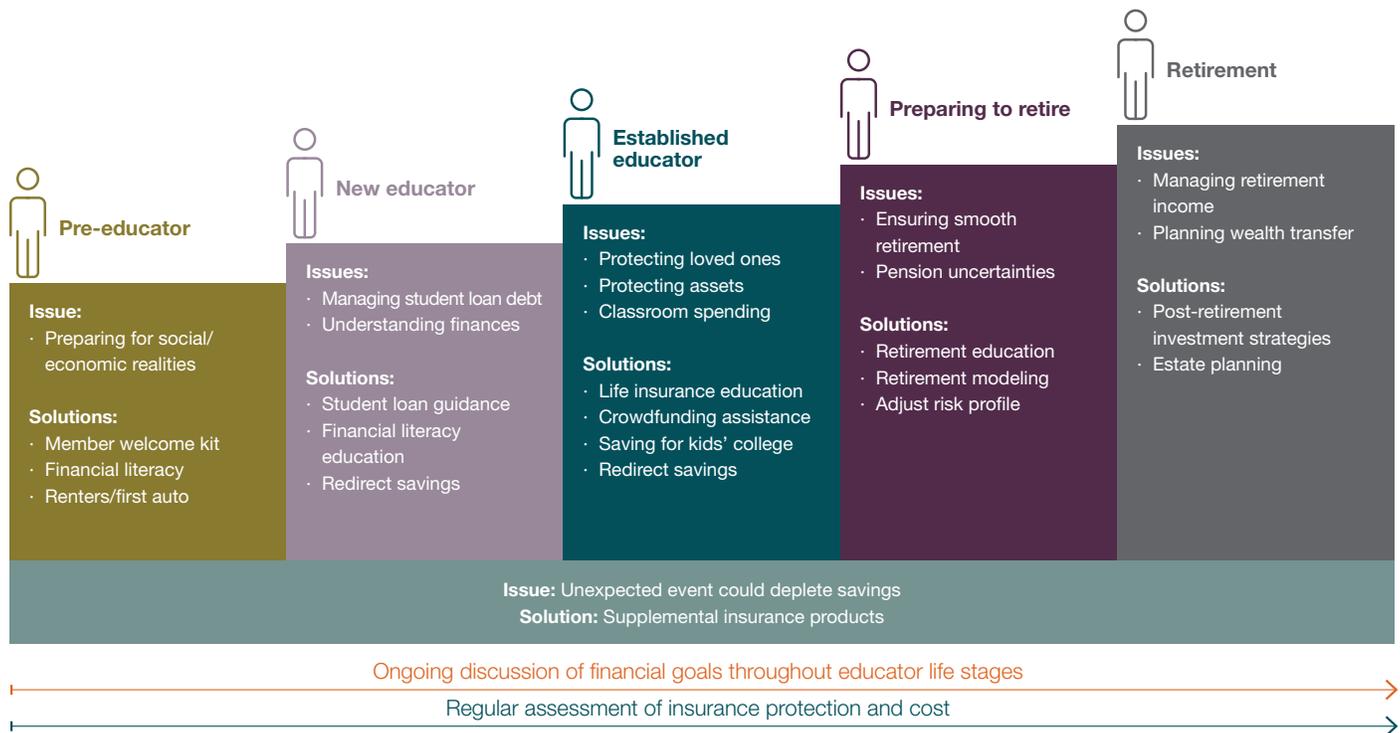


For the first time, we’re summarizing high-level information about five topics that are identified as material to insurance company investors by the Sustainability Accounting Standards Board (SASB). This summary combines and expands on disclosures in this and our other reports. However, Horace Mann has not adopted the SASB sustainability accounting standards for insurance companies. In the meantime, consider this summary to be a convenience for our shareholders and prospective investors as we further explore the SASB standards. We welcome additional conversation with investors on these and other sustainability metrics that explain how Horace Mann maintains and enhances its ability to create value over the long term.

Transparent Information and Fair Advice for Customers

Horace Mann is the largest multiline financial services company focused on America’s educators. We serve customers in roughly one-third of the K-12 public school districts in the United States, with significant opportunity to grow in this niche market. Our business mix is balanced between property and casualty, life and retirement, and supplemental insurance (e.g., cancer, heart and accident insurance). Our vision is to be the company of choice to provide financial solutions for all educators — to help them protect what they have today and prepare for a successful tomorrow. To do this, we are enhancing products, distribution and infrastructure (our PDI strategy) so we can offer a full suite of solutions to meet educators’ unique needs; tailor distribution channels to educator preferences; offer expert advice through trusted advisors; and modernize infrastructure to enhance the customer experience.



SASB Disclosure Summary

The graphic on the previous page shows the type of information and advice we provide educators and their school districts, based in part on where educators are in their careers and personal lives. To enhance our ability to offer transparent information and fair advice for customers, we:

- **Periodically review** the information we provide to current and prospective customers to make sure it's complete, transparent and easy to understand. It is especially important to continually evaluate and improve how we talk about suitability of insurance products, terms and costs.
- **Continue to improve our product, distribution and infrastructure capabilities.** Our acquisition of National Teachers Associates (NTA), which closed in July 2019, added an agent network with strong worksite marketing expertise and allowed us to offer in-demand, higher-margin supplemental insurance products. The January 2019 acquisition of retirement plan provider Benefit Consultants Group (BCG) provided Horace Mann with an efficient, scalable ISO® 9001-compliant retirement platform and stronger plan design, administration and other worksite capabilities to better meet the needs of employers and worksites. In 2019, we began to roll out a suite of applications designed to increase customer convenience via mobile access, e-signatures, real-time policy issuance and changes, coverage comparison features, consolidated billing and more.
- **Improve the tools we provide to Horace Mann agents** to help them take care of customers. Our agents serve as school district partners, consulting with educators and administrators, supporting school events and activities, and providing financial wellness workshops in schools. Our trusted adviser model builds particularly strong brand loyalty and affinity. Agent resources include an agent portal introduced in 2018; agent alerts when customers need additional assistance; proprietary education for agents to encourage conversations about wealth and risk management; and a holistic, goal-based financial planning model to help agents assist their clients to achieve their retirement goals.

- **Improve the tools we provide to Horace Mann claims representatives** to help them take care of customers. A claims platform introduced in 2017 replaced multiple legacy systems, reduced manual claims handling, improved the customer experience and lowered operating costs. So far, the new system has helped reduce claims cycle time — the average number of days required to pay out an insurance claim — by one full day. This is a leading indicator of customer satisfaction at a time when our customers need us most.
- **Offer a variety of educational workshops** in convenient locations to help teachers become retirement-ready, make ends meet and plan for the future. In 2018, we presented 2,156 financial wellness workshops to more than 57,000 educators at the schools where they work and in an online training course, allowing them to earn professional continuing education credit. Through our Student Loan Solutions program in 2019, we assisted more than 3,000 educators with loan forgiveness.

Customer satisfaction and retention metrics help us evaluate our success in serving customers:

- **Our average annual Net Promoter Score® (NPS®)** was 51.7 for 2018, a 0.9-point increase from 2017. NPS is a standardized metric of customer loyalty. Our score far exceeded industry averages for life insurance companies (26), auto insurance companies (39) and brokerage/investment companies (46), according to [NICE Satmetrix](#).
- **Retention** was 81.9% for auto policies and 88.0% for property policies in 2018.
- **Persistency** — the percentage of policies that remain in force from year to year — of life insurance policies was 95.4% for 2018. Retirement persistency was 94.1%. Horace Mann policy retention and persistency exceed industry averages and improve with cross-sell efforts. For example, persistency was 17-points higher for customers who had all four product lines (94.0%) versus an auto insurance policy alone (77.1%) at year-end 2018.

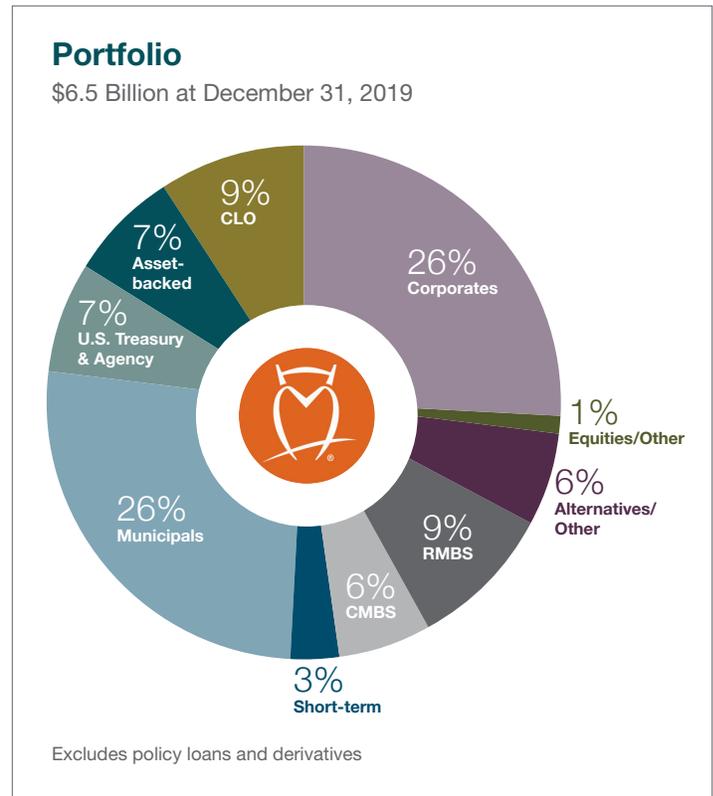
SASB Disclosure Summary

Incorporation of Environmental, Social and Governance Factors in Investment Management

Our conservatively managed investment portfolio funds our future obligations to policyholders (claims payments, death benefits) and other financial obligations. As a result, we select investments to balance the objectives of protecting principal, minimizing exposure to interest rate and other risks, providing a high current yield, and maximizing shareholder value. We choose investments that (1) have similar characteristics to the liabilities they support, such as duration; (2) are diversified among industries, issuers and geographic locations; and (3) are predominately investment-grade fixed maturity securities classified as available for sale. As disclosed in our [2018 10-K](#) and [2019 10-K](#), a significant majority of our widely diversified portfolio is high-quality, liquid U.S. government, U.S. municipal, corporate and U.S. agency mortgage-backed bonds. About 76.5% of the fixed maturity securities portfolio represented investments that supported life and retirement business, about 15.5% supported the property and casualty operations and 8% supported the supplemental business at December 31, 2019.

We incorporate ESG screens into our investment analysis to identify high-performing socially responsible investments that are consistent with Horace Mann's values, such as ethical conduct, and our mission to serve and support educators. A screen analyzes the universe of eligible investments to find opportunities with acceptable characteristics and exclude those with objectionable features. We see both ESG performance and risk as indicators of an investment's potential long-term performance and our portfolio's overall risk-adjusted returns. For example, ESG factors can offer insights into the quality of a company's management, culture, risk management practices, focus on long-term performance and other characteristics.

Investments that were chosen through this process include community infrastructure projects funded through municipal bonds and real-estate related investments. We do not invest in gun manufacturers to more closely align our investment strategy with our commitment to educators' well-being and safety. For more information, read about our [investment practices](#).



Policies Designed to Incentivize Responsible Behavior

Insurance companies have the ability to incentivize healthy lifestyles and safe behavior. Our research shows that educators tend to be better drivers than average — and we encourage responsible behavior by offering premium discounts for driver safety (a good claims history), car safety (sports cars are considered higher risk to insure than family vehicles), lower use of personal vehicles and good student drivers.

More than 3,000 people were killed in motor vehicle accidents involving distracted drivers in 2017 alone, according to the National Highway Traffic Safety Administration. Horace Mann has a number of programs to encourage safer driving and educate the community about the dangers of [distracted driving](#).

SASB Disclosure Summary

Environmental Risk Exposure

We expect natural catastrophe losses due to extreme weather events to continue having a material, adverse impact on the insurance industry, and to be exacerbated by climate change trends. We use proprietary and third-party information to model and monitor the frequency, severity and financial impact of projected catastrophes, including hurricanes, floods and wildfires. To help manage the risk of both modeled and non-modeled catastrophes, we continually update our models and maintain reinsurance.

Property and casualty reinsurance. Horace Mann maintains catastrophe excess of loss reinsurance coverage. For 2018 and 2019, our catastrophe excess of loss coverage consisted of one contract, in addition to a minimal amount of coverage by the Florida Hurricane Catastrophe Fund (FHCF). Both years, catastrophe excess of loss contract provided 95% coverage for catastrophe losses above a retention of \$25.0 million per occurrence, up to \$175.0 million per occurrence. The contracts consisted of three layers, each of which provided for one mandatory reinstatement. The layers were \$25.0 million excess of \$25.0 million, \$40.0 million excess of \$50.0 million and \$85.0 million excess of \$90.0 million. Horace Mann's 2020 catastrophe excess of loss coverage is unchanged. Property catastrophe reinsurers participating in the company's aggregate reinsured catastrophe coverage were rated A- (Excellent) or above by A.M. Best in all three years, with the exception of one company that is not rated by A.M. Best, but is rated AA- by S&P.

Systemic Risk Management

Horace Mann is exposed to many risks in its property, casualty, life and retirement businesses. Effectively managing these risks requires an enterprise-wide understanding of potential risks and their potential impact on all aspects of our operations, including our capital needs, regulatory requirements and credit rating considerations.

All senior corporate leaders and our board are involved in company-wide risk evaluation and management. Our Enterprise Risk Management (ERM) Committee includes our chief executive officer, chief financial officer, chief human resources officer, chief information security officer, general counsel and chief compliance officer, and the heads of the Product, Distribution and Business

Development and Operations divisions. Throughout the year, the board and its relevant committees receive regular reports from the ERM Committee about major risks and exposures facing Horace Mann, as well as the steps management has taken to monitor and control these risks and exposures. Throughout the year, the board and its relevant committees dedicate a portion of their meetings to review and discuss specific risk topics in greater detail.

Systemic risks that bear mentioning include:

- **Market and interest rate risk.** Horace Mann's invested assets are at risk of decreasing in value or generating lower earnings due to changes in credit spreads, interest rates, individual investment yields or liquidity, issuers' financial prospects or credit ratings. We seek to manage these risks by coordinating the projected cash inflows of assets with the projected cash outflows of liabilities. For all assets and liabilities, we seek to maintain reasonable durations, consistent with the maximization of income without sacrificing investment quality, while providing for liquidity and diversification. The investment risk associated with variable annuity deposits and the underlying mutual funds is assumed by those contract holders, and not by Horace Mann. Certain fees that the company earns from variable annuity deposits are based on the market value of the funds deposited.

In 2019, Horace Mann reduced its market and interest rate risk by reinsuring a legacy \$2.9 billion block of in-force fixed and variable annuity business with AA- S&P-rated RGA Reinsurance Company, a subsidiary of Reinsurance Group of America (RGA). The transaction was effective April 1, 2019, and resulted in recognition of an after-tax realized investment gain of \$106.9 million. The \$2.2 billion of reinsured fixed annuities had a minimum crediting rate of 4.5% and represented approximately 50% of the company's in-force fixed annuity account balances. The arrangement contains investment guidelines and a trust to help meet our risk management objectives. Horace Mann will continue to service and administer the approximately 54,000 policies being reinsured.

To better manage equity and interest rate risk in our fixed indexed annuity (FIA) contracts and indexed universal life (IUL) products, Horace Mann will use exchange-traded derivative contracts to appropriately match liability crediting rates.

SASB Disclosure Summary

- Mortality risk.** Horace Mann maintains reinsurance for its life insurance business. The maximum individual life insurance risk retained by Horace Mann is \$300,000, while either \$100,000 or \$125,000 is retained on each group life policy, depending on the type of coverage. The excess of the amounts retained is reinsured with life reinsurers that are rated A (Excellent) or above by A.M. Best. We also maintain a life catastrophe reinsurance program, which reinsured 100% of the catastrophe risk in excess of \$1 million up to \$35 million per occurrence. Our life catastrophe risk reinsurance program covers acts of terrorism and includes nuclear, biological and chemical explosions, but excludes other acts of war. The maximum individual life insurance risk retained by Horace Mann for its supplemental life insurance business is \$100,000. The excess risk on these life insurance products is ceded to and reinsured by a third party that is rated A (Excellent) by A.M. Best.

Credit Ratings

Horace Mann is highly rated by credit rating agencies, due in part to our focus on the educator market, earnings diversification and capital strength.

Agency	Rating	Outlook
S&P	A (2/19/20)	Stable
Moody's	A2 (7/2/19)	Stable
A.M. Best	A (6/6/19)	Stable
Fitch	A (6/25/19)	Stable

Policies in Force by Segment

Property and Casualty	YE 2018	YE 2019
Automobile	462,778	433,559
Property & other liability	212,927	205,085
Total	675,705	638,644
Life	YE 2018	YE 2019
Whole life, term & group	146,439	149,887
Experience life & IUL	52,075	50,973
Total	198,514	200,860
Annuity	YE 2018	YE 2019
Total	225,897	229,171
Supplemental	YE 2018	YE 2019
Total	n/a	297,330