

# Third Quarter 2019 Investor Presentation

November 7, 2019



Information as of September 30, 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

- \$12.3B in assets<sup>(1)</sup>
- \$1.2B in premium and contract deposits for 2018
- \$1.9B 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
- Ability to provide total household solutions
- Provides earnings diversification

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

# Driven by a noble mission

## Mission

We listen to and understand educators and those who serve our community. They are taking care of our children's future. We believe they deserve someone to look after theirs.

## Vision

We aspire to be the company of choice to provide financial solutions for all educators and others who serve our communities - to help them protect what they have today and prepare for a successful tomorrow.

## Value Proposition

We understand and solve the issues facing educators and others who serve the community, helping them achieve financial success to live better and retire happier.

# 'PDI' growth strategy targeted to education market

**Products** designed to meet educators' needs and protect their unique risks

Knowledgeable, trusted **distribution** tailored to educator preferences

Modern, scalable **infrastructure** that is easy to do business with

# Key transformational stage in growth journey

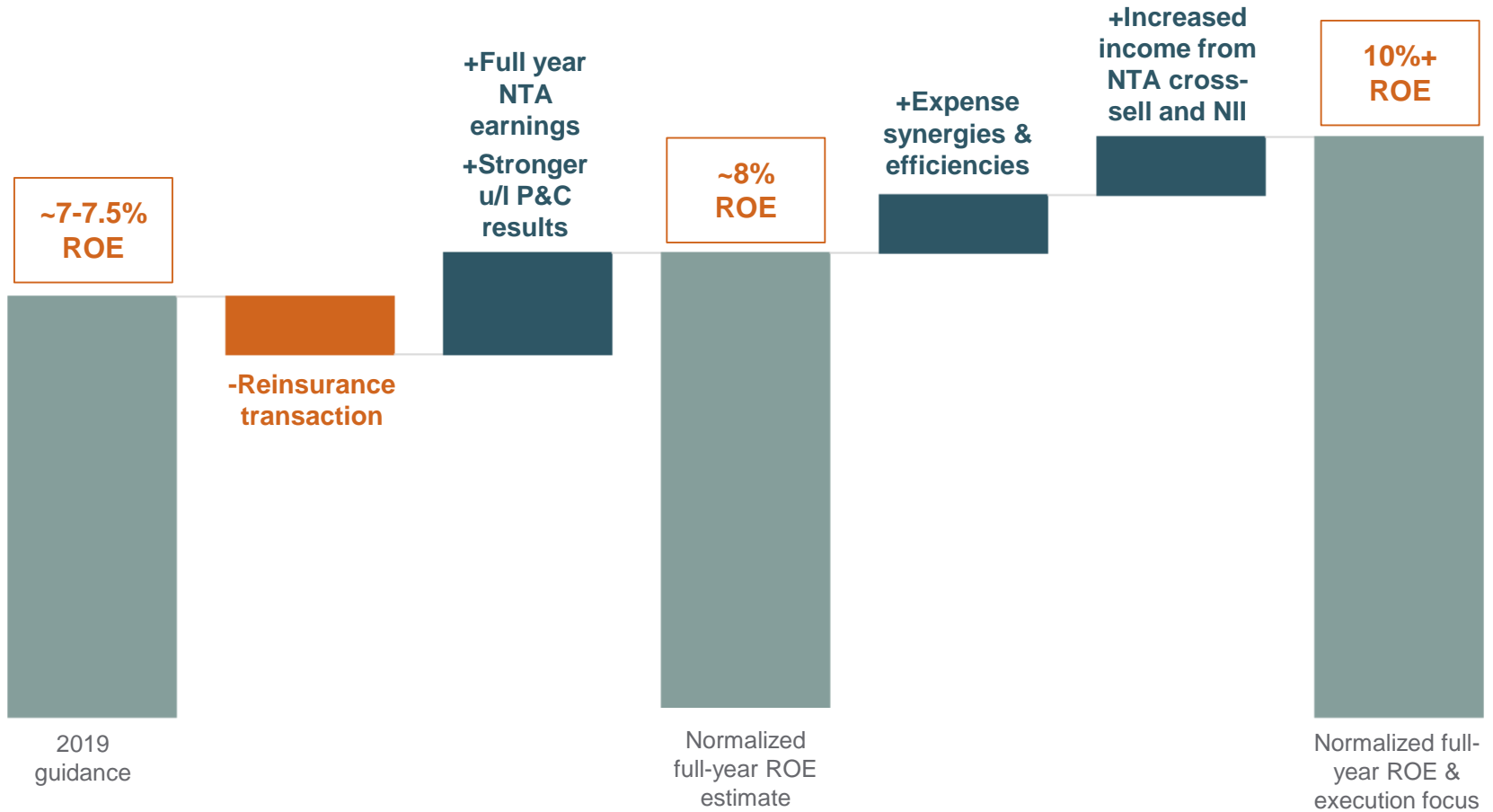
Poised to tap growth opportunities and deepen market penetration

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>

- Improved key levers of underlying profitability improvement
  - Auto underlying loss ratio improved more than seven points since 2017
  - Exercised expense discipline: 2019 YTD expenses are down year over year
  - Growth in both fee- and spread-based Retirement products
- Executed three strategic transactions to better position company for growth
  - Added Supplemental segment, 220 agents and 150,000 households with NTA acquisition
  - Added infrastructure to improve value to the B2B market with acquisition of BCG
  - Improved Retirement segment profitability and reduced interest-rate risk with annuity 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 accretive to ROE

# Tightened guidance range reflects steps toward double digit ROE

Q3 annualized core ROE at 8.3%

Tightening range of full-year 2019 guidance to \$2.05 – \$2.15:

- Flat full-year underlying property loss ratio due to Q3 fire loss severity
- Q4 severance charges of about \$0.07 for previously announced expense reduction initiatives
- Retirement and Supplemental segment quarterly run rates on track; transactions largely offset in terms of 2019 ROE

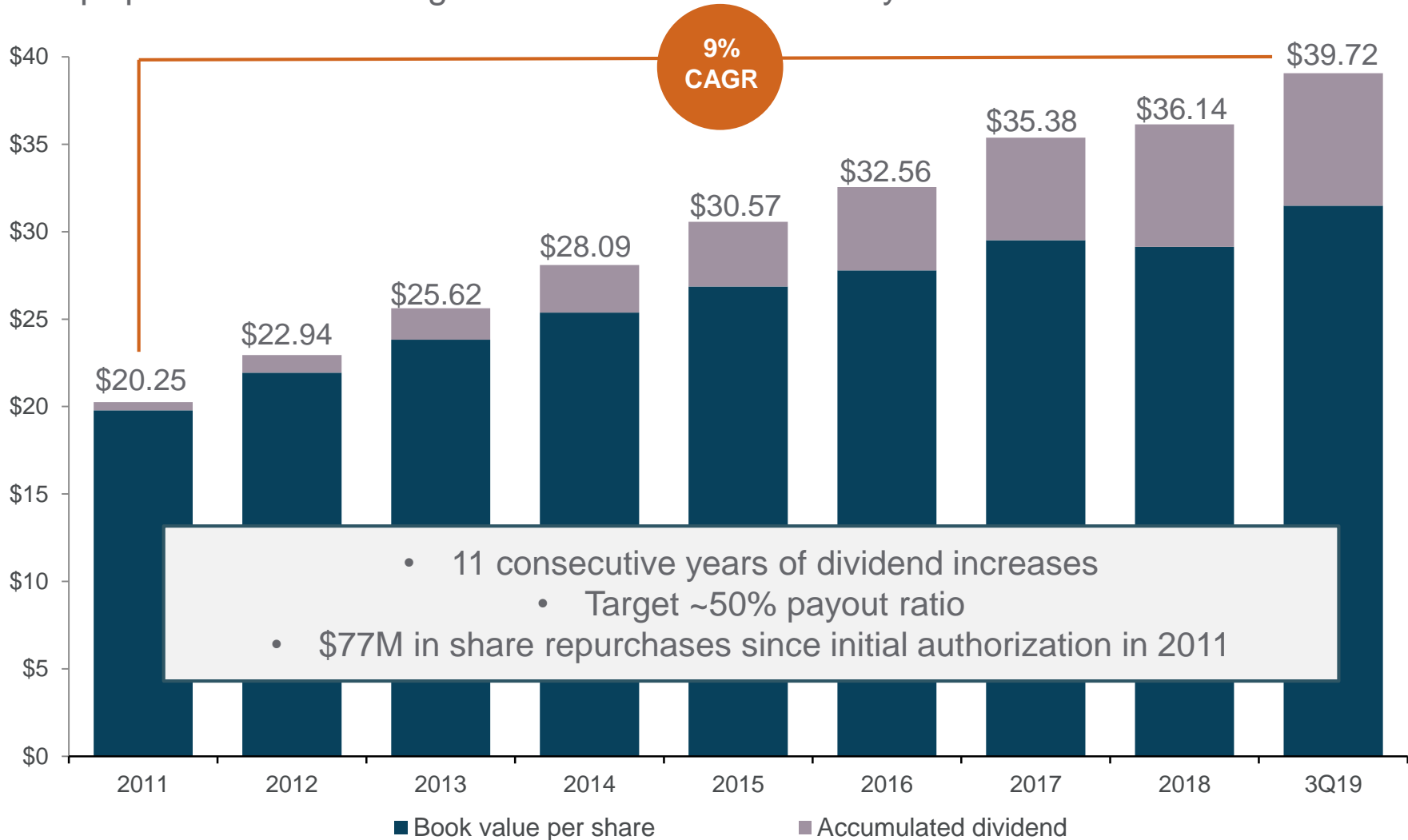
On track to 10% ROE over next two years with further upside:

- NTA adds two points, one point from accretion in first year and one point from cross-selling and investment portfolio optimization
- Expense synergies and efficiencies to add one point



# Focus on long-term shareholder value

Top-quartile book value growth<sup>(1)</sup> and 2.5% 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.

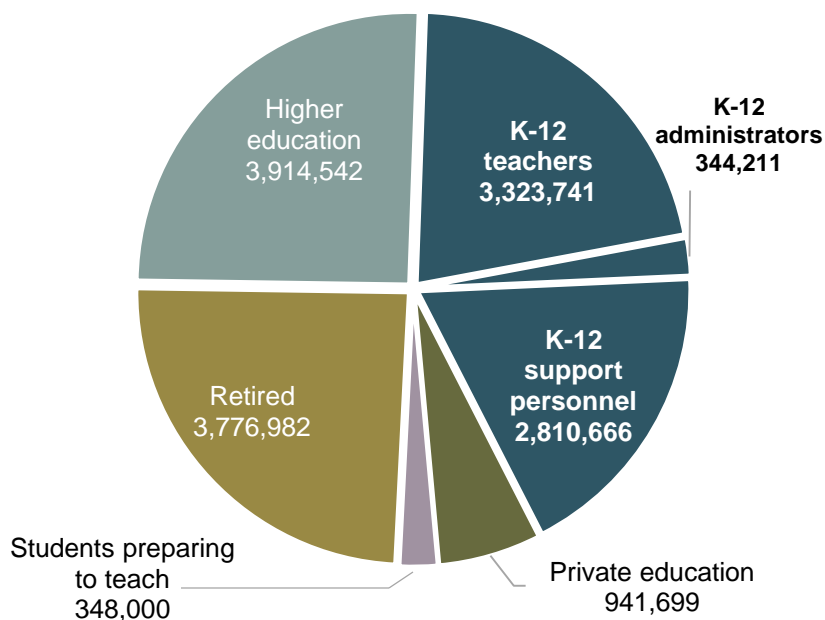
(2) Based on 9/30/19 closing stock price of \$46.33.

# The education market



# Sizeable opportunity within existing K-12 educator market and adjacent segments

U.S. educator market<sup>(1)</sup>



- 6.4 million K-12 educators nationwide
- Current customer base of roughly 470,000 educator households (600,000+ total households) in about half of the schools<sup>(2)</sup> in our market footprint
- 8% increase in number of K-12 teachers anticipated between 2015 and 2027<sup>(3)</sup>
- Sizeable demographic shift as Baby Boomers retire and Millennials make up a higher percentage of the workforce

(1) K-12, private education and higher education numbers from U.S. Dept. of Education, National Center for Education Statistics, Digest of Education Statistics, December 2016. Student preparing to teach estimate derived from U.S. Dept. of Education, National Center for Education Statistics, The Condition of Education, 2016 (current year Education major Bachelors Degrees awarded times 4). Retired educator estimate derived from 2017 State Teacher and Public Employee Retirement Plans (public K-12 retirees receiving benefits).

(2) Includes school buildings and administration locations

(3) U.S. Department of Education, National Center for Education Statistics, Projections of Education Statistics to 2027, Feb. 2019.

# K-12 educators have similar characteristics and can be reached through a consistent channel

## Conservative & loyal

- Usually buy higher insurance limits
- Tend to bundle auto & home insurance
- Loyalty results in strong retention

## Work close to home

- Generally live close to school with short commutes
- Off-hour commutes with light traffic
- Tend to be off during adverse weather conditions

## Fiscally responsible

- Focused on achieving goals
- Strong desire for guidance and education
- Open to reallocating savings to retirement needs

**PDI growth strategy leads to industry-leading cross-sell and retention**



# Growth efforts focused on serving education market and aligning with PDI strategy

## Serving K-12 Educator Market

Homogeneous customer set with attractive risk profiles

Solutions orientation addresses needs at every life stage

## Focused on "PDI" Growth Strategy

### Products

- Products designed to meet educators' needs and protect their unique risks

### Distribution

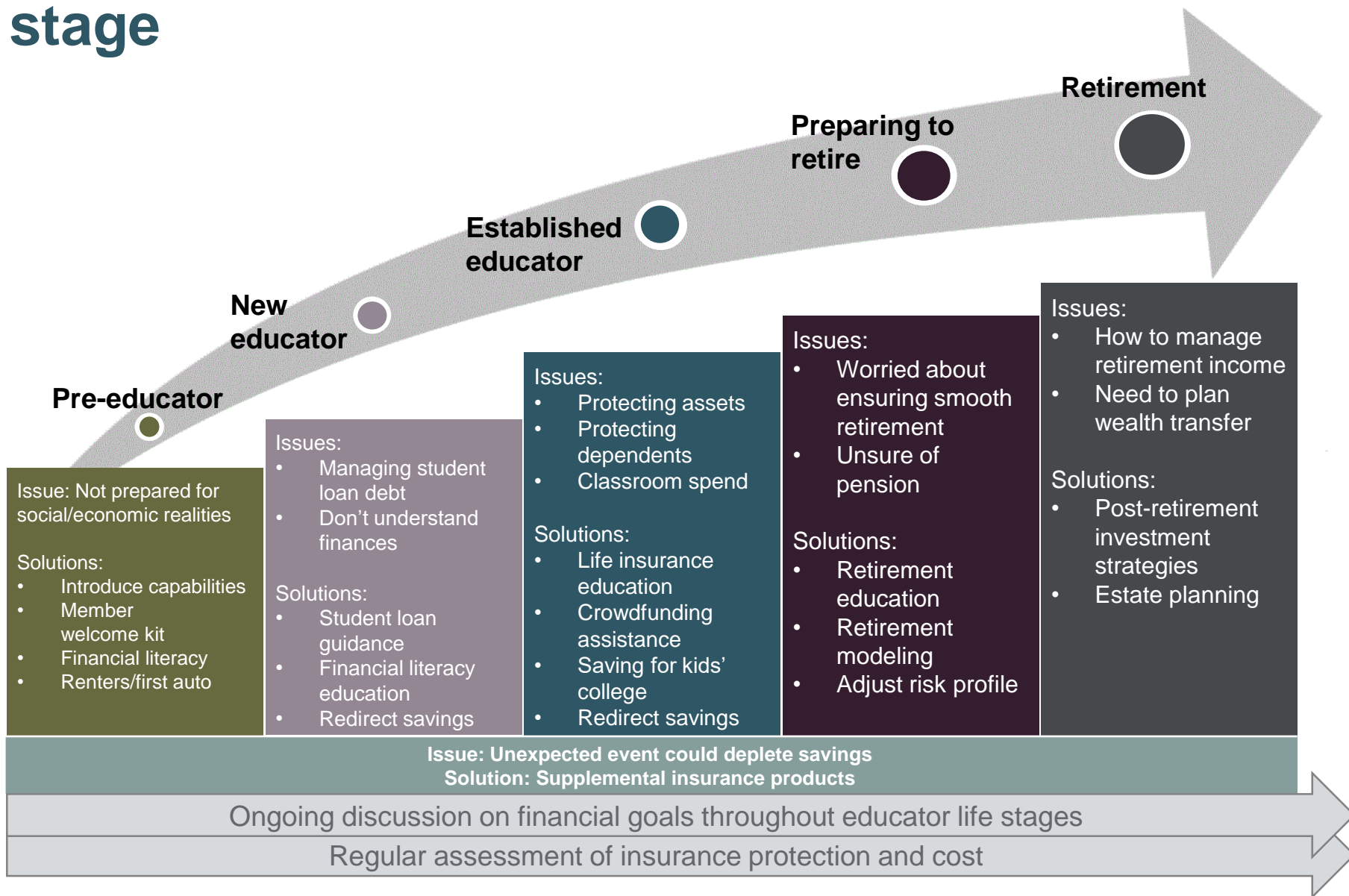
- Knowledgeable, trusted distribution tailored to educator preferences

### Infrastructure

- Modern, scalable infrastructure that is easy to do business with

Finding best solution to achieve long-term objectives

# Solutions tailored for educators at every life stage



# Our value proposition supports our solutions orientation for consumers



B2C

## Educator audience

We understand and solve the issues facing educators, including identifying savings in their budget to redirect to retirement.

- Classroom crowdfunding
- Student Loan Solutions
- Financial education



Leveraging our historical strengths with educators ...



# Our value proposition supports our solution orientation for employers

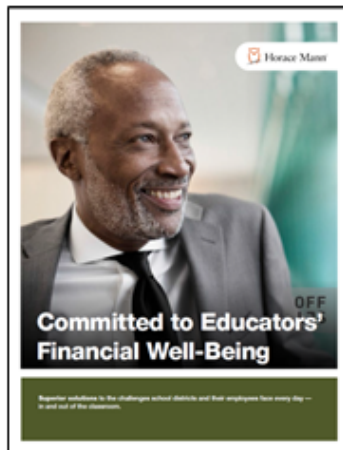


**B2B**

## School district audience

We have developed solutions for issues facing superintendents and business officials at the district level.

- Increase productivity and morale
- Reduce turnover
- Lower benefit costs



**Horace Mann Retirement Advantage™**  
Helps educators get retirement ready

We understand the challenges educators face... We have the experience and the expertise

**Program Design**

**Work seamlessly**

**Easily integrate**

**Provide assistance**

**Assist teachers and school employees**

### The Employer Experience

We make it easy for you and your benefits team

1. Individual account records for each participant
2. Daily valuation reconciliation of plan and participant account balances
3. Processing of distributions, including rollovers and in-service withdrawals
4. Participant confirmations of transactions

### How we help school districts

Every educator in your district has financial goals they want to achieve. We can partner with you to offer educational programs, apprenticeships, and customized financial products to help them make smart decisions and feel more confident about their financial future.

Challenges FROM EDUCATORS	Solutions FROM HORACE MANN	Benefits FOR YOUR EDUCATORS, DISTRICTS AND COMMUNITIES
New teachers often struggle to pay off student loans	Student Loan Solutions	• Lower financial pressure • More attractive career choice
Out-of-pocket expenses and financial challenges add to teaching as a career's economic pressures, reduce morale and increase attrition	HoraceMann.org workshops and funding Financial Success workshops	• Greater financial security • Improved morale
Educators with inadequate retirement savings are more likely to leave state, increasing district benefit costs	State Retirement workshops	• Teachers who are better prepared for retirement

... while also building capabilities to address the unique needs of districts.

# Multi-faceted market access strategy

1

**Superior customer experience delivered through exclusive worksite distributor network**

- Strong relationships with local school districts
- In the schools presenting workshops, supporting school projects
- Community partners

2

**Buildout of complementary distribution channels to address educator preferences**

- Online quoting of auto, property, life
- Direct sales team
- Alternate channels funnel back to trusted advisor for annual review

3

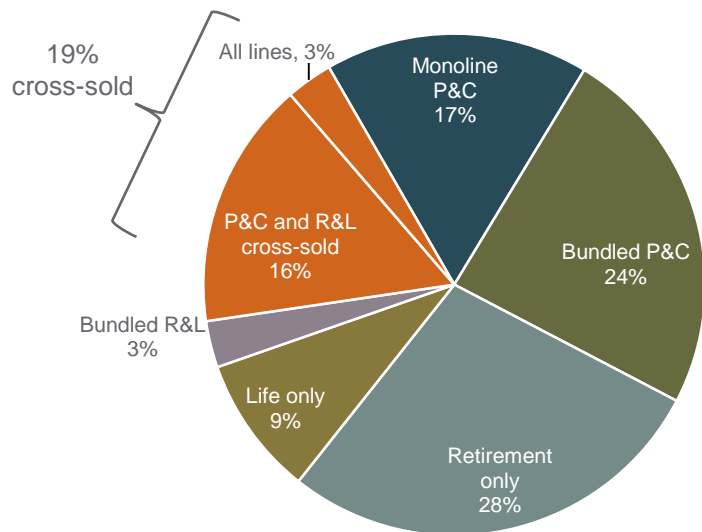
**Strategic association relationships to build brand awareness and affinity**

- Association of School Business Officials (ASBO)
- AASA, The School Superintendents Association
- The NEA Foundation
- Multiple state and local associations

# Targeted marketing efforts drive more cross-line sales, which leads to higher retention

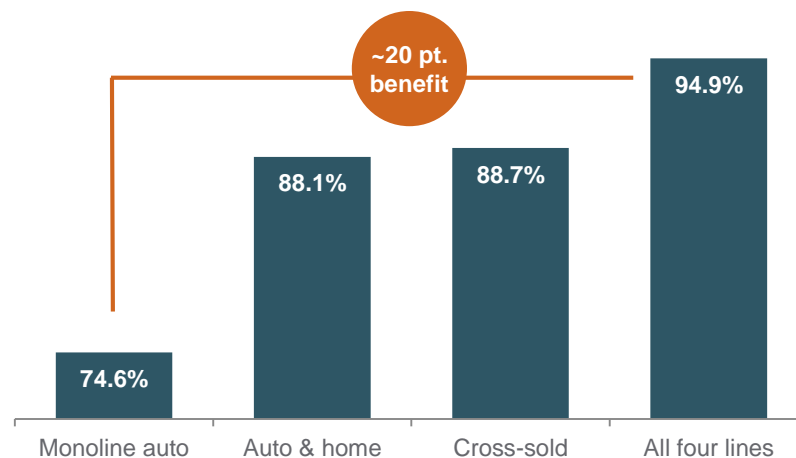
## Strong cross-sell expertise<sup>(1)</sup>

- Educator customer cross-line penetration of 19% far exceeds industry average of 12%<sup>(2)</sup>



## Cross-selling improves Horace Mann persistency<sup>(3)</sup>

- Horace Mann policy retention and persistency exceed industry averages and improve with cross-sell efforts
- Shedding monoline auto customers



(1) HMN data: ~360k educator households as of September 30, 2019; cross-line households defined as Auto and/or Property plus Retirement, Life and/or Group

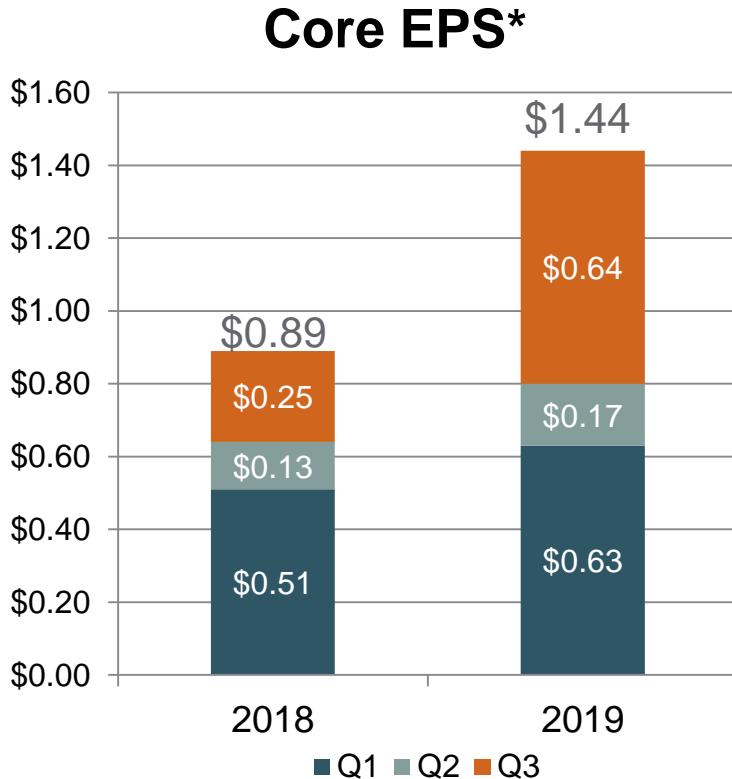
(2) Industry data per LIMRA, 2018 multiline exclusive agent average

(3) As of September 30, 2019

# Business details and results



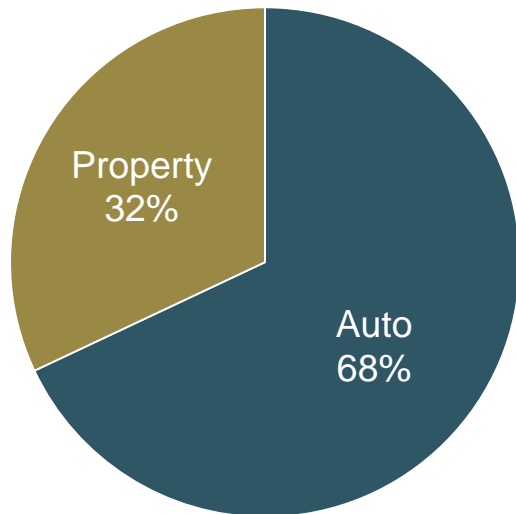
# Q3 core EPS\* more than doubles: First quarter with Supplemental segment



- Net income per share more than doubled over prior year while **core earnings per share\* improved 156.0%**
- New **Supplemental segment added \$6.9 million to net income**, diversifying sales and earnings while expanding solutions available for educators
- Property and Casualty **combined ratio of 96.2% reflected improved auto profitability and lower catastrophe losses**
- Retirement results on track and reflected **more favorable interest spread following annuity reinsurance transaction**
- **Annualized quarterly core ROE\* at 8.3% compared to 3.4% a year ago**, moving closer to double-digit ROE target

# P&C segment: Providing coverage to protect what educators have today

## P&C Net Written Premium (\$688M)<sup>(1)</sup>



### Opportunity

- Preferred risk profile
- Loyal customers less likely to leave due to rate actions

### Products

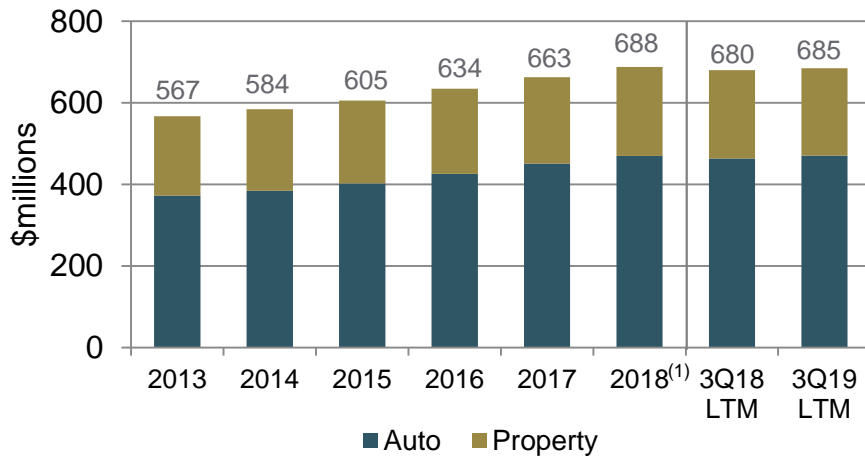
- Auto, homeowners, renters and umbrella
- Majority of P&C business is bundled Auto and Home
- Partnerships through Horace Mann General Agency

### Strategy

- Continuous improvement of P&C pricing segmentation
- Grow direct channel
- Modernize P&C infrastructure to enhance customer experience and ease of doing business

# P&C segment: Premium growth on rate increases with significantly improving profitability

**Net written premium**



**Underlying quarterly auto loss ratio**



## Q3'19 Results

- Auto profitability goal reached with more than seven points of improvement in full-year underlying loss ratio since 2017
- Net written premiums up slightly in LTM
- New Guidewire administration platform launched in first state in October

# Supplemental segment: NTA acquisition added high-margin, in-demand solutions

- ✓ Added 150,000+ households and 220 agents experienced with worksite marketing
- ✓ Customers ~80% educators
- ✓ Products address needs of educators facing rising out-of-pocket healthcare costs
- ✓ Supplemental insurance unaffected by weather volatility
- ✓ Morbidity not strongly correlated to mortality risk in Life business
- ✓ More attractive return profile than existing product lines
- ✓ Lower capital profile required

## Aligned with "PDI" Growth Strategy in Education Market

### Products

- Adds complementary supplemental insurance products designed to meet educators' needs and cover their financial risk

### Distribution

- Brings trusted, knowledgeable agent network with extensive worksite marketing experience with limited geographic overlap

### Infrastructure

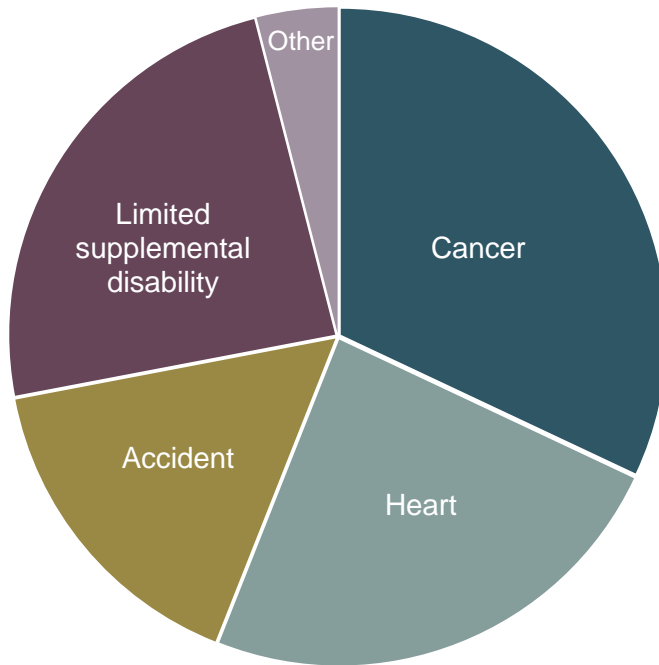
- Strong management team focused on delivering great educator customer experiences, supported by modern and scalable infrastructure



# Supplemental segment: Product overview

Providing options for educators to address unexpected events

Supplemental coverage in-force<sup>(1)</sup>



## Cancer

Guaranteed renewable limited benefit, specified disease product with coverage for individuals and families, providing benefits for certain losses directly resulting from the diagnosis and treatment of cancer

## Heart

Guaranteed renewable limited benefit, specified disease product with coverage for individuals and families, providing benefits for diagnosis and treatment of heart attack, heart disease and stroke

## Accident

Guaranteed renewable limited benefit, accident only insurance product with coverages for individuals and families, providing benefits related to injuries resulting from an accident

## Limited supplemental disability

Provides limited, short-term “own occupation” coverage for individuals, providing benefits for disabilities resulting from injuries or sicknesses

# Supplemental segment: Strong margins provide steady contribution to earnings

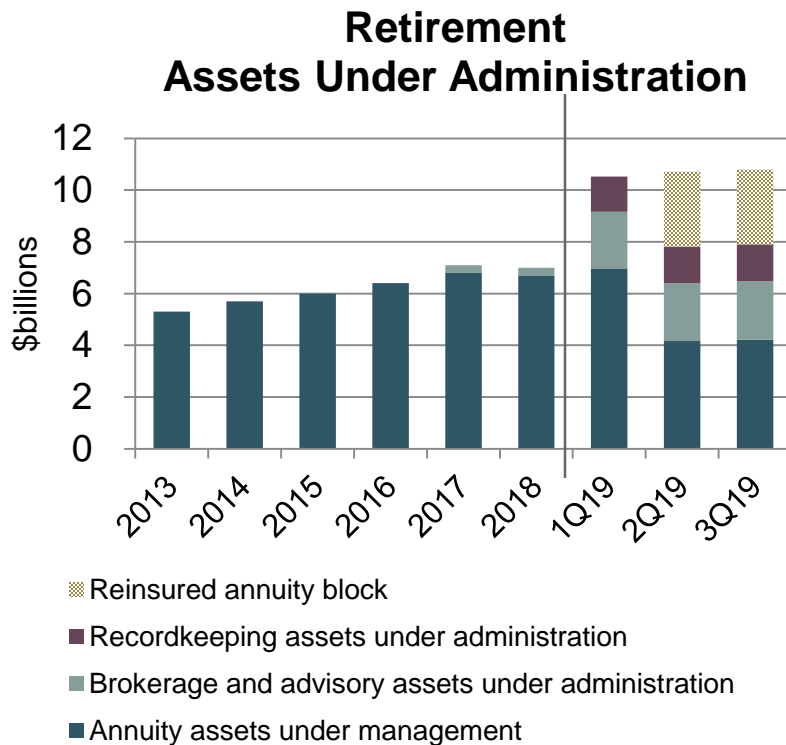
## Q3 Supplemental measures:

Benefit ratio	44.7%
Operating expense ratio	28.2%
Pretax profit margin	23.7%

## Q3'19 results

- \$32.9 million in premiums and contract charges represent 14% of company total
- \$6.9 million in core earnings represent 25% of company total
- Stable contribution provides important sales and earnings diversification
- Strong premium persistency at 88.9%

# Retirement segment: Helping educators meet their financial goals with tailored solutions



## Opportunity

- Educators face complicated retirement system offerings
- Educators want guidance to plan for the future

## Products

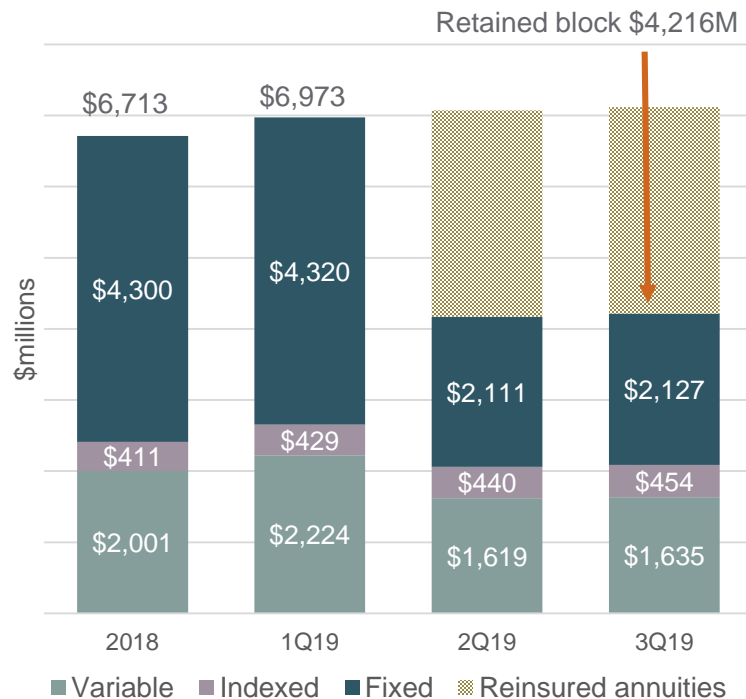
- Fixed annuities, variable annuities and Retirement Advantage mutual fund platform
- 62% of traditional annuities in 403(b)

## Strategy

- Leverage captive agents to build relationships with homogeneous set of customers
- Advanced planning capabilities & tools
- Build on B2B opportunity

# Retirement segment: Annuity reinsurance agreement reduced go-forward interest rate risk

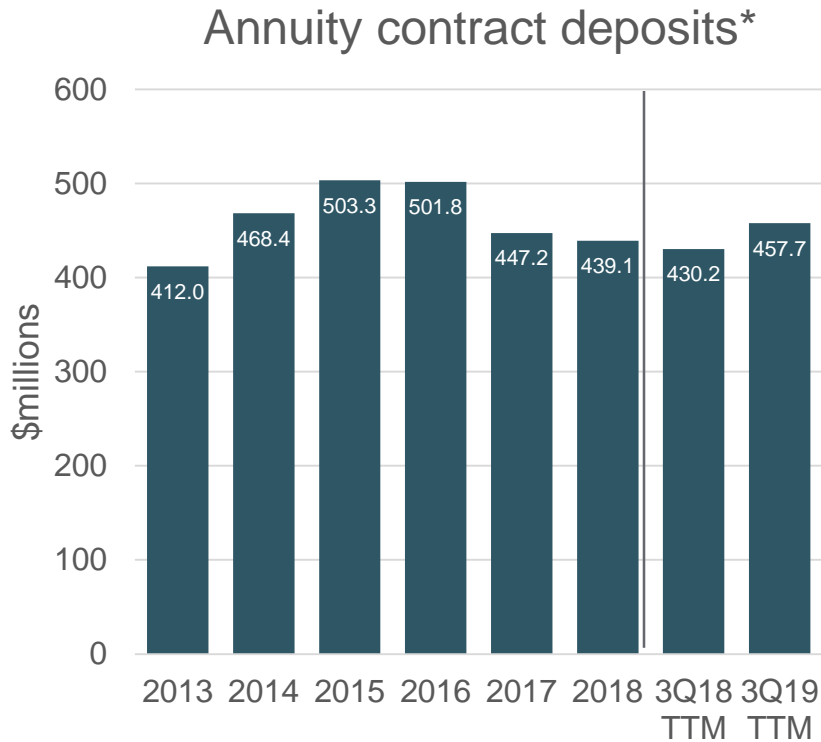
## Total Annuity AUM



## Horace Mann Retained \$4.2 Billion in AUM

- RGA reinsured \$2.9B legacy block
  - \$2.2 of fixed annuities through coinsurance structure
  - \$0.7 of variable annuities through Mod-Co structure
- Supported strategies to drive higher ROE
  - Reduced interest rate risk
  - Ability to redeploy capital to support higher-margin products
- Average fixed annuity crediting rate declined to 2.5%, down from 3.6% in 1Q19
- Portfolio backing retained business maintains investment approach and will be appropriately duration-matched against liabilities

# Retirement segment: Product suite meets unique needs of educator market



## Q3'19 Results

- Growth in spread-based and fee-based Retirement businesses
  - Annuity sales rebounding following market disruption from regulatory changes
- Introduced Retirement Advantage open architecture mutual fund platform to meet customer needs
- Acquisition of Benefit Consultants Group added capabilities to meet needs of employer market

# BCG acquisition expanded Horace Mann's strategic capabilities in the retirement market

- Retirement plan provider with consulting, plan design, administration and recordkeeping capabilities
- Provides flexibility to directly administer retirement plan solutions and other worksite capabilities
- Continues to operate under same name in Cherry Hill, NJ under Retirement segment leadership

## Aligned with "PDI" Growth Strategy in Education Market

### Products

- Provides plan design and administration capabilities that are key to being competitive in the B2B space

### Distribution

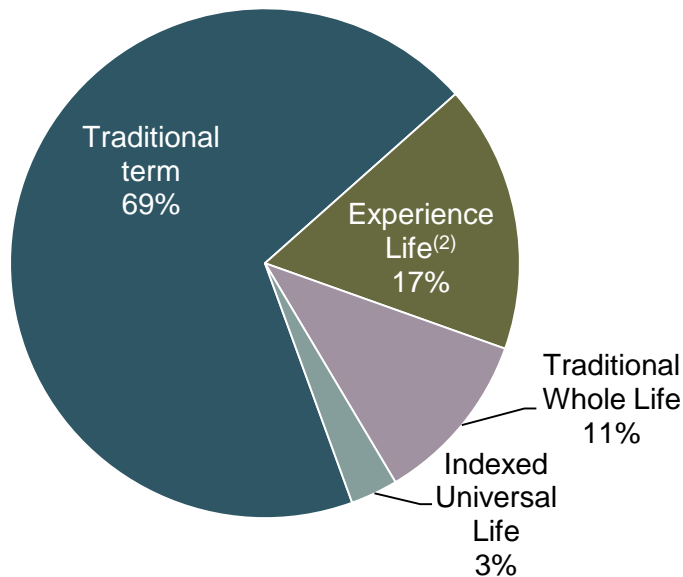
- Brings new, well-respected and established network of distributors

### Infrastructure

- Improves our infrastructure with an efficient and scalable ISO 9001-compliant platform that delivers solutions in the way that employers prefer them

# Life segment: Sizeable opportunity in our middle-market educator niche

## Individual insurance in force<sup>(1)</sup>



### Opportunity

- Many educators are uninsured or underinsured

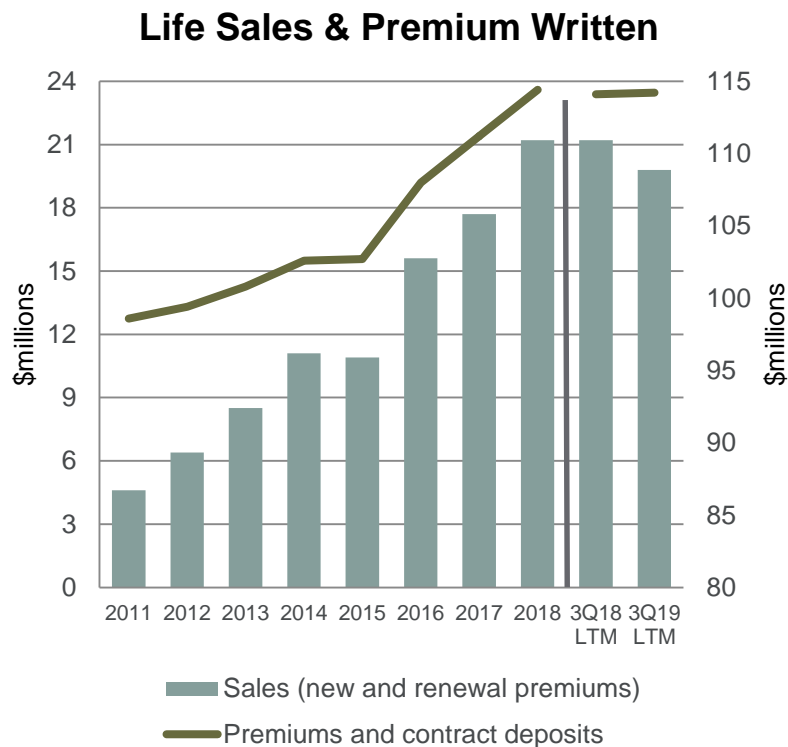
### Products

- Basic coverages appropriate for educator income levels
- Full suite of Life products available

### Strategy

- Leverage trusted agents to cross-sell customers
- Improve ease of doing business, including use of automated underwriting tools to reduce time to issue policies

# Life segment: Profitable in-force block



## Q3'19 Results

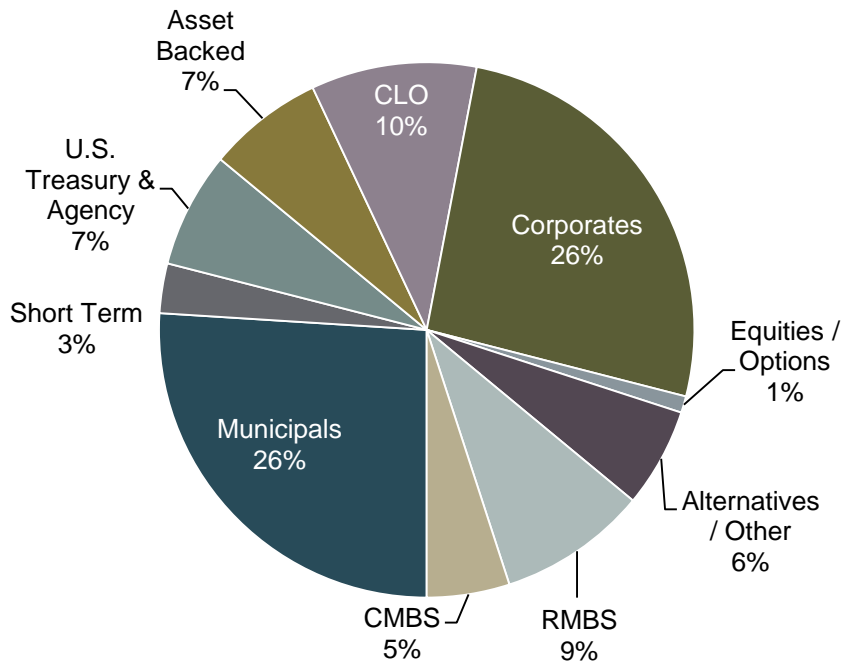
- Recurring Life sales growth year-over-year, offset by lower single premium sales
- Face amount persistency above 95%<sup>(1)</sup>
- Mortality in line with modeled actuarial assumptions



# Investments: Conservative, well-diversified investment portfolio designed to support product offerings

## Portfolio Composition<sup>(1)</sup>

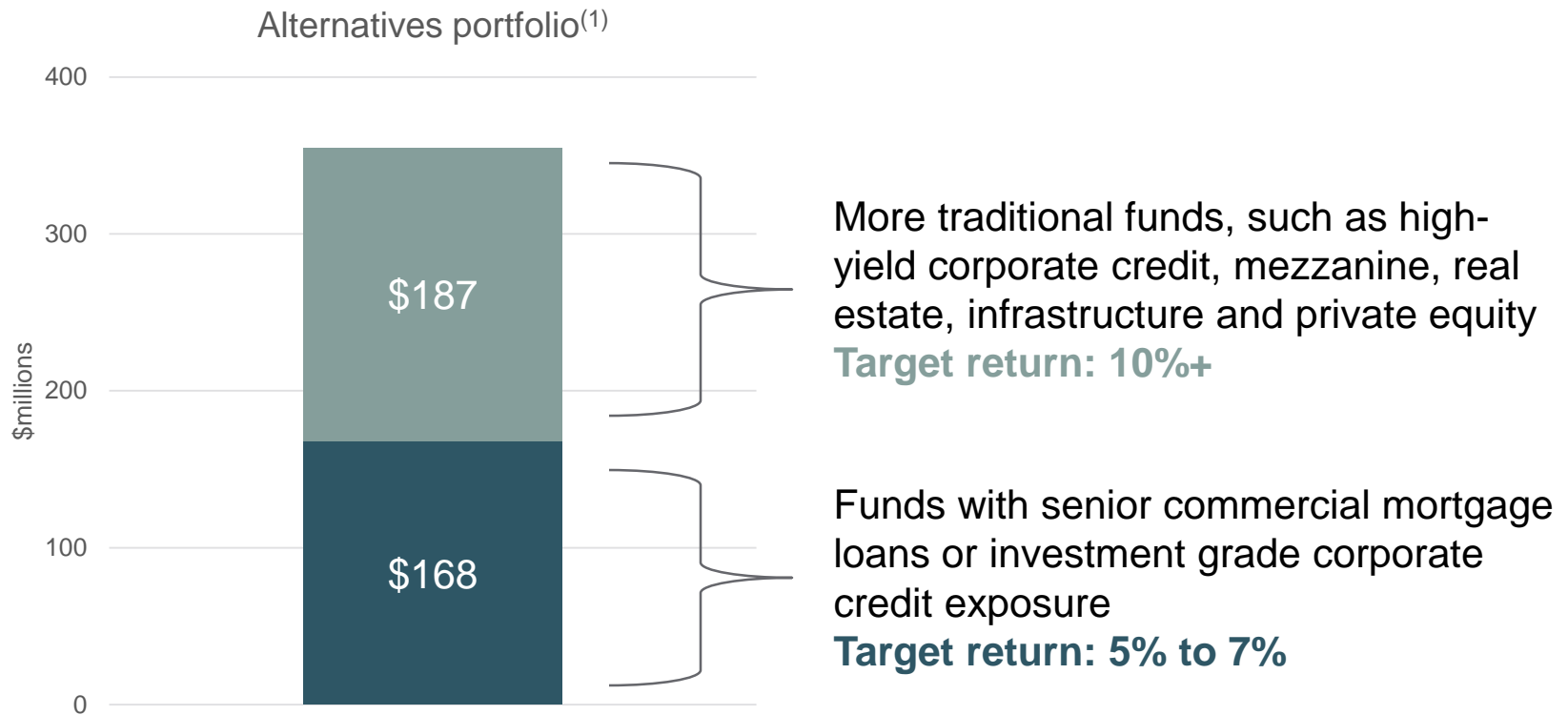
\$6.6 billion fair value



## Q3'19 Results

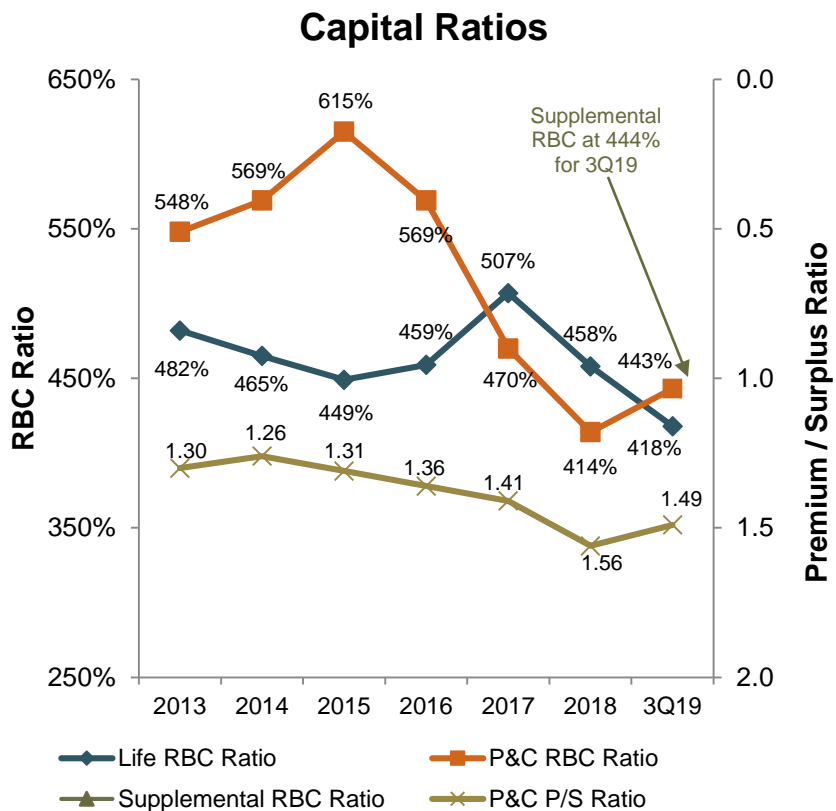
- High-quality, well-diversified portfolio across fixed income sectors
  - A+ weighted-average quality
  - Average duration 6.0 years
  - 4.8% pre-tax yield
- Focused on risk and asset liability management
  - \$5.1 billion portfolio supports long-dated L&R liabilities
  - \$1.0 billion portfolio supports P&C
  - \$500 million portfolio supports Supplemental
- Q3 new money rate of ~4%

# Investments: \$355M limited partnership portfolio focused on balancing risk and returns



Fully integrated investment process focused on established investment managers with strong and consistent historical performance through various market cycles

# Strong capital position, with more than adequate capital to grow our businesses



- Conservative capital management strategies have resulted in strong capital ratios
  - P&C loss reserves held at top half of independent actuarial range
  - Conservative L&R product design
  - Supplemental RBC in line with company expectations at 444%
  - Investment portfolio conservatively positioned
- Debt-to-capital ratio<sup>(1)</sup> of 24.8%

# Appendix



# Highly rated by all rating agencies

Education market focus, earnings diversification and capital strength cited

## Current Financial Strength Ratings

Agency	Rating (affirmed/reviewed)	Outlook
S&P	A (9/5/19)	Stable
Moody's	A2 (7/2/19)	Stable
AM Best	A (6/6/19)	Stable
Fitch	A (6/25/19)	Stable

# Committed to Corporate Social Responsibility

Implementing ESG best practices

## Environmental

- Continuously monitoring **climate risk** and adapting our strategy accordingly
- Working to reduce our **environmental footprint**, particularly corporate energy use
- Promoting **electronic delivery** of customer documents

## Social

- Providing no-cost **financial success resources** to educators
- Committed to **Diversity & Inclusion** through CEO Pledge
- Prioritizing **data security** measures and oversight to protect customer information

## Governance

- Nominating **diverse board members** in experience, age, ethnicity & gender
- Ensuring **oversight of ESG program** at board level and through Enterprise Risk Management (ERM) committee



To read our award-winning Corporate Social Responsibility report, visit [horacemann.com/csr](https://horacemann.com/csr).

# Strong corporate governance policies aligned with long-term shareholder interests

## Effective board structure

- Separate CEO and chairman
- Non-employee director independence
- Audit, Compensation & Nominating Committee completely independent
- Use of independent compensation consultant to complete intensive annual review of prevailing market compensation practices and industry standards

## Performance-based NEO compensation

- Up to 70% of NEOs' target compensation linked to performance and equity-based incentives
- Annual incentive plan aligned with achieving shared corporate objectives
- Long-term equity-based incentive plan aligned with shareholder value metrics
- Significant NEO and board member stock ownership requirements

## Governance best practices

- Clawback provision for both cash & equity awards
- Anti-hedging and pledging policy of company shares
- No single-trigger change in control benefits
- No excise tax gross-ups from change in control
- Limited perquisites and executive benefits
- No poison pill

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

## Net P&C Reserve Position

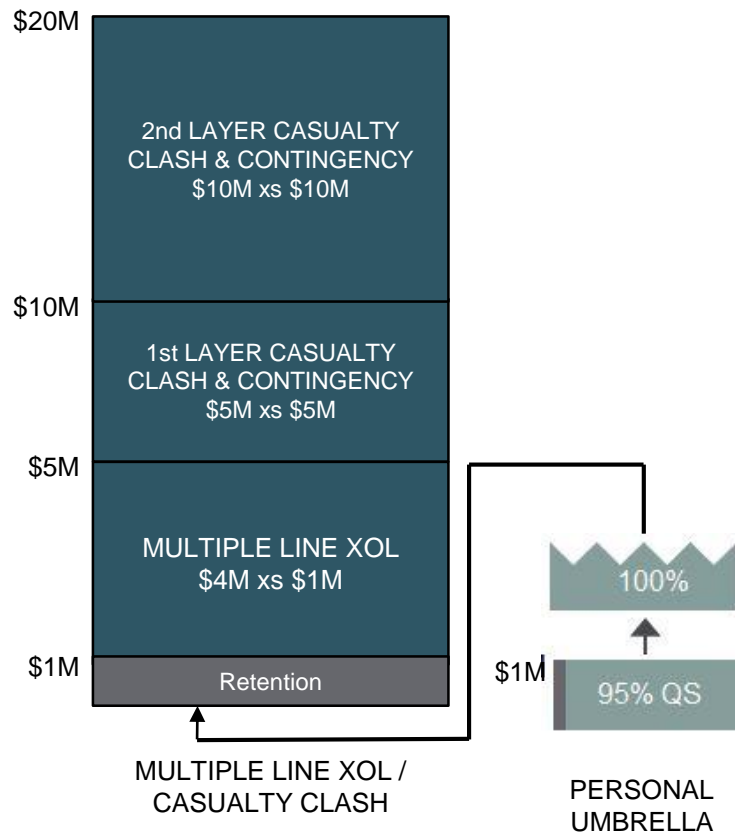
	Independent Actuary		HMN
(\$M)	Low	High	Held
2018	\$240.7	\$291.4	\$277.5
2017	\$234.1	\$277.0	\$261.8
2016	\$219.8	\$260.0	\$246.6

- **Appropriate conservatism**
  - Disciplined reserving practices
  - Recent favorable reserve development consistent with independent observations
- **Strong claims organization/capabilities**
  - Centralized claim offices
  - Technology/infrastructure
  - Implementation of best practices and procedures

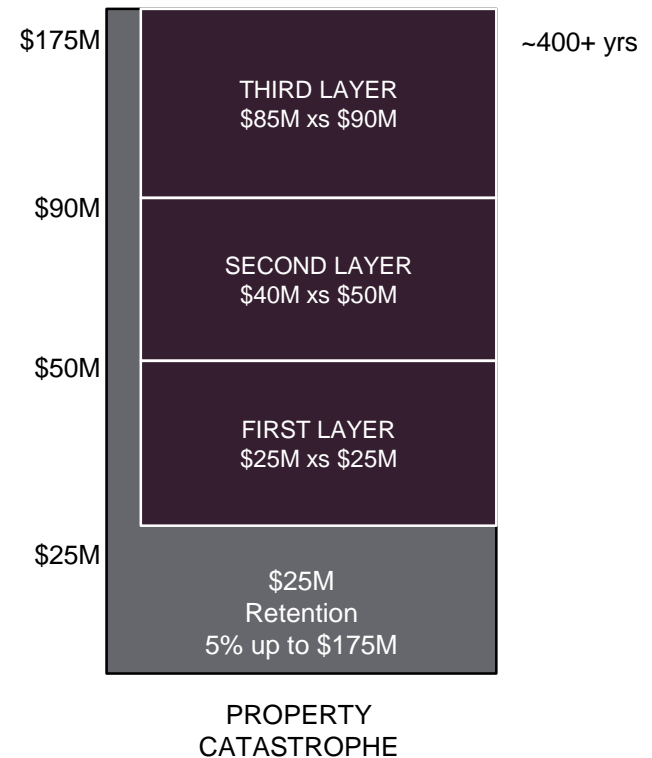


# Current single-event catastrophe reinsurance provides PML coverage of approximately 400+ years

Multiple Line XOL / Casualty<sup>(1)</sup>



Property<sup>(1)</sup>



# Consolidated GAAP income statement

(\$ in Millions)	2014	2015	2016	2017	2018	3Q19
<b>Written premiums and contract deposits</b>	<b>\$1,167.7</b>	<b>\$1,256.5</b>	<b>\$1,262.5</b>	<b>\$1,227.1</b>	<b>\$1,235.0</b>	<b>\$978.3</b>
Insurance premiums and contract charges earned	\$715.8	\$731.9	\$759.1	\$794.7	\$817.3	\$657.6
Net investment income	329.8	332.6	361.2	373.6	376.5	279.3
Net investment gains (losses)	10.9	12.7	4.1	(3.4)	(12.5)	151.6
Other income	4.2	3.2	4.5	6.6	10.3	10.6
<b>Total revenues</b>	<b>1,060.7</b>	<b>1,080.4</b>	<b>1,128.9</b>	<b>1,171.5</b>	<b>1,191.6</b>	<b>1,099.1</b>
Benefits, claims and settlement expenses	468.4	496.4	541.1	582.3	637.6	446.3
Interest credited	176.1	182.8	192.0	198.6	206.2	160.1
Operating expenses, including interest expense	176.3	172.8	184.9	199.7	218.4	180.8
DAC unlocking and amortization expense	93.8	98.9	96.7	102.2	109.9	82.9
Intangible asset amortization expense	—	—	—	—	—	4.9
Other expense – goodwill impairment	—	—	—	—	—	28.0
<b>Total benefits, losses and expenses</b>	<b>914.6</b>	<b>950.9</b>	<b>1,014.7</b>	<b>1,082.8</b>	<b>1,172.1</b>	<b>903.0</b>
Income before income taxes	146.1	129.5	114.2	88.7	19.5	196.1
Income tax expense (benefit)	41.9	36.0	30.4	(80.7)	1.2	44.7
<b>Net income (loss)</b>	<b>\$104.2</b>	<b>\$93.5</b>	<b>\$83.8</b>	<b>\$169.4</b>	<b>\$18.3</b>	<b>\$151.4</b>
DTL re-measurement and net investment gains/losses after tax and other expense – goodwill impairment	6.9	8.6	2.3	97.3	(10.1)	90.9
<b>Core Earnings*</b>	<b>\$97.3</b>	<b>\$84.9</b>	<b>\$81.5</b>	<b>\$72.1</b>	<b>\$28.4</b>	<b>\$60.5</b>
<b>Core EPS*</b>	<b>\$2.30</b>	<b>\$2.00</b>	<b>\$1.97</b>	<b>\$1.74</b>	<b>\$0.68</b>	<b>\$1.44</b>
Book value per share excluding net unrealized investment gains on securities*	\$25.38	\$26.86	\$27.79	\$29.51	\$29.13	\$31.84

# Consolidated GAAP balance sheet

(\$ in Millions)	2014	2015	2016	2017	2018	3Q19
<b>Assets</b>						
Investments	\$7,403.5	\$7,648.0	\$7,999.3	\$8,352.3	\$8,250.7	\$6,733.0
Cash	11.7	15.5	16.7	7.6	11.9	39.4
DAC	215.1	253.2	267.6	257.8	298.7	269.2
Deposit asset on reinsurance	—	—	—	—	—	2,342.3
Intangible assets, net	—	—	—	—	—	181.1
Goodwill	47.4	47.4	47.4	47.4	47.4	48.7
Other assets	277.2	292.2	321.9	381.2	422.1	410.7
Separate account assets	1,813.6	1,800.7	1,923.9	2,152.0	2,001.1	2,308.1
<b>Total assets</b>	<b>\$9,768.5</b>	<b>\$10,057.0</b>	<b>\$10,576.8</b>	<b>\$11,198.3</b>	<b>\$11,031.9</b>	<b>\$12,332.5</b>
<b>Liabilities</b>						
Policy liabilities & other policyholder funds	\$5,958.2	\$6,376.1	\$6,733.1	\$6,906.3	\$7,152.1	\$7,578.2
Other liabilities	422.3	368.5	378.6	340.9	290.4	434.6
Short term debt	38.0	—	—	—	—	135.0
Long term debt	199.9	247.0	247.2	297.5	297.7	298.0
Separate account liabilities	1,813.6	1,800.7	1,923.9	2,152.0	2,001.1	2,308.1
Total liabilities	8,432.0	8,792.3	9,282.8	9,696.7	9,741.3	10,753.9
Shareholders' equity	1,336.5	1,264.7	1,294.0	1,501.6	1,290.6	1,578.6
<b>Total liabilities and shareholders' equity</b>	<b>\$9,768.5</b>	<b>\$10,057.0</b>	<b>\$10,576.8</b>	<b>\$11,198.3</b>	<b>\$11,031.9</b>	<b>\$12,332.5</b>

# Recap of 2019 Segment and Metric Guidance

	2018 Actual	2019 Guidance	Comments
<b>Property and Casualty</b>			
Net written premiums	\$681.5 million	Flat to up slightly	Modified based on YTD results
Auto underlying loss ratio	74.6%	Improve 3 to 3.5 points	Unchanged from Q2
Property underlying loss ratio	46.2%	Flat	Now expected to be flat with prior year because of Q3 fire loss severity
Expense load	27.0%	+/- 0.5% of 27%	Unchanged from Q2
Catastrophe cost load	17.1 points	~7.5 points (\$50-55 million)	Tightened range based on YTD cat loss level
Total P&C combined ratio	109.3%	High 90s	Unchanged from Q2
<b>Retirement</b>			
Net interest spread	171 points	~190-200 points	Unchanged from Q2; net interest spread in Q4 expected to be in low 200s
Ex-DAC earnings (after tax)	\$44.8 million	\$25 to \$27 million	Unchanged from Q2; segment quarterly core earnings ex DAC run rate remains ~\$5 million
<b>Life</b>			
Sales	\$21.2 million	Flat to down slightly	Lowered from double-digit growth
Mortality costs	\$35.1 million	Modest increase	Unchanged from Q2
Ex-DAC earnings (after tax)	\$19.0 million	\$15 to \$17 million	Unchanged from Q2
<b>Supplemental</b>			
Core earnings	n/a	\$12 to \$14 million	Unchanged from Q2: began contributing in Q3 with no meaningful cross-sell expected in 2019
<b>Corporate</b>			
Net investment income	\$376.5 million	Down \$5 to \$6 million	Unchanged from Q2; run rate of quarterly accreted investment income on reinsurance deposit receivable should be ~\$23 million
Interest expense	\$13.0 million	Up ~\$2 million	Unchanged from Q2
Effective tax rate	6.2%	16% to 18%	Unchanged from Q2

# Horace Mann at a glance

<b>Exchange ticker symbol</b>	NYSE:HMN
<b>Share Price</b>	\$46.33 <sup>(1)</sup>
<b>Shares Outstanding</b>	41.2 million <sup>(1)(2)</sup>
<b>Market Capitalization</b>	\$1.9 billion <sup>(1)</sup>
<b>Annualized Dividend Per Share</b>	\$1.15 <sup>(1)</sup>
<b>Dividend Yield Per Share</b>	2.5% <sup>(1)</sup>
<b>Average Daily Volume</b>	164K shares (52-week average daily volume as of 9/30/19)
<b>Book Value Per Share*</b>	\$31.84 <sup>(1)(3)</sup>
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