Third Quarter 2024 Investor Presentation

November 4, 2024

Horace Mann

Information as of September 30, 2024, unless otherwise noted

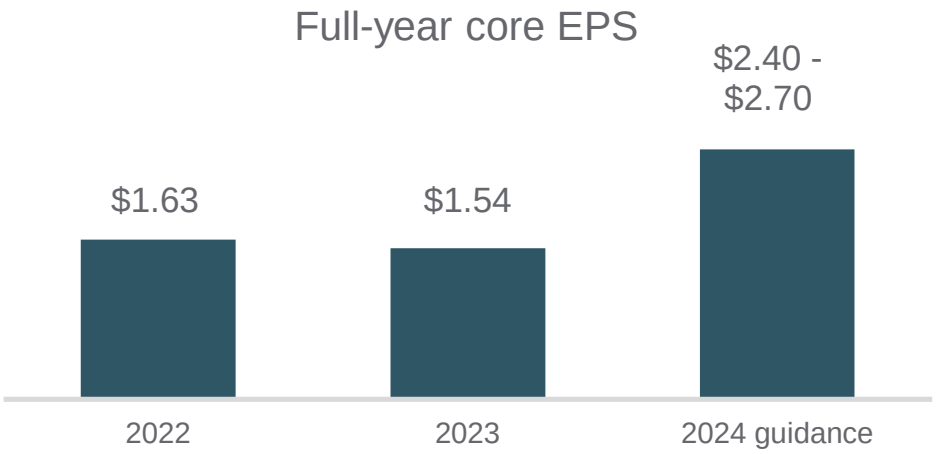
Safe Harbor Statement and Non-GAAP Measures

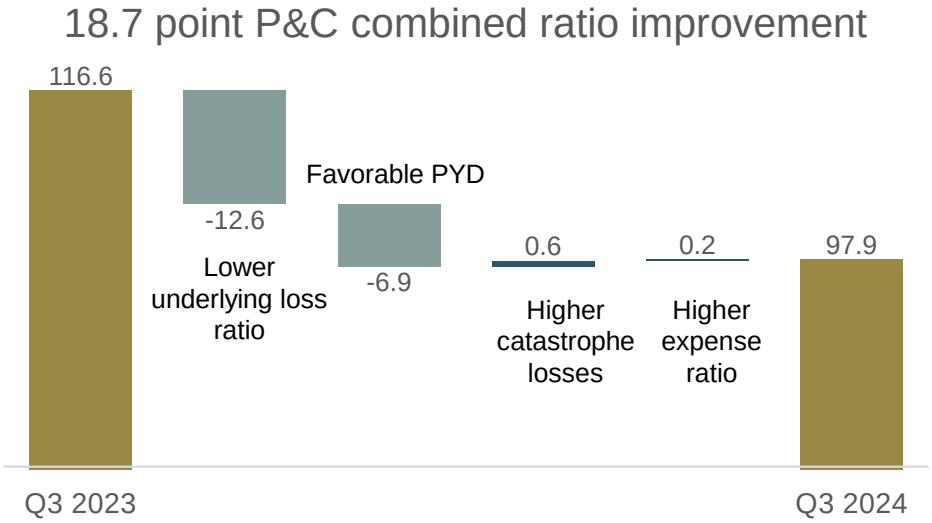
Certain statements included in this presentation, including those regarding our earnings outlook, expected catastrophe losses, our investment strategies, our plans to implement additional rate actions, our plans relating to share repurchases and dividends, our efforts to enhance customer experience and 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.

Reported third-quarter 2024 core EPS of $0.76; full-year 2024 core EPS guidance unchanged at $2.40-$2.70

Third-quarter 2024 results significantly improved over the prior year reflecting strong underlying P&C results, as well as the continued strength of our diversified business model





- Third-quarter 2024 core earnings of $31.3 million, or $0.76 per share
  - P&C segment core earnings of $10.6 million due to strong underlying results and favorable prior year development
  - L&R segment core earnings of $14.8 million
  - S&GB segment core earnings of $14.8 million
- 9% increase in net premiums and contract charges earned
  - P&C earned premiums up 14% over the prior year's third quarter, primarily reflecting the benefit of rate actions
  - Continued educator household acquisition momentum with strong Retail sales growth, Auto sales up 24%, and Life sales up 14% compared to the prior year
  - Total revenues up 9% for the quarter
- Adjusted book value of $36.89 at quarter end

On track to reach sustainable double-digit ROE by 2025

Full-year 2024 core EPS guidance unchanged at $2.40 to $2.70

Diversified business well positioned for 2024 and beyond

- Retail:
  - Property & Casualty segment profit restoration on track to achieve underwriting profitability on a full-year basis
  - Life & Retirement segment continues to provide consistency / ballast to earnings
- Worksite:
  - Supplemental & Group Benefits segment continues to provide intended earnings diversification
- Net investment income first-half 2024 performance impacted by commercial mortgage loan funds; continue to expect the portfolio to benefit from rate environment and positioning

2024 enterprise strategic priorities

- Restore Property & Casualty segment profitability while reducing earnings volatility
- Position Retail for sustained, profitable household growth
- Drive outsized growth in Worksite
- Ensure Distinctive Service is outcome of all actions

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

2024 full-year guidance unchanged from mid-year expectation

2024 core EPS expected to be in the range of $2.40 to $2.70 (or core earnings of $100 million to $112 million)

- Committed to sustainable double-digit ROE in 2025 and beyond
- Outlook for consolidated results includes:
  - 8% to 9% increase in total net premiums and contract charges earned, driven by rate and non-rate actions in P&C segment
  - Net investment income expected to be in the range of $440 million to $450 million, including approximately $105 million of accreted investment income on the deposit asset on reinsurance
  - Approximately 6% increase in total operating expenses
  - Approximately $35 million in corporate interest expense following senior debt issuance in 2023
- Segment outlooks demonstrate value of business diversification

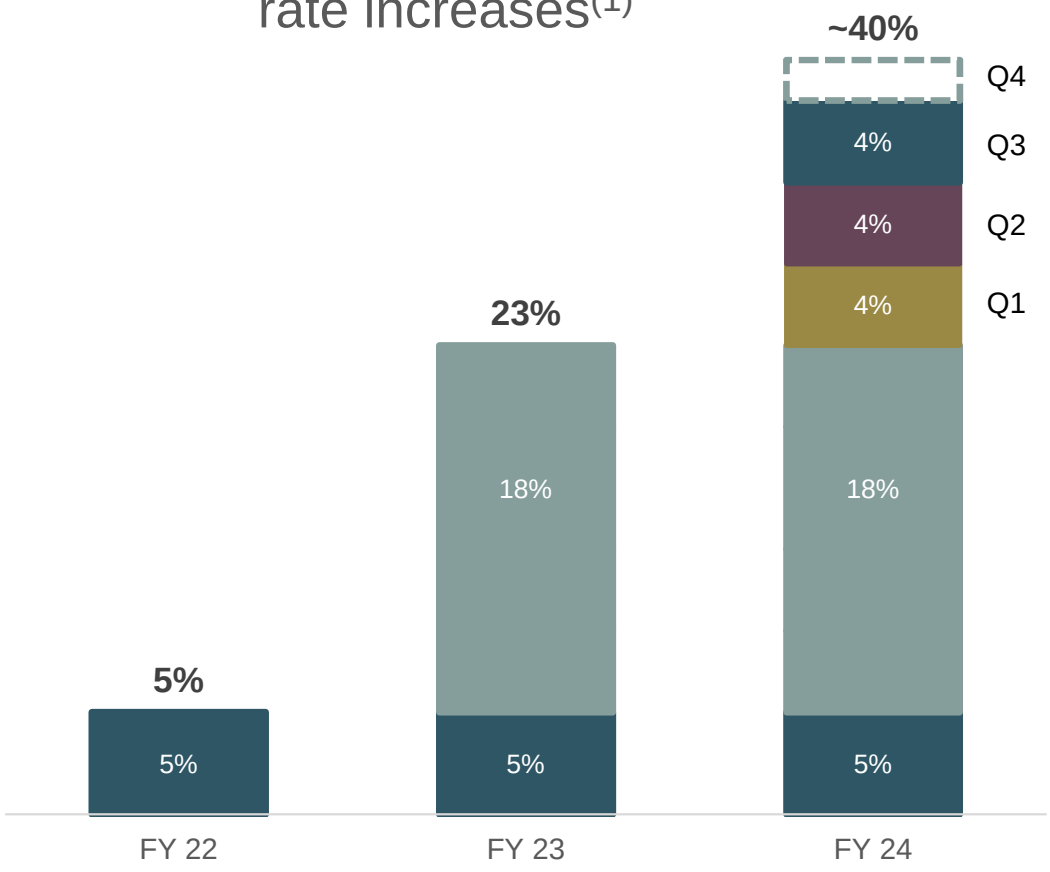
2024 segment outlooks demonstrate value of business diversification

- Life & Retirement segment core earnings of $50 million to $56 million to reflect lower-than-expected net investment income in the first half of 2024
  - Spread on fixed annuity business expected to be in the range of 180 to 190 basis points, below the target range of 220 to 230 basis points
  - Mortality expected to be modestly higher than in recent years
- Supplemental & Group Benefits segment core earnings of $49 million to $52 million to reflect strong first-half performance
  - Anticipate segment benefit ratio to trend towards 43% over time
  - Pretax profit margin estimated between 21% and 22%
- Property & Casualty segment core earnings between $36 million and $39 million
  - Combined ratio expected to be near 100%
  - Now assumes full-year catastrophe losses of approximately 13% of net earned premiums

Benefits of auto rate and other underwriting actions on track to target

Profit restoration actions largely complete

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



- Fourth-quarter 2024 rate actions will achieve rate adequacy in aggregate across the country
- Cumulative rate impact since the beginning of 2022 approaching 40%
- Expect additional rate increases in the fourth quarter to bring full-year 2024 total rate increases to about 15%
- Policyholder retention remained strong in third-quarter 2024

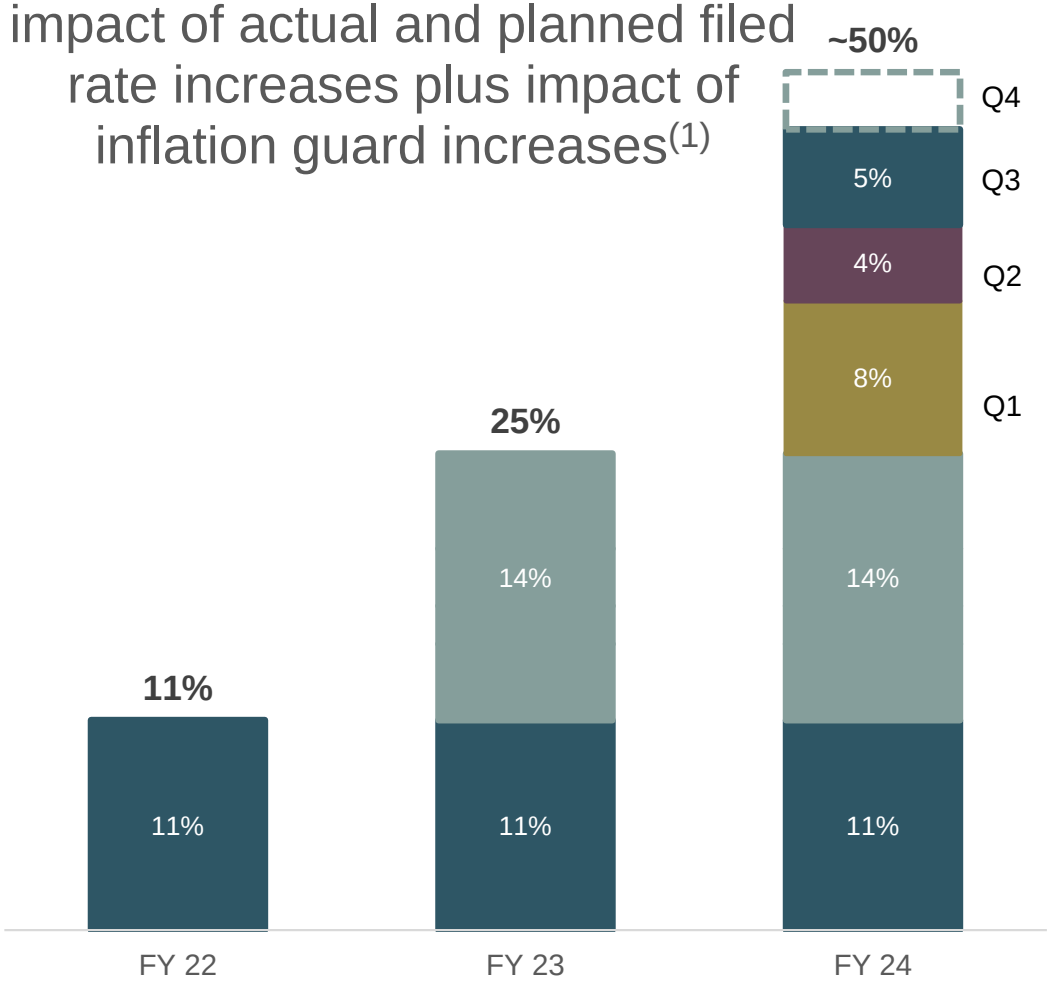
Horace Mann

(1) Illustrative only, based on current filing schedule. Timing of regulatory approvals often shift rate actions from one quarter to the next. Assumes some decline in retention going forward as rate is implemented

Property results to benefit from multi-faceted approach; on track to target

Addressing more frequent and severe weather activity through additional filed rate, product changes and enhanced modeling

Minimum cumulative countrywide impact of actual and planned filed rate increases plus impact of inflation guard increases(1)



- Cumulative rate impact since the beginning of 2022 approaching 50%
- Expect additional rate increases in the fourth quarter to bring full-year 2024 rate increases to about 20%
- Addressing severity trends in weather losses through pricing and inflation guard
  - Product changes include introduction of roof settlement schedule and appropriate deductibles in largest wind and hail prone states in 2024
  - Expected to reduce overall loss costs as well as mitigate weather-related volatility
- Integrating tools that provide more localized insight into the impact of severe convective storms
- Policyholder retention remained strong in third-quarter 2024

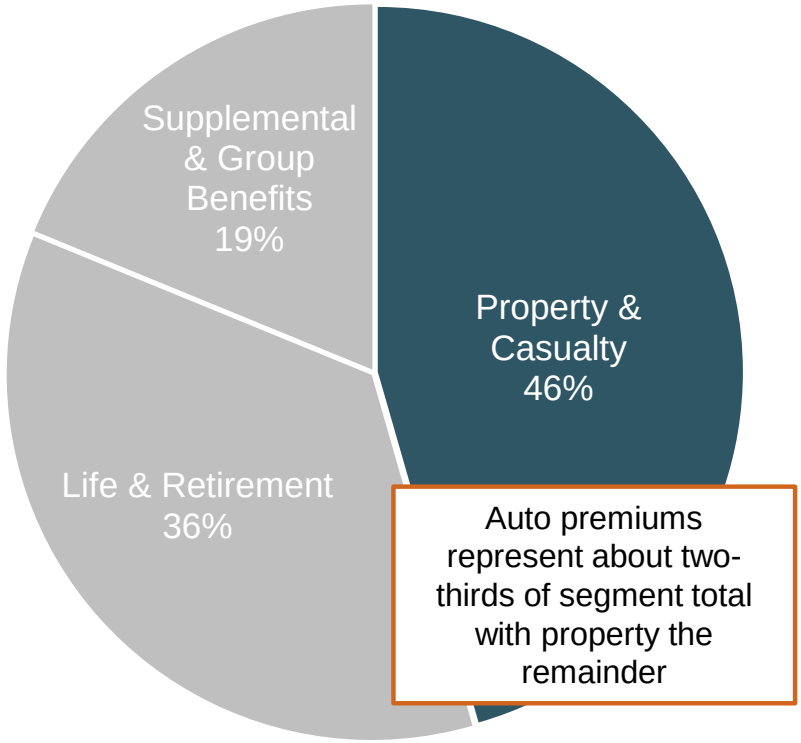
Horace Mann

(1) Illustrative only, based on current filing schedule. Timing of regulatory approvals often shift rate actions from one quarter to the next. Assumes some decline in retention going forward as rate is implemented

Business details and results

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

Horace Mann 2023 revenues[(1)]



Products

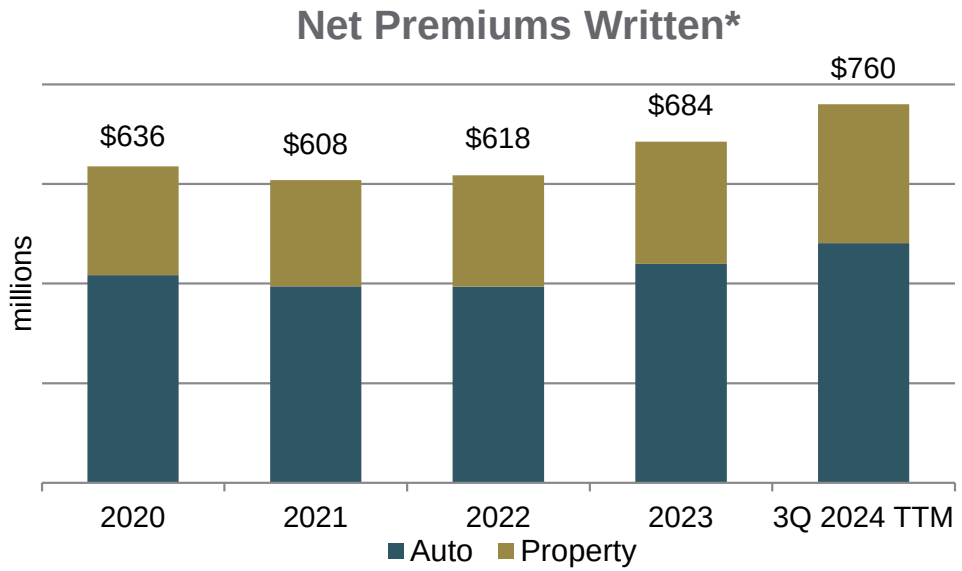
- Auto, homeowners, renters and umbrella
- Majority of P&C business is bundled auto and home
- Third-party appointments through Horace Mann General Agency

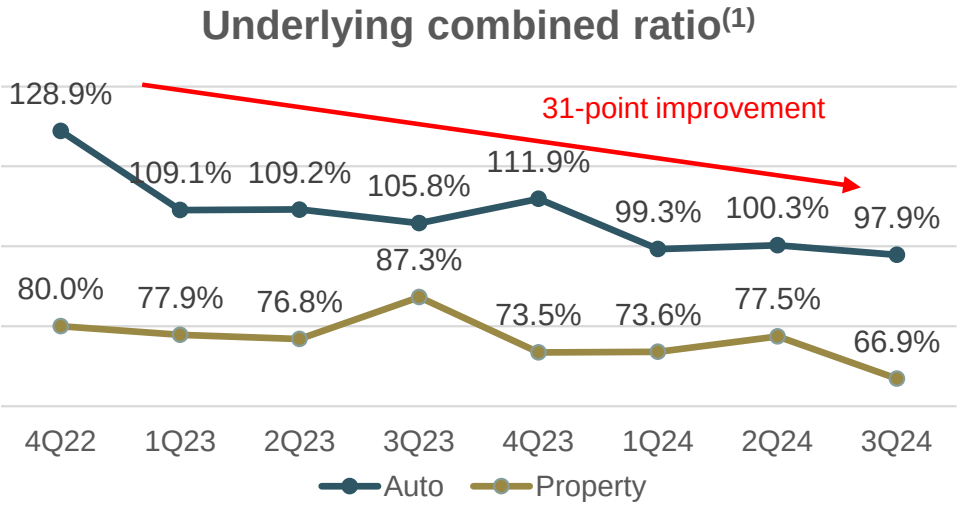
Strategy

- Continuous improvement of P&C pricing segmentation
- Improve digital capabilities
- Modernize P&C infrastructure to enhance customer experience and ease of doing business

(1) 2023 revenues include -1% in Corporate & Other segment

P&C segment: Remains on track to full-year profitability; third-quarter results reflect strong underlying improvement



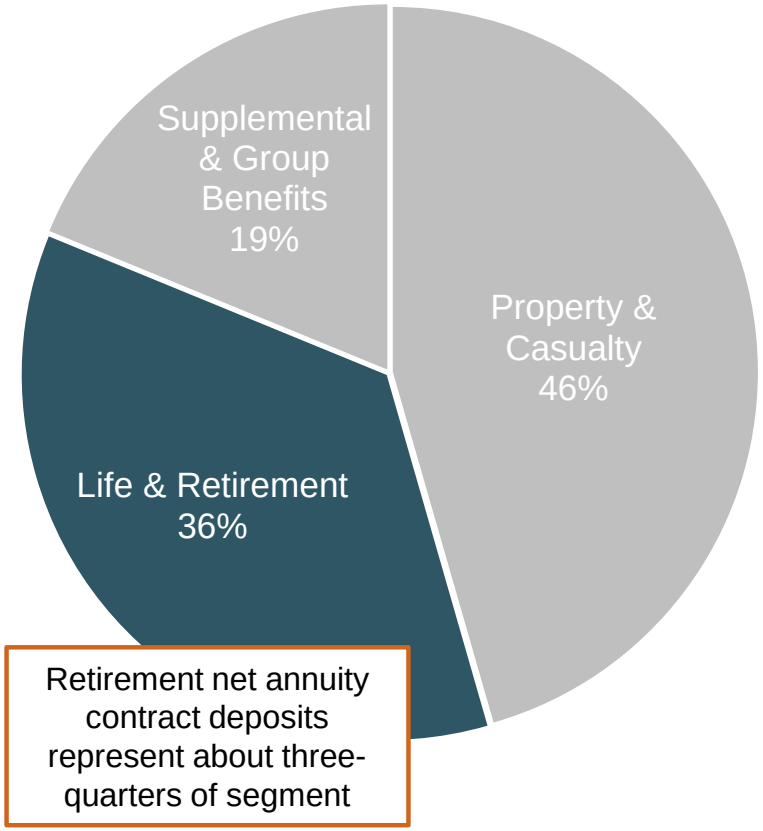


- Third-quarter segment core earnings of $10.6 million reflects strong underlying improvement and favorable prior years' reserve development
  - P&C underlying combined ratio improved 12.4 points over the prior year's third quarter
  - Favorable prior years' reserve development contributed 6.9 points
- Net premiums written up 12.7% over the prior year, primarily reflecting the benefit of rate actions
  - Third-quarter average written premiums were up 14.4% for Auto and 19.2% for Property
  - Policyholder retention remained strong in both Auto at 86.6%; and Property at 90.1%

(1) Combined ratio excluding catastrophe losses and prior year's reserve development

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

Horace Mann 2023 revenues[(1)]



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

Products

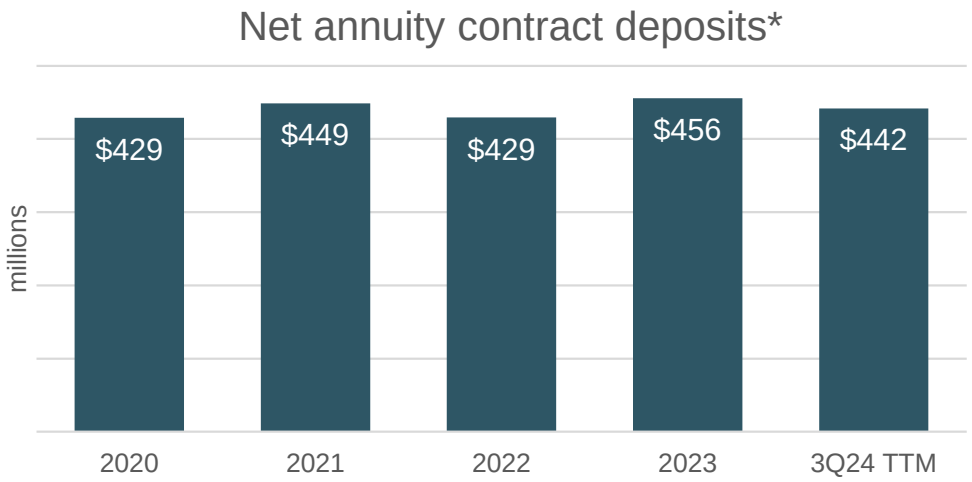
- 403(b) tax-qualified fixed, fixed index and variable annuities
- Horace Mann Retirement Advantage® open architecture platform for 403(b)(7) and other defined contribution plans
- Traditional term and whole life insurance products appropriate for educator income levels

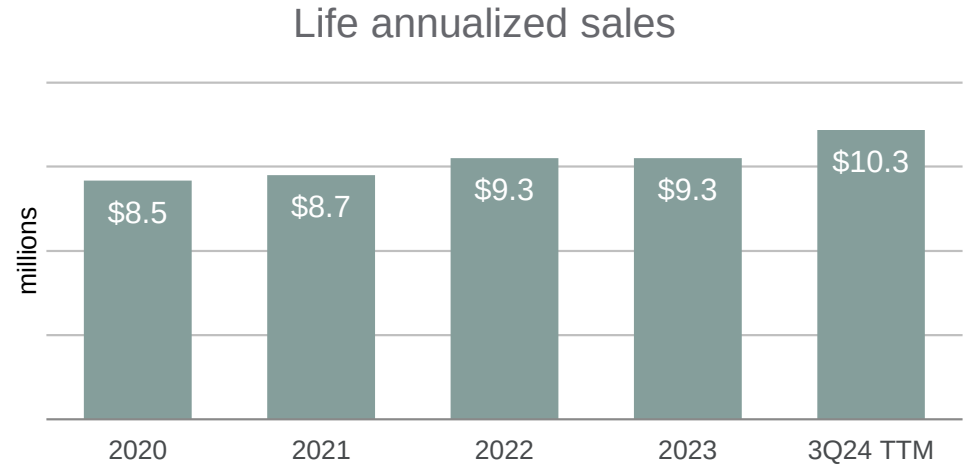
Strategy

- 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) 2023 revenues include -1% in Corporate & Other segment

Life & Retirement: Stable results with strong Life annualized sales

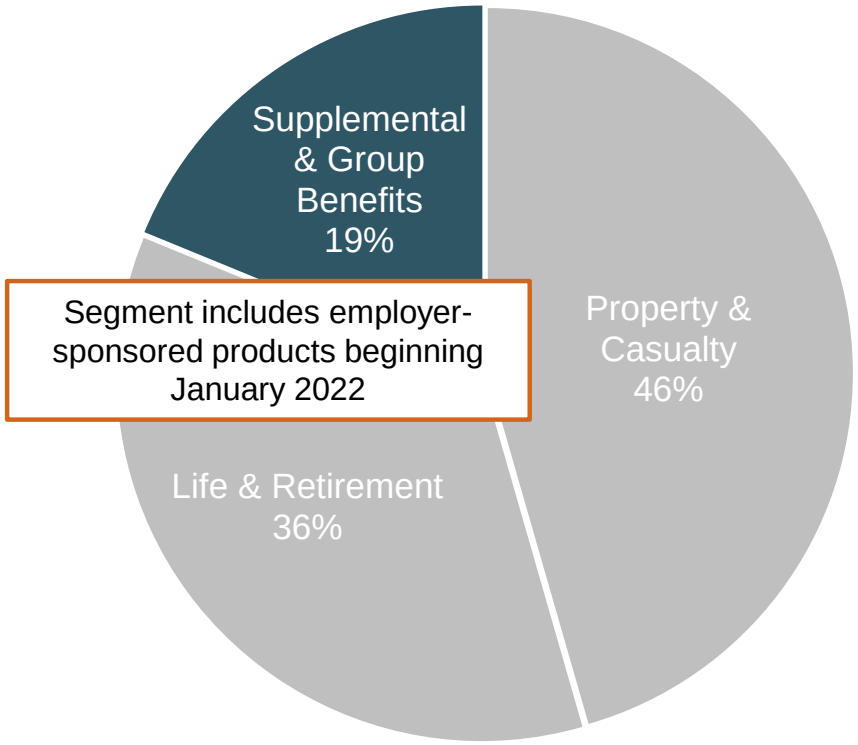




- Third-quarter segment core earnings of $14.8 million reflected:
  - Segment net investment income of $94.6 million, slightly below the prior year
  - Net spread on fixed annuity business of 205 basis points in the third quarter compared to 251 basis points in the prior year reflecting slightly lower net investment income and higher interest credited
  - Life mortality costs above a favorable prior year result
- Slightly higher net annuity contract deposits and life annualized sales
  - Core 403(b) deposits remain strong, up 9% year-to-date
  - Assets under administration of $9.1 billion, including Horace Mann Retirement Advantage® and other advisory and recordkeeping assets
  - Life annualized sales of $2.5 million, a 13.6% increase over the prior year, and persistency remains strong

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

Horace Mann 2023 revenues[(1)]



Products

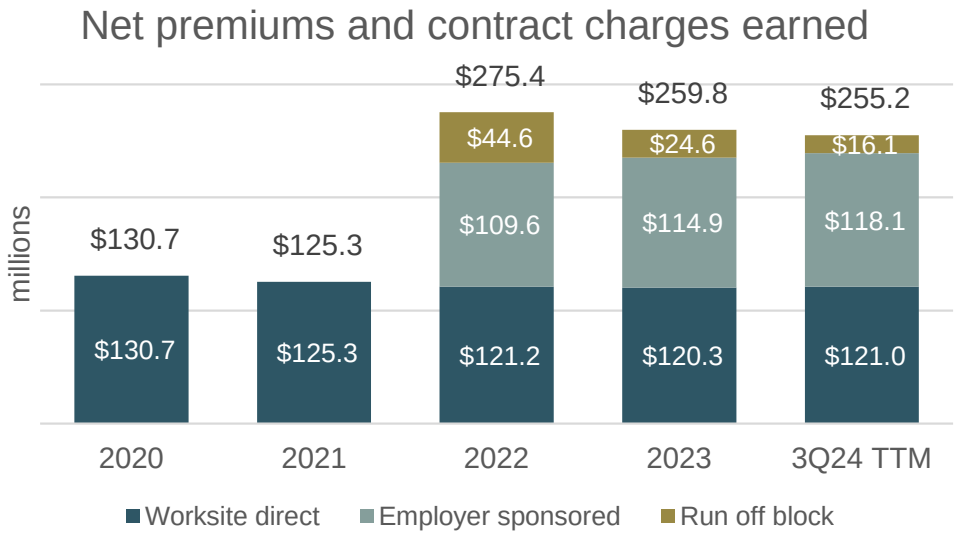
- Individual supplemental products that are guaranteed renewable and portable
  - Products include cancer, heart, hospital and accident as well as short-term supplemental disability
- Group life, disability and supplemental insurance provided through employers

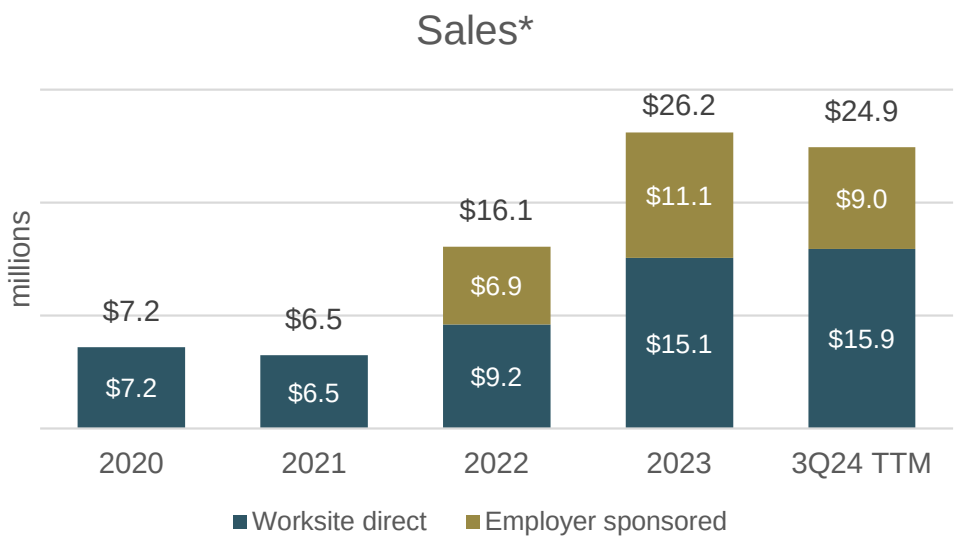
Strategy

- 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) 2023 revenues include -1% in Corporate & Other segment

Supplemental & Group Benefits: Solid third-quarter results



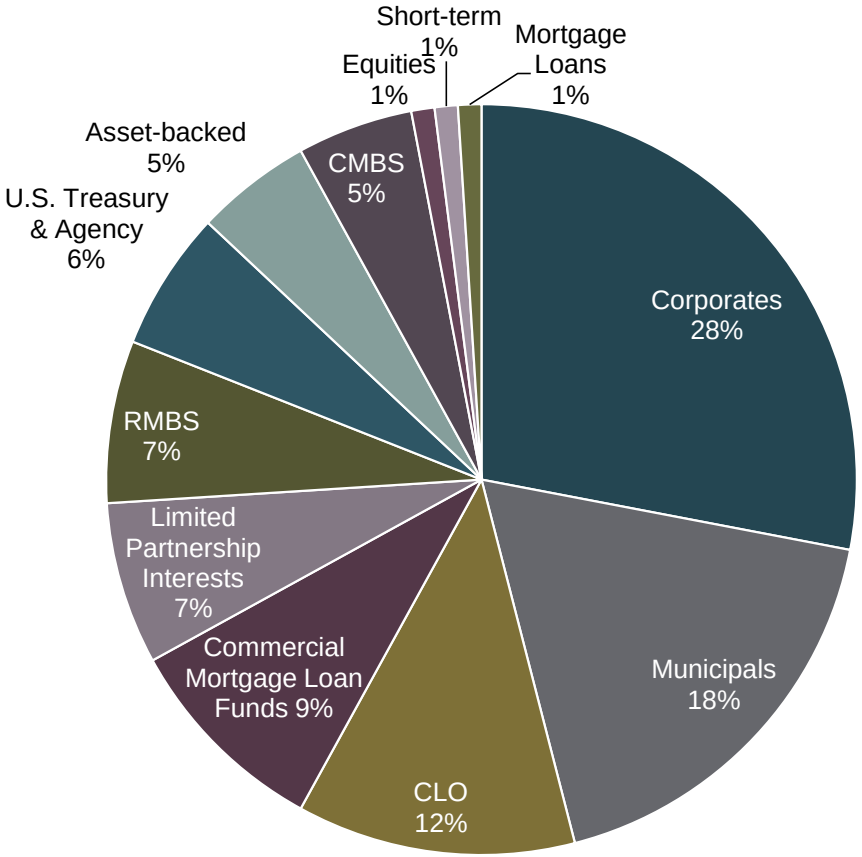


- Third-quarter segment core earnings of $14.8 million reflected:
  - Net investment income $10.1 million, slightly below the prior year
  - Blended benefits ratio at 36.0%, continues to approach the longer-term target on year-to-date basis
    - Worksite direct ratio flat to the prior year's third quarter, but 2.2 points above 2023 on a year-to-date basis
    - Employer-sponsored benefits ratio 7.2 points above the prior year's third quarter, but nearly flat on a year-to-date basis
- Third-quarter sales of $7.5 million
  - Worksite direct product sales up 20.0% compared to the prior year; persistency remaining stable at 91.5%
  - Employer-sponsored product sales of $3.3 million; number of covered lives increased 2.1% over the prior year

High-quality, well-diversified investment portfolio

Constructed to support insurance liabilities through various market cycles

Portfolio composition(1)
$6.9 billion fair value



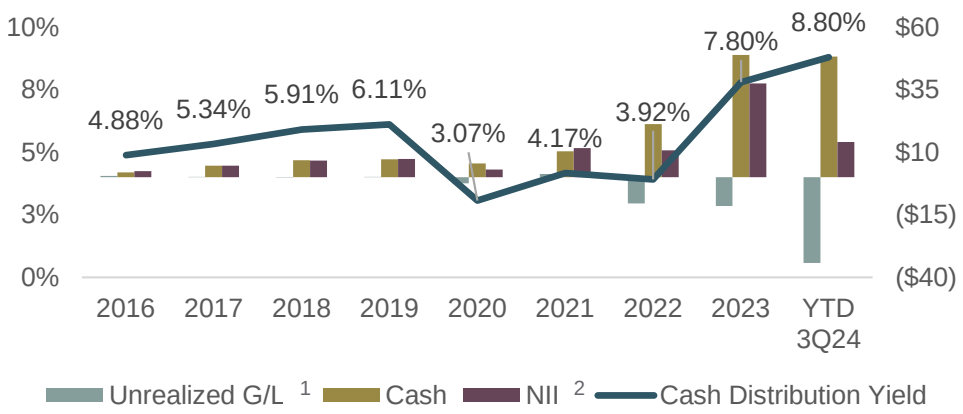
- **$5.6 billion fixed-maturity portfolio**
  - 73% A-rated or higher
  - A+ weighted-average credit quality
  - <3% below-investment grade exposure(2)
  - 6.8 average duration(3)
  - 4.26% Q3 core pre-tax yield(4)
  - 5.48% Q3 core new money yield(4)
- **$600 million commercial mortgage loan fund portfolio**
  - 10% target portfolio allocation
  - Majority of exposure is to open-ended funds comprised of senior loans
- **$487 million limited partnership portfolio**
  - 5% target portfolio allocation
  - Two-thirds of LPs are lower-volatility, fixed income-like strategies

(1) As of September 30, 2024; excludes $141.9 million in policy loans and $22.5 million in derivatives used to hedge fixed indexed annuity and life insurance products
(2) Does not include securities that are not rated
(3) Core fixed-maturity portfolios only
(4) Prospective investment yield

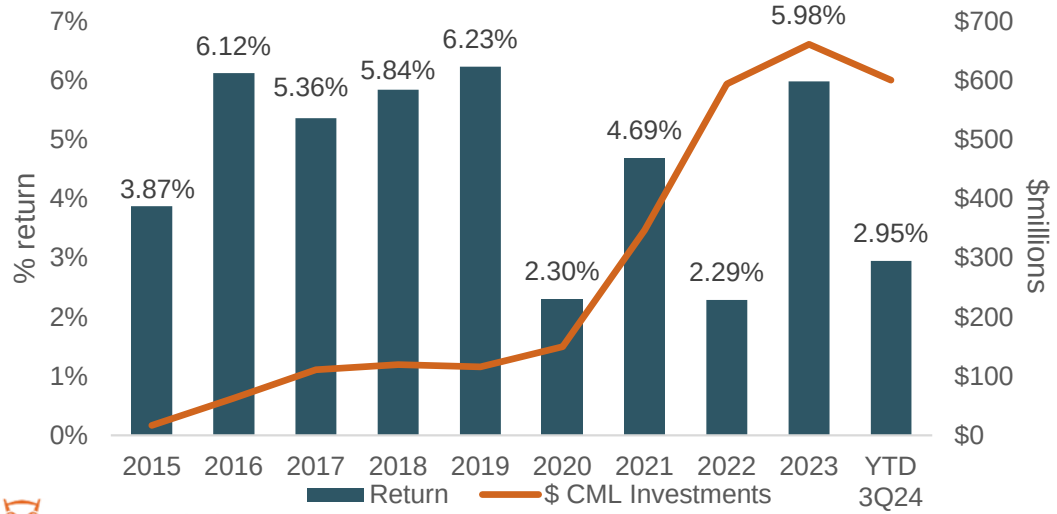
$600M Commercial Mortgage Loan Funds continue to produce strong cash returns

Equity method of accounting requires changes in fair value to be reported in net investment income

CML NII vs. Distribution Yield[3] Analysis



Inception-to-date Average Annual Return: 4.7%



- CML funds are held in L&R and S&GB segments; no allocation in P&C, 10% target portfolio allocation
- 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
- YTD performance impacted by valuation adjustments largely due to higher cap rates
  - Average annual return of 4.7% since inception
  - YTD negative unrealized mark to market adjustments have reduced net investment income by ~$34M
  - Expect recovery for majority of unrealized loss adjustments in future periods

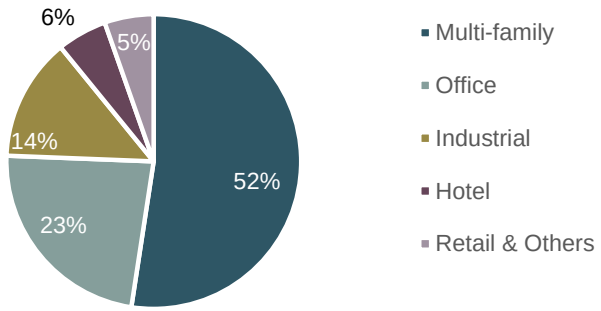
(1) Included in income but not in cash distributions
(2) Represents cash yield less change in unrealized, excludes management fees and expenses
(3) Annualized

Horace Mann

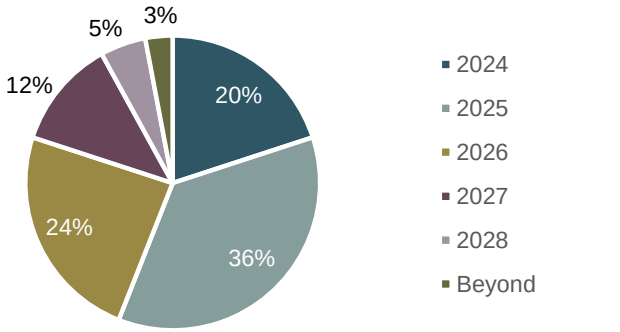
Commercial Mortgage Loan Fund portfolio characteristics

Well diversified by underlying property type, geography and maturity profile

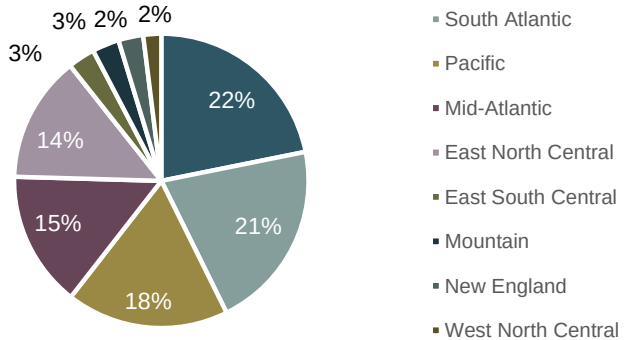
By Property Type



By Maturity Schedule



By Geography



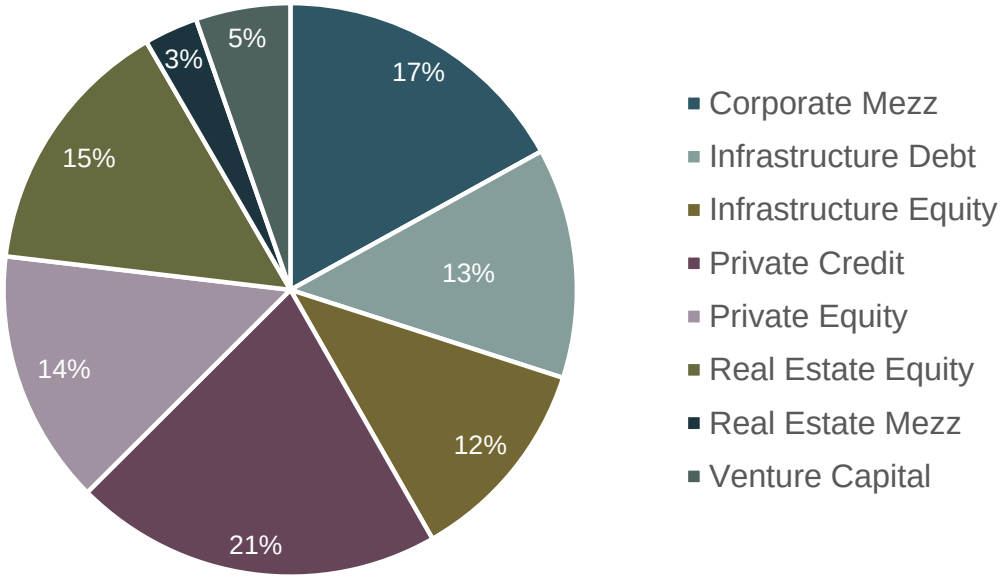
- Underlying loan characteristics
  - 255 loans, average size of ~$49M
  - Average loan-to-value of 79%
  - Average debt service coverage ratio of 1.11x
  - 84% of loans are floating-rate
- Loan-to-value (LTV) ratios are updated quarterly and reflect best estimate of current valuation of property collateral
- Quarterly valuation adjustments have impacted LTVs but do not reflect stabilized and expected long-term valuations

By Property Type	LTV[1]
Multifamily	78%
Hotel	49%
Industrial	69%
Retail / Other	78%
Office	86%

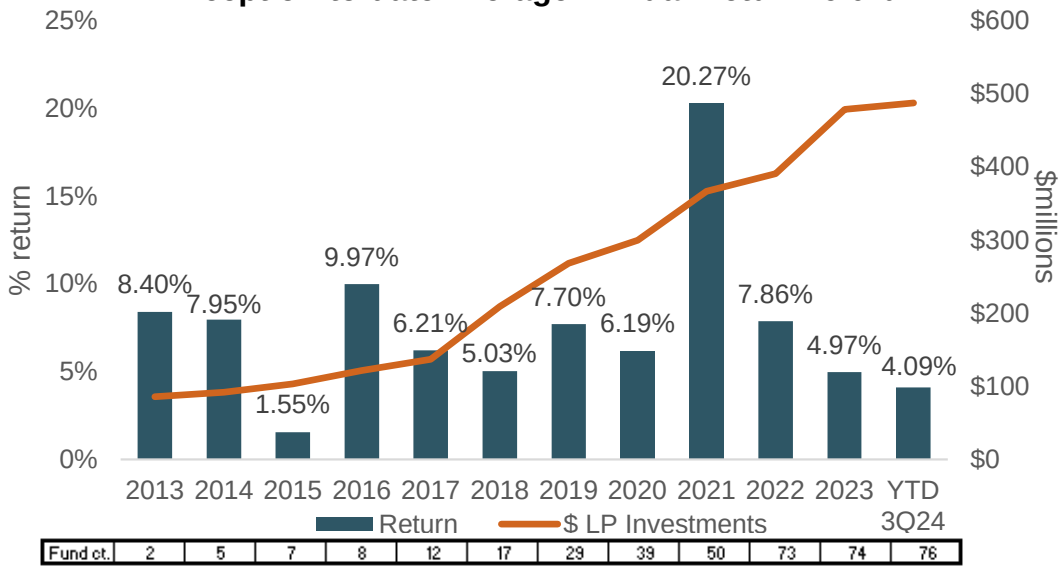
(1) Four non-performing loans have been removed from the analysis

$487M Limited Partnership Fund Portfolio

Well diversified by strategy(1), vintage year and potential volatility of returns



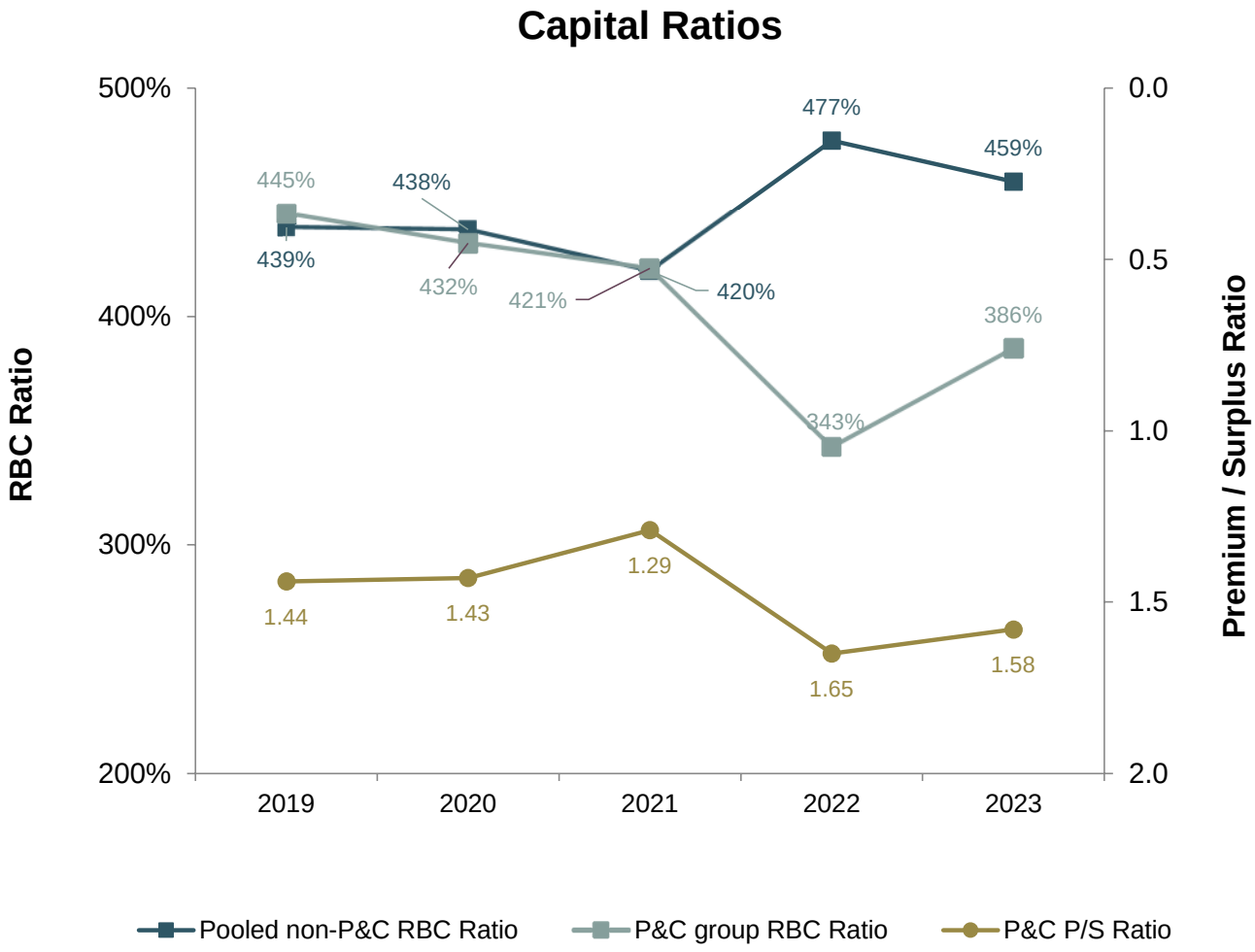
Inception-to-date Average Annual Return: 9.0%



- Inception-to-date performance strong
  - Average annual return of 9.0%
  - Resilient portfolio benefits from diligent manager selection, prudent diversification
  - 3Q24 returns reflect solid contributions from Infrastructure Debt, Private Credit and Corporate Mezz; Detractors primarily Equity-related strategies
- Lower-volatility, fixed income-like strategies comprise two-thirds(1) of exposure
  - Largest allocations to Private Credit, Corporate Mezzanine and Infrastructure Debt 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 portfolio, which has no public equities exposure at this time
  - Infrastructure Equity and Real Estate Equity generally held in L&R and S&GB

(1) Reflects exposure on a risk-weighted basis

Financial leverage and other capital metrics align with levels appropriate for current financial strength ratings



- More than adequate capital to continue to grow business
- Conservative targets for year-end RBCs of 425% for non-P&C subsidiaries and 400% for P&C subsidiaries
- Debt-to-capital ratio[(1)] of 26.7%

(1) As of September 30, 2024, excluding net unrealized investment gains/losses on fixed maturity securities and net reserve remeasurements attributable to discount rates*

About Horace Mann

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

Longevity

- 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

Financial strength

- $14.0B in assets(1)
- $1.5B in net premium and contract deposits for 2023
- $1.5B market capitalization(2)
- Highly rated by all four major rating agencies

Niche market

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

Multiline model

- 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, 2023
(2) Based on stock price as of October 31, 2024
(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.

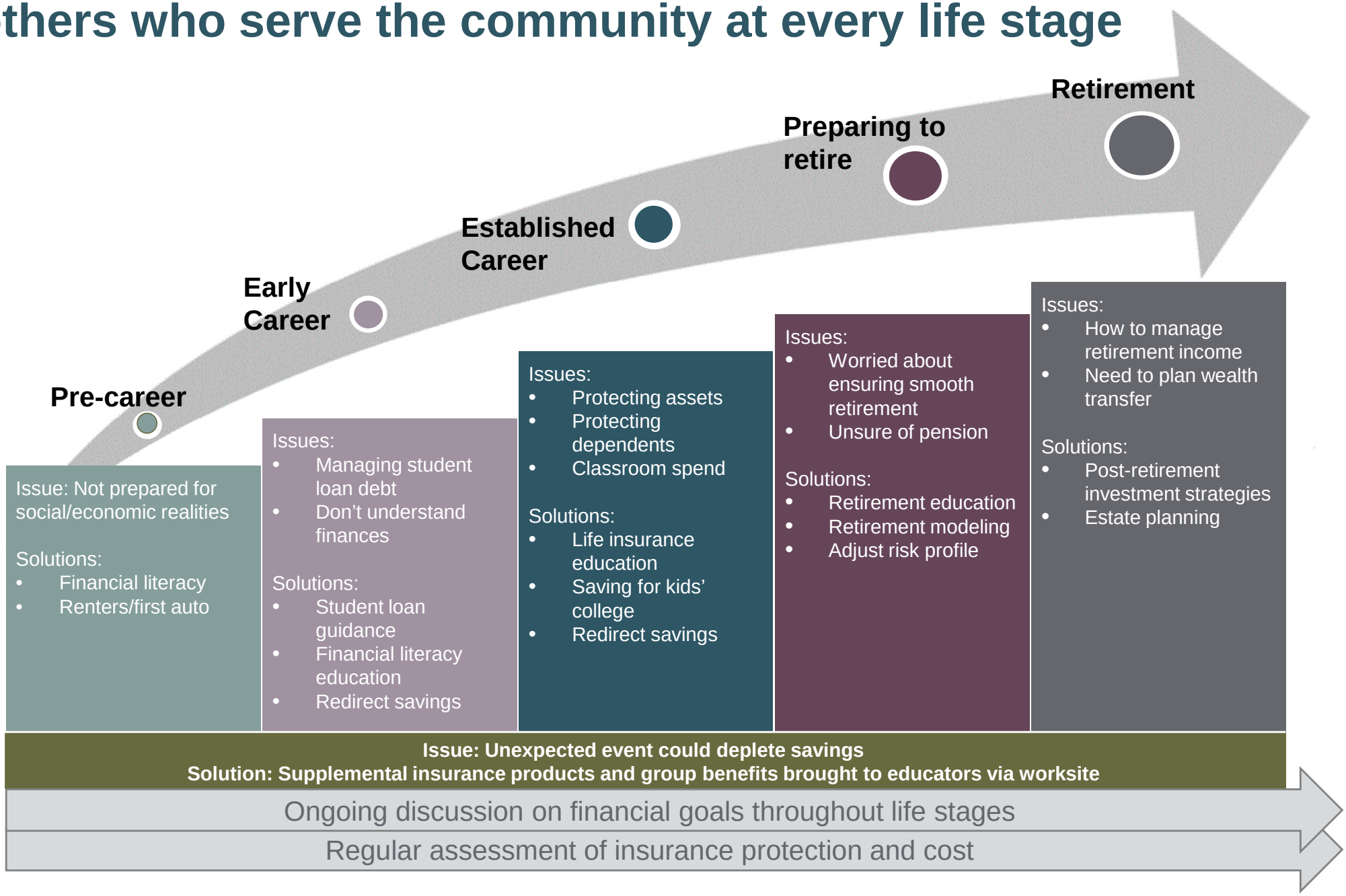
Vision

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

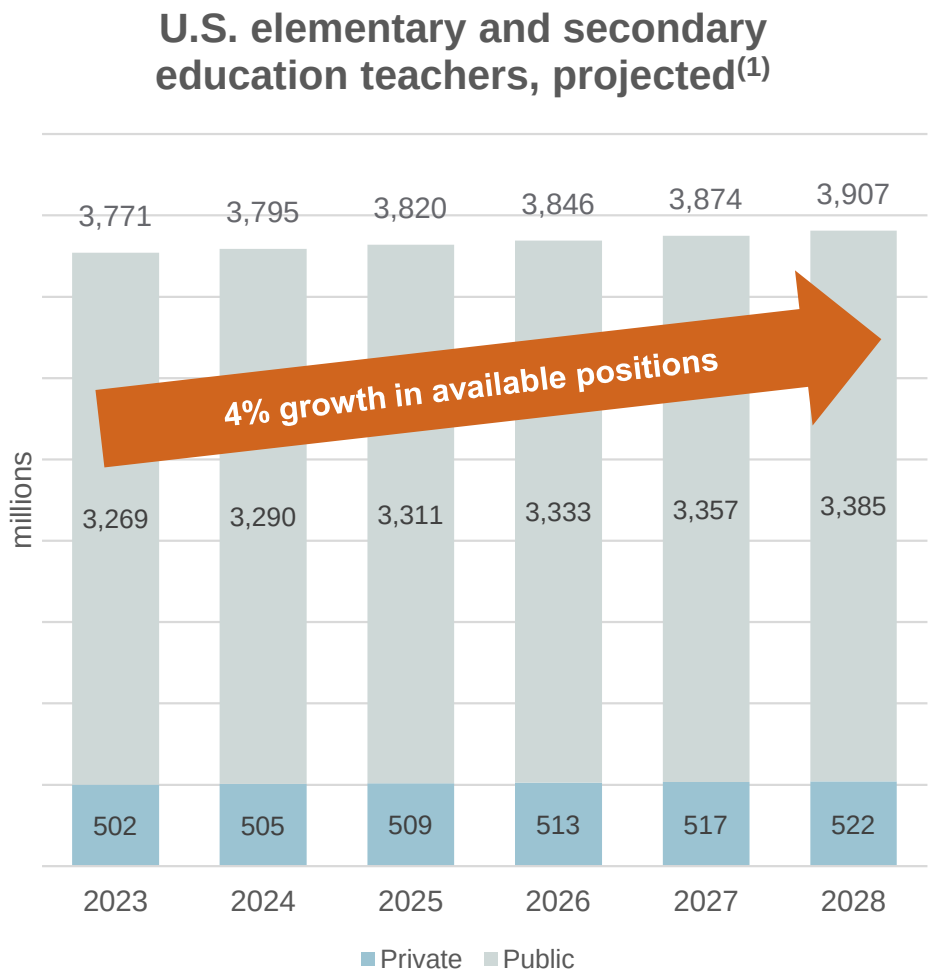
We understand and solve the issues facing educators and others who serve the community, helping them achieve financial success to live better and retire happier.

Strategic emphasis on solutions tailored for educators and others who serve the community at every life stage



Sizeable, growing opportunity in core K-12 education market

Additional opportunities to grow in legacy adjacent markets



- 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
- Education profession generally insulated from larger job market concerns
- Customer base added through acquisitions over past several years are 80% educators
  - NTA also has long served firefighter community
  - MNL also has long served other public employees

Horace Mann

(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

Delivering value proposition for educator customers

Focus on Retail ‘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 Retail “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

Also investing in Worksite products, distribution and infrastructure to serve the broader municipal market of others who serve their communities.

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

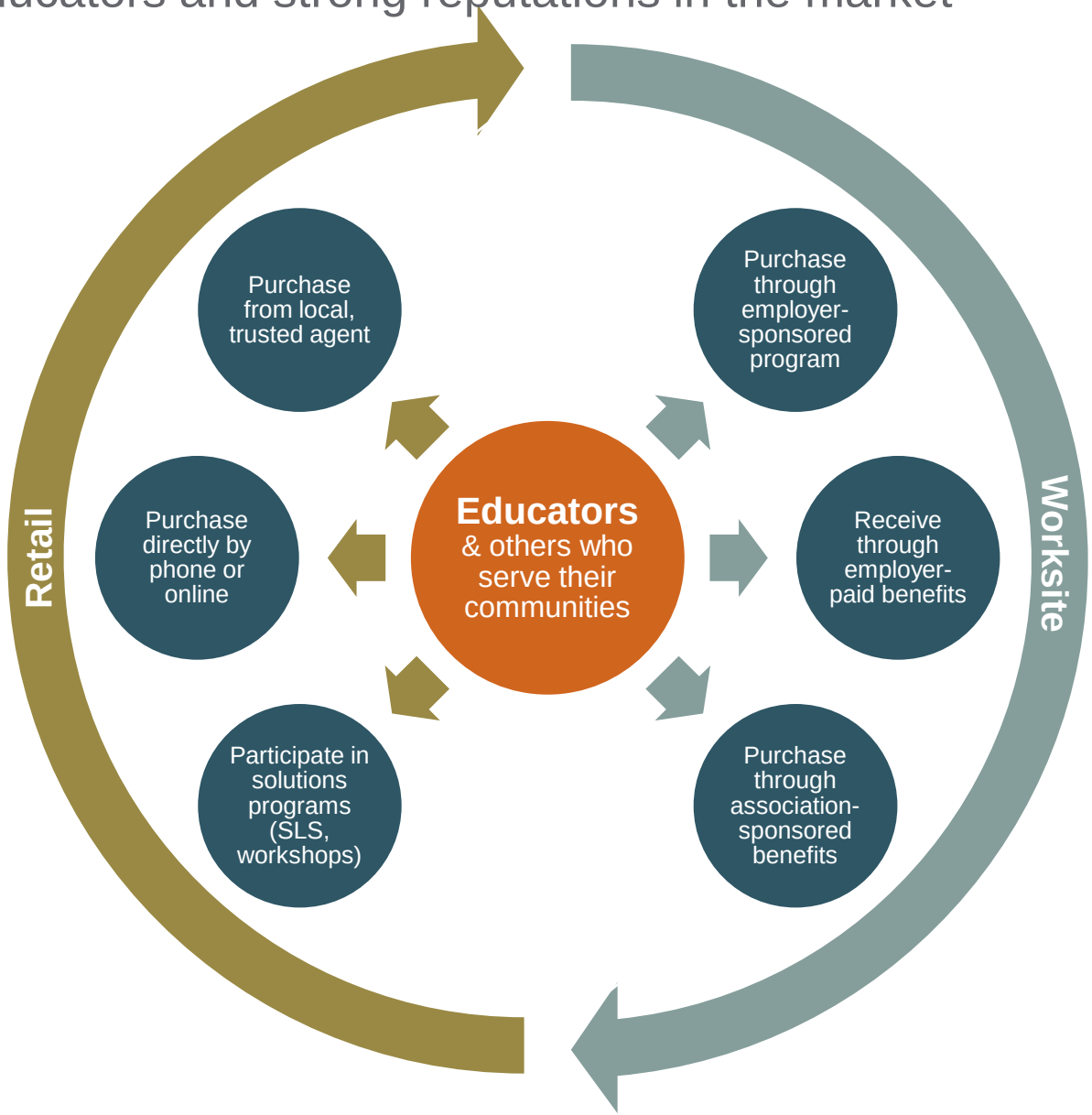
Homogenous customer set with attractive risk profiles

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

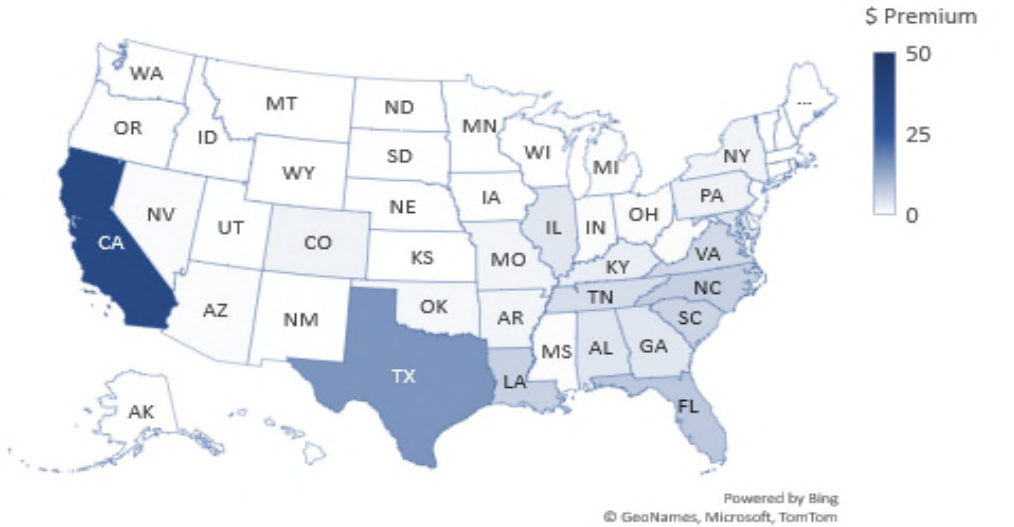
Expanded distribution allows educators to engage with Horace Mann the way they choose

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

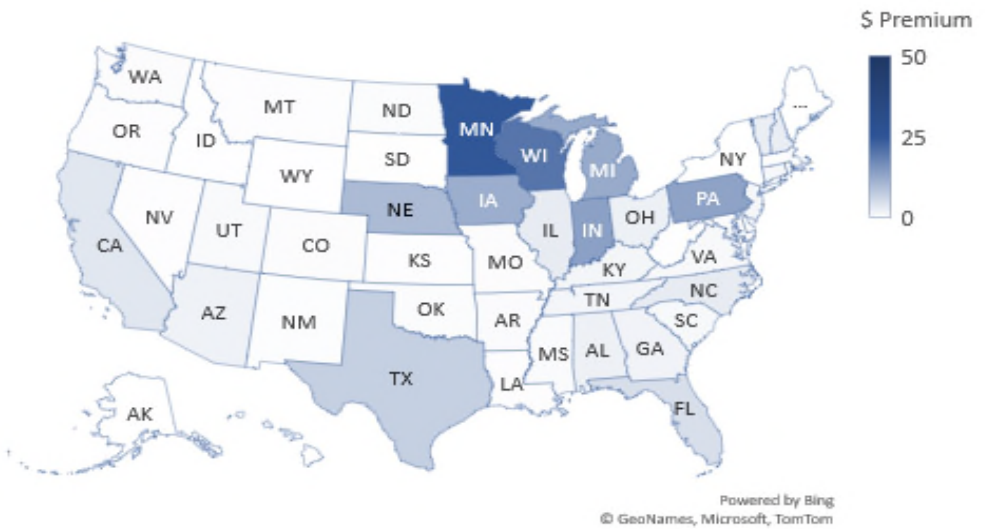


Positioned with significant cross-sell opportunities

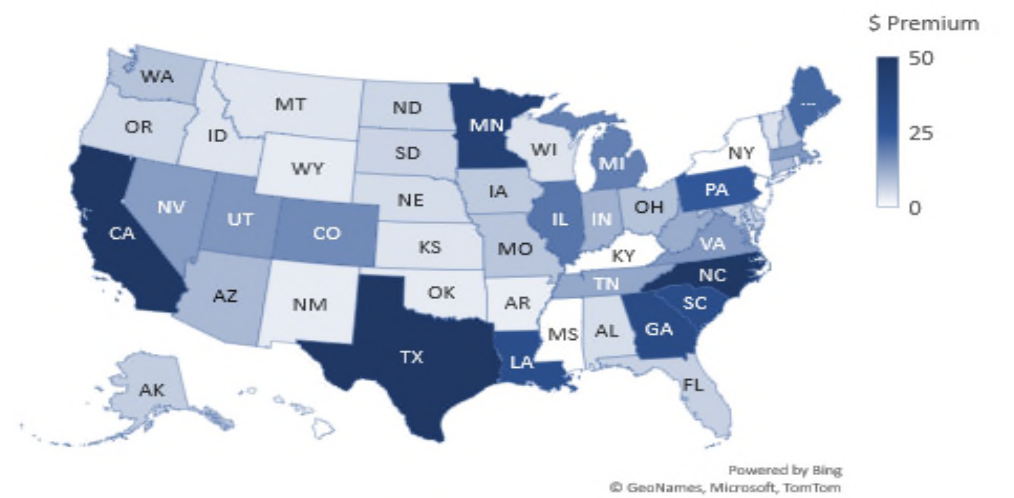
Worksite direct (NTA) 2023 premiums[1]



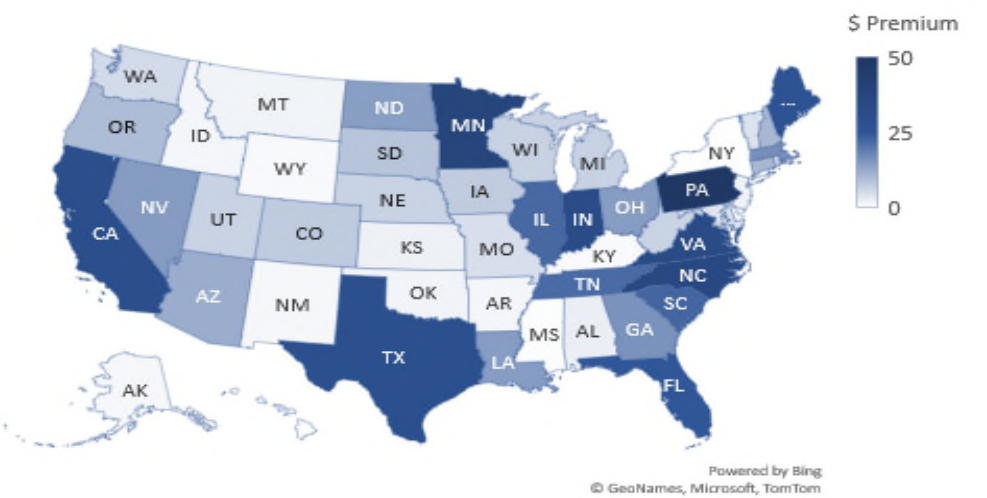
Employer-sponsored (MNL) 2023 premiums[1]



Property & Casualty 2023 premiums[1]



Life & Retirement 2023 premiums[1]



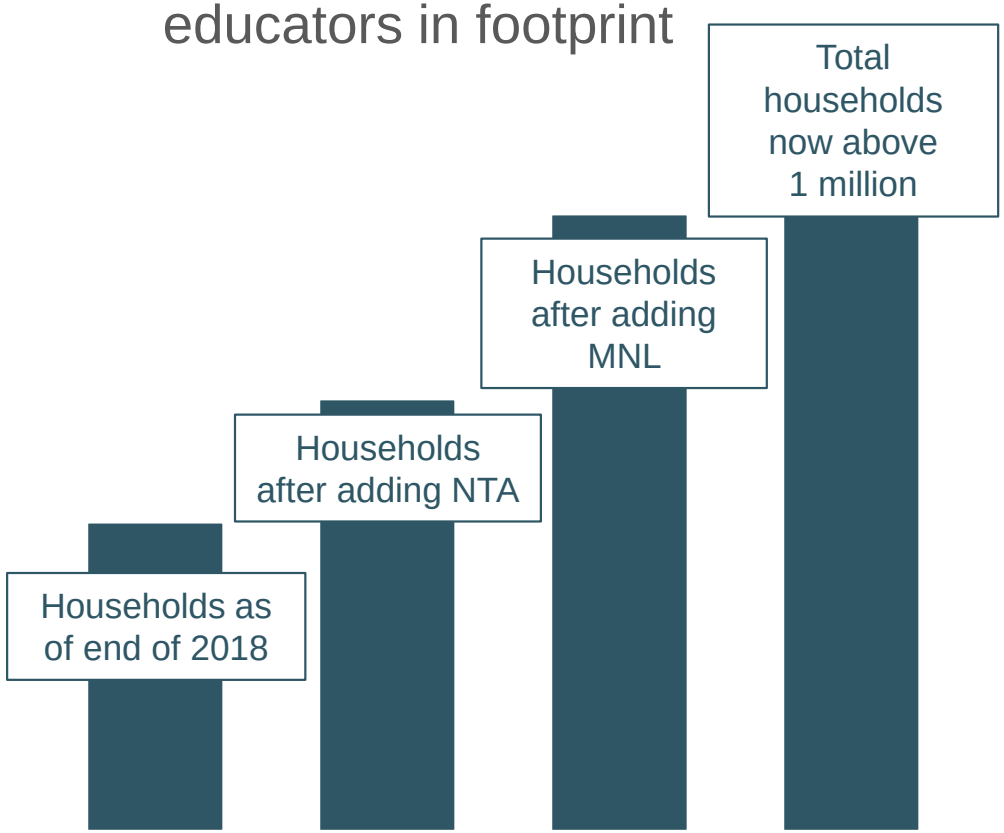
Horace Mann

(1) 2023 Statutory Schedule T

Driving shareholder value growth through business diversification and cross-sell

K-12 educator market offers substantial growth potential with additional opportunities in adjacent markets of others who serve the community

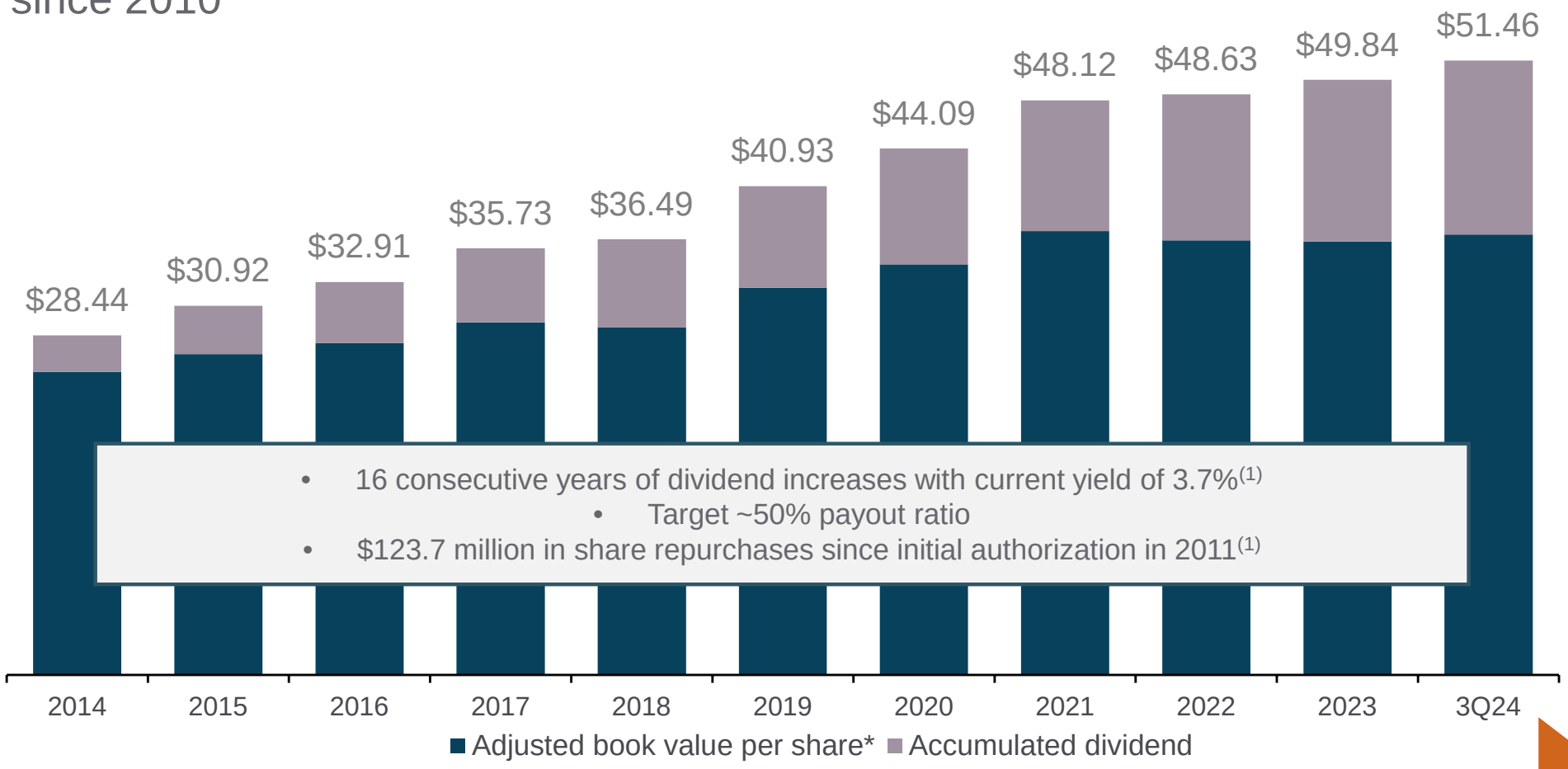
Market share has climbed to approximately 15% of K-12 educators in footprint



- Business diversification expands customer reach through retail and worksite channels
  - Three organizations with decades of commitment to educators, enhancing reputation and brand recognition of “Horace Mann Companies”
  - Expanded distribution channels allow educators to engage with Horace Mann the way they choose
  - Expanded product set aligns with educator needs throughout life stages
- Positive growth trend with more than 1 million total households across market footprint
- Homogeneous customer set with preferred risk profile and strong policyholder retention
- Positioned for significant cross-sell opportunities over time between product lines

Transformation has driven strong shareholder value creation

7.2% compound annual growth in adjusted book value plus accumulated dividends since 2010



- 16 consecutive years of dividend increases with current yield of 3.7%(1)
- Target ~50% payout ratio
- $123.7 million in share repurchases since initial authorization in 2011(1)

2014-2018: Fix and Build

2019-2021: Transformation

2022-2025: Leverage Leadership

Horace Mann

(1) Through October 31, 2024
2021 and 2022 data adjusted for impact of LDTI

PDI implementation in leadership phase to drive strong shareholder value creation

Focus in 2024 and beyond is distribution initiatives to drive market share expansion

Product: Complete

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

Infrastructure: Ongoing

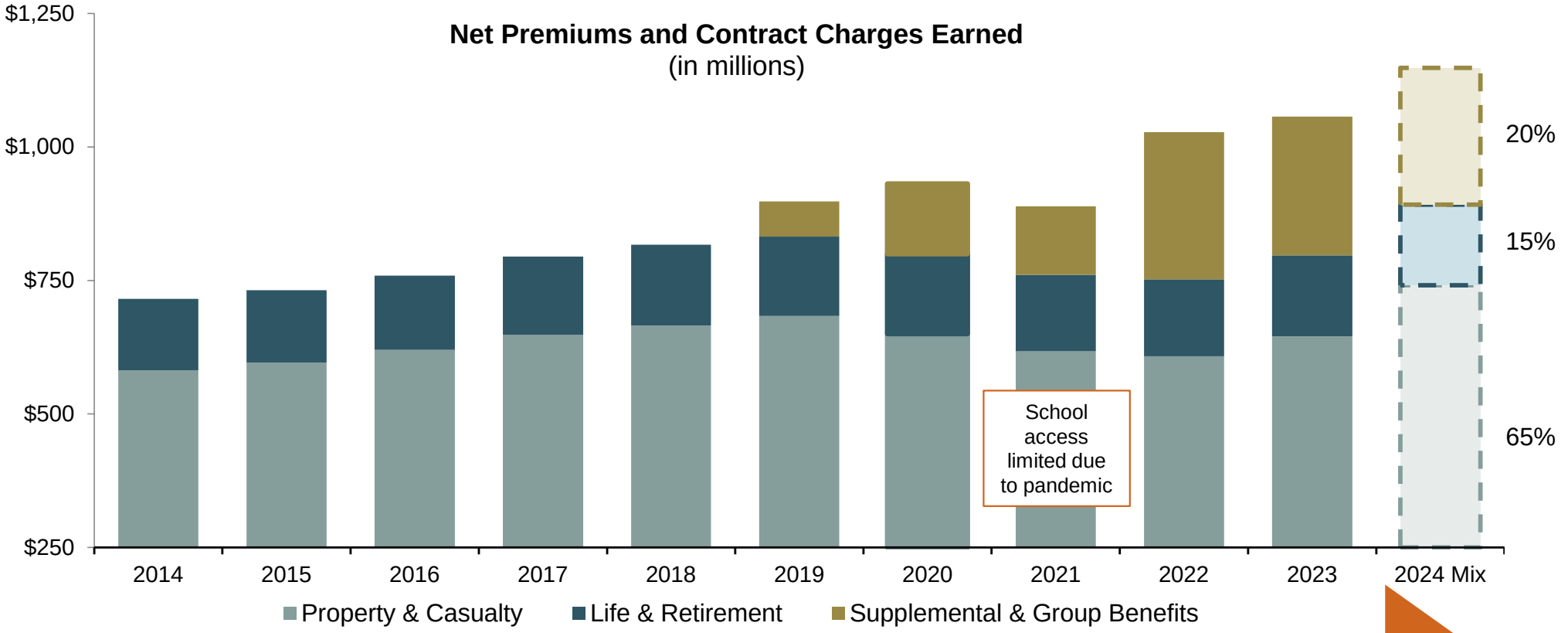
- We have a clear roadmap to systems modernization and a distinctive service mandate to secure “ease of doing business” and scalable infrastructure
- We continue to advance our digital roadmap to support our strategic initiatives

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 customers
- Worksite leverages independent distribution, including benefit consultants, that support employer needs

Stage set for accelerated shareholder value creation as market share expands

Largest financial services company focused on meeting the needs of educators and others who serve our communities



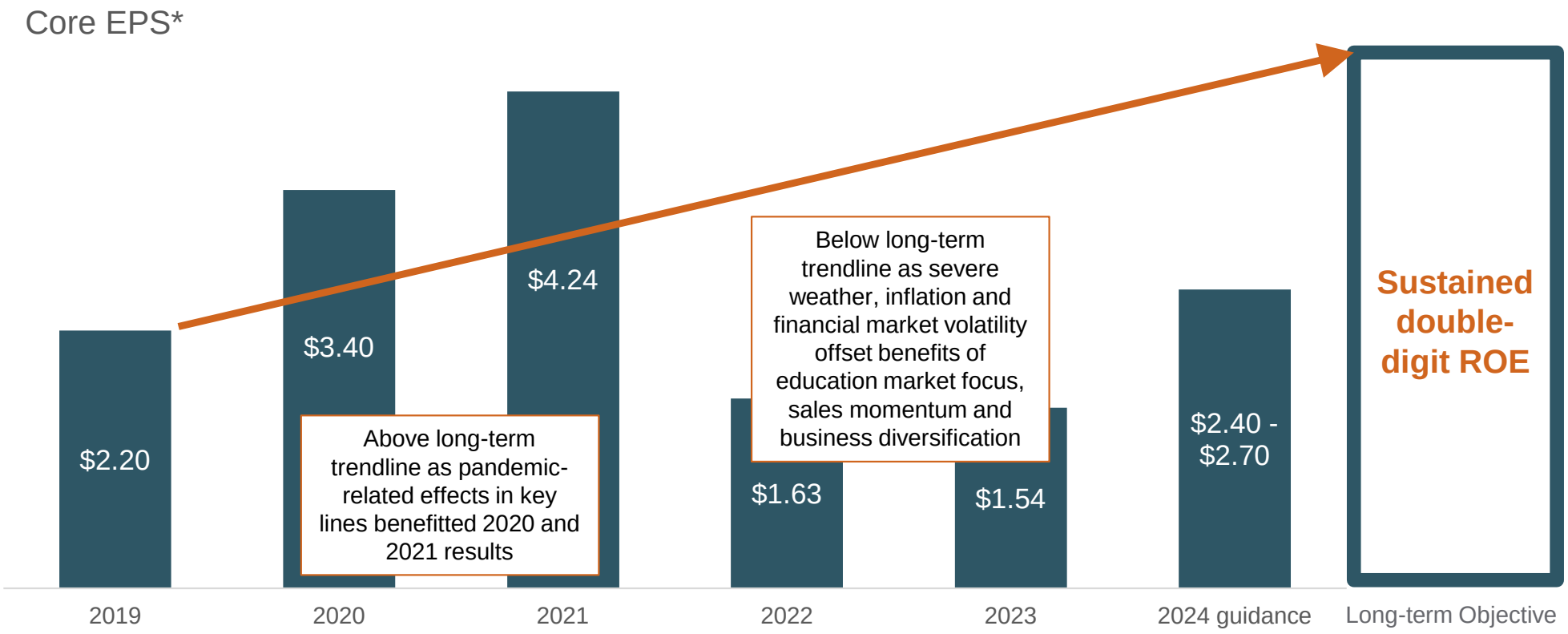
2014-2018: Fix and Build

2019-2021: Transformation

2022-2025: Leverage Leadership

Horace Mann

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



2019-2021: Transformation	2022-2025: Leverage Leadership
Our plan: Smart integration of key transactions while executing on fix and build enhancements and successfully navigating pandemic environment	***Our path:*** Accelerated shareholder value creation; significantly larger market share – meeting educator needs wherever they are

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 (8/22/24)	Stable
Fitch Ratings	A (8/29/24)	Stable
Moody's Investor Services	A2 (7/24/24 – Life group) (4/1/24 – P&C group)	Negative
Standard & Poor's Global Inc.	A (1/30/24)	Stable

- Fitch revised the P&C outlook to stable and affirmed Horace Mann's financial strength ratings in August 2024
- AM Best affirmed Horace Mann's financial strength ratings in August 2024
- Moody's affirmed Horace Mann Life group's financial strength ratings in July 2024
  - Moody's completed a periodic review of Horace Mann's ratings in April 2024 and took no credit rating action
  - P&C negative outlook reflects weak but improving profitability in line with the broader industry
- S&P affirmed Horace Mann's financial strength and issuer credit ratings in January 2024 following revised capital model criteria
  - Outlook remained stable

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.**

- Published inaugural Task Force on Climate-Related Disclosures (TCFD) report in 2023, detailing our awareness and maintenance of climate-related risks and opportunities
- Reduced absolute Scope 1 and Scope 2 emissions by 55% over base year 2019
- Reducing amount of waste at owned location through active recycling programs, replacing building piping and digitizing processes

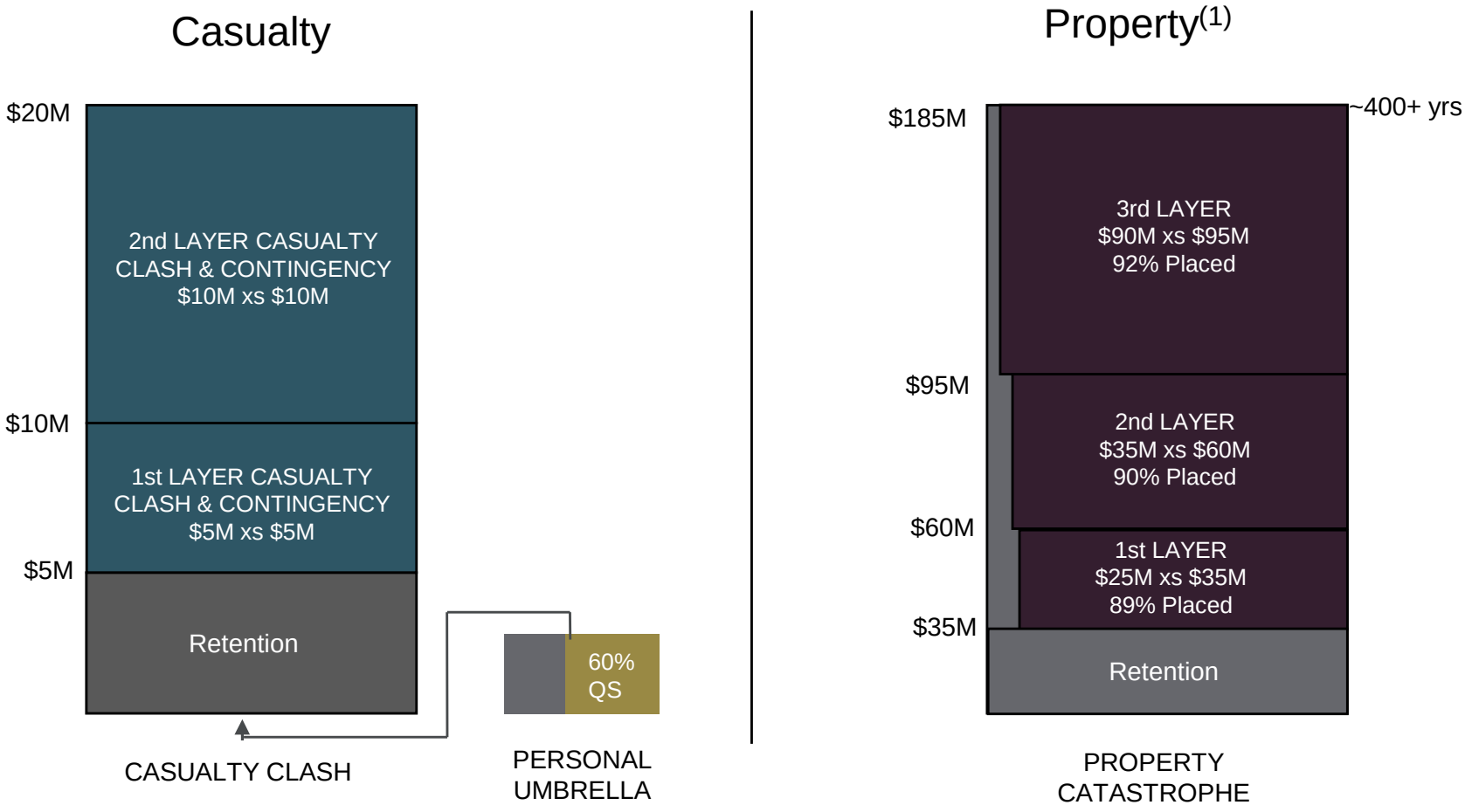
We strive to have a **significant positive social impact on America's educational community**, our employees and the communities in which we live and work.

- Undertaking DEI initiatives to foster an inclusive culture where individual differences are recognized, respected and appreciated
- Contributed nearly $1 million to charitable causes in 2023 through Horace Mann Educators Foundation and Horace Mann Educators Corporation
- Identified more than $650 million in Public Service Loan Forgiveness opportunities and have found an average of more than $250 in monthly savings on student loan payments for educators since 2016

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 incent key executives to advance ESG initiatives over the long term

2024 single-event catastrophe reinsurance provides PML coverage of approximately 400+ years



(1) 2024 Reinsurance Program, based on current AIR model.

Horace Mann at a glance

Exchange ticker symbol	NYSE:HMN
Share Price	$37.24(1)
Weighted Average Diluted Shares (for 3Q24)	41.4 million
Market Capitalization	$1.5 billion(1)
Annualized Dividend Per Share	$1.36
Dividend Yield Per Share	3.7%(1)
Adjusted Book Value Per Share (at September 30, 2024)	$36.89
Analyst Coverage	Dowling & Partners: Julia Ferguson JMP Securities: Matt Carletti Keefe, Bruyette & Woods: Meyer Shields Piper Sandler: John Barnidge Raymond James: Wilma Burdis
Contact	Brendan Dawal, Vice President, Investor Relations 217-670-8766 Rachael Luber, Assistant Vice President, Investor Relations 217-788-5163 investorrelations@horacemann.com investors.horacemann.com

(1) Based on stock price as of October 31, 2024