

# KBW Insurance Conference

September 5, 2018



# 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 which are based on methodologies other than U.S. Generally Accepted Accounting Principles (“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. A reconciliation of non-GAAP measures to the closest GAAP measures is available in the Appendix of our Investor Supplement.

# 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

- \$11B in assets<sup>(1)</sup>
- \$1.2B in 2017 premium and contract deposits
- \$1.8B market capitalization<sup>(1)</sup>
- Highly rated by all four major rating agencies

## Niche market

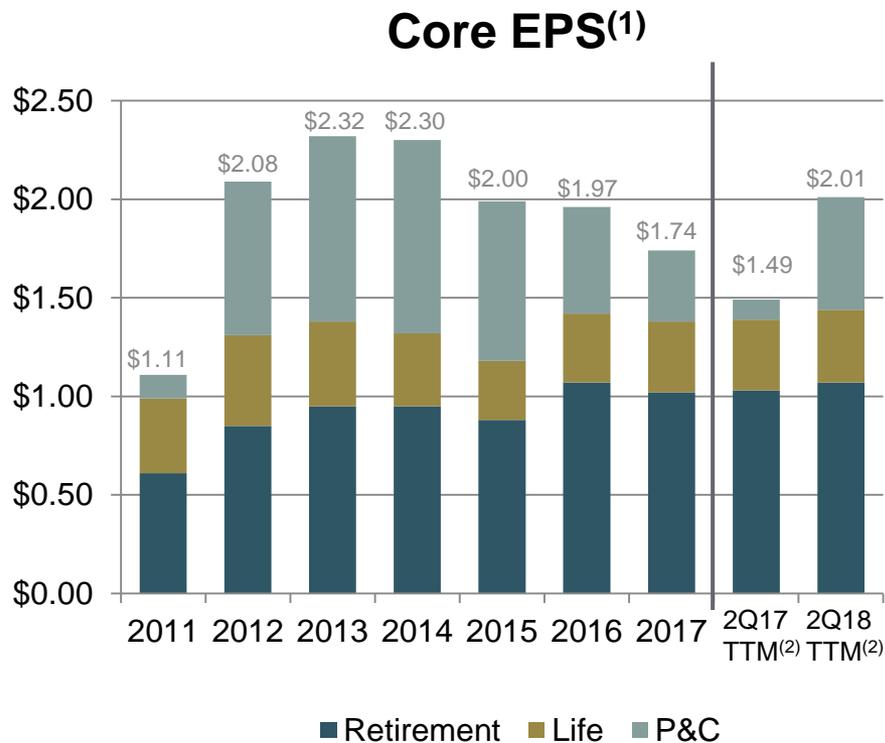
- Educators have preferred risk profile
- Homogenous customer set
- Serving nearly 4,000 school districts nationwide

## Multiline model

- Revenues balanced between P&C and L&R
- Ability to provide total household solutions
- Provides earnings diversification

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

# Multiline business model protects core earnings



- Diversification of business model provides steady earnings through variety of market conditions
  - Fluctuating catastrophe losses
  - Changing driving patterns
  - Continuing low interest rates
  - Evolving retirement trends
- Solid progress in all segments
  - Retirement earnings provide stability with steady growth
  - Long runway for Life segment as customer penetration is low
  - Profitability initiatives are stabilizing P&C earnings
- Allows for long-term investments in products, distribution and infrastructure
- Continues to generate excess capital

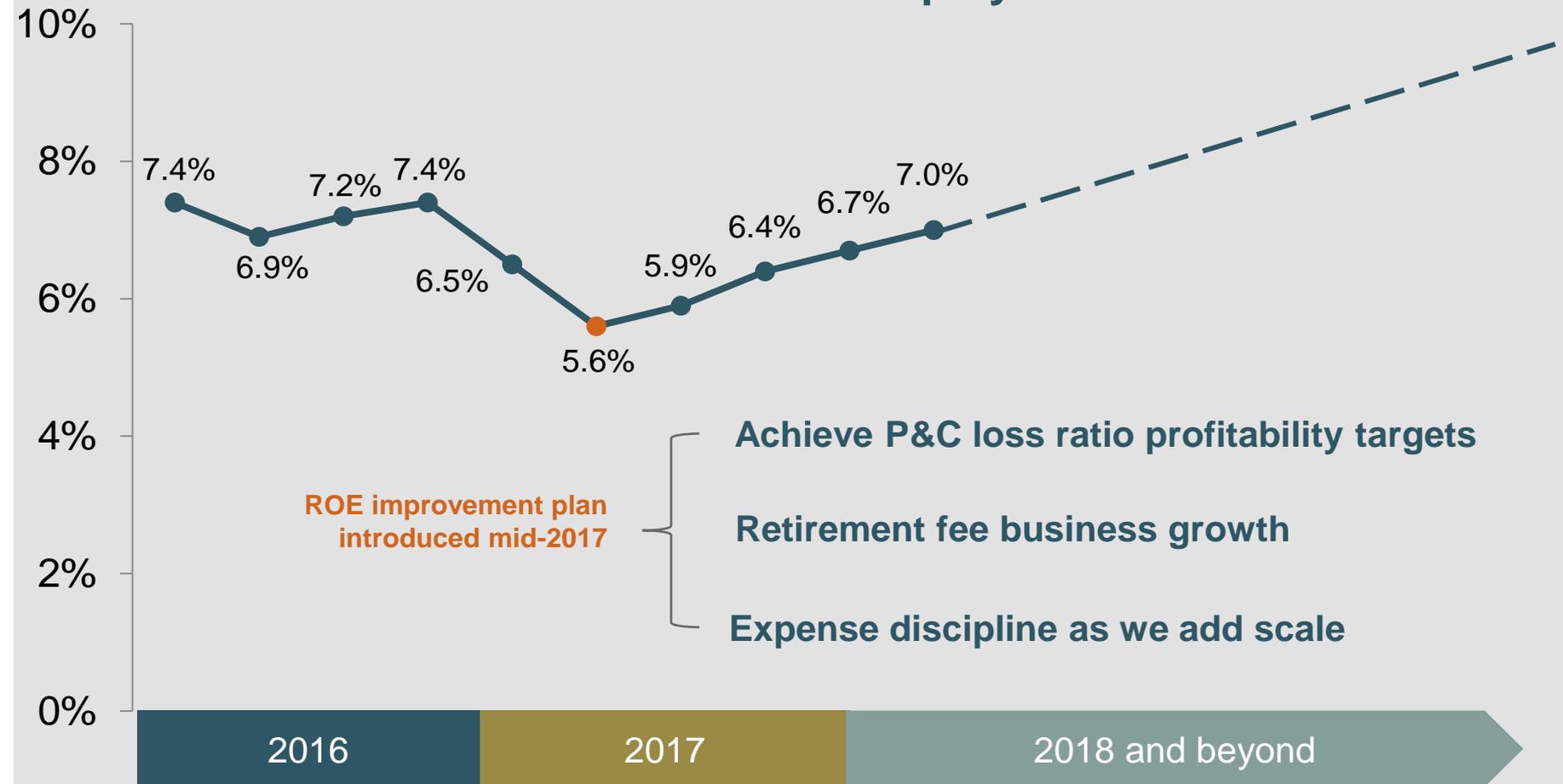
(1) Core EPS (dilutive basis) reflects net income excluding net investment gains and losses. Full year 2017 and 2Q 2017 TTM excludes the one-time \$99.0 million re-measurement of the net deferred income tax liability (\$2.38 per dilutive share impact) that occurred during 4Q 2017.

(2) Trailing 12 months from quarter stated

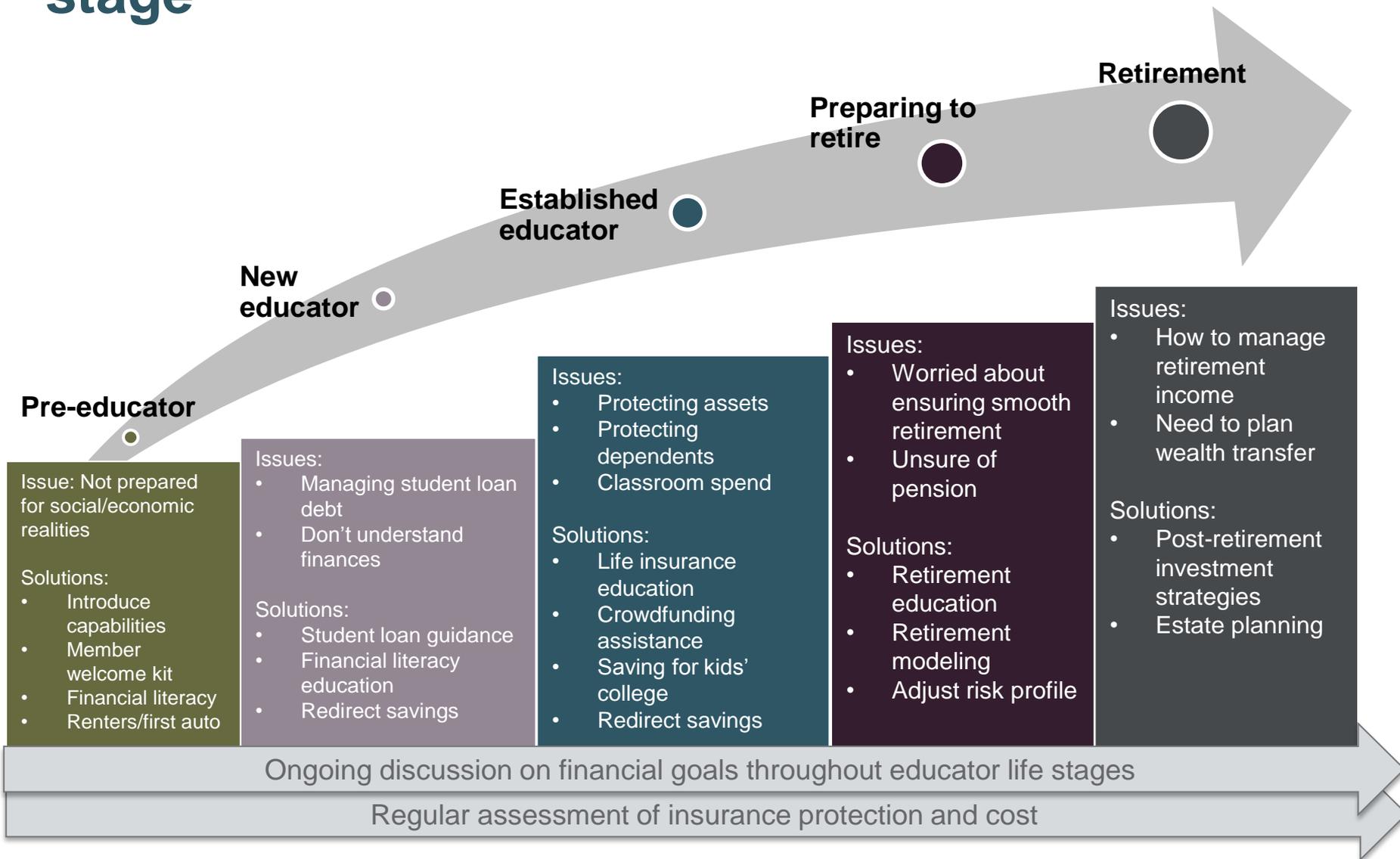
# Solid progress confirms roadmap for return to double-digit core ROE

Incremental gains realized since initiative introduced

## Return on Equity



# 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



We'll give you the tools you need to...

**Learn.** **Enroll.** **Control.**

Communication, Education & Enrollment    Horace Mann SmartPlan    24/7 Account Access



### Horace Mann Retirement Advantage™

START

Horace Mann  
Present by Educator for Educators

HELPING YOU CONNECT THE DOTS

17-18  
PLANNING  
CALENDAR

Classroom Crowdfunding

Financial Success

Student Loan Solutions

Retirement Planning

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Line 4  
Line 5

AUTO | HOME | LIFE | RETIREMENT

Leveraging our historical strengths with educators ...

# Our value proposition supports our solutions 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**

**Committed to Educators' Financial Well-Being**

Expertise solutions to the challenges school districts and their employees face every day — in and out of the classroom.

**Horace Mann Retirement Advantage™**

### Helps educators get retirement ready

We understand the challenges education faces — it's in our DNA. We designed Horace Mann Retirement Advantage™ not only to meet their unique challenges, but also to support plan sponsors in their decision-making process.

- Clear enrollment framework
- Streamlined selection of investments from a portfolio of 35 low-risk fund choices
- No transparency
- Customized investment management services
- Horace Mann-led, ready option

**Program Design**

Investment Flexibility | Fund Variety | Investment Oversight | Easy to Learn and Enroll

Program provides a number of additional features that allow plan sponsors to make changes to meet future needs.

While teachers and educators are a select few of those that fall outside of the typical range of most retirement plans, treatment of plan, asset classes and options to meet employee needs.

Optional advisory services available, either as an additional cost, can help provide transparency and greater level of confidence in the ongoing structure and monitoring of fund performance.

Horace Mann's SmartPlan education and professional sports helps participants learn about retirement planning options that use retirement features and assets of Horace Mann Retirement Advantage™. Once enrolled, teachers can monitor and manage the activity in their accounts.

**We have the experience and the expertise**

Horace Mann started offering 401(k) products for educators in 1981 and today it's one of the country's top five providers of these products. As an approved provider to 4,000+ employer plans, we have the knowledge and expertise to:

- **Work seamlessly** with school payroll systems and enrollment
- **Easily integrate** with school payroll systems and enrollment
- **Provide assistance** with enrollment oversight and other education-related investment services
- **Assist teachers and school employees** with enrollment, plan design, and retirement savings planning decisions

**Horace Mann**

Vanguard | AMERICAN FUNDS | THORNTON | MFS

## 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, sponsorships, and customized financial products to help them make smart decisions and feel more confident about their financial future.

| Challenges: FACING EDUCATORS  | Solutions: FROM HORACE MANN   | Benefits: FOR YOUR EDUCATORS, DISTRICTS AND EMPLOYERS        |
|---|---|--|
| New teachers often struggle to pay off student loans  | Student Loan Solutions  | • Less financial pressure<br>• More attractive career choice |
| Out-of-pocket expenses and financial challenges add to teacher's economic pressures, reduce morale and increase attrition | DonorsChoose.org workshops and funding<br>Financial Success workshops | • Greater financial security<br>• Improved morale            |
| Educators with inadequate retirement savings are more likely to retire later, increasing district benefit costs           | State Retirement workshops  | • Teachers who are better prepared for retirement            |

**Horace Mann** Use with plan sponsors only. Not to be confused with Horace Mann Investors, Inc. (Horace MI)

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

# Our value proposition uniquely differentiates Horace Mann in the marketplace

B2C



Leverage historic strengths...



B2B



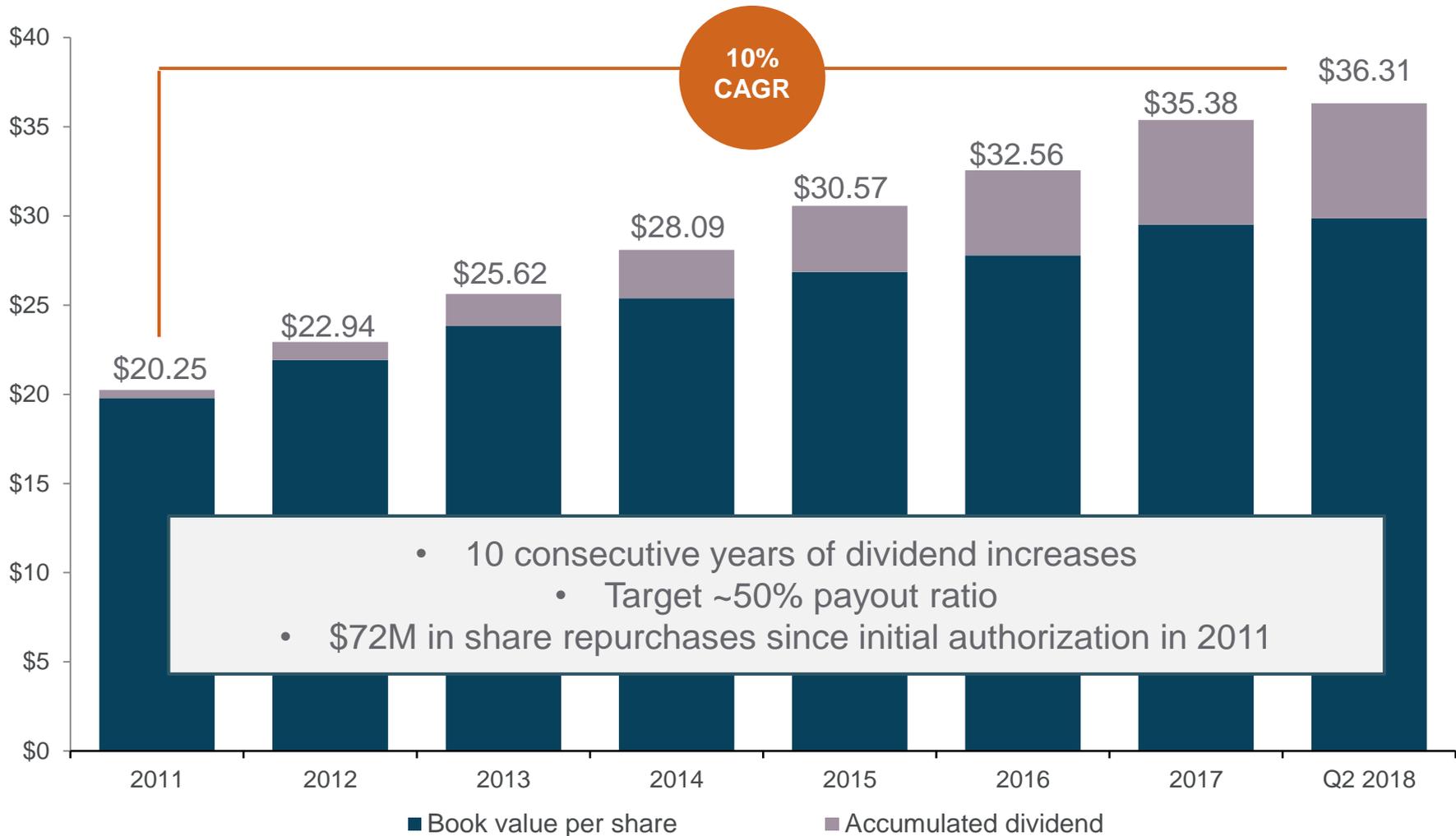
...while building capabilities



A complete solution for the education market

# Focus on long-term shareholder value

Top-quartile book value growth<sup>(1)</sup> and 2.7% dividend yield<sup>(2)</sup>



(1) Book value per share excluding net unrealized 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 6/30/18 closing stock price of \$44.60.

# Q&A

