

ASSURANT INC
Form 10-Q
November 03, 2010
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

☐ **Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**
For the quarterly period ended September 30, 2010

OR

☐ **Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**
For the transition period from _____ to _____

Assurant, Inc.

(Exact name of registrant as specified in its charter)

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Delaware
(State or other jurisdiction
of incorporation)

001-31978
(Commission

39-1126612
(I.R.S. Employer

File Number)
One Chase Manhattan Plaza, 41st Floor

Identification No.)

New York, New York 10005

(212) 859-7000

(Address, including zip code, and telephone number, including
area code, of Registrant's Principal Executive Offices)

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). YES NO

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

Large accelerated filer

Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company)

Smaller reporting company

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

The number of shares of the registrant's Common Stock outstanding at November 1, 2010 was 106,553,898.

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FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 2010
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Amounts are presented in United States of America (U.S.) dollars and all amounts are in thousands, except number of shares, per share amounts, registered holders and beneficial owners.

Table of Contents**Assurant, Inc.****Consolidated Balance Sheets (unaudited)****At September 30, 2010 and December 31, 2009**

	September 30, 2010	December 31, 2009
	(in thousands except number of shares and per share amounts)	
Assets		
Investments:		
Fixed maturity securities available for sale, at fair value (amortized cost \$9,902,084 in 2010 and \$9,684,083 in 2009)	\$ 10,823,195	\$ 9,966,772
Equity securities available for sale, at fair value (cost - \$473,276 in 2010 and \$514,349 in 2009)	496,102	512,987
Commercial mortgage loans on real estate, at amortized cost	1,355,871	1,428,027
Policy loans	56,685	56,407
Short-term investments	452,008	453,469
Collateral held under securities lending	134,348	218,129
Other investments	581,917	522,041
Total investments	13,900,126	13,157,832
Cash and cash equivalents	1,168,307	1,318,552
Premiums and accounts receivable, net	545,167	507,933
Reinsurance recoverables	4,931,151	4,231,734
Accrued investment income	155,013	155,757
Deferred acquisition costs	2,432,990	2,504,654
Property and equipment, at cost less accumulated depreciation	272,750	275,420
Deferred income taxes, net		167,240
Goodwill	926,195	926,398
Value of business acquired	85,247	94,632
Other assets	538,167	548,183
Assets held in separate accounts	1,890,221	1,972,332
Total assets	\$ 26,845,334	\$ 25,860,667

See the accompanying notes to the consolidated financial statements

Table of Contents**Assurant, Inc.****Consolidated Balance Sheets (unaudited)****At September 30, 2010 and December 31, 2009**

	September 30, 2010	December 31, 2009
	(in thousands except number of	
	shares and per share amounts)	
Liabilities		
Future policy benefits and expenses	\$ 8,038,559	\$ 7,349,633
Unearned premiums	4,964,668	5,153,564
Claims and benefits payable	3,406,611	3,366,327
Commissions payable	230,697	218,060
Reinsurance balances payable	87,576	96,001
Funds held under reinsurance	66,614	67,700
Deferred gain on disposal of businesses	146,770	164,899
Obligation under securities lending	135,248	220,279
Accounts payable and other liabilities	1,426,934	1,388,279
Deferred income taxes, net	72,139	
Tax payable	32,459	30,126
Debt	972,137	972,058
Mandatorily redeemable preferred stock	8,160	8,160
Liabilities related to separate accounts	1,890,221	1,972,332
 Total liabilities	 21,478,793	 21,007,418
 Commitments and contingencies (Note 14)		
Stockholders equity		
Common stock, par value \$0.01 per share, 800,000,000 shares authorized, 106,474,301 and 116,648,714 shares outstanding at September 30, 2010 and December 31, 2009, respectively	1,453	1,447
Additional paid-in capital	2,985,716	2,962,883
Retained earnings	3,465,332	3,054,466
Accumulated other comprehensive income	514,671	65,925
Treasury stock, at cost; 38,849,678 and 28,119,993 shares at September 30, 2010 and December 31, 2009, respectively	(1,600,631)	(1,231,472)
 Total stockholders equity	 5,366,541	 4,853,249
 Total liabilities and stockholders equity	 \$ 26,845,334	 \$ 25,860,667

See the accompanying notes to the consolidated financial statements

Table of Contents**Assurant, Inc.****Consolidated Statement of Operations (unaudited)****Three and Nine Months Ended September 30, 2010 and 2009**

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2010	2009	2010	2009
	(in thousands except number of shares and per share amounts)			
Revenues				
Net earned premiums and other considerations	\$ 1,832,514	\$ 1,874,398	\$ 5,589,052	\$ 5,624,843
Net investment income	176,170	172,924	525,380	526,335
Net realized gains (losses) on investments, excluding other-than-temporary impairment losses	7,280	22,508	33,705	(9,570)
Total other-than-temporary impairment losses	(924)	(2,998)	(2,803)	(31,778)
Portion of net (gain) loss recognized in other comprehensive income, before taxes	(313)	356	(1,234)	(617)
Net other-than-temporary impairment losses recognized in earnings	(1,237)	(2,642)	(4,037)	(32,395)
Amortization of deferred gain on disposal of businesses	6,024	6,802	18,129	20,354
Fees and other income	93,220	82,883	259,892	388,792
Total revenues	2,113,971	2,156,873	6,422,121	6,518,359
Benefits, losses and expenses				
Policyholder benefits	913,253	941,145	2,746,565	2,890,889
Amortization of deferred acquisition costs and value of business acquired	376,850	390,382	1,144,151	1,176,669
Underwriting, general and administrative expenses	581,974	601,120	1,757,367	1,756,841
Interest expense	15,162	15,160	45,484	45,509
Total benefits, losses and expenses	1,887,239	1,947,807	5,693,567	5,869,908
Income before provision for income taxes	226,732	209,066	728,554	648,451
Provision for income taxes	85,062	64,336	264,986	229,818
Net income	\$ 141,670	\$ 144,730	\$ 463,568	\$ 418,633
Earnings Per Share				
Basic	\$ 1.31	\$ 1.22	\$ 4.13	\$ 3.54
Diluted	\$ 1.30	\$ 1.22	\$ 4.11	\$ 3.54
Dividends per share	\$ 0.16	\$ 0.15	\$ 0.47	\$ 0.44

Share Data

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Weighted average shares outstanding used in basic per share calculations	107,806,207	118,184,367	112,137,558	118,187,358
Plus: Dilutive securities	778,075	107,474	653,565	74,106
Weighted average shares used in diluted per share calculations	108,584,282	118,291,841	112,791,123	118,261,464

See the accompanying notes to the consolidated financial statements

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Assurant, Inc.

Consolidated Statement of Stockholders Equity (unaudited)

From December 31, 2009 through September 30, 2010