

ASSURANT INC
Form 10-Q
May 01, 2013
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

x **Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

For the quarterly period ended March 31, 2013

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

001-31978
(Commission

39-1126612
(I.R.S. Employer

of incorporation)

File Number)

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

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

Large accelerated filer

Accelerated filer

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

Smaller reporting company

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

The number of shares of the registrant's Common Stock outstanding at April 26, 2013 was 76,991,219.

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ASSURANT, INC.
QUARTERLY REPORT ON FORM 10-Q
FOR THE QUARTERLY PERIOD ENDED MARCH 31, 2013

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Amounts are presented in United States of America (U.S.) dollars and all amounts are in thousands, except number of shares and per share amounts.

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Assurant, Inc.

Consolidated Balance Sheets (unaudited)

At March 31, 2013 and December 31, 2012

| | March 31, 2013 | December 31, 2012 |
|--|---|----------------------|
| | (in thousands except number of shares and per share amounts) | |
| Assets | | |
| Investments: | | |
| Fixed maturity securities available for sale, at fair value (amortized cost - \$10,791,996 in 2013 and \$10,728,714 in 2012) | \$ 12,143,800 | \$ 12,171,638 |
| Equity securities available for sale, at fair value (cost - \$403,954 in 2013 and \$422,703 in 2012) | 475,765 | 475,806 |
| Commercial mortgage loans on real estate, at amortized cost | 1,290,003 | 1,311,682 |
| Policy loans | 52,939 | 52,938 |
| Short-term investments | 239,782 | 300,925 |
| Collateral held/pledged under securities agreements | 94,629 | 94,729 |
| Other investments | 585,850 | 568,600 |
| Total investments | 14,882,768 | 14,976,318 |
| Cash and cash equivalents | 1,604,625 | 909,404 |
| Premiums and accounts receivable, net | 890,900 | 830,027 |
| Reinsurance recoverables | 5,866,488 | 6,141,737 |
| Accrued investment income | 162,671 | 149,032 |
| Deferred acquisition costs | 2,887,051 | 2,861,163 |
| Property and equipment, at cost less accumulated depreciation | 250,481 | 250,796 |
| Tax receivable | 9,167 | 32,740 |
| Goodwill | 638,621 | 640,714 |
| Value of business acquired | 59,943 | 62,109 |
| Other intangible assets, net | 296,102 | 262,994 |
| Other assets | 120,731 | 97,700 |
| Assets held in separate accounts | 1,811,992 | 1,731,873 |
| Total assets | \$ 29,481,540 | \$ 28,946,607 |

See the accompanying notes to the consolidated financial statements

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Assurant, Inc.

Consolidated Balance Sheets (unaudited)

At March 31, 2013 and December 31, 2012

| | March 31, 2013 | December 31, 2012 |
|---|---|----------------------|
| | (in thousands except number of shares and per share amounts) | |
| Liabilities | | |
| Future policy benefits and expenses | \$ 8,506,669 | \$ 8,513,505 |
| Unearned premiums | 6,174,246 | 6,192,260 |
| Claims and benefits payable | 3,638,290 | 3,960,590 |
| Commissions payable | 345,865 | 339,680 |
| Reinsurance balances payable | 97,854 | 103,808 |
| Funds held under reinsurance | 60,905 | 61,413 |
| Deferred gain on disposal of businesses | 111,528 | 115,620 |
| Obligation under securities agreements | 94,611 | 94,714 |
| Accounts payable and other liabilities | 1,582,950 | 1,514,091 |
| Deferred income taxes, net | 179,502 | 161,288 |
| Debt | 1,670,523 | 972,399 |
| Liabilities related to separate accounts | 1,811,992 | 1,731,873 |
| Total liabilities | 24,274,935 | 23,761,241 |
| Commitments and contingencies (Note 13) | | |
| Stockholders' equity | | |
| Common stock, par value \$0.01 per share, 800,000,000 shares authorized, 78,440,357 and 78,664,029 shares outstanding at March 31, 2013 and December 31, 2012, respectively | 1,478 | 1,474 |
| Additional paid-in capital | 3,051,639 | 3,052,454 |
| Retained earnings | 4,102,087 | 4,001,096 |
| Accumulated other comprehensive income | 778,029 | 830,403 |
| Treasury stock, at cost; 68,932,638 and 68,332,638 shares at March 31, 2013 and December 31, 2012, respectively | (2,726,628) | (2,700,061) |
| Total stockholders' equity | 5,206,605 | 5,185,366 |
| Total liabilities and stockholders' equity | \$ 29,481,540 | \$ 28,946,607 |

See the accompanying notes to the consolidated financial statements

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Assurant, Inc.

Consolidated Statements of Operations (unaudited)**Three Months Ended March 31, 2013 and 2012**

| | Three Months Ended March 31, | |
|---|---|--------------|
| | 2013 | 2012 |
| | (in thousands except number of shares and per share amounts) | |
| Revenues | | |
| Net earned premiums | \$ 1,850,448 | \$ 1,777,061 |
| Net investment income | 165,985 | 172,295 |
| Net realized gains on investments, excluding other-than-temporary impairment losses | 13,038 | 9,383 |
| Total other-than-temporary impairment losses | 0 | (1,936) |
| Portion of net loss recognized in other comprehensive income, before taxes | 0 | 97 |
| Net other-than-temporary impairment losses recognized in earnings | 0 | (1,839) |
| Amortization of deferred gain on disposal of businesses | 4,092 | 4,621 |
| Fees and other income | 117,060 | 111,403 |
| Total revenues | 2,150,623 | 2,072,924 |
| Benefits, losses and expenses | | |
| Policyholder benefits | 857,361 | 856,358 |
| Amortization of deferred acquisition costs and value of business acquired | 382,789 | 341,758 |
| Underwriting, general and administrative expenses | 688,971 | 610,084 |
| Interest expense | 15,078 | 15,076 |
| Total benefits, losses and expenses | 1,944,199 | 1,823,276 |
| Income before provision for income taxes | 206,424 | 249,648 |
| Provision for income taxes | 88,644 | 86,388 |
| Net income | \$ 117,780 | \$ 163,260 |
| Earnings Per Share | | |
| Basic | \$ 1.47 | \$ 1.84 |
| Diluted | \$ 1.46 | \$ 1.81 |
| Dividends per share | \$ 0.21 | \$ 0.18 |
| Share Data | | |
| Weighted average shares outstanding used in basic per share calculations | 79,984,576 | 88,772,845 |
| Plus: Dilutive securities | 962,073 | 1,296,252 |
| Weighted average shares used in diluted per share calculations | 80,946,649 | 90,069,097 |

See the accompanying notes to the consolidated financial statements

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Assurant, Inc.

Consolidated Statements of Comprehensive Income (unaudited)**Three Months Ended March 31, 2013 and 2012**

| | Three Months Ended March 31, | |
|--|---|-------------|
| | 2013 | 2012 |
| | (in thousands) | |
| Net income | \$ 117,780 | \$ 163,260 |
| Other comprehensive (loss) income: | | |
| Change in unrealized gains on securities, net of taxes of \$26,304 and \$(9,442), respectively | (50,112) | 18,196 |
| Change in other-than-temporary impairment gains, net of taxes of \$(1,402) and \$(1,596), respectively | 2,605 | 2,965 |
| Changes in foreign currency translation, net of taxes of \$2,564 and \$(2,683), respectively | (10,317) | 14,741 |
| Amortization of pension and postretirement unrecognized net periodic benefit cost, net of taxes of \$(2,934) and \$(2,012), respectively | 5,450 | 3,738 |
| Total other comprehensive (loss) income | (52,374) | 39,640 |
| Total comprehensive income | \$ 65,406 | \$ 202,900 |

See the accompanying notes to the consolidated financial statements

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Assurant, Inc.

Consolidated Statement of Stockholders' Equity (unaudited)

From December 31, 2012 through March 31, 2013

| | Common Stock | Additional Paid-in Capital | Retained Earnings | Accumulated Other Comprehensive Income (in thousands) | Treasury Stock | Total |
|---|-----------------|----------------------------------|----------------------|---|-------------------|--------------|
| Balance, December 31, 2012 | \$ 1,474 | \$ 3,052,454 | \$ 4,001,096 | \$ 830,403 | \$ (2,700,061) | \$ 5,185,366 |
| Stock plan exercises | 4 | (4,081) | 0 | 0 | 0 | (4,077) |
| Stock plan compensation expense | 0 | 7,678 | 0 | 0 | 0 | 7,678 |
| Change in tax benefit from share-based payment arrangements | 0 | (4,412) | 0 | 0 | 0 | (4,412) |