

GLOBE LIFE INC.
Analysis of Profitability by Segment
(Unaudited)
(Dollar amounts in thousands)

	Twelve Months Ended December 31,		Change	%
	2019	2018		
Life insurance underwriting margin	\$ 703,464	\$ 652,301	\$ 51,163	8
Health insurance underwriting margin	243,638	236,053	7,585	3
Annuity underwriting margin	9,458	10,376	(918)	(9)
Excess investment income	257,605	245,094	12,511	5
Other insurance:				
Other income	1,318	1,236	82	7
Administrative expense	(240,321)	(223,941)	(16,380)	7
Corporate and other	(55,103)	(50,476)	(4,627)	9
Pre-tax total	920,059	870,643	49,416	6
Applicable taxes	(167,957)	(163,669)	(4,288)	3
Net operating income⁽¹⁾	752,102	706,974	45,128	6
Reconciling items, net of tax:				
Realized gain (loss)—investments	16,291	7,327	8,964	
Realized loss—redemption of debt	—	(8,752)	8,752	
Part D adjustments—discontinued operations	(92)	(44)	(48)	
Administrative settlements	(400)	(3,590)	3,190	
Non-operating fees	(508)	(1,247)	739	
Legal proceedings	(6,603)	—	(6,603)	
Tax reform adjustment	—	798	(798)	
Net income	\$ 760,790	\$ 701,466	\$ 59,324	8

(1) Net operating income is the consolidated total of segment profits after tax and as such is considered a non-GAAP measure.