

First Quarter 2014 Investor Presentation

March 31, 2014

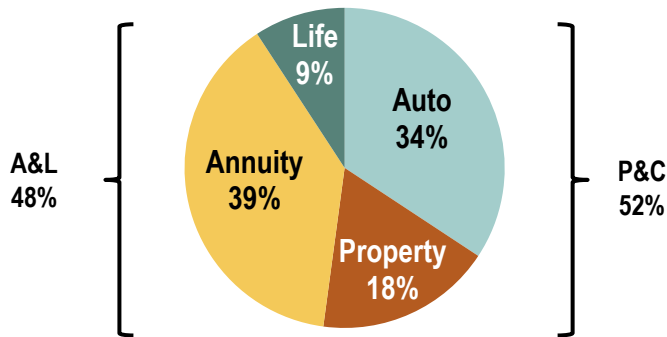
Safe Harbor Statement and Non-GAAP Financial Measures

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 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.

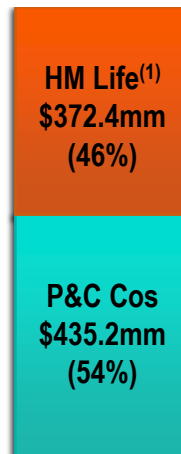
Founded in 1945, Horace Mann is the largest multiline insurance company focused on the nation's K-12 educators

2013 Premium & Contract Deposits
(\$1,094mm)



Exchange / Ticker	NYSE: HMN
Share price (3/31/14)	\$29.00
2 year TSR	124.02% ⁽²⁾
Shares Outstanding	40.6 million
Market Cap	\$1.18 billion
Annualized dividend per share	\$0.92
Dividend yield per share	3.2%
Book value per share ex 115	\$24.27

12/31/13 Statutory Surplus



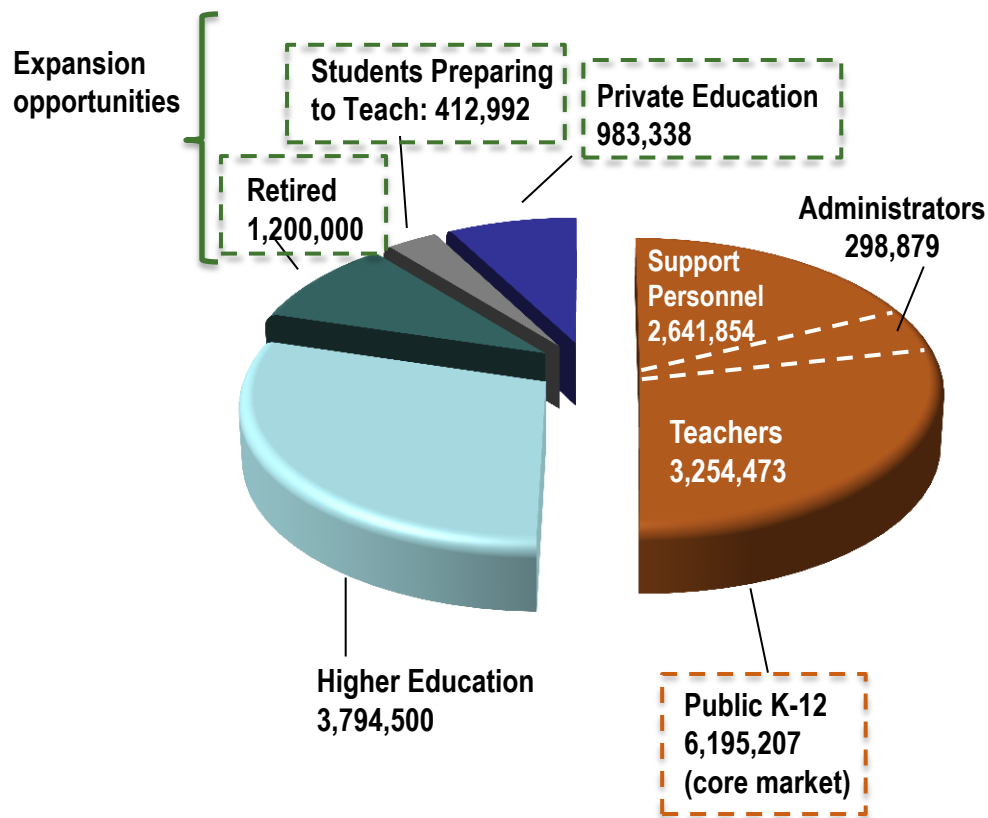
Horace Mann is a national insurer that offers Auto, Home and basic Annuity and Life products through a captive agency distribution model

- 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
- Conservative balance sheet and risk management discipline

(1) Includes \$28.5mm of Asset Valuation Reserve

(2) Measurement period beginning 1/1/12

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

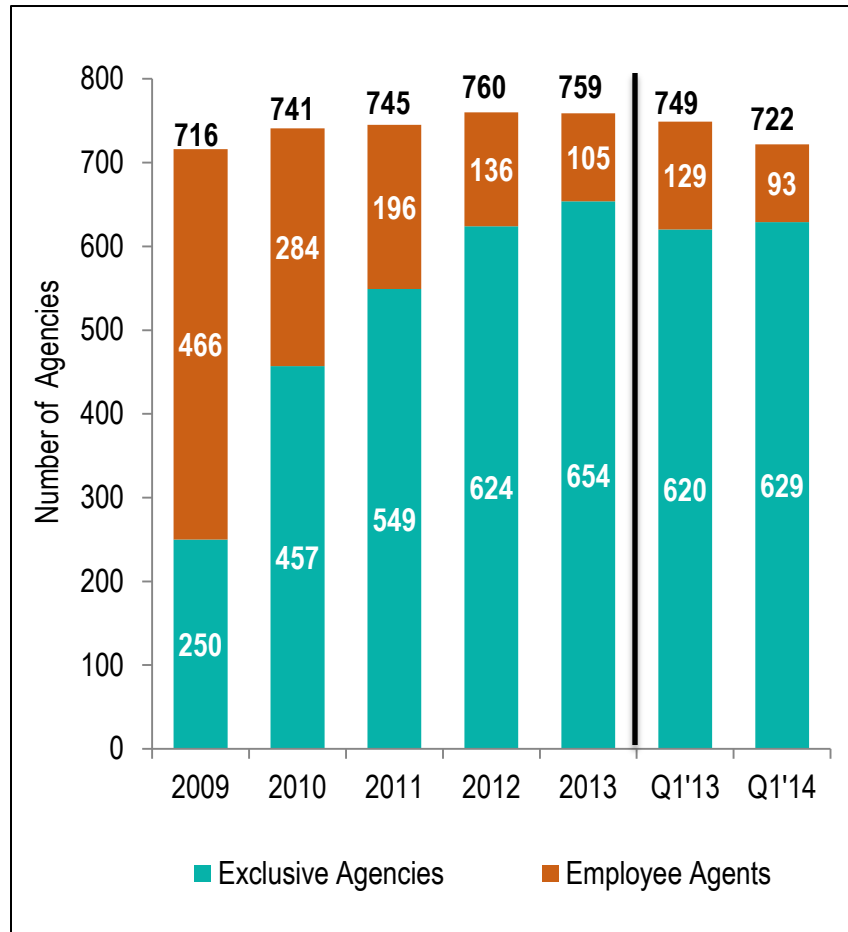


- Educators are a growing market
 - Preferred risk profile and conservative financial accumulation and protection needs
- Continue to focus on K-12 personnel and school districts as lead customers
 - The Public K-12 teacher and administrator market, which has been our historic core focus, is projected to grow by 14% by 2020⁽¹⁾
- Opportunities exist within the educator segment; natural adjacencies include:
 - Larger school districts
 - Private education
 - Former K-12 personnel

Source: 2012 NCES Digest of Education Statistics

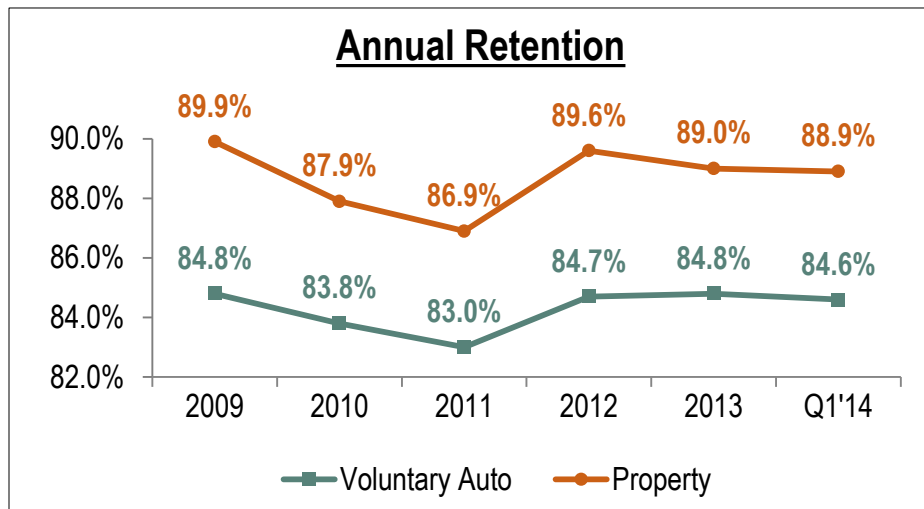
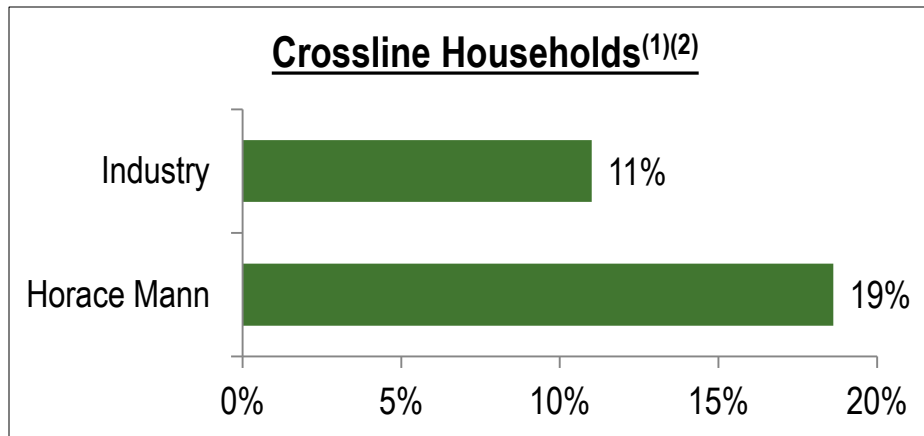
(1) Department of Labor 2012 Occupational Outlook Handbook

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



- Captive distribution focused on educators' needs
 - Tailored worksite marketing and workshops provide financial know-how
 - Strategic relationships in the educator community
- Began migration to an Exclusive Agent model in 2009
 - Transition is largely complete
- Improving Agent productivity is 2014-15 focus
 - Institutionalize top agent best practices across the entire agency force
 - Introducing higher quality standards to improve customer experience and agent productivity
 - Provide additional Home Office support and training, particularly on Annuity & Life products

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

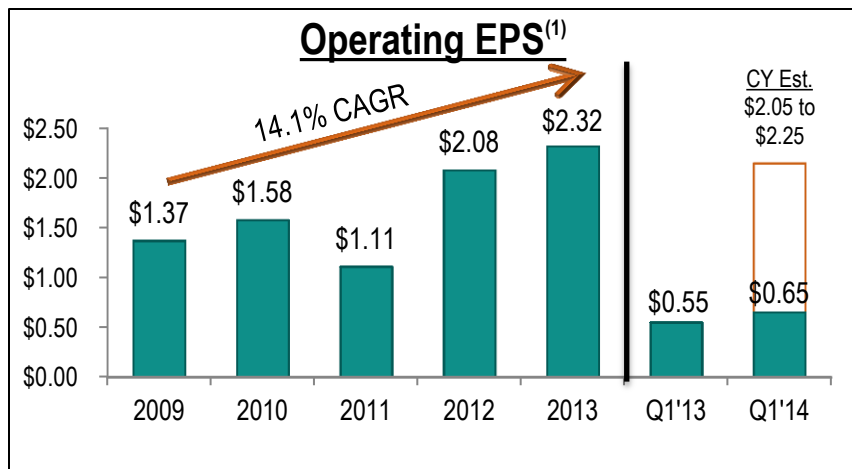
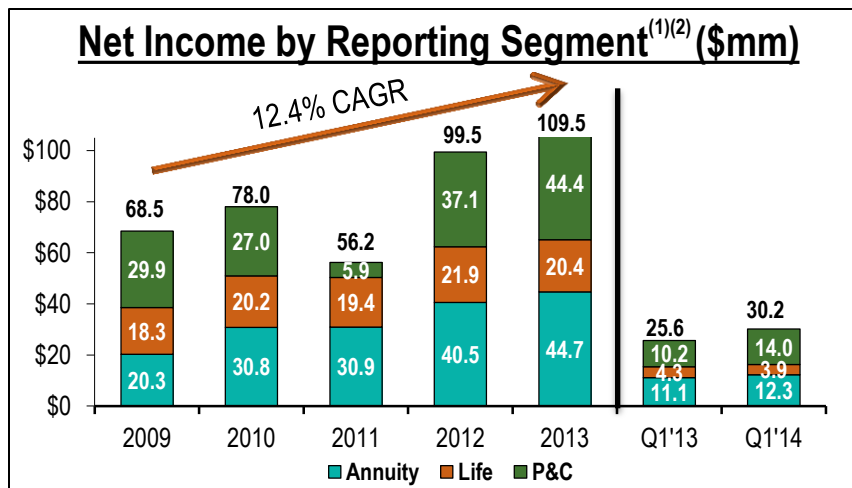


- Crossline penetration significantly exceeds industry
 - Majority of P&C policyholders purchase both auto and homeowner products
- Retention ratios have been relatively stable despite sizable rate actions
 - Loyal customer base
 - Increasing share of Payroll / EFT policies
 - Annual Policy Reviews have helped mitigate retention impact of rate actions
- Targeted marketing programs to drive higher retention and crossline sales
 - Increase number of Annual Policy Reviews in 2014
 - Add additional payroll deduct capability for Auto and Property

(1) Households with Auto and/or Property plus Annuity, Life and/or Group

(2) HMN data: Educator households as of March 2014; Industry data per LIMRA, 2011 multiline exclusive agent average

Multiline business model has generated steady, growing operating earnings during a variety of economic cycles

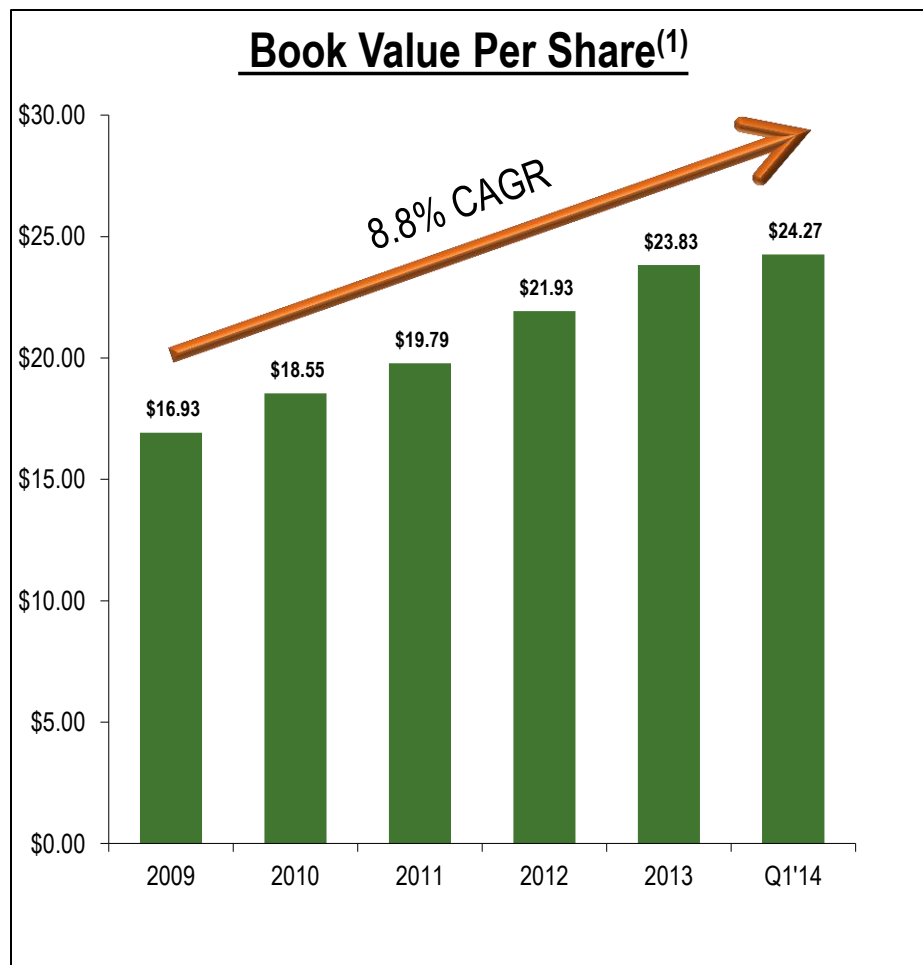


- Q1'14 Operating Income of \$0.65 per diluted share was strong across all business segments
 - P&C earnings reflect 3.7 point improvement in the underlying loss ratio led by 5.1 point improvement in Auto. Also continued favorable prior years' development
 - Annuity earnings benefited from a 10% increase in assets under management
 - Elevated level of Life mortality costs
 - Strong net investment income
- 2014 Operating Earnings guidance of \$2.05 to \$2.25 per share reflects a solid increase in operating income on a normalized basis
 - Continued improvement in P&C profitability; modest earnings pressure in Annuity on lower net interest spread; normal Life mortality
 - Modest favorable prior years' development
 - No DAC unlocking
 - 7 point Catastrophe load

(1) Net income 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



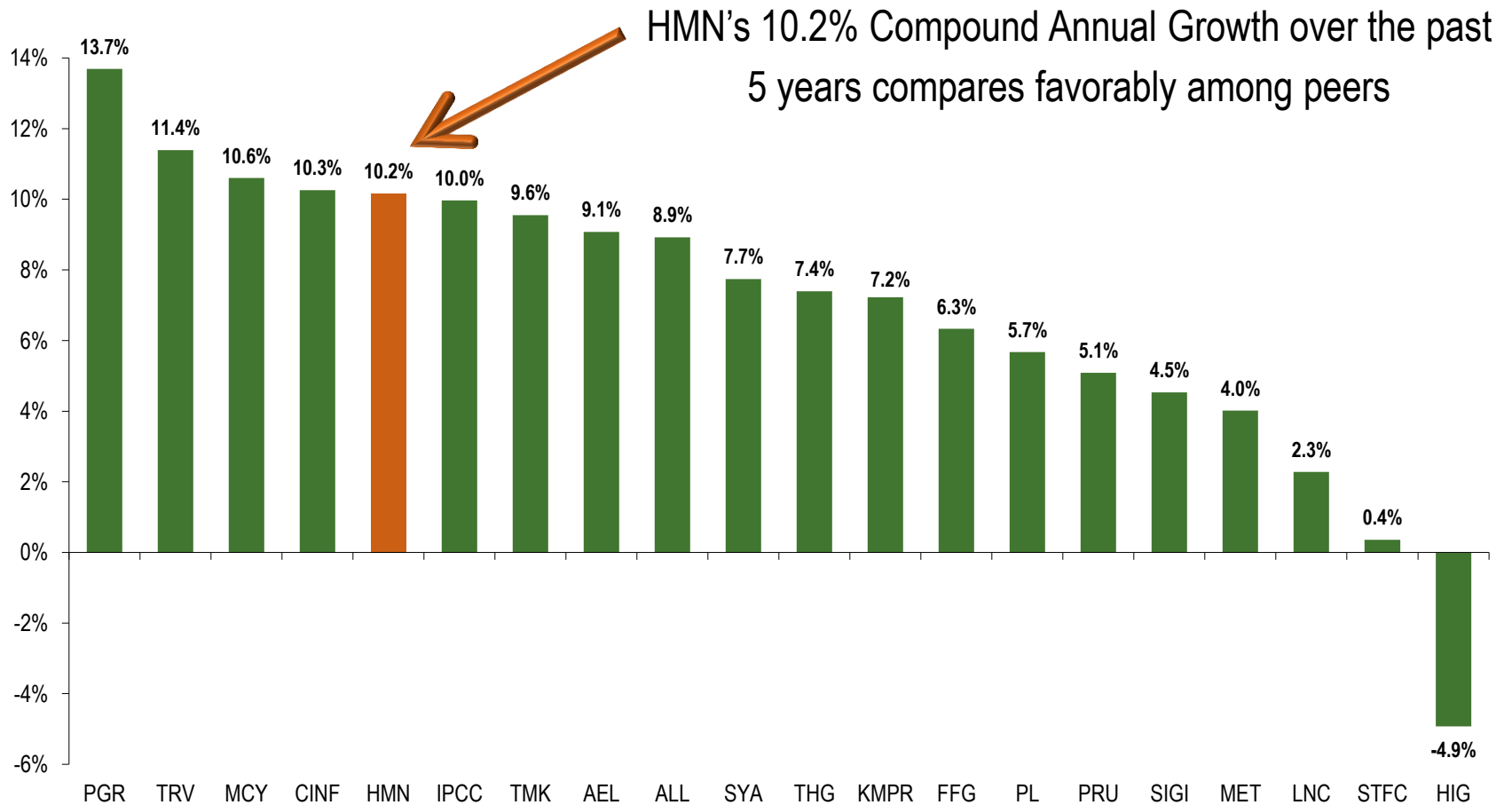
- \$24.27 book value per share excluding FAS 115 as of March 31, 2014
 - 8% growth rate over Q1'13
- Annualized 2014 shareholder dividend of \$0.92
 - Dividend yield of 3.2%⁽²⁾
 - Up 18% vs. PY; over 200% increase since 2009
 - Reflects ~40% payout ratio
- Opportunistic share buyback program
 - \$3.9 million of repurchases in Q1'14
 - Repurchases of \$25.5 million since December 2011 at an average price of \$18.47⁽³⁾
 - \$24.5 million remaining under authorization

(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 3/31/14 stock price of \$29.00

(3) Repurchase activity through 3/31/14

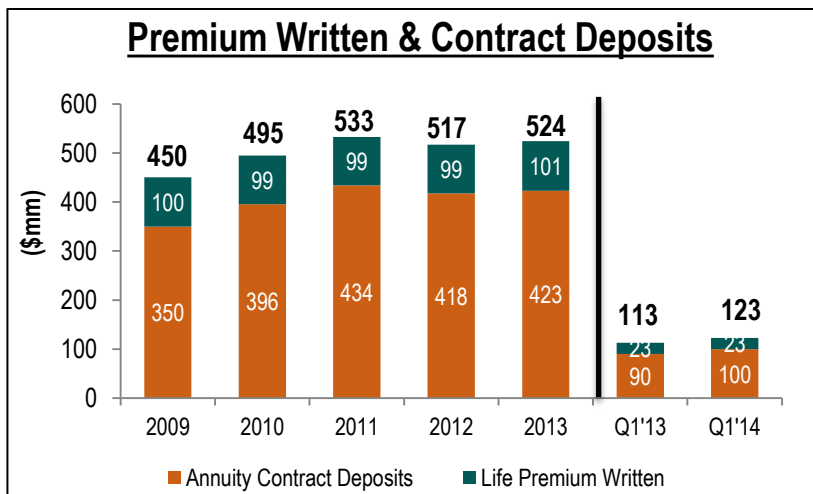
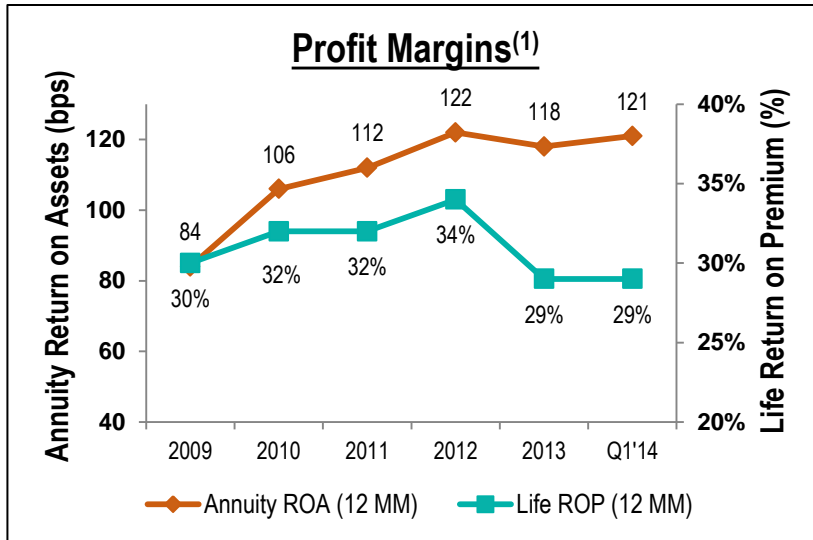
Top quartile book value growth plus accumulated dividends since 2008⁽¹⁾



(1) Starting point of 12/31/08 Book Value Per Share excluding unrealized investment gains/losses (ex. FAS 115) through 12/31/13

Source: SNL Financial

The Annuity and Life segments are profitably growing

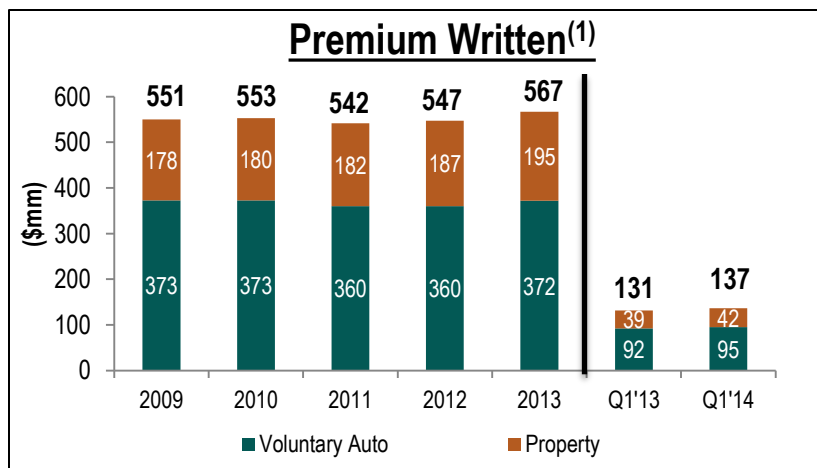
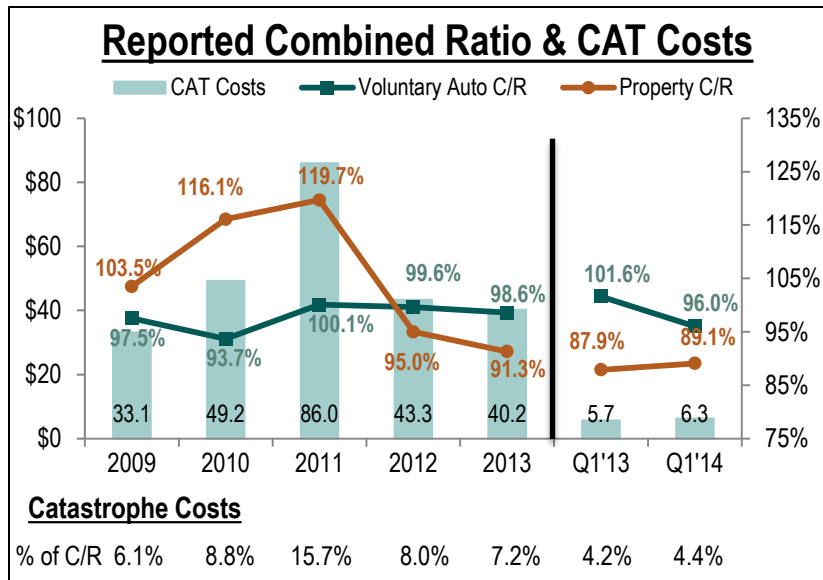


- Operating income⁽²⁾ increased 13% despite higher Life mortality
 - Strong annuity net interest spread of 214 bps, including elevated security prepayments and strong alternative investment returns
 - Elevated level of Life mortality, partially offset by higher net investment income, which also benefited from security prepayments
- Sales momentum for both Annuity and Life products remains strong; Assets under management growing
 - Annuity assets under management up 10% from Q1'13 to \$5.4 billion
 - Strong sales in all Annuity products, with the new Fixed Indexed Annuity product off to a good start
 - Life sales growth continues, up 6% over Q1'13
- Continue to enhance our existing product suite and deploy capital for organic growth

(1) Pretax GAAP Operating Income excluding DAC unlocking and change in GMDB reserve. 2009-2011 numbers have been restated to include the retrospective application of new accounting guidance for deferred policy acquisition costs

(2) After-tax GAAP Operating Income excluding DAC unlocking and change in GMDB reserve.

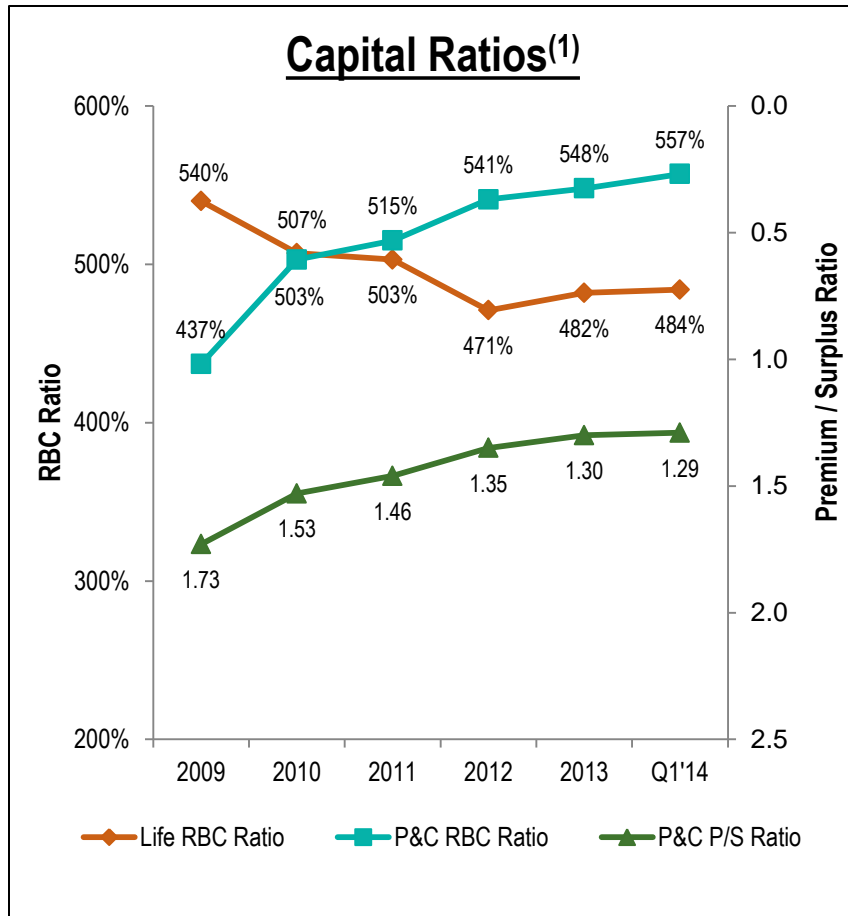
The P&C segment continues to generate positive earnings growth; written premiums are growing



- Profitable book of preferred customers with conservative risk appetite
 - Conservative, low-risk underwriting profile with modest protection needs
 - Retention exceeds industry averages
 - Majority of customers purchase both Auto and Property
- Continued profitability improvements in P&C
 - Q1'14 reported combined ratio 3.5 points better than Q1'13, reflecting a 3.7 point improvement in the underlying loss ratio
 - Auto underlying loss ratio improved 5.1 points, as rate increases continue to outpace loss cost trends
- Written premiums of \$137 million up 4% over Q1'13
 - Increases largely driven by rate actions
 - Retention remains strong at 85% for auto and 89% for property, despite mid-single digit rate increases
- Build scale thoughtfully
 - Enhance systems and analytics to result in improved pricing segmentation and underwriting sophistication
 - Generate a premium base that reflects our national presence

(1) Includes voluntary auto and property premiums

Capital ratios have improved significantly and reflect more than adequate capital to grow our businesses

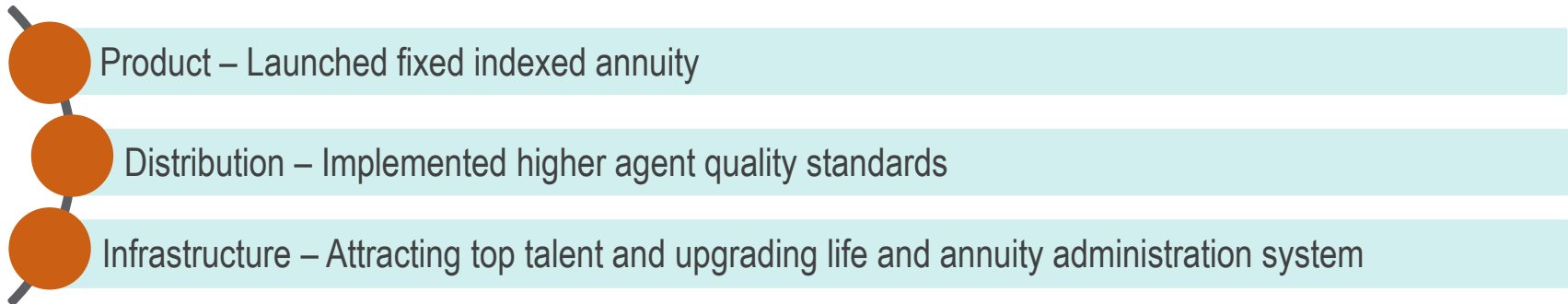
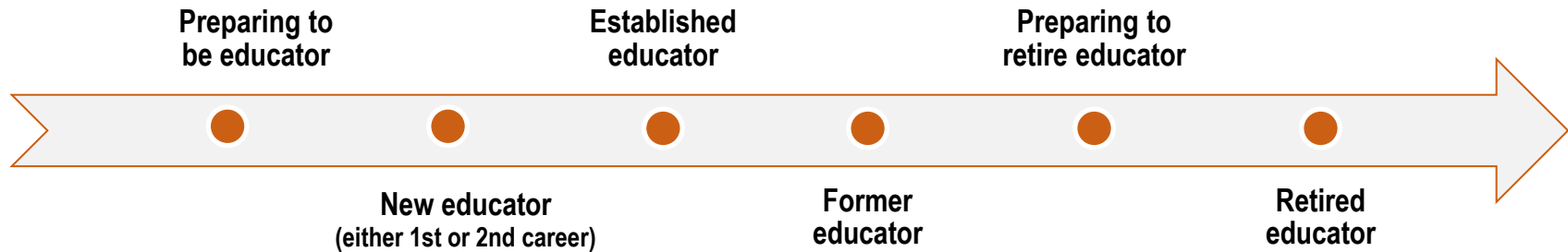


(1) 2014 results are estimates

(2) Excluding unrealized gains/losses on investments

- Our consistent earnings, along with our conservative bias have resulted in strong capital ratios
 - P&C loss reserves held at top end of independent actuarial range
 - Annuity and Life product design
 - Investment portfolio construction / historical loss experience
- Q1'14 debt-to-capital ratio⁽²⁾ of 19.4%
- Organic growth plans for Annuity and Life expected to reduce excess capital levels over time

Continue to refine our value proposition within our niche market with a focus on product, distribution and infrastructure



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

- We will do this through products that meet their needs and cover their risks, with local and knowledgeable distribution and efficient infrastructure to support
- We will know the profile and needs to properly serve each stage of the educator life cycle
- We will know this profile better – and will capture, retain and use the data better – than anyone else

We are well positioned to accelerate our growth momentum and become a more dominant player in the educator market

Leverage

... And Leverage

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

Build

... To Build ...

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

Foundation

Solid Foundation ...

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

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⁽¹⁾ of 10% over the past 5 years compared to other P&C and Life peers

- Competitive dividend yield combined with opportunistic share repurchases
- Focus on growing Annuity and Life earnings
- Strong P&C profitability with opportunity for further improvement

*(1) Starting point of 12/31/08 Book Value Per Share excluding unrealized investment gains/losses (ex. FAS 115) through 12/31/13
Source: SNL Financial*

Appendix

Founded by Educators for Educators®

1945	Founded by two teachers in Springfield, IL as the Illinois Education Association Mutual Insurance Company to provide automobile insurance to IEA members
1949 1961	Company began offering a full range of life insurance products to the educational community Introduced 403(b) tax-qualified retirement annuities
1975 1989 1991	Company acquired by INA Corporation Company acquired from CIGNA through a management led LBO Completed initial public offering; stock trades on NYSE under the symbol "HMN"
2000 2006 2009	With less than 50% of new P&C business represented by educators, company refocuses on the educator market Began transitioning employee agency force to new business model Exclusive Agent (EA) contract introduced
2010 2012	Re-introduced State Teacher Retirement Seminars, and began strategic relationship with DonorsChoose.org Achieved double-digit sales increases in all four lines of business ⁽¹⁾
Today	Building on a solid foundation to accelerate our growth momentum and increase our penetration in the K-12 educator niche <ul style="list-style-type: none"> – Largest national, multiline insurance company focused on serving the nation's K-12 educator market – Current book ~ 80% educator – Agency force transition largely complete; now focused on productivity improvement initiatives – Annuity and Life product line enhancements and infrastructure improvements – Enhanced pricing segmentation and underwriting and claims initiatives to further improve P&C underwriting results

(1) Sold by Horace Mann agents

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

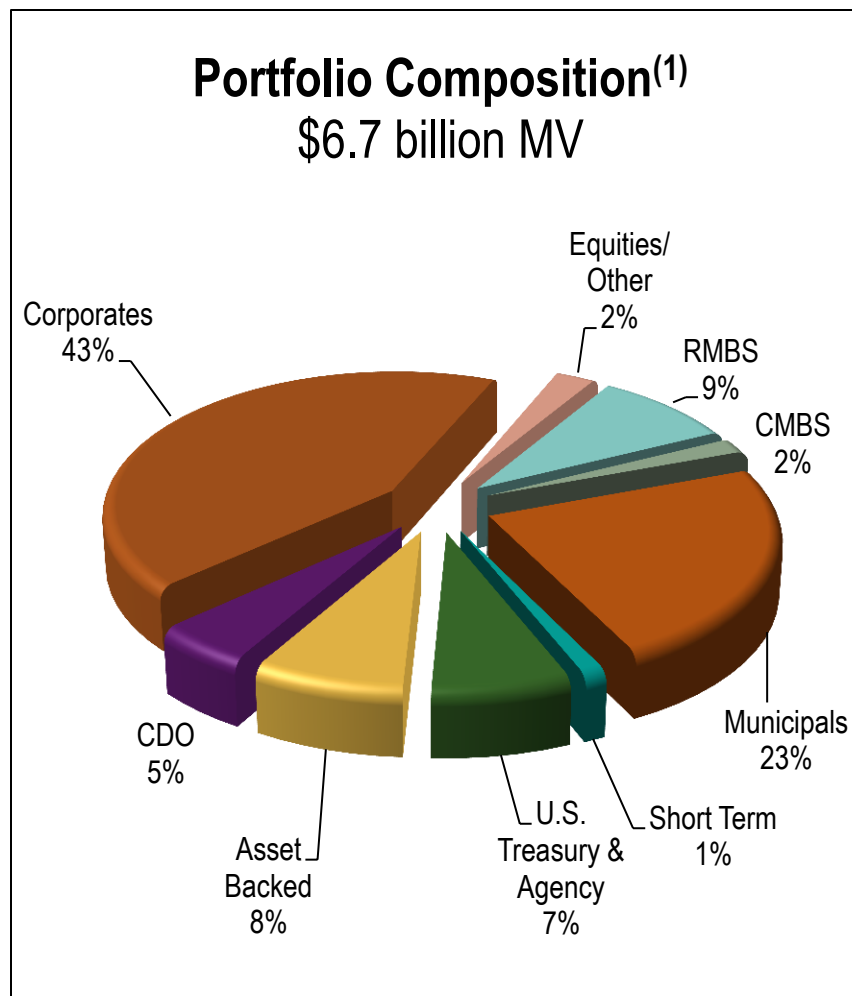
Annuity and Life

- 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

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

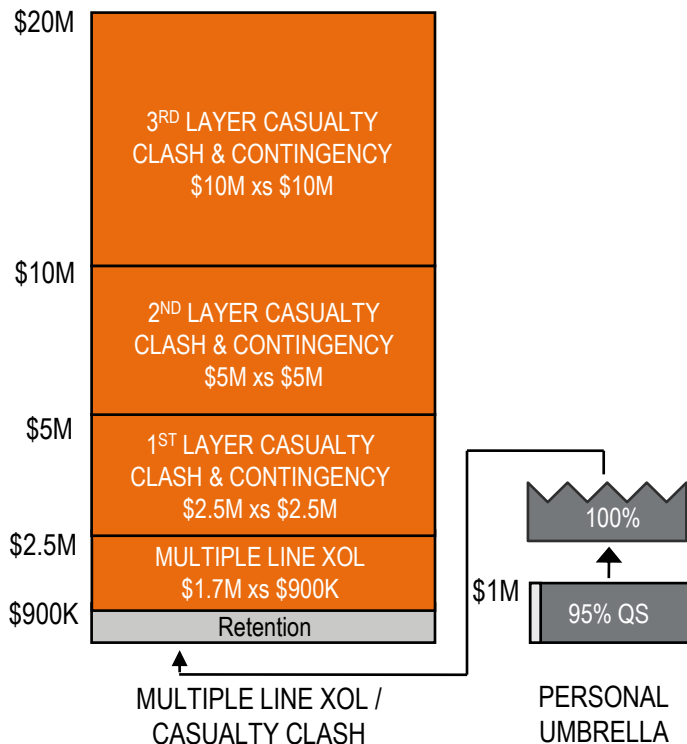


- High quality, well diversified portfolio across fixed income sectors
 - Weighted average quality: A
 - Average duration 6.1
- Focused on risk and asset liability management
 - \$5.7 billion MV portfolio supports long dated Annuity & Life liabilities
 - \$0.9 billion MV portfolio supports P&C
 - \$376 million net unrealized gain; majority in Annuity & Life portfolios
 - Portfolio asset liability well matched; as interest rates rise, we expect unrealized gain position to decline
- New purchases focused on maintaining portfolio quality and yield
 - Q1'14 new money rate tracking in line with 2014 guidance of 4.25%
- Conservative allocation resulted in low credit losses during the financial crisis

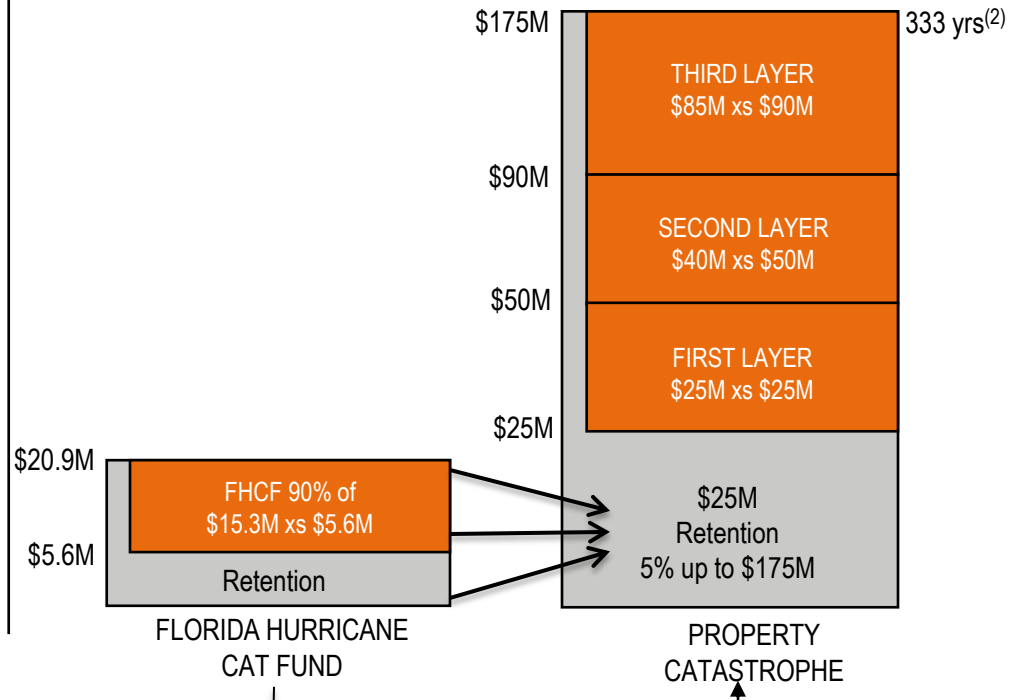
(1) As of March 31, 2014; excludes policy loans

Current single-event catastrophe reinsurance provides PML coverage of more than 300 years

Multiple Line XOL / Casualty⁽¹⁾



Property⁽¹⁾



(1) 2014 Catastrophe Reinsurance Program

(2) Based on the current AIR model, top-end coverage of \$175 million protection at the 333-year PML

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

Appropriate conservatism

- Disciplined reserving practices
- Carried reserves at high end of independent actuarial estimate
- Recent favorable reserve development 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>
2013	\$218.0	\$266.2	\$261.7
2012	\$217.6	\$265.4	\$260.8
2011	\$224.9	\$276.6	\$269.6

Highly rated by all rating agencies with a focus on HMN's strengths – educator market focus, earnings diversification and capital strength

Strong Position within the Educator Community

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

Stable Operating Results and Enterprise Risk Management

- “(earnings) have benefitted from diversity...P/C and Life operations...”
 - In Q1'14, AM Best upgraded our P&C outlook to Positive from Stable
- “since the Exclusive Agency model began, the company has started to outperform the industry in terms of agent retention”
- “limits its risk taking to areas it understands and has made decisions to avoid risks related to certain distribution segments, products, and investments to maintain a high quality book of business focused on the educational market”

Strong Capital Adequacy

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

Current Financial Strength Ratings

<u>Agency</u>	<u>Rating</u> (affirmed/ reviewed)	<u>Outlook</u>
S&P	A (2/28/14)	Stable
Moody's	A3 (Apr. 2012)	Stable
AM Best - Life - P&C	A A- (2/28/14)	Stable Positive
Fitch	A- (9/26/13)	Stable

Consolidated GAAP Income Statement

(\$ in Millions, except EPS and BV)

	2010	2011	2012	2013	Q1'14
Written Prem. & Contract Deposits	\$ 1,052.0	\$ 1,078.4	\$ 1,067.7	\$ 1,094.2	\$ 260.3
Earned Prem. & Contract Charges	\$ 672.7	\$ 667.1	\$ 670.5	\$ 690.9	\$ 175.4
Investment Income	272.1	288.3	306.0	313.6	83.0
Other Income	6.2	5.2	7.0	4.5	1.1
Benefits, Claims, & Settlement Exp.	621.6	657.3	611.8	618.2	155.1
Total Other Expenses & Taxes	264.7	257.2	285.4	294.3	77.1
Income Before Realized Gains/Losses	\$ 64.7	\$ 46.1	\$ 86.3	\$ 96.5	\$ 27.3
Operating EPS	\$ 1.58	\$ 1.11	\$ 2.08	\$ 2.32	\$ 0.65
Operating ROE (ex. FAS 115)	9.2%	6.1%	10.5%	10.6%	10.8%
Realized Inv. Gains, After Tax	15.4	24.4	17.6	14.4	1.1
Net Income	\$ 80.1	\$ 70.5	\$ 103.9	\$ 110.9	\$ 28.4
BV / Share (ex. FAS 115)	\$ 18.55	\$ 19.79	\$ 21.93	\$ 23.83	\$ 24.27
BV / Share	\$ 21.36	\$ 26.53	\$ 31.65	\$ 27.14	\$ 29.47

Consolidated GAAP Balance Sheet

(\$ in Millions)

	2010	2011	2012	2013	Q1'14
Assets					
Investments	\$ 5,073.6	\$ 5,677.5	\$ 6,292.1	\$ 6,539.5	\$ 6,801.3
Separate Account Assets	1,375.7	1,273.8	1,398.3	1,748.0	1,745.0
DAC	222.2	216.5	196.9	245.3	222.6
Goodwill	47.4	47.4	47.4	47.4	47.4
Other Assets	226.8	220.0	233.0	246.5	267.2
Total Assets	\$ 6,945.7	\$ 7,435.2	\$ 8,167.7	\$ 8,826.7	\$ 9,083.5
Liabilities					
Policy Liabilities & Other					
Policyholder Funds	\$ 4,198.0	\$ 4,515.5	\$ 4,839.9	\$ 5,375.5	\$ 5,427.1
Separate Account Liabilities	1,375.7	1,273.8	1,398.3	1,748.0	1,745.0
Long Term Debt	199.7	199.7	199.8	199.9	199.9
Short Term Debt	38.0	38.0	38.0	38.0	38.0
Other Liabilities	287.2	352.8	445.9	366.0	475.7
Total Liabilities	6,098.6	6,379.8	6,921.9	7,727.4	7,885.7
Shareholders' Equity	847.1	1,055.4	1,245.8	1,099.3	1,197.8
Total Liabilities & Equity	\$ 6,945.7	\$ 7,435.2	\$ 8,167.7	\$ 8,826.7	\$ 9,083.5

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