

MANAGEMENT DISCUSSION SECTION

Operator: Welcome to the Assurant first quarter 2008 financial results conference call. All lines have been placed on mute to prevent any background noise. After the speakers' remarks, there will be a question and answer period. [Operator Instructions].

I would now like to turn the call over to Ms. Melissa Kivett, Senior Vice President, Investor Relations. Please go ahead, Ms. Kivett.

Melissa Kivett, Senior Vice President, Investor Relations

Thank you, Martina. Welcome to Assurant's 2008 first quarter earnings conference call. Joining me with prepared remarks are Rob Pollock, President and Chief Executive Officer of Assurant; Mike Peninger, our Interim Chief Financial Officer; and John Roberts, Interim President and Chief Executive Officer of Assurant Employee Benefits. I'm also pleased to be joined by the other members of our senior leadership team who will be available for questions you have: Don Hamm, President and CEO of Assurant Health; Gene Mergelmeyer, President and CEO of Assurant Specialty Property; Craig Lemasters, President and CEO of Assurant Solutions; and Chris Pagano, our Chief Investment Officer and Treasurer.

Prepared remarks will last approximately 25 minutes after which time we will open the call to questions. This morning we issued a press release announcing our first quarter 2008 financial results. The press release, as well as corresponding supplementary financial information, may be found on our website at assurant.com.

Some of the statements we make during this call may contain forward-looking information. Our actual results might differ materially from those projected in these forward-looking statements. We advise you to read the discussions of risks and uncertainties associated with our business and results of operations contained in our SEC filings, which can be accessed from our website. Additionally the presentation will contain non-GAAP financial measures which we believe are meaningful in evaluating the company's performance. For more detailed disclosures of these non-GAAP measures, the most comparable GAAP measures and a reconciliation of the two, please refer to this morning's earnings press release and the supplementary financial information posted on our website.

And now, I'd like to turn things over to Rob.

Robert B. Pollock, President and Chief Executive Officer

Thank you, Melissa. Good morning, everyone, and thank you for joining us today. We're pleased to share with you Assurant's financial results for the first quarter of 2008. I'm pleased to report that Assurant has delivered the best quarterly net operating income and operating earnings per share in our history, despite the slowing economy and uncertainties impacting the capital markets. We have maintained a conservative investment philosophy. Our businesses continue to deliver healthy cash flows and we've maintained a strong balance sheet. We reported growth in net income but our results show we are not immune to the volatile capital markets. First quarter results include \$28.2 million in after-tax capital losses related to other than temporary impairments in our investment portfolio.

At the same time, capital market dislocations have created opportunities. Widening credit spreads have largely offset declining treasury yields, allowing us to invest on more favorable terms. Our capital management strategy is focused first on growing our businesses organically and second through acquisition. In 2007, the M&A environment was characterized by excess liquidity and

abundant low-cost financing. Nevertheless we successfully completed acquisitions of about \$200 million, aligned with our targeted growth strategy. Today the M&A environment is characterized by diminished capital position and scarce higher cost financing. We believe we are well positioned for this environment.

Overall growth in our business has been driven by our disciplined execution of our diversified specialty insurance model. Our results delivered strong operating ROEs and we achieved nice growth in operating earnings per share and book value. We are pleased with our ability to deliver strong results in a slowing economy, and we feel we are well positioned for 2008.

The mortgage market has experienced unprecedented changes, which have had ripple effects across the entire economy. The market is dynamic and Assurant continues to support initiatives that might bring additional stability. Examples include our membership in the Financial Services Roundtable and our participation in their Housing Policy Council. We are also participants in the HOPE NOW program, focused on financial counseling for homeowners in need.

In this turbulent market, Assurant Specialty Property delivered strong profitability and growth in net earned premiums. Our strategy of aligning with market leaders has been integral to our growth over the last five years, and we believe it positions us well for the future where consolidation is likely to continue. Our results in the first quarter were achieved despite the loss at year-end of 630,000 subprime loans due to consolidation. Over the long term, we continue to focus on growing our share of trackable mortgage loans.

Let me move next to Solutions. Net earned premiums grew nicely quarter-over-quarter. We recently held a workshop to provide investors a deep dive into our Solutions business model. At the workshop, we identified key drivers of growth and how they would help us to temper the impact of a slowing economy, particularly for service contracts. These drivers include establishing relationships with new distribution partners such as dealerships in recreational vehicles, developing new warrantable-good product niches like jewelry, adding new clients and increasing sales from existing clients. Solutions results this quarter were positively impacted by \$11.7 million of after-tax income from service contract clients. I mention this because it demonstrates our ability to work closely with our partners to improve client account performance when results are not meeting our targets.

Internationally, we continue to see strong growth in both service contracts and credit insurance. One contributor has been our Global Client Management strategy. Using this program, we've been able to add multinational clients in several countries. In addition, our two acquisitions in the U.K. have helped us to build our position in the niche mortgage payment protection market.

The dynamics of the healthcare marketplace continue to change rapidly and we remain focused on executing our core capabilities. Our disciplined risk management approach to the specialty business has enabled us to continue to deliver favorable combined ratios. Although Assurant Health's net operating income and net earned premiums for the quarter are both down compared to the same period last year, we continue to focus on growing our individual medical business by leveraging our strengths in product development and broad distribution.

Assurant Employee Benefits is well positioned for the small employer benefits market. John Roberts, who leads our Employee Benefits business, will talk about how we are successfully executing our strategy within this market.

So in summary, even in the context of a slowing economy, our results continue to demonstrate the enduring quality of our diversified specialty insurance strategy. Our financial foundation is strong and our capital position provides the flexibility to capitalize on emerging opportunities. Now, I'd like to turn the call over to John Roberts. John?

John S. Roberts, Interim President and Chief Executive Officer – Assurant Employee Benefits

Thanks, Rob, and good morning everybody. I'm very pleased to be here to update you on our quarterly results and the progress we've made towards our goal of being the small employer's carrier of choice when it comes to employee benefits.

At Assurant Employee Benefits, we've chosen to become a specialty carrier in this market and to transform themselves to focus on the needs of the small employer. We are executing on a growth strategy by building a sales force for the small market and developing alternate distribution networks like Disability RMS. Now, moving forward, our growth strategy will expand to include increasing voluntary sales and acquiring blocks of business.

Now, let me turn to the results for the first quarter. Assurant Employee Benefits net operating income was \$16.3 million, down 44% from the first quarter of 2007. This was primarily due to no investment income from real estate joint venture partnerships in the first quarter of 2008 compared to \$9.2 million after-tax during the first quarter of 2007. That said, the underlying business results continue to reflect the benefits of our new strategy. Group disability experience continues to be very favorable, while life and dental experience were not as favorable as last year. The net effect was continued overall improvement in our loss ratio.

Our targeted small case market has distinct advantages. Historically, small employers appreciate and are more willing to pay for benefit choices. Additionally, in the disability business, small cases have, on average, lower claim costs per person covered. Small case is also less prone to fluctuations in claim incidents during these tough economic cycles. As we continue to focus on growing, we expect the lower loss experience associated with the small case will be partially offset by higher sales expenses until we build scale.

Turning to top line, first quarter net earned premiums decreased 5% to \$280.4 million. The decrease is due to \$22.8 million in single premiums from closed blocks of business recognized during the first quarter of 2007, compared to only \$5.5 million in the first quarter of 2008. Absent the effect of these single premiums, net earned premiums during the first quarter of 2008 increased slightly.

We're encouraged by our sales momentum as we look to 2008 and beyond. While overall sales for the first quarter of 2008 were flat relative to the first quarter of 2007, sales in our under-500 life target market have increased. Sales are up 57% over the first quarter of 2006, when we're in the early stages of implementing our small case strategy. Distribution is the key ingredient to successfully implementing our strategy, and one that we believe differentiates us from our peers. Our sales force is now 164 members strong, serving markets through over 30 group sales offices located strategically across the country.

When we adopted our small case strategy, we implemented a sales compensation plan that focused on driving small group sales. Sales rep compensation is capped at 500 lives, sending a clear message that small cases are our focus. This bold move set in place a redesign of our sales organization. Our new sales force is primarily life experience hires, meaning they have sales experience from other industries. We build upon their strengths and tailor training programs for them to maximize their sales effectiveness in the employee benefit market.

We believe the challenge and opportunity our reps find in working with small case is reflected in our lower turnover rate which in 2007 was approximately one half what we saw in 2006. Additionally, we're continuing to strengthen relationships with brokers who share our focus on the small employer, especially through initiatives like the program we have developed for our key brokers. The number of brokers involved in this program has now grown to nearly 250, because they recognize the value of our business tools such as cross-selling opportunities, our marketing and

business planning development, all of which helps them grow their business. And collectively, these key brokers account for 25% of our annual sales.

Business written through approximately 30 Disability RMS clients provides another avenue to distribute our products and services to the small case market. When you combine the AEB sales force with that of Disability RMS, nearly 500 sales reps offer disability products, which Assurant holds at risk.

The next chapter for Assurant Employee Benefits is growth. And, in these tough economic times there are a number of factors, including the breadth of our product portfolio that makes us attractive to the small employer. Our growth will focus on four key areas: first, even better executing our small case strategy; second, growing ultimate distribution; third, growing voluntary sales and; fourth, acquiring blocks of business.

These past few years have been an important transition for Employee Benefits from a traditional employee benefit carrier to one focused as a specialty provider. We are demonstrating Assurant's core strengths: partnering with industry leaders, expertise in risk management capabilities and our advanced administrative systems that allow for mass customization in this market. These strengths, and our focus on the small group market, put us in a position to deliver top line growth and targeted ROE for Assurant.

Now, I'd like to turn the call over to Mike.

Michael J. Peninger, Executive Vice President and Interim Chief Financial Officer

Thank you, John. It's exciting to see how you and your team have advanced AEB's strategy and positioned the company for leadership in the small employer market. Now let's review the consolidated results and the results from each of our other businesses, which in aggregate demonstrate strong performance and position us well for 2008.

Assurant's net operating income during the first quarter of 2008 was up 22% to \$214.9 million, or \$1.80 per diluted share, led by the continued strong performance of Assurant Specialty Property. Net earned premiums increased 10% for the quarter. Key contributors were Assurant Specialty Property's creditor-placed homeowners business and Assurant Solutions' service contract and preneed businesses. International net earned premiums reported benefited from favorable foreign exchange rates.

While yields have declined, total invested assets have increased by 6% or nearly \$1 billion since the first quarter of 2007. Net investment income decreased 9% during the quarter to \$197.8 million. This is due mainly to \$33.5 million of investment income from real estate joint venture partnerships recognized during the first quarter of 2007. The current real estate market provides more opportunities for investments and, as we move forward, our strong cash position should allow us to take advantage of these opportunities.

Net income in the first quarter of 2008 increased 4% to \$186.8 million or \$1.57 per diluted share. We recorded \$28.2 million in after-tax realized losses due to other than temporary impairments in our investment portfolio. These included an additional \$2.5 million after-tax out of our \$40 million aggregate subprime ABS holdings of 2006 vintage. The remaining impairments are primarily concentrated in issuers within the finance sector who were affected by the market volatility and credit market conditions at the end of the first quarter. We've seen no significant further deterioration in these positions and many of our impaired holdings have improved along with overall market sentiment since quarter end.

Assurant Solutions first quarter net operating income of \$47.6 million was up 8% versus the first quarter of 2007. There was no investment income from real estate joint venture partnerships in the first quarter of 2008, compared with \$9.4 million after-tax during the first quarter of 2007. 2008 results included \$11.7 million of after-tax income from the accrual of contractual receivables established from certain domestic service contract clients.

As we discussed at our workshop and on past earnings calls, we continually work with our clients to analyze emerging experience and make necessary adjustments. For example, we may change rates, change administrative practices or adjust client commissions. In this case, certain clients who have not previously met the minimum performance threshold specified in their contracts have agreed to explicit reductions in their future commissions.

We set up a receivable to reflect amounts we will receive over the next two quarters. Accounting rules require us to recognize them in our financial statements this quarter, since they can now be reasonably estimated and the likelihood of recovery is high. While this receivable improves our domestic combined ratios for the quarter, we continue to experience less favorable overall results in our domestic service contracts and will work to continue to improve results.

Our international combined ratios continue to reflect our investments in developing countries and continuing improvement in loss experience in certain countries. First quarter expenses for developing countries were \$7.9 million, compared with \$6.7 million in the first quarter of 2007. Expenses in developing countries were 41% of gross written premiums in the quarter, down 14 points from the first quarter of 2007.

Solutions net earned premiums were up 17% to \$683.5 million in the first quarter of 2008. This increase was driven by the continued growth in our domestic and international service contract business. Excluding the impact of foreign currency exchange, net earned premiums are up 15%. We continue to see growth in preneed premiums from SCI's acquisition of Alderwoods which added \$17 million of net earned premiums during the quarter.

Overall, domestic gross written premiums were down 12% over the prior year. Due to slowdowns in the retail sales environment and the closure of all CompUSA stores, gross written premiums for our domestic service contracts were down 13% in the quarter. In addition, domestic credit gross written premiums continued to decline and were down 6% quarter-over-quarter.

International gross written premiums were up nearly 18% in the first quarter. Excluding the impact of foreign currency exchange rates, they were up 6% primarily due to continued strong growth in service contracts, particularly from Canada, Brazil and Argentina. We are also seeing growth in our international credit business. Since international is an increasing part of our Solutions business, we will be including more information on foreign exchange impacts in our financial supplements beginning in the second quarter.

Fee income was up 16% for the quarter, partially due to the growth in fee income from our two 2007 acquisitions, Swansure and Centrepoint in the U.K. Assurant Solutions net investment income decreased 5% for the quarter. The decrease is primarily due to \$14.4 million of investment income from real estate joint venture partnerships recognized during the first quarter of 2007. Absent this income, net investment income would have increased 9% due to higher invested assets from the growth in domestic service contracts, our international business and the Mayflower transaction.

Assurant Specialty Property delivered record net earned premiums and strong profitability. With no reportable catastrophes during the quarter and continued growth in creditor-placed homeowners insurance, excellent combined ratios and an increase in investment income, net operating income was up 68% to \$124.7 million. These results include \$4.6 million after-tax from a client-related settlement.

Net earned premiums, driven by the continued organic growth in the creditor-placed business, increased 31% to \$481.4 million in the first quarter. While the sequential growth has slowed this quarter due in part to seasonality and the loss of 630,000 subprime loans to consolidation, we continue to see our primary growth drivers increasing and we believe we are well positioned over the long term.

Average insured value for property rose to \$164,000 in the first quarter of 2008 compared to \$139,000 in the first quarter of 2007 and \$157,000 in the fourth quarter of 2007. Average insured values are increasing primarily as a result of increases in replacement cost coverage being replaced in the primary homeowners' insurance markets and due to the geographic mix of business.

Policy in force penetration percentages have also increased in both our prime and subprime portfolios and continue to run in the general range of 6% to 15% for subprime accounts and 1% to 2% for our prime accounts. While the majority of our creditor-placed premiums are non real estate-owned, real estate-owned premiums continued to increase to 21% of written premiums for the first quarter of 2008. The growth in real estate-owned properties has improved and broadened our geographic spread of risks.

Specialty Property's results also reflected a 34% increase in investment income to \$29.4 million for the quarter due to higher invested assets and an 8% increase in fee income to \$13.6 million during the quarter.

Assurant Health maintained a very favorable combined ratio during a period of intense competition. First quarter 2008 net operating income was \$37.3 million, down 8% compared to the same period of 2007. The decline reflected \$2.3 million of after-tax income from real estate joint venture partnerships recognized during the first quarter of 2007. Continued growth in individual net earned premiums during the quarter was offset by the continued decline in small group medical premiums.

Our combined ratio for the first quarter of 2008 was 91.7%, the same as it was in the first quarter of 2007 – very favorable by industry standards and indicative of our disciplined risk management. Net earned premiums in the first quarter of 2008 decreased 3% compared to the first quarter of 2007 to \$496.1 million.

Individual medical net earned premiums grew by 2% primarily due to higher premiums per member. This was offset, however, by a 13% decline in small group premiums. Individual medical sales were down 20% compared to the prior year. However, we believe recent turmoil in the market will work to our benefit and allow us to take advantage of our strengths. These strengths include disciplined risk management, broad distribution and a comprehensive product portfolio.

Next, in our corporate and other results, we reported a net operating loss of \$5.9 million for the first quarter of 2008 compared to a loss of \$7.6 million in the first quarter of 2007. This improvement was primarily a result of \$5.8 million of changes in certain tax liabilities recognized in the first quarter of 2007, partially offset by lower investment income in the quarter. The quarter includes \$1.6 million after-tax of expenses relating to the ongoing SEC investigation of loss mitigation products.

Our balance sheet remains strong. As of March 31, 2008, total assets were \$26.4 billion and total shareholders equity, excluding accumulated other comprehensive income was \$4.2 billion. Book value per diluted share excluding AOCI grew 5% during the quarter to \$35.33. Our debt to capital ratio excluding AOCI improved to 18.9%.

In summary, Assurant's focus on the disciplined execution of our proven diverse specialty business strategy continues to deliver strong results for shareholders. By leveraging our core capabilities

and expertise in the specialized markets in which we operate, we continue to make steady progress in our key targeted growth areas.

Now, I'd like to turn things back to Rob to open the floor for questions.

Robert B. Pollock, President and Chief Executive Officer

Thanks, Mike. Operator, we're ready for questions.

QUESTION AND ANSWER SECTION

Operator: [Operator Instructions]. Our first question comes from Keith Walsh of Citigroup.

<A – Robert Pollock>: Good morning, Keith.

<Q – Keith Walsh>: Morning, how are you? First question for Gene. Couple of questions on Specialty Property. If you could just remind us why we see seasonality in the gross written premiums from fourth quarter to first – why they declined? And then secondly, just more broadly, when I think about originations in the mortgage industry they're down pretty sharply across the board but much more so for Countrywide. Are you seeing relative migration to your book away from Balboa, let's say, maybe if you can talk a little bit to that? And then I've got a follow-up for Mike.

<A – Gene Mergelmeyer>: Great. Yeah let me try and address seasonality. I think one of the things you could look at, too, is if you – there was a similar pattern that occurred in the fourth quarter of '06 versus the first quarter of '07. And really what that relates to, if you look at our book, a number of the expirations, let's say, do kind of expire in the middle of the year, kind of consistent with when most people were buying their homes and that's when their insurance was kind of set up and the expirations occur. So there is a tendency to run to that and there's some cyclical around how premiums are processed as well.

As it relates to the origination side of the business, we do feel that again our core competency around aligning ourselves with the industry leaders has us well positioned. Certainly there was a couple of our large lenders in the first quarter actually did announce that, despite all of the problems and all of the press around originations being down, that their originations were up, and some significantly over the first quarter of last year in this first quarter. So we do see some of that happening. We also do believe that as the Bank of America group takes over for Countrywide, to the extent that does go through, they've already announced that they do plan on cutting back both their warehouse lending as well as their subprime lending. And so we do believe our partners are in a good position to probably take advantage of that market.

<Q – Keith Walsh>: Great, and then just, for Mike, if you could remind us – what's your excess capital position today?

<A – Michael Peninger>: We usually update that later in the year, Keith. We were in the, I think the 220 or so range at year-end, and we'll give you an update on that as the year progresses.

<Q – Keith Walsh>: Okay. Thank you.

Operator: Our next question comes from Mark Hughes with SunTrust Robinson Humphrey.

<Q – Mark Hughes>: Thank you very much. Anything you can say in terms of how much the loss of those 630 subprime loans affected premium in the quarter? Can you ballpark an estimate?

<A – Gene Mergelmeyer>: Well, that's really not something I can disclose. However, what I can say is that we do see continued growth momentum. So, when you look at, you know, our average insured value – we reported that – I think you'll see that that has continued to increase consistently with what we've seen in the previous year. But also as delinquencies and foreclosures have continued to increase, we've seen increased penetrations. And so, both in the subprime market and a little bit in the prime market as well, we have seen increases again this quarter consistent with what we were incurring last year.

<Q – Mark Hughes>: Okay, and then any improvement in the pricing environment in Health given the poor performance of some of your competitors?

<A – Robert Pollock>: Don, you want to...?

<A – Donald Hamm>: Sure. You know, health remains a very intensely competitive marketplace, particularly in the individual market where there is a lot of growth and more competition. And I'm actually quite encouraged by our sales in the first quarter being up 18% over the previous quarter. I think a number of factors were involved. I believe our relative competitive decision had improved a bit. Additionally, we introduced a new product and we introduced a new capability. I'll be talking more about those as part of our second quarter, but certainly this reinforces our long-term perspective on the business, our discipline in risk management. We stay on top of the business every month and we make sure that we price our products appropriately for the risks we're taking. And the recent changes and turmoil I think may give us some wind in our sails as we look towards the second quarter in the rest of the year.

<A – Robert Pollock>: I think it just points out the nature of individual medical being a specialty business. And I know that people talk all the time about competitors coming in, but it is different and it operates with a different dynamic than you see in the general large case health marketplace.

<Q – Mark Hughes>: Thank you.

Operator: Our next question comes from Edward Spehar with Merrill Lynch.

<A – Robert Pollock>: Good morning, Ed.

<Q – Edward Spehar>: Thank you, good morning. I had a couple questions. First on Specialty Property – I think you said the average insured value was up from \$139,000 to \$164,000 year-over-year, is that correct?

<A – Michael Peninger>: Yes.

<Q – Edward Spehar>: And so that's I guess that's an 18% increase and I'm wondering at what point do we start to see those increases stop? I know there isn't a direct connection between insured values and home prices. But is this something where we can – we have some way to sort of gauge when we would think this would normalize, and does it normalize in terms of sort of gradual decline or is it something that, I guess I would think maybe it's something that could drop significantly in a quarter when it stops? But can you help us understand that? That's obviously a key driver of the growth.

<A – Gene Mergelmeyer>: Sure, Ed. Let me try to do my best to address that issue. First of all, you know, we continue to see increases in the average insured and it's being driven as we look at the new policies that are being put on the books. You know, they are at much higher values and we're continuing to see that increase. So, again, we're replacing some of the older policies that have been on the books for quite a long time, and we've also instituted some processes in our policies that are going to increase our renewal amounts based on inflation as well, which will continue to add to that trend.

Secondly, the other thing we're seeing is that it is being driven a bit by geography. And so, as we have added, particularly in the real estate-owned area, there have been an increase in policies in the West, particularly in California, which are having some higher values. And we believe that trend is going to continue.

<Q – Edward Spehar>: Okay. And I guess the other questions, just some clarifications. Could you give us – in Solutions, what, Mike, did you say the expenses for developing countries were this quarter versus 1Q '07?

<A – Michael Peninger>: 7.9 I think was the number and...let me try to find it for you.

<A – S. Craig Lemasters>: Yeah, Ed, it's Craig here. I think it was 7.9 but we also gave it as a percentage of gross written premium which was 41% and that was down 14% from prior quarter. So we wanted to not just give you the absolute number. But, we talked a little bit at the workshop about, that as these things build scale then that percent should drop. So we started reporting both this quarter. And really the spend is pretty much in line with what we talked about at the workshop, I think we were about \$8.9 million in the fourth quarter. So overall I'm real comfortable with, you know, we're coming in on plan as far as the spend, and making good progress here.

<A – Michael Peninger>: It was 6.7 in the first quarter of '07, Ed.

<Q – Edward Spehar>: Okay and then what did you say the growth in international written premium was, ex-currency?

<A – Michael Peninger>: The gross written was up 6% without the currency.

<A – Robert Pollock>: That's the gross, but the earned was up substantially more.

<A – Michael Peninger>: The earned was up 15 ex the foreign exchange.

<Q – Edward Spehar>: Okay that's what I thought you said. Is that a material slowdown from where we have been running on an ex-currency basis?

<A – Robert Pollock>: I mean, I think a way to think about all these things, Ed, is you know, the – especially with the service contracts you write the business and then it earns out after the manufacturer's warranty expires. So you know, you can see things go up or down in a particular quarter from the economy, etc., but we feel quite good about our positioning internationally as we're adding more clients.

<A – S. Craig Lemasters>: Yeah. I'll just add to that, Ed, that I'm still very comfortable with our growth trajectory in international. One of the things that's interesting, if you look at the U.S. economy and obviously some of the things going on here, obviously, two of our bigger locations internationally are Canada and the U.K., which tend to more closely mirror the U.S. So in our longer term vision, as we've talked about is, as we build scale in other markets around the world, it will insulate us a lot more to any of the downturns in any particular region. And a good example of that would be Latin America. I would love to have more scale already in countries like Mexico and Brazil and we're working real hard to do that because those economies are – the things we care about, consumer spending, consumer borrowing, are growing very nicely. So we're working real hard to build the scale in those other regions but I'm still very comfortable with where we are in terms of the growth.

<Q – Edward Spehar>: Thank you.

Operator: Our next question comes from Steven Schwartz of Raymond James Associates.

<Q – Steven Schwartz>: Hey. Good morning, everybody. I got a few here. First, Mike, could you talk more about, not even – the receivables that, I don't know, you reversed them or whatever you did with them in Solutions? What were those and what line items might they have affected?

<A – Michael Peninger>: Yeah. We set up a receivable for payments we'll get over the next six months, Steven, and Craig – I think – can give you kind of more of the business context but really, this is a normal part of the business and Craig, do you want to?

<A – S. Craig Lemasters>: Yeah. Absolutely. Steven, what this is, is I think a great example of the risk management process we employed here that I've talked about for several quarters. And again, as I've discussed, there's several ways that we can improve client performance. We can change rates. If we need to, we change terms and conditions of the contract. We help clients get higher attachment rates. And then, ultimately, we have – we typically would have some type of contractual ability to do what we've done here, which is to change prospective commissions.

So that's really what the \$11.7 million receivable represents this quarter where we're recognizing six months of agreed upon reduction in commission by several of our clients. And again, we're required by accounting rules to put that up in this quarter as a receivable of, again, reduction of future commissions.

So again, I think the bottom line for me here is it's a great example of when we need to do these things, we have excellent relationships with our clients. And our clients generally get it that these programs need to be sustainable and viable long-term and work very closely with us on really all of these ways to improve performance. But that's what the 11.7 represents in the quarter.

<A – Robert Pollock>: And I think, Steven, it's a perfect example of our dual vision we have operating here. In the short-term, we have people with our core capabilities, Craig mentioned, focusing on the details of the business, where at the same time we have our vision on the long-term horizon of how can we do more with these clients, how can we bring in additional clients, how can we identify more vulnerable good niches? And I think Craig and his team have demonstrated that they can operate with that dual vision.

<Q – Steven Schwartz>: No. I understand that – I understand the risk management. What I'm trying to get to is the mechanics of this. Are these commissions that were already paid that haven't been amortized into expense yet that you're going to be getting back? They're not paid yet but you've already accrued for them and now you're un-accruing for them? Things like that.

<A – Michael Peninger>: No. We have an agreement with these clients that we'll receive a stream of payments over the next six months and so, because the stream of payments is definite and we can estimate it, we've set up the receivable now. So we'll get the money in over the next six months.

<Q – Steven Schwartz>: Okay. But this does not reflect commissions that were retrospective commission basis that you thought maybe...?

<A – S. Craig Lemasters>: No.

<A – Michael Peninger>: No.

<Q – Steven Schwartz>: Okay. All right. That's where I was going. To fill out Keith's discussion of the mortgage originations and Ed's discussion, it seems to me that mortgage originations have kind of a conflicting effect, if you will – tell me if this is right. More originations mean there's going to be more new insurance, which means that the TIV is going to go up on what you all are tracking.

On the other hand, it would seem to me that more originations, particularly refis might take people out of situations where you would be insuring them?

<A – Robert Pollock>: Before I turn it over to Gene, just a comment. If we look at this over the long term, Steven, we think the social policy in this country is going to continue to be focused on home ownership. And so our eye is on the number of trackable loans, the number of mortgages outstanding and how we get our fair share, okay? So right now, that number we've identified for you is about 45 million trackable loans. We think that number will grow historically over time. With that as context, I'll let Gene make a few comments.

<A – Gene Mergelmeyer>: Yeah. And we also believe that it is important that the confidence be regained in the mortgage process and we certainly believe that it is going to happen and there are going to be changes in business practices. We've already seen that in the underwriting side. And that underwriting side, though, has limited significantly the number of new originations. And we think it's going to take some time before those come back and I don't think at this point we're too concerned that that's going to have a significant effect, certainly in the short term around our continuing growth factors.

<Q – Steven Schwartz>: Okay. And then just a quick one for Don. Just to fill in the topic of health turmoil, I'm actually a little bit surprised – I mean, I thought more people were getting into your business, your sales are up, you say that they benefited from health turmoil, which as an insurance analyst would mean to me that people are leaving because of poor profitability. So what exactly do you mean by health turmoil here?

<A – Robert Pollock>: Well, I just think that – and I'll turn this over to Don but I'd make this comment, Steven. Our approach has been to focus on a specialty business. We've seen a number of players who are in a variety of markets and healthcare, okay? Seniors, all that. They see the individual market is interesting and they enter with the skills they've applied in the large case market. Those do not work of and by themselves. And so, as a consequence, I think that I would define they've had a denominator problem versus a numerator issue. In other words, they haven't been charging enough premium, and I think what Don's folks have seen is they're now making premium adjustments, which make us relatively more competitive.

<A – Donald Hamm>: That's exactly right, Rob. In the first quarter, several of the large national players announced some disappointments and referred to some of their difficulties in the risk-based businesses. And so therefore, we have seen some recent changes in the rates and it reinforces Assurant's longer-term perspective on the business. But we have this intense monitoring cycle that occurs monthly and we stay on top of the emerging business.

<Q – Steven Schwartz>: Okay. Great. Thanks, guys.

Operator: Our next question comes from Adam Klauber with Fox-Pitt.

<A – Robert Pollock>: Good morning, Adam.

<Q – Adam Klauber>: Good morning, Rob. Thank you. On the Specialty Property, the expense ratio seems like it's settled in around 39%. As volumes continue to increase, is there potential improvement there or are we at a floor right now?

<A – Gene Mergelmeyer>: Well, again, as I've kind of mentioned in previous quarters, we do believe that this is a scale business, and we do believe that as we continue to ramp up premiums, we will continue to achieve the benefits of scale and we certainly believe that there's a possibility that we could continue having good expense ratios and potentially improving them.

<Q – Adam Klauber>: Okay. Thank you. On the Solutions business, the premiums earned have rolled through as you've explained last year and at the workshop, so that's good to see. Now that we're seeing a reversal in gross premiums, which again is somewhat expected, as we look at 2009, with the lag inherent in the contracts of this business, even if the growth stays moderately negative this year, will the earn still be relatively positive next year?

<A – Robert Pollock>: Craig, go ahead.

<A – S. Craig Lemasters>: Yeah. It should be, Adam. I mean, if you remember, we talked about, particularly on the service contracts that these tend to be up to three to four year contracts. So we have a nice bucket of unearned that despite some downturn in the gross written premium, you'll still see nice earnings flow through on the net earn side. And obviously, our mission here is to really focus on that top line and you know as we talked about, particularly in the service contract business, you know, there really are four key growth drivers.

Rob mentioned it earlier, and we want to keep growing our existing clients and we've seen some of that. We actually had some of our clients in the first quarter domestic service contract clients that grew in the first quarter, largely because of our strategic program management, helping them at the point of sale. And if I look at our top line, Mike mentioned CompUSA that obviously had a big effect year-over-year on our top line, everyone's aware of Circuit City's downturn, so when I normalize those we actually had bright spots in the quarter in terms of top line. But we want to get new clients, penetrate the market deeper, keep adding new products in the warranty space and then, you know, we're excited about new distribution channels. We talked about jewelry. We're looking at furniture business now, OEMs, a lot of interesting niches that keep pushing out on the top line. And, finally, the international piece, again we still see great growth opportunities around the various international regions and as I mentioned earlier, we're particularly excited about some of the Latin American countries right now, specifically Mexico and Brazil. And so roll that up while we certainly have pressures from the economy here and as I mentioned, Canada and U.K. tend to mirror us a little bit, I'm still pleased our progress in these overall growth targets. Again, our goal is to build a real stable long-term growth platform.

<A – Robert Pollock>: Yeah, and I think Craig says it very well and one of the ways you can just look at the numbers is to relate the gross written to the earned for service contracts in particular, where written and earned tend to mirror over time, and our written is substantially ahead of our earned in the service contract business.

<Q – Adam Klauber>: Right. Okay. And finally, I know you prefer to do acquisitions if the right ones come along. If they don't, at what point are you going to turn around and start doing share buybacks again?

<A – Robert Pollock>: Sure. I mean as we've said, on advice from counsel we concluded until the investigation is finished with the SEC, we're not doing buybacks. We are not exercised by that at all though today because we see plenty of acquisition opportunities and we think shareholders would prefer that we acquire businesses where we can grow earnings at attractive returns for them, and so our M&A area is probably busier than it's been in sometime and we hope that we're able to make things work on that side of things.

<Q – Adam Klauber>: Great. Thank you very much.

Operator: Our next question comes from Beth Malone with KeyBanc.

<A – Robert Pollock>: Good morning, Beth.

<Q – Beth Malone>: Good morning and congratulations on the quarter.

<A – Robert Pollock>: Thank you.

<Q – Beth Malone>: Just a couple of things. On the real estate partnerships that you had last year but not this year, is that part of the market conditions in real estate or is that just a timing issue?

<A – Robert Pollock>: Let me have Chris comment on that a little bit because he's best positioned to talk about that Beth.

<A – Christopher Pagano>: Hi, Beth. A couple of things. When we think about the real estate, the specialty asset class, there are two things that we're trying to accomplish right now. The first is to grow the portfolio and again the objective here is to perhaps maybe as much as double the existing \$150 million or so that we've got in exposure. But the second thing is, and the key to the profitability of this asset class for us over the long term is, our ability to be opportunistic. And when you think about the first half of 2007, the opportunities were clearly on the sell side. We sold into what we thought was an aggressively bid market carrying back in particular a lot of our office exposure and we went through the second half went through a period of what I would call price discovery and that's sort of spilled over into the first quarter of '08 where sellers were looking for 2007 prices and that's just not where the market is. But you know we feel now, given the strong operating cash flow and the deal flow that we're seeing, which are really better properties on better terms that we'll be able to take advantage of the opportunities on the buy side, further distribute the property, the exposure of the partnerships across the segments and down the road continue to deliver well distributed investment income from sales.

<Q – Beth Malone>: Okay. Thank you. And then one last question on Solutions business, can you talk a little bit about your efforts to work with – it is obvious the economy is slowing, there's less demand for consumer products that is forecast – and how are you managing that like in the case of Circuit City where it's under some stress, how do you all manage that?

<A – Robert Pollock>: Craig, want to talk about that?

<A – S. Craig Lemasters>: Absolutely, Beth, there's a couple of ways and specific to Circuit City obviously again they've been – they are a great partner and we're working really hard and we believe that increasing service contract sales could be a part of their rebuilding the company and they believe that, so we work very closely together to help them. So we generally view this as an opportunity with these type of clients right now. But again I go back to these four growth drivers where I don't want to just ebb and flow with the economy and we work very hard at again penetrating our existing clients even farther, which is working. We have clients that are up in the first quarter which is encouraging. There's a lot of share out there that we don't have, particularly in some of the niches. We talked about our new wireless close with Cricket Wireless at the workshop. We're doing some new testing with people like Wal-Mart and some new markets, Canada, Argentina, et cetera. Again, we're excited about new distribution. We're making headway in the jewelry space, furniture, RV, power sports, OEMs. So, we're really pushing hard at all of these and again not just waiting on the economy.

And I think Rob talked about dual vision earlier, I talked to our group and we call it telescoping. We try to focus in real hard times like this on the profitability and making sure that we're constantly improving client profitability then sort of pulling the telescope back and looking at the horizon out there for these other opportunities in niches and ways to grow the business.

<Q – Beth Malone>: Okay. Thank you.

Operator: Our next question comes from Jukka Lipponen of KBW.

<A – Robert Pollock>: Good morning, Jukka.

<Q – Jukka Lipponen>: Good morning, Rob. Back to the Solutions and the growth outlook. Can you discuss your expectations now for the domestic service contract business in terms of the gross premium trend and I think in the past you felt like in prior recessions your business necessarily didn't decline. Now we saw some of the premiums on the gross basis down in this quarter, so can you give us color on that? And then also as a part of that does the weaker economy improve or hinder your opportunities in winning new domestic service contract clients?

<A – Robert Pollock>: Craig, you want to comment on that?

<A – S. Craig Lemasters>: Absolutely. Jukka, the two big impacts again on our top line, the gross written, domestic service contracts are really CompUSA and the slowdown in Circuit. As I've just mentioned, Circuit we're encouraged by, we're great partners we're working really hard to help them improve results. Obviously that's good for both of us. Comp, there's nothing I can do about, I mean, it's 130 stores, it was a big producer. Obviously, they have closed those stores so that will be a drain on us this year. I mean, it's hard to make up for that level of volume.

But again I think what's important for us is to peel back that onion and say what's happening beyond those two events that we've talked about publicly, and again, that's where I see encouragement. We've had clients that were up this quarter, which is encouraging. Joe talked a little bit at the workshop about the parts of the service contract business that are still pretty healthy, flat panel TV being a great example where sales on those are still strong and it appears they will continue to be throughout the year. So what we do in a situation like that is to really push at those product items specifically, and how can we help our clients improve results on stuff that is moving? The other big factor for us is the wireless space. We're very interested in the wireless space. We're obviously in it now, I think gaining some momentum. The good news is we don't have much of that share, so we're going to continue to pursue the wireless space real diligently.

On your second question in terms of the economy and did that improve our position in terms of you know, new clients, we really haven't seen that right now, we have strong competitors domestically, so we haven't really seen a lot of opportunistic sort of things going on right now in terms of the economy.

At the client level, I'll tell you I think one of the things is that it's interesting right now and we're sort of anticipating some help here with these tax rebates that are now getting in people's hands, we're hopeful that people buy more flat screens with those. We'll see how that develops.

<A – Robert Pollock>: Just one point to add because I think we've been very diligent at applying those core capabilities. While Craig has had all this going on, he's also taken that global client management capability and applied it internationally which is going to help us, but he's also held something to leverage that across the enterprise. We just had a meeting with leaders at all the different companies on how can we share these core capabilities, that's a good example. We had another one that Gene's kind of leading up on call centers, and we're getting people together on the call center side and seeing if we can improve our productivity there. That's something that can help in Craig's area. So, we're always looking to tighten things down as much as we can, Jukka, to service our clients better during these times.

<Q – Jukka Lipponen>: And Craig, can you give us an update on your efforts in China?

<A – S. Craig Lemasters>: Yes, it's actually been an exciting quarter for us. We've opened our service contract office in China and actually I believe just two weeks ago welcomed our new general manager to run our service contract company in China, and we've found a terrific candidate with lots of great experience. It's exciting for us. And I've mentioned this before, what we see happening is, our ability to attract talent now in our international expansion, is really improving. It's hard when you're a startup and you're not a known brand and you're new to this expansion, and now we've been at it for six or seven years, we're starting to build scale and excitement around it –

we're really able to attract some talent. And we're in active conversation in China with a number of the retailers. At this point it's very early in the game, so it's really hard to predict when those clients will start to come our way, but we're using the same template that I think we've proven in other countries where we're going in and, on a very organized basis, building our service network, putting our systems in and basically getting organized. So, I look forward to updating you in the coming quarters on our progress there.

<Q – Jukka Lipponen>: And lastly, Rob, any update you can give us on the SEC front?

<A – Robert Pollock>: Well, Jukka, we continue to work toward resolution there. Obviously, what we can do is focus on the things we can control. I think we are being responsive there. The SEC, we cannot control, and obviously they have lots of items I'm sure for consideration and we need to understand that in terms of the things that they have on their docket.

<Q – Jukka Lipponen>: Thank you.

Operator: Our next question comes from Vinay Misquith of Credit Suisse.

<Q – Vinay Misquith>: Good morning. A few questions. First on the number of loans tracked, if you could just give me an update on how many prime and subprime loans you track right now?

<A – Gene Mergelmeyer>: Sure. It remained relatively consistent with the previous quarter. We're at about 26.5 million prime loans and around 4.125 subprime loans.

<Q – Vinay Misquith>: That excludes the 630,000 you lost?

<A – Gene Mergelmeyer>: That is correct.

<Q – Vinay Misquith>: And you do plan to get 170,000 new subprime loans on April 1?

<A – Gene Mergelmeyer>: That actually includes those 170 subprime loans as well.

<Q – Vinay Misquith>: That you got on April 1 versus January 1?

<A – Gene Mergelmeyer>: Yes, we actually have loaded them into our systems as of now and we're starting to send letters and start produce premiums.

<Q – Vinay Misquith>: Okay. Great. And could you remind me as to whether you have agreements with the banks and the servicers for forced placement on the prime loans like you have on the subprime policies?

<A – Gene Mergelmeyer>: I'm not quite sure I understood that, are you talking about the real estate-owned?

<Q – Vinay Misquith>: Yes, yes, because on your REO properties you have contracts with your services to force place them for a subprime, but I was wondering about on the prime side do you have similar contracts?

<A – Gene Mergelmeyer>: Right. That really is somewhat of a mixed bag. I'm not going to say we don't have contracts because we actually do have contracts with some producers. Generally though, a lot of the subprime loans may be loans that are held actually by Fannie and Freddie who kind of have their own programs. Some of those that are still prime loans that could be securitized with other third parties, yes, we might have their REOs. But in general, most of the REO programs that we have are related to our subprime producers.

<Q – Vinay Misquith>: Fair enough. So if we see an uptick on the prime side, we shouldn't presume that you guys are going to benefit significantly from that, correct?

<A – Gene Mergelmeyer>: Well, as we have seen, we have seen some increases in penetration. It is one of our growth drivers, even on the prime side. So, as delinquencies and foreclosures rise, we are getting some foreclosure activity, but even as delinquencies rise, we're getting some increases in penetration, not likely to the extent that we have seen it though on the subprime side.

<Q – Vinay Misquith>: Fair enough. One last question. On the extended service warranty business, what's the combined ratio on the domestic side excluding the favorable prime settlement?

<A – Robert Pollock>: I believe the number is right around 100, Vinay.

<A – Michael Peninger>: Excluding the settlement. The settlement was about 100.6.

<Q – Vinay Misquith>: Sure, and your target is high 90s, correct, so you're pretty close to your target and you still have maybe one or two contracts that are still underperforming but that should be sort of back to normal pretty soon?

<A – S. Craig Lemasters>: Yeah, Vinay. It's Craig. That's correct. That's right. I think about our risk management process on the service contract, it is a continual process and it's the nature of this business. I mean, you have to be really good at this to hit your profitability targets over time in this business – and that's what we do. There will always be clients that are performing better than expected and some that are worse than expected. It's our ability to identify those things, work on them and quickly get plans in place to resolve it. Obviously you saw a big example of that this quarter with the receivable that we put up. But again, we're constantly looking at the rates, at the terms and conditions, how can we improve administrative process, expenses, how can we help with penetration at the point of sale? All these factors really build into the ultimate profitability and so that is a continual process for us – and again, just a big part of our core competency is to continue to invest in the risk management component.

<Q – Vinay Misquith>: Thank you.

Operator: Our next question comes from Tom Cholnoky of Goldman Sachs.

<A – Robert Pollock>: Morning, Tom.

<Q – Thomas Cholnoky>: Good morning, everybody. Just a couple of small questions – and I don't know if you've disclosed this in the past – but could you just give us some sense of how much CompUSA may have hurt you in the quarter, and what kind of comparisons are we going up against in terms of the business you had with them?

<A – S. Craig Lemasters>: Tom, we don't disclose the client-specific percent, but what I can tell you is they were a nice sized client. Obviously with 130 stores, that is a meaningful piece of business, and had been a very good client for a long time. Again, what I will tell you is that when I peel back the onion in the quarter, if I sort of normalize CompUSA still being here and sort of where Circuit was, and where we would hope they would be in the future as we continue to work with them – when I peel those two back, there's a lot of encouraging signs even on our top line. So again, I don't want to discount the pressure of the economy out there, obviously retail sales have slowed, but I go back to those four drivers, and our service contract team – and a number of you got to meet Joe Erdeman and his team at our workshop – and they are very energized around these four drives and work very hard to make all of them work.

<Q – Thomas Cholnok>: Let me try to ask maybe the question a little bit differently then. As we go through the next couple of quarters, did your CompUSA business steadily decline in the latter half of '07 so that in fact it should be less of a headwind for you in terms of comparisons?

<A – S. Craig Lemasters>: It did decline in the latter half of the year but obviously -

<Q – Thomas Cholnok>: I know, when you go foreclosing -

<A – S. Craig Lemasters>: Right, so it's out there for certainly the rest of this year on a year-over-year basis.

<A – Robert Pollock>: I think the other thing Tom, is again, just like with Gene's business, Craig is aligned with a lot of the industry leaders and what we hope is, the people who were going to Comp stores go to one of our other client's stores and purchase something.

<Q – Thomas Cholnok>: I hope so, too. The other two questions I have, Rob, in the past I think you've mentioned in passing that Balboa might be an interest. Is there anything there, any update potentially?

<A – Robert Pollock>: Yeah. I mean certainly that is a business we would be interested in. Saying that, I think until things between B of A and Countrywide close, I don't think there's going to be a focus by B of A on what they might do with that. Gene, do you want to comment anything further?

<A – Gene Mergelmeyer>: Yes, I would just tend to agree with that. I think even in that case though, we still have to evaluate what we would have to pay for that business versus our ability to win the business. And we'll continue to do that certainly.

<Q – Thomas Cholnok>: Right. And then I guess finally – I know you're coming up to your CAT program. Any kind of initial senses from your brokers on what you might expect in terms of the renewal process?

<A – Gene Mergelmeyer>: Well, yeah, certainly. I'd love to comment on that. We're actually very excited about our reinsurance program this year. And again kind of our disciplined execution around risk management and that's a big component of it. As I've mentioned, we did place about half of our program as of January 1, and we were very happy because we were able to not only fill out our top end but we were able to keep the retentions at similar levels to what we had previously. Coming up June 1 now, we will be going out for the rest of our program both on the per occurrence as well as any sort of CAT aggregate we may get, again protecting our core balance sheet but then opportunistically buying to the extent that we feel like we're getting good pricing for the risk transfer. Again, I think we're excited about that, we've had meetings with many of our current reinsurers as well as some further prospect reinsurers. We believe the CAT capacity is available and we believe that the pricing is going to be good, flat to better. So I think we're excited about the reinsurance prospects, excited about our program, and I think we'll be able to share that with you sometime in June consistent with what we've done with you in previous years.

<Q – Thomas Cholnok>: Right and this is just as a reminder, where is your per occurrence net right now?

<A – Gene Mergelmeyer>: Per occurrence net has been at \$90 million.

<Q – Thomas Cholnok>: \$90 million. Okay. Great. Thank you.

Operator: Our next question comes from John Hall with Wachovia.

<A – Robert Pollock>: Good morning, John.

<Q – John Hall>: Good morning, Rob. Okay, just real quick, I was wondering if there were any reserve releases to speak of in the Specialty Property line of business and I've got a couple of follow-ups.

<A – Michael Peninger>: No, there is nothing out of the ordinary, John.

<Q – John Hall>: Great. You know, there's been a few stories out there in the press, mostly anecdotal, about the condition of properties that are coming in or out of foreclosure. Are you seeing anything out there to support what they're talking about in terms of appliances leaving and properties being treated or mistreated?

<A – Robert Pollock>: Sure. Go ahead, Gene.

<A – Gene Mergelmeyer>: Sure, you know, this is a product that we have been writing for a number of years. And again, I think our primary focus there is to again focus on maybe the combined ratios associated with that product. So we will run slightly higher loss ratios in that product line, but we have less expenses associated with it as well. And we have many triggers that we can pull. A number of these policies are monthly policies, which gives us the opportunity to adjust rates. We also have numerous programs associated with deductibles, and we can increase deductibles to the extent that we need to, and lastly, we're actually not covering contents, so some of those issues that you're hearing about would not be our liability to begin with.

<Q – John Hall>: Got you. So appliances with legs?

<A – Gene Mergelmeyer>: Yes. There are certain things. The copper pipes we cover, so -

<Q – John Hall>: Got you. And then just finally, the loss experience in that business has been very good. Obviously there's been some favorable catastrophe experience along as well. You address sort of a scale factor around the expense ratio. Is there any scaling, positive scaling issues associated with the loss side of the equation?

<A – Gene Mergelmeyer>: Well, I think when it comes down to losses, I think obviously, we've been very pleased with the results. Again I think around our risk management capabilities and our strengths there, we focus a lot on the spread of risk and I think that has helped us particularly in light of even some of the weather events that we had here in the first quarter. So I think that's helped.

<Q – John Hall>: Great. Thank you very much.

<A – Robert Pollock>: Thank you, John.

Operator: Our final question comes from Dan Johnson with Citadel Investments.

<A – Robert Pollock>: Good morning, Dan.

<Q – Dan Johnson>: Good morning. Let's see. A couple of remaining questions related to the economy. John already asked about the vacant house losses. Let's look at two others, please. How do you see the environment, well, should you use a higher unemployment scenario impacting two areas. The first one is what have we seen historically with individual health sales? And then secondly, within Solutions, you have some products that are sensitive to unemployment trends that are some level of concern that as unemployment picks up that you could see definitely some increased losses from those products. Could you talk a little bit about how sensitive those products are to unemployment trends? Thank you very much.

<A – Donald Hamm>: Certainly, I'll start out. This is Don Hamm. Historically, there's been a slight positive impact on the individual medical business from increasing unemployment. That does tend to generate a few more people starting their own business leaving big companies and, although it's not a significant driver, it does seem to be a slight positive as the economy does get a bit worse because healthcare is one of those products that people really focus on maintaining their coverage for.

<A – S. Craig Lemasters>: Again, it's Craig. Let me talk about the Solutions piece and I think what you're referring to is we can include in our bundled credit insurance debt deferment an unemployment coverage component, and historically that has not moved a lot with unemployment trends. It would have to be a very dramatic shift in that to really move the needle a lot on the loss ratio there and really for a couple of reasons. One, what we tend to do, our general trend has been we get a little bit higher penetration rate when people are more aware of the economy, more concerned about losing their jobs and then we tend to do a little better on the penetration rates. We also see balances going up on credit cards which drives more premium, obviously, through our system. But then ultimately, these are pretty mature product lines as you know and most of this business is reinsured, so we're really not on the risk on most of this business anyway.

<Q – Dan Johnson>: Most of it reinsured back to the card insurer or to some third party?

<A – S. Craig Lemasters>: Typically to the financial institution, yes.

<A – Robert Pollock>: And Dan, obviously, our Benefits business can be impacted by unemployment as well. John, do you want to comment on that?

<A – John Roberts>: Sure, Rob. Historically the disability business has been impacted by changes in unemployment. And if you look back over the prior two recessionary periods, most of the impact, the change in claim incidences occurred in large cases, cases of over a thousand lives. And I believe that our focus on the small case business is going to insulate us a lot from that. The other thing that we pay a lot of attention to too is not having much exposure in any particular SIC code or geographic area. And our two largest exposures, and again they're small, in the low teens, are in education and the healthcare area, both of which should not be impacted by these trends. So I feel like this strategy is working for us.

<A – S. Craig Lemasters>: Dan, it's Craig. Let me jump back in on Solutions real quick. I think an interesting point on what we call IUI coverage here, it's a real big part of course of our global strategy and while it's not really growing domestically, our knowledge as I was just talking about, sort of what happens in these trends, is real helpful to us as we've taken this product to new countries and being able to price it, where there is usually some concern and some uncertainty about how to do that, we're able to leverage 50 years of data and experience on this in other countries.

<Q – Dan Johnson>: Great. Thanks very much for the answers.

Robert B. Pollock, President and Chief Executive Officer

Okay. Well, we're pleased to be off to a strong start in 2008. The enduring quality of our diversified specialty insurance model continues to produce excellent results for our shareholders. We will manage our short-term challenges while we continue to focus on pursuing growth opportunities with our eyes on the long-term horizon. We thank you for joining us today and look forward to updating you on our progress.

Operator: This does conclude Assurant's first quarter conference call. You may disconnect at this time.

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