
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: July 1, 2019

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))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Stock, \$0.001 par value	HMN	New York Stock Exchange

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

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. ___

Item 2.03: Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant

As previously disclosed, on June 24, 2019, Horace Mann Educators Corporation (Company), as borrower, replaced its current line of credit with a new five-year Credit Agreement (Credit Agreement). The new Credit Agreement increased the amount available on this senior revolving credit facility to \$225 million from \$150 million. PNC Capital Markets, LLC and JPMorgan Chase Bank, N.A. served as joint leads on the new agreement, with The Northern Trust Company, U.S. Bank National Association, KeyBank National Association, Comerica Bank and Illinois National Bank participating in the syndicate. Terms and conditions of the new Credit Agreement are substantially consistent with the prior agreement, with an interest rate based on LIBOR plus 115 basis points. The Company utilized the senior revolving credit facility to partially fund the acquisition of National Teachers Associates Life Insurance Company (NTA). Moving forward, the Company will use the senior revolving credit facility for ongoing working capital, capital expenditures and general corporate expenditures.

As described in Item 8.01 below, on July 1, 2019, the Company completed its acquisition of NTA. To fund a portion of the purchase price, the Company utilized \$180 million from its senior revolving credit facility as of July 3, 2019. The Company expects to reduce the amount outstanding under the senior revolving credit facility in the coming days as NTA and its subsidiaries are expected to make an approved distribution to the Company. By year-end 2019, the Company expects to have \$135 million outstanding under the senior revolving credit facility, with a debt-to-capital ratio below 25% and RBC ratios at each of its insurance subsidiaries at 425% or greater.

Item 8.01: Other Events

The Company issued a news release announcing on July 1, 2019, that it completed the acquisition of all the equity interests in NTA pursuant to a Purchase Agreement (Agreement) dated as of December 10, 2018, by and among the Company and Ellard Family Holdings, Inc., Brian M. Ellard and The JCE Exempt Trust. The stated purchase price of the transaction was \$405 million plus an additional \$20 million (approximately) representing NTA's share of "adjusted earnings" (as determined in accordance with the terms of the Agreement) from July 1, 2018 to July 1, 2019. As a result of the acquisition, NTA became a wholly owned subsidiary of the Company. A copy of the news release is filed as Exhibit 99.2 to this report.

The information set forth in Item 2.03 is incorporated herein by reference.

Item 9.01: Financial Statements and Exhibits

(a) Financial Statements of Business Acquired

The financial statements required to be filed under this Item 9.01(a) shall be filed by an amendment to this Form 8-K not later than 72 days after the date this Current Report on Form 8-K is required to be filed.

(b) Pro Forma Financial Information

The pro forma financial information required to be filed under this Item 9.01(b) shall be filed by an amendment to this Form 8-K not later than 72 days after the date this Current Report on Form 8-K is required to be filed.

(d) Exhibits

[Exhibit 99.1 Glossary of Selected Terms.](#)

[Exhibit 99.2 Horace Mann Educators Corporation news release dated July 1, 2019.](#)

Forward-looking Information

Statements included in the accompanying news release that state Horace Mann Educators Corporation's (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 Quarterly Report on Form 10-Q for the period ended March 31, 2019 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.

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: July 3, 2019

[\(Back To Top\)](#)

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, are not based on accounting principles generally accepted in the U.S. (non-GAAP) under applicable SEC rules because they are not displayed as separate line items in the Consolidated Statements of Operations or Consolidated Balance Sheets or are not required to be disclosed in the Notes to the Consolidated Financial Statements or, 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 U.S. (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, net of reinsurance and before income tax benefits that includes allocated loss

adjustment expenses and reinsurance reinstatement premiums; excluding unallocated loss adjustment expenses.

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 (loss) - 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 (loss)** - Pretax net income (loss) excluding pretax impact of net investment gains (losses), discontinued operations, and cumulative effect of changes in accounting principles when applicable. Income before income taxes 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 (loss) 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 - LTM: 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.

- **Core return on equity - LTM:** 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 - LTM is the most comparable GAAP measure.
- **Net income return on equity - Annualized:** The ratio of (1) annualized net income to (2) the 2 quarter average shareholders' equity (but the year-end measures are still based on a 5 quarter average).
- **Core return on equity - Annualized:** The ratio of (1) annualized core earnings to (2) the 2 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 (but the year-end measures are still based on a 5 quarter average). Net income return on equity - Annualized 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** - 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 annuity sales deposits are measured by the Company based on total recurring deposits as well as single deposits/rollovers. 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.

[\(Back To Top\)](#)

Section 3: EX-99.2 (EXHIBIT 99.2)

Exhibit 99.2

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News Release

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Horace Mann completes acquisition of National Teachers Associates

SPRINGFIELD, Ill., July 1, 2019 -- Horace Mann Educators Corporation (NYSE:HMN) announced today that it has closed the acquisition of supplemental insurance provider National Teachers Associates Life Insurance Company (NTA).

As a part of Horace Mann, NTA will continue to provide supplemental insurance products to the education market, building on nearly 50 years of experience in the sector. NTA specializes in developing, marketing and underwriting supplemental insurance products, including cancer and heart. The combined company will have an enhanced product set, additional points of distribution and expanded scale.

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, visit horacemann.com.

Safe Harbor Statement

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 Quarterly Report on Form 10-Q for the period ended March 31, 2019, 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.

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[\(Back To Top\)](#)