

## **TMK RE, Ltd.**

Condensed Financial Statements as at and for the  
Year Ended December 31, 2021 and 2020,  
and Independent Auditors' Report

# TMK RE, Ltd.

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## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of  
TMK RE, Ltd.

### **Opinion on Condensed Financial Statements**

We have audited the accompanying condensed financial statements of TMK Re, Ltd. (the "Company"), which comprise the condensed balance sheets and condensed statements of capital and surplus as of December 31, 2021 and 2020, and the related condensed statements of income for the years then ended, and related notes, comprising a summary of significant accounting policies and other explanatory information (collectively referred to as the "condensed financial statement").

In our opinion, the condensed financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and the results of its operations for the years then ended in accordance with the financial reporting provisions of the Legislation described in Note 3 to the condensed financial statements.

### **Adverse Opinion on Accounting Principles Generally Accepted in the United States of America**

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on Accounting Principles Generally Accepted in the United States of America paragraphs, the condensed financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Company as of December 31, 2021 and 2020, or the results of its operations for the years then ended.

### **Basis for Adverse Opinion on Accounting Principles Generally Accepted in the United States of America**

As described in Note 3 to the condensed financial statements, the condensed financial statements are prepared by the Company in accordance with the financial reporting provisions of the Legislation, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the condensed financial statements of the variances between the basis of accounting described in Note 3 to the condensed financial statements and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

### **Basis for Opinions**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management for the Condensed Financial Statements**

Management is responsible for the preparation and fair presentation of the condensed financial statements in accordance with the financial reporting provisions of The Bermuda Insurance Act 1978, amendments thereto and the Insurance Account Rules 2016 with respect to Condensed General

Purpose Financial Statements (the "Legislation"). Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

In preparing the condensed financial statement, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date that the financial statement are issued.

### **Auditor's Responsibilities for the Audit of the Condensed Financial Statements**

Our objectives are to obtain reasonable assurance about whether the condensed financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the condensed financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the condensed financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

*Deloitte Touche LLP*

April 22, 2022

**SCHEDULE IX**  
**CONTENT OF CONDENSED GENERAL PURPOSE FINANCIAL STATEMENTS**  
**CONDENSED BALANCE SHEET**

TMK RE, Ltd.  
as at 31st December, 2021 and 2020  
expressed in US Dollars (currency used (Rule 14))  
(Dollar amounts in thousands)

Line No.		2021	2020
	<b>ASSETS</b>		
<b>1</b>	<b>CASH AND CASH EQUIVALENTS</b>	196	327
<b>2</b>	<b>QUOTED INVESTMENTS:</b>		
	Bonds and Debentures		
	(a) Bonds and Debentures		
	(i) Held to maturity	—	—
	(ii) Other	—	—
	(b) Total Bonds and Debentures	—	—
	(c) Equities		
	(i) Common stocks	—	—
	(ii) Preferred stocks	—	—
	(iii) Mutual funds	—	—
	(d) Total equities	—	—
	(e) Other quoted investments	—	—
	(f) Total quoted investments	—	—
<b>3</b>	<b>UNQUOTED INVESTMENTS:</b>		
	(a) Bonds and Debentures		
	(i) Held to maturity	—	—
	(ii) Other	—	—
	(b) Total Bonds and Debentures	—	—
	(c) Equities		
	(i) Common stocks	—	—
	(ii) Preferred stocks	—	—
	(iii) Mutual funds	—	—
	(d) Total equities	—	—
	(e) Other quoted investments	—	—
	(f) Total quoted investments	—	—
<b>4</b>	<b>INVESTMENTS IN AND ADVANCES TO AFFILIATES</b>		
	(a) Unregulated entities that conduct ancillary services	—	—
	(b) Unregulated non-financial operating entities	—	—
	(c) Unregulated financial operating entities	—	—
	(d) Regulated non-insurance financial operating entities	—	—
	(e) Regulated insurance financial operating entities	—	—
	(f) Total investments in affiliates	—	—
	(g) Advances to affiliates	—	—
	(h) Total investments in and advances to affiliates	—	—
<b>5</b>	<b>INVESTMENTS IN MORTGAGE LOANS ON REAL ESTATE:</b>		
	(a) First Liens	—	—
	(b) Other than first liens	—	—
	(c) Total investment in mortgage loans on real estate	—	—

**SCHEDULE IX**  
**CONTENT OF CONDENSED GENERAL PURPOSE FINANCIAL STATEMENTS**  
**CONDENSED BALANCE SHEET**

TMK RE, Ltd.  
as at 31st December, 2021 and 2020  
expressed in US Dollars (currency used (Rule 14))  
(Dollar amounts in thousands)

Line No.		2021	2020
<b>6</b>	<b>POLICY LOANS</b>	—	—
<b>7</b>	<b>REAL ESTATE:</b>		
	(a) Occupied by the Company (less encumbrances)	—	—
	(b) Other properties (less encumbrances)	—	—
	(c) Total real estate	—	—
<b>8</b>	<b>COLLATERAL LOANS</b>	—	—
<b>9</b>	<b>INVESTMENT INCOME DUE &amp; ACCRUED</b>	—	—
<b>10</b>	<b>ACCOUNTS AND PREMIUMS RECEIVABLE</b>		
	(a) In course of collection	132,518	136,736
	(b) Deferred - not yet due	—	—
	(c) Receivables from retrocessional contracts	—	—
	(d) Total accounts and premiums receivables	132,518	136,736
<b>11</b>	<b>REINSURANCE BALANCES RECEIVABLE</b>		
	(a) Foreign affiliates	—	—
	(b) Domestic affiliates	—	—
	(c) Pools and associations	—	—
	(d) All other insurers	—	—
	(e) Total reinsurance balances receivable	—	—
<b>12</b>	<b>FUNDS HELD BY CEDING REINSURERS</b>	—	—
<b>13</b>	<b>SUNDRY ASSETS:</b>		
	(a) Derivative instruments	—	—
	(b) Segregated accounts - Long-Term business - variable annuities	—	—
	(c) Segregated accounts - Long-Term business - other	—	—
	(d) Segregated accounts - General business	—	—
	(e) Deposit assets	—	—
	(f) Deferred acquisition costs	—	—
	(g) Net receivables for investments sold	—	—
	(h) Federal income tax recoverable	12	—
	(i) Deferred tax asset	4,120	4,237
	(j) Other sundry assets 3 (specify)	—	—
	(k) Total sundry assets	4,132	4,237
<b>14</b>	<b>LETTERS OF CREDIT, GUARANTEES AND OTHER INSTRUMENTS</b>		
	(a) Letters of credit	—	—
	(b) Guarantees	—	—
	(c) Other instruments	—	—
	(d) Total letters of credit, guarantees and other instruments	—	—
<b>15</b>	<b>TOTAL</b>	136,846	141,300

**SCHEDULE IX**  
**CONTENT OF CONDENSED GENERAL PURPOSE FINANCIAL STATEMENTS**  
**CONDENSED BALANCE SHEET**

TMK RE, Ltd.  
as at 31st December, 2021 and 2020  
expressed in US Dollars (currency used (Rule 14))  
(Dollar amounts in thousands)

Line No.	2021	2020
<b>TOTAL INSURANCE RESERVES, OTHER LIABILITIES AND CAPITAL AND SURPLUS</b>		
<b>16 UNEARNED PREMIUM RESERVE</b>		
(a) Gross unearned premium reserves	—	—
(b) Less: Ceded unearned premium reserve		
i. Foreign affiliates	—	—
ii. Domestic affiliates	—	—
iii. Pools & associations	—	—
iv. All other insurers	—	—
(c) Total ceded unearned premium reserve	—	—
(d) Net unearned premium reserve	—	—
<b>17 LOSS AND LOSS EXPENSE PROVISIONS:</b>		
(a) Gross loss and loss expense provisions	—	—
(b) Less : Reinsurance recoverable balance		
i. Foreign affiliates	—	—
ii. Domestic affiliates	—	—
iii. Pools & associations	—	—
iv. All other reinsurers	—	—
(c) Total reinsurance recoverable balance	—	—
(d) Net loss and loss expense provisions	—	—
<b>18 OTHER GENERAL BUSINESS INSURANCE RESERVES</b>	—	—
<b>19 TOTAL GENERAL BUSINESS INSURANCE RESERVES</b>	—	—
<b>LONG-TERM BUSINESS INSURANCE RESERVES</b>		
<b>20 RESERVES FOR REPORTED CLAIMS</b>	—	—
<b>21 RESERVES FOR UNREPORTED CLAIMS</b>	—	—
<b>22 POLICY RESERVES - LIFE</b>	—	—
<b>23 POLICY RESERVES - ACCIDENT AND HEALTH</b>	—	—
<b>24 POLICYHOLDERS' FUNDS ON DEPOSIT</b>	—	—
<b>25 LIABILITY FOR FUTURE POLICYHOLDERS' DIVIDENDS</b>	—	—
<b>26 OTHER LONG-TERM BUSINESS INSURANCE RESERVES</b>	—	—
<b>27 TOTAL LONG-TERM BUSINESS INSURANCE RESERVES:</b>		
(a) Total gross long-term business insurance reserves	—	—
(b) Less: Reinsurance recoverable balance on long-term business		
(i) Foreign affiliates	—	—
(ii) Domestic affiliates	—	—
(iii) Pools & associations	—	—
(iv) All other insurers	—	—
(c) Total reinsurance recoverable balance	—	—
(d) Total net long-term business insurance reserves	—	—

**SCHEDULE IX**  
**CONTENT OF CONDENSED GENERAL PURPOSE FINANCIAL STATEMENTS**  
**CONDENSED BALANCE SHEET**

TMK RE, Ltd.  
as at 31st December, 2021 and 2020  
expressed in US Dollars (currency used (Rule 14))  
(Dollar amounts in thousands)

Line No.		2021	2020
	<b>OTHER LIABILITIES</b>		
28	<b>INSURANCE &amp; REINSURANCE BALANCES PAYABLE</b>	—	—
29	<b>COMMISSIONS, EXPENSES, FEES &amp; TAXES PAYABLE</b>	—	—
30	<b>LOANS &amp; NOTES PAYABLE</b>	—	—
31	(a) <b>INCOME TAXES PAYABLE</b>	—	111
	(b) <b>DEFERRED INCOME TAXES</b>	—	—
32	<b>AMOUNTS DUE TO AFFILIATES</b>	13,000	12,000
33	<b>ACCOUNT PAYABLE &amp; ACCRUED LIABILITIES</b>	394	669
34	<b>FUNDS HELD UNDER REINSURANCE CONTRACTS</b>	—	—
35	<b>DIVIDENDS PAYABLE</b>	—	—
36	<b>SUNDRY LIABILITIES:</b>		
	(a) Derivative instruments	—	—
	(b) Segregated accounts companies	—	—
	(c) Deposit liabilities	—	—
	(d) Net payable for investments purchased	—	—
	(e) Other sundry liabilities 1 (specify)	—	—
	(f) Other sundry liabilities 2 (specify)	—	—
	(g) Other sundry liabilities 3 (specify)	—	—
	(h) Total sundry liabilities	—	—
37	<b>LETTERS OF CREDIT, GUARANTEES AND OTHER INSTRUMENTS</b>		
	(a) Letters of credit	—	—
	(b) Guarantees	—	—
	(c) Other instruments	—	—
	(d) Total letters of credit, guarantees and other instruments	—	—
38	<b>TOTAL OTHER LIABILITIES</b>	13,394	12,780
39	<b>TOTAL INSURANCE RESERVES AND OTHER LIABILITIES</b>	13,394	12,780
	<b>CAPITAL &amp; SURPLUS</b>		
40	<b>TOTAL CAPITAL &amp; SURPLUS</b>	123,452	128,520
41	<b>TOTAL</b>	136,846	141,300

See Notes to Condensed General Purpose Financial Statements.



**SCHEDULE IX7**  
**CONTENT OF CONDENSED GENERAL PURPOSE FINANCIAL STATEMENTS**  
**CONDENSED STATEMENT OF INCOME**

TMK RE, Ltd.  
as at 31st December, 2021 and 2020  
expressed in US Dollars (currency used (Rule 14))  
(Dollar amounts in thousands)

Line No.		2021	2020
	<b>GENERAL BUSINESS UNDERWRITING INCOME</b>		
1	GROSS PREMIUMS WRITTEN		
	(a) Direct gross premiums written	—	—
	(b) Assumed gross premiums written	—	—
	(c) Total gross premiums written	—	—
2	REINSURANCE PREMIUMS CEDED	—	—
3	NET PREMIUMS WRITTEN	—	—
4	INCREASE (DECREASE) IN UNEARNED PREMIUMS	—	—
5	NET PREMIUMS EARNED	—	—
6	OTHER INSURANCE INCOME	—	—
7	<b>TOTAL GENERAL BUSINESS UNDERWRITING INCOME</b>	—	—
	<b>GENERAL BUSINESS UNDERWRITING EXPENSES</b>		
8	NET LOSS INCURRED AND NET LOSS EXPENSES INCURRED	—	—
9	COMMISSIONS AND BROKERAGE	—	—
10	TOTAL GENERAL BUSINESS UNDERWRITING EXPENSES	—	—
11	<b>NET UNDERWRITING PROFIT (LOSS) - GENERAL BUSINESS</b>	—	—
	<b>LONG-TERM BUSINESS INCOME</b>		
12	GROSS PREMIUMS AND OTHER CONSIDERATIONS:		
	(a) Direct gross premiums and other considerations	—	—
	(b) Assumed gross premiums and other considerations	131,818	138,721
	(c) Total gross premiums and other considerations	131,818	138,721
13	PREMIUMS CEDED	—	—
14	NET PREMIUMS AND OTHER CONSIDERATIONS:		
	(a) Life	131,818	138,721
	(b) Annuities	—	—
	(c) Accident and Health	—	—
	(d) Total net premiums and other considerations	131,818	138,721
15	OTHER INSURANCE INCOME	—	—
16	<b>TOTAL LONG-TERM BUSINESS INCOME</b>	131,818	138,721
	<b>LONG-TERM BUSINESS DEDUCTIONS AND EXPENSES</b>		
17	Claims - Life	128,153	113,139
18	Policyholders' dividends	—	—
19	Surrenders	30,061	32,142
20	Maturities	—	—
21	Annuities	—	—
22	Accident and Health Benefits	—	—
23	Commissions	47,069	59,005

**SCHEDULE IX7**  
**CONTENT OF CONDENSED GENERAL PURPOSE FINANCIAL STATEMENTS**  
**CONDENSED STATEMENT OF INCOME**

TMK RE, Ltd.  
as at 31st December, 2021 and 2020  
expressed in US Dollars (currency used (Rule 14))  
(Dollar amounts in thousands)

Line No.		2021	2020
24	Other	—	—
25	TOTAL LONG-TERM BUSINESS DEDUCTIONS AND EXPENSES	205,283	204,286
26	INCREASE (DECREASE) IN POLICY RESERVES (ACTUARIAL LIABILITIES):		
	(a) Life	(104,868)	(108,176)
	(b) Annuities	—	—
	(c) Accident and Health	—	—
	(d) Total Increase (Decrease) in policy reserves	(104,868)	(108,176)
27	TOTAL LONG-TERM BUSINESS EXPENSES	100,415	96,110
28	<b>NET UNDERWRITING PROFIT (LOSS) LONG-TERM BUSINESS</b>	(100,415)	(96,110)
29	<b>COMBINED NET UNDERWRITING RESULTS BEFORE THE UNDERNOTED ITEMS</b>	31,403	42,611
	<b>UNDERNOTED ITEMS</b>		
30	COMBINED OPERATING EXPENSE		
	(a) General and administration	(3,000)	(3,295)
	(b) Personnel cost	—	—
	(c) Other	—	—
	(d) Total combined operating expenses	(3,000)	(3,295)
31	COMBINED INVESTMENT INCOME - NET	5,429	6,355
32	COMBINED OTHER INCOME (DEDUCTIONS)	—	—
33	COMBINED INCOME BEFORE TAXES	33,832	45,671
34	COMBINED INCOME TAXES (IF APPLICABLE):		
	(a) Current	(6,989)	(9,687)
	(b) Deferred	(116)	96
	(c) Total	(7,105)	(9,591)
35	COMBINED INCOME BEFORE REALIZED GAINS (LOSSES)	26,727	36,080
36	COMBINED REALIZED GAINS (LOSSES)	—	—
37	COMBINED INTEREST CHARGES	—	—
38	NET INCOME	26,727	36,080

See Notes to Condensed General Purpose Financial Statements.

**SCHEDULE IX**  
**CONTENT OF CONDENSED GENERAL PURPOSE FINANCIAL STATEMENTS**  
**CONDENSED STATEMENT OF CAPITAL AND SURPLUS**

TMK RE, Ltd.  
as at 31st December, 2020 and 2019  
expressed in US Dollars (currency used (Rule 14))  
(Dollar amounts in thousands)

Line No.		2021	2020
1	<b>CAPITAL:</b>		
	(a) Capital Stock		
	(i) Common shares:		
	Authorized shares of par value each issued and fully paid shares	250	250
	(ii) (A) Preferred shares:		
	Authorized shares of par value each issued and fully paid shares	—	—
	(B) Preferred shares issued by a subsidiary:		
	Authorized shares of par value each issued and fully paid shares	—	—
	(iii) Treasury shares: Repurchased shares of par		
	value each issued and fully paid	—	—
	(b) Contributed Surplus	750	750
	(c) Any Other Fixed Capital		
	(i) Hybrid capital instruments	—	—
	(ii) Guarantees and others	—	—
	(iii) Total any other fixed capital	—	—
	(d) Total Capital	<u>1,000</u>	<u>1,000</u>
2	<b>SURPLUS:</b>		
	(a) Surplus -Beginning of year	127,520	127,064
	(b) Add: Income For Year	26,727	36,080
	(c) Less: Dividends Paid & Payable	(32,000)	(35,000)
	(d) Add (Deduct) change in unrealized appreciation		
	(depreciation) of investments	—	—
	(e) Add (Deduct) change in any other surplus	205	(624)
	(f) Surplus - End of Year	<u>122,452</u>	<u>127,520</u>
3	<b>MINORITY INTEREST</b>	<u>—</u>	<u>—</u>
4	<b>TOTAL CAPITAL AND SURPLUS</b>	<u><u>123,452</u></u>	<u><u>128,520</u></u>

See Notes to Condensed General Purpose Financial Statements.

# TMK RE, LTD.

(A wholly-owned subsidiary of Globe Life Inc.)

## NOTES TO CONDENSED GENERAL PURPOSE FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2021 and 2020

(Dollar amounts in thousands, except shares)

### SCHEDULE X MATTERS TO BE SET FORTH IN A GENERAL NOTE TO THE FINANCIAL STATEMENTS

1. **The name of the shareholder controllers of the insurer. Name and place of incorporation of the insurer's affiliates that are consolidated in these financial statements. Changes to the shareholder controller(s); or to the place of the incorporation of an insurer's affiliates during the relevant year, in this regard, provide the date and details of such change.**

TMK RE, Ltd. (the "Company"), is a Class C insurer formed under the laws of Bermuda. It is a wholly-owned subsidiary of Globe Life Inc., a company incorporated in the United States of America. Globe Life Inc. is an insurance holding company incorporated in Delaware in 1979.

2. **The general nature of the risks underwritten by the insurer.**

The Company reinsures life insurance products on a combination coinsurance and modified coinsurance basis written by the Company's United States affiliates. This is in order to provide statutory surplus relief with respect to certain Guaranteed Premium Contracts.

With respect to the impact of COVID-19 on our underwriting results, we estimate the COVID-19 life claims incurred were \$9.3 million at December 31, 2021 and \$3.9 million at December 31, 2020. The Company continues to effectively conduct business operations as it monitors the impact of the pandemic on the Company's underwriting results, employees, and policyholders.

3. **The accounting standards and principles on which the condensed financial statements are based (i.e. IFRS, US GAAP, etc.).**

The condensed financial statements have been prepared in accordance with accounting practices prescribed or permitted in Bermuda by the Insurance Act 1978 and the Insurance Account Rules 2016 (the "Legislation"), under the principles of accounting that are generally accepted in the United States of America ("US GAAP"). There are differences between US GAAP and the Legislation, most notably, there is no requirement to file a cash flow statement, and the note disclosures are not a complete set of the footnotes that would otherwise be required under US GAAP.

4. **The accounting policies of the insurer, any significant change made during the relevant year to such policies and the effect, if any, of changes to the information contained in the financial statements.**

- a. Premiums are recorded as reported by the ceding insurance companies.
- b. Investment Income is recorded on the accrual basis.
- c. The loss and loss expenses provisions are based on reports prepared by approved actuaries. Such provisions are believed to be adequate to cover the ultimate net cost of losses incurred to date, but the provisions are necessarily estimates and may ultimately be settled for a greater or lesser amount. Any subsequent differences arising are recorded in the period which they are determined.

The Company assumes risks under a combination coinsurance and modified coinsurance treaties. Based on the treaties in place, the reserves on the policies ceded to the Company and the assets supporting those reserves remain on the ceding company's books, therefore the Company holds no reserve for the risks assumed. The Company's projections show that the treaties are expected to generate positive cash flow in all future years. The reserves retained by ceding companies for

# TMK RE, LTD.

(A wholly-owned subsidiary of Globe Life Inc.)

## NOTES TO CONDENSED GENERAL PURPOSE FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2021 and 2020

(Dollar amounts in thousands, except shares)

United States statutory accounting purposes were \$3.221 billion at December 31, 2021 and \$3.157 billion at December 31, 2020.

- d. Cash and cash equivalents include amounts held in banks and time deposits having maturities within three months of the date of the purchase by the Company. The carrying value approximates fair value because of the short maturity of these investments.
- e. Disclosure of the commission income policy is not applicable, as the Company does not have commission income.

**5. The basis of recognition of premium, investment and commission income.**

See Note 4 above.

**6. The method used to translate amounts denominated in currencies other than the currency of the financial statements, the amounts, if material, gained or lost on such translation and the manner in which those gains or losses are treated in those statements.**

Not applicable.

**7. Any foreign exchange control restrictions affecting assets of the insurer, with particular reference to money balances which cannot be transferred to the insurer due to reasons unrelated to the insurance business conducted by the insurer.**

Not applicable.

**8. The nature and amount of any material contingencies or commitments (for example, a commitment involving an obligation requiring abnormal expenditure, pending lawsuit, or the conclusion of a long lease).**

The Company is not aware of any contingent liabilities arising from litigation or other matters that could have a material impact on the financial position of the Company.

**9. Any default made by the insurer in relation to the principal, interest, sinking fund or redemption provisions of any securities issue made, or any credit agreement entered into, by it.**

Not applicable.

**10. The gross amount of arrears of dividends on preferred cumulative shares, and the date to which those dividends were last paid.**

Not applicable.

**11. The amount of any loan made during the relevant year by the insurer, to any director or officer of the insurer, not being a loan made in the ordinary course of business.**

Not applicable.

**12. The amount of any obligation in respect of retirement benefits relating to employees of the insurer arising from service prior to the end of the relevant year remaining to be charged against operations, and the basis on which the insurer proposes to charge that amount.**

# TMK RE, LTD.

(A wholly-owned subsidiary of Globe Life Inc.)

## NOTES TO CONDENSED GENERAL PURPOSE FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2021 and 2020

(Dollar amounts in thousands, except shares)

Not applicable.

**13. Fair value amounts for all quoted and unquoted investment lines. Fair value hierarchy of investments based on the following levels:**

- **Level 1: Quoted prices (unadjusted) in active markets for identical assets and liabilities that the reporting entity can access at the measurement date**

Not applicable.

- **Level 2: Inputs other than quoted prices in active markets for identical assets and liabilities that are observable either directly or indirectly**

Not applicable.

- **Level 3: Unobservable inputs**

Not applicable.

**14. The contractual maturity profile of the insurers' fixed maturity and short-term investments:**

- **Due within one year**
- **Due after one year through five years**
- **Due after five years through ten years**
- **Due after ten years**

Not applicable.

**15. Related party transactions detailing the nature of the relationship, description of transactions including transactions where no amounts or nominal amounts were ascribed, monetary amounts of transactions for each of the periods for which income statements are presented and the effects of any change in the method of establishing the terms from that used in the preceding period, and amounts due from or to related parties as of the date of each balance sheet presented and, if not otherwise apparent, the terms and manner of settlement.**

On December 14, 2000, TMK RE, Ltd. entered into a coinsurance and a modified coinsurance agreement with Liberty National Life Insurance Company (LNL), a wholly owned subsidiary of Globe Life Inc. domiciled in Nebraska. TMK Re assumed LNL's business related to certain life policies issued after January 1, 2000, and those in force as of January 1, 2000. On December 9, 2014, the agreement was amended to exclude new business issued on or after January 1, 2015.

On January 1, 2000, TMK Re, Ltd. entered into a modified coinsurance treaty between Globe Life And Accident Insurance Company (Globe Life), a wholly owned subsidiary of Globe Life Inc. domiciled in Nebraska. In addition to certain policies issued since January 1, 2000, TMK Re assumed a portion of Globe Life's business related to certain direct to consumer life policies issued and in force as of January 1, 2000. The premiums assumed are on an earned basis and TMK RE reimburses Globe Life for claims and surrenders and pays a ceding allowance to Globe Life. Effective January 1, 2005, the treaties were amended to include a 90% coinsurance arrangement for all policies issued through Globe Life's military distribution channel.

Below is a breakout of various transactions from the reinsurance treaties of LNL and Globe Life. The total amounts are shown in the income statement:

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(Dollar amounts in thousands, except shares)

	<b>2021</b>		
	<b>LNL</b>	<b>Globe Life</b>	<b>Total</b>
Gross premiums written .....	\$ 84,660	\$ 47,158	\$ 131,818
Claims - Life .....	60,233	67,920	128,153
Surrenders .....	25,683	4,378	30,061
Commissions .....	36,804	10,265	47,069
Policy Reserve change - Life .....	(62,001)	(42,867)	(104,868)

	<b>2020</b>		
	<b>LNL</b>	<b>Globe Life</b>	<b>Total</b>
Gross premiums written	\$ 88,529	\$ 50,192	\$ 138,721
Claims - Life	51,589	61,550	113,139
Surrenders	26,954	5,188	32,142
Commissions	46,114	12,891	59,005
Policy Reserve change - Life	(68,447)	(39,729)	(108,176)

Letters of credit have been issued between TMK RE/LNL and TMK RE/Globe Life, guaranteed by Globe Life Inc., to cover the amount of reserve credits taken in the statutory financial statements of LNL and Globe Life.

A related party transaction consisting of an intercompany note between TMK RE and Globe Life Inc. is discussed in “amounts due to affiliates” in #32 of the Notes to the Condensed Financial Statements.

16. **Any transaction made or other event occurring between the end of the relevant year and the date of approval of the financial statements by the board of directors and materially affecting the financial statements, not being a transaction made or an event occurring in the ordinary course of business.**

The Company has evaluated subsequent events after the Balance Sheet date of December 31, 2021 through April 22, 2022, which is the date the condensed general purpose financial statements were available to be issued.

17. **Any other information which in the opinion of the board of directors is required to be disclosed if the financial statements are not to be misleading.**

Not applicable.

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**SCHEDULE X  
MATTERS TO BE SET FORTH IN NOTES TO THE CONDENSED BALANCE SHEET****1. Cash and cash equivalents**

Any encumbrance on cash or cash equivalents must be disclosed. Examples of such encumbrances are: irrevocable letters of credit; amounts held for security or as collateral against a liability of the insurer or an affiliate; any other use restriction such that the funds in question are held in escrow or in a custodial account.

Cash and cash equivalents reported in the Condensed Balance Sheet consist of the following:

	<u>2021</u>	<u>2020</u>
Cash .....	\$ 196	\$ 327
Cash Equivalents .....	—	—

There were no encumbrances on cash or cash equivalents as of December 31, 2021 and 2020.

**2. Quoted investments**

The method of valuation of quoted investment must be described. Any encumbrance on quoted investments must be disclosed. Examples of such encumbrances are: irrevocable letters of credit; amounts held for security or as collateral against a liability of the insurer or an affiliate.

Not applicable.

**3. Unquoted investments**

The method of valuation of any unquoted investment must be described. Any encumbrance on unquoted investments must be disclosed. Examples of such encumbrances are: irrevocable letters of credit; amounts held for security or as collateral against a liability of the insurer or an affiliate.

Not applicable.

**4. Investment in and advances to affiliates**

The method of valuation must be described. Repayment terms and the rates of interest applicable to advances must also be given.

Not applicable.

**5. Investments in mortgage loans on real estate**

The range of interest rates and the range of maturity dates for mortgage loans on real estate must be disclosed.

Not applicable.

**6. Policy loans**

Loans to policyholders on the security of cash surrender value of the policyholder's long-term insurance policy shall be included here.

Not applicable.



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(Dollar amounts in thousands, except shares)

### **7. Real estate**

#### **As regards real estate—**

- (a) (i) the method of valuation; and (ii) where there are encumbrances, the value of the real estate before encumbrances, the amount and nature of the encumbrances and the repaying terms and interest rates applicable to the encumbrances, shall be disclosed.

Not applicable.

- (b) To the extent permitted by the accounting standards and principles on which the condensed financial statements are based, where an independent appraisal has been made, real estate may be valued at the appraisal value net of the amount of any encumbrances. In such a case, full details of the appraisal (including the date of the appraisal, the name of the appraiser, the basis of valuation and the disposition of any amounts added to or deducted from the book value) shall be disclosed.

Not applicable.

- (c) Where other properties (i.e., properties not occupied by the insurer) are included in the balance sheet, the nature of the investments represented by those properties (for example whether held for investment return, or as a result of default of mortgage, or for speculative gain) shall be disclosed.

Not applicable.

### **8. Collateral loans**

#### **Description and amount of the collateral loans.**

Not applicable.

### **9. Investment income due and accrued**

#### **Accrued investment income shall be included here.**

TMK RE accrues investment income on amounts loaned to Globe Life Inc. The accrued investment income was \$— at December 31, 2021 and \$— at December 31, 2020.

### **10. Accounts and premiums receivable**

#### **Accounts and premium receivable shall include insurance and reinsurance premiums receivable and the following must be disclosed in a note:**

- (a) **Details of collateralized balances.**

In December 2008, the Company entered into a Receivables Purchase Agreement with AILIC Receivables Corporation (ARC) and American Income Life Insurance Company (AIL). Under this agreement, the Company is authorized to purchase up to \$125,000 in qualified debit balances from AIL or other eligible receivables of AIL insurance agents. The debit and agent balances receivable purchased and outstanding from AIL were \$125,000 at December 31, 2021 and 2020.

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(Dollar amounts in thousands, except shares)

The Company receives interest payments from ARC on the receivables it purchases at a rate equaling the Company's cost of funds plus a spread equal to 1%. The interest income from the debit and agent balances purchased was \$5,386 at December 31, 2021 and \$6,193 at December 31, 2020.

Globe Life Inc. issued a guarantee to the Company, which covers all obligations and recovery of capital to the third party under the receivables purchase agreements up to the maximum amounts stated above.

### (b) The amount of the receivable balance with affiliates.

The note receivable from Globe Life Inc. was \$— at December 31, 2021 and \$— at December 31, 2020. Notes are created using excess cash held at TMK RE. When TMK RE needs these funds in order to pay LOC fees, federal income tax, accrued interest, dividends, or any other related expense, the note is paid down or paid off. There was no note receivable outstanding at year end 2021.

The receivable from ceding company Globe Life And Accident Insurance Company was \$2,342 at December 31, 2021 and \$3,081 at December 31, 2020. The receivable from ceding company Liberty National Life Insurance Company was \$5,176 at December 31, 2021 and \$8,655 at December 31, 2020.

### 11. Reinsurance balances receivable

**Reinsurance balances receivable shall include reinsurance balances receivable on paid losses. Details of collateralized balances shall be disclosed.**

Not applicable.

### 12. Funds held by ceding reinsurers

**The amount held by affiliates shall be disclosed.**

Not applicable.

### 13. Sundry assets

#### a. The nature and terms of these assets.

The Company had a Federal Income Tax Receivable of \$12 at December 31, 2021 and \$0 at December 31, 2020.

The Company had a Deferred Tax Asset of \$4,120 at December 31, 2021 and \$4,237 at December 31, 2020.

#### b. For derivatives and embedded derivatives, if any the following must be disclosed—

##### i. a description of the policies surrounding the use of derivatives; and

Not applicable.

##### ii. market value and nominal exposure of each derivative by issuer with nominal exposure greater than 5% of the aggregate sum of the total quoted and unquoted investments. Disclosure should be separated between long and short positions.

Not applicable.

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**NOTES TO CONDENSED GENERAL PURPOSE FINANCIAL STATEMENTS  
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(Dollar amounts in thousands, except shares)

**14. Letters of credit, guarantees and other**

**Any other assets not disclosed in lines 1 through 13 should be instruments disclosed here. The nature and the method of valuation should be disclosed.**

Not applicable.

**16. Unearned premium reserve**

**The method of calculating unearned premiums and the unearned portion of the reinsurance premiums ceded. Acquisitions costs shall not be deducted in calculating the amount of unearned premium**

Not applicable.

**17. Loss and loss expense provisions**

**The following must be disclosed in a note—**

- a. Movements in the loss and loss expense provisions for the current year and previous year as per the table below.**

Not applicable.

- b. Reasons for the change in the net losses incurred and net loss expenses incurred related to prior years and indicate whether additional premiums or return premiums have been accrued as a result of the prior year effects.**

Not applicable.

- c. For the loss and loss expense provisions the following must be disclosed, if any-**  
**i. total restricted assets - an amount equal to the value of all that are held for security or collateral against a liability or contingent liability; and**

Not applicable.

- ii. unsecured policyholder obligations - an amount equal to all policyholder obligations that are not secured by assets or collateral.**

Not applicable.

**20. Reserves for reported claims**

**The method of determining reserves for reported claims.**

Not applicable.

**21. Reserves for unreported claims**

**The method of determining reserves for unreported claims.**

Not applicable.

# **TMK RE, LTD.**

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(Dollar amounts in thousands, except shares)

### **22. Policy reserves - life**

**The method of calculation, and the range of significant or material interest rates and mortality factors used in calculations.**

Not applicable.

### **23. Policy reserves accident and health**

**The method of calculation of the reserves.**

Not applicable.

### **24. Policyholders' funds on deposit**

**The method of determining policyholders' funds on deposit.**

Not applicable.

### **25. Liability for future policyholders' dividends**

**The following must be disclosed in a note -**

**(a) The relative percentage of participating insurance;**

Not applicable.

**(b) The method of accounting for policyholder dividends;**

Not applicable.

**(c) The amount of dividends; and**

Not applicable.

**(d) The amount of any additional income allocated to participating policyholders**

Not applicable.

### **26. Other insurance reserves - long term**

**The method of calculation of the reserves**

Not applicable.

### **27. Total long-term business insurance reserves**

**For the long-term business insurance reserves the following must be disclosed, if any-**

**a. Total restricted assets - an amount equal to the value of all assets that are held for security or collateral against a liability or contingent liability; and**

Not applicable.

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- b. **Unsecured policyholder obligations—an amount equal to all policyholder obligations that are not secured by assets or collateral**

Not applicable.

28. **Insurance and reinsurance balances payable.**

**The payable balance to affiliates shall be disclosed.**

Not applicable.

29. **Commissions, expenses, fees and taxes payable. All unearned commissions shall be disclosed.**

Not applicable.

30. **Loans and notes payable**

**This shall be comprised of repayment terms, rates of interest and the nature of collateral given, if any.**

Not applicable.

31. **(a) Income taxes payable**

The Company has elected under the provisions of United States tax law to be taxed as a domestic insurance company. Additionally, the Company has filed with the United States Internal Revenue Service an election pursuant to Section 935(d) to be taxed as a domestic corporation for the purposes of the United States Internal Revenue Code. The Company had a Federal Income Tax Payable of \$0 at December 31, 2021 and \$111 at December 31, 2020.

**(b) Deferred income taxes**

**Details of the deferred income tax provision**

The Company had deferred income tax expense of \$116 at December 31, 2021 compared to a deferred income tax benefit of \$96 at December 31, 2020.

32. **Amounts due to affiliates**

**This shall be comprised of repayment terms, rates of interest and the nature of collateral given, if any.**

The repayment terms, rates of interest and nature of collateral given for amounts due to affiliates at December 31, 2021 and 2020 are listed below. The intercompany notes were originally used to finance the purchase of debit and agent balance receivables.

December 31, 2021

<b>Affiliate</b>	<b>Amount Payable</b>	<b>Interest Rate</b>	<b>Maturity Date</b>	<b>Collateral</b>
Globe Life Inc.	\$13,000,000	3.25%	6/14/2022	None

December 31, 2020

<b>Affiliate</b>	<b>Amount Payable</b>	<b>Interest Rate</b>	<b>Maturity Date</b>	<b>Collateral</b>
Globe Life Inc.	\$12,000,000	3.25%	6/22/2021	None

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**NOTES TO CONDENSED GENERAL PURPOSE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2021 and 2020**

(Dollar amounts in thousands, except shares)

**33. Accounts payable and accrued liabilities**

**All accounts payable and accrued liabilities shall be disclosed.**

The accrued interest payable to an affiliate due to an intercompany note was \$394 at December 31, 2021 and \$669 at December 31, 2020.

**34. Funds held under reinsurance contracts**

**The amount held by affiliates shall be disclosed.**

Not applicable.

**35. Dividends payable**

**All dividends payable shall be disclosed.**

Not applicable.

**36. Sundry liabilities**

**(a) The nature of these liabilities and the repayment terms;**

Not applicable.

**(b) For derivatives and embedded derivatives, if any, the following must be disclosed—**

**i. a description of the policies surrounding the use of derivatives; and**

Not applicable.

**ii. market value and nominal exposure of each derivative by issuer with nominal exposure greater than 5% of the aggregate sum of the total quoted and unquoted investments. Disclosure should be separated between long and short positions.**

Not applicable.

**37. Letters of credit, guarantees and other instruments**

**(a) The nature and valuation method for the letters of credit, guarantees, and other instruments. These should only be included to the extent that they would be recognized under the insurer's GAAP accounting standards.**

Not applicable.

**(b) the name of the entity granting the letter of credit, guarantee or other instrument, and the name of the entity in whose favor the letter of credit, guarantee or other instrument was granted;**

Not applicable.

**(c) the amount of the letter of credit, guarantee or other instrument;**

Not applicable.

**(d) the purpose for which the letter of credit, guarantee or other instrument was granted**

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(Dollar amounts in thousands, except shares)

Not applicable.

**SCHEDULE X**

**MATTERS TO BE SET FORTH IN NOTES TO THE CONDENSED STATEMENT OF INCOME**

**6. Other insurance income**

**The nature of material items that have been included.**

Not applicable.

**15. Other insurance income**

**The nature of material items that have been included.**

Not applicable.

**32. Combined other income (deductions)**

**The nature of material items that have been included.**

Not applicable.

**36. Combined realized gains (loss)**

**The nature of material items that have been included.**

The Company had no realized gain or loss for the year ended December 31, 2021 and 2020.

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**NOTES TO CONDENSED GENERAL PURPOSE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2021 and 2020**

(Dollar amounts in thousands, except shares)

**SCHEDULE X  
MATTERS TO BE SET FORTH IN NOTES TO THE CONDENSED STATEMENT OF  
CAPITAL AND SURPLUS**

**1(a) Capital Stock**

**As respects authorized share capital there shall be disclosed severally—**

- (a) **the number of common shares and preferred shares of each class, the par value, if any, of each class and a brief description of each class;**

250,000 common shares with a par value of \$1 each.

- (b) **the dividend rates applicable to any preference shares, and whether the dividends are cumulative, including the liquidation values of the preference shares;**

Not applicable.

- (c) **the redemption price of any redeemable shares;**

Not applicable.

- (d) **any conversion provisions.**

Not applicable.

**As respects issued share capital there shall be disclosed severally—**

- (a) **the number of shares in, and the share capital amounts for, each class of common and preferred shares;**

250,000 common shares with a par value of \$1 each: \$250.

- (b) **the amounts called and unpaid or otherwise due in respect of those shares;**

Not applicable.

- (c) **the amounts not called on those shares that will become receivable in due course when called**

Not applicable.

**As respects issued share capital there shall be disclosed severally—**

- (a) **the number of shares repurchased, and the share capital amounts for, each class of common and preferred shares;**

Not applicable.

**1(b) Contributed surplus**

**The nature of any change in contributed surplus during the relevant year.**

The Company did not have additional contributed surplus during the year.



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## **NOTES TO CONDENSED GENERAL PURPOSE FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2021 and 2020**

(Dollar amounts in thousands, except shares)

### **1(c) Dividends paid and payable**

**The amount and nature of any dividend paid during the relevant year that was other than a cash dividend.**

The Company declared and paid \$32,000 and \$35,000 of cash dividends during 2021 and 2020 respectively, to Globe Life Inc. (Parent Company).

**There shall also be disclosed in notes the following information-**

- (a) details of any change in the authorized share capital of the insurer during the relevant year;**

Not applicable.

- (b) where an insurer has contracted to issue or re-issue shares or has given options to purchase shares, the class and number of shares affected, the price and date of the issue or re-issue of the shares or the exercise of the options and (shown separately) the total number of shares in respect of which options are held by directors and officers of the insurer;**

Not applicable.

- (c) details of any share transactions during the relevant year including-**

- (i) the number of shares of each class issued since the date of the last balance sheet, giving the value attributed thereto and distinguishing-**
  - (aa) shares issued for cash (showing separately shares issued pursuant to options or warrants);**

Not applicable.

- (bb) shares issued directly or indirectly for services; and**

Not applicable.

- (cc) shares issued directly or indirectly for other considerations;**

Not applicable.

- (ii) the number of shares of each class redeemed since the date of the last balance sheet and the consideration given and, where the consideration was other than cash, the nature of the consideration given and the value attributed thereto.**

Not applicable.