



Globe Life – The Main Course

Viceroy's research pushes the envelope on pervasive fraud at AIL, disgusting misconduct allegations, and their financial consequences. Globe Life is rotten from top to bottom.



PLEASE READ IMPORTANT DISCLAIMER – PAGE 9

April 30, 2024 – Viceroy Research is short Globe Life (NYSE:GL) following an extensive investigation of the company and its subsidiary American Income Life (AIL).

We tip our hat to Fuzzy Panda, who produced a solid report outlining the extent of fraud at Globe Life. **This report will push the envelope** on what is already a thrilling story, with minimal overlap:

- Viceroy have conducted a far more extensive number of background checks on **AIL's most profitable agents**, which uncovered allegations of **kidnapping, assault, and child grooming**.
- There are an extremely high number of allegations of **fraud by AIL and its agents**, many of which are disclosed within other **cases of unfair dismissal or sexual harassment/assault**. Viceroy have pulled dozens of detailed statements from plaintiffs, defendant, and witness statements to paint a fuller picture of the pervasive nature of fraud at AIL.
- This report will close the loop on various open-ended Fuzzy Panda thrillers, including the circumstances leading to the dismissal and withdrawal of cases against Globe Life, AIL, and their agents.
- Viceroy has accessed **thousands of Globe Life agency training** and marketing materials, concluding that **fraudulent, dishonest, and misleading sales tactics are core to AIL's operations**.
- Viceroy's financial analysis will show **how AIL's modus operandi affects its churn**, structural cash flow issues, the increasing risk of **employee misclassification**, and the existence of **offshore captive reinsurers that appear to be providing Globe Life liquidity against impaired assets**.

Fuzzy Panda's report can be found here:

<https://fuzzypandaresearch.com/globe-life-american-income-life-david-zophin-steve-greer/>

This report is Viceroy's longest investigation by far, and is compiled on the review of over 11,000 documents and near 40GB of data. Strap in.

The Background – Globe Life, AIL, MLM, and Governance

Globe Life's **American Income Life (AIL)** division is the predominant performance driver in terms of group captive agent headcount (70%), life insurance net sales (59%), group net sales (42%), underwriting margin contributions (50%), and sexual harassment claims. **AIL operates under a Multi-Level-Marketing (MLM) structure**, which is not itself problematic, but has created the perfect petri dish for fraudulent, dishonest, and unethical conduct.

- The vast majority of instances of fraud discovered by Viceroy Research come from the misaligned incentive structure set in place by Globe Life's MLM structure. **Any suggestion that the MLM structure does not contribute to (rampant) fraud at AIL is demonstrably false.**
 - The MLM model creates the opportunity for agents to defraud AIL and/or policy holders by issuing fraudulent policies. **This MLM commission structure fosters an at-all-costs sales culture** which rewards fraudulent, dishonest, and unethical sales tactics.
 - Agents need to recruit new agents to advance and make a percentage of their returns leading to misleading and/or inappropriate recruitment tactics/practices.
 - **Training/onboarding materials instruct new agents to commit fraud.**
 - Recruitment is done through lifestyle advertising on social media with little to no mention of what the actual duties entail.



- **Globe Life expects investors to believe that a 3rd-party agency structure gives it a degree of plausible deniability** from the heinous behavior by its agents. This is demonstrably false.
 - Viceroy’s research clearly shows that **Globe Life is intimately involved in the activities, marketing, training, recruiting, and clean-up of its agents.**
 - Globe Life demonstrably tolerates and **rubber-stamps** dishonest, and misleading business practices.
 - Globe Life demonstrably **tolerates the agent onboarding of criminals**, who would not even be eligible for insurance under AIL’s plans, let alone a license to sell insurance.
 - Globe Life demonstrably **tolerates sexual assault of its agents** by their colleagues and superiors and reports are consistently ignored at the corporate level.

AIL agent incentives do not align with the interests of Globe Life or its policy holders.

The Sales Practices – Fraudulent, Dishonest & Misleading

AIL CEO, Steve Greer, and AIL President, David Zophin, have overseen the proliferation of **a culture of systemic deception, unethical behavior, and illegal activities at AIL.**

Former agents and employees allege that AIL has a widespread culture of fraudulent, dishonest, and unethical sales tactics. **Misleading customers, faking identities, writing fake policies, whistleblower retaliation and blackmail of employees** appear to be commonplace at AIL.

- AIL training materials **direct agents to falsify customer details** including the amount of whole life insurance they already have and their occupation to meet sales targets. These practices appear to be systemic across AIL.
- AIL uses bait-and-switch sales tactics like union cards, “child safe kits”, will kits, and fake websites to generate leads. State insurance regulators have **repeatedly censured and fined AIL for their deceptive marketing and sales practices.**
- Multiple police departments have spoken out against the use of Globe Life’s Child Safe Kit “scam” as a lead generation method. **AIL agents distribute Globe Life’s Child Safe Kits on the back of recommendation from the International Union of Police Associations**, which instead of being an actual union appears to be a **telemarketing scam posing as a police-associated charity.**
- Viceroy have found multiple instances where **AIL PR representatives held or hold influential positions at unions or union federations** which are AIL’s best source of lead generation creating a conflict of interest and violating members’ reasonable expectations for data protection.

Globe Life demonstrably, and by design, does not have a handle on its internal controls.

In its Q1 2024 Earnings Call, Globe Life Co-CEO Matt Darden explicitly said that Globe Life does not contract with or recommend agent test prep companies, nor was it aware of “bribes or kickbacks to company executives”.

- This statement was in response to Fuzzy Panda’s findings which showed **executives owned a test-prep company**, and corroborated evidence across the AIL chain that it was recommended and/or enforced.
- Viceroy have found instances of **other test-prep and coaching agencies** owned by agents and/or executives **which use the AIL logo**, for example: the Simon Arias University:

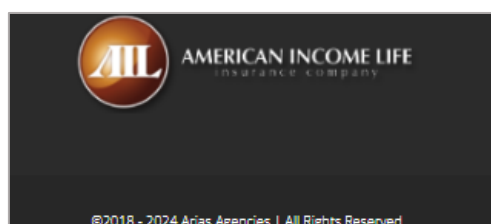


Figure 1 – Extract from <https://www.ariasuniversity.com/>



The Regulatory Actions – Collecting Acronyms

Globe Life, AIL, and their hip-shooting cowboy agents have drawn the ire of regulators across the USA. We believe AIL and its agents are at significant risk of severe regulatory reprimand.

- The Department of Justice (DOJ) has **initiated an investigation against Globe Life and its agents**. Globe Life has been subpoenaed by the Department of Justice relating to “certain licensed insurance agents in the area of the organization who are contracted to sell American Income policies”.
 - Globe Life confirmed in an 8K¹ following a news article² that it had been issued subpoenas by the U.S. Attorney’s office pertaining to “**internal investigations, life insurance policyholders, customer payment information, and files about insurance policies written in 2022 by Arias**”.
 - Globe life confirmed on their Q1 2024 earnings call that the subpoenas “**sought documents related to sales practices by certain licensed insurance agents** in the Arias organization who are contracted to sell American Income policies.”
- Market examination reports from state regulators indicate that **Globe Life’s subsidiaries have a persistent record of violating state insurance regulations**, accruing more violations than even other MLM insurers such as Primerica.
- The Equal Employment Opportunity Commission (EEOC) has reopened previously dismissed investigation of Arias Agency. It is highly unusual for the EEOC to reopen a case it has previously dismissed.
 - We note that the reopened investigations related to sexual harassment claims, which we believe relate to Renee Zinsky’s claim in the wake of Michael Russin’s Settlement Statement.

The Culture & The People – Sexual Harassment, Assault & Discrimination

Our investigation turned up a shocking number of legal actions against AIL and its agents corroborating a culture of sexual harassment, assault, and retaliation. AIL CEO Steve Greer and President David Zophin frequented at least one agency facing a raft of sexual harassment and assault allegations, Arias Agencies, being AIL’s second largest agency by policy sales.

In its Q1 2024 Earnings Call, Globe Life Co-CEO **Matt Darden explicitly asserted that Globe Life conducts “background checks on all prospective agents”**. This is objectively false.

- According to court records, AIL’s top earning agent **Ilija Orlovic, held a victim at his home against his will before forcing the victim to undress to check if he was “wired”**. He also forced his victim to drive his vehicle at **gunpoint** and was arrested with \$350,000 in cash in his possession.

4. I believe that the minimum bail that would be sufficient to achieve that goal/those goals is \$ 5,000,000.00
The facts supporting that belief ☒ are as follows: ☐ attached

Defendant held victim against his will at his home after accusing him of being a part of his wife's death. Defendant forced the victim to undress down to his underwear while pointing a gun at him to check if he was "wired." Defendant also forced victim to drive his vehicle and ordered him not to stop while pointing a gun at him as the victim drove. Defendant is owner of life insurance company and owns several homes and a private jet. When defendant was detained he had \$50,000 dollars in cash in his possession. Defendant has the means to post regular scheduled bail and pose a flight risk if defendant is to bail out. Defendant's primary residence is in Bellevue, Washington.

Figure 2 – Excerpt of Declaration in Support of Increased Bail

- Orlovic is the co-founder of the **Altig Orlovic agency (AO)**, responsible for approximately a third of AIL’s Annualized Life Premium (ALP) sales.

| YTD | | | | |
|----------|----------|---------------|-----|------|
| Category | % Growth | Net ALP | NTG | RET |
| 1 AO | 34.9 | \$107,490,218 | | 81.1 |

Figure 3 – December 2023 YTD Net ALP figures – Spotlight Jan 2024

¹ [Globe Life 8-K dated March 14, 2024](#)

² [Department of Justice opens probe of Globe Life, American Income Life](#)



- **Simon Arias**, the **State General Agent in charge of Globe Life's second largest agency by ALP sales, Arias Agency**, founded the charity Steel City Impact, whose stated mission is to mentor underprivileged youth in Pittsburgh.
 - Sworn affidavits state that Arias allegedly asked independent charity directors to help him **recruit minors for AIL and SCI**.
 - The same director claimed she had **"firsthand knowledge of Arias engaging in inappropriate sexual conversations and conduct with minors as young as 12 and 13 years old"**.
 - When she raised concerns, she was **offered a bribe to step down**, then was **removed from her position at the charity** she represented and was **threatened**.
 - Steel City Impact counts four Arias Agency agents as officers.

14. The toxic workplace culture at Arias Agencies was also driven by Arias' focus on grooming and recruiting minors on behalf of AIL, Arias Agencies, and SCI.

16. Arias asked me to help him recruit minors. Specifically, Arias said he was looking for "cute young girls", "good looking popular girls", and asked me where he could find the "cutest young black girls in Pittsburgh."

15. Arias would often lie, mislead, and manipulate minors to his personal and professional benefit.

17. I have firsthand knowledge of Arias engaging in inappropriate sexual conversations and conduct with minors as young as 12 and 13 years old.

Figure 4 – Excerpts from Hemingway affidavit

- Arias is also subject to the DOJ probe, numerous sexual harassment allegations, and fraudulent allegations. We explore these in greater detail in our report.
- A review of filings lodged with the Californian Insurance Department unearthed various instances where AIL has recruited convicted criminals to sell insurance policies, which they themselves would not even be eligible for.
 - The convictions ranged from DUIs (which typically disqualifies you from even obtaining insurance) to grand theft and domestic violence.
 - Considering the culture at AIL and their recruitment policies we believe California reflects the broader recruitment practices at AIL.

Given the systemic nature of abhorrent allegations against AIL agents, including sexual assault, kidnapping and child grooming, it is ridiculous to suggest that Globe Life conducts any checks against sales agents.

- The report breaks down numerous complaints against AIL, Arias, AO, and various other agents & agencies ranging from discrimination to illicit drugs to violent rape. That Viceroy was able find this many cases after a superficial scan of legal complaints is disturbing. We believe we have uncovered a small sample.

f. Male leaders, including but not limited to Russin, openly abused alcohol and drugs including but not limited to steroids, male enhancing drugs, cocaine, painkillers, and other controlled substances during work hours, at the office, and/or work events;

Unwelcomed sexual comments toward subordinate female agents

a. Russin engaged in and witnessed alcohol and drug use by sales agents at Arias during the course and scope of the typical workday;

Figures 5 & 6 – Excerpts from Zinsky v Russin & Russin Settlement Statement



70. One manager, Paul Tormen even condoned rape, mocking a female manager who stated she had blacked out and may have been assaulted by Defendant Zuccato.

Plaintiff was later threatened, stalked, menaced, choked and repeatedly forcibly raped by General Agent Defendant Zuccato who reported to Defendant Lobello.

Figures 7 & 8 – Excerpt from Ruiz v AIL

mood. (Hovanski Dep. 62-63.) On one occasion, Zolik expressed that he was tired of his comments to Plaintiff Hovanski being seen as sexual harassment. (Hovanski Suppl. Decl. ¶23.) He then grabbed Plaintiff Hovanski and kissed her on the lips. (Id.) Thereafter, he stated, “this is sexual harassment!” As Plaintiff Hovanski began to flush, Zolik snickered and said to the the other men, “see, she even liked it.” (Id.)

Figure 9 – Excerpt from Hovanski v AIL

sexual harassment and other improper physical, verbal, and sexual conduct which often coincided with the abuse of alcohol and drugs in the workplace during work hours. For example, my manager has been engaged in multiple sexual relationships with her male superiors which Respondent has encouraged and rewarded.

In addition, Respondent subjected me to repeated racist comments and behavior. For example, Respondent

demeaning treatment based on my race. For example, I was forced to sit on the floor when visiting some of the Caucasian client's homes. As a result, I was unable to make any sales or commissions from that client base. I

inability to earn fair wages as a result. In response, Respondent told me that I could make more sales if I had “blonde hair and blue eyes”. Similarly, my manager would tell me (and others) that she would “fuck black guys to get what I want”, which would also benefit Respondent and the male leaders, individually.

Figures 10, 11 & 12 – Excerpt from Mayfield v AIL Complaint

Without a doubt, Viceroy Research believes AIL is among the most reprehensible, morally bankrupt organization we have encountered. The nature and quantum of allegations brought against Globe Life and its agents is shocking.

The Financials

Viceroy’s analysis shows the visible impact of AIL’s activities to Globe Life’s financials, and dives into Globe Life’s structure: financially dependent on its highly regulated subsidiaries that are being defrauded by its sales agents and under investigation by various state and federal regulators.

The Sales Churn

Globe Life Co-CEO, Matt Darden, proudly cherry picked data showing that 80% of AIL’s total life premiums are received from policies that have been in force for over one year. This is a disingenuous statement designed to dissuade complacent analysts and investors from enquiring further. **AIL’s churn is enormous.**

In fact, over 80% of American Income's total life premiums are received from policies that have been in force for over one year. Please see our first year renewal GAAP premium page under the financial reports and other financial information in the Investors section of our website. Now, the more than 11,000 independent agents who sell American Income policies offer products designed to help families make tomorrow better while working to protect their financial future.

Figure 13 – 2024 Q1 Earnings Call Extract



- AIL's annual Premium-In-Force (PIF) only increased by \$80m-\$100m despite ~\$320m of annualized net premium sales in 2022 and 2023. Churn as a percentage of net sales, was 74% in 2023.

| Churn Analysis - AIL Premium In Force (PIF) | 2023 | 2022 |
|---|-----------|-----------|
| Opening PIF | 1,505,034 | 1,401,898 |
| Add: Net Sales | 322,658 | 316,715 |
| Expected closing PIF | 1,827,692 | 1,718,613 |
| Actual closing PIF | 1,588,702 | 1,505,034 |
| Churn | (238,990) | (213,579) |
| Churn as % of opening PIF | -16% | -15% |
| Churn as % of Net Sales | -74% | -67% |

Figure 14 – Viceroy Analysis

- AIL's agent commission schedule is heavily weighted to be collected in the period which experiences the **highest amount of churn**: the first year. AIL's sales model does not align with the interest of policy holders.
- AIL's PIF churn can also be compared to other Globe Life subsidiaries as percentage contribution of PIF vs. sales. Note that **AIL is consistently responsible for far more net sales than it is for annualized PIF, indicating that its sales encounter much higher churn.**

| Premium In Force (PIF) | 2023 | 2022 | 2021 |
|-------------------------|------------|------------|------------|
| American Income | 1,588,702 | 1,505,034 | 1,401,898 |
| Other GL subs | 1,548,542 | 1,522,790 | 1,492,032 |
| Total | 3,137,244 | 3,027,824 | 2,893,930 |
| AIL contribution | 51% | 50% | 48% |

| Net Sales | 2023 | 2022 | 2021 |
|-------------------------|------------|------------|------------|
| American Income | 322,658 | 316,715 | 290,512 |
| Other GL subs | 221,614 | 214,213 | 231,085 |
| Total | 544,272 | 530,928 | 521,597 |
| AIL contribution | 59% | 60% | 56% |

Figure 15 – Viceroy Analysis

The Agent Churn & Classification

MLM agent structures experience significant agent turnover by their nature. The promise of riches quickly becomes an unrealistic fantasy to the vast majority of recruits who are roped into someone's upstream, especially given the cowboy culture prevalent at AIL.

| Agent Analysis | 2023 | 2022 | 2021 |
|---|----------------|----------------|----------------|
| AIL agents - average producing count | 10,579 | 9,444 | 9,971 |
| AIL life insurance net sales | 322,658 | 316,715 | 290,512 |
| AIL health insurance net sales | 18,124 | 17,555 | 18,230 |
| AIL total net sales | 340,782 | 334,270 | 308,742 |
| Average net sales per producing agent (\$,000's) | 32,213 | 35,395 | 30,964 |

Figure 16 – Viceroy Analysis

- The average agent writes \$30k ALP per year and is making **below-minimum wage**, and this does not account for AIL's poor policy retention.
 - This average also does not consider the fact that AIL's top sales agents significantly outperform this average. For example: in November 2023 the top 10 *Rookie* agents (i.e. first-year agents) all generated over \$30k ALP in a month.
 - ~75% of agents generate less than \$30k ALP per year.



Viceroy believes that there is significant risk that AIL will have to re-classify its agents as employees. Viceroy will explore the mischaracterization of agents.

- Globe Life and AIL classify their agents as independent 1099 contractors despite having total control over their activities and enforcing non-competition clauses. The reason for this is threefold: to **offload operating expenses onto the agents, skirt labor laws, and distance themselves from agent malfeasance.**
- The Department of Labor (DOL) published its “Final Rule” effective March 11, 2024, for evaluating who is an employee and who is an independent contractor. We have compared the terms and nature of the agents’ relationship with AIL and Globe Life with the examples provided by the DOL in their ruling. For example:

EXAMPLE: EXTENT TO WHICH THE WORK PERFORMED IS AN INTEGRAL PART OF THE EMPLOYER'S BUSINESS

A large farm grows tomatoes that it sells to distributors. **The farm pays workers to pick the tomatoes during the harvest season. Because picking tomatoes is an integral part of farming tomatoes, and the company is in the business of farming tomatoes, the tomato pickers are integral to the company's business.** These facts indicate employee status under the integral factor.

Alternatively, the same farm pays an accountant to provide non-payroll accounting support, including filing its annual tax return. **This accounting support is not critical, necessary, or central to the principal business of the farm (farming tomatoes),** thus the accountant's work is not integral to the business. Therefore, these facts indicate independent contractor status under the integral factor.

EXAMPLE: DEGREE OF PERMANENCE OF THE WORK RELATIONSHIP

A cook has prepared meals for an entertainment venue continuously for several years. The cook prepares meals as directed by the venue, depending on the size and specifics of the event. **The cook only prepares food for the entertainment venue, which has regularly scheduled events each week. The relationship between the cook and the venue is characterized by a high degree of permanence and exclusivity.** These facts indicate employee status under the permanence factor.

Figures 17 & 18 – 89 FR 1638 Extent to Which Work Performed is Integral to the Employer's Business & Degree of Permanence of the Work Relationship

- In 2023 10-K AIL was reported as having 10,579 agents. AIL will likely need to account for ~\$10,000 per agent per annum in costs that they will need to expense through the P&L. This figure **does not** reflect out-of-pocket expenses, overtime, and backpay for most employees who fail and backpay.

We believe the risk that AIL reclassifies agents as employees carries a deep 9-figure price tag.

The Agent Loans

Globe Life’s ballooning “other receivables” line item on its balance sheet totaling \$630m primarily consists of advance commissions paid to agents.

- AIL claims that these balances are secured against their debit balance and the debit balance of all agents and repaid to the company over “generally one year”. This appears to be complete fiction, as the **outstanding agent loans per agent exceed the average annual premium written by agents.**
- **\$125m of these receivables were sold by AIL to a captive Globe Life’s Bermudan offshore reinsurer: TMK Re, Ltd (TMK).** We also believe that Globe Life has increasing difficulty in recovering these amounts as significant portions of this balance are accruing, uncollected.

When Globe Life’s underwriting subsidiaries cede policies to reinsurers other than each other, they use reinsurance from Globe Life’s offshore captive reinsurer, TMK. TMK has purchased \$125m of advance commission receivables from AIL.

- With the \$125m of agent receivables sold by AIL to its Bermudan sister company, Globe Life’s US-domiciled insurance subsidiaries are left with approximately \$376m of these agent receivables. Viceroy’s analysis shows almost all these agent receivables are classified by Globe Life’s seven insurance subsidiaries as



admitted assets^{3,4}. However, according to the NAIC's Statement of Statutory Accounting Principles, **these are non-admitted assets**.

| SUMMARY CONCLUSION | |
|--------------------|---|
| 3. | Premium transactions conducted directly with the insured result in uncollected premium balances. |
| 4. | Bills receivable, which are generally interest bearing, are used by reporting entities as a method of financing premiums. |
| 5. | Amounts due from agents result from various transactions ranging from premiums collected by the agents on behalf of the reporting entity to amounts advanced to the agent by the reporting entity to finance agency operations. |
| 6. | Uncollected premium balances, bills receivable for premiums, and amounts due from agents meet the definition of an asset as defined in SSAP No. 4—Assets and Nonadmitted Assets and are admitted assets to the extent they conform to the requirements of this statement ⁵ . Premiums owed by agents shall be reflected net of commissions, if permitted by the contract. Balances resulting from advances to agents, which are primarily encountered in the life insurance industry, are nonadmitted if (a) the amounts are in the form of unsecured loans or advances, (b) the contractual terms for repayment are through application of future renewal commissions and/or other credits, or (c) the terms of repayment do not provide readily available cash for the satisfaction of policyholder liabilities. |

Figure 19 – NAIC Statement of Statutory Accounting Principles⁵

- These receivables are of dubious collectability as they are only secured against the agents' future commissions. The company incorrectly states that these commissions revert to the company if an agent is terminated but the AIL contract states that this is only for termination for cause.

Viceroy's view is that Globe Life's **security over these agent receivables** is akin an IOU scribbled drunkenly on a bar napkin. **Viceroy estimates that 52.3% of the group total unassigned funds—funds from which the insurance companies pay dividends to the holding company—are made up of these questionable receivables⁶.**

The Structural Liquidity Issue

Globe Life has **structural liquidity issues due to regulations on profit transfers between its subsidiaries**. The laws of states where Globe Life's insurance subsidiaries are domiciled state that insurance companies can only pay ordinary dividends from earned surplus⁷ not exceeding the greater of:

1. 10% of the policyholders' surplus (admitted assets less total liabilities)
2. The net gain from operations of the preceding year.

We reiterate the following probable risks facing AIL:

- Regulatory reprimand, whatever form that may take, including the loss of sales due to regulatory reprimand.
- Misclassification of employees as agents.
- Impairment of agent loans.
- Policy surrenders & any subsequent loss realization.

Any of the above risks would **severely restrict the ability of Globe Life subsidiaries companies to pay dividends to the holding company**, and a devastating effect on shareholder dividends and the share buyback program – regardless of any reduction in share price.

Globe Life is extremely exposed to the unfolding allegations of fraud and shocking company culture at AIL. It is hard to believe the Department of Justice and EEOC investigations will not turn up significant findings, given what Viceroy have been able to find publicly.

Given the number and seriousness of the issues at Globe Life, and the ongoing investigations and their financial situation, we do not believe that a target price can be assigned at this time.

³ Admitted assets are assets that are deemed sufficiently liquid and secure to be used to meet an insurance company's obligations and whose value is included in the annual statements filed with regulators.

⁴ In aggregate Globe Life's 7 insurance subsidiaries have \$548,634 in non-admitted uncollected premiums and agents' balances

⁵ [NAIC Accounting Practices & Procedures Manual](#)

⁶ Aggregated NAIC filings from Globe Life subsidiaries

⁷ For this purpose: earned surplus means an amount equal to the unassigned funds from its most recent regulator financial filings.



Attention: Whistleblowers

Viceroy encourage any parties with information pertaining to misconduct within Globe Life, AIL, their sales agents, their affiliates, or any other entity to file a report with the appropriate regulatory body.

We also understand first-hand the retaliation whistleblowers sometimes face for championing these issues. Where possible, Viceroy is happy act as intermediaries in providing information to regulators and reporting information in the public interest in order to protect the identities of whistleblowers.

You can contact the Viceroy team via email on viceroy@viceroyresearch.com.

About Viceroy

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1. A Background on Globe Life & its Governance Model

Globe Life is a Texas-based whole life, term life, and supplemental health insurance provider. It sells insurance products through various agency models.

Globe Life's **American Income Life (AIL)** division stands as the predominant driver in terms of group headcount, underwriting margins, and sexual harassment claims. It is known for its aggressive sales practices, staff abuse, and predatory tactics in both sales and recruitment to feed its **multi-level marketing (MLM)** agency structure.

| Globe Life Agency Breakdown Division | Agents | | | Underwriting Margin Contribution | | | Captive? |
|---|--------|-------|--------|----------------------------------|------|------|----------|
| | 2021 | 2022 | 2023 | 2021 | 2022 | 2023 | |
| American Income Life | 9,415 | 9,444 | 10,579 | 52% | 52% | 50% | Yes |
| Direct to Consumer | n/a | n/a | n/a | 8% | 11% | 15% | Yes |
| Liberty National | 2,804 | 2,775 | 3,229 | 12% | 13% | 14% | Yes |
| Family Heritage | 1,157 | 1,210 | 1,334 | 10% | 9% | 9% | Yes |
| Other | n/a | n/a | n/a | 9% | 7% | 8% | Yes |
| United American | 3,716 | 3,327 | 3,223 | 9% | 8% | 4% | No |

Figure 20 – Globe Life Agency Breakdown

While the MLM structure is not in itself problematic, it has created the perfect petri dish for fraudulent, dishonest, and unethical behavior.

AIL Agency MLM Model

American Income Life's structure and hierarchy is set out below⁸. Like every profitable MLM business AIL is bottom-heavy and works best when every "tier" of agents has exponentially greater subordinates, which creates more of a pyramid-shaped structure. The vast majority of AIL's ~10,000 agents are likely working as Supervising Agents or Career Agents on a commission-only basis.

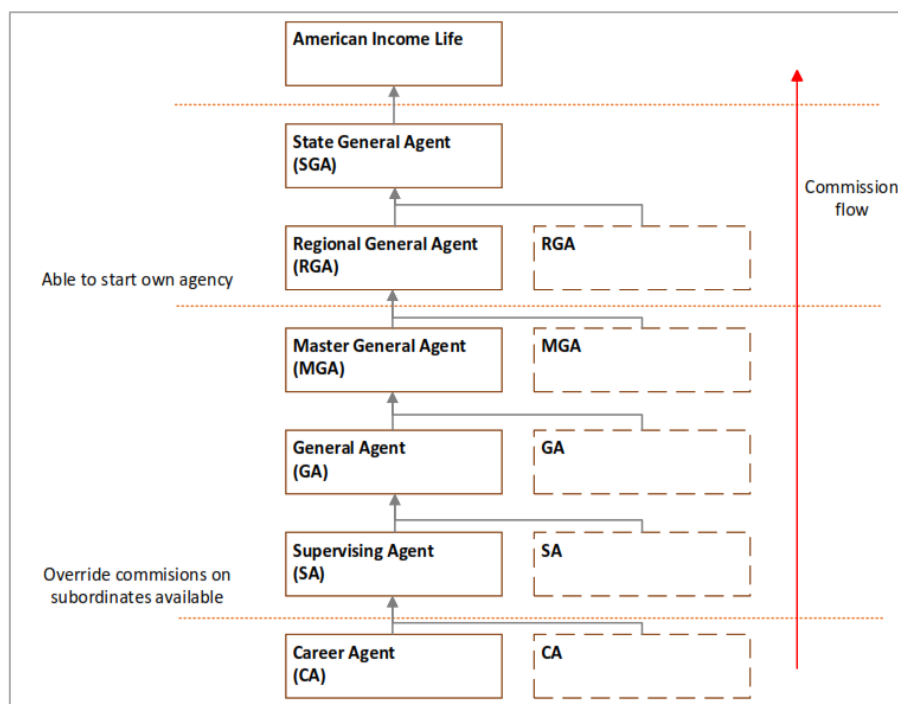


Figure 21 – An illustration of American Income Life structure and hierarchy.

⁸ [Career tracks with American Income Life Opportunity Unlimited](#)



MLM Agent Incentives Fosters Fraud

The vast majority of instances of fraud discovered by Viceroy Research come from the misaligned incentive structure set in place by Globe Life's MLM structure.

- **The MLM model creates the opportunity to defraud AIL by issuing fraudulent policies.**
- The commission structure fosters an at-all-costs sales culture which rewards fraudulent, dishonest, and unethical sales tactics.
- Agents need to recruit new agents to advance and make a percentage of their returns leading to misleading and/or inappropriate recruitment tactics/practices.
- Training/onboarding materials instruct new agents to commit fraud.
- Recruitment is done through lifestyle advertising on social media with little to no mention of what the actual duties entail.

AIL agent incentives do not align with the interests of Globe Life or its policy holders.

Importantly: **Globe Life wants investors to believe that a 3rd-party agency structure gives it a degree of plausible deniability** from the adverse behavior demonstrated by its agents. This is demonstrably false.

That fraud committed by AIL agents is allowed to continue lies solely at the feet of Globe Life and AIL, who:

- are intimately involved in **establishing these adverse structures**;
- encourage and perpetuate the **disgraceful image and behavior of its agents**; and
- rubber-stamp unethical and **outright fraudulent sales tactics**.

Globe Life Stamp of Approval

The assertion that Globe Life and AIL are removed from the operations of agencies' day-to-day operations is demonstrably false. Several senior executives of Globe Life climbed through the ranks of AIL as agents to their current corporate positions, and would be acutely aware of AIL agent culture, including^{9,10,11,12,13}:

- AIL President David Zophin.
- AIL CEO Steve Greer.
- Globe Life SVP of Recruiting Bo Gentile.
- Liberty National President and CEO Steve DiChiaro.
- Liberty National President and Chief Agency Officer Michael Sheets.

These executives must be aware that:

- The vast majority of AIL agents, who conduct AIL's primary business, do not make the federal minimum wage.
- Agents are required to **pay for training, licensing, transportation, and gas**, reducing company overhead. They are **not entitled to overtime and are expected to work extended hours**.
- Agents have been known to employ **aggressive, misleading, or fraudulent tactics** to increase their commission, leading to customer purchases based on misconceptions about policy terms and benefits.
- **Agents are thrown under the bus to preserve AIL in the event of regulatory reprimand.**

⁹ [David Zophin LinkedIn profile](#)

¹⁰ [Steve Greer LinkedIn profile](#)

¹¹ [Michael Sheets LinkedIn profile](#)

¹² [GRINDcast - Bo Gentile, Globe Life VP of Recruiting](#) Gentile has deleted his LinkedIn account

¹³ [Steve DiChiaro LinkedIn profile](#)



Globe Life Tolerates Fraudulent Practices

On Globe Life's 2024 Q1 earnings call, Globe Life Co-CEO Frank Svoboda stated that Globe Life does not tolerate sexual harassment or fraudulent business practices¹⁴:

First, we want to provide a brief update on the status of the lawsuit filed by claimant Renee Zinsky, a former independent contractor sales agent, which, as many of you know, included allegations of sexual harassment and purported fraudulent business practices, neither of which we tolerate, and the claim that she was misclassified as an independent contractor.

Figure 22 – Frank Svoboda, Globe Life 2024 Q1 Earnings Call

- According to former employee interviews: policy customer service is conducted by Globe Life¹⁵. Globe Life must be aware of fraudulent and unethical sales practices undertaken by its agents.

Tegus Client

Great. And just to double check. So the people calling in would be policyholders and were those kind of policies that would be sold by the separate agents, but then it becomes kind of a corporate relationship and they call the corporate call center, if they need help?

Former Senior Talent Acquisition Manager at Globe Life Inc.

Exactly, that's exactly how it works. And everything from policyholders to beneficiaries, right, if somebody had passed or anything like that. Yes, that's definitely what the calls would be handling and if somebody wanted to lapse on their policy or coming up to renewal on the customer retention team would be getting involved and things like that.

Figure 23 – Former Senior Talent Acquisition Manager at Globe Life

- Given the systemic occurrences of fraud across AIL agents, many of which we will evidence in this report, it is astounding that there are still so many agents pushing fraudulent policies on unsuspecting clients with a no-tolerance policy from Globe Life, and internal controls and misconduct monitoring systems.

Globe Life Hires Criminals & Tolerates Casual Sexual Assault

On its 2024 Q1 Earnings call, Co-CEO Matt Darden claims that Globe Life conducts background checks on all its prospective agents. This is patently false.

These controls also include background checks on all prospective agents, agents who contract with American Income must have a valid license issued by the appropriate state departments of insurance, who have their own processes for determining one's suitability to be a licensed insurance agent. American Income has controls to validate the identity and legitimacy of the sale to the customer, including conducting quality assurance calls to

Figure 24 – Frank Svoboda, Globe Life 2024 Q1 Earnings Call

- Viceroy have also conducted background checks on various AIL agents, many of whom would not even qualify for an AIL policy given their criminal history and drug abuse¹⁶.
- It is also telling that despite countless detailed allegations of sexual harassment and assault by top-earning AIL agents, AIL has not *already* conducted an internal investigation. You can find more detail on these in [Sexual Harassment, Assault, and Gender Discrimination Allegations](#)

¹⁴ Svoboda's phrasing could also be interpreted as "Globe Life does not tolerate the *allegations* of sexual harassment and fraudulent business practices". We will give Mr Svoboda the benefit of the doubt.

¹⁵ Interview with Former Senior Talent Acquisition Manager at Globe Life Inc.

¹⁶ California Insurance Department Cases LBB9922B, OBS2545A, PLBS12269A, PLBS11659A



Globe Life Tolerates Executive Kickbacks

On its 2024 Q1 Earnings Call, Co-CEO Matt Darden claims that “AIL does not contract with or recommend any test prep companies to prospective agents” in response to findings by Fuzzy Panda.

The company investigates complaints when they are received, and where appropriate, authorizes independent investigations. The report also contains allegations regarding bribery and kickback schemes. These claims are based on a lawsuit that was filed by an insurance licensing exam test prep company. This lawsuit was dismissed by the US District Court for the Eastern District of Texas. American Income does not contract with or recommend any test prep companies to prospective agents, and we're not aware of any bribes or kickbacks to the company executives.

Figure 25 – Matt Darden, Globe Life 2024 Q1 Earnings Call

- It was never in question that AIL contracted or recommended test preparation companies to prospective agents. This was done by agents.
- Despite substantial interviews conducted by Fuzzy Panda highlighting executives receiving kickbacks and the kickback structure of Xcel testing, AIL has moved the goalposts and refuses to get involved.
- Further information on Xcel Training can be found in [Xcel Kickback Scheme](#)

Globe Life Actively Involves Itself in Agency Advertising, Marketing & Recruitment

Agencies require approval from the Globe Life advertising committee before any materials are published. Globe Life is clearly aware of how their agencies advertise and market themselves.

To submit your completed request form and the material to be reviewed, please email them to AdApproval@GlobeLife.in in either Microsoft Word or PDF format

Please note that no material can be used until the Home Office has issued a form number and provided formal approval.

The Advertising Committee meetings take place every Tuesday at 2:30pm Central Time. Kindly allow for a three-week approval process. It is important to note that submissions received after noon (Central Time) on Friday will not be reviewed until the following week.

Figure 26 – GLB1587 Advertising Guidelines

Agencies are provided with materials for agent training, marketing, administrative and advertising by AIL. Agency materials are extremely similar or identical even between agencies. The Globe Life and AIL agency playbooks, which we will review in *Sectison 2, page 31 of this report*, were originally written by Robert Gray, VP of Sales at AIL, who refers to it as the “Globe Life Agency Playbook”.

Highlighted performance achievements include:

- *Promoted to Sr. Vice President within 29 months of start date at Fortune 1000 Insurance corporation.
- *Recruited by CEO to personally Rebuild 100+ year old insurance carrier with state of art recruiting systems and advanced leadership development programs.
- *Author of first ever Globe life Agency Playbook (copied by 2 of the other GL subsidiaries).
- *Led prestigious Globe life Universities for advanced Leadership Training at both American Income life and Liberty National for the last 14 years.
- *Developed and Promoted 3 Sr. Directors out of my group to Liberty National Vice President level (2012-214)
- *Liberty National's SVP of Sales and Recruiting personally rebuilt the existing Recruiting and Training systems which resulted in 330% New agent growth (2012-2014).
- *National Training Specialist for American Income Life (2015-2024) with focus on new agent productivity and retention programs.
- *During the 9 year span (2015-2023) American Income Life grew from \$176M to Just over \$333M Net ALP, while achieving an average of 8% annual growth in 8 of 9 years.
- *Developed and Promoted 3 Sr. Directors out of my group to American Income Vice President level (2015-2024)

Figure 27 – Robert Gray LinkedIn Profile



I can't afford it.

I can understand that. It's difficult nowadays to make ends meet. Every time it seems we're just about to get caught up another bill comes up to put us back in the hole. But when you think about it, over the years, when anything ever did come up you've been able to make whatever adjustments were necessary to keep food on the table and heat in the winter time for your family. A lot of times families take you for granted. But you're the man that gets up every day, goes to work, and brings the money home to take care of things and make ends meet. The only thing that could ever prevent this from happening is if all of a sudden you aren't here anymore. All of a sudden that income that we all took for granted is cut off forever.

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"I CAN'T AFFORD IT"

"I can understand that. It's difficult nowadays to make ends meet. Every time it seems we're just about to get caught up another bill comes up to put us back in the hole. But when you think about it, over the years, when anything ever did come up you've been able to make whatever adjustments were necessary to keep food on the table and heat in the winter time for your family. A lot of times families take you for granted. But you're the man that gets up every day, goes to work, and brings the money home to take care of things and make ends meet. The only thing that could ever prevent this from happening is if all of a sudden you aren't here anymore. All of a sudden that income that we all took for granted is cut off forever. And that is the adjustment that you won't be here to make and your family couldn't possibly make. Sure the \$____/wk is another adjustment to make, but just treat it as if Uncle Sam just increased your taxes. You're here and you make it as you always do to prevent your wife and family from being faced with an adjustment they couldn't possibly make.

Figures 28 & 29 – Carvajal Agencies 2022 Agent playbook & Arias Agency Playbook 2018

Globe Life is responsible for around 60 – 70% of agent recruiting efforts according to former employee interviews and are aware of their recruitment of agents with criminal histories^{17,18}.

how much recruiting is done out in the field by the local agencies versus how much is done at corporate for agents that is?

Former Senior Talent Acquisition Manager at Globe Life Inc.

Yes. I would probably say it was probably a 70-30 split. Of course, as business owners, they were tasks of building their own agencies, right, to create forces in the masses. And so I would probably say, they probably had 30% to 40% of that responsibility, but still kind of lean on us to be able to help buffer some of that, right, more than the boots on the ground.

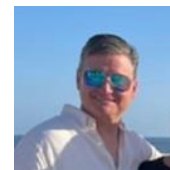
And I say not us, but the team that they leverage because I got pretty close with one of the recruiters that work for that team and he was making more calls than we were in terms of trying to find agents and their quotas were set up a little bit different in terms of them placing agents out in the field in that recruitment side. So I would probably say it was a 60-40 split, 60% coming from that corporate recruiting team and then 40% coming out from the field and them kind of building their own agency.

Figure 30 – Globe Life former employee interview

The Management

Steven K Greer

Greer is the current overseer of Globe Life's American Income Life Insurance Division, where he was appointed as CEO January 2017. He started his career as a financial analyst at GE but made the switch to becoming an insurance agent in 2001. He regularly addresses successful agents and recruiters at the conventions.



David S Zophin

Having risen through the ranks starting as an agent in 1999, Zophin was appointed President of American Income Life Division in January 2018. He is also the President of another Globe Life Division, National Income Life. Zophin boasts his experience in developing industry leaders over the years and is said to lead by example.



Steven J DiChiaro

DiChiaro is the President and CEO of Globe Life's, Liberty National Division. He was also elevated to this position in 2018, the same year that Zophin was appointed to President of his divisions.



Michael R Sheets

Liberty National Division's President and Chief Agency Officer since 2024 and 2017. Sheets started his career as an insurance agent, moving over into corporate in 2013.



¹⁷ Interview with Former Senior Talent Acquisition Manager at Globe Life Inc.

¹⁸ We understand that Globe Life recruitment staff are salaried and not part of the agency MLM system.



Frank Svoboda

Svoboda started at the company as VP and Director, Tax in 2003. He was promoted to Executive VP and CFO in 2012 and since 2023 has been a Co-CEO of Globe Life Inc.



Matthew Darden

Darden started out at Globe Life Inc. as an Executive VP, Innovation and Business Development. He later joined Family Heritage Life insurance as its President whilst being Executive VP and Chief Strategy Officer for Globe Life Inc. He was appointed as the other Co-CEO for Globe Life Inc. in 2023.



Joel P Scarborough

Scarborough is the Corporate Senior VP, Legal and Compliance and is also the General Counsel and Corporate Secretary for Globe Life. Insurance Subsidiaries. He was present at meetings with Scott Dehning, where at the end of one meeting he instructed Dehning to stop speaking to investigators.



Ernest Powell

Powell started as an agent and eventually had his own agency until the beginning of 2024. Since then, he has been working in the corporate side as Vice President of Field operations at Globe Life Inc.



Bo Gentile

Gentile is Globe Life's Senior VP of Recruiting. He started out with corporate when Roger Smith was CEO of AIL. He then moved into the agencies for a time before returning to corporate when Smith was retiring.



Robert Gray

Starting his corporate career with Globe Life's American Income Life Division, Gray is currently the VP Sales for the company. He has credited himself as being the author of the first ever Globe Life Agency Playbook which was copied by two other Globe Life subsidiaries.



Scott Dehning

Dehning was former VP of Field Operations at American Income Life until he was terminated from employment due to his raising of fraudulent activity within the company to Executive Management as well as cooperating with investigations carried out by the Michigan Department of Insurance. Dehning is currently suing his former employers.



The Agents

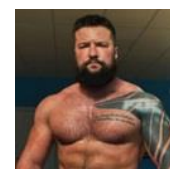
Simon Arias

Arias is President of the Arias Organization (AIL) and SGA for Pennsylvania, West Virginia, Maryland, Florida, and Tennessee. His agency was the subject of attention in the Business Insider article by Susan Antilla on March 1st, 2023. Arias and his agency are named in several lawsuits, and subject to a DOJ investigation.



Michael Russin

Russin previously worked with Arias Organization and seemed close to Simon Arias. He has recently removed most of his social media accounts or posts during and since the lawsuit against him for sexual harassment and assault (Zinsky v. Russin). He currently recruits prospective agents for AIL.





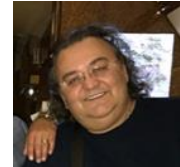
Rick Altig

Altig is the Chairman and Senior Partner of the largest agency under AIL, AO Globe Life. He has been in the insurance business since leaving college for 40+ years in the family business Altig which later became **AO Globe Life** selling AIL products. Altig is a State General Agent.



Ilija Orlovic

Orlovic is a State General Agent for AIL. His LinkedIn has been deleted. In 2020, charges were filed and Orlovic **arrested for kidnapping**, carrying a loaded firearm, false imprisonment, assault with a weapon and instilling terror. **He is, or was, the co-founder and CEO of AO.**



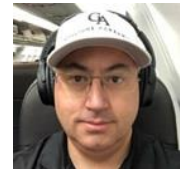
Eric Giglione

Eric “Coach Gigs” Giglione established his agency in 1982 selling AIL products. In 2011, it became a partnership with David Ackerman. He has been a State Director since 2013 for American Income Life. Giglione and his agency are the defendants in a few lawsuits filed against them in the State of New Jersey.



David Ackerman

A former financial journalist turned insurance agent; David “Coach Ack” Ackerman is the co-owner of the Giglione-Ackerman Organization (AIL). He has been a State Director since 2011. As with Giglione, he listed as a defendant on a few lawsuits against the agency and several individuals.



Tristan Zlabik

Zlabik is a State General Agent for Illinois and Indiana under the Arias-Dlabik Agency where he is an owner and regards Simon Arias as his mentor.



Jose Carvajal

Carvajal has been a State General Agent for AIL since 2010 with his own agency, Carvajal Agencies LLC.



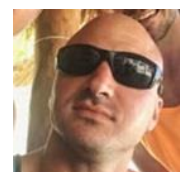
Lawrence Broniszewski

Broniszewski has been the Operations Manager at the Giglione-Ackerman Agency since 2007. He is named in one of the lawsuits against the agency (Ruiz v AIL et al) where it is alleged that in May of 2019, Broniszewski violently approached Ruiz and punched the wall near her head.



James Keefer

Keefer was a Managing General Agent at Arias Agency and remains a licensed agent of AIL via the Arias agency. Keefer has published various role play scripts on his website www.thekeefersuccess.com, to train recruits and assist sales agents. These include the “child safety kit” scripts used to sell insurance when the agent delivers the kit.





2. Fraudulent, Dishonest and Misleading Sales Practices

The sales practices of AIL leave it beyond doubt that Globe Life is carrying policies on its books that are underwritten on false pretenses. Court records, regulatory filings and testimony from former agents and executives of AIL in multiple states show that it is common practice for agents to intentionally mislead customers and misrepresent themselves.

This often escalates to writing outright fraudulent policies with the intent of boosting agent compensation – the company’s Holy Grail¹⁹. This conduct has been pervasive at AIL agencies throughout the country for over a decade.

With a nod to the extensive laundry list of fraudulent sales practices already outlined by Fuzzy Panda: we are pleasantly surprised to find that we had very little overlap, and much more to add.

Legal Cases and Whistleblowers

Scott Dehning – Former VP of Field Operations – AIL

Scott Dehning, the former Vice President of Field Operations for AIL – a corporate role responsible for supervising the SGAs – testified that agents engage in *“a clear pattern of unethical and potentially illegal business practices on behalf of [AIL]...”* in a wrongful dismissal suit²⁰.

The scheme included potentially illegal sales in the “hundreds of thousands of dollars” and blackmailing AIL agents into paying for fabricated expenses. The sales used fake customers, forged signatures, and stolen customer details.

| |
|---|
| II. Plaintiff's Reports of Unethical and Unlawful Sales Practices |
| 22. Plaintiff learned of Defendants' unethical and potentially illegal sales practices, both through Defendants' customer complaints and reports from sales agents. |
| 23. In his capacity as Vice President of Field Operations, Plaintiff looked into, investigated or otherwise caused investigations of numerous reports of unethical and potentially illegal sales practices conducted by Defendants' sales agents on a regular basis, including but not limited to practices in violation of MCL § 500.4503. |
| 24. Said investigations revealed a clear pattern of unethical and potentially illegal business practices on behalf of Defendants and Defendants' sales agents. |
| 25. On numerous occasions, Plaintiff escalated the unethical and potentially illegal sales practices revealed by his investigations to Defendants' executive management team, including but not limited to Steven Greer, CEO (“Greer”), David Zophin, President (“Zophin”), Joel Scarboro, General Counsel (“Scarboro”), and Debbie Gamble, Senior Vice President (“Gamble”). |
| 26. On numerous occasions, Defendants' executive management team chose to ignore, cover up or otherwise conceal the unethical and potentially illegal sales practices reported by Plaintiff with an estimated worth of over \$2M in sales revenue. |

Figure 31 – Dening v. Globe Life

After he reported Globe Life to the Michigan Department of Insurance, Dehning was told to “stop talking to [his] friends” by Globe Life general counsel Joel Scarborough²¹ at a meeting including Greer, Zophin, Scarboro and Gamble. That a whistleblower was threatened with retaliation by the general counsel is indicative that AIL’s cowboy culture is shared with Globe Life.

¹⁹ [@ailnilagency Instagram profile](#)

²⁰ [Dening v. Globe Life American Income Division](#)

²¹ [Joel Scarborough LinkedIn profile](#), the complaint incorrectly spells Scarborough’s name as Scarboro.



30. For example, in 2022, Plaintiff told Defendants' executives that he feared Defendants would ultimately lose their state issued insurance licenses as a result of the Defendants' ongoing illegal conduct.
31. Despite Plaintiff's ongoing reports of unethical and fraudulent sales practices, Defendants' executive management team continued to ignore, conceal or otherwise coverup Plaintiff's reports and the underlying illegal business activities.
32. On or about September 2022, Plaintiff began reporting Defendants' fraudulent sales practices to the Michigan Department of Insurance ("MDOI")
33. On or about November 2022, Defendants' executive management team met with Plaintiff to discuss an investigation commenced by the MDOI.
34. At that time, Greer, Zophin, Scarboro, and Gamble informed Plaintiff that the MDOI had commenced an investigation with regard to Defendants' insurance sales practices.
35. At the end of the meeting, Scarboro instructed Plaintiff to "stop talking to your friend(s)", referring to the MDOI investigators.

Figure 32 - Dening v. Globe Life

Brian Boehmke – Former Supervising Agent – Arias Agencies

An audio recording of a March 2022 deposition by Brian Boehmke²², a former Supervising Agent at AIL agency Arias Agencies, states that an agent signed a dead person up for a policy. This was widely known about, and the agent was only terminated because "there was no way to cover it up."

Speaker 1
You testified that you were aware that a dead person had been signed up for insurance. And I'm just trying to understand, how do you know that even happened?

01:01
Brian Boehmke
Yeah, I heard about it.

01:03
Speaker 1
From who?

01:05
Brian Boehmke
From multiple different people.

02:00
Speaker 1
Do you know whether the person who allegedly signed a dead person up for insurance had their contract with AIL terminated as a result?

02:12
Brian Boehmke
Yes, I believe that happened once it was found out, because there was no way to cover it up.

Figures 33 & 34 – Brian Boehmke's deposition video AI transcript

A similar statement was made in *Burkes et al v. Arias Agencies* of a consistent instruction by Arias Agencies and AIL (the defendants) to use unethical, deceptive, and fraudulent sales tactics.

34. Defendants' consistent instruction, direction, and encouragement for Plaintiffs to engage in unethical, deceptive, and fraudulent sales tactics were to the detriment of Plaintiff's income, professional reputation, and mental health, and to the financial benefit of Defendants.

Figure 35 – *Burkes et al v. Arias Agency and American Income Life*

²² [Boehner Deposition Video](#)



Renee Zinsky – Former General Agent – Arias Agency

Zinsky v. Russin is a now widely discussed case regarding the widespread culture of sexual assault and harassment at AIL's Arias Agency (discussed in greater detail in *Zinsky v. American Income Life et al.*). In relation to fraudulent sales tactics, however, we note that, within this case, Zinsky testified that she "reported systemic use of unethical and fraudulent business practices" including fraudulent misrepresentations.

61. At that time, Plaintiff met with Arias and reported systemic use of unethical and fraudulent business practices by the Corporate Defendants' sales agents, including but not limited to intentional and fraudulent misrepresentations frequently made to potential customers with the intention to induce said clients to purchase the Corporate Defendants' life insurance products.

Figure 36 – Zinsky v. Russin

Michael Russin's settlement statement conceded that fraudulent sales practices took place at Arias Agency including:

- agents paying for policies from their own pockets;
- using confidential information from CAS²³ to write policies that were presumably unauthorized; and
- AIL directed agents to conceal these practices.

18. Russin is aware of instances in which AIL agents in the Arias office, not on or coded to Russin's team, may have performed unethical and/or fraudulent sales practices, including the following:

- a. Agents paying for policies from their own pockets;
- b. Taking confidential information from CAS to write new policies; and
- c. The use of automatic dialers, third-party dialers, and roto dialers were likely used at times due to the emails that Russin recalls, discouraging agents from their use; ; and
- d. AIL urged agents not to document the aforementioned behavior in writing.

Figure 37 – Russin Settlement Statement

He also states that at times, agents had to pay for their own leads.

We delve into this case in greater detail, including the circumstances in which it was dismissed, in *Zinsky v. American Income Life et al.*

²³ CAS is the Consolidated Agency System, the database AIL and its agencies use to store customer and policy data and prospect lists.



Defrauding AIL – Inter-office collusion

In 2014, five AIL agents were indicted in federal court for a scheme to defraud AIL by submitting around 700 fraudulent applications. They impersonated applicants, forged signatures, and used a system of bank accounts to pay premiums for 4 months before defaulting to maximize their earnings. Notably the conspirators were highly placed in AIL's structure, running the San Jose, Fresno, Roseville, and Concord agency offices²⁴.

Erica Robertson

In a consent order dated April 19, 2024 the Insurance Commissioner of Pennsylvania found that Arias Agency producer Erica Robertson had submitted 10 fraudulent policies involving 10 fictitious Maryland consumers.

(e) Respondent, between January 29, 2023, and May 28, 2023, created fictitious applicant signatures using computer software to simulate handwritten signatures for the life insurance policy applications identified in finding 3(c).

Figure 38 – Erica Robertson Consent Order

She was terminated for cause by AIL for submitting these applications in November 2023, and we question how it took so long for the company to realize it had at least 10 policies for people who did not exist.

In a departmental interview in February 2024, Robertson admitted that she had been taught by a coworker at Arias how to produce applications using websites that generated personal information.

(g) Respondent, on February 6, 2024, during a Departmental interview, admitted to being taught by a licensed coworker at Arias Organization LLC ("Arias Agencies") to produce applications using fictitious information obtained from no-cost websites that specialize in generating and providing random personal identifiable information.

Figure 39 – Erica Robertson Consent Order

This case is notable not only because of the application fraud but its recency. This behavior appears to be pervasive and ongoing. We note that the consent order also implies her ongoing and future cooperation with the regulator.

²⁴ [United States v. Halali](#)



Other cases

The examples above are just the tip of the iceberg:

- In 2018, AIL agent Trevor Fudge submitted 3 fraudulent applications for customers who had previously applied for coverage²⁵.

8. During the interview with AIL, Respondent admitted that after his managing general agent signed in on his computer and left his desk, Respondent screen shot, completed, and submitted three fraudulent applications. The first application was for GR and the other two were for JC (application

Figure 40 – Fudge Order Accepting Stipulation

- In *Betancourt et al v American Income Life*, plaintiff alleges that after signing up her sister for a policy, AIL used her checking account to pay for her sister's premiums without her consent in 2021²⁶.

19. On information and belief, Defendant's agent used Plaintiff's checking account information to complete the process of signing Plaintiff's sister.
20. As a result, Plaintiff has been charged three (3) times for her sister's insurance policy.
23. Plaintiff never gave Defendant permission to withdraw funds from her checking account to pay for her sister's insurance policy.

Figure 41 – Betancourt Class Action Complaint

- In 2013 Karen Kletch forged 34 life insurance policies to obtain commissions from American income life including using false names, SSNs of deceased persons and false addresses²⁷.

The facts include that the respondent is a licensed insurance producer in Pennsylvania. From January 1, 2013 to July 10, 2013, the respondent used a variety of false information, including among other items, fictitious names, social security numbers of deceased persons, and false addresses to forge thirty-four life insurance policy applications in order to obtain commissions. OTSC ¶¶ 3–14. Thereafter, in August 2013,

Figure 42 – Kletch Adjudication and Order

- Complaints to the Ohio Department of Insurance obtained by FOIA requests show policyholders were misled by AIL agents regarding their policies and benefits. In a few cases the policyholder did not know they had signed up for a policy^{28,29,30}.

| | |
|-------------------------|---|
| Describe Your Complaint | ██████ did not apply for this policy. The signature has been photoshopped. Client is 75 years old husband is deceased no recollection of this agent or the policy. Attempted to resolve with American Income Life. They would not acknowledge me or the complaint. All we asked for was the agent's contact information they could not provide. Please look into this matter and advise. |
| Describe Your Complaint | Client does not recall applying for this coverage. Client also has no policy in her possession. Client noticed the withdrawal coming automatically from her checking. Unable to obtain agent information and contact info to schedule a review. |

Figures 43 & 44 – Complaint IDs: CSD0086303, CSD0086414, Ohio Department of Insurance, obtained by FOIA request.

²⁵ [Fudge Order Accepting Stipulation](#)

²⁶ [Betancourt v. American Income Life Insurance Company](#)

²⁷ [Kletch Adjudication and Order](#)

²⁸ Complaint ID: CSD0086414, [Ohio Department of Insurance](#), obtained by FOIA request.

²⁹ Complaint ID: CSD0086303, [Ohio Department of Insurance](#), obtained by FOIA request.

³⁰ Ohio File #: 5017SDT_Doc_20240227_6B373E8C9568366_Redacted, [Ohio Department of Insurance](#), obtained by FOIA request.



| | |
|--|------------------------|
| Briefly describe your complaint. Please attach copies of all relevant documents. | |
| <u>I have NO Knowledge OF TRANSACTION, I HAVE NO COPY OF Policy. I Had NO Knowledge OF ANYTHING, I WAS checking my BANK STATEMENT AND Saw Someone WAS TAKING money FROM my ACCOUNT. THEY HAVE TAKEN money SINCE 2014.</u> | |
| If you need more space, please attach additional sheets. | |
| How would you like to see your complaint resolved? <u>I WANT The ENTIRE AMMOUNT TAKEN from my ACCOUNT + INT.</u> | |
| Please sign and date: To the best of my knowledge the above statement is correct. I understand that a copy of this form and any attachments may be sent to the insurance company or agent involved. I authorize the insurance company to release all the medical records relating to this complaint to the Ohio Department of Insurance, and I authorize the Ohio Department of Insurance to release medical records relating to this complaint to the insurance company or agent as necessary in order to resolve this complaint. I represent that I have the proper authority to execute this release. | |
| Your Signature | Date <u>10-19-2019</u> |

Figure 45 – Ohio File #: 5017SDT_Doc_20240227_6B373E8C9568366_Redacted, Ohio Department of Insurance,

- The Connecticut Department of Insurance found that American Income Life had 31 producers acting as agents without appointment in 2023³¹.

a. **Thirty-one (31) producers acting as agents of Respondent without required appointment.**

Figure 46 – Excerpt from Connecticut market conduct report

- An agent of Giglione-Ackerman was fined \$25,000 in 2023³² for what appears to amount to insurance fraud, with the consent order citing N.J.S.A 17:22A-40a(8)³³ and N.J.S.A 17:22:a 40a(7)³⁴ allowing a third party to sign for the insured, a breach of the New Jersey Insurance Producer Licensing Act.

WHEREAS, Respondent completed and submitted a Whole Life insurance policy application to American Income Life for W.J. without meeting the insured, by misstating the owner Y.M.'s insurable interest for W.J. and allowed Y.M to sign for the insured, W.J, on the application, in violation of N.J.S.A. 17:22A-40a(2), (7) and (8); and

Figure 47 – Excerpt from Shui consent order

- Shorne Brown, an AIL agent in PA was found to have obtained a money order from a family to reinstate their lapsed policy. Shorn Brown did not pay to reinstate the policy with the funds given to him by the family until 4 weeks later. Brown was criminally charged with theft by deception³⁵.

- (c) Respondent, on February 22, 2017, received a money order from a family member of an insured, for a premium payment to reinstate a lapsed life insurance policy.
- (d) Respondent failed to timely submit the premium payment of \$623.56 for the lapsed American Income Life Insurance policy.
- (f) Respondent, as a result of his failure to timely remit the premium payment on the American Income Life policy, on March 27, 2017, was criminally charged with 18 Pa.C.S.A. § 3922(a)(1), Theft by Deception, a misdemeanor of the first degree.

Figure 48 – Excerpt from Brown consent order

³¹ [Connecticut Market Conduct Report](#)

³² [Shui Consent Order](#)

³³ pursuant to [N.J.S.A. 17:22A-40a\(8\)](#), an insurance producer shall not use fraudulent, coercive or dishonest practices, or demonstrate incompetence, untrustworthiness or financial irresponsibility in the conduct of insurance business in this State or elsewhere;

³⁴ pursuant to [N.J.S.A. 17:22A-40a\(7\)](#), an insurance producer shall not commit any insurance unfair trade practice or fraud;

³⁵ [Brown Consent Order](#)



- Jace Cucharale, an AIL insurance agent in New Hampshire was terminated for adding accelerated death benefits on approximately 8 life insurance policies without the policyholder's permission³⁶.
 - Cucharale claimed that he simply followed the sales script provided by his employer, American Income Life, and was terminated for personal reasons.

2. In 2017, Respondent was terminated for cause by American Income Life, for allegedly adding an Accelerated Death Benefit to Life Policies on approximately 8 contracts, without the policyholder's permission.

3. Respondent asserts that he followed the sales script as required by his employer and that he was terminated for personal reasons.

7. Respondent has been cooperative throughout the NHID's investigation of the events described above.

i. That his NH insurance producer license (once Respondent completes the application process) be placed for a period of two years on probationary status.

Figure 49 – Excerpt of Cucharale Consent Order

- Cucharale cooperated with the commissioner on an investigation, and the commissioner found the claims credible enough to issue Cucharale a two-year probational license.
- Mary Rochester, an AIL agent in South Carolina, was found to have submitted a modification document without the consent of the insured³⁷.

3. Mary E. Rochester violated the laws of this State and was in violation of Section 38-43-130 (8)(10) when she submitted a modification document to American Income Life Insurance Company on Ms. Blackwell without her knowledge or consent.

Figure 50 – Excerpt of Rochester Consent Order

³⁶ [Cucharale Consent Order](#)

³⁷ [Rochester Consent Order](#)



Predatory and misleading sales tactics

AIL's marketing materials are largely iterations on the same scaremongering bait-and-switch technique: get a customer interested with a free benefit (with the apparent endorsement of their union or friends and family) before trying to upsell them life insurance.

Child Safe Kits

Child Safe Kits are marketed to parents as essential safety tools for emergencies, but primarily serve as a lead generation tactic. Under the guise of child protection, these kits enable the collection of vital personal information. It is by far one of the most dishonest and morally bankrupt ways AIL generates sales leads: by collecting children's information.

I am calling for _____ please.

My name is _____, I am with the child safe program. I am calling because you filled out a card requesting _____ kits from _____. How are you doing today? Let me give you a little bit more information. The child safe kits are no cost to you. It works together with the Texas Police, and Amber Alert, so if your child were to ever go missing it helps get the right information to the police quickly. Let me verify that I have the right information here, you are still at (address), is that correct?

Figure 51 – Carvajal Agencies 2022 Agent playbook³⁸

American Income Life (AIL) **misleads parents to believe the initiative is endorsed by law enforcement and firefighting departments.** The offer is a bait and switch, opening the door for aggressive insurance sales pitches by agents who **leverage the emotional context of child safety to exploit the concern vulnerable parents.**

Let me fill you in. We're teamed up with the police and teachers associations. It's their national campaign to get the child safe kits out to every parent in the community. It's at no cost and is part of the family care program. Now _____ said you would need # child safe kits. Is that correct? Okay, I promised I'd take care of you guys.

Figure 52 – Keefer Success Child Safe Ref. Phone Script³⁹

This is how the strategy unfolds:

1. AIL promotes the Child Safe Kits via online ads on platforms like Google and Facebook, through schools, or other marketing efforts. An example of such promotions can be found in Appendix 9: Child Safe Kit Promotions with a more complete compilation [available at this link](#).
2. Parents or guardians respond by submitting a request to AIL for the Child Safe Kit.
3. AIL agents then contact these parents to set up an in-home visit, without disclosing their ulterior motive to sell life insurance.
4. Agents spend over an hour pitching their insurance products during the visit, under the pretense of delivering the kit—far longer than the originally proposed 10-minute meeting.

Transition to Life Insurance

Agent: Now, this is the second part of the Family Care Program, which is designed to protect your entire family, God forbid anything happens to you as the parents. **This is the most important and most popular part but you do have to qualify for it. You deserve to know how it works.**

Agent: So, it's 2020 and most people have Life Insurance. But the problem that they found is that **most people don't know what they have or how it works.** This video will detail the different types of insurance and also when you should have the different types as well.

<Play Life Insurance Video by clicking "continue" button >

Figure 53 – American Income Life Insurance Company Laptop Presentation Script – Child Safe

³⁸ There is no such organization as the "Texas Police" or "Amber Alert". Texas police are organized on a city basis and Amber Alerts can be called by law enforcement agencies.

³⁹ "Child Safe Ref Phone Script" from James Keefer's website [Web Archive](#), July 21, 2020



5. The pitch is scripted by AIL to stoke fears about child abduction or death, heightening the emotional pressure.

CHILD SAFE REFERRAL PHONE SCRIPT REBUTTALS

Q. I'm not interested

A. The police tell us it takes parents up to 5 hours to gather this vital information in order to organize the search to find the child ALIVE, so this child safe kit is designed to minimize the time to locate them. It's my job to deliver the child safe kits and explain the family care program.

Figure 54 – Keefer Success Child Safe Referral Phone Script Rebuttal

6. Parents are pressured to provide contact details for ten other families whose “children they want protected”, perpetuating the cycle with more potential leads for their insurance pitches.

The police and fireman are really on us to get these child safe kits out to every child in this area. They're asking every family to do their part by listing 10 other families that they know with children under 16 in this area. They figure that if every family does their part, by listing 10 other families, that by the time we are done in this area, every child will have one, making this a safer community for everyone. So, they're asking you to do your part as well, by listing 10 families that you know with children under 16. So, who's the first family for YOUR 10?

You said your sister lives down the road...let's start with her. What's her first name?

Figure 55 – Keefer Success Asking for Child Safe Refs⁴⁰

A full child safe kit referral script is attached to this report as **Appendix 2: Child Safe**.

The video accompanying the child safe kit presentation heavily relies on instilling fear in the parents with phrases like “93% of abducted children are killed within the first 24 hours.”⁴¹ We can find no source for this figure.

Globe Life, not AIL or its agencies, also owns websites that advertise Child Safe Kits – www.childsafekit.com, www.mcgruffsafekit.com, and www.mcgruffsafety.com – but obfuscates any affiliation, making only vague mention that “companies” may contact users, requiring users to click a link to discover these companies are Globe Life subsidiaries. This site also promotes life insurance for minors⁴².

☐ I am also interested in learning about how I can buy up to \$30,000 of Whole Life Insurance for Children.

Figure 56 – www.childsafekit.com order form checkbox

Domain Name: CHILDSAFEKIT.COM
Registry Domain ID: 96322349_DOMAIN_COM-VRSN
Registrar WHOIS Server: whois.networksolutions.com
Registrar URL: http://networksolutions.com
Updated Date: 2022-01-30T09:01:01Z
Creation Date: 2003-03-31T15:50:27Z
Registrar Registration Expiration Date: 2025-03-31T
Registrar: Network Solutions, LLC
Reseller:
Domain Status: clientTransferProhibited https://ica
Registry Registrant ID:

Registrant Name: Torchmark Corporation
Registrant Organization: Torchmark Corporation
Registrant Street: 3700 S STONEBRIDGE DR
Registrant City: MCKINNEY
Registrant State/Province: TX
Registrant Postal Code: 75070-5934
Registrant Country: US
Registrant Phone: +1.12143642976
Registrant Phone Ext:
Registrant Fax: +1.9725694096
Registrant Fax Ext:
Registrant Email: domains@globe.life

Figures 56 & 57 – www.childsafekit.com WHOIS domain lookup⁴³

⁴⁰ Asking_For_Child_Safe_Refs from James Keefer's website [Web Archive](http://www.keepingchildrensafe.com), February 15, 2020

⁴¹ <https://mega.nz/file/aOBDEZS#GYObzW0HrpQUgv0Qo1bSLyIN-JHWoq-m7Wbw1BjWWY>

⁴² <https://www.childsafekit.com/>

⁴³ www.childsafekit.com WHOIS lookup



The McGruff Safe Kits used by AIL's AO agency, feature McGruff the Crime Dog, a trademark of the National Crime Prevention Council. The owner of www.mcgruffsafekit.com and www.mcgruffsafety.com have paid for registrar privacy protection, however the sites have shared google analytics IDs with various Altig and AO website over the years.

| UA-4125482 Connected Domains | | |
|--|----------------|---------------|
| Domain | First Detected | Last Detected |
| altig.com | January-09 | July-19 |
| childsafekit.com | April-16 | December-16 |
| altig4life.com | September-11 | March-13 |
| planetaltig.com | January-11 | February-18 |
| mcgruffsafekit.com | August-16 | January-17 |
| safelifenetwork.com | August-16 | December-16 |
| ailcareerfinder.com | September-12 | September-12 |

Figure 58 – UA-4125482 shared between AO websites and McGruffsafekit.com⁴⁴.

We question whether the NCPC is aware that their mascot is being licensed to peddle life insurance with scaremongering bait-and-switch scare tactics.

Several police departments have publicly criticized these marketing strategies, expressing discontent with insurance companies using their credibility to bolster aggressive sales practices. The Indiana State Police have issued warnings against these practices, explicitly labelling the insurance agents distributing the child safety kits as “scammers.”

⁴⁴ www.builtwith.com



Indiana State Police-Warning

Ongoing "Child Safety Kit" Facebook Scam

(Ft. Wayne, IN)- The Indiana State Police Fort Wayne Post recently received a complaint from a local resident advising of what appears to be an ongoing scam solicited via Facebook. This scam involves the offering of a "Child Safety Kit" by clicking on a link provided in the Facebook post.



WARNING: Since ISP-Fort Wayne first posted this Child Safety Kit Scam Alert last week (see original release content below), the Fort Wayne Post has received two more complaints of this active scam here in Fort Wayne. Facebook consumers are warned NOT to provide any personal information to the associated #ChildSafetyKit Facebook link.

The latest complaints have advised that *after providing the requested personal information to the link, a follow-up phone call from an unknown phone number was received. An unidentified female scheduled an in home visit to go over the services offered. Two unidentified well dressed adult males showed up to the complainant's house, and then attempted to sell an "insurance policy" as part of the Child Safety Kit service.

These scammers are trying to gain your trust and confidence by falsely claiming to be associated with the Indiana State Police, and that is a lie. They want access to your personal identity and financial information, and to gain voluntary entry into your home- possibly with the intent to commit further crime. -DO NOT ALLOW THESE SCAMMERS INTO YOUR HOME!

Figures 59 & 60 – Indiana State Police Bulletin dated March 3, 2021⁴⁵

The bulletin can be found in full in Appendix 8: Indiana State Police Bulletin.

An Indiana news channel reported visits by strange men to people who had ordered child safe kits.



A child safety ID kit is supposed to help authorities find abducted children.

Rustin submitted some information online hoping to get some of these kits for her family. Instead, a strange man knocked on her door and said he was responding to the request, though a security camera shows that he carried no equipment except a cell phone.

Figures 61 –Indiana woman requests child safety ID kit via Facebook, gets frightening visit – WDRB.com⁴⁶

⁴⁵ [Indiana State Police warn of ongoing "Child Safety Kit" Facebook scam](#)

⁴⁶ https://www.wdrb.com/news/indiana-woman-requests-child-safety-id-kit-via-facebook-gets-frightening-visit/article_0f898fbe-1dec-11ea-a5a8-8fba54f2fd1f.html



Unsurprisingly legal filings and former employee interviews state that Child Safety kits are considered the worst leads in the company with the lowest yield rate and the lowest revenue⁴⁷.

So in the beginning, I was like the superstar in the making, so I had like 80 leads, which, by the way, that's nothing for a month. I used to think that was good, no. A lot of people now get 100 leads a week where I am. But anyway, 80 leads, and then I had like 60 leads, so the quality of leads got worse. So like in the beginning, I had lots of union leads and only a few Child Safe. Because the Child Safe leads were the worst.

They were the worst because you had to try to scare parents and then try to talk about life insurance, really tough. So I noticed, over time, I was getting less and less union leads and more and more crappy leads. And these newbies on the block and other people, not only were they better, but they had better leads. So it was like a self-fulfilling prophecy. Because if you have better leads, you're going to do better. So here's the proof, though, because that's just my opinion. That might not be true.

Child Safety Kits leads were considered the worst leads in the company, with the lowest yield rate and lowest revenue. To Plaintiff's knowledge no other agents received solely child safety kit leads,

Figures 62 & 63 – Excerpt from Former Life Insurance Producer interview & Ruiz v. American Income Life

⁴⁷ [Ruiz v. American Income Life](#)



The International Union of Police Associations

AIL touts that its Child Safe Kits are endorsed by the **International Union of Police Associations (IUPA)**, which instead of being an actual union appears to be **a telemarketing scam posing as a charity**.

Child Safe Kits at No Cost. No-cost kits are provided to parents, guardians, grandparents, and child care professionals. Contact us for school or group requests. Child Safe Kits are:

- > Available at No Cost
- > Tools for Parents
- > Endorsed by:
 - > **International Union of Police Associations**
 - > American Federation of School Administrators
 - > American Federation of Teachers

Figure 64 – American Income Life – Request a Child Safe Kit ⁴⁸

The IUPA claims to raise funds for when a law enforcement officer dies in the line of duty, but the reality is it paid only \$1,500 in benefits compared with \$18.9m in revenues and \$1.9m in salaries according to its 2023 Form 990⁴⁹.

Worth more scrutiny are \$12.7m in fundraising fees, mostly paid to telemarketing companies. Most of the funds raised from these fees were retained by the telemarketing companies.

| (i) Name and address of individual or entity (fundraiser) | (ii) Activity | (iii) Did fundraiser have custody or control of contributions? | | (iv) Gross receipts from activity | (v) Amount paid to (or retained by) fundraiser listed in col. (i) | (vi) Amount paid to (or retained by) organization |
|--|----------------------------|--|----|-----------------------------------|---|---|
| | | Yes | No | | | |
| WIRED4DATA 55 LAKE HAVASU AVE S 677 LAKE HAVASU CITY, AZ 86403 | MAILING / TELEMARKETING | | No | 3,851,096 | 3,385,592 | 465,505 |
| CLOUD DATA SERVICES 1009 WHITNEY RANCH DR HENDERSON, NV 89014 | MAILING / TELEMARKETING | | No | 2,766,609 | 2,432,192 | 334,416 |
| STANDARAD DATA SERVICES LLC 513 MILL AVE SE 206 NEW PHILADELPHIA, OH 44663 | MAILING / TELEMARKETING | | No | 2,071,692 | 1,821,274 | 250,418 |
| LAV SERVICES LLC PO BOX 294 CEDAR CITY, UT 84721 | MAILING / TELEMARKETING | | No | 1,772,932 | 1,558,627 | 214,305 |
| INNOVAIRRE GLOBAL LLC 2 EXECUTIVE CAMPUS SUITE 200 CHERRY HILL, NJ 08002 | MAILING / TELEMARKETING | | No | 1,100,190 | 1,053,446 | 46,745 |

Figure 65 – IUPA 2023 Form 990

Wired4Data, Cloud Data Services and LAV Services are all owned by **Las Vegas telemarketer Richard Zeitlin**, whose indictment by the Department of Justice was unsealed in August 2023^{50,51,52}. The indictment alleges that Zeitlin controlled and operated call centers that raised call centers that made calls on behalf of certain Political Action Committees (PACs) falsely portraying themselves as charities⁵³.

⁴⁸ [American Income Life – Request a Child Safe Kit](#)

⁴⁹ [Propublica Nonprofit Explorer - International Union of Police Associations](#)

⁵⁰ [Shoemaker et al v. Zeitlin et al](#), Cloud Data Services is also known as Unified Data Services LLC

⁵¹ [Harbin et al v. TPFE et el \(including LAV Services LLC\)](#)

⁵² [United States v. Richard Zeitlin](#)

⁵³ [United States v. Richard Zeitlin Indictment](#)



Zeitlin entities defrauded donors “by providing misleading and false information about how the donors’ money would be spent and the nature of the organizations to which they were giving.”.

controlled (the “Zeitlin Entities”). From at least in or about 2017 through at least in or about 2020, ZETLIN used the Zeitlin Call Centers to defraud numerous donors and potential donors by providing misleading and false information about how the donors’ money would be spent and the nature of the organizations to which they were giving. For example, ZETLIN directed his employees to make calls on behalf of certain PACs that falsely portrayed the PAC as a charity and/or a direct-services organization rather than as a PAC. Even after receiving complaints that

Figure 66 – United States v Zeitlin Indictment

The last entity, Innovairre Global LLC, is a rebranding of **Quadriga**, a professional fundraising firm alleged to have misled donors and kept more than 90% of the money it raised^{54,55}.

The IUPA is also behind the **National Police and Troopers Association (NPTA)**, which the **Sioux City and Albuquerque Police Departments** labeled as a scam^{56,57,58}.

ABOUT US

The **National Police and Troopers Association (NPTA)** is a special program within the **International Union of Police Associations, AFL-CIO (I.U.P.A.)**. The NPTA was created to provide specialized service dedicated to the specific needs of law enforcement professionals. I.U.P.A. provides officers with education, surveys and wage and hour enhancements, organizing, and mutually beneficial communication with other law enforcement officers and troopers across the nation who comprise the I.U.P.A. family.

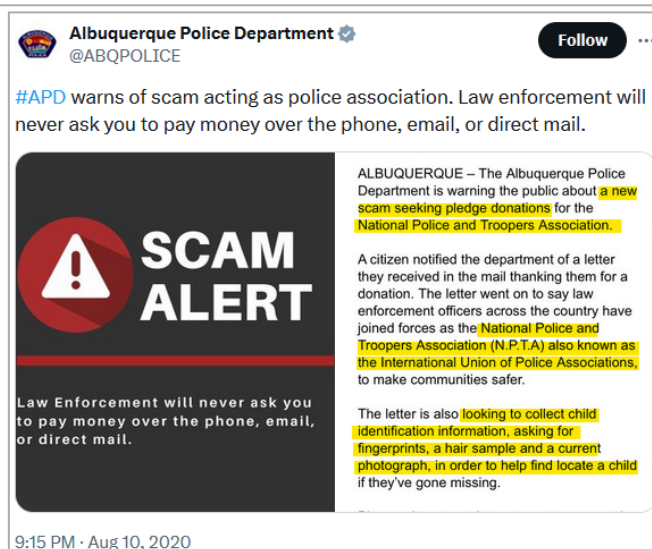
By KTIV Staff

Published: Mar. 15, 2024 at 8:57 PM CET



SIOUX CITY (KTIV) - The Sioux City Police Department issued a scam alert on Facebook on Thursday, March 14. This alert comes after the department’s very own police chief received a questionable call.

On their Facebook page, officers said their police chief received a call from a questionable charity organization who call themselves **The National Police and Trooper Association**. Authorities say the association claims to help law enforcement families, however, the legitimacy of the organization cannot be verified, however, the department says they know the organization does not help law enforcement locally.



Figures 67, 68 & 69 – NPTA website, KTIV 4 News report & Albuquerque Police Department X (formerly Twitter) profile

⁵⁴ [Quadriga, Accused of Misleading Donors, Reorganizes Under New Name](#)

⁵⁵ [Wall Street Journal - 'Misleading' Fundraising for Veterans](#)

⁵⁶ <https://www.linkedin.com/company/national-police-and-troopers-association---npta>

⁵⁷ [KTIV 4 - Sioux City Police Department issues scam alert after police chief receives a questionable call](#)

⁵⁸ [Albuquerque Police Department X \(formerly Twitter\) profile](#)



We note that the Albuquerque Police Department’s twitter post said the letter was seeking child identification information, the same pitch AIL uses for its Child Safe Kits.

As mentioned in Section 1 above, Globe Life **must approve all advertising material** which includes their association with the IUPA. We expect Globe Life executives to have a perfectly reasonable answer why they market their Child Safe Kits as being approved by charity scam associated with an indicted fraudster.

We also question whether the American Federation of School Administrators and the American Federation of Teachers are comfortable with their support of the Child Safe Kit in light of AIL’s tactics and their association with the IUPA.

Training Materials – Carvajal Organization

The playbook by AIL agency Carvajal Organization instructs agents to **misrepresent existing whole life policies as term policies to avoid insurance regulations on replacing policies**⁵⁹. AIL has been repeatedly reprimanded by regulators for their conduct when replacing policies. The prevalence of this practice deserves further scrutiny.

Question #2: “How much life insurance do you currently have through work?”
If NONE: “Do they not offer it or did you not take advantage of it?”
If ANY AMOUNT: “Was that automatically given to you or do you pay into it?”
Question #3: “How much WHOLE life insurance do you own and control outside of work?”
(REMEMBER: When filling out how much WHOLE LIFE insurance client already has, ALWAYS put ZERO in the amount box add it to TERM LIFE.) If they DO NOT have any life insurance, ASK WHY – “Okay, is there any reason for that?”

Figure 70 – Carvajal Agencies 2022 Agent playbook

⁵⁹ [Carvajal Agencies 2022 agent's playbook](#)



AO Global Training Video

AO Global is AIL and Globe Life's largest agency by net sales and agent count. It released a training video in which it instructs recruits when filing out an application to:

- Avoid using the term "unemployed" even if correct and to use terms like homemaker instead;

Figure 71 – EAPP Training with Macie⁶⁰

- Always check "no" as to whether an AIL policy is intended as a replacement; and
- To always leave existing coverage at \$0. They state that this is accepted company practice.

Beyond these application falsification practices, pro-forma scripts in the training manuals encourage **pressuring customers to "make a decision" today, going so far as to state that the customer's union is endorsing this tactic**. In truth this is just a low-rent boiler-room tactic used to create a false sense of urgency.

Agent: So basically, Joe and Mary, here's the way it works...if, as I go through these benefits, you're nodding your head (*visibly nod your head*) thinking "I can see why they have this setup and why all the members are excited and pretty much everyone is doing this," then they ask you to try to qualify today while I'm out here. On the flip side, if once I go through these benefits you're saying, "Wow, they really are great benefits but they don't fill a need for me and my family right now," then they actually ask you not to try to qualify. **Either way, yes or no, that decision does have to made today during your service period in fairness to all the other members waiting to enroll.** So what they don't

Either way, we simply need you to make a decision **today**, as it is unfair for us to come back out again to each of our union members a second time after we have already gone over your programs.... Fair Enough?? Great!!

Actual Union Letter

Ok (members name) this is your actual union letter from (name union and local) that you already READ, and it is signed by your (*title and name of person whose signature appears on letter*). Do you know him/her personally? I have heard he/she is nice guy/girl.

Basically, what the letter is stating (*read highlighted sentences on letter*). "If you qualify, your coverage lasts a lifetime and is under your independent control. Once the program has been explained to you, we're sure you will agree with the many participating members that it's one of the most valuable programs in a time of need. Please take a few minutes to listen to the AIL representative who is visiting you. If they can help you with your needs in your area, please take advantage today."

"So is not me telling you that you need to make a decision today it is your (*title and name of person whose signature appears on letter*)."

Figures 72 & 73 – Keefer Success Script & Carvajal Agencies 2022 Agent playbook

⁶⁰ YouTube - eAPP Training with Macie (12mins 41)



5 Areas to Lose Business – Arias Agencies

A document titled “5 Areas to Lose Business” suggests placing cancer policies on another member of the household when an application is turned down by the underwriting department. The tactic appears verbatim in other agency playbooks^{61,62}.

| | |
|--|---|
| Decline-DCL-3-4%- is a policy that has been rejected due to background information or health information supplied by doctors or applicant. This requires a refund of initial premiums resulting in a full charge back from the agent. | |
| Causes Turned down by the underwriting dept. | Solutions Use the Flash sheet, be observant and ask questions Trial App Place policy on someone else in house. Sell cancer. Mark ALT-DECL |

Figure 74 – 5 Areas to Lose Business

6 Areas to Lose Business – Carvajal Agencies

An updated version of “5 Areas to Lose Business” is included in Carvajal Agencies’ 2022 playbook⁶², retaining the “Place policy on someone else in house” and “Sell cancer” advice, while adding commentary on invalid account numbers.

| |
|--|
| Decline (DCL) -2-3% Decline- is a policy that has been rejected due to background information or health information supplied by doctors or applicant. This requires a refund of initial premiums resulting in a full charge back from the agent. Causes: Turned Down by the underwriting department. Trial App Solutions: Use the Flash Sheet, be observant and ask questions. Place policy on someone else in house, Sell cancer. Mark ALT-DECL |
|--|

Figure 75 – Areas to Lose Business

Buy vs. Rent – Carvajal Agencies

Scripts and presentations often use a flawed analogy to compare term and whole life policies, referring to them as a “buy vs rent” dichotomy. Not only is this a flawed dichotomy, but it is also a comparison of two products serving very different functions.

| Whole Life | Term Life | Explain the difference between term & permanent plans: |
|--|---|---|
| Coverage lasts a lifetime meaning you are covered from the day you buy until the day you die. Builds cash and loan value, therefore it acts as a savings account for your premium payments. Premiums never increase meaning you will pay the same amount of premium always if you do not change anything in your coverage. Generally, it's viewed as more expensive because coverage lasts a lifetime. Whole life is like Buying a new home  | Provides coverage for a limited period. If you want to continue coverage past the specified period, the premiums will go up and you need to qualify again. Generally, is viewed as less expensive because coverage only last for a limited time. Term life is like Renting an apartment  | Term Rent it Doesn't build value Cost goes up Expires (65) Permanent Own it Builds value Cost is FIXED NEVER expires |

Figures 76 & 77 – Carvajal Agencies 2022 Agent playbook & AO Playbook

⁶¹ Keefer Success, [Web Archive](#), 24th November 2019

⁶² [Carvajal Agencies The Playbook 2022](#)



Glassdoor reviews

Glassdoor reviews consistently mention the sales tactics used at various agencies as being manipulative, fraudulent and opportunistic.

Treated as employees but really 1099. No overtime. selling insurance by manipulating people into buying benefits they don't need/upselling Workplace humiliation

free kits to keep their kids safe. These people are susceptible in my opinion. It's not really a good business practice... but the worst part is that AO actually trains its employees to go after the MOST susceptible people in the demographic. For example... Let's say hypothetically AO what a lead on a grandfather who was a union worker his whole life and was requesting a McGruff free kid kit... if the agent showed up at this grandfather's house and he seemed very confused and venerable, that would be considered a "good opportunity". If this grandfather was the opposite (stern, continuously explaining that he didn't want services, seeing through all of the sales nonsense, etc...) that would be considered a "bad lead". Now... on to the next point. The "training/pitch". AO's training

Extremely high pressure and unethical practices. A lot of bait and switch tactics. Very "cult like" practices. Manager is berating when sales are down. This job caused me to be diagnosed with anxiety for the first time in my life. I literally have PTSD from working there.

American Income is kind of like a junior varsity life insurance company. They have have mediocre products that aren't that competitive with better companies. Every meeting booked is based on a lie, and the goal is bait and switch. Meetings are booked on the premise of offering a free benefit and prospects are deceived into thinking they are scheduling a short visit. Instead they are almost always in for a surprise discussion on life insurance, and the agents are trained to try and make a sale and complete an application within 1 meeting. This company is sales centric and deceptive to the people it meets with. From a client perspective it

Everything. There are no words for the unprofessional, tacky, environment. Individuals who lie to clients on the phone, speak to prospects in the most hideous manner and all around absurd for a place that manages to scam individuals into sales. I was horrified every day there. I tried to fit in but as a consummate professional with an understanding of business, honesty and a very experienced way to communicate this was a major F and I mean as in Failure.

Figure 78, 79, 80, 81 & 82 – Glassdoor reviews dated May 7, 2023, December 15, 2022, June 7, 2021, January 13, 2019 and September 3, 2019^{63,64,65,66,67}

⁶³ [Glassdoor - Just not good](#)

⁶⁴ [Glassdoor - Morally Corrupted *MLM \(Like a PYRAMID SCHEME\)*](#)

⁶⁵ [Glassdoor - Don't do it](#)

⁶⁶ [Glassdoor - Benefits Rep](#)

⁶⁷ [Glassdoor - Beyond less than professional](#)



Union Lobbying

Bait & Switch Union Leads

AIL's competitive advantage is its focus on the low face value policies and union association according to interviews with former AIL agents and market participants. Union leads are not cold calls and considered to be the best leads by AIL's. They are obtained through the following process:

1. An AIL PR Rep convinces union officials to offer a no-cost accidental death and dismemberment policy to its members⁶⁸. A compilation of these letters can be found at this [link](#).
2. Unions send their members a group letter informing them of the policy which typically provides \$2,000 to \$4,000 of coverage.
3. To claim these policies union members must fill out and return a card or digital form to AIL, effectively creating leads for AIL's captive agencies.
 - a. These details include address, phone information, beneficiary details and the number of Child Safe kits required, even if none were requested.
4. AIL agents then call these members and arrange an in-home visit to "explain the benefits."
5. During the visit the AIL agent makes the sales presentation, attempting to sell policies by borrowing credibility from the union or association.


This all effectively amounts to a **targeted mailing campaign endorsed by union leaders exposing their members to misleading and fraudulent sales practices**, constant telemarketing calls, and hard-sell tactics.

A list of unions that AIL has form letters for is available in: [Appendix 15: The Unions](#).


Obtaining Unions Leads – An MLM Class of its Own


AIL generates union leads through PR representatives, its B2B salespeople responsible for generating leads from unions, credit unions and affinity group membership lists. Viceroy has found multiple instances where AIL PR reps held or hold influential positions at unions or union federations.

Experience

**Labor Liaison**
St Paul Regional Labor Federation-Labor Studies and Resource Center - Full-time
Sep 2020 - Present - 3 yrs 8 mos
St Paul, Minnesota, United States


Working with Labor Organizations, Community Organizations, Non-profits and individuals providing education, services and opportunities from a union lens.


**American Income Life Insurance Company**
24 yrs 4 mos

**Labor Relations and Marketing Consultant**
Jan 2016 - Present - 8 yrs 4 mos
Minnesota, Iowa & North Dakota

Independent consultant currently providing ongoing services to American Income Life Insurance Co. including but not limited to promotion of the organization and their core values, relationship development with labor and constituency organizations. I oversee and maintain labor and political relationships throughout the region.

Experience

**American Income Life Insurance Company**
14 yrs 6 mos

**Public Relations Marketing Specialist**
Nov 2009 - Present - 14 yrs 6 mos

- Primary Responsibility is to generate leads for the Sales Team: in conjunction with developing and maintaining the company's corporate image and identity.
- Identify Client groups and determine the best way to contract with the group to provide NO COST Benefits to their members: in order to generate leads for Sales Team.
- Interface daily with Executives, Managers, and Administrators within the following areas: Credit Unions, Unions, Associations, Small Business, and Schools.
- Conducted presentations to executives, executive boards, Principles, and business owners.
- Develop and Maintained Relationships with current and potential Clients
- Represented the company at various Political events, charity events, conferences, conventions, community events, and on various boards.
- Promoted to Public Relations Manager in July 2013.

Recognition:
Top Rookie February 2010
Top Public Relations Representative Category III February 2010
Top Public Relations Representative Category III September 2012
Ranked second as Public Relations Manager February 2014
Bonus 12 out of 14 Quarters with company as Public Relations Marketing Specialist
Bonus 5 out of 5 Quarters as a Public Relations Manager
Boards:
Waterbury Central Labor Council: Treasurer-PAC Fund Administrator
Fairfield County Central Labor Council - Recording Secretary
Hartford Central Labor Council: Vice President
Connecticut AFL-CIO: Vice President

Figures 83 & 84 – Erica Dalager's & Patrena Smith's LinkedIn profile^{69, 70}


⁶⁸ PR reps also generate leads from credit unions and other organizations.

⁶⁹ [Erica Dalager LinkedIn profile](#)


⁷⁰ [Patrena Smith LinkedIn profile](#)



Experience



Labor Relations
American Income Life
Apr 1988 - Present · 36 yrs 1 mo



First Vice-President
Northeastern Illinois Federation of Labor
1997 - Present · 27 yrs 4 mos

Trustee, 1998-2001
Recording Secretary, 2001-2009
First VP 2009-present

Figure 85 – Sue Gilbert’s LinkedIn profile⁷¹

The most egregious example is Mark Gagliardi, an AIL PR Representative is also the Chief Steward US for the union that **all AIL agents are effectively forced to join, OPEIU Local 277**⁷². Gagliardi is also the National Event Chairman of Shoot for a Cure, a charity he founded that has had OPEIU Local 277 and AIL as founding sponsors (who are literally included in the event logo) since 2003⁷³.






8th Annual Chad Young Memorial Shoot
Hosted By:
UFCW Local 540, OPEIU Local 277 & IUEC Local 21

Figure – Shoot for a Cure 13th Annual Texas Shoot Flyer⁷⁴

Shoot for a Cure received sizeable donations from both OPEIU Local 277 and Founding Sponsor AIL^{75,76}.


← Experience




National Event Chairman
SHOOT FOR A CURE
2003 - Present · 21 yrs 4 mos
Clarksville, Tennessee, United States

Raising money for March of Dimes and various other charitable causes through sporting clays events.


Skills: Non-profit Leadership · Fundraising · Shooting Sports · Union Experience · Event Planning



shootforcure.us



Public Relations Representative
American Income Life Insurance Company
Sep 1999 - Present · 24 yrs 8 mos



Chief Steward US
OPEIU Local 277
2004 - Present · 20 yrs 4 mos

Figure 86 – Mark Gagliardi’s LinkedIn profile⁷⁷

The exploitation of union mailing lists has caused legal issues for AIL before.

⁷¹ [Sue Gilbert LinkedIn profile](#)

⁷² The Office and Professional Employees International Union Local 277 represents clerical and technical employees in aircraft manufacturing, banking and the insurance industries.

⁷³ [OPEIU White Collar Winter newsletter 2007/2008](#)

⁷⁴ [Shoot for a Cure 13th Annual Texas Shoot Flyer](#)

⁷⁵ [OPEIU Local 277 - "Shoot for a cure" team honored](#)

⁷⁶ [LinkedIn - American Income Life](#)

⁷⁷ [Mark Gagliardi LinkedIn profile](#)



In *Vazquez v. Central States Joint Board* (one of two unions in the lawsuit)⁷⁸, plaintiffs alleged that CSJB Union President and International Union Executive Mark Spano⁷⁹ provided his wife Rona Spano, PR Director for Teamster Affiliates at AIL⁸⁰, access to personal information of union members including fund participants⁸¹.

Plaintiff's alleged that the mailing of "American Income Life Insurance Literature" like the group letter in *Appendix 6: Example Group Letter*, to all members of the union was in violation of the Health Insurance Portability and Accountability Act, Employee Retirement Income Security Act⁸², and Landrum-Griffin Act⁸³.

Plaintiffs allege that the CSJB Executive Board approved a proposal from Spano's wife, Rona Spano, a paid representative of American Income Life, to mail material from American Income Life Insurance to all CSJB members. (*Id.* ¶ 122.) According to the Complaint, Ward

On August 15, 2003, Spano proposed that the CSJB Executive Board approve another mailing of American Income Life to all union members. (*Id.* ¶ 148.) Keating told the Executive Board that he believed such a mailing would be a violation of the Health Insurance Portability and Accountability Act ("HIPAA"). (*Id.* ¶ 149.) As a result, based on the information supplied by Keating, the Board approved a mailing only to those members who were not participants in the Funds. (*Id.* ¶ 150.)

In October 2003, however, there was a mailing of American Income Life Insurance literature to all union members, including participants in the Funds. (*Id.* ¶ 151.) This occurred because Spano allegedly provided the mailing names and addresses of Fund participants to his

Figure 87 – *Vasquez v. Central States Joint Board*

⁷⁸ [Horacio VAZQUEZ, et al., Plaintiffs, v. CENTRAL STATES JOINT BOARD, et al., Defendants.](#)

⁷⁹ Statement of Mark Spano's Positions in the Unions, *Vazquez v. Central States Joint Board*, [Google Scholar](#)

⁸⁰ [Rona Spano LinkedIn profile](#)

⁸¹ Fund participants information, *Vazquez v. Central States Joint Board*, [Google Scholar](#)

⁸² Mailing of AIL Insurance Literature, *Vazquez v. Central States Joint Board*, [Google Scholar](#)

⁸³ Proposal to CSJB Executive Board by Rona Spano, *Vazquez v. Central States Joint Board*, [Google Scholar](#)



Agent Recruitment & Churn

AIL's magazine Spotlight publishes monthly agent counts as well as the number of new agents. Over the period between February 2020 and February 2024, AIL lost ~1,500 agents a month and added ~1,600 agents a month, representing an average churn of ~16% a month.

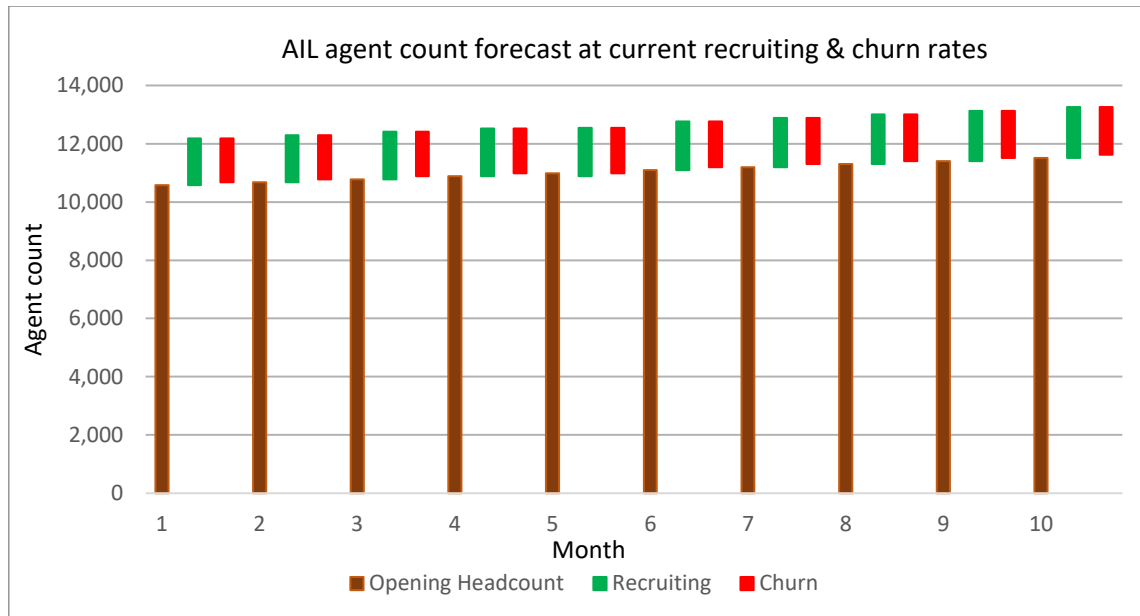
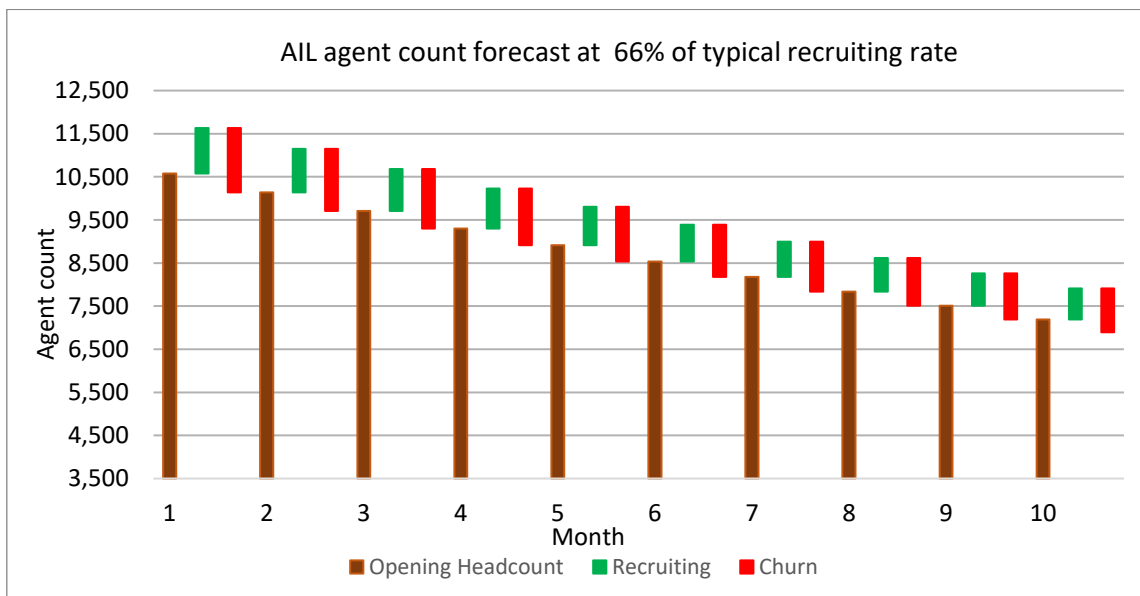


Figure 88 – AIL agent count forecast at current recruiting & churn rates⁸⁴

AIL is extremely sensitive to changes in its recruitment rate, which we expect to face headwinds from constant negative publicity. We have modeled the effect of various decreases in recruitment rate as a percentage of existing agents below.



Figures 89 & 90 – AIL agent count forecast scenarios

⁸⁴ Not all periods disclose this information.



Shady recruitment tactics

As mentioned above, AIL must sign up ~1,500 new agents per month to keep its headcount from shrinking. This would be a challenge for any business, let alone one with AIL's reputation.

Former employees stated that the onus for recruitment is split 60:40 between Globe Life and the agencies themselves. As a result, there is no definitive recruiting strategy. What we do know is that Globe Life is extremely aggressive when recruiting:

- Recruits are required to memorize the sales script verbatim before training commences.

Three key rules of booking:

1. **Stay on Script:** The script is designed, tried, and tested to produce results for you. There is no need to reinvent the wheel. The script is also important for PR purposes. It limits the misunderstandings between AIL and the member so that we can avoid the possibility of legal issues or upsetting members.

Figure 91 – Altig Organization 2022 New Agent Training Manual

- As part of the sales script, agents are encouraged to find leads for new recruits.

Introducing Recruiting (skip video)

At American Income Life, we strongly believe in giving back to the community that we serve. We do so by donating time and money to homeless shelters, foodbanks and now helping families impacted by the pandemic find a unique job opportunity. So who do you know that is unemployed, underemployed, loves helping people and can work from home? (Type recruiting referrals)

Figure 92 – Carvajal Agencies 2022 Agent playbook

- Globe Life purchases batches of resumes from sites like monster.com, indeed.com and other sites, allegedly accounting for ~8,000 recruits a month⁸⁵.

distribution channel is American Income Life. The lack of growth in agents selling their products results in a lack of projected sales growth. Therefore, **Globe Life spends millions to identify potential insurance agents by buying resumes from job websites like Monster.com. Reportedly, Globe Life brings in 8,000 new recruits a month utilizing this method.** Globe Life then arranges "job interviews" as if these recruits were going to be

Figure 93 – Excerpt from BKL v. Globe Life et al

- Recruits are told that they will be paid ~\$500 a week for their four-week training period^{86,87}, but are not actually paid.

44. **The Corporate Defendants informed Plaintiff that she would be compensated at least \$500 per week for the mandatory training.**
48. **Plaintiff was not paid for her time spent in training.**

Figure – Excerpt from Zinsky v Russin

- Recruits cannot earn commissions for the duration of their training as they are not allowed to write policies.
- Globe Life agencies use bait-and-switch tactics typically promising a salaried position and revealing only at the interview stage that the job is commission-only.
- Agents are encouraged to recruit from within their own social circle, social media, and anybody with a pulse.

⁸⁵ BKL v. Globe Life et al, page 11 in pdf

⁸⁶ [Zinsky v Russin, document 9](#), paragraph 44 and 45

⁸⁷ The amount of the payment varies, and it is sometimes not paid at all or paid as an advance on commissions.



- Recruits are not assessed based on education or work experience but instead on whether they can secure an insurance license.

Definition: Candidates recruited primarily through personal relationships or happenstance introduction for which the existing agent identified the candidate as viable for our business.

Recruits that DO COUNT: Personal acquaintances, friends, family, neighbors, waitresses, mall or retail workers, the guy behind you at the convenience store, unique or special recruiting efforts AND referrals obtained from in-home recruiting on the laptop!

Recruits that DO NOT Count: Current, traditional recruiting methods: RMS, newspaper, career fairs, Internet postings, and colleges.

- g. When recruiting, Russin was not required to research the educational background of potential agents. His goal when recruiting was to verify that a recruit secured an insurance license, regardless of background;

Figures 94 & 95 – Carvajal Agencies 2022 Agent playbook & Russin Settlement Statement

- Recruits are sometimes required to pay for their own pre-license training and license. In some cases, the training provider was owned by Globe Life executives, which leads us to our next topic.

Xcel Kickback Scheme

As part of their training Globe Life agents are required to pay for an online pre-license training and testing course.

In a case brought by BKL Holdings d/b/a License Coach, BKL alleged that Globe Life SVP of Recruiting Bo Gentile and AIL President David Zophin stole its certification materials before using them as part of Xcel Testing Solutions, which these Globe Life executives owned. Among the other allegations:

- Gentile and Zophin owned their interest in Xcel Testing through relatives and anonymous holding companies.

exposed for the first time the true complete list of owners of Xcel Testing. Among the defendants added in the New Jersey Litigation was Sue Warren Forbis, who is the 83-year-old mother-in-law of Defendant Gentile, Vice President of Recruiting for all Globe Life divisions, who, upon information and belief, was the true owner of the interest in Xcel Testing, which Forbis held only as nominee on behalf of, and for the benefit of Gentile. Sue Warren Forbis was from Lawton, Oklahoma, with no previous insurance experience. Another added defendant in the New Jersey Litigation was DCBTKZ Holdings, LLC which is owned and controlled by Zophin, who is President of American Income Life and former owner, with Thomas B. Williams, of the Williams Zophin Agency. As more fully discussed

Figure 96 – Excerpt from BKL v Globe Life



- The complaint notes that Globe Life required prospective recruits to purchase the course from Xcel Testing for \$149, of which \$119 was kicked back to the executives or agency owner.

recruits whether the recruit eventually became an agent or not. These executives of Globe Life, including, Gentile and Zophin forced SGAs to require their prospective new recruits to purchase pre-licensing testing and training from an external company, Xcel Testing for \$149. Xcel Testing kept \$30 of that fee and kicked back the remaining \$119 to Defendants including Globe Life executives, such as Gentile and Zophin as well as SGAs, who personally got a kick-back for every student who purchased pre-licensing testing and training from Xcel Testing. Even if the recruit never became a licensed agent or if the

Figure 97 – Excerpt from BKL v Globe Life

- It further alleges that Xcel Testing undercut the market by charging little to nothing to Globe Life competitors to win market share. Xcel was known for flaunting that users could readily cheat their way through the Xcel licensing course.

40. Xcel Testing intentionally promoted pre-licensing fraud as a competitive advantage. While on stage at a AFLAC national convention, an Xcel representative exclaimed, “other providers will not tell you this, but you can cheat your way through Xcel’s course.” Xcel Testing helped produce a YouTube video that detailed how a student could cheat their way through an Xcel course, and by-pass state regulations on pre-licensing requirements. One Xcel Testing representative acknowledged “We know they [ie students] are cheating, but we’re going to get while the getting’s good”. Also at the

Figure 98 – Excerpt from BKL v Globe Life

- Xcel was accused by the California Department of Insurance of failing to enforce regulations on training time, misleading them about system functionality and filing false information. **The California Department of Insurance concluded that it had engaged in fraudulent acts and had been incompetent or untrustworthy.**

36. For example, the California Department of Insurance brought “Accusations” against Xcel Testing (the “California Department of Insurance Action”) concerning Xcel Testing’s certification as a pre-licensing education provider under the California Code. The allegations generally involved a) Xcel Testing’s failure to enforce regulatory statutes for pre-licensing training which allowed Xcel Testing students to by-pass the state required 32- or 52-hour training requirements; b) Xcel Testing intentionally misled the Department of Insurance about system functionality and c) intentionally filed falsified information and data to the Department of Insurance. After conducting an audit

Based upon an additional lengthy list of Statutory Violations, the Department found, among other things, that a) “XCEL is not of good business reputation”; b) “XCEL is lacking in integrity”; (c) “XCEL knowingly, willfully, or recklessly made” misstatements in applications to the Commissioner; d) “XCEL has previously engaged in a fraudulent practice or act or has conducted business in a dishonest matter” and e) XCEL has shown incompetency or untrustworthiness in the conduct” of business. Based partly on the

Figures 99 & 100 – Excerpt from BKL v Globe Life



- One SGA reportedly made \$25,000 in kickbacks and bribes in one month from Xcel Testing alone. SGAs were allowed to keep all testing and training fees over a \$6,000 a month threshold, representing another incentive to recruit as many people as possible.

38. One SGA reportedly made approximately \$25,000 in kickbacks and bribes per month from Xcel Testing. Xcel Testing allows the SGA to keep all pre-licensing testing and training fees collected over a \$6,000 per month threshold. For example, in an average month, the SGA recruits 208 prospects and charges \$149.99 per student resulting in total pre-licensing revenue for the month of \$31,197.92. After subtracting the \$6,000 threshold, Xcel Testing sends the SGA a check in the amount of \$25,197.92 for a single month of kickbacks and bribes.

Figure 101 – Excerpt from BKL v Globe Life

Other kickback schemes

Large AIL agencies also run their own courses, often marketed as a finishing school for sales but more likely to be another way to extract money from their workforce. Complaints from former employees consistently mention paying for work or training in some form leading us to believe that these are just another thinly veiled kickback scheme.

- Simon Arias of Arias Agency runs Arias University, which is apparently endorsed by AIL⁸⁸. According to Glassdoor reviews recruits are required to pay for Arias University.



Figure 102 – Arias University

Do some research and you'll find out exactly what this is--- a MLM pyramid scheme. They make their money off of you applying and paying to work for them! They don't care if you last. As soon as you are hooked and pay for the test and licenses, they win and then toss you aside.

No base salary. Success is out of your hands and very difficult to attain. Corrupt upper management and unethical business structure that trickles down the entire organization. Earnings based on pyramid-scheme type bonus structure and a cult-like scream-in-your-face every Monday morning business culture. Simon Arias is part owner of the licensing training program required to be eligible to take the licensing exam and pockets the fees - employees are on a full-commission basis so literally the company makes money off of its employees without investing a dime into them. The turnover ratio is so extreme because

Figures 103 & 104 – Glassdoor reviews dated July 12, 2020 and March 8, 2021^{89,90}

⁸⁸ [Arias University](#)

⁸⁹ [Glassdoor - Prospect Beware. MLM!](#)

⁹⁰ [Glassdoor - Corrupt upper management and unethical business structure. Earnings based on pyramid-scheme type bonus structure](#)



- The 2020 Arias Agency playbook also states that additional scripts are available on Arias University implying it is mandatory for agents to be a part of it.

Q. Call me back.

A. Oh okay, I'll get you off the phone very quickly here...I have time between ___ & ___ which one would work best for you so I can drop these off and explain a little more?

There are additional Scripts located in Arias University

Figure 105 – Arias Agency Playbook 2020

- Coach Giggs, Coach Ack, and various other dishonorable mentions run Gig-Ack University which they market as a training platform. The website also includes a link to a mobile-formatted site with link to write google reviews for agencies.

Gig-Ack University
The Official Training Platform Of
The Giglione Ackerman Agency

Meet Our University Team







| | | | |
|---|---|---|--|
|  | Eric Giglione AGENCY OWNER |  | David Ackerman AGENCY OWNER |
|  | Michael Gerstein AGENCY OWNER |  | Steve Liberto QUALITY CONTROL DIRECTOR / PRE-LICENSING CLASS INSTRUCTOR |
|  | Lawrence Broniszewski POST-LICENSING CLASS INSTRUCTOR |  | Dave Lewis IT DIRECTOR |

Figure 106 – Gig-Ack University⁹¹

- AO runs Planet Altig although its unclear whether this is a paid program or a web platform for sales and resources⁹².

⁹¹ [Gig-Ack University](#)

⁹² [Planet Altig](#)



3. Regulatory actions

Globe Life and AIL have drawn the ire of state insurance regulators for breaches of insurance sales and marketing regulations as well as their handling of existing policies.

Nebraska Department of Insurance – Arias Agency Cease & Desist

The Nebraska Department of Insurance issued a Cease-and-Desist order in October 2020 to Arias Agencies, in conjunction with American Income Life⁹³.

- For Operating as an insurer without the proper certificates or registration

3. The Department has reason to believe that Arias, by and through its agents, is engaging in the unauthorized business of insurance in Nebraska and/or has or continues to operate as a producer agency within this state that has failed to register as such with the Department of Insurance, to wit:

Figure – Excerpt from Arias Agencies cease & desist order

- Even Arias Agencies' resident agency license in PA was inactive.

b. In reviewing this matter, it was discovered that Arias was not registered in the State of Nebraska as a non-resident agency, and that the resident agency license held by Arias in Pennsylvania was not active. Arias, as an unregistered agency, was also found to be operating without a designated licensed responsible producer.

Figure 107 – Excerpt from Arias Agencies cease & desist order

- AIL Agents Dylan Greer and Robert Jackson were offering \$100 incentives for referrals for life insurance policies (something recommended in at least one AIL agency playbook obtained by Viceroy).

a. The Department of Insurance received a complaint in July of 2020 regarding Facebook posts made by Robert Jackson and Dylan Geer, both employees of Arias Agencies, offering \$100 incentives for referrals for life insurance policies.

IX. Offer incentives. Even though your work has to speak for itself, everyone enjoys a gift. Incentives like a gift card, percentage off of future work, a small gift or charitable donation in their name are powerful for building a bond. Inform your clients that for every referral they send your way, they'll receive something in return. And, the more they refer, the more they'll get. For example, if they refer five people, they'll get a \$10 Amazon gift card per referral. That adds up to a quick \$50 for them and five potential clients for you.

Figures 108 & – Excerpt from Arias Agencies cease & desist order & Carvajal Agencies 2022 Agent playbook

⁹³ [Arias Agencies Cease & Desist Order](#)



Washington Insurance Commissioner – Altig International probation & fine

Altig Organization (AO) was fined \$150,000 and had its license placed on probation for two years in 2012 by Washington's Insurance Commissioner⁹⁴:

- For operating an insurance boiler room call center with 80% (16) of its agents unlicensed.

for two years, for alleged violations set forth therein. Specifically, the OIC alleged that Altig was employing 16 call center employees who were not licensed as insurance producers to make telephone insurance solicitation calls to consumers from its Redmond,

Figure 109 – Excerpt from AO International Final Order Terminating Proceedings

- These unlicensed agents were making insurance solicitation calls from the AO office at AO's direction.
- AO provided the unlicensed call center agents with scripts and recorded their calls.

5. Licensee gave its call center representatives a script and recorded their calls. Neither the scripts nor the recordings of the calls reviewed by OIC investigators asked whether the customer agreed to the policy addition or agreed to pay additional premium and several of the consumers contacted by the OIC indicated they did not want the additional coverage and only

Figure 110 – Excerpt from AO International Final Order Terminating Proceedings

- The script dictated that the unlicensed agents placed additional policies on consumers and charged them increased premiums without their consent.

Washington office; that between January 2011 and July 29, 2011 these unlicensed call center employees contacted 533 Washington residents who were policyholders of life insurance policies issued by American Income Life Insurance Company and offered them riders providing additional benefits; that neither the script the Licensee gave its representatives to use nor the recordings of the calls asked the consumer whether he agreed to the policy addition or to pay additional premium therefore; and, finally, that several of the consumers contacted by the OIC indicated they did not want the additional coverage and only realized it had been added when they noticed an increase in their automatic withdrawals for the premium.

Figure 111 – Excerpt from AO International Final Order Terminating Proceedings

- A review of the call records by the office of the insurance commissioner (OIC) confirmed this.
- The unwanted policy riders were submitted to AIL using the license of a licensed and appointed insurance producer, not the unlicensed agents that placed the policies.

⁹⁴ [AO International Final Order Terminating Proceedings](#)



Market Conduct Examination Reports

Each state's insurance regulator carries out market conduct examinations on insurers, effectively an audit of their compliance with the state insurance code. They are conducted sporadically and seemingly at random.

Globe Life has faced scathing market conduct examination reports by insurance regulators in Pennsylvania (2023), Connecticut (2023), Illinois (2017), California (2018) and New York (2012)^{95,96,97,98,99}.

An exhaustive list of the many, many, many violations is beyond the scope of this report but there are some clear repeated violations:

1. Failure to follow regulations regarding policy replacements in the case of a customer already having a life insurance policy.
2. Inappropriate or misleading marketing materials, in particular advertising materials misrepresenting the type of insurance and coverage.
 - a. Fake limited time offers that were not time limited at all.
 - b. Falsely implying that users were from a group that enjoyed privileges when untrue.
 - c. Misleading placement of the insurer on marketing materials¹⁰⁰.
 - d. Illegal inducements such as discounted first premium payments not available on renewals.
3. Use of unappointed agents to sell policies and selling policies through inappropriate methods (phone, internet).
 - a. Connecticut found 31 producers acting as agents of American Income Life without the required appointment.
4. Failure to process claims, inform beneficiaries and request further documents in a timely manner.
 - a. Failing to inform beneficiaries that they were entitled to interest if processing took >30 days, that more documents were needed and
 - b. Sending the required paperwork to a funeral home instead of the beneficiary or policyholder.
5. Failure to provide the required or correct documentation when issuing, renewing, or processing policies.
 - a. Failing to provide state-required information like the availability of the regulator, a buyer's guide, and a 20-day free look when issuing a replacement.

In the case of some of these violations the rate of violations is 100% meaning all the samples reviewed by the regulator resulted in violations.

The sheer number of violations is astounding and far exceeds those typically reported by their peers. Even when compared to other insurers with MLM sales structures like Primerica, Globe Life significantly underperforms. In 2018 both Primerica and Globe Life had market conduct examination reports published by the California Department of Insurance.

⁹⁵ [Pennsylvania AIL Market Conduct Exam Report](#)

⁹⁶ [Connecticut AIL Market Conduct Exam Report](#)

⁹⁷ [Illinois AIL Market Conduct Exam Report](#)

⁹⁸ The [California Globe Life Market Conduct Exam Report](#) covers all Globe Life subsidiaries.

⁹⁹ [New York Globe Life NY Market Conduct Exam Report](#)

¹⁰⁰ New York Section 215.5(a) of Department Regulation No. 34



| California 2018 Market Conduct Exam report comparison | | | | | |
|---|-----------------|------------------|----------------------|---------|------------|
| | Globe Life | | | | Primerica |
| | United American | Liberty National | American Income Life | Total | |
| Claims in review period | 259,838 | 1,164 | 2,733 | 263,735 | 4,460,460* |
| Sample files reviewed | 102 | 11 | 184 | 297 | 100 |
| Number of alleged violations | 52 | 5 | 77 | 134 | 33 |
| Alleged violation rate | 51% | 45% | 42% | 45% | 33% |

*Incorrectly written as 44,604,460 in the report, which is higher than California's entire population

Figure 112 – California 2018 market conduct examination comparison

What is clear is that the cowboy attitude of Globe Life agencies has the attention of State Insurance regulators for their persistent and egregious violations of state insurance regulations. The random nature of these market conduct examinations means we have limited visibility into Globe Life operations in other states.

Department of Justice investigation

Globe Life has been subpoenaed by the Department of Justice relating to “certain licensed insurance agents in the area of the organization who are contracted to sell American Income policies”. Reporting by Business Insider states that Globe Life’s counsel said the subpoenas related to “internal investigations, life insurance policyholders, customer payment information, and files about insurance policies written in 2022 by Arias.”¹⁰¹.

In its 2024 Q1 Earnings call, Globe Life Co-CEO, Frank Svoboda, confirmed that Globe Life had received a subpoena from the US Attorney’s Office for the Western District of Pennsylvania.

On March 14, 2024, Globe Life filed an 8-K addressing this matter in more detail, and the court filings are publicly available for those interested. Also noted in our Form 8-K, Globe Life and American Income received subpoenas

from the US Attorney's Office for the Western District of Pennsylvania. These subpoenas sought documents relating to sales practices by certain licensed insurance agents in the area of organization who are contracted to sell American Income policies.

The company and American Income is in the process of responding to these subpoenas, which were received in late 2023 and have been fully cooperating with the DOJ. The DOJ has not asserted any claims or made allegations against the company and American Income with respect to the foregoing investigation. And the company currently is not aware that any legal proceedings are contemplated by governmental authorities.

Figures 113 & 114 – 2024 Q1 Earnings Call Transcript

Svoboda then bizarrely states that this investigation was not disclosed because management did not, and still does not, believe that it will result in material liability to the company.

While no assurances can be made and we are still evaluating the matter, management did not believe when the subpoenas were received and does not believe now that it is either reasonably possible or probable this investigation will result in material liability to the company. As such, the company did not disclose the existence of the request from the DOJ in its Form 10-K. We are providing additional information regarding this matter to you now in light of recent questions that have been raised.

Figure 115 – 2024 Q1 Earnings Call Transcript

Globe Life claims without ground that it is removed from these proceedings ignoring the fact that AIL is a direct subsidiary and, as we have shown above, it has full knowledge over what happens at its agencies.

We note that the AIL agencies under investigation, which we know to be Arias Agencies, contribute significant policy sales to Globe Life every year. Any impact on the ability of AIL agencies to continue writing loans will be detrimental to Globe Life.

¹⁰¹ <https://www.businessinsider.com/departments-of-justice-probe-globe-life-american-income-life-2024-3>



EEOC Investigation

The Equal Employment Opportunity Commission (EEOC) also reopened a previously dismissed investigations into Arias Agency in November 2023¹⁰². It is highly unusual for the EEOC to reopen cases it has previously dismissed.

The EEOC enforces laws that make discrimination illegal in the workplace. The commission oversees all types of work situations including hiring, firing, promotions, harassment, training, wages, and benefits. It also investigated claims by Zinsky and Mayfield and dismissed them over a year ago.

The EEOC reversed itself in a Nov. 21 decision to reopen the investigation of allegations brought by the two women.

"In my practice of almost 25 years and hundreds of EEOC cases, I've never had a case where the EEOC took it upon itself to reopen a case, let alone multiple cases against an employer," Williamson said. "That goes for my co-counsel as well. This is extremely rare but exciting to be a part of."

Figure 116 – EEOC takes on sexual harassment cases against Pittsburgh-based agency¹⁰³

We note that the reopened investigations related to sexual harassment claims, and several months before withdrawal of Renee Zinsky's claim in the wake of Michael Russin's Settlement Statement. We believe that Ms. Zinsky will now act as a witness for the EEOC as opposed to pursuing her own claim, which was dismissed for procedural reasons.

For more information, see *Section 2, page 19* above and *Section 4, page 50* below.

¹⁰² [Zinsky v. Russin, Brief in Support of Plaintiff's Motion to Stay Arbitration](#)

¹⁰³ [Insurance Newsnet - EEOC takes on sexual harassment cases against Pittsburgh-based agency](#)



4. Sexual Harassment, Assault, and Gender Discrimination Allegations

Our investigation turned up a shocking number of legal actions against AIL and its agents for a culture of sexual harassment, assault, and retaliation. AIL CEO Steve Greer and President David Zophin frequented at least one agency facing a wave of sexual harassment and assault allegations, Arias Agencies.

14. AIL leaders such as Steve Greer and David Zophin frequently visited the office that Russin worked out of, participated in calls and meetings, and attended other offsite work events (dinners, convention, speaking engagements, social outings) with the AIL agents. AIL leaders must have been aware of the culture in the Arias office, and did not object to Russin.

15. To Russin's knowledge, AIL was aware of the following:

Unwelcomed sexual comments toward subordinate female agents

- a. Russin engaged in and witnessed alcohol and drug use by sales agents at Arias during the course and scope of the typical workday;
- b. AIL managers and business leaders used language that could be seen as discriminatory, lewd, and offensive in the work environment;
- c. AIL managers and business leaders behaved in a manner that could be seen as lewd and offensive in the work environment;
- d. AIL and Arias' managers and business leaders also behave in a manner that would be seen as lewd and offensive in a normal work environment;
- e. Russin witnessed footage of a colleague physically assault another agent by throwing him through a door;
- f. AIL managers and business leaders would frequently host work-related events at bars and nightclubs;
- g. AIL managers and business leaders would use threats against subordinate agents;
- h. When agents separated from Arias/AIL, the managers would typically make disparaging and/or defamatory comments about their former agents;
- i. AIL managers and business leaders discouraged subordinate agents from retaining legal counsel and/or initiating legal claims against AIL; and

Figures 117 & 118 – Zinsky v. Russin, Russin's Settlement Agreement

Taken together they paint of picture of AIL as home to a culture of misogyny, harassment, drug and alcohol use, discrimination, retaliation and in some cases widespread acceptance of sexual assault.



Zinsky v. American Income Life et al.

The Zinsky case concerns the SGA Arias Agency, one of the largest producers for AIL at their Wexford, PA office.

- Zinsky alleged she was sexually assaulted and harassed multiple times by her superior, Mike Russin.
- The office and work-related events were subject to violent behaviors like fights, striking and wrestling matches.
- Drugs and alcohol abuse was endemic in the office “including but not limited to steroids, male enhancing drugs, cocaine, painkillers, and other controlled substances”.

f. Male leaders, including but not limited to Russin, openly abused alcohol and drugs including but not limited to steroids, male enhancing drugs, cocaine, painkillers, and other controlled substances during work hours, at the office, and/or work events;

Unwelcomed sexual comments toward subordinate female agents

a. Russin engaged in and witnessed alcohol and drug use by sales agents at Arias during the course and scope of the typical workday;

Figures 119 & 120 – Excerpts from Zinsky v Russin & Russin Settlement Statement

- Sexual relationships with male leaders, even unwanted sexual advances were “part of the culture”.
- Women were referred to as “sluts”, “bitches” and “whores”.
- When she raised concerns, her compensation was withheld as retaliation. This took the form of withholding compensation for monthly renewals.

So I was an SA, and then I don't know what month it was in 2020, but he was like I need to promote another GA. I got promoted to GA, and at that time, mind you, I had started receiving renewals. So my renewals were already well over 1,000 a month. Sometimes I was even getting 3,000.

So he gave me this GA promotion, and my renewals kind of just disappeared, and then I want to say I was GA until -- I want to say he promoted -- he then put me back to SA so that way I could become -- I could, you know, compete to become number one supervising agent of the year. I don't know exactly what month -- what months that all changed.

Q It was 65% commission when you were a supervising agent and then it went up to 72% when you were a general agent?

A Yes.

MR. COZZA: You testified earlier that when you became a general agent, your residuals stopped.

Why?

THE WITNESS: I don't know. I sent multiple e-mails about that, asking like, hey, where are my renewals, where are they, where are they, and it was kind of just like pushed to the side, pushed to the side, and I was also told I was ungrateful for even asking where they are because I should just be happy that I'm a GA.

Figures 121 & 122 – Excerpts from testimony of Renee Zinsky

- In a supplemental filing, Zinsky’s counsel includes 51 witnesses including 20 individuals who are also clients of Williamson Law LLC, presumably as part of their own cases.

Plaintiff's Fourth Supplemental Answer to Defendant Russin's Interrogatory No. 2:

In addition to the witnesses previously identified in Plaintiff's Initial Disclosures and discovery responses, Plaintiff identifies the following 51 witness who have knowledge of facts relevant to Plaintiff's claims pending against Defendant Russin. (The witnesses with an * indicates that they are clients of Williamson Law LLC.) More specifically, the additional witnesses are as follows:

Figure 123 – Excerpt of Plaintiff's Fourth Supplemental Discovery Responses

- AIL investigated the allegations using the same firm that represented it in the case: Phillips Murrah.



Mike Russin, in his settlement agreement, reveals more instances of extreme behavior at Arias Agencies stating that female agents were disciplined with “callouts” that shockingly include tattooing, alcohol consumption and hair removal¹⁰⁴.

11. Russin witnessed other AIL agents behave inappropriately toward subordinate female agent in the following manner:
- a. Openly making comments about females agents, including regarding their physical appearance in a sexualized manner;
 - b. Use of derogatory terms in general but to include “bitches” “sluts” and “whores”;
 - c. Agents publicly discussing sexual encounters with other agents; and
 - d. Callouts that included humiliating or offensive behavior such as hair removal, getting tattoos, and consuming alcohol.

Figure 124 – Zinsky v. Russin, Russin’s Settlement Agreement

Russin left AIL in February 2022 but is now a member of a business that provides recruits in return for payment for other AIL agents, effectively selling a downline.

22. Since February 2022, Russin has been affiliated with and is a member of a staffing agency that provides leads to insurance agents who work for AIL, among other companies.
- a. Since February 28, 2022, AIL agents have paid that staffing company for recruiting services, i.e. recruiting/hiring new sales agents on behalf of AIL, in lieu of performing those recruiting duties themselves;
 - b. Per the terms of his separations with AIL, Russin (and companies he may work for) is not restrained from performing ancillary services for AIL agents; and
 - c. Russin was told by AIL that he was being terminated because “our/AIL values do not align” (see previous testimony p. 250).

Figure 125 – Russin Settlement Statement

It was during this time providing recruiting services for AIL that Russin sent several threatening and intimidating social media messages to former AIL agents who had accused him of sexual misconduct.

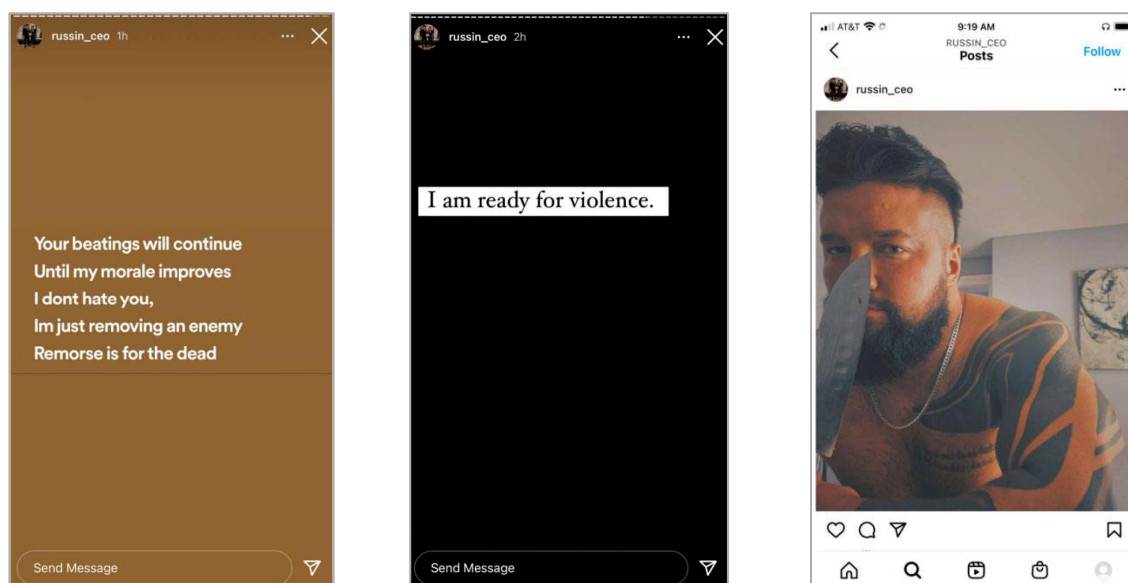


Figure 126, 127 & 128 – Russin Social Media posts

¹⁰⁴ [Zinsky v. Russin, Russin’s Settlement Agreement](#)



Globe Life co-CEO Frank Svoboda boasted in their Q1 2024 earnings call that Zinsky sought to “dismiss her claims without obtaining any relief or payment”. **This grossly undersells the complexity of the situation which is visible in the transcript of the event**¹⁰⁵.

On September 27, 2022, the claimant filed a demand for arbitration and participated in the selection of the three arbitrator panel. After a 1.5 year of litigation, the arbitration hearing was scheduled to begin on March 4, 2024. The night before the hearing, the claimant sought to dismiss her claims without obtaining any relief or payment.

Figure 129 – 2024 Q1 Earnings Call transcript

In brief, the transcript shows that Zinsky’s counsel’s main concern is their ability to discuss the content of Russin’s Settlement Statement outside of the arbitration. In particular they are concerned that the protective order put in place by may restrict their ability to discuss Russin’s Settlement Statement.

But the E-mail is, basically, among other things, says that there's a protective order in the Federal Court that are -- by signing the subpoena, the Russin subpoena, we would be putting Claimant in a position of violating.

Figure 130 – Zinsky AAA Arbitration Transcript

A closer examination of Russin’s settlement agreement shows that both parties mutually release each other in exchange for a statement that almost entirely absolves Russin of any wrongdoing beyond drug use¹⁰⁶.

Ultimately it appears that Zinsky got caught up in the procedural complexities between her federal court action and the forced arbitration, and to the extent AIL were succesful in defending this action, that success is only attributable to its forced arbitration practices.

We note that we believe Renee Zinsky was concurrently pursuing this case as a witness to an EEOC unfair dismissal claim against Arias Agencies, of which there are two. Please refer to *Section 1* above.

¹⁰⁵ [Zinsky v. Arias Agencies et al Arbitration transcript](#)

¹⁰⁶ Russin states that all fraudulent behaviour occurred by agents not coded to him or under him



Simon Arias' Steel City Impact

Arias, AIL's second highest earner, is the founder and president of Steel City Impact, a non-profit charity that provides "mind, body, and spirit-based development and mentoring opportunities" to underprivileged youth in Pittsburgh.

Steel City Impact counts 4 Arias Agency agents as officers. As part of *Zinsky v. Russin*, director of charity Steel City Impact¹⁰⁷ (SCI) and Arias' previous personal trainer Chatiqua Hemingway gave a deposition¹⁰⁸ stating that:

- Arias asked her to help him recruit minors for AIL and SCI.

14. The toxic workplace culture at Arias Agencies was also driven by Arias' focus on grooming and recruiting minors on behalf of AIL, Arias Agencies, and SCI.
16. Arias asked me to help him recruit minors. Specifically, Arias said he was looking for "cute young girls", "good looking popular girls", and asked me where he could find the "cutest young black girls in Pittsburgh."

Figure 131 – Excerpt from Hemingway affidavit

- She had "firsthand knowledge of Arias engaging in inappropriate sexual conversations and conduct with minors as young as 12 and 13 years old".

15. Arias would often lie, mislead, and manipulate minors to his personal and professional benefit.
17. I have firsthand knowledge of Arias engaging in inappropriate sexual conversations and conduct with minors as young as 12 and 13 years old.

Figure 132 – Excerpt from Hemingway affidavit

- When she raised concerns, she was offered a bribe to step down, then was removed from her position at the charity she represented and was threatened.

18. I voiced my concerns about Arias' inappropriate conduct with minors to other SCI Board members and refused to help Arias recruit minors on behalf of SCI.
19. When Arias learned that I voiced concerns about his inappropriate conduct, Arias offered me \$10,000.00 to step down from the SCI Board of Directors, which I refused.

Figure 133 – Excerpt from Hemingway affidavit

¹⁰⁷ [Steel City Impact](#)

¹⁰⁸ [Hemingway Deposition](#)



Ruiz v. American Income Life

Another case filed by Ruiz concerns the SGA Giglione & Ackerman Agency in New Jersey and AIL¹⁰⁹.

- The complaint alleges repeated violent rape, harassment and abuse at the Giglione & Ackerman Agency and AIL by her trainer and superiors.

70. One manager, Paul Tormen even condoned rape, mocking a female manager who stated she had blacked out and may have been assaulted by Defendant Zuccato.

Plaintiff was later threatened, stalked, menaced, choked and repeatedly forcibly raped by General Agent Defendant Zuccato who reported to Defendant Lobello.

Figures 134 & 135 – Excerpt from Ruiz v AIL

- Another agent who repeatedly threatened Ruiz with violence, Lawrence Broniszewski, still works at Giglione & Ackerman according to his LinkedIn profile¹¹⁰.
- This behavior was also experienced by other women who were routinely referred to as “bitches”.
- The SGA Eric “Coach Gigs” Giglione allegedly participated in the misogynistic culture at Giglione & Ackerman¹¹¹.

160. Monday meetings were continuing through this period. At this meeting, Defendant Giglione would routinely call women up to dance with him and flirt with the female agents and comment on their appearances, and objectify female agents.

Figure 136 – Excerpt from Ruiz v AIL

- No corrective action was ever taken, nor complaints by Ruiz and others acted upon at either the agency or AIL level.
- When Ruiz requested a transfer to another agency, AIL President David Zophin refused the request and forbade her from further contact with the SGA she was attempting to join.

107. Around the time of George O’Shea’s departure Plaintiff made a request to Mr. O’Shea to transfer to his new agency, where he would be State General Agent of Pennsylvania.

110. In response to her request, Plaintiff received an email from AIL President David Zophin forwarded by Defendant Lobello stating that she was to have no further contact with Mr. O’Shea and was not permitted to transfer.

Figure 137 – Excerpt from Ruiz v AIL

¹⁰⁹ <https://www.ailnj.com/>

¹¹⁰ [Lawrence Broniszewski LinkedIn profile](#)

¹¹¹ [AIL - Our Eric](#)



Hovanski v. American Income Life

Hovanski v. American Income Life¹¹² concerns the SGA Jennings & Associates in Utah and AIL

- The complaint alleges that she experienced routine sexual harassment including persistent unwanted touching and kissing, inappropriate jokes and comments and misogynistic comments by other agents.

mood. (Hovanski Dep. 62-63.) On one occasion, Zolik expressed that he was tired of his comments to Plaintiff Hovanski being seen as sexual harassment. (Hovanski Suppl. Decl. ¶23.) He then grabbed Plaintiff Hovanski and kissed her on the lips. (Id.) Thereafter, he stated, “this is sexual harassment!” As Plaintiff Hovanski began to flush, Zolik snickered and said to the other men, “see, she even liked it.” (Id.)

Figure 138 – Excerpt from Hovanski v AIL

- Hovanski claims that she faced gender discrimination with regards to the maximum draw available to female agents at the Utah office of AIL.
- Hovanski claims that she was retaliated against after filing a formal complaint and took the form of bad references given to future employers.
- This behavior was tolerated and her reports of it were ignored.

Mayfield v. American Income Life

Abeni Mayfield lodged a complaint with the Pennsylvania Human Relations Commission and EEOC against Arias Agencies alleging:

- Fraudulent withholding of performance awards and accolades.
- Passing over of promotions in favor of younger “lower performing, less qualified, Caucasian individuals”.
- That she was sexually assaulted during an offsite work trip, an incident she reported multiple times with no action taken.

I experienced a hostile work environment where I was subjected to sexist comments and behaviors that objectified and harassed women on a regular basis. For example, I was sexually assaulted during an offsite work event. I immediately reported the incident to three of my superiors, but nothing was done to investigate or address my concerns on behalf of Respondent. Also, I was subjected to repeated unwelcomed sexual advances and sexualized, derogatory language from my superiors. I am aware of various other instances of

Figure 139 – Excerpt from Mayfield v AIL Complaint

- Mayfield, who has spoken publicly about her time at AIL, states that she was subject to a barrage of racist and sexist comments which were accepted behavior at Arias Agencies.

sexual harassment and other improper physical, verbal, and sexual conduct which often coincided with the abuse of alcohol and drugs in the workplace during work hours. For example, my manager has been engaged in multiple sexual relationships with her male superiors which Respondent has encouraged and rewarded.

In addition, Respondent subjected me to repeated racist comments and behavior. For example, Respondent

demeaning treatment based on my race. For example, I was forced to sit on the floor when visiting some of the Caucasian client's homes. As a result, I was unable to make any sales or commissions from that client base. I

inability to earn fair wages as a result. In response, Respondent told me that I could make more sales if I had “blonde hair and blue eyes”. Similarly, my manager would tell me (and others) that she would “fuck black guys to get what I want”, which would also benefit Respondent and the male leaders, individually.

Figures 140, 141 & 142 – Excerpt from Mayfield v AIL Complaint

¹¹² [Hovanski v AIL](#)



- Mayfield states that she was retaliated against through bullying, threats, intimidation, and the reporting of a bogus debt to a debt collector. Viceroy suspects that the debt being referred to relates to advanced commissions.

On or about October 2021, Respondent's work environment became so intolerable that I was forced to resign. Since, I have been subjected to bullying, threats, and intimidation tactics from Respondent. In addition, Respondent has deliberately and fraudulently reported a bogus debt to a third party debt collector which has negatively affected my credit score and ability to perform work in the insurance sales industry. Finally, Respondent has - and continues to - unlawfully withhold my monthly residual income wages which have been payable since my separation with Respondent and ongoing.

Figure 143 – Excerpt from Mayfield v AIL Complaint

Honorable mention: Ilija Orlovic

The CEO of AIL's top-producing agency Ilija Orlovic was arrested in California and charged in connection with a series of events including kidnapping with a firearm, assault with a firearm, forcing them to drive at gunpoint and forcing them to strip naked to make sure they were not wearing a wire. Court records also indicate a drug offense.


4. I believe that the minimum bail that would be sufficient to achieve that goal/those goals is \$ 5,000,000.00
The facts supporting that belief ☒ are as follows: ☐ attached
Defendant held victim against his will at his home after accusing him of being a part of his wife's death. Defendant forced the victim to undress down to his underwear while pointing a gun at him to check if he was "wired." Defendant also forced victim to drive his vehicle and ordered him not to stop while pointing a gun at him as the victim drove. Defendant is owner of life insurance company and owns several homes and a private jet. When defendant was detained he had 350,000 dollars in cash in his possession. Defendant has the means to post regular scheduled bail and pose a flight risk if defendant is to bail out. Defendant's primary residence is in Bellevue, Washington.
I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.
12/25/2020 0440 

Figure 144 – Excerpt of Declaration in Support of Increased Bail

We would usually question why someone would suspect others of being “wired” but with what we have found about AIL and Globe Life, we believe Orlovic’s paranoia was justified.

A more detailed account can be found in [Appendix 11: Charges Against AO CEO Ilija Orlovic](#).

Key Takeaways

Many of these cases also allege fraudulent sales practices, a culture sexual harassment (or worse), racism, physical violence, and discrimination which Globe Life and AIL turn a blind eye to. Agents have been misled that AIL does not have an HR department and an AIL agent later indicted for insurance fraud “held the “joke” title of HR Manager”.

The fact that these allegations bear such similarity despite occurring in different states and different agencies suggests that these problems are an entrenched part of the culture of AIL¹¹³.

¹¹³ We note that the reason these cases dominate court record searches is due to state and federal legislation barring enforcement of mandatory arbitration clauses for claims involving sexual misconduct.

5. Review of Financials

Sales – Life Insurance

There are three primary sales metrics to consider when analyzing Globe Life's revenue growth:

- Annualized premium in force represents the policy premium income that would be received over the following 12 months (excl. churn).

| | 2023 | | 2022 | | 2021 | |
|--------------------|---------------------|------------|---------------------|------------|---------------------|------------|
| | Amount | % of Total | Amount | % of Total | Amount | % of Total |
| American Income | \$ 1,588,702 | 51 | \$ 1,505,034 | 50 | \$ 1,401,898 | 48 |
| Direct to Consumer | 991,406 | 31 | 985,488 | 32 | 968,365 | 34 |
| Liberty National | 349,736 | 11 | 327,469 | 11 | 311,200 | 11 |
| Other | 207,400 | 7 | 209,833 | 7 | 212,467 | 7 |
| Total | \$ 3,137,244 | 100 | \$ 3,027,824 | 100 | \$ 2,893,930 | 100 |

Annualized life premium in force was \$3.2 billion at December 31, 2023, an increase of 4% over \$3.1 billion a year earlier.

- Net sales represent the annualized premium issued net of cancellations in the first 30 days or post-introductory offer period.

| | 2023 | | 2022 | | 2021 | |
|--------------------|-------------------|------------|-------------------|------------|-------------------|------------|
| | Amount | % of Total | Amount | % of Total | Amount | % of Total |
| American Income | \$ 322,658 | 59 | \$ 316,715 | 59 | \$ 290,512 | 56 |
| Direct to Consumer | 116,454 | 21 | 125,979 | 24 | 148,846 | 28 |
| Liberty National | 95,459 | 18 | 78,390 | 15 | 71,184 | 14 |
| Other | 9,701 | 2 | 9,844 | 2 | 11,055 | 2 |
| Total | \$ 544,272 | 100 | \$ 530,928 | 100 | \$ 521,597 | 100 |

- First-year collected premium represents premiums collected during the reporting period from all policies in their first year. Given that AIL net sales have been relatively flat over 2022 and 2023, this figure allows us to derive 1st year churn relatively accurately.

| | 2023 | | 2022 | | 2021 | |
|--------------------|-------------------|------------|-------------------|------------|-------------------|------------|
| | Amount | % of Total | Amount | % of Total | Amount | % of Total |
| American Income | \$ 266,429 | 63 | \$ 257,584 | 63 | \$ 250,937 | 59 |
| Direct to Consumer | 77,570 | 19 | 86,854 | 21 | 111,761 | 27 |
| Liberty National | 67,618 | 16 | 56,085 | 14 | 50,336 | 12 |
| Other | 8,542 | 2 | 8,988 | 2 | 9,705 | 2 |
| Total | \$ 420,159 | 100 | \$ 409,511 | 100 | \$ 422,739 | 100 |



Sales Retention Analysis

Pretext: Spotlight Magazine

As a pretext to this analysis: AIL's monthly gross sales data, net sales data, and trailing 4- & 13-month retention data via its Agent Resource Magazine, called 'Spotlight'.



Figure 145 – Spotlight Magazine December 2023

Most of the magazine, however, is dedicated to announcing how much money each agent made that month, and how much they were paid in commissions and bonuses. It also includes sales tips and various Hallmark-style motivational quotes about making money.

The weblink to the magazine archives was pulled down by AIL almost immediately after Fuzzy Panda's report, but fear not, we archived the link:

<https://web.archive.org/web/20240411171718/https://arc.aile.com/Resources/spotlightarchive.html>



Net to Gross, Retention, and Persistency – The Spotlight Figures

Globe Life only report net sales, to our knowledge, and churn/retention metrics are (very badly) explained in ALL agent introduction manuals we have sourced.

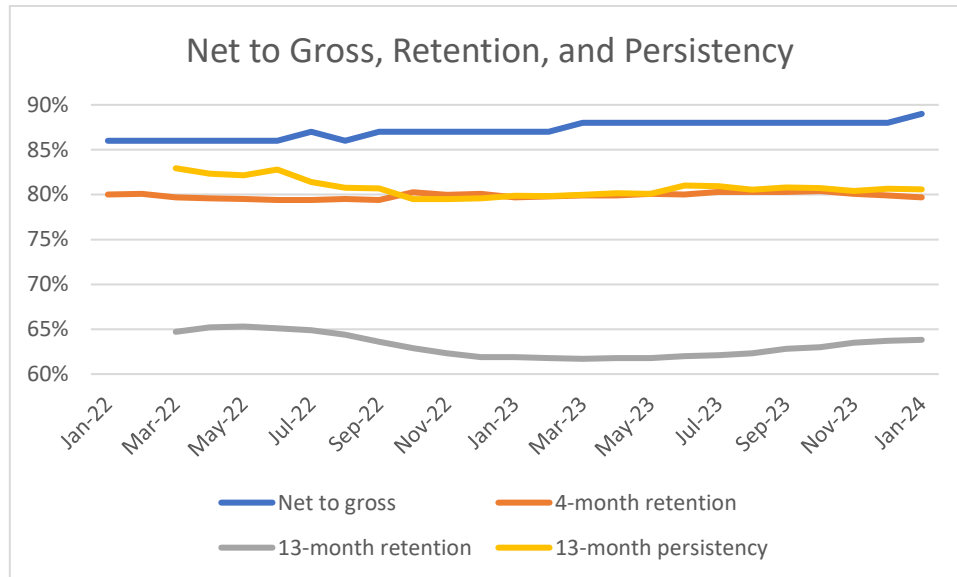


Figure 146 – Spotlight reported metrics over time

- Net to gross reflects policies which are cancelled, withdrawn, or otherwise churned out in the first 30 days.

Net to Gross - total amount of business submitted less lapses, cancellations, declines, NTO, incompletes and withdrawals.

NTO - abbreviation for a policy that was issued, but with a restriction, or an amendment requiring a signature, or a rated case. NTO means that rated premium or amendment or both were not received within 30 days of policy issue.

Figure 147 – Altig New Agent Training Manual 2022

- 4- and 12-month retention reflects policies which pay through the respective time periods following the issue date.

Retention - measurement of quality business, based on the percentage of business which stays issued and paid for four months following the issue date. Used for bonuses, advance rates and promotion. The higher your retention, the larger your renewals.

Figure 148 – Altig New Agent Training Manual 2022

- 13-month retention period experiences a sharp drop as policies must be presumably renewed.
- Persistency reflects the percentage of business retained over a 13 month cycle (appears to be pre-renewal)

Persistency - amount of business retained (on the books) in a 13 month cycle.

Figure 149 – Altig New Agent Training Manual 2022

Disclosure is inconsistent and the explanations unclear but we have attempted to reconcile these figures with those disclosed by Globe Life in the section below.



Viceroy Sales Churn Analysis

Viceroy's first-year churn analysis, calculated as first year collected premium less the average of current and prior year net sales, is roughly in line with AIL reported 13-month persistency at 80%. Note: our calculations appear optimistic because we use Net Sales as a base, not Gross.

| Churn Analysis - AIL Net Sales | 2023 | 2022 |
|--------------------------------|----------|----------|
| Prior period net sales | 316,715 | 290,512 |
| Current period net sales | 322,658 | 316,715 |
| Average | 319,687 | 303,614 |
| First-Year Collected Premium | 266,429 | 257,584 |
| Churn | (53,258) | (46,030) |
| Churn as % of opening PIF | -17% | -15% |

Figure 150 – Viceroy Analysis

Despite ~\$320m of annualized net premium sales in 2022 and 2023, AIL's Premium-In-Force only increased by \$80m-\$100m.

| Churn Analysis - AIL Premium In Force (PIF) | 2023 | 2022 |
|---|-----------|-----------|
| Opening PIF | 1,505,034 | 1,401,898 |
| Add: Net Sales | 322,658 | 316,715 |
| Expected closing PIF | 1,827,692 | 1,718,613 |
| Actual closing PIF | 1,588,702 | 1,505,034 |
| Churn | (238,990) | (213,579) |
| Churn as % of opening PIF | -16% | -15% |
| Churn as % of Net Sales | -74% | -67% |

Figure 151 – Viceroy Analysis

Churn as a percentage of net sales, was 74% in 2023, and 67% in 2022. Significant quantities of this churn appear to be derived from 13-month retentions in the Spotlight metrics above.

AIL's sales are three steps forward, and two steps back. **Any impact on AIL's sales (which we believe will be forthcoming) will result in oversized impacts on revenues/PIF.**

We can reframe AIL's high churn by contrasting its contribution to Premium-In-Force against its contribution to Net Sales:

| Premium In Force (PIF) | 2023 | 2022 | 2021 |
|-------------------------|------------|------------|------------|
| American Income | 1,588,702 | 1,505,034 | 1,401,898 |
| Other GL subs | 1,548,542 | 1,522,790 | 1,492,032 |
| Total | 3,137,244 | 3,027,824 | 2,893,930 |
| AIL contribution | 51% | 50% | 48% |
| Net Sales | 2023 | 2022 | 2021 |
| American Income | 322,658 | 316,715 | 290,512 |
| Other GL subs | 221,614 | 214,213 | 231,085 |
| Total | 544,272 | 530,928 | 521,597 |
| AIL contribution | 59% | 60% | 56% |

Figure 152 – Viceroy Analysis

AIL contributes substantially more to net sales than it does to recurring PIF income.



Margin Analysis

AIL not only constitutes a majority of Globe Life's Premium-In-Force and Net Sales, its derived revenues are also overrepresented in operating margins.

| Life Insurance - Margin Summary | 2023 | 2022 | 2021 |
|---|------------------|------------------|------------------|
| Premium & policy charges | 3,137,244 | 3,027,824 | 2,893,930 |
| Policy obligations | 2,050,789 | 2,035,693 | 1,897,194 |
| Required interest on reserves | (772,701) | (735,688) | (710,301) |
| Net policy obligations | 1,278,088 | 1,300,005 | 1,186,893 |
| Commissions, premium taxes, non-deferred acquisition expenses | 338,758 | 299,453 | 274,475 |
| Amortization of acquisition costs | 327,426 | 298,841 | 270,924 |
| Total expense | 1,944,272 | 1,898,299 | 1,732,292 |
| Insurance underwriting margin | 1,192,972 | 1,129,525 | 1,161,638 |
| Attributable to: | | | |
| American Income | 719,378 | 692,107 | 676,182 |
| Direct to Consumer | 234,893 | 213,748 | 248,254 |
| Liberty National | 114,646 | 101,202 | 105,490 |
| Other | 124,055 | 122,468 | 131,712 |
| Total | 1,192,972 | 1,129,525 | 1,161,638 |
| Margins against PIF: | | | |
| American Income | 45.3% | 46.0% | 48.2% |
| Direct to Consumer | 23.7% | 21.7% | 25.6% |
| Liberty National | 32.8% | 30.9% | 33.9% |
| Other | 59.8% | 58.4% | 62.0% |
| Weighted average | 38.0% | 37.3% | 40.1% |

Figure 153 – Viceroy Analysis

Negative impacts on AIL's sales and Premium-In-Force will be exaggerated in Globe Life's bottom line:

| Premium In Force (PIF) | 2023 | 2022 | 2021 |
|---|---------------|---------------|---------------|
| American Income | 1,588,702 | 1,505,034 | 1,401,898 |
| Other GL subs | 1,548,542 | 1,522,790 | 1,492,032 |
| Total | 3,137,244 | 3,027,824 | 2,893,930 |
| AIL contribution | 51% | 50% | 48% |
| Underwriting Margin Contribution | 2023 | 2022 | 2021 |
| AIL underwriting margin contribution | 60.3% | 61.3% | 58.2% |
| Other GL subs margin contribution | 39.7% | 38.7% | 41.8% |
| Total | 100.0% | 100.0% | 100.0% |

Figure 154 – Viceroy Analysis

AIL's MLM structure is inherently expensive, as with any MLM structure. It was no surprise to find that AIL's policies, against peers, appear to be the worst value-for-money. The cost structure of the MLM program is inherently passed onto consumers and will typically be reflected in above-average income on a relative basis.



Health Insurance

While AIL does not significantly contribute to Globe Life's Health Insurance revenues, we observe similar, or worse, churn trends from AIL against other Globe Life divisions.

| Premium In Force (PIF) | 2023 | 2022 | 2021 |
|-------------------------|------------------|------------------|------------------|
| United American | 545,723 | 539,874 | 480,656 |
| Family Heritage | 396,209 | 366,820 | 343,839 |
| Liberty National | 187,934 | 187,241 | 187,669 |
| American Income | 120,332 | 117,353 | 114,742 |
| Direct to Consumer | 68,575 | 71,129 | 73,976 |
| Total | 1,318,773 | 1,282,417 | 1,200,882 |
| Other GL subs | 1,198,441 | 1,165,064 | 1,086,140 |
| Total | 1,318,773 | 1,282,417 | 1,200,882 |
| AIL contribution | 9.1% | 9.2% | 9.6% |

| Churn Analysis - AIL Premium In Force (PIF) | 2023 | 2022 |
|---|----------|----------|
| Opening PIF | 117,353 | 114,742 |
| Add: Net Sales | 18,124 | 82,529 |
| Expected closing PIF | 135,477 | 197,271 |
| Actual closing PIF | 120,332 | 117,353 |
| Churn | (15,145) | (79,918) |
| Churn as % of opening PIF | -13% | -70% |
| Churn as % of Net Sales | -84% | -97% |

Figures 155 & 156 – Viceroy Analysis



Employees vs. Agents

Currently Globe Life claims all its agents are independent contractors with the majority of their income coming from a commission payment model.

If the model changed from commission agents to employees with incentives it is likely Globe Life would not defer these payments going forward and any new deferred acquisition costs would need to be realized in the P&L as an expense immediately.

Viceroy believes that there is significant risk that AIL will have to re-classify its agents as employees due to:

- Repeated class action lawsuits across various states in which AIL is accused of misclassifying employees as contractors (agents).
- Updated Department of Labor Independent Contractor Rule will, beyond more ambiguous IRS rules, make it more difficult for employers like AIL to abuse contractor labor.
- The significant control AIL, and its agencies have over agents.

We note that the risk of having to onboard agents as employees is known to AIL.

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 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.

Figure 157 – Globe Life Annual Report 2023

Viceroy will explore the mischaracterization of agents from 2 perspectives:

- The mischaracterization of employees as agents by AIL.
- The mischaracterization of employees as agents by AIL agencies.

In the 2023 10-K AIL was reported as having 10,579 agents. AIL will likely need to account for some \$10,000 per agent in costs that they will need to expense through the P&L. This figure **does not** reflect out-of-pocket expenses, overtime, and backpay for most employees who fail.

We believe the risk that AIL reclassifies agents as employees carries a deep 9-figure price tag.



AIL Agents' Real Take-Home Pay

The vast majority of AIL's agents are making below minimum federal wage.

| Agent Analysis | 2023 | 2022 | 2021 |
|--|----------------|----------------|----------------|
| AIL agents - average producing count | 10,579 | 9,444 | 9,971 |
| AIL life insurance net sales | 322,658 | 316,715 | 290,512 |
| AIL health insurance net sales | 18,124 | 17,555 | 18,230 |
| AIL total net sales | 340,782 | 334,270 | 308,742 |
| Average net sales per producing agent | 32,213 | 35,395 | 30,964 |

Figure 158 – Viceroy Analysis

These figures are flattering, as they do not account for the fact that AIL's top sales agents significantly outperform this average. For example: in November 2023 the top 10 *Rookie* agents (i.e. first-year agents) all generated over \$30,000 ALP in a month.

NOVEMBER

| Rank | | Net ALP | NTG | RET | MGA | SGA |
|------|---------------------------|----------|-----|------|----------------|-------------------|
| 1 | Franko Bilbili | \$68,235 | | 82.0 | Arif Hajro | AO |
| 2 | Montzer Alwatan | \$51,983 | | 91.2 | Joseph Gojcaj | AO |
| 3 | Ali Saad | \$50,742 | | 78.6 | Joseph Gojcaj | AO |
| 4 | Mallory Sitto | \$39,652 | 100 | | Justin Haisha | AO |
| 5 | Lina Toma | \$39,533 | 87 | | Justin Haisha | AO |
| 6 | Anthony Ruggiero | \$38,159 | | 86.4 | Bledar Bane | AO |
| 7 | Fouzieyeh Saad | \$36,122 | 98 | | Joseph Gojcaj | AO |
| 8 | Christopher Velez | \$34,761 | 91 | | Adem Abdula | Giglione-Ackerman |
| 9 | Alexus Hawkins | \$33,474 | | 84.1 | Justin Adams | Simon Arias |
| 10 | Juneth Zambrano De Grasso | \$32,087 | | 79.7 | Augusto Arango | Jesus Romero |

Figure 159 – Spotlight magazine – December 2023

Viceroy found the YTD ALP figures per agent for one of AIL's largest agencies which clearly shows just how many agents are walking away with nothing or a loss. The chart below is based on figures dated April 26, 2024.

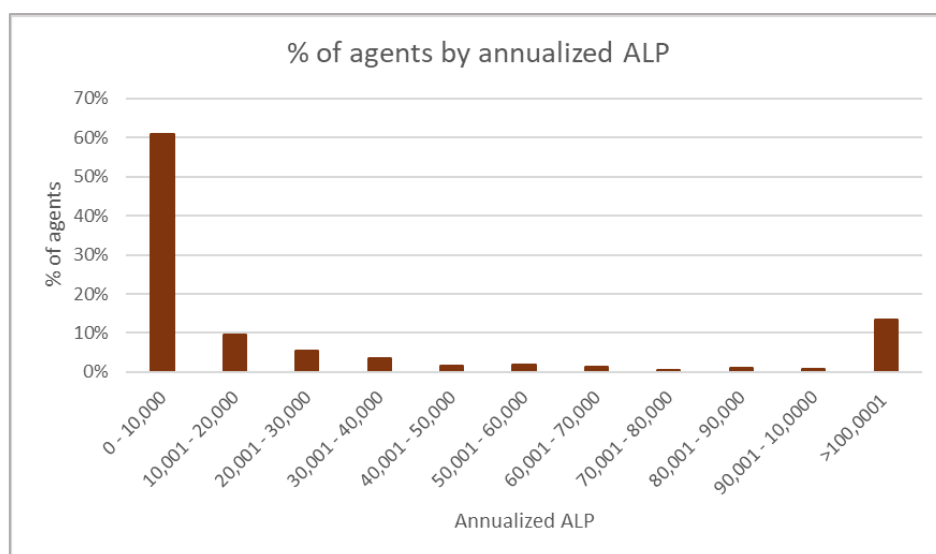


Figure 160 – % of agents by annualized ALP



Misclassification of Agents as Independent 1099 Contractors & Class Actions

Globe Life and AIL classify its agents as independent 1099 contractors despite having full control over their activities and enforcing non-competition clauses. The reason for this is threefold: to offload operating expenses onto the agents, skirt labor laws, and distance themselves from agent malfeasance.

Several class actions have made the case that Globe Life sales agents meet all relevant criteria to be classified as employees:

- Agencies have extensive control over agent activity including working hours, meeting attendance, training attendance, call and visit schedules, dress codes, performance targets and minimum earnings requirements.

- i. Arias expected that after training, an agent would have 30 appointments a week, 15 presentations a week, and \$2,000 ALP (minimum) submitted every week;
- j. AIL expected strict compliance with certain schedules, including: paperwork was to be turned in on a designated submission day; leads had to be coded every day; Monday meetings were from 8 a.m. to 2 p.m.; no non-business sites were permitted to be accessed on any computer; business attire was required to be worn in the office during business hours, such as when formal interviews were being conducted;

Figure 161 – Russin Settlement Statement

- Agents are not allowed to sell non-AIL products or engage in any other business activity, regardless of whether that business activity is related to insurance.

- b. Defendants operate a “captive agency” whereby Agents may not sell the insurance products of any entity other than AIL.
- c. Defendants require Agents to sever any existing relationships with insurance brokers or agencies in order to be hired by and maintain employment with Defendants.
- d. Agents are deemed by Defendants to be full-time insurance salespersons and are expected to concentrate their efforts exclusively on behalf of Defendants.
- e. Agents may not conduct any non-AIL business activity, regardless of the nature of that activity and regardless of whether that activity was related to the insurance industry.

Figure 162 – Excerpt from Ruiz v AIL

- Agents identify themselves as AIL agents, use an AIL email address and all leads they generate are the exclusive property of AIL.

Globe Life and its agencies are routinely the subject of class actions by former agents alleging violations of the Fair Labor Standards Act (FLSA) and other state labor laws¹¹⁴.

¹¹⁴ [Berry and Wechsler et al v. American Income Life Insurance Company](#), [Burkes et al v. Arias Agencies and American Income Life Insurance Company](#), [Joh et al v. American Income Life Insurance Company](#), [Golz v American Income Life Insurance](#), [Hamilton v. American Income Life Insurance company](#)



Department of Labor (DOL) Final Rule

The DOL published its “Final Rule” effective March 11, 2024, for evaluating who is an employee and who is an independent contractor. We have compared the facts of the agents’ relationship with AIL and Globe Life with the examples provided by the DOL in their ruling.

The six relevant factors are:

1. Worker’s Opportunity for Profit or Loss Depending on Managerial Skill

EXAMPLE: OPPORTUNITY FOR PROFIT OR LOSS DEPENDING ON MANAGERIAL SKILL

A worker for a landscaping company performs assignments only as determined by the company for its corporate clients. The worker does not independently choose assignments, solicit additional work from other clients, advertise the landscaping services, or endeavor to reduce costs. The worker regularly agrees to work additional hours in order to earn more. In this scenario, the worker does not exercise managerial skill that affects their profit or loss. Rather, their earnings may fluctuate based on the work available and their willingness to work more. Because of this lack of managerial skill affecting opportunity for profit or loss, these facts indicate employee status under the opportunity for profit or loss factor.

In contrast, a worker provides landscaping services directly to corporate clients. The worker produces their own advertising, negotiates contracts, decides which jobs to perform and when to perform them, and decides when and whether to hire helpers to assist with the work. This worker exercises managerial skill that affects their opportunity for profit or loss. Thus, these facts indicate independent contractor status under the opportunity for profit or loss factor.

Figure 163 – 89 FR 1638 Worker’s Opportunity for Profit or Loss Depending on Managerial Skill

- a. While agents are financially encouraged to recruit others through a MLM scheme they do not actually hire anyone in their downline. Agents sign a contract with AIL, not their supervising agent, recruiting agent, or even their SGA.
- b. Agents and SGAs are unable to produce their own advertising without the express permission of Globe Life.

2. Investments by the Worker and Potential Employer

EXAMPLE INVESTMENTS BY THE WORKER AND THE POTENTIAL EMPLOYER

A graphic designer provides design services for a commercial design firm. The firm provides software, a computer, office space, and all the equipment and supplies for the worker. The company invests in marketing and finding clients and maintains a central office from which to manage services. The worker occasionally uses their own preferred drafting tools for certain jobs. In this scenario, the worker’s relatively minor investment in supplies is not capital in nature and does little to further a business beyond completing specific jobs. Thus, these facts indicate employee status under the investment factor.

Figure 164 – 89 FR 1638 Investments by the Worker and Potential Employer

- a. Globe Life and its subsidiaries provide software (eAPP), office space, marketing materials and all equipment and supplies for its agents.
- b. Globe Life and AIL are responsible for marketing and generating leads i.e. marketing and finding clients. All leads remain the sole property of Globe Life.
- c. While AIL agents bear the expense of obtaining an insurance license this is not an investment.

3. Degree of Permanence of the Work Relationship

EXAMPLE: DEGREE OF PERMANENCE OF THE WORK RELATIONSHIP

A cook has prepared meals for an entertainment venue continuously for several years. The cook prepares meals as directed by the venue, depending on the size and specifics of the event. The cook only prepares food for the entertainment venue, which has regularly scheduled events each week. The relationship between the cook and the venue is characterized by a high degree of permanence and exclusivity. These facts indicate employee status under the permanence factor.

Figure 165 – 89 FR 1638 Degree of Permanence of the Work Relationship



- a. We note AIL employees cannot sell insurance from other insurance providers, nor engage in any other business even if that business is not related to insurance.
- b. An AIL agent's work week is regularly scheduled with set days for calling and client visits.
- c. Many AIL agents have been engaged as such for years and sometimes decades with SGAs like Rick Altig having worked at AIL for 40 years¹¹⁵.

4. Nature and Degree of Control

EXAMPLE: NATURE AND DEGREE OF CONTROL

A registered nurse provides nursing care for Alpha House, a nursing home. The nursing home sets the work schedule with input from staff regarding their preferences and determines where in the nursing home each nurse will work. Alpha House's internal policies prohibit nurses from working for other nursing homes while employed with Alpha House in order to protect its residents. In addition, the nursing staff are supervised by regular check-ins with managers, but nurses generally perform their work without direct supervision. While nurses at Alpha House work without close supervision and can express preferences for their schedule, Alpha House maintains control over when and where a nurse can work and whether a nurse can work for another nursing home. These facts indicate employee status under the control factor.

Figure 166 – 89 FR 1638 Nature and Degree of Control

- a. While AIL agents work without close supervision they are required to attend regular meetings about their performance.
- b. Leads and therefore geographical territory is assigned to agents by the SGA.
- c. AIL determines which agency is assigned which recruitment leads as well as the right to refuse an inter-agency transfer.

5. Extent to Which Work Performed is Integral to the Employer's Business

EXAMPLE: EXTENT TO WHICH THE WORK PERFORMED IS AN INTEGRAL PART OF THE EMPLOYER'S BUSINESS

A large farm grows tomatoes that it sells to distributors. The farm pays workers to pick the tomatoes during the harvest season. Because picking tomatoes is an integral part of farming tomatoes, and the company is in the business of farming tomatoes, the tomato pickers are integral to the company's business. These facts indicate employee status under the integral factor.

Alternatively, the same farm pays an accountant to provide non-payroll accounting support, including filing its annual tax return. This accounting support is not critical, necessary, or central to the principal business of the farm (farming tomatoes), thus the accountant's work is not integral to the business. Therefore, these facts indicate independent contractor status under the integral factor.

Figure 167 – 89 FR 1638 Extent to Which Work Performed is Integral to the Employer's Business

- a. Globe Life sells insurance, and the majority of its business is done through its agents, making them integral to the company's business.
- b. While Globe Life may claim that its core business is the management and administration of insurance policies, its own SEC filings include sales as a core function.

¹¹⁵ [Rick Altig LinkedIn profile](#)



6. Use of the Worker's Skill and Initiative

EXAMPLE: SKILL AND INITIATIVE

A highly skilled welder provides welding services for a construction firm. The welder does not make any independent judgments at the job site beyond the decisions necessary to do the work assigned. The welder does not determine the sequence of work, order additional materials, think about bidding the next job, or use those skills to obtain additional jobs, and is told what work to perform and where to do it. In this scenario, the welder, although highly skilled technically, is not using those skills in a manner that evidences business-like initiative. These facts indicate employee status under the skill and initiative factor.

A highly skilled welder provides a specialty welding service, such as custom aluminum welding, for a variety of area construction companies. The welder uses these skills for marketing purposes, to generate new business, and to obtain work from multiple companies. The welder is not only technically skilled, but also uses and markets those skills in a manner that evidences business-like initiative. These facts indicate independent contractor status under the skill and initiative factor.

Figure 168 – 89 FR 1638 Use of the Worker's Skill and Initiative

- a. Globe Life agents are directed and supervised by Globe Life or its subsidiaries.
- b. While they may perform some tasks in a “manner that evidences business-like initiative” they are ultimately forbidden from working for parties other than Globe Life.
- c. The ruling includes a recognition that jobs that do not require specialized skills make employment status more likely. Globe Life has no prerequisites for its recruits therefore there can be no specialized skills at play.
- d. The only substantial consistent training undertaken by agents is the state insurance license exam for which Globe Life executives receive kickbacks and memorization of the sales script, neither of which is specialized.

OPEIU Local 277

AIL agents are effectively forced to sign up to a union: OPEIU Local 277. While AIL hiring materials do not explicitly require membership, former agents state that AIL agents “automatically become OPEIU Local 277”. Furthermore, almost all its marketing materials state that the agent is a member and AIL refers to itself as an all-union company.

21. To the best of Russin's knowledge:
 - a. Agents were not given a choice on whether they joined the union -- all AIL agents automatically become OPEIU Local 277 union members;
 - b. Russin never had contact with anyone from the union;
 - c. Russin had no knowledge of any union procedures;
 - d. Russin never saw any union signs at the Wexford office;

⁸ Plaintiff alleges that, despite the contract, Bowyer instructed her to tell the union representatives that she met with that she was an employee of AIL and that every employee of AIL was a member of union OPEIU Local 277. (Hovanski Dep. 33-35; Hovanski Suppl. Decl. ¶ 9.) Therefore, Plaintiff Hovanski alleges she held herself out as an employee of AIL. *Id.*

Figures 169 & 170 – Zinsky v. Russin, Russin's Settlement Agreement & Hovanski v. American Income Life

The real reason for this goes beyond the sales pitch to union members: AIL's agent contract states that agent commissions and obligation to arbitration are part of AIL's union agreement with OPEIU Local 277. As detailed earlier in this report, AIL has extremely close ties to OPEIU Local 277.

We also note that forced union membership is illegal.



Balance Sheet & Cash Flow Analysis

As a pretext to the analysis of Globe Life's balance sheet, we note that most fair value movements on an insurer's balance sheet are purely cosmetic. Assets and corresponding liabilities may vary in fair value at points in time over a policy period but these variances are rarely realized.

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 original discount rate to be used to calculate the benefit reserve

Figure 171 – Globe Life Annual Report 2023

Globe Life presents an exemption in this case due to its extraordinary churn and limited cash balances at its top-co.

We note that the quality and quantum of Globe Life's investments and insurance liabilities is not in question. However, the impact of any regulatory, legal, or reputational event against AIL and/or Globe Life impacts the timing of Globe Life's cash flows and the time in which Globe Life must recognize FV movements on its investments/liabilities.

Cash: Problematic Structural Liquidity

Globe Life's end-of-period cash balances are consistently slim. In the current interest cycle this appears to have been problematic.

- Globe Life is very dependent on consistent cash flows from operations in the form of dividends from subsidiaries to remain liquid and achieve its investment and financial goals, with very little wiggle room.
- Globe Life's subsidiaries, which are materially responsible for all of the group's earnings, are restricted in the amount of dividends they can pay to parent companies.

| Cash Balance | 2023 | 2022 | 2021 | 2020 | 2019 |
|---|------------------|------------------|------------------|--------------------|------------------|
| Cash at end of year | 103,156 | 92,559 | 92,163 | 94,847 | 75,933 |
| Net Income | 970,755 | 894,386 | 1,031,114 | 731,773 | 760,790 |
| Increase (decrease) in future policy benefits | 834,366 | 759,426 | 645,897 | 798,936 | 661,567 |
| Increase (decrease) in other policy benefits | 5,448 | 35,638 | 31,533 | 33,810 | 15,900 |
| Deferral of policy acquisition costs | (850,169) | (828,943) | (782,488) | (822,985) | (753,661) |
| Amortization of deferred policy acquisition costs | 379,700 | 348,824 | 317,616 | 575,770 | 551,726 |
| Change in current and deferred policy acquisition costs | 101,448 | 91,835 | 147,990 | 88,157 | 68,588 |
| Realized (gains) losses | 65,676 | 76,548 | (59,319) | 4,371 | (20,621) |
| Other, net | (24,799) | 44,480 | 105,337 | 66,602 | 62,286 |
| Cash from Operating Activities (continuing) | 1,482,425 | 1,422,194 | 1,437,680 | 1,476,434 | 1,346,575 |
| Cash from Investing Activities | (926,149) | (943,015) | (913,370) | (1,181,730) | (809,311) |
| Cash from financing activities | (541,487) | (492,453) | (523,603) | (274,057) | (590,508) |

Figure 172 – Viceroy Analysis

Globe Life has structural liquidity issues due to regulations on profit transfers between its subsidiaries. The laws of states where Globe Life's insurance subsidiaries are domiciled state that insurance companies can only pay ordinary dividends from earned surplus¹¹⁶ not exceeding the greater of:

1. 10% of the policyholders' surplus (admitted assets less total liabilities)
2. The net gain from operations of the preceding year.

¹¹⁶ For the purposes of dividends earned surplus means an amount equal to the unassigned funds from its most recent regulator financial filings. This regulation exists due to intra-holding variances of fair value recorded in other comprehensive income which can boost equity but is never to be realized.



Any dividends paid outside of these limits must be approved, or not disapproved, by the state regulator within 30 days of declaration before payment can be made.

Globe Life's short-term solvency is therefore intimately dependent on AIL's ability to accrue new sales and collect first year premiums and generate a profit within its subsidiary division. We believe *any* deviation from the status quo will result in immediate short-term liquidity issues at the top-co.

This structural liquidity problem is *already* evident in the filings of Globe Life subsidiaries which include multiple short-term loans that are sometimes repaid the same day they are made, or even backdated. Globe Life and its subsidiaries made a total of \$1,607m of loans to each other.

Below is a list of all 2023 loans that were made and repaid within 2 weeks¹¹⁷:

| Lending entity | Borrowing entity | Sum (000's) | Rate | Loan date | Repayment date | Days between payment |
|-----------------------------------|-----------------------------------|-------------|-------|-----------|----------------|----------------------|
| Globe Life Inc | Globe Life Accident and Insurance | 25,000 | 5.50% | 7-Sep-23 | 8-Mar-23 | -183 |
| Globe Life Inc | American Income Life Insurance | 1,278 | 0.00% | 23-Mar-23 | 23-Mar-23 | 0 |
| Globe Life Inc | American Income Life Insurance | 20,447 | 0.00% | 28-Mar-23 | 28-Mar-23 | 0 |
| American income Life Insurance | National Income Life Insurance | 5,000 | 0.00% | 27-Jun-23 | 27-Jun-23 | 0 |
| Globe Life Inc | American Income Life Insurance | 1,651 | 8.50% | 13-Sep-23 | 13-Sep-23 | 0 |
| United American Insurance | American Income Life Insurance | 10,000 | 8.50% | 9-Nov-23 | 15-Nov-23 | 6 |
| American income Life Insurance | United American Insurance | 10,000 | 7.50% | 24-Jan-23 | 31-Jan-23 | 7 |
| Globe Life Inc | Family Heritage Life Insurance | 20,000 | 8.25% | 24-May-23 | 31-May-23 | 7 |
| Globe Life Accident and Insurance | Globe Life Inc | 25,000 | 8.50% | 8-Aug-23 | 16-Aug-23 | 8 |
| Liberty National Life Insurance | United American Insurance | 10,000 | 8.50% | 24-Oct-23 | 1-Nov-23 | 8 |
| Globe Life Accident and Insurance | American Income Life Insurance | 20,000 | 7.75% | 6-Feb-23 | 15-Feb-23 | 9 |
| Globe Life Inc | Family Heritage Life Insurance | 20,000 | 8.25% | 26-May-23 | 5-Jun-23 | 10 |
| Liberty National Life Insurance | United American Insurance | 15,000 | 8.00% | 20-Apr-23 | 3-May-23 | 13 |
| Globe Life Accident and Insurance | United American Insurance | 5,000 | 8.25% | 28-Jun-23 | 11-Jul-23 | 13 |

Figure 173 – List of Globe Life subsidiary loans

There are also 3 loans totaling \$100m that appear to be backdated and do not appear in the 2022 Annual Report.

| Lending entity | Borrowing entity | Sum (000's) | Rate | Loan date | Repayment date | Days between payment |
|-----------------------------------|--------------------------------|-------------|-------|-----------|----------------|----------------------|
| Globe Life Accident and Insurance | American Income Life Insurance | 22,000 | 7.00% | 5-Dec-22 | 3-May-23 | 149 |
| Globe Life Accident and Insurance | American Income Life Insurance | 53,000 | 7.00% | 9-Dec-22 | 24-May-23 | 166 |
| Globe Life Inc | American Income Life Insurance | 25,000 | 8.50% | 15-Nov-22 | 11-Jun-23 | 208 |

Figure 174 – List of Globe Life backdated loans

¹¹⁷ For completion's sake we include one loan that was supposedly paid back 6 months before it was extended



Ballooning Agent Receivables Balance

Globe Life has a ballooning “other receivables” line item on its balance sheet totaling \$630m, primarily consisting of commissions advanced to agents.

| Other Receivables | 2023 | 2022 | 2021 | 2020 | 2019 |
|--|----------------|----------------|---------------|---------------|---------------|
| Other receivables | 630,223 | 589,171 | 487,443 | 474,180 | 441,662 |
| Of which: agent loans | 501,000 | 460,000 | 467,000 | 456,000 | 424,000 |
| Agent loans as % of other receivables | 79% | 78% | 96% | 96% | 96% |
| Unknown accruing "other receivables" balance | 129,223 | 129,171 | 20,443 | 18,180 | 17,662 |
| Exclusive Agents* | 15,142 | 13,429 | 13,376 | 13,897 | 11,497 |
| Agent loans per AIL Agent | 33,087 | 34,254 | 34,913 | 32,813 | 36,879 |
| *All agents not consistently reported over time. We use AIL agents as a proxy. | | | | | |
| American Income life insurance net sales | 322,658 | 316,715 | 290,512 | 253,276 | 237,587 |
| American Income agents | 15,142 | 13,429 | 13,376 | 9,664 | 7,551 |
| AIL Net Sales per agent | 21,309 | 23,584 | 21,719 | 26,208 | 31,464 |

Figure 175 – Other receivables balance breakdown

The advance commissions of every agent in AIL’s hierarchy are secured against their debit balance and the debit balance of all agents coded to them. SGAs can take cash advances against commissions to be earned.

AIL claims that these balances are repaid to the company over “generally one year”. This appears to be complete fiction, as the outstanding agent loans per agent exceed the average annual premium written by agents.

We reiterate that any impact on AIL sales stemming from regulatory reprimand will likely make material portions of this balance uncollectable. While \$500m is not material in the scheme of Globe Life’s total asset book, it is certainly material against its equity value.

We also believe that Globe Life has had increasing difficulty in recovering these amounts as significant portions of this balance is accruing, uncollected, at an offshore captive reinsurer: TMK Re Ltd.

TMK Re, Ltd

\$125m of these receivables have been sold by AIL to AILIC Receivables, and by AILIC Receivables to a captive Globe Life Bermudan offshore reinsurer: TMK Re, Ltd (TMK).

When Globe Life’s underwriting subsidiaries cede policies to reinsurers other than each other, they use reinsurance from Globe Life’s offshore captive reinsurer, TMK. TMK has purchased \$125m of advance commission receivables from AIL.

By selling these receivables to TMK Re through AILIC Receivables, AIL can convert the questionable receivables into cash and other highly liquid assets.

With the \$125m of agent receivables sold by AIL to its Bermudan sister company, Globe Life’s US-domiciled insurance subsidiaries are left with approximately \$376m of these agent receivables. Viceroy’s analysis shows almost all these agent receivables are classified by Globe Life’s 7 insurance subsidiaries as admitted assets^{118,119}.

However, according to the NAIC’s Statement of Statutory Accounting Principles, **these are non-admitted assets**.

¹¹⁸ Admitted assets are assets that are deemed sufficiently liquid and secure to be used to meet an insurance company’s obligations and whose value is included in the annual statements filed with regulators.

¹¹⁹ In aggregate Globe Life’s 7 insurance subsidiaries have \$548,634 in non-admitted uncollected premiums and agents’ balances



SUMMARY CONCLUSION

3. Premium transactions conducted directly with the insured result in uncollected premium balances.
4. Bills receivable, which are generally interest bearing, are used by reporting entities as a method of financing premiums.
5. Amounts due from agents result from various transactions ranging from premiums collected by the agents on behalf of the reporting entity to amounts advanced to the agent by the reporting entity to finance agency operations.
6. Uncollected premium balances, bills receivable for premiums, and amounts due from agents meet the definition of an asset as defined in SSAP No. 4—*Assets and Nonadmitted Assets* and are admitted assets to the extent they conform to the requirements of this statement¹²⁰. Premiums owed by agents shall be reflected net of commissions, if permitted by the contract. Balances resulting from advances to agents, which are primarily encountered in the life insurance industry, are nonadmitted if (a) the amounts are in the form of unsecured loans or advances, (b) the contractual terms for repayment are through application of future renewal commissions and/or other credits, or (c) the terms of repayment do not provide readily available cash for the satisfaction of policyholder liabilities.

Figure 176 – NAIC Statement of Statutory Accounting Principles¹²⁰

We note that these receivables are already of dubious collectability as they are only secured against the agents' future commissions. The company incorrectly states that these commissions revert to the company if an agent is terminated but the AIL contract states that this is only for termination for cause.

The Company has a very low inherent risk with regard to the collection of agent debit balances and views these balances as recoverable since they are, in aggregate, less than the estimated present value of future commissions discounted at a conservative rate which includes assumptions for lapses and mortality. The Company's security, or collateral, is in the form of future commission streams collected over the life of the policies sold by the respective agents, which ultimately revert to the Company in the event an agent is terminated. The Company evaluated the agent debit balances on a pool basis to determine the allowance for credit losses, as the loans have similar characteristics. A provision for credit losses will be recorded in "Realized gains (losses)" on the *Consolidated Statements of Operations* and the asset balance will be reflected in agent debit balances, net of allowance for credit losses ("Other receivables"). Based on factors considered by management, there were no additional credit losses recorded during the year ended December 31, 2023. As of December 31, 2023, the allowance for credit losses was \$1.2 million.

Figure 177 – Globe Life Annual Report 2023

Under the terms of their employment contracts, agents are accountable for the *obligations* of their recruits, including all subsequent tiers, *with these obligations flowing up* to the level of SGA. SGAs *themselves* can receive advances from the company against both earned and future commissions.

EXPENSES, ADVANCES, BALANCES

The Company may make advances, pre-pay commissions, or allow charges be made on the State General Agent's account against commissions to be earned by the State General Agent. Such advances or charges shall be added to the account balance of the State General Agent. The State General Agent shall be responsible for the payment in full of such account balance, whether or not it appears that future commissions will be sufficient to pay such account balance, and irrespective of whether the Company has made demand for repayment of such account balance.

Figure 178 – Excerpt from AIL SGA Contract

Viceroy's view is that Globe Life's security over these agent receivables is questionable, akin to an IOU scribbled drunkenly on a bar napkin. Viceroy estimates that 52.3% of the group total unassigned funds—funds from which the insurance companies pay dividends to the holding company—are made up of these questionable receivables¹²¹.

Viceroy challenges their classification as an admitted asset and doubt their liquidity and the security they provide. The ability of the company to use these assets to satisfy policyholder obligations is highly questionable, especially since the primary purchaser is AIL's own reinsurer and affiliate, TMK Re, Ltd.

The reclassification of roughly \$500m of assets as unadmitted would have dire consequences on the ability of Globe Life subsidiaries companies to pay dividends to the holding company, and a devastating effect on shareholder dividends and the share buyback program – regardless of any reduction in share price.

¹²⁰ NAIC Accounting Practices & Procedures Manual

¹²¹ Aggregated NAIC filings from Globe Life subsidiaries



RBC Ratios

Risk-Based Capital (RBC) is a threshold-risk based capital level for insurance companies. The RBC Ratio is determined by dividing adjusted total statutory capital by the company's RBC value. In other words, an RBC ratio describes the multiple of the RBC value that a company has as its capital base.

$$RBC \text{ Ratio} = \frac{\text{Total Statutory Capital}}{RBC \text{ Value}}$$

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 its 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.

Figure 179 – Subsidiary Capital description from Globe Life 2023 10-K

Globe Life CFO Thomas Kalmbach talked us through Globe Life's RBC position on the company's Q1 2024 earnings call in sufficient detail for us to calculate the approximate value of Globe Life's RBC value.

Globe Life does not publish its RBC value or total statutory capital, but we can back this out from Kalmbach's comments on the Q1 2024 earnings call.

Now with respect to our capital levels at our insurance subsidiaries, our goal is to maintain our capital levels necessary to support ratings -- current ratings. Globe Life targets a consolidated company action level RBC in the range of 300% to 320%.

At the end of 2023 our consolidated RBC ratio was 314%. At this ratio our subsidiaries had at that time approximately \$85 million of capital over the amount needed to meet the low end of our consolidated RBC target of 300%.

Figure 180 – Kalmbach discourse surrounding Globe Life's RBC position, Q1 2024 earnings call

Simple algebra gives us these two equations...

$$\begin{aligned} (1) \quad 3.00 &= \frac{\text{Total Statutory Capital} - \$85m}{RBC \text{ Value}} \\ (2) \quad 3.14 &= \frac{\text{Total Statutory Capital}}{RBC \text{ Value}} \end{aligned}$$

...from which we can find an RBC Value at \$607.1m at the end of 2023.

Agent receivables at the group level are ~103% of Globe Life's RBC value, and agent receivables at the aggregate insurance subsidiary level (excluding the \$125mm hiding in Bermuda) are ~83% of its RBC value.

As detailed earlier, according to the NAIC's Statement of Statutory Accounting Principles, **these are non-admitted assets.**

- If agent receivables are excluded from Total Statutory Capital, the RBC ratio drops to ~2.3x.
- If the \$125m of receivables held in TMK Re are excluded from Total Statutory Capital, the RBC ratio falls to ~2.1x

If Globe Life were to correctly classify its agent receivables as non-admitted assets it would not only put a stop to subsidiary dividends to the parent company but be forced to enter a capital level improvement plan with the NAIC.



DPAC Analysis

Globe Life sits near the top of the pack in Deferred Policy Acquisition Costs (DPAC) as a percentage of total assets largely due to its heavy reliance on the aforementioned agent receivables.

| DPAC/Total assets - Bloomberg peers (life only) | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| GLOBE LIFE INC | 18.2% | 17.6% | 16.9% | 17.9% | 16.7% | 15.8% | 16.5% | 20.6% | 21.4% |
| LINCOLN NATIONAL CORP | 3.8% | 3.5% | 3.0% | 3.4% | 2.3% | 1.6% | 1.6% | 3.7% | 3.3% |
| BRIGHTHOUSE FINANCIAL INC | 2.8% | 2.8% | 2.8% | 2.8% | 2.4% | 2.0% | 2.1% | 2.3% | 2.1% |
| CNO FINANCIAL GROUP INC | 3.5% | 3.3% | 3.1% | 4.2% | 3.6% | 2.9% | 3.1% | 5.7% | 5.5% |
| UNUM GROUP | 3.3% | 3.4% | 3.4% | 3.7% | 3.5% | 3.2% | 3.1% | 4.2% | 4.3% |
| COREBRIDGE FINANCIAL INC | NA | NA | NA | NA | NA | NA | 1.9% | 3.6% | 2.6% |
| METLIFE INC | 2.7% | 2.8% | 2.6% | 2.7% | 2.4% | 2.1% | 2.1% | 3.0% | 2.9% |
| PRIMERICA INC | 14.1% | 15.0% | 15.7% | 16.9% | 17.0% | 17.6% | 18.3% | 21.8% | 22.9% |
| PRUDENTIAL FINANCIAL INC | 2.2% | 2.3% | 2.3% | 2.5% | 2.2% | 2.0% | 1.9% | 3.0% | 2.9% |
| EQUITABLE HOLDINGS INC | 2.9% | 2.8% | 2.5% | 3.1% | 2.3% | 1.5% | 1.9% | 2.5% | 2.4% |
| REINSURANCE GROUP OF AMERICA | 6.7% | 6.3% | 5.4% | 5.3% | 4.6% | 4.3% | 4.0% | 4.9% | 4.7% |
| PEER AVERAGE | 4.5% | 4.4% | 4.1% | 4.6% | 4.0% | 3.6% | 3.5% | 4.7% | 4.6% |

Source: Bloomberg LP

Figure 181 – DPAC Comps Analysis, source: Bloomberg

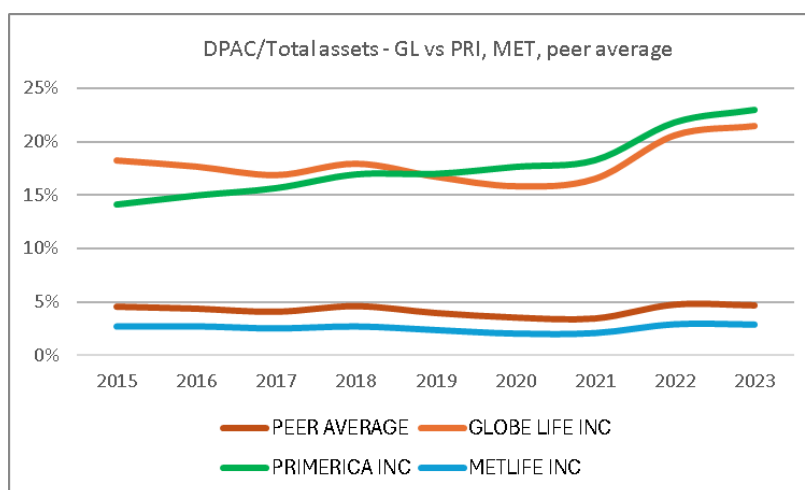


Figure 182 – DPAC Comps Analysis, source: Bloomberg

DPAC allows upfront costs to be amortized over the length of the contract. We see this as problematic given that:

- Such significant commissions are paid upfront.
- Significant loans to agents exist because policies are paid upfront.
- AIL experiences significant policy and agent churn in the first year.



Non-Forfeiture Options & Associated Risks

AIL has NFOs which can create significant volatility in GL's books.

Of concern:

- Cash surrender: policy holders can surrender policy for cash. Given the abhorrent nature of GL's conduct, and potential regulatory ramifications arising from said conduct, we believe this is a ongoing risk.
- APL: We note that AIL's APL assets are growing at record pace. Generally speaking, these loans are effected when policy holders miss a premium payment and the loan goes into the grace period. The loans are taken out against accrued value of the policy. APL's are widely known for being abused by policy writers as their interest far exceeds their return on the policy.

A non-forfeiture option

(or clause) is a provision included in certain life insurance policies stipulating that the policyholder will not forfeit the value of the policy if the policy lapses after a defined period due to missed premium payments. The nonforfeiture clause may also become available when the holder of some life insurance policies surrenders (actively cancels) the policy.⁵ Carefully weigh the consequences of canceling your original policy, which also cancels the death benefit of the policy.

Whole life insurance policies generally have three standard payout options in the non-forfeiture clause.

• Cash Surrender Value

If the policyholder chooses the cash surrender option, the insurance company pays the cash value to the policy owner as a lump sum. At that point, the policy is canceled and can't be reinstated; the insurer's responsibility under the contract ends. Most states allow insurance companies up to six months to pay the cash surrender value.⁶

• Automatic Premium Loan

An automatic premium loan is a provision in a life insurance policy with a cash value that allows the insurer to automatically deduct the premium amount overdue from the policy value. The insurance company makes a loan against the policy's cash value for paying the overdue premiums provided the cash value is more than or equal to the premium amount due.⁷

Figures 183 & 184 – AIL non-forfeiture options

| | December 31, | |
|---|-----------------|-----------------|
| | 2023 | 2022 |
| Assets: | | |
| Investments: | | |
| Fixed maturities—available for sale, at fair value (amortized cost: 2023—\$18,924,914; 2022—\$18,301,692, allowance for credit losses: 2023— \$7,115; 2022— \$0)..... | \$ 17,870,206 | \$ 16,503,365 |
| Mortgage loans..... | 279,199 | 181,305 |
| Policy loans | 657,020 | 614,866 |
| Net (increase) decrease in policy loans | (42,154) | (25,232) |
| | | (5,255) |

Figure 185 – Extract from GL 2023 Balance Sheet & Cash Flows



Policy churn

Globe Life's churn can also be observed from Balance Sheet analysis.

Globe Life doesn't break out policy retention rates in any meaningful detail but subsidiary filings and AIL's monthly internal Spotlight magazine give us a clear idea of policy churn.

| Life insurance policy churn by face value per subsidiary | | | | | | |
|--|------|------|------|------|------|------|
| | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
| American Income Life | 17% | 16% | 15% | 14% | 17% | 17% |
| Liberty National | | 15% | 14% | 12% | 15% | 14% |
| Family Heritage | | 14% | 13% | 14% | 17% | 15% |
| United American | | 6% | 5% | 4% | 5% | 5% |
| Globe Life & Acc Ins | | 28% | 27% | 23% | 27% | 26% |
| Globe Life Ins NY | | 21% | 21% | 18% | 15% | 14% |
| Combined* | 17% | 30% | 28% | 35% | 29% | 28% |
| Surrendered and lapsed policies/additions by face value | | | | | | |
| | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
| American Income Life | 68% | 69% | 60% | 55% | 72% | 79% |
| Liberty National | | 72% | 60% | 60% | 125% | 109% |
| Family Heritage | | 58% | 54% | 43% | 77% | 68% |
| United American | | 840% | 704% | 458% | 581% | 548% |
| Globe Life & Acc Ins | | 97% | 66% | 70% | 92% | 96% |
| Globe Life Ins NY | | 90% | 72% | 80% | 109% | 102% |
| Combined* | 68% | 81% | 63% | 76% | 92% | 93% |

* No elimination of any inter-party transactions etc has been performed

Figure 186 – Life insurance churn statistics.

This is again consistent with churn data from P&L churn analysis, and data we are obtaining from the figures in Spotlight magazine¹²²:

- 4-month retention has been stable at 80% since at least May 2020¹²³.
- 13-month retention is stable at ~64% since at least February 2021.
- 13-month persistency is stable at ~82% since at least September 2020¹²⁴.

Of particular note is AIL's reported 13 month retention rate of 64%. The OECD data shows 12-month retention rates for 2022 in the United States at 82.1%. Nationwide published an industry average of 84%¹²⁵. **This is a clear consequence of the fraudulent, dishonest, and unethical sales tactics detailed above.**

¹²² All figures are from the first publication of these figures, not all figures are disclosed every month.

¹²³ Retention is the percentage of new policyholders who still hold the policy at that time.

¹²⁴ <https://stats.oecd.org/?lang=en>

¹²⁵ [Nationwide - Leaning on technology to increase client retention in the insurance industry](#)



Cash Flow Analysis

Realized Losses on Investments

Despite intention to hold investments to maturity, Globe Life has sold an increasing value of its investment portfolio over the last 5 years:

| Sale of Fixed Maturity Assets | 2023 | 2022 | 2021 | 2020 | 2019 |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|
| Fixed maturities available for sale - SOLD | 602,556 | 390,392 | 116,656 | 52,681 | 79,108 |
| Mortgage loans | 44,004 | 32,870 | 31,423 | | |
| Other long-term investments | 151,262 | 50,281 | 4,923 | 42,990 | 5,134 |
| Total investments sold or "other" liquidation | 797,822 | 473,543 | 153,002 | 95,671 | 84,242 |
| Starting investments | 18,208,368 | 22,757,991 | 22,452,651 | 19,847,271 | 17,118,544 |
| Ending Investments | 19,724,043 | 18,208,368 | 22,757,991 | 22,452,651 | 19,847,271 |
| Total ending investments | 18,966,206 | 20,483,180 | 22,605,321 | 21,149,961 | 18,482,908 |
| Proportion of investments sold early | 4.21% | 2.31% | 0.68% | 0.45% | 0.46% |
| Fixed maturities: | | | | | |
| Sales | (59,463) | (44,792) | (8,100) | (28,844) | (1,933) |
| Other | (1,604) | 19,076 | 35,684 | 11,712 | 17,223 |
| Provision for credit losses | (5,621) | 306 | 2,337 | (2,643) | - |
| Fair value option - change in fair value | 11,931 | (23,189) | 18,105 | 826 | 992 |
| Other | (3,012) | 2,938 | 6,194 | 17,034 | 9 |
| Realized investment gains (losses) | (57,769) | (45,661) | 54,220 | (1,915) | 16,291 |

Figure 187 – Viceroy Analysis

We note the following:

- The proportion of Globe Life investments sold early, and which therefore recognize FV gains/losses, has increased ~10x since 2020.
- The timing of these sales is poorly placed, and Globe Life is in an interest rate cycle which is unfavorable to realizing losses.
- Comparatively: Globe Life had been realizing a relatively small number of investment gains prior to 2022, most of which were related to the exchange of fixed rate maturities ("Other"), and not cash deals.

Ironically, Globe Life appears to suggest that 2023 loss realizations were driven by investments in Signature Bank and First Republic, two fantastic shorts:

In 2023, it was announced Signature Bank New York and First Republic Bank had entered receivership. The Company disposed of each of the holdings and incurred a \$52 million after-tax realized loss during the year ended December 31, 2023. As investment yields increased throughout 2022 and 2023, the Company disposed of certain

Figure 188 – Globe Life Annual Report 2023



Premium Cashflow

2022 presents a divergence in Globe Life's Premium Gross Profit and the Net Premium Cashflow, this is also correlated with the higher churn rate that started in 2022. The growth in Net Premium Cashflow and Premium Gross Profit relative to the growth in Premium-in-Force shows the declining profitability of Globe Life policies and the declining cashflow that results.

| PIF v Gross Premium Profit v Net Premium Cashflow (\$'000s) | 2023 | 2022 | 2021 | Increase/(decrease) | |
|---|-----------|-----------|-----------|---------------------|-----------|
| | | | | 2023 | 2022 |
| Annualized Premium in Force | 4,571,046 | 4,389,374 | 4,229,263 | 181,672 | 160,111 |
| Variance to Revenue | (115,029) | (79,132) | (129,376) | (35,897) | 50,244 |
| Premium Revenue | 4,456,017 | 4,310,242 | 4,099,887 | 145,775 | 210,355 |
| Premium Expense | 2,864,251 | 2,825,434 | 2,859,616 | 38,817 | (34,182) |
| Premium gross profit | 1,591,766 | 1,484,808 | 1,240,271 | 106,958 | 244,537 |
| Net cashflow from premiums | 1,810,569 | 1,689,450 | 1,708,544 | 121,119 | (19,094) |
| Acquisition costs | (470,469) | (480,119) | (464,872) | 9,650 | (15,247) |
| Net Premium Cashflow | 1,340,100 | 1,209,331 | 1,243,672 | 130,769 | (34,341) |
| Variance Premium Gross Profit v Net Premium Cashflow | (251,666) | (275,477) | 3,401 | 23,811 | (278,878) |

Figure 189 – Viceroy Analysis

Given Globe Life only holds ~\$100m in cash the Company is reliant on the premium cashflow to cover OPEX. We believe the continuing trend of erosion will result in further premature sales of investments and potential realization of losses given the stage of interest rate cycle.

Key Takeaways – Scenarios

Globe Life finds itself in a precarious situation where it is both entirely reliant on the income and sales of AIL, whose agents appear to be committing fraud systematically.

Given the issues discussed above, we believe that Globe Life is subject to risk of 4 major, non-mutually exclusive scenarios:

1. Loss of Sales

As we have shown: AIL's systematic incidences of fraud across have now attracted the attention of the DOJ, SEC and likely various state insurance regulators. Viceroy believes it is highly likely that AIL will suffer an extreme loss of sales stemming from loss of insurance licenses.

- AIL generated \$322m in net sales in 2023 and first-year collected premiums of \$266m. Given life premium revenue only increased \$109m between 2022 and 2023, this also suggests considerable churn *already* exists.
- Any negative impact on AIL sales will inevitably impact AIL's local bottom line, and hamstringing profit/equity transfer abilities to Globe Life surrounding strict dividend restrictions of insurance companies.
- This effect will flow through the cash of the company and decline the cash balance by a similar amount unless assets can be sold, but depending on the makeup of the insurance book, assets may also need to be purchased.



2. Absorbing Agents as Employees

Currently Globe Life claims all its agents are independent contractors with most of their income coming from a commission payment model. Several class actions and fresh DOL employee evaluation criteria put Globe Life's agent structure at risk.

- 'Commissions, premium taxes, and non-deferred acquisition costs' increases as employee (currently contractor) costs would be expensed straight through to the P&L. There is potential for the addition of Impairment of Amortized Costs under ASC 340 'Other Assets and Deferred Costs'.
- Globe Life will need to bring employee compensation to minimum wage or offset the trailing commission loss. Given most agents do not make enough commission to offset minimum wage, this, figure is expected to vastly increase Globe Life's expenses.
- If key solvency ratios are not maintained, excess costs impact will be exacerbated.

3. Policy Surrenders

Public exposure of the ongoing scandals at Globe Life risks policyholders cancelling policies given the shocking nature of AIL agents' behavior. Even a small proportion of policy surrenders will have an outsized effect on Globe Life's liquidity and local subsidiary profits, as policy assets may need to be liquidated at a loss. This would be somewhat offset by a realized gain for Globe Life on policy surrender values.

- Viceroy believes a ripple of policy surrenders puts Globe Life at liquidity risks such as those faced recently by regional banks.
- This will significantly erode sales and it is unlikely the company will be able to restructure its portfolio of assets or restructure its cost base quickly. The portfolio of assets is aligned to the timing of risk events of the policy book and if this changes quickly then they may need to sell longer-term assets at a loss.
- The ratio of fixed maturities to future policy benefits is unlikely to be maintained. This will also change the actuarial assumptions around the required balances to cover the new risk profile which will play out in these line items.

4. Receivable Write Offs

Globe Life has had increasing difficulty in recovering agent receivables. Balances are accruing, uncollected, at its subsidiaries and offshore captive reinsurer TMK Re Ltd.

- Viceroy's analysis shows that the majority, if not all these agent receivables are classified by Globe Life's 7 insurance subsidiaries as admitted assets. However, according to the NAIC's Statement of Statutory Accounting Principles, **these are non-admitted assets**.
- Viceroy challenges Globe Life subsidiaries' classification of agent loans an admitted asset, casting doubt on their liquidity and the security they provide. The ability of the company to use these assets to satisfy policyholder obligations is highly questionable, especially since the primary purchaser is AIL's own reinsurer and affiliate, TMK Re, Ltd.
- The reclassification of roughly \$500m of assets as unadmitted would have dire consequences on the ability of Globe Life subsidiaries companies to pay dividends to the holding company, and a devastating effect on shareholder dividends and the share buyback program – regardless of any reduction in share price.
-



Key Solvency Ratios

In all these scenarios, key solvency ratios are negatively affected. Given the relatively low cash and equity balances it's difficult to see how these could be maintained within acceptable ranges. Further to this if the remaining policies are relatively riskier than the current book it will exacerbate this issue.

If even some of Globe Life's underwriting subsidiaries are required by regulators to restate their admitted assets to remove the questionable agent receivables, Globe Life's RBC ratio will fall well below the bottom end of its consolidated RBC target of 300% and move dangerously close to 200% (216% by our estimates), and **Globe Life will be forced to file a plan with the NAIC to improve its capital levels.**

At this point Globe Life's subsidiaries would be unable to pay ordinary dividends, and the state insurance commissioners would be exceedingly unlikely to allow extraordinary dividends to be paid to the holding company (Globe Life) at the risk of policyholders.

| Ratios | Current | Scenario - Absorb Agents | Scenario - Run on premiums | Scenario - Loss of sales |
|---|----------|--------------------------|----------------------------|--------------------------|
| Company Action Level Risk-Based Capital (RBC) ratio | 300-320% | ↓ | * | * |
| Interest Coverage Ratio | 12.67 | ↓ | ↓ | ↓ |
| Debt to Asset Ratio | 0.84 | ↑ | ↑ | ↑ |
| Equity Ratio | 0.16 | ↓ | ↓ | ↓ |
| Debt to capital Ratio | 0.32 | ↑ | ↑ | ↑ |

*Depends on underlying risk and actuarial assumption of remaining policies

Figure 190 – Key Solvency Ratio Scenario Analysis



Conclusion

Globe Life is permeated with significant risks and structural problems that cannot be ignored or disowned by its executives, who will have to sit down to a banquet of consequences.

The agency MLM structure has been a disaster for policyholders, agents, and regulators. The DOJ and the EEOC have opened investigations into the company, and we believe their broad powers of discovery will bring more problems to light.

The commission-only contractor structure has created an environment ripe for fraudulent, dishonest, and unethical action, company sanctioned or otherwise. AIL finds itself in the position where they are often the defrauded party.

The company's sales and market, instead of focusing on the quality of their product (which is low), rely on high-pressure sales tactics, misleading advertising and spam mail and telemarketing campaigns.

Recruits are fed into the high-churn, high-pressure AIL machine only to make, on average, less than minimum wage. Kickback schemes by management only exacerbate the predatory nature of this side of the business.

Sexual misconduct, violence, drug, and alcohol abuse are reportedly rife at AIL agencies to a level that no reputable company would tolerate, let alone cover up.

The ballooning agent receivables balance is symptomatic of these issues. Some of these have been offloaded to TMK Re, and they are of dubious collectability. If they were correctly classified as non-admitted assets Globe Life's RBC ratio would fall to a level requiring an NAIC capital level improvement plan.

Globe Life investments sold early have increased ~10x since 2020 with the timing of these sales poorly placed in an unfavorable interest rate cycle.

Globe Life has structural liquidity issues due to regulations on profit transfers between its subsidiaries, and any restrictions on their ability to issue dividends will result in a structural liquidity problem.

We again congratulate Fuzzy Panda on their work on Globe Life.

We reiterate that due to the multitude and complexity of these ongoing issues we do not believe that an accurate target price can be assigned at this time.



Appendices

Appendix 1: Union Script

UNION SCRIPT

Hi, (Member's Name)?

(If they ask who is calling)

This is (your name). Is he/she home?

(If they ask where you are from)

I am calling about his Union Benefits through the Local (#). Is he/she there?

Hi, (Member's Name), how are you? This is (your name) from American Income, I'm calling about the letter that you received a little while back from your union, and the little card that you filled out requesting your benefits on it... one of the benefits was your (amount listed) Accidental Death and Dismemberment benefit that all of the union members were getting. You also put down (Beneficiary's Name) as the beneficiary...., do you remember the card? Great! Let me first just make sure that I still have your right information. You are still at (full address), right? Great!

BOOK APPOINTMENT

Well, the reason I'm calling is because I'm your representative that's setting up virtual meetings so that I can better explain all the benefits to all of the (Union name) members and their spouses. Now due to the pandemic, our company is transitioning to virtual presentations for your safety as well as ours. So, I am assuming this is your cell phone we are talking on right now? I am going to text you link can you please click on the link and see if it works. Great it will only take a couple minutes I just need to ensure it works before setting up a meeting with you. (if they already have zoom it will connect automatically if not walk them through connecting.) Once they are on zoom --> What time do you and your spouse get finished with work? I can set up the virtual meeting to go over the benefits with you now or later today, what works best for both you.

If no spouse – Ok, the only reason I mentioned a spouse is because the benefits would have applied to them as well.
DON'T PAUSE KEEP GOING!!!

APPOINTMENT LOCK-IN

Now, (Member's Name), if you don't have a pen and paper, could you get one for me? I just need to give you some quick information. My name is (your name) and our virtual meeting will be on (day) at (time). If I am not in our meeting at exactly _____, please don't think I forgot about you, some members may have just had a few extra questions about the program. Just call me or shoot me a text if you do not see me. If I am running later than 15 minutes, I will certainly give you a head's up call or text. (Members name) Are you familiar with the zoom platform? It's a safe program that you can use either from your phone or computer. We recommend the computer because we will be sharing our screen with you. If you do not have access to a computer, please download the zoom app on your phone.

Now, for security purposes, I am going to email you our virtual meeting information right now. Can you please give me your email address? (Email client while on the phone). Did you receive the email? Great! Please accept the Zoom invitation I just sent since it will serve as a reminder. *(Ensure that they can work zoom by getting them to in to zoom while still on the phone. If you are able to get them to log on try to get them to do the presentation right then if possible.)* Please make sure to be available to log on your computer/smartphone at the scheduled time as this is one of my most requested times.

It was nice talking with you (Member's Name). Before I Let you go. Due to the high demand of our services we are very booked up, so is there anything you see that will prevent you from setting up the virtual call with in (time agreed upon)? I really look forward to meeting you and (Spouse's Name) on (day) at (time). Take care and I will virtually see you at (time)!



Appendix 2: Child Safe Kit Script

Introduction

Walk to the door with a copy of the Police Union letter and folder with child safe kit inside.

Agent: Hi, I'm (Agent Name) from American Income Life Insurance Company. (Offer your business card.) I spoke to you about the child safe kits and Family Care Program through (referrer's name)...Is your (spouse's name) Here?

Okay, Great! I have your child safe kits here...Could we use your table, it'll make things a lot easier for me. And we'll need (Spouse name) to join us...I need to make sure you both understand how this all works with what you have.

Joe, how long have you known (referrer's name)? Do you remember (referrer's name) telling you about the Family Care Program? Well that's why I am here. I promised them that I would explain it to you. Sorry it has taken so long to get here...we work with a lot of the unions and groups in the area, and it seems like we are always behind. (Build rapport) (SHOULD LAST ABOUT 5-15 MINUTES)

My job is basically to deliver and explain the Family Care Program. The first part of the Family Care Program is designed to protect the children, God forbid they ever go missing. The second part of the Family Care Program, which you do have to qualify for, is designed to protect the entire family, God forbid anything happens to you as the parents.

Intro to the lead type video

- As you are bringing the Laptop out:

Agent: Well, the company decided to go green in 2010 and developed a Laptop Program. I'm sure that before I came out here you had never heard of American Income before, right? This first video will tell you a little about us and let you know who handles the Family Care Program.

- Open Laptop and start Presentation
 - Begin Introduction by selecting the appropriate category, Child Safe

<Play Lead Type Introduction Video>



Agent: I'm sure you can see why (referrer's name) was so excited to work with our company.



1st Part of FCP and Referral Collection

Child Safe Kit

Agent: I'm sure you know other families with kids around here, right? Great, you are going to love this! The police and firefighters are really on us about this...



<Play Child Safe Video>

Agent: Okay, so they set you up with child safe kits for each one of your children. I need to make sure that you fill these out and put them in a safe and easily accessible place when I take off today.

Referral Collecting

Agent: The police and fireman are really on us to get these child safe kits out to every child in this area. They're asking every family to do their part by listing 10 other families that they know with children under 16 in this area. They figure that if every family does their part, by listing 10 other families, that by the time we are done in this area, every child will have one, making this a safer community for everyone. So, they're asking you to do your part as well, by listing 10 families that you know with children under 16. So, who's the first family for YOUR 10?

You said your sister lives down the road...let's start with her. What's her first name?

F.I.G. (optional)

Transition to Life Insurance

Agent: Now, this is the second part of the Family Care Program, which is designed to protect your entire family, God forbid anything happens to you as the parents. This is the most important and most popular part but you do have to qualify for it. You deserve to know how it works.

Agent: So, it's 2020 and most people have Life Insurance. But the problem that they found is that most people don't know what they have or how it works. This video will detail the different types of insurance and also when you should have the different types as well.

<Play Life Insurance Video by clicking "continue" button >



Appendix 3: Discount Card Phone Script

AIL Plus Card – Phone Script

Hi (Member Name)? This this is (your name) with American Income Life, your insurance company. (Member Name), the reason I'm calling is your annual updates are ready. Your \$2,000 AD&D along with your new AIL Plus Discount card have been renewed. These benefits cover you, your spouse, and any dependent children you might have.

Now, they have me explain your certificate of coverage and AIL Plus card. It doesn't take long, but it is very important. They allow us to review these benefits with you on a video call. I was just wondering, what is the best time to go over this with (both) you and (Spouse Name) → Actually, let me check! Do you have a laptop or tablet available right now or just a smart phone? *(Make a note on what device they will be using)*

Ok great, I am going to text you the link so you can access your benefits. The link is for Zoom, which is easy to use and lets me share my screen so you can see your benefits. Let me know when you receive it *(send to email or phone number)...*

1. Go ahead and click the link and let me know what you see *(walk them through how to download if they've never used the program before)*
2. *(If Applicable)* Now go back to the email/text I sent you. Click the link again and enter password
3. Join with video and use the internet audio, now you should be able to see and hear me

Hey (Member Name)! – it's nice to see you and put a face to the name and good job getting zoom setup – you're a pro! By the way, is (Spouse Name) here? We can take care of this right now.

If Member is available now: Great, go ahead and let (Spouse Name) know we are going to meet right now, and we will get started as soon as they join *(wait for spouse and start meeting)*.

If Member is not available: No problem, I work by appointment only, so we need to set a time that works best for both of us. Now (Member Name), what shift are you and (Spouse Name) working these days? You are off on the weekends, right? Ok, I can go over this with you in 30 minutes from now at (time) or at later today at (time). What works best for you and (Spouse Name)? That works, I will schedule you for (time) today and you will just need to click the link I sent you to join. I do have a lot of members to meet with so I may be running a bit behind – which means between (time) and (time) on (day). Will that be a problem for either of you? Also, please make sure your device is fully charged and stationed. These video calls can drain your battery quickly.

Ok...(Member Name), do you have a pencil handy? I'll wait. Write this down: *(Have them write down your name, company, reason for visit, spouse must be there, charged/plugged in device, etc.)*. I will be on between (time) and (time) (30 min window) and make sure you let (Spouse Name) know because this program applies to her/him too. Ok, (Member Name), I will see you and (Spouse Name) at (time) on (day). Have a good day/night!



Appendix 4: Will Kit Script

WILL KIT E-LEADS

Good evening may I speak to _____? Hi _____ this is _____ from the AIL—Will Kit Division. I'm calling you in regards to the Will Kits You requested. (can mention day if needed).

You requested _____ kits. I'm assuming for you and your wife, Is that correct? (Pause)
Wonderful!

The reason for my call today is that we have your kits here. Unfortunately, due to the current circumstances, for your safety as well as ours, we are not able to deliver them to you in person. With your permission I would like to be able to deliver them to you via email/or mail would that be okay? (Wait for answer)

Great, I'm just going to need 2 things from you. First is to confirm your email address and second is fifteen to twenty minutes to go over with you the different components that will be coming in the package. So, I am assuming this is your cell phone we are talking on right now? I am going to text you link can you please click on the link and see if it works. Great it will only take a couple minutes I just need to ensure it works before setting up a meeting with you. (if they already have zoom it will connect automatically if not walk them through connecting.) Once they are on zoom --->What time do you both get home from work? (Wait for a time)
Great, so we will review on _____ at _____.

APPOINTMENT LOCK-IN

Now, (Member's Name), if you don't have a pen and paper, could you get one for me? I just need to give you some quick information. My name is (your name) and our virtual meeting will be on (day) at (time). If I am not in our meeting at exactly _____, please don't think I forgot about you, some members may have just had a few extra questions about the program. Just call me or shoot me a text if you do not see me. If I am running later than 15 minutes, I will certainly give you a head's up call or text. (Members name) Are you familiar with the zoom platform? It's a safe program that you can use either from your phone or computer. We recommend the computer, because we will be sharing our screen with you. If you do not have access to a computer, please download the zoom app on your phone.

Now, for security purposes, I am going to email you our virtual meeting information right now. Can you please give me your email address? (Email client while on the phone). Did you receive the email? Great! Please accept the Zoom invitation I just sent since it will serve as a reminder. *(Ensure that they can work zoom by getting them to in to zoom while still on the phone. If you are able to get them to log on try to get them to do the presentation right then if possible.)*

Please make sure to be available to log on your computer/smartphone at the scheduled time as this is one of my most requested times.

It was nice talking with you (Member's Name). Before I Let you go. Due to the high demand of our services we are very booked up, so is there anything you see that will prevent you from setting up the virtual call with in (time agreed upon)? I really look forward to meeting you and (Spouse's Name) on (day) at (time). Take care and I will virtually see you on (time)!



Appendix 5: Credit Union Script

CREDIT UNION SCRIPT

Hi, (Member's Name)?

(If they ask who is calling)

This is (your name). Is he/she home?

(If they ask who where you are from)

I am calling about his/her Credit Union Benefits through (name of credit union). is he/she there?

Hi, (Member's Name), how are you? This is (your name) from American Income, I'm calling about the letter that you received a little while back from your credit union, and the little card that you filled out requesting your benefits on it... one of the benefits was your (\$2,000-\$4,000) Accidental Death and Dismemberment benefit that all of the credit union members were getting. You also put down (Beneficiary's Name) as the beneficiary..., do you remember the card? Great! Let me first just make sure that I still have your right information. You are still at (full address), right? Great!

BOOK APPOINTMENT

Well, the reason I'm calling is because I'm your representative that's setting up virtual meetings so that I can better explain all the benefits to all of the (Credit Union name) members and their spouses. Now due to the pandemic, our company is transitioning to virtual presentations for your safety as well as ours. So, I am assuming this is your cell phone we are talking on right now? I am going to text you link can you please click on the link and see if it works. Great it will only take a couple minutes I just need to ensure it works before setting up a meeting with you. (if they already have zoom it will connect automatically if not walk them through connecting.) Once they are on zoom ---->
What time do you and your spouse get finished with work? I can set up the virtual meeting to go over the benefits with you now or later today, what works best for both you.

If no spouse – Ok, the only reason I mentioned a spouse is because the benefits would have applied to them as well.
DON'T PAUSE KEEP GOING!!!

APPOINTMENT LOCK-IN

Now, (Member's Name), if you don't have a pen and paper, could you get one for me? I just need to give you some quick information. My name is (your name) and our virtual meeting will be on (day) at (time). If I am not in our meeting at exactly _____, please don't think I forgot about you, some members may have just had a few extra questions about the program. Just call me or shoot me a text if you do not see me. If I am running later than 15 minutes, I will certainly give you a head's up call or text. (Members name) Are you familiar with the zoom platform? It's a safe program that you can use either from your phone or computer. We recommend the computer, because we will be sharing our screen with you. If you do not have access to a computer, please download the zoom app on your phone.

Now, for security purposes, I am going to email you our virtual meeting information right now. Can you please give me your email address? (Email client while on the phone). Did you receive the email? Great! Please accept the Zoom invitation I just sent since it will serve as a reminder. *(Ensure that they can work zoom by getting them to in to zoom while still on the phone. If you are able to get them to log on try to get them to do the presentation right then if possible.)* Please make sure to be available to log on your computer/smartphone at the scheduled time as this is one of my most requested times.

It was nice talking with you (Member's Name). Before I Let you go. Due to the high demand of our services we are very booked up, so is there anything you see that will prevent you from setting up the virtual call with in (time agreed upon)? I really look forward to meeting you and (Spouse's Name) on (day) at (time). Take care and I will virtually see you on (time)!



Appendix 6: Example Group Letter



KENTUCKY STATE LODGE **FRATERNAL ORDER OF POLICE**

6204 PRICE LANE • LOUISVILLE, KENTUCKY 40229
www.kystatefop.com

State President
Berl Perdue, JR.

State Secretary
Christie Jones

Immediate Past President
Michael "Spike" Jones

Vice President
Ryan Straw

Treasurer
Bryan Bogard

2nd Vice President
Tim Davis

Sergeant-at-Arms
Brandon Lincoln

Chaplain
Larry Bush

Chairperson
Deborah Marasa

National Trustee
Dave Mutchler

State Lodge General Counsel
Steve Wolnitzek,

State Lodge Associate Counsel
Mary Sharp

Dear KY FOP Member,

As a member or retiree in good standing of Kentucky State FOP, you have a no-cost **\$3,000 Accidental Death & Dismemberment** benefit. This AD&D benefit and other items listed below are provided jointly through Kentucky State FOP and American Income Life Insurance Company (AIL), a 100% union company serving working families just like yours.

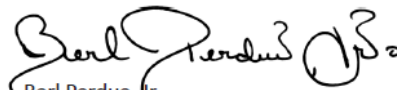
AIL currently has over 130,000 FOP members covered under AD&D policies at no cost. Since 1990, more than \$3.5 million in life, health, and no-cost AD&D benefits has been paid to over 1,400 FOP members and their families.

Please return the enclosed card so you may receive your certificate of coverage and name your beneficiary. If you do not name your beneficiary, the \$3,000 would be paid to your estate and may be taxable.

Those who return the card can also receive a no-cost membership in the recently introduced **AIL Plus program**, your connection to convenient discounts on dental care, prescriptions, diabetic supplies, vision care and supplies, telemedicine, chiropractic care and more.

You can also receive Child Safe Kits for your children and grandchildren at no cost. These kits help you gather vital data, photos and fingerprints for authorities in the event of an emergency.

Sincerely,


Berl Perdue, Jr.
President

An AIL representative, who is a member of OPEIU Local 277, will call on you to deliver your certificate of coverage, witness your beneficiary designation, register you for the AIL Plus program and provide your Child Safe Kits. AIL has other supplemental insurance programs, presented in the spirit of "Be Union – Buy Union," available strictly on a voluntary basis. If you have questions, please call American Income Life Insurance Company at 1-800-495-1213 or Amanda Cross, AIL Public Relations, directly at 859-229-5369.

**Please return the enclosed card right away or respond online at
mybenefits.aillife.com and enter access code: sg0p8**





Appendix 7: AI Transcript of Internal Promotion Conversation¹²⁶

00:00

Speaker 1

Okay.

00:06

Speaker 2

The reason I wanted to speak with you is, you know, is we went over, you saw me do, you know, going into management and so forth, the amount of money you can make being an agency director.

00:19

Speaker 1

Right.

00:22

Speaker 2

I don't know you well enough, but I'm getting a feel build. Are you looking more to stay as a personal producer, or do you want to go into management with us?

00:30

Speaker 1

I'd rather go into management because the whole idea was from the company I was before, I was kind of just trapped. Either wait for that person to get out of that position, but I was just trapped. So I had no way of going up. And that's what I want to do, is go up.

00:46

Speaker 2

Good. Well, that's what we're hoping to hear. Okay. Now, there's many different ways. The thing is that we need you to get to at least five agents, as you saw. **So if you start making \$200,000 a year, how's that going to change your lifestyle? Right? I mean, homes, cars, different. Everything changes. So that's where we want you to be.** I can get there because I got a lot of experience in no time. Kathy can get there in no time. You're new to business, but being new to the business doesn't mean anything. Okay? **In other words, we can sit there and say, well, let's wait until we're really successful before we start building our agency. And that's just waste of time. Okay. So to get five agents going, there's many different ways we can build your team to five agents.**

01:41

Speaker 2

One way is we have resumes.

01:43

Speaker 1

Right?

01:44

Speaker 2

Okay. Probably. Is that how you came in? Through resume?

01:46

Speaker 1

Through resume.

01:48

Speaker 2

¹²⁶ AI transcripts are imperfect and the transcript may contain inaccuracies. [Source available here](#)



Okay, so that's one way. The problem with that is we got lucky with you. We don't get that lucky with too many people because we don't know who's coming in off their resume. We don't know the person. We don't know their abilities. We don't know if we can click. So it's sort of like when you build an agency of five people, you got to get along with those people, especially the first couple of people. So what we have found is the first couple of people that you should bring in. Now, this is not multilevel, so if you bring in a friend into the business to help you build a deal, they have the same right to get to a \$200,000 deal, too, by having five people come in.

02:30

Speaker 1

Right.

02:31

Speaker 2

You understand? So what we find is, like, the first two or three people that come through our doors to build your agency should be people that are your friends and your relatives or waiters, waitresses that you say, hey, you just get a business card. Just hand her a business card and say, you deserve better than this. Give me a call. But your first couple of people should be people that, you know, then what we should do, we have thousands and thousands of resumes, people looking for jobs. So that's not an issue. But doesn't it make sense that the first couple of people you should know, I mean, you got to work with them.

03:11

Speaker 1

Right.

03:13

Speaker 2

And what happens is in order to break away financially from where you are right now, to start making 200,000, you got to think a little differently than what you've thought in the past. I don't know, financially, where you've been or where you are. Just saying you just have to think differently than what you presently think. I was telling you about mentors and so forth.

03:35

Speaker 1

Right.

03:35

Speaker 2

This is what I'm referring to right now. Because your first thought when I say, well, I got to bring friends and relatives in, could be, well, what's the worst thing that can happen? If you brought a friend or relative into the business right now, you're brand new. What's the worst thing that can happen?

03:50

Speaker 1

They just quit or they just make it.

03:54

Speaker 2

But in reality, the worst thing that can happen is that they do great and you don't make it and you're cleaning their Ferrari in about three years down the road.

04:02

Speaker 1

I'm just thinking that it's, that's not going to happen.



04:05

Speaker 2

I understand that's what you're thinking. So the worst thing that can happen is really a good thing, even though it doesn't work out good for you.

04:13

Speaker 1

Right.

04:14

Speaker 2

You follow what I'm saying?

04:15

Speaker 1

Yeah.

04:15

Speaker 2

In other words, it's still a good thing because that does happen. I mean, I'm letting you know that actually happens where we bring other people in and they become successful and we don't. So the worst thing that's going to happen when you explain this opportunity to someone that's saying you just go up to someone. What I like to do is if I'm recruiting someone, that I want to bring an, a player into the game. So if I'm going to try to bring Kathy into the game, I don't want to go up to Kathy and say, hey, Kathy, I got involved at Liberty national. It's a great insurance company, and I'd like you to come in as well. That will not get Kathy. But what would get Kathy?

04:56

Speaker 2

If I walked up to Kathy and Kathy, you know, you've been in sales for a while you've been very successful in what you're doing, I just started a new venture. And if I work with. They want me to work with five people. And if all five people do well, I'll be making \$200,000 a year. I've already proved that I can do it. I need to bring five people in that I know can work with me. And the next person I bring in is also going to have that opportunity to make \$200,000 a year because we're going to work with five people as well. Now, here's the takeaway. I'm not asking Kathy for the job. What I do is I say to Kathy, do you know of anyone that would be interested in changing careers or would fit this position to help me out?

05:46

Speaker 2

Kathy's automatically going to say.

05:50

Speaker 1

Why not me? Exactly.

05:53

Speaker 2

That's the takeaway. So that's what I do. Or you may already know people that this would be a perfect fit for. Now, we know one thing. We know you want to make 200 grand a year. Okay. What I'm trying to figure out is your commitment level. Have you ever heard the saying that, and I sort of live by it, that your action speaks so loud I can't hear a word you're saying?

06:18

Speaker 1

Yes, I heard it.



06:20

Speaker 2

You know what that means?

06:22

Speaker 1

You need more doing than just saying. Speaking.

06:25

Speaker 2

Exactly. So what I'm trying to find out is today's Monday, okay? A week from Tuesday, if you're serious about building your deal. What I'm trying to just find out is your commitment level. I know there's people out there that anyone can bring in if they really wanted to bring in. I'm not saying we're going to hire them, but I'm trying to find out your commitment level to how well you can sell other people. How good is your center of influence around your other people? Because I don't know you and you don't know me, really. But this is one way for me to find out. Now, if you conquer this first quest, then we'll give you tens of thousands of resumes for you and your people to call and bring in. I just want to find out your commitment level. Now, here's the good news.

07:15

Speaker 2

It's a win situation for you either way. Meaning what I'm wanting to know is a week from Tuesday, how many people you know that you can bring in to our hiring session that we would hire for your agency? It's our agency, too, but that they would be part of your agency. You would move up, they would be coded through you. And you would be getting. Now, you wouldn't get the 28% and the matching bonus, but what we would give you once they make it is we'll start you in management and we'll give you 17% more than what you're presently making and 17% more on what they write. So, in other words, if I make \$1,000.01 of your agents makes \$1,000, we're going to give you \$170. If you make \$1,000 instead of 1000, you're going to get \$1,170.

08:12

Speaker 2

You'll get a 17% on whatever they make and 17% on what you make while you're building your deal to five agents. You really don't even need five agents. It's more like three or four agents. You really need three. And they got to write \$39,000 worth of business, not counting your own personal production, to get that ad contract that I talked about. And then once you have five agents and they're all doing 1500 a week apiece, you're doing 1500, taking home 200,000 a year. It's doable. It's very doable. But what I'm saying is you're in a win situation either way, because if you don't bring in, what I'm looking for is to bring in at least two people. That's not asking a lot. Do you think you could commit to two people a week from Tuesday?

09:02

Speaker 1

Actually, there's already one I talked to Sabina about because he's been looking for work.

09:10

Speaker 2

Perfect.

09:10

Speaker 1

So I already got one.



09:12

Speaker 2

Now we need one more. Now, you bring two in, we hire them, then we'll feed you the resumes. Once these two people get in the field and get coded, we'll give you that 17% increase. From that point. We're going to feed you and these two people as many resumes as you guys want to call to bring people in. **Anyone that you guys call and they show and we hire, they stay in your hierarchy. You get five people going.** Now, what I want to tell you is you're in a win situation no matter what. Because if you bring in the two people, we're going to look at you as a manager, or as I say, one of my players. **We're trying to find out who my players.**


09:55

Speaker 2

What I'm really trying to delineate is who are people going to be my personal producers and who are going to be my managers. Okay? So this is how I go about doing it. **In other words, if you can't bring in two people, then you're not really committed to it. You're just saying you're committed to it.** You're looking at the number and going, that looks good. That looks like a lot of money, but I'm really not committed to doing what needs to be done to get there. I think you are. I'm just saying. And what makes it a win is if you don't, then what we're going to do is we're just going to treat you as an agent. We got great personal.



Appendix 8: Indiana State Police Bulletin



| | |
|---|--|
| <p>INDIANA STATE POLICE FORT WAYNE DISTRICT 5811 Ellison Road Fort Wayne, IN 46804</p> <p>www.in.gov/isp</p> <p>FOR RELEASE: Upon Receipt</p> | <p>CONTACT: Sergeant Brian Walker Public Information Officer 260.432.8661</p> <p>Twitter- @ISPFortWayne</p> <p>DATE: March 3, 2021</p> |
|---|--|

****UPDATE****

WARNING: Since ISP-Fort Wayne first posted this Child Safety Kit Scam Alert last week (see original release content below), the Fort Wayne Post has received two more complaints of this active scam here in Fort Wayne. Facebook consumers are warned NOT to provide any personal information to the associated #ChildSafetyKit Facebook link.

The latest complaints have advised that *after providing the requested personal information to the link, a follow-up phone call from an unknown phone number was received. An unidentified female scheduled an in home visit to go over the services offered. Two unidentified well dressed adult males showed up to the complainant's house, and then attempted to sell an "insurance policy" as part of the Child Safety Kit service.

These scammers are trying to gain your trust and confidence by falsely claiming to be associated with the Indiana State Police, and that is a lie. They want access to your personal identity and financial information, and to gain voluntary entry into your home- possibly with the intent to commit further crime. -DO NOT ALLOW THESE SCAMMERS INTO YOUR HOME! Again, the Indiana State Police is warning Hoosiers to always take the necessary precautions to protect yourself, your family, and your property:


- Always beware of any online solicitations requesting personal information.
- Always protect your identity, social security number, credit card and bank account information.
- Never provide any personal information to unknown online source, including your name/address/phone number.
- Never allow strangers access into your home.

If you have been threatened or victimized by this scam, especially if you have allowed these individuals access into your home, please report this activity to either your local law enforcement agency or your nearest Indiana State Police Post.


-Walker



Appendix 9: Child Safe Kit Promotions

**ChildSafeKit**

[Home](#) [Request a No Cost Kit](#) [Preview](#) [FAQ](#) [Do Not Sell My Personal Information](#)



GET YOUR NO COST CHILD SAFE KIT NOW
Just enter your ZIP code to see if you have kits available in your area

[Check Availability](#)

ATTENTION PARENTS


Child Safe Kit is available AT NO COST
Get it before they're gone!


Parents - Request a Child Safe Kit at no cost. It could be essential in finding your child if he or she goes missing.

Absolutely no cost to you:


- ✓ No purchase necessary.
- ✓ No shipping charges.
- ✓ No credit card required.

See Why Police Think The Child Safe Kit Is A Must-Have For All Parents!




Availability


Personal Details


The KIT!

Only A Limited Amount Of Kits Available!

Number of kits you need:

Postal/ZIP Code:

Figure 191 – [Kidsafetynetwork.com](https://kidsafetynetwork.com) promotion



An Important Message From Your Child's School

Child safety is on our minds more than ever. We can never do too much to protect our most precious gift, our children. Unfortunately a recent study* has revealed some rather startling statistics.

- Nearly 450,000 children are reported missing each year.
- That represents over 1,200 children per day who do not come home.
- Experts agree that photos and other identification supplied in the first 24 hours are crucial in safe recovery.

National Income Life Insurance Company's parent company, American Income Life, is working with schools, child care facilities and youth organizations across the US, Canada and New Zealand to provide NO-COST Child Safe Kits. NILICO focuses these same efforts throughout New York. The Child Safe kits are proudly endorsed and supported by:

- International Union of Police Associations
- American Federation of Teachers
- American Federation of School Administrators

These kits allow families to record and keep fingerprints, vital information and a photo of each child, so if the child is ever lost or abducted, this vital data can quickly be relayed to authorities.

That's why NILICO has arranged, at NO COST to you, Child Safe Kits for you to complete at home. We urge you to request Child Safe Kits for the children and grandchildren in your family. Let's work together and do everything we can to help protect our children.

Sincerely,

Jason Beckman

Child Safe Division

Division Vice President, National Income Life Insurance Company

P.S. You and your family may qualify for additional insurance benefits offered at this time. Please take a few minutes and listen to the NILICO representative who will be providing your Child Safe Kits(s). If you have any questions on this program, please call National Income Life Insurance Company at (800) 503-1426.

* U.S. Department of Justice's Federal Bureau of Investigation, National Crime Information Center. NCIC Missing Person and Unidentified Person Statistics for 2016. <https://www.fbi.gov/file-repository/2016-ncic-missing-person-and-unidentified-person-statistics.pdf> [January 10, 2017]



Please fill out and return
with your child, drop in the
mail, or reply online at:

mybenefits.nilife.com

Enter access code: CHAQC



GA-03



PS3 Raul Julia Micro Society School

NO-COST Child Safe Kit
SIN COSTO Paquete Child Safe



PARENT/GUARDIAN Padre/Representante LAST NAME/Apellido FIRST/Primer Nombre MIDDLE NAME/Segundo Nombre

ADDRESS/Direccion

CITY/Ciudad

STATE/Estado

ZIP CODE/Código postal

YOUR HOME PHONE/Su Teléfono Fijo

CELL PHONE/Teléfono Celular

YOUR DATE OF BIRTH/Su Fecha de Nacimiento

OF CHILD SAFE KITS/Número de Child Safe Kits

+ NCHA00117 +

Ask the NILICO Representative about insurance benefits you may qualify for when they deliver your kit(s) / Al entregarle sus Kits de Seguridad Infantil, pregúntele al representante de NILICO sobre los beneficios de seguro para los que puede calificar.

Figure 192 – Example child safety kit mail out



in Reviews

Free Child Safety Kit Review

Share & Help Me Grow



This post contains affiliate links. Opinions are my own.

Have you seen the free child safety kit shared on Facebook? Are wondering if there is a catch to the "free" offer? I was too! Read what I learned in this free child safety kit review.



Recently, I saw a child safety kit recommended on Facebook. That was it. I saw the post shared by a friend, my brain cataloged the idea, and I moved on to other things.

A few days later, my children came up missing.

Seriously. Gone.

Figure 193 – [Meetpenny.com](https://www.meetpenny.com) promotion



Appendix 10: Child Safe Kit Affiliate Program

[Home](#) > [Affiliate Program](#)

Affiliate Program

Our affiliate program is straightforward: for every person who signs up to receive the Child Safety Kit, you earn money.

What is the Child Safety Kit?

KidsSafetyNetwork.com is the leading provider of kids safety content distributed via many channels. We offer a FREE Child Safety Kit for parents. The Child Safe Kit is a convenient way for parents to record comprehensive information about their child so authorities can help find a missing child quickly. It is essential to law enforcement in the event of an emergency. The Child Safe Kits are endorsed and supported by the nation's leading law enforcement union and provide parents with the means to be able to respond quickly and effectively in the event their child goes missing.

Why Join Our Program?

- It's Free to Join
- Commission Payout: \$1.33 per lead
- Cookie Length: 30 days
- Auto Deposit: turned-on
- High conversion rate (typically 10-20%)
- High response/CTR rates from women age 25-44 and grandparents
- English, Spanish and French Creole (Haitian) landing pages available
- Creatives and tools to help you sell, including banners, text links
- 100% Parasite Free Program
- Dedicated program management provided by [AM Navigator](#)
- Real-time reporting and statistics

How Does It Work?

When you join our affiliate program, we will provide you with all the necessary creative tools to help you. You will receive a complete set of banners and text links to place on your site or blog. If you plan to promote the Child Safety Kit via an email campaign (newsletter blasts, etc.) you will need to have them approved by us before sending.

Once a person clicks on one of your links they will be directed to a landing page to complete a form to request a FREE Child Safety Kit. For every person who completes the form you will then get paid commission. All activity is tracked in our affiliate system with real-time reporting and statistics. We also offer a 30 day cookie length period. Which means even if a visitor returns to the Child Safety Kit landing page 3 months later you will still earn commission.

How Do I Get Started?

By simply emailing us at [affiliates\(at\)thechildsafetykit\(dot\)com](mailto:affiliates(at)thechildsafetykit(dot)com) and we will get you set up to start earning money!



Appendix 11: Charges Against AO CEO Ilija Orlovic

AIL's largest and most profitable agency is AO, sometimes called Altig Orlovic, Altig Organization, or Altig International.

| SGA rankings YTD December 2023 | | |
|--------------------------------|----------|----------------|
| Name | Growth % | Net ALP |
| AO | 36.1% | \$ 100,470,800 |
| Simon Arias | 1.0% | \$ 19,824,297 |
| S-S-Parks-Salvaggi | 5.0% | \$ 16,773,670 |
| Theodore Pappas | 21.2% | \$ 8,777,956 |
| Beto Quintero | 104.7% | \$ 8,270,690 |
| S-S-Bendure-Hartwig | 10.8% | \$ 7,060,292 |
| AO | 28.5% | \$ 6,809,773 |
| Gigliione-Ackerman | 5.2% | \$ 5,558,533 |
| Satti-Kanaan-Wheeler | 21.7% | \$ 5,341,671 |
| Cohen-Velasquez | 14.1% | \$ 5,332,361 |
| Michael Vasu | 5.7% | \$ 4,789,230 |

Figure 194 – SGA Rankings YTD December 2023

Viceroy have obtained court records stating that the State of California charged AO's CEO Ilija Orlovic with:

1. Kidnapping with a firearm;
2. Violation of personal liberties with a firearm;
3. Assault with a firearm; and
4. Unlawful public possession of a firearm.

The incident occurred on or about December 14, 2020, and Orlovic was ordered to appear in court on February 11, 2021 with his bail set at \$1m.

THE PEOPLE OF THE STATE OF CALIFORNIA,
Plaintiff,

VS.

ILIVA ORLOVIC
Defendant

Defendant **ILIVA ORLOVIC**

having been admitted to bail in the sum of **ONE MILLION** Dollars
(~~\$1,000,000~~) and ordered to appear in the above-named court on **02/11/2021** at **8:30 AM**
on **207(A) PC 236 PC 245(A)(2) PC 25850 (2)(7) PC** charges;

CASE NO. **INF 2002007**
DIV NO. **3R**
202042601

Figure 195 – Excerpt of Allegheny Casualty Company Bail Bond

According to court records, Orlovic held the victim at his home against his will before forcing the victim to undress to check if he was "wired". He also forced his victim to drive his vehicle at gunpoint and was arrested with \$350,000 in cash in his possession.

4. I believe that the minimum bail that would be sufficient to achieve that goal/those goals is \$ **5,000,000.00**
The facts supporting that belief ☒ are as follows: ☐ attached

Defendant held victim against his will at his home after accusing him of being a part of his wife's death. Defendant forced the victim to undress down to his underwear while pointing a gun at him to check if he was "wired." Defendant also forced victim to drive his vehicle and ordered him not to stop while pointing a gun at him as the victim drove. Defendant is owner of life insurance company and owns several homes and a private jet. When defendant was detained he had 350,000 dollars in cash in his possession. Defendant has the means to post regular scheduled bail and pose a flight risk if defendant is to bail out. Defendant's primary residence is in Bellevue, Washington.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.
12/25/2020 0440

Figure 196 – Excerpt of Declaration in Support of Increased Bail



The records also indicate that Orlovic completed a drug diversion program pursuant to Penal Code Section 1000, a program that allows first-time drug offenders an opportunity to have their charges dismissed for drug crimes involving simple possession for personal use.

The charges against Orlovic were ultimately dismissed and he has unsuccessfully applied to have the case sealed. Viceroy applied to the court to obtain copies of these documents.

Motion/Petition granted.

Court finds defendant factually innocent of the charge(s) for which the arrest was made.

Petition to Seal and Destroy Arrest Records granted.

Stat Court: Post disposition

Court orders case sealed pursuant to: 851.8 PC

Notice Generated - Case Management Technician

Petition to Seal and Destroy Arrest Record denied.

Figure 197 – Excerpt of Case Number INF2002007 Minute Order



Appendix 12: How AIL's Commission Structure Works

Policy sales agents are advanced a percentage of the first-year premium on policies sold and earn a higher percentage as they are promoted. Fees and interest are charged on this advance although agents are not always informed. A portion of these commissions are by the company in a chargeback account, which is debited in case of cancellations.

Example: Bill is an AIL Career Agent and sells a policy with a first-year premium of \$1,200. He is entitled to 60% of this sum (\$720), 60% of which will be advanced to him on his next payday (\$432). His company account has a balance of \$288 which will be paid out as the policyholder makes payments¹²⁷.

Agents are then entitled to a percentage of the commissions of agents *underneath them* in the structure. No agent can have a percentage higher than their superior. These are referred to as "override commissions" internally.

Example: James is an AIL Supervising Agent with Bill working under him. James's commission rate is 70%. James is entitled to an override commission of 10% of any policy sold by Bill, the difference between their commission rates.

O Overrides - compensation earned for managing, training and supporting the Associates in one's Personal Agency. Paid by American Income, override percentages are determined by subtracting the commission level of personally coded Associates from that of one's own commission level.

Figure 198 – Altig Organization 2022 New Agent Training Manual

Agents receive a cash bonus when their recruits meet certain milestones and having a minimum number of agents under them is a requisite for promotion.

Personal Recruit Bonus

The recruiter will receive a \$750 bonus when a Pinnacle Recruit writes and submits at least \$1,500 net ALP within the Recruiting Agent's first 90 days of tenure and an additional \$250 bonus to the recruiting agent's direct manager. If the recruiting agent does not have a direct manager, the recruiting agent will still earn the \$750 bonus and the additional \$250 bonus will not be paid.

A recruiter will receive a \$250 bonus when a Pinnacle Recruit writes and submits at least \$1,500 net ALP after Recruiting Agent's first 90 days.

Figure 199 – ICM Personal Recruiting Bonus SGA Report

A transcript of an internal meeting between a manager and an agent discussing how the agent needs to recruit friends and family, who will in turn recruit friends and family, in order to boost their income is provided in

¹²⁷ All percentages and figures are indicative, commissions schedules vary by geography and rank.



Appendix 13: AIL as an MLM

American Income life neatly fits the FTC's definition of an MLM.

What Are MLMs and How Do They Work?

MLM companies sell their products or services through person-to-person sales. That means you're selling directly to other people, maybe from your home, a customer's home, or online.

If you join an MLM program, the company may refer to you as an independent "distributor," "participant," or "contractor." Most MLMs say you can make money two ways:

- by selling the MLM's products yourself to "retail" customers who are not involved in the MLM
- by recruiting new distributors and earning commissions based on what they buy and their sales to retail customers

Your recruits, the people they recruit, and so on, become your sales network, or "downline."

If the MLM is not a pyramid scheme, it will pay you based on your sales to retail customers, without having to recruit new distributors.

Figure 200 – Multi-Level Marketing Businesses and Pyramid Schemes – FTC Consumer Advice

AIL also exhibits many of the classic MLM symptoms:

- Upline/downline commission structure.
- Heavy use of lifestyle marketing.
- Commission-only compensation structure.
- Cult-like emphasis on personal motivation and self-improvement.
- High recruitment and churn numbers.
- Company events at party locations like Vegas and Cancun.
- Bait-and-switch sales tactics.
- Start-up fees borne by applicants.
- Leadership courses focus on recruiting more agents.
- Excessive advertised compensation.

Former agent Mike Russin states that after working for AIL agency for 3 years, the company would finance an exotic car payment and they were encouraged to maintain an extravagant lifestyle to draw in more recruits.

- e. Russin represented to recruits that if they continued to work for Arias for 3 years Arias would finance an exotic car payment;
- q. Managers, including Russin, were portrayed and maintained a certain personal and financial lifestyle. This was to further advertise for the success of the organization and draw in more recruits.

Figures 201 & 202 – Russin Settlement Statement

This fosters an "at-all-costs" attitude to business that we believe is partly responsible for an AIL agency culture of sexual harassment, retaliation, assault and fraud. Globe Life executives are allegedly aware of this.

The very nature of the MLM structure is that the supply chain is expensive, and costs are passed down to both the policy holders and the agents.

- The vast majority of AIL agents do not make the federal minimum wage.
- Agents are required to pay for training, licensing, transportation, and gas, reducing company overhead. They are not entitled to overtime and are expected to work extended hours.
- Agents have been known to employ aggressive, misleading, or fraudulent tactics to increase their commission, leading to customer purchases based on misconceptions about policy terms and benefits.

This long-standing incentive structure has created significant risks to Globe Life's book and operations.



Appendix 14: The Agent Materials

Viceroy have reviewed the agent training materials (playbooks) for several AIL agencies. These typically consist of an introduction; training; presentation and call scripts; compensation, bonus, and promotion schedules; and various sales tips.

In summary they consist of:

Questionable and high-pressure sales tactics

- **Manipulative introduction:** Agents use a scripted introduction that implies a connection with the potential client's union, credit union, law enforcement, firefighters, or school authority, leveraging a sense of trust and obligation.
- **Urgency and exclusivity:** The script creates a sense of urgency and exclusivity and that a decision must be made today.
- **Emotional manipulation:** The script uses fear as a sales tactic, constantly bringing up hypothetical deaths, dismemberments, or child abductions.
- **Dishonest representation:** Agents discourage potential clients from calling their financial advisor, misrepresent funeral costs and payment timing, avoid talking about hard numbers and presume the client's agreement.
- **Dishonest applications:** One manual told agents to fraudulently misrepresent the client's existing life insurance coverage and that if both the prospective client and their spouse fail the health check, agents are instructed to use the details of their oldest child.

Agent training and scripting

- **Script Memorization:** Agents are required to memorize scripts verbatim for presentations, emphasizing a standardized approach with no room for personal ethics. The script sometimes includes prompts to incorrectly fill in information.
- **Focus on Referrals:** Training emphasizes the importance of collecting referrals, including strategies for "rolling referrals"¹²⁸ to immediately book appointments during or right after a current appointment.
- **Technology Utilization:** Agents are trained to use a CRM tool (IMPACT) to manage client relationships, and a sales/policy generation tool (eAPP) to run their sales pitch and write policies.

Compensation and focus

- **Commission-based Pay:** Agents are compensated based on a complex structure of pre-paid commissions, bonuses related to net annualized premium (ALP) volumes, and retention rates. This incentivizes high sales volume and retention over client needs.
- **Incentives for Recruitment:** Agents receive cash payments for recruiting other agents, and there is a minimum recruitment number for promotion to more senior ranks in the MLM hierarchy. This links personal success not just to sales but to expanding the agency's workforce.

Activity generation and appointment setting

- **Maximizing Appointments:** Agents are encouraged to constantly generate activity through leveraging referrals, paid referrals and existing appointments to secure new ones.
- **Cold-Call Training:** Specific training is provided for effectively setting appointments over the phone, with focusing on a high volume of appointments for sales opportunities.
- **High-Pressure Scheduling:** The scheduling strategies include creating a perception of busy schedules to pressure potential clients into booking appointments, using techniques that can lead to high-pressure situations for clients.

¹²⁸ Rolling referrals is the practice of asking clients to "sponsor" friends and family, effectively setting them up for the agent to pitch next.



Appendix 15: The Unions

- USW Local 2599
- Shop Local Union 712
- CANADIAN UNION OF PUBLIC EMPLOYEES Local 454
- INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS CANADA
- Uniformed Professional Fire Fighters Association of Connecticut
- FRATERNAL ORDER OF POLICE Kentucky State Lodge
- International Union of Police Associations - AFL-CIO
- UFCW Local 1995
- Iron Workers Local Union No. 550
- LABORERS' LOCAL 83
- Construction & General Workers' Union Local 92
- Teamsters Union No. 142
- District Council 16 -International Union of Painters and Allied Trades
- TEAMSTERS LOCAL UNION 890
- United Service and Allied Workers of Rhode Island
- (The) Texas ABATE Confederation Inc.
- CWA Local 6001
- Communications Workers of America Local 9400
- USW Local 1196
- Fraternal Order of Leatherheads
- TEAMSTERS LOCAL UNION 344
- Act 1st FCU
- Calgary Musicians Association
- ILWU - Maui Division 142
- THE CENTRAL DISTRICT Volunteer Firemen's Association
- UFCW Local 1000
- IBEW 304
- UA Local 853 Sprinkler Fitters of Ontario
- Laborers' International Union of North America General Construction Local 151
- IBEW Local 66
- UA Local Union No. 412
- Northern California Carpenters Regional Council (NCCRC)
- Teamsters Canada Rail Conference CP
- METRO-EAST AUTOMOTIVE LODGE No. 313
- ABATE for Missouri
- International Association of Bridge Structural Ornamental and Reinforcing Iron Workers Local Union No. 842
- AFSCME Florida Council 79
- IRON WORKERS SHOP LOCAL 805 INTERNATIONAL ASSOCIATION OF BRIDGE STRUCTURAL ORNAMENTAL AND REINFORCING IRON WORKERS
- General Drivers Warehousemen & Helpers Local Union No. 89
- Community Connect FCU
- UWUA 457
- Ohio Association of Public School Employees
- AMERICAN FEDERATION OF STATE COUNTY AND MUNICIPAL EMPLOYEES/AFL-CIO NORTHEAST DISTRICT
- IBEW Local 231
- Communications Workers of America Local 6316
- IBEW 1455
- TEAMSTERS LOCAL UNION No. 517
- CHAUFFEURS TEAMSTERS WAREHOUSEMEN AND HELPERS LOCAL UNION 962
- ATU 1267
- IUOE 148
- OSFA
- Great Plains United States Bowling Congress
- SEIU USWW
- UWUA 175
- Ironworkers Local 721
- IBEW Local 84
- Teamsters #795
- National Bowling Association Inc
- LiUNA 423
- FOE 1299
- LiUNA 742
- IBEW Local 2150
- IBT 662
- IUOE Local 178
- IUPAT 1399
- WPEA/UFCW Local 365
- Teamsters Local Union No. 627
- Alabama State Lodge Fraternal Order of Police
- ATU 241
- IBEW 317
- Association of New Brunswick Licensed Practical Nurses
- IBEW 595
- IAMAW Local Lodge 743
- IBT 653
- Teamsters Local 988
- IBT 63
- IAM Local Lodge 933
- IBEW Local 278
- Communications Workers of America Local 3806
- NPMHU Local 311
- UFCW Local 1262
- Teamsters Local Union 177
- IAMAW Local Lodge 1886
- INTERNATIONAL ASSOCIATION OF MACHINISTS and AEROSPACE WORKERS ROCKY MOUNTAIN AIRCRAFT LODGE 1886
- IBEW Local 76
- LiUNA Local 596
- USW Local 2599
- USW Local 675
- IBT 396
- United Mine Workers of America LOCAL UNION 1928
- CWA Local 1032
- UFCW 655



- IUOE Local 99
- Utah State Posts
- Teamsters Local 731
- CWA 3204
- PEI RCL
- CBA/ABATE of NC
- CPAA
- SMART Local Union 49
- AFSCME Ohio Council 8 Retiree Sub-Chapter #107
- IBEW Local 12
- APWU of Wisconsin Auxiliary Member
- UH 24
- WLEOA
- Atlantic Health Employees FCU
- LOABC
- IUOE Local 302
- Espeeco FCU
- Hawaii Government Employees Association / AFSCME Local 152
- SEIU HCII
- Michigan Farmers Union
- Corry FCU
- LiUNA 710
- IFPTE Local 195
- Teamsters Local 657
- South Carolina State Employees Association
- UFCW 1496
- HFIA 47
- BSOW 5
- CSCRC
- International Brotherhood of Teamsters Local 362
- FOP New Jersey
- APWU Local 380
- IUPAT District Council 1M
- UAW 1002
- IBEW Local 640
- IBEW 359
- SEIU 1991
- USW Local 2659 Retiree Club Chapter 29-4
- IBEW Local 1837
- IAM District Lodge 4
- Millwright Local No. 715
- Minnesota State Posts
- AFSCME Council 4
- UFCW Local 401
- UFCW 1006A
- CWA Local 1038
- Texas Counselling Association
- Timberland FCU
- AMVETS Department of Michigan
- AFSCME Local 488
- IBEW 733
- IBEW Local 11
- Ohio Association of Beauticians
- Merchandise Drivers Northern New Jersey Local 641
- Teamsters Local Union No. 641
- Association of Wisconsin Snowmobile Clubs – AWS
- California Fraternal Order of Police
- TWU 250 A
- Certified Pest Control Operators of Georgia Inc
- UFCW Locals 175 & 633 Canada
- SEIU Local 2
- Hopewell Chemical FCU
- LiUNA! Local 183
- BCTGM 125
- IAMAW Local Lodge 1998
- USW Local 12-6
- California State Posts
- Blackhawk FCU
- IBEW 876
- ATU 1596
- UFCW 400
- Post 440
- USW Local 9422
- Knoxville Firefighters Federal Credit Union
- ATU Local 1633
- Allvac Savings and Credit Union
- UA Local 725
- SHAREFAX CREDIT UNION
- Rhode Island Laborers’ District Council
- OPCM 534
- Veteran members of the Department of Wisconsin
- HFIA Local 6
- HFIA Local 6
- Canadian Tenpin Federation Inc
- IBEW Local 960
- Brown & Lynch Post 9
- SEIU Local 888
- IBT Local 623
- A.E.T.C
- Houston Federation of Teachers Local 2415
- OPCM 600
- FOE 3682
- Mount Olive Baptist Church FCU
- UFCW Local 3000
- JNESO District Council 1 IUOE
- OPCM 400
- Mountain Valley FCU
- IBEW 1997



Appendix 16: Political Candidates and Campaigns Accepting Donations from Globe Life and AIL

- DONELON, JIM
- KENDRA HORN FOR CONGRESS
- FLORIDA INSURANCE COUNCIL PAC
- KAY GRANGER CAMPAIGN FUND
- MIKE ROGERS FOR CONGRESS
- MIKE ROGERS FOR CONGRESS
- CAPITO, SHELLEY MOORE
- COLEMAN, JEFF
- LUCAS FOR CONGRESS
- STEPHANIE BICE FOR CONGRESS
- TOM COLE FOR CONGRESS
- SERNA, MARCO
- HAGERTY, BILL
- ROSENDALE, MATTHEW
- ADERHOLT, ROBERT BROWN
- MCCOLLUM, BETTY
- BRADLEY BYRNE FOR CONGRESS
- FRIENDS OF JIM INHOFE COMMITTEE
- PERDUE, DAVID
- TAYLOR, VAN
- ADERHOLT, ROBERT BROWN
- BEN SASSE FOR US SENATE, INC.
- SHANNON, TW
- ADERHOLT, ROBERT BROWN
- FRIENDS OF MARTY QUIINN FOR CONGRESS
- KEITH SELF FOR CONGRESS
- MIKE ROGERS FOR CONGRESS
- KEITH SELF FOR CONGRESS
- HAGERTY, BILL
- TAYLOR, VAN
- BRITT, KATIE
- ADERHOLT, ROBERT BROWN
- TERRI SEWELL FOR CONGRESS
- BRITT, KATIE
- MIKE ROGERS FOR CONGRESS
- KAY GRANGER CAMPAIGN FUND
- ISSA, DARRELL
- SMITH, JASON
- ADERHOLT, ROBERT BROWN
- ADERHOLT, ROBERT BROWN
- TERRI SEWELL FOR CONGRESS
- TERRI SEWELL FOR CONGRESS
- TERRI SEWELL FOR CONGRESS
- MCCARTHY VICTORY FUND
- MCCARTHY VICTORY FUND
- MCCARTHY VICTORY FUND
- MIKE ROGERS FOR CONGRESS
- KAY GRANGER CAMPAIGN FUND
- ISSA, DARRELL
- SMITH, JASON
- ADERHOLT, ROBERT BROWN
- ADERHOLT, ROBERT BROWN
- TERRI SEWELL FOR CONGRESS
- TERRI SEWELL FOR CONGRESS
- TERRI SEWELL FOR CONGRESS
- MCCARTHY VICTORY FUND
- MCCARTHY VICTORY FUND
- MCCARTHY VICTORY FUND
- MIKE ROGERS FOR CONGRESS
- FRIENDS OF MARTY QUIINN FOR CONGRESS
- KEITH SELF FOR CONGRESS
- MIKE ROGERS FOR CONGRESS
- KEITH SELF FOR CONGRESS
- HAGERTY, BILL
- TAYLOR, VAN
- BRITT, KATIE
- ADERHOLT, ROBERT BROWN
- TERRI SEWELL FOR CONGRESS
- BRITT, KATIE
- COOLING, JEFFREY
- BALDWIN, STEPHEN
- MAXWELL-OSTDIEK, CINDY
- SWARTZMILLER, RANDY
- DONELON, JIM
- KENDRA HORN FOR CONGRESS
- FLORIDA INSURANCE COUNCIL PAC
- KAY GRANGER CAMPAIGN FUND
- MIKE ROGERS FOR CONGRESS
- MIKE ROGERS FOR CONGRESS
- CAPITO, SHELLEY MOORE
- COLEMAN, JEFF
- LUCAS FOR CONGRESS
- STEPHANIE BICE FOR CONGRESS
- TOM COLE FOR CONGRESS
- SERNA, MARCO
- HAGERTY, BILL
- ROSENDALE, MATTHEW
- ADERHOLT, ROBERT BROWN
- MCCOLLUM, BETTY
- BRADLEY BYRNE FOR CONGRESS
- FRIENDS OF JIM INHOFE COMMITTEE
- PERDUE, DAVID



- TAYLOR, VAN
- ADERHOLT, ROBERT BROWN
- BEN SASSE FOR US SENATE, INC.
- BREWER, SCOTT
- CUTLIP, ROBIN
- BECK, LISA
- BENTON, HARRY
- BOOTHE-SCHMIDT, DEBBIE
- BRANHAM, CHELSEY
- DOLLENS, MICKEY
- EAVES, MIKE
- GUTIERREZ, ROLAND
- PLATTNER, MARGARET
- PRUSAK, RACHEL
- ROSECRANTS, JACOB
- ROSENTHAL, JOHN
- TURNER, CHRIS
- WALTZ, JOE
- WESTERHAUSEN, DON
- WRIGHT, MELANIE
- YEDNOCK, LANCE
- ZWIENER, ERIN
- BOYLE, CHRISTINE
- COX, AMY
- MIRANDA, JESSICA
- SCHROEDER, MEGHAN
- THOMAS, WENDI
- COUCH, VIRGINIA
- JOHNSON, ANDREA BOND
- SALINAS, GABBY
- DRAKE, BELINDA
- EASON, ASHLEY
- QADDOURA, FADY
- CAPUTO, MIKE
- SWARTZMILLER, RANDY
- CAPUTO, MIKE
- BUSH, MELINDA
- CAPPEL, MEG LOUGHRAN
- GRAVISS, JOE
- KANE, JOHN
- KOEHLER, DAVE
- MANNION, JOHN
- OLEXIA, RYAN
- PATTERSON, DEB
- STERNER, RICH
- JANJIGIAN, DAN
- LETT, CRYSTAL
- O'BRIEN, SEAN
- CAMPBELL, HEIDI
- DOUG JONES FOR SENATE
- SCRUGGS, GLENN
- BARBARA BOLLIER FOR KANSAS
- JAIME HARRISON FOR US SENATE



Glossary¹²⁹

A&H - Accident & Health

ACE - Agent Continuing Education

ACH - Bank Draft Account

ADB - Accidental Death Benefit (Rider on a life policy)

ADD ON - Adding new benefits to an existing policy - (not to be confused with Bill With)

AGENT - Any Person authorized to transact insurance on behalf of American Income

ALP - Annualized Life Premium

ALT - Application submitted without any money or production to the agent. Trial Applications are ALT status.

ALT – DECLINE - Application is deemed possibly uninsurable before it is sent to Waco. Underwriting will review to see if the application can be underwritten.

ALT – EXPEL Application is to be withdrawn/cancelled and the money is to be returned.

AP - Annualized Premium (All Policies)

APS - Attending Physician Statement (Medical Records).

BAT - Basic Agent Training

BILL WITH - Bill this policy with an existing policy. Not to be confused with ADD ON.

C.C - Common Carrier (any transportation operated by a licensed professional, on which payment is exchanged for its use)

CABG - Coronary Artery Bypass Graft (Heart Bypass)

CAD - Coronary Artery Disease

CAS - Consolidated Agency System

COD - Cash On Delivery. Amount required to be collected to deliver policy.

CODE - An Agent who has \$6000 of ALP in force.

CODED - A policy assigned to an agent for the purpose of payment of commissions.

COPD - Chronic Obstructive Pulmonary Disease

CWA - Cash with Application

CVA - Cerebrovascular Accident (Stroke)

DCA - Decline of Trial Application with Money

DCL – Decline

DEL - Decline or Incomplete of Trial Application

DM - Diabetes Mellitus

ETOH - Alcohol Exam Paramedical exam requested by underwriting to evaluate an applicant's health. Height, Weight, and blood pressure are measured. A urine specimen is always collected. Some applicants require additional tests such as an EKG or Blood sample.

F FACE - Policy Death Benefit

GA - General Agent Second Level of management

GROSS TO NET ALP - submitted less policies not accepted by client.

H HBP - High Blood Pressure (Hypertension)

HX – History

IDDM - Insulin Dependent Diabetes Mellitus

IN FORCE - A policy that is on active status or has accepted a non-forfeiture option

INC – Incomplete

¹²⁹ AIL glossary obtained by Viceroy



L-2 - Unsigned amendment required to deliver policy.

L-86 - Signed amendment required to deliver policy.

LFT - Liver Function Test

MAT - Managing Agent Training

MBD - Monthly Bank Draft

MED - Medical Exam (see exam)

MGA - Master General Agent Third Level of Management

MI - Myocardial Infarction (Heart Attack)

NTO - Not taken out. Delivery requirement was not received. All money collected has been returned to the applicant.

Oral Test - Test the agent can perform at the time of the application to prevent the need for an examination. Oral tests can detect Cotinine (nicotine), Cocaine and HIV.

PERSISTENCY - The percentage of policies that remain in force.

PML - Policy Modification Letter. Attached to all modified policies. This is a description of the modification for the agent to use in delivering the policy.

POL-MOD - Policy Modifications (Rated & Amended Policies)

PRN - As Needed

PTCA - Percutaneous Transluminal Coronary Arteriography (Angioplasty)

PVD - Peripheral Vascular Disease

RE-ALT - Trial Application that has been resubmitted.

RES – Resubmit

RESCIND - To take away a contract. This is only done when it is determined that material information was not disclosed on the original application.

RETENTION - Retention is a ratio of how much submitted business pays through the 4th month. It is a rolling evaluation period that is determined by going back 6 months from current month, and the submit months being evaluated are the 6 months prior to that month. For example, April 2002 AP&P reports reflect an evaluation period of May 2001 to October 2001. Any application submitted during those months is being evaluated to determine if premiums were paid through the 4th month. If so, there is a positive impact to retention. If not, there will be a negative impact. Policies can be reinstated to improve retention; however, the positive impact is to the original writing agent even if recoded at time of reinstatement.

RGA - Regional General Agent Fifth Level of management

RPT - Rate Per Thousand

RX – Medication

SA - Supervising Agent First Level of management

SGA - State General Agent Forth Level of Management

SUB - Submit Status

TIA - Transient Ischemic Attack (mini - stroke)

TX - Treatment

UMH - Another name for APS (medical records)

WNL - Within Normal Limits

WTH - Withdrawn