



Globe Life Inc.
Fourth Quarter 2025 Earnings Call

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PRESENTATION

Stephen Mota — Senior Director, 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, 2024 10-K and any subsequent forms 10-Q on file with the SEC.

Some of our comments may also contain non-GAAP measures. Please see our earnings release and website for discussion of these terms and reconciliations to GAAP measures.

I will now turn the call over to Frank.

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

Thank you Stephen, and good morning everyone.

In the fourth quarter, net income was \$266 million or \$3.29 per share, compared to \$255 million or \$3.01 per share a year ago. Net operating income for the quarter was \$274 million or \$3.39 per share, an

increase of 8 percent over the \$3.14 per share from a year ago.

For the full year 2025, net operating income was \$14.52, \$0.02 above the midpoint of our previous guidance.

On a GAAP-reported basis, return on equity through December 31 is 20.9 percent and book value per share is \$74.17. Excluding accumulated other comprehensive income, or AOCI, return on equity is 16 percent and book value per share as of December 31 is \$96.16, up 11 percent from a year ago.

Before discussing the third quarter insurance operations, I would like to say a few words about the nature of our business.

As I reflect on the results of the past year, I remain confident that our business model effectively positions us for future success. Globe Life helps provide financial security in the vastly underserved lower-middle to middle income market that has largely been ignored by the financial services industry. We distribute basic protection products that are simple for agents and consumers to understand and are designed specifically to meet the needs of this market. Studies indicate that over 50 percent of Americans are underinsured. As such, we have a significant sustainable growth opportunity without having to compete for market share with other insurance companies.

The history of growth at Globe Life is clearly demonstrated by both our recent and long-term results, and we are fully focused and confident in our ability to continue to grow in the future. We are honored to serve this market and grateful to have the opportunity to make tomorrow better for millions of working families.

Now, in our insurance operations.

Total premium revenue in the fourth quarter grew 5 percent over the year-ago quarter. For the full year 2026, we expect total premium revenue to grow approximately 7 percent to 8 percent.

Life premium revenue for the fourth quarter increased 3 percent from the year-ago quarter to \$850 million. Life underwriting margin was \$350 million, up 4 percent from a year ago, driven by premium growth and lower overall policy obligations. In 2026, we expect life premium revenue to grow between 4 percent and 4.5 percent compared to 3 percent growth for the full year 2025. As a percent of premium, we anticipate life underwriting margin to be between 41.5 percent and 44.5 percent.

In health insurance, premium revenue grew 9 percent to \$392 million, and health underwriting margin was also up 9 percent to \$99 million. In 2026, we expect health premium revenue to grow in the range of 14 percent to 16 percent, compared to 9 percent growth for 2025. This is due to strong sales activity and premium rate increases on our Medicare supplement business.

As a percent of premium, we anticipate health underwriting margin to be between 23 percent and 27 percent. The midpoint of the range is slightly below the underwriting margin percentage for 2025, primarily due to the strong premium growth expected in 2026 from our United American General Agency division, which does have a lower underwriting margin percentage than our other distributions.

Administrative expenses were \$92 million for the quarter, an increase of approximately 1 percent over the fourth quarter of 2024. As a percent of premium, administrative expenses were 7.4 percent.

In 2026, we expect administrative expenses to be approximately 7.3 percent of premium, the same as in 2025.

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

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

Thank you, Frank.

Now, as a reminder, I mentioned last quarter that while growth in our agent count has historically been subject to frequent short-term fluctuations, we continually see significant long-term growth. Over the last 10 years, our agent count has nearly doubled, and I am confident we can continue to see strong long-term growth due to the enormous pool of potential agent recruits and the opportunity that we provide. Our recruiting strategy does not target insurance agents. We are simply recruiting individuals from all walks of life who are looking to improve their financial position and have more control over their career.

Now, let's discuss the results of each distribution, starting with our exclusive agencies.

At American Income Life, the life premiums were up 6 percent over the year-ago quarter to \$457 million, and the life underwriting margin was up 5 percent to \$208 million. In the fourth quarter, net life sales were \$102 million, up 10 percent from a year ago.

The average producing agent count for the fourth quarter was 11,699, down 2 percent from a year ago. While we generated strong recruiting activity, we had more

agent turnover than expected. Now, this is not always a bad thing as it can result in a more productive agency, depending on the quality of the agents lost. The 10 percent sales growth this quarter was due to better overall agent productivity. That being said, we place great importance on agent retention and have introduced an initiative to emphasize agent retention to help ensure continued agency growth.

Now, at Liberty National, the life premiums were up 4 percent over the year-ago quarter to \$98 million, and the life underwriting margin was up 6 percent to \$36 million. Net life sales were \$28 million, up 6 percent from the year-ago quarter. Net health sales were \$9 million, roughly flat from the year-ago quarter.

The average producing agent count for the fourth quarter was 3,965, up 6 percent from a year ago. I believe the initiatives that I had mentioned last quarter are having a positive impact and I am confident we will continue to see growth at this agency as we move forward.

At Family Heritage, health premiums increased 10 percent over the year-ago quarter to \$121 million, and the health underwriting margin also increased 10 percent to \$44 million. Net health sales were up 15 percent to \$31 million due to increases in agent count and productivity.

The average producing agent count for the fourth quarter was 1,640, up 8 percent from a year ago. We have now seen six consecutive quarters of strong agent count growth for Family Heritage, resulting from the continued focus on recruiting and growing agency middle management.

In our Direct to Consumer division at Globe Life, the life premiums were approximately flat over the year-ago quarter to \$244 million, while the life underwriting margin

increased 3 percent to \$74 million. While life premiums were flat this quarter, net life sales were \$29 million, up 24 percent from the year-ago quarter. We are excited to see this continued sales turnaround from the declining trend of recent years. As we have mentioned before, new technology introduced earlier this year has helped improve the conversion of customer inquiries into sales without incurring incremental underwriting risk. The resulting margin improvement has allowed us to increase marketing volume and further grow Direct to Consumer inquiries and sales.

Now we have also seen improved conversion of the Direct to Consumer leads shared with our agencies, which has also contributed to margin improvement, allowing us to invest more heavily in advertising, further increasing lead volume, which in turn leads to sales growth 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 10 percent.

United American is our general agency division and here the health premiums increased 14 percent over the year-ago quarter to \$173 million, and this is driven by sales growth and Medicare supplement rate increases that we have discussed previously. Health underwriting margin was \$8 million, up \$2 million from the year-ago quarter. Strong activity across the entire agency resulted in net health sales of \$77 million, an increase of approximately \$47 million over the year-ago quarter. We attribute this tremendous growth primarily to the significant movement of Medicare beneficiaries from Medicare Advantage plans to Medicare supplement plans. As a reminder, we do not market Medicare Advantage plans.

Now I would like to discuss our projections, based on recent trends and our experience with our business,

We expect the average producing agent count trends for the full year 2026 to be as follows. At American income, mid-single-digit growth; Liberty National, high single-digit growth; and at Family Heritage, low double-digit growth.

Net life sales for 2026 are expected to be as follows. At American income, high single-digit growth; Liberty National, low double-digit growth; and Direct to Consumer, mid-single-digit growth.

Net health sales for 2026 are expected to be as follows. For Liberty National and Family Heritage, both low double-digit growth. Now for United American, considering we nearly doubled our sales in 2025, we are currently projecting flat sales growth for 2026. We acknowledge there are considerable dynamics in the Medicare marketplace, and we will refine our estimates as we move through the year.

I will now turn the call back to Frank.

Frank Svoboda — Co-Chairman and 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 only required interest was \$31 million, down approximately \$8 million from the year-ago quarter. Net investment income was \$281 million, approximately flat, while average invested assets grew 1 percent. Required interest is up approximately 3 percent over the year-ago quarter, relatively consistent with growth in average policy liabilities.

Net investment income was negatively impacted in the current quarter by lower average invested asset growth, as discussed on prior calls, and lower average earned yields on our short-term direct commercial mortgage loan and limited partnership investments, as compared to a year ago. Net investment income also declined sequentially from the third quarter, as we had very good returns from our limited partnership investments in the third quarter, but that returned to more normal levels in the fourth quarter. 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.

In addition, we held a little more cash during the current quarter than normal due to the Bermuda reinsurance transactions executed in the quarter.

For the full year 2026, we do expect net investment income to grow between 3 and 4 percent, required interest to grow around 4 percent, and excess investment income to be relatively flat.

Now regarding our investment yield.

In the fourth quarter we invested \$131 million in fixed maturities, primarily in the financial and industrial sectors. These investments were at an average yield of 6.23 percent, an average rating of A-, and an average life of 27 years. We also invested approximately \$145 million in commercial mortgage loans and limited partnerships with debt-like characteristics at an average expected cash return over time of approximately 9 to 10 percent. These non-fixed maturity investments are expected to produce additional cash yields over our fixed maturity investments, while still being in line with our overall conservative investment philosophy.

For the entire fixed maturity portfolio.

The fourth quarter yield was 5.29 percent, up 2 basis points from the fourth quarter of 2024. Including the investment income from our other long-term non-fixed maturity investments, the fourth quarter earned yield was 5.4 percent. While we do own some floating rate investments, they are well matched with floating rate liabilities on the balance sheet.

Invested assets are \$21.7 billion, including \$18.8 billion of fixed maturities at amortized cost. Of the fixed maturities, \$18.3 billion are investment grade with an average rating of A. Overall, the total fixed maturity portfolio is rated A-, same as a year ago.

Our fixed maturity investment portfolio has a net unrealized loss position of \$1.2 billion due to the current market rates being higher than the book value 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 42 percent of the fixed maturity portfolio compared to 46 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 acquire 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 such as derivatives, equities, residential mortgages, CLOs, and other asset-backed securities.

Below investment grade bonds remain near historical lows at \$521 million compared to \$529 million a year ago. The percentage of below investment grade bonds to total fixed maturities is just 2.8 percent, consistent with year-end 2024. The amount of our below investment grade bonds, at just 6.7 percent of our total equity excluding AOCI, is at its lowest percentage of equity at any year-end in over 25 years.

Due to the long duration of our fixed maturity liabilities, we 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 U.S. 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 full year 2026, at the midpoint of our guidance we assume investment of approximately \$900 million to \$1.1 billion in fixed maturities at an average yield between 5.9 percent and 6 percent, and approximately \$300 million to \$400 million in commercial mortgage loans

and limited partnership investments with debt-like characteristics at an average expected cash return over time of 7 percent to 9 percent.

Also, at the midpoint of our guidance, we expect the average yield earned on the fixed maturity portfolio to be around 5.3 percent for the full year 2026.

With respect to our non-fixed maturity long-term investments, we anticipate the yield impacting net investment income to be in the range of 7 percent to 8 percent for 2026. In total, including these additional investments, we anticipate the blended earned yield to be approximately 5.4 percent to 5.5 percent.

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

Tom Kalmbach — Executive Vice President and Chief Financial Officer, Globe Life Inc.

Thanks, Frank.

First, I will spend a few minutes discussing our available liquidity, share repurchases, and capital position.

The Parent began the year with liquid assets of approximately \$90 million and ended the year with liquid assets of approximately \$80 million.

In the fourth quarter, the Company repurchased approximately 1.3 million shares of Globe Life Inc. common stock for a total cost of approximately \$170 million at an average share price of \$134.44. For the full year, we purchased 5.4 million shares for a total cost of \$685 million at an average share price of \$126.41. Including shareholder dividend payments of approximately \$85 million, the Company

returned approximately \$770 million to shareholders during 2025.

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

In 2025, Parent excess cash flow excluding the benefit of extraordinary dividends was approximately \$620 million. Although statutory results are not yet final, for 2026 we anticipate excess cash flow to increase to approximately \$625 million to \$675 million given recent favorable mortality trends and growth in premium.

We will continue to use our cash as efficiently as possible. We still believe that share repurchases provide the best return or yield to our shareholders over other available alternatives. Thus, we anticipate share repurchases will continue to be the primary use of Parent's excess cash flow after the payment of shareholder dividends. In our guidance, we anticipate distributing between \$85 million to \$90 million to our shareholders in the form of dividend payments with the remainder being used for share repurchases in the range of \$535 million to \$585 million. We anticipate liquid assets at the Parent to be

in the range of \$50 million to \$60 million at the end of 2026.

Now, with regard to the capital positions at our insurance subsidiaries.

Our goal is to maintain capital within our insurance operations 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 our large number of in-force 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. Since our statutory financial statements are not yet final, our consolidated RBC ratio for year-end 2025 is not yet known, however, we anticipate the final 2025 RBC ratio will be within our targeted range.

During the quarter, we finalized the licensing and formation of Globe Life Re Ltd, a Bermuda reinsurance affiliate, for the purposes of reinsuring a portion of new business and in-force life insurance policies issued by Globe Life affiliates and executed the initial reinsurance transactions. As previously noted, we estimate Parent excess cash flow will increase from incremental earnings from our U.S. and Bermuda subsidiaries over time as the reinsurance block grows. We anticipate Parent's annual excess cash flow will increase over time toward \$200 million as earnings emerge from reinsuring additional in-force and new business. This additional excess cash flow will enhance the financial

strength of the Company and will provide additional financial flexibility for the Parent to support growth.

Now, with regards to policy obligations for the current quarter.

For the fourth quarter, policy obligations as a percent of premium has declined from 36.7 percent in the year-ago quarter to 35.4 percent, consistent with continued favorable trends in mortality. Health policy obligations as a percent of premium were 53.7 percent compared with 54.1 percent from the year-ago quarter. For United American, individual Medicare supplement claim trends have been relatively stable, however we did see seasonally high claims in the fourth quarter for both individual and group health products.

Now, with regards to our full year underwriting margins, normalized for the impact of assumption updates.

As I mentioned on previous calls, as required by GAAP Accounting Standards, each year we review and generally update actual assumptions for mortality, morbidity, and lapses; we have chosen to do this in the third quarter each year. When assumptions changes are made, GAAP Accounting Standards require a cumulative catch-up adjustment. This cumulative catch-up is the assumption-related remeasurement gain or loss. An assumption remeasurement gain lowers the reserve balances and indicates an improved outlook as less premium is needed to fund reserves to meet future policy obligations. The opposite is true if there is an assumption remeasurement loss.

To better understand the performance of the business for the full year, we think it is beneficial to look at normalized underwriting margins, which exclude the

impact of assumption changes and provide an improved basis for comparison of year-over-year results.

For the full year 2025, normalized life underwriting margin as a percentage of premium increased to 41 percent compared with 39.7 percent for the prior year. Normalized life policy obligations as a percent of premium improved by over 2 percentage points from the prior year due to favorable mortality trends but was partially offset by higher amortization of acquisition costs.

Normalized health margin as a percent of premium was 25.4 percent compared with 27.3 percent for the prior year and is reflective of higher claims experience and the timing of premium rate increases during the year at United American.

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 \$14.95 to \$15.65, representing 5 percent earnings per share growth at the midpoint of the range. This is an increase from our prior guidance related primarily to continued improved mortality and experience trends that we are monitoring, including anticipated positive impacts from life assumption updates that will occur in the third quarter. In addition, we are anticipating higher health underwriting margins given the strong premium growth at United American.

Normalized earnings per share growth which removes the impact of assumption updates in both 2025, and the midpoint of 2026 is approximately 10 percent.

At the midpoint of our guidance, we anticipate total premium revenue growth of 7 percent to 8 percent with life premium

growth growing 4 percent to 4.5 percent and health premium revenue growth growing 14 percent to 16 percent. Health premium growth is benefiting not only from strong growth in Medicare supplement sales in 2025 but also \$80 million to \$90 million of additional annualized premiums resulting from approved rate increases on individual Medicare supplement policies that would be phased in throughout 2026 and fully implemented by 2027. Recall the majority of these rate increases will be effective beginning in the second quarter of 2026. As a result of this delay, along with seasonally high claims typically incurred in the first quarter, we anticipate United American's health margin percentage in the first quarter will be lower than the full year margin percent of 8 to 10 percent. However, we anticipate an average of 10 percent to 11 percent in the last three quarters of the year as the full effect of the premium rate increases is realized.

We anticipate underwriting margins as a percent of premium to be in the range of 41.5 percent to 44.5 percent for the life segment and 23 percent to 27 percent for the health segment. In our guidance, we anticipate recent favorable trends will continue through 2026. Given this, our 2026 guidance range reflects an estimated third quarter benefit from assumption updates and resulting remeasurement gain of \$50 million to \$100 million, which is expected to increase the life margin as a percent of premium in the third quarter to a range of 48 percent to 52 percent.

Those are my comments. I will now turn it over to Matt.

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

Thank you Tom.

Those are our comments and we will now open up the call for questions.

Q & A

Jamminder Bhullar – Analyst, JPMorgan Chase & Co.

Good morning. I had a couple of questions. First was just on the first-year lapses. They seem to pick up across various channels, especially in direct response, so hoping that you could give us some color on what is going on there.

Tom Kalmbach — Executive Vice President and Chief Financial Officer, Globe Life Inc.

Thanks, Jimmy. You are definitely right. First quarter lapses for Direct to Consumer and actually Liberty National were actually a bit higher than what we had expected. At this point, we see them as fluctuations, and we will continue to monitor them.

On DTC, our sales increases are primarily coming from the Internet channel, which we actually see higher lapses on the Internet channel, so a little bit higher, not to be unexpected, but it was higher than what we would have anticipated from that channel.

The one thing I would say is I think the growth in sales, even with a little bit higher lapses, is a positive because it does add to underwriting margins overall, but it is something we will continue to pay attention to.

Jamminder Bhullar – Analyst, JPMorgan Chase & Co.

Okay. Then on Med. supp., maybe if you could just talk about the dynamics between Med. supp. and Med. Advantage. Historically, obviously, with the Republican government you'd assume Med. Advantage was going to grow. This time, it is sort of going in the opposite direction. But the two questions I had on that was, I am assuming your outlook for growth in Med. supp. is fairly constructive, and if that is correct, then if we think about, you filed prices I think around the middle of last year, maybe third quarter or so, and since then, claims trends have stayed elevated. So, should we assume that you'd have to go through a round of price increases to get the margins on the business that you have signed to more of a normal level, so maybe we should expect slightly weaker margins initially and then improved after you implement the higher prices?

Tom Kalmbach — Executive Vice President and Chief Financial Officer, Globe Life Inc.

On the claim trends, we have actually seen claim trends stabilize in the third and fourth quarter, so that is different than what we saw in 2024 where we had seen claim trends increase in the third and fourth quarter. Those trends that we have seen recently are actually a little bit less than the anticipated trends that we had in our rate increases. So, we do feel like the rate increases that we got approvals for are adequate to bring us over the course of 2026 and into 2027 back to kind of our normal margins in that 10 to 12 percent range.

As I mentioned in my comments, we would expect 10 to 11 percent in Quarters 2, 3,

and 4 of 2026, and those rate increases will carry into the first quarter of 2027 as well.

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

I would probably just add just kind of a reminder that the fourth quarter would—again, seasonality would be probably just a little bit on the lower end of that range and probably just slightly behind where second and third quarter would have been, and then really as you get all that rate increase fully into 2027, that is where we would really anticipate getting back into more normal levels and should get it for the full year.

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

I will touch on your market trend.

Obviously, our results are very strong for the fourth quarter. A lot of that is, we believe the dynamic of what is going on with the Medicare Advantage market and people continuing to find value in Medicare supplement.

There has been a lot of discussion related to the government reimbursement rates and associated impact on Medicare Advantage carriers, as well as what They are doing from either premium increase, cost reductions, or scaling back. We see that also on the provider side of scaling back, taking Medicare Advantage plans. All of those are beneficial to us for a marketplace perspective. I think it is going to be very interesting to see how Q1 and Q2 play out with the dynamics of that market.

As we have mentioned before, we are pricing for profitability. We are not pricing

just to gain market share and so it is very important, as Tom has mentioned, the management of our rate increases consistent with our claims performance is very important for the overall profitability of that block of business. We are clearly, from what we see, not out of line with what other carriers are experiencing, nor the rate increases that we are requesting, which bodes well for our premium earnings in 2026.

The sales side is really hard to predict right now, but we had tremendous growth in the current—well, prior year now, 2025. And so, we will really see how things come through as we get into the first and second quarter of this year.

Tom Kalmbach — Executive Vice President and Chief Financial Officer, Globe Life Inc.

Maybe one other thing to mention, Jimmy, is just as we think about claim trends is CMS did introduce Prior Authorization requirements for traditional Medicare supplements starting in six states in 2026, so I would like to see kind of how that impacts overall claim trends, but I think overall it should be a favorable impact as they try to reduce fraud, waste and other abuses that they've seen in the Medicare program.

Jaminder Bhullar – Analyst, JPMorgan Chase & Co.

Thank you.

Wilma Burdis — Analyst, Raymond James

Hey, good morning. Sales have been quite strong in the last few years, even probably

stronger than the long term. You cited some efficiencies there with branding and lead sharing and sourcing. Is there more tailwind to unlock there or has a lot of that work been done? Thanks.

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

No, I think as we continue to leverage on our technology investments, I think we will continue to see tailwinds from an efficiency perspective.

On the agency side, I think There has still more to unlock. There has a variety of technology that has been implemented, but There has a lot of things on the horizon that we are in process -- that will come online in 2026 and in 2027. So, I think that will continue to help our agent productivity, which clearly drives sales growth and drives it a little bit faster to the extent that we do that effectively, and drives it a little bit faster than our agent count growth, which is our overall goal with those investments.

Then the technology on the DTC side, the way we market, as was mentioned, a significant amount of those sales are coming from our online channel and as we market and target customers that are in our demographic that are looking for our type of product, the sophistication there from a technology perspective continues to be a significant focus of ours and we continue to invest in that area. I think that is why you'll continue to see growth trends there as well as just any sort of efficiency that we have through the distribution model as we have talked about converting people that are interested, those leads and inquiries, into ultimate sales and then keeping them on the books through a great

customer experience will continue to benefit us going forward.

My punchline to all that is, I do not think we fully achieved all that we can through the use of technology enhancements, but we will continue to focus on that in the coming days to get the growth that we are looking for.

Wilma Burdis — Analyst, Raymond James

Great to hear. Thanks.

Could you talk a little bit about remeasurement gains, which were strong in both life and in health, which actually reversed recently; the health remeasurement gains look pretty strong. Can you just go into a little bit more detail on the drivers there and how you expect that to trend? Thanks.

Tom Kalmbach — Executive Vice President and Chief Financial Officer, Globe Life Inc.

Yes. With regards to kind of what I would say is quarterly actual to expected remeasurement gains, we are seeing life mortality experience and lapse experience that is favorable relative to our long-term assumptions and similarly on the health side as well.

I think we continue to expect mortality to continue at kind of where they've been recently, which would result in continued life actual to expected remeasurement gains. And as we are looking at that experience and looking to see how the first quarter and second quarter emerge, we kind of follow our process of updating assumptions, we would also, as I mentioned, expect an assumption remeasurement gain in the \$50 million to

\$100 million range in the third quarter of 2026.

Now, when we make those assumption changes you know I think we can, depending upon where we set those long-term assumptions, I think that we would continue to see remeasurement gains you know potentially even in the third and the fourth quarter of next year as well, so I do not think we necessarily eliminate all of them.

For the health side, it is a little bit different. The premium rate increases on the health side will help our ability to generate experience that could produce continued remeasurement gains. But the health side remeasurement gains are much more volatile just because of the way Medicare supplement and the rate increases are applied to -- in the reserve practices is just a little bit unique versus our normal supplemental health business, so we will see a little bit of volatility around remeasurement gains and losses in in the health line.

Wilma Burdis — Analyst, Raymond James

Thank you.

Jack Matten — Analyst, BMO

Hi, good morning. First question I have is on excess cash flow. I think that the guidance this year is the same midpoint and that is with a higher GAAP earnings outlook. I am guessing that is probably related to the GAAP assumption for measurement gain for the year that you are embedding now, but anything else that is different across GAAP versus statutory that we should be thinking about there.

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

Yes. I am sorry, Jack. You were just a little bit hard to understand your question, but I think it was looking for differences that were kind of happening that we are seeing on the GAAP or the statutory side that was impacting the excess cash flows.

I think in what Tom was providing from his guidance of \$625 million to \$675 million, we are just seeing that is really being driven in and of itself by just good solid statutory earnings in 2025 that then converted to dividends to the Parent Company in 2026. That is growing a little bit over, I am going to say the normal statutory earnings that we had in the prior year there. Of course, we had some extraordinary dividends in 2025 that were brought up as well, but if you kind of pull those out, we are seeing just a nice increase.

I feel better that we are actually at kind of another level with respect to our statutory earnings and, therefore, the cash flow generation up at the Parent Company.

No real significant changes in the statutory or the GAAP models, if you think about 2025 or even 2026 at this point in time, that is really impacting it, like we maybe have had in some of the prior years.

Tom Kalmbach — Executive Vice President and Chief Financial Officer, Globe Life Inc.

Yes. And just for clarity, we do not expect any benefit from the Globe Life Re Bermuda transaction in 2026 at this point in time.

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

Yes, and to the extent that that changes at all, over the course of the year as we talk to our regulators, we will be sure to disclose that and talk about that on future calls.

Jack Matten — Analyst, BMO

Great. Thank you.

Then a follow-up on the American Income agent count. I know that There has usually a stair-step pattern over time, but it looks like a bit of a larger drop this quarter than what we usually would see. Do you guys have any sense on what is driving that? And then, any more detail on the retention initiatives that you referenced in your prepared remarks?

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

Yes. I would say for American Income it is not uncommon for the fourth quarter, end of the year, for our agent count from a sequential basis to go down. If you look at three of the last four years we have had that phenomenon, so I would say it is not unexpected. Typically, we see those agents that you know may be struggling with their productivity and production kind of toward the end of the year may be a time that they fall off.

What we are doing from a focus on that perspective is, as we have talked about in the past it is our middle management and managers that are out there recruiting, training, onboarding and retaining agents, and so we are looking at some incentives—changing their incentive compensation a little bit to continue to focus on that agent

retention. So those will go in toward the beginning of the year then obviously they take a little bit of time to get implemented.

So, like I said, if you look at it over a long term it is not a concerning trend. It is why we are projecting that we are going to have agent count growth, but overall we are focused on the productivity of our entire agency and that continues to be very strong for all our agencies but including American Income, and so I think that is why you see a little bit higher sales growth than just the agent count growth. Again, quarter to quarter we are going to get some of those fluctuations.

Jack Matten — Analyst, BMO

Thank you.

Andrew Klingerman — Analyst, TD Cowen

Good morning, almost good afternoon. I want to stay on Jack's question with regard to sales. It sounds like you are going to put the retention initiatives in place this year, so that wasn't the case last year. So, I guess that explains why you cited average producing agents going up mid-single digit and then—at American Income—and then net life sales going up high single digit. So maybe that is—I am trying to get at the productivity a little bit more.

What drove it up in the fourth quarter to see a 2 percent drop in average producing agents with a 10 percent increase in sales? Was it—I think you touched on earlier the lead generation coming from Direct to Consumer, but I can see that you are baking in more productivity even going forward. So, try to get a better—I would

like to get a better understanding of what is driving that.

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

Sure. I think as we have talked about in the past, you have got to look at the agent count growth as a leading indicator and then the sales growth follows. So, if you go back for American Income, Q4 of 2024 was a 7 percent growth and then Q1, Q2 and Q3 were all low single-digit growth quarters for just the agent count. And so that carries forward into sales in Q4.

We are also seeing some productivity gains as well as just the premium on a per sale basis is up compared to the same quarter in the prior year and so that is also driving it as well. And as we have talked about, the thing with the product in the marketplace is that the consumer is—we go through a needs-based analysis; that is sitting down with the customer and determining what their needs are and then based upon what those are we have the right amount of coverage, which obviously has an impact on the amount of premium that we collect on a per policy basis.

I think some of—when I talked about the quality of the leads and the conversion of those Globe leads generated out of our DTC channel into American Income is also helping on that productivity -- is reflected in the premium on a per sale basis as well as just the agents that are producing every single week, what their sales are from that perspective.

And so, you are correct. Just recognizing the agent count, we think the agent count growth might be just a little bit slower than the sales growth for 2026, and it is just reflective of some of those dynamics. And

we will see how some of these incentives come into place.

I would not characterize it that we had no incentives in 2025 for our managers to recruit and retain agents. It is just we found that we always have to kind of adjust to that and make sure we have got the right incentives correct between that balance of sales and recruiting, training and retaining agents. And so, we are doing some – a few tweaks that will go in here at the beginning of 2026, and we will see if we got it right as we move throughout the year.

Andrew Klingerman — Analyst, TD Cowen

Very helpful.

If I can go back to the Med. supp., I mean what a what a fabulous year in terms of sales growth at United American and just saying that you think sales will be flat in 2026 is pretty darn good.

As we look further out, is there a chance that the dynamic between Med. Advantage and Med. supplement kind of shifts in the favor of Med. Advantage where they kind of align better with regulations and compliance and pricing and you could see a dip in the opposite direction? Some real pressure on sales as more Med. Advantage gets sold.

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

I mean, it is certainly possible. As we mentioned before, we have been in this business for decades. (audio dropout) We have more and more people from an age perspective entering into the market in general. So that would be, I would think, a tailwind. But it is really hard to predict the

government support within the Medicare Advantage space and so that will play some into the dynamics.

But I think from a Medicare supplement perspective, there is always going to be a need in a marketplace for that particular product; people that want the freedom of choice and some of the benefits that the Medicare supplement marketplace provides. So again, I think there will always be a place in that market. We are very much focused on maintaining our margins and we are really not going to chase market share at the expense of just pricing to gain market share for the sake of it.

I think you have seen that over a long period of time with us, is that our sales growth will ebb and flow in that area, depending on the marketplace, but it is very important that we maintain our pricing for the existing in-force block as well -- that really translates into that underwriting margin dollar that we are really focused on from a long-term stability perspective.

Andrew Klingerman — Analyst, TD Cowen

Thanks very much, Matt.

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

Thanks, Andrew.

John Barnidge — Analyst, Piper Sandler

Good morning. Thank you for the opportunity. My first question, on the investment portfolio, can you talk about exposure to software and how you see the

portfolio impacted by AI along with any de-risking activities that have been pursued? Thank you.

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

Sure. Thanks, John.

I think a lot of the discussion on potential exposure has kind of been in that alternative portfolio category. We have kind of taken a look at -- within the limited partnerships and the different investments, looking at information that we have available there. Our best estimate is that there has really less than probably \$15 million within that alternative portfolio that is really related to software companies. So, we do think it is pretty limited.

Overall, our private credit is probably about 1 percent of our total invested assets. I think that is about the amount we had last quarter and that really hasn't changed again this year. So overall, we have pretty low allocation to the alternative space in general and private credit. And then it doesn't look like right now, at least on that side, we have much from the software.

As we think about it, on the fixed maturity portfolio, we have always been underweight, I would say, on tech. You kind of think about -- we are out there trying to buy bonds that are 20, 30 years out, and it is hard to find the technology companies that we really feel comfortable fit into that space. So less than 2 percent of our invested assets of our fixed maturity portfolio is in some type of a technology type activity within that sector.

What we have exposure to mostly are the hardware providers, data service providers and that type of thing. There is probably a couple of names in there. We kind of think probably less than \$50 million that have a

little bit more susceptibility to be displaced; they do have some moats with respect to some proprietary data that they have with respect to the space that they operate in. So, I think it gives them some protection, but that we are kind of keeping an eye on.

I think the whole AI disruption is a risk that the investment team has been considering for a number of years and clearly, within part of the matrix that they utilize as they think about the bonds that the companies -- that we are going to invest in. And again, we are looking for those names that are really long term, we think are going to be around for the long term. So, it is the IBMs and the Amazons and the Microsoft's that are mostly in our portfolio.

John Barnidge — Analyst, Piper Sandler

Thank you. Appreciate the answer.

Wes Carmichael — Analyst, Wells Fargo

Hey, thank you. Good morning. I had a couple of questions on Bermuda. One, I think the press release in December I think you noted the first reinsurance transaction was executed with your business plan. Wondering if you could provide a little more detail on that transaction just in terms of the size and scope.

Tom Kalmbach — Executive Vice President and Chief Financial Officer, Globe Life Inc.

Sure. Yes, we were pleased to get, you know, the licensing and formation of the Company and the approval of our U.S. regulators as well as the Bermuda regulators to complete that transaction. Our goal there was really to get the

Company established and because we wanted to actually get it established in 2025 so we could have audited financial statements for the entity beginning in 2026, as we would finalize those 2025 results. So that allows us to be on a path for the requirements of reciprocal jurisdiction and so we are well on that path, and we are executing relative to kind of our business plan at this point in time.

That initial transaction was about 1.2 billion of statutory reserves that got transferred. And so during the course of 2026 we do intend—and this is consistent with our business plan as well that was approved by Bermuda—we do intend to reinsure some new business as well as incrementally a little bit more in-force business in 2026. We will grow the amount of business that is reinsured in Bermuda over the next three to five years.

Wes Carmichael — Analyst, Wells Fargo

Thanks. I guess my follow-up on that point is, is it still possible to get early approval for reciprocal jurisdiction? I am just trying to understand when you get that status, are there near-term plans to increase the pace of reinsurance? I am just really trying to understand how much of a lift in excess cash flows you kind of expect in 2026 or 2027.

Tom Kalmbach — Executive Vice President and Chief Financial Officer, Globe Life Inc.

Yes. We have kind of thought through that, and that is really part of kind of our business plan that we established earlier on.

We do think it is possible to get early reciprocal jurisdiction, but it is subject to regulatory approval. We really want to go through the process, and we will update you if we do, in fact, get reciprocal jurisdiction early. And that would allow the potential for—again, I would say, potential for additional dividend distributions from the Bermuda sub, but those are also subject to Bermuda regulatory approval.

So again, we do not want to get too far ahead of ourselves, and we want to actually go through the process of having those discussions with our regulators.

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

I would just add, I think the kind of the timeframe on that as far as working with the regulators is probably something that happens a little bit more mid-year. We do anticipate that if we were able to get that, any potential distributions that we might get in 2026 would be toward the end of the year.

Tom Kalmbach — Executive Vice President and Chief Financial Officer, Globe Life Inc.

Right.

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

And so, we have not built any of that into our 2026 plan as of this time and we will clearly take a look at that as the year progresses. We do anticipate that there would be some opportunity then, starting in 2027—and as Tom has kind of talked about, we think that it can be up to \$200

million or at least working toward \$200 million over time. And just kind of a reminder that is what we would anticipate would be annual cash flows up to the Parent.

But again, part of that is with the business plan and continuing to build that up with continuing transactions here over the next few years.

Wes Carmichael — Analyst, Wells Fargo

Very helpful. Thanks. Good luck with the regulators.

Mark Hughes — Analyst, Truist Securities

Thanks for sneaking me in. On the claims you said were seasonally higher in individual and group health. Was that normal seasonality or is that a little bit above and beyond?

Tom Kalmbach — Executive Vice President and Chief Financial Officer, Globe Life Inc.

I think, first of all, we normally expect a little bit higher claims in the fourth quarter in the individual and group health lines, however I would say that in the group lines we did see a little bit higher severity and so it was a little bit higher than what we had anticipated.

Wes Carmichael — Analyst, Wells Fargo

Understood. Then, you have talked to a lot of factors that could influence profitability in the health business but the 23 percent to 27 percent, the 4-point swing, anything else that we should consider when we think

about the high end or low end of that range?

Tom Kalmbach — Executive Vice President and Chief Financial Officer, Globe Life Inc.

I think some of it—Frank alluded to this in his comments as well—is that Medicare supplement has a lower underwriting margin just as a line of business, and so to the extent that that grows faster than some of the other lines we are going to see a little bit of downward pressure on just the overall health underwriting margins as a percent of premium. Now, the underwriting margin dollars from health would grow and so that is why the range of 23 to 27 is somewhat dependent upon how strong Medicare supplement sales come in.

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

Yes, Mark. That is exactly right. When you kind of look at 2025, United American, that whole side of it, the Medicare supplement side comprised about 49 percent of the total health premium. Whereas in Family Heritage, Liberty, American Income have that other limited—our true limited benefit product, that is a little bit more stable.

The margins on that limited benefit side are more in that 43 percent to 44 percent range versus what we had in 2025 of around 5 percent to 6 percent with respect to overall margins on the Med. supp. side.

Now in 2026, we expect that Med. supp. margin to be up in that 8 percent to 10 percent range. But again, it is now at about 53 percent of the overall premium is what we kind of anticipate right now, and so it is just taking a little higher percentage of that

overall premium piece. It is kind of just bringing down the average just a little bit.

Despite the lower margins that we have on that, I mean, it is still a very good business for us, because it is very -- lower amount of capital required, ultimately. So, when you start thinking about internal rates of return and returns on capital and that type of thing, it is a very good business from that perspective. So, we do not find it really overly concerning when you kind of see a slight decrease in the overall health margin percentage, if we think about it as long as it is kind of just from that overall mix of business. We think overall that is still a good diversification for us.

Wes Carmichael — Analyst, Wells Fargo

I appreciate that detail. Thank you.

Operator

That was our final question from our audience today. I am happy to turn the floor back to Mr. Stephen Mota for any additional or closing remarks.

Stephen Mota — Senior Director, Investor Relations, Globe Life Inc.

All right. Thank you for joining us this morning. Those are our comments and we will talk to you again next quarter.