

Third Quarter 2021 Investor Supplement

September 30, 2021

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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					Nine Months Ended	
	Sept. 30, 2021	Jun. 30, 2021	Mar. 31, 2021	Dec. 31, 2020	Sept. 30, 2020	Sept. 30, 2021	Sept. 30, 2020
Premiums and contract charges earned	\$ 225.4	\$ 225.8	\$ 227.6	\$ 233.7	\$ 235.3	\$ 678.8	\$ 697.0
Net investment income	103.7	109.2	95.5	101.2	93.7	308.4	256.4
Net investment (losses) gains	(6.5)	4.9	(9.0)	10.5	2.5	(10.6)	(12.8)
Other income	7.0	7.2	7.9	6.9	5.6	22.1	17.5
Total revenues	\$ 329.6	\$ 347.1	\$ 322.0	\$ 352.3	\$ 337.1	\$ 998.7	\$ 958.1
Net income	\$ 16.3	\$ 46.7	\$ 39.3	\$ 47.8	\$ 36.5	\$ 102.3	\$ 85.5
Core earnings*	21.4	42.8	46.4	47.5	34.6	110.6	95.6
At Period End							
Total assets	\$ 14,266.0	\$ 14,190.1	\$ 13,745.5	\$ 13,471.8	\$ 13,003.4	\$ 14,266.0	\$ 13,003.4
Total policy liabilities	7,270.5	7,211.7	7,182.8	7,148.6	7,129.7	7,270.5	7,129.7
Debt	388.6	413.5	437.4	437.3	437.2	388.6	437.2
Shareholders' equity	1,796.4	1,816.6	1,692.9	1,790.1	1,715.7	1,796.4	1,715.7
Per Share and Shares Data (in millions)							
Net income per share (basic)	\$ 0.39	\$ 1.11	\$ 0.94	\$ 1.14	\$ 0.87	\$ 2.44	\$ 2.04
Core earnings per share (basic)*	0.51	1.02	1.11	1.13	0.82	2.64	2.28
Net income per diluted share	0.39	1.11	0.93	1.13	0.87	2.43	2.03
Core earnings per diluted share*	0.50	1.02	1.10	1.13	0.82	2.62	2.27
Weighted average shares (basic)	42.0	42.0	41.9	42.0	41.9	42.0	41.9
Dilutive effect of share equivalents	0.2	0.1	0.2	0.2	0.2	0.2	0.1
Weighted average shares (diluted)	42.2	42.1	42.1	42.2	42.1	42.2	42.0
Book value per share	\$ 43.30	\$ 43.78	\$ 40.83	\$ 43.22	\$ 41.45	\$ 43.30	\$ 41.45
Per share impact of net unrealized investment gains on fixed maturity securities	7.40	8.00	5.88	8.84	7.93	7.40	7.93
Book value per share excluding net unrealized investment gains on fixed maturity securities*	\$ 35.90	\$ 35.78	\$ 34.95	\$ 34.38	\$ 33.52	\$ 35.90	\$ 33.52
Dividends paid per share	\$ 0.31	\$ 0.31	\$ 0.31	\$ 0.30	\$ 0.30	\$ 0.93	\$ 0.90
Financial Ratios							
Net Income ROE - LTM ⁽¹⁾	8.5 %	9.8 %	9.3 %	8.1 %	7.4 %	8.5 %	7.4 %
Net Income ROE - Annualized	3.6 %	10.6 %	9.0 %	10.9 %	8.7 %	7.6 %	6.9 %
Core ROE - LTM*	10.9 %	12.1 %	11.2 %	10.5 %	9.4 %	10.9 %	9.4 %
Core ROE - Annualized*	5.8 %	11.7 %	12.9 %	13.5 %	10.1 %	10.1 %	9.4 %
Debt to total capitalization excluding net unrealized investment gains on fixed maturity securities*	20.7 %	21.8 %	23.2 %	23.5 %	24.0 %	20.7 %	24.0 %
Investment yield, excluding limited partnership interests, pretax - annualized*	4.36 %	4.30 %	4.20 %	4.25 %	4.18 %	4.29 %	4.36 %

⁽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					Nine Months Ended	
	Sept. 30, 2021	Jun. 30, 2021	Mar. 31, 2021	Dec. 31, 2020	Sept. 30, 2020	Sept. 30, 2021	Sept. 30, 2020
Revenues							
Premiums and contract charges earned	\$ 225.4	\$ 225.8	\$ 227.6	\$ 233.7	\$ 235.3	\$ 678.8	\$ 697.0
Net investment income	103.7	109.2	95.5	101.2	93.7	308.4	256.4
Net investment (losses) gains	(6.5)	4.9	(9.0)	10.5	2.5	(10.6)	(12.8)
Other income	7.0	7.2	7.9	6.9	5.6	22.1	17.5
Total revenues	329.6	347.1	322.0	352.3	337.1	998.7	958.1
Benefits, losses and expenses							
Benefits, claims and settlement expenses	164.8	147.1	134.3	135.8	151.4	446.2	433.1
Interest credited	51.9	51.2	50.6	51.3	51.1	153.7	153.3
Operating expenses	64.3	60.5	58.0	64.7	57.9	182.8	173.1
DAC amortization expense, excluding DAC unlocking	23.7	23.9	24.7	25.2	25.5	72.3	76.8
DAC unlocking	(0.8)	(0.4)	(0.6)	(0.3)	(0.9)	(1.8)	(1.8)
Intangible asset amortization expense	3.3	3.2	3.3	3.5	3.5	9.8	10.9
Interest expense	3.4	3.5	3.5	3.5	3.5	10.4	11.7
Other expense - goodwill and intangible asset impairments	—	—	—	10.0	—	—	—
Total benefits, losses and expenses	310.6	289.0	273.8	293.7	292.0	873.4	857.1
Income before income taxes	19.0	58.1	48.2	58.6	45.1	125.3	101.0
Income tax expense	2.7	11.4	8.9	10.8	8.6	23.0	15.5
Net income	\$ 16.3	\$ 46.7	\$ 39.3	\$ 47.8	\$ 36.5	\$ 102.3	\$ 85.5
Other Statistics							
Effective tax rate on net investment income	20.5 %	20.5 %	20.4 %	20.5 %	20.5 %	20.5 %	20.4 %
Net investment income, after tax	\$ 82.4	\$ 86.8	\$ 75.9	\$ 80.5	\$ 74.5	\$ 245.1	\$ 204.1
Catastrophe losses, net of reinsurance, pretax	38.6	17.5	11.0	6.1	34.8	67.1	78.3
Catastrophe losses, net of reinsurance, after tax	30.5	13.8	8.7	4.8	27.5	53.0	61.9
Impairments on investments ⁽¹⁾	(6.6)	—	(3.2)	—	(1.1)	(9.8)	(5.3)

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

Consolidated Balance Sheets

(\$ in millions, except per share data)	Sept. 30, 2021	Jun. 30, 2021	Mar. 31, 2021	Dec. 31, 2020	Sept. 30, 2020	Jun. 30, 2020
Assets						
Investments						
Fixed maturity securities, available for sale, at fair value	\$ 6,512.0	\$ 6,555.0	\$ 6,356.3	\$ 6,345.3	\$ 6,168.5	\$ 6,022.0
Equity securities, at fair value	152.3	145.7	140.0	121.6	102.3	90.3
Limited partnership interests	615.4	585.7	505.2	449.0	418.2	392.2
Short-term and other investments	251.6	301.1	311.6	346.3	453.1	376.3
Total investments	7,531.3	7,587.5	7,313.1	7,262.2	7,142.1	6,880.8
Cash	40.2	29.4	39.4	22.3	65.5	82.4
Deferred policy acquisition costs	244.7	236.0	262.5	229.8	242.0	257.1
Deposit asset on reinsurance	2,477.9	2,456.8	2,442.2	2,420.9	2,402.5	2,373.3
Intangible assets	148.7	151.9	155.2	158.5	166.3	169.8
Goodwill	43.5	43.5	43.5	43.5	49.1	49.1
Other assets	451.9	428.3	436.7	443.2	447.4	442.3
Separate account assets	3,326.8	3,256.7	3,052.9	2,891.4	2,488.5	2,316.9
Total assets	\$ 14,265.0	\$ 14,190.1	\$ 13,745.5	\$ 13,471.8	\$ 13,003.4	\$ 12,571.7
Liabilities and Shareholders' Equity						
Policy liabilities						
Investment contract and life policy reserves	\$ 6,569.0	\$ 6,526.9	\$ 6,480.0	\$ 6,445.3	\$ 6,402.5	\$ 6,320.6
Unpaid claims and claim expenses	440.1	433.6	452.5	438.8	454.5	444.5
Unearned premiums	261.4	251.2	250.3	264.5	272.7	266.4
Total policy liabilities	7,270.5	7,211.7	7,182.8	7,148.6	7,129.7	7,031.5
Other policyholder funds	994.3	1,023.1	885.1	751.3	744.5	741.9
Other liabilities	488.4	468.5	494.4	453.1	487.8	404.4
Short-term debt	135.0	135.0	135.0	135.0	135.0	135.0
Long-term debt	253.6	278.5	302.4	302.3	302.2	302.2
Separate account liabilities	3,326.8	3,256.7	3,052.9	2,891.4	2,488.5	2,316.9
Total liabilities	12,468.6	12,373.5	12,052.6	11,681.7	11,287.7	10,931.9
Common stock, \$0.001 par value	0.1	0.1	0.1	0.1	0.1	0.1
Additional paid-in capital	492.9	490.7	489.2	488.4	486.8	483.8
Retained earnings	1,497.5	1,494.4	1,460.8	1,434.6	1,399.5	1,375.7
Accumulated other comprehensive income, net of taxes:						
Net unrealized investment gains on fixed maturity securities	306.9	332.2	243.6	366.3	328.2	279.1
Net funded status of benefit plans	(11.2)	(11.2)	(11.2)	(11.2)	(10.8)	(10.8)
Treasury stock, at cost	(489.8)	(489.6)	(489.6)	(488.1)	(488.1)	(488.1)
Total shareholders' equity	1,796.4	1,816.6	1,692.9	1,790.1	1,715.7	1,639.8
Total liabilities and shareholders' equity	\$ 14,265.0	\$ 14,190.1	\$ 13,745.5	\$ 13,471.8	\$ 13,003.4	\$ 12,571.7

Capital Metrics

(\$ in millions, except per share data)	Three Months Ended					Nine Months Ended	
	Sept. 30, 2021	Jun. 30, 2021	Mar. 31, 2021	Dec. 31, 2020	Sept. 30, 2020	Sept. 30, 2021	Sept. 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	248.6	248.5	248.4	248.3	248.2	248.6	248.2
FHLB Borrowing	5.0	30.0	54.0	54.0	54.0	5.0	54.0
Total debt	388.6	413.5	437.4	437.3	437.2	388.6	437.2
Shareholders' equity	1,796.4	1,816.6	1,692.9	1,790.1	1,715.7	1,796.4	1,715.7
Total capitalization	\$ 2,185.0	\$ 2,230.1	\$ 2,130.3	\$ 2,227.4	\$ 2,152.9	\$ 2,185.0	\$ 2,152.9
Debt to shareholders' equity	21.6 %	22.8 %	25.8 %	24.4 %	25.5 %	21.6 %	25.5 %
Debt to total capitalization	17.8 %	18.5 %	20.5 %	19.6 %	20.3 %	17.8 %	20.3 %
Debt to total capitalization excluding net unrealized investment gains (losses) on fixed maturity securities*	20.7 %	21.8 %	23.2 %	23.5 %	24.0 %	20.7 %	24.0 %
Capital Returned to Shareholders							
Common stock repurchased ⁽²⁾	\$ 0.2	\$ —	\$ 1.5	\$ —	\$ —	\$ 1.7	\$ 2.2
Cash dividends paid	12.9	12.8	12.9	12.4	12.4	38.6	37.2
Total capital returned to shareholders	\$ 13.1	\$ 12.8	\$ 14.4	\$ 12.4	\$ 12.4	\$ 40.3	\$ 39.4

⁽¹⁾ Amount available for borrowing is \$190.0 million; At LIBOR +115 bps; Expires on July 12, 2026.

⁽²⁾ As of September 30, 2021, the Company's program had a remaining authorization of \$18.9 million.

Property and Casualty Segment | Statements of Operations

(\$ in millions)	Three Months Ended					Nine Months Ended	
	Sept. 30, 2021	Jun. 30, 2021	Mar. 31, 2021	Dec. 31, 2020	Sept. 30, 2020	Sept. 30, 2021	Sept. 30, 2020
Underwriting Results							
Premiums written*							
Automobile	\$ 103.1	\$ 97.8	\$ 99.2	\$ 101.2	\$ 109.5	\$ 300.1	\$ 315.6
Property and other	60.7	57.8	42.6	51.8	63.3	161.1	166.9
Total premiums written	163.8	155.6	141.8	153.0	172.8	461.2	482.5
Premiums earned							
Automobile	\$ 100.2	\$ 101.6	\$ 102.8	\$ 106.1	\$ 108.7	\$ 304.6	\$ 322.1
Property and other	53.1	53.4	53.0	55.3	57.3	159.5	166.6
Total premiums earned	153.3	155.0	155.8	161.4	166.0	464.1	488.7
Losses and loss adjustment expenses							
Current accident year before catastrophe losses	93.9	100.7	83.7	94.9	90.8	278.3	261.9
Current accident year catastrophe losses	38.6	17.5	11.0	6.1	34.8	67.1	78.3
Prior years' reserve development ⁽¹⁾	(3.0)	(4.2)	—	(1.0)	(7.2)	(7.2)	(9.2)
Total losses and loss adjustment expenses	129.5	114.0	94.7	100.0	118.4	338.2	331.0
Operating expenses, including DAC amortization expense	42.1	39.9	39.5	45.7	41.9	121.5	126.0
Underwriting gain (loss)	(18.3)	1.1	21.6	15.7	5.7	4.4	31.7
Net investment income	11.3	21.7	10.8	12.3	13.7	43.8	30.3
Other income	0.7	1.2	2.1	0.2	0.5	4.0	2.1
Interest expense	—	—	0.1	—	0.1	0.1	0.4
Income (loss) before income taxes	(6.3)	24.0	34.4	28.2	19.8	52.1	63.7
Income tax expense (benefit)	(1.6)	4.7	6.5	5.4	4.0	9.6	10.0
Net income (loss) ⁽²⁾	\$ (4.7)	\$ 19.3	\$ 27.9	\$ 22.8	\$ 15.8	\$ 42.5	\$ 53.7

⁽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					Nine Months Ended	
	Sept. 30, 2021	Jun. 30, 2021	Mar. 31, 2021	Dec. 31, 2020	Sept. 30, 2020	Sept. 30, 2021	Sept. 30, 2020
Underwriting Ratios (%)							
Losses and loss adjustment expenses							
Current accident year before catastrophe losses and PYD	61.4	64.9	53.8	58.7	54.7	60.0	53.6
Current accident year catastrophe losses	25.1	11.3	7.0	3.8	20.9	14.5	16.0
Prior years' reserve development ⁽¹⁾	(2.0)	(2.7)	0.0	(0.6)	(4.3)	(1.6)	(1.9)
Total losses and loss adjustment expenses	84.5	73.5	60.8	61.9	71.3	72.9	67.7
Expense Ratio	27.5	25.7	25.4	28.3	25.2	26.2	25.8
Combined ratio	112.0	99.2	86.2	90.2	96.5	99.1	93.5
Combined ratio before catastrophe losses	86.9	87.9	79.2	86.4	75.6	84.6	77.5
Combined ratio before catastrophe losses and prior years' reserve development*	88.9	90.6	79.2	87.0	79.9	86.2	79.4
Product (%)							
Automobile							
Loss and loss adjustment expense ratio	71.5	67.6	59.1	67.7	57.6	66.0	59.1
Expense ratio	27.7	25.7	25.1	28.5	25.7	26.1	26.2
Combined ratio	99.2	93.3	84.2	96.2	83.3	92.1	85.3
Prior years' reserve development ⁽¹⁾	(2.0)	(3.0)	0.0	0.0	(0.9)	(1.6)	(0.6)
Catastrophe losses	2.9	2.6	0.3	0.3	1.7	1.9	1.6
Combined ratio before catastrophe losses and prior years' reserve development*	98.3	93.7	83.9	95.9	82.5	91.8	84.3
Property							
Loss and loss adjustment expense ratio	108.9	84.8	64.1	50.8	97.3	86.0	84.5
Expense ratio	27.2	26.0	26.0	28.2	24.4	26.4	25.1
Combined ratio	136.1	110.8	90.1	79.0	121.7	112.4	109.6
Prior years' reserve development ⁽¹⁾	(1.9)	(2.3)	0.0	(1.8)	(10.8)	(1.4)	(4.3)
Catastrophe losses	67.3	27.9	20.1	10.5	57.3	38.4	43.9
Combined ratio before catastrophe losses and prior years' development*	70.7	85.2	70.0	70.3	75.2	75.4	70.0
Informational Data							
Policy Count Retention - LTM							
Automobile ⁽²⁾	83.3 %	81.9 %	81.9 %	81.2 %	80.9 %	83.3 %	80.9 %
Property ⁽²⁾	88.0 %	87.3 %	87.3 %	86.8 %	86.7 %	88.0 %	86.7 %
Sales* (Annualized premium, in millions) ⁽³⁾							
Automobile	\$ 13.2	\$ 14.1	\$ 13.7	\$ 13.9	\$ 16.9	\$ 41.0	\$ 48.2
Property	4.3	4.0	3.4	4.2	5.1	11.7	12.9
Total sales	\$ 17.5	\$ 18.1	\$ 17.1	\$ 18.1	\$ 22.0	\$ 52.7	\$ 61.1
Risks in force (in thousands)							
Automobile ⁽⁴⁾	381	387	393	399	406	381	406
Property	178	180	182	184	187	178	187
Total risks in force	559	567	575	583	593	559	593

⁽¹⁾ (Favorable) unfavorable.

⁽²⁾ For all periods presented for 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					Nine Months Ended	
	Sept. 30, 2021	Jun. 30, 2021	Mar. 31, 2021	Dec. 31, 2020	Sept. 30, 2020	Sept. 30, 2021	Sept. 30, 2020
Revenues							
Premiums and contract charges earned	\$ 31.0	\$ 31.6	\$ 31.7	\$ 31.9	\$ 32.5	\$ 94.3	\$ 98.8
Net investment income	7.1	6.3	5.3	6.0	4.3	18.7	11.8
Other income	0.5	0.6	0.7	0.7	0.7	1.8	2.0
Total revenues	38.6	38.5	37.7	38.6	37.5	114.8	112.6
Benefits and Expenses							
Benefits	8.7	8.7	9.6	9.6	9.2	27.0	28.6
Change in reserves	1.7	1.2	0.1	(0.2)	1.3	3.0	4.9
Interest credited	0.1	—	0.1	—	0.2	0.2	0.2
Operating expenses (includes DAC unlocking and amortization expense)	10.7	10.2	10.4	10.1	10.1	31.3	30.3
Intangible asset amortization expense	2.9	3.0	2.9	3.1	3.1	8.8	9.5
Total benefits and expenses	24.1	23.1	23.1	22.6	23.9	70.3	73.5
Income before income taxes	14.5	15.4	14.6	16.0	13.6	44.5	39.1
Income tax expense	3.1	3.4	3.2	3.5	3.0	9.7	8.5
Net income ⁽¹⁾	\$ 11.4	\$ 12.0	\$ 11.4	\$ 12.5	\$ 10.6	\$ 34.8	\$ 30.6
Informational Data							
Total Sales*	\$ 2.0	\$ 1.2	\$ 1.0	\$ 1.4	\$ 1.4	\$ 4.2	\$ 5.8
Benefits ratio ⁽²⁾	33.5 %	31.3 %	30.6 %	29.5 %	32.3 %	31.8 %	33.9 %
Operating expense ratio ⁽³⁾	27.7 %	26.5 %	27.6 %	26.2 %	26.9 %	27.3 %	26.9 %
Pretax profit margin ⁽⁴⁾	37.6 %	40.0 %	38.7 %	41.5 %	36.3 %	38.8 %	34.7 %
Premium persistency (rolling 12 months)	92.2 %	90.7 %	91.5 %	90.5 %	90.1 %	92.2 %	90.1 %
Policies in force (in thousands)	280	282	284	287	292	280	292

⁽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					Nine Months Ended	
	Sept. 30, 2021	Jun. 30, 2021	Mar. 31, 2021	Dec. 31, 2020	Sept. 30, 2020	Sept. 30, 2021	Sept. 30, 2020
Net annuity contract deposits*	\$ 121.4	\$ 117.4	\$ 105.8	\$ 103.0	\$ 118.7	\$ 344.6	\$ 326.1
Revenues							
Contract charges earned	\$ 9.9	\$ 9.2	\$ 8.6	\$ 8.2	\$ 7.4	\$ 27.7	\$ 21.5
Net investment income	39.2	36.9	36.0	37.9	33.6	112.1	94.6
Investment income - Deposit asset on reinsurance	25.6	25.1	24.4	25.2	24.5	75.1	72.1
Other income	5.1	4.9	4.7	4.2	3.9	14.7	12.1
Total revenues	79.8	76.1	73.7	75.5	69.4	229.6	200.3
Benefits and Expenses							
Interest credited	14.2	14.1	13.8	14.2	14.2	42.1	44.4
Interest credited - Reinsured block	26.5	25.9	25.5	25.9	25.5	77.9	75.0
Mortality loss and other reserve changes	0.9	1.6	1.1	1.2	1.3	3.6	4.1
Operating expenses	16.9	15.7	16.0	16.3	15.1	48.6	44.0
DAC amortization expense, excluding DAC unlocking	4.9	4.8	5.1	4.8	4.7	14.8	13.7
DAC unlocking	(0.8)	(0.2)	(0.8)	(0.5)	(0.7)	(1.8)	(1.3)
Intangible asset amortization expense	0.4	0.2	0.4	0.4	0.4	1.0	1.4
Other expense - goodwill and intangible asset impairments	—	—	—	10.0	—	—	—
Total benefits and expenses	63.0	62.1	61.1	72.3	60.5	186.2	181.3
Income before income taxes	16.8	14.0	12.6	3.2	8.9	43.4	19.0
Income tax expense (benefit)	2.7	2.5	2.0	(0.3)	1.1	7.2	2.4
Net income ⁽¹⁾	\$ 14.1	\$ 11.5	\$ 10.6	\$ 3.5	\$ 7.8	\$ 36.2	\$ 16.6
Core earnings	14.1	11.5	10.6	11.6	7.8	36.2	16.6
Less: DAC unlocking, after tax	0.6	0.2	0.6	0.4	0.5	1.4	1.0
Core earnings excluding DAC unlocking	\$ 13.5	\$ 11.3	\$ 10.0	\$ 11.2	\$ 7.3	\$ 34.8	\$ 15.6
Fixed annuity interest spread - Annualized ⁽²⁾	297	265	253	283	225	272	188
Variable annuity fee margin - Annualized ⁽²⁾	145	147	144	148	152	146	138
Informational Data							
Assets under administration (AUA)							
Annuity assets under management ⁽³⁾	\$ 5,246.9	\$ 5,173.1	\$ 4,991.7	\$ 4,841.8	\$ 4,508.7	\$ 5,246.9	\$ 4,508.7
Brokerage and advisory assets under administration	2,499.5	2,516.4	2,388.1	2,324.1	2,124.3	2,499.5	2,124.3
Recordkeeping assets under administration	1,606.3	1,629.9	1,546.3	1,518.1	1,399.6	1,606.3	1,399.6
Total AUA	\$ 9,352.7	\$ 9,319.4	\$ 8,926.1	\$ 8,684.0	\$ 8,032.6	\$ 9,352.7	\$ 8,032.6
Persistency - LTM							
Fixed annuities	94.7 %	95.0 %	95.0 %	94.7 %	94.5 %	94.7 %	94.5 %
Variable annuities	94.7 %	94.8 %	95.1 %	95.0 %	94.8 %	94.7 %	94.8 %
Annuity contracts in force (in thousands)	229	229	230	230	230	229	230
Retirement Advantage® contracts in force (in thousands)	14	13	13	13	12	14	12

⁽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 September 30, 2021 excludes \$820.2 million of assets under management held under modified coinsurance reinsurance.

Retirement Segment | Account Value Rollforward

(\$ in millions)	Three Months Ended					
	Sept. 30, 2021	Jun. 30, 2021	Mar. 31, 2021	Dec. 31, 2020	Sept. 30, 2020	Jun. 30, 2020
Fixed Account Annuities⁽¹⁾						
Beginning balance	\$ 2,208.5	\$ 2,200.8	\$ 2,188.3	\$ 2,177.6	\$ 2,147.6	\$ 2,138.1
Reinsurance transfer ⁽⁴⁾	(21.9)	(15.7)	(21.2)	(20.7)	(30.2)	(18.3)
Deposits	57.0	50.8	46.4	46.8	61.8	44.9
Withdrawals	(72.7)	(75.2)	(68.6)	(80.2)	(59.4)	(61.1)
Net transfers	8.1	8.2	16.6	25.2	20.3	6.4
Interest credited	40.7	40.0	39.3	40.1	39.7	39.4
Other	(2.2)	(0.4)	—	(0.5)	(2.2)	(1.8)
Ending balance	\$ 2,217.5	\$ 2,208.5	\$ 2,200.8	\$ 2,188.3	\$ 2,177.6	\$ 2,147.6
Fixed Indexed Account Annuities⁽²⁾						
Beginning balance	\$ 526.8	\$ 520.8	\$ 514.2	\$ 502.7	\$ 487.4	\$ 473.9
Deposits	10.3	12.8	9.6	12.3	16.9	14.6
Withdrawals	(14.9)	(10.7)	(7.6)	(8.0)	(7.4)	(8.7)
Net transfers	(0.9)	(0.4)	(0.4)	(0.4)	(0.8)	(0.4)
Index credits	5.1	6.2	1.2	1.2	1.2	1.0
Other	(3.7)	(1.9)	3.8	6.4	5.4	7.0
Ending balance	\$ 522.7	\$ 526.8	\$ 520.8	\$ 514.2	\$ 502.7	\$ 487.4
Variable Account Annuities⁽³⁾						
Beginning balance	\$ 3,256.7	\$ 3,052.9	\$ 2,891.4	\$ 2,488.5	\$ 2,316.9	\$ 1,954.2
Deposits	71.0	67.7	61.5	57.6	58.5	52.3
Withdrawals	(45.6)	(40.5)	(44.5)	(36.2)	(32.3)	(21.5)
Net transfers	(7.2)	(7.8)	(16.2)	(24.8)	(19.5)	(5.9)
Fees and charges	(12.4)	(12.0)	(11.0)	(10.6)	(9.5)	(8.4)
Market appreciation	64.4	196.4	171.7	416.9	174.4	346.2
Other	—	—	—	—	—	—
Ending balance	\$ 3,326.9	\$ 3,256.7	\$ 3,052.9	\$ 2,891.4	\$ 2,488.5	\$ 2,316.9
Held under modified coinsurance agreement	820.2	818.9	782.8	752.1	660.1	627.6
Ending balance net of reinsurance	\$ 2,506.7	\$ 2,437.8	\$ 2,270.1	\$ 2,139.3	\$ 1,828.4	\$ 1,689.3

⁽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					Nine Months Ended	
	Sept. 30, 2021	Jun. 30, 2021	Mar. 31, 2021	Dec. 31, 2020	Sept. 30, 2020	Sept. 30, 2021	Sept. 30, 2020
Premiums and contract deposits*	\$ 30.1	\$ 29.5	\$ 25.2	\$ 30.8	\$ 26.9	\$ 84.8	\$ 79.3
Revenues							
Premiums and contract charges earned	\$ 31.2	\$ 30.0	\$ 31.5	\$ 32.2	\$ 29.4	\$ 92.7	\$ 88.0
Net investment income	21.1	19.8	19.6	20.4	18.2	60.5	49.4
Other income	0.1	0.1	0.1	0.1	0.1	0.3	0.1
Total revenues	52.4	49.9	51.2	52.7	47.7	153.5	137.5
Benefits and Expenses							
Death benefits / mortality costs ⁽¹⁾	10.3	8.5	14.6	10.5	9.0	33.4	28.3
Interest credited	11.1	11.2	11.2	11.2	11.2	33.5	33.7
Change in reserves	13.7	13.1	14.2	14.7	12.2	41.0	36.2
Operating expenses	9.3	9.2	8.3	9.5	8.4	26.8	25.8
DAC amortization expense, excluding unlocking	1.9	2.0	1.8	1.9	1.9	5.7	5.8
DAC unlocking	—	(0.2)	0.2	0.2	(0.2)	—	(0.5)
Total benefits and expenses	46.3	43.8	50.3	48.0	42.5	140.4	129.3
Income before income taxes	6.1	6.1	0.9	4.7	5.2	13.1	8.2
Income tax expense	1.0	1.1	0.2	1.1	0.9	2.3	1.4
Net income ⁽²⁾	\$ 5.1	\$ 5.0	\$ 0.7	\$ 3.6	\$ 4.3	\$ 10.8	\$ 6.8
Less: DAC unlocking, after tax	—	0.1	(0.1)	(0.2)	0.2	—	0.4
Net income excluding DAC unlocking	\$ 5.1	\$ 4.9	\$ 0.8	\$ 3.8	\$ 4.1	\$ 10.8	\$ 6.4
Earnings margin (before tax)							
Return on premium - LTM	14.4 %	13.6 %	10.5 %	10.4 %	10.5 %	14.4 %	10.5 %
Informational Data							
Lapse ratio - LTM ⁽³⁾	3.8 %	4.0 %	3.9 %	4.2 %	4.3 %	3.8 %	4.3 %
Sales* (LTM, \$ in millions) ⁽⁴⁾							
Recurring	\$ 1.9	\$ 2.2	\$ 1.8	\$ 2.0	\$ 2.0	\$ 5.9	\$ 6.1
Single premium	1.6	2.1	1.2	1.1	0.7	4.9	3.5
Total sales	\$ 3.5	\$ 4.3	\$ 3.0	\$ 3.1	\$ 2.7	\$ 10.8	\$ 9.6
Annualized sales* (\$ in millions)	\$ 2.0	\$ 2.4	\$ 2.0	\$ 2.1	\$ 2.0	\$ 6.4	\$ 6.4
Insurance in force (\$ in millions)	\$ 20,271	\$ 20,122	\$ 19,936	\$ 19,821	\$ 19,681	\$ 20,271	\$ 19,681
Policies in force (in thousands)	199	200	201	202	201	199	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					Nine Months Ended	
	Sept. 30, 2021	Jun. 30, 2021	Mar. 31, 2021	Dec. 31, 2020	Sept. 30, 2020	Sept. 30, 2021	Sept. 30, 2020
Revenues							
Net investment income	\$ (0.6)	\$ (0.6)	\$ (0.6)	\$ (0.6)	\$ (0.6)	\$ (1.8)	\$ (1.8)
Other income	0.6	0.4	0.3	1.7	0.4	1.3	1.2
Total revenues	—	(0.2)	(0.3)	1.1	(0.2)	(0.5)	(0.6)
Expenses							
Interest expense	3.4	3.5	3.4	3.5	3.4	10.3	11.3
Debt retirement costs	—	—	—	—	—	—	—
Other operating expenses	2.2	2.6	1.6	1.6	1.3	6.4	4.3
Total expenses	5.6	6.1	5.0	5.1	4.7	16.7	15.6
Loss before income taxes	(5.6)	(6.3)	(5.3)	(4.0)	(4.9)	(17.2)	(16.2)
Income tax benefit	(1.1)	(1.3)	(1.1)	(1.0)	(1.0)	(3.5)	(4.1)
Loss after tax	\$ (4.5)	\$ (5.0)	\$ (4.2)	\$ (3.0)	\$ (3.9)	\$ (13.7)	\$ (12.1)
Net investment (losses) gains pretax ⁽¹⁾	(6.5)	4.9	(9.0)	10.5	2.5	(10.6)	(12.8)
Tax on net investment (losses) gains ⁽¹⁾	(1.4)	1.0	(1.9)	2.1	0.6	(2.3)	(2.7)
Net investment (losses) gains after tax ⁽¹⁾	(5.1)	3.9	(7.1)	8.4	1.9	(8.3)	(10.1)
Net income (loss)	\$ (9.6)	\$ (1.1)	\$ (11.3)	\$ 5.4	\$ (2.0)	\$ (22.0)	\$ (22.2)

⁽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					Nine Months Ended	
	Sept. 30, 2021	Jun. 30, 2021	Mar. 31, 2021	Dec. 31, 2020	Sept. 30, 2020	Sept. 30, 2021	Sept. 30, 2020
Net Investment Income							
Fixed maturity securities ⁽¹⁾							
Taxable	\$ 56.9	\$ 56.4	\$ 54.7	\$ 55.0	\$ 53.1	\$ 168.0	\$ 164.7
Tax-exempt	2.9	3.0	3.3	3.2	3.3	9.2	10.0
Total fixed maturity securities	59.8	59.4	58.0	58.2	56.4	177.2	174.7
Equity securities	1.4	1.3	1.1	1.2	1.1	3.8	3.5
Policy loans	2.3	2.4	2.3	2.3	2.3	7.0	6.9
Senior commercial mortgage loan funds	3.4	2.0	2.2	2.2	0.9	7.6	1.0
Limited partnership interests	13.4	21.0	9.1	13.8	10.2	43.5	3.9
Short-term investments and other	0.5	0.5	0.5	0.5	0.5	1.5	1.6
Investment income	80.8	86.6	73.2	78.2	71.4	240.6	191.6
Investment expense	2.7	2.5	2.1	2.2	2.2	7.3	7.3
Total net investment income - investment portfolio	78.1	84.1	71.1	76.0	69.2	233.3	184.3
Investment income - Deposit asset on reinsurance	25.6	25.1	24.4	25.2	24.5	75.1	72.1
Total gross investment income	\$ 103.7	\$ 109.2	\$ 95.5	\$ 101.2	\$ 93.7	\$ 308.4	\$ 256.4
Investment yield, pretax - annualized ⁽²⁾	5.02 %	5.40 %	4.61 %	5.00 %	4.64 %	5.01 %	4.17 %
Investment yield, after tax - annualized ⁽²⁾	4.00 %	4.30 %	3.67 %	3.98 %	3.70 %	3.99 %	3.33 %
Investment yield, excluding limited partnership interests, pretax - annualized ⁽²⁾	4.36 %	4.30 %	4.20 %	4.25 %	4.18 %	4.29 %	4.36 %
Investment yield, excluding limited partnership interests, after tax - annualized ⁽²⁾	3.48 %	3.44 %	3.35 %	3.39 %	3.33 %	3.42 %	3.48 %
Portfolio Net Investment Income by Segment							
Property and Casualty	\$ 11.3	\$ 21.7	\$ 10.8	\$ 12.3	\$ 13.7	\$ 43.8	\$ 30.3
Supplemental	7.1	6.3	5.3	6.0	4.3	18.7	11.8
Retirement	39.2	36.9	36.0	37.9	33.6	112.1	94.6
Life	21.1	19.8	19.6	20.4	18.2	60.5	49.4
Corporate and Other, including intersegment eliminations	(0.6)	(0.6)	(0.6)	(0.6)	(0.6)	(1.8)	(1.8)
Total net investment income	\$ 78.1	\$ 84.1	\$ 71.1	\$ 76.0	\$ 69.2	\$ 233.3	\$ 184.3
Net Investment Gains (Losses)							
Gross realized gains	\$ 7.0	\$ 5.8	\$ 3.9	\$ 7.1	\$ 8.3	\$ 16.7	\$ 21.6
Gross realized losses, excluding impairment charges	(5.9)	(5.2)	(6.9)	(2.0)	(7.0)	(18.0)	(23.5)
Change in fair value of equity securities	(1.0)	4.3	(2.8)	5.4	2.3	0.5	(5.6)
Impairment charges	(6.6)	—	(3.2)	—	(1.1)	(9.8)	(5.3)
Total net investment gains (losses)	\$ (6.5)	\$ 4.9	\$ (9.0)	\$ 10.5	\$ 2.5	\$ (10.6)	\$ (12.8)

⁽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)	September 30, 2021		June 30, 2021		March 31, 2021		December 31, 2020		September 30, 2020		June 30, 2020	
	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent
Fixed maturity securities, at fair value ⁽¹⁾	\$ 6,512.0	86.5 %	\$ 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 %
Equity securities, at fair value	152.3	2.0 %	145.7	1.9 %	140.0	1.9 %	121.6	1.7 %	102.3	1.4 %	90.3	1.3 %
Policy loans, at outstanding balance	143.9	1.9 %	145.5	1.9 %	147.6	2.0 %	150.1	2.1 %	151.4	2.1 %	152.2	2.2 %
Senior commercial mortgage loan funds	265.9	3.5 %	254.8	3.4 %	197.3	2.7 %	149.6	2.0 %	139.1	2.0 %	117.4	1.7 %
Limited partnership interests	349.5	4.7 %	330.9	4.4 %	307.9	4.2 %	299.4	4.1 %	279.1	3.9 %	274.8	4.0 %
Short-term investments and other	107.7	1.4 %	155.6	2.0 %	164.0	2.3 %	196.2	2.7 %	301.7	4.2 %	224.1	3.3 %
Total investments	\$ 7,531.3	100.0 %	\$ 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 %
Asset-backed securities	\$ 302.7	4.6 %	\$ 336.7	5.1 %	\$ 362.3	5.7 %	\$ 361.5	5.7 %	\$ 379.4	6.2 %	\$ 427.4	7.1 %
Collateralized loan obligations	687.8	10.6 %	671.4	10.2 %	675.0	10.6 %	689.7	10.9 %	663.2	10.8 %	593.0	9.8 %
Commercial mortgage-backed securities	318.5	4.9 %	328.6	5.0 %	329.5	5.2 %	343.4	5.4 %	351.8	5.7 %	348.7	5.8 %
Corporate	2,495.6	38.3 %	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 %
Municipal	1,775.5	27.3 %	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 %
Residential mortgage-backed securities	523.0	8.0 %	509.8	7.8 %	524.4	8.3 %	522.0	8.2 %	545.2	8.8 %	566.5	9.4 %
U.S. Treasuries and government agencies	408.9	6.3 %	456.3	7.0 %	458.3	7.2 %	433.2	6.8 %	384.1	6.2 %	374.9	6.2 %
Total fixed maturity securities	\$ 6,512.0	100.0 %	\$ 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 %
U.S. government/government agencies	\$ 1,139.0	17.5 %	\$ 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 %
AAA	634.0	9.7 %	661.8	10.1 %	714.9	11.2 %	712.2	11.2 %	714.7	11.6 %	694.7	11.5 %
AA	1,325.8	20.4 %	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 %
A	1,098.7	16.9 %	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 %
BBB	1,433.5	22.0 %	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 %
BB and below, includes securities not rated	881.0	13.5 %	790.1	12.0 %	673.5	10.6 %	530.4	8.4 %	488.6	7.9 %	430.7	7.2 %
Total fixed maturity securities	\$ 6,512.0	100.0 %	\$ 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 %
Investments by Segment												
Property and Casualty	\$ 985.3	13.1 %	\$ 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 %
Supplemental	680.7	9.0 %	677.1	8.9 %	644.8	8.8 %	632.8	8.7 %	633.0	8.9 %	611.8	8.9 %
Retirement and Life	5,863.9	77.9 %	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 %
Corporate and Other ⁽²⁾	1.4	— %	8.3	0.1 %	3.2	— %	3.8	0.1 %	0.3	— %	0.4	— %
Total investments	\$ 7,531.3	100.0 %	\$ 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 %

⁽¹⁾ Amortized cost, net of \$6,045.6, \$6,049.4, \$5,992.7, \$5,788.6, \$5,672.3, and \$5,604.4, at September 30, 2021, June 30, 2021, March 31, 2021, December 31, 2020, September 30, 2020, and June 30, 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					Nine Months Ended	
	Sept. 30, 2021	Jun. 30, 2021	Mar. 31, 2021	Dec. 31, 2020	Sept. 30, 2020	Sept. 30, 2021	Sept. 30, 2020
Reconciliation of Net Income to Core Earnings							
Net income	\$ 16.3	\$ 46.7	\$ 39.3	\$ 47.8	\$ 36.5	\$ 102.3	\$ 85.5
Less: Net investment (losses) gains	(5.1)	3.9	(7.1)	8.4	1.9	(8.3)	(10.1)
Other expense - goodwill and intangible asset impairments	—	—	—	(8.1)	—	—	—
Core earnings*	\$ 21.4	\$ 42.8	\$ 46.4	\$ 47.5	\$ 34.6	\$ 110.6	\$ 95.6
Pretax net income	\$ 19.0	\$ 58.1	\$ 48.2	\$ 58.6	\$ 45.1	\$ 125.3	\$ 101.0
Less: Pretax net investment (losses) gains	(6.5)	4.9	(9.0)	10.5	2.5	(10.6)	(12.8)
Other expense - goodwill and intangible asset impairments, pretax	—	—	—	(10.0)	—	—	—
Pretax core earnings*	\$ 25.5	\$ 53.2	\$ 57.2	\$ 58.1	\$ 42.6	\$ 135.9	\$ 113.8
Reconciliation of Net Income per Share to Core Earnings per Share on a Basic and Diluted Basis							
Net income per share (basic)	\$ 0.39	\$ 1.11	\$ 0.94	\$ 1.14	\$ 0.87	\$ 2.44	\$ 2.04
Less: Net investment (losses) gains	(0.12)	0.09	(0.17)	0.20	0.05	(0.20)	(0.24)
Other expense - goodwill and intangible asset impairments	—	—	—	(0.19)	—	—	—
Core earnings per share (basic)*	\$ 0.51	\$ 1.02	\$ 1.11	\$ 1.13	\$ 0.82	\$ 2.64	\$ 2.28
Net income per diluted share	\$ 0.39	\$ 1.11	\$ 0.93	\$ 1.13	\$ 0.87	\$ 2.43	\$ 2.03
Less: Net investment (losses) gains	(0.11)	0.09	(0.17)	0.19	0.05	(0.19)	(0.24)
Other expense - goodwill and intangible asset impairments	—	—	—	(0.19)	—	—	—
Core earnings per diluted share*	\$ 0.50	\$ 1.02	\$ 1.10	\$ 1.13	\$ 0.82	\$ 2.62	\$ 2.27

Reconciliations of GAAP Measures to Non-GAAP Measures

(\$ in millions)	Three Months Ended					Nine Months Ended	
	Sept. 30, 2021	Jun. 30, 2021	Mar. 31, 2021	Dec. 31, 2020	Sept. 30, 2020	Sept. 30, 2021	Sept. 30, 2020
Reconciliation of Return on Equity							
Average Shareholders' Equity							
Shareholders' equity	\$ 1,796.4	\$ 1,816.6	\$ 1,692.9	\$ 1,790.1	\$ 1,715.7	\$ 1,796.4	\$ 1,715.7
Net unrealized investment gains on fixed maturity securities	306.9	332.2	243.6	366.3	328.2	306.9	328.2
5 quarter average shareholders' equity	1,762.3	1,731.0	1,663.2	1,638.1	1,595.8	1,762.3	1,595.8
2 quarter average shareholders' equity	1,806.5	1,754.8	1,741.5	1,752.9	1,677.8	1,793.3	1,641.5
5 quarter average shareholders' equity excluding net unrealized investment gains on fixed maturity securities	1,446.9	1,421.1	1,392.4	1,370.0	1,347.6	1,446.9	1,347.6
2 quarter average shareholders' equity excluding net unrealized investment gains on fixed maturity securities	1,487.0	1,466.9	1,436.6	1,405.7	1,374.1	1,456.7	1,362.2
Net Income Return on Equity - LTM							
Numerator: LTM net income	\$ 150.1	\$ 170.3	\$ 154.1	\$ 133.3	\$ 118.5	\$ 150.1	\$ 118.5
Denominator: 5 quarter average shareholders' equity	1,762.3	1,731.0	1,663.2	1,638.1	1,595.8	1,762.3	1,595.8
Net income ROE - LTM	8.5 %	9.8 %	9.3 %	8.1 %	7.4 %	8.5 %	7.4 %
Net Income Return on Equity - Annualized							
Numerator: Annualized net income	\$ 65.2	\$ 186.8	\$ 157.2	\$ 191.2	\$ 146.0	\$ 136.4	\$ 114.0
Denominator: 2 quarter average shareholders' equity	1,806.5	1,754.8	1,741.5	1,752.9	1,677.8	1,793.3	1,641.5
Net income ROE - Annualized	3.6 %	10.6 %	9.0 %	10.9 %	8.7 %	7.6 %	6.9 %
Core Return on Equity - LTM							
Numerator: LTM core earnings	\$ 158.1	\$ 171.3	\$ 156.5	\$ 143.1	\$ 127.3	\$ 158.1	\$ 127.3
Denominator: 5 quarter average shareholders' equity excluding net unrealized investment gains on fixed maturity securities	1,446.9	1,421.1	1,392.4	1,370.0	1,347.6	1,446.9	1,347.6
Core ROE - LTM	10.9 %	12.1 %	11.2 %	10.5 %	9.4 %	10.9 %	9.4 %
Core Return on Equity - Annualized							
Numerator: Annualized core earnings	\$ 85.6	\$ 171.2	\$ 185.6	\$ 190.0	\$ 138.4	\$ 147.5	\$ 127.5
Denominator: 2 quarter average shareholders' equity excluding net unrealized investment gains on fixed maturity securities	1,487.0	1,466.9	1,436.6	1,405.7	1,374.1	1,456.7	1,362.2
Core ROE - Annualized	5.8 %	11.7 %	12.9 %	13.5 %	10.1 %	10.1 %	9.4 %

Reconciliations of GAAP Measures to Non-GAAP Measures

(\$ in millions)	Twelve Months Ended				
	Sept. 30, 2021	Jun. 30, 2021	Mar. 31, 2021	Dec. 31, 2020	Sept. 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	\$ 1,796.4	\$ 1,816.6	\$ 1,692.9	\$ 1,790.1	\$ 1,715.7
Denominator: Common shares outstanding	41.5	41.5	41.5	41.4	41.4
Book value per common share	\$ 43.30	\$ 43.78	\$ 40.83	\$ 43.22	\$ 41.45
Book value per common share, excluding net unrealized investment gains on fixed maturity securities*					
Numerator: Common shareholders' equity	\$ 1,796.4	\$ 1,816.6	\$ 1,692.9	\$ 1,790.1	\$ 1,715.7
Less: Net unrealized investment gains on fixed maturity securities	306.9	332.2	243.6	366.3	328.2
Adjusted common shareholders' equity	1,489.5	1,484.4	1,449.3	1,423.8	1,387.5
Denominator: Common shares outstanding	41.5	41.5	41.5	41.4	41.4
Book value per common share, excluding net unrealized investment gains on fixed maturity securities*	\$ 35.90	\$ 35.78	\$ 34.95	\$ 34.38	\$ 33.52
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	\$ 388.6	\$ 413.5	\$ 437.4	\$ 437.3	\$ 437.2
Denominator:					
Total debt	388.6	413.5	437.4	437.3	437.2
Common shareholders' equity	1,796.4	1,816.6	1,692.9	1,790.1	1,715.7
Total capital	2,185.0	2,230.1	2,130.3	2,227.4	2,152.9
Debt to total capitalization	17.8 %	18.5 %	20.5 %	19.6 %	20.3 %
Debt to total capitalization excluding net unrealized investment gains on fixed maturity securities					
Numerator: Total debt	\$ 388.6	\$ 413.5	\$ 437.4	\$ 437.3	\$ 437.2
Denominator:					
Total debt	388.6	413.5	437.4	437.3	437.2
Common shareholders' equity	1,796.4	1,816.6	1,692.9	1,790.1	1,715.7
Less: Net unrealized investment gains on fixed maturity securities	306.9	332.2	243.6	366.3	328.2
Adjusted common shareholders' equity	1,878.1	1,897.9	1,886.7	1,861.1	1,824.7
Debt to total capitalization excluding net unrealized investment gains on fixed maturity securities	20.7 %	21.8 %	23.2 %	23.5 %	24.0 %

Reconciliations of GAAP Measures to Non-GAAP Measures

(\$ in millions after tax)	Three Months Ended					Nine Months Ended	
	Sept. 30, 2021	Jun. 30, 2021	Mar. 31, 2021	Dec. 31, 2020	Sept. 30, 2020	Sept. 30, 2021	Sept. 30, 2020
Reconciliation of Investment Yield Excluding Limited Partnership Interests							
Numerator:							
Total net investment income, pretax	\$ 103.7	\$ 109.2	\$ 95.5	\$ 101.2	\$ 93.7	\$ 308.4	\$ 256.4
Less: Investment income on deposit asset on reinsurance	25.6	25.1	24.4	25.2	24.5	75.1	72.1
Investment income on limited partnership interests	16.8	23.0	11.3	16.0	11.1	51.1	4.9
Adjusted net investment income, pretax	61.3	61.1	59.8	60.0	58.1	182.2	179.4
Denominator:							
Adjusted investment portfolio, beginning of period ⁽¹⁾	\$ 5,638.7	\$ 5,723.8	\$ 5,666.0	\$ 5,637.1	\$ 5,480.5	\$ 5,666.0	\$ 5,425.8
Adjusted investment portfolio, end of period ⁽¹⁾	5,617.0	5,638.7	5,723.8	5,666.0	5,637.1	5,617.0	5,637.1
Average adjusted investment portfolio for the period	5,627.9	5,681.3	5,694.9	5,651.6	5,558.8	5,641.5	5,531.5
Investment yield, excluding limited partnership interests, pretax - annualized ⁽²⁾	4.36 %	4.30 %	4.20 %	4.25 %	4.18 %	4.29 %	4.36 %
Investment yield, excluding limited partnership interests, after tax - annualized ⁽²⁾⁽³⁾	3.48 %	3.44 %	3.35 %	3.39 %	3.33 %	3.42 %	3.48 %

⁽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 September 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 three.

⁽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					Nine Months Ended	
	Sept. 30, 2021	Jun. 30, 2021	Mar. 31, 2021	Dec. 31, 2020	Sept. 30, 2020	Sept. 30, 2021	Sept. 30, 2020
Operating Ratios - Property and Casualty							
Property and Casualty							
Claims and claims expense ("loss") ratio	84.5	73.5	60.8	61.9	71.3	72.9	67.7
Expense ratio	27.5	25.7	25.4	28.3	25.2	26.2	25.8
Combined ratio	112.0	99.2	86.2	90.2	96.5	99.1	93.5
Loss ratio	84.5	73.5	60.8	61.9	71.3	72.9	67.7
Less: effect of catastrophe losses	25.1	11.3	7.0	3.8	20.9	14.5	16.0
effect of prior years' reserve development ⁽¹⁾	(2.0)	(2.7)	—	(0.6)	(4.3)	(1.6)	(1.9)
Underlying loss ratio*	61.4	64.9	53.8	58.7	54.7	60.0	53.6
Reconciliation of combined ratio to underlying combined ratio							
Combined ratio	112.0	99.2	86.2	90.2	96.5	99.1	93.5
Effect of catastrophe losses	25.1	11.3	7.0	3.8	20.9	14.5	16.0
Effect of prior years' reserve development ⁽¹⁾	(2.0)	(2.7)	—	(0.6)	(4.3)	(1.6)	(1.9)
Underlying combined ratio*	88.9	90.6	79.2	87.0	79.9	86.2	79.4
Auto							
Claims and claims expense ("loss") ratio	71.5	67.6	59.1	67.7	57.6	66.0	59.1
Expense ratio	27.7	25.7	25.1	28.5	25.7	26.1	26.2
Combined ratio	99.2	93.3	84.2	96.2	83.3	92.1	85.3
Loss ratio	71.5	67.6	59.1	67.7	57.6	66.0	59.1
Less: effect of catastrophe losses	2.9	2.6	0.3	0.3	1.7	1.9	1.6
effect of prior years' reserve development ⁽¹⁾	(2.0)	(3.0)	—	—	(0.9)	(1.6)	(0.6)
Underlying loss ratio*	70.6	68.0	58.8	67.4	56.8	65.7	58.1
Reconciliation of combined ratio to underlying combined ratio							
Combined ratio	99.2	93.3	84.2	96.2	83.3	92.1	85.3
Effect of catastrophe losses	2.9	2.6	0.3	0.3	1.7	1.9	1.6
Effect of prior years' reserve development ⁽¹⁾	(2.0)	(3.0)	—	—	(0.9)	(1.6)	(0.6)
Underlying combined ratio*	98.3	93.7	83.9	95.9	82.5	91.8	84.3

⁽¹⁾ (Favorable) unfavorable.

Reconciliations of GAAP Measures to Non-GAAP Measures

	Three Months Ended					Nine Months Ended	
	Sept. 30, 2021	Jun. 30, 2021	Mar. 31, 2021	Dec. 31, 2020	Sept. 30, 2020	Sept. 30, 2021	Sept. 30, 2020
Operating Ratios - Property and Casualty (Cont.)							
Property							
Claims and claims expense ("loss") ratio	108.9	84.8	64.1	50.8	97.3	86.0	84.5
Expense ratio	27.2	26.0	26.0	28.2	24.4	26.4	25.1
Combined ratio	136.1	110.8	90.1	79.0	121.7	112.4	109.6
Loss ratio	108.9	84.8	64.1	50.8	97.3	86.0	84.5
Less: effect of catastrophe losses	67.3	27.9	20.1	10.5	57.3	38.4	43.9
effect of prior years' reserve development ⁽¹⁾	(1.9)	(2.3)	—	(1.8)	(10.8)	(1.4)	(4.3)
Underlying loss ratio*	43.5	59.2	44.0	42.1	50.8	49.0	44.9
Reconciliation of combined ratio to underlying combined ratio							
Combined ratio	136.1	110.8	90.1	79.0	121.7	112.4	109.6
Effect of catastrophe losses	67.3	27.9	20.1	10.5	57.3	38.4	43.9
Effect of prior years' reserve development ⁽¹⁾	(1.9)	(2.3)	—	(1.8)	(10.8)	(1.4)	(4.3)
Underlying combined ratio*	70.7	85.2	70.0	70.3	75.2	75.4	70.0

⁽¹⁾ (Favorable) unfavorable.

Ratings and Contact Information

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As of October 29, 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.