Risk Factors Comparison 2024-02-28 to 2023-02-23 Form: 10-K

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Risks Related to Our Business The **following** ~~insurance industry~~ is a **summary** ~~regulated industry, populated by many public and private companies. We operate in the industry' s life and health insurance sectors, each~~ of **the material** ~~which has its own set of~~ risks **and uncertainties that could adversely affect our business, financial condition and results of operations** . Business and Operational Risks The development and maintenance of our various distribution channels are critical to growth in product sales and profits. Our future success depends, in substantial part, on our ability to recruit, hire, and motivate highly- skilled insurance personnel. Further, the development and retention of producing agents are critical to supporting sales growth in our agency operations because our insurance sales are primarily made to individuals. A failure to effectively develop new methods of reaching consumers, realize cost efficiencies or generate an attractive value proposition in our Direct to Consumer Division business could result in reduced sales and profits. In addition, if we do not provide an attractive career opportunity with competitive compensation as well as motivation for producing agents to increase sales of our products, our growth could be impeded. Doing so may be difficult due to many factors, including but not limited to, fluctuations in economic and industry conditions and the effectiveness of our compensation programs and competition among other ~~employers~~ **companies** . Our life insurance products are sold in niche markets. We are at risk should any of these markets diminish. We have several life distribution channels that focus on distinct market niches, three of which are labor unions, affinity groups, and sales via Direct to Consumer solicitations. Deterioration of our relationships with either organized labor **union groups** or affinity groups, or adverse changes in the public' s receptivity to Direct to Consumer marketing initiatives could negatively affect our life insurance business ~~. The impact of COVID- 19 and related risks could materially affect our results of operations, financial position and / or liquidity. The effects of the COVID- 19 pandemic, and U. S. and international responses, are wide- ranging, costly, and disruptive, and has resulted in significant disruptions in economic activity and financial markets. Excess deaths from non-COVID causes have directly and indirectly adversely affected the Company and will likely continue to do so for an uncertain period of time. The COVID- 19 pandemic subjects the Company to various potential risks that could adversely affect the Company in different ways, including but not limited to the following: • Reduced sales resulting from potential limitations in the virtual sales and agent recruiting process or reductions in the willingness or ability of consumers to purchase our products; • Reduced cash flows from lower premiums, higher surrenders and greater than anticipated claim payments; • Disruptions, delays, and increased costs and risks related to employees working remotely, having limited or no access to our facilities, and experiencing reductions or interruptions of critical or essential services; • Ratings downgrades, increased bankruptcies and credit spread widening in industries in which we invest in our investment portfolio~~ . Actual or alleged misclassification of independent contractors at our insurance subsidiaries could result in adverse legal, tax or financial consequences. A significant portion of our sales agents are independent contractors. Although we believe we have properly classified such individuals, a risk nevertheless exists that a court, the Internal Revenue Service or other authority will take the position that our sales agents are employees. From time- to- time, we are subject to civil litigation, including class and collective action litigation, alleging that we have improperly classified certain of our sales agents as independent contractors. **A** ~~Though we believe our sales agents are properly classified as independent contractors, a~~ future adverse judgment in connection with such litigation could result in substantial damages. **Future changes in rules, regulations or interpretations of existing rules and regulations could require us to reclassify all or a portion of our agents as employees and the impact could significantly increase our operating costs and negatively impact our insurance business. The use of third- party vendors to support the Company' s operations makes the Company susceptible to the operational risk of those third parties, which could lower revenues, increase costs, reduce profits, disrupt business, or damage the Company' s reputation. The Company utilizes third- party vendors to provide certain business support services and functions, which exposes the Company to risks outside the control of the Company that may lead to business disruptions. The reliance on these third- party vendors creates a number of business risks, such as the risk that the Company may not maintain service quality, control or effective management of the outsourced business operations and that the Company cannot control the information systems, facilities or networks of such third-party vendors. Additionally, the Company is at risk of being unable to meet legal, regulatory, financial or customer obligations if the information systems, facilities or networks of a third- party vendor are disrupted, damaged or fail, whether due to physical disruptions, such as fire, natural disaster, pandemic or power outage, or due to cybersecurity incidents, ransomware or other impacts to vendors, including labor strikes, political unrest and terrorist attacks. The Company may be adversely affected by a third- party vendor who operates in a poorly controlled manner or fails to deliver contracted services, which could lower revenues, increase costs, reduce profits, disrupt business, or damage the Company' s reputation.** 9 GL ~~2022~~ **2023** FORM 10- KFinancial and Strategic Risks Our investments are subject to market and credit risks. Significant downgrades, delinquencies and defaults in our investment portfolio could potentially result in lower net investment income and increased realized and unrealized investment losses. Our invested assets are subject to the customary risks of defaults, downgrades, and changes in market values. Our investment portfolio consists predominately of fixed **income** ~~maturity and short- term~~ investments, where we are exposed to the risk that individual issuers will not have the ability to make required interest or principal payments. A concentration of these investments in any particular issuer, industry, group of related industries or geographic areas could increase this risk. Factors that may affect both market and credit risks include interest rate levels (consisting of both treasury rate and credit spread), financial market performance, disruptions in credit markets, general economic conditions, legislative changes, particular circumstances affecting the businesses or industries of each issuer and other factors beyond our control. Additionally, as the majority of our investments are long- term fixed maturities that we typically hold until maturity, a significant increase in interest rates and / or credit spreads could cause a material temporary decline in the fair value of our fixed investment portfolio, even with regard to performing assets. These declines could cause a material increase in unrealized losses in our investment portfolio. Significant unrealized losses could substantially reduce our capital position and shareholders' equity. It is possible our investment in certain of these securities with unrealized losses could experience a credit event where an allowance for credit loss is recorded, reducing net income. We cannot be assured that any particular issuer, regardless of industry, will be able to make required interest and principal payments on a timely basis or at all. Significant downgrades or defaults of issuers could negatively impact our risk- based capital ratios, leading to potential downgrades of the Company by rating agencies, potential reduction in future dividend capacity from our insurance subsidiaries, and / or higher financing costs at Globe Life Inc. (Parent Company) should additional statutory capital be required. Changes in interest rates could negatively affect income. Declines in interest rates expose insurance companies to the risk that they will fail to earn the level of interest on investments assumed in pricing products and in setting discount rates used to calculate ~~net~~ policy liabilities, which could have a negative impact on income. Significant decreases in interest rates could result in calls by issuers of investments, where such features are available to issuers. Any such calls could result in a decline in our investment income, as reinvestment of the proceeds would likely be at lower interest rates. An increase in interest rates could result in certain policyholders surrendering their life or annuity policies for cash, thereby potentially requiring our insurance subsidiaries to liquidate invested assets if other sources of liquidity are not available to meet their obligations. In such a case, realized losses could result from the sale of the invested assets and could adversely affect our statutory income, required capital levels, and results of operations. ~~10 GL 2022 FORM 10- K~~ Our ability to fund operations is substantially dependent on available funds from our insurance subsidiaries. As a holding company with no direct operations, our principal asset is the capital stock of our insurance subsidiaries, which periodically declare and distribute dividends on their capital stock. Moreover, our liquidity, including our ability to pay our operating expenses and to make principal and interest payments on debt securities or other indebtedness owed by us, as well as our ability to pay dividends on our common stock or any preferred stock, depends significantly upon the surplus and earnings of our insurance subsidiaries and the ability of these subsidiaries to pay dividends or to advance or repay funds to us. **The principal sources of our insurance subsidiaries' liquidity are insurance premiums, as well as investment income, maturities, repayments and other cash flow from our investment portfolio. Our insurance subsidiaries are subject to various state statutory and regulatory restrictions applicable to insurance companies that limit the amount of cash dividends, loans, and advances that those subsidiaries may pay to us, including laws establishing minimum solvency and liquidity thresholds. For example, in the states where our companies are domiciled, an insurance company generally may pay dividends only out of its unassigned surplus as reflected in its statutory financial statements filed in that state. Additionally, dividends paid by insurance subsidiaries are restricted based on 10 GL 2023 FORM 10- K regulations by their states of domicile. Accordingly, impairments in assets or disruptions in our insurance subsidiaries' operations that reduce their capital or cash flow could limit or disallow the payment of dividends, a principal source of our cash flow, to us.** Other sources of liquidity include a variety of short- term and long- term instruments, including our credit facility, commercial paper, long- term debt, Federal Home Loan Bank (FHLB), intercompany financing and reinsurance. **Changes in** ~~The principal sources of our insurance subsidiaries' liquidity are insurance premiums, as well as investment income, maturities, repayments and other cash flow from our investment portfolio. Our insurance subsidiaries are subject to various state statutory and regulatory restrictions applicable to insurance companies that limit the amount of cash dividends, loans, and advances that those subsidiaries may pay to us, including~~ laws ~~establishing minimum solvency and liquidity thresholds. For~~ - **or regulations** ~~example,~~ in the states ~~where~~ **in which** our companies are domiciled ~~, an insurance company generally may pay dividends only out of its unassigned surplus as reflected in its statutory financial statements filed in that state. Additionally, dividends paid by insurance subsidiaries are restricted based on regulations by their states of domicile. Accordingly, impairments in assets or disruptions in our insurance subsidiaries' operations that reduce their capital or cash flow could limit or disallow the payment of dividends, a principal source of our cash flow, to us. Changes in laws or regulations in the states in which our companies are domiciled~~ could constrain the ability of our insurance subsidiaries to pay dividends or to advance or repay funds to us in sufficient amounts and at times necessary to pay our debt obligations, corporate expenses, or dividends on our capital stock **. We are subject to liquidity risks associated with sourcing a concentration of our funding from the Federal Home Loan Bank (" FHLB "). We use institutional funding agreements originating from FHLB, which from time to time serve as a significant source of our liquidity. Additionally, we use agreements with the FHLB to meet near- term liquidity needs. If the FHLB were to change its definition of eligible collateral, we could be required to post additional amounts of collateral in the form of cash or other assets. Additionally, if our creditworthiness falls below the FHLB' s requirements or if legislative or other political actions cause changes to the FHLB' s mandate or to the eligibility of life insurance companies to be members of the FHLB system, we could be required to find other sources to replace this funding, which may prove difficult and increase our liquidity risk** . Adverse capital and credit market conditions may significantly affect our ability to meet liquidity needs or access capital, as well as affect our cost of capital. Should interest rates increase in the future, the higher interest expense on any newly issued debt may reduce net income. In addition, if the credit and capital markets were to experience significant disruption, uncertainty and instability, these conditions could adversely affect our access to capital. Such market conditions could limit our ability to replace maturing debt obligations in a timely manner **,** or at all **,** and / or access the capital necessary to grow our business **and maintain required capital levels and credit ratings** . In the ~~unlikely~~ event that current sources of liquidity do not satisfy our needs, we may have to seek additional financing or raise capital. The availability and cost of additional financing or capital depend on a variety of factors such as market conditions, the general availability of credit or capital, the volume of trading activities, the overall availability of credit to the insurance industry and our credit ratings and credit capacity. Additionally, customers, lenders or investors could develop a negative perception of our financial prospects if we were to incur large investment losses or if the level of our business activity decreased due to a market downturn. Our access to funds may also be impaired if regulatory authorities or rating agencies take negative actions against us. If our internal sources of liquidity prove to be insufficient, we may not be able to successfully obtain additional financing on favorable terms or at all. As such, we may be forced to delay raising capital, issue shorter term securities than we would prefer or bear an unattractive cost of capital which could decrease our profitability and significantly reduce our financial flexibility. If so, our results of operations, financial condition, consolidated RBC, and cash flows could be materially negatively affected. Industry Risks Variations in actual- to- expected rates of mortality, morbidity and ~~persistency~~ **policyholder behavior** could materially negatively affect our results of operations and financial condition. We establish policy reserves to pay future policyholder benefits. These reserves do not represent an exact calculation of liability, but rather are actuarial estimates based on models and accounting requirements that include many assumptions and projections which are inherently uncertain. The reserve ~~computations~~ **assumptions** involve the exercise of significant judgment with respect to levels **or trends** of mortality, morbidity, ~~persistency~~ **lapses** , and **discount rates** ~~investment yields, as well as the 11 GL 2022 FORM 10- K timing of premium and benefit payments~~ . ~~Even though~~ **Changes in assumptions could materially impact** our **financial condition and** ~~actuaries continually test actual- to- expected~~ results **of operations. Further** , actual results may differ significantly from the levels assumed, which could result in increased policy obligations and expenses and thus negatively affect our profit margins and income. **11 GL 2023 FORM 10- K** A ratings downgrade or other negative action by a rating agency could materially affect our business, financial condition, and results of operations. Various rating agencies review the financial performance and condition of insurers, including our insurance subsidiaries, and publish their financial strength ratings as indicators of an insurer' s ability to fulfill its contractual obligations. These ratings are important to maintaining public confidence in our insurance products. A downgrade or other negative action by a rating agency with respect to the financial strength ratings of our insurance subsidiaries could negatively affect us by limiting or restricting the ability of our insurance subsidiaries to pay dividends to us and reducing our sales by adversely affecting our ability to sell insurance products through independent insurance agencies. ~~The supplemental health insurance market is subject to substantial regulatory scrutiny. Regulatory changes could impact our Medicare Supplement and other supplemental health business. The nature and timing of any such changes cannot be predicted and could have a material adverse effect on our supplemental health insurance business.~~ Obtaining timely and appropriate premium rate increases for certain supplemental health insurance policies is critical. A significant percentage of the supplemental health insurance premiums that our insurance subsidiaries earn is from Medicare Supplement insurance. Medicare Supplement insurance, including conditions under which the premiums for such policies may be increased, is highly regulated at both the state and federal level. As a result, ~~our~~ Medicare Supplement business is characterized by lower profit margins than life insurance and requires strict administrative discipline and economies of scale for success. Since Medicare Supplement policies are coordinated with the federal Medicare program, which commonly experiences health care inflation every year, annual premium rate increases for the Medicare Supplement policies are typically necessary. Accordingly, the inability ~~of our insurance subsidiaries~~ to obtain approval of appropriate premium rate increases for supplemental health insurance plans in a timely manner from state insurance regulatory authorities could adversely impact their profitability and thus our business, financial condition, and results of operations. Our business is subject to the risk of the occurrence of catastrophic events that could adversely affect our financial condition or operations. Our insurance policies are issued to and held by a large number of policyholders throughout the United States in relatively low- face amounts. Accordingly, it is unlikely that a large portion of our policyholder base would be affected by a single natural disaster. However, our insurance operations could be exposed to the risk of catastrophic mortality or morbidity caused by events such as a pandemic **or other public health issues** , hurricane, earthquake, or man- made catastrophes, including acts of terrorism or war, which may produce significant claims in larger areas, especially those that are heavily populated. Claims resulting from natural or man- made catastrophic events could cause substantial volatility in our financial results for any fiscal quarter or year and could materially reduce our profitability or harm our financial condition. **In addition, government, business and consumer reactions to public health events could result in material negative impacts to our business and operations.** Our life and health insurance products are particularly exposed to risks of catastrophic mortality, such as a pandemic or other events that result in a large number of deaths. In addition, the occurrence of such an event in a concentrated geographic area could have a severe disruptive effect on our workforce and business operations. The likelihood and severity of such events cannot be predicted and are difficult to estimate. In such an event, the impact to our operations could have a material adverse impact on our ability to conduct business and on our results of operations and financial condition, particularly if those problems affect **our producing agents or our** employees performing operational tasks and supporting computer- based data processing, or **impair or** destroy ~~the~~ **our** capability to transmit, store, and retrieve valuable data. In addition, in the event that a significant number of our management were unavailable following a disaster, the achievement of our strategic objectives could be negatively impacted. **We are exposed to model risk, which is the risk of financial loss or reputational damage or adverse regulatory impacts caused by model errors or limitations, incorrect implementation of models, or misuse of or overreliance upon models. Models are utilized by our businesses and corporate areas primarily to project future cash flows associated with pricing products, calculating reserves and valuing assets, as well as in evaluating risk and determining capital requirements, among other uses. These models may not operate properly and may rely on assumptions and projections that are inherently uncertain. As our businesses continue to grow and evolve, the number and complexity of models we utilize expands, increasing our exposure to error in the design, implementation or use of models, including the associated input data and assumptions.** 12 GL ~~2022~~ **2023** FORM 10- K Our business is subject to the risk of direct or indirect effects of climate change. Climate change may increase the frequency and severity of weather- related **events and** natural disasters ~~and pandemics~~ , which may adversely impact our mortality and morbidity rates and disrupt our business operations. In addition, climate change and climate change regulation may affect the prospects of companies and other entities whose securities we hold, or our willingness to continue to hold their securities. Climate change may also influence investor sentiment with respect to the Company and investments in our portfolio. Legal, Regulatory, and Compliance Risks Our businesses are heavily regulated and changes in regulation may reduce our profitability and growth. Insurance companies, including our insurance subsidiaries, are subject to extensive supervision and regulation in the states in which they conduct business. The primary purpose of this supervision and regulation is the protection of policyholders, not investors. Regulatory agencies have broad administrative power over numerous aspects of our business, including premium rates **for our life, Medicare Supplement** and **other supplement health products, as well as** other terms and conditions included in the insurance policies offered by our insurance subsidiaries, marketing practices, advertising, agent licensing, policy forms, capital adequacy, solvency, reserves and permitted investments. Also, regulatory authorities have relatively broad discretion to grant, renew or revoke licenses or approvals. The insurance laws, regulations and policies currently affecting our companies may change at any time, possibly having an adverse effect on our business. Should regulatory changes occur, we may be unable to maintain all required licenses and approvals, or fully comply with the wide variety of applicable laws and regulations or the relevant authority' s interpretation of such laws and regulations. If we do not have the requisite licenses and approvals or do not comply with applicable regulatory requirements, the insurance regulatory authorities could preclude or temporarily suspend some or all of our business activities and / or impose substantial fines ~~. Changes in U. S. federal income tax law could increase our tax costs or negatively impact our insurance subsidiaries' capital. Changes to the Internal Revenue Code, administrative rulings, or court decisions affecting the insurance industry, including the products insurers offer, could increase our effective tax rate and lower our net income, adversely impact our insurance subsidiaries' capital, or limit the ability of our insurance subsidiaries to sell certain of their products~~ . Changes in accounting standards issued by accounting standard- setting bodies may affect our financial statements, reduce our reported profitability and change the timing of profit recognition. Our financial statements are subject to the application of GAAP and accounting practices as promulgated by the National Association of Insurance Commissioners' statutory accounting practices (NAIC SAP), which principles are periodically revised and / or expanded. Accordingly, from time to time we are required to adopt new or revised accounting standards or guidance issued by recognized authoritative bodies. Future accounting standards that we are required to adopt could change the current accounting treatment that we apply to our consolidated financial statements. These changes, including underlying assumptions, projections, estimates or judgments / interpretations by management, could have a material adverse effect on our business, financial condition, and results of operations. (Refer to Note 1 — Significant Accounting Policies under the caption Accounting Pronouncements Yet to be Adopted) ~~13 GL 2022 FORM 10-K~~ Non- compliance with laws or regulations related to customer and consumer privacy and information security, including a failure to ensure that our business associates with access to sensitive customer and consumer information maintain its confidentiality, could materially adversely affect our reputation and business operations. The collection, maintenance, use, disclosure **,** and disposal of personally identifiable information by our insurance subsidiaries are regulated at the international, federal, and state levels. Applicable laws and rules are subject to change by legislation or administrative or judicial interpretation. **We are subject to the privacy and security provisions of federal laws including, but not limited to, the Gramm- Leach- Biley Act of 1999 (GLBA), the Health Information Technology for Economic and Clinical Health Act (HITECH), and the Health Insurance Portability and Accountability Act of 1996 (HIPAA). HIPAA additionally requires that we impose privacy and security requirements on our business associates.** Various state laws **also** address the use and disclosure of personally identifiable information **,** to the extent they are more restrictive than ~~those~~ **these and** ~~contained in the~~ **other** ~~privacy and~~ **federal laws. Further, approximately half of the states have adopted a form of the National Association of Insurance Commissioners' data** security **model law** ~~provisions in the federal Gramm- Leach- Bliley Act of 1999 (GLBA)~~ , **which** ~~the Health Information Technology for Economic and Clinical Health Act (HITECH), and in the Health Insurance Portability and Accountability Act of 1996 (HIPAA). HIPAA also requires that we impose~~ **imposes** ~~privacy and~~ security requirements ~~on our business associates (as that term is defined in the HIPAA regulations)~~ . Noncompliance with **these** ~~any privacy~~ laws, whether by us or by one of our business associates, could have a material adverse effect on our business, reputation **,** and results of operations and could result in material fines and penalties, various forms of damages, consent orders regarding our privacy and security practices, adverse actions against our licenses to do business, and injunctive relief. **13 GL 2023 FORM 10- K** General Risk Factors The failure to maintain effective and efficient information systems at the Company could ~~compromise data security, thereby~~ adversely ~~affecting~~ --- **affect** our financial condition and results of operations. Our business is highly dependent upon the internet, third- party service providers, and information systems to operate in an efficient and resilient manner. We gather and maintain data for the purpose of conducting marketing, actuarial analysis, sales **,** and policy administration functions. Malicious third ~~-~~ parties, employee or agent errors or disasters affecting our information systems could impair our business operations, regulatory compliance, and financial condition. Employee or agent malfeasance or errors in the handling of our information systems may result in unauthorized access to customer or proprietary information, or an inability to use our information systems to efficiently support business operations. **As a result of** ~~More~~ **more** frequent and sophisticated cyberattacks and ~~more impactful regulatory oversight models could result in additional costs~~ **the highly regulated nature of the insurance industry, we must continually implement new, and maintain existing, technology or adapt existing technology** to protect against security ~~breaches~~ **and privacy incidents and to meet compliance requirements of new and proposed regulations. Our ability to modernize and maintain our information technology systems and infrastructure requires us to commit significant resources and effective planning and execution** . Any ~~breach of~~ **incident affecting** confidential information systems resulting from the above factors could damage our reputation in the marketplace, deter potential customers from purchasing our products, result in the loss of existing customers, subject us to significant civil and criminal liability, constrain cash flows, or require us to incur significant technical, legal, or other expenses. ~~The failure to effectively maintain and modernize our information technology systems and infrastructure could adversely affect our business. Our ability to modernize our information technology systems and infrastructure requires us to commit to significant resources,~~

~~effective planning, and execution.~~ In addition, ~~due to the highly regulated nature of the insurance industry, we must continually implement new, and maintain existing, technology or adapt existing technology to meet compliance requirements of new and proposed regulations. Should~~ **should** we be unable to implement ~~these innovations~~ **or maintain our technology** effectively, efficiently, or in a timely manner, it could result in poor customer experience, poor agent experience, additional expenses, reputational harm, legal and regulatory actions **,** and other adverse consequences. This could also result in the inability to effectively support business operations **. Changes in U. S. federal income tax law could increase our tax costs or negatively impact our insurance subsidiaries' capital. Changes to the Internal Revenue Code, administrative rulings, or court decisions affecting the insurance industry, including the products insurers offer, could increase our effective tax rate and lower our net income, adversely impact our insurance subsidiaries' capital, or limit the ability of our insurance subsidiaries to sell certain of their products** . Damage to the brand and reputation of Globe Life or its subsidiaries could affect our ability to conduct business. Negative publicity through traditional media, internet, social media and other public forums could damage our brand or reputation and adversely impact our agent recruiting efforts, the ability to market our products and the persistency of in- force policies. ~~14 GL 2022 FORM 10- K~~ We may fail to meet expectations relating to **corporate responsibility** ~~environmental, social,~~ and ~~governance~~ **sustainability** standards and practices. Certain existing or potential investors, customers and regulators evaluate our business or other practices according to a variety of **corporate responsibility** ~~environmental, social~~ and **sustainability** ~~governance (ESG)~~ standards and expectations. Certain of our regulators have proposed or adopted, or may propose or adopt, ~~ESG~~ **certain corporate responsibility and sustainability** rules or standards that would apply to our business. Our practices may be judged by ~~ESG~~ **these** standards that are continually evolving and not always clear. **Our decisions or priorities are made with the considerations of all stakeholders.** Prevailing ~~ESG~~ **corporate responsibility and sustainability** standards and expectations may also reflect contrasting or conflicting values or agendas. We may fail to meet our commitments or targets, and our policies and processes to evaluate and manage ~~ESG~~ **these** standards in coordination with other business priorities may not prove completely effective or satisfy investors, customers, regulators, or others. Additionally, we could fail to report accurately or achieve progress on our metrics on a timely basis, or at all, which in- turn could adversely affect our reputation, business, financial performance and growth. We may face adverse regulatory, investor, customer, media, or public scrutiny leading to business, reputational, or legal challenges. ~~15~~ **14** GL ~~2022~~ **2023** FORM 10- K