**Q3,2022 Globe Life Inc. Earnings Call**

October 27, 2022 11:00 a.m. CT

## CORPORATE PARTICIPANTS

Gary L. Coleman Globe Life Inc. - Co-Chairman & CEO

Larry M. Hutchison Globe Life Inc. - Co-Chairman & CEO

J. Matt Darden Globe Life Inc. - Senior Executive VP & Chief Strategy Officer

Frank M. Svoboda Globe Life Inc. - Senior Executive VP & Chief Financial Officer

Michael C. Majors Globe Life Inc. - EVP of Administration & IR

Brian Mitchell Globe Life Inc. – EVP, General Counsel

## CONFERENCE CALL PARTICIPANTS

Andrew Scott Kligerman Crédit Suisse AG, Research Division - MD & Senior Life Insurance Analyst

Erik James Bass Bernstein Autonomous LLP - Partner of US Life Insurance

Jamminder Singh Bhullar JPMorgan Chase & Co, Research Division - Senior Analyst

John Bakewell Barnidge Piper Sandler & Co., Research Division - MD & Senior Research Analyst

Ryan Joel Krueger Keefe, Bruyette, & Woods, Inc., Research Division - MD of Equity Research

Thomas George Gallagher Evercore ISI Institutional Equities, Research Division - Senior MD

Wilma Carter Jackson Burdis Raymond James & Associates, Inc., Research Division - Research Analyst

## PRESENTATION

**Michael C. Majors** - Globe Life Inc. - EVP of Administration & IR

Thank you. Good morning everyone. Joining the call today are Gary Coleman and Larry Hutchison, our co-Chief Executive Officers, Frank Svoboda, our Chief Financial Officer, Matt Darden, 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, 2021 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 Gary Coleman.

**Gary L. Coleman** - Globe Life Inc. - Co-Chairman & CEO

Thank you Mike, and good morning everyone. Before we get into the third quarter results, I want to note our separate announcement yesterday that Frank Svoboda and Matt Darden have been appointed as Co-

CEOs effective January 1, 2023. Larry and I will continue to serve as Co-Chairman of the Board. We are very pleased to hand the reigns over to Frank and Matt. You may recall that in April of this year, we appointed them to the newly created title of Senior Executive Vice President to reflect their significant contributions and leadership.

As noted in the announcement, Frank and Matt bring a vast range of experience and skill sets to the company. Yesterday's announcement is the conclusion of a long-planned succession strategy that is a result of a thoughtful and deliberate process undertaken by the Board. We believe this outcome best positions Globe Life for the next chapter of growth and value creation, while ensuring that our executive leadership structure continues in a way that allows us to best serve all our stakeholders, including our employees, agents, policyholders, as well as our shareholders. Larry and I, along with the Board, look forward to this transition.

**And with that, I would like to begin the discussion of the third quarter results.**

In the third quarter, net income was $187 million or $1.90 per share, compared to $189 million or $1.84 per share a year ago. Net operating income for the quarter was $211 million or $2.15 per share, an increase of 21% from a year ago. On a GAAP reported basis, return on equity was 11.2% and book value per share is $44.56. Excluding unrealized losses on fixed maturities, return on equity was 13.1%, and book value per share is $62.01, up 9% from a year ago.

In life insurance operations, premium revenue increased 4% from the year-ago quarter to $755 million. Life underwriting margin was $208 million, up 28% from a year ago. The increase in margin is due to improved claims experience. For the year, we expect life premium revenue to grow around 4.5%, and at the midpoint of our guidance, we expect underwriting margin to be up around 23%, due primarily to a decline in COVID and excess mortality for the full year. In health insurance, premium revenue grew 7% to $319 million and health underwriting margin was up 4% to $80 million.

For the year, we expect health premium to grow around 6%, and at the midpoint of our guidance we expect underwriting margin to be up around 5%. Administrative expenses were $75 million for the quarter, up 10% from a year ago. As a percentage of premium, administrative expenses were 7% compared to 6.6% a year ago. For the full year, we expect administrative expenses to be up around 11% and be around 6.9% of premium, due primarily to higher IT and information security costs, employee costs and the addition of the Globe Life Benefits Division.

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

**Larry M. Hutchison** - Globe Life Inc. - Co-Chairman & CEO

Thank you Gary. I would like to echo your comments about the appointments of Frank and Matt as the next Co-CEOs of Globe Life. Frank and Matt have worked closely with Gary and I over the past several years and helped develop and execute the company's strategy. They have a rapport that will ensure the Co-CEO structure continues to best serve Globe Life's employees, agency owners, agency force, policyholders and shareholders. I look forward to working closely with Gary, Frank and Matt over the coming weeks to help facilitate a seamless transition.

Looking at the quarter, at American Income Life, life premiums were up 6% over the year-ago quarter to $378 million, and life underwriting margin was up 16% to $128 million. The higher underwriting margin was primarily due to improved claims experience.

In the third quarter of 2022, net life sales were $76 million, up 4%. The average producing agent count for the third quarter was 9,477, down 5% from the year-ago quarter and down 2% from the second quarter. The producing agent count at the end of the third quarter was 9,441. The decline in average agent count resulted from higher than expected attrition. While agent count is down, I am confident regarding the long-term growth potential of this agency. Regardless of economic conditions, American Income will grow over time because we sell coverage that customers in a vastly underserved market really need.

We can generate sustainable agency growth over the long-term because we have more than 60 years of experience with American Income distribution and its products. As we have said before, agency growth is typically a stair step process. It is best to compare agent counts over multiple years to evaluate agency growth.

At Liberty National Life premiums were up 5% over the year-ago quarter to $82 million, and life underwriting margin was up 17% to $19 million. The increase in underwriting margin is primarily due to higher premium and improved claims experience.

Net life sales increased 2% to $19 million, and net health sales were $7 million, up 5% from the year-ago quarter, primarily due to increased agent count. The average producing agent count for the third quarter was 2,784, up 3% from the year-ago quarter and up 3% compared to the second quarter. The producing agent count at Liberty National ended the quarter at 2,852. We are pleased by the continued growth of Liberty National.

At Family Heritage, health premiums increased 6% over the year-ago quarter to $92 million, and health underwriting margin increased 1% to $25 million. Net health sales were up 14% to $22 million due to both increased agent count and agent productivity. The average producing agent count for the third quarter was 1,233, up 7% from the year-ago quarter and up 5% compared to the second quarter. I previously indicated that Family Heritage will concentrate on recruiting, and we are seeing the results from those efforts. The producing agent count at the end of the quarter was 1,302. We continue to be encouraged by the sales and recruiting trends at Family Heritage.

In our Direct to Consumer Division at Globe Life, life premiums were up 1% from the year-ago quarter to $243 million, and life underwriting margin increased from $12 million to $39 million. The increase in the underwriting margin is primarily due to improved claims experience. Net life sales were $29 million, down 13% for the year-ago quarter due to lower response rates and lower paid initial premium. As a reminder, Direct to Consumer provides reduced premium introductory offers and we do not record a sale until the first full premium is received. As I have mentioned in previous calls, sales in this division are impacted by the record inflation we are seeing.

Our typical Direct to Consumer customer is in a lower income bracket than our agency customers and generally has less discretionary income to purchase or retain insurance. We have also had to reduce our circulation and mailings as increases in postage and paper cost impede our ability to achieve a satisfactory return on our investment for specific marketing campaigns.

At United American General Agency, health premiums increased 13% over the year-ago quarter to $134 million, and health underwriting margin increased 12% to $20 million. Net health sales were $13 million, up 11% compared to the year-ago quarter.

I will now provide projections based on trends we are seeing and knowledge of our business. We expect the producing agent count for each agency at the end of 2022 to be in the following ranges: American Income Life, a decline of 4% to a decline of 1%; Liberty National, an increase of 3% to 7%; Family Heritage, an increase of 13% to 22%.

Net life sales included in our guidance are as follows: American Income Life for the full year 2022, an increase of 8% to 12%; for the full year 2023, relatively flat. It is difficult to predict sales activity this early, and it is a tough comparable for next year due to the very strong sales we have had in the last few years. Liberty National: for the full year 2022, an increase of 6% to 8%; for the full year 2023, a high single digit increase. Direct to Consumer for the full year 2022, a decrease of 17% to a decrease of 13%; for the full year 2023, relatively flat.

Net life sales are projected for 2023 and are incorporated into our projections of 4% to 5% growth in total life premiums for the full year 2023. Net health sales included in our guidance are as follows: Liberty National for the full year 2022, an increase of 6% to 8%; for the full year 2023, a high single digit increase. Family Heritage for the full year 2022, an increase of 11% to 13%; for the full year 2023, high single digit growth. United American individual Medicare Supplement for the full year 2022, a decrease of 14% to a decrease of 8%; for the full year 2023, low single-digit growth.

I will now turn the call back to Gary.

**Gary L. Coleman** - Globe Life Inc. - Co-Chairman & CEO

Thanks Larry.

**We will now turn to the investment operations.**

Excess investment income, which we define as net investment income less required interest on net policy liabilities and debt, was $56 million, down 5% from the year-ago quarter. On a per share base, reflecting the impact of our share repurchase program, excess investment income was down 2%. For the full year, we expect excess investment income to decline between 1% and 2%, but to be up around 3% on a per share basis. After 3 consecutive years of declining excess investment income, we expect to see growth in 2023 of 10% to 12%, due primarily to the impact of higher interest rates on the investment portfolio.

**Regarding investment yield.**

In the third quarter, we invested $431 million in investment grade fixed maturities, primarily in the financial and municipal sectors. We invested at an average yield of 5.56%, an average rating of A and an average life of 18 years. We also invested $21 million in limited partnerships that have debt-like characteristics. These investments are expected to produce additional yield and are in line with our conservative investment philosophy.

For the entire fixed maturity portfolio, the third quarter yield was 5.17%, down 4 basis points from a year ago, but up 1 basis point from the end of the second quarter. As of September 30, the portfolio yield was 5.18%.

Invested assets were $19.8 billion, including $18.2 billion of fixed maturities at amortized cost. Of the fixed maturities, $17.6 billion are investment grade with an average rating of A-. Overall, the total portfolio is rated A-, same as a year ago. Our investment portfolio has a net unrealized loss position of approximately $2.2 billion due to the higher treasury rates and spreads. We are not concerned with the unrealized loss position as it is primarily interest rate driven. We have the intent and more importantly, the ability to hold our investments to maturity. Bonds rated BBB are 52% of the fixed maturity portfolio compared to 54% from the year-ago quarter. While this ratio is in line with the overall bond market, it is high relative to our peers.

However, we have little or no exposure to higher risk assets such as derivatives, equities, residential mortgages, CLOs, and other asset-backed securities. We believe that the BBB securities that we acquire provide the best risk-adjusted, capital-adjusted returns, due in large part to our ability to hold the securities to maturity regardless of fluctuations in interest rates or equity markets.

Below investment grade bonds are $543 million compared to $782 million a year ago. The percentage of below investment grade bonds to fixed maturities is 3%. This is as low as this ratio has been for more than 20 years. Below investment grade bonds plus bonds rated BBB are 55% of fixed maturities, the lowest ratio it has been in 8 years. Overall, we are comfortable with the quality of our portfolio.

During 2022, we have executed some minor repositioning of the fixed maturity portfolio to improve yield and quality. In the last 2 quarters, we sold approximately $324 million of fixed maturities with an average rating of BBB and reinvested the proceeds in higher yielding securities with an average rating of A+. Because we primarily invest long, a key criterion utilized in our investment process is that an issuer must have the ability to survive multiple cycles.

We believe we are well positioned not only to withstand market downturn, but also to be opportunistic and purchase higher yielding securities in such a scenario. I would also mention that we have no direct investments in Ukraine or Russia and do not expect any material impact to our investments in multinational companies that have exposure to these countries.

At the midpoint of our guidance, for the full year 2022, we expect to invest approximately $1.4 billion in fixed maturities at an average yield of 5.1% and approximately $200 million in limited partnership investments with debt-like characteristics at an average yield of 7.9%. Also at the midpoint of our guidance, we expect the yield on the fixed maturity portfolio to be around 5.16% for the full year in 2022 and 5.19% in 2023. While the expected increase is just 3 basis points, it is noteworthy and encouraging as this will be the first time we have seen the portfolio yield increase since 2008.

As we have said before, we are pleased to see higher interest rates as this has a positive impact on operating income by driving up net investment income with no impact on our future policy benefits since they are not interest sensitive.

Now before turning to Frank to review the financials, we want to invite Matt to say a few words.

**Matt Darden** - Globe Life Inc. - Senior Executive VP & Chief Strategy Officer

Thank you Larry and Gary for the kind comments. As the Chief Strategy Officer, I have a deep understanding of our marketplace and an appreciation for the operations and teams driving the success of Globe Life. I am humbled to be chosen as one of the next Co-CEOs of Globe Life along with Frank. I believe we bring a strong and well-rounded approach that will help deliver on our value creation objectives for the long-term. While we will continue to adapt to change and modernize our operations, I am a firm believer in Globe's unique business model, and I am excited to continue the successful execution of our strategy.

I look forward to sharing more as we progress throughout next year. Frank?

**Frank M. Svoboda** - Globe Life Inc. - Senior Executive VP & CFO

Yes. Thanks Matt. I am excited to work with Matt as we engage more deeply together in Globe Life's strategies, both financial and operational, and to capitalize on the many opportunities we have for continued growth. I am confident that our collective knowledge of the business and its functions will help continue Globe Life's success and history of shareholders' value creation. I share Matt's view on our business model. It has served the company very well over the years, and I firmly believe that it provides us the best opportunity to succeed in the future. I look forward to hitting the ground running as Co-CEO and getting even more involved in the business through the transition period and beyond.

**Now looking at the quarter. Let me spend a few minutes discussing our share repurchase program, available liquidity and capital position.**

In the third quarter, the company repurchased 564,000 shares of Globe Life Inc. common stock at a total cost of $56 million at an average share price of $99.43. For the full year through September 30, we have utilized approximately $279 million of cash to purchase 2.8 million shares at an average price of $98.46. The Parent ended the third quarter with liquid assets of approximately $141 million, down from $318 million in the prior quarter. The decrease is primarily due to the redemption in September of the $300 million outstanding principal amount of our 3.8% senior notes.

In addition to these liquid assets, the Parent Company will generate additional excess cash flow during the remainder of 2022. The Parent Company's excess cash flow, as we define it, results primarily from the dividends received by the Parent from its subsidiaries less the interest paid on debt. We anticipate the Parent Company's excess cash flow for the full year will be approximately $360 million, of which approximately $32 million will be generated in the fourth quarter of 2022.

This amount of excess cash flows, which again, is before the payment of dividends to shareholders, is lower than the $450 million received in 2021, primarily due to higher COVID life losses in 2021, plus the nearly 15% growth in our exclusive agency sales, both of which resulted in lower statutory income in 2021, and thus lower cash flows to the Parent in 2022.

Taking into account the liquid assets of $141 million at the end of the third quarter, plus $32 million of excess cash flows expected to be generated in the fourth quarter, we will have approximately $173 million of assets available to the Parent for the remainder of the year, out of which we anticipate distributing approximately $20 million to our shareholders in the form of dividend payments.

The remaining amount is sufficient to support the targeted capital within our insurance operations and to maintain the share repurchase program for the remainder of the year. As noted on previous calls, we will 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 a primary use of Parent’s excess cash flows along with the payment of shareholder dividends. It should be noted that the cash received by the Parent Company from our insurance operations is after our subsidiaries have made substantial investments during the year to fully fund new insurance policies, expansion and modernization of our information technology and other operational capabilities, and acquisition of new long-duration assets to fund their future cash needs.

As discussed on prior calls, we have historically targeted $50 million to $60 million of liquid assets to be held at the Parent. We will continue to evaluate potential capital needs, and should there be excess liquidity, we anticipate the company will return such excess to the shareholders. In our earnings guidance, we anticipate approximately $415 million will be returned to shareholders in 2022, including approximately $335 million through share repurchases.

**With regard to the capital levels at our insurance subsidiaries.**

Our goal is to maintain our capital at levels necessary to support our current ratings. Globe Life targets a consolidated company action level RBC ratio in the range of 300% to 320%. For 2021, our consolidated RBC ratio was 315%, providing approximately $85 million of capital over the amount required at the low end of our consolidated RBC target of 300%.

During 2022, the NAIC is adopting new RBC factors related to longevity and mortality risks, also known as C2 factors. While the longevity risk factors that primarily relate to life contingent annuities will have little impact on our subsidiaries, the higher mortality factors will apply to our products and will increase our company action level required capital by approximately $30 million or about 5% of our required capital.

We believe the conservative statutory reserve levels held for our life insurance products already provide for very strong capital levels. Given the consistent generation of strong statutory gains from operations from our product portfolio, these new factors will simply result in even stronger capital adequacy at our target RBC ratios.

At this time, while we do not anticipate that any additional capital will be required to maintain the low end of our targeted RBC ratio, the Parent Company does have sufficient liquid assets available should additional capital be required to maintain our targeted levels.

**Now I would like to provide a few comments related to the impact of excess policy obligations on third quarter results.**

In the third quarter, the company incurred approximately $7.6 million of COVID life claims related to approximately 40,000 U.S. COVID deaths occurring in the quarter as reported by the CDC. However, these incurred claims were fully offset by favorable true-up of COVID life claims incurred in prior quarters. Based on the additional claims payment data we now have available, we estimate that our average cost per 10,000 U.S. deaths in the third quarter was approximately $1.9 million, down from the $2.8 million average cost previously estimated on our last call, consistent with the shift in COVID deaths toward older ages in recent quarters. Year to date through September 30, we have incurred approximately $44 million in COVID life claims on approximately 215,000 U.S. COVID deaths as reported by the CDC or an average of $2 million per 10,000 U.S. deaths. This average cost is similar to the average cost of our COVID life claims in 2020 and much lower than in 2021. As a result of downward revisions for prior quarters in both the number of U.S. deaths reported by the CDC and our average cost per 10,000 U.S. deaths, the net COVID life claims reported in the third quarter were not significant overall or at any of the individual distributions.

As stated on prior calls, we also continue to incur excess deaths as compared to those expected based on pre-pandemic levels from non-COVID causes, including deaths due to lung disorders, heart and circulatory issues, and neurological disorders.

We believe the higher level of mortality we have seen is due in large part to the pandemic. As the number of COVID deaths has moderated, so has the number of deaths from other causes.

In the third quarter, we estimate that our excess non-COVID life policy obligations were approximately $15 million, down from $28 million in the second quarter. For the full year, we anticipate that our excess life policy obligations will be approximately $70 million or around 2% of our total life premium. Substantially, all of these higher obligations relate to the Direct to Consumer channel.

**With respect to our earnings guidance for 2022**.

We are projecting net operating income per share will be in the range of $8.00 to $8.20 for the year ended December 31, 2022. The $8.10 midpoint is consistent with the guidance provided last quarter. For the full year and at the midpoint of our guidance, we now estimate we will incur approximately $50 million of COVID life claims.

This estimate assumes approximately 35,000 U.S. COVID deaths in the fourth quarter at an average cost per 10,000 deaths of approximately $1.9 million. While our estimated COVID losses are lower than we previously anticipated, our estimate of total excess clients from all causes of death has remained largely consistent with last quarter. For the year ending December 31, 2023, excluding the impact of the adoption of the new LDTI standard, we anticipate in our guidance that our excess mortality will be substantially reduced from 2022 levels.

While still very early and levels of claims activity in the fourth quarter could influence our views, at the midpoint of our guidance, we estimate total excess obligations will be around 1.5% of life premium, down from approximately 4% expected in 2022. This includes an estimated $20 million relating to COVID, which we currently anticipate will exist in an endemic state through 2023.

Due to the reduced impact of excess mortality in 2023, we anticipate our life underwriting margins, again, before any impact of the new LDTI accounting, to grow in the 13% to 17% range, and be approximately 27% to 29% of life premium. Driven by the anticipated growth in life underwriting margin and the favorable impact of higher interest rates on excess investment income noted by Gary, we estimate our 2023 net operating earnings will be in the range of $9.00 to $9.70 under current accounting guidance, representing 15% growth at the midpoint of the range.

As noted on prior calls, we will adopt on January 1, 2023, the new LDTI accounting guidance relating to long-duration contracts. Under the new standard, we expect our GAAP earnings will be higher in 2023 than what would be reported under existing guidance. The largest driver of the increase is lower amortization of deferred acquisition costs, or DAC, than under current guidance due to changes in the treatment of renewal commissions, the treatment of interest on DAC balances, the updating of certain assumptions, and the methods of amortizing DAC.

Due to the treatment of deferred renewal commissions in our captive agency channel, we do expect that acquisition costs as a percent of premium will increase slightly in the first few years after adoption.

In addition to the changes affecting the amortization of DAC, the new guidance changes the manner in which policy obligations are determined. Under the new guidance, life policyholder benefits reported for 2021 and

2022 will be required to be restated to reflect the new guidance and are expected to be significantly lower in those years than under the current guidance due to the treatment of COVID life claims and other fluctuations in claims experience as well as changes in assumptions in those years.

This is expected to result in slightly higher policy benefits as a percent of premium in 2023 than what would otherwise be expected under current guidance. Overall, we currently estimate that the changes required from the adoption of the new LDTI guidance will increase 2023 net operating income after tax in the range of $105 million to $130 million, almost all of which relates to the lower amount of DAC amortization. Of course, 2022 is not yet complete and actual sales, claims experience, and other events in the fourth quarter this year could impact our assumptions and projected impact of 2023 results. Going forward, fluctuations in experience and changes in assumptions will result in changes in both future policy obligations and amortization of DAC as a percent of premium.

With respect to changes in the balance sheet and AOCI, we noted last quarter that the new guidance adopts the new requirement to remeasure the Company's future policy benefits each quarter, utilizing a discount rate that reflects upper medium grade, fixed income instrument yields with the effect of the change to be recognized in AOCI, a component of shareholders' equity.

The upper-medium grade fixed income instrument yield generally consists of single A-rated fixed income instruments that are reflective of the currency and tenor of the insurance liability cash flows. The expected impact of the adoption of the new guidance with the transition date for January 1, 2023, will be an after-tax decrease in AOCI of $7.5 billion to $8.5 billion. Since that time, our weighted average discount rate has increased and we estimate that the after-tax impact on AOCI at September 30, 2022, all else being equal, but using current discount rates as of the end of the third quarter, would be only approximately $1 billion to $1.6 billion.

While the GAAP accounting changes will be significant, it is very important to keep in mind that the changes impact the timing of when our future profits will be recognized and that none of the changes will impact our premium rates, the amount of premiums we collect, nor the amount of claims we ultimately pay.

Furthermore, it has no impact on statutory earnings, the statutory capital we are required to maintain for regulatory purchases, or the Parent’s excess cash flows. Nor will it cause us to make any changes in the products we offer. As such, the accounting change will in no way modify the way we think about or manage our business.

Before I turn the call back to Larry, I want to once again thank Gary and Larry for their many years of service to Torchmark and Globe Life. While both of them have been part of these earnings calls for a number of years, I would be remiss if I did not point out that Gary has participated in every earnings call since February of 1995, a string of 112 straight quarters. Truly impressive. It has been a pleasure working with both of them, and I think they have done a remarkable job.

**Larry M. Hutchison** - Globe Life Inc. - Co-Chairman & CEO

Thank you Frank. Those are our comments. We will now open the call for questions.

## QUESTIONS AND ANSWERS

**Jamminder Singh Bhullar** - JPMorgan Chase & Co, Research Division - Senior Analyst

Hi, good morning. Before I get into my questions, I just wanted to say, Gary and Larry, it has been nice working with you guys. I was going to say happy retirement, but I guess that is not appropriate, and good luck Frank and Matt as well. So, I had a question first on just the recruiting and retention environment with the sort of tight labor market. And we saw your agent count actually at American Income was down, but should we assume that it is going to be challenging to grow the agent count in the near term if the labor market does remain tight?

**Larry M. Hutchison** - Globe Life Inc. - Co-Chairman & CEO

Jimmy, I do not think it is from the tight labor market. American Income actually had a strong recruiting quarter with 6% growth in recruits over the prior year, but we had higher terminations than expected. We addressed this with restructuring compensation and middle management bonuses to address agent retention. I think the other factor here is that if you look at the other 2 agencies, they have had growth in the agency this year.

The other 2 agencies have had growth in the middle management. But for the year, middle management is projected at Family Heritage to increase by 5% to 8%; 3% to 6% at Liberty National, but middle management will be flat in American Income. It was really not economic conditions or the labor market that affects recruiting. It is really the real drivers of recruiting, once a company develops middle management, we open new offices, we provide better technology and sales support for the field.

**Jamminder Singh Bhullar** - JPMorgan Chase & Co, Research Division - Senior Analyst

And then on sales and direct response, can you talk about what is driving the weakness there? And what your outlook is?

**Larry M. Hutchison** - Globe Life Inc. - Co-Chairman & CEO

I see the weakness there has really been inflation. As We have talked about in the past, the sales levels there are dependent on our circulation, our mailings and the Internet traffic. If you look for the year, our expectation is that insert media decreased 6% to 10%, insert circulation decreased about 9% to 10%, and inquiries are flat or up 3%, and mailing volumes are down 8% to 11% for 2022.

This really is a result of inflation. We have had an increase in the cost of paper and increase in the cost of postage and those increases affect the above items I referred to, because you do not have a return on investment for the lower producing segments of that business.

And I think as inflation lessens, hopefully, with recession, and higher interest rates, as we see the costs stabilize, I would expect that sales would also stabilize in 2023.

**Jamminder Singh Bhullar** - JPMorgan Chase & Co, Research Division - Senior Analyst

Okay. And just lastly, for Frank, on LDTI. Obviously, there is a benefit because of amortization that you mentioned on earnings in the near term. How should we think about when that benefit becomes more of a headwind in the sense that if you like --there versus your normal amortization expense under the new accounting -- the amortization expense would be higher. Is that like in the next -- like if you could frame, like next 5 to 10 years or longer or shorter than that?

**Frank M. Svoboda** - Globe Life Inc. - Senior Executive VP & CFO

Yes, Jimmy, I am not sure if at what point it actually becomes a strain, because as we start putting on new business and you start thinking about the treatment of renewal commissions, we know that it is going to be probably an increase in the DAC amortization percent as a percentage of premium, somewhere maybe 0.5% a year for the first few years and some of that as we start having to capitalize the renewal commissions and getting that into the stream. But then as we start putting on new business and that has lower initial commissions that are getting capitalized, there will be a point that it will start to stabilize. I do not have right now exactly when that will be or if we actually get to the point to where, if you will, worse than current guidance.

**Jamminder Singh Bhullar** - JPMorgan Chase & Co, Research Division - Senior Analyst

But it should -- like I think as we look into future years and some of the in-force runs off, the tailwind at a minimum should abate, right, even if with growth, it never becomes a headwind.

**Frank M. Svoboda** - Globe Life Inc. - Senior Executive VP & CFO

At some point, it seems logical, just not sure exactly if that is in -- at this point in time, we have not gotten quite far enough along to see where that really -- if that will occur or if it even will occur. We can look at that, we should be able to give some more guidance on that as we get a little bit further along on this and kind of really finalize our 2022 and start to look a bit longer, we can take a look at that.

**Jamminder Singh Bhullar** - JPMorgan Chase & Co, Research Division - Senior Analyst

Okay thanks.

**Wilma Carter Jackson Burdis** - Raymond James & Associates, Inc., Research Division - Research Analyst

Hi, this is Wilma. Congratulations to the Co-CEOs. Actually, my first question is, could you provide some rationale behind keeping the Co-CEO structure with Gary and Larry retiring?

**Larry M. Hutchison** - Globe Life Inc. - Co-Chairman & CEO

Do you want to answer that?

**Frank M. Svoboda** - Globe Life Inc. - Senior Executive VP & CFO

Yes Matt and I can touch on that. The arrangement has worked out really well, we believe, for Globe Life and the teamwork that Gary and Larry have been able to demonstrate. And then really the structure that they put together here from an executive management team at Globe has been set up very well under them. And it really seems logical for us to be able to maintain that existing structure in order to maintain that continuity going forward. So, it is something that Matt and I really talked about with our willingness and ability to really work together, we thought that it is really in the best interest of the organization to make that structure continue to work.

**Matt Darden** - Globe Life Inc. - Senior Executive VP & Chief Strategy Officer

Yes Frank, I was going to say, it continues with the existing management structure that is in place, minimal disruption to that, and we are focused on continuing to execute our strategy in the best way we see fit, and this structure seems to support that.

**Wilma Carter Jackson Burdis** - Raymond James & Associates, Inc., Research Division - Research Analyst

That sounds great. The other question about share repurchases. So, it seems like the capital position at the end of the year is going to be pretty high, especially with no need to put capital in the subs for the C2 charges. So is that -- I think the current guidance implies about $55 million of share repurchases in 4Q. So, should we expect a higher number?

**Frank M. Svoboda** - Globe Life Inc. - Senior Executive VP & CFO

Yes. We are anticipating right now at the midpoint of our guidance at $55 million, $56 million in that range. We will take a look at where -- there are a few moving parts. The C2 charges being one of them. Also, we have not completed yet our third quarter statutory financial statements. So, we will rely on those to kind of get a better sense of what our actual statutory income and capital will be at the end of the year. If it does turn out that we do not need any additional amount of capital as of the end of the year, I would anticipate potential -- some of that could come out before the end of the year, if not, we would anticipate coming out in 2023.

**Wilma Carter Jackson Burdis** - Raymond James & Associates, Inc., Research Division - Research Analyst

Okay thank you.

**John Bakewell Barnidge** - Piper Sandler & Co., Research Division - MD & Senior Research Analyst

Thank you very much, and congrats again as well. My first question, on the lapse activity, continues to increase, and I know we are going back to probably the pre-COVID experience. Can you maybe just mention, is it inflationary or recent product? Maybe as an example, is lapse activity for 2020 and 2021 sold products higher than 2018 and 2019 sold products were in the first and second years after sale. Thank you.

**Gary L. Coleman** - Globe Life Inc. - Co-Chairman & CEO

What we are saying is we are seeing a slightly higher lapse rates when compared to the 2018, 2019 period. They are quite a bit higher when you compare to 2020 and 2021. But those 2 years we had very, very favorable lapse rates, that was unusual. We think that -- what we know is that the higher lapse rates are primarily in policy years 1 through 3. Once we get past that, the lapses are either at or near the historical levels. We think one reason for that is people that bought policies in 2020, 2021, with COVID now lessening, they may think they do not need the coverage. We think that is certainly a factor.

But also, we think that inflation is having some impact as well. But if we look back in the past history, if we look back into 2010, 2011 period, when it was a down economy, we had a little bit of a spike in lapses there, but it did not last long. This spike is not as much as what we experienced back then, and we think too that at some point it will get back to what we call normal lapses. I will say at the midpoint of our guidance for 2023, we assume that over the course of the year that we will move back to what we would call historical levels of lapsation. We do not know for sure. That is our best guess at this point.

**John Bakewell Barnidge** - Piper Sandler & Co., Research Division - MD & Senior Research Analyst

That is fantastic color, and then my follow-up question. Cannot help but notice, as it relates to the 2023 guidance, it is initially $0.70 wide. A year ago, it was initially $0.80 wide. How should we be thinking about this narrowing in light of maybe the pandemic being endemic? And then within that, with the LDTI guide, are you wanting us to maybe model towards that, or just have an understanding around the parallel guidance? Thank you.

**Frank M. Svoboda** - Globe Life Inc. - Senior Executive VP & CFO

Yes. With respect to kind of the range, we did bring it in a little bit from where we were at this point in time last year. We feel there is a little bit better certainty around COVID and some of the impacts of COVID and feel more comfortable with it being in endemic state and what the impact of that really may mean. Still some fluctuation, we still left a little wider, if you will, than we have had in some years in the past, pre-COVID, again, kind of recognizing some of the uncertainty around new variants and such that potentially could pop up.

With respect to the LDTI, the range kind of that $105 million to $130 million after tax, really more intended to be kind of our estimate at this point in time, more in the middle, if you will, of the range.

There is still a lot of moving parts, but I wanted to give some sense to what we kind of see as being that net income impact for 2023. We do not really anticipate that broadening the range that we need to have. And so that variability, if you will, that I have from the impact of the LDTI, we think that, -- that will really fit within that overall range that we provided under the old guidance.

**John Bakewell Barnidge** - Piper Sandler & Co., Research Division - MD & Senior Research Analyst

Thank you

**Erik James Bass** - Bernstein Autonomous LLP - Partner of US Life Insurance

Hi, thank you. I was hoping you could talk about what you are assuming for 2023 free cash flow and what your guidance assumes for share repurchases next year?

**Frank M. Svoboda** - Globe Life Inc. - Senior Executive VP & CFO

Yes, we -- it is still a little bit early with respect to coming up with our excess cash flows for next year. We do anticipate them being a little bit -- or our share repurchases anyway at the midpoint of our guidance being a little bit higher than where we were this year. If you recall that, as I noted earlier, we had about $360 million overall of excess cash flows before our shareholder dividends. We had around $80 million of shareholder dividends here in 2022. So after that, it was like $280 million, that is essentially available for buybacks in 2022. We do anticipate our statutory earnings in 2022, will be higher, and at the end of the day, having share buybacks probably a little bit north of where we were this year.

**Erik James Bass** - Bernstein Autonomous LLP - Partner of US Life Insurance

Got it thank you and I guess should we think of -- I mean, as your kind of COVID claims normalize and sales get to sort of a more normal growth cadence that your free cash flow should kind of on a lagged basis get back to kind of where it had been previously over the next couple of years?

**Frank M. Svoboda** - Globe Life Inc. - Senior Executive VP & CFO

Yes. I think that is fair to say. We would anticipate, clearly, as it would appear, we have got one more year here of normalization, if you will, of the COVID claims, and we would expect next year to be lower than what we anticipated this year. So I do anticipate that excess cash flow more normalizing at that point in time.

**Erik James Bass** - Bernstein Autonomous LLP - Partner of US Life Insurance

Got it, thank you and then if I could just ask one on the investment or excess investment income. I think you are guiding to 10% to 12% growth next year. So just hoping to get a little bit more color on the driving pieces of that. I think you talked about the portfolio yield being up 3 basis points and maybe a little bit of change in interest expense, but any other moving pieces we should think about?

**Gary L. Coleman** - Globe Life Inc. - Co-Chairman & CEO

Well Erik, first of all, on the investment income side, we are thinking it will be up around 5% to 6%, and that is because of the higher yields on the fixed maturities, but also higher yields on the long-term investments that we have. And that is a 5% increase, when in the past couple of years we have had about a 3% increase in investment income. So that is definitely a factor. But also on the required interest, this year, it will be between 4% and 5%.

We are thinking next year that will be a little bit lower, I say, the 4% range. And also on the interest expense, interest expense is higher this year because of the negative carry that we had. We will go back to a more normal increase in interest expense. So the higher increase in investment income and the lower increases in required interest and interest on debt is what is -- when you add all that up, that is where you come up to the 10% to 12% increase.

**Erik James Bass** - Bernstein Autonomous LLP - Partner of US Life Insurance

Perfect, thank you.

**Ryan Joel Krueger** - Keefe, Bruyette, & Woods, Inc., Research Division - MD of Equity Research

Hi, thanks, good morning. Congrats everyone on the succession plan. I just had a few questions on guidance items for 2023 that I do not think you had given yet. Can you give us the expected growth in health underwriting margin and health premiums in 2023?

**Frank M. Svoboda** - Globe Life Inc. - Senior Executive VP & CFO

Yes, Ryan, we anticipate health underwriting -- excuse me, health premiums to be up in that 3% to 5% range, and then really anticipate the underwriting margin to probably be flat to up 2% or 3%, large part was, a little lower decrease in the underwriting margin from the increase in premium that we have experienced, some favorable experience on the health side, especially Family Heritage here the last couple of years. We see that normalizing just a little bit.

We probably expect Family Heritage to not be quite as high of an underwriting margin next year as it did this year and just kind of coming back just a little bit. So we do not see the underwriting margin growing quite as much as the premium.

**Ryan Joel Krueger** - Keefe, Bruyette, & Woods, Inc., Research Division - MD of Equity Research

Got it. And then what are you expecting admin expenses to grow in 2023?

**Frank M. Svoboda** - Globe Life Inc. - Senior Executive VP & CFO

Right now, we are anticipating admin expenses to grow only around 2% and being around 6.8% or 6.9% of premium, kind of the low impact -- reason for the low growth, if you will, though with a higher interest rate. Our pension expense is also expected to decrease – will decrease in 2023 from where it was this year. So without that, that increase would have been a little bit higher.

**Ryan Joel Krueger** - Keefe, Bruyette, & Woods, Inc., Research Division - MD of Equity Research

Got it thanks, and then just one last one. On the life underwriting margin, you guided to 27% to 29%. And I think that includes 150 basis point drag from excess policy obligations. I guess that would suggest something more like 28% to 30% or even a little bit above that if we were fully normalized. I think that is a couple of 100 or 200 basis points higher than it was pre-pandemic. So just curious if you had any commentary on kind of what has driven up your normalized margin expectations in the Life business?

**Frank M. Svoboda** - Globe Life Inc. - Senior Executive VP & CFO

Yes. I mean I think that is right. I mean generally, I would say kind of at the midpoint of all that, it kind of points to around 29%, if you will, under the -- if we did not have the excess obligations and really kind of the difference is that because of the higher premium that we have had with the favorable persistency and sales growth -- premium growth that we had in 2020 and 2021, our amortization overall as a percentage of that premium is about a percentage lower than what it was under pre-pandemic level. So that kind of takes us from -- right before the pandemic, we were around 28%, kind of at the midpoint of that, then absent the excess obligations kind of points to 29%.

**Ryan Joel Krueger** - Keefe, Bruyette, & Woods, Inc., Research Division - MD of Equity Research

Got it thanks a lot.

**Andrew Scott Kligerman** - Crédit Suisse AG, Research Division - MD & Senior Life Insurance Analyst

Hey good morning or at least the last minute of the morning. First, big congrats to Matt and Frank, and I am expecting the continued excellence that we have seen under Gary's and Larry's leadership. So maybe jumping into the questions, and I think following on to what Ryan was asking a moment ago. I am thinking about the excess non-COVID mortality and clarify for me because I might be off. But I think the guidance for the year 2022 was $64 million. It appears you have bumped it up to $70 million. And then if I look at the $50 million of it in the first half of the year, another $15 million this year -- in the third quarter rather, than when we get to the fourth quarter, we are only going to expect about $5 million of excess non-COVID-19 mortality.

And then based on that, if that is not a lot, let me just get to 2023. You talked about the 1.5%. And if $20 million of that is COVID, then that would imply just a mere $28 million of non-COVID for all of next year. So it sounds like you are expecting that this kind of indirect impact from COVID to really subside as we work through next year. So a lot to pack in. Am I right on 2022 and 2023 numbers? And do you really expect it will really dissipate as we get through? Thank you.

**Frank M. Svoboda** - Globe Life Inc. - Senior Executive VP & CFO

Andrew, your numbers are really good. You are exactly right in that. We had the $15 million. We are anticipating around $70 million for the full year, and kind of pointed to that $5 million. And then it is somewhere in that $25 million to $30 million range, what we kind of anticipate for 2023 on the non-COVID excess piece. Really do anticipate, in large case, just to an expectation right now that COVID is kind of in that endemic state. We have kind of pointed that maybe 3x the flu rate kind of pointing to 105,000 deaths or so in 2023. And so that has the impact in our minds of tampering both the COVID losses as well as the non-COVID losses down.

I will also note that if we kind of look at the trends of it, that out of the $15 million in Q3, about $4 million of that related to some prior quarters. So, if we are kind of putting it into kind of the correct quarters, we are seeing that really good trend coming down from the first half of the year into the second half of the year as we anticipated. So it is good to see that it is right now anyway, consistent with what we were anticipating.

**Andrew Scott Kligerman** - Crédit Suisse AG, Research Division - MD & Senior Life Insurance Analyst

That is great to hear. And maybe just a little bit of the specifics on American income. I do not know if you can share it. But just as you try to rectify kind of -- and you talk about stair-step, so it felt like this quarter with the drop-off in producer count was a step backward. And I think Larry was talking about different incentives in terms of retention. Is there any color maybe you could provide around those incentives just so that we could get a sense of how it might influence the producer count.

**Larry M. Hutchison** - Globe Life Inc. - Co-Chairman & CEO

Again, I want to point out the strong quarter-over-quarter, actually there is a 7% increase in number of recruits. The terminations were a little bit of a surprise, higher than expected. I think that goes hand in hand with the fact that we have not had middle management growth. And so when you change those incentives, you are not increasing compensation, you are shifting compensation to affect behavior. What you kind of do is encourage your middle managers to better train those new recruits. And with the better training, there is more activity, and the training isn't just how to sell, but encouraging greater activity with those new recruits and agents. As there is greater activity, better training, they make more money because they have higher sales levels and retain more agents.

And so again, the color is this. If you look at -- let's compare Family Heritage to American Income. In the first quarter, they had pretty slow sales. As they shifted some of their compensation there, they had an emphasis on recruiting and developing middle managers. They have 5% to 8% middle managers for the year with a 13% increase in sales this quarter. But American Income, again, has a little bit of a tough comparable because there was a 20% increase in the agency force in 2020 and 2021. So with the stair-step, when you have that kind of a record increase, you expect to have some leveling of recruiting. And again, I have every confidence American Income will grow, but the focus will be on developing leadership, developing more middle managers, and the growth will come as they develop more middle management.

**Andrew Scott Kligerman** - Crédit Suisse AG, Research Division - MD & Senior Life Insurance Analyst

So there is some type of a compensation for doing more training. It is a little higher. Is that the takeaway?

**Larry M. Hutchison** - Globe Life Inc. - Co-Chairman & CEO

It is not just training. It is really -- the middle manager is focused on 3 to 4 agents. Those 3 to 4 agents are trained, but they are also encouraged to review the data with these producing agents, how many presentations do they make in a week, what is the monthly average, what is the average premium. And as middle managers study that data, they know what needs to be addressed? Is it a training issue, is it an activity issue, is it a closing issue? And so those are all factors. And it really changes agent by agent. So when we say American Income has been a little flat in their recruiting or their agent growth, remember there are 99 offices within American Income. Some of the locations have had an outstanding year, they have had good growth. And so again, with the sales leadership that is in American income, they are identifying those offices that have not done so well, and then we will work with them to provide them data with respect to the middle managers, what is the success of the middle managers, what is the success of the agents. And so they adjust as we go forward. That just is a constant process as we inspect our training systems, our activity models, and out of that comes the long-term growth.

**Andrew Scott Kligerman** - Crédit Suisse AG, Research Division - MD & Senior Life Insurance Analyst

I see. So just so I am clear, Larry. So it is not saying, "Hey, we are going to give you more money if you retain somebody," it is saying here is the data. Here are the analytics and here is how you can be more effective. Is that...

**Larry M. Hutchison** - Globe Life Inc. - Co-Chairman & CEO

So the bonus is not paying more money, it is paying for the correct behavior. It is paying for success. It is much like, we do not give an agent more money to have more activity. Agent gets more money as a result of more activity and better sales. So this is much the same principle. You are just affecting behavior. As you shift the compensation, over time the focus might be on training versus recruiting. There are just a lot of factors within the agency. So constantly, the agency owners as well as the home office leadership are looking at what are the behaviors we need to modify and they shift the compensation to encourage that behavior.

**Andrew Scott Kligerman** - Crédit Suisse AG, Research Division - MD & Senior Life Insurance Analyst

Okay, so there is - okay, got you. Perfect. And then just a quick throw-away question. I am kind of curious on the -- I mean, the higher inflation affecting Direct to Consumer paper and postage cost. How much year-over-year has that gone up? And are there other customer acquisition costs on online going up quite dramatically, and maybe you have a percentage there. I would just be curious if you have some numbers that you might be able to pass on.

**Larry M. Hutchison** - Globe Life Inc. - Co-Chairman & CEO

Well, I do not have on the top of my head, I cannot tell you what postage increase was or percentage of the paper cost, but what I gave was the guidance in terms of when we see mail volume, we saw the insert media volume coming down and the costs are reflected through the analytics. As we do the different campaigns, we look at those costs, we look at the test and we see a 10% decrease, as example, mailings as a result of the analytics. So that reflects the cost increase in both postage and paper -- the response rates out of that is the net effect. And really, what you look at is, you look at the cost of the investment within that campaign, what is the expected response rate and from that, what's the expected issue rate. If you are not meeting those expectations in the test, then you reduce those mailings. So it is not – you do not look at postage costs of 5%, you will probably reduce something 5%. It is at the end of that process of the analytics and the campaigns to determine what your volumes are going to be -- all the way affects what your sales level will be.

I want to make a point there, too, that direct response, it is not just an issue really of spending more money to increase sales, because the profitability of an increase in sales is a function of the cost of acquiring the business. And so if you spend more money, it is not going to necessarily indicate higher response rates, and the response rate does not go up with additional spending. So again, when you think about direct response, I think about that differently than agency. Your acquisition cost is on the front end and not the back end of the sales process. So we are constantly using analytics and testing to make sure that we have an adequate return on that investment.

**Andrew Scott Kligerman** - Crédit Suisse AG, Research Division - MD & Senior Life Insurance Analyst

Makes sense, thanks a lot.

**Thomas George Gallagher** - Evercore ISI Institutional Equities, Research Division - Senior MD

Good morning, oh sorry good afternoon. Just a few follow-up questions on the non-COVID excess. Do you suspect these are mainly long COVID claims? Because I heard you referenced heart and lung. And the reason I ask is, just in the beginning, I think, all the excess non-COVID was by most of your peers were being assumed that it was driven by care deferral, but this doesn't sound like this is really care deferral, but just curious if you have a view on that.

**Frank M. Svoboda** - Globe Life Inc. - Senior Executive VP & CFO

Yes. We do not really have anything to point exactly to what it might be. I think it is fair that probably some portion of it might be long COVID, if you think about it from the standpoint of complications that arise from having COVID in the first place. We still think there is at least some possibility there being some delayed care, deferred care, even though if you get further down the road, you say there is probably less impact to that. But I do think there has probably been just some impact on how, when we are thinking about, they are getting classified. Where there was probably -- whether the -- our data is based upon when a claim comes in and if the death certificate notes that it is a COVID death, then that is what we count as a COVID death, and now there may be certain situations where it is more -- the real cause of death is going to the true cause, if there was a heart ailment or something like that, than it is getting coded perhaps a little bit differently as well.

**Thomas George Gallagher** - Evercore ISI Institutional Equities, Research Division - Senior MD

Okay and then just relatedly, so the $15 million of excess non-COVID claims, that was about 2x higher than what you were, I guess, assuming were COVID claims this quarter. And I guess for next year, if I heard you correctly, in response to Andrew's question, you are assuming $25 million to $30 million of excess non-COVID, which is closer to, I guess, it is a little bit higher than the COVID assumption, but it is not 2x that. So is the punch line there that you are just assuming this was a bit anomalous, that ratio, and that you would expect that, the excess non-COVID, to decline in proportion?

**Frank M. Svoboda** - Globe Life Inc. - Senior Executive VP & CFO

Yes, I think that is right. I mean, when you look at the full year 2022, we are sitting at about $70 million non-COVID versus $50 million of COVID, and then we are looking around that $25 million or so as compared to $20 million of COVID. So that ratio has come together. In our minds, I mean, they are really independent calculations, but that relationship is narrowing, I guess.

**Thomas George Gallagher** - Evercore ISI Institutional Equities, Research Division - Senior MD

Okay. And then just final question. I think you mentioned most of those excess non-COVID claims came in Direct to Consumer. If that is true, and I normalize for that, I would be getting margins north of 20%, which I think is a lot better than the 18% that you had previously spoken to. But maybe there is other adjustments there. Can you speak to that?

**Frank M. Svoboda** - Globe Life Inc. - Senior Executive VP & CFO

Yes. I think for the total non-COVID, for direct response, in the third quarter, there was still about 5% or so impact of the non-COVID in Q3, for all 2022 really looking at around 6%. So while we would have been ex the non-COVID in the third quarter, we would have been at 20%, 21%, but that is probably -- again, there is a little bit favorable amortization that is coming through there as well. I think kind of as we look forward, thinking about DTC, that particular channel, in 2023, we probably think that they are going to have around a 3% impact of higher excess obligations and we kind of anticipate that their margins would be somewhere in that 16% to 17% range. So that kind of points to somewhere in that 19 to -- let's just say 18% to 20%, somewhere in there is what it would be without some of the excess obligations.

**Thomas George Gallagher** - Evercore ISI Institutional Equities, Research Division - Senior MD

Got you. So that is getting, well, say, an outsized benefit on the lower amortization in that segment.

**Frank M. Svoboda** - Globe Life Inc. - Senior Executive VP & CFO

Yes. It is probably overall in that segment, yes, still having another percent or so impact or actually a couple of percentage points from where they were back in pre-COVID times, because we are looking at an amortization percentage there in between that 23%, 24% range, where if you look back before 2020 you know, pre-COVID years, their amortization percentage was in the mid-25% -- between 25% and 26%.

**Thomas George Gallagher** - Evercore ISI Institutional Equities, Research Division - Senior MD

Okay that is helpful.

**Operator**

There are no further questions in the queue. So I will hand the call back to your host for some closing remarks.

**Michael C. Majors** - Globe Life Inc. - EVP of Administration & IR

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