

FORM A
STATEMENT REGARDING THE ACQUISITION OF CONTROL OF OR MERGER
WITH A
DOMESTIC INSURER

Filed with the Office of the Commissioner of Insurance, State of Wisconsin

MADISON NATIONAL LIFE INSURANCE COMPANY, INC.
Domestic Insurer

By

HORACE MANN EDUCATORS CORPORATION
Acquiring Person (Applicant)

Date: August 18, 2021

Name, title, address and telephone number of individuals to whom notices and correspondence concerning this statement should be addressed:

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INTRODUCTION

By this Form A Statement Regarding the Acquisition of Control of a Domestic Insurer (this “Form A”), Horace Mann Educators Corporation, a publicly traded corporation (the “Applicant”), respectfully requests the prior approval of the Wisconsin Commissioner of Insurance (the “Commissioner”), pursuant to Wis. Stat. § 611.72(2), of the acquisition of control of Madison National Life Insurance Company, Inc., a Wisconsin domiciled stock life insurance company (the “Domestic Insurer”), by the Applicant.

As described in more detail below, the Applicant has entered into a Stock Purchase Agreement to acquire all of the issued and outstanding capital stock of the Domestic Insurer in an all-cash transaction, which will result in the Applicant becoming the controlling person of the Domestic Insurer.

ITEM 1. INSURER AND METHOD OF ACQUISITION

(a) Name and Address of the Domestic Insurer

This Form A relates to the proposed acquisition of the following Domestic Insurer:

Madison National Life Insurance Company, Inc.
1241 John Q Hammons Drive
Madison, Wisconsin 53717

The Domestic Insurer is a life and accident and health insurer licensed to write insurance in 49 states, the District of Columbia, the U.S. Virgin Islands, American Samoa, and Guam. Its core product offerings include group long-term disability, short-term disability, and term life insurance. The Domestic Insurer has a financial strength rating of A- (Excellent) from A.M. Best, which was most recently affirmed on July 14, 2021, but is under routine review with developing implications as a result of the proposed acquisition of control described in this Statement.

The Domestic Insurer is currently wholly-owned by Independence Capital Corporation, a Delaware corporation (“ICC”), which is a direct, wholly-owned subsidiary of Independence Holding Company, a Delaware Corporation (“Parent” and together with ICC, the “Seller Party”).

(b) Method of Acquisition

The acquisition will be in the form of a purchase (the “Stock Purchase”) by the Applicant of all of the issued and outstanding shares of the common stock, par value \$60,000 per share (the “Common Stock”), of the Domestic Insurer, pursuant to the terms of that certain Stock Purchase Agreement (the “Stock Purchase Agreement”) by and between the Applicant and the Seller Party. At the time of the Stock Purchase (and as explained in further detail below), the Common Stock acquired by the Applicant will constitute all of the issued and outstanding capital stock of the Domestic Insurer. As a result, following the closing of the Stock Purchase Agreement (the “Closing”), the Domestic Insurer will be a wholly-owned subsidiary of the Applicant. A copy of

the Stock Purchase Agreement is attached as Exhibit A, with certain confidential information redacted. A second, unredacted copy of the Stock Purchase Agreement is included as Exhibit B and is being submitted confidentially under separate cover.

In connection with the execution of the Stock Purchase Agreement, the Applicant has entered into a voting agreement (the “Voting Agreement”) with certain stockholders of Parent, pursuant to which each such stockholder has agreed to vote in favor of the adoption of the Stock Purchase Agreement and the approval of the Stock Purchase. A copy of the Voting Agreement is attached as Exhibit C.

ITEM 2. IDENTITY AND BACKGROUND OF THE APPLICANT

(a) Name and Address of the Applicant

The name and principal business address of the Applicant is:

Horace Mann Educators Corporation
1 Horace Mann Plaza
Springfield, Illinois 62715

(b) Nature of the Applicant’s Business Operations and Future Business

The Applicant is a stock corporation incorporated under the laws of the State of Delaware. The Applicant was founded in 1945 and is publicly traded on the New York Stock Exchange (NYSE: HMN). The Applicant acts as a holding company for insurance companies, as well as financial services companies. Through its subsidiaries, the Applicant markets and underwrites personal lines of property and casualty (primarily personal lines of automobile and property) insurance, retirement products (primarily tax-qualified annuities), life insurance and supplemental insurance in the U.S. Its products are primarily marketed to K-12 teachers, administrators and other public school employees and their families. The Applicant has eight insurance company subsidiaries, five of which are licensed in Wisconsin. Specifically, Horace Mann Insurance Company, Horace Mann Life Insurance Company, Horace Mann Property & Casualty Insurance Company, National Teachers Associates Life Insurance Company, and Teachers Insurance Company are Wisconsin-licensed subsidiaries of the Applicant. The Applicant has a Standard & Poor’s financial strength rating of A, and the Applicant’s insurance company subsidiaries have an A.M. Best Company, Inc. financial strength rating of A (Excellent).

As reported in the Applicant’s 2020 10-K filing, its total assets increased to \$13,471.8 million at December 31, 2020, from \$12,478.7 million at December 31, 2019. The Applicant generated revenues of \$1,310.4 million, \$1,430.5 million and \$1,191.6 million in 2020, 2019 and 2018, respectively. In addition, the Applicant generated net income of \$133.3 million, \$184.4 million and \$18.3 million in 2020, 2019 and 2018, respectively.

As reported in the Applicant’s Form 10-Q filing, the Applicant had total assets of approximately \$14,190.1 million as of June 30, 2021.

The Applicant intends to continue offering insurance products and services through its subsidiaries, including the Domestic Insurer (pending approval of this Form A and Closing) by using the Domestic Insurer's present method of operation following the approval and the Closing of the proposed Stock Purchase.

(c) Organizational Charts; Court Proceedings

The current organizational structure presenting the identities and interrelationships among the Applicant and its affiliates is attached as Exhibit D. There are currently no proceedings pending involving a reorganization or liquidation with respect to any entity shown on the organizational chart.

The current organizational chart of the Domestic Insurer is attached as Exhibit E.

A chart presenting the proposed organizational structure of the Applicant and the Domestic Insurer immediately following completion of the Stock Purchase is attached as Exhibit F.

As a publicly traded company, the Applicant's shares are widely held by various stockholders. There are two institutional investors that hold voting securities of the Applicant representing 10% or more of the Applicant's total voting securities. Specifically, on January 26, 2021, BlackRock, Inc. ("BlackRock") filed a Schedule 13G/A with the Securities and Exchange Commission stating that BlackRock beneficially owned 6,065,448 common shares in the Applicant as of December 31, 2020, representing 14.6% of the Applicant's total outstanding shares. Additionally, on February 10, 2021, The Vanguard Group ("Vanguard") filed a Schedule 13G/A with the Securities and Exchange Commission stating that Vanguard beneficially owned 4,590,387 common shares in the Applicant as of December 31, 2020, representing 11.08% of the Applicant's total outstanding shares. However, such Schedule 13G/A also indicated that Vanguard only had sole or shared voting power for 40,970 of such shares, representing approximately 0.1% of the Applicant's total outstanding shares. To the best of the Applicant's knowledge, the investments by BlackRock and Vanguard in the Applicant are passive and financial in nature. Further, neither BlackRock nor Vanguard has any representatives on the Board of the Applicant or on the Board of any of the Applicant's subsidiaries. The Applicant manages its organization and business independently without any involvement of these two stockholders, and, accordingly, neither entity is identified in the attached organizational charts.

ITEM 3. IDENTITY AND BACKGROUND OF INDIVIDUALS ASSOCIATED WITH THE APPLICANT

A list of current and proposed directors and executive officers of the Applicant is attached as Exhibit G. Completed Biographical Affidavit forms executed by each of the directors and executive officers of the Applicant are included as Exhibit H and are being submitted confidentially under separate cover.

To the best of the Applicant's knowledge, no person listed in this Item 3 has ever been convicted in a criminal proceeding (excluding traffic violations not involving death or injury) during the last 10 years.

ITEM 4. NATURE, SOURCE AND AMOUNT OF CONSIDERATION

(a) Nature, Source, and Amount of Consideration

As described in Article II of the Stock Purchase Agreement, the base price to be paid in connection with the Stock Purchase is \$172.5 million, which amount is subject to adjustment pursuant to the terms of the Stock Purchase Agreement (as so adjusted, the “Purchase Price”). The Stock Purchase will be an all-cash transaction and is not subject to any financing condition. The Applicant plans to fund the Stock Purchase with its existing excess capital along with its available line of credit under its credit agreement dated June 21, 2019, and as amended effective July 12, 2021, with various lenders and PNC Bank, National Association, and JPMorgan Chase Bank, N.A. as joint lead arrangers, whereby the Applicant can draw up to \$325 million, if preferred, to optimize its liquidity position or further enhance return on equity. The Applicant is not affiliated with any lender under the referenced credit facility and the Applicant will keep the Commissioner apprised as to the amount (if any) borrowed or to be borrowed in connection with the consummation of the Stock Purchase.

Immediately after giving effect to the Stock Purchase, the RBC ratio of the Domestic Insurer will be at or above 400% company action level RBC.

(b) Criteria Used in Determining Consideration

The nature and amount of the funds to be used to effect the proposed Stock Purchase were determined by arm’s length negotiations among the parties to the Stock Purchase.

ITEM 5. APPLICANT'S FUTURE PLANS FOR THE INSURER

Except as described in this Form A, the Applicant has no present plans or proposals to cause the Domestic Insurer to declare an extraordinary dividend or to liquidate the Domestic Insurer, sell any of the Domestic Insurer’s assets (other than such sales of assets as may be contemplated in the ordinary course of the Domestic Insurer’s business), merge or consolidate the Domestic Insurer with any person or persons, or make any other material change in the business operations or corporate structure or management of the Domestic Insurer, including a change in the number of the Domestic Insurer's employees. A post-acquisition business plan for the Domestic Insurer, including three-year financial projections, is included as Exhibit I and is being submitted confidentially under separate cover.

A list of the proposed post-acquisition directors and executive officers of the Domestic Insurer is attached as Exhibit J. Completed Biographical Affidavit forms executed by the proposed directors and executive officers of the Domestic Insurer, except to the extent that any such proposed director or officer is also a current director or officer, are also included in Exhibit H. As stated in Item 3, the Biographical Affidavits included as Exhibit H will be provided to the third-party verification service Owens OnLine for verification of the information therein, and Owens OnLine will report its findings directly to the Commissioner upon completion of the verification process required by Wisconsin law.

The Domestic Insurer is currently a party to intercompany agreements with entities with which it is currently affiliated. As a result of the proposed Stock Purchase, certain of these intercompany agreements will need to be amended or terminated. The requisite Form D filings will be made with respect to any such amendments and the requisite informal notices will be given with respect to any such terminations.

As currently contemplated by the Seller Party, the Domestic Insurer is only expected to enter into a reinsurance agreement with its current affiliate, Independence American Insurance Company. The requisite Form D filing will be made with respect to any such agreement. The Domestic Insurer is no longer expected to enter into another reinsurance agreement with its current affiliate, Standard Security Life Insurance Company of New York.

Further, the Applicant and certain of its subsidiaries are parties to intercompany agreements for the purpose of sharing costs and services. The Domestic Insurer and its subsidiary, The Abacus Group, LLC, a Georgia limited liability company, will be added to such intercompany agreements at or after the Closing of the proposed Stock Purchase and the requisite Form D filings are being made with respect to any such additions either concurrently herewith or shortly following this Form A application. The anticipated intercompany agreements will include tax sharing and shared services agreements, which would cover accounting, payroll/benefits and all other shared services.

The Applicant also has no present plans or proposals to amend the Domestic Insurer's Articles of Incorporation and Bylaws. The Domestic Insurer's current Articles of Incorporation and Bylaws are attached as Exhibits K and L.

The Applicant also has no present plans or proposals to change the Domestic Insurer's registered agent.

ITEM 6. VOTING SECURITIES TO BE ACQUIRED

Pursuant to the terms and conditions of the Stock Purchase Agreement and as described above, the Applicant has agreed to acquire all 60 of the outstanding shares of Common Stock of the Domestic Insurer. The terms of the Stock Purchase, including the nature, amount and method for determining the proposed Purchase Price, are set forth in the Stock Purchase Agreement and were arrived at by the parties through arms-length negotiations. Accordingly, both the Seller Party and the Applicant consider the terms and conditions of the Stock Purchase Agreement, including the consideration, to be fair as that term is used in § Ins 40.02(2)(e), Wis. Adm. Code.

ITEM 7. OWNERSHIP OF VOTING SECURITIES

Other than as set forth in this Form A, neither the Applicant, nor any of its affiliates, nor any person listed in Item 3 beneficially owns any voting securities of the Domestic Insurer or has the right to acquire beneficial ownership of any voting securities of the Domestic Insurer.

ITEM 8. CONTRACTS, ARRANGEMENTS, OR UNDERSTANDINGS WITH RESPECT TO VOTING SECURITIES OF THE INSURER

Other than as set forth in the Stock Purchase Agreement, there is no contract, arrangement, or understanding with respect to any voting security of the Domestic Insurer in which the Applicant, its affiliates or any person listed in Item 3 above is involved, including, but not limited to, transfers of any voting securities of the Domestic Insurer, joint ventures, loan or option arrangements, puts or calls, guarantees of loans, guarantees against loss or guarantees of profits, division of losses or profits, or the giving or withholding of proxies.

ITEM 9. RECENT PURCHASES OF VOTING SECURITIES

There have been no purchases of any voting securities of the Domestic Insurer by the Applicant, any of its affiliates, or any person listed in Item 3 during the twelve (12) calendar months preceding the filing of this Form A.

ITEM 10. RECENT RECOMMENDATIONS TO PURCHASE

Other than as set forth in the Stock Purchase Agreement, there have been no recommendations to purchase any voting security of the Domestic Insurer by the Applicant, any of its affiliates, or any person listed in Item 3, or by anyone based upon interviews or at the suggestion of the Applicant, any of its affiliates, or any person listed in Item 3, during the twelve (12) calendar months preceding the filing of this Form A.

ITEM 11. AGREEMENTS WITH BROKER-DEALERS

Neither the Applicant, nor any of its affiliates or any person listed in Item 3 has entered into any agreement, contract or has any understanding with any broker-dealer as to the solicitation of voting securities of the Domestic Insurer for tender.

ITEM 12. FINANCIAL STATEMENTS AND EXHIBITS

The following is a list of all exhibits, including financial statements, to this Form A:

- Exhibit A. Redacted Stock Purchase Agreement (and excluding schedules and annexes)
- Exhibit B. Unredacted Stock Purchase Agreement (**submitted confidentially under separate cover**)
- Exhibit C. Voting Agreement
- Exhibit D. Pre-Acquisition Organizational Chart of the Applicant
- Exhibit E. Pre-Acquisition Organizational Chart of the Domestic Insurer

- Exhibit F. Post-Acquisition Organizational Chart of the Applicant and the Domestic Insurer
- Exhibit G. List of Current and Proposed Directors and Executive Officers of the Applicant
- Exhibit H. Biographical Affidavits Executed by the Directors and Executive Officers of the Applicant and the Proposed Directors and Officers of the Domestic Insurer **(submitted confidentially under separate cover)**
- Exhibit I. Post-Acquisition Business Plan for the Domestic Insurer **(submitted confidentially under separate cover)**
- Exhibit J. List of the Proposed Directors and Executive Officers of the Domestic Insurer
- Exhibit K. Current Articles of Incorporation of the Domestic Insurer
- Exhibit L. Current Bylaws of the Domestic Insurer
- Exhibit M. Audited Annual Financial Statements for Applicant for 2016, 2017, 2018, 2019, and 2020
- Exhibit N. Quarterly Financial Statements for the Applicant for the quarters ended March 31, 2021 and June 30, 2021
- Exhibit O. Annual Reports of the Applicant to Stockholders for 2019 and 2020
- Exhibit P. ICC and Domestic Insurer Board Resolutions approving the Stock Purchase
- Exhibit Q. Applicant Board Resolutions approving the Stock Purchase
- Exhibit R. Competitive Impact Statement
- Exhibit S. Consent to Jurisdiction Statement

Please note that the Applicant has not made any tender offers for, requests or invitations for, tenders of, exchange offers for, or agreements to acquire or exchange any voting securities of the Domestic Insurer, other than as described in this Form A, nor has the Applicant proposed any employment, consultation, advisory, or management contracts concerning the Domestic Insurer, other than as set forth in this Form A. Further, please note that neither the Domestic Insurer has not made annual reports to its stockholders for the last two (2) fiscal years, and that there are no additional documents or papers required by the Form A or §§ Ins. 40.11 and 40.13, Wis. Adm. Code.

As set forth in the Competitive Impact Statement that is attached as Exhibit R, the Stock Purchase meets the pre-acquisition notification exemption standards set forth in § Ins 40.025(2)(d), Wis. Adm. Code. Accordingly, the Applicant respectfully requests that the Commissioner determine that the information provided in this Item 12 and Exhibit R shows that a pre-acquisition notification is not applicable pursuant to § Ins 40.02(1)(b)1., Wis. Adm. Code.

As grounds for approval of the plan for acquisition of control described in this Form A, the Applicant states that the Stock Purchase and the effect thereof would not violate the law or be contrary to the interests of the insureds of any participating domestic insurer or of the Wisconsin insureds of any participating non-domestic insurer and that:

- (a) After the change of control, the Domestic Insurer would be able to satisfy the requirements for the issuance of a license to write the line or lines of insurance for which it is presently licensed;
- (b) The effect of the acquisition of control would not be to create a monopoly or substantially to lessen competition in insurance in Wisconsin;
- (c) The financial condition of the Applicant is not likely to jeopardize the financial stability of the Domestic Insurer or its parent insurance holding corporation, or prejudice the interests of its Wisconsin policyholders;
- (d) The Applicant has no plans or proposals to liquidate the Domestic Insurer or its parent insurance holding corporation, sell its assets, or merge it with any person, or make any other material change in its corporate structure, and the Applicant's plans or proposals to make any changes in the Domestic Insurer's business or management are fair and reasonable to policyholders of the Domestic Insurer and in the public interest; and
- (e) The competence and integrity of those persons who would control the operation of the Domestic Insurer or its parent insurance holding corporation are such that it would be in the interest of the policyholders of the Domestic Insurer and of the public to permit the merger or acquisition of control.

ITEM 13. AGREEMENT REQUIREMENTS FOR ENTERPRISE RISK MANAGEMENT

The Applicant agrees to provide, to the best of its knowledge and belief, the information required by Form F within fifteen (15) days after the end of the month in which the acquisition of control occurs and annually thereafter for so long as control exists. The Applicant acknowledges that it and all subsidiaries within its control in the insurance holding company system will provide information to the Commissioner upon request as necessary to evaluate enterprise risk to the Domestic Insurer.

[SIGNATURE PAGE FOLLOWS]

ITEM 14. SIGNATURE AND CERTIFICATION

SIGNATURE

Pursuant to the requirements of ch. Ins 40, Wis. Adm. Code, Horace Mann Educators Corporation has caused this application to be duly signed on its behalf in the city of Springfield and the state of Illinois on the 18th day of August, 2021.

HORACE MANN EDUCATORS
CORPORATION

By: Bret A. Conklin

Name: Bret A. Conklin
Title: Executive Vice President and
Chief Financial Officer

Attest:

Donald M. Carley
Name: Donald M. Carley
Title: EVP, General Counsel & Corporate Secretary

CERTIFICATION

The undersigned deposes and says that he has duly executed the attached application dated August 18, 2021, for and on behalf of Horace Mann Educators Corporation; that he is the Executive Vice President and Chief Financial Officer of such company; and that he is authorized to execute and file such instrument. Deponent further says that he is familiar with the instrument and the contents thereof, and that the facts therein set forth are true to the best of his knowledge, information and belief.

Bret A. Conklin

Name: Bret A. Conklin
Title: Executive Vice President and
Chief Financial Officer

Subscribed and sworn to this
18th day of August, 2021.

Notary Public Melody Hubbell
My commission expires on 3-1-2025

