

Second Quarter 2019 Investor Supplement

June 30, 2019



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") and are marked with an asterisk (*) within this document. 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 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					Six Months Ended	
	Jun. 30, 2019	Mar. 31, 2019	Dec. 31, 2018	Sept. 30, 2018	Jun. 30, 2018	Jun. 30, 2019	Jun. 30, 2018
Earned premiums	\$ 208.1	\$ 209.8	\$ 201.9	\$ 206.8	\$ 205.6	\$ 417.9	\$ 408.6
Net investment income	93.5	92.8	88.4	99.1	97.1	186.3	189.0
Net investment gains (losses)	146.3	7.4	(14.4)	2.9	0.7	153.7	(1.0)
Other income	3.6	3.2	2.6	2.6	2.8	6.8	5.1
Total revenues	\$ 451.5	\$ 313.2	\$ 278.5	\$ 311.4	\$ 306.2	\$ 764.7	\$ 601.7
Net income (loss)	\$ 93.8	\$ 32.2	\$ (20.3)	\$ 12.5	\$ 5.9	\$ 126.0	\$ 26.1
Core earnings (loss)*	7.1	26.4	(8.7)	10.3	5.3	33.5	26.8
At Period End							
Total assets	\$ 11,779.4	\$ 11,561.1	\$ 11,031.9	\$ 11,280.8	\$ 11,156.2	\$ 11,779.4	\$ 11,156.2
Total policy liabilities	6,445.3	6,408.7	6,384.1	6,349.4	6,274.1	6,445.3	6,274.1
Debt	297.9	297.8	297.7	297.7	297.6	297.9	297.6
Shareholders' equity	1,499.7	1,423.7	1,290.6	1,304.3	1,350.4	1,499.7	1,350.4
Per Share and Shares Data (in millions)							
Net income (loss) per share (basic)	\$ 2.25	\$ 0.77	\$ (0.49)	\$ 0.30	\$ 0.14	\$ 3.02	\$ 0.63
Core earnings (loss) per share (basic)*	0.17	0.63	(0.21)	0.25	0.13	0.80	0.65
Net income (loss) per diluted share	2.24	0.77	(0.49)	0.30	0.14	3.01	0.63
Core earnings (loss) per diluted share*	0.17	0.63	(0.21)	0.25	0.13	0.80	0.64
Weighted average common shares (basic)	41.8	41.6	41.6	41.7	41.6	41.7	41.5
Dilutive effect of stock equivalents	0.1	0.2	0.3	0.2	0.1	0.2	0.2
Weighted average diluted shares	41.9	41.8	41.9	41.9	41.7	41.9	41.7
Book value per share	\$ 36.41	\$ 34.60	\$ 31.50	\$ 31.78	\$ 32.93	\$ 36.41	\$ 32.93
Per share impact of net unrealized investment gains (losses) on fixed maturity securities	4.93	5.13	2.37	1.85	3.06	4.93	3.06
Book value per share excluding net unrealized investment gains (losses) on fixed maturity securities*	\$ 31.48	\$ 29.47	\$ 29.13	\$ 29.93	\$ 29.87	\$ 31.48	\$ 29.87
Dividends paid per share	\$ 0.2875	\$ 0.2875	\$ 0.285	\$ 0.285	\$ 0.285	\$ 0.5750	\$ 0.570
Financial Ratios							
Net Income ROE - LTM [1]	8.6%	2.2%	1.3 %	11.8%	12.7%	8.6%	12.7%
Net Income ROE - Annualized	25.7%	9.5%	(6.3)%	3.8%	1.7%	18.1%	3.7%
Core ROE - LTM*	2.9%	2.7%	2.3 %	5.3%	7.0%	2.9%	7.0%
Core ROE - Annualized*	2.3%	8.8%	(2.9)%	3.4%	1.7%	5.4%	4.4%
Debt to total capitalization excluding net unrealized investment gains (losses) on fixed maturity securities*	18.7%	19.7%	20.0 %	19.5%	19.5%	18.7%	19.5%
Investment yield, after tax - Annualized	4.11%	4.01%	4.00 %	4.22%	3.98%	4.06%	3.44%

[1] LTM = Last twelve months

HORACE MANN EDUCATORS CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS

For Period Ended	Three Months Ended					Six Months Ended	
	Jun. 30, 2019	Mar. 31, 2019	Dec. 31, 2018	Sept. 30, 2018	Jun. 30, 2018	Jun. 30, 2019	Jun. 30, 2018
<i>(\$ in millions)</i>							
Revenues							
Insurance premiums and contract charges earned	\$ 208.1	\$ 209.8	\$ 201.9	\$ 206.8	\$ 205.6	\$ 417.9	\$ 408.6
Net investment income	93.5	92.8	88.4	99.1	97.1	186.3	189.0
Net investment gains (losses)	146.3	7.4	(14.4)	2.9	0.7	153.7	(1.0)
Other income	3.6	3.2	2.6	2.6	2.8	6.8	5.1
Total revenues	451.5	313.2	278.5	311.4	306.2	764.7	601.7
Benefits, losses and expenses							
Benefits, claims and settlement expenses	152.7	139.4	163.9	161.8	168.3	292.1	311.9
Interest credited	53.6	52.9	53.0	52.1	51.1	106.5	101.1
DAC amortization expense, excluding unlocking	26.1	27.0	26.6	26.4	26.3	53.1	52.7
DAC unlocking	5.5	(2.0)	3.9	(0.2)	0.2	3.5	0.5
Operating expenses	55.3	54.0	56.0	51.0	50.2	109.3	98.4
Interest expense	3.3	3.3	3.3	3.2	3.3	6.6	6.5
Other expense - Goodwill impairment	28.0	—	—	—	—	28.0	—
Total benefits, losses and expenses	324.5	274.6	306.7	294.3	299.4	599.1	571.1
Income (loss) before income taxes	127.0	38.6	(28.2)	17.1	6.8	165.6	30.6
Income tax expense (benefit)	33.2	6.4	(7.9)	4.6	0.9	39.6	4.5
Net income (loss)	\$ 93.8	\$ 32.2	\$ (20.3)	\$ 12.5	\$ 5.9	\$ 126.0	\$ 26.1
Other Statistics							
Effective tax rate on net investment income	20.1%	20.3%	20.1%	20.3%	19.8%	20.2%	20.3%
Net investment income, after tax	\$ 74.5	\$ 74.0	\$ 70.6	\$ 79.0	\$ 77.9	\$ 148.5	\$ 150.7
Catastrophe costs, net of reinsurance, pretax	22.1	10.8	45.3	32.2	26.8	32.9	36.6
Catastrophe costs, net of reinsurance, after tax	17.5	8.5	35.8	25.4	21.2	26.0	28.9
Other-than-temporary impairment losses on securities [1]	(0.1)	(0.2)	(0.1)	(0.1)	(1.2)	(0.3)	(1.3)

[1] Included in pretax net investment gains (losses).

HORACE MANN EDUCATORS CORPORATION
CONSOLIDATED BALANCE SHEETS

	Jun. 30, 2019	Mar. 31, 2019	Dec. 31, 2018	Sept. 30, 2018	Jun. 30, 2018	Mar. 31, 2018
(\$ in millions, except per share data)						
ASSETS						
Investments						
Fixed maturity securities, available for sale, at fair value	\$ 5,534.3	\$ 7,798.0	\$ 7,515.3	\$ 7,529.1	\$ 7,475.5	\$ 7,634.7
Equity securities, at fair value	100.1	105.5	111.8	133.2	130.8	131.0
Limited partnership interests	351.5	330.4	328.5	326.9	273.8	257.4
Short-term and other investments	433.7	323.9	295.1	252.8	352.7	201.6
Total investments	6,419.6	8,557.8	8,250.7	8,242.0	8,232.8	8,224.7
Cash	7.6	7.3	11.9	6.4	8.2	24.0
Deferred policy acquisition costs	279.0	275.4	298.7	305.4	292.6	280.2
Deposit asset on reinsurance	2,315.3	—	—	—	—	—
Goodwill	29.5	57.5	47.4	47.4	47.4	47.4
Other assets	417.5	439.0	422.1	387.1	379.3	352.7
Separate account assets	2,310.9	2,224.1	2,001.1	2,292.5	2,195.9	2,139.6
Total assets	\$ 11,779.4	\$ 11,561.1	\$ 11,031.9	\$ 11,280.8	\$ 11,156.2	\$ 11,068.6
LIABILITIES AND SHAREHOLDERS' EQUITY						
Policy liabilities						
Investment contract and life policy reserves	\$ 5,776.8	\$ 5,748.1	\$ 5,711.2	\$ 5,690.7	\$ 5,634.2	\$ 5,598.7
Unpaid claims and claim expenses	398.3	393.6	396.7	384.6	379.8	358.3
Unearned premiums	270.2	267.0	276.2	274.1	260.1	254.4
Total policy liabilities	6,445.3	6,408.7	6,384.1	6,349.4	6,274.1	6,211.4
Other policyholder funds	821.9	821.8	768.0	722.4	718.5	720.5
Other liabilities	403.7	385.0	290.4	314.5	319.7	294.9
Long-term debt	297.9	297.8	297.7	297.7	297.6	297.5
Separate account liabilities	2,310.9	2,224.1	2,001.1	2,292.5	2,195.9	2,139.6
Total liabilities	10,279.7	10,137.4	9,741.3	9,976.5	9,805.8	9,663.9
Common stock, \$0.001 par value	0.1	0.1	0.1	0.1	0.1	0.1
Additional paid-in capital	476.3	474.3	475.1	473.6	470.6	466.3
Retained earnings	1,318.3	1,236.6	1,216.6	1,248.8	1,248.3	1,254.4
Accumulated other comprehensive income, net of taxes:						
Net unrealized investment gains on fixed maturity securities	203.1	210.8	96.9	76.0	125.6	178.0
Net funded status of benefit plans	(12.2)	(12.2)	(12.2)	(13.2)	(13.2)	(13.2)
Treasury stock, at cost	(485.9)	(485.9)	(485.9)	(481.0)	(481.0)	(480.9)
Total shareholders' equity	1,499.7	1,423.7	1,290.6	1,304.3	1,350.4	1,404.7
Total liabilities and shareholders' equity	\$ 11,779.4	\$ 11,561.1	\$ 11,031.9	\$ 11,280.8	\$ 11,156.2	\$ 11,068.6

HORACE MANN EDUCATORS CORPORATION
CAPITAL METRICS

<u>For Period Ended</u>	<u>Three Months Ended</u>					<u>Six Months Ended</u>	
	<u>Jun. 30,</u> <u>2019</u>	<u>Mar. 31,</u> <u>2019</u>	<u>Dec. 31,</u> <u>2018</u>	<u>Sept. 30,</u> <u>2018</u>	<u>Jun. 30,</u> <u>2018</u>	<u>Jun. 30,</u> <u>2019</u>	<u>Jun. 30,</u> <u>2018</u>
<i>(\$ in millions, except per share data)</i>							
<u>Debt and Total Capitalization</u>							
Short term debt due under revolving credit agreement [1]	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Senior Debt:							
4.50% Senior notes due December 1, 2025	247.9	247.8	247.7	247.7	247.6	247.9	247.6
FHLB Borrowing	50.0	50.0	50.0	50.0	50.0	50.0	50.0
Total debt	297.9	297.8	297.7	297.7	297.6	297.9	297.6
Shareholders' equity	1,499.7	1,423.7	1,290.6	1,304.3	1,350.4	1,499.7	1,350.4
Total capitalization	\$ 1,797.6	\$ 1,721.5	\$ 1,588.3	\$ 1,602.0	\$ 1,648.0	\$ 1,797.6	\$ 1,648.0
Debt to shareholders' equity	19.9%	20.9%	23.1%	22.8%	22.0%	19.9%	22.0%
Debt to total capitalization	16.6%	17.3%	18.7%	18.6%	18.1%	16.6%	18.1%
Debt to total capitalization excluding net unrealized investment gains (losses) on fixed maturity securities	18.7%	19.7%	20.0%	19.5%	19.5%	18.7%	19.5%
<u>Capital Returned to Shareholders</u>							
Common stock repurchased [2]	\$ —	\$ —	\$ 5.0	\$ —	\$ —	\$ —	\$ —
Cash dividends paid	11.8	11.8	11.7	11.7	11.7	23.6	23.3
Total capital returned to shareholders	\$ 11.8	\$ 11.8	\$ 16.7	\$ 11.7	\$ 11.7	\$ 23.6	\$ 23.3

[1] Amount available for borrowing is \$225.0 million; At LIBOR +115 bps; Expires on June 21, 2024.

[2] As of June 30, 2019, the Company's program had a remaining authorization of \$22.8 million.

HORACE MANN EDUCATORS CORPORATION
PROPERTY and CASUALTY SEGMENT
STATEMENTS OF OPERATIONS

For Period Ended <i>(\$ in millions)</i>	Three Months Ended					Six Months Ended	
	Jun. 30, 2019	Mar. 31, 2019	Dec. 31, 2018	Sept. 30, 2018	Jun. 30, 2018	Jun. 30, 2019	Jun. 30, 2018
UNDERWRITING RESULTS							
Written premiums*							
Automobile	\$ 114.6	\$ 116.8	\$ 119.9	\$ 120.5	\$ 114.6	\$ 231.4	\$ 229.5
Property and other	59.7	44.9	46.5	62.2	58.4	104.6	102.9
Total written premiums	<u>174.3</u>	<u>161.7</u>	<u>166.4</u>	<u>182.7</u>	<u>173.0</u>	<u>336.0</u>	<u>332.4</u>
Earned premiums							
Automobile	\$ 117.1	\$ 116.9	\$ 115.7	\$ 115.0	\$ 114.2	\$ 234.0	\$ 226.8
Property and other	54.2	53.9	48.6	53.6	53.1	108.1	106.0
Total earned premiums	<u>171.3</u>	<u>170.8</u>	<u>164.3</u>	<u>168.6</u>	<u>167.3</u>	<u>342.1</u>	<u>332.8</u>
Losses and loss adjustment expenses							
Current accident year before catastrophes	112.3	108.0	101.5	107.8	120.2	220.3	231.4
Current accident year catastrophes	22.1	10.8	38.5	32.2	26.8	32.9	36.6
Prior years' reserve development [1]	(2.0)	(2.0)	—	—	—	(4.0)	(0.3)
Total losses and loss adjustment expenses	<u>132.4</u>	<u>116.8</u>	<u>140.0</u>	<u>140.0</u>	<u>147.0</u>	<u>249.2</u>	<u>267.7</u>
Operating expenses, including DAC amortization expense	45.4	46.5	46.1	45.8	44.8	91.9	87.9
Underwriting gain (loss)	<u>(6.5)</u>	<u>7.5</u>	<u>(21.8)</u>	<u>(17.2)</u>	<u>(24.5)</u>	<u>1.0</u>	<u>(22.8)</u>
Net investment income	12.7	10.2	7.9	12.4	10.3	22.9	19.8
Other income (expense)	0.8	0.4	0.5	0.4	0.8	1.2	1.0
Interest expense	0.4	0.3	0.3	0.3	0.3	0.7	0.5
Income (loss) before income taxes	<u>6.6</u>	<u>17.8</u>	<u>(13.7)</u>	<u>(4.7)</u>	<u>(13.7)</u>	<u>24.4</u>	<u>(2.5)</u>
Income tax expense (benefit)	1.5	2.8	(3.8)	(1.5)	(2.8)	4.3	(1.3)
Net income (loss) [2]	<u>\$ 5.1</u>	<u>\$ 15.0</u>	<u>\$ (9.9)</u>	<u>\$ (3.2)</u>	<u>\$ (10.9)</u>	<u>\$ 20.1</u>	<u>\$ (1.2)</u>

[1] (Favorable) unfavorable.

[2] Net investment gains (losses) are not allocated by segment.

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

<u>For Period Ended</u>	<u>Three Months Ended</u>					<u>Six Months Ended</u>	
	<u>Jun. 30,</u> <u>2019</u>	<u>Mar. 31,</u> <u>2019</u>	<u>Dec. 31,</u> <u>2018</u>	<u>Sept. 30,</u> <u>2018</u>	<u>Jun. 30,</u> <u>2018</u>	<u>Jun. 30,</u> <u>2019</u>	<u>Jun. 30,</u> <u>2018</u>
UNDERWRITING RATIOS (%)							
Losses and loss adjustment expenses							
Current accident year before catastrophes	65.6	63.3	58.2	63.9	71.9	64.4	69.5
Current accident year catastrophes	12.9	6.2	27.0	19.1	16.0	9.6	11.0
Prior years' reserve development [1]	(1.2)	(1.2)	—	—	—	(1.2)	(0.1)
Total losses and loss adjustment expenses	77.3	68.3	85.2	83.0	87.9	72.8	80.4
Expense Ratio	26.5	27.2	28.1	27.1	26.8	26.9	26.4
Combined ratio	103.8	95.5	113.3	110.1	114.7	99.7	106.8
Combined ratio before catastrophes	90.9	89.3	86.3	91.0	98.7	90.1	95.8
Combined ratio before catastrophes and prior years' reserve development*	92.1	90.5	86.3	91.0	98.7	91.3	95.9
PRODUCT (%)							
Automobile							
Loss and loss adjustment expense ratio	73.8	70.8	75.0	72.1	82.0	72.3	79.1
Expense ratio	26.6	27.2	27.2	27.4	26.9	26.9	26.3
Combined ratio	100.4	98.0	102.2	99.5	108.9	99.2	105.4
Prior years' reserve development [1]	(0.9)	(0.9)	0.0	0.0	0.0	(0.9)	0.0
Catastrophes	1.9	0.8	2.2	0.7	3.3	1.3	2.0
Combined ratio before catastrophes and prior years' reserve development*	99.4	98.1	100.0	98.8	105.6	98.8	103.4
Property							
Loss and loss adjustment expense ratio	84.8	62.9	109.4	106.6	100.4	73.9	83.3
Expense ratio	26.6	27.6	30.4	26.7	26.7	27.1	26.9
Combined ratio	111.4	90.5	139.8	133.3	127.1	101.0	110.2
Prior years' reserve development [1]	(1.8)	(1.9)	0.0	0.0	0.0	(1.9)	(0.3)
Catastrophes	36.8	18.3	82.4	58.6	43.3	27.6	30.3
Combined ratio before catastrophes and prior years' development*	76.4	74.1	57.4	74.7	83.8	75.3	80.2
SUPPLEMENTAL DATA							
Policy Count Retention - LTM							
Automobile	81.3%	81.5%	81.9%	82.5%	82.6%	81.3%	82.6%
Property	87.7%	87.8%	88.0%	87.9%	88.0%	87.7%	88.0%
Sales (LTM annualized premium, in millions) [2]							
Automobile	\$ 18.9	\$ 19.4	\$ 20.4	\$ 24.2	\$ 21.9	\$ 38.3	\$ 43.5
Property	4.7	3.8	4.9	5.4	4.8	8.5	9.0
Total sales	\$ 23.6	\$ 23.2	\$ 25.3	\$ 29.6	\$ 26.7	\$ 46.8	\$ 52.5
Policies in force (in thousands)							
Automobile [3]	448	454	463	466	471	448	471
Property	198	200	201	202	203	198	203
Total policies in force	646	654	664	668	674	646	674

[1] (Favorable) unfavorable.

[2] HM products.

[3] Jun. 30, Mar. 31, 2019 and Dec. 31, 2018 includes assumed policies in force of 4.

(updated August 5, 5:30 pm)

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

<u>For Period Ended</u> <i>(\$ in millions)</i>	<u>Three Months Ended</u>					<u>Six Months Ended</u>	
	<u>Jun. 30,</u> <u>2019</u>	<u>Mar. 31,</u> <u>2019</u>	<u>Dec. 31,</u> <u>2018</u>	<u>Sept. 30,</u> <u>2018</u>	<u>Jun. 30,</u> <u>2018</u>	<u>Jun. 30,</u> <u>2019</u>	<u>Jun. 30,</u> <u>2018</u>
Contract deposits*	\$ 109.0	\$ 107.3	\$ 113.1	\$ 127.0	\$ 100.2	\$ 216.3	\$ 199.0
Revenues							
Contract charges earned	\$ 6.9	\$ 8.6	\$ 7.3	\$ 8.0	\$ 7.9	\$ 15.5	\$ 15.9
Net investment income	39.5	64.7	62.9	67.7	67.8	104.2	132.0
Investment income - Deposit asset on reinsurance	23.2	—	—	—	—	23.2	—
Other income	2.4	2.4	1.7	1.8	1.7	4.8	3.5
Total revenues	<u>72.0</u>	<u>75.7</u>	<u>71.9</u>	<u>77.5</u>	<u>77.4</u>	<u>147.7</u>	<u>151.4</u>
Benefits and Expenses							
Interest credited	18.0	41.7	41.7	40.8	39.9	59.7	78.6
Interest credited - Reinsured block	24.3	—	—	—	—	24.3	—
Mortality loss and other reserve changes	1.2	0.6	2.8	1.5	1.4	1.8	3.3
DAC amortization expense, excluding unlocking	4.3	4.9	4.9	4.7	4.8	9.2	9.6
DAC unlocking	5.6	(2.0)	3.8	(0.3)	0.2	3.6	0.4
Operating expenses	15.4	15.9	15.0	14.0	13.9	31.3	28.3
Other expense - Goodwill impairment	28.0	—	—	—	—	28.0	—
Total benefits and expenses	<u>96.8</u>	<u>61.1</u>	<u>68.2</u>	<u>60.7</u>	<u>60.2</u>	<u>157.9</u>	<u>120.2</u>
Income before income taxes	(24.8)	14.6	3.7	16.8	17.2	(10.2)	31.2
Income tax expense (benefit)	0.2	2.4	(0.4)	4.7	3.1	2.6	5.7
Net income [1]	<u>\$ (25.0)</u>	<u>\$ 12.2</u>	<u>\$ 4.1</u>	<u>\$ 12.1</u>	<u>\$ 14.1</u>	<u>\$ (12.8)</u>	<u>\$ 25.5</u>
Core earnings	<u>3.0</u>	<u>12.2</u>	<u>4.1</u>	<u>12.1</u>	<u>14.1</u>	<u>15.2</u>	<u>25.5</u>
Less: DAC unlocking, after tax	(4.4)	1.6	(3.0)	0.2	(0.1)	(2.8)	(0.3)
Core earnings excluding DAC unlocking	<u>\$ 7.4</u>	<u>\$ 10.6</u>	<u>\$ 7.1</u>	<u>\$ 11.9</u>	<u>\$ 14.2</u>	<u>\$ 18.0</u>	<u>\$ 25.8</u>
Fixed annuity interest spread - Annualized [2]	233	142	135	184	193	175	181
Variable annuity fee margin - Annualized [2]	149	152	147	151	151	153	152
SUPPLEMENTAL DATA							
Assets under administration (AUA)							
Annuity assets under management [3]	\$ 4,170	\$ 6,973	\$ 6,713	\$ 6,998	\$ 6,852	\$ 4,170	\$ 6,852
Brokerage and advisory assets under administration [4]	2,236	2,191	331	333	300	2,236	300
Recordkeeping assets under administration [4]	1,395	1,364	—	—	—	1,395	—
Total AUA	<u>\$ 7,801</u>	<u>\$ 10,528</u>	<u>\$ 7,044</u>	<u>\$ 7,331</u>	<u>\$ 7,152</u>	<u>\$ 7,801</u>	<u>\$ 7,152</u>
Annuity sales deposits	\$ 109.0	\$ 107.3	\$ 113.1	\$ 127.0	\$ 100.2	\$ 216.3	\$ 199.0
Persistency - LTM							
Fixed annuities	93.9%	94.1%	94.0%	94.2%	94.4%	93.9%	94.4%
Variable annuities	94.3%	94.3%	94.4%	94.5%	94.6%	94.3%	94.6%
Annuity Contracts in force (in thousands)	<u>227</u>	<u>226</u>	<u>226</u>	<u>224</u>	<u>224</u>	<u>227</u>	<u>224</u>

[1] Net investment gains (losses) are not allocated by segment.

[2] Effective June 30, 2019, excludes the impact of the reinsured block.

[3] Amount reported as of June 30, 2019 excludes \$691.6 of assets under management held under modified coinsurance reinsurance.

[4] 2019 includes the results of BCG that was acquired on January 2, 2019.

HORACE MANN EDUCATORS CORPORATION
RETIREMENT SEGMENT
ACCOUNT VALUE ROLLFORWARD

For Period Ended (\$ in millions)	Three Months Ended					
	Jun. 30, 2019	Mar. 31, 2019	Dec. 31, 2018	Sept. 30, 2018	Jun. 30, 2018	Mar. 31, 2018
FIXED ACCOUNT ANNUITIES [1]						
Beginning balance	\$ 4,319.6	\$ 4,300.3	\$ 4,301.4	\$ 4,266.7	\$ 4,247.8	\$ 4,235.1
Reinsurance transfer [4]	(2,215.7)	—	—	—	—	—
Deposits	42.0	43.7	44.5	59.3	37.7	41.5
Withdrawals	(81.1)	(78.1)	(92.2)	(73.2)	(67.8)	(76.5)
Net transfers	10.9	18.8	10.6	13.2	14.5	13.8
Interest credited	42.3	41.7	41.7	40.8	39.8	38.8
Other	(6.6)	(6.8)	(5.7)	(5.4)	(5.3)	(4.9)
Ending balance	<u>\$ 2,111.4</u>	<u>\$ 4,319.6</u>	<u>\$ 4,300.3</u>	<u>\$ 4,301.4</u>	<u>\$ 4,266.7</u>	<u>\$ 4,247.8</u>
FIXED INDEXED ACCOUNT ANNUITIES [2]						
Beginning balance	\$ 429.0	\$ 411.9	\$ 403.8	\$ 389.2	\$ 382.1	\$ 376.9
Deposits	12.9	14.9	14.1	13.8	11.8	10.5
Withdrawals	(4.8)	(4.1)	(3.6)	(3.8)	(3.8)	(3.8)
Net transfers	(0.4)	(0.7)	(0.6)	(0.8)	(0.8)	(1.0)
Index credits	2.0	0.9	1.5	5.7	4.7	3.6
Other	0.9	6.1	(3.3)	(0.3)	(4.8)	(4.1)
Ending balance	<u>\$ 439.6</u>	<u>\$ 429.0</u>	<u>\$ 411.9</u>	<u>\$ 403.8</u>	<u>\$ 389.2</u>	<u>\$ 382.1</u>
VARIABLE ACCOUNT ANNUITIES [3]						
Beginning balance	\$ 2,224.1	\$ 2,001.1	\$ 2,292.5	\$ 2,195.9	\$ 2,139.6	\$ 2,152.0
Deposits	54.1	48.8	54.5	53.8	50.7	46.8
Withdrawals	(30.9)	(31.1)	(33.2)	(34.4)	(29.8)	(30.5)
Net transfers	(10.5)	(18.1)	(10.0)	(12.5)	(13.7)	(12.8)
Fees and charges	(9.0)	(8.4)	(8.6)	(8.9)	(8.6)	(8.6)
Market appreciation	83.1	231.8	(294.1)	98.6	57.7	(7.3)
Other	—	—	—	—	—	—
Ending balance	<u>\$ 2,310.9</u>	<u>\$ 2,224.1</u>	<u>\$ 2,001.1</u>	<u>\$ 2,292.5</u>	<u>\$ 2,195.9</u>	<u>\$ 2,139.6</u>
Held under modified coinsurance agreement	691.6	—	—	—	—	—
Ending balance net of reinsurance	<u>\$ 1,619.3</u>	<u>\$ 2,224.1</u>	<u>\$ 2,001.1</u>	<u>\$ 2,292.5</u>	<u>\$ 2,195.9</u>	<u>\$ 2,139.6</u>

[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] Represents account balances transferred to reinsurer on April 1, 2019.

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

For Period Ended <i>(\$ in millions)</i>	Three Months Ended					Six Months Ended	
	Jun. 30,	Mar. 31,	Dec. 31,	Sept. 30,	Jun. 30,	Jun. 30,	Jun. 30,
	2019	2019	2018	2018	2018	2019	2018
Premiums and contract deposits	\$ 28.4	\$ 26.4	\$ 31.7	\$ 28.4	\$ 28.5	\$ 54.8	\$ 54.3
Revenues							
Premiums and contract charges earned	\$ 29.9	\$ 30.4	\$ 30.3	\$ 30.2	\$ 30.4	\$ 60.3	\$ 59.9
Net investment income	18.3	18.1	17.8	19.1	19.2	36.4	37.5
Other income	0.1	0.1	0.1	0.1	—	0.2	0.1
Total revenues	48.3	48.6	48.2	49.4	49.6	96.9	97.5
Benefits and Expenses							
Death benefits / mortality cost [1]	7.5	10.5	9.2	8.7	7.7	18.0	17.2
Interest credited	11.3	11.2	11.3	11.3	11.2	22.5	22.5
Change in reserves	11.6	11.5	11.9	11.6	12.2	23.1	23.7
DAC amortization expense, excluding unlocking	2.1	2.0	1.8	1.8	1.9	4.1	3.7
DAC unlocking	(0.1)	—	0.1	0.1	—	(0.1)	0.1
Operating expenses	9.2	9.4	9.2	8.9	9.3	18.6	18.3
Total benefits and expenses	41.6	44.6	43.5	42.4	42.3	86.2	85.5
Income before income taxes	6.7	4.0	4.7	7.0	7.3	10.7	12.0
Income tax expense (benefit)	1.5	0.7	0.9	1.7	1.4	2.2	2.3
Net income [2]	\$ 5.2	\$ 3.3	\$ 3.8	\$ 5.3	\$ 5.9	\$ 8.5	\$ 9.7
Less: DAC unlocking, after tax	0.1	—	—	(0.1)	—	0.1	(0.1)
Net income excluding DAC unlocking	\$ 5.1	\$ 3.3	\$ 3.8	\$ 5.4	\$ 5.9	\$ 8.4	\$ 9.8
Earnings margin (before tax)							
Return on premium - LTM	18.6%	19.1%	20.2%	19.3%	19.9%	18.6%	19.9%
SUPPLEMENTAL DATA							
Lapse ratio - LTM [3]	4.5%	4.6%	4.6%	4.8%	4.9%	4.5%	4.9%
Sales (LTM, \$ in millions) [4]							
Recurring	\$ 2.4	\$ 1.9	\$ 3.0	\$ 2.3	\$ 2.5	\$ 4.3	\$ 4.4
Single premium	2.6	2.4	3.1	3.0	3.0	5.0	5.4
Total sales	\$ 5.0	\$ 4.3	\$ 6.1	\$ 5.3	\$ 5.5	\$ 9.3	\$ 9.8
Insurance in force (\$ in millions)	\$ 18,598	\$ 18,409	\$ 18,278	\$ 18,054	\$ 17,862	\$ 18,598	\$ 17,862
Policies in force (in thousands)	199	198	199	198	198	199	198

[1] Ordinary life insurance.

[2] Net investment gains (losses) are not allocated by segment.

[3] Based on ordinary life insurance in force.

[4] 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					Six Months Ended	
	Jun. 30, 2019	Mar. 31, 2019	Dec. 31, 2018	Sept. 30, 2018	Jun. 30, 2018	Jun. 30, 2019	Jun. 30, 2018
Revenues							
Net investment income	\$ (0.2)	\$ (0.2)	\$ (0.2)	\$ (0.1)	\$ (0.2)	\$ (0.4)	\$ (0.3)
Other income	0.3	0.3	0.3	0.3	0.3	0.6	0.5
Total revenues	0.1	0.1	0.1	0.2	0.1	0.2	0.2
Expenses							
Interest expense	2.9	3.0	3.0	2.9	3.0	5.9	6.0
Debt retirement costs	—	—	—	—	—	—	—
Other operating expenses	5.0	2.3	5.6	2.2	1.8	7.3	3.3
Total expenses	7.9	5.3	8.6	5.1	4.8	13.2	9.3
Loss before income taxes	(7.8)	(5.2)	(8.5)	(4.9)	(4.7)	(13.0)	(9.1)
Income tax benefit	(1.6)	(1.1)	(1.8)	(1.0)	(0.9)	(2.7)	(1.9)
Loss after tax	\$ (6.2)	\$ (4.1)	\$ (6.7)	\$ (3.9)	\$ (3.8)	\$ (10.3)	\$ (7.2)
Net investment gains (losses) pretax [1]	146.3	7.4	(14.4)	2.9	0.7	153.7	(1.0)
Tax on net investment gains (losses) [1]	31.6	1.6	(2.8)	0.7	0.1	33.2	(0.3)
Net investment gains (losses) after tax [1]	114.7	5.8	(11.6)	2.2	0.6	120.5	(0.7)
Net income (loss)	\$ 108.5	\$ 1.7	\$ (18.3)	\$ (1.7)	\$ (3.2)	\$ 110.2	\$ (7.9)

[1] Corporate level transactions, such as net 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>	Three Months Ended					Six Months Ended	
	Jun. 30,	Mar. 31,	Dec. 31,	Sept. 30,	Jun. 30,	Jun. 30,	Jun. 30,
	2019	2019	2018	2018	2018	2019	2018
Net Investment Income							
Fixed maturity securities [1]							
Taxable	\$ 54.5	\$ 80.2	\$ 80.5	\$ 86.4	\$ 83.0	\$ 134.7	\$ 168.4
Tax-exempt	4.3	4.1	4.3	4.4	7.7	8.4	9.3
Total fixed maturity securities	58.8	84.3	84.8	90.8	90.7	143.1	177.7
Equity securities	1.4	1.2	1.6	1.6	1.5	2.6	2.8
Policy loans	2.2	2.3	2.4	2.3	2.3	4.5	4.5
Limited partnership interests	9.5	6.4	1.3	6.2	4.3	15.9	7.9
Short-term investments and other	1.0	1.2	0.8	1.0	0.7	2.2	1.0
Investment income	72.9	95.4	90.9	101.9	99.5	168.3	193.9
Investment expense	2.6	2.6	2.5	2.8	2.4	5.2	4.9
Total net investment income - investment portfolio	70.3	92.8	88.4	99.1	97.1	163.1	189.0
Investment income - Deposit asset on reinsurance	23.2	—	—	—	—	23.2	—
Total gross investment income	\$ 93.5	\$ 92.8	\$ 88.4	\$ 99.1	\$ 97.1	\$ 186.3	\$ 189.0
Investment yield, before tax - Annualized [2]	5.14%	4.96%	4.74%	5.31%	5.26%	5.08%	5.14%
Investment yield, after tax - Annualized [2]	4.11%	3.96%	4.01%	4.00%	4.22%	4.06%	4.10%
Portfolio Net Investment Income by Segment							
Property and Casualty	\$ 12.7	\$ 10.2	\$ 7.9	\$ 12.4	\$ 10.3	\$ 22.9	\$ 19.8
Retirement	39.5	64.7	62.9	67.7	67.8	104.2	132.0
Life	18.3	18.1	17.8	19.1	19.2	36.4	37.5
Corporate & Other, including intersegment eliminations	(0.2)	(0.2)	(0.2)	(0.1)	(0.2)	(0.4)	(0.3)
Total net investment income	\$ 70.3	\$ 92.8	\$ 88.4	\$ 99.1	\$ 97.1	\$ 163.1	\$ 189.0
Net Investment Gains (Losses)							
Gross realized gains	\$ 149.3	\$ 5.4	\$ 9.5	\$ 9.4	\$ 7.2	\$ 154.7	\$ 12.1
Gross realized losses, excluding impairment charges	(6.3)	(1.3)	(9.9)	(8.4)	(4.1)	(7.6)	(5.5)
Change in fair value of equity securities	3.4	3.5	(13.9)	2.0	(1.2)	6.9	(6.3)
Other-than-temporary impairment losses	(0.1)	(0.2)	(0.1)	(0.1)	(1.2)	(0.3)	(1.3)
Total net investment gains (losses)	\$ 146.3	\$ 7.4	\$ (14.4)	\$ 2.9	\$ 0.7	\$ 153.7	\$ (1.0)

[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>	June 30,		March 31,		December 31,		September 30,		June 30,		March 31,	
	2019		2019		2018		2018		2018		2018	
	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent
Fixed maturity securities, at fair value [1]	\$ 5,534.3	86.2%	\$ 7,798.0	91.1%	\$ 7,515.3	91.0%	\$ 7,529.1	91.3%	\$ 7,475.5	90.8%	\$ 7,634.7	92.8%
Equity securities, at fair value	100.1	1.5%	105.5	1.2%	111.8	1.4%	133.2	1.6%	130.7	1.6%	131.0	1.6%
Policy loans, at outstanding balance	153.5	2.4%	153.4	1.8%	154.0	1.9%	153.6	1.9%	152.8	1.9%	152.8	1.9%
Limited partnership interests and other investments	383.8	6.0%	357.5	4.2%	347.4	4.2%	351.5	4.3%	297.2	3.6%	284.0	3.4%
Short-term investments	247.9	3.9%	143.4	1.7%	122.2	1.5%	74.6	0.9%	176.6	2.1%	22.2	0.3%
Total investments	\$ 6,419.6	100.0%	\$ 8,557.8	100.0%	\$ 8,250.7	100.0%	\$ 8,242.0	100.0%	\$ 8,232.8	100.0%	\$ 8,224.7	100.0%
Asset-backed securities	\$ 472.3	8.6%	588.9	7.6%	\$ 621.9	8.3%	\$ 617.5	8.2%	\$ 649.0	8.7%	\$ 656.4	8.6%
Collateralized debt/loan obligations	753.2	13.6%	789.9	10.1%	692.4	9.2%	655.0	8.7%	591.2	7.8%	646.0	8.4%
Commercial mortgage-backed securities	340.5	6.2%	711.4	9.1%	663.7	8.8%	638.6	8.5%	627.4	8.4%	612.7	8.0%
Corporate	1,368.7	24.7%	2,220.4	28.5%	2,164.4	28.8%	2,430.5	32.3%	2,493.3	33.4%	2,580.3	33.8%
Municipal	1,599.7	28.9%	2,083.0	26.7%	2,004.0	26.7%	1,883.7	25.0%	1,827.5	24.4%	1,861.3	24.4%
Residential mortgage-backed securities	433.5	7.8%	538.9	6.9%	535.4	7.1%	521.2	6.9%	504.9	6.8%	516.0	6.8%
U.S. Treasuries and government agencies	566.4	10.2%	865.5	11.1%	833.5	11.1%	782.6	10.4%	782.2	10.5%	762.0	10.0%
Total fixed maturity securities	\$ 5,534.3	100.0%	\$ 7,798.0	100.0%	\$ 7,515.3	100.0%	\$ 7,529.1	100.0%	\$ 7,475.5	100.0%	\$ 7,634.7	100.0%
U.S. government/government agencies	\$ 1,178.8	21.3%	1,708.1	21.9%	\$ 1,643.1	21.9%	\$ 1,550.9	20.6%	\$ 1,503.1	20.1%	\$ 1,486.7	19.5%
AAA	676.7	12.2%	799.0	10.2%	673.8	9.0%	645.2	8.6%	569.8	7.6%	581.7	7.6%
AA	1,265.2	22.9%	1,843.6	23.6%	1,789.1	23.8%	1,683.4	22.4%	1,680.2	22.5%	1,737.3	22.8%
A	1,251.5	22.6%	1,653.8	21.2%	1,614.0	21.5%	1,703.6	22.6%	1,707.1	22.8%	1,712.1	22.4%
BBB	994.8	18.0%	1,596.1	20.5%	1,588.1	21.1%	1,701.6	22.6%	1,746.6	23.4%	1,850.3	24.2%
BB and below, includes securities not rated	167.3	3.0%	197.4	2.6%	207.2	2.7%	244.4	3.2%	268.7	3.6%	266.6	3.5%
Total fixed maturity securities	\$ 5,534.3	100.0%	\$ 7,798.0	100.0%	\$ 7,515.3	100.0%	\$ 7,529.1	100.0%	\$ 7,475.5	100.0%	\$ 7,634.7	100.0%
INVESTMENTS BY SEGMENT												
Property and Casualty	\$ 1,038.4	16.2%	977.8	11.4%	\$ 950.8	11.5%	\$ 1,001.3	12.2%	\$ 996.3	12.1%	\$ 977.5	11.9%
Retirement and Life	5,363.6	83.5%	7,572.9	88.5%	7,294.5	88.4%	7,229.2	87.7%	7,226.8	87.8%	7,244.6	88.1%
Corporate [2]	17.6	0.3%	7.1	0.1%	5.4	0.1%	11.5	0.1%	9.7	0.1%	2.6	—%
Total investments	\$ 6,419.6	100.0%	\$ 8,557.8	100.0%	\$ 8,250.7	100.0%	\$ 8,242.0	100.0%	\$ 8,232.8	100.0%	\$ 8,224.7	100.0%

[1] Amortized Cost of \$5,241.8, \$7,487.5, \$7,373.9, \$7,419.5, \$7,292.1, and \$7,373.5, at June 30, 2019, March 31, 2019, December 31, 2018, September 30, 2018, June 30, 2018, and March 31, 2018, respectively.

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

Appendix

HORACE MANN EDUCATORS CORPORATION RECONCILIATIONS OF GAAP MEASURES TO NON-GAAP MEASURES

The following measures are used by the Company's management to evaluate financial performance against historical results and establish targets on a consolidated basis. A number of these measures are components of net income or the balance sheet but, in some cases, are not based on accounting principles generally accepted in the U.S. (non-GAAP) under applicable SEC rules because they are not displayed as separate line items in the Consolidated Statements of Operations or the Consolidated Balance Sheets or are not required to be disclosed in the Notes to the Consolidated Financial Statements or, in some cases, there is inclusion or exclusion of certain items not ordinarily included or excluded in accordance with accounting principles generally accepted in the U.S. (GAAP). Reconciliations of these measures to the most comparable GAAP measures also follow.

In the opinion of the Company's management, a discussion of these measures provides investors, financial analysts, rating agencies and other financial statement users with a better understanding of the significant factors that compromise the Company's periodic results of operations and how management evaluates the Company's financial performance. Internally, the Company's management uses these measures to evaluate performance against historical results, to establish financial targets on a consolidated basis and for other reasons, which are discussed below.

Some of these measures exclude net investment gains (losses), net of tax, and/or net unrealized investment gains on fixed maturity securities, net of tax, which can be significantly impacted by both discretionary and other economic factors and are not necessarily indicative of operating trends.

Other companies may calculate these measures differently, and, therefore, their measures may not be comparable to those used by the Company's management.

HORACE MANN EDUCATORS CORPORATION
RECONCILIATIONS OF GAAP MEASURES TO NON-GAAP MEASURES

For Period Ended	Three Months Ended					Six Months Ended	
	Jun. 30, 2019	Mar. 31, 2019	Dec. 31, 2018	Sept. 30, 2018	Jun. 30, 2018	Jun. 30, 2019	Jun. 30, 2018
<i>(\$ in millions after tax)</i>							
Reconciliation of Net Income to Core Earnings							
Net income	\$ 93.8	\$ 32.2	\$ (20.3)	\$ 12.5	\$ 5.9	\$ 126.0	\$ 26.1
Less: Net investment gains (losses)	114.7	5.8	(11.6)	2.2	0.6	120.5	(0.7)
Other expense - Goodwill impairment	(28.0)	—	—	—	—	(28.0)	—
Core earnings (loss)*	<u>\$ 7.1</u>	<u>\$ 26.4</u>	<u>\$ (8.7)</u>	<u>\$ 10.3</u>	<u>\$ 5.3</u>	<u>\$ 33.5</u>	<u>\$ 26.8</u>
Pretax net income	\$ 127.0	38.6	\$ (28.2)	\$ 17.1	\$ 6.8	\$ 165.6	\$ 30.6
Less: Pretax net investment gains (losses)	146.3	7.4	(14.4)	2.9	0.7	153.7	(1.0)
Other expense - Goodwill impairment	(28.0)	—	—	—	—	(28.0)	—
Pretax core earnings (loss)*	<u>\$ 8.7</u>	<u>\$ 31.2</u>	<u>\$ (13.8)</u>	<u>\$ 14.2</u>	<u>\$ 6.1</u>	<u>\$ 39.9</u>	<u>\$ 31.6</u>
Reconciliation of Net Income per Share to Core Earnings per Share on a Basic and Diluted Basis							
Net income (loss) per share (basic)	\$ 2.25	\$ 0.77	\$ (0.49)	\$ 0.30	\$ 0.14	\$ 3.02	\$ 0.63
Less: Net investment gains (losses)	2.75	0.14	(0.28)	0.05	0.01	2.89	(0.02)
Other expense - Goodwill impairment	(0.67)	—	—	—	—	(0.67)	—
Core earnings (loss) per share (basic)*	<u>\$ 0.17</u>	<u>\$ 0.63</u>	<u>\$ (0.21)</u>	<u>\$ 0.25</u>	<u>\$ 0.13</u>	<u>\$ 0.80</u>	<u>\$ 0.65</u>
Net income (loss) per diluted share	\$ 2.24	\$ 0.77	\$ (0.49)	\$ 0.30	\$ 0.14	\$ 3.01	\$ 0.63
Less: Net investment gains (losses)	2.74	0.14	(0.28)	0.05	0.01	2.88	(0.01)
Other expense - Goodwill impairment	(0.67)	—	—	—	—	(0.67)	—
Core earnings (loss) per diluted share*	<u>\$ 0.17</u>	<u>\$ 0.63</u>	<u>\$ (0.21)</u>	<u>\$ 0.25</u>	<u>\$ 0.13</u>	<u>\$ 0.80</u>	<u>\$ 0.64</u>

HORACE MANN EDUCATORS CORPORATION
RECONCILIATIONS OF GAAP MEASURES TO NON-GAAP MEASURES

<u>For Period Ended</u> <i>(\$ in millions)</i>	Three Months Ended					Six Months Ended	
	Jun. 30, 2019	Mar. 31, 2019	Dec. 31, 2018	Sept. 30, 2018	Jun. 30, 2018	Jun. 30, 2019	Jun. 30, 2018
Reconciliation of Return on Equity							
5 Quarter Average Shareholders' Equity							
Shareholders' equity	\$ 1,499.7	\$ 1,423.7	\$ 1,290.6	\$ 1,304.3	\$ 1,350.4	\$ 1,499.7	\$ 1,350.4
Net unrealized investment gains on fixed maturity securities	203.1	210.8	96.9	76.0	125.6	203.1	125.6
5 quarter average shareholders' equity	1,373.7	1,354.7	1,370.3	1,390.3	1,401.8	1,373.7	1,401.8
2 quarter average shareholders' equity	1,461.7	1,357.2	1,297.5	1,327.4	1,377.6	1,395.2	1,426.0
5 quarter average shareholders' equity excluding net unrealized investment gains on fixed maturity securities	1,231.3	1,217.3	1,215.0	1,203.2	1,181.3	1,231.3	1,181.3
2 quarter average shareholders' equity excluding net unrealized investment gains on fixed maturity securities	1,254.8	1,203.3	1,211.0	1,226.6	1,225.8	1,245.2	1,213.2
Net Income Return on Equity - LTM							
Numerator: LTM net income	\$ 118.2	\$ 30.3	\$ 18.3	\$ 163.9	\$ 177.9	\$ 118.2	\$ 177.9
Denominator: 5 quarter average shareholders' equity	1,373.7	1,354.7	1,370.3	1,390.3	1,401.8	1,373.7	1,401.8
Net income ROE - LTM	8.6%	2.2%	1.3 %	11.8%	12.7%	8.6%	12.7%
Net Income Return on Equity - Annualized							
Numerator: Annualized net income	\$ 375.2	\$ 128.8	\$ (81.2)	\$ 50.0	\$ 23.6	\$ 252.0	\$ 52.2
Denominator: 2 quarter average shareholders' equity	1,461.7	1,357.2	1,297.5	1,327.4	1,377.6	1,395.2	1,426.0
Net income ROE - Annualized	25.7%	9.5%	(6.3)%	3.8%	1.7%	18.1%	3.7%
Core Return on Equity - LTM							
Numerator: LTM core earnings	35.1	\$ 33.3	\$ 28.4	\$ 64.3	\$ 82.7	35.1	82.7
Denominator: 5 quarter average shareholders' equity excluding net unrealized investment gains on fixed maturity securities	1,231.3	1,217.3	1,215.0	1,203.2	1,181.3	1,231.3	1,181.3
Core Return on Equity - LTM	2.9%	2.7%	2.3 %	5.3%	7.0%	2.9%	7.0%
Core Return on Equity - Annualized							
Numerator: Annualized core earnings	\$ 28.4	\$ 105.6	\$ (34.8)	\$ 41.2	\$ 21.2	\$ 67.0	\$ 53.6
Denominator: 2 quarter average shareholders' equity excluding net unrealized investment gains on fixed maturity securities	1,254.8	1,203.3	1,211.0	1,226.6	1,225.8	1,245.2	1,213.2
Core ROE - Annualized	2.3%	8.8%	(2.9)%	3.4%	1.7%	5.4%	4.4%

HORACE MANN EDUCATORS CORPORATION
RECONCILIATIONS OF GAAP MEASURES TO NON-GAAP MEASURES

<u>For Period Ended</u> <i>(\$ in millions)</i>	Twelve Months Ended				
	Jun. 30, 2019	Mar. 31, 2019	Dec. 31, 2018	Sept. 30, 2018	Jun. 30, 2018
Reconciliation of Book Value per Common Share to Book Value per Common Share, Excluding Net Unrealized Investment Gains on Fixed Maturity Securities					
Book value per common share					
Numerator: Common shareholders' equity	\$ 1,499.7	\$ 1,423.7	\$ 1,290.6	\$ 1,304.3	\$ 1,350.4
Denominator: Common Shares outstanding	41.2	41.2	41.0	41.0	41.0
Book value per common share	\$ 36.41	\$ 34.60	\$ 31.50	\$ 31.78	\$ 32.93
Book value per common share, excluding net unrealized investment gains on fixed maturity securities*					
Numerator: Common Shareholders' equity	\$ 1,499.7	\$ 1,423.7	\$ 1,290.6	\$ 1,304.3	\$ 1,350.4
Less: Net unrealized investment gains on fixed maturity securities	203.1	210.8	96.9	76.0	125.6
Adjusted common shareholders' equity	1,296.6	1,212.9	1,193.7	1,228.3	1,224.8
Denominator: Common Shares outstanding	41.2	41.2	41.0	41.0	41.0
Book value per common share, excluding net unrealized investment gains on fixed maturity securities*	\$ 31.48	\$ 29.47	\$ 29.13	\$ 29.93	\$ 29.87
Reconciliation of Debt to Total Capitalization to Debt to Total Capitalization Excluding Net Unrealized Investment Gains on Fixed Maturity Securities					
Debt to total capitalization					
Numerator: Long term debt	\$ 297.9	\$ 297.8	\$ 297.7	\$ 297.7	\$ 297.6
Denominator:					
Long term debt	297.9	297.8	297.7	297.7	297.6
Common shareholders' equity	1,499.7	1,423.7	1,290.6	1,304.3	1,350.4
Total capital	1,797.6	1,721.5	1,588.3	1,602.0	1,648.0
Debt to total capitalization	16.6%	17.3%	18.7%	18.6%	18.1%
Debt to total capitalization excluding net unrealized investment gains on fixed maturity securities					
Numerator: Long term debt	\$ 297.9	\$ 297.8	\$ 297.7	\$ 297.7	\$ 297.6
Denominator:					
Long term debt	297.9	297.8	297.7	297.7	297.6
Common shareholders' equity	1,499.7	1,423.7	1,290.6	1,304.3	1,350.4
Less: Net unrealized investment gains on fixed maturity securities	203.1	210.8	96.9	76.0	125.6
Adjusted common shareholders' equity	1,594.5	1,510.7	1,491.4	1,526.0	1,522.4
Debt to total capitalization excluding net unrealized investment gains on fixed maturity securities	18.7%	19.7%	20.0%	19.5%	19.5%

HORACE MANN EDUCATORS CORPORATION
RECONCILIATIONS OF GAAP MEASURES TO NON-GAAP MEASURES
OPERATING RATIOS - PROPERTY AND CASUALTY

<u>For Period Ended</u>	<u>Three Months Ended</u>					<u>Six Months Ended</u>	
	<u>Jun. 30,</u> <u>2019</u>	<u>Mar. 31,</u> <u>2019</u>	<u>Dec. 31,</u> <u>2018</u>	<u>Sept. 30,</u> <u>2018</u>	<u>Jun. 30,</u> <u>2018</u>	<u>Jun. 30,</u> <u>2019</u>	<u>Jun. 30,</u> <u>2018</u>
Property and Casualty							
Claims and claims expense ("loss") ratio	77.3	68.3	85.2	83.0	87.9	72.8	80.4
Expense ratio	26.5	27.2	28.1	27.1	26.8	26.9	26.4
Combined ratio	<u>103.8</u>	<u>95.5</u>	<u>113.3</u>	<u>110.1</u>	<u>114.7</u>	<u>99.7</u>	<u>106.8</u>
Loss ratio	77.3	68.3	85.2	83.0	87.9	72.8	80.4
Less: effect of catastrophe losses	12.9	6.2	25.9	19.1	16.0	9.6	11.0
effect of prior years' reserve development	(1.2)	(1.2)	—	—	—	(1.2)	(0.1)
Underlying loss ratio*	<u>65.6</u>	<u>63.3</u>	<u>59.3</u>	<u>63.9</u>	<u>71.9</u>	<u>64.4</u>	<u>69.5</u>
Reconciliation of combined ratio to underlying combined ratio							
Combined ratio	103.8	95.5	113.3	110.1	114.7	99.7	106.8
Effect of catastrophe costs	12.9	6.2	27.0	19.1	16.0	9.6	11.0
Effect of prior years' reserve development	(1.2)	(1.2)	—	—	—	(1.2)	(0.1)
Underlying combined ratio*	<u>92.1</u>	<u>90.5</u>	<u>86.3</u>	<u>91.0</u>	<u>98.7</u>	<u>91.3</u>	<u>95.9</u>
Auto							
Claims and claims expense ("loss") ratio	73.8	70.8	75.0	72.1	82.0	72.3	79.1
Expense ratio	26.6	27.2	27.2	27.4	26.9	26.9	26.3
Combined ratio	<u>100.4</u>	<u>98.0</u>	<u>102.2</u>	<u>99.5</u>	<u>108.9</u>	<u>99.2</u>	<u>105.4</u>
Loss ratio	73.8	70.8	75.0	72.1	82.0	72.3	79.1
Less: effect of catastrophe losses	1.9	0.8	2.2	0.7	3.3	1.3	2.0
effect of prior years' reserve development	(0.9)	(0.9)	—	—	—	(0.9)	—
Underlying loss ratio*	<u>72.8</u>	<u>70.9</u>	<u>72.8</u>	<u>71.4</u>	<u>78.7</u>	<u>71.9</u>	<u>77.1</u>
Reconciliation of combined ratio to underlying combined ratio							
Combined ratio	100.4	98.0	102.2	99.5	108.9	99.2	105.4
Effect of catastrophe costs	1.9	0.8	2.2	0.7	3.3	1.3	2.0
Effect of prior years' reserve development	(0.9)	(0.9)	—	—	—	(0.9)	—
Underlying combined ratio*	<u>99.4</u>	<u>98.1</u>	<u>100.0</u>	<u>98.8</u>	<u>105.6</u>	<u>98.8</u>	<u>103.4</u>

HORACE MANN EDUCATORS CORPORATION
RECONCILIATIONS OF GAAP MEASURES TO NON-GAAP MEASURES
OPERATING RATIOS - PROPERTY AND CASUALTY (Cont.)

<u>For Period Ended</u>	<u>Three Months Ended</u>					<u>Six Months Ended</u>	
	<u>Jun. 30,</u> <u>2019</u>	<u>Mar. 31,</u> <u>2019</u>	<u>Dec. 31,</u> <u>2018</u>	<u>Sept. 30,</u> <u>2018</u>	<u>Jun. 30,</u> <u>2018</u>	<u>Jun. 30,</u> <u>2019</u>	<u>Jun. 30,</u> <u>2018</u>
Property							
Claims and claims expense ("loss") ratio	84.8	62.9	109.4	106.6	100.4	73.9	83.3
Expense Ratio	26.6	27.6	30.4	26.7	26.7	27.1	26.9
Combined Ratio	111.4	90.5	139.8	133.3	127.1	101.0	110.2
Loss ratio	84.8	62.9	109.4	106.6	100.4	73.9	83.3
Less: effect of catastrophe losses	36.8	18.3	78.7	58.6	43.3	27.6	30.3
effect of prior years' reserve development	(1.8)	(1.9)	—	—	—	(1.9)	(0.3)
Underlying loss ratio*	49.8	46.5	30.7	48.0	57.1	48.2	53.3
Reconciliation of combined ratio to underlying combined ratio							
Combined ratio	111.4	90.5	139.8	133.3	127.1	101.0	110.2
Effect of catastrophe costs	36.8	18.3	82.4	58.6	43.3	27.6	30.3
Effect of prior years' reserve development	(1.8)	(1.9)	—	—	—	(1.9)	(0.3)
Underlying combined ratio*	76.4	74.1	57.4	74.7	83.8	75.3	80.2

HORACE MANN EDUCATORS CORPORATION

RATINGS AND CONTACT INFORMATION

Address:

1 Horace Mann Plaza
Springfield, IL 62715

Corporate Website:

www.horacemann.com

Contact:

Heather J. Wietzel
Vice President

Investor Relations
Phone: 217-788-5144

Heather.Wietzel@horacemann.com

As of June 30, 2019

	A.M. Best	Standard & Poor's	Moody's	Fitch
Financial Strength Ratings:				
Horace Mann Life Insurance Company	A	A	A2	A
Horace Mann Property & Casualty Insurance Company	A	A	A2	A
Horace Mann Insurance Company	A	A	A2	A
Teachers Insurance Company	A	A	A2	A
Horace Mann Lloyds	A	NR	NR	A
Other Ratings:				
Horace Mann Educators Corporation:				
Senior debt	bbb	BBB	Baa2	BBB

NR - not rated

TRANSFER AGENT

American Stock Transfer & Trust Company

6201 15th Avenue

Brooklyn, NY 11219

Phone: 800-937-5449

E-mail: help@astfinancial.com

Corporate Website: <https://us.astfinancial.com/ShareHolder/GeneralAccountInformation>

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.