

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

	Nine Months Ended September 30,		Change	%
	2020	2019		
Life insurance underwriting margin	\$ 511,205	\$ 526,348	\$ (15,143)	(3)
Health insurance underwriting margin	200,565	182,614	17,951	10
Annuity underwriting margin	6,788	7,132	(344)	(5)
Excess investment income	183,200	195,006	(11,806)	(6)
Other insurance:				
Other income	1,021	1,077	(56)	(5)
Administrative expense	(188,194)	(179,177)	(9,017)	5
Corporate and other	(34,191)	(41,335)	7,144	(17)
Pre-tax total	680,394	691,665	(11,271)	(2)
Applicable taxes	(127,021)	(127,656)	635	—
Net operating income⁽¹⁾	553,373	564,009	(10,636)	(2)
Reconciling items, net of tax:				
Realized gain (loss)—investments	(21,936)	14,557	(36,493)	
Realized loss—redemption of debt	(501)	—	(501)	
Part D adjustments—discontinued operations	—	(92)	92	
Administrative settlements	—	(400)	400	
Non-operating expenses	(816)	—	(816)	
Legal proceedings	(2,587)	(4,345)	1,758	
Net income	\$ 527,533	\$ 573,729	\$ (46,196)	(8)

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