

ASSURANT INC
Form 10-Q
November 04, 2008
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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, 2008

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 File Number)

39-1126612
(I.R.S. Employer
Identification No.)

One Chase Manhattan Plaza, 41st Floor

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 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

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, 2008 was 117,616,961.

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ASSURANT, INC.
QUARTERLY REPORT ON FORM 10-Q
FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 2008

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Assurant, Inc.

Consolidated Balance Sheets (unaudited)

At September 30, 2008 and December 31, 2007

	September 30, 2008	December 31, 2007
	(in thousands except per share and share amounts)	
Assets		
Investments:		
Fixed maturity securities available for sale, at fair value (amortized cost - \$9,674,940 in 2008 and \$10,026,355 in 2007)	\$ 9,059,614	\$ 10,126,415
Equity securities available for sale, at fair value (cost - \$594,035 in 2008 and \$702,698 in 2007)	491,813	636,001
Commercial mortgage loans on real estate, at amortized cost	1,502,086	1,433,626
Policy loans	57,475	57,107
Short-term investments	620,434	410,878
Collateral held under securities lending	343,321	541,650
Other investments	533,974	541,474
Total investments	12,608,717	13,747,151
Cash and cash equivalents	1,053,679	804,964
Premiums and accounts receivable, net	514,551	580,379
Reinsurance recoverables	4,015,817	3,904,348
Accrued investment income	163,502	149,165
Tax receivable	23,886	26,012
Deferred acquisition costs	2,783,598	2,895,345
Deferred income taxes, net	327,540	
Property and equipment, at cost less accumulated depreciation	266,281	275,779
Goodwill	840,490	832,656
Value of business acquired	112,460	125,612
Other assets	391,406	265,617
Assets held in separate accounts	2,252,388	3,143,288
Total assets	\$ 25,354,315	\$ 26,750,316

See the accompanying notes to the consolidated financial statements

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Assurant, Inc.

Consolidated Balance Sheets (unaudited)

At September 30, 2008 and December 31, 2007

	September 30, 2008	December 31, 2007
	(in thousands except per share and share amounts)	
Liabilities		
Future policy benefits and expenses	\$ 7,232,105	\$ 7,189,496
Unearned premiums	5,579,160	5,410,709
Claims and benefits payable	3,424,780	3,303,084
Commissions payable	215,704	267,886
Reinsurance balances payable	112,076	104,105
Funds held under reinsurance	46,747	50,147
Deferred gain on disposal of businesses	194,687	216,772
Obligation under securities lending	355,961	541,650
Accounts payable and other liabilities	1,225,803	1,332,824
Deferred income taxes, net		108,429
Debt	971,933	971,863
Mandatorily redeemable preferred stock	11,160	21,160
Liabilities related to separate accounts	2,252,388	3,143,288
Total liabilities	21,622,504	22,661,413
Commitments and contingencies (Note 14)		
Stockholders equity		
Common stock, par value \$0.01 per share, 800,000,000 shares authorized, 117,362,285 and 117,808,007 shares outstanding at September 30, 2008 and December 31, 2007, respectively	1,443	1,438
Additional paid-in capital	2,921,290	2,904,970
Retained earnings	2,484,399	2,269,107
Accumulated other comprehensive (loss) income	(475,798)	53,911
Treasury stock, at cost; 26,997,943 and 25,997,943 shares at September 30, 2008 and December 31, 2007	(1,199,523)	(1,140,523)
Total stockholders equity	3,731,811	4,088,903
Total liabilities and stockholders equity	\$ 25,354,315	\$ 26,750,316

See the accompanying notes to the consolidated financial statements

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Assurant, Inc.

Consolidated Statement of Operations (unaudited)**Three and Nine Months Ended September 30, 2008 and 2007**

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2008	2007	2008	2007
	(in thousands except number of shares and per share amounts)			
Revenues				
Net earned premiums and other considerations	\$ 1,984,136	\$ 1,893,388	\$ 5,921,069	\$ 5,451,584
Net investment income	192,314	194,049	591,299	601,247
Net realized losses on investments	(299,205)	(13,076)	(376,922)	(10,592)
Amortization of deferred gain on disposal of businesses	7,379	8,298	22,085	24,893
Fees and other income	69,911	65,533	223,089	203,050
Total revenues	1,954,535	2,148,192	6,380,620	6,270,182
Benefits, losses and expenses				
Policyholder benefits	1,095,048	935,545	3,030,715	2,727,120
Amortization of deferred acquisition costs and value of business acquired	422,767	359,756	1,253,064	1,034,515
Underwriting, general and administrative expenses	585,050	553,458	1,679,254	1,648,529
Interest expense	15,190	15,288	45,765	45,881
Total benefits, losses and expenses	2,118,055	1,864,047	6,008,798	5,456,045
(Loss) income before (benefit) provision for income taxes	(163,520)	284,145	371,822	814,137
(Benefit) provision for income taxes	(52,091)	96,954	106,467	281,209
Net (loss) income	\$ (111,429)	\$ 187,191	\$ 265,355	\$ 532,928
Earnings Per Share				
Basic	\$ (0.95)	\$ 1.58	\$ 2.25	\$ 4.43
Diluted	\$ (0.95)	\$ 1.56	\$ 2.23	\$ 4.37
Dividends per share	\$ 0.14	\$ 0.12	\$ 0.40	\$ 0.34
Share Data:				
Weighted average shares outstanding used in basic per share calculations	117,750,167	118,447,175	117,897,422	120,404,471
Plus: Dilutive securities		1,294,259	1,247,054	1,657,540
Weighted average shares used in diluted per share calculations	117,750,167	119,741,434	119,144,476	122,062,011

See the accompanying notes to the consolidated financial statements

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Assurant, Inc.

Consolidated Statement of Changes in Stockholders Equity (unaudited)

From December 31, 2007 through September 30, 2008

	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	Total
	(in thousands)					
Balance, December 31, 2007	\$ 1,438	\$ 2,904,970	\$ 2,269,107	\$ 53,911	\$ (1,140,523)	\$ 4,088,903
Stock plan exercises	5	(6,475)				(6,470)
Stock plan compensation expense		17,058				17,058
Tax benefit of exercise of stock options		5,737				5,737
Dividends			(47,203)			(47,203)
Acquisition of common shares					(59,000)	(59,000)
Cumulative effect of change in accounting principles (Note 2)			(2,860)			(2,860)
Comprehensive loss:						
Net income			265,355			265,355
Other comprehensive loss:						
Net change in unrealized losses on securities, net of taxes				(498,881)		(498,881)
Net change in foreign currency translation, net of taxes				(35,455)		(35,455)
Amortization of pension and postretirement unrecognized net periodic benefit, net of taxes				4,627		4,627
Total other comprehensive loss						(529,709)
Total comprehensive loss:						(264,354)
Balance, September 30, 2008	\$ 1,443	\$ 2,921,290	\$ 2,484,399	\$ (475,798)	\$ (1,199,523)	\$ 3,731,811

See the accompanying notes to the consolidated financial statements

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Assurant, Inc.

Consolidated Statement of Cash Flows (unaudited)**Nine Months Ended September 30, 2008 and 2007**

	Nine Months Ended September 30,	
	2008	2007
	(in thousands)	
Net cash provided by operating activities	\$ 814,371	\$ 836,839
Investing activities		
Sales of:		
Fixed maturity securities available for sale	1,727,766	1,484,451
Equity securities available for sale	239,956	224,181
Property and equipment and other	380	100
Subsidiary, net of cash transferred	31,853	1,151
Maturities, prepayments, and scheduled redemption of:		
Fixed maturity securities available for sale	445,164	483,301
Purchases of:		
Fixed maturity securities available for sale	(2,046,675)	(2,392,169)
Equity securities available for sale	(314,990)	(211,433)
Property and equipment and other	(37,388)	(39,753)
Subsidiaries and warranty business, net of cash transferred	(142,689)	(102,237)
Change in commercial mortgage loans on real estate	(69,004)	(138,293)
Change in short term investments	(238,878)	4,308
Change in other invested assets	(37,072)	17,854
Change in policy loans	(472)	1,280
Change in collateral held under securities lending	179,232	(288,902)
Net cash used in investing activities	(262,817)	(956,161)
Financing activities		
Repayment of mandatorily redeemable preferred stock	(10,000)	(1,000)
Excess tax benefits from stock-based payment arrangements	5,737	7,471
Acquisition of common stock	(59,000)	(315,570)
Dividends paid	(47,203)	(40,877)
Change in obligation under securities lending	(185,689)	288,902
Commercial paper issued		39,958
Commercial paper repaid		(40,000)
Net cash used in financing activities	(296,155)	(61,116)
Effect of exchange rate changes on cash and cash equivalents	(6,684)	7,913
Change in cash and cash equivalents	248,715	(172,525)
Cash and cash equivalents at beginning of period	804,964	987,672
Cash and cash equivalents at end of period	\$ 1,053,679	\$ 815,147

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See the accompanying notes to the consolidated financial statements

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Assurant, Inc.

Notes to Consolidated Financial Statements (unaudited)

Nine Months Ended September 30, 2008 and 2007

(In thousands, except per share and share amounts)

1. Nature of Operations

Assurant, Inc. (the Company) is a holding company whose subsidiaries provide specialized insurance products and related services in North America and selected international markets.

The Company is traded on the New York Stock Exchange under the symbol AIZ.

Through its operating subsidiaries, the Company provides creditor-placed homeowners insurance, manufactured housing homeowners insurance, debt protection administration, credit insurance, warranties and extended service contracts, individual health and small employer group health insurance, group dental insurance, group disability insurance, group life insurance and pre-funded funeral insurance.

2. Basis of Presentation

The accompanying unaudited interim consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) for interim financial information. Accordingly, these statements do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements.

In the opinion of management, all adjustments (consisting of a normal recurring nature) considered necessary for a fair statement of the consolidated financial statements have been included. The unaudited interim consolidated financial statements include the accounts of the Company and all of its wholly owned subsidiaries. All inter-company transactions and balances are eliminated in consolidation. Certain prior period amounts have been reclassified to conform to the 2008 presentation.

The Company recorded an after-tax cumulative effect of change in accounting principle of \$(2,860) on January 1, 2008, related to the adoption of Statement of Financial Accounting Standards (FAS) No. 157, *Fair Value Measurements* (FAS 157). The amount is reflected in the statement of changes in stockholders' equity as required. See Notes 3 and 7 for further information regarding the adoption of FAS 157.

During the period ended September 30, 2008, our liability for unrecognized tax benefits decreased \$8,731 due to an IRS audit settlement.

Operating results for the three and nine months ended September 30, 2008 are not necessarily indicative of the results that may be expected for the year ending December 31, 2008. The accompanying unaudited interim consolidated financial statements should be read in conjunction with the audited consolidated financial statements and related notes included in the Company's Annual Report on Form 10-K for the year ended December 31, 2007.

3. Recent Accounting Pronouncements

Recent Accounting Pronouncements - Adopted

On January 1, 2008, the Company adopted FAS 157 which defines fair value, addresses how companies should measure fair value when they are required to use a fair value measure for recognition or disclosure purposes under GAAP and expands disclosures about fair value measurements. FAS 157 is applied prospectively for financial assets and liabilities measured on a recurring basis as of January 1, 2008 except for certain financial assets that were measured at fair value using a transaction price. For these financial instruments, which the Company has, FAS 157 requires limited retrospective adoption and thus the difference between the fair values using a transaction price and the fair values using an exit price of the relevant financial instruments will be shown as a cumulative-effect adjustment to the January 1, 2008 retained earnings balance. At adoption, the Company recognized a \$4,400 decrease to other assets, and a corresponding decrease of \$2,860 (after-tax) to retained

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Assurant, Inc.

Notes to Consolidated Financial Statements (unaudited)

Nine Months Ended September 30, 2008 and 2007

(In thousands, except per share and share amounts)

earnings. Effective September 30, 2008, the Company adopted Financial Statement of Position (FSP) FAS 157-3, *Determining the Fair Value of a Financial Asset in a Market That Is Not Active* (FSP FAS 157-3). FSP FAS 157-3 clarifies the application of FAS 157 regarding the pricing of securities in an inactive market. The adoption of FSP FAS 157-3 did not have an impact on the Company's financial position or results of operations. See Note 7 for further information regarding FAS 157.

On January 1, 2008, the Company adopted FAS No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities* (FAS 159). FAS 159 provides a choice to measure many financial instruments and certain other items at fair value on specified election dates and requires disclosures about the election of the fair value option. Unrealized gains and losses on items for which the fair value option has been elected are reported in earnings. The Company has chosen not to elect the fair value option for any financial or non-financial instruments as of the adoption date, thus the adoption of FAS 159 did not have an impact on the Company's financial position or results of operations.

On January 1, 2008, the Company adopted Emerging Issues Task Force (EITF) Issue No. 06-10, *Accounting for Deferred Compensation and Postretirement Benefit Aspects of Collateral Assignment Split-Dollar Life Insurance Arrangements* (EITF 06-10). EITF 06-10 provides guidance regarding the employer's recognition of the liability and the related compensation costs for collateral assignment split-dollar life insurance arrangements that provide a benefit to an employee that extends into postretirement periods. This consensus concludes that for a collateral assignment split-dollar life insurance arrangement, an employer should recognize a liability for future benefits in accordance with FAS No. 106, *Employers' Accounting For Postretirement Benefits Other-Than-Pensions*, (if, in substance, a postretirement benefit plan exists) or Accounting Principles Board Opinion No. 12, *Deferred Compensation Contracts*, (APB 12) (if the arrangement is, in substance, an individual deferred compensation contract) based on the substantive agreement with the employee. The Company has been recording its liability for future benefits in accordance with APB 12, thus the adoption of EITF 06-10 did not have an impact on the Company's financial position or results of operations.

Recent Accounting Pronouncements - Not Yet Adopted

In December 2007, the Financial Accounting Standards Board (FASB) issued FAS No. 141R, *Business Combinations* (FAS 141R). FAS 141R replaces FAS No. 141, *Business Combinations* (FAS 141). FAS 141R retains the fundamental requirements of FAS 141 that the purchase method of accounting be used for all business combinations, that an acquirer be identified for each business combination and for goodwill to be recognized and measured as a residual. FAS 141R expands the definition of transactions and events that qualify as business combinations to all transactions and other events in which one entity obtains control over one or more other businesses. FAS 141R broadens the fair value measurement and recognition of assets acquired, liabilities assumed, and interests transferred as a result of business combinations. FAS 141R also increases the disclosure requirements for business combinations in the financial statements. FAS 141R is effective for fiscal periods beginning after December 15, 2008. Therefore, the Company is required to adopt FAS 141R on January 1, 2009. The Company is currently evaluating the requirements of FAS 141R and the potential impact on the Company's financial position and results of operations.

In December 2007, the FASB issued FAS No. 160, *Non-Controlling Interest in Consolidated Financial Statements - an amendment of ARB No. 51* (FAS 160). FAS 160 requires that a non-controlling interest in a subsidiary be separately reported within equity and the amount of consolidated net income attributable to the non-controlling interest be presented in the statement of operations. FAS 160 also calls for consistency in reporting changes in the parent's ownership interest in a subsidiary and necessitates fair value measurement of any non-controlling equity investment retained in a deconsolidation. FAS 160 is effective for fiscal periods beginning after December 15, 2008. Therefore, the Company is required to adopt FAS 160 on January 1, 2009. The Company is currently evaluating the requirements of FAS 160 and the potential impact on the Company's financial position and results of operations.

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Assurant, Inc.

Notes to Consolidated Financial Statements (unaudited)

Nine Months Ended September 30, 2008 and 2007

(In thousands, except per share and share amounts)

In February 2008, the FASB issued FSP FAS 157-2, *Effective Date of FAS 157* (FSP FAS 157-2). FSP FAS 157-2 defers the effective date of FAS 157 for all non-financial assets and non-financial liabilities measured or disclosed at fair value in the financial statements on a non-recurring basis to fiscal years beginning after November 15, 2008, and interim periods within those fiscal years, which for the Company is January 1, 2009. The Company is currently evaluating the requirements of FAS 157 for its non-financial assets and non-financial liabilities measured on a non-recurring basis and the potential impact on the Company's financial position and results of operations.

In June 2008, the FASB issued FSP EITF No. 03-6-1, *Determining Whether Instruments Granted in Share-Based Payment Transactions Are Participating Securities*, (FSP EITF 03-6-1). FSP EITF 03-6-1 requires companies to treat unvested share-based payment awards that have non-forfeitable rights to dividends or dividend equivalents as participating securities. Therefore, these financial instruments need to be included in calculating basic and diluted earnings per share under the two-class method described in FAS No. 128, *Earnings Per Share*. All prior period EPS data presented will be adjusted retrospectively. FSP EITF 03-6-1 will be effective for fiscal years beginning after December 15, 2008. Therefore, the Company is required to adopt FSP EITF 03-6-1 on January 1, 2009. The adoption of FSP EITF 03-6-1 is not expected to have a material impact on the Company's basic and diluted earnings per share calculations.

4. Business Combinations

On September 26, 2008 the Company acquired the Warranty Management Group business from GE Consumer & Industrial, a unit of General Electric (GE). The Company paid GE \$140,000 in cash for the sale, transfer and conveyance of certain assets and will assume certain liabilities. In connection with the acquisition of this business, the Company recorded \$126,840 in amortizable intangible assets and \$13,160 in goodwill. The factors that contributed to the recognition of goodwill include: marketing knowledge gained from the pre-existing relationship, acquisition of key former GE employees and increased sales opportunities not afforded the Company under the pre-existing relationship. As part of the acquisition, the Company entered into a new 10-year agreement to market extended warranties and service contracts on GE- branded major appliances in the United States.

In a separate transaction, GE paid the Company \$115,000 in cash in connection with the termination of the existing strategic alliance. Under the pre-existing relationship, the Company sold extended warranties directly to GE appliance purchasers and through leading retailers. After the acquisition, the Company assumed full responsibility for operating the extended warranty business it previously co-managed and shared with GE. Due to the termination of the existing strategic alliance, the Company reduced its deferred acquisition cost (DAC) asset.

The results of operations of the GE Warranty Management Group will not have a material effect on the Company's results, and accordingly, proforma information has not been disclosed.

5. Business Dispositions

On May 1, 2008, the Company sold a subsidiary, United Family Life Insurance Company (UFLIC), to a third party for proceeds of \$32,715. The Company recognized a pre-tax gain of \$3,175 from the sale. In connection with the sale of UFLIC, the Company also recognized an associated tax benefit of \$24,566, primarily related to capital loss carry backs.

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Assurant, Inc.

Notes to Consolidated Financial Statements (unaudited)

Nine Months Ended September 30, 2008 and 2007

(In thousands, except per share and share amounts)

6. Investments

The following tables show the cost or amortized cost, gross unrealized gains and losses and fair value of our fixed maturity and equity securities as of the dates indicated:

	September 30, 2008			
	Cost or Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Fixed maturity securities:				
United States Government and government agencies and authorities	\$ 147,075	\$ 5,469	\$ (58)	\$ 152,486
States, municipalities and political subdivisions	960,329	6,856	(34,140)	933,045
Foreign governments	552,404	6,868	(14,062)	545,210
Public utilities	1,203,536	7,253	(87,535)	1,123,254
Mortgage backed securities	937,132	8,502	(22,316)	923,318
All other corporate bonds	5,874,464	24,761	(516,924)	5,382,301
Total fixed maturity securities	\$ 9,674,940	\$ 59,709	\$ (675,035)	\$ 9,059,614
Equity securities:				
Industrial, miscellaneous and all other	\$ 5,671	\$ 284	\$ (500)	\$ 5,455
Non-sinking fund preferred stocks	588,364	1,049	(103,055)	486,358
Total equity securities	\$ 594,035	\$ 1,333	\$ (103,555)	\$ 491,813

	December 31, 2007			
	Cost or Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Fixed maturity securities:				
United States Government and government agencies and authorities	\$ 287,064	\$ 10,236	\$ (22)	\$ 297,278
States, municipalities and political subdivisions	630,196	16,931	(578)	646,549
Foreign governments	680,097	28,815	(4,666)	704,246
Public utilities	1,152,023	32,265	(10,541)	1,173,747
Mortgage backed securities	1,014,009	12,672	(6,067)	1,020,614
All other corporate bonds	6,262,966	143,166	(122,151)	6,283,981
Total fixed maturity securities	\$ 10,026,355	\$ 244,085	\$ (144,025)	\$ 10,126,415
Equity securities:				

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Industrial, miscellaneous and all other	\$ 21,193	\$ 1,283	\$	\$ 22,476
Non-sinking fund preferred stocks	681,505	3,830	(71,810)	613,525
Total equity securities	\$ 702,698	\$ 5,113	\$ (71,810)	\$ 636,001

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Assurant, Inc.

Notes to Consolidated Financial Statements (unaudited)

Nine Months Ended September 30, 2008 and 2007

(In thousands, except per share and share amounts)

We regularly monitor our investment portfolio to ensure investments that may be other-than-temporarily impaired are identified in a timely fashion, properly valued, and any impairments are charged against earnings in the proper period. The determination that a security has incurred an other-than-temporary decline in value requires the judgment of management. Assessment factors include, but are not limited to, the length of time and the extent to which the market value has been less than cost, the financial condition and rating of the issuer, whether any collateral is held, and the intent and ability of the Company to retain the investment for a period of time sufficient to allow for recovery. Inherently, there are risks and uncertainties involved in making these judgments. Changes in circumstances and critical assumptions such as a continued weak economy, a more pronounced economic downturn or unforeseen events which affect one or more companies, industry sectors, or countries could result in additional impairments in future periods for other-than-temporary declines in value. Any security whose price decrease is deemed other-than-temporary is written down to its then current market level with the amount of the impairment reported as a realized loss in that period. Realized gains and losses on sales of investments are recognized on the specific identification basis.

The net realized losses including other-than-temporary impairments recorded in the statement of operations are summarized as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2008	2007	2008	2007
Net realized (losses) gains related to sales:				
Fixed maturity securities	\$ (19,982)	\$ (7,473)	\$ (20,988)	\$ (9,039)
Equity securities	(43,190)	(4,161)	(47,546)	(5,585)
Commercial mortgage loans on real estate			952	
Other investments	(428)	5,257	(2,753)	11,884
Collateral held under securities lending	(6,457)		(6,457)	
Total related to sales	(70,057)	(6,377)	(76,792)	(2,740)
Net realized losses related to other-than-temporary impairments:				
Fixed maturity securities	(108,106)	(6,191)	(166,676)	(6,191)
Equity securities	(116,901)	(508)	(129,313)	(508)
Other investments	(4,141)		(4,141)	(1,153)
Total other-than-temporary impairments	(229,148)	(6,699)	(300,130)	(7,852)
Total	\$ (299,205)	\$ (13,076)	\$ (376,922)	\$ (10,592)

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Assurant, Inc.

Notes to Consolidated Financial Statements (unaudited)

Nine Months Ended September 30, 2008 and 2007

(In thousands, except per share and share amounts)

When we determine that there is an other-than-temporary impairment, we write down the value of the security to the current market value, which reduces the cost basis. In periods subsequent to the recognition of an other-than-temporary impairment, we generally accrete into net investment income the discount (or amortize the reduced premium) resulting from the reduction in cost basis, based upon the amount and timing of the expected future cash flows over the remaining life of the security.

The investment category of the Company's gross unrealized losses on fixed maturity securities and equity securities at September 30, 2008 and December 31, 2007 and the length of time the securities have been in an unrealized loss position were as follows:

	Less than 12 months		September 30, 2008 12 Months or More		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Fixed maturity securities:						
United States Government and government agencies and authorities	\$ 7,219	\$ (58)	\$	\$	\$ 7,219	\$ (58)
States, municipalities and political subdivisions	749,029	(33,100)	10,812	(1,040)	759,841	(34,140)
Foreign governments	315,680	(13,605)	7,873	(457)	323,553	(14,062)
Public utilities	806,763	(63,775)	137,897	(23,760)	944,660	(87,535)
All other corporate bonds	3,494,676	(312,211)	978,316	(204,713)	4,472,992	(516,924)
Mortgage backed securities	328,664	(14,924)	92,510	(7,392)	421,174	(22,316)
Total fixed maturity securities	\$ 5,702,031	\$ (437,673)	\$ 1,227,408	\$ (237,362)	\$ 6,929,439	\$ (675,035)
Equity securities:						
Industrial, miscellaneous and all other	\$ 4,752	\$ (500)	\$	\$	\$ 4,752	\$ (500)
Non-sinking fund preferred stocks	214,606	(48,585)	181,737	(54,470)	396,343	(103,055)
Total equity securities	\$ 219,358	\$ (49,085)	\$ 181,737	\$ (54,470)	\$ 401,095	\$ (103,555)

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	Less than 12 months		December 31, 2007 12 Months or More		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Fixed maturity securities:						
United States Government and government agencies and authorities	\$ 1,108	\$ (1)	\$ 10,189	\$ (21)	\$ 11,297	\$ (22)
States, municipalities and political subdivisions	98,544	(525)	6,031	(53)	104,575	(578)
Foreign governments	99,985	(2,966)	47,285	(1,700)	147,270	(4,666)
Public utilities	317,542	(6,436)	114,001	(4,105)	431,543	(10,541)
All other corporate bonds	102,488	(3,277)	224,233	(2,790)	326,721	(6,067)
Mortgage backed securities	2,125,337	(89,862)	699,116	(32,289)	2,824,453	(122,151)
Total fixed maturity securities	\$ 2,745,004	\$ (103,067)	\$ 1,100,855	\$ (40,958)	\$ 3,845,859	\$ (144,025)
Equity securities:						
Non-sinking fund preferred stocks	\$ 399,160	\$ (58,427)	\$ 106,487	\$ (13,383)	\$ 505,647	\$ (71,810)

We did not consider these securities in an unrealized loss position to be other-than-temporarily impaired at September 30, 2008 or December 31, 2007, based on factors noted above and also because management has the ability and intent to hold these assets until recovery in value occurs and we believe the securities will generally continue to perform in accordance with their contractual terms.

Securities Lending

The Company engages in transactions in which fixed maturity securities, especially bonds issued by the United States government, government agencies and authorities, and U.S. corporations, are loaned to selected broker/dealers. Collateral, greater than or equal to 102% of the fair value of the securities lent plus accrued interest, is received in the form of cash and cash equivalents held by a custodian bank for the benefit of the Company. The Company monitors the fair value of securities loaned and the collateral received, with additional collateral obtained as necessary. The Company is subject to the risk of loss to the extent there is a loss in the re-investment of cash collateral.

Our liability to the borrower for collateral received was \$355,961 and the fair value of the collateral reinvested was \$343,321 at September 30, 2008. The difference between these amounts is recorded as an unrealized loss and is included as part of accumulated other comprehensive income.

7. Fair Value Measurements

FAS 157 defines fair value, establishes a framework for measuring fair value, creates a fair value hierarchy based on the quality of inputs used to measure fair value and enhances disclosure requirements for fair value measurements. FAS 157 defines fair value as the price that would be received to sell an asset or pay to transfer a liability in an orderly transaction between market participants at the measurement date. In accordance with FAS 157, the Company has categorized its recurring basis financial assets and liabilities based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The FASB has deferred the

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effective date of FAS 157 until January 1, 2009 for non-financial assets and liabilities that are recognized or disclosed at fair value in the financial statements on a non-recurring basis in accordance with FSP FAS 157-2.

The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the level in the fair value hierarchy within which the fair value measurement in its entirety falls has been determined based on the lowest level input that is significant to the fair value measurement in its entirety. The Company's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the asset or liability.

The levels of the fair value hierarchy and its application to the Company's financial assets and liabilities are described below:

Level 1 inputs utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company has the ability to access. Financial assets and liabilities utilizing Level 1 inputs include certain U.S. mutual funds, money market funds, common stock and certain foreign securities.

Level 2 inputs utilize other than quoted prices included in Level 1 that are observable for the asset, either directly or indirectly, for substantially the full term of the asset. Level 2 inputs include quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active and inputs other than quoted prices that are observable in the marketplace for the asset. The observable inputs are used in valuation models to calculate the fair value for the asset. Financial assets utilizing Level 2 inputs include corporate, municipal, foreign government and public utilities bonds, private placement bonds, U.S. Government and agency securities, mortgage and asset backed securities, preferred stocks and certain U.S. and foreign mutual funds.

Level 3 inputs are unobservable but are significant to the fair value measurement for the asset, and include situations where there is little, if any, market activity for the asset. These inputs reflect management's own assumptions about the assumptions a market participant would use in pricing the asset. Financial assets utilizing Level 3 inputs include certain preferred stocks, corporate bonds and mortgage backed securities that were quoted by brokers and could not be corroborated by Level 2 inputs and derivatives.

A review of fair value hierarchy classifications is conducted on a quarterly basis. Changes in the observability of valuation inputs may result in a reclassification of levels for certain securities within the fair value hierarchy.

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The following table presents the Company's fair value hierarchy for those recurring basis assets and liabilities as of September 30, 2008.

Financial Assets	Total	Level 1	Level 2	Level 3
Fixed maturity securities	\$ 9,059,614	\$ 3,691	\$ 8,874,399	\$ 181,524
Equity securities	491,813	4,349 a	467,906	19,558
Short-term investments	620,434	503,980	116,454	
Collateral held under securities lending	233,320	22,016	211,304	
Other investments	268,664	76,744 b	181,272 c	10,648 c
Cash equivalents	841,866	841,866		
Other assets	3,725			3,725
Assets held in separate accounts	2,173,524	1,980,250 a	193,274	
Total financial assets	\$ 13,692,960	\$ 3,432,896	\$ 10,044,609	\$ 215,455
Financial Liabilities				
Other liabilities	\$ 76,744	\$ 76,744 b	\$	\$

^a Mainly includes mutual fund investments

^b Comprised of Assurant Incentive Plan investments and related liability which are invested in mutual funds

^c Consists of invested assets associated with a modified coinsurance arrangement

The following table summarizes the change in balance sheet carrying value associated with Level 3 financial assets carried at fair value during the three months ended September 30, 2008:

	Total Level 3 Assets	Fixed Maturity Securities	Equity Securities	Other Investments	Other Assets
Balance, beginning of quarter	\$ 249,328	\$ 215,229	\$ 19,856	\$ 9,240	\$ 5,003
Total net losses (realized/unrealized) included in earnings	(27,986)	(26,422)		(5)	(1,559)
Net unrealized losses included in stockholder's equity	(3,239)	(1,006)	(1,580)	(653)	
Purchases, issuances, (sales) and (settlements)	(5,286)	(5,227)		(340)	281
Net transfers in (out of)	2,638	(1,050)	1,282	2,406	
Balance, end of period	\$ 215,455	\$ 181,524	\$ 19,558	\$ 10,648	\$ 3,725

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The following table summarizes the change in balance sheet carrying value associated with Level 3 financial assets carried at fair value during the nine months ended September 30, 2008:

	Total Level 3 Assets	Fixed Maturity Securities	Equity Securities	Other Investments	Other Assets
Balance, beginning of year	\$ 282,581	\$ 256,937	\$ 12,116	\$ 10,368	\$ 3,160
Total net (losses) gains (realized/unrealized) included in earnings	(28,077)	(26,961)		11	(1,127)
Net unrealized losses included in stockholder's equity	(19,214)	(15,875)	(2,234)	(1,105)	
Purchases, issuances, (sales) and (settlements)	21,274	18,674	1,940	(1,032)	1,692
Net transfers (out of) in	(41,109)	(51,251)	7,736	2,406	
Balance, end of period	\$ 215,455	\$ 181,524	\$ 19,558	\$ 10,648	\$ 3,725

FAS 157 describes three different valuation techniques to be used in determining fair value for financial assets and liabilities: the market, income or cost approaches. The three valuation techniques described in FAS 157 are consistent with generally accepted valuation methodologies. The market approach valuation techniques use prices and other relevant information from market transactions involving identical or comparable assets or liabilities. When possible, quoted prices (unadjusted) in active markets are used as of the period-end date. Otherwise, valuation techniques consistent with the market approach including matrix pricing and comparables are used. Matrix pricing is a mathematical technique employed to value certain securities without relying exclusively on quoted prices for those securities but comparing those securities to benchmark or comparable securities. Comparables use market multiples, which might lie in ranges with a different multiple for each comparable.

Income approach valuation techniques convert future amounts, such as cash flows or earnings, to a single present amount, or a discounted amount. These techniques rely on current market expectations of future amounts as of the period-end date. Examples of income approach valuation techniques include present value techniques, option-pricing models, binomial or lattice models that incorporate present value techniques, and the multi-period excess earnings method.

Cost approach valuation techniques are based upon the amount that would be required to replace the service capacity of an asset at the period-end date, or the current replacement cost. That is, from the perspective of a market participant (seller), the price that would be received for the asset is determined based on the cost to a market participant (buyer) to acquire or construct a substitute asset of comparable utility, adjusted for obsolescence.

While all three approaches are not applicable to all financial assets or liabilities, where appropriate, one or more valuation techniques may be used. For all the financial assets and liabilities included in the above hierarchy, excluding derivatives and private placement bonds, the market valuation technique is generally used. For private placement bonds and derivatives, the income valuation technique is generally used. For the period ended September 30, 2008, the application of valuation technique applied to similar assets and liabilities has been consistent.

Level 1 and Level 2 securities are valued using various observable market inputs obtained from a pricing service. The pricing service prepares estimates of fair value measurements for our Level 2 securities using proprietary valuation models based on techniques such as matrix pricing which include observable market inputs. FAS 157 defines observable market inputs as the assumptions market participants would use in pricing

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the asset or liability developed on market data obtained from sources independent of the Company. The extent of the use of each observable market input for a security depends on the type of security and the market conditions at the

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balance sheet date. Depending on the security, the priority of the use of observable market inputs may change as some observable market inputs may not be relevant or additional inputs may be necessary. The following observable market inputs, listed in the approximate order of priority, are utilized in the pricing evaluation of Level 2 securities: benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers and reference data. The pricing service also evaluates each security based on relevant market information including: relevant credit information, perceived market movements and sector news. Valuation models can change period to period, depending on the appropriate observable inputs that are available at the balance sheet date to price a security. When market observable inputs are unavailable, the remaining unpriced securities are submitted to independent brokers who provide non-binding broker quotes or are priced by other qualified sources and are categorized as Level 3 securities.

Management uses the following criteria in order to determine whether the market for a financial asset is inactive:

The volume and level of trading activity in the asset have declined significantly from historical levels

The available prices vary significantly over time or among market participants,

The prices are stale (i.e., not current), and

The magnitude of bid-ask spread.

Illiquidity did not have a material impact in the fair value determination of the Company's financial assets.

The Company generally obtains one price for each financial asset. The Company performs a monthly analysis to assess if the evaluated prices represent a reasonable estimate of their fair value. This process involves quantitative and qualitative analysis and is overseen by investment and accounting professionals. Examples of procedures performed include, but are not limited to, initial and on-going review of pricing service methodologies, review of the prices received from the pricing service, review of pricing statistics and trends, and comparison of prices for certain securities with two different appropriate price sources for reasonableness. As a result of this analysis, if the Company determines there is a more appropriate fair value based upon available market data, which happens infrequently, the price of a security is adjusted accordingly. The pricing service provides information to indicate which securities were priced using market observable inputs so that the Company can properly categorize our financial assets in the fair value hierarchy.

8. Debt

In February 2004, the Company issued two series of senior notes with an aggregate principal amount of \$975,000. The Company received net proceeds of \$971,537 from this transaction, which represents the principal amount less the discount. The discount of \$3,463 is being amortized over the life of the notes and is included as part of interest expense in the statement of operations.

The interest expense incurred related to the senior notes was \$15,047 for the three months ended September 30, 2008 and 2007, respectively, and \$45,141 for the nine months ended September 30, 2008 and 2007 respectively. There was \$7,523 of accrued interest at September 30, 2008 and

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2007, respectively. The Company made interest payments of \$30,094 on February 15, 2008 and August 15, 2008.

In March 2004, the Company established a \$500,000 commercial paper program, which is available for working capital and other general corporate purposes. This program is backed up by a \$500,000 senior revolving credit facility. The Company did not use the commercial paper program during the nine months ended September 30, 2008. During 2007, the Company used proceeds from the commercial paper program for general corporate

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purposes, all of which were repaid during 2007. The Company did not use the revolving credit facility during the nine months ended September 30, 2008 or the twelve months ended December 31, 2007.

The revolving credit facility contains restrictive covenants and requires that the Company maintain certain specified minimum ratios and thresholds. The Company is in compliance with all covenants, minimum ratios and thresholds.

9. Stock Based Compensation

Directors Compensation Plan

The Company's Amended and Restated Directors Compensation Plan, as amended, permitted the issuance of up to 500,000 shares of the Company's common stock to non-employee Directors. Effective May 2008, no new grants will be made under this plan and all future grants issued to directors will be issued from the Assurant, Inc. Long-Term Equity Incentive Plan, discussed further below. The compensation expense recorded related to these shares was \$625 for the nine months ended September 30, 2007. There was no expense recorded for the three months ended September 30, 2007, or for the three and nine months ended September 30, 2008.

Long-Term Incentive Plan

The 2004 Long-Term Incentive Plan authorized the granting of up to 10,000,000 new shares of the Company's common stock to employees and officers under the Assurant Long Term Incentive Plan (ALTIP), Business Value Rights Program (BVR) and CEO Equity Grants Program. Under the ALTIP, the Company was authorized to grant restricted stock and stock appreciation rights (SARs). Effective May 2008, no new grants will be made under this plan and all future grants will be issued from the Assurant, Inc. Long-Term Equity Incentive Plan, discussed further below. Unearned compensation, representing the market value of the shares at the date of issuance, is charged to earnings over the vesting period.

Restricted stock granted under the ALTIP vests pro ratably over a three year period. SARs granted prior to 2007 under the ALTIP, cliff vest as of December 31 of the second calendar year following the calendar year in which the right was granted, and have a five year contractual life. SARs granted in 2007 and through May 2008 cliff vest on the third anniversary from the date the award was granted, and have a five year contractual life. SARs granted under the BVR Program have a three year cliff vesting period. Restricted stock granted under the CEO Equity Grants Program have variable vesting schedules.

Long-Term Equity Incentive Plan

In May 2008, the Company adopted the Assurant, Inc. Long-Term Equity Incentive Plan (ALTEIP), which authorizes the granting of up to 3,400,000 shares of the Company's common stock to employees, officers and non-employee Directors. Under the ALTEIP, the Company is authorized to grant various stock awards including but not limited to SARs, restricted stock and restricted stock units, performance shares and performance units. All future share-based grants will be issued under the ALTEIP.

Restricted stock and SARs granted to non-employee Directors in May 2008 vested immediately. SARs granted to non-employee Directors have a five year contractual life.

The Company's CEO is authorized by the Board of Directors to grant common stock and restricted stock to employees other than the executive officers of the Company (as defined in Section 16 of the Securities Exchange Act of 1934, as amended (the Exchange Act)) limited to 100,000 new shares per year. Restricted stock granted under this program have different vesting schedules.

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Restricted Stock

The restricted shares granted to employees and to non-employee Directors were 12,245 and 27,050 for the three months ended September 30, 2008 and 2007, respectively, and 132,876 and 110,459 for the nine months ended September 30, 2008 and 2007, respectively. The compensation expense recorded related to restricted stock was \$1,778 and \$1,618 for the three months ended September 30, 2008 and 2007, respectively, and \$5,481 and \$3,698 for the nine months ended September 30, 2008 and 2007, respectively. The related total income tax benefit recognized was \$622 and \$566 for the three months ended September 30, 2008 and 2007, respectively, and \$1,721 and \$1,294 for the nine months ended September 30, 2008 and 2007, respectively. The weighted average grant date fair value for restricted stock granted during the nine months ended September 30, 2008 and 2007 was \$62.96 and \$55.23, respectively.

As of September 30, 2008, there was \$6,804 of unrecognized compensation cost related to outstanding restricted stock. That cost is expected to be recognized over a weighted-average period of 1.2 years. The total fair value of shares vested during the three months ended September 30, 2008 and 2007 was \$378 and \$179, respectively, and \$5,833 and \$3,182 for the nine months ended September 30, 2008 and 2007, respectively.

Stock Appreciation Rights

There were no SARs granted during the three months ended September 30, 2008 and 2007 and 1,497,891 and 1,541,505 granted during the nine months ended September 30, 2008 and 2007, respectively. The compensation expense recorded related to SARs was \$3,643 and \$3,236 for the three months ended September 30, 2008 and 2007, respectively, and \$10,243 and \$9,241 for the nine months ended September 30, 2008 and 2007, respectively. The related total income tax benefit recognized was \$1,275 and \$1,132 for the three months ended September 30, 2008 and 2007, respectively, and \$3,545 and \$3,196 for the nine months ended September 30, 2008 and 2007, respectively. The weighted average grant date fair value for SARs granted during the nine months ended September 30, 2008 was \$13.77.

The total intrinsic value of SARs exercised during the nine months ended September 30, 2008 and 2007 was \$38,496 and \$53,389, respectively. As of September 30, 2008, there was approximately \$22,519 of unrecognized compensation cost related to outstanding SARs. That cost is expected to be recognized over a weighted-average period of 1.5 years.

The fair value of each SAR outstanding was estimated on the date of grant using the Black-Scholes option-pricing model. Expected volatilities for awards issued during the nine months ended September 30, 2008 were based on the median historical stock price volatility of insurance guideline companies and implied volatilities from traded options on the Company's stock. The expected term for grants issued during the nine months ended September 30, 2008 was assumed to equal the average of the vesting period of the SARs and the full contractual term of the SARs. The risk-free rate for periods within the contractual life of the option was based on the U.S. Treasury yield curve in effect at the time of grant. The dividend yield is based on the current expected annual dividend and share price on the grant date.

Employee Stock Purchase Plan

Under the Employee Stock Purchase Plan (ESPP), the Company is authorized to issue up to 5,000,000 new shares to employees who are participants in the ESPP. Eligible employees can purchase stock at a 10% discount applied to the lower of the closing price of the common stock on the first or last day of the offering period. The compensation expense recorded related to the ESPP was \$483 and \$415 for the three months ended September 30, 2008 and 2007, respectively, and \$1,334 and \$1,076 for the nine months ended September 30, 2008 and 2007, respectively.

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In January 2008, the Company issued 70,646 shares to employees at a discounted price of \$53.45 for the offering period of July 1, 2007 through December 31, 2007. In January 2007, the Company issued 80,282 shares to employees at a discounted price of \$43.52 for the offering period of July 1, 2006 through December 31, 2006.

In July 2008, the Company issued 65,841 shares to employees at a discounted price of \$59.13 for the offering period of January 1, 2008 through June 30, 2008, related to the ESPP. In July 2007, the Company issued 75,468 shares to employees at a discounted price of \$50.26 for the offering period of January 1, 2007 through June 30, 2007, related to the ESPP.

The fair value of each award under the ESPP was estimated at the beginning of each offering period using the Black-Scholes option-pricing model. Expected volatilities are based on implied volatilities from traded options on the Company's stock and the historical volatility of the Company's stock. The risk-free rate for periods within the contractual life of the option is based on the U.S. Treasury yield curve in effect at the time of grant.

10. Stock Repurchase

On August 7, 2008, the Company purchased 1,000,000 of its common shares from Fortis Insurance N.V. (Fortis) at a price, including transaction fees, of \$59.00 per share for a total of \$59,000. The shares were purchased in a private aftermarket block transaction.

In September 2007, the Company announced the suspension of its stock buyback program. The purchase of shares from Fortis does not constitute a resumption of its buyback program, which remains on hold. The Company continues to evaluate the potential to implement a new buyback program.

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11. Earnings Per Common Share

The following table presents the weighted average common shares used in calculating basic earnings per common share and those used in calculating diluted earnings per common share for each income category presented below.

	Three months ended September 30,		Nine months ended September 30,	
	2008	2007	2008	2007
Numerator				
Net (loss) income	\$ (111,429)	\$ 187,191	\$ 265,355	\$ 532,928
Denominator				
Weighted average shares outstanding used in basic earnings per share calculations	117,750,167	118,447,175	117,897,422	120,404,471
Incremental common shares from :				
SARs		1,216,688	1,137,360	1,585,790
Restricted stock		77,571	104,196	71,750
ESPP			5,498	
Weighted average shares used in diluted earnings per share calculations	117,750,167	119,741,434	119,144,476	122,062,011
Earnings per share				
Basic	\$ (0.95)	\$ 1.58	\$ 2.25	\$ 4.43
Diluted*	\$ (0.95)	\$ 1.56	\$ 2.23	\$ 4.37

* Per FAS128, no potential common shares are included in the computation of diluted per share amount when a loss from operations exists. Average restricted shares totaling 26,662 for the three months ended September 30, 2007, and 336 and 65,579, for the nine months ended September 30, 2008 and 2007, respectively, were outstanding but were anti-dilutive and thus not included in the computation of diluted EPS under the treasury stock method. Average SARs totaling 1,468,543 for the three months ended September 30, 2007, and 1,065,998 and 1,145,150 for the nine months ended September 30, 2008 and 2007, respectively, were also outstanding but were anti-dilutive and thus not included in the computation of diluted EPS under the treasury stock method.

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12. Retirement and Other Employee Benefits

The components of net periodic benefit cost for the Company's qualified pension benefits plan, nonqualified pension benefits plan and retirement health benefits plan for the three and nine months ended September 30, 2008 and 2007 were as follows:

	Qualified Pension Benefits		Nonqualified Pension Benefits (1)		Retirement Health Benefits	
	For the three months ended September 30, 2008	2007	For the three months ended September 30, 2008	2007	For the three months ended September 30, 2008	2007
Service cost	\$ 5,196	\$ 5,252	\$ 481	\$ 514	\$ 626	\$ 726
Interest cost	7,098	6,222	1,572	1,456	958	849
Expected return on plan assets	(9,040)	(8,312)			(717)	(321)
Amortization of prior service cost	717	758	175	250	346	341
Amortization of net loss (gain)	399	2,003	299	264	(118)	
Net periodic benefit cost	\$ 4,370	\$ 5,923	\$ 2,527	\$ 2,484	\$ 1,095	\$ 1,595

	Qualified Pension Benefits		Nonqualified Pension Benefits (1)		Retirement Health Benefits	
	For the nine months ended September 30, 2008	2007	For the nine months ended September 30, 2008	2007	For the nine months ended September 30, 2008	2007
Service cost	\$ 15,796	\$ 15,486	\$ 1,431	\$ 1,523	\$ 2,176	\$ 2,210
Interest cost	20,248	18,437	4,522	4,260	2,858	2,615
Expected return on plan assets	(27,590)	(24,253)			(1,317)	(935)
Amortization of prior service cost	2,167	2,297	575	850	996	1,002
Amortization of net loss (gain)	2,499	5,471	999	1,274	(118)	
Settlement charge under FAS 88			1,748	115		
Net periodic benefit cost	\$ 13,120	\$ 17,438	\$ 9,275	\$ 8,022	\$ 4,595	\$ 4,892

(1) The Company's nonqualified plans are unfunded.

During the first nine months of 2008, \$15,000 was contributed to the qualified pension benefits plan. An additional \$5,000 is expected to be contributed to the qualified pension benefits plan over the remainder of 2008.

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13. Segment Information

The Company has five reportable segments, which are defined based on the nature of the products and services offered: Assurant Solutions, Assurant Specialty Property, Assurant Health, Assurant Employee Benefits, and Corporate & Other. Assurant Solutions provides credit insurance, including life, disability and unemployment, debt protection administration services, warranties and extended service contracts, life insurance policies and annuity products that provide benefits to fund pre-arranged funerals. Assurant Specialty Property provides creditor-placed homeowners insurance and manufactured housing homeowners insurance. Assurant Health provides individual, short-term and small group health insurance. Assurant Employee Benefits provides employee and employer paid dental, disability, and life insurance products and related services. Corporate & Other includes activities of the holding company, financing and interest expenses, net realized gains (losses) on investments, interest income earned from short-term investments held and additional costs associated with excess of loss reinsurance programs reinsured and ceded to certain subsidiaries in the London market between 1995 and 1997. Corporate & Other also includes the amortization of deferred gains associated with the sales of Fortis Financial Group and Long-Term Care through reinsurance agreements.

The Company evaluates performance of the operating segments based on after-tax segment income (loss) excluding realized gains (losses) on investments. The Company determines reportable segments in a manner consistent with the way the Company organizes for purposes of making operating decisions and assessing performance.

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The following tables summarize selected financial information by segment:

	Three Months Ended September 30, 2008					
	Solutions	Specialty Property	Health	Employee Benefits	Corporate & Other	Consolidated
Revenues						
Net earned premiums and other considerations	\$ 707,115	\$ 513,228	\$ 486,700	\$ 277,093	\$	\$ 1,984,136
Net investment income	105,539	31,129	13,769	35,278	6,599	192,314
Net realized losses on investments					(299,205)	(299,205)
Amortization of deferred gain on disposal of businesses					7,379	7,379
Fees and other income	40,623	12,501	10,100	6,475	212	69,911
Total revenues	853,277	556,858	510,569	318,846	(285,015)	1,954,535
Benefits, losses and expenses						
Policyholder benefits	295,190	302,105	311,790	185,951	12	1,095,048
Amortization of deferred acquisition costs and value of business acquired	326,468	82,731	4,263	9,305		422,767
Underwriting, general and administrative expenses	201,311	125,788	148,082	90,421	19,448	585,050
Interest expense					15,190	15,190
Total benefits, losses and expenses	822,969	510,624	464,135	285,677	34,650	2,118,055
Segment income (loss) before provision (benefit) for income tax	30,308	46,234	46,434	33,169	(319,665)	(163,520)
Provision (benefit) for income taxes	9,921	15,292	16,230	11,712	(105,246)	(52,091)
Segment income (loss) after tax	\$ 20,387	\$ 30,942	\$ 30,204	\$ 21,457	\$ (214,419)	
Net loss						\$ (111,429)

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Assurant, Inc.

Notes to Consolidated Financial Statements (unaudited)

Nine Months Ended September 30, 2008 and 2007

(In thousands, except per share and share amounts)

	Three Months Ended September 30, 2007						Consolidated
	Solutions	Specialty Property	Health	Employee Benefits	Corporate & Other		
Revenues							
Net earned premiums and other considerations	\$ 649,915	\$ 445,211	\$ 514,233	\$ 284,029	\$		\$ 1,893,388
Net investment income	105,631	25,862	15,753	38,046	8,757		194,049
Net realized losses on investments					(13,076)		(13,076)
Amortization of deferred gain on disposal of businesses					8,298		8,298
Fees and other income	36,623	12,063	10,688	6,040	119		65,533
Total revenues	792,169	483,136	540,674	328,115	4,098		2,148,192
Benefits, losses and expenses							
Policyholder benefits	284,755	129,354	326,479	194,957			935,545
Amortization of deferred acquisition costs and value of business acquired	277,005	70,341	4,420	7,990			359,756
Underwriting, general and administrative expenses	174,505	107,397	149,508	93,988	28,060		553,458
Interest expense					15,288		15,288
Total benefits, losses and expenses	736,265	307,092	480,407	296,935	43,348		1,864,047
Segment income (loss) before provision (benefit) for income tax							
	55,904	176,044	60,267	31,180	(39,250)		284,145
Provision (benefit) for income taxes	18,527	61,362	20,902	10,788	(14,625)		96,954
Segment income (loss) after tax	\$ 37,377	\$ 114,682	\$ 39,365	\$ 20,392	\$ (24,625)		
Net income							\$ 187,191

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Assurant, Inc.

Notes to Consolidated Financial Statements (unaudited)

Nine Months Ended September 30, 2008 and 2007

(In thousands, except per share and share amounts)

	Nine Months Ended September 30, 2008					Consolidated
	Solutions	Specialty Property	Health	Employee Benefits	Corporate & Other	
Revenues						
Net earned premiums and other considerations	\$ 2,091,237	\$ 1,528,569	\$ 1,470,485	\$ 830,778	\$	\$ 5,921,069
Net investment income	320,694	92,501	44,719	112,566	20,819	591,299
Net realized losses on investments					(376,922)	(376,922)
Amortization of deferred gain on disposal of businesses					22,085	22,085
Fees and other income	132,572	38,090	29,143	20,238	3,046	223,089
Total revenues	2,544,503	1,659,160	1,544,347	963,582	(330,972)	6,380,620
Benefits, losses and expenses						
Policyholder benefits	888,043	618,711	943,859	578,994	1,108	3,030,715
Amortization of deferred acquisition costs and value of business acquired	961,729	249,822	13,857	27,656		1,253,064
Underwriting, general and administrative expenses	544,656	353,878	439,473	270,325	70,922	1,679,254
Interest expense					45,765	45,765
Total benefits, losses and expenses	2,394,428	1,222,411	1,397,189	876,975	117,795	6,008,798
Segment income (loss) before provision (benefit) for income tax						
	150,075	436,749	147,158	86,607	(448,767)	371,822
Provision (benefit) for income taxes	49,776	150,021	51,970	30,188	(175,488)	106,467
Segment income (loss) after tax	\$ 100,299	\$ 286,728	\$ 95,188	\$ 56,419	\$ (273,279)	
Net income						\$ 265,355

	As of September 30, 2008					
Segment assets:						
Segments assets, excluding goodwill	\$ 11,748,132	\$ 3,420,976	\$ 1,085,988	\$ 2,548,886	\$ 5,709,843	\$ 24,513,825
Goodwill						840,490
Total assets						\$ 25,354,315

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Assurant, Inc.

Notes to Consolidated Financial Statements (unaudited)

Nine Months Ended September 30, 2008 and 2007

(In thousands, except per share and share amounts)

	Nine Months Ended September 30, 2007					Consolidated
	Solutions	Specialty Property	Health	Employee Benefits	Corporate & Other	
Revenues						
Net earned premiums and other considerations	\$ 1,851,601	\$ 1,205,866	\$ 1,540,953	\$ 853,164	\$	\$ 5,451,584
Net investment income	318,432	71,398	51,313	129,341	30,763	601,247
Net realized losses on investments					(10,592)	(10,592)
Amortization of deferred gain on disposal of businesses					24,893	24,893
Fees and other income	115,631	37,313	30,821	18,696	589	203,050
Total revenues	2,285,664	1,314,577	1,623,087	1,001,201	45,653	6,270,182
Benefits, losses and expenses						
Policyholder benefits	786,626	377,007	973,590	589,897		2,727,120
Amortization of deferred acquisition costs and value of business acquired	795,765	200,914	15,146	22,690		1,034,515
Underwriting, general and administrative expenses	538,530	306,915	459,280	280,331	63,473	1,648,529
Interest expense					45,881	45,881
Total benefits, losses and expenses	2,120,921	884,836	1,448,016	892,918	109,354	5,456,045
Segment income (loss) before provision (benefit) for income tax						
	164,743	429,741	175,071	108,283	(63,701)	814,137
Provision (benefit) for income taxes	53,087	150,418	61,344	37,459	(21,099)	281,209
Segment income (loss) after tax	\$ 111,656	\$ 279,323	\$ 113,727	\$ 70,824	\$ (42,602)	
Net income						\$ 532,928

	As of December 31, 2007					
Segment assets:						
Segments assets, excluding goodwill	\$ 11,936,776	\$ 2,956,414	\$ 1,236,591	\$ 2,807,698	\$ 6,980,181	\$ 25,917,660
Goodwill						832,656
Total assets						\$ 26,750,316

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Assurant, Inc.

Notes to Consolidated Financial Statements (unaudited)

Nine Months Ended September 30, 2008 and 2007

(In thousands, except per share and share amounts)

14. Commitments and Contingencies

In the normal course of business, letters of credit are issued primarily to support reinsurance arrangements. These letters of credit are supported by commitments with financial institutions. The Company had \$53,652 and \$31,813 of letters of credit outstanding as of September 30, 2008 and December 31, 2007, respectively.

The Company is involved in litigation in the ordinary course of business, both as a defendant and as a plaintiff. The Company may from time to time be subject to a variety of legal and regulatory actions relating to the Company's current and past business operations. While the Company cannot predict the outcome of any pending or future litigation, examination or investigation and although no assurances can be given, the Company does not believe that any pending matter will have a material adverse effect individually or in the aggregate, on the Company's financial condition, results of operations, or cash flows.

One of the Company's subsidiaries, American Reliable Insurance Company (ARIC), participated in certain excess of loss reinsurance programs in the London market and, as a result, reinsured certain personal accident, ransom and kidnap insurance risks from 1995 to 1997. ARIC and a foreign affiliate ceded a portion of these risks to retrocessionaires. ARIC ceased reinsuring such business in 1997. However, certain risks continued beyond 1997 due to the nature of the reinsurance contracts written. ARIC and some of the other reinsurers involved in the programs are seeking to avoid certain treaties on various grounds, including material misrepresentation and non-disclosure by the ceding companies and intermediaries involved in the programs. Similarly, some of the retrocessionaires are seeking avoidance of certain treaties with ARIC and the other reinsurers and some reinsureds are seeking collection of disputed balances under some of the treaties. The disputes generally involve multiple layers of reinsurance, and allegations that the reinsurance programs involved interrelated claims spirals devised to disproportionately pass claims losses to higher-level reinsurance layers.

Many of the companies involved in these programs, including ARIC, are currently involved in negotiations, arbitrations and/or litigation between multiple layers of retrocessionaires, reinsurers, ceding companies and intermediaries, including brokers, in an effort to resolve these disputes. Many of the disputes involving ARIC and an affiliate, Bankers Insurance Company Limited (BICL), relating to the 1995 and 1997 program years, were resolved by settlement or arbitration in 2005. As a result of the settlements and an arbitration (in which ARIC did not prevail) additional information became available in 2005, and based on management's best estimate, the Company increased its reserves and recorded a total pre-tax charge of \$61,943 for the year ended December 31, 2005. Negotiations, arbitrations and litigation are still ongoing or will be scheduled for the remaining disputes. On February 28, 2006 there was a settlement relating to the 1996 program. In 2007, there were two settlements relating to parts of the 1997 program. Loss accruals previously established relating to the 1996 and 1997 programs were adequate. The Company believes, based on information currently available, that the amounts accrued for currently outstanding disputes are adequate. However, the inherent uncertainty of arbitrations and lawsuits, including the uncertainty of estimating whether any settlements the Company may enter into in the future would be on favorable terms, makes it difficult to predict the outcomes with certainty.

As previously disclosed, the Company and certain of its officers and former employees have received subpoenas and requests from the SEC in connection with its investigation by the SEC staff into certain finite reinsurance contracts entered into by the Company. The Company is cooperating fully and is complying with the requests.

The Company conducted an evaluation of the transactions that could potentially fall within the scope of the subpoenas, as defined by the authorities, and the Company has provided information as requested. On the basis of our investigation, the Company has concluded that there was a verbal side agreement with respect to one of our reinsurers under our catastrophic reinsurance program. The contract to which this verbal agreement applied was accounted for using reinsurance accounting as opposed to deposit accounting. While management believes

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Assurant, Inc.

Notes to Consolidated Financial Statements (unaudited)

Nine Months Ended September 30, 2008 and 2007

(In thousands, except per share and share amounts)

that the difference resulting from the appropriate alternative accounting treatment would be immaterial to our financial position or results of operations, regulators may reach a different conclusion. In 2004 and 2003, premiums ceded to this reinsurer were \$2,600 and \$1,500, respectively, and losses ceded were \$10,000 and zero, respectively. This contract expired in December 2004 and was not renewed.

In July 2007, the Company learned that each of the following five individuals, Robert B. Pollock, President and Chief Executive Officer, Philip Bruce Camacho, Executive Vice President and Chief Financial Officer, Adam Lamnin, Executive Vice President and Chief Financial Officer of Assurant Solutions/Assurant Specialty Property, Michael Steinman, Senior Vice President and Chief Actuary of Assurant Solutions/Assurant Specialty Property and Dan Folsie, Vice President-Risk Management of Assurant Solutions/Assurant Specialty Property, received Wells notices from the SEC in connection with its ongoing investigation. A Wells notice is an indication that the staff of the SEC is considering recommending that the SEC bring a civil enforcement action against the recipient for violating provisions of the federal securities laws. Under SEC procedures, the recipients have the opportunity to respond to the SEC staff before a formal recommendation is finalized and before the Commissioners themselves consider any recommendations.

On July 17, 2007, the Company announced that the Board of Directors (the Board) had placed all five employees on administrative leave, pending further review of this matter. The Board's actions were based on the recommendations of its Special Committee of non-management directors which thereafter undertook a thorough investigation of the events that had resulted in the receipt of the Wells notices. The Special Committee has reviewed relevant documents, conducted interviews and worked with outside counsel to investigate these matters and to recommend appropriate actions to the Board with respect to the SEC investigation. On August 9, 2007, Messrs. Steinman and Folsie's employment with the Company was terminated.

On the basis of an extensive review of evidence concerning this matter and the work of the Special Committee, the Board unanimously voted to reinstate Mr. Pollock as President and Chief Executive Officer, effective January 28, 2008. The Board's decision to reinstate Mr. Pollock implies no conclusion concerning the outcome of the SEC staff's ongoing investigation, and the SEC staff's Wells notice to him remains in effect. The SEC staff's inquiry continues, and the Company is cooperating fully. We cannot predict the duration or outcome of the investigation.

In the course of its response to SEC staff inquiries, the Company identified certain problems related to its document production process. These production issues have delayed resolution of this matter. The Company believes that it has now completed its response to the SEC staff's document request. Messrs. Camacho and Lamnin remain on administrative leave.

In relation to the SEC investigation discussed above, the SEC may charge the Company and/or the individuals with violations of the federal securities laws, including alleging violations of Sections 10(b), 13(a), and/or 13(b) of the Securities Exchange Act of 1934, and/or Section 17(a) of the Securities Act of 1933, and may seek civil monetary penalties, injunctive relief and other remedies against the Company and individuals, including potentially seeking a bar preventing one or more individuals from serving as an officer or director of a public company. The SEC may also take the position that the Company should restate its consolidated financial statements to address the accounting treatment referred to above. No settlement of any kind can be reached without approval by the SEC and the Company has not accrued for any civil monetary penalties because the Company cannot reasonably estimate the probability or amount of such penalties at this time.

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Assurant, Inc.

Notes to Consolidated Financial Statements (unaudited)

Nine Months Ended September 30, 2008 and 2007

(In thousands, except per share and share amounts)

15. Subsequent Events

On October 1, 2008 the Company completed the acquisition of Signal Holdings LLC (Signal). The Company paid \$253,100 in cash for the outstanding capital stock of Signal, a leading provider of wireless handset protection programs and repair services.

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Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

(Dollar amounts in thousands)

This Management's Discussion and Analysis of Financial Condition and Results of Operations (MD&A) addresses the financial condition of Assurant, Inc. and its subsidiaries (which we refer to collectively as Assurant) as of September 30, 2008, compared with December 31, 2007, and our results of operations for the three and nine months ended September 30, 2008 and 2007. This discussion should be read in conjunction with our MD&A and annual audited consolidated financial statements as of December 31, 2007 included in our Annual Report on Form 10-K for the year ended December 31, 2007 filed with the U.S. Securities and Exchange Commission (the SEC) and the September 30, 2008 unaudited consolidated financial statements and related notes included elsewhere in this Form 10-Q.

Some of the statements included in this MD&A and elsewhere in this report, particularly those anticipating future financial performance, business prospects, growth and operating strategies and similar matters, are forward-looking statements that involve a number of risks and uncertainties. You can identify these statements by the fact that they may use words such as will, may, anticipates, expects, estimates, projects, intends, plans, believes, targets, forecasts, potential, approximately, or the negative version of those words and other words and terms with similar meaning. Any forward looking statements contained in this report are based upon our historical performance and on current plans, estimates and expectations. The inclusion of this forward-looking information should not be regarded as a representation by us or any other person that the future plans, estimates or expectations contemplated by us will be achieved. Our actual results might differ materially from those projected in the forward-looking statements. The Company undertakes no obligation to update or review any forward-looking statement, whether as a result of new information, future events or other developments.

In addition to the factors described in the section below entitled Critical Factors Affecting Results, the following risk factors could cause our actual results to differ materially from those currently estimated by management: (i) failure to maintain significant client relationships, distribution sources and contractual arrangements; (ii) failure to attract and retain sales representatives; (iii) general global economic, financial market and political conditions (including difficult conditions in financial markets and the global economic slowdown, fluctuations in interest rates, mortgage rates, monetary policies and inflationary pressure); (iv) inadequacy of reserves established for future claims losses; (v) failure to predict or manage benefits, claims and other costs; (vi) diminished value of invested assets in our investment portfolio (due to, among other things, the recent volatility in financial markets and global economic slowdown, credit and liquidity risk, environmental liability exposure and inability to target an appropriate overall risk level); (vii) losses due to natural and man-made catastrophes; (viii) unavailability, inadequacy and unaffordable pricing of reinsurance coverage; (ix) inability of reinsurers to meet their obligations; (x) insolvency of third parties to whom we have sold or may sell businesses through reinsurance or modified co-insurance; (xi) credit risk of some of our agents in Assurant Specialty Property and Solutions; (xii) a further decline in the manufactured housing industry; (xiii) a decline in our credit or financial strength ratings (including the current heightened risk of rating downgrades in the insurance industry); (xiv) failure to effectively maintain and modernize our information systems; (xv) failure to protect client information and privacy; (xvi) failure to find and integrate suitable acquisitions and new insurance ventures; (xvii) inability of our subsidiaries to pay sufficient dividends; (xviii) failure to provide for succession of senior management and key executives; (xix) negative publicity and impact on our business due to unfavorable outcomes in litigation and regulatory investigations (including the potential impact on our reputation and business of a negative outcome in the ongoing SEC investigation); (xx) significant competitive pressures in our businesses and cyclical nature of the insurance industry; (xxi) current or new laws and regulations that could increase our costs or limit our growth. These risk factors should not be construed as exhaustive and should be read in conjunction with the other cautionary statements that are included in this report. For a more detailed discussion of the risk factors that could affect our actual results, please refer to the Risk Factors in item 1A of this Form 10-Q and in our 2007 Annual Report on Form 10-K.

Company Overview

Assurant is a premier provider of specialized insurance products and related services in North America and selected international markets. We have five reportable segments, four of which are operating segments, Assurant Solutions, Assurant Specialty Property, Assurant Health, and Assurant Employee Benefits. These operating segments have partnered with clients who are leaders in their industries and have built leadership positions in a number of specialty insurance market segments in the U.S. and selected international markets. The Assurant

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business segments provide creditor-placed homeowners insurance; manufactured housing homeowners insurance; debt protection administration services; credit insurance including life, disability and unemployment; warranties and extended services contracts; individual, short-term and small employer group health insurance; group dental insurance; group disability insurance; group life insurance; and pre-funded funeral insurance. Our remaining segment is Corporate & Other which includes activities of the holding company, financing and interest expenses, net realized gains (losses) on investments, interest income earned from short-term investments held and additional costs associated with excess of loss reinsurance programs reinsured and ceded to certain subsidiaries in the London market between 1995 and 1997. Corporate & Other also includes the amortization of deferred gains associated with the sales of Fortis Financial Group and Long-Term Care through reinsurance agreements.

Critical Factors Affecting Results

Our results depend on the adequacy of our product pricing, underwriting and the accuracy of our methodology for the establishment of reserves for future policyholder benefits and claims, returns on and values of invested assets and our ability to manage our expenses. Therefore, factors affecting these items, including difficult conditions in financial markets and the global economic slowdown, may have a material adverse effect on our results of operations or financial condition.

For information on how the current state of the global capital and credit markets may affect our results, refer to Item 1A-Risk Factors.

Critical Accounting Policies and Estimates

Our 2007 Annual Report on Form 10-K described the accounting policies and estimates that are critical to the understanding of our results of operations, financial condition and liquidity. The accounting policies and estimates described in the 2007 Annual Report on Form 10-K were consistently applied to the unaudited interim consolidated financial statements for the nine months ended September 30, 2008.

Table of Contents**Assurant Consolidated***Overview*

The tables below present information regarding our consolidated results of operations:

	For the Three Months Ended		For the Nine Months Ended	
	September 30, 2008	September 30, 2007	September 30, 2008	September 30, 2007
	(in thousands)			
Revenues:				
Net earned premiums and other considerations	\$ 1,984,136	\$ 1,893,388	\$ 5,921,069	\$ 5,451,584
Net investment income	192,314	194,049	591,299	601,247
Net realized losses on investments	(299,205)	(13,076)	(376,922)	(10,592)
Amortization of deferred gain on disposal of businesses	7,379	8,298	22,085	24,893
Fees and other income	69,911	65,533	223,089	203,050
Total revenues	1,954,535	2,148,192	6,380,620	6,270,182
Benefits, losses and expenses:				
Policyholder benefits	1,095,048	935,545	3,030,715	2,727,120
Selling, underwriting and general expenses (1)(2)	1,007,817	913,214	2,932,318	2,683,044
Interest expense	15,190	15,288	45,765	45,881
Total benefits, losses and expenses	2,118,055	1,864,047	6,008,798	5,456,045
(Loss) income before (benefit) provision for income taxes	(163,520)	284,145	371,822	814,137
(Benefit) provision for income taxes	(52,091)	96,954	106,467	281,209
Net (loss) income	\$ (111,429)	\$ 187,191	\$ 265,355	\$ 532,928

(1) Includes amortization of deferred acquisition costs (DAC) and value of business acquired (VOBA).

(2) Includes commissions, taxes, licenses and fees.

The following discussion provides a high level analysis of how the consolidated results were affected by our four operating segments and our Corporate and Other segment for the three and nine months ended September 30, 2008 (Third Quarter 2008 and Nine Months 2008 , respectively) and three and nine months ended September 30, 2007 (Third Quarter 2007 and Nine Months 2007 , respectively). Please see the discussion that follows, for each of these segments, for a more detailed analysis of the fluctuations.

For The Three Months Ended September 30, 2008 Compared to The Three Months Ended September 30, 2007.*Net Income*

Third Quarter 2008 incurred a net loss of \$(111,429), a decrease of \$298,620, or 160%, compared with \$187,191 in net income for Third Quarter 2007. The decrease was primarily due to net realized losses on investments of \$194,483 (after-tax) and losses associated with hurricanes Gustav and Ike of \$86,200 (after-tax). Included in realized losses are other-than-temporary impairments of \$148,946 (after-tax).

For The Nine Months Ended September 30, 2008 Compared to The Nine Months Ended September 30, 2007.*Net Income*

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Net income decreased \$267,573, or 50%, to \$265,355 for Nine Months 2008 from \$532,928 for Nine Months 2007. The decrease was primarily due to the reasons noted above.

Table of Contents**Assurant Solutions***Overview*

The tables below present information regarding our Assurant Solutions segment results of operations:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2008	2007	2008	2007
(in thousands)				
Revenues:				
Net earned premiums and other considerations	\$ 707,115	\$ 649,915	\$ 2,091,237	\$ 1,851,601
Net investment income	105,539	105,631	320,694	318,432
Fees and other income	40,623	36,623	132,572	115,631
Total revenues	853,277	792,169	2,544,503	2,285,664
Benefits, losses and expenses:				
Policyholder benefits	295,190	284,755	888,043	786,626
Selling, underwriting and general expenses (4)(5)	527,779	451,510	1,506,385	1,334,295
Total benefits, losses and expenses	822,969	736,265	2,394,428	2,120,921
Segment income before provision for income taxes	30,308	55,904	150,075	164,743
Provision for income taxes	9,921	18,527	49,776	53,087
Segment net income	\$ 20,387	\$ 37,377	\$ 100,299	\$ 111,656
Net earned premiums and other considerations:				
<i>Domestic:</i>				
Credit	\$ 70,270	\$ 75,638	\$ 213,331	\$ 232,668
Service contracts	334,386	292,762	989,453	834,899
Other (1)	13,685	14,496	44,305	46,702
Total Domestic	418,341	382,896	1,247,089	1,114,269
<i>International:</i>				
Credit	98,645	98,431	285,570	287,721
Service contracts	93,745	64,561	261,540	169,821
Other (1)	(139)	8,307	16,362	27,546
Total International	192,251	171,299	563,472	485,088
Preneed	96,523	95,720	280,676	252,244
Total	\$ 707,115	\$ 649,915	\$ 2,091,237	\$ 1,851,601
Fees and other income:				
<i>Domestic:</i>				
Debt protection	\$ 8,495	\$ 7,415	\$ 24,694	\$ 23,634
Service contracts	18,472	16,679	56,783	50,746
Other (1)	6,873	6,320	20,047	18,018

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Total Domestic	33,840	30,414	101,524	92,398
International	7,272	5,179	26,718	14,055
Preneed	(489)	1,030	4,330	9,178
Total	\$ 40,623	\$ 36,623	\$ 132,572	\$ 115,631
Gross written premiums (2):				
<i>Domestic:</i>				
Credit	\$ 151,717	\$ 168,135	\$ 456,788	\$ 497,716
Service contracts	385,153	434,465	1,175,121	1,337,012
Other (1)	17,858	22,353	51,692	65,232
Total Domestic	554,728	624,953	1,683,601	1,899,960
<i>International:</i>				
Credit	213,322	219,945	646,941	612,713
Service contracts	133,226	118,754	344,942	285,284
Other (1)	1,375	11,176	21,685	35,531
Total International	347,923	349,875	1,013,568	933,528
Total	\$ 902,651	\$ 974,828	\$ 2,697,169	\$ 2,833,488
Preneed (face sales)	\$ 121,021	\$ 107,341	\$ 346,304	\$ 295,759
Combined ratio (3):				
Domestic	104.7%	100.9%	100.2%	100.9%
International	105.6%	102.3%	106.4%	104.7%

(1) This includes emerging products and run-off products lines.

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- (2) Gross written premiums does not necessarily translate to an equal amount of subsequent net earned premiums since Assurant Solutions reinsures a portion of its premiums to insurance subsidiaries of its clients.
- (3) The combined ratio is equal to total benefits, losses and expenses divided by net earned premiums and other considerations and fees and other income excluding the preneed business.
- (4) Includes amortization of DAC and VOBA.
- (5) Includes commissions, taxes, licenses and fees.

For The Three Months Ended September 30, 2008 Compared to The Three Months Ended September 30, 2007.

Net Income

Segment net income decreased \$16,990, or 45%, to \$20,387 for Third Quarter 2008 from \$37,377 for Third Quarter 2007. The decrease was primarily due to less favorable results in our domestic service contract business, including the effects of the termination of the existing strategic alliance with General Electric (GE). Also contributing to the decrease was less favorable credit insurance loss experience in the United Kingdom and increased expenses in certain countries to support our international expansion. Partially offsetting these declines were favorable client settlements related to reserves previously established for a credit life product in Brazil.

On September 26, 2008, the Company acquired the Warranty Management Group business from GE Consumer & Industrial, a unit of GE. The Company paid GE \$140,000 in cash for the sale, transfer and conveyance of certain assets and will assume certain liabilities. As part of the acquisition, the Company entered into a new 10-year agreement to market extended warranties and service contracts on GE-branded major appliances in the United States.

In a separate transaction, GE paid the Company \$115,000 in cash in connection with the termination of the existing strategic alliance. Under the pre-existing relationship, the Company sold extended warranties directly to GE appliance purchasers and through leading retailers. After the acquisition, the Company assumed full responsibility for operating the extended warranty business it previously co-managed and shared with GE. Due to the termination of the existing strategic alliance, the Company reduced its deferred acquisition costs (DAC) asset.

Total Revenues

Total revenues increased \$61,108, or 8%, to \$853,277 for Third Quarter 2008 from \$792,169 for Third Quarter 2007. The increase in revenues is primarily attributable to increased net earned premiums and other considerations of \$57,200. This increase is due to growth in our domestic and international service contract business, which was driven by higher earnings on premiums written in prior periods. We also experienced growth

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in our Preneed life insurance (Preneed) business from increased earnings from our existing exclusive distribution partnership with Service Corporation International (SCI) funeral homes. These increases were partially offset by the continued runoff of our domestic credit insurance and Preneed Independent US business and a recently acquired runoff block of preneed business from Mayflower National Life Insurance Company (Mayflower). Subsequent to the acquisition, we merged Mayflower, a leading provider of preneed insurance products and services, into our existing preneed life insurer, American Memorial Life Insurance Company, where we continue to write all new preneed business. Also contributing to the increase in revenues was an increase in fees and other income of \$4,000, or 11%, primarily from various international acquisitions made in and subsequent to Third Quarter 2007, combined with the continued growth of our service contract businesses.

Gross written premiums decreased \$72,177, to \$902,651 in the Third Quarter 2008 from \$974,828 for Third Quarter 2007. Gross written premiums from our domestic service contract business decreased \$49,312, primarily due to the store closings of a client and the impact of lower retail sales from other clients, partially offset by increases in premium from new clients. Gross written premiums from our domestic credit insurance business decreased \$16,418 due to the continued runoff of this product line. Gross written premiums from our international credit business decreased \$6,623 primarily driven by credit difficulties experienced in the United Kingdom housing market. This was offset by growth in other countries from increased marketing efforts, strong client production, and the favorable impact of foreign exchange rates. Partially offsetting these decreases is increased gross written premiums in our international service contracts business of \$14,472 primarily from growth with both new and existing clients, which is consistent with our international expansion strategy, and the favorable impact of foreign exchange rates. We experienced an increase in our Preneed face sales of \$13,680 primarily due to new business generated from former Alderwoods funeral homes and growth from our existing exclusive distribution partnership with SCI funeral homes.

Total Benefits, Losses and Expenses

Total benefits, losses and expenses increased \$86,704, or 12%, to \$822,969 for Third Quarter 2008 from \$736,265 for Third Quarter 2007. Policyholder benefits increased \$10,435, primarily driven by the growth in net earned premiums from our domestic and international service contract and Preneed businesses. This was partially offset by improved loss experience in our international business including the improved results in the credit life product in Brazil. Selling, underwriting and general expenses increased \$76,269. Commissions, taxes, licenses and fees, of which amortization of DAC is a component, increased \$62,637, primarily due to an increase in the overall commission rate caused by the change in business mix. This was evidenced by higher earnings in our service contract business, which has higher commission rates, compared to the lower commission rates on the decreasing domestic credit business. Additionally, Third Quarter 2008 includes the effects of the termination of the existing strategic alliance with GE. General expenses increased \$13,632, due to higher employment expenses associated with our continued investment in international expansion combined with the amortization of intangibles associated with international acquisitions made during the latter part of 2007.

*For The Nine Months Ended September 30, 2008 Compared to The Nine Months Ended September 30, 2007.**Net Income*

Segment net income decreased \$11,357, or 10%, to \$100,299 for Nine Months 2008 from \$111,656 for Nine Months 2007. The decrease is due in part to income recognized of \$8,600 (after-tax) in 2007 related to settlement fees received related to the sale of marketing rights for the Independent U.S. Preneed business and the completed clients commission reconciliation project. In addition, net income decreased due to less favorable loss experience in our international businesses and continued investments made to support our strategic international expansion and higher expenses associated with the acquisitions internationally during the latter part of 2007. Net investment income increased \$1,470 (after-tax). This increase is primarily attributable to an increase of approximately \$10,900 (after-tax) resulting from higher average invested assets attributable to growth in our international and domestic service contract business partially offset by decreased investment income from lower distributions from real estate joint venture partnerships of approximately \$9,400 (after-tax). The decrease in real estate joint venture partnership income is due to greater sales of underlying properties in Nine Months 2007 compared with Nine Months 2008 given more favorable real estate market conditions in 2007.

Table of Contents*Total Revenues*

Total revenues increased \$258,839, or 11%, to \$2,544,503 for Nine Months 2008 from \$2,285,664 for Nine Months 2007. The increase in revenues is primarily attributable to increased net earned premiums and other considerations of \$239,636. This increase is due to growth in our domestic and international service contract business driven by higher earnings on premiums written in prior periods. We also experienced growth in our Preneed business from increased earnings from the acquisition of Mayflower in late 2007 and earnings from the existing exclusive distribution partnership with SCI funeral homes. These increases were offset by the continued runoff of our domestic credit insurance and the Preneed Independent US businesses. Also contributing to the increase in revenues was an increase in fees and other income of \$16,941, or 15%, primarily from various international acquisitions made during the latter part of 2007 combined with the continued growth of our service contract businesses. Net investment income increased \$2,262, or 1%, despite net investment income of \$15,680 recognized in Nine Months 2007 from real estate joint venture partnerships compared with \$1,210 in Nine Months 2008. Absent this investment income from real estate joint venture partnerships, net investment income increased \$16,732, or 6%, primarily attributable to higher average invested assets from growth in our international and domestic service contract businesses.

Gross written premiums decreased \$136,319, to \$2,697,169 in the Third Quarter 2008 from \$2,833,488 for Third Quarter 2007. Gross written premiums from our domestic service contract business decreased \$161,891, primarily due to the store closings of a client and the impact of lower retail sales from other clients, partially offset by increases in premium from new clients. Gross written premiums from our domestic credit insurance business decreased \$40,928 due to the continued runoff of this product line. These decreases were partially offset by increased gross written premiums in our international business. Gross written premiums from our international credit business increased \$34,228 primarily driven by increased marketing efforts, strong client production, and the favorable impact of foreign exchange rates partially offset by credit difficulties experienced in the United Kingdom housing market. Gross written premiums in our international service contracts business increased \$59,658 primarily from growth with both new and existing clients consistent with our international expansion strategy, and the favorable impact of foreign exchange rates. We experienced an increase in our Preneed face sales of \$50,545 primarily due to new business generated from former Alderwoods funeral homes and growth from our existing exclusive distribution partnership with SCI funeral homes.

Total Benefits, Losses and Expenses

Total benefits, losses and expenses increased \$273,507, or 13%, to \$2,394,428 for Nine Months 2008 from \$2,120,921 for Nine Months 2007. Policyholder benefits increased \$101,417, primarily driven by growth in net earned premiums from our domestic and international service contract and Preneed businesses, combined with unfavorable loss experience in a credit life product in Brazil. Selling, underwriting and general expenses increased \$172,090. Commissions, taxes, licenses and fees, of which amortization of DAC is a component, increased \$129,169, primarily due to an increase in the overall commission rate increases caused by the change in business mix. This was evidenced by higher earnings in our service contract business, which has higher commission rates, compared to the lower commission rates on the decreasing domestic credit business. In addition, contributing to the increase was \$7,800 of income recorded in 2007 from our completed clients commission reconciliation project combined with the effects of the termination of the existing strategic alliance with GE in Third Quarter 2008. General expenses increased \$42,921, due to additional costs associated with the growth of the domestic service contract business as well as higher expenses associated with the continued investment in international expansion and increased expenses from amortization of intangible assets associated with international acquisitions made in the latter part of 2007.

Table of Contents**Assurant Specialty Property***Overview*

The tables below present information regarding our Assurant Specialty Property segment results of operations:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2008	2007	2008	2007
(in thousands)				
Revenues:				
Net earned premiums and other considerations	\$ 513,228	\$ 445,211	\$ 1,528,569	\$ 1,205,866
Net investment income	31,129	25,862	92,501	71,398
Fees and other income	12,501	12,063	38,090	37,313
Total revenues	556,858	483,136	1,659,160	1,314,577
Benefits, losses and expenses:				
Policyholder benefits	302,105	129,354	618,711	377,007
Selling, underwriting and general expenses (5)(6)	208,519	177,738	603,700	507,829
Total benefits, losses and expenses	510,624	307,092	1,222,411	884,836
Segment income before provision for income taxes	46,234	176,044	436,749	429,741
Provision for income taxes	15,292	61,362	150,021	150,418
Segment net income	\$ 30,942	\$ 114,682	\$ 286,728	\$ 279,323
Net earned premiums and other considerations by major product groupings:				
Homeowners (Creditor Placed and Voluntary)	\$ 368,066	\$ 317,607	\$ 1,101,554	\$ 845,159
Manufactured Housing (Creditor Placed and Voluntary)	55,389	54,132	168,934	155,254
Other (1)	89,773	73,472	258,081	205,453
Total	\$ 513,228	\$ 445,211	\$ 1,528,569	\$ 1,205,866
Gross written premiums for selected product groupings:				
Homeowners (Creditor Placed and Voluntary)	\$ 492,069	\$ 420,184	\$ 1,441,014	\$ 1,119,336
Manufactured Housing (Creditor Placed and Voluntary)	80,909	77,885	230,491	222,712
Other (1)	187,929	156,235	483,094	418,992
Total	\$ 760,907	\$ 654,304	\$ 2,154,599	\$ 1,761,040
Ratios:				
Loss ratio (2)	58.9%	29.1%	40.5%	31.3%
Expense ratio (3)	39.7%	38.9%	38.5%	40.8%
Combined ratio (4)	97.1%	67.2%	78.0%	71.2%

(1) This primarily includes flood, agricultural, specialty auto and renters insurance products.

(2) The loss ratio is equal to policyholder benefits divided by net earned premiums and other considerations.

(3) The expense ratio is equal to selling, underwriting and general expenses divided by net earned premiums and other considerations and fees and other income.

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- (4) The combined ratio is equal to total benefits, losses and expenses divided by net earned premiums and other considerations and fees and other income.
- (5) Includes amortization of DAC and VOBA.
- (6) Includes commissions, taxes, licenses and fees.

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For The Three Months Ended September 30, 2008 Compared to The Three Months Ended September 30, 2007.

Net Income

Segment net income decreased \$83,740, or 73%, to \$30,942 for Third Quarter 2008 from \$114,682 for Third Quarter 2007. The decrease in net income was primarily due to incurred losses from Hurricanes Gustav and Ike of \$86,200 (after-tax), net of reinsurance, and \$8,600 (after-tax) in catastrophe reinsurance reinstatement premiums and related expenses. Third Quarter 2007 had no reportable hurricane related costs. Partially offsetting these hurricane costs was an increase in net investment income of \$3,424 (after-tax) as a result of higher average invested assets resulting from the continued growth of the business.

Total Revenues

Total revenues increased \$73,722 or 15%, to \$556,858 for Third Quarter 2008 from \$483,136 for Third Quarter 2007. The increase in revenues was primarily due to increased net earned premiums and other considerations of \$68,017, or 15% net of reinsurance costs of \$26,600, including catastrophe reinsurance reinstatement premiums of \$13,173 related to losses incurred from Hurricane Ike. The increase was mainly attributable to the growth of creditor placed homeowners insurance net earned premiums. This was primarily driven by a 15% increase in average insured values of properties and increased policy penetration rates. Partially offsetting these factors was a net decrease in tracked loans in Third Quarter 2008 due to continued market consolidation and declining inventory of sub-prime loans. In addition, net investment income increased \$5,267 or 20% in Third Quarter 2008 compared to Third Quarter 2007 due to higher invested assets.

Total Benefits, Losses and Expenses

Total benefits, losses and expenses increased \$203,532, or 66%, to \$510,624 for Third Quarter 2008 from \$307,092 for Third Quarter 2007. This increase was due to an increase in policyholder benefits of \$172,751 and higher selling, underwriting, and general expenses of \$30,781. The increase in policyholder benefits is primarily attributable to losses incurred relating to Hurricanes Gustav and Ike of \$132,600, net of reinsurance, additional other weather related losses and corresponding growth in creditor placed homeowners insurance. The combined ratio increased to 97.1% from 67.2%, primarily due to the losses from Hurricanes Gustav and Ike and the additional other weather related losses and expenses. Commissions, taxes, licenses and fees increased \$11,220, primarily due to the associated increase in net earned premiums and a \$3,500 benefit in the Third Quarter 2007 from a completed client commission reconciliation project. General expenses increased \$19,561 primarily due to increases in employment related expenses consistent with business growth and additional hurricane related expenses.

For The Nine Months Ended September 30, 2008 Compared to The Nine Months Ended September 30, 2007.

Net Income

Segment net income increased \$7,405, or 3%, to \$286,728 for Nine Months 2008 from \$279,323 for Nine Months 2007. The increase in net income was primarily due to higher net earned premiums resulting from creditor placed homeowners insurance and our ability to leverage the benefits of scale. Net income also improved due to an increase in net investment income of \$13,717 (after-tax) as a result of higher average invested assets resulting from the continued growth of the business. Partially offsetting these increases are losses from Hurricanes Gustav and Ike of \$86,200 (after-tax), net of reinsurance, and \$8,600 (after-tax) in catastrophe reinsurance reinstatement premiums and related expenses. We did not have any reportable hurricane related costs during Nine Months 2007.

Total Revenues

Total revenues increased \$344,583, or 26%, to \$1,659,160 for Nine Months 2008 from \$1,314,577 for Nine Months 2007. The increase in revenues was primarily due to increased net earned premiums and other considerations of \$322,703, or 27% net of reinsurance costs of \$17,500, including catastrophe reinsurance reinstatement premiums of \$13,173 related to losses incurred from Hurricane Ike. The increase in net earned premium was mainly attributable to the growth of creditor placed homeowners insurance net earned premiums. This was primarily driven by an increase in average insured value of properties and increased policy penetration rates. Partially offsetting these factors was a net decrease in tracked

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loans in Nine Months 2008 due to continued market consolidation and declining inventory of sub-prime loans. In addition, net investment income increased \$21,103, or 30%, in the Nine Months 2008 compared to Nine Months 2007, due to higher invested assets.

Total Benefits, Losses and Expenses

Total benefits, losses and expenses increased \$337,575, or 38%, to \$1,222,411 for Nine Months 2008 from \$884,836 for Nine Months 2007. This increase was due to an increase in policyholder benefits of \$241,704 and higher selling, underwriting, and general expenses of \$95,871. The increase in policyholder benefits is primarily attributable to the \$132,600, net of reinsurance, of losses incurred relating to hurricanes Gustav and Ike, additional other weather related losses and corresponding growth in creditor placed homeowners insurance. The combined ratio increased to 78.0% from 71.2%, due to the losses from hurricanes Gustav and Ike partially offset by our ability to leverage benefits of scale. Commissions, taxes, licenses and fees increased \$56,489, primarily due to the associated increase in net earned premiums. General expenses increased \$39,382 primarily due to increases in employment related expenses consistent with business growth.

Assurant Health*Overview*

The tables below present information regarding Assurant Health's segment results of operations:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2008	2007	2008	2007
	(in thousands)			
Revenues:				
Net earned premiums and other considerations	\$ 486,700	\$ 514,233	\$ 1,470,485	\$ 1,540,953
Net investment income	13,769	15,753	44,719	51,313
Fees and other income	10,100	10,688	29,143	30,821
Total revenues	510,569	540,674	1,544,347	1,623,087
Benefits, losses and expenses:				
Policyholder benefits	311,790	326,479	943,859	973,590
Selling, underwriting and general expenses (4)(5)	152,345	153,928	453,330	474,426
Total benefits, losses and expenses	464,135	480,407	1,397,189	1,448,016
Segment income before provision for income taxes	46,434	60,267	147,158	175,071
Provision for income taxes	16,230	20,902	51,970	61,344
Segment net income	\$ 30,204	\$ 39,365	\$ 95,188	\$ 113,727
Net earned premiums and other considerations:				
<i>Individual markets:</i>				
Individual medical	\$ 319,188	\$ 323,490	\$ 957,039	\$ 958,594
Short-term medical	27,335	26,336	75,457	72,396
Subtotal	346,523	349,826	1,032,496	1,030,990
<i>Small employer group:</i>	140,177	164,407	437,989	509,963
Total	\$ 486,700	\$ 514,233	\$ 1,470,485	\$ 1,540,953

Membership by product line:*Individual markets:*

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Individual medical			585	638
Short-term medical			101	101
Subtotal			686	739
<i>Small employer group:</i>			136	171
Total			822	910
Ratios:				
Loss ratio (1)	64.1%	63.5%	64.2%	63.2%
Expense ratio (2)	30.7%	29.3%	30.2%	30.2%
Combined ratio (3)	93.4%	91.5%	93.2%	92.1%

(1) The loss ratio is equal to policyholder benefits divided by net earned premiums and other considerations.

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- (2) The expense ratio is equal to selling, underwriting and general expenses divided by net earned premiums and other considerations and fees and other income.
- (3) The combined ratio is equal to total benefits, losses and expenses divided by net earned premiums and other considerations and fees and other income.
- (4) Includes amortization of DAC and VOBA.
- (5) Includes commissions, taxes, licenses and fees.

For the Three Months Ended September 30, 2008 Compared to the Three Months Ended September 30, 2007.

Net Income

Segment net income decreased \$9,161, or 23%, to \$30,204 for Third Quarter 2008 from \$39,365 for Third Quarter 2007. The decrease was primarily attributable to less favorable results in the individual medical business and the continuing decline in small employer group net earned premiums.

Total Revenues

Total revenues decreased \$30,105, or 6%, to \$510,569 for Third Quarter 2008 from \$540,674 for Third Quarter 2007. Net earned premiums and other considerations from our individual medical business, decreased \$4,302 or 1%, primarily due to reduced membership, partially offset by premium rate increases. This market has become increasingly competitive as established players and new regional entrants are more aggressively targeting this growing segment of the health insurance market. Net earned premiums and other considerations from our small employer group business decreased \$24,230, or 15%, due to a decline in members, partially offset by premium rate increases. The decline in the small employer group members is due to increased competition and our adherence to strict underwriting guidelines. In addition, net investment income decreased \$1,984 due to lower average invested assets.

Total Benefits, Losses and Expenses

Total benefits, losses and expenses decreased \$16,272, or 3%, to \$464,135 for Third Quarter 2008 from \$480,407 for Third Quarter 2007. Policyholder benefits decreased \$14,689, or 5%, although the benefit loss ratio increased to 64.1% from 63.5%. The increase in the benefit loss ratio was primarily attributable to higher claims experience on individual medical business coupled with a non-proportionate decline in net earned premiums. Selling, underwriting and general expenses decreased \$1,583, or 1%, primarily due to lower commission expenses for both individual medical and small employer group business associated with the decline in net earned premiums.

Table of Contents***For the Nine Months Ended September 30, 2008 Compared to the Nine Months Ended September 30, 2007.******Net Income***

Segment net income decreased \$18,539, or 16%, to \$95,188 for Nine Months 2008 from \$113,727 for Nine Months 2007. The decrease was primarily attributable to less favorable results in the individual medical business and the continuing decline in small employer group net earned premiums, partially offset by improved claim experience on small employer group business.

Total Revenues

Total revenues decreased \$78,740, or 5%, to \$1,544,347 for Nine Months 2008 from \$1,623,087 for Nine Months 2007. Net earned premiums and other considerations from our individual medical business decreased \$1,555 due to reduced membership, partially offset by premium rate increases. Net earned premiums and other considerations from our small employer group business decreased \$71,974, or 14%, due to a decline in members, partially offset by premium rate increases. The decline in small employer group business was due to increased competition and our adherence to strict underwriting guidelines. Additionally, net investment income decreased \$6,594 due to lower distributions from real estate joint venture partnerships and lower average invested assets. The decrease in real estate joint venture partnership income is due to greater sales of underlying properties in Nine Months 2007 compared with Nine Months 2008 given the more favorable real estate market conditions in 2007.

Total Benefits, Losses and Expenses

Total benefits, losses and expenses decreased \$50,827, or 4%, to \$1,397,189 for Nine Months 2008 from \$1,448,016 for Nine Months 2007. Policyholder benefits decreased \$29,731, or 3%, although the benefit loss ratio increased to 64.2% from 63.2%. The increase in the benefit loss ratio was due primarily to higher claims experience on individual medical business coupled with a non-proportionate decline in net earned premiums. Our small employer group business had more favorable loss experience in Nine Months 2008 compared to Nine Months 2007. Selling, underwriting and general expenses decreased \$21,096, or 4%, primarily due to lower commission expenses for both individual medical and small employer group business associated with the decline in net earned premiums.

Assurant Employee Benefits***Overview***

The tables below present information regarding the Assurant Employee Benefits segment results of operations:

	For the Three Months Ended		For the Nine Months Ended	
	September 30, 2008	September 30, 2007	September 30, 2008	September 30, 2007
	(in thousands)			
Revenues:				
Net earned premiums and other considerations	\$ 277,093	\$ 284,029	\$ 830,778	\$ 853,164
Net investment income	35,278	38,046	112,566	129,341
Fees and other income	6,475	6,040	20,238	18,696
Total revenues	318,846	328,115	963,582	1,001,201
Benefits, losses and expenses:				
Policyholder benefits	185,951	194,957	578,994	589,897
Selling, underwriting and general expenses (4)(5)	99,726	101,978	297,981	303,021
Total benefits, losses and expenses	285,677	296,935	876,975	892,918
Segment income before provision for income taxes	33,169	31,180	86,607	108,283
Provision for income taxes	11,712	10,788	30,188	37,459

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Segment net income	\$ 21,457	\$ 20,392	\$ 56,419	\$ 70,824
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Ratios:

Loss ratio (1)	67.1%	68.6%	69.7%	69.1%
Expense ratio (2)	35.2%	35.2%	35.0%	34.8%

Net earned premiums and other considerations

By major product grouping:

Group dental	\$ 109,982	\$ 103,770	\$ 325,031	\$ 307,872
Group disability single premiums for closed blocks (3)		12,283	5,500	35,130
All other group disability	115,749	114,904	345,376	348,632
Group life	51,362	53,072	154,871	161,530
Total	\$ 277,093	\$ 284,029	\$ 830,778	\$ 853,164

(1) The loss ratio is equal to policyholder benefits divided by net earned premiums and other considerations.

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- (2) The expense ratio is equal to selling, underwriting and general expenses divided by net earned premiums and other considerations and fees and other income.
- (3) This represents single premium on closed blocks of group disability business. For closed blocks of business we receive a single, upfront premium and in turn we record a virtually equal amount of claim reserves. We then manage the claims using our claim management practices.
- (4) Includes amortization of DAC and VOBA.
- (5) Includes commissions, taxes, licenses and fees.

For The Three Months Ended September 30, 2008 Compared to The Three Months Ended September 30, 2007.

Net Income

Segment net income increased \$1,065 or 5% to \$21,457 for Third Quarter 2008 from \$20,392 for Third Quarter 2007. The increase in net income was primarily due to favorable disability and life experience, partially offset by less favorable dental experience.

Total Revenues

Total revenues decreased \$9,269 to \$318,846 for Third Quarter 2008 from \$328,115 for Third Quarter 2007, due to a decrease in group disability single premium for closed blocks of business. Excluding single premium on closed blocks of business, net earned premium and other considerations increased \$5,344. We continue to see overall growth in net earned premiums, specifically in our small case business.

Total Benefits, Losses and Expenses

Total benefits, losses and expenses decreased \$11,258 or 4% to \$285,677 for Third Quarter 2008 from \$296,935 for Third Quarter 2007. The loss ratio decreased to 67.1% from 68.6% as our disability and life experience was favorable, partially offset by less favorable dental experience. Our current year disability loss experience is favorable compared with our historical loss experience, due to continued good incidence and favorable disability recovery rates, which includes claimants who return to work. Group life loss experience is favorable due to good mortality, while group dental loss experience was less favorable compared to the prior year. The expense ratio is consistent in both periods at 35.2%. Excluding the single premiums on closed blocks of business in Third Quarter 2007, the expense ratio decreased to 35.2% from 36.7%, driven by a decrease in interest rates paid on deposit funds and continued focus on expense management.

For The Nine Months Ended September 30, 2008 Compared to The Nine Months Ended September 30, 2007.

Net Income

Segment net income decreased \$14,405 or 20% to \$56,419 for Nine Months 2008 from \$70,824 for Nine Months 2007. The decrease in net income was primarily driven by a decrease in net investment income due to lower distributions from real estate joint venture partnerships of \$9,217 (after-tax) and less favorable

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dental experience. The decrease in real estate joint venture partnership income is due to greater sales of underlying properties in Nine Months 2007 compared with Nine Months 2008 given the more favorable real estate market conditions in 2007.

Total Revenues

Total revenues decreased \$37,619 or 4% to \$963,582 for Nine Months 2008 from \$1,001,201 for Nine Months 2007. Excluding single premium on closed blocks of business, net earned premiums and other considerations increased \$7,244 as we began to see overall growth in net earned premiums, specifically in our small case business. Net investment income decreased \$16,775 primarily because Nine Months 2007 included \$15,391 in real estate joint venture partnership investment income while Nine Months 2008 included \$1,210.

Total Benefits, Losses and Expenses

Total benefits, losses and expenses decreased \$15,943 or 2% to \$876,975 for Nine Months 2008 from \$892,918 for Nine Months 2007. We continue to see favorable disability experience in the current year, driven by continued good incidence and favorable disability recovery rates, which includes claimants who return to work. Group life experience was favorable year over year due to good mortality. Group dental was less favorable when compared with the same prior year period. The expense ratio increased to 35.0% from 34.8%. Excluding the single premiums on closed blocks of business, the expense ratio decreased to 35.2% from 36.2%, driven by a decrease in interest rates paid on deposit funds and continued focus on expense management.

*Assurant Corporate & Other**Overview*

The Corporate and Other segment includes activities of the holding company, financing expenses, net realized (losses) gains on investments, interest income earned from short-term investments held and additional costs associated with excess of loss reinsurance programs reinsured and ceded to certain subsidiaries in the London market between 1995 and 1997. The Corporate and Other segment also includes the amortization of deferred gains associated with the sales of Fortis Financial Group (FFG) (a business we sold via reinsurance in April 2001) and Long Term Care (LTC) (a business we sold via reinsurance in March 2000).

The table below presents information regarding the Corporate & Other segment's results of operations:

	For the Three Months Ended		For the Nine Months Ended	
	September 30, 2008	2007	September 30, 2008	2007
	(in thousands)			
Revenues:				
Net investment income	\$ 6,599	\$ 8,757	\$ 20,819	\$ 30,763
Net realized (losses) on investments	(299,205)	(13,076)	(376,922)	(10,592)
Amortization of deferred gain on disposal of businesses	7,379	8,298	22,085	24,893
Fees and other income	212	119	3,046	589
Total (losses) revenues	(285,015)	4,098	(330,972)	45,653
Benefits, losses and expenses:				
Policyholder benefits	12		1,108	
Selling, underwriting and general expenses	19,448	28,060	70,922	63,473
Interest expense	15,190	15,288	45,765	45,881
Total benefits, losses and expenses	34,650	43,348	117,795	109,354
Segment loss before benefit for income taxes	(319,665)	(39,250)	(448,767)	(63,701)
Benefit for income taxes	(105,246)	(14,625)	(175,488)	(21,099)

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Segment net loss

\$ (214,419) \$ (24,625) \$ (273,279) \$ (42,602)

Table of Contents***For The Three Months Ended September 30, 2008 Compared to The Three Months Ended September 30, 2007.****Net Income*

Segment net loss increased \$189,794, or 771%, to \$(214,419) for Third Quarter 2008 compared with \$(24,625) for Third Quarter 2007. Segment net loss increased mainly due to additional net realized losses on investments of \$185,984 (after-tax). Included in Third Quarter 2008 net realized losses on investments were other-than-temporary impairments of \$148,946 (after-tax), while Third Quarter 2007 included impairments of \$4,354 (after-tax). Third Quarter 2008 net realized losses were caused by dramatic declines in the value of our fixed maturity and equity securities due to significant financial market volatility. Some of the securities we recorded material net realized losses include, but are not limited to Federal National Mortgage Association (Fannie Mae) (\$32,089 after-tax), Federal Home Loan Mortgage Corporation (Freddie Mac) (\$34,096 after-tax), American International Group (\$19,685 after-tax), Lehman Brothers Holdings Inc (\$6,062 after-tax), and Washington Mutual Inc (\$14,545 after-tax). See Investments below for further details. Results were also negatively impacted by an additional \$4,000 of expense from changes in certain tax liabilities and a \$1,403 (after-tax) decline in net investment income, due to lower short-term interest rates. These increases were partially offset by a \$1,100 (after-tax) reduction in expenses in Third Quarter 2008 compared with Third Quarter 2007, related to the ongoing SEC investigation regarding certain loss mitigation products and \$2,103 (after-tax) of income from the recovery of certain SEC investigation related expenses from our director and officer insurance coverage in Third Quarter 2008. There was no such recovery in Third Quarter 2007.

Total Revenues

Total revenues decreased \$289,113, to \$(285,015) for Third Quarter 2008 compared with \$4,098 for Third Quarter 2007. The decline in revenues was mainly due to an additional \$286,129 of net realized losses on investments in Third Quarter 2008 compared to Third Quarter 2007.

Total Benefits, Losses and Expenses

Total expenses decreased \$8,698, or 20%, to \$34,650 for Third Quarter 2008 compared with \$43,348 for Third Quarter 2007. The decline in expenses was mainly due to a \$3,236 recovery of certain SEC investigation related expenses from our director and officer insurance coverage and a decrease of \$1,700 in expenses related to the ongoing SEC investigation regarding certain loss mitigation products.

For The Nine Months Ended September 30, 2008 Compared to The Nine Months Ended September 30, 2007.*Net Income*

Segment net loss increased \$230,677, or 541%, to \$(273,279) for Nine Months 2008 compared with \$(42,602) for Nine Months 2007. Segment net loss increased mainly due to additional net realized losses on investments of \$238,114 (after-tax). Included in Nine Months 2008 net realized losses on investments were other-than-temporary impairments of \$195,085 (after-tax), compared with \$5,104 (after-tax) for Nine Months 2007. Results were also impacted by a decline of \$6,464 (after-tax) in net investment income, an increase of \$6,287 (after-tax) in compensation expenses related to severance and retirement benefits and an increase of \$3,500 (after-tax) in expenses related to the ongoing SEC investigation regarding certain loss mitigation products. These changes were partially offset by a \$26,700 realized gain, including associated tax benefit, on the sale of United Family Life Insurance Company, an inactive life insurance subsidiary in 2008 and \$2,103 (after-tax) of income from the recovery of certain SEC investigation related expenses through our director and officer insurance coverage.

Total Revenues

Total revenues decreased \$376,625, to \$(330,972) for Nine Months 2008 compared with \$45,653 for Nine Months 2007. The decline in revenues was mainly due to an additional \$366,330 of net realized losses on investments in Nine Months 2008 compared to Nine Months 2007. In addition, net investment income declined \$9,944 as a result of lower short-term interest rates and lower average invested assets.

Table of Contents*Total Benefits, Losses and Expenses*

Total expenses increased \$8,441 or 8%, to \$117,795 for Nine Months 2008 compared with \$109,354 for Nine Months 2007. The increase in expenses was mainly due to an increase of \$9,672 in compensation expense related to severance and retirement benefits and an increase of \$5,400 in expenses related to the ongoing SEC investigation regarding certain loss mitigation products. These changes were partially offset by a \$3,236 recovery of certain SEC investigation related expenses through our director and officer insurance coverage.

Investments

The following tables show the cost or amortized cost, gross unrealized gains and losses and fair value of our fixed maturity and equity securities as of the dates indicated:

	September 30, 2008			
	Cost or Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Fixed maturity securities:				
United States Government and government agencies and authorities	\$ 147,075	\$ 5,469	\$ (58)	\$ 152,486
States, municipalities and political subdivisions	960,329	6,856	(34,140)	933,045
Foreign governments	552,404	6,868	(14,062)	545,210
Public utilities	1,203,536	7,253	(87,535)	1,123,254
Mortgage backed securities	937,132	8,502	(22,316)	923,318
All other corporate bonds	5,874,464	24,761	(516,924)	5,382,301
Total fixed maturity securities	\$ 9,674,940	\$ 59,709	\$ (675,035)	\$ 9,059,614
Equity securities:				
Industrial, miscellaneous and all other	\$ 5,671	\$ 284	\$ (500)	\$ 5,455
Non-sinking fund preferred stocks	588,364	1,049	(103,055)	486,358
Total equity securities	\$ 594,035	\$ 1,333	\$ (103,555)	\$ 491,813

	December 31, 2007			
	Cost or Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Fixed maturity securities:				
United States Government and government agencies and authorities	\$ 287,064	\$ 10,236	\$ (22)	\$ 297,278
States, municipalities and political subdivisions	630,196	16,931	(578)	646,549
Foreign governments	680,097	28,815	(4,666)	704,246
Public utilities	1,152,023	32,265	(10,541)	1,173,747
Mortgage backed securities	1,014,009	12,672	(6,067)	1,020,614
All other corporate bonds	6,262,966	143,166	(122,151)	6,283,981
Total fixed maturity securities	\$ 10,026,355	\$ 244,085	\$ (144,025)	\$ 10,126,415
Equity securities:				
Industrial, miscellaneous and all other	\$ 21,193	\$ 1,283	\$ (71,810)	\$ 22,476
Non-sinking fund preferred stocks	681,505	3,830	(71,810)	613,525
Total equity securities	\$ 702,698	\$ 5,113	\$ (71,810)	\$ 636,001

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The following table shows the credit quality of our fixed maturity securities portfolio as of the dates indicated:

Fixed Maturity Securities by Credit Quality	As of			
	September 30, 2008		December 31, 2007	
(Fair Value)				
Aaa / Aa / A	\$ 6,008,185	66.3%	\$ 6,917,249	68.3%
Baa	2,409,011	26.6%	2,570,640	25.4%
Ba	519,037	5.7%	492,822	4.9%
B and lower	123,381	1.4%	145,704	1.4%
Total	\$ 9,059,614	100.0%	\$ 10,126,415	100.0%

The industry categories that comprise our All other corporate and Public Utilities fixed maturity securities caption above as of the dates indicated are:

Industry Category:	September 30, 2008		December 31, 2007	
	Fair Value	Net Unrealized (Loss)	Fair Value	Net Unrealized Gain (Loss)
Consumer cyclical	907,932	(79,071)	934,737	1,317
Consumer non-cyclical	332,690	(18,635)	373,127	6,565
Energy	626,883	(37,731)	715,105	30,109
Financials	1,769,587	(249,512)	2,285,585	(28,712)
Health care	299,825	(17,793)	383,799	2,302
Industrials	985,339	(60,772)	1,017,314	12,265
Materials	259,901	(19,251)	300,447	(258)
Technology	143,333	(6,831)	189,095	2,165
Telecommunications	361,232	(27,420)	403,953	16,007
Utilities	762,023	(52,862)	745,588	6,405
Other corporate	41,598	(1,047)	51,294	(572)
Collateralized debt obligations	15,212	(1,520)	57,684	(4,854)
Total all other corporate and public utilities	\$ 6,505,555	\$ (572,445)	\$ 7,457,728	\$ 42,739

Net investment income decreased \$1,735, or 1%, to \$192,314 for Third Quarter 2008 from \$194,049 for Third Quarter 2007. The decrease was primarily due to lower investment yields.

Net investment income decreased \$9,948, or 2%, to \$591,299 for Nine Months 2008 from \$601,247 for Nine Months 2007. The decrease was primarily due to a decrease in investment yields and lower distributions from real estate joint venture partnerships. The decrease in real estate joint venture partnership income is due to greater sales of underlying properties in Nine Months 2007 compared with Nine Months 2008 given the more favorable real estate market conditions in 2007.

We regularly monitor our investment portfolio to ensure investments that may be other-than-temporarily impaired are identified in a timely fashion, properly valued, and any impairments are charged against earnings in the proper period. The determination that a security has incurred an other-than-temporary decline in value requires the judgment of management. Assessment factors include, but are not limited to, the length of time and the extent to which the market value has been less than cost, the financial condition and rating of the issuer, whether any collateral is held, and the intent and ability of the Company to retain the investment for a period of time sufficient to allow for recovery in market value. Inherently, there are risks and uncertainties involved in making these judgments. Changes in circumstances and critical assumptions such as a continued weak economy, a more

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pronounced economic downturn or unforeseen events which affect one or more companies, industry sectors, or countries could result in additional impairments in future periods for other-than-temporary declines in value. Any security whose price decrease is deemed other-than-temporary is written down to its then current market value with the amount of the impairment reported as a realized loss in that period. Realized gains and losses on sales of investments are recognized on the specific identification basis.

The net realized losses including other-than-temporary impairments recorded in the statement of operations are summarized in the table below:

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2008	2007	2008	2007
Net realized (losses) gains related to sales:				
Fixed maturity securities	\$ (19,982)	\$ (7,473)	\$ (20,988)	\$ (9,039)
Equity securities	(43,190)	(4,161)	(47,546)	(5,585)
Commercial mortgage loans on real estate			952	
Other investments	(428)	5,257	(2,753)	11,884
Collateral held under securities lending	(6,457)		(6,457)	
Total related to sales	(70,057)	(6,377)	(76,792)	(2,740)
Net realized losses related to other-than-temporary impairments:				
Fixed maturity securities	(108,106)	(6,191)	(166,676)	(6,191)
Equity securities	(116,901)	(508)	(129,313)	(508)
Other investments	(4,141)		(4,141)	(1,153)
Total other-than-temporary impairments	(229,148)	(6,699)	(300,130)	(7,852)
Total	\$ (299,205)	\$ (13,076)	\$ (376,922)	\$ (10,592)

When we determine that there is an other-than-temporary impairment, we write down the value of the security to the current market value, which reduces the cost basis. In periods subsequent to the recognition of an other-than-temporary impairment, we generally accrete into net investment income the discount (or amortize the reduced premium) resulting from the reduction in cost basis, based upon the amount and timing of the expected future cash flows over the remaining life of the security.

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The investment category of the Company's gross unrealized losses on fixed maturity securities and equity securities at September 30, 2008 and December 31, 2007 and the length of time the securities have been in an unrealized loss position were as follows:

	Less than 12 months		September 30, 2008 12 Months or More		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Fixed maturity securities:						
United States Government and government agencies and authorities	\$ 7,219	\$ (58)	\$	\$	\$ 7,219	\$ (58)
States, municipalities and political subdivisions	749,029	(33,100)	10,812	(1,040)	759,841	(34,140)
Foreign governments	315,680	(13,605)	7,873	(457)	323,553	(14,062)
Public utilities	806,763	(63,775)	137,897	(23,760)	944,660	(87,535)
All other corporate bonds	3,494,676	(312,211)	978,316	(204,713)	4,472,992	(516,924)
Mortgage backed securities	328,664	(14,924)	92,510	(7,392)	421,174	(22,316)
Total fixed maturity securities	\$ 5,702,031	\$ (437,673)	\$ 1,227,408	\$ (237,362)	\$ 6,929,439	\$ (675,035)
Equity securities:						
Industrial, miscellaneous and all other	\$ 4,752	\$ (500)	\$	\$	\$ 4,752	\$ (500)
Non-sinking fund preferred stocks	214,606	(48,585)	181,737	(54,470)	396,343	(103,055)
Total equity securities	\$ 219,358	\$ (49,085)	\$ 181,737	\$ (54,470)	\$ 401,095	\$ (103,555)
	Less than 12 months		December 31, 2007 12 Months or More		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Fixed maturity securities:						
United States Government and government agencies and authorities	\$ 1,108	\$ (1)	\$ 10,189	\$ (21)	\$ 11,297	\$ (22)
States, municipalities and political subdivisions	98,544	(525)	6,031	(53)	104,575	(578)
Foreign governments	99,985	(2,966)	47,285	(1,700)	147,270	(4,666)
Public utilities	317,542	(6,436)	114,001	(4,105)	431,543	(10,541)
All other corporate bonds	102,488	(3,277)	224,233	(2,790)	326,721	(6,067)
Mortgage backed securities	2,125,337	(89,862)	699,116	(32,289)	2,824,453	(122,151)
Total fixed maturity securities	\$ 2,745,004	\$ (103,067)	\$ 1,100,855	\$ (40,958)	\$ 3,845,859	\$ (144,025)
Equity securities:						
Non-sinking fund preferred stocks	\$ 399,160	\$ (58,427)	\$ 106,487	\$ (13,383)	\$ 505,647	\$ (71,810)

The total gross unrealized losses represent less than 11% and 5% of the aggregate fair value of the related securities at September 30, 2008 and December 31, 2007. Approximately 63% and 75% of these gross unrealized losses have been in a continuous loss position for less than twelve months in 2008 and 2007, respectively. The gross total unrealized losses are comprised of 1,760 and 1,282 individual securities with 51% and 77% of the individual securities having an unrealized loss of less than \$200 in 2008 and 2007, respectively. At September 30, 2008, the total gross unrealized losses on securities that were in a continuous unrealized loss position for greater than six months but less than 12 months were approximately \$168,815.

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We did not consider these securities in an unrealized loss position to be other-than-temporarily impaired at September 30, 2008 and December 31, 2007, based on factors noted earlier and also because management has the ability and intent to hold these assets until recovery in value occurs and we believe the securities will generally continue to perform in accordance with their contractual terms.

Subsequent to September 30, 2008, the credit and liquidity crisis in the United States and throughout the global financial system has resulted in substantial volatility in the financial markets and the banking system. These and other economic events have had a material adverse impact on our investments. As a result, our investments have incurred a material decline in fair value since September 30, 2008.

The aggregate amounts of the Company's current holdings as of September 30, 2008 of Fannie Mae, Freddie Mac, American International Group, Lehman Brothers Holdings, Inc. and Washington Mutual, Inc. and their related unrealized gain (loss) are as follows:

	Residential		Senior and Subordinated		Preferred		
	Mortgage-Backed (at fair value)	Unrealized Gain	Debt (at fair value)	Unrealized Gain (loss)	Stock (at fair value)	Unrealized Loss	
Fannie Mae	\$ 421,864	\$ 3,908	\$ 32,297	\$ 1,159	\$ 3,592	\$	
Freddie Mac	172,126	1,853	25,126	599	2,379		
American International Group			26,724	(8,212)	31		
Lehman Brothers Holdings, Inc.			1				
Washington Mutual, Inc.			17				

As of September 30, 2008, the Company owns \$294,168 of securities guaranteed by financial guarantee insurance companies. Included in this amount were \$249,053 of municipal securities, whose credit rating was AA with the guarantee, but would have had a rating of A+ without the guarantee.

The following table represents our exposure to sub-prime and related mortgages within our fixed maturity security portfolio as well as the current net unrealized loss position at September 30, 2008.

	Market Value	Percentage of Portfolio (in thousands)	Net Unrealized (Loss) Gain
Fixed maturity portfolio:			
Sub-prime first lien mortgages	\$ 17,210	0.19%	\$ (472)
Second lien mortgages (including sub-prime second lien mortgages)	10,946	0.12%	96
Total exposure to sub-prime collateral	\$ 28,156	0.31%	\$ (376)

At September 30, 2008, approximately 3.0% of the mortgage-backed holdings had exposure to the sub-prime mortgage collateral. This represented approximately 0.3% of the total fixed maturity portfolio and 0.1% of the total unrealized loss position. Of the securities with sub-prime exposure, approximately 84% are rated as investment grade. We have no sub-prime exposure to collateralized debt obligations. All mortgage-backed securities, including those with sub-prime exposure, are reviewed as part of the ongoing other-than-temporary impairment monitoring process.

As required by FAS 157, the Company has identified and disclosed its financial assets in a fair value hierarchy, which consists of the following three levels:

Level 1 inputs utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company has the ability to access. Financial assets and liabilities utilizing Level 1 inputs include certain U.S. mutual funds, money market funds, common stock and certain foreign securities.

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Level 2 inputs utilize other than quoted prices included in Level 1 that are observable for the asset, either directly or indirectly, for substantially the full term of the asset. Level 2 inputs include quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active and inputs other than quoted prices that are observable in the marketplace for the asset. The observable inputs are used in valuation models to calculate the fair value for the asset. Financial assets utilizing Level 2 inputs include corporate, municipal, foreign government and public utilities bonds, private placement bonds, U.S. Government and agency securities, mortgage and asset backed securities, preferred stocks and certain U.S. and foreign mutual funds.

Level 3 inputs are unobservable but are significant to the fair value measurement for the asset, and include situations where there is little, if any, market activity for the asset. These inputs reflect management's own assumptions about the assumptions a market participant would use in pricing the asset. Financial assets utilizing Level 3 inputs include certain preferred stocks, corporate bonds and mortgage backed securities that were quoted by brokers and could not be corroborated by Level 2 inputs and derivatives.

The following table presents the Company's fair value hierarchy for those recurring basis assets and liabilities as of September 30, 2008.

Financial Assets	Total	Level 1	Level 2	Level 3
Fixed maturity securities	\$ 9,059,614	\$ 3,691	\$ 8,874,399	\$ 181,524
Equity securities	491,813	4,349 a	467,906	19,558
Short-term investments	620,434	503,980	116,454	
Collateral held under securities lending	233,320	22,016	211,304	
Other investments	268,664	76,744 b	181,272 c	10,648 c
Cash equivalents	841,866	841,866		
Other assets	3,725			3,725
Assets held in separate accounts	2,173,524	1,980,250 a	193,274	
Total financial assets	\$ 13,692,960	\$ 3,432,896	\$ 10,044,609	\$ 215,455
Financial Liabilities				
Other liabilities	\$ 76,744	\$ 76,744 b	\$	\$

^a Mainly includes mutual fund investments

^b Comprised of Assurant Incentive Plan investments and related liability which are invested in mutual funds

^c Consists of invested assets associated with a modified coinsurance arrangement

Level 1 and Level 2 securities are valued using various observable market inputs obtained from a pricing service. The pricing service prepares estimates of fair value measurements for our Level 2 securities using proprietary valuation models based on techniques such as matrix pricing which include observable market inputs. FAS 157 defines observable market inputs as the assumptions market participants would use in pricing the asset or liability developed on market data obtained from sources independent of the Company. The extent of the use of each observable market input for a security depends on the type of security and the market conditions at the balance sheet date. Depending on the security, the priority of the use of observable market inputs may change as some observable market inputs may not be relevant or additional inputs may be necessary. The following observable market inputs, listed in the approximate order of priority, are utilized in the pricing evaluation of Level 2 securities: benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers and reference data. The pricing service also evaluates each security based on relevant market information including: relevant credit information, perceived market movements and sector news. Valuation models can change period to period, depending on the appropriate observable inputs that are available at the balance sheet date to price a security. When market observable inputs are unavailable, the remaining un-priced securities are submitted to independent brokers who provide non-binding broker quotes or are priced by other qualified sources and are categorized as Level 3 securities.

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Management uses the following criteria in order to determine whether the market for a financial asset is inactive:

The volume and level of trading activity in the asset have declined significantly from historical levels

The available prices vary significantly over time or among market participants,

The prices are stale (i.e., not current), and

The magnitude of bid-ask spread.

Illiquidity did not have a material impact in the fair value determination of the Company's financial assets.

The Company generally obtains one price for each financial asset. The Company performs a monthly analysis to assess if the evaluated prices represent a reasonable estimate of their fair value. This process involves quantitative and qualitative analysis and is overseen by investment and accounting professionals. Examples of procedures performed include, but are not limited to, initial and on-going review of pricing service methodologies, review of the prices received from the pricing service, review of pricing statistics and trends, and comparison of prices for certain securities with two different appropriate price sources for reasonableness. As a result of this analysis, if the Company determines there is a more appropriate fair value based upon available market data, which happens infrequently, the price of a security is adjusted accordingly. The pricing service provides information to indicate which securities were priced using market observable inputs so that the Company can properly categorize our financial assets in the fair value hierarchy.

Securities Lending

The Company engages in transactions in which fixed maturity securities, especially bonds issued by the United States government, government agencies and authorities, and U.S. corporations, are loaned to selected broker/dealers. Collateral, greater than or equal to 102% of the fair value of the securities lent plus accrued interest, is received in the form of cash and cash equivalents held by a custodian bank for the benefit of the Company. The Company monitors the fair value of securities loaned and the collateral received, with additional collateral obtained as necessary. The Company is subject to the risk of loss to the extent there is a loss in the investment of cash collateral.

Our liability to the borrower for collateral received was \$355,961 and the fair value of the collateral reinvested was \$343,321 at September 30, 2008. The difference between these amounts is recorded as an unrealized loss and is included as part of accumulated other comprehensive income.

Liquidity and Capital Resources

Regulatory Requirements

Assurant, Inc. is a holding company, and as such, has limited direct operations of its own. Our holding company assets consist primarily of the capital stock of our subsidiaries. Accordingly, our future cash flows depend upon the availability of dividends and other statutorily permissible payments from our subsidiaries, such as payments under our tax allocation agreement and under management agreements with our subsidiaries. The ability to pay such dividends and to make such other payments is limited by applicable laws and regulations of the states in which our subsidiaries are domiciled, which subject our subsidiaries to significant regulatory restrictions. The dividend requirements and regulations vary from state to state and by type of insurance provided by the applicable subsidiary. These laws and regulations require, among other things, our insurance subsidiaries to maintain minimum solvency requirements and limit the amount of dividends these subsidiaries can pay to the holding company. Solvency regulations, capital requirements and rating agency requirements are some of the factors used in determining the amount of capital used for dividends. For 2008, the maximum amount of distributions our subsidiaries could pay, under applicable laws and regulations without prior regulatory approval for our statutory subsidiaries, is approximately \$445,154.

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Rating organizations review the financial strength of insurers, including our insurance subsidiaries. For details on the ratings of our insurance subsidiaries, refer to Item 1-Business-Ratings in our 2007 Annual Report on Form 10-K.

Liquidity

Dividends paid by our subsidiaries were \$331,303 and \$436,900 for Nine Months 2008 and for the year ended December 31, 2007, respectively. We use these cash inflows primarily to pay expenses, to make interest payments on indebtedness, to make dividend payments to our stockholders, and to periodically repurchase our outstanding common stock.

The primary sources of funds for our subsidiaries consist of premiums and fees collected, the proceeds from the sales and maturity of investments and net investment income. Cash is primarily used to pay insurance claims, agent commissions, operating expenses and taxes. We generally invest our subsidiaries' excess funds in order to generate income.

Generally, our subsidiaries' premiums, fees and investment income, along with planned asset sales and maturities, provide sufficient cash to pay claims and expenses. However, there are instances where unexpected cash needs arise in excess of that available from usual operating sources. In such instances, subject to prevailing market conditions we have several options to raise needed funds, including selling assets from the subsidiaries' investment portfolios, using holding company cash (if available), issuing commercial paper, drawing funds from our revolving credit facility or accessing the capital markets on a private or public basis. We consider the permanence of the cash need as well as the cost of each source of funds in determining which option to utilize.

We paid dividends of \$0.14 per common share on September 9, 2008 to shareholders of record as of August 25, 2008, \$0.14 per common share on June 10, 2008 to shareholders as of May 27, 2008 and \$0.12 per common share on March 10, 2008 to shareholders of record as of February 25, 2008. Any determination to pay future dividends will be at the discretion of our Board of Directors and will depend upon: our subsidiaries' payment of dividends and/or other statutorily permissible payments to us; our results of operations and cash flows; our financial position and capital requirements; general business conditions; any legal, tax, regulatory and contractual restrictions on the payment of dividends; and any other factors our Board of Directors deems relevant.

Management believes that we will have sufficient liquidity to satisfy our needs over the next twelve months, including the ability to pay interest on our senior notes and dividends on our common shares.

Retirement and Other Employee Benefits

Based on a consistent discount rate used as of December 31, 2007 our qualified pension benefits plan (the Plan) was \$(74,392) and \$30,283 (under)over-funded at September 30, 2008 and December 31, 2007, respectively.

Subsequent to December 31, 2007 global financial markets have experienced significant turmoil, including declines in asset values and increases in corporate bond yields. The fair value of investments in the Plan declined by 16% from December 31, 2007 to September 30, 2008, as a result of poor investment performance.

As a result of increasing corporate bond yields, the discount rate used to measure the Plan's liabilities has increased approximately 150 basis points from rate used as of December 31, 2007. Using the higher discount rate would cause the Plan to be \$(1,927) under funded as of September 30, 2008.

In prior years we established a funding policy in which service cost plus 15% of qualified plan deficit will be contributed annually. During Nine Months 2008, we contributed \$15,000 to the qualified pension benefits plan. We expect to contribute an additional \$5,000 to the qualified pension benefits plan over the remainder of 2008.

Table of Contents*Commercial Paper Program*

In March 2004, we established a \$500,000 commercial paper program, which is backed up by a \$500,000 senior revolving credit. We did not use the commercial paper program or the revolving credit facility during the nine months ended September 30, 2008.

The revolving credit facility contains restrictive covenants and requires that the Company maintain certain specified minimum ratios and thresholds. We are in compliance with all covenants, minimum ratios and thresholds.

Senior Notes

On February 18, 2004, we issued two series of senior notes in an aggregate principal amount of \$975,000. The first series is \$500,000 in principal amount, bears interest at 5.625% per year and is payable in a single installment due February 15, 2014. The second series is \$475,000 in principal amount, bears interest at 6.750% per year and is payable in a single installment due February 15, 2034. Our senior notes are rated bbb by A.M. Best Company, Baa1 by Moody's Investor Services and BBB+ by Standard & Poors Inc.

Interest on our senior notes is payable semi-annually on February 15 and August 15 of each year. The interest expense incurred related to the senior notes was \$15,047 for the three months ended September 30, 2008 and 2007, respectively, and \$45,141 for the nine months ended September 30, 2008 and 2007 respectively. There was \$7,523 of accrued interest at September 30, 2008 and 2007, respectively. The Company made interest payments of \$30,094 on February 15, 2008 and August 15, 2008. The senior notes are unsecured obligations and rank equally with all of our other senior unsecured indebtedness. The senior notes are not redeemable prior to maturity.

In management's opinion, our subsidiaries' cash flow from operations together with our income and realizable gains from our investment portfolio will provide sufficient liquidity to meet our needs in the ordinary course of business.

Cash Flows

We monitor cash flows at the consolidated, holding company and subsidiary levels. Cash flow forecasts at the consolidated and subsidiary levels are provided on a monthly basis, and we use trend and variance analyses to project future cash needs making adjustments to the forecasts when needed.

The table below shows our recent net cash flows:

	For The Nine Months Ended September 30,	
	2008	2007
	(in thousands)	
Net cash provided by (used in):		
Operating activities (1)	\$ 807,687	\$ 844,752
Investing activities	(262,817)	(956,161)
Financing activities	(296,155)	(61,116)
Net change in cash	\$ 248,715	\$ (172,525)

(1) Includes effect of exchange rate changes on cash and cash equivalents.

Net cash provided by operating activities was \$807,687 and \$844,752 for the nine months ended September 30, 2008 and 2007, respectively. The decrease in net cash provided by operating activities was primarily due to decline in gross written premium from our domestic insurance businesses in our Assurant Solutions segment, partially offset by the cash received from the termination of the existing strategic alliance with GE.

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Net cash used in investing activities was \$262,817 and \$956,161 for the nine months ended September 30, 2008 and 2007, respectively. The decrease in net cash used in investing activities was primarily due to the change in collateral held under securities lending coupled with the decrease in purchases of fixed maturity securities, partially offset by the change in short-term investments.

Net cash used in financing activities was \$296,155 and \$61,116 for the nine months ended September 30, 2008 and 2007, respectively. The change in net cash used in financing activities was primarily due to the change in obligation under securities lending, partially offset by greater purchases of common stock in 2007. On September 4, 2007, the Company announced that it suspended its previously publicly announced November 10, 2006 stock buyback program. During Third Quarter 2008, the Company purchased shares from Fortis, Inc., its former parent. This purchase does not constitute a resumption of its buyback program, which remains on hold. The Company continues to evaluate the potential to implement a new buyback program.

The table below shows our cash outflows for distributions and dividends for the periods indicated:

Security	For the Nine Months Ended September 30,	
	2008	2007
	(in thousands)	
Mandatorily redeemable preferred stock dividends and interest paid	\$ 60,742	\$ 60,862
Common stock dividends	47,203	40,877
Total	\$ 107,945	\$ 101,739

Letters of Credit

In the normal course of business, letters of credit are issued to support reinsurance arrangements. These letters of credit are supported by commitments with financial institutions. We had \$53,652 and \$31,813 of letters of credit outstanding as of September 30, 2008 and December 31, 2007, respectively.

Recent Accounting Pronouncements

For a discussion of recent accounting pronouncements see Note 3 of Notes to Consolidated Financial Statements.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

Our 2007 Annual Report on Form 10-K described our Quantitative and Qualitative Disclosures About Market Risk. There were no material changes to the assumptions or risks during the nine months ended September 30, 2008. However, during the quarter ended September 30, 2008, there were significant disruptions in the financial markets. A number of large financial institutions failed, were supported by the United States government or were merged into other organizations. The market disruption has resulted in a lack of liquidity in the credit markets and a widening of credit spreads. As a result of these effects, the Company had a net unrealized loss of \$717,548 in its fixed maturity security and equity security portfolios at September 30, 2008, compared with a net unrealized gain of \$33,363 at December 31, 2007.

Item 4. Controls and Procedures.**Evaluation of Disclosure Controls and Procedures**

The Company's Chief Executive Officer and interim Chief Financial Officer have evaluated the effectiveness of the Company's disclosure controls and procedures pursuant to Rule 13a-15 under the Securities Exchange Act of 1934, as amended (the Exchange Act) as of September 30, 2008. Based on that review, the Company's Chief Executive Officer and Interim Chief Financial Officer have concluded that the Company's disclosure controls and procedures are effective to provide reasonable assurance that information the Company is required to disclose in its reports under the Exchange Act is recorded, processed, summarized and reported accurately including, without

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limitation, ensuring that such information is accumulated and communicated to the Company's management as appropriate to allow timely decisions regarding required disclosure.

Internal Controls over Financial Reporting

During the quarter ending September 30, 2008, we have made no changes in our internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

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PART II

OTHER INFORMATION

Item 1. Legal Proceedings.

There have been no material developments in the period covered by this report. Please see Item 1-Legal Proceedings in the Form 10-Q for the period ending March 31, 2008, for a description of the most recent material developments in the Company's legal proceedings.

Item 1A. Risk Factors.

Certain factors may have a material adverse effect on our business, financial condition and results of operations and you should carefully consider them. It is not possible to predict or identify all such factors. For discussion of our potential risks or uncertainties, refer to Item 1A Risk Factors included in our 2007 Annual Report on Form 10-K. Except as set forth below, there have been no material changes to the risk factors disclosed in our 2007 Annual Report on Form 10-K.

Risks Related to Our Company

Current conditions in the capital and credit markets may significantly and adversely affect our access to capital and our ability to meet liquidity needs.

The global capital and credit markets have been experiencing extreme volatility and disruption for more than twelve months. In recent weeks, the volatility and disruption have reached unprecedented levels. In some cases, the markets have exerted downward pressure on availability of liquidity and credit capacity for certain issuers.

Liquidity and credit capacity are important to our business because they allow us to pay our operating expenses, interest on our debt and dividends on our common stock, and replace certain maturing liabilities. The principal sources of our liquidity are insurance premiums, fee income, cash flow from our investment portfolio and liquid assets, consisting mainly of cash or assets that are readily convertible into cash. Sources of liquidity in normal markets also include a variety of short- and long-term instruments.

In the event current resources do not satisfy our needs, we may have to seek additional methods of financing our operations. The availability of additional financing will depend on a variety of factors such as market conditions, the general availability of credit, the volume of trading activities, the overall availability of credit to the financial services industry, our credit ratings and credit capacity, as well as the possibility that clients or lenders could develop a negative perception of our long- or short-term financial prospects if we continue to incur large investment losses or if the level of our business activity persistently decreased due to a market downturn. Continuing disruptions, uncertainty or volatility in the capital and credit markets could have an adverse effect on our core business, our insurance operations. Such market conditions may limit our ability to replace, in a timely manner, maturing liabilities; satisfy statutory capital requirements; generate fee income and market-related revenue to meet liquidity needs; and access the capital necessary to grow our business. Potentially, we may be forced to delay raising or be unable to raise capital or bear an unattractive cost of capital which could decrease our profitability and reduce our financial flexibility. Our results of operations, financial condition, cash flows and statutory capital position could be materially and adversely affected by disruptions in the capital markets.

General economic, financial market and political conditions may adversely affect our results of operations and financial conditions. Particularly, difficult conditions in financial markets and the global economy may negatively affect our results.

General economic, financial market and political conditions may have a material adverse effect on our results of operations and financial condition. The stress experienced by global capital markets that began in the second half of 2007 continued and substantially increased during the third quarter of 2008. Recently, concerns over inflation, energy costs, geopolitical issues, the availability and cost of credit, the global mortgage market, a declining global real estate market, and the loss of consumer confidence and a reduction in consumer spending have contributed to increased volatility and diminished expectations for the economy and the markets going forward. These factors, combined with volatile energy prices, declining business and consumer confidence and increased unemployment, have precipitated an economic slowdown and fears of a possible global recession. Any of these factors may influence our results. Specifically, during periods of economic downturn:

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individuals and businesses (i) may choose not to purchase our insurance products, warranties and other related products and services, (ii) may terminate existing policies or contracts or permit them to lapse, (iii) may choose to reduce the amount of coverage purchased (iv) in the case of business customers of Assurant Health or Assurant Employee Benefits, may have fewer employees requiring insurance coverage due to reductions in their staffing levels, or (v) in the case of Assurant Solutions and Assurant Specialty Property, clients are more likely to experience financial distress or declare bankruptcy which could have an adverse impact on the remittance of premiums from such clients as well as the collection of receivables from such clients for items such as unearned premiums.

disability insurance claims and claims on other specialized insurance products tend to rise;

there is a higher loss ratio on credit card and installment loan insurance due to rising unemployment and disability levels;

insureds tend to increase their utilization of health and dental benefits if they anticipate becoming unemployed or losing benefits; and

substantial decreases in loan availability and origination could have a long-term effect on premium writings.

In addition, general inflationary pressures may affect the costs of medical and dental care, as well as repair and replacement costs on our real and personal property lines, increasing the costs of paying claims. Inflationary pressures may also affect the costs associated with our preneed insurance policies, particularly those that are guaranteed to grow with the Consumer Price Index (or CPI).

Recently, legislation has been passed in an attempt to stabilize the financial markets. This legislation or similar proposals, as well as companion actions such as monetary or fiscal actions of the U.S. Federal Reserve Board or comparable authorities in other countries, may fail to stabilize the financial markets. This legislation and other proposals or actions may also have other consequences, including material effects on interest rates and foreign exchange rates, which could materially affect our investments, results of operations and liquidity in ways that we cannot predict. The failure to effectively implement this legislation and related proposals or actions could also result in material adverse effects, notably increased constraints on the liquidity available in the banking system and financial markets and increased pressure on stock prices, any of which could materially and adversely affect our results of operations, financial condition and liquidity.

In addition, we are subject to extensive laws and regulations that are administered and enforced by a number of different governmental authorities and non-governmental self-regulatory agencies, including, but not limited to, foreign regulators, state insurance regulators, the U.S. Securities and Exchange Commission, the New York Stock Exchange, the U.S. Department of Justice and state attorneys general. In light of the difficult economic conditions, some of these authorities are considering or may in the future consider enhanced or new regulatory requirements intended to prevent future crises or to otherwise assure the stability of institutions under their supervision. These authorities may also seek to exercise their supervisory or enforcement authority in new or more robust ways. All of these possibilities, if they occurred, could affect the way we conduct our business and manage our capital, either of which in turn could materially affect our results of operations, financial condition and liquidity.

Our investment portfolio is subject to several risks that may diminish the value of our invested assets and affect our profitability. Given the current global economic slowdown, our investment portfolio may continue to suffer reduced returns or losses that could reduce our profitability.

Investment returns are an important part of our overall profitability and significant fluctuations in the fixed maturity market could impair our profitability, financial condition and/or cash flows. Our investments are subject to market-wide risks and fluctuations, as well as to risks inherent in particular securities. In particular, volatility of claims may force us to liquidate securities prior to maturity, which may cause us to incur capital losses. If we do not structure our investment portfolio so that it is appropriately matched with our insurance liabilities, we may be forced to liquidate investments prior to maturity at a significant loss to cover such liabilities. Our net investment income and net realized (losses)/gains on investments collectively accounted for approximately 3.4% of our total revenues during the nine month period ending September 30, 2008 and 9.4% of our total revenues during the nine month period ending September 30, 2007. See Item 2 Management's Discussion and Analysis of Financial Condition and Results of Operations Investments for additional information on our investment portfolio and related risks.

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The U.S. mortgage market has experienced unprecedented disruptions resulting from credit quality deterioration in a significant portion of loans originated. Beginning in the sub-prime mortgage lending market, the decline has extended into the markets for collateralized mortgage obligations, mortgage-backed securities and the lending markets generally. This has led to reduced investor demand for mortgage loans and mortgage-backed securities and increased investor yield requirements for those loans and securities. This continuing decline has resulted in restrictions in the resale markets for non-conforming loans and has had an adverse effect on retail mortgage lending operations in many markets, especially alternative documentation loans (typically offered to qualified borrowers who have relatively high credit scores but are not required to provide full documentation to support personal income and assets owned). These conditions may continue or worsen in the future. Although at September 30, 2008, only a small portion of our mortgage-backed securities were secured by sub-prime mortgage collateral, if the market disruption continues these events could ultimately impact our fixed maturity and commercial mortgage loan portfolio and may have a material adverse effect on the value of our investment portfolio, our results of operations, financial position and cash flows.

The performance of our investment portfolio is subject to continuing fluctuations due to changes in interest rates and market conditions.

Changes in interest rates can materially adversely affect the performance of some of our investments. Interest rate volatility can increase or reduce unrealized gains or unrealized losses in our portfolios. Interest rates are highly sensitive to many factors, including governmental monetary policies, domestic and international economic and political conditions and other factors beyond our control. Fixed maturity and short-term investments represented 76.8% of the fair value of our total investments as of September 30, 2008 and 76.7% of the fair value of our total investments as of December 31, 2007. See Item 2 Management's Discussion and Analysis of Financial Condition and Results of Operations Investments for additional information on the effect of fluctuations in interest rates.

The fair market value of the fixed maturity securities in our portfolio and the investment income from these securities fluctuate depending on general economic and market conditions. Because all of our fixed maturity securities are classified as available for sale, changes in the market value of these securities are reflected in our balance sheet. The fair market value generally increases or decreases in an inverse relationship with fluctuations in interest rates, while net investment income realized by us from future investments in fixed maturity securities will generally increase or decrease with interest rates. In addition, actual net investment income and/or cash flows from investments that carry prepayment risk, such as mortgage-backed and other asset-backed securities, may differ from those anticipated at the time of investment as a result of interest rate fluctuations. An increase in interest rates, will increase the net unrealized loss position of our current investment portfolio.

We employ asset/liability management strategies to reduce the adverse effects of interest rate volatility and to increase the likelihood that cash flows are available to pay claims as they become due. Our asset/liability management strategies include asset/liability duration management, structuring our bond and commercial mortgage loan portfolios to limit the effects of prepayments and consistent monitoring of, and appropriate changes to, the pricing of our products.

Asset/liability management strategies may fail to eliminate or reduce the adverse effects of interest rate volatility, and significant fluctuations in the level of interest rates may have a material adverse effect on our results of operations and financial condition.

In addition, our preneed insurance policies are generally whole life insurance policies with increasing death benefits. In extended periods of declining interest rates or rising inflation, there may be compression in the spread between the death benefit growth rates on these policies and the investment earnings that we can earn, resulting in a negative spread. As a result, declining interest rates or high inflation rates may have a material adverse effect on our results of operations and our overall financial condition. See Item 7A Quantitative and Qualitative Disclosures About Market Risk Inflation Risk in our Annual Report on Form 10-K for additional information.

Assurant Employee Benefits calculates reserves for long-term disability and life waiver of premium claims using net present value calculations based on current interest rates at the time claims are funded and expectations regarding future interest rates. Waiver of premium refers to a provision in a life insurance policy pursuant to which an insured with a disability that lasts for a specified period no longer has to pay premiums for the duration of the disability or for a stated period, during which time the life insurance coverage provides continued coverage. If interest rates decline, reserves for open and/or new claims in Assurant Employee Benefits would

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need to be calculated using lower discount rates thereby increasing the net present value of those claims and the required reserves. Depending on the magnitude of the decline, this could have a material adverse effect on our results of operations and financial condition. In addition, investment income may be lower than that assumed in setting premium rates.

Our investment portfolio is subject to various risks that may result in further realized investment losses.

We are subject to credit risk in our investment portfolio, primarily from our investments in corporate bonds, preferred stocks, leveraged loans, and municipal bonds. Defaults by third parties in the payment or performance of their obligations could reduce our investment income and realized investment gains or result in the continued recognition of investment losses. The value of our investments may be materially adversely affected by increases in interest rates, downgrades in the corporate bonds included in the portfolio and by other factors that may result in the continued recognition of other-than-temporary impairments. Each of these events may cause us to reduce the carrying value of our investment portfolio.

Further, the value of any particular fixed maturity security is subject to impairment based on the creditworthiness of a given issuer. As of September 30, 2008, fixed maturity securities represented 71.9% of the fair value of our total invested assets. Our fixed maturity portfolio also includes below investment grade securities (rated BB or lower by nationally recognized securities rating organizations). These investments comprise approximately 5.1% of the fair value of our total investments as of September 30, 2008 and generally provide higher expected returns, but present greater risk and can be less liquid than investment grade securities. A significant increase in defaults and impairments on our fixed maturity investment portfolio could materially adversely affect our results of operations and financial condition. See Item 7A Quantitative and Qualitative Disclosures About Market Risk Credit Risk in our 2007 Annual Report on Form 10-K for additional information on the composition of our fixed maturity investment portfolio.

We currently invest in a small amount of equity securities (approximately 3.9% of the fair value of our total investments as of September 30, 2008). However, we have had higher percentages in the past and may make more such investments in the future. Investments in equity securities generally provide higher expected total returns, but present greater risk to preservation of principal than our fixed maturity investments. Recent volatility in the equity markets has led, and may continue to lead, to a decline in the market value of our investments in equity securities.

In the third quarter of 2008, the Company recognized net realized losses on investments totaling \$194,483 after tax and reported gross unrealized losses of \$778,590. Net realized losses generally emanate from two sources: losses related to sales and losses related to other-than-temporary impairments. If the current economic downturn continues to negatively affect companies, industry sectors or countries, the Company may have additional realized and unrealized investment losses and further increases in other-than-temporary impairments. We regularly monitor our investment portfolio to ensure investments that may be other-than-temporarily impaired are identified in a timely fashion, properly valued, and any impairments are charged against earnings in the proper period. Assessment factors include, but are not limited to, the length of time and the extent to which the market value has been less than cost, the financial condition and rating of the issuer, whether any collateral is held, and the intent and ability of the Company to retain the investment for a period of time sufficient to allow for recovery. However, the determination that a security has incurred an other-than-temporary decline in value requires the judgment of management. Inherently, there are risks and uncertainties involved in making these judgments. Therefore, changes in facts and circumstances and critical assumptions could result in management's decision that further impairments have occurred. This could lead to additional losses on investments, particularly those that management has the intent and ability to hold until recovery in value occurs. For further details on the third quarter net investment losses and other-than-temporary-impairments, please see Item 2 Management's Discussion and Analysis of Financial Condition and Results of Operations Investments.

In addition, while we currently do not utilize derivative instruments to hedge or manage our interest rate or equity risk, we may do so in the future. Derivative instruments generally present greater risk than fixed maturity investments or equity investments because of their greater sensitivity to market fluctuations. Since August 1, 2003, we have been utilizing derivative instruments to manage the exposure to inflation risk created by our preneed insurance policies that are tied to the CPI. However, our protection would be limited by the derivative instruments if there were a sharp increase in inflation on a sustained long-term basis which could have a material adverse effect on our results of operations and financial condition.

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A.M. Best, Moody's, and S&P rate the financial strength of our insurance company subsidiaries, and a decline in these ratings could affect our standing in the insurance industry and cause our sales and earnings to decrease.

Ratings are an important factor in establishing the competitive position of insurance companies. A.M. Best rates most of our domestic operating insurance subsidiaries. Moody's rates six of our domestic operating insurance subsidiaries and S&P rates seven of our domestic operating insurance subsidiaries. These ratings are not recommendations to buy, sell or hold our securities. These ratings are subject to periodic review by A.M. Best, Moody's, and S&P, and we cannot assure you that we will be able to retain these ratings. As a result of our pending SEC investigation A.M. Best, Moody's and S&P have placed a negative outlook on our ratings. Additionally, given recent economic developments that have negatively affected the entire insurance industry, we believe that we are currently more susceptible to ratings downgrades. For more information on the specific A.M. Best, Moody's, and S&P ratings of our domestic operating insurance subsidiaries, see Item 1 Business Ratings, in our Annual Report on Form 10-K for additional information.

If our ratings are lowered from their current levels by A.M. Best, Moody's, or S&P, our competitive position in the respective insurance industry segments could be materially adversely impacted and it could be more difficult for us to market our products. Rating agencies may take action to lower our ratings in the future due to, among other things, perceived concerns about our liquidity or solvency, the competitive environment in the insurance industry, which may adversely affect our revenues, the inherent uncertainty in determining reserves for future claims, which may cause us to increase our reserves for claims, the outcome of pending litigation and regulatory investigations, which may adversely affect our financial position and reputation and possible changes in the methodology or criteria applied by the rating agencies. In addition, rating agencies have come under recent scrutiny over their ratings on various mortgage-backed products. As a result, they could become more conservative in their methodology and criteria, which could adversely affect our ratings. Finally, rating agencies or regulators could increase capital requirements for the Company or its subsidiaries which in turn, could negatively affect our financial position as well.

As customers and their advisors place importance on our financial strength ratings, we may lose customers and compete less successfully if we are downgraded. In addition, ratings impact our ability to attract investment capital on favorable terms. If our financial strength ratings are reduced from their current levels by A.M. Best, Moody's, or S&P, our cost of borrowing would likely increase, our sales and earnings could decrease and our results of operations and financial condition could be materially adversely affected.

As of December 31, 2007 contracts representing approximately 32% of Assurant Solutions and 12% of Assurant Specialty Property's net earned premiums and fee income contain provisions requiring the applicable subsidiaries to maintain minimum A.M. Best financial strength ratings ranging from A or better to B or better, depending on the contract. Our clients may terminate these contracts or not renew contracts if the subsidiaries' ratings fall below these minimum or other acceptable levels. Under our marketing agreement with SCI, American Memorial Life Insurance Company (AMLIC), one of our subsidiaries, is required to maintain an A.M. Best financial strength rating of B or better throughout the term of the agreement. If AMLIC fails to maintain this rating for a period of 180 days, SCI may terminate the agreement. Additionally, contracts in Assurant Employee Benefits Disability Reinsurance Management Services (DRMS) business line representing approximately 4% of net earned premiums for the year ended December 31, 2007 contain provisions requiring the applicable subsidiaries to maintain minimum A.M. Best financial strength ratings of A- or better. DRMS clients may terminate the agreements and recapture inforce business (generally after a recapture period) if the ratings of applicable subsidiaries fall below A-.

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Risks Related to Our Common Stock

Given the current economic climate, our stock and the stocks of other companies in the insurance industry may be increasingly subject to stock price and trading volume volatility. The price of our common stock could fluctuate significantly and you could lose all or part of your investment.

Recently, the stock markets have experienced significant price and trading volume volatility. Company-specific issues and market developments generally in the insurance industry and in the regulatory environment may cause this volatility. Our stock price has fluctuated and may continue to materially fluctuate in response to a number of events and factors, including:

quarterly variations in operating results;

natural disasters, terrorist attacks and epidemics;

changes in financial estimates and recommendations by securities analysts;

operating and stock price performance of other companies that investors may deem comparable;

press releases or negative publicity relating to our competitors or us or relating to trends in our markets;

regulatory changes and adverse outcomes from litigation and government or regulatory investigations;

sales of stock by insiders;

changes in our financial strength ratings;

limitations on premium levels or the ability to raise premiums on existing policies;

increases in minimum capital, reserves and other financial viability requirements; and

limitations on our ability to repurchase Company stock.

These factors could materially reduce our stock price. In addition, broad market and industry fluctuations may adversely affect the trading price of our common stock, regardless of our actual operating performance.

Item 2. Unregistered Sale of Equity Securities and Use of Proceeds

Repurchase of Equity Securities:

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Period	Total Number of Shares Purchased (1)	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Programs (2)	Maximum Number of Shares that may yet be Purchased under the Programs
July 1, 2008 - July 31, 2008				
August 1, 2008 - August 31, 2008	1,000,000	59.00	1,000,000	3,456,989
September 1, 2008 - September 30, 2008				
Total	1,000,000	\$ 59.00	1,000,000	3,456,989

1. On August 7, 2008, the Company purchased 1,000,000 common shares from Fortis Insurance N.V. in a private aftermarket block transaction.
2. Shares purchased pursuant to the November 10, 2006 publicly announced repurchase program. On September 4, 2007 the Company announced that it suspended the November 10, 2006 stock buyback program. The purchase of shares from Fortis does not constitute a resumption of its buyback program, which remains on hold. The Company continues to evaluate the potential to implement a new buyback program.

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Item 6. Exhibits.

The following exhibits either (a) are filed with this report or (b) have previously been filed with the SEC and are incorporated herein by reference to those prior filings. Exhibits are available upon request at the investor relations section of our website at www.assurant.com.

Exhibit Number	Exhibit Description
31.1	Rule 13a-14(a)/15d-14(a) Certification of Principal Executive Officer.
31.2	Rule 13a-14(a)/15d-14(a) Certification of Principal Financial Officer.
32.1	Certification of Chief Executive Officer of Assurant, Inc. pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of Interim Chief Financial Officer of Assurant, Inc. pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

ASSURANT, INC.

Date: November 4, 2008

By: /s/ Robert B. Pollock
Name: Robert B. Pollock
Title: *President and Chief Executive Officer*

Date: November 4, 2008

By: /s/ Michael J. Peninger
Name: Michael J. Peninger
Title: *Executive Vice President and Interim Chief Financial Officer*