

ASSURANT INC
Form 10-Q
August 06, 2009
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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 June 30, 2009

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)

Delaware
(State or other jurisdiction of incorporation)

001-31978
(Commission File Number)
One Chase Manhattan Plaza, 41st Floor

39-1126612
(I.R.S. Employer 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

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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 August 3, 2009 was 117,926,517.

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ASSURANT, INC.
QUARTERLY REPORT ON FORM 10-Q
FOR THE QUARTERLY PERIOD ENDED JUNE 30, 2009

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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.

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Assurant, Inc.

Consolidated Balance Sheets (unaudited)

At June 30, 2009 and December 31, 2008

	June 30, 2009	December 31, 2008
	(in thousands except per share and share amounts)	
Assets		
Investments:		
Fixed maturity securities available for sale, at fair value (amortized cost \$9,613,773 in 2009 and \$9,218,644 in 2008)	\$ 9,407,954	\$ 8,631,687
Equity securities available for sale, at fair value (cost \$518,464 in 2009 and \$ 562,940 in 2008)	446,173	434,452
Commercial mortgage loans on real estate, at amortized cost	1,470,121	1,506,694
Policy loans	56,548	58,096
Short-term investments	521,651	703,402
Collateral held under securities lending	210,703	234,027
Other investments	525,827	498,434
Total investments	12,638,977	12,066,792
Cash and cash equivalents	809,182	1,040,684
Premiums and accounts receivable, net	582,189	513,181
Reinsurance recoverables	4,073,703	4,010,170
Accrued investment income	149,475	144,679
Tax receivable		44,156
Deferred income taxes, net	358,729	449,372
Deferred acquisition costs	2,573,130	2,650,672
Property and equipment, at cost less accumulated depreciation	275,735	278,621
Goodwill	1,009,394	1,001,899
Value of business acquired	101,295	108,204
Other assets	486,396	427,347
Assets held in separate accounts	1,764,269	1,778,809
Total assets	\$ 24,822,474	\$ 24,514,586

See the accompanying notes to the consolidated financial statements

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Assurant, Inc.

Consolidated Balance Sheets (unaudited)

At June 30, 2009 and December 31, 2008

	June 30, 2009	December 31, 2008
	(in thousands except per share and share amounts)	
Liabilities		
Future policy benefits and expenses	\$ 7,203,830	\$ 7,095,645
Unearned premiums	5,203,442	5,407,859
Claims and benefits payable	3,331,280	3,302,731
Commissions payable	182,251	233,200
Reinsurance balances payable	56,776	88,393
Funds held under reinsurance	54,961	38,433
Deferred gain on disposal of businesses	173,808	187,360
Obligation under securities lending	224,774	256,506
Accounts payable and other liabilities	1,226,847	1,433,028
Tax payable	55,492	
Debt	972,007	971,957
Mandatorily redeemable preferred stock	8,160	11,160
Liabilities related to separate accounts	1,764,269	1,778,809
Total liabilities	20,457,897	20,805,081
Commitments and contingencies (Note 13)		
Stockholders' equity		
Common stock, par value \$0.01 per share, 800,000,000 shares authorized, 117,560,145 and 117,368,534 shares outstanding at June 30, 2009 and December 31, 2008, respectively	1,445	1,443
Additional paid-in capital	2,941,124	2,928,160
Retained earnings	2,933,131	2,650,371
Accumulated other comprehensive loss	(311,600)	(670,946)
Treasury stock, at cost; 26,997,943 shares at June 30, 2009 and December 31, 2008	(1,199,523)	(1,199,523)
Total stockholders' equity	4,364,577	3,709,505
Total liabilities and stockholders' equity	\$ 24,822,474	\$ 24,514,586

See the accompanying notes to the consolidated financial statements

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Assurant, Inc.

Consolidated Statement of Operations (unaudited)**Three and Six Months Ended June 30, 2009 and 2008**

	Three Months Ended June 30,		Six Months Ended June 30,	
	2009	2008	2009	2008
	(in thousands except number of shares and per share amounts)			
Revenues				
Net earned premiums and other considerations	\$ 1,875,866	\$ 1,995,516	\$ 3,750,445	\$ 3,936,933
Net investment income	174,932	201,211	353,411	398,985
Net realized losses on investments, excluding other-than-temporary impairment losses	(1,828)	(7,001)	(32,078)	(6,735)
Total other-than-temporary impairment losses	(7,996)	(27,573)	(33,435)	(70,982)
Portion of loss recognized in other comprehensive loss, before taxes	3,682		3,682	
Net other-than-temporary impairment losses recognized in earnings	(4,314)	(27,573)	(29,753)	(70,982)
Amortization of deferred gain on disposal of businesses	6,750	7,327	13,552	14,706
Fees and other income	222,203	79,280	305,909	153,178
Total revenues	2,273,609	2,248,760	4,361,486	4,426,085
Benefits, losses and expenses				
Policyholder benefits	989,402	998,208	1,949,744	1,935,667
Amortization of deferred acquisition costs and value of business acquired	398,493	425,088	786,287	830,297
Underwriting, general and administrative expenses	589,036	560,763	1,155,721	1,094,204
Interest expense	15,160	15,287	30,349	30,575
Total benefits, losses and expenses	1,992,091	1,999,346	3,922,101	3,890,743
Income before provision for income taxes	281,518	249,414	439,385	535,342
Provision for income taxes	88,196	59,460	165,482	158,558
Net income	\$ 193,322	\$ 189,954	\$ 273,903	\$ 376,784
Earnings Per Share				
Basic	\$ 1.63	\$ 1.61	\$ 2.32	\$ 3.19
Diluted (1)	\$ 1.63	\$ 1.59	\$ 2.31	\$ 3.15
Dividends per share	\$ 0.15	\$ 0.14	\$ 0.29	\$ 0.26
Share Data				
Weighted average shares outstanding used in basic per share calculations (1)	118,482,958	118,309,388	118,188,879	118,206,453
Plus: Dilutive securities (1)	245,346	1,331,495	246,152	1,344,852
Weighted average shares used in diluted per share calculations (1)	118,728,304	119,640,883	118,435,031	119,551,305

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- (1) Prior period amounts have been adjusted in accordance with FSP EITF 03-6-1. See notes 3 and 10.
See the accompanying notes to the consolidated financial statements

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Assurant, Inc.

Consolidated Statement of Stockholders' Equity (unaudited)

From December 31, 2008 through June 30, 2009

	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock	Total
Balance, December 31, 2008	\$ 1,443	\$ 2,928,160	\$ 2,650,371	\$ (670,946)	\$ (1,199,523)	\$ 3,709,505
Stock plan exercises	2	2,552				2,554
Stock plan compensation expense		11,944				11,944
Change in tax benefit from share-based payment arrangements		(1,532)				(1,532)
Dividends			(34,260)			(34,260)
Cumulative effect of change in accounting principle, net of taxes of \$23,124 (Note 3)			43,117	(43,117)		
Comprehensive income:						
Net income			273,903			273,903
Other comprehensive income:						
Net change in unrealized losses on securities, net of taxes of \$(149,092)				353,121		353,121
Net change in other-than-temporary impairment gains recognized in other comprehensive income, net of taxes of \$(3,420)						