

Second Quarter 2021 Investor Supplement

June 30, 2021



Horace Mann

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Note: The information contained in this document includes measures which are based on methodologies other than accounting principles generally accepted in the United States of America ("non-GAAP") and are marked with an asterisk (*) within this document. 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 SEC filings), and additional descriptions of non-GAAP measures are contained in the Glossary of Selected Terms included as an exhibit to HMEC's SEC filings.

Consolidated Financial Highlights

(\$ in millions, except per share data)	Three Months Ended					Six Months Ended	
	Jun. 30, 2021	Mar. 31, 2021	Dec. 31, 2020	Sept. 30, 2020	Jun. 30, 2020	Jun. 30, 2021	Jun. 30, 2020
Premiums and contract charges earned	\$ 225.8	\$ 227.6	\$ 233.7	\$ 235.3	\$ 225.4	\$ 453.4	\$ 461.7
Net investment income	109.2	95.5	101.2	93.7	80.4	204.7	162.7
Net investment gains (losses)	4.9	(9.0)	10.5	2.5	3.2	(4.1)	(15.3)
Other income	7.2	7.9	6.9	4.4	5.9	15.1	13.1
Total revenues	\$ 347.1	\$ 322.0	\$ 352.3	\$ 335.9	\$ 314.9	\$ 669.1	\$ 622.2
Net income	\$ 46.7	\$ 39.3	\$ 47.8	\$ 36.5	\$ 30.5	\$ 86.0	\$ 49.0
Core earnings*	42.8	46.4	47.5	34.6	28.0	89.2	61.0
At Period End							
Total assets	\$ 14,190.1	\$ 13,745.5	\$ 13,471.8	\$ 13,003.4	\$ 12,571.7	\$ 14,190.1	\$ 12,571.7
Total policy liabilities	7,211.7	7,182.8	7,148.6	7,129.7	7,031.5	7,211.7	7,031.5
Debt	413.5	437.4	437.3	437.2	437.2	413.5	437.2
Shareholders' equity	1,816.6	1,692.9	1,790.1	1,715.7	1,639.8	1,816.6	1,639.8
Per Share and Shares Data (in millions)							
Net income per share (basic)	\$ 1.11	\$ 0.94	\$ 1.14	\$ 0.87	\$ 0.73	\$ 2.05	\$ 1.17
Core earnings per share (basic)*	1.02	1.11	1.13	0.82	0.67	2.13	1.46
Net income per diluted share	1.11	0.93	1.13	0.87	0.73	2.04	1.17
Core earnings per diluted share*	1.02	1.10	1.13	0.82	0.67	2.12	1.45
Weighted average shares (basic)	42.0	41.9	42.0	41.9	41.9	42.0	41.9
Dilutive effect of share equivalents	0.1	0.2	0.2	0.2	0.1	0.1	0.1
Weighted average shares (diluted)	42.1	42.1	42.2	42.1	42.0	42.1	42.0
Book value per share	\$ 43.78	\$ 40.83	\$ 43.22	\$ 41.45	\$ 39.69	\$ 43.78	\$ 39.69
Per share impact of net unrealized investment gains on fixed maturity securities	8.00	5.88	8.84	7.93	6.76	8.00	6.76
Book value per share excluding net unrealized investment gains on fixed maturity securities*	\$ 35.78	\$ 34.95	\$ 34.38	\$ 33.52	\$ 32.93	\$ 35.78	\$ 32.93
Dividends paid per share	\$ 0.31	\$ 0.31	\$ 0.30	\$ 0.30	\$ 0.30	\$ 0.62	\$ 0.60
Financial Ratios							
Net Income ROE - LTM ⁽¹⁾	9.8 %	9.3 %	8.1 %	7.4 %	6.9 %	9.8 %	6.9 %
Net Income ROE - Annualized	10.6 %	9.0 %	10.9 %	8.7 %	7.8 %	9.5 %	6.1 %
Core ROE - LTM*	12.1 %	11.2 %	10.5 %	9.4 %	9.0 %	12.1 %	9.0 %
Core ROE - Annualized*	11.7 %	12.9 %	13.5 %	10.1 %	8.3 %	12.3 %	9.0 %
Debt to total capitalization excluding net unrealized investment gains on fixed maturity securities*	21.8 %	23.2 %	23.5 %	24.0 %	24.3 %	21.8 %	24.3 %
Investment yield, excluding limited partnership interests, pretax - annualized*	4.30 %	4.20 %	4.25 %	4.18 %	4.39 %	4.25 %	4.45 %

⁽¹⁾ LTM = Last twelve months.

Selected Financial Data - Five Year History

(\$ in millions, except per share data)	Year Ended December 31,				
	2020	2019 ⁽¹⁾	2018	2017	2016
Consolidated Statement of Operations Data					
Premiums and contract charges earned	\$ 930.7	\$ 898.0	\$ 817.3	\$ 794.7	\$ 759.1
Net investment income	357.6	365.1	376.5	373.6	361.2
Net income	133.3	184.4	18.3	169.4	83.8
Core earnings*	143.1	92.2	28.4	72.1	81.5
Net income ROE - Annualized	7.9 %	12.9 %	1.3 %	12.1 %	6.6 %
Core ROE - Annualized*	10.4 %	7.3 %	2.4 %	6.2 %	7.4 %
At Period End					
Total assets	\$ 13,471.8	\$ 12,478.7	\$ 11,031.9	\$ 11,198.3	\$ 10,576.8
Total policy liabilities	7,148.6	6,956.5	6,384.1	6,182.0	6,024.1
Debt	437.3	433.0	297.7	297.5	247.2
Shareholders' equity	1,790.1	1,567.3	1,290.6	1,501.6	1,294.0
Per Share and Shares Data (in millions)					
Net income per share (basic)	\$ 3.18	\$ 4.42	\$ 0.44	\$ 4.10	\$ 2.04
Core earnings per share (basic)*	3.41	2.21	0.68	1.75	1.98
Net income per diluted share	3.17	4.40	0.44	4.08	2.02
Core earnings per diluted share*	3.40	2.20	0.68	1.74	1.97
Weighted average common shares (basic)	41.9	41.7	41.6	41.4	41.2
Weighted average diluted shares	42.0	41.9	41.9	41.6	41.5
Book value per share	\$ 43.22	\$ 38.01	\$ 31.50	\$ 36.88	\$ 32.15
Book value per share excluding net unrealized investment gains on fixed maturity securities*	34.38	32.42	29.13	29.51	27.79
Dividends paid per share	\$ 1.20	\$ 1.15	\$ 1.14	\$ 1.10	\$ 1.06
Segment Information					
Insurance premiums written and contract deposits					
Property and Casualty	\$ 635.5	\$ 683.1	\$ 681.5	\$ 662.8	\$ 634.3
Supplemental	130.3	65.7	—	—	—
Retirement	429.1	419.4	439.1	453.1	520.2
Life	110.1	113.2	114.4	111.2	108.0
Total	\$ 1,305.0	\$ 1,281.4	\$ 1,235.0	\$ 1,227.1	\$ 1,262.5
Core earnings (loss)					
Property and Casualty	\$ 76.5	\$ 54.3	\$ (14.3)	\$ 17.2	\$ 25.6
Supplemental	43.1	18.0	—	—	—
Retirement	28.2	23.2	41.7	48.9	50.7
Life	10.4	17.6	18.8	17.3	16.6
Corporate and Other	(15.1)	(20.9)	(17.8)	(11.3)	(11.4)
Total	\$ 143.1	\$ 92.2	\$ 28.4	\$ 72.1	\$ 81.5

⁽¹⁾ The acquisition of NTA (Supplemental segment) closed on July 1, 2019.

Consolidated Statements of Operations

(\$ in millions)	Three Months Ended					Six Months Ended	
	Jun. 30, 2021	Mar. 31, 2021	Dec. 31, 2020	Sept. 30, 2020	Jun. 30, 2020	Jun. 30, 2021	Jun. 30, 2020
Revenues							
Premiums and contract charges earned	\$ 225.8	\$ 227.6	\$ 233.7	\$ 235.3	\$ 225.4	\$ 453.4	\$ 461.7
Net investment income	109.2	95.5	101.2	93.7	80.4	204.7	162.7
Net investment gains (losses)	4.9	(9.0)	10.5	2.5	3.2	(4.1)	(15.3)
Other income	7.2	7.9	6.9	4.4	5.9	15.1	13.1
Total revenues	347.1	322.0	352.3	335.9	314.9	669.1	622.2
Benefits, losses and expenses							
Benefits, claims and settlement expenses	147.1	134.3	135.8	151.4	143.0	281.4	281.7
Interest credited	51.2	50.6	51.3	51.1	50.7	101.8	102.2
Operating expenses	60.5	58.0	64.7	56.7	55.7	118.5	116.4
DAC amortization expense, excluding DAC unlocking	23.9	24.7	25.2	25.5	25.2	48.6	51.3
DAC unlocking	(0.4)	(0.6)	(0.3)	(0.9)	(4.8)	(1.0)	(0.9)
Intangible asset amortization expense	3.2	3.3	3.5	3.5	3.7	6.5	7.4
Interest expense	3.5	3.5	3.5	3.5	4.0	7.0	8.2
Other expense - goodwill and intangible asset impairments	—	—	10.0	—	—	—	—
Total benefits, losses and expenses	289.0	273.8	293.7	290.8	277.5	562.8	566.3
Income before income taxes	58.1	48.2	58.6	45.1	37.4	106.3	55.9
Income tax expense	11.4	8.9	10.8	8.6	6.9	20.3	6.9
Net income	\$ 46.7	\$ 39.3	\$ 47.8	\$ 36.5	\$ 30.5	\$ 86.0	\$ 49.0
Other Statistics							
Effective tax rate on net investment income	20.5 %	20.4 %	20.5 %	20.5 %	20.3 %	20.5 %	20.3 %
Net investment income, after tax	\$ 86.8	\$ 75.9	\$ 80.5	\$ 74.5	\$ 64.1	\$ 162.7	\$ 129.6
Catastrophe losses, net of reinsurance, pretax	17.5	11.0	6.1	34.8	34.7	28.5	43.5
Catastrophe losses, net of reinsurance, after tax	13.8	8.7	4.8	27.5	27.4	22.5	34.4
Impairments on investments ⁽¹⁾	—	(3.2)	—	(1.1)	(0.5)	(3.2)	(4.2)

⁽¹⁾ Included in pretax net investment gains (losses).

Consolidated Balance Sheets

(\$ in millions, except per share data)	Jun. 30, 2021	Mar. 31, 2021	Dec. 31, 2020	Sept. 30, 2020	Jun. 30, 2020	Mar. 31, 2020
Assets						
Investments						
Fixed maturity securities, available for sale, at fair value	\$ 6,555.0	\$ 6,356.3	\$ 6,345.3	\$ 6,168.5	\$ 6,022.0	\$ 5,843.2
Equity securities, at fair value	145.7	140.0	121.6	102.3	90.3	87.0
Limited partnership interests	585.7	505.2	449.0	418.2	392.2	389.3
Short-term and other investments	301.1	311.6	346.3	453.1	376.3	281.7
Total investments	7,587.5	7,313.1	7,262.2	7,142.1	6,880.8	6,601.2
Cash	29.4	39.4	22.3	65.5	82.4	41.2
Deferred policy acquisition costs	236.0	262.5	229.8	242.0	257.1	297.8
Deposit asset on reinsurance	2,456.8	2,442.2	2,420.9	2,402.5	2,373.3	2,356.3
Intangible assets	151.9	155.2	158.5	166.3	169.8	173.5
Goodwill	43.5	43.5	43.5	49.1	49.1	49.1
Other assets	428.3	436.7	443.2	447.4	442.3	498.9
Separate account assets	3,256.7	3,052.9	2,891.4	2,488.5	2,316.9	1,954.2
Total assets	\$ 14,190.1	\$ 13,745.5	\$ 13,471.8	\$ 13,003.4	\$ 12,571.7	\$ 11,972.2
Liabilities and Shareholders' Equity						
Policy liabilities						
Investment contract and life policy reserves	\$ 6,526.9	\$ 6,480.0	\$ 6,445.3	\$ 6,402.5	\$ 6,320.6	\$ 6,273.6
Unpaid claims and claim expenses	433.6	452.5	438.8	454.5	444.5	438.4
Unearned premiums	251.2	250.3	264.5	272.7	266.4	266.3
Total policy liabilities	7,211.7	7,182.8	7,148.6	7,129.7	7,031.5	6,978.3
Other policyholder funds	1,023.1	885.1	751.3	744.5	741.9	716.3
Other liabilities	468.5	494.4	453.1	487.8	404.4	412.7
Short-term debt	135.0	135.0	135.0	135.0	135.0	135.0
Long-term debt	278.5	302.4	302.3	302.2	302.2	298.1
Separate account liabilities	3,256.7	3,052.9	2,891.4	2,488.5	2,316.9	1,954.2
Total liabilities	12,373.5	12,052.6	11,681.7	11,287.7	10,931.9	10,494.6
Common stock, \$0.001 par value	0.1	0.1	0.1	0.1	0.1	0.1
Additional paid-in capital	490.7	489.2	488.4	486.8	483.8	481.9
Retained earnings	1,494.4	1,460.8	1,434.6	1,399.5	1,375.7	1,357.8
Accumulated other comprehensive income, net of taxes:						
Net unrealized investment gains on fixed maturity securities	332.2	243.6	366.3	328.2	279.1	136.7
Net funded status of benefit plans	(11.2)	(11.2)	(11.2)	(10.8)	(10.8)	(10.8)
Treasury stock, at cost	(489.6)	(489.6)	(488.1)	(488.1)	(488.1)	(488.1)
Total shareholders' equity	1,816.6	1,692.9	1,790.1	1,715.7	1,639.8	1,477.6
Total liabilities and shareholders' equity	\$ 14,190.1	\$ 13,745.5	\$ 13,471.8	\$ 13,003.4	\$ 12,571.7	\$ 11,972.2

Capital Metrics

(\$ in millions, except per share data)	Three Months Ended					Six Months Ended	
	Jun. 30, 2021	Mar. 31, 2021	Dec. 31, 2020	Sept. 30, 2020	Jun. 30, 2020	Jun. 30, 2021	Jun. 30, 2020
Debt and Total Capitalization							
Short term debt due under revolving credit agreement ⁽¹⁾	\$ 135.0	\$ 135.0	\$ 135.0	\$ 135.0	\$ 135.0	\$ 135.0	\$ 135.0
Senior Debt:							
4.50% Senior notes due December 1, 2025	248.5	248.4	248.3	248.2	248.2	248.5	248.2
FHLB Borrowing	30.0	54.0	54.0	54.0	54.0	30.0	54.0
Total debt	413.5	437.4	437.3	437.2	437.2	413.5	437.2
Shareholders' equity	1,816.6	1,692.9	1,790.1	1,715.7	1,639.8	1,816.6	1,639.8
Total capitalization	\$ 2,230.1	\$ 2,130.3	\$ 2,227.4	\$ 2,152.9	\$ 2,077.0	\$ 2,230.1	\$ 2,077.0
Debt to shareholders' equity	22.8 %	25.8 %	24.4 %	25.5 %	26.7 %	22.8 %	26.7 %
Debt to total capitalization	18.5 %	20.5 %	19.6 %	20.3 %	21.0 %	18.5 %	21.0 %
Debt to total capitalization excluding net unrealized investment gains (losses) on fixed maturity securities*	21.8 %	23.2 %	23.5 %	24.0 %	24.3 %	21.8 %	24.3 %
Capital Returned to Shareholders							
Common stock repurchased ⁽²⁾	\$ —	\$ 1.5	\$ —	\$ —	\$ —	\$ 1.5	\$ 2.2
Cash dividends paid	12.8	12.9	12.4	12.4	12.4	25.7	24.8
Total capital returned to shareholders	\$ 12.8	\$ 14.4	\$ 12.4	\$ 12.4	\$ 12.4	\$ 27.2	\$ 27.0

⁽¹⁾ Amount available for borrowing is \$90.0 million; At LIBOR +115 bps; Expires on June 21, 2024.

⁽²⁾ As of June 30, 2021, the Company's program had a remaining authorization of \$19.1 million.

Property and Casualty Segment | Statements of Operations

(\$ in millions)	Three Months Ended					Six Months Ended	
	Jun. 30, 2021	Mar. 31, 2021	Dec. 31, 2020	Sept. 30, 2020	Jun. 30, 2020	Jun. 30, 2021	Jun. 30, 2020
Underwriting Results							
Premiums written*							
Automobile	\$ 97.8	\$ 99.2	\$ 101.2	\$ 109.5	\$ 96.7	\$ 197.0	\$ 206.1
Property and other	57.8	42.6	51.8	63.3	59.4	100.4	103.6
Total premiums written	155.6	141.8	153.0	172.8	156.1	297.4	309.7
Premiums earned							
Automobile	\$ 101.6	\$ 102.8	\$ 106.1	\$ 108.7	\$ 101.6	\$ 204.4	\$ 213.4
Property and other	53.4	53.0	55.3	57.3	54.6	106.4	109.3
Total premiums earned	155.0	155.8	161.4	166.0	156.2	310.8	322.7
Losses and loss adjustment expenses							
Current accident year before catastrophe losses	100.7	83.7	94.9	90.8	74.5	184.4	171.1
Current accident year catastrophe losses	17.5	11.0	6.1	34.8	34.7	28.5	43.5
Prior years' reserve development ⁽¹⁾	(4.2)	—	(1.0)	(7.2)	(1.0)	(4.2)	(2.0)
Total losses and loss adjustment expenses	114.0	94.7	100.0	118.4	108.2	208.7	212.6
Operating expenses, including DAC amortization expense	39.9	39.5	45.7	41.9	40.9	79.4	84.1
Underwriting gain (loss)	1.1	21.6	15.7	5.7	7.1	22.7	26.0
Net investment income	21.7	10.8	12.3	13.7	6.3	32.5	16.6
Other income	1.2	2.1	0.2	0.5	0.8	3.3	1.6
Interest expense	—	0.1	—	0.1	0.1	0.1	0.3
Income before income taxes	24.0	34.4	28.2	19.8	14.1	58.4	43.9
Income tax expense	4.7	6.5	5.4	4.0	2.8	11.2	6.0
Net income ⁽²⁾	\$ 19.3	\$ 27.9	\$ 22.8	\$ 15.8	\$ 11.3	\$ 47.2	\$ 37.9

⁽¹⁾ (Favorable) unfavorable.

⁽²⁾ Net investment gains (losses) are not allocated by segment.

Property and Casualty Segment | Underwriting Results and Informational Data

	Three Months Ended					Six Months Ended	
	Jun. 30, 2021	Mar. 31, 2021	Dec. 31, 2020	Sept. 30, 2020	Jun. 30, 2020	Jun. 30, 2021	Jun. 30, 2020
Underwriting Ratios (%)							
Losses and loss adjustment expenses							
Current accident year before catastrophe losses and PYD	64.9	53.8	58.7	54.7	47.6	59.5	53.0
Current accident year catastrophe losses	11.3	7.0	3.8	20.9	22.2	9.1	13.5
Prior years' reserve development ⁽¹⁾	(2.7)	—	(0.6)	(4.3)	(0.6)	(1.4)	(0.6)
Total losses and loss adjustment expenses	73.5	60.8	61.9	71.3	69.2	67.2	65.9
Expense Ratio	25.7	25.4	28.3	25.2	26.2	25.5	26.1
Combined ratio	99.2	86.2	90.2	96.5	95.4	92.7	92.0
Combined ratio before catastrophe losses	87.9	79.2	86.4	75.6	73.2	83.6	78.5
Combined ratio before catastrophe losses and prior years' reserve development*	90.6	79.2	87.0	79.9	73.8	85.0	79.1
Product (%)							
Automobile							
Loss and loss adjustment expense ratio	67.6	59.1	67.7	57.6	53.2	63.3	59.8
Expense ratio	25.7	25.1	28.5	25.7	27.1	25.4	26.5
Combined ratio	93.3	84.2	96.2	83.3	80.3	88.7	86.3
Prior years' reserve development ⁽¹⁾	(3.0)	0.0	0.0	(0.9)	0.0	(1.5)	(0.5)
Catastrophe losses	2.6	0.3	0.3	1.7	3.1	1.5	1.5
Combined ratio before catastrophe losses and prior years' reserve development*	93.7	83.9	95.9	82.5	77.2	88.7	85.3
Property							
Loss and loss adjustment expense ratio	84.8	64.1	50.8	97.3	99.1	74.5	77.8
Expense ratio	26.0	26.0	28.2	24.4	24.8	26.0	25.5
Combined ratio	110.8	90.1	79.0	121.7	123.9	100.5	103.3
Prior years' reserve development ⁽¹⁾	(2.3)	0.0	(1.8)	(10.8)	(1.8)	(1.1)	(0.9)
Catastrophe losses	27.9	20.1	10.5	57.3	57.9	24.1	36.8
Combined ratio before catastrophe losses and prior years' development*	85.2	70.0	70.3	75.2	67.8	77.5	67.4
Informational Data							
Policy Count Retention - LTM							
Automobile ⁽²⁾	81.9 %	81.9 %	81.2 %	80.9 %	81.6 %	81.9 %	81.6 %
Property ⁽²⁾	87.3 %	87.3 %	86.8 %	86.7 %	87.5 %	87.3 %	87.5 %
Sales* (Annualized premium, in millions) ⁽³⁾							
Automobile	\$ 14.1	\$ 13.7	\$ 13.9	\$ 16.9	\$ 15.4	\$ 27.8	\$ 31.3
Property	4.0	3.4	4.2	5.1	3.9	7.4	7.8
Total sales	\$ 18.1	\$ 17.1	\$ 18.1	\$ 22.0	\$ 19.3	\$ 35.2	\$ 39.1
Risks in force (in thousands)							
Automobile ⁽⁴⁾	387	393	399	406	418	387	418
Property	180	182	184	187	191	180	191
Total risks in force	567	575	583	593	609	567	609

⁽¹⁾ (Favorable) unfavorable.

⁽²⁾ For the three and six months ended June 30, 2021, retention data is an estimate due to system conversion.

⁽³⁾ HM Products.

⁽⁴⁾ Includes assumed risks in force of 4.

Supplemental Segment | Statements of Operations and Informational Data

(\$ in millions)	Three Months Ended					Six Months Ended	
	Jun. 30, 2021	Mar. 31, 2021	Dec. 31, 2020	Sept. 30, 2020	Jun. 30, 2020	Jun. 30, 2021	Jun. 30, 2020
Revenues							
Premiums and contract charges earned	\$ 31.6	\$ 31.7	\$ 31.9	\$ 32.5	\$ 33.3	\$ 63.3	\$ 66.3
Net investment income	6.3	5.3	6.0	4.3	4.0	11.6	7.5
Other income	0.6	0.7	0.7	0.7	0.6	1.3	1.3
Total revenues	38.5	37.7	38.6	37.5	37.9	76.2	75.1
Benefits and Expenses							
Benefits	8.7	9.6	9.6	9.2	8.7	18.3	19.4
Change in reserves	1.2	0.1	(0.2)	1.3	3.8	1.3	3.6
Interest credited	—	0.1	—	0.2	—	0.1	—
Operating expenses (includes DAC unlocking and amortization expense)	10.2	10.4	10.1	10.1	10.1	20.6	20.2
Intangible asset amortization expense	3.0	2.9	3.1	3.1	3.2	5.9	6.4
Total benefits and expenses	23.1	23.1	22.6	23.9	25.8	46.2	49.6
Income before income taxes	15.4	14.6	16.0	13.6	12.1	30.0	25.5
Income tax expense	3.4	3.2	3.5	3.0	2.6	6.6	5.5
Net income ⁽¹⁾	\$ 12.0	\$ 11.4	\$ 12.5	\$ 10.6	\$ 9.5	\$ 23.4	\$ 20.0
Informational Data							
Total Sales*	\$ 1.2	\$ 1.0	\$ 1.4	\$ 1.4	\$ 0.7	\$ 2.2	\$ 4.4
Benefits ratio ⁽²⁾	31.3 %	30.6 %	29.5 %	32.3 %	37.5 %	31.0 %	34.7 %
Operating expense ratio ⁽³⁾	26.5 %	27.6 %	26.2 %	26.9 %	26.6 %	27.0 %	26.9 %
Pretax profit margin ⁽⁴⁾	40.0 %	38.7 %	41.5 %	36.3 %	31.9 %	39.4 %	34.0 %
Premium persistency (rolling 12 months)	90.7 %	91.5 %	90.5 %	90.1 %	89.3 %	90.7 %	89.3 %
Policies in force (in thousands)	282	284	287	292	298	282	298

⁽¹⁾ Net investment gains (losses) are not allocated by segment.

⁽²⁾ Ratio of benefits plus change in reserves to earned premium.

⁽³⁾ Ratio of operating expenses to total revenues.

⁽⁴⁾ Ratio of income before taxes to total revenues.

Retirement Segment | Statements of Operations and Informational Data

(\$ in millions)	Three Months Ended					Six Months Ended	
	Jun. 30, 2021	Mar. 31, 2021	Dec. 31, 2020	Sept. 30, 2020	Jun. 30, 2020	Jun. 30, 2021	Jun. 30, 2020
Net annuity contract deposits*	\$ 117.4	\$ 105.8	\$ 103.0	\$ 118.7	\$ 101.6	\$ 223.2	\$ 207.4
Revenues							
Contract charges earned	\$ 9.2	\$ 8.6	\$ 8.2	\$ 7.4	\$ 6.7	\$ 17.8	\$ 14.1
Net investment income	36.9	36.0	37.9	33.6	31.2	72.9	61.0
Investment income - Deposit asset on reinsurance	25.1	24.4	25.2	24.5	23.9	49.5	47.6
Other income	4.9	4.7	4.2	2.7	4.1	9.6	9.4
Total revenues	76.1	73.7	75.5	68.2	65.9	149.8	132.1
Benefits and Expenses							
Interest credited	14.1	13.8	14.2	14.2	14.5	27.9	30.2
Interest credited - Reinsured block	25.9	25.5	25.9	25.5	24.9	51.4	49.5
Mortality loss and other reserve changes	1.6	1.1	1.2	1.3	1.2	2.7	2.8
Operating expenses	15.7	16.0	16.3	13.9	13.9	31.7	30.1
DAC amortization expense, excluding DAC unlocking	4.8	5.1	4.8	4.7	4.3	9.9	9.0
DAC unlocking	(0.2)	(0.8)	(0.5)	(0.7)	(4.6)	(1.0)	(0.6)
Intangible asset amortization expense	0.3	0.4	0.4	0.4	0.5	0.7	1.0
Other expense - goodwill and intangible asset impairments	—	—	10.0	—	—	—	—
Total benefits and expenses	62.2	61.1	72.3	59.3	54.7	123.3	122.0
Income before income taxes	13.9	12.6	3.2	8.9	11.2	26.5	10.1
Income tax expense (benefit)	2.4	2.0	(0.3)	1.1	1.5	4.4	1.3
Net income ⁽¹⁾	\$ 11.5	\$ 10.6	\$ 3.5	\$ 7.8	\$ 9.7	\$ 22.1	\$ 8.8
Core earnings	11.5	10.6	11.6	7.8	9.7	22.1	8.8
Less: DAC unlocking, after tax	0.2	0.6	0.4	0.5	3.7	0.8	0.5
Core earnings excluding DAC unlocking	\$ 11.3	\$ 10.0	\$ 11.2	\$ 7.3	\$ 6.0	\$ 21.3	\$ 8.3
Fixed annuity interest spread - Annualized ⁽²⁾	265	253	283	225	186	259	168
Variable annuity fee margin - Annualized ⁽²⁾	147	144	148	152	150	145	139
Informational Data							
Assets under administration (AUA)							
Annuity assets under management ⁽³⁾	\$ 5,173.1	\$ 4,991.7	\$ 4,841.8	\$ 4,508.7	\$ 4,324.3	\$ 5,173.1	\$ 4,324.3
Brokerage and advisory assets under administration	2,516.4	2,388.1	2,324.1	2,124.3	2,168.0	2,516.4	2,168.0
Recordkeeping assets under administration	1,629.9	1,546.3	1,518.1	1,399.6	1,460.5	1,629.9	1,460.5
Total AUA	\$ 9,319.4	\$ 8,926.1	\$ 8,684.0	\$ 8,032.6	\$ 7,952.8	\$ 9,319.4	\$ 7,952.8
Persistency - LTM							
Fixed annuities	95.0 %	95.0 %	94.7 %	94.5 %	94.2 %	95.0 %	94.2 %
Variable annuities	94.8 %	95.1 %	95.0 %	94.8 %	94.9 %	94.8 %	94.9 %
Annuity Contracts in force (in thousands)	229	230	230	230	230	229	230

⁽¹⁾ Net investment gains (losses) are not allocated by segment.

⁽²⁾ Effective June 30, 2019, excludes the impact of the reinsured block.

⁽³⁾ Amount reported as of June 30, 2021 excludes \$818.9 million of assets under management held under modified coinsurance reinsurance.

Retirement Segment | Account Value Rollforward

(\$ in millions)	Three Months Ended					
	Jun. 30, 2021	Mar. 31, 2021	Dec. 31, 2020	Sept. 30, 2020	Jun. 30, 2020	Mar. 31, 2020
Fixed Account Annuities⁽¹⁾						
Beginning balance	\$ 2,200.8	\$ 2,188.3	\$ 2,177.6	\$ 2,147.6	\$ 2,138.1	\$ 2,125.9
Reinsurance transfer ⁽⁴⁾	(15.7)	(21.2)	(20.7)	(30.2)	(18.3)	(10.1)
Deposits	50.8	46.4	46.8	61.8	44.9	44.5
Withdrawals	(75.2)	(68.6)	(80.2)	(59.4)	(61.1)	(82.1)
Net transfers	8.2	16.6	25.2	20.3	6.4	22.8
Interest credited	40.0	39.3	40.1	39.7	39.4	40.3
Other	(0.4)	—	(0.5)	(2.2)	(1.8)	(3.2)
Ending balance	\$ 2,208.5	\$ 2,200.8	\$ 2,188.3	\$ 2,177.6	\$ 2,147.6	\$ 2,138.1
Fixed Indexed Account Annuities⁽²⁾						
Beginning balance	\$ 520.8	\$ 514.2	\$ 502.7	\$ 487.4	\$ 473.9	\$ 471.1
Deposits	12.8	9.6	12.3	16.9	14.6	15.4
Withdrawals	(10.7)	(7.6)	(8.0)	(7.4)	(8.7)	(9.1)
Net transfers	(0.4)	(0.4)	(0.4)	(0.8)	(0.4)	(0.8)
Index credits	6.2	1.2	1.2	1.2	1.0	1.6
Other	(1.9)	3.8	6.4	5.4	7.0	(4.3)
Ending balance	\$ 526.8	\$ 520.8	\$ 514.2	\$ 502.7	\$ 487.4	\$ 473.9
Variable Account Annuities⁽³⁾						
Beginning balance	\$ 3,052.9	\$ 2,891.4	\$ 2,488.5	\$ 2,316.9	\$ 1,954.2	\$ 2,490.5
Deposits	67.7	61.5	57.6	58.5	52.3	57.8
Withdrawals	(40.5)	(44.5)	(36.2)	(32.3)	(21.5)	(38.0)
Net transfers	(7.8)	(16.2)	(24.8)	(19.5)	(5.9)	(22.0)
Fees and charges	(12.0)	(11.0)	(10.6)	(9.5)	(8.4)	(9.1)
Market appreciation	196.4	171.7	416.9	174.4	346.2	(525.0)
Other	—	—	—	—	—	—
Ending balance	\$ 3,256.7	\$ 3,052.9	\$ 2,891.4	\$ 2,488.5	\$ 2,316.9	\$ 1,954.2
Held under modified coinsurance agreement	818.9	782.8	752.1	660.1	627.6	539.6
Ending balance net of reinsurance	\$ 2,437.8	\$ 2,270.1	\$ 2,139.3	\$ 1,828.4	\$ 1,689.3	\$ 1,414.6

⁽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.

⁽⁴⁾ Represents account balances transferred to reinsurer on April 1, 2019.

Life Segment | Statements of Operations and Informational Data

(\$ in millions)	Three Months Ended					Six Months Ended	
	Jun. 30, 2021	Mar. 31, 2021	Dec. 31, 2020	Sept. 30, 2020	Jun. 30, 2020	Jun. 30, 2021	Jun. 30, 2020
Premiums and contract deposits*	\$ 29.5	\$ 25.2	\$ 30.8	\$ 26.9	\$ 27.6	\$ 54.7	\$ 52.4
Revenues							
Premiums and contract charges earned	\$ 30.0	\$ 31.5	\$ 32.2	\$ 29.4	\$ 29.2	\$ 61.5	\$ 58.6
Net investment income	19.8	19.6	20.4	18.2	15.6	39.4	31.2
Other income	0.1	0.1	0.1	0.1	—	0.2	—
Total revenues	49.9	51.2	52.7	47.7	44.8	101.1	89.8
Benefits and Expenses							
Death benefits / mortality cost ⁽¹⁾	8.5	14.6	10.5	9.0	9.2	23.1	19.3
Interest credited	11.2	11.2	11.2	11.2	11.3	22.4	22.5
Change in reserves	13.1	14.2	14.7	12.2	11.9	27.3	24.0
Operating expenses	9.2	8.3	9.5	8.4	8.3	17.5	17.4
DAC amortization expense, excluding unlocking	2.0	1.8	1.9	1.9	2.0	3.8	3.9
DAC unlocking	(0.2)	0.2	0.2	(0.2)	(0.2)	—	(0.3)
Total benefits and expenses	43.8	50.3	48.0	42.5	42.5	94.1	86.8
Income before income taxes	6.1	0.9	4.7	5.2	2.3	7.0	3.0
Income tax expense	1.1	0.2	1.1	0.9	0.4	1.3	0.5
Net income ⁽²⁾	\$ 5.0	\$ 0.7	\$ 3.6	\$ 4.3	\$ 1.9	\$ 5.7	\$ 2.5
Less: DAC unlocking, after tax	0.1	(0.1)	(0.2)	0.2	0.1	—	0.2
Net income excluding DAC unlocking	\$ 4.9	\$ 0.8	\$ 3.8	\$ 4.1	\$ 1.8	\$ 5.7	\$ 2.3
Earnings margin (before tax)							
Return on premium - LTM	13.6 %	10.5 %	10.4 %	10.5 %	11.7 %	13.6 %	11.7 %
Informational Data							
Lapse ratio - LTM ⁽³⁾	4.0 %	3.9 %	4.2 %	4.3 %	4.2 %	4.0 %	4.2 %
Sales* (LTM, \$ in millions) ⁽⁴⁾							
Recurring	\$ 2.2	\$ 1.8	\$ 2.0	\$ 2.0	\$ 2.3	\$ 4.0	\$ 4.1
Single premium	2.1	1.2	1.1	0.7	1.3	3.3	2.8
Total sales	\$ 4.3	\$ 3.0	\$ 3.1	\$ 2.7	\$ 3.6	\$ 7.3	\$ 6.9
Annualized sales* (\$ in millions)	\$ 2.4	\$ 2.0	\$ 2.1	\$ 2.0	\$ 2.4	\$ 4.4	\$ 4.4
Insurance in force (\$ in millions)	\$ 20,122	\$ 19,936	\$ 19,821	\$ 19,681	\$ 19,565	\$ 20,122	\$ 19,565
Policies in force (in thousands)	200	201	202	201	201	200	201

⁽¹⁾ Ordinary life insurance.

⁽²⁾ Net investment gains (losses) are not allocated by segment.

⁽³⁾ Based on ordinary life insurance in force.

⁽⁴⁾ HM products.

Corporate and Other Segment | Statements of Operations

(\$ in millions, amounts are net of consolidating eliminations)		Three Months Ended					Six Months Ended	
		Jun. 30, 2021	Mar. 31, 2021	Dec. 31, 2020	Sept. 30, 2020	Jun. 30, 2020	Jun. 30, 2021	Jun. 30, 2020
Revenues								
Net investment income	\$	(0.6)	\$ (0.6)	\$ (0.6)	\$ (0.6)	\$ (0.6)	\$ (1.2)	\$ (1.2)
Other income		0.4	0.3	1.7	0.4	0.4	0.7	0.8
Total revenues		(0.2)	(0.3)	1.1	(0.2)	(0.2)	(0.5)	(0.4)
Expenses								
Interest expense		3.5	3.4	3.5	3.4	3.9	6.9	7.9
Debt retirement costs		—	—	—	—	—	—	—
Other operating expenses		2.6	1.6	1.6	1.3	1.4	4.2	3.0
Total expenses		6.1	5.0	5.1	4.7	5.3	11.1	10.9
Loss before income taxes		(6.3)	(5.3)	(4.0)	(4.9)	(5.5)	(11.6)	(11.3)
Income tax benefit		(1.3)	(1.1)	(1.0)	(1.0)	(1.1)	(2.4)	(3.1)
Loss after tax	\$	(5.0)	\$ (4.2)	\$ (3.0)	\$ (3.9)	\$ (4.4)	\$ (9.2)	\$ (8.2)
Net investment gains (losses) pretax ⁽¹⁾		4.9	(9.0)	10.5	2.5	3.2	(4.1)	(15.3)
Tax on net investment gains (losses) ⁽¹⁾		1.0	(1.9)	2.1	0.6	0.7	(0.9)	(3.3)
Net investment gains (losses) after tax ⁽¹⁾		3.9	(7.1)	8.4	1.9	2.5	(3.2)	(12.0)
Net income (loss)	\$	(1.1)	\$ (11.3)	\$ 5.4	\$ (2.0)	\$ (1.9)	\$ (12.4)	\$ (20.2)

⁽¹⁾ Corporate level transactions, such as net investment gains (losses), are not allocated to the operating segments consistent with how management evaluates the results of those segments.

Investment Earnings Before Taxes Consolidated

(\$ in millions)	Three Months Ended					Six Months Ended	
	Jun. 30, 2021	Mar. 31, 2021	Dec. 31, 2020	Sept. 30, 2020	Jun. 30, 2020	Jun. 30, 2021	Jun. 30, 2020
Net Investment Income							
Fixed maturity securities ⁽¹⁾							
Taxable	\$ 56.4	\$ 54.7	\$ 55.0	\$ 53.1	\$ 55.6	\$ 111.1	\$ 111.6
Tax-exempt	3.0	3.3	3.2	3.3	3.3	6.3	6.7
Total fixed maturity securities	59.4	58.0	58.2	56.4	58.9	117.4	118.3
Equity securities	1.3	1.1	1.2	1.1	1.2	2.4	2.4
Policy loans	2.4	2.3	2.3	2.3	2.3	4.7	4.6
Senior commercial mortgage loan funds	2.0	2.2	2.2	0.9	(1.3)	4.2	0.1
Limited partnership interests	21.0	9.1	13.8	10.2	(2.2)	30.1	(6.3)
Short-term investments and other	0.5	0.5	0.5	0.5	0.5	1.0	1.1
Investment income	86.6	73.2	78.2	71.4	59.4	159.8	120.2
Investment expense	2.5	2.1	2.2	2.2	2.9	4.6	5.1
Total net investment income - investment portfolio	84.1	71.1	76.0	69.2	56.5	155.2	115.1
Investment income - Deposit asset on reinsurance	25.1	24.4	25.2	24.5	23.9	49.5	47.6
Total gross investment income	\$ 109.2	\$ 95.5	\$ 101.2	\$ 93.7	\$ 80.4	\$ 204.7	\$ 162.7
Investment yield, pretax - annualized ⁽²⁾	5.40 %	4.61 %	5.00 %	4.64 %	3.86 %	5.01 %	3.94 %
Investment yield, after tax - annualized ⁽²⁾	4.30 %	3.67 %	3.98 %	3.70 %	3.09 %	3.99 %	3.15 %
Investment yield, excluding limited partnership interests, pretax - annualized ⁽²⁾	4.30 %	4.20 %	4.25 %	4.18 %	4.39 %	4.25 %	4.45 %
Investment yield, excluding limited partnership interests, after tax - annualized ⁽²⁾	3.44 %	3.35 %	3.39 %	3.33 %	3.51 %	3.40 %	3.55 %
Portfolio Net Investment Income by Segment							
Property and Casualty	\$ 21.7	\$ 10.8	\$ 12.3	\$ 13.7	\$ 6.3	\$ 32.5	\$ 16.6
Supplemental	6.3	5.3	6.0	4.3	4.0	11.6	7.5
Retirement	36.9	36.0	37.9	33.6	31.2	72.9	61.0
Life	19.8	19.6	20.4	18.2	15.6	39.4	31.2
Corporate and Other, including intersegment eliminations	(0.6)	(0.6)	(0.6)	(0.6)	(0.6)	(1.2)	(1.2)
Total net investment income	\$ 84.1	\$ 71.1	\$ 76.0	\$ 69.2	\$ 56.5	\$ 155.2	\$ 115.1
Net Investment Gains (Losses)							
Gross realized gains	\$ 5.8	\$ 3.9	\$ 7.1	\$ 8.3	\$ 7.4	\$ 9.7	\$ 13.3
Gross realized losses, excluding impairment charges	(5.2)	(6.9)	(2.0)	(7.0)	(10.3)	(12.1)	(16.5)
Change in fair value of equity securities	4.3	(2.8)	5.4	2.3	6.6	1.5	(7.9)
Impairment charges	—	(3.2)	—	(1.1)	(0.5)	(3.2)	(4.2)
Total net investment gains (losses)	\$ 4.9	\$ (9.0)	\$ 10.5	\$ 2.5	\$ 3.2	\$ (4.1)	\$ (15.3)

⁽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 period-end and beginning of year invested assets at cost, amortized cost, or adjusted carrying value, as applicable.

Composition of Invested Assets Consolidated

(\$ in millions)	June 30, 2021		March 31, 2021		December 31, 2020		September 30, 2020		June 30, 2020		March 31, 2020	
	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent
Fixed maturity securities, at fair value ⁽¹⁾	\$ 6,555.0	86.4 %	\$ 6,356.3	86.9 %	\$ 6,345.3	87.4 %	\$ 6,168.5	86.4 %	\$ 6,022.0	87.5 %	\$ 5,843.2	88.5 %
Equity securities, at fair value	145.7	1.9 %	140.0	1.9 %	121.6	1.7 %	102.3	1.4 %	90.3	1.3 %	87.0	1.3 %
Policy loans, at outstanding balance	145.5	1.9 %	147.6	2.0 %	150.1	2.1 %	151.4	2.1 %	152.2	2.2 %	152.8	2.3 %
Senior commercial mortgage loan funds	254.8	3.4 %	197.3	2.7 %	149.6	2.0 %	139.1	2.0 %	117.4	1.7 %	114.8	1.7 %
Limited partnership interests	330.9	4.4 %	307.9	4.2 %	299.4	4.1 %	279.1	3.9 %	274.8	4.0 %	274.5	4.2 %
Short-term investments and other	155.6	2.0 %	164.0	2.3 %	196.2	2.7 %	301.7	4.2 %	224.1	3.3 %	128.9	2.0 %
Total investments	\$ 7,587.5	100.0 %	\$ 7,313.1	100.0 %	\$ 7,262.2	100.0 %	\$ 7,142.1	100.0 %	\$ 6,880.8	100.0 %	\$ 6,601.2	100.0 %
Asset-backed securities	\$ 336.7	5.1 %	\$ 362.3	5.7 %	\$ 361.5	5.7 %	\$ 379.4	6.2 %	\$ 427.4	7.1 %	\$ 365.0	6.2 %
Collateralized debt/loan obligations	671.4	10.2 %	675.0	10.6 %	689.7	10.9 %	663.2	10.8 %	593.0	9.8 %	559.2	9.6 %
Commercial mortgage-backed securities	328.6	5.0 %	329.5	5.2 %	343.4	5.4 %	351.8	5.7 %	348.7	5.8 %	348.1	6.0 %
Corporate	2,453.1	37.4 %	2,238.7	35.2 %	2,168.0	34.2 %	2,028.3	32.9 %	1,906.0	31.7 %	1,729.6	29.6 %
Municipal	1,799.1	27.5 %	1,768.1	27.8 %	1,827.5	28.8 %	1,816.5	29.4 %	1,805.5	30.0 %	1,770.0	30.3 %
Residential mortgage-backed securities	509.8	7.8 %	524.4	8.3 %	522.0	8.2 %	545.2	8.8 %	566.5	9.4 %	602.6	10.3 %
U.S. Treasuries and government agencies	456.3	7.0 %	458.3	7.2 %	433.2	6.8 %	384.1	6.2 %	374.9	6.2 %	468.7	8.0 %
Total fixed maturity securities	\$ 6,555.0	100.0 %	\$ 6,356.3	100.0 %	\$ 6,345.3	100.0 %	\$ 6,168.5	100.0 %	\$ 6,022.0	100.0 %	\$ 5,843.2	100.0 %
U.S. government/government agencies	\$ 1,166.1	17.8 %	\$ 1,166.3	18.4 %	\$ 1,150.3	18.1 %	\$ 1,118.8	18.1 %	\$ 1,125.4	18.7 %	\$ 1,248.8	21.4 %
AAA	661.8	10.1 %	714.9	11.2 %	712.2	11.2 %	714.7	11.6 %	694.7	11.5 %	669.5	11.5 %
AA	1,349.1	20.6 %	1,308.0	20.6 %	1,410.5	22.2 %	1,368.2	22.2 %	1,356.0	22.5 %	1,298.4	22.2 %
A	1,147.2	17.5 %	1,125.4	17.7 %	1,188.8	18.8 %	1,222.2	19.8 %	1,226.5	20.4 %	1,267.4	21.7 %
BBB	1,440.7	22.0 %	1,368.2	21.5 %	1,353.1	21.3 %	1,256.0	20.4 %	1,188.7	19.7 %	1,084.2	18.5 %
BB and below, includes securities not rated	790.1	12.0 %	673.5	10.6 %	530.4	8.4 %	488.6	7.9 %	430.7	7.2 %	274.9	4.7 %
Total fixed maturity securities	\$ 6,555.0	100.0 %	\$ 6,356.3	100.0 %	\$ 6,345.3	100.0 %	\$ 6,168.5	100.0 %	\$ 6,022.0	100.0 %	\$ 5,843.2	100.0 %
Investments by Segment												
Property and Casualty	\$ 1,045.9	13.8 %	\$ 1,030.5	14.1 %	\$ 1,042.9	14.3 %	\$ 1,043.0	14.6 %	\$ 1,005.5	14.6 %	\$ 1,017.2	15.4 %
Supplemental	677.1	8.9 %	644.8	8.8 %	632.8	8.7 %	633.0	8.9 %	611.8	8.9 %	563.6	8.5 %
Retirement and Life	5,856.2	77.2 %	5,634.6	77.1 %	5,582.7	76.9 %	5,465.8	76.5 %	5,263.1	76.5 %	5,016.7	76.0 %
Corporate and Other ⁽²⁾	8.3	0.1 %	3.2	— %	3.8	0.1 %	0.3	— %	0.4	— %	3.7	0.1 %
Total investments	\$ 7,587.5	100.0 %	\$ 7,313.1	100.0 %	\$ 7,262.2	100.0 %	\$ 7,142.1	100.0 %	\$ 6,880.8	100.0 %	\$ 6,601.2	100.0 %

⁽¹⁾ Amortized cost, net of \$6,049.4, \$5,992.7, \$5,788.6, \$5,672.3, \$5,604.4, and \$5,653.4, at June 30, 2021, March 31, 2021, December 31, 2020, September 30, 2020, June 30, 2020, and March 31, 2020, respectively.

⁽²⁾ Corporate and Other segment assets are comprised primarily of short-term investments.

Appendix: Reconciliations of GAAP Measures to Non-GAAP Measures

The following measures are used by the Company's management to evaluate financial performance against historical results and establish targets on a consolidated basis. A number of these measures are components of net income or the balance sheet but, in some cases, are not based on accounting principles generally accepted in the United States of America (non-GAAP) under applicable SEC rules because they are not displayed as separate line items in the Consolidated Statements of Operations or the Consolidated Balance Sheets or are not required to be disclosed in the Notes to the Consolidated Financial Statements or, in some cases, there is inclusion or exclusion of certain items not ordinarily included or excluded in accordance with accounting principles generally accepted in the United States of America (GAAP). Reconciliations of these measures to the most comparable GAAP measures also follow.

In the opinion of the Company's management, a discussion of these measures provides investors, financial analysts, rating agencies and other financial statement users with a better understanding of the significant factors that comprise the Company's periodic results of operations and how management evaluates the Company's financial performance. Internally, the Company's management uses these measures to evaluate performance against historical results, to establish financial targets on a consolidated basis and for other reasons, which are discussed below.

Some of these measures exclude net investment gains (losses), net of tax, and/or net unrealized investment gains on fixed maturity securities, net of tax, which can be significantly impacted by both discretionary and other economic factors and are not necessarily indicative of operating trends.

Other companies may calculate these measures differently, and, therefore, their measures may not be comparable to those used by the Company's management.

Reconciliations of GAAP Measures to Non-GAAP Measures

(\$ in millions after tax)	Three Months Ended					Six Months Ended	
	Jun. 30, 2021	Mar. 31, 2021	Dec. 31, 2020	Sept. 30, 2020	Jun. 30, 2020	Jun. 30, 2021	Jun. 30, 2020
Reconciliation of Net Income to Core Earnings							
Net income	\$ 46.7	\$ 39.3	\$ 47.8	\$ 36.5	\$ 30.5	\$ 86.0	\$ 49.0
Less: Net investment gains (losses)	3.9	(7.1)	8.4	1.9	2.5	(3.2)	(12.0)
Other expense - goodwill and intangible asset impairments	—	—	(8.1)	—	—	—	—
Core earnings*	\$ 42.8	\$ 46.4	\$ 47.5	\$ 34.6	\$ 28.0	\$ 89.2	\$ 61.0
Pretax net income	\$ 58.1	\$ 48.2	\$ 58.6	\$ 45.1	\$ 37.4	\$ 106.3	\$ 55.9
Less: Pretax net investment gains (losses)	4.9	(9.0)	10.5	2.5	3.2	(4.1)	(15.3)
Other expense - goodwill and intangible asset impairments, pretax	—	—	(10.0)	—	—	—	—
Pretax core earnings*	\$ 53.2	\$ 57.2	\$ 58.1	\$ 42.6	\$ 34.2	\$ 110.4	\$ 71.2
Reconciliation of Net Income per Share to Core Earnings per Share on a Basic and Diluted Basis							
Net income per share (basic)	\$ 1.11	\$ 0.94	\$ 1.14	\$ 0.87	\$ 0.73	\$ 2.05	\$ 1.17
Less: Net investment gains (losses)	0.09	(0.17)	0.20	0.05	0.06	(0.08)	(0.29)
Other expense - goodwill and intangible asset impairments	—	—	(0.19)	—	—	—	—
Core earnings per share (basic)*	\$ 1.02	\$ 1.11	\$ 1.13	\$ 0.82	\$ 0.67	\$ 2.13	\$ 1.46
Net income per diluted share	\$ 1.11	\$ 0.93	\$ 1.13	\$ 0.87	\$ 0.73	\$ 2.04	\$ 1.17
Less: Net investment gains (losses)	0.09	(0.17)	0.19	0.05	0.06	(0.08)	(0.28)
Other expense - goodwill and intangible asset impairments	—	—	(0.19)	—	—	—	—
Core earnings per diluted share*	\$ 1.02	\$ 1.10	\$ 1.13	\$ 0.82	\$ 0.67	\$ 2.12	\$ 1.45

Reconciliations of GAAP Measures to Non-GAAP Measures

(\$ in millions)	Three Months Ended					Six Months Ended	
	Jun. 30, 2021	Mar. 31, 2021	Dec. 31, 2020	Sept. 30, 2020	Jun. 30, 2020	Jun. 30, 2021	Jun. 30, 2020
Reconciliation of Return on Equity							
Average Shareholders' Equity							
Shareholders' equity	\$ 1,816.6	\$ 1,692.9	\$ 1,790.1	\$ 1,715.7	\$ 1,639.8	\$ 1,816.6	\$ 1,639.8
Net unrealized investment gains on fixed maturity securities	332.2	243.6	366.3	328.2	279.1	332.2	279.1
5 quarter average shareholders' equity	1,731.0	1,663.2	1,638.1	1,595.8	1,552.6	1,731.0	1,552.6
2 quarter average shareholders' equity	1,754.8	1,741.5	1,752.9	1,677.8	1,558.7	1,803.4	1,603.6
5 quarter average shareholders' equity excluding net unrealized investment gains on fixed maturity securities	1,421.1	1,392.4	1,370.0	1,347.6	1,329.5	1,421.1	1,329.5
2 quarter average shareholders' equity excluding net unrealized investment gains on fixed maturity securities	1,466.9	1,436.6	1,405.7	1,374.1	1,350.8	1,454.1	1,348.8
Net Income Return on Equity - LTM							
Numerator: LTM net income	\$ 170.3	\$ 154.1	\$ 133.3	\$ 118.5	\$ 107.4	\$ 170.3	\$ 107.4
Denominator: 5 quarter average shareholders' equity	1,731.0	1,663.2	1,638.1	1,595.8	1,552.6	1,731.0	1,552.6
Net income ROE - LTM	9.8 %	9.3 %	8.1 %	7.4 %	6.9 %	9.8 %	6.9 %
Net Income Return on Equity - Annualized							
Numerator: Annualized net income	\$ 186.8	\$ 157.2	\$ 191.2	\$ 146.0	\$ 122.0	\$ 172.0	\$ 98.0
Denominator: 2 quarter average shareholders' equity	1,754.8	1,741.5	1,752.9	1,677.8	1,558.7	1,803.4	1,603.6
Net income ROE - Annualized	10.6 %	9.0 %	10.9 %	8.7 %	7.8 %	9.5 %	6.1 %
Core Return on Equity - LTM							
Numerator: LTM core earnings	\$ 171.3	\$ 156.5	\$ 143.1	\$ 127.3	\$ 119.7	\$ 171.3	\$ 119.7
Denominator: 5 quarter average shareholders' equity excluding net unrealized investment gains on fixed maturity securities	1,421.1	1,392.4	1,370.0	1,347.6	1,329.5	1,421.1	1,329.5
Core ROE - LTM	12.1 %	11.2 %	10.5 %	9.4 %	9.0 %	12.1 %	9.0 %
Core Return on Equity - Annualized							
Numerator: Annualized core earnings	\$ 171.2	\$ 185.6	\$ 190.0	\$ 138.4	\$ 112.0	\$ 178.4	\$ 122.0
Denominator: 2 quarter average shareholders' equity excluding net unrealized investment gains on fixed maturity securities	1,466.9	1,436.6	1,405.7	1,374.1	1,350.8	1,454.1	1,348.8
Core ROE - Annualized	11.7 %	12.9 %	13.5 %	10.1 %	8.3 %	12.3 %	9.0 %

Reconciliations of GAAP Measures to Non-GAAP Measures

(\$ in millions)	Twelve Months Ended				
	Jun. 30, 2021	Mar. 31, 2021	Dec. 31, 2020	Sept. 30, 2020	Jun. 30, 2020
Reconciliation of Book Value per Common Share to Book Value per Common Share, Excluding Net Unrealized Investment Gains on Fixed Maturity Securities					
Book value per common share					
Numerator: Common shareholders' equity	\$ 1,816.6	\$ 1,692.9	\$ 1,790.1	\$ 1,715.7	\$ 1,639.8
Denominator: Common shares outstanding	41.5	41.5	41.4	41.4	41.3
Book value per common share	\$ 43.78	\$ 40.83	\$ 43.22	\$ 41.45	\$ 39.69
Book value per common share, excluding net unrealized investment gains on fixed maturity securities*					
Numerator: Common shareholders' equity	\$ 1,816.6	\$ 1,692.9	\$ 1,790.1	\$ 1,715.7	\$ 1,639.8
Less: Net unrealized investment gains on fixed maturity securities	332.2	243.6	366.3	328.2	279.1
Adjusted common shareholders' equity	1,484.4	1,449.3	1,423.8	1,387.5	1,360.7
Denominator: Common shares outstanding	41.5	41.5	41.4	41.4	41.3
Book value per common share, excluding net unrealized investment gains on fixed maturity securities*	\$ 35.78	\$ 34.95	\$ 34.38	\$ 33.52	\$ 32.93
Reconciliation of Debt to Total Capitalization to Debt to Total Capitalization, Excluding Net Unrealized Investment Gains on Fixed Maturity Securities					
Debt to total capitalization					
Numerator: Total debt	\$ 413.5	\$ 437.4	\$ 437.3	\$ 437.2	\$ 437.2
Denominator:					
Total debt	413.5	437.4	437.3	437.2	437.2
Common shareholders' equity	1,816.6	1,692.9	1,790.1	1,715.7	1,639.8
Total capital	2,230.1	2,130.3	2,227.4	2,152.9	2,077.0
Debt to total capitalization	18.5 %	20.5 %	19.6 %	20.3 %	21.0 %
Debt to total capitalization excluding net unrealized investment gains on fixed maturity securities					
Numerator: Total debt	\$ 413.5	\$ 437.4	\$ 437.3	\$ 437.2	\$ 437.2
Denominator:					
Total debt	413.5	437.4	437.3	437.2	437.2
Common shareholders' equity	1,816.6	1,692.9	1,790.1	1,715.7	1,639.8
Less: Net unrealized investment gains on fixed maturity securities	332.2	243.6	366.3	328.2	279.1
Adjusted common shareholders' equity	1,897.9	1,886.7	1,861.1	1,824.7	1,797.9
Debt to total capitalization excluding net unrealized investment gains on fixed maturity securities	21.8 %	23.2 %	23.5 %	24.0 %	24.3 %

Reconciliations of GAAP Measures to Non-GAAP Measures

(\$ in millions after tax)	Three Months Ended					Six Months Ended	
	Jun. 30, 2021	Mar. 31, 2021	Dec. 31, 2020	Sept. 30, 2020	Jun. 30, 2020	Jun. 30, 2021	Jun. 30, 2020
Reconciliation of Investment Yield Excluding Limited Partnership Interests							
Numerator:							
Total net investment income, pretax	\$ 109.2	\$ 95.5	\$ 101.2	\$ 93.7	\$ 80.4	\$ 204.7	\$ 162.7
Less: Investment income on deposit asset on reinsurance	25.1	24.4	25.2	24.5	23.9	49.5	47.6
Investment income (loss) on limited partnership interests	23.0	11.3	16.0	11.1	(3.5)	34.3	(6.2)
Adjusted net investment income, pretax	61.1	59.8	60.0	58.1	60.0	120.9	121.3
Denominator:							
Adjusted investment portfolio, beginning of period ⁽¹⁾	\$ 5,723.8	\$ 5,666.0	\$ 5,637.1	\$ 5,480.5	\$ 5,452.2	\$ 5,666.0	\$ 5,425.8
Adjusted investment portfolio, end of period ⁽¹⁾	5,638.7	5,723.8	5,666.0	5,637.1	5,480.5	5,638.7	5,480.5
Average adjusted investment portfolio for the period	5,681.3	5,694.9	5,651.6	5,558.8	5,466.4	5,652.4	5,453.2
Investment yield, excluding limited partnership interests, pretax - annualized ⁽²⁾	4.30 %	4.20 %	4.25 %	4.18 %	4.39 %	4.25 %	4.45 %
Investment yield, excluding limited partnership interests, after tax - annualized ⁽²⁾⁽³⁾	3.44 %	3.35 %	3.39 %	3.33 %	3.51 %	3.40 %	3.55 %

⁽¹⁾ Represents the carrying amount of total investment portfolio as presented in the Consolidated Balance Sheets adjusted to exclude FHLB funding agreements, the carrying amount of limited partnership interests, and gross unrealized investment gains/losses.

⁽²⁾ For each of the three month periods presented, investment yields are calculated by annualizing the result of year-to-date net investment income divided by the average quarter-end and beginning of quarter carrying amount of invested assets. For the periods ended June 30, 2021 and 2020 presented, investment yields are calculated by (i) summing the investment yields for each respective three month period applicable to the period and (ii) dividing that sum per the calculation in (i) by two.

⁽³⁾ Investment yield, excluding limited partnership interests, after tax - annualized is calculated using the effective tax rate in effect for each applicable period.

Reconciliations of GAAP Measures to Non-GAAP Measures

	Three Months Ended					Six Months Ended	
	Jun. 30, 2021	Mar. 31, 2021	Dec. 31, 2020	Sept. 30, 2020	Jun. 30, 2020	Jun. 30, 2021	Jun. 30, 2020
Operating Ratios - Property and Casualty							
Property and Casualty							
Claims and claims expense ("loss") ratio	73.5	60.8	61.9	71.3	69.2	67.2	65.9
Expense ratio	25.7	25.4	28.3	25.2	26.2	25.5	26.1
Combined ratio	99.2	86.2	90.2	96.5	95.4	92.7	92.0
Loss ratio	73.5	60.8	61.9	71.3	69.2	67.2	65.9
Less: effect of catastrophe losses	11.3	7.0	3.8	20.9	22.2	9.1	13.5
effect of prior years' reserve development	(2.7)	—	(0.6)	(4.3)	(0.6)	(1.4)	(0.6)
Underlying loss ratio*	64.9	53.8	58.7	54.7	47.6	59.5	53.0
Reconciliation of combined ratio to underlying combined ratio							
Combined ratio	99.2	86.2	90.2	96.5	95.4	92.7	92.0
Effect of catastrophe losses	11.3	7.0	3.8	20.9	22.2	9.1	13.5
Effect of prior years' reserve development	(2.7)	—	(0.6)	(4.3)	(0.6)	(1.4)	(0.6)
Underlying combined ratio*	90.6	79.2	87.0	79.9	73.8	85.0	79.1
Auto							
Claims and claims expense ("loss") ratio	67.6	59.1	67.7	57.6	53.2	63.3	59.8
Expense ratio	25.7	25.1	28.5	25.7	27.1	25.4	26.5
Combined ratio	93.3	84.2	96.2	83.3	80.3	88.7	86.3
Loss ratio	67.6	59.1	67.7	57.6	53.2	63.3	59.8
Less: effect of catastrophe losses	2.6	0.3	0.3	1.7	3.1	1.5	1.5
effect of prior years' reserve development	(3.0)	—	—	(0.9)	—	(1.5)	(0.5)
Underlying loss ratio*	68.0	58.8	67.4	56.8	50.1	63.3	58.8
Reconciliation of combined ratio to underlying combined ratio							
Combined ratio	93.3	84.2	96.2	83.3	80.3	88.7	86.3
Effect of catastrophe losses	2.6	0.3	0.3	1.7	3.1	1.5	1.5
Effect of prior years' reserve development	(3.0)	—	—	(0.9)	—	(1.5)	(0.5)
Underlying combined ratio*	93.7	83.9	95.9	82.5	77.2	88.7	85.3

Reconciliations of GAAP Measures to Non-GAAP Measures

	Three Months Ended					Six Months Ended	
	Jun. 30, 2021	Mar. 31, 2021	Dec. 31, 2020	Sept. 30, 2020	Jun. 30, 2020	Jun. 30, 2021	Jun. 30, 2020
Operating Ratios - Property and Casualty (Cont.)							
Property							
Claims and claims expense ("loss") ratio	84.8	64.1	50.8	97.3	99.1	74.5	77.8
Expense ratio	26.0	26.0	28.2	24.4	24.8	26.0	25.5
Combined ratio	110.8	90.1	79.0	121.7	123.9	100.5	103.3
Loss ratio	84.8	64.1	50.8	97.3	99.1	74.5	77.8
Less: effect of catastrophe losses	27.9	20.1	10.5	57.3	57.9	24.1	36.8
effect of prior years' reserve development	(2.3)	—	(1.8)	(10.8)	(1.8)	(1.1)	(0.9)
Underlying loss ratio*	59.2	44.0	42.1	50.8	43.0	51.5	41.9
Reconciliation of combined ratio to underlying combined ratio							
Combined ratio	110.8	90.1	79.0	121.7	123.9	100.5	103.3
Effect of catastrophe losses	27.9	20.1	10.5	57.3	57.9	24.1	36.8
Effect of prior years' reserve development	(2.3)	—	(1.8)	(10.8)	(1.8)	(1.1)	(0.9)
Underlying combined ratio*	85.2	70.0	70.3	75.2	67.8	77.5	67.4

Ratings and Contact Information

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As of July 30, 2021				
	A.M. Best	Standard & Poor's	Moody's	Fitch
Financial Strength Ratings:				
Horace Mann Life Insurance Company	A	A	A2	A
Horace Mann Property & Casualty Insurance Company	A	A	A2	A
Horace Mann Insurance Company	A	A	A2	A
Teachers Insurance Company	A	A	A2	A
Horace Mann Lloyds	A	NR	NR	A
National Teachers Associates Life Insurance Company	A	NR	NR	NR
National Teachers Associates Life Insurance Company of New York	A	NR	NR	NR
Other Ratings:				
Horace Mann Educators Corporation:				
Senior debt	bbb	BBB	Baa2	BBB

NR - not rated

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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.