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EDITED TRANSCRIPT

HMN - Q3 2013 Horace Mann Educators Corp. Earnings Conference Call

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PRESENTATION

Operator

Good morning. My name is Kayla, and I will be your conference operator today. At this time, I would like to welcome everyone to the Horace Mann third-quarter earnings conference call. All lines have been placed on mute to prevent any background noise. After the speakers' remarks, there will be a question and answer session. (Operator Instructions)

Thank you. I would now like to turn the call over to Mr. Ryan Greenier. Please go ahead, sir.

Ryan Greenier - *Horace Mann Educators Corp. - VP, IR*

Thank you, Kayla, and good morning, everyone. Welcome to Horace Mann's discussion of our third-quarter results.

Yesterday we issued our earnings release and investor financial supplement. Copies are available on the Investors page of our website. Our speakers today are Marita Zuraitis, President and Chief Executive Officer, and Dwayne Hallman, Executive Vice President and Chief Financial Officer. Steve Cardinal, Executive Vice President of Markting; Matt Sharpe, Executive Vice President of Annuity and Life; and Tom Wilkinson, Executive Vice President of Property And casualty, are also available for the question and answer session that follows our prepared comments.

Before turning it over to Marita, I want to note that our presentation today includes forward-looking statements as defined in the Private Securities Litigation Reform Act of 1995. It simply cautions investors that any forward-looking statements include risks and uncertainties and are not a guarantee of future performance. These forward-looking statements are based on management's current expectations, and we assume no obligation to update them. Actual results may differ materially due to a variety of factors which are described in our press release and SEC filings.

In our prepared remarks, we may use some non-GAAP financial measures. Reconciliations of these measures to the most comparable GAAP measures are available in the supplemental sections of our press release.

I will now turn the call over to Marita Zuraitis.

Marita Zuraitis - *Horace Mann Educators Corp. - President & CEO*

Good morning, everyone, and welcome to our call.

After yesterday's market close, Horace Mann reported third-quarter operating income of $0.59 a share. Third-quarter results were strong across all three segments of our business, and we continue to see healthy topline growth. P&C results benefited from lower than expected catastrophes in the quarter and continued favorable prior-year reserve development. Excluding DAC unlocking, annuity earnings are trending better than we

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expected with strong growth in assets under management more than offsetting a modest degree of spread compression. Life earnings benefited from favorable mortality in the quarter.

Importantly, this quarter's strong earnings resulted in a 1.6% sequential increase in book value per share. Excluding the fair value adjustment for investments to $23.15, on a year-over-year basis, that increase was 9%.

Before turning the call over to Dwayne to provide more details on the quarter, I want to discuss our vision for Horace Mann. As a senior management team, we spent a fair amount of time over the last few months thinking about our go forward strategy. Horace Mann is a company that is focused on protecting the short-term risks and securing the long-term financial future of educators. The cornerstone of Horace Mann's experience is a personalized relationship with the educator, combined with the convenience of working with an agent right at the worksite. We provide multiple products that fit many but not all of an educator's protection and accumulation needs.

In school districts where we have high performing agents, we have strong brand recognition, better overall customer experience and good penetration, particularly with middle-aged educators. Our P&C retention and annuity and life persistency illustrate that when we have a relationship with an educator customer, we tend to keep them. And our customer base is receptive to purchasing multiple products from us, as evidenced by one of the strongest cross-sell ratios in the industry at almost 20%.

From a profitability perspective, this strategy has resulted in consistent and solid book value growth and has funded a compelling dividend to shareholders, while generating an acceptable return on equity. We have created a strong foundation that we can build on.

As we move forward, we will reach more educators and accelerate our organic growth. We will do this by deeply understanding our educator niche. Not all educators are the same, and their needs and preferences change over time. In order to offer a compelling value proposition to educators at each stage of their life cycle, we need to ensure that we have the right products, the right distribution and an efficient and highly effective infrastructure. Given our strong retention and persistency, attracting educators at each phase of their life cycle is the foundation of the Horace Mann strategy.

From where we stand today, we need to determine what products are missing and how best to incorporate them into our current product mix. As I look forward, I envision a product suite that allows our agents to say yes to most of an educator's asset protection and financial accumulation needs. This will allow our agents to retain and deepen educator relationships, allowing us to better understand our customer base and, importantly, not give our customers a reason to shop.

Regarding distribution, we have some very strong agents. The top 200 or so agents will become our benchmark.

They have strong cross-sell ratios, better profitability and stronger penetration in their school districts. Going forward, we seek to replicate the best practices of our top agents across the entire agency force. We plan to enhance training and provide better institutional support to equip them with the tools they need to be successful and feel confident selling our full suite of products to their customer base. We see growth opportunities by improving the productivity of our lower-tier agents as well.

And last but certainly not least is infrastructure. We have begun the process of investing in our systems and are committed to improving our technology. We are in a narrow segment of the P&C business with fairly predictable loss experience. We have been in this space for a long time, and we possess a significant amount of data. We can use this data in a more robust way to deploy non-rate underwriting actions, better pricing analytics, better pricing segmentation and better methodology to improve the loss ratio. Successfully executing on initiatives to enhance product distribution and infrastructure should result in a leverable position within the educator space.

I envision Horace Mann as a larger, more dominant player that provides top-tier customer experiences to our educator customers with segmented products along the educator lifecycle.

Importantly, this focus on product distribution and infrastructure will allow us to continue to generate strong, profitable growth and grow book value over time.

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It's too soon to say how long this will take. This is clearly a multiyear evolution. We have a strong foundation, as you can see in our year-to-date earnings, and I am excited about our path going forward.

Now I will turn the call over to Dwayne to take us through the quarterly results and how we are tracking to our goals.

Dwayne Hallman - *Horace Mann Educators Corp. - EVP & CFO*

Good morning, everyone.

Third-quarter operating income of $0.59 per share was a strong result, largely due to annuity and life earnings that exceeded our expectations, as well as weather trends that were favorable but not quite as favorable as last year's third quarter. Catastrophe losses of 6.4 points were below our expectations, but still above last year.

P&C after-tax net income of $11.1 million was $2.4 million lower than the prior-year quarter. On a reported basis, the combined ratio of 97.6% was 4.6 points higher than the prior-year quarter.

Two primary factors drove the change, with more than half or 2.4 points related to higher cats when compared to prior year. Although we didn't have any hurricane activity in the third quarter, there were some sizable catastrophes that occurred in August, particularly wind and hail of events in the upper Midwest. The second driver was an increase in the expense ratio of 1.5 points, reflecting infrastructure and technology investments, as well as updated benefit accruals, all planned and within expectations.

The underlying combined ratio of 94% was 2.8 points higher than the prior-year quarter.

In addition to the expense ratio increase that I just mentioned, we also saw slight increases in comprehensive and collision severity and frequency and less favorable weather trends in the current year.

Non-GAAP property loss results in the third quarter of last year were particularly good, given a relatively benign weather quarter. That said, the non-cat property loss ratio for this quarter was 50.4 points, a good result, but slightly above last year's result of 49.3 points.

As we have said before, given the size of our P&C book, our quarterly results can be somewhat volatile. Therefore, generally we look to our year-to-date results as a measure of the progress we are making towards our combined ratio targets.

On a year-to-date basis, the total P&C reported combined ratio was 99.4%, which includes 9 points of cat losses. On an underlying basis, the combined ratio was 92.8% when compared to the prior year-to-date ratio of 93.2%. The underlying loss ratio improved by 1.4 points, which was partially offset by an expected 1 point increase in the expense ratio.

In total, both the reported and underlying combined ratios were consistent with our expectations. Overall, our year-to-date underlying combined ratio reflects margin expansion from the rate actions we have taken. Loss cost trends continue to remain in line with our expectations, and we expect full-year results to produce modest progress towards our profitability goals.

Compared to the prior year, written premium grew 4% in the quarter to $152.5 million. Our rate plan generally remains on track with mid single-digit rate increases in auto and close to double digit increases in property through the end of the third quarter. Retention is solid at 85% in auto and 89% in property.

Auto new sales premium was up 7% both in the quarter and year to date, while property increased 17% and 13% over those same periods. Annuity after-tax net income, excluding DAC unlocking, was $10.8 million, 12% higher than the prior year. Assets under management increased more than 10% compared to a year ago, bolstered by strong deposit and sales activity, as well as financial market returns.

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The growth in assets helped to offset the operating income impact of declining investment spreads compared to last year. The year-to-date net interest spread of 198 was down 13 basis points from the prior year. However, it remained unchanged on a sequential basis. We were able to maintain stronger-than-expected spread levels in the quarter as a result of higher reinvestment rates, solid alternative investment returns and additional crediting rate actions.

We anticipate the net interest spread to trend downward modestly in the last quarter of the year, admittedly less than our original expectations. We still expect operating income to remain relatively stable with asset growth continuing to offset the impact of spread compression.

Third-quarter annuity sales are typically our highest quarter, given the important back to school enrollment period, and this quarter was no exception. Quarterly sales by Horace Mann agents were $87 million, a 21% improvement over the prior year. Our sales generally reflect the composition of our in-force book, predominantly tax qualified and fixed annuity products and a growing portion of plain-vanilla variable annuities with no living benefits. Sales and deposit trends remain strong, and we remain above pricing targets on our new business.

Our life segment operating income was $5.8 million, up 18% from the prior year. Earnings were ahead of expectations, primarily due to favorable mortality in the quarter. On a year-to-date basis, life operating income is running slightly below the prior-year level but still above our expectations. Sales continue to grow over prior-year levels, and we are encouraged by our early success in growing this business.

On a consolidated basis, after-tax net investment income was $52.7 million, modestly higher than the prior-year quarter. The primary contributor continues to be higher assets under management in the annuities segment.

Our new money rate was stronger than we expected in the quarter due to slightly higher interest rates. This created opportunities to add high-quality corporate, municipal and ABS exposure at attractive risk-adjusted yields. The relative outperformance in July and August resulted in a new money yield for the quarter in the high 4% range, a level that we don't expect to maintain in the fourth quarter, given the decline in rates.

In addition to rate changes, we saw a modest steepening of the yield curve during the quarter, as well as some spread widening in municipals. As a result, the net unrealized gain position declined by 18% during the quarter to about $280 million.

Net realized losses in the quarter were $900,000 after-tax or $0.02 per share. On a year-to-date basis, we had realized gains of $13.5 million after-tax or $0.32 per share.

Turning to the subject of earnings guidance, as a result of the strong year-to-date results in our annuity and life businesses and lower than expected third-quarter catastrophe losses, we are increasing our full-year operating earnings guidance to $1.95 to $2.05 per share. The revised guidance range assumes the fourth-quarter underlying auto loss ratio will be elevated and somewhat consistent with the prior year's fourth quarter, given seasonal loss patterns. Last year's underlying auto loss and loss adjustment expense ratio was 78 points. We have also included 3 to 4 points of catastrophe losses in our guidance.

Our infrastructure and technology investments will continue in the fourth quarter, and we expect our expense ratio to be similar to what we have reported on a year-to-date basis. All-in, for the entire year, we expect the underlying P&C combined ratio to be modestly better than the prior year, consistent with our original guidance.

Annuity and life earnings have outperformed our original guidance, and we expect these segments to continue to produce solid results. That said, we anticipate more moderate annuity earnings in the fourth quarter as a result of flat or perhaps even lower interest rates. Our expectations for the life segment reflect more normalized mortality levels.

In closing, the third quarter was another strong quarter for Horace Mann, and we are confident in our business performance. The segments are performing well, and we are achieving profitability improvements while also growing our business. We are well-positioned to implement enhancements to our products, distribution and infrastructure. These improvements will enable us to accelerate our growth momentum.

It's an exciting time here at Horace Mann, and I look forward to sharing more details with you in the future.

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Now I will turn the call over to Ryan to start the Q&A.

Ryan Greenier - *Horace Mann Educators Corp. - VP, IR*

Thanks, Dwayne. Kayla, please open up the line to begin the Q&A portion of the call.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) Vincent DeAugustino, KBW.

Vincent DeAugustino - *Keefe, Bruyette & Woods - Analyst*

Good morning and thanks for taking the questions. If I could just start by talking about the P&C core loss ratio the quarter, if I am thinking about this right, I think the third-quarter 2012 was your best third quarter since at least 2004. So in part what we are seeing is a pretty good result this quarter comparing to a really great weather environment in third-quarter 2012.

So understanding that in terms of how the comparisons shake out, if there was anything that I could nitpick on, it would be the auto core loss ratio. So I'm just curious if we could maybe dive into some of the underlying trends there and anything that was unique that maybe contributed to some of the volatility. I'm not sure if maybe non-cat flooding or anything like that was an issue for the auto line this quarter.

Tom Wilkinson - *Horace Mann Educators Corp. - EVP, Property and Casualty*

Probably the most unique thing was the trend that Dwayne pointed out with the increase in physical damage losses in the quarter. We had noticed this earlier in the year. The industry had been talking about some pressure on severities there. I'm fairly certain that the hail, some of the weather probably contributed to some of the pressure there too. So we see the same trends that the industry is seeing there.

We are taking some action on it. We are working on initiatives to lower the amount -- to lower our reliance on independent adjusters. We are trying to funnel more of our estimates to our own appraisers, as well as our preferred shops, and we think that we have seen a pretty significant increase in net activity already, and we think over time that is going to work to mitigate that elevation of the physical damage loss trends that we are seeing.

That's probably the high point or low point, actually, of the underlying auto combined ratio for the quarter.

Vincent DeAugustino - *Keefe, Bruyette & Woods - Analyst*

Okay. And then with a switch to independent adjusters, I'm assuming that using your own -- or, pardon me, a switch from -- using your own people, I guess, would lower the costs. Is there any type of parameters around what a typical claim cost would come in at, lower relative between the two?

Tom Wilkinson - *Horace Mann Educators Corp. - EVP, Property and Casualty*

I would be just guessing and giving you ranges on that.

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Marita Zuraitis - *Horace Mann Educators Corp. - President & CEO*

I don't think there's a specific number that we are shooting at, Vincent. But I am pretty impressed with the claims initiative that we have put in place to date and our claim leadership, and I think they are addressing the right things in our auto book to get those numbers down.

When you originally asked the question about loss ratio, you used the word unique, and I wouldn't say there's anything particularly unique in the quarter. Our auto results are clearly solid, but I do think there is areas of improvement that we can look to. And I mentioned those in my script. We have a fair amount of data. Obtaining that data is something that we do well. Retaining it and using it more robustly is something that we are going to be moving towards. I think that's going to lead to improved analytics, improved pricing segmentation, improved pricing methodology, all the things that I mentioned in the script.

Vincent DeAugustino - *Keefe, Bruyette & Woods - Analyst*

That's a perfect segue into the next question I was going to hit on. Looking out, how should we think about the combined ratio targets? It's not guidance per se, but with the margin improvement initiatives that you touched on, just looking at what you are shooting for, in the past the target was mid 90s total with a high 90s auto and low 90s property. And so would we say that that range is still appropriate but there's just increased confidence in hitting it, or is something like a mid 90s auto and high 80s property attainable after we worked through some of these initiatives over the next, call it, maybe two years?

Marita Zuraitis - *Horace Mann Educators Corp. - President & CEO*

Yes, I would say that the targets that we gave you are still what we are shooting at and that we have confidence in hitting those targets, and I think that's the right way to think about it. I think the rest of it, Vincent, really takes some time. There's no magic here. This is good old-fashioned understanding the numbers, rolling up your sleeves and driving some pretty specific analytics.

The good news is we have segments and geography in our business that are performing better than the average. As I mentioned, we have agents that have better penetration and, therefore, are pushing some pretty strong profitability numbers in auto, and then we have some that aren't quite as strong.

So I do think there's plenty of opportunity for us to continue to push. I think the targets that we have set are the right targets, but I think longer-term there's more that we can do here.

Vincent DeAugustino - *Keefe, Bruyette & Woods - Analyst*

Okay. And then one last one, if I can sneak it in, then I will re-queue. Matt, just looking at annuity sales, the agency force increase was really strong. I think the number was about 21%, and the supplemental independent agency sales were down.

Now the auto -- or, pardon me, the agency forced slice of that is a much bigger piece of the pie as far as your pipeline. So it is clearly the bigger positive. I'm just curious if you are seeing any different sales appetites through the two different channels that would be driving the disparate trends.

Dwayne Hallman - *Horace Mann Educators Corp. - EVP & CFO*

Well, let me start by restating the operating thesis that we have around the fixed annuity block. That's about 2/3 of our book, and our strategy is to layer on new business at or better than our pricing targets to soften the spread compression over time. And our exclusive agent force continues to demonstrate their ability to raise assets even in a lower rate environment, and that has really been the focus of our strategy is to deliver the additional layers of new business on to our book to help mitigate that spread compression.

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Now, we've seen a separation between the career force and the independent force, which is not unusual, based on the interest rate scenario that we are currently in, and the strategy continues to play out. And I would expect over time that the independent channel will recover as interest rates move back into the higher range or we bring additional products to market that might have more appeal to that group.

Operator

Robert Glasspiegel, Janney Capital Markets.

Robert Glasspiegel - *Janney Capital Markets - Analyst*

Just a question, Marita, on when you think you want to articulate financial goals that we should be evaluating how you are doing as a CEO, and specifically what are the numbers we should look at to see whether you are meeting your objectives?

Marita Zuraitis - *Horace Mann Educators Corp. - President & CEO*

Bob, I don't think there's anything magic here. I think they are already what we put in front of you as far as our financial goal.

I do think, as we think about taking this very specific niche segment, using the data that we have, using the knowledge that we have of teachers, not only to improve the profitability but also to improve the penetration, improve the organic growth, I think I stated it all upfront in the scripted comments as to what we are looking to and how we are thinking about it, and I think we've put in front of you our current targets. And as those targets change and as we think about the business as the strategy evolves, we will certainly let you know if any of those specific numbers change.

Robert Glasspiegel - *Janney Capital Markets - Analyst*

And do you think about capital differently than your predecessors? You worked at firms that were more aggressive at returning excess capital than Horace Mann has been of late, and you have RBC ratios and excess capital positions that are substantial. How do you think about that lever?

Marita Zuraitis - *Horace Mann Educators Corp. - President & CEO*

Yes, the way I think about it, Bob, is I think Horace Mann has had a very appropriate capital management strategy, and I don't see any reason to change that capital management strategy going forward. I think it includes all the right elements of an appropriate capital management strategy, so I'm pretty comfortable with it.

Robert Glasspiegel - *Janney Capital Markets - Analyst*

So RBC ratios of 500% are what we should think in terms of for the foreseeable future?

Dwayne Hallman - *Horace Mann Educators Corp. - EVP & CFO*

If I could just a couple of comments on that, you are right; we do run higher RBC ratios. And I guess compared to some of the larger companies that you cover, I would say we certainly get the small company penalty and would be required to somewhat carry a bit higher RBC ratio.

That said, obviously with the stock price, we haven't been in the market buying shares very much in the -- it was just a negligible amount in the third quarter. But, as you might recall from previous conversations, we moved an annual discussion of capital levels, dividends and buyback opportunities to our March board meeting. So I would expect at our March board meeting to be, obviously, discussing our alternatives, our target levels.

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But, more importantly, as we start to weigh our strategy and Marita's views of our future, we want to make sure that we do have the capital so we can grow organically. Given our size company, if we were to push too much capital out and we did see our growth opportunities and wanted to take advantage of it, given our size, it would be quite expensive to raise capital to do that. But we will manage this probably still somewhat in a conservative manner, but recognizing the fact that we do have excess capital and we want to put it to work. And ultimately, if we can't, we will certainly return it to shareholders.

Marita Zuraitis - *Horace Mann Educators Corp. - President & CEO*

Bob, Dwayne is absolutely right. We are very bullish on organic growth. I mentioned in the script how we feel about that going forward, where it might come from, and it's a certainly nice to have the capital to be able to contemplate that.

Robert Glasspiegel - *Janney Capital Markets - Analyst*

I hear you. Last question -- expense ratio is elevated for, quote, investments. When you look out three to five years, Marita, what sort of expense ratio target do you think we should think in terms of being appropriate?

Marita Zuraitis - *Horace Mann Educators Corp. - President & CEO*

Yes, I think three to five years is too far for anybody to think out and certainly for me to think out. What I would say, Bob, though, is the expense ratio the way it stands today doesn't include anything that we haven't already talked about going forward, and that clearly would be our path.

As we look at what we might need to invest in to push some of that organic growth, we will be very transparent as to what those chunks might look like and what effect they might have on the expense ratio. I would say today our expense ratio looks fairly appropriate for the Company. If that changes, we will make sure we are very transparent laying out an investment strategy going forward.

Robert Glasspiegel - *Janney Capital Markets - Analyst*

So we shouldn't think in terms of the investments you are making today as elevating the expense ratio? This is a new run rate going forward? Is that what you are saying? I just want to make sure I followed.

Dwayne Hallman - *Horace Mann Educators Corp. - EVP & CFO*

The year-to-date expense ratio -- I think that would be an appropriate level that you could assume on a go forward basis. Obviously, we have to be careful that we invest and growth will pay for it. But once again, with our organic growth opportunities, that will help the opportunity to continue to make investments without elevating the expense ratio.

Marita Zuraitis - *Horace Mann Educators Corp. - President & CEO*

Yes, just like we have done in the past, when we have something that's outside of the normal run rate, we will let you know about it and make sure that that's transparent.

Operator

Vincent DeAugustino, KBW.

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Vincent DeAugustino - *Keefe, Bruyette & Woods - Analyst*

I just wanted to follow up on Bob's question on capital. I appreciate the color you have already given there, so I just wanted to ask a question maybe in a different way. So with share repurchase activity being less economical, to your point, and earlier this year increasing the dividend quite nicely, I am curious if something like a variable dividend on top of the stated ordinary -- if something like that would make sense given, a) the potential weather volatility in your results, and then, b), you having the flexibility to respond to earnings, as well as having capital on hand to respond to organic growth opportunities. I'm just curious if something like that would cover all the bases as far as having the capital plans in place, to your point about giving back excess capital but still having, let's say, not getting into the situation where you have an overly burdensome dividend in the context of share repos not being that economic.

Dwayne Hallman - *Horace Mann Educators Corp. - EVP & CFO*

That's a great question. It's exactly one of the scenarios that we build in our capital plan as we visit with the board, laid out that base dividend, as you call a variable dividend or some special dividend. That's one reason why we moved our whole capital management discussion. Not that we don't talk about it at every board meeting, but the more formal, deeper-dive analysis, we moved that from December to our March board meeting so we can, in fact, have the year-end results, understand where we ended, reconfirmed what our plans are for the following two years and then make some call to that.

So you are exactly right. It's one of the conversations that we have. Once again, just being focused on what our strategic plan is going to fall out and look like, we will make sure we are well-positioned there and not overextend ourselves.

Vincent DeAugustino - *Keefe, Bruyette & Woods - Analyst*

Okay. Perfect. And then just on one of the points on the longer-term strategy of expanding the educator net, as far as looking at some of the larger school districts, I've always thought about those as being a little bit tougher to penetrate, maybe a little bit more formal as far as processes to get in and just more competitors. So how should we think about Horace Mann's traction and kind of expanding into that arena, and what type of market share gains would be considered a success?

And then also just curious, from an investment standpoint, if it would take any type of personnel investments or basically if you can attack that part of the strategy with the current team that is on the field.

Marita Zuraitis - *Horace Mann Educators Corp. - President & CEO*

Vincent, I will let Steve jump in, in a minute. But putting that into context, I think, first and foremost, the growth strategy starts with filling in the educator lifecycle portrait, filling in the products, filling in the services and the gaps that we have today in the existing K-12 public space, whether we take the risk or not.

Then, next, we look to what I have called some natural adjacencies. And those natural adjacencies include K-12 private, and they include larger school districts, maybe not necessarily the mega school districts. And you are absolutely right that when you think about that adjacency, you have to put the product and the distribution and the infrastructure ahead of going in that space because, although we are not talking mega districts, but larger districts are different, and the access is a little bit different. We might need institutional support for those districts to supplement our current distribution, and you have to think about putting the cart before the horse, if you will, as you think about those.

Vincent DeAugustino - *Keefe, Bruyette & Woods - Analyst*

Okay. Perfect. And then just one numbers question, as far as the P&C tax rate, that has been somewhat better than I have been looking for in the last couple quarters. So I was just curious if I have just been missing something or if there is anything under the hood moving around there.

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Dwayne Hallman - *Horace Mann Educators Corp. - EVP & CFO*

No, Vincent -- this is Dwayne -- you didn't miss anything. In the third quarter, as we finalized our tax return for the previous year, we do have some trueups to our provision. That was a favorable item that came through in the quarter. And then as you have noticed, we have had a number of incentive stock options being exercised under certain plans that were filed. And as a result of that, as those are exercised, it triggers a tax benefit. So that has come through the quarter as well.

Then we had a bit more tax expense and DRD increases that you are seeing in P&C. So a little low on the effective tax rate for the quarter, but looking at the year-to-date number, probably a little bit more representative of what you could expect.

Operator

Thank you. At this time, there are no further questions.

Ryan Greenier - *Horace Mann Educators Corp. - VP, IR*

Thank you for joining us this morning on Horace Mann's third-quarter earnings call. If anyone has any further questions, don't hesitate to reach out to me. Thanks.

Operator

Thank you. This does conclude today's conference call. You may now disconnect.

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