

KBW Insurance Conference

September 25, 2013

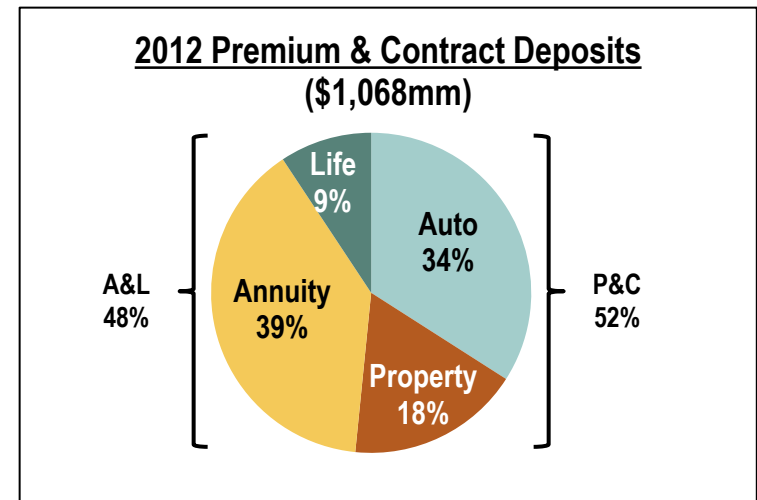
Safe Harbor Statement and Non-GAAP Financial Measures

Certain statements made in this presentation should be considered forward-looking as defined in the Private Securities Litigation Reform Act of 1995. Forward-looking statements give expectations or forecasts of future events. These statements are related to our intentions, beliefs, projections, estimations or forecasts of future events or our future financial performance and involve known and unknown risks, uncertainties and other factors that may cause our actual results to be materially different from those expressed or implied by the forward-looking statements. These statements can be identified by the fact that they do not relate strictly to historical or current facts. They use words such as “anticipate,” “estimate,” “expect,” “project,” “intend,” “plan,” “believe” and other words and terms of similar meaning in connection with a discussion of future operating or financial performance. We caution investors that these forward-looking statements are not guarantees of future performance, and actual results may differ materially. Investors should consider the important risks and uncertainties that may cause such differences, including those risks discussed in our most recent Form 10-K and Form 10-Q filed with the Securities and Exchange Commission. Our forward-looking statements speak only as of the date of this presentation or as of the date they were made, and we undertake no obligation to update those statements.

The historical and forward-looking financial information contained in this presentation includes financial measures which are based on methodologies other than Generally Accepted Accounting Principles (“GAAP”) such as operating income, operating earnings per share, pre-tax reporting segment income excluding DAC/VIF unlocking and book value per share excluding some components of accumulated other comprehensive income. A reconciliation of non-GAAP measures to the closest GAAP measures is available in our earnings release.

Horace Mann is the largest multiline insurance company focused on the nation's K-12 educators

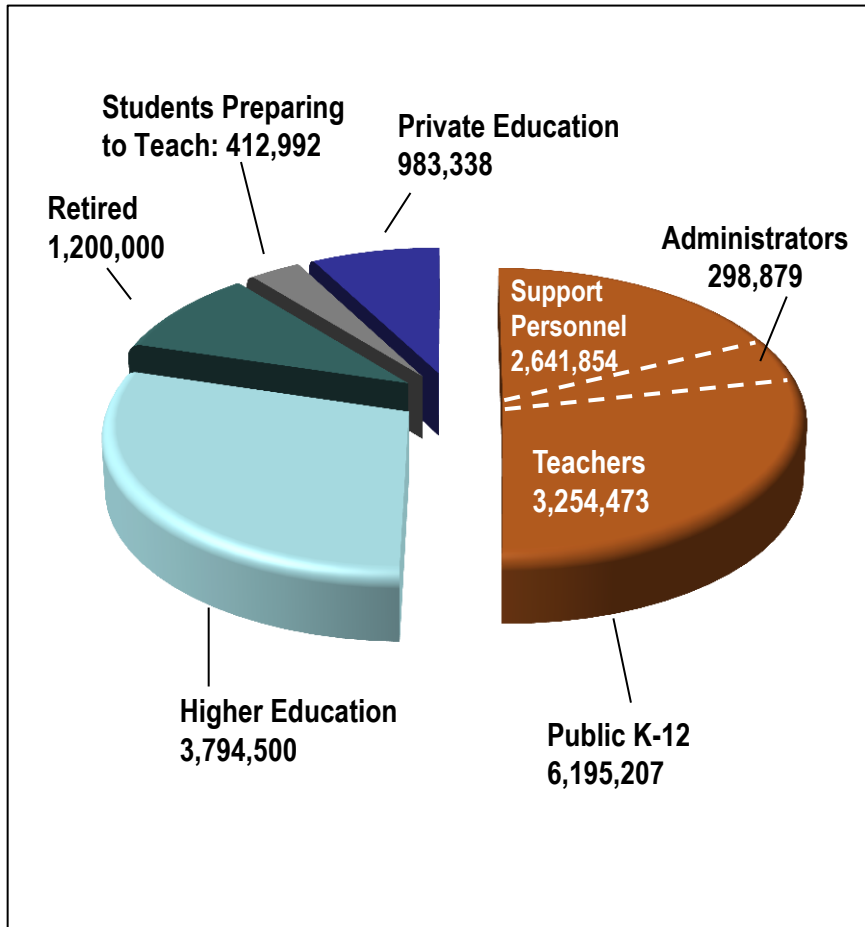
Exchange / Ticker	NYSE: HMN
Share price (9/18/13)	\$27.52
2 year TSR	111.8%
Shares Outstanding	39.9 million
Market Cap	\$1.10 billion
Annual dividend per share	\$0.78
Dividend yield per share	2.8%
Book value per share <small>ex 115</small>	\$22.79



Horace Mann is a national insurer that offers Auto, Home and basic Annuity and Life products through a captive agency distribution model

- True multiline company with balanced premiums and surplus
- Top quartile book value growth ex FAS 115 since 2008
- Strong sales momentum of Annuity and Life products
- Improving P&C profitability

The educator segment is large and growing; in addition, opportunities exist outside our core Public K–12 market



Source: 2012 NCES Digest of Education Statistics

(1) Department of Labor 2012 Occupational Outlook Handbook

- Continue to focus on K-12 personnel and school districts as lead customers
 - The Public K-12 teacher and administrator market, which has been our historic core focus, is projected to grow by 14% by 2020⁽¹⁾
- Opportunities exist within the educator segment beyond our current core focus
 - Larger school districts
 - Private Education
 - Former K-12 personnel

Educators and their families are an attractive and loyal market niche that value personalized service

Horace Mann offers personalized service and a full range of insurance and financial products

Property and Casualty

- High concentration of preferred educators
- Superior, conservative risk profile
- Loyal customer base with retention that is higher than industry average

Almost 1 in 5
customers is
crossline

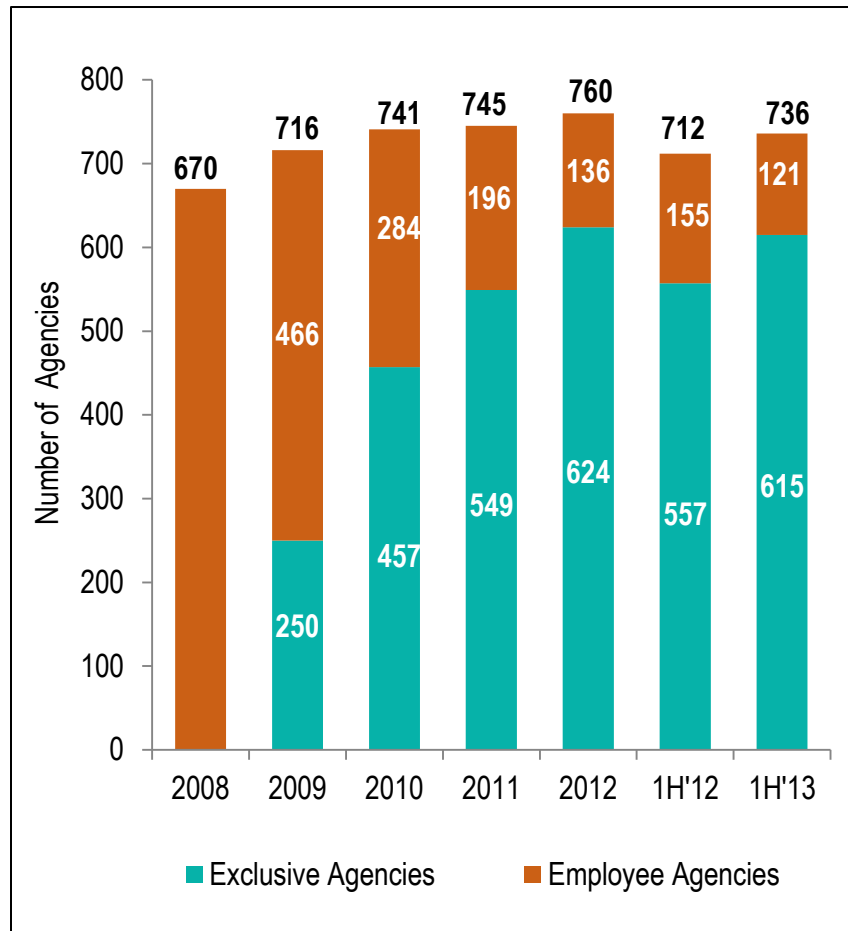
Annuity and Life

- Dual-income households with conservative investment preferences
- Underserved middle market
- Sizable 403(b) assets

Distribution

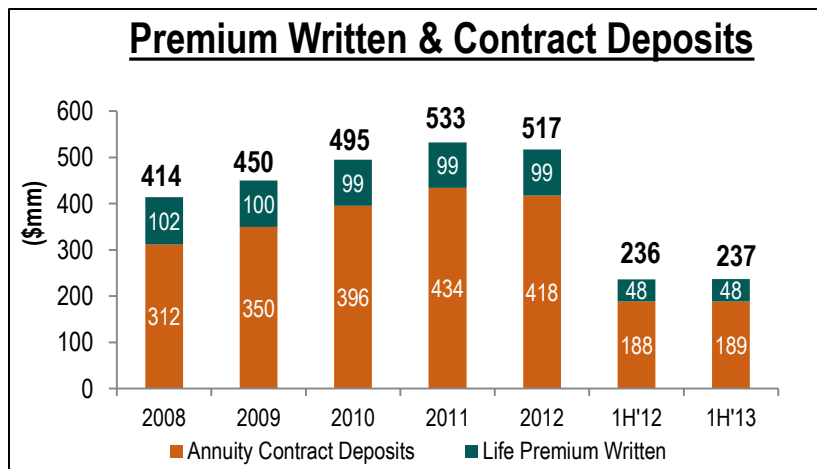
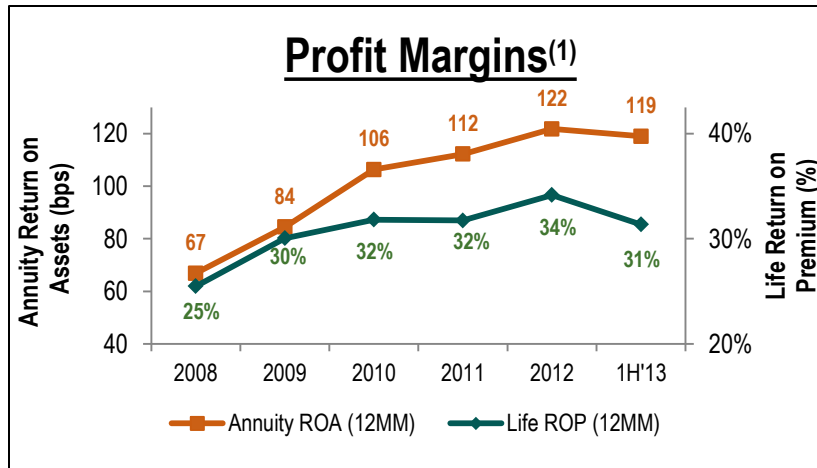
- Captive distribution focused on educators' needs
- Tailored worksite marketing and workshops provide financial know-how
- Strategic relationships in the educator community

Our captive agent channel is poised for further productivity increases following a multiyear transformation



- Began migration to an Exclusive Agent model in 2009
 - Transition is largely complete
- Agent productivity and retention continue to improve
 - Agent retention exceeds LIMRA multiline averages for 1st to 4th year agents
- Institutionalize top agent best practices across the entire agency force while continuing modest growth

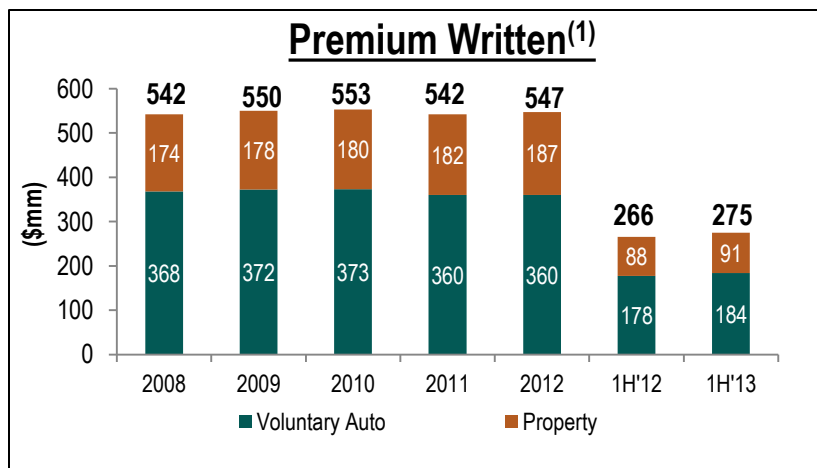
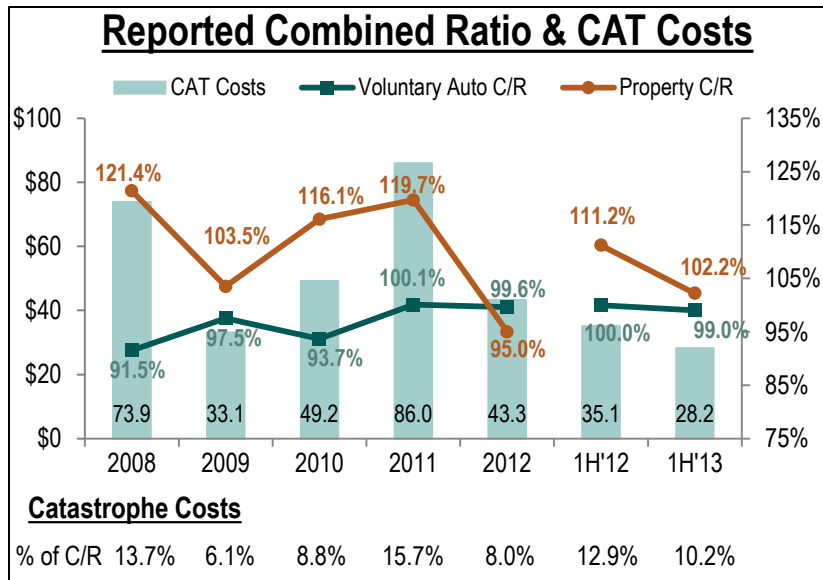
The Annuity and Life segments are profitably growing



- Operating income remains stable despite spread compression
 - Q2'13 Annuity net interest margin of 198 basis points, down 13 basis points from year end
 - Life mortality can be volatile
- Maintain strong sales momentum in both Annuity and Life products, while growing assets under management
 - Annuity assets under management up 10% from Q2'12 to almost \$5 billion
 - Life sales growing at a double-digit pace
- Enhance our existing product suite and deploy capital for organic growth

(1) Pretax GAAP Operating Income excluding DAC/VIF unlocking and change in GMDB reserve. 2008-2011 numbers have been restated to include the retrospective application of new accounting guidance for deferred policy acquisition costs

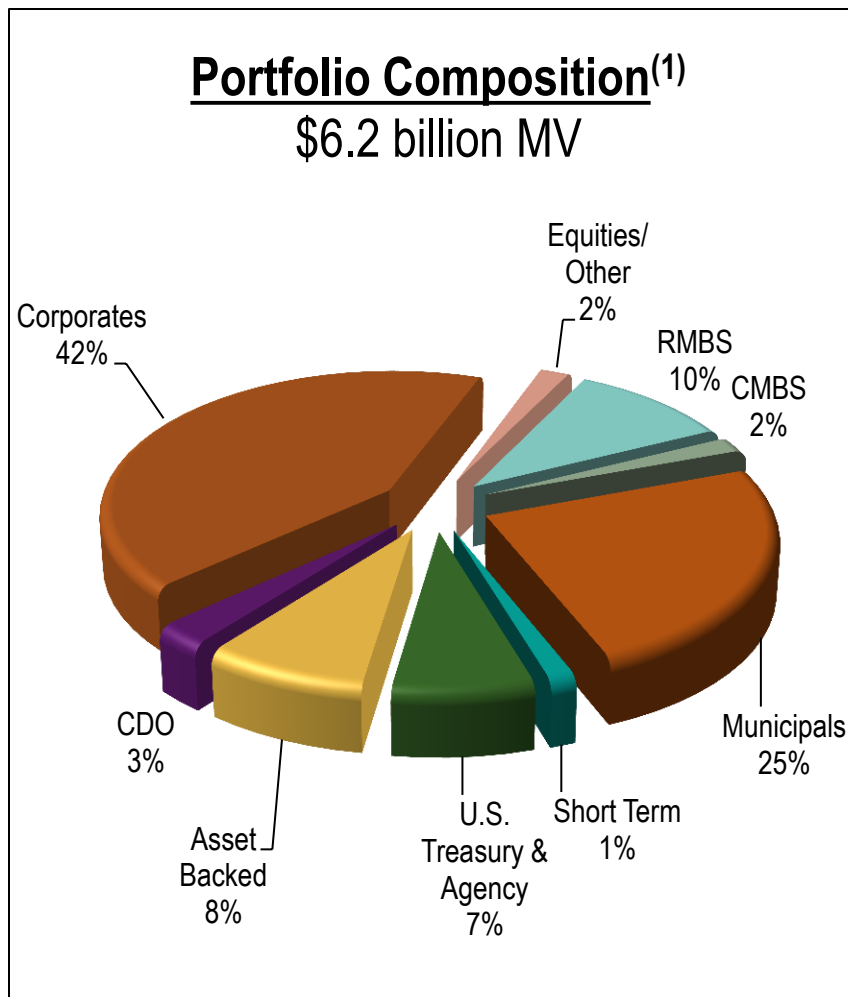
The P&C segment continues to generate positive earnings growth



(1) Includes voluntary auto and property premiums

- FY 2012 written premiums of ~ \$550 million
 - Up 3% in the first half of 2013
 - PIF has stabilized with strong new business production and improved retention
- Opportunity to achieve target combined ratio of mid-90s while generating top line growth
 - Target auto combined ratio in the high 90s
 - Target property combined ratio in the low 90s
 - 1H'13 combined ratio of 100.3, a 3.6 point improvement over 1H'12, despite higher than expected catastrophe losses
- Build scale thoughtfully
 - Enhance systems and analytics to result in improved pricing segmentation
 - Generate a premium base that reflects our national presence

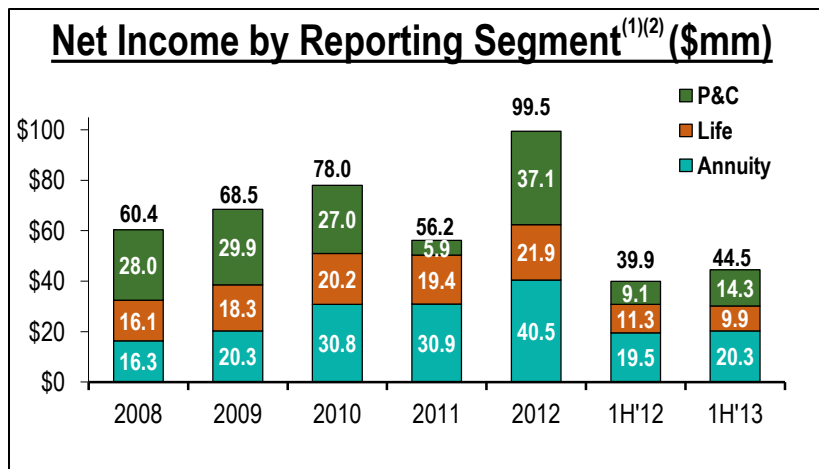
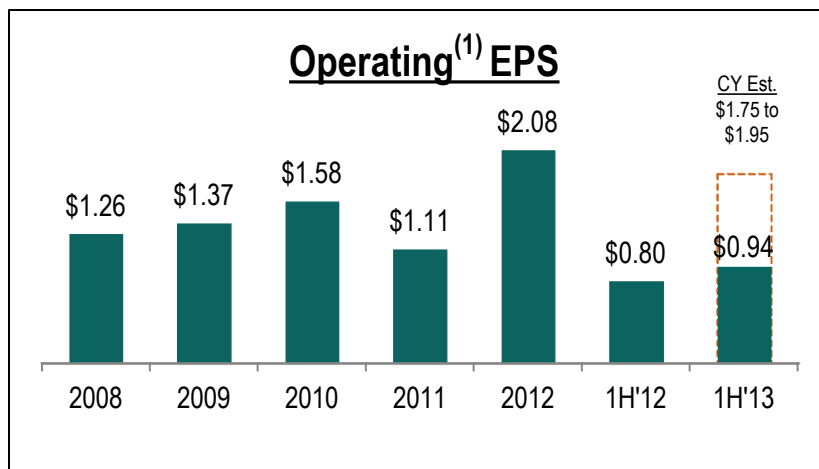
Conservative and well diversified investment portfolio that is designed to support our product offerings



- High quality, well diversified portfolio across fixed income sectors
 - Weighted average quality: A
 - Average duration 6.3
- Focused on risk and asset liability management
 - \$5.3 billion MV portfolio supports long dated Annuity & Life liabilities
 - \$0.9 billion MV portfolio supports P&C
 - \$344 million net unrealized gain; majority in Annuity & Life portfolios
 - Portfolio asset liability matched; as interest rates rise, we expect unrealized gain position to decline
- New purchases have been consistent with existing portfolio allocation
 - New money rate slightly above 4% in Q2

(1) As of June 30, 2013; excludes policy loans

First half 2013 operating income is in line with full year guidance of \$1.75 to \$1.95 per share

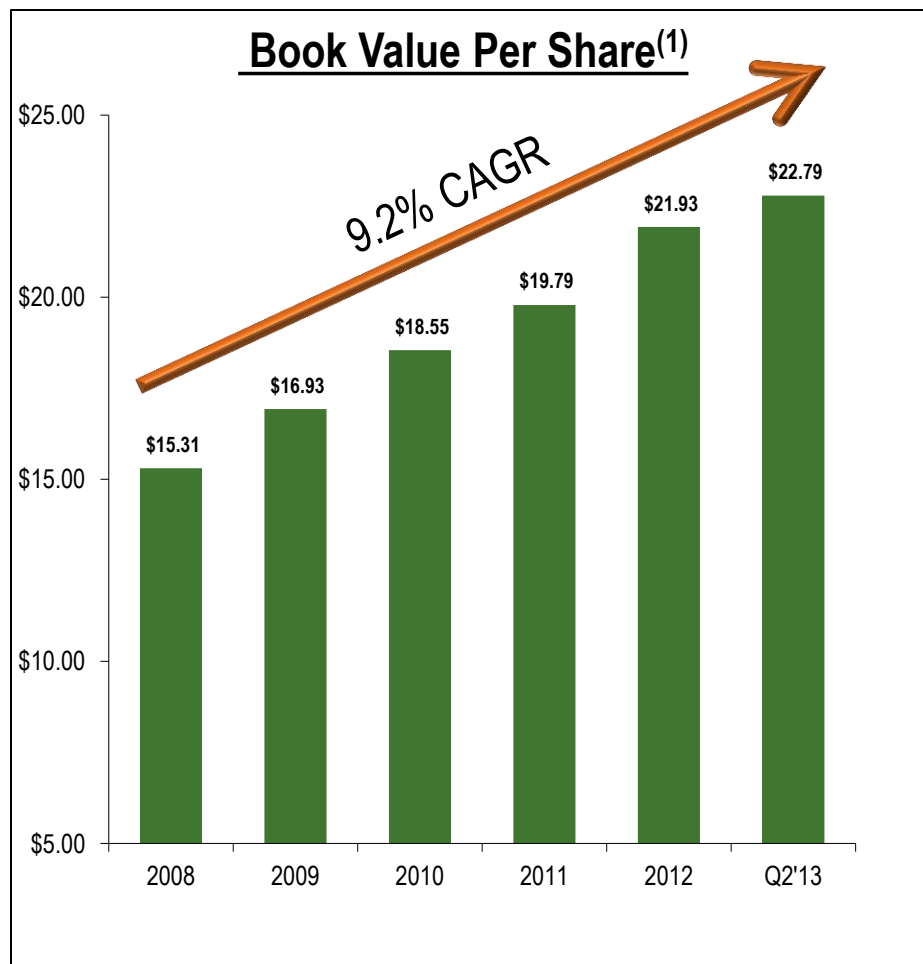


- 1H'13 Operating Earnings of \$0.94 per diluted share include:
 - Elevated level of catastrophe losses; improved underlying combined ratio
 - 2% YTD growth in Annuity net interest margin
 - More normalized Life mortality
- 2013 Operating Earnings guidance of \$1.75 to \$1.95 per share, which reflects:
 - ~ 7 points of total catastrophe losses
 - Modest prior year reserve development
 - Persistent low rate environment impacting Annuity spreads, offset by growth in AUM
 - Return-to-normal DAC unlocking and Life mortality

(1) Net income per diluted share, excluding realized investment gains and losses.

(2) Excludes Corporate and Other segment

Solid financial results have resulted in sustained book value growth and a compelling dividend yield

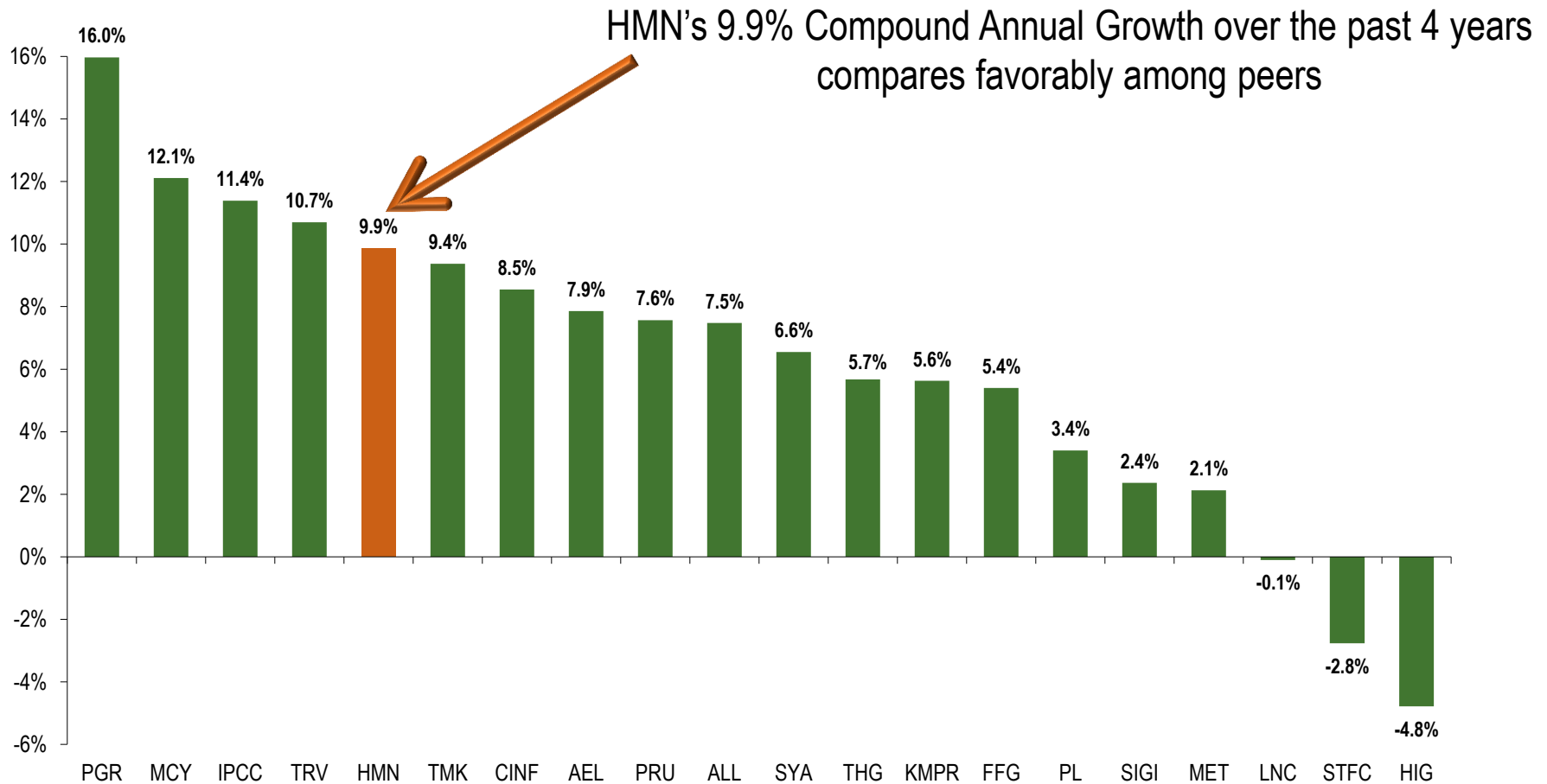


- \$22.79 book value per share excluding FAS 115 as of June 30, 2013
 - 11% growth rate over Q2'12
- FY 2013 annualized shareholder dividend of \$0.78
 - Dividend yield of 2.8%⁽²⁾
 - Up 42% vs. PY; 112% increase since 2008
 - Reflects ~40% payout ratio

(1) Excluding FAS 115. Prior periods have been restated to include the retrospective application of new accounting guidance for deferred policy acquisition costs.

(2) Based on 9/18/13 stock price of \$27.52

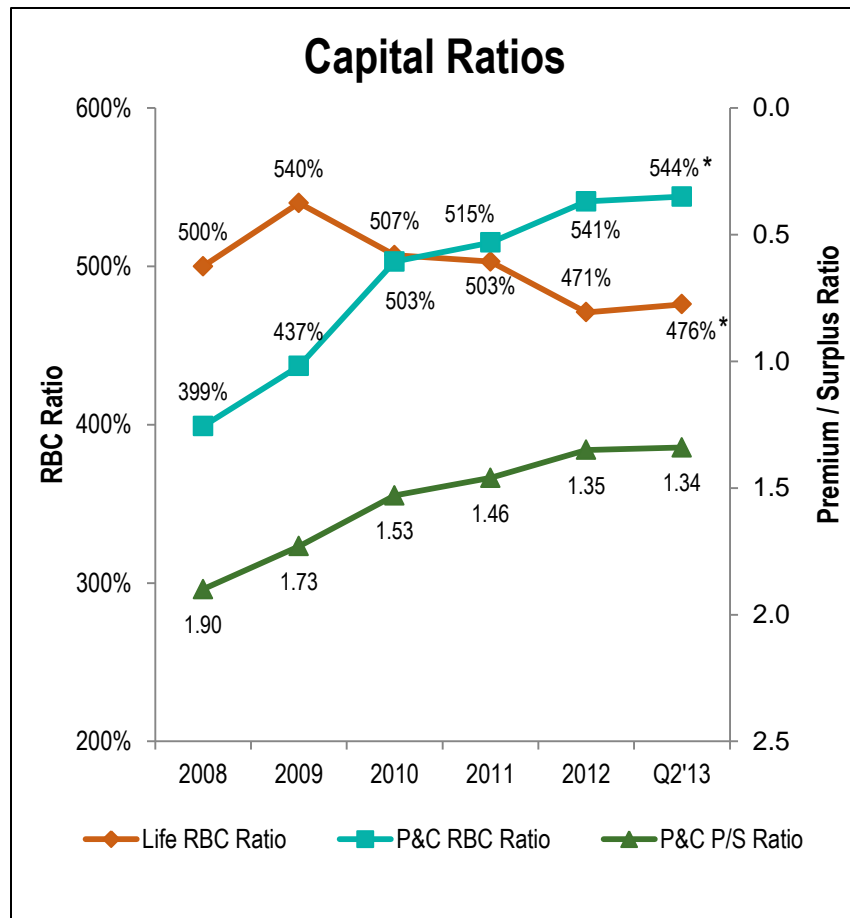
Top quartile book value growth plus accumulated dividends since 2008⁽¹⁾



(1) Starting point of 12/31/08 Book Value Per Share excluding unrealized investment gains/losses (ex. FAS 115) through 12/31/12

Source: SNL Financial

Capitalization in excess of targets and more than adequate for future organic growth needs

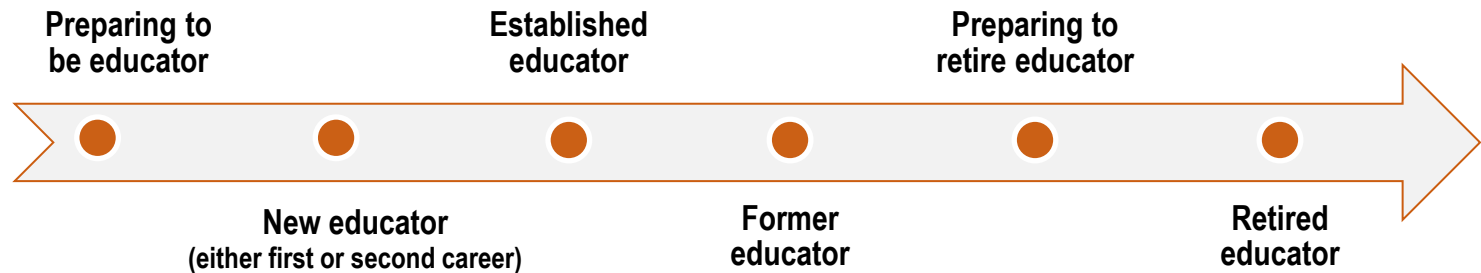


(1) Excluding unrealized gains/losses on investments

* Estimated

- Conservatively run company
 - P&C loss reserves held at top end of independent actuarial range
 - Annuity and Life product design
 - Investment portfolio construction / historical loss experience
- Q2'13 debt-to-capital ratio⁽¹⁾ of 20.7%
- Opportunistic share repurchase program, with \$28 million remaining on authorization
 - \$22 million of repurchases since inception at an average price of \$17.40

Continue to refine our value proposition within our niche market



Product	
Distribution	
Infrastructure	

Protect educators' short-term risks and secure their financial future through their life cycle

- We will do this through products that meet their needs and cover their risks, with local and knowledgeable distribution and efficient infrastructure to support
- We will know the profile and needs to properly serve each stage of the educator life cycle

We are well positioned to grow while continuing to achieve strong shareholder returns

Leverage

... And Leverage

- Strong market position in the educator niche
- Profitable growth
- Top tier customer experience
- Modern technology and infrastructure
- Segmented products for educator life cycle

Build

... To Build ...

- Strong sales momentum and productivity
- Improved customer experiences
- Higher cross sell and penetration ratios
- Investments in distribution and infrastructure

Foundation

Solid Foundation ...

- Solid capital position
- Strong risk management discipline
- Very strong and differentiated brand
- Unique and compelling value proposition

Appendix

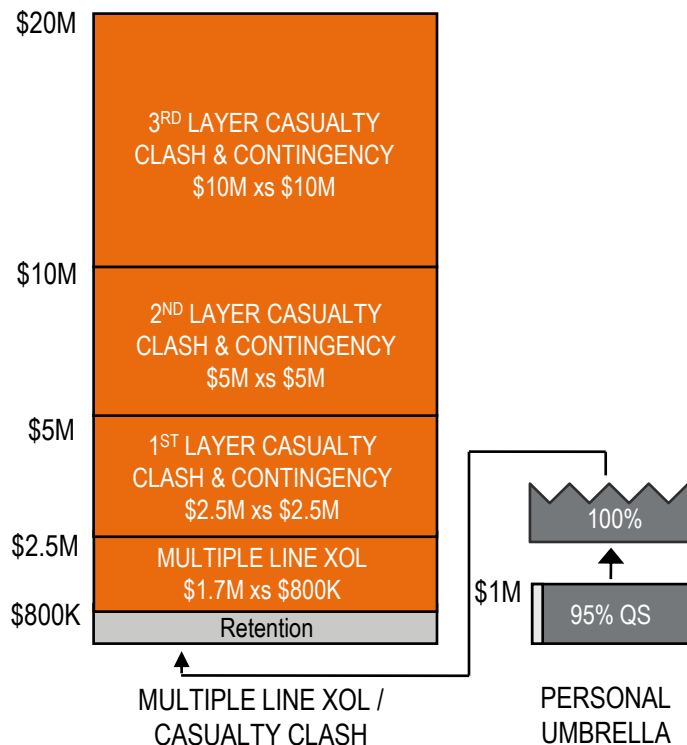
Founded by Educators for Educators®

1945	Founded by two teachers in Springfield, IL as the Illinois Education Association Mutual Insurance Company to provide automobile insurance to IEA members
1949 1961	Company began offering a full range of Life insurance products to the educational community Introduced 403(b) tax-qualified retirement Annuities
1975 1989 1991	Company acquired by INA Corporation Company acquired from CIGNA through a management led LBO Completed initial public offering; stock trades on NYSE under the symbol "HMN"
2000 2003	With less than 50% of new P&C business represented by educators, company refocuses on the educator market Completed "modernization" of P&C claims, pricing and underwriting processes
2006 2009	Began transitioning employee agency force to new business model Exclusive Agent (EA) contract introduced
2010 2012	Re-introduced State Teacher Retirement Seminars, and began strategic relationship with DonorsChoose.org Achieved double-digit sales increases in all four lines of business ⁽¹⁾
Today	Largest national, multiline insurance company focused on the nation's K-12 educator market – Current book ~ 80% educator – Agency force transition largely complete – Improving technology and other initiatives to enhance customer experience

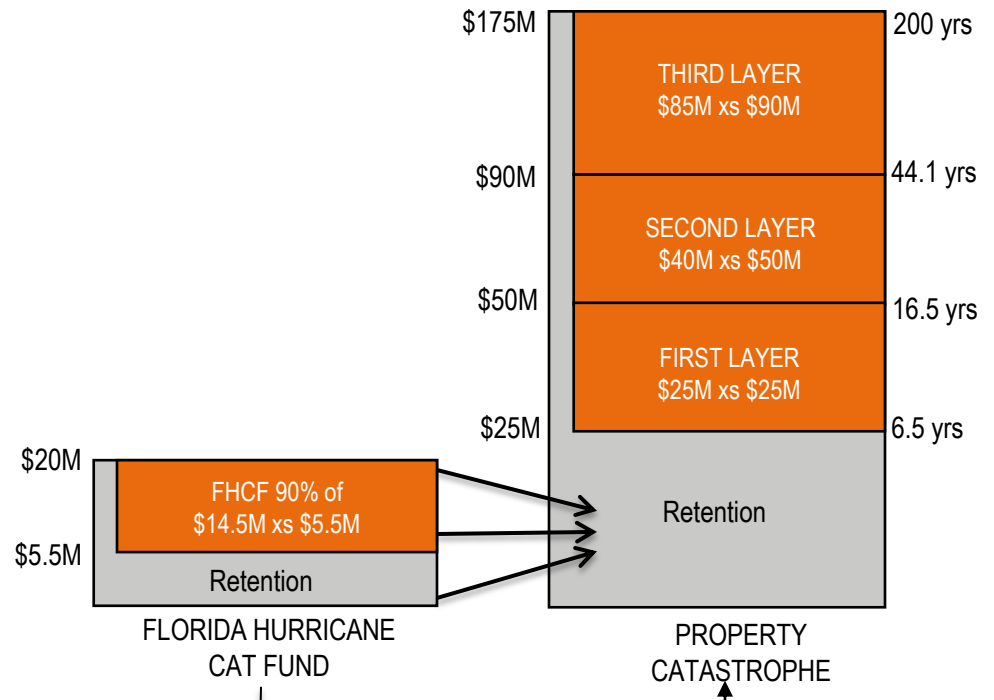
(1) Sold by Horace Mann agents

Current single-event catastrophe reinsurance coverage of \$175 million has more than doubled since 2005

Multiple Line XOL / Casualty⁽¹⁾



Property⁽¹⁾



(1) As of 07/15/13

Strong and stable P&C reserves further reduce potential earnings volatility

- **Appropriate conservatism**
 - Disciplined reserving practices
 - Carried reserves at high end of actuarial range (98% in 2012)
 - Recent reserve releases consistent with independent observations

- **Strong claims organization / capabilities**
 - Centralized claim offices
 - Technology / infrastructure
 - Implementation of best practices and procedures

Net P&C Reserve Position			
	<u>Independent Actuary</u>		<u>HMN</u>
(\$ Millions)	<u>Low</u>	<u>High</u>	<u>Held</u>
2012	\$217.6	\$265.4	\$260.8
2011	\$224.9	\$276.6	\$269.6
2010	\$237.2	\$296.3	\$289.4

Rating agencies have consistently noted HMN's strengths – educator market focus, earnings diversification and capital strength; in 2011, A.M. Best upgraded the Life company to an 'A' rating

Strong Position within the Educator Community

- “strong business franchise/formidable reputation in K-12 educator market...”
- “continued expertise in writing personal lines products in educator market...”
- “historical growth/recent growth momentum in 403(b) market...established as one of the more significant providers...”

Stable Operating Results and Enterprise Risk Management

- “(earnings) have benefitted from diversity...P/C and Life operations...”
- “since the Exclusive Agency model began, the company has started to outperform the industry in terms of agent retention”
- “limits its risk taking to areas it understands and has made decisions to avoid risks related to certain distribution segments, products, and investments to maintain a high quality book of business focused on the educational market”

Strong Capital Adequacy

- “maintains a generally risk-adverse approach to underwriting and the management of its investment portfolio”
- “maintains debt at a conservative level, consolidated capital adequacy that is above the rating category and a conservative investment portfolio with limited exposure to problematic asset classes”

Current Financial Strength Ratings

<u>Agency</u>	<u>Rating</u> (affirmed/ reviewed)	<u>Outlook</u>
S&P	A (2/21/13)	Stable
Moody's	A3 (4/24/12)	Stable
AM Best - Life - P&C	A A- (3/29/13)	Stable Stable
Fitch	A- (5/1/13)	Stable

Consolidated GAAP Income Statement

(\$ in Millions, except EPS)

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>1H'13</u>
Written Prem. & Contract Deposits	\$ 1,003.7	\$ 1,052.0	\$ 1,078.4	\$ 1,067.7	\$ 512.8
Earned Prem. & Contract Charges	659.6	672.7	667.1	670.5	340.7
Investment Income	246.8	272.1	288.3	306.0	154.8
Other Income	4.7	6.2	5.2	7.0	2.4
Benefits, Claims, & Settlement Exp.	598.1	621.6	657.3	611.8	317.0
Total Other Expenses & Taxes	<u>257.8</u>	<u>264.7</u>	<u>257.2</u>	<u>285.4</u>	<u>142.3</u>
Income Before Realized Gains/Losses	\$ 55.2	\$ 64.7	\$ 46.1	\$ 86.3	\$ 38.6
Operating EPS	\$ 1.37	\$ 1.58	\$ 1.11	\$ 2.08	\$ 0.94
Operating ROE (excl. FAS 115)	8.8%	9.2%	6.1%	10.5%	10.7%
Realized Inv. Gains, After Tax	<u>17.2</u>	<u>15.4</u>	<u>24.4</u>	<u>17.6</u>	<u>14.4</u>
Net Income	<u><u>\$ 72.4</u></u>	<u><u>\$ 80.1</u></u>	<u><u>\$ 70.5</u></u>	<u><u>\$ 103.9</u></u>	<u><u>\$ 53.0</u></u>

Consolidated GAAP Balance Sheet

(\$ in Millions)

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>Q2'13</u>
Assets					
Investments	\$ 4,574.6	\$ 5,073.6	\$ 5,677.5	\$ 6,292.1	\$ 6,297.3
Separate Account Assets	1,226.4	1,375.7	1,273.8	1,398.3	1,525.5
DAC	228.0	222.2	216.5	196.9	220.8
Goodwill	47.4	47.4	47.4	47.4	47.4
Other Assets	209.7	226.8	220.0	233.0	264.8
Total Assets	<u>\$ 6,286.1</u>	<u>\$ 6,945.7</u>	<u>\$ 7,435.2</u>	<u>\$ 8,167.7</u>	<u>\$ 8,355.8</u>
Liabilities					
Policy Liabilities & Other					
Policyholder Funds	\$ 3,927.1	\$ 4,198.0	\$ 4,515.5	\$ 4,839.9	\$ 4,970.0
Separate Account Liabilities	1,226.4	1,375.7	1,273.8	1,398.3	1,525.5
Long Term Debt	199.6	199.7	199.7	199.8	199.8
Short Term Debt	38.0	38.0	38.0	38.0	38.0
Other Liabilities	206.7	287.2	352.8	445.9	516.2
Total Liabilities	5,597.8	6,098.6	6,379.8	6,921.9	7,249.5
Shareholders' Equity	688.3	847.1	1,055.4	1,245.8	1,106.3
Total Liabilities & Equity	<u>\$ 6,286.1</u>	<u>\$ 6,945.7</u>	<u>\$ 7,435.2</u>	<u>\$ 8,167.7</u>	<u>\$ 8,355.8</u>

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