Full-year 2022 Investor Presentation

Feb. 7, 2023

Horace Mann®

Information as December 31, 2022, unless otherwise noted

Safe Harbor Statement and Non-GAAP Measures

Certain statements included in this presentation, including those regarding our earnings outlook, expected catastrophe losses, our investment strategies, our plans to implement additional rate actions, our plans relating to share repurchases and dividends, our efforts to enhance customer experience and expand our products and solutions to more educators, our strategies to create sustainable long-term growth and double-digit ROEs, our strategy to achieve a larger share of the education market, and other business strategies, constitute forward-looking statements within the meaning of the U.S. Private Securities Litigation Reform Act of 1995. Forward-looking statements are made based on management's current expectations and beliefs concerning future developments and their potential effects upon Horace Mann and its subsidiaries. Horace Mann cautions investors that such statements are subject to risks and uncertainties, many of which are difficult to predict and generally beyond Horace Mann's control, that could cause actual results to differ materially from those expressed in, or implied or projected by, the forward-looking statements included in this document. Certain important factors that could cause actual results to differ, possibly materially, from expectations or estimates reflected in such forward-looking statements can be found in the "Risk Factors" and "Forward-Looking Information" sections included in Horace Mann's Annual Reports on Form 10-K and Quarterly Reports on Form 10-Q filed with the Securities and Exchange Commission (SEC). The forward-looking statements herein are subject to the risk, among others, that we will be unable to execute our strategy because of market or competitive conditions or other factors. Horace Mann does not undertake to update any particular forward-looking statement included in this document if we later become aware that such statement is not likely to be achieved.

The historical and forward-looking financial information contained in this presentation includes measures marked with an asterisk (*) the first time they are presented within this document that are not based on accounting principles generally accepted in the United States of America (non-GAAP) such as core earnings, core earnings per share, adjusted core earnings and adjusted book value per share. An explanation of these measures is contained in the Glossary of Selected Terms included as Exhibit 99.1 in our most recent Form 8-K filed with the SEC and are reconciled to the most directly comparable measures prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) in the Appendix of the most current Investor Supplement available on our website at investors.horacemann.com.

Our Foundation: Financially sound company with strong strategy for profitable growth



- 1945: Founded by Educators for Educators to sell auto insurance
- 1961: Began offering 403(b) tax-qualified annuities
- 1991: Listed on NYSE (HMN)
- 2019: Acquired educator-centric NTA Life with 50-year history serving educators
- 2022: Acquired educator-centric Madison National Life with 60 years of experience



- $13.4B in assets(1)
- $1.4B in net premium and contract deposits for 2022
- $1.5B market capitalization(2)
- Highly rated by all four major rating agencies



- Educators have preferred risk profile
- Homogeneous customer set
- Serving about half of school locations(3) in our market footprint



- Business mix balanced between segments
- Ability to provide total household solutions
- Provides earnings diversification

Proud to be the largest multiline financial services company focused on America's educators

Horace Mann

(1) As of December 31, 2022
(2) Based on stock price as of February 3, 2023
(3) Includes school buildings and administration locations

Driven by a noble mission

Mission

We listen to and understand educators and those who serve our community. They are taking care of our children's future. We believe they deserve someone to look after theirs.

Vision

We aspire to be the company of choice to provide financial solutions for all educators and others who serve our communities - to help them protect what they have today and prepare for a successful tomorrow.

Value Proposition

We understand and solve the issues facing educators and others who serve the community, helping them achieve financial success to live better and retire happier.

Commitment to making a positive impact extends to all stakeholders

Our ESG commitment is ingrained in long-term strategy and day-to-day operations

We are committed to doing our part to protect the environment, including a **pledge to reach net-zero carbon emissions.**

- Committed to cutting absolute Scope 1 and Scope 2 carbon emissions in half by 2030 and achieve net-zero carbon emissions by 2050
- Reducing amount of waste at owned location through active recycling programs, replacing building piping and digitizing processes

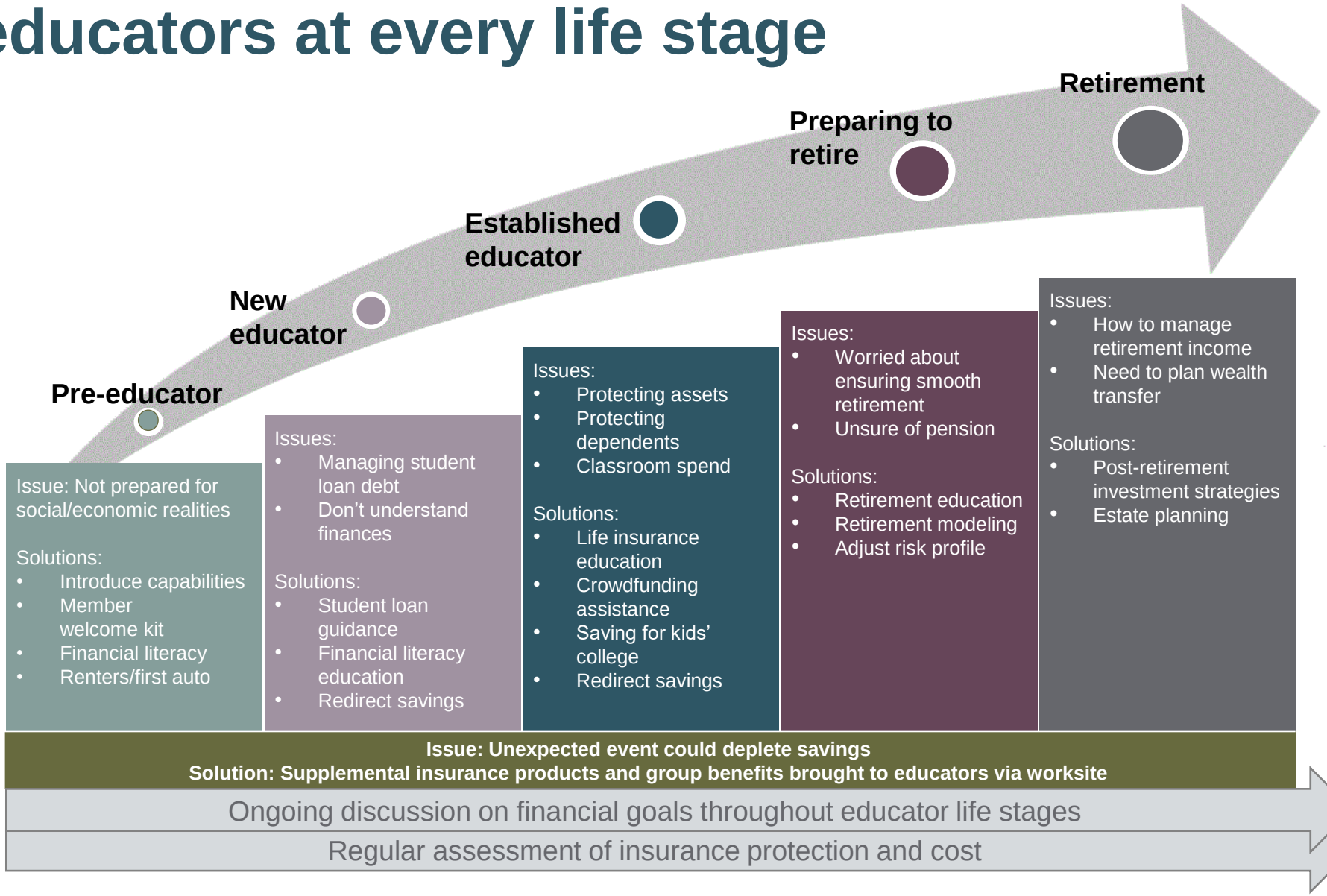
We strive to have a **significant positive social impact on America's educational community**, our employees and the communities in which we live and work.

- Undertaking DEI initiatives to foster an inclusive culture where individual differences are recognized, respected and appreciated
- Horace Mann Educators Foundation honors dedication of America's educators by supporting them in their efforts to help each student reach their full potential
- Support educators' financial wellness through Student Loan Solutions, classroom crowdfunding and financial education

We are committed to following corporate governance best practices to ensure a **financially strong company that operates ethically.**

- Board formally oversees ESG strategy and programs, illustrating the significance of these programs to our company
- Corporate governance policies aligned with long-term shareholder interests
- Incorporated ESG modifier into executive compensation programs to further incentivize key executives to advance ESG initiatives over the long term

Strategic emphasis on solutions tailored for educators at every life stage



Delivering value proposition for educator customers

Focus on ‘PDI’ provided roadmap for fix-and-build and transformational stages

Serving K-12 Educator Market

Homogenous customer set with attractive risk profiles

Solutions orientation addresses needs at every life stage

Focused on “PDI”

Products

- Products designed to meet educators’ needs and protect their unique risks

Distribution

- Knowledgeable, trusted distribution tailored to educator preferences

Infrastructure

- Modern, scalable infrastructure that is easy to do business with

Finding best solution to achieve long-term objectives

Addition of worksite solutions capped steps taken to implement ‘PDI’

Completed key steps while successfully navigating pandemic environment

FIX AND BUILD: PRE-2019

- Established solutions orientation
- Filled PDI gaps to set stage for profitable growth
- Established direct-to-educators sales channel and added new capabilities with Horace Mann General Agency
- Centralized disparate ESG efforts into a formal Corporate Social Responsibility function

TRANSFORMATION: 2019-2021

Initiated pre-pandemic

- Improved key levers of underlying profitability improvement, including seven-point improvement in underlying auto loss ratio
- Added Supplemental segment: 150,000 households and additional agents with NTA acquisition
- Added infrastructure to improve value to the B2B market with acquisition of BCG
- Improved Retirement segment profitability and reduced interest-rate risk with annuity reinsurance transaction
- Optimized investment portfolio

Pivots during pandemic

- Optimized and virtualized sales process
- Enhanced worksite capabilities to better serve school districts and administrators
- Invested in agency success and aligned agent resources to provide support needed
- Leveraged roll out of Guidewire administration platform to accelerate growth in key P&C states
- Implemented expense optimization initiatives

LEVERAGE LEADERSHIP: 2022 AND BEYOND

Horace Mann entered 2022 prepared for leadership stage of growth journey

After external factors affected 2022, 2023 returns Horace Mann to trajectory toward long-term objectives

PDI implementation in leadership phase to drive strong shareholder value creation

Focus in 2023 and beyond is distribution initiatives to drive market share expansion

Product: Complete

- We have built a robust set of products, relevant to our educator market niche
- Expanded product portfolio to meet educator needs, whether they engage with Horace Mann directly or through their district

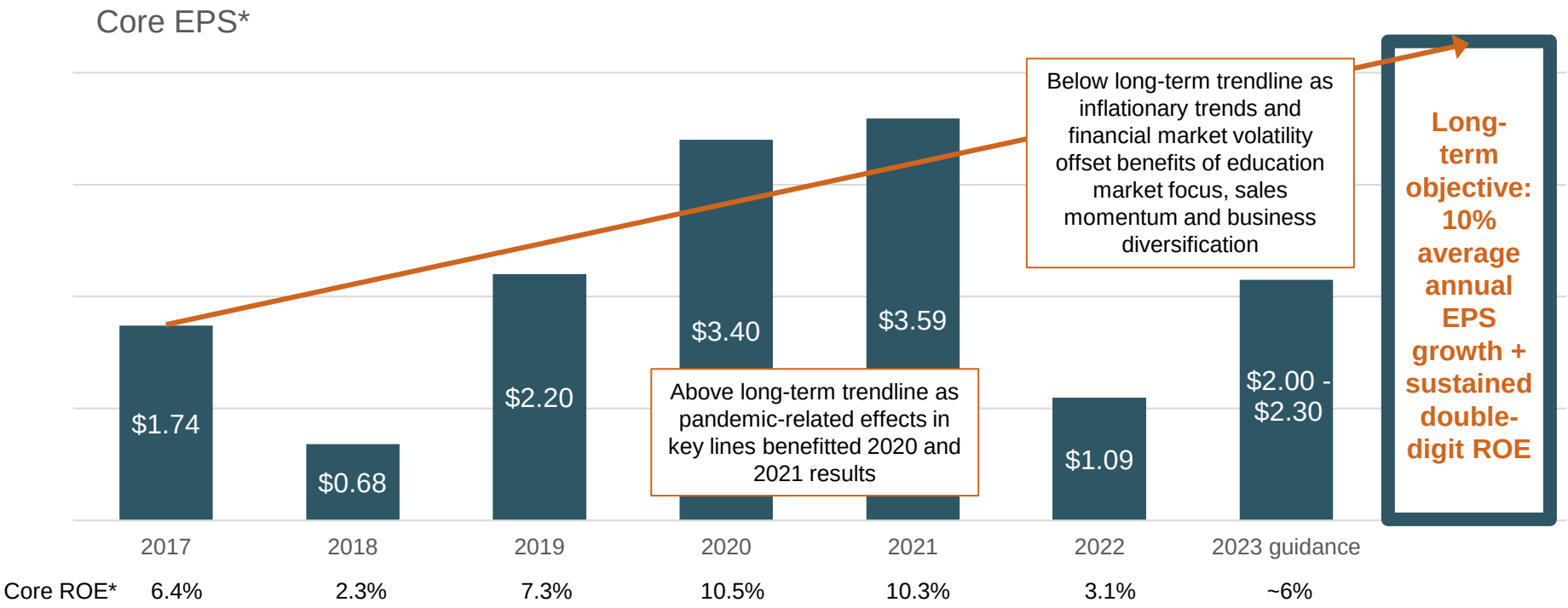
Infrastructure: Ongoing

- We have a clear roadmap to systems modernization and a distinctive service mandate to secure “ease of doing business” and scalable infrastructure
- We continue to advance our digital roadmap to support our strategy initiatives

Distribution: Focus

- We have advanced our distribution model and will need to continue to evolve to remain unique and relevant
- Retail distribution focused on trusted advisors working directly with educators
- Worksite leverages independent distribution, including benefit consultants, that support district needs

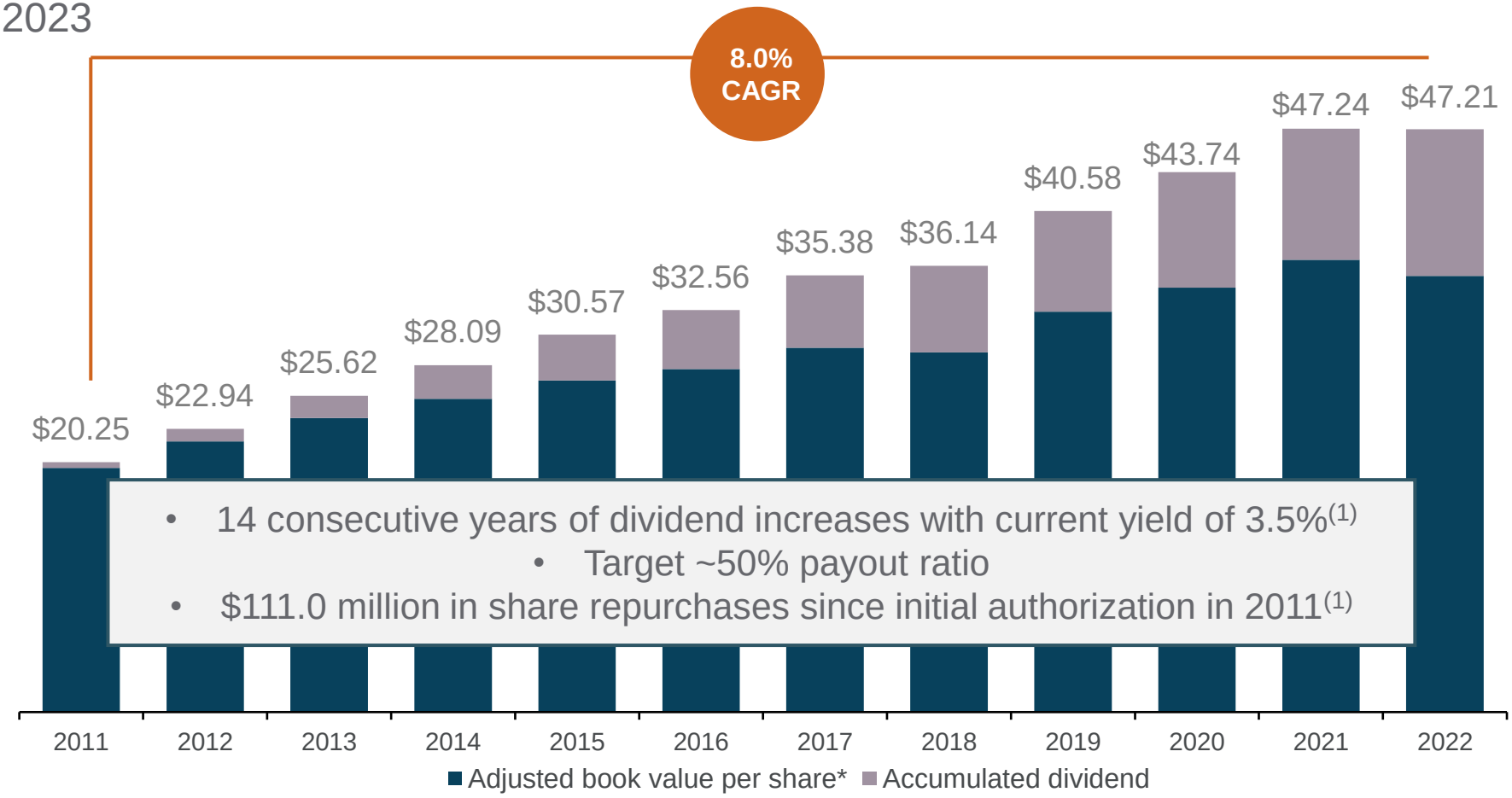
Earnings trajectory illustrates clear path to sustainable double-digit ROE through profitable growth



2014-2018: Fix and Build	2019-2021: Transformation	2022-2025: Leverage Leadership
Our performance: Established solutions orientation; filled PDI gaps to set stage for profitable growth	***Our plan:*** Smart integration of key transactions while executing on fix and build enhancements	***Our path:*** Accelerated shareholder value creation; significantly larger market share – meeting educator needs wherever they are

Prioritizing shareholder value creation; $24 million of repurchase activity in 2022

New repurchase authorization added in May 2022; 68,550 shares repurchased in early 2023



- 14 consecutive years of dividend increases with current yield of 3.5%(1)
- Target ~50% payout ratio
- $111.0 million in share repurchases since initial authorization in 2011(1)

(1) Through February 3, 2023

Profitable growth to drive return to double-digit ROE in 2024 with core EPS approaching $4

2023 core EPS will be in the range of $2.00 to $2.30 (or core earnings of $84 million to $96 million), with core ROE near 6%

- Continuing to target long-term 10% average annual EPS growth and sustained double-digit ROEs
- Full-year net investment income from the managed portfolio up 11% to 14% to range of $330 million and $340 million
  - Reflecting stronger returns from commercial mortgage loan portfolio as well as the benefits of the rising rate environment over the past 12 months
  - Limited partnership returns estimated near their 10-year average of 8.5%
  - Total net investment income between $434 million and $444 million
- Corporate interest expense expected to be in the range of $26 million to $27 million in 2023 due to rising interest rates
- Segment outlook reflects value of business diversification

Segment outlook reflects value of business diversification

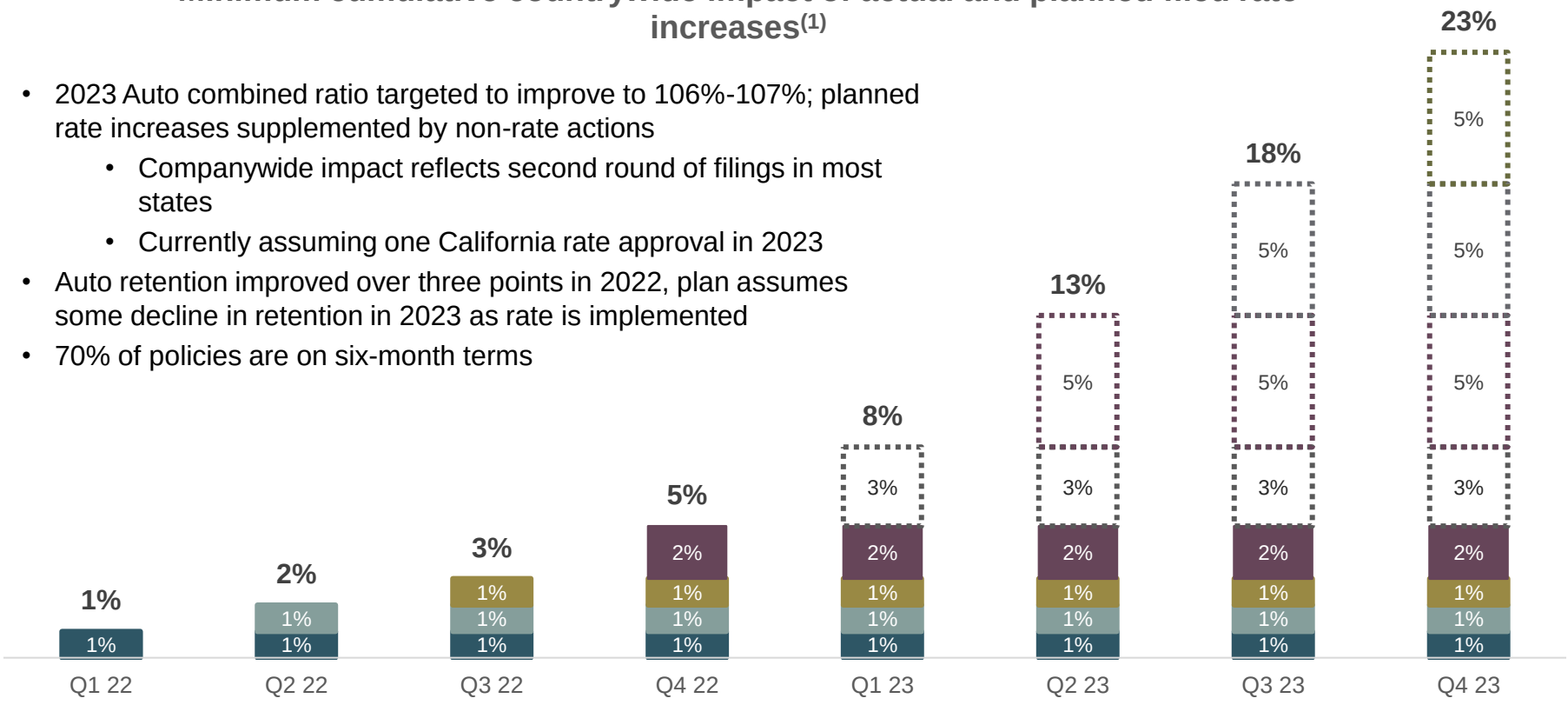
- **Life & Retirement segment core earnings** between $67 million to $70 million in 2023, taking into account adoption of LDTI effective Jan. 1, 2023
  - Expect 2023 spread on fixed annuity business to be in the range of 220 to 230 basis points, above the target threshold for this business
  - Anticipate full-year mortality to return to levels closer to 2021 from the lower mortality experienced in 2022
  - Expect mortality to generally align with broader industry seasonality, typically leading to increased claims in the first quarter
- **Supplemental & Group Benefits segment core earnings** between $40 million to $44 million in 2023
  - Reflects blended benefit ratio near longer-term target of 43%
    - Half of the anticipated change in the ratio vs. 2022 reflects expectation that utilization continues to move towards pre-pandemic levels
    - One-time favorable reserve impacts in 2022 not expected to reoccur
    - Due to seasonality, first quarter blended benefit ratio expected in the range of 45-47%
  - Reflects expense ratio in the range of 37% to 38% in 2023 and beyond
    - Investment in growth infrastructure for this business as well as higher allocation of corporate expenses to reflect this fully integrated segment's utilization of shared staff, distribution and other resources
  - Expect expense recognized in "other income" to decline to $3 million to $5 million in 2023
- **Property & Casualty segment core earnings** between $5 million to $10 million in 2023 will reflect the growing benefit of rate and non-rate underwriting actions
  - Longer-term combined ratio target for the segment remains 95-96%
  - Expect segment net investment income to increase 30% in 2023 with limited partnership returns estimated near their 10-year average
  - Assuming catastrophe losses represent about 10 points on the full-year combined ratio
    - Aligns with a calculation based on historical frequency and a modeled increase in severities due to inflation partially offset by a modeled decrease in exposures
  - Expect auto rates to increase in the range of 18% to 20% over the next four quarters, bolstered by non-rate actions, in addition to the overall 5.4% in rate actions in 2022
    - Anticipates auto combined ratio between 97% and 98% in 2024
  - Expect property rates to increase in the range of 12% to 15% over the next four quarters, bolstered by "inflation guard" increases to raise coverage values, in addition to the overall 4.9% in rate actions in 2022
    - Anticipates average renewal premiums for property to increase by 17% to 20% in 2023
    - Anticipates property combined ratio near targeted range of 92% to 93% in 2024

Anticipating auto combined ratio between 97% and 98% in 2024

Building on rate actions of 5.4% in 2022 with plans for rate increases in the range of 18% to 20% over the next four quarters

Minimum cumulative countrywide impact of actual and planned filed rate increases[(1)]

- 2023 Auto combined ratio targeted to improve to 106%-107%; planned rate increases supplemented by non-rate actions
  - Companywide impact reflects second round of filings in most states
  - Currently assuming one California rate approval in 2023
- Auto retention improved over three points in 2022, plan assumes some decline in retention in 2023 as rate is implemented
- 70% of policies are on six-month terms



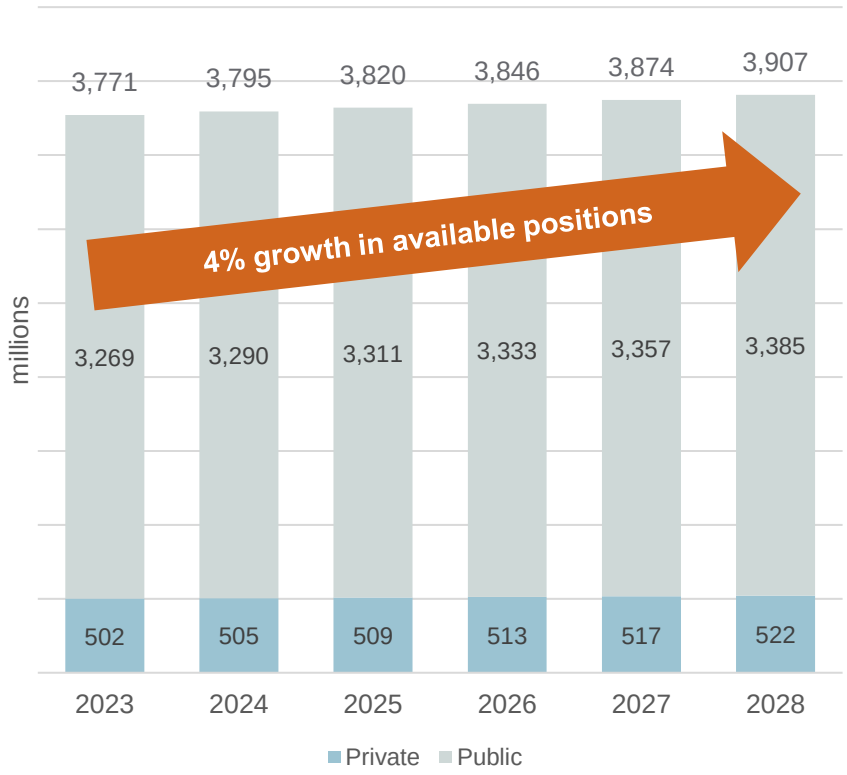
(1) Illustrative only, based on current filing schedule. Timing of regulatory approvals often shift rate actions from one quarter to the next.

Education market opportunity

Sizeable, growing opportunity in core K-12 education market

Additional opportunities to grow in legacy adjacent markets

U.S. elementary and secondary education teachers, projected(1)



- 7.5 million K-12 educators nationwide(1)
  - ~3.7M teachers in public and private schools; ~3.1M public school instructional and support staff; ~500,000 private school staff and administrators; ~200,000 public school district administrators
  - Adjacent segments include higher education and students preparing to teach
- Customer base of recent acquisitions are 80% educators
  - NTA also has long served firefighter community
  - MNL also has long served other public employees
- Education profession generally insulated from larger job market concerns
- Customer relationships following transactions with ~1 million total households across our market footprint

(1) National Center for Education Statistics

K-12 education a homogeneous market with similar customer characteristics and goals

Reachable through both retail and worksite channels

Responsible, risk-adverse and loyal

- Strong desire for guidance and education
- Committed to protecting retirement needs and dependents
- Live close to work; seldom drive during rush hour or inclement weather
- Loyalty results in strong retention

Dedicated to students

- Passion for education and helping students prepare for the future
- Put in hours of work outside school hours to meet individual student needs
- Choose to forego more lucrative private sector jobs to make a difference

Desire to improve educator total compensation

- Need for K-12 educators continues to grow
- Competing with private sector for talent
- State and local budgets often dictate educator salaries
- Benefits valuable recruitment and retention tools for school districts

Increased relevance for educators

Helping educators protect what they have today and prepare for a successful tomorrow

Retail solutions	Worksite solutions
• Solutions directly selected by an educator, often working with a trusted financial advisor • Leverages exclusive local agency distribution • Includes Property & Casualty and Life & Retirement segments • Opportunity to coordinate cross-sell to educators covered by worksite solutions	• Solutions offered to educators via their district employer • Consultative worksite enrollment process leverages independent brokers • Includes business lines from NTA and MNL • Opportunity to leverage district relationships developed through retail solutions

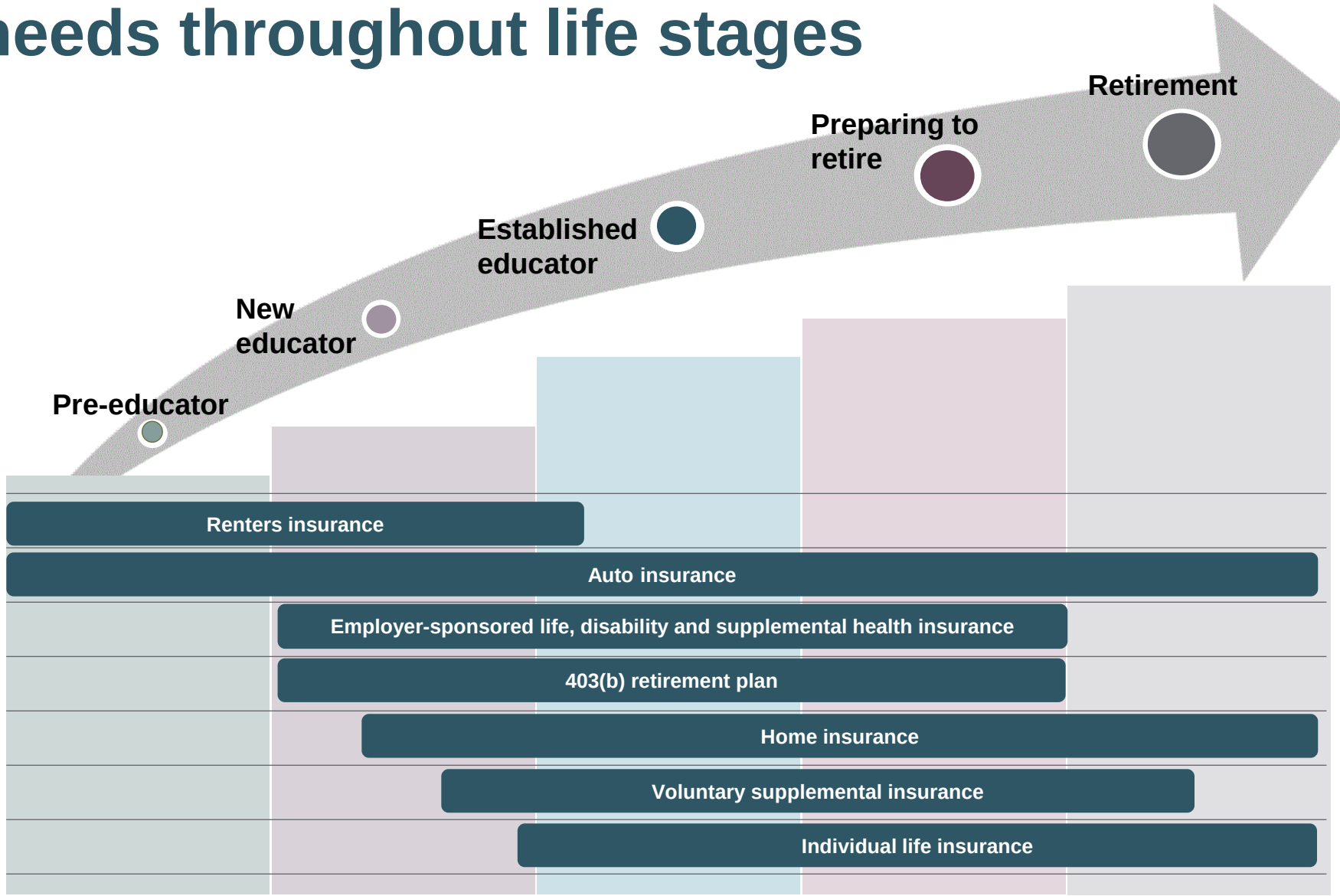
Educators

Homogenous customer set with attractive risk profiles

Solutions orientation addresses needs at every life stage

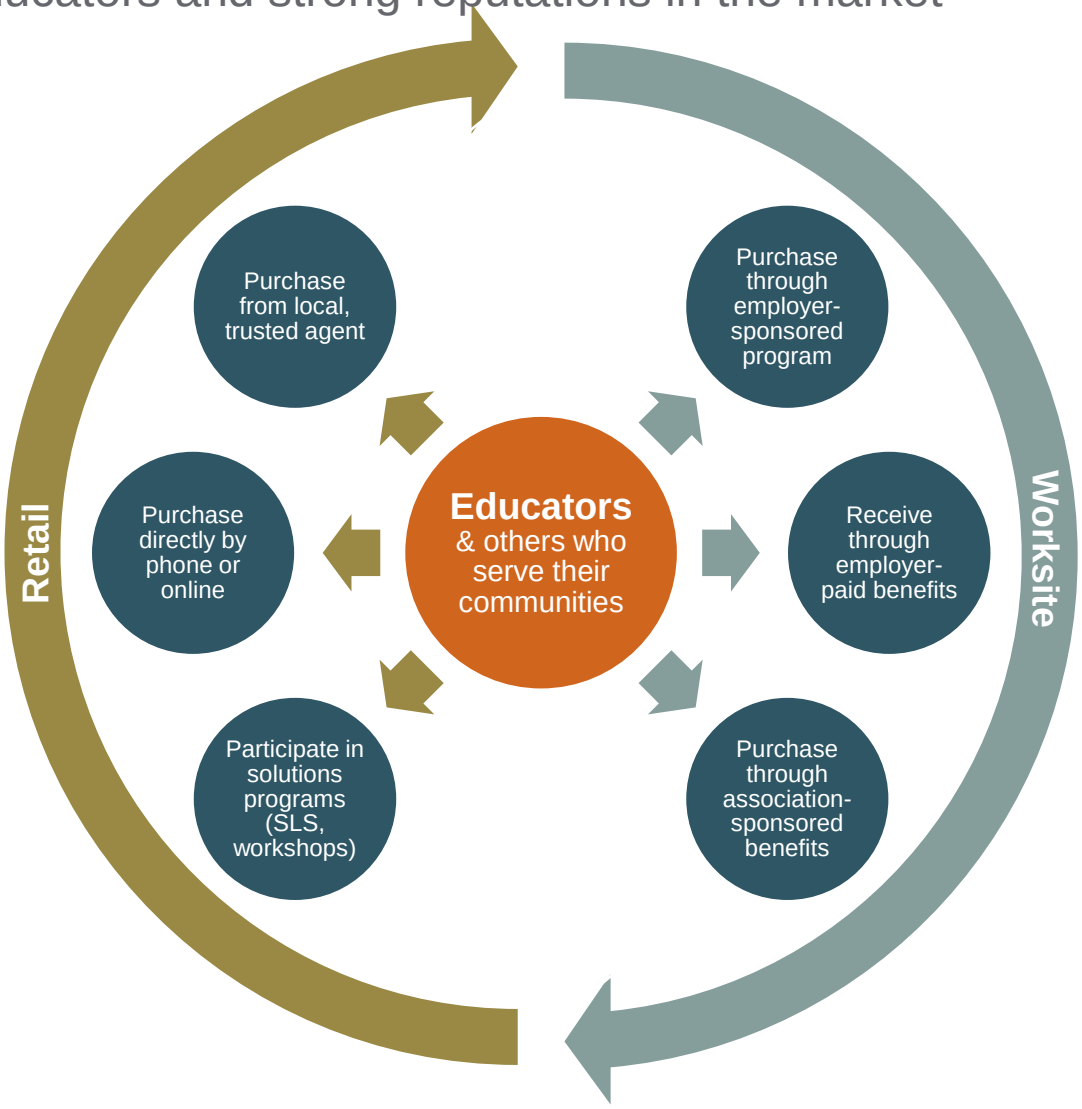
Enhancing reputation of “Horace Mann Companies” as we bring together three organizations with decades of commitment to educators

Expanded product set aligns with educator needs throughout life stages



Expanded distribution allows educators to engage with Horace Mann the way they choose

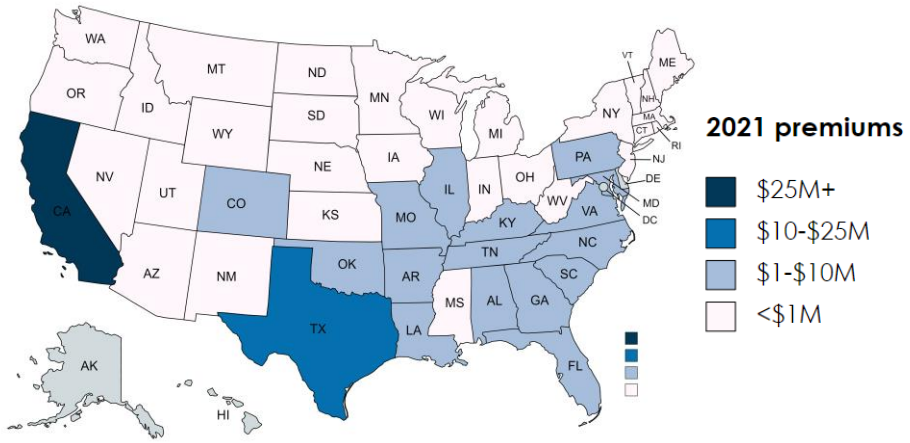
"Horace Mann Companies" brings together three organizations with decades of commitment to educators and strong reputations in the market



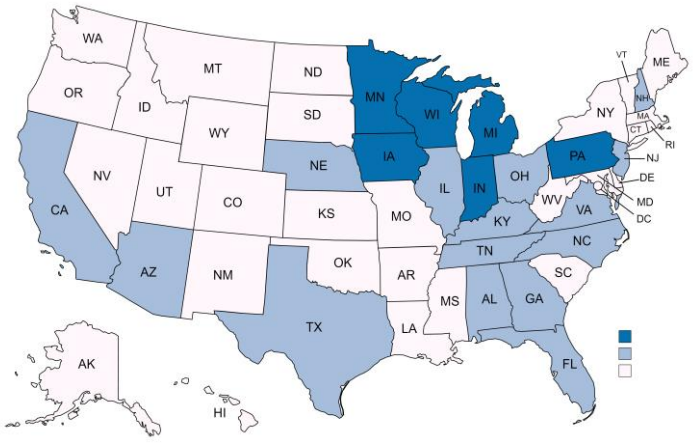
Positioned with significant cross-sell opportunities between worksite product lines

Over time, cross sell with districts reached by retail businesses presents additional upside

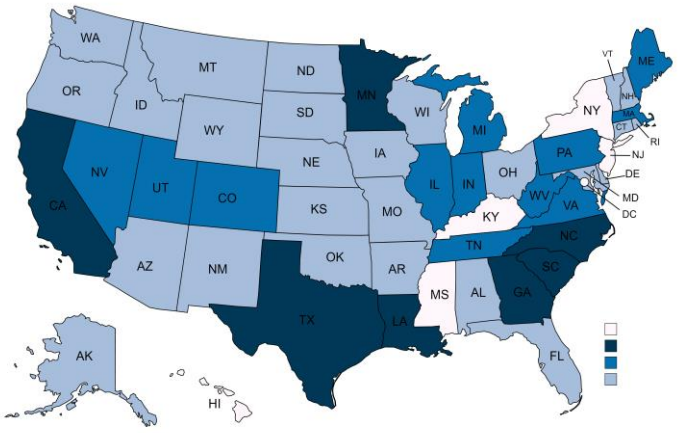
Voluntary supplemental (NTA) 2021 premiums(1)



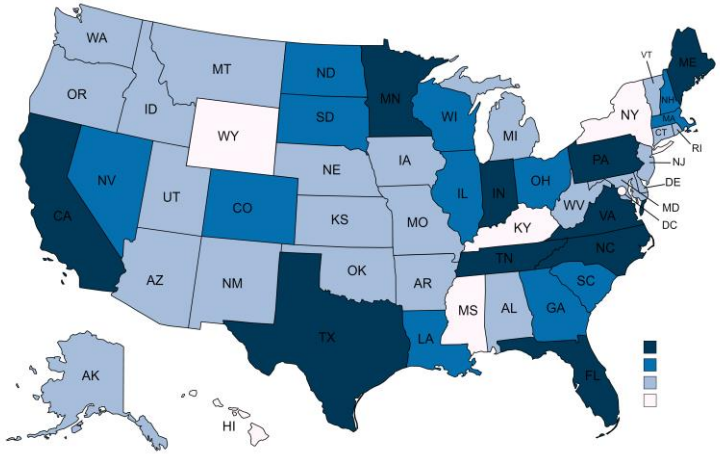
Employer-sponsored (MNL), 2021 premiums(1)



Property & Casualty 2021 premiums(1)



Life & Retirement 2021 premiums(1)



Horace Mann

(1) 2021 Statutory Schedule T; Madison National was acquired by Horace Mann effective January 1, 2022

Uniquely positioned to take advantage of education market opportunities

Retail customers:
P&C and L&R
(including third-party)

Natural cross-sell: Our individual retail customers plus worksite direct supplemental customers and SLS users are a natural cross-sell universe for our retail products

Revenue-generating:
Retail customers + direct and employer-sponsored worksite customers

Test and learn: How do we cross-sell individual insurance and financial services products to educators reached through worksite products?

Relationships:
Revenue-generating + Student Loan Solutions

Households: Horace Mann has active relationships with ~1M educator households

Prospects:
Relationships + previously quoted educators, event attendees, website visitors, social media followers, etc.

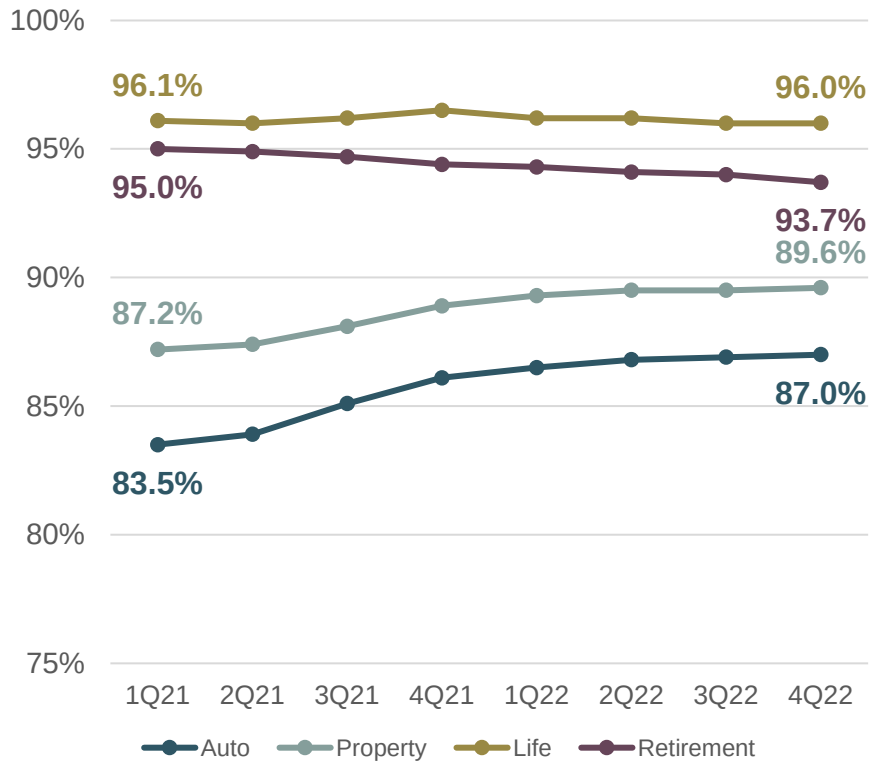
Brand awareness: Leveraging reputation of "Horace Mann Companies" with decades of commitment to educators

Total addressable market:
~7.5M educators (including our prospects) plus selected others who serve the community

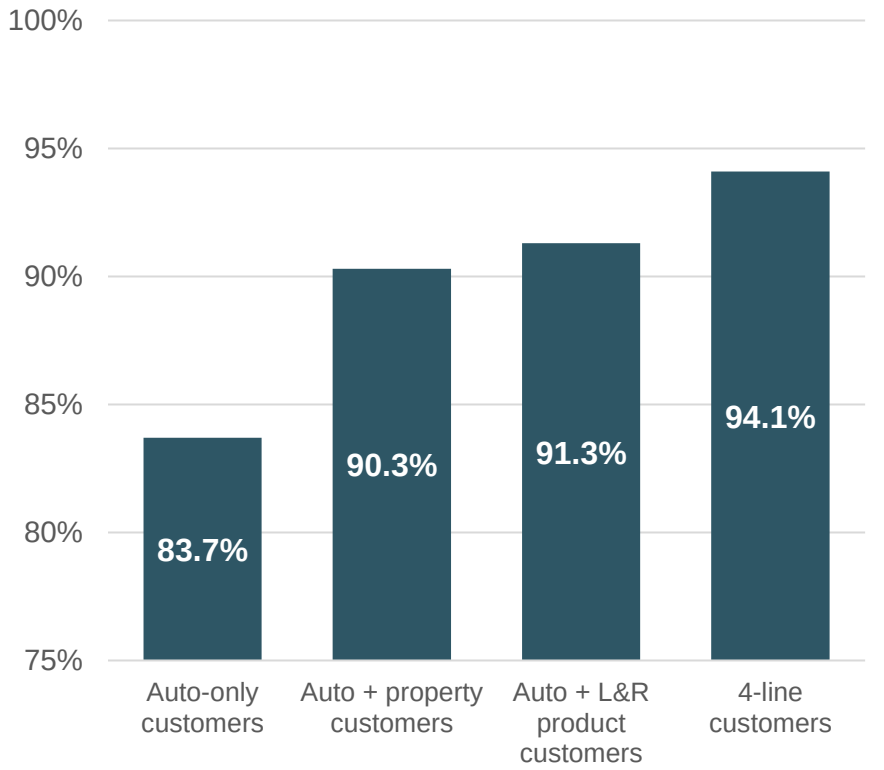
Market opportunity: Need for public K-12 educators growing steadily

Strong retention across retail business lines illustrates value proposition for educators

Retail customer retention



Auto customer retention breakdown

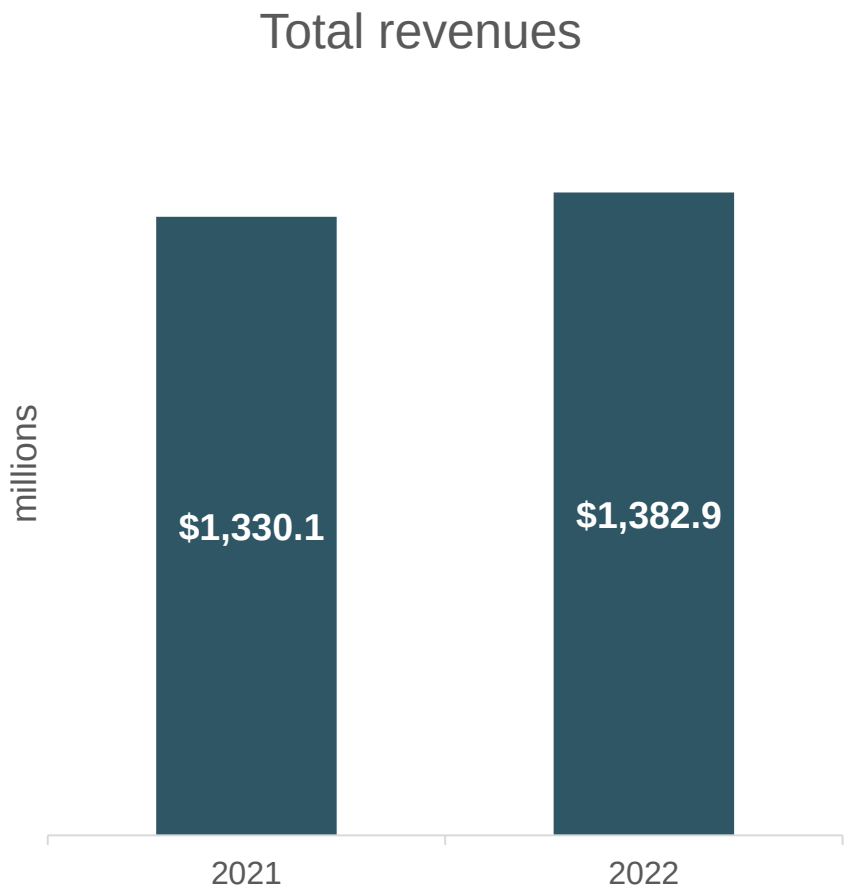


Business details and results



2022 results reflected inflationary trends and impact of financial market volatility

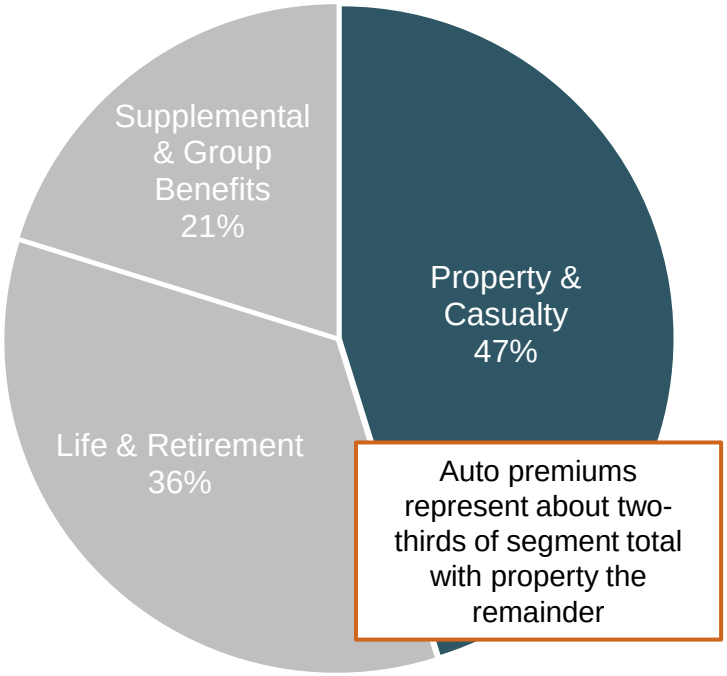
Offset benefits of education market focus, sales momentum and business diversification



- 2022 net loss of $0.06 per share and core earnings of $1.09 per share
  - Property & Casualty segment loss reflects continued emergence of elevated loss costs across industry
  - $59 million in full-year earnings from Supplemental & Group Benefits segment, which includes employer-sponsored benefit products for K-12 school districts added in 2022
  - Household acquisition momentum strengthened again with strong sales across segments
- 2023 full-year core EPS guidance range of $2.00 to $2.30, with core ROE approximately 6% as trajectory toward sustainable double-digit ROEs resumes

P&C segment: Providing coverage to protect what educators have today

Horace Mann 2022 revenues(1)



Products

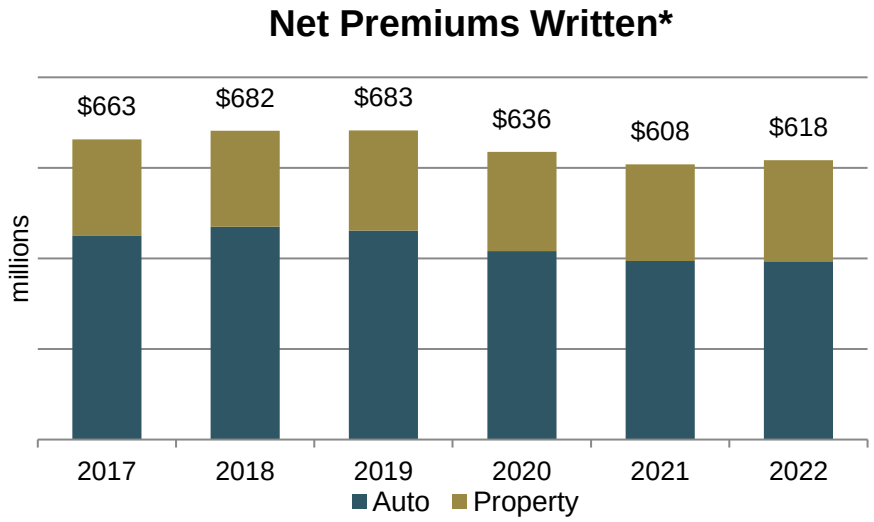
- Auto, homeowners, renters and umbrella
- Majority of P&C business is bundled auto and home
- Partnerships through Horace Mann General Agency

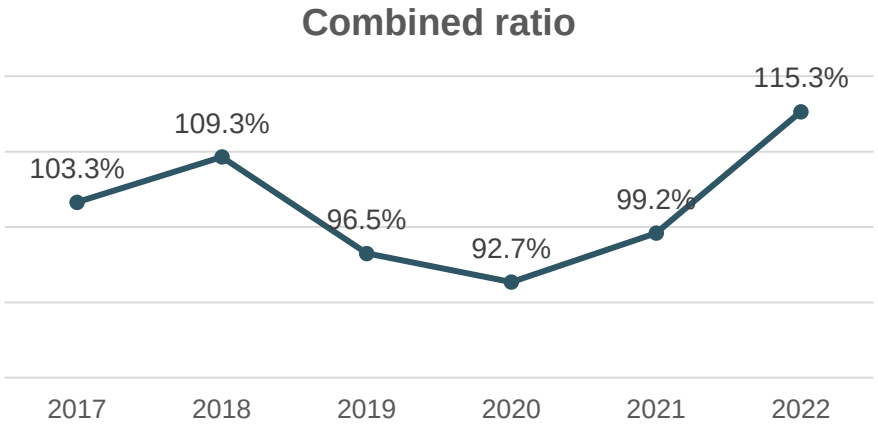
Strategy

- Continuous improvement of P&C pricing segmentation
- Grow direct channel
- Modernize P&C infrastructure to enhance customer experience and ease of doing business

(1) 2022 revenues include -4% in Corporate & Other segment

P&C segment: Results reflect industry-wide inflationary pressure, but strong retention



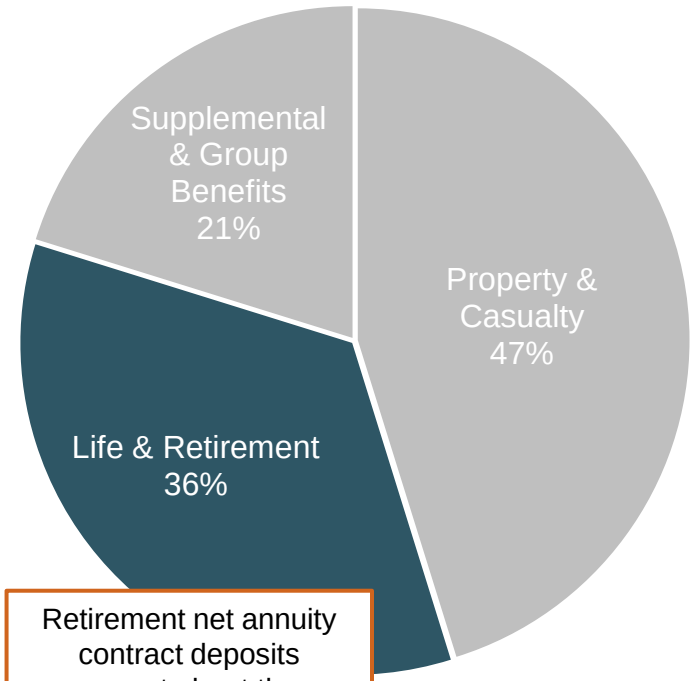


2022 results

- Full-year loss reflected impact of inflation
  - Continuing to implement rate and other underwriting actions to address trends
  - Catastrophe losses were $80.0 million, up 2.3% from 2021
  - Full-year auto loss ratio included $28.0 million in unfavorable prior-accident year reserve development, recognizing the impact on severity of overall inflation, including higher medical costs, increased usage of medical services and the current judicial environment
  - Full-year property underlying loss ratio reflected non-catastrophe water and fire losses above prior year and $6.0 million in favorable prior-accident year reserve development.
- Net premiums written growth accelerated through 2022, rising 4.7% in the fourth quarter
- Policyholder retention rose in both auto, at 87.0%; and property, at 89.6%

Life & Retirement: Helping educators and their families plan for a strong financial future

Horace Mann 2022 revenues(1)



Retirement net annuity contract deposits represent about three-quarters of segment

Products

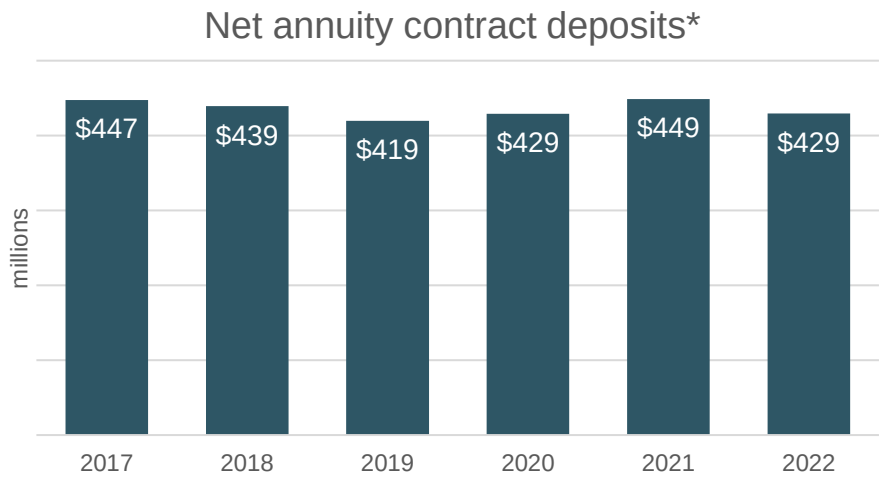
- 403(b) tax-qualified fixed, fixed index and variable annuities
- Horace Mann Retirement Advantage® open architecture platform for 403(b)(7) and other defined contribution plans
- Traditional term and whole life insurance products appropriate for educator income levels

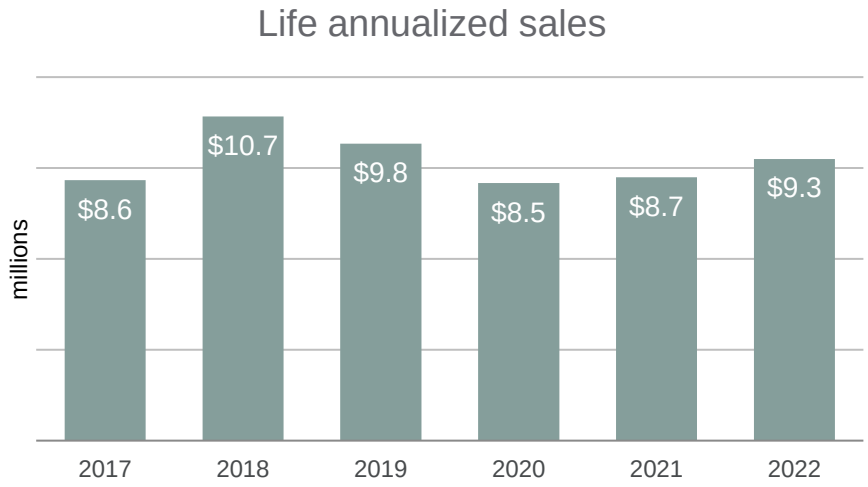
Strategy

- Leverage captive agents to build relationships with homogeneous set of customers
- Improve ease of doing business, including use of automated underwriting tools to reduce time to issue policies

(1) 2022 revenues include -4% in Corporate & Other segment

Life & Retirement: Segment earnings lower on net investment income; retention remains strong



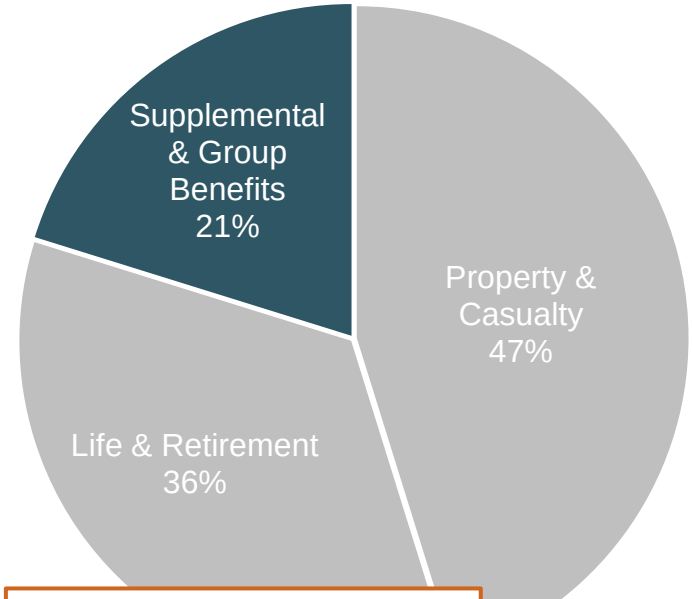


2022 results

- Segment core earnings of $52.6 million and adjusted core earnings of $57.5 million reflecting
  - Net interest spread on fixed annuity business of 246 basis points in 2022 compared to 290 basis points in 2021
  - Charges and fees below prior year due to market volatility.
  - Improved mortality experience from 2021
- Life annualized sales up 6.9% for the full year
- Assets under administration of $8.2 billion, including Horace Mann Retirement Advantage® and other advisory and recordkeeping assets
- Annuity persistency remained strong; contracts in force rose sequentially

Supplemental & Group Benefits segment: Providing options to address unexpected events

Horace Mann 2022 revenues(1)



Segment includes new employer-sponsored products beginning January 2022

Products

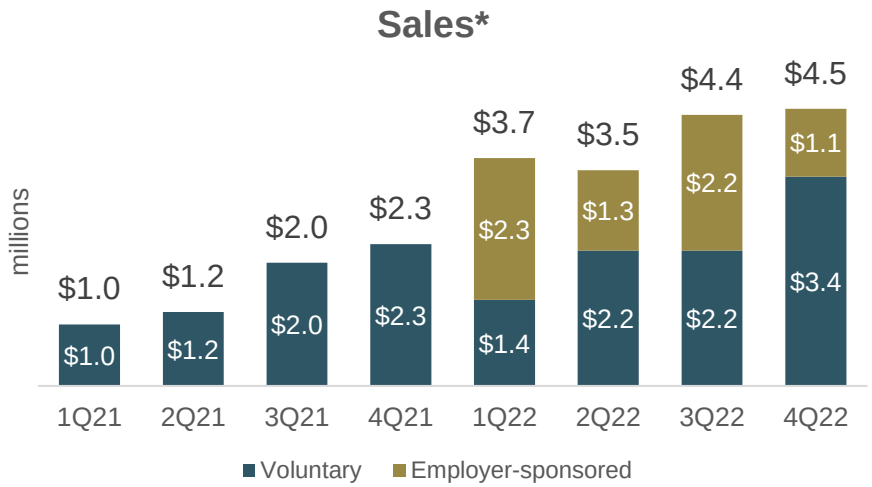
- Individual limited benefit products that are guaranteed renewable and portable
  - Products include cancer, heart, hospital and accident as well as short-term supplemental disability
- Group life, disability and specialty health insurance provided through district employers

Strategy

- Reach educators wherever they get their protection and financial services solutions
- Assist districts with attracting and retaining staff
- Leverage awareness of “Horace Mann Companies” across all businesses

(1) 2022 revenues include -4% in Corporate & Other segment

Supplemental & Group Benefits: Includes results of new employer-sponsored product line



Targeted long-term full-year benefit ratios	
Voluntary products	~35%
Employer-sponsored products	~50%
Blended segment benefit ratio	~43%

2022 Results

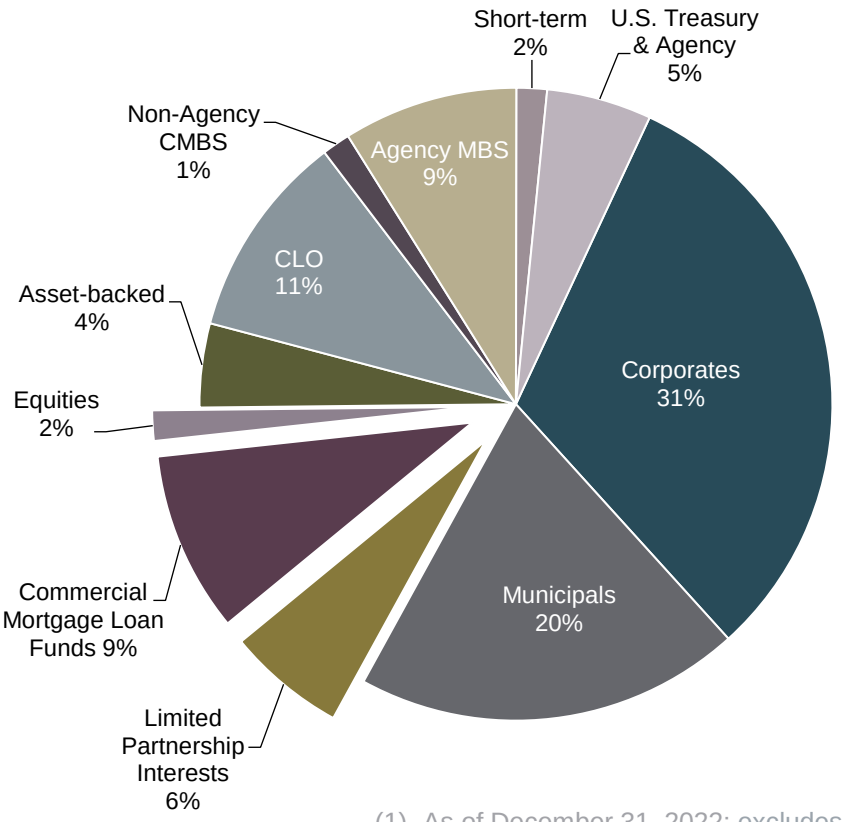
- Segment core earnings up 27.2%, reflecting strong pre-tax margin due to addition of employer-sponsored product line as well as benefit ratios below longer-term targets
- Full-year sales of $16.1 million, with fourth-quarter sales of $4.5 million
  - Fourth-quarter sales of worksite direct supplemental products were up 47.8%, with full-year sales up 41.5% to $9.2 million
  - Worksite direct persistency remained very strong at 90.4%
  - Full-year sales of employer-sponsored products were $6.9 million.

High-quality, well-diversified investment portfolio

Constructed to support insurance liabilities through various market cycles

Portfolio composition[1]

$6.4 billion fair value

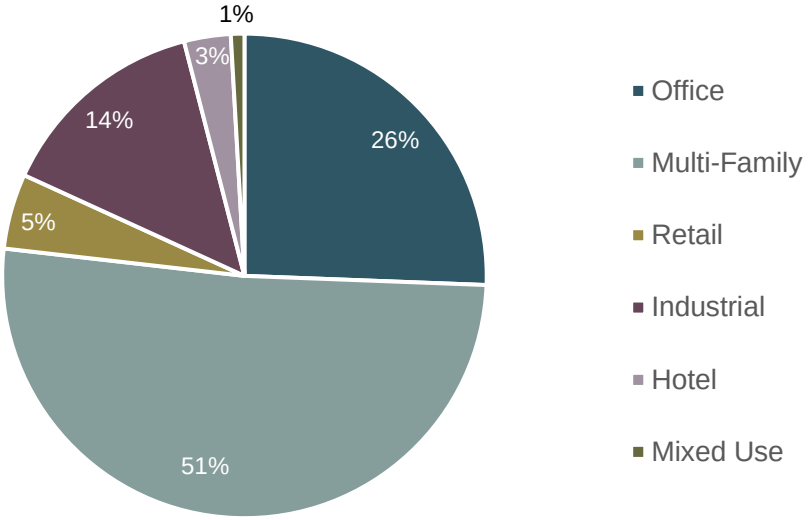


- **$5.2 billion fixed-maturity portfolio**
  - 68% A-rated or higher
  - A+ weighted-average credit quality
  - <3% below-investment grade exposure[2]
  - 6.4 average duration
  - 4.11% Q4 core pre-tax yield[3]
  - 5.45% Q4 core new money yield
- **$594 million commercial mortgage loan fund portfolio**
  - 10% target portfolio allocation – fully allocated
  - Majority of exposure is to open-ended funds comprised of senior loans
- **$390 million limited partnership portfolio**
  - 5% target portfolio allocation - Anticipate continued annual commitments of $100-$125M to maintain target allocation
  - Two-thirds of LPs are lower volatility, fixed income-like strategies

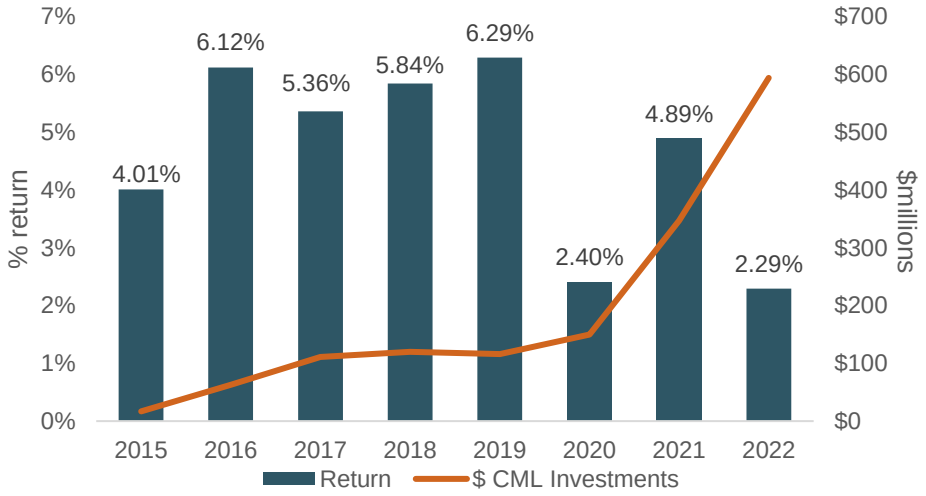
(1) As of December 31, 2022; excludes $139.3 million in policy loans and $6.8 million in derivatives used to hedge fixed indexed annuity and life insurance products
(2) Does not include securities that are not rated
(3) Prospective investment yield

$594M Commercial Mortgage Loan Fund Portfolio

Diversified pool of high-quality loans



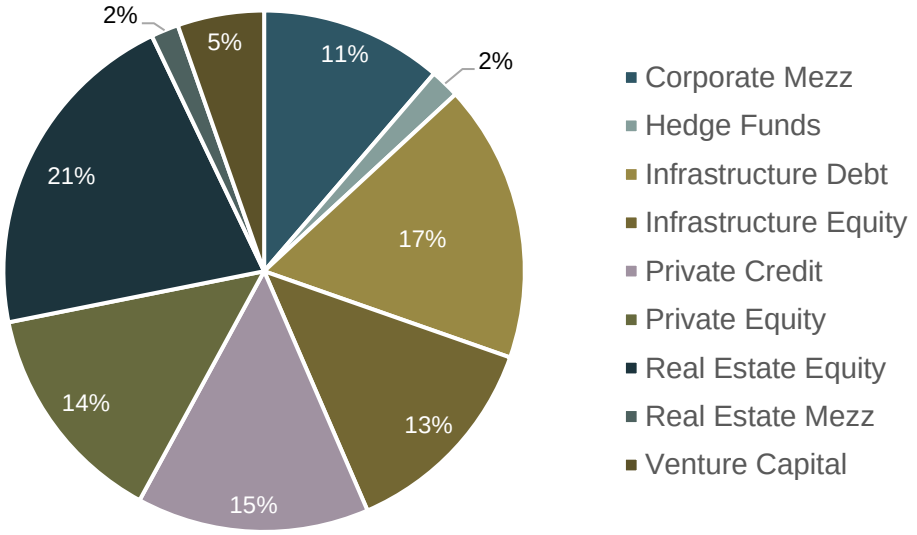
Average Annual Return: 4.15%



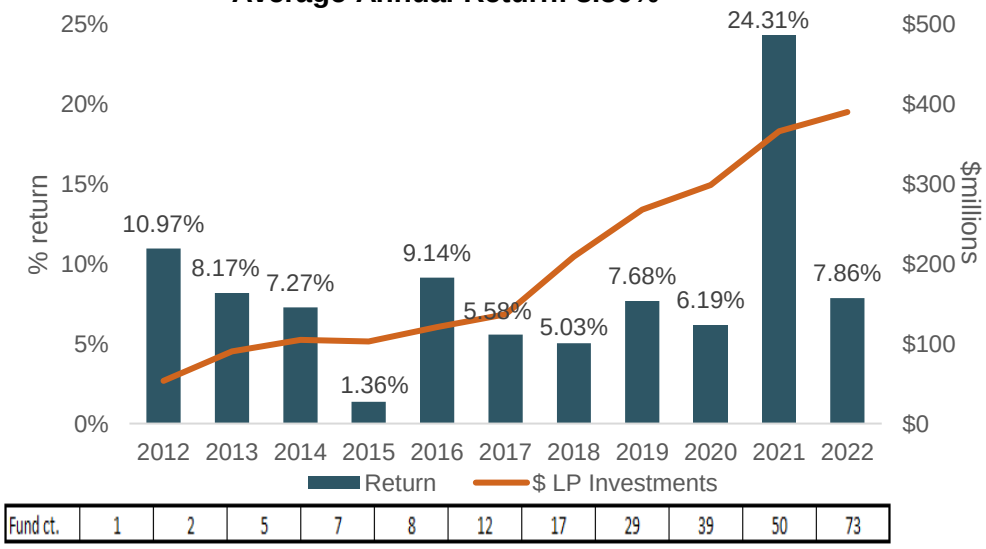
- Majority of exposure is to open-ended funds comprised of senior loans
- Fund structure and diversification of managers provide access to broader markets – geography, property types, borrowers and loan type versus direct origination
- CML funds are held in L&R and S&GB segments
- Underlying loan characteristics
  - 229 loans, average size of ~$50M
  - Average loan-to-value of 65%
  - Average debt service coverage ratio of 1.52
  - 95% of loans are floating rate
- Inception-to-date performance strong
  - 4.15% average annual return
  - Resilient performance during 2020
  - Lower volatility with recurring quarterly cash returns
  - 2022 performance affected by rising interest rates

$390M Limited Partnership Fund Portfolio

Well diversified by strategy, vintage year, and potential volatility of returns



Average Annual Return: 8.50%

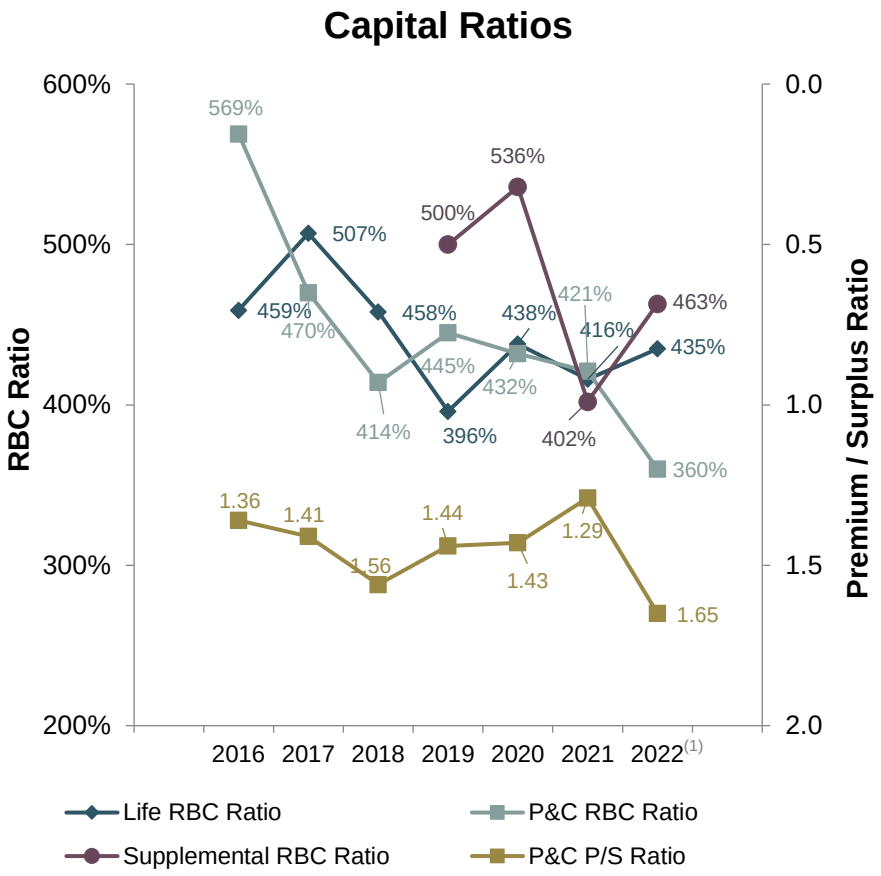


Fund ct.	1	2	5	7	8	12	17	29	39	50	73

- Inception-to-date performance strong
  - 8.50% average annual return with relatively low volatility of returns
  - 2022 performance returned near 10-year average following outsized returns of 2021
- Lower volatility, fixed income-like strategies comprise two-thirds(1) of exposure
  - Largest allocations to Private Credit, Infrastructure Debt and Corp Mezzanine strategies
  - Majority of these funds are held in L&R and S&GB segments
- More equity sensitive strategies comprise one-third(1) of exposure
  - Private equity strategies generally held in P&C division, as there is currently no public equities exposure
  - Infrastructure equity and real estate equity generally held in L&R and S&GB segments and perform well in an inflationary environment

(1) Reflects exposure on a risk-weighted basis

Strong capital position, with more than adequate capital to grow businesses



- Capital management strategies support strong capital ratios
  - P&C loss reserves held at top half of independent actuarial range
  - Conservative L&R product design
  - Supplemental delivering strong earnings
  - Investment portfolio appropriately positioned
- In conjunction with Madison National acquisition, targets for year-end RBCs are now 425% for life and retirement subsidiaries and 400% for property and casualty subsidiaries
- Debt-to-capital ratio(2) of 25.6%

Horace Mann

(1) Estimated
(2) As of December 31, 2022, excluding net unrealized investment gains/losses on fixed maturity securities*

Appendix

Highly rated by all rating agencies

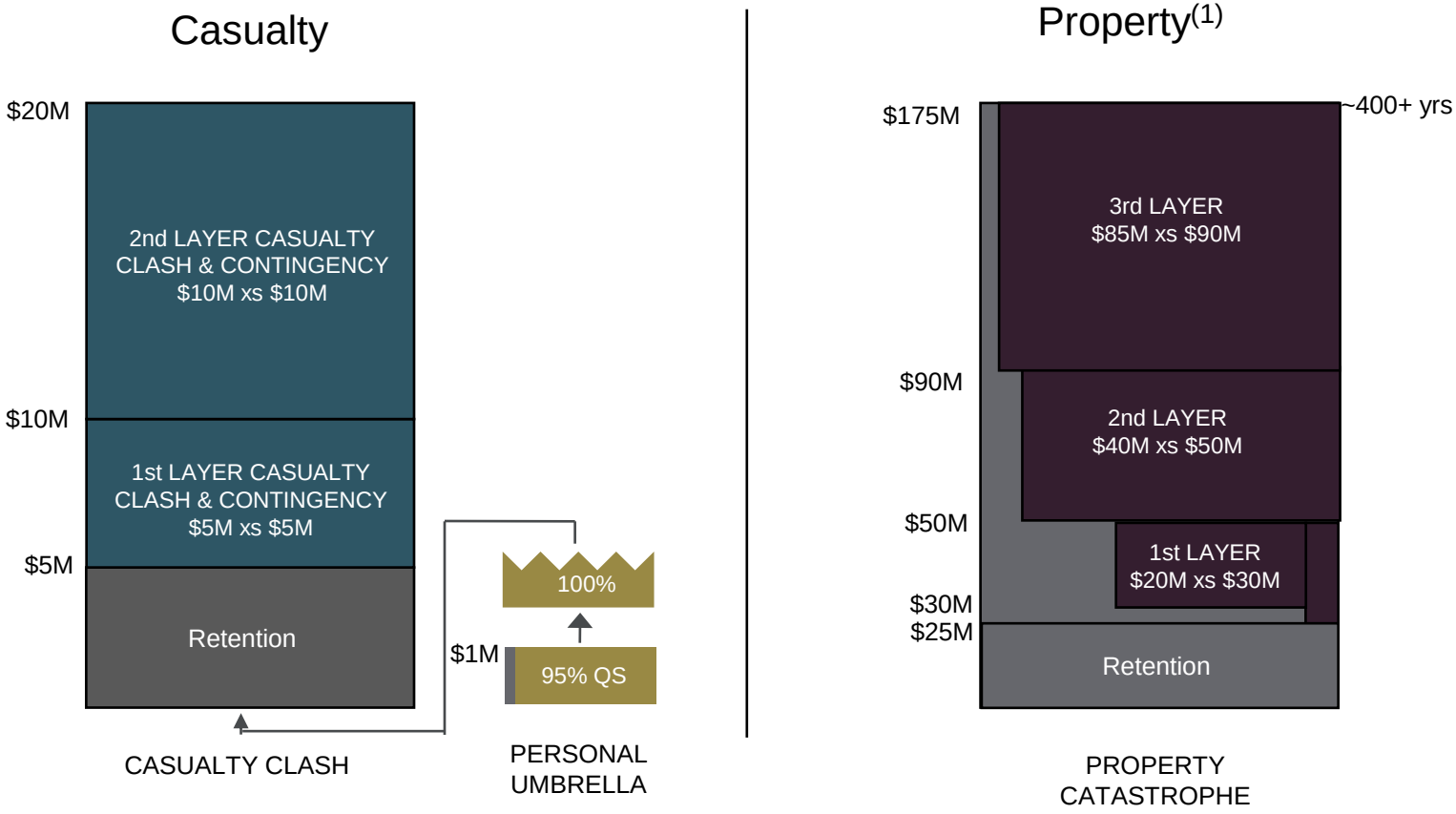
Education market focus, earnings diversification and capital strength cited

Agency	Rating (affirmed/reviewed)	Outlook
AM Best Company	A (7/28/22)	Stable
Fitch Ratings	A (10/18/22)	Stable
Moody's Investor Services	A2 (Life 7/27/22; P&C 8/3/22)	Stable
Standard & Poor's Global Inc.	A (2/7/23)	Stable

- S&P affirmed Horace Mann's financial strength ratings and outlook in February 2023
- AM Best, Fitch and Moody's affirmed our financial strength ratings in second-half 2022
- Horace Mann's financial leverage and other capital metrics align with levels appropriate for our current financial strength ratings

2023 single-event catastrophe reinsurance provides PML coverage of approximately 400+ years

Retention at $30 million, up from $25 million, first increase since 2011, with higher share of the lowest layer



(1) 2023 Reinsurance Program, based on current AIR model.

Horace Mann at a glance

Exchange ticker symbol	NYSE:HMN
Share Price	$36.30(1)
Weighted Average Diluted Shares (for 4Q22)	41.8 million
Market Capitalization	$1.5 billion(1)
Annualized Dividend Per Share	$1.28
Dividend Yield Per Share	3.5%(1)
Book Value Per Share	$35.33(2)
Analyst Coverage	Dowling & Partners: Gary Ransom JMP Securities: Matt Carletti Keefe, Bruyette & Woods: Meyer Shields Piper Sandler: John Barnidge Raymond James: Greg Peters
Contact	Heather J. Wietzel Vice President, Investor Relations 217.788.5144 217.441.1326 investors.horacemann.com

(1) Based on stock price as of February 3, 2023
(2) As December 31, 2022, excluding net unrealized investment losses on fixed maturity securities