the Start Date), and 50% will vest on the third anniversary of the applicable grant date. Unvested Restricted Shares and unvested or unexercised SSARs forming part of these grants will be subject to forfeiture if you resign without "good reason" or are terminated for "cause". Similarly, unvested Restricted Shares and unvested or unexercised SSARs forming part of these grants will be subject to 100% accelerated vesting if you resign for "good reason" or are terminated without "cause." In the event your employment is terminated because you resign for "good reason" or are terminated "without cause", the SSARs forming part of these grants, to the extent that they are otherwise vested and exercisable at the time of your termination of service, shall terminate at 5:00 p.m. (Eastern time) on the date that is one year after the date of your termination of service.

- If you resign for "good reason" or are terminated without "cause", subject to the execution of a mutually acceptable release, you will be entitled to receive an amount equal to 6 months of your annual base salary (at the rate then in effect), payable in equal installments in accordance with our customary payroll procedures, subject to applicable taxes and withholdings, commencing on your employment termination date and ending 6 months thereafter.

- Your employment agreement will contain definitions of "cause" and resignation for "good reason" substantially similar to those contained in the employment agreements of other similarly situated members of management.

- You will be reimbursed for all reasonable expenses incurred by you in the course of performing your duties that are consistent with the Company's policies and procedures in effect from time to time with respect to travel, entertainment and other business expenses, subject to the Company's requirements with respect to reporting and documentation of such expenses.

- You will have paid time off of 20 days on the same terms, and subject to the same conditions, that are applicable to other similarly situated members of management and in accordance with the Company's policies and practices.

- You will be eligible to participate in health and other employee benefit on the same terms, and subject to the same conditions, that are applicable to other similarly situated members of management (subject also to all restrictions on participation that may apply under federal and state tax laws). The Company reserves the right to amend, modify or terminate any benefit and compensation plans and programs at any time in its sole discretion. Nothing in this letter should be construed as a guarantee of any particular level of benefits or of your participation in any benefit plan.

This offer and the commencement of your employment with us is contingent upon the successful completion of a pre-employment background check, as well as the execution of a mutually acceptable employment agreement between you and HII. This employment agreement will contain the above terms and other terms, conditions and covenants substantially similar to those contained in the employment agreements of other similarly situated members of management.

Your employment with the Company will be "at will," which means that you or the Company may terminate your employment at any time, for any reason or no reason, with or without cause, and with or without prior notice or prior disciplinary action. This offer letter is not intended to create and shall not be construed as creating a contract of employment.

[Signature Page Follows]

15438 N Florida Ave Ste 201 Tampa, FL 33613
OFFICE *877.376.5831* FAX *877.376.5832*
www.hiiquote.com

If you accept our offer as specified above, please sign and date this letter where indicated below and send it to me via e-mail (pmcnamee@hiiquote.com), with a copy to Michael D. Hershberger, our Chief Financial Officer (mhershberger@hiiquote.com). Your signature will acknowledge your understanding and acceptance of our offer, which will remain effective until July 28, 2015.

Please feel free to call or e-mail me if you have any questions regarding this offer or our organization generally. We are looking forward to having you join our team during this exciting time in our growth and we look forward to all your contributions.

Very truly yours,

HEALTH INSURANCE INNOVATIONS, INC.

/s/ Patrick R. McNamee
Patrick R. McNamee
President

UNDERSTOOD AND ACCEPTED:

/s/ Josef Denother
Joe Denother

AMENDMENT TO EMPLOYMENT AGREEMENT

THIS AMENDMENT TO EMPLOYMENT AGREEMENT (hereinafter "Amendment"), is made and entered into as of this 20th day of July, 2016 ("Effective Date") by and between **Health Insurance Innovations, Inc.** (collectively, the "Company") and **Josef Denother** (hereinafter called "Executive").

WHEREAS, the Company and Executive entered into an employment relationship pursuant to the terms of an offer letter from the Company to Executive dated July 24, 2015 and executed by Executive on July 28, 2015 (the "Agreement");

WHEREAS, as of the Effective Date, Executive is being promoted by Company from Vice President of Operations to Chief Operating Officer;

WHEREAS, in connection with such promotion, Company and Executive have agreed to modify certain terms of the Agreement;

WHEREAS, the provisions set forth below amend and supersede any comparable prior or inconsistent terms set forth in the Agreement; and

NOW THEREFORE, in consideration of Executive's continued employment and promotion with the Company and the mutual covenants and promises set forth in this Amendment, and intending to be legally bound, the parties agree as follows:

1. *Recitals*. All of the foregoing recitals are true and correct and are incorporated herein by reference.

2. *Effect on Employment*. As of the Effective Date the terms and provisions of this Amendment shall apply to Executive's employment relationship with the Company together with all other provisions of the Agreement not modified by the provisions set forth herein.

3. *Position and Duties*. As of the Effective Date, Executive shall be employed by Company as its Chief Operating Officer, reporting to the President of the Company and shall have such job duties as are assigned to Executive by Company from time to time. Company may change, modify or alter Executive's job title, duties and responsibilities as determined by the Company's business needs, in Company's sole discretion. Executive accepts such employment, and agrees to devote Executive's best efforts on a full-time basis to perform his duties as Chief Operating Officer in a diligent, loyal, faithful, timely, complete and professional manner and in conformity with all federal and state statutes, regulations and rules applicable to the Company. Executive further agrees to fully cooperate with all officers and other Executives of Company in the performance of Executive's job duties.

3. *Base Salary*. Executive's base salary shall increase from Two Hundred Thousand Dollars ($200,000.00) per calendar year to Two Hundred Fifty-five Thousand Dollars ($255,000.00) per calendar year, pro-rated for any period less than twelve (12) months. Executive's salary will be paid in accordance with the Company's customary payroll procedures and be subject to applicable taxes and withholdings.

4. *Grant of SARs*. On the Effective Date, the Company shall sign and deliver to Executive a Stock Appreciation Rights Award Agreement evidencing a grant to Executive pursuant to the terms of the Health Insurance Innovations, Inc. Long Term Incentive Plan of 29,239 SARs (as defined in the SARA Agreement attached hereto as Exhibit "A") with a three (3) year vesting schedule as set forth therein. The SARA Agreement shall only be effective upon Company's receipt of a fully executed copy of same by Executive.

5 . *Termination*. Executive's employment with the Company shall terminate (the date of such termination being the "**Termination Date**") immediately upon any of the following:

(i) Executive's death ("**Termination Upon Death**");

(ii) the effective date of a written notice sent to Executive stating the Company's determination, made in good faith, that due to a mental or physical condition, Executive has been unable and failed to substantially render the services to be provided by Executive to the Company for a period of at least 180 days out of any consecutive 360 days ("**Termination For Disability**");

(iii) the effective date of a written notice sent to Executive stating the Company's determination, made in good faith, that it is terminating Executive's employment for Cause (as defined below) ("**Termination For Cause**");

(iv) the effective date of a notice sent to Executive stating that the Company is terminating Executive's employment without Cause, which notice can be given by the Company at any time after the Effective Date at the Company's sole discretion, for any reason or for no reason ("**Termination Without Cause**");

(v) the effective date of a notice sent to the Company from Executive stating that Executive is electing to terminate Executive's employment with the Company absent a Good Reason Event (defined below) ("**Resignation Without Good Reason**"); or

(vi) the effective date of a written notice to Company stating Executive's determination, made in good faith, that a Good Reason Event has occurred within 30 days preceding such notice and as a consequence Executive is electing to terminate Executive's employment hereunder for a Good Reason Event ("**Resignation For Good Reason**"); provided, however, that Executive will give the Company 30 days to cure such Good Reason Event, and if the Company fails to cure such Good Reason Event within 30 days after Executive gives written notice of resignation hereunder, then Executive may immediately terminate Executive's employment with the Company, and such termination will be a Resignation For Good Reason hereunder; provided, further, that Executive's termination shall be deemed a Termination For Cause if the Company has delivered to Executive written notice of any act or omission that, if not cured, would constitute Cause at any time preceding the notice provided by Executive hereunder.

As used herein, the term "**Cause**" shall mean (i) commission of a willful act of dishonesty in the course of Executive's duties hereunder, (ii) conviction by a court of competent jurisdiction of, or plea of no contest to, a crime constituting a felony or conviction in respect of, or plea of no contest to, any act involving fraud, dishonesty or moral turpitude, (iii) Executive's performance under the influence of controlled substances (other than those taken pursuant to a medical doctor's orders), or continued habitual intoxication, during working hours, (iv) frequent or extended, and unjustifiable, absenteeism, (v) Executive's personal misconduct or refusal to timely perform duties and responsibilities or to timely carry out the lawful directives of the Board, which, if capable of being cured shall not have been cured, within 30 days after the Board shall have advised Executive in writing of its intention to terminate Executive's employment; provided, that such right to cure shall not apply to any subsequent act or omission of a substantially similar nature or type, or (vi) Executive's material non-compliance with the terms of the Agreement, which, if capable of being cured, shall not have been cured within 30 days after the Company shall have advised Executive in writing of its intention to terminate Executive's employment for such reason.

As used herein, the term "**Good Reason Event**" shall mean (i) a material adverse change in the responsibilities or duties of Executive as set forth in the Agreement without Executive's prior consent at a time when there are no circumstances pending that would permit a Termination for Cause, (ii) any reduction in the Salary or a material reduction in Executive's benefits (other than (x) a reduction in Salary that is the result of an administrative or clerical error, and which is cured within 15 business days after the Company receives notice of such failure or (y) a reduction in Salary or benefits that is generally applicable to all members of the Company's senior management), (iii) a material breach by the Company of the Agreement that is not cured within 30 days following the Company's receipt of written notice of such breach from Executive, or (iv) without Executive's prior written consent, the relocation of Executive's principal place of employment outside of a 50 mile radius from the location of the Company's offices in Tampa, Florida as of the Effective Date.

6. *Payments After Termination in Certain Circumstances*. If Executive resigns for a "Good Reason Event" or is terminated "Without Cause," subject to Executive's execution of a general release in the form attached hereto as Exhibit "B," Executive shall be entitled to receive an amount equal to six (6) months of his annual base salary (at the rate then in effect). Payment shall be made in equal installments in accordance with the Company's customary payroll procedures commencing on the date of separation from the Company and ending six (6) months thereafter.

7. *Noncompetition, Non-solicitation And Confidentiality.*

(a) *Definitions.*

"**Company's Business**" means (i) developing and administering web-based individual and/or group health insurance plans and ancillary insurance products, (ii) designing and structuring data-driven individual and/or group health insurance plans and ancillary insurance products, (iii) marketing such individual and/or group health insurance plans and ancillary insurance products, (iv) managing relations with insureds, (v) the development and maintenance of insurance and call center-oriented software and information technology systems, (vi) the development and maintenance of information technology systems to facilitate the comparison of health insurance plans and (vii) any other business or commercial activity, in each case as conducted by the Company or any parent, subsidiary or other affiliate of the Company.

"**Competitor**" means any company, other entity or association or individual that directly or indirectly is engaged in the Company's Business.

"**Confidential Information**" means any confidential information with respect to the Company's Business and/or the businesses of its clients or customers, including, but not limited to: the trade secrets of the Company; products or services; standard proposals; standard submissions, surveys and analyses; Commercial Lines Quality Assurance Manual; Claims Services Department Procedures and Quality Assurance Manual; Surety Quality Assurance Manual; policy forms; fees, costs and pricing structures; marketing information; advertising and pricing strategies; analyses; reports; computer software, including operating systems, applications and program listings; flow charts; manuals and documentation; data bases; all copyrightable works; the Company's existing and prospective clients and customers, their addresses or other contact information and/or their confidential information; existing and prospective client and customer lists and other related data; expiration periods; policy numbers; coverage specifications; daily reports and related correspondence; premium renewal notices; all other Company records, files, data, methods, formulae, products, apparats, sales lists, agent lists, vendor lists, plans, specifications, price lists, and other similar and related information in whatever form. The term Confidential Information does not include, and there shall be no obligation hereunder with respect to, information that (i) is generally available to the public, (ii) becomes generally available to the public other than as a result of a disclosure by Executive not otherwise permissible hereunder or (iii) Executive has learned or learns from other sources where, to Executive's knowledge, such sources have not violated their confidentiality obligation to the Company or any other applicable obligation of confidentiality.

(b) *Noncompetition.* Executive covenants and agrees that during the period commencing on the Effective Date and ending two (2) years following Executive's separation from the Company, regardless of the reason (the "**Restricted Period**"), Executive will not, directly or indirectly, own, manage, operate, control, render service to, or participate in the ownership, management, operation or control of any Competitor anywhere in the United States of America; provided, however, that Executive shall be entitled to own shares of stock of any entity having a class of equity securities actively traded on a national securities exchange or on the NASDAQ Global Market which represent, in the aggregate, not more than 1% of such entity's fully-diluted shares.

(c) *Nonsolicitation of Employees.* Executive covenants and agrees that during the Restricted Period, Executive will not, directly or indirectly, employ or solicit, or receive or accept the performance of services by any then current officer, manager, employee or independent contractor of the Company or any subsidiary or affiliate of the Company, or in any way interfere with the relationship between the Company or any subsidiary or affiliate of the Company, on the one hand, and any such officer, manager, employee or independent contractor, on the other hand.

(d) *Nonsolicitation of Customers and Vendors.* Executive covenants and agrees that during the Restricted Period, Executive will not, directly or indirectly, knowingly induce, or attempt to induce, any customer, salesperson, distributor, supplier, vendor, manufacturer, representative, agent, jobber, licensee or other person known by Executive to be transacting business with the Company or any subsidiary or affiliate of the Company (collectively the "**Customers**" and "**Vendors**") to reduce or cease doing business with the Company or any such subsidiary or affiliate of the Company, or in any way to interfere with the relationship between any such Customer or Vendor, on the one hand, and the Company or any subsidiary or affiliate of the Company, on the other hand.

(e) *Representations and Covenants by Executive.* Executive represents and warrants that: (i) Executive's execution, delivery and performance of the Agreement do not and will not conflict with, breach, violate or cause a default under any contract, agreement, instrument, order, judgment or decree to which Executive is a party or by which Executive is bound; (ii) Executive is not a party to or bound by any employment agreement, non-compete agreement or confidentiality agreement with any other person or entity (other than the Company) and Executive is not subject to any other agreement that would prevent or in any manner restrict Executive from performing Executive's duties for the Company or otherwise complying with the Agreement; (iii) Executive is not subject to or in breach of any nondisclosure agreement, including any agreement concerning trade secrets or confidential information owned by any other party; and (iv) upon the execution and delivery of the Agreement by the Company, the Agreement shall be the valid and binding obligation of Executive, enforceable in accordance with its terms.

(f) *Nondisclosure of Confidential Information.* Executive hereby acknowledges and represents that Executive has consulted with independent legal counsel regarding Executive's rights and obligations under the Agreement and that Executive fully understands the terms and conditions contained herein and Executive agrees that Executive will not, directly or indirectly: (i) use, disclose, reverse engineer or otherwise exploit for Executive's own benefit or for the benefit of anyone other than the Company the Confidential Information except as authorized by the Company; (ii) during Executive's employment with the Company, use, disclose, or reverse engineer (x) any confidential information or trade secrets of any former employer or third party, or (y) any works of authorship developed in whole or in part by Executive during any former employment or for any other party, unless authorized in writing by the former employer or third party; or (iii) upon Executive's resignation or termination (x) retain Confidential Information, including any copies existing in any form (including electronic form), that are in Executive's possession or control, or (y) destroy, delete or alter the Confidential Information without the Company's consent. Notwithstanding the foregoing, Executive may use the Confidential Information in the course of performing Executive's duties on behalf of the Company or any subsidiary or affiliate of the Company as described hereunder, provided that such use is made in good faith. Executive will immediately surrender possession of all Confidential Information to Company upon any suspension or termination of Executive's employment with Company for any reason.

(g) *Inventions and Patents and other Work Product.* Executive acknowledges that all (i) inventions, innovations, improvements, developments, methods, designs, analysis, drawings, reports, processes, novel concepts, ideas, copyrights, trademarks and service marks relating to any present or prospective activities of Company, including but not limited to structures, processes, software, formula, techniques and improvements to the foregoing or to know how, and all similar or related information (whether or not patentable) that relate to the Company's or any of its subsidiaries' or affiliates' actual or anticipated businesses, (ii) research and development and (iii) existing or future products or services that are, to any extent, conceived, developed or made by Executive while employed by the Company or any subsidiary or affiliate of the Company (items set forth in subsections (i), (ii) and (iii) of this Subsection (g) collectively referred to herein as "Work Product") shall be deemed work made for hire and belong to the Company or such subsidiary or affiliate. Executive shall promptly disclose such Work Product to the Company and, at the cost and expense of the Company, perform all actions reasonably necessary or requested by the Company to establish and confirm such ownership (including, without limitation, executing assignments, consents, powers of attorney and other instruments). For the avoidance of doubt Executive hereby assigns and agrees to assign to Company all of his rights to the Work Product (if any) and to any applications for United States and foreign letters of patent, marks and copyrights and to resulting letters of patent, copyrights and marks with respect thereto. At the Company's request, Executive shall execute such documents and provide such assistance as may be deemed necessary by Company to apply for United States and foreign letters of patents, marks and copyrights on or related to the work product. Executive specifically agrees that he shall not have or acquire any proprietary or other rights whatsoever in the Work Product. Executive shall not have the right or privilege to use any Work Product except through the business of Company.

(h) *Miscellaneous.*

(i) Executive acknowledges that (x) Executive's position is a position of trust and responsibility with access to Confidential Information of the Company, (y) the Confidential Information, and the relationship between the Company and each of its employees, customers and vendors, are valuable assets of the Company and may not be converted to Executives own use and (z) the restrictions contained in this Section 7 are reasonable and necessary to protect the legitimate business interests of the Company and will not impair or infringe upon Executive's right to work or earn a living once Executive's employment with the Company terminates.

(ii) Each of the foregoing obligations shall be enforceable independent of any other obligation, and the existence of any claim or cause of action that Executive may have against the Company, whether predicated on the Agreement, as modified herein, or otherwise, shall not constitute a defense to the enforcement by the Company of the obligations imposed on Executive in this Section 7.

(iii) Executive acknowledges that monetary damages will not be an adequate remedy for the Company in the event of a breach of the covenants made by Executive in this Section 7 and that it would be impossible for the Company to measure damages in the event of such a breach. Therefore, Executive agrees that, in addition to other rights that the Company may have at law or equity, the Company is entitled, without posting bond, to seek an injunction preventing Executive from any breach of this Section 7.

(iv) In the event of a breach or violation by Executive during the Restricted Period of any restriction of this Section 7, the Restricted Period shall be tolled until such breach or violation has been cured.

(v) The parties intend to provide the Company with the maximum protection possible with respect to its customers and vendors. The parties, however, do not intend to include a provision that contravenes the public policy of any state. Therefore, if any provision of this Section is unlawful, against public policy or otherwise declared void, such provision shall not be deemed part of the Agreement, which otherwise shall remain in full force and effect. If, at the time of enforcement of any provision of this Section 7 or any other provision of the Agreement as modified by this Amendment, a court or other tribunal holds that the duration, scope or area restriction stated herein is unreasonable under the circumstances then existing, the parties agree that the court should enforce the restrictions to the extent it deems reasonable.

(vi) Executive hereby agrees that prior to accepting employment with any other person or entity during the Restricted Period following the Executive's final date of employment with the Company, Executive will provide such prospective employer with written notice of the existence of the restrictions contained in this Section 7, including a copy of the provisions themselves, with a copy of such notice delivered simultaneously to Company.

(vii) Notwithstanding any provision of the Agreement, as modified by this Amendment, to the contrary, the obligations and commitments of this Section 7 shall survive and continue in full force and effect in accordance with its terms notwithstanding any termination of Executive's employment for any reason or termination of the Agreement, as modified by this Amendment, for any reason.

8. *Expenses*. In the event of any legal action to enforce Executive's or Company's rights under the Agreement, as modified by this Amendment, each party will be responsible for that party's attorneys' fees, costs, expenses and disbursements.

9 . *Assignment*. The Agreement, as modified by this Amendment, is binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns. Executive shall not assign or transfer any rights or obligations hereunder. Company shall have the right to assign or transfer any rights or obligations hereunder only to (a) a successor entity in the event of a merger, consolidation, transfer or sale of all or substantially all the assets of the Company or (b) a subsidiary or affiliate of the Company. Any purported assignment, other than as provided above, shall be null and void.

10. *Notices*. All notices, requests, consents and other communications required or permitted to be given hereunder, shall be in writing and shall be delivered personally or sent by prepaid telegram, telex, facsimile transmission, overnight courier or mailed, first class, postage prepaid by registered or certified mail, as follows:

If to the Company: Health Insurance Innovations, Inc.
15438 N. Florida Avenue, Suite 201
Tampa, Florida 33613
Attention: Chairman of the Board
Telecopy: (877) 376-5832

If to Executive: To Executive's address as reflected on the payroll records of the Company

or such other address as either party shall designate by notice in writing to the other in accordance herewith. Any such notice shall be deemed given when so delivered personally, by telex, facsimile transmission or telegram, or if sent by overnight courier, one day after delivery to such courier by the sender or if mailed, five days after deposit by the sender in the U.S. mail.

11. *Entire Agreement*. Except as otherwise indicated herein, the Agreement, as modified by this Amendment shall constitute the entire agreement between Executive and Company concerning the subject matter hereof. No provisions of the Agreement as amended this Amendment may be modified, waived or discharged unless such waiver, modification or discharge is agreed to in writing, signed by Executive and an authorized officer of Company.

12. *Governing Law*. The Agreement, as modified by this Amendment, shall be subject to and governed by the laws of the State of Florida, without giving effect to the principles of conflicts of law under Florida law that would require or permit the application of the laws of a jurisdiction other than the State of Florida and irrespective of the fact that the parties now or at any time may be residents of or engage in activities in a different state. Executive agrees that in the event of any dispute or claim arising under the Agreement or any Amendment thereto, jurisdiction and venue shall be vested and proper, and Executive hereby consents to the jurisdiction of any court sitting in Tampa, Florida, including the United States District Court for the Middle District of Florida.

13. *Full Settlement*. Executive acknowledges and agrees that, subject to the payment by the Company of the benefits provided in the Agreement, as modified by this Amendment, to Executive, in no event will the Company, nor any subsidiary or affiliate thereof, be liable to Executive for damages under any claim of breach of contract as a result of the termination of Executive's employment. In the event of any such termination, Company shall be liable only to provide to Executive, or Executive's heirs or beneficiaries, the benefits specified in the Agreement, as modified hereby.

14. *Strict Compliance.* Executive's or Company's failure to insist upon strict compliance with any provision of the Agreement, as modified by this Amendment, or the failure to assert any right Executive or Company may have hereunder and thereunder shall not be deemed to be a waiver of such provision or right or any other provision or right. The waiver, whether express or implied, by either party of a violation of any of the provisions of the Agreement, as modified by this Amendment, shall not operate or be construed as a waiver of any subsequent violation of any such provision.

15. *Creditor Status*. No benefit or promise hereunder shall be secured by any specific assets of the Company. Executive shall have only the rights of an unsecured general creditor of the Company in seeking satisfaction of such benefits or promises.

16. *Section 409A*. The Agreement, as modified by this Amendment, is intended to comply with the requirements of Section 409A of the Internal Revenue Code of 1986, as amended ("**Section 409A**"), and shall be construed accordingly. Any payments or distributions to be made to Executive under the Agreement upon a separation from service of amounts classified as "nonqualified deferred compensation" for purposes of Section 409A, shall in no event be made or commence until six months after such separation from service if Executive is determined to be a specified Executive of a public company (all as determined under Section 409A). Each payment of nonqualified deferred compensation under the Agreement shall be treated as a separate payment for purposes of Section 409A. Any reimbursements made pursuant to the Agreement shall be paid as soon as practicable but no later than 90 days after Executive submits evidence of such expenses to the Company (which payment date shall in no event be later than the last day of the calendar incurred). The amount of such reimbursements paid and any in-kind benefits the year following the calendar year in which the expense was provided during any calendar year shall not affect the reimbursements paid or in-kind benefits provided in any other calendar year, and the right to any such payments and benefits shall not be subject to liquidation or exchange for another payment or benefit.

17. *Cooperation*. Executive agrees to provide assistance to and cooperate with the Company upon its reasonable request with respect to matters within the scope of Executive's duties and responsibilities during the Restricted Period. During such Restrictive Period, the Company shall, to the maximum extent coordinate or cause any such request with Executive's other commitments and responsibilities to minimize the degree to which such request interferes with such commitments and responsibilities.

18. *Non-disparagement*. Executive agrees to not make any statements, written or oral, while employed by the Company and thereafter, which would be reasonably likely to disparage or damage the Company, its affiliates or subsidiaries or the personal or professional reputation of any present or former employees, officers or members of the managing or directorial boards or committees of the Company or its affiliates or subsidiaries. The Company agrees that it will instruct each of its and its affiliates' and subsidiaries' members, directors, managers, officers and employees not to make any disparaging communication regarding Executive, and no such person or entity will be authorized on the Company's or any affiliate's or subsidiary's behalf to make any such disparaging communications regarding Executive.

19. *Recoupment*. Executive agrees to reimburse the Company for all or a portion, as determined below, of any bonus or incentive or equity-based compensation paid or awarded to Executive by the Company, if the Board determines that (a) the payment, award or vesting thereof was predicated upon the achievement of certain financial results that were subsequently the subject of a material financial restatement, (b) Executive engaged in fraud or misconduct that caused, in whole or in part, the need for the material financial restatement, and (c) a lower payment, award or vesting would have occurred based upon the restated financial results. In such event, Executive agrees to reimburse (in the manner determined by the Board, including cancellation of options or other stock awards) any bonus or incentive or equity-based compensation previously paid, awarded or vested in the amount by which such bonus or incentive or equity-based compensation actually paid, awarded or vested exceeds the lower payment, award or vesting that would have occurred based upon the restated financial result; provided that no reimbursement shall be required if the payment, award or vesting otherwise subject to reimbursement hereunder occurred more than three (3) years prior to the date the applicable reinstatement is disclosed. In addition, notwithstanding anything to the contrary, any bonus or incentive or equity-based compensation, or other compensation, payable to Executive pursuant to the Agreement or any other agreement, plan or arrangement of the Company shall be subject to repayment or recoupment (claw back) by the Company to the extent applicable under Section 304 of the Sarbanes-Oxley Act of 2002 (and not otherwise exempted) and in accordance with such policies and procedures as the Board or the Compensation Committee of the Board may adopt from time to time, including policies and procedures to implement applicable law (including, but not limited to, Section 954 of the Dodd-Frank Act), stock market or exchange rules and regulations or accounting or tax rules and regulations.

20. *Survival*. Any provision of the Agreement, as amended hereby, or any future amendment thereto that is expressly or by implication intended to survive the termination of the Agreement shall survive or remain in effect after the termination of the Agreement.

21. *Counterparts*. This Amendment may be executed in separate counterparts, either one of which need not contain the signature of more than one party, but both such counterparts taken together shall constitute one and the same agreement.

22. *Effectiveness*. Except as expressly modified hereby, all terms and conditions of the Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, the parties hereto have executed this Amendment to be effective as of the day and year first written above.

HEALTH INSURANCE INNOVATIONS, INC.

By: */s/ Patrick R. McNamee*
Name: Patrick R. McNamee
Title: Chief Executive Officer

EXECUTIVE

/s/ Joseph Denother
Josef Denother

EXHIBIT B
SARA AGREEMENT

HEALTH INSURANCE INNOVATIONS, INC.
LONG TERM INCENTIVE PLAN

Stock Appreciation Rights Award Agreement

You have been granted Stock Appreciation Rights (this "**Award**") on the following terms and subject to the provisions of Attachment A and the Long Term Incentive Plan, as amended (the "**Plan**"), of Health Insurance Innovations, Inc. (the "**Company**"). Unless defined in this Award (including Attachment A, this "**Agreement**"), capitalized terms will have the meanings assigned to them in the Plan. In the event of a conflict among the provisions of the Plan, this Agreement and any descriptive materials provided to you, the provisions of the Plan will prevail.

Participant	Josef Denother
Number of Stock Appreciation Rights	29,239 (each a "**SAR**")
Exercise Price per SAR	$[_____]
Grant Date	[_____], 2016
Expiration Date	[_____], 2023, subject to earlier termination under Section 2(d) of Attachment A.

Vesting Schedule
(subject to Section 2(c) and Section 2(d) of Attachment A)

Vesting	Subject to Section 2(c) and Section 2(d) of Attachment A, the SARs shall vest and become non-forfeitable in three tranches, on the following dates in the following amounts: [_____], 2017: 7,310 [_____], 2018: 7,310 [_____], 2019: 14,619

Attachment A

Stock Appreciation Rights Award Agreement

Terms and Conditions

Grant to: Josef Denother

Section 1. *Grant of Stock Appreciation Rights*. Subject to the terms and conditions of the Plan and this Agreement, the Company hereby grants this Award to the Participant on the Grant Date on the terms set forth on the cover page of this Agreement, as more fully described in this Attachment A. This Award is granted under the Plan, which is incorporated herein by this reference and made a part of this Agreement.

Section 2. *Terms of SAR*.

(a) *Generally*. Subject to the terms and conditions of this Agreement and the Plan, each SAR constitutes an unfunded and unsecured promise of the Company to deliver to Participant, at the time such SAR is validly exercised, an amount, payable in the form of Shares, equal to the excess of (i) the Fair Market Value of one Share on the date of exercise, over (ii) the Exercise Price per SAR set forth on the cover page of this Agreement (the "**Spread**").

(b) *Exercisability*. Subject to the terms and conditions of this Agreement and the Plan, a SAR may be exercised only after if it has vested and become exercisable under Section 2(c) or Section 2(d)(ii), and only before it has expired or been terminated under Section 2(d)(i), Section 2(d)(ii) or Section 2(d)(iii).

(c) *Vesting, Generally*.

(i) Subject to Section 2(d), the SARs shall vest and become exercisable in accordance with the Vesting Schedule set forth on the cover page of this Agreement.

(ii) If the Participant holds unvested SARs at the time a Change in Control occurs, the SARs shall become 100% vested and exercisable on the date of the Change in Control immediately prior to the consummation thereof.

(d) *Accelerated Vesting; Termination*.

(i) Except as otherwise provided in this Section 2(d), all of the SARs shall terminate at 5:00 p.m., Eastern time, on the Expiration Date set forth on the cover page of this Agreement, unless earlier terminated under subsections (ii) or (iii) below.

(ii) In the event of the Participant's Termination of Service at any time due to Termination Upon Death, Termination For Disability, Termination Without Cause or Resignation For Good Reason, 100% of the SARs granted under this Agreement shall become vested and exercisable, and shall continue to be exercisable until 5:00 p.m., Eastern time, on the date that is one year after the Termination Date and at such time any unexercised SARs shall terminate, cease to be exercisable and by automatically forfeited to the Company without consideration. For purposes of this Agreement, Termination Upon Death, Termination For Disability, Termination Without Cause, Resignation For Good Reason and Termination Date shall have the respective meanings set forth in the Employment Agreement, dated as of July 28, 2015, as amended on July [____], 2016, by and between the Participant and the Company.

(iii) In the event of the Participant's Termination of Service at any time under circumstances not described in Section 2(d)(ii), all of the SARs shall terminate simultaneously with the Termination of Service on the Termination Date, including to the extent that the SARs are otherwise vested and exercisable as of the Termination Date, and shall automatically be forfeited to the Company without consideration, and, if otherwise vested and exercisable, shall cease to be exercisable.

For clarity, in no event shall any SAR be exercisable after the Expiration Date set forth on the cover page of this Agreement.

(e) *Transferability*. The SARs, and the Participant's rights under this Agreement, shall not be assigned, sold, transferred or otherwise be subject to alienation by the Participant, other than by will or the law of descent and distribution, and any purported assignment, sale, transfer or other alienation not permitted hereunder shall be void. During the Participant's lifetime, the SARs shall be exercisable only by the Participant.

Section 3. *Exercise*.

(a) *When to Exercise*. Except as otherwise provided in the Plan or this Agreement, the Participant (or in the case of exercise after the Participant's death or incapacity, the Participant's guardian, legal representative, heir or legatee, as the case may be) may exercise his or her SARs that are then exercisable under Section 2, in whole or in part, by following the procedures set forth in this Section 3. If partially exercised, the Participant (or in the case of exercise after the Participant's death or incapacity, the Participant's guardian, legal representative, heir or legatee, as the case may be) may thereafter exercise the remaining unexercised portion of the SARs, to the extent that they are then exercisable under Section 2, by following the procedures set forth in this Section 3.

(b) *Election to Exercise*. To exercise the SARs, the Participant (or in the case of exercise after the Participant's death or incapacity, the Participant's guardian, legal representative, heir or legatee, as the case may be) must deliver to the Secretary of the Company (or his or her designee) a written notice (or notice through another previously approved method, which could include a web-based or e-mail system) which sets forth the number of SARs being exercised, together with any additional documents as the Company may require. Each such notice must satisfy whatever then-current procedures apply to the SARs and must contain such representations, warranties and covenants as the Company requires. If someone other than the Participant exercises the SARs, then such person must submit documentation reasonably acceptable to the Company verifying that such person has the legal right to exercise the SARs.

(c) *Date of Exercise*. The SARs shall be deemed to be exercised on the business day that the Company receives a fully executed and completed exercise notice. If an exercise notice is received on a day that is not a business day, or is received after 5:00 p.m., Eastern time, on a business day, then the SARs shall be deemed to be exercised on the first business day immediately following the day such notice is received by the Company.

(d) *Settlement*. Upon a valid exercise of SARs, the Participant shall be entitled to receive that number of Shares determined by dividing (i) (1) the total number of SARs then being exercised, multiplied by (2) the Spread on the date of exercise, by (ii) the Fair Market Value of one Share on the date of exercise.

(e) *Fractional Shares*. No fractional Shares shall be issued upon exercise of SARs, and if the number of Shares otherwise issuable under Section 3(d) upon an exercise of SARs includes a fraction of a Share, then upon such exercise the Participant shall be entitled to receive (i) the number of Shares determined under Section 3(d), rounded down to the nearest whole Share, plus (ii) an amount of cash equal to the Fair Market Value of one Share on the date of exercise, multiplied by such fraction of a Share.

(f) *Withholding Requirements*. The delivery of Shares upon settlement of SARs is conditioned on the Participant making arrangements satisfactory to the Company to enable the Company to satisfy all tax (or other governmental obligation) withholding requirements. In the event that there is any such withholding requirement upon an exercise of SARs, the Committee may, in its sole discretion and pursuant to such procedures as the Committee may require, permit the Participant to satisfy any such withholding requirement by having the Company withhold from the number of Shares otherwise issuable to the Participant upon such exercise a number of Shares having an aggregate Fair Market Value equal to the minimum amount required to be withheld. If the Committee permits the Participant to satisfy any such withholding requirement pursuant to the preceding sentence, the Company shall remit to the Internal Revenue Service and appropriate state and local revenue agencies, for the credit of the Participant, an amount of cash withholding equal to the Fair Market Value of the Shares withheld by the Company as provided above.

(g) *Compliance with Law and Regulations*. The SARs, their exercise and the obligation of the Company to issue Shares in settlement thereof are subject to all applicable federal and state laws, rules and regulations, including securities laws, to approvals by any government or regulatory agency as may be required, and to the rules, regulations and other requirements of the stock market or exchange upon which the Shares are then quoted, traded or listed. The Participant may not exercise a SAR if such exercise would violate any securities laws or other applicable law, rule, regulation or requirement.

Section 4. *No Rights of Stockholder*. A holder of a SAR, as such, shall not be entitled to vote or receive dividends or be deemed the holder of the Shares underlying the SAR for any purpose, nor shall anything contained in this Agreement be construed to confer upon the holder of a SAR, as such, any of the rights or obligations of a stockholder of the Company, unless and until Shares are actually issued to and held of record by such holder upon settlement of the SARs following valid exercise thereof.

Section 5. *Change in Control*. Without limiting the Committee's power under the Plan, upon the occurrence of a Change in Control, the Committee is authorized (but not obligated) to make adjustments to the terms and conditions of the SARs without the need for the consent of the Participant, including, without limitation, the following (or any combination thereof):

(a) The Committee may provide for the continuation or assumption of the SARs and this Agreement by the acquiring or successor entity (or parent thereof), including the Company if it is the surviving entity, or for the substitution of the SARs and this Agreement with a substitute award with terms comparable to the SARs and this Agreement (in each case with appropriate adjustments as to the Exercise Price and the number and type of Shares (or other securities) underlying the Award or substitute award). The determination of such appropriate adjustments and comparability shall be made by the Committee.

(b) The Committee may provide for the cancellation of all or any portion of the SARs for their Intrinsic Value (payable in the form of cash, stock, securities, other property or any combination thereof) based upon the price per Share received or to be received by other stockholders of the Company in the Change in Control transaction. If at the time of a Change in Control such Intrinsic Value is equal to or less than zero (i.e., the Exercise Price of the SARs equals or exceeds the price per Share received or to be received by other stockholders of the Company in the Change in Control transaction), then the Committee may provide for the cancellation of the SARs without the payment of any consideration therefor.

Section 6. *Miscellaneous Provisions*.

(a) *Notices*. All notices, requests and other communications under this Agreement (other than a notice of exercise, which shall be provided in accordance with Section 3) shall be in writing and shall be delivered in person (by courier or otherwise), mailed by certified or registered mail, return receipt requested, or sent by facsimile transmission, as follows:

if to the Company, to:

Health Insurance Innovations, Inc.
15438 N. Florida Avenue, Suite 201
Tampa, Florida, 33613
Attention: Chief Executive Officer
Telecopy: (877) 376-5832

with a copy to (which shall not constitute notice hereunder):

Health Insurance Innovations, Inc.
15438 N. Florida Avenue, Suite 201
Tampa, Florida, 33613
Attention: Chief Financial Officer
Telecopy: (877) 376-5832

if to the Participant, to the address that the Participant most recently provided to the Company.

or to such other address or facsimile number as such party may hereafter specify for the purpose by notice to the other party hereto. All such notices, requests and other communications shall be deemed received on the date of receipt by the recipient thereof if received prior to 5:00 p.m. on a business day in the place of receipt. Otherwise, any such notice, request or communication shall be deemed received on the next succeeding business day in the place of receipt.

(b) *Entire Agreement*. This Agreement, the Plan and any other agreements referred to herein and therein and any attachments referred to herein or therein, constitute the entire agreement and understanding between the parties in respect of the subject matter hereof and supersede all prior and contemporaneous arrangements, agreements and understandings, both oral and written, whether in term sheets, presentations or otherwise, between the parties with respect to the subject matter hereof.

(c) *Amendment; Waiver*. No amendment or modification of any provision of this Agreement shall be effective unless signed in writing by or on behalf of the Company and the Participant, except that the Committee may amend or modify this Agreement without the Participant's consent in accordance with the provisions of the Plan or as otherwise set forth in this Agreement. No waiver of any breach or condition of this Agreement shall be deemed to be a waiver of any other or subsequent breach or condition whether of like or different nature. Any amendment or modification of or to any provision of this Agreement, or any waiver of any provision of this Agreement, shall be effective only in the specific instance and for the specific purpose for which made or given.

(d) *Successors and Assigns; No Third Party Beneficiaries*. This Agreement shall inure to the benefit of and be binding upon the Company and the Participant and their respective heirs, successors, legal representatives and permitted assigns. Nothing in this Agreement, expressed or implied, is intended to confer on anyone other than the Company and the Participant, and their respective heirs, successors, legal representatives and permitted assigns, any rights, remedies, obligations or liabilities under or by reason of this Agreement.

(e) *Counterparts*. This Agreement may be signed in any number of counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument.

(f) *Plan*. The Participant acknowledges and understands that material definitions and provisions concerning this Award and the Participant's rights and obligations with respect thereto are set forth in the Plan. The Participant has read carefully, and understands, the provisions of the Plan.

(g) *Governing Law*. The Agreement shall be governed by the laws of the State of Florida, without application of the conflicts of law principles thereof.

(h) *No Right to Continued Service*. The granting of the Award evidenced hereby and this Agreement shall impose no obligation on the Company or any Affiliate to continue the service of the Participant and shall not lessen or affect the right that the Company or any Affiliate may have to terminate the service of the Participant.

(i) *WAIVER OF JURY TRIAL*. EACH OF THE PARTIES HERETO IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first written above.

HEALTH INSURANCE INNOVATIONS, INC.

By: _____

Michael Hershberger,
Chief Financial Officer

PARTICIPANT

_____

Josef Denother

EXHIBIT B
FORM OF RELEASE

This RELEASE ("**Release**") is granted effective as of the **[●]** day of **[●]**, 20**[●]** by JOSEF DENOTHER (the "**Executive**") in favor of HEALTH INSURANCE INNOVATIONS, INC. (the " **Company**") and the other Released Parties (as defined below). This is the Release referred to in the Amendment to Employment Agreement, dated as of July 20, 2016, between the Company and the Executive (the "**Employment Agreement**"). The Executive gives this Release in consideration of the Company's promises and covenants contained in the Employment Agreement, with respect to which this Release is an integral part.

1. *Release of the Company.* The Executive, for himself, his successors, assigns, attorneys, and all those entitled to assert his rights, now and forever hereby releases and discharges the Company and its respective officers, directors, stockholders, trustees, executives, agents, parent corporations, subsidiaries, affiliates, estates, successors, assigns and attorneys (the "**Released Parties**"), from any and all claims, actions, causes of action, sums of money due, suits, debts, liens, covenants, contracts, obligations, costs, expenses, damages, judgments, agreements, promises, demands, claims for attorney's fees and costs, or liabilities whatsoever, in law or in equity, which the Executive ever had or now has against the Released Parties, arising by reason of or in any way connected with or which may be traced either directly or indirectly to the employment relationship which existed between the Company or any of its parents, subsidiaries, affiliates, or predecessors and the Executive, or the termination of that relationship, that the Executive has, had or purports to have, from the beginning of time to the date of this Release, whether known or unknown, that now exists, no matter how remotely they may be related to the aforesaid employment relationship including but not limited to claims for employment discrimination under federal or state law, except as provided in Paragraph 2; claims arising under Title VII of the Civil Rights Act of 1964, and any amendments, the Florida Human Rights Act of 1977, the Florida Civil Rights Act of 1992, Section 760.50 of the Florida Statutes, Section 440.205 of the Florida Statutes, the Florida Minimum Wage Act (Fla. Stat. 448.110), Section 448.102 of the Florida Statutes, 42 U.S.C. §1981, the Equal Pay Act, the Americans With Disabilities Act, Sections 503 and 504 of the Rehabilitation Act of 1973, the Family Medical Leave Act, the ADA Amendments Act of 2008, the Age Discrimination in Employment Act (ADEA), the Fair Labor Standards Act, the Lilly Ledbetter Fair Pay Act of 2009, the Civil Rights Act of 1866, the Civil Rights Act of 1991, the Employee Retirement Income Security Act, the Genetic Information Nondiscrimination Act, the Occupational Safety and Health Act, the Workers' Adjustment and Retraining Notification Act, as amended, Florida's private sector and public sector Whistle-Blower Act, as amended, the Hillsborough County, Florida Code of Ordinances, and any of the wage and discrimination laws of the United States, the State of Florida, or any other state, civil or statutory laws, including any and all human rights laws and laws against discrimination, workers' compensation laws, any other federal, state or local fair employment statute, code or ordinance, common law, contract law, tort, including, but not limited to, negligence claims and fraudulent inducement to enter into this contract, and any and all claims for attorneys' fees.; and provided, however, that nothing herein shall release the Company of its obligations to the Executive under the Employment Agreement, the SARA Agreement (as defined in the Employment Agreement), or any other contractual obligations between the Company or its subsidiaries or affiliates and the Executive (including, without limitation, any equity award agreement), or any indemnification obligations to the Executive under the Indemnification Agreement, Company's certificate of incorporation, bylaws, operating agreement or other constituent document or any federal, state or local law or otherwise.

2. *Release of Claims Under Age Discrimination in Employment Act.* Without limiting the generality of the foregoing, the Executive agrees that by executing this Release, he has released and waived any and all claims he has or may have as of the date of this Release for age discrimination under the Age Discrimination in Employment Act, 29 U.S.C. § 621, *et seq*. It is understood that the Executive has been advised to consult with an attorney prior to executing this Release; that he in fact has consulted a knowledgeable, competent attorney regarding this Release; that he may, before executing this Release, consider this Release for a period of 21 calendar days; and that the consideration he receives for this Release is in addition to amounts to which he was already entitled. It is further understood that this Release is not effective until seven calendar days after the execution of this Release and that the Executive may revoke this Release within seven calendar days from the date of execution hereof.

The Executive agrees that he has carefully read this Release and is signing it voluntarily. The Executive acknowledges that he has had 21 days from receipt of this Release to review it prior to signing or that, if the Executive is signing this Release prior to the expiration of such 21-day period, the Executive is waiving his right to review the Release for such full 21-day period prior to signing it. The Executive has the right to revoke this release within seven days following the date of its execution by him. However, if the Executive revokes this Release within such seven-day period, no post-employment benefit will be payable to him under the Employment Agreement and he shall return to the Company any such payment received prior to that date.

THE EXECUTIVE HAS CAREFULLY READ THIS RELEASE AND ACKNOWLEDGES THAT IT CONSTITUTES A GENERAL RELEASE OF ALL KNOWN AND UNKNOWN CLAIMS AGAINST THE COMPANY UNDER THE AGE DISCRIMINATION IN EMPLOYMENT ACT. THE EXECUTIVE ACKNOWLEDGES THAT HE HAS HAD A FULL OPPORTUNITY TO CONSULT WITH AN ATTORNEY OR OTHER ADVISOR OF HIS CHOOSING CONCERNING HIS EXECUTION OF THIS RELEASE AND THAT HE IS SIGNING THIS RELEASE VOLUNTARILY AND WITH THE FULL INTENT OF RELEASING THE COMPANY FROM ALL SUCH CLAIMS.

JOSEF DENOTHER
Date: **[●]**, 20**[●]**

SECOND AMENDMENT TO EMPLOYMENT AGREEMENT

THIS SECOND AMENDMENT TO EMPLOYMENT AGREEMENT (hereinafter "Second Amendment"), is made and entered into as of this 20th day of July 2016, by and between **Health Insurance Innovations, Inc.** (collectively, the "Company") and **Patrick McNamee** (hereinafter called "Employee").

WHEREAS, the Company and Employee entered into an Employment Agreement dated July 20, 2015, which was amended by a First Amendment to Employment Agreement, dated November 9, 2015 (as amended, the "Employment Agreement");

WHEREAS, Employee currently serves as Chief Executive Officer and President of the Company; and

WHEREAS, on the date hereof, the Company entered into an Employment Agreement with Gavin D. Southwell ("Southwell"), pursuant to which Southwell will become President of the Company as of the date on which he is granted an 0-1 visa in the United States (the "Effective Date").

NOW, THEREFORE, for an in consideration of the mutual promises made herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties, intending to be legally bound, hereby agree as follows:

1. Employee hereby agrees that, on the Effective Date and contingent on Gavin D. Southwell becoming President of the Company on the Effective Date, Employee will cease to have the title and office of President of the Company, but Employee will thereupon continue to hold the title and office of Chief Executive Officer of the Company in accordance with the terms and provision of the Employment Agreement.

2. Except as expressly modified hereby, all terms and conditions of the Agreement remain in full force and effect.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first written above.

HEALTH INSURANCE INNOVATIONS, INC.

/s/ Michael D. Hershberger
Michael D. Hershberger, President

EMPLOYEE

/s/ Patrick R. McNamee
Patrick R. McNamee

Exhibit 31.1

CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Patrick R. McNamee, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Health Insurance Innovations, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting, and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 8, 2016

/s/ Patrick. R. McNamee

PATRICK R. MCNAMEE
CHIEF EXECUTIVE OFFICER
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Michael D. Hershberger, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Health Insurance Innovations, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting, and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 8, 2016

/s/ Michael D. Hershberger
MICHAEL D. HERSHBERGER
CHIEF FINANCIAL OFFICER, SECRETARY AND TREASURER
(Principal Financial Officer)

Exhibit 32

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

Each of the undersigned in connection with this quarterly report of Health Insurance Innovations, Inc. (the "Company") on Form 10-Q for the quarterly period ended June 30, 2016 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the undersigned's knowledge:

(1) the Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operation of the Company.

Date: August 8, 2016

/s/ Patrick R. McNamee

PATRICK R. MCNAMEE
CHIEF EXECUTIVE OFFICER
(Principal Executive Officer)

Date: August 8, 2016

/s/ Michael D. Hershberger

MICHAEL D. HERSHBERGER
CHIEF FINANCIAL OFFICER, SECRETARY AND TREASURER
(Principal Financial Officer)

This certification accompanies the Report pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by the Sarbanes-Oxley Act of 2002, be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended.

A signed original of this written statement required by Section 906 has been provided to Health Insurance Innovations, Inc. and will be retained by Health Insurance Innovations, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.