Horace Mann Educators Corporation

2024 Annual Report on Form 10-K

CELEBRATING 80 YEARS

Horace Mann®

Today, an 80-year old company with a **strong history of profitable growth**

Financially strong and stable

- $14.5 billion in assets and $1.3 billion in total shareholders' equity [(1)]
- $1.15 billion in net premiums and contract deposits earned for 2024, up 8% over the prior year
- $1.6 billion market capitalization [(2)]
- 16 consecutive years of cash dividend increases with current yield of 3.5% [(2)]
- Highly rated by all four major rating agencies

Business diversification supports value creation

- K-12 educator market offers substantial growth potential with additional opportunities in adjacent markets of others who serve their communities
- Business diversification expands customer reach
  - Expanded distribution capabilities allow customers to engage with Horace Mann the way they choose
  - Expanded product set aligns with customer needs throughout life stages and supports recruitment and retention for employer customers
- Positive growth trend with more than 1 million total households across market footprint
- Homogeneous customer set with preferred risk profile and strong policyholder retention
- Positioned for sustained profitable growth

Proud to be the largest multiline financial services company **focused on helping America's educators and others who serve their communities** achieve lifelong financial success.

(1) As of December 31, 2024

(2) As of January 31, 2025

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

FORM 10-K

☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 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, par value $0.001 per share	HMN	New York Stock Exchange

Securities Registered Pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☑ No ☐
Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☑
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	☑	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

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 has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☑

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filling reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

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

The aggregate market value of the registrant's Common Stock held by non-affiliates of the registrant based on the closing price of the registrant's Common Stock on the New York Stock Exchange and the shares outstanding on June 30, 2024, was $1,278.4 million.

As of February 14, 2025, the registrant had 40,871,981 shares of Common Stock, par value $0.001 per share, outstanding.

Documents Incorporated by Reference

Certain portions of the registrant's Proxy Statement for the 2025 Annual Meeting of Shareholders are incorporated by reference into Part III Items 10, 11, 12, 13 and 14 of this Form 10-K as specified in those Items and will be filed with the Securities and Exchange Commission within 120 days after December 31, 2024.

HORACE MANN EDUCATORS CORPORATION
FORM 10-K
YEAR ENDED DECEMBER 31, 2024
INDEX

Part	Item		Page
I	1.	Business	1
		Introduction	1
		Forward-looking Information	1
		Overview, History and Available Information	1
		Corporate Strategy	2
		Human Capital Resources	4
		Reporting Segments	6
		Investments	17
		Cash Flow	19
		Regulation	20
		Changing Climate Conditions	22
		Enterprise Risk Management	23
	1A.	Risk Factors	24
	1B.	Unresolved Staff Comments	37
	1C.	Cybersecurity	37
	2.	Properties	38
	3.	Legal Proceedings	38
	4.	Mine Safety Disclosures	38
II	5.	Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities	39
	6.	[Reserved]	41
	7.	Management's Discussion and Analysis of Financial Condition and Results of Operations	42
		Introduction	42
		Consolidated Financial Highlights	43
		Consolidated Results of Operations	44
		Outlook for 2025	46
		Application of Critical Accounting Estimates	46
		Results of Operations by Segment	51
		Investment Results	58
		Liquidity and Capital Resources	61
		Future Adoption of New Accounting Standards	66
		Effects of Inflation and Changes in Interest Rates	67
	7A.	Quantitative and Qualitative Disclosures about Market Risk	67
	8.	Financial Statements and Supplementary Data	69
	9.	Changes in and Disagreements with Accountants on Accounting and Financial Disclosure	146
	9A.	Controls and Procedures	146
	9B.	Other Information	149
	9C.	Disclosure Regarding Foreign Jurisdictions that Prevent Inspections	149
III	10.	Directors, Executive Officers and Corporate Governance	149
	11.	Executive Compensation	149
	12.	Security Ownership of Certain Beneficial Owners and Management and Related Shareholder Matters	150
	13.	Certain Relationships and Related Transactions and Director Independence	150
	14.	Principal Accountant Fees and Services	150
IV	15.	Exhibits and Financial Statement Schedules	150
	16.	Form 10-K Summary	162
	Signatures		163

ITEM 1. | Business

Introduction

Measures within this Annual Report on Form 10-K 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 Part I of this Annual Report on Form 10-K. An explanation of these measures is contained in the Glossary of Selected Terms included as Exhibit 99.1 to this Annual Report on Form 10-K 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 Fourth Quarter 2024 Investor Supplement.

Forward-looking Information

Statements made in this Annual Report on Form 10-K 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 Annual Report on Form 10-K 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. See Part I - Item 1A of this Annual Report on Form 10-K for additional information regarding risks and uncertainties.

Overview, History and Available Information

We are an insurance holding company incorporated in Delaware. Our headquarters is located in Springfield, Ill. We also operate corporate offices in Dallas, Tx., Madison, Wisc., and Cherry Hill, N.J.

Founded by Educators for Educators®, our business began in Springfield in 1945 when two school teachers saw a need to provide automobile insurance to their association members. Horace Mann Educators Corporation (HMEC) was originally named Illinois Education Association (IEA). The Company expanded its business to other states and broadened its product line to include group and individual life insurance in 1949, 403(b) tax-qualified retirement annuities in 1961 and homeowners insurance in 1965.

HMEC was formed as an insurance holding company, and products and services were offered through its subsidiaries, which included: Horace Mann Insurance Company (HMIC), Teachers Insurance Company (TIC), Horace Mann Property & Casualty Insurance Company (HMP) and Horace Mann Life Insurance Company (HML). HMIC, the initial property and casualty insurer, was originally incorporated as the Swiss National Insurance Company, U.S.A. and commenced business on Dec. 23, 1963. The present name, Horace Mann Insurance Company, was adopted on Nov. 2, 1967.

In 1968, INA Corporation (INA), a Philadelphia-based insurance and financial services corporation, acquired a 25% interest in Horace Mann. In 1974, INA began increasing its holdings of Horace Mann and by January 1975 had acquired the entire company. In 1982, INA Corporation merged with Connecticut General Corporation, forming a new holding company known as CIGNA Corporation (CIGNA). In August 1989, an investor group directed by Gibbons, Green, van Amerongen, L.P. (subsequently Gibbons, Goodwin, van Amerongen) (GGvA) and certain members of the Company's senior management acquired what is now known as HMEC from CIGNA.

That newly independent company began trading on the New York Stock Exchange (NYSE) under the symbol HMN following an initial public offering in November 1991. Over the next 30 years, the Company continued to expand its reach into the education market, providing personal line insurance and financial services products. By the mid-2010s, the Company served educators in 47 states.

In 2019, the Company increased its market share when it acquired all of the equity interests in NTA Life Enterprises, LLC (NTA). NTA provides products and services through its insurance subsidiaries, National Teachers Associates Life Insurance Company (NTALIC) and NTA Life Insurance Company of New York (NTALIC NY). In 2022, we enhanced our value proposition for school districts by acquiring Madison National Life Insurance Company, Inc. (Madison National) from its former parent, Independence Holding Company (IHC).

Today, we are proud to be the largest multiline financial services company focused on helping America's educators and others who serve their communities achieve lifelong financial success. Our individual solutions include auto insurance, homeowners insurance, life insurance, retirement solutions and supplemental health insurance. We also provide group benefits for disability, life and supplemental health. We have three reporting segments: Property & Casualty, Life & Retirement, and Supplemental & Group Benefits.

We do not allocate the impact of corporate-level transactions to the three reporting segments, consistent with the basis for management's evaluation of the results of those segments, but classify those items in a separate reporting segment, Corporate & Other.

Our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, Proxy Statements, and all amendments to those reports, are available free of charge through the Investors section of our website, investors.horacemann.com, as soon as reasonably practicable after such reports are filed with or furnished to the Securities and Exchange Commission (SEC). The EDGAR filings of such reports are also available at the SEC's website, www.sec.gov.

Also available in the Investors section of our website are our Corporate Governance Principles, Code of Conduct, Vendor Code of Conduct and other corporate ESG commitments as well as the charters of the HMEC Board of Directors (Board), Audit Committee, Compensation Committee, Executive Committee, Investment and Finance Committee and Nominating and Governance Committee. Copies also may be obtained by writing to Investor Relations, Horace Mann Educators Corporation, 1 Horace Mann Plaza, Springfield, Illinois 62715-0001. Our environmental, social and governance reporting is available through the corporate social responsibility section of our website, csr.horacemann.com.

On June 10, 2024, our Chief Executive Officer (CEO) submitted the Annual Section 12(a) CEO Certification to the NYSE without any qualifications. We filed with the SEC, as exhibits to the Annual Report on Form 10-K for the year ended December 31, 2023, the CEO and Chief Financial Officer (CFO) certifications required under Section 302 of the Sarbanes-Oxley Act.

Corporate Strategy

Our vision is to be the company of choice to provide insurance and financial solutions for all educators and others who serve their 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.

Education market focus

The U.S. Department of Education estimates that there are approximately 7.5 million K-12 school teachers, administrators and support staff nationwide. Horace Mann serves approximately 1 million of these households. Our customer base is about 80% educators. (The remaining 20% are generally in other public sector occupations such as firefighters.) The niche educator market has similar characteristics and preferred risk profiles, which allows for more precise underwriting processes and more targeted marketing operations.

A major motivator for people choosing careers in education is its intangible rewards: The ability to make a difference in students' lives and contribute to the greater good. As the U.S. population increases, the need for educator positions grows proportionally. However, 86% of U.S. K-12 public schools reported challenges hiring teachers for the 2023-24 school year, according to data from the National Center for Education Statistics (NCES), the statistical center of the U.S. Department of Education's Institute of Education Sciences (IES).

The NCES reported that the biggest barriers to hiring teachers were too few candidates applying for open positions (cited by 70 percent of public schools) and a lack of qualified applicants applying for open positions (cited by 66 percent). Horace Mann research also indicates challenges to hiring and retention that include the burden of financial stress, heavier workloads due to the current U.S. educator shortage, and conflicting expectations of parents, administrators and lawmakers, which are driving more professionals out of the job they love.

Horace Mann's research indicated that more than a quarter of educators would be more likely to stay in their job if they felt more financially secure. We provide solutions that help administrators attract and retain employees by adding or improving benefit packages, and we provide individual products and services for educators to protect what they have today or prepare for a successful future.

Our partnerships with a diverse group of national, state and local education associations also supports recruiting and retention. Working closely with the educational community helps us to identify emerging educator financial wellness issues and build solutions to address them.

We believe our niche market strategy, combined with our Company's 80-year history serving the education market, helps us succeed in a highly competitive environment. Our solutions orientation for educators, school districts, and other partners focuses on our **products** and services, **distribution**, and **infrastructure** (PDI).

Products and services

We help K-12 educators achieve their financial goals through a variety of products and services tailored to meet their unique needs.

Individual protection and savings solutions include auto insurance, property insurance, liability insurance, 403(b) retirement plans, mutual funds, life insurance, student loan solutions, credit monitoring and financial wellness workshops.

Employer-and employee-paid protection products include life insurance, group long- and short-term disability, supplemental cancer, supplemental heart, supplemental disability, supplemental accident and supplemental hospital indemnity. Group products may be paid for by the employer or provided as optional benefits for employees to purchase, which provides the opportunity for a school, district or association to make valuable financial protection benefits directly available to employees.

Distribution

Horace Mann provides knowledgeable, trusted distribution channels to meet educators how, when, and where they want to engage with us.

- **Agents, brokers and benefit specialists**: For individual products and solutions, our exclusive agency force partners with their local educational community as a trusted advisor in financial wellness. Educators have specific financial challenges, such as navigating individual state teacher retirement systems, student loan debt, and personal spend on classroom supplies. Horace Mann shares financial education resources and specific programs to help educators address these challenges. This trusted adviser model builds particularly strong brand loyalty and affinity.

  Similarly, broker partners and benefit specialists bring employer-sponsored solutions to employer-decision-makers as part of the benefit design process. Our understanding of the educational market and specialized solutions package allows us to help brokers design custom solutions that support recruitment and retention. We also reach adjacent public sector markets, including firefighters and municipal employers that had been served for decades by NTA and Madison National.

- **Direct and digital**: Industry studies indicate that consumers research and shop for insurance using multiple outlets. Approximately 90% of prospects research P&C insurance online, however 60% choose to purchase from an agent. The more complex the product, the more likely people are to work with an agent. Our strengthened direct capabilities, available online or by phone, allow us to respond to questions or bind coverage when customers prefer that interaction.

  We continue to enhance our digital capabilities. Through sophisticated digital marketing strategies, more and more educators are visiting the Horace Mann website to explore our solutions. We've also invested

in our online quoting capabilities, allowing website visitors to start and complete auto, property and life quotes online.

Infrastructure

We continue to invest in our Information Technology infrastructure to support ease of doing business through a modern, scalable environment. Two focus areas include:

- Data Enlightenment - harnessing our robust, 80-year history of data to quickly drive data-driven decisions and actions.
- Digital Transformation - transforming our end-to-end digital experience through modern tools and concepts.

Three key projects that are tangible results of these focus areas include:

- Guidewire property and casualty platform, which increases customer convenience through capabilities such as e-signatures, real-time policy issuance and changes, coverage comparison features and consolidated billing.
- LifePro administration system for our life, retirement, annuity and supplemental products, which offers substantial benefits in terms of customer experience and operating efficiencies.
- Workday Financials system, which provides an integrated, end-to-end Corporate financial process platform to efficiently support our company’s growth.

Moving forward, our infrastructure investments will use Generative AI (GenAI) to drive operational excellence, elevate customer experiences, streamline workflows, and unlock sustainable growth. In 2024, we employed a no-risk approach to pilots, aligning with the National Institute of Standards and Technology framework and anticipated emerging regulatory requirements. This ensures we remain proactive and responsible in managing AI-related risks, and reflects our commitment to ethics, security and customer trust. In 2025, we will focus on expanding GenAI adoption across the company while maturing our AI risk framework to support innovation at scale. Efficiencies gained through our technology infrastructure will be reinvested to fund growth initiatives.

Human Capital Resources

Horace Mann has approximately 1,750 employees that work in four offices across the United States, including Springfield, Ill., Dallas, Tx., Madison, Wisc., and Cherry Hill, N.J., and throughout the country as part of our remote workforce.

Human Capital Oversight

Our primary purpose is to attract, develop, retain, and engage talent in alignment with the organization's strategic goals. We establish policies and practices that enhance organizational performance, foster inclusion and engagement, and increase retention. A few of our key organizational policies include our Code of Conduct and Human Rights Statement.

The Board of Directors' Compensation Committee oversees human capital management strategies. Our Chief Human Resources Officer (CHRO) is the Executive Officer directly responsible for Human Capital Management. The CHRO regularly engages with senior management and the Board of Directors to discuss topics involving talent acquisition, employee retention, employee engagement, total rewards, and development.

Our Culture

Horace Mann fosters a collaborative and inclusive organizational culture for all our employees, focusing on talent attraction and retention, employee engagement, inclusive education and building cultural competence, community connections, and workforce development.

Talent Attraction and Retention

Our talent sourcing strategies, community partnerships, and campus outreach are strategically designed to build diverse pipelines of qualified candidate pools to meet our current and future workforce needs. We take a proactive approach to identifying, assessing, and engaging with candidates that have the potential to fill current and future roles within our organization.

Employee Engagement

We complete full, biennial employee engagement surveys as well as pulse surveys during the year to gauge employee feedback on our Total Rewards package, company culture, inclusive efforts, wellness and organizational goals. We take appropriate actions to respond to the feedback collected. In 2024, 74% of employees participated in our biennial employee experience survey. Employees identified manager trust and support, flexibility and inclusion as strengths. Areas where employees encouraged additional focus were total rewards enhancements, communication channels, recognition, and strategic alignment. Leaders are working with their teams on action plans that would make positive impacts in the area of focus.

Valuing our Workforce

Our employee led cross-functional council has two executive sponsors: our CHRO, and our Executive Vice President and General Counsel and specific council efforts are led by our Vice President of Talent and Culture.

Horace Mann maintains three employee resources groups, including Women's Professional Network, Men's Professional Network, and Allyship. These groups focus on mentorship, inclusion, community support, and awareness, and are open to all employees.

Horace Mann has been named to the Bloomberg Gender-Equality Index every year (2019-2023), which recognizes corporate commitment to transparency in gender reporting and advancing women's equality. Employee demographic information is available in the Corporate Social Responsibility section of the Horace Mann website.

Community Connections

Many of our employees are active in their communities and are committed to charitable causes. To support employees and the causes important to them, the Horace Mann Educators Foundation matches employee donations up to $1,000 per employee to eligible nonprofits annually. In addition, the Foundation holds a Choose a Cause campaign in the fourth quarter, in conjunction with Giving Tuesday, where employees can vote for nonprofits in their communities and the top nonprofits are invited to apply for Foundation grants.

Talent Development and Performance

Employee training and development programs consist of instructor-led classes, peer-to-peer learning opportunities, and support for self-directed learning. We offer an intensive Emerging Leaders program to identify and develop future leaders. We also have a self-directed learning library of over 100 courses that employees can access to build their skills in customer service, performance improvement, leadership, and awareness of unconscious bias.

Our new leadership capability model, encompassing five core competencies of Inspire, Enable, Clarify, Drive and Connect, designed to empower leaders to excel in their roles, has been the focus of this year's targeted training initiatives and will be integrated into future performance review processes to reinforce leadership excellence.

Employees and leaders follow a standard performance calendar that calls for quarterly discussions to benchmark progress and identify developmental opportunities and potential career paths. In 2025, we will enhance our performance review process by introducing a more structured and comprehensive year-end review. This approach will help us better align individual contributions with goals and values while ensuring a holistic evaluation of performance and potential.

Total Rewards Strategy

Our Total Rewards strategy is based on providing competitive compensation, comprehensive benefits, work/life flexibility, and robust employee training and development opportunities. All full- and part-time employees and employee agents who work a minimum of 20 hours per week are eligible for benefits, with no waiting period to access benefits. We continually evaluate our offerings against industry benchmarks and best practices to ensure

our Total Rewards package helps to drive employee attraction and retention. We have no collective bargaining agreements with any employees.

Competitive Compensation

Horace Mann offers competitive salary and compensation packages. Every Horace Mann employee in good standing is eligible for an annual, company performance-based bonus and annual individual performance merit increases. We contribute three percent of every employee's eligible earnings to their 401(k), regardless of their contribution status. We then match up to an additional five percent of each employee's eligible earnings annually.

Comprehensive Benefits

We offer major medical coverage, group life and disability insurance, dental and vision insurance, and contribute up to $1,000 to employee health savings accounts annually.

Horace Mann provides mental and physical health resources and incentives to help support employee wellness, including wellness reimbursement. Employees can also reference additional free resources to support mental and physical well-being in the Wellness HUB on the Wellness page of our intranet.

Work/Life Flexibility

Under our hybrid workforce model, more than 70% of our employees have the opportunity to work remotely for part or all of their work week. This approach enhances work-life balance while maintaining high levels of productivity. Our recent employee experience survey found that 87% of employees agree they have the flexibility they need to balance work and personal responsibilities at Horace Mann.

Reporting Segments

In 2024, we conducted our business in two divisions. The Retail Division is made up of the Property & Casualty and Life & Retirement reporting segments, while the Worksite Division consists entirely of the Supplemental & Group Benefits reporting segment. The Corporate & Other reporting segment includes capital-raising activities and corporate-level transactions, as well as legacy non-core commercial liability.

These segments are defined based on the way management organizes the business for making operating decisions and assessing performance. Management maintains discrete financial information for these segments to evaluate performance and allocate resources.

The calculations of segment data are described in more detail in Part II - Item 8, Note 17 of the Consolidated Financial Statements in this Annual Report on Form 10-K. Additionally, the business operations of each segment are explained in this section. The financial performance of each segment is discussed in Part II - Item 7 of this Annual Report on Form 10-K.

Property & Casualty segment

Within the Retail Division, the Property & Casualty segment's primary insurance products include private passenger auto insurance, residential home insurance, and personal umbrella insurance.

We offer standard auto coverages, including liability, collision and comprehensive. Property coverage includes both homeowners and renters policies. For both auto and property coverage, we offer educators a discounted rate and the Educator Advantage® package of features. This includes value-added benefits specifically for educators, such as liability coverage for transporting students in an insured vehicle and reimbursement for stolen school fundraising items.

We have third-party programs in a majority of states to provide higher-risk auto and property coverages. We also have a number of other insurance coverages with third-party vendors that underwrite and bear the risk of such insurance. We receive commissions on these risks.

Similarly, we have increased our offering of third-party vendor products in many areas to meet additional educator needs such as coverage for small business owners or classic/collector autos.

Geographic distribution

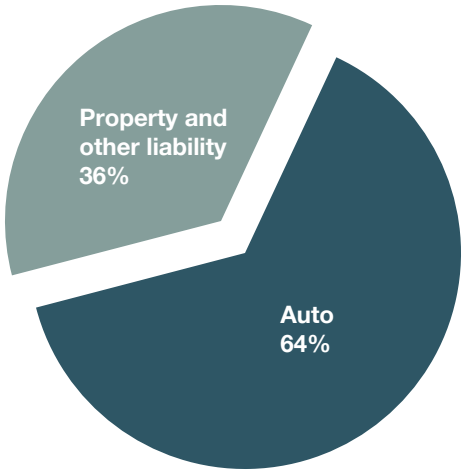
Our Property & Casualty business is geographically diversified. For the year ended December 31, 2024, based on direct premiums for all product lines, the top five states and their portion of total direct insurance premiums were California, 13.1%; Texas, 9.3%; North Carolina, 7.8%; Minnesota, 6.1%; and Georgia, 4.9%.

Competition

Competition in this market for personal protection products is from a number of national providers of personal lines insurance, including Allstate, Farmers, Liberty Mutual, Nationwide and State Farm, as well as a number of regional companies. We also compete for auto business with other companies such as GEICO, Progressive and USAA, many of which feature direct marketing distribution. A number of technology start-ups have also entered the market.

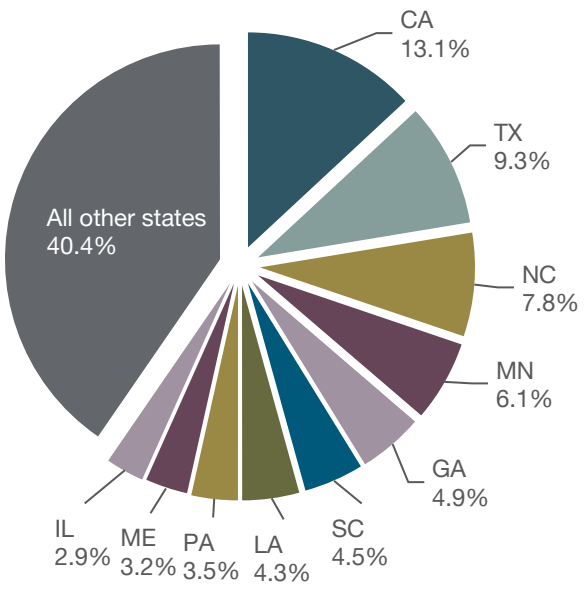
In our target market, we believe that our principal competitive advantages in the sale of property and casualty products are overall service, school partnerships, price, and name recognition.

2024 Property & Casualty Net Premiums Earned of $737 million



345,593 auto risks in force and
166,991 property risks in force at December 31, 2024.

Property & Casualty segment geographic distribution



$741.5 million in direct premiums, defined as premiums earned before reinsurance as determined under statutory accounting principles. Our Property & Casualty subsidiaries are licensed to write business in 48 states and the District of Columbia.

Catastrophe Losses (Pretax)[1]

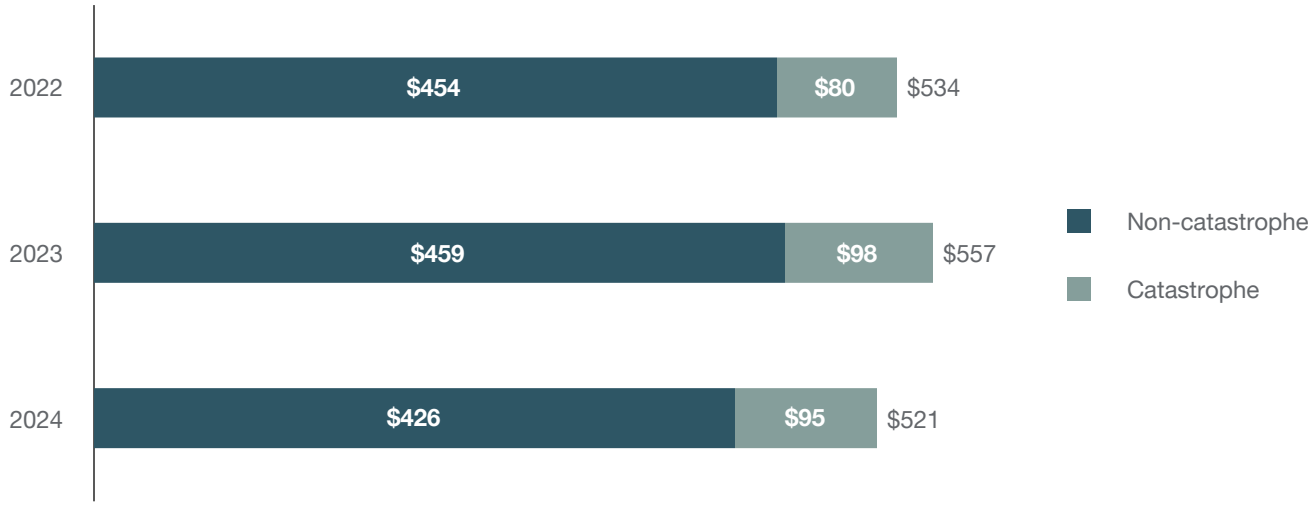
The number of catastrophe events and the level of catastrophe losses can fluctuate significantly from year to year. Our catastrophe losses for the last five years are shown in the following table ($ in millions).

Year	Month	Event Description	States/Region	Total
2024				**$ 94.9**
	September	Hurricane Helene	AL, FL, GA, IN, KY, NC, OH, SC, TN, VA, WV	27.8
		Other single events less than $5.0 million		67.1
2023				**$ 97.6**
	March	Wind and Thunderstorm	AL, GA, IN, KY, MS, NC, OH, OK, PA, TN, TX, VA	5.8
	May	Wind and Thunderstorm	CO, FL, GA, KS, MO, NC, ND, OK, SC, TN, TX, VA	5.2
	June	Wind and Thunderstorm	AL, AR, CO, FL, GA, KY, LA, MS, OK, SC, TN, TX	5.1
	June	Wind and Thunderstorm	AR, CO, GA, IA, IN, KY, MD, MI, NC, NE, NH, NY, PA,TN, TX, VA, WY	7.6
		Other single events less than $5.0 million		73.9
2022				**$ 80.0**
	May	Wind and Thunderstorm	MN, WI	5.5
	May	Wind and Thunderstorm	MN, NE, SD, WI	7.0
	May	Wind and Thunderstorm	MI, MN, NJ, OH, PA, TX, WI	7.4
	December	Winter Storm Elliott	Northern Plains, Midwest and North East	8.1
		Other single events less than $5.0 million		52.0
2021				**$ 78.2**
	February	Winter Storm Viola	AR, IL, LA, MO, OK, TN. TX	5.1
	August	Hurricane Ida	AL, AK, CT, DE, DC, FL, GA, KY, LA, MD, MA, MS, NJ, NU, NC, PA, RI, TN, VI, WV	24.0
	December	Wildfire Marshall	CO	5.3
		Other single events less than $5.0 million		43.8
2020				**$ 84.4**
	August	Derecho	IA, IL, IN, KS, MI, MN, MO, NE, OH, SD, WI	6.5
	August	Hurricane Laura	AR, LA, MS, TN, TX	9.5
	October	Hurricane Delta	AL, AR, GA, LA, MS, NC, SC, TX	3.3
	October	Hurricane Zeta	AL, GA, LA, MS, NC, SC	2.7
		Other single events less than $5.0 million		62.4

[1] Net of reinsurance and before income tax benefits. Includes allocated loss adjustment expenses.

Fluctuations in catastrophe losses impact a property and casualty insurance company's claims and claim adjustment expenses incurred.

Claims and Claim Expenses Incurred[(1)], 2022 - 2024 ($ in millions)



(1) Claims and claim expenses incurred include the impact of prior years' reserve development as quantified in Property & Casualty reserves. Catastrophe totals are net of reinsurance and before income tax benefits.

Property & Casualty Reserves

Property & Casualty unpaid claims and claim expense reserves (reserves) represent management's best estimate of ultimate unpaid costs of losses and settlement expenses for reported claims and claims that have been incurred but not yet reported (IBNR). We calculate and record a single best estimate of the reserve as of each reporting date in conformity with actuarial standards of practice. We engage an independent property and casualty actuarial consulting firm to prepare an independent study of our Property & Casualty reserves as of December 31 of each year. For additional information regarding the process used to estimate Property & Casualty reserves and the risk factors involved, as well as a summary reconciliation of the beginning and ending Property & Casualty insurance claims and claim expense reserves and prior years' reserve development recorded in each of the three years ended December 31, 2024, see Part I - Item 1A - Risk Factors - "Our property and casualty loss reserves may not be adequate", Part II - Item 7, Application of Critical Accounting Estimates and Results of Operations for the Property & Casualty Segment, and Part II - Item 8, Note 5 in the Consolidated Financial Statements of this Annual Report on Form 10-K.

All of our reserves for Property & Casualty unpaid claims and claim expenses are carried at the full value of estimated liabilities and are not discounted for interest expected to be earned on the reserves.

Property & Casualty Reinsurance

All reinsurance is obtained through contracts which generally are entered into for each calendar year. Although reinsurance does not legally discharge us from primary liability for the full amount of our risks, it does allow for recovery from assuming reinsurers to the extent of the reinsurance ceded. Past due reinsurance recoverables as of December 31, 2024 were not material.

We maintain catastrophe excess of loss reinsurance coverage. For 2024, our catastrophe excess of loss reinsurance coverage consisted of one contract in addition to a minimal amount of coverage by the Florida Hurricane Catastrophe Fund. For 2024, our retention was $35.0 million and the catastrophe excess of loss reinsurance coverage provided 89% coverage for the layer of $25.0 million excess of $35.0 million, 90% coverage for the layer of $35.0 million excess of $60.0 million, and 92% coverage for the layer of $90.0 million excess of $95.0 million. For 2025, our retention will remain at $35.0 million and the catastrophe excess of loss reinsurance coverage will provide 95% coverage for the layer of $25.0 million excess of $35.0 million, 95% coverage for the layers of $35.0 million excess of $60.0 million, and $90.0 million excess of $95.0 million.

The following table identifies our most significant reinsurers under the catastrophe first event excess of loss reinsurance program, their percentage participation in this program and their ratings by A.M. Best Company (A.M. Best) and Standard & Poor's Global Inc. (S&P) as of January 1, 2025. No other single reinsurer's

percentage participation in 2025 or 2024 exceeds 5%. We monitor reinsurers' financial strength by reviewing A.M. Best and S&P ratings. For 2025 and 2024, all catastrophe reinsurance participants have an AM Best or S&P rating of A- or higher.

A.M. Best Rating	S&P Rating	Reinsurer	Parent	2025	2024
A	A+	Lloyd's of London Syndicates		18.2 %	16.8 %
A+	AA-	Swiss Re Underwriters Agency, Inc.	Swiss Reinsurance Company, Ltd.	13.0 %	12.0 %
A++	A++	Transatlantic Reinsurance Company	Berkshire Hathaway, Inc.	11.1 %	11.1 %
NR	A+	R+V Versicherung AG	DZ BANK AG	9.0 %	9.0 %
A+	A+	Everest Reinsurance Company	Everest Re Group, Ltd.	7.9 %	7.5 %
A	AA+	SCOR Global P&C SE	SCOR SE	6.5 %	6.5 %

NR - Not rated.

We have not joined the California Earthquake Authority (CEA). Our exposure to losses from earthquakes is managed through our underwriting standards, our earthquake policy coverage limits and deductible levels, and the geographic distribution of our business, as well as our reinsurance program. After reviewing the exposure to earthquake losses from our own risks and from what it would be with participation in the CEA, including estimated start-up and ongoing costs related to CEA participation, we believe it is in our best economic interest to offer earthquake coverage directly to our property policyholders.

For liability coverages in 2024, we reinsured each loss above a retention of $5.0 million per occurrence up to $20.0 million in a clash event. A clash cover is a reinsurance casualty excess contract requiring two or more casualty coverages or risks issued by us to be involved in the same loss occurrence for coverage to apply. The clash event coverage is unchanged for 2025.

We market personal lines excess liability risks. The limits of these risks are $1.0 million to $5.0 million in excess of $0.5 million of underlying auto and homeowners liability coverage. In 2024, we reinsured risks on a quota share basis with Renaissance Reinsurance who assumes 25% of losses, including allocated loss adjustment expenses and premiums for all states. Policies written in 2025 will be subject to a 25% quota share with Renaissance Reinsurance and 25% quota share with Swiss Reinsurance.

For auto insurance sold in Michigan, Personal Injury Protection (PIP) unlimited coverage is offered in compliance with Michigan state law. For these risks with unlimited coverage, we participate in the Michigan Catastrophic Claims Association (MCCA). For risks issued in 2024, MCCA reimbursed PIP losses including allocated loss adjustment expenses in excess of $0.6 million.

Our property and casualty insurance subsidiaries are members of an intercompany pooling arrangement. Pooling arrangements permit the participating companies to rely on the capacity of the entire pool's statutory capital and surplus rather than just on its own statutory capital and surplus. Under such arrangements, the members share substantially all insurance business that is written and allocate the combined premiums, losses, and expenses.

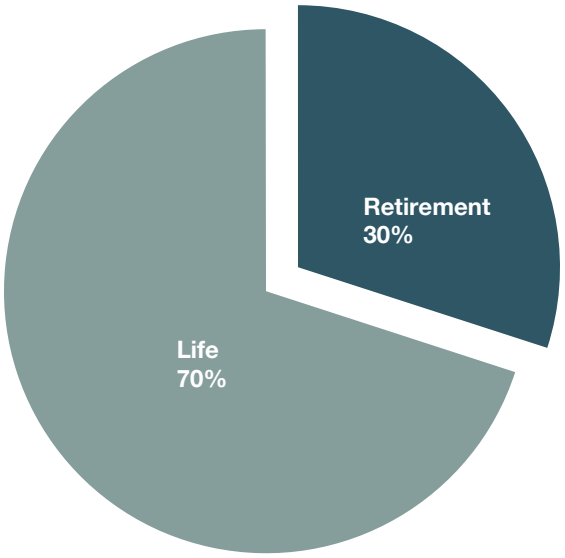
Life & Retirement segment

Within the Retail Division, our 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; traditional term and whole life insurance products and indexed universal life (IUL) products. We offer educator rates for our life insurance customers.

Educators in our target market continue to benefit from the provisions of Section 403(b) of the Internal Revenue Code (Code) which allows public school employees and employees of other tax-exempt organizations, such as not-for-profit private schools, to utilize pretax income to make periodic contributions to a qualified retirement plan (also see Regulation - Regulation at Federal Level).

We are one of the largest participants in the K-12 educator portion of the 403(b) tax-qualified annuity market, measured by 403(b) net written premium on a statutory accounting basis. Our 403(b) tax-qualified annuities are voluntarily purchased by individuals employed by public school systems or other tax-exempt organizations through employee benefit plans of those entities.

2024 Life & Retirement Net Premiums and Contract Charges Earned of $155 million



In 2024, 46.7% of net annuity contract deposits* were for 403(b) tax-qualified annuities. At year-end 2024, 55.7% of accumulated annuity value on deposit was 403(b) tax-qualified. To further assist registered representatives in delivering our value proposition, we have entered into third-party vendor agreements to market 529 college savings programs and provide brokerage clearing arrangements.

We offer a lineup of several life product portfolios. Life by Design® is a portfolio of our manufactured and branded life insurance products that specifically address the financial planning needs of educators. The Life by Design® portfolio features individual whole life and individual term products, including 10, 15, 20 and 30-year level term policies. The Life by Design® policies have premiums that are guaranteed for the duration of the contract.

We offer a combination product called Life Select® that mixes a base of either traditional whole life, 20-pay life or life paid-up at age 65 with a variety of term riders to allow for more flexibility in tailoring the coverage to customers' varying life insurance needs. Additional products include single premium whole life products and Cash Value Term — a term policy that builds cash value while providing the income protection of traditional level term life insurance.

We offer an IUL product with interest crediting strategies linked to the S&P 500 Index and the Dow Jones Industrial Average (DJIA), offering a contingent return based on equity market performance. Along with expanded product offerings, new marketing support tools continue to be introduced to aid the agency force.

We also maintain a closed block of Experience Life® policies. This product, discontinued in 2006, represents a flexible premium life insurance contract consisting mainly of whole life and term elements, along with an interest bearing policy account.

During 2024, the average face amount of individual life insurance policies issued by us was approximately $204,000 and the average face amount of individual life insurance policies in force at December 31, 2024 was approximately $130,000. Life insurance in force rose to $21.1 billion at year-end.

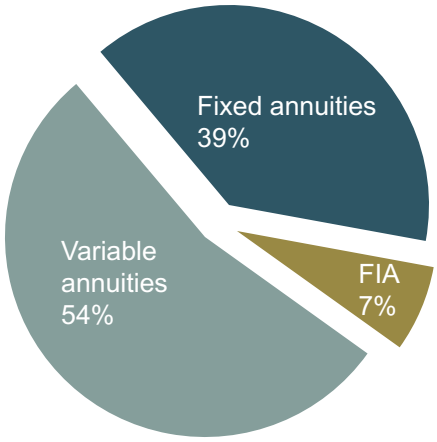
Retirement assets under management

We market both fixed and variable annuity contracts, primarily on a tax-qualified basis. Total accumulated fixed and variable annuity cash value on deposit at December 31, 2024 was $5.5 billion, net of reinsurance.

Fixed-only annuities provide a guarantee of principal and a guaranteed minimum rate of return. These contracts are backed by our general account investments. We bear the investment risk associated with the investments and may change the declared interest rate on these contracts subject to contract guarantees.

We also offer fixed indexed annuity (FIA) products with interest crediting strategies linked to the S&P 500 Index and the DJIA.

Retirement Assets Under Management of $5.5 billion



218,607 annuity contracts in force at December 31, 2024.

Variable annuities combine a fixed account option with equity-linked and bond-linked sub-account options. By utilizing tools that provide assistance in determining needs and making asset allocation decisions, contractholders are able to choose the investment mix that matches their personal risk tolerance and retirement goals. As of December 31, 2024, we had 117 variable sub-account options including funds managed by some of the larger participants in the mutual fund industry.

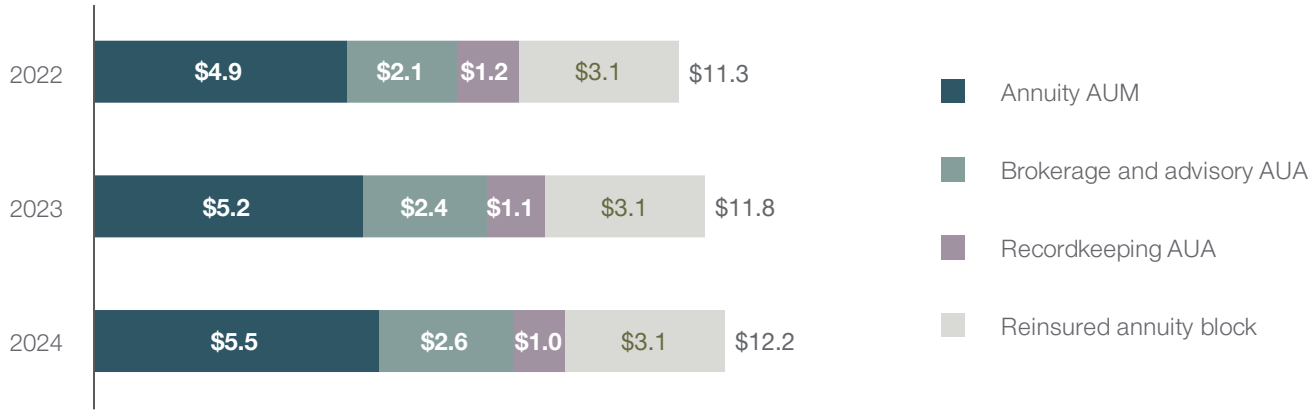
Annuities are marketed under the Personal Retirement Planner annuity series, which includes a flexible premium deferred variable annuity, a flexible premium deferred fixed indexed annuity, a single premium deferred fixed annuity and a single premium immediate annuity. Consistent across all of these products is the elimination of any surrender charges for early withdrawal.

We also have funding agreements as part of our participation in the FHLB program that provide an additional source of spread-based income.

Retirement assets under administration

In addition to annuities, we market the Horace Mann Retirement Advantage® open architecture platform for 403(b)(7) and other defined contribution plans. This platform combines a wide array of mutual funds integrated with a group unallocated fixed annuity stable value fund. This platform provides us with greater flexibility to offer customized 403(b)(7) and other qualified plan solutions to better meet the needs of school districts and other non-for-profit plan sponsors. In 2019, we acquired a recordkeeping administrator, Benefit Consultants Group, Inc. (BCG) and we migrated the administration of our Horace Mann Retirement Advantage® platform from a third-party vendor to the BCG platform. We offer our group unallocated fixed annuity and Horace Mann Stable Value Solution, as an option within a number of the 401(k) plans administered by BCG. BCG had $1.0 billion of recordkeeping assets under administration as of December 31, 2024.

Retirement Assets Under Administration, 2022 - 2024 ($ in billions)



Geographic distribution

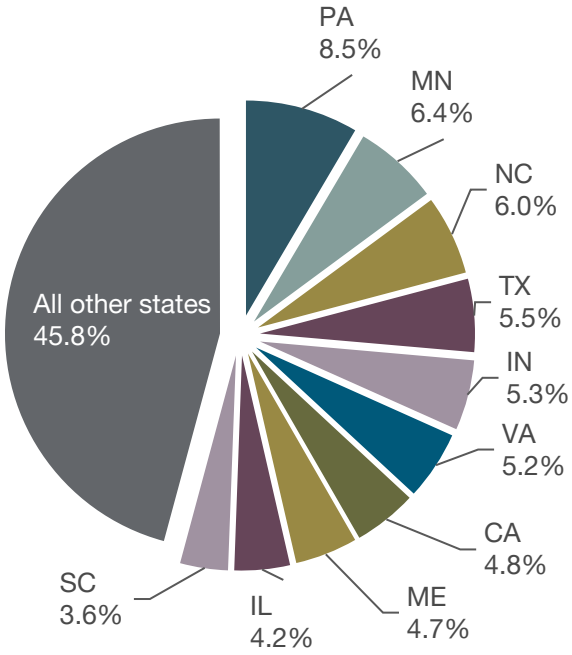
Our Life & Retirement business is geographically diversified. For the year ended December 31, 2024, based on direct premiums and contract deposits for all product lines, the top five states and their portion of total direct premiums and contract deposits were Pennsylvania 8.5%; Minnesota, 6.4%; North Carolina 6.0%; Texas, 5.5%; and Indiana, 5.3%.

Competition

National providers of annuities and other financial service platforms that serve the retirement needs of educators and others that serve the community, include AXA; Life Insurance Company of the Southwest, a subsidiary of National Life Insurance Company; Security Benefit; Teachers Insurance and Annuity Association – College Retirement Equities Fund; The Variable Annuity Life Insurance Company, a subsidiary of Corebridge Financial; and Voya Financial, Inc. Select mutual fund families and financial planners also compete in this marketplace.

We believe that our principal competitive advantages in the sale of retirement products and life insurance are school-based sales and service, product features, perceived stability of the insurer, price, overall service and name recognition.

Life & Retirement segment geographic distribution



$608.9 million in direct premiums and contract deposits, defined as premiums collected before reinsurance as determined under statutory accounting principles. Our principal life subsidiary is licensed to write business in 49 states and the District of Columbia.

The market for tax-deferred retirement products in our target market has been impacted by the revised Code Section 403(b) regulations, which made the 403(b) market more comparable to the 401(k) market than it was in the past. This change has made the 403(b) market more attractive to some of the larger companies experienced in 401(k) plans, including both insurance and mutual fund companies, that had not previously been active competitors in this business.

Annuity Reinsurance

We reinsure a $3.1 billion block of in force fixed and variable annuity business with a minimum crediting rate of 4.5%. The reinsured fixed business represents approximately 50% of our in force fixed annuity account balances. The arrangement contains investment guidelines and a trust to help meet our risk management objectives. Under the annuity reinsurance agreement, approximately $2.4 billion of fixed annuity reserves are reinsured on a coinsurance basis. The separate account assets and liabilities of approximately $0.7 billion are reinsured on a modified coinsurance basis and thus, remain on our consolidated financial statements, but the related results of operations are fully reinsured. The annuity reinsurance agreement does not expose the reinsurer (RGA Reinsurance Company, a subsidiary of Reinsurance Group of America, Incorporated) to a reasonable possibility of a significant loss from insurance risk. Therefore, we recognize the annuity reinsurance agreement using the deposit method of accounting.

Life Reinsurance

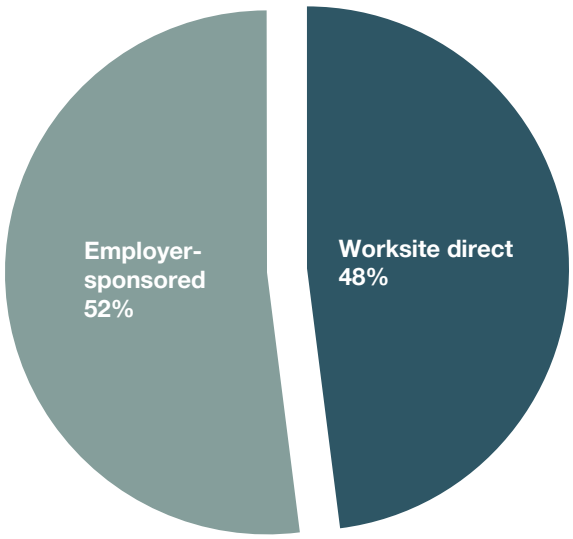
The maximum individual life insurance risk retained by our Life segment is $500,000 on any individual life. The excess of the amounts retained are reinsured with life reinsurers that are rated A (Excellent) or above by A.M. Best. We also maintain a life catastrophe reinsurance program. In 2024, we reinsured 100% of the catastrophe risk in excess of $1.0 million up to $35.0 million per occurrence, with one reinstatement. For 2025, our catastrophe risk coverage is unchanged. Our life catastrophe risk reinsurance program covers acts of terrorism and includes nuclear, biological and chemical explosions but excludes other acts of war.

Supplemental & Group Benefits segment

Within the Worksite Division, the Supplemental & Group Benefits segment offers employer-sponsored products including accident, critical illness, limited-benefit fixed indemnity insurance, term life, short-term disability and long-term disability, as well as worksite direct products including supplemental heart, supplemental cancer, supplemental disability and supplemental accident coverages. We also have funding agreements as part of our participation in the FHLB program that provide an additional source of spread-based income.

Our product line is designed to help districts and other employers improve recruitment and retention. As the competition for top talent intensifies, public sector employers are increasingly looking to offer benefits that are competitive with those of the private sector. The products we provide are part of a typical "total rewards" compensation package, including some products paid by the employer and provided to groups of employees, as well as products that employees can select as part of their benefit enrollment process.

2024 Supplemental & Group Benefits Net Premiums Earned of $255 million



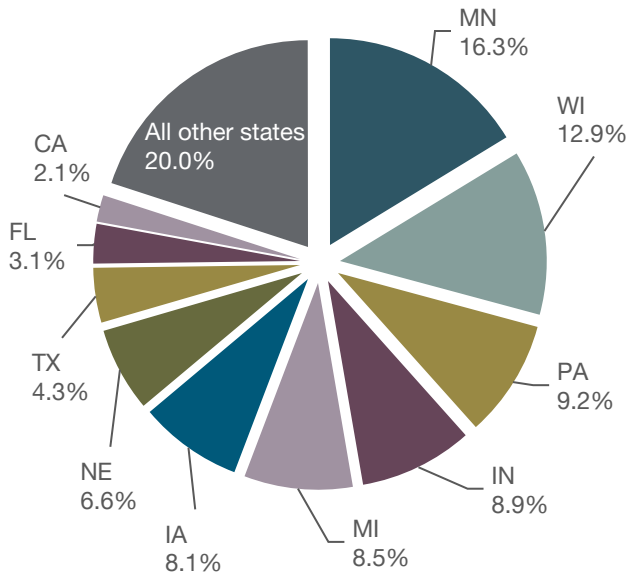
270,855 total worksite direct policies in force and 838,003 total employer-sponsored covered lives at December 31, 2024

Group products may be purchased by employers to include in benefit packages for all employees or offered as a voluntary option for employees to purchase. Our typical group products are guaranteed issue - meaning no individual underwriting is required; in some instances an employee can expand the coverage with simplified underwriting at an additional expense. Group products can be customized to complement each employer's benefit package features. These group products typically have minimum participation rates and are underwritten at the group level to account for population size, industry, gender and age distribution, and other applicable risk factors.

Our typical worksite direct supplemental policies provide "HIPAA Excepted" benefits with simplified underwriting. They are most often purchased after face-to-face consultation and discussion in the workplace, often during a benefit enrollment process. Payment for worksite direct supplemental products can be made directly to Horace Mann via recurring bank draft or credit card payments or through payroll deduction. These products offer defined benefit amounts that are paid directly to the insured, and are payable in addition to any other insurance coverages. An insured can use the supplemental payments to cover medical or non-medical costs.

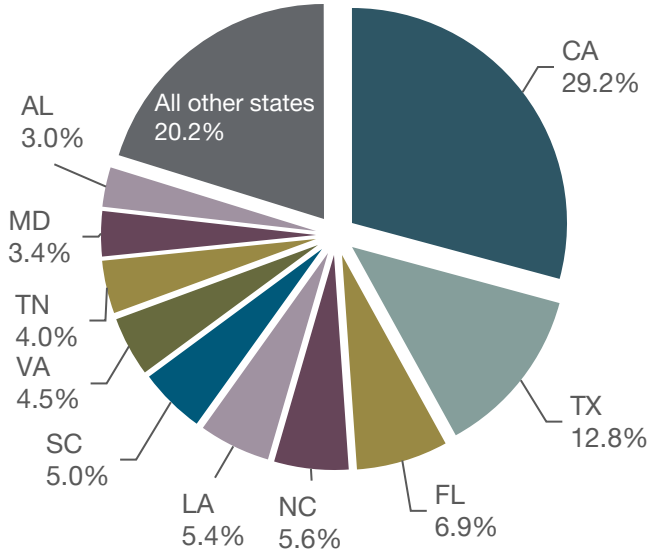
Supplemental products remain an important tool in the changing healthcare landscape, particularly with the prevalence of high deductible health care plans and an increasing focus on employee health and wellness. Our supplemental products offer indemnity benefits rather than the reimbursement of actual costs. Benefit risks are well controlled with specified limitations regarding preexisting conditions, the frequency of occurrences, maximum benefits per occurrence, and maximum occurrences. Diagnosis or treatment is a required element when establishing proof of loss necessary for benefit payments. Our supplemental disability products have various elimination periods and only provide short-term benefit periods. Sound underwriting strategies and disciplined underwriting methods help ensure loss experience is commensurate with pricing expectations.

Employer-sponsored geographic distribution



$159.4 million in direct premiums, defined as premiums earned before reinsurance as determined under statutory accounting principles. Our principal employer-sponsored insurance subsidiary is licensed to write business in 49 states, the U.S. Virgin Islands and the District of Columbia.

Worksite direct geographic distribution



$121.8 million in direct premiums, defined as premiums earned before reinsurance as determined under statutory accounting principles. Our principal worksite direct insurance subsidiary is licensed to write business in all 50 states, the U.S. Virgin Islands and the District of Columbia.

Geographic distribution of business

Our employer-sponsored line of business is concentrated in the Upper Midwest, while our worksite direct business is concentrated in the Southern states including California. This provides opportunities for growth for both lines of business. For the year ended December 31, 2024, based on direct premiums and contract deposits for all product lines, the top five states and their portion of total direct insurance premiums and contract deposits for the worksite direct business were California, 29.2%; Texas, 12.8%; Florida, 6.9%; North Carolina, 5.6%; and Louisiana, 5.4%. The top five states for the employer-sponsored business were Minnesota, 16.3%; Wisconsin, 12.9%; Pennsylvania, 9.2%; Indiana, 8.9%; and Michigan, 8.5%.

Competition

Competition in this market for employee benefit products is from a number of national and regional providers of disability, accident, and health insurance, including Aflac, American Fidelity, Colonial (a subsidiary of Unum),

Reliance Standard, The Standard, Trustmark, and Washington National (a subsidiary of CNO). Other carriers, such as Guardian, MetLife, Securian, and Voya, offer similar group products although, typically, focused on large cases in the private sector. A number of additional carriers have also entered parts of this market.

In our target market, we believe that our principal competitive advantages in the sale of supplemental and employer-sponsored products are overall service, product features, school and union partnerships, price, and name recognition.

Employer-Sponsored Reserves

Employer-sponsored unpaid claims and claim expense reserves (reserves) represent management's best estimate of ultimate unpaid costs of losses and settlement expenses for reported claims and claims IBNR. We calculate and record a single best estimate of the reserve as of each reporting date in conformity with actuarial standards of practice. For additional information regarding the process used to estimate employer-sponsored reserves and the risk factors involved, as well as a summary reconciliation of the beginning and ending employer-sponsored insurance claims and claim expense reserves and prior years' reserve development recorded for the year ended December 31, 2024, see Part I - Item 1A - Risk Factors - "Actual experience may differ from actuarial assumptions, which could adversely affect our results of operations and financial condition", Part II - Item 7, Results of Operations for the Supplemental & Group Benefits Segment, and Part II - Item 8, Note 5 of the Consolidated Financial Statements of this Annual Report on Form 10-K.

Employer-Sponsored Reinsurance

We retained approximately 72.5% of gross and assumed group disability and specialty health benefits in 2024. We have legacy blocks of individual life, annuity and long term care benefits that are effectively 100% ceded and are in run off. We purchase quota share reinsurance and excess reinsurance in amounts deemed appropriate by our risk committee. We monitor our retention amounts by product line and have the ability to adjust our retention as appropriate.

Reinsurance is used to reduce the potentially adverse financial impact of large individual or group risks, and to reduce the strain on statutory income and surplus related to new business. By using reinsurance, we are able to write policies in amounts larger than we could otherwise accept. The amount reinsured is the portion of each policy in excess of the retention limit on a particular policy.

The following reinsurers represent approximately 98.0% of total ceded premium for the year ended December 31, 2024:

A.M. Best Rating	Reinsurer	% of Ceded Premiums
A	National Guardian Life Insurance Company	60.0 %
A-	Clear Spring Life and Annuity Company	25.0 %
A+	RGA Reinsurance Company	13.0 %
	Total:	98.0 %

We remain liable with respect to the insurance in force, which has been reinsured, in the unlikely event that the assuming reinsurers are unable to satisfy their obligations. The ceding of reinsurance does not discharge us from the primary liability of the insured.

Worksite Direct Reserves

Worksite direct policy reserves represent our best estimate of the present value of future ultimate benefits, net of future premiums, to be provided for cancer, heart, hospital, supplemental disability and accident claims. The reserves are a single best estimate calculated in accordance with actuarial standards of practice. Unpaid claims and claim expenses provide provisions for claims reported to us plus an estimated accrual for claims IBNR. For additional information regarding the process used to estimate worksite direct reserves and the risk factors involved, see Part I - Item 1A - Risk Factors - "Actual experience may differ from actuarial assumptions, which could adversely affect our results of operations and financial condition", Part II - Item 7, Results of Operations for the Supplemental & Group Benefits Segment, and Part II - Item 8, Note 6 of the Consolidated Financial Statements of this Annual Report on Form 10-K.

Worksite Direct Reinsurance

We retain all of the risk on our supplemental health product lines, including accidental death risk embedded within certain products. However, our other accidental death and dismemberment risks issued through all other policies and riders are ceded 100%. The maximum life insurance risk retained on any individual life is $100,000. The excess risk on the life insurance products is ceded to and reinsured by a third party that is rated A (Excellent) by A.M. Best.

Corporate & Other

Corporate & Other includes capital raising activities (including debt financing and related interest expense), net investment gains (losses), certain public company expenses and other corporate-level transactions including expenses related to business acquisition activity. We do not allocate the impact of corporate-level transactions to the other reporting segments, consistent with the basis for management's evaluation of the results of those segments.

In addition, Corporate & Other includes legal expense and changes in claim reserves and IBNR related to legacy commercial claims. In the late 1960s and early 1970s, the Company reinsured certain commercial lines policies as a member of various insurance pooling arrangements. On January 1, 1975, the Company entered into a quota share retrocession treaty. Ultimately, after a series of amendments to the treaty and various corporate transactions involving the reinsurer, these obligations were assumed by Randall & Quilter Investment Holdings Limited (R&Q). It is management’s understanding that since 1975, claims arising under these legacy commercial lines policies were handled by various third parties pursuant to the terms of the January 1, 1975 reinsurance treaty and its subsequent amendments.

On March 23, 2023, R&Q Reinsurance Company received an Order of Liquidation in Pennsylvania and, as a result of its liquidation, the Company was named as a defendant in one lawsuit and received various demands for reimbursement and notice of claims related to legacy, long-tail commercial lines claims, including asbestos, environmental, and sexual molestation claims. The Company is defending itself against the pending litigation and is in the process of investigating and evaluating the other demands and notice of claims under a complete reservation of rights. In addition, the Company has submitted a proof of claim in the R&Q liquidation proceeding. See Part II - Item 8, Note 14 of the Consolidated Financial Statements in this Annual Report on Form 10-K for more information.

Investments

Our investments support our policy liabilities by serving as a resource for payment of benefits, losses, and expenses and as incremental source of income to support operations. Our strategy is primarily focused on generating income while balancing principal protection and investment risk. Our investment objectives are implemented through portfolios managed by external investment managers with internal management oversight that primarily emphasize investment grade fixed maturity securities that consider the anticipated duration of our liabilities. In addition to these securities, we also invest in limited partnership interests that are selected and monitored internally (which include commercial mortgage loan funds) and equity securities that are managed by external investment managers with internal management oversight to help improve returns. Our short-term investments include money market funds, commercial paper, U.S Treasury bills and other short-term investments that support our management of liquidity and investment strategies. Our other investments include Federal Home Loan Bank of Chicago (FHLB) common stock, mortgage loans, and derivatives that support our other business operations and are not speculative investments.

We have separate investment strategies and guidelines for our Property & Casualty, Life & Retirement and Supplemental & Group Benefits portfolios, which recognize different characteristics of the associated insurance liabilities, as well as different tax and regulatory environments. We manage interest rate exposure for our portfolios through asset/liability management techniques that consider the duration of the assets compared to the duration of the insurance policy liabilities. Duration of assets and liabilities will generally differ only because of opportunities to increase yields or because policy values are not interest rate sensitive, as is the case in Property & Casualty and Supplemental & Group Benefits.

The investments of each insurance subsidiary must comply with the insurance laws of such insurance subsidiary's domiciliary state. These laws prescribe the type and amount of investments that may be purchased and held by insurance companies. In general, these laws permit investments, within specified limits and subject

to certain qualifications, in federal, state and municipal obligations, corporate bonds, mortgage-backed securities, other asset-backed securities, preferred stocks, common stocks, real estate mortgages, real estate and alternative investments.

Investment Portfolio as of December 31, 2024

($ in millions)	% of Total Fair Value	Fair Value				Amortized Cost, net
		Total	Life & Retirement	Supplemental & Group Benefits	Property & Casualty[7]	
Publicly Traded Fixed Maturity Securities, Equity Securities and Short-term Investments:						
U.S. Government and agency obligations:[1]						
Mortgage-backed securities	10.9 %	$ 755.8	$ 521.8	$ 97.7	$ 136.3	$ 827.9
Other, including U.S. Treasury securities	5.2	357.6	308.0	37.8	11.8	426.5
Investment grade corporate and public utility bonds	17.6	1,216.5	737.3	189.0	290.2	1,362.6
Non-investment grade corporate and public utility bonds[2]	1.4	94.2	67.3	8.6	18.3	99.9
Investment grade municipal bonds	15.7	1,089.2	816.7	101.9	170.6	1,178.4
Non-investment grade municipal bonds[2]	0.3	21.2	12.6	2.0	6.6	22.2
Investment grade other asset-backed securities[3]	19.0	1,304.3	990.5	164.4	149.4	1,313.6
Non-investment grade other asset-backed securities[2][3]	—	3.4	3.2	0.2	—	4.0
Foreign government bonds	0.2	13.1	12.2	—	0.9	14.1
Redeemable preferred stock	0.2	17.1	16.3	0.8	—	19.7
Equity securities:						
Non-redeemable preferred stocks, investment grade	0.7	51.5	46.6	4.9	—	51.5
Non-redeemable preferred stocks, non-investment grade	0.2	13.0	10.0	0.8	2.2	13.0
Common stocks	—	1.5	1.5	—	—	1.5
Short-term investments[4]	1.5	101.1	22.1	44.0	35.0	101.1
Total publicly traded securities	72.9	5,039.5	3,566.1	652.1	821.3	5,436.0
Other Invested Assets:						
Investment grade private placements	7.1	493.7	451.0	42.7	—	552.8
Non-investment grade private placements[2]	0.3	22.1	21.8	0.3	—	22.1
Mortgage loans[5]	0.6	43.2	39.3	3.9	—	43.2
Policy loans[5]	2.0	140.8	139.9	0.9	—	140.8
Limited partnership interests[8]	16.3	1,121.3	830.7	130.0	160.6	1,121.3
Other	0.8	55.8	49.5	5.3	1.0	61.6
Total other invested assets	27.1	1,876.9	1,532.2	183.1	161.6	1,941.8
Total investments[6]	100.0 %	$ 6,916.4	$ 5,098.3	$ 835.2	$ 982.9	$ 7,377.8

(1) All investment grade that includes $296.0 million fair value of investments guaranteed by the full faith and credit of the U.S. Government and $817.4 million fair value of federally sponsored agency securities which are not backed by the full faith and credit of the U.S. Government.

(2) A non-investment grade rating is assigned to a security when it is acquired or when it is downgraded from investment grade, primarily on the basis of the S&P rating for such security, or if there is no S&P rating, the Moody's Investors Service, Inc. (Moody's) or Fitch Ratings, Inc. (Fitch) rating for such security, or if there is no S&P, Moody's or Fitch rating, the NAIC rating for such security. The rating agencies monitor securities and their issuers regularly, and make changes to the ratings as necessary. We incorporate rating changes on a monthly basis.

(3) Includes commercial mortgage-backed securities, asset-backed securities, other mortgage-backed securities and collateralized loan obligations.

(4) Short-term investments mature within one year of being acquired and are carried at cost, which approximates fair value. Short-term investments of $101.1 million are all money market funds and are not rated.

(5) Mortgage loans are carried at amortized cost, net and policy loans are carried at unpaid principal balances.

(6) Approximately 6.0% of our investment portfolio, having a carrying amount of $418.0 million as of December 31, 2024, consisted of securities with some form of credit support, such as insurance. Of the securities with credit support. municipal bonds represented $300.9 million of the carrying amount.

(7) Includes $0.2 million of fixed maturity securities, $2.2 million of equity securities, $14.2 million of short-term investments, and $28.9 million of limited partnership interests held in Corporate & Other.

(8) Limited partnership interests are accounted for using the equity method of accounting.

Fixed Maturity Securities

For reporting purposes, we have classified the entire portfolio of fixed maturity securities as available for sale and the portfolio is carried at fair value. An adjustment for net unrealized investment gains (losses) on fixed maturity securities available for sale is recognized as a separate component of accumulated other comprehensive income (loss) (AOCI) within shareholders' equity, net of applicable deferred taxes. Fixed maturity securities held for indefinite periods of time include securities that we intend to use as part of our asset/liability management strategy and that may be sold in response to changes in interest rates, resultant prepayment risk and other related factors, other than securities that are in an unrealized loss position for which we have the stated intent to hold until recovery.

Fixed Maturity Securities Portfolio as of December 31, 2024

	% of Fixed Maturity Securities Portfolio	% of Total Investment Portfolio
Investment grade	95.1 %	74.1 %
Non-investment grade	4.9 %	3.8 %
Average credit quality	A+	A+
Average option-adjusted duration (years)	5.6	5.6
Percent maturing in next 5 years	32.2 %	25.1 %

Cash Flow

Information regarding our sources and uses of cash, including payment of principal and interest with respect to our indebtedness, and payment of dividends to our shareholders, is contained in Part II - Item 8, Note 13 of the Consolidated Financial Statements and in Part II - Item 7, Liquidity and Capital Resources of this Annual Report on Form 10-K.

The ability of our insurance subsidiaries to pay cash dividends to us is subject to state insurance department regulations which generally permit dividends to be paid for any 12 month period in amounts equal to the greater of (i) net income for the preceding calendar year or (ii) 10% of surplus, determined in conformity with statutory accounting principles, as of the preceding December 31. Any dividend in excess of these levels requires the prior approval of the Director or Commissioner of the state insurance department of the state in which the dividend paying insurance subsidiary is domiciled. The aggregate amount of dividends that may be paid in 2025 from all of our insurance subsidiaries without prior regulatory approval is approximately $148.8 million, excluding the impact and timing of prior year dividends, of which $117.1 million was paid during the year ended December 31, 2024.

Notwithstanding the foregoing, if insurance regulators otherwise determine that payment of a dividend or any other payment to an affiliate would be detrimental to an insurance subsidiary's policyholders or creditors, because of the financial condition of the insurance subsidiary or otherwise, the regulators may block dividends or other payments to affiliates that would otherwise be permitted without prior approval.

Regulation

General Regulation at State Level

As an insurance holding company, we are subject to extensive regulation by the states in which our insurance subsidiaries are domiciled or transact business. Our principal insurance subsidiaries are domiciled in Illinois, Wisconsin, Texas, and New York and are overseen by the Illinois Department of Insurance, the Wisconsin Office of the Commissioner of Insurance, Texas Department of Insurance, and the New York Department of Financial Services. Some regulations, such as those addressing unclaimed property, generally apply to all corporations. In addition, the laws of the various states establish regulatory agencies with broad administrative powers, which relate to a wide variety of matters, including granting and revoking licenses to transact business, regulating trade practices and rate setting, licensing agents, requiring statutory financial statements, monitoring insurer solvency and reserve adequacy, and prescribing the type and amount of investments permitted and the manner in which they may be sold. On an ongoing basis, various state legislators and insurance regulators examine the nature and scope of state insurance regulation.

In addition to individual state monitoring and regulation, state regulators develop coordinated regulatory policies through the National Association of Insurance Commissioners (NAIC). States have adopted NAIC risk-based capital guidelines to evaluate the adequacy of statutory capital and surplus in relation to an insurance company's risks. Based on current guidelines, the risk-based capital statutory requirements are not expected to have a negative regulatory impact on our insurance subsidiaries. As of December 31, 2024 and 2023, statutory capital and surplus of each of our insurance subsidiaries were above required levels. States have also adopted the NAIC's U.S. Own Risk and Solvency Assessment which requires insurance companies to submit their own assessment of their current and future risks and provide a consolidated group-level perspective on risk and capital formulated through an internal risk self-assessment process.

Regulation of insurance continues to evolve. Some changes arise as a result of economic developments, such as changes in investment laws made to recognize new investment products or to respond to perceived investment risks, while others reflect concerns about insurance availability, prices, enterprise risk management guidelines, allegations of unfair-discriminatory pricing, underwriting practices, or solvency concerns. For example, many states impose restrictions on the ability of an insurer to withdraw from certain lines of business. Over the past several years, legislation, regulatory measures, and voter initiatives have been introduced, and in some cases adopted, which deal with use of non-public consumer information, use of credit information in underwriting and rating, insurance rate development, rate of return limitations, and the ability of insurers to cancel or non-renew insurance policies.

Regulation at Federal Level

Although the federal government generally does not directly regulate the insurance industry, federal initiatives often impact the insurance business. Current and proposed federal measures which may significantly affect insurance and retirement business include employee benefits regulation, standards applied to employer sponsored retirement plans, standards applied to broker-dealers and investment advisers, controls on the costs of medical care, medical entitlement programs such as Medicare, structure of retirement plans and accounts, changes to the insurance industry antitrust exemption, and minimum solvency requirements. Also, see Part I - Item 1A of this Annual Report on Form 10-K. In 2022, the SEC proposed a new disclosure rule that would require public companies to disclose on several climate-related factors, including climate-related risk management and greenhouse gas emissions, among others. In March 2024, the SEC adopted final rules requiring public companies to disclose climate-related risks, greenhouse gas emissions, and financial impacts of climate-related events. However, enforcement was stayed in April 2024 due to legal challenges questioning the SEC's authority. As of November 2024, the rules remain on hold pending litigation, with the outcome expected to shape the future of climate-related disclosure requirements. The legal proceedings are expected to continue into 2025. Other federal regulations such as the Patient Protection and Affordable Care Act, Fair Credit Reporting Act, Gramm-Leach-Bliley Act and USA PATRIOT Act, including its anti-money laundering regulations, also impact our business.

The variable annuities underwritten by Horace Mann Life Insurance Company (HMLIC) are regulated by the SEC. Horace Mann Investors, Inc., and BCG Securities, Inc. (BCGS), our broker-dealer and Registered Investment Adviser subsidiaries, are also regulated by the SEC, the Financial Industry Regulatory Authority, Inc. (FINRA), the Municipal Securities Rule-making Board and various state securities regulators.

Changes in federal income taxation of the build-up of cash value within a life insurance policy or an annuity contract could have a materially adverse impact on our ability to market and sell such products. Various legislation to this effect has been proposed in the past, but has not been enacted. Although no such legislative proposals are known to exist at this time, such proposals may be made again in the future. Changes in other federal and state laws and regulations could also affect the relative tax and other advantages of our annuity and life products.

Financial Regulation Legislation

In addition, from time to time, the United States Congress and certain federal agencies investigate the current condition of the insurance industry to determine whether federal regulation is necessary. For example, the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank) created the Federal Insurance Office (FIO) within the U.S. Department of the Treasury. FIO studies the current insurance regulatory system and is charged with monitoring and providing specific reports on various aspects of the insurance industry, including the collection of information about the insurance industry and monitoring the industry for systemic risk. However, FIO does not have general supervisory or regulatory authority over the insurance business.

Privacy and Cybersecurity

We are subject to various federal and state laws and regulations with respect to privacy, data protection and cybersecurity. Some states have adopted NAIC's Insurance Data Security Model Law, which establishes standards for data security and the investigation and notification of cybersecurity events. In 2023, the SEC adopted a new cybersecurity disclosure rule for public companies. This rule requires that public companies report material cybersecurity incidents on a Form 8-K within four business days of the materiality determination. In addition, state privacy laws continue to evolve. The California Consumer Privacy Act went into effect in January 2020, and provides additional privacy rights for California residents by enacting the California Privacy Rights Act, which became effective January 1, 2023. Colorado, Connecticut, Utah and Virginia have enacted similar privacy laws, all of which became effective in 2023. Federal and state regulators are expected to continue to enact legislation related to privacy and cybersecurity, which may require additional compliance efforts and changes to policies, procedures and operations.

Regulation of Artificial Intelligence

We are governed by various federal and state laws and regulations related to the use, deployment, and development of artificial intelligence (AI) technologies. As a publicly traded insurance company, we leverage AI across multiple areas, including underwriting, claims processing, risk assessment, fraud detection, customer engagement, and operational efficiency. Consequently, the regulatory landscape surrounding AI has significant implications for our business operations

At the federal level, no comprehensive AI-specific law currently exists. However, agencies like the Federal Trade Commission (FTC) have issued guidance on ethical AI usage, emphasizing compliance with consumer protection, fairness, and transparency laws. The FTC advises that AI systems must be free from bias, avoid deceptive practices, and remain transparent to consumers. The Equal Employment Opportunity Commission (EEOC) also addresses AI use in employment decisions to prevent discrimination.

At the state level, several laws target AI specifically. For example, the California Consumer Privacy Act (CCPA) and its amendment, the California Privacy Rights Act (CPRA), regulate personal data management and provide consumers with rights regarding AI-driven decisions. The Colorado Privacy Act (CPA) includes provisions on profiling and automated decision-making transparency, further influencing AI-based systems.

We closely monitor regulatory developments to maintain compliance with applicable laws and best practices. As AI regulations continue to evolve, including the potential introduction of comprehensive federal or state laws, we expect that additional compliance measures may become necessary. We remain committed to navigating this dynamic regulatory environment while optimizing AI to improve our services and operational efficiency.

Changing Climate Conditions

Horace Mann works to better understand and manage climate risks that directly affect our customers, insurance products, investment portfolio and other stakeholders. We recognize that climate change is of growing concern and an important issue for the insurance industry. Our Board formally recognizes the importance of carbon neutrality.

Our Board oversees our Enterprise Risk Management Committee's risk assessments and risk mitigation strategies, including recommended actions to address climate change risks. These actions include managing climate risks through our ongoing risk assessments to help us improve the accuracy of our climate-related risk models, refine how we price and underwrite policies, and avoid an over concentration of insurance coverages and investments in geographies disproportionately likely to be affected by climate risk. In addition, we also purchase reinsurance to provide an additional layer of financial protection against large property and casualty catastrophe losses. Our 2025 coverage provides a layer of $150 million above a company retention of $35 million.

We also are working to mitigate the impact of climate risks on our results. Rising temperatures and changing weather patterns in recent years are widely associated with more frequent and severe weather events and natural catastrophes, leading to higher insurance claims and costs and creating additional uncertainty as to future trends and exposures. We want to be there for our customers in the event of a loss of our customers' property and help them recover from hurricanes, windstorms, hail, severe winter weather, wildfires and earthquakes. We are actively monitoring trends in the frequency and severity of events and ongoing academic research on potential future impacts of climate change on weather volatility and will consider options to adjust our views on risk as new information becomes available. Members of the ERM Committee are responsible for updates to the Board and various Board committees on key risks and emerging risk topics.

As we look ahead, we believe climate change risks should be understood, modeled and priced into our insurance products and services. There are also public policy implications, such as discouraging overbuilding in high-risk areas through flood insurance requirements and state regulatory approaches to insurance premium approvals; and modifying and enforcing building codes to better protect at-risk communities against the effects of natural catastrophes.

Similar to other insurers, we may be subject to increased losses from catastrophes and other weather-related events that are exacerbated by weather/climate variability.

As we discuss in Part I - Item 1A—Risk Factors—"Climate change may adversely affect our financial position, results of operations and cash flows" of this Annual Report on Form 10-K, several factors make increased losses more likely:

- More people living in high-risk areas combined with population growth in areas with weaker enforcement of building codes, urban expansion and an increase in the average size of a house. For example, hurricane activity has impacted areas further inland than previously experienced, and demographic changes have resulted in larger populations located in coastal areas that historically have been subject to severe storms and related storm surge, expanding the potential for losses from hurricanes.
- Elevated frequency and severity of wildfire losses due, in part, to record droughts in western states that some climate studies suggest are likely to increase over time, as well as demographic changes in areas prone to wildfires.
- Less reliable catastrophe models due to the increased unpredictability in frequency and severity of severe weather events, emerging trends in climate conditions, inadequate reflection of regulatory changes and the other factors mentioned above.

In addition, changing climate conditions may present other issues for our business as discussed in Part I - Item 1A - Risk Factors of this Annual Report on Form 10-K. For example, among other things:

- Changing climate conditions could also impact the creditworthiness of issuers of securities in which we invest. For example, water supply adequacy could impact the creditworthiness of bond issuers with significant assets or business activities in the Southwestern United States, and more frequent and/or severe hurricanes could impact the creditworthiness of issuers with significant assets or business activities in the Southeastern United States, among other areas.

- Increased regulation adopted in response to potential changes in climate conditions may impact us and our customers, including state insurance regulations that could impact our ability to manage property exposures in areas vulnerable to significant climate driven losses. For example, one state passed legislation that restricted a carrier's ability to cancel or non-renew certain policies within or adjacent to declared state of emergency zip codes. If we are unable to implement risk-based pricing, modify policy terms or reduce exposures to the extent necessary to address rising losses related to catastrophes and smaller scale weather events (should those increased losses occur), our business may be adversely affected.

Enterprise Risk Management

As a multi-line insurance company, we are exposed to many risks which are a function of the products we underwrite and the environments within which we operate. Since certain risks can be correlated, an event or a series of events can impact multiple areas of our business simultaneously and have a material effect on our results of operations, financial position and liquidity. These exposures require an entity-wide view of risk and an understanding of the potential impact on all aspects of our operations. It also requires us to manage our risk-taking to be within our appetite in a prudent and balanced effort to create and preserve value for all our stakeholders. Our Enterprise Risk Management (ERM) activities involve both the identification and assessment of a broad range of risks and the execution of coordinated strategies to effectively manage them. ERM also includes an evaluation of our risk capital needs, which takes into account regulatory requirements and credit rating considerations, in addition to economic and other factors. ERM is an integral part of our business operations. All risk owners across all functions, all corporate leaders and the Board are engaged in ERM. ERM involves risk-based analytics, as well as reporting and feedback throughout the enterprise in support of our long-term financial strategies and objectives.

To aid our risk analysis, we use property and casualty catastrophe models that are run by our reinsurance intermediary. Life & Retirement asset cash flows are projected using third-party software for certain security types. We also utilize proprietary third-party computer modeling processes to evaluate capital adequacy. These analytical techniques are an integral component of our ERM process and further support our long-term financial strategies and objectives.

Within Horace Mann, ERM is an ongoing assessment process used to identify and manage or mitigate risk, which will continue to influence our strategy and direction. The ERM Committee objectives include the following:

- Apply appropriate consideration to risk in strategic and operational decision-making
- Define and communicate risk appetite and risk management policies
- Approve and oversee processes aimed at identifying, evaluating, and managing risk
- Monitor and discuss emerging risks and risk management capabilities

The ERM Committee is composed of senior executives from across Horace Mann and has ultimate oversight over the risk management process, with each leader having ownership and accountability over certain identified key risks. Our Chief Risk Officer (CRO), in conjunction with the ERM Committee, is responsible for working with the business leaders to ensure that they are actively monitoring and managing their key risks. The CRO is also responsible for identifying and monitoring key corporate level risks that encompass more than one business/ division. There is ongoing and regular communication within the ERM Committee.

Members of the ERM Committee are responsible for updates to the Board and various Board committees on key risks and emerging risk topics. The interaction of all the various individuals, committees, reports, and processes results in an on-going process, which we believe puts us in the best position to effectively and efficiently manage risk.

Our ERM efforts build upon the foundation of an effective internal control environment. However, we can provide only reasonable, not absolute, assurance that these objectives will be met. Further, the design of any risk management or control system must reflect the fact that there are resource constraints, and the benefits must be considered relative to their costs. As a result, the possibility of material financial loss remains despite our significant and comprehensive ERM efforts. An investor should carefully consider the risks and all other information set forth in this Annual Report on Form 10-K, including disclosures in Part I - Item 1A—Risk Factors,

Part II - Item 7A—Quantitative and Qualitative Disclosures About Market Risk, and Part II - Item 8—Financial Statements and Supplementary Data.

ITEM 1A. | Risk Factors

Index to Risk Factors

	Page
Introduction	24
Risks Related to Economic Conditions, Market Conditions and Investments	24
Strategic Risks	26
Operational Risks	28
Financial Strength, Credit and Counterparty Risks	33
Regulatory and Legal Risks	34
Artificial Intelligence Risks	36

Introduction

We have identified what we believe reflect key significant risks to the organization, and in turn to our shareholders, which are outlined below. Any of the risks described below could result in a significant or material adverse effect on our results of operations or financial condition. In addition to these enumerated risks, we face numerous other strategic, operational and emerging risks that could in the aggregate lead to shortfalls to our long-term goals or add to short-term volatility in our earnings. Additionally, many risk factors are correlated, which could exacerbate the financial impact. The following review of important risk factors should not be construed as exhaustive and should be read in conjunction with the Forward-looking Information section located in Part I - Item 1 of this Annual Report on Form 10-K as well as Part II - Item 8, “Financial Statements and Supplementary Data” of this Annual Report on Form 10-K and other reports and materials we submit to the SEC. The words or phrases believe, anticipate, estimate, project, plan, expect, intend, hope, forecast, evaluate, will likely result or will continue or words or phrases of similar import generally involve forward-looking statements. All of the risks that may affect our financial or operating performance may not be material at this time but may become material in the future.

Risks Related to Economic Conditions, Market Conditions and Investments

Volatile financial markets and adverse economic environments can affect financial market risk as well as our financial condition and results of operations.

Our business and results of operations are materially affected by conditions in the capital markets and the U.S. economy, as well as by the global economy to the extent it affects the U.S. economy. Actual or perceived stressed conditions, volatility and disruptions in financial asset classes or various capital markets can have an adverse effect on us, both because we have a large investment portfolio and our benefit and claim liabilities are sensitive to changing market factors, including interest rates, credit spreads, derivative prices and availability, and volatility of capital markets. In an economic downturn characterized by higher unemployment and lower family income, the demand for our products could be adversely affected as customers are unwilling or unable to purchase them. In addition, we may experience an elevated incidence of claims, adverse utilization of benefits relative to our best estimate assumptions, and increased lapses or surrenders of policies. Such adverse changes in the economy could negatively affect our earnings and have a material adverse effect on our financial condition, results of operations and our ability to receive dividends from our insurance subsidiaries.

Significant market volatility in reaction to geopolitical risks, changing monetary policy, and uncertain fiscal policy may exacerbate some of the risks we face. Equity and credit market volatility may reduce net investment income from limited partnership interests accounted for using the equity method of accounting, negatively impacting the results of operations. Declining equity markets may also decrease separate account values as well as fixed account values of our retirement products, reducing certain fees generated by these products.

While interest rates are off recent highs, a return to these levels or higher could raise the cost of borrowing and volatility in U.S. financial markets could impact our access to, or further increase the cost of, financing. Past disruptions in the U.S. credit and equity markets made it more difficult for many businesses to obtain financing on acceptable terms. These conditions tended to increase the cost of borrowing and if they recur, our cost of borrowing could increase and it may be more difficult to obtain financing for our operations.

The economic consequences of tariffs, including the potential for higher claims costs and increased volatility affecting the Company's investment portfolios, may influence the Company's financial performance, pricing strategies, and capital management.

Changes in interest rates could have a material adverse effect on our financial condition and results of operations.

Some of our products and investments expose us to interest rate risks which may reduce our investment spread and net income or increase our capital requirements.

Low interest rates may reduce income from our investment portfolio and increase our future policy benefit reserves. In addition, during periods of sustained lower interest rates, we may need to reinvest proceeds from certain investments at a lower yield, reducing our investment income. Moreover, borrowers may prepay or redeem the fixed income securities and loans in our investment portfolio with greater frequency. Although we may be able to lower interest crediting rates to help offset decreases in spread on Retirement products, our ability to lower these rates is limited to our products that have adjustable interest crediting rates, which could be limited by competition or contractually guaranteed minimum rates and may not match the timing or magnitude of changes in asset yields. As a result, our investment spread on Retirement products may decrease or become negative.

During periods of declining interest rates, life insurance and annuity products may be more attractive investments to consumers, resulting in increased premium payments on certain products, repayment of policy loans and increased persistency, while our new investments carry lower returns. During periods of declining interest rates, our future policy benefit reserves would increase due to the impact on discount rates.

Interest rate increases may also harm our profitability. During periods of rapidly increasing interest rates, we may not be able to replace the investments in our general account with higher yielding investments needed to fund the higher crediting rates required to stay competitive. This could result in a lower spread, lower profitability, and decreased sales. In addition, policy loans, surrenders and withdrawals may increase as policyholders seek investments with higher perceived returns. This may result in cash outflows requiring the sale of investments on less favorable terms, resulting in investment losses. Interest rate increases may harm the value of our investment portfolio, for example by decreasing the estimated fair values of fixed income securities. Furthermore, if interest rates rise, our unrealized gains on fixed income securities will decrease and our unrealized losses may increase. In addition, our investment borrowings from the Federal Home Loan Bank are secured by collateral, the fair value of which can be significantly impacted by general market conditions. If the fair value of pledged collateral falls below specific levels, we would be required to pledge additional eligible collateral or repay all or a portion of the investment borrowings, resulting in reduced investment income. Finally, an increase in interest rates may decrease fee income associated with the decline in the value of variable annuity account balances invested in fixed income funds.

Our investment portfolios are subject to the risk of loss.

The success of our investment strategy is crucial to the success of our business. We are exposed to investment risk through our investments, which primarily consist of public and private fixed maturity securities, equity securities and alternative assets including private equity, commercial mortgage loan and real estate funds.

Investment risk may result from (1) economic conditions, (2) adverse capital market conditions, including disruptions in individual market sectors or a lack of buyers in the marketplace, (3) volatility, (4) credit spread changes, (5) benchmark interest rate changes, and (6) declines in the value of underlying collateral. These factors may impact the credit quality, liquidity, and value of our investments, potentially resulting in higher capital charges and unrealized or realized losses. Also, certain investments we hold, regardless of market conditions, are relatively illiquid and our ability to promptly sell these assets for their full value may be limited.

We report our fixed maturity securities and other financial instruments at fair value. Valuations may include inputs and assumptions that are less observable or require greater estimation, particularly during periods of market

disruption, resulting in values which may be higher or lower than the value at which the investments may ultimately be sold. Further, rapidly changing, and unprecedented credit and equity market conditions could materially impact the valuation of securities as reported in our financial statements, and the period-to-period changes in value could vary significantly. Decreases in value may have a material adverse effect on our results of operations or financial condition.

We evaluate our investment portfolio for credit losses. There can be no assurance that we have accurately assessed the level of credit losses taken. Additional credit losses may need to be taken in the future, and historical trends may not be indicative of future credit losses. Any event reducing the value of our securities may have a material adverse effect on our business, results of operations, or financial condition.

Strategic Risks

The personal lines insurance, retirement and supplemental group benefit markets are highly competitive and our financial condition and results of operations may be adversely affected by competitive forces.

We operate in a highly competitive environment and compete with numerous insurance companies, as well as mutual fund families, independent agent companies and financial planners. In some instances and geographic locations, competitors have specifically targeted the educator marketplace with specialized products and programs. We compete in our target market with a number of national providers of personal auto and property insurance, life insurance, retirement products and supplemental group benefits.

The insurance industry consists of a large number of insurance companies, some of which have substantially greater financial resources, more diversified product lines, more sophisticated product pricing, greater economies of scale and/or lower-cost marketing approaches compared to us. In our target market, we believe that the principal competitive factors in the sale of property and casualty insurance products and supplemental insurance products are overall service, worksite sales and service, price, and name recognition. We believe that for our market, the principal competitive factors in the sale of retirement products, life insurance products and supplemental group benefits are worksite sales and service, product features, perceived stability of the insurer, price, overall service and name recognition.

Particularly in the Property & Casualty business, our insurance subsidiaries have experienced pricing and profitability cycles. During these periods of intense competition, they may be unable to add policyholders and increase revenues without adversely impacting profit margins. With respect to these cycles, the factors having the greatest impact include significant and/or rapid changes in loss costs, including changes in loss frequency and/or severity, prior approval and restrictions in certain states for price increases, intense price competition, less restrictive underwriting standards, aggressive marketing, and increased advertising, which have resulted in higher industry-wide combined loss and expense ratios. Competition from direct writers and large, mass market carriers has been particularly aggressive, evidenced in part by their significant national advertising expenditures. In addition, advancements in vehicle technology and safety features, such as accident prevention technologies or the development of autonomous or partially autonomous vehicles — once widely available and utilized, as well as expanded availability of usage-based insurance, could materially alter the way that auto insurance is marketed, priced and underwritten. The inability of our insurance subsidiaries to effectively anticipate the impact of these issues on our business and compete successfully in the property and casualty business could adversely affect their financial condition and results of operations and the resulting ability to distribute cash to us.

In the Retirement business, there are several factors driving increased competition. First, the current IRS Section 403(b) regulations have made the 403(b) market similar to the 401(k) market. These changes have increased and could continue to increase the number of competitors in the 403(b) market, as it has become more attractive to some of the larger companies experienced in 401(k) plans, including both insurance and mutual fund companies, which had not previously been active competitors in this business. Further, while not yet widespread, there has been continued pressure in some states to adopt state-sponsored or mandated 403(b) plans with single-provider or limited-provider options; this pressure has come from competitor lobbying efforts and state legislature pension reform initiatives. The inability of our insurance subsidiaries to compete successfully in these circumstances could adversely affect their financial condition and results of operations and the resulting ability to distribute cash to us.

The development and maintenance of our various distribution channels are critical to growth in product sales and profits.

Our success in marketing and selling our products is largely dependent upon the efforts of our exclusive agent sales force and the success of their agency operations. If we are unable to recruit additional agents, fail to develop and retain high-producing agents, are unable to maintain the productivity of those agency operations, or are unable to maintain market penetration in existing territories, sales of our products could likely decline and our financial condition and results of operations could be adversely affected.

We also distribute group benefits under agreements with third-party distribution partners with distribution highly concentrated in one partner. If we are unable to retain our critical distribution partner or are unable expand to additional distribution partners, our sales could be adversely impacted.

In addition, a failure to effectively develop new methods of reaching consumers or realize cost efficiencies could impact our ability to grow our business and generate revenues as new sales could suffer.

If we are not able to maintain secure access to educators, our financial condition and results of operations could be adversely affected.

Our ability to successfully increase new business in the educator market is largely dependent on our ability to effectively access educators either in their school buildings or through other approaches. While this is especially true for the sale of 403(b) tax-qualified retirement products via payroll deduction and worksite direct sales, any significant decrease in access, either through fewer payroll slots, increased security measures, impacts of state or federal level pension reform initiatives, or for other reasons, could adversely affect the sale of all lines of business and require us to change our traditional approach to worksite marketing and promotion, as well as contact with potential customers. With the current IRS regulations regarding Section 403(b) arrangements, including retirement products, our ability to maintain and increase our share of the 403(b) market, and the access it gives for other product lines, will depend on our ability to successfully compete in this market. Some school districts and benefit consultants have placed emphasis on the relative financial strength ratings of competing companies, as well as low-cost product and distribution approaches, which may put us at a competitive disadvantage relative to other more highly rated insurance companies.

Our ability to maintain and obtain product and corporate endorsements from, and/or marketing agreements with, local, state and national education-related associations is important to our marketing strategy. In addition to teacher organizations, we have established relationships with various other educator, principal, school administrator and school business official groups. These contacts and endorsements help to establish our brand name and presence in the educational community and to enhance access to educators.

Lack of successful execution on acquisition integration strategies could result in impairment of goodwill and intangible assets that could adversely affect our results of operations.

We accounted for the NTA and Madison National acquisitions using the acquisition method of accounting, which requires that the assets acquired and liabilities assumed be recognized on our consolidated balance sheet at their respective fair values as of the acquisition date, including recognition of intangible assets. Any excess of the purchase consideration over the fair value of the acquired net tangible and intangible assets is recognized as goodwill.

As of December 31, 2024, the Company's Consolidated Balance Sheet reflected goodwill and intangible assets recognized in connection with the recent acquisitions (see Part II - Item 8, Note 9 of the Consolidated Financial Statements for more information). To the extent the acquisitions do not provide the modeled returns, the value of goodwill or intangible assets could become impaired and thus, we may be required to recognize material non-cash charges relating to such impairment, which could adversely affect our results of operations.

Operational Risks

A catastrophe event, a series of multiple catastrophe events or a series of non-catastrophe severe weather events could have a material adverse effect on our financial condition and results of operations.

Underwriting results of property and casualty insurers are subject to weather and other conditions prevailing in an accident year. While one year may be relatively free of major weather or other disasters, not all of which are designated by the insurance industry as a catastrophe, another year may have numerous such events causing results for such a year to be materially worse than for previous years.

Our Property & Casualty insurance subsidiaries have experienced, and we anticipate that in the future they will continue to experience, catastrophe losses. A catastrophe event, a series of multiple catastrophe events or a series of non-catastrophe severe weather events could have a material adverse effect on the financial condition and results of operations of our insurance subsidiaries.

Various events can cause catastrophes, including hurricanes, windstorms, hail, severe winter weather, wildfires, earthquakes, explosions and terrorism. The frequency and severity of these catastrophes are inherently unpredictable. The extent of losses from a catastrophe is a function of both the total amount of insured exposures in the area affected by the event and the severity of the event. Although catastrophes can cause losses in a variety of property and casualty lines, most of the catastrophe-related claims of our insurance subsidiaries are related to property coverages. Our ability to provide accurate estimates of ultimate catastrophe losses is based on several factors, including:

- the proximity of the catastrophe occurrence date to the date of our estimate;
- potential inflation of property and auto repair costs in the affected area;
- supply chain interruptions resulting in cost increases, including availability of services and materials;
- the occurrence of multiple catastrophes in a geographic area over a relatively short period of time; and
- the outcome of litigation which may be filed against us by policyholders, state attorneys general and other parties relative to loss coverage disputes and loss settlement payments.

Based on 2024 direct premiums earned, 59.6% of the total annual premiums for our Property & Casualty business were for policies issued in the ten largest states in which the insurance subsidiaries write property and casualty coverage. Included in this top ten group are certain states which are considered to be more prone to catastrophe occurrences: California, Texas, North Carolina, Minnesota, Georgia, South Carolina, and Louisiana.

Our property and casualty loss reserves may not be adequate.

Our Property & Casualty insurance subsidiaries maintain loss reserves to provide for their estimated ultimate liability for losses and loss adjustment expenses with respect to reported and unreported claims incurred as of the end of each reporting date. If these loss reserves prove inadequate, a loss is recognized and measured by the amount of the shortfall and, as a result, the financial condition and results of operations of the insurance subsidiaries may be adversely affected, potentially affecting their ability to distribute cash to us.

Reserves do not represent an exact calculation of liability. Reserves represent estimates, generally involving actuarial projections at a given time, of what the insurance subsidiaries expect the ultimate settlement and adjustment of claims will cost, net of salvage and subrogation. Estimates are based on assessments of known facts and circumstances, assumptions related to the ultimate cost to settle such claims, estimates of future trends in claims severity and frequency, changing judicial theories of liability and other factors. These variables are affected by both internal and external events, including changes in claims handling procedures, economic inflation, unpredictability of court decisions, plaintiffs' expanded theories of liability, risks inherent in major litigation and legislative changes. Many of these items are not directly quantifiable, particularly on a prospective basis. Significant reporting lags may exist between the occurrence of an insured event and the time it is reported. Our insurance subsidiaries adjust their reserve estimates regularly as experience develops and further claims are reported and settled.

While the rate of inflation has started to stabilize, the higher inflation over the past few years has significantly increased our loss costs in our auto and property businesses. It is possible that inflation could remain at elevated levels for a prolonged period, or increase from these high levels, which could in turn lead to further increases in our loss costs. The impact of inflation on loss costs could be more pronounced for those lines of business that are considered "longer tail," such as auto liability, as they require a relatively long period of time to finalize and settle claims for a given accident year. Recent changes in the macroeconomic environment have impacted medical labor and materials costs, the potential persistency of which could result in future loss costs which are higher than our current expectations. The estimation of loss reserves may also be more difficult during extreme events, such as a pandemic, or during volatile or uncertain economic conditions, due to unexpected changes in behavior of claimants and policyholders, including an increase in fraudulent reporting of exposures and/or losses, reduced maintenance of insured properties, increased frequency of small claims or delays in the reporting or adjudication of claims, and supply chain constraints.

Due to the inherent uncertainty in estimating reserves for losses and loss adjustment expenses, we cannot be certain that the ultimate liability will not exceed amounts reserved, with a resulting adverse effect on our financial condition and results of operations.

Our legacy commercial lines exposure could encounter adjustments to loss reserve estimates.

Estimating loss reserves for legacy commercial lines policies issued as early as the 1960s is inherently uncertain. Claims arising out of commercial lines policies can take years, or even decades, to emerge and be resolved. Uncertainty arises from various factors, including changes in legal and regulatory environments, evolving judicial interpretations, medical cost inflation, and emerging litigation trends such as social inflation. Additionally, our assumptions regarding claim frequency, severity, and development patterns may prove inaccurate, leading to reserve deficiencies or redundancies.

Actual experience differing significantly from our life pricing and reserving assumptions could negatively affect our results of operations and financial condition.

The profitability of our supplemental insurance, life insurance, and annuity products depends significantly upon the extent to which our actual experience is consistent with the assumptions used in setting prices for our products and establishing liabilities for our future policy benefits and claims. The premiums we charge and the liabilities we hold for future policy benefits are based on assumptions reflecting several factors, including the amount of premiums we will receive in the future, rate of return on assets we purchase, expected claims, mortality, morbidity, lapse rates and expenses. In addition, for our supplemental products, historical results may not be indicative of future performance due to, among other things, changes in our mix of business, regulatory actions or changes in legal doctrine impacting our products or lines of business, or any number of economic cyclical effects including inflation.

Due to the nature of the underlying risks and the degree of uncertainty associated with the determination of the liabilities for unpaid policy benefits and claims, we cannot precisely determine the amounts we will ultimately pay to settle these liabilities, the timing of such payments, or whether the assets supporting the liabilities, together with future premium, will be sufficient to satisfy the liabilities. As a result, we may experience volatility in the level of our profitability and our reserves from period to period. To the extent that actual experience is less favorable than our underlying assumptions, we could be required to increase our liabilities, which my harm our financial strength and reduce our profitability.

A large-scale pandemic, the occurrence of terrorism or military actions may have an adverse effect on our business.

A large-scale pandemic, the occurrence of terrorism or military and other actions may result in loss of life, property damage, and disruptions to commerce and reduced economic activity. Some of the assets in our investment portfolio may be adversely affected by declines in the equity markets, changes in interest rates, reduced liquidity and economic activity caused by a large-scale pandemic. Additionally, a large-scale pandemic or terrorist act could have a material effect on sales, liquidity and operating results.

The effects of a global pandemic on the U.S. economy, our customers, our agents, our employees, our investments and our communities, as well as any preventative or protective actions that we, our employees and agency force, our third-party service providers and suppliers, or governments may take to mitigate the impact of a global pandemic could have an adverse effect on our ability to conduct business and on our financial condition

and results of operations. Impacts to our business have been and could continue to be widespread and may result in the following:

- employees contracting effects from a global pandemic;
- increased competition in hiring and retaining employees and agents;
- sustained lack of access to schools and educators that could materially impact our sales and premium volumes;
- public school systems facing budget constraints due to the economic impacts of the pandemic that could result in educator layoffs;
- unprecedented volatility in financial markets that could materially affect our investment portfolio valuations and returns as well as our ability to generate targeted spreads on indexed products;
- regulatory mandates and/or legislative changes, including premium grace periods and premium credits;
- changes in frequency and/or severity of claims;
- supply chain interruptions resulting in cost increases, including availability of services and materials;
- increased credit risk;
- business disruption for insurance agents who market and sell our insurance products; and,
- business disruptions to third parties at which we outsource certain business functions to or on which we rely for technology.

The full extent to which pandemics or terrorist acts could affect the global economy, the financial markets and our business, our financial condition and our results of operations will depend on future developments and factors that cannot be predicted.

Climate change may adversely affect our financial position, results of operations and cash flows.

Climate change presents risk to us and there are concerns that the increased frequency, severity and geographic spread of weather-related catastrophes and other losses, as well as time of year of occurrence are indicative of changing weather patterns, whether as a result of climate-warming trends (global climate change) caused by human activities or otherwise, which could cause such events to persist. Increased weather-related catastrophes could lead to higher overall losses, which we may not be able to recoup, particularly in a highly regulated and competitive environment, and higher reinsurance costs. Certain catastrophe models assume an increase in frequency and severity of certain weather or other events, which could result in a disproportionate impact on insurers with certain geographic concentrations of risk. This could also likely increase the risks of writing property insurance in coastal areas or areas susceptible to wildfires or hail and wind activity, particularly in jurisdictions that restrict pricing and underwriting flexibility. The threat of rising sea levels or other catastrophe losses as a result of global climate change may also cause property values in coastal or such other communities to decrease, reducing the total amount of insurance coverage that is required.

In the short term, extreme weather conditions cause financial impacts and disruptions in our daily Property & Casualty operations. We have experienced millions of dollars in losses from catastrophes such as hurricanes, wildfires, wind, and thunderstorms. Catastrophes can also impact a property and casualty insurance company's claims and claim adjustment expenses incurred.

In addition, global climate change could have an impact on our fixed maturity securities and limited partnership portfolios, resulting in realized and unrealized losses in future periods that could have a material adverse effect on our financial position, results of operations and cash flows. It is not possible to foresee which, if any, assets, industries or markets may be materially and adversely affected, nor is it possible to foresee the magnitude of such effect.

Further, it is also possible that the legal, regulatory and social responses to climate change could have an adverse effect on our financial condition, results of operations and cash flows. In 2022, the SEC proposed a new disclosure rule that would require public companies to disclose on several climate-related factors, including

climate-related risk management and greenhouse gas emissions, among others. In March 2024, the SEC adopted final rules requiring public companies to disclose climate-related risks, greenhouse gas emissions, and financial impacts of climate-related events. However, enforcement was stayed in April 2024 due to legal challenges questioning the SEC's authority. As of November 2024, the rules remain on hold pending litigation, with the outcome expected to shape the future of climate-related disclosure requirements. The legal proceedings are expected to continue into 2025. We expect that changes in these laws, regulations and proposals could negatively impact our business, including by increasing our legal, compliance and information technology costs. For additional impacts from the regulatory environment, see Part I - Item 1A - Risk Factors - 'Legal, statutory and regulatory developments could adversely impact our business by increasing costs or making our business less profitable."

Cybersecurity breaches could have an adverse effect on our business and reputation.

Cybersecurity threats and incidents have increased in recent years in frequency, levels of persistence, sophistication and intensity, and we may be subject to heightened cyber-related risks. Our business depends on the proper functioning and availability of our information technology platform, including communications and data processing systems, our proprietary systems, and systems of our third-party service providers. We have implemented and maintain what we believe to be reasonable security measures, but we cannot guarantee that the controls and procedures we have in place to protect or recover our respective systems and the information stored on such systems will be effective, successful or sufficiently rapid to avoid harm to our business. Moreover, while we generally perform cybersecurity due diligence on our key service providers, we cannot ensure the cybersecurity measures they take will be sufficient to protect any information we share with them. Due to applicable laws, regulations, rules, standards and contractual obligations, we may be held responsible for cyber-attacks, security breaches or other similar incidents attributed to our service providers as they relate to the information we share with them.

Cybersecurity threats are evolving in nature and becoming increasingly difficult to detect, and may come from a variety of sources, including organized criminal groups, “hacktivists,” terrorists, and nation state-supported actors. These threats include, among other things, computer viruses, worms, malware, ransomware, denial of service attacks, defective software, credential stuffing, social engineering, phishing attacks, human error, fraud, theft, or improper access by employees or service providers, and other similar threats. Any cybersecurity incident, including system failure, cyber-attacks, security breaches, disruption by malware or other damage, with respect to our or our service providers’ information technology systems, could interrupt or delay our operations, result in a violation of applicable cybersecurity, privacy, data protection or other laws, regulations, rules, standards or contractual obligations, damage our reputation, cause a loss of customers or expose sensitive customer data, give rise to civil litigation, injunctions, damages, monetary fines or other penalties, subject us to additional regulatory scrutiny or notification obligations, and/or increase our compliance costs, any of which could adversely affect our business, financial conditions and results of operations.

We may not be able to anticipate all cyber-attacks, security breaches or other similar incidents, detect or react to such incidents in a timely manner, or adequately remediate any such incident. In addition, recent disclosure requirements add additional risk that bad actors might use the information with malicious intent, exacerbating the impacts of a breach. While management is not aware of any cyber-attack, security breach or other similar incident that has had a material effect on our operations, there can be no assurances that such an incident that could have a material impact on us will not occur in the future.

Further, the cybersecurity, privacy and data protection regulatory environment is evolving, and it is likely that the costs of complying with new or developing regulatory requirements will increase. For example, we operate in a number of jurisdictions with strict cybersecurity, privacy, data protection and other related laws, regulations, rules and standards, which could be violated in the event of a significant cyber-attack, security breach or other similar incident affecting personal, proprietary or confidential information or in the event of noncompliance by our personnel with such obligations.

We cannot ensure that any limitations of liability provisions in our agreements with clients, service providers and other third parties with which we do business would be enforceable or adequate or otherwise protect us from any liabilities or damages with respect to any claim in connection with a cyber-attack, security breach or other similar incident. In addition, while we maintain insurance that would mitigate the financial loss under such scenarios, providing what we believe to be appropriate policy limits, terms and conditions, we cannot guarantee that our insurance coverage will be adequate for all financial and non-financial consequences from a

cybersecurity event, that insurance will continue to be available to us on economically reasonable terms, or at all, or that our insurer will not deny coverage as to any future claim.

Successful execution of our business growth strategy is dependent on effective implementation of new or enhanced technology systems and applications.

Our ability to effectively execute our business growth strategy and leverage potential economies of scale is dependent on our ability to provide the requisite technology components for that strategy. Our ability to replace or supplement dated, legacy business systems — such as our Life & Retirement and Property & Casualty policy administrative systems, as well as our financial system — with more flexible, maintainable, and customer accessible solutions will be necessary to achieve our plans. The inherent difficulty in replacing and/or modernizing these older technologies, coupled with our limited experience in these endeavors, presents an increased risk of failing to deliver these technology solutions in a cost effective and timely manner. Our scale will require us to develop innovative solutions to address these challenges, including consideration of "software as a service" arrangements and other third-party based information technology capabilities. More modern approaches to software development and utilization of third-party vendors can augment our internal capacity for these implementations but may not adequately reduce the operational risks of timely and cost-effective delivery.

Loss of key vendor relationships could affect our operations.

We increasingly rely on services and products provided by a number of vendors in the U.S. and abroad. These include, for example, vendors of computer hardware and software, including on-demand software, and vendors of services such as investment management advisement, third-party administrators of our supplemental group benefit products, information technology services — such as those associated with policy administrative systems — and delivery services for customer policy-level communications. In the event that one or more of our vendors suffers a bankruptcy or otherwise becomes unable to continue to provide products or services, we may suffer operational difficulties and financial losses.

Our ability to attract, develop, engage, and retain top talent, maintain optimal staffing levels, and foster/sustain a highly inclusive and engaging culture contributes to our success.

Competition from within the insurance industry and from other industries, including the technology sector, for qualified employees with highly specialized knowledge in areas such as underwriting, data and analytics, technology and e-commerce, has often been intense and we have experienced increased competition in hiring and retaining employees.

Factors that affect our ability to attract and retain such employees include:

- competitive total rewards; including compensation and benefits;
- robust training and development programs;
- reputation as a successful business with a culture of fair hiring, and of training and promoting qualified employees; and,
- recognition and responsiveness to changing trends (i.e., remote/hybrid work arrangements) and other circumstances that affect employees.

The unexpected loss of key personnel could have a material adverse impact on our business because of the loss of their skills, knowledge of our products and offerings and years of industry experience and, in some cases, the difficulty of promptly finding qualified replacement personnel. The risks to attracting and retaining the necessary talent may be exacerbated by recent labor constraints and inflationary pressures on employee wages and benefits.

Financial Strength, Credit and Counterparty Risks

Losses due to defaults by others could reduce our profitability or negatively affect the value of our investments.

Third-party debtors may not pay or perform their obligations. These parties may include the issuers whose securities we hold, customers, reinsurers, borrowers under mortgage loans, trading counterparties, derivative counterparties, clearing agents, exchanges, clearing houses and other financial intermediaries. These parties may default on their obligations to us due to bankruptcy, lack of liquidity, downturns in the economy or real estate values, operational failure or other reasons.

During or following an economic downturn, our municipal bond portfolio could be subject to a higher risk of default or impairment due to declining municipal tax bases and revenue. States are currently barred from seeking protection in federal bankruptcy court. However, federal legislation could possibly be enacted to allow states to declare bankruptcy in connection with deficit reductions or mounting unfunded pension liabilities, which could adversely impact the value of our municipal bond portfolio.

The default of a major market participant could disrupt the securities markets or clearance and settlement systems in the U.S. or abroad. A failure of a major market participant could cause some clearance and settlement systems to assess members of that system, including our broker-dealer and Registered Investment Adviser regulatory entities, or could lead to a chain of defaults that could adversely affect us. A default of a major market participant could disrupt various markets, which could in turn cause market declines or volatility and negatively impact our financial condition and results of operations.

Uncollectible reinsurance, as well as reinsurance availability and pricing, can have a material adverse effect on our business volume and profitability.

Reinsurance is a contract by which one insurer, called a reinsurer, agrees to cover a portion of the losses incurred by a second insurer in the event a claim is made under a policy issued by the second insurer. Although a reinsurer is liable to our insurance subsidiaries according to the terms of the reinsurance policy, the insurance subsidiaries remain primarily liable as the direct insurers on all risks reinsured. As a result, reinsurance does not eliminate the obligation of our insurance subsidiaries to pay all claims, and each insurance subsidiary is subject to the risk that one or more of its reinsurers will be unable or unwilling to honor its obligations.

Although we limit participation in our reinsurance programs to reinsurers with high financial strength ratings and also limit the amount of coverage from each reinsurer, our insurance subsidiaries cannot guarantee that their reinsurers will pay in a timely fashion, if at all. Reinsurers may become financially unsound by the time that they are called upon to pay amounts due, which may not occur for many years.

Additionally, the availability and cost of reinsurance are subject to prevailing market conditions beyond our control. For example, significant losses from hurricanes, wildfires, or terrorist attacks, an increase in capital requirements, or a future lapse of the provisions of the Terrorism Risk Insurance Act could have a significant adverse effect on the reinsurance market.

If one of our insurance subsidiaries is unable to obtain adequate reinsurance at reasonable rates, that insurance subsidiary would have to increase its risk exposure and/or reduce the level of its underwriting commitments, which could have a material adverse effect upon the business volume and profitability of the subsidiary. Alternatively, the insurance subsidiary could elect to pay the higher than reasonable rates for reinsurance coverage, which could have a material adverse effect upon its profitability until policy premium rates could be raised, in some cases subject to approval by state regulators, to incorporate this additional cost.

We are subject to the credit risk of our counterparties, including reinsurers who reinsure business from our insurance companies.

Our insurance subsidiaries may cede certain risks to third-party insurance companies through reinsurance. In the event of insolvency of a reinsurer, our financial condition and results of operation could be negatively impacted.

HMLIC entered into a reinsurance agreement with RGA to effectuate the reinsurance of a block of in force fixed and variable annuities on a coinsurance and modified coinsurance basis. The variable portion of the reinsured annuities is reinsured on a modified coinsurance basis and assets supporting the variable account liabilities are still held in separate accounts. Because the reinsurance agreement covers a large volume of our in-force annuity

business, the transaction exposes us to a concentration of credit risk with respect to this counterparty. RGA's financial obligations for the general account liabilities of the reinsured annuity contracts are secured by its assets placed in a comfort trust for our sole use and benefit. Upon RGA's material breach of the reinsurance agreement, deterioration of its risk-based capital ratio to a certain level, or certain other events, we may recapture the reinsured business. However, in the event of RGA's insolvency, our right to use the assets in the trust account may be delayed. Also, if at the time of its insolvency the comfort trust account is not funded at a level to fully discharge all its obligations, our claims to the extent not covered by the assets in the comfort trust would be those of a general creditor.

Any downgrade in or adverse change in outlook for our claims-paying ratings, financial strength ratings or credit ratings could adversely affect our financial condition and results of operations.

Claims-paying ratings and financial strength ratings have become an increasingly important factor in establishing the competitive position of insurance companies. In the evolving 403(b) retirement market, school districts and benefit consultants have placed an emphasis on the relative financial strength ratings of competing companies. Each rating agency reviews its ratings periodically and from time to time may modify its rating criteria including, among other factors, its expectations regarding capital adequacy, profitability and revenue growth. A downgrade in the ratings or adverse change in the ratings outlook of any of our insurance subsidiaries by a major rating agency could result in substantial loss of business for that subsidiary if school districts, policyholders, distribution partners or independent agents move their business to other companies having higher claims-paying ratings and financial strength ratings than we have. This loss of business could have a material adverse effect on the results of operations and financial condition of that subsidiary.

A downgrade of our debt rating also could adversely affect our cost and flexibility of borrowing, which could have an adverse effect on our liquidity, financial condition and results of operations.

Regulatory and Legal Risks

Changes in tax rates, laws or regulations could adversely impact our financial results.

A significant part of our retirement business involves fixed and variable 403(b) tax-qualified products, which are purchased voluntarily by individuals employed by public school systems or other tax-exempt organizations. Our financial condition and results of operations could be adversely affected by changes in federal and state laws and regulations that affect the relative tax and other advantages of our retirement products to clients or the tax benefits of programs utilized by our customers. As a result of persisting economic conditions, revenue challenges exist at federal, state, and local government levels. These challenges could increase the risk of future adverse impacts on current tax-advantaged products or result in notable reforms to educator pension programs.

Current federal income tax laws generally permit the tax-deferred accumulation of earnings on the premiums paid by holders of retirement and life insurance products. Taxes, if any, are generally payable on income attributable to a distribution under the contract for the year in which the distribution is made. From time to time, Congress has considered legislation that would reduce or eliminate the benefit of such deferral of taxation on the accretion of value within life insurance and non-qualified annuity contracts. Enactment of this legislation, or other tax reform efforts could result in fewer sales of life insurance and retirement products.

Changes in the U.S. federal administration following the 2024 elections may result in new legislative initiatives that could change our tax burden and have a significant impact on our financial results. We are unable to predict the likelihood, timing, or scope of any future tax law changes or their potential effects on our business. We continue to monitor developments and assess their potential impact on our operations and financial performance.

Our business is subject to extensive regulation, which limits our operating flexibility and could negatively impact our financial results.

We are subject to extensive regulation and supervision in the jurisdictions in which we do business. Each jurisdiction has a unique and complex set of laws and regulations. Furthermore, certain federal laws impose additional requirements on businesses, including insurers. Regulation generally is designed to protect the interests of policyholders, as opposed to stockholders and non-policyholder creditors. Such regulations, among other things, impose restrictions on the amount and type of investments our insurance subsidiaries may hold.

Dodd-Frank created the Federal Insurance Office (FIO) within the U.S. Department of the Treasury. FIO studies the current insurance regulatory system and is charged with monitoring and providing specific reports on various aspects of the insurance industry. However, FIO does not have general supervisory or regulatory authority over the business of insurance. FIO has suggested an expanded federal role in some circumstances. Additional federal regulations could adversely affect the efficiency and effectiveness of business processes, financial condition and results of operations of us, insurers of similar size and/or the insurance industry as a whole.

Our insurance subsidiaries are regulated by a department of insurance in each state and territory in which we do business. Certain states have established minimum capital requirements for insurance companies licensed to do business in their state. These regulators have the discretionary authority through licensing to limit or prohibit writing new business within the jurisdiction when, in the state's judgment, the insurance subsidiary is not maintaining adequate statutory surplus or capital. States also regulate the rates insurers may charge for certain property and casualty products. Legislation and voter initiatives have expanded, in some instances, the states' regulation of rates and have increased data reporting requirements. Consumer-related pressures to roll back rates, even if not enacted by legislation or upheld upon judicial appeal, may affect our ability to obtain timely rate increases or operate at desired levels of profitability. Changes in insurance regulations, including those affecting the ability of our insurance subsidiaries to distribute cash to us and those affecting the ability of our insurance subsidiaries to write profitable property and casualty insurance policies in one or more states, may adversely affect the financial condition and results of operations of the insurance subsidiaries.

Our insurance subsidiaries are subject to a system of assessing minimum capital adequacy, known as risk-based capital (RBC). RBC is used to identify companies that may merit further regulatory action by analyzing the adequacy of the insurer's surplus in relation to statutory requirements. Our insurance subsidiaries could be adversely affected by regulations that change statutory surplus and RBC requirements. If an insurer's ratio falls below specified levels, the insurer is subject to different degrees of regulatory action depending on the magnitude of the deficiency. This could have a material adverse effect upon the business volume and profitability of the insurance subsidiaries as well as result in increased regulatory scrutiny or action by state regulatory authorities.

Our broker-dealer and investment advisor subsidiaries are subject to regulation and supervision by the SEC, FINRA and certain state regulatory bodies. The SEC, FINRA and other governmental agencies, as well as state securities commissions, may examine or investigate the activities of broker-dealers and investment advisors. It is possible that any examination or investigation could lead to enforcement action by the regulator and/or may result in payment of fines and penalties, payments to customer or both, which could have an adverse effect on the Company's financial condition or results of operations.

In the event of insolvency, liquidation or other reorganization of any of our insurance subsidiaries, our creditors and stockholders would have no right to proceed against any such insurance subsidiary or cause the liquidation or bankruptcy of any such insurance subsidiary under federal or state bankruptcy laws. The insurance laws of the domiciliary state would govern such proceedings and the relevant insurance commissioner would act as liquidator or rehabilitator for the insurance subsidiary. Creditors and policyholders of any such insurance subsidiary would be entitled to full payment from the assets of the insurance subsidiary before we, as a stockholder, would be entitled to receive any distribution.

Legal, statutory and regulatory developments could adversely impact our business by increasing costs or making our business less profitable.

Because state legislatures remain concerned about the availability and affordability of property and casualty insurance and the protection of policyholders, our insurance subsidiaries expect that they will continue to face expanded regulations to address these concerns. In addition, legislative and regulatory restrictions are constantly evolving and are subject to then-current political pressures. For example, following major events, states have considered, and in some cases have adopted, proposals such as homeowner's 'Bill of Rights" restrictions on storm deductibles, additional mandatory claim handling guidelines, and mandatory coverages. Environmental, Social, and Governance standards (ESG) and sustainability have become major topics encompassing a wide range of issues, including climate change, which are subject to public policy debates and could lead to regulations that increase our cost of doing business. In addition to increased costs, the regulatory environment may not allow us to fully incorporate potential future climate change into our pricing actions.

Further, the Dodd-Frank Act enacted wide-ranging changes in the supervision and regulation of the financial industry providing greater oversight of financial industry participants, enhanced public company corporate

governance practices and executive compensation disclosures, and greater protections to individual consumers and investors. Certain elements of the Dodd-Frank Act remain subject to implementing regulations that are yet to be adopted by the applicable regulatory agencies. Compliance with adopted regulations could affect the products and services we choose to offer and would likely result in increased compliance costs.

The financial position of our insurance subsidiaries also may be affected by court decisions that expand insurance coverage beyond the intention of the insurer at the time it originally issued an insurance policy.

We expect that changes in these laws, regulations and proposals could negatively impact our business, including by increasing our legal, compliance and information technology costs, and potentially other costs, including greater risks of client lawsuits and enforcement activity by regulators. These changes may also affect the products and services we choose to offer to clients, as well as the compensation that we and our financial professionals receive in connection with such products and services, which could adversely impact our profitability or ability to recruit and retain agents or distribution partners.

Litigation may harm our financial strength or reduce our profitability.

Companies in the insurance industry have been subject to substantial litigation resulting from claims, disputes and other matters. Most recently, 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. The resolution of similar future claims against any of our insurance subsidiaries, including the potential adverse effect on our reputation and charges against the earnings of our insurance subsidiaries as a result of legal defense costs, a settlement agreement or an adverse finding or findings against our insurance subsidiaries in such a claim, could have a material adverse effect on the financial condition and results of operations of our insurance subsidiaries. See also Part II - Item 8, Note 14 of the Consolidated Financial Statements of this Annual Report on Form 10-K.

Events, including those external to our operations, could damage our reputation.

There are many events which may harm our reputation, including, but not limited to, those discussed in this Item 1A regarding regulatory investigations, legal proceedings, and cyber or other information security incidents. Any negative public perception, founded or otherwise, can be widely and rapidly shared over social media or other means, and could cause damage to our reputation. Damage to our reputation could reduce demand for our insurance products, reduce our ability to recruit and retain employees, or lead to greater regulatory scrutiny of our operations.

As an insurance company, we are paid to accept certain risks. Those who conduct our business, including executive officers and members of management, employees and independent agents, do so in part by making decisions that involve exposing us to risk. These include decisions such as maintaining effective underwriting and pricing discipline, maintaining effective claims management and customer service performance, managing our investment portfolio, delivering effective technology solutions, complying with established sales practices, executing our capital management strategy, exiting a line of business and/or pursuing strategic growth initiatives, and other decisions. Although we employ controls and procedures designed to monitor business decisions and prevent us from taking excessive risks or unintentionally failing to comply with internal policies and practices, there can be no assurance that these controls and procedures will be effective. If our employees and independent agents take excessive risks and/or fail to comply with internal policies and practices, the impact of those events may damage our market position and reputation.

Artificial Intelligence Risks

Our increasing reliance on artificial intelligence (AI) technologies introduces risks that could impact our business operations, regulatory compliance, financial performance, and customer relationships. These risks include potential inaccuracies in AI-driven processes, increased regulatory scrutiny, unintended biases, data privacy and security concerns, operational disruptions, and broader ethical considerations. As AI regulations and industry standards continue to evolve, we must ensure appropriate oversight, governance, and risk controls to mitigate potential adverse impacts. While we are committed to implementing AI responsibly and aligning with best practices, there can be no assurance that AI-related risks will not affect our business, reputation, or compliance obligations.

Further, AI technologies also have the potential to materially alter the competitive landscape. Specifically, there is a risk that existing or new market participants can utilize AI technology to reduce their operating costs and accelerate speed to market for new market participants.

ITEM 1B. | Unresolved Staff Comments

None.

ITEM 1C. | Cybersecurity

As a multi-line insurance company, our business operations rely upon secure information technology systems for data processing, storage, and reporting. We maintain a cybersecurity risk management program based on recognized standards like the National Institute of Standards and Technology Cybersecurity Framework, other industry standards, and contractual requirements. The Chief Information Security Officer (CISO) oversees the cybersecurity program, which includes employee education, proactive threat investigation, prompt response to potential incidents, third party service providers, and other facets of a cybersecurity risk management program. Despite security and controls design, the information technology systems could become subject to cyberattacks. Unauthorized access to or unintentional dissemination of confidential, highly sensitive customer, employee, or company data through breach in our facilities, networks, or databases, or those of our agents or third-party information technology and software vendors, could result in loss or theft of assets or operational disruption. During the last fiscal year, we did not identify any material effect from actual or risks of cybersecurity events.

The CISO is responsible for developing, maintaining, and enforcing cybersecurity and cyber risk-related policies; ensuring the Company and its subsidiaries satisfy requirements of relevant regulations and third-party risk assessments; identifying and keeping abreast of developing security threats; as well as overseeing and implementing regular security awareness training of all employees on cybersecurity. For example, we adjust our policies, standards, and processes based on assessment results. In leading the cybersecurity risk management program, the CISO regularly works with other divisions of the company, including legal, compliance, IT, audit, and others to address potential risk from external threats, internal actions, and relationships with third-party service providers.

Horace Mann's CISO has more than two decades of experience in IT, including network, infrastructure, and cybersecurity. Before coming to Horace Mann, he led perimeter security at a publicly traded company, and the cybersecurity team of more than 150 members at another publicly traded company. In addition to the CISO, our internal cybersecurity team also works with third-party cybersecurity vendors to both mature the cybersecurity program and assess, monitor, and respond to cybersecurity threats.

The Board of Directors exercises risk management oversight, including cybersecurity risk, through the Audit Committee. The Audit Committee receives quarterly reports on our risk management program. These include regular reports from the CISO on the state of our cybersecurity risk management program and updates on cybersecurity matters, key cybersecurity initiatives, risk mitigation efforts, and assessments of emerging threats.

The CISO is responsible for identifying and reporting any cybersecurity incidents to the Disclosure Committee. A preliminary assessment of nature and scope of potential incidents is conducted by a cross-functional team, including information security, compliance, legal, and other participants as necessary. Using a risk-based process, incidents are escalated to the Disclosure Committee. The Disclosure Committee is composed of senior executives from across Horace Mann and has oversight over SEC disclosure controls. After notification, the Disclosure Committee or designated subgroup would review known information and develop an action plan, which would include Board outreach, expert retention, insurance notification, communication plans, and a materiality assessment.

While we and our IT providers employ appropriate security technologies to address the rapidly changing and evolving IT environment (including data encryption processes, intrusion detection systems), conduct comprehensive risk assessments, and other internal control procedures to assure the security of our and our customers' data, we acknowledge that no system can completely eliminate cyber attacks and the security technologies and program can provide only reasonable, assurance that these objectives will be met. Further, the

design of any cybersecurity risk management program or control system must reflect the fact that there are resource constraints, and the benefits must be considered relative to their costs. As a result, the possibility of material financial loss remains despite our significant and comprehensive cybersecurity efforts. An investor should carefully consider the risks, and all other information set forth in this Annual Report on Form 10-K, including disclosures in Part I - Item 1A—Risk Factors.

ITEM 2. | Properties

As of December 31, 2024, we owned three buildings located in Springfield, Ill. comprised of our headquarters of approximately 225,000 square feet, a warehouse of approximately 11,000 square feet and one other building of approximately 12,000 square feet. In addition, we lease office space in suburban Dallas, Tx., Cherry Hill, N.J, and Madison, Wisc. which are utilized by one or more of all four reporting segments, depending on the location. For more information regarding our reporting segments, see Part I - Item 1, Reporting Segments of this Annual Report on Form 10-K. We believe our properties and facilities are suitable and adequate for current operations.

ITEM 3. | Legal Proceedings

For a description of noteworthy litigation, see Part II - Item 8, Note 14 of the Consolidated Financial Statements of this Annual Report on Form 10-K.

ITEM 4. | Mine Safety Disclosures

Not applicable.

ITEM 5. | Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Market Information and Dividends

Our common stock is traded on the NYSE under the symbol HMN. The following table provides the high and low bid information of our common stock on the NYSE Composite Tape and the cash dividends paid per share of common stock during the periods indicated.

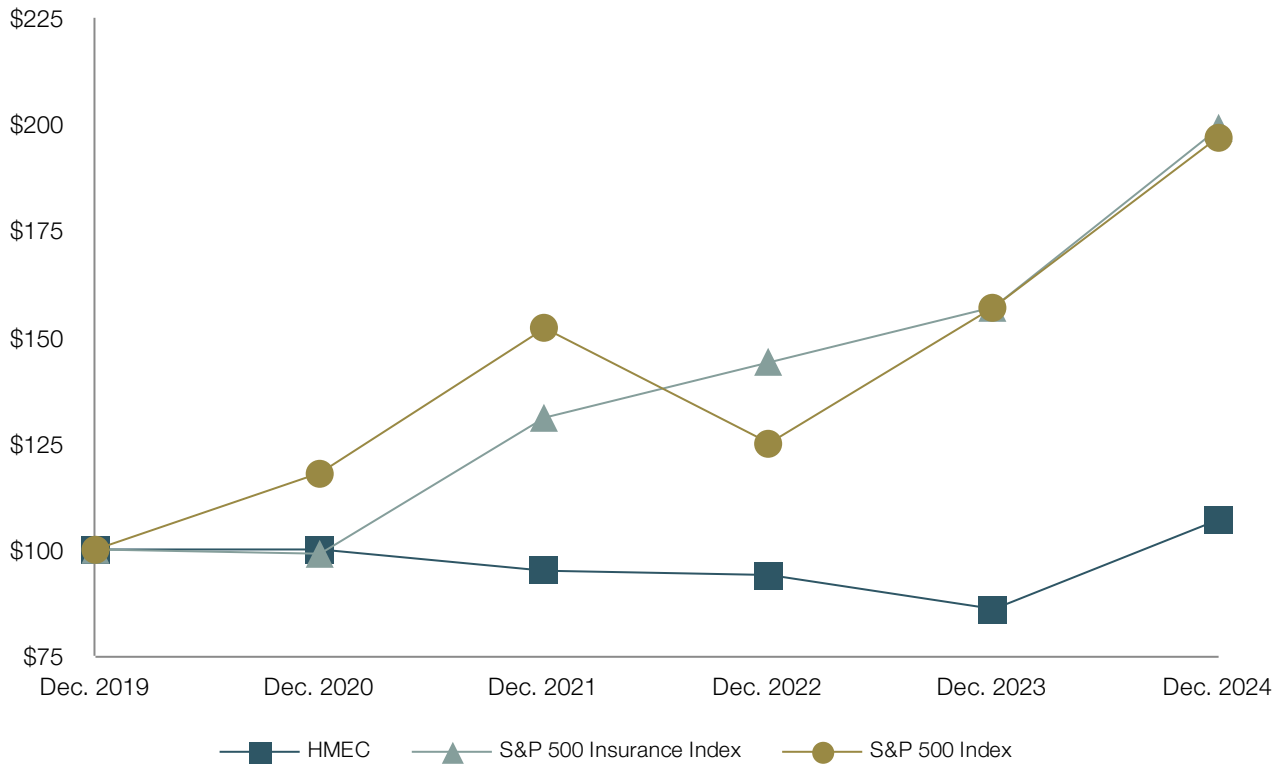
Fiscal Period	Market Price		Dividends Paid
	High	Low	
2024:			
Fourth Quarter	$ 42.63	$ 34.36	$ 0.34
Third Quarter	36.21	32.10	0.34
Second Quarter	39.11	32.35	0.34
First Quarter	37.73	32.68	0.34
2023:			
Fourth Quarter	$ 33.79	$ 28.67	$ 0.33
Third Quarter	30.12	27.94	0.33
Second Quarter	33.85	29.04	0.33
First Quarter	38.10	32.33	0.33

The payment of dividends in the future is subject to the discretion of the Board and will depend upon general business conditions, legal restrictions and other factors the Board may deem to be relevant. Additional information is contained in Part I - Item 1, Cash Flow and in Part II - Item 8, Note 13 of the Consolidated Financial Statements in this Annual Report on Form 10-K.

Shareholder Return Performance Graph

The graph below sets forth the total five-year shareholder return on our common stock. The graph assumes a $100 investment as of December 31, 2019. The S&P 500 Index and the S&P 500 Insurance Index assume an annual reinvestment of dividends in calculating total return. We assume reinvestment of quarterly dividends when paid.

Comparison of Cumulative Five-Year Total Return to Shareholders



	Dec. 2019	Dec. 2020	Dec. 2021	Dec. 2022	Dec. 2023	Dec. 2024
HMEC	$ 100	$ 100	$ 95	$ 94	$ 86	$ 107
S&P 500 Insurance Index	100	99	131	144	157	199
S&P 500 Index	100	118	152	125	157	197

Holders and Shares Issued

As of February 14, 2025, the number of holders of our common stock was approximately 35,300.

For information required by Item 201(d) of Regulation S-K regarding the equity compensation plan, see Part III - Item 12, of this Annual Report on Form 10-K.

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 (2022 Program) to begin following the completion of the $50 million repurchase plan which was authorized on September 30, 2015 (2015 Program). Both Programs authorize the repurchase of our common shares in open market or privately negotiated transactions, from time to time, depending on market conditions. The Programs do not have expiration dates and may be limited or terminated at any time without notice. During the three months ended September 30, 2022, the 2015 Program was completed and we began repurchasing shares under the 2022 Program.

For the quarterly periods ended 2024 and 2023, we repurchased shares of our common stock under the Programs as follows:

Period	Total Number of Shares Purchased		Average Price Paid per Share	Total Number of Shares Purchased under the Programs	Approximate Dollar Value of Shares that may yet be Purchased under the Programs
2024:					
Fourth Quarter	—	$	—	—	$26.3 million
Third Quarter	115,377	$	33.33	115,377	$26.3 million
Second Quarter	140,782	$	33.58	140,782	$30.2 million
First Quarter	—	$	—	—	$34.9 million
2023:					
Fourth Quarter	—	$	—	—	$34.9 million
Third Quarter	33,000	$	28.73	33,000	$34.9 million
Second Quarter	35,394	$	32.47	35,394	$35.8 million
First Quarter	128,540	$	34.01	128,540	$36.9 million

ITEM 6. | [Reserved]

ITEM 7. | Management's Discussion and Analysis of Financial Condition and Results of Operations (MD&A)

($ in millions, except per share data)

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 II - Item 7. An explanation of these measures is contained in the Glossary of Selected Terms included as Exhibit 99.1 to this Annual Report on Form 10-K 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 Fourth Quarter 2024 Investor Supplement.

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

This MD&A covers the following:

	Page
Introduction	42
Consolidated Financial Highlights	43
Consolidated Results of Operations	44
Outlook for 2025	46
Application of Critical Accounting Estimates	46
Results of Operations by Segment	51
Property & Casualty	51
Life & Retirement	54
Supplemental & Group Benefits	57
Corporate & Other	58
Investment Results	58
Liquidity and Capital Resources	61
Future Adoption of New Accounting Standards	66
Effects of Inflation and Changes in Interest Rates	67

Introduction

The purpose of our MD&A is to provide an understanding of our consolidated results of operations and financial condition and should be read in conjunction with the Consolidated Financial Statements and Notes thereto contained in Part II - Item 8 of this Annual Report on Form 10-K. Our MD&A generally discusses the results of operations for the year ended December 31, 2024 compared to the year ended December 31, 2023. For a discussion of the results of operations for the year ended December 31, 2023 compared to the year ended December 31, 2022, please refer to Part II - Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our Annual Report on Form 10-K for the year ended December 31, 2023, which was filed with the Securities and Exchange Commission (SEC) on February 27, 2024.

HMEC is an insurance holding company focused on helping America’s 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, variable and fixed indexed 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, whether they engage with Horace Mann directly or through their district/employer, as well as other markets of those who serve the community.

We conduct and manage our business in four reporting segments. The three reporting 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). 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. Corporate & Other includes corporate debt service, net investment gains (losses) and certain public company expenses, as well as corporate debt retirement costs, when applicable. In addition to these transactions, Corporate & Other also includes legacy commercial claims. See Part II - Item 8, Note 17 of the Consolidated Financial Statements in this Annual Report on Form 10-K for more information.

Consolidated Financial Highlights

($ in millions)	Year Ended December 31,		2024-2023
	2024	2023	Change %
Total revenues	$ 1,595.2	$ 1,491.9	6.9%
Net income	102.8	45.0	128.4%
Per diluted share:			
Net income	2.48	1.09	127.5%
Net investment losses, after tax	(0.33)	(0.45)	-26.7%
Book value per share	31.51	28.78	9.5%
Net income return on equity - last twelve months	8.3%	4.0%	4.3 pts

For 2024, net income increased $57.8 million compared to the prior year primarily due to improved underlying auto and property loss ratios* and favorable prior years' reserve development, partially offset by higher interest credited.

Consolidated Results of Operations

($ in millions)	Year Ended December 31,		2024-2023
	2024	2023	Change %
Net premiums and contract charges earned	$ 1,146.0	$ 1,057.1	8.4%
Net investment income	445.7	444.8	0.2%
Net investment losses	(17.3)	(24.0)	-27.9%
Other income	20.8	14.0	48.6%
Total revenues	1,595.2	1,491.9	6.9%
Benefits, claims and settlement expenses	745.0	769.1	-3.1%
Interest credited	215.9	205.7	5.0%
Operating expenses	345.5	318.1	8.6%
DAC unlocking and amortization expense	111.1	101.2	9.8%
Intangible asset amortization expense	14.5	14.8	-2.0%
Interest expense	34.6	29.7	16.5%
Total benefits, losses and expenses	1,466.6	1,438.6	1.9%
Income before income taxes	128.6	53.3	141.3%
Income tax expense	25.8	8.3	210.8%
Net income	$ 102.8	$ 45.0	128.4%

Net Premiums and Contract Charges Earned

For 2024, net premiums and contract charges earned increased $88.9 million as the Property & Casualty segment continues to implement rate and inflation adjustments to coverage values.

Net Investment Income

Total net investment income in 2024 increased $0.9 million, primarily due to higher returns on the fixed-income portfolio. Lower commercial mortgage loan funds income was partially offset by higher returns on limited partnership interests in various equity funds. The annualized investment yield on the portfolio excluding limited partnership interests* was as follows:

	Year Ended December 31,	
	2024	2023
Investment yield, excluding limited partnership interests, pretax - annualized*	4.7%	4.7%
Investment yield, excluding limited partnership interests, after tax - annualized*	3.7%	3.8%

During 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 also funded commercial mortgage loan funds and limited partnership interests in line with our intended allocation to this portion of our portfolio to increase yields while balancing protection and risk.

Net Investment Losses

For 2024, net investment losses decreased $6.7 million. The breakdown of net investment gains (losses) by transaction type were as follows:

($ in millions)	Year Ended December 31,	
	2024	2023
Credit loss and intent-to-sell impairments	$ 0.1	$ (7.1)
Sales and other, net	(24.3)	(25.0)
Change in fair value - equity securities	7.4	7.9
Change in fair value and losses realized on settlements - derivatives	(0.5)	0.2
Net investment losses	$ (17.3)	$ (24.0)

From time to time, we may sell fixed maturity securities subsequent to the reporting date that were considered temporarily impaired at the reporting date. Generally, such sales are due to issuer specific events occurring subsequent to the reporting date that result in a change in our intent to hold a fixed maturity security.

Other Income

For 2024, other income increased $6.8 million primarily due to an indemnification agreement associated with the employer-sponsored business line.

Benefits, Claims and Settlement Expenses

For 2024, benefits, claims and settlement expenses decreased $24.1 million due to favorable prior year development in 2024 in the Property & Casualty segment.

Interest Credited

For 2024, interest credited increased $10.2 million, driven primarily by higher credited rates on the retained annuity block along with higher interest rates on advances received from the Federal Home Loan Bank of Chicago (FHLB). The net dollar contribution from FHLB advances increased year over year as the higher interest credited rates are more than offset by higher earnings from the floating rate securities 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 3.2% for 2024 and 2.9% for 2023.

Operating Expenses

For 2024, operating expenses increased 8.6% reflecting inflation, higher incentive compensation, and investments being made in infrastructure.

Deferred Policy Acquisition Costs (DAC) Amortization Expense

For 2024, DAC amortization expense increased $9.9 million, primarily due to premium increases in the Property & Casualty segment driving higher DAC asset levels partially offset by lower levels of write-offs in the Life & Retirement segment as annuity persistency has been stable in the current year.

Interest Expense

For 2024, interest expense increased $4.9 million, due to an increase in the interest rate as well as an increase in the level of debt associated with the issuance of the 2023 Senior Notes.

Income Tax Expense (Benefit)

The effective income tax rate on our pretax income, including net investment gains (losses) was 20.1% and 15.6% for the years ended December 31, 2024 and 2023, respectively. Income from investments in tax-advantaged securities decreased the effective income tax rates by 3.4 and 7.5 percentage points for 2024 and 2023, respectively.

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 December 31, 2024, our federal income tax returns for years prior to 2021 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. See Part II - Item 8, Note 11 of the Consolidated Financial Statements in this Annual Report on Form 10-K for further information.

Outlook for 2025

The following discussion provides outlook information for our results of operations and capital position.

Consolidated Results

At the time of issuance of this Annual Report on Form 10-K, we estimate that 2025 full year net income will be within a range of $3.60 to $3.90 per diluted share, generating a core return on equity* of 10%+. These results anticipate the following:

- Property & Casualty segment target profitability of Auto in the mid-90s Combined Ratio and Property at a 90 or below Combined ratio with ~$90 million of catastrophe losses, in line with five-year historical averages
- Life & Retirement segment long-term target net interest spread between 220 and 230 bps and mortality in line with actuarial assumptions
- Supplemental & Group Benefits segment target blended benefit ratio of 39%
- Net investment income between $470 million and $480 million pre-tax, or $370-$380 million excluding the accreted investment income on the deposit asset on reinsurance in the Life & Retirement segment
- Approximately $35 million to $40 million in corporate Interest expense and other items included in results for the Corporate & Other segment

As described in 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 Part I - Items 1 and 1A of this Annual Report on Form 10-K concerning other important factors that could impact actual results. Our projections due not include a 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 our 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 to 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 Consolidated Financial Statements set forth in Part II - Item 8 of this Annual Report on Form 10-K.

We have 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

- Valuation of future policy benefit reserves
- Valuation of liabilities for property and casualty unpaid claims and claim expense reserves

Although variability is inherent in these accounting estimates, we believe the amounts provided are appropriate based upon the facts available during preparation of the consolidated financial statements.

Valuation of Hard-to-Value Fixed Maturity Securities

The fair value of a fixed maturity security is the price that would be received in an orderly transaction between market participants at the measurement date. We obtain prices from third-party valuation service providers, our investment managers, and custodian bank, each of which use a variety of valuation service providers, broker quotes, and modeled prices. When necessary, we also internally model securities to develop a price. Differences in prices between the sources that we consider reliable are researched and we use the price that we consider most representative of an exit price in determining the fair value. Typical inputs used by these pricing sources include, but are not limited to, reported trades, broker quotes, yield curves, and involve the benchmarking of similar securities, rating designations, sector groupings, issuer spreads and/or estimated cash flows, prepayment speeds and default rates, among others, in determining the inputs to the prices. Our fixed maturity securities portfolio is primarily publicly traded, which allows for a high percentage of the fixed maturity securities portfolio to be priced through pricing services using observable inputs. Approximately 90.9% of the fixed maturity securities portfolio, based on fair value, was priced through valuation services or priced using observable inputs as of December 31, 2024.

The valuation of hard-to-value fixed maturity securities (generally 75 - 125 securities) is more subjective because the markets are less liquid and there is a lack of observable market inputs. This may increase the potential that the estimated fair value of an investment is not reflective of the price at which an actual transaction would occur at the measurement date. When the valuation service providers cannot provide prices, the investment managers obtain price quotes from brokers, which may be binding or non-binding price quotes. For those securities where the investment manager cannot obtain broker quotes, or for securities that are internally managed, the manager or the Company's investment professionals will model the security, generally using cash flows discounted at the appropriate current market rate. Valuation service providers' valuation methodologies, as well as investment managers' modeling methodologies, are sometimes matrix-based, using indicative evaluation measures and adjustments for specific security characteristics and market sentiment. The selection of the market inputs and assumptions used to estimate the fair value of hard-to-value fixed maturity securities requires judgment and may include: benchmark yield, liquidity premium, prepayment speeds and default rates, spreads, weighted average life and credit rating. The cash flows are based on the contractual terms of the individual security and are adjusted for the inputs and assumptions as appropriate, and the cash flows are then discounted by the yield as determined by the assumptions. The extent of the use of each market input depends on the market sector and market conditions. Depending on the security, the priority of the use of inputs may change or some market inputs may not be relevant or additional inputs may be necessary.

As part of determining the fair value of fixed maturity securities, including hard-to-value fixed maturity securities, we address the estimation uncertainty in the fair value estimates through our valuation processes. The uncertainty is caused by the availability and observability of the fair value, and more specifically the inputs to fair value, of individual securities. We assess whether individual prices have become stale, are using appropriate methodologies and assumptions, exceed certain acceptable thresholds as compared to previous prices and alternative pricing sources, and how those prices are developed and assessed when provided by valuation service providers. In addition, we may evaluate prices for individual securities by comparing the prices to broker prices or prices based on internal models.

Individual fixed maturity securities may have variability based on security specific inputs and characteristics, but overall our portfolio duration is approximately 5.6 years, meaning a 100 basis point increase in yield would result in an approximately 6% decrease in the fair value of fixed maturity securities. As of December 31, 2024, Level 3 invested assets comprised 9.5% of our total investment portfolio based on fair value. Invested assets are classified as Level 3 when fair value is determined based on unobservable inputs and those inputs are significant to the determination of fair value.

Evaluation of Credit Loss Impairments for Fixed Maturity Securities

For fixed maturity securities classified as available for sale, the difference between amortized cost, net of a credit loss allowance (i.e., amortized cost, net) and fair value, net of certain other items and deferred income taxes is reported as a component of accumulated other comprehensive income (loss) (i.e., AOCI) on the Consolidated

Balance Sheets and is not reflected in the operating results of any period until reclassified to net income upon the consummation of a transaction with an unrelated third party or when a credit loss allowance transaction is recorded. We evaluate fixed maturity securities where fair value is below amortized cost on a quarterly basis to determine if a credit loss allowance is necessary. These reviews, in conjunction with our investment managers' quarterly credit reports and relevant factors such as (1) has the security missed any scheduled principal or interest payments in the current quarter; (2) has the security been downgraded to below investment grade by rating agencies or if the security was below investment grade at time of purchase, has the security been downgraded by two or more notches since acquisition; (3) has the security declined in value by more than 10% compared to the prior quarter; (4) has the market yield changed by more than 50 basis points; are all considered in the impairment assessment process.

For each fixed maturity security where fair value is below amortized cost, we assess whether management with the appropriate authority has made the decision to sell or whether it is more likely than not we will be required to sell the security before the anticipated recovery of the amortized cost basis for reasons such as liquidity, contractual or regulatory purposes. If a security meets either of these criteria, any existing credit loss allowance is written-off and the amortized cost basis of the security is written down to the fair value, with the losses recorded as a net investment loss.

If we have not made the decision to sell the fixed maturity security and it is not more likely than not we will be required to sell the fixed maturity security before the anticipated recovery of its amortized cost basis, we evaluate whether we expect to receive cash flows sufficient to recover the entire amortized cost basis of the security. We estimate the anticipated recovery based on the best estimate of future cash flows considering past events, current conditions and reasonable and supportable forecasts. The estimated future cash flows are discounted at the security's effective interest rate and are compared to the amortized cost basis of the security. The determination of whether we expect to received cash flow sufficient to recover the entire amortized cost basis of the security is inherently subjective, and methodologies may vary depending on facts and circumstances specific to the security. Our investment managers will calculate the anticipated recovery value of the security by performing a discounted cash flow analysis based on the present value of future cash flows. The discount rate is generally the effective interest rate of the security at the time of purchase for fixed-rate securities. We will then review the assumptions/methodologies for reasonableness. The information reviewed generally includes, but is not limited to, the remaining payment terms of the security, prepayment speeds, the financial condition and future earnings potential of the issue or issuer, expected defaults, expected recoveries, and the value of underlying collateral. Other information, such as industry analyst reports and forecasts, sector credit ratings, financial condition of the bond insurer for insured fixed maturity securities, and other market data relevant to the realizability of contractual cash flows, may also be considered.

If we do not expect to receive cash flows sufficient to recover the entire amortized cost basis of the fixed maturity security, a credit loss allowance is recorded as a net investment loss for the shortfall in expected cash flows; however, the amortized cost basis, net of the credit loss allowance, may not be lower than the fair value of the security. The portion of the unrealized loss related to factors other than credit remains classified in AOCI. If we determine that the fixed maturity security does not have sufficient cash flows or other information to estimate the anticipated recovery value for the security, we may conclude that the entire decline in fair value is deemed to be credit related and the loss is recognized as a net investment loss. Subsequent changes in the anticipated recoveries, limited by the amount of previous taken credit allowances, are recorded through changes in the allowance for credit losses and recognized through net investment loss.

When a security is disposed or deemed uncollectible and written-off, we reverse amounts previously recognized in the credit loss allowance through net investment loss.

Valuation of Future Policy Benefit Reserves

The Company adopted ASU 2018-12 for Liabilities for future policy benefits (LFPB) on a modified retrospective basis such that those balances were adjusted to conform to ASU 2018-12 on January 1, 2021.

The LFPB represents the cost of claims, minus projected future net premiums, that we estimate we will eventually pay to our policyholders and the related expenses for our traditional and limited-payment long duration contracts. Liabilities for future policy benefits are initially established in the same period in which we issue a policy, and equal the difference between projected future policy benefits and projected future net premiums, allowing a margin for expenses and profit. The liabilities for future policy benefits build up and release over time, based on the emergence of cash flows, including premiums received and claims paid, and updated expectations for future cash flows.

The liabilities are estimated using assumptions that include discount rate, mortality, morbidity, lapses, and expenses. For traditional and limited-payment contracts, a standard discount rate is used to remeasure the liabilities that is equivalent to market level yields for upper-medium-grade (low credit risk) fixed income instruments. The discount rate assumption is updated quarterly. For liability cash flows that are projected beyond the duration of market-observable level yields for upper-medium-grade (low credit risk) fixed income instruments, we use the last market-observable level yield and use linear interpolation to determine yield assumptions for durations that do not have market-observable yields.

The LFPB is sensitive to the discount rate. The potential effect of a decrease of 50 basis points in the discount rate as of December 31, 2024 would result in an increase to the liability for future policy benefits of approximately $85 million and the potential effect of an increase of 50 basis points in the discount rate would result in a decrease to the liability for future policy benefits of approximately $77 million.

Cash flow assumptions are reviewed and updated, as needed, at least annually. Mortality, morbidity, lapse, and expense assumptions used in cash flow modeling are based on judgments that consider our historical experience, industry data, and other factors. On a quarterly basis, cohort level cash flow measures are updated based on the emergence of actual experience. The updated cash flows, based on experience emergence and any assumption updates, are used to determine the updated net premiums, the portion of the gross premium required to provide for all benefits and expenses, excluding acquisition costs or any costs that are required to be charged to expense as incurred. The updated net premium ratio is used to calculate the updated liability for future policy benefits as of the beginning of the quarter, at the original discount rate. To the extent the present value of future benefits and expenses exceeds the present value of future gross premiums, an immediate charge is recognized in net income, such that net premiums are set equal to gross premiums. The potential impact of increasing (decreasing) our long-term mortality assumption by 5% is an increase (decrease) to the LFPB of approximately $10 million. The potential impact of increasing (decreasing) our long-term lapse assumption by 10% is a decrease (increase) to the LFPB of approximately $2.0 million. The potential impact of increasing (decreasing) our long-term morbidity assumption by 5% in an increase (decrease) to the LFPB of approximately $4 million.

See Part II – Item 8, Note 6 of the Consolidated Financial Statements in this Annual Report on Form 10-K for more information.

Valuation of Liabilities for Property & Casualty Unpaid Claims and Claim Expense Reserves

Underwriting results of Property & Casualty are significantly influenced by estimates of our ultimate liability for insured events. There is a high degree of uncertainty inherent in the estimates of ultimate losses underlying the liabilities for unpaid claims and claim expenses. This inherent uncertainty is particularly significant for liability-related exposures due to the extended period, often many years that transpire between a loss event, receipt of related claims data from policyholders and ultimate settlement of the claim. Reserves for Property & Casualty claims include provisions for payments to be made on reported claims (case reserves), incurred but not yet reported (IBNR) claims and associated settlement expenses (together, loss reserves).

The process by which these reserves are established requires reliance upon estimates based on known facts and on interpretations of circumstances, including our experience with similar cases and historical trends involving claim payments and related patterns, pending levels of unpaid claims and product mix, as well as other factors including court decisions, economic conditions, public attitudes and medical costs. We calculate and record a single best estimate of the reserve as of each reporting date.

In addition, during 2024 property & casualty includes loss and loss adjustment reserves and IBNR related to legacy commercial claims. The claims, which include asbestos, environmental, and sexual molestation claims, are related to legacy, long-tail commercial lines policies that were issued as early as the 1960s, under a previous ownership structure in business lines in which we no longer operate.

Changes to reserves are recorded in the period in which development factor changes result in reserve re-estimates. A detailed discussion of the process utilized to estimate loss reserves, risk factors considered and the impact of adjustments recorded during recent years is included in Part II - Item 8, Note 5 of the Consolidated Financial Statements in this Annual Report on Form 10-K.

Based on our products and coverages, historical experience, and modeling of various actuarial methodologies used to develop reserve estimates, there is the potential of variability of the Property & Casualty loss reserves.

There are a number of assumptions involved in the determination of our property & casualty loss reserves. Among the key factors affecting recorded loss reserves for both long-tail and short-tail related coverages, claim severity and claim frequency are of particular significance. We estimate that a 2.0% change in claim severity or claim frequency for unpaid losses is a reasonably likely scenario based on recent experience and would result in a change in the estimated direct reserves of approximately $3.9 million for long-tail liability related exposures (auto liability coverages) and approximately $1.5 million for short-tail liability related exposures (property and auto physical damage coverages). Actual results may differ, depending on the magnitude and direction of the deviation.

Our actuaries discuss their loss and loss adjustment expense actuarial analysis with management. As part of this discussion, the indicated point estimate of the IBNR loss reserve by line of business (coverage) is reviewed. Our actuaries also discuss any indicated changes to the underlying assumptions used to calculate the indicated point estimate. Any variance between the indicated reserves from these changes in assumptions and the previously carried reserves is reviewed. After discussion of these analyses and all relevant risk factors, management determines whether the reserve balances require adjustment. Our best estimate of loss reserves may change depending on a revision in the underlying assumptions.

Our liabilities for unpaid claims and claim expense reserves for property & casualty were as follows:

($ in millions)	December 31, 2024			December 31, 2023		
	Case Reserves	IBNR Reserves	Total[1]	Case Reserves	IBNR Reserves	Total[1]
Auto liability	$ 94.0	$ 208.6	$ 302.6	$ 99.5	$ 210.7	$ 310.2
Auto other	12.0	2.1	14.1	16.8	(1.4)	15.4
Property	17.7	56.8	74.5	23.7	61.5	85.2
All other	3.2	26.2	29.4	1.2	4.8	6.0
Total	$ 126.9	$ 293.7	$ 420.6	$ 141.2	$ 275.6	$ 416.8

[1] These amounts are gross, before reduction for ceded reinsurance reserves.

The facts and circumstances leading to our re-estimate of reserves relate to revisions of the development factors used to predict how losses are likely to develop from the end of a reporting period until all claims have been paid. Re-estimates occur because actual loss amounts are different than those predicted by the estimated development factors used in prior reserve estimates. As of December 31, 2024, the impact of a reserve re-estimation resulting in a 1.0% increase in net reserves would be a decrease of approximately $2.1 million in net income. A reserve re-estimation resulting in a 1.0% decrease in net reserves would increase net income by approximately $2.1 million.

Favorable prior years' reserve re-estimates increased net income in 2024 by approximately $29.5 million pretax, primarily the result of favorable loss trends for auto and property for accident years 2023 and prior. In addition, during 2024 the Company recognized $17.7 million of losses arising from the legacy commercial line exposures. The Company had no reserves for these liabilities prior to 2024. No prior years' reserve development was recorded in 2023.

Results of Operations by Segment

Consolidated financial results primarily reflect the results of Property & Casualty, Life & Retirement, and Supplemental & Group Benefits reporting segments as noted in the Introduction section 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.

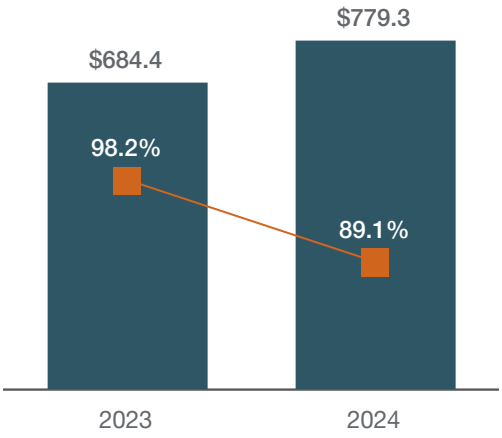
The determination of segment data is described in more detail in Part II - Item 8, Note 17 of the Consolidated Financial Statements in this Annual Report on Form 10-K. The following sections provide analysis and discussion of results of operations for each of the reporting segments as well as investment results.

Property & Casualty

2024 net income reflected the following factors:

- Increases in average written premium per policy
- Improved underlying property loss ratio* due to favorable frequency
- Favorable prior years' reserve development in the current year
- Higher net investment income on fixed maturity investments

Net Premiums Written* and Underlying Combined Ratio* ($ in millions)



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

($ in millions, unless otherwise indicated)	Year Ended December 31,		2024-2023
	2024	2023	Change %
Financial Data:			
Net premiums written*:			
Auto	$ 490.7	$ 439.1	11.8%
Property and other	288.6	245.3	17.7%
Total net premiums written	779.3	684.4	13.9%
Change in unearned net premiums	(42.8)	(38.8)	10.3%
Total net premiums earned	736.5	645.6	14.1%
Incurred claims and claims expenses:			
Claims occurring in the current year	552.8	557.0	-0.8%
Prior years' reserve development[1]	(29.5)	—	N.M.
Total claims and claim expenses incurred	523.3	557.0	-6.1%
Operating expenses, including DAC amortization	200.4	174.6	14.8%
Underwriting gain (loss)	12.8	(86.0)	114.9%
Net investment income	46.0	37.9	21.4%
Income (loss) before income taxes	63.4	(45.3)	240.0%
Net income (loss)	49.1	(35.5)	238.3%
Core earnings (loss)*	49.1	(35.5)	238.3%
Operating Statistics:			
Auto			
Loss and loss adjustment expense ratio	71.2%	84.4%	-13.2pts
Expense ratio	27.2%	27.3%	-0.1pts
Combined ratio:	98.4%	111.7%	-13.3pts
Prior years' reserve development[1]	-3.2%	—%	-3.2pts
Catastrophe losses	1.8%	2.7%	-0.9pts
Underlying combined ratio*	99.8%	109.0%	-9.2pts
Property			
Loss and loss adjustment expense ratio	69.1%	89.5%	-20.4pts
Expense ratio	27.3%	26.6%	0.7pts
Combined ratio:	96.4%	116.1%	-19.7pts
Prior years' reserve development[1]	-5.8%	—%	-5.8pts
Catastrophe losses	32.6%	37.3%	-4.7pts
Underlying combined ratio*	69.6%	78.8%	-9.2pts
Risks in force (in thousands)			
Auto[2]	346	358	-3.4%
Property	167	168	-0.6%
Total	513	526	-2.5%

[1] (Favorable) unfavorable.
[2] Includes assumed risks in force of 4.

Catastrophe losses incurred were as follows:[1]

($ in millions)	Year Ended December 31,	
	2024	2023
Three months ended		
March 31st	$ 16.2	$ 22.4
June 30th	40.9	41.5
September 30th	34.0	28.7
December 31st	3.8	5.0
Total for year	$ 94.9	$ 97.6

[1] See Part I - Item 1 - Reporting Segments - Property & Casualty for further details regarding catastrophe losses for the past five years.

Including a profit of $36.5 million in the fourth quarter, the Property & Casualty segment's net income for the full year 2024 reflected favorable prior years' reserve development in the current year and non-catastrophe loss activity for much of the year. Property & Casualty net premiums written were up 13.9% for the year and segment net investment income was up 21.4% for the year.

On a reported basis, the 13.3 point decrease in the auto combined ratio in 2024 was mainly attributable to a 9.1 point decrease in the auto underlying loss ratio* and favorable prior year development. Favorable prior years' auto reserve development of $15.2 million was reported in 2024, reflecting the impact of lower severity.

The reported property combined ratio decreased 19.7 points in 2024 primarily due to a 9.9 point decrease in property underlying ratio* and favorable prior year development. Additionally, there was a 4.7 point decrease in the catastrophe ratio driven by higher premiums.

In 2024, total Property & Casualty net premiums written* increased $94.9 million as rate actions and inflation adjustments to coverage values for property more than offset declines in risks in force. Retention remained strong despite the rate actions with auto at 85.3%, reflecting a one point decline, and property flat at 89.6%.

In 2024, auto net premiums written* increased $51.6 million, primarily due to rate actions partially offset by the continuing decline in auto risks in force. For 2024, average auto net premium written and average net premium earned increased 15.7% and 16.3%, respectively. Property and other net premiums written* increased $43.3 million due to increases in average net premium written and average net premium earned which increased 18.2% and 17.8% respectively, as rate actions and inflation adjustments to coverage values continue to take effect. The number of educator risks has been at or above 80% relative to overall risks in force over the past two years.

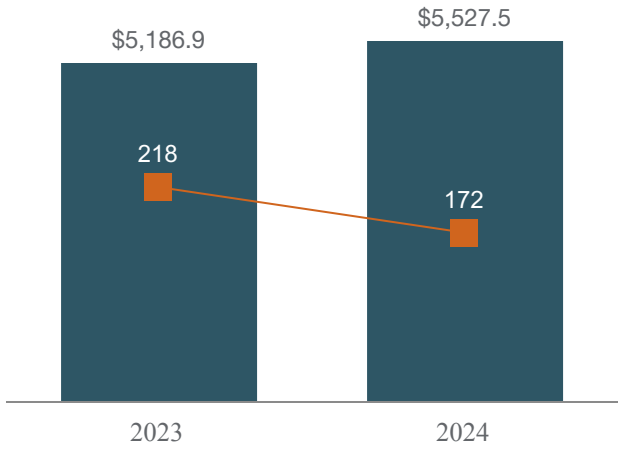
We continue to evaluate and implement actions to further mitigate our risk exposure. Such actions could include, but are not limited to, non-renewal of property risks, restricted agent geographic placement, limitations on agent new business sales, further tightening of underwriting standards and increased utilization of third-party vendor products.

Life & Retirement

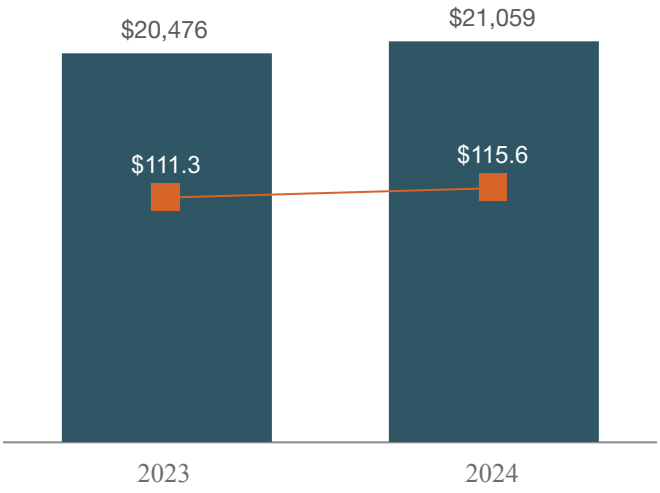
2024 net income reflected the following factors:

- 1.7% decrease in net investment income due to lower returns on the commercial mortgage loan funds
- Decline of 46 basis points in the annualized net interest spread due to higher interest credited with slight decrease in net investment income
- Lower DAC amortization due to lower levels of write-offs as annuity persistency has been stable in the current year
- Life Benefits increased 4%

Annuity Assets Under Management ($ in millions) and Annualized Net Interest Spread on Fixed Annuities (in basis points)



Life Insurance In Force and Life Benefits ($ in millions)



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

($ in millions)	Year Ended December 31,		2024-2023
	2024	2023	Change %
Life & Retirement			
Net premiums written and contract deposits*	$ 573.9	$ 573.3	0.1 %
Net premiums and contract charges earned	154.6	151.7	1.9%
Net investment income	363.6	369.9	-1.7%
Other income	20.2	17.0	18.8%
Benefits and change in reserves	125.2	123.2	1.6%
Interest credited	211.2	201.8	4.7%
Operating expenses	109.8	98.7	11.2%
DAC amortization expense	24.6	28.1	-12.5%
Intangible asset amortization expense	0.2	0.2	—%
Income before income taxes	67.4	86.6	-22.2%
Income tax expense	11.1	15.1	-26.5%
Net income	56.3	71.5	-21.3%
Core earnings*	56.3	71.5	-21.3%
Adjusted core earnings*	54.2	$ 68.2	-20.5%
Life policies in force (in thousands)	161	162	-0.6%
Life insurance in force	$ 21,059	$ 20,476	2.8%
Life persistency - LTM	96.1 %	95.7 %	0.4pts
Annuity contracts in force (in thousands)	219	223	-1.8%
Horace Mann Retirement Advantage® contracts in force (in thousands)	22	19	15.8%
Cash value persistency - LTM	91.4 %	91.5 %	-0.1%

The Life & Retirement segment net income decreased 21.3% in 2024 reflecting the lower net interest margin. Net investment income decreased 1.7% for the full-year due to lower returns on the commercial mortgage loan funds. The annualized net interest spread in our fixed annuity business was 172 basis points for the full year compared to 218 basis points in 2023, largely due to lower commercial mortgage loan funds and higher credited rates on the retained annuity block. The net dollar contribution from our FHLB funding agreements increased $3.8 million compared with 2023, with FHLB interest expense reflected in interest credited.

For 2024, net annuity contract deposits* for variable and fixed annuities decreased 0.8% for the year to $452.4 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. Cash value persistency remained strong at 91.4%.

Life annualized sales* were $10.4 million for the year, which was an 11.8% increase over prior year. Life insurance in force rose to $21.1 billion at year-end.

Horace Mann currently has $5.5 billion in annuity assets under management, including $2.2 billion of fixed annuities, $2.9 billion of variable annuities and $0.4 billion of fixed indexed annuities. Assets under administration, which includes Horace Mann Retirement Advantage® and other advisory and recordkeeping assets, were up 4.8%, benefiting from the strong equity markets.

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 $512.5 million of the Life & Retirement investment portfolio and related investable cash flows will be reinvested at current market rates.

Interest rates remained relatively elevated throughout 2024. However, the risk of a deep recession or shock to the economy, such as a global pandemic, could result in a return to historically low interest rates. The current environment of higher interest rates have afforded us the opportunity to invest new insurance cash flows and reinvested cash flows at higher yields, which should be a benefit to net investment income, but the higher interest rates have caused net unrealized investment losses in the 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 $2.0 million in year one and $5.9 million in year two, reducing the annualized net interest spread by approximately 7 basis points and 21 basis points in the respective periods, compared to the current period annualized net interest spread. We could also consider potential changes in rates credited to policyholders, tempered by any restrictions on the ability to adjust policyholder rates due to minimum guaranteed crediting rates.

We reinsure a $2.4 billion block of in force fixed annuities 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.

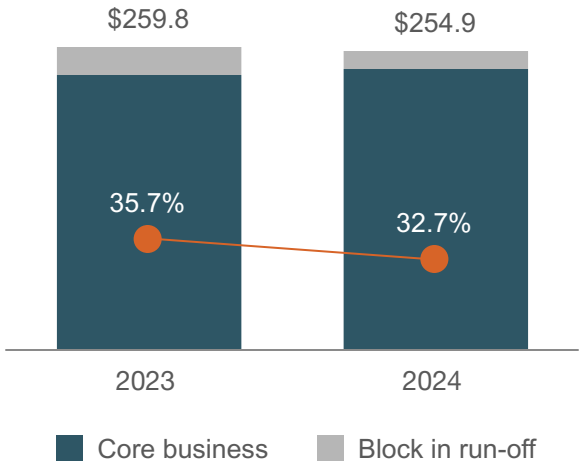
($ in millions)	December 31, 2024				
	Total Deferred Annuities		Deferred Annuities at Minimum Crediting Rate		
	Percent of Total	Accumulated Value (AV)	Total Deferred Annuities AV	Percent of Total	Accumulated Value
Guaranteed minimum crediting rates:					
Less than 2%	50.7 %	$ 1,236.4	33.9 %	36.7 %	$ 419.2
Equal to 2% but less than 3%	17.2	419.6	9.9	3.6	41.4
Equal to 3% but less than 4%	24.2	591.9	82.2	42.7	486.8
Equal to 4% but less than 5%	6.2	151.4	100.0	13.3	151.4
5% or higher	1.7	42.1	100.0	3.7	42.1
Total	100.0 %	$ 2,441.4	46.7 %	100.0 %	$ 1,140.9

Supplemental & Group Benefits

2024 net income reflected the following factors:

- Benefit ratios reflect favorable impact from the annual reserve assumption review
- Slight decline in premium due to run-off* of an indemnified block of employer-sponsored products; net premiums earned increased 2.2% excluding the run-off

Net Premiums and Contract Charges Earned and Benefits Ratio ($ in millions)



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

($ in millions)	Year Ended December 31,		2024-2023
	2024	2023	Change %
Supplemental & Group Benefits			
Net premiums and contract charges earned	$ 254.9	$ 259.8	-1.9%
Net investment income	38.1	38.9	-2.1%
Other income	(4.6)	(11.1)	58.6%
Benefits, settlement expenses and change in reserves	78.8	88.9	-11.4%
Interest credited	4.7	3.9	20.5%
Operating expenses (includes DAC unlocking and amortization expense)	112.5	110.5	1.8%
Intangible asset amortization expense	14.3	14.6	-2.1%
Income before income taxes	78.1	69.7	12.1%
Net income	60.4	54.9	10.0%
Core earnings*	60.4	54.9	10.0%
Adjusted core earnings*	71.7	66.4	8.0%
Benefits ratio[1]	32.7 %	35.7 %	-3.0 pts
Operating expense ratio[2]	39.0 %	38.4 %	0.6 pts
Pretax profit margin[3]	27.1 %	24.3 %	2.8 pts
Worksite direct products benefits ratio	27.2 %	29.1 %	-1.9 pts
Worksite direct premium persistency (rolling 12 months)	90.5 %	91.4 %	-0.9 pts
Employer-sponsored products benefits ratio	37.8 %	41.4 %	-3.6 pts

[1] Ratio of benefits to net premiums earned.
[2] Ratio of operating expenses to total revenues.
[3] Ratio of income before income taxes to total revenues.

2024 net income for the Supplemental & Group Benefits segment was $60.4 million. Segment net premiums earned and benefits expense declined slightly due to an indemnified block that is in run-off. The full-year benefit ratio for the worksite direct product line declined due to a slight increase in lapses. The full-year benefit ratio for

the employer-sponsored product lines declined due to favorable impact from the annual reserve assumption review, primarily related to favorable morbidity in our group long-term disability book. Segment net investment income declined 2.1% due to lower returns on the commercial mortgage loan funds. The non-cash impact of amortization of intangible assets under purchase accounting reduced full-year 2024 core earnings by $14.3 million, pretax, compared to $14.6 million in 2023.

Total segment sales* for the year were $25.6 million, down 2.3% from the prior year, with worksite direct supplemental product sales* of $17.0 million and employer-sponsored products of $8.7 million. Persistency remains strong at 90.5%.

Corporate & Other

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

($ in millions)	Year Ended December 31,		2024-2023
	2024	2023	Change %
Total revenues	$ 0.9	$ 3.4	-73.5%
Interest expense	34.6	29.7	16.5%
Other operating expenses	9.3	7.4	25.7%
Loss before income taxes	(43.0)	(33.7)	-27.6%
Core loss* after tax	(33.7)	(27.1)	-24.4%
Net investment losses, pretax	(17.3)	(24.0)	N.M.
Net investment losses, after tax	(13.6)	(18.8)	N.M.
Non-core Legacy Commercial exposures, pretax	(20.0)	0.0	N.M.
Non-core Legacy Commercial exposures, after tax	(15.7)	0.0	N.M.
Net loss	(63.0)	(45.9)	37.3%

For 2024, the net loss increased $17.1 million, primarily due to an increase in reserves relate to the legacy commercial exposures and an increase in interest expense partially offset by lower net investment losses.

Investment Results

Total net investment income includes net investment income from our investment portfolio as well as accreted investment income from the deposit asset on reinsurance related to our reinsured block of approximately $2.4 billion of fixed annuity liabilities related to legacy individual annuities written in 2002 or earlier.

($ in millions)	Year Ended December 31,		2024-2023
	2024	2023	Change %
Net investment income - investment portfolio	$ 344.3	$ 339.9	1.3%
Investment income - deposit asset on reinsurance	101.4	104.9	-3.3%
Total net investment income	445.7	444.8	0.2%
Pretax net investment losses	(17.3)	(24.0)	N.M.
Pretax net unrealized investment gains (losses) on fixed maturity securities	(454.5)	(417.6)	N.M.

For the full year, total net investment income rose 0.2% and net investment income on the managed portfolio increased 1.3%. The full-year increase reflected the benefit from higher interest rates in the fixed-income portfolios. Investment yield on the portfolio excluding limited partnership interests was 5.10%, with new money yields continuing to exceed portfolio yields in the core fixed maturity securities portfolio.

For 2024, pretax net investment losses decreased $6.7 million primarily due to changes in fair values of equity securities and normal portfolio management activity. Pretax net unrealized investment losses on fixed maturity securities as of December 31, 2024 were $454.5 million compared to pretax net unrealized investment losses of $417.6 million as of December 31, 2023, reflecting higher interest rates, driven primarily in increases to the 10-year U.S. Treasury yield, which was up 69 basis points for the year.

Fixed Maturity and Equity Securities Portfolios

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

($ in millions)	December 31, 2024			
	Number of Issuers	Fair Value	Amortized Cost or Cost	Pretax Net Unrealized Loss
Fixed maturity securities				
Corporate bonds				
Banking & Finance	155	$ 383.0	$ 421.7	$ (38.7)
Misc.	39	231.7	242.5	(10.8)
Insurance	57	161.4	177.0	(15.6)
Energy	87	131.5	145.0	(13.5)
HealthCare,Pharmacy	75	112.0	136.2	(24.2)
Utilities	78	108.9	128.0	(19.1)
Real Estate	36	85.9	94.5	(8.6)
Transportation	39	66.9	75.4	(8.5)
Consumer Products	60	62.4	77.6	(15.2)
Natural Gas	15	51.2	58.3	(7.1)
All other corporates[1]	295	387.5	439.0	(51.5)
Total corporate bonds	936	1,782.4	1,995.2	(212.8)
Mortgage-backed securities				
U.S. Government and federally sponsored agencies	235	551.8	602.4	(50.6)
Commercial[2]	153	292.9	319.0	(26.1)
Other	87	68.5	69.1	(0.6)
Municipal bonds[3]	576	1,150.8	1,239.1	(88.3)
Government bonds				
U.S.	45	357.6	426.5	(68.9)
Foreign	3	13.1	14.1	(1.0)
Collateralized loan obligations[4]	353	862.3	860.4	1.9
Asset-backed securities	158	308.5	316.7	(8.2)
Total fixed maturity securities	2,546	$ 5,387.9	$ 5,842.5	$ (454.6)
Equity securities				
Non-redeemable preferred stocks	19	$ 64.5		
Common stocks	4	2.0		
Total equity securities	23	$ 66.5		
Total	2,569	$ 5,454.4		

(1) The All other corporates category contains 19 additional industry sectors. Technology, food and beverage, broadcasting and media, retail and telecommunications represented $204.9 million of fair value at December 31, 2024, with the remaining 13 sectors each representing less than $32.9 million.

(2) As of December 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.

(3) Holdings are geographically diversified, 40.9% are tax-exempt and 77.5% 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- as of December 31, 2024.

(4) Based on fair value, 97.2% of the collateralized loan obligation securities were rated investment grade based on ratings assigned by a nationally recognized statistical ratings organization (NRSRO - S&P, Moody's, Fitch, DBRS, A.M. Best, Egan Jones and Kroll).

As of December 31, 2024, our diversified fixed maturity securities portfolio consisted of 3,897 investment positions, issued by 2,546 entities, and totaled approximately $5.4 billion in fair value. This portfolio was 95.1% investment grade, based on fair value, with an average credit quality rating of A+. Our investment guidelines target single corporate issuer concentrations to 0.5% of invested assets for AA or AAA 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 [1]

The following table presents the composition and fair value of our fixed maturity and equity securities portfolios by rating category. As of December 31, 2024, 94.9% of these combined portfolios were investment grade, based on fair value, with an overall average credit 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)	December 31, 2024		
	Percent of Total Fair Value	Fair Value	Amortized Cost, net
Fixed maturity securities			
AAA	11.9 %	$ 642.1	$ 660.7
AA[2]	42.3	2,279.6	2,528.1
A	19.7	1,060.1	1,118.9
BBB	21.2	1,141.3	1,251.1
BB	1.3	67.6	71.3
B	0.5	30.2	30.8
CCC or lower	0.1	3.5	4.8
Not rated[3]	3.0	163.5	176.8
Total fixed maturity securities	100.0 %	$ 5,387.9	$ 5,842.5
Equity securities			
AAA	—	—	
AA	—	—	
A	—	—	
BBB	77.3 %	$ 51.4	
BB	16.2	10.8	
B	0.2	0.1	
CCC or lower	—	—	
Not rated	6.3	4.2	
Total equity securities	100.0 %	$ 66.5	
Total		$ 5,454.4	

[1] Ratings are as assigned by a NRSRO when available. If no rating is available from a NRSRO, then a rating provided by the investment manager is used. Ratings for publicly traded securities are determined when the securities are acquired and are updated monthly to reflect any changes in ratings.

[2] As of December 31, 2024, the AA rated fair value amount included $357.6 million of U.S. Government and federally sponsored agency securities and $744.5 million of mortgage-backed and other asset-backed securities issued by U.S. Government and federally sponsored agencies.

[3] This category primarily represents private placement and municipal securities not rated by a NRSO.

As of December 31, 2024, the fixed maturity securities portfolio had $503.0 million of pretax gross unrealized investment losses on $3,600.8 million of fair value related to 2,527 positions. Of the investment positions with gross unrealized investment losses, there were 499 securities trading below 80.0% of the carrying amount as of December 31, 2024. See Part II - Item 8, Note 3 of the Consolidated Financial Statements in this Annual Report on Form 10-K for more information.

Higher interest rates, driven by higher US Treasury yields, have been the main driver of unrealized losses in the fixed maturity securities portfolio, with the 10-year increasing 69 basis points in 2024. Credit spreads partly offset these higher Treasury yields, tightening during the same time period, with investment grade and high yield

tighter by 19 and 36 basis points, respectively. Investment grade and high yield total returns for the year ended December 31, 2024 were up 2.13% and 8.19%, respectively. During the same time period, the Bloomberg Barclays Index Yield-to-Worst for Investment Grade rose 27 basis points, ending at 5.33%, while the High Yield Index fell 10 basis points to 7.49%.

Liquidity and Capital Resources

Our liquidity and access to capital were not materially impacted by inflation or changes in interest rates during the year ended December 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 of this Annual Report on Form 10-K.

Investments

Information regarding our investment portfolio, which is comprised primarily of investment grade, fixed maturity securities, is presented in Part II - Item 7, Results of Operations by Segment, Part I - Item 1, Investments and in Part II - Item 8, Note 2 of the Consolidated Financial Statements in this Annual Report on Form 10-K.

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 and acquisitions, 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)	Year Ended December 31,		2024-2023
	2024	2023	Change %
Net cash provided by operating activities	$ 452.1	$ 302.1	49.7%
Net cash used in investing activities	(135.8)	(107.4)	26.4%
Net cash used in financing activities	(307.9)	(207.8)	48.2%
Net increase (decrease) in cash	8.4	(13.1)	-164.1%
Cash at beginning of year	29.7	42.8	-30.6%
Cash at end of year	$ 38.1	$ 29.7	28.3%

Operating Activities

As a holding company, we conduct our principal operations in the personal lines portion of the property and casualty, supplemental and life 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 provided by operating activities primarily reflects net cash flows generated by the insurance subsidiaries.

For 2024, net cash provided by operating activities increased $150.0 million. Fluctuations in net cash provided by operating activities are primarily due to timing of premium and investment income collections and benefits and claims payments.

Investing Activities

Our insurance subsidiaries maintain significant investments in fixed maturity securities to meet future contractual obligations to policyholders. In conjunction with our management of liquidity and other asset/liability management objectives, we, from time to time, will sell fixed maturity securities prior to maturity, and reinvest the proceeds into other investments with different interest rates, maturities or credit characteristics. Accordingly, we have classified the entire fixed maturity securities portfolio as available for sale.

Financing Activities

Financing activities include primarily payment of dividends, receipt and withdrawal of funds by annuity contractholders, issuances and repurchases of our common stock, finance-type reinsurance agreements, fluctuations in book overdraft balances, and borrowings, repayments and repurchases related to debt facilities.

For 2024, cash outflows for financing activities were $100.1 million higher. The higher cash outflows were due to an increase in net cash outflows on annuity contracts and lower net cash inflows from FHLB funding agreements partially offset by higher net inflows for reverse repurchase agreements.

On September 15, 2023, we issued $300.0 million aggregate principal amount of 7.25% Senior Notes due September 15, 2028 (2023 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 2023 Senior Notes were available for general corporate purposes.

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

($ in millions)	Year Ended December 31,		2024-2023	2024-2023
	2024	2023	Change $	Change %
Balance at beginning of the year	$ 904.5	$ 792.5	$ 112.0	14.1%
Advances received from FHLB funding agreements	355.0	301.5	53.5	17.7%
Principal repayment on FHLB funding agreements	(270.0)	(189.5)	(80.5)	42.5%
Balance at end of the year	$ 989.5	$ 904.5	$ 85.0	9.4%

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

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.

As of December 31, 2024, we held $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 which is needed to adequately fund and support business growth, primarily based on risk-based capital formulas including those developed by the NAIC. 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 service and retire debt, pay dividends to our shareholders, fund growth initiatives, 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, which include our Revolving Credit Facility, as well as issuances of various securities. The insurance subsidiaries are subject to various regulatory restrictions which 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 2025 from all of our insurance subsidiaries without prior regulatory approval is approximately $148.8 million, excluding the impact and timing of prior year dividends, of which $117.1 million was paid during the year ended December 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 program. Additional information is contained in Part II - Item 8, Note 13 of the Consolidated Financial Statements in this Annual Report on Form 10-K.

Total capital was $1,834.5 million as of December 31, 2024, including $547.0 million of long-term debt. Total debt represented 29.8% of total capital including net unrealized investment losses on fixed maturity securities (26.3% of total capital excluding net unrealized investment losses on fixed maturity securities and net reserve remeasurements attributed to discount rates*) as of December 31, 2024, which was slightly above our long-term target of 25.0%.

Shareholders' equity was $1,287.5 million as of December 31, 2024, including net unrealized investment losses on fixed maturity securities and net reserve remeasurements attributed to discount rates. The market value of our common stock and the market value per share were $1,603.1 million and $39.23, respectively, at December 31, 2024. Book value per share was $31.51 as of December 31, 2024 ($37.54 excluding net unrealized investment losses on fixed maturity securities and net reserve remeasurements attributed to discount rates*).

Additional information regarding net unrealized investment gains (losses) on fixed maturity securities as of December 31, 2024 is included in Part II - Item 7, Results of Operations by Segment and Part II - Item 8, Note 2 of the Consolidated Financial Statements in this Annual Report on Form 10-K.

Total shareholder dividends paid were $55.6 million for the year ended December 31, 2024. In 2024, the Board declared regular quarterly dividends of $0.34 per share. Compared to the full year per share dividends paid in 2023 of $1.32, the total 2024 dividends paid per share of $1.36 represented an increase of 3.0%.

On May 25, 2022, our Board of Directors authorized a share repurchase program allowing repurchases of up to $50 million (2022 Program) to begin following the completion of the $50 million repurchase plan that was authorized on September 30, 2015 (2015 Program). Both Programs authorize the repurchase of our common shares in open market or privately negotiated transactions, from time to time, depending on market conditions. The Programs do not have expiration dates and may be limited or terminated at any time without notice. During

the third quarter of 2022, the 2015 Program was completed and we began repurchasing shares under the 2022 Program. During 2024, we repurchased 256,159 shares of our common stock at an average price per share of $33.33 under the Programs. In total and through December 31, 2024, 2,164,135 shares have been repurchased under the 2015 and 2022 Programs at an average price of $34.06 per share. The repurchase of shares was funded through use of cash. As of December 31, 2024, $26.3 million remained authorized for future share repurchases under the 2022 Program.

The following table summarizes our debt obligations.

($ in millions)	Interest Rates	Final Maturity	December 31, 2024	December 31, 2023
Short-term debt				
Revolving Credit Facility	Variable	2026	$ —	$ —
Long-term debt[1]				
7.25% 2023 Senior Notes, Aggregate principal amount of $300.0 less unaccrued discount of $0.4 and $0.5 and unamortized debt issuance costs of $2.3 and $2.8	7.25%	2028	297.3	296.7
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 $0.2 and $0.5	4.50%	2025	249.7	249.3
Total			$ 547.0	$ 546.0

[1] We designate our 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 December 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 December 31, 2024.

As of December 31, 2024, we had outstanding $250.0 million aggregate principal amount of 4.50% 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. The 2015 Senior Notes are traded in the open market (HMN 4.50).

As of December 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.

We had an obligation of $12.0 million for securities sold under reverse repurchase agreements at December 31, 2024 compared to no reverse repurchase agreements outstanding as of 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 Commissions (SEC) on 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 and/or units that include any of these securities, was automatically effective on March 8, 2024. Unless withdrawn

by us earlier, this registration statement will remain effective through March 8, 2027. No securities associated with the registration statement have been issued at the time of issuance of this Annual Report on Form 10-K.

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

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, with an assigned rating of A (Excellent). Assigned ratings and respective affirmation/review dates as of February 14, 2025 were as follows:

	Insurance Financial Strength Ratings (Outlook)		Debt Ratings (Outlook)		Affirmed/ Reviewed
A.M. Best					
HMEC (parent company)	N.A.		bbb	(stable)	8/22/2024
HMEC's Life & Retirement subsidiaries	A	(stable)	N.A.		8/22/2024
HMEC's Property & Casualty subsidiaries	A	(stable)	N.A.		8/22/2024
HMEC's Supplemental & Group Benefits subsidiaries					
Madison National Life Insurance Company	A	(stable)	N.A.		8/22/2024
National Teachers Associates Life Insurance Company	A	(stable)	N.A.		8/22/2024
Fitch					
HMEC (parent company)			BBB	(stable)	8/29/2024
HMEC's Life Group	A	(stable)			8/29/2024
HMEC's P&C Group	A	(stable)			8/29/2024
Moody's					
HMEC (parent company)			Baa2	(negative)	4/1/2024
HMEC's Life Group	A2	(negative)			7/24/2024
HMEC's P&C Group	A2	(negative)			4/1/2024
S&P	A	(stable)	BBB	(stable)	2/18/2025

Reinsurance Programs

Information regarding the reinsurance programs for our Property & Casualty, Life & Retirement and Supplemental & Group Benefits segments is located in Part I - Item 1, Reporting Segments of this Annual Report on Form 10-K.

Future Adoption of New Accounting Standards

We have not yet adopted Income Taxes (Topic 740): Improvements to Income Tax Disclosures or Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40) Disaggregation of Income Statement because the adoption dates have not occurred. For a discussion of these new accounting standards, see Part II - Item 8, Note 1 of the Consolidated Financial Statements in this Annual Report on Form 10-K.

Effects of Inflation and Changes in Interest Rates

Our operating results are affected significantly in at least three ways by changes in interest rates and inflation and the recent elevated inflation levels we are experiencing are likely to persist for some time. First, inflation directly affects Property & Casualty claims costs. Second, the investment income earned on our investment portfolio and the fair value of the investment portfolio are related to the yields available in the fixed income markets. An increase in interest rates will decrease the fair value of the investment portfolio, but will increase investment income as investments mature and proceeds are reinvested at higher rates. Third, as interest rates increase, competitors will typically increase crediting rates on annuity contracts and life insurance products with account values, and may lower premium rates on property and casualty lines to reflect the higher yields available in the market. The risk of inflation on Property & Casualty claim costs is managed through pricing and rate. The risk of interest rate fluctuation is managed through asset/liability management techniques, including cash flow analysis. In addition, an annuity reinsurance agreement we entered which reinsures a $2.4 billion block of in force fixed annuities with a minimum crediting rate of 4.5%, helps mitigate the risk of not being able to generate appropriate spreads on the annuity business.

For further discussion regarding the potential future impacts of inflation and changes in interest rates, see Part I – Item 1A - Risk Factors.

ITEM 7A. | 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 investment. Also, see Part II - Item 7, Results of Operations by Segment of this Annual Report on Form 10-K regarding net investment gains (losses).

Significant changes in interest rates expose us to the risk of experiencing losses or earning a reduced level of investment income based on the difference between the interest rates earned on our investments and the credited interest rates on our insurance liabilities. Also, see Part II - Item 7, Results of Operations by Segment of this Annual Report on Form 10-K regarding interest credited to policyholders.

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 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 our contractholders, and not by us. Certain fees that we earn from variable annuity deposits are based on the market value of the funds deposited.

Through active investment management, we invest available funds with the objective of funding future obligations to policyholders, subject to appropriate risk considerations, and maximizing shareholder value. This objective is met through investments that (1) have similar characteristics to the liabilities they support, (2) are diversified among industries, issuers and geographic locations, and (3) are predominantly investment-grade fixed maturity securities classified as available for sale. As of the time of issuance of this Annual Report on Form 10-K, derivatives are only used to manage the interest crediting rate risk within our FIA and IUL products. As of December 31, 2024, approximately 14.5% of the fixed maturity securities portfolio supported Property & Casualty, 73.5% supported Life & Retirement, and 12.0% supported Supplemental & Group Benefits. For discussions regarding our investments see Part II - Item 7, Results of Operations by Segment of this report regarding net investment gains (losses) and Part I - Item 1, Investments of this Annual Report on Form 10-K.

Our Life & Retirement earnings are affected by the spreads between investment yields and rates credited or accruing on fixed annuity and life insurance liabilities with account values. Although credited rates on fixed annuities may be changed annually (subject to minimum guaranteed rates), competitive pricing and other factors, including the impact on the level of surrenders and withdrawals, may limit our ability to adjust or maintain crediting rates at levels necessary to avoid narrowing of spreads under certain market conditions. However, because of the annuity reinsurance transaction, the spread in our retained annuity business is

achieving our targeted returns and new business is priced to do so as well. Also, see Part II - Item 7, Results of Operations by Segment of this Annual Report on Form 10-K regarding interest credited to policyholders.

Using financial modeling and other techniques, we regularly evaluate the appropriateness of investments relative to the characteristics of the liabilities that they support. Simulations of cash flows generated from existing business under various interest rate scenarios measure the potential gain or loss in fair value of interest rate sensitive assets and liabilities. Such estimates are used to closely match the duration of assets to the duration of liabilities. The overall duration of liabilities of our multiline insurance operations combines the characteristics of our long duration annuity and interest rate sensitive life liabilities with our short duration non-interest rate sensitive Property & Casualty liabilities. Overall, as of December 31, 2024, the duration of the fixed maturity securities portfolio was estimated to be approximately 5.6 years and the duration of our insurance liabilities and debt was estimated to be approximately 6.5 years.

Life & Retirement operations participate in the cash flow testing procedures imposed by statutory insurance regulations, the purpose of which is to ensure that such liabilities are adequate to meet our obligations under a variety of interest rate scenarios. Based on these procedures, our assets and the investment income expected to be received on such assets are adequate to meet the insurance policy obligations and expenses of our insurance activities in all but the most extreme circumstances.

We periodically evaluate our sensitivity to interest rate risk. Based on commonly used models, we project the impact of interest rate changes, assuming a wide range of factors, including duration and prepayment, on the fair value of assets and liabilities. Fair value is estimated based on the net present value of cash flows or duration estimates. Based on the most recent study, assuming an immediate decrease of 100 basis points in interest rates, the fair value of our assets and liabilities would both increase, the net of which would result in an increase in shareholders' equity of approximately $90.2 million after tax, or 7.0%. Assuming an immediate increase of 100 basis points in interest rates, the fair value of our assets and liabilities would both decrease, the net of which would result in a decrease in shareholders' equity of approximately $62.3 million after tax, or 4.8%. In each case, these changes in interest rates assume a parallel shift in the yield curve. While we believe that these assumed market rate changes are reasonably possible, actual results may differ, particularly as a result of any actions that we would take to attempt to mitigate such hypothetical losses in fair value of shareholders' equity.

As a general guideline, we estimate that pretax net income in 2025 and 2026 would decrease by approximately $2.4 million for each 100 basis point decline in reinvestment rates, before assuming any reduction in annuity crediting rates on in force contracts. In addition, declining interest rates also could negatively impact the recoverability of goodwill and certain intangible assets, due to the impacts on the estimated fair value of our reporting units.

We have been and continue to be proactive in our investment strategies, product designs and crediting rate strategies to mitigate the risk of unfavorable consequences in this type of interest rate environment without venturing into asset classes or individual securities that would be inconsistent with our investment guidelines. Lowering interest crediting rates on annuity contracts and cap and participation rates on fixed indexed annuity contracts can help offset decreases in investment margins on some products. Our ability to lower interest crediting rates could be limited by competition, regulatory approval or contractual guarantees of minimum rates and may not match the timing or magnitude of changes in investment yields.

Based on our overall exposure to interest rate risk, we believe that these changes in interest rates would not materially affect our consolidated near-term financial position, results of operations or cash flows.

ITEM 8. | Financial Statements and Supplementary Data

HORACE MANN EDUCATORS CORPORATION
INDEX TO FINANCIAL INFORMATION

	Page
Report of Independent Registered Public Accounting Firm (KPMG LLP, Chicago, IL, PCAOB ID 185)	70
Consolidated Balance Sheets	73
Consolidated Statements of Operations and Comprehensive Income (Loss)	74
Consolidated Statements of Changes in Shareholders' Equity	75
Consolidated Statements of Cash Flows	76
Notes to Consolidated Financial Statements	77
Note 1 - Basis of Presentation and Significant Accounting Policies	77
Note 2 - Investments	90
Note 3 - Fair Value of Financial Instruments	96
Note 4 - Derivatives	104
Note 5 - Short-Duration Insurance Contracts	106
Note 6 - Long-Duration Insurance Contracts	116
Note 7 - Reinsurance and Catastrophes	127
Note 8 - Deposit Asset on Reinsurance	129
Note 9 - Goodwill and Intangible Assets	129
Note 10 - Debt	132
Note 11 - Income Taxes	133
Note 12 - Shareholders' Equity and Share-Based Compensation	136
Note 13 - Statutory Information and Dividend Restrictions	138
Note 14 - Contingencies and Commitments	139
Note 15 - Comprehensive Income (Loss) and Accumulated Other Comprehensive Income (Loss)	140
Note 16 - Supplemental Consolidated Cash and Cash Flow Information	142
Note 17 - Segment Information	142

Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Directors

Horace Mann Educators Corporation:

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of Horace Mann Educators Corporation and subsidiaries (the Company) as of December 31, 2024 and 2023, the related consolidated statements of operations and comprehensive income (loss), changes in shareholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2024, and the related notes and financial statement schedules I to IV (collectively, the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024 and 2023, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2024, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2024, based on criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission, and our report dated February 27, 2025 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. 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 audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the consolidated financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Fair value for hard-to-value fixed maturity securities

As discussed in Note 3 to the consolidated financial statements, as of December 31, 2024, the Company has recorded an estimated fair value for fixed maturity securities, of which a portion represents securities that are hard-to-value, which are primarily securities that use Level 3 (unobservable) inputs. The Company estimates the fair value of hard-to-value fixed maturity securities, which includes securities that do not have observable market-based inputs or prices or that trade in markets that are less liquid. The Company uses judgment to determine the appropriate inputs and assumptions used to estimate the fair value of these hard-to-value securities. As of December 31, 2024, the estimated fair value of fixed maturity securities was $5,387.9 million.

We identified the assessment of the Company's estimate of the fair value of hard-to-value fixed maturity securities as a critical audit matter. Significant measurement uncertainty associated with the fair value of such securities existed because the markets for the hard-to-value securities are less liquid and there is a lack of observable marked-based inputs. As such, there was a high degree of subjectivity and judgment in evaluating the fair value and, specifically, the benchmark yield used in the valuation. Additionally, evaluation of the benchmark yield used in the estimation of fair value required specialized skills and knowledge.

The following are the primary procedures we performed to address this critical audit matter. We, with involvement of valuation professionals with specialized skills and knowledge, evaluated the design and tested the operating effectiveness of certain internal controls over the Company's process to measure fair value of hard-to-value securities. This included controls related to the Company's selection of pricing assumptions, including the benchmark yield used to value hard-to-value fixed maturity securities. We involved valuation professionals with specialized skills and knowledge, who assisted in:

- developing an independent range of fair value estimates using information from the Company, market data sources, models, and key assumptions derived by the valuation professional for a selection of securities.
- comparing the Company's fair value estimates of hard-to-value securities to our independent range of fair value estimates for the same selection of securities.

Valuation of the liability for property and casualty unpaid claims and claim expense reserves

As discussed in Notes 1 and 5 of the consolidated financial statements, the Company employs actuarial techniques to estimate the liability for property and casualty unpaid claims and claim expense reserves (reserves). The Company develops reserves based on the application of actuarial methods and best estimate assumptions to historical claim experience. The reserves are continually updated by the Company as experience develops and new information becomes known. The Company recorded an estimated liability of $319.8 million for property and casualty unpaid claims and claim expense reserves as of December 31, 2024.

We identified the assessment of the estimate of reserves as a critical audit matter because it involved estimation uncertainty. Complex auditor judgment and specialized skills and knowledge were required in evaluating the selected methods and certain assumptions used to develop the estimate of reserves for certain lines of business representing higher estimation uncertainty, including the selection of development factors and changes in claim frequency and severity trends. Additionally, subjective auditor judgment was required to assess the selected assumptions as there exists a range of potential inputs and the assumptions are sensitive to variation, such that minor changes in the assumptions could affect the reserves recorded by the Company.

The following are the primary procedures we performed to address this critical audit matter. We, with involvement of actuarial professionals with specialized skills and knowledge, evaluated the design and tested the operating effectiveness of certain internal controls over the Company's process for the development of the estimate of reserves. This included controls related to the methods and assumptions used for the Company's best estimate. We also involved actuarial professionals with specialized skills and knowledge, who assisted in:

- evaluating the Company's reserving methods, procedures, key assumptions, and judgments by comparing to actuarial standards of practice.
- developing an independent range of reserves for certain lines of business that were determined to represent higher estimation uncertainty based on actuarial methodologies and assumptions in order to evaluate the Company's consolidated reserves.

- assessing movement of the Company’s recorded reserves within the range of independent reserves for certain lines of business.
- examining the Company's methods, certain assumptions, and results of their internal actuarial analyses for certain lines of business that were determined to represent higher estimation uncertainty in order to evaluate the Company's consolidated reserves.

/s/ KPMG LLP

We have served as the Company’s auditor since 1989.

Columbus, Ohio

February 27, 2025

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

	December 31,	
	2024	2023
Assets		
Investments		
Fixed maturity securities, available for sale, at fair value (amortized cost, net 2024, $5,842.5; 2023, $5,652.9)	$ 5,387.9	$ 5,235.3
Equity securities at fair value, (cost $78.8 and $86.2)	66.5	86.2
Limited partnership interests (Carried under Fair Value Option, 2024 $28.9 and 2023, $29.5)	1,121.3	1,138.8
Policy loans	140.8	141.4
Short-term and other investments	199.9	228.8
Total investments	6,916.4	6,830.5
Cash	38.1	29.7
Deferred policy acquisition costs	347.2	336.3
Reinsurance balances receivable	424.8	480.5
Deposit asset on reinsurance	2,434.3	2,496.6
Intangible assets	155.8	170.3
Goodwill	54.3	54.3
Other assets	408.1	357.6
Separate Account variable annuity assets	3,708.8	3,294.1
Total assets	$ 14,487.8	$ 14,049.9
Liabilities and Shareholders' Equity		
Policy liabilities		
Future policy benefit reserves	$ 1,622.8	$ 1,761.8
Policyholders' account balances	5,100.3	5,187.0
Unpaid claims and claim expenses	569.2	581.7
Unearned premiums	344.2	300.9
Total policy liabilities	7,636.5	7,831.4
Other policyholder funds	995.7	916.0
Other liabilities	312.3	287.1
Long-term debt	547.0	546.0
Separate Account variable annuity liabilities	3,708.8	3,294.1
Total liabilities	13,200.3	12,874.6
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, 67,032,164; 2023, 66,747,821	0.1	0.1
Additional paid-in capital	525.2	510.9
Retained earnings	1,548.2	1,502.2
Accumulated other comprehensive income (loss), net of tax:		
Net unrealized investment losses on fixed maturity securities	(357.4)	(328.3)
Net reserve remeasurements attributable to discount rates	110.9	21.9
Net funded status of benefit plans	(7.0)	(7.6)
Treasury stock, at cost, 2024, 26,167,246 shares; 2023, 25,911,087 shares	(532.5)	(523.9)
Total shareholders' equity	1,287.5	1,175.3
Total liabilities and shareholders' equity	$ 14,487.8	$ 14,049.9

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

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

	Year Ended December 31,		
	2024	2023	2022[1]
Statements of Operations			
Revenues			
Net premiums and contract charges earned	$ 1,146.0	$ 1,057.1	$ 1,027.7
Net investment income	445.7	444.8	400.9
Net investment losses	(17.3)	(24.0)	(56.5)
Other income	20.8	14.0	9.5
Total revenues	1,595.2	1,491.9	1,381.6
Benefits, losses and expenses			
Benefits, claims and settlement expenses (Reserve remeasurement (gains)/losses $1.6, $(1.6), $(2.5))	745.0	769.1	747.0
Interest credited	215.9	205.7	173.4
Operating expenses	345.5	318.1	315.5
DAC amortization expense	111.1	101.2	88.2
Intangible asset amortization expense	14.5	14.8	16.8
Interest expense	34.6	29.7	19.4
Other expense - goodwill and intangible asset impairments	—	—	4.8
Total benefits, losses and expenses	1,466.6	1,438.6	1,365.1
Income before income taxes	128.6	53.3	16.5
Income tax expense (benefit)	25.8	8.3	(3.3)
Net income	$ 102.8	$ 45.0	$ 19.8
Net income per share			
Basic	$ 2.49	$ 1.09	$ 0.48
Diluted	$ 2.48	$ 1.09	$ 0.47
Weighted average number of shares and equivalent shares			
Basic	41.3	41.3	41.6
Diluted	41.5	41.4	41.8
Statements of Comprehensive Income (Loss)			
Net income	$ 102.8	$ 45.0	$ 19.8
Other comprehensive income (loss), net of tax:			
Change in net unrealized investment gains (losses) on fixed maturity securities	(29.1)	121.3	(796.7)
Change in net reserve remeasurements attributable to discount rates	89.0	(37.1)	445.9
Change in net funded status of benefit plans	0.6	1.2	1.4
Other comprehensive income (loss)	60.5	85.4	(349.4)
Comprehensive income (loss)	$ 163.3	$ 130.4	$ (329.6)

[1] Recast for the adoption of ASU 2018-12.

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

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

	Year Ended December 31,		
	2024	2023	2022[1]
Common stock, $0.001 par value			
Beginning balance	$ 0.1	$ 0.1	$ 0.1
Options exercised	—	—	—
Conversion of common stock units	—	—	—
Conversion of restricted common stock units	—	—	—
Ending balance	0.1	0.1	0.1
Additional paid-in capital			
Beginning balance	510.9	502.6	495.3
Options exercised and conversion of common stock units and restricted stock units	4.9	(0.5)	(0.9)
Share-based compensation expense	9.4	8.8	8.2
Ending balance	525.2	510.9	502.6
Retained earnings			
Beginning balance	1,502.2	1,512.4	1,547.0
Net income	102.8	45.0	19.8
Dividends, 2024, $1.36 per share; 2023, $1.32 per share; 2022, $1.28 per share	(56.8)	(55.2)	(53.7)
Effect of adopting ASU 2018-12	—	—	(0.7)
Ending balance	1,548.2	1,502.2	1,512.4
Accumulated other comprehensive income (loss), net of tax:			
Beginning balance	(314.0)	(399.4)	(50.0)
Change in net unrealized investment gains (losses) on fixed maturity securities	(29.1)	121.3	(796.7)
Change in net reserve remeasurements attributable to discount rates	89.0	(37.1)	445.9
Change in net funded status of benefit plans	0.6	1.2	1.4
Ending balance	(253.5)	(314.0)	(399.4)
Treasury stock, at cost			
Beginning balance	(523.9)	(517.4)	(493.4)
Treasury stock acquired - share repurchase authorization	(8.6)	(6.5)	(24.0)
Ending balance	(532.5)	(523.9)	(517.4)
Shareholders' equity at end of year	$ 1,287.5	$ 1,175.3	$ 1,098.3

[1] Recast for the adoption of ASU 2018-12.

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

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

	Year Ended December 31,		
	2024	2023	2022[1]
Cash flows - operating activities			
Net income	$ 102.8	$ 45.0	$ 19.8
Adjustments to reconcile net income to net cash provided by operating activities:			
Net investment losses	17.3	24.0	56.5
Depreciation and intangible asset amortization	26.4	26.2	27.6
Share-based compensation expense	9.9	9.5	8.9
Loss (gain) from equity method investments, net of dividends or distributions	35.5	(14.5)	18.2
Other expense - goodwill impairments	—	—	4.8
Changes in:			
Insurance liabilities	82.8	186.7	334.2
Amounts due under reinsurance agreements	55.7	(12.5)	(309.8)
Income tax liabilities	28.2	(15.0)	110.5
Other operating assets and liabilities	101.4	53.9	(109.4)
Contributions to defined benefit plan	(1.4)	—	—
Other, net	(6.5)	(1.2)	10.2
Net cash provided by operating activities	452.1	302.1	171.5
Cash flows - investing activities			
Fixed maturity securities purchases	(1,161.5)	(596.7)	(1,046.4)
Fixed maturity securities sales	380.3	377.6	752.0
Fixed maturity securities maturities, paydowns, calls and redemptions	539.7	291.9	496.8
Equity securities purchases	(4.5)	(2.5)	(5.2)
Equity securities sales and repayments	16.3	18.7	12.0
Limited partnership interests purchases	(74.8)	(207.2)	(356.4)
Limited partnership interests sales	119.5	41.4	66.6
Change in short-term and other investments, net	42.0	(39.8)	40.0
Acquisition of business, net of cash acquired	—	—	(164.4)
Other, net	7.2	9.2	(9.6)
Net cash used in investing activities	(135.8)	(107.4)	(214.6)
Cash flows - financing activities			
Dividends paid to shareholders	(55.5)	(53.9)	(52.6)
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	(8.6)	(6.5)	(24.0)
Proceeds from exercise of stock options	5.1	—	—
Withholding tax payments on RSUs tendered	(1.8)	(1.8)	(2.4)
Annuity contracts: variable, fixed and FHLB funding agreements			
Deposits	796.1	787.6	636.5
Benefits, withdrawals and net transfers to Separate Account variable annuity assets	(637.0)	(604.7)	(472.2)
Repayment of FHLB funding agreements	(270.0)	(189.5)	(149.0)
Life policy accounts deposits, withdrawals, and surrenders	11.7	8.6	7.8
Change in deposit asset on reinsurance	(162.4)	(123.6)	(67.0)
Net increase (decrease) in reverse repurchase agreements	12.0	(70.2)	70.2
Change in book overdrafts	2.5	(2.5)	9.9
Net cash used in financing activities	(307.9)	(207.8)	(47.8)
Net increase (decrease) in cash	8.4	(13.1)	(90.9)
Cash at beginning of year	29.7	42.8	133.7
Cash at end of year	$ 38.1	$ 29.7	$ 42.8

[1] Recast for the adoption of ASU 2018-12.

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

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).

The Company adopted ASU 2018-12, Financial Services – Insurance (Topic 944): Targeted Improvements to the Accounting for Long-Duration Contracts effective January 1, 2023, on a modified retrospective basis. Prior year balances were recast in this Annual Report on Form 10-K to conform to ASU 2018-12 on January 1, 2021. For further details, see Note 1 - Recent Adoption of New Accounting Standards, Note 6 - Long-Duration Contracts, and Note 18 - Prior Period Consolidated Financial Statements.

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, valuation of future policy benefit reserves, and valuation of liabilities for property and casualty unpaid claims and claim expense reserves.

Investments

Fixed Maturity Securities

The Company invests predominantly in fixed maturity securities. Fixed maturity securities include bonds, asset-backed securities (ABS), mortgage-backed securities (MBS), other structured securities and redeemable preferred stocks. MBS includes residential and commercial mortgage-backed securities. Fixed maturity securities, which may be sold prior to their contractual maturity, are designated as available for sale (AFS) and are carried at fair value of which a portion represent securities that are hard-to-value. See Note 3 – Fair Value of Financial Instruments – for a detailed description of how the Company estimates fair value for its fixed maturity

securities portfolio including hard-to-value securities. An adjustment for net unrealized investment gains (losses) on all fixed maturity securities available for sale and carried at fair value, is recognized as a separate component of accumulated other comprehensive income (loss) (i.e., AOCI) within shareholders' equity, net of applicable deferred taxes. The Company excludes accrued interest receivable from the amortized cost basis of its AFS fixed maturity securities.

Equity Securities

Equity securities primarily include common stocks, exchange traded mutual funds and non-redeemable preferred stocks. Certain exchange traded mutual funds have fixed maturity securities as their underlying investments. Equity securities are carried at fair value and typically have readily determinable fair values.

Limited Partnership Interests

Investments in limited partnership interests are predominately accounted for using the equity method of accounting (EMA) and include interests in commercial mortgage loan funds, private equity funds, infrastructure equity funds, real estate equity funds, infrastructure debt funds and other funds. The Company has one investment in the Voya CML Fund totaling $241.6 million as of December 31, 2024. In addition, we have two limited partnership investments accounted for at fair value using the fair value option (FVO).

Policy Loans

Policy loans are carried at unpaid principal balances.

Short-Term and Other Investments

Short-term investments, including money market funds, commercial paper, U.S. Treasury bills and other short-term investments, are carried at amortized cost, which approximates fair value. Other investments primarily consist of Federal Home Loan Bank of Chicago (FHLB) common stock, mortgage loans and derivatives. FHLB common stock is carried at cost. Mortgage loans are carried at amortized cost, net, which represent the amount expected to be collected. Derivatives are carried at fair value.

Variable Interest Entities (VIEs)

The Company invests in fixed maturity securities and alternative investment funds that could qualify as variable interests in VIEs. Such variable interests in VIEs have been reviewed and the Company determined that those VIEs are not subject to consolidation as the Company is not the primary beneficiary because it does not have the power to direct the activities that most significantly impact those VIEs' economic performance.

Net Investment Income

Net investment income primarily consists of interest, dividends and income from fixed maturity securities. Interest is recognized on an accrual basis using the effective yield method and dividends are recorded at the ex-dividend date. ABS and MBS interest income is determined considering estimated pay-downs, including prepayments, obtained from third-party data sources and internal estimates. Actual prepayment experience is periodically reviewed, and effective yields are recalculated when differences arise between the prepayments originally anticipated and the actual prepayments received and currently anticipated. For ABS and MBS of high credit quality with fixed interest rates, the effective yield is recalculated on a retrospective basis. For all others, the effective yield is generally recalculated on a prospective basis. Net investment income for AFS fixed maturity securities includes the impact of accreting the credit loss allowance for the time value of money. Accrual of income is suspended for fixed maturity securities when the timing and amount of cash flows expected to be received is not reasonably estimable. Accrual of income is suspended for commercial mortgage loans that are in default or when full and timely collection of principal and interest payments is not probable. Accrued investment income receivables are monitored for recoverability and when not expected to be collected, are written-off through net investment income. Cash receipts on investments on non-accrual status are generally recorded as a reduction of amortized cost or principal. Income from limited partnership interests is generally recognized following the equity method of accounting, where changes in fair value of the investee's equity primarily determined using its net asset value and is generally recognized on a three month delay due to the availability of the related financial statements of the investee. In addition, the Company has two limited partnership investments that are accounted for using the Fair Value Option (FVO) where changes in the fair value of the limited partnership investment are recognized in income.

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

The Company reports accrued investment income within other assets in the Consolidated Balance Sheets separately from AFS fixed maturity securities and has elected not to measure an allowance for credit losses for accrued investment income. Accrued investment income is written-off and recognized as a net investment loss at the time the issuer of the security defaults or is expected to default on payments.

Net Investment Gains (Losses)

Net investment gains (losses) include gains and losses on investment sales, changes in the credit loss allowances related to fixed maturity securities and mortgage loans, impairments, valuation changes of equity securities and periodic changes in fair value and settlements of derivatives. Net investment gains (losses) on investment sales are determined on a specific identification basis and are net of credit losses already recognized through an allowance.

Credit Loss Impairments for Fixed Maturity Securities

For fixed maturity securities classified as available for sale, the difference between amortized cost, net of a credit loss allowance (i.e., amortized cost, net) and fair value, net of certain other items and deferred income taxes (as disclosed in Part II - Item 8, Note 3 of the Consolidated Financial Statements in this Annual Report on Form 10-K) is reported as a component of accumulated other comprehensive income (loss) (i.e., AOCI) on the Consolidated Balance Sheets and is not reflected in the operating results of any period until reclassified to net income upon the consummation of a transaction with an unrelated third party or when a credit loss allowance transaction is recorded. We evaluate fixed maturity securities where fair value is below amortized cost on a quarterly basis to determine if a credit loss allowance is necessary. These reviews, in conjunction with our investment managers' quarterly credit reports and relevant factors such as (1) has the security missed any scheduled principal or interest payments in the current quarter; (2) has the security been downgraded to below investment grade by rating agencies or if the security was below investment grade at time of purchase, has the security been downgraded by two or more notches since acquisition; (3) has the security declined in value by more than 10% compared to the prior quarter; (4) has the market yield changed by more than 50 basis points; are all considered in the impairment assessment process.

For each fixed maturity security where fair value is below amortized cost, we assess whether management with the appropriate authority has made the decision to sell or whether it is more likely than not we will be required to sell the security before the anticipated recovery of the amortized cost basis for reasons such as liquidity, contractual or regulatory purposes. If a security meets either of these criteria, any existing credit loss allowance is written-off and the amortized cost basis of the security is written down to the fair value, with the losses recorded as a net investment loss.

If we have not made the decision to sell the fixed maturity security and it is not more likely than not we will be required to sell the fixed maturity security before the anticipated recovery of its amortized cost basis, we evaluate whether we expect to receive cash flows sufficient to recover the entire amortized cost basis of the security. We estimate the anticipated recovery based on the best estimate of future cash flows considering past events, current conditions and reasonable and supportable forecasts. The estimated future cash flows are discounted at the security's effective interest rate and are compared to the amortized cost basis of the security. The determination of whether we expect to received cash flow sufficient to recover the entire amortized cost basis of the security is inherently subjective, and methodologies may vary depending on facts and circumstances specific to the security. Our investment managers will calculate the anticipated recovery value of the security by performing a discounted cash flow analysis based on the present value of future cash flows. The discount rate is generally the effective interest rate of the security at the time of purchase for fixed-rate securities. We will then review the assumptions/methodologies for reasonableness. The information reviewed generally includes, but is not limited to, the remaining payment terms of the security, prepayment speeds, the financial condition and future earnings potential of the issue or issuer, expected defaults, expected recoveries, and the value of underlying collateral. Other information, such as industry analyst reports and forecasts, sector credit ratings, financial condition of the bond insurer for insured fixed maturity securities, and other market data relevant to the realizability of contractual cash flows, may also be considered.

If we do not expect to receive cash flows sufficient to recover the entire amortized cost basis of the fixed maturity security, a credit loss allowance is recorded as a net investment loss for the shortfall in expected cash flows; however, the amortized cost basis, net of the credit loss allowance, may not be lower than the fair value of the security. The portion of the unrealized loss related to factors other than credit remains classified in AOCI. If we determine that the fixed maturity security does not have sufficient cash flows or other information to estimate

the anticipated recovery value for the security, we may conclude that the entire decline in fair value is deemed to be credit related and the loss is recognized as a net investment loss. Subsequent changes in the anticipated recoveries, limited by the amount of previous taken credit allowances, are recorded through changes in the allowance for credit losses and recognized through net investment loss.

When a security is disposed or deemed uncollectible and written-off, we reverse amounts previously recognized in the credit loss allowance through net investment loss.

Deferred Policy Acquisition Costs and Deferred Sales Inducements

The Company's DAC by reporting segment was as follows:

($ in millions)	December 31,	
	2024	2023
Property & Casualty	$ 34.4	$ 29.3
Life & Retirement	301.4	297.7
Supplemental & Group Benefits	11.4	9.3
Total	$ 347.2	$ 336.3

DAC consists of 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. For property and casualty risks, DAC is amortized over the terms of the insurance policies (6 or 12 months). For supplemental and group benefit policies, DAC is amortized in proportion to anticipated premiums over the terms of the insurance policies (approximately 6 years, based on an estimated average duration across all supplemental and group benefit products).

Life 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 basis used for amortization is 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 the liabilities for future policy benefits (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 of the capitalized balances.

Amortization of DAC is recognized as DAC amortization expense 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.

Intangible Assets, net

The value of business acquired (VOBA) associated with the acquisition of NTA Life Enterprises, LLC (NTA) represents the difference between the fair value of insurance contracts and insurance policy reserves measured in accordance with the Company's accounting policy for insurance contracts acquired. VOBA was based on an actuarial estimate of the present value of future distributable earnings for insurance in force on the acquisition date. VOBA net of accumulated amortization was $59.5 million as of December 31, 2024 and is being amortized by product based on the present value of future premiums to be received. The Company estimates that it will

recognize VOBA amortization of $5.1 million in 2025, $4.7 million in 2026, $4.4 million in 2027, $4.1 million in 2028, and $3.9 million in 2029.

The Company accounts for the value of distribution acquired (VODA) associated with the acquisition of NTA based on an actuarial estimate of the present value of future business to be written by the existing distribution channel. VODA net of accumulated amortization was $33.1 million as of December 31, 2024 and is being amortized on a straight-line basis. The Company estimates that it will recognize VODA amortization of $2.9 million in each of the years 2025 through 2029, respectively.

The Company accounts for the value of agency relationships based on the present value of commission overrides retained by NTA. Agency relationships net of accumulated amortization was $5.8 million as of December 31, 2024 and is being amortized based on the present value of future premiums to be received. The Company estimates that it will recognize agency relationships amortization of $1.2 million in 2025, $1.0 million in 2026, $0.9 million in 2027, $0.8 million in 2028 and $0.6 million in 2029.

The Company accounts for the value of customer relationships based on the present value of expected profits from existing Benefit Consultants Group, Inc. (BCG) and Madison National customers in force at the date of acquisition. Customer relationships net of accumulated amortization was $43.6 million as of December 31, 2024 and is being amortized based on the present value of future profits to be received for BCG and based on the present value of future premiums for Madison National. The Company estimates that it will recognize customer relationships amortization of $5.1 million in 2025, $5.5 million in 2026, $5.9 million in 2027, $6.3 million in 2028 and $6.5 million in 2029.

The trade names intangible asset represents the present value of future savings accruing to NTA, BCG and BCGS by virtue of not having to pay royalties for the use of the trade names, valued using the relief from royalty method. The state licenses intangible asset represents the regulatory licenses held by NTA and Madison National that were valued using the cost approach. Both the trade names and state licenses are indefinite-lived intangible assets that are not subject to amortization.

Annually, the Company performs a VOBA analysis on supplemental insurance policies to assess whether a loss recognition event has occurred. This initially involves comparing the historical and expected future experience on the block to the assumptions embedded in the original VOBA intangible asset. If both the experience to date and current expected experience are consistently better than the initial VOBA assumptions, the remaining value in the block is sufficient to support the VOBA intangible asset and no loss recognition is necessary. If the historical and current expected assumptions are not uniformly better than the initial VOBA assumptions, a gross premium valuation (GPV) is performed to assess whether a loss recognition event has occurred. This involves discounting expected future benefits and expenses less expected future premiums. To the extent that this amount is greater than the liability for future benefits less the VOBA intangible asset, in aggregate for the supplemental insurance block, a loss would be recognized by first writing-off the VOBA and then increasing the liability. Currently, a GPV is not required for the acquired supplemental block. No such costs were deemed unrecoverable during the year ended December 31, 2024.

Amortizing intangible assets (i.e., VODA, agency relationships and customer relationships) are tested for recoverability whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. The carrying amount of an amortizing intangible asset is not recoverable if it exceeds the sum of undiscounted cash flows expected to result from the use and eventual disposition of the asset. If the carrying amount is not recoverable from undiscounted cash flows, the impairment is measured as the difference between the carrying amount and fair value.

Intangible assets that are not subject to amortization (i.e., trade names and state licenses) are tested for impairment annually or more frequently if events or changes in circumstances indicate that the asset might be impaired. As of October 1, 2024 and October 1, 2023, the Company performed qualitative assessments to determine whether it was necessary to perform quantitative intangible asset impairment tests. Based on the assessment of qualitative factors, there were no events or circumstances that led to a determination that it is more likely than not that the fair value of an intangible asset is less than its carrying amount.

As of October 1, 2022, the Company performed a qualitative assessment to determine whether it was necessary to perform quantitative intangible asset impairment tests. Based on the assessment of qualitative factors, there were no events or circumstances that led to a determination that it is more likely than not that the fair value of an intangible asset is less than its carrying amount with the exception of lower than anticipated BCG revenues.

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

Goodwill

When the Company was acquired from CIGNA Corporation by HME Holdings, Inc. in 1989, goodwill was recognized in the application of purchase accounting. In 1994, goodwill was recognized with respect to the acquisition of Horace Mann Property & Casualty Insurance Company. In 2019, goodwill was recognized with respect to the acquisitions of BCG, BCGS and NTA. In 2022, goodwill was recognized with respect to the acquisition of Madison National.

Goodwill represents the excess of the amounts paid to acquire a business over the fair value of its net assets at the date of acquisition. Goodwill is not amortized, but is tested for impairment at the reporting unit level at least annually or more frequently if events occur or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying amount. A reporting unit is defined as an operating segment or a business unit one level below an operating segment, if separate financial information is prepared and regularly reviewed by management at that level. The Company's reporting units, for which goodwill has been allocated, are Property & Casualty, Life, BCG, BCGS, NTA, and Madison National. Refer to Note 9 for the allocation of goodwill by reporting segment as of December 31, 2024.

The goodwill impairment test, as defined in GAAP, allows an entity the option to first assess qualitative factors to determine whether the existence of events or circumstances leads to a determination that it is more likely than not that the fair value of a reporting unit is less than its carrying amount. If an entity determines it is more likely than not that the fair value of a reporting unit is less than its carrying amount, then the entity performs a quantitative goodwill impairment test by comparing the fair value of a reporting unit to its carrying amount for purposes of confirming and measuring an impairment. Goodwill impairment is the amount by which a reporting unit’s carrying amount exceeds its fair value, not to exceed the carrying amount of goodwill. Any amount of goodwill determined to be impaired is recognized as an expense in the period in which the impairment determination is made.

At October 1, 2024 and October 1, 2023, the Company performed a qualitative goodwill impairment test. Based on the results of the tests, there were no events or circumstances that led to a determination that it is more likely than not that the fair value of a reporting unit is less than its carrying amount.

The Company performed quantitative goodwill impairment tests as of October 1, 2022 and concluded no material adjustments were necessary to goodwill.

During each year from 2022 through 2024, the Company completed the required annual goodwill impairment testing. With exception to the goodwill impairment charges described in Note 9, no other goodwill impairment charges were necessary as a result of such assessments. The assessment of goodwill recoverability requires significant judgment and is subject to inherent uncertainty. The use of different assumptions, within a reasonable range, could cause the fair value of a reporting unit to fall below its carrying amount. Subsequent goodwill assessments could result in impairment, particularly for any reporting unit with at-risk goodwill, due to the impact of a volatile financial market on earnings, discount rate assumptions, liquidity and market capitalization.

Property and Equipment

Property and equipment is carried at cost less accumulated depreciation, which is calculated using the straight-line method and based on the estimated useful lives of the assets. The estimated life for real estate is identified by specific property and ranges from 20 to 45 years. The estimated useful lives of leasehold improvements and other property and equipment, including capitalized software, generally range from 3 to 10 years. The following amounts are included in Other assets in the Consolidated Balance Sheets:

($ in millions)	December 31,	
	2024	2023
Property and equipment	$ 143.1	$ 129.4
Less: accumulated depreciation	69.7	60.8
Total	$ 73.4	$ 68.6

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

Separate Account Variable Annuity Assets and Liabilities

Separate Account variable annuity assets represent contractholder funds invested in various mutual funds. The Separate Account variable annuity assets comprise actively traded mutual funds that have daily quoted net asset values that are readily determinable for identical assets that the Company can access. Net asset values for the actively traded mutual funds in which the Separate Account variable annuity assets are invested are obtained daily from the fund managers. Separate Account variable annuity liabilities are equal to the estimated fair value of Separate Account variable annuity assets. The investment income, gains and losses of these accounts accrue directly to the contractholders and are not included in the results of operations of the Company. The activity of the Separate Accounts is not reflected in the Consolidated Statements of Operations and Comprehensive Income (Loss) except for (1) contract charges earned and (2) the activity related to contract guarantees, which are benefits on existing variable annuity contracts. The Company's contract charges earned include fees charged to the Separate Accounts, including mortality charges, risk charges, policy administration fees, investment management fees and surrender charges.

Future Policy Benefits Reserves

Liability 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 and future cash flow assumptions at least annually and updates the 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 accreted 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).

DPL is recognized as a component of the Future policy benefit reserves presented in the Consolidated Balance Sheets.

Policyholders' Account Balances

Liabilities for future benefits on annuity contracts are carried at accumulated policyholder account values without reduction for potential surrender or withdrawal charges.

Reserves for Fixed Indexed Annuities and Indexed Universal Life Products

The Company offers fixed indexed annuity (FIA) products with interest crediting strategies linked to the Standard & Poor's (S&P) 500 Index and the Dow Jones Industrial Average (DJIA). The Company purchases call options on the applicable indices as an investment to provide the income needed to fund the annual index credits on the indexed products. These products are deferred fixed annuities with a guaranteed minimum interest rate plus a contingent return based on equity market performance and are considered hybrid financial instruments under GAAP.

The Company elected to not use hedge accounting for derivative transactions. As a result, the Company accounts for the purchased call options and the embedded derivative related to the provision of a contingent return at fair value, with changes in fair value recognized as Net investment gains (losses) in the Consolidated Statements of Operations and Comprehensive Income (Loss). The embedded derivative is bifurcated from the host contract and included in Policyholders' account balances in the Consolidated Balance Sheets. The host contract is accounted for as a debt instrument in accordance with GAAP and is included in Policyholders' account balances in the Consolidated Balance Sheets with any discount to the minimum account value being accreted using the effective yield method. In the Consolidated Statements of Operations and Comprehensive Income (Loss), accreted interest for FIA products and benefit claims on these products incurred during the reporting period are included in Benefits, claims and settlement expenses.

The Company offers indexed universal life (IUL) products as part of its product portfolio with interest crediting strategies linked to the S&P 500 Index and the DJIA as well as a fixed option. The Company purchases call options monthly to economically hedge the potential liabilities arising in IUL accounts. As a result, the Company records the purchased call options and the embedded derivative related to the provision of a contingent return at fair value, with changes in fair value reported in Net investment gains (losses) in the Consolidated Statements of Operations and Comprehensive Income (Loss). IUL policies with a balance in one or more indexed accounts are considered to have an embedded derivative. The benefit reserve for the host contract is measured using the retrospective deposit method, which for Horace Mann's IUL product is equal to the account balance. The embedded derivative is bifurcated from the host contract, carried at fair value, and included in Policyholders' account balances in the Consolidated Balance Sheets.

See Note 3 for more information regarding the determination of fair value for derivatives embedded in FIA and IUL and purchased call options.

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.

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

Short-Duration Insurance Contracts

Liabilities for property & casualty unpaid claims and claim expense reserves (reserves) include provisions for payments to be made on reported claims, claims incurred but not yet reported (IBNR) and associated settlement expenses. All of the Company's reserves for property & casualty unpaid claims and claim expenses are carried at the full value of estimated liabilities and are not discounted for interest expected to be earned on the reserves. Estimated amounts of salvage and subrogation on unpaid property & casualty claims are deducted from the liability for unpaid claims. Starting in 2024, property and casualty unpaid claims and claim expense reserves include legacy commercial line exposures as more fully discussed in Note 5.

Liabilities for Group Benefits unpaid claims and claim expense reserves (reserves) represent management's best estimate of ultimate unpaid costs of losses and settlement expenses for reported claims and claims that are IBNR. All of the Company's reserves for Group Benefits unpaid claims and claim expenses are carried at the full value of estimated liabilities (i.e., undiscounted) with exception to certain case reserves in the group disability line of business for which those reserves are carried on a discounted basis. The Company calculates and records a single best estimate of the reserve as of each reporting date in conformity with actuarial standards of practice.

The Company does not consider anticipated investment income in premium deficiency testing under ASC 944-60-50-1.

Other Policyholder Funds

Other policyholder funds includes primarily balances outstanding under funding agreements with the Federal Home Loan Bank of Chicago (FHLB) as well as dividend accumulations, carried at cost. Amounts received and repaid under FHLB funding agreements are classified as financing activities in the Company's Consolidated Statements of Cash Flows.

FHLB Funding Agreements

HMLIC (since 2013), NTA (since 2019), and MNL (since 2023), are all members of FHLB, which provides the subsidiaries with access to collateralized borrowings and other FHLB products. Any borrowing from FHLB requires the purchase of FHLB activity-based common stock in an amount equal to 4.5% of the borrowing, or a lower percentage — such as 2.0% based on the Reduced Capitalization Advance Program. In 2021, HMEC's Board of Directors (Board) authorized a maximum amount equal to 25% of net aggregate admitted assets less separate account assets of the insurance subsidiaries for FHLB advances and funding agreements combined. In 2024, HMLIC, MNL, and NTA collectively received $355.0 million from FHLB funding agreements and repaid $270.0 million on FHLB funding agreements. Outstanding advances under FHLB funding agreements are reported as Other policyholder funds in the Consolidated Balance Sheets and totaled $989.5 million and $904.5 million as of December 31, 2024 and 2023, respectively. Interest on the funding agreements accrues at their contractual interest rates.

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

As of December 31, 2024, scheduled maturity dates for outstanding FHLB funding agreements were as follows:

($ in millions)			
	Amount	Interest Rate	Maturity Date
	120.0	4.7%	December 11, 2026
	25.0	4.6%	September 09, 2026
	10.0	4.9%	August 26, 2026
	5.0	4.9%	August 26, 2026
	10.0	4.8%	May 20, 2026
	50.0	4.8%	May 20, 2026
	50.0	4.8%	February 13, 2026
	10.0	4.8%	February 13, 2026
	200.0	4.8%	January 16, 2026
	10.0	4.8%	November 21, 2025
	125.0	0.6%	September 11, 2025
	20.0	4.9%	August 06, 2025
	12.5	0.7%	June 26, 2025
	20.0	4.9%	April 23, 2025
	10.0	4.9%	April 02, 2025
	25.0	4.9%	April 02, 2025
	30.0	4.9 %	February 28, 2025
	10.0	4.9 %	February 28, 2025
	10.0	0.5 %	February 14, 2025
	40.0	4.9 %	February 07, 2025
	31.0	4.9 %	February 07, 2025
	25.0	4.9%	January 15, 2025
	60.0	4.9%	January 10, 2025
	25.0	4.9%	January 10, 2025
	6.0	4.9%	January 10, 2025
	50.0	4.9%	January 10, 2025
Total	$ 989.5		

Reverse Repurchase Agreements

Beginning in the second quarter of 2022, the Company entered into reverse repurchase agreements to sell securities for cash. Such reverse repurchase agreements are primarily used as a financing tool for general corporate purposes and may be used as a tool to enhance yield on the investment portfolio.

A reverse repurchase agreement is a transaction in which one party (transferor) agrees to sell securities to another party (transferee) in return for cash (or securities), with a simultaneous agreement to repurchase the same securities (or substantially the same securities) at a specified price on a specified date. These transactions are generally short-term in nature, and therefore, the carrying amounts of these instruments approximate fair value.

Reinsurance

The Company enters into reinsurance arrangements pursuant to which it cedes certain insurance risks to unaffiliated reinsurers. Cessions under reinsurance agreements do not discharge the Company's obligations as the primary insurer. The accounting for reinsurance arrangements depends on whether the arrangement provides indemnification against loss or liability relating to insurance risk in accordance with GAAP.

If the Company determines that a reinsurance agreement exposes the reinsurer to a reasonable possibility of a significant loss from insurance risk, the ceded unearned premiums and reinsurance balances recoverable on paid and unpaid losses and settlement expenses are reported separately as assets, instead of being netted with the related liabilities, since reinsurance does not relieve the Company of its legal liability to its policyholders. See Note 7 for further details.

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

If the Company determines that a reinsurance agreement does not expose the reinsurer to a reasonable possibility of a significant loss from insurance risk, the Company recognizes the reinsurance agreement using the deposit method of accounting. The assets transferred to the reinsurer as consideration paid is reported as a Deposit asset on reinsurance on the Company's Consolidated Balance Sheets. As amounts are received or paid or received, consistent with the underlying reinsured contracts, the Deposit asset on reinsurance is adjusted. The Deposit asset on reinsurance is accreted to the estimated ultimate cash flows using the interest method and the adjustment is reported as Net investment income. See Note 8 for further details.

Insurance Premiums and Contract Charges Earned

Property & Casualty insurance premiums are recognized as revenue ratably over the related contract periods in proportion to the risks insured. The unexpired portions of these Property & Casualty premiums are recorded as unearned premiums, using the monthly pro rata method.

Premiums and contract charges for life insurance contracts with account values and annuity contracts consist of charges for the cost of insurance, policy administration and withdrawals. Premiums for traditional life and supplemental and group policies are recognized as revenues when due over the premium-paying period. Contract deposits to annuity contracts and life insurance contracts with account values represent funds deposited by policyholders and are not included in the Company's premiums or contract charges earned.

Share-Based Compensation

The Company grants stock options and both service-based and performance-based restricted common stock units (RSUs) to executive officers, other employees and Directors in an effort to attract and retain individuals while also aligning compensation with the interests of the Company's shareholders. Additional information regarding the Company's share-based compensation plans is contained in Note 12.

Stock options are accounted for under the fair value method of accounting using a Black-Scholes valuation model to measure stock option expense at the date of grant. The fair value of RSUs is measured at the market price of the Company's common stock on the date of grant, with the exception of market-based performance awards, for which the Company uses a Monte Carlo simulation model to determine fair value for purposes of measuring RSU expense. For the years ended December 31, 2024, 2023 and 2022, the Company recognized $1.6 million, $1.4 million, and $1.2 million, respectively, of stock option expense as a result of stock options that vested during the respective periods. For the years ended December 31, 2024, 2023 and 2022, the Company recognized $7.8 million, $7.5 million and $6.9 million, respectively, in RSU expense as a result of the performance and/or vesting of RSUs during the respective periods.

In 2024, 2023 and 2022, the Company granted stock options as quantified in the table below, which also provides the weighted average grant date fair value for stock options granted in each year. The fair value of stock options granted was estimated on the respective dates of grant using the Black-Scholes option pricing model with the weighted average assumptions shown in the following table.

	Year Ended December 31,		
	2024	2023	2022
Number of stock options granted	230,240	209,028	162,224
Weighted average grant date fair value of stock options granted	$ 8.12	$ 8.50	$ 8.51
Weighted average assumptions:			
Risk-free interest rate	4.0%	4.1%	1.9%
Expected dividend yield	3.9%	3.6%	3.2%
Expected life, in years	5.6	5.3	5.2
Expected volatility (based on historical volatility)	30.7%	30.9%	30.2%

The weighted average fair value of nonvested stock options outstanding on December 31, 2024 was $8.27. Total unrecognized compensation expense relating to the nonvested stock options outstanding as of December 31, 2024 was approximately $2.8 million. This amount will be recognized as expense over the remainder of the vesting period, which is scheduled to be 2025 through 2028. Expense is recognized on a straight-line basis over the vesting period for the entire award. Forfeitures of unvested amounts due to terminations and/or early retirements are recognized as a reduction to the related expenses.

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

Total unrecognized compensation expense relating to RSUs outstanding as of December 31, 2024 was approximately $9.4 million. This amount will be recognized as expense over the remainder of the performance and/or vesting period, which is scheduled to be 2025 through 2027. Expense is recognized on a straight-line basis from the date of grant through the end of the performance and/or vesting period for the entire award. Forfeitures of unvested amounts due to terminations are recognized as a reduction to the related expenses.

Retirement Plans

The Company sponsors a 401(k) plan, a qualified defined benefit plan, two non-qualified supplemental defined benefit plans, and a non-qualified defined contribution plan. Both the qualified defined benefit plan and the two non-qualified supplemental defined benefit plans have been frozen since 2002. All participants in the frozen plans are 100% vested in their accrued benefit and all non-qualified supplemental defined benefit plan participants are receiving payments.

All employees participate in the 401(k) plan and receive a 100% vested 3% "safe harbor" company contribution based on employees' eligible earnings. The Company matches each dollar of employee contributions up to a 5% maximum — in addition to maintaining the automatic 3% "safe harbor" contribution. The matching company contribution vests after 5 years of service. The 401(k) plan is fully funded.

The Company's policy for the frozen qualified defined benefit plan is to contribute to the plan amounts which are actuarially determined to provide sufficient funding to meet future benefit payments as defined by federal laws and regulations. Both the non-qualified frozen supplemental defined benefit plans and the non-qualified contribution plan are unfunded plans with the Company's contributions made at the time payments are made to participants.

For the two qualified plans, all assets are held in their respective plan trusts. The assets and projected benefit obligation at the end of the year are as follows:

($ in millions)	Year Ended December 31,	
	2024	2023
401(k) plan assets	$ 265.8	$ 245.7
Defined benefit plan assets	13.0	13.9
Projected benefit obligation	14.6	16.2

Income Taxes

The Company uses the asset and liability method for calculating deferred federal income taxes. Income tax provisions are generally based on income reported for financial statement purposes. The provisions for federal income taxes for the years ended December 31, 2024, 2023 and 2022 included amounts currently payable and deferred income taxes resulting from the cumulative differences in the Company's assets and liabilities, determined on a tax return versus financial statement basis.

Deferred tax assets and liabilities include provisions for net unrealized investment gains (losses) on fixed maturity securities as well as the net funded status of benefit plans with the changes for each period included in the respective components of AOCI within shareholders' equity.

Earnings Per Share

Basic earnings per share is computed based on the weighted average number of common shares outstanding plus the weighted average number of fully vested RSUs and common stock units (CSUs) payable as shares of HMEC common stock. Diluted earnings per share is computed based on the weighted average number of common shares and common stock equivalents outstanding, to the extent dilutive. The Company's common stock equivalents relate to outstanding common stock options, deferred compensation CSUs and incentive compensation RSUs, which are described in Note 12.

The computations of net income (loss) per share on both basic and diluted bases, including reconciliations of the numerators and denominators, were as follows (2022 recast for the adoption of LDTI):

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

($ in millions)	Year Ended December 31,		
	2024	2023	2022
Basic:			
Net income for the period	$ 102.8	$ 45.0	$ 19.8
Weighted average number of common shares during the period (in millions)	41.3	41.3	41.6
Net income per share - basic	$ 2.49	$ 1.09	$ 0.48
Diluted:			
Net income for the period	$ 102.8	$ 45.0	$ 19.8
Weighted average number of common shares during the period (in millions)	41.3	41.3	41.6
Weighted average number of common equivalent shares to reflect the dilutive effect of common stock equivalent securities (in millions):			
Stock options	—	—	—
CSUs related to deferred compensation for employees	—	—	—
RSUs related to incentive compensation	0.2	0.1	0.2
Total common and common equivalent shares adjusted to calculate diluted earnings per share (in millions)	41.5	41.4	41.8
Net income per share - diluted	$ 2.48	$ 1.09	$ 0.47

Options to purchase 1,390,789 shares of common stock at $32.13 to $42.95 per share were granted in 2017, 2018, 2019, 2020, 2021, 2022, 2023 and 2024 but were not included in the computation of 2024 diluted net income (loss) per share because of their anti-dilutive effect. These options, which expire in 2027, 2028, 2029, 2030, 2031, 2032, 2033, and 2034 were still outstanding at December 31, 2024.

Consolidated Statements of Cash Flows

For purposes of the Consolidated Statements of Cash Flows, cash constitutes cash on deposit at banks as well as restricted cash. See Note 16 for further information.

Recent Adoption of New Accounting Standards

Improvements to Reportable Segment Disclosures

In November 2023, the FASB issued ASU 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures to improve reportable segment disclosure requirements, primarily through enhanced disclosures about significant segment expenses. ASU 2023-07 includes: 1) a requirement to disclose significant segment expenses that are regularly provided to the chief operating decision maker (CODM) and included within each reported measure of segment profit or loss, 2) a requirement to disclose an amount for 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 deciding how to allocate resources, and 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.

Effective for the year ended December 31, 2024, the Company adopted disclosure guidance for reportable segments. The guidance had no net impact on the Company's consolidated financial position, results of operations, or cash flows.

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

Future Adoption of New Accounting Standards

Improvements to Income Tax Disclosures

In December 2023, the FASB issued ASU 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures. This update will improve the transparency of 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.

This guidance will be effective for the Company for annual periods beginning after December 15, 2024 and interim periods beginning after December 15, 2025. Early adoption is permitted. The guidance will have no net impact on the Company's consolidated financial position, results of operations, or cash flows.

Disaggregation of Income Statement Expenses

In November 2024, the FASB issued ASU 2024-04, 03 Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses. This guidance will improve the disclosures regarding a public business entity’s expenses by requiring (1) disclosure of the amounts of (a) purchases of inventory, (b) employee compensation, (c) depreciation, (d) intangible asset amortization, and (e) depreciation, depletion, and amortization recognized as part of oil and gas-producing activities (or other amounts of depletion expense) included in each relevant expense caption, (2) inclusion of certain amounts that are already required to be disclosed under current generally accepted accounting principles (GAAP) in the same disclosure as the other disaggregation requirements, (3) disclosure of a qualitative description of the amounts remaining in relevant expense captions that are not separately disaggregated quantitatively and (4) disclosure of the total amount of selling expenses and, in annual reporting periods, an entity’s definition of selling expenses.

The amendments in this guidance will be effective for the Company for annual periods beginning after December 15, 2026, and interim periods beginning after December 15, 2027. Early adoption is permitted. The guidance will have no net impact on the Company's consolidated financial position, results of operations, or cash flows.

NOTE 2 - Investments

Net Investment Income

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

($ in millions)	Year Ended December 31,		
	2024	2023	2022
Fixed maturity securities	$ 287.0	$ 269.2	$ 247.2
Equity securities	5.2	6.5	9.0
Limited partnership interests[1]	44.8	59.1	40.5
Short-term and other investments	20.6	17.2	11.2
Investment expenses	(13.3)	(12.1)	(10.5)
Net investment income - investment portfolio	344.3	339.9	297.4
Investment income - deposit asset on reinsurance	101.4	104.9	103.5
Total net investment income	$ 445.7	$ 444.8	$ 400.9

[1] Income related to Voya CML Fund was $19.2 million for 2024.

NOTE 2 - Investments (continued)

Net Investment Losses

Net investment losses for the following periods were as follows:

($ in millions)	Year Ended December 31,		
	2024	2023	2022
Fixed maturity securities	$ (21.1)	$ (20.3)	$ (29.1)
Equity securities	7.4	(3.9)	(32.6)
Short-term investments and other	(3.6)	0.2	5.2
Net investment losses	$ (17.3)	$ (24.0)	$ (56.5)

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 by Transaction Type

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

($ in millions)	Year Ended December 31,		
	2024	2023	2022
Credit loss impairments	$ 0.3	$ (0.4)	$ (3.1)
Intent-to-sell impairments	(0.2)	(6.7)	(7.6)
Total impairments	0.1	(7.1)	(10.7)
Sales and other, net	(24.3)	(25.0)	(17.8)
Change in fair value - equity securities	7.4	7.9	(33.2)
Change in fair value and losses realized on settlements - derivatives	(0.5)	0.2	5.2
Net investment losses	$ (17.3)	$ (24.0)	$ (56.5)

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)	Year Ended December 31,		
	2024	2023	2022
Beginning balance	$ 1.2	$ 1.2	$ 7.7
Credit losses on fixed maturity securities for which credit losses were not previously reported	1.7	—	—
Net increases (decreases) related to credit losses previously reported	(0.4)	—	3.1
Reduction of credit allowances related to sales	(1.6)	—	(9.2)
Write-offs	—	—	(0.4)
Ending balance	$ 0.9	$ 1.2	$ 1.2

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)	Amortized Cost, net	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
December 31, 2024				
Fixed maturity securities				
U.S. Government and federally sponsored agency obligations:				
Mortgage-backed securities	$ 827.9	$ 2.7	$ 74.8	$ 755.8
Other, including U.S. Treasury securities	426.5	0.1	69.0	357.6
Municipal bonds	1,239.1	17.5	105.8	1,150.8
Foreign government bonds	14.1	—	1.0	13.1
Corporate bonds	1,995.2	17.3	230.1	1,782.4
Other asset-backed securities	1,339.7	10.8	22.3	1,328.2
Totals	$ 5,842.5	$ 48.4	$ 503.0	$ 5,387.9
December 31, 2023				
Fixed maturity securities				
U.S. Government and federally sponsored agency obligations:				
Mortgage-backed securities	$ 713.4	$ 4.4	$ 64.6	$ 653.2
Other, including U.S. Treasury securities	450.8	0.8	62.8	388.8
Municipal bonds	1,333.4	28.6	91.9	1,270.1
Foreign government bonds	23.1	—	1.0	22.1
Corporate bonds	1,969.9	23.1	220.3	1,772.7
Other asset-backed securities	1,162.3	6.0	39.9	1,128.4
Totals	$ 5,652.9	$ 62.9	$ 480.5	$ 5,235.3

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 December 31, 2024 and 2023. The Company views the decrease in fair value of all fixed maturity securities with unrealized losses as of December 31, 2024 as due to factors other than a credit loss. As of December 31, 2024, the Company has not made the decision to sell and it is more likely than not the Company will not 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 Application of Critical Accounting Estimates - Evaluation of Credit Loss Impairments for Fixed Maturity Securities. 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 2023 but remain at elevated levels. 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)	12 months or less		More than 12 months		Total	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
December 31, 2024						
Fixed maturity securities						
U.S. Government and federally sponsored agency obligations:						
Mortgage-backed securities	$ 208.3	$ 3.1	$ 419.3	$ 71.7	$ 627.6	$ 74.8
Other	77.1	1.5	274.6	67.6	351.7	69.1
Municipal bonds	193.5	3.4	632.0	102.4	825.5	105.8
Foreign government bonds	1.5	—	11.7	0.9	13.2	0.9
Corporate bonds	235.4	10.3	1,075.8	219.8	1,311.2	230.1
Other asset-backed securities	133.3	0.9	338.3	21.4	471.6	22.3
Total	$ 849.1	$ 19.2	$ 2,751.7	$ 483.8	$ 3,600.8	$ 503.0
Number of positions with a gross unrealized loss	665		1,862		2,527	
Fair value as a percentage of total fixed maturities securities fair value	15.8 %		51.1 %		66.9 %	
December 31, 2023						
Fixed maturity securities						
U.S. Government and federally sponsored agency obligations:						
Mortgage-backed securities	$ 45.3	$ 0.8	$ 458.5	$ 63.8	$ 503.8	$ 64.6
Other	39.5	0.4	288.0	62.4	327.5	62.8
Municipal bonds	64.5	0.9	724.6	91.0	789.1	91.9
Foreign government bonds	1.5	—	20.6	1.0	22.1	1.0
Corporate bonds	195.0	25.4	1,171.3	194.9	1,366.3	220.3
Other asset-backed securities	133.4	0.8	752.5	39.1	885.9	39.9
Total	$ 479.2	$ 28.3	$ 3,415.5	$ 452.2	$ 3,894.7	$ 480.5
Number of positions with a gross unrealized loss	195		2,305		2,500	
Fair value as a percentage of total fixed maturities securities fair value	9.2 %		65.2 %		74.4 %	

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 was as follows:

	Number of Positions	
	December 31,	
	2024	2023
Credit Rating		
AAA	155	226
AA	899	1,006
A	320	423
BBB	370	448
Total investment grade	1,744	2,103
BB	40	93
B	18	39
CCC or lower	4	7
Total below investment grade	62	139
Not rated	56	63
Totals:	1,862	2,305

Fixed maturity securities with an investment grade rating represented 97.9% of the gross unrealized losses as of December 31, 2024. For the same reasons discussed above, we expect to receive cash flows 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)	December 31, 2024		
	Amortized Cost, net	Fair Value	Percent of Total Fair Value
Estimated expected maturity:			
Due in 1 year or less	$ 283.7	$ 280.3	5.2 %
Due after 1 year through 5 years	1,487.9	1,455.0	27.0 %
Due after 5 years through 10 years	1,535.8	1,468.6	27.3 %
Due after 10 years through 20 years	1,461.7	1,293.3	24.0 %
Due after 20 years	1,073.4	890.7	16.5 %
Total	$ 5,842.5	$ 5,387.9	100.0 %

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 year were as follows:

($ in millions)	Year Ended December 31,		
	2024	2023	2022
Fixed maturity securities			
Proceeds received	$ 424.8	$ 377.6	$ 752.0
Gross gains realized	4.0	2.2	5.5
Gross losses realized	(19.0)	(14.0)	(23.7)
Equity securities			
Proceeds received	$ 16.3	$ 18.7	$ 10.8
Gross gains realized	—	—	1.7
Gross losses realized	(7.8)	(11.8)	(1.0)

Net Unrealized Investment Gains (Losses) on Fixed Maturity Securities

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

($ in millions)	Year Ended December 31,		
	2024	2023	2022
Net unrealized investment gains (losses) on fixed maturity securities, net of tax			
Beginning of period	$ (328.3)	$ (449.6)	$ 347.1
Change in net unrealized investment gains (losses) on fixed maturity securities	(45.8)	105.3	(819.7)
Reclassification of net investment (gains) losses on fixed maturity securities to net income	16.7	16.0	23.0
End of period	$ (357.4)	$ (328.3)	$ (449.6)

Limited Partnership Interests

Investments in limited partnership interests are predominately 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. In addition, we have two limited partnership investments accounted for at fair value using the fair value option (FVO). 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)	December 31,	
	2024	2023
Commercial mortgage loan funds	$ 596.0	$ 660.8
Real estate equity funds	144.7	109.2
Private equity funds	102.2	92.7
Infrastructure equity funds	81.7	77.2
Infrastructure debt funds	69.0	59.1
Other funds[1]	127.7	139.8
Total	$ 1,121.3	$ 1,138.8

[1] Other funds consist primarily of limited partnership interests in corporate mezzanine, venture capital, and private credit funds.

The carrying value of the EMA limited partnerships is impaired to fair value when a decline in value is considered to be other-than-temporary. For the years ended December 31, 2023 and 2024, no other-than-temporary impairments were recognized for EMA limited partnerships.

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. The following table presents instruments that were subject to a master netting arrangement for the Company.

($ in millions)	Gross Amounts	Gross Amounts Offset in the Consolidated Balance Sheets	Net Amounts of Assets/ Liabilities Presented in the Consolidated Balance Sheets	Gross Amounts Not Offset in the Consolidated Balance Sheets		Net Amount
				Financial Instruments	Cash Collateral Received	
December 31, 2024						
Asset derivatives						
Free-standing derivatives	$ 18.5	$ —	$ 18.5	$ —	$ 20.4	$ (1.9)
December 31, 2023						
Asset derivatives						
Free-standing derivatives	$ 19.0	$ —	$ 19.0	$ —	$ 18.5	$ 0.5

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 $12.4 million as of December 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 $12.0 million as of December 31, 2024 and $0.0 million December 31, 2023.

Deposits

At December 31, 2024 and 2023, fixed maturity securities with a fair value of $27.1 million and $29.2 million, respectively, were on deposit with governmental agencies as required by law in various states for which the insurance subsidiaries of the Company conduct business. In addition, as of December 31, 2024 and 2023, fixed maturity securities with a fair value of $1,072.2 million and $987.2 million, respectively, were on deposit with FHLB as collateral for amounts subject to funding agreements, advances and borrowings which were equal to $989.5 million and $904.5 million at the respective dates. The deposited securities are reported as Fixed maturity securities in 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 for the Company's insurance contracts other than annuity contracts (which are investment contracts) and equity method limited partnership interests are not required to be disclosed in fair value hierarchy. 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 the matching of investment maturities with amounts due under insurance contracts.

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between knowledgeable, unrelated and willing market participants on the measurement date. In determining fair value, the Company utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. The Company categorizes the fair value of its financial and nonfinancial assets and

NOTE 3 - Fair Value of Financial Instruments (continued)

liabilities into a three-level hierarchy based on the priority of inputs to the valuation technique. The three levels of inputs that may be used to measure fair value are:

Level 1	Unadjusted quoted prices in active markets for identical assets or liabilities. Level 1 assets and liabilities include certain fixed maturity and equity securities that are traded in an active exchange market, as well as U.S. Treasury securities.
Level 2	Unadjusted observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for the assets or liabilities. Level 2 assets and liabilities include fixed maturity securities (1) with quoted prices that are traded less frequently than exchange-traded instruments or (2) values based on discounted cash flows with observable inputs. This category generally includes certain U.S. Government and agency mortgage-backed securities, non-agency structured securities, corporate fixed maturity securities, preferred stocks, derivatives and embedded derivatives.
Level 3	Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, certain discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation and for which the significant inputs are unobservable. This category generally includes certain private debt and equity instruments, as well as embedded derivatives and limited partnerships accounted for under the fair value option.

When the inputs used to measure fair value fall within different levels of the hierarchy, the level within which the fair value measurement is categorized is based on the lowest level input that is significant to the fair value measurement in its entirety. As a result, a Level 3 fair value measurement may include inputs that are observable (Level 1 or Level 2) and unobservable (Level 3). Net transfers into or out of each of the three levels are reported as having occurred at the end of the reporting period in which the transfers were determined.

The following discussion describes the valuation methodologies used for financial assets and financial liabilities measured at fair value. The techniques utilized in estimating fair value are affected by the assumptions used, including discount rates and estimates of the amount and timing of expected future cash flows. The use of different methodologies, assumptions and inputs may have a material effect on the estimated fair values of the Company's financial assets and liabilities. Judgment is exercised in deriving conclusions about the Company's business, its value or financial position based on the fair value information of financial assets and liabilities presented below.

Fair value estimates are made at a specific point in time, based on available market information and judgments about the financial asset or financial liability, including estimates of both the timing and amount of expected future cash flows and the credit standing of the issuer. In some cases, fair value estimates cannot be substantiated by comparison to independent markets. In addition, the disclosed fair value may not be realized in the immediate settlement of the financial asset or financial liability. The disclosed fair values do not reflect any premium or discount that could result from offering for sale at one time an entire holding of a particular financial asset or financial liability. In periods of market disruption, the ability to observe prices and inputs may be reduced for many financial instruments. This condition could cause a financial instrument to be reclassified from Level 1 to Level 2 or from Level 2 to Level 3. Potential taxes and other expenses that would be incurred in an actual sale or settlement are not reflected in the fair value amounts disclosed.

Investments

The fair value of a fixed maturity security is the price that would be received in an orderly transaction between market participants at the measurement date. We obtain prices from third-party valuation service providers, our investment managers, and custodian bank, each of which use a variety of valuation service providers, broker quotes, and modeled prices. When necessary, we also internally model securities to develop a price. Differences in prices between the sources that we consider reliable are researched and we use the price that we consider most representative of an exit price in determining the fair value. Typical inputs used by these pricing sources include, but are not limited to, reported trades, broker quotes, yield curves, and involve the benchmarking of similar securities, rating designations, sector groupings, issuer spreads and/or estimated cash flows, prepayment speeds and default rates, among others, in determining the inputs to the prices. Our fixed maturity securities portfolio is primarily publicly traded, which allows for a high percentage of the fixed maturity securities

NOTE 3 - Fair Value of Financial Instruments (continued)

portfolio to be priced through pricing services using observable inputs. Approximately 90.9% and 87.7% of the fixed maturity securities portfolio, based on fair value, was priced through valuation services or priced using observable inputs as of December 31, 2024 and 2023, respectively. The remainder of the fixed maturity securities portfolio was priced by broker quotes, modeled prices by our investment managers or internal pricing models. Non-binding broker quotes are generally classified as Level 3, unless the quotes can be corroborated by comparison to other valuation service provider prices or observable pricing models or analyses, whereby they could be classified as Level 2. There were no significant changes to the valuation process during 2024.

The valuation of hard-to-value fixed maturity securities (generally 75 -125 securities) is more subjective because the markets are less liquid and there is a lack of observable market-based inputs. This may increase the potential that the estimated fair value of an investment is not reflective of the price at which an actual transaction would occur. When the pricing sources cannot provide fair value determinations, the investment managers obtain non-binding price quotes from brokers. For those securities where the investment manager cannot obtain broker quotes, they will model the security, generally using estimated cash flows of the underlying collateral. Brokers' valuation methodologies as well as investment managers' modeling methodologies are sometimes matrix-based, using indicative evaluation measures and adjustments for specific security characteristics and market sentiment. The selection of the market inputs and assumptions used to estimate the fair value of hard-to-value fixed maturity securities requires judgment and includes: benchmark yield, liquidity premium, estimated cash flows, prepayment speeds and default rates, spreads, weighted average life, and credit rating. The extent of the use of each market input depends on the market sector and market conditions. Depending on the security, the priority of the use of inputs may change or some market inputs may not be relevant. For some securities, additional inputs may be necessary.

To determine the fair value of equity securities, the Company uses its third-party valuation service providers, investment managers or its custodian bank to obtain fair value prices from independent third-party valuation service providers.

In summary, the following financial assets and financial liabilities are carried at fair value on a recurring basis:

Financial assets

- Fixed maturity securities, including hard-to-value fixed maturity securities, as described above.
- Equity securities, as described above.
- Limited Partnership Interests accounted for under Fair Value Option (FVO), as described above.
- Short-term investments — Because of the nature of these assets, carrying amounts are amortized cost which approximate fair values.
- Other investments — Other investments include derivatives. Fair values of derivatives are based on the amount of cash expected to be received to settle each derivative on the reporting date. These amounts are obtained from each of the counterparties using industry accepted valuation models and observable inputs. Significant inputs include contractual terms, underlying index prices, market volatilities, interest rates and dividend yields.

Financial liabilities

- The fair value of derivatives embedded in IUL contracts is set equal to the fair value of the outstanding call options.
- The fair value of derivatives embedded in FIA contracts is determined using the option budget method for each premium received (i.e., the option budget method is used as the future account growth rate). With this method, future excess cash flows (defined as benefits in excess of required non-forfeiture benefits) are discounted at the risk-free rate and adjusted for non-performance, to determine the fair value of the embedded derivatives.
- 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.

NOTE 3 - Fair Value of Financial Instruments (continued)

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. As of December 31, 2024, Level 3 investments comprised approximately 9.5% of the Company's total investment portfolio at fair value.

($ in millions)	Carrying Amount	Fair Value	Fair Value Measurements at Reporting Date Using		
			Level 1	Level 2	Level 3
December 31, 2024					
Financial Assets					
Investments					
Fixed maturity securities					
U.S. Government and federally sponsored agency obligations:					
Mortgage-backed securities	$ 755.8	$ 755.8	$ —	$ 755.8	$ —
Other, including U.S. Treasury securities	357.6	357.6	24.7	332.9	—
Municipal bonds	1,150.8	1,150.8	—	1,075.9	74.9
Foreign government bonds	13.1	13.1	—	13.1	—
Corporate bonds	1,782.4	1,782.4	7.7	1,423.4	351.3
Other asset-backed securities	1,328.2	1,328.2	—	1,254.5	73.7
Total fixed maturity securities	5,387.9	5,387.9	32.4	4,855.6	499.9
Equity securities	66.5	66.5	1.4	60.9	4.2
Limited partnership interests	28.9	28.9	—	—	28.9
Short-term investments	101.1	101.1	101.1	—	—
Other investments	18.5	18.5	—	18.5	—
Totals	$ 5,602.9	$ 5,602.9	$ 134.9	$ 4,935.0	$ 533.0
Separate Account variable annuity assets[1]	$ 3,708.8	$ 3,708.8	$ 3,708.8	$ —	$ —
Financial Liabilities[2]	$ 79.6	$ 79.6	$ —	$ 4.1	$ 75.5
December 31, 2023					
Financial Assets					
Investments					
Fixed maturity securities					
U.S. Government and federally sponsored agency obligations:					
Mortgage-backed securities	$ 653.2	$ 653.2	$ —	$ 653.2	$ —
Other, including U.S. Treasury securities	388.8	388.8	45.6	343.2	—
Municipal bonds	1,270.1	1,270.1	—	1,196.1	74.0
Foreign government bonds	22.1	22.1	—	22.1	—
Corporate bonds	1,772.7	1,772.7	10.1	1,420.1	342.5
Other asset-backed securities	1,128.4	1,128.4	—	1,030.9	97.5
Total fixed maturity securities	5,235.3	5,235.3	55.7	4,665.6	514.0
Equity securities	86.2	86.2	17.9	63.8	4.5
Short-term investments	132.9	132.9	132.9	—	—
Other investments	19.0	19.0	—	19.0	—
Totals	$ 5,473.4	$ 5,473.4	$ 206.5	$ 4,748.4	$ 518.5
Separate Account variable annuity assets[1]	$ 3,294.1	$ 3,294.1	$ 3,294.1	$ —	$ —
Financial Liabilities[2]	$ 86.0	$ 86.0	$ —	$ 3.6	$ 82.4

[1] 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 Separate Account variable annuity assets.

[2] Represents embedded derivatives related to fixed indexed annuity and indexed universal life products as well as net MRBs reported in Policyholders' account balances in the Company's Consolidated Balance Sheets.

NOTE 3 - Fair Value of Financial Instruments (continued)

Changes in Level 3 Fair Value Measurements

The Company did not have any transfers between Levels 1 and 2 during 2024 and 2023. The following tables present reconciliations for the periods indicated for all Level 3 financial assets and financial liabilities measured at fair value on a recurring basis.

($ in millions)	Financial Assets						Financial Liabilities[1]
	Municipal Bonds	Corporate Bonds	Mortgage-Backed and Other Asset-Backed Securities[2]	Total Fixed Maturity Securities	Equity Securities & Limited Partnership Interests	Total	
Beginning balance, January 1, 2024	$ 74.0	$ 342.5	$ 97.5	$ 514.0	$ 4.5	$ 518.5	$ 82.4
Transfers into Level 3[3]	—	11.8	8.0	19.8	28.9	48.7	—
Transfers out of Level 3[3]	—	(8.4)	(4.0)	(12.4)	—	(12.4)	—
Total gains or losses							
Net investment gains (losses) included in net income	—	—	0.3	0.3	0.6	0.9	—
Net investment (gains) losses included in net income related to financial liabilities	—	—	—	—	—	—	5.4
Net unrealized investment gains (losses) included in OCI	(2.1)	5.7	0.1	3.7	—	3.7	—
Purchases	4.2	81.2	1.7	87.1	1.2	88.3	—
Issuances	—	—	—	—	—	—	5.4
Sales	—	(46.4)	—	(46.4)	—	(46.4)	—
Settlements	—	—	—	—	—	—	—
Paydowns, maturities and distributions	(1.2)	(35.1)	(29.9)	(66.2)	(2.1)	(68.3)	(17.7)
Ending balance, December 31, 2024	$ 74.9	$ 351.3	$ 73.7	$ 499.9	$ 33.1	$ 533.0	$ 75.5
Beginning balance, January 1, 2023	$ 54.4	$ 261.3	$ 107.6	$ 423.3	$ 2.0	$ 425.3	$ 91.3
Transfers into Level 3[3]	—	76.5	0.8	77.3	2.1	79.4	—
Transfers out of Level 3[3]	—	(3.7)	—	(3.7)	—	(3.7)	—
Total gains or losses							
Net investment gains (losses) included in net income	—	—	—	—	0.4	0.4	—
Net investment (gains) losses included in net income related to financial liabilities	—	—	—	—	—	—	1.3
Net unrealized investment gains (losses) included in OCI	11.3	(17.1)	5.0	(0.8)	—	(0.8)	0.4
Purchases	9.5	64.5	2.0	76.0	—	76.0	—
Issuances	—	—	—	—	—	—	8.0
Sales	—	(7.7)	—	(7.7)	—	(7.7)	—
Settlements	—	—	—	—	—	—	—
Paydowns, maturities and distributions	(1.2)	(31.3)	(17.9)	(50.4)	—	(50.4)	(18.6)
Ending balance, December 31, 2023	$ 74.0	$ 342.5	$ 97.5	$ 514.0	$ 4.5	$ 518.5	$ 82.4

(1) Represents embedded derivatives, all related to the Company's FIA products, 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 years ended December 31, 2024 and 2023 were attributable to changes in the availability of observable market information for individual fixed maturity securities, limited partnerships and short-term investments. In addition, during the fourth quarter of 2024, the Company transferred in two limited partnership investments that are carried at fair value using fair value option accounting. 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.

As of December 31, 2024, the Company had a $0.9 million net investment gain on Level 3 financial assets that was included in net income. As of December 31, 2023 the Company had a $0.4 million net investment gain on Level 3 financial assets that was included in net income and was primarily attributable to credit loss impairments. For the years ended December 31, 2024 and 2023, net investment gains of $5.4 million and $1.3 million, respectively, were included in net income that were attributable to changes in the fair value of Level 3 financial liabilities.

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)	Total	Internal	External
December 31, 2024			
Financial Assets			
Fixed maturity securities			
U.S. Government and federally sponsored agency obligations:			
Mortgage-backed securities	$ —	$ —	$ —
Municipal bonds	74.9	—	74.9
Corporate bonds	351.3	199.3	152.0
Other asset-backed securities	73.7	—	73.7
Total fixed maturity securities	499.9	199.3	300.6
Equity securities	4.2	—	4.2
Limited partnership interests	28.9	—	28.9
Totals	$ 533.0	$ 199.3	$ 333.7
Financial Liabilities[1]	$ 75.5	$ 75.5	$ —
December 31, 2023			
Financial Assets			
Fixed maturity securities			
U.S. Government and federally sponsored agency obligations:			
Mortgage-backed securities	$ —	$ —	$ —
Municipal bonds	74.0	—	74.0
Corporate bonds	342.5	180.4	162.1
Other asset-backed securities	97.5	—	97.5
Total fixed maturity securities	514.0	180.4	333.6
Equity securities	4.5	—	4.5
Totals	$ 518.5	$ 180.4	$ 338.1
Financial Liabilities[1]	$ 82.4	$ 82.4	$ —

[1] Represents embedded derivatives, all related to the Company's FIA products, 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.

NOTE 3 - Fair Value of Financial Instruments (continued)

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 within Level 3.

($ in millions)	Fair Value at December 31, 2024	Valuation Techniques	Unobservable Inputs	Range (Weighted Average) and Single Point Best Estimate[1]	Impact of Increase in Input on Fair Value
Financial Assets					
Corporate bonds	$ 199.3	discounted cash flow	yield	3.9% - 10.6%	Decrease
		discounted cash flow	option adjusted spread	242 bps - 768 bps	Decrease
Financial Liabilities					
Derivatives embedded in fixed indexed annuity products	$ 82.3	discounted cash flow	lapse rate	6.4%	Decrease
			mortality multiplier[2]	67.0%	Decrease
			option budget	0.9% - 3.8%	Increase
			non-performance adjustment[3]	5.0%	Decrease
Net MRBs	$ (6.8)	discounted cash flow	lapse rate	6.4%	Decrease
			mortality multiplier[2]	67.0%	Increase

[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.

($ in millions)	Fair Value at December 31, 2023	Valuation Techniques	Unobservable Inputs	Range (Weighted Average) and Single Point Best Estimate[1]	Impact of Increase in Input on Fair Value
Financial Assets					
Corporate bonds	$ 180.4	discounted cash flow	yield	6.7% - 17.0%	Decrease
Financial Liabilities					
Derivatives embedded in fixed indexed annuity products	$ 86.3	discounted cash flow	lapse rate	5.9%	Decrease
			mortality multiplier[2]	69.4%	Decrease
			option budget	0.9% - 3.8%	Increase
			non-performance adjustment[3]	5.0%	Decrease
Net MRBs	$ (3.9)	discounted cash flow	lapse rate	5.9%	Decrease
			mortality multiplier[2]	67.8%	Increase

[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.

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 processes as previously described in this Note. 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 is less observable than securities classified as Level 2.

NOTE 3 - Fair Value of Financial Instruments (continued)

Financial Instruments Not Carried at Fair Value

The following table presents the carrying amount and fair value of the Company's financial assets and financial 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)	Carrying Amount	Fair Value	Fair Value Measurements at Reporting Date Using		
			Level 1	Level 2	Level 3
December 31, 2024					
Financial Assets					
Other investments	$ 221.0	$ 224.3	$ —	$ 37.0	$ 187.3
Deposit asset on reinsurance	2,434.3	2,121.9	—	—	2,121.9
Financial Liabilities					
Policyholders' account balances	5,020.2	4,710.1	—	—	4,710.1
Other policyholder funds	995.7	995.7	—	992.9	2.8
Reverse repurchase agreement	12.0	12.4	—	12.4	—
Long-term debt	547.0	575.1	—	575.1	—
December 31, 2023					
Financial Assets					
Other investments	$ 218.4	$ 221.7	$ —	$ 33.8	$ 187.9
Deposit asset on reinsurance	2,496.6	2,259.6	—	—	2,259.6
Financial Liabilities					
Policyholders' account balances	4,996.3	4,861.8	—	—	4,861.8
Other policyholder funds	916.0	916.0	—	908.7	7.3
Long-term debt	546.0	571.4	—	571.4	—

Other Investments

Other investments includes policy loans, mortgage loans and FHLB common stock. For policy loans, fair value is based on estimates using discounted cash flow analysis and current interest rates being offered for new loans. For mortgage loans, fair value is estimated by discounting the expected future cash flows using current rates at which similar loans would be made to borrowers with similar credit ratings and similar remaining maturities. For FHLB common stock, fair value is the redemption value, which is the same as the carrying amount and par value.

Deposit Asset on Reinsurance

The fair value of the deposit asset on reinsurance is estimated by discounting the future cash flows that are expected to arise out of the annuity reinsurance transaction. The Treasury yield curve, plus an assumed credit spread, is used to determine the appropriate discount rate.

Policyholders' Account Balances

Policyholder's account balances include fixed annuity contract liabilities, policyholder account balances on life contracts, supplementary contracts without life contingencies and retained asset accounts. The fair values of fixed annuity contract liabilities and policyholder account balances on life contracts are equal to the discounted estimated future cash flows (using the Company's current interest rates for similar products including consideration of minimum guaranteed interest rates). The Company carries these financial liabilities at cost. Liabilities related to supplementary contracts without life contingencies and retained asset accounts are carried at cost, which management believes is a reasonable estimate of fair value due to the relatively short duration of these items, based on the Company's past experience.

Also, included in Policyholder's account balances are embedded derivatives related to the Company's IUL and FIA account balances and net MRBs which are carried at fair value.

NOTE 3 - Fair Value of Financial Instruments (continued)

Other Policyholder Funds

Other policyholder funds includes balances outstanding under funding agreements with the FHLB and dividend accumulations. These components are carried at cost, which management believes is a reasonable estimate of fair value due to the relatively short duration of these items, based on the Company's past experience.

Reverse Repurchase Agreements

Reverse repurchase agreements are transactions in which the Company (transferor) transfers fixed maturity securities to another party (transferee) and receives cash (or securities), with a simultaneous agreement to repurchase the same securities (or substantially the same securities) at a specified price on a specified date. These transactions are generally short-term in nature, and therefore, the carrying amounts of these instruments approximate fair value.

The Company accounts for reverse repurchase agreements as secured borrowings. This means that the fixed maturity 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 carrying amount of the Company's obligation under reverse repurchase agreements is equal to the amount of cash it received on the date of transfer and the fair value of the Company's obligation under reverse repurchase agreements is equal to the-then current fair value of the fixed maturity securities transferred as of the reporting date.

Long-term Debt

The Company carries long-term debt at amortized cost. The fair value of long-term debt is estimated based on unadjusted quoted market prices of the Company's securities or unadjusted market prices based on similar publicly traded issues when trading activity for the Company's securities is not sufficient to provide a market price.

NOTE 4 - Derivatives

The Company offers FIA products, which are deferred fixed annuities that guarantee the return of principal to the contractholder and credits interest based on a percentage of the gain in a specified market index. The Company also offers IUL products which credits interest based on a percentage of the gain in a specified market index. When deposits are received for FIA and IUL contracts, a portion is used to purchase derivatives consisting of call options on the applicable market indices to fund the index credits due to FIA and IUL policyholders. For the Company, substantially all such call options are one-year options purchased to match the funding requirements of the underlying contracts.

The change in fair value of derivatives includes the gains or losses recognized at the expiration of the option term or early termination and the changes in fair value for open positions. Call options are not purchased to fund the index liabilities that may arise after the next deposit anniversary date. On the respective anniversary dates of the indexed deposits, the index used to compute the annual index credit is reset and new one-year call options are purchased to fund the next annual index credit. The cost of these purchases is managed through the terms of the FIA and IUL contracts, which permit changes to index return caps, participation rates and/or asset fees, subject to guaranteed minimums on each contract's anniversary date. By adjusting the index return caps, participation rates or asset fees, crediting rates generally can be managed except in cases where the contractual features would prevent further modifications.

The future annual index credits on FIA are accounted for as a "series of embedded derivatives" over the expected life of the applicable contract with a corresponding reserve recognized. For IUL, the embedded derivative represents a single-year liability for the index return.

The Company carries all derivatives at fair value in the Consolidated Balance Sheets. The Company elected to not use hedge accounting for derivative transactions related to the FIA and IUL products. As a result, the Company recognizes the purchased call options and the embedded derivatives related to the provision of a contingent return at fair value, with changes in the fair value of the derivatives recognized immediately as Net investment gains (losses) in the Consolidated Statements of Operations and Comprehensive Income (Loss). The fair values of derivatives, including derivatives embedded in FIA and IUL contracts, are presented in the Consolidated Balance Sheets as follows:

NOTE 4 - Derivatives (continued)

($ in millions)	December 31,	
	2024	2023
Assets		
Derivatives, reported in Short-term and other investments	$ 18.5	$ 19.0
Liabilities		
FIA - embedded derivatives, reported in Policyholders' account balances	82.3	86.3
IUL - embedded derivatives, reported in Policyholders' account balances	4.1	3.6

In general, the change in the fair value of the embedded derivatives related to FIA will not correspond to the change in fair value of the purchased call options because the purchased call options are one-year options while the fair value of the embedded derivatives represent the rights of the policyholder to receive index credits over the entire period the FIA contracts are expected to be in force, which typically exceeds 10 years. The changes in fair value of derivatives included in the Consolidated Statements of Operations and Comprehensive Income (Loss) were as follows:

($ in millions)	Years Ended December 31,		
	2024	2023	2022
Change in fair value of derivatives:[1]			
Net investment gains (losses)	$ 1.0	$ 7.4	$ (9.7)
Change in fair value of embedded derivatives:			
Net investment gains (losses)	(9.5)	(7.2)	14.9

[1] Includes gains (losses) recognized at option expiration or early termination and changes in fair value for open positions.

The Company's strategy attempts to mitigate potential risk of loss under these agreements through a regular monitoring process, which evaluates the program's effectiveness. The Company is exposed to risk of loss in the event of nonperformance by the counterparties and, accordingly, option contracts are purchased from multiple counterparties, which are evaluated for creditworthiness prior to purchase of the contracts. All of these options have been purchased from nationally recognized financial institutions with a S&P/Moody's Investors Service, Inc. (Moody's) long-term credit rating of "BBB+/A3" or higher at the time of purchase and the maximum credit exposure to any single counterparty is subject to concentration limits. The Company also obtains credit support agreements that allow it to request the counterparty to provide collateral when the fair value of the exposure to the counterparty exceeds specified amounts.

The notional amount and fair value of call options by counterparty and each counterparty's long-term credit ratings were as follows:

($ in millions)	December 31, 2024				December 31, 2023	
	Credit Rating		Notional	Fair	Notional	Fair
Counterparty	S&P	Moody's	Amount	Value	Amount	Value
Bank of America, N.A.	A+	Aa1	$ 267.8	$ 13.3	$ 270.2	$ 15.5
Credit Suisse International	A+	Aa2	—	—	—	—
Societe Generale	A	A1	—	—	—	—
Barclays Bank PLC	A+	A1	115.3	5.2	89.2	3.5
Citigroup	BBB+	A3	—	—	—	—
Total			$ 383.1	$ 18.5	$ 359.4	$ 19.0

As of December 31, 2024 and 2023, the Company held $20.4 million and $18.5 million, respectively, of cash and financial instruments received from counterparties for derivative collateral, which is included in Other liabilities on the Consolidated Balance Sheets. This derivative collateral limits the Company's maximum amount of economic loss due to credit risk that would be incurred if parties to the call options failed completely to perform according to the terms of the contracts to $0.3 million per counterparty

NOTE 5 - 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 the year gross reserve (before reinsurance balances and reinsurance recoverable balances) are reflected on a gross basis in the Consolidated Balance Sheets. Also included in property & casualty claims and claim expense reserves are legacy commercial line exposures, which are included in the Corporate & Other segment for segment reporting purposes.

($ in millions)	Years Ended December 31,		
	2024	2023	2022
Property & Casualty			
Gross reserves, beginning of year	$ 416.8	$ 388.7	$ 362.4
Less: reinsurance recoverables	104.0	100.8	110.3
Net reserves, beginning of year[1]	312.8	287.9	252.1
Incurred claims and claim expenses:			
Claims occurring in the current year	552.8	557.0	512.3
Increase (decrease) in estimated reserves for claims occurring in prior years[2]	(11.8)	—	22.0
Total claims and claim expenses incurred	541.0	557.0	534.3
Claims and claim expense payments for claims occurring during:			
Current year	368.1	353.1	320.0
Prior years	165.9	179.0	178.5
Total claims and claim expense payments	534.0	532.1	498.5
Net reserves, end of year	319.8	312.8	287.9
Plus: reinsurance recoverables	100.8	104.0	100.8
Gross reserves, end of year	$ 420.6	$ 416.8	$ 388.7

[1] Reserves are net of anticipated reinsurance recoverables. Starting in 2024, includes reserves for legacy commercial lines.

[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, refer to the paragraphs below for additional information regarding prior years' reserve development recognized in 2024, 2023 and 2022.

Underwriting results for Property & Casualty are significantly influenced by estimates of the Company's ultimate liability for insured events. There is a high degree of uncertainty inherent in the estimates of ultimate losses underlying the liability for unpaid claims and claim settlement expenses. This inherent uncertainty is particularly significant for liability-related exposures due to the extended period, often many years, which transpires between a loss event, receipt of related claims data from policyholders and ultimate settlement of the claim. Reserves for Property & Casualty claims include provisions for payments to be made on reported claims (case reserves), IBNR claims and associated settlement expenses (together, loss reserves). The process by which these loss reserves are established requires reliance upon estimates based on known facts and on interpretations of circumstances, including the Company's experience with similar cases and historical trends involving claim payments and related patterns, pending levels of unpaid claims and product mix, as well as other factors including court decisions, economic conditions, public attitudes and medical costs.

The Company believes the property & casualty loss reserves are appropriately established based on available facts, laws, and regulations. The Company calculates and recognizes a single best estimate of the reserve as of each reporting date, for each line of business and its coverages for reported losses and for IBNR losses and as a result, the Company believes no other estimate is better than the recognized amount. Due to uncertainties involved, the ultimate cost of losses may vary materially from recognized amounts.

The Company continually updates loss estimates using both quantitative and qualitative information from its reserving actuaries and information derived from other sources, including available industry information. Adjustments may be required as information develops which varies from experience, or, in some cases, augments data which previously was not considered sufficient for use in determining liabilities. The effects of these adjustments may be significant and are charged or credited to income in the period in which the adjustments are made.

NOTE 5 - Short-Duration Insurance Contracts (continued)

Numerous risk factors will affect more than one product line. One of these factors is changes in claim department practices, including claim closure rates, number of claims closed without payment, the use of third-party claim adjusters and the level of needed case reserve estimated by the adjuster. Other risk factors include changes in claim frequency, changes in claim severity, regulatory and legislative actions, court actions, changes in economic conditions and trends (e.g., medical costs, labor rates and the cost of materials), the occurrence of unusually large or frequent catastrophic loss events, timeliness of claim reporting, the state in which the claim occurred and degree of claimant fraud. The extent of the impact of a risk factor will also vary by coverages within a product line. Individual risk factors are also subject to interactions with other risk factors within product line coverages.

While all product lines are exposed to these risks, there are some loss types or product lines for which the financial effect will be more significant. For instance, given the relatively large proportion (approximately 68% as of December 31, 2024) of the Company's reserves that are in the longer-tail auto liability coverages, regulatory and court actions, changes in economic conditions and trends, and medical costs could be expected to impact this product line more extensively than others.

For auto, homeowners and umbrella lines of business, reserves are established for claims as they occur for each line of business based on estimates of the ultimate cost to settle the claims. The actual loss results are compared to prior estimates and differences are recorded as re-estimates. The primary actuarial techniques (development of paid loss dollars, development of reported loss dollars, methods based on expected loss ratios and methods utilizing frequency and severity of claims) used to estimate reserves and provide for losses are applied to actual paid losses and reported losses (paid losses plus individual case reserves set by claim adjusters) for an accident year to create an estimate of how losses are likely to develop over time.

In all of the loss estimation techniques referred to above, a ratio (development factor) is calculated which compares current results to results in the prior period for each accident year. Various development factors, based on historical results, are multiplied by the current experience to estimate the development of losses of each accident year from the current time period into the next time period. The development factors for the next time period for each accident year are compounded over the remaining calendar years to calculate an estimate of ultimate losses for each accident year. Occasionally, unusual aberrations in loss patterns are caused by factors such as changes in claim reporting, settlement patterns, unusually large losses, process changes, legal or regulatory environment changes, and other influences. In these instances, analyses of alternate development factor selections are performed to evaluate the effect of these factors and judgment is applied to make appropriate development factor assumptions needed to develop a best estimate of ultimate losses. Paid losses are then subtracted from estimated ultimate losses to determine the indicated loss reserves. The difference between indicated reserves and recorded reserves is the amount of reserve re-estimate.

Reserves for auto, property and umbrella lines of business are re-estimated quarterly. When new development factors are calculated from actual losses that differ from estimated development factors used in previous reserve estimates, assumptions about losses and required reserves are revised based on the new development factors. Changes to reserves are recognized in the period in which development factor changes result in reserve re-estimates.

Claim count estimates are also established for claims as they occur for each line of business based on estimates of the ultimate claim counts. These counts are derived by counting the number of claimants by insurance coverage. The primary actuarial techniques (development of paid claim counts and development of reported claim counts) used to estimate ultimate claim counts are applied to actual paid claim counts and reported claim counts (paid claims plus individual unpaid claims set by claim adjusters) for an accident year to create an estimate of how claims are likely to develop over time. An accident year refers to classifying claims based on the year in which the claim occurred. The ultimate claim count generally gives equal consideration to the results of the two actuarial techniques described.

Occasionally, unusual aberrations in claim reporting patterns or claim payment patterns may occur. In these instances, analyses of alternate development factor selections are performed to evaluate the effect of these factors and judgment is applied to make appropriate development factor assumptions needed to develop a best estimate of ultimate claims.

In addition to auto, property and umbrella lines, during 2024 property & casualty loss and loss adjustment reserves and IBNR included legacy commercial claims. These claims related to legacy, long-tail commercial lines claims, including asbestos, environmental, and sexual molestation claims.

NOTE 5 - Short-Duration Insurance Contracts (continued)

Legacy commercial line reserves are analyzed based on industry information for asbestos and environmental liabilities. This information includes industry source information regarding incurred losses, paid losses and industry implied survival ratios.

See tables on the following pages of Note 5 for details of the average annual percentage payout of auto and property incurred claims by age, also referred to as a history of claims duration and tables illustrating the incurred and paid claims development information by accident year on a net basis for the lines of homeowners, auto liability, and auto physical damage, which represents 94% of the Company's property & casualty incurred losses for 2024.

Numerous actuarial estimates of the types described above are prepared each quarter to monitor losses for each line of business, including the line's individual coverages, for reported losses and IBNR. Often, several different estimates are prepared for each detailed coverage, incorporating alternative analyses of changing claim settlement patterns and other influences on losses, from which the Company selects the best estimate for each coverage, occasionally incorporating additional analyses and judgment, as described above. These estimates also incorporate the historical impact of inflation into reserve estimates, the implicit assumption being that a multi-year average development factor represents an adequate provision. Based on the Company's review of these estimates, as well as the review of independent reserve studies, the best estimate of required reserves for each line of business, including the line's individual coverages, is determined by management and is recognized for each accident year, then the required reserves for each coverage are summed to create the reserve balances carried on the Company's Consolidated Balance Sheets.

Based on the Company's products and coverages, historical experience, and various actuarial methodologies used to develop reserve estimates, the Company estimates that the potential variability of the Property & Casualty loss reserves within a reasonable probability of other possible outcomes may be different than expected. A change in claim severity or claim frequency of approximately plus or minus 1.0% of reserves equates to plus or minus approximately $2.5 million of net income as of December 31, 2024. Although this evaluation reflects the most likely outcomes, it is possible the final outcome may fall below or above these estimates.

Net favorable (unfavorable) development of total reserves for property & casualty claims occurring in prior years was $11.8 million in 2024, $0 million in 2023 and ($22.0 million) in 2022. In 2024, the Company had favorable development of $29.5 million as a result of favorable loss trends in auto and property for accident years 2023 and prior. This was partially offset by $17.7 million in recognition of loss reserves for legacy commercial lines. In 2022, property & casualty had unfavorable prior years' auto reserve development of ($28.0) million, reflecting the impact on severity of overall inflation, higher medical costs, increased usage of medical services and the current judicial environment, as well as favorable prior years' property reserve development of $6.0 million as a result of favorable loss trends for accident years 2021 and prior.

The Company completes a detailed study of property & casualty reserves based on information available at the end of each quarter and year. Trends of reported losses (paid amounts and case reserves on claims reported to the Company) for each accident year are reviewed and ultimate loss costs for those accident years are estimated. The Company engages an independent property and casualty actuarial consulting firm to prepare an independent study of the Company's property & casualty reserves as of December 31st of each year. The result of the independent actuarial study as of December 31, 2024 was consistent with management's analysis and selected estimates and did not result in any adjustments to the Company's property & casualty reserves recognized.

At the time each of the reserve analyses was performed, the Company believed that each estimate was based upon sound methodology and such methodologies were appropriately applied and that there were no trends which indicated the likelihood of future loss reserve development. The financial impact of net reserve development was therefore accounted for in the period that the development was determined.

No other adjustments were made in the determination of the liabilities during the periods covered by these consolidated financial statements. Management believes that, based on data currently available, it has reasonably estimated the Company's ultimate losses.

Below is the average annual percentage payout of incurred claims by age, also referred to as a history of claims duration:

NOTE 5 - Short-Duration Insurance Contracts (continued)

Average Annual Percentage Payout of Incurred Claims by Age, Net of Reinsurance										
Years	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**
Homeowners	78.2 %	18.4 %	2.2 %	0.6 %	0.4 %	—	0.1 %	—	0.1 %	—
Auto liability	37.2 %	35.3 %	14.9 %	6.8 %	3.2 %	1.7 %	0.5 %	0.2 %	0.1 %	0.1%
Auto physical damage	94.8 %	5.7 %	(0.5)%	—	—	—	—	—	—	—

The following tables illustrate the incurred and paid claims development by accident year on a net basis for the lines of homeowners, auto liability and auto physical damage. Conditions and trends that have affected the development of these reserves in the past will not necessarily reoccur in the future. It may not be appropriate to use this cumulative history in the projection of future performance.

The information about incurred and paid claims development for the years ended December 31, 2015 to 2023 is presented as unaudited supplementary information.

($ in millions)

Homeowners

Incurred Claims and Allocated Claim Adjustment Expense, Net of Reinsurance

Years Ended December 31,

											As of December 31, 2024	
Accident Year	Unaudited 2015	Unaudited 2016	Unaudited 2017	Unaudited 2018	Unaudited 2019	Unaudited 2020	Unaudited 2021	Unaudited 2022	Unaudited 2023	2024	Total of Incurred-But-Not-Reported Liabilities Plus Expected Development on Reported Claims	Cumulative Number of Reported Claims
												(Actual)
2015	$ 111.7	$ 115.1	$ 114.4	$ 114.1	$ 115.1	$ 114.9	$ 114.9	$ 114.9	$ 114.9	$ 114.9	$ —	18,176
2016		115.9	118.6	117.0	117.9	117.9	117.9	118.1	118.1	118.1	—	19,866
2017			126.3	129.8	132.7	130.7	130.8	130.8	131.3	131.1	—	19,867
2018				166.8	157.4	158.9	158.1	157.2	156.0	156.1	—	21,150
2019					130.4	129.9	132.1	130.9	131.1	131.3	0.3	17,578
2020						155.7	151.9	145.4	146.9	146.1	0.6	19,731
2021							150.2	150.7	154.3	154.4	1.0	16,683
2022								162.2	156.2	152.1	2.4	14,581
2023									183.1	172.6	9.2	16,622
2024										172.7	33.1	15,568
									Total	$ 1,449.4		

($ in millions)

Homeowners

Cumulative Paid Claims and Allocated Claim Adjustment Expense, Net of Reinsurance

Years Ended December 31,

Accident Year	Unaudited 2015	Unaudited 2016	Unaudited 2017	Unaudited 2018	Unaudited 2019	Unaudited 2020	Unaudited 2021	Unaudited 2022	Unaudited 2023	2024
2015	$ 90.7	$ 109.3	$ 111.9	$ 113.3	$ 114.6	$ 114.9	$ 114.7	$ 114.7	$ 114.9	$ 114.9
2016		95.8	113.2	115.1	117.5	117.7	117.8	118.0	118.1	118.1
2017			106.8	128.5	129.8	130.0	130.5	130.7	131.2	131.2
2018				130.5	152.4	157.0	157.4	157.2	156.2	156.3
2019					103.8	126.2	129.1	130.0	130.4	130.8
2020						106.8	138.7	144.0	145.6	145.8
2021							114.9	146.3	151.0	152.5
2022								108.3	144.8	149.3
2023									126.3	161.7
2024										125.5
								Total		1,386.1
								Outstanding prior to 2015		—
								Prior years paid		—
								Liabilities for claims and claim adjustment expenses, net of reinsurance		$ 63.3

NOTE 5 - Short-Duration Insurance Contracts (continued)

($ in millions)

Automobile Liability

Incurred Claims and Allocated Claim Adjustment Expense, Net of Reinsurance

Years Ended December 31,

Accident Year	Unaudited 2015	Unaudited 2016	Unaudited 2017	Unaudited 2018	Unaudited 2019	Unaudited 2020	Unaudited 2021	Unaudited 2022	Unaudited 2023	2024	As of December 31, 2024: Total of Incurred-But-Not-Reported Liabilities Plus Expected Development on Reported Claims	As of December 31, 2024: Cumulative Number of Reported Claims
												(Actual)
2015	$ 165.5	$ 172.6	$ 177.0	$ 178.3	$ 178.7	$ 179.2	$ 178.9	$ 178.8	$ 178.9	$ 178.9	$ 0.1	50,638
2016		180.4	184.4	184.6	186.6	188.1	189.2	189.6	189.5	189.7	0.2	52,053
2017			188.0	188.8	188.6	189.1	191.7	192.9	192.5	192.5	0.2	49,021
2018				200.3	195.3	192.9	189.8	192.0	192.3	192.3	0.6	47,514
2019					181.1	180.1	176.7	181.5	181.2	181.0	1.7	46,313
2020						137.0	134.9	136.3	137.3	136.7	2.1	32,121
2021							142.2	157.8	156.7	154.7	5.0	34,499
2022								165.6	166.1	161.1	11.8	32,151
2023									176.4	173.0	29.4	32,081
2024										175.6	65.1	30,126
									Total	$ 1,735.5		

($ in millions)

Automobile Liability

Cumulative Paid Claims and Allocated Claim Adjustment Expense, Net of Reinsurance

Years Ended December 31,

Accident Year	Unaudited 2015	Unaudited 2016	Unaudited 2017	Unaudited 2018	Unaudited 2019	Unaudited 2020	Unaudited 2021	Unaudited 2022	Unaudited 2023	2024
2015	$ 70.8	$ 134.5	$ 158.0	$ 170.1	$ 174.5	$ 176.7	$ 177.7	$ 178.3	$ 178.6	$ 178.7
2016		73.1	140.9	166.8	177.8	184.5	188.1	189.0	189.4	189.5
2017			70.7	139.5	166.6	179.8	185.8	190.8	191.8	192.1
2018				77.5	141.5	168.6	180.7	188.0	190.6	191.5
2019					69.7	129.1	155.5	170.9	176.2	178.6
2020						51.5	94.0	118.2	129.2	133.3
2021							52.9	112.5	136.5	145.3
2022								55.8	116.7	140.5
2023									62.2	123.1
2024										66.8
								Total		1,539.4
								Outstanding prior to 2015		0.9
								Prior years paid		
								Liabilities for claims and claim adjustment expenses, net of reinsurance		$ 197.0

NOTE 5 - Short-Duration Insurance Contracts (continued)

($ in millions)

Automobile Physical Damage
Incurred Claims and Allocated Claim Adjustment Expense, Net of Reinsurance
Years Ended December 31,

Accident Year	Unaudited 2015	Unaudited 2016	Unaudited 2017	Unaudited 2018	Unaudited 2019	Unaudited 2020	Unaudited 2021	Unaudited 2022	Unaudited 2023	2024	As of December 31, 2024: Total of Incurred-But-Not-Reported Liabilities Plus Expected Development on Reported Claims	As of December 31, 2024: Cumulative Number of Reported Claims
												(Actual)
2015	$ 99.3	$ 98.0	$ 97.6	$ 97.5	$ 97.6	$ 97.6	$ 97.6	$ 97.6	$ 97.6	$ 97.6	$ —	87,506
2016		112.4	109.5	109.3	109.6	109.6	109.5	109.5	109.6	109.5	—	93,234
2017			115.5	111.8	110.5	110.6	110.5	110.6	110.6	110.6	—	91,302
2018				109.0	108.9	108.3	108.3	108.2	108.3	108.3	—	94,483
2019					111.6	110.5	110.0	110.0	109.9	110.0	—	92,213
2020						87.0	86.9	87.1	87.0	87.3	—	68,845
2021							105.0	105.7	105.1	105.4	(0.1)	72,727
2022								125.7	125.5	124.0	0.1	72,982
2023									132.4	129.4	(0.6)	72,436
2024										130.5	(1.7)	67,607
									Total	$ 1,112.6		

($ in millions)

Automobile Physical Damage
Cumulative Paid Claims and Allocated Claim Adjustment Expense, Net of Reinsurance
Years Ended December 31,

Accident Year	Unaudited 2015	Unaudited 2016	Unaudited 2017	Unaudited 2018	Unaudited 2019	Unaudited 2020	Unaudited 2021	Unaudited 2022	Unaudited 2023	2024
2015	$ 92.1	$ 97.9	$ 97.7	$ 97.6	$ 97.6	$ 97.6	$ 97.6	$ 97.6	$ 97.6	$ 97.6
2016		106.5	109.7	109.5	109.6	109.6	109.6	109.5	109.5	109.5
2017			105.2	110.8	110.7	110.6	110.6	110.6	110.6	110.6
2018				103.6	109.1	108.3	108.3	108.2	108.2	108.2
2019					106.2	110.7	110.1	110.1	110.1	110.0
2020						84.1	87.6	87.4	87.3	87.3
2021							97.3	105.8	105.4	105.4
2022								114.6	124.3	123.8
2023									122.0	129.9
2024										120.5
								Total		1,102.8
								Outstanding prior to 2015		—
								Prior years paid		—
								Liabilities for claims and claim adjustment expenses, net of reinsurance		$ 9.8

NOTE 5 - Short-Duration Insurance Contracts (continued)

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 year ended December 31, 2024. The table presents reserves on both a gross and net (after reinsurance) basis. 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 the year gross reserve (before reinsurance balances and reinsurance recoverable balances) are reflected on a gross basis in the Consolidated Balance Sheets.

($ in millions)	Year Ended December 31,	
	2024	2023
Group Benefits		
Gross reserves, beginning of year	$ 116.6	$ 121.6
Less: reinsurance recoverables	27.7	27.9
Net reserves, beginning of year[1]	88.9	93.7
Incurred claims and claim expenses:		
Claims occurring in the current year	66.3	73.6
Increase (decrease) in estimated reserves for claims occurring in prior years[2]	(14.5)	(13.9)
Total claims and claim expenses incurred	51.8	59.7
Claims and claim expense payments for claims occurring during:		
Current year	31.1	33.8
Prior years	29.9	30.7
Total claims and claim expense payments	61.0	64.5
Net reserves, end of year	79.7	88.9
Plus: reinsurance recoverables	25.2	27.7
Gross reserves, end of year	$ 104.9	$ 116.6

(1) Reserves are net of anticipated reinsurance recoverables.
(2) Shows the amounts by which the Company increased (decreased) its reserves for claims occurring in previous periods to reflect subsequent information on such claims and changes in their projected final settlement costs. Also, refer to the paragraphs below for additional information regarding prior years' reserve development recognized in 2024.

The Company's Group Benefits has short-duration contracts that are generated from specialty health and group disability lines of business, and are accounted for based on actuarial estimates of the amount of loss inherent in that period’s claims, including losses incurred for which claims have not been reported. Short-duration contract loss estimates rely on actuarial observations of ultimate loss experience for similar historical events.

The Company maintains loss reserves for these lines of business to cover its estimated liability for unpaid losses and loss adjustment expenses, where material, (including legal, other fees, and costs not associated with specific claims but related to the claims payment function) for reported and unreported claims incurred as of the end of each accounting period. These loss reserves are based on actuarial assumptions. Many factors could affect these reserves, including economic and social conditions, frequency and severity of claims, medical trends resulting from the influences of underlying cost inflation, changes in utilization and demand for medical services, and changes in doctrines of legal liability and damage awards in litigation. Therefore, the Company’s reserves are necessarily based on estimates, assumptions and analysis of historical experience. The Company’s results depend upon the variation between actual claims experience and the assumptions used in determining reserves and pricing products. Reserve assumptions and estimates require significant judgment and, therefore, are inherently uncertain. The Company cannot determine with precision the ultimate amounts that will be paid for actual claims or the timing of those payments. The Company's estimate of loss represents management's best estimate of the Company's liability at the reporting date.

The Company believes that its liability for policy benefits and claims is reasonable and adequate to satisfy its ultimate liability. The Company primarily uses its own loss development experience, but will also supplement that with data from its outside actuaries, reinsurers and industry loss experience as warranted. To illustrate the impact that loss ratios have on the Company’s loss reserves and related expenses, each hypothetical 1% change in the loss ratio for the health business (i.e., the ratio of insurance benefits, claims and settlement expenses to earned health premiums) for the year ended December 31, 2024, would increase reserves (in the case of a higher ratio) or decrease reserves (in the case of a lower ratio) by approximately $0.8 million pretax with a corresponding increase or decrease to Benefits, claims and settlement expenses in the Company’s Consolidated Statement of Operations and Comprehensive Income (Loss).

NOTE 5 - Short-Duration Insurance Contracts (continued)

For the specialty health line of business, IBNR claims liabilities plus expected development on reported claims are calculated using standard actuarial methods and practices. The “primary” assumption in the determination of specialty health reserves is that historical claim development patterns are representative of future claim development patterns. Factors that may affect this assumption include changes in claim payment processing times and procedures, changes in time delay in submission of claims, and the incidence of unusually large claims. Liabilities for claims for specialty health coverages are computed using completion factors and expected net loss ratios derived from actual historical premium and claim data. The reserving analysis includes a review of claim processing statistical measures and large claim early notifications; the potential impacts of any changes in these factors are not material. The Company has business that is serviced by third-party administrators. From time to time, there are changes in the timing of claims processing due to any number of factors including, but not limited to, system conversions and staffing changes during the year. These changes are monitored by the Company and the effects of these changes are taken into consideration during the claim reserving process. While these calculations are based on standard methodologies, they are estimates based on historical patterns. To the extent that actual claim payment patterns differ from historical patterns, such estimated reserves may be redundant or inadequate. The effects of such deviations are evaluated by considering claim backlog statistics and reviewing the reasonableness of projected claim ratios. Other factors which may affect the accuracy of policy benefits and claim estimates include the proportion of large claims which may take longer to adjudicate, changes in billing patterns by providers and changes in claim management practices such as hospital bill audits. Since the Company's analysis considers a variety of outcomes related to these factors, the Company does not believe that any reasonably likely change in these factors will have a material effect.

With regards to the Company’s group disability line of business, the two “primary” assumptions on which disability policy benefits and claims are based are: (i) morbidity levels; and (ii) recovery rates. If morbidity levels increase, for example due to an epidemic or a recessionary environment, the Company would increase reserves because there would be more new claims than expected. With regards to the assumed recovery rate, if disabled lives recover more quickly than anticipated then the existing claims reserves would be reduced; if less quickly, the existing claims reserves would be increased. Advancements in medical treatments could affect future recovery, termination, and mortality rates.

In 2024, Group Benefits had net favorable prior years' reserve development of $14.5 million which was primarily the result of favorable loss trends in specialty health and group disability for loss years 2023 and prior. In 2023, Group Benefits had net favorable prior years' reserve development of $13.9 million which was primarily the result of favorable loss trends in specialty health and group disability for loss years 2022 and prior.

Below is the average annual percentage payout of incurred claims by age for Group Benefits, also referred to as a history of claims duration:

Average Annual Percentage Payout of Incurred Claims by Age, Net of Reinsurance										
Years	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**
Specialty health	69.4 %	28.5 %	1.1 %	0.8 %	0.1 %	0.1 %	—	—	—	—
Group disability	30.1 %	32.7 %	9.7 %	3.9 %	3.2 %	3.0 %	2.9 %	2.2 %	2.0 %	1.7 %

The following tables illustrate the incurred and paid claims development by accident year on a net basis for the lines of specialty health and group disability. Conditions and trends that have affected the development of these reserves in the past will not necessarily reoccur in the future. It may not be appropriate to use this cumulative history in the projection of future performance.

The information about incurred and paid claims development for the years ended December 31, 2015 to 2023 is presented as unaudited supplementary information.

NOTE 5 - Short-Duration Insurance Contracts (continued)

($ in millions)

Specialty Health

Incurred Claims and Allocated Claim Adjustment Expense, Net of Reinsurance

Years Ended December 31,

Accident Year	Unaudited 2015	Unaudited 2016	Unaudited 2017	Unaudited 2018	Unaudited 2019	Unaudited 2020	Unaudited 2021	Unaudited 2022	Unaudited 2023	2024	As of December 31, 2024: Total of Incurred-But-Not-Reported Liabilities Plus Expected Development on Reported Claims	As of December 31, 2024: Cumulative Number of Reported Claims
												(Actual)
2015	$ 33.3	$ 30.9	$ 30.3	$ 30.3	$ 30.3	$ 30.4	$ 30.4	$ 30.4	$ 30.4	$ 30.4	$ —	183,433
2016		12.5	11.2	11.1	11.1	11.1	11.1	11.1	11.1	11.1	—	67,274
2017			10.6	9.7	9.6	9.6	9.6	9.6	9.6	9.6	—	63,494
2018				12.9	13.2	13.0	12.7	12.6	12.6	12.6	—	95,219
2019					10.6	9.5	9.6	9.5	9.5	9.5	—	72,759
2020						6.8	5.8	5.7	5.7	5.7	—	43,616
2021							22.8	17.7	16.1	15.3	0.1	73,152
2022								22.6	18.0	17.7	0.5	121,749
2023									16.0	14.1	1.3	99,201
2024										11.3	5.5	32,041
									Total	$ 137.3		

($ in millions)

Specialty Health

Cumulative Paid Claims and Allocated Claim Adjustment Expense, Net of Reinsurance

Years Ended December 31,

Accident Year	Unaudited 2015	Unaudited 2016	Unaudited 2017	Unaudited 2018	Unaudited 2019	Unaudited 2020	Unaudited 2021	Unaudited 2022	Unaudited 2023	2024
2015	$ 24.9	$ 30.4	$ 30.3	$ 30.3	$ 30.3	$ 30.4	$ 30.4	$ 30.4	$ 30.4	$ 30.4
2016		5.5	11.0	11.1	11.1	11.1	11.1	11.1	11.1	11.1
2017			7.3	9.4	9.6	9.6	9.6	9.6	9.6	9.6
2018				8.8	12.1	12.5	12.6	12.6	12.6	12.6
2019					7.5	9.3	9.5	9.5	9.5	9.5
2020						4.2	5.6	5.7	5.7	5.7
2021							2.9	12.9	13.7	15.2
2022								10.5	16.7	17.2
2023									8.8	12.9
2024										5.8
								Total		130.0
								Outstanding prior to 2015		—
								Prior years paid		—
								Liabilities for claims and claim adjustment expenses, net of reinsurance		$ 7.3

NOTE 5 - Short-Duration Insurance Contracts (continued)

($ in millions)

Group Disability

Incurred Claims and Allocated Claim Adjustment Expense, Net of Reinsurance

Years Ended December 31,

Accident Year	Unaudited 2015	Unaudited 2016	Unaudited 2017	Unaudited 2018	Unaudited 2019	Unaudited 2020	Unaudited 2021	Unaudited 2022	Unaudited 2023	2024	As of December 31, 2024: Total of Incurred-But-Not-Reported Liabilities Plus Expected Development on Reported Claims	As of December 31, 2024: Cumulative Number of Reported Claims
												(Actual)
2015	$ 25.3	$ 19.2	$ 16.6	$ 14.7	$ 14.6	$ 15.2	$ 15.2	$ 14.7	$ 14.5	$ 14.0	$ —	3,347
2016		28.5	28.6	27.4	26.0	26.3	26.8	28.1	28.1	26.9	—	3,619
2017			29.9	26.0	22.9	22.4	23.3	24.0	23.1	22.7	—	3,906
2018				29.8	26.6	23.2	22.7	23.3	23.6	23.8	0.5	4,175
2019					34.5	33.5	30.2	29.9	30.2	30.4	0.2	4,560
2020						36.7	34.3	34.1	33.2	32.4	0.2	4,357
2021							37.8	41.3	41.3	37.3	0.4	5,118
2022								39.2	32.0	31.0	0.6	4,368
2023									40.3	36.5	1.9	4,410
2024										38.7	12.1	3,589
									Total	$ 293.7		

($ in millions)

Group Disability

Cumulative Paid Claims and Allocated Claim Adjustment Expense, Net of Reinsurance

Years Ended December 31,

Accident Year	Unaudited 2015	Unaudited 2016	Unaudited 2017	Unaudited 2018	Unaudited 2019	Unaudited 2020	Unaudited 2021	Unaudited 2022	Unaudited 2023	2024
2015	$ 6.8	$ 14.0	$ 16.6	$ 17.2	$ 17.6	$ 18.1	$ 18.6	$ 18.9	$ 19.1	$ 19.4
2016		8.3	16.4	19.3	20.3	21.1	21.8	22.4	22.9	23.3
2017			8.5	16.1	17.9	18.3	18.9	19.4	19.7	19.9
2018				8.4	16.1	18.0	18.9	19.6	20.1	20.3
2019					11.8	22.8	24.3	24.7	25.2	25.7
2020						12.4	22.7	25.5	26.4	26.9
2021							11.8	24.0	26.7	27.4
2022								11.7	21.4	23.7
2023									12.2	22.4
2024										13.0
								Total		222.0
								Outstanding prior to 2015		6.2
								Prior years paid		114.9
								Liabilities for claims and claim adjustment expenses, net of reinsurance		$ 77.9
								Effect of discounting		(14.6)
								Discounted net reserves		$ 63.3

NOTE 5 - Short-Duration Insurance Contracts (continued)

Reconciliation of Net Incurred and Paid Claims Development Tables for Property & Casualty and Group Benefits to Unpaid Claims and Claim Expense Reserves in the Consolidated Balance Sheet

($ in millions)	Year Ended December 31,	
	2024	2023
Property & Casualty and Group Benefits		
Net reserves		
Homeowners	$ 63.3	$ 73.4
Auto liability	197.0	200.9
Auto physical damage	9.8	11.0
Specialty health	7.3	10.9
Group disability	77.9	83.2
Other than short duration lines	15.3	11.0
Legacy commercial exposures	17.7	—
Total net reserves for unpaid claims and claim adjustment expenses, net of reinsurance	388.3	390.4
Reinsurance recoverable on unpaid claims		
Homeowners	0.7	2.2
Auto liability	92.5	96.6
Specialty health	0.1	0.2
Group disability	22.6	25.0
Other short duration lines	12.8	14.9
Total reinsurance recoverable on unpaid claims	128.7	138.9
Insurance lines other than short duration[1]	41.0	41.1
Unallocated claims adjustment expenses	11.2	11.3
Total other than short duration and unallocated claims adjustment expenses	52.2	52.4
Gross reserves, end of year[1]	$ 569.2	$ 581.7

[1] This line includes Life & Retirement and Supplemental reserves included in the Consolidated Balance Sheet.

NOTE 6 - Long-Duration Insurance Contracts

Liability for Future Policy Benefits

As of and for the years ended December 31, 2024, 2023, and 2022 the Company updated the net premium ratio when updating for actual historical experience for each year; future cash flow assumptions were also reviewed and updated.

NOTE 6 - Long-Duration Insurance Contracts (continued)

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

The balances of and changes in LFPB as of and for the year ended December 31, 2024 were as follows:

($ in millions)	Whole Life	Term Life	Experience Life[1]	Limited-Pay Whole Life	Supplemental Health[2]	SPIA (life contingent)
Present value of expected net premiums:						
Balance at January 1, 2024	$ 223.2	$ 240.0	$ 71.7	$ 32.2	$ 182.0	$ —
January 1, 2024 balance at original discount rate	247.1	256.6	67.0	33.9	213.4	—
Effect of:						
Change in cash flow assumptions	13.8	4.6	1.5	2.2	(5.2)	—
Actual variances from expected experience	3.2	(0.5)	—	—	2.9	—
Adjusted balance at January 1, 2024	264.1	260.7	68.5	36.1	211.1	—
Issuances[3]	12.6	25.2	—	4.0	20.9	2.8
Interest accruals[4]	7.6	10.7	3.7	1.4	6.8	—
Net premiums collected[5]	(21.1)	(25.4)	(6.8)	(4.7)	(24.2)	(2.8)
December 31, 2024 balance at original discount rate	263.2	271.2	65.4	36.8	214.6	—
Effect of changes in discount rate assumptions	(34.1)	(25.3)	1.2	(2.6)	(34.7)	—
Balance at December 31, 2024	229.1	245.9	66.6	34.2	179.9	—
Present value of expected future policy benefits:						
Balance at January 1, 2024	522.0	370.1	883.0	89.6	427.6	104.2
January 1, 2024 balance at original discount rate	592.1	405.4	797.5	105.6	517.9	111.4
Effect of:						
Changes in cash flow assumptions	13.7	5.6	2.2	2.4	(6.5)	—
Actual variances from expected experience	3.4	(1.0)	0.2	—	2.5	0.2
Adjusted balance at January 1, 2024	609.2	410.0	799.9	108.0	513.9	111.6
Issuances	12.6	25.5	—	4.0	20.9	2.8
Interest accruals	19.8	16.1	46.7	4.2	14.4	4.3
Benefit payments[6]	(24.2)	(18.4)	(63.8)	(1.9)	(66.4)	(11.4)
December 31, 2024 balance at original discount rate	617.4	433.2	782.8	114.3	482.8	107.3
Effect of changes in discount rate assumptions	(113.1)	(55.4)	30.4	(28.1)	(99.4)	(10.0)
Balance at December 31, 2024	504.3	377.8	813.2	86.2	383.4	97.3
Net liability for future policy benefits	275.2	131.8	746.6	52.1	203.5	97.3
Less: Reinsurance recoverable	(60.2)	(19.3)	(0.9)	(1.4)	(4.7)	(3.5)
Net liability for future policy benefits, after reinsurance recoverable	215.0	112.5	745.7	50.7	198.8	93.8
Impact of flooring on net liability for future policy benefits	—	—	—	—	—	—
Net liability for future policy benefits at December 31, 2024	$ 215.0	$ 112.5	$ 745.7	$ 50.7	$ 198.8	$ 93.8

[1] Experience Life contains both whole life and term elements.

[2] As of December, 2024, the net LFPB for Supplemental Health was $72.2 million for cancer, $18.8 million for accident, $21.4 million for disability and $86.4 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 6 - Long-Duration Insurance Contracts (continued)

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

($ in millions)	Whole Life	Term Life	Experience Life[1]	Limited-Pay Whole Life	Supplemental Health[2]	SPIA (life contingent)
Present value of expected net premiums:						
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	—	(16.8)	3.7	(0.2)	6.5	—
Actual variances from expected experience	3.8	(2.7)	0.7	1.0	(1.6)	—
Adjusted balance at January 1, 2023	249.7	245.9	69.9	33.2	210.0	—
Issuances[3]	10.8	25.2	—	4.3	19.4	5.6
Interest accruals[4]	7.2	10.3	3.7	1.2	6.0	—
Net premiums collected[5]	(20.6)	(24.8)	(6.6)	(4.8)	(22.0)	(5.6)
December 31, 2023 balance at original discount rate	247.1	256.6	67.0	33.9	213.4	—
Effect of changes in discount rate assumptions	(23.9)	(16.6)	4.7	(1.7)	(31.4)	—
Balance at December 31, 2023	223.2	240.0	71.7	32.2	182.0	—
Present value of expected future policy benefits:						
Balance at January 1, 2023	493.6	347.0	867.5	79.4	431.7	103.3
January 1, 2023 balance at original discount rate	581.9	401.0	805.2	98.6	537.1	113.4
Effect of:						
Changes in cash flow assumptions	(0.6)	(16.7)	5.0	(0.2)	8.9	—
Actual variances from expected experience	4.0	1.3	1.1	1.0	(2.4)	(0.8)
Adjusted balance at January 1, 2023	585.3	385.6	811.3	99.4	543.6	112.6
Issuances	10.7	25.8	—	4.3	19.4	6.3
Interest accruals	19.0	15.2	47.4	3.9	14.4	4.4
Benefit payments[6]	(22.9)	(21.2)	(61.2)	(2.0)	(59.5)	(11.9)
December 31, 2023 balance at original discount rate	592.1	405.4	797.5	105.6	517.9	111.4
Effect of changes in discount rate assumptions	(70.1)	(35.3)	85.5	(16.0)	(90.3)	(7.2)
Balance at December 31, 2023	522.0	370.1	883.0	89.6	427.6	104.2
Net liability for future policy benefits	298.8	130.2	811.3	57.4	245.6	104.2
Less: Reinsurance recoverable	(64.3)	(19.1)	(1.0)	(1.2)	(4.0)	(3.6)
Net liability for future policy benefits, after reinsurance recoverable	234.5	111.1	810.3	56.2	241.6	100.6
Impact of flooring on net liability for future policy benefits	—	—	—	—	—	—
Net liability for future policy benefits at December 31, 2023	$ 234.5	$ 111.1	$ 810.3	$ 56.2	$ 241.6	$ 100.6

[1] Experience Life contains both whole life and term elements.

[2] As of December 31, 2023, the net LFPB for Supplemental Health was $92.7 million for cancer, $21.4 million for accident, $23.5 million for disability and $104.0 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 6 - Long-Duration Insurance Contracts (continued)

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

($ in millions)	Whole Life	Term Life	Experience Life[1]	Limited-Pay Whole Life	Supplemental Health[2]	SPIA (life contingent)
Present Value of Expected Net Premiums						
Balance at January 1, 2022[7]	$ 260.7	$ 264.4	$ 74.6	$ 29.7	$ 226.7	$ —
January 1, 2022 balance at original discount rate[7]	239.3	235.4	55.9	27.2	223.1	—
Effect of:						
Change in cash flow assumptions	5.2	18.7	9.1	2.0	12.2	—
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	—
Issuances[3]	12.5	28.0	—	6.3	12.0	5.3
Interest accruals[4]	6.7	9.0	3.3	1.1	5.9	—
Net premiums collected[5]	(25.0)	(21.5)	(5.8)	(5.8)	(22.8)	(5.3)
December 31, 2022 balance at original discount rate	245.9	265.4	65.5	32.4	205.1	—
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	—
Present Value of Expected Future Policy Benefits						
Balance at January 1, 2022[7]	660.4	411.5	1,172.7	102.9	590.6	129.1
January 1, 2022 balance at original discount rate[7]	566.1	360.0	802.6	86.6	584.2	115.7
Effect of:						
Changes in cash flow assumptions	5.2	21.5	11.0	2.0	13.8	—
Actual variances from expected experience	7.7	(4.7)	3.6	1.4	(30.0)	0.4
Adjusted balance at January 1, 2022	579.0	376.8	817.2	90.0	568.0	116.1
Issuances	12.4	28.3	—	6.4	12.0	5.3
Interest accruals	18.0	14.4	47.4	3.4	15.0	4.3
Benefit payments[6]	(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
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
Net liability for future policy benefits	278.4	112.2	799.3	49.6	264.4	103.3
Less: Reinsurance recoverable	(63.1)	(15.3)	(0.8)	—	(3.4)	(3.2)
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	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

[1] Experience Life contains both whole life and term elements.

[2] As of December 31, 2022, the net LFPB for Supplemental Health was $101.8 million for cancer, $21.8 million for accident, $23.1 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 6 - 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:

($ in millions)	December 31, 2024	December 31, 2023
Whole life	$ 275.2	$ 298.8
Term life	131.8	130.2
Experience life	746.6	811.3
Limited-pay whole life	52.1	57.4
Supplemental health	203.5	245.6
SPIA (life contingent)	97.3	104.2
Limited-pay whole life DPL	5.2	4.1
SPIA (life contingent) DPL	1.5	1.3
Reconciling items[1]	109.6	108.9
Total	$ 1,622.8	$ 1,761.8

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

The following tables summarize the amount of revenue from gross premiums or assessment and interest expense related to traditional and limited-payment contracts recognized in the Consolidated Statements of Operations and Comprehensive Income (Loss):

($ in millions)	Gross premiums or assessments	
	Year Ended December 31,	
	2024	2023
Whole life	$ 28.1	$ 28.1
Term life	45.9	45.2
Experience life	30.6	32.1
Limited-pay whole life	7.2	7.2
Supplemental health	121.6	120.3
SPIA (life contingent)	3.6	6.1
Total	$ 237.0	$ 239.0

($ in millions)	Interest expense	
	Year Ended December 31,	
	2024	2023
Whole life	$ 12.2	$ 11.8
Term life	5.3	4.8
Experience life	43.0	43.7
Limited-pay whole life	2.8	2.6
Supplemental health	7.6	8.4
SPIA (life contingent)	4.3	4.4
Total	$ 75.2	$ 75.7

NOTE 6 - 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)	As of December 31, 2024		As of December 31, 2023	
	Undiscounted	Discounted	Undiscounted	Discounted
Whole life				
Expected future gross premiums	$ 524.0	$ 350.5	$ 478.8	$ 325.0
Expected future benefits and expenses	1,272.9	617.4	1,152.8	592.1
Term life				
Expected future gross premiums	712.1	464.2	689.0	449.4
Expected future benefits and expenses	736.2	433.2	682.7	405.4
Experience Life				
Expected future gross premiums	497.8	279.3	530.0	296.1
Expected future benefits and expenses	1,639.0	782.8	1,703.1	797.5
Limited-pay whole life				
Expected future gross premiums	73.6	54.7	64.7	49.1
Expected future benefits and expenses	307.2	114.3	244.9	105.6
Supplemental health				
Expected future gross premiums	1,595.3	1,165.4	1,624.1	1,192.5
Expected future benefits and expenses	684.6	482.8	719.4	517.9
SPIA (life contingent)				
Expected future gross premiums	—	—	—	—
Expected future benefits and expenses	150.7	107.3	156.1	111.4

For the year ended December 31, 2024 and 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 years.

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

	December 31, 2024					
	Whole Life	Term Life	Experience Life	Limited-Pay Whole Life	Supplemental Health	SPIA (life contingent)
Mortality / Morbidity						
Actual experience	0.7 %	0.1% - 0.5%	1.8 %	0.1 %	31.8 %	N.M.
Expected experience	0.8 %	0.1% - 1.7%	1.7 %	0.3 %	26.3 %	N.M.
Lapses						
Actual experience	3.0 %	3.9% - 38.2%	2.9 %	4.0 %	9.7 %	N.M.
Expected experience	4.5 %	5.6% - 21.9%	3.1 %	4.8 %	9.9 %	N.M.

	December 31, 2023					
	Whole Life	Term Life	Experience Life	Limited-Pay Whole Life	Supplemental Health	SPIA (life contingent)
Mortality / Morbidity						
Actual experience	0.7 %	0.1% - 0.7%	1.6 %	0.2 %	32.4 %	N.M.
Expected experience	0.7 %	0.1% - 2.3%	1.6 %	0.3 %	26.1 %	N.M.
Lapses						
Actual experience	3.4 %	5.3% - 13.0%	3.2 %	4.2 %	8.8 %	N.M.
Expected experience	4.8 %	5.8% - 36.8%	3.1 %	5.4 %	9.3 %	N.M.

NOTE 6 - Long-Duration Insurance Contracts (continued)

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

	As of December 31,	
	2024	2023
Whole life	20.0	18.0
Term life	16.0	16.7
Experience life	10.0	10.3
Limited-pay whole life	25.0	22.1
Supplemental health	11.3	10.7
SPIA (life contingent)	8.0	7.6

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

	As of December 31,	
	2024	2023
Whole life		
Interest accretion rate	1.7% - 4.9%	1.7% - 4.9%
Current discount rate	5.0% - 5.7%	4.4% - 5.0%
Term life		
Interest accretion rate	4.2% - 4.2%	4.2% -4.3%
Current discount rate	5.5% - 5.6%	4.9% - 5.0%
Experience life		
Interest accretion rate	6.1 %	6.1 %
Current discount rate	5.6 %	5.0 %
Limited-pay whole life		
Interest accretion rate	4.0 %	4.0 %
Current discount rate	5.8 %	5.1 %
Supplemental health		
Interest accretion rate	1.7% - 2.8%	1.7% - 2.7%
Current discount rate	4.6% - 5.6%	5.0% - 5.2%
SPIA (life contingent)		
Interest accretion rate	1.7% - 4.1%	1.7% - 4.1%
Current discount rate	5.4% - 5.5%	4.9% - 4.9%

NOTE 6 - 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)	Year Ended December 31, 2024				
	Indexed Universal Life	Experience Life	Fixed Account Annuities	Fixed Indexed Account Annuities	SPIA (non-life contingent)
Balance at January 1, 2024	$ 57.8	$ 61.2	$ 4,556.0	$ 449.0	$ 32.6
Premiums received[1]	$ 17.8	$ (0.8)	$ 203.5	$ 15.9	$ 1.9
Surrenders and withdrawals[2]	(2.2)	(3.7)	(388.6)	(51.2)	(1.3)
Benefit payments[3]	—	(1.6)	(69.2)	(4.2)	(5.5)
Net transfers from (to) separate account	(0.2)	—	23.3	(2.2)	—
Interest credited[4]	3.9	2.9	167.7	16.1	0.9
Other	(4.2)	—	15.7	(13.9)	—
Balance at December 31, 2024	$ 72.9	$ 58.0	$ 4,508.4	$ 409.5	$ 28.6
Weighted-average crediting rate	6.1 %	5.0 %	3.8 %	3.8 %	3.1 %
Net amount at risk[5]	$ —	$ —	$ 29.4	$ —	$ —
Cash surrender value	$ 54.5	$ 57.4	$ 4,452.6	$ 402.0	$ 28.3

($ in millions)	Year Ended December 31, 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[1]	$ 13.6	$ (0.8)	$ 236.3	$ 20.1	$ 3.4
Surrenders and withdrawals[2]	(1.1)	(3.7)	(391.8)	(67.0)	(0.4)
Benefit payments[3]	—	(1.7)	(75.1)	(3.1)	(5.9)
Net transfers from (to) separate account	(0.6)	—	23.7	(8.2)	—
Interest credited[4]	1.5	3.1	162.0	5.3	1.0
Other	(3.2)	—	9.8	(8.4)	0.1
Balance at December 31, 2023	$ 57.8	$ 61.2	$ 4,556.0	$ 449.0	$ 32.6
Weighted-average crediting rate	2.8 %	5.0 %	3.6 %	1.1 %	3.1 %
Net amount at risk[5]	$ —	$ —	$ 35.9	$ —	$ —
Cash surrender value	$ 40.5	$ 60.5	$ 4,507.5	$ 439.9	$ 32.3

[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 6 - Long-Duration Insurance Contracts (continued)

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

($ in millions)	December 31, 2024	December 31, 2023
Indexed universal life	$ 72.9	$ 57.8
Experience Life	58.0	61.2
Fixed account annuities	4,508.4	4,556.0
Fixed indexed account annuities	409.5	449.0
SPIA (non-life contingent)	28.6	32.6
Reconciling items[1]	22.9	30.4
Total	$ 5,100.3	$ 5,187.0

[1] Reconciling items primarily relate to FIA reserves net of account balances, miscellaneous fixed annuity reserves, personal promise accounts and MRBs.

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)	December 31, 2024				
	At Guaranteed Minimum	1-50 Basis Points Above	51-150 Basis Points Above	Greater Than 150 Basis Points Above	Total[1]
Guaranteed minimum crediting rates:					
Less than 2%	$ 15.9	$ 77.3	$ 400.4	$ 304.0	$ 797.6
Equal to 2% but less than 3%	94.5	122.2	97.9	134.8	449.4
Equal to 3% but less than 4%	545.6	43.3	13.3	51.2	653.4
Equal to 4% but less than 5%	2,600.0	—	—	—	2,600.0
5% or higher	81.8	—	—	—	81.8
Total	$ 3,337.8	$ 242.8	$ 511.6	$ 490.0	$ 4,582.2

($ in millions)	December 31, 2023				
	At Guaranteed Minimum	1-50 Basis Points Above	51-150 Basis Points Above	Greater Than 150 Basis Points Above	Total[1]
Guaranteed minimum crediting rates:					
Less than 2%	$ 36.7	$ 159.8	$ 489.4	$ 200.2	$ 886.1
Equal to 2% but less than 3%	162.9	77.9	65.8	76.1	382.7
Equal to 3% but less than 4%	571.3	36.9	0.7	—	609.0
Equal to 4% but less than 5%	2,670.5	—	—	—	2,670.5
5% or higher	86.9	—	—	—	86.9
Total	$ 3,528.3	$ 274.6	$ 555.9	$ 276.3	$ 4,635.2

[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 6 - 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).

The following table presents the balances of and changes in the Separate Account variable annuity liabilities presented in the Consolidated Balance Sheets[1]:

($ in millions)	Retirement Services	
	Variable Account Annuities	
	December 31, 2024	December 31, 2023
Balance, beginning of year	$ 3,294.1	$ 2,792.3
Deposits	266.2	234.2
Withdrawals	(290.3)	(213.4)
Net transfers	(21.1)	(15.5)
Fees and charges	(53.3)	(37.6)
Market appreciation (depreciation)	513.2	541.5
Other	—	(7.4)
Balance, end of period	$ 3,708.8	$ 3,294.1

[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 year ended December 31, 2024 and 2023, respectively:

($ in millions)	Year Ended December 31,	
	2024	2023
Balance, beginning of period	$ (3.9)	$ 0.3
Balance, beginning of period, before effects of changes in the instrument-specific credit risk	(4.5)	—
Changes in market risk benefits[1]	(2.9)	(4.5)
Balance, end of period[2]	$ (7.4)	$ (4.5)
Effect of changes in the instrument-specific credit risk	0.6	0.6
Balance, end of period	$ (6.8)	$ (3.9)
Net amount at risk[3]	$ 15.9	$ 20.5
Weighted-average attained age of contract holders	62	62

[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 December 31, 2024			As of December 31, 2023		
	(Asset)	Liability	Net	(Asset)	Liability	Net
Deferred variable annuities	$ (8.8)	$ 2.0	$ (6.8)	$ (6.7)	$ 2.8	$ (3.9)

NOTE 6 - Long-Duration Insurance Contracts (continued)

DAC and Deferred Sales Inducements

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

($ in millions)	Year Ended December 31, 2024						
	Whole Life	Term Life	Experience Life	Limited-Pay Whole 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	3.0	5.1	0.2	1.1	3.6	3.4	15.8
Amortization expense	(1.3)	(3.5)	(0.4)	(0.4)	(1.1)	(0.8)	(16.2)
Experience adjustment	(0.2)	—	—	(0.1)	(0.1)	(0.2)	(2.2)
Balance, end of period	$ 23.8	$ 34.2	$ 5.5	$ 8.0	$ 19.2	$ 10.6	$ 211.4

($ in millions)	Year Ended December 31, 2023						
	Whole Life	Term Life	Experience Life	Limited-Pay Whole 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	2.7	5.8	0.3	1.1	2.5	2.9	15.0
Amortization expense	(1.2)	(3.1)	(0.4)	(0.3)	(1.0)	(0.6)	(14.7)
Experience adjustment	(0.1)	(0.1)	—	(0.1)	(0.1)	(0.3)	(7.4)
Balance, end of period	$ 22.3	$ 32.6	$ 5.7	$ 7.4	$ 16.8	$ 8.2	$ 214.0

($ in millions)	Year Ended December 31, 2022						
	Whole Life	Term Life	Experience Life	Limited-Pay Whole 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

NOTE 6 - Long-Duration Insurance Contracts (continued)

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

($ in millions)	December 31, 2024	December 31, 2023
Whole life	$ 23.8	$ 22.3
Term life	34.2	32.6
Experience life	5.5	5.7
Limited pay whole life	8.0	7.4
Indexed universal life	19.2	16.8
Supplemental health	10.6	8.2
Total annuities	211.4	214.0
Reconciling item[(1)]	34.5	29.3
Total	$ 347.2	$ 336.3

[(1)] 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.

Quarterly, the Company conducts a review of all significant assumptions. In the third quarter of 2023, the annuity lapse assumption was revised upward to reflect emerging experience. In the fourth quarter of 2023, the annuity mortality and annuitization assumptions and the life insurance mortality and lapse assumptions were revised as part of the annual assumption update process.

The following table rolls-forward the deferred sales inducements balance as of and for the years ended December 31, 2024 and 2023:

($ in millions)	Year Ended December 31, 2024	Year Ended December 31, 2023
Balance, beginning of period	$ 14.1	$ 15.9
Capitalizations	—	—
Amortization expense	(1.0)	(1.0)
Experience adjustment	(0.3)	(0.8)
Balance, end of period	$ 12.8	$ 14.1

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

NOTE 7 - Reinsurance and Catastrophes

In the normal course of business, the Company's insurance subsidiaries assume and cede reinsurance with other insurers. Reinsurance is ceded primarily to limit losses from large events and to permit recovery of a portion of direct losses; however, such a transfer does not relieve the originating insurance company of primary liability.

The Company is a national underwriter and therefore has exposure to catastrophic losses in certain coastal states and other regions throughout the U.S. Catastrophes can be caused by various events including hurricanes, windstorms, hail, severe winter weather, wildfires and earthquakes, and the frequency and severity of catastrophes are inherently unpredictable. The financial impact from catastrophic losses results from both the total amount of insured exposure in the area affected by the catastrophe as well as the severity of the event. The Company seeks to reduce its exposure to catastrophe losses through the geographic diversification of its insurance coverage, deductibles, maximum coverage limits and the purchase of catastrophe reinsurance.

The Company's catastrophe losses incurred were approximately $94.9 million, $97.6 million and $80.0 million for the years ended December 31, 2024, 2023 and 2022, respectively. For 2024, catastrophe losses included hurricane Helene, winter storm, wind, hail, and tornado events.

The total amounts of reinsurance recoverable on unpaid insurance reserves classified as assets and included in the amounts being reported as Reinsurance balances receivable in the Consolidated Balance Sheets were as follows:

NOTE 7 - Reinsurance and Catastrophes (continued)

($ in millions)	December 31,	
	2024	2023
Reinsurance recoverables on reserves and unpaid claims		
Property & Casualty		
Reinsurance companies	$ 8.3	$ 7.4
State insurance facilities	92.5	96.6
Group benefits	289.3	306.2
Life and health	14.2	14.0
Total	$ 404.3	$ 424.2

As of December 31, 2024, the Company had a reinsurance recoverable in the amount of $173.5 million from National Guardian Life Insurance Company (NGL) that exceeded 10.0% of consolidated shareholders' equity as of the reporting date. NGL currently has an assigned credit rating of A by A.M. Best.

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, IBNR claims and policy benefits, are estimated in a manner consistent with the insurance liability associated with the policy. The effects of reinsurance on premiums written and contract deposits; premiums and contract charges earned; and benefits, claims and settlement expenses were as follows (2022 recast for the adoption of LDTI):

($ in millions)	Gross Amount	Ceded to Other Companies[1]	Assumed from Other Companies	Net Amount
Year Ended December 31, 2024				
Net premiums written and contract deposits[2]	$ 1,650.9	$ 72.0	$ 28.8	$ 1,607.7
Net premiums and contract charges earned	1,188.8	70.9	28.1	$ 1,146.0
Benefits, claims and settlement expenses[3]	748.3	43.0	39.7	$ 745.0
Year Ended December 31, 2023				
Net premiums written and contract deposits[2]	1,583.6	67.9	36.9	$ 1,552.6
Net premiums and contract charges earned	1,097.7	76.3	35.7	$ 1,057.1
Benefits, claims and settlement expenses	803.6	45.7	11.2	$ 769.1
Year Ended December 31, 2022				
Net premiums written and contract deposits[2]	1,499.0	62.9	53.0	$ 1,489.1
Net premiums and contract charges earned	1,046.7	72.0	53.0	$ 1,027.7
Benefits, claims and settlement expenses	772.5	43.5	18.0	$ 747.0

[1] Excludes the annuity reinsurance agreement accounted for using the deposit method that is discussed in Note 8.
[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 an exhibit in the Company's reports filed with the SEC.
[3] Includes assumed commercial liability exposures for 2024.

There were no losses from uncollectible reinsurance recoverables in the three years ended December 31, 2024. Past due reinsurance recoverables as of December 31, 2024 were not material.

The Company maintains property and casualty catastrophe excess of loss reinsurance coverage. For 2024, the Company's catastrophe excess of loss coverage consisted of one contract in addition to a minimal amount of coverage by the Florida Hurricane Catastrophe Fund (FHCF). For 2024, the catastrophe excess of loss contract consisted of three layers of which provided for one mandatory reinstatement. The coverage provided was 89% for the layer of $25.0 million excess of $35.0 million, 90% coverage for the layer of $35.0 million excess of $60.0 million and 92% coverage for the layer of $90 million excess of $95 million. For 2025, our coverage will provide 95% coverage for the layer of $25.0 million excess of $35.0 million, 95% coverage for the layer of $35.0 million excess of $60.0 million, and 95% coverage for the layer of $90.0 million excess of $95.0 million.

For liability coverages, in 2024, the Company reinsured each loss above a retention of $5.0 million per occurrence up to $20.0 million in a clash event. A clash cover is a reinsurance casualty excess contract requiring

NOTE 7 - Reinsurance and Catastrophes (continued)

two or more casualty coverages or policies issued by the Company to be involved in the same loss occurrence for coverage to apply.

The maximum individual life insurance risk retained by the Company is $0.5 million on any individual life, while either $0.1 million or $0.1 million is retained on each group life policy depending on the type of coverage. Excess amounts are reinsured. The Company also maintains a life catastrophe reinsurance program. For 2024, the Company reinsured 100% of the catastrophe risk in excess of $1.0 million up to $35.0 million per occurrence, with one reinstatement. The Company's life catastrophe risk reinsurance program covers acts of terrorism and includes nuclear, biological and chemical explosions but excludes other acts of war.

With regards to worksite direct insurance products, the Company retains all of the risk on its supplemental health product lines, including accidental death risk embedded within certain products. However, the Company’s other accidental death and dismemberment risk issued through all other policies and riders are ceded 100%.

With regards to employer-sponsored products, the Company has retained approximately 72.5% of gross and assumed group disability and specialty health benefits in 2024. The Company has a block of individual life and annuity benefits that is effectively 100% ceded. The Company purchases quota share reinsurance and excess reinsurance in amounts deemed appropriate by its risk committee. The Company monitors its retention amounts by product line and has the ability to adjust retention as appropriate.

NOTE 8 - Deposit Asset on Reinsurance

The Company reinsures a $3.1 billion block of in force fixed and variable annuity business with a minimum crediting rate of 4.5%. The reinsured fixed business represents approximately 50% of the Company’s in force fixed annuity account balances. The arrangement contains investment guidelines and a trust to help meet the Company’s risk management objectives.

Under the annuity reinsurance agreement, approximately $2.4 billion of fixed annuity reserves are reinsured on a coinsurance basis. The separate account assets and liabilities of approximately $0.7 billion are reinsured on a modified coinsurance basis and thus, remain on the Company's consolidated financial statements, but the related results of operations are fully reinsured.

The annuity reinsurance agreement does not expose the reinsurer to a reasonable possibility of a significant loss from insurance risk. Therefore, the Company recognizes the annuity reinsurance agreement using the deposit method of accounting. The assets transferred to the reinsurer as consideration paid is reported as a Deposit asset on reinsurance on the Company's Consolidated Balance Sheets. As amounts are received or paid, consistent with the underlying reinsured contracts, the Deposit asset on reinsurance is adjusted. The Deposit asset on reinsurance is accreted to the estimated ultimate cash flows using the interest method and the adjustment is reported as Net investment income. Interest accreted on the Deposit asset on reinsurance was $101.4 million and $104.9 million for the years ended December 31, 2024 and 2023, respectively.

NOTE 9 - Goodwill and Intangible Assets

The Company conducts goodwill impairment testing at the reporting unit level at least annually or more frequently if events occur or circumstances change that indicate that the carrying amount may not be recoverable. See Note 1 for further description of impairment testing.

At October 1, 2024 and October 1, 2023, the Company performed a qualitative goodwill impairment test. Based on the results of the tests, there were no events or circumstances that led to a determination that it is more likely than not that the fair value of a reporting unit is less than its carrying amount.

At October 1, 2022, the Company performed a quantitative goodwill impairment test. Based on the results of the test, there were no events or circumstances that led to a determination that it is more likely than not that the fair value of a reporting unit is less than its carrying amount with the exception of lower than anticipated BCG revenues which triggered an impairment of the goodwill associated with the BCG reporting unit within the Retirement operating segment. For the evaluation, the fair value of BCG was measured using a discounted cash flow method. The carrying amount exceeded the fair value, resulting in a $2.0 million goodwill impairment charge.

NOTE 9 - Goodwill and Intangible Assets (continued)

Goodwill impairment charges are reported as Other expense - goodwill and intangible asset impairments in the Consolidated Statements of Operations and Comprehensive Income (Loss).

The changes in the carrying amount of goodwill by reporting segment for the year ended December 31, 2024 were as follows:

($ in millions)	Property & Casualty	Life & Retirement	Supplemental & Group Benefits	Total
Balance as of January 1, 2022				
Goodwill	$ 9.5	$ 48.0	$ 19.6	$ 77.1
Accumulated impairment losses	—	(33.6)	—	(33.6)
Total goodwill, net	9.5	14.4	19.6	43.5
Acquisitions	—	—	12.8	12.8
Impairments	—	(2.0)	—	(2.0)
Balance as of December 31, 2022				
Goodwill	9.5	48.0	32.4	89.9
Accumulated impairment losses	—	(35.6)	—	(35.6)
Total goodwill, net	9.5	12.4	32.4	54.3
Acquisitions	—	—	—	—
Impairments	—	—	—	—
Balance as of December 31, 2023				
Goodwill	9.5	48.0	32.4	89.9
Accumulated impairment losses	—	(35.6)	—	(35.6)
Total goodwill, net	9.5	12.4	32.4	54.3
Acquisitions	—	—	—	—
Impairments	—	—	—	—
Balance as of December 31, 2024				
Goodwill	9.5	48.0	32.4	89.9
Accumulated impairment losses	—	(35.6)	—	(35.6)
Total goodwill, net	$ 9.5	$ 12.4	$ 32.4	$ 54.3

As of December 31, 2024, the outstanding amounts of definite-lived intangible assets subject to amortization are attributable to the acquisitions of BCG, BCGS and NTA during 2019 as well as the acquisition of Madison National during 2022. The acquisitions of BCG, BCGS, NTA and Madison National resulted in initial recognition of definite-lived intangible assets subject to amortization in the amounts of $9.1 million, $5.0 million, $160.4 million and $56.5 million, respectively. As of December 31, 2024 the outstanding amounts of definite-lived intangible assets subject to amortization were as follows:

($ in millions)	Weighted Average Useful Life (in Years)	
At inception:		
Value of business acquired	28	$ 100.1
Value of distribution acquired	17	54.0
Value of agency relationships	14	17.0
Value of customer relationships	10	59.9
Total	20	231.0
Accumulated amortization and impairments:		
Value of business acquired		(40.6)
Value of distribution acquired		(20.5)
Value of agency relationships		(11.2)
Value of customer relationships		(16.3)
Total		(88.6)
Net intangible assets subject to amortization:		$ 142.4

NOTE 9 - Goodwill and Intangible Assets (continued)

With regards to the definite-lived intangible assets in the table above, the VOBA intangible asset represents the present value of the expected underwriting profit within policies that were in force on the date of acquisition. The VODA intangible asset represents the present value of future business to be written by the existing agency force. The value of agency relationships intangible asset represents the present value of the commission overrides retained by NTA. The value of customer relationships intangible asset represents the present value of the expected profits from existing BCG and Madison National customers in force at the date of acquisition. All of the aforementioned definite-lived intangible assets were valued using the income approach.

Estimated future amortization of the Company's definite-lived intangible assets were as follows:

($ in millions) Year Ending December 31,	
2025	$ 14.3
2026	14.2
2027	14.1
2028	14.1
2029	14.1
Thereafter	71.6
Total	$ 142.4

The VOBA intangible asset is being amortized by product based on the present value of future premiums to be received. The VODA intangible asset with respect to the acquisition of NTA is being amortized on a straight-line basis. The VODA intangible asset with respect to the acquisition of BCGS was being amortized based on the present value of future profits to be received but will be amortized on a straight-line basis subsequent to the reporting date. The value of agency relationships intangible asset is being amortized based on the present value of future premiums to be received. The value of customer relationships intangible assets are being amortized based on the present value of future profits to be received for BCG and based on the present value of future premiums for Madison National.

Indefinite-lived intangible assets (not subject to amortization) as of December 31, 2024 were as follows:

($ in millions)	Trade Names	State Licenses	Total
Balance as of January 1, 2022	$ 7.9	$ 2.9	$ 10.8
Impairments	(0.3)	—	(0.3)
Acquisitions	—	2.9	2.9
Balance as of December 31, 2022	7.6	5.8	13.4
Impairments	—	—	—
Acquisitions	—	—	—
Balance as of December 31, 2023	7.6	5.8	13.4
Impairments	—	—	—
Acquisitions	—	—	—
Balance as of December 31, 2024	$ 7.6	$ 5.8	$ 13.4

The trade names intangible asset represents the present value of future savings accruing to NTA, BCG and BCGS by virtue of not having to pay royalties for the use of the trade names, valued using the relief from royalty method. The state licenses intangible asset represents the regulatory licenses held by NTA and Madison National that were valued using the cost approach.

The Company conducts intangible asset impairment testing at least annually, or more often if events, changes or circumstances indicate that the carrying amounts may not be recoverable. See Note 1 for further description of impairment testing.

At October 1, 2024 and October 1, 2023, the Company performed a qualitative assessment to determine whether it was necessary to perform quantitative intangible asset impairment tests. Based on the assessment of

NOTE 9 - Goodwill and Intangible Assets (continued)

qualitative factors, there were no events or circumstances that led to a determination that it is more likely than not that the fair value of an intangible asset is less than its carrying amount.

At October 1, 2022, the Company performed a qualitative assessment to determine whether it was necessary to perform quantitative intangible asset impairment tests. Based on the assessment of qualitative factors, there were no events or circumstances that led to a determination that it is more likely than not that the fair value of an intangible asset is less than its carrying amount with the exception of lower than anticipated BCG revenues which triggered a requirement to evaluate the intangible assets associated with BCG. For the evaluation, the fair value of BCG's intangible assets were measured using discounted cash flow methods. The carrying amounts for customer relationships and trade names exceeded their fair values resulting in a $2.5 million intangible asset impairment charge for customer relationships and a $0.3 million intangible asset impairment charge for trade names.

Intangible asset impairment charges are reported as Other expense - goodwill and intangible asset impairments in the Consolidated Statements of Operations and Comprehensive Income (Loss).

NOTE 10 - Debt

Indebtedness and scheduled maturities consisted of the following:

($ in millions)	Interest Rates	Final Maturity	December 31, 2024	December 31, 2023
Short-term debt				
Revolving Credit Facility	Variable	2026	$ —	$ —
Long-term debt[1]				
7.25% 2023 Senior Notes, Aggregate principal amount of $300.0 less unaccrued discount of $0.4 and $0.5 and unamortized debt issuance costs of $2.3 and $2.8	7.25%	2028	297.3	296.7
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 $0.2 and $0.5	4.50%	2025	249.7	249.3
Total			$ 547.0	$ 546.0

[1] The Company designates debt obligations as "long-term" based on maturity date at issuance.

2023 Senior Notes

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 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 December 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 December 31,2024.

2015 Senior Notes

As of December 31, 2024, the Company had outstanding $250.0 million aggregate principal amount of 4.50% 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 the Company's inter-document reference for the year ended December 31, 2022. The 2015 Senior Notes are traded in the open market (HMN 4.50).

NOTE 10 - Debt (continued)

Credit Agreement with Financial Institutions (Revolving Credit Facility)

In 2021, the Company, as borrower, amended its Credit Agreement (Revolving Credit Facility). The amended Revolving Credit Facility increased the amount available on the senior revolving credit facility from $225.0 million 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. The amended Revolving Credit Facility expires on July 12, 2026.

The Company 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. 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 December 31, 2024. As noted above, the outstanding balance on the Revolving Credit Facility was fully paid off on September 15, 2023 from the proceeds of the 2023 Senior Notes.

Federal Home Loan Bank Borrowings

As of December 31, 2024, the Company had no borrowing 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.

Covenants

The Company is in compliance with all of the financial covenants contained in the 2015 Senior Notes indenture, the 2023 Senior Notes indenture and the Revolving Credit Facility agreement, consisting primarily of relationships of (1) debt to capital, (2) net worth, as defined in the financial covenants, (3) insurance subsidiaries' risk-based capital and (4) securities subject to funding agreements and repurchase agreements.

NOTE 11 - Income Taxes

The income tax assets and liabilities included in Other assets and Other liabilities, respectively, in the Consolidated Balance Sheets were as follows:

($ in millions)	December 31,	
	2024	2023
Income tax (asset) liability		
Current	$ (28.1)	$ (25.9)
Deferred	55.8	33.4

Deferred tax assets and liabilities are recognized for all future tax consequences attributable to "temporary differences" between the financial statement carrying amount of existing assets and liabilities and their respective tax bases. There are no deferred tax liabilities that have not been recognized. The "temporary differences" that gave rise to the deferred tax balances were as follows:

NOTE 11 - Income Taxes (continued)

($ in millions)	December 31,	
	2024	2023
Deferred tax assets		
Other comprehensive income - net unrealized losses on securities	$ 85.2	$ 82.1
Unearned premium reserve reduction	14.4	13.3
Compensation accruals	9.3	9.3
Impaired securities	2.3	2.0
Other comprehensive income - net funded status of benefit plans	1.9	2.0
Discounting of unpaid claims and claim expense tax reserves	2.9	2.7
Capital loss carryforward	1.2	0.8
Net operating loss carryforward	0.6	9.3
Intangibles	—	1.4
Postretirement benefits other than pensions	0.2	0.2
Total gross deferred tax assets	118.0	123.1
Deferred tax liabilities		
Deferred policy acquisition costs	47.8	45.9
Life insurance future policy benefit reserve	52.7	46.4
Life insurance future policy benefit reserve (transitional rule)	2.1	4.3
Discounting of unpaid claims and claim expense tax reserves (transitional rule)	0.2	0.3
Investment related adjustments	39.3	44.8
Other comprehensive income - net reserve remeasurements	23.8	5.8
Other, net	7.9	9.0
Total gross deferred tax liabilities	173.8	156.5
Net deferred tax liability	$ 55.8	$ 33.4

The Company evaluated sources and character of income, including historical earnings, loss carryback potential, taxable income from future reversals of existing taxable temporary differences, future taxable income exclusive of reversing temporary differences, and taxable income from prudent and feasible tax planning strategies. Although realization of deferred tax assets is not assured, the Company believes it is more likely than not that gross deferred tax assets will be fully realized and that a valuation allowance with respect to the realization of the total gross deferred tax assets was not necessary as of December 31, 2024 and 2023.

At December 31, 2024, the Company had available the following carryforwards or credits:

($ in millions)		
	Pretax Amount	Expiration Years
Operating loss carryforwards	$ 2.7	Indefinite
Charitable contributions carryforwards	1.2	2029
Capital loss carryforwards	5.6	2029

The components of the provision for income tax expense (benefit) were as follows (2022 recast for the adoption of LDTI):

($ in millions)	Years Ended December 31,		
	2024	2023	2022
Current	$ 19.9	$ 6.5	$ (0.7)
Deferred	5.9	1.8	(2.6)
Total income tax expense (benefit)	$ 25.8	$ 8.3	$ (3.3)

NOTE 11 - Income Taxes (continued)

Income tax expense for the following periods differed from the expected tax computed by applying the federal corporate tax rate of 21% for 2024, 2023 and 2022 to income before income taxes as follows (2022 recast for the adoption of LDTI):

($ in millions)	Years Ended December 31,		
	2024	2023	2022
Expected federal tax on income	$ 27.0	$ 11.2	$ 3.5
Add (deduct) tax effects of:			
Tax-exempt interest	(2.5)	(2.7)	(3.3)
Dividend received deduction	(2.0)	(1.3)	(3.2)
Employee share-based compensation	(0.2)	0.1	(0.5)
Contingent consideration	—	—	(0.3)
Compensation deduction limitation	2.7	0.8	0.7
Research and development reserve	—	(0.2)	(0.4)
Prior year adjustments	(0.4)	0.3	0.1
Other, net	1.2	0.1	0.1
Income tax expense (benefit) provided on income	$ 25.8	$ 8.3	$ (3.3)

The Company's federal income tax returns for years prior to 2021 are no longer subject to examination by the Internal Revenue Service (IRS).

The Company recognizes tax benefits from tax return positions only if it is more likely than not the position will be sustainable, upon examination, on its technical merits and any relevant administrative practices or precedents. As a result, the Company applies a more likely than not recognition threshold for all tax uncertainties.

The Company records 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 upon changes in facts or law. The Company has no unrecorded liabilities from uncertain tax filing positions.

HMEC and its subsidiaries file a consolidated federal income tax return. The federal income tax sharing agreements between HMEC and its subsidiaries, as approved by the Board, provide that tax on income is charged to each subsidiary as if it were filing a separate tax return with the limitation that each subsidiary will receive the benefit of any losses or tax credits to the extent utilized in the consolidated tax return. Intercompany balances are settled quarterly with a final settlement after filing the consolidated federal income tax return with the IRS. National Teachers Associates Life Insurance Company and NTA Life Insurance Company of New York are not included in HMEC's consolidated federal income tax return and will file separate federal income tax returns until they are eligible to participate in HMEC's consolidated federal income tax return. This is expected to occur in 2025.

Unrecognized tax benefits were immaterial in each of the years ended December 31, 2024, 2023 and 2022.

The Company classifies all tax related interest and penalties as income tax expense.

Interest and penalties were both immaterial in each of the years ended December 31, 2024, 2023 and 2022.

NOTE 12 - Shareholders' Equity and Share-Based Compensation

Share Repurchase Program and Treasury Shares

On May 25, 2022, the Board of Directors authorized a share repurchase program allowing repurchases of up to $50 million (i.e., the 2022 Program) to begin following the completion of the $50 million repurchase plan which was authorized on September 30, 2015 (i.e., the 2015 Program). Both Programs authorize the repurchase of the Company's common shares in open market or privately negotiated transactions, from time to time, depending on market conditions. The Programs do not have expiration dates and may be limited or terminated at any time without notice. The 2015 Program was completed in July 2022 and the Company began repurchasing shares under the 2022 Program.

During 2024, the Company repurchased 256,159 shares of its common stock, or 0.6% of the shares outstanding as of December 31, 2023, at an aggregate cost of $8.5 million, or an average price of $33.33 per share. During 2023, the Company repurchased 196,934 shares of its common stock, or 0.5% of the shares outstanding as of December 31, 2022, at an aggregate cost of $6.5 million, or an average price of $32.85 per share. In total and through December 31, 2024, 695,194 shares were repurchased under the Programs at an average price of $34.06 per share. The repurchase of shares was funded through use of cash. As of December 31, 2024, $26.3 million remained authorized for future share repurchases under the 2022 Program.

As of December 31, 2024, the Company held 26,167,246 shares in treasury.

Authorization of Preferred Stock

In 1996, the shareholders of HMEC approved authorization of 1,000,000 shares of 0.001 par value preferred stock. The Board is authorized to (1) direct the issuance of the preferred stock in one or more series, (2) fix the dividend rate, conversion or exchange rights, redemption price and liquidation preference, of any series of the preferred stock, (3) fix the number of shares for any series and (4) increase or decrease the number of shares of any series. No shares of preferred stock were issued or outstanding as of December 31, 2024 and 2023.

2010 Comprehensive Executive Compensation Plan

In 2010, the shareholders of HMEC approved the 2010 Comprehensive Executive Compensation Plan (the Comprehensive Plan). The purpose of the Comprehensive Plan is to aid the Company in attracting, retaining, motivating and rewarding employees and non-employee Directors; to provide for equitable and competitive compensation opportunities, including deferral opportunities; to encourage long-term service; to recognize individual contributions and reward achievement of Company goals; and to promote the creation of long-term value for the Company's shareholders by closely aligning the interests of plan participants with those of shareholders. The Comprehensive Plan authorizes share-based and cash-based incentives for plan participants. In 2012, the shareholders of HMEC approved the implementation of a fungible share pool under which grants of full value shares will count against the share limit as two and one half shares for every share subject to a full value award. In May 2024, the shareholders of HMEC approved an amendment and restatement of the Comprehensive Plan which included an increase of 3,000,000 in the number of shares of common stock reserved for issuance under the Comprehensive Plan. As of December 31, 2024, approximately 3,272,355 shares were available for grant under the Comprehensive Plan. Shares of common stock issued under the Comprehensive Plan may be either authorized and unissued shares of HMEC or shares that have been reacquired by HMEC; however, new shares have been issued historically.

As further described in the paragraphs below, CSUs, stock options and RSUs under the Comprehensive Plan were as follows:

	December 31,		
	2024	2023	2022
CSUs related to deferred compensation for Directors	13,378	14,458	15,372
CSUs related to deferred compensation for employees	13,472	12,972	12,437
Stock options	1,397,546	1,402,514	1,194,352
RSUs related to incentive compensation	1,007,832	925,230	816,759
Total	2,432,228	2,355,174	2,038,920

NOTE 12 - Shareholders' Equity and Share-Based Compensation (continued)

Director Common Stock Units

Deferred compensation for Directors is in the form of CSUs, which represent an equal number of common shares to be issued in the future. The outstanding units of Directors serving on the Board accrue dividends at the same rate as dividends paid to HMEC's shareholders. These dividends are reinvested into additional CSUs.

Employee Common Stock Units

Deferred compensation for employees is in the form of CSUs, which represent an equal number of common shares to be issued in the future. Distributions of employee deferred compensation are allowed to be either in common shares or cash. Through December 31, 2024, all distributions have been in cash. The outstanding units accrue dividends at the same rate as dividends paid to HMEC's shareholders. These dividends are reinvested into additional CSUs.

Stock Options

Options to purchase shares of HMEC common stock may be granted to executive officers, other employees and Directors. The options become exercisable in installments based on service generally beginning in the first year from the date of grant and generally become fully vested 4 years from the date of grant. The options generally expire 10 years from the date of grant. The exercise price of the option is equal to the market price of HMEC's common stock on the date of grant resulting in a grant date intrinsic value of $0.

Changes in outstanding options were as follows:

	Weighted Average Option Price per Share	Range of Option Prices per Share	Options	
			Outstanding	Vested and Exercisable
December 31, 2023	$38.85	$28.88-$42.95	1,402,514	942,532
Granted	$35.39	$35.39-$35.39	230,240	
Vested	$39.55	$32.13-$41.83	—	181,130
Exercised	$30.82	$28.88-$32.35	(192,460)	(192,460)
Forfeited	$—	$—	—	—
Expired	$40.64	$38.05-$42.95	(42,748)	(42,748)
December 31, 2024	$39.33	$31.01-$42.95	1,397,546	888,454

Option information segregated by ranges of exercise prices were as follows:

	December 31, 2024						
	Total Outstanding Options				Vested and Exercisable Options		
Range of Option Prices per Share	Options	Weighted Average Option Price per Share	Weighted Average Remaining Term	Options	Weighted Average Option Price per Share	Weighted Average Remaining Term
31.01-35.98	441,134	$35.48	8.68	54,123	$35.46	7.96
38.05-41.39	505,200	$40.12	5.79	383,119	$39.85	5.45
41.83-42.95	451,212	$42.21	3.69	451,212	$42.21	3.69
Total	1,397,546	$39.33	6.03	888,454	$40.78	4.71

The weighted average exercise prices of vested and exercisable options as of December 31, 2023 and 2022 were $38.98 and $38.60, respectively.

As of December 31, 2024, based on a closing stock price of $39.23 per share, the aggregate intrinsic (in-the-money) values of vested options and all options outstanding were $0.2 million and $1.7 million, respectively.

NOTE 12 - Shareholders' Equity and Share-Based Compensation (continued)

Restricted Stock Units

RSUs may be granted to executive officers, other employees and Directors and represent an equal number of common shares to be issued in the future. The RSUs vest in installments based on service or attainment of performance criteria generally beginning in the first year from the date of grant and generally become fully vested 1 to 3 years from the date of grant. The outstanding units accrue dividends at the same rate as dividends paid to HMEC's shareholders. These dividends are reinvested into additional RSUs.

Changes in outstanding RSUs were as follows:

	Total Outstanding Units		Vested Units	
	Units	Weighted Average Grant Date Fair Value per Unit	Units	Weighted Average Grant Date Fair Value per Unit
December 31, 2023	925,230	$35.43	413,136	$29.04
Granted[1]	310,305	$38.12	—	—
Adjustment for performance achievement	(24,836)	$44.14	—	—
Vested	—	—	184,569	$38.18
Forfeited	(43,357)	$39.42	—	—
Distributed[2]	(159,510)	$38.87	(159,510)	$38.87
December 31, 2024	1,007,832	$35.33	438,195	$29.31

[1] Includes dividends reinvested into additional RSUs.
[2] Includes distributed units which were utilized to satisfy withholding taxes due on the distribution.

NOTE 13 - Statutory Information and Dividend Restrictions

The insurance departments of various states in which the insurance subsidiaries of HMEC are domiciled recognize as net income and surplus those amounts determined in conformity with statutory accounting principles prescribed or permitted by the insurance departments, which differ in certain respects from GAAP.

HMEC has principal insurance subsidiaries domiciled in Illinois, Wisconsin, Texas, and New York. The statutory financial statements of these subsidiaries are prepared in accordance with accounting principles prescribed or permitted by the Illinois Department of Insurance, the Wisconsin Office of the Commissioner of Insurance, the Texas Department of Insurance, and the New York Department of Financial Services, as applicable. Prescribed statutory accounting principles include a variety of publications of the NAIC, as well as state laws, regulations and general administrative rules.

In converting from statutory to GAAP, typical adjustments include DAC, certain reinsurance transactions, the inclusion of statutory non-admitted assets, the inclusion of net unrealized investment gains or losses in shareholders' equity relating to fixed maturity securities and establishing life reserves using different actuarial assumptions.

The following table includes selected information for HMEC's insurance subsidiaries:

($ in millions)	Year Ended December 31,		
	2024	2023	2022
Consolidated net income, statutory basis	$ 175.5	$ 24.7	$ 77.0
Consolidated capital and surplus, statutory basis[1]	$ 1,016.4	$ 1,043.6	$ 1,024.5

[1] Subject to regulatory restrictions.

The NAIC has risk-based capital guidelines to evaluate the adequacy of statutory capital and surplus in relation to risks assumed in investments, reserving policies, and volume and types of insurance business written. As of December 31, 2024 and 2023, the minimum statutory-basis capital and surplus required to be maintained by HMEC's insurance subsidiaries was $136.9 million and $135.3 million, respectively. As of December 31, 2024 and 2023, statutory capital and surplus of each of the Company's insurance subsidiaries was above required levels. The restricted net assets of HMEC's insurance subsidiaries were $27.1 million and $29.2 million as of

NOTE 13 - Statutory Information and Dividend Restrictions (continued)

December 31, 2024 and 2023, respectively. The minimum statutory basis capital and surplus amount at each date is the total estimated authorized control level risk-based capital for all of HMEC's insurance subsidiaries combined. Authorized control level risk-based capital represents the minimum level of statutory basis capital and surplus necessary before the insurance commissioner in the respective state of domicile is authorized to take whatever regulatory actions considered necessary to protect the best interests of the policyholders and creditors of the insurer. The amount of restricted net assets represents the combined fair value of securities on deposit with governmental agencies for the insurance subsidiaries as required by law in various states in which the insurance subsidiaries of HMEC conduct business.

HMEC relies largely on dividends from its insurance subsidiaries to meet its obligations for payment of principal and interest on debt, dividends to shareholders and parent company operating expenses, including tax payments pursuant to tax sharing agreements. Payments for share repurchase programs also have this dependency. HMEC's insurance subsidiaries are subject to various regulatory restrictions which limit the amount of annual dividends or other distributions, including loans or cash advances, available to HMEC without prior approval of the insurance regulatory authorities. As a result, HMEC may not be able to receive dividends from such subsidiaries at times and in amounts necessary to pay desired dividends to shareholders.

NOTE 14 - 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 Annual Report on Form 10-K, except as noted below, the Company does not have pending litigation from which there is a reasonable possibility of material loss.

In 2023, the Horace Mann Insurance Company (HMIC) was named as a defendant in one lawsuit and received various demands for reimbursement and notices of 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 this 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 matters noted above arose following the March 23, 2023, Order of Liquidation in Pennsylvania of R&Q. HMIC is 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.

In the fourth quarter of 2024, the Company recorded $15.7 million, after-tax of costs related to these non-core legacy commercial liability policies in the Corporate & Other Segment. As noted above, these policies were issued as early as the 1960s and prior to the current ownership structure of the Company.

Investment Commitments

The Company has outstanding commitments to fund investments primarily in limited partnership interests. Such unfunded commitments were $449.9 million and $502.6 million for the years ended December 31, 2024 and 2023, respectively.

NOTE 15 - Comprehensive Income (Loss) and Accumulated Other Comprehensive Income (Loss)

Comprehensive income (loss) represents the change in shareholders' equity during a reporting period from transactions and other events and circumstances from non-shareholder sources. For the Company, comprehensive income (loss) is equal to net income plus or minus 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. AOCI represents the accumulated change in shareholders' equity from these transactions and other events and circumstances from non-shareholder sources as shown in the Consolidated Balance Sheets.

In the Consolidated Balance Sheets, the Company recognizes the net funded status of benefit plans as a component of AOCI, net of tax.

Comprehensive Income (Loss)

The components of comprehensive income (loss) were as follows (in millions, 2022 recast for the adoption of LDTI):

($ in millions)	Year Ended December 31,		
	2024	2023	2022
Net income	$ 102.8	$ 45.0	$ 19.8
Other comprehensive income (loss):			
Change in net unrealized investment gains (losses) on fixed maturity securities:			
Net unrealized investment gains (losses) on securities arising during the period	(58.0)	133.9	(1,042.6)
Less: reclassification adjustment for net investment gains (losses) included in income before income tax	(21.1)	(20.3)	(29.1)
Total, before tax	(36.9)	154.2	(1,013.5)
Income tax expense (benefit)	(7.8)	32.9	(216.8)
Total, net of tax	(29.1)	121.3	(796.7)
Change in net reserve remeasurements attributable to discount rates:			
Total, before tax	113.2	(47.2)	567.6
Income tax expense (benefit)	24.2	(10.1)	121.7
Total, net of tax	89.0	(37.1)	445.9
Change in net funded status of benefit plans:			
Total, before tax	0.7	1.5	1.8
Income tax expense (benefit)	0.1	0.3	0.4
Total, net of tax	0.6	1.2	1.4
Total comprehensive income (loss)	$ 163.3	$ 130.4	$ (329.6)

NOTE 15 - Comprehensive Income (Loss) and Accumulated Other Comprehensive Income (Loss) (continued)

Accumulated Other Comprehensive Income (Loss)

The following table reconciles the components of AOCI for the periods indicated (2022 recast for the adoption of LDTI)

($ in millions)	Net Unrealized Investment Gains (Losses) on Securities[1][2]	Net Reserve Remeasurements Attributable to Discount Rates[1]	Net Funded Status of Benefit Plans[1]	Total[1]
Beginning balance, January 1, 2024	$ (328.3)	$ 21.9	$ (7.6)	$ (314.0)
Other comprehensive income (loss) before reclassifications	(45.8)	89.0	0.6	43.8
Amounts reclassified from AOCI	16.7	—	—	16.7
Net current period other comprehensive income (loss)	(29.1)	89.0	0.6	60.5
Ending balance, December 31, 2024	$ (357.4)	$ 110.9	$ (7.0)	$ (253.5)
Beginning balance, January 1, 2023	$ (449.6)	$ 59.0	$ (8.8)	$ (399.4)
Other comprehensive income (loss) before reclassifications	105.3	(37.1)	1.2	69.4
Amounts reclassified from AOCI	16.0	—	—	16.0
Net current period other comprehensive income (loss)	121.3	(37.1)	1.2	85.4
Ending balance, December 31, 2023	$ (328.3)	$ 21.9	$ (7.6)	$ (314.0)
Beginning balance, January 1, 2022	$ 347.1	$ (386.9)	$ (10.2)	$ (50.0)
Other comprehensive income (loss) before reclassifications	(819.7)	445.9	1.4	(372.4)
Amounts reclassified from AOCI	23.0	—	—	23.0
Net current period other comprehensive income (loss)	(796.7)	445.9	1.4	(349.4)
Ending balance, December 31, 2022	$ (449.6)	$ 59.0	$ (8.8)	$ (399.4)

[1] All amounts are net of tax.

[2] The pretax amounts reclassified from AOCI, $(21.1) million, $(20.3) million and $(29.1) million, are included in net investment gains (losses) and the related income tax expense (benefit), $(4.4) million, $(4.3) million and $(6.1) million, are included in income tax expense (benefit) in the Consolidated Statements of Operations and Comprehensive Income (Loss) for the years ended December 31, 2024, 2023 and 2022, respectively.

Comparative information for elements that are not required to be reclassified in their entirety to net income in the same reporting period is located in Note 3.

NOTE 16 - Supplemental Consolidated Cash and Cash Flow Information

($ in millions)	Years Ended December 31,		
	2024	2023	2022
Cash	$ 33.1	$ 29.0	$ 42.2
Restricted cash	5.0	0.7	0.6
Total cash and restricted cash shown in the Consolidated Statements of Cash Flows	$ 38.1	$ 29.7	$ 42.8
Cash paid during the year for:			
Interest	$ 33.5	$ 30.1	$ 18.2
Income taxes	22.1	14.0	8.6

During the year ended 2024, the Company exchanged $44.5 million of Fixed maturity securities for Limited partnership interests. This transaction did not result in cash flows and is therefore excluded from the consolidated statement of cash flows. Non-cash investing activities with respect to modifications or exchanges of fixed maturity securities as well as paid-in-kind activity for policy loans were insignificant for the years ended December 31, 2023 and 2022, respectively.

NOTE 17 - Segment Information

The Company conducts and manages its business through four reporting segments. The three reporting 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 reporting segments, consistent with the basis for management's evaluation of the results of those reporting segments, but classifies those items in the fourth reporting segment, Corporate & Other. Corporate & Other includes corporate debt service, net investment gains (losses) and certain public company expenses, as well as corporate debt retirement costs, when applicable. In addition to these transactions, Corporate & Other also includes legacy commercial claims.

The accounting policies of the reporting segments are the same as those described in Note 1-Basis of Presentation and Significant Accounting Policies. Expense allocations are based on certain assumptions and estimates primarily related to direct cost, revenue and activity; methodologies are applied consistently. Stated segment operating results would change if different methods were applied.

The Company’s Chief Operating Officer is the chief operating decision maker (CODM), responsible for reviewing financial performance and making decisions regarding the allocation of resources for the reporting segments. The Company measures and analyzes segment performance based on core earnings which differs from total income as presented in our consolidated statements of operations due to 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. We believe core earnings is a better performance measure and indicator of the profitability and underlying trends in our business. The CODM considers actual-to-budget variances in core earnings on a monthly basis when making decisions about allocating capital and personnel to segments and evaluating product pricing.

Disaggregated financial information for these segments, as regularly provided to the CODM, is as follows:

NOTE 17 - Segment Information (continued)

December 31, 2024 ($ in millions)	Property & Casualty	Life & Retirement	Supplemental & Group Benefits	Corporate & Other*	Totals
Net premiums and contract charges earned	$ 736.5	$ 154.6	$ 254.9	$ —	$ 1,146.0
Net investment income	46.0	363.6	38.1	(2.0)	445.7
Other segment income	2.3	20.2	(4.6)	2.9	20.8
Total segment revenues	$ 784.8	$ 538.4	$ 288.4	$ 0.9	$ 1,612.5
Benefits and claims expenses (excluding catastrophe losses)	$ 353.3	$ 125.2	$ 78.8	$ —	$ 557.3
Catastrophe losses	94.9	—	—	—	94.9
Loss adjustment expenses	72.8	—	—	—	72.8
Interest credited	—	211.2	4.7	—	215.9
Operating & admin expenses	122.4	93.2	70.7	8.6	294.9
Commissions expense	63.0	41.1	38.1	—	142.2
Taxes, licenses and fees	20.2	3.8	5.9	0.7	30.6
Deferred policy acquisition costs	(89.8)	(28.3)	(4.1)	—	(122.2)
Deferred policy acquisition cost amortization	84.6	24.6	1.9	—	111.1
Intangible asset amortization	—	0.2	14.3	—	14.5
Interest expense	—	—	—	34.6	34.6
Total segment expenses	$ 721.4	$ 471.0	$ 210.3	$ 43.9	$ 1,446.6
Pretax profit (loss)	$ 63.4	$ 67.4	$ 78.1	$ (43.0)	$ 165.9
Income tax expense	14.3	11.1	17.7	(9.3)	33.8
Segment profit (loss) (Core earnings)	49.1	56.3	60.4	(33.7)	132.1
Net investment losses (after-tax)	—	—	—	(13.6)	(13.6)
Non-core Legacy Commercial exposures (before-tax)	—	—	—	(20.0)	(20.0)
Non-core Legacy Commercial exposures (after-tax)	—	—	—	(15.7)	(15.7)
Net income	$ 49.1	$ 56.3	$ 60.4	$ (63.0)	$ 102.8

NOTE 17 - Segment Information (continued)

December 31, 2023 ($ in millions)	Property & Casualty	Life & Retirement	Supplemental & Group Benefits	Corporate & Other*	Totals
Net premiums and contract charges earned	$ 645.6	$ 151.7	$ 259.8	$ —	$ 1,057.1
Net investment income	37.9	369.9	38.9	(1.9)	444.8
Other segment income	2.8	17.0	(11.1)	5.3	14.0
Total segment revenues	$ 686.3	$ 538.6	$ 287.6	$ 3.4	$ 1,515.9
Benefits and claims expenses (excluding catastrophe losses)	$ 387.9	$ 123.2	$ 88.9	$ —	$ 600.0
Catastrophe losses	97.6	—	—	—	97.6
Loss adjustment expenses	71.5	—	—	—	71.5
Interest credited	—	201.8	3.9	—	205.7
Operating & admin expenses	109.2	83.9	66.9	7.0	267.0
Commissions expense	52.6	37.2	40.6	—	130.4
Taxes, licenses and fees	17.7	3.9	5.7	0.4	27.7
Deferred policy acquisition costs	(76.2)	(26.2)	(4.6)	—	(107.0)
Deferred policy acquisition cost amortization	71.3	28.0	1.9	—	101.2
Intangible asset amortization	—	0.2	14.6	—	14.8
Interest expense	—	—	—	29.7	29.7
Total segment expenses	$ 731.6	$ 452.0	$ 217.9	$ 37.1	$ 1,438.6
Pretax profit (loss)	$ (45.3)	$ 86.6	$ 69.7	$ (33.7)	$ 77.3
Income tax expense	(9.8)	15.1	14.8	(6.6)	13.5
Segment profit (loss) (Core earnings)	(35.5)	71.5	54.9	(27.1)	63.8
Net investment losses (after-tax)	—	—	—	(18.8)	(18.8)
Net income	$ (35.5)	$ 71.5	$ 54.9	$ (45.9)	$ 45.0

NOTE 17 - Segment Information (continued)

December 31, 2022 ($ in millions)	Property & Casualty	Life & Retirement	Supplemental & Group Benefits	Corporate & Other*	Totals
Net premiums and contract charges earned	$ 608.2	$ 144.0	$ 275.5	$ —	$ 1,027.7
Net investment income	31.4	338.3	33.3	(2.1)	400.9
Other segment income	3.4	17.0	(13.4)	2.5	9.5
Total segment revenues	$ 643.0	$ 499.3	$ 295.4	$ 0.4	$ 1,438.1
Benefits and claims expenses (excluding catastrophe losses)	$ 388.0	$ 121.5	$ 91.2	$ —	$ 600.7
Catastrophe losses	80.0	—	—	—	80.0
Loss adjustment expenses	66.3	—	—	—	66.3
Interest credited	—	172.1	1.3	—	173.4
Operating & admin expenses	104.9	88.5	54.6	7.8	255.8
Commissions expense	43.8	37.2	44.1	—	125.1
Taxes, licenses and fees	18.4	4.1	6.1	0.4	29.0
Deferred policy acquisition costs	(64.5)	(27.4)	(2.5)	—	(94.4)
Deferred policy acquisition cost amortization	64.3	23.0	0.9	—	88.2
Intangible asset amortization	—	1.1	15.7	—	16.8
Interest expense	—	—	—	19.4	19.4
Total segment expenses	$ 701.2	$ 420.1	$ 211.4	$ 27.6	$ 1,360.3
Pretax profit (loss)	$ (58.2)	$ 79.2	$ 84.0	$ (27.2)	$ 77.8
Income tax expense	(13.8)	11.6	18.1	(6.2)	9.7
Segment profit (loss) (Core earnings)	(44.4)	67.6	65.9	(21.0)	68.1
Net investment losses (after-tax)	—	—	—	(44.5)	(44.5)
Goodwill and intangible asset impairments (after-tax)	—	(3.8)	—	—	(3.8)
Net income	$ (44.4)	$ 63.8	$ 65.9	$ (65.5)	$ 19.8

*-Corporate & Other is net of intersegment eliminations.

($ in millions)	December 31,		
	2024	2023	2022
Assets			
Property & Casualty	$ 1,272.3	$ 1,218.1	$ 1,083.8
Life & Retirement	11,670.7	11,365.0	10,754.4
Supplemental & Group Benefits	1,377.6	1,338.8	1,359.3
Corporate & Other	191.0	190.4	173.4
Intersegment eliminations	(23.8)	(62.4)	(64.8)
Total	$ 14,487.8	$ 14,049.9	$ 13,306.1

ITEM 9. | Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

ITEM 9A. | 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 under Rule 13a-15(e) of the Securities and Exchange Act of 1934 as amended (Exchange Act) as of December 31, 2024. Based on this evaluation, the chief executive officer and chief financial officer concluded that our disclosure controls and procedures were effective as of December 31, 2024, the end of the period covered by this Annual Report on Form 10-K.

Changes in Internal Control Over Financial Reporting

During third-quarter 2024, the Company implemented a new financial system including the general ledger and financial reporting tools to provide advanced data analytic capabilities and improve efficiency of the financial reporting process. This initiative was not undertaken in response to any actual or perceived deficiencies or to remedy any gaps or weaknesses in the Company's internal control over financial reporting. Concurrent with the implementation, changes were made to the relevant business processes and the related control activities over the implementation in order to maintain appropriate controls over financial reporting. There were no other changes in our internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act) during the quarter ended December 31, 2024 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Management's Annual Report on Internal Control Over Financial Reporting

We are responsible for establishing and maintaining adequate internal control over financial reporting. Our internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America. Our accounting policies and internal controls over financial reporting, established and maintained by management, are under the general oversight of our Audit Committee.

Our internal control over financial reporting includes those policies and procedures that:

- pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our assets;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with accounting principles generally accepted in the United States of America, and that receipts and expenditures are being made only in accordance with authorizations of our management and directors; and
- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

We have assessed our internal control over financial reporting as of December 31, 2024. The standard measures adopted by management in making its evaluation are the measures in the Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission.

Based on our assessment, we concluded that our internal control over financial reporting was effective at December 31, 2024, and that there were no material weaknesses in our internal control over financial reporting as of that date.

KPMG LLP, an independent registered public accounting firm, which has audited and reported on the Consolidated Financial Statements contained in this inter-document reference, has issued its report on the effectiveness of our internal control over financial reporting which follows this report.

Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Directors

Horace Mann Educators Corporation:

Opinion on Internal Control Over Financial Reporting

We have audited Horace Mann Educators Corporation and subsidiaries' (the Company) internal control over financial reporting as of December 31, 2024, based on criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2024, based on criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of December 31, 2024 and 2023, the related consolidated statements of operations and comprehensive income (loss), changes in shareholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2024, and the related notes and financial statement schedules I to IV (collectively, the consolidated financial statements), and our report dated February 27, 2025 expressed an unqualified opinion on those consolidated financial statements.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Annual Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. 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 audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the

company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ KPMG LLP

Columbus, Ohio

February 27, 2025

ITEM 9B. | Other Information

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 December 31, 2024, Marita Zuraitis, President and CEO, adopted a new 10b5-1 plan. The Plan was adopted on November 18, 2024. The Plan expires on the earlier of March 31, 2026, or upon execution of all trades or expiration of all orders relating to such trades. The Plan allows for the sale of up to 50,000 shares and the exercise of up to 70,424 vested options.

During the three months ended December 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 9C. | Disclosure Regarding Foreign Jurisdictions that Prevent Inspections

Not applicable.

PART III

Our Proxy Statement will be filed with the SEC no later than April 4, 2025 in preparation for our 2025 Annual Meeting of Shareholders. As permitted in Paragraph G(3) of the General Instructions for Form 10-K, we are incorporating by reference, to that Proxy Statement, portions of the information required by Part III as noted in Item 10 through Item 14 below.

ITEM 10. | Directors, Executive Officers and Corporate Governance

(a) The following sections of our Proxy Statement for our 2025 Annual Meeting of Shareholders, are incorporated herein by reference: "Board of Directors and Committees," "Executive Officers," "Corporate Governance," and "Insider Trading Policy".

(b) We have adopted a code of ethics and conduct, referred to as the code of conduct, that applies to our principal executive officer, principal financial officer, principal accounting officer and all other employees. In addition, the Board has adopted the code of conduct for our Board members as it applies to each Board member's business conduct on behalf of us. The code of conduct is posted on our website, www.horacemann.com, under Investors — Governance — Governance Documents. In addition, amendments to the code of conduct or waivers of the code of conduct granted to executive officers and directors requiring disclosure under applicable SEC rules will be posted on our website within four days after such amendment or grant of waiver rather than by filing a Current Report on Form 8-K.

ITEM 11. | Executive Compensation

The following sections of our Proxy Statement for our 2025 Annual Meeting of Shareholders, are incorporated herein by reference: "Director Compensation" and "Compensation Discussion and Analysis" including "Pay

Governance," "Executive Compensation Program," "Additional Pay Practices," "Compensation Tables," "Compensation Committee Report," and "Equity Compensation Plan Information".

ITEM 12. | Security Ownership of Certain Beneficial Owners and Management and Related Shareholder Matters

(a) The "Security Ownership of Certain Beneficial Owners and Management" section of our Proxy Statement for our 2025 Annual Meeting of Shareholders, is incorporated herein by reference.

(b) The "Equity Compensation Plan Information" section of our Proxy Statement for our 2025 Annual Meeting of Shareholders, is incorporated herein by reference. Additional information on share-based compensation under our equity compensation plans is available in Part II - Item 8, Note 12 of the Consolidated Financial Statements.

ITEM 13. | Certain Relationships and Related Transactions and Director Independence

The following sections of our Proxy Statement for our 2025 Annual Meeting of Shareholders, are incorporated by reference: "Corporate Governance - Director Independence", and "Corporate Governance - Related Person Transactions".

ITEM 14. | Principal Accountant Fees and Services

Information required for this Item 14 is incorporated herein by reference, to our Proxy Statement for our 2025 Annual Meeting of Shareholders in the section "Proposal No. 4 - Ratification of Independent Registered Public Accounting Firm".

PART IV

ITEM 15. | Exhibits and Financial Statement Schedules

(a)(1) (a)(1) The following consolidated financial statements of the Company are contained in Part II - Item 8 of this report, Page 73 to Page 145

(a)(2) Financial statement schedules

Schedule I - Summary of Investments - Other than Investments in Related Parties, Page 151

Schedule II - Condensed Financial Information of Registrant, Page 152

Schedule III - Supplementary Insurance Information, Page 156

Schedule IV - Reinsurance, Page 157

HORACE MANN EDUCATORS CORPORATION
SUMMARY OF INVESTMENTS-OTHER THAN INVESTMENTS IN RELATED PARTIES
December 31, 2024
($ in millions)

Type of Investments	Cost or amortized cost, net	Fair Value	Balance Sheet
Fixed maturity securities			
U.S. Government and federally sponsored agency obligations	$ 1,029.0	$ 909.3	$ 909.3
States, municipalities and political subdivisions	1,239.1	1,150.8	1,150.8
Foreign government bonds	14.1	13.1	13.1
Public utilities	106.2	91.1	91.1
All other corporate bonds	1,857.3	1,660.3	1,660.3
Asset-backed securities	1,177.0	1,170.9	1,170.9
Residential mortgage-backed securities (non-agency)	69.1	68.5	68.5
Commercial mortgage-backed securities	319.0	292.9	292.9
Redeemable preferred stocks	31.7	31.0	31.0
Total fixed maturity securities	5,842.5	5,387.9	5,387.9
Equity securities			
Industrial, miscellaneous and all other	—	0.5	0.5
Banking & finance and insurance companies	1.8	1.5	1.5
Non-redeemable preferred stocks	77.0	64.5	64.5
Total equity securities	78.8	66.5	66.5
Limited partnership interests	1,121.3	XXX	1,121.3
Short-term investments	101.2	XXX	101.2
Policy loans	140.8	XXX	140.8
Derivatives	14.3	$ 18.5	18.5
Mortgage loans	43.2	XXX	43.2
Other	37.0	XXX	37.0
Total investments	$ 7,379.1	XXX	$ 6,916.4

See accompanying Report of Independent Registered Public Accounting Firm.

HORACE MANN EDUCATORS CORPORATION
(Parent Company Only)
CONDENSED FINANCIAL INFORMATION OF REGISTRANT BALANCE SHEETS
As of December 31, 2024 and 2023
($ in millions, except share data)

	December 31,	
	2024	2023
ASSETS		
Investments and cash	$ 45.5	$ 3.4
Investments in subsidiaries	1,794.9	1,716.6
Other assets	3.3	17.1
Total assets	$ 1,843.7	$ 1,737.1
LIABILITIES AND SHAREHOLDERS' EQUITY		
Short-term debt	$ —	$ —
Long-term debt	547.0	546.0
Other liabilities	9.2	15.8
Total liabilities	556.2	561.8
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, 2024, 67,032,164; 2023, 66,747,821	0.1	0.1
Additional paid-in capital	525.2	510.9
Retained earnings	1,548.2	1,502.2
Accumulated other comprehensive income (loss), net of taxes:		
Net unrealized investment gains (losses) on fixed maturity securities	(357.4)	(328.3)
Net reserve remeasurements attributable to discount rates	110.9	21.9
Net funded status of benefit plans	(7.0)	(7.6)
Treasury stock, at cost, 2024, 26,167,246 shares; 2023, 25,911,087 shares	(532.5)	(523.9)
Total shareholders' equity	1,287.5	1,175.3
Total liabilities and shareholders' equity	$ 1,843.7	$ 1,737.1

See accompanying Note to Condensed Financial Statements.
See accompanying Report of Independent Registered Public Accounting Firm.

HORACE MANN EDUCATORS CORPORATION
(Parent Company Only)
CONDENSED FINANCIAL INFORMATION OF REGISTRANT STATEMENTS OF OPERATIONS
($ in millions)

	Year Ended December 31,		
	2024	2023	2022
Revenues			
Net investment income	$ 0.1	$ 0.2	$ —
Total revenues	0.1	0.2	—
Expenses			
Interest expense	34.6	29.7	19.4
Other	8.1	5.1	8.4
Total expenses	42.7	34.8	27.8
Loss before income tax benefit and equity in net earnings of subsidiaries	(42.6)	(34.6)	(27.8)
Income tax benefit	(9.6)	(6.9)	(6.3)
Loss before equity in net earnings of subsidiaries	(33.0)	(27.7)	(21.5)
Equity in net earnings (losses) of subsidiaries	135.8	72.7	41.3
Net income (loss)	$ 102.8	$ 45.0	$ 19.8

See accompanying Note to Condensed Financial Statements.
See accompanying Report of Independent Registered Public Accounting Firm.

HORACE MANN EDUCATORS CORPORATION
(Parent Company Only)
CONDENSED FINANCIAL INFORMATION OF REGISTRANT STATEMENTS OF CASH FLOWS
($ in millions)

	Year Ended December 31,		
	2024	2023	2022
Cash flows from operating activities			
Net income (loss)	$ 102.8	$ 45.0	$ 19.8
Equity in net income of subsidiaries	(135.8)	(72.7)	(41.3)
Dividends received from subsidiaries	120.2	132.1	184.3
Changes in:			
Income taxes	15.5	(5.8)	3.9
Operating assets and liabilities	(8.1)	6.0	0.8
Other	2.0	1.2	(1.5)
Net cash provided by operating activities	96.6	105.8	166.0
Cash flows from investing activities			
Purchase of equity securities	(1.2)	—	—
Purchase of limited partnership interests	(28.9)	—	—
Net increase (decrease) in short-term investments	(12.0)	(1.3)	(0.7)
Capital contributions to subsidiaries	(2.0)	(98.0)	(35.0)
Acquisition of business, net of cash acquired	—	—	(172.3)
Net cash used in investing activities	(44.1)	(99.3)	(208.0)
Cash flows from financing activities			
Dividends paid to shareholders	(55.6)	(53.9)	(52.6)
Proceeds from issuance 2023 Senior Note due 2028	—	296.5	—
Principal repayment on senior revolving credit facility	—	(249.0)	—
Acquisition of treasury stock	(8.6)	(6.5)	(24.0)
Proceeds from exercise of stock options	5.1	—	—
Withholding tax payments on RSUs tendered	(1.8)	(1.8)	(2.4)
Proceeds for Share-based compensation	8.4	8.0	7.1
Net cash provided by (used in) financing activities	(52.5)	(6.7)	(71.9)
Net increase (decrease) in cash	—	(0.2)	(113.9)
Cash at beginning of period	0.1	0.3	114.2
Cash at end of period	$ 0.1	$ 0.1	$ 0.3

See accompanying Note to Condensed Financial Statements.
See accompanying Report of Independent Registered Public Accounting Firm.

HORACE MANN EDUCATORS CORPORATION
(Parent Company Only)
CONDENSED FINANCIAL INFORMATION OF REGISTRANT
NOTE TO CONDENSED FINANCIAL STATEMENTS

The accompanying condensed financial statements should be read in conjunction with the Consolidated Financial Statements and accompanying notes thereto presented in Part II - Item 8 of this Annual Report on Form 10-K.

HORACE MANN EDUCATORS CORPORATION
SCHEDULE III: SUPPLEMENTARY INSURANCE INFORMATION
($ in millions)

Segment	Deferred policy acquisition costs	Future policy benefits, claims and claim expenses	Unearned premiums	Other policy claims and benefits payable	Premium revenue/ premium earned	Net investment income	Benefits, claims and settlement expenses	Amortization of deferred policy acquisition costs	Other operating expenses	Net premiums written (excluding life)
Year Ended December 31, 2024										
Property & Casualty	$ 34.4	$ 420.6	$ 340.7	$ —	$ 736.5	$ 46.0	$ 521.0	$ 84.6	$ 115.8	$ 779.3
Life & Retirement	301.4	6,222.7	—	880.8	154.6	363.6	336.4	24.6	110.0	29.7
Supplemental & Group Benefits	11.4	649.0	3.5	114.9	254.9	38.1	83.5	1.9	124.9	254.6
Other, including consolidating eliminations	N/A	N/A	N/A	N/A	N/A	(2.0)	20.0	N/A	43.9	N/A
Total	$ 347.2	$ 7,292.3	$ 344.2	$ 995.7	$ 1,146.0	$ 445.7	$ 960.9	$ 111.1	$ 394.6	$ 1,063.6
Year Ended December 31, 2023										
Property & Casualty	$ 29.3	$ 416.9	$ 297.9	$ —	$ 645.5	$ 37.9	$ 557.0	$ 71.3	$ 103.3	$ 684.4
Life & Retirement	297.7	6,418.2	—	816.0	151.8	369.9	325.1	28.0	99.0	29.2
Supplemental & Group Benefits	9.3	695.4	3.0	100.0	259.8	38.9	92.7	1.9	123.2	$ 195.7
Other, including consolidating eliminations	N/A	N/A	N/A	N/A	N/A	(1.9)	N/A	N/A	37.1	N/A
Total	$ 336.3	$ 7,530.5	$ 300.9	$ 916.0	$ 1,057.1	$ 444.8	$ 974.8	$ 101.2	$ 362.6	$ 909.3
Year Ended December 31, 2022 (recast)										
Property & Casualty	$ 24.6	$ 388.7	$ 259.1	$ —	$ 608.2	$ 31.4	$ 534.3	$ 64.3	$ 102.6	$ 617.5
Life & Retirement	299.5	6,413.7	4.0	719.8	144.0	338.3	293.6	23.0	108.2	29.5
Supplemental & Group Benefits	6.5	740.2	3.0	89.5	275.5	33.3	92.5	0.9	118.1	$ 213.2
Other, including consolidating eliminations	N/A	N/A	N/A	N/A	N/A	(2.1)	N/A	N/A	27.6	N/A
Total	$ 330.6	$ 7,542.6	$ 266.1	$ 809.3	$ 1,027.7	$ 400.9	$ 920.4	$ 88.2	$ 356.5	$ 860.2

N/A - Not applicable.

See accompanying Report of Independent Registered Public Accounting Firm.

HORACE MANN EDUCATORS CORPORATION
REINSURANCE
($ in millions)

Column A	Column B	Column C	Column D	Column E	Column F
	Gross Amount	Ceded to Other Companies	Assumed from Other Companies	Net Amount	Percentage of Amount Assumed to Net
Year Ended December 31, 2024					
Life insurance in force	$ 37,107.3	$ 10,012.3	$ —	$ 27,095.0	—
Premiums					
Property & Casualty	$ 743.9	$ 20.5	$ 13.1	$ 736.5	1.8 %
Life & Retirement	161.2	6.6	—	154.6	—
Supplemental & Group Benefits	283.7	43.8	15.0	254.9	5.9 %
Total premiums	$ 1,188.8	$ 70.9	$ 28.1	$ 1,146.0	2.5 %
Year Ended December 31, 2023					
Life insurance in force	$ 40,422.9	$ 9,597.7	$ —	$ 30,825.2	—
Premiums					
Property & Casualty	$ 653.0	$ 18.1	$ 10.7	$ 645.6	1.7 %
Life & Retirement	166.5	14.8	—	151.7	—
Supplemental & Group Benefits	278.1	43.4	25.1	259.8	9.7 %
Total premiums	$ 1,097.6	$ 76.3	$ 35.8	$ 1,057.1	3.4 %
Year Ended December 31, 2022					
Life insurance in force	$ 38,564.6	$ 9,330.9	$ —	$ 29,233.7	—
Premiums					
Property & Casualty	$ 614.7	$ 15.0	$ 8.5	$ 608.2	1.4 %
Life & Retirement	158.9	14.9	—	144.0	—
Supplemental & Group Benefits	273.1	42.1	44.5	275.5	16.2 %
Total premiums	$ 1,046.7	$ 72.0	$ 53.0	$ 1,027.7	5.2 %

Note: Premiums above include insurance premiums earned and contract charges earned.

See accompanying Report of Independent Registered Public Accounting Firm.

(a)(3) The following items are filed as Exhibits. Management contracts and compensatory plans are indicated by an asterisk (*).

Exhibit No.	Description
(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	2024 Amended and Restated Bylaws of HMEC, incorporated by reference to Exhibit 3.1 to HMEC's 8-K filing filed with the SEC on September 23, 2024.
(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, 2023, filed with the SEC on September 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.
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.
10.2(d)*	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.
10.2(e)*	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.
10.3*	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.
10.3(a)*	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.
10.3(b)*	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.
10.3(c)*	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.
10.3(d)*	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.
10.3(e)*	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.

10.3(f)*	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.
10.3(g)*	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.
10.3(h)*	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.
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, 2024, filed with the SEC on May 8, 2024.
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, 2024, filed with the SEC on May 8, 2024.
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, 2024, filed with the SEC on May 8, 2024.
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.
(19)	HMEC Insider Trading Policy
(21)	Subsidiaries of HMEC.
(23)	Consent of KPMG LLP.

(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 Ryan E. Greenier, 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 Ryan E. Greenier, Chief Financial Officer of HMEC.
97.1	Horace Mann Educators Corporation Clawback Policy

(99) Additional exhibits:

99.1	Glossary of Selected Terms.

(101) Interactive Data File:

101.1	The following information from Horace Mann Educators Corporation's Annual Report on Form 10-K for the year ended December 31, 2024 formatted in Inline XBRL: (i) Consolidated Balance Sheets as of December 31, 2024 and 2023 (ii) Consolidated Statements of Operations and Comprehensive Income (Loss) for the years ended December 31, 2024, 2023 and 2022; (iii) Consolidated Statements of Changes in Shareholders' Equity for the years ended December 31, 2024, 2023 and 2022; (iv) Consolidated Statements of Cash Flows for the years ended December 31, 2024, 2023 and 2022; (v) Notes to Consolidated Financial Statements; (vi) Financial Statement Schedules; and (vii) the cover page.
104.1	Cover Page Interactive Data File (Embedded within the Inline XBRL document and included in Exhibit 101.1).

ITEM 16. | Form 10-K Summary

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, Horace Mann Educators Corporation has duly caused this Annual Report on Form 10-K to be signed on its behalf by the undersigned, thereunto duly authorized.

HORACE MANN EDUCATORS CORPORATION

By: /s/ Marita Zuraitis Marita Zuraitis		President and Chief Executive Officer	February 27, 2025

Pursuant to the requirements of the Securities Exchange Act of 1934, this Annual Report on Form 10-K has been signed below by the following persons on behalf of Horace Mann Educators Corporation and in the capacities and on the date indicated.

Signature		Title	Date
By: /s/ Marita Zuraitis Marita Zuraitis		President, Chief Executive Officer and Director (Principal Executive Officer)	February 27, 2025
By: /s/ Ryan E. Greenier Ryan E. Greenier		Executive Vice President and Chief Financial Officer (Principal Financial Officer) (Principal Accounting Officer)	February 27, 2025
By: /s/ H. Wade Reece H. Wade Reece		Chairman of the Board of Directors	February 27, 2025
By: /s/ Thomas A. Bradley Thomas A. Bradley		Director	February 27, 2025
By: /s/ Victor P. Fetter Victor P. Fetter		Director	February 27, 2025
By: /s/ Perry G. Hines Perry G. Hines		Director	February 27, 2025
By: /s/ Mark E. Konen Mark E. Konen		Director	February 27, 2025
By: /s/ Beverly J. McClure Beverly J. McClure		Director	February 27, 2025
By: /s/ Aaliyah A. Samuel Aaliyah A. Samuel		Director	February 27, 2025
By: /s/ Elaine S. Sarsynski Elaine A. Sarsynski		Director	February 27, 2025

Directors

H. Wade Reece, Chairman
Chairman of the Board & Chief Executive Officer (retired)
BB&T Insurance Services, Inc. and BB&T Insurance Holdings, Inc.

Marita Zuraitis
President & Chief Executive Officer
Horace Mann Educators Corporation

Thomas A. Bradley*
Executive Vice President and CFO (retired)
Allied World Assurance Company Holdings, AG

Victor P. Fetter*
Global Chief Information Officer
Fortive

Perry G. Hines
Senior Vice President, Chief Marketing and Communications Officer (retired)
Irwin Mortgage Corporation

Mark E. Konen*
President, Insurance and Retirement Solutions (retired)
Lincoln Financial Group

Beverley J. McClure
Senior Vice President, Enterprise Operations (retired)
United Services Automobile Association (USAA)

Dr. Aaliyah A. Samuel
President and Chief Executive Officer
CASEL

Elaine A. Sarsynski
Chairwoman, Chief Executive Officer and President (retired)
Mass Mutual International

*Member of the Audit Committee, each an independent director

Officers

Marita Zuraitis
President & Chief Executive Officer

Ryan E. Greenier
Executive Vice President & Chief Financial Officer

Stephen J. McAnena
Executive Vice President & Chief Operating Officer

Bret A. Conklin
Executive Vice President, Finance Transformation

Donald M. Carley
Executive Vice President, General Counsel, Corporate Secretary and Chief Compliance Officer

Stephanie A. Fulks
Senior Vice President & Chief Information Officer

Jennifer E. Thayer
Senior Vice President & Chief Human Resources Officer

Corporate data

Corporate Office
1 Horace Mann Plaza
Springfield, IL 62715-0001
horacemann.com

Annual Meeting
May 14, 2025, 10:30am ET
Information on how to attend the virtual Annual Meeting will be included in the proxy materials. All shareholders of record as of the close of business on March 17, 2025 will be sent a formal notice of the meeting and proxy materials.

Independent Registered Public Accounting Firm
KPMG LLP
191 West Nationwide Blvd
Columbus, OH 43215

Common Stock
HMN Stock is traded on the NYSE

Senior Notes
HMN senior notes are traded in the open market (HMN 4.50 and HMN 7.25)

Transfer Agent
Equiniti Trust Company, LLC
48 Wall Street, Floor 23
New York, NY 10005

Additional Information
Additional financial data on HMN and its subsidiaries is included in Form 10-K filed with the Securities and Exchange Commission. Electronic copies of HMN's SEC filings are available on horacemann.com.

Printed copies of SEC filings are available upon written request from:
Investor Relations
Horace Mann
1 Horace Mann Plaza
Springfield, IL 62715-0001
investorrelations@horacemann.com

HA-C00399 (Feb. 2025)

Horace Mann®