

# KBW Insurance Conference

September 4-5, 2019



# Safe Harbor Statement and Non-GAAP 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 measures (marked with \* the first time they are presented within this document) that are not based on accounting principles generally accepted in the U.S. (non-GAAP) such as core earnings, core earnings per share, pretax reporting segment income excluding DAC unlocking, and book value per share excluding some components of accumulated other comprehensive income. An explanation of these measures is contained in the Glossary of Selected Terms included as Exhibit 99.1 in our most recent Form 10-K and Form 10-Q filed with the SEC and are reconciled to the most directly comparable measures prepared in accordance with accounting principles generally accepted in the U.S. (GAAP) in the Appendix of the Investor Supplement available on our website at [investors.horacemann.com](http://investors.horacemann.com).

# Our Foundation: Financially sound company with strong strategy for profitable growth

## Longevity

- Founded by Educators for Educators in 1945
- Offering 403(b) tax-qualified annuities since 1961
- NYSE listed (HMN) since 1991

## Financial strength

- \$11.8B in assets<sup>(1)</sup>
- \$1.2B in premium and contract deposits for 2018
- \$1.7B market capitalization<sup>(1)</sup>
- Highly rated by all four major rating agencies

## Niche market

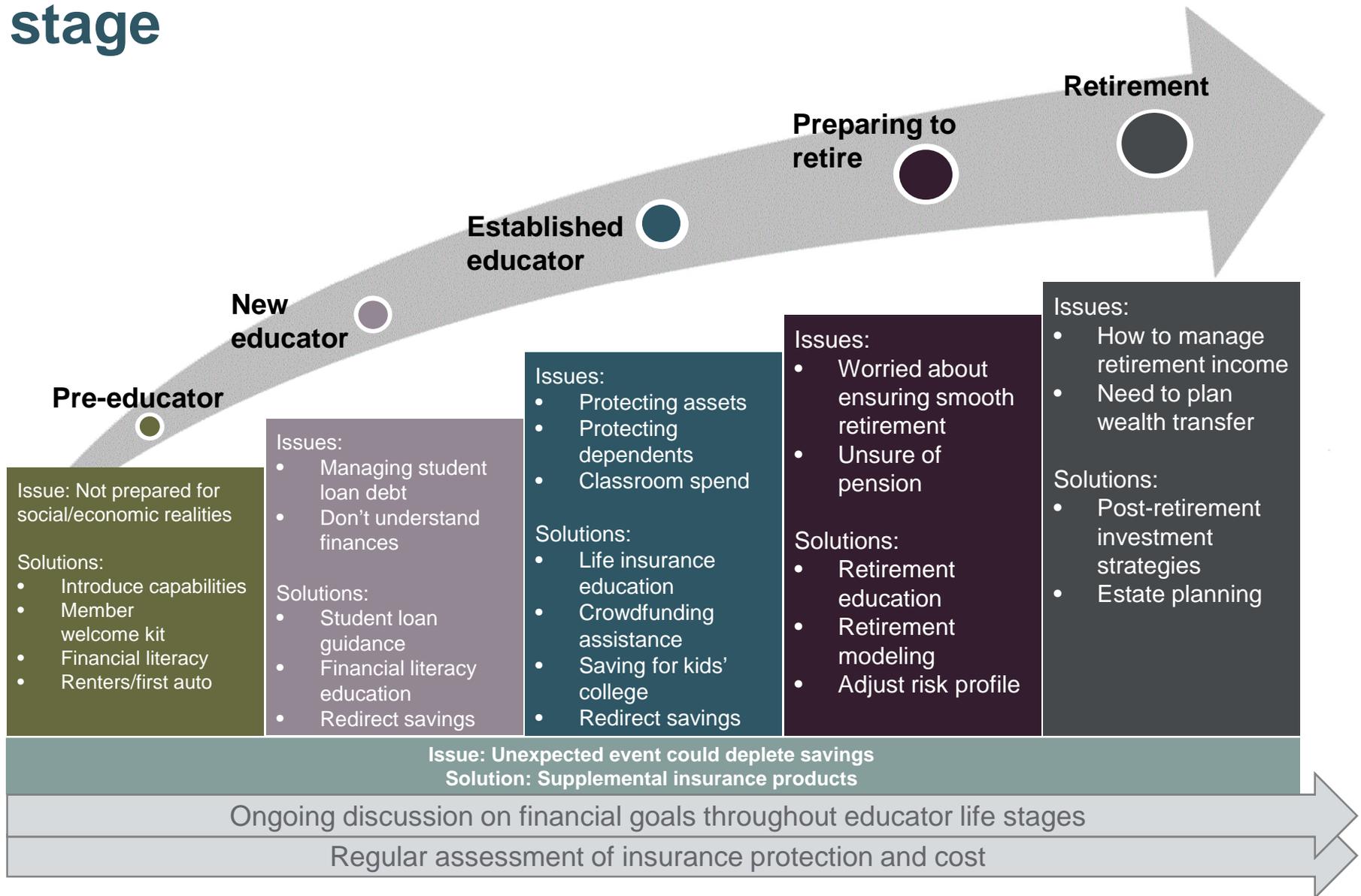
- Educators have preferred risk profile
- Homogeneous customer set
- Serving about half of school locations<sup>(2)</sup> in our market footprint

## Multiline model

- Business mix balanced between P&C, L&R and supplemental insurance<sup>(3)</sup>
- Ability to provide total household solutions
- Provides earnings diversification

Proud to be the largest multiline financial services company focused on America's educators

# Solutions tailored for educators at every life stage



# Poised to tap growth opportunities and deepen market penetration

What we've accomplished<sup>(1)</sup>:

- P&C premiums up 20% to ~\$685M
- Life premiums up 14% to ~\$115M
- AUA<sup>(2)</sup> doubled to ~\$8B



~60% total return to shareholders  
 ~\$500M market cap increase  
 ~9% book value growth

2014-2018: Fix and Build	2019-2020: Transformation	2021-2025: Leverage Leadership
<p><b>Our performance:</b> Established solutions orientation; filled PDI gaps to set stage for profitable growth</p>	<p><b>Our plan:</b> Smart integration of key transactions while executing on fix and build enhancements</p>	<p><b>Our path:</b> Accelerated shareholder value creation; significantly larger market share</p>
<p><b>Actual:</b> Annual core ROE* averaged 6.75%</p>	<p><b>Guidance:</b></p> <ul style="list-style-type: none"> <li>• 2019: core ROE of 7-7.5%</li> <li>• 2020: core ROE of 8+%</li> </ul>	<p><b>Potential:</b> Double-digit core ROE</p>

(1) 2Q19 TTM compared to FY 2013

(2) Assets under administration, adjusted for reinsurance transaction

# Full value of NTA clear in 2020 and beyond

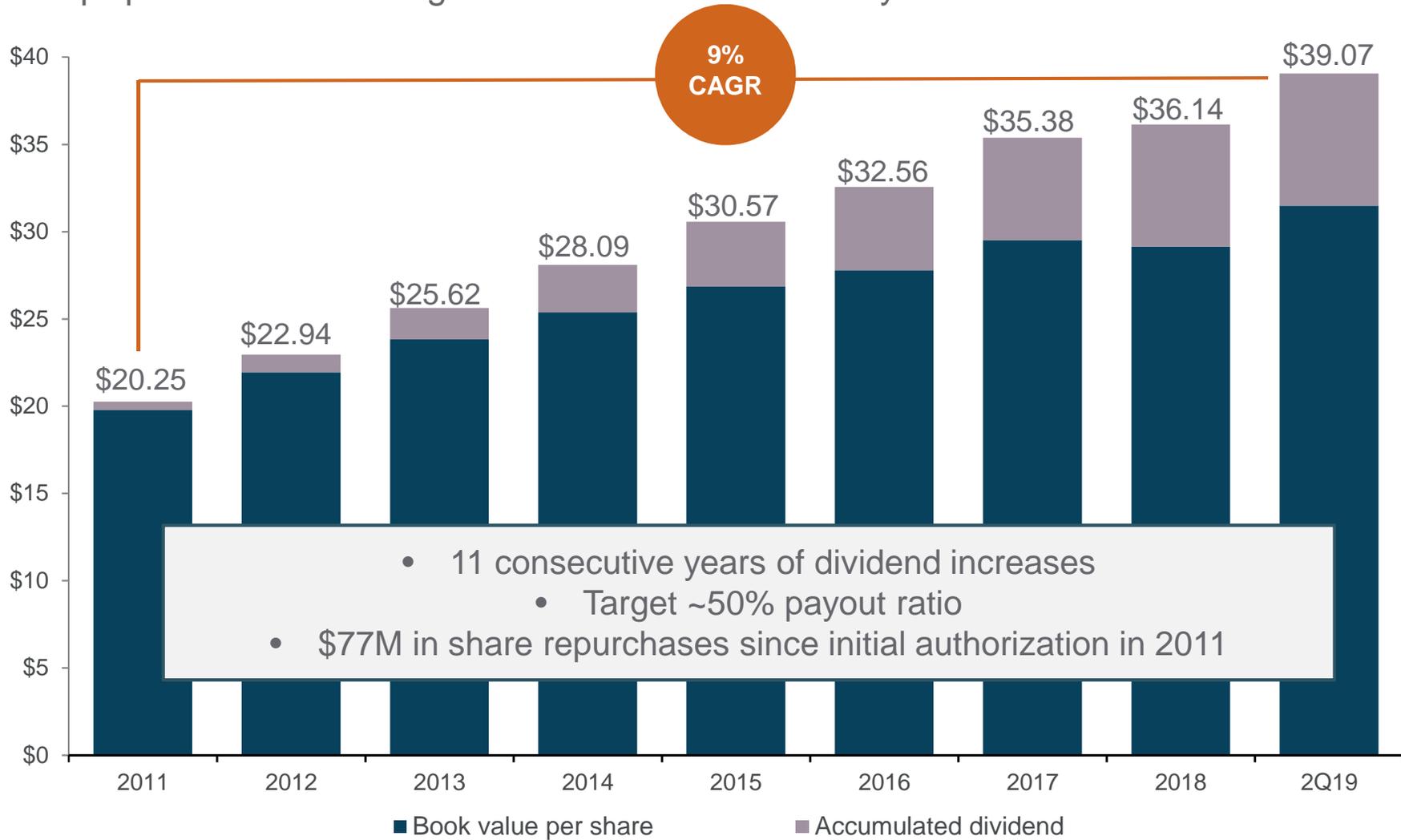
- Strategic transactions largely offset in terms of 2019 ROE
- Executing on NTA integration and synergies key to double-digit ROE



Growth from all business lines is now accretive

# Focus on long-term shareholder value

Top-quartile book value growth<sup>(1)</sup> and 2.9% dividend yield<sup>(2)</sup>



(1) Book value per share excluding net unrealized investment gains/losses. 2011 numbers restated to include retrospective application of new accounting guidelines for deferred policy acquisition costs. Top quartile ranking includes large, mid- and small-cap personal lines and insurance companies.  
 (2) Based on 6/30/19 closing stock price of \$40.29.

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September 5, 2019

