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<<Analyst, Keefe, Bruyette & Woods>>

Okay. So in the interest of time [indiscernible] (0:00:02), let me take a moment – as possible, I would like to introduce Marita and the team of Dwayne, Matt, and Bill from Horace Mann. There is a brief introductory presentation and then we'll pick up questions and as always we are hoping for this to be as interactive as possible so if you have any questions, [indiscernible] (0:00:20).

<<Marita Zuraitis, Director, President & Chief Executive Officer>>

Good morning, everyone.

<<Unidentified Participant>>

Good morning.

<<Marita Zuraitis, Director, President & Chief Executive Officer>>

When we had the opportunity to do "the fireside chat," we took the opportunity. At Horace Mann our strategy has been quite consistent for some time concentrating primarily on the K-12 Public Educator space. So seeing the great opportunity for questions to you and see where you like to go a little bit deeper. But for some of you who might not be as familiar with our basic strategy we've prepared just a few slides as a kick off if you will.

<<Unidentified Participant>>

And it helps you [indiscernible] (0:01:08). We'll let you advance them back there.

<<Marita Zuraitis, Director, President & Chief Executive Officer>>

Our mission as a company is pretty clear. The reason – I guess most companies have missions and visions but at Horace Mann we really have those center to our strategy. Our mission is to take care of educators, because they are taking care of our children's future. And this vision does tend to ground us and keep educators at the center of everything we do.

Our vision is really to protect what they have today and secure a better tomorrow. So everything we do as a Company is about protecting the short-term assets of educators and helping them secure a long-term financial future.

We are also quite unique in our portfolio. We are about half and half property-casualty and life and annuity; you can see the product split there. On the P&C side we had the typical auto, homeowners and umbrella coverages; we manufacture what we know and we use our Horace Mann General Agency with third parties behind us to protect things an educator has that either we don't have or can't reach the scale or we don't necessarily want to take on the risk. A really good example of that would be, we allow our agents to use Progressive for non-standard auto, for motorcycles and for all-terrain vehicles, snowmobiles that we stick to on the other automobile coverage would be an example there.

The split that we have really allows us to have a cross-sell percentage that is about double the industry. The industry cross-sells a little bit over 10% and we're at almost 20% cross sell which really helps from an economic perspective.

Our strategy revolves around what we call product distribution and infrastructure. Our products are tailored around the needs of educators. For example, our auto policy, our homeowner's policy we have bells and whistles, whistles that would be typical for an educator. A laptop was stolen from the vehicle of a parking lot outside of school where deductibles work.

From an infrastructure perspective we have been working hard to improve our pipes, to improve our systems and our workflows and our processes to get ready for the growth that we anticipate in across our portfolio. And our distribution strategy was pretty – clearly articulated in that we want educators to access Horace Mann any way they choose. Because we believe it's a complicated business that at some point they're going to need a trusted advisor at the point of sales.

So they can access through us through our call center on a direct basis and they can go online and get a quick quote but in the end they usually wind up with one of our exclusive agents at the point of sale who is doing more than selling auto or quoting a life insurance policy, they are helping them from a trusted advice perspective.

It's interesting we put the solve at the center of our value proposition. Many of our competitors are out selling auto insurance to these teachers, they are out selling an annuity to these teachers, but what we realize is because they are our entire value proposition we understand them and we use our data to really figure out their needs and to understand them better than generalist companies.

Everybody likes educators if you rate on occupation you know that. But it's what we do, so we believe we understand them better. We know that educators don't make a substantial amount of money. So if you are a sales person and you are out there hawking product and not bringing a solution to the table, where is the educator going to find the money to contribute to that 403(b); where are they going to find the money to buy life insurance even though they need it.

So, we have a unique value proposition where we – it's very solution based. For example, we know on average educators spend about $500 of their own money every year setting up their classroom. You are not going to tell a brand new 23-year-old that's walking into a class room not to go to Target and spend that $500. They want their classroom to be professional.

Our agents work with those educators to file a project with DonorsChoose. It's a crowdfunding site. We joined forces with DonorsChoose. We put a lot of our charitable contributions behind that, where they can post for classroom supplies and have the public pay for those classroom supplies. Then we take and sit down with them and take that $500 and start the 403(b). So we are finding the funds for that educator.

Same thing with student loan solutions, we know on average, educators spend have about $33,000, $35,000 of student loan debt. Our agents work with them with various student loan forgiveness programs. We have a relationship with a third party vendor, where we can also refinance the remainder of the debt that those teachers can't get forgiven.

So it's unique in that our agents are spending time on the solution and then the product is how they fill in those gaps. So it's a unique approach in the market place. We also deal with school districts. We are dealing with the ultimate customer, but we are also dealing with school districts in solving problems for those districts. It makes it a different approach than a typical insurance company that might just be out there selling products.

One of the things that's interesting to us is really understanding these educators at each phase of their life cycle. We can understand what are the problems facing those educators and then what are the solutions like the two I just mentioned that we can bring to bear. Because the needs of someone who is studying to be an educator is very different than someone who is about ready to retire, and we can arm our agents with very unique tools, so that the conversations they are having with our customers are very different than a typical insurance agent.

On the pre-educator side, I'm getting those educators before they even graduate from university; it's key for us. And going to the universities who spit out more K–12 Educators than other universities in the country where we can start our marketing earlier in the lifecycle. If you think about a company like USAA going right into the military academy; it gives you an idea that when you are in a homogenous niche slice of our business, you can identify your customers and go to the source a little bit easier than when you are in the generalist marketplace.

And then lastly as a tee up from an investment perspective we really think that this translates to a pretty unique investment thesis. First, our multiline business model certainly has worked well for us. Obviously you've got some cat exposure, although, we've done a pretty good job staying off the coast. And our life and annuity portfolio tends to give us good balance when the wind blows. The other side of the equation having a nice P&C portfolio in this interest rate environment, or when mortality tends to spike; it just gives you a nice cross section from a spread of risk perspective.

We are in a market that's growing. What's nice in a unique niche like ours, teachers are growing at a pretty nice clip; they're always going to be there. So it's a nice niche from a potential client perspective. We have run this Company very conservatively. We have a fair amount of excess capital, although, Dwayne prefers me to say we are not capital constrained. I think it's a more appropriate way to say that. And we do have a very strong track record of a strong dividend and nice increase in the book value in the stock.

So I'll sum it up by saying I think our track record speaks for ourselves and this company is conservatively run, and we have a lot of confidence and excitement about the future ahead of us. So that's my tee up.

<<Meyer Shields, Keefe, Bruyette & Woods>>

Thank you.

Q&A

<Q- Meyer Shields>: Broadly speaking, in recent quarters your looking at core combined ratio, and this is on homeowners side of P & C, previously in the lower sixties and maybe up to mid-seventies, but not worse than that. Is that an appropriate level with your catastrophe exposures or is there some work that needs to be done on homeowners <unintelligible>?

<A- Bill Caldwell>: Okay. From a property perspective I think these targets are about where they need to be. We've put a lot of work into our defensive actions over the last couple of years, so you talked about policy terms, put in actual cash value roof in a lot of the states that are very hail prone. We have been very active with rate. Marita talked about the catastrophe management so we are off the coast. So our defensive actions are really inline. I like where the underlying combined ratios are.

We are kind of in maintenance mode with property, so I look at it as a mid-single digits rate actions going forward, but it's an important part of our value proposition. So we're not a monoline company, we don't just sell auto insurance, it's important to cross sell that business when we think we have the right rate and priced appropriately for the risk. So going forward you'll start to see some emergence of growth in that line now that we have our defensive actions in line.

<A – Marita Zuraitis>: Yeah, I mean the one thing I'd add to that is when you think about the risk profile of an educator, they tend to take care of their property. They tend to be more conservative drivers. These are people who teach kids not to drink and drive. They teach kids about the perils of distracted driving that I think we are all dealing with in this sector. So they do tend to be a more risk-averse segment of the population and we see that in our numbers. And I think our pretty stellar property performance and where our loss ratios and combined ratios in the property book are now at that level; it's helping offset some of the macro trends that everybody is seeing in auto. So, on a total combined basis, I think our total combined ratio is quite good and we tend from an auto perspective to run three, to four to five points better than the industry in auto.

So, although, industry trends are going up and we're slightly going up with those trends, we're still outperforming the industry and I think it gets to the very nature of the risk profile of the people that we are insuring. They are grade school and high school teachers.

<A- Dwyane Hallman>: And on that just Bill if I could add on the property exposure a few years ago we had about 16%, 17% exposure along the coast and we defined the coast all the way from

Southern Texas up to Maine, except for the State of Florida and the entire State of Florida we've referred to as coastal. That exposure is now down to about 6% of our total book, but you mentioned the reinsurance is through that exposure reduction on the coast we've left our reinsurance structure intact. So we've worked our way up to the protection of about 1 in a 350 PML on our reinsurance program.

So as rates have declined we hadn't had to add to our program to finally kind of beef it up a bit, we've let the exposure management take care of that. So we've been able to take some of the reinsurance savings invest it back into our property line, and have competitive product.

<Q- Meyer Shields>: Okay. Is there an opportunity similar to your discussion of Horace Mann agency sending business that you are not comfortable underwriting on the auto side to Progressive as a quote reinsurer, that's not really what's going on. But would you be interested, would it be wise to write more property based on a growth basis and then cede that to reinsurers that are eager for premium volumes at this point in time?

<A – Marita Zuraitis>: Yeah, we pretty much do that across the Board. For example, we do have a relationship with Chubb in the higher value home space, because we endeavor to lock down the entire household, because the beauty isn't just the cross sell between property and auto, the beauty also comes when we cross sell with Matt's business. So when we have auto, home, and life and annuity product with a customer, our auto retention goes up quite dramatically to the mid-90s, 96-ish, 97-ish when we are fully cross sold, which means when we do that the cross sell the customer doesn't leave. So we really look to nail down that entire household and the general agency allows us to do that.

<A- Bill Caldwell>: Yeah, I'd say from a household perspective there is probably not many houses that we can't provide a solution for. Marita talked about Chubb high value, we have coastal partners, we have for poor condition properties we use Foremost. So pretty much I'd say 99%. There is always the Louisiana- it's kind of hard to find somebody who is openly willing to write monoline property in Louisiana. But for the most part we have a solution for most educators.

<Q>: Okay.

<A- Dwayne Hallman>: And the key with that is through our general agency we're writing that business on their paper. So we are not writing on Horace Mann paper and then ceding it off to a company. Because that can get tricky especially in coastal areas of State of Florida as your reinsurers can quickly pull off the program and then you're stuck with it for the next five, ten years trying to deal with it non-renew it what have you. So to the extent we can just write directly on someone else's paper is the preferred method.

<A- Bill Caldwell>: And there is the additional advantage too of when we think about a Chubb product, it's not just the rates you could get the rate right. It's the underlying policy contract; it's having the right claims environment. Its understanding scheduled property to a larger extent than we would for the average teacher. So there is a benefit to using their whole infrastructure as well outside of the financial reasons.

<A – Marita Zuraitis>: And there is not only- this is a great line of conversations because- it's not only the cross sell benefit. You also are giving the agents an opportunity to really complete the value proposition for that customer. A really good example is a lot of educators have classic cars. I'm not sure if it's an affinity with history or a nostalgia, but a lot of our educators have classic cars. By having Hickok in Florida do our classic cars, when that educator has the classic cars in the past if we had to say no, that educator is going to go down the street to an independent agent and if the independent agent is any good they are going to say, can I quote your home, has anybody quoted your life insurance lately?

It gives another agent an opportunity to get into our customer base. By locking that down and being the complete solution, sure, we get a little fee income from some of these relationships, but that's not what they are for. They are to provide that total value proposition to the educator because we are the educator insurance company, they can come to us and they don't have to think about going anywhere else. So it's a big help.

<Q- Meyer Shields>: Okay. And as always they'll be – just surveying the room, if you have questions please don’t hesitate to raise your hand, I want to make that we are addressing the issues that are important. Obviously, we have talked a little bit about auto and I want to ask this question in a slightly different way and that is you have mentioned the three to four point advantage that you have relative to most of your competitors, because of your understanding of the market and because of the risk aversion of the customer base.

Obviously there is a focus right now on increasing rates to get combined ratios back toward target. Should we look at this as an opportunity in addition to a challenge because in other you will see market – we are seeing market disruption on the auto side?

<A>: Yes. I'd like to use all my talking points and the answer to the question. Yes so, when we talk about auto I'll just take it a level up a bit and talk about why we like educators. Marita mentioned the conservative aspects. So when you think about their daily routine they don't drive far to work. Some of the people in this room might drive very far to work. But for an educator its typically the school that they live near, so five miles commutes, they don't work nine to five, it's more of a seven to three. So they are not in that congested arena where there is a lot of traffic.

They don't usually work summers so you think about 25% of annual mileage is pretty much off the table. So from a risk perspective there is a lot of benefits to writing educators. But when we look at the macro trends so more people driving, gas prices are low, cars have newer technologies, the severities [ph] (0:19:37) are coming up. We are somewhat insulated because our educators aren't making decisions based on gas prices that marginal decision based on gas prices, but the world around them is changing.

So we are somewhat insulated, but we are not immune. So we are feeling some of those pressures from the macro environment. That said, we've been active with the rates, taking rate actions in excess of these loss trends. We’ve focused on our underwriting drill. We’re working it with claims, turn the dial on claims to make things a little more efficient, focus on cycle time, less stays in the shop which typically lowers severities. But the market is taking rate too so that does create an opportunity. And as we invested in our underwriting and pricing sophistication drill, there are segments that we're finding, are being dislocated by the broader market and we are able to capitalize on that and able to show some growth despite some of the macro trends in the marketplace.

<A – Marita Zuraitis>: And you also asked about churn. Obviously, we're going to see some churn as more customers shop. But what's interesting about our book is the majority of our auto premium is through payroll deduction or some forms of electronic transfer. So it tends to be stickier. That combined with having more of the account cross-sold and you are with one agent for everything, usually most often the 403(b), payroll deducted, your life insurance, it tends to be more sticky than churn in a mono line auto sale. So we'll some because more people will shop with everybody increasing rate as they should to cover the increase in loss cost trends, but we will see less of it, just because of the sticky nature of the business.

<A – William J. Caldwell>: And where we do see churn, I like to say, we take the scalpel approach. We are not taking the sledge hammer with rate across the board. We are targeting segments that are core performing segments. So if we lose business, it tends not surprisingly it tends to fall on the segments that aren't cross-sold, that aren't educator, that are in some of the more trouble markets. So it tends to be the business we're not profitable on anyway. So we like the way that the rates are playing out on the book of business.

<Q- Meyer Shields>: Okay. That's great guys.

<Q>: [Question Inaudible]

<A – Marita Zuraitis>: Yeah I can let Bill comment on that, but don't assume we don't have a sophisticated pricing. What used to be a game of large scale was required to do this well. Increasing your analytics, and increasing your sophistication, increasingly is more possible for folks who don't have significant scale. But remember in our segment we do have pretty significant scale. So as far as pricing within the educator segment, we have pretty credible data plus the use of a large data set from an industry perspective, as well.

<A – William J. Caldwell>: Yeah, I think the question was around why isn't that margin deteriorate every time.

<Q>: [Question Inaudible]

<A – William J. Caldwell>: Yeah.

<Q>: [Question Inaudible]

<A – William J. Caldwell>: Yeah. Sure, I guess the assumption would be that if our book was heavily shopped, they could find a cheaper price somewhere and that's always true. But as Marita said, when you talk about the cross-sold nature of our book, when you tie in the life and annuity this shift's not that much shopping behavior that you might see in the broad market. There's a strong affinity to their agent and to their school.

So when they see that GEICO commercial they might not call as frequent as the broad market would. But certainly if our whole book shopping and they were looking for a cheaper rate, they could probably find one. But that's not really what our strategy is, it's not around being the cheapest for auto insurance. From a…

<A – Marita Zuraitis>: We have to be in the game.

<A – Dwayne D. Hallman>: And from a data perspective you are absolutely right. The Progressives and the GEICO or the Allstates of the world through all their segmentation and data review, do they find our customer, absolutely. Do they know how to go get our customer? They hope the phone rings. They hope they click on the Progressive icon, what have you. Do they show up to the schools and offer a multi-line product? And that's the differentiation. They know that customer exists, just a matter how do you get them to call you versus going and calling them.

<Q>: [Question Inaudible]

<A – Marita Zuraitis>: You were bugging our room this morning. Your first question, all of them, anybody who rates on education, occupation, anybody who uses a multivariate approach to rating auto, has a price point for educators that's probably pretty competitive. It just gets back to how we find them and our approach.

Our customers don't think of themselves as an auto customer for Horace Mann. They know their autos there, but they are a customer of one of our agents who is in the school worksite marketing, putting on state retirement, seminars, our agents know more about the changes in the pension plans by State. In many cases educating the new superintendent that just got hired who doesn't understand how the changes in the pension plans going to affect their particular school. They are in doing DonorsChoose seminar, showing those educators how to post for supplies in their classroom. They are in there doing student loan forgiveness workshops and helping educators get their student loan refinanced.

If you are an agent and you are sitting down with an educator and that educator had 35,000 of student loan debt and you just got half of it forgiven and got the other half refinanced and you hope that new teacher who is now in the teacher lounge telling all the other teachers to get, I got that $500 grant. And now I can take that $500 and start a 403(b) for myself. And do you really think they're going to move the auto policy next year for $20 from the guy who just did all those? So it's more of a solution all in total orientation than to Bill's point.

Can they find a cheaper auto price? Yes. And so could all of you today right now. There's always a cheaper price out there, but the consistency of our pricing, keeping the pricing to meet loss cost trends, to remain stable and competitive has been a approach of ours for a long time. So they know to Bill's point, the price isn't going to be up, down, the latest whim of whatever model was run. So really you have to go back to the total value proposition and not just the auto pricing.

<Q- Meyer Shield>: In the context of loss cost trend, I guess my very simplistic assumption was, we got gas prices at reset and there is a new level of driving associated with that. But that should not portend continued claim frequency increases this year over last year, 2017, over 2016, and so on. The severity issue, I think probably should persist, right. We'll see more and more of the active fleet including more technology to be more expensive to repair more aluminum, I mean, moving into factors. Does that makes sense, does that comport with what you are seeing?
<A-Bill Caldwell>: Yeah. So if you break it into frequency and severity, I think you are right, because you're you looking at a change year-over-year. So at a certain point that normalizes. But severity it's the same phenomenon that the cars are getting more expensive, older cars are on the road, the fleet is older than it's ever been. And those cars total very easily when you have a $3,000 car and $2,000 loss it tends to be a loss.

So I think over time you will see frequency start to normalize but the severity trends will increase in a decreasing rate because that becomes the new norm at a certain point. And that's exactly what we're seeing at some single-digit frequency and higher single digit severity in our loss trends. So I think that, that's the way it will play out over time.

You are right the gas price is going to become the new normal and it's not that marginal, it's not that driver making a marginal decision based on gases prices anymore, that's already been taken account for in the denominator.

<A – Marita Zuraitis>: Yeah, I mean the industry – it's clear the industry needs more rate in auto both from a severity standpoint the cost for the vehicles, the fact that this past year was the highest percentage by far, as far as fatalities on highways. And we can't I mean, look out your window when you are driving any car, do you ever make a trip where you don't see somebody doing something behind the wheel that you are shocked, that they are doing. Those trends are not going to stop which means we all will be increasing our pricing. I mean it makes a lot of sense that we all have to price to keep up with the loss cost trends.

<A- Bill Caldwell>: And if you look at it, that's all validated by the CPI for auto insurance. I think last quarter it was 6.6%. And that's what people pay, that's not looking at rate filings and trying to reverse engineer, that's government survey. All people pay 6.6% more for auto insurance than they did in last quarter that's the biggest increase since around 2003. So we haven't really seen this kind of rate environment in a very long time.

<Q>: [Question Inaudible]

<A- Bill Caldwell>: There is always States that have a natural cap of what you can get over time and they are very well known. But I will say we are seeing, when everybody is taking rates there is kind of that raised awareness of rate filings. You know you might get a couple of more questions. So that the timeline, the implementation timeline might get a little bit longer. But all-in-all we've been successful with justifying the rates that we need and getting them filed and approved; it's just that timeline might be a little bit longer.

<A – Marita Zuraitis>: And you do tend to see it when one particular company has an issue and their pushing against the tide as opposed to the loss cost trends are the loss cost trends and everybody is trying to stay in the game.

<Q>: [Question Inaudible]

<A- Bill Caldwell>: Yes, so just to backup, we understand our elasticity just like other companies do. I think our sense would be a little bit higher. So we could take a little bit more rate without losing the customer. But when other companies take rate above that elasticity mark, it tends to create shopping opportunities.

And it's not always non-standard risks. I mean, when you are taking rate across the board, we see very preferred risks that are dislocated because they are getting a bigger increase than they've gotten in the last decade. So when we match that up with our pricing segmentation, it tends to be – there is a good credit risks out there, there's good underwriting risks, there are educators obviously, we could tie in the life and annuity business, or the property business. So it creates that opportunity where we're ahead of it too. So we think we have the right price point or somebody else move to the right price point and put that customer in to the marketplace.

<Q>: [Question Inaudible]

<A- Bill Caldewll>: Yeah, so we have a strong product management drill like most companies. I wouldn't say there is any geography, but there are States where we do better than some others States and that's where we double down on our marketing efforts and investing in our agency force. But I wouldn't say, let me draw a line around any particular region or certain states around the country where we do pretty well.

<Q>: [Question Inaudible]

<A- Matt Sharpe>: We've taken a look at – we are just now looking at it. So the implementation timeline for us on Phase 3 Phase 2 changes is more likely than not end of the following year, not next year. We will start to implement next year. Does not appear to be a majorly impactful. In fact I think it will enhance our competitiveness particular in our term insurance supply, since we didn't have any other specialty the term is escaping [ph] (0:32:51). We didn't use any xxx solutions, sorry.

<Q- Meyer Shields>: Sort of continue your theme of unhelpful macroeconomic factors, obviously interest rates are painfully low. Can you talk a little bit on the life and annuity side, what steps you are taking whether it's on the investment portfolio or pricing or anything else to help at least manage this risk that doesn't appear to getting any better anytime soon?

<A – William J. Caldwell>: Sure and I'll start and then I'll let Dwayne jump in. Our strategy continues to be layering on new business at or above the pricing spread, to try and mitigate the spread compression on the larger, older block of business. And we continue to do that successfully have been doing that successfully, for a number of years now. And we owe that ability to be able to layer on that new business to the captive agency force that we have in the

target market that we work. That allows us to actually continue to sell in a low interest rate environment when others might have a little more difficulty layering on new business there. We have also expanded our capabilities around institutional business to try and add additional school districts that we might not otherwise enter and we have been doing that for a number of years as well.

<A- Dwayne Hallman>: And I think one key part about our business is our persistency levels. So our annuity business persistency runs about 95%. So as we add-on as Matt described layer on new business at very good spreads, hitting our targeted spreads; we're not represented by independent agents. So if there was a surrender period at the end of six years or five years, I'll let you pick the period, that that businesses is going to get moved away from Horace Mann and then we would still be holding the legacy business with higher guarantee rates that just won't move.

For us our experience is, is once that business comes on Horace Mann it is there, I'm going to have it for a long period of time. So I'm able to approach this a little bit different from a spread management perspective as the new business I'm layering on today, is going to be with us for a very long period of time.

Now, as far as the investment portfolio, we have taken the view, the rates were going to be low for a long period of time. That is not a recent view, you could go pull a transcript from this meeting from six years ago and that was our perspective at that point and we've continued to position the portfolio with that in mind.

Regardless if it's the Life Company portfolio or on the P&C side of the house, we position the portfolio to be low for a long period of time. So as this new business is coming on it's actually given us the opportunity to help max-out our spreads, positioning the portfolio a little bit differently than maybe a competitor that knows in five to six years that business is probably going to turn away from them.

Now all that said, in my career the investment crisis of '08, '09 was a pretty tough environment for everyone. I would say this environment is just as tough, if not tougher, if you haven't positioned your portfolio correctly.

Now if the rates stay low for another 10 years, then ultimately we're all just going to converge and look a lot alike. But right now we've positioned ourselves very, very favorable to – and then to layer on the new business on top of it.

<Q>: [Question Inaudible]

<A- Matt Sharpe>: We like everybody else are implementing DOL changes that pretty much cover in three areas, really. I will start with we have a captive distribution force, so any changes there we implement are going to be more direct and more straightforward in that distribution environment than others may face with an independent distribution force.

There's three pieces that we're working through. The first is the advice model. So our ability to actually give fiduciary advice where we have an agency population today, which is more of a sales force, so implementing that advice model across all of our segments of our business is number one.

The second piece is updating our products, We've actually started the filing process actually most of them are approved at this point, filing new products that are simpler and less driven by bonuses and other features that we would otherwise have in our retail side. So it's a simpler product I would say it is an enhanced benefit to the consumer. And then of course we've modified the compensation structure, as well. And that's the last piece which is the distribution impact. So as the compensation model changes a little bit, the distribution model has to evolve as well.

So we've been working on all those fronts for a number of months actually years if you think about all of the enhancements we've also done to our administrative platform in anticipation of that change. And that change probably doesn't end with the Department of Labor. The SEC is supposed to come out with their version of that change into the first quarter just in time for the implementation of DOL. So I'd imagine we'll be talking about it all next year and then and beyond.

<Q- Meyer Shields>: Yeah probably beyond. Broadly speaking I guess I am going to start with Marita then everyone please chime in, what are the next adjacencies in other words, when you talk about a solution centric approach, you focused on how you can help this particular group of potential customers and make them long-standing high retention custom, with success in the K-12 market. What's next? Is there on the community college, or general college level, or is there an entirely separate segment of potential customers that you can develop the same level of expertise in …

<A – Marita Zuraitis>: Yeah you use the word adjacency and that's the word we use as well. I think what makes the company so unique and what makes us successful as we stick to our kntting we stick to what we know. And we know a lot about K-12 educators. But what we've learned from that population is there are some natural adjacencies from a growth perspective that make sense. So our number one priority, our first approach was penetration in the K-12 space and I think you've seen it. We're growing our life book quite handily, we are growing our auto book, our property book. We are seeing growth, nice growth in the annuity space as well. So across the board we are growing in the K-12 educator space.

But when you look at those educators you can say to yourself is a high school teacher really that different from a community college teacher, are they setup differently, is the sales approach that different? And the answer is, no. So when you think community colleges, when you think about faith based K-12 parochial type schools, when you think about private schools in the K-12 space, we have a lot of growth potential right at the core of our niche. And the normal adjacencies around it are quite large. So sticking to what we know, there is plenty of opportunity plus the space that we play-in now is growing at a pretty nice clip.

And with that I think we just gotten the buzzer.

Thank you very much.