
Section 1: 8-K (8-K)

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report: May 2, 2018

HORACE MANN EDUCATORS CORPORATION

(Exact name of registrant as specified in its charter)

Delaware
(State of incorporation)

1-10890
(Commission File Number)

37-0911756
(I.R.S. Employer Identification No.)

1 Horace Mann Plaza, Springfield, Illinois 62715-0001

(Address of principal executive offices, including zip code)

Registrant's telephone number, including area code: 217-789-2500

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR 230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR 240.12b-2). ____

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ____

Forward-looking Information

Statements included in the accompanying press release that state Horace Mann Educators Corporation's (the "Company") or its management's intentions, hopes, beliefs, expectations or predictions of future events or the Company's future financial performance are forward-looking statements and involve known and unknown risks, uncertainties and other factors. The Company is not under any obligation to (and expressly disclaims any such obligation to) update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. It is important to note that the Company's actual results could differ materially from those projected in such forward-looking statements. Please refer to the Company's Annual Report on Form 10-K for the year ended December 31, 2017 and the Company's past and future filings and reports filed with the Securities and Exchange Commission for information concerning the important factors that could cause actual results to differ materially from those in forward-looking statements.

Item 2.02: Results of Operations and Financial Condition

On May 2, 2018, the Company issued a press release reporting its financial results for the three month period ended March 31, 2018. A copy of the press release is attached as Exhibit 99.2 and is incorporated by reference herein.

The Company's Investor Supplement has been posted on the investors page of its website, investors.horacemann.com, and the Investor Presentation is anticipated to be posted there by May 3, 2018.

Item 9.01: Financial Statements and Exhibits

(d) Exhibits.

[99.1 Glossary of Selected Terms](#)
[99.2 Press release dated May 2, 2018 reporting financial results for the three month period ended March 31, 2018.](#)

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

HORACE MANN EDUCATORS CORPORATION

By: /s/ Kimberly A. Johnson

Name: Kimberly A. Johnson

Title: Vice President & Controller
(Principal Accounting Officer)

Date: May 2, 2018

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Section 2: EX-99.1 (EXHIBIT 99.1)

Exhibit 99.1

Glossary of Selected Terms

The following measures are used by the Company's management to evaluate performance against historical results and establish targets on a consolidated basis. A number of these measures are components of net income or the balance sheet but, in some cases, not based on accounting principles generally accepted in the United States (non-GAAP) under applicable SEC rules because they are not displayed as separate line items in the Consolidated Statement of Operations or Consolidated Balance Sheets, and in some cases, there is inclusion or exclusion of certain items not ordinarily included or excluded in accordance with accounting principles generally accepted in the United States (GAAP). In the opinion of the Company's management, a discussion of these measures is meaningful to provide investors with an understanding of the significant factors that comprise the Company's periodic results of operations and financial condition.

Book value per share excluding the fair value adjustment for investments - The result of dividing total shareholders' equity excluding after tax net unrealized investment gains and losses on securities, including the related effect on certain deferred policy acquisition costs, by ending shares outstanding. Book value per share is the most directly comparable GAAP measure. Management believes it is useful to consider the trend in book value per share excluding net unrealized investment gains and losses on securities in conjunction with book value per share to identify and analyze the change in net worth. Management also believes the non-GAAP measure is useful to investors because it eliminates the effect of items that can fluctuate significantly from period to period and are generally driven by economic developments, primarily financial market conditions, the magnitude and timing of which are generally not influenced by the Company's underlying insurance operations.

Catastrophe costs - The sum of catastrophe losses and property and casualty catastrophe reinsurance reinstatement premiums.

Catastrophe losses - In categorizing property and casualty claims as being from a catastrophe, the Company utilizes the designations of the Property Claim Services, a subsidiary of Insurance Services Office, Inc., and additionally beginning in 2007, includes losses from all such events that meet the definition of covered loss in the Company's primary catastrophe excess of loss reinsurance contract, and reports claims and claim expense amounts net of reinsurance recoverables. A catastrophe is a severe loss resulting from natural and man-made events within a particular territory, including risks such as hurricane, fire, earthquake,

windstorm, explosion, terrorism and other similar events, that causes \$25 million or more in insured property and casualty losses for the industry and affects a significant number of property and casualty insurers and policyholders. Each catastrophe has unique characteristics. Catastrophes are not predictable as to timing or amount of loss in advance. Their effects are not included in earnings or claim and claim expense reserves prior to occurrence. In the opinion of the Company's management, a discussion of the impact of catastrophes is meaningful for investors to understand the variability in periodic earnings.

Core earnings - Consolidated net income (loss) excluding the after-tax impact of net investment gains (losses), discontinued operations, the effect of a change in tax laws and tax rates at enactment date, and cumulative effect of changes in accounting principles when applicable. Net income is the most comparable GAAP measure.

- **Pretax core earnings** - Pretax net income (loss) excluding pretax impact of net investment gains (losses), discontinued operations, and cumulative effect of changes in accounting principles when applicable. Net income is the most comparable GAAP measure.

- **Segment core earnings** - Determined in the same manner as core earnings on a consolidated basis. Management uses segment core earnings to analyze each segment's performance and as a tool in making business decisions. Financial statement users also consider core earnings when analyzing the results and trends of insurance companies.

Core earnings per share - Core earnings on a per common share basis. Earnings per share is the most comparable GAAP measure.

Exclusive distributor - A licensed representative of Horace Mann. Horace Mann utilizes multiple points of distribution, including, but not limited to, direct sales, employee agents and exclusive agents.

Insurance premiums written and contract deposits - Premiums written represent (1) the amount charged for policies issued during a fiscal period for property and casualty business, such amounts may be earned and included in financial results over future fiscal periods, and (2) the amount charged for policies in force during a fiscal period for traditional life and group life business. Amounts are reported net of reinsurance, unless otherwise specified. Contract deposits include amounts received from customers on deposit-type contracts, such as investment contracts (annuities) and life products with account values, including deposit amounts and any related contract or policy fees. Management utilizes this non-GAAP measure, which is based on statutory accounting principles, in analyzing and evaluating the business growth of its operating segments. Insurance premiums and contract charges earned is the most directly comparable GAAP measure.

Net income return on equity - The ratio of (1) trailing 12 month net income to (2) the average of ending shareholders' equity for the current quarter end and the preceding four quarter ends - referred to as 5 quarter average shareholder's equity.

- **Net income return on equity excluding net unrealized investment gains and losses on securities and the effect of a change in tax laws and tax rates at enactment date** - The ratio of (1) trailing 12 month net income excluding the effect of a change in tax laws and tax rates at enactment date to (2) 5 quarter average shareholders' equity excluding net unrealized investment gains and losses on securities and the effect of a change in tax laws and tax rates at enactment date. Net income return on equity is the most comparable GAAP measure.
- **Core return on equity** - The ratio of (1) trailing 12 month core earnings to (2) 5 quarter average shareholders' equity excluding the effect of a change in tax laws and tax rates at enactment date. Net income return on equity is the most comparable GAAP measure.
- **Core return on equity excluding net unrealized investment gains and losses on securities** - The ratio of (1) trailing 12 month core earnings to (2) 5 quarter average shareholders' equity excluding net unrealized investment gains and losses on securities and the effect of a change in tax laws and tax rates at enactment date. Net income return on equity is the most comparable GAAP measure.

Net reserves - Property and casualty unpaid claim and claim expense reserves net of anticipated reinsurance recoverables.

Prior years' reserve development - A measure which the Company reports for its Property and Casualty segment which identifies the increase or decrease in net incurred claim and claim expense reserves at successive valuation dates for claims which occurred in previous calendar years. In the opinion of the Company's management, a discussion of prior years' loss reserve development is useful to investors as it allows them to assess the impact on current period earnings of incurred claims experience from the current calendar year and previous calendar years.

Property and casualty operating statistics - Operating measures utilized by the Company and the insurance industry regarding the relative profitability of property and casualty underwriting results.

- **Loss ratio or loss and loss adjustment expense ratio** - The ratio of (1) the sum of net incurred losses and loss adjustment expenses to (2) net earned premiums.
- **Underlying loss ratio** - The sum of the Loss Ratio adjusted to remove the effect of catastrophe costs and prior years' reserve development. The Loss Ratio is the most directly comparable GAAP measure. Management believes this ratio provides a valuable measure of the Company's underlying underwriting performance that may be obscured by the effects of catastrophe costs and prior years' reserve development, the amounts of which may be significant and may vary significantly between periods.
- **Expense ratio** - The ratio of (1) the sum of operating expenses and the amortization of policy acquisition costs to (2) net earned premiums.
- **Combined ratio** - The sum of the Loss Ratio and the Expense Ratio. A Combined Ratio less than 100% generally indicates profitable underwriting prior to the consideration of net investment income.
- **Underlying combined ratio or combined ratio excluding catastrophe costs and prior years' reserve development** - The sum of the Loss Ratio and the Expense Ratio adjusted to remove the effect of catastrophe costs and prior years' reserve development. The Combined Ratio is the most directly comparable GAAP measure. Management believes this ratio provides a valuable measure of the Company's underlying underwriting performance that may be obscured by the effects of catastrophe costs and prior years' reserve development, the amounts of which may be significant and may vary significantly between periods.

Sales - Sales are measured by the Company as premiums and deposits to be collected over the 12 months following the sale of a new policy for automobile, homeowners and life business, as well as increases in contributions to certain life business. In addition, the Company may disclose new policy count (units) information for automobile and homeowners business. Sales data pertains to Horace Mann products and excludes authorized products sold by Exclusive Distributors that are underwritten by third-party vendors. The Retirement segment's sales deposits are measured by the Company based on total recurring deposits as well as single deposits/rollovers. Retirement sales deposits include deposits to mutual fund complexes for managed accounts and exclude any deposits made to the Company's 401(k) and money purchase pension plan. Sales should not be viewed as a substitute for any GAAP measure, including "sales" as it relates to non-insurance companies, and the Company's definition of sales, sales deposits or new annualized sales might differ from that used by other companies. The Company utilizes sales information as a performance measure that indicates the productivity of its agency force. Sales are also a leading indicator of future revenue trends.

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Section 3: EX-99.2 (EXHIBIT 99.2)

Exhibit 99.2

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News release for immediate release

FOR IMMEDIATE RELEASE

Contact information:

Ryan Greenier, Vice President, Investor Relations

217-788-5738

**HORACE MANN REPORTS FIRST QUARTER 2018
NET INCOME OF \$0.48 PER SHARE AND CORE EARNINGS OF \$0.51 PER SHARE***

- Core earnings* improved 40%, compared to prior year on stronger Property and Casualty results
- Property and Casualty combined ratio of 98.9% including a 4.1 point improvement in auto
- Lower catastrophe losses, 5.9 points or \$9.8 million pretax, compared to \$17.2 million pretax a year ago
- 7% growth in assets under management in Retirement

SPRINGFIELD, Ill., May 2, 2018 — Horace Mann Educators Corporation (NYSE:HMN) today reported financial results for the three month period ended March 31, 2018:

Horace Mann Financial Highlights

(\$ in millions, except per share amounts)	Three Months Ended March 31,		
	2018	2017	Change
Total revenues	\$ 295.5	\$ 287.3	2.9%
Net income	20.2	15.3	32.0%
Net investment gains (losses) after tax	(1.3)	(0.1)	
Core earnings	21.5	15.4	39.6%
Per diluted share:			
Net income	0.48	0.37	29.7%
Net investment gains (losses) after tax	(0.03)	—	N.M
Core earnings per diluted share	0.51	0.37	37.8%
Book value per share	34.35	32.60	5.4%
Book value per share excluding the net unrealized gains on securities*	30.00	27.71	8.3%
Property and Casualty net income	9.7	2.7	259.3%
Property and Casualty combined ratio	98.9%	105.5%	-6.6 pts
Property and Casualty underlying combined ratio*	93.2%	95.3%	-2.1 pts
Retirement net income	\$ 11.4	\$ 11.5	-0.9%
Life net income	3.8	3.9	-2.6%

N.M. - Not meaningful.

* These measures are not based on accounting principles generally accepted in the United States (non-GAAP). They are reconciled to the most directly comparable GAAP measures in the Appendix to the Investor Supplement. An explanation of these measures is contained in the Glossary of Selected Terms included as an exhibit in the Company's reports filed with the Securities and Exchange Commission.

The Horace Mann Companies 1 Horace Mann Plaza Springfield, Illinois 62715-0001
217-789-2500 www.horacemann.com

"Horace Mann's first quarter core earnings were adversely impacted by weather, however we saw significantly lower catastrophe losses compared to a year ago," said Horace Mann's President and Chief Executive Officer Marita Zuraitis. "Despite the challenging levels of weather-related losses, our Property and Casualty operations produced a strong 98.9% combined ratio including a 4.1 point improvement in auto. We are intently focused on generating long term shareholder value and were pleased to announce our 10th consecutive year of dividend increases and 8% growth in book value compared to a year ago."

Property and Casualty Segment

For the first quarter of 2018, Property and Casualty net income of \$9.7 million increased \$7.0 million from \$2.7 million in the prior year period. The Property and Casualty combined ratio of 98.9% decreased 6.6 points compared to the prior year period. These improvements were primarily due to a decreased underlying auto combined ratio*, reflecting the impact of rate actions and continued profitability initiatives, as well as a significantly lower level of auto and property catastrophe losses that were \$9.8 million pretax in the current quarter compared to \$17.2 million pretax in the prior year period.

On a reported basis, the current quarter auto combined ratio of 101.8% decreased 5.1 points and the property combined ratio of 93.3% decreased 9.2 points as compared to the prior year period. The underlying auto loss ratio* of 75.5% decreased 1.2 points compared to the prior year period as a result of an increase in earned premium due to rate actions combined with continued stabilization in auto loss trends. The auto expense ratio improved 2.9 points primarily due to an expense recovery of 2.0 points. The underlying property loss ratio* was 49.6% in the current quarter, which reflected an increase of 2.7 points compared to the prior year period due to an elevated level of non-catastrophe weather-related losses.

Prior years' reserves continue to develop favorably; however, the \$0.3 million pretax of favorable development in the current quarter was less than the \$1.0 million pretax of favorable development in the prior year period.

For the first quarter of 2018, total Property and Casualty written premiums* of \$159.4 million increased 4.3% compared to the prior year period. The growth was driven primarily by rate actions, which resulted in an increase in the average premium per policy for both auto and property.

Total Property and Casualty sales* decreased 3.0% compared to the first quarter of 2017. Auto sales decreased 4.4% and property sales increased 5.0% compared to the prior year period. Policy retention continues to be stable with auto and property policy retention rates for the current quarter at 82.9% and 87.9%, respectively.

Retirement Segment

For the first quarter of 2018, Retirement net income of \$11.4 million was consistent with the prior year period and benefited from higher fees and the lower federal income tax rate offset by an increase in DAC amortization and operating expenses.

The annualized net interest spread on fixed annuity assets for the first quarter of 2018 was 170 basis points, a decrease of 13 basis points compared to the prior year period. Retirement assets under management of \$6.8 billion increased 6.8% compared to a year ago, and total cash value persistency remained strong at 94.6% for variable annuities and 94.4% for fixed annuities.

For the first quarter of 2018, the total level of Retirement sales deposits* decreased 4.6% compared to the prior year period, reflecting a decrease in traditional annuity products partially offset by an increase in asset flows related to fee-based mutual fund offerings. For the first quarter of 2018, annuity deposits of \$98.8 million decreased 15.8% compared to the prior year period. The decline in annuity deposits was related to lower sales of single premium annuity products in the current quarter. Sales deposit activity related to the Retirement Advantage® mutual fund products, as well as other mutual fund offerings, were strong with \$14.1 million in the current quarter as compared to \$5.3 million in the prior year period.

Life Segment

For the first quarter of 2018, Life net income of \$3.8 million decreased \$0.1 million compared to the prior year period, primarily due to a modest increase in mortality costs offset by the lower federal income tax rate.

Life sales* of \$4.3 million for the current quarter remained strong but decreased slightly by \$0.4 million compared to the prior year period due to a decrease in single premium sales. Life persistency of 95.1% was comparable to 12 months earlier.

Investment Results

Total net investment income increased 1.3% compared to the first quarter of 2017. While annuity asset balances in the Retirement segment continue to grow, overall investment results reflect the continued low interest rate environment. Pretax net investment losses were \$1.7 million for the current quarter, including \$5.2 million of net investment losses due to the change in fair value of the equity securities portfolio as a result of adopting a new GAAP accounting principle effective January 1, 2018.

Horace Mann's net unrealized investment gains on securities were \$261.1 million at March 31, 2018, compared to net unrealized investment gains on securities of \$421.1 million at December 31, 2017 and \$351.3 million at March 31, 2017. The decline in net unrealized gains compared to December 31, 2017 is largely attributable to rising U.S. Treasury rates partially offset by tighter credit spreads.

Capital Management

As of March 31, 2018, \$27.8 million remained authorized for future share repurchases under the share repurchase program.

Webcast Conference Call

Horace Mann's senior management will discuss the Company's first quarter financial results with investors and analysts on May 3, 2018 at 11:00 a.m. Eastern Time. The conference call will be webcast live at investors.horacemann.com and archived later in the day for replay.

About Horace Mann

Horace Mann Educators Corporation (NYSE: HMN) is the largest financial services company focused on providing America's educators and school employees with insurance and retirement solutions. Founded by Educators for Educators® in 1945, the Company is headquartered in Springfield, Illinois. For more information about the Company, visit horacemann.com.

Statements included in this news release that are not historical in nature are forward-looking within the meaning of the Private Securities Litigation Reform Act of 1995 and are subject to certain risks and uncertainties. Horace Mann is not under any obligation to (and expressly disclaims any such obligation to) update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Please refer to the Company's Annual Report on Form 10-K for the period ended December 31, 2017, and the Company's past and future filings and reports filed with the Securities and Exchange Commission (SEC) for information concerning important factors that could cause actual results to differ materially from those in forward-looking statements. Information contained in this press release include measures which are based on methodologies other than accounting principles generally accepted in the United States (GAAP). Reconciliations of non-GAAP measures to the closest GAAP measures are contained in the Appendix to the Investor Supplement and additional descriptions of the non-GAAP measures are contained in the Glossary of Selected Terms included as an exhibit to the Company's SEC filings.

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HORACE MANN EDUCATORS CORPORATION
Financial Highlights (Unaudited)
(\$ in Millions, except per share data)

	Three Months Ended March 31,		<u>Change</u>
	<u>2018</u>	<u>2017</u>	
<u>EARNINGS SUMMARY</u>			
Net income	\$ 20.2	\$ 15.3	32.0 %
Net investment gains (losses), after tax	(1.3)	(0.1)	N.M.
Core earnings*	21.5	15.4	39.6 %
Per diluted share:			
Net income	\$ 0.48	\$ 0.37	29.7 %
Net investment gains (losses), after tax	\$ (0.03)	\$ —	N.M.
Core earnings*	\$ 0.51	\$ 0.37	37.8 %
Weighted average number of shares and equivalent shares (in millions) - Diluted	41.7	41.3	1.0 %
<u>RETURN ON EQUITY</u>			
Net income return on equity (A)	12.5%	5.4%	7.1 pts
Core return on equity excluding net unrealized gains on securities (B)	6.7%	6.5%	0.2 pts
<u>FINANCIAL POSITION</u>			
Per share (C):			
Book value	\$ 34.35	\$ 32.60	5.4 %
Effect of net unrealized gains on securities (D)	\$ 4.35	\$ 4.89	-11.0 %
Dividends paid	\$ 0.285	\$ 0.275	3.6 %
Ending number of shares outstanding (in millions) (C)	40.9	40.5	1.0 %
Total assets	\$ 11,068.6	\$ 10,779.5	2.7 %
Long-term debt, current and noncurrent	297.5	247.3	20.3 %
Total shareholders' equity	1,404.7	1,321.8	6.3 %
<u>ADDITIONAL INFORMATION</u>			
Net investment gains (losses)			
Before tax	\$ (1.7)	\$ (0.2)	N.M.
After tax	(1.3)	(0.1)	N.M.
Per share, diluted	\$ (0.03)	\$ —	N.M.

N.M.- Not meaningful.

(A)Based on trailing 12-month net income and average quarter-end shareholders' equity.

(B)Based on trailing 12-month core earnings and average quarter-end shareholders' equity which has been adjusted to exclude the fair value adjustment for investments, net of the related impact on deferred policy acquisition costs and applicable deferred taxes.

(C)Ending shares outstanding were 40,888,534 at March 31, 2018 and 40,542,116 at March 31, 2017.

(D)Net of the related impact on deferred policy acquisition costs and applicable deferred taxes.

HORACE MANN EDUCATORS CORPORATION
Statements of Operations and Supplemental Consolidated Data (Unaudited)
(\$ in Millions)

	Three Months Ended March 31,		<u>Change</u>
	<u>2018</u>	<u>2017</u>	
<u>STATEMENTS OF OPERATIONS</u>			
Insurance premiums and contract charges earned	\$ 203.0	\$ 195.7	3.7 %
Net investment income	91.9	90.7	1.3 %
Net investment gains (losses)	(1.7)	(0.2)	N.M.
Other income	2.3	1.1	109.1 %
Total revenues	295.5	287.3	2.9 %
Benefits, claims and settlement expenses	143.6	144.1	-0.3 %
Interest credited	50.0	48.8	2.5 %
Policy acquisition expenses amortized	26.7	24.9	7.2 %
Operating expenses	48.2	48.7	-1.0 %
Interest expense	3.2	3.0	6.7 %
Total benefits, losses and expenses	271.7	269.5	0.8 %
Income before income taxes	23.8	17.8	33.7 %
Income tax expense	3.6	2.5	44.0 %
Net income	\$ 20.2	\$ 15.3	32.0 %
<u>PREMIUMS WRITTEN AND CONTRACT DEPOSITS</u>			
Property & Casualty	\$ 159.4	\$ 152.9	4.3 %
Annuity deposits	98.8	117.3	-15.8 %
Life	25.8	26.5	-2.6 %
Total	\$ 284.0	\$ 296.7	-4.3 %
<u>SEGMENT NET INCOME (LOSS)</u>			
Property & Casualty	\$ 9.7	\$ 2.7	259.3 %
Retirement	11.4	11.5	-0.9 %
Life	3.8	3.9	-2.6 %
Corporate and other (A)	(4.7)	(2.8)	-67.9 %
Net income	\$ 20.2	\$ 15.3	32.0 %

N.M.- Not meaningful.

(A)Corporate and Other includes interest expense on debt and the impact of net investment gains and losses and other Corporate level items. The Company does not allocate the impact of corporate level transactions to the insurance segments consistent with how management evaluates the results of those segments. See detail for this segment on page 4.

HORACE MANN EDUCATORS CORPORATION
Supplemental Business Segment Overview (Unaudited)
(\$ in Millions)

	Three Months Ended March 31,		Change
	<u>2018</u>	<u>2017</u>	
<u>PROPERTY & CASUALTY</u>			
Premiums written	\$ 159.4	\$ 152.9	4.3 %
Premiums earned	165.5	158.3	4.5 %
Net investment income	9.5	9.2	3.3 %
Other income (expense)	0.2	—	N.M.
Losses and loss adjustment expenses (LAE)	120.7	122.2	-1.2 %
Operating expenses (includes policy acquisition expenses amortized)	43.1	44.7	-3.6 %
Interest expense	0.2	—	N.M.
Income before tax	11.2	0.6	N.M.
Net income	9.7	2.7	259.3 %
Net investment income, after tax	7.8	7.4	5.4 %
Catastrophe costs (A)			
After tax	7.7	11.1	-30.6 %
Before tax	9.8	17.2	-43.0 %
Prior years' reserves favorable (adverse) development, before tax			
Automobile	—	—	— %
Property & other	0.3	1.0	-70.0 %
Total	0.3	1.0	-70.0 %
Operating statistics:			
Loss and loss adjustment expense ratio	72.9 %	77.2 %	-4.3 pts
Expense ratio	26.0 %	28.3 %	-2.3 pts
Combined ratio	98.9 %	105.5 %	-6.6 pts
Effect on the combined ratio of:			
Catastrophe costs (A)	5.9 %	10.8 %	-4.9 pts
Prior years' reserve development	-0.2 %	-0.6 %	0.4 pts
Combined ratio excluding the effects of catastrophe costs and prior years' reserve development (underlying combined ratio)*	93.2 %	95.3 %	-2.1 pts
Policies in force (in thousands)			
Automobile	475	484	-1.9 %
Property	204	208	-1.9 %
Policy renewal rate - 12 months			
Automobile	82.9 %	83.0 %	-0.1 pts
Property	87.9 %	87.5 %	0.4 pts

N.M.- Not meaningful.

(A)Includes allocated loss adjustment expenses and, when applicable, catastrophe reinsurance reinstatement premiums. For the periods presented, there were no reinsurance reinstatement premiums.

HORACE MANN EDUCATORS CORPORATION
Supplemental Business Segment Overview (Unaudited)
(\$ in Millions)

	Three Months Ended March 31,		<u>Change</u>
	<u>2018</u>	<u>2017</u>	
<u>RETIREMENT</u>			
Contract deposits	\$ 98.8	\$ 117.3	-15.8 %
Variable	46.8	45.4	3.1 %
Fixed	52.0	71.9	-27.7 %
Contract charges earned	8.0	6.6	21.2 %
Net investment income	64.2	63.4	1.3 %
Interest credited	38.7	37.5	3.2 %
Net interest margin (without net investment gains/losses)	25.5	25.9	-1.5 %
Other income	1.8	0.9	100.0 %
Mortality loss and other reserve changes	(1.9)	(1.1)	72.7 %
Operating expenses (includes policy acquisition expenses amortized)	19.4	16.1	20.5 %
Income before tax	14.0	16.2	-13.6 %
Net income	11.4	11.5	-0.9 %
Pretax income increase (decrease) due to evaluation of:			
Deferred policy acquisition costs	\$ (0.2)	\$ (0.3)	-33.3 %
Guaranteed minimum death benefit reserve	—	—	— %
Retirement contracts in force (in thousands)	223	220	1.4 %
Annuity accumulated account value on deposit / Assets under management	\$ 6,769.5	\$ 6,565.4	3.1 %
Variable	2,139.6	2,011.5	6.4 %
Fixed	4,629.9	4,553.9	1.7 %
Annuity accumulated value retention - 12 months			
Variable accumulations	94.6%	94.8%	-0.2 pts
Fixed accumulations	94.4%	94.5%	-0.1 pts
<u>LIFE</u>			
Premiums and contract deposits	\$ 25.8	\$ 26.5	-2.6 %
Premiums and contract charges earned	29.5	30.8	-4.2 %
Net investment income	18.3	18.3	— %
Other income	0.1	0.1	— %
Death benefits/mortality cost/change in reserves	21.0	20.8	1.0 %
Interest credited	11.3	11.2	0.9 %
Operating expenses (includes policy acquisition expenses amortized)	10.9	11.8	-7.6 %
Income before tax	4.7	5.4	-13.0 %
Net income	3.8	3.9	-2.6 %
Pretax income increase (decrease) due to evaluation of:			
Deferred policy acquisition costs	\$ (0.1)	\$ 0.1	N.M.
Life policies in force (in thousands)	198	198	— %
Life insurance in force	\$ 17,665	\$ 17,164	2.9 %
Lapse ratio - 12 months (Ordinary life insurance)	4.9%	4.5%	0.4 pts
<u>CORPORATE AND OTHER (A)</u>			
Components of income (loss) before tax:			
Net investment gains (losses)	\$ (1.7)	\$ (0.2)	N.M.
Interest expense	(3.0)	(3.0)	— %
Other operating expenses, net investment income and other income	(1.4)	(1.2)	16.7 %
Loss before tax	(6.1)	(4.4)	38.6 %
Net loss	(4.7)	(2.8)	-67.9 %

N.M.- - Not meaningful.

(A)The Corporate and Other segment includes interest expense on debt and the impact of investment gains and losses and other corporate level items. The Company does not allocate the impact of corporate level transactions to the insurance segments consistent with how management evaluates the results of those segments.

HORACE MANN EDUCATORS CORPORATION
Supplemental Business Segment Overview (Unaudited)
(\$ in Millions)

	Three Months Ended March 31,		<u>Change</u>
	<u>2018</u>	<u>2017</u>	
<u>INVESTMENTS</u>			
Retirement and Life			
Fixed maturities, at fair value (amortized cost 2018, \$6,551.1; 2017, \$6,421.1)	\$ 6,792.7	\$ 6,732.3	0.9 %
Equity securities, at fair value (cost 2017, \$80.3)	77.5	80.0	-3.1 %
Short-term investments	10.6	61.9	-82.9 %
Policy loans	152.8	151.5	0.9 %
Other investments	211.0	174.7	20.8 %
Total Retirement and Life investments	7,244.6	7,200.4	0.6 %
Property & Casualty			
Fixed maturities, at fair value (amortized cost 2018, \$822.4; 2017, \$752.1)	\$ 842.0	\$ 778.4	8.2 %
Equity securities, at fair value (cost 2017, \$62.9)	53.5	77.0	-30.5 %
Short-term investments	9.0	3.4	N.M.
Other investments	73.0	49.2	48.4 %
Total Property & Casualty investments	977.5	908.0	7.7 %
Corporate investments	2.6	15.8	-83.5 %
Total investments	8,224.7	8,124.2	1.2 %
Net investment income			
Before tax	\$ 91.9	\$ 90.7	1.3 %
After tax	72.8	60.4	20.5 %

N.M.- Not meaningful.