2015 KBW Insurance Conference

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Horace Mann
Founded by Educators for Educators

Safe Harbor Statement and Non-GAAP Financial Measures

Certain statements made in this presentation should be considered forward-looking as defined in the Private Securities Litigation Reform Act of 1995. Forward-looking statements give expectations or forecasts of future events. These statements are related to our intentions, beliefs, projections, estimations or forecasts of future events or our future financial performance and involve known and unknown risks, uncertainties and other factors that may cause our actual results to be materially different from those expressed or implied by the forward-looking statements. These statements can be identified by the fact that they do not relate strictly to historical or current facts. They use words such as “anticipate,” “estimate,” “expect,” “project,” “intend,” “plan,” “believe” and other words and terms of similar meaning in connection with a discussion of future operating or financial performance. We caution investors that these forward-looking statements are not guarantees of future performance, and actual results may differ materially. Investors should consider the important risks and uncertainties that may cause such differences, including those risks discussed in our most recent Form 10-K and Form 10-Q filed with the Securities and Exchange Commission. Our forward-looking statements speak only as of the date of this presentation or as of the date they were made, and we undertake no obligation to update those statements.

The historical and forward-looking financial information contained in this presentation includes financial measures which are based on methodologies other than Generally Accepted Accounting Principles (“GAAP”) such as operating income, operating earnings per share, pre-tax reporting segment income excluding DAC/VIF unlocking and book value per share excluding some components of accumulated other comprehensive income. A reconciliation of non-GAAP measures to the closest GAAP measures is available in our earnings release.

Horace Mann helps educators identify their financial goals and develop plans to achieve them



- We understand educator life stages and offer solutions at every point
- We work in schools to provide valuable services and support for educators
- We provide tailored products with special rates and benefits for educators
- We have trusted, knowledgeable distribution aligned with school districts and associations
- We build infrastructure focused on ease of doing business

We are *Founded by Educators for Educators®*

Why this niche market?

Educators have an attractive risk profile



How they live:
Conservative and loyal

- Buy higher insurance limits
- Tend to bundle auto and home insurance
- Loyalty results in strong retention



Where they work:
Close to home

- Generally live close to school with very short commutes
- Off-hour commutes without heavy traffic
- Tend to be off in bad weather



How they save:
Financially responsible

- Focused on achieving financial goals
- Desire for guidance and education
- Open to reallocating household savings to retirement needs

Our vision: To be the company educators choose to help protect what they have today and prepare for a successful tomorrow

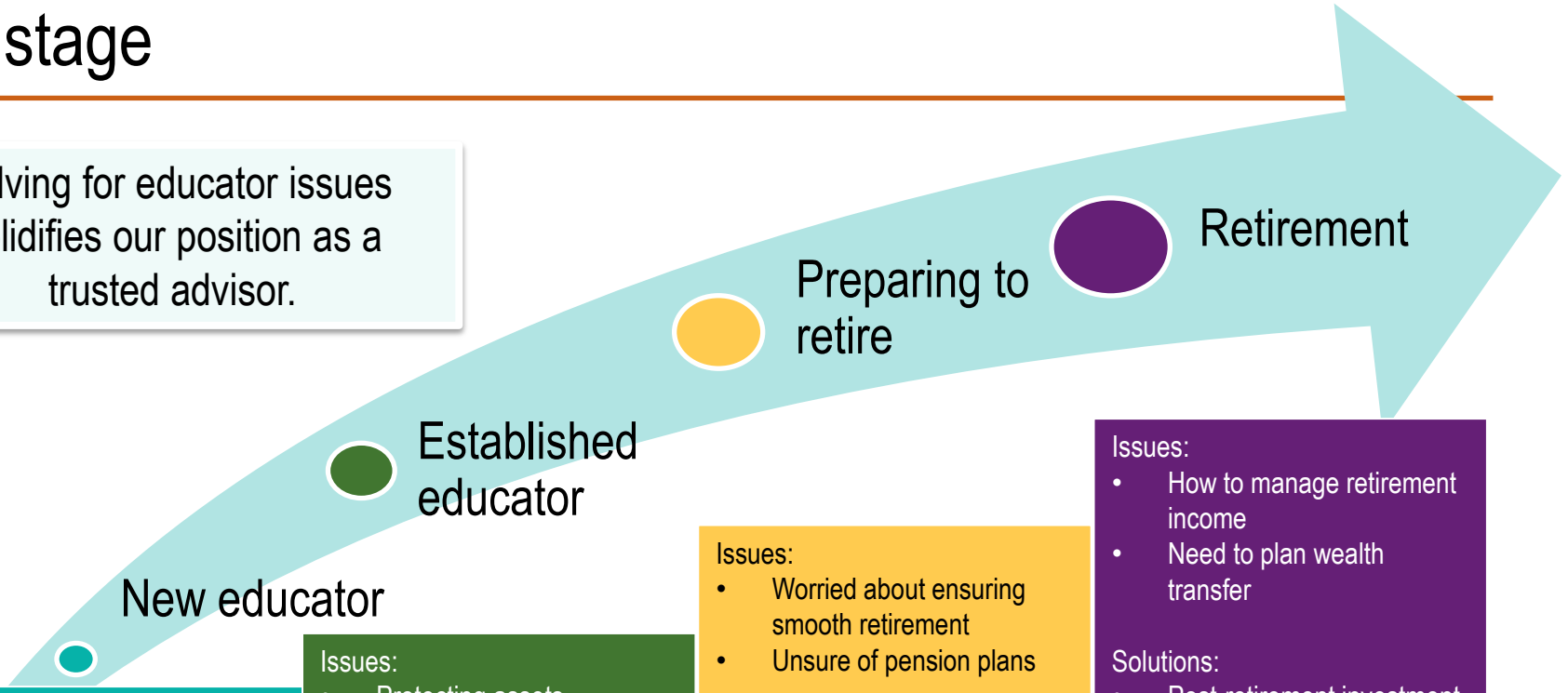
Our strategy: Holistic solutions-based orientation at every life stage

Product	Distribution	Infrastructure
Designed to meet educators' needs and cover their risks	Trusted, knowledgeable and tailored to educator needs and preferences	Modern, efficient, scalable and easy to do business with

Supported by a strong capital base, conservative risk management and a compelling value proposition

Our strategy: Holistic solutions-based orientation at every life stage

Solving for educator issues solidifies our position as a trusted advisor.



New educator

Issues:
- Managing student loan debt
- Don't understand finances
- Out-of-pocket classroom spend

Solutions:
- Student loan guidance
- Financial literacy education
- Classroom funding assistance
- Redirect savings to retirement plan

Established educator

Issues:
- Protecting assets
- Protecting dependents
- Out-of-pocket classroom spend

Solutions:
- Life insurance education
- Classroom funding assistance
- Redirect savings to retirement plan

Preparing to retire

Issues:
- Worried about ensuring smooth retirement
- Unsure of pension plans

Solutions:
- Retirement education
- Retirement modeling
- Adjust risk profile

Retirement

Issues:
- How to manage retirement income
- Need to plan wealth transfer

Solutions:
- Post-retirement investment strategies
- Estate planning

Regular assessment of insurance protection and cost

Ongoing discussion on financial goals throughout educator life stages

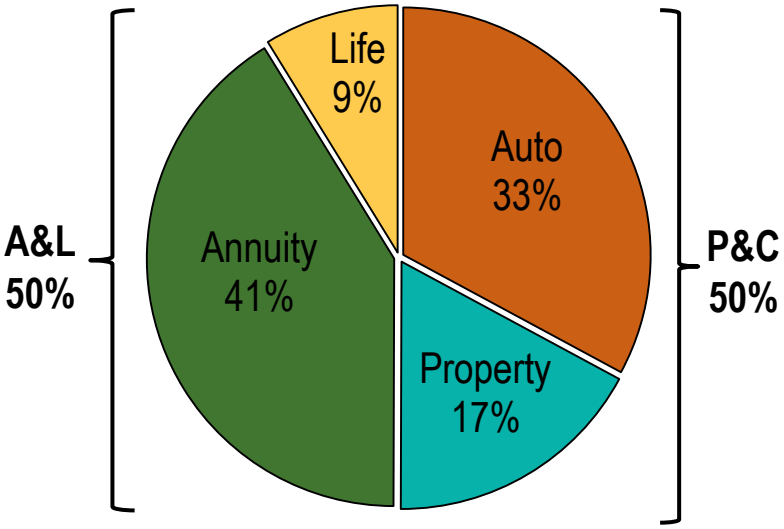
Segment strategy and results

We offer a mix of innovative, customer-focused retirement planning and insurance products tailored to educator needs

Good for shareholders

- Counter-cyclical
- Multiline focus provides earnings diversity
- Conservative financial and risk management
- Proven track record of earnings growth

2014 Premium & Contract Deposits ($1,168mm)



Good for educators

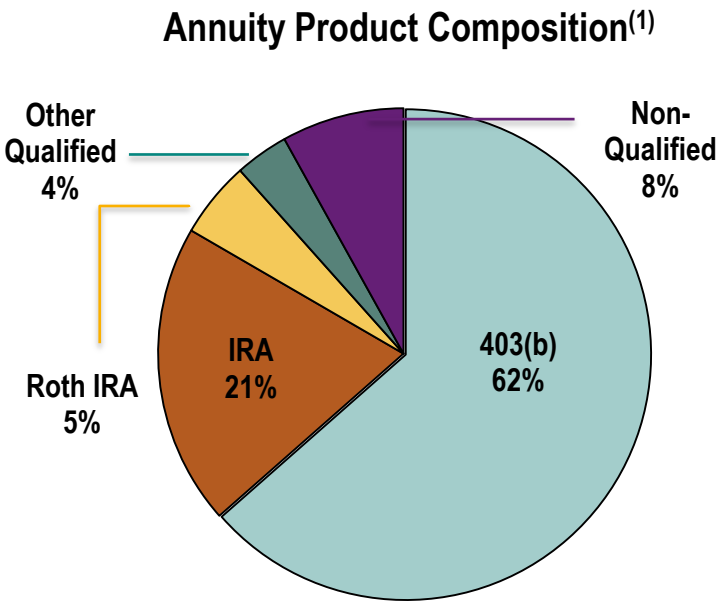
- Innovative product solutions targeted to unique niche
- Ability to provide total household solutions
- Access to trusted, knowledgeable advisors

Results in industry-leading cross-line penetration

- HMN 19% vs. industry 11%
- Leads to improved retention numbers
- 65% buy P&C products
- 54% buy A&L products

(1) Industry data per LIMRA, 2011 multiline exclusive agent average

Annuity segment – Helping educators meet their financial goals with tailored solutions



Opportunity

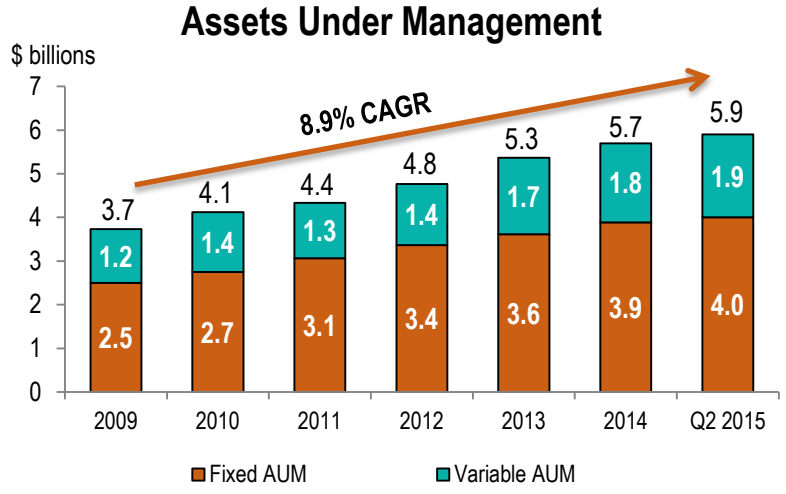
- Educators face complicated retirement system offerings
  - Differing state teacher retirement systems (STRS)
  - Pension uncertainty
  - Tax-deferred options
- Educators want guidance to plan for the future
  - Student loan forgiveness seminars
  - Financial literacy workshops
  - STRS workshops
  - Classroom funding assistance
  - Encourage redirecting savings to retirement planning
  - Options for school payroll deductions

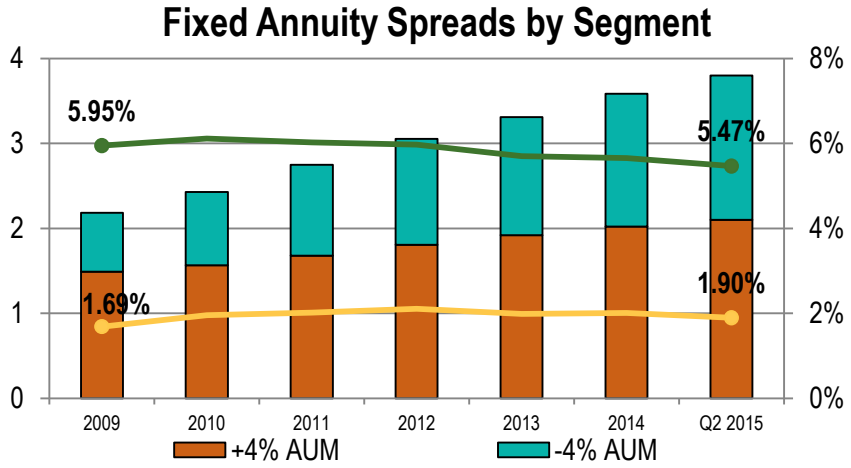
Product

- 92% of Annuity assets under management are tax-qualified accounts with a retirement orientation
  - Consistent strong persistency ~94%
  - 403(b) and 457(b) are viable products in current regulatory environment
  - Launched Fixed Indexed Annuity in Q1 2014

(1) Based on Assets Under Management as of June 30, 2015

Annuity segment – Assets under management and sales continue to grow



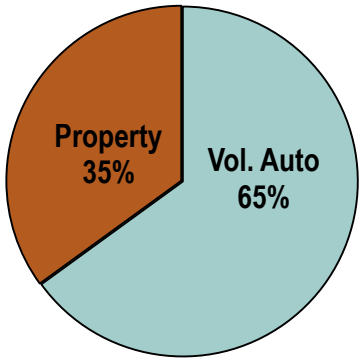


Results

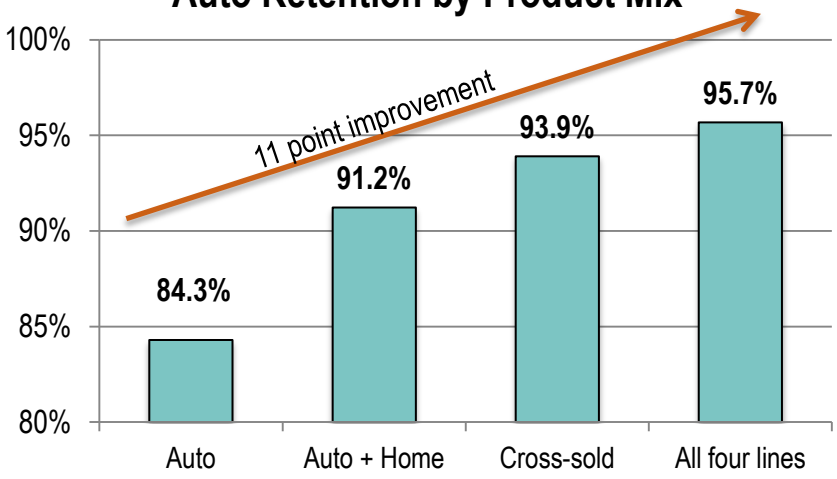
- Sales momentum for Annuity products remains strong
  - 14% increase in sales over 2Q14, supported by Fixed Indexed Annuity product
- Assets under management growing at steady pace
  - Two-thirds of underlying assets are Fixed Annuities
  - One-third are Variable Annuities with no living benefits
- Disciplined crediting rate actions and prudent investment management have resulted in favorable net interest spreads
  - New business spreads continue to exceed target
  - As rates rise, we expect spread compression to diminish, lifting overall returns
- Business is priced to generate a low double-digit ROE at targeted spreads of 200 to 250 bps

P&C Segment –
Preferred book of educator risk with strong retention ratios

P&C Net Written Premium ($584 MM)[1]



Auto Retention by Product Mix[2]



Opportunity

- Preferred risk profile
  - Conservative by nature
  - Short/off-hour commutes
  - Financially responsible
- 35% of our existing customers have their P&C coverage outside Horace Mann

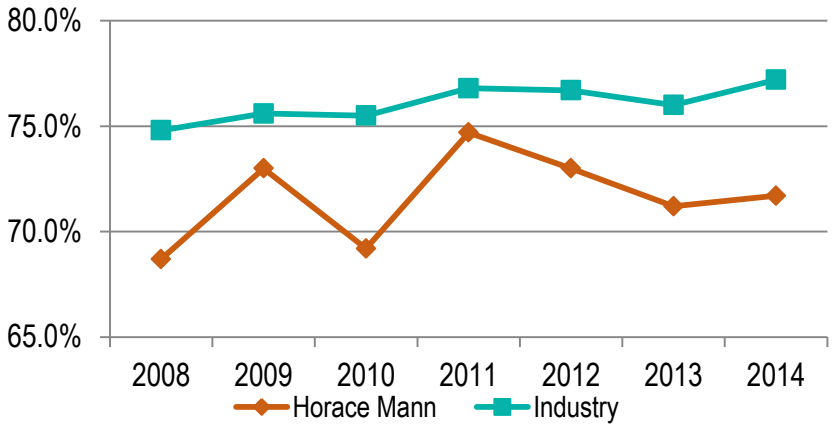
Product

- Majority of P&C business is bundled Auto and Property
- Retention exceeds industry averages and improves with cross-sell efforts
  - 85% Auto
  - 88% Property

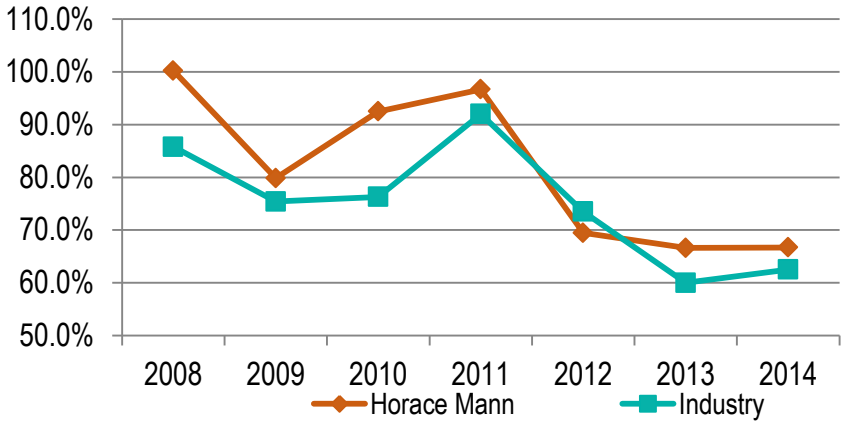
(1) *Based on FY14*
(2) *HMN data: ~360,000 educator households as of June 30, 2015; Cross-sold households defined as Auto and Property plus Annuity and/or Life*

P&C segment –
Improving combined ratios consistently better than industry averages

Auto Loss Ratio vs Industry(1)



Homeowners Loss Ratio vs Industry(1)



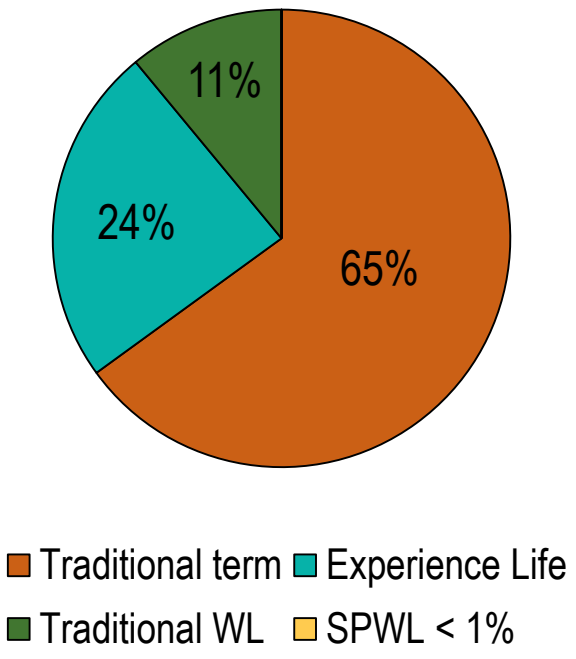
Results

- Strategic pricing and underwriting actions resulting in margin improvement
  - Mid-single-digit rate increases ahead of low-single-digit loss cost trends
  - Completed defensive action to eliminate FL homeowners exposure, reducing volatility
- Auto loss ratio averaging nearly 5 points better than the industry (2008-14)
  - Emerging physical damage severity trends
- Property loss ratio improvement tracking better than the industry
- Mid-90s reported combined ratio would generate a 12% ROE at 1.5x underwriting leverage

(1) A.M. Best industry composite based on statutory incurred losses

Life segment –
Sizable opportunity in our middle-market educator niche

Individual insurance in force[(1)]



Opportunity

- Approximately 80% of HM customers do not have HM Life product
  - Dedicated field support team to help agents educate customers about options and costs

Products

Basic coverages appropriate for educator income levels

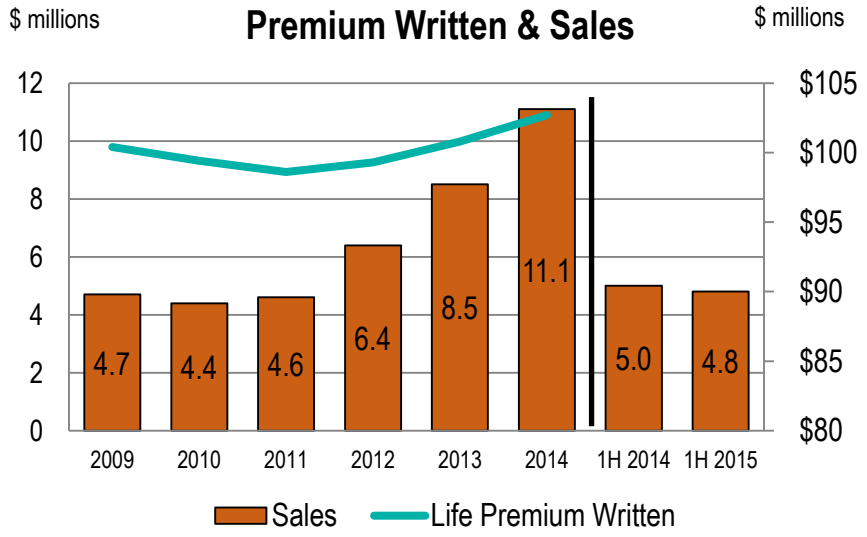
- Term insurance
- Traditional whole life
- Single-premium whole life
- ✓ New indexed universal life product will offer additional solutions with flexibility of premium and coverage amounts

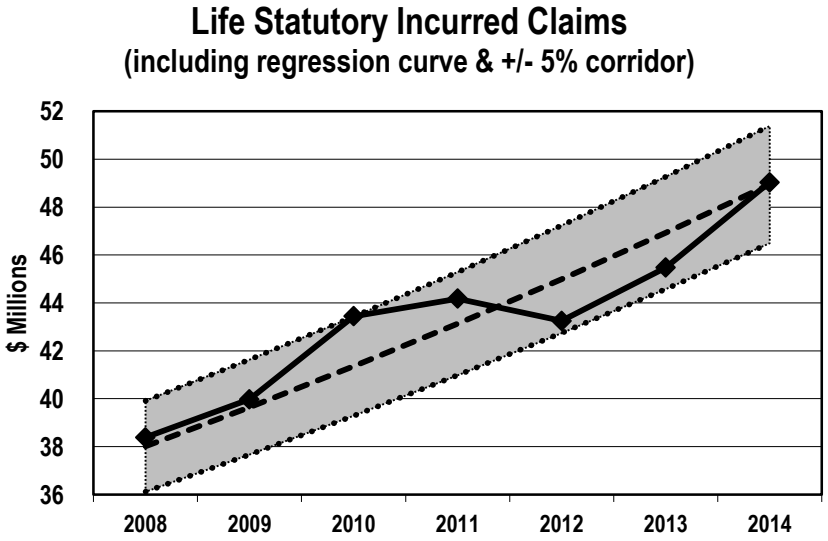
Mature inforce book of whole and term life products

- Average face amount of ~ $90,000
- About 200,000 policies; ~96% retention ratio

(1) Policy in-force as of June 30, 2015; by face amount

Life segment –
Profitable inforce block with renewed growth

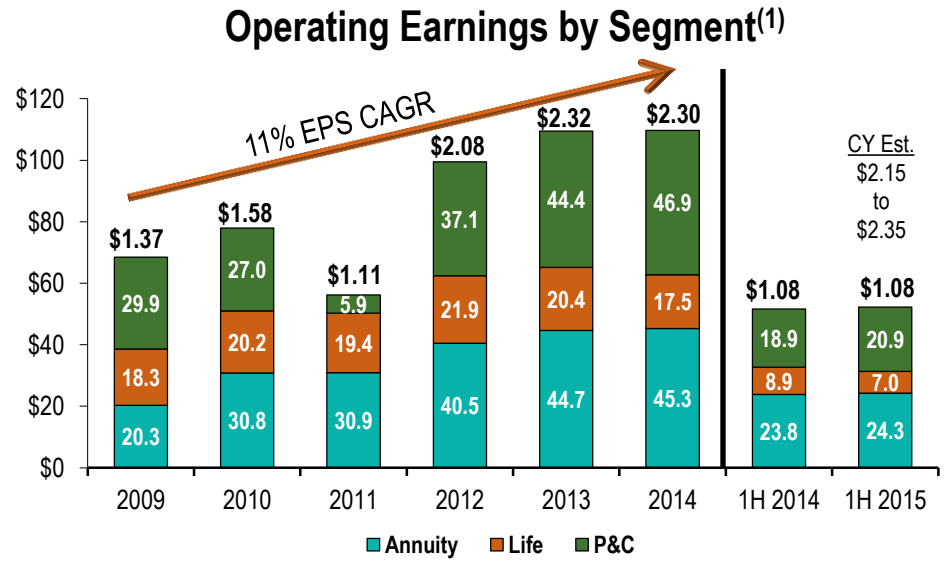


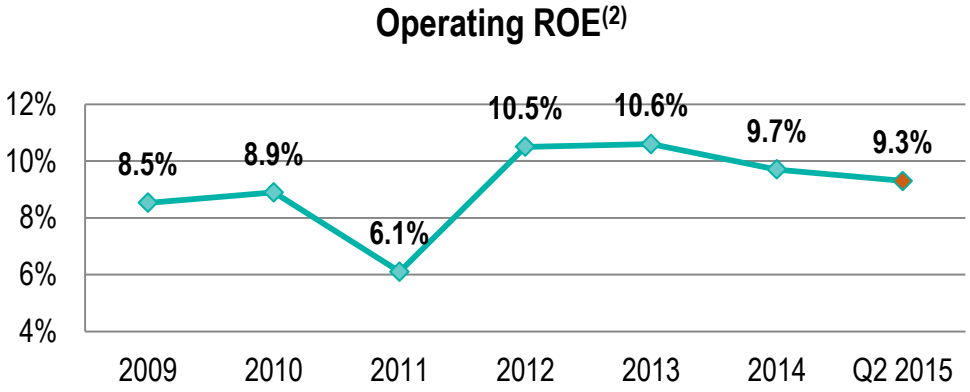


Results

- Strategic focus to grow this segment of profitable business at a double-digit pace
- 1H15 ex-DAC life earnings of $6.9 million, down $1.9 million from 1H14
  - Driven by higher mortality losses that remain within actuarial projections
- Planned launch of new Indexed Universal Life product in late 2015 expected to drive 2016 sales
- Business is priced to generate a low double-digit ROE

Multiline business model has generated steady, growing operating earnings

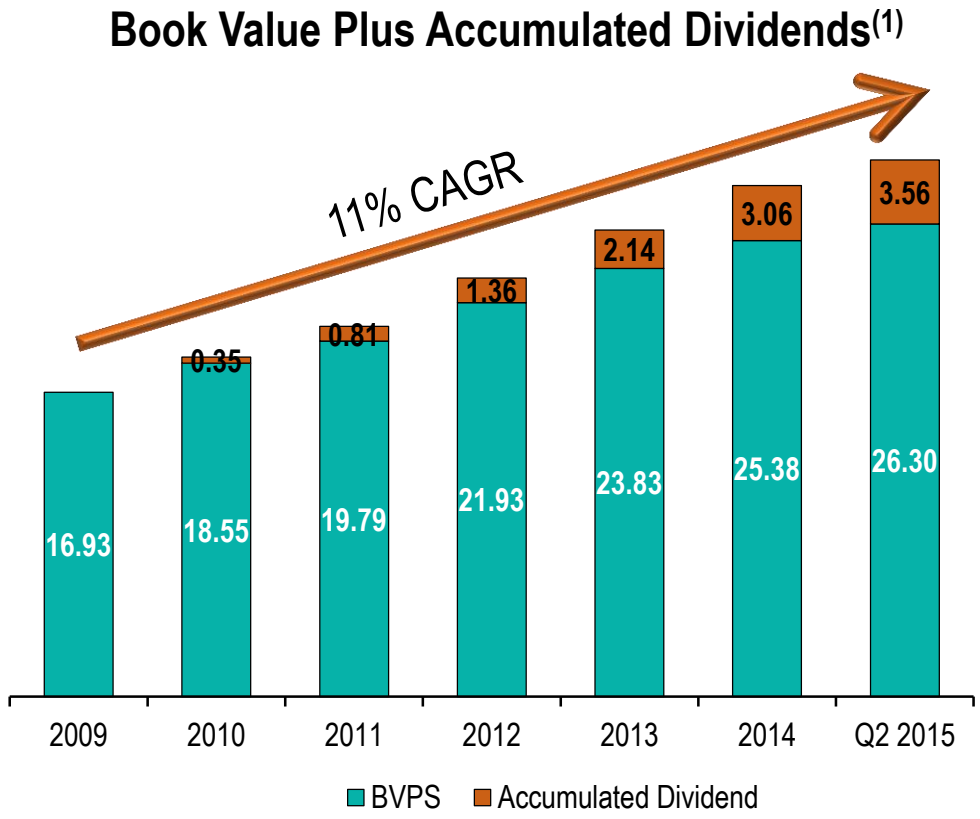




- Operating earnings per share(1) have grown 11% on a compound average annual basis, led by Annuity and P&C
  - Strong Annuity sales and assets under management growth have generated 17+% earnings growth CAGR
  - Continued P&C profitability improvement
  - Life earnings reflect the maturity of in force block
- Investing in all three business segments to accelerate Operating EPS growth and improve ROE over time

(1) Operating earnings reflects net income excluding realized investment gains and losses
(2) Operating ROE excluding unrealized gains and losses; 2010 and prior are before the retroactive application of new accounting guidance for deferred policy acquisition costs

Solid financial results have resulted in top quartile book value growth[1] and a compelling dividend yield



- $26.30 book value per share excluding FAS 115 as of Q2 2015, up 7% from a year ago
- Annualized 2015 shareholder dividend of $1.00
  - Dividend yield of 2.7%[2]
  - Reflects ~40% payout ratio
- Opportunistic share buyback program
  - Repurchases of $27.8 million since December 2011 at an average price of $19.04 versus VWAP of $24.98 [3]
  - $22.2 million remaining under authorization

(1) Book value per share excluding unrealized investment gains/losses (ex. FAS 115). 2009-2011 numbers have been restated to include the retrospective application of new accounting guidance for deferred policy acquisition costs. Top quartile ranking in peer group includes Large, Mid and Small cap personal lines and life insurance companies

(2) Based on 6/30/15 stock price of $36.38

(3) Repurchase activity through 6/30/15

We will achieve our vision by focusing on PDI

Our strategy: Holistic solutions-based orientation at every life stage

Product	Distribution	Infrastructure
Designed to meet educators' needs and cover their risks	Trusted, knowledgeable and tailored to educator needs and preferences	Modern, efficient, scalable and easy to do business with

Supported by a strong capital base, conservative risk management and a compelling value proposition

Product: Core offerings largely complete and driving growth

Product
Designed to meet educators' needs and cover their risks

Distribution
Trusted, knowledgeable and tailored to educator needs and preferences

Infrastructure
Modern, efficient, scalable and easy to do business with

Life and Annuity

- Fixed Indexed Annuity product filling market need
- Indexed Universal Life product launch in late 2015 rounds out Life offerings

Property and Casualty

- Pricing and product improvements helping drive competitive position
- Addition of third-party products through Horace Mann General Agency to meet additional customer needs

Distribution: Focus on providing educators access to a trusted advisor through their desired channel

Product	**Distribution**	Infrastructure
Designed to meet educators' needs and cover their risks	Trusted, knowledgeable and tailored to educator needs and preferences	Modern, efficient, scalable and easy to do business with

Enhancements

- Solutions-based orientation
- Informed by Big Data
- Improving agent quality and productivity – with room for further growth
- Additional support and tools
- Complementary direct support through inside sales team

Infrastructure: Efficiency upgrades and ease of doing business are supporting profitable growth initiatives

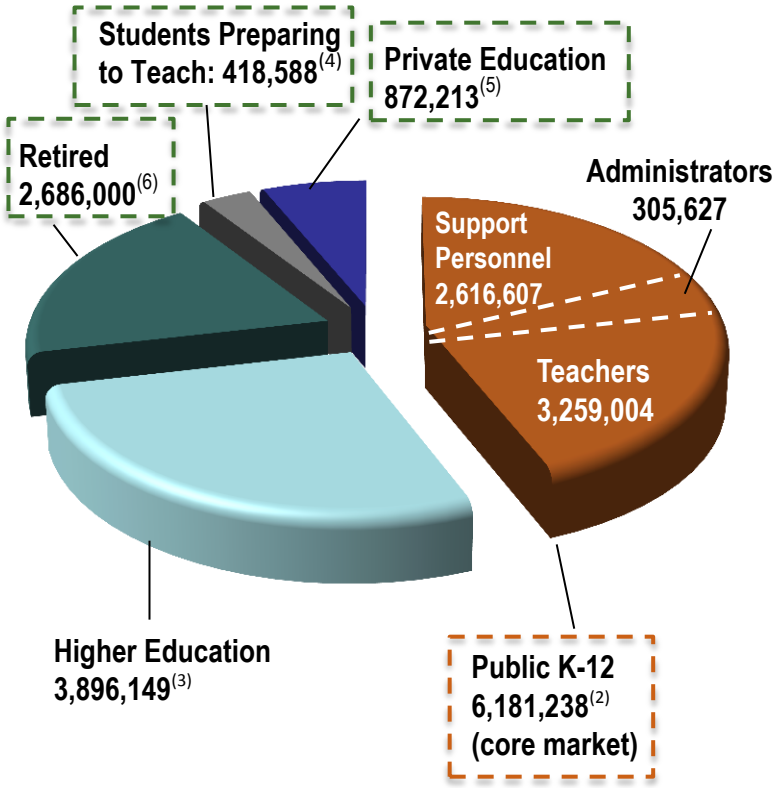
Product	Distribution	Infrastructure
Designed to meet educators' needs and cover their risks	Trusted, knowledgeable and tailored to educator needs and preferences	Modern, efficient, scalable and easy to do business with

Enhancements

- Annuity and Life administrative system upgrades on track and supportive of new product offerings
- Online agent sales interface simplifies process to write and submit Property business
- Ongoing due diligence for new P&C administrative system
- Continued additions of experienced talent
- Improved Contact Center capabilities

The opportunity for growth

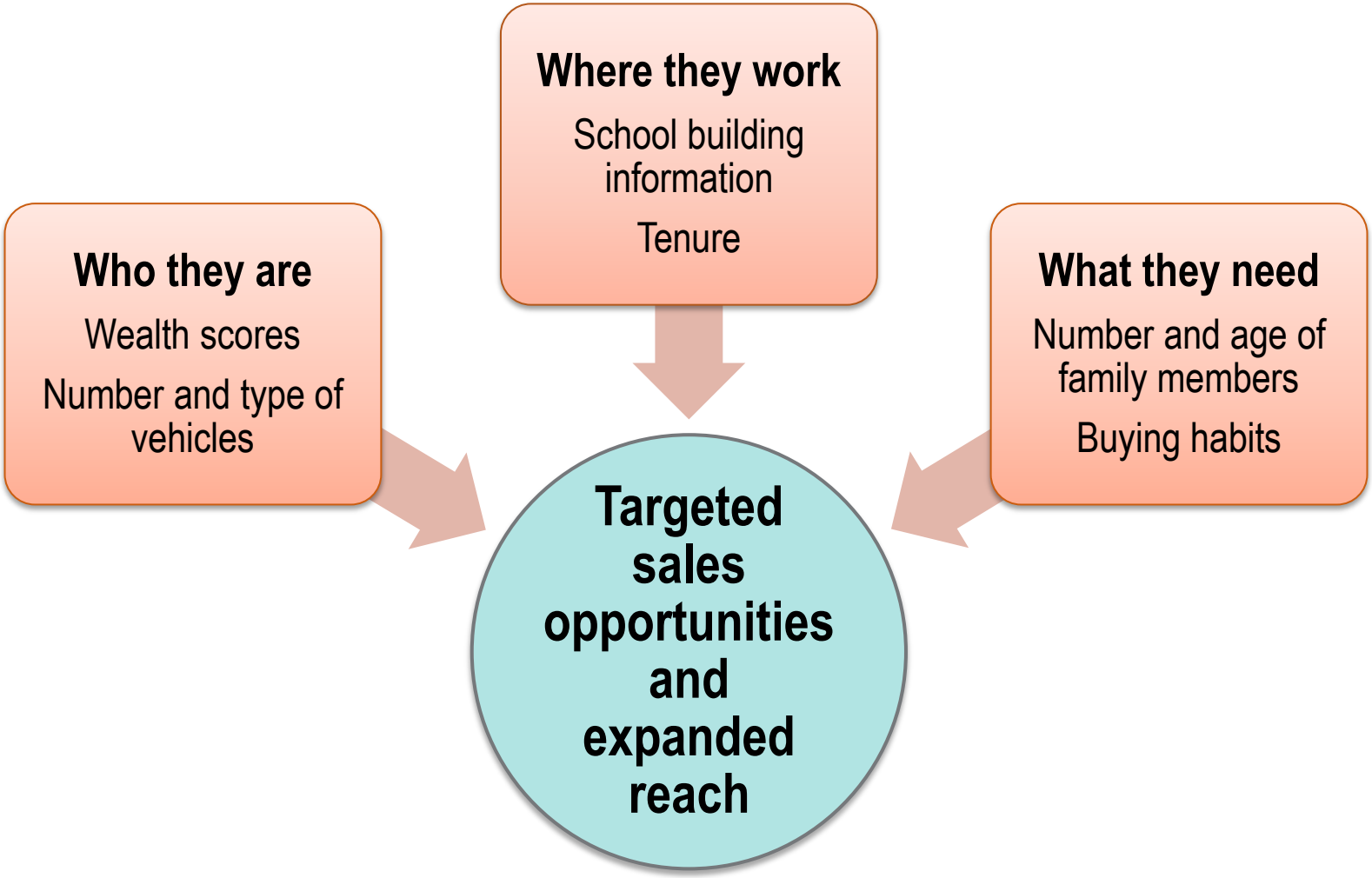
Sizable opportunity with new and existing educators



- The Public K-12 education market includes more than 6.1 million individuals
- Projected to grow by 15% between 2010 to 2021(1)
- Current customer base of ~ 360,000 educator households
- Opportunities exist to attract new customers and deepen cross-sell efforts
  - Industry leading cross-line penetration (11% for the industry/ 19% for Horace Mann)
- Sizable demographic shift as Baby Boomers retire and Millennials enter the workforce
  - Strong retention and persistency ratios with Baby Boomers
  - Additional opportunity for growth with Millennials

(1) *U.S. Dept. of Education, National Center for Education Statistics, Projections of Education Statistics to 2021, January 2013*
(2) *U.S. Dept. of Education, National Center for Education Statistics, Digest of Education Statistics, October 2014*
(3) *U.S. Dept. of Education, National Center for Education Statistics, Digest of Education Statistics, February 2015*
(4) *U.S. Dept. of Education, National Center for Education Statistics, Higher Education General Information Survey, August 2014 (Estimated, current year Education major Bachelors Degrees awarded times 4)*
(5) *U.S. Dept. of Education, National Center for Education Statistics, Private School Universe Survey, July 2013 (Total private employment estimated based on public teacher/staff ratio)*
(6) *Analysis of 2013 State Teacher and Public Employee Retirement Plans (Conservative estimate of Public K-12 retirees receiving benefits)*

By gathering and analyzing ‘Big Data,’ we know just as much about our prospects as we do our customers



This fuels our strategy to convert non-Horace Mann educators to Horace Mann customers

Tools in place to accelerate efforts to profitably grow

Product
A robust suite that covers educator insurance and savings needs

Distribution
Focus on quality and productivity, informed by sophisticated Big Data capabilities

Infrastructure
Upgrades to improve ease of doing business and efficiency

- Grow educator households
- Improve our already industry-leading cross-sell ratio
- Continued strong earnings growth and book value