

Third Quarter 2013 Investor Presentation

September 30, 2013

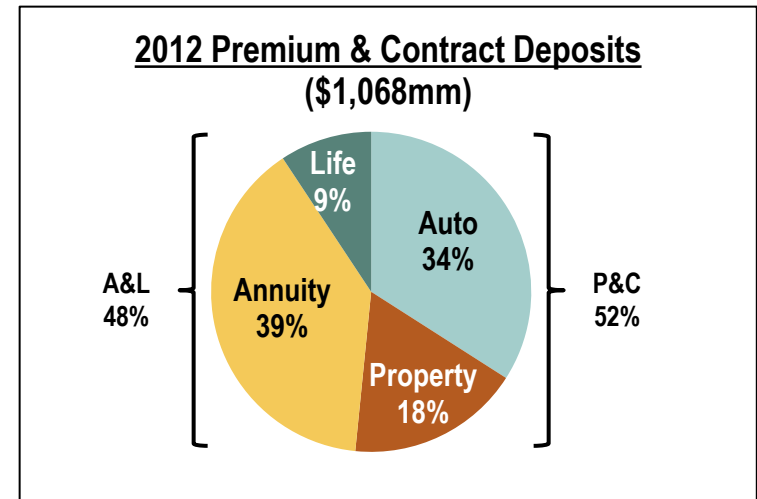
Safe Harbor Statement and Non-GAAP Financial Measures

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

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

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

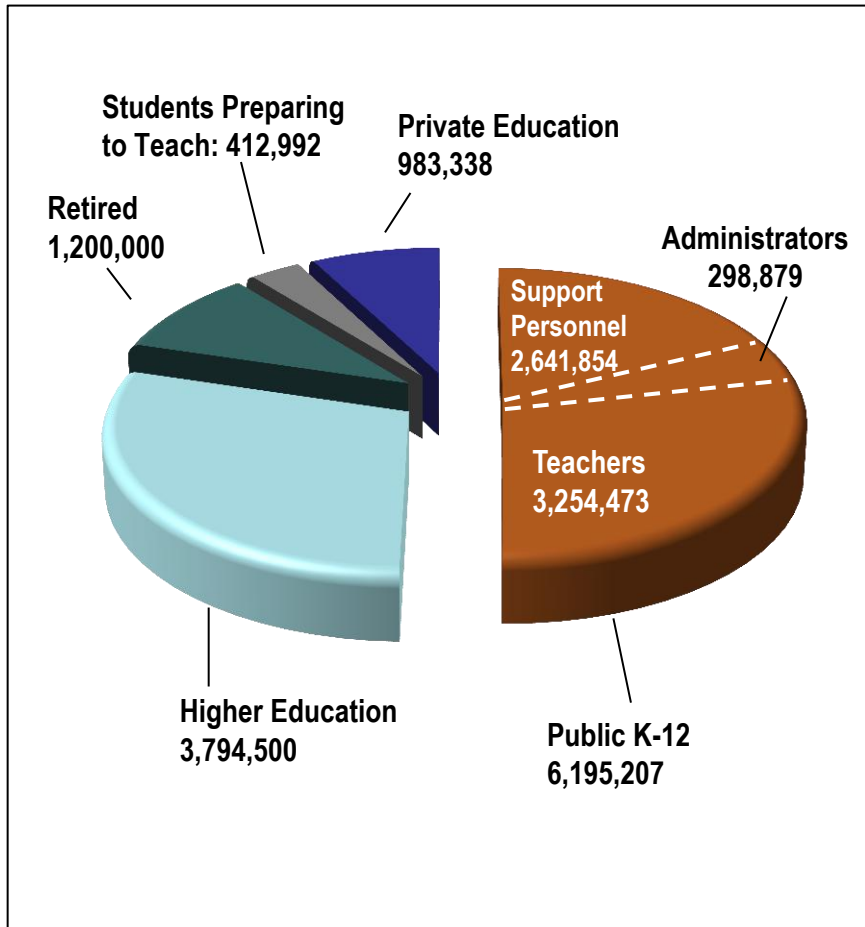
Exchange / Ticker	NYSE: HMN
Share price (9/30/13)	\$28.38
2 year TSR	115.0%
Shares Outstanding	40.1 million
Market Cap	\$1.14 billion
Annual dividend per share	\$0.78
Dividend yield per share	2.7%
Book value per share <small>ex 115</small>	\$23.15



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

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

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



Source: 2012 NCES Digest of Education Statistics

(1) Department of Labor 2012 Occupational Outlook Handbook

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

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

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

Property and Casualty

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

Almost 1 in 5
customers is
crossline

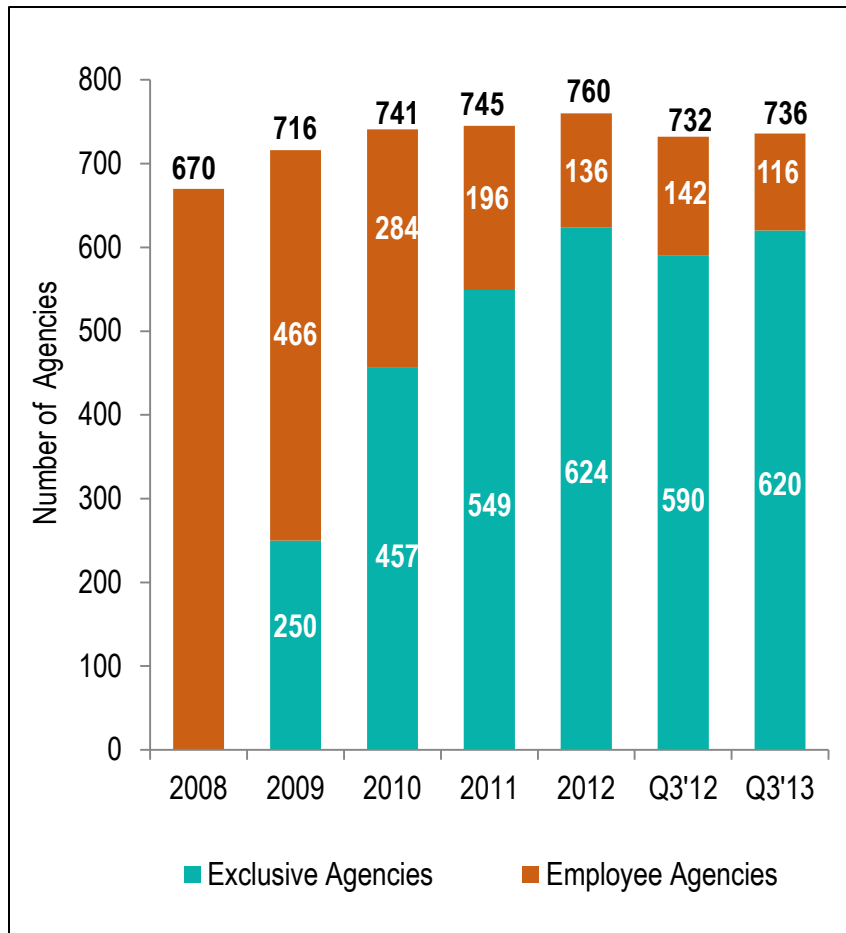
Annuity and Life

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

Distribution

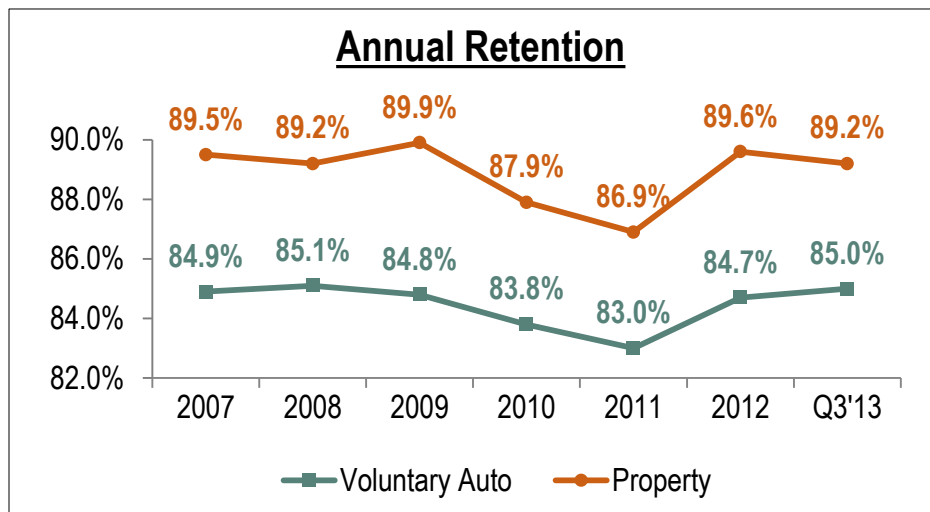
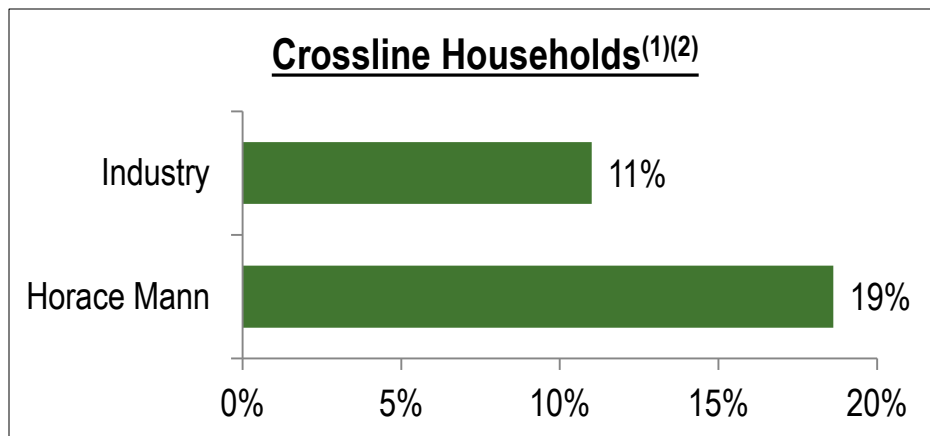
- Captive distribution focused on educators' needs
- Tailored worksite marketing and workshops provide financial know-how
- Strategic relationships in the educator community

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



- Began migration to an Exclusive Agent model in 2009
 - Transition is largely complete
- Agent productivity and retention continue to improve
- Institutionalize top agent best practices across the entire agency force while continuing modest growth

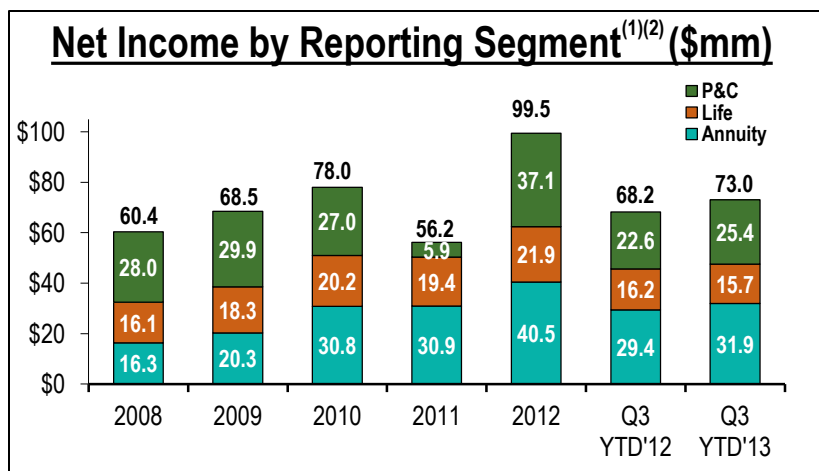
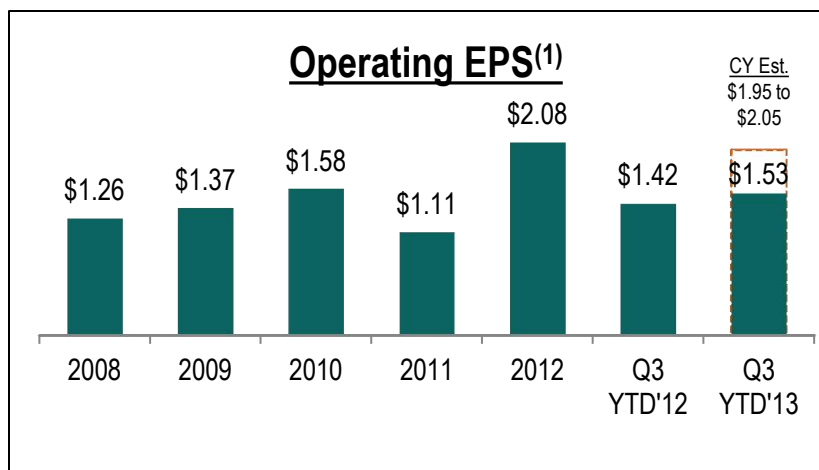
Our agents are trusted advisors; multiline and crossline penetration exceed industry averages, with room to grow



- The majority of our P&C policyholders also own an additional Horace Mann product
 - 74% of Auto policies are multiline
 - 82% of Property policies are multiline
- Crossline penetration significantly exceeds industry averages
- Targeted marketing programs to drive higher retention and crossline sales
 - Began offering Annual Policy Review to all policyholders in 2013
 - Focused on adding additional Auto payroll deduct capability

(1) Households with Auto and/or Property plus Annuity, Life and/or Group
 (2) HMN data: September 2013; Industry data per LIMRA, 2011 multiline exclusive agent average

Strong YTD results in Annuity & Life contributed to increase in full year guidance of \$1.95 to \$2.05 per share

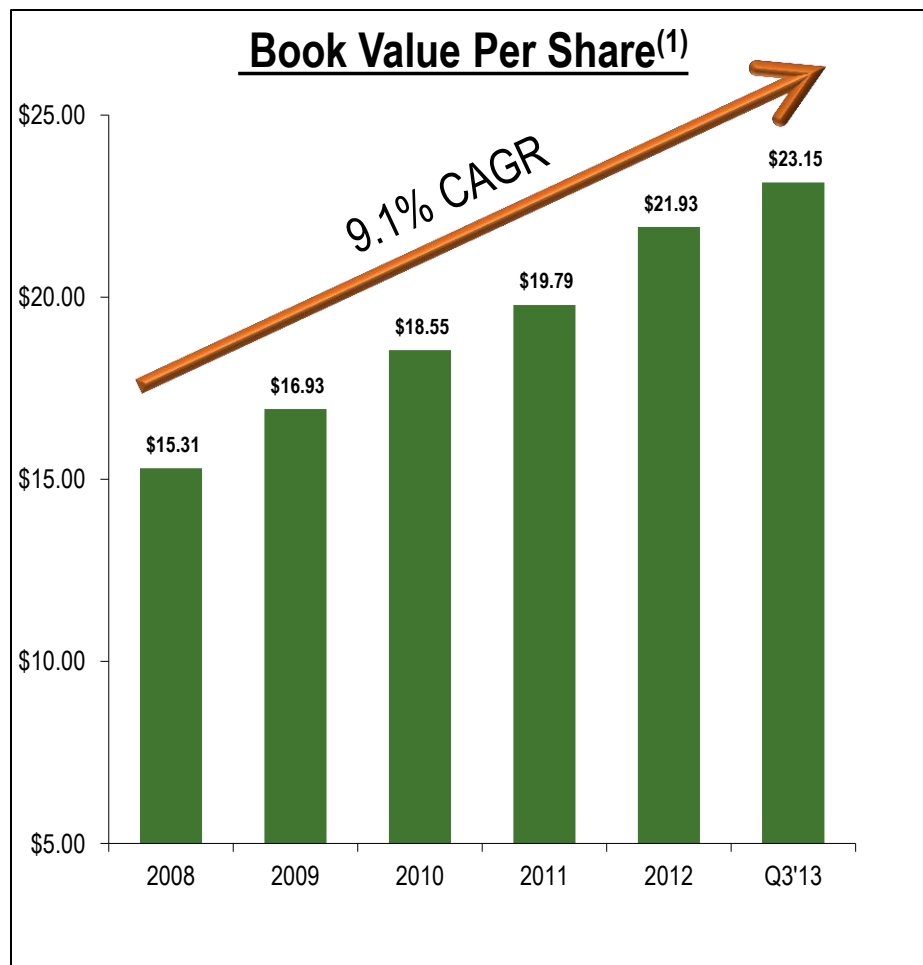


- YTD'13 Operating Earnings of \$1.53 per diluted share include:
 - Modest improvement in underlying combined ratio
 - 1% YTD growth in Annuity net interest margin
 - Favorable Life mortality
- 2013 Operating Earnings guidance of \$1.95 to \$2.05 per share, which reflects:
 - ~ 7 to 8 points of catastrophe losses
 - Modest prior year reserve development
 - Persistent low rate environment impacting Annuity spreads, offset by growth in AUM
 - Return-to-normal DAC unlocking and Life mortality

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

(2) Excludes Corporate and Other segment

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

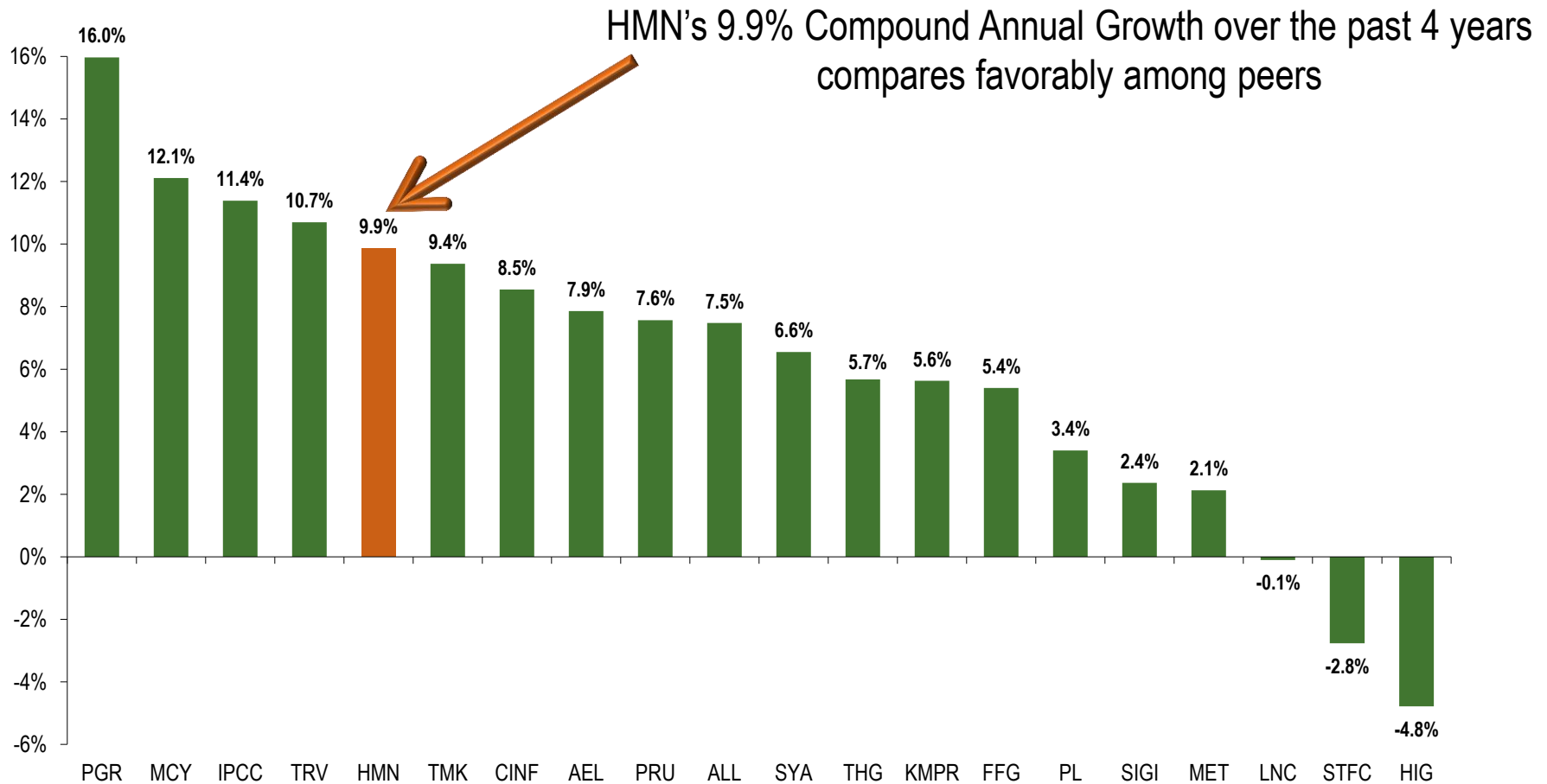


- \$23.15 book value per share excluding FAS 115 as of September 30, 2013
 - 9% growth rate over Q3'12
- FY 2013 annualized shareholder dividend of \$0.78
 - Dividend yield of 2.7%⁽²⁾
 - Up 42% vs. PY; 112% increase since 2008
 - Reflects ~40% payout ratio

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

(2) Based on 9/30/13 stock price of \$28.38

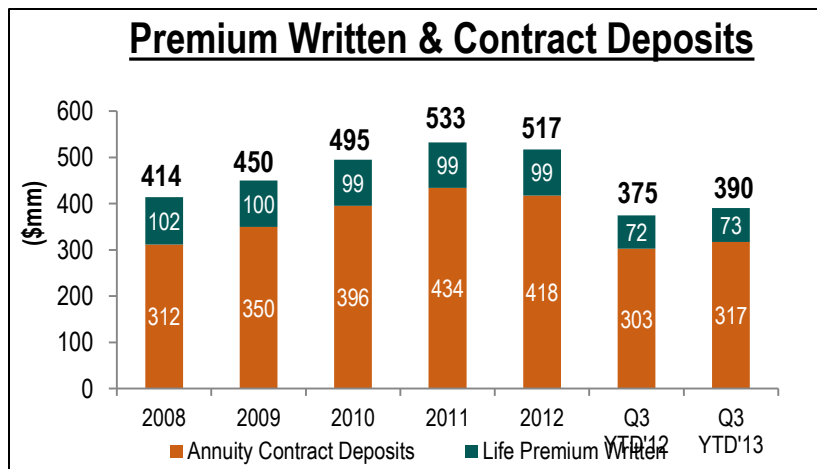
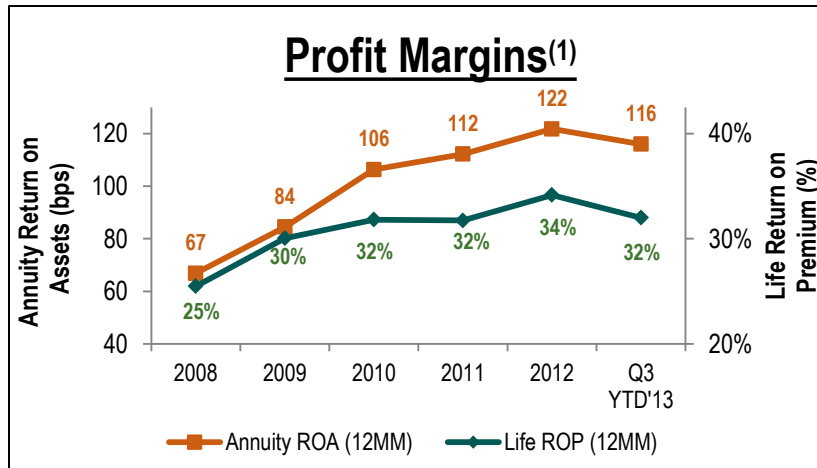
Top quartile book value growth plus accumulated dividends since 2008⁽¹⁾



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

Source: SNL Financial

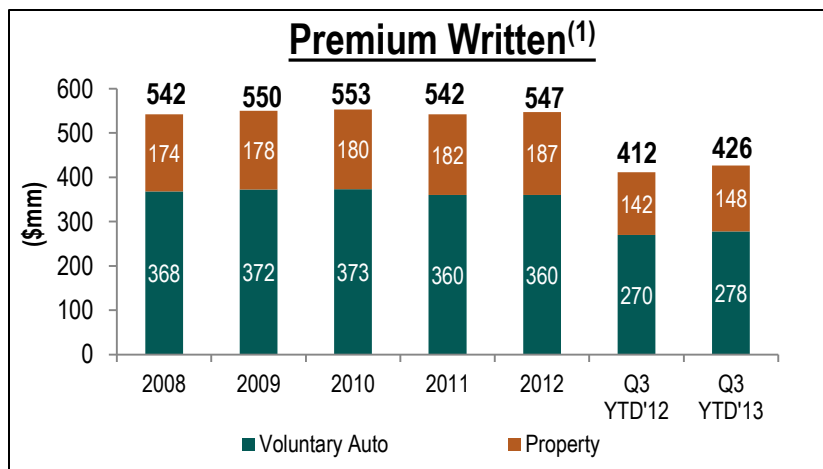
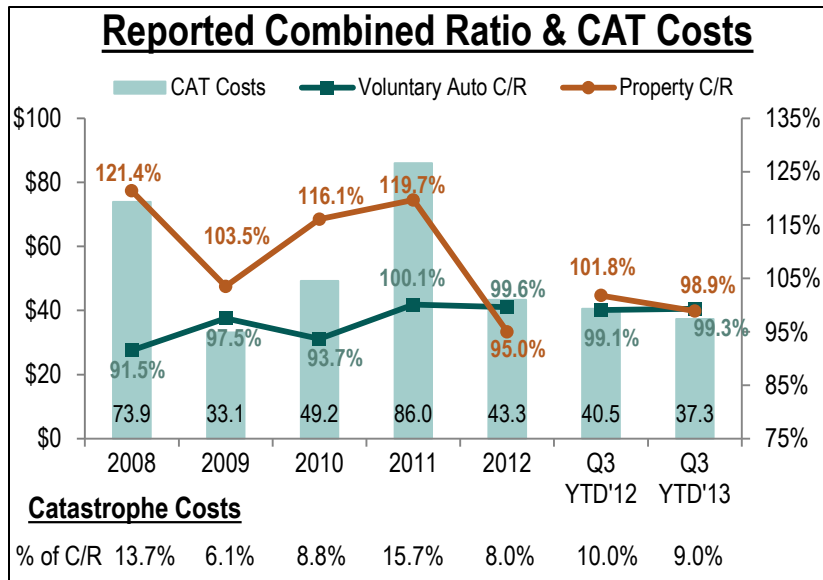
The Annuity and Life segments are profitably growing



- Operating income remains stable despite spread compression
 - Q3'13 Annuity net interest margin of 198 basis points, down 13 basis points from Q3'12
 - Life mortality can be volatile, but YTD results have been favorable
- Maintain strong sales momentum in both Annuity and Life products, while growing assets under management
 - Annuity assets under management up 11% from Q3'12 to over \$5 billion
 - Life sales growing at a double-digit pace
- Enhance our existing product suite and deploy capital for organic growth

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

The P&C segment continues to generate positive earnings growth

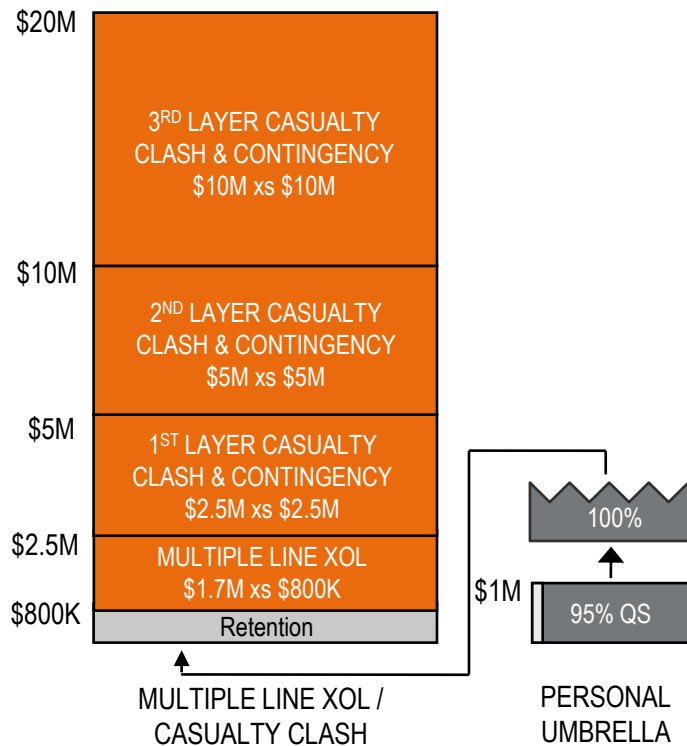


(1) Includes voluntary auto and property premiums

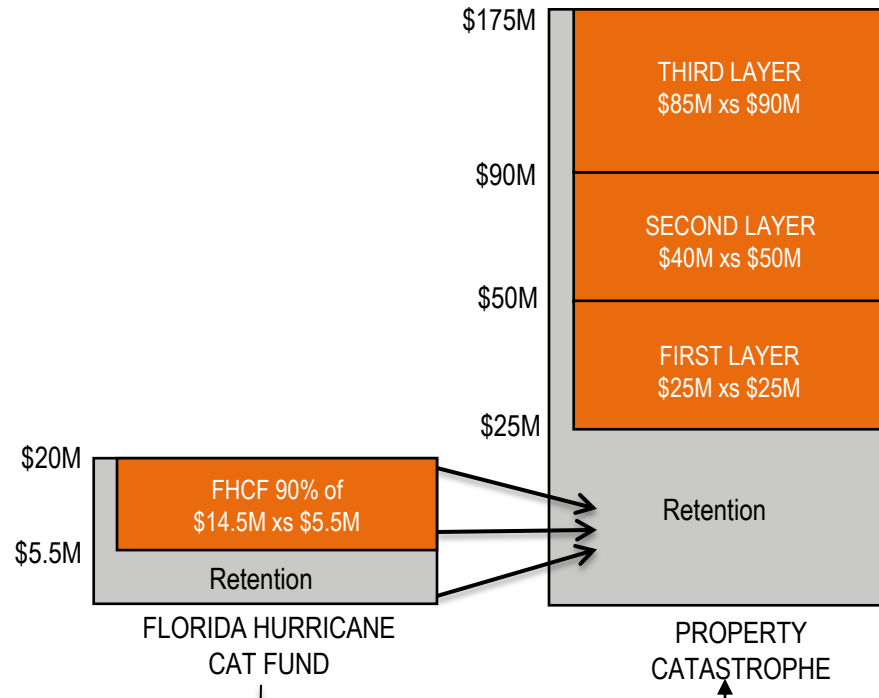
- FY 2012 written premiums of ~ \$550 million
 - Up 4% in the first nine months of 2013
 - PIF has stabilized with strong new business production and improved retention
- Opportunity to achieve target combined ratio of mid-90s while generating top line growth
 - Target auto combined ratio in the high 90s
 - Target property combined ratio in the low 90s
 - YTD'13 combined ratio of 99.4, a 0.9 point improvement over YTD'12, despite a 1 point planned increase in the expense ratio related to investments in our business
- Build scale thoughtfully
 - Enhance systems and analytics to result in improved pricing segmentation
 - Generate a premium base that reflects our national presence

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

Multiple Line XOL / Casualty⁽¹⁾



Property⁽¹⁾



(1) As of 09/30/13

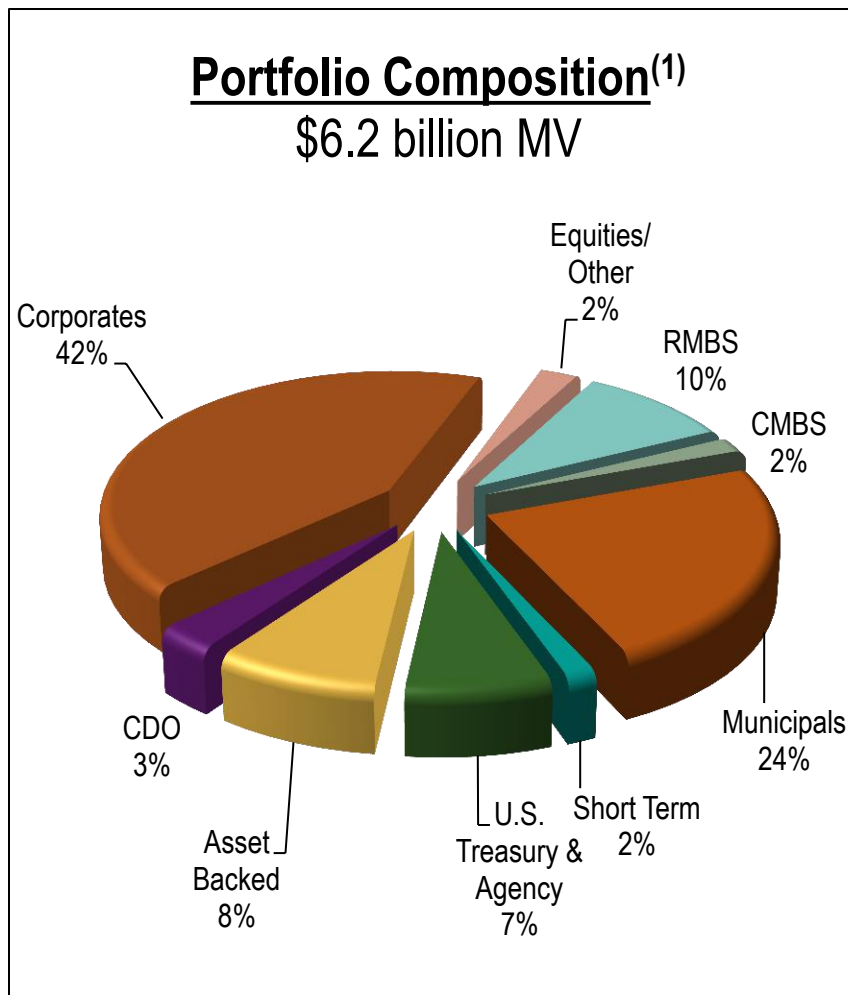
Strong and stable P&C reserves further reduce potential earnings volatility

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

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

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

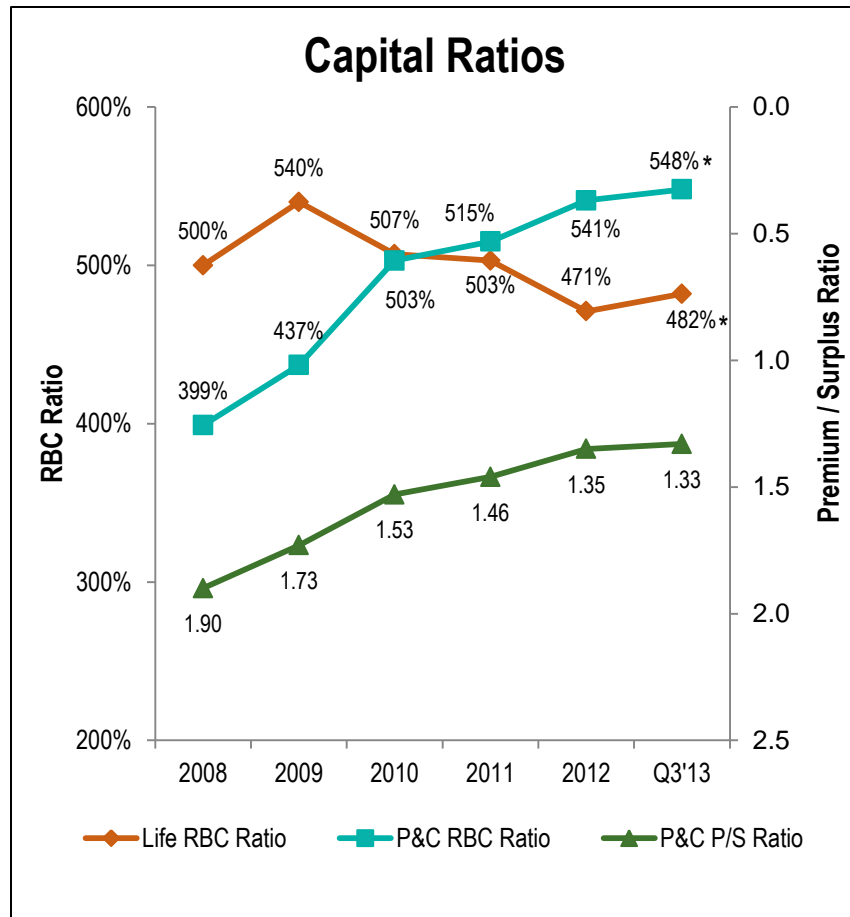
Conservative and well diversified investment portfolio that is designed to support our product offerings



- High quality, well diversified portfolio across fixed income sectors
 - Weighted average quality: A
 - Average duration 6.3
- Focused on risk and asset liability management
 - \$5.3 billion MV portfolio supports long dated Annuity & Life liabilities
 - \$0.9 billion MV portfolio supports P&C
 - \$281 million net unrealized gain; majority in Annuity & Life portfolios
 - Portfolio asset liability matched; as interest rates rise, we expect unrealized gain position to decline
- New purchases have been consistent with existing portfolio allocation
 - New money rate slightly below 5% in Q3

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

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



(1) Excluding unrealized gains/losses on investments

* Estimated

- Conservatively run company
 - P&C loss reserves held at top end of independent actuarial range
 - Annuity and Life product design
 - Investment portfolio construction / historical loss experience
- Q3'13 debt-to-capital ratio⁽¹⁾ of 20.4%
- Opportunistic share repurchase program, with \$28 million remaining on authorization
 - \$22 million of repurchases since inception at an average price of \$17.40

Horace Mann has an attractive track record of strong shareholder returns and compelling growth prospects

- Refining our value proposition within our niche market to accelerate growth
 - Segmented products that meet educator needs and cover their risks throughout their life cycle
 - Local and knowledgeable distribution
 - Improving infrastructure and technology efficiency
- Building on a solid foundation to leverage a strong market position within the educator niche
 - Solid capital foundation and strong risk management discipline
 - Differentiated brand with strong name recognition in the Public K-12 market where we have agents
 - Strong sales momentum and improving agent productivity
- Top quartile book value and accumulated dividend CAGR since 2008⁽¹⁾ compared to other P&C and Life peers
 - Competitive dividend yield combined with opportunistic share repurchases
 - Strong and growing Annuity and Life earnings
 - Improving P&C profitability

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

Source: SNL Financial

Appendix

Consolidated GAAP Income Statement

(\$ in Millions, except EPS)

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>Q3 YTD'13</u>
Written Prem. & Contract Deposits	\$ 1,003.7	\$ 1,052.0	\$ 1,078.4	\$ 1,067.7	\$ 818.8
Earned Prem. & Contract Charges	659.6	672.7	667.1	670.5	514.5
Investment Income	246.8	272.1	288.3	306.0	233.2
Other Income	4.7	6.2	5.2	7.0	3.5
Benefits, Claims, & Settlement Exp.	598.1	621.6	657.3	611.8	472.6
Total Other Expenses & Taxes	<u>257.8</u>	<u>264.7</u>	<u>257.2</u>	<u>285.4</u>	<u>215.5</u>
Income Before Realized Gains/Losses	\$ 55.2	\$ 64.7	\$ 46.1	\$ 86.3	\$ 63.1
Operating EPS	\$ 1.37	\$ 1.58	\$ 1.11	\$ 2.08	\$ 1.53
Operating ROE (excl. FAS 115)	8.8%	9.2%	6.1%	10.5%	10.3%
Realized Inv. Gains, After Tax	<u>17.2</u>	<u>15.4</u>	<u>24.4</u>	<u>17.6</u>	<u>13.5</u>
Net Income	<u>\$ 72.4</u>	<u>\$ 80.1</u>	<u>\$ 70.5</u>	<u>\$ 103.9</u>	<u>\$ 76.6</u>

Consolidated GAAP Balance Sheet

(\$ in Millions)

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>Q3'13</u>
Assets					
Investments	\$ 4,574.6	\$ 5,073.6	\$ 5,677.5	\$ 6,292.1	\$ 6,340.8
Separate Account Assets	1,226.4	1,375.7	1,273.8	1,398.3	1,627.7
DAC	228.0	222.2	216.5	196.9	233.1
Goodwill	47.4	47.4	47.4	47.4	47.4
Other Assets	209.7	226.8	220.0	233.0	273.7
Total Assets	<u>\$ 6,286.1</u>	<u>\$ 6,945.7</u>	<u>\$ 7,435.2</u>	<u>\$ 8,167.7</u>	<u>\$ 8,522.7</u>
Liabilities					
Policy Liabilities & Other					
Policyholder Funds	\$ 3,927.1	\$ 4,198.0	\$ 4,515.5	\$ 4,839.9	\$ 5,067.6
Separate Account Liabilities	1,226.4	1,375.7	1,273.8	1,398.3	1,627.7
Long Term Debt	199.6	199.7	199.7	199.8	199.9
Short Term Debt	38.0	38.0	38.0	38.0	38.0
Other Liabilities	206.7	287.2	352.8	445.9	500.2
Total Liabilities	5,597.8	6,098.6	6,379.8	6,921.9	7,433.4
Shareholders' Equity	688.3	847.1	1,055.4	1,245.8	1,089.3
Total Liabilities & Equity	<u>\$ 6,286.1</u>	<u>\$ 6,945.7</u>	<u>\$ 7,435.2</u>	<u>\$ 8,167.7</u>	<u>\$ 8,522.7</u>

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