



Globe Life Inc.

First Quarter Earnings Release Call

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CORPORATE PARTICIPANTS

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CONFERENCE CALL PARTICIPANTS

Jack Matten - BMO Capital Markets - Analyst

Wilma Burdis - Raymond James - Analyst

Wes Carmichael - Wells Fargo - Analyst

Andrew Kligerman - TD Cowen - Analyst

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Mark Hughes - Truist - Analyst

Ryan Krueger - KBW - Analyst

PRESENTATION

Stephen Mota — Vice President, Investor Relations, Globe Life Inc.

Thank you. Good morning, everyone.

Joining the call today are Frank Svoboda and Matt Darden, our Co-Chief Executive Officers, Tom Kalmbach, our Chief Financial Officer, Mike Majors, our Chief Strategy Officer, and Brian Mitchell, our General Counsel.

Some of our comments or answers to your questions may contain forward-looking statements that are provided for general guidance purposes only. Accordingly, please refer to our earnings release and 2025 10-K on file with the SEC.

Some of our comments may also contain non-GAAP measures. Please see our earnings release and website for a

discussion of these terms and reconciliations to GAAP measures.

I will now turn the call over to Frank.

Frank Svoboda — Co-Chief Executive Officer, Globe Life Inc.

Thank you, Stephen, and good morning, everyone.

In the first quarter, net income was \$271 million, or \$3.39 per share, compared to \$255 million, or \$3.01 per share a year ago.

Net operating income for the quarter was \$274 million, or \$3.43 per share, an increase of 12 percent over the \$3.07 per share from a year ago.

We are very pleased with the results of our operations this quarter. Despite the challenges faced by working-class Americans in the current economic environment, Globe Life has now produced double-digit growth in net operating income per share in seven of the last eight quarters. And the one quarter that did not have double-digit growth was close, at 8 percent.

On a GAAP-reported basis, return on equity through March 31 is 17.9 percent, and book value per share is \$77.03. Excluding accumulated other comprehensive income, or AOCI, return on equity is 14 percent, and the book value per share as of March 31st is \$98.56, up 12 percent from a year ago.

Now in our insurance operations, total premium revenue in the first quarter grew 6 percent over the year-ago quarter. For the full year, we expect total premium revenue to grow approximately 7 percent.

Life premium revenue for the first quarter increased 3 percent from the year-ago quarter, to \$853 million. Life underwriting margin was \$349 million, also up 3 percent from a year ago. For the year, we expect life premium revenue to grow between 3 percent and 3.5 percent.

As a percent of premium, life underwriting margin was 41 percent, same as the year-ago quarter. While we anticipate life underwriting margin to be between 42 percent and 45 percent for the full year 2026, we do expect it to be around 41 percent for both the second and fourth quarters and higher in the third quarter, due to the anticipated remeasurement gain from assumption updates that will take place in the third quarter, as Tom will discuss in his comments.

In health insurance, premium revenue grew 13 percent to \$417 million and health underwriting margin was up 12 percent to \$95 million. For the year, we expect health premium revenue to grow in the range of 14 percent to 17 percent.

This is due to premium rate increases in our Medicare Supplement business, as well as strong sales activity in both our United American and Family Heritage divisions.

As a percent of premium, health underwriting margin was approximately 23 percent in the first quarter, same as the year-ago quarter. For the full year, we anticipate health underwriting margins to be between 23 percent and 27 percent.

Administrative expenses were \$94 million for the quarter, an increase of approximately 8 percent over the first quarter of 2025. As a percent of premium, administrative expenses were 7.4 percent. For the year, we expect administrative expenses to be approximately 7.3 percent of premium.

Over the long term, we anticipate that expanded implementation of AI applications across the Company will help drive this ratio lower. We believe Globe Life is positively positioned to benefit from AI, due to the high-volume nature of our business, including the number of applications received and policies issued, calls received by our customer service representatives, and number of claims reviewed and paid.

Of course, these AI-driven improvements would not be limited to administrative expenses. We expect enterprise-wide benefits, including significant benefits to our distribution and underwriting activities in particular.

I will now turn the call over to Matt for his comments on the first quarter marketing operations.

Matt Darden — Co-Chief Executive Officer, Globe Life Inc.

Thank you, Frank.

We had strong first quarter sales results, as the total life net sales grew 6 percent and the total health net sales grew 58 percent. I am pleased to point out that we have seen growth in net life sales in each division for the last two quarters. Given the current economic environment, these results are indicative of the resiliency of our business model.

Now I will discuss the trends at each distribution, starting with our exclusive agencies.

At American Income Life, life premiums were up 5 percent over the year-ago quarter, to \$459 million and the life underwriting margin was up 7 percent to \$209 million. Net life sales were \$101 million, up 3 percent from a year ago, due to improved agent productivity.

The average producing agent count for the first quarter was 11,064, down 4 percent from a year ago, due primarily to a decline in new agent retention. Short-term declines in agent count are not necessarily a problem, as we can see improved sales productivity among our veteran agents when they have more time to focus on sales.

Now that being said, long-term growth is dependent on agent count growth. As we discussed in the last call, at the beginning of the second quarter, we have

implemented compensation adjustments for our middle-management team that is designed to emphasize new agent recruiting and retention of new agents.

We expect these adjustments to have a positive impact on our overall agent count during the second half of this year.

Despite these short-term challenges, I am very pleased with the improvement in agent productivity we have seen over the last several quarters. Our investments in branding, lead generation, and technology are paying off.

And overall, I am very optimistic regarding the long-term prospects for American Income.

At Liberty National, the life premiums were up 4 percent over the year-ago quarter to \$100 million and the life underwriting margin was up 11 percent to \$35 million. Net life sales were \$25 million, up 13 percent from the year-ago quarter, due primarily to agent count growth.

Net health sales were \$7 million, down 3 percent from the year-ago quarter, as more emphasis has been placed on life business.

The average producing agent count for the first quarter was 4,031, up 9 percent from a year ago.

I am excited about the strong life sales and agent count growth we are seeing, and confident we will continue to see growth at this agency as we move forward.

At Family Heritage, the health premiums increased 10 percent over the year-ago quarter to \$123 million and the health underwriting margin increased 11 percent to \$44 million. Net health sales were up 22 percent to \$33 million, and this is due to increases in agent count and productivity.

The average producing agent count for the first quarter was 1,561, up 10 percent from a year ago. We continue to see strong agent count growth at Family Heritage, and this is resulting from the continued focus on our recruiting and growing agency middle management.

Now in our Direct to Consumer Division, the life premiums were down approximately 1 percent over the year-ago quarter to \$244 million, while the life underwriting margin increased 15 percent to \$74 million. Net life sales were \$27 million, up 8 percent from the year-ago quarter.

Now as we have discussed before, the value of this division extends well beyond DTC sales. And due to the support it provides to our agencies, we have seen improved conversion of the direct to consumer leads shared with our agencies, which has also led to margin improvement.

This allows us to invest more heavily in advertising and other lead-generation activities, further increasing lead volume which, in turn, leads to additional sales in both our Direct to Consumer and agency channels. We expect this division to

increase leads generated for our three exclusive agencies during 2026 by approximately 5 percent to 10 percent.

At the United American General Agency, here the health premiums increased 22 percent over the year-ago quarter to \$194 million and the health underwriting margin was \$5 million, up approximately \$4 million from the year-ago quarter.

Net health sales were \$62 million and this is an increase of approximately \$34 million over the year-ago quarter. Sales were strong across the division in both the Medicare Supplement and the worksite business, due primarily to tailwinds from the continued movement of Medicare beneficiaries from Medicare Advantage to Medicare Supplement, and the further development of our group worksite business.

As an additional note, I would remind everyone that we do not market Medicare Advantage plans.

Now I would like to discuss projections, and based on these recent trends and our experience with the business, we expect the average producing agent count trends for the full year of 2026 to be as follows: at American Income, low single-digit growth, and then at both Liberty National and Family Heritage, low double-digit growth.

For life sales for 2026, we expect the following: at American Income, mid-single-digit growth; Liberty National, low

double-digit growth; Direct to Consumer, low single-digit growth.

For health sales for 2026, we expect to be as follows: Liberty National, mid-single-digit growth; Family Heritage, low double-digit growth; and at United American, high-teens growth.

I will now turn the call back to Frank.

Frank Svoboda — Co-Chief Executive Officer, Globe Life Inc.

Thanks, Matt.

We will now turn to the investment operations.

Excess investment income, which we define as net investment income less required interest, was \$37 million, up approximately \$1 million from the year-ago quarter. Net investment income was \$290 million, up 3 percent, while average invested assets grew 2 percent. Required interest grew 3 percent, slightly lower than the 4 percent growth in average policy liabilities over the year-ago quarter.

Net investment income also increased 3 percent from the fourth quarter, as we had higher returns from our limited partnerships.

As a reminder, the income reported from these investments is based on income earned by the partnerships in the quarter and will vary from quarter to quarter.

For the full year, we expect both net investment income and required interest to grow around 4 percent, resulting in excess investment income growth between 4 percent and 4.5 percent.

In the first quarter, we invested \$419 million in fixed matures, primarily in the industrial and financial sectors. These investments were at an average yield of 6.23 percent, an average rating of A, and an average life of 42 years.

We also invested approximately \$147 million in commercial mortgage loans and other long-term investments with debt-like characteristics. These non-fixed-maturity investments are expected to produce additional cash yield over our fixed-maturity investments, while still being in line with our overall conservative investment philosophy.

In the first quarter, the earned yield on our total long-term invested assets, which includes our fixed maturity, commercial mortgage loans, and other long-term non-fixed-maturity investments, was 5.5 percent.

For the full year, we expect the average yield earned on our long-term investments will be between 5.45 percent and 5.5 percent. For just the fixed maturity portfolio, we anticipate the earned yield for 2026 will be around 5.3 percent.

While we do own some floating rate investments, they are well matched with

floating rate liabilities on the balance sheet.

Now regarding the investment portfolio,

Invested assets are \$22 billion, including \$19.1 billion of fixed maturities at amortized cost. Of the fixed maturities, \$18.6 billion are investment grade with an average rating of A. Overall, the total fixed-maturity portfolio is rated A-, same as a year ago.

Of our total investment portfolio, only 1 percent is in senior direct lending and asset-based finance, combined, and another approximately 1 percent is in traditional private placements.

Our fixed maturity investment portfolio has a net unrealized loss position of \$1.6 billion, due to the current market rates being higher than the book yield on our holdings. As we have historically noted, we are not concerned by the unrealized loss position as it is mostly interest rate driven and currently relates entirely to bonds with maturities that extend beyond 10 years.

We have the intent and, more importantly, the ability, to hold our investments to maturity.

Bonds rated BBB comprise 41 percent of the fixed maturity portfolio compared to 45 percent from the year-ago quarter. This percentage is at its lowest level since 2003.

As we have discussed on prior calls, the BBB securities we acquired generally provide the best risk-adjusted, capital-

adjusted returns, due in part to our ability to hold securities to maturity, regardless of fluctuations in interest rates or equity markets.

That said, our allocation of BBB-rated bonds has decreased over the past few years, as we have found better risk-adjusted, capital-adjusted value in higher-rated bonds, given the narrowing of corporate spreads.

While the concentration of our BBB bonds might still be a little higher than some of our peers, remember that we have little or no exposure to other higher-risk assets.

Below investment grade bonds remain near historical lows at \$511 million, compared to \$506 million a year ago. The percentage of below investment grade bonds to total fixed maturities is just 2.7 percent, consistent with year-end 2025.

The total exposure to both BBB and below investment grade securities as a percent of our total equity, excluding AOCI, is at its lowest level in over 25 years and is among the lowest of our peers, due to our low overall leverage.

Due to the long duration of our fixed maturity liabilities, we predominantly invest in long-dated assets. As such, a critical and foundational part of our investment philosophy is to invest in entities that can survive through multiple economic cycles.

While there may be uncertainty as to where the US economy is headed, we are

well positioned to withstand a significant economic downturn due to holding historically low percentages of invested assets in BBB and below investment grade bonds as a percentage of equity.

In addition, we have very strong underwriting profits and long-dated liabilities, so we will not be forced to sell bonds in order to pay claims.

With respect to our anticipated investment acquisitions for the remainder of the year, at the midpoint of our guidance, we assume investment of approximately \$800 million to \$900 million in fixed maturities at an average yield between 5.9 percent and 6.1 percent.

Including the expected investments in commercial mortgage loans and other long-term investments with debt-like characteristics, we expect to invest approximately \$1.1 billion to \$1.2 billion across all asset classes at an average yield of 6.3 percent to 6.5 percent.

Now I will turn the call over to Tom for his comments on capital and liquidity.

Tom Kalmbach — Chief Financial Officer, Globe Life Inc.

Thanks, Frank.

First, let me spend a few minutes discussing our available liquidity, the share repurchase program, and capital position.

The Parent began the year with liquid assets of approximately \$80 million and ended the quarter with liquid assets of approximately \$85 million. We anticipate ending the year with liquid assets within our target range of \$50 million to \$60 million.

During the quarter, the Company purchased approximately 1.4 million shares of Globe Life Inc. common stock for a total cost of approximately \$205 million at an average share price of \$141.24.

We accelerated a portion of our 2026 anticipated share repurchases, given favorable market conditions in the first quarter. Including shareholder dividend payments of approximately \$20 million, the Company returned approximately \$225 million to shareholders during the first quarter of 2026.

In addition to liquid assets held by the Parent, the Parent will generate excess cash flows during 2026. The Parent's excess cash flow, as we define it, primarily results from the dividends received by the Parent from its subsidiaries, less interest paid on debt, and is available to return to shareholders in the return—in the form of dividends or through share repurchases.

We continue to invest in the growth of our—in our growth through making investments in new business, technology, and insurance operations. It should be noted that the cash received by the Parent Company from our insurance operations is after our subsidiaries have made these

substantial investments and acquired new long-duration assets to fund their future cash needs.

We will continue to use our cash as efficiently as possible. We believe that share repurchases provide the best return or yield to our shareholders over other available options. Thus, we anticipate share repurchases will continue to be the primary use of the Parent's excess cash flow after the payment of shareholder dividends.

In our guidance, we anticipate distributing approximately \$90 million to our shareholders in the form of dividend payments over the course of the year, which reflects the recently announced 22 percent increase in the annual dividend rate per share.

In addition, we have increased the range for anticipated share repurchases to \$560 million to \$610 million for the full year.

As a reminder, our excess cash flow estimates for 2026 do not anticipate any additional cash flows to the Parent resulting from the establishment of our new Bermuda entity in 2025. As discussed in our last call, we anticipate filing for reciprocal jurisdiction in the second quarter and will provide an update on our next call.

With regards to the capital levels at our insurance subsidiaries,

Our goal is to maintain capital within our insurance operation at levels necessary to

support our current ratings. Globe Life targets a consolidated company action level RBC ratio in the range of 300 percent to 320 percent.

Although this target range is lower than many of our peers, it is appropriate given the stable premium revenue from the large number of in-forced policies, the nature of our protection products with benefits that are not sensitive to interest rates or equity markets, our conservative investment portfolio, and strong consistent underwriting margins, which result in consistent statutory earnings at our insurance companies.

As of year-end 2025, our consolidated RBC ratios of our US subsidiaries was 316 percent, which provides approximately \$95 million of excess capital above what is needed to meet our minimum target capital level of 300 percent.

For 2026, we intend to maintain our consolidated RBC within the targeted range of 300 percent to 320 percent.

Now with regards to policy obligations for the current quarter.

For the first quarter, life policy obligations as a percent of premium declined from 36.3 percent in the year-ago quarter to 35.4 percent, slightly favorable to management estimates and is consistent with the continued favorable trends in mortality.

Health policy obligations as a percent of premium were 56.3 percent compared to

55.6 percent from the year-ago quarter. This was consistent with management estimates for the quarter, reflecting first quarter claim seasonality at United American.

As a reminder, we intend to update our life and health assumptions annually in the third quarter and, thus, there have been no changes to our long-term assumptions this quarter.

Finally, with respect to our 2026 guidance,

For the full year 2026, we estimate net operating earnings per diluted share will be in the range of \$15.40 to \$15.90, representing 8 percent earnings growth per share at the midpoint of the range.

The increase in our prior guidance is primarily due to the impact and timing of anticipated share repurchases for the year, refined estimates of potential positive impacts of third quarter life assumption updates, and increased estimates of full year investment income.

The guidance range reflects the estimated before tax benefit from anticipated assumption updates of \$70 million to \$110 million expected in the third quarter. This range is higher and narrower than last quarter's call, due to continued refinement to estimates.

Given the estimated benefit from assumption updates in the third quarter, we anticipate the third quarter life margin

as a percent of premium will be in the range of 49 percent to 54 percent.

We anticipate recent favorable mortality trends will continue through 2026, with full year normalized life underwriting margin as a percent of premium, which excludes the impact of the third quarter assumption update of approximately 41 percent at the midpoint of our guidance.

As previously mentioned, we expect health premium to grow in the range of 14 percent to 17 percent for the full year. This health premium growth is benefitting not only from strong growth in Medicare Supplement sales in 2025 and anticipated in 2026, but also from approximately \$65 million of additional premium from approved rate increases on individual Medicare Supplement policies that will be received in 2026, primarily in the last three quarters of the year.

Our full year guidance, we anticipate United American's health margin as a percentage of premium to be in the range of 8 percent to 9 percent. However, we anticipate the average underwriting margin as a percent of premium to be approximately 10 percent over the last three quarters of the year, as the impacts of premium rate increases are realized.

Finally, I do want to point out that at the midpoint of our guidance, normalized EPS growth, which removes the impact of assumption updates in both 2025 and 2026, is approximately 11 percent. At the midpoint of our guidance, the projected

three-year compounded annual growth rate of normalized EPS is 11.5 percent.

Those are my comments. I will return the call back to Matt.

Matt Darden — Co-Chief Executive Officer, Globe Life Inc.

Thank you, Tom. Now those are our comments, and we will now open up the call for questions.

Q&A

Jack Matten - BMO Capital Markets – Analyst

Hi. Good morning. I just had one on lapse rate trends, which has ticked higher, I think, especially for first-year lapses at American Income. I guess, can you talk about what you are seeing in terms of consumer behavior? Is this more kind of macro-driven affordability issues? Or anything related to distribution? And just any thoughts on your outlook for lapse rate trends from here?

Tom Kalmbach — Chief Financial Officer, Globe Life Inc.

Yeah. Thanks for the question. Yeah. We do expect lapse rates to remain elevated during 2026 versus the pre-pandemic, and We have seen that over the past few years

as well. And I think the experience we expect is going to be more consistent with last year, given the economic stress that is on our policyholders from the current economic environment and overall price inflation.

With regards to ALL, first quarter lapse rate, they definitely were high relative to recent experience. We consider this more of a fluctuation at this point, and we will continue to monitor it but, really, just consider it a fluctuation.

Matt Darden — Co-Chief Executive Officer, Globe Life Inc.

I think, as we indicated before, is that we do have impacts from macroeconomic environments. The resiliency of the business, though, is that I would say what we are seeing now is consistent with historical norms in other economic cycles. So we will get a little bit of fluctuations based on what is going on in the economy but, overall, fairly resilient as that moderates between a fairly narrow band of our experience.

Frank Svoboda — Co-Chief Executive Officer, Globe Life Inc.

Yeah. And, Jack, the other thing I was just going to add is that I think, when you kind of look at some of the trends at Liberty and even DTC a little bit, some of that is just mix of business. So we do know that the

worksite -- LNL is continuing to grow that worksite business.

As it is growing, some of the lapse rates in the early issue years are always higher than the later issue years. And so as that— as you continue to grow the sales there, then those renewal lapse rates just tend to drift up a little bit. So we do think that we are seeing that a little bit.

And then we talked a little bit just some of the lapse rates at DTC on the internet business are just historically higher than what they are. So as that becomes a greater proportion of our total sales, that probably moves that up a little bit.

But it is interesting, I think, when you look at some of the economic forces, the renewal rates at DTC are continuing to be right in line with pre-pandemic experience. And so we are not seeing it consistently across the board at all the agencies. So that tells us, while the economy has some impact, assuredly, there is some other factors that are going on with the business that is being written today.

Jack Matten - BMO Capital Markets – Analyst

Got it. That is helpful. Thanks. And then let me just follow up on some of the AI benefits that you referenced in your prepared remarks. I mean, any way that you can maybe unpack or quantify some of those benefits you expect over time,

whether it is on the expense ratio or for productivity? I guess, to what extent are you kind of seeing those already? I think you talked about higher productivity at American Income kind of playing along with the agent count trends there. Yeah. And I am just wondering if you can talk about how you are seeing that play out so far.

Matt Darden — Co-Chief Executive Officer, Globe Life Inc.

Sure. On the administrative side, what we anticipate is, over time, as those things get implemented, that we should be able to moderate our expense growth commensurate with our premium earnings growth. And so we would expect a little bit of margin expansion over time as those things get implemented as we are able to grow our revenue faster than our expenses.

And so as we implement those right now, we have got a variety of different—in addition to what we have deployed—pilots going on. So, we are very optimistic on the future, as Frank had mentioned in his prepared remarks, of where we are headed.

On the sales side, we do anticipate that there will be a benefit, and it kind of shows up in a variety of different areas. We have talked about, in the past, our investments in technology and we have seen improvements in that. So we know that, to

the extent that we can deploy technology that improves our agent experience—and that can be in multiple facets—from the fact of the extent that we can onboard and train agents quicker and more effectively and get them producing and more effective sooner, we know our agent productivity will go up, but we also know our agent retention will go up as well.

And so anything that we can do there to deploy technology that helps on that agent recruiting and onboarding, as well as just overall efficiency, will have longer-term gains. And we anticipate that to be a tailwind as we think about what our overall sales growth is going to be in the future.

So those are embedded for 2026 in our projections, and I anticipate that 2027 will continue to benefit from those technologies as we get those rolled out.

Tom Kalmbach — Chief Financial Officer, Globe Life Inc.

Yeah. I would just add, from an admin expense perspective, we are really looking at the margin improvement, bringing that 7.3 percent of admin expenses as a percent of premium down closer to 7 percent a bit over the next few years. And so that is kind of really how we are talking about some of those improvements being reflected in admin expenses.

Jack Matten - BMO Capital Markets – Analyst

Thank you.

Wilma Burdis - Raymond James - Analyst

Hey. Good morning. Could you provide some clarity on what is driving the higher buybacks for 2026? Just maybe a little bit more color there? Is it related to higher capital generation? Another source? Maybe just get into a little bit more detail. Thanks.

Tom Kalmbach — Chief Financial Officer, Globe Life Inc.

Yeah. Wilma, we were able to finalize our 2025 statutory earnings. And as we looked at excess cash flows, it still was in the range that I provided on the last call, \$600 million to \$700 million, but it was just a little bit higher. And that allowed us the opportunity to have some additional share repurchases.

Frank Svoboda — Co-Chief Executive Officer, Globe Life Inc.

Yeah. And then, Wilma, I would just add, as far as the timing was concerned, we really did take a look at you know the opportunity that kind of presented itself during the first quarter. And there was a

period of time where the shares had dropped below \$140 per share and really saw that as a good opportunity for us and the shareholders. And so we did take that opportunity to accelerate, do a little bit more in the first quarter than what we had anticipated originally in that quarter.

Wilma Burdis - Raymond James - Analyst

Thank you. And then it seems like the life sales, agent count, and even premium growth are coming in a little bit lower than your prior expectations. Could you just give us a little bit more color on what is driving that, whether it is macro? Just something in that kind of stair-step process? Just a little bit of color would help. Thanks.

Matt Darden — Co-Chief Executive Officer, Globe Life Inc.

Sure. I would say we need to break it down between the components of our distribution. Liberty is growing, both the agent count and the sales growth, and it is consistent with earlier expectations, and we are really pleased at the trend that we are seeing there.

From an American Income perspective, I have mentioned this before, but when we talk about our incentive compensation at the agent level, we are always trying to strike a balance between incentivizing and

rewarding for recruiting and onboarding and training of new agents versus sales.

And so what we are seeing is, is that the compensation structure's driving a little bit more sales and sales productivity. And so that is why we have some sales growth, but it is the—the agent count growth is behind, a little bit, of where we originally anticipated.

We do, as I have mentioned in my prepared remarks, believe that some of the changes that we have made that will be—that are implemented here at the beginning of the second quarter—those do not turn around things immediately, the day you put them in. Takes a little bit of time for that to get into the agency operations and change behavior because, when we talk about recruiting new agents, there is a timeline and a pipeline associated with that. So we anticipate, over the second half of the year, we will start getting that agent count growth we are looking for.

And then if I talk about the life sales at our Direct to Consumer channel, what is going on there is just, we looked at what happened in Q1. We are pleased with the continued sales growth that started the last half of last year. But we just looked at, really, our comparables of how strong the growth was in Q3 and then into Q4 for 2025. And so we just tempered, I will say, slightly, our sales projections there. Overall, we are still very pleased with the sales growth that we are getting at our Direct to Consumer channel.

And so the nice thing about having the three different agencies, particularly if you look at recruiting, is we go to market very similarly on agent recruiting between the three agencies. And so when I see growth at two of our agencies, and strong growth, I know that it is really not a macroeconomic environment concern or issue. It is much more specific to the particular agency growth aspects that we have there.

And so that is why I feel very confident about the overall environment provides a good environment for us to continue to grow our agent count across the agency. So a little bit of tweaks in our compensation system, we think, will play out well because the overall macroeconomic environment, we believe, will still be strong for growth going forward.

Wilma Burdis - Raymond James - Analyst

Thank you.

Wes Carmichael - Wells Fargo - Analyst

Hey. Thanks. Good morning. I had a question on United American. I think the guidance there—I think your guide for health sales was in the high teens. But you had, I think, 122 percent growth in the first quarter. Are you thinking that sales growth might be a little bit negative over strong growth last year? Or how are you thinking about the remaining quarters of 2026?

Matt Darden — Co-Chief Executive Officer, Globe Life Inc.

Yeah. You may recall that on the last call, we had guided to kind of flat sales, just considering the significant growth that we had in 2025. And so, really, the dynamics that are going on there, looked at our strong growth in sales here in the first quarter of 2026, and that, as a reminder, is at elevated premium levels because our price increases went in for new sales in the first quarter, even though a lot of the inforced premium increases come in primarily in the second quarter.

And so we really wanted to see how the market played out and so very pleased with that. So we upped our guidance related to our overall year for 2026 sales. But we are cognizant that when you start looking at our fourth quarter, in particular, sales for the General Agency Division, we nearly—well, we over—we doubled our sales last year. And so, really, the sales growth above that is just cognizant that we have got a real high level to continue to grow.

And it will be interesting to see if the continued tailwinds that we are seeing right now of the Medicare Advantage market and the benefit that we are getting in Medicare Supplement sales, how that plays out for the rest of the year. So it is really not, in our view, a softening of the remainder of the year, just recognizing the high hurdle to overcome to continue to

grow on top of that significant growth we had last year.

Frank Svoboda — Co-Chief Executive Officer, Globe Life Inc.

Yeah. I would just say, yeah, Q2 and Q3 are probably still slight improvements over last year. But Q4, as Matt said, is what is just a little bit, right now, we anticipate, not quite at that same level.

Wes Carmichael - Wells Fargo - Analyst

All right. That is very helpful. And then my follow-up on Bermuda. I know, in the prepared remarks, you mentioned that you are working to file reciprocal jurisdiction in the second quarter. But I just want to see, have there been any other developments around that initiative since the last earnings call, either with regulators or expectations around cash flow or near-term reinsurance sessions?

Tom Kalmbach — Chief Financial Officer, Globe Life Inc.

Yeah. Really, no other developments. We are working through getting our financial statements, the audits complete on those and so, really, no changes to kind of our thoughts around the business plan and our expected capital generation.

Matt Darden — Co-Chief Executive Officer, Globe Life Inc.

And I think, on the next call, we should have a more significant update, based on the activity plan for here in the second quarter.

Wes Carmichael - Wells Fargo - Analyst

Okay. Thank you.

Andrew Kligerman - TD Cowen – Analyst

Hey. Good morning, gentlemen. My first question is around the assumption updates. Just fantastic to see that come through. You talked about an estimate of 49 percent to 54 percent life margin, third quarter versus the full year at 41 percent. So I am wondering, is this the gift that is going to keep on giving? What should we be thinking about assumption update potentials in 2027, 2028, 2029? Just kind of, it sounds like things have gone really well in terms of your assumptions. And we would like to know how you are thinking longer term about it.

Tom Kalmbach — Chief Financial Officer, Globe Life Inc.

I think, Andrew, first of all, we take a really disciplined approach as far as how we update assumptions and want to actually see the results emerge before we actually

make some of those changes to our long-term assumptions. So I think this year is we are seeing some continued mortality trends that—multiple quarters of favorable mortality trends that are informing our assumption update this year. I think, if we continue to see those—current mortality at these current levels—I think there is always the opportunity or the potential for additional assumption updates as we move forward. So no real quantification of those at this point, but I think there is potential for those.

Matt Darden — Co-Chief Executive Officer, Globe Life Inc.

Well, and I think the other thing that is important, past just the third quarter assumption updates and the benefits that we are getting there—which most likely will moderate over time—but that means is that we are setting our new long-term assumption at a higher margin. Right. So we should have earnings from the book of business overall at a little bit higher level on a go-forward basis because it is just indicative that we do not need as much reserves as we originally thought on that book of business.

So that is how I kind of think about it is just the long-term stability in the growth of that underwriting margin. Those are kind of indicators that we are resetting to a new, higher level, since they are positives in the last several Q3s as we have looked at the last several years.

Tom Kalmbach — Chief Financial Officer, Globe Life Inc.

And I think you can really see that, Matt, in looking at normalized underwriting margins over the past few years, by removing the impact of the assumption updates. You can really see the trend and the overall improvement in underwriting margins.

Frank Svoboda — Co-Chief Executive Officer, Globe Life Inc.

That is right. The one thing, Andrew, I was just going to—on your Q3 comment and, as Tom noted, the range on that is in that 49 percent to 54 percent. And so if you kind of take that assumption update of \$70 to \$110 that Tom had in his comments, so you have, in that one quarter, an 8 percent to 13 percent kind of bump, if you will, in that underwriting margin in that quarter which, off of the 41 percent kind of normalized margin that we are really expecting over the rest of—in each of the quarters

Yeah. And I just—if we continue to see the current mortality levels that we are seeing today, as we continue to see that come in, over time, that will work its way into those longer-term assumptions.

Andrew Kligerman - TD Cowen - Analyst

That was very helpful. Thank you for that. And my follow-up is around the health underwriting margin, 23 percent in the first quarter. And then you guided to 23 percent to 27 percent, which is kind of wide. Could you kind of walk us through the next few quarters? Would it be more likely closer to 23 percent in the second, and then we could see a significant bump in the last two quarters? How do you think about the cadence?

Frank Svoboda — Co-Chief Executive Officer, Globe Life Inc.

No. I think, Andrew, that actually, in the remaining three quarters, you would expect that full health margin to be north of 25 percent, or at least we anticipate it being north of 25 percent. And in fact, you are probably a little bit lower, out of those three, in the fourth quarter, just because that is, again, a little bit higher seasonality, so you have a little bit higher claims in that fourth quarter. So that is probably more closer to that 25 percent range, but then over that.

So that kind of brings up where we were at around 23 percent, up to—again, the midpoint of that range that we give is around 25 percent. And so I think you will see—we expect to see pretty good margins here over the next three quarters.

Andrew Kligerman - TD Cowen - Analyst

Excellent. Thank you so much.

Pablo Singzon - J.P. Morgan - Analyst

Hi. Good morning. First question, with insurance moving in larger volumes from Med Advantage to Med Supp, is there a greater risk of anti-selection from your end? I know, most cases, you can underwrite, but I was just wondering if higher sales might have contributed to some of the margin compression you have experienced in the health business.

Tom Kalmbach — Chief Financial Officer, Globe Life Inc.

Yeah. I do not think it is a function of anti-selection that is impacting the margins in the first quarter. I think it really is some seasonality of claims in the first quarter, as well as the fact that the rate increases that we filed last year will largely come into effect in the second, third, and fourth quarter.

As I mentioned on our last call, the premium increases that we filed for was \$80 million to \$90 million on a 12-month run rate. And we expect about \$65 million to be received over the course of 2026 and then the remainder being received in 2027. And so we did not receive very much of that in the first quarter. We would expect to be, on average, about \$20 million of

additional premium in each of the next three quarters, which will help improve overall margins. But I do not think it is anti-selection at this point. So I do not think that is one of the drivers.

Mike Majors Globe Life Inc. - EVP, Chief Strategic Officer

Well, yeah, there was higher utilization across the entire industry for Medicare Supplement over the last couple years, so was not unique to us.

Tom Kalmbach — Chief Financial Officer, Globe Life Inc.

And we have been seeing medical trends really stabilize and be relatively flat over the last couple quarters. So that actually bodes well as well.

Pablo Singzon - J.P. Morgan - Analyst

Got it. That makes sense. And then for my second question; so mortality has been a net contributor to your assumption updates and your quarterly remeasurement gains. I was wondering if you could speak about the lapse component of your remeasurement gains, as well as the morbidity side for the health business. Have those factors been generally positive? Or negative? So clearly,

mortality's been good, but was just curious about how those other assumptions have been playing out for you. Thanks.

Tom Kalmbach — Chief Financial Officer, Globe Life Inc.

Yeah. On the life remeasurement gains, it is largely mortality claims that are driving the remeasurement gains. I think it is about, kind of in our work, we look at kind of how much is mortality and how much is all other, and it is about 70 percent mortality and 30 percent all other things from a remeasurement gain on a quarterly basis.

And on the health side, I think a lot of that is being driven by kind of what the future rate increases are doing to result in remeasurement gains. So it is more on the impacts to premium, future premiums, than it is on claims, although claims are positive as well, overall, providing some health remeasurement gains.

Pablo Singzon - J.P. Morgan - Analyst

Got it. Thank you.

Randy Binner - Texas Capital - Analyst

Hey. Thanks for taking the question. It is a follow-up to Andrew Kligerman's discussion with you on the—I think you

kind of answered more the quantitative changes with the mortality assumptions. But I was wondering if you could share kind of more like qualitative assessment of it, like lifestyle behavior. It is just a—it is a significant shift. It is obviously very positive. But is there something changing with the cohort of insureds, that is kind of worth noting in this change in the numbers?

Tom Kalmbach — Chief Financial Officer, Globe Life Inc.

I do not think it is really a function of the cohort changing. I think it is just continued trends in—we see continued favorable mortality in heart and circulatory deaths. We see continued trends in favorable cancer deaths, non-lung cancer deaths, which are really favorable.

And then the other thing that is maybe happening on a macro basis is the nonmedical deaths are actually—really seem to be improving, and that would include suicide and homicide and drug and alcohol abuse. So think that is probably one area where we are seeing a little bit more improvement from a societal purpose that actually is impacting overall mortality.

Frank Svoboda — Co-Chief Executive Officer, Globe Life Inc.

Yeah. I was going to note that on the nonmedical side, because it—in the late teens and then especially in the early days of COVID, we had really seen a spike, a lot, in the opioid and in just some of the other suicide and that type of a thing. And so we really did see a large increase there. It is probably been seven, eight years ago now, and they had that for a few years.

And that is been really good to see that temper here the last couple of years. And we have seen, really, some—even though the nonmedical accounts for only about 20 percent of our claims, we are seeing some really significant changes in that. And I think that does have some impact, as Tom mentioned, are a result of some of the societal impacts and that type of a thing. And maybe, some of the battles against the opioid crisis and that type of a thing has maybe been a benefit there as well.

Randy Binner - Texas Capital - Analyst

Okay. That is great color. And then one more, if I could. It is a follow-up to the discussion on the American Income agent count. I guess I heard about the initiatives, and I think it is an—it was kind of described more as of an issue of getting agents in the door. But is there—is the retention of folks there changing at all, kind of after year one? Are you kind of

keeping the same percentage? Or has that changed as well?

Matt Darden — Co-Chief Executive Officer, Globe Life Inc.

It is a little bit of both. It is a little bit of just recruiting activity, and it is more of the agent retention in the first six months. And we really focus on our agent retention in the early days because we are recruiting folks that are new to the industry. Some are new to direct sales. And so we know that the extent of people getting onboarded, trained, and producing and having a sustainable income, really drives that long-term agent retention. So we really focus on it on the early days.

And so, again, it is not our—from a corporate perspective, we are doing all that activity. That is our middle managers out in the field, that are spending time recruiting agents, training them, and the whole onboarding process, and in addition to they are doing their own direct sales.

And so that is what I am describing when I say we are trying to make sure that our incentive compensation system appropriately rewards between those two activities, because it is a balance. There is only a certain—number of hours in a day, as they would say. And so when I talk about we are tweaking that a little bit—and what I really like to see, as I mentioned, is we have got three quarters in a row where we have got improvements in our agent

productivity, just that agent count and a little bit higher turnover in that first year than what we have historically seen.

So we know we need to move the pendulum. We want the pendulum to swing back a little bit and move the incentive a little bit more on focusing on getting those agents trained and onboarded. So that is kind of the overall dynamics of what is going on with American Income. But, like I said, if you look at the growth and the retention at the other two agencies, that tells us that it is really specific to this particular distribution versus a more macro view.

Frank Svoboda —Co-Chief Executive Officer, Globe Life Inc.

It—Randy

Randy Binner - Texas Capital - Analyst

Yeah. Okay.

Frank Svoboda — Co-Chief Executive Officer, Globe Life Inc.

I was going to add one more thing to our discussion around some of the mortality trends that we are—seeing and that—just before we leave that. I think a question that we get fairly often, too, when we are out talking to folks, is do we think that the new drugs that are coming out and weight-loss treatments and those type of things are, is

that being an—having an impact. And we really do think that is probably a little bit too early, especially for our insured population, just getting access to those drugs and affordability over time.

I mean, we are really optimistic that, over time, that, that could have some really positive benefits to our mortality experience, especially as some of the side effects from diabetes and those type of things, if they are able to kind of delay deaths from some of those—call it, some of those health benefits and causes.

And then you know, I kind of look at, too—and I do not think we have this empirically—but you look at the higher utilization that we have been seeing on the Med Supp side. And so you have a lot of more senior folks that are going to the doctor more often. They are getting with the doctors. I think people, post-COVID, there has been an increase in just taking care of themselves and getting some of that. I see that in just some of those utilization numbers. And so I tend to think that, maybe, that has a little bit of some impact on that as well.

Randy Binner - Texas Capital - Analyst

Okay. Well, thanks for that. And thanks for the clarification on American Income.

Suneet Kamath - Jefferies - Analyst

Great. Thanks. I wanted to come back to this idea of the resiliency of your customer base. Clearly, it is showing up in the first quarter results, but if I just think about what's going on macro-wise with the war, a lot of those developments on things like gas prices sort of happened later in the quarter. So I guess the question is, are you seeing anything as we start travelling through 2Q that suggests that, maybe, there is incremental pressure? Is it too early to see the pressure from things like higher gas prices?

Matt Darden — Co-Chief Executive Officer, Globe Life Inc.

I think what we have seen historically during different economic cycles is there might be a little bit of pressure, particularly in that first year. What happens—what we have seen through like early 2000s, the great financial crisis, those type of cycles—is we actually see a benefit a lot of times in growth in sales, growth in agent recruiting.

And what we see with the in-force is it is very resilient because, after that policy has been in the customer's budget for a couple of years, it is very resilient. And our renewal persistency rates just do not move very much. And I think that gets back to the affordability of our policies.

The average premium, depending on the distribution for rounding sake, is \$40 to \$60 a month, on average. And so that is

just not a significant component of a consumer's wallet that they are spending on other things. Really, that is really not the first or the second place that we have seen that they look to scale back, just because it is not significant dollars on a monthly basis, as well as it is been in their budget for quite some time.

And the consumer also knows that It is kind of a security perspective is that in periods of uncertainty or high inflation or things like that, my coverage for my family and the protection orientation of how we sell these products is not something that I really want to get rid of, as well as I know if I cancel my policy, but I want it long-term, I have to go back through underwriting, re-qualify, and the policy may be more expensive because my age is older, or my health may be in a different spot than when I originally took it out.

So from our perspective as we look at it over decades, we see slight movements, but we do not see significant movements from that resiliency perspective.

Frank Svoboda — Co-Chief Executive Officer, Globe Life Inc.

And I would just say, from what we are really hearing from the field and in more recent times, is that while there—might be a little bit harder, you are not really seeing a major pushback from the consumers at this point in time. And maybe, it is an extra call to get the sales.

I mean, the thing that helps is having the exclusive distribution and the contractors wanting to make their own money. And so maybe they have to make an extra call or two during the week in order to get a sale, but they are continuing to work because they want to have their level of income.

And then I would say Matt noted on prior calls as well and we have been seeing it this quarter too where that average premium just continues. We would think that if we are seeing, too, a lot of stress within the consumer, that they would choose down, and they would say, well, maybe I cannot afford \$35 a month. I really want to have this. Let me have something for \$25 a month. But we are really not seeing that. We are still continuing to see the average premium on our issues holding steady, if not increasing just a little bit.

Suneet Kamath - Jefferies – Analyst

Okay. That is helpful. And then so wanted to circle back to AI real quick. It was helpful to get some of your thoughts on where the expense ratio could go. But are you seeing any additional threats emerge in terms of your target customer base or your distribution channels where new entrants are coming in that may have a different distribution strategy to sort of attack your target market?

Matt Darden — Co-Chief Executive Officer, Globe Life Inc.

Yeah. I think what is important there is, a vast majority of our growth in sales are coming through exclusive agency channels. We do not see or experience a lot of competition in those channels at the time of sale. Our agents are out generating their own activity, referrals, working leads, those type of things. And so it is not sold to consumers that are actively looking for a supplemental health policy today or basic protection life products today.

The Direct to Consumer channel is more subject to competition because that is going after consumers that are actively looking and shopping and things like that. And so we do recognize there is a little bit more challenges as AI comes into play from entrants.

And frankly, that is an easier market to get into from a new-entrant perspective. The barrier to entry, the cost of entry is a lot less than agency sold business. And so that is why I mentioned earlier, we think AI is going to be a benefit to our agency sold business. It is not subject to a lot of competition. It is harder for new entrants to get into that market. And the beauty about our marketplace is that a significant number of people in our targeted demographic is not an—income demographic is not saturated.

So when we sell more, we are not having to take market share from somebody else. Over 50 percent of that population does not have life insurance. And then it is even more significant when you talk about

underinsured or they just get a little bit through work, that does not travel with them because it is a group policy.

And so We are very optimistic of where that goes. And we are focused on more direct competition in our Direct to Consumer channel. That is why you will hear us, over time, we think that is more of a low single-digit growth because there is going to be a certain subset of the population, we believe, that is smaller, that is more active and looking than the majority of our agent-sold business.

Suneet Kamath - Jefferies - Analyst

Okay. That is helpful. Thanks.

Mark Hughes - Truist - Analyst

Yeah. Thank you. Just a quick one for me. You talked about the investment and lead generation. Can you talk about kind of the trajectory you are spending there? Whether there are any new technologies or new approaches you are using? And does AI have any meaning for lead generation?

Matt Darden — Co-Chief Executive Officer, Globe Life Inc.

Yes. And so a lot of our lead generation is coming through our Direct to Consumer advertising. And so the benefit that we have had over the last year or two is then

capitalizing on that investment spend and not just converting that advertising spend into sales of just the Direct to Consumer channel. But a lot of the leads and inquiries that we are getting, we are moving that to an agency channel that has a higher conversion rate.

So we had significant growth in just the total volume of leads, which would be equating to the spend in that area last year. And as I mentioned in my prepared remarks, we are probably going to have another 5 percent or 10 percent growth in the number of leads.

The dynamic going on there is over the last several years, until 2025, you heard me talk about we continue to scale back our advertising spend because the costs were going up and the lead conversion was going down. Well, now that our overall aggregate conversion ratio is going up when I look across both our Direct to Consumer and agency channel, that gives us more money to spend on generating more leads. So we are increasing our advertising spend to generate more leads and that will be something that continues to grow in itself.

So to the extent that we have this better conversion, we have more leads being utilized by our agencies, I anticipate throughout 2026 and then into 2027, if that trend continues, to continue to spend more on advertising that benefits both sides of the equation, meaning both our

Direct to Consumer and agency channels, so.

But as far as the AI goes—

Mark Hughes - Truist - Analyst

I appreciate it—

Matt Darden — Co-Chief Executive Officer, Globe Life Inc.

—within that—so I was going to say, I think you had a comment about AI—is that on the—

Mark Hughes - Truist - Analyst

Yeah. Yeah. Please—

Matt Darden — Co-Chief Executive Officer, Globe Life Inc.

—Direct to Consumer channel, as you might imagine, the way consumers may be looking for life insurance or responding to ads, I believe that a lot of these AI platforms are going to convert into some sort of advertising revenue model. And we will be there as part of that.

And I think that is where our deep experience in advertising in these online channels will come into play and, frankly, the volume of dollars that we spend is very significant.

With some of the big platforms, we participate in their beta programs, and we are there with a seat at the table, so to speak, with these advertising platforms as they look to convert and monetize some of this AI technology. And it is much like what we saw in some of the early days with Facebook and some of the others as they convert into advertising platforms.

Mark Hughes - Truist - Analyst

Thank you very much.

Ryan Krueger — KBW

Hey. Thanks. Just a quick one on the life margin. And maybe this is—there's some rounding here, but I think you said you expected 41 percent in the fourth quarter. I would have thought there would be some improvement, given the lower net premium ratio after you factor in the remeasurement from the assumption review in the third quarter. Just curious how you're thinking about a benefit on a go-forward basis from the assumption review.

Tom Kalmbach — Chief Financial Officer, Globe Life Inc.

Yeah. Right. I think fourth quarter's one of those quarters that also has a little bit of seasonality in it. So that offsets some of the benefit that you get from a lower net premium ratio. And then, also, the net

premium ratio changes are relatively small. I mean, they're small, incremental changes that happen each time we make an assumption update.

But I think for the fourth quarter, it's probably more of a seasonality thing.

Ryan Krueger — KBW

Okay. Maybe just one follow-up on that. Like, just so it is—would you expect—do you think 41 percent, roughly, is the right margin at this point, stripping out assumption review impacts? Or could there be some upside as we go out further?

Tom Kalmbach — Chief Financial Officer, Globe Life Inc.

I do. I think that's a pretty good, normalized underwriting margin. We've seen mortality come down, so obligation ratios have come down. We've talked about amortization coming up a little bit, but it's really kind of aligning around that 41 percent.

Frank Svoboda — Co-Chief Executive Officer, Globe Life Inc.

And I think, Ryan, you've got to think of it as around that. So if it's 40 percent, it could be—if it's 41 percent, 41.1 percent, 41.2 percent, we're still thinking of that as being around 41 percent, same as a 40.8

percent or something like that. So it's going to move by a few tenths of a point, but it's going to be pretty close to around that.

So you do have some of the impact of the amortization that's coming into play as well. And just that -- that continues to grow just a little bit each quarter, just as the new renewal commissions at American Income come into amortization. So you'll see some benefits on the policy obligation percentage a little bit more than that that gets offset a little bit by that higher amortization.

Ryan Krueger — KBW

Understood. Thank you.

Wilma Burdis - Raymond James – Analyst

Hey. Good morning. Thanks for taking my follow-up.

Just wanted to confirm, I know you mentioned earlier that the cash flow generation was a little bit towards the higher end of the range. So if you can just give us a little bit more clarity on where the cash flow generation ended up, just remind us of the range, and then if there was anything in particular that drove it towards the higher end? Thank you.

Tom Kalmbach — Chief Financial Officer, Globe Life Inc.

Yeah. Last quarter, excess cash flow, I said, was going to be between \$600 million and \$700 million. I think, as I look at it now, I'd probably narrow that range to \$650 million to \$700 million. And so that excess cash flow, the midpoint of that is right around the \$675 million side.

Frank Svoboda — Co-Chief Executive Officer, Globe Life Inc.

Yeah. Because we've got—we have the better visibility, clearly, on the amount of dividend distributions coming out of the subs from that perspective. So the downside clearly is much less, but. And we're able to kind of get the sense that it's, yeah, as Tom said, in that upper part of the \$600 millions.

Operator

That concludes our Q&A session.

I will now turn the conference back over to Stephen Mota, Vice President of Investor Relations, for closing remarks.

Stephen Mota — Vice President, Investor Relations, Globe Life Inc.

All right. Thank you for joining us this morning. Those are our comments. We'll talk to you again next quarter.