



Globe Life – NAIC Filings Analysis

Globe Life agent commission receivables are being used as short term financial investments through inter-company financial shenanigans

PLEASE READ IMPORTANT DISCLAIMER – PAGE 9

May 23, 2024 –Viceroy’s deep-dive research into SEC and NAIC filings has found how Globe Life, through financial shenanigans and a full financial guarantee, have transformed AIL’s agent loan receivable balances into short-term investments on Liberty National’s balance sheet. Globe Life and Liberty National have been making increasing short-term loans to “plug the gap” of these unrecoverable balances.

1. AIL originates agent commission receivables when it makes advances to agents on policies written which Globe Life refers to as “agent debit balances”.
2. AIL granted all rights, title, and interest in agent loans receivables to AILIC Receivables Ltd, who are funded by revolving loans from Liberty National and Globe Life Inc¹.
3. Liberty National reports these loans, secured by agent debit balances, as short-term investments in the same line item as cash on its NAIC balance sheet.

We emphasize that this reclassification of agent loans is separate to the **\$125m of agent receivables sold** by AIL to **Globe Life’s captive Bermudan offshore reinsurer: TMK Re, Ltd (TMK)** identified in our preliminary report (**Annexure A**).

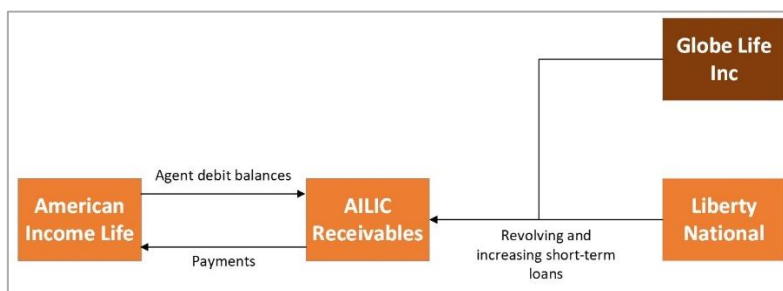


Figure 1 – Globe Life insurance subsidiary receivables flowchart

Globe Life claims these balances are secured against future commission streams for the writing agent, but this ignores the company’s high agent churn and low policy retention.

Agent debit balances represent commissions advanced to agents after writing a policy. These balances are “paid down” as policyholders make premium payments. An issue arises where policies lapse – which is common in Globe Life – and the advances must be “collected” back from the agents. Globe Life states that these balances are secured by future commission streams from policies sold by the respective agents.

premiums are retained in order to repay the balances. The balances were \$501 million at December 31, 2023 and \$460 million at December 31, 2022. When an agent sells a policy, commissions are advanced to the agent, and the collection of the advance is made as long as the policy stays in force. While there is a susceptibility to loss should an agent terminate or excessive policy lapses occur, the ability of the Company to continue to collect an agent’s commission streams over time from prior sales of policies reduces the Company’s exposure to loss.

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

Figure 2 – Globe Life 2023 10-K

This is problematic, as the recovery of these loans requires agents to “work-off” loans for free. It also requires a predisposed assumption that agent performance will continue to increase. Neither of these appear to be the case.

This report follows a series by Viceroy Research on Globe Life. [You can find our reports here.](#)

¹ In 2022 the loans to AILIC receivables were originated by Globe Life Accident Insurance Co, for unclear reasons.



Reclassifying Agent Loans – A walkthrough

Since 1999, AIL has conveyed all rights, title, and interest in qualified agent receivables to Globe Life subsidiary AILIC Receivables Corp. The obligations of both parties are subject to a full financial guarantee from Globe Life.

E. The obligations of the Company and AILIC Receivable Corp. in the agent balance transactions described in F below are subject to a full financial guarantee from Torchmark Corporation .
F. The Company has an investment management agreement with Torchmark Corporation to manage certain investments, and a service agreement with respect to reimbursement of direct costs for services Torchmark may provide. The Company has agreed to provide National Income Life Insurance Company, certain legal, actuarial, marketing, and other services with respect to the administration of National Income’s life and accident and health insurance business. In 1999, the Company conveyed all its rights, title and interest in qualified agent receivables to AILIC Receivable Corp . The Company continues to service these qualified agent receivables on behalf of AILIC Receivable Corp.

Figure 3 – American Income Life NAIC Annual Filing 2018²

This allows AIL to accomplish 2 things:

1. Move what we believe to be impaired AIL agent debit balances off AIL’s balance sheet.
2. Classify these agent debit balances as short-term investments elsewhere in the company structure.

AILIC Receivables is not an insurance subsidiary and therefore does not file with the NAIC. However, each Globe Life subsidiary provides a list of transactions amongst affiliates during the year. From this we can see that in 2023 AILIC Receivables was funded by revolving from Liberty National and Globe Life Inc.

Affiliate lending activity					
Lending entity	Borrowing entity	Sum (000's)	Rate	Loan date	Repayment date
Globe Life Inc	American Income Receivables Corporation	75,000	7.00%	10-Nov-22	11-May-23
Globe Life Inc	American Income Receivables Corporation	56,500	8.25%	11-May-23	9-Nov-23
Globe Life Inc	American Income Receivables Corporation	50,000	8.50%	9-Nov-23	9-May-24
Liberty National Life Insurance	American Income Receivables Corporation	25,000	8.25%	31-Jan-23	17-Jul-23
Liberty National Life Insurance	American Income Receivables Corporation	28,500	8.25%	17-Jul-23	15-Jan-24
Liberty National Life Insurance	American Income Receivables Corporation	26,000	7.75%	8-Mar-23	15-Aug-23
Liberty National Life Insurance	American Income Receivables Corporation	5,000	7.75%	15-Mar-23	15-Aug-23
Liberty National Life Insurance	American Income Receivables Corporation	38,000	8.50%	15-Aug-23	13-Feb-24
Liberty National Life Insurance	American Income Receivables Corporation	7,000	8.00%	14-Apr-23	15-Sep-23
Liberty National Life Insurance	American Income Receivables Corporation	25,000	8.00%	3-May-23	15-Sep-23
Liberty National Life Insurance	American Income Receivables Corporation	37,500	8.50%	15-Sep-23	15-Mar-24
Liberty National Life Insurance	American Income Receivables Corporation	15,000	8.25%	14-Jun-23	13-Dec-23
Liberty National Life Insurance	American Income Receivables Corporation	21,000	8.50%	13-Dec-23	12-Jun-24
Liberty National Life Insurance	American Income Receivables Corporation	55,000	8.25%	24-May-23	9-Nov-23
Liberty National Life Insurance	American Income Receivables Corporation	67,000	8.50%	9-Nov-23	9-May-24

Figure 4 – Affiliate Lending Activity for American Income Receivables Corporation in 2023

2023 shows a balance of \$192m outstanding from AILIC Receivables to Liberty National, the same balance it lists as “short term investments” on its NAIC balance sheet.

5. Cash (\$(10,865,209) , Schedule E - Part 1), cash equivalents (\$ 8,760,956 , Schedule E - Part 2) and short-term investments (\$ 192,000,000 , Schedule DA)	189,895,747	189,895,747	65,915,044
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Figure 5 – Liberty National NAIC Annual Report 2023

² All later filings have the same clause but have the wrong section reference. We use the 2018 filing for clarity.



2509999999. Total Bonds						
AILIC RECEIVABLES FROM NOTE			07/17/2023	AILIC RECEIVABLES CORP	01/15/2024	28,500,000
AILIC RECEIVABLES FROM NOTE			08/15/2023	AILIC RECEIVABLES CORP	02/13/2024	38,000,000
AILIC RECEIVABLES FROM NOTE			09/15/2023	AILIC RECEIVABLES CORP	03/15/2024	37,500,000
AILIC RECEIVABLES FROM NOTE			11/09/2023	AILIC RECEIVABLES CORP	05/09/2024	67,000,000
AILIC RECEIVABLES FROM NOTE			12/13/2023	AILIC RECEIVABLES CORP	06/12/2024	21,000,000
7029999999. Subtotal - Parent, Subsidiaries and Affiliates - Other Short-Term Invested Assets						192,000,000
7109999999. Total - Parent, Subsidiaries and Affiliates						192,000,000
7709999999 - Totals						192,000,000

Figure 6 – Liberty National NAIC Schedule DA 2023

Liberty National effectively functions as a captive reinsurer for Globe Life’s largest insurance subsidiaries, American Income Life and Globe Life & Accident Insurance Company. In 2023 Liberty National reinsured ~\$35b in in-force policies.

SCHEDULE S - PART 1 - SECTION 1										
Reinsurance Assumed Life Insurance, Annuities, Deposit Funds and Other Liabilities Without Life or Disability Contingencies, and Related Benefits Listed by Reinsured Company as of December 31										
1	2	3	4	5	6	7	8	9	10	11
NAIC Company Code	ID Number	Effective Date	Name of Reinsured	Domiciliary Jurisdiction	Type of Reinsurance Assumed	Type of Business Assumed	Amount of In Force at End of Year	Reserve	Premiums	Reinsurance Payable on Paid and Unpaid Losses
91472	63-0782739	10/01/2012	Globe Life and Accident Insurance Company	IE	OV/1	OL	14,554,230,909	212,664,616	149,132,597	29,346,266
91472	63-0782739	10/01/2012	Globe Life and Accident Insurance Company	IE	OV/S	OL	2,446,129,519	103,080,261	33,978,032	9,915,574
60877	74-1986959	10/01/2018	American Income Life Insurance Company	IN	OV/1	OL	17,525,800,124	672,410,137	324,219,385	11,772,528
92916	73-1126555	07/01/2017	United American Insurance Company	IE	OTW/1	FA	239,858,919	5,913,447	5,913,447	15,400,783
0299999. General Account - U.S. Affiliates - Other							34,525,960,552	1,228,013,333	513,303,461	66,438,129
0399999. Total General Account - U.S. Affiliates							34,525,960,552	1,228,013,333	513,303,461	66,438,129
0699999. Total General Account - Non-U.S. Affiliates										
0799999. Total General Account - Affiliates							34,525,960,552	1,228,013,333	513,303,461	66,438,129
88675	48-3697970	12/31/1995	Security Benefit Life	KS	OV/1	OL	1,223,676,714	447,002,740	10,552,650	350,000
88136	63-0169720	12/31/2010	Protective Life Insurance Company	TN	OV/1	OL	770,871,236	20,249,406	8,261,812	1,116,000
0899999. General Account - U.S. Non-Affiliates							1,994,547,950	467,282,146	18,814,462	1,466,000
1099999. Total General Account - Non-Affiliates							1,994,547,950	467,282,146	18,814,462	1,466,000
1199999. Total General Account							36,520,508,502	1,695,265,479	532,117,923	67,904,129
1499999. Total Separate Accounts - U.S. Affiliates										
1799999. Total Separate Accounts - Non-U.S. Affiliates										
1899999. Total Separate Accounts - Affiliates										
2199999. Total Separate Accounts - Non-Affiliates										
2299999. Total Separate Accounts										
2399999. Total U.S. (Sum of 0399999, 0899999, 1499999 and 1999999)							36,520,508,502	1,695,265,479	532,117,923	67,904,129
2499999. Total Non-U.S. (Sum of 0699999, 0999999, 1799999 and 2099999)										
9999999 - Totals							36,520,508,502	1,695,265,479	532,117,923	67,904,129

Figure 7 – Liberty National Schedule S 2023

Globe Life’s full guarantee of ALL’s agent debit balances allows it to transform these balances of questionable security and collectability into short-term investments on Liberty National’s balance sheet. It also allows them to circumvent the NAIC rules on agent advances.

SUMMARY CONCLUSION	
2.	Amounts due from agents can result from various insurance transactions ranging from premiums collected on behalf of the reporting entity to amounts advanced to the agent by the reporting entity to finance agency operations. Premiums owed by the agent shall be reflected net of commissions, if permitted by the contract. In almost all cases these transactions result in an amount due to the reporting entity that meets the definition of an asset as set forth in <i>Issue Paper No. 4—Definition of Assets and Nonadmitted Assets</i> . First, an evaluation shall be made to determine nonadmitted amounts. Next, an evaluation shall be made of such assets in accordance with <i>Issue Paper No. 5—Definition of Liabilities, Loss Contingencies and Impairments of Assets</i> (Issue Paper No. 5), to determine whether there is an impairment. This two-step process is set forth below: <ul style="list-style-type: none"> a. The uncollected agent's receivable which is over ninety days due shall be accounted for as a nonadmitted asset regardless of any offsetting premium). b. Remaining amounts determined to be uncollectible shall be written off. If, in accordance with Issue Paper No. 5, it is probable the agent's receivable is uncollectible, any uncollectible agent's receivable shall be written off against operations in the period such determination is made. If it is reasonably possible a portion of the balance is uncollectible and is therefore not written off, disclosure requirements outlined in Issue Paper No. 5 shall be followed.
3.	Advances to agents - All such balances, which are primarily encountered in the life insurance industry, are nonadmitted if a) the amounts are in the form of unsecured loans or advances, or 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 8 – NAIC Statutory Issue Paper No. 6 Amounts Due From Agents and Brokers

We believe that the NAIC will take a poor view of these financial shenanigans, especially as they rely on transferring unsecured agent receivables from one insurance company to another in a manner that obfuscates their risk profile. Liberty National effectively has full exposure to the performance of ALL’s agent debit balances.

Readers can confirm our findings for themselves by purchasing the NAIC filings from the NAIC’s [InsData service](https://www.naic.org/insdata).



Pervasiveness of the Scheme

Liberty National and Globe Life Inc have been AILIC Receivable’s only lenders since at least 2017 except for a period in 2022 when Globe Life Accident & Insurance Company (GLAIC) stepped in as AILIC Receivables’ main lender.

By way of confirmation, GLAIC ended 2022 with \$140m in loans to AILIC Receivables, and the same amount in short term investments.

5. Cash (\$ (18,082,962) , Schedule E - Part 1), cash equivalents (\$ 869,360 , Schedule E - Part 2) and short-term investments (\$ 140,000,000 , Schedule DA)	122,786,398	122,786,398	(18,660,642)
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Figure 9 – GLAIC NAIC Annual Report 2022

2509999999. Total Bonds						0
AILIC RECEIVABLES PROM NOTE -P		10/13/2022	AILIC RECEIVABLES CORP	04/13/2023		25,000,000
AILIC RECEIVABLES PROM NOTE -P		10/25/2022	AILIC RECEIVABLES CORP	04/25/2023		25,000,000
AILIC RECEIVABLES PROM NOTE -P		12/05/2022	AILIC RECEIVABLES CORP	06/05/2023		22,000,000
AILIC RECEIVABLES PROM NOTE -P		12/09/2022	AILIC RECEIVABLES CORP	06/09/2023		53,000,000
AILIC RECEIVABLES PROM NOTE -P		12/14/2022	AILIC RECEIVABLES CORP	06/14/2023		5,000,000
AILIC RECEIVABLES PROM NOTE -P		12/21/2022	AILIC RECEIVABLES CORP	06/21/2023		10,000,000
7029999999. Subtotal - Parent, Subsidiaries and Affiliates - Other Short-Term Invested Assets						140,000,000
7109999999. Total - Parent, Subsidiaries and Affiliates						140,000,000
7709999999 - Totals						140,000,000

Figure 10 – GLAIC NAIC Schedule DA 2022

Globe Life Inc’s loans to subsidiaries can be found under “Due from affiliates” in the company’s standalone financials.

We believe this is the nature of the full financial guarantee cited by American Income Life: a tacit agreement that Globe Life and Liberty National would continue to pour cash into AILIC Receivables.

The amounts outstanding from AILIC receivables have grown in lockstep with Globe Life’s Agent Debit Balances.



Figure 11 – Loans outstanding to AILIC Receivables

Globe Life has never made mention of these “full financial guarantees” of AIL’s agent debit balances.



How collectable are Globe Life’s Agent Debit Balances?

We have limited visibility into the AILIC Receivables’ operations and Globe Life’s agent debit balance quality and Globe Life has never published an aging analysis or any breakdown of its agent debit balances.

As mentioned above Globe Life claims that its agent debit balances are secured by “future commission streams...of the policies sold by the respective agents”. This ignores the elephant in the room: AIL’s agent churn and low policy retention means a significant part of agent debit balances are likely due to chargebacks assigned to agents who have left the company³.

We have several indications that no serious effort goes toward collecting balances from agents with outstanding balances that leave the company.

- Should it be collecting outstanding agent loans: Globe Life should have ~\$328m in agent debit balances in 2023. The actual figure is substantially higher, indicating that actual accrued agent debit balances are greater than the balance accrued in 2023.
 - We use the SGA advance level of 130% per our conversations with former SGAs, halved to consider policies written throughout the year. The remaining \$177m is presumably from previous periods^{4,5}.

Agent debit balance analysis (\$000's)	2018	2019	2020	2021	2022	2023
First year collected premium	468,000	492,000	547,000	583,000	577,000	506,000
SGA contract level	130%	130%	130%	130%	130%	130%
Adjustment	65%	65%	65%	65%	65%	65%
Estimated agent debit balance	304,200	319,800	355,550	378,950	375,050	328,900
Actual agent debit balance	396,000	424,000	456,000	467,000	460,000	501,000

Figure 12 – Agent debit balance analysis

- There is a notable dislocation of trends between first year premium written and the agent debit balance, another sign that these balances date from earlier years.

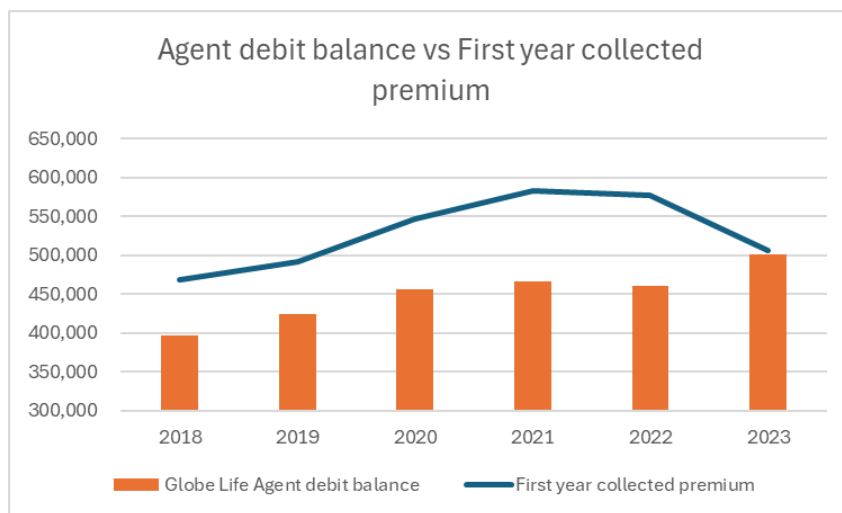


Figure 13 – Agent debit balance v. First year collected premium

- Former agents told Viceroy that they have never heard of AIL engaging a collection agency to collect agent debit balances from former agents, even for sums in the tens or hundreds of thousands.

³ Chargebacks occur when a policy is cancelled within the first 12 months, resulting in a charge against the agent’s internal account. According to NAIC rules, one agent’s balance cannot be netted off against another’s.

⁴ Bonuses, the other major source of agent compensation, are not advances.

⁵ Renewal commissions are not subject to chargebacks.



- Agent debit balances outstanding are reported on the Vector One platform, a credit reporting agency for agent debit balances.
 - We have seen evidence that AIL does not apply this process on a consistent basis, wiping balances for agents in good favor and using it as a retaliatory measure for others.
 - One email shows the sender asking AIL SVP Debbie Gamble for a former agent to be removed from Vector, after the sender has received threatening emails about the “convention situation”. Gamble complies, showing that these Vector balances are effectively used as a discretionary retaliation mechanism.

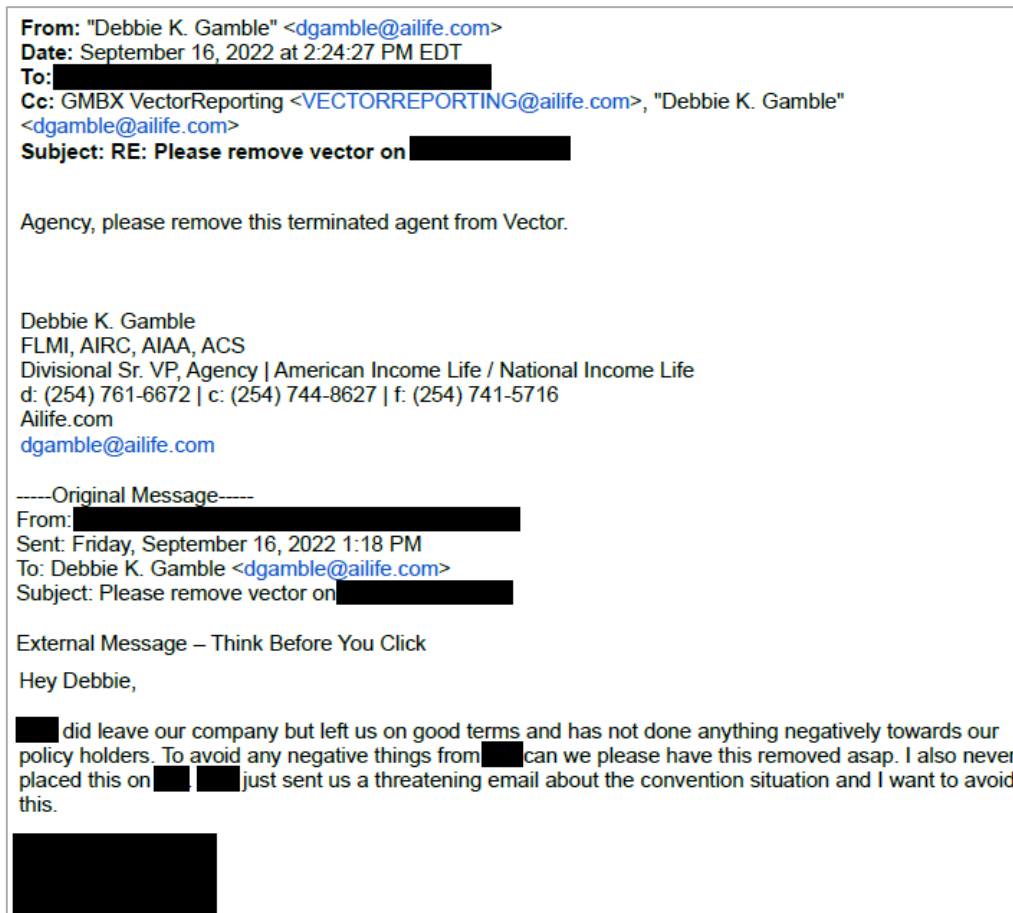


Figure 14 – Debbie Gamble instructing removal of Vector from former agent

- Vector One is NOT a debt collection agency, nor have we seen any evidence of AIL using debt collection agencies to collect agent debit balances outstanding.
- Balances reported by Vector One, referred to as being “vectored” or a “vector balance” in the industry can only be reported once an agent has left the agency meaning the not-insignificant number of agents reporting vector balances are leaving Globe Life with a net negative agent debit balance.
- If agents decide to leave the industry, then Vector One balances don’t matter at all.

As mentioned prior, we believe that these balances owed by former agents are effectively uncollectable given they only exist if a former agent has a net negative account with AIL. Collection options are slim and likely uneconomic considering the average agent writes \$30,000 in ALP per year, and most far less.

As always, more to come.



AILIC Receivables Loan Activity

Loan activity to AILIC Receivables						
Lending entity	Borrowing entity	Sum (000's)	Rate	Loan date	Repayment date	Days between payment
Liberty National	AILIC Receivables	112,500	4.25%	8-Nov-17	15-Mar-18	127
Globe Life Inc	AILIC Receivables	45,000	4.25%	8-Nov-17	9-May-18	182
Liberty National	AILIC Receivables	107,250	4.50%	15-Mar-18	16-Apr-18	32
Liberty National	AILIC Receivables	109,500	4.75%	16-Apr-18	9-May-18	23
Liberty National	AILIC Receivables	110,000	4.75%	9-May-18	15-Jun-18	37
Globe Life Inc	AILIC Receivables	45,000	4.75%	9-May-18	7-Nov-18	182
Liberty National	AILIC Receivables	111,000	5.00%	15-Jun-18	14-Sep-18	91
Liberty National	AILIC Receivables	115,300	5.00%	14-Sep-18	14-Dec-18	91
Globe Life Inc.	AILIC Receivables	45,000	5.25%	7-Nov-18	8-May-19	182
Liberty National	AILIC Receivables	118,000	5.25%	14-Dec-18	15-Apr-19	122
Liberty National	AILIC Receivables	121,500	5.50%	15-Apr-19	8-May-19	23
Liberty National	AILIC Receivables	123,000	5.50%	8-May-19	15-May-19	7
Globe Life Inc.	AILIC Receivables	45,000	5.50%	8-May-19	6-Nov-19	182
Liberty National	AILIC Receivables	126,300	5.50%	15-May-19	16-Sep-19	124
Liberty National	AILIC Receivables	132,300		16-Sep-19	8-Nov-19	53
Globe Life Inc.	AILIC Receivables	45,000	4.75%	6-Nov-19	6-May-20	182
Liberty National	AILIC Receivables	135,500	4.75%	8-Nov-19	16-Dec-19	38
Liberty National	AILIC Receivables	137,500	4.75%	16-Dec-19	15-Jun-20	182
Globe Life Inc.	AILIC Receivables	45,000	3.25%	6-May-20	4-Nov-20	182
Liberty National	AILIC Receivables	141,500	3.25%	15-Jun-20	14-Aug-20	60
Liberty National	AILIC Receivables	146,000	3.25%	14-Aug-20	16-Nov-20	94
Globe Life Inc.	AILIC Receivables	45,100	3.25%	4-Nov-20	15-Jan-21	72
Liberty National	AILIC Receivables	152,000	3.25%	16-Nov-20	15-Dec-20	29
Liberty National	AILIC Receivables	154,000	3.25%	15-Dec-20	22-Dec-20	7
Globe Life Inc.	AILIC Receivables	154,000	3.25%	22-Dec-20	15-Jan-21	24
Globe Life Inc.	AILIC Receivables	203,000	3.25%	15-Jan-21	14-May-21	119
Globe Life Inc.	AILIC Receivables	212,000	3.25%	14-May-21	12-Nov-21	182
Liberty National	AILIC Receivables	100,000	3.25%	14-Sep-21	15-Mar-22	182
Liberty National	AILIC Receivables	67,000	3.25%	5-Oct-21	5-Apr-22	182
Globe Life Inc	AILIC Receivables	45,000	3.25%	12-Nov-21	13-May-22	182
Liberty National	AILIC Receivables	90,000	3.25%	15-Mar-22	15-Apr-22	31
Liberty National	AILIC Receivables	67,000	3.50%	5-Apr-22	4-Oct-22	182
Liberty National	AILIC Receivables	93,500	3.50%	15-Apr-22	14-Oct-22	182
Globe Life Inc	AILIC Receivables	45,000	4.00%	13-May-22	10-Nov-22	181
Liberty National	AILIC Receivables	61,000	6.25%	4-Oct-22	5-Dec-22	62
Globe Life Accident and Insurance	AILIC Receivables	25,000	6.25%	13-Oct-22	13-Apr-23	182
Liberty National	AILIC Receivables	66,500	6.25%	14-Oct-22	9-Dec-22	56
Globe Life Accident and Insurance	AILIC Receivables	25,000	6.25%	25-Oct-22	25-Apr-23	182
Globe Life Inc	AILIC Receivables	75,000	7.00%	10-Nov-22	11-May-23	182
Globe Life Accident and Insurance	AILIC Receivables	22,000	7.00%	5-Dec-22	5-Jun-23	182
Globe Life Accident and Insurance	AILIC Receivables	53,000	7.00%	9-Dec-22	9-Jun-23	182
Globe Life Accident and Insurance	AILIC Receivables	5,000	7.00%	14-Dec-22	14-Jun-23	182
Globe Life Accident and Insurance	AILIC Receivables	10,000	7.50%	21-Dec-22	21-Jun-23	182
Liberty National	AILIC Receivables	25,000	8.25%	31-Jan-23	17-Jul-23	167
Liberty National	AILIC Receivables	26,000	7.75%	8-Mar-23	15-Aug-23	160
Liberty National	AILIC Receivables	5,000	7.75%	15-Mar-23	15-Aug-23	153
Liberty National	AILIC Receivables	7,000	8.00%	14-Apr-23	15-Sep-23	154
Liberty National	AILIC Receivables	25,000	8.00%	3-May-23	15-Sep-23	135
Globe Life Inc	AILIC Receivables	56,500	8.25%	11-May-23	9-Nov-23	182
Liberty National	AILIC Receivables	55,000	8.25%	24-May-23	9-Nov-23	169
Liberty National	AILIC Receivables	15,000	8.25%	14-Jun-23	13-Dec-23	182
Liberty National	AILIC Receivables	28,500	8.25%	17-Jul-23	15-Jan-24	182
Liberty National	AILIC Receivables	38,000	8.50%	15-Aug-23	13-Feb-24	182
Liberty National	AILIC Receivables	37,500	8.50%	15-Sep-23	15-Mar-24	182
Globe Life Inc	AILIC Receivables	50,000	8.50%	9-Nov-23	9-May-24	182
Liberty National	AILIC Receivables	67,000	8.50%	9-Nov-23	9-May-24	182
Liberty National	AILIC Receivables	21,000	8.50%	13-Dec-23	12-Jun-24	182



Annexure A – Extract from “The Main Course”

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^{6,7}.

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 <i>SSAP No. 4—Assets and Nonadmitted Assets</i> and are admitted assets to the extent they conform to the requirements of this statement ¹ . 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 15 – NAIC Statement of Statutory Accounting Principles⁸

⁶ 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.

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

⁸ [NAIC Accounting Practices & Procedures Manual](#)



Attention: Whistleblowers

Viceroy encourage any parties with information pertaining to misconduct within Globe Life, its 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

Viceroy Research are an investigative financial research group. As global markets become increasingly opaque and complex – and traditional gatekeepers and safeguards often compromised – investors and shareholders are at greater risk than ever of being misled or uninformed by public companies and their promoters and sponsors. Our mission is to sift fact from fiction and encourage greater management accountability through transparency in reporting and disclosure by public companies and overall improve the quality of global capital markets.

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