

Investor Financial Supplement

September 30, 2017



Horace Mann

Founded by Educators for Educators

AUTO | HOME | LIFE | RETIREMENT

HORACE MANN EDUCATORS CORPORATION

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Note: The information contained in this document includes measures which are based on methodologies other than accounting principles generally accepted in the United States ("GAAP"). Reconciliations of non-GAAP measures to the closest GAAP measures are contained in the supplemental numerical pages of HMEC's quarterly earnings releases (and related Form 8-K filings), and additional descriptions of the non-GAAP measures are contained in the Glossary of Selected Terms included as an exhibit to HMEC's SEC filings.

HORACE MANN EDUCATORS CORPORATION
CONSOLIDATED FINANCIAL HIGHLIGHTS

For Period Ended

(\$ in millions, except per share data)

	Three Months Ended					Nine Months Ended	
	Sept. 30,	Jun. 30,	Mar. 31,	Dec. 31,	Sept. 30,	Sept. 30,	
	2017	2017	2017	2016	2016	2017	2016
Earned premiums	\$ 199.0	\$ 195.7	\$ 195.7	\$ 194.2	\$ 191.1	\$ 590.4	\$ 564.9
Net investment income	92.3	92.0	90.7	90.5	94.9	275.0	270.7
Net realized investment gains (losses)	(3.5)	2.0	(0.2)	(2.8)	4.0	(1.7)	6.9
Other income	2.0	1.7	1.1	0.9	1.3	4.8	3.6
Total revenues	\$ 289.8	\$ 291.4	\$ 287.3	\$ 282.8	\$ 291.3	\$ 868.5	\$ 846.1
Net income	\$ 26.5	\$ 2.3	\$ 15.3	\$ 19.9	\$ 26.9	\$ 44.1	\$ 63.9
Operating income	28.7	0.8	15.4	21.4	24.2	44.9	60.1

At Period End

Total assets	\$ 11,044.3	\$ 10,876.1	\$ 10,779.5	\$ 10,576.8	\$ 10,691.1	\$ 11,044.3	\$ 10,691.1
Total policy liabilities	6,143.8	6,081.5	6,083.8	6,024.1	5,966.0	6,143.8	5,966.0
Debt	247.4	247.3	247.3	247.2	247.1	247.4	247.1
Shareholders' equity	1,390.4	1,362.1	1,321.8	1,294.0	1,444.1	1,390.4	1,444.1

Per Share and Shares Data (in millions)

Net income per share (basic)	\$ 0.64	\$ 0.05	\$ 0.37	\$ 0.48	\$ 0.66	\$ 1.07	\$ 1.55
Operating income per share (basic)	0.69	0.02	0.38	0.52	0.59	1.09	1.46
Net income per diluted share	\$ 0.64	\$ 0.05	\$ 0.37	\$ 0.48	\$ 0.65	\$ 1.06	\$ 1.55
Operating income per diluted share	0.69	0.02	0.37	0.52	0.58	1.08	1.45
Weighted average common shares (basic)	41.3	41.4	41.1	41.1	41.1	41.3	41.2
Dilutive effect of stock equivalents	0.2	0.1	0.2	0.4	0.2	0.2	0.2
Weighted average diluted shares	41.5	41.5	41.3	41.5	41.3	41.5	41.4
Book value per share	\$ 34.20	\$ 33.49	\$ 32.60	\$ 32.15	\$ 35.94	\$ 34.20	\$ 35.94
Per share impact of net unrealized gains (losses) on fixed maturity and equity securities	6.29	5.98	4.89	4.36	8.40	6.29	8.40
Book value per share excluding net unrealized gains (losses) on fixed maturity and equity securities	\$ 27.91	\$ 27.51	\$ 27.71	\$ 27.79	\$ 27.54	\$ 27.91	\$ 27.54
Dividends paid per share	\$ 0.275	\$ 0.275	\$ 0.275	\$ 0.265	\$ 0.265	\$ 0.825	\$ 0.795

Financial Ratios

Net Income ROE	4.7%	4.7%	5.4%	6.2%	6.3%	4.7%	6.3%
Net Income ROE excluding net unrealized gains (losses) on investments	5.7%	5.8%	6.7%	7.6%	7.8%	5.7%	7.8%
Operating Income ROE	4.9%	4.5%	5.2%	6.0%	5.8%	4.9%	5.8%
Operating Income ROE excluding net unrealized gains (losses) on investments	5.9%	5.6%	6.5%	7.4%	7.2%	5.9%	7.2%
Debt to total capitalization	15.1%	15.4%	15.8%	16.0%	14.6%	15.1%	14.6%
Debt to total capitalization excluding net unrealized gains (losses) on investments	17.9%	18.1%	18.0%	18.1%	18.3%	17.9%	18.3%
Annualized investment yield, after tax	3.38%	3.39%	3.38%	3.47%	3.50%	3.38%	3.50%

HORACE MANN EDUCATORS CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS

For Period Ended	Three Months Ended					Nine Months Ended	
	Sept. 30, 2017	Jun. 30, 2017	Mar. 31, 2017	Dec. 31, 2016	Sept. 30, 2016	Sept. 30, 2017	Sept. 30, 2016
<i>(\$ in millions)</i>							
Revenues							
Insurance premiums and contract charges earned	\$ 199.0	\$ 195.7	\$ 195.7	\$ 194.2	\$ 191.1	\$ 590.4	\$ 564.9
Net investment income	92.3	92.0	90.7	90.5	94.9	275.0	270.7
Net realized investment gains (losses)	(3.5)	2.0	(0.2)	(2.8)	4.0	(1.7)	6.9
Other income	2.0	1.7	1.1	0.9	1.3	4.8	3.6
Total revenues	289.8	291.4	287.3	282.8	291.3	868.5	846.1
Benefits, losses and expenses							
Benefits, claims and settlement expenses	134.9	165.9	144.1	137.5	135.7	444.9	403.6
Interest credited	50.1	49.3	48.8	49.1	48.6	148.2	142.9
DAC amortization expense, excluding unlocking	24.8	24.6	24.7	24.7	24.6	74.1	72.7
DAC unlocking	(0.6)	0.2	0.2	(1.1)	(0.1)	(0.2)	0.4
Operating expenses	44.2	46.2	48.7	42.5	44.5	139.1	130.6
Interest expense	3.0	2.9	3.0	2.9	3.0	8.9	8.9
Total benefits, losses and expenses	256.4	289.1	269.5	255.6	256.3	815.0	759.1
Income before income taxes	33.4	2.3	17.8	27.2	35.0	53.5	87.0
Income tax expense	6.9	—	2.5	7.3	8.1	9.4	23.1
Net income	\$ 26.5	\$ 2.3	\$ 15.3	\$ 19.9	\$ 26.9	\$ 44.1	\$ 63.9
Less: Net realized investment gains (losses), after tax	(2.2)	1.5	(0.1)	(1.5)	2.7	(0.8)	3.8
Operating income	\$ 28.7	\$ 0.8	\$ 15.4	\$ 21.4	\$ 24.2	\$ 44.9	\$ 60.1
Other Statistics							
Effective tax rate on net investment income	33.5%	33.7%	33.4%	33.4%	33.6%	33.5%	33.4%
Net investment income, after tax	\$ 61.4	\$ 61.0	\$ 60.4	\$ 60.3	\$ 63.0	\$ 182.8	\$ 180.3
Catastrophes, net of reinsurance, pre-tax	8.6	32.4	17.2	11.6	8.4	58.2	48.4
Catastrophes, net of reinsurance, after tax	5.6	21.1	11.1	7.6	5.5	37.8	31.5
Other-than-temporary impairment losses on securities [1]	(6.1)	(3.6)	(2.8)	(3.7)	(0.2)	(12.5)	(7.4)
Exclusive Distributors [2]	694	703	697	683	681	694	681

[1] Included in pre-tax net realized investment gains (losses)

[2] Represents licensed agents and employed licensed producers.

HORACE MANN EDUCATORS CORPORATION
CONSOLIDATED BALANCE SHEETS

	Sept. 30, 2017	Jun. 30, 2017	Mar. 31, 2017	Dec. 31, 2016	Sept. 30, 2016	Jun. 30, 2016
(\$ in millions, except per share data)						
ASSETS						
Investments						
Fixed maturity securities, available for sale, at fair value	\$ 7,630.6	\$ 7,578.6	\$ 7,510.7	\$ 7,456.7	\$ 7,494.1	\$ 7,481.7
Equity securities, available for sale, at fair value	159.3	156.9	156.9	141.6	137.6	123.2
Short-term and other investments	547.2	502.4	456.6	401.0	537.5	466.1
Total investments	8,337.1	8,237.9	8,124.2	7,999.3	8,169.2	8,071.0
Cash	6.7	16.0	6.6	16.7	53.6	50.4
Deferred policy acquisition costs	257.2	256.9	265.6	267.6	225.8	223.0
Goodwill	47.4	47.4	47.4	47.4	47.4	47.4
Other assets	344.4	341.7	324.2	321.9	321.5	305.9
Separate account assets	2,051.5	1,976.2	2,011.5	1,923.9	1,873.6	1,768.6
Total assets	\$ 11,044.3	\$ 10,876.1	\$ 10,779.5	\$ 10,576.8	\$ 10,691.1	\$ 10,466.3
LIABILITIES AND SHAREHOLDERS' EQUITY						
Policy liabilities						
Investment contract and life policy reserves	\$ 5,540.0	\$ 5,480.9	\$ 5,503.0	\$ 5,448.0	\$ 5,385.9	\$ 5,274.2
Unpaid claims and claim expenses	341.8	352.5	340.0	329.9	332.8	344.7
Unearned premiums	262.0	248.1	240.8	246.2	247.3	233.4
Total policy liabilities	6,143.8	6,081.5	6,083.8	6,024.1	5,966.0	5,852.3
Other policyholder funds	717.4	713.0	711.4	709.0	706.4	698.7
Other liabilities	493.8	496.0	403.7	378.6	453.9	482.3
Long-term debt	247.4	247.3	247.3	247.2	247.1	247.1
Separate account liabilities	2,051.5	1,976.2	2,011.5	1,923.9	1,873.6	1,768.6
Total liabilities	9,653.9	9,514.0	9,457.7	9,282.8	9,247.0	9,049.0
Common stock, \$0.001 par value	0.1	0.1	0.1	0.1	0.1	0.1
Additional paid-in capital	462.1	459.3	454.9	453.5	450.7	447.5
Retained earnings	1,165.2	1,150.2	1,159.5	1,155.7	1,147.0	1,131.1
Accumulated other comprehensive income, net of taxes:						
Net unrealized gains and losses on fixed maturity and equity securities	255.7	243.5	198.3	175.7	337.3	329.6
Net funded status of pension and other post-retirement benefit obligations	(11.8)	(11.8)	(11.8)	(11.8)	(11.8)	(11.8)
Treasury stock, at cost	(480.9)	(479.2)	(479.2)	(479.2)	(479.2)	(479.2)
Total shareholders' equity	1,390.4	1,362.1	1,321.8	1,294.0	1,444.1	1,417.3
Total liabilities and shareholders' equity	\$ 11,044.3	\$ 10,876.1	\$ 10,779.5	\$ 10,576.8	\$ 10,691.1	\$ 10,466.3

HORACE MANN EDUCATORS CORPORATION

CAPITAL METRICS

<u>For Period Ended</u>	<u>Three Months Ended</u>					<u>Nine Months Ended</u>	
	<u>Sept. 30,</u> <u>2017</u>	<u>Jun. 30,</u> <u>2017</u>	<u>Mar. 31,</u> <u>2017</u>	<u>Dec. 31,</u> <u>2016</u>	<u>Sept. 30,</u> <u>2016</u>	<u>Sept. 30,</u> <u>2017</u>	<u>Sept. 30,</u> <u>2016</u>
<i>(\$ in millions, except per share data)</i>							
<u>Book Value Per Share</u>							
<u>Numerator</u>							
Shareholders' equity	\$ 1,390.4	\$ 1,362.1	\$ 1,321.8	\$ 1,294.0	\$ 1,444.1	\$ 1,390.4	\$ 1,444.1
Less: Net unrealized investment gains on fixed maturity and equity securities [1]	255.7	243.5	198.3	175.7	337.3	255.7	337.3
Shareholders' equity excluding net unrealized gains on fixed maturity and equity securities	\$ 1,134.7	\$ 1,118.6	\$ 1,123.5	\$ 1,118.3	\$ 1,106.8	\$ 1,134.7	\$ 1,106.8
<u>Denominator</u>							
Common shares issued and outstanding, at period end (in millions)	40.7	40.7	40.5	40.2	40.2	40.7	40.2
Book value per share	\$ 34.20	\$ 33.49	\$ 32.60	\$ 32.15	\$ 35.94	\$ 34.20	\$ 35.94
Book value per share excluding net unrealized gains on fixed maturity and equity securities	\$ 27.91	\$ 27.51	\$ 27.71	\$ 27.79	\$ 27.54	\$ 27.91	\$ 27.54
<u>Return on Shareholders' Equity</u>							
<u>Numerator</u>							
Trailing 12 months net income	\$ 64.0	\$ 64.4	\$ 73.9	\$ 83.8	\$ 85.0	\$ 64.0	\$ 85.0
Trailing 12 months operating income	66.3	61.8	71.3	81.5	78.1	66.3	78.1
<u>Denominator (5-point Average)</u>							
5-point average shareholders' equity	\$ 1,362.5	\$ 1,367.9	\$ 1,362.6	\$ 1,351.2	\$ 1,353.9	\$ 1,362.5	\$ 1,353.9
Trailing 12 months net income on average shareholders' equity (5-point Average)	4.7%	4.7%	5.4%	6.2%	6.3%	4.7%	6.3%
Trailing 12 months operating income on average shareholders' equity (5-point Average)	4.9%	4.5%	5.2%	6.0%	5.8%	4.9%	5.8%
<u>Debt and Total Capitalization</u>							
Short term debt due under revolving credit agreement [2]	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Senior Debt:							
4.50% Senior notes due December 1, 2025	247.4	247.3	247.3	247.2	247.1	247.4	247.1
Total debt	247.4	247.3	247.3	247.2	247.1	247.4	247.1
Shareholders' equity	1,390.4	1,362.1	1,321.8	1,294.0	1,444.1	1,390.4	1,444.1
Total capitalization	\$ 1,637.8	\$ 1,609.4	\$ 1,569.1	\$ 1,541.2	\$ 1,691.2	\$ 1,637.8	\$ 1,691.2
Ratio of debt to shareholders' equity	17.8%	18.2%	18.7%	19.1%	17.1%	17.8%	17.1%
Ratio of debt to total capitalization	15.1%	15.4%	15.8%	16.0%	14.6%	15.1%	14.6%
<u>Capital Returned to Shareholders</u>							
Common stock repurchased [3]	\$ 1.7	\$ —	\$ —	\$ —	\$ —	\$ 1.7	\$ 21.6
Cash dividends paid	11.2	11.2	11.1	10.7	11.0	33.5	33.2
Total capital returned to shareholders	\$ 12.9	\$ 11.2	\$ 11.1	\$ 10.7	\$ 11.0	\$ 35.2	\$ 54.8

[1] After tax and including the impact on deferred policy acquisition costs for interest-sensitive life and investment (annuity) contracts.

[2] Amount available for borrowing is \$150.0 million; At LIBOR +115 bps; Expires on 7/30/19.

[3] As of September 30, 2017, the Company's program had a remaining authorization of \$27.8 million.

HORACE MANN EDUCATORS CORPORATION
PROPERTY and CASUALTY SEGMENT
STATEMENTS OF OPERATIONS

For Period Ended <i>(\$ in millions)</i>	Three Months Ended					Nine Months Ended	
	Sept. 30,	Jun. 30,	Mar. 31,	Dec. 31,	Sept. 30,	Sept. 30,	Sept. 30,
	2017	2017	2017	2016	2016	2017	2016
UNDERWRITING RESULTS							
Written premiums							
Automobile	\$ 116.3	\$ 110.8	\$ 109.9	\$ 107.7	\$ 109.8	\$ 337.0	\$ 318.2
Property and other	60.9	57.1	43.0	50.3	60.0	161.0	158.1
Total written premiums	177.2	167.9	152.9	158.0	169.8	498.0	476.3
Earned premiums							
Automobile	\$ 110.7	\$ 108.5	\$ 106.6	\$ 105.9	\$ 104.2	\$ 325.8	\$ 308.3
Property and other	52.5	52.0	51.7	53.1	51.5	156.2	153.2
Total earned premiums	163.2	160.5	158.3	159.0	155.7	482.0	461.5
Losses and loss adjustment expenses							
Current accident year before catastrophes	106.8	116.0	106.0	108.2	108.3	328.8	302.9
Current accident year catastrophes	8.6	32.4	17.2	11.6	8.4	58.2	48.4
Prior years' reserve development [1]	(0.5)	(0.6)	(1.0)	(2.7)	(0.7)	(2.1)	(4.3)
Total losses and loss adjustment expenses	114.9	147.8	122.2	117.1	116.0	384.9	347.0
Operating expenses, including DAC amortization expense	41.4	42.4	44.7	40.4	42.0	128.5	125.3
Underwriting gain (loss)	6.9	(29.7)	(8.6)	1.5	(2.3)	(31.4)	(10.8)
Net investment income	9.2	8.1	9.2	10.0	10.0	26.5	29.0
Other income (expense)	(0.1)	0.1	—	(0.2)	0.4	—	0.8
Income (loss) before income taxes	16.0	(21.5)	0.6	11.3	8.1	(4.9)	19.0
Income tax expense (benefit)	2.6	(7.6)	(2.1)	1.7	1.4	(7.1)	3.0
Net income (loss) [2]	\$ 13.4	\$ (13.9)	\$ 2.7	\$ 9.6	\$ 6.7	\$ 2.2	\$ 16.0

[1] (Favorable) unfavorable.

[2] Net realized investment gains (losses) are not allocated by segment, therefore, net income and operating income are equivalent.

HORACE MANN EDUCATORS CORPORATION
PROPERTY and CASUALTY SEGMENT
UNDERWRITING RESULTS AND SUPPLEMENTAL DATA

<u>For Period Ended</u>	<u>Three Months Ended</u>					<u>Nine Months Ended</u>	
	<u>Sept. 30,</u> <u>2017</u>	<u>Jun. 30,</u> <u>2017</u>	<u>Mar. 31,</u> <u>2017</u>	<u>Dec. 31,</u> <u>2016</u>	<u>Sept. 30,</u> <u>2016</u>	<u>Sept. 30,</u> <u>2017</u>	<u>Sept. 30,</u> <u>2016</u>
UNDERWRITING RATIOS (%)							
Losses and loss adjustment expenses							
Current accident year before catastrophes	65.4	72.3	67.0	68.1	69.6	68.2	65.6
Current accident year catastrophes	5.3	20.2	10.8	7.3	5.3	12.0	10.5
Prior years' reserve development [1]	(0.3)	(0.4)	(0.6)	(1.7)	(0.4)	(0.4)	(0.9)
Total losses and loss adjustment expenses	70.4	92.1	77.2	73.7	74.5	79.8	75.2
Expense Ratio	25.4	26.4	28.3	25.4	27.0	26.7	27.2
Combined ratio	95.8	118.5	105.5	99.1	101.5	106.5	102.4
Combined ratio before catastrophes	90.5	98.3	94.7	91.8	96.2	94.5	91.9
Combined ratio before catastrophes and prior years' reserve development	90.8	98.7	95.3	93.5	96.6	94.9	92.8
PRODUCT (%)							
Automobile							
Loss and loss adjustment expense ratio	77.8	84.2	78.3	82.6	81.1	80.1	79.3
Expense ratio	25.6	26.4	28.6	25.6	27.2	26.9	27.6
Combined ratio	103.4	110.6	106.9	108.2	108.3	107.0	106.9
Prior years' reserve development [1]	0.0	0.0	0.0	(1.3)	0.0	0.0	0.0
Catastrophes	3.3	4.4	1.6	1.3	3.4	3.1	2.8
Combined ratio before catastrophes and prior years' reserve development	100.1	106.2	105.3	108.2	104.9	103.9	104.1
Property							
Loss and loss adjustment expense ratio	54.8	108.1	74.9	55.7	61.1	79.2	66.7
Expense ratio	25.1	26.5	27.6	25.4	26.6	26.4	26.5
Combined ratio	79.9	134.6	102.5	81.1	87.7	105.6	93.2
Prior years' reserve development [1]	(1.1)	(1.2)	(1.9)	(2.5)	(1.4)	(1.4)	(2.8)
Catastrophes	9.6	53.3	29.9	19.3	9.6	30.9	25.9
Combined ratio before catastrophes and prior years' development	71.4	82.5	74.5	64.3	79.5	76.1	70.1
SUPPLEMENTAL DATA							
Policy Count Retention (12 month)							
Automobile	83.0%	82.9%	83.0%	83.5%	83.5%	83.0%	83.5%
Property	87.6%	87.4%	87.5%	87.8%	87.8%	87.6%	87.8%
Sales (12-month annualized premium, in millions) [2]							
Automobile	\$ 25.5	\$ 23.4	\$ 22.6	\$ 22.2	\$ 24.3	\$ 71.5	\$ 66.9
Property	5.4	4.7	4.0	4.6	5.1	14.1	13.4
Total sales	\$ 30.9	\$ 28.1	\$ 26.6	\$ 26.8	\$ 29.4	\$ 85.6	\$ 80.3
Policies in force (in thousands)							
Automobile	482	484	484	485	486	482	486
Property	217	218	219	220	221	217	221
Total policies in force	699	702	703	705	707	699	707

[1] (Favorable) unfavorable.

[2] HM products.

HORACE MANN EDUCATORS CORPORATION
RETIREMENT SEGMENT
STATEMENTS OF OPERATIONS AND SUPPLEMENTAL DATA

For Period Ended <i>(\$ in millions)</i>	Three Months Ended					Nine Months Ended	
	Sept. 30, 2017	Jun. 30, 2017	Mar. 31, 2017	Dec. 31, 2016	Sept. 30, 2016	Sept. 30, 2017	Sept. 30, 2016
Contract deposits	\$ 114.8	\$ 116.8	\$ 117.3	\$ 128.3	\$ 154.6	\$ 348.9	\$ 391.9
Revenues							
Contract charges earned	\$ 7.5	\$ 6.7	\$ 6.6	\$ 6.3	\$ 6.4	\$ 20.8	\$ 18.6
Net investment income	64.3	65.2	63.4	62.4	66.3	192.9	187.0
Other income	1.7	1.5	0.9	0.8	0.5	4.1	2.0
Total revenues	73.5	73.4	70.9	69.5	73.2	217.8	207.6
Benefits and Expenses							
Interest credited	38.8	38.1	37.5	37.9	37.4	114.4	109.4
Mortality loss and other reserve changes	1.6	1.3	1.1	0.8	1.4	4.0	3.1
DAC amortization expense, excluding unlocking	3.7	3.7	3.7	3.8	3.7	11.1	11.1
DAC unlocking	(0.7)	0.3	0.3	(0.9)	(0.1)	(0.1)	0.6
Operating expenses	12.1	12.9	12.1	10.7	10.5	37.1	29.6
Total benefits and expenses	55.5	56.3	54.7	52.3	52.9	166.5	153.8
Income before income taxes	18.0	17.1	16.2	17.2	20.3	51.3	53.8
Income tax expense	4.4	5.3	4.7	5.8	4.6	14.4	14.5
Net income [1]	\$ 13.6	\$ 11.8	\$ 11.5	\$ 11.4	\$ 15.7	\$ 36.9	\$ 39.3
Less: DAC unlocking, after tax	0.4	(0.2)	(0.2)	0.6	0.1	—	(0.4)
Net income excluding DAC unlocking	\$ 13.2	\$ 12.0	\$ 11.7	\$ 10.8	\$ 15.6	\$ 36.9	\$ 39.7
Return on Assets (Before-tax basis points)							
ROA (12 month) [2]	104	110	114	114	117	104	117
Interest Spread [3]	188	189	183	193	195	188	195
SUPPLEMENTAL DATA							
Annuity Contracts in force (in thousands)	221	221	220	219	215	221	215
Persistency (12 month)							
Fixed annuities	92.6%	92.5%	94.4%	94.6%	94.6%	92.6%	94.6%
Variable annuities	89.7%	89.6%	94.7%	94.7%	94.6%	89.7%	94.6%
Sales [4]							
Recurring	\$ 46.6	\$ 55.4	\$ 53.4	\$ 56.0	\$ 47.9	\$ 155.4	\$ 153.6
Single deposit/rollovers/transfers	68.2	61.4	63.9	72.3	106.8	193.5	238.3
Total sales	\$ 114.8	\$ 116.8	\$ 117.3	\$ 128.3	\$ 154.7	\$ 348.9	\$ 391.9

[1] Net realized investment gains (losses) are not allocated by segment, therefore, net income and operating income are equivalent.

[2] Trailing 12 months adjusted earnings (income before income taxes adjusted to remove the impact of DAC unlocking and changes in guaranteed minimum death benefit reserves) divided by a 5-point average accumulated account value.

[3] Before-tax basis points. Quarterly results reflect spread earned on an adjusted annualized year-to-date basis for the fixed and fixed indexed annuity blocks of business.

[4] Historically, reported sales for HM products were determined based on annualized new recurring deposits as well as single deposits/rollovers/transfers. Effective January 1, 2017, reported sales are now determined based on total recurring deposits as well as single deposits/rollovers/transfers. All historical sales information presented has been revised to conform to the new methodology.

HORACE MANN EDUCATORS CORPORATION
RETIREMENT SEGMENT
ACCOUNT VALUE ROLLFORWARD

<u>For Period Ended</u> <i>(\$ in millions)</i>	Three Months Ended					
	Sept. 30, 2017	Jun. 30, 2017	Mar. 31, 2017	Dec. 31, 2016	Sept. 30, 2016	Jun. 30, 2016
FIXED ACCOUNT ANNUITIES [1]						
Beginning balance	\$ 4,184.2	\$ 4,233.2	\$ 4,201.0	\$ 4,166.2	\$ 4,086.7	\$ 4,026.0
Deposits	59.2	55.7	52.6	61.3	84.6	60.1
Withdrawals	(63.7)	(143.5) [4]	(72.7)	(81.9)	(69.7)	(64.0)
Net transfers	9.0	7.1	15.6	16.1	28.0	26.9
Interest credited	38.8	38.1	37.5	37.9	37.4	36.4
Other	(5.0)	(6.4)	(0.8)	1.4	(0.8)	1.3
Ending balance	\$ 4,222.5	\$ 4,184.2	\$ 4,233.2	\$ 4,201.0	\$ 4,166.2	\$ 4,086.7
FIXED INDEXED ACCOUNT ANNUITIES [2]						
Beginning balance	\$ 342.1	\$ 320.7	\$ 302.1	\$ 283.0	\$ 251.4	\$ 230.3
Deposits	16.9	17.4	19.3	21.0	32.3	22.6
Withdrawals	(2.8)	(2.1)	(2.3)	(1.8)	(2.0)	(1.3)
Net transfers	(0.9)	(0.7)	(1.0)	(1.3)	(1.5)	(1.3)
Index credits	3.9	2.9	2.3	0.5	1.7	—
Other	0.9	3.9	0.3	0.7	1.1	1.1
Ending balance	\$ 360.1	\$ 342.1	\$ 320.7	\$ 302.1	\$ 283.0	\$ 251.4
VARIABLE ACCOUNT ANNUITIES [3]						
Beginning balance	\$ 1,976.2	\$ 2,011.5	\$ 1,923.9	\$ 1,873.6	\$ 1,768.6	\$ 1,767.9
Deposits	38.6	43.7	45.4	46.0	37.7	42.0
Withdrawals	(27.3)	(127.0) [4]	(26.1)	(23.6)	(28.4)	(26.2)
Net transfers	(8.1)	(6.4)	(14.6)	(14.7)	(26.5)	(25.6)
Fees and charges	(8.2)	(7.8)	(7.5)	(7.3)	(7.1)	(7.0)
Market appreciation	80.3	62.1	90.3	49.8	129.1	17.4
Other	—	0.1	0.1	0.1	0.2	0.1
Ending balance	\$ 2,051.5	\$ 1,976.2	\$ 2,011.5	\$ 1,923.9	\$ 1,873.6	\$ 1,768.6

[1] Represents account balances having a guarantee of principal and a guaranteed minimum rate of return.

[2] Represents account balances with a contingent return linked to the Standard & Poor's 500 Index and/or the Dow Jones Industrial Average.

[3] Represents account balances invested in various mutual funds at the direction of the contractholders who bear the investment risk.

[4] Includes fixed account withdrawals of approximately \$78 and variable account withdrawals of approximately \$97 due to the transfer of the Company's 401(k) assets to a third-party provider.

HORACE MANN EDUCATORS CORPORATION
LIFE SEGMENT
STATEMENTS OF OPERATIONS AND SUPPLEMENTAL DATA

For Period Ended <i>(\$ in millions)</i>	Three Months Ended					Nine Months Ended	
	Sept. 30,	Jun. 30,	Mar. 31,	Dec. 31,	Sept. 30,	Sept. 30,	
	2017	2017	2017	2016	2016	2017	2016
Premiums and contract deposits	\$ 26.4	\$ 26.9	\$ 26.5	\$ 29.6	\$ 27.2	\$ 79.8	\$ 78.4
Revenues							
Premiums and contract charges earned	\$ 28.3	\$ 28.5	\$ 30.8	\$ 28.9	\$ 29.0	\$ 87.6	\$ 84.8
Net investment income	19.0	18.9	18.3	18.3	18.8	56.2	55.3
Other income	0.1	0.1	0.1	0.2	0.3	0.3	0.6
Total revenues	47.4	47.5	49.2	47.4	48.1	144.1	140.7
Benefits and Expenses							
Death benefits / mortality cost [1]	8.2	7.2	8.8	8.0	8.4	24.2	25.1
Interest credited	11.3	11.3	11.2	11.2	11.2	33.8	33.5
Change in reserves	10.2	9.6	12.0	11.6	9.9	31.8	28.4
DAC amortization expense, excluding unlocking	1.9	1.9	1.9	1.7	1.9	5.7	5.8
DAC unlocking	—	(0.1)	(0.1)	(0.2)	—	(0.2)	(0.2)
Operating expenses	8.4	8.9	10.0	9.1	9.6	27.3	27.8
Total benefits and expenses	40.0	38.8	43.8	41.4	41.0	122.6	120.4
Income before income taxes	7.4	8.7	5.4	6.0	7.1	21.5	20.3
Income tax expense	2.6	3.1	1.5	2.5	2.5	7.2	7.2
Net income [2]	\$ 4.8	\$ 5.6	\$ 3.9	\$ 3.5	\$ 4.6	\$ 14.3	\$ 13.1
Less: DAC unlocking, after tax	—	0.1	0.1	0.1	—	0.2	0.1
Net income excluding DAC unlocking	\$ 4.8	\$ 5.5	\$ 3.8	\$ 3.4	\$ 4.6	\$ 14.1	\$ 13.0
Earnings margin (before tax)							
Return on premium (12 month) [3]	23.3%	22.9%	21.7%	22.8%	23.5%	23.3%	23.5%
SUPPLEMENTAL DATA							
Lapse ratio (12 month) [4]	4.7%	4.7%	4.5%	4.3%	4.1%	4.7%	4.1%
Sales (12-month premium, \$ in millions) [5]							
Recurring	\$ 1.6	\$ 1.9	\$ 1.7	\$ 2.0	\$ 2.0	\$ 5.2	\$ 5.7
Single premium	1.6	1.8	3.0	2.9	1.6	6.4	5.0
Total sales	\$ 3.2	\$ 3.7	\$ 4.7	\$ 4.9	\$ 3.6	\$ 11.6	\$ 10.7
Insurance in force (\$ in millions)	\$ 17,403	\$ 17,308	\$ 17,164	\$ 17,025	\$ 16,864	\$ 17,403	\$ 16,864
Policies in force (in thousands)	197	197	198	198	198	197	198

[1] Ordinary life insurance.

[2] Net realized investment gains (losses) are not allocated by segment, therefore, net income and operating income are equivalent.

[3] Trailing 12 months adjusted earnings (income before income taxes adjusted to remove the impact of DAC unlocking) divided by trailing 12 months premiums and contract charges earned.

[4] Based on ordinary life insurance in force.

[5] HM products.

HORACE MANN EDUCATORS CORPORATION
CORPORATE and OTHER SEGMENT
STATEMENTS OF OPERATIONS
(Amounts are net of consolidating eliminations)

For Period Ended <i>(\$ in millions)</i>	Three Months Ended					Nine Months Ended	
	Sept. 30, 2017	Jun. 30, 2017	Mar. 31, 2017	Dec. 31, 2016	Sept. 30, 2016	Sept. 30, 2017	Sept. 30, 2016
Revenues							
Net investment income	\$ (0.2)	\$ (0.2)	\$ (0.2)	\$ (0.2)	\$ (0.2)	\$ (0.6)	\$ (0.6)
Other income	0.3	0.1	—	0.1	0.1	0.4	0.2
Total revenues	0.1	(0.1)	(0.2)	(0.1)	(0.1)	(0.2)	(0.4)
Expenses							
Interest expense	3.0	2.9	3.0	2.9	3.0	8.9	8.9
Debt retirement costs	—	—	—	—	—	—	—
Other operating expenses	1.6	1.0	1.0	1.5	1.4	3.6	3.7
Total expenses	4.6	3.9	4.0	4.4	4.4	12.5	12.6
Operating loss before income tax	(4.5)	(4.0)	(4.2)	(4.5)	(4.5)	(12.7)	(13.0)
Income tax benefit	(1.4)	(1.3)	(1.5)	(1.4)	(1.7)	(4.2)	(4.7)
Operating income (loss) after tax	\$ (3.1)	\$ (2.7)	\$ (2.7)	\$ (3.1)	\$ (2.8)	\$ (8.5)	\$ (8.3)
Net realized investment gains (losses) pre-tax [1]	(3.5)	2.0	(0.2)	(2.8)	4.0	(1.7)	6.9
Tax on net realized investment gains (losses) [1]	(1.3)	0.5	(0.1)	(1.3)	1.3	(0.9)	3.1
Net realized investment gains (losses) after tax [1]	(2.2)	1.5	(0.1)	(1.5)	2.7	(0.8)	3.8
Net income (loss)	\$ (5.3)	\$ (1.2)	\$ (2.8)	\$ (4.6)	\$ (0.1)	\$ (9.3)	\$ (4.5)

[1] Corporate level transactions, such as net realized investment gains (losses), are not allocated to the operating segments consistent with how management evaluates the results of those segments.

HORACE MANN EDUCATORS CORPORATION
INVESTMENT EARNINGS BEFORE TAXES
CONSOLIDATED

<u>For Period Ended</u> <i>(\$ in millions)</i>	<u>Three Months Ended</u>					<u>Nine Months Ended</u>	
	<u>Sept. 30,</u> <u>2017</u>	<u>Jun. 30,</u> <u>2017</u>	<u>Mar. 31,</u> <u>2017</u>	<u>Dec. 31,</u> <u>2016</u>	<u>Sept. 30,</u> <u>2016</u>	<u>Sept. 30,</u> <u>2017</u>	<u>Sept. 30,</u> <u>2016</u>
Net Investment Income							
Fixed maturity securities [1]							
Taxable	\$ 82.8	\$ 83.2	\$ 82.4	\$ 80.7	\$ 83.2	\$ 248.4	\$ 242.3
Tax-exempt	4.5	4.3	4.8	5.0	4.8	13.6	14.8
Total fixed maturity securities	87.3	87.5	87.2	85.7	88.0	262.0	257.1
Equity securities	1.6	1.6	1.5	1.2	1.3	4.7	3.5
Policy loans	2.2	2.2	2.1	2.2	2.2	6.5	6.4
Limited partnerships and other alternative investments	3.4	2.7	2.2	3.5	5.6	8.3	10.1
Short-term investments and other	0.2	0.4	0.2	0.3	0.3	0.8	0.8
Investment income	94.7	94.4	93.2	92.9	97.4	282.3	277.9
Investment expense	2.4	2.4	2.5	2.4	2.5	7.3	7.2
Total net investment income	\$ 92.3	\$ 92.0	\$ 90.7	\$ 90.5	\$ 94.9	\$ 275.0	\$ 270.7
Annualized investment yield, before tax [2]	5.09%	5.10%	5.07%	5.21%	5.25%	5.09%	5.25%
Annualized investment yield, after tax [2]	3.38%	3.39%	3.38%	3.47%	3.50%	3.38%	3.50%
Net Investment Income by Segment							
Property & Casualty	\$ 9.2	\$ 8.1	\$ 9.2	\$ 10.0	\$ 10.0	\$ 26.5	\$ 29.0
Retirement	64.3	65.2	63.4	62.4	66.3	192.9	187.0
Life	19.0	18.9	18.3	18.3	18.8	56.2	55.3
Corporate, including intersegment eliminations	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.6)	(0.6)
Total net investment income	\$ 92.3	\$ 92.0	\$ 90.7	\$ 90.5	\$ 94.9	\$ 275.0	\$ 270.7
Net Realized Investment Gains (Losses)							
Gross realized gains	\$ 5.7	\$ 7.9	\$ 5.0	\$ 4.1	\$ 4.6	\$ 18.6	\$ 19.2
Gross realized losses, excluding impairment charges	(3.1)	(2.3)	(2.4)	(3.2)	(0.4)	(7.8)	(4.9)
Other-than-temporary impairment losses	(6.1)	(3.6)	(2.8)	(3.7)	(0.2)	(12.5)	(7.4)
Total net realized investment gains (losses)	\$ (3.5)	\$ 2.0	\$ (0.2)	\$ (2.8)	\$ 4.0	\$ (1.7)	\$ 6.9

[1] Includes income on short-term bonds.

[2] Yields calculated by annualizing the result of year-to-date net investment income divided by the average period-end and beginning of year invested assets at cost, amortized cost, or adjusted carrying value, as applicable.

HORACE MANN EDUCATORS CORPORATION
COMPOSITION OF INVESTED ASSETS
CONSOLIDATED

For Period Ended <i>(\$ in millions)</i>	September 30,		June 30,		March 31,		December 31,		September 30,		June 30,	
	2017		2017		2017		2016		2016		2016	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Fixed maturity securities, at fair value [1]	\$ 7,630.6	91.5%	\$ 7,578.6	92.0%	\$ 7,510.7	92.4%	\$ 7,456.7	93.2%	\$ 7,494.1	91.7%	\$ 7,481.7	92.7%
Equity securities, at fair value	159.3	1.9%	156.9	1.9%	157.0	1.9%	141.6	1.8%	137.6	1.7%	123.2	1.5%
Policy loans, at outstanding balance	153.6	1.9%	152.9	1.9%	151.5	1.9%	151.9	1.9%	150.7	1.8%	149.8	1.9%
Limited partnerships and other alternative investments	282.1	3.4%	245.4	3.0%	223.9	2.8%	204.2	2.6%	172.6	2.1%	162.9	2.0%
Short-term investments	111.5	1.3%	104.1	1.3%	81.1	1.0%	44.9	0.6%	214.2	2.6%	153.4	1.9%
Total investments	\$ 8,337.1	100.0%	\$ 8,237.9	100.0%	\$ 8,124.2	100.0%	\$ 7,999.3	100.0%	\$ 8,169.2	100.0%	\$ 8,071.0	100.0%
Asset-backed securities	\$ 647.5	8.5%	\$ 664.5	8.8%	\$ 648.1	8.6%	\$ 626.9	8.4%	\$ 581.4	7.8%	\$ 581.7	7.8%
Collateralized debt/loan obligations	522.4	6.9%	525.8	6.9%	583.2	7.8%	667.7	9.0%	650.4	8.7%	657.9	8.8%
Commercial mortgage-backed securities	535.1	7.0%	541.9	7.2%	528.4	7.0%	503.8	6.8%	431.5	5.8%	418.7	5.6%
Corporate	2,921.9	38.3%	2,927.6	38.6%	2,936.9	39.1%	2,909.0	39.0%	3,033.3	40.5%	2,966.2	39.6%
Municipal	1,842.2	24.1%	1,817.2	24.0%	1,777.4	23.7%	1,769.4	23.7%	1,778.7	23.7%	1,745.8	23.3%
Residential mortgage-backed securities	490.5	6.4%	495.3	6.5%	505.4	6.7%	512.8	6.9%	530.7	7.1%	562.9	7.5%
U.S. Treasuries and government agencies	671.0	8.8%	606.3	8.0%	531.3	7.1%	467.1	6.3%	488.1	6.5%	548.5	7.3%
Total fixed maturity securities	\$ 7,630.6	100.0%	\$ 7,578.6	100.0%	\$ 7,510.7	100.0%	\$ 7,456.7	100.0%	\$ 7,494.1	100.0%	\$ 7,481.7	100.0%
U.S. government/government agencies	\$ 1,316.4	17.3%	\$ 1,229.4	16.2%	\$ 1,141.1	15.2%	\$ 1,082.0	14.5%	\$ 1,009.0	13.5%	\$ 1,127.1	15.1%
AAA	551.6	7.2%	586.6	7.7%	623.4	8.3%	610.7	8.2%	584.5	7.8%	566.6	7.6%
AA	1,621.0	21.2%	1,587.7	20.9%	1,605.6	21.4%	1,658.3	22.2%	1,630.0	21.8%	1,590.2	21.3%
A	1,770.5	23.2%	1,757.7	23.2%	1,724.6	23.0%	1,698.6	22.8%	1,776.4	23.7%	1,750.9	23.4%
BBB	2,063.7	27.1%	2,121.4	28.0%	2,102.8	28.0%	2,097.9	28.1%	2,201.0	29.4%	2,167.4	29.0%
BB and below, includes securities not rated	307.4	4.0%	295.8	3.9%	313.2	4.2%	309.2	4.1%	293.2	3.9%	279.5	3.7%
Total fixed maturity securities	\$ 7,630.6	100.0%	\$ 7,578.6	100.0%	\$ 7,510.7	100.0%	\$ 7,456.7	100.0%	\$ 7,494.1	100.0%	\$ 7,481.7	100.0%
<u>INVESTMENTS BY SEGMENT</u>												
Property and Casualty	\$ 939.9	11.3%	\$ 920.2	11.2%	\$ 908.0	11.2%	\$ 903.3	11.3%	\$ 933.9	11.4%	\$ 932.7	11.6%
Retirement and Life	7,382.5	88.5%	7,315.9	88.8%	7,200.4	88.6%	7,072.0	88.4%	7,201.8	88.2%	7,120.6	88.2%
Corporate [2]	14.7	0.2%	1.8	—%	15.8	0.2%	24.0	0.3%	33.5	0.4%	17.7	0.2%
Total investments	\$ 8,337.1	100.0%	\$ 8,237.9	100.0%	\$ 8,124.2	100.0%	\$ 7,999.3	100.0%	\$ 8,169.2	100.0%	\$ 8,071.0	100.0%

[1] Amortized Cost of \$7,194.4, \$7,161.9, \$7,173.2, \$7,152.1, \$6,907.6, and \$6,910.2 at September 30, 2017, June, 30, 2017, March 31, 2017, December 31, 2016, September 30, 2016, and June 30, 2016 respectively.

[2] Corporate segment assets are comprised entirely of short-term investments.

HORACE MANN EDUCATORS CORPORATION

RATINGS AND CONTACT INFORMATION

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As of September 30, 2017

	A.M. Best	Standard & Poor's	Moody's	Fitch
Financial Strength Ratings:				
Horace Mann Life Insurance Company	A	A	A3	A
Horace Mann Property and Casualty Insurance Company	A	A	A3	A
Horace Mann Insurance Company	A	A	A3	A
Teachers Insurance Company	A	A	A3	A
Horace Mann Lloyds	A	NR	NR	A
Other Ratings:				
Horace Mann Educators Corporation:				
Senior debt	bbb	BBB	Baa3	BBB

NR - not rated

TRANSFER AGENT

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Brooklyn, NY 11219

Phone: 800-937-5449

E-mail: info@amstock.com

Corporate Website: www.amstock.com/shareholder/sh_general_info.asp

COMMON STOCK

Common stock of Horace Mann Educators Corporation is traded on the New York Stock Exchange under the symbol "HMN".

This report is for information purposes only. It should be read in conjunction with documents filed by Horace Mann Educators Corporation with the U.S. Securities and Exchange Commission, including the most recent Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, and Current Reports on Form 8-K.