

**HORACE MANN EDUCATORS CORPORATION  
CHARTER OF THE AUDIT COMMITTEE  
OF THE BOARD OF DIRECTORS**

***Organization***

This charter governs the operations of the Audit Committee (Committee). The Committee shall be appointed by the Board and shall comprise at least three directors. All Committee members shall be independent of management and the Company. Members of the Committee shall be considered independent if they have no material relationship with the Company and do not receive any consulting, advisory or other compensatory fees from the Company, other than for services in the member's capacity as a member of the Board or the Committee. All Committee members shall be financially literate, or shall become financially literate within a reasonable period of time after appointment to the Committee, and at least one member of the Audit Committee shall have accounting or related financial management expertise and be considered a "financial expert" under applicable law.

***Statement of Policy***

The Committee shall provide assistance to the Board in fulfilling its oversight responsibility to the shareholders, the investment community, and others relating to the Company's financial statements and the financial reporting process, the systems of internal accounting and financial controls, the internal audit function, the annual independent audit of the Company's financial statements, and the legal compliance and ethics programs as established by management and the Board. In so doing, it is the responsibility of the Committee to maintain free and open communication among the Committee, the independent auditors, the internal auditors and management of the Company. In discharging its oversight role, the Committee is empowered to investigate any matter brought to its attention with full access to all books, records, facilities, and personnel of the Company and the power and funding to retain outside counsel, or other experts for this purpose.

***Responsibilities and Processes***

The primary responsibility of the Committee is to prepare the report that the rules of the Securities and Exchange Commission require be included in the Company's annual proxy statement and to assist the Board's oversight of (1) the integrity of the Company's financial statements, (2) the Company's compliance with legal and regulatory requirements, (3) the independent auditor's qualifications and independence and (4) the performance of the Company's internal audit function and independent auditors. The Committee shall also be directly responsible for the appointment, compensation and oversight of the Company's independent auditors, including the resolution of disagreements between management and the auditor regarding financial reporting. Management is responsible for preparing the Company's financial statements, and the independent auditors are responsible for auditing those financial statements. The Committee in carrying out its responsibilities believes its policies and procedures should remain flexible, in order to best react to changing conditions and circumstances. The Committee should take the appropriate actions to set the overall corporate "tone" for quality financial reporting, sound business risk practices, and ethical behavior.

The following shall be the principal recurring processes of the Committee in carrying out its responsibilities. The processes are set forth as a guide with the understanding that the Committee may supplement them as appropriate.

The Committee shall:

- 1) Review the annual audited financial statements with management and the independent auditor, including major issues regarding accounting and auditing principles and practices and the Company's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations." Review with management and the independent auditor the adequacy of internal controls.
- 2) Review an analysis prepared by management and the independent auditor of significant financial reporting issues and judgments made in connection with the preparation of the Company's financial statements.
- 3) Review with management and the independent auditor the effect of regulatory and accounting changes.
- 4) Generally discuss the type of information to be disclosed in earnings press releases, as well as financial information and earnings guidance provided to analysts and rating agencies.
- 5) Review with management and the independent auditor the Company's quarterly financial statements (including the results of the independent auditors' reviews of the quarterly financial statements and the Company's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations") prior to quarterly SEC filings.
- 6) Meet periodically with management to review the Company's major financial risk exposures and the steps management has taken to monitor and control such exposures.
- 7) Review major changes to the Company's auditing and accounting principles and practices as suggested by the independent auditor, internal auditors or management.
- 8) Retain and terminate (subject, if applicable, to shareholder ratification) the Company's independent auditors, which shall report directly to the Committee, on such terms as may be acceptable to the Committee, without the need to seek approval from the Board; provided that the Committee may seek input from management and the Board regarding the retention and termination of the Company's independent auditors.
- 9) Review the experience and qualifications of the senior members of the independent auditor team and the quality control procedures of the independent auditor.
- 10) Review the aggregate annual fees billed by the independent auditor for the most recently completed fiscal year for audit services and all other services performed by the independent auditor for the Company including audit related services, and approve the fees to be paid to the independent auditor.

- 11) Approve in advance any significant audit and all non-audit engagements or services between the corporation and the independent auditors, other than "prohibited non-auditing services" as defined by regulatory authorities. The Committee may delegate to one or more of its members the authority to approve in advance all significant audit and all non-audit services to be provided by the independent auditors so long as it is presented to the full Committee at a later time.

Pre-approval is not necessary for *de minimis* audit services as long as such is presented to the full Committee at the next regularly scheduled meeting.

- 12) At least annually, obtain and review a report by the independent auditor describing: the firm's internal quality-control procedures; any material issues raised by the most recent internal quality-control review, or peer review, of the firm, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the firm, and any steps taken to deal with any such issues; and (to assess the auditor's independence) all relationships between the independent auditor and the Company. Based on this report and such other information as the Committee may deem appropriate, the Committee evaluates the qualifications, performance and independence, including whether to implement a regular rotation of the lead audit partner and/or the audit firm, of the independent auditors and take appropriate action. The Committee shall present its conclusions with respect to the independent auditor to the Board.
- 13) Set clear hiring policies for employees or former employees of the independent auditors.
- 14) Review the appointment and performance of the senior internal auditing executive.
- 15) Meet with the senior internal auditing executive to review the annual audit plan, including staffing and budget.
- 16) Review the significant reports to management prepared by the internal auditors and management's responses.
- 17) Meet with the independent auditor prior to the audit to review the planning and staffing of the audit.
- 18) Discuss with the independent auditor the matters required to be discussed by all relevant Statements on Auditing Standards, including but not limited to Statement on Auditing Standard No. 61, relating to the conduct of the audit.
- 19) Review with management and the independent auditor any correspondence with regulators or governmental agencies or published reports which raise material issues regarding the Company's financial statements or accounting policies.
- 20) Establish and maintain procedures to receive, retain and respond to complaints and the confidential, anonymous submission by the Company's employees of concerns regarding accounting, internal controls or other auditing matters.

- 21) Review with the independent and internal auditors any problems or difficulties such auditors may have encountered and any resultant management or other letter provided by the auditors and the Company's response to that letter. Such review should include:
  - a. Any difficulties encountered in the course of the audit work, including any restrictions on the scope of activities or access to required information, and any disagreement with management.
  - b. Any changes required in the planned scope of the audits.
  - c. Any accounting adjustments that were noted or proposed by the auditor but were "passed" (as immaterial or for other reason).
  - d. A discussion of any communication between the audit team and the audit firm's national office respecting auditing or accounting issues presented by the engagement.
  - e. Any "management" or "internal control" letters issued, or proposed to be issued, by the audit firm to the Company.
- 22) Prepare the report required by the rules of the Securities and Exchange Commission to be included in the Company's annual proxy statement and such other reports as may be required.
- 23) Advise the Board with respect to the Company's policies and procedures regarding compliance with applicable laws and regulations and with the Company's Code of Ethics and Code of Conduct.
- 24) Review and re-assess annually the Company's Code of Ethics and Code of Conduct and recommend any proposed changes to the Board.
- 25) Meet at least quarterly with the General Counsel and review any exceptions to the Company's Code of Ethics and Code of Conduct.
- 26) Review with the Company's General Counsel legal matters that may have a material impact on the financial statements, the Company's compliance policies and any material reports or inquiries received from regulators or governmental agencies.
- 27) At the Committee's discretion, meet with the chief financial officer, the senior internal auditing executive and the independent auditor in separate executive sessions.
- 28) Meet at least four times annually with agendas for such meetings prepared or approved in advance by the Committee Chairperson.
- 29) As appropriate, obtain advice and assistance from outside legal, accounting or other advisors, without the need to seek approval from the Board.
- 30) Report regularly to the Board any issues that arise with respect to the quality or integrity of the Company's financial statements, the Company's compliance with legal or regulatory requirements, the performance and independence of the Company's independent auditors or the performance of the Company's internal audit function.
- 31) Review Committee charter at least annually and obtain Board of Directors approval.

- 32) The Committee shall perform a review and evaluation, at least annually, of the performance of the Committee including its members by reviewing the compliance of the Committee with this Charter. The Committee shall conduct such other evaluations and reviews in such manner as it deems appropriate or as required by applicable law or regulation.