

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q

(Mark one)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended March 31, 2022

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

Commission File Number: 001-08052

GLOBE LIFE INC.

(Exact name of registrant as specified in its charter)

Delaware

63-0780404

(State or other jurisdiction of incorporation or organization)

(I.R.S. Employer Identification No.)

3700 South Stonebridge Drive, McKinney, Texas 75070

(Address of principal executive offices) (Zip Code)

(972) 569-4000

(Registrant's telephone number, including area code)

NONE

(Former name, former address and former fiscal year, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, \$1.00 par value per share	GL	New York Stock Exchange
4.250% Junior Subordinated Debentures	GL PRD	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☒Accelerated filer ☐Non-accelerated filer ☐Smaller reporting company ☐Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Outstanding at April 26, 2022
Common Stock, \$1.00 Par Value	98,599,602

Globe Life Inc.

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As used in this Form 10-Q, "Globe Life," the "Company," "we," "our" and "us" refer to Globe Life Inc., a Delaware corporation incorporated in 1979, its subsidiaries and affiliates.

PART I—FINANCIAL INFORMATION
Item 1. Condensed Consolidated Financial Statements

Globe Life Inc.
Condensed Consolidated Balance Sheets
(Unaudited)
(Dollar amounts in thousands, except per share data)

	March 31, 2022	December 31, 2021
Assets:		
Investments:		
Fixed maturities—available for sale, at fair value (amortized cost: 2022—\$17,975,410; 2021—\$17,805,309, allowance for credit losses: 2022—\$0; 2021—\$387)	\$ 19,179,107	\$ 21,305,287
Policy loans	591,958	589,634
Other long-term investments (includes: 2022—\$732,360; 2021—\$640,263 under the fair value option)	889,769	793,925
Short-term investments	57,344	69,145
Total investments	20,718,178	22,757,991
Cash	127,628	92,163
Accrued investment income	269,975	251,307
Other receivables	487,929	487,443
Deferred acquisition costs	4,999,935	4,914,728
Goodwill	481,791	481,791
Other assets	764,892	782,625
Total assets	\$ 27,850,328	\$ 29,768,048
Liabilities:		
Future policy benefits	\$ 16,229,940	\$ 16,034,727
Unearned and advance premium	70,889	65,472
Policy claims and other benefits payable	433,553	412,940
Other policyholders' funds	99,606	98,935
Total policy liabilities	16,833,988	16,612,074
Current and deferred income taxes	1,298,911	1,765,021
Short-term debt	522,079	479,644
Long-term debt (estimated fair value: 2022—\$1,525,731; 2021—\$1,667,009)	1,546,858	1,546,494
Other liabilities	754,472	722,009
Total liabilities	20,956,308	21,125,242
Commitments and Contingencies (Note 5)		
Shareholders' equity:		
Preferred stock, par value \$1 per share—5,000,000 shares authorized; outstanding: 0 in 2022 and 2021	—	—
Common stock, par value \$1 per share—320,000,000 shares authorized; outstanding: (2022—109,218,183 issued; 2021—109,218,183 issued)	109,218	109,218
Additional paid-in-capital	523,068	520,564
Accumulated other comprehensive income (loss)	869,495	2,677,583
Retained earnings	6,315,609	6,182,100
Treasury stock, at cost: (2022—10,343,676 shares; 2021—9,650,845 shares)	(923,370)	(846,659)
Total shareholders' equity	6,894,020	8,642,806
Total liabilities and shareholders' equity	\$ 27,850,328	\$ 29,768,048

See accompanying Notes to Condensed Consolidated Financial Statements.

Globe Life Inc.
Condensed Consolidated Statements of Operations
(Unaudited)
(Dollar amounts in thousands, except per share data)

	Three Months Ended March 31,	
	2022	2021
Revenue:		
Life premium	\$ 754,602	\$ 708,119
Health premium	317,000	294,173
Other premium	—	1
Total premium	1,071,602	1,002,293
Net investment income	243,834	235,820
Realized gains (losses)	(7,244)	28,152
Other income	164	295
Total revenue	1,308,356	1,266,560
Benefits and expenses:		
Life policyholder benefits	549,343	517,631
Health policyholder benefits	196,855	187,829
Other policyholder benefits	7,050	7,259
Total policyholder benefits	753,248	712,719
Amortization of deferred acquisition costs	158,384	152,993
Commissions, premium taxes, and non-deferred acquisition costs	90,813	79,666
Other operating expense	84,352	81,210
Interest expense	19,944	21,178
Total benefits and expenses	1,106,741	1,047,766
Income before income taxes	201,615	218,794
Income tax benefit (expense)	(37,254)	(40,277)
Net income	\$ 164,361	\$ 178,517
Basic net income per common share	\$ 1.66	\$ 1.73
Diluted net income per common share	\$ 1.64	\$ 1.70

See accompanying Notes to Condensed Consolidated Financial Statements.

Globe Life Inc.
Condensed Consolidated Statements of Comprehensive Income (Loss)
(Unaudited)
(Dollar amounts in thousands)

	Three Months Ended March 31,	
	2022	2021
Net income	\$ 164,361	\$ 178,517
Other comprehensive income (loss):		
Investments:		
Unrealized gains (losses) on fixed maturities:		
Unrealized holding gains (losses) arising during period	(2,292,922)	(1,262,059)
Provision for credit losses		
Other reclassification adjustments included in net income	(4,030)	(17,142)
Foreign exchange adjustment on fixed maturities recorded at fair value	284	2,442
Total unrealized investment gains (losses)	(2,296,668)	(1,276,759)
Less applicable tax (expense) benefit	482,299	268,119
Unrealized gains (losses) on investments, net of tax	(1,814,369)	(1,008,640)
Deferred acquisition costs:		
Unrealized gains (losses) attributable to deferred acquisition costs	376	359
Less applicable tax (expense) benefit	(79)	(75)
Unrealized gains (losses) attributable to deferred acquisition costs, net of tax	297	284
Foreign exchange translation:		
Foreign exchange translation adjustments, other than securities	4,138	(610)
Less applicable tax (expense) benefit	(869)	128
Foreign exchange translation adjustments, other than securities, net of tax	3,269	(482)
Pension:		
Pension adjustments	3,437	5,200
Less applicable tax (expense) benefit	(722)	(1,091)
Pension adjustments, net of tax	2,715	4,109
Other comprehensive income (loss)	(1,808,088)	(1,004,729)
Comprehensive income (loss)	<u>\$ (1,643,727)</u>	<u>\$ (826,212)</u>

See accompanying Notes to Condensed Consolidated Financial Statements.

Globe Life Inc.
Condensed Consolidated Statements of Shareholders' Equity
(Unaudited)
(Dollar amounts in thousands, except per share data)

	Preferred Stock	Common Stock	Additional Paid-In Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Treasury Stock	Total Shareholders' Equity
Balance at December 31, 2021 ...	\$ —	\$ 109,218	\$ 520,564	\$ 2,677,583	\$ 6,182,100	\$ (846,659)	\$ 8,642,806
Comprehensive income (loss)	—	—	—	(1,808,088)	164,361	—	(1,643,727)
Common dividends declared (\$0.2075 per share)	—	—	—	—	(20,543)	—	(20,543)
Acquisition of treasury stock	—	—	—	—	—	(119,482)	(119,482)
Stock-based compensation	—	—	2,504	—	(345)	6,876	9,035
Exercise of stock options	—	—	—	—	(9,964)	35,895	25,931
Balance at March 31, 2022	<u>\$ —</u>	<u>\$ 109,218</u>	<u>\$ 523,068</u>	<u>\$ 869,495</u>	<u>\$ 6,315,609</u>	<u>\$ (923,370)</u>	<u>\$ 6,894,020</u>

	Preferred Stock	Common Stock	Additional Paid-In Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Treasury Stock	Total Shareholders' Equity
Balance at December 31, 2020 ...	\$ —	\$ 113,218	\$ 527,435	\$ 3,029,244	\$ 5,874,109	\$ (772,914)	\$ 8,771,092
Comprehensive income (loss)	—	—	—	(1,004,729)	178,517	—	(826,212)
Common dividends declared (\$0.1975 per share)	—	—	—	—	(20,435)	—	(20,435)
Acquisition of treasury stock	—	—	—	—	—	(132,720)	(132,720)
Stock-based compensation	—	—	(11,422)	—	1,168	18,142	7,888
Exercise of stock options	—	—	—	—	(12,807)	45,531	32,724
Balance at March 31, 2021	<u>\$ —</u>	<u>\$ 113,218</u>	<u>\$ 516,013</u>	<u>\$ 2,024,515</u>	<u>\$ 6,020,552</u>	<u>\$ (841,961)</u>	<u>\$ 7,832,337</u>

See accompanying Notes to Condensed Consolidated Financial Statements.

Globe Life Inc.
Condensed Consolidated Statements of Cash Flows
(Unaudited)
(Dollar amounts in thousands)

	Three Months Ended March 31,	
	2022	2021
Cash provided from (used for) operating activities	\$ 397,133	\$ 371,830
Cash provided from (used for) investing activities:		
Investments sold or matured:		
Fixed maturities available for sale—sold	75,116	61,858
Fixed maturities available for sale—matured or other redemptions	115,160	36,683
Other long-term investments	20,929	3,733
Total investments sold or matured	211,205	102,274
Acquisition of investments:		
Fixed maturities—available for sale	(339,145)	(295,869)
Other long-term investments	(122,010)	(65,997)
Total investments acquired	(461,155)	(361,866)
Net (increase) decrease in policy loans	(2,324)	82
Net (increase) decrease in short-term investments	11,801	14,434
Additions to properties	(6,981)	(15,529)
Investments in low-income housing interests	(27,870)	(9,080)
Cash provided from (used for) investing activities	(275,324)	(269,685)
Cash provided from (used for) financing activities:		
Issuance of common stock	25,931	32,724
Cash dividends paid to shareholders	(19,687)	(19,511)
Net borrowing (repayment) of commercial paper	42,348	20,001
Acquisition of treasury stock	(119,482)	(132,720)
Net receipts (payments) from deposit-type products	(13,810)	(13,811)
Cash provided from (used for) financing activities	(84,700)	(113,317)
Effect of foreign exchange rate changes on cash	(1,644)	(2,171)
Net increase (decrease) in cash	35,465	(13,343)
Cash at beginning of year	92,163	94,847
Cash at end of period	<u>\$ 127,628</u>	<u>\$ 81,504</u>

See accompanying Notes to Condensed Consolidated Financial Statements.

Globe Life Inc.
Notes to Condensed Consolidated Financial Statements
(Dollar amounts in thousands, except per share data)

Note 1—Significant Accounting Policies

Business: (Globe Life), (the Company), refers to Globe Life Inc., an insurance holding company incorporated in Delaware in 1979, and Globe Life Inc. subsidiaries and affiliates. Globe Life Inc.'s direct or indirect primary subsidiaries are Globe Life And Accident Insurance Company, American Income Life Insurance Company, Liberty National Life Insurance Company, Family Heritage Life Insurance Company of America, and United American Insurance Company. The underwriting companies are owned by their ultimate corporate parent, Globe Life Inc. (the Parent Company).

Globe Life provides a variety of life and supplemental health insurance products and annuities to a broad base of customers. The Company is organized into four reportable segments: life insurance, supplemental health insurance, annuities, and investments.

Basis of Presentation: The accompanying consolidated financial statements of Globe Life have been prepared in accordance with the instructions to Form 10-Q. Therefore, they do not include all of the disclosures required by accounting principles generally accepted in the United States of America (GAAP) for annual financial statements. However, in the opinion of management, these statements include all adjustments, consisting of normal recurring adjustments, which are necessary for a fair presentation of the consolidated financial position at March 31, 2022, and the consolidated results of operations, comprehensive income, and cash flows for the periods ended March 31, 2022 and 2021. The interim period consolidated financial statements should be read in conjunction with the [Consolidated Financial Statements that are included in the Form 10-K](#) filed with the Securities Exchange Commission (SEC) on February 24, 2022.

Use of Estimates: The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. See further documentation in the significant accounting policies or the accompanying notes.

Globe Life Inc.
Notes to Condensed Consolidated Financial Statements

(Dollar amounts in thousands, except per share data)

Note 2—New Accounting Standards
Accounting Pronouncements Yet to be Adopted

Standard	Description	Effective Date	Effect on the Consolidated Financial Statements
ASU No. 2018-12/2019-09/2020-11, <i>Financial Services - Insurance (Topic 944): Targeted Improvements to the Accounting for Long-Duration Contracts,</i> with clarification guidance issued in November 2019 and 2020.	ASU 2018-12 is a significant change to our current accounting and disclosure of long-duration contracts, which is our primary business. The guidance was primarily issued to: 1) improve the timeliness of recognizing changes in the liability for future policy benefits and modify the rate used to discount future cash flows, 2) simplify and improve the accounting for certain market-based options or guarantees associated with deposit (or account balance) contracts, 3) simplify the amortization of deferred acquisition costs, and 4) improve the effectiveness of the required disclosures. On an annual basis, the Company will be required to update cash flow assumptions such as mortality, morbidity, and persistency, which are recorded in net income. On a quarterly basis, the future policy benefits will be remeasured utilizing an upper-medium grade fixed income instrument yield and the effects of the change will be recognized in accumulated other comprehensive income (AOCI).	As a result of the issuance of ASU 2020-11 in November 2020, the effective date for this standard was changed to January 1, 2023. Early adoption is available.	The Company does not expect to early adopt ASU 2018-12 and has selected a modified retrospective transition method upon adoption as of the transition date of January 1, 2021. Due to the overall nature of this standard, the impact on the consolidated financial statements is expected to be significant. At the transition date, the Company expects a significant decrease in accumulated other comprehensive income due to the requirement to re-measure policy liabilities using an interest rate currently lower than what is used in valuing the policy liabilities under existing guidance. In addition, the new guidance requires the removal of interest on our DAC asset and changes the related amortization of the asset. These changes are expected to result in a significant reduction to DAC amortization in the near to intermediate term. While the requirements of the new guidance represent a significant change from existing GAAP, the new guidance will not impact capital and surplus or net income under statutory accounting practices, cash flows on our policies, or the underlying economics of our business. Significant progress has been made by the Company in order to timely adopt the new guidance, including validating computations, establishing proper controls, finalizing accounting policies, and preparing financial disclosures. The Company anticipates providing quantitative estimates of the impact of adoption of the ASU later this year once we have properly tested our models and assumptions and determined the appropriate discount rates.

Globe Life Inc.
Notes to Condensed Consolidated Financial Statements
(Dollar amounts in thousands, except per share data)

Note 3—Supplemental Information about Changes to Accumulated Other Comprehensive Income

Components of Accumulated Other Comprehensive Income: An analysis of the change in balance by component of Accumulated Other Comprehensive Income is as follows for the three month periods ended March 31, 2022 and 2021:

	Three Months Ended March 31, 2022				
	Available for Sale Assets	Deferred Acquisition Costs	Foreign Exchange	Pension Adjustments	Total
Balance at January 1, 2022	\$ 2,765,290	\$ (3,418)	\$ 19,387	\$ (103,676)	\$ 2,677,583
Other comprehensive income (loss) before reclassifications, net of tax	(1,811,185)	297	3,269	—	(1,807,619)
Reclassifications, net of tax	(3,184)	—	—	2,715	(469)
Other comprehensive income (loss)	(1,814,369)	297	3,269	2,715	(1,808,088)
Balance at March 31, 2022	<u>\$ 950,921</u>	<u>\$ (3,121)</u>	<u>\$ 22,656</u>	<u>\$ (100,961)</u>	<u>\$ 869,495</u>

	Three Months Ended March 31, 2021				
	Available for Sale Assets	Deferred Acquisition Costs	Foreign Exchange	Pension Adjustments	Total
Balance at January 1, 2021	\$ 3,175,572	\$ (4,704)	\$ 23,302	\$ (164,926)	\$ 3,029,244
Other comprehensive income (loss) before reclassifications, net of tax	(995,098)	284	(482)	—	(995,296)
Reclassifications, net of tax	(13,542)	—	—	4,109	(9,433)
Other comprehensive income (loss)	(1,008,640)	284	(482)	4,109	(1,004,729)
Balance at March 31, 2021	<u>\$ 2,166,932</u>	<u>\$ (4,420)</u>	<u>\$ 22,820</u>	<u>\$ (160,817)</u>	<u>\$ 2,024,515</u>

Globe Life Inc.
Notes to Condensed Consolidated Financial Statements
(Dollar amounts in thousands, except per share data)

Reclassification Adjustments: Reclassification adjustments out of Accumulated Other Comprehensive Income are presented below for the three month periods ended March 31, 2022 and 2021.

Component Line Item	Three Months Ended March 31,		Affected line items in the Statement of Operations
	2022	2021	
Unrealized investment (gains) losses on available for sale assets:			
Realized (gains) losses.....	\$ (4,937)	\$ (18,790)	Realized (gains) losses
Amortization of (discount) premium.....	907	1,648	Net investment income
Total before tax.....	(4,030)	(17,142)	
Tax.....	846	3,600	Income taxes
Total after-tax.....	(3,184)	(13,542)	
Pension adjustments:			
Amortization of prior service cost.....	158	158	Other operating expense
Amortization of actuarial (gain) loss.....	3,279	5,042	Other operating expense
Total before tax.....	3,437	5,200	
Tax.....	(722)	(1,091)	Income taxes
Total after-tax.....	2,715	4,109	
Total reclassification (after-tax)	\$ (469)	\$ (9,433)	

Globe Life Inc.
Notes to Condensed Consolidated Financial Statements
(Dollar amounts in thousands, except per share data)

Note 4—Investments

Portfolio Composition: Summaries of fixed maturities available for sale by amortized cost, fair value, and allowance for credit losses at March 31, 2022 and December 31, 2021, and the corresponding amounts of gross unrealized gains and losses recognized in accumulated other comprehensive income (loss) are as follows. Redeemable preferred stock is included within "Corporates, by sector."

	At March 31, 2022					
	Amortized Cost	Allowance for Credit Losses	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value ⁽¹⁾	% of Total Fixed Maturities ⁽²⁾
Fixed maturities available for sale:						
U.S. Government direct, guaranteed, and government-sponsored enterprises	\$ 378,985	\$ —	\$ 23,462	\$ (717)	\$ 401,730	2
States, municipalities, and political subdivisions	2,398,188	—	106,675	(195,127)	2,309,736	12
Foreign governments	60,836	—	469	(8,275)	53,030	—
Corporates, by sector:						
Financial	4,656,368	—	419,779	(83,808)	4,992,339	26
Utilities	1,913,100	—	251,695	(10,273)	2,154,522	11
Energy	1,586,815	—	178,334	(19,601)	1,745,548	9
Other corporate sectors	6,843,681	—	608,394	(90,200)	7,361,875	39
Total corporates	14,999,964	—	1,458,202	(203,882)	16,254,284	85
Collateralized debt obligations	36,310	—	23,228	—	59,538	—
Other asset-backed securities	101,127	—	491	(829)	100,789	1
Total fixed maturities	\$17,975,410	\$ —	\$ 1,612,527	\$ (408,830)	\$ 19,179,107	100

(1) Amount reported in the balance sheet.

(2) At fair value.

Globe Life Inc.
Notes to Condensed Consolidated Financial Statements
(Dollar amounts in thousands, except per share data)

At December 31, 2021						
	Amortized Cost	Allowance for Credit Losses	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value ⁽¹⁾	% of Total Fixed Maturities ⁽²⁾
Fixed maturities available for sale:						
U.S. Government direct, guaranteed, and government-sponsored enterprises	\$ 383,083	\$ —	\$ 64,513	\$ (164)	\$ 447,432	2
States, municipalities, and political subdivisions	2,252,997	—	239,135	(2,907)	2,489,225	12
Foreign governments	59,861	—	900	(5,132)	55,629	—
Corporates, by sector:						
Financial	4,569,160	(387)	907,741	(9,349)	5,467,165	26
Utilities	1,931,391	—	490,119	(1,012)	2,420,498	11
Energy	1,587,892	—	346,780	(1,683)	1,932,989	9
Other corporate sectors	6,879,459	—	1,454,464	(13,362)	8,320,561	39
Total corporates	14,967,902	(387)	3,199,104	(25,406)	18,141,213	85
Collateralized debt obligations	36,468	—	27,037	—	63,505	—
Other asset-backed securities	104,998	—	3,715	(430)	108,283	1
Total fixed maturities	\$17,805,309	\$ (387)	\$ 3,534,404	\$ (34,039)	\$21,305,287	100

(1) Amount reported in the balance sheet.

(2) At fair value.

A schedule of fixed maturities available for sale by contractual maturity date at March 31, 2022, is shown below on an amortized cost basis, net of allowance for credit losses, and on a fair value basis. Actual disposition dates could differ from contractual maturities due to call or prepayment provisions.

At March 31, 2022		
	Amortized Cost, net	Fair Value
Fixed maturities available for sale:		
Due in one year or less	\$ 112,714	\$ 114,802
Due after one year through five years	989,010	1,050,870
Due after five years through ten years	1,723,492	1,902,841
Due after ten years through twenty years	7,046,768	7,962,921
Due after twenty years	7,965,869	7,987,219
Mortgage-backed and asset-backed securities	137,557	160,454
	\$ 17,975,410	\$ 19,179,107

Globe Life Inc.
Notes to Condensed Consolidated Financial Statements
(Dollar amounts in thousands, except per share data)

Analysis of Investment Operations: "Net investment income" for the three month periods ended March 31, 2022 and 2021 is summarized as follows:

	Three Months Ended March 31,		
	2022	2021	% Change
Fixed maturities available for sale	\$ 225,284	\$ 221,719	2
Policy loans	11,428	11,268	1
Other long-term investments ⁽¹⁾	12,713	8,162	56
Short-term investments	2	4	(50)
	249,427	241,153	3
Less investment expense	(5,593)	(5,333)	5
Net investment income	\$ 243,834	\$ 235,820	3

(1) For the three months ended March 31, 2022 and 2021, the investment funds, accounted for under the fair value option method, recorded \$10.7 million and \$5.8 million of distributions, respectively in net investment income. Refer to [Other Long-Term Investments](#) below for further discussion on the investment funds.

Selected information about sales of fixed maturities available for sale is as follows:

	Three Months Ended March 31,	
	2022	2021
Fixed maturities available for sale:		
Proceeds from sales ⁽¹⁾	\$ 75,116	\$ 61,858
Gross realized gains	773	1,134
Gross realized losses	(3,679)	(12,019)

(1) There were no unsettled sales in the periods ended March 31, 2022 and 2021.

An analysis of "Realized gains (losses)" is as follows:

	Three Months Ended March 31,	
	2022	2021
Realized investment gains (losses):		
Fixed maturities available for sale:		
Sales and other ⁽¹⁾	\$ 4,549	\$ 15,444
Provision for credit losses	387	3,346
Fair value option—change in fair value	(5,338)	9,885
Other investments	(6,842)	(523)
Realized gains (losses) from investments	(7,244)	28,152
Applicable tax	1,521	(5,912)
Realized gains (losses), net of tax	\$ (5,723)	\$ 22,240

(1) During the three months ended March 31, 2022 and 2021, the Company recorded \$0 and \$85.8 million of exchanges of fixed maturities (noncash transactions) that resulted in \$0 and \$25.2 million, respectively in realized gains (losses).

Globe Life Inc.
Notes to Condensed Consolidated Financial Statements
(Dollar amounts in thousands, except per share data)

Fair Value Measurements: The following tables represent the fair value of fixed maturities measured on a recurring basis at March 31, 2022 and December 31, 2021:

Fair Value Measurement at March 31, 2022 Using:				
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Fair Value
Fixed maturities available for sale				
U.S. Government direct, guaranteed, and government-sponsored enterprises	\$ —	\$ 401,730	\$ —	\$ 401,730
States, municipalities, and political subdivisions	—	2,309,736	—	2,309,736
Foreign governments	—	53,030	—	53,030
Corporates, by sector:				
Financial	—	4,835,986	156,353	4,992,339
Utilities	—	2,027,154	127,368	2,154,522
Energy	—	1,732,407	13,141	1,745,548
Other corporate sectors	—	7,072,767	289,108	7,361,875
Total corporates	—	15,668,314	585,970	16,254,284
Collateralized debt obligations	—	—	59,538	59,538
Other asset-backed securities	—	100,789	—	100,789
Total fixed maturities	\$ —	\$ 18,533,599	\$ 645,508	\$ 19,179,107
Percentage of total	— %	97 %	3 %	100 %

Fair Value Measurement at December 31, 2021 Using:				
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Fair Value
Fixed maturities available for sale				
U.S. Government direct, guaranteed, and government-sponsored enterprises	\$ —	\$ 447,432	\$ —	\$ 447,432
States, municipalities, and political subdivisions	—	2,489,225	—	2,489,225
Foreign governments	—	55,629	—	55,629
Corporates, by sector:				
Financial	—	5,303,547	163,618	5,467,165
Utilities	—	2,266,231	154,267	2,420,498
Energy	—	1,919,416	13,573	1,932,989
Other corporate sectors	—	8,010,331	310,230	8,320,561
Total corporates	—	17,499,525	641,688	18,141,213
Collateralized debt obligations	—	—	63,505	63,505
Other asset-backed securities	—	108,283	—	108,283
Total fixed maturities	\$ —	\$ 20,600,094	\$ 705,193	\$ 21,305,287
Percentage of total	— %	97 %	3 %	100 %

Globe Life Inc.
Notes to Condensed Consolidated Financial Statements
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The following tables represent changes in fixed maturities measured at fair value on a recurring basis using significant unobservable inputs (Level 3):

Analysis of Changes in Fair Value Measurements Using Significant Unobservable Inputs (Level 3)				
	Asset-backed Securities	Collateralized Debt Obligations	Corporates	Total
Balance at January 1, 2022	\$ —	\$ 63,505	\$ 641,688	\$ 705,193
Included in realized gains / losses	—	—	—	—
Included in other comprehensive income	—	(3,809)	(36,360)	(40,169)
Acquisitions	—	—	—	—
Sales	—	—	—	—
Amortization	—	1,123	1	1,124
Other ⁽¹⁾	—	(1,281)	(19,359)	(20,640)
Transfers into Level 3 ⁽²⁾	—	—	—	—
Transfers out of Level 3 ⁽²⁾	—	—	—	—
Balance at March 31, 2022	\$ —	\$ 59,538	\$ 585,970	\$ 645,508
Percent of total fixed maturities	— %	— %	3 %	3 %

(1) Includes capitalized interest, foreign exchange adjustments, and principal repayments.

(2) Considered to be transferred at the end of the period. Transfers into Level 3 occur when observable inputs are no longer available. Transfers out of Level 3 occur when observable inputs become available.

Analysis of Changes in Fair Value Measurements Using Significant Unobservable Inputs (Level 3)				
	Asset-backed Securities	Collateralized Debt Obligations	Corporates	Total
Balance at January 1, 2021	\$ 12,870	\$ 71,598	\$ 714,505	\$ 798,973
Included in realized gains / losses	—	(6,787)	—	(6,787)
Included in other comprehensive income	(1,261)	9,900	(24,135)	(15,496)
Acquisitions	—	—	—	—
Sales	—	(13,213)	—	(13,213)
Amortization	—	1,140	2	1,142
Other ⁽¹⁾	—	(1,337)	(2,028)	(3,365)
Transfers into Level 3 ⁽²⁾	—	—	—	—
Transfers out of Level 3 ⁽²⁾	—	—	—	—
Balance at March 31, 2021	\$ 11,609	\$ 61,301	\$ 688,344	\$ 761,254
Percent of total fixed maturities	— %	1 %	3 %	4 %

(1) Includes capitalized interest, foreign exchange adjustments, and principal repayments.

(2) Considered to be transferred at the end of the period. Transfers into Level 3 occur when observable inputs are no longer available. Transfers out of Level 3 occur when observable inputs become available.

Globe Life Inc.
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The following table presents changes in unrealized gains or (losses) for the period included in other comprehensive income for assets held at the end of the reporting period for Level 3s:

	Changes in Unrealized Gains (Losses) included in Other Comprehensive Income for Assets Held at the End of the Period			
	Asset-backed Securities	Collateralized Debt Obligations	Corporates	Total
At March 31, 2022.....	\$ —	\$ (3,809)	\$ (36,360)	\$ (40,169)
At March 31, 2021.....	(1,261)	9,900	(24,135)	(15,496)

Unrealized Loss Analysis: The following table discloses information about fixed maturities available for sale in an unrealized loss position.

	Less than Twelve Months	Twelve Months or Longer	Total
Number of issues (CUSIPs) held:			
As of March 31, 2022.....	915	54	969
As of December 31, 2021.....	138	42	180

Globe Life's entire fixed maturity portfolio consisted of 2,091 issues by 876 different issuers at March 31, 2022 and 2,060 issues by 843 different issuers at December 31, 2021. The weighted-average quality rating of all unrealized loss positions at amortized cost was A and A- as of March 31, 2022 and December 31, 2021, respectively.

Globe Life Inc.
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The following tables disclose unrealized investment losses by class and major sector of fixed maturities available for sale at March 31, 2022 and December 31, 2021.

Analysis of Gross Unrealized Investment Losses

	At March 31, 2022					
	Less than Twelve Months		Twelve Months or Longer		Total	
	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
Fixed maturities available for sale:						
Investment grade securities:						
U.S. Government direct, guaranteed, and government-sponsored enterprises	\$ 27,111	\$ (271)	\$ 3,591	\$ (446)	\$ 30,702	\$ (717)
States, municipalities and political subdivisions	1,308,081	(193,624)	4,630	(1,503)	1,312,711	(195,127)
Foreign governments	7,738	(959)	25,506	(7,316)	33,244	(8,275)
Corporates, by sector:						
Financial	889,046	(62,791)	54,507	(8,343)	943,553	(71,134)
Utilities	257,824	(8,762)	4,736	(1,106)	262,560	(9,868)
Energy	236,413	(13,801)	—	—	236,413	(13,801)
Other corporate sectors	1,003,128	(65,334)	64,580	(14,433)	1,067,708	(79,767)
Total corporates	2,386,411	(150,688)	123,823	(23,882)	2,510,234	(174,570)
Collateralized debt obligations	—	—	—	—	—	—
Other asset-backed securities	44,651	(569)	—	—	44,651	(569)
Total investment grade securities	3,773,992	(346,111)	157,550	(33,147)	3,931,542	(379,258)
Below investment grade securities:						
States, municipalities and political subdivisions	—	—	—	—	—	—
Corporates, by sector:						
Financial	56,133	(4,293)	54,149	(8,381)	110,282	(12,674)
Utilities	14,690	(405)	—	—	14,690	(405)
Energy	26,871	(718)	22,996	(5,082)	49,867	(5,800)
Other corporate sectors	41,377	(2,624)	24,854	(7,809)	66,231	(10,433)
Total corporates	139,071	(8,040)	101,999	(21,272)	241,070	(29,312)
Collateralized debt obligations	—	—	—	—	—	—
Other asset-backed securities	—	—	13,102	(260)	13,102	(260)
Total below investment grade securities	139,071	(8,040)	115,101	(21,532)	254,172	(29,572)
Total fixed maturities	\$3,913,063	\$ (354,151)	\$ 272,651	\$ (54,679)	\$4,185,714	\$ (408,830)

Gross unrealized losses may fluctuate quarter over quarter due to adverse factors in the market that affect our holdings, such as changes in interest rates or credit spreads. The Company considers many factors when determining whether an allowance for a credit loss should be recorded. While the Company holds securities that may be in an unrealized loss position from time to time, Globe Life does not generally intend to sell and it is likely that management will not be required to sell the fixed maturities prior to their anticipated recovery or maturity due to the strong cash flows generated by its insurance operations.

Globe Life Inc.
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Analysis of Gross Unrealized Investment Losses

	At December 31, 2021					
	Less than Twelve Months		Twelve Months or Longer		Total	
	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
Fixed maturities available for sale:						
Investment grade securities:						
U.S. Government direct, guaranteed, and government-sponsored enterprises	\$ 118	\$ (1)	\$ 3,867	\$ (163)	\$ 3,985	\$ (164)
States, municipalities and political subdivisions	141,310	(2,824)	2,436	(83)	143,746	(2,907)
Foreign governments	12,567	(561)	23,144	(4,571)	35,711	(5,132)
Corporates, by sector:						
Financial	133,654	(1,507)	52,864	(1,932)	186,518	(3,439)
Utilities	25,447	(692)	2,372	(320)	27,819	(1,012)
Energy	6,519	(238)	—	—	6,519	(238)
Other corporate sectors	115,444	(3,566)	40,249	(3,670)	155,693	(7,236)
Total corporates	281,064	(6,003)	95,485	(5,922)	376,549	(11,925)
Collateralized debt obligations	—	—	—	—	—	—
Other asset-backed securities	10,489	(16)	1	—	10,490	(16)
Total investment grade securities	445,548	(9,405)	124,933	(10,739)	570,481	(20,144)
Below investment grade securities:						
States, municipalities and political subdivisions	—	—	—	—	—	—
Corporates, by sector:						
Financial	15,695	(272)	56,897	(5,638)	72,592	(5,910)
Utilities	—	—	—	—	—	—
Energy	—	—	26,639	(1,445)	26,639	(1,445)
Other corporate sectors	700	(11)	26,581	(6,115)	27,281	(6,126)
Total corporates	16,395	(283)	110,117	(13,198)	126,512	(13,481)
Collateralized debt obligations	—	—	—	—	—	—
Other asset-backed securities	—	—	13,043	(414)	13,043	(414)
Total below investment grade securities	16,395	(283)	123,160	(13,612)	139,555	(13,895)
Total fixed maturities	\$ 461,943	\$ (9,688)	\$ 248,093	\$ (24,351)	\$ 710,036	\$ (34,039)

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Fixed Maturities, Allowance for Credit Losses: A summary of the activity in the allowance for credit losses is as follows.

	Three Months Ended March 31,	
	2022	2021
Allowance for credit losses beginning balance	\$ 387	\$ 3,346
Additions to allowance for which credit losses were not previously recorded	—	—
Additions (reductions) to allowance for fixed maturities that previously had an allowance	—	—
Reduction of allowance for which the Company intends to sell or more likely than not will be required to sell or sold during the period	(387)	(3,346)
Allowance for credit losses ending balance	<u>\$ —</u>	<u>\$ —</u>

As of March 31, 2022 and December 31, 2021, the Company did not have any fixed maturities in non-accrual status.

Other Long-Term Investments: Other long-term investments consist of the following assets:

	March 31, 2022	December 31, 2021
Investment funds	\$ 732,360	\$ 640,263
Commercial mortgage loan participations	144,074	141,843
Other	13,335	11,819
Total	<u>\$ 889,769</u>	<u>\$ 793,925</u>

The following table presents additional information about the Company's investment funds as of March 31, 2022 and December 31, 2021 at fair value:

Investment Category	Fair Value		Unfunded Commitments	Redemption Term/Notice
	March 31, 2022	December 31, 2021	March 31, 2022	
Commercial mortgage loans	\$ 409,918	\$ 423,776	\$ 254,876	Fully redeemable and non-redeemable with varying terms.
Opportunistic credit	173,058	178,215	—	Initial 2 year lock on each new investment/semi-annual withdrawals thereafter/full redemption within 36 month period.
Other	149,384	38,272	103,264	Fully redeemable with varying terms and non-redeemable.
Total investment funds	<u>\$ 732,360</u>	<u>\$ 640,263</u>	<u>\$ 358,140</u>	

The Company had \$118 million of capital called during the quarter from existing investment funds, reducing our unfunded commitments. Our unfunded commitments were \$358 million as of March 31, 2022.

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Commercial Mortgage Loan Participations (commercial mortgage loans): Summaries of commercial mortgage loans by property type and geographical location at March 31, 2022 and December 31, 2021 are as follows:

	March 31, 2022		December 31, 2021	
	Carrying Value	% of Total	Carrying Value	% of Total
Property type:				
Mixed use	\$ 60,396	42	\$ 57,996	41
Hospitality	23,161	16	23,186	16
Retail	19,860	14	19,811	14
Industrial	17,900	13	17,900	13
Multi-family	14,770	10	14,872	11
Office	8,814	6	8,905	6
Total recorded investment	144,901	101	142,670	101
Less allowance for credit losses	(827)	(1)	(827)	(1)
Carrying value, net of allowance for credit losses	\$ 144,074	100	\$ 141,843	100

	March 31, 2022		December 31, 2021	
	Carrying Value	% of Total	Carrying Value	% of Total
Geographic location:				
California	\$ 69,167	48	\$ 67,659	48
New York	18,551	13	18,373	13
Pennsylvania	11,673	8	11,673	8
Indiana	9,717	7	9,717	7
Florida	8,246	6	8,213	6
Texas	5,960	4	5,898	4
Other	21,587	15	21,137	15
Total recorded investment	144,901	101	142,670	101
Less allowance for credit losses	(827)	(1)	(827)	(1)
Carrying value, net of allowance for credit losses	\$ 144,074	100	\$ 141,843	100

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Notes to Condensed Consolidated Financial Statements

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The following tables are reflective of Management's internal risk ratings of the loan portfolio. Loans are rated low, moderate, and high. The risk categories consider many different factors such as quality of asset, borrower status, as well as macroeconomic factors including COVID-19. These loans, originated in 2017 to 2020, are transitional or under construction and may not yet be income producing. Certain ratios, such as loan to value and debt service coverage ratios, may not be evaluated as the value of the underlying transitional property significantly fluctuates based on completion of the project.

Net Book Value of Commercial Mortgage Loans Receivable by Year of Origination

As of March 31, 2022

Risk Rating:	Number of Loans	2022	2021	2020	2019	2018	2017	Total
Low	14	\$ —	\$ —	\$ 25,045	\$ 12,509	\$ 41,151	\$ 35,851	\$ 114,556
Moderate	6	—	—	1,297	17,434	—	—	18,731
High	2	—	—	—	4,597	7,017	—	11,614
Total commercial mortgage loans	22	\$ —	\$ —	\$ 26,342	\$ 34,540	\$ 48,168	\$ 35,851	144,901
Less allowance for credit losses on the investment pool								(827)
Less allowance for credit losses on individual loans								—
Carrying value, net of valuation allowance								\$ 144,074

Net Book Value of Commercial Mortgage Loans Receivable by Year of Origination

As of December 31, 2021

Risk Rating:	Number of Loans	2021	2020	2019	2018	2017	Total
Low	14	\$ —	\$ 23,636	\$ 11,925	\$ 41,209	\$ 35,729	\$ 112,499
Moderate	6	—	1,400	17,173	—	—	18,573
High	2	—	—	4,593	7,005	—	11,598
Total commercial mortgage loans ..	22	\$ —	\$ 25,036	\$ 33,691	\$ 48,214	\$ 35,729	142,670
Less allowance for credit losses on the investment pool							(827)
Less allowance for credit losses on individual loans							—
Carrying value, net of valuation allowance							\$ 141,843

As of March 31, 2022, the Company evaluated the commercial mortgage loan portfolio on a pool basis to determine the allowance for credit losses. At the end of the period, the Company had 22 loans in the portfolio. For the three months ended March 31, 2022, the allowance for credit losses remained at \$827 thousand. The provision for credit losses is included in "Realized gains (losses)" in the [Condensed Consolidated Statements of Operations](#).

	Three Months Ended March 31,	
	2022	2021
Allowance for credit losses beginning balance	\$ 827	\$ 3,505
Provision (reversal) for credit losses	—	(1,358)
Allowance for credit losses ending balance	\$ 827	\$ 2,147

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There were no delinquent commercial mortgage loans as of March 31, 2022 and December 31, 2021. As of March 31, 2022 and December 31, 2021, the Company had one commercial mortgage loan in non-accrual status, which could result in foreclosure during 2022. The outstanding principal balance of this loan was \$4.6 million as of March 31, 2022 and December 31, 2021. The Company's unfunded commitment balance to commercial loan borrowers was \$27 million as of March 31, 2022.

Note 5—Commitments and Contingencies

Guarantees: The Parent Company has guaranteed letters of credit in connection with its credit facility with a group of banks. The letters of credit were issued by TMK Re, Ltd., a wholly-owned subsidiary, to secure TMK Re, Ltd.'s obligation for claims on certain policies reinsured by TMK Re, Ltd. that were sold by other Globe Life insurance subsidiaries. These letters of credit facilitate TMK Re, Ltd.'s ability to reinsure the business of Globe Life's insurance carriers. The agreement was amended on September 30, 2021 and now expires in 2026. The maximum amount of letters of credit available is \$250 million. The Parent Company would be liable to the extent that TMK Re, Ltd. does not pay the reinsured party. The amount outstanding at March 31, 2022 was \$125 million.

Litigation: Globe Life Inc. (formerly Torchmark Corporation) and its subsidiaries, in common with the insurance industry in general, are subject to litigation, including putative class action litigation, alleged breaches of contract, torts, including bad faith and fraud claims based on alleged wrongful or fraudulent acts of agents of the Parent Company's insurance subsidiaries, employment discrimination, and miscellaneous other causes of action. Based upon information presently available, and in light of legal and other factual defenses available to the Parent Company and its subsidiaries, management does not believe that it is reasonably possible that such litigation will have a material adverse effect on Globe Life's financial condition, future operating results or liquidity; however, assessing the eventual outcome of litigation necessarily involves forward-looking speculation as to judgments to be made by judges, juries and appellate courts in the future. This bespeaks caution, particularly in states with reputations for high punitive damage verdicts. Globe Life's management recognizes that large punitive damage awards bearing little or no relation to actual damages continue to be awarded by juries in jurisdictions in which the Company has substantial business, creating the potential for unpredictable material adverse judgments in any given punitive damage suit.

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Notes to Condensed Consolidated Financial Statements
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Note 6—Liability for Unpaid Claims

Activity in the liability for unpaid health claims is summarized as follows:

	March 31, 2022	December 31, 2021
Balance at beginning of period	\$ 167,832	\$ 162,261
Included related to:		
Current year	176,953	638,054
Prior year	(12,008)	(22,477)
Total incurred	164,945	615,577
Paid related to:		
Current year	70,775	487,096
Prior year	89,235	122,910
Total paid	160,010	610,006
Balance at end of period	<u>\$ 172,767</u>	<u>\$ 167,832</u>

Below is the reconciliation of the liability of "Policy claims and other benefits payable" in the [Condensed Consolidated Balance Sheets](#).

	March 31, 2022	December 31, 2021
Policy claims and other benefits payable:		
Life insurance	\$ 260,786	\$ 245,108
Health insurance	172,767	167,832
Total	<u>\$ 433,553</u>	<u>\$ 412,940</u>

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Note 7—Postretirement Benefits

Globe Life has qualified noncontributory defined benefit pension plans (Pension Plans) and contributory savings plans that cover substantially all employees. There is also a nonqualified noncontributory supplemental executive retirement plan (SERP) that covers a limited number of officers. The tables included herein will focus on the Pension Plans and SERP.

Pension Assets: The following table presents the assets of the Company's Pension Plans at March 31, 2022 and December 31, 2021.

Pension Assets by Component at March 31, 2022

	Fair Value Determined by:				Total Amount	% to Total
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)			
Corporate bonds:						
Financial	\$ —	\$ 47,184	\$ —	\$ 47,184	8	
Utilities	—	39,148	—	39,148	7	
Energy	—	20,916	—	20,916	4	
Other corporates	—	79,311	—	79,311	14	
Total corporate bonds	—	186,559	—	186,559	33	
Exchange traded fund ⁽¹⁾	300,244	—	—	300,244	55	
Other bonds	—	223	—	223	—	
Guaranteed annuity contract ⁽²⁾	—	34,863	—	34,863	6	
Short-term investments	12,075	—	—	12,075	2	
Other	8,192	—	—	8,192	1	
	<u>\$ 320,511</u>	<u>\$ 221,645</u>	<u>\$ —</u>	<u>542,156</u>	<u>97</u>	
Other long-term investments ⁽³⁾				15,545	3	
Total pension assets				<u>\$ 557,701</u>	<u>100</u>	

(1) A fund including marketable securities that mirror the S&P 500 index.

(2) Representing a guaranteed annuity contract issued by Globe Life Inc.'s subsidiary, American Income Life Insurance Company, to fund the obligations of the American Income Life Insurance Company Non-Exempt Employees Defined Benefit Pension Plan ("American Income Pension Plan").

(3) Included in other long-term investments is an investment fund that reports the Globe Life Inc. Pension Plan's pro-rata share of the limited partnership's net asset value per share or its equivalent (NAV), as a practical expedient for fair value. The Globe Life Inc. Pension Plan owns less than 1% of the investment fund. As of March 31, 2022, the expected term of the investment fund is approximately 3 years and the commitment of the investment is fully funded. The investment is non-redeemable.

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Pension Assets by Component at December 31, 2021

	Fair Value Determined by:				Total Amount	% to Total
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)			
Corporate bonds:						
Financial	\$ —	\$ 52,522	\$ —	\$ 52,522	9	
Utilities	—	43,663	—	43,663	7	
Energy	—	22,719	—	22,719	4	
Other corporates	—	88,673	—	88,673	15	
Total corporate bonds	—	207,577	—	207,577	35	
Exchange traded fund ⁽¹⁾	315,720	—	—	315,720	52	
Other bonds	—	239	—	239	—	
Guaranteed annuity contract ⁽²⁾	—	34,743	—	34,743	6	
Short-term investments	13,731	—	—	13,731	2	
Other	10,388	—	—	10,388	2	
	<u>\$ 339,839</u>	<u>\$ 242,559</u>	<u>\$ —</u>	<u>582,398</u>	<u>97</u>	
Other long-term investments ⁽³⁾				15,149	3	
Total pension assets				<u>\$ 597,547</u>	<u>100</u>	

(1) A fund including marketable securities that mirror the S&P 500 index.

(2) Representing a guaranteed annuity contract issued by Globe Life Inc.'s subsidiary, American Income Life Insurance Company, to fund the obligations of the American Income Life Insurance Company Non-Exempt Employees Defined Benefit Pension Plan ("American Income Pension Plan").

(3) Included in other long-term investments is an investment fund that reports the Globe Life Inc. Pension Plan's pro-rata share of the limited partnership's net asset value per share or its equivalent (NAV), as a practical expedient for fair value. The Globe Life Inc. Pension Plan owns approximately 1% of the investment fund. As of December 31, 2021, the expected term of the investment fund was approximately 3 years and the commitment of the investment is fully funded. The investment is non-redeemable.

SERP: The following table includes information regarding the SERP.

	Three Months Ended March 31,	
	2022	2021
Premiums paid for insurance coverage	<u>\$ 443</u>	<u>\$ 443</u>

	March 31, 2022	December 31, 2021
Total investments:		
Company owned life insurance	\$ 53,572	\$ 52,791
Exchange traded funds	80,685	87,133
	<u>\$ 134,257</u>	<u>\$ 139,924</u>

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Pension Plans and SERP Liabilities: The following table presents liabilities for the defined benefit pension plans and SERP at March 31, 2022 and December 31, 2021.

	March 31, 2022	December 31, 2021
Pension Plans	\$ 651,861	\$ 686,917
SERP	91,725	92,017
Pension benefit obligation	\$ 743,586	\$ 778,934

Net Periodic Benefit Cost: The following table presents the net periodic benefit costs for the Pension Plans and SERP by expense components for the three months ended March 31, 2022 and 2021.

Components of Net Periodic Benefit Cost

	Three Months Ended March 31,	
	2022	2021
Service cost	\$ 8,655	\$ 7,918
Interest cost	6,123	5,467
Expected return on assets	(8,885)	(8,083)
Amortization:		
Prior service cost	158	158
Actuarial (gain) loss	3,209	4,985
Net periodic benefit cost	\$ 9,260	\$ 10,445

Note 8—Earnings Per Share

Earnings per Share: A reconciliation of basic and diluted weighted-average shares outstanding used in the computation of basic and diluted earnings per share is as follows:

	Three Months Ended March 31,	
	2022	2021
Basic weighted average shares outstanding	99,273,616	103,482,944
Weighted average dilutive options outstanding	976,758	1,354,773
Diluted weighted average shares outstanding	100,250,374	104,837,717
Antidilutive shares	563,991	1,836,559

Antidilutive shares are excluded from the calculation of diluted earnings per share.

Globe Life Inc.
Notes to Condensed Consolidated Financial Statements
(Dollar amounts in thousands, except per share data)

Note 9—Debt

The following table presents information about the terms and outstanding balances of Globe Life's debt.

Selected Information about Debt Issues

Instrument	Issue Date	Maturity Date	Coupon Rate	Par Value	As of			
					Unamortized Discount & Issuance Costs	Book Value	Fair Value	Book Value
					March 31, 2022			December 31, 2021
Senior notes	5/27/1993	5/15/2023	7.875%	\$ 165,612	\$ (327)	\$ 165,285	\$ 174,991	\$ 165,216
Senior notes ⁽¹⁾	9/24/2012	9/15/2022	3.800%	150,000	(161)	149,839	151,500	149,752
Senior notes	9/27/2018	9/15/2028	4.550%	550,000	(4,888)	545,112	576,906	544,949
Senior notes	8/21/2020	8/15/2030	2.150%	400,000	(4,111)	395,889	358,344	395,778
Junior subordinated debentures	11/17/2017	11/17/2057	5.275%	125,000	(1,601)	123,399	127,150	123,396
Junior subordinated debentures	6/14/2021	6/15/2061	4.250%	325,000	(7,827)	317,173	288,340	317,155
				1,715,612	(18,915)	1,696,697	1,677,231	1,696,246
Less current maturity of long-term debt ⁽¹⁾				150,000	(161)	149,839	151,500	149,752
Total long-term debt				1,565,612	(18,754)	1,546,858	1,525,731	1,546,494
Current maturity of long-term debt ⁽¹⁾				150,000	(161)	149,839	151,500	149,752
Commercial paper				372,524	(284)	372,240	372,240	329,892
Total short-term debt				522,524	(445)	522,079	523,740	479,644
Total debt				<u>\$2,088,136</u>	<u>\$ (19,199)</u>	<u>\$2,068,937</u>	<u>\$2,049,471</u>	<u>\$ 2,026,138</u>

(1) An additional \$150 million par value and book value is held by insurance subsidiaries that eliminates in consolidation.

The commercial paper has the highest priority of all the debt, followed by senior notes then junior subordinated debentures. The senior notes due 2023 are noncallable, the remaining senior notes are callable under a make-whole provision, and the junior subordinated debentures are subject to an optional redemption five years from issuance. Interest on the 4.25% junior subordinated debentures is payable quarterly while all other long-term debt is payable semi-annually.

Federal Home Loan Bank (FHLB) Funding: In 2021, four of our insurance subsidiaries became members of the FHLB of Dallas. FHLB membership provides the insurance subsidiaries with access to various low-cost collateralized borrowings and funding agreements. The membership requires ownership of FHLB common stock, as well as the purchase of activity-based common stock equal to 4.1% of outstanding borrowings.

Globe Life owns \$9.4 million in FHLB common stock as of March 31, 2022 and \$7.9 million as of December 31, 2021. The FHLB stock is restricted for the duration of the membership and recorded at cost (par) as required by applicable guidance. The FHLB stock is included in "Other long-term investments" in the [Condensed Consolidated Balance Sheets](#) and activity is recorded in "Net receipts (payments) from deposit-type products" in the [Condensed Consolidated Statement of Cash Flows](#).

Globe Life Inc.
Notes to Condensed Consolidated Financial Statements

(Dollar amounts in thousands, except per share data)

As of March 31, 2022, there were no outstanding borrowings with the FHLB. Borrowings with the FHLB are subject to the availability of pledged assets at Globe Life. As of March 31, 2022, Globe Life's maximum borrowing capacity under the FHLB facility was approximately \$545 million, based on pledged assets with a fair value of \$705 million.

Note 10—Business Segments

Globe Life is organized into four segments: life insurance, supplemental health insurance, annuities, and investments. In addition, other expenses not included in these segments are reported in "Corporate & Other."

Globe Life's reportable insurance segments are based on the insurance product lines it markets and administers: life insurance, supplemental health insurance, and annuities. These major product lines are set out as reportable segments because of the common characteristics of products within these categories, comparability of margins, and the similarity in regulatory environment and management techniques. There is also an investment segment which manages the investment portfolio, debt, and cash flow for the insurance segments and the corporate function. The Company's chief operating decision makers evaluate the overall performance of the operations of the Company in accordance with these segments.

Life insurance products marketed by Globe Life include traditional whole life and term life insurance. An immaterial amount of annuities sold as companion products are included in the life segment. Health insurance products are generally guaranteed renewable and include Medicare Supplement, critical illness, accident, and limited-benefit supplemental hospital and surgical coverage. Annuities include fixed-benefit contracts.

Globe Life markets its insurance products through a number of distribution channels, each of which sells the products of one or more of Globe Life's insurance segments. Our distribution channels consist of the following exclusive agencies: American Income Life Division (American Income), Liberty National Division (Liberty National) and Family Heritage Division (Family Heritage); an independent agency, United American Division (United American); and our Direct to Consumer Division (Direct to Consumer). The tables below present segment premium revenue by each of Globe Life's distribution channels.

Globe Life Inc.
Notes to Condensed Consolidated Financial Statements
(Dollar amounts in thousands, except per share data)

Premium Income by Distribution Channel

Three Months Ended March 31, 2022								
Distribution Channel	Life		Health		Annuity		Total	
	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total
American Income	\$ 369,987	49	\$ 28,854	9	\$ —	—	\$ 398,841	37
Direct to Consumer	251,126	33	18,756	6	—	—	269,882	25
Liberty National	80,719	11	47,186	15	—	—	127,905	12
United American	2,059	—	132,664	42	—	—	134,723	13
Family Heritage	1,369	—	89,540	28	—	—	90,909	8
Other	49,342	7	—	—	—	—	49,342	5
	<u>\$ 754,602</u>	<u>100</u>	<u>\$ 317,000</u>	<u>100</u>	<u>\$ —</u>	<u>—</u>	<u>\$ 1,071,602</u>	<u>100</u>

Three Months Ended March 31, 2021								
Distribution Channel	Life		Health		Annuity		Total	
	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total
American Income	\$ 334,895	47	\$ 27,351	9	\$ —	—	\$ 362,246	36
Direct to Consumer	244,028	35	19,360	7	—	—	263,388	26
Liberty National	75,737	11	47,040	16	—	—	122,777	12
United American	2,277	—	117,087	40	1	100	119,365	12
Family Heritage	1,118	—	83,335	28	—	—	84,453	9
Other	50,064	7	—	—	—	—	50,064	5
	<u>\$ 708,119</u>	<u>100</u>	<u>\$ 294,173</u>	<u>100</u>	<u>\$ 1</u>	<u>100</u>	<u>\$ 1,002,293</u>	<u>100</u>

Due to the nature of the life insurance industry, Globe Life has no individual or group that would be considered a major customer. Substantially all of Globe Life's business is conducted in the United States.

The measure of profitability established by the chief operating decision makers for the insurance segments is underwriting margin before other income and administrative expenses, in accordance with the manner in which the segments are managed. It essentially represents gross profit margin on insurance products before insurance administrative expenses and consists primarily of premium less net policy benefits, acquisition expenses, and commissions. Required interest on net policy liabilities (benefit reserves less deferred acquisition costs) is reflected as a component of the Investment segment (rather than as a component of underwriting margin in the insurance and annuity segments) in order to match this cost with the investment income earned on the assets supporting the net policy liabilities.

The measure of profitability for the Investment segment is excess investment income, representing the income earned on the investment portfolio in excess of net policy requirements and financing costs associated with Globe Life's debt. Other than the above-mentioned interest allocations, no other intersegment revenues or expenses are recognized. Expenses directly attributable to corporate operations are included in the "Corporate & Other" category. Stock-based compensation expense is considered a corporate expense by Globe Life management and is included in this category. All other unallocated revenues and expenses on a pretax basis, including insurance administrative expense, are also included in the "Corporate & Other" segment category.

Globe Life holds a sizable investment portfolio to support its insurance liabilities, the yield from which is used to offset policy benefit, acquisition, administrative and tax expenses. This yield or investment income is taken into account when establishing premium rates and profitability expectations for its insurance products. From time to time, investments are sold or called, or experience a credit loss event, each of which is reflected by the Company as

Globe Life Inc.
Notes to Condensed Consolidated Financial Statements

(Dollar amounts in thousands, except per share data)

realized gain (loss)—investments. These gains or losses generally occur as a result of disposition due to issuer calls, compliance with Company investment policies, or other reasons often beyond management's control. Unlike investment income, realized gains and losses are incidental to insurance operations, and only overall yields are considered when setting premium rates or insurance product profitability expectations. While these gains and losses are not relevant to segment profitability or core operating results, they can have a material positive or negative result on net income. For these reasons, management removes realized investment gains and losses when it views its segment operations.

Management removes items that are related to prior periods when evaluating the operating results of current periods. Management also removes non-operating items unrelated to the Company's core insurance activities when evaluating those results. Therefore, these items are excluded in its presentation of segment results, because accounting guidance requires that operating segment results be presented as management views its business. With the exception of the administrative settlements noted in the paragraphs above, all of these items are included in "Other operating expense" in the [Condensed Consolidated Statements of Operations](#) for the appropriate year. See additional detail below in the tables.

The following tables set forth a reconciliation of Globe Life's revenues and operations by segment to its major income statement line items. See [Note—1 Significant Accounting Policies](#) for additional information concerning reconciling items of segment profits to pretax income.

Three Months Ended March 31, 2022							
	Life	Health	Annuity	Investment	Corporate & Other	Adjustments	Consolidated
Revenue:							
Premium.....	\$ 754,602	\$ 317,000	\$ —	\$ —	\$ —	\$ —	\$ 1,071,602
Net investment income.....	—	—	—	243,834	—	—	243,834
Other income.....	—	—	—	—	164	—	164
Total revenue.....	754,602	317,000	—	243,834	164	—	1,315,600
Expenses:							
Policy obligations.....	549,343	196,855	7,050	—	—	—	753,248
Required interest on reserves.....	(189,709)	(26,865)	(9,672)	226,246	—	—	—
Required interest on DAC.....	56,232	7,463	53	(63,748)	—	—	—
Amortization of acquisition costs.....	126,079	31,852	453	—	—	—	158,384
Commissions, premium taxes, and non-deferred acquisition costs.....	62,203	28,602	8	—	—	—	90,813
Insurance administrative expense ⁽¹⁾	—	—	—	—	72,565	112 (2)	72,677
Parent expense.....	—	—	—	—	2,640	—	2,640
Stock-based compensation expense.....	—	—	—	—	9,035	—	9,035
Interest expense.....	—	—	—	19,944	—	—	19,944
Total expenses.....	604,148	237,907	(2,108)	182,442	84,240	112	1,106,741
Subtotal.....	150,454	79,093	2,108	61,392	(84,076)	(112)	208,859
Non-operating items.....	—	—	—	—	—	112 (2)	112
Measure of segment profitability (pretax)	\$ 150,454	\$ 79,093	\$ 2,108	\$ 61,392	\$ (84,076)	\$ —	208,971
Realized gain (loss)—investments.....							(7,244)
Non-operating expenses.....							(112)
Income before income taxes per Condensed Consolidated Statements of Operations							\$ 201,615

(1) Administrative expense is not allocated to insurance segments.

(2) Non-operating expenses.

Globe Life Inc.
Notes to Condensed Consolidated Financial Statements
(Dollar amounts in thousands, except per share data)

	Three Months Ended March 31, 2021							
	Life	Health	Annuity	Investment	Corporate & Other	Adjustments	Consolidated	
Revenue:								
Premium	\$ 708,119	\$ 294,173	\$ 1	\$ —	\$ —	\$ —	\$ 1,002,293	
Net investment income	—	—	—	235,820	—	—	235,820	
Other income	—	—	—	—	295	—	295	
Total revenue	708,119	294,173	1	235,820	295	—	1,238,408	
Expenses:								
Policy obligations	517,631	187,829	7,259	—	—	—	712,719	
Required interest on reserves	(179,925)	(24,995)	(10,005)	214,925	—	—	—	
Required interest on DAC	53,795	6,962	70	(60,827)	—	—	—	
Amortization of acquisition costs	123,304	29,207	482	—	—	—	152,993	
Commissions, premium taxes, and non-deferred acquisition costs	56,668	22,990	8	—	—	—	79,666	
Insurance administrative expense ⁽¹⁾	—	—	—	—	66,176	4,828	(2) 71,004	
Parent expense	—	—	—	—	2,318	—	2,318	
Stock-based compensation expense	—	—	—	—	7,888	—	7,888	
Interest expense	—	—	—	21,178	—	—	21,178	
Total expenses	571,473	221,993	(2,186)	175,276	76,382	4,828	1,047,766	
Subtotal	136,646	72,180	2,187	60,544	(76,087)	(4,828)	190,642	
Non-operating items	—	—	—	—	—	4,828	(2) 4,828	
Measure of segment profitability (pretax)	\$ 136,646	\$ 72,180	\$ 2,187	\$ 60,544	\$ (76,087)	\$ —	195,470	
Realized gain (loss)—investments								28,152
Legal proceedings								(4,828)
Income before income taxes per Condensed Consolidated Statements of Operations								\$ 218,794

(1) Administrative expense is not allocated to insurance segments.

(2) Legal proceedings.

CAUTIONARY STATEMENTS

We caution readers regarding certain forward-looking statements contained in the foregoing discussion and elsewhere in this document, and in any other statements made by, or on behalf of Globe Life whether or not in future filings with the Securities and Exchange Commission. Any statement that is not a historical fact, or that might otherwise be considered an opinion or projection concerning the Company or its business, whether express or implied, is meant as and should be considered a forward-looking statement. Such statements represent management's opinions concerning future operations, strategies, financial results or other developments. We specifically disclaim any obligation to update or revise any forward-looking statement because of new information, future developments, or otherwise.

Forward-looking statements are based upon estimates and assumptions that are subject to significant business, economic and competitive uncertainties, many of which are beyond our control, including uncertainties related to the impact of the COVID-19 pandemic and associated direct and indirect effects on our business operations, financial results and financial condition. If these estimates or assumptions prove to be incorrect, the actual results of Globe Life may differ materially from the forward-looking statements made on the basis of such estimates or assumptions. Whether or not actual results differ materially from forward-looking statements may depend on numerous foreseeable and unforeseeable events or developments, which may be national in scope, related to the insurance industry generally, or applicable to the Company specifically. Such events or developments could include, but are not necessarily limited to:

1. Economic and other conditions, including the impact of inflation and the COVID-19 pandemic on the U.S. economy, leading to unexpected changes in lapse rates and/or sales of our policies, as well as levels of mortality, morbidity, and utilization of health care services that differ from Globe Life's assumptions;
2. Regulatory developments, including changes in accounting standards or governmental regulations (particularly those impacting taxes and changes to the Federal Medicare program that would affect Medicare Supplement);
3. Market trends in the senior-aged health care industry that provide alternatives to traditional Medicare (such as Health Maintenance Organizations and other managed care or private plans) and that could affect the sales of traditional Medicare Supplement insurance;
4. Interest rate changes that affect product sales and/or investment portfolio yield;
5. General economic, industry sector or individual debt issuers' financial conditions (including developments and volatility arising from the COVID-19 pandemic, particularly in certain industries that may comprise part of our investment portfolio) that may affect the current market value of securities we own, or that may impair an issuer's ability to make principal and/or interest payments due on those securities;
6. Changes in the competitiveness of the Company's products and pricing;
7. Litigation results;
8. Levels of administrative and operational efficiencies that differ from our assumptions (including any reduction in efficiencies resulting from increased costs arising from operating during the COVID-19 pandemic and the impact of higher than anticipated inflation);
9. The ability to obtain timely and appropriate premium rate increases for health insurance policies from our regulators;
10. The customer response to new products and marketing initiatives;
11. Reported amounts in the consolidated financial statements which are based on management estimates and judgments which may differ from the actual amounts ultimately realized;
12. Compromise by a malicious actor or other event that causes a loss of secure data from, or inaccessibility to, our computer and other information technology systems;
13. The severity, magnitude and impact of natural or man-made catastrophic events, including but not limited to pandemics, tornadoes, hurricanes, earthquakes, war and terrorism, on our operations and personnel, commercial activity and demand for our products; and
14. Our ability to access the commercial paper and debt markets, particularly if such markets become unpredictable or unstable for a certain period.

Readers are also directed to consider other risks and uncertainties described in other documents on file with the Securities and Exchange Commission.

GLOBE LIFE INC. Management's Discussion & Analysis

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion should be read in conjunction with Globe Life's [Condensed Consolidated Financial Statements](#) and [Notes](#) thereto appearing elsewhere in this report. The following management discussion will only include comparison to prior year.

"Globe Life" and the "Company" refer to Globe Life Inc. and its subsidiaries and affiliates.

Results of Operations



How Globe Life Views Its Operations. Globe Life Inc. is the holding company for a group of insurance companies that market primarily individual life and supplemental health insurance to lower middle to middle income households throughout the United States. We view our operations by segments, which are the insurance product lines of life, supplemental health, and annuities, and the investment segment that supports the product lines. Segments are aligned based on their common characteristics, comparability of the profit margins, and management techniques used to operate each segment.



Insurance Product Line Segments. The insurance product line segments involve the marketing, underwriting, and administration of policies. Each product line is further segmented by the various distribution channels that market the insurance policies. Each distribution channel operates in a niche market offering insurance products designed for that particular market. Whether analyzing profitability of a segment as a whole, or the individual distribution channels within the segment, the measure of profitability used by management is the underwriting margin, as seen below:

Premium revenue
(Policy obligations)
<u>(Policy acquisition costs and commissions)</u>
Underwriting margin



Investment Segment. The investment segment involves the management of our capital resources, including investments and the management of corporate debt and liquidity. Our measure of profitability for the investment segment is excess investment income, as seen below:

Net investment income
(Required interest on net policy liabilities)
<u>(Financing costs)</u>
Excess investment income

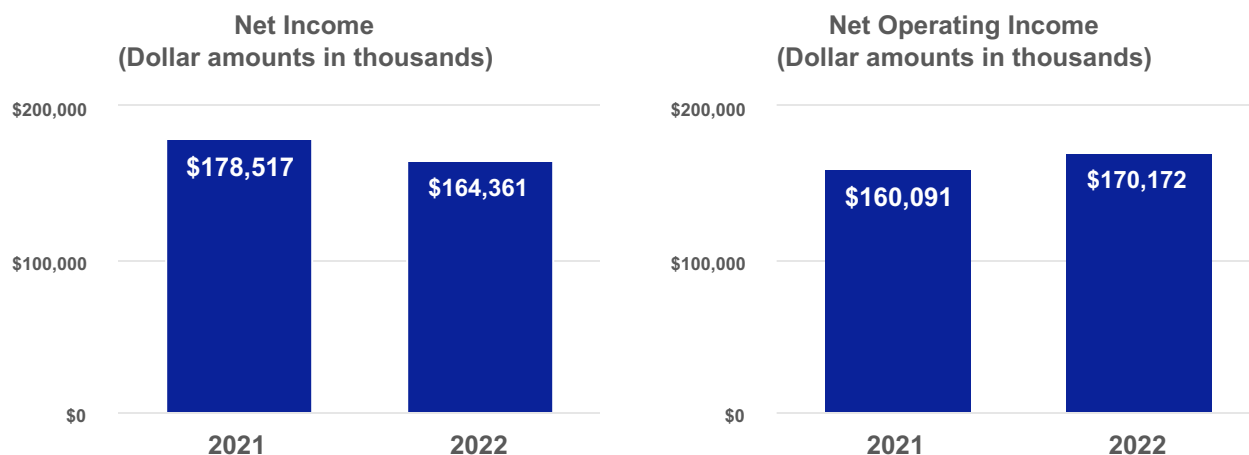
GLOBE LIFE INC.

Management's Discussion & Analysis

Current Highlights, comparing year-to-date 2022 with 2021.

- Net income as a return on equity (ROE) for the three months ended March 31, 2022 was 8.5% and net operating income as an ROE, excluding net unrealized gains on the fixed maturity portfolio⁽¹⁾ was 11.5%.
- Total premium increased 7% over the prior year. Life premium increased 7% for the period from \$708 million in 2021 to \$755 million in 2022. Life underwriting margin increased 10% from \$137 million in 2021 to \$150 million in 2022.
- Net investment income increased 3% over the same period in the prior year. Excess investment income increased 1% over the prior year.
- Total net sales increased 8% over the same period in the prior year from \$168 million in 2021 to \$182 million in 2022.
- Book value per share declined 8% below the same period in the prior year from \$75.10 to \$69.16. Book value per share, excluding net unrealized gains on the fixed maturity portfolio⁽¹⁾, increased 10% over the prior year from \$54.36 in 2021 to \$59.65 in 2022.
- The Company incurred \$46 million of COVID-19 net life claims (net of reserves released upon death) for the three months ended March 31, 2022 compared with \$38 million during the same period last year.
- For the three months ended March 31, 2022, the Company repurchased 880 thousand shares of Globe Life Inc. common stock at a total cost of \$89 million for an average share price of \$100.70.

The following graphs represent net income and net operating income for the three month periods ended March 31, 2022 and 2021.



(1) As shown in the charts above, net operating income is the consolidated total of segment profits after tax and as such is considered a non-GAAP measure. It has been used consistently by Globe Life's management for many years to evaluate the operating performance of the Company. It differs from net income primarily because it excludes certain non-operating items such as realized gains and losses and certain significant and unusual items included in net income. Net income is the most directly comparable GAAP measure.

Net operating income as an ROE, excluding net unrealized gains on the fixed maturity portfolio, is considered a non-GAAP measure. Management utilizes this measure to view the business without the effect of the net unrealized gains, which are primarily attributable to fluctuation in interest rates on the available-for-sale portfolio. The impact of the adjustment to exclude net unrealized gains on fixed maturities, net of tax is \$948 million and \$2.2 billion for the three months ended March 31, 2022 and 2021, respectively.

Book value per share, excluding net unrealized gains on the fixed maturity portfolio, is also considered a non-GAAP measure. Management utilizes this measure to view the book value of the business without the effect of net unrealized gains, which are primarily attributable to fluctuation in interest rates on the available-for-sale portfolio. The impact of the adjustment to exclude net unrealized gains on fixed maturities is \$9.51 and \$20.74 for the three months ended March 31, 2022 and 2021, respectively.

Refer to [Analysis of Profitability by Segment](#) for non-GAAP reconciliation to GAAP.

GLOBE LIFE INC.
Management's Discussion & Analysis

Summary of Operations. Net income declined 8% to \$164 million during the three months ended March 31, 2022, compared with \$179 million in the same period in 2021. This decrease was primarily attributed to \$6 million of after-tax realized losses on investments in the current period, as compared to \$22 million of after tax realized gains on investments in the year-ago period. See further discussion under the caption [Investments](#). On a diluted per common share basis, net income per common share for the three months ended March 31, 2022 declined 4% from \$1.70 to \$1.64.

Net operating income is the consolidated total of segment profits after-tax and as such is considered a non-GAAP measure. Net income is the most directly comparable GAAP measure. We do not consider realized gains and losses to be a component of our core insurance operations or operating segments. Additionally, net income was affected by certain significant and unusual non-operating items in 2021 and through the three months ended March 31, 2022. We do not view these items as components of core operating results because they are not indicative of past performance or future prospects of the insurance operations. We remove items such as these that relate to prior periods or are non-operating items when evaluating the results of current operations, and therefore exclude such items from our segment analysis for current periods. Net operating income increased 6% to \$170 million for the three months ended March 31, 2022, compared with \$160 million for the same period in 2021, primarily due to a 10% increase in life underwriting margin. On a diluted per common share basis, net operating income per common share for the three months ended March 31, 2022 increased from \$1.53 to \$1.70.

Despite headwinds with COVID-19, the Company continues to see positive signs in its core operations, including strong sales and premium growth, favorable persistency and a strong ROE, excluding net unrealized gains on the fixed maturity portfolio.

COVID-19. For the three months ended March 31, 2022, the Company incurred \$46 million of COVID-19 net life claims. Per the Centers for Disease Control and Prevention (CDC), there were approximately 155 thousand U.S. COVID-19 deaths in the first quarter of 2022. For the full year 2022, we expect total U.S. COVID deaths to fall within a range of 200,000 to 300,000.

At the midpoint of our 2022 guidance, we expect to incur approximately \$71 million of COVID life claims for the full year based on an estimated range of \$2.5 million to \$3.5 million of COVID life claims per 10,000 U.S. deaths. The projected life claims are dependent on this estimate and many other variables, including, but not limited to, projected U.S. deaths from COVID-19, the timing and availability of effective treatments for the disease, vaccination rates and effectiveness of vaccines, impact from potential variants, and the ages and geographic areas in which infections and deaths occur.

GLOBE LIFE INC.

Management's Discussion & Analysis

Globe Life's operations on a segment-by-segment basis are discussed in depth below. Net operating income has been used consistently by management for many years to evaluate the operating performance of the Company and is a measure commonly used in the life insurance industry. It differs from GAAP net income primarily because it excludes certain non-operating items such as realized gains and losses and other significant and unusual items included in net income. Management believes an analysis of net operating income is important in understanding the profitability and operating trends of the Company's business. Net income is the most directly comparable GAAP measure.

Analysis of Profitability by Segment

(Dollar amounts in thousands)

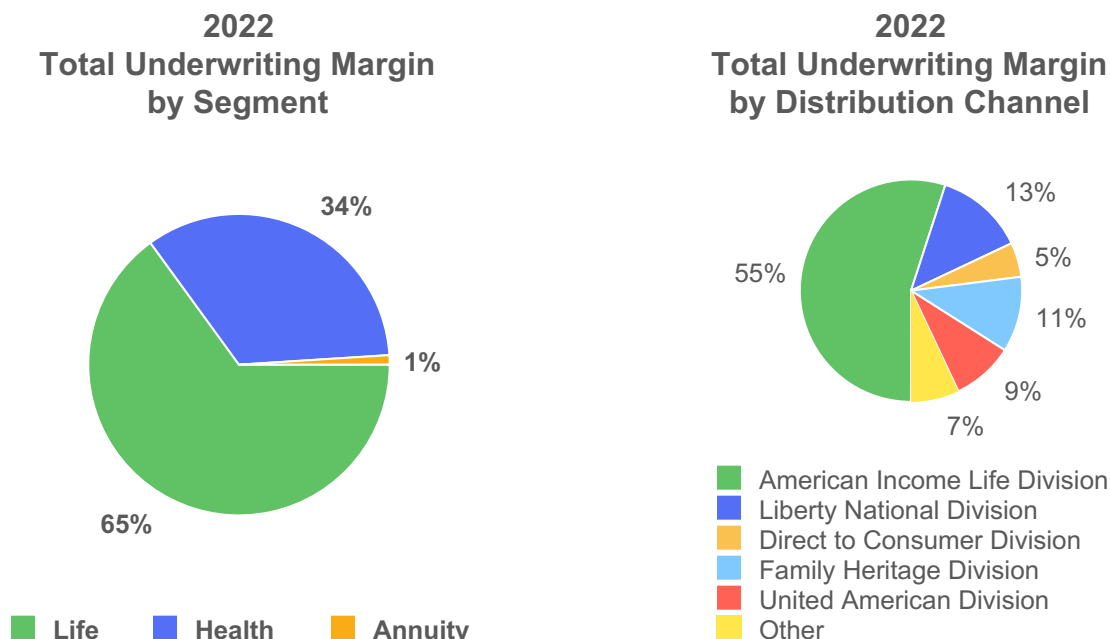
	Three Months Ended March 31,			
	2022	2021	Change	%
Life insurance underwriting margin	\$ 150,454	\$ 136,646	\$ 13,808	10
Health insurance underwriting margin	79,093	72,180	6,913	10
Annuity underwriting margin	2,108	2,187	(79)	(4)
Excess investment income	61,392	60,544	848	1
Other insurance:				
Other income	164	295	(131)	(44)
Administrative expense	(72,565)	(66,176)	(6,389)	10
Corporate and other	(11,675)	(10,206)	(1,469)	14
Pre-tax total	208,971	195,470	13,501	7
Applicable taxes	(38,799)	(35,379)	(3,420)	10
Net operating income	170,172	160,091	10,081	6
Reconciling items, net of tax:				
Realized gain (loss)—investments	(5,723)	22,240	(27,963)	
Non-operating expenses	(88)	—	(88)	
Legal proceedings	—	(3,814)	3,814	
Net income	\$ 164,361	\$ 178,517	\$ (14,156)	(8)

The life insurance segment is our primary segment and is the largest contributor to earnings in each period presented. The life insurance segment underwriting margin increased \$14 million compared with the prior year quarter, primarily due to premium growth partially offset by higher life claims and higher acquisition costs. The health segment contributed to the growth in income as well, contributing \$79 million of additional underwriting margin in the first quarter of 2022 compared with \$72 million in the first quarter of 2021.

GLOBE LIFE INC.

Management's Discussion & Analysis

In 2022, the largest contributor of total underwriting margin was the life insurance segment and the primary distribution channel was American Income Life Division. The following charts represent the breakdown of total underwriting margin by operating segment and distribution channel for the three months ended March 31, 2022.



Total premium income rose 7% for the three months ended March 31, 2022 to \$1.1 billion. Total net sales increased 8% to \$182 million, when compared with 2021. Total first-year collected premium (defined in the following section) was \$146 million for 2022, compared with \$141 million for 2021.

Life insurance premium income increased 7% to \$755 million over the prior year total of \$708 million. Life net sales rose 8% to \$139 million for the first three months of 2022. First-year collected life premium rose 3% to \$106 million. Life underwriting margins, as a percent of premium, increased to 20% in 2022 from 19%. Underwriting margin increased to \$150 million in 2022, 10% over the same period in 2021.

Health insurance premium income increased 8% to \$317 million over the prior year total of \$294 million. Health net sales rose 8% to \$43 million for the first three months of 2022. First-year collected health premium rose 4% to \$40 million. Health underwriting margins, as a percent of premium, were 25% in 2022 and in 2021. Health underwriting margin increased to \$79 million for the first three months of 2022, 10% over the same period in 2021.

Excess investment income, the measure of profitability of our investment segment, increased 1% during 2022 to \$61.4 million from \$60.5 million in the same period in 2021. Excess investment income per common share, reflecting the impact of our share repurchase program, increased 5% to \$0.61 from \$0.58 when compared with the same period in 2021.

Insurance administrative expenses increased 10% in 2022 when compared with the prior-year period. These expenses were 6.8% as a percent of premium during 2022 compared with 6.6% a year earlier.

For the three months ended March 31, 2022, the Company repurchased 880 thousand Globe Life Inc. shares at a total cost of \$89 million for an average share price of \$100.70.

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The discussions of our segments are presented in the manner we view our operations, as described in *Note 10—Business Segments*.

We use three statistical measures as indicators of premium growth and sales over the near term: “annualized premium in force,” “net sales,” and “first-year collected premium.”

- Annualized premium in force is defined as the premium income that would be received over the following twelve months at any given date on all active policies if those policies remain in force throughout the twelve-month period. Annualized premium in force is an indicator of potential growth in premium revenue.
- Net sales, a statistical performance measure, is calculated as annualized premium issued, net of cancellations in the first thirty days after issue, except in the case of Direct to Consumer, where net sales is annualized premium issued at the time the first full premium is paid after any introductory offer period has expired. Management considers net sales to be a better indicator of the rate of premium growth than annualized premium issued.
- First-year collected premium is defined as the premium collected during the reporting period for all policies in their first policy year. First-year collected premium takes lapses into account in the first year when lapses are more likely to occur, and thus is a useful indicator of how much new premium is expected to be added to premium income in the future.

See further discussion of the distribution channels below for [Life](#) and [Health](#).

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Management's Discussion & Analysis

LIFE INSURANCE

Life insurance is the Company's predominant segment. During 2022, life premium represented 70% of total premium and life underwriting margin represented 65% of the total underwriting margin. Additionally, investments supporting the reserves for life products produce the majority of excess investment income attributable to the investment segment.

The following table presents the summary of results of life insurance. Further discussion of the results by distribution channel is included below.

Life Insurance
Summary of Results
(Dollar amounts in thousands)

	Three Months Ended March 31,				Change	
	2022		2021			
	Amount	% of Premium	Amount	% of Premium	Amount	%
Premium and policy charges	\$ 754,602	100	\$ 708,119	100	\$ 46,483	7
Policy obligations	549,343	73	517,631	73	31,712	6
Required interest on reserves	(189,709)	(25)	(179,925)	(25)	(9,784)	5
Net policy obligations	359,634	48	337,706	48	21,928	6
Commissions, premium taxes, and non-deferred acquisition expenses	62,203	8	56,668	8	5,535	10
Amortization of acquisition costs	182,311	24	177,099	25	5,212	3
Total expense	604,148	80	571,473	81	32,675	6
Insurance underwriting margin	\$ 150,454	20	\$ 136,646	19	\$ 13,808	10

The higher life insurance underwriting margins for the three months ended March 31, 2022 are primarily attributed to the increase in premium growth partially offset by higher life claims and higher acquisition costs.

The following table presents Globe Life's life insurance premium by distribution channel.

Life Insurance
Premium by Distribution Channel
(Dollar amounts in thousands)

	Three Months Ended March 31,				Increase (Decrease)	
	2022		2021			
	Amount	% of Total	Amount	% of Total	Amount	%
American Income	\$ 369,987	49	\$ 334,895	47	\$ 35,092	10
Direct to Consumer	251,126	33	244,028	34	7,098	3
Liberty National	80,719	11	75,737	11	4,982	7
Other	52,770	7	53,459	8	(689)	(1)
Total	\$ 754,602	100	\$ 708,119	100	\$ 46,483	7

Annualized life premium in force was \$2.99 billion at March 31, 2022, an increase of 7% over \$2.79 billion a year earlier.

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An analysis of life net sales, an indicator of new business production, by distribution channel is presented below.

Life Insurance
Net Sales by Distribution Channel
(Dollar amounts in thousands)

	Three Months Ended March 31,				Increase (Decrease)	
	2022		2021			
	Amount	% of Total	Amount	% of Total	Amount	%
American Income	\$ 85,350	61	\$ 69,623	54	\$ 15,727	23
Direct to Consumer	33,913	24	39,691	31	(5,778)	(15)
Liberty National	17,365	13	16,225	13	1,140	7
Other	2,375	2	2,688	2	(313)	(12)
Total	\$ 139,003	100	\$ 128,227	100	\$ 10,776	8

First-year collected life premium by distribution channel is presented in the table below.

Life Insurance
First-Year Collected Premium by Distribution Channel
(Dollar amounts in thousands)

	Three Months Ended March 31,				Increase (Decrease)	
	2022		2021			
	Amount	% of Total	Amount	% of Total	Amount	%
American Income	\$ 65,294	62	\$ 58,597	57	\$ 6,697	11
Direct to Consumer	24,212	23	30,627	30	(6,415)	(21)
Liberty National	13,748	13	11,240	11	2,508	22
Other	2,397	2	2,330	2	67	3
Total	\$ 105,651	100	\$ 102,794	100	\$ 2,857	3

A discussion of life operations by distribution channel follows.

The **American Income Life Division** markets to members of labor unions and continues to diversify its lead sources by building relationships with other affinity groups, utilizing third-party internet vendor leads, and obtaining referrals to facilitate sustainable growth. This division is Globe Life's largest contributor to life premium of any distribution channel at 49% of the Company's March 31, 2022 total. Net sales increased 23% to \$85 million during the first three months of 2022 compared with \$70 million in 2021 for the same period. The underwriting margin, as a percent of premium, was 30% for the three months ended March 31, 2022, up from 29% in the year-ago period.

This division incurred \$15 million in COVID-19 net life claims, representing approximately 4% of premium, for the three months ended March 31, 2022 compared with \$9 million in COVID-19 net life claims during the year-ago period.

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This division is anticipating an increase in net sales for the full year 2022 as compared with 2021 due in part to increased productivity plus a gradual improvement in issue rates as some challenges in underwriting, such as staffing and speed of obtaining medical records and other information, are resolving. Below is the average producing agent count at the end of the period for the American Income Life Division. The average producing agent count is based on the actual count at the end of each week during the year. Recruiting challenges in a difficult job market led to a reduction in the number of producing agents in the second half of 2021. The division is seeing improvements in the job market and its ability to recruit both virtually and in-person and currently expects growth in the producing agent count in the second half of 2022. Sales growth in our exclusive agencies is generally dependent on growth in the size of the agency force.

	At March 31,		Change	
	2022	2021	Amount	%
American Income	9,385	9,918	(533)	(5)

American Income Life continues to focus on growing and strengthening the agency force, specifically through emphasis on agency middle-management growth and additional agency office openings. In addition to offering financial incentives and training opportunities, the agency has made considerable investments in information technology, including launching a customer relationship management (CRM) tool for the agency force. This tool is designed to drive productivity in lead distribution, conservation of business, manager dash boards and new agent recruiting. Additionally, this division has invested in and successfully implemented technology that allows the agency force to engage in virtual recruiting, training and sales activity. Over the course of the pandemic, the agents have shifted to primarily a virtual experience with the customers and have generated a vast majority of its sales through virtual presentations. We find this flexibility to be enticing for new recruits as well as a driver of sustainability for our agency force.

The **Direct to Consumer Division** (DTC) offers adult and juvenile life insurance through a variety of marketing approaches, including direct mailings, insert media, and electronic media. In recent years, production from electronic media, which is comprised of sales through both the internet and inbound phone calls to our call center, has grown rapidly compared with direct mail response as management has aggressively increased marketing activities related to internet and mobile technology as well as focused on driving traffic to our inbound call center. This had been steadily increasing prior to COVID-19, but the pandemic accelerated this activity due in part to the awareness of needing life insurance from the effects of COVID-19. The different approaches support and complement one another in the division's efforts to reach the consumer. The DTC's long-term growth has been fueled by constant innovation and name recognition. We continually introduce new initiatives in this division in an attempt to increase response rates.

While the juvenile market is an important source of sales, it is also a vehicle to reach the parents and grandparents of juvenile policyholders, who are more likely to respond favorably to a DTC solicitation for life coverage on themselves in comparison to the general adult population. Also, both juvenile policyholders and their parents are low acquisition-cost targets for sales of additional coverage over time.

DTC net sales declined 15% to \$34 million for the three months ended March 31, 2022 compared with \$40 million for the same period in the prior year, primarily due to the record high net life sales in the prior year. DTC incurred \$25 million of COVID-19 net life claims, representing approximately 10% of premium, for the three months ended March 31, 2022 compared with \$20 million for the same period in 2021. DTC's underwriting margin, as a percent of premium, was 4% for the three months ended March 31, 2022 and 2021.

The **Liberty National Division** markets individual life insurance to middle-income household and worksite customers. Recent investments in new sales technologies as well as recent growth in middle management within the agency are expected to help continue this growth. The underwriting margin as a percent of premium was 17% for the three months ended March 31, 2022, up from 13% during the same period a year ago. This increase is primarily attributable to lower net policy obligations in relation to premium during the three months ended March 31, 2022 compared with the same period a year ago. This division incurred \$4 million of COVID-19 net life claims, representing approximately 5% of premium, for the three months ended March 31, 2022 compared with \$8 million for the same period in 2021.

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Net sales rose 7% in the three months ended March 31, 2022 over the same period in 2021. With the division's ability to return to face-to-face customer interaction and the option of virtual sales, the Company continues to project total net life sales to increase for the remainder of 2022 as compared to the prior year.

Below is the average producing agent count at the end of the period for Liberty National Division.

	At March 31,		Change	
	2022	2021	Amount	%
Liberty National	2,656	2,734	(78)	(3)

The Liberty National Division average producing agent count decreased 3% compared with the prior-year comparable period. We continue to execute our long-term plan to grow this agency through expansion from small-town markets in the Southeast to more densely populated areas with larger pools of potential agent recruits and customers. Continued expansion of this agency's presence into more heavily populated, less-penetrated areas will help create long-term agency growth. Additionally, the agency continues to help improve the ability of agents to develop new worksite marketing business. Systems that have been put in place, including the addition of a CRM platform and enhanced analytical capabilities, have helped the agents develop additional worksite marketing opportunities as well as improve the productivity of agents selling in the individual life market. As the division continues to gain momentum in its sales and recruiting initiatives and advances its technology and CRM platform, the agency anticipates an increase in recruiting of new agents and an increase in the average producing agent count.

The **Other Agencies** distribution channels primarily include non-exclusive independent agencies selling predominantly life insurance. The Other Agencies contributed \$53 million of life premium income, or 7% of Globe Life's total premium income in the three months ended March 31, 2022, and contributed 2% of net sales for the period.

HEALTH INSURANCE

Health insurance sold by the Company primarily includes Medicare Supplement insurance, accident coverage, and other limited-benefit supplemental health products including cancer, critical illness, heart, and intensive care coverage.

Health premium accounted for 30% of our total premium in 2022, while the health underwriting margin accounted for 34% of total underwriting margin. Health underwriting margin increased 10% to \$79 million primarily due to higher premium growth. The Company continues to emphasize life insurance sales relative to health due to life's superior long-term profitability and its greater contribution to excess investment income.

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The following table presents underwriting margin data for health insurance.

**Health Insurance
Summary of Results**
(Dollar amounts in thousands)

	Three Months Ended March 31,				Change	
	2022		2021			
	Amount	% of Premium	Amount	% of Premium	Amount	%
Premium.....	\$ 317,000	100	\$ 294,173	100	\$ 22,827	8
Policy obligations	196,855	62	187,829	64	9,026	5
Required interest on reserves	(26,865)	(8)	(24,995)	(9)	(1,870)	7
Net policy obligations	169,990	54	162,834	55	7,156	4
Commissions, premium taxes, and non-deferred acquisition expenses	28,602	9	22,990	8	5,612	24
Amortization of acquisition costs	39,315	12	36,169	12	3,146	9
Total expense	237,907	75	221,993	75	15,914	7
Insurance underwriting margin	\$ 79,093	25	\$ 72,180	25	\$ 6,913	10

Globe Life markets supplemental health insurance products through a number of distribution channels. The following table is an analysis of our health premium by distribution channel.

**Health Insurance
Premium by Distribution Channel**
(Dollar amounts in thousands)

	Three Months Ended March 31,				Increase (Decrease)	
	2022		2021			
	Amount	% of Total	Amount	% of Total	Amount	%
United American	\$ 132,664	42	\$ 117,087	40	\$ 15,577	13
Family Heritage	89,540	28	83,335	28	6,205	7
Liberty National	47,186	15	47,040	16	146	—
American Income	28,854	9	27,351	9	1,503	5
Direct to Consumer	18,756	6	19,360	7	(604)	(3)
Total	\$ 317,000	100	\$ 294,173	100	\$ 22,827	8

Premium related to limited-benefit plans comprise \$173 million, or 54%, of the total health premiums for 2022 compared with \$152 million in the same period in the prior year. Premium from Medicare Supplement products comprises the remaining \$144 million, or 46% for 2022 compared with \$142 million, or 48% in the same period in the prior year.

Annualized health premium in force was \$1.29 billion at March 31, 2022, an increase of 9% over \$1.18 billion a year earlier.

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Presented below is a table of health net sales by distribution channel.

Health Insurance
Net Sales by Distribution Channel
(Dollar amounts in thousands)

	Three Months Ended March 31,				Increase (Decrease)	
	2022		2021			
	Amount	% of Total	Amount	% of Total	Amount	%
United American	\$ 12,970	30	\$ 12,945	33	\$ 25	—
Family Heritage	18,602	43	15,579	39	3,023	19
Liberty National	6,214	15	5,839	15	375	6
American Income	4,621	11	4,611	12	10	—
Direct to Consumer	421	1	642	1	(221)	(34)
Total	\$ 42,828	100	\$ 39,616	100	\$ 3,212	8

Health net sales related to limited-benefit plans comprise \$31 million, or 72%, of the total health net sales for 2022, compared with \$26 million in the same period in the prior year. Medicare Supplement sales make up the remaining \$12 million, or 28% for 2022, compared with \$14 million, or 34% in the same period in the prior year.

The following table presents health insurance first-year collected premium by distribution channel.

Health Insurance
First-Year Collected Premium by Distribution Channel
(Dollar amounts in thousands)

	Three Months Ended March 31,				Increase (Decrease)	
	2022		2021			
	Amount	% of Total	Amount	% of Total	Amount	%
United American	\$ 14,762	37	\$ 14,306	37	\$ 456	3
Family Heritage	14,668	37	13,811	36	857	6
Liberty National	5,444	13	4,815	13	629	13
American Income	4,323	11	4,587	12	(264)	(6)
Direct to Consumer	691	2	759	2	(68)	(9)
Total	\$ 39,888	100	\$ 38,278	100	\$ 1,610	4

First-year collected premium related to limited-benefit plans comprise \$26 million, or 65%, of total first-year collected premium, for 2022 compared with \$23 million in the same period in the prior year. First-year collected premium from Medicare Supplement policies makes up the remaining \$14 million, or 35% for 2022, compared with \$15 million, or 39% in the same period in the prior year.

A discussion of health operations by distribution channel follows.

The **United American Division** consists of non-exclusive independent agencies who may also sell for other companies. The United American Division was Globe Life's largest health agency in terms of health premium income.

This division is also Globe Life's largest producer of Medicare Supplement insurance. The United American Division represents 82% of all Medicare Supplement premium and 96% of Medicare Supplement net sales. For the three months ended March 31, 2022, Medicare Supplement premium in this agency rose 4% to \$119 million in 2022 over the prior period total of \$115 million. Medicare Supplement net sales declined 10% to \$12 million in 2022 from the prior year period, primarily as a result of a decrease in individual sales. Underwriting margin as a percent of premium was 15% for the three months ended March 31, 2022, down from 16% in 2021.

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The **Family Heritage Division** primarily markets limited-benefit supplemental health insurance in non-urban areas. Most of its policies include a cash-back feature, such as a return of premium, where any excess of premiums over claims paid is returned to the policyholder at the end of a specified period stated within the insurance policy. Underwriting margin as a percent of premium was 27% for the three months ended March 31, 2022, up from 26% in the year-ago period.

The division experienced a 19% increase in net health sales as compared with the three-month period a year ago, primarily due to an increase in agent productivity and training. The division will continue to launch incentive programs to help drive an increase in productivity and the number of producing agents.

Below is the average producing agent count at the end of the period for the Family Heritage Division. While the agency has seen a decrease in agent count as compared with 2021, we anticipate that as COVID-19 and the job market stabilizes, agent recruitment opportunities should increase.

	At March 31,		Change	
	2022	2021	Amount	%
Family Heritage Division	1,100	1,285	(185)	(14)

The **Liberty National Division** represented 15% of all Globe Life health premium income at \$47 million for the three-month period ended March 31, 2022. The Liberty National Division markets limited-benefit supplemental health products, consisting primarily of critical illness insurance. Much of Liberty National's health business is generated through worksite marketing targeting small businesses of 10 to 100 employees. Health premium at Liberty National Division was \$47 million for the three months ended March 31, 2022, and 2021. Liberty National's first-year collected premium rose 13% to \$5.4 million in the three months ended March 31, 2022 compared with \$4.8 million for the same period in 2021. Health net sales for the three months ended March 31, 2022 rose 6% from the comparable period in 2021. We anticipate an increase in net health sales going forward at this division as the Company becomes more able to interact face-to-face with customers.

Other Distribution. The Company's other distribution channels, while primarily focused on selling life insurance, also market health products. The American Income Life Division primarily markets accident plans. The Direct to Consumer Division primarily markets Medicare Supplements to employer or union-sponsored groups. On a combined basis, these other channels accounted for 15% of health premium for the three months ended March 31, 2022 compared to 16% for the same period in 2021.

ANNUITIES

Annuities represent an insignificant part of our business. We do not currently market stand-alone fixed or deferred annuity products, favoring instead protection-oriented life and supplemental health insurance products.

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INVESTMENTS

We manage our capital resources including investments, debt, and cash flow through the investment segment. Excess investment income represents the profit margin attributable to investment operations and is the measure that we use to evaluate the performance of the investment segment as described in *Note 10—Business Segments*. It is defined as net investment income less both the required interest on net insurance policy liabilities and the interest cost associated with capital funding or “financing costs.”

Management also views excess investment income per diluted common share as an important and useful measure to evaluate the performance of the investment segment. It is defined as excess investment income divided by the total diluted weighted average shares outstanding, representing the contribution by the investment segment to the consolidated earnings per share of the Company. Since implementing our share repurchase program in 1986, we have used \$8.8 billion of excess cash flow at the Parent Company to repurchase Globe Life Inc. common shares after determining that the repurchases provided a greater risk adjusted after-tax return than other investment alternatives. If we had not used this excess cash to repurchase shares, but had instead invested it in interest-bearing assets, we would have earned more investment income and had more shares outstanding. As excess investment income per diluted common share incorporates all capital resources, we view excess investment income per diluted common share as a useful measure to evaluate the investment segment.

Excess Investment Income. The following table summarizes Globe Life's investment income, excess investment income, and excess investment income per diluted common share.

Analysis of Excess Investment Income

(Dollar amounts in thousands, except for per share data)

	Three Months Ended March 31,		Change	
	2022	2021	Amount	%
Net investment income	\$ 243,834	\$ 235,820	\$ 8,014	3
Interest on net insurance policy liabilities:				
Interest on reserves	(226,246)	(214,925)	(11,321)	5
Interest on deferred acquisition costs	63,748	60,827	2,921	5
Net required interest	(162,498)	(154,098)	(8,400)	5
Financing costs	(19,944)	(21,178)	1,234	(6)
Excess investment income	\$ 61,392	\$ 60,544	\$ 848	1
 Excess investment income per diluted share	 \$ 0.61	 \$ 0.58	 \$ 0.03	 5
Mean invested assets (at amortized cost)	\$ 19,457,487	\$ 18,646,061	\$ 811,426	4
Average net insurance policy liabilities ⁽¹⁾	11,233,749	10,775,618	458,131	4
Average debt and preferred securities (at amortized cost)	2,130,025	1,939,394	190,631	10

(1) Net of deferred acquisition costs, excluding the associated unrealized gains and losses thereon.

Excess investment income increased \$848 thousand, or 1%, compared with the year-ago period. Excess investment income per diluted common share was \$0.61 for the three months ended March 31, 2022 an increase of 5% over the prior year period. Excess investment income per diluted common share generally increases at a faster pace than excess investment income because the number of diluted shares outstanding generally decreases from year to year as a result of our share repurchase program.

Net investment income for the three months ended March 31, 2022 was \$244 million or 3% greater than the year-ago period. Mean invested assets increased 4% during the first three months of 2022 over the same period last year. The effective annual yield rate earned on the fixed maturity portfolio was 5.15% in the first three months of 2022, compared with 5.24% a year earlier. Growth in net investment income has been negatively impacted in recent years by the low interest rate environment during which time we have invested new money at yields lower than our

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average portfolio yield. In addition, we have reinvested the proceeds from bonds that matured, were called, or were otherwise disposed of at yield rates less than the yield rate earned on these disposed bonds. We currently expect that the average annual turnover rate of fixed maturity assets will be less than 2% over the next five years and will not have a material negative impact on net investment income. In addition to fixed maturities, the Company has also invested in limited partnerships with debt like characteristics that diversify risk and enhance risk-adjusted, capital-adjusted returns on the portfolio. The earned yield on the investment funds for the three months ended March 31, 2022 was 6.28%. See additional information in [Note 4—Investments](#).

Should the current low interest rate environment continue, the growth of the Company's net investment income will be negatively impacted primarily due to the investment of new money and proceeds from dispositions at rates less than the average portfolio yield rate. While net investment income would grow, it would continue to grow at rates less than the growth in mean invested assets. For the full year 2022, we currently anticipate the average new money rate on our fixed maturity acquisitions to be approximately 90 basis points higher than the yield achieved on our 2021 acquisitions. This expected increase in yields should result in the investment income growth rate being closer to the growth of our invested assets.

Should interest rates, especially long-term rates, rise, Globe Life's net investment income would benefit due to higher interest rates on new investments. While such a rise in interest rates could adversely affect the fair value of the fixed maturities portfolio, we could withstand an increase in interest rates of approximately 55 to 60 basis points before the net unrealized gains on our fixed maturity portfolio as of March 31, 2022 would be eliminated. Should interest rates increase further, we would not be concerned with potential interest rate driven unrealized losses in our fixed maturity portfolio because we do not generally intend to sell, nor is it likely that management will be required to sell, the fixed maturities prior to their anticipated recovery.

Required interest on net insurance policy liabilities reduces net investment income, as it is the amount of net investment income considered by management necessary to “fund” required interest on net insurance policy liabilities, which is the net of the benefit reserve liability and the deferred acquisition cost asset. As such, it is removed from the investment segment and applied to the insurance segments to offset the effect of the required interest from the insurance segments. As discussed in *Note 10—Business Segments*, management regards this as a more meaningful analysis of the investment and insurance segments. Required interest is based on the actuarial interest assumptions used in discounting the benefit reserve liability and the amortization of deferred acquisition costs for our insurance policies in force.

The great majority of our life and health insurance policies are fixed interest rate protection policies, not investment products, and are accounted for under current GAAP accounting guidance for long-duration insurance products which mandate that interest rate assumptions for a particular block of business be “locked in” for the life of that block of business. Each calendar year, we set the discount rate to be used to calculate the benefit reserve liability and the amortization of the deferred acquisition cost asset for all insurance policies issued that year. That rate is based on the new money yields that we expect to earn on cash flow received in the future from policies of that issue year and cannot be changed. The discount rate used for policies issued in the current year has no impact on the in force policies issued in prior years as the rates of all prior issue years are also locked in. As such, the overall discount rate for the entire in force block of 5.8% is a weighted average of the discount rates being used from all issue years. Changes in the overall weighted-average discount rate over time are caused by changes in the mix of the reserves and the deferred acquisition cost asset by issue year on the entire block of in force business. Business issued in the current year has very little impact on the overall weighted-average discount rate due to the size of our in force business.

Since actuarial discount rates are locked in for life on essentially all of our business, benefit reserves and deferred acquisition costs are not affected by interest rate fluctuations unless a loss recognition event occurs. Due to the strength of our underwriting margins, we do not expect an extended low interest rate environment will cause a loss recognition event.

In comparison to the year-ago period, required interest on net insurance policy liabilities increased \$8 million, or 5%, to \$162 million, compared with the 4% growth in average net interest-bearing insurance policy liabilities.

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Financing costs for the investment segment consist primarily of interest on our various debt instruments. The table below presents the components of financing costs and reconciles interest expense per the [Consolidated Statements of Operations](#).

Analysis of Financing Costs

(Dollar amounts in thousands)

	Three Months Ended March 31,		Increase (Decrease)	
	2022	2021	Amount	%
Interest on funded debt	\$ 18,644	\$ 19,746	\$ (1,102)	(6)
Interest on short-term debt	1,300	1,432	(132)	(9)
Financing costs	<u>\$ 19,944</u>	<u>\$ 21,178</u>	<u>\$ (1,234)</u>	<u>(6)</u>

During the first three months of 2022, financing costs decreased 6% compared with the prior year primarily due to lower overall rates on the funded debt. More information on our debt transactions is disclosed in the [Financial Condition](#) section of this report.

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Realized Gains and Losses. Our life and health insurance companies collect premium income from policyholders for the eventual payment of policyholder benefits, sometimes paid many years or even decades in the future. Since benefits are expected to be paid in future periods, premium receipts in excess of current expenses are invested to provide for these obligations. For this reason, we hold a significant investment portfolio as a part of our core insurance operations. This portfolio consists primarily of high-quality fixed maturities containing an adequate yield to provide for the cost of carrying these long-term insurance product obligations. As a result, fixed maturities are generally held for long periods to support these obligations. Expected yields on these investments are taken into account when setting insurance premium rates and product profitability expectations.

Despite our intent to hold fixed maturity investments for a long period of time, investments are occasionally sold, exchanged, called, or experience a credit loss event, resulting in a realized gain or loss. These sales are often in response to deterioration in credit quality of the issuer in effort to maximize risk-adjusted, capital-adjusted returns. We do not engage in trading investments for profit. Therefore, gains or losses, which occur in protecting the portfolio or its yield or which result from events that are beyond our control, are only secondary to our core insurance operations of providing insurance coverage to policyholders. In a bond exchange offer, bondholders may consent to exchange their existing bonds for another class of debt securities. The Company also has investments in certain limited partnerships, held under the fair value option, with fair value changes recognized in *Realized gains (losses)* in the [Consolidated Statements of Operations](#).

Realized gains and losses can be significant in relation to the earnings from core insurance operations, and as a result, can have a material positive or negative impact on net income. The significant fluctuations caused by gains and losses can cause period-to-period trends of net income that are not indicative of historical core operating results or predictive of the future trends of core operations. Accordingly, they have no bearing on core insurance operations or segment results as we view operations. For these reasons, and in line with industry practice, we remove the effects of realized gains and losses when evaluating overall insurance operating results.

The following table summarizes our tax-effected realized gains (losses) by component.

Analysis of Realized Gains (Losses), Net of Tax

(Dollar amounts in thousands, except for per share data)

	Three Months Ended March 31,			
	2022		2021	
	Amount	Per Share	Amount	Per Share
Fixed maturities:				
Sales	\$ (2,295)	\$ (0.02)	\$ (8,599)	\$ (0.08)
Matured or other redemptions ⁽¹⁾	5,889	0.06	20,800	0.20
Provision for credit losses	306	—	2,643	0.02
Fair value option—change in fair value	(4,217)	(0.04)	7,809	0.07
Other	(5,406)	(0.06)	(413)	—
Total realized gains (losses)	\$ (5,723)	\$ (0.06)	\$ 22,240	\$ 0.21

(1) During the three months ended March 31, 2022 and 2021, the Company recorded \$0 and \$85.8 million of exchanges of fixed maturity securities (noncash transactions) that resulted in \$0 and \$19.9 million, respectively in realized gains, net of tax.

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Investment Acquisitions. Globe Life's investment policy calls for investing primarily in investment grade fixed maturities that meet our quality and yield objectives. We generally invest in securities with longer maturities because they more closely match the long-term nature of our policy liabilities. We believe this strategy is appropriate since our expected future cash flows are generally stable and predictable and the likelihood that we will need to sell invested assets to raise cash is low.

The following table summarizes selected information for fixed maturity investments. The effective annual yield shown is based on the acquisition price and call features, if any, of the securities. For non-callable bonds, the yield is calculated to maturity date. For callable bonds acquired at a premium, the yield is calculated to the earliest known call date and call price after acquisition ("first call date"). For all other callable bonds, the yield is calculated to maturity date.

Fixed Maturity Acquisitions Selected Information
(Dollar amounts in thousands)

	Three Months Ended March 31,	
	2022	2021
Cost of acquisitions:		
Investment-grade corporate securities	\$ 187,324	\$ 260,002
Investment-grade municipal securities	163,891	33,228
Other investment-grade securities	—	5,619
Total fixed maturity acquisitions⁽¹⁾	\$ 351,215	\$ 298,849
Effective annual yield (one year compounded) ⁽²⁾	3.97 %	3.41 %
Average life (in years, to next call)	15.8	29.6
Average life (in years, to maturity)	26.9	33.7
Average rating	A	A

(1) Fixed maturity acquisitions included unsettled trades of \$12 million in 2022 and \$3 million in 2021.

(2) Tax-equivalent basis, where the yield on tax-exempt securities is adjusted to produce a yield equivalent to the pretax yield on taxable securities.

For investments in callable bonds, the actual life of the investment will depend on whether the issuer calls the investment prior to the maturity date. Given our investments in callable bonds, the actual average life of our investments cannot be known at the time of the investment. Absent sales and "make-whole calls", however, the average life will not be less than the average life to next call and will not exceed the average life to maturity. Data for both of these average life measures is provided in the above chart.

Acquisitions in both periods consisted primarily of corporate and municipal bonds with securities spanning a diversified range of issuers, industry sectors, and geographical regions. In the first three months of 2022, we invested primarily in the municipal, financial and industrial sectors. For the entire portfolio, the taxable equivalent effective yield earned was 5.15%, down approximately 9 basis points from the yield in the first three months of 2021. As previously noted in the discussion of net investment income, the decrease was primarily due to the combination of lower interest rates applicable to new purchases and fixed maturity dispositions. For the remainder of 2022, the Company will continue to execute on its existing strategy by seeking to invest in assets that satisfy our quality and other objectives, while maximizing the highest risk-adjusted capital-adjusted return.

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Since fixed maturities represent such a significant portion of our investment portfolio, the remainder of the discussion of portfolio composition will focus on fixed maturities. See a breakdown of the Company's Other long-term investments in [Note 4—Investments](#).

Selected information concerning the fixed maturity portfolio is as follows:

Fixed Maturity Portfolio Selected Information

	At		
	March 31, 2022	December 31, 2021	March 31, 2021
Average annual effective yield ⁽¹⁾	5.15%	5.17%	5.24%
Average life, in years, to:			
Next call ⁽²⁾	15.5	15.7	16.2
Maturity ⁽²⁾	18.9	19.0	19.0
Effective duration to:			
Next call ^(2,3)	10.0	10.6	10.6
Maturity ^(2,3)	11.5	12.2	11.9

(1) Tax-equivalent basis. The yield on tax-exempt securities is adjusted to produce a yield equivalent to the pretax yield on taxable securities.

(2) Globe Life calculates the average life and duration of the fixed maturity portfolio two ways:

- (a) based on the next call date which is the next call date for callable bonds and the maturity date for noncallable bonds, and
- (b) based on the maturity date of all bonds, whether callable or not.

(3) Effective duration is a measure of the price sensitivity of a fixed-income security to a 1% change in interest rates.

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Credit Risk Sensitivity. The following tables summarize certain information about the major corporate sectors and security types held in our fixed maturity portfolio at March 31, 2022 and December 31, 2021.

Fixed Maturities by Sector
March 31, 2022

(Dollar amounts in thousands)

	Below Investment Grade				Total Fixed Maturities				% of Total Fixed Maturities	
	Amortized Cost, net	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Amortized Cost, net	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	At Amortized Cost, net	At Fair Value
Corporates:										
Financial										
Insurance - life, health, P&C.....	\$ 57,421	\$ 1,954	\$ (4,893)	\$ 54,482	\$ 2,368,933	\$ 252,627	\$ (33,048)	\$ 2,588,512	13	13
Banks.....	26,971	1,835	—	28,806	1,019,590	97,441	(10,002)	1,107,029	6	6
Other financial.....	93,652	1	(7,781)	85,872	1,267,845	69,711	(40,758)	1,296,798	7	7
Total financial.....	178,044	3,790	(12,674)	169,160	4,656,368	419,779	(83,808)	4,992,339	26	26
Utilities										
Electric.....	36,281	1,349	(405)	37,225	1,369,668	210,650	(4,851)	1,575,467	8	8
Gas and water.....	—	—	—	—	543,432	41,045	(5,422)	579,055	3	3
Total utilities.....	36,281	1,349	(405)	37,225	1,913,100	251,695	(10,273)	2,154,522	11	11
Industrial - Energy										
Pipelines.....	85,194	3,079	(5,800)	82,473	918,164	95,774	(11,147)	1,002,791	5	5
Exploration and production.....	—	—	—	—	529,934	60,030	(8,443)	581,521	3	3
Oil field services.....	—	—	—	—	49,773	8,279	—	58,052	—	—
Refinery.....	—	—	—	—	88,944	14,251	(11)	103,184	1	1
Total energy.....	85,194	3,079	(5,800)	82,473	1,586,815	178,334	(19,601)	1,745,548	9	9
Industrial - Basic materials										
Chemicals.....	—	—	—	—	673,481	54,933	(7,239)	721,175	4	4
Metals and mining.....	—	—	—	—	364,405	70,193	(495)	434,103	2	2
Forestry products and paper.....	—	—	—	—	65,574	6,398	—	71,972	—	1
Total basic materials.....	—	—	—	—	1,103,460	131,524	(7,734)	1,227,250	6	7
Industrial - Consumer, non-cyclical.....	21,321	—	(4,082)	17,239	2,229,773	177,589	(20,997)	2,386,365	12	13
Other industrials.....	25,539	1,554	—	27,093	1,252,491	125,300	(7,963)	1,369,828	7	7
Industrial - Transportation.....	8,057	79	—	8,136	539,199	67,424	(781)	605,842	3	3
Other corporate sectors.....	179,161	7,520	(6,351)	180,330	1,718,758	106,557	(52,725)	1,772,590	10	9
Total corporates.....	533,597	17,371	(29,312)	521,656	14,999,964	1,458,202	(203,882)	16,254,284	84	85
Other fixed maturities:										
Government (U.S., municipal, and foreign)....	—	—	—	—	2,837,889	130,600	(204,119)	2,764,370	15	14
Collateralized debt obligations.....	36,310	23,228	—	59,538	36,310	23,228	—	59,538	—	—
Other asset-backed securities.....	13,362	—	(260)	13,102	101,041	481	(829)	100,693	1	1
Mortgage-backed securities ⁽¹⁾	—	—	—	—	206	16	—	222	—	—
Total fixed maturities.....	\$ 583,269	\$ 40,599	\$ (29,572)	\$ 594,296	\$ 17,975,410	\$ 1,612,527	\$ (408,830)	\$19,179,107	100	100

(1) Includes Government National Mortgage Association (GNMA).

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Fixed Maturities by Sector
December 31, 2021
(Dollar amounts in thousands)

	Below Investment Grade				Total Fixed Maturities				% of Total Fixed Maturities	
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	At Amortized Cost, net	At Fair Value
Corporates:										
Financial										
Insurance - life, health, P&C	\$ 57,470	\$ 3,825	\$ (4,807)	\$ 56,488	\$ 2,345,116	\$ 513,844	\$ (5,553)	\$ 2,853,407	13	13
Banks	26,980	614	—	27,594	983,317	207,466	(1,635)	1,189,148	6	6
Other financial	97,800	547	(1,103)	97,244	1,240,340	186,431	(2,161)	1,424,610	7	7
Total financial	182,250	4,986	(5,910)	181,326	4,568,773	907,741	(9,349)	5,467,165	26	26
Utilities										
Electric	36,284	3,888	—	40,172	1,388,094	382,892	(395)	1,770,591	8	8
Gas and water	—	—	—	—	543,297	107,227	(617)	649,907	3	3
Total utilities	36,284	3,888	—	40,172	1,931,391	490,119	(1,012)	2,420,498	11	11
Industrial - Energy										
Pipelines	85,222	11,051	(1,445)	94,828	918,746	203,324	(1,445)	1,120,625	5	5
Exploration and production	33,316	4,890	—	38,206	530,336	105,604	(238)	635,702	3	3
Oil field services	—	—	—	—	49,778	13,653	—	63,431	—	—
Refinery	—	—	—	—	89,032	24,199	—	113,231	1	1
Total energy	118,538	15,941	(1,445)	133,034	1,587,892	346,780	(1,683)	1,932,989	9	9
Industrial - Basic materials										
Chemicals	—	—	—	—	673,699	145,114	(50)	818,763	4	4
Metals and mining	—	—	—	—	405,915	118,115	—	524,030	2	3
Forestry products and paper	—	—	—	—	65,608	15,946	—	81,554	—	—
Total basic materials	—	—	—	—	1,145,222	279,175	(50)	1,424,347	6	7
Industrial - Consumer, non-cyclical	84,106	13,059	(2,697)	94,468	2,256,802	475,012	(3,397)	2,728,417	13	13
Other industrials	25,565	3,182	—	28,747	1,254,243	286,889	(589)	1,540,543	7	7
Industrial - Transportation	25,555	5,588	—	31,143	559,399	135,581	(38)	694,942	3	3
Other corporate sectors	179,323	21,807	(3,429)	197,701	1,663,793	277,807	(9,288)	1,932,312	9	9
Total corporates	651,621	68,451	(13,481)	706,591	14,967,515	3,199,104	(25,406)	18,141,213	84	85
Other fixed maturities:										
Government (U.S., municipal, and foreign)	—	—	—	—	2,695,796	304,537	(8,203)	2,992,130	15	14
Collateralized debt obligations	36,468	27,037	—	63,505	36,468	27,037	—	63,505	—	—
Other asset-backed securities	13,457	—	(414)	13,043	104,905	3,701	(430)	108,176	1	1
Mortgage-backed securities ⁽¹⁾	—	—	—	—	238	25	—	263	—	—
Total fixed maturities	\$ 701,546	\$ 95,488	\$ (13,895)	\$783,139	\$ 17,804,922	\$ 3,534,404	\$ (34,039)	\$21,305,287	100	100

(1) Includes GNMA's.

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Corporate securities, which consist of bonds and redeemable preferred stocks, were the largest component of the March 31, 2022 fixed maturity portfolio, representing 84% of amortized cost, net and 85% of fair value. The remainder of the portfolio is invested primarily in securities issued by the U.S. government and U.S. municipalities. The Company holds insignificant amounts in foreign government bonds, collateralized debt obligations, asset-backed securities, and mortgage-backed securities. Corporate securities are diversified over a variety of industry sectors and issuers. At March 31, 2022, the total fixed maturity portfolio consisted of 876 issuers.

Fixed maturities had a fair value of \$19.2 billion at March 31, 2022, compared with \$21.3 billion at December 31, 2021. The net unrealized gain position in the fixed-maturity portfolio decreased from \$3.5 billion at December 31, 2021 to \$1.2 billion at March 31, 2022 due to an increase in market rates during the period.

For more information about our fixed maturity portfolio by component at March 31, 2022 and December 31, 2021, including a discussion of allowance for credit losses, an analysis of unrealized investment losses and a schedule of maturities, see [Note 4—Investments](#).

An analysis of the fixed maturity portfolio by a composite quality rating at March 31, 2022 and December 31, 2021, is shown in the following tables. The composite rating for each security, other than private-placement securities managed by third parties, is the average of the security's ratings as assigned by Moody's Investor Service, Standard & Poor's, Fitch Ratings, and Dominion Bond Rating Service, LTD. The ratings assigned by these four nationally recognized statistical rating organizations are evenly weighted when calculating the average. The composite quality rating is created utilizing a methodology developed by Globe Life using ratings from the various rating agencies noted above. The composite quality rating is not a Standard & Poor's credit rating. Standard & Poor's does not sponsor, endorse or promote the composite quality rating and shall not be liable for any use of the composite quality rating. Included in the following chart are private placement fixed maturity holdings of \$519 million at amortized cost, net of allowance for credit losses (\$523 million at fair value) for which the ratings were assigned by the third-party managers.

Fixed Maturities by Rating
At March 31, 2022
(Dollar amounts in thousands)

	Amortized Cost, net	% of Total	Fair Value	% of Total	Average Composite Quality Rating on Amortized Cost, net
Investment grade:					
AAA	\$ 762,200	4	\$ 784,358	4	
AA	2,347,897	13	2,228,778	12	
A	4,487,319	25	4,974,961	26	
BBB+	3,901,821	22	4,272,763	22	
BBB	4,285,247	24	4,603,423	24	
BBB-	1,607,657	9	1,720,528	9	
Total investment grade	17,392,141	97	18,584,811	97	A-
Below investment grade:					
BB	455,835	2	447,982	2	
B	91,124	1	86,776	1	
Below B	36,310	—	59,538	—	
Total below investment grade	583,269	3	594,296	3	BB-
	<u>\$ 17,975,410</u>	<u>100</u>	<u>\$ 19,179,107</u>	<u>100</u>	
Weighted average composite quality rating					A-

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Fixed Maturities by Rating
At December 31, 2021
(Dollar amounts in thousands)

	Amortized Cost	% of Total	Fair Value	% of Total	Average Composite Quality Rating on Amortized Cost
Investment grade:					
AAA	\$ 761,526	4	\$ 867,728	4	
AA	2,215,179	13	2,412,947	11	
A	4,487,607	25	5,584,588	26	
BBB+	3,779,051	21	4,616,977	22	
BBB	4,289,044	24	5,174,667	24	
BBB-	1,570,969	9	1,865,241	9	
Total investment grade	17,103,376	96	20,522,148	96	A-
Below investment grade:					
BB	537,064	3	583,608	3	
B	128,402	1	136,026	1	
Below B	36,080	—	63,505	—	
Total below investment grade	701,546	4	783,139	4	BB-
	<u><u>\$ 17,804,922</u></u>	<u><u>100</u></u>	<u><u>\$ 21,305,287</u></u>	<u><u>100</u></u>	
Weighted average composite quality rating					A-

The overall quality rating of the portfolio is A-, the same as year-end 2021. Fixed maturities rated BBB are 55% of the total portfolio at March 31, 2022 compared with 54% at year-end 2021. While this ratio is high relative to our peers, we have limited exposure to higher-risk assets such as derivatives, equities, and asset-backed securities. Additionally, the Company does not participate in securities lending and has no off-balance sheet investments as of March 31, 2022. Of our fixed maturity purchases, BBB securities generally provide the Company with the best risk-adjusted, capital-adjusted returns largely due to our ability to hold securities to maturity regardless of fluctuations in interest rates or equity markets.

An analysis of changes in our portfolio of below-investment grade fixed maturities at amortized cost, net of allowance for credit losses is as follows:

Below-Investment Grade Fixed Maturities
(Dollar amounts in thousands)

	Three Months Ended March 31,	
	2022	2021
Balance at beginning of period	\$ 701,546	\$ 840,739
Downgrades by rating agencies	—	—
Upgrades by rating agencies	(96,080)	—
Dispositions	(23,041)	(43,141)
Provision for credit losses	(31)	3,346
Amortization and other	875	768
Balance at end of period	<u><u>\$ 583,269</u></u>	<u><u>\$ 801,712</u></u>

Our investment policy calls for investing primarily in fixed maturities that are investment grade and meet our quality and yield objectives. Thus, any increases in below-investment grade issues are typically a result of ratings downgrades of existing holdings. Below-investment grade bonds at amortized cost, net of allowance for credit

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losses, were 10% of our shareholders' equity, excluding the effect of unrealized gains and losses on fixed maturities as of March 31, 2022. Globe Life invests long term and as such, one of our key criterion in our investment process is to select issuers that have the ability to weather multiple financial cycles.

OPERATING EXPENSES

Operating expenses are included in the "Corporate and Other" segment and are classified into two categories: insurance administrative expenses and expenses of the Parent Company. Insurance administrative expenses generally include expenses incurred after a policy has been issued. As these expenses relate to premium for a given period, management measures the expenses as a percentage of premium income. The Company also views stock-based compensation expense as a Parent Company expense. Expenses associated with the issuance of our insurance policies are reflected as acquisition expenses and included in the determination of underwriting margin.

An analysis of operating expenses is shown below.

Operating Expenses Selected Information

(Dollar amounts in thousands)

	Three Months Ended March 31,				Increase	
	2022		2021		(Decrease)	
	Amount	% of Premium	Amount	% of Premium	Amount	%
Insurance administrative expenses:						
Salaries	\$ 30,283	2.8	\$ 28,180	2.8	\$ 2,103	7
Other employee costs	11,276	1.1	11,447	1.2	(171)	(1)
Information technology costs	12,899	1.2	11,404	1.1	1,495	13
Legal costs	3,643	0.3	2,833	0.3	810	29
Other administrative costs	14,464	1.4	12,312	1.2	2,152	17
Total insurance administrative expenses	72,565	6.8	66,176	6.6	6,389	10
Parent company expense	2,640		2,318		322	
Stock compensation expense	9,035		7,888		1,147	
Legal proceedings	—		4,828		(4,828)	
Non-operating expenses	112		—		112	
Total operating expenses, per <i>Condensed Consolidated Statements of Operations</i>	\$ 84,352		\$ 81,210		\$ 3,142	4

Total operating expenses increased 4% over the prior year period primarily due to a 10% increase in insurance administrative expenses. Insurance administrative expenses increased \$6 million primarily due to higher information technology costs, including associated information technology salaries, higher employee costs in general, and higher costs due to the addition of Globe Life Benefits. The increase in stock-based compensation expense was primarily due to the higher expense associated with equity awards, reflecting the Parent Company's increased share price in 2022 as compared with 2021. Insurance administrative expenses as a percent of premium were 6.8%, compared to 6.6% for the same period in 2021.

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SHARE REPURCHASES

Globe Life has an ongoing share repurchase program that began in 1986, and is reviewed with the Board of Directors by management quarterly and annually reaffirmed by the Board of Directors. With no specified authorization amount, we determine the amount of repurchases based on the amount of the excess cash flows after the payment of dividends to the Parent Company shareholders, general market conditions, and other alternative uses. Excess cash flow at the Parent Company is primarily comprised of dividends received from the insurance subsidiaries less interest expense paid on its debt and other limited operating activities. The majority of our share repurchases are made from excess cash flow after the payment of shareholder dividends. Additionally, when stock options are exercised, proceeds from these exercises and the resulting tax benefit are used to repurchase additional shares on the open market to minimize dilution as a result of the option exercises. On August 4, 2021, the Board of Directors reauthorized the Parent Company's share repurchase program in amounts and with timing that management, in consultation with the Board, determines to be in the best interest of the Company and its shareholders.

The following chart summarizes share repurchases for the three month periods ended March 31, 2022 and 2021.

Analysis of Share Repurchases
(Amounts in thousands, except per share data)

	Three Months Ended March 31,					
	2022			2021		
	Shares	Amount	Average Price	Shares	Amount	Average Price
Purchases with:						
Excess cash flow at the Parent Company	880	\$ 88,621	\$ 100.70	944	\$ 90,149	\$ 95.47
Option exercise proceeds	299	30,861	103.07	435	42,571	97.89
Total	<u>1,179</u>	<u>\$ 119,482</u>	<u>\$ 101.30</u>	<u>1,379</u>	<u>\$ 132,720</u>	<u>\$ 96.23</u>

Throughout the remainder of this discussion, share repurchases will only refer to those made from excess cash flow at the Parent Company.

FINANCIAL CONDITION

Liquidity. Liquidity provides Globe Life with the ability to meet on demand the cash commitments required to support our business operations and meet our financial obligations. Our liquidity is primarily derived from multiple sources: positive cash flow from operations, a portfolio of marketable securities, a revolving credit facility, commercial paper and the Federal Home Loan Bank (FHLB).

Insurance Subsidiary Liquidity. The operations of our insurance subsidiaries have historically generated substantial cash inflows in excess of immediate cash needs. Cash inflows for the insurance subsidiaries primarily include premium and investment income. In addition to investment income, maturities and scheduled repayments in the investment portfolio are cash inflows. Cash outflows from operations include policy benefit payments, commissions, administrative expenses, and taxes. A portion of the excess cash inflows in the current year will provide for the payment of future policy benefits and are invested primarily in long-term fixed maturities as they better match the long-term nature of these obligations. Excess cash available from the insurance subsidiaries' operations is generally distributed as a dividend to the Parent Company, subject to regulatory restrictions. The dividends are generally paid in amounts equal to the subsidiaries' prior year statutory net income excluding realized capital gains. While the leading source of the excess cash is investment income, a significant portion of the excess cash also comes from underwriting income due to our high underwriting margins and effective expense control. While the insurance subsidiaries routinely generate more operating cash inflows than cash outflows annually, the companies also have the entire available-for-sale fixed maturity investment portfolio available to create additional cash flows if required.

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Four of our insurance subsidiaries are members of the FHLB of Dallas. FHLB membership provides the insurance subsidiaries with access to various low-cost collateralized borrowings and funding agreements. While not the only source of liquidity, the FHLB could provide the insurance subsidiaries with an additional source of liquidity, if needed. Refer to [Note 9—Debt](#) for further details.

Parent Company Liquidity. An important source of Parent Company liquidity is the dividends from its insurance subsidiaries. These dividends are received throughout the year and are used by the Parent Company to pay dividends on common and preferred stock, interest and principal repayment requirements on Parent Company debt, and operating expenses of the Parent Company.

	Three Months Ended March 31,		Twelve Months Ended December 31,	
	2022	2021	Projected 2022	2021
Liquidity Sources:				
Dividends from Subsidiaries	\$ 107,083	\$ 120,728	\$ 400,000	\$ 478,535
Excess Cash Flows	69,270	88,922	280,000	370,120

Additional sources of liquidity for the Parent Company are cash, intercompany receivables, intercompany borrowings, public debt markets, term loans, and a revolving credit facility. At March 31, 2022, the Parent Company had access to \$134 million of invested cash, net intercompany receivables and other liquid assets.

Short-Term Borrowings. An additional source of Parent Company liquidity is a credit facility with a group of lenders allowing for unsecured borrowings and stand-by letters of credit up to \$750 million, which could be extended up to \$1 billion. While the Parent Company may request the extension, it is not guaranteed. Up to \$250 million in letters of credit can be issued against the facility. The facility serves as a back-up line of credit for a commercial paper program under which commercial paper may be issued at any time, with total commercial paper outstanding not to exceed the facility maximum, less any letters of credit issued. Interest charged on the commercial paper program resembles variable rate debt due to its short term nature. On September 30, 2021, Globe Life amended the credit agreement dated August 24, 2020. The five-year credit agreement will now mature on September 30, 2026. As of March 31, 2022, the Parent Company was in full compliance with all covenants related to the aforementioned debt.

As a part of the credit facility, Globe Life has stand-by letters of credits. These letters of credit are issued on behalf of our insurance subsidiaries.

The following table presents certain information about our commercial paper borrowings.

Credit Facility—Commercial Paper
(Dollar amounts in thousands)

	At		
	March 31, 2022	December 31, 2021	March 31, 2021
Balance of commercial paper at end of period (par value)	\$ 372,524	\$ 330,033	\$ 275,000
Annualized interest rate	0.69 %	0.29 %	0.23 %
Letters of credit outstanding	\$ 125,000	\$ 125,000	\$ 135,000
Remaining amount available under credit line	252,476	294,967	340,000

Globe Life Inc.
Management's Discussion & Analysis

Credit Facility—Commercial Paper Activity
(Dollar amounts in thousands)

	Three Months Ended March 31,	
	2022	2021
Average balance of commercial paper outstanding during period (par value).....	\$ 426,243	\$ 300,444
Daily-weighted average interest rate (annualized)	0.43 %	0.24 %
Maximum daily amount outstanding during period (par value).....	\$ 500,529	\$ 355,000

The Company increased the commercial paper borrowings by \$42 million since year-end, reflecting timing of cash needs of the Parent Company. We had no difficulties in accessing the commercial paper market under this facility during the three months ended March 31, 2022 and 2021.

Globe Life expects to have readily available funds for 2022 and the foreseeable future to conduct its operations and to maintain target capital ratios in the insurance subsidiaries through liquid assets currently available, internally-generated cash flow and the credit facility. In the unlikely event that more liquidity is needed, the Parent Company could generate additional funds through multiple sources including, but not limited to, the issuance of debt, an additional short-term credit facility or term loan, and intercompany borrowing.

Consolidated Liquidity. Consolidated net cash inflows from operations were \$397 million in the first three months of 2022, compared with \$372 million in the same period of 2021. The increase is primarily attributable to fluctuations in the settlement of certain amounts included in other liabilities. In addition to cash inflows from operations, our insurance companies received proceeds from dispositions of fixed maturities available for sale in the amount of \$115 million during the 2022 period. As previously noted under the caption [Credit Facility](#), the Parent Company has in place a revolving credit facility. The insurance companies have no additional outstanding credit facilities.

Cash and short-term investments were \$185 million at March 31, 2022, compared with \$161 million at December 31, 2021. In addition to these liquid assets, the entire \$19.2 billion (fair value at March 31, 2022) portfolio of fixed income securities is available for sale in the event of an unexpected need. Approximately 97% of our fixed income securities are publicly traded, freely tradable under SEC Rule 144, or qualified for resale under SEC Rule 144A. We generally expect to hold fixed income securities to maturity, and even though these securities are classified as available for sale, we have the ability and general intent to hold any securities to recovery. Our strong cash flows from operations, on-going investment maturities, and available liquidity under our credit facility make any need to sell securities for liquidity highly unlikely.

Globe Life Inc.
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Capital Resources. The Parent Company's capital structure consists of short-term debt (the commercial paper facility and current maturities of long-term debt), long-term debt, and shareholders' equity.

Long-Term Borrowings. The outstanding long-term debt at book value was \$1.5 billion at March 31, 2022 and December 31, 2021. Refer to [Note 9—Debt](#) for a complete analysis and description of long-term debt issues outstanding.

Selected Information about Debt Issues
As of March 31, 2022
(Dollar amounts in thousands)

Instrument	Issue Date	Maturity Date	Coupon Rate	Interest Payment Dates	Par Value	Book Value	Fair Value
Senior notes	05/27/1993	05/15/2023	7.875%	semiannual	\$ 165,612	\$ 165,285	\$ 174,991
Senior notes ⁽¹⁾	09/24/2012	09/15/2022	3.800%	semiannual	150,000	149,839	151,500
Senior notes	09/27/2018	09/15/2028	4.550%	semiannual	550,000	545,112	576,906
Senior notes	08/21/2020	08/15/2030	2.150%	semiannual	400,000	395,889	358,344
Junior subordinated debentures	11/17/2017	11/17/2057	5.275%	semiannual	125,000	123,399	127,150
Junior subordinated debentures	06/14/2021	06/15/2061	4.250%	quarterly	325,000	317,173	288,340
					1,715,612	1,696,697	1,677,231
Less current maturity of long-term debt ⁽¹⁾					150,000	149,839	151,500
Total long-term debt					1,565,612	1,546,858	1,525,731
Current maturity of long-term debt ⁽¹⁾					150,000	149,839	151,500
Commercial paper					372,524	372,240	372,240
Total short-term debt					522,524	522,079	523,740
Total debt					\$2,088,136	\$2,068,937	\$2,049,471

(1) An additional \$150 million par value and book value is held by insurance subsidiaries that eliminates in consolidation.

Subsidiary Capital: The National Association of Insurance Commissioners (NAIC) has established a risk-based factor approach for determining threshold risk-based capital levels for all insurance companies. This approach was designed to assist the regulatory bodies in identifying companies that may require regulatory attention. A Risk-Based Capital (RBC) ratio is typically determined by dividing adjusted total statutory capital by the amount of risk-based capital determined using the NAIC's factors. If a company's RBC ratio approaches two times the RBC amount, the company must file a plan with the NAIC for improving their capital levels (this level is commonly referred to as "Company Action Level" RBC). Companies typically hold a multiple of the Company Action Level RBC depending on their particular business needs and risk profile.

Our goal is to maintain statutory capital within our insurance subsidiaries at levels necessary to support our current ratings. For 2022, Globe Life has targeted a consolidated Company Action Level RBC ratio of 300% to 320%. The Company concludes that this capital level is more than adequate and sufficient to support its current ratings, given the nature of its business and its risk profile. As of December 31, 2021, our consolidated Company Action Level RBC ratio was 315%. The Parent Company is committed to maintaining the targeted consolidated RBC ratio at its insurance subsidiaries and has sufficient liquidity available to provide additional capital if necessary.

Shareholders' Equity: On March 8, 2022, the Parent Company announced that it had declared a quarterly dividend of \$0.2075 per share. This dividend was paid on April 29, 2022.

GLOBE LIFE INC.
Management's Discussion & Analysis

Shareholders' equity was \$6.9 billion at March 31, 2022. This compares with \$8.6 billion at December 31, 2021 and \$7.8 billion at March 31, 2021. During the three months since December 31, 2021, shareholders' equity decreased primarily due to \$1.8 billion of after-tax unrealized losses in the fixed-maturity portfolio as interest rates have increased over the period. In addition, shareholders' equity increased by net income of \$164 million during the first three months of 2022, but was offset by share repurchases of \$89 million and an additional \$31 million in share purchases to offset the dilution from stock option exercises.

We plan to use excess cash available at the Parent Company as efficiently as possible in the future. Possible uses of excess cash flow include, but are not limited to, share repurchases, acquisitions, shareholder dividend payments, investments in securities, or repayment of short-term debt. We will determine the best use of excess cash after ensuring that targeted capital levels are maintained in our insurance subsidiaries. If market conditions are favorable, we currently expect that share repurchases will continue to be a primary use of those funds.

Globe Life is required under GAAP to revalue its available for sale fixed maturity portfolio to fair market value at the end of each accounting period. These changes, net of their associated impact on deferred acquisition costs and income tax, are reflected directly in shareholders' equity.

While a majority of our invested assets are revalued, current accounting rules do not permit interest-bearing insurance policy liabilities to be valued at fair value in a consistent manner as that of our invested assets, with changes in value applied directly to shareholders' equity. Due to the size of our policy liabilities in relation to our shareholders' equity, an inconsistency exists in measurement, which may have a material impact on the reported value of shareholders' equity. Fluctuations in interest rates cause undue volatility in the period-to-period presentation of our shareholders' equity, capital structure, and financial ratios. Due to the long-term nature of our fixed maturity investments and policy liabilities and the strong cash flows consistently generated by our insurance subsidiaries, we have the ability to hold our securities to maturity. As such, we do not expect to incur losses due to fluctuations in market value of fixed maturities caused by market rate changes and temporarily illiquid markets. Accordingly, our management, credit rating agencies, lenders, many industry analysts, and certain other financial statement users prefer to remove the effect of this accounting rule when analyzing our balance sheet, capital structure, and financial ratios.

GLOBE LIFE INC.
Management's Discussion & Analysis

The following table presents selected data related to our capital resources. Additionally, the table presents the effect of this accounting guidance on relevant line items, so that investors and other financial statement users may determine its impact on Globe Life's capital structure. Excluding the effect of unrealized gains and losses on the fixed maturity portfolio from shareholders' equity is considered non-GAAP. Below we include the reconciliation to GAAP.

Selected Financial Data

(Dollar amounts in thousands, except per share data)

	At					
	March 31, 2022		December 31, 2021		March 31, 2021	
	GAAP	Effect of Accounting Rule Requiring Revaluation ⁽¹⁾	GAAP	Effect of Accounting Rule Requiring Revaluation ⁽¹⁾	GAAP	Effect of Accounting Rule Requiring Revaluation ⁽¹⁾
Fixed maturities	\$ 19,179,107	\$ 1,203,697	\$ 21,305,287	\$ 3,500,365	\$ 20,154,910	\$ 2,742,951
Deferred acquisition costs ⁽²⁾	4,999,935	(3,951)	4,914,728	(4,327)	4,662,509	(5,596)
Total assets	27,850,328	1,199,746	29,768,048	3,496,038	28,112,896	2,737,355
Short-term debt	522,079	—	479,644	—	274,919	—
Long-term debt	1,546,858	—	1,546,494	—	1,668,322	—
Shareholders' equity	6,894,020	947,799	8,642,806	2,761,870	7,832,337	2,162,510
Book value per diluted share	69.16	9.51	85.97	27.47	75.10	20.74
Debt to capitalization ⁽³⁾	23.1 %	(2.7)%	19.0 %	(6.6)%	19.9 %	(5.6)%
Diluted shares outstanding	99,689		100,535		104,292	
Actual shares outstanding	98,875		99,567		103,193	

(1) Amount added to (deducted from) comprehensive income to produce the stated GAAP item, per accounting rule ASC 320-10-35-1.

(2) Includes the value of business acquired (VOBA).

(3) Globe Life's debt covenants require that the effect of this accounting rule be removed to determine this ratio. This ratio is computed by dividing total debt by the sum of total debt and shareholders' equity.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

There have been no quantitative or qualitative changes with respect to market risk exposure during the three months ended March 31, 2022.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures: Globe Life, under the direction of the Co-Chairmen and Chief Executive Officers and the Senior Executive Vice President and Chief Financial Officer, has established disclosure controls and procedures that are designed to ensure that information required to be disclosed by Globe Life in the reports that it files or submits under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. The disclosure controls and procedures are also intended to ensure that such information is accumulated and communicated to Globe Life's management, including the Co-Chairmen and Chief Executive Officers and the Senior Executive Vice President and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosures.

As of the end of the fiscal quarter completed March 31, 2022, an evaluation was performed under the supervision and with the participation of Globe Life management, including the Co-Chairmen and Chief Executive Officers and the Senior Executive Vice President and Chief Financial Officer, of the disclosure controls and procedures (as those terms are defined in Rule 13a-15(e) under the Securities Exchange Act of 1934). Based upon their evaluation, the Co-Chairmen and Chief Executive Officers and the Senior Executive Vice President and Chief Financial Officer have concluded that disclosure controls and procedures are effective as of the date of this Form 10-Q. In compliance with Section 302 of the Sarbanes Oxley Act of 2002 (18 U.S.C. § 1350), each of these officers executed a Certification included as an exhibit to this Form 10-Q.

Changes in Internal Control over Financial Reporting: As of the period ended March 31, 2022, there have not been any changes in Globe Life Inc.'s internal control over financial reporting or in other factors that could significantly affect this control over financial reporting subsequent to the date of their evaluation which have materially affected, or are reasonably likely to materially affect, internal control over financial reporting.

Part II—Other Information

Item 1. Legal Proceedings

Discussion regarding litigation and unclaimed property audits is provided in [Note 5—Commitments and Contingencies](#).

Item 1A. Risk Factors

The Company had no material changes to its risk factors.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Purchases of Certain Equity Securities by the Issuer and Others for the First Quarter of 2022

Period	(a) Total Number of Shares Purchased	(b) Average Price Paid Per Share	(c) Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	(d) Maximum Number of Shares (or Approximate Dollar Amount) that May Yet Be Purchased Under the Plans or Programs
January 1-31, 2022	403,891	\$ 101.72	403,891	
February 1-28, 2022	393,257	104.14	393,257	
March 1-31, 2022	382,339	97.93	382,339	

On August 4, 2021, the Globe Life Board of Directors reaffirmed its continued authorization of the Company's stock repurchase program in amounts and with timing that management, in consultation with the Board, determined to be in the best interest of the Company. The program has no defined expiration date or maximum shares to be repurchased.

Item 6. Exhibits

Exhibit No.	Description
31.1	Rule 13a-14(a)/15d-14(a) Certification by Gary L. Coleman
31.2	Rule 13a-14(a)/15d-14(a) Certification by Larry M. Hutchison
31.3	Rule 13a-14(a)/15d-14(a) Certification by Frank M. Svoboda
32.1	Section 1350 Certification by Gary L. Coleman, Larry M. Hutchison, and Frank M. Svoboda
101.INS	XBRL Instance Document- the instance document does not appear in the Interactive Data file because the XBRL tags are embedded within the Inline XBRL document.
101.SCH	Inline XBRL Taxonomy Extension Schema Document.
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document.
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document.
104	Cover Page Interactive Data File (formatted as inline XBRL with applicable taxonomy extension information contained in Exhibits 101).

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

GLOBE LIFE INC.

Date: May 5, 2022

/s/ Gary L. Coleman

Gary L. Coleman

Co-Chairman and Chief Executive Officer

Date: May 5, 2022

/s/ Larry M. Hutchison

Larry M. Hutchison

Co-Chairman and Chief Executive Officer

Date: May 5, 2022

/s/ Frank M. Svoboda

Frank M. Svoboda

Senior Executive Vice President and Chief Financial Officer

CERTIFICATIONS

I, Gary L. Coleman, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Globe Life Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 5, 2022

/s/ Gary L. Coleman

Gary L. Coleman
Co-Chairman and Chief Executive
Officer

CERTIFICATIONS

I, Larry M. Hutchison, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Globe Life Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 5, 2022

/s/ Larry M. Hutchison

Larry M. Hutchison
Co-Chairman and Chief Executive
Officer

CERTIFICATIONS

I, Frank M. Svoboda, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Globe Life Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 5, 2022

/s/ Frank M. Svoboda

Frank M. Svoboda
Senior Executive Vice President and
Chief Financial Officer

CERTIFICATION OF PERIODIC REPORT

We, Gary L. Coleman, Co-Chairman and Chief Executive Officer of Globe Life Inc., Larry M. Hutchison, Co-Chairman and Chief Executive Officer of Globe Life Inc. and Frank M. Svoboda, Senior Executive Vice President and Chief Financial Officer of Globe Life Inc., certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that, to the best of our knowledge:

- (1) the Quarterly Report on Form 10-Q of the Company for the quarterly period ended March 31, 2022 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: May 5, 2022

/s/ Gary L. Coleman

Gary L. Coleman
Co-Chairman and Chief Executive Officer

/s/ Larry M. Hutchison

Larry M. Hutchison
Co-Chairman and Chief Executive Officer

/s/ Frank M. Svoboda

Frank M. Svoboda
Senior Executive Vice President and
Chief Financial Officer