

REFINITIV

## DELTA REPORT

### 10-Q

HMN - HORACE MANN EDUCATORS COR

10-Q - MARCH 31, 2024 COMPARED TO 10-Q - SEPTEMBER 30, 2023

The following comparison report has been automatically generated

**TOTAL DELTAS** 1703

■ CHANGES	380
■ DELETIONS	779
■ ADDITIONS	544

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
For the quarterly period ended **September 30, 2023** **March 31, 2024**  
or  
 TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
For the transition period from \_\_\_\_\_ to \_\_\_\_\_  
Commission file number 1-10890

**HORACE MANN EDUCATORS CORPORATION**

(Exact name of registrant as specified in its charter)

Delaware

37-0911756

(State or other jurisdiction of incorporation or organization)

(I.R.S. Employer Identification No.)

1 Horace Mann Plaza, Springfield, Illinois 62715-0001

(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: 217-789-2500

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, \$0.001 par value	HMN	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (\$232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act.). Yes  No

As of **October 31, 2023** **April 30, 2024**, the registrant had **40,835,262** **common** **40,963,670** **common** shares, \$0.001 par value, outstanding.

HORACE MANN EDUCATORS CORPORATION

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REFINITIV 

QUARTERLY REPORT ON FORM 10-Q  
 FOR THE QUARTERLY PERIOD ENDED **SEPTEMBER 30, 2023** **MARCH 31, 2024**  
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SIGNATURES

**7660**

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## PART I: FINANCIAL INFORMATION

### ITEM 1. | Consolidated Financial Statements

#### Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Directors  
Horace Mann Educators Corporation:

##### Results of Review of Interim Financial Information

We have reviewed the consolidated balance sheet of Horace Mann Educators Corporation and subsidiaries (the Company) as of September 30, 2023, the related consolidated statements of operations, comprehensive income (loss), and changes in shareholders' equity for the three and nine-month periods ended September 30, 2023 and 2022, the related consolidated statements of cash flows for the nine-month periods ended September 30, 2023 and 2022, and the related notes (collectively, the consolidated interim financial information). Based on our reviews, we are not aware of any material modifications that should be made to the consolidated interim financial information for it to be in conformity with U.S. generally accepted accounting principles.

We have previously audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheet of the Company as of December 31, 2022, and the related consolidated statements of operations, comprehensive income (loss), changes in shareholders' equity, and cash flows for the year then ended (not presented herein); and in our report dated February 28, 2023, we expressed an unqualified opinion on those consolidated financial statements. As described in Note 1 to the Company's consolidated interim financial information, on January 1, 2023 the Company adopted Accounting Standard Update (ASU) No. 2018-12, *Financial Services - Insurance (Topic 944): Targeted Improvements to the Accounting for Long-Duration Contracts* (ASU No. 2018-12), using the modified retrospective adoption method for the Liability for Future Policy Benefits and Deferred Acquisition Costs and the full retrospective adoption method for Market Risk Benefits resulting in revision of the December 31, 2022 consolidated balance sheet. We have not audited and reported on the revised December 31, 2022 consolidated balance sheet reflecting the adoption of ASU No. 2018-12.

##### Basis for Review Results

This consolidated interim financial information is the responsibility of the Company's management. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our reviews in accordance with the standards of the PCAOB. A review of consolidated interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the PCAOB, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

/s/ KPMG LLP

KPMG LLP

Chicago, Illinois

November 7, 2023

Horace Mann Educators Corporation

Third Quarter 2023 Form 10-Q

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#### HORACE MANN EDUCATORS CORPORATION CONSOLIDATED BALANCE SHEETS (UNAUDITED) (\$ in millions, except share data)

	September 30, 2023	December 31, 2022
<b>Assets</b>		
Investments		
Fixed maturity securities, available for sale, at fair value (amortized cost, net 2023, \$5,641.6; 2022, \$5,756.9)	\$ 4,961.6	\$ 5,185.0
Equity securities at fair value	77.0	99.6
Limited partnership interests	1,142.6	983.7

Short-term and other investments		338.2		319.3
Total investments		6,519.4		6,587.6
Cash		34.5		42.8
Deferred policy acquisition costs		334.9		330.6
Reinsurance balances receivable		441.1		468.0
Deposit asset on reinsurance		2,515.7		2,516.6
Intangible assets		174.0		185.2
Goodwill		54.3		54.3
Other assets		364.6		328.7
Separate Account variable annuity assets		2,974.0		2,792.3
Total assets	\$	13,412.5	\$	13,306.1
<b>Liabilities and Shareholders' Equity</b>				
Policy liabilities				
Future policy benefit reserves	\$	1,613.4	\$	1,718.0
Policyholders' account balances		5,204.0		5,260.6
Unpaid claims and claim expenses		586.6		564.0
Unearned premiums		296.4		266.1
Total policy liabilities		7,700.4		7,808.7
Other policyholder funds		915.9		809.3
Other liabilities		224.8		299.5
Short-term debt		—		249.0
Long-term debt		546.1		249.0
Separate Account variable annuity liabilities		2,974.0		2,792.3
Total liabilities		12,361.2		12,207.8
Preferred stock, \$0.001 par value, authorized 1,000,000 shares; none issued		—		—
Common stock, \$0.001 par value, authorized 75,000,000 shares; issued, 2023, 66,746,349; 2022, 66,618,465		0.1		0.1
Additional paid-in capital		508.5		502.6
Retained earnings		1,476.5		1,512.4
Accumulated other comprehensive income (loss), net of tax:				
Net unrealized investment losses on fixed maturity securities		(534.7)		(449.6)
Net reserve remeasurements attributable to discount rates		133.6		59.0
Net funded status of benefit plans		(8.8)		(8.8)
Treasury stock, at cost, 2023, 25,911,087 shares; 2022, 25,714,153 shares		(523.9)		(517.4)
Total shareholders' equity		1,051.3		1,098.3
Total liabilities and shareholders' equity	\$	13,412.5	\$	13,306.1

	March 31, 2024 (Unaudited)	December 31, 2023
<b>Assets</b>		
Investments		
Fixed maturity securities, available for sale, at fair value (amortized cost, net 2024, \$5,785.4; 2023, \$5,652.9)	\$ 5,342.7	\$ 5,235.3
Equity securities at fair value, (cost \$101.7 and \$86.2)	84.7	86.2
Limited partnership interests	1,119.3	1,138.8
Policy loans	140.7	141.4
Short-term and other investments	170.5	228.8
Total investments	6,857.9	6,830.5
Cash	20.4	29.7

Deferred policy acquisition costs	337.3	336.3
Reinsurance balances receivable	449.3	480.5
Deposit asset on reinsurance	2,472.4	2,496.6
Intangible assets	166.7	170.3
Goodwill	54.3	54.3
Other assets	361.1	357.6
Separate Account variable annuity assets	3,516.9	3,294.1
<b>Total assets</b>	<b>\$ 14,236.3</b>	<b>\$ 14,049.9</b>
<b><i>Liabilities and Shareholders' Equity</i></b>		
Policy liabilities		
Future policy benefit reserves	\$ 1,702.1	\$ 1,761.8
Policyholders' account balances	5,137.6	5,187.0
Unpaid claims and claim expenses	584.4	581.7
Unearned premiums	299.8	300.9
<b>Total policy liabilities</b>	<b>7,723.9</b>	<b>7,831.4</b>
Other policyholder funds	941.1	916.0
Other liabilities	296.8	287.1
Long-term debt	546.2	546.0
Separate Account variable annuity liabilities	3,516.9	3,294.1
<b>Total liabilities</b>	<b>13,024.9</b>	<b>12,874.6</b>
Preferred stock, \$0.001 par value, authorized 1,000,000 shares; none issued	—	—
Common stock, \$0.001 par value, authorized 75,000,000 shares; issued, 2024, 66,876,995; 2023, 66,747,821	0.1	0.1
Additional paid-in capital	513.1	510.9
Retained earnings	1,514.4	1,502.2
Accumulated other comprehensive income (loss), net of tax:		
Net unrealized investment losses on fixed maturity securities	(348.0)	(328.3)
Net reserve remeasurements attributable to discount rates	63.3	21.9
Net funded status of benefit plans	(7.6)	(7.6)
Treasury stock, at cost, 2024, 25,911,087 shares; 2023, 25,911,087 shares	(523.9)	(523.9)
<b>Total shareholders' equity</b>	<b>1,211.4</b>	<b>1,175.3</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 14,236.3</b>	<b>\$ 14,049.9</b>

The accompanying Notes are an integral part of these Consolidated Financial Statements.

Horace Mann Educators Corporation



Third First Quarter 2024 Form 10-Q

**HORACE MANN EDUCATORS CORPORATION**  
**CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS) (UNAUDITED)**  
(\$ in millions, except per share data)

	Three Months Ended September 30,	Nine Months Ended September 30,
Three Months Ended March 31,		
Three Months Ended March 31,		

		Three Months Ended March 31,				2024	2023
Statements of Operations	Statements of Operations	2023	2022	2023	2022		
Revenues	Revenues						
Revenues							
Revenues							
Net premiums and contract charges earned							
Net premiums and contract charges earned							
Net premiums and contract charges earned	Net premiums and contract charges earned	\$266.0	\$257.4	\$782.6	\$768.6		
Net investment income	Net investment income	118.9	97.6	327.8	300.7		
Net investment losses		(8.4)	(12.8)	(29.7)	(43.8)		
Net investment gains (losses)							
Other income	Other income	2.2	0.4	8.3	9.7		
Total revenues	Total revenues	378.7	342.6	1,089.0	1,035.2		
Total revenues							
Benefits, losses and expenses	Benefits, losses and expenses						
Benefits, losses and expenses							
Benefits, losses and expenses							
Benefits, losses and expenses							
Benefits, losses and expenses	Benefits, losses and expenses	199.2	167.1	587.6	545.7		
Interest credited	Interest credited	52.7	44.8	152.1	125.9		
Operating expenses	Operating expenses	75.7	75.6	235.6	229.4		
DAC amortization expense	DAC amortization expense	26.3	22.2	75.4	65.7		
Intangible asset amortization expense	Intangible asset amortization expense	3.7	4.2	11.1	12.6		
Interest expense	Interest expense	7.5	5.3	21.1	13.5		
Total benefits, losses and expenses	Total benefits, losses and expenses	365.1	319.2	1,082.9	992.8		
Total benefits, losses and expenses							
Income before income taxes	Income before income taxes						
Income before income taxes							
Income before income taxes	Income before income taxes	13.6	23.4	6.1	42.4		
Income tax expense	Income tax expense	1.9	3.0	0.6	5.9		



Other comprehensive loss	(50.3)	(104.3)	(10.5)	(383.2)
Other comprehensive income				
Comprehensive income (loss)	\$ (38.6)	\$ (83.9)	\$ (5.0)	\$ (346.7)

The accompanying Notes are an integral part of these Consolidated Financial Statements.

Horace Mann Educators Corporation

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**HORACE MANN EDUCATORS CORPORATION**  
**CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (UNAUDITED)**  
(\$ in millions, except per share data)

	Three Months Ended		Nine Months Ended		2024	2023		
	September 30,		September 30,					
	2023	2022	2023	2022				
Three Months Ended								
	March 31,		March 31,					
	Three Months Ended		March 31,					
	2024		2024					
Common stock, \$0.001 par value	Common stock, \$0.001 par value							
Beginning balance								
Beginning balance								
Beginning balance	Beginning balance	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1			
Options exercised	Options exercised	—	—	—	—			
Conversion of common stock units	Conversion of common stock units	—	—	—	—			
Conversion of restricted stock units	Conversion of restricted stock units	—	—	—	—			
Ending balance	Ending balance	0.1	0.1	0.1	0.1			
Additional paid-in capital	Additional paid-in capital							
Additional paid-in capital								
Beginning balance								
Beginning balance								
Beginning balance	Beginning balance	505.7	498.1	502.6	495.3			
Options exercised and conversion of common and restricted stock units	Options exercised and conversion of common and restricted stock units	0.3	0.2	(0.8)	(1.1)			

Share-based compensation expense	Share-based compensation expense	2.5	2.1	6.7	6.2
Ending balance	Ending balance	508.5	500.4	508.5	500.4
Retained earnings	Retained earnings				
Retained earnings					
Beginning balance					
Beginning balance	Beginning balance	1,478.6	1,535.3	1,512.4	1,547.0
Net income	Net income	11.7	20.4	5.5	36.5
Dividends, 2023, \$0.33 per share; 2022, \$0.32 per share		(13.8)	(13.3)	(41.4)	(40.3)
Effect of adopting ASU 2018-12 <sup>(1)</sup>		—	—	—	(0.8)
Dividends, 2024, \$0.34 per share; 2023, \$0.33 per share					
Ending balance	Ending balance	1,476.5	1,542.4	1,476.5	1,542.4
Accumulated other comprehensive income (loss), net of tax:	Accumulated other comprehensive income (loss), net of tax:				
Beginning balance					
Beginning balance	Beginning balance				
Beginning balance	Beginning balance	(359.6)	(328.9)	(399.4)	(50.0)
Change in net unrealized investment losses on fixed maturity securities	Change in net unrealized investment losses on fixed maturity securities				
		(141.0)	(215.0)	(85.1)	(843.9)
Change in net reserve remeasurements attributable to discount rates	Change in net reserve remeasurements attributable to discount rates				
		90.7	110.7	74.6	460.7
Change in net funded status of benefit plans	Change in net funded status of benefit plans				
		—	—	—	—
Ending balance	Ending balance	(409.9)	(433.2)	(409.9)	(433.2)
Treasury stock, at cost	Treasury stock, at cost				
Treasury stock, at cost					
Beginning balance					
Beginning balance	Beginning balance				
Beginning balance	Beginning balance	(522.9)	(507.4)	(517.4)	(493.4)

Treasury stock	Treasury stock			
acquired - share	acquired - share			
repurchase	repurchase			
authorization	authorization	(1.0)	(10.0)	(6.5)
Ending balance	Ending balance	(523.9)	(517.4)	(523.9)
				(517.4)
Shareholders' equity at end of period	Shareholders' equity at end of period	\$ 1,051.3	\$ 1,092.3	\$ 1,051.3
				\$ 1,092.3

<sup>10</sup> See Note 1 to the Consolidated Financial Statements for information regarding the adoption of ASU 2018-12.

The accompanying Notes are an integral part of these Consolidated Financial Statements.

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**HORACE MANN EDUCATORS CORPORATION**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)**  
(\$ in millions)

		Nine Months Ended September 30,		Three Months Ended March 31,	
		2023	2022	2024	2023
Cash flows - operating activities	Cash flows - operating activities				
Net income	Net income	\$ 5.5	\$ 36.5		
Net income					
Net income					
Adjustments to reconcile net income (loss) to net cash provided by operating activities:	Adjustments to reconcile net income (loss) to net cash provided by operating activities:				
Net investment losses	Net investment losses	29.8	43.8		
Net investment gains (losses)	Net investment gains (losses)				
Net investment gains (losses)	Net investment gains (losses)				
Depreciation and intangible asset amortization	Depreciation and intangible asset amortization	19.5	20.7		
Share-based compensation expense	Share-based compensation expense	7.1	6.7		
Loss (gain) from equity method investments, net of dividends or distributions	Loss (gain) from equity method investments, net of dividends or distributions	9.0	2.1		

Other expense - goodwill impairment		
Changes in:	Changes in:	
Insurance liabilities		
Insurance liabilities		
Insurance liabilities	122.3	223.5
Amounts due under reinsurance agreements	26.9	(304.3)
Income tax liabilities	8.1	125.1
Other operating assets and liabilities	(28.1)	(42.6)
Other, net	Other, net	(0.9) 4.3
Net cash provided by operating activities	Net cash provided by operating activities	199.2 115.8
Cash flows - investing activities	Cash flows - investing activities	
Fixed maturity securities		
Purchases	(462.3)	(901.3)
Sales	341.4	529.9
Maturities, paydowns, calls and redemptions	213.9	428.8
Equity securities		
Purchases	(2.4)	(4.5)
Sales and repayments	16.6	7.0
Limited partnership interests		
Purchases	(183.2)	(332.3)
Sales	15.1	45.5
Fixed maturity securities purchases		
Fixed maturity securities sales		
Fixed maturity securities maturities, paydowns, calls and redemptions		
Equity securities purchases		
Equity securities sales and repayments		
Limited partnership interests purchases		
Limited partnership interests sales		
Change in short-term and other investments, net	Change in short-term and other investments, net	(24.7) 95.4

Acquisition of business, net of cash acquired	—	(164.4)
Other-net		
Other-net		
Other-net		
Net cash used in investing activities	Net cash used in investing activities	(85.6) (295.9)
Cash flows - financing activities	Cash flows - financing activities	
Dividends paid to shareholders	Dividends paid to shareholders	(40.4) (39.5)
Proceeds from issuance of 2023 Senior Notes due 2028		297.7 —
Principal repayment on Revolving Credit Facility		(249.0) —
Principal repayment on FHLB borrowings		— (5.0)
Treasury stock acquired	Treasury stock acquired	(6.5) (24.0)
Treasury stock acquired		
Proceeds from exercise of stock options		
Withholding tax payments on RSUs tendered	Withholding tax payments on RSUs tendered	(1.8) (2.4)
Annuity contracts: variable, fixed and FHLB funding agreements:	Annuity contracts: variable, fixed and FHLB funding agreements:	
Deposits including advances from FHLB funding agreements		571.8 516.7
Deposits		
Benefits, withdrawals and net transfers to Separate Account variable annuity assets	Benefits, withdrawals and net transfers to Separate Account variable annuity assets	(464.3) (340.6)
Repayment of FHLB funding agreements	Repayment of FHLB funding agreements	(89.5) (94.0)
Life policy accounts:		
Deposits		9.4 7.7
Withdrawals and surrenders		(3.2) (2.8)
Life policy accounts, deposits, withdrawals, and surrenders		
Change in deposit asset on reinsurance	Change in deposit asset on reinsurance	(78.6) (32.4)

Net increase (decrease) in reverse repurchase agreements	Net increase (decrease) in reverse repurchase agreements	(70.0)	95.2
Change in book overdrafts	Change in book overdrafts	2.5	3.7
Net cash provided by (used in) financing activities		(121.9)	82.6
Net cash used in financing activities			
Net decrease in cash	Net decrease in cash	(8.3)	(97.5)
Cash at beginning of period	Cash at beginning of period	42.8	133.7
Cash at end of period	Cash at end of period	\$ 34.5	\$ 36.2

The accompanying Notes are an integral part of these Consolidated Financial Statements.

Horace Mann Educators Corporation

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Third First Quarter 2023 2024 Form 10-Q

**HORACE MANN EDUCATORS CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**

**NOTE 1 - Basis of Presentation and Significant Accounting Policies**

**Business**

Horace Mann Educators Corporation is a holding company for insurance subsidiaries that market and underwrite personal lines of property and casualty insurance products (primarily personal lines of auto and property insurance), life insurance products, retirement products (primarily tax-qualified fixed and variable annuities), worksite direct insurance products (primarily cancer, heart, hospital, supplemental disability and accident coverages), and employer-sponsored group benefit products (primarily short-term and long-term group disability, and group term life coverages), primarily to K-12 teachers, administrators and other employees of public schools and their families (collectively, HMEC, the Company or Horace Mann).

The Company conducts and manages its business in four reporting segments: (1) Property & Casualty, (2) Life & Retirement, (3) Supplemental & Group Benefits and (4) Corporate & Other.

**Basis of Presentation**

The accompanying Consolidated Financial Statements have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) and with the rules and regulations of the Securities and Exchange Commission (SEC). Certain information and disclosures normally included in annual financial statements prepared in conformity with GAAP, but are not required for interim reporting purposes, have been omitted. These Consolidated Financial Statements and Notes thereto should be read in conjunction with the Consolidated Financial Statements and Notes thereto included in Part II - Item 8 of the Company's Annual Report on Form 10-K for the year ended **December 31, 2022** **December 31, 2023**. The results of operations for the three **and nine** months ended **September 30, 2023** **March 31, 2024** are not necessarily indicative of the results to be expected for the full year.

The accompanying Consolidated Financial Statements and Notes thereto are unaudited and reflect all adjustments (generally consisting only of normal recurring accruals) which are, in the opinion of management, necessary for the fair presentation of the consolidated financial position, results of operations and cash flows for the interim periods. The Company's significant accounting policies are summarized in Part II - Item 8, Note 1 of the Consolidated Financial Statements in the Company's Annual Report on Form 10-K for the year ended **December 31, 2022** **December 31, 2023**.

The Company has reclassified the presentation of certain prior period information to conform to the current year's presentation.

**Consolidation**

All intercompany transactions and balances between HMEC and its subsidiaries and affiliates have been eliminated.

**Use of Estimates**

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities **and** disclosure of contingent assets and liabilities at the reporting date of the consolidated financial statements, and the reported amounts of revenues and expenses

during the reporting period. Actual results could differ from these estimates.

The most significant critical accounting estimates include valuation of hard-to-value fixed maturity securities, evaluation of credit loss impairments for fixed maturity securities, evaluation of goodwill and intangible assets for impairment, valuation of annuity future policy benefit reserves, and life deferred policy acquisition costs, valuation of liabilities for property and casualty unpaid claims and claim expense reserves, valuation reserves.

#### Future Adoption of liabilities for group benefits unpaid claims and claim expense reserves, valuation of future policy benefit reserves and policyholders' account balances and valuation of long-duration insurance contracts under New Accounting Standards

##### Improvements to Reportable Segment Disclosures

In November 2023, the new accounting guidance in FASB issued ASU 2018-12.

2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures. This update will improve reportable segment disclosure requirements, primarily through

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#### NOTE 1 - Basis of Presentation and Significant Accounting Policies (continued)

##### Adoption of New Accounting Standards

###### Accounting for Long-Duration Insurance Contracts

In August 2018, the FASB issued enhanced disclosures about significant segment expenses. ASU 2018-12, Financial Services – Insurance (Topic 944): Targeted Improvements to the Accounting for Long-Duration Contracts, as clarified and amended by (i) ASU 2019-09, Financial Services - Insurance (Topic 944): Effective Date, and (ii) ASU 2020-11, Financial Services - Insurance (Topic 944): Effective Date and Early Application (collectively referred to herein as ASU 2018-12). ASU 2018-12 changed existing recognition, measurement, presentation, and disclosure requirements for long-duration contracts. ASU 2018-12 2023-07 includes: (1) a requirement to review disclose significant segment expenses that are regularly provided to the chief operating decision maker (CODM) and if there is a change, update cash flow assumptions used to included within each reported measure the liability for future policy benefits (LFPB) at least annually, and to update the discount rate assumption quarterly, (2) of segment profit or loss, 2) a requirement to account disclose an amount for market risk benefits (MRBs) at fair value, (3) simplified amortization for deferred policy acquisition costs (DAC) other segment items by reportable segment and a description of its composition, 3) a requirement to disclose a reportable segments profit or loss and assets currently required by Topic 280 in interim periods, 4) clarifies that in addition to the measure that is most consistent with the measurement principles under generally accepted accounting principles (GAAP), a public entity is not precluded from reporting additional measures of a segment's profit or loss that are used by the CODM in assessing segment performance and (4) enhanced financial statement presentation deciding how to allocate resources, and disclosures. ASU 2018-12 became 5) a requirement to disclose the title and position of the CODM and an explanation of how the CODM uses the reported measure(s) of segment profit or loss in assessing segment performance and deciding how to allocate resources.

This guidance will be effective for the Company for interim and annual periods beginning after December 15, 2022 December 15, 2023 and interim periods beginning after December 15, 2024.

Early adoption is permitted. The Company adopted ASU 2018-12 for LFPB and DAC on a modified retrospective basis such that those balances were adjusted to conform to ASU 2018-12 on January 1, 2021. The Company adopted ASU 2018-12 for MRBs on a full retrospective basis, using hindsight where necessary. For variable annuities, actuarial assumptions (mortality, lapse, and premium payment patterns) used to measure MRBs were unobservable for years prior to 2006 and thus, hindsight was used to determine relevant assumptions for transition purposes. The factors used in applying hindsight included internal experience studies, the historical economic environment, actual performance of the business, and relevant industry information.

The following table summarizes the balance of and changes in LFPB on January 1, 2021 due to adoption of ASU 2018-12. The guidance will have no net impact of shifts between deferred profit liabilities (DPL) and LFPB for limited-payment products are presented as offsetting line items in the effect of net premiums exceeding gross premiums and the effect of decrease/increase of DPL.

(\$ in millions)											
	Whole Life		Term Life		Experience Life		Life		Supplemental Health <sup>(1)</sup>		SPIA (life contingent)
Balance, end of year December 31, 2020	\$ 218.7	\$ 93.2	\$ 758.3	\$ 51.3	\$ 392.5	\$ 115.9					
Change in discount rate assumptions	111.5	27.3	433.0	18.2	23.0	20.6					
Change in cash flow assumptions, effect of net premiums exceeding gross premiums	0.4	—	—	—	—	—					
Adjusted balance, beginning of year January 1, 2021	330.6	120.5	1,191.3	69.5	415.5	136.5					
Less: Reinsurance recoverables, end of year December 31, 2020	(0.1)	(5.4)	(1.3)	(0.1)	—	—					
Less: Change in discount rate assumptions	(0.2)	(0.9)	(0.7)	(0.1)	—	—					
Adjusted balance, beginning of year January 1, 2021, net of reinsurance	\$ 330.3	\$ 114.2	\$ 1,189.3	\$ 69.3	\$ 415.5	\$ 136.5					

As of January 1, 2021, the net LFPB for Supplemental Health was \$163.5 million for cancer, \$31.2 million for accident, \$32.0 million for disability and \$188.8 million for other supplemental health policies.

## NOTE 1 - Basis of Presentation and Significant Accounting Policies (continued)

The following table summarizes the balance of and changes in DAC on January 1, 2021 due to adoption of ASU 2018-12:

	(\$ in millions)						
	Whole Life	Term Life	Experience Life	Limited-Pay Whole Life	Indexed Universal Life	Supplemental Health	Total Annuities
Balance, end of year							
December 31, 2020	\$ 17.8	\$ 25.6	\$ 2.6	\$ 4.4	\$ 11.3	\$ 4.3	\$ 137.7
Adjustment for removal of related balances in AOCI	—	—	3.6	—	1.6	—	85.4
Adjusted balance, beginning of year							
January 1, 2021	\$ 17.8	\$ 25.6	\$ 6.2	\$ 4.4	\$ 12.9	\$ 4.3	\$ 223.1

The following table summarizes the balance of and changes in the net liability position of MRBs on January 1, 2021 due to adoption of ASU 2018-12:

	(\$ in millions)	
Balance, end of year December 31, 2020	\$	0.1
Adjustment for the difference between carrying amount and fair value, except for the difference due to instrument-specific credit risk		6.8
Adjustment for cumulative effect of changes in the instrument-specific credit risk at issuance		1.7
Total adjustment for the difference between carrying amount and fair value		8.5
Balance, beginning of year January 1, 2021		8.6
Less: Reinsurance recoverable		—
Balance, beginning of year January 1, 2021, net of reinsurance	\$	8.6

The following table presents the effect of the after-tax transition adjustments on consolidated shareholders' equity due to adoption of ASU 2018:

(\$ in millions)	January 1, 2021	
	AOCI	Retained Earnings
Liability for future policy benefits	\$ (496.3)	\$ (0.2)
Deferred policy acquisition costs	71.1	—
Deferred sales inducements	—	—
Market risk benefits	(1.3)	(5.4)
Total	\$ (426.5)	\$ (5.6)

For LFPB, the net transition adjustment is related to the difference in the discount rate used pre-transition and the discount rate at January 1, 2021. At transition, the Company had several instances, at the cohort level, where net premiums exceeded gross premiums which were recorded as an adjustment to retained earnings. For DAC, the Company removed shadow adjustments previously recorded in accumulated other comprehensive income (loss) (i.e., AOCI) for the impact of net unrealized investment gains (losses) that were included in the pre-ASU 2018-12 expected gross profits amortization calculation as of the transition date.

For MRBs, the transition adjustment to AOCI relates to the cumulative effect of changes in the instrument-specific credit risk between contract issue date and transition date. The remaining difference between the fair value and carrying amount of MRBs at transition, excluding the amounts recorded in AOCI, was recorded as an adjustment to retained earnings as of the transition date.

## NOTE 1 - Basis of Presentation and Significant Accounting Policies (continued)

While the requirements of ASU 2018-12 represent a significant change from legacy GAAP, the adoption of ASU 2018-12 did not impact cash flows on the Company's policies, or the underlying economics of the Company's business. The Company's insurance subsidiaries' risk-based capital amounts and ratios, and regulatory dividends are not impacted as the National Association of Insurance Commissioners (NAIC) rejected ASU 2018-12.

See Note 12 for summarization of the effects of adopting ASU 2018-12 on the Company's 2022 Consolidated Financial Statements, consolidated financial position, results of operations, or cash flows.

### Significant Accounting Policies Improvements to Income Tax Disclosures

The following significant accounting policy has been added In December 2023, the FASB issued ASU 2023-09, Income Taxes (Topic 740): Improvements to reflect Income Tax Disclosures. This update will improve the Company's adoption transparency of ASU 2018-12 as described above, income tax disclosures by requiring (1) consistent categories and greater disaggregation of information in the rate reconciliation and (2) income taxes paid disaggregated by jurisdiction. It also includes certain other amendments to improve the effectiveness of income tax disclosures.

**Liability** This guidance will be effective for Future Policy Benefits

LFPB, which is the present value of estimated future policy benefits to be paid to or on behalf of policyholders and certain related expenses less the present value of estimated future net premiums to be collected from policyholders, is accrued as premium revenue is recognized. The liability is estimated using current assumptions that include discount rate, mortality, lapses, and expenses. These current assumptions are based on judgments that consider the Company's historical experience, industry data, and other factors.

For traditional, limited-payment and supplemental health contracts, such contracts are grouped into cohorts by contract type and issue year. The liability is adjusted for differences between actual and expected experience. With the exception of the expense assumption, the Company reviews its historical for annual periods beginning after December 15, 2024 and future cash flow assumptions at least annually and updates the interim periods beginning after December 15, 2025. Early adoption is permitted. The guidance will have no net premium ratio used to calculate the liability each time the assumptions are changed. The Company has elected to use expense assumptions that are locked-in at contract inception and are not subsequently reviewed or updated. At least annually, the Company updates its estimate of cash flows expected over the entire life of a group of contracts using actual historical experience and current future cash flow assumptions. These updated cash flows are used to calculate the revised net premiums and net premium ratio, which are used to derive an updated LFPB as of the beginning of the current reporting period, discounted at the original contract issuance discount rate. This amount is then compared to the carrying amount of the liability as of that same date, before updating cash flow assumptions, to determine the current period change in liability estimate. This current period change in liability estimate is the liability remeasurement gain or loss. The impact of updated cash flow assumptions as well as the periodic liability remeasurement gain or loss is recognized as Benefits, claims and settlement expenses in the Consolidated Statements of Operations and Comprehensive Income (Loss). In subsequent periods, the revised net premiums are used to measure LFPB, subject to future revisions.

For traditional and limited-payment contracts, a standard discount rate is used to measure the liabilities that is equivalent to the yield from an A-rated bond. The discount rate assumption is updated quarterly and used to remeasure the liability at the reporting date, with the resulting change reflected in other comprehensive income. For liability cash flows that are projected beyond the duration of market-observable A-rated bond, the Company uses the last market-observable yield level, and uses linear interpolation to determine yield assumptions for durations that do not have market-observable yields.

### Deferred Profit Liability

For limited-payment products, gross premiums received in excess of net premiums are deferred at initial recognition as a DPL. Gross premiums are measured using assumptions consistent with those used in the measurement of LFPB, including discount rate, mortality, lapses, and expenses.

DPL is amortized and recognized as premium revenue in proportion to insurance in force for life insurance contracts and expected future benefit payments for annuity contracts. Interest is accrued on the balance of DPL using the discount rate determined at contract issuance. The Company reviews and updates its estimates of cash flows for DPL at the same time as the estimates of cash flows for the liability for future policy benefits. When cash flows are updated, the updated estimates are used to recalculate DPL at contract issuance. The recalculated DPL as of the beginning of the current reporting period is compared to the carrying amount of DPL as of the beginning of the current reporting period, and any difference is recognized as either a charge or credit to Net premiums and contract charges earned presented in the Consolidated Statements of Operations and Comprehensive Income (Loss).

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## NOTE 1 - Basis of Presentation and Significant Accounting Policies (continued)

DPL is recognized as a component of the Investment contract and future policy benefit reserves presented in the Consolidated Balance Sheets.

### Market Risk Benefits

MRBs are contracts or contract features that both provide protection to the contract holder from other-than-nominal capital market risk and expose the Company to other-than-nominal capital market risk. MRBs include guaranteed minimum death benefits on variable annuity products. MRBs are measured at fair value using a non-option-based valuation model based on current net amounts at risk, market data, Company experience, and other factors. Changes in fair value of MRBs are recognized as a component of Benefits, claims and settlement expenses presented in the Consolidated Statements of Operations and Comprehensive Income (Loss) each period with the exception of the portion of the change in fair value due to a change in the instrument-specific credit risk, which is recognized in other comprehensive income.

MRBs are recognized as a component of Policyholders' account balances reserves presented in the Consolidated Balance Sheets.

### Deferred Policy Acquisition Costs and Deferred Sales Inducements

DAC are costs that are incremental and directly related to the successful acquisition of new or renewal insurance contracts. Such costs include the incremental direct costs of contract acquisition, such as sales commissions; the portion of employees' total compensation and payroll-related fringe benefits related directly to time spent performing acquisition activities, such as underwriting, issuing, and processing policies for contracts that have actually been acquired; and other costs related directly to acquisition activities that would not have been incurred if the contract had not been acquired.

Contracts are grouped by contract type and issue year into cohorts consistent with the grouping used in estimating the associated liability. DAC is amortized on a constant level basis for the grouped contracts over the expected term of the related contracts to approximate straight-line amortization. For all life insurance products, the constant level basis used is face amount in force. For all deferred annuity products, the constant level basis used is the deposit amount in force. The constant level bases used for amortization are projected using mortality and lapse assumptions that are based on the Company's experience, industry data, and other factors and are consistent with those used for LFPB. If those projected assumptions change in future periods, they will be reflected in the cohort level amortization basis at that time. Unexpected terminations, due to mortality and lapse experience higher than expected, are recognized in the current period as a reduction in the consolidated financial position, results of the capitalized balances.

Amortization of DAC is recognized as DAC amortization expense presented in the Consolidated Statements of Operations and Comprehensive Income (Loss). The DAC balance is reduced for actual experience in excess of expected experience. Changes in future estimates are recognized prospectively over the remaining expected contract term.

Deferred sales inducements (DSIs) are contract features that are intended to attract new customers or to persuade existing customers to keep their current policy. DSIs may be deferred if the Company can demonstrate that the deferred sales inducement amounts are both incremental to the amounts Company credits on similar contracts without sales inducements and the amounts are higher than the contract's expected ongoing crediting rates for periods after the inducement. Day-one bonuses and persistency bonuses generally meet the criteria to be deferred. DSIs are amortized using the same methodology and assumptions used to amortize DAC.

cash flows.

## NOTE 2 - Investments

### Net Investment Income

The components of net investment income for the following periods were as follows:

(\$ millions)		in (\$ millions)		Three Months Ended September 30, 2023		Nine Months Ended September 30, 2023		(\$ in millions)		Three Months Ended March 31, 2024		2024		2023	
		2023	2022	2023	2022	2023	2022	2023	2022	2024	2023	2024	2023	2024	2023
Fixed maturity securities	Fixed maturity securities	\$ 68.7	\$ 63.9	\$ 201.6	\$ 184.5										
Equity securities	Equity securities	1.3	1.8	4.7	7.1										
Limited partnership interests	Limited partnership interests	20.5	5.1	40.6	31.3										
Short-term and other investments	Short-term and other investments	4.6	2.8	11.6	8.2										
Investment expenses	Investment expenses	(3.3)	(2.7)	(9.5)	(7.8)										
Net investment income - investment portfolio	Net investment income - investment portfolio	91.8	70.9	249.0	223.3										
Investment income - deposit asset on reinsurance	Investment income - deposit asset on reinsurance	27.1	26.7	78.8	77.4										

Total net investment income	Total net investment income	\$ 118.9	\$ 97.6	\$ 327.8	\$ 300.7
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### Net Investment Losses Gains (Losses)

Net investment gains (losses) for the following periods were as follows:

(\$ millions)	in (\$ millions)	Three Months Ended		Nine Months Ended		
		September 30,		September 30,		
		2023	2022	2023	2022	
(\$ in millions)						
(\$ in millions)						
2024						
Fixed maturity securities	Fixed maturity securities	\$ (3.4)	\$(10.7)	\$(20.5)	\$(15.9)	
Equity securities	Equity securities	(2.1)	(4.4)	(6.6)	(32.5)	
Short-term investments and other	Short-term investments and other	(2.9)	2.3	(2.6)	4.6	
Net investment losses		\$ (8.4)	\$(12.8)	\$(29.7)	\$(43.8)	
Net investment gains (losses)						

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### NOTE 2 - Investments (continued)

The Company, from time to time, sells fixed maturity securities subsequent to the reporting date but prior to the issuance of the financial statements that were in an unrealized loss position but no credit loss was recognized and there was no intent to sell the securities at the reporting date. Such sales are due to issuer-specific events occurring subsequent to the reporting date that result in a change in the Company's intent to sell a fixed maturity security. The types of events that may result in a sale include significant changes in the economic facts and circumstances related to the invested asset, significant unforeseen changes in liquidity needs, or changes in the Company's investment strategy.

#### Net Investment Losses Gains (Losses) by Transaction Type

The breakdown of net investment gains (losses) by transaction type for the following periods were as follows:

(\$ in millions)	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2023	2022	2023	2022
Credit loss impairments	\$ —	\$ (0.6)	\$ (0.5)	\$ (2.8)
Intent-to-sell impairments	(0.6)	(6.2)	(6.7)	(7.6)
Total impairments	(0.6)	(6.8)	(7.2)	(10.4)
Sales and other, net	(3.5)	(3.9)	(25.2)	(3.9)
Change in fair value - equity securities	(1.4)	(4.4)	5.3	(34.1)
Change in fair value and gains (losses) realized on settlements - derivatives	(2.9)	2.3	(2.6)	4.6
Net investment losses	\$ (8.4)	\$ (12.8)	\$ (29.7)	\$ (43.8)

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**NOTE 2 - Investments (continued)**

(\$ in millions)	Three Months Ended	
	March 31,	
	2024	2023
Credit loss impairments	\$ (0.9)	—
Intent-to-sell impairments	—	—
Total impairments	(0.9)	—
Sales and other, net	(0.1)	(2.4)
Change in fair value - equity securities	2.6	(1.0)
Change in fair value and gains (losses) realized on settlements - derivatives	0.6	(0.5)
Net investment gains (losses)	\$ 2.2	\$ (3.9)

**Allowance for Credit Loss Impairments on Fixed Maturity Securities**

The following table presents changes in the allowance for credit loss impairments on fixed maturity securities classified as available for sale for the category of other asset-backed securities (no other categories of fixed maturity securities have an allowance for credit loss impairments):

(\$ in millions)	in (\$ millions)	in (\$ millions)		Nine Months		Three Months Ended September 30, 2023	Three Months Ended September 30, 2022	
		Three Months Ended September 30, 2023	2023	Three Months Ended September 30, 2022	2022			
		(\$ in millions)	(\$ in millions)	(\$ in millions)	(\$ in millions)			
Beginning balance	Beginning balance	\$ 1.2	\$ 9.5	\$ 1.2	\$ 7.7			
Credit losses on fixed maturity securities for which credit losses were not previously reported	Credit losses on fixed maturity securities for which credit losses were not previously reported	—	—	0.5	—			
Net increase related to credit losses previously reported	Net increase related to credit losses previously reported	—	0.6	—	2.8			
Reduction of credit allowances related to sales	Reduction of credit allowances related to sales	—	—	—	—			
Write-offs	Write-offs	—	—	(0.5)	(0.4)			
Ending balance	Ending balance	\$ 1.2	\$ 10.1	\$ 1.2	\$ 10.1			

## NOTE 2 - Investments (continued)

### Fixed Maturity Securities

The Company's investment portfolio is comprised primarily of fixed maturity securities. Amortized cost, net, gross unrealized investment gains (losses) and fair values of all fixed maturity securities in the portfolio were as follows:

(\$ in millions)	(\$ in millions)	Gross			(\$ in millions)	Amortized Cost, net	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value						
		Amortized Cost, net	Unrealized Gains	Unrealized Losses											
<b>September 30, 2023</b>															
<b>March 31, 2024</b>															
Fixed maturity securities															
U.S. Government and federally sponsored agency obligations:															
(1)															
Fixed maturity securities															
Fixed maturity securities															
U.S. Government and federally sponsored agency obligations:															
U.S. Government and federally sponsored agency obligations:															
U.S. Government and federally sponsored agency obligations:															
Mortgage-backed securities															
Mortgage-backed securities															
Mortgage-backed securities	Mortgage-backed securities	\$ 687.2	\$ 0.5	\$ 97.2	\$ 590.5										
Other, including U.S. Treasury securities	Other, including U.S. Treasury securities	449.6	0.3	85.0	364.9										
Municipal bonds	Municipal bonds	1,334.1	11.2	159.8	1,185.5										
Foreign government bonds	Foreign government bonds	26.1	—	1.6	24.5										
Corporate bonds	Corporate bonds	1,982.7	7.2	304.6	1,685.3										
Other asset-backed securities	Other asset-backed securities	1,161.9	3.6	54.6	1,110.9										
Totals	Totals	\$ 5,641.6	\$ 22.8	\$ 702.8	\$ 4,961.6										
<b>December 31, 2022</b>															
<b>December 31, 2023</b>															
<b>December 31, 2023</b>															
Fixed maturity securities															
Fixed maturity securities															

U.S. Government and federally sponsored agency obligations:						
(1)						
Fixed maturity securities						
Fixed maturity securities						
U.S. Government and federally sponsored agency obligations:						
U.S. Government and federally sponsored agency obligations:						
U.S. Government and federally sponsored agency obligations:						
Mortgage-backed securities						
Mortgage-backed securities						
Mortgage-backed securities	Mortgage-backed securities	\$ 638.2	\$ 1.3	\$ 69.1	\$ 570.4	
Other, including U.S. Treasury securities	Other, including U.S. Treasury securities	410.0	0.5	67.8	342.7	
Municipal bonds	Municipal bonds	1,380.9	16.9	128.1	1,269.7	
Foreign government bonds	Foreign government bonds	35.1	—	1.6	33.5	
Corporate bonds	Corporate bonds	2,161.2	12.7	272.2	1,901.7	
Other asset-backed securities	Other asset-backed securities	1,131.5	3.6	68.1	1,067.0	
Totals	Totals	\$ 5,756.9	\$ 35.0	\$ 606.9	\$ 5,185.0	

(1) Fair value includes securities issued by Federal National Mortgage Association (FNMA) of \$323.6 million and \$330.8 million; Federal Home Loan Mortgage Corporation (FHLMC) of \$305.8 million and \$273.3 million; and Government National Mortgage Association (GNMA) of \$78.4 million and \$86.2 million as of September 30, 2023 and December 31, 2022, respectively.

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## NOTE 2 - Investments (continued)

The following table presents the fair value and gross unrealized losses for fixed maturity securities in an unrealized loss position as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively. The Company views the decrease in fair value of all of the fixed maturity securities with unrealized losses as of September 30, 2023 March 31, 2024 as due to factors other than a credit loss. As of September 30, 2023 March 31, 2024, the Company has not made the decision to sell and it is not more likely than not the Company will be required to sell the fixed maturity securities with unrealized losses before a recovery of the amortized cost basis. In reaching our conclusion that an allowance for credit is unnecessary, we considered the factors described in the evaluation of credit loss impairments for fixed maturity securities critical accounting estimate in our Annual Report on Form 10-K. In the current three and nine months ended September 30, 2023 March 31, 2024, the performance of fixed maturity securities has been impacted by the change in interest rates, specifically interest rates being at relatively high levels compared to interest rates at the time of acquisition of the securities. Following significant increases in interest rates throughout 2022, driven mostly by increases in risk-free rates, rates stabilized during the first half 2023, but increased in the three months ended September 30, 2023. In consideration of the factors, we expect to receive cash flows sufficient to recover the entire amortized cost basis of the securities in the following table.

(\$ in millions)	(\$ in millions)	12 Months or Less		More than 12 Months		Total	(\$ in millions)	12 Months or Less		More than 12 Months		Total			
		Gross		Gross				Less		More than 12 Months					
		Fair Value	Losses	Fair Value	Losses			Fair Value	Losses	Fair Value	Losses				
September 30, 2023															

		Fair Value		Fair Value		Gross Unrealized Losses		Fair Value		Gross Unrealized Losses	
March 31, 2024											
Fixed maturity securities											
Fixed maturity securities											
Fixed maturity securities	Fixed maturity securities										
U.S. Government and federally sponsored agency obligations:	U.S. Government and federally sponsored agency obligations:										
U.S. Government and federally sponsored agency obligations:	U.S. Government and federally sponsored agency obligations:										
Mortgage-backed securities	Mortgage-backed securities										
Mortgage-backed securities	Mortgage-backed securities										
Mortgage-backed securities	Mortgage-backed securities	\$ 137.1	\$ 5.3	\$ 438.2	\$ 91.9	\$ 575.3	\$ 97.2				
Other	Other	91.9	3.7	268.5	81.3	360.4	85.0				
Municipal bonds	Municipal bonds	331.1	13.7	729.9	146.1	1,061.0	159.8				
Foreign government bonds	Foreign government bonds	1.4	0.1	23.1	1.5	24.5	1.6				
Corporate bonds	Corporate bonds	204.9	18.6	1,120.8	286.0	1,325.7	304.6				
Other asset-backed securities	Other asset-backed securities	135.1	2.6	804.4	52.0	939.5	54.6				
Total	Total	\$ 901.5	\$ 44.0	\$ 3,384.9	\$ 658.8	\$ 4,286.4	\$ 702.8				
Number of positions with a gross unrealized loss	Number of positions with a gross unrealized loss	669	2,474	3,143							
Number of positions with a gross unrealized loss	Number of positions with a gross unrealized loss										
Number of positions with a gross unrealized loss	Number of positions with a gross unrealized loss										
Fair value as a percentage of total fixed maturity securities at fair value	Fair value as a percentage of total fixed maturity securities at fair value	18.2 %	68.2 %	86.4 %							
December 31, 2022											
December 31, 2023											
December 31, 2023											
Fixed maturity securities	Fixed maturity securities										
Fixed maturity securities	Fixed maturity securities										
Fixed maturity securities	Fixed maturity securities										

U.S. Government and federally sponsored agency obligations:	U.S. Government and federally sponsored agency obligations:	
U.S. Government and federally sponsored agency obligations:		
U.S. Government and federally sponsored agency obligations:		
Mortgage-backed securities		
Mortgage-backed securities		
Mortgage-backed securities	Mortgage-backed securities	\$ 458.3 \$ 54.4 \$ 52.6 \$ 14.7 \$ 510.9 \$ 69.1
Other	Other	242.7 34.1 65.8 33.7 308.5 67.8
Municipal bonds	Municipal bonds	911.6 113.7 42.2 14.4 953.8 128.1
Foreign government bonds	Foreign government bonds	32.7 1.4 0.4 0.2 33.1 1.6
Corporate bonds	Corporate bonds	1,345.0 221.1 148.9 51.1 1,493.9 272.2
Other asset-backed securities	Other asset-backed securities	543.4 37.1 424.3 31.0 967.7 68.1
Total	Total	\$ 3,533.7 \$ 461.8 \$ 734.2 \$ 145.1 \$ 4,267.9 \$ 606.9
Number of positions with a gross unrealized loss	Number of positions with a gross unrealized loss	2,515 587 3,102
Number of positions with a gross unrealized loss		
Fair value as a percentage of total fixed maturity securities at fair value	Fair value as a percentage of total fixed maturity securities at fair value	68.2 % 14.2 % 82.4 %
Fair value as a percentage of total fixed maturity securities at fair value		
Fair value as a percentage of total fixed maturity securities at fair value		

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## NOTE 2 - Investments (continued)

With regards to fixed maturity securities that had gross unrealized losses more than 12 months, the number of positions by their respective credit ratings were as follows:

	Number of Positions		
	September 30, 2023	December 31, 2022	
Number of Positions			
March			Number of Positions
31, 2024		March 31, 2024	December 31, 2023

Credit Rating	Credit Rating		
AAA			
AAA			
AAA	AAA	241	67
AA	AA	1,030	217
A	A	434	94
BBB	BBB	474	93
Total investment grade			
BB	BB	159	68
B	B	64	31
CCC or lower	CCC or lower	7	2
Total below investment grade			
Not rated	Not rated	65	15
Totals:	Totals:	2,474	587

Fixed maturity securities with an investment grade rating represented 96.8% 95.9% of the gross unrealized losses as of September 30, 2023 March 31, 2024. For the same reasons discussed above, we expect to receive cash flow sufficient to recover the entire amortized cost basis of the securities in the previous table.

#### Maturities of Fixed Maturity Securities

The following table presents the distribution of the Company's fixed maturity securities portfolio by estimated expected maturity. Estimated expected maturities differ from contractual maturities, reflecting assumptions regarding borrowers' utilization of the right to call or prepay obligations with or without call or prepayment penalties. For structured securities, estimated expected maturities consider broker-dealer survey prepayment assumptions and are verified for consistency with the interest rate and economic environments.

(\$ in millions)	(\$ in millions)	Percent of Total Fair Value	September 30, 2023 (\$ in millions)		March 31, 2024		Percent of Total Fair Value
			September 30, 2023	December 31, 2022	Fair Value	Amortized Cost, net	
			Amortized Cost, net		Amortized Cost, net	Fair Value	
Estimated expected maturity: maturity:							
Due in 1 year or less							
Due in 1 year or less							
Due in 1 year or less	5.6 %	4.4 %	\$ 278.3	\$ 287.8	\$ 287.5	\$ 283.8	5.3 %
Due after 1 year through 5 years	27.1	26.3	1,343.4	1,420.7	1,480.5	1,438.2	1,438.2
Due after 5 years through 10 years	27.4	27.9	1,357.3	1,480.7	1,496.8	1,425.0	1,425.0



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## NOTE 2 - Investments (continued)

### Sales of Fixed Maturity and Equity Securities

Proceeds received from sales of fixed maturity and equity securities, each determined using the specific identification method, and gross gains and gross losses realized as a result of those sales for each period were as follows:

(\$ millions)	in (\$ millions)	Three Months Ended		Nine Months Ended		(\$ in millions)	(\$ in millions)	Three Months Ended		(\$ in millions)				
		September 30,		September 30,				March 31,						
		2023	2022	2023	2022			2024	2023					
<b>Fixed maturity securities</b>														
Proceeds received														
Proceeds received		\$ 135.2	\$ 164.6	\$ 341.4	\$ 529.9									
Gross gains realized		1.4	1.1	2.0	4.7									
Gross losses realized		(2.8)	(5.0)	(13.9)	(10.2)									
Equity securities														
Equity securities														
Proceeds received														

Proceeds received							
Proceeds received	Proceeds received	\$ 6.8	\$ 0.2	\$ 16.6	\$ 6.0		
Gross gains realized	Gross gains realized	—	—	—	1.7		
Gross losses realized	Gross losses realized	(0.5)	—	(11.8)	(0.1)		

#### Net Unrealized Investment Gains (Losses) on Fixed Maturity Securities

The following table reconciles net unrealized investment gains (losses) on fixed maturity securities, net of tax, included in AOCI:

(\$ in millions)	(\$ in millions)	Three Months Ended		Nine Months Ended		(\$ in millions)	(\$ in millions)	Three Months Ended March 31,	2024	2023						
		September 30,		September 30,												
		2023	2022	2023	2022											
<b>Net unrealized investment gains (losses) on fixed maturity securities, net of tax</b>																
Beginning of period																
Beginning of period																
Beginning of period	Beginning of period	\$ (393.7)	\$ (281.8)	\$ (449.6)	\$ 347.1											
Change in net unrealized investment gains (losses) on fixed maturity securities	Change in net unrealized investment gains (losses) on fixed maturity securities	(143.7)	(223.4)	(101.3)	(856.5)											
Reclassification of net investment losses on fixed maturity securities to net income	Reclassification of net investment losses on fixed maturity securities to net income	2.7	8.4	16.2	12.6											
End of period	End of period	\$ (534.7)	\$ (496.8)	\$ (534.7)	\$ (496.8)											

#### Limited Partnership Interests

Investments in limited partnership interests are accounted for using the equity method of accounting (EMA) and include interests in commercial mortgage loan funds, real estate equity funds, private equity funds, infrastructure equity funds, infrastructure debt funds and other funds. Principal factors influencing carrying amount appreciation or depreciation include operating performance, comparable public company earnings multiples, capitalization rates and the economic environment. The carrying amounts of EMA limited partnership interests were as follows:

(\$ in millions)	(\$ in millions)	September December		March 31, 2024	2024
		30, 2023	31, 2022		

		March 31, 2024		December 31, 2023	
		March 31, 2024			
Commercial mortgage loan funds	Commercial mortgage loan funds	\$ 671.6	\$ 593.6		
Real estate equity funds	Real estate equity funds	111.2	71.3		
Private equity funds	Private equity funds	83.9	76.3		
Infrastructure equity funds	Infrastructure equity funds	77.9	72.0		
Infrastructure debt funds	Infrastructure debt funds	63.4	60.0		
Other funds <sup>(1)</sup>	Other funds <sup>(1)</sup>	134.6	110.5		
<b>Total</b>	<b>Total</b>	<b>\$ 1,142.6</b>	<b>\$ 983.7</b>		

(a) Other funds consist primarily of limited partnership interests in corporate mezzanine, venture capital and private credit funds.

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## NOTE 2 - Investments (continued)

### Offsetting of Assets and Liabilities

The Company's derivatives are subject to enforceable master netting arrangements. Collateral support agreements associated with each master netting arrangement provides that the Company will receive or pledge financial collateral in the event minimum thresholds have been reached. The Company's reverse repurchase agreements are also subject to enforceable master netting arrangements but there was no offsetting in their presentation in the Company's Consolidated Balance Sheets. Information regarding the Company's derivatives is contained in Part II - Item 8, Note 54 in the Company's Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023. The following table presents instruments that were subject to a master netting arrangement for the Company.

(\$ in millions)	(\$ in millions)	Net Amounts of Assets/		Gross Amounts Not Offset	
		Gross Amounts Presented	Liabilities	in the Consolidated Balance Sheets	
				Offset in the Consolidated	in the Consolidated
		Gross Amounts	Balance Sheets	Cash Financial Instruments	Collateral Received Net Amount
September 30, 2023					
		Gross Amounts			
		Gross Amounts			
		Gross Amounts			
		Gross Amounts			
				Financial Instruments	Cash Collateral Received Net Amount
March 31, 2024					
Asset derivatives:					
Asset derivatives:					
Asset derivatives:	Asset derivatives:				

Free-standing derivatives	Free-standing derivatives	\$ 9.3	\$ —	\$ 9.3	\$ —	\$ 9.2	\$ 0.1
Free-standing derivatives							
Free-standing derivatives							
December 31, 2022							
December 31, 2023							
December 31, 2023							
December 31, 2023							
Asset derivatives:							
Asset derivatives:							
Asset derivatives:	Asset derivatives:						
Free-standing derivatives	Free-standing derivatives	\$ 6.8	\$ —	\$ 6.8	\$ —	\$ 5.9	\$ 0.9
Free-standing derivatives							
Free-standing derivatives							

#### Reverse Repurchase Agreements

In connection with reverse repurchase agreements, the Company transfers primarily U.S. government, government agency and corporate securities and receives cash. For reverse repurchase agreements, the Company receives cash in an amount equal to at least 95% of the fair value of the securities transferred, and the agreements with third parties contain contractual provisions to allow for additional collateral to be obtained when necessary. The Company accounts for reverse repurchase agreements as secured borrowings. The securities transferred under reverse repurchase agreements are included in Fixed maturity securities with the obligation to repurchase those securities reported in Other liabilities on the Company's Consolidated Balance Sheets. The fair value of the securities transferred was \$0.4 million as of September 30, 2023 and \$73.3 million as of December 31, 2022 March 31, 2024 and \$0.0 million as of December 31, 2023. The obligation for securities sold under reverse repurchase agreements was a net amount of \$0.2 million as of September 30, 2023 March 31, 2024 and \$70.2 million as of December 31, 2022 December 31, 2023.

#### Deposits

As of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, fixed maturity securities with a fair value of \$28.6 million and \$29.2 million were on deposit with governmental agencies as required by law in various states for which the insurance subsidiaries of HMEC conduct business. In addition, as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, fixed maturity securities with a fair value of \$971.0 million \$1,014.4 million and \$860.4 million \$987.2 million, respectively, were on deposit with the Federal Home Loan Bank of Chicago (FHLB) as collateral for amounts subject to funding agreements, advances and borrowings which were equal to \$904.5 million \$929.5 million as of September 30, 2023 March 31, 2024 and \$792.5 million \$904.5 million as of December 31, 2022 December 31, 2023. The deposited securities are reported as Fixed maturity securities on the Company's Consolidated Balance Sheets.

#### NOTE 3 - Fair Value of Financial Instruments

The Company is required to disclose estimated fair values for certain financial and nonfinancial assets and liabilities. Fair values of the Company's insurance contracts other than annuity contracts (which are investment contracts) and EMA limited partnership interests are not required to be disclosed. However, the estimated fair values of liabilities under all insurance contracts are taken into consideration in the Company's overall management of interest rate risk through appropriate matching of investment maturities with amounts due under insurance contracts.

Information regarding the three-level fair value hierarchy presented below and the valuation methodologies utilized by the Company to estimate fair values at each reporting date is included in Part II - Item 8, Note 43 of the

#### NOTE 3 - Fair Value of Financial Instruments (continued)

Consolidated Financial Statements in the Company's Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023.

#### Financial Instruments Measured and Carried at Fair Value on a Recurring Basis

The following table presents the Company's fair value hierarchy for financial assets and financial liabilities measured and carried at fair value on a recurring basis. During the **nine**  
**three** months ended **September 30, 2023** **March 31, 2024** and **2022**,  
**2023**, there were no transfers between Level 1 and Level 2. As of **September 30, 2023** **March 31, 2024**, Level 3 invested assets comprised 9.2% of the Company's total investment portfolio at fair value.

(\$ in millions)	(\$ in millions)	Fair Value Measurements at Reporting Date Using					(\$ in millions)	Fair Value Measurements at Reporting Date Using		
		Carrying	Fair	Level	Level	Level				
		Amount	Value	1	2	3				
September 30, 2023										
March 31, 2024										
Financial Assets	Financial Assets									
Financial Assets	Financial Assets									
Investments	Investments									
Investments	Investments									
Fixed maturity securities	Fixed maturity securities									
Fixed maturity securities	Fixed maturity securities									
U.S. Government and federally sponsored agency obligations:	U.S. Government and federally sponsored agency obligations:									
U.S. Government and federally sponsored agency obligations:	U.S. Government and federally sponsored agency obligations:									
Mortgage-backed securities	Mortgage-backed securities									
Mortgage-backed securities	Mortgage-backed securities									
Mortgage-backed securities	Mortgage-backed securities	\$ 590.5	\$ 590.5	\$ —	\$ 588.0	\$ 2.5				
Other, including U.S. Treasury securities	Other, including U.S. Treasury securities									
Municipal bonds	Municipal bonds	364.8	364.8	44.2	320.6	—				
Foreign government bonds	Foreign government bonds	1,185.6	1,185.6	—	1,115.9	69.7				
Corporate bonds	Corporate bonds	24.5	24.5	—	24.5	—				
Other asset-backed securities	Other asset-backed securities	1,685.3	1,685.3	10.0	1,370.1	305.2				
Total fixed maturity securities	Total fixed maturity securities	1,110.9	1,110.9	—	1,012.9	98.0				
Equity securities	Equity securities	4,961.6	4,961.6	54.2	4,432.0	475.4				
Short-term investments	Short-term investments	77.0	77.0	17.2	57.6	2.2				
Other investments	Other investments	113.5	113.5	113.5	—	—				
Totals	Totals	\$5,195.2	\$5,195.2	\$ 184.9	\$4,532.7	\$477.6				

Separate Account variable annuity assets <sup>(1)</sup>	Separate Account variable annuity assets <sup>(1)</sup>	\$2,974.0	\$2,974.0	\$2,974.0	\$ —	\$ —
Financial Liabilities <sup>(2)</sup>	Financial Liabilities <sup>(2)</sup>	\$ 80.3	\$ 80.3	\$ —	\$ 2.0	\$ 78.3
Financial Liabilities <sup>(2)</sup>						
Financial Liabilities <sup>(2)</sup>						
December 31, 2022						
December 31, 2023						
December 31, 2023						
December 31, 2023						
Financial Assets						
Financial Assets						
Financial Assets	Financial Assets					
Investments	Investments					
Investments						
Investments						
Fixed maturity securities						
Fixed maturity securities						
Fixed maturity securities	Fixed maturity securities					
U.S. Government and federally sponsored agency obligations:	U.S. Government and federally sponsored agency obligations:					
U.S. Government and federally sponsored agency obligations:						
U.S. Government and federally sponsored agency obligations:						
Mortgage-backed securities						
Mortgage-backed securities						
Mortgage- backed securities	Mortgage- backed securities	\$ 570.4	\$ 570.4	\$ —	\$ 567.8	\$ 2.6
Other, including U.S.	Other, including U.S.					
Treasury securities	Treasury securities	342.6	342.6	24.6	318.0	—
Municipal bonds	Municipal bonds	1,269.7	1,269.7	—	1,215.3	54.4
Foreign government bonds	Foreign government bonds	33.6	33.6	—	33.6	—
Corporate bonds	Corporate bonds	1,901.7	1,901.7	12.2	1,628.2	261.3
Other asset- backed securities	Other asset- backed securities	1,067.0	1,067.0	—	962.0	105.0
Total fixed maturity securities	Total fixed maturity securities	5,185.0	5,185.0	36.8	4,724.9	423.3
Equity securities	Equity securities	99.6	99.6	23.3	74.3	2.0
Short-term investments	Short-term investments	109.4	109.4	109.4	—	—
Other investments	Other investments	38.6	38.6	—	38.6	—
Totals	Totals	\$5,432.6	\$5,432.6	\$ 169.5	\$4,837.8	\$425.3

Separate Account (variable annuity)	Separate Account (variable annuity)					
assets <sup>(1)</sup>	assets <sup>(1)</sup>	\$2,792.3	\$2,792.3	\$2,792.3	\$ —	\$ —
Financial Liabilities <sup>(2)</sup>	Financial Liabilities <sup>(2)</sup>	\$ 92.5	\$ 92.5	\$ —	\$ 1.2	\$ 91.3

Financial Liabilities <sup>(2)</sup>	
Financial Liabilities <sup>(2)</sup>	

(b) Separate Account variable annuity assets represent contractholder funds invested in various actively traded mutual funds that have daily quoted net asset values that are readily determinable for identical assets that the Company can access. Separate Account variable annuity liabilities are equal to the estimated fair value of the Separate Account variable annuity assets.

(2) Represents embedded derivatives related to fixed indexed annuity and indexed universal life products reported in Future policy benefit reserves and Other policyholder funds as well as net MRBs reported in Policyholders' account balances in the Company's Consolidated Balance Sheets.

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## NOTE 3 - Fair Value of Financial Instruments (continued)

### Changes in Level 3 Fair Value Measurements

The reconciliation for all financial assets and financial liabilities measured at fair value on a recurring basis using significant unobservable inputs (Level 3) were as follows:

(\$ in millions)	(\$ in millions)	Financial Assets						Financial Liabilities <sup>(1)</sup> (\$ in millions)	Financial Assets	Financial Liabilities <sup>(1)</sup>
		Municipal	Corporate	Mortgage-Backed and Other Asset-Backed	Total	Fixed Maturity	Equity			
		Bonds	Bonds	Securities <sup>(2)</sup>	Securities	Securities	Total			
Beginning balance, July 1, 2023		\$ 63.9	\$ 311.5	\$ 101.4	\$ 476.8	\$ 2.0	\$ 478.8	\$ 83.6		
	Municipal Bonds									
Beginning balance, January 1, 2024										
Beginning balance, January 1, 2024										
Beginning balance, January 1, 2024										
Transfers into Level 3 <sup>(3)</sup>	Transfers into Level 3 <sup>(3)</sup>	—	—	—	—	—	—	—		
Transfers out of Level 3 <sup>(3)</sup>	Transfers out of Level 3 <sup>(3)</sup>	—	(3.7)	—	(3.7)	—	(3.7)	—		
Total gains or losses	Total gains or losses	—	—	—	—	—	—	—		
Net gains/losses included in net income	—	—	—	—	0.2	0.2	(3.2)			
Net unrealized gains/losses included in OCI	5.9	(12.8)	2.0	(4.9)	—	(4.9)	0.4			
Net investment gains (losses) included in net income	—	—	—	—	—	—	—			
Net investment gains (losses) included in net income	—	—	—	—	—	—	—			

Net investment gains (losses) included in net income							
Net investment (gains) losses included in net income related to financial liabilities							
Net unrealized gains (losses) included in OCI							
Purchases	Purchases	—	17.5	1.7	19.2	—	19.2
Issuances	Issuances	—	—	—	—	—	2.0
Sales	Sales	—	—	—	—	—	—
Settlements	Settlements	—	—	—	—	—	—
Paydowns, maturities and distributions	Paydowns, maturities and distributions	(0.1)	(7.3)	(4.6)	(12.0)	—	(12.0)
Ending balance, September 30, 2023		\$ 69.7	\$ 305.2	\$ 100.5	\$ 475.4	\$ 2.2	\$ 477.6
Ending balance, March 31, 2024		\$ 78.3					
Beginning balance, January 1, 2023							
Beginning balance, January 1, 2023	Beginning balance, January 1, 2023	\$ 54.4	\$ 261.3	\$ 107.6	\$ 423.3	\$ 2.0	\$ 425.3
	Transfers into Level 3 <sup>(3)</sup>	—	36.1	0.8	36.9	—	36.9
Transfers into Level 3 <sup>(3)</sup>	Transfers out of Level 3 <sup>(3)</sup>	—	(3.7)	—	(3.7)	—	(3.7)
Total gains or losses	Total gains or losses						
Net gains/losses included in net income	—	—	—	—	0.2	0.2	(5.6)
Net unrealized gains/losses included in OCI	6.5	(14.1)	0.9	(6.7)	—	(6.7)	(0.3)
Net investment gains (losses) included in net income							
Net investment gains (losses) included in net income							
Net investment gains (losses) included in net income							

Net investment (gains) losses included in net income related to financial liabilities								
Net unrealized gains (losses) included in OCI								
Purchases	Purchases	9.5	43.2	1.9	54.6	—	54.6	—
Issuances	Issuances	—	—	—	—	—	—	6.3
Sales	Sales	—	(7.7)	(7.7)	—	(7.7)	—	—
Settlements	Settlements	—	—	—	—	—	—	—
Paydowns, maturities and distributions	Paydowns, maturities and distributions	(0.7)	(9.9)	(10.7)	(21.3)	—	(21.3)	(13.4)
Ending balance, September 30, 2023		\$ 69.7	\$ 305.2	\$ 100.5	\$ 475.4	\$ 2.2	\$ 477.6	\$ 78.3
Ending balance, March 31, 2023								

(1) Represents embedded derivatives related to fixed indexed annuity and indexed universal life products reported in Future policy benefit reserves and Other policyholder funds as well as net MRBs reported in Policyholders' account balances in the Company's Consolidated Balance Sheets.

(2) Includes U.S. Government and federally sponsored agency obligations for mortgage-backed securities and other asset-backed securities.

(3) Transfers into and out of Level 3 during the three and nine months ended September 30, 2023 March 31, 2024 and 2022 2023 were related to changes in the primary pricing source and changes in observability of external information used in determining fair value. The Company's policy is to recognize transfers into and out of the levels as having occurred at the end of the reporting period in which the transfers were determined.

### NOTE 3 - Fair Value As of Financial Instruments (continued)

(\$ in millions)	Financial Assets							Financial Liabilities <sup>(1)</sup>	
	Municipal Bonds			Corporate Bonds		Mortgage-Backed and Other Asset-Backed Securities <sup>(2)</sup>	Total Fixed Maturity Securities	Equity Securities	
Beginning balance, July 1, 2022	\$ 51.0	\$ 270.5	\$ 97.1	\$ 418.6	\$ 1.4	\$ 420.0	\$ 97.8		
Transfers into Level 3 <sup>(3)</sup>	—	20.5	12.2	32.7	0.8	33.5	—		
Transfers out of Level 3 <sup>(3)</sup>	—	(34.8)	—	(34.8)	—	(34.8)	—		
Total gains or losses									
Net gains/losses included in net income	—	—	(0.8)	(0.8)	(0.1)	(0.9)	—		
Net investment (gains) losses included in net income related to financial liabilities	—	—	—	—	—	—	—	(6.3)	
Net unrealized gains/losses included in OCI	(5.3)	(7.4)	(3.9)	(16.6)	—	(16.6)	—		
Purchases	0.2	8.4	7.9	16.5	—	16.5	—		
Issuances	—	—	—	—	—	—	—	2.7	
Sales	—	—	—	—	—	—	—	—	
Settlements	—	—	—	—	—	—	—	—	
Paydowns, maturities and distributions	7.4	(17.4)	(5.3)	(15.3)	(0.1)	(15.4)	—	(1.4)	

Ending balance, September 30, 2022	\$ 53.3	\$ 239.8	\$ 107.2	\$ 400.3	\$ 2.0	\$ 402.3	\$ 92.8
Beginning balance, January 1, 2022	\$ 60.8	\$ 210.3	\$ 98.9	\$ 370.0	\$ 1.4	\$ 371.4	\$ 111.4
Transfers into Level 3 <sup>(3)</sup>	—	144.0	34.5	178.5	0.8	179.3	—
Transfers out of Level 3 <sup>(3)</sup>	(3.2)	(34.9)	(4.8)	(42.9)	—	(42.9)	—
Total gains or losses							
Net gains/losses included in net income	—	—	(3.1)	(3.1)	(0.1)	(3.2)	—
Net investment (gains) losses included in net income related to financial liabilities	—	—	—	—	—	—	(13.9)
Net unrealized gains/losses included in OCI	(11.6)	(18.7)	(11.3)	(41.6)	—	(41.6)	(2.4)
Purchases	0.2	13.3	7.9	21.4	—	21.4	—
Issuances	—	—	—	—	—	—	4.8
Sales	—	—	(2.1)	(2.1)	—	(2.1)	—
Settlements	—	—	—	—	—	—	—
Paydowns, maturities and distributions	7.1	(74.2)	(12.8)	(79.9)	(0.1)	(80.0)	(7.1)
Ending balance, September 30, 2022	\$ 53.3	\$ 239.8	\$ 107.2	\$ 400.3	\$ 2.0	\$ 402.3	\$ 92.8

<sup>(3)</sup> Represents embedded derivatives related to fixed indexed annuity and indexed universal life products reported in Future policy benefit reserves and Other policyholder funds as well as net MRBs reported in Policyholders' account balances in the Company's Consolidated Balance Sheets.

<sup>(4)</sup> Includes U.S. Government and federally sponsored agency obligations for mortgage-backed securities and other asset-backed securities.

<sup>(5)</sup> Transfers into and out of Level 3 during the three and nine months ended September 30, 2022 were attributable to changes in the availability of observable market information for individual fixed maturity securities. The Company's policy is to recognize transfers into and out of the levels as having occurred at the end of the reporting period in which the transfers were determined.

For the three and nine months ended September 30, 2023 March 31, 2024, the Company had \$0.2 a \$0.1 million net investment gain on Level 3 financial assets that was included in net income and was attributable to the change in fair value. As of March 31, 2023, the Company had no net gains with respect to investment losses on Level 3 financial assets. For the three and nine months ended September 30, 2022 March 31, 2024 and 2023, a net investment loss of \$1.3 million and \$0.2 million, the Company had net losses of \$0.9 million and \$3.2 million, respectively, that were included in net income with respect to Level 3 financial assets.

For the three and nine months ended September 30, 2023, the Company had net gains of \$3.2 million and \$5.6 million, respectively, that were included in net income and were attributable to changes in the fair value of Level 3 financial liabilities. For the three and nine months ended September 30, 2022, the Company had net gains of \$6.3 million and \$13.9 million, respectively, that were included in net income and were attributable to changes in the fair value of Level 3 financial liabilities.

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### NOTE 3 - Fair Value of Financial Instruments (continued)

#### Level 3 Assets and Liabilities by Price Source

The table below presents the balances of Level 3 assets and liabilities measured at fair value with their corresponding pricing sources (in millions, 2022 information recast for the adoption of LDTI): sources:

	(\$ in millions)		
	Total	Internal	External
September 30, 2023			
March 31, 2024			
Financial Assets			
Financial Assets			
Financial Assets	Financial Assets		
Fixed maturity securities	Fixed maturity securities		
Fixed maturity securities	Fixed maturity securities		
Fixed maturity securities	Fixed maturity securities		

U.S. Government and federally sponsored agency obligations:	U.S. Government and federally sponsored agency obligations:
U.S. Government and federally sponsored agency obligations:	
U.S. Government and federally sponsored agency obligations:	
Mortgage-backed securities	
Mortgage-backed securities	Mortgage-backed securities
Mortgage-backed securities	Mortgage-backed securities
Municipal bonds	Municipal bonds
Corporate bonds	Corporate bonds
Other asset-backed securities	Other asset-backed securities
Total fixed maturity securities	Total fixed maturity securities
Equity securities	Equity securities
Totals	Totals
Financial Liabilities <sup>(1)</sup>	Financial Liabilities <sup>(1)</sup>
Financial Liabilities <sup>(1)</sup>	
Financial Liabilities <sup>(1)</sup>	
December 31, 2022	
December 31, 2023	
December 31, 2023	
December 31, 2023	
Financial Assets	
Financial Assets	Financial Assets
Financial Assets	Financial Assets
Fixed maturity securities	Fixed maturity securities
Fixed maturity securities	Fixed maturity securities
U.S. Government and federally sponsored agency obligations:	U.S. Government and federally sponsored agency obligations:
U.S. Government and federally sponsored agency obligations:	
U.S. Government and federally sponsored agency obligations:	
Mortgage-backed securities	Mortgage-backed securities
Mortgage-backed securities	Mortgage-backed securities
Mortgage-backed securities	Mortgage-backed securities
Municipal bonds	Municipal bonds
Corporate bonds	Corporate bonds
Other asset-backed securities	Other asset-backed securities
Total fixed maturity securities	Total fixed maturity securities

Equity securities	Equity securities	2.0	—	2.0
Totals	Totals	\$ 425.3	\$ 9.5	\$ 415.8
Financial Liabilities <sup>(1)</sup>	Financial Liabilities <sup>(1)</sup>	\$ 91.3	\$ 91.3	\$ —
Financial Liabilities <sup>(1)</sup>				
Financial Liabilities <sup>(1)</sup>				

<sup>(a)</sup> Represents embedded derivatives related to fixed indexed annuity and indexed universal life products reported in Future policy benefit reserves and Other policyholder funds as well as net MRBs reported in Policyholders' account balances in the Company's Consolidated Balance Sheets.

External pricing sources for securities represent prices from prior transactions or unadjusted third-party pricing information where pricing inputs are not readily available.

### Quantitative Information about Level 3 Fair Value Measurements

The following table provides quantitative information about the significant unobservable inputs for recurring fair value measurements categorized with Level 3.

		mortality multiplier <sup>(2)</sup>	67.8%
		mortality multiplier <sup>(2)</sup>	

(1) When a range of unobservable inputs is not readily available, the Company uses a single point best estimate.

(2) Mortality multiplier is applied to the Annuity 2000 table.

(3) Determined as a percentage of the risk-free rate.

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### NOTE 3 - Fair Value of Financial Instruments (continued)

The valuation techniques and significant unobservable inputs used in the fair value measurement for financial assets and financial liabilities classified as Level 3 are subject to the control processes as described in Part II - Item 8, Note 43 in the Company's Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023. Generally, valuation techniques for corporate bonds include using discounted cash flow techniques where the unobservable input is the yield. The yield used for the valuation of these fixed maturity securities include spread pricing, matrix pricing and discounted cash flow methodologies; include inputs such as quoted prices for identical or similar securities that are less liquid; and are based on lower levels of trading activity observable than securities classified as Level 2.

#### Financial Instruments Not Carried at Fair Value

The Company has various other financial assets and financial liabilities used in the normal course of business that are not carried at fair value, but for which fair value disclosure is required. These financial assets and financial liabilities are further described in Part II - Item 8, Note 43 in the Company's Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023. The following table presents the carrying amount fair value and fair value hierarchy of these the Company's financial assets and financial liabilities, liabilities not carried at fair value and the level within the fair value hierarchy at which such financial assets and liabilities are categorized.

(\$ in millions)	(\$ in millions)	Fair Value Measurements at Reporting Date Using					(\$ in millions)	Fair Value Measurements at Reporting Date Using			
		Carrying Amount	Fair Value	Level 1	Level 2	Level 3		Carrying Amount	Fair Value		
September 30, 2023											
Level											
1											
March 31, 2024											
Financial Assets	Financial Assets							Level 1	Level 2	Level 3	
Financial Assets											
Other investments											
Other investments	Other investments	\$ 181.6	\$ 185.0	\$—	\$—	\$ 185.0					
Deposit asset on reinsurance	Deposit asset on reinsurance	2,515.7	2,070.3	—	—	2,070.3					
Financial Liabilities	Financial Liabilities										
Investment contract and future policy benefit reserves, fixed annuity contracts		4,920.8	4,821.1	—	—	4,821.1					
Investment contract and future policy benefit reserves, account values on life contracts		116.8	112.8	—	—	112.8					
Policyholders' account balances											
Policyholders' account balances											

Policyholders' account balances						
Reverse repurchase agreement						
Other policyholder funds	Other policyholder funds	915.9	915.9	—	904.9	11.0
Reverse repurchase agreements		0.2	0.4	—	0.4	—
Short-term debt		—	—	—	—	—
Long-term debt	Long-term debt	546.1	541.1	—	541.1	—
December 31, 2022						
December 31, 2023						
December 31, 2023						
Financial Assets	Financial Assets					
Financial Assets						
Other investments						
Other investments	Other investments	\$ 167.4	\$ 170.9	\$—	\$ —	\$ 170.9
Deposit asset on reinsurance	Deposit asset on reinsurance	2,516.6	2,207.2	—	—	2,207.2
Financial Liabilities	Financial Liabilities					
Financial Liabilities						
Investment contract and future policy benefit reserves, fixed annuity contracts						
Investment contract and future policy benefit reserves, account values on life contracts		4,988.5	4,901.3	—	—	4,901.3
Investment contract and future policy benefit reserves, account values on life contracts		111.9	107.7	—	—	107.7
Policyholders' account balances						
Other policyholder funds	Other policyholder funds	863.0	863.0	—	810.7	52.3
Reverse repurchase agreements		70.2	73.3	—	73.3	—
Short-term debt		249.0	249.0	—	—	249.0
Long-term debt	Long-term debt	249.0	240.5	—	240.5	—

#### NOTE 4 - Short-Duration Insurance Contracts

### Property & Casualty Unpaid Claims and Claim Expense Reserves

The following table is a summary reconciliation of the beginning and ending Property & Casualty unpaid claims and claim expense reserves for the periods indicated. The table presents reserves on both a gross and net (after reinsurance) basis. The total net Property & Casualty insurance claims and claim expense incurred amounts are reflected in the Consolidated Statements of Operations and Comprehensive Income (Loss). The end of period gross reserves (before reinsurance balances and reinsurance recoverable balances) are reflected on a gross basis in the Consolidated Balance Sheets.

(\$ in millions)	(\$ in millions)	Three Months Ended		Nine Months Ended		
		September 30,		September 30,		
		2023	2022	2023	2022	
(\$ in millions)						
(\$ in millions)						
2024		Three Months Ended		March 31,		
Property & Casualty	Property & Casualty					
Beginning gross reserves						
Beginning gross reserves						
Beginning gross reserves						
Beginning gross reserves						
Less: reinsurance recoverables	Less: reinsurance recoverables	\$ 415.8	\$ 378.4	\$ 388.7	\$ 362.4	
		104.3	109.8	100.8	110.3	
Net reserves, beginning of period <sup>(1)</sup>	Net reserves, beginning of period <sup>(1)</sup>	311.5	268.6	287.9	252.1	
Incurred claims and claim expenses:	Incurred claims and claim expenses:					
Claims occurring in the current period	Claims occurring in the current period	149.2	120.3	430.0	372.8	
Claims occurring in the current period	Claims occurring in the current period					
Increase (decrease) in estimated reserves for claims occurring in prior periods <sup>(2)</sup>	Increase (decrease) in estimated reserves for claims occurring in prior periods <sup>(2)</sup>	—	2.0	—	8.0	
Total claims and claim expenses incurred	Total claims and claim expenses incurred	149.2	122.3	430.0	380.8	
Claims and claim expense payments for claims occurring during:	Claims and claim expense payments for claims occurring during:					

Current period	Current period	115.9	102.8	246.7	221.1
Prior periods	Prior periods	30.9	29.7	157.3	153.4
Total claims and claim expense payments	Total claims and claim expense payments	146.8	132.5	404.0	374.5
Net reserves, end of period <sup>(1)</sup>	Net reserves, end of period <sup>(1)</sup>	313.9	258.4	313.9	258.4
Plus: reinsurance recoverables	Plus: reinsurance recoverables	105.4	109.0	105.4	109.0
Ending gross reserves	Ending gross reserves	\$ 419.3	\$367.4	\$419.3	\$367.4

(b) Reserves net of expected reinsurance recoverables.

(c) Shows the amounts by which the Company increased (decreased) its reserves in each of the periods indicated for claims occurring in previous periods to reflect subsequent information on such claims and changes in their projected final settlement costs - also known as prior years' reserve development.

There was no prior years' reserve development for Property & Casualty claims for the three and nine months ended September 30, 2023 March 31, 2024 or March 31, 2023. The Company recognized \$2.0 and \$8.0 million of net unfavorable prior years' reserve development for the three and nine months ended September 30, 2022. The unfavorable development for the nine months ended September 30, 2022 was the result of unfavorable loss trends in auto offset by favorable loss trends in homeowners loss emergence for accident years 2021 and prior.

#### Group Benefits Unpaid Claims and Claim Expense Reserves

The following table is a summary reconciliation of the beginning and ending Group Benefits unpaid claims and claim expense reserves for the periods indicated. The table presents reserves on both a gross and net (after reinsurance). The total net Group Benefits insurance claims and claim expense incurred amounts are reflected in the Consolidated Statements of Operations and Comprehensive Income (Loss). The end of period gross reserves (before reinsurance balances and reinsurance recoverable balances) are reflected on a gross basis in the Consolidated Balance Sheets.

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#### NOTE 4 - Short-Duration Insurance Contracts (continued)

(\$ in millions)	(\$ in millions)	Three Months Ended		Nine Months Ended		
		September 30,		September 30,		
		2023	2022	2023	2022	
(\$ in millions)						
(\$ in millions)						
2024						
Group Benefits						
Beginning gross reserves						
Beginning gross reserves						
Beginning gross reserves	Beginning gross reserves	\$ 121.9	\$130.2	\$121.6	\$125.4	
Less: reinsurance recoverables	Less: reinsurance recoverables	28.2	29.6	27.9	28.6	

Net reserves, beginning of period <sup>(1)</sup>	Net reserves, beginning of period <sup>(1)</sup>	93.7	100.6	93.7	96.8
Incurred claims and claim expenses:	Incurred claims and claim expenses:				
Claims occurring in the current period	Claims occurring in the current period	20.0	20.7	61.0	65.6
Claims occurring in the current period	Claims occurring in the current period				
Increase (decrease) in estimated reserves for claims occurring in prior periods <sup>(2)</sup>	Increase (decrease) in estimated reserves for claims occurring in prior periods <sup>(2)</sup>	(7.6)	(9.7)	(15.5)	(11.7)
Total claims and claim expenses incurred	Total claims and claim expenses incurred	12.4	11.0	45.5	53.9
Claims and claim expense payments for claims occurring during:	Claims and claim expense payments for claims occurring during:				
Current period	Current period				
Current period	Current period	12.2	10.4	25.3	26.2
Prior periods	Prior periods	4.3	5.4	24.3	28.7
Total claims and claim expense payments	Total claims and claim expense payments	16.5	15.8	49.6	54.9
Net reserves, end of period <sup>(1)</sup>	Net reserves, end of period <sup>(1)</sup>	89.6	95.8	89.6	95.8
Plus: reinsurance recoverables	Plus: reinsurance recoverables	27.5	28.0	27.5	28.0
Ending gross reserves	Ending gross reserves	\$ 117.1	\$ 123.8	\$ 117.1	\$ 123.8

(1) Reserves net of expected reinsurance recoverables.

(2) Shows the amounts by which the Company increased (decreased) its reserves in each of the periods indicated for claims occurring in previous periods to reflect subsequent information on such claims and changes in their projected final settlement costs - also known as prior years' reserve development.

Favorable prior years' reserve development for Group Benefits was ~~\$15.5~~ \$6.1 million and ~~\$11.7~~ \$4.9 million for the ~~nine~~ three months ended ~~September 30, 2023~~ March 31, 2024 and ~~2022~~ 2023, respectively. The favorable development for the ~~nine~~ three months ended ~~September 30, 2023~~ March 31, 2024 was primarily the result of favorable loss trends in

specialty health and group life and disability for loss years 2022 2023 and prior. The favorable development for the **nine** **three** months ended **September 30, 2022** **March 31, 2023** was primarily the result of favorable loss trends in specialty health for loss years 2021 2022 and prior.

**Reconciliation of Property & Casualty and Group Benefits Unpaid Claims and Claim Expense Reserves to the Consolidated Balance Sheets**

(\$ millions)	in (\$ millions)	in (\$ millions)	(\$ in millions)		As of December 31, 2023
			As of September 30, 2023	As of December 31, 2022	
Ending gross reserves	Ending gross reserves				As of March 31, 2024
Property & Casualty					
Property & Casualty					
Property & Casualty	Property & Casualty	\$ 419.3	\$ 388.7		
Group Benefits	Group Benefits	117.1	121.6		
Total short-duration insurance contracts	Total short-duration insurance contracts	536.4	510.3		
Other than short-duration <sup>(1)</sup>	Other than short-duration <sup>(1)</sup>	50.2	53.7		
Total unpaid claims and expenses	Total unpaid claims and expenses	\$ 586.6	\$ 564.0		

(1) This line includes Life & Retirement, Supplemental, and other certain group benefit reserves.

## Note 5 - Long-Duration Insurance Contracts

### Liability for Future Policy Benefits

As of and for the three **nine** months ended **September 30, 2023** **March 31, 2024** and **2022** **2023**, the Company updated the net premium ratio when updating for actual historical experience for the quarter; future cash flow assumptions were reviewed but not changed.

The following tables summarize balances and changes in LFPB for traditional and limited-payment contracts.

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### NOTE 5 - Long-Duration Insurance Contracts (continued)

The balances of and changes in LFPB as of and for the three months ended **September 30, 2023** **March 31, 2024** were as follows:

(\$ in millions)	(\$ in millions)	Limited-Pay					
		Whole Life	Term Life	Experience Life <sup>(1)</sup>	Whole Life	Supplemental Health <sup>(2)</sup>	SPIA (life contingent)
Whole Life							
Whole Life							
Whole Life							

	Whole Life						Term Life	Experience Life <sup>(1)</sup>	Limited-Pay Whole Life	Supplemental Health <sup>(2)</sup>	SPIA (life contingent)
Present value of expected net premiums:	Present value of expected net premiums:										
Balance at July 1, 2023	\$217.5	\$240.3	\$ 68.1	\$ 31.7	\$ 172.0	\$ —					
July 1, 2023 balance at original discount rate	247.0	265.1	64.7	34.2	207.5	—					
Balance at January 1, 2024											
Balance at January 1, 2024											
Balance at January 1, 2024											
January 1, 2024 balance at original discount rate											
Effect of:	Effect of:						—	—	—	—	—
Change in cash flow assumptions	Change in cash flow assumptions						—	—	—	—	—
Change in cash flow assumptions	Change in cash flow assumptions						—	—	—	—	—
Actual variances from expected experience	Actual variances from expected experience						0.8	(1.2)	0.7	(0.3)	—
Adjusted balance at July 1, 2023	247.8	263.9	65.4	33.9	207.5	—					
Adjusted balance at January 1, 2024											
Issuances <sup>(3)</sup>	Issuances <sup>(3)</sup>	2.2	6.0	—	1.2	3.7	0.8				
Interest accruals <sup>(4)</sup>	Interest accruals <sup>(4)</sup>	1.8	2.6	1.0	0.4	1.5	—				
Net premiums collected <sup>(5)</sup>	Net premiums collected <sup>(5)</sup>	(5.2)	(6.3)	(1.7)	(1.5)	(5.6)	(0.8)				
September 30, 2023 balance at original discount rate	246.6	266.2	64.7	34.0	207.1	—					
March 31, 2024 balance at original discount rate											
Effect of changes in discount rate assumptions	Effect of changes in discount rate assumptions						(41.7)	(38.1)	(0.4)	(3.6)	(42.8)
Balance at September 30, 2023	204.9	228.1	64.3	30.4	164.3	—					
Balance at March 31, 2024											
Present value of expected future policy benefits:	Present value of expected future policy benefits:										
Balance at July 1, 2023	507.1	360.6	871.5	85.3	426.6	103.6					
July 1, 2023 balance at original discount rate	588.7	406.4	799.6	102.6	525.8	113.0					
Present value of expected future policy benefits:	Present value of expected future policy benefits:										
Present value of expected future policy benefits:	Present value of expected future policy benefits:										
Balance at January 1, 2024											
Balance at January 1, 2024											

Balance at January 1, 2024						
January 1, 2024 balance at original discount rate						
Effect of:	Effect of:					
Changes in cash flow assumptions	Changes in cash flow assumptions					
Changes in cash flow assumptions						
Changes in cash flow assumptions						
Actual variances from expected experience	Actual variances from expected experience					
	0.8	(0.3)	1.1	(0.3)	(0.2)	—
Adjusted balance at July 1, 2023	589.5	406.1	800.7	102.3	525.6	113.0
Adjusted balance at January 1, 2024						
Issuances	Issuances	2.2	6.4	—	1.2	3.7
Interest accruals	Interest accruals	4.8	3.9	11.7	1.0	3.6
Benefit payments <sup>(6)</sup>	Benefit payments <sup>(6)</sup>	(5.3)	(5.0)	(16.0)	(0.2)	(15.7)
September 30, 2023 balance at original discount rate		591.2	411.4	796.4	104.3	517.2
March 31, 2024 balance at original discount rate						111.9
Effect of changes in discount rate assumptions	Effect of changes in discount rate assumptions	(123.5)	(71.0)	11.0	(25.7)	(118.8)
Balance at September 30, 2023		467.7	340.4	807.4	78.6	398.4
Balance at March 31, 2024						98.2
Net liability for future policy benefits	Net liability for future policy benefits	262.7	112.4	743.2	48.2	234.0
Less: Reinsurance recoverable	Less: Reinsurance recoverable	(58.1)	(16.9)	(0.6)	(0.1)	(3.5)
Net liability for future policy benefits, after reinsurance recoverable	Net liability for future policy benefits, after reinsurance recoverable	204.6	95.5	742.6	48.1	230.5
Impact of flooring on net liability for future policy benefits	Impact of flooring on net liability for future policy benefits	0.5	0.1	—	—	—
Net liability for future policy benefits at September 30, 2023		\$205.1	\$ 95.6	\$ 742.6	\$ 48.1	\$ 230.5
Net liability for future policy benefits at March 31, 2024						\$ 94.9

(6) Experience Life contains both whole life and term elements.

(2) As of **September 30, 2023** **March 31, 2024**, the net LFPB for Supplemental Health was **\$88.5** **\$113.1** million for cancer, **\$20.0** **\$20.7** million for accident, **\$21.6** **\$26.5** million for disability and **\$100.4** million for other supplemental health policies.

(3) Issuances are calculated at present value, using the original discount rate, of the expected net premiums or the expected future policy benefits related to new policies issued during the current period.

(4) Interest accruals represent the interest earned on the beginning present value of either the expected net premiums or the expected future policy benefits using the original interest rate.

(5) Net premiums collected represent the product of the current period net premium ratio and the gross premiums collected during the period of in force business.

(6) Benefit payments represent the release of the present value, using the original discount rate, of the expected future policy benefits due to death, lapse/withdrawal and maturity payments based on revised expected assumptions.

## NOTE 5 - Long-Duration Insurance Contracts (continued)

The balances of and changes in LFPB as of and for the nine months ended September 30, 2023 were as follows:

(\$ in millions)	Whole Life	Term Life	Experience	Supplemental	
	Life <sup>(1)</sup>	Limited-Pay Whole Life	Health <sup>(2)</sup>	SPIA (life contingent)	
<b>Present value of expected net premiums:</b>					
Balance at January 1, 2023	\$ 215.1	\$ 234.7	\$ 68.3	\$ 29.7	\$ 167.4
January 1, 2023 balance at original discount rate	245.9	265.4	65.5	32.4	205.1
Effect of:	—	—	—	—	—
Change in cash flow assumptions	—	(5.3)	—	—	—
Actual variances from expected experience	2.6	(2.2)	1.4	1.0	0.3
Adjusted balance at January 1, 2023	248.5	257.9	66.9	33.4	205.4
Issuances <sup>(3)</sup>	7.6	19.0	—	3.3	13.6
Interest accruals <sup>(4)</sup>	5.4	7.8	2.8	1.0	4.5
Net premiums collected <sup>(5)</sup>	(14.9)	(18.5)	(5.0)	(3.7)	(16.4)
September 30, 2023 balance at original discount rate	246.6	266.2	64.7	34.0	207.1
Effect of changes in discount rate assumptions	(41.7)	(38.1)	(0.4)	(3.6)	(42.8)
Balance at September 30, 2023	204.9	228.1	64.3	30.4	164.3
<b>Present value of expected future policy benefits:</b>					
Balance at January 1, 2023	493.6	347.0	867.5	79.4	431.7
January 1, 2023 balance at original discount rate	581.9	401.0	805.2	98.6	537.1
Effect of:	—	—	—	—	—
Changes in cash flow assumptions	—	(5.6)	—	—	—
Actual variances from expected experience	2.7	0.4	2.0	1.2	(0.1)
Adjusted balance at January 1, 2023	584.6	395.8	807.2	99.8	537.0
Issuances	7.7	19.6	—	3.3	13.6
Interest accruals	14.2	11.4	35.5	2.9	10.8
Benefit payments <sup>(6)</sup>	(15.3)	(15.4)	(46.3)	(1.7)	(44.2)
September 30, 2023 balance at original discount rate	591.2	411.4	796.4	104.3	517.2
Effect of changes in discount rate assumptions	(123.5)	(71.0)	11.0	(25.7)	(118.8)
Balance at September 30, 2023	467.7	340.4	807.4	78.6	398.4
Net liability for future policy benefits	262.7	112.4	743.2	48.2	234.0
Less: Reinsurance recoverable	(58.1)	(16.9)	(0.6)	(0.1)	(3.5)
Net liability for future policy benefits, after reinsurance recoverable	204.6	95.5	742.6	48.1	230.5
Impact of flooring on net liability for future policy benefits	0.5	0.1	—	—	—
Net liability for future policy benefits at September 30, 2023	\$ 205.1	\$ 95.6	\$ 742.6	\$ 48.1	\$ 230.5
	94.9	94.9	94.9	94.9	94.9

(1) Experience Life contains both whole life and term elements.

(2) As of September 30, 2023, the net LFPB for Supplemental Health was \$88.5 million for cancer, \$20.0 million for accident, \$21.6 million for disability and \$100.4 million for other supplemental health policies.

(3) Issuances are calculated at present value, using the original discount rate, of the expected net premiums or the expected future policy benefits related to new policies issued during the current period.

(a) Interest accruals represent the interest earned on the beginning present value of either the expected net premiums or the expected future policy benefits using the original interest rate.

(b) Net premiums collected represent the product of the current period net premium ratio and the gross premiums collected during the period of in force business.

(c) Benefit payments represent the release of the present value, using the original discount rate, of the expected future policy benefits due to death, lapse/withdrawal and maturity payments based on revised expected assumptions.

## NOTE 5 - Long-Duration Insurance Contracts (continued)

The balances of and changes in LFPB as of and for the year ended **December 31, 2022** **December 31, 2023** were as follows:

(\$ in millions)	(\$ in millions)	Limited-Pay					
		Whole Life	Term Life	Experience Life <sup>(1)</sup>	Whole Life	Supplemental Health <sup>(2)</sup>	SPIA (life contingent)
<b>Present Value of Expected Net Premiums</b>							
Balance at January 1, 2022 <sup>(7)</sup>	\$ 260.7	\$ 264.4	\$ 74.6	\$ 29.7	\$ 226.7	\$ —	
January 1, 2022 balance at original discount rate <sup>(7)</sup>	239.3	235.4	55.9	27.2	223.1	—	
<b>Present value of expected net premiums:</b>							
Balance at January 1, 2023							
Balance at January 1, 2023							
Balance at January 1, 2023							
January 1, 2023 balance at original discount rate							
Effect of:	Effect of:						
Change in cash flow assumptions	Change in cash flow assumptions	5.2	18.7	9.1	2.0	12.2	—
<b>Change in cash flow assumptions</b>							
Actual variances from expected experience	Actual variances from expected experience	7.2	(4.2)	3.0	1.6	(25.3)	—
Adjusted balance at January 1, 2022	251.7	249.9	68.0	30.8	210.0	—	
Adjusted balance at January 1, 2023							
Issuances <sup>(3)</sup>	Issuances <sup>(3)</sup>	12.5	28.0	—	6.3	12.0	5.3

Interest accruals <sup>(3)</sup>	6.7	9.0	3.3	1.1	5.9	—
Interest accruals <sup>(4)</sup>						
Net premiums collected <sup>(5)</sup>	Net premiums collected <sup>(5)</sup>	(25.0)	(21.5)	(5.8)	(5.8)	(22.8)
December 31, 2022 balance at original discount rate						
December 31, 2023 balance at original discount rate	245.9	265.4	65.5	32.4	205.1	—
Effect of changes in discount rate assumptions	Effect of changes in discount rate assumptions	(30.8)	(30.7)	2.8	(2.7)	(37.7)
Balance at December 31, 2022	215.1	234.7	68.3	29.7	167.4	—
Balance at December 31, 2023						
Present Value of Expected Future Policy Benefits						
Balance at January 1, 2022 <sup>(7)</sup>	660.4	411.5	1,172.7	102.9	590.6	129.1
January 1, 2022 balance at original discount rate <sup>(7)</sup>	566.1	360.0	802.6	86.6	584.2	115.7
Present value of expected future policy benefits:						
Present value of expected future policy benefits:						
Present value of expected future policy benefits:						
Balance at January 1, 2023						
Balance at January 1, 2023						
Balance at January 1, 2023						
January 1, 2023 balance at original discount rate						
Effect of:	Effect of:					
Changes in cash flow assumptions	Changes in cash flow assumptions	5.2	21.5	11.0	2.0	13.8
Changes in cash flow assumptions						
Actual variances from expected experience	Actual variances from expected experience	7.7	(4.7)	3.6	1.4	(30.0)
Adjusted balance at January 1, 2022	579.0	376.8	817.2	90.0	568.0	116.1
Adjusted balance at January 1, 2023						
Issuances	Issuances	12.4	28.3	—	6.4	12.0
Interest accruals	Interest accruals	18.0	14.4	47.4	3.4	15.0
						4.3

Benefit payments <sup>(6)</sup>	Benefit payments <sup>(6)</sup>	(27.5)	(18.5)	(59.4)	(1.2)	(57.9)	(12.3)
December 31, 2022 balance at original discount rate		581.9	401.0	805.2	98.6	537.1	113.4
December 31, 2023 balance at original discount rate							
Effect of changes in discount rate assumptions	Effect of changes in discount rate assumptions	(88.3)	(54.0)	62.3	(19.2)	(105.4)	(10.1)
Balance at December 31, 2022		493.6	347.0	867.5	79.4	431.7	103.3
Balance at December 31, 2023							
Net liability for future policy benefits	Net liability for future policy benefits	278.4	112.2	799.3	49.6	264.4	103.3
Less: Reinsurance recoverable	Less: Reinsurance recoverable	(63.1)	(15.3)	(0.8)	—	(3.4)	(3.2)
Net liability for future policy benefits, after reinsurance recoverable	Net liability for future policy benefits, after reinsurance recoverable	215.3	96.9	798.5	49.6	261.0	100.1
Impact of flooring on net liability for future policy benefits	Impact of flooring on net liability for future policy benefits	1.1	0.2	—	—	—	—
Net liability for future policy benefits at December 31, 2022		\$ 216.4	\$ 97.1	\$ 798.5	\$ 49.6	\$ 261.0	\$ 100.1
Net liability for future policy benefits at December 31, 2023							

(1) Experience Life contains both whole life and term elements.

(2) As of December 31, 2022 December 31, 2023, the net LFPB for Supplemental Health was \$101.8 \$92.7 million for cancer, \$21.6 \$21.4 million for accident, \$23.1 \$23.5 million for disability and \$114.3 million for other supplemental health policies.

(3) Issuances are calculated at present value, using the original discount rate, of the expected net premiums or the expected future policy benefits related to new policies issued during the current period.

(4) Interest accruals represent the interest earned on the beginning present value of either the expected net premiums or the expected future policy benefits using the original interest rate.

(5) Net premiums collected represent the product of the current period net premium ratio and the gross premiums collected during the period of in force business.

(6) Benefit payments represent the release of the present value, using the original discount rate, of the expected future policy benefits due to death, lapse/withdrawal and maturity payments based on revised expected assumptions.

(7) Whole Life, Term Life, and Supplemental Health beginning balance at January 1, 2022 includes reserves acquired from Madison National Life Insurance Company, Inc. on January 1, 2022.

## NOTE 5 - Long-Duration Insurance Contracts (continued)

The balances of and changes in LFPB (including a summary of the balance and changes in the LFPB on January 1, 2021 due to adoption of ASU 2018-12) as of and for the year ended December 31, 2021 were as follows:

(\$ in millions)		Experience							
		Whole Life		Term Life		Life <sup>(1)</sup>	Limited-Pay Whole Life	Supplemental Health <sup>(2)</sup>	SPIA (life contingent)
Balance, end of year December 31, 2020		\$	218.7	\$	93.2	\$	758.3	\$	51.3

Change in discount rate assumptions	111.5	27.3	433.0	18.2	23.0	20.6
Change in cash flow assumptions, effect of net premiums exceeding gross premiums	0.4	—	—	—	—	—
Change in cash flow assumptions, effect of decrease of the DPL	—	—	—	—	—	—
Adjustment for removal of related balances in AOCI	—	—	—	—	—	—
Adjusted balance, beginning of year January 1, 2021	330.6	120.5	1,191.3	69.5	415.5	136.5
Less: Reinsurance recoverables	(0.1)	(5.4)	(1.3)	(0.1)	—	—
Less: Change in discount rate assumptions	(0.2)	(0.9)	(0.7)	(0.1)	—	—
Adjusted balance, beginning of year January 1, 2021, net of reinsurance	\$ 330.3	\$ 114.2	\$ 1,189.3	\$ 69.3	\$ 415.5	\$ 136.5
Present Value of Expected Net Premiums						
Balance at January 1, 2021	\$ 176.5	\$ 244.1	\$ 78.0	\$ 25.4	\$ 233.0	\$ —
January 1, 2021 balance at original discount rate	143.5	200.8	55.2	22.0	218.2	—
Effect of:						
Change in cash flow assumptions	2.4	(4.5)	(3.3)	—	(1.8)	—
Actual variances from expected experience	8.8	6.9	6.3	1.0	6.3	—
Adjusted balance at January 1, 2021	154.7	203.2	58.2	23.0	222.7	—
Issuances <sup>(3)</sup>	13.3	29.8	—	10.2	13.0	3.7
Interest accruals <sup>(4)</sup>	6.2	7.9	3.2	0.8	5.9	—
Net premiums collected <sup>(5)</sup>	(16.6)	(19.8)	(5.6)	(6.8)	(24.1)	(3.7)
December 31, 2021 balance at original discount rate	157.6	221.1	55.8	27.2	217.5	—
Effect of changes in discount rate assumptions	25.4	32.0	18.8	2.5	4.0	—
Balance at December 31, 2021	183.0	253.1	74.6	29.7	221.5	—
Present Value of Expected Future Policy Benefits						
Balance at January 1, 2021	507.1	364.7	1,269.3	95.0	626.9	136.5
January 1, 2021 balance at original discount rate	362.5	294.0	813.5	73.4	589.1	115.9
Effect of:						
Changes in cash flow assumptions	2.8	(4.8)	(3.6)	—	(3.0)	—
Actual variances from expected experience	8.7	7.2	6.6	1.1	6.2	(0.4)
Adjusted balance at January 1, 2021	374.0	296.4	816.5	74.5	592.3	115.5
Issuances	13.3	29.8	—	10.2	13.0	3.7
Interest accruals	17.1	12.0	47.9	2.9	15.7	4.5
Benefit payments <sup>(6)</sup>	(18.1)	(18.7)	(61.9)	(1.0)	(48.4)	(12.1)
December 31, 2021 balance at original discount rate	386.3	319.5	802.5	86.6	572.6	111.6
Effect of changes in discount rate assumptions	114.4	51.1	370.2	16.3	8.0	13.1
Balance at December 31, 2021	500.7	370.6	1,172.7	102.9	580.6	124.7
Net liability for future policy benefits	317.7	117.6	1,098.1	73.2	359.1	124.7
Less: Reinsurance recoverable	(0.5)	(5.5)	(1.1)	(0.2)	—	—
Net liability for future policy benefits, after reinsurance recoverable	\$ 317.2	\$ 112.1	\$ 1,097.0	\$ 73.0	\$ 359.1	\$ 124.7

<sup>(3)</sup> Experience Life contains both whole life and term elements.

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## NOTE 5 - Long-Duration Insurance Contracts (continued)

<sup>(4)</sup> As of December 31, 2021, the net LFPB for Supplemental Health was \$140.8 million for cancer, \$28.7 million for accident, \$29.3 million for disability and \$160.3 \$104.0 million for other supplemental health policies.

<sup>(3)</sup> Issuances are calculated at present value, using the original discount rate, of the expected net premiums or the expected future policy benefits related to new policies issued during the current period.

<sup>(4)</sup> Interest accruals represent the interest earned on the beginning present value of either the expected net premiums or the expected future policy benefits using the original interest rate.

<sup>(5)</sup> Net premiums collected represent the product of the current period net premium ratio and the gross premiums collected during the period of in force business.

<sup>(6)</sup> Benefit payments represent the release of the present value, using the original discount rate, of the expected future policy benefits due to death, lapse/withdrawal and maturity payments based on revised expected assumptions.

## NOTE 5 - Long-Duration Insurance Contracts (continued)

The following table reconciles the net LFPB to LFPB in the Consolidated Balance Sheets. DPL for single premium and immediate annuity products is presented together with LFPB in the Consolidated Balance Sheets:

(\$ millions)	in (\$ millions)	in September 30, 2023		December 31, 2022		(\$ in millions)	March 31, 2024	(\$ in millions)	December 31, 2023
		30, 2023	31, 2022						
Whole life	Whole life	\$ 262.7	\$ 279.5						
Term life	Term life	112.4	112.4						
Experience life	Experience life	743.2	799.3	Experience life			780.6	811.3	811.3
Limited-pay whole life	Limited-pay whole life	48.2	49.6						
Supplemental health	Supplemental health	234.0	264.4						
SPIA (life contingent)	SPIA (life contingent)	98.2	103.3						
Limited-pay whole life	Limited-pay whole life								
DPL	DPL	3.9	3.2						
SPIA (life contingent)	SPIA (life contingent)								
DPL	DPL	1.2	0.8						
Reconciling items <sup>(1)</sup>	Reconciling items <sup>(1)</sup>	109.6	105.5						
<b>Total</b>	<b>Total</b>	<b>\$ 1,613.4</b>	<b>\$ 1,718.0</b>						

(1) Reconciling items primarily relate to products not in scope of ASU 2018-12 and return of premium reserves.

The following table summarizes the amount of revenue and interest related to traditional and limited-payment contracts recognized in the Consolidated Statements of Operations and Comprehensive Income (Loss):

(\$ in millions)	(\$ in millions)	Gross premiums or assessments		Gross premiums or assessments		(\$ in millions)		
		Three Months Ended September 30,		Nine Months Ended September 30,				
		2023	2022	2023	2022			
Gross premiums or assessments								
Three Months Ended March 31, 2024								
Whole life	Whole life	\$ 7.2	\$ 7.0	\$ 20.5	\$ 19.3			
Term life	Term life	11.7	11.3	33.9	31.6			
Experience life	Experience life	8.1	8.4	24.2	25.2			
Limited-pay whole life	Limited-pay whole life	2.2	2.0	5.5	6.3			
Supplemental health	Supplemental health	30.0	30.4	89.7	91.7			

SPIA (life contingent)	SPIA (life contingent)	0.9	0.9	4.5	4.2
Total	Total	\$ 60.1	\$ 60.0	\$ 178.3	\$ 178.3
(\$ millions)	(\$ millions)	Interest expense	Interest expense		
		Nine Months			
		Three Months Ended September 30, 2023	September 30, 2022		
(\$ in millions)				Interest expense	
(\$ in millions)		Three Months Ended March 31, 2024			
Whole life	Whole life	\$ 3.0	\$ 2.8	\$ 8.8	\$ 8.4
Term life	Term life	1.2	1.0	3.6	3.2
Experience life	Experience life	10.9	11.1	32.8	33.2
Limited-pay whole life	Limited-pay whole life	0.6	0.6	1.9	1.8
Supplemental health	Supplemental health	2.1	2.2	6.4	6.9
SPIA (life contingent)	SPIA (life contingent)	1.1	1.1	3.3	3.3
Total	Total	\$ 18.9	\$ 18.8	\$ 56.8	\$ 56.8

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## NOTE 5 - Long-Duration Insurance Contracts (continued)

The following table provides the amount of undiscounted and discounted expected gross premiums and expected future benefits and expenses for traditional and limited-payment contracts:

(\$ in millions)	(\$ in millions)	As of September 30, 2023		As of December 31, 2022		(\$ in millions)	As of March 31, 2024	As of December 31, 2023
		Undiscounted	Discounted	Undiscounted	Discounted		Undiscounted	Discounted
		Undiscounted					Undiscounted	Discounted
Whole life	Whole life							
Expected future gross premiums								
Expected future gross premiums								
Expected future gross premiums	Expected future gross premiums	\$ 473.9	\$ 323.6	\$ 469.0	\$ 322.5			
Expected future benefits and expenses	Expected future benefits and expenses	1,138.5	591.2	1,121.4	580.4			

Term life	Term life				
Expected future gross premiums	Expected future gross premiums	757.0	471.7	739.3	464.2
Expected future gross premiums	Expected future gross premiums				
Expected future benefits and expenses	Expected future benefits and expenses	704.2	411.4	678.0	401.0
Experience Life	Experience Life				
Expected future gross premiums	Expected future gross premiums				
Expected future gross premiums	Expected future gross premiums	542.1	301.8	569.6	315.5
Expected future benefits and expenses	Expected future benefits and expenses	1,713.6	796.4	1,755.4	805.2
Limited-pay whole life	Limited-pay whole life				
Expected future gross premiums	Expected future gross premiums	63.3	48.2	60.8	46.5
Expected future gross premiums	Expected future gross premiums				
Expected future benefits and expenses	Expected future benefits and expenses	238.3	104.3	226.8	98.6
Supplemental health	Supplemental health				
Expected future gross premiums	Expected future gross premiums				
Expected future gross premiums	Expected future gross premiums				
Expected future gross premiums	Expected future gross premiums	1,639.2	1,206.3	1,615.5	1,208.1

Expected future benefits and expenses	Expected future benefits and expenses	713.5	517.2	761.4	563.6
SPIA (life contingent)	SPIA (life contingent)				
Expected future gross premiums	Expected future gross premiums	—	—	—	—
Expected future gross premiums					
Expected future gross premiums					
Expected future benefits and expenses	Expected future benefits and expenses	156.7	111.9	157.7	113.4

For the **nine** **three** months ended **September 30, 2023** **March 31, 2024** and for the year ended **December 31, 2022** **December 31, 2023**, net premiums exceeded gross premiums for several cohorts in the Whole Life and Term Life product lines. This resulted in an immaterial change to current period benefit expense for both periods.

The following table summarizes the ranges of actual experience and expected experience for mortality and lapses of LFPB:

September 30, 2023										March 31, 2024										
										Limited-Pay					March 31, 2024					
										Term	Experience	Whole	SPIA (life	Whole	Term	Experience	Limited-Pay	SPIA (life	Whole	Term
	Whole	Life	Life	Life	Life	Whole	SPIA (life	Whole	Term	Experience	Whole	Life	contingent)	Whole	Term	Experience	Whole	contingent)	Whole	Term
Mortality	Mortality																			
Actual experience																				
Actual experience																				
Actual experience	Actual	0.1%	-																	
Actual experience	experience	0.7 %	0.6%	1.7 %	0.1 %	N.M.				0.7 %	0.1% - 0.2%	2.1 %	—						N.M.	
Expected experience	Expected	0.1%	-																	
Expected experience	experience	0.7 %	-	1.6 %	0.3 %	N.M.				0.7 %	0.1% - 0.4%	1.7 %	0.3 %						N.M.	
Lapses	Lapses																			
Actual experience	Actual	5.3%	-																	
Actual experience	experience	3.6 %	-	3.2 %	4.3 %	N.M.														
Actual experience		7.3%																		
Actual experience																				
Actual experience																				
Actual experience																				
Expected experience	Expected	5.7%	-																	
Expected experience	experience	4.7 %	-	3.1 %	5.3 %	N.M.														
Expected experience		32.2%																		
September 30, 2022										March 31, 2023										
										Limited-Pay					March 31, 2023					
										Term	Experience	Whole	SPIA (life	Whole	Term	Experience	Limited-Pay	SPIA (life	Whole	Term
	Whole	Life	Life	Life	Life	Whole	SPIA (life	Whole	Term	Experience	Whole	Life	contingent)	Whole	Term	Experience	Whole	contingent)	Whole	Term
										March 31, 2023					March 31, 2023					
										March 31, 2023					March 31, 2023					
										March 31, 2023					March 31, 2023					

		Whole Life						Whole Life		Term Life		Experience Life		Limited-Pay Whole Life		SPIA (life contingent)	
Mortality	Mortality																
Actual experience	Actual experience																
Actual experience	Actual experience	0.1%	-					N.M.		0.7 %	0.1% - 0.3%	1.9 %	-			N.M.	
Expected experience	Expected experience	0.8 %	0.3%	1.6 %	0.2 %			N.M.		0.7 %	0.1% - 0.6%	1.6 %		0.2 %		N.M.	
Lapses	Lapses																
Actual experience	Actual experience	5.6%	-					N.M.								N.M.	
Actual experience	Actual experience	3.1 %	-	3.4 %	4.0 %			N.M.								N.M.	
Actual experience	Actual experience	6.6%	-					N.M.		3.6 %	5.6% - 8.3%	3.4 %	3.6 %			N.M.	
Expected experience	Expected experience	5.8 %	-	3.2 %	7.5 %			N.M.		4.6 %	2.8% - 5.6%	3.0 %	5.1 %			N.M.	

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## NOTE 5 - Long-Duration Insurance Contracts (continued)

The following table provides the weighted-average durations of LFPB, in years:

		As of September 30,													
		2023	2022												
Whole life	Whole life	17.8	17.7	Whole life					17.9			18.0			
Term life	Term life	16.4	15.8	Term life					16.6			17.0			
Experience life	Experience life	10.4	10.7	Experience life					10.3			11.0			
Limited-pay whole life	Limited-pay whole life	22.2	21.3	Limited-pay whole life					21.9			23.0			
Supplemental health	Supplemental health	10.4	9.9	Supplemental health					10.8			10.2			
SPIA (life contingent)	SPIA (life contingent)	7.6	7.7	SPIA (life contingent)					7.6			8.0			

The following table provides ranges of the weighted-average interest rates for LFPB:

		As of September 30,														
		2023	2022													
Whole life	Whole life															
Interest accretion rate	Interest accretion rate															
Interest accretion rate	Interest accretion rate	1.7%	-	1.7%	-											
Interest accretion rate	Interest accretion rate	4.9%	5.0%									1.7% - 4.9%				



## NOTE 5 - Long-Duration Insurance Contracts (continued)

### Liability for Policyholders' Account Balances

The Company recognizes a liability for policyholders' account balances. The following tables summarize balances of and changes in policyholders' account balances:

(\$ in millions)	(\$ in millions)	Three Months Ended September 30, 2023					(\$ in millions)	Three Months Ended March 31, 2024			
		Fixed						Fixed	Indexed	SPIA (non-life contingent)	
		Indexed	Experience	Fixed Account	Indexed Account	life					
Balance at July 1, 2023		\$ 52.0	\$ 63.0	\$ 4,563.5	\$ 481.2	\$ 33.5					
Balance at January 1, 2024											
Premiums received <sup>(1)</sup>	Premiums received <sup>(1)</sup>	\$ 3.1	\$ (0.1)	\$ 70.0	\$ 5.3	\$ 0.5					
Surrenders and withdrawals <sup>(2)</sup>	Surrenders and withdrawals <sup>(2)</sup>	(0.2)	(1.1)	(87.8)	(17.6)	—					
Benefit payments <sup>(3)</sup>	Benefit payments <sup>(3)</sup>	—	(0.4)	(21.2)	(0.6)	(1.2)					
Net transfers from (to) separate account	Net transfers from (to) separate account	(0.3)	—	3.0	(3.1)	—					
Interest credited <sup>(4)</sup>	Interest credited <sup>(4)</sup>	0.7	0.8	40.8	3.0	0.3					
Other	Other	(0.6)	(0.1)	0.2	(0.2)	—					
Balance at September 30, 2023		\$ 54.7	\$ 62.1	\$ 4,568.5	\$ 468.0	\$ 33.1					
Balance at March 31, 2024											
Weighted-average crediting rate	Weighted-average crediting rate	5.4 %	5.2 %	3.6 %	2.6 %	3.7 %	Weighted-average crediting rate	5.6 %	4.9 %	3.7 %	
Net amount at risk <sup>(5)</sup>	Net amount at risk <sup>(5)</sup>	\$ —	\$ —	\$ 53.9	\$ —	\$ —					
Cash surrender value	Cash surrender value	\$ 37.7	\$ 61.4	\$ 4,512.3	\$ 456.8	\$ 32.9					
(\$ in millions)	(\$ in millions)	Three Months Ended September 30, 2022					Three Months Ended March 31, 2023				
(\$ in millions)	(\$ in millions)	Fixed					Three Months Ended March 31, 2024				
Balance at July 1, 2022		\$ 42.6	\$ 65.4	\$ 4,573.7	\$ 518.2	\$ 36.3					
(\$ in millions)	(\$ in millions)										

		Indexed Universal Life		Indexed Universal Life		Experience Life		Fixed Account Annuities		Fixed Indexed Account Annuities		SPIA (non-life contingent)	
Balance at January 1, 2023													
Premiums received <sup>(1)</sup>	Premiums received <sup>(1)</sup>	\$ 3.2	\$ (0.2)	\$ 61.3	\$ 8.0	\$ 0.3							
Surrenders and withdrawals <sup>(2)</sup>	Surrenders and withdrawals <sup>(2)</sup>	(0.1)	(0.9)	(64.4)	(9.8)	—							
Benefit payments <sup>(3)</sup>	Benefit payments <sup>(3)</sup>	—	(0.4)	(17.7)	(1.1)	(1.4)							
Net transfers from (to) separate account	Net transfers from (to) separate account	—	—	7.8	(0.7)	—							
Interest credited <sup>(4)</sup>	Interest credited <sup>(4)</sup>	—	0.9	39.2	0.1	0.2							
Other	Other	(0.9)	(0.1)	4.2	2.2	—							
Balance at September 30, 2022		\$ 44.8	\$ 64.7	\$ 4,604.1	\$ 516.9	\$ 35.4							
Balance at March 31, 2023													
Weighted-average crediting rate	Weighted-average crediting rate	— %	5.7 %	3.5 %	0.1 %	2.3 %	Weighted-average crediting rate	0.1 %	5.0 %	3.6 %	— %	3.0 %	
Net amount at risk <sup>(5)</sup>	Net amount at risk <sup>(5)</sup>	\$ —	\$ —	\$ 110.2	\$ —	\$ —							
Cash surrender value	Cash surrender value	\$ 29.0	\$ 64.0	\$ 4,546.5	\$ 501.7	\$ 35.0							

(1) Premiums received represents premiums collected from policyholder during the period of in force business.

(2) Surrenders and withdrawals represent reductions to the policyholders' account balance due to policyholders surrendering the policy or withdrawing funds from the account balance.

(3) Benefit payments represent benefits due under contract that were paid to a policyholder during the periods.

(4) Interest credited represents interest earned and credited to policyholders' account balance during the periods.

(5) Net amount at risk represents guaranteed benefit amounts less current policyholders' account balance at the reporting date.

## NOTE 5 - Long-Duration Insurance Contracts (continued)

(\$ in millions)	Nine Months Ended September 30, 2023									
	Indexed Universal Life		Experience Life		Fixed Account Annuities		Fixed Indexed Account Annuities			
								SPIA (non-life contingent)		
Balance at January 1, 2023	\$ —	47.6	\$ —	64.3	\$ —	4,591.1	\$ —	510.3	\$ —	34.4
Premiums received <sup>(1)</sup>	\$ —	9.8	\$ —	(0.5)	\$ —	183.9	\$ —	15.8	\$ —	2.6
Surrenders and withdrawals <sup>(2)</sup>		(0.9)		(2.6)		(289.8)		(50.1)		(0.2)
Benefit payments <sup>(3)</sup>	—		(1.3)		(58.1)		(2.1)		(4.3)	
Net transfers from (to) separate account	(0.5)		—		17.5		(6.4)		—	
Interest credited <sup>(4)</sup>	0.9		2.3		120.7		3.9		0.8	
Other	(2.2)		(0.1)		3.2		(3.4)		(0.2)	
Balance at September 30, 2023	\$ 54.7	\$ 62.1	\$ 4,568.5	\$ 468.0	\$ —		\$ —	\$ —	\$ 33.1	

Weighted-average crediting rate	2.3 %	5.0 %	3.6 %	1.1 %	3.1 %
Net amount at risk <sup>(5)</sup>	\$ —	\$ —	\$ 53.9	\$ —	\$ —
Cash surrender value	\$ 37.7	\$ 61.4	\$ 4,512.3	\$ 456.8	\$ 32.9
(\$ in millions)					
			Nine Months Ended September 30, 2022		
			Indexed Universal	Fixed Account	Fixed Indexed
			Life	Annuities	Account Annuities
Balance at January 1, 2022	\$ 39.1	\$ 66.2	\$ 4,532.7	\$ 522.6	\$ 37.7
Premiums received <sup>(1)</sup>	\$ 7.9	\$ (0.2)	\$ 156.0	\$ 25.4	\$ 1.7
Surrenders and withdrawals <sup>(2)</sup>	(0.7)	(2.4)	(184.2)	(30.1)	(0.4)
Benefit payments <sup>(3)</sup>	—	(1.2)	(50.6)	(2.9)	(4.4)
Net transfers from (to) separate account	—	—	34.6	(1.1)	—
Interest credited <sup>(4)</sup>	0.8	2.4	116.4	3.2	0.8
Other	(2.3)	(0.1)	(0.8)	(0.2)	—
Balance at September 30, 2022	\$ 44.8	\$ 64.7	\$ 4,604.1	\$ 516.9	\$ 35.4
Weighted-average crediting rate	2.7 %	5.0 %	3.5 %	0.8 %	3.0 %
Net amount at risk <sup>(5)</sup>	\$ —	\$ —	\$ 110.2	\$ —	\$ —
Cash surrender value	\$ 29.0	\$ 64.0	\$ 4,546.5	\$ 501.7	\$ 35.0

<sup>(1)</sup> Premiums received represents premiums collected from policyholder during the period of in force business.

<sup>(2)</sup> Surrenders and withdrawals represent reductions to the policyholders' account balance due to policyholders surrendering the policy or withdrawing funds from the account balance.

<sup>(3)</sup> Benefit payments represent benefits due under contract that were paid to a policyholder during the periods.

<sup>(4)</sup> Interest credited represents interest earned and credited to policyholders' account balance during the periods.

<sup>(5)</sup> Net amount at risk represents guaranteed benefit amounts less current policyholders' account balance at the reporting date.

The following table reconciles policyholders' account balances to the policyholders' account balance liability in the Consolidated Balances Sheets:

(\$ in millions)	(\$ in millions)	September 30, 2023		December 31, 2022		March 31, 2024	December 31, 2023
		30, 2023	31, 2022				
Indexed universal life	Indexed universal life	\$ 54.7	\$ 47.6				
Experience Life	Experience Life	62.1	64.3				
Fixed account annuities	Fixed account annuities	4,568.5	4,591.1				
Fixed indexed account annuities	Fixed indexed account annuities	468.0	510.3				
SPIA (non-life contingent)	SPIA (non-life contingent)	33.1	34.4				
Reconciling items <sup>(1)</sup>	Reconciling items <sup>(1)</sup>	17.6	12.9				
Total	Total	\$ 5,204.0	\$ 5,260.6				

<sup>(1)</sup> Reconciling items primarily relate to FIA reserves net of account balances, miscellaneous fixed annuity reserves, personal promise accounts and MRBs.

## NOTE 5 - Long-Duration Insurance Contracts (continued)

The following tables present the gross account values by range of guaranteed minimum crediting rates and the related range of difference, in basis points, between rates being credited to policyholders and the respective guaranteed minimums:

(\$ in millions)	(\$ in millions)	September 30, 2023					(\$ in millions)	March 31, 2024			
		Greater Than						At Guaranteed Minimum			
		At Guaranteed Minimum		1-50 Basis Points Above			51-150 Basis Points Above		Greater Than 150 Basis Points Above		Total <sup>(1)</sup>
Guaranteed minimum crediting rates:	Guaranteed minimum crediting rates:	At	Guaranteed Minimum	1-50 Basis Points Above	51-150 Basis Points Above	Greater Than 150 Basis Points Above	At Guaranteed Minimum	1-50 Basis Points Above	51-150 Basis Points Above	Greater Than 150 Basis Points Above	Total <sup>(1)</sup>
Less than 2%	Less than 2%										
Less than 2%	Less than 2%										
Less than 2%	Less than 2%										
Less than 2%	Less than 2%										
Less than 2%	Less than 2%										
Equal to 2% but less than 3%	Equal to 2% but less than 3%										
Equal to 3% but less than 4%	Equal to 3% but less than 4%										
Equal to 4% but less than 5%	Equal to 4% but less than 5%										
5% or higher	5% or higher										
Total	Total	\$		3,642.4	\$330.5	\$456.0	\$219.3	\$4,648.2			
(\$ in millions)	(\$ in millions)	December 31, 2022					December 31, 2023				
		Greater Than					At Guaranteed Minimum				
		At Guaranteed Minimum		1-50 Basis Points Above			51-150 Basis Points Above		Greater Than 150 Basis Points Above		Total <sup>(1)</sup>
Guaranteed minimum crediting rates:	Guaranteed minimum crediting rates:	At	Guaranteed Minimum	1-50 Basis Points Above	51-150 Basis Points Above	Greater Than 150 Basis Points Above	At Guaranteed Minimum	1-50 Basis Points Above	51-150 Basis Points Above	Greater Than 150 Basis Points Above	Total <sup>(1)</sup>
Less than 2%	Less than 2%										
Less than 2%	Less than 2%										
Less than 2%	Less than 2%										
Less than 2%	Less than 2%										
Less than 2%	Less than 2%										
Equal to 2% but less than 3%	Equal to 2% but less than 3%										
Equal to 3% but less than 4%	Equal to 3% but less than 4%										
Equal to 4% but less than 5%	Equal to 4% but less than 5%										
Total	Total	\$		262.5	\$370.6	\$214.4	\$ 96.1	\$ 943.6			
(\$ in millions)	(\$ in millions)	December 31, 2023					December 31, 2023				
		At Guaranteed Minimum					At Guaranteed Minimum				
		At Guaranteed Minimum		1-50 Basis Points Above			51-150 Basis Points Above		Greater Than 150 Basis Points Above		Total <sup>(1)</sup>
Guaranteed minimum crediting rates:	Guaranteed minimum crediting rates:	At	Guaranteed Minimum	1-50 Basis Points Above	51-150 Basis Points Above	Greater Than 150 Basis Points Above	At Guaranteed Minimum	1-50 Basis Points Above	51-150 Basis Points Above	Greater Than 150 Basis Points Above	Total <sup>(1)</sup>
Less than 2%	Less than 2%										
Less than 2%	Less than 2%										
Less than 2%	Less than 2%										
Less than 2%	Less than 2%										
Equal to 2% but less than 3%	Equal to 2% but less than 3%										
Equal to 3% but less than 4%	Equal to 3% but less than 4%										
Equal to 4% but less than 5%	Equal to 4% but less than 5%										
Total	Total	\$		2,706.1	—	—	—	2,706.1			

5% or higher	5% or higher	91.7	—	—	—	91.7
Total	Total	\$ 3,983.8	\$ 390.8	\$ 219.5	\$ 96.1	\$ 4,690.2

(1) Excludes products not containing a fixed guaranteed minimum crediting rate.

#### Separate Account Liabilities

Separate account assets and liabilities consist of investment accounts established and maintained by the Company for certain variable contracts. Some of these variable contracts include minimum guarantees such as GMDBs that guarantee a minimum payment to the policyholder in the event of death.

The assets that support variable contracts are measured at fair value and are reported as separate account assets on the Consolidated Balance Sheets. An equivalent amount is reported as separate account liabilities. MRB assets and liabilities for minimum guarantees are valued and presented separately from separate account assets and separate account liabilities. MRBs are discussed further in the market risk benefits section of this Note to the Consolidated Financial Statements. Policy charges assessed against the policyholders for mortality.

#### NOTE 5 - Long-Duration Insurance Contracts (continued)

administration and other services are included in the life premiums and contract charges line item on the Consolidated Statements of Operations and Comprehensive Income (Loss).

#### NOTE 5 - Long-Duration Insurance Contracts (continued)

The following table presents the balances of and changes in the Separate Account variable annuity liabilities presented in the Consolidated Balance Sheets<sup>(1)</sup>:

(\$ in millions)	(\$ in millions)	Retirement Services		(\$ in millions)	Retirement Services		
		Variable Account Annuities			Variable Account Annuities		
		September 30, 2023	December 31, 2022		March 31, 2024	December 31, 2023	
Variable Account Annuities							
Balance, beginning of year	Balance, beginning of year	\$ 2,792.3	\$ 3,441.0				
Deposits	Deposits	173.9	240.3				
Withdrawals	Withdrawals	(163.3)	(186.8)				
Net transfers	Net transfers	(11.1)	(38.1)				
Fees and charges	Fees and charges	(28.0)	(36.8)				
Market appreciation (depreciation)	Market appreciation (depreciation)	215.6	(619.7)				
Other	Other	(5.4)	(7.6)				
Balance, end of period	Balance, end of period	\$ 2,974.0	\$ 2,792.3				

(1) The Separate Account variable annuity liabilities are backed by, and are equal to, the Separate Account variable annuity assets that represent contractholder funds invested in various actively traded mutual funds that have daily quoted net asset values that are readily determinable for identical assets that the Company can access.

## Market Risk Benefits

The following table presents the balances of and changes in MRBs associated with deferred variable annuities as of and for the three and nine months ended **September 30, 2023**, **March 31, 2024** and **2022, 2023**, respectively:

(\$ in millions)	(\$ in millions)	Nine Months		(\$ in millions)	Three Months Ended March 31,
		Three Months Ended September 30,	Ended September 30,		
(\$ in millions)					
(\$ in millions)					
		2024			
		2023	2022	2023	2022
Balance, beginning of period					
Balance, beginning of period					
Balance, beginning of period	Balance, beginning of period	\$ (3.6)	\$ 4.6	\$ 0.2	\$ 4.8
Balance, beginning of period, before effects of changes in the instrument-specific credit risk	Balance, beginning of period, before effects of changes in the instrument-specific credit risk	(3.2)	4.2	—	2.0
Changes in market risk benefits <sup>(1)</sup>	Changes in market risk benefits <sup>(1)</sup>	(1.3)	(1.6)	(4.5)	0.6
Balance, end of period <sup>(2)</sup>	Balance, end of period <sup>(2)</sup>	\$ (4.5)	\$ 2.6	\$ (4.5)	\$ 2.6
Effect of changes in the instrument-specific credit risk	Effect of changes in the instrument-specific credit risk	—	0.3	—	0.3
Balance, end of period	Balance, end of period	\$ (4.5)	\$ 2.9	\$ (4.5)	\$ 2.9
Balance, end of period <sup>(2)</sup>	Balance, end of period <sup>(2)</sup>				
Net amount at risk <sup>(3)</sup>	Net amount at risk <sup>(3)</sup>	\$ 37.6	\$ 79.9	\$ 37.6	\$ 79.9
Weighted-average attained age of contract holders	Weighted-average attained age of contract holders	63	63	63	63
	Weighted-average attained age of contract holders				
		62	63		

(1) Reflects interest accruals and effect of changes in interest rates, equity markets, equity index volatility and future assumptions.

(2) Balance, end of period, before the effect of changes in the instrument-specific credit risk.

③ Net amount at risk represents the current guaranteed benefit less current account balance at the reporting date.

The following table presents MRBs by amounts in an asset position and amounts in a liability position. The net liabilities (assets) are included in Policyholders' account balances presented in the Consolidated Balance Sheets.

(\$ in millions)		As of September 30, 2023			As of December 31, 2022		(\$ in millions)		As of March 31, 2024			As of December 31, 2023			
		(Asset)	Liability	Net	(Asset)	Liability			(Asset)	Liability	Net	(Asset)	Liability	Net	
		(Asset)					(Asset)								
Deferred variable annuities	Deferred variable annuities														
		\$ (6.4)	\$ 1.9	\$ (4.5)	\$ (4.4)	\$ 4.7	\$ 0.3								

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## NOTE 5 - Long-Duration Insurance Contracts (continued)

### DAC and Deferred Sales Inducements Acquisition Costs

The following tables roll-forward DAC for the periods indicated:

(\$ in millions)		Three Months Ended September 30, 2023									
		Whole Life	Term Life	Experience Life	Life	Indexed Universal Life	Supplemental Health	Total Annuities			
Balance, beginning of period	\$ 21.6	\$ 31.4	\$ 5.7	\$ 7.0	\$ 16.1	\$ 7.0	\$ 217.2				
Capitalizations	0.7	1.5	0.1	0.4	0.6		0.7				3.7
Amortization expense	(0.3)	(0.8)	(0.1)	(0.1)	(0.2)		(0.2)				(3.6)
Experience adjustment	(0.1)	(0.1)	—	(0.1)	(0.1)		(0.1)				(2.3)
Balance, end of period	\$ 21.9	\$ 32.0	\$ 5.7	\$ 7.2	\$ 16.4	\$ 7.5	\$ 215.0				
(\$ in millions)		Nine Months Ended September 30, 2023									
		Whole Life	Term Life	Experience Life	Life	Indexed Universal Life	Supplemental Health	Total Annuities			
Balance, beginning of period	\$ 20.9	\$ 30.0	\$ 5.8	\$ 6.7	\$ 15.4	\$ 6.2	\$ 221.1				
Capitalizations	2.0	4.3	0.2	0.9	1.8		2.0				11.4
Amortization expense	(0.9)	(2.2)	(0.3)	(0.3)	(0.7)		(0.5)				(11.0)
Experience adjustment	(0.1)	(0.1)	—	(0.1)	(0.1)		(0.2)				(6.5)
Balance, end of period	\$ 21.9	\$ 32.0	\$ 5.7	\$ 7.2	\$ 16.4	\$ 7.5	\$ 215.0				
(\$ in millions)		Year Ended December 31, 2022									
		Whole Life	Term Life	Experience Life	Life	Indexed Universal Life	Supplemental Health	Total Annuities			
Balance, beginning of year	\$ 19.1	\$ 27.5	\$ 6.0	\$ 5.6	\$ 13.7	\$ 4.9	\$ 223.3				
Capitalizations	3.0	5.0	0.2	1.4	2.5		1.8				15.5
Amortization expense	(1.2)	(2.5)	(0.4)	(0.3)	(0.8)		(0.5)				(15.8)
Experience adjustment	—	—	—	—	—		—				(1.9)
Balance, end of year	\$ 20.9	\$ 30.0	\$ 5.8	\$ 6.7	\$ 15.4	\$ 6.2	\$ 221.1				
(\$ in millions)		Year Ended December 31, 2021									
		Whole Life	Term Life	Experience Life	Life	Indexed Universal Life	Supplemental Health	Total Annuities			
Balance, end of year											
December 31, 2020	\$ 17.8	\$ 25.6	\$ 2.6	\$ 4.4	\$ 11.3	\$ 4.3	\$ 137.7				
Adjustment for removal of related balances in AOCI	—	—	3.6	—	1.6	—	—				85.4
Adjusted balance, beginning of year											
January 1, 2021	\$ 17.8	\$ 25.6	\$ 6.2	\$ 4.4	\$ 12.9	\$ 4.3	\$ 223.1				
Capitalizations	2.4	4.2	0.2	1.5	1.7	1.1	17.3				

Amortization expense	(1.1)	(2.3)	(0.4)	(0.3)	(0.8)	(0.5)	(16.0)
Experience adjustment	—	—	—	—	(0.1)	—	(1.1)
Balance, end of year							
December 31, 2021	\$ 19.1	\$ 27.5	\$ 6.0	\$ 5.6	\$ 13.7	\$ 4.9	\$ 223.3

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## NOTE 5 - Long-Duration Insurance Contracts (continued)

(\$ in millions)	Three Months Ended March 31, 2024							
	Limited-Pay Whole							
	Whole Life	Term Life	Experience Life	Life	Indexed Universal Life	Supplemental Health	Total Annuities	
Balance, beginning of period	\$ 22.3	\$ 32.6	\$ 5.7	\$ 7.4	\$ 16.8	\$ 8.2	\$ 214.0	
Capitalizations	0.7	1.2	0.1	0.2	0.7	0.8	3.9	
Amortization expense	(0.3)	(0.9)	(0.1)	(0.1)	(0.3)	(0.2)	(3.7)	
Experience adjustment	(0.1)	—	—	—	(0.1)	(0.1)	(1.3)	
Balance, end of period	\$ 22.6	\$ 32.9	\$ 5.7	\$ 7.5	\$ 17.1	\$ 8.7	\$ 212.9	

(\$ in millions)	Three Months Ended March 31, 2023							
	Limited-Pay Whole							
	Whole Life	Term Life	Experience Life	Life	Indexed Universal Life	Supplemental Health	Total Annuities	
Balance, beginning of period	\$ 20.9	\$ 30.0	\$ 5.8	\$ 6.7	\$ 15.4	\$ 6.2	\$ 221.1	
Capitalizations	0.6	1.3	—	0.2	0.5	0.6	4.0	
Amortization expense	(0.3)	(0.6)	—	(0.1)	(0.2)	(0.1)	(3.7)	
Experience adjustment	—	—	—	—	—	—	(1.7)	
Balance, end of period	\$ 21.2	\$ 30.7	\$ 5.8	\$ 6.8	\$ 15.7	\$ 6.7	\$ 219.7	

The following table presents a reconciliation of DAC to the Consolidated Balance Sheets:

(\$ millions)	in (\$ millions)	in September December		(\$ in millions)	March 31, 2024	December 31, 2023
		30, 2023	31, 2022			
Whole life	Whole life	\$ 21.9	\$ 20.9			
Term life	Term life	32.0	30.0			
Experience life	Experience life	5.7	5.8			
Limited pay whole life	Limited pay whole life	7.2	6.7			
Indexed universal life	Indexed universal life	16.4	15.4			
Supplemental health	Supplemental health	7.5	6.2			
Total annuities	Total annuities	215.0	221.1			
Reconciling item <sup>(1)</sup>	Reconciling item <sup>(1)</sup>	29.2	24.5			
Total	Total	\$ 334.9	\$ 330.6			

<sup>(1)</sup> Reconciling item relates to DAC associated with the Property & Casualty reporting segment.

The assumptions used to amortize DAC were consistent with the assumptions used to estimate LFPB for traditional and limited-payment contracts. The underlying assumptions for DAC and LFPB were updated at the same time.

In the **second** **first** quarter of **2023** **2024** and **2022** **2023**, the Company conducted a review of all significant assumptions and did not make any changes to future assumptions because actual experience for mortality and lapses was materially consistent with underlying assumptions.

The following table rolls-forward the deferred sales inducements balance as of and for the three and nine months ended September 30, 2023:

(\$ in millions)	September 30, 2023	December 31, 2023
Deferred sales inducements	\$ 19.1	\$ 27.5
Reconciling item <sup>(1)</sup>	—	—
Total	\$ 19.1	\$ 27.5

(\$ in millions)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2023	2023	2023
Balance, beginning of period	\$	14.9	\$	15.9
Capitalizations		—		—
Amortization expense		(0.2)		(0.8)
Experience adjustment		(0.2)		(0.6)
Balance, end of period	\$	14.5	\$	14.5

Deferred sales inducements is included in Other assets in the Consolidated Balance Sheets.

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## NOTE 6 - Reinsurance

The Company recognizes the cost of reinsurance premiums over the contract periods for such premiums in proportion to the insurance protection provided. Amounts recoverable from reinsurers for unpaid claims and claim settlement expenses, including estimated amounts for unsettled claims, claims incurred but not yet reported and policy benefits, are estimated in a manner consistent with the insurance liability associated with the policy. The effects of reinsurance on net premiums written and contract deposits; net premiums and contract charges earned; and benefits, claims and settlement expenses were as follows:

(\$ in millions)	(\$ in millions)	(\$ in millions)			Direct Amount	Ceded to Other Companies	Assumed from Other Companies	Net Amount
		Direct Amount	Ceded to Other Companies <sup>(1)</sup>	Assumed from Other Companies				
Three months ended September 30, 2023								
Three months ended March 31, 2024								
Three months ended March 31, 2024								
Three months ended March 31, 2024								
Net premiums written and contract deposits <sup>(2)</sup>								
Net premiums written and contract deposits <sup>(2)</sup>								
Net premiums written and contract deposits <sup>(2)</sup>								
Net premiums written and contract deposits <sup>(2)</sup>								
Net premiums written and contract charges earned								
Net premiums written and contract charges earned								
Net premiums written and contract charges earned								
Net premiums written and contract charges earned								
Benefits, claims and settlement expenses								
Benefits, claims and settlement expenses								
Benefits, claims and settlement expenses								
Three months ended September 30, 2022								

Three months ended March 31, 2023	Net premiums written and contract deposits <sup>(2)</sup>	\$ 391.2	\$ 15.4	\$ 13.4	\$ 389.2
Net premiums written and contract deposits <sup>(2)</sup>	Net premiums written and contract charges earned	261.6	17.6	13.4	257.4
Benefits, claims and settlement expenses	Benefits, claims and settlement expenses	170.9	8.3	4.6	167.1
Nine months ended September 30, 2023	Net premiums written and contract deposits <sup>(2)</sup>	\$ 1,186.5	\$ 51.0	\$ 28.2	\$ 1,163.7
Net premiums and contract charges earned		812.3	57.2	27.5	782.6
Benefits, claims and settlement expenses		615.6	36.1	8.1	587.6
Nine months ended September 30, 2022	Net premiums written and contract deposits <sup>(2)</sup>	\$ 1,127.1	\$ 46.7	\$ 39.5	\$ 1,119.9
Net premiums and contract charges earned		782.5	53.5	39.6	768.6
Benefits, claims and settlement expenses		564.9	34.1	14.9	545.7

(a) Excludes the annuity reinsurance transaction accounted for using the deposit method.

(2) This measure is not based on accounting principles generally accepted in the United States of America (non-GAAP). An explanation of this non-GAAP measure is contained in the Glossary of Selected Terms included as Exhibit 99.1 in the Company's reports filed with the SEC.

## NOTE 7 - Debt

### Debt Issuance

On September 15, 2023, the Company issued \$300.0 million aggregate principal amount of 7.25% senior notes (2023 Senior Notes), which will mature on September 15, 2028, issued at a discount resulting in an effective yield of 7.29%. Interest on the 2023 Senior Notes is payable semi-annually at a rate of 7.25%. The 2023 Senior Notes are redeemable in whole or in part, at any time, at the Company's option, at a redemption price equal to the greater of (1) 100% of the principal amount of the notes being redeemed or (2) the sum

of the present values of the remaining scheduled payments of principal and interest thereon discounted, on a semi-annual basis, at the Treasury yield (as defined in the indenture) plus 45 basis points, plus, in either of the above cases, accrued interest to the date of redemption.

The net proceeds from the sale of the 2023 Senior Notes were used to fully repay the \$249.0 million balance on the Revolving Credit Facility with remaining net proceeds from the sale to be used for general corporate purposes.

## NOTE 87 - Segment Information

The Company conducts and manages its business in four reporting segments. The three operating segments, representing the major lines of business, are: (1) Property & Casualty (primarily personal lines of auto and property insurance products), (2) Life & Retirement (primarily tax-qualified fixed and variable annuities as well as life insurance products), and (3) Supplemental & Group Benefits (primarily cancer, heart, hospital, supplemental disability, accident, short-term and long-term group disability, and group term life coverages). The Company does not allocate the impact of corporate-level transactions to these operating segments, consistent with the basis for management's evaluation of the results of those segments, but classifies those items in the fourth reporting segment, Corporate & Other. In addition to ongoing transactions such as corporate debt service, net investment gains (losses) and certain public company expenses, such items in Corporate & Other have also included corporate debt retirement costs, when applicable.

Summarized financial information for these segments is as follows:

(\$ in millions)	(\$ in millions)	Three Months Ended		Nine Months Ended		(\$ in millions)	(\$ in millions)	Three Months Ended	March 31,	2024	2023						
		September 30,		September 30,													
		2023	2022	2023	2022												
Net premiums and contract charges earned	Net premiums and contract charges earned																
Property & Casualty	Property & Casualty	\$ 164.3	\$ 152.4	\$ 474.1	\$ 452.5												
Life & Retirement	Life & Retirement	38.2	36.8	113.3	108.9												
Supplemental & Group Benefits	Supplemental & Group Benefits	63.5	68.2	195.2	207.2												
Total	Total	\$ 266.0	\$ 257.4	\$ 782.6	\$ 768.6												
Net investment income	Net investment income																
Net investment income	Net investment income																
Property & Casualty	Property & Casualty																
Property & Casualty	Property & Casualty	\$ 12.0	\$ 8.0	\$ 26.6	\$ 22.9												
Life & Retirement	Life & Retirement	96.9	81.4	274.1	254.0												
Supplemental & Group Benefits	Supplemental & Group Benefits	10.3	8.7	28.5	25.4												

Corporate & Other	Corporate & Other	0.2	—	0.2	—
Intersegment eliminations	Intersegment eliminations	(0.5)	(0.5)	(1.6)	(1.6)
Total	Total	\$ 118.9	\$ 97.6	\$327.8	\$300.7
Net income (loss)	Net income (loss)				
Net income (loss)	Net income (loss)				
Property & Casualty	Property & Casualty				
Property & Casualty	Property & Casualty	\$ (11.3)	\$ (2.5)	\$ (44.3)	\$ (19.4)
Life & Retirement	Life & Retirement	20.9	17.7	52.3	57.1
Supplemental & Group Benefits	Supplemental & Group Benefits	15.8	20.7	41.6	48.9
Corporate & Other	Corporate & Other	(13.7)	(15.5)	(44.1)	(50.1)
Total	Total	\$ 11.7	\$ 20.4	\$ 5.5	\$ 36.5
		September 30, 2023	December 31, 2022		
(\$ in millions)	(\$ in millions)				
Assets	Assets			March 31, 2024	December 31, 2023
Property & Casualty	Property & Casualty				
Property & Casualty	Property & Casualty	\$ 1,142.2	\$ 1,083.8		
Life & Retirement	Life & Retirement	10,856.2	10,754.5		
Supplemental & Group Benefits	Supplemental & Group Benefits	1,299.8	1,359.3		
Corporate & Other	Corporate & Other	172.6	173.4		
Intersegment eliminations	Intersegment eliminations	(58.4)	(64.9)		
Total	Total	\$ 13,412.5	\$13,306.1		

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## NOTE 98 - Accumulated Other Comprehensive Income (Loss)

AOCI represents the accumulated change in shareholders' equity from transactions and other events and circumstances from non-shareholder sources. For the Company, AOCI includes the after tax change in net unrealized investment gains (losses) on fixed maturity securities, the after tax change in net reserve remeasurements attributable to discount rates and the after tax change in net funded status of benefit plans for the periods as shown in the Consolidated Statements of Changes in Shareholders' Equity. The following table reconciles these components.

(\$ in millions)	(\$ in millions)	Net Unrealized Investment Gains (Losses)				(\$ in millions)	Net Unrealized Investment Gains (Losses)				Net Funded Status of Benefit Plans <sup>(1)</sup>	Net Funded Status of Benefit Plans <sup>(2)</sup>	Net Funded Status of Benefit Plans <sup>(3)</sup>
		on Fixed Maturity Securities <sup>(1)</sup>	Discount Rates <sup>(1)</sup>	Net Reserve on Fixed Maturity Remeasurements	Net Funded Status of Benefit Plans <sup>(1)</sup>		on Fixed Maturity Securities <sup>(2)</sup>	Net Reserve on Fixed Maturity Remeasurements	Attributable to Benefit Plans <sup>(1)</sup>	Attributable to Benefit Plans <sup>(2)</sup>			
Beginning balance, July 1, 2023		\$ (393.7)	\$ 42.9	\$ (8.8)	\$ (359.6)								
Beginning balance, January 1, 2024													
Beginning balance, January 1, 2024													
Other comprehensive income (loss) before reclassifications	Other comprehensive income (loss) before reclassifications												
Amounts reclassified from AOCl <sup>(2)</sup>	Amounts reclassified from AOCl <sup>(2)</sup>												
Net current period other comprehensive income (loss)	Net current period other comprehensive income (loss)												
Ending balance, September 30, 2023	\$ (534.7)	\$ 133.6	\$ (8.8)	\$ (409.9)									
Ending balance, March 31, 2024													
Beginning balance, July 1, 2022	\$ (281.8)	\$ (36.9)	\$ (10.2)	\$ (328.9)									
Other comprehensive income (loss) before reclassifications		(223.4)	110.7	—	(112.7)								
Amounts reclassified from AOCl <sup>(3)</sup>		8.4	—	—	8.4								
Net current period other comprehensive income (loss)		(215.0)	110.7	—	(104.3)								
Ending balance, September 30, 2022	\$ (496.8)	\$ 73.8	\$ (10.2)	\$ (433.2)									
Beginning balance, January 1, 2023													
Beginning balance, January 1, 2023													
Beginning balance, January 1, 2023	Beginning balance, January 1, 2023	\$ (449.6)	\$ 59.0	\$ (8.8)	\$ (399.4)								
Other comprehensive income (loss) before reclassifications	Other comprehensive income (loss) before reclassifications												
Amounts reclassified from AOCl <sup>(2)</sup>	Amounts reclassified from AOCl <sup>(2)</sup>												
Net current period other comprehensive income (loss)	Net current period other comprehensive income (loss)												
Ending balance, September 30, 2023	\$ (534.7)	\$ 133.6	\$ (8.8)	\$ (409.9)									
Beginning balance, January 1, 2022	\$ 347.1	\$ (386.9)	\$ (10.2)	\$ (50.0)									
Other comprehensive income (loss) before reclassifications		(856.5)	460.7	—	(395.8)								
Amounts reclassified from AOCl <sup>(2)</sup>		12.6	—	—	12.6								
Net current period other comprehensive income (loss)		(843.9)	460.7	—	(383.2)								

Ending balance, September 30, 2022	\$ (496.8)	\$ 73.8	\$ (10.2)	\$ (433.2)
Ending balance, March 31, 2023				

(1) All amounts are net of tax.

(2) The pretax amounts reclassified from AOCI, \$(3.5) \$(1.0) million and \$(20.5) \$(2.4) million, are included in Net investment gains (losses) and the related income tax benefits, \$(0.7) \$(0.2) million and \$(4.3) \$(0.5) million, are included in income tax expense in the Consolidated Statements of Operations for the three and nine months ended September 30, 2023, respectively.

(3) The pretax amounts reclassified from AOCI, \$(10.7) million March 31, 2024 and \$(15.9) million, are included in Net investment gains (losses) and the related income tax benefits, \$(2.3) million and \$(3.4) million, are included in income tax expense in the Consolidated Statements of Operations for the three and nine months ended September 30, 2022, 2023, respectively.

Comparative information for elements that are not required to be reclassified in their entirety to net income in the same reporting period is disclosed in Note 2.

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## NOTE 109 - Supplemental Consolidated Cash and Cash Flow Information

(\$ in millions)		(\$ in millions)		September December 30, 2023 31, 2022	March 31, 2024	March 31, 2024	March 31, 2024	December 31, 2023
Cash	Restricted cash	Cash	Restricted cash					
Cash	Restricted cash	\$ 33.7	\$ 42.2					
Restricted cash		0.8	0.6					
Total cash and restricted cash reported in the Consolidated Balance Sheets	Total cash and restricted cash reported in the Consolidated Balance Sheets	\$ 34.5	\$ 42.8					
(\$ in millions)		Nine Months (\$ in millions)		September 30, 2023	2022	Three Months Ended March 31,		
(\$ in millions)	(\$ in millions)	Ended				2024	2024	2023
Cash paid for:	Cash paid for:	Interest	Interest					
Interest	Interest	\$ 18.3	\$ 9.1					
Interest								
Income taxes	Income taxes	14.8	6.4					

Non-cash activities were not material for the three and nine months ended September 30, 2023 March 31, 2024 and 2022, 2023, respectively.

## NOTE 110 - Contingencies and Commitments

### Lawsuits and Legal Proceedings

Companies in the insurance industry have been subject to substantial litigation resulting from claims, disputes and other matters. For instance, they have faced expensive claims, including class action lawsuits, alleging, among other things, improper sales practices and improper claims settlement procedures. Negotiated settlements of certain such actions have had a material adverse effect on many insurance companies.

At the time of issuance of this **Quarterly Interim** Report on Form 10-Q, **except as noted below**, the Company does not have pending litigation from which there is a reasonable possibility of material loss.

**Assessments** In 2023, the Horace Mann Insurance Company (HMIC) was named as a defendant in one lawsuit and received various demands for **Insolvencies** reimbursement and notices of **Unaffiliated Insurance Companies** claims related to legacy, long-tail commercial lines claims, including asbestos, environmental, and sexual molestation claims. It is alleged that HMIC reinsured certain commercial lines policies as a member of various insurance pooling arrangements in the late 1960s and early 1970s. The related policies were written prior to the 1975 acquisition of Horace Mann by INA discussed in Part I - Item 1 of the Annual Report on Form 10-K. HMEC's available records indicate that on January 1, 1975, HMIC entered a quota share retrocession treaty with INA. It is the Company's understanding that claims arising under these legacy policies were handled by various third parties pursuant to the terms of that treaty and its subsequent amendments entered into on behalf of HMIC. Ultimately, after amendments to the treaty and various corporate transactions involving the reinsurer, these obligations were assumed by companies that were affiliated with R&Q Reinsurance Company (R&Q).

The **Company** matters noted above arose following the March 23, 2023, Order of Liquidation in Pennsylvania of R&Q. HMIC is **contingently liable** for defending itself against the pending litigation and is in the process of investigating and evaluating the other demands and claims notices under a complete reservation of rights. In addition, in order to preserve its rights, HMIC submitted a proof of claim in the pending R&Q liquidation proceeding.

The amounts claimed against HMIC, if successful, could be material. However, based on the preliminary nature of the matters, the information available to date and considering the legal and factual challenges to the litigation and claims, it is **not** possible to assess the potential insolvencies under regulatory requirements pertaining to **potential insolvencies** provide a reasonable estimate of **unaffiliated insurance companies**. Liabilities, which are established based upon regulatory guidance, have generally been insignificant any resultant payment.

#### Investment Commitments

The Company has outstanding commitments to fund investments primarily in limited partnership interests. Such unfunded commitments were \$505.9 million and \$704.2 million as of **September 30, 2023** **March 31, 2024** and **December 31, 2022** **December 31, 2023**, respectively.

#### Note 12 - Prior Period Consolidated Financial Statements

Effective January 1, 2023, the Company adopted ASU 2018-12, Financial Services – Insurance (Topic 944): Targeted Improvements to the Accounting for Long-Duration Contracts (also known as LDTI). The Company adopted LDTI using the modified retrospective approach where permitted with changes applied as of January 1, 2021. As a result of adoption, the Company's prior period consolidated financial statements have been restated.

The following tables summarize the effects of adopting LDTI on our unaudited Consolidated Financial Statements.

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#### Note 12 - Prior Period Consolidated Financial Statements (continued)

**HORACE MANN EDUCATORS CORPORATION**  
**CONSOLIDATED BALANCE SHEET (UNAUDITED)**  
(**\$** in millions, except share data)

	December 31, 2022		Effect of the Adoption		December 31, 2022	
	As Reported		of ASU 2018-12		Reclassifications <sup>(1)</sup>	As Adjusted
<b>Assets</b>						
Total investments	\$ 6,587.6	\$ —	—	\$ —	—	\$ 6,587.6
Cash	42.8	—	—	—	—	42.8
Deferred policy acquisition costs	433.1	(102.5)	—	—	—	330.6
Reinsurance balances receivable	506.2	(38.2)	—	—	—	468.0
Deposit asset on reinsurance	2,516.6	—	—	—	—	2,516.6
Intangible assets	185.2	—	—	—	—	185.2
Goodwill	54.3	—	—	—	—	54.3
Other assets	328.7	—	—	—	—	328.7
Separate Account variable annuity assets	2,792.3	—	—	—	—	2,792.3
Total assets	\$ 13,446.8	\$ (140.7)	\$ —	\$ —	\$ —	\$ 13,306.1
<b>Liabilities and Shareholders' Equity</b>						
Policy liabilities						
Investment contract and policy reserves	\$ 6,968.0	\$ (151.9)	\$ (6,816.1)	\$ —	—	—
Future policy benefit reserves					1,718.0	1,718.0
Policyholders' account balances					5,260.6	5,260.6
Unpaid claims and claim expenses	585.1	(2.9)	(18.2)	—	—	564.0
Unearned premiums	264.2	1.9	—	—	—	266.1

Total policy liabilities	7,817.3	(152.9)	144.3	7,808.7
Other policyholder funds	954.0	(0.4)	(144.3)	809.3
Other liabilities	297.0	2.5	—	299.5
Short-term debt	249.0	—	—	249.0
Long-term debt	249.0	—	—	249.0
Separate Account variable annuity liabilities	2,792.3	—	—	2,792.3
<b>Total liabilities</b>	<b>12,358.6</b>	<b>(150.8)</b>	<b>—</b>	<b>12,207.8</b>
Preferred stock	—	—	—	—
Common stock	0.1	—	—	0.1
Additional paid-in capital	502.6	—	—	502.6
Retained earnings	1,468.6	43.8	—	1,512.4
Accumulated other comprehensive income (loss), net of tax:				
Net unrealized investment losses on fixed maturity securities	(356.9)	(92.7)	—	(449.6)
Net reserve remeasurements attributable to discount rates	—	59.0	—	59.0
Net funded status of benefit plans	(8.8)	—	—	(8.8)
Treasury stock, at cost	(517.4)	—	—	(517.4)
<b>Total shareholders' equity</b>	<b>1,088.2</b>	<b>10.1</b>	<b>—</b>	<b>1,098.3</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 13,446.8</b>	<b>\$ (140.7)</b>	<b>\$ —</b>	<b>\$ 13,306.1</b>

<sup>a</sup>The Company has reclassified the presentation of certain information to conform to the current year's presentation.

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#### Note 12 - Prior Period Consolidated Financial Statements (continued)

**HORACE MANN EDUCATORS CORPORATION**  
**CONSOLIDATED STATEMENT OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS) (UNAUDITED)**  
(\$ in millions, except per share data)

	Three Months Ended		Three Months Ended	
	September 30, 2022		September 30, 2022	
	As Reported	Effect of the Adoption of ASU 2018-12	As Adjusted	As Adjusted
<b>Statement of Operations</b>				
Revenues				
Net premiums and contract charges earned	\$ 257.8	\$ (0.4)	\$ 257.4	\$ 257.4
Net investment income	97.6	—	—	97.6
Net investment losses	(12.8)	—	—	(12.8)
Other income	0.4	—	—	0.4
<b>Total revenues</b>	<b>343.0</b>	<b>(0.4)</b>	<b>342.6</b>	<b>342.6</b>
Benefits, losses and expenses				
Benefits, claims and settlement expenses	173.6	(6.4)	—	167.1
Interest credited	45.9	(1.1)	—	44.8
Operating expenses	75.6	—	—	75.6
DAC amortization expense	23.3	(1.1)	—	22.2
Intangible asset amortization expense	4.2	—	—	4.2
Interest expense	5.3	—	—	5.3
<b>Total benefits, losses and expenses</b>	<b>327.9</b>	<b>(8.6)</b>	<b>319.2</b>	<b>319.2</b>
Income before income taxes	15.1	8.3	—	23.4
Income tax expense (benefit)	1.2	1.8	—	3.0

Net income (loss)	13.9	6.5	20.4
Net income (loss) per share			
Basic	0.33	0.16	0.49
Diluted	0.33	0.16	0.49
Weighted average number of shares and equivalent shares			
Basic	41.4	—	41.4
Diluted	41.6	—	41.6
<b>Statement of Comprehensive Income (Loss)</b>			
Net income (loss)	13.9	6.5	20.4
Other comprehensive income (loss), net of tax:			
Change in net unrealized investment losses on fixed maturity securities	(176.3)	(38.7)	(215.0)
Change in net reserve remeasurements attributable to discount rates	—	110.7	110.7
Change in net funded status of benefit plans	—	—	—
Other comprehensive loss	(176.3)	72.0	(104.3)
Comprehensive income (loss)	\$ (162.4)	\$ 78.5	\$ (83.9)

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## Note 12 - Prior Period Consolidated Financial Statements (continued)

**HORACE MANN EDUCATORS CORPORATION**  
**CONSOLIDATED STATEMENT OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS) (UNAUDITED)**  
(\$ in millions, except per share data)

	Nine Months Ended		Nine Months Ended	
	September 30, 2022		Effect of the Adoption of ASU 2018-12	September 30, 2022 As Adjusted
	As Reported			
<b>Statement of Operations</b>				
Revenues				
Net premiums and contract charges earned	\$ 769.5	\$ (0.9)	\$ 768.6	
Net investment income	300.7	—	—	300.7
Net investment losses	(43.8)	—	—	(43.8)
Other income	9.7	—	—	9.7
Total revenues	1,036.1	(0.9)	—	1,035.2
Benefits, losses and expenses				
Benefits, claims and settlement expenses	558.2	(12.5)	545.7	
Interest credited	129.1	(3.2)	125.9	
Operating expenses	229.7	(0.3)	229.4	
DAC amortization expense	76.7	(11.0)	65.7	
Intangible asset amortization expense	12.6	—	—	12.6
Interest expense	13.5	—	—	13.5
Total benefits, losses and expenses	1,019.8	(27.0)	992.8	
Income before income taxes	16.3	26.1	—	42.4
Income tax expense (benefit)	0.4	5.5	—	5.9

Net income	15.9	20.6	36.5
Net income per share			
Basic	0.38	0.49	0.87
Diluted	0.38	0.49	0.87
Weighted average number of shares and equivalent shares			
Basic	41.7	—	41.7
Diluted	41.9	—	41.9
<b>Statement of Comprehensive Income (Loss)</b>			
Net income	15.9	20.6	36.5
Other comprehensive income (loss), net of tax:			
Change in net unrealized investment losses on fixed maturity securities	(687.4)	(156.5)	(843.9)
Change in net reserve remeasurements attributable to discount rates	—	460.7	460.7
Change in net funded status of benefit plans	—	—	—
Other comprehensive loss	(687.4)	304.2	(383.2)
Comprehensive income (loss)	\$ (671.5)	\$ 324.8	\$ (346.7)

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## Note 12 - Prior Period Consolidated Financial Statements (continued)

**HORACE MANN EDUCATORS CORPORATION**  
**CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (UNAUDITED)**  
(\$ in millions, except per share data)

	Three Months Ended		Three Months Ended	
	September 30, 2022	As Reported	Effect of the Adoption of ASU	
			2018-12	September 30, 2022 As Adjusted
Common stock, \$0.001 par value				
Ending balance	\$ 0.1	\$ —	\$ —	\$ 0.1
Additional paid-in capital				
Ending balance	500.4	—	—	500.4
Retained earnings				
Beginning balance	1,499.9	35.4	35.4	1,535.3
Net income	13.9	6.5	6.5	20.4
Effect of adopting ASU 2018-12 <sup>(1)</sup>	—	—	—	—
Dividends, per share; 2022, \$0.32 per share	(13.4)	0.1	0.1	(13.3)
Ending balance	1,500.4	42.0	42.0	1,542.4
Accumulated other comprehensive income (loss), net of tax:				
Beginning balance	(230.6)	(98.3)	(98.3)	(328.9)
Change in net unrealized investment losses on fixed maturity securities	(176.3)	(38.7)	(38.7)	(215.0)
Change in net reserve remeasurements attributable to discount rates	—	110.7	110.7	110.7
Change in net funded status of benefit plans	—	—	—	—
Ending balance	(406.9)	(26.3)	(26.3)	(433.2)

Treasury stock, at cost			
Ending balance		(517.4)	—
Shareholders' equity at end of period	\$ 1,076.6	\$ 15.7	\$ 1,092.3

<sup>(1)</sup> See Note 1 to the Consolidated Financial Statements for information regarding ASU 2018-12.

## Note 12 - Prior Period Consolidated Financial Statements (continued)

**HORACE MANN EDUCATORS CORPORATION**  
**CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (UNAUDITED)**  
(\$ in millions, except per share data)

	Nine Months Ended		Nine Months Ended	
	September 30, 2022	Effect of the Adoption of ASU	September 30, 2022	As Adjusted
		As Reported		
Common stock, \$0.001 par value				
Ending balance	\$ 0.1	\$ —	\$ —	\$ 0.1
Additional paid-in capital				
Ending balance	500.4	—	—	500.4
Retained earnings				
Beginning balance	1,524.9	22.1	22.1	1,547.0
Net income	15.9	20.6	20.6	36.5
Effect of adopting ASU 2018-12 <sup>(1)</sup>	—	(0.8)	(0.8)	(0.8)
Dividends, per share; 2022, \$0.32 per share	(40.4)	0.1	0.1	(40.3)
Ending balance	1,500.4	42.0	42.0	1,542.4
Accumulated other comprehensive income (loss), net of tax:				
Beginning balance	280.5	(330.5)	(330.5)	(50.0)
Change in net unrealized investment losses on fixed maturity securities	(687.4)	(156.5)	(156.5)	(843.9)
Change in net reserve remeasurements attributable to discount rates	—	460.7	460.7	460.7
Change in net funded status of benefit plans	—	—	—	—
Ending balance	(406.9)	(26.3)	(26.3)	(433.2)
Treasury stock, at cost				
Ending balance	(517.4)	—	—	(517.4)
Shareholders' equity at end of period	\$ 1,076.6	\$ 15.7	\$ 15.7	\$ 1,092.3

<sup>(1)</sup> See Note 1 to the Consolidated Financial Statements for information regarding ASU 2018-12.

## Note 12 - Prior Period Consolidated Financial Statements (continued)

**HORACE MANN EDUCATORS CORPORATION**

**CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)**  
(\$ in millions)

	Nine Months Ended		Nine Months Ended	
	September 30, 2022		Effect of the Adoption of ASU 2018-12	
	As Reported	As Adjusted	September 30, 2022	
<b>Cash flows - operating activities</b>				
Net income	\$ 15.9	\$ 20.6	\$ 36.5	
Adjustments to reconcile net income to net cash provided by operating activities:				
Net investment losses	43.8	—	43.8	
Depreciation and intangible asset amortization	20.7	—	20.7	
Share-based compensation expense	6.7	—	6.7	
Loss from EMA investments, net of dividends or distributions	2.1	—	2.1	
Changes in:				
Insurance liabilities	403.3	(179.8)	223.5	
Amounts due under reinsurance agreements	(344.3)	40.0	(304.3)	
Income tax liabilities	(6.0)	131.1	125.1	
Other operating assets and liabilities	(31.0)	(11.6)	(42.6)	
Other, net	4.6	(0.3)	4.3	
Net cash provided by operating activities	<u>115.8</u>	<u>—</u>	<u>115.8</u>	
<b>Cash flows - investing activities</b>				
Net cash used in investing activities	<u>(295.9)</u>	<u>—</u>	<u>(295.9)</u>	
<b>Cash flows - financing activities</b>				
Net cash provided by financing activities	<u>82.6</u>	<u>—</u>	<u>82.6</u>	
Net decrease in cash	<u>(97.5)</u>	<u>—</u>	<u>(97.5)</u>	
Cash at beginning of period	<u>133.7</u>	<u>—</u>	<u>133.7</u>	
Cash at end of period	<u>\$ 36.2</u>	<u>\$ —</u>	<u>\$ 36.2</u>	

## ITEM 2. | Management's Discussion and Analysis of Financial Condition and Results of Operations (MD&A)

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### Introduction

The purpose of this MD&A is to provide an understanding of our consolidated results of operations and financial condition. This MD&A should be read in conjunction with the Consolidated Financial Statements and Notes thereto contained in Part I - Item 1 of this Quarterly Report on Form 10-Q.

Measures within this MD&A that are not based on accounting principles generally accepted in the United States of America (non-GAAP) are marked with an asterisk (\*) the first time they are presented within this Part I - Item 2. An explanation of these measures is contained in the Glossary of Selected Terms included as Exhibit 99.1 to this Quarterly Report on

Form 10-Q 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 to the Company's **Third First Quarter 2023 2024** Investor Supplement.

Increases or decreases in this MD&A that are not meaningful are marked "N.M."

## Forward-looking Information

Statements made in this Quarterly Report on Form 10-Q that are not historical in nature are forward-looking within the meaning of the Private Securities Litigation Reform Act of 1995 and are subject to known and unknown risks, uncertainties and other factors. Horace Mann Educators Corporation (referred to in this Quarterly Report on Form 10-Q as "we", "our", "us", the "Company", "Horace Mann" or "HMEC") is an insurance holding company. We are not under any obligation to (and expressly disclaim any such obligation to) update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. It is important to note that our actual results could differ materially from those projected in forward-looking statements due to a number of risks and uncertainties inherent in our business. Also, see Part I - Items 1 and 1A in our Annual Report on Form 10-K for the year ended **December 31, 2022** December 31, 2023 for additional information regarding risks and uncertainties.

## This MD&A covers the following: Corporate Strategy

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## Introduction

The purpose of this MD&A Our vision is to be the company of choice to provide an understanding of our consolidated results of operations insurance and financial condition. This MD&A should be read in conjunction with the Consolidated Financial Statements and Notes thereto contained in Part I - Item 1 of this Quarterly Report on Form 10-Q.

HMEC is an insurance holding company focused on helping America's solutions for all educators and others who serve the community achieve lifelong financial success. Through our subsidiaries, we market and underwrite individual and group insurance and financial solutions tailored to the needs of the educational community including:

- personal lines of property and casualty insurance, primarily auto and property coverages
- retirement products, primarily tax-qualified fixed and variable annuities
- life insurance, primarily traditional term and whole life insurance products
- worksite direct insurance products, including cancer, heart, hospital, supplemental disability and accident
- employer-sponsored insurance products, primarily long-term disability and short-term disability

We market our products primarily to K-12 teachers, administrators and other employees of public schools and their families, communities, whether they engage with Horace Mann directly or through their district/employer. We believe the unique value of Horace Mann is providing solutions tailored for educators at each stage of their lives, empowering them to achieve lifelong financial success. Our motivation stems from our gratitude for educators: They are looking after our children's futures, and we believe they deserve someone to look after theirs. Our commitment to having a positive impact on our customers' lives extends to all our corporate stakeholders, including employees, agents, investors and the communities where we live and work.

We conduct and manage our business in four reporting segments. The three reporting segments representing our major lines of business, are: (1) Property & Casualty (primarily personal lines of auto and property insurance products), (2) Life & Retirement (primarily tax-qualified fixed and variable annuities as well as life insurance products), and (3) Supplemental & Group Benefits (primarily cancer, heart, hospital, supplemental disability, accident, short-term and long-term group disability, and group term life coverages). We do not allocate the impact of corporate-level transactions to these reporting segments, consistent with the basis for management's evaluation of the results of those segments, but classify those items in the fourth reporting segment, Corporate & Other. In addition to ongoing transactions such as corporate debt service, net investment gains (losses) and certain public company expenses, such items also have included corporate debt retirement costs, when applicable. See Part I - Item 1, Note 87 of the Consolidated Financial Statements in this Quarterly Report on Form 10-Q for more information.

products), and (3) Supplemental & Group Benefits (primarily cancer, heart, hospital, supplemental disability, accident, short-term and long-term group disability, and group term life coverages). We do not allocate the impact of corporate-level transactions to these reporting segments, consistent with the basis for management's evaluation of the results of those segments, but classify those items in the fourth reporting segment, Corporate & Other. In addition to ongoing transactions such as corporate debt service, net investment gains (losses) and certain public company expenses, such items also have included corporate debt retirement costs, when applicable. See Part I - Item 1, Note 87 of the Consolidated Financial Statements in this Quarterly Report on Form 10-Q for more information.

**Effective January 1, 2023, we adopted ASU 2018-12, Financial Services – Insurance (Topic 944): Targeted Improvements to the Accounting for Long-Duration Contracts (also known as LDTI). We adopted LDTI using the modified retrospective approach where permitted with changes applied as of January 1, 2021. As a result of adoption, our prior period results of operations have been restated in this MD&A. See Part I - Item 1, Note 1 of the Consolidated Financial Statements in this Quarterly Report on Form 10-Q for more information regarding our adoption of LDTI.**

## Consolidated Financial Highlights

(All comparisons vs. same periods in 2022, 2023, unless noted otherwise)

(\$ in millions)		Three Months		Nine Months Ended		2023-	
		Ended	2023- September 30, 2022	September 30,	2022	2023-	2022
		2023	2022	Change	2023	2022	Change
<b>(\$ in millions)</b>							
<b>(\$ in millions)</b>							
<b>2024</b>							
Total revenues	Total revenues	\$ 378.7	\$ 342.6	10.5 %	\$ 1,089.0	\$ 1,035.2	5.2 %
Net income	Net income	11.7	20.4	-42.6 %	5.5	36.5	-84.9 %
Net investment gains (losses), after tax					Net investment gains (losses), after tax	1.7	(3.1)
Per diluted share: Net income	Per diluted share: Net income	0.28	0.49	-42.9 %	0.13	0.87	-85.1 %
Net investment losses, after tax		(0.16)	(0.24)	N.M.	(0.57)	(0.82)	N.M.
Net income						0.64	0.16
Net income							300.0 %

Net investment gains (losses), after tax		Net investment gains (losses), after tax		Net investment gains (losses), after tax		Net investment gains (losses), after tax	
Book value per share	\$ 25.74	\$ 26.69	-3.6 %	Book value per share	\$ 29.57	\$ 27.87	6.1
Net income return on equity - last twelve months	(1.0 %)	6.3 %		Net income return on equity - last twelve months	5.7 %	0.5 %	5.2 pts
Net income return on equity - annualized	0.7 %	3.8 %		Net income return on equity - annualized	8.9 %	2.4 %	6.5 pts

For the three months ended **September 30, 2023** **March 31, 2024**, net income **declined \$8.7 million** **increased \$19.9 million** primarily due to **higher catastrophe losses and higher property non-catastrophe weather losses in the improved Property & Casualty segment results reflecting the effect of rate and higher benefits incurred in non-rate underwriting actions as well as the Supplemental & Group Benefits segment, partially offset by lower net investment losses in Corporate & Other** **impact of moderated catastrophe and higher interest spreads in the Life & Retirement segment, non-catastrophe weather activity compared to prior year.**

For the nine months ended September 30, 2023, net income declined \$31.0 million primarily due to higher catastrophe losses and higher non-catastrophe weather losses in the Property & Casualty segment, higher interest expense in Corporate & Other, and lower net interest spreads in the Life & Retirement segment, partially offset by lower net investment losses in Corporate & Other.

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## Consolidated Results of Operations

(All comparisons vs. same periods in **2022**, **2023**, unless noted otherwise)

(\$ in millions)	(\$ in millions)	Three Months			Nine Months			%			
		Ended		2023- September 30,	Ended		2023- September 30,				
		2023	2022	Change	2023	2022	Change				
(\$ in millions)											
(\$ in millions)											
2024											
Net premiums and contract charges earned	Net premiums and contract charges earned	\$ 266.0	\$ 257.4	3.3 %	\$ 782.6	\$ 768.6	1.8 %	Net premiums and contract charges earned	\$ 275.2		
Net investment income	Net investment income	118.9	97.6	21.8 %	327.8	300.7	9.0 %	Net investment income	\$ 255.9		
Net investment losses	Net investment losses	(8.4)	(12.8)	N.M.	(29.7)	(43.8)	N.M.	Net investment losses	7.5		
									7.5 %		
									2024 2023 Change		

Net investment gains (losses)		Net investment gains (losses)							Net investment gains (losses)		Net investment gains (losses)	
Other income	Other income	2.2	0.4	N.M.	8.3	9.7	-14.4 %	Other income	2.2	(3.9)	156.4	%
Total revenues	Total revenues	378.7	342.6	10.5 %	1,089.0	1,035.2	5.2 %	Total revenues	386.0	353.9	9.1	9.1 %
Benefits, claims and settlement expenses	Benefits, claims and settlement expenses											
Benefits, claims and settlement expenses	Benefits, claims and settlement expenses											
Benefits, claims and settlement expenses	Benefits, claims and settlement expenses	199.2	167.1	19.2 %	587.6	545.7	7.7 %		176.3	183.2	183.2	-3.8 %
Interest credited	Interest credited	52.7	44.8	17.6 %	152.1	125.9	20.8 %	Interest credited	52.9	48.7	48.7	8.6 %
Operating expenses	Operating expenses	75.7	75.6	0.1 %	235.6	229.4	2.7 %	Operating expenses	84.5	79.8	79.8	5.9 %
DAC amortization expense	DAC amortization expense	26.3	22.2	18.5 %	75.4	65.7	14.8 %	DAC amortization expense	27.0	23.7	23.7	13.9 %
Intangible asset amortization expense	Intangible asset amortization expense	3.7	4.2	-11.9 %	11.1	12.6	-11.9 %	Intangible asset amortization expense	3.6	3.7	3.7	-2.7 %
Interest expense	Interest expense	7.5	5.3	41.5 %	21.1	13.5	56.3 %	Interest expense	8.7	6.7	6.7	29.9 %
Total benefits, losses and expenses	Total benefits, losses and expenses	365.1	319.2	14.4 %	1,082.9	992.8	9.1 %	Total benefits, losses and expenses	353.0	345.8	345.8	2.1 %
Income before income taxes	Income before income taxes	13.6	23.4	-41.9 %	6.1	42.4	-85.6 %					
Income before income taxes	Income before income taxes											
Income tax expense	Income tax expense	1.9	3.0	-36.7 %	0.6	5.9	-89.8 %	Income tax expense	33.0	8.1	307.4	%
Net income	Net income	\$ 11.7	\$ 20.4	-42.6 %	\$ 5.5	\$ 36.5	-84.9 %	Net income	\$ 26.5	\$ 6.6	301.5	301.5 %

#### Net Premiums and Contract Charges Earned

For the three and nine months ended September 30, 2023 March 31, 2024, net premiums and contract charges earned increased \$8.6 million and \$14.0 million, respectively, \$19.3 million as the Property & Casualty segment continues to implement and earn in rate and other actions.

#### Net Investment Income

For the three months ended September 30, 2023 March 31, 2024, total net investment income increased \$21.3 million \$5.0 million primarily due to higher stronger income from the fixed income portfolio partially offset by weaker returns on floating rate fixed maturity securities including in one commercial mortgage loan funds fund and on two real estate-related limited partnership interests in various equity funds. For the nine months ended September 30, 2023, total net investment income increased \$27.1 million primarily due to higher returns on floating rate fixed maturity securities including commercial mortgage loan funds partially offset by lower returns on limited partnership interests in various equity funds. partnerships. The annualized investment yield on the portfolio excluding limited partnership interests\* was as follows:

	Three Months Ended September 30,				Nine Months Ended September 30,			
			2023	2022			2023	2022
	Investment yield, excluding limited partnership interests, pretax - annualized*		4.8%		4.3%		4.7%	

Investment yield, excluding limited partnership interests, after tax - annualized*	3.8%	3.4%	3.7%	3.4%
			Three Months Ended March 31,	
			2024	2023

Investment yield, excluding limited partnership interests, pretax - annualized*	4.5%	4.7%
Investment yield, excluding limited partnership interests, after tax - annualized*	3.6%	3.7%

The lower investment yields, excluding limited partnership interests, are due to commercial mortgage loan fund returns that were below historic averages in the first quarter of 2024.

During the three and nine months ended **September 30, 2023** **March 31, 2024**, we continued to identify and purchase investments with attractive risk-adjusted yields relative to market conditions without venturing into asset classes or individual securities that would be inconsistent with our overall investment guidelines for the core portfolio. We continue to fund at levels that allow us to maintain our targeted allocation to commercial mortgage loan funds and limited partnership interests while maintaining balance between principal protection and risk.

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#### Net Investment Losses Gains (Losses)

For the three months and nine months ended **September 30, 2023** **March 31, 2024**, total net investment losses declined gains increased by **\$4.4 million and \$14.1 million \$6.1 million**, respectively. The breakdown of net investment gains (losses) by transaction type were as follows:

(\$ in millions)	(\$ in millions)	Three Months Ended September 30,				Nine Months Ended September 30,		(\$ in millions)
		2023		2022		2023		
		2024	2023	2022	2021	2023	2022	2021
Credit loss and intent-to-sell	Credit loss and intent-to-sell							
impairments	impairments	\$ (0.6)	\$ (6.8)	\$ (7.2)	\$ (10.4)			
Sales and other, net	Sales and other, net	(3.5)	(3.9)	(25.2)	(3.9)			
Change in fair value -								
value - equity								
securities	securities	(1.4)	(4.4)	5.3	(34.1)			
Change in fair value and losses realized on								
settlements - derivatives		(2.9)	2.3	(2.6)	4.6			
Net investment losses		\$ (8.4)	\$ (12.8)	\$ (29.7)	\$ (43.8)			
Change in fair value and gains (losses) realized on								
settlements - derivatives								

Net investment gains (losses)
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From time to time, we may sell fixed maturity securities subsequent to the reporting date that were considered temporarily impaired at such reporting date. Such sales are due to issuer-specific events occurring subsequent to the reporting date that result in a change in our intent to sell a fixed maturity security.

#### Other Income

For the three and nine months ended **September 30, 2023** **March 31, 2024**, other income increased **\$1.8 million** and decreased **\$1.4 million**, respectively, in **\$1.7 million** due to lower offsets compared to the prior year from an indemnification agreement associated with the employer-sponsored business line.

#### Benefits, Claims and Settlement Expenses

Benefits, claims and settlement expenses are up **\$32.1 million** and **\$41.9 million**, respectively, declined **\$6.9 million** for the three and nine months ended **September 30, 2023** **March 31, 2024**, primarily due to higher moderated catastrophe losses and elevated underlying auto and property losses non-catastrophe weather activity compared to prior year in the Property & Casualty segment and a favorable market risk benefit adjustment in the Life & Retirement segment.

#### Interest Credited

For the three and nine months ended **September 30, 2023** **March 31, 2024**, interest credited increased **\$7.9 million** and **\$26.2 million**, respectively, **\$4.2 million** driven primarily by higher interest rates on advances received from the Federal Home Loan Bank of Chicago (FHLB). The net contribution from FHLB advances remained stable year over year as the higher interest credited rates are offset by higher earnings from the floating rate investments backing the program.

Under the deposit method of accounting, the interest credited on the reinsured annuity block continues to be reported. The average deferred annuity credited rate, excluding the reinsured annuity block, was **2.8%** **3.0%** and **2.4%** **2.6%** as of **September 30, 2023** **March 31, 2024** and **September 30, 2022** **March 31, 2023**, respectively.

#### Operating Expenses

For the three and nine months ended **September 30, 2023** **March 31, 2024**, operating expenses increased **0.1%** **5.9%** reflecting inflation and **2.7%**, respectively, primarily due to inflation, investments being made in infrastructure.

#### Deferred Policy Acquisition Costs (DAC) Amortization Expense

For the three and nine months ended **September 30, 2023** **March 31, 2024**, DAC amortization expense increased **\$4.1 million** and **\$9.7 million**, respectively, **\$3.3 million** primarily due to write-offs of DAC in the Life & Retirement segment related to declines in annuity persistency and premium increases in the Property & Casualty segment driving higher DAC asset levels.

#### Intangible Asset Amortization Expense

For the three and nine months ended **September 30, 2023** **March 31, 2024**, intangible asset amortization expense decreased **\$0.5 million** and **\$1.5 million**, respectively, **\$0.1 million**.

#### Interest Expense

For the three and nine months ended **September 30, 2023** **March 31, 2024**, interest expense increased **\$2.2 million** and **\$7.6 million**, respectively, primarily **\$2.0 million** due to an increase in floating the interest rates on rate as well as a **\$48.2 million** increase in the **Revolving Credit Facility**.

the level of debt associated with the issuance of the 2023 Senior Notes.

#### Income Tax Expense

The effective income tax rate on our pretax income, including net investment gains (losses), was **9.8%** **19.7%** and **13.9%** **18.5%** for the years the three months ended **September 30, 2023** **March 31, 2024** and **2022** **2023**, respectively. Income from investments in tax-advantaged tax-

advantaged securities decreased the effective income tax rates by **35.0%** **2.5%**, and **8.7%** **5.3** percentage points for the nine three months ended **September 30, 2023** **March 31, 2024** and **2022**, **2023**, respectively.

In August 2022, the Inflation Reduction Act of 2022 (IRA) was passed by the U.S. Congress and signed into law by the Executive Branch. The IRA includes a new Federal alternative minimum tax (AMT), effective in 2023, that is based on the adjusted financial statement income (AFSI) set forth on the applicable financial statement (AFS) of an applicable corporation. A corporation is an applicable corporation if its rolling average pre-tax AFSI over three prior years (starting with 2020-2022) is greater than \$1.0 billion. For a

group of related entities, the \$1.0 billion threshold is determined on a group basis, and the group's AFSI is generally treated as the AFSI for all separate taxpayers in the group. Except under limited circumstances, once a corporation is an applicable corporation, it is an applicable corporation in all future years.

An applicable corporation is not automatically subject to an AMT liability. The corporation's tentative AMT liability is equal to 15.0% of its adjusted AFSI, and AMT is payable to the extent the tentative AMT liability exceeds regular corporate income tax. However, any AMT paid would be indefinitely available as a credit carryover that could reduce future regular tax in excess of AMT.

HMEC and its controlled group of corporations have determined that it likely will not be an applicable corporation in 2023. In making such determination, the group has made certain interpretations of, and assumptions regarding, the AMT provisions of the IRA. The U.S. Treasury Department is expected to issue guidance throughout 2023 that may differ from the group's interpretations and assumptions and that could alter the group's determination.

We record liabilities for uncertain tax filing positions where it is more likely than not that the position will not be sustainable upon audit by taxing authorities. These liabilities are reevaluated routinely and are adjusted appropriately based on changes in facts or law. We have no unrecorded liabilities from uncertain tax filing positions.

As of **September 30, 2023** **March 31, 2024**, our federal income tax returns for years prior to **2019** **2020** are no longer subject to examination by the Internal Revenue Service. We do not anticipate any assessments for tax years that remain subject to examination to have a material effect on our financial position or results of operations.

## Outlook for 2023 2024

The following discussion provides **forward-looking** outlook information for our results of operations and capital position.

### Consolidated Results

At the time of issuance of this Quarterly Report on Form 10-Q, we estimate that **2023** **2024** full year **core earnings** **net income** will be within a range of **\$1.20** **\$3.00** to **\$1.45** **\$3.30** per diluted **share**, **share**, generating a **core return on equity\*** near **9%**. This range is unchanged from the **our** **Outlook for 2023** **2024** we discussed in our **Quarterly** **Annual Report on Form 10-Q** **10-K** for period the year ended **June 30, 2023** although we have updated our **December 31, 2023**. These results anticipate the following:

- 8% to 9% increase in Net premiums and contract charges earned driven by Property & Casualty rate actions
- Net investment income at the low end of the previously disclosed range of \$465 million to \$475 million, which includes approximately \$105 million of accreted investment income on the deposit asset on reinsurance in the Life & Retirement segment **outlooks** as discussed below to reflect third-quarter results.
- Approximately 5.5% increase in total Operating expense
- Approximately \$35 million in corporate Interest expense included in results for the Corporate & Other segment

### Property & Casualty Segment

**Net** **In** **2024**, **net** **income** for **Property & Casualty** is **now** **anticipated** to be **in** **the** **range** **of** **\$36** **million** **to** **\$41** **million**. Our **outlook** **anticipates**:

- Combined ratio near 100%
- Catastrophe loss **between** **\$32** **million** **assumption** **of** **approximately** **\$80** **million** **or** **around** **11%** **of** **net** **earned** **premiums** – in line with five-year average and **\$37** **million**, primarily reflecting third quarter weather losses. We continue to assume a full-year catastrophe loss contribution of \$95 million to \$100 million, or about 15.5 points to the combined ratio.

Property anticipates rate actions of 12% to 15% during 2023, reflecting inflation consistent with historical frequencies and current loss trends, accompanied by 'inflation guard' increases, severities applied to modeled exposures

We anticipate **auto** **rates** **to** **increase** **by** **19%** **to** **20%** **during** **2023**, **supplemented** **by** **non-rate** **underwriting** **actions**.

Our **achieving** **our** **longer-term** **Property & Casualty** **combined** **ratio** **target** **remains** **95%** **to** **96%**, **of** **95-96%** **in** **2025**.

### Life & Retirement Segment

In **2023**, **anticipated** **2024**, **net** **income** for **Life & Retirement** **continues** **is** **anticipated** to be in the range of **\$63** **million** **to** **\$77** **million** to **\$65** **million** **to** **\$81** **million**. The **longer-term** **targeted** **Our** **outlook** **anticipates**:

- Spread on the fixed annuity business above the target range for the spread remains of 220 to 230 basis points. points
- Mortality is anticipated to remain

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within actuarial expectations, increasing slightly from 2022. This guidance includes the adoption of LDTI effective January 1, 2023.

### Supplemental & Group Benefits Segment

In **2023**, **2024**, **net** **income** for **Supplemental & Group Benefits** is **now** **anticipated** to be in the range of **\$52** **million** **to** **\$47** **million** to **\$55** **million** reflecting continued strong performance in the third quarter. The primary factors in our **\$50** **million**. Our **outlook** **include**: **anticipates**:

- Claims utilization for supplemental and disability products returning to near pre-pandemic levels. The longer-term target for the levels, leading to a segment benefit ratio remains closer to longer-term target of 43%.
- Higher expenses reflecting investments in the infrastructure for this business as well as a higher allocation Pretax profit on revenue of corporate expenses to reflect the segment's utilization of shared staff, distribution, between 20% and other resources, 21%

### Corporate & Other Segment

Corporate interest expense is now expected to be in the range of \$29 million to \$30 million for the full year.

### Investments

For 2023, we continue to expect total net investment income to be in a range of \$429 million to \$439 million, including approximately \$104 million of accredited investment income on the deposit asset on reinsurance in Retirement. The expectation of full-year net investment income from the managed portfolio in a range of \$325 million to \$335 million reflects strong returns from our commercial mortgage loan portfolio as well as the benefits of the rising interest rate environment over the past 12 months. Limited partnership returns are estimated to be below their 10-year average of 8.5%.

As described in Application of Critical Accounting Estimates, certain of our significant accounting measurements require the use of estimates and assumptions. As additional information becomes available, adjustments may be required. Those adjustments are charged or credited to net income for the period in which the adjustments are made and may impact actual results compared to our estimates above. Additionally, see forward-looking information in this Quarterly Report on Form 10-Q as well as Part I - Items 1 and 1A in our Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023 concerning other important factors that could impact actual results. We believe that Our projections due not include a projection of net income is not appropriate on a forward-looking basis because it is not possible to provide a valid forecast of net investment gains (losses), which can vary substantially from one period to another and may have a significant impact on net income.

### Application of Critical Accounting Estimates

The preparation of consolidated financial statements in conformity with GAAP requires us to make estimates and assumptions based on information available at the time the consolidated financial statements are prepared. These estimates and assumptions affect the reported amounts of our consolidated assets, liabilities, shareholders' equity and net income. Certain accounting estimates are particularly sensitive because of their significance to our consolidated financial statements and because of the possibility that subsequent events and available information may differ markedly from management's judgments at the time the consolidated financial statements were prepared. We have discussed with the Audit Committee the quality, not just the acceptability, of our accounting principles as applied in our financial reporting. The discussions generally included such matters as the consistency of our accounting policies and their application, and the clarity and completeness of our consolidated financial statements, which include related disclosures.

Information regarding our accounting policies pertaining to these topics is located in the Notes to the Consolidated Financial Statements contained in Part II - Item 8 of our Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023. In addition, discussion of accounting policies, including certain sensitivity information, was presented in Management's Discussion and Analysis of Financial Condition and Results of Operations - Application of Critical Accounting Estimates in that Form 10-K within which we identified the following accounting estimates as critical in that they involve a higher degree of judgment and are subject to a significant degree of variability:

- Valuation of hard-to-value fixed maturity securities

- Evaluation of credit loss impairments for fixed maturity securities
- Evaluation of goodwill and intangible assets for impairment
- Valuation of annuity and life deferred future policy acquisition costs benefit reserves
- Valuation of liabilities for property and casualty unpaid claims and claim expense reserves
- Valuation of liabilities for group benefits unpaid claims and claim expense reserves
  - Valuation of certain investment contracts and policy reserves
  - Valuation of long-duration contracts under the new accounting guidance in ASU 2018-12

Except as noted below, compared to December 31, 2022 December 31, 2023, as of September 30, 2023 March 31, 2024, there were no material changes to accounting policies for areas most subject to significant management judgments identified above.

Effective January 1, 2023, we adopted the new accounting guidance in ASU 2018-12 which changed our accounting policies for the valuation of annuity and life deferred policy acquisition costs (DAC) and the valuation of certain policy reserves (which is now referred to as the liability for future policy benefits or LFPB). DAC is now being amortized on a constant-level basis over the expected term of the related contracts. Cash flow assumptions used to measure LFPB must be reviewed at least annually, and if there is a change, must be updated and the discount rate assumption must be updated quarterly. The new accounting policies are described in more detail in Part I - Item 1, Note 1 of the Consolidated Financial Statements in this Quarterly Report on Form 10-Q.

## Results of Operations by Segment

Consolidated financial results primarily reflect the results of the Property & Casualty, Life & Retirement, and Supplemental & Group Benefits reporting segments, as noted in the Introduction and Outlook for 2023 sections of this MD&A, as well as the Corporate & Other reporting segment. These segments are defined based on financial information management uses to evaluate performance and to determine the allocation of resources.

The determination of segment information is described in more detail in Part I - Item 1, Note 7 of the Consolidated Financial Statements in this Quarterly Report on Form 10-Q. The following sections provide analysis and discussion of the results of operations for each of the reporting segments as well as investment results.

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### Property & Casualty

The Property & Casualty segment primarily markets private passenger auto insurance and residential home insurance. Horace Mann offers standard auto coverages, including liability, collision and comprehensive. Property coverage includes both homeowners and renters policies. For both auto and property coverage, Horace Mann offers educators a discounted rate and the Educator Advantage® package of features. The Property & Casualty segment represented 46% of total revenues in 2023.

(All comparisons vs. same periods in 2022, 2023, unless noted otherwise)

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For the three and nine months ended September 30, 2023 March 31, 2024, net losses income reflected the following factors:

- Increases in average written premium per policy
- Significantly lower underlying auto and property loss ratios\* due to rate actions and a decline in non-catastrophe weather-related losses
- Catastrophe losses lower than prior year by over 5 points
- Higher net investment income on limited partnership portfolio
- Higher catastrophe losses
- No prior years' reserve development in the current year
- Elevated underlying auto and property loss ratios\* due to non-catastrophe weather

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The following table provides certain financial information for Property & Casualty for the periods indicated.

(\$ in millions, unless otherwise indicated)	(\$ in millions, unless otherwise indicated)	Nine Months					
		Three Months Ended September 30,		2023- Ended September 30,		2023- 2022	
		2023	2022	Change	2023	2022	Change
<b>Financial Data:</b>							
Net premiums written*:							
Auto		\$ 118.3	\$ 102.5	15.4 %	\$ 326.2	\$ 296.0	10.2 %

		2024	2023	Change								
		Three Months Ended March 31, 2024	2024-2023	%								
(\$ in millions, unless otherwise indicated)	(\$ in millions, unless otherwise indicated)											
Property and other	70.1	63.9	9.7 %	182.2	168.0	8.5 %						
Total net premiums written	188.4	166.4	13.2 %	508.4	464.0	9.6 %						
Change in unearned net premiums	(24.1)	(14.0)	72.1 %	(34.3)	(11.5)	N.M.						
Total net premiums earned	164.3	152.4	7.8 %	474.1	452.5	4.8 %						
Incurred claims and claims expenses:												
Claims occurring in the current year	149.2	120.3	24.0 %	430.0	372.8	15.3 %						
<b>Underwriting Results</b>												
Net premiums written*												
Net premiums written*												
Net premiums written*												
Net premiums earned												
Losses and loss adjustment expenses												
Current accident year before catastrophe losses												
Current accident year before catastrophe losses												
Current accident year before catastrophe losses												
Current accident year catastrophe losses												
Current accident year catastrophe losses												
Current accident year catastrophe losses												
Prior years' reserve development <sup>(1)</sup>	Prior years' reserve development <sup>(1)</sup>	—	2.0	N.M.	—	8.0	N.M.	Current accident year catastrophe losses	108.5	106.4	2.0 %	
Total claims and claim expenses incurred	149.2	122.3	22.0 %	430.0	380.8	12.9 %	Prior years' reserve development <sup>(1)</sup>	16.2	22.4	-27.7 %		
Operating expenses, including DAC amortization	42.5	41.6	2.2 %	128.5	121.1	6.1 %	Total losses and loss adjustment expenses	124.7	128.8	-3.2 %		
Underwriting loss	(27.4)	(11.5)	-138.3 %	(84.4)	(49.4)	-70.9 %	Operating expenses, including DAC amortization expense	48.4	42.9	12.8 %		
Total losses and loss adjustment expenses							Underwriting gain (loss)	0.1	(19.3)	100.5 %		
Operating expenses, including DAC amortization expense							Net investment income	12.3	4.0	4.0	207.5	207.5 %
Underwriting gain (loss)							Other income	0.7	0.7	—	— %	
Net investment income	Net investment income	12.0	8.0	50.0 %	26.6	22.9	16.2 %					
Other income												

Income (loss) before income taxes	Income (loss) before income taxes	(14.6)	(2.8)	-421.4 %	(55.5)	(23.8)	-133.2 %	Income (loss) before income taxes	13.1	(14.6)	(14.6)	189.7	189.7	%
Income tax expense (benefit)								Income tax expense (benefit)	2.5		(3.0)		183.3 %	
Net income (loss)	Net income (loss)	(11.3)	(2.5)	-352.0 %	(44.3)	(19.4)	-128.4 %	Net income (loss)	10.6	(11.6)	(11.6)	191.4	191.4	%
Core earnings (loss)*	Core earnings (loss)*	(11.3)	(2.5)	-352.0 %	(44.3)	(19.4)	-128.4 %	Core earnings (loss)*	10.6	(11.6)	(11.6)	191.4	191.4	%
Operating Statistics:	Operating Statistics:													
Operating Statistics:														
Auto	Auto													
Auto														
Auto														
Net premiums written*														
Net premiums written*														
Net premiums written*														
Loss and loss adjustment expense ratio	Loss and loss adjustment expense ratio	82.6 %	83.1 %	-0.5 pts	84.0 %	84.1 %	-0.1 pts	Loss and loss adjustment expense ratio	\$ 116.6		\$ 101.2		15.2	%
Expense ratio	Expense ratio	26.1 %	27.7 %	-1.6 pts	27.4 %	26.5 %	0.9 pts	Expense ratio	73.1 %		82.5 %		-9.4	pts
Combined ratio:	Combined ratio:	108.7 %	110.8 %	-2.1 pts	111.4 %	110.6 %	0.8 pts	Combined ratio:	27.7 %		28.4 %		-0.7	pts
Prior years' reserve development <sup>(1)</sup>	Prior years' reserve development <sup>(1)</sup>	— %	2.0 %	-2.0 pts	— %	4.8 %	-4.8 pts	Prior years' reserve development <sup>(1)</sup>	100.8 %		110.9 %		-10.1	pts
Catastrophe losses	Catastrophe losses	2.9 %	2.7 %	0.2 pts	3.4 %	2.3 %	1.1 pts	Catastrophe losses	— %		— %		—	pts
Underlying combined ratio*	Underlying combined ratio*	105.8 %	106.1 %	-0.3 pts	108.0 %	103.5 %	4.5 pts	Underlying combined ratio*	1.5 %		1.8 %		-0.3	pts
Property	Property													
Net premiums written*														
Net premiums written*														
Net premiums written*														
Loss and loss adjustment expense ratio	Loss and loss adjustment expense ratio	105.5 %	75.1 %	30.4 pts	102.7 %	84.2 %	18.5 pts	Loss and loss adjustment expense ratio	\$ 55.6		\$ 47.9		16.1 %	
Expense ratio	Expense ratio	25.5 %	26.8 %	-1.3 pts	26.7 %	27.4 %	-0.7 pts	Expense ratio	69.1 %		88.1 %		-19.0	pts
Combined ratio:	Combined ratio:	131.0 %	101.9 %	29.1 pts	129.4 %	111.6 %	17.8 pts	Combined ratio:	28.6 %		27.7 %		0.9	pts
Prior years' reserve development <sup>(1)</sup>	Prior years' reserve development <sup>(1)</sup>	— %	— %	— pts	— %	-3.7 %	3.7 pts	Prior years' reserve development <sup>(1)</sup>	97.7 %		115.8 %		-18.1	pts
Catastrophe losses	Catastrophe losses	43.7 %	21.8 %	21.9 pts	48.6 %	37.8 %	10.8 pts	Catastrophe losses	— %		— %		—	pts
Underlying combined ratio*	Underlying combined ratio*	87.3 %	80.1 %	7.2 pts	80.8 %	77.5 %	3.3 pts	Underlying combined ratio*	24.1 %		37.9 %		-13.8	pts
Risks in force (in thousands)														
Auto <sup>(2)</sup>														
Household retention-LTM														
Household retention-LTM														
Household retention-LTM														
Auto														
Auto														

Auto					87.1 %	88.3 %	-1.2 pts
Property	Property	168	172	-2.3 %	Property	90.2 %	89.8 %
Total		528	540	-2.2 %			0.4 pts

(i) (Favorable) unfavorable.

(ii) Includes assumed risks in force of 4.

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The Property & Casualty segment net loss income of \$10.6 million and combined ratio of 99.9% for the third first quarter largely reflected the impact of elevated moderated catastrophe and non-catastrophe weather activity across compared to prior year, as well as the country effect of rate and non-rate underwriting actions. Property & Casualty net premiums written were up 13.2% 15.4%, with average written premiums rising for both property and auto. Segment In addition, segment net investment income for the quarter was 50.0% significantly above the prior year year, when limited partnership returns were negative, primarily driven by lower private equity valuation adjustments. Sales were strong for the quarter, up 34.9% from the prior year, and household retention remains stable.

The third-quarter combined first-quarter loss ratio increased 9.1 decreased 12.5 points over last year, reflecting both the higher level of catastrophe losses this that were above historical averages, but lower than prior year, as well as an increase a decrease in non-catastrophe weather losses. Catastrophe losses for the quarter were \$28.7 million \$16.2 million, pretax, contributing 17.5 9.3 points to the combined ratio. In total, there were 25 19 events designated as catastrophes by Property Claims Services (PCS) in this year's third quarter, including multiple severe convective storms across the Midwest and South. first quarter. In the third first quarter of 2022, 2023, catastrophe losses were \$14.6 \$22.4 million, pretax, contributing 9.6 14.7 points to the combined ratio, from 17 23 PCS events.

The year-over-year increase in average written premiums for auto policies improved again in the third first quarter to 15.9% 17.5%, compared to 11.4% with retention declining slightly given the substantial increases in the second quarter and 8.1% in the first quarter average written premium. The third-quarter first-quarter auto underlying loss ratio was 79.7% 71.7%, improving sequentially 9.0 points from the second prior year quarter, as reflecting the benefit of rate and non-rate underwriting actions begins to be seen and less severe weather.

The year-over-year increase in average written premiums for property policies was 11.3% 16.1% in the third first quarter, as rate increases taken over the past seven quarters and inflation adjustments to coverage values continue to take effect. effect and retention remains strong The third-quarter first-quarter property underlying loss ratio was 61.8% 45.0%, reflecting the increase in average written premium and a year-over-year increase decline in weather losses not included in designated catastrophe events, events.

We continue to evaluate and implement actions to further mitigate our exposure and respond to severe weather trends. We are addressing the increased loss costs associated with the more severe weather events in three ways: additional filed rate, product changes and enhanced modeling tools.

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## Life & Retirement

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The Life & Retirement segment markets 403(b) tax-qualified fixed, fixed indexed and variable annuities; the Horace Mann Retirement Advantage® open architecture platform for 403(b)(7) and other defined contribution plans; and other retirement products to educators as well as traditional term and whole life insurance products. Horace Mann is one of the largest participants in the K-12 educator portion of the 403(b) tax-qualified annuity market, measured by 403(b) net premiums written on a statutory accounting basis. The Life & Retirement segment represented 36% of total revenues in 2023.

(All comparisons vs. same periods in 2022, 2023, unless noted otherwise)

For the three and nine months ended September 30, 2023 March 31, 2024, net income reflected the following factors:

- Annualized quarterly net interest spread on fixed annuities up 58 bps in the third quarter due to higher net investment income down 83 basis points
- Annualized spread for the nine months down 45 bps due to lower returns on the limited partnership portfolio Life mortality costs consistent with prior year and a favorable market risk benefit adjustment in Retirement
- Net contribution from FHLB funding agreements remained stable year over year as net investment income reflected higher earnings from the floating rate investments backing the program and interest credited similarly reflected offsetting higher interest expense
- Lower mortality costs offset by a higher change in reserves for the current quarter
- Higher DAC amortization due to write-offs related to declines in annuity persistency

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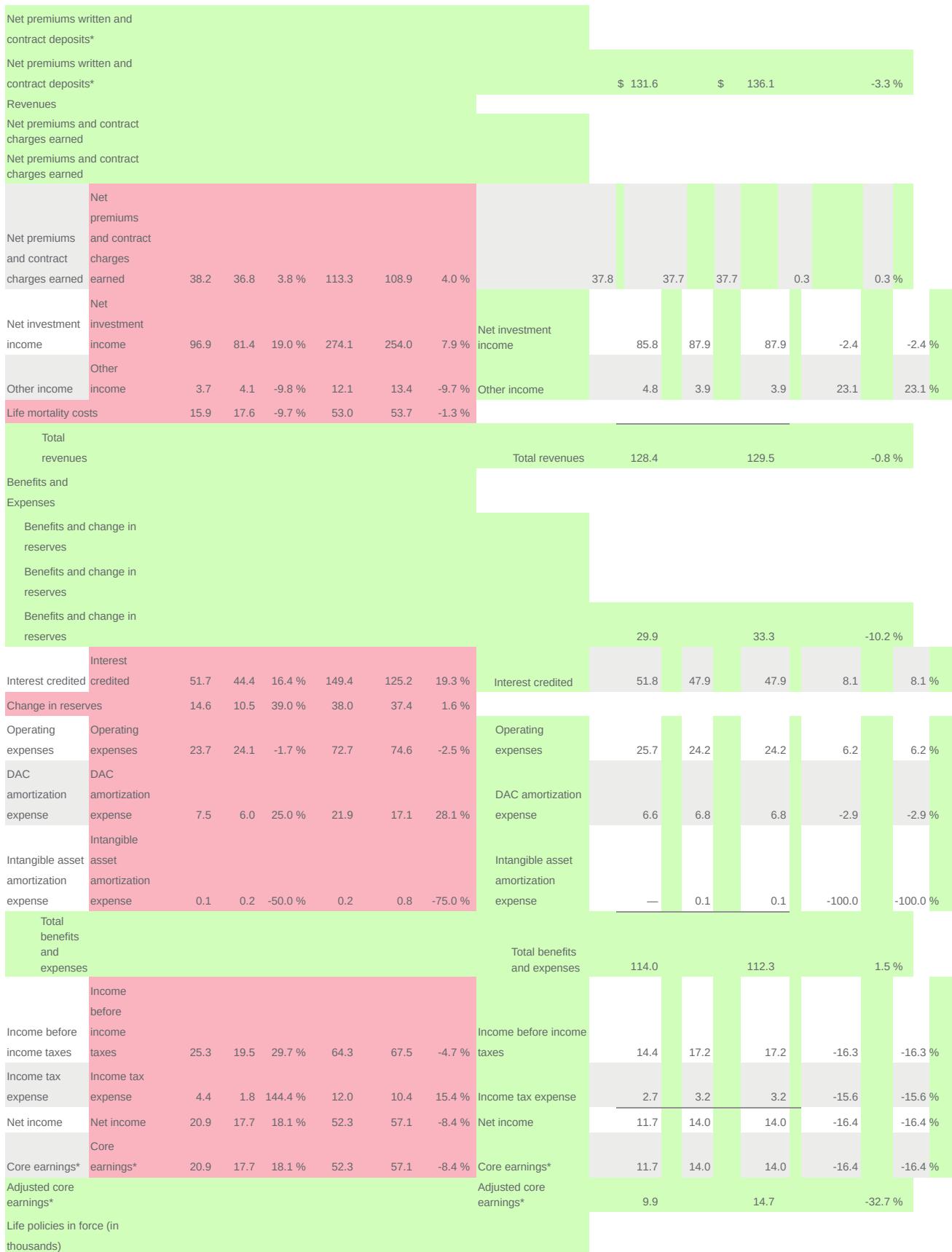
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The following table provides certain information for Life & Retirement for the periods indicated.

(\$ in millions)	(\$ in millions)	Three Months						(\$ in millions)	(\$ in millions)	Three Months	(\$ in millions)
		Ended		2023-	Nine Months Ended		2023-				
		September 30,	2022	September 30,	2022	2023	2022	Change	2023	2024	2024
Life & Retirement	Life & Retirement										
Net premiums written and contract deposits*	Net premiums written and contract deposits*	\$ 154.8	\$ 138.0	12.2 %	\$ 432.8	\$ 408.0	6.1 %				





Life & Retirement segment net income was \$20.9 million for the quarter. The annualized quarter of \$11.7 million was down 16.4%, primarily due to a lower net interest spread. The spread was affected by lower returns related to valuation adjustments in our fixed annuity business rose to 251 for two real estate-related limited partnership funds and one commercial mortgage loan fund. Benefits and change in reserves benefited from a favorable market risk benefit adjustment. While the third quarter compared to 193 last year due to higher net investment income. The net contribution from our FHLB funding agreements remained stable year over year although net investment income reflected compared with 2023, higher earnings from FHLB borrowing costs drove the floating rate investments backing the program and higher interest credited similarly reflected offsetting higher interest expense. For the segment, total benefit expenses rose as the change in reserves more than offset lower mortality costs.

For the Retirement business, net annuity contract deposits were up 16.2% to \$125.6 million, down 4.3% for the quarter at \$104.5 million. Educators continue to begin their relationship with Horace Mann through 403(b) retirement savings products, including the company's attractive annuity products, which provide encouraging cross-sell opportunities. Total cash value Average persistency was 91.7%, has declined slightly below recent levels due to activity from the prior year, with the decline in the persistency of non-qualified account portfolio. Life annualized sales were \$2.2 million for business more significant than the quarter and lapse rates remained consistent with prior year, declines in the qualified business.

Horace Mann currently has \$4.9 \$5.3 billion in annuity assets under management, including \$2.1 billion of fixed annuities, \$2.3 billion \$2.8 billion of variable annuities and \$0.5 billion \$0.4 billion of fixed indexed annuities. Assets under administration, which includes Horace Mann Retirement Advantage® Advantage® and other advisory and recordkeeping assets, increased continue to benefit from a year ago as the strong equity market recovery affected assets under management, markets.

Life annualized sales were \$2.3 million for the quarter and persistency remains strong. Life insurance in force rose to \$20.4 billion \$20.6 billion at September 30, 2023, quarter-end.

We actively manage our interest rate risk exposure, considering a variety of factors, including earned interest rates, credited interest rates and the relationship between the expected durations of assets and liabilities. We

estimate that over the next 12 months approximately \$755.2 million \$496.1 million of the Life & Retirement investment portfolio and related investable cash flows will be reinvested at current market rates.

Interest rates rose swiftly throughout 2022 driven mostly by increases in U.S. Treasury yields, stabilized during the first half of 2023 but have moved higher during the third quarter. The current environment of higher interest rates have afforded us the opportunity to invest insurance cash flows and reinvested cash flows at higher yields, which could be a benefit to net investment income, but the higher interest rates have caused an increase to both realized investment losses when securities are sold, and to net unrealized investment losses in the remaining portfolios.

As a general guideline, based on our existing policies and investment portfolio, the impact from a 100 basis point decline in the average reinvestment rate would reduce Life & Retirement net investment income by approximately **\$2.9 million** **\$1.9 million** in year one and **\$8.8 million** **\$5.8 million** in year two, reducing the annualized net interest spread on fixed annuities by approximately **106** basis points and **2920** basis points in the respective periods, compared to the current period annualized net interest spread on fixed annuities. We could also consider potential changes in rates credited to policyholders, tempered by any restrictions on the ability to adjust policyholder rates due to guaranteed minimum crediting rates.

We reinsure a block of in-force fixed annuities with **\$2.4 billion** of assets under management and with a minimum crediting rate of **4.5%** which helps mitigate the risk of not being able to generate appropriate spreads on the annuity business. Information regarding the interest crediting rates and balances equal to the guaranteed minimum crediting rates for deferred annuity account values excluding the reinsured block is shown below.

(\$ in millions)	September 30, 2023				
	Total Deferred Annuities		Deferred Annuities at Minimum Guaranteed Rate		
	Percent of Total	Accumulated Value (AV)	Percent of Total Deferred Annuities AV	Percent of Total	Accumulated Value
Guaranteed minimum crediting rates:					
Less than 2%	55.8 %	\$ 1,382.2	37.7 %	36.6 %	\$ 520.5
Equal to 2% but less than 3%	12.8	317.9	46.8	10.4	148.7
Equal to 3% but less than 4%	23.0	569.0	96.1	38.4	546.7
Equal to 4% but less than 5%	6.5	161.4	100.0	11.4	161.4
5% or higher	1.9	46.2	100.0	3.2	46.2
Total	100.0 %	\$ 2,476.7	57.5 %	100.0 %	\$ 1,423.5

We will continue to be disciplined in executing strategies to mitigate the negative impact on profitability of a sustained low interest rate environment. However, the success of these strategies may be affected by the factors discussed in Part I - Item 1A in our Annual Report on Form 10-K for the year ended December 31, 2022 and other factors in this Quarterly Report on Form 10-Q.

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## Supplemental & Group Benefits

The Supplemental & Group Benefits segment markets employer-sponsored group solutions for districts and other public employers, as well as worksite direct products typically distributed through the employer channel. The Worksite business provides group term life, disability and specialty health insurance, along with supplemental products including cancer, heart, hospital, supplemental disability and accident coverages. The Supplemental & Group Benefits segment represented 19% of total revenues in 2023.

(All comparisons vs. same periods in 2022, 2023, unless noted otherwise)



For the three and nine months ended September 30, 2023 March 31, 2024, net income reflected the following factors:

- Decline in premium due to run-off of an indemnified block of

of an insurance block of  
employer-sponsored  
products products; net premiums  
earned increased 4.1% excluding  
the run-off

- Lower net investment income
- Higher net investment income for the three and nine months ended September 30, 2023
- Favorable benefits ratio for worksite direct products reflecting the third quarter for employer-sponsored products reflects seasonality anticipated increase in both current and prior year utilization
- Increased level of operating expenses reflecting investment being made in the segment's infrastructure as well as higher allocation of corporate expenses

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The following table provides certain information for Supplemental & Group Benefits for the periods indicated.

NET INVESTMENT		NET INVESTMENT		INVESTMENT		INVESTMENT	
income	income	10.3	8.7	18.4 %	28.5	25.4	12.2 %
Other income	Other income	(3.1)	(5.2)	-40.4 %	(8.2)	(8.4)	-2.4 %
Total revenues							
Benefits and Expenses							
Benefits, settlement expenses and change in reserves	Benefits, settlement expenses and change in reserves	19.5	16.7	16.8 %	66.6	73.8	-9.8 %
Interest credited		1.0	0.4	N.M.	2.7	0.7	N.M.
Operating expenses, including							
DAC amortization	DAC amortization	26.4	24.4	8.2 %	82.3	76.0	8.3 %
Benefits, settlement expenses and change in reserves							
Benefits, settlement expenses and change in reserves							
Operating expenses (including DAC amortization expense)	Operating expenses (including DAC amortization expense)						
Intangible asset amortization expense	Intangible asset amortization expense	3.6	4.0	-10.0 %	10.9	11.8	-7.6 %
Total benefits and expenses							
Income before income taxes	Income before income taxes	20.2	26.2	-22.9 %	53.0	61.9	-14.4 %
Income tax expense							
Net income	Net income	15.8	20.7	-23.7 %	41.6	48.9	-14.9 %
Core earnings*	Core earnings*	15.8	20.7	-23.7 %	41.6	48.9	-14.9 %
Adjusted core earnings*	Adjusted core earnings*						
Benefits ratio							
Benefits ratio	Benefits ratio	32.3 %	25.1 %	7.2 pts	35.5 %	35.9 %	-0.4 pts
Operating expense ratio	Operating expense ratio	37.3 %	33.9 %	3.4 pts	38.2 %	33.9 %	4.3 pts
Pretax profit margin	Pretax profit margin	28.5 %	36.7 %	-8.2 pts	24.6 %	27.7 %	-3.1 pts
Worksite direct products benefits ratio	Worksite direct products benefits ratio	27.8 %	25.4 %	2.4 pts	26.7 %	25.0 %	1.7 pts
Worksite direct products benefits ratio							
Worksite direct premium persistency (rolling beginning 12 months)	Worksite direct premium persistency (rolling beginning 12 months)	90.5 %	91.3 %	-0.8 pts	90.5 %	91.3 %	-0.8 pts
Employer-sponsored products benefits ratio	Employer-sponsored products benefits ratio	36.4 %	24.8 %	11.6 pts	43.1 %	44.6 %	-1.5 pts
Employer-sponsored	Employer-sponsored						

covered lives (in thousands)	covered lives (in thousands)	836	815	2.6 %
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Supplemental & Group Benefits segment net income was \$15.8 million for the quarter, quarter was \$11.0 million compared to \$14.0 million in the prior year. The decline was due to lower net investment income and a higher benefits ratio. Segment net investment income declined 14.3% in the quarter, driven primarily by lower returns from two real estate equity funds. The benefit ratio for the worksite direct product line for the quarter continues continued to move toward upward, approaching the longer-term target with utilization remaining well below historical levels. target. The benefit ratio for the employer-sponsored product lines for was 3 points lower than the quarter reflects seasonality, but increased from last year's unusually favorable results for this period, prior year and remains in line with expectations. Higher expenses reflect investments in below the infrastructure for this business as well as a higher

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allocation of corporate expenses reflecting the segment's utilization of shared staff, distribution, and other resources. Net investment income benefited from the higher rate environment.

longer-term target. The non-cash impact of amortization of intangible assets under purchase accounting reduced third quarter 2023 core earnings by \$3.6 million \$3.6 million, pretax, vs. \$4.0 million in 2022, both current and prior year.

Total segment sales for the segment quarter were \$8.1 million. Sales of \$6.6 million, down 19.5% over the prior year, with worksite direct supplemental products were up 59.1% to \$3.5 product sales of \$3.3 million with persistency remaining strong at 90.5%. Sales of and employer-sponsored products were up 109.1% of \$3.3 million. The unfavorable comparison to \$4.6 million, reflecting prior year is partially due to a large employer-sponsored sale in the progress made first quarter 2023. Employer sponsored sales may vary significantly between comparable periods due to differences in gaining more access to districts and schools through our distribution partners and normal benefit-year seasonality, average case size. Persistency remains strong for the segment.

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## Corporate & Other

(All comparisons vs. same periods in 2022, 2023, unless noted otherwise)

The following table provides certain financial information for Corporate & Other for the periods indicated.

(\$ in millions)	Three Months Ended			Nine Months Ended		
	September 30,		2023-2022	September 30,		2023-2022
	2023	2022	% Change	2023	2022	% Change
Interest expense	\$ (7.5)	\$ (5.3)	-41.5 %	\$ (21.1)	\$ (13.5)	-56.3 %
Net investment losses, pretax	(8.4)	(12.8)	N.M.	(29.7)	(43.8)	N.M.
Other operating expenses, net investment income and other income	(1.4)	(1.4)	— %	(4.9)	(5.9)	16.9 %
Net investment losses, after tax	(6.6)	(10.1)	N.M.	(23.4)	(34.5)	N.M.
Net loss	(13.7)	(15.5)	11.6 %	(44.1)	(50.1)	12.0 %
Core loss*	(7.1)	(5.4)	-31.5 %	(20.7)	(15.6)	-32.7 %

(\$ in millions)	Three Months Ended			2024-2023	
	March 31,		% Change		
	2024	2023			
Revenues					
Net investment income	\$ (0.5)	\$ (0.5)	— %		
Other income	0.7	0.6	16.7 %		
Total revenues	0.2	0.1	100.0 %		
Expenses					
Interest expense	8.7	6.6	31.8 %		

Other operating expenses	2.2	1.7	29.4 %
Total expenses	10.9	8.3	31.3 %
Loss before income taxes	(10.7)	(8.2)	-30.5 %
Income tax benefit	(2.2)	(1.7)	-29.4 %
Core loss* after tax	(8.5)	(6.5)	-30.8 %
Net investment gains (losses), pretax	2.2	(3.9)	N.M.
Tax on net investment gains (losses)	0.5	(0.8)	N.M.
Net investment gains (losses), after tax	1.7	(3.1)	N.M.
Net loss	(6.8)	(9.8)	30.6 %

For the three months and nine months ended September 30, 2023 March 31, 2024, the net loss decreased \$1.8 million and \$6.0 million, respectively, results improved \$3.0 million primarily due to lower net investment losses gains partially offset by an increase in interest expense on the Revolving Credit Facility. The outstanding balance on the Revolving Credit Facility was fully paid off on September 15, 2023 following the issuance of the 2028 Senior Notes, expense.

## Investment Results

(All comparisons vs. same periods in 2022, 2023, unless noted otherwise)

Our investment strategy is primarily focused on generating income to support product liabilities, and balances principal protection and risk. Total net investment income includes net investment income from our managed investment portfolio as well as accreted investment income from the deposit asset on reinsurance related to the company's reinsurance of policy liabilities related to legacy individual annuities written in 2002 or earlier.

(\$ in millions)	(\$ in millions)	Three Months			Nine Months			(\$ in millions)			
		Ended		2023- September 30,	Ended		2023- September 30,				
		2023	2022	Change	2023	2022	Change				
(\$ in millions)											
(\$ in millions)											
2024											
Net investment income - managed investment portfolio	\$ 91.8	\$ 70.9	29.5 %	\$ 249.0	\$ 223.3	11.5 %	Net investment income - managed investment portfolio	\$ 79.9	\$ 74.7 7.0 %		
Investment income - deposit asset on reinsurance	27.1	26.7	1.5 %	78.8	77.4	1.8 %	Investment income - deposit asset on reinsurance	25.5	25.7 25.7 -0.8 %		
Total net investment income	118.9	97.6	21.8 %	327.8	300.7	9.0 %	Total net investment income	105.4	100.4 100.4 5.0 5.0 %		
Pretax net investment losses	(8.4)	(12.8)	N.M.	(29.7)	(43.8)	N.M.	Pretax net investment gains (losses)	2.2	(3.9) N.M.		
Pretax net unrealized investment gains (losses) on fixed maturity securities	(680.0)	(632.0)	N.M.								
Pretax net investment gains (losses)											

Pretax net unrealized investment losses on fixed maturity securities	Pretax net unrealized investment losses on fixed maturity securities	(442.7)	(453.3)	N.M
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For the three and nine months ended September 30, 2023 March 31, 2024, net investment income from our managed investment portfolio increased \$20.9 million and \$25.7 million, respectively. For the current quarter, total net investment income rose 21.8% and net investment income on the managed portfolio increased 29.5% 7.0% to \$79.9 million. The increase reflected stronger income from the higher overall interest rate environment as well as overall strong fixed income portfolios, partially offset by weaker returns in our the commercial mortgage loan funds and limited partnership portfolios. Limited partnership portfolio contributions were a

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significant factor in the higher net investment income in the Property & Casualty and Life & Retirement segments, portfolios, primarily related to real estate. Investment yield on the portfolio excluding limited partnership interests was 4.78% 4.5%, with new money yields continuing to exceed portfolio yields in the core fixed maturity securities portfolio.

For the three and nine months ended September 30, 2023 March 31, 2024, pretax net investment losses decreased \$4.4 million and \$14.1 million, respectively, gains increased \$6.1 million. The nine month decline is net investment gains in the current period are primarily due to an increase in losses from dispositions of invested assets related to yield enhancement activities in the quarter ended June 30, 2023, which were more than offset by changes in fair values of equity securities compared to with net investment losses in the prior year periods, period due to dispositions of securities.

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Pretax net unrealized investment losses on fixed maturity securities as of September 30, 2023 March 31, 2024 were up \$108.1 million \$25.1 million, or 18.9% 6.0%, compared to December 31, 2022 December 31, 2023, primarily due to the elevated interest rate environment, an increase of 32 basis points in US Treasury rates.

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#### Fixed Maturity and Equity Securities Portfolios

The table below presents our fixed maturity and equity securities portfolios by major asset class, including the 10 largest sectors of our corporate bond holdings (based on fair value).

(\$ in millions)	(\$ in millions)	September 30, 2023				(\$ in millions)	March 31, 2024				
		Pretax Net					Pretax Net				
		Number of Issuers	Fair Value	Amortized Cost, net	Unrealized Loss		Number of Issuers	Fair Value	Amortized Cost, net	Unrealized Loss	
Fixed maturity securities	Fixed maturity securities										
Corporate bonds	Corporate bonds										
Corporate bonds	Corporate bonds										
Banking & Finance											

Banking & Finance						
Banking & Finance	Banking & Finance	150	\$ 388.7	\$ 462.2	\$ (73.5)	
Miscellaneous	Miscellaneous	35	195.6	197.1	(1.5)	
Insurance	Insurance	52	146.1	167.9	(21.8)	
Energy	Energy	80	116.9	136.5	(19.6)	
HealthCare, Pharmacy	HealthCare, Pharmacy	70	99.1	126.9	(27.8)	
Utilities	Utilities	71	94.2	119.1	(24.9)	
Real Estate	Real Estate	37	86.6	100.6	(14.0)	
Transportation	Transportation	42	67.3	79.4	(12.1)	
Consumer Products	Consumer Products	51	61.6	79.9	(18.3)	
Natural Gas	Natural Gas	15	49.3	58.7	(9.4)	
All other corporates <sup>(1)</sup>	All other corporates <sup>(1)</sup>	286	379.9	454.5	(74.6)	
Total corporate bonds	Total corporate bonds	889	1,685.3	1,982.8	(297.5)	
Mortgage-backed securities	Mortgage-backed securities					
U.S. Government and federally sponsored agencies	U.S. Government and federally sponsored agencies					
Commercial <sup>(2)</sup>	Commercial <sup>(2)</sup>	160	284.5	326.6	(42.1)	
Other	Other	29	13.0	14.3	(1.3)	
Municipal bonds <sup>(3)</sup>	Municipal bonds <sup>(3)</sup>	603	1,185.6	1,334.1	(148.5)	
Government bonds	Government bonds					
U.S.	U.S.					
U.S.	U.S.					
Foreign	Foreign	46	367.3	453.4	(86.1)	
Collateralized loan obligations <sup>(4)</sup>	Collateralized loan obligations <sup>(4)</sup>	4	24.5	26.1	(1.6)	
Asset-backed securities	Asset-backed securities	256	736.1	750.7	(14.6)	
Total fixed maturity securities	Total fixed maturity securities	130	272.3	295.1	(22.8)	
Total fixed maturity securities	Total fixed maturity securities	2,351	\$ 4,961.6	\$ 5,641.6	\$ (680.0)	
Equity securities	Equity securities					
Equity securities	Equity securities					
Non-redeemable preferred stocks	Non-redeemable preferred stocks					

Non-redeemable preferred stocks	Non-redeemable preferred stocks	22	\$ 60.0
Common stocks	Common stocks	4	1.2
Common stocks	Common stocks		
Closed-end fund	Closed-end fund	1	15.8
Closed-end fund	Closed-end fund		
Total equity securities	Total equity securities		
Total equity securities	Total equity securities		
Total equity securities	Total equity securities	27	\$ 77.0
Total	Total	2,378	\$ 5,038.6
Total	Total		
Total	Total		

(a) The All other corporates category contains 18 additional industry sectors. Food and beverage, telecommunications, broadcasting and media, telecommunications, technology and leisure entertainment retail represented \$198.3 million \$211.8 million of fair value at September 30, 2023 March 31, 2024, with the remaining 13 sectors each representing less than \$32.6 million \$34.5 million.

(b) At September 30, 2023 March 31, 2024, 100% were investment grade, with an overall credit rating of AA+, and the positions were well diversified by property type, geography and sponsor.

(c) Holdings are geographically diversified, 43.0% 41.0% are tax-exempt and 74.0% 75.3% are revenue bonds tied to essential services, such as mass transit, water and sewer. The overall credit quality of the municipal bond portfolio was AA- at September 30, 2023 March 31, 2024.

(d) Based on fair value, 94.3% 94.6% of the collateralized loan obligation securities were rated investment grade based on ratings assigned by a nationally recognized statistical ratings organization (NRSO- S&P, Moody's, Fitch, Dominion, A.M. Best, Morningstar, Egan Jones and Kroll).

As of September 30, 2023 March 31, 2024, our diversified fixed maturity securities portfolio consisted of 3,597 3,698 investment positions, issued by 2,351 2,414 entities, and totaled approximately \$5.0 billion \$5.3 billion in fair value. This portfolio was 92.8% 92.6% investment grade, based on fair value, with an average quality rating of A+. Our investment guidelines target single

corporate issuer concentrations to 0.5% of invested assets for AAA or AA rated securities, 0.35% of invested assets for A or BBB rated securities, and \$5.0 million for non-investment grade securities.

#### Rating of Fixed Maturity Securities and Equity Securities<sup>(1)</sup>

The following table presents the composition and fair value of our fixed maturity and equity securities portfolios by rating category. As of September 30, 2023 March 31, 2024, 92.4% 93.0% of these combined portfolios were investment grade, based on fair value, with an overall average quality rating of A+. We have classified the entire fixed maturity securities portfolio as available for sale, which is carried at fair value.

(\$ in millions)	(\$ in millions)	Percent of Portfolio Fair Value	(\$ in millions)	Percent of Portfolio Fair Value	(\$ in millions)
		September 30, 2023		March 31, 2024	

		December 31, 2022	September 30, 2023	Fair Value	Amortized Cost, net			
		December 31, 2023		December 31, 2023		March 31, 2024	Fair Value	Amortized Cost, net
Fixed maturity securities	Fixed maturity securities							
AAA	AAA							
AAA	AAA	10.8 %	11.7 %	\$ 584.4	\$ 623.3			
AA <sup>(2)</sup>	AA <sup>(2)</sup>	39.3	41.3	2,048.1	2,388.3			
A	A	17.8	17.6	872.4	970.0			
BBB	BBB	24.1	22.1	1,100.5	1,270.7			
BB	BB	1.8	1.5	71.9	78.9			
B	B	0.9	0.8	40.7	42.9			
CCC or lower	CCC or lower	—	0.1	3.6	4.2			
Not rated <sup>(3)</sup>	Not rated <sup>(3)</sup>	5.3	4.9	240.0	263.3			
Total fixed maturity securities	Total fixed maturity securities	100.0 %	100.0 %	\$ 4,961.6	\$ 5,641.6			
Equity securities	Equity securities							
AAA	AAA	— %	— %	\$ —	—			
AAA	AAA							
AAA	AAA							
AA	AA	—	—	—	—			
AA	AA	—	—	—	—			
A	A	—	—	—	—			
BBB	BBB							
BBB	BBB	68.7	64.4	49.6	—			
BB	BB	10.8	9.5	7.3	—			
BB	BB							
BB	BB							
B	B	—	—	—	—			
B	B	—	—	—	—			
CCC or lower	CCC or lower	—	—	—	—			
CCC or lower	CCC or lower							
Not rated	Not rated	20.5	26.1	20.1	—			
Not rated	Not rated							
Total equity securities	Total equity securities							
Total equity securities	Total equity securities	100.0 %	100.0 %	\$ 77.0	—			
Total	Total			\$ 5,038.6				
Total								

## Total

(a) Ratings are assigned by an NRSRO when available. If no rating is available from an NRSRO, then an internally developed rating is used. Ratings for publicly traded securities are determined when the securities are acquired and are updated monthly to reflect any changes in ratings.

(b) At **September 30, 2023** **March 31, 2024**, the AA rated fair value amount included **\$364.8 million** **\$391.2 million** of U.S. Government and federally sponsored agency securities and **\$582.3 million** **\$662.660 million** of mortgage-backed and other asset-backed securities issued by U.S. Government and federally sponsored agencies.

(c) This category primarily represents private placement and municipal securities not rated by a NRSRO.

As of **September 30, 2023** **March 31, 2024**, the fixed maturity securities portfolio had **\$702.8 million** **\$499.4 million** of pretax gross unrealized investment losses on **\$4,286.4 million** **\$3,737.0 million** of fair value related to **3,143** **2,511** positions. Of the investment positions with gross unrealized losses, there were **771** **433** trading below 80.0% of the carrying value as of **September 30, 2023** **March 31, 2024**. The Company views the decrease in fair value of all of the fixed maturity securities with unrealized losses as of **September 30, 2023** **March 31, 2024** as due to factors other than a credit loss. **Future changes in circumstances related to these and other securities could require subsequent recognition of impairment**. See Part II - Item 8, Note 2 of the Consolidated Financial Statements in this Quarterly Report on Form 10-Q for more information.

**Following significant increases** **Unrealized investment losses rose due to an increase in interest rates throughout 2022, driven mostly by increases in U.S. Treasury yields, rates mostly stabilized during the first half of 2023 but have moved higher during the third quarter.** **As of September 30, 2023** **March 31, 2024**, the 10-year U.S. Treasury yield increased **70** **32** basis points since **December 31, 2022** **December 31, 2023**, rising from **3.87%** **3.88%** as of **December 31, 2022** **December 31, 2023** to **4.57%** **4.20%** as of **September 30, 2023**. Additionally, **March 31, 2024**, the impacts of which were partially offset by **tighter credit spreads tightened** during the same time period, with investment grade and high yield tighter by **14** **11** and **76** **22** basis points, respectively. As of **September 30, 2023** **March 31, 2024**, investment grade and high yield total returns were **down -0.11%** and **up 0.44%** and **5.95%** **1.47%**, respectively, since **December 31, 2022** **December 31, 2023**. **Unrealized investment losses remain elevated due to the continued increase in interest rates. Future changes in circumstances related to these and other securities could require subsequent recognition of impairment.**

## Liquidity and Capital Resources

Our liquidity and access to capital were not materially impacted by inflation or changes in interest rates during the three **and nine** months ended **September 30, 2023** **March 31, 2024**. For further discussion regarding the potential future impacts of inflation and changes in interest rates, see Part I - Item 1A - Risk Factors and Part II - Item 7 - Management's Discussion and Analysis of Financial Condition and Results of Operations - Effects of Inflation and Changes in Interest Rates presented in our Annual Report on Form 10-K for the year ended **December 31, 2022** **December 31, 2023**.

## Investments

Information regarding our investment portfolio, which is comprised primarily of investment grade fixed maturity securities, is presented in Part I - Item 1, Note 2 of the Consolidated Financial Statements as well as Part I - Item 2 - Investment Results in this Quarterly Report on Form 10-Q.

## Cash Flow

Our short-term liquidity requirements, within a 12 month operating cycle, are for the timely payment of claims and benefits to policyholders, operating expenses, interest payments and federal income taxes. Cash flow generated from operations has been, and is expected to be, adequate to meet our operating cash needs in the next 12 months. Cash flow in excess of operational needs has been used to fund business growth, pay dividends to shareholders and repurchase shares of our common stock. Long-term liquidity requirements, beyond one year, are principally for the payment of future insurance and annuity policy claims and benefits, as well as retirement of debt. The following table summarizes our consolidated cash flows activity for the periods indicated.

(\$ in millions)	(\$ in millions)	Nine Months Ended September 30, 2023-2022		(\$ in millions)	Three Months Ended March 31, 2024-2023		2024-2023
		2023	2022		2024	2023	
		2024	2023	2022	2024	2023	% Change
Net cash provided by operating activities	Net cash provided by operating activities	\$ 199.2	\$ 115.8	72.0 %	Net cash provided by operating activities	\$ 74.5	\$ 74.5
Net cash used in investing activities	Net cash used in investing activities	(85.6)	(295.9)	71.1 %	Net cash used in investing activities	(59.5)	(95.3)

Net cash provided by (used in) financing activities	(121.9)	82.6	N.M.				
Net cash used in financing activities							
Net decrease in cash	Net decrease in cash	(8.3)	(97.5)	91.5 %	Net decrease in cash	(24.3)	(6.5)
Cash at beginning of period	Cash at beginning of period	42.8	133.7	-68.0 %	Cash at beginning of period	29.7	42.8
Cash at end of period	Cash at end of period	\$ 34.5	\$ 36.2	-4.7 %	Cash at end of period	\$ 20.4	\$ 27.4
						-25.5	-30.6
							-25.5 %

#### Operating Activities

As a holding company, we conduct our principal operations in the personal lines segment of the property and casualty, life, retirement, supplemental and group insurance industries through our subsidiaries. Our insurance subsidiaries generate cash flow from premium and investment income, generally well in excess of their immediate needs for policy obligations, operating expenses and other cash requirements. **Cash Fluctuations in net cash** provided by operating activities primarily reflects net cash flows generated by our insurance subsidiaries. reflect seasonality in timing of premium and investment income collections and claims and benefits payments.

For the **nine three** months ended **September 30, 2023** **March 31, 2024**, net cash provided by operating activities **increased \$83.4 million**; **decreased \$11.9 million**.

#### Investing Activities

**Net** **Net** cash used in investing activities for the **nine three** months ended **September 30, 2023** **March 31, 2024** and **2022** **2023** was **\$85.6 million** **\$59.5 million** and **\$295.9 million**, **\$95.3 million**, respectively. Prior year investing activities included the acquisition of Madison National Life Insurance Company, Inc.

Investing cash inflows consist primarily of proceeds from the sales and maturities of investments. Investing cash outflows consist primarily of payments for purchases of investments. Our investment strategy is to appropriately match the cash flows and durations of our assets with the cash flows and durations of our liabilities to meet the funding requirements of our business and, generally, the expected principal and interest payments produced by our fixed maturity securities portfolio adequately fund the estimated runoff of our insurance reserves. When market opportunities arise, we may sell selected securities and reinvest the proceeds to improve the yield and credit quality of our portfolio. We may at times also sell selected securities and reinvest the proceeds to improve the duration matching of our assets and liabilities and/or rebalance our portfolio. As a result, sales before maturity may vary from period to period. The sale and purchase of short-term investments is influenced by

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proceeds received from FHLB funding advances, issuance of debt, our reverse repurchase agreement program, and by the amount of cash which is at times held in short-term investments to facilitate the availability of cash to fund the purchase of appropriate long-term investments, repay maturing debt, and/or to respond to catastrophes.

#### Financing Activities

Financing activities include primarily payment of dividends, receipt and withdrawal of funds by annuity contractholders, changes in the deposit asset on reinsurance, repurchases of our common stock, fluctuations in book overdraft balances, and borrowings, repayments and repurchases related to debt facilities.

For the **nine three** months ended **September 30, 2023** **March 31, 2024**, net cash used in financing activities increased **\$204.5 million** **\$17.8 million** compared to the prior year period, primarily due to a **\$123.7 increase** in cash outflows from benefits, withdrawals and net transfers to Separate Account variable annuity assets, a **\$46.2 million** **\$25.3 million** increase in cash outflows from the deposit asset on reinsurance and and a **\$165.2 million** **\$52.0 million** net reduction in net cash inflows (advances less repayments) from FHLB funding agreements, partially offset by a **\$50.0 million** increase in net cash outflows inflow from the change in reverse repurchase agreements; partially offset by a **\$52.0 million** net increase in cash inflows from FHLB funding agreements as noted in the table below and **\$48.7 million** net increase in cash inflows from financing activity described in the following paragraph.

On September 15, 2023, we issued \$300.0 million aggregate principal amount of 7.25% Senior Notes due September 15, 2028 (2028 Senior Notes) and used the net proceeds to fully repay the \$249.0 million of outstanding borrowings under our Revolving Credit Facility. The remaining net proceeds from the issuance of the 2028 Senior Notes were available for general corporate purposes. agreements.

The following table shows activity from FHLB funding agreements for the periods indicated.

(\$ in millions)	(\$ in millions)	Nine Months Ended September 30, 2022			(\$ in millions)	Three Months Ended March 31,	2024- 2023

			\$		%	
	2023	2022	Change	Change		
	2024					
Balance at beginning of the period	Balance at beginning of the period	\$ 792.5	\$ 782.5	\$ 10.0	1.3 %	Balance at beginning of the period
Advances received from FHLB funding agreements	Advances received from FHLB funding agreements	201.5	154.0	47.5	30.8 %	Advances received from FHLB funding agreements
Principal repayments on FHLB funding agreements	Principal repayments on FHLB funding agreements	(89.5)	(94.0)	4.5	N.M.	Principal repayments on FHLB funding agreements
Balance at end of the period	Balance at end of the period	\$ 904.5	\$ 842.5	\$ 62.0	7.4 %	Balance at end of the period

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## Liquidity Sources and Uses

Our potential sources and uses of funds principally include the following activities:

	Property & Casualty	Life & Retirement	Supplemental & Group Benefits	Corporate & Other
<b>Activities for potential sources of funds</b>				
Receipt of insurance premiums, contractholder charges and fees	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
Recurring service fees, commissions and overrides	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Contractholder fund deposits		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
Reinsurance and indemnification program recoveries	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
Receipts of principal, interest and dividends on investments	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Proceeds from sales of investments	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Proceeds from FHLB borrowing and funding agreements	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
Proceeds from reverse repurchase agreements	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
Intercompany loans	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Capital contributions from parent	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
Dividends or return of capital from subsidiaries				<input checked="" type="checkbox"/>
Tax refunds/settlements	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Proceeds from periodic issuance of additional securities				<input checked="" type="checkbox"/>
Proceeds from debt issuances				<input checked="" type="checkbox"/>
Proceeds from revolving credit facility				<input checked="" type="checkbox"/>
Receipt of intercompany settlements related to employee benefit plans				<input checked="" type="checkbox"/>
<b>Activities for potential uses of funds</b>				
Payment of claims and related expenses	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
Payment of contract benefits, surrenders and withdrawals		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
Reinsurance cessions and indemnification program payments	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
Payment of operating costs and expenses	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Payments to purchase investments	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Repayment of FHLB borrowing and funding agreements	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
Repayment of reverse repurchase agreements	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
Payment or repayment of intercompany loans	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Capital contributions to subsidiaries				<input checked="" type="checkbox"/>
Dividends or return of capital to shareholders/parent company	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Tax payments/settlements	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Common share repurchases				<input checked="" type="checkbox"/>
Debt service expenses and repayments				<input checked="" type="checkbox"/>
Repayment on revolving credit facility				<input checked="" type="checkbox"/>
Payments related to employee benefit plans				<input checked="" type="checkbox"/>
Payments for business acquisitions				<input checked="" type="checkbox"/>

We actively manage our financial position and liquidity levels in light of changing market, economic and business conditions. Liquidity is managed at both the entity and enterprise level across HMEC and is assessed on both base and stressed level liquidity needs. We believe we have sufficient liquidity to meet these needs. Additionally, we have existing intercompany agreements in place that facilitate liquidity management across HMEC to enhance flexibility.

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As of **September 30, 2023** **March 31, 2024**, we held **\$971.2 million** **\$1.1 billion** of cash, U.S. government and agency fixed maturity securities and public equity securities (excluding non-redeemable preferred stocks and foreign equity securities) which, under normal market conditions, could be rapidly liquidated.

Certain remote events and circumstances could constrain our liquidity. Those events and circumstances include, for example, a catastrophe resulting in extraordinary losses, a downgrade of our Senior Notes rating to non-investment grade status or a downgrade in our insurance subsidiaries' financial strength ratings. The rating agencies also consider the interdependence of our individually rated entities; therefore, a rating change in one entity could potentially affect the ratings of other related entities.

## Capital Resources

We have determined the amount of capital that is needed to adequately fund and support business growth, primarily based on risk-based capital formulas, including those developed by the National Association of Insurance Commissioners. Historically, our insurance subsidiaries have generated capital in excess of such needed levels. These excess amounts have been paid to us through dividends. We have then utilized these dividends and our access to the capital markets to fund growth initiatives, service and retire debt, pay dividends to our shareholders, repurchase shares of our common stock and for other corporate purposes. If necessary, we also have other potential sources of liquidity that could provide for additional funding to meet corporate obligations or pay shareholder dividends, including a revolving line of credit, [reverse repurchase agreements program](#), as well as issuances of various securities.

The insurance subsidiaries are subject to various regulatory restrictions that limit the amount of annual dividends or other distributions, including loans or cash advances, available to us without prior approval of the insurance regulatory authorities. The aggregate amount of dividends that may be paid in 2023 from all of our insurance subsidiaries without prior regulatory approval is \$110.3 million \$112.3 million, excluding the impact and timing of prior dividends, of which \$58.5 million \$27.0 million was paid during the nine three months ended September 30, 2023 March 31, 2024. We anticipate that our sources of capital will continue to generate sufficient capital to meet the needs for business growth, debt interest payments, shareholder dividends and our share repurchase programs. Additional information is contained in Part II - Item 8, Note 14 13 of the Consolidated Financial Statements in our Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023.

Total capital was \$1,597.4 million \$1,757.6 million as of September 30, 2023 March 31, 2024, including \$546.1 million \$546.2 million of long-term debt. Total debt represented 34.2% 31.1% of total capital including net unrealized investment losses on fixed maturity securities (27.3% (26.7% excluding net unrealized investment losses on fixed maturity securities and net reserve remeasurements attributable to discount rates\*) as of September 30, 2023 March 31, 2024, which was slightly above our long-term target of 25.0% for our debt to capital ratio excluding net unrealized investment gains (losses) and net reserve remeasurements attributable to discount rate.

Shareholders' equity was \$1,051.3 million \$1,211.4 million as of September 30, 2023 March 31, 2024, including net unrealized investment losses on fixed maturity securities of \$534.7 million \$348.0 million after taxes. The market value of our common stock and the market value per share were \$1,212.1 million \$1,515.3 million and \$29.66 \$36.99, respectively, as of September 30, 2023 March 31, 2024. Book value per share and adjusted book value per share\* was \$25.74 \$29.57 and \$35.57, \$36.52, respectively, as of September 30, 2023 March 31, 2024.

Additional information regarding net unrealized investment gains (losses) on fixed maturity securities as of **September 30, 2023** **March 31, 2024** is included in Part I - Item 1, Note 2 of the Consolidated Financial Statements as well as in Part I - Item 2 - Investment Results in this Quarterly Report on Form 10-Q.

Total dividends paid to shareholders was \$40.4 million \$13.9 million for the nine three months ended September 30, 2023 March 31, 2024. In March May, and September of 2023, 2024, the Board of Directors (Board) approved regular quarterly dividends of \$0.33 \$0.34 per share.

For the nine months ended September 30, 2023 March 31, 2024, we repurchased 196,934 no shares of our common stock at an average price per share of \$32.85 were repurchased under our share repurchase program. See Part II - Item 8, Note 13 of the Consolidated Financial Statements in our Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023 for more information. As of September 30, 2023 March 31, 2024, \$34.9 million remained authorized for future share repurchases under the share repurchase program.

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The following table summarizes our debt obligations.

Short-term debt							
Short-term debt							
Short-term debt							
Short-term debt							
Short-term debt							
Short-term debt							
Short-term debt							
Short-term debt							
Short-term debt							
Short-term debt							
Short-term debt							
Short-term debt							
Revolving Credit Facility	Short-term debt	Revolving Credit Facility	Variable	2026	\$ —	\$ 249.0	
Revolving Credit Facility							
Long-term debt <sup>(1)</sup>	Long-term debt <sup>(1)</sup>						
7.25% 2023 Senior Notes, Aggregate principal amount of \$300.0 less unaccrued discount of \$0.5 and \$0.0 and unamortized debt issuance costs of \$2.6 and \$0.0	7.25% 2028	296.9		—			
4.50% 2015 Senior Notes, Aggregate principal amount of \$250.0 less unaccrued discount of \$0.2 and \$0.2 and unamortized debt issuance costs of \$0.6 and \$0.8	4.50% 2025	249.2	249.0				
7.25% 2023 Senior Notes, Aggregate principal amount of \$300.0 less unaccrued discount of \$0.5 and \$0.5 and unamortized debt issuance costs of \$2.7 and \$2.8							
7.25% 2023 Senior Notes, Aggregate principal amount of \$300.0 less unaccrued discount of \$0.5 and \$0.5 and unamortized debt issuance costs of \$2.7 and \$2.8							
4.50% 2015 Senior Notes, Aggregate principal amount of \$250.0 less unaccrued discount of \$0.1 and \$0.2 and unamortized debt issuance costs of \$0.5 and \$0.5							
Total	Total	\$ 546.1	\$ 498.0				

(1) We designate debt obligations as "long-term" based on maturity date at issuance.

On September 15, 2023, we issued \$300.0 million aggregate principal amount of 7.25% senior notes (2023 Senior Notes), which will mature on September 15, 2028, issued at a discount resulting in an effective yield of 7.29%. Interest on the 2023 Senior Notes is payable semi-annually at a rate of 7.25%. The 2023 Senior Notes are redeemable in whole or in part, at any time, at our option, at a redemption price equal to the greater of (1) 100% of the principal amount of the notes being redeemed or (2) the sum of the present values of the remaining scheduled payments of principal and interest thereon discounted, on a semi-annual basis, at the Treasury yield (as defined in the indenture) plus 45 basis points, plus, in either of the above cases, accrued interest to the date of redemption. The 2023 Senior Notes are traded in the open market (HMN 7.25).

The net proceeds from the sale of the 2023 Senior Notes were used to fully repay the \$249.0 million balance on the Revolving Credit Facility with remaining net proceeds from the sale to be used for general corporate purposes. As of March 31, 2024, we had \$325.0 million available on the Revolving Credit Facility, with an interest rate based on SOFR plus 115 basis points plus the applicable benchmark adjustment spread. The Revolving Credit Facility expires on July 12, 2026. The unused portion of the Revolving Credit Facility is subject to a variable commitment fee, which was 0.15% on an annual basis as of March 31, 2024.

As of September 30, 2023 March 31, 2024, we had outstanding \$250.0 million aggregate principal amount of 4.50% Senior Notes senior notes (2015 Senior Notes), which will mature on December 1, 2025, issued at a discount resulting in an effective yield of 4.53%. Interest on the 2015 Senior Notes is payable semi-annually at a rate of 4.50%. Detailed information regarding the redemption terms of the 2015 Senior Notes is contained in the Part II - Item 8, Note 10 of the Consolidated Financial Statements in our Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023. The 2015 Senior Notes are traded in the open market (HMN 4.50).

As of September 30, 2023 March 31, 2024, we had no borrowings outstanding with FHLB. The Board has authorized a maximum amount equal to 15% of net aggregate admitted assets less separate account assets of the insurance subsidiaries for FHLB borrowing and funding agreements which is below our maximum FHLB borrowing capacity.

Effective July 12, 2021, we, as borrower, amended our Credit Agreement (Revolving Credit Facility). The amended Revolving Credit Facility increased the amount available on the senior revolving credit facility from \$225.0 million. We had an obligation for securities sold under reverse repurchase agreements of \$50.0 million at March 31, 2024 compared to \$325.0 million. Terms and conditions of the amended Revolving Credit Facility are substantially consistent with the prior agreement, with an interest rate based on SOFR plus 115 basis points plus the applicable benchmark adjustment spread. The amended Revolving Credit Facility expires on July 12, 2026.

On December 31, 2021, we utilized \$114.0 million of the Revolving Credit Facility to fund a portion of the acquisition of Madison National Life Insurance Company, Inc. that occurred effective January 1, 2022, resulting in a remaining capacity of \$76.0 million. As noted above, the no reverse repurchase agreements outstanding balance on the Revolving Credit Facility was fully paid off on September 15, 2023 from the proceeds of the 2028 Senior Notes. The Revolving Credit Facility is available for ongoing working capital, capital expenditures and general corporate expenditures. The unused portion of the Revolving Credit Facility is subject to a variable commitment fee, which was 0.15% on an annual basis as of September 30, 2023 at December 31, 2023.

To provide additional capital management flexibility, we filed a "universal shelf" registration statement on Form S-3 with the Securities and Exchange Commission (SEC) on March 10, 2021 March 8, 2024. The registration statement, which registered the offer and sale from time to time of an indeterminate amount of various securities, which may include debt securities, common stock, preferred stock, depositary shares, warrants, delayed delivery contracts

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and/or units that include any of these securities, was automatically effective on March 10, 2021 March 8, 2024. Unless withdrawn by us earlier, this registration statement will remain effective through March 10, 2024 March 8, 2027. No securities associated with the registration statement have been issued at the time of issuance of this Quarterly Report on Form 10-Q.

On March 13, 2018, we filed a "shelf" registration statement on Form S-4 with the SEC which became effective on May 2, 2018. Under this registration statement, we may from time to time offer and issue up to 5,000,000 shares of our common stock in connection with future acquisitions of other businesses, assets or securities.

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Unless withdrawn by us, this registration statement will remain effective indefinitely. No securities associated with the registration statement have been issued at the time of issuance of this Quarterly Report on Form 10-Q.

#### Financial Ratings

Our principal insurance subsidiaries are rated by A.M. Best Company, Inc. (A.M. Best), Fitch, Moody's, and S&P. These rating agencies have also assigned ratings to our Senior Notes. The ratings that are assigned by these agencies, which are subject to change, can impact, among other things, our access to sources of capital, cost of capital, and competitive position. These ratings are not a recommendation to buy or hold any of our securities.

All four agencies currently have assigned the same insurance financial strength ratings to our Property & Casualty and Life insurance subsidiaries. Only A.M. Best currently rates our Supplemental & Group Benefits subsidiaries, each of which is rated at the same level as our Property & Casualty and Life & Retirement subsidiaries. Assigned ratings and respective affirmation/review dates as of October 31, 2023 April 30, 2024 were as follows:

		Insurance Financial Strength Ratings (Outlook)	Debt Ratings (Outlook)	Affirmed/ Reviewed
A.M. Best				
HMEC (parent company)	N.A.	bbb	(stable)	8/10/2023
HMEC's Life & Retirement subsidiaries	A	(stable)	N.A.	8/10/2023
HMEC's Property & Casualty subsidiaries	A	(stable)	N.A.	8/10/2023
HMEC's Supplemental & Group Benefits subsidiaries				
Madison National Life Insurance Company	A	(stable)	N.A.	8/10/2023
National Teachers Associates Life Insurance Company	A	(stable)	N.A.	8/10/2023
Fitch				
HMEC (parent company)		BBB	(stable)	08/17/2023
HMEC's Life Group	A	(stable)		08/17/2023
HMEC's P&C Group	A	(negative)		08/17/2023
Moody's				
HMEC (parent company)		Baa2	(negative)	7/28/2023 4/1/2024
HMEC's Life Group	A2	(negative)		5/31/2023 4/1/2024
HMEC's P&C Group	A2	(negative)		7/28/2023 4/1/2024
S&P	A	(stable)	BBB	(stable) 2/7/2023 1/30/2024

#### Reinsurance Programs

Information regarding the There have been no material changes in our reinsurance programs for our Property & Casualty, Life & Retirement and Supplemental & Group Benefits segments is located from that disclosed in Part I - Item 1, Reporting Segments in our Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023.

### ITEM 3. | Quantitative and Qualitative Disclosures about Market Risk

Market value risk, our primary market risk exposure, is the risk that our invested assets will decrease in value. This decrease in value may be due to (1) a change in the yields realized on our assets and prevailing market yields for similar assets, (2) an unfavorable change in the liquidity of an investment, (3) an unfavorable change in the financial prospects of the issuer of an investment, or (4) a downgrade in the credit rating of the issuer of an

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investment. Also see Consolidated Results of Operations in Part I - Item 2 of this Quarterly Report on Form 10-Q regarding net investment losses.

Significant changes in interest rates expose us to the risk of experiencing losses or earning a reduced level of income based on the difference between the interest rates earned on our investments and the credited interest rates on our insurance and investment contract liabilities. Also see Consolidated Results of Operations in Part I - Item 2 of this Quarterly Report on Form 10-Q regarding interest credited to policyholders.

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We seek to manage our market value risk by coordinating the projected cash inflows of assets with the projected cash outflows of liabilities. For all of our assets and liabilities, we seek to maintain reasonable durations, consistent with the maximization of income without sacrificing investment quality, while providing for liquidity and diversification. The investment risk associated with variable annuity deposits and the underlying mutual funds is assumed by those contractholders, and not by us. Certain fees that we earn from variable annuity deposits are based on the market value of the funds deposited.

More detailed descriptions of our exposure to market value risks and the management of those risks is contained in Part II - Item 7A of our Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023.

### ITEM 4. | Controls and Procedures

## Management's Conclusion Regarding the Effectiveness of Disclosure Controls and Procedures

Under the supervision and with the participation of our management, including our chief executive officer and chief financial officer, we conducted an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures, as such term is defined in Rule 13a-15(e) of the Securities Exchange Act of 1934 as amended (Exchange Act), as of **September 30, 2023** **March 31, 2024**. Based on this evaluation, the chief executive officer and chief financial officer concluded that our disclosure controls and procedures are effective in timely alerting them to material information relating to us (including our consolidated subsidiaries) that is required to be included in our periodic SEC filings. No material weaknesses in our disclosure controls and procedures were identified in the evaluation and therefore, no corrective actions were taken. There were no significant changes in our internal controls or in other factors that could significantly affect these controls subsequent to the date of their evaluation.

## Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act) during the period covered by this Quarterly Report on Form 10-Q that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

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## PART II: OTHER INFORMATION

### ITEM 1. Legal Proceedings

For a description of noteworthy litigation, see Part I - Item 1, Note 10 of the Consolidated Financial Statements of this Quarterly Report on Form 10-Q.

### ITEM 1A. Risk Factors

At the time of issuance of this Quarterly Report on Form 10-Q, we believe there are no material changes from the risk factors as previously disclosed in Part I - Item 1A of our Annual Report on Form 10-K for the year ended **December 31, 2022** **December 31, 2023**.

### ITEM 2. Unregistered Sales of Equity Securities and Use of Proceeds

#### Issuer Purchases of Equity Securities

On May 25, 2022, our Board of Directors authorized a share repurchase program allowing repurchases of up to \$50 million our common shares in open market or privately negotiated transactions, from time to time, depending on market conditions (Program). The Program does not have an expiration date and may be limited or terminated at any time without notice. During the three months ended **September 30, 2023** **March 31, 2024**, **we no shares were** repurchased **under the Program. As of March 31, 2024, the approximate dollar value of shares that may yet be purchased under the Program as follows:**

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased under the Program	Approximate Dollar Value of Shares that may yet be Purchased under the Program
July 1 - 31	25,965	\$ 28.81	25,965	\$ 35.1 million
August 1 - 31	7,035	28.42	7,035	\$ 34.9 million
September 1 - 30	—	—	—	\$ 34.9 million
Total	33,000	\$ 28.73	33,000	\$ 34.9 million

**was \$34.9 million.**

### ITEM 5. Other Information

**Not applicable. Securities Trading Plans of Executive Officers and Directors**

Rule 10b5-1 under the Exchange Act provides an affirmative defense that enables prearranged transactions in Company securities in a manner that avoids concerns about initiating transactions at a future date while possibly in possession of material nonpublic information. Our Insider Trading Policy permits our executive officers and directors to enter into trading plans designed to comply with Rule 10b5-1.

During the three months ended March 31, 2024, Marita Zuraitis adopted a new 10b5-1 plan. The Plan was adopted on March 14, 2024. The Plan expires on the earlier of March 31, 2025, or upon execution of all trades or expiration of all orders relating to such trades. The Plan allows for the sale of up to 32,000 shares and the exercise of up to 28,051 vested options.

During the three months ended March 31, 2024, no other director or officer of the Company who is required to file reports under Section 16 of the Exchange Act adopted, modified, or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408(a) of Regulation S-K.

## ITEM 6. | Exhibits

The following items are filed as Exhibits. Management contracts and compensatory plans are indicated by an asterisk (\*).

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Exhibit

No.	Description
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(3) Articles of incorporation and bylaws:

3.1 [Restated Certificate of Incorporation of HMEC, filed with the Delaware Secretary of State on June 24, 2003, incorporated by reference to Exhibit 3.1 to HMEC's Quarterly Report on Form 10-Q for the quarter ended June 30, 2003, filed with the Securities and Exchange Commission \(the "SEC"\) on August 14, 2003.](#)

3.2 [2020 Amended and Restated Bylaws of HMEC, incorporated by reference to Exhibit 3.1 to HMEC's 8-K filing filed with the SEC on April 1, 2020.](#)

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(4) Instruments defining the rights of security holders, including indentures:

4.1 [Indenture, dated as of November 23, 2015, by and between HMEC and The Bank of New York Mellon Trust Company, N.A., as trustee, incorporated by reference to Exhibit 4.1 to HMEC's Current Report on Form 8-K dated November 18, 2015, filed with the SEC on November 23, 2015.](#)

4.1(a) [Form of HMEC 4.500% Senior Notes due 2025, incorporated by reference to Exhibit 4.2 to HMEC's Current Report on Form 8-K dated November 18, 2015, filed with the SEC on November 23, 2015.](#)

4.1(b) [Form of HMEC 7.25 % Senior Notes due 2028, incorporated by reference to Exhibit 4.2 to HMEC's Current Report on Form 8-K dated September 12, 2023September 12, 2023, filed with the SEC on September 15, 2023September 15, 2023.](#)

4.2 [Certificate of Designations for HMEC Series A Cumulative Convertible Preferred Stock, incorporated by reference to Exhibit 4.3 to HMEC's Annual Report on Form 10-K for the year ended December 31, 2005, filed with the SEC on March 16, 2006.](#)

4.3 [Description of Securities, incorporated by reference to Exhibit 4.3 to HMEC's Annual Report on Form 10-K for the year ended December 31, 2019, filed with the SEC on March 2, 2020.](#)

(10) Material contracts:

10.1 [Credit Agreement dated as of June 21, 2019 among HMEC, certain financial institutions named therein and PNC Bank, N.A., as administrative agent, incorporated by reference to Exhibit 10.1 to HMEC's Current Report on Form 8-K dated June 24, 2019, filed with the SEC on June 24, 2019.](#)

10.1(a) [First Amendment to Credit Agreement dated as of June 21, 2019 among HMEC, certain financial institutions named therein and PNC Bank, N.A., as administrative agent, incorporated by reference to Exhibit 10.1\(a\) to HMEC's Annual Report on Form 10-K for the year ended December 31, 2019, filed with the SEC on March 2, 2020.](#)

10.1(b) [Second Amendment to Credit Agreement dated as of July 12, 2021, among HMEC, as borrower, PNC Bank, National Association, as administrative agent, and certain lenders party thereto, incorporated by reference to Exhibit 10.1\(b\) to HMEC's Current Report on Form 8-K dated July 14, 2021, filed with the SEC on July 14, 2021.](#)

10.2\* [Horace Mann Educators Corporation Amended and Restated 2002 Incentive Compensation Plan \("2002 Incentive Compensation Plan"\), incorporated by reference to Exhibit 10.2 to HMEC's Quarterly Report on Form 10-Q for the quarter ended June 30, 2005, filed with the SEC on August 9, 2005.](#)

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10.2(a)\* [Revised Specimen Employee Stock Option Agreement under the 2002 Incentive Compensation Plan, incorporated by reference to Exhibit 10.6\(b\) to HMEC's Annual Report on Form 10-K for the year ended December 31, 2008, filed with the SEC on March 2, 2009.](#)

10.2(b)\* [Specimen Employee Restricted Stock Unit Agreement under the 2002 Incentive Compensation Plan, incorporated by reference to Exhibit 10.6\(d\) to HMEC's Annual Report on Form 10-K for the year ended December 31, 2005, filed with the SEC on March 16, 2006.](#)

10.2(c)\* [Revised Specimen Employee Restricted Stock Unit Agreement under the 2002 Incentive Compensation Plan, incorporated by reference to Exhibit 10.6\(f\) to HMEC's Annual Report on Form 10-K for the year ended December 31, 2008, filed with the SEC on March 2, 2009.](#)

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10.2(d)*	<a href="#">Specimen Non-employee Director Restricted Stock Unit Agreement under the 2002 Incentive Compensation Plan, incorporated by reference to Exhibit 10.6(e) to HMEC's Annual Report on Form 10-K for the year ended December 31, 2005, filed with the SEC on March 16, 2006.</a>
10.2(e)*	<a href="#">Revised Specimen Non-employee Director Restricted Stock Unit Agreement under the 2002 Incentive Compensation Plan, incorporated by reference to Exhibit 10.6(h) to HMEC's Annual Report on Form 10-K for the year ended December 31, 2008, filed with the SEC on March 2, 2009.</a>
10.3*	<a href="#">HMEC 2010 Comprehensive Executive Compensation Plan (As Amended and Restated Effective March 3, 2021), incorporated by reference to Exhibit 1 (beginning on page 59) to HMEC's Proxy Statement, filed with the SEC on April 8, 2021.</a>
10.3(a)*	<a href="#">HMEC 2010 Comprehensive Executive Compensation Plan (As Amended and Restated Effective May 20, 2015) (Section 16 Officer) Non-Qualified Stock Option Agreement - Employee Grantee, incorporated by reference to Exhibit 10.3(a) to HMEC's Quarterly Report on Form 10-Q for the quarter ended March 31, 2017, filed with the SEC on May 9, 2017.</a>
10.3(b)*	<a href="#">HMEC 2010 Comprehensive Executive Compensation Plan (As Amended and Restated Effective May 20, 2015) (Section 16 Officer) Non-Qualified Stock Option Agreement - Employee Grantee (with Retirement Provision), incorporated by reference to Exhibit 10.3(b) to HMEC's Quarterly Report on Form 10-Q for the quarter ended March 31, 2023, filed with the SEC on May 10, 2023.</a>
10.3(c)*	<a href="#">HMEC 2010 Comprehensive Executive Compensation Plan (As Amended and Restated Effective May 20, 2015) Service-Vested Restricted Stock Units Agreement - Employee Grantee, incorporated by reference to Exhibit 10.3(c) to HMEC's Quarterly Report on Form 10-Q for the quarter ended March 31, 2017, filed with the SEC on May 9, 2017.</a>
10.3(d)*	<a href="#">HMEC 2010 Comprehensive Executive Compensation Plan (As Amended and Restated Effective May 20, 2015) Service-based Restricted Stock Units Agreement - Employee Grantee (with Retirement Provision), incorporated by reference to Exhibit 10.3(d) to HMEC's Quarterly Report on Form 10-Q for the quarter ended March 31, 2023, filed with the SEC on May 10, 2023.</a>
10.3(e)*	<a href="#">HMEC 2010 Comprehensive Executive Compensation Plan (As Amended and Restated Effective May 20, 2015) Performance-Based Restricted Stock Units Agreement - Employee Grantee, incorporated by reference to Exhibit 10.3(d) to HMEC's Quarterly Report on Form 10-Q for the quarter ended March 31, 2022, filed with the SEC on May 9, 2022.</a>
10.3(f)*	<a href="#">HMEC 2010 Comprehensive Executive Compensation Plan (As Amended and Restated Effective May 20, 2015) Performance-Based Restricted Stock Units Agreement - Employee Grantee (with Retirement Provision), incorporated by reference to Exhibit 10.3(f) to HMEC's Quarterly Report on Form 10-Q for the quarter ended March 31, 2023, filed with the SEC on May 10, 2023.</a>

10.3(g)*	<a href="#">HMEC 2010 Comprehensive Executive Compensation Plan (As Amended and Restated Effective May 20, 2015) Performance-Based Restricted Stock Units Agreement - Employee Grantee (with Retirement Provision and ESG Modifier), incorporated by reference to Exhibit 10.3(g) to HMEC's Quarterly Report on Form 10-Q for the quarter ended March 31, 2023, filed with the SEC on May 10, 2023.</a>
10.3(h)*	<a href="#">HMEC 2010 Comprehensive Executive Compensation Plan (As Amended and Restated Effective May 20, 2015) Service-Vested Restricted Stock Units Agreement - Employee Grantee (One-Time Grant Service), incorporated by reference to Exhibit 10.3(e) to HMEC's Quarterly Report on Form 10-Q for the quarter ended March 31, 2017, filed with the SEC on May 9, 2017.</a>

10.3(i)\* [Specimen Employee Performance-Based Restricted Stock Units Agreement - Key Strategic Grantee under the HMEC 2010 Comprehensive Executive Compensation Plan incorporated by reference to Exhibit 10.3\(e\) to HMEC's Quarterly Report on Form 10-Q for the quarter ended March 31, 2016, filed with the SEC on May 6, 2016.](#)

10.3(j)\* [Specimen Non-employee Director Restricted Stock Unit Agreement under the HMEC 2010 Comprehensive Executive Compensation Plan, incorporated by reference to Exhibit 10.17\(a\) to HMEC's Current Report on Form 8-K dated May 27, 2010, filed with the SEC on June 2, 2010.](#)

10.4\* [Horace Mann Supplemental Employee Retirement Plan, 2002 Restatement, incorporated by reference to Exhibit 10.1 to HMEC's Quarterly Report on Form 10-Q for the quarter ended March 31, 2002, filed with the SEC on May 15, 2002.](#)

10.5\* [Horace Mann Executive Supplemental Employee Retirement Plan, 2002 Restatement, incorporated by reference to Exhibit 10.2 to HMEC's Quarterly Report on Form 10-Q for the quarter ended March 31, 2002, filed with the SEC on May 15, 2002.](#)

10.6\* [Amended and Restated Horace Mann Nonqualified Supplemental Money Purchase Pension Plan, incorporated by reference to Exhibit 10.9 to HMEC's Annual Report on Form 10-K for the year ended December 31, 2008, filed with the SEC on March 2, 2009.](#)

10.7\* [Summary of HMEC Non-employee Director Compensation, incorporated by reference to Exhibit 10.7 to HMEC's Quarterly Report on Form 10-Q for the quarter ended June 30, 2022, filed with the SEC on August 8, 2022.](#)

10.8\* [Summary of HMEC Named Executive Officer Annualized Salaries, incorporated by reference to Exhibit 10.8 to HMEC's Quarterly Report on Form 10-Q for the quarter ended March 31, 2023, filed with the SEC on May 10, 2023. Salaries.](#)

10.9\* [Form of Severance Agreement between HMEC, Horace Mann Service Corporation \("HMSC"\) and certain officers of HMEC and/or HMSC, incorporated by reference to Exhibit 10.13 to HMEC's Annual Report on Form 10-K for the year ended December 31, 2012, filed with the SEC on February 28, 2013.](#)

10.10\* [HMSC Executive Change in Control Plan, incorporated by reference to Exhibit 10.15 to HMEC's Current Report on Form 8-K dated February 15, 2012, filed with the SEC on February 22, 2012.](#)

10.10(a)\* [HMSC Executive Change in Control Plan Schedule A Plan Participants, incorporated by reference to Exhibit 10.10\(a\) to HMEC's Quarterly Report on Form 10-Q for the quarter ended March 31, 2023, filed with the SEC on May 10, 2023. Participants.](#)

10.11\* [HMSC Executive Severance Plan, incorporated by reference to Exhibit 10.16 to HMEC's Current Report on Form 8-K dated March 7, 2012, filed with the SEC on March 13, 2012.](#)

10.11(a)\* [First Amendment to the HMSC Executive Severance Plan, incorporated by reference to Exhibit 10.16\(a\) to HMEC's Quarterly Report on Form 10-Q for the quarter ended June 30, 2012, filed with the SEC on August 9, 2012.](#)

10.11(b)\* [HMSC Executive Severance Plan Schedule A Participants, incorporated by reference to Exhibit 10.11\(b\) to HMEC's Quarterly Report on Form 10-Q for the quarter ended March 31, 2023, filed with the SEC on May 10, 2023. Participants.](#)

10.12 [Stock Purchase Agreement Among Horace Mann Educators Corporation, and Robert Paglione, Paglione Family Irrevocable Trust F/B/O Adam Paglione, Paglione Family Irrevocable Trust F/B/O Lisa and Jorge Arroyo, Beau Adams and Benefit Consultants Group, Inc. dated as of October 30, 2018, incorporated by reference to Exhibit 10.12 to HMEC's Annual Report on Form 10-K for the year ended December 31, 2018, filed with the SEC on March 1, 2019.](#)

10.13 [Purchase Agreement By and Among Ellard Family Holdings, Inc., Brian M. Ellard, The JCE Exempt Trust and Horace Mann Educators Corporation dated as of December 10, 2018, incorporated by reference to Exhibit 10.13 to HMEC's Annual Report on Form 10-K for the year ended December 31, 2018, filed with the SEC on March 1, 2019.](#)

10.14 [Stock Purchase Agreement for Madison National Life, incorporated by reference to Exhibit 10.14 to HMEC's Quarterly Report on Form 10-Q for the quarter ended September 30, 2021, filed with the SEC on November 5, 2021.](#)

10.15 [Executive employment offer letter to Stephen J. McAnena, Chief Operating Officer, dated April 4, 2023, incorporated by reference to Exhibit 10.15 to HMEC's Quarterly Report on Form 10-Q for the quarter ended June 30, 2023, filed with the SEC on August 8, 2023.](#)

**(15) [KPMG LLP letter regarding unaudited interim financial information.](#)**

(31) Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002:

31.1 [Certification by Marita Zuraitis, Chief Executive Officer of HMEC.](#)

31.2 [Certification by Bret A. Conklin, Chief Financial Officer of HMEC.](#)

(32) Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002:

32.1 [Certification by Marita Zuraitis, Chief Executive Officer of HMEC.](#)

32.2 [Certification by Bret A. Conklin, Chief Financial Officer of HMEC.](#)

(99) Additional exhibits:

99.1 [Glossary of Selected Terms.](#)

(101) Interactive Data File:

101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document
101.SCH	XBRL Taxonomy Extension Schema
101.CAL	XBRL Taxonomy Extension Calculation Linkbase
101.DEF	XBRL Taxonomy Extension Definition Linkbase
101.LAB	XBRL Taxonomy Extension Label Linkbase
101.PRE	XBRL Taxonomy Extension Presentation Linkbase

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## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

HORACE MANN EDUCATORS CORPORATION  
(Registrant)

Date November 7, 2023 May 8, 2024

/s/ Marita Zuraitis

Marita Zuraitis  
President and Chief Executive Officer

Date November 7, 2023 May 8, 2024

/s/ Bret A. Conklin

Bret A. Conklin  
Executive Vice President and  
Chief Financial Officer

Date November 7, 2023 May 8, 2024

/s/ Kimberly A. Johnson

Kimberly A. Johnson  
Senior Vice President, Controller and  
Principal Accounting Officer

The table below summarizes the annualized salaries of Horace Mann Educators Corporation's (the Company) Chief Executive Officer, the Chief Financial Officer and the other three highest compensated Executive Officers, as defined in the Company's Proxy Statement for the 2024 Annual Meeting of Shareholders (collectively the Named Executive Officers). These salaries may be changed at any time at the discretion of the Compensation Committee and/or Board of Directors of the Company. These are base salaries and do not include short-term and long-term incentive compensation amounts, the Company's contributions to defined contribution plans and the Company's contribution to other employee benefit programs on behalf of these individuals.

Horace Mann Educators Corporation Named Executive Officer	76	Third Quarter 2023 Form 10-Q Annualized Salary
Marita Zuraitis President and Chief Executive Officer		\$1,040,000
Bret A. Conklin Executive Vice President and Chief Financial Officer		\$545,000
Stephen J. McAnena Executive Vice President and Chief Operating Officer		\$525,000
Matthew P. Sharpe Executive Vice President, Supplemental & Group Benefits and Corporate Strategy		\$525,000
Don M. Carley Executive Vice President and General Counsel		\$435,000

**HORACE MANN SERVICE CORPORATION**  
**November 7, 2023 EXECUTIVE CHANGE IN CONTROL PLAN**

**Horace Mann Educators Corporation SCHEDULE A PARTICIPANTS**  
**Springfield, Illinois**

Re: Registration Statements on Form S-3 (No. 333-223627), Form S-4 (No. 333-223628) and Form S-8 (No. 33-47066, No. 33-45152, No. 333-16473, No. 333-74686, No. 333-98917, No. 333-171384 and No. 333-185231)

With respect to the subject registration statements, we acknowledge our awareness of the use therein of our report dated November 7, 2023 related to our review of interim financial information.

Pursuant to Rule 436 under the Securities Act of 1933 (the Act), such report is not considered part of a registration statement prepared or certified by an independent registered public accounting firm, or a report prepared or certified by an independent registered public accounting firm within the meaning of Sections 7 and 11 of the Act.

*IS/*  
**KPMG**  
**LLP**

KPMG LLP Note: The effective date of entry shall be subject to Section 4.2(a)

Chicago, Illinois NAME OR TITLE	EFFECTIVE DATE OF PARTICIPATION*
President and CEO	May 16, 2013
<b>TIER I PARTICIPANTS</b>	
EVP and CFO	May 23, 2017
EVP and COO	May 25, 2023
EVP, Supplemental & Group Benefits and Corporate Strategy	February 15, 2012
EVP and General Counsel	December 3, 2019
<b>TIER II PARTICIPANTS</b>	
<b>TIER III PARTICIPANTS</b>	

\*Subject to acceptance within 30 days of effective date of participation.

Last updated: April 9, 2024

**HORACE MANN SERVICE CORPORATION**  
**EXECUTIVE SEVERANCE PLAN**

**SCHEDULE A PARTICIPANTS**

NAME OR TITLE	EFFECTIVE DATE OF PARTICIPATION*
<b>TIER I PARTICIPANTS</b>	
President and CEO	May 16, 2013
<b>TIER II PARTICIPANTS</b>	
EVP and CFO	May 23, 2017
EVP and COO	May 25, 2023
EVP, Supplemental & Group Benefits and Corporate Strategy	February 15, 2012
EVP and General Counsel	December 3, 2019
<b>TIER III PARTICIPANTS</b>	

\*Subject to acceptance within 30 days of effective date of participation.

Last updated: April 9, 2024

Exhibit 31.1

Chief Executive Officer Certification  
pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Marita Zuraitis, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the period ended **September 30, 2023** **March 31, 2024** of Horace Mann Educators Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors:
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Marita Zuraitis

Marita Zuraitis, Chief Executive Officer  
Horace Mann Educators Corporation

Date: November 7, 2023 May 8, 2024

Exhibit 31.2

Chief Financial Officer Certification  
pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Bret A. Conklin, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the period ended September 30, 2023 March 31, 2024 of Horace Mann Educators Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors:
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Bret A. Conklin

Bret A. Conklin, Chief Financial Officer  
Horace Mann Educators Corporation

Date: November 7, 2023 May 8, 2024

Exhibit 32.1

CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350,

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AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Horace Mann Educators Corporation (the "Company") on Form 10-Q for the period ended September 30, 2023 March 31, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Marita Zuraitis, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Marita Zuraitis

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Marita Zuraitis

Chief Executive Officer

Date: November 7, 2023 May 8, 2024

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A signed original of this written statement required by Section 906 has been provided to Horace Mann Educators Corporation and will be retained by Horace Mann Educators Corporation and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 32.2

CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Horace Mann Educators Corporation (the "Company") on Form 10-Q for the period ended September 30, 2023 March 31, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Bret A. Conklin, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Bret A. Conklin

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Bret A. Conklin

Chief Financial Officer

Date: November 7, 2023 May 8, 2024

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A signed original of this written statement required by Section 906 has been provided to Horace Mann Educators Corporation and will be retained by Horace Mann Educators Corporation and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 99.1

**Glossary of Selected Terms**

The following measures are used by the Company's management to evaluate performance against historical results and establish targets on a consolidated basis. A number of these measures are components of net income or the balance sheet but, in some cases, are not based on accounting principles generally accepted in the United States of America (non-GAAP) under applicable SEC rules because they are not displayed as separate line items in the Consolidated Statements of Operations and Comprehensive Income (Loss) or

Consolidated Balance Sheets or are not required to be disclosed in the Notes to the Consolidated Financial Statements or, in some cases, there is inclusion or exclusion of certain items not ordinarily included or excluded in accordance with accounting principles generally accepted in the United States of America (GAAP).

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

Some of these measures exclude net investment gains (losses), net unrealized investment gains (losses) on fixed maturity securities and net reserve remeasurements attributable to discount rates which can be significantly impacted by both discretionary and other economic factors and are not necessarily indicative of operating trends. Also, some of these measures exclude goodwill and intangible asset impairments and intangible asset amortization.

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

**Adjusted book value per share** - The result of dividing (1) total shareholders' equity excluding after-tax net unrealized investment gains (losses) on fixed maturity securities and after-tax net reserve remeasurements attributable to discount rates by (2) ending shares outstanding. Book value per share is the most directly comparable GAAP measure. Management believes it is useful to consider the trend in book value per share excluding net unrealized investment gains (losses) on fixed maturity securities and net reserve remeasurements attributable to discount rates in conjunction with book value per share to identify and analyze the change in net worth. Management also believes the non-GAAP measure is useful to investors because it eliminates the effect of items that can fluctuate significantly from period to period and are generally driven by economic developments, primarily financial market conditions, the magnitude and timing of which are generally not influenced by the Company's underlying insurance operations.

**Tangible book value per share** - The result of dividing (1) total shareholders' equity excluding after-tax net unrealized investment gains (losses) on fixed maturity securities after-tax net reserve remeasurements attributable to discount rates, goodwill and other intangible assets (including the related impact of deferred taxes) by (2) ending shares outstanding. Book value per share is the most directly comparable GAAP measure.

**Debt to total capitalization ratio, excluding net unrealized investment gains (losses) on fixed maturity securities and net reserve remeasurements attributable to discount rates** - The result of dividing (1) total debt by (2) total debt plus common shareholders' equity excluding after-tax net unrealized investment gains (losses) on fixed maturity securities and after-tax net reserve remeasurements attributable to discount rates from common shareholders' equity. The debt to total capitalization ratio is the most directly comparable GAAP measure.

**Catastrophe costs** - The sum of catastrophe losses, net of reinsurance and before income tax benefits that includes allocated loss adjustment expenses and reinsurance reinstatement premiums, excluding unallocated loss adjustment expenses.

**Catastrophe losses** - In categorizing property and casualty claims as being from a catastrophe, the Company utilizes the designations of the Property Claim Services, a subsidiary of Insurance Services Office, Inc., and additionally beginning in 2007, includes losses from all such events that meet the definition of a covered loss in the Company's primary catastrophe excess of loss reinsurance contract, and reports claims and claim expense amounts net of reinsurance recoverables. A catastrophe is a severe loss resulting from natural and man-made events within a particular territory, including risks such as hurricane, fire, earthquake, windstorm, explosion, terrorism and other similar events, that causes \$25 million or more in insured property and casualty losses for the industry and affects a significant number of property and casualty insurers and policyholders. Each catastrophe has unique characteristics. Catastrophes are not predictable as to timing or amount of loss in advance. Their

effects are not included in earnings or claim and claim expense reserves prior to occurrence. In the opinion of the Company's management, a discussion of the impact of catastrophes is meaningful for investors to understand the variability in periodic earnings.

**Core earnings (loss)** - Consolidated net income (loss) excluding the after-tax impact of net investment gains (losses), discontinued operations, the after-tax impact of goodwill and intangible asset impairments and the cumulative effect of changes in accounting principles when applicable. Net income is the most directly comparable GAAP measure.

- **Pretax core earnings (loss)** - Pretax net income (loss) excluding the pretax impact of net investment gains (losses), discontinued operations, the pretax impact of goodwill and intangible asset impairments and cumulative effect of changes in accounting principles when applicable. Income before income taxes is the most directly comparable GAAP measure.
- **Segment core earnings (loss)** - Determined in the same manner as core earnings (loss) on a consolidated basis. Management uses segment core earnings to analyze each segment's performance and as a tool in making business decisions. Financial statement users also consider core earnings when analyzing the results and trends of insurance companies.

**Core earnings (loss) per share** - Core earnings on a per common share basis. Earnings per share is the most directly comparable GAAP measure.

**Adjusted core earnings (loss)** - Determined in the same manner as core earnings (loss) but this measure is further adjusted to exclude intangible asset amortization and the change in market risk benefits to calculate adjusted core earnings (loss). Net income is the most directly comparable GAAP measure.

- **Pretax adjusted core earnings (loss)** - Determined in the same manner as pretax core earnings (loss) but this measure is further adjusted to exclude pretax intangible asset amortization and the pretax change in market risk benefits to calculate pretax adjusted core earnings (loss). Income before income taxes is the most directly comparable GAAP measure.

**Net premiums written and contract deposits** - Management utilizes this non-GAAP measure, which is based on statutory accounting principles, in analyzing and evaluating business growth. Premiums and contract charges earned is the most directly comparable GAAP measure.

Net premiums written and contract deposits for the Company's operating segments are as follows:

*Property & Casualty*

**Net premiums written:** Reflects the direct and assumed contractually determined amounts charged to policyholders for the effective period of the contract based on the terms and conditions of the contract and reflect gross premiums written less premiums ceded to reinsurers. The difference between premiums written and premiums earned is premiums unearned.

#### *Life & Retirement*

##### Life Insurance Product Lines:

- **Net premiums written and contract deposits:** Reflects (1) the direct and assumed contractually determined amounts charged to policyholders for the effective period of the contract based on the terms and conditions of the contract and reflect gross premiums written less premiums ceded to reinsurers, and (2) the amount charged for policies in force during a fiscal period for traditional life business. Contract deposits include amounts received from customers on deposit-type contracts.

##### Retirement Product Lines:

- **Net annuity contract deposits:** Reflects total recurring deposits and single deposits/rollovers – net of contract deposits ceded to reinsurers.

#### *Supplemental & Group Benefits*

##### Worksite Direct Product Lines:

- **Net premiums written and contract deposits:** Reflects (1) the direct and assumed contractually determined amounts charged to policyholders/certificate holders for the effective period of the contract based on the terms and conditions of the contract and reflect gross premiums written less premiums ceded to reinsurers, and (2) the amount charged for policies in force during a fiscal period for traditional life business. Contract deposits include amounts received from customers on deposit-type contracts.

##### Employer-Sponsored Product Lines:

- **Net premiums written:** Reflects (1) the direct and assumed contractually determined amounts charged to policyholders for the effective period of the contract based on the terms and conditions of the contract and reflect gross premiums written less premiums ceded to reinsurers, and (2) the amount charged for policies in force during a fiscal period for traditional life business.

**Investment yield, excluding limited partnership interests - annualized, pretax and after-tax** - For the three month periods presented, investment yields are calculated by annualizing the result of year-to-date total net investment income, pretax adjusted to exclude (1) investment income from deposit asset on reinsurance, (2) investment income from limited partnership interests (excluding investment income on commercial mortgage loan funds) and (3) FHLB interest credited for the corresponding periods, divided by the average quarter-end and beginning of quarter carrying amount of the total investment portfolio as presented in the Consolidated Balance Sheets adjusted to exclude (1) FHLB funding agreements, (2) the carrying amount of limited partnership interests (excluding the carrying amount of commercial mortgage loan funds), and (3) gross unrealized investment gains (losses) on fixed maturity securities. For full year periods presented, investment yields are calculated by (i) summing the investment yields for each respective three-month period applicable to the year and (ii) dividing that sum per the calculation in (i) by four. Net investment income is the most directly comparable GAAP measure.

**Net income return on equity - LTM:** The ratio of (1) trailing 12 month net income to (2) the average of ending shareholders' equity for the current quarter end and the preceding four quarter ends - referred to as the 5 quarter average of shareholders' equity.

- **Net income return on equity - Annualized:** The ratio of (1) annualized net income to (2) the 2 quarter average of shareholders' equity.
- **Core return on equity - LTM:** The ratio of (1) trailing 12 month core earnings to (2) the 5 quarter average of shareholders' equity excluding net unrealized investment gains (losses) on fixed maturity securities and net reserve remeasurements attributable to discount rates. Net income return on equity - LTM is the most directly comparable GAAP measure.
- **Core return on equity - Annualized:** The ratio of (1) annualized core earnings to (2) the 2 quarter average of shareholders' equity excluding net unrealized investment gains (losses) on fixed maturity securities and net reserve remeasurements attributable to discount rates. Net income return on equity - Annualized is the most directly comparable GAAP measure.
- **Adjusted core return on equity - LTM:** The ratio of (1) trailing 12 month adjusted core earnings to (2) the 5 quarter average of shareholders' equity excluding net unrealized investment gains (losses) on fixed maturity securities and net reserve remeasurements attributable to discount rates. Net income return on equity - LTM is the most directly comparable GAAP measure.
- **Adjusted core return on equity - Annualized:** The ratio of (1) annualized adjusted core earnings to (2) the 2 quarter average of shareholders' equity excluding net unrealized investment gains (losses) on fixed maturity securities and net reserve remeasurements attributable to discount rates. Net income return on equity - Annualized is the most directly comparable GAAP measure.

**Net reserves** - Property and casualty unpaid claim and claim expense reserves net of anticipated reinsurance recoverables.

**Prior years' reserve development** - A measure which the Company reports for its Property & Casualty segment which identifies the increase or decrease in net incurred claim and claim expense reserves at successive valuation dates for claims which occurred in previous calendar years. In the opinion of management, a discussion of prior

years' reserve development is useful to investors as it allows them to assess the impact on current period earnings of incurred claims experience from the current calendar year and previous calendar years.

**Property & Casualty operating statistics** - Operating measures utilized by the Company and the insurance industry regarding the relative profitability of property and casualty underwriting results.

- **Loss ratio** - The ratio of (1) the sum of net incurred losses and loss adjustment expenses to (2) net premiums earned.
- **Underlying loss ratio** - The sum of the loss ratio adjusted to remove the effect of catastrophe losses and prior years' reserve development. The loss ratio is the most directly comparable GAAP measure. Management believes this ratio provides a valuable measure of the Company's underlying underwriting performance that may be obscured by the effects of catastrophe losses and prior years' reserve development, the amounts of which may be significant and may vary significantly between periods.
- **Expense ratio** - The ratio of (1) the sum of operating expenses and the amortization of policy acquisition costs to (2) net earned premiums.
- **Combined ratio** - The sum of the loss ratio and the expense ratio. A combined ratio less than 100% generally indicates profitable underwriting prior to the consideration of net investment income.
- **Underlying combined ratio or combined ratio excluding catastrophe losses and prior years' reserve development** - The sum of the loss ratio and the expense ratio adjusted to remove the effect of catastrophe losses and prior years' reserve development. The combined ratio is the most directly comparable GAAP measure. Management believes this ratio provides a valuable measure of the Company's underlying underwriting performance that may be obscured by the effects of catastrophe losses and prior years' reserve development, the amounts of which may be significant and may vary significantly between periods.

**Supplemental & Group Benefits operating statistics** - Operating measures utilized by the Company and the insurance industry regarding the relative profitability of supplemental and group benefits underwriting results.

- **Benefits ratio** - The ratio of (1) the sum of benefits, settlement expenses and change in reserves to (2) net premiums and contract charges earned.
- **Operating expense ratio** - The ratio of (1) the sum of operating expenses and DAC amortization expense to (2) total revenues.
- **Pretax profit margin** - The ratio of (1) income before income taxes to (2) total revenues.

**Sales** – Sales data pertains to Horace Mann products and excludes authorized products sold by exclusive agents that are underwritten by third-party vendors. Sales should not be viewed as a substitute for any GAAP measure, including "sales" as it relates to non-insurance companies, and the Company's definition of sales, sales deposits or new annualized sales might differ from that used by other companies. The Company utilizes sales information as a performance measure that indicates the productivity of its agency force. Sales are also a leading indicator of future revenue trends.

Sales for the Company's operating segments are as follows:

#### *Property & Casualty*

- **Sales:** Sales are measured as premiums to be collected over the 12 months following the sale of new automobile and property policies.

#### *Life & Retirement*

Life Insurance Product Lines:

- **Annualized sales:** Annualized sales are based on the total yearly premium that the Company would expect to receive if all first year recurring premium policies would remain in force, plus 10% of single and indexed universal life excess premiums. Annualized sales measure activity associated with gaining new insurance business in the current period, and includes deposits received related to universal-life-type products.

#### *Supplemental & Group Benefits*

Worksite Direct Product Lines:

- **Sales:** Based on application received date on the submitted policy and measured as the submitted annual premium.

Employer-Sponsored Product Lines:

- **Sales:** Sales are measured based on **the first year estimated** annualized premium on the effective date of sale.

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