

Risk Factors Comparison 2025-02-28 to 2024-02-27 Form: 10-K

Legend: **New Text** ~~Removed Text~~ Unchanged Text **Moved Text Section**

Index to Risk Factors ~~Page Introduction~~ **23 Risks** ~~Page Introduction~~ **24 Risks** Related to Economic Conditions, Market Conditions and Investments ~~24 Strategic Risks~~ **25 Operational Risks** ~~26 Operational Risks~~ **27 Financial Risks** ~~28 Financial~~ Strength, Credit and Counterparty ~~Risks~~ **32 Regulatory Risks** ~~33 Regulatory~~ and Legal ~~Risks~~ **34 Artificial Intelligence Risks** ~~33 Risks~~ **36** 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. ~~Horace Mann Educators Corporation Annual Report on Form 10- K 23~~ 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. ~~Recent increases in~~ **24 Annual Report on Form 10- K Horace Mann Educators Corporation While** interest rates ~~have increased~~ **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..... by their significant national advertising expenditures. Horace Mann Educators Corporation Annual Report on Form 10- K 25 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. 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. 26 Annual Report on Form 10- K Horace Mann Educators Corporation 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 independent 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. ~~26 Annual Report on Form 10-K Horace Mann Educators Corporation~~ 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, ~~2023~~ **2024**, the Company's Consolidated Balance Sheet reflected goodwill of ~~\$ 34.9 million~~ and intangible assets of ~~\$ 156.9 million~~ 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. **Horace Mann Educators Corporation Annual Report on Form 10-K 27** 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 ~~2023~~ **2024** direct premiums earned, ~~58.59~~ **9.6** % 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. ~~Horace Mann Educators Corporation Annual Report on Form 10-K 27~~ 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. **The rise in 28 Annual Report on Form 10-K Horace Mann Educators Corporation While the rate of inflation in recent periods 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 may 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. **28 Annual Report on Form 10-K Horace Mann Educators Corporation** 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. **Horace Mann Educators Corporation Annual Report on Form 10-K 29** 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; • 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, ~~Horace Mann Educators Corporation Annual Report on Form 10-K 29~~ 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 **30 Annual Report on Form 10-K Horace Mann Educators Corporation** climate-related risk management and greenhouse gas emissions, among others. **This In March 2024, the SEC adopted final rule rules is 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 be finalized in shape the future of climate-related disclosure requirements. The legal proceedings are expected to continue into 2024-2025.** 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 **30 Annual Horace Mann Educators Corporation Annual Report on Form 10-K 31** ~~Horace Mann Educators Corporation~~ 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 is critical** 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. **32 Annual Horace Mann Educators Corporation Annual Report on Form 10- K 31-K Horace Mann Educators Corporation** 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 **32 Annual Horace Mann Educators Corporation Annual Report on Form 10- K 33 KHorace Mann Educators Corporation** 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. 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 result in initiatives at the federal level increasing the federal corporate income tax burden and have a significant from the current rate of 21 %.** Any future legislative action could increase our costs, the impact **on our financial results of which could be significant.** We are unable to predict the **outcome-likelihood, timing, or scope of any future tax law changes or their potential effects of any of these on our business.** **We continue to monitor developments and assess their potential actions impact on or our operations and financial performance any other legislative or regulatory proposals as they relate to our businesses.** 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. **34 Annual Horace Mann Educators Corporation Annual Report on Form 10- K 33 KHorace Mann Educators Corporation** 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. 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 **34 Annual Horace Mann Educators Corporation Annual Report on Form 10- K 35 K Horace Mann Educators Corporation** 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. **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. 36 Annual Report on Form 10- KHorace Mann Educators Corporation 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.