Globe Life Inc.
Q3,2026 Earnings Call
Oct 22,2026 11:00 am ET

CORPORATE PARTICIPANTS

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

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

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

Mike Majors Globe Life Inc. — Executive Vice President and Chief Strategy Officer

Brian Mitchell Globe Life Inc. — Executive Vice President, General Counsel and Chief Risk Officer

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

CONFERENCE CALL PARTICIPANTS

Ryan Krueger KBW — Analyst

Wilma Burdis Raymond James — Analyst

Randy Binner Texas Capital Securities — Analyst

Andrew Kligerman TD Cowen — Analyst

Joel Hurwitz Dowling & Partners — Analyst

Suneet Kamath Jefferies — Analyst

Tom Gallagher Evercore ISI — Analyst

Maxwell Fritscher Truist Securities — Analyst

Pablo Singzon J.P. Morgan — Analyst

Wes Carmichael Wells Fargo — 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, 2025 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 a discussion of these terms and reconciliations to GAAP measures.

I will now turn the call over to Frank.

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

Thank you Stephen, and good morning everyone.

In the third quarter, net income was $361 million, or $4.62 per share, a decrease of 2 percent over $4.73 per share a year ago. Net operating income for the quarter was $379 million, or $4.84 per share, an increase of 1 percent over $4.81 per share a year ago. As a reminder, both net income and net operating income are impacted in the third quarter of each year by the annual updating of our assumptions utilized in establishing our policy obligations. As was the case in 2025, we recorded a remeasurement gain related to assumption updates this quarter, reflecting our positive outlook for future policy obligations, as our actual claims experience continues to be favorable as compared to those long-term assumptions.

In addition, underwriting results this quarter at our United American General Agency division were adversely impacted by a process change at CMS, the government agency that administers Medicare supplement claims, and high severity claims at Evry, the developing group health business that is included in United American's results. Matt and Tom will talk more about these items in their comments.

On a GAAP-reported basis, return on equity through September 30 is 19.7 percent, and book value per share is $85.35, up 23 percent from a year ago. Excluding Accumulated Other Comprehensive Income, or AOCI, return on equity is 15.9 percent, and book value per share as of September 30 is $103.62, up 11 percent from a year ago.

Now in our Insurance Operations,

Total premium revenue in the third quarter grew 7 percent over the year-ago quarter. For the full year, we expect total premium revenue growth to be around 6.5 percent.

Life premium revenue for the third quarter increased 2 percent from the year-ago quarter to $865 million. For the full year, we expect life premium revenue to grow between 2.5 percent and 2.75 percent, driven by strong premium growth in our American Income and Liberty National divisions.

Life underwriting margin was $458 million, down 5 percent from a year ago, primarily due to fluctuations in the assumption updates related to LDTI. Excluding the impact of the assumption updates, life underwriting margin would have increased by approximately 3 percent. We anticipate life underwriting margin as a percent of premium to be between 44 percent and 45 percent for the full year 2026.

In health, insurance premium revenue grew 16 percent to $447 million, and health underwriting margin was up 7 percent to $116 million. For the full year, we expect health premium revenue to grow around 15 percent and underwriting margin to grow in the range of 4 percent to 4.5 percent. The strong premium growth is due to premium rate increases on our Medicare supplement business, as well as strong sales in both our United American and Family Heritage divisions.

We anticipate health underwriting margin as a percent of premium to be in the range of 22 percent to 24 percent for the full year.
Administrative expenses were $95 million for the quarter, an increase of 6 percent over the third quarter of 2025. As a percent of premium, administrative expenses were 7.3 percent. For the full year, we expect administrative expenses to stay at approximately 7.3 percent of premium, consistent with 2025.
As we mentioned on the last call, we believe that expanding AI use across the Company will allow us, over time, to grow our expenses at a rate lower than our revenue growth, given the high transaction volumes inherent in our business. As such, we expect this ratio to be the same or slightly lower in 2027 and intend to reduce it over time.

Finally, we are very pleased that we have received reciprocal jurisdiction approvals from our regulators, allowing us to continue with our business plan to transform how we support our growth and to provide added financial flexibility and strength at the Parent by providing an additional source of dividend income. Tom will provide more of an update in his comments.

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

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

Thank you, Frank.

Now, I will discuss the trends at each of our distributions, and we will start with our exclusive agencies.

At American Income Life, the life premiums were up 4 percent over the year-ago quarter to $470 million, and the life underwriting margin was up 3 percent to $268 million. Net life sales were $97 million, flat compared to the year-ago quarter as increased productivity offset a 7 percent decline in agent count from a year ago. The average producing agent count for the third quarter was 11,331, which was essentially flat compared to the second quarter of this year.

On our last call, we discussed some compensation adjustments that were implemented at the beginning of the second quarter. These adjustments have helped improve agent productivity and stabilized agent count, as the agent count has been relatively flat over the past couple of quarters. Agent compensation design is inherently a complex, dynamic process and it involves human behavior, and sometimes the behavioral changes do not occur as quickly as we would like. We are rolling out further structural compensation changes later this year to help drive growth in sales, recruiting and retention.

For the full year 2027, we expect mid- to high-single-digit sales growth, and I am confident that we will increase sales growth for this division as the fundamental conditions necessary for agency growth remain in place. If anything, the current economic environment enhances our value proposition to individuals looking for a better opportunity: the ability to

be your own boss, set your own schedule and create financial security.

At Liberty National, the life premiums were up 4 percent over the year-ago quarter to $102 million, while the life underwriting margin was down 27 percent to $51 million. The decline was due primarily to fluctuations in LDTI assumption updates, as the annual assumption update declined from $35 million in the year-ago quarter to only $14 million this quarter. Absent a large decline in assumption update, Liberty's life underwriting margin would have been about 5 percent, and net life sales were $26 million, up 7 percent from the year-ago quarter, due primarily to agent count growth. Net health sales were $7 million, down 13 percent from the year-ago quarter. As we mentioned last quarter, we have implemented changes to the sales presentation to place additional emphasis on health sales. We expect this to help drive significant growth in health sales going forward.

The average producing agent count for the third quarter was 4,187, up 9 percent from a year ago, and I continue to be pleased with the agent count growth, and I am confident that this will drive strong sales growth going forward.

At Family Heritage, health premiums increased 8 percent over the year-ago quarter to $129 million, and the health underwriting margin increased 12 percent to $57 million. Net health sales were up 5 percent to $35 million, and this is primarily driven by increased productivity.

The average producing agent count for the third quarter was 1,565, up 1 percent from a year ago, and agency middle management counts rose for the third quarter in a row, and we are continuing to see improvement in agent retention. These results reinforce our optimism regarding the long-term growth potential at Family Heritage.

Now, in our Direct to Consumer division, the life premiums were down 1 percent over the year-ago quarter to $243 million, and the life underwriting margin declined 1 percent to $113 million. Net life sales were $24 million, down 12 percent from the year-ago quarter.

As we discussed during the last call, our Direct to Consumer channel is in a transition period due to a shift in digital advertising, including traditional paid search volume. AI-powered search and consumer behavior are impacting digital marketing for all business services, including life insurance. This shift has impacted our recent sales results generated by our digital channels. However, during the second half of the third quarter, we are seeing some encouraging improvement in our inquiry rates, supported by several initiatives, including AI-enabled advertising. We continue our efforts to adapt to this change and position digital content to be authoritative, visible and easily interpreted by AI assistants. I am confident that DTC will successfully make this transition as we continue to meet the consumer where they want to be met.

In addition, as we have discussed before, the value of this division extends well beyond DTC sales, and this is due to the support it provides to our agencies. We still anticipate that we will meet agency demands by generating approximately 1 million leads this year.

Now on to United American General Agency, where here the health premiums increased 29 percent over the year-ago quarter to $219 million. Overall, I am pleased with the routine operations at United American.

Now, while the health underwriting margin was negative $6 million compared to a margin of $16 million from the year-ago quarter, this loss was driven by the items Frank mentioned earlier. The processing delay at CMS resulted in nearly $7 million of excess Medicare Supplement claims paid during the current quarter, but were related to prior periods. In addition, we experienced an unusually high number of high severity claims at Evry. For the quarter, Evry realized an underwriting loss of nearly $16 million. As a reminder, Evry is included in the United American division as they market group health insurance through brokers. Evry has begun to generate strong sales activity, but as a startup they do not yet have the scale to meet our target margins. Excluding these two items, United American's health underwriting margin would have been a positive $16 million, or approximately 7 percent of premium. We anticipate as they continue to grow, they will ultimately contribute to UA's health margins as they achieve scale and generate more stable results. That being said, we are taking steps to improve margins, including pricing adjustments.

Net health sales were $48 million, a 95 percent increase over the year-ago quarter. Sales continue to be very strong in the Medicare supplement business, due primarily to tailwinds from the high volume of people turning 65, the movement of Medicare beneficiaries from Medicare Advantage to Medicare supplement, and the rate increases implemented during the second quarter. Once again, I would note that we do not market Medicare Advantage plans.

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

We expect the average producing agent count for the full year 2026 to be as follows: At American Income, a decrease of around 5 percent; Liberty National, an increase of around 9 percent; and Family Heritage, an increase of around 5 percent.

Net life sales for the full year 2026 are expected to be as follows: At American Income, approximately flat; at Liberty National, an increase of around 10 percent; and Direct to Consumer, a decrease of around 9 percent.

Net health sales for the full year 2026 are expected to be as follows: For Liberty National, a decrease of around 7 percent; Family Heritage, an increase of approximately 10 percent; and United American, an increase of around 45 percent.

Now moving on to projections for 2027,

At the midpoint of our guidance we expect sales growth for the full year to be as follows:
For net life sales, as I mentioned earlier, at American Income, we expect mid- to high-single-digit growth; at Liberty National, low-double-digit growth; and at Direct to Consumer, low-single-digit growth. For net health sales, Liberty National and Family Heritage, we expect low-double-digit growth,

and at United American, high-single-digit growth.

I will now turn the call back to Frank.

Frank Svoboda — Co-Chairman and 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 $38 million, up 3 percent from the year-ago quarter. Net investment income was $296 million, up 3 percent, and average invested assets were also up 3 percent from the year-ago quarter. Required interest and average policy liability both grew approximately 4 percent over the year-ago quarter.

For the full year, we expect net investment income to grow around 4.5 percent, and required interest to grow around 3.5 percent, resulting in excess investment income growth of 10 percent to 11 percent. Looking forward to 2027, we anticipate net investment income will grow in the range of 2.5 percent to 3.5 percent, while required interest will grow in the range of 3.5 percent to 4 percent.

Now, regarding our investment yield,

In the third quarter, we invested $833 million in fixed maturities, primarily in the industrial and financial sectors. These investments were at an average yield of 6.4 percent, an average rating of A, and an average life of 35 years. We also invested $94 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 third quarter, the yield earned on our total long-term invested assets, which includes our fixed maturity, commercial mortgage loans and other long-term non-fixed maturity investments, was 5.52 percent, up from 5.46 percent in the third quarter of 2025. The fixed maturity portfolio earned yield was 5.33 percent in the current quarter, compared to 5.26 percent a year ago. We expect the average yield earned on our total long-term investments will be approximately 5.51 percent for the full year 2026, and between 5.5 percent and 5.55 percent for the full year 2027. For the fixed maturity portfolio, we anticipate the earned yield will be approximately 5.33 percent for 2026, and around 5.35 percent for 2027.

While we do own some floating rate investments, they are well matched with floating rate liabilities on the balance sheet. As such, we do not expect changes in short-term rates to have a meaningful impact on our net income.

Now, regarding our investment portfolio,

Invested assets are $22.3 billion, including $19.6 billion of fixed maturities at amortized cost. Of the fixed maturities, $19 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 2 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 $2.7 billion, due to the current market rates being higher than the book yields 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 mostly 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 39 percent of the fixed maturity portfolio, compared to 43 percent from the year-ago quarter. The percentage is at its lowest level since 2002.

As we have discussed on prior calls, the BBB securities we acquire have historically provided 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 bonds has declined over the past several 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 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 $573 million compared to $455 million a year ago. The percentage of below investment grade bonds to total fixed maturities is just 2.9 percent, similar with year-end 2025. The total exposure to both BBB and below investment grade securities as a percentage of our total equity, excluding AOCI, is at its lowest level in over 25 years.

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. We are well positioned to withstand an economic downturn should one occur 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 $175 million to $200 million in fixed maturities at an average yield between 6.4 percent and 6.5 percent. Including the expected investments in commercial mortgage loans and other long-term investments with debt-like characteristics, we expect to invest approximately $250 million to $300 million across all asset classes at an average yield of 6.75 percent to 7 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 repurchase program and capital position.

The Parent ended the quarter with liquid assets of approximately $110 million. We anticipate ending the year with liquid assets in the top end of our targeted range of $50 million to $60 million.

During the quarter, the Company repurchased approximately 1.1 million shares of Globe Life Inc. common stock for a total cost of $185 million at an average share price of $175.61. Including shareholder dividend payments of $25 million, the Company returned approximately $210 million to shareholders during the third quarter and approximately $630 million to date.

We will continue to use our cash as efficiently as possible. Our first priority is to ensure adequate capital is maintained at our insurance subsidiaries. Once met, we currently believe 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.

The Parent Company's excess cash flow, 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 shareholders in the form of dividends and through share repurchases. For the full year, we anticipate distributing approximately $95 million to shareholders in the form of dividend payments. In addition, we anticipate share repurchases will be in the range of $725 million to $775 million with approximately $185 million of share repurchases in the fourth quarter. This is a $65 million increase at the midpoint of the range from what we indicated on our last call as a result of updated capital projections for the year. At this level, we anticipate the combination of shareholder dividends and share repurchases for the year will be near 70 percent of full-year net operating income at the midpoint of our guidance.

We continue to invest in our growth by making investments in new business, technology and our 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.

With respect to the capital levels of 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 range is lower than many of our peers, it is appropriate given the stable premium revenues from a 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.

For 2026, based on the current projections of 2026 statutory results, we anticipate our consolidated RBC for the U.S. subsidiaries within the targeted range of 300 percent to 320 percent. In addition, the capital of our Bermuda subsidiaries will exceed management's targeted capital levels, which exceed regulatory minimums.

As expected, with regards to Globe Life Re, our Bermuda subsidiary, we received reciprocal jurisdiction approval from Indiana, American Income's state of domicile, in the third quarter. In addition, consistent with our business plan, in the third quarter we completed new reinsurance cessions which reinsured a portion of new business and in-force life insurance policies issued by American Income to Globe Life Re. In the fourth quarter, we intend to request a dividend distribution from Globe Life Re. This dividend distribution is subject to approval by Bermuda regulators and, if approved this year, it is unlikely to be distributed to the Parent until late in the year. As such, we have not included this dividend in our 2026 excess cash flow estimates, but have included it in our 2027 excess cash flow estimates.

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

Each year GAAP accounting standards require us to review and generally update actual assumptions for mortality, morbidity and lapses. When assumption changes are made, the accounting standards require a cumulative catch-up adjustment back to January 1, 2021, which is the transition date to LDTI. This cumulative catch-up is the assumption related remeasurement gain or loss. The assumption remeasurement gain lowers the reserve balances and indicates an improved outlook as less premiums are needed to fund reserves to meet future policy obligations. The opposite is true if there is an assumption remeasurement loss.

We review and update our life and health reserve assumptions in the third quarter each year. The remeasurement exhibit by distribution channels included within our supplemental financial information is available on our website and includes the impact of assumption changes as well as total remeasurement gains and losses, which include those related to current quarter experience results.

For the quarter, the overall impact of both life and health assumption changes reduced policy obligations by approximately $120 million, with life obligations reduced by $96 million and health obligations reduced by $24 million. While this is lower than the prior year's remeasurement gain of $131 million, it continues to indicate improved outlook for future policy obligations.

Total GAAP life and health reserves on our consolidated balance sheets are approximately $18 billion, with the adjustments to reserves less than 1 percent in total.

To better understand the performance of the business, we believe it is beneficial to look at normalized underwriting margins, which

exclude the impact of assumption changes, and provide an improved basis for comparison of quarterly results.

For the third quarter, normalized life underwriting margin as a percent of premium increased to 41.8 percent from 41.5 percent for the year-ago quarter. Normalized health underwriting margin as a percent of premium was 20.5 percent compared to 27.2 percent for the year-ago quarter, reflecting higher policy obligations at United American, primarily from the two items that Matt and Frank previously mentioned. We anticipate the impact of high severity claims at Evry to improve in the fourth quarter; however, we anticipate loss ratios will be higher than target loss ratios for the remainder of the year. The impact of the additional Medicare supplement claims resulted in increased claim trends, which will be reflected in 2027 rate filings and, if approved, will be effective beginning in the second quarter of 2027.

Now, 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 $15.35 to $15.65, a decrease from the prior guidance reflecting the impact of third quarter results and revisions to fourth quarter margin estimates for United American. Normalized EPS growth, which removes the impact of assumption updates, is estimated to be approximately 8 percent for the full year 2026.

Finally, with respect to 2027 guidance,

For the full year 2027 we estimate net operating earnings per diluted share will be in the range of $16.10 to $17.10, representing an increase of 7 percent at the midpoint.

At the midpoint of our guidance, we anticipate total premium revenue growth of 6 percent to 8 percent for the full year, with life premium revenue growth of 2 percent to 4 percent, and health premium revenue growth of 13 percent to 15 percent. We anticipate underwriting margin as a percent of premium for the full year to be in the range of 42 percent to 45 percent for life, and 20 percent to 24 percent for health.

Although the health underwriting margin as a percent of premium is anticipated to decline, this is primarily due to the mix of our health business. The health underwriting margin dollars are expected to grow 7 percent to 9 percent given the strong sales and anticipated premium rate actions for both Medicare supplement business and for Evry.

Although 2026 cash flow results are not final for the year, we anticipate Parent excess cash flows to be approximately $850 million to $950 million in 2027. This range reflects subsidiary dividends anticipated from both our U.S. and Bermuda subsidiaries, some of which are subject to regulatory approvals. Absent a need to support capital levels at our insurance subsidiaries, this amount would be available to return to shareholders through both dividends and share repurchases in 2027. Should this amount be used entirely for dividends and share repurchases, the cash conversion ratio would be in the range of 70 percent to 75 percent of net operating income at the midpoint of our guidance.

We intend to ensure capital levels at our subsidiaries are consistent with management's targeted ranges and sufficient to meet current ratings. On the next call, I will provide an update as we get updated statutory results for 2026.

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

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

Thank you, Tom.

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

Question and Answer

Ryan Krueger — Analyst, KBW

Hey, thanks. Good morning. First question was, can you say how much of an assumption review benefit that you embedded in the midpoint of your 2027 EPS guidance?

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

Yes, Ryan. The ranges reflect what we expect from just overall obligations as well as assumption updates. No specifics. We really want to see—so we tried to incorporate a number of scenarios and have incorporated that into the ranges. We really want to see how results emerge in Q4 to help guide us to further clarify how much assumption updates we expect.

I would expect remeasurement gains each quarter, so I think you will see those, and those will be indicative of the likelihood of an assumption update in 2027.

If you look at our third quarter results, you will see that we had actual to expected remeasurement gains for the quarter of about $20 million for the life business, which is after the update to our life assumptions. That is indicative that mortality continues to run favorable relative to our long-term assumptions. As we continue down that path, I would expect that we would see an assumption update.

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

Tom, I was just going to say—Ryan, I was going to say, I think also, as Tom mentioned, it is embedded in our ranges in a variety of scenarios, and we need to really see how experience comes in over the next couple of quarters to refine that.

I would say, overall, on the margin, we would expect that if we were going to have an adjustment, it would probably be lower in magnitude than what we had in the current year.

Ryan Krueger — Analyst, KBW

Got it.

Then, maybe just a quick two-part question on Evry and United American. One is just more quantitative in what you are assuming for the United American margin in 2027. But then, secondly, on Evry, it is more from a strategic standpoint. It is a different business with a wider range of claim outcomes than your typical supplemental health and Medicare supplement businesses. I am just wondering your views on, are you confident that it makes sense to be in a business like this at Globe Life long term, given that it is primary healthcare and it does differ quite a bit from the narrower kind of fixed benefit cost of the other businesses you are in?

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

Yes. Tom, I am going to start with the strategic part of the question, and I will let you do the margin.

From a strategy perspective, one of the things that it does help us with is that as we go to market in United American with our limited benefit health plans, it helps to have a full range of products in dealing with brokers. So having a health plan option, there is some market synergy there. I think from a long-term perspective, it is not unexpected that as that builds the size of that book and we get more credibility and size, we would expect more stable results going forward. We do recognize it is a startup and we are going to have a little bit lumpy results here in the beginning.

I think overall, from a long-term strategic perspective, we would not ever expect this to be a significant part of the overall health business, if you just look at it from a contribution to our underwriting margin from a health perspective. What we want to do is be able to grow this thing to scale so that we get more of the economies of scale from our overall results perspective and get some of the volatility back out of it. But from a long-term perspective, there is some market synergies with this type of business. But our main focus going forward will continue to be the supplemental health products that we have historically sold, and that will be the vast majority of our underwriting margin dollars in our health lines.

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

I think what I would say on the margins themselves, a couple of things. We do think that the impact of high-severity claims will diminish over the course of the fourth quarter, and we would really like to see where those fourth quarter results come in.

The other thing is we have taken a couple of actions to actually improve the overall profitability of the business. We are reflecting -- that business is renewable every year, so on renewal, we are looking at rate increases on that business as well, and so those are being factored in not only to renewal rates, but also to new business rates as those get quoted. I think that bodes well for margin improvement in Evry.

I think what is important, as we get more stable of a size of membership, that actually the volatility around results will be better

understood and we can take the management actions, and we also expect that volatility to be reduced over time.

As we think about 2027, we have factored those in the range of the 20 percent to 24 percent margin for the health business. That is a little bit wider range than where we have had previously and is reflective of -- there is an opportunity for some additional volatility in 2027. I think we will update you next quarter. We will have the fourth quarter results and can provide some better guidance on that coming up following those results.

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

Yes, I would just add that I think for UAGA itself, it is probably still somewhere in that mid- to upper-single-digit margin percentages overall, because even without the Evry, some of the price—we are still seeing some higher utilization costs on the UAGA and on the individual Med supp. We do anticipate working those additional trends into our rate filings that will take effect in 2027.

Of course, we have talked about here for the last couple of years, you have a delay before those rate increases take effect, and so you do not get the full effect in the 2027. We do not anticipate for 2027 that they will still be reaching those longer-term margins that we would expect for the long term.

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

One of the things I think is a benefit there, though, is the strong premium growth that we are seeing at UAGA, which will add to underwriting margin dollars.

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

yes

Wilma Burdis — Analyst, Raymond James

Hey, good morning. Just following up on Evry, maybe you can give us a little bit more color on the market synergies in the product suite, and maybe just give us a little bit more color on the financial impact there. Is it enough to offset—since we have already had 20-plus million of underwriting losses this year from Evry? Maybe just talk about that. Are you seeing enough financial benefit there to make that worth it? Thanks.

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

I would say, from an overall perspective, again, the market is serving—it is a health plan, and so you get a little bit of a volatility as we are growing the number of groups that were signed up this year compared to last year is significantly different and we are in the early stages of this, so you really need to build that business to a credible amount of lives.
The part that you got to keep in mind is the premium that you charge on the book of business occurs ratably over the year, however, the claims, they are not coming in ratably.

To the extent that we have got—and That is what we have here—we have a handful of high-severity claims that are hitting in this quarter as the earned premium ramps up over a period of time.

As Tom mentioned, we really need to get this to more of a credible size block of business, and that should help from a stability of the earnings perspective.

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

I would say that I think it is important to note that we are pricing the business at what we believe to be profitable. But again, as Matt and Tom talked about, just with some of the smaller size of groups, you end up with some volatility that we are clearly seeing right now with respect to some of those groups and just having more high-severity claims than one would normally expect in a more mature block. That is what is driving some of the losses here.

I think to your point around some of the synergies around it is the broker relationships and being able to go to the brokers with multiple types of products helps us within that. As we are continuing to expand what we are doing in the broker area with the supplemental health plans as well, and that just helps us with the relationships with those brokers, as well as providing a broader product suite and enabling us to get more of our supplemental health products into employer groups.

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

The nice thing I like about this business is that we can reprice every year upon renewal for experience that we are seeing, and we anticipate, as well as, if we need to, we cannot renew a group. That gives us a lot of flexibility on a go-forward basis to really, once we have a credible number of groups, be able to manage those appropriately.

Wilma Burdis — Analyst, Raymond James

Okay, thank you.

And then is there a good buyback opportunity or a good opportunity here in the stock to lean in on buybacks? Especially given you guys cited pretty outsized excess cash flow estimates for 2027. Maybe just give us a little bit of color there. Thanks.

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

As we think about excess cash flow, that is the source of funds for shareholder dividends and buybacks and so we are seeing growth in that, just from growth of statutory earnings, as well as—which creates dividend capacity for subsidiaries. Then also the reciprocal jurisdiction actually provides us a little bit of one-time benefit that we should see in 2027.

But I think more importantly is the business that we are reinsuring to Bermuda will continue to generate earnings and dividend capacity in Bermuda consistent with what we

have communicated previously on a go-forward basis.

We feel pretty good about current excess cash flow levels and our ability to maintain that going forward.

Wilma Burdis — Analyst, Raymond James

Okay. Thank you.

Randy Binner — Analyst, Texas Capital

Hey there. I would like to actually just ask some procedural questions, if I can, about the health claims. The first is on the CMS claim delay.
Can you just review for us why that happened and when it happened, and just the visibility you have on the resolution of that? You mentioned, I think it was $7 million of extra claims in a quarter, but does that go to zero extra in the fourth quarter? Just trying to understand kind of the facts that drove that situation.

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

Yes, to give you a little bit of background, Medicare in the first quarter announced two issues that delayed claims reporting and processing. The first issue was billing rates to Medicare doctors where the reimbursement rates were corrected, and so that resulted in some higher reimbursements that we needed to process through. That was largely a second quarter event, but those higher billing rates continue into the third and fourth quarter as well.

The second issue was involved in the reissuing of Medicare IDs, leading to previously denied legitimate claims. Beneficiaries were issued new medical IDs. Physicians or hospitals who had submitted claims that were denied, they would need to obtain those IDs from those beneficiaries, which takes a little bit of time. So we did not have good visibility into the full impact of that until this quarter and we feel like That is pretty much gone through the system, that those medical IDs were issued in April of 2026, and so we feel like That is pretty much gone through the system and should be normalized on a go-forward basis.

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

The nice thing is that, based on the timing of our rate filings is that, as I mentioned in my comments, a lot of those related to earlier periods in 2026, those claims that came through in the third quarter, so that will be part of our claim trend that will go into our rate filing for those 2027 rates, that most of those will start being picked up starting in the beginning of the second quarter of 2027 in this additional premium.

Randy Binner — Analyst, Texas Capital

That is helpful. That was going to be my follow-up. So, certainly the Evry claims are in your rate filings, but I guess these still count, even though they are non-recurring or should even out.

Then just one more follow-up thought on Evry. When you have a high-severity claim, what is it? Is there a typical type of high severity claim you have experienced there? What are the specifics of that kind of claim?

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

The claims fall—what you might imagine—cancer, heart attacks, some of those type of issues. You have claimants with over $100,000, as an example, on a claim related to some of those higher severity.

Now, we do have reinsurance that kicks in at some point to protect us from very large claims, but to the extent we have got certain medical conditions that we are paying for underneath that reinsurance cap, that is getting to a little bit of the severity.

Back to the number of lives that we ultimately insured, if you have a handful of those, it is just a bigger percent of your total then if you have a better distribution of risk as we sign up more groups.

Randy Binner — Analyst, Texas Capital

All right. I will leave it there. Thank you.

Andrew Kligerman — Analyst, TD Cowen

Hey, good morning, -- team. I wanted to follow up on the Evry and CMS, and I just want to make sure I understand the timelines.

It sounds to me like the CMS issue might linger into 4Q and then it kind of evaporates. Then with Evry, just given your guiding to health margins of 20 percent to 24 percent, it does not sound like you are totally certain as we progress through 2027. But do you have confidence that by 2028, the Evry issue will be cleaned up? I will stop there, but just a quick sidebar too.

As I look at startups across all of the insurance sectors, it is so hard to compete with these behemoth companies with massive data and analytics. Generally, what gives you confidence that Evry can compete? But really, the first part of it is just the timelines that I laid out. Thank you.

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

Sure, Andrew. Hey on the -- I will start with the Medicare and the CMS piece.

The additional claims that we really saw as a result of the Medicare ID issue really impacts Q3 because you end up with some out-of-period claims. When we look at the full year, those become more normalized in the overall margin and the claims activity for Medicare and then go into how we think about the trend that we are seeing and that we are incurring on that Medicare business in 2026.

Of course, then, as Matt indicated, that will influence—that will run its course in 2026, and then get taken into account as we think about those rate filings that we are making now and impacting the premium rate increases for 2027 with respect to that.

And so we are seeing -- but it did impact -- as we were incurring that in Q3, then it became evident that some of the expectations that we had for claims development in Q4 were really understated. As we had to think about that new claims trend and what impact it had on the fourth quarter, that is why we ended up needing to increase some of the claims and loss expectations with respect to the Med supp business for the full year 2026.

With respect to Evry, we do anticipate that pricing actions that we are taking will help to moderate any of the claims activity that we are seeing with respect to that business in 2027. As we continue to add more groups and you get a broader base, that also gives you that broader set of groups that you can absorb some higher claims in some groups that are absorbed by profitability and other groups.

So we do have – to your point, we do have a broader range in 2027. We do anticipate, or we would—as we said before, we price this to be profitable, but do understand that there is still some volatility that we expect in 2027, and so there is the possibility that there still could be some level of losses in 2027, and built that into the overall range. We will see how that transpires over the course of the year and we will take necessary actions as we go forward and continuing to look at each new group as they renew and continuing to rethink about how we are pricing new groups coming in as well and ensuring that we are pricing those appropriately.

But I do think there is at least the possibility that there is some loss, but we do not anticipate that it would be as significant in 2027 as what we have actually incurred here in 2026. We see — as we grow the broader book of business that the occurrence of the high-severity losses will lessen as a percentage of the whole.

Andrew Kligerman — Analyst, TD Cowen

Got it. Thank you for that.

Then my follow-up is around American Income, the producer count, the average quarterly producers. It looks like next year you have said in the guidance mid- to high-single-digit sales growth at American Income, but it is been a bunch of quarters that you have had to adjust and revise the compensation methodologies used at American Income.

The other point I would make is, with the count, the average producer count down 7 percent—and sequentially it was only down a half point. But bottom line, what gives you such confidence in the mid- to high-single-digit? What is going to be different in 2027 versus 2026? Thanks.

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

Yes, Andrew, I guess I would point out it has really been two quarters since the compensation adjustment has been in place. In other words, we put that in at the beginning of Q2, and so for Q2 and Q3, what we are seeing is a stabilization of the agent count.

But what we are seeing—and I have mentioned this before. When we talk about the incentive compensation structure we roll

out to the agents, we are really trying to balance activity between sales activity and recruiting, training and growth activity. So, what we did see was a positive improvement on the productivity side. We had an increase of productivity of 11 percent this quarter, and it was 9 percent last quarter. So the compensation changes, the way I think about it, were effective. We got increase in sales. We increased the requirement to achieve certain, what we call bonuses, but it is effectively incentive compensation. We increased that with the sales growth that was necessary at the agent level to be able to achieve those, and so we are seeing that on the productivity side. We are also seeing that as we have got a stabilization of the base, we have got more people that have more experience and so they are going to produce more.

Overall, the compensation adjustment I think -- that went in the beginning of the second quarter this year was effective; it just did not quite move the needle as much as we would like on the recruiting side. And so we are going to put in additional changes to that structure that really focus a little bit more of that incentive comp on the recruiting and training side. We anticipate—we have got a long history of doing this— we anticipate those changes will start flowing through in the beginning of next year because they are going in at the end of this year.

As I mentioned in my comments, this is human behavior we are dealing with and so when we put a change in, it takes a little bit of time for everybody to migrate to the new structure that we have put in place. We recognize it takes a couple of quarters to kind of figure that out. I think we have a good base to build on, and That is why we are pointing to—we think we can be at the high -- mid-to high-single-digit growth for next year because of what we are putting in here at the end of this year.

Andrew Kligerman — Analyst, TD Cowen

Thanks for the insights.

Joel Hurwitz — Analyst, Dowling & Partners

Hey, good morning. Two first on cash generation. Just what is the expected dividend from Bermuda in 2027? Then, Tom, can you provide some more color on what drove the increase to your 2026 capital projection?

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

Sure. I mentioned on the 2026 capital, what I mentioned is we were looking at our 2026 subsidiary capital positions and recognized that we have a little bit of excess capital in the entities, and so That is what drove that estimate. That keeps us at an RBC ratio right within our target ranges, so we feel comfortable with that capital position.

2027 for Bermuda, we actually have to go through the approval process, so it is not definitive yet, but we would expect that somewhere in the $150 million range for -- not what we are requesting in 2026, but in the combination of what we are requesting in 2026 and 2027 would be in that range.

Joel Hurwitz — Analyst, Dowling & Partners

Got it. That is helpful.

Then just a quick one on the life margin with the assumption update done this quarter. What is the expected life margin for the fourth quarter of this year?

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

The fourth quarter life margin is—hold on one second—41 point, 41.5 range? 41.3.

Joel Hurwitz — Analyst, Dowling & Partners

Okay. Thank you.

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

Suneet Kamath — Analyst, Jefferies

Thanks. I want to start with Bermuda also. Have you guys done any work on which blocks of business would be I guess the most advantageous to move to Bermuda between, say, life and health? Then, relatedly, do you have any limits in terms of how much—what percentage of your reserves you ultimately would want to feed to Bermuda?

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

We continuously look at our opportunities to reinsure to Bermuda, and we have not set any solid limits on what those limits would be, but we do think that it is important to keep reserves here in the U.S. I think that helps us from a liquidity perspective and from just an operational perspective.

I think we will have a balanced view of that, and it will emerge over time as we continue to look at our business and opportunities with using a Bermuda framework.

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

Yes, I would just add that the team really has done a lot of work in looking at potential blocks and which ones make more sense to be reinsured to Bermuda and which ones do not. There is definitely some art to being able to optimize which blocks you are reinsuring and which ones you aren't, just based on age and stability and a lot of other factors.

We have, I think in our business plan we have talked about on prior calls, I think initially we are looking at maybe around 25 percent of the statutory reserves being included. But we will definitely continue to take a look at that. Our primary focus is really executing on that business plan, but as we are doing that, continuing to look to see are there other blocks that would make sense and that have some opportunity as we think about just overall managing that business and the capital that we have in there.

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

Yes, and to your question on life and health, it is more on the life side where the opportunity is. That is where you incur quite a bit of deferred acquisition costs and the treatment of that under a GAAP regime in Bermuda, along with the difference between U.S. statutory and GAAP reserves on the life business, is much more substantial. Those are the two things that we have talked about, both on the in-force blocks that we reinsure as well as on a go-forward basis, the new business that we reinsure into Bermuda will be more of the -- benefits are going to be on our life blocks and life sales.

Suneet Kamath — Analyst, Jefferies

Okay. That is helpful.

Then I was trying to jot this down during your prepared remarks, so I apologize if I got it wrong. But it sounded like the growth in NII for 2027 was expected to be 2.5 percent to 3.5 percent, and then the growth in required interest was supposed to be higher at 3.5 percent to 4.5 percent. If those numbers are right, does that imply that excess investment income will decline year-over-year? Or am I not thinking about that right?

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

No, I think you are in the right ballpark. It is probably flat and maybe just slightly declining, depending on the nuances of where that falls within that.

What is really driving that is that, as you think about the additional distributions that we are making out of the entities up to the Parent, and then if in fact those are not needed for our capital purposes, and if those are distributed out to shareholders, then That is going to reduce the amount of your average invested assets that we have available. That is what is really driving the lower growth in net investment income, and while at the same time, you still have the same amount of GAAP reserves out there, so your required interest continues to grow at the same rate.

But that is – so we would anticipate not much growth in net investment income, but then to the extent that those -- we are able to return back to the shareholders in the form of buybacks, and we are getting the benefit from that.

Suneet Kamath — Analyst, Jefferies

Okay. Thanks.

Tom Gallagher — Analyst, Evercore ISI

Thanks. Just a few Evry questions. What are the total quarterly premiums that you have associated with that business right now? How big are the average groups you are insuring in terms of employee size?

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

Yes, in the third quarter, Evry premiums were about $11 million, so it was not very significant. Next year, we would assume total annualized premium of around $100 million, so that will give you some idea of the size of the business. Then the number of groups is—we have—we would expect to be around 50 groups next year.

Tom Gallagher — Analyst, Evercore ISI

So you are going to more than double from a size standpoint.

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

Not quite double.

Tom Gallagher — Analyst, Evercore ISI

Versus where you are right now.

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

Right now, we have about 30 groups. We have some groups come on in the beginning of the fourth quarter. So not quite double, but close.

Tom Gallagher — Analyst, Evercore ISI

Got you.

I guess my follow-up is just, covering some of the companies that have medical stop loss, we have been watching and hearing about two to three years of high-severity claims happening. Just in light of that, what gives you confidence that you are not being selected against? Because there is obviously re-rates going on across major medical. It has been happening for at least two years. Do you have any way of filtering out your underwriting on these groups as you grow to make sure that you are not going to see these persistently high-severity claims? Thanks.

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

Well, one of the things we have done is we have looked at just our underwriting standards, our pricing methodology. We have done a deep dive on that. We have also brought in some external expertise just to validate some of our assumptions.

We do know that there is a lot of cases out there that are getting shopped, and we have turned down a significant number of those, trying to maintain the discipline on the pricing and underwriting side. We have over 70 percent of the cases that we are looking at that we turned down and declined to quote.

So, we are being very disciplined around what we take on and what we write from a new group perspective. And that is really—again, since it is not a major piece of our business, we are really going to constrain growth. We want to get to a credible size so that we can diversify the risk of a few large claims over a greater number of lives, but we are going to be very disciplined on our pricing approach to

this, and we will moderate the growth if we need to or we will non-renew groups if we need to.

Tom Gallagher — Analyst, Evercore ISI

Got you. Thank you.

Maxwell Fritscher — Analyst, Truist

Hi. Thank you. I am calling in for Mark Hughes.

You had mentioned the higher productivity at American Income. I believe you are only focusing on American Income, but how are productivity trends across the enterprise—Liberty National, for example, I know a smaller piece of the pie, but are you seeing similar improvement?

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

Yes. You can kind of just tell from aggregate. If you just look at American Income, our average agent count over the last three to four quarters has been pretty stable, but we have got some sales growth or sales moderating there. That just gives you an idea of the productivity on a per agent basis is—if we have got less agents—7 percent less agents this time this year than we did same time last year—but our sales are relatively flat, we are just higher productivity.

You are seeing that in Family Heritage as well. We see nice productivity gains there, so the sales are a little bit different or outpacing the growth in the agent count.

On Liberty, it is really pretty consistent. Our agent count growth is pretty consistent with our sales growth there, and That is what we would expect over a long period of time.

What we see sometimes is changes in whether it is compensation or sometimes rolling out new technology like CRM systems or enhancements to sales systems or training systems, we will get some productivity gains. Overall, long term—not quarter to quarter, but long term, we are really focused on—we want to have more agents that sell more business. We like productivity gains as we think about investments in technology and investments in leads and advertising and branding and all those things, but overall, long-term growth strategy is definitely to grow our agent count.

But what that gives me comfort about is it just gives us—and this is why I like having three different agencies—it really gives us a sense of the market—is that we are not seeing headwinds from an environment perspective, from an economic perspective, is that we have got agent productivity going up. We have got sales going up to the extent we are growing our agent count. All of that, again, is what I believe is under our control to manage and achieve strong growth going forward. We will continue to get that by focusing on growing our agent count.

As a reminder, the agent recruiting activity happens out in the field, in the individual offices, and a lot of that activity happens by our manager group. And as I mentioned in my prepared remarks, Family Heritage, what I like seeing is we have got middle management growth, and to the extent that we have got middle management growth, I know That is a

forward-looking item as we think about who is out there. We have got more people out there recruiting and training agents, so that bodes well from a long-term growth perspective.

Maxwell Fritscher — Analyst, Truist

Very good. Thank you.

I asked a similar question last quarter, but it seems like a lot has gone on in the economy in the past three months, so I would like to know if you have any incremental views around recruiting. Last call you noted that the pipeline was strong, but I would like to know if you can provide any updated views on the environment.

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

Yes, I think from a recruiting perspective, we continue to see—and this would be a good example of looking at the most recent experience at Liberty—is that there continues to be a lot of people that are interested in our opportunity, and that is in the form of they feel more in control of their career. We give them flexibility, opportunity for growth. There is plenty of people that are interested in being able to own their own business someday; we provide a pathway to be able to do that.

As you look at the backdrop of what is happening with college graduates, as an example, and it is hard to find that entry-level job, or people that are in jobs that the particular industry may not be growing and those are stagnant—our opportunity provides opportunity for growth.

So, we do not see any headwinds from a recruiting perspective. We see that as strong and robust. And the nice thing is, is that our business model does not require that we recruit from a certain segment of the population or a certain experience or background, or you have got to be an experienced agent. We recruit people that have no experience in this business and have a great process for getting them up, trained and licensed and selling.

You know, so there is-- that is the biggest part of the population out there, is our pool that we recruit from, and so I feel very good about our prospects going forward.

Maxwell Fritscher — Analyst, Truist

Great. Thank you.

Pablo Singzon — Analyst, J.P. Morgan

Hello. Can you hear me now? Sorry about that.

Operator

Yes.

Pablo Singzon — Analyst, J.P. Morgan

The first question I had was on 2027 EPS guidance, which implies about 7 percent growth at the midpoint. How much of the

growth will be driven by buybacks? I think in recent years, buybacks have contributed anywhere from 4 percent to 8 percent of incremental EPS growth versus growth in dollar earnings. So, I guess it is just piling together, right? It sounds like excess investment income will be flat or slightly down. Underwriting income could be up, right? But perhaps the premium growth offset by some slight deterioration in margins. But I guess any high-level perspective on how you see EPS progressing from 2026 into 2027 would be helpful. Thanks.

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

I think overall, Pablo, I think at the midpoint of the guidance for 2027 you are looking at around 7 percent overall at that midpoint. Actually, probably that range of 5 percent to 6 percent, probably coming from share buybacks is what we are anticipating, and then you are having a net underwriting—growth in net underwriting—excuse me, net operating income, more in that 1 percent to 2 percent range.

Pablo Singzon — Analyst, J.P. Morgan

Okay. That is helpful.

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

Part of that, because of—as Tom mentioned, and I mentioned earlier, you are having—we are anticipating some additional dividend distributions out of the operating entities up to the Parent. To the extent that as Tom mentioned, that is really in that $150 million range or so That is being inclusive. That is, if you will, pulling that out of the system, is taking out of the growth of our invested assets, which is—and then turning into net investment income. So, that is a piece of that.

Then probably, if you will, a little lower growth rates still even on the—if you think about it from a life underwriting perspective, I think the midpoint of the range that we have in 2027 on the underwriting margin percentage, slightly down perhaps, and probably just—we think about some of the assumption changes that are probably going through, as Matt really mentioned, that we anticipate even though we would anticipate some assumption updates, probably less than what we had in 2026 right now. That is driving, if you will, a little bit of a lower growth in net operating income.

Pablo Singzon — Analyst, J.P. Morgan

Got it.

And then my second set of questions, just on Evry, a couple here, right? Do you think pricing will be sufficient to get the book back on track, or are there any changes in underwriting that you need to implement? Then, relatedly, since you had given stats on premium sizes and counts of the groups that you have now, at what premium size or group count size do you think the book will reach better credibility from a claims perspective? Thanks.

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

I think on the pricing, it is from a volatility in the earnings, you need both. We have put in some—for those groups that we renewed, we put in some pretty significant price adjustments, as well as, as I mentioned, making sure we challenged what pricing is for new groups that would be coming on at the beginning of 2027. But also, again, if I have got just a handful of groups, I really need more groups from a credibility perspective, so the way I think about it, it is a combination of both, is more price to action in addition to just getting the volume of the business bigger to spread across the risk over multiple groups.

I think more from your question of credibility perspective, we need to get it up to a certain level and more stable results and ongoing growth perspective, and so we would anticipate that would happen more towards the end of 2027 or end of 2028, is that as we get volume and scale, that makes some of the chances for volatility to be reduced going forward.

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

I think we want to have the groups on the books for a period of time to create that confidence and the experience. End of 2027 is good, but That is probably the starting point of gaining solid credibility.

Wes Carmichael — Analyst, Wells Fargo

Hey, thank you. Just had a follow-up on capital in Bermuda, but could you just quantify the size of the additional reinsurance transaction? Maybe, with reciprocal jurisdiction approval now, have your expectations around longer-term cash flow uplift changed at all? Any help there would be great.

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

Yes. The reinsurance transaction that we did in the third quarter was about $275 million of reserve, so it is relatively small, but we also have new business that we are reinsuring, a large portion of American Income's new business to Bermuda.

Then on excess cash flow, our 2027 excess cash flow going from $850 million to $950 million is the range. That actually reflects an increased run rate. Over time, I would expect, as we fully get the benefits of Bermuda, that could increase absent other capital needs within the insurance operations.

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

Yes, I think I am just really optimistic on that ability to increase the run rate on the excess cash flow at the Parent Company.

I think as we look back over the last couple of years, before shareholder dividends, we have been in that $600 million, $700 million range, and we have been able to, through some of

these transactions, been take out some extraordinary dividends over the past couple of years. But I think going forward, being able to have it in that $850 million to $950 million range, and just as business grows and our block of business grows to have that potentially increase from there, really sets us at a new level and really gives us that added flexibility at the Parent to make sure that we can support the capital needs of our organization, and then have more flexibility to continue to use that excess cash flow for other purposes, if we are able to.

Wes Carmichael — Analyst, Wells Fargo

Got it. That is helpful.

Sorry if I missed this in the prepared remarks, but did you give an outlook for the health margin for the fourth quarter of 2026? I know there are some moving pieces in the third quarter with the claims and assumption reviews. Sorry if I missed that, but just wanted to clarify that.

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

Not specifically for the fourth quarter, but overall.

Wes Carmichael — Analyst, Wells Fargo

Just the fourth quarter of 2026, yes.

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

We have got 20 percent to 22 percent.

Wes Carmichael — Analyst, Wells Fargo

Did you say 22 percent?

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

20 percent to 22 percent, somewhere in that range.

Wes Carmichael — Analyst, Wells Fargo

Okay. Thank you. Got it. Thanks so much.

Operator
Thank you. There are no further questions in queue. I will hand it back to Stephen Mota 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 will talk to you again next quarter.