

FORM A - Public  
APPLICATION FOR APPROVAL OF THE ACQUISITION OF CONTROL OF  
NATIONAL TEACHERS ASSOCIATES LIFE INSURANCE COMPANY  
By  
HORACE MANN EDUCATORS CORPORATION

(a) Statement regarding the acquisition or change of control of a domestic insurer. Submit information concerning the acquisition or change of control of a domestic insurer as specified in subsections (b) – (n) and (p) of this section.

Separately, provide the information required in subsections (o) and (p) of this section for a divestiture of control.

(b) Insurers and method of acquisition.

(1) State the name of the acquiring person (applicant), the date the application is filed, and the name, title, address, and telephone number of the individual to whom notices and correspondence concerning this statement should be addressed.

This Application for Approval of the Acquisition of Control of a Domestic Insurer (this "Application") seeks the prior approval of the Commissioner of Insurance of the State of Texas (the "Commissioner") of the acquisition of control of National Teachers Associates Life Insurance Company, a Texas-domiciled insurer (the "Domestic Insurer"), by Horace Mann Educators Corporation, a publicly-traded corporation (the "Applicant").

This Application is filed as of February 12, 2019.

The names, titles, and telephone numbers of individuals to whom notices and correspondence concerning this Application should be addressed are:

Donald M. Carley  
SVP, General Counsel & Corporate Secretary  
Horace Mann Educators Corporation  
1 Horace Mann Plaza  
Springfield, IL 62715-0001  
Telephone: (217) 788-5767

Email: [REDACTED]

with a copy to:

Ling Ling  
Eversheds Sutherland (US) LLP  
700 6<sup>th</sup> Street  
Washington, DC 20001  
Telephone: (202) 383-0236

Email: [REDACTED]

**(2) State the name and address of the domestic insurer to which this application relates and a brief description of how control is to be acquired.**

This Application seeks the approval of the Commissioner of the acquisition of control of the Domestic Insurer by the Applicant. The name and statutory home office address of the Domestic Insurer are:

National Teachers Associates Life Insurance Company  
4949 Keller Springs Rd.  
Addison, Texas 75001-5910

The Domestic Insurer is the direct parent of NTA Life Insurance Company of New York, a New York domiciled insurer ("NTANY"). The Domestic Insurer's direct parent is Ellard Enterprises, Inc., a Texas corporation ("EEI"), and 91.9298% of the voting securities of EEI are currently owned by NTA Life Enterprises, LLC ("Parent"). The remaining voting securities of EEI are owned by Brian M. Ellard, an individual residing in the State of Texas ("Ellard"), and The JCE Exempt Trust, a Texas irrevocable trust (the "Trust" and, together with Ellard, the "Minority Shareholders"). Parent is a direct, wholly-owned subsidiary of Ellard Family Holdings, Inc., a Nevada corporation ("Seller").

The Parent, which is proposed to be acquired by the Applicant, is a Texas limited liability company. It was converted from a Texas corporation, EE Holdings, Inc. on December 18, 2015. The sole member (or owner) of Parent is Seller, Ellard Family Holdings, Inc. The sole member has the exclusive right to sell, transfer, encumber or assign all or any of its membership interest in Parent.

The Parent is managed by its Board of Managers, which consists of one or more managers. The current Board of Managers consists of Betty Jo Ellard, a Texas resident, and Wade Rugenstein, a Texas resident. Betty Jo Ellard, along with her family, owns Seller and will cease to be a manager of Parent following the consummation of the sale. The Applicant and Parent expect that Wade Rugenstein will continue to be a manager and that Timothy Darley will become a manager following the consummation of the sale. Mr. Rugenstein and Mr. Darley are both currently directors and/or officers of the Domestic Insurer.

The Domestic Insurer is presently licensed to sell life insurance, as well as accident and health insurance, in 49 states (excluding the State of New York), the District of Columbia and the U.S. Virgin Islands.

Pursuant to a Purchase Agreement dated as of December 10, 2018, by and among the Seller, the Minority Shareholders and the Applicant (the "Purchase Agreement"), and subject to the terms and conditions stated therein, the Applicant will purchase from Seller all of its membership interests in Parent and will purchase from the Minority Shareholders all of their shares of EEI. A copy of the Purchase Agreement is attached hereto as Exhibit 1. By virtue of the acquisition of all of the membership interests in the Parent and the acquisition of all of the Minority Shareholders' shares of EEI, the Applicant will indirectly acquire the Domestic Insurer and its wholly-owned subsidiary, NTANY. The acquisition contemplated by the Purchase Agreement is referred to in this Application as the "Proposed Transaction."

As a result of the Proposed Transaction, the Applicant will become the sole shareholder of Parent, and will indirectly control 91.9298% of the voting securities of EEI and directly control the remaining 8.0702% of the voting securities of EEI.

Immediately following the Proposed Transaction, it is proposed that EEI will distribute 100% of its shares in the Domestic Insurer to Parent, and following such distribution, it is proposed that the Domestic Insurer will distribute 100% of its shares in NTANY to Parent (the "Subsequent Distributions"). The Domestic

Insurer's distribution of its NTANY shares will be deemed a dividend and will be included in the Notice of Extraordinary Dividend Form E Filing to be made by the Domestic Insurer and discussed below.

After the closing of the Proposed Transaction and the Subsequent Distributions, both the Domestic Insurer and NTANY will become wholly-owned direct subsidiaries of Parent. Accordingly, the Applicant will become the ultimate controlling person of both the Domestic Insurer and NTANY.

**(c) Identity and background of the applicant.**

**(1) State the name and address of the applicant seeking to acquire control over the insurer.**

The name and principal business address of the Applicant is:

Horace Mann Educators Corporation  
1 Horace Mann Plaza  
Springfield, Illinois 62715

**(2) If the applicant is not an individual, state the nature of its business operations for the past five years or for such lesser period as the person and any predecessors have been in existence and fully describe any business the person intends to commence.**

The Applicant is a stock corporation incorporated under the laws of the State of Delaware. The Applicant was founded in 1945 and is publicly traded on the New York Stock Exchange (NYSE: HMN). The Applicant acts as a holding company for insurance companies, as well as financial services companies. Through its subsidiaries, the Applicant markets and underwrites personal lines of property and casualty (primarily personal lines of automobile and property) insurance, retirement products (primarily tax-qualified annuities) and life insurance in the U.S. Its products are primarily marketed to K-12 teachers, administrators and other public school employees and their families. The Applicant has six insurance company subsidiaries, three of which are licensed in New York. Specifically, Horace Mann Insurance Company, Horace Mann Property & Casualty Insurance Company and Teachers Insurance Company are New York-licensed subsidiaries of the Applicant. The Applicant has a Standard & Poor's financial strength rating of A, and the Applicant's insurance company subsidiary have an A.M. Best Company, Inc. financial strength rating of A (Excellent).

As reported in the Applicant's 2017 10-K filing, its total assets increased to \$11,198.3 million at December 31, 2017, from \$10,576.8 million at December 31, 2016. The Applicant generated revenues of \$1,171.5 million, \$1,128.9 million and \$1,080.4 million in 2017, 2016 and 2015, respectively. In addition, the Applicant generated net income of \$169.4 million, \$83.8 million and \$93.5 million in 2017, 2016 and 2015, respectively.

As reported in the Applicant's Form 10-Q filing, the Applicant had total assets of approximately \$11,280.8 million as of September 30, 2018.

The Applicant intends to continue offering insurance products and services through its subsidiaries, including the Domestic Insurer (pending approval of this Application), using their present method of operation following the approval and closing of the Proposed Transaction.

**(d) Identity and background of individuals associated with the applicant. Furnish only the information requested under Insurance Code §823.201(b) for the applicant if the person is an individual,**

or for all persons who are directors, executive officers, or direct or indirect owners of 10 percent or more of the voting securities of the applicant if the applicant is not an individual.

A list of all current and proposed directors and executive officers of the Applicant is attached hereto at Exhibit 2.

**(e) Nature, source, and amount of funds or other consideration.**

**(1) Describe the nature, source, and amount of funds or other consideration used or to be used in effecting the merger or other acquisition of control. If any part is represented or is to be represented by funds or other consideration borrowed or otherwise obtained for the purpose of acquiring, holding, or trading securities, furnish a description of the transaction, the names of the parties, the relationship, if any, between the borrower and the lender, and the amounts borrowed or to be borrowed.**

The initial base price to be paid in connection with the Proposed Transaction is \$405 million, which amount is subject to adjustment pursuant to the terms of the Purchase Agreement (as so adjusted, the "Purchase Price"). 93.866% of the Purchase Price shall be payable to the Seller and 3.067% of the Purchase Price shall be payable to each of Ellard and the Trust. As set forth in the Purchase Agreement, at the closing of the Proposed Transaction, \$20 million will be paid by Applicant into an escrow account to be used as a source of funds for post-closing adjustments to the Purchase Price and indemnification.

The Proposed Transaction will be an all-cash transaction and is not subject to any financing condition. The transaction can be funded with cash from the Applicant and \$250 million of new senior debt issued prior to closing, although the Applicant may explore additional financing options that could optimize its liquidity position or further enhance return on equity.

After giving effect to the Proposed Transaction, the RBC ratio of the Domestic Insurer will be maintained at or above 425% company action level RBC.

**(2) If the source of the consideration is a loan made in the lender's ordinary course of business and if the applicant wishes the identity of the lender to remain confidential, the applicant must specifically request that the identity of the lender be kept confidential and not include the identity of the lender with the information required by this section.**

Please see commentary immediately above.

**(f) Future plans for insurer.**

**(1) Describe any plans or proposals which the applicant may have or may contemplate making to cause the insurer to pay dividends or make other distributions, liquidate the insurer, sell any of its assets, merge or consolidate it with any person or persons, make any other material change in its business operations or corporate structure or management, or cause the insurer to enter into material agreements, arrangements, or transactions of any kind with any party.**

Except as described in this Application, the Applicant has no present plans or proposals to cause the Domestic Insurer to liquidate the Domestic Insurer, sell any of the Domestic Insurer's assets (other than such sales of assets as may be contemplated in the ordinary course of Domestic Insurer's business), merge or consolidate the Domestic Insurer with any person or persons, make any other material change in the business operations or corporate structure or management of the Domestic Insurer, or cause the

Domestic Insurer to enter into material agreements, arrangements, or transactions of any kind with any party.

As described above, immediately following the Proposed Transaction, it is proposed that the Subsequent Distributions will be effected, thereby causing both the Domestic Insurer and NTANY to become wholly-owned direct subsidiaries of Parent.

In connection with the Proposed Transaction, the Domestic Insurer will seek the Commissioner's approval to declare an extraordinary dividend which would be paid following the closing date of the Proposed Transaction. Such extraordinary dividend will consist of cash, as well as all shares of NTANY owned by the Domestic Insurer. The aggregate amount of dividend will be actuarially determined in compliance with all applicable Texas Insurance Laws and standards. After giving effect to the dividend, the Domestic Insurer's Company Action Level RBC Ratio will be maintained at least at 425%. The Notice of Extraordinary Dividend Form E Filing will be separately prepared by the Domestic Insurer and filed with the Department shortly after the filing of this Application.

As noted elsewhere in this Application, it is proposed that both the Domestic Insurer and NTANY will become direct subsidiaries of the Parent immediately following the closing of the Proposed Transaction as a result of the Subsequent Distributions. Following such distribution of the NTANY shares, the Domestic Insurer will be released from its obligations under the Parent Company Letter of Guarantee, dated November 6, 2013 pursuant to which the Domestic Insurer guarantees a minimum capital level of NTANY. This guarantee obligation will be taken over by the Applicant.

The Domestic Insurer is currently a party to intercompany agreements with its affiliated entities, and certain of these intercompany agreements may need to be amended or terminated as a result of the Proposed Transaction and Subsequent Distributions. The requisite Form D filings will be made with respect to any such amendments.

Further, the Applicant and certain of its subsidiaries are parties to intercompany agreements for the purpose of sharing costs and services. EEI and/or certain of its subsidiaries, including the Domestic Insurer, will be added to such intercompany agreements at or after the closing of the Proposed Transaction and the requisite Form D filings will be made with respect to any such additions. The anticipated intercompany agreements will include tax sharing agreement and shared services agreements, which would cover accounting, payroll/benefits and all other shared services.

Attached hereto at Exhibit 3 is a list of the proposed directors and executive officers of the Domestic Insurer following the closing of the Proposed Transaction.

**(2) Describe any other arrangement or agreement, oral or written, entered into by any acquiring party or any of its affiliates and the domestic insurer during the immediately preceding 12 months.**

Except as described in this Application, there are no contracts, arrangements, or understandings between the Applicants, or any person controlling, controlled by or under common control with the Applicant, and the Domestic Insurer during the immediately preceding 12 months.

**(g) Voting securities to be acquired. State the number of shares of the insurer's voting securities and the amount or number of shares convertible into voting securities which the applicant, its affiliates, and any person listed in subsection (d) of this section plan to acquire, and the terms of the offer, request, invitation, agreement, or acquisition.**

The Domestic Insurer is currently a direct, wholly-owned subsidiary of EEI, which is currently 91.9298% owned by Parent. The remaining shares of EEI are owned by the Minority Shareholders. The Domestic Insurer has authorized 3,000,000 shares of common stock, par value of \$1.00 per share, of which 2,500,000 shares are currently issued and outstanding. The Domestic Insurer has no preferred stock outstanding.

As set forth in the Purchase Agreement, the Applicant will purchase from Seller all of its membership interests in Parent and will purchase from the Minority Shareholders all of their shares of EEI. As a result, following the closing of the Proposed Transaction and the contemplated Subsequent Distributions, the Domestic Insurer will be an indirect, wholly-owned subsidiary of the Applicant.

The initial base price to be paid in connection with the Proposed Transaction is \$405 million, which amount is subject to adjustment pursuant to the terms of the Purchase Agreement. 93.866% of the Purchase Price shall be payable to the Seller and 3.067% of the Purchase Price shall be payable to each of Ellard and the Trust. As set forth in the Purchase Agreement, at the closing of the Proposed Transaction, \$20 million will be paid by Applicant into an escrow account to be used as a source of funds for post-closing adjustments to the Purchase Price and indemnification.

**(h) Ownership of voting securities. State the amount of each class of any voting security of the insurer which is beneficially owned or concerning which there is a right to acquire beneficial ownership by the applicant, its affiliates, or any person listed in subsection (d) of this section.**

To the knowledge of the Applicant, except as described in this Application, neither the Applicant, nor any person controlling, controlled by or under common control with the Applicant, nor any persons listed in subsection (d) is the holder of record or beneficially owns or has a right to acquire beneficially any equity securities of the Domestic Insurer or any securities convertible into or evidencing a right to acquire any such voting securities whether or not such right of conversion or acquisition is exercisable immediately or at some future time.

**(i) Contracts, arrangements, or understandings with respect to voting securities of the insurer. Give a full description of any contracts, arrangements, or understandings with respect to any voting security of the insurer in which the applicant, its affiliates, or any persons listed in subsection (d) of this section is involved, including, but not limited to, transfer of any of the securities, joint ventures, loan or option arrangements, puts or calls, guarantees of loans, guarantees against loss, guarantees of profits, division of losses or profits, or the giving or withholding of proxies.**

Except as described in this Application, there are no contracts, arrangements, or understandings between the Applicant, or any person controlling, controlled by or under common control with the Applicant, or any person listed in subsection (d), and any other person with respect to any securities of the Domestic Insurer, including but not limited to transfer of any of the securities, joint ventures, loan or option arrangements, puts or calls, guarantees of loans, guarantees against loss, guarantees of profits, division of losses or profits, or the giving or withholding of proxies.

**(j) Recent purchases of voting securities. Describe any purchases of any voting securities of the insurer by the applicant, any of its affiliates, or any person listed in subsection (d) of this section during the 12 calendar months preceding the filing of this statement. Include in the description the dates of purchase, names of the purchasers, and consideration paid or agreed to be paid. State whether any shares so purchased are hypothecated.**

During the twelve (12) calendar months preceding the filing of this Application, neither the Applicant, nor, to the best knowledge of the Applicant, any person controlling, controlled by or under common control with, the Applicant, nor any person listed in subsection (d), has purchased any voting securities of the Domestic Insurer.

**(k) Recent recommendations to purchase. Provide a copy of any written, or a confirmed description of any oral, recommendations to purchase any voting security of the insurer made by the applicant, any of its affiliates, or any person listed in subsection (d) of this section, or by anyone based on interviews with or at the suggestion of the applicant, any of its affiliates, or any person listed in subsection (d) of this section during the 12 calendar months preceding the filing of this statement.**

Neither the Applicant, nor, to the best knowledge of the Applicant, any person controlling, controlled by or under common control with, the Applicant, nor any person listed in subsection (d) above, nor anyone based upon interviews or at the suggestion of the Applicant, nor, to the best knowledge of the Applicant, any person controlling, controlled by or under common control with, the Applicant, nor any person listed in subsection (d), above, made any recommendations to purchase any voting security of the Domestic Insurer during the twelve (12) calendar months preceding the filing of this Application.

**(l) Agreements with broker-dealers. Provide a copy of any written, or a confirmed description of any oral, agreement, arrangement, or understanding made with any broker-dealer as to the solicitation of voting securities of the insurer for tender, and the amount of any fees, commissions, or other compensation to be paid to broker-dealers.**

Except as described in the Application and the Purchase Agreement, no person has been employed, retained or will be compensated by the Applicant, or by any person on the Applicant's behalf, to make solicitations or recommendations to security holders for the purpose of assisting in the acquisition of control. Other than Guggenheim Securities, LLC, no broker, finder or investment banker is entitled to any brokerage, finder's or other fee or commission in connection with the Proposed Transaction based upon arrangements made by or on behalf of the Applicant.

**(m) Financial statements and exhibits.**

**(1) Under this subsection provide only a list of the financial statements, financial projections, and exhibits submitted with Form FIN598, Form A – Supplemental Information under Enterprise Risk, subsection (w).**

The following financial statements, financial projections, and exhibits are submitted with Form FIN598, Form A- Supplemental Information under Enterprise Risk, subsection (w):

- (i) Three-Year Financial Projections for the Applicant.
- (ii) Three-Year Financial Projections for the Domestic Insurer.

**(2) The financial statements must include the annual financial statements of the applicant for the preceding three fiscal years (or for such lesser period as the applicant and any predecessors have been in existence), and similar unaudited financial information as of a date not earlier than 120 days prior to the filing of the statement, accompanied by affidavit or certification of the chief financial officer of the applicant that the unaudited financial statement is true and correct, as of its date, and that there has been no material change in financial condition, as defined by the Act, from the date of the financial statement to the date of the affidavit or certification. The statements may be prepared on either an individual basis, or, unless the commissioner otherwise requires, on a**

consolidated basis if the consolidated statements are prepared in the usual course of business. A link to where the information is located can be provided as an alternative to hard copy or electronic attachments with the Form A. This only pertains to files that already have been filed with the department, the National Association of Insurance Commissioners, or another regulatory agency that easily can be accessed electronically.

Attached hereto at Exhibit 4 are the consolidated annual financial statements for the Applicant as of and for the years ended December 31, 2017, December 31, 2016 and December 31, 2015, together with an opinion of its independent certified public accountant for each such year.

Attached hereto at Exhibit 5 is the unaudited consolidated financial statements for the Applicant as of and for the quarter ended September 30, 2018.

**(3) Unless exempted by the commissioner, the annual financial statements of the applicant must be made in accord with generally accepted auditing standards and accompanied by the certificate of an independent certified public accountant that the statements present fairly the financial position of the applicant and the results of its operations for the year then ended, in conformity with generally accepted accounting principles or with requirements of insurance or other accounting principles prescribed or permitted under law. If the certificate is not available, then the financial statement must be sworn to by the applicant as correctly reflecting its financial condition, and in that case, the commissioner at the commissioner's discretion may require the financial statement to be certified by an independent public accountant.**

**(4) If the applicant is an insurer which is actively engaged in the business of insurance and licensed to do business in this state, it may provide financial statements which conform to the annual statements of the insurer filed with the insurance department of the insurer's domiciliary state and which are in accord with the requirements of insurance or other accounting principles prescribed or permitted under the law and regulations of the domiciliary state.**

**(5) File as exhibits copies of all tender offers for, requests or invitations for, tenders of, exchange offers for, and agreements to acquire or exchange any voting securities of the insurer and (if distributed) of additional soliciting material.**

A copy of the Purchase Agreement is attached hereto at Exhibit 1.

**(n) Enterprise risk management. Applicant agrees to provide, to the best of its knowledge and belief, the information required by the Enterprise Risk Report, Form F, under Insurance Code §823.0595, as applicable, within 15 days after the end of the month in which the acquisition of control occurs.**

The Applicants agree to provide, to the best of the Applicants' knowledge and belief, the information required by the Enterprise Risk Report, Form F, under Insurance Code §823.0595, as applicable, within 15 days after the end of the month in which the acquisition of control occurs.



**NOTICE OF DIVESTITURE OF CONTROL**  
**(COMPLETE ONLY IF APPLICABLE)**

**(o) Notice regarding *divestiture of control* under Insurance Code §823.154.**

**(1) Provide the name of the domestic insurer and divesting person (applicant), the date the application is filed, and the name, title, address, and telephone number of the individual to whom notices and correspondence concerning this statement should be addressed.**

N/A

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**(2) Provide notice that applicant is divesting control of the above-named insurance companies and describe how control is being divested and include the percentage of control being divested.**

N/A

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**(3) Describe and state the name of the person in control of the insurer before and after the divestiture of control.**

N/A

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**(4) Supplemental information required under Insurance Code §823.201(e) to evaluate the enterprise risk to the insurer must be submitted separately under Form FIN598, Form A – Supplemental Information under Enterprise Risk, subsection (y).**

N/A

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**(p) Signature and certification. Signature and certification of the Form A - Public in the following form, except for alien applicants, which must submit a certification acceptable in their jurisdiction:**

SIGNATURE

Pursuant to the requirements of Insurance Code Chapter 823, Horace Mann Educators Corporation has caused this application to be signed on its behalf in the City of Springfield and State of Illinois, on February 12, 2019.

HORACE MANN EDUCATORS CORPORATION

(Seal)

By: Bret A. Conklin

Name: Bret A. Conklin

Title: Executive Vice President and Chief Financial Officer

Attest:

Donald M. Carley  
(Signature of Officer)

Name: Donald M. Carley

Title: Senior Vice President, General Counsel and Corporate Secretary

CERTIFICATION

THE STATE OF ILLINOIS  
COUNTY OF SANGAMON

Before me, the undersigned authority, on this day personally appeared Bret A. Conklin known to me to be the Executive Vice President and Chief Financial Officer of Horace Mann Educators Corporation who, after being placed on his or her oath, stated that he has read the preceding application and that the answers, exhibits and attachments forming it are true and correct as to any factual statements contained.

Bret A. Conklin  
(Signature)

Sworn to and subscribed before me on February 12, 2019, to certify which witness my hand and seal of office.

Christina K. Dionne  
Notary Public in and for

(Seal)

Springfield, IL County, Sangamon

