

Ed: Thanks, Jay, and welcome, everyone. We're very pleased to have Assurant with us again this year to kick off the conference, and they're well represented here. In addition to the investor relations folks, we have Chris Peninger--sorry, Chris Pagano and Mike Peninger at the desk. Thirty seconds in and I'm already messing up. Chris is CIO and Mike is CFO. And the main event, we're very happy to have Rob Pollock back again, President and CEO, to tell us the Assurant story. Thanks.

Rob: Thanks, Ed. Thanks and good morning, everyone. It's nice being first here. It's also what comes with being in the city, so I kind of understand that as well. Glad to see you're all up and lively this time in the morning.

I'm going to start with our safe harbor statement. You'll notice it's expanded to two pages. These are the times.

What I want to do today is talk about a number of things. I want to review our strategy and what it is we're trying to do as a company. I want to talk about some of the concerns that have been raised in general by investors with the insurance industry. Then I want to ask the question, are these concerns relevant to our company? I'd then like to take a little time reviewing our fourth quarter and annual results, and then I'll try and bring it all together and summarize and open for Q&A.

Our mission statement is to be a premier provider of specialized insurance products and services in select worldwide markets. This is the strategy since we went public in 2004. It continues to be what we're trying to do. If you look at really what our strategy is all about, you can look at it on four dimensions. First, we tend to play in specialized insurance markets because we want to get to positions of market leadership. When you look at the general insurance markets in the US, they're big markets. They're also--if you look at the companies who are in them, there are a lot of players and we think that makes it more difficult to obtain good economics, so we've tended to play in very specialized markets. Second -- and this is an issue for everyone -- but we are very focused on how we deploy our resources. If you go back to 2005, we identified where we thought the best places were for us to deploy our resources for investors. They were areas we thought promised growth in revenue and, as important, good economics. Third, when you look at our businesses, they're very diverse. We think this creates reduced volatility in result. We think that's very important. Oftentimes I would hear from investors about, gee, it's not your job to diversify, we do that as the investor. I agree and I grant you that's true. But the other side of that is, the diversification that we have embedded within our business protects us in economic times like this when things are moving around quite a bit. So I'll talk about that and amplify it on a bit, but that diversification has really helped us as a company and, I think,

will continue moving forward. Last, although the businesses are diverse, there are some core competencies that are present in all of them. There are things we think we are good at as an enterprise and we are working to leverage those more broadly across the enterprise.

When I talk about those risks, here's an example, because we're in four primary businesses, which I'll get into in a moment, but you can see that the risks that are impacting these businesses are quite different, and a good example -- I can't think of a better one today -- is the overall economy. Today, consumer spending is down. That will have impacts on our solutions business. On the other hand, our property business is doing quite well because of all the things that are going on in the mortgage marketplace. And one business down, the other up, we think that's all positive. Along with that whole story, we think what's important is, it allows us to make the right decisions for the long term in our business, as opposed to just trying to manage to perhaps the next quarter. So again, we think the model has held up, it continues to hold up well, and we think we're well positioned to deal with what's going on in today's economy.

The three core capabilities we think are present in all of our businesses are highly disciplined risk management -- and I'll talk about that a little bit as we go along -- the fact that we have set up and have partnerships with people who can distribute a lot of our product, and they tend to be market leaders in what they do, and then the last thing is, we've learned to integrate very complex administrative systems with our partners. And what's been good about that is, that allows us to deliver better service to them, and on the other side, it also helps expedite when we get into a renewal when the client comes up for a renewal, which is typically, on these big relationships, anywhere from two to five-year relationships. So again, these competencies are very present in our businesses. We work them, we look for opportunities to leverage them across businesses, we've found opportunities to do that, and we'll continue to pursue those.

Now I'm going to switch and spend just a few minutes talking about the macro environment going on, and try and then relate each of these things to our company. The first is capital position. I'm going to talk a little bit about excess capital. I'm also going to talk about the whole issue of accumulated other comprehensive income versus other than temporary impairment of assets. It's a concept that I know you're familiar with, I just want to expand upon that a bit. Second, I want to talk about asset valuation, in particular some of the distressed asset classes today, the whole concept of the level 3 or marked to model assets. Then I want to take a look at what's going on from a rating agency outlook and perspective, how that's important to our business model and how it relates to things that way, and just a current outlook on how we're viewed. Finally, I want to

come back and talk about the impact of the slowing economy and what we're doing to respond to that in each of our businesses.

Okay, capital position. We outlined for investors that we have a strategy on how we manage our capital, and it follows these three basic tenets. The first is, we retain capital needed to support our businesses and grow them. Our capital is based on A.M. Best, their BCAR models, and of our entities are rated A- or higher. So we look at those models, we ensure that we maintain our ratings, and, as you grow, you often are required to hold more capital. In 2008, we had the whole situation of the investment portfolio requiring that we hold more capital in the businesses because of other than temporary impairments, we took uncertain assets. We met all those needs. We did take some impairments last year. They're outlined when you look at our results. But the point is, we were able to meet all those capital requirements and, at the same time, dividend money up to the parent company.

Second, we want to grow the business, and the way we want to grow the business is both organically and through acquisition. And we completed two acquisitions last year that we--are right in our areas that we've targeted for long-term growth where we acquired GE's Warranty Management Group, which works in the service contract area, and we also acquired Signal Holdings, which is someone we've worked with for quite a while in the wireless area, providing protection for handheld devices' loss, damage, those kind of things. So we're very pleased about those acquisitions. We think they set us up well for the long term.

Last, we returned capital to shareholders in a couple different forms. First, we did some share repurchasing. Second, we increased our dividend, and our dividend has now--is at 14 cents a share. When we went public in '04, that number was 7 cents a share. So the point I want you to all take away from this is, we have businesses that generate free cash flows, we follow a way to look at how that capital gets managed and will continue to do that. We executed on it in '08. Of course, we're not happy about the fact that we had some capital losses in our portfolio. We also know we're not alone in that, and the whole area of the portfolio is something I'm going to talk about a little more.

When we think about that capital position, an important thing to look at is other than temporary impairments. We've been very consistent on how we look at other than temporary impairments and have applied it uniformly over the course of the year. Why is it of particular importance? Because other than temporary impairments impact statutory capital requirements for Best Capital Adequacy Ratio. So the fact that we took those impairments required that we leave additional amounts in our statutory entities. If we had not had these other than

temporary impairments, we would have had even further dividend capacity. So one of the things to just think about again is, you can look at the AOCI, which is kind of unrealized losses that have yet to come through the income statement but are on the balance sheet, and OTPI, which have run through the income statement. And again, what you can take away is, we have not changed our methodology at all in terms of how we look at OTPI. We think it is the appropriate way to handle things.

Through all that, in a very difficult year in 2008, we maintained a pretty steady excess capital position. We started the year with 250 million of excess at the parent, we ended the year with 230, having completed those acquisitions I talked about, having completed making sure we'd dealt with the other than temporary impairment issues, having done some share buyback, having increased our dividend.

Now let's take a look at some of the asset portfolio issues. I've only listed a few, but here are some of the problematic asset classes. And I'm happy to report we have avoided these categories, largely because our whole investment strategy is built around making sure you're being paid to take risk, and we identified these asset classes as, we didn't see over the last few years how you were being appropriately remunerated to take those risks. So we avoided credit default swaps, we avoided CDOs of asset-backed securities, we avoided the Alt-A areas. Then there's some other asset classes where we have very limited exposures. CMBS', very small part of our portfolio. I believe they're all AAAs. There's a little bit of subprime. We have some hybrids. I know hybrids is an issue that has--we've gotten more questions on from investors. If you look at the packet we have out there -- and I think we posted it to the web today -- we've provided some additional disclosure around hybrids. What's the important takeaway around hybrids I want you to walk away with? Well, hybrid is a very broad definition, all right? We've put some disclosure out there. I think the thing to remember is, it's also an overlap with a number of the other disclosures we've already done. So we've shown some financials, we're showing hybrid exposures here, we've shown some foreign country exposures, and a lot of these are intertwined. In the table we've provided, we're trying to provide you with more transparency and an overview of these things. But where a hybrid sits and how you look at it can be quite different, and we are happy to amplify on any of that. I have Chris here with me today.

Third, if you look at our mortgage portfolio, I think we have a portfolio that is quite different than most people in the mortgage area. We have very low LTVs. We have no delinquencies as of the end of the year. It's a diverse portfolio. The average loan size is small. And again, if you look at the tail, we've only got three

properties in the portfolio where the LTV is greater than 80 percent. So we think this is a very specialized niche investment class that we've been in for a while and we think that, relative to others, we're in very good shape. Level 1 and 2 assets, the ones that you can get an actual mark on, comprise the overwhelming majority of our portfolio, but I want you to take away the bottom line. We have a low-risk portfolio, it doesn't mean there's not risk. Of course there's risk everywhere. We just think ours is substantially lower than most.

I turn next to the rating agencies. As I mentioned earlier, all of our statutory entities are rated A- or better by A.M. Best. That's the most important rating to our customers and, as I mentioned, it drives capital requirements. In the fourth quarter, A.M. Best raised their credit and financial strength rating on our company to stable. They affirmed 19 of our statutory ratings. They downgraded three to A-. We are pleased with that in a sea of things that are generally on unfavorable outlook. If you look at the other agencies, to us much less critical in the near term, we don't have any debt coming up for refinancing until 2014. We don't have any plans to issue debt. And Moody's, S&P, Fitch, that's where a lot of their ratings are really driven toward.

Okay, I'm going to turn next and talk a little bit about our results. Our fourth quarter results were dominated by our property business. This is kind of what the pie of net operating income looked like. I'm going to go right in and talk about what some of the issues are in each of these businesses. First, in solutions, we clearly had a challenge in quarter here. What we're pleased about are those acquisitions I mentioned. We're in full-scale integration of both of them. We did announce a couple of notable new clients, one being the Royal Bank of Canada and the other being Whirlpool. We're also taking actions to improve results. We're closing our operations in Denmark. This whole movement away from a retailer to an OEM model is something that's gaining traction with both GE and Whirlpool. We're pleased about that. And as I mentioned, the integration of the acquisitions is important. We're also dealing--we did have some client bankruptcies in the fourth quarter, and those ran through our results.

Property business continues to do quite well. Our growth is slowing some, but placement ratios were up. We did see modest increase in average insured values. Those are two of our drivers of growth in the business. They were offset a little bit by the fact that the overall inventory of mortgage loans is decreasing. We get lots of questions on the business around all the restructuring that's going on. What I can tell you is, it's very dynamic. We're in the process of placing our 2009 reinsurance program, and we added a number of disclosures about this business in our supplement. But one of the biggest questions I always get and Gene Mergelmeyer, who runs this business, relates to, well, what's going on with all

these programs? And it was interesting, we had investors in our office last week. We ran through a variety of things. The next day, front page of *The New York Times*, I just pulled a couple quotes out that I thought were kind of--really resonated with me on what's going on. And that is, each of the servicers are doing things a little bit differently. Each of the programs has a different set of terms and conditions. So to ask how a program works, you really need to know how those two intersect, and I think some of the statements here give you a pretty good example that there is not uniformity in terms of how these programs are being applied.

If I move next to the health business, very competitive market in health. We also believe that the market right now is not growing. This is somewhat different than what usually happens when unemployment increases. We also know there's going to be, with the stimulus package and the fact that COBRA benefits are going to be improved, that probably is one source of where individual health policies come from, and that will go down a little bit. Now, I don't want you to think that's the biggest piece, 'cause it's a--probably--and I'll get the exact numbers at our investor day--but it is probably maybe, I want to say, 10 to 20 percent of where our new business comes from. We continue to focus on product innovation. Distribution is very important. We've been doing more direct-to-consumer response in this business. I don't know if you've seen our ads, but we've been running ads on a number of the cable channels. That's proving to be something that we're quite pleased with. We also renewed the State Farm contract, and they're an exclusive provider of our product. Again, our ROEs in this business continue to be excellent. Our challenge is the top line.

On the benefits side, our persistency is tracking favorably. We're seeing a pick-up in voluntary activity where the employee pays -- not surprising in these times. We were able to renew our partnership with Aetna related to our dental network. We're pleased about that. Our profits were down slightly in the quarter.

Here is just a breakdown of our results in '04 versus '08. The thing I want to point out here is, in '04, our health business was driving results. In '08, it's the property business. We think the diversity of our model supports a shifting from different segments over time, and it's one of the things we think really is sustainable about our model. Back in '04, we identified these targeted areas for growth in the four businesses. They continue to be the areas we're focusing on today. The growth in these businesses has been quite good. We've had some businesses that we're emphasizing last. Naturally, those businesses are flat to down. But again, that focus on where we think the best place to deploy our resources are--on are a big part of our strategy. I think they are also the things that we've identified as producing best returns for investors.

Here's what the results look like. We've been able to grow EPS, we've been able to grow ROE and we've been able to grow our book value per share, so we think the results have been quite good over that time. We're focused on how we're going to continue to make that happen moving forward.

If we look at 2008, it kind of was a tale of two cities, the first and second half of the year, clearly the economy slowing down. And yet, within that, we were able to grow the top line, and although our operating income was down, it was largely because our--we had storm activity that caused about 100 million in operating losses that we didn't have--over and above what we had in the prior year. So our ROE was still quite good, we thought -- not a great year but a pretty good year.

If we look at the impact of the slowing economy on our businesses, in property, as we've mentioned a number of times, we support the government initiatives to stabilize the market. We think that that's very important not just to the economy but, we think, to our business model. On the health side, we are actively involved to find affordable healthcare solutions. On the benefits side, we're focused on the smaller employer market. We think that mitigates the slowing economy some. And on the solutions side, we're really focused on those acquisitions and finding additional clients to temper the impact of what's going on elsewhere. So we also think this market dislocation provides opportunities for growth.

Come back one more time to the investment portfolio, a couple of takeaways -- very diverse, high-quality portfolio. We put together separate benchmarks on each of the businesses. The average duration at year end was about 5.86 years. I'd mention that we're holding more cash today and sacrificing some investment income. We just think that's prudent in these times. But I think the real important thing is, our investment portfolio integrates with the business strategy. There aren't any callable liabilities in our portfolio. Our longer-duration liabilities are really quite predictable when you look at our preneed business and our LTD business. We have very sophisticated ALM work and analysis at the segment level. As I mentioned, we've increased the liquidity in the portfolio, just given the times. But we have a pretty low asset intensity ratio compared to, for certain, all the life insurance companies. But at 3.3:1, we're just not as asset-intensive as most insurance companies.

Which brings me all back to, so why would you invest in insurance--in Assurant? And the reason is, we think we're going to build a lot of shareholder value. We've got diverse sources of earnings, despite the slowing economy. We have products that are valued by clients because they provide peace of mind in uncertain times. We're very disciplined with our capital management. We have a very experienced

management team. We've produced strong financial results. And we believe we're less impacted by industry headwinds than most.

So, with that, I'll open things up for any questions you might have. Ed?

Male: Please. Oh, you're waiting for the mic, sorry.

Q: Thanks. Rob, I know you don't give earnings guidance. But I guess what I would like to ask you is, the stock is trading at four times, I think, maybe, or less, expectations, and there's concerns, I think, about the specialty property and solutions businesses. I'm just wondering, what type of environment would we have to have to see, let's say, solutions not make any money and specialty property return to the types of earnings levels we saw a few years ago, which might be 40 percent or more, I think, below where we currently are?

Answer: Sure. Let's start...

Q: And is it feasible that both of those things could happen in a year?

Answer: After the last six months, it's--feasible is an interesting question, but let me address each of the businesses separately. And first of all, in the solutions business, remember, one of the big growth areas and one of the things that is driving our results in that business is extended service contracts. 2009 results--we basically sold those service contracts in '07 and '08 and '06, and our model is really set up around, when we take a new client on, we may not have the pricing we need right at that point in time, but we work very hard to improve things. So I would submit to you that we have a number of things going on where client results for '09 will be better than '08 on a number of the clients, just in terms of improvements we've made on terms and conditions with them, so I think that--I think those contracts are going to earn out better within solutions.

Another thing to remember is, within the solutions business, we have our preneed business. This is low face amount life insurance business that delivers pretty consistent returns because the person bought a funeral, they funded it by buying an insurance policy and assigning it to the funeral home, and we, in essence, are earning an interest spread between what we're crediting on those policies and what we're able to earn. I don't think there's a lot of mortality risk associated with that. So again, I--gee, a pandemic or something, I guess, at very old-age people, could cause the preneed business, but I'm struggling to see how solutions goes to zero.

When I go over to the property side, I've talked about the property business in a

couple different dimensions in terms of, who are the people who end up getting a policy from us? You can think of the business, in my mind, in terms of people who are required to have insurance coverage and, for some reason, allow that coverage to lapse. Some of those are people who are notified and choose not to respond, and they can be with us for a long time. Others get a notification from us and go and find coverage quickly. I think both of those have been elements of our model over long periods of time. The growth in kind our placement rates have come from people who have run into trouble with their mortgages. That's what's caused some of the increase in the business. As we've seen those placement rates go up, do I think placement rates would go down to zero? No. And to that point, Ed, I'd point that certainly we could see the placement rates go down but we're tracking more loans than we were in the '04/'05 timeframe and we'll have more categories 1 and 2.

The last category people focus on are foreclosures and our real estate-owned portfolio. A couple of takeaways on that real estate-owned portfolio. The first is, not all of our clients necessarily have a real estate-owned program with us. Second, Fannie and Freddie self-insure all their REO properties. Fannie and Freddie represent about half of the overall outstanding market. So we've had growth in REO but we've kind of said, looks like that's plateau-ed kind of in the fourth quarter and there's, again, debate around that. Is it--has it slowed? Is it because of some of the mitigating programs that have been put in place? We don't know yet, 'cause this market is very dynamic, but we're studying all that. And again, our commitment is to provide that very high level of service to the processors and the lenders in the business, and we're working with them to do that all the time, 'cause you can imagine, they're under a lot of more administrative inquiry, et cetera, and we're just trying to support them in any of that. So...

Q: But just on that--the point about the REO, if it doesn't go into REO, doesn't that mean that you're more likely to have the business in force as it is today \_\_\_\_\_ forced place coverage?

Answer: Yeah. I think that there's two things to think about, Ed. First is, do we have a policy placed with us today before it goes into REO? If we do and it's restructured, that certainly could be a positive for us. It could remain with us. It could go and get some coverage somewhere else. That's always a possibility. A second model could be, they don't have coverage with us but the client's an REO client and it goes to REO. That can actually become a policy for us. So lots of different dynamics going around what the status of the property is, because it doesn't necessarily have to be placed with us. They could have their current voluntary coverage in place and then go to REO when that coverage is terminated.

Other questions? Please?

Q: Hi, how are you? On the--you're a commercial insurer in--on the property side and obviously the reinsurance rates are going up. Have you gone for rate increases in the big states, and could you update us on all that?

Answer: Sure. Clearly reinsurance pricing is going up, and we file for rate increases where our experience dictates on a regular basis. If you look at activity last year, clearly the storm areas were Texas and Louisiana. However, we are able to, depending on the state, go and present to them the costs of the reinsurance program. Now, we will have that program--we placed about half of it in January, we'll place the rest in June. That will, in some of those states where the underlying claim experience might not of and by itself support a rate increase, will allow us to demonstrate that our catastrophe reinsurance premiums have gone up, and therefore we can pass that through to the policyholder, if you will, in a rate filing. So we'll wait--some we've already filed, others we want to get through the whole cycle, but we're constantly looking at the appropriate level of rates and we get rate increases where we believe it's justified by our experience and the \_\_\_\_\_ program costs.

Other questions? If not, thanks to everyone, appreciate it, have a good day.

END