

## **Globe Life Impacted by Short Seller**

April 12, 2024

On April 11<sup>th</sup> Fuzzy Panda Research released a note discussing reasons for its short position in Globe Life Inc. (GL), a major investment grade-rated public life insurer that offers life insurance and other protection products principally to middle-income households. The note accuses GL's subsidiary, American Income Life (AIL) of widespread fraudulent and other criminal behavior by its sales agents and some executives. Agents are contracted, but not employed, by AIL/GL.

GL's common stock has sold off materially, albeit from a substantial premium to other life insurers. In Spectrum's view this premium has been based on strong fundamentals, supported by consistent profitability as a niche life insurer offering straightforward protection products in the middle-income client segment. GL maintains a healthy balance sheet with simpler policyholder liabilities than peers offering more complex life insurance and annuity products.

GL management responded after-market close yesterday stating it had *“reviewed the report and found it to be wildly misleading, mixing anonymous allegations with recycled points pushed by plaintiff law firms to coerce Globe Life into settlements. The motivations behind this short seller's report are driven solely by short-term profit earned on the backs of the thousands of shareholders, hardworking employees, independent contractor sales agents and customers who know and trust our brand and strong track record...The short seller analysis...mischaracterizes facts and uses unsubstantiated claims and conjecture to present an overall picture of Globe Life that is deliberately false, misleading and defamatory.”*

Globe Life may face intensified investigations into allegations of criminality and fraud, which could result in fines and corrective actions. **Spectrum notes that insurers typically do not have confidence-sensitive funding sources (unlike bank deposits), which support the industry's strong fundamentals.**

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