

ASSURANT INC
Form 10-Q/A
November 14, 2006
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q/A
AMENDMENT NO. 1

☐ **Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**
For the quarterly period ended March 31, 2006

OR

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

Assurant, Inc.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction

001-31978
(Commission File Number)

39-1126612
(I.R.S. Employer

of incorporation)

One Chase Manhattan Plaza, 41st Floor

Identification No.)

New York, New York 10005

(212) 859-7000

(Address, including zip code, and telephone number, including

area code, of Registrant's Principal Executive Offices)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

YES ☐ NO ☐

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

Large accelerated filer Accelerated filer Non-accelerated filer

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 May 1, 2006 was 128,986,923.

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ASSURANT, INC.
QUARTERLY REPORT ON FORM 10-Q
FOR THE QUARTERLY PERIOD ENDED MARCH 31, 2006

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EXPLANATORY NOTE

This Amendment No. 1 on Form 10-Q/A is being filed for the purpose of amending Items 1 and 4 of Part I of the Quarterly Report on Form 10-Q for the quarter ended March 31, 2006 of Assurant, Inc. (the "Company") to reflect the restatement of the Company's Unaudited Interim Consolidated Statements of Cash Flows for the three months ended March 31, 2006 and 2005, as described in Footnote 2 to the Unaudited Interim Consolidated Financial Statements included in this Form 10-Q/A. All other Items of the original filing on Form 10-Q made on May 10, 2006 are unaffected by the changes to the Unaudited Interim Consolidated Statements of Cash Flows and such Items have not been included in this Amendment. Information in this Form 10-Q/A is generally stated as of March 31, 2006 and does not reflect any subsequent information or events other than the restatement of the Unaudited Interim Consolidated Statements of Cash Flows. More current information with respect to the Company is contained within its Quarterly Report on Form 10-Q for the quarter ended September 30, 2006, and other filings with the Securities and Exchange Commission.

Table of Contents**Assurant, Inc. and Subsidiaries****Consolidated Balance Sheets (unaudited)****At March 31, 2006 and December 31, 2005**

	March 31, 2006	December 31, 2005
	(in thousands except number of shares)	
Assets		
Investments:		
Fixed maturities available for sale, at fair value (amortized cost - \$8,772,170 in 2006 and \$8,668,595 in 2005)	\$ 8,847,534	\$ 8,961,778
Equity securities available for sale, at fair value (cost - \$744,632 in 2006 and \$694,977 in 2005)	746,031	693,101
Commercial mortgage loans on real estate, at amortized cost	1,234,185	1,212,006
Policy loans	60,044	61,043
Short-term investments	262,182	427,474
Collateral held under securities lending	543,198	610,662
Other investments	555,761	549,759
Total investments	12,248,935	12,515,823
Cash and cash equivalents	650,705	855,569
Premiums and accounts receivable, net	514,146	454,789
Reinsurance recoverables	4,075,817	4,447,810
Accrued investment income	132,268	128,150
Tax receivable		3,868
Deferred income taxes, net	12,953	
Deferred acquisition costs	2,081,540	2,022,308
Property and equipment, at cost less accumulated depreciation	268,242	267,720
Goodwill	804,889	804,864
Value of business acquired	147,537	151,512
Other assets	245,559	240,605
Assets held in separate accounts	3,498,093	3,472,435
Total assets	\$ 24,680,684	\$ 25,365,453

See the accompanying notes to the consolidated financial statements

Table of Contents**Assurant, Inc. and Subsidiaries****Consolidated Balance Sheets (unaudited)****At March 31, 2006 and December 31, 2005**

	March 31, 2006	December 31, 2005
	(in thousands except number of shares)	
Liabilities		
Future policy benefits and expenses	\$ 6,697,981	\$ 6,664,854
Unearned premiums	3,906,705	3,851,614
Claims and benefits payable	3,559,322	3,875,223
Commissions payable	231,977	301,209
Reinsurance balances payable	109,039	129,547
Funds held under reinsurance	78,819	78,578
Deferred gain on disposal of businesses	278,378	287,212
Obligation under securities lending	543,198	610,662
Accounts payable and other liabilities	1,092,163	1,351,196
Deferred income taxes, net		47,514
Income taxes payable	36,569	
Debt	971,711	971,690
Mandatorily redeemable preferred stock	23,160	24,160
Liabilities related to separate accounts	3,498,093	3,472,435
Total liabilities	\$ 21,027,115	\$ 21,665,894
Commitments and contingencies (note 10)	\$	\$
Stockholders equity		
Common stock, par value \$.01 per share, 800,000,000 shares authorized, 142,697,355 and 142,563,829 shares issued, 129,329,491 and 130,591,834 shares outstanding at March 31, 2006 and December 31, 2005, respectively	\$ 1,427	\$ 1,426
Additional paid-in capital	2,880,855	2,880,329
Retained earnings	1,158,973	1,006,910
Unamortized restricted stock compensation (127,601 shares at December 31, 2005)		(2,829)
Accumulated other comprehensive income	78,400	219,499
Treasury stock, at cost; 13,261,194 and 11,844,394 shares at March 31, 2006 and December 31, 2005, respectively	(466,086)	(405,776)
Total stockholders equity	3,653,569	3,699,559
Total liabilities and stockholders equity	\$ 24,680,684	\$ 25,365,453

See the accompanying notes to the consolidated financial statements

Table of Contents**Assurant, Inc. and Subsidiaries****Consolidated Statement of Operations (Unaudited)****Three Months Ended March 31, 2006 and 2005**

	Three Months Ended March 31,	
	2006	2005
	(in thousands except number of shares and per share amounts)	
Revenues		
Net earned premiums and other considerations	\$ 1,672,653	\$ 1,631,894
Net investment income	192,562	164,200
Net realized (loss) gain on investments	(4,452)	492
Amortization of deferred gain on disposal of businesses	8,833	11,863
Fees and other income	60,186	53,905
Total revenues	1,929,782	1,862,354
Benefits, losses and expenses		
Policyholder benefits	889,679	943,524
Amortization of deferred acquisition costs and value of business acquired	285,383	215,445
Underwriting, general and administrative expenses	497,049	511,348
Interest expense	15,315	15,314
Total benefits, losses and expenses	1,687,426	1,685,631
Income before income taxes and cumulative effect of change in accounting principle	242,356	176,723
Income taxes	81,431	62,325
Net income before cumulative effect of change in accounting principle	160,925	114,398
Cumulative effect of change in accounting principle	1,547	
Net Income	\$ 162,472	\$ 114,398
Earnings per share:		
<i>Basic</i>		
Net income before cumulative effect of change in accounting principle	\$ 1.24	\$ 0.82
Cumulative effect of change in accounting principle	0.01	
Net income	\$ 1.25	\$ 0.82
<i>Diluted</i>		
Net income before cumulative effect of change in accounting principle	\$ 1.22	\$ 0.82
Cumulative effect of change in accounting principle	0.01	
Net income	\$ 1.23	\$ 0.82
Dividends per share	\$ 0.08	\$ 0.07
Share Data:		
Weighted average shares outstanding used in per share calculations	129,998,426	139,736,533
Plus: Dilutive securities	2,001,880	96,480

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Weighted average shares used in diluted per share calculations	132,000,306	139,833,013
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See the accompanying notes to the consolidated financial statements

Table of Contents**Assurant, Inc. and Subsidiaries****Consolidated Statement of Changes in Stockholders' Equity**

From December 31, 2005 through March 31, 2006 (unaudited)

	Common Stock	Additional Paid-in Capital	Retained Earnings	Unamortized Restricted Stock Compensation (in thousands except number of shares)	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	Total	Shares of Common Stock Issued
Balance, December 31, 2005	\$ 1,426	\$ 2,880,329	\$ 1,006,910	\$ (2,829)	\$ 219,499	\$ (405,776)	\$ 3,699,559	142,563,829
Stock Plan Issuance	1	(1,109)		2,829			1,721	133,526
Stock Plan Compensation Expense		1,531					1,531	
Tax benefit of exercise of stock options		104					104	
Dividends			(10,409)				(10,409)	
Acquisition of Treasury Shares						(60,310)	(60,310)	
Comprehensive income:								
Net income			162,472				162,472	
Other comprehensive income:								
Net change in unrealized gains on securities					(140,855)		(140,855)	
Foreign currency translation, net of taxes					(244)		(244)	
Total other comprehensive income							(141,099)	
Total Comprehensive income:							21,373	
Balance, March 31, 2006	\$ 1,427	\$ 2,880,855	\$ 1,158,973	\$	\$ 78,400	\$ (466,086)	\$ 3,653,569	142,697,355

See the accompanying notes to the consolidated financial statements

Table of Contents**Assurant, Inc. and Subsidiaries****Consolidated Statement of Cash Flows (unaudited)****Three Months Ended March 31, 2006 and 2005**

	Three Months Ended March 31,	
	2006-Restated	2005-Restated
	(in thousands)	
Net cash (used in) provided by operating activities	\$ 58,077	\$ (2,192)
Investing activities		
Sales of:		
Fixed maturities available for sale	430,354	346,272
Equity securities available for sale	154,782	22,826
Property and equipment	1,632	29
Maturities, prepayments, and scheduled redemption of:		
Fixed maturities available for sale	171,548	202,172
Purchases of:		
Fixed maturities available for sale	(881,203)	(678,071)
Equity securities available for sale	(173,178)	(56,946)
Property and equipment	(12,920)	(13,618)
Change in commercial mortgage loans on real estate	(22,211)	12,509
Change in short term investments	149,632	(139,059)
Change in other invested assets	(9,188)	997
Change in policy loans	997	698
Change in collateral held under securities lending	67,464	(64,990)
Net cash provided by (used in) investing activities	(122,291)	(367,181)
Financing activities		
Repayment of mandatorily redeemable preferred stock	(1,000)	
Issuance of common stock	1,721	1,700
Excess tax benefits from stock-based payment arrangements	104	
Purchase of treasury stock	(63,584)	(19,529)
Dividends paid	(10,409)	(9,795)
Change in obligation under securities lending	(67,464)	64,990
Commercial paper issued	19,982	39,959
Commercial paper repaid	(20,000)	(40,000)
Net cash (used in) provided by financing activities	(140,650)	37,325
Change in cash and cash equivalents	(204,864)	(332,048)
Cash and cash equivalents at beginning of period	855,569	807,082
Cash and cash equivalents at end of period	\$ 650,705	\$ 475,034

See the accompanying notes to the consolidated financial statements

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Assurant, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (Unaudited)

Three Months Ended March 31, 2006 and 2005

1. Nature of Operations

Assurant, Inc. (formerly, Fortis, Inc.) (the Company) is a holding company whose subsidiaries provide specialized insurance products and related services in North America and selected international markets. Prior to the Initial Public Offering (the IPO) on February 5, 2004, Fortis, Inc. was incorporated in Nevada and was indirectly wholly owned by Fortis N.V. of the Netherlands and Fortis SA/NV of Belgium (collectively, Fortis) through their affiliates, including their wholly owned subsidiary, Fortis Insurance N.V.

In connection with the IPO, Fortis, Inc. was merged into Assurant, Inc., a Delaware corporation, which was formed solely for the purpose of the redomestication of Fortis, Inc. After the merger, Assurant, Inc. became the successor to the business, operations and obligations of Fortis, Inc. Assurant, Inc. 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 only of normal recurring accruals) considered necessary for a fair statement of the financial statements have been included. Certain prior period amounts have been reclassified to conform to the 2006 presentation.

Dollar amounts are in thousands, except for number of shares and per share amounts.

The 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.

Operating results for the three months ended March 31, 2006 are not necessarily indicative of the results that may be expected for the year ending December 31, 2006. The accompanying 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, 2005.

Restatement of Interim Consolidated Statements of Cash Flows (unaudited)

The Interim Consolidated Statements of Cash Flows (unaudited) for the three months ended March 31, 2006 and 2005 has been restated to reflect the following:

1. Changes in the net receivable/payable from unsettled investment purchases and sales, previously classified within adjustments to reconcile net income to net cash provided by (used in) operating activities, have been reclassified to cash flows from investing activities, to the extent such balances pertained to investments classified as available for sale.

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2. Changes in the acquisition of treasury shares to reflect the unsettled purchases previously classified within adjustment to reconcile net income to net cash provided by (used in) operating activities, have been reclassified to cash flows from financing activities.

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As a result of the restatements to correct these errors, previously reported cash flows provided by (used in) operating activities, cash flows provided by (used in) investing activities, and cash flows provided by (used in) financing activities were increased or reduced for the three months ended March 31, 2006 and 2005 as follows:

	Three Months Ended		
	March 31, 2006		
	As Previously	Impact of	As
	Reported	Restatement	Restated
Net cash (used in) provided by operating activities	\$ (97,569)	\$ 155,646	\$ 58,077
Net cash provided by (used in) investing activities	30,081	(152,372)	(122,291)
Net cash (used in) financing activities	(137,376)	(3,274)	(140,650)
Change in cash and cash equivalents	(204,864)		(204,864)
Cash and cash equivalents at beginning of period	855,569		855,569
Cash and cash equivalents at end of period	\$ 650,705	\$	\$ 650,705

	Three Months Ended		
	March 31, 2005		
	As Previously	Impact of	As
	Reported	Restatement	Restated
Net cash provided by (used in) operating activities	\$ 76,703	\$ (78,895)	\$ (2,192)
Net cash (used in) investing activities	(441,003)	73,822	(367,181)
Net cash provided by financing activities	32,252	5,073	37,325
Change in cash and cash equivalents	(332,048)		(332,048)
Cash and cash equivalents at beginning of period	807,082		807,082
Cash and cash equivalents at end of period	\$ 475,034	\$	\$ 475,034

The restatements had no impact on the total change in cash and cash equivalents within the Unaudited Interim Consolidated Statements of Cash Flows or on the Unaudited Interim Consolidated Statements of Operations or Unaudited Interim Consolidated Balance Sheet.

3. Recent Accounting Pronouncements and Change in Accounting Principle

On January 1, 2006, the Company adopted Statement of Financial Accounting Standards (FAS) No. 123 (revised 2004), *Share-Based Payment* (FAS 123R) which replaces Statement of Financial Accounting Standards No. 123, *Share-Based Payment* and supersedes Accounting Principles Board Opinion No. 25, *Accounting for Stock Issued to Employees*. FAS 123R requires all share-based payments to employees, including grants of employee stock options, to be recognized in the financial statements based on their fair values. The pro forma disclosures previously permitted under FAS 123 are no longer an alternative to financial statement recognition. Under FAS 123R, the Company must determine the appropriate fair value model to be used for valuing share-based payments, the amortization method for compensation cost, and the transition method to be used at date of adoption. The Company adopted FAS 123R using the modified prospective method which requires that compensation expense be recorded for all unvested stock options at the beginning of the first quarter of adoption of FAS 123R. The adoption of FAS

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Assurant, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (Unaudited)

Three Months Ended March 31, 2006 and 2005

123R did not have a material impact on the Company's consolidated financial statements. See Note 5 for further information regarding the adoption of FAS 123R.

On January 1, 2006, the Company adopted FAS No. 154, *Accounting Changes and Error Corrections, a replacement of APB Opinion No. 20, Accounting Changes, and Statement No. 3, Reporting Accounting Changes in Interim Financial Statements* (FAS 154). FAS 154 changes the accounting and reporting of a change in accounting principles. Prior to FAS 154, the majority of voluntary changes in accounting principles were required to be recognized as a cumulative effect adjustment within net income during the period of the change. FAS 154 requires retrospective application to prior period financial statements unless it is impracticable to determine either the period-specific effects or the cumulative effect of the change. The adoption of FAS 154 did not have a material effect on our consolidated financial position or results of operations.

4. 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 from this transaction of \$971,537, which represents the principal amount less the discount. The discount will be amortized over the life of the notes.

The interest expense incurred related to the senior notes was \$15,047 for the three months ended March 31, 2006 and 2005, respectively. The Company made an interest payment of \$30,094 on February 15, 2006.

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. On February 7, 2006, the Company used \$20,000 from the commercial paper program for general corporate purposes, which was repaid on February 14, 2006. There were no amounts relating to the commercial paper program outstanding at March 31, 2006. The Company did not use the revolving credit facility during the three months ended March 31, 2006 and no amounts are currently outstanding.

The revolving credit facility contains restrictive covenants. The terms of the revolving credit facility also require that the Company maintain certain specified minimum ratios and thresholds. The Company is in compliance with all covenants and the Company maintains all specified minimum ratios and thresholds.

5. Stock Based Incentive Plans

Prior to January 1, 2006, the Company accounted for stock based compensation plans in accordance with the provisions of Accounting Principles Board Opinion No. 25, *Accounting for Stock Issued to Employees* (APB 25), which required compensation expense for compensatory plans to be recognized based on the intrinsic value of the award. Effective January 1, 2006, the Company adopted Statement of Financial Accounting Standards No. 123 (revised 2004), *Share-Based Payments* (FAS 123R) using the modified prospective transition method and, therefore, has not restated results for prior periods. Under this transition method, stock-based compensation costs are recognized based on the grant date fair value, in accordance with FAS 123R, for new awards granted after January 1, 2006 as well as any unvested portion of awards granted prior to January 1, 2006. For the three months ended March 31, 2006, the Company recognized compensation costs, net of a 5% per year forfeiture rate, on a pro-rated basis.

FAS 123R requires that a one time cumulative adjustment be made at the adoption date to record an estimate of future forfeitures on outstanding awards. This adjustment is the amount of compensation cost recorded prior to the adoption of FAS 123R related to outstanding awards that are not expected to vest, based on an estimate of forfeitures as of the FAS 123R adoption date. The cumulative adjustment, net of taxes, had a positive impact of \$1,547 on the consolidated results of operations of the Company for the three months ended March 31, 2006.

Table of Contents**Assurant, Inc. and Subsidiaries****Notes to Consolidated Financial Statements (Unaudited)****Three Months Ended March 31, 2006 and 2005**

Also in connection with the adoption of FAS 123R, the Company reclassified \$2,829 of Unamortized Restricted Stock Compensation (contra-equity account) outstanding at December 31, 2005 to additional paid in capital. Under FAS 123R, an equity instrument is not recorded to stockholders' equity until the related compensation expense is recorded over the requisite vesting period of the award. Prior to the adoption of FAS 123R, and in accordance with APB 25, the Company recorded the full fair value of all issued but non-vested Restricted Stock to additional paid in capital with an offsetting amount to Unamortized Restricted Stock Compensation (contra-equity account) which represented the amount of compensation costs not yet recognized for Restricted Stock.

Director's Compensation Plan

The Company's Director's Compensation Plan permits the issuance of up to 500,000 shares of the Company's common stock to Non-Employee Directors. Under this Plan, each Non-Employee Director shall receive annual compensation in the form of both common stock and Stock Appreciation Rights (SARs) equal to \$60 each. Awards to a Non-Employee Director vest immediately and must be held for 5 years subsequent to the date of grant or settlement, or one year post-resignation. There were no common shares issued or expense recorded related to the Director's Plan for the three months ended March 31, 2006 and 2005.

Long-Term Incentive Plan (LTIP)

The 2004 Long-Term Incentive Plan provides for the granting of up to 10,000,000 shares of the Company's common stock to employees and officers under the Assurant Long Term Incentive Plan (ALTIP), Business Value Rights (BVR) and CEO Equity Grants Plan.

The ALTIP authorizes the granting of Restricted Stock and SARs, subject to approval by the Compensation Committee, which is made up of members of the Board of Directors. Restricted Stock grants under the ALTIP are made annually and vest pro ratably over a three year period. Unearned compensation, representing the market value of the shares at the date of issuance, is charged to earnings over the vesting period. SARs grants under the ALTIP are also made annually and have a three year cliff vesting period and a five year contractual life. SARs not exercised prior to the end of the contractual life are automatically exercised on that date.

The BVR plan authorizes the granting of SARs, subject to the approval of the Compensation Committee or their designee. SARs grants under this plan are made annually and have a three year cliff vesting period and a three year contractual life, at the end of which the rights are automatically exercised.

The CEO Equity Grants Plan authorizes the granting of Restricted Stock, limited to 100,000 shares per year, subject to the approval of the CEO as authorized by the Compensation Committee. Restricted Stock grants under this plan have variable vesting schedules and grant dates.

All shares awarded under the LTIP vest and are exercised net of taxes at the option of the participants.

Restricted Stock

A summary of the Company's outstanding Restricted Stock as of March 31, 2006, and the changes during that period is presented below:

	Shares	Weighted-Average Grant-Date Fair Value
Shares outstanding at December 31, 2005	127,601	\$ 32.86
Grants	2,100	44.64
Vests	(21,270)	25.90
Forfeitures	(1,761)	32.24

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Shares outstanding at March 31, 2006	106,670	\$	34.49
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Table of Contents**Assurant, Inc. and Subsidiaries****Notes to Consolidated Financial Statements (Unaudited)****Three Months Ended March 31, 2006 and 2005**

The compensation expense recorded related to Restricted Stock was \$611 and \$79 for the three months ended March 31, 2006 and 2005, respectively. The related total income tax benefit recognized was \$214 and zero for the three months ended March 31, 2006 and 2005, respectively.

As of March 31, 2006, there was \$2,312 of unrecognized compensation cost related to outstanding restricted stock. That cost is expected to be recognized over a weighted-average period of 1.3 years. The total fair value of shares vested during the three months ended March 31, 2006 and 2005 was \$551 and \$381, respectively.

Stock Appreciation Rights

On April 7, 2005, the company approved an amendment to the Long-Term Incentive Plans. The amendment, which was effective June 30, 2005, amended SARs from rights that paid appreciation to participants in the form of cash to rights that pay appreciation to participants in the form of Company stock.

A summary of the Company's outstanding SARs as of March 31, 2006, and the changes during that period is presented below:

	SARs	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term	Aggregate Intrinsic Value
SARs outstanding, December 31, 2005	5,981,397	\$ 27.40		
Grants				
Exercises	(187,351)	22.72		
Forfeitures and adjustments	(39,701)	31.53		
SARs outstanding, March 31, 2006	5,754,345	\$ 27.52	5.37	\$ 125,036
SARs exercisable at March 31, 2006	3,030,267	\$ 24.60	5.36	\$ 74,702

The fair value of each SAR outstanding was estimated on the date of grant using the Black-Scholes option-pricing model. Expected volatilities were based on the median historical stock price volatility of a peer group of insurance companies. The expected term for rights granted under the previous plan that were converted on June 30, 2005 assumed to be the optimal term from the employee's perspective under the Black-Scholes Model. The expected term for grants made subsequent to the June 30, 2005 conversion was assumed to equal the average of the vesting period of the right and the full contractual term of the right. 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.

There were no SARs awards granted during the three months ended March 31, 2006. The compensation expense recorded related to SARs was \$2,951 for the three months ended March 31, 2006, and the related income tax benefit recognized for the same period was \$1,033. The total intrinsic value of SARs exercised during the three months ended March 31, 2006 was \$4,971.

Executive 401K Plan

During the first three months of 2005, the Company purchased 10,300 treasury shares for \$350 via a Rabbi Trust which was allocated to the Assurant Stock fund. Effective September 2005, the Assurant Stock Fund was dissolved and the Company's stock will no longer be offered to participants of the Executive 401K Plan.

Table of Contents**Assurant, Inc. and Subsidiaries****Notes to Consolidated Financial Statements (Unaudited)****Three Months Ended March 31, 2006 and 2005*****Employee Stock Purchase Plan***

The Company's Employee Stock Purchase Plan (ESPP), authorizes the issuance of up to 5,000,000 shares to employees who are participants in the Plan. The ESPP allows eligible employees to contribute, through payroll deductions, up to 15% of their after-tax compensation in each offering period toward the purchase of Company shares. There are two offering periods during the year (January 1 through June 30 and July 1 through December 31) and shares are purchased at the end of each offering period at 90% of the lower of the closing price of Company's stock on the first or last day of the offering period. Prior to January 1, 2006, participants' contribution was limited to a maximum of \$6 per offering period. The ESPP was amended in November 2005 to increase the maximum contribution to \$7.5 per offering period, or \$15 per year.

The ESPP is offered to individuals who are scheduled to work at least 20 hours per week and at least five months per year, have been continuously employed for at least six months by the start of the offering period, are not temporary employees (employed less than 12 months), and have not been on a leave of absence for more than 90 days immediately preceding the offering period. Participants must be employed on the last day of the offering period in order to purchase Company shares under the ESPP. The maximum number of shares that can be purchased each offering period is 5,000 shares.

In January 2006, the Company issued 73,992 shares to employees at a price of \$32.59 for the offering period of July 1 through December 31, 2005, relating to the ESPP. In January 2005, the Company issued 71,860 shares at a price of \$23.67 for the offering period of July 1 through December 31, 2004, relating to the ESPP.

The compensation expense recorded related to the ESPP was \$317 for the three months ended March 31, 2006. Prior to the adoption of FAS 123R, the Company accounted for ESPP in accordance with APB 25 as a non-compensatory plan, and accordingly did not record any compensation expense.

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 and the assumptions in the following table. 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.

	For awards issued during the three months ended March 31,	
	2006	2005
Expected Volatility	21.09%	15.90%
Risk Free Interest Rates	3.35%	1.63%
Dividend Yield	0.88%	1.06%
Expected Life	0.5	0.5

Table of Contents**Assurant, Inc. and Subsidiaries****Notes to Consolidated Financial Statements (Unaudited)****Three Months Ended March 31, 2006 and 2005****Pro-Forma Disclosure**

The following pro forma net income and net income per share amounts were determined as if the Company had accounted for the ESPP Plan under the fair value method of FAS 123 for the three months ended March 31, 2005. This disclosure is not equivalent to the impact of FAS 123R.

	For the Three Months Ended March 31, 2005
Net income as reported	\$ 114,398
Add: Stock-based employee compensation expense included in reported net income, net of related tax effects	
Deduct: Total stock-based employee compensation expense determined under fair value based method for all awards, net of related tax effects	(137)
Pro forma net income	\$ 114,261
Earnings per share as reported:	
Basic	
Diluted	\$ 0.82
	\$ 0.82
Pro forma earnings per share:	
Basic	
Diluted	\$ 0.82
	\$ 0.82

6. Stock Repurchase

The following table shows the shares repurchased during the periods indicated:

Period in 2006	Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Program
January	450,200	44.33	450,200
February	416,600	44.49	416,600
March	550,000	46.38	550,000
Total	1,416,800	\$ 45.17	1,416,800

For the three months ending March 31, 2006, the Company repurchased 1,416,800 shares of the Company's outstanding common stock at a cost of \$64,001 and has \$331,378 remaining to purchase shares pursuant to the November 11, 2005 publicly announced repurchase program.

Table of Contents**Assurant, Inc. and Subsidiaries****Notes to Consolidated Financial Statements (Unaudited)****Three Months Ended March 31, 2006 and 2005****7. 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 March 31,	
	2006	2005
	(in thousands except number of shares and per share amounts)	
Numerator		
Net income before cumulative effect of change in accounting principle	\$ 160,925	\$ 114,398
Cumulative effect of change in accounting principle (Note 5)	1,547	
Net income	\$ 162,472	\$ 114,398
Denominator		
Weighted average shares outstanding used in basic per share calculations	129,998,426	139,736,533
Incremental common shares from assumed:		
SARs	1,901,230	
Executive 401K plan		24,808
Restricted stock	51,958	18,586
ESPP	48,692	53,086
Weighted average shares used in diluted per share calculations	132,000,306	139,833,013
Earnings per share:		
<i>Basic</i>		
Net income before cumulative effect of change in accounting principle	\$ 1.24	\$ 0.82
Cumulative effect of change in accounting principle	0.01	
Net income	\$ 1.25	\$ 0.82
<i>Diluted</i>		
Net income before cumulative effect of change in accounting principle	\$ 1.22	\$ 0.82
Cumulative effect of change in accounting principle	0.01	
Net income	\$ 1.23	\$ 0.82

Restricted shares totaling 50 and zero were outstanding for the three months ended March 31, 2006 and 2005, respectively, but were anti-dilutive and thus not included in the computation of diluted EPS under the treasury method.

Table of Contents**Assurant, Inc. and Subsidiaries****Notes to Consolidated Financial Statements (Unaudited)****Three Months Ended March 31, 2006 and 2005****8. 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 months ended March 31, 2006 and 2005 were as follows:

	Qualified Pension Benefits		Nonqualified Pension Benefits ⁽¹⁾		Retirement Health Benefits	
	For the three months ended March 31, 2006		For the three months ended March 31, 2005		For the three months ended March 31, 2006	
Service cost	\$ 4,900	\$ 4,485	\$ 450	\$ 529	\$ 700	\$ 566
Interest cost	5,275	5,051	1,300	1,244	825	778
Expected return on plan assets	(7,025)	(5,989)			(275)	(146)
Amortization of prior service cost	775	764	175	175	325	327
Amortization of net loss	2,075	1,639	925	827		
Net periodic benefit cost	\$ 6,000	\$ 5,950	\$ 2,850	\$ 2,775	\$ 1,575	\$ 1,525

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

During the first three months of 2006, the Company contributed zero, \$1,050 and \$375 to the qualified pension benefits plan, nonqualified pension benefits plan and the retirement health benefits plan, respectively. The Company expects to contribute \$23,700 to its pension benefit plans and \$1,500 to its retirement health benefit plan for the full year 2006.

9. Segment Information

The Company has five reportable segments, which are defined based on the nature of the products and services offered: Assurant Solutions, Assurant Health, Assurant Employee Benefits, Assurant Preneed, and Corporate & Other. Assurant Solutions provides credit insurance, including life, disability and unemployment, debt protection administration services, warranties and extended service contracts, 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. Assurant Preneed provides life insurance policies and annuity products that provide benefits to fund pre-arranged funerals. 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 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 business segments based on segment income after-tax 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.

On June 21, 2005, the Company announced its intention to separate Assurant Solutions into two businesses – Assurant Specialty Property and Assurant Solutions. The Company will begin reporting separate segment financial information in the second quarter of 2006 upon completion of the separation of the underlying product lines. In addition, concurrent with the creation of the new Assurant Solutions and Assurant Specialty

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Property segments, the Company will realign the PreNeed segment under the new Assurant Solutions segment.

Table of Contents**Assurant, Inc. and Subsidiaries****Notes to Consolidated Financial Statements (Unaudited)****Three Months Ended March 31, 2006 and 2005**

The following tables summarize selected financial information by segment:

	Three Months Ended March 31, 2006					Consolidated
	Solutions	Health	Employee Benefits	PreNeed	Corporate & Other	
Revenues						
Net earned premiums and other considerations	\$ 739,185	\$ 523,405	\$ 326,111	\$ 83,952	\$	\$ 1,672,653
Net investment income	58,786	24,001	40,839	55,086	13,850	192,562
Net realized loss on investments					(4,452)	(4,452)
Amortization of deferred gain on disposal of businesses					8,833	8,833
Fees and other income	43,405	9,726	6,832	223		60,186
Total revenues	841,376	557,132	373,782	139,261	18,231	1,929,782
Benefits, losses and expenses						
Policyholder benefits	221,919	325,401	245,439	96,920		889,679
Amortization of deferred acquisition costs and value of business acquired	250,990	7,099	6,080	21,214		285,383
Underwriting, general and administrative expenses	221,117	155,613	93,034	10,646	16,639	497,049
Interest expense					15,315	15,315
Total benefits, losses and expenses	694,026	488,113	344,553	128,780	31,954	1,687,426
Segment income (loss) before income tax	147,350	69,019	29,229	10,481	(13,723)	242,356
Income taxes	50,011	23,923	10,044	3,629	(6,176)	81,431
Segment income (loss) after tax	\$ 97,339	\$ 45,096	\$ 19,185	\$ 6,852	\$ (7,547)	\$ 160,925
Cumulative effect of change in accounting principle						1,547
Net income						\$ 162,472

As of March 31, 2006

Segment Assets:						
Segments assets, excluding goodwill	\$ 7,783,029	\$ 1,682,021	\$ 2,915,089	\$ 4,458,157	\$ 7,037,499	\$ 23,875,795
Goodwill						804,889
Total Assets						\$ 24,680,684

Three Months Ended March 31, 2005

	Three Months Ended March 31, 2005					Consolidated
	Solutions	Health	Employee Benefits	PreNeed	Corporate & Other	
Revenues						
Net earned premiums and other considerations	\$ 615,247	\$ 549,526	\$ 345,922	\$ 121,199	\$	\$ 1,631,894

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Net investment income	48,165	17,705	37,983	53,012	7,335	164,200
Net realized gains on investments					492	492
Amortization of deferred gain on disposal of businesses					11,863	11,863
Fees and other income	36,103	10,331	6,189	1,179	103	53,905
Total revenues	699,515	577,562	390,094	175,390	19,793	1,862,354
Benefits, losses and expenses						
Policyholder benefits	203,265	345,368	267,738	127,153		943,524
Amortization of deferred acquisition costs and value of business acquired	175,079	8,923	4,706	26,737		215,445
Underwriting, general and administrative expenses	239,510	147,840	92,311	10,794	20,893	511,348
Interest expense					15,314	15,314
Total benefits, losses and expenses	617,854	502,131	364,755	164,684	36,207	1,685,631
Segment income (loss) before income tax	81,661	75,431	25,339	10,706	(16,414)	176,723
Income taxes	26,891	25,758	8,960	3,750	(3,034)	62,325
Segment income after tax	\$ 54,770	\$ 49,673	\$ 16,379	\$ 6,956	\$ (13,380)	
Net income						\$ 114,398

As of December 31, 2005

Segment Assets:						
Segments assets, excluding goodwill	\$ 8,400,614	\$ 1,635,289	\$ 2,930,447	\$ 4,444,718	\$ 7,149,521	\$ 24,560,589
Goodwill						804,864
Total Assets						\$ 25,365,453

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Assurant, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (Unaudited)

Three Months Ended March 31, 2006 and 2005

10. 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 \$33,626 of letters of credit outstanding as of March 31, 2006.

The Company is regularly 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 or results of operations.

The Solutions segment is subject to a number of pending actions, primarily in the State of Mississippi, many of which allege that the Company's credit insurance products were packaged and sold with lenders' products without buyer consent. The judicial climate in Mississippi is such that the outcome of these cases is extremely unpredictable. The Company has been advised by legal counsel that the Company has meritorious defenses to all claims being asserted against the Company. The Company believes, based on information currently available, that the amounts it has accrued are adequate.

In addition, 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, have been resolved by settlement or arbitration. 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. Loss accruals previously established relating to the 1996 program 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.

The Company was notified on August 26, 2004 that one of our employees is being investigated by the criminal division of the Internal Revenue Service (IRS) for responses he made to questions he was asked by the IRS relating to an approximately \$18,000 tax reserve taken by the Company in 1999. Recently, counsel for the employee was notified by the IRS that the matter was closed in February 2006 with no action taken.

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Assurant, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (Unaudited)

Three Months Ended March 31, 2006 and 2005

As part of ongoing, industry-wide investigations, the Company has received various subpoenas and requests from the United States Securities and Exchange Commission and the United States Attorney for the Southern District of New York seeking the production of various documents. The areas of inquiry addressed to the Company include certain loss mitigation products and documents relating to the use of finite risk insurance. The Company is cooperating fully with these investigations and is complying with these requests.

Based on the Company's investigation to date into this matter, the Company has concluded that there was a verbal side agreement with respect to one of the Company's reinsurers under its catastrophic reinsurance program. While management believes that the difference resulting from the appropriate alternative accounting treatment would be immaterial to the Company's 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 \$0, respectively. This contract expired in December of 2004 and was not renewed.

The Audit Committee of the Company's Board of Directors, with the assistance of independent counsel has completed its initial investigation of the matters raised by the subpoenas and continues to respond to inquiries from the regulatory agencies. The Audit Committee has not found any wrongdoing on the part of any current officers of the Company. The Company has enhanced its internal controls regarding reinsurance and these controls are being appropriately monitored to ensure their effectiveness.

11. Subsequent Events

On May 1, 2006, the Company acquired 100% of the common stock of Safeco Financial Institution Solutions, Inc. (Safeco FIS). At the time of the acquisition, Safeco FIS was the fourth largest provider of creditor-placed homeowners insurance and direct tracking services for mortgage lenders and servicers nationwide. The Company also entered into a reinsurance agreement with certain Safeco Insurance Companies. Safeco FIS will become part of Assurant Solutions Specialty Property business. The Safeco FIS acquisition will add \$140,000 of additional annual premium to the Assurant Solutions Specialty Property business.

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

The Company's Chief Executive Officer and Chief Financial Officer had previously evaluated the effectiveness of the company's disclosure controls and procedures pursuant to Rule 13a-15 under the Exchange Act of 1934, as of March 31, 2006. This included an evaluation of disclosure controls and procedures applicable to the period covered by and existing through the original filing of the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2006. Based on that review, the Company's Chief Executive Officer and Chief Financial Officer had previously 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 Securities Exchange Act of 1934 is recorded, processed, summarized and reported accurately including, without limitation, ensuring that such information is accumulated and communicated to the Company's management as appropriate to allow timely decisions regarding required disclosure. In connection with this filing on Form 10-Q/A, the Chief Executive Officer and Chief Financial Officer reevaluated our disclosure controls and procedures and concluded they were effective as of March 31, 2006 as described above. In reaching this conclusion, management considered the impact of the restatement described in Note 2 to the financial statements included in this filing.

Internal Control over Financial Reporting

No material weaknesses were identified at March 31, 2006. During the quarter ending March 31, 2006, there were 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 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-15(f)/15d-15(f) Certification of Principal Executive Officer.
31.2	Rule 13a-15(f)/15d-15(f) 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 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 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 14, 2006

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

Date: November 14, 2006

By: /s/ P. Bruce Camacho
Name: *P. Bruce Camacho*
Title: *Executive Vice President and Chief Financial Officer*