10-Dec-2018

Horace Mann Educators Corp. (HMN)

Acquisition of National Teachers Associates by Horace Mann Educators Corp Call

CORPORATE PARTICIPANTS

Heather J. Wietzel
Vice President-Investor Relations, Horace Mann Educators Corp.

Marita Zuraitis
President, Chief Executive Officer & Director, Horace Mann Educators Corp.

Bret A. Conklin
Executive Vice President & Chief Financial Officer, Horace Mann Educators Corp.

Wade Rugenstein
President & Chief Executive Officer, National Teachers Associates Life Insurance Co.

OTHER PARTICIPANTS

Christopher Campbell
Analyst, Keefe, Bruyette & Woods, Inc.

Gary Kent Ransom
Analyst, Dowling & Partners Securities LLC

MANAGEMENT DISCUSSION SECTION

Operator: Greetings and welcome to the Horace Mann Investor Call. At this time, all participants are in a listen-only mode. A question-and-answer session will follow the formal presentation. [Operator Instructions] As a reminder, this conference is being recorded.

I would now like to turn the conference over to your host, Heather Wietzel, Vice President, Investor Relations.

Heather J. Wietzel
Vice President-Investor Relations, Horace Mann Educators Corp.

Thank you, Jeremy, and good afternoon, everyone. Welcome to Horace Mann's discussion of our planned acquisition of National Teachers Associates Life Insurance Company. Copies of our news release and the accompanying investor presentation are available on our website.

Our speakers today are Marita Zuraitis, Horace Mann President and Chief Executive Officer; and Bret Conklin, Horace Mann Executive Vice President and Chief Financial Officer. They are joined by Matt Sharpe, Horace Mann Executive Vice President of Strategy and Business Development; and Wade Rugenstein, President and CEO of National Teachers Associates.

Before turning it over to Marita, I want to note that our presentation today includes forward-looking statements, as defined in the Private Securities Litigation Reform Act of 1995. Company cautions investors that any forward-looking statements include risks and uncertainties that are not guarantees of future performance. These forward-looking statements are based on management's current expectations and we assume no obligation to update them. Actual results may differ materially due to a variety of factors, which are described in our news release and SEC filings.

In our prepared remarks, we use some non-GAAP measures. Reconciliations of these measures to the most comparable GAAP measures are available in the supplemental material we provided at Q3, along with a page at the back of the deck we provided.

I'll now turn the call over to Marita.

Marita Zuraitis

President, Chief Executive Officer & Director, Horace Mann Educators Corp.

Thanks, Heather. Good morning or good afternoon. We say good morning most of the times, so we get stuck on that. I'd like to thank everyone for making time for our call today.

Earlier this afternoon, we announced Horace Mann has signed a definitive agreement to acquire Dallas-based National Teachers Associates Life Insurance Company, National Teachers Associates, or NTA, is a provider of supplemental insurance products to K-12 educators. If members of the NTA team are on the line, I just wanted to let you know how excited we are about our companies joining forces and we're certainly looking forward to working together.

Acquiring NTA strengthens the Horace Mann value proposition by bringing two mission-centric organizations both focused on helping educators achieve long-term – time financial success. It will broaden our product offerings and expand our distribution network. NTA also brings a strong management team and operational infrastructure. The combination supports quicker and more efficient achievement of our long-term strategic objectives. Further, the transaction is immediately accretive to both EPS and ROE.

I'll turn to the strategic benefits in a moment, but first, I want to highlight some key points about NTA and explain why our companies are a natural fit. NTA provide supplemental insurance products, such as cancer and heart, to the education community, and it has done so for nearly 50 years. Like Horace Mann, NTA has strong worksite distribution capabilities in the education market through a captive sales force of about 220 agents. They share our dedication to taking care of the deserving customers who serve our communities.

About 80% of their 150,000 households are educators, the remainder are other public sector employees such as firefighters. The company maintains a financial strength rating of A- Excellent from A.M. Best and has been named to the Ward's 50 Top Performing Life & Health Insurers list for the past seven years. For the 12 months ending September 30, NTA generated slightly over $130 million in premiums and total core earnings of approximately $30 million.

Moving to the benefits of the transaction, as I outlined on our third quarter earnings call, we approach our business development process with two criteria for capital deployment. First, it has to make financial sense, and second, it has to advance our growth strategy. This transaction clearly meets both criteria.

From a financial standpoint, first, it is immediately accretive to both EPS and ROE. In the first 12 months after closing, we anticipate an additional $15 million to $20 million in after-tax earnings from this transaction, generating about 100 basis points of ROE improvement, another step on the path to returning to a double-digit ROE. We see that accretion even before any cross-sell benefits or additional synergies. I'll talk in a minute about the long-term opportunities we see in marketing our combined product lines across the entire customer base.

Second, their supplemental insurance products require less capital and have a higher margin profile than our current insurance products. On a pro forma basis, we expect NTA to contribute about 10% of the combined company's revenue and roughly 25% of pre-tax income.

Third, the addition of this new business segment will diversify our revenue mix, reduce earnings volatility and add additional geographies. Similar to our Life and Retirement business, supplemental insurance products are unaffected by weather. Plus, morbidity risk of these products is not strongly correlated to mortality risk in the Life business. That's the financial side. The long-term value of this transaction lies in the way it advances our growth strategy through accelerated household acquisition and product cross-sell within the household.

As we have discussed in the past, our PDI growth strategy is based on providing products designed to meet educators' needs and protect their unique risks, growing our knowledgeable trusted distribution tailored to educator preferences, and leveraging modern scalable infrastructure that is easy to do business with.

Our business development team has been dedicated to finding the best ways to advance this strategy. They have been focused on identifying the most accretive ways to add PDI capabilities, whether by building, partnering or acquiring. The NTA transaction clearly provides substantial PDI benefits, allowing us to advance our strategy. So, let's look at each component.

From a product perspective, NTA's supplemental insurance offerings enable us to better meet educator's needs at each stage of their life and protect their financial well-being. We know that middle market customers, which includes our educator customers, typically don't have a lot of discretionary savings to utilize for an unexpected event.

Low-cost, flexible supplemental insurance offers a defined dollar benefit. An insured can use it to cover medical or non-medical costs of an accident, illness or health emergency. It can help our customer focus on the road to recovery without relying on retirement or other savings. Horace Mann has been evaluating how to add these financial solutions for some time, as our agents are regularly asked if we offer supplemental insurance products. NTA's products allow us to quickly provide another financial solution for educators.

Turning to distribution, I've talked many times about the long-term importance of adding more points of distribution to effectively reach more educators in more school districts. In joining forces with NTA, we will increase the households we serve and our distribution network by more than 30%.

Their 220 trusted knowledgeable agents, have extensive work site marketing experience and are already in place serving educators in about 1,000 school districts. The geographies the two companies serve are complementary with limited overlap in agent territories.

Finally, infrastructure. NTA is run by an experienced team focused on delivering great educator customer experiences, supported by modern and scalable infrastructure. They're ready to add scale and we're the partner that can help them do so.

Finally, with more products, expanded distribution and scalable infrastructure, we will be able to leverage one of Horace Mann's core strengths: cross-selling in educator households. Today, 20% of our educator customers buy both P&C and Life and Retirement product. That's compared to an industry cross-sell average of about 12%. More cross-sold customers increases our retention and brand affinity. We're confident we can quickly introduce NTA's supplemental insurance products to the households we serve and Horace Mann's products to their households. Cross-selling our combined product line could add at least $5 million to $7 million to pro forma annual operating income by 2021, bolstering the accretion we expect from day one.

In summary, we expect this transaction to create significant shareholder value in the near and long term. Horace Mann and NTA, together, will be better positioned to provide solutions to individual educators and their school district employers. Our product set and distribution networks are complementary and we are both dedicated to serving educators. By combining our resources, strengths and capabilities, we can unlock accelerated growth for both organizations.

And with that, I'll turn the call over to Bret to discuss transaction details.

Bret A. Conklin

Executive Vice President & Chief Financial Officer, Horace Mann Educators Corp.

Thanks, Marita, and welcome, everyone. Let me begin by saying this is a meaningful transaction for Horace Mann. Under the terms of the definitive agreement, Horace Mann will acquire 100% of NTA for $405 million. The acquisition was approved by the Horace Mann board of directors and is expected to close in the second quarter of 2019, pending regulatory approvals.

NTA has approximately $75 million in excess capital that we plan to use as part of the transaction. Adjusting for that capital, the effective purchase price of $330 million represents approximately 11 times their core earnings for the 12 months ended September 30, 2018. And it should be noted that this multiple is before considering any tax advantages and covariance benefits created by the combination of the two companies.

We expect to finance the transaction using $250 million in new senior debt in existing cash from the combined companies. Under this scenario, our debt to total capitalization should be about 28% at closing, with a clear path to reduce that ratio to 25% within about 18 to 24 months supporting our current credit ratings.

As we noted in the release, we may explore additional financing options prior to closing to optimize our liquidity position or further enhance ROE. On a combined basis, we expect to maintain an RBC ratio of 425% in each insurance subsidiary. Regardless of this specific financing option, the combined company should generate about between $40 million to $50 million in excess capital annually, assuming normalized P&C results. We plan to operate NTA as a separate business segment, retaining its strong brand and current leadership team.

For the 12 months ended September 30, 2018, NTA had net written premiums of slightly more than $130 million and total core earnings of approximately $30 million. The transaction is expected to be immediately accretive the EPS and ROE. It should add $15 million to $20 million to Horace Mann's earnings, and improve ROE by about 100 basis points in the 12 months after closing. Going forward, in addition to the potential cross-sell upside from combining the company's products and distribution forces that Marita mentioned, we also stand to gain synergies and efficiencies through our combined infrastructure.

As I said on our third quarter earnings call, we are focused on the most accretive uses of capital. We believe the opportunity to acquire NTA is our best current use and will accelerate shareholder value creation.

In summary, this transaction is immediately accretive. It increases Horace Mann's households served and distribution network by more than 30%. It adds about 10% to our topline and 25% to earnings. It nearly doubles our annual excess capital creation capacity and the first year improvement to ROE should be about 100 basis points, all in a market that we have been serving for 75 years. Thanks and I will turn it back over to Marita.

Marita Zuraitis

President, Chief Executive Officer & Director, Horace Mann Educators Corp.

Thanks, Bret. Before we move to Q&A, I wanted to take a moment to welcome NTA's employees, agents, policyholders and management to the Horace Mann team, including Wade Rugenstein, who is on the line with us today. Wade, I wanted to give you an opportunity to say a few words.

Wade Rugenstein

President & Chief Executive Officer, National Teachers Associates Life Insurance Co.

Thanks, Marita. Our founder, Bill Ellard, started National Teachers Associates nearly 50 years ago with the belief that great people, plus great products, equal great opportunity. Since joining NTA in 2012, my team and I have worked hard to preserve that legacy while building products that are relevant to the educator space, growing a distribution force experienced at worksite marketing, and delivering a great educator customer experience. By joining forces with Horace Mann, a well-respected company and fellow leader in the education market, we gained a partner with the same vision, mission, target market and long-term strategy. I'm extremely excited about the opportunities ahead as we move forward together.

Marita Zuraitis

President, Chief Executive Officer & Director, Horace Mann Educators Corp.

Thanks, Wade. I appreciate that. I've long admired your company's dedication to taking care of educators, as well as others who serve our communities, and we're very excited to bring these two organizations together to better serve our customers, employees, agents, and certainly, our shareholders, and I look forward to what our teams can accomplish together.

And thank you. I'll turn the call back to Heather to start the Q&A.

Heather J. Wietzel

Vice President-Investor Relations, Horace Mann Educators Corp.

Yes. Jeremy, if you could poll for questions, and then, we'll get started.

QUESTION AND ANSWER SECTION

Operator: At this time, we will be conducting a question-and-answer session. [Operator Instructions] Our first question comes from the line of Christopher Campbell from KBW. Please proceed with your question.

Christopher Campbell
Analyst, Keefe, Bruyette & Woods, Inc.
Q

Yes, hi. Good afternoon.

Bret A. Conklin
Executive Vice President & Chief Financial Officer, Horace Mann Educators Corp.
A

Good afternoon.

Christopher Campbell
Analyst, Keefe, Bruyette & Woods, Inc.
Q

Yeah. Congrats on the transaction. So, I just had kind of a few questions and kind of more modeling, I guess. So, I guess the first one is what is the approximate, like, customer overlap between Horace Mann and NTA? And does the addition of some new geographies from the NTA acquisition, will this change Horace Mann's underwriting appetite? Because I see like maybe 5% is Louisiana, you've got like 4% of NTA is Florida. Just, I guess, how would you be thinking about some of the coastal risks with some of those states?

Marita Zuraitis
President, Chief Executive Officer & Director, Horace Mann Educators Corp.
A

Yeah. I mean, I'd start, Chris, by saying first, as we said in the script, even though we do have some overlapping states, which, I think, is a good thing, when we do the territory analysis, we have very few overlapping territories. We're in about 4,000 districts they're in about 1,000 districts. We have 700 agents. They have about 220 agents. And remarkably, there is very little overlap when we do those territory – when we do that territory analysis, which, obviously, I think, is a good thing. It just puts us in more districts where when we push that cross-sell, we can push it pretty hard.

And on the underwriting appetite – from an underwriting appetite standpoint, nothing changes. So if you think about Florida, for example, a good one that you mentioned, we have some very strong agents in Florida. They have some very strong agents in Florida, very different geographies. But if you'll remember, we don't write property in Florida today. We use third parties, except for limited renters' insurance and we have very conservative auto underwriting appetite and that won't change. So, I actually think this makes our agents in Florida stronger by giving them more non-P&C products to sell.

Christopher Campbell
Analyst, Keefe, Bruyette & Woods, Inc.
Q

Got it. And then, I guess just thinking about it, how should we think about modeling this? I mean, if I look at the statutory financials, it's a Life business, but it's kind of more an accident and health business. I guess just how as we're updating our models – I mean, should we think about this more like a P&C business, the way that you'll project it, or should we model it off of more of like a Life view?

Marita Zuraitis
President, Chief Executive Officer & Director, Horace Mann Educators Corp. A

Yeah. Before Bret gets specific, I wouldn't think about this as a health business. First, their products are defined, fixed benefit, products that probably more likely resemble our P&C products than our Life and annuity products. So, I think about that first. And also, their customers and our customers have – they asked for these products. For us, when we think about our solution orientation, I think it fits very well because we've talked about educators having limited discretionary funds for unexpected events without pulling from their retirement savings, and this gives us an opportunity to answer the questions that our educators are already asking. But specifically, I don't know if you...

Bret A. Conklin
Executive Vice President & Chief Financial Officer, Horace Mann Educators Corp. A

Yeah. And I think, just adding on to what Marita just shared, similar to P&C, it has a core loss ratio. It'll have some net investment income contribution and they're pretty simple products in the grand scheme of things. So, I would just add that.

Christopher Campbell
Analyst, Keefe, Bruyette & Woods, Inc. Q

Got it. And then, I guess what are you just thinking about in terms of loss/expense/combined ratios?

Bret A. Conklin
Executive Vice President & Chief Financial Officer, Horace Mann Educators Corp. A

Historically, their combined ratios have been below 100%...

Christopher Campbell
Analyst, Keefe, Bruyette & Woods, Inc. Q

Yeah.

Bret A. Conklin
Executive Vice President & Chief Financial Officer, Horace Mann Educators Corp. A

...the last few years. I think not boiling down to all the components of expense, commission and benefits, we're just looking at the margin, which has typically been a higher margin product than ours and clearly in the 10-plus percent margin range.

Christopher Campbell
Analyst, Keefe, Bruyette & Woods, Inc. Q

Okay. Got it. And then, just I noticed on the deck, it looks like there was a big jump up in NTA's $27 million core earnings, and the footnote has favorable reserve development is like a big driver of that. I guess just how should we think about their pre-tax core earnings going forward? And is the $18 million to $19 million that we saw in 2015 and 2016, is that a kind of more normal rate than the 2017 when we look forward?

Bret A. Conklin
Executive Vice President & Chief Financial Officer, Horace Mann Educators Corp. A

Yeah. I guess on page 15, I would tend to focus there, that that we anticipated adding $15 million to $20 million of earnings and that's core. So, that after-tax. I mean, yes, there were adjustments in 2017 but we tried to provide you with the run rate of $15 million, $20 million of after-tax earnings to our bottom-line in the first 12 months after closing.

Christopher Campbell
Analyst, Keefe, Bruyette & Woods, Inc.
Q

Okay. Got it. And then, just one more on – Oh, I'm sorry. Go ahead, Marita.

Marita Zuraitis
President, Chief Executive Officer & Director, Horace Mann Educators Corp.
A

Chris. I think it's also important to point out that a historic loss ratio for this business would probably run in the 50% to 55% range for these products and that has also been true about the historical numbers for NTA.

Christopher Campbell
Analyst, Keefe, Bruyette & Woods, Inc.
Q

Okay. Got it. And just one final one on like slide 15, since you had mentioned it, Bret, in something like that second to the last bullet, anticipated integration expenses approximate expected cost synergies, I guess what would that be on an absolute basis, and just that's in addition to the $5 million to $7 million of onetime deal expenses, correct?

Bret A. Conklin
Executive Vice President & Chief Financial Officer, Horace Mann Educators Corp.
A

It would be in addition. And I'll just give you maybe a quick example. I mean, obviously, we would anticipate combining the investment portfolios of the two company. An example, we'd probably expect, perhaps, approximately $1 million higher in net investment income. They have a pretty conservative investment portfolio, but here again, we would throw that with our investment portfolio. Obviously, a smaller company than Horace Mann but we do expect some integration expenses with converting them to some of the processes and documentation that are required being a publicly traded company. So, we do believe some of the integration benefits will be offset by the cost we would incur from a publicly traded company. But they do a very good job controlling their expenses and it's a Lean operation, if you will.

Christopher Campbell
Analyst, Keefe, Bruyette & Woods, Inc.
Q

Got it. And you basically got to run it like autonomously from Dallas, right? So, I mean – I guess where would the cost synergies be coming from?

Marita Zuraitis
President, Chief Executive Officer & Director, Horace Mann Educators Corp.
A

Yeah, I mean, I think Bret mentioned one of them. I mean, you think about a large public company, just think about the investment strategy of the company and being able to handle those investments as one rather than as two. That would be a synergy. There will be some like that, but in the end of the day, this will be run as a separate business segment. So now, instead of having – or division – instead of having two divisions, we'll have three divisions. Instead of having three segments, we'll have four segments.

So if you think about Property and Casualty, Life, Retirement, now, we have a fourth segment called Supplemental Insurance. When you think of our divisions of P&C and Life and Retirement, now, we have a third division called Supplemental Insurance. So, it will be run as a division in Dallas the way it runs today but we can roll it up and take advantage of the synergies that we can provide as a much bigger, broader company.

And Wade, I don't know if you have anything to add as far as what you see from your perspective.

Wade Rugenstein
President & Chief Executive Officer, National Teachers Associates Life Insurance Co.
A

No. Based on what you said, I would agree. I mean, I think there's certainly some advantages on the investment side and then we'll look for the opportunities as we move forward.

Christopher Campbell
Analyst, Keefe, Bruyette & Woods, Inc.
Q

All right. Well, great. Thanks for all the answers and congrats on the transaction.

Marita Zuraitis
President, Chief Executive Officer & Director, Horace Mann Educators Corp.
A

Thanks, Chris.

Bret A. Conklin
Executive Vice President & Chief Financial Officer, Horace Mann Educators Corp.
A

Thanks.

Operator: [Operator Instructions] There are no more questions at this time. And I'd like to turn the call back to management for closing remarks.

Heather J. Wietzel
Vice President-Investor Relations, Horace Mann Educators Corp.
A

Hi. I think we may have one more question, Jeremy.

Operator: Yes. Our next question comes from the line of Gary Ransom from Dowling & Partners.

Gary Kent Ransom
Analyst, Dowling & Partners Securities LLC
Q

Yes. Good afternoon, everyone.

Marita Zuraitis
President, Chief Executive Officer & Director, Horace Mann Educators Corp.
A

Hi, Gary.

Gary Kent Ransom
Analyst, Dowling & Partners Securities LLC
Q

I wanted to ask a little bit about the book value of the entity you're buying. I see – it looks like you have statutory surplus in here of roughly $120 million. I was wondering if you can give us an estimate of what the GAAP number looks like – or maybe I'm wrong. Maybe that number is a GAAP number. I just wondered if you could give us some book value metrics.

Bret A. Conklin
Executive Vice President & Chief Financial Officer, Horace Mann Educators Corp.

A

I'm looking, Gary. I guess if you look at it, what the – if you're trying to kind of approach it from a projected multiple, if you will, the $330 million adjusted purchase price to – I think their GAAP book value is about $117 million. It's roughly 2.75 times GAAP book value. However, we – that's just one measure. We certainly are focused on the 11 times earnings multiple and what that will do in the capital that it will generate in the future. So very, very profitable business.

Gary Kent Ransom
Analyst, Dowling & Partners Securities LLC

Q

And that...

Bret A. Conklin
Executive Vice President & Chief Financial Officer, Horace Mann Educators Corp.

A

Yeah. In the $330 million number that I've provided versus the $405 million, that was after – that's on an adjusted basis after the dividend that's going to take place post-purchase.

Gary Kent Ransom
Analyst, Dowling & Partners Securities LLC

Q

And that dividend is actually – is that part of the statutory entity? I guess what I'm confused by a little bit is that...

Bret A. Conklin
Executive Vice President & Chief Financial Officer, Horace Mann Educators Corp.

A

Yes. Yes, it is, Gary.

Gary Kent Ransom
Analyst, Dowling & Partners Securities LLC

Q

...you're taking $75 million out, and yet, there seems to be only $120 million in the first place, and I'm – and that's what I'm confused by. Is there some – am I missing some piece of it?

Bret A. Conklin
Executive Vice President & Chief Financial Officer, Horace Mann Educators Corp.

A

Well, there are non-regulated entities that we are purchasing as well, and I think that was footnoted on one of the schedules, that provide about $5 million annually contribution to the earnings.

Gary Kent Ransom
Analyst, Dowling & Partners Securities LLC

Q

Oh, okay, okay. All right. That's helpful. Thank you. And I guess on the – just another issue of trying to understand how quickly the cross-selling can happen. Is this the kind of thing that once you close, you can essentially put each other's products out there fairly quickly or is there a...

Marita Zuraitis
President, Chief Executive Officer & Director, Horace Mann Educators Corp.

A

Yeah. That's you. You answered your own question. It's actually that simple. I mean, as we said in the script and early on our answers to Chris's questions, these are products that we know a fair about. These are products that our customers are requesting. These are products that we've had on our product game board to build or actually establish a marketing relationship with somebody. As a matter of fact, we had approached NTA originally as a potential marketing opportunity for us where we would have our agents market their products, and then, over time, working together, wondered why we wouldn't be together since we had so much in common in this niche segment that we serve in a worksite way that we do it today.

So yeah, I really believe that giving our agents access to the ability to sell these products will be relatively quick, as well as the potential of having their agents sell some or most of our products relatively quickly. I think at the end of the day, once we secure the appropriate licenses, which most of our agents have, and ensure that they have the appropriate skill, I think that this could be relatively quick.

But what's really exciting is when we looked at this, we didn't put heavy cross-sell synergies into our evaluation of this. We thought about it separate from those, but yet, we all know and are convinced that it's here since they sell these products in the same way that we sell products in schools. They have strong association relationships often where we don't, we do where they don't. I think the synergies, when you look at who they are and do a little bit more research, you'll see the same thing that we saw.

Gary Kent Ransom
Analyst, Dowling & Partners Securities LLC
Q

If I look at their 220 agents and they're all licensed to do A&H, presumably, that gives them the potential to do Life and annuities as well. Do they have the licensing and training necessary for Property and Casualty?

Marita Zuraitis
President, Chief Executive Officer & Director, Horace Mann Educators Corp.
A

Yeah. I think that will, like I said, that'll take a little longer. I think when you think about auto insurance, maybe some of them did come from the P&C space originally. I think our ability to bring in people and license them quickly in auto, that's probably the shortest pole in the tent, home behind that. Whether or not you get to the broader Life products or the broader annuity products over time, I think that could take longer. But I – we don't want to get ahead of ourselves. We know it's there. We're pretty good at cross-sell because we really don't think about it as a product conversation. That's why this is so exciting. We think about it as a solution discussion with that educator, and then, products are what we pull to fill the gap. So now, we have these products to fill that gap. And I think over time, we can have more and more agents being able to do that full client solution discussion.

Gary Kent Ransom
Analyst, Dowling & Partners Securities LLC
Q

All right. Well, thank you very much and congratulations.

Gary Kent Ransom
Analyst, Dowling & Partners Securities LLC
Q

Thank you.

Bret A. Conklin
Executive Vice President & Chief Financial Officer, Horace Mann Educators Corp.
A

Thanks.

Operator: Ladies and gentlemen, we have reached the end of the question-and-answer session. And now, I'd like to turn the call back to management for closing remarks.

Heather J. Wietzel

Vice President-Investor Relations, Horace Mann Educators Corp.

Thank you, Jeremy, and thank you, everyone, for joining us today on such short notice. It's an exciting topic and we look forward to discussing it more in future conversations. I will be available in the office tomorrow, if anyone wants to reach out with follow-ups, and we'll get your questions answered from there as well. So, thank you, again. Appreciate it.

Operator: This concludes today's conference. You may disconnect your lines at this time. Thank you for your participation.