

Investor Financial Supplement

March 31, 2017

HORACE MANN EDUCATORS CORPORATION

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Note: The information contained in this document includes financial measures which are based on methodologies other than United States generally accepted accounting principles ("GAAP"). Reconciliations of non-GAAP measures to the closest GAAP measures are contained in the supplemental numerical pages of HMEC's quarterly earnings releases (and related Form 8-K filings), and additional descriptions of the non-GAAP measures are contained in the Glossary of Selected Terms included as an exhibit to HMEC's SEC filings.

HORACE MANN EDUCATORS CORPORATION

CONSOLIDATED FINANCIAL HIGHLIGHTS

<u>For Period Ended</u>	<u>Three Months Ended</u>					<u>Year Ended</u>	
	<u>Mar. 31, 2017</u>	<u>Dec. 31, 2016</u>	<u>Sept. 30, 2016</u>	<u>Jun. 30, 2016</u>	<u>Mar. 31, 2016</u>	<u>Dec. 31, 2016</u>	<u>Dec. 31, 2015</u>
						Adjusted [1]	
Earned Premiums	\$ 195.7	\$ 194.2	\$ 191.1	\$ 188.3	\$ 185.5	\$ 759.1	\$ 731.9
Net Investment Income	90.7	90.5	94.9	91.1	84.7	361.2	332.6
Net Realized Investment Gains (Losses)	(0.2)	(2.8)	4.0	3.1	(0.2)	4.1	12.7
Other Income	1.1	0.9	1.3	1.0	1.3	4.5	3.2
Total Revenues	<u>\$ 287.3</u>	<u>\$ 282.8</u>	<u>\$ 291.3</u>	<u>\$ 283.5</u>	<u>\$ 271.3</u>	<u>\$ 1,128.9</u>	<u>\$ 1,080.4</u>
Net Income	\$ 15.3	\$ 19.9	\$ 26.9	\$ 11.8	\$ 25.2	\$ 83.8	\$ 93.5
Operating Income	15.4	21.4	24.2	10.3	25.6	81.5	84.9
<u>At Period End</u>							
Total Assets	\$ 10,779.5	\$ 10,576.8	\$ 10,691.1	\$ 10,466.3	\$ 10,231.4	\$ 10,576.8	\$ 10,057.0
Total Policy Liabilities	6,083.8	6,024.1	5,966.0	5,852.3	5,761.1	6,024.1	5,683.4
Debt	247.3	247.2	247.1	247.1	247.0	247.2	247.0
Shareholders' Equity	1,321.8	1,294.0	1,444.1	1,417.3	1,336.0	1,294.0	1,264.7
<u>Per Share and Shares Data</u>							
Net Income per share (basic)	\$ 0.37	\$ 0.48	\$ 0.66	\$ 0.29	\$ 0.61	\$ 2.04	\$ 2.23
Operating Income per share (basic)	0.38	0.52	0.59	0.25	0.62	1.98	2.03
Net Income per diluted share	\$ 0.37	\$ 0.48	\$ 0.65	\$ 0.29	\$ 0.61	\$ 2.02	\$ 2.20
Operating Income per diluted share	0.37	0.52	0.58	0.25	0.62	1.97	2.00
Weighted average common shares (basic)	41.1	41.1	41.1	41.1	41.3	41.2	41.9
Dilutive effect of stock equivalents	0.2	0.4	0.2	0.2	0.2	0.3	0.5
Weighted average diluted shares	<u>41.3</u>	<u>41.5</u>	<u>41.3</u>	<u>41.3</u>	<u>41.5</u>	<u>41.5</u>	<u>42.4</u>
Book value per share	\$ 32.60	\$ 32.15	\$ 35.94	\$ 35.31	\$ 33.11	\$ 32.15	\$ 31.18
Per share impact of unrealized gain (loss) on fixed maturities and equity securities	4.89	4.36	8.40	8.21	6.06	4.36	4.32
Book value per share excluding unrealized gain (loss) on fixed maturities and equity securities	\$ 27.71	\$ 27.79	\$ 27.54	\$ 27.10	\$ 27.05	\$ 27.79	\$ 26.86
Dividends paid per share	\$ 0.275	\$ 0.265	\$ 0.265	\$ 0.265	\$ 0.265	\$ 1.060	\$ 1.000
<u>Financial Ratios</u>							
Net Income ROE	5.4%	6.2%	6.3%	6.0%	6.4%	6.2%	7.1%
Net Income ROE excluding unrealized on investments	6.7%	7.6%	7.8%	7.4%	7.8%	7.6%	8.7%
Operating Income ROE	5.2%	6.0%	5.8%	5.7%	6.1%	6.0%	6.4%
Operating Income ROE excluding unrealized on investments	6.5%	7.4%	7.2%	6.9%	7.4%	7.4%	7.9%
Debt to total capitalization	15.8%	16.0%	14.6%	14.8%	15.6%	16.0%	16.3%
Debt to total capitalization excluding unrealized on investments	18.0%	18.1%	18.3%	18.5%	18.5%	18.1%	18.5%
Annualized Investment yield, after tax	3.38%	3.47%	3.50%	3.43%	3.33%	3.47%	3.39%

[1] Adjusted to reflect the retrospective application of new accounting guidance for capitalized debt issuance costs. For earlier periods, the amount was not material.

HORACE MANN EDUCATORS CORPORATION

CONSOLIDATED STATEMENT OF OPERATIONS

<u>For Period Ended</u> (\$ in millions)	<u>Three Months Ended</u>					<u>Year Ended</u>	
	<u>Mar. 31,</u> <u>2017</u>	<u>Dec. 31,</u> <u>2016</u>	<u>Sept. 30,</u> <u>2016</u>	<u>Jun. 30,</u> <u>2016</u>	<u>Mar. 31,</u> <u>2016</u>	<u>Dec. 31,</u> <u>2016</u>	<u>Dec. 31,</u> <u>2015</u>
Revenues							
Insurance premiums and contract charges earned	\$ 195.7	\$ 194.2	\$ 191.1	\$ 188.3	\$ 185.5	\$ 759.1	\$ 731.9
Net investment income	90.7	90.5	94.9	91.1	84.7	361.2	332.6
Net realized investment gains (losses)	(0.2)	(2.8)	4.0	3.1	(0.2)	4.1	12.7
Other income	1.1	0.9	1.3	1.0	1.3	4.5	3.2
Total revenues	287.3	282.8	291.3	283.5	271.3	1,128.9	1,080.4
Benefits, losses and expenses							
Benefits, claims and settlement expenses	144.1	137.5	135.7	148.4	119.5	541.1	496.4
Interest credited	48.8	49.1	48.6	47.6	46.7	192.0	182.8
DAC amortization expense, excluding unlocking	24.7	24.7	24.6	24.1	24.0	97.4	95.5
DAC unlocking	0.2	(1.1)	(0.1)	0.4	0.1	(0.7)	3.4
Operating expenses	48.7	42.5	44.5	43.3	42.8	173.1	157.4
Interest expense	3.0	2.9	3.0	3.0	2.9	11.8	13.1
Debt retirement costs	-	-	-	-	-	-	2.3
Total benefits, losses and expenses	269.5	255.6	256.3	266.8	236.0	1,014.7	950.9
Income before income taxes	17.8	27.2	35.0	16.7	35.3	114.2	129.5
Income tax expense	2.5	7.3	8.1	4.9	10.1	30.4	36.0
Net income	\$ 15.3	\$ 19.9	\$ 26.9	\$ 11.8	\$ 25.2	\$ 83.8	\$ 93.5
Less: Net realized investment gains (losses), after tax	(0.1)	(1.5)	2.7	1.5	(0.4)	2.3	8.6
Operating income	\$ 15.4	\$ 21.4	\$ 24.2	\$ 10.3	\$ 25.6	\$ 81.5	\$ 84.9
<u>Other Statistics</u>							
Effective tax rate on net investment income	33.4%	33.4%	33.6%	33.3%	33.3%	33.4%	33.0%
Net investment income, after tax	\$ 60.4	\$ 60.3	\$ 63.0	\$ 60.8	\$ 56.5	\$ 240.6	\$ 222.9
Catastrophes, net of reinsurance, pre-tax	17.2	11.6	8.4	27.3	12.7	60.0	44.4
Catastrophes, net of reinsurance, after tax	11.1	7.6	5.5	17.7	8.3	39.1	28.9
Other-than-temporary impairment losses on securities [1]	(2.8)	(3.7)	(0.2)	(3.5)	(3.7)	(11.1)	(19.5)
Exclusive Distributors [2]	697	683	681	699	711	683	742

[1] Included in pre-tax net realized investment gains (losses)

[2] Represents licensed agents and employed licensed producers.

HORACE MANN EDUCATORS CORPORATION

CONSOLIDATED BALANCE SHEET

	Mar. 31, 2017	Dec. 31, 2016	Sept. 30, 2016	Jun. 30, 2016	Mar. 31, 2016	Dec. 31, 2015
<i>(\$ in millions, except per share data)</i>						Adjusted [1]
ASSETS						
Investments						
Fixed maturities, available for sale, at fair value	\$ 7,510.7	\$ 7,456.7	\$ 7,494.1	\$ 7,481.7	\$ 7,216.5	\$ 7,091.3
Equity securities, available for sale, at fair value	156.9	141.6	137.6	123.2	104.0	99.8
Short-term and other investments	456.6	401.0	537.5	466.1	504.1	456.9
Total investments	8,124.2	7,999.3	8,169.2	8,071.0	7,824.6	7,648.0
Cash	6.6	16.7	53.6	50.4	50.5	15.5
Deferred policy acquisition costs	265.6	267.6	225.8	223.0	239.2	253.2
Goodwill	47.4	47.4	47.4	47.4	47.4	47.4
Other assets	324.2	321.9	321.5	305.9	301.8	292.2
Separate account assets	2,011.5	1,923.9	1,873.6	1,768.6	1,767.9	1,800.7
Total assets	\$ 10,779.5	\$ 10,576.8	\$ 10,691.1	\$ 10,466.3	\$ 10,231.4	\$ 10,057.0
LIABILITIES AND SHAREHOLDERS' EQUITY						
Policy liabilities						
Investment contract and life policy reserves	\$ 5,503.0	\$ 5,448.0	\$ 5,385.9	\$ 5,274.2	\$ 5,189.5	\$ 5,126.8
Unpaid claims and claim expenses	340.0	329.9	332.8	344.7	344.3	323.7
Unearned premiums	240.8	246.2	247.3	233.4	227.3	232.9
Total policy liabilities	6,083.8	6,024.1	5,966.0	5,852.3	5,761.1	5,683.4
Other policyholder funds	711.4	709.0	706.4	698.7	693.9	692.7
Other liabilities	403.7	378.6	453.9	482.3	425.5	368.5
Long-term debt, current and noncurrent	247.3	247.2	247.1	247.1	247.0	247.0
Separate account liabilities	2,011.5	1,923.9	1,873.6	1,768.6	1,767.9	1,800.7
Total liabilities	9,457.7	9,282.8	9,247.0	9,049.0	8,895.4	8,792.3
Common stock, \$0.001 par value	0.1	0.1	0.1	0.1	0.1	0.1
Additional paid-in capital	454.9	453.5	450.7	447.5	444.9	442.6
Retained earnings	1,159.5	1,155.7	1,147.0	1,131.1	1,130.3	1,116.3
Accumulated other comprehensive income (loss), net of taxes:						
Net unrealized gains and losses on fixed maturities and equity securities	198.3	175.7	337.3	329.6	244.7	175.2
Net funded status of pension and other post-retirement benefit obligations	(11.8)	(11.8)	(11.8)	(11.8)	(11.8)	(11.8)
Treasury stock, at cost	(479.2)	(479.2)	(479.2)	(479.2)	(472.2)	(457.7)
Total shareholders' equity	1,321.8	1,294.0	1,444.1	1,417.3	1,336.0	1,264.7
Total liabilities and shareholders' equity	\$ 10,779.5	\$ 10,576.8	\$ 10,691.1	\$ 10,466.3	\$ 10,231.4	\$ 10,057.0

[1] Adjusted to reflect the retrospective application of new accounting guidance for capitalized debt issuance costs. For earlier periods, the amount was not material.

HORACE MANN EDUCATORS CORPORATION

CAPITAL METRICS

<u>For Period Ended</u>	<u>Three Months Ended</u>					<u>Year Ended</u>	
	<u>Mar. 31, 2017</u>	<u>Dec. 31, 2016</u>	<u>Sept. 30, 2016</u>	<u>Jun. 30, 2016</u>	<u>Mar. 31, 2016</u>	<u>Dec. 31, 2016</u>	<u>Dec. 31, 2015</u> Adjusted [4]
<i>(\$ in millions, except per share data)</i>							
<u>Book Value Per Share</u>							
<u>Numerator</u>							
Shareholders' Equity	\$ 1,321.8	\$ 1,294.0	\$ 1,444.1	\$ 1,417.3	\$ 1,336.0	\$ 1,294.0	\$ 1,264.7
Less: Unrealized Gains and Losses on Fixed Maturities and Equity Securities [1]	198.3	175.7	337.3	329.6	244.7	175.7	175.2
Shareholders' Equity Excluding Unrealized Gains and Losses on Fixed Maturities and Equity Securities	\$ 1,123.5	\$ 1,118.3	\$ 1,106.8	\$ 1,087.7	\$ 1,091.3	\$ 1,118.3	\$ 1,089.5
<u>Denominator</u>							
Common Shares Issued and Outstanding, at period end	40.5	40.2	40.2	40.1	40.4	40.2	40.6
Book Value Per Share	\$ 32.60	\$ 32.15	\$ 35.94	\$ 35.31	\$ 33.11	\$ 32.15	\$ 31.18
Book Value Per Share Excluding Unrealized on Fixed Maturities and Equity Securities	\$ 27.71	\$ 27.79	\$ 27.54	\$ 27.10	\$ 27.05	\$ 27.79	\$ 26.86
<u>Return on Shareholders' Equity</u>							
<u>Numerator</u>							
Trailing 12 Months Net Income	\$ 73.9	\$ 83.8	\$ 85.0	\$ 80.0	\$ 84.4	\$ 83.8	\$ 93.5
Trailing 12 Months Operating Income	71.3	81.5	78.1	75.1	80.2	81.5	84.9
<u>Denominator (5-point Average)</u>							
5-point Average Shareholders' Equity	\$ 1,362.6	\$ 1,351.2	\$ 1,353.9	\$ 1,326.4	\$ 1,324.9	\$ 1,351.2	\$ 1,325.0
Trailing 12 Months Net Income on Average Shareholders' Equity (5-point Average)	5.4%	6.2%	6.3%	6.0%	6.4%	6.2%	7.1%
Trailing 12 Months Operating Income on Average Shareholders' Equity (5-point Average)	5.2%	6.0%	5.8%	5.7%	6.1%	6.0%	6.4%
<u>Debt and Total Capitalization</u>							
Short Term Debt Due Under Revolving Credit Agreement [2]	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Senior Debt:							
4.50% Senior Notes Due December 1, 2025	247.3	247.2	247.1	247.1	247.0	247.2	247.0
Total Debt	247.3	247.2	247.1	247.1	247.0	247.2	247.0
Shareholders' Equity	1,321.8	1,294.0	1,444.1	1,417.3	1,336.0	1,294.0	1,264.7
Total Capitalization	\$ 1,569.1	\$ 1,541.2	\$ 1,691.2	\$ 1,664.4	\$ 1,583.0	\$ 1,541.2	\$ 1,511.7
Ratio of Debt to Shareholders' Equity	18.7%	19.1%	17.1%	17.4%	18.5%	19.1%	19.5%
Ratio of Debt to Total Capitalization	15.8%	16.0%	14.6%	14.8%	15.6%	16.0%	16.3%
<u>Capital Returned to Shareholders</u>							
Common Stock Repurchased [3]	\$ -	\$ -	\$ -	\$ 7.1	\$ 14.5	\$ 21.6	\$ 22.0
Cash Dividends Paid	11.5	10.7	11.0	11.1	11.1	43.9	42.5
Total Capital Returned to Shareholders	\$ 11.5	\$ 10.7	\$ 11.0	\$ 18.2	\$ 25.6	\$ 65.5	\$ 64.5

[1] After tax and including the impact on deferred policy acquisition costs for interest-sensitive life and investment (annuity) contracts.

[2] Amount available for borrowing is \$150.0 million; At Libor +115 bps; Expires on 7/30/19

[3] As of March 31, 2017, the Company's program had a remaining authorization of \$29.5 million.

[4] Adjusted to reflect the retrospective application of new accounting guidance for capitalized debt issuance costs. For earlier periods, the amount was not material.

HORACE MANN EDUCATORS CORPORATION

PROPERTY & CASUALTY SEGMENT

STATEMENT OF OPERATIONS

<u>For Period Ended</u> (\$ in millions)	<u>Three Months Ended</u>					<u>Year Ended</u>	
	<u>Mar. 31,</u> <u>2017</u>	<u>Dec. 31,</u> <u>2016</u>	<u>Sept. 30,</u> <u>2016</u>	<u>Jun. 30,</u> <u>2016</u>	<u>Mar. 31,</u> <u>2016</u>	<u>Dec. 31,</u> <u>2016</u>	<u>Dec. 31,</u> <u>2015</u>
UNDERWRITING RESULTS							
Written premiums							
Voluntary Auto	\$ 109.2	\$ 106.7	\$ 108.8	\$ 103.2	\$ 103.2	\$ 421.9	\$ 398.4
Property	43.0	48.9	59.9	55.5	42.5	206.8	202.0
Involuntary & Other	0.7	2.4	1.1	1.1	1.0	5.6	5.4
Total written premiums	152.9	158.0	169.8	159.8	146.7	634.3	605.8
Earned premiums							
Voluntary Auto	\$ 105.8	\$ 104.9	\$ 103.2	\$ 101.8	\$ 100.4	\$ 410.3	\$ 389.8
Property	51.6	51.5	51.4	50.9	50.7	204.5	201.1
Involuntary & Other	0.9	2.6	1.1	1.0	1.0	5.7	5.1
Total earned premiums	158.3	159.0	155.7	153.7	152.1	620.5	596.0
Losses and loss adjustment expenses							
Current accident year before catastrophes	106.0	108.2	108.3	104.1	90.5	411.1	388.4
Current accident year catastrophes	17.2	11.6	8.4	27.3	12.7	60.0	44.4
Prior years' reserve development [1]	(1.0)	(2.7)	(0.7)	(1.6)	(2.0)	(7.0)	(12.5)
Total losses and loss adjustment expenses	122.2	117.1	116.0	129.8	101.2	464.1	420.3
Operating expenses, including DAC amortization expense	44.7	40.4	42.0	41.7	41.6	165.7	158.1
Underwriting gain (loss)	(8.6)	1.5	(2.3)	(17.8)	9.3	(9.3)	17.6
Net investment income	9.2	10.0	10.0	10.2	8.8	39.0	33.5
Other income (expense)	0.0	(0.2)	0.4	-	0.4	0.6	0.2
Income (loss) before income taxes	0.6	11.3	8.1	(7.6)	18.5	30.3	51.3
Income tax expense (benefit)	(2.1)	1.7	1.4	(3.1)	4.7	4.7	11.3
Net income (loss) [2]	\$ 2.7	\$ 9.6	\$ 6.7	\$ (4.5)	\$ 13.8	\$ 25.6	\$ 40.0

[1] (Favorable) unfavorable.

[2] Net realized investment gains (losses) are not allocated by segment, therefore, net income and operating income are equivalent.

HORACE MANN EDUCATORS CORPORATION

PROPERTY & CASUALTY SEGMENT

UNDERWRITING RESULTS AND SUPPLEMENTAL DATA

For Period Ended	Three Months Ended					Year Ended	
	Mar. 31, 2017	Dec. 31, 2016	Sept. 30, 2016	Jun. 30, 2016	Mar. 31, 2016	Dec. 31, 2016	Dec. 31, 2015
UNDERWRITING RATIOS (%)							
Losses and loss adjustment expenses							
Current accident year before catastrophes	67.0	68.1	69.6	67.7	59.5	66.2	65.2
Current accident year catastrophes	10.8	7.3	5.3	17.7	8.3	9.7	7.4
Prior years' reserve development [1]	(0.6)	(1.7)	(0.4)	(1.0)	(1.3)	(1.1)	(2.1)
Total losses and loss adjustment expenses	77.2	73.7	74.5	84.4	66.5	74.8	70.5
Expense Ratio	28.3	25.4	27.0	27.2	27.3	26.7	26.5
Combined ratio	105.5	99.1	101.5	111.6	93.8	101.5	97.0
Combined ratio before catastrophes	94.7	91.8	96.2	93.9	85.5	91.8	89.6
Combined ratio before catastrophes and prior years' development	95.3	93.5	96.6	94.9	86.8	92.9	91.7
PRODUCT (%)							
Automobile							
Loss and loss adjustment expense ratio	78.3	82.6	81.1	84.9	71.9	80.2	75.4
Expense ratio	28.6	25.6	27.2	27.5	27.9	27.1	27.0
Combined ratio	106.9	108.2	108.3	112.4	99.8	107.3	102.4
Prior years' reserve development [1]	0.0	(1.3)	0.0	0.0	0.0	(0.3)	(1.1)
Catastrophes	1.6	1.3	3.4	4.5	0.7	2.5	0.8
Combined ratio before catastrophes and prior years' development	105.3	108.2	104.9	107.9	99.1	105.1	102.7
Property							
Loss and loss adjustment expense ratio	74.9	55.7	61.1	83.4	55.7	63.9	61.5
Expense ratio	27.6	25.4	26.6	26.6	26.4	26.2	25.7
Combined ratio	102.5	81.1	87.7	110.0	82.1	90.1	87.2
Prior years' reserve development [1]	(1.9)	(2.5)	(1.4)	(3.1)	(3.9)	(2.7)	(3.5)
Catastrophes	29.9	19.3	9.6	44.6	23.7	24.2	20.4
Combined ratio before catastrophes and prior years' development	74.5	64.3	79.5	68.5	62.3	68.6	70.3
SUPPLEMENTAL DATA							
Policy Count Retention (12 month)							
Voluntary Automobile	83.0%	83.5%	83.5%	84.0%	84.5%	83.5%	84.7%
Property	87.5%	87.8%	87.8%	88.4%	88.4%	87.8%	88.3%
Sales (12-month annualized premium, in millions) [2]							
Voluntary Automobile	\$ 22.6	\$ 22.2	\$ 24.3	\$ 21.9	\$ 20.7	\$ 89.1	\$ 84.3
Property	4.0	4.6	5.1	4.5	3.8	18.0	17.2
Total Sales	\$ 26.6	\$ 26.8	\$ 29.4	\$ 26.4	\$ 24.5	\$ 107.1	\$ 101.5
Policies in force (in thousands)							
Voluntary Automobile	484	485	486	487	487	485	487
Property	219	220	221	222	223	220	224
Total Policies in force	703	705	707	709	710	705	711

[1] (Favorable) unfavorable.

[2] HM products.

HORACE MANN EDUCATORS CORPORATION

RETIREMENT SEGMENT

STATEMENT OF OPERATIONS AND SUPPLEMENTAL DATA

<u>For Period Ended</u> <i>(\$ in millions)</i>	<u>Three Months Ended</u>					<u>Year Ended</u>	
	<u>Mar. 31,</u> <u>2017</u>	<u>Dec. 31,</u> <u>2016</u>	<u>Sept. 30,</u> <u>2016</u>	<u>Jun. 30,</u> <u>2016</u>	<u>Mar. 31,</u> <u>2016</u>	<u>Dec. 31,</u> <u>2016</u>	<u>Dec. 31,</u> <u>2015</u>
Contract deposits	\$ 117.3	\$ 128.3	\$ 154.6	\$ 124.7	\$ 112.6	\$ 520.2	\$ 548.0
Revenues							
Contract charges earned	\$ 6.6	\$ 6.3	\$ 6.4	\$ 6.1	\$ 6.1	\$ 24.9	\$ 25.4
Net investment income	63.4	62.4	66.3	62.6	58.1	249.4	228.4
Other income	0.9	0.8	0.5	0.7	0.8	2.8	2.1
Total revenues	70.9	69.5	73.2	69.4	65.0	277.1	255.9
Benefits and Expenses							
Interest credited	37.5	37.9	37.4	36.4	35.6	147.3	138.7
Mortality loss and other reserve changes	1.1	0.8	1.4	0.8	0.9	3.9	3.2
DAC amortization expense, excluding unlocking	3.7	3.8	3.7	3.7	3.7	14.9	14.7
DAC unlocking	0.3	(0.9)	(0.1)	0.5	0.2	(0.3)	3.4
Operating expenses	12.1	10.7	10.5	9.5	9.6	40.3	32.6
Total benefits and expenses	54.7	52.3	52.9	50.9	50.0	206.1	192.6
Income before income taxes	16.2	17.2	20.3	18.5	15.0	71.0	63.3
Income tax expense	4.7	5.8	4.6	5.5	4.4	20.3	19.9
Net income [1]	\$ 11.5	\$ 11.4	\$ 15.7	\$ 13.0	\$ 10.6	\$ 50.7	\$ 43.4
Less: DAC unlocking, after tax	(0.2)	0.6	0.1	(0.3)	(0.1)	0.2	(2.2)
Net income excluding DAC unlocking	\$ 11.7	\$ 10.8	\$ 15.6	\$ 13.3	\$ 10.7	\$ 50.5	\$ 45.6
Return on Assets (Before-tax basis points)							
ROA (12 month) [2]	114	114	117	110	107	114	114
Interest Spread [3]	183	193	195	185	183	193	184
SUPPLEMENTAL DATA							
Annuity Contracts in force (in thousands)	220	219	215	214	212	219	211
Persistency (12 month)							
Fixed Annuities	94.4%	94.6%	94.6%	94.8%	94.9%	94.6%	94.8%
Variable Annuities	94.7%	94.7%	94.6%	94.6%	94.5%	94.7%	94.3%
Sales (contract deposits, in millions) [4]							
Recurring	\$ 53.4	\$ 56.0	\$ 47.9	\$ 54.8	\$ 50.9	\$ 209.6	\$ 226.7
Single Deposit/Rollover	63.9	72.3	106.8	69.9	61.7	310.6	321.3
Total Sales	\$ 117.3	\$ 128.3	\$ 154.7	\$ 124.7	\$ 112.6	\$ 520.2	\$ 548.0

[1] Net realized investment gains (losses) are not allocated by segment, therefore, net income and operating income are equivalent.

[2] Trailing 12 months adjusted earnings (income before income taxes adjusted to remove the impact of DAC unlocking and changes in guaranteed minimum death benefit reserves) divided by a 5-point average accumulated account value.

[3] Before-tax basis points. Quarterly results reflect spread earned on an adjusted annualized year-to-date basis for the fixed and fixed indexed annuity blocks of business.

[4] Historically, reported sales for HM products were determined based on annualized new recurring deposits as well as single deposits/rollovers. Effective January 1, 2017, reported sales are now determined based on total recurring deposits as well as single deposits/rollovers. All historical sales information presented has been revised to conform to the new methodology.

HORACE MANN EDUCATORS CORPORATION

RETIREMENT SEGMENT

ACCOUNT VALUE ROLLFORWARD

<u>For Period Ended</u> (\$ in millions)	Three Months Ended					
	Mar. 31, 2017	Dec. 31, 2016	Sept. 30, 2016	Jun. 30, 2016	Mar. 31, 2016	Dec. 31, 2015
FIXED ACCOUNT ANNUITIES [1]						
Beginning balance	\$ 4,201.0	\$ 4,166.2	\$ 4,086.7	\$ 4,026.0	\$ 3,984.4	\$ 3,953.6
Deposits	52.6	61.3	84.6	60.1	55.1	54.7
Withdrawals	(72.7)	(81.9)	(69.7)	(64.0)	(64.3)	(74.7)
Net Transfers	15.6	16.1	28.0	26.9	14.9	15.7
Interest Credited	37.5	37.9	37.4	36.4	35.6	35.7
Other	(0.8)	1.4	(0.8)	1.3	0.3	(0.6)
Ending balance	\$ 4,233.2	\$ 4,201.0	\$ 4,166.2	\$ 4,086.7	\$ 4,026.0	\$ 3,984.4
FIXED INDEXED ACCOUNT ANNUITIES [2]						
Beginning balance	\$ 302.1	\$ 283.0	\$ 251.4	\$ 230.3	\$ 212.6	\$ 183.5
Deposits	19.3	21.0	32.3	22.6	19.6	28.8
Withdrawals	(2.3)	(1.8)	(2.0)	(1.3)	(2.2)	(1.0)
Net Transfers	(1.0)	(1.3)	(1.5)	(1.3)	(0.5)	(0.2)
Index Credits	2.3	0.5	1.7	-	-	0.3
Other	0.3	0.7	1.1	1.1	0.8	1.2
Ending balance	\$ 320.7	\$ 302.1	\$ 283.0	\$ 251.4	\$ 230.3	\$ 212.6
VARIABLE ACCOUNT ANNUITIES [3]						
Beginning balance	\$ 1,923.9	\$ 1,873.6	\$ 1,768.6	\$ 1,767.9	\$ 1,800.7	\$ 1,742.0
Deposits	45.4	46.0	37.7	42.0	37.9	42.3
Withdrawals	(26.1)	(23.6)	(28.4)	(26.2)	(21.8)	(25.7)
Net Transfers	(14.6)	(14.7)	(26.5)	(25.6)	(14.4)	(15.5)
Fees & Charges	(7.5)	(7.3)	(7.1)	(7.0)	(6.6)	(7.2)
Market Appreciation	90.3	49.8	129.1	17.4	(28.0)	64.7
Other	0.1	0.1	0.2	0.1	0.1	0.1
Ending balance	\$ 2,011.5	\$ 1,923.9	\$ 1,873.6	\$ 1,768.6	\$ 1,767.9	\$ 1,800.7

[1] Represents account balances having a guarantee of principal and a guaranteed minimum rate of return.

[2] Represents account balances with a contingent return linked to the Standard & Poor's 500 Index and/or the Dow Jones Industrial Average.

[3] Represents account balances invested in various mutual funds at the direction of the contractholders who bear the investment risk.

HORACE MANN EDUCATORS CORPORATION
LIFE SEGMENT
STATEMENT OF OPERATIONS AND SUPPLEMENTAL DATA

<u>For Period Ended</u> (\$ in millions)	<u>Three Months Ended</u>					<u>Year Ended</u>	
	<u>Mar. 31, 2017</u>	<u>Dec. 31, 2016</u>	<u>Sept. 30, 2016</u>	<u>Jun. 30, 2016</u>	<u>Mar. 31, 2016</u>	<u>Dec. 31, 2016</u>	<u>Dec. 31, 2015</u>
Premiums and contract deposits	\$ 26.5	\$ 29.6	\$ 27.2	\$ 27.3	\$ 23.9	\$ 108.0	\$ 102.7
Revenues							
Premiums and contract charges earned	\$ 30.8	\$ 28.9	\$ 29.0	\$ 28.5	\$ 27.3	\$ 113.7	\$ 110.5
Net investment income	18.3	18.3	18.8	18.5	18.0	73.6	71.6
Other income	0.1	0.2	0.3	0.2	0.1	0.8	0.8
Total revenues	49.2	47.4	48.1	47.2	45.4	188.1	182.9
Benefits and Expenses							
Death benefits / mortality cost [1]	8.8	8.0	8.4	8.1	8.6	33.1	37.1
Interest credited	11.2	11.2	11.2	11.2	11.1	44.7	44.1
Change in reserves	12.0	11.6	9.9	9.7	8.8	40.0	35.8
DAC amortization expense, excluding unlocking	1.9	1.7	1.9	2.0	1.9	7.5	7.6
DAC unlocking	(0.1)	(0.2)	-	(0.1)	(0.1)	(0.4)	-
Operating expenses	10.0	9.1	9.6	9.1	9.1	36.9	35.4
Total benefits and expenses	43.8	41.4	41.0	40.0	39.4	161.8	160.0
Income before income taxes	5.4	6.0	7.1	7.2	6.0	26.3	22.9
Income tax expense	1.5	2.5	2.5	2.6	2.1	9.7	7.9
Net income [2]	\$ 3.9	\$ 3.5	\$ 4.6	\$ 4.6	\$ 3.9	\$ 16.6	\$ 15.0
Less: DAC unlocking, after tax	0.1	0.1	-	0.1	0.1	0.3	-
Net income excluding DAC unlocking	\$ 3.8	\$ 3.4	\$ 4.6	\$ 4.5	\$ 3.8	\$ 16.3	\$ 15.0
Earnings margin (Before tax)							
Return On Premium (12 month) [3]	21.7%	22.8%	23.5%	22.5%	21.3%	22.8%	20.7%
SUPPLEMENTAL DATA							
Lapse Ratio (12 month) [4]	4.5%	4.3%	4.1%	4.1%	4.2%	4.3%	4.1%
Sales (12-month premium, in millions) [5]							
Recurring	\$ 1.7	\$ 2.0	\$ 2.0	\$ 1.9	\$ 1.8	\$ 7.7	\$ 6.8
Single Premium	3.0	2.9	1.6	2.2	1.2	7.9	4.1
Total Sales	\$ 4.7	\$ 4.9	\$ 3.6	\$ 4.1	\$ 3.0	\$ 15.6	\$ 10.9
Insurance in force (in millions)	\$ 17,164	\$ 17,025	\$ 16,864	\$ 16,828	\$ 16,651	\$ 17,025	\$ 16,505
Policies in force (in thousands)	198	198	198	201	201	198	202

[1] Ordinary life insurance.

[2] Net realized investment gains (losses) are not allocated by segment, therefore, net income and operating income are equivalent.

[3] Trailing 12 months adjusted earnings (income before income taxes adjusted to remove the impact of DAC unlocking) divided by trailing 12 months premiums and contract charges earned.

[4] Based on ordinary life insurance in force.

[5] HM products.

HORACE MANN EDUCATORS CORPORATION
CORPORATE & OTHER SEGMENT
STATEMENT OF OPERATIONS
(Amounts are net of consolidating eliminations)

<u>For Period Ended</u> (\$ in millions)	<u>Three Months Ended</u>					<u>Year Ended</u>	
	<u>Mar. 31,</u> <u>2017</u>	<u>Dec. 31,</u> <u>2016</u>	<u>Sept. 30,</u> <u>2016</u>	<u>Jun. 30,</u> <u>2016</u>	<u>Mar. 31,</u> <u>2016</u>	<u>Dec. 31,</u> <u>2016</u>	<u>Dec. 31,</u> <u>2015</u>
Revenues							
Net investment income	\$ (0.2)	\$ (0.2)	\$ (0.2)	\$ (0.2)	\$ (0.2)	\$ (0.8)	\$ (0.9)
Other income	-	0.1	0.1	0.1	-	0.3	0.1
Total revenues	(0.2)	(0.1)	(0.1)	(0.1)	(0.2)	(0.5)	(0.8)
Expenses							
Interest expense	3.0	2.9	3.0	3.0	2.9	11.8	13.1
Debt retirement costs	-	-	-	-	-	-	2.3
Other operating expenses	1.0	1.5	1.4	1.4	0.9	5.2	4.5
Total expenses	4.0	4.4	4.4	4.4	3.8	17.0	19.9
Operating income (loss) before income tax	(4.2)	(4.5)	(4.5)	(4.5)	(4.0)	(17.5)	(20.7)
Income tax expense (benefit)	(1.5)	(1.4)	(1.7)	(1.7)	(1.3)	(6.1)	(7.2)
Operating income (loss) after tax	\$ (2.7)	\$ (3.1)	\$ (2.8)	\$ (2.8)	\$ (2.7)	\$ (11.4)	\$ (13.5)
Realized investment gains (losses) pretax [1]	(0.2)	(2.8)	4.0	3.1	(0.2)	4.1	12.7
Tax on realized investment gains (losses) [1]	(0.1)	(1.3)	1.3	1.6	0.2	1.8	4.1
Realized investment gains (losses) after tax [1]	(0.1)	(1.5)	2.7	1.5	(0.4)	2.3	8.6
Net income (loss)	\$ (2.8)	\$ (4.6)	\$ (0.1)	\$ (1.3)	\$ (3.1)	\$ (9.1)	\$ (4.9)

[1] Corporate level transactions, such as realized investment gains and losses, are not allocated to the insurance segments consistent with how management evaluates the results of those segments.

HORACE MANN EDUCATORS CORPORATION

INVESTMENT EARNINGS BEFORE TAXES

CONSOLIDATED

<u>For Period Ended</u> (\$ in millions)	<u>Three Months Ended</u>					<u>Year Ended</u>	
	<u>Mar. 31,</u> <u>2017</u>	<u>Dec. 31,</u> <u>2016</u>	<u>Sept. 30,</u> <u>2016</u>	<u>Jun. 30,</u> <u>2016</u>	<u>Mar. 31,</u> <u>2016</u>	<u>Dec. 31,</u> <u>2016</u>	<u>Dec. 31,</u> <u>2015</u>
Net Investment Income							
Fixed maturities [1]							
Taxable	\$ 82.4	\$ 80.7	\$ 83.2	\$ 80.8	\$ 78.3	\$ 323.0	\$ 303.6
Tax-exempt	4.8	5.0	4.8	4.9	5.1	19.8	22.6
Total fixed maturities	87.2	85.7	88.0	85.7	83.4	342.8	326.2
Equity securities	1.5	1.2	1.3	1.1	1.1	4.7	4.4
Policy loans	2.1	2.2	2.2	2.1	2.1	8.6	8.3
Limited partnerships and other alternative investments	2.2	3.5	5.6	4.4	0.1	13.6	2.0
Short-term investments and other	0.2	0.3	0.3	0.2	0.3	1.1	0.8
Investment income	93.2	92.9	97.4	93.5	87.0	370.8	341.7
Investment expenses	2.5	2.4	2.5	2.4	2.3	9.6	9.1
Total net investment income	\$ 90.7	\$ 90.5	\$ 94.9	\$ 91.1	\$ 84.7	\$ 361.2	\$ 332.6
Annualized investment yield, before-tax [2]	5.07%	5.21%	5.25%	5.14%	4.99%	5.21%	5.06%
Annualized investment yield, after-tax [2]	3.38%	3.47%	3.50%	3.43%	3.33%	3.47%	3.39%
Net Investment Income by Segment							
Property & Casualty	\$ 9.2	\$ 10.0	\$ 10.0	\$ 10.2	\$ 8.8	\$ 39.0	\$ 33.5
Retirement	63.4	62.4	66.3	62.6	58.1	249.4	228.4
Life	18.3	18.3	18.8	18.5	18.0	73.6	71.6
Corporate, including intersegment eliminations	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.8)	(0.9)
Total net investment income	\$ 90.7	\$ 90.5	\$ 94.9	\$ 91.1	\$ 84.7	\$ 361.2	\$ 332.6
Net Realized Capital Gains (Losses)							
Gross gains	\$ 5.0	\$ 4.1	\$ 4.6	\$ 9.0	\$ 5.6	\$ 23.3	\$ 39.6
Gross losses, excluding impairment charges	(2.4)	(3.2)	(0.4)	(2.4)	(2.1)	(8.1)	(7.4)
Other-than-temporary impairment losses	(2.8)	(3.7)	(0.2)	(3.5)	(3.7)	(11.1)	(19.5)
Total net realized capital gains (losses)	\$ (0.2)	\$ (2.8)	\$ 4.0	\$ 3.1	\$ (0.2)	\$ 4.1	\$ 12.7

[1] Includes income on short-term bonds.

[2] Yields calculated by annualizing the result of year-to-date net investment income divided by the average of period-end and beginning of year invested assets at cost, amortized cost, or adjusted carrying value, as applicable.

HORACE MANN EDUCATORS CORPORATION

COMPOSITION OF INVESTED ASSETS

CONSOLIDATED

<u>For Period Ended</u> (\$ in millions)	March 31, 2017		December 31, 2016		September 30, 2016		June 30, 2016		March 31, 2016		December 31, 2015	
	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent
Fixed maturities, at fair value [1]	\$ 7,510.7	92.4%	\$ 7,456.7	93.2%	\$ 7,494.1	91.7%	\$ 7,481.7	92.7%	\$ 7,216.5	92.2%	\$ 7,091.3	92.7%
Equity securities, at fair value	157.0	1.9%	141.6	1.8%	137.6	1.7%	123.2	1.5%	104.0	1.3%	99.8	1.3%
Policy loans, at outstanding balance	151.5	1.9%	151.9	1.9%	150.7	1.8%	149.8	1.9%	148.6	1.9%	148.7	1.9%
Limited partnerships and other alternative investments	223.9	2.8%	204.2	2.6%	172.6	2.1%	162.9	2.0%	139.2	1.8%	134.1	1.8%
Short-term investments	81.1	1.0%	44.9	0.6%	214.2	2.6%	153.4	1.9%	216.3	2.8%	174.1	2.3%
Total investments	\$ 8,124.2	100.0%	\$ 7,999.3	100.0%	\$ 8,169.2	100.0%	\$ 8,071.0	100.0%	\$ 7,824.6	100.0%	\$ 7,648.0	100.0%
Asset-backed securities ("ABS")	\$ 648.1	8.6%	\$ 626.9	8.4%	\$ 581.4	7.8%	\$ 581.7	7.8%	\$ 527.4	7.3%	\$ 534.1	7.5%
Collateralized debt/loan obligations ("CDOs/CLOs")	583.2	7.8%	667.7	9.0%	650.4	8.7%	657.9	8.8%	623.3	8.6%	608.2	8.6%
Commercial mortgage-backed securities ("CMBS")	528.4	7.0%	503.8	6.8%	431.5	5.8%	418.7	5.6%	344.5	4.8%	286.5	4.0%
Corporate	2,936.9	39.1%	2,909.0	39.0%	3,033.3	40.5%	2,966.2	39.6%	2,908.0	40.3%	2,853.1	40.2%
Municipal	1,777.4	23.7%	1,769.4	23.7%	1,778.7	23.7%	1,745.8	23.3%	1,727.3	23.9%	1,708.9	24.1%
Residential mortgage-backed securities ("RMBS")	505.4	6.7%	512.8	6.9%	530.7	7.1%	562.9	7.5%	545.9	7.6%	554.4	7.8%
U.S. Treasuries and government agencies	531.3	7.1%	467.1	6.3%	488.1	6.5%	548.5	7.3%	540.1	7.5%	546.1	7.7%
Total fixed maturities	\$ 7,510.7	100.0%	\$ 7,456.7	100.0%	\$ 7,494.1	100.0%	\$ 7,481.7	100.0%	\$ 7,216.5	100.0%	\$ 7,091.3	100.0%
U.S. government/government agencies	\$ 1,141.1	15.2%	\$ 1,082.0	14.5%	\$ 1,009.0	13.5%	\$ 1,127.1	15.1%	\$ 1,078.6	14.9%	\$ 1,080.1	15.2%
AAA	623.4	8.3%	610.7	8.2%	584.5	7.8%	566.6	7.6%	541.8	7.5%	493.1	7.0%
AA	1,605.6	21.4%	1,658.3	22.2%	1,630.0	21.8%	1,590.2	21.3%	1,503.7	20.8%	1,479.2	20.9%
A	1,724.6	23.0%	1,698.6	22.8%	1,776.4	23.7%	1,750.9	23.4%	1,726.1	23.9%	1,693.1	23.9%
BBB	2,102.8	28.0%	2,097.9	28.1%	2,201.0	29.4%	2,167.4	29.0%	2,094.8	29.0%	2,091.7	29.5%
BB & below, includes securities not rated	313.2	4.2%	309.2	4.1%	293.2	3.9%	279.5	3.7%	271.5	3.8%	254.1	3.6%
Total fixed maturities	\$ 7,510.7	100.0%	\$ 7,456.7	100.0%	\$ 7,494.1	100.0%	\$ 7,481.7	100.0%	\$ 7,216.5	100.0%	\$ 7,091.3	100.0%
<u>INVESTMENTS BY SEGMENT</u>												
Property & Casualty	\$ 908.0	11.2%	\$ 903.3	11.3%	\$ 933.9	11.4%	\$ 932.7	11.6%	\$ 925.9	11.8%	\$ 916.0	12.0%
Annuity and Life	7,200.4	88.6%	7,072.0	88.4%	7,201.8	88.2%	7,120.6	88.2%	6,886.4	88.0%	6,709.1	87.7%
Corporate [2]	15.8	0.2%	24.0	0.3%	33.5	0.4%	17.7	0.2%	12.3	0.2%	22.9	0.3%
Total investments	\$ 8,124.2	100.0%	\$ 7,999.3	100.0%	\$ 8,169.2	100.0%	\$ 8,071.0	100.0%	\$ 7,824.6	100.0%	\$ 7,648.0	100.0%

[1] Cost of \$7,173.2, \$7,152.1, \$6,907.6, \$6,910.2, \$6,791.3, and \$6,785.6 at March 31, 2017, December 31, 2016, September 30, 2016, June 30, 2016, March 31, 2016, and December 31, 2015 respectively.

[2] Corporate segment assets are comprised entirely of Short-term investments.

HORACE MANN EDUCATORS CORPORATION

RATINGS AND CONTACT INFORMATION

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As of March 31, 2017

Financial Strength Ratings:

	A.M. Best	Standard & Poor's	Moody's	Fitch
Horace Mann Life Insurance Company	A	A	A3	A
Horace Mann Property and Casualty Insurance Company	A	A	A3	A
Horace Mann Insurance Company	A	A	A3	A
Teachers Insurance Company	A	A	A3	A
Horace Mann Lloyds	A	NR	NR	A

Other Ratings:

Horace Mann Educators Corporation:				
Senior debt	bbb	BBB	Baa3	BBB
NR - not rated				

TRANSFER AGENT

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Corporate Website: www.amstock.com/shareholder/sh_general_info.asp

COMMON STOCK

Common stock of Horace Mann Educators Corporation is traded on the New York Stock Exchange under the symbol "HMN".

This report is for information purposes only. It should be read in conjunction with documents filed by Horace Mann Educators Corporation with the U.S. Securities and Exchange Commission, including the most recent Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, and Current Reports on Form 8-K.