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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

þ **Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**
For the quarterly period ended September 30, 2010

OR

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

Assurant, Inc.

(Exact name of registrant as specified in its charter)

Delaware	001-31978	39-1126612
(State or other jurisdiction of incorporation)	(Commission File Number)	(I.R.S. Employer Identification No.)

One Chase Manhattan Plaza, 41st Floor

New York, New York 10005

(212) 859-7000

(Address, including zip code, and telephone number, including area code, of Registrant s Principal Executive Offices)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES þ NO ¨

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

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

Large accelerated filer þ	Accelerated filer ¨
Non-accelerated filer ¨ (Do not check if a smaller reporting company)	Smaller reporting company ¨

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

The number of shares of the registrant s Common Stock outstanding at November 1, 2010 was 106,553,898.

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ASSURANT, INC.

QUARTERLY REPORT ON FORM 10-Q

FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 2010

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

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Assurant, Inc.

Consolidated Balance Sheets (unaudited)

At September 30, 2010 and December 31, 2009

	September 30, 2010	December 31, 2009
	(in thousands except number of shares and per share amounts)	
Assets		
Investments:		
Fixed maturity securities available for sale, at fair value (amortized cost $9,902,084 in 2010 and $9,684,083 in 2009)	$ 10,823,195	$ 9,966,772
Equity securities available for sale, at fair value (cost - $473,276 in 2010 and $514,349 in 2009)	496,102	512,987
Commercial mortgage loans on real estate, at amortized cost	1,355,871	1,428,027
Policy loans	56,685	56,407
Short-term investments	452,008	453,469
Collateral held under securities lending	134,348	218,129
Other investments	581,917	522,041
Total investments	13,900,126	13,157,832
Cash and cash equivalents	1,168,307	1,318,552
Premiums and accounts receivable, net	545,167	507,933
Reinsurance recoverables	4,931,151	4,231,734
Accrued investment income	155,013	155,757
Deferred acquisition costs	2,432,990	2,504,654
Property and equipment, at cost less accumulated depreciation	272,750	275,420
Deferred income taxes, net		167,240
Goodwill	926,195	926,398
Value of business acquired	85,247	94,632
Other assets	538,167	548,183
Assets held in separate accounts	1,890,221	1,972,332
Total assets	$ 26,845,334	$ 25,860,667

See the accompanying notes to the consolidated financial statements

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Assurant, Inc.

Consolidated Balance Sheets (unaudited)

At September 30, 2010 and December 31, 2009

	September 30, 2010	December 31, 2009
	(in thousands except number of shares and per share amounts)	
Liabilities		
Future policy benefits and expenses	$ 8,038,559	$ 7,349,633
Unearned premiums	4,964,668	5,153,564
Claims and benefits payable	3,406,611	3,366,327
Commissions payable	230,697	218,060
Reinsurance balances payable	87,576	96,001
Funds held under reinsurance	66,614	67,700
Deferred gain on disposal of businesses	146,770	164,899
Obligation under securities lending	135,248	220,279
Accounts payable and other liabilities	1,426,934	1,388,279
Deferred income taxes, net	72,139	
Tax payable	32,459	30,126
Debt	972,137	972,058
Mandatorily redeemable preferred stock	8,160	8,160
Liabilities related to separate accounts	1,890,221	1,972,332
Total liabilities	21,478,793	21,007,418
Commitments and contingencies (Note 14)		
Stockholders equity		
Common stock, par value $0.01 per share, 800,000,000 shares authorized, 106,474,301 and 116,648,714 shares outstanding at September 30, 2010 and December 31, 2009, respectively	1,453	1,447
Additional paid-in capital	2,985,716	2,962,883
Retained earnings	3,465,332	3,054,466
Accumulated other comprehensive income	514,671	65,925
Treasury stock, at cost; 38,849,678 and 28,119,993 shares at September 30, 2010 and December 31, 2009, respectively	(1,600,631)	(1,231,472)
Total stockholders equity	5,366,541	4,853,249
Total liabilities and stockholders equity	$ 26,845,334	$ 25,860,667

See the accompanying notes to the consolidated financial statements

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Assurant, Inc.

Consolidated Statement of Operations (unaudited)

Three and Nine Months Ended September 30, 2010 and 2009

	Three Months Ended September 30, 2010	Three Months Ended September 30, 2009	Nine Months Ended September 30, 2010	Nine Months Ended September 30, 2009
	(in thousands except number of shares and per share amounts)			
Revenues				
Net earned premiums and other considerations	$ 1,832,514	$ 1,874,398	$ 5,589,052	$ 5,624,843
Net investment income	176,170	172,924	525,380	526,335
Net realized gains (losses) on investments, excluding other-than-temporary impairment losses	7,280	22,508	33,705	(9,570)
Total other-than-temporary impairment losses	(924)	(2,998)	(2,803)	(31,778)
Portion of net (gain) loss recognized in other comprehensive income, before taxes	(313)	356	(1,234)	(617)
Net other-than-temporary impairment losses recognized in earnings	(1,237)	(2,642)	(4,037)	(32,395)
Amortization of deferred gain on disposal of businesses	6,024	6,802	18,129	20,354
Fees and other income	93,220	82,883	259,892	388,792
Total revenues	2,113,971	2,156,873	6,422,121	6,518,359
Benefits, losses and expenses				
Policyholder benefits	913,253	941,145	2,746,565	2,890,889
Amortization of deferred acquisition costs and value of business acquired	376,850	390,382	1,144,151	1,176,669
Underwriting, general and administrative expenses	581,974	601,120	1,757,367	1,756,841
Interest expense	15,162	15,160	45,484	45,509
Total benefits, losses and expenses	1,887,239	1,947,807	5,693,567	5,869,908
Income before provision for income taxes	226,732	209,066	728,554	648,451
Provision for income taxes	85,062	64,336	264,986	229,818
Net income	$ 141,670	$ 144,730	$ 463,568	$ 418,633
Earnings Per Share				
Basic	$ 1.31	$ 1.22	$ 4.13	$ 3.54
Diluted	$ 1.30	$ 1.22	$ 4.11	$ 3.54
Dividends per share	$ 0.16	$ 0.15	$ 0.47	$ 0.44

Share Data

Weighted average shares outstanding used in basic per share calculations	107,806,207	118,184,367	112,137,558	118,187,358
Plus: Dilutive securities	778,075	107,474	653,565	74,106
Weighted average shares used in diluted per share calculations	108,584,282	118,291,841	112,791,123	118,261,464

See the accompanying notes to the consolidated financial statements

Assurant, Inc.

Consolidated Statement of Stockholders Equity (unaudited)

From December 31, 2009 through September 30, 2010

	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income	Treasury Stock	Total
	(in thousands except number of shares and per share amounts)					
Balance, December 31, 2009	$ 1,447	$ 2,962,883	$ 3,054,466	$ 65,925	$ (1,231,472)	$ 4,853,249
Stock plan exercises	6	3,612				3,618
Stock plan compensation expense		25,886				25,886
Change in tax benefit from share-based payment arrangements		(6,665)				(6,665)
Dividends			(52,702)			(52,702)
Acquisition of common stock					(369,159)	(369,159)
Comprehensive income:						
Net income			463,568			463,568
Other comprehensive income:						
Net change in unrealized gains on securities, net of taxes of $(222,083)				433,770		433,770
Net change in other-than-temporary impairment gains recognized in other comprehensive income, net of taxes of $(2,803)				5,205		5,205
Net change in foreign currency translation, net of taxes of $(2,874)				2,585		2,585
Amortization of pension and postretirement unrecognized net periodic benefit cost, net of taxes of $(3,870)				7,186		7,186
Total other comprehensive income						448,746
Total comprehensive income						912,314
Balance, September 30, 2010	$ 1,453	$ 2,985,716	$ 3,465,332	$ 514,671	$ (1,600,631)	$ 5,366,541

See the accompanying notes to the consolidated financial statements

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Assurant, Inc.

Consolidated Statement of Cash Flows (unaudited)

Nine Months Ended September 30, 2010 and 2009

	Nine Months Ended September 30,	
	2010	2009
	(in thousands)	
Net cash provided by operating activities	$ 465,461	$ 213,039
Investing activities		
Sales of:		
Fixed maturity securities available for sale	1,437,872	825,713
Equity securities available for sale	66,985	44,437
Property and equipment and other	118	313
Maturities, prepayments, and scheduled redemption of:		
Fixed maturity securities available for sale	567,337	476,501
Purchases of:		
Fixed maturity securities available for sale	(2,206,168)	(1,514,177)
Equity securities available for sale	(19,346)	(26,621)
Property and equipment and other	(42,100)	(38,366)
Subsidiary, net of cash transferred	(7,162)	(3,200)
Change in commercial mortgage loans on real estate	56,934	55,078
Change in short-term investments	1,655	261,197
Change in other invested assets	(41,415)	(19,910)
Change in policy loans	(229)	1,904
Change in collateral held under securities lending	85,031	59,218
Net cash (used in) provided by investing activities	(100,488)	122,087
Financing activities		
Repayment of mandatorily redeemable preferred stock		(3,000)
Change in tax benefit from share-based payment arrangements	(6,665)	(1,711)
Acquisition of common stock	(369,159)	(31,949)
Dividends paid	(52,702)	(51,961)
Change in obligation under securities lending	(85,031)	(59,218)
Net cash used in financing activities	(513,557)	(147,839)
Effect of exchange rate changes on cash and cash equivalents	(1,661)	7,880
Change in cash and cash equivalents	(150,245)	195,167
Cash and cash equivalents at beginning of period	1,318,552	1,040,684
Cash and cash equivalents at end of period	$ 1,168,307	$ 1,235,851

See the accompanying notes to the consolidated financial statements

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Assurant, Inc.

Notes to Consolidated Financial Statements (unaudited)

Nine Months Ended September 30, 2010 and 2009

(In thousands, except number of shares and per share amounts)

1. Nature of Operations

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

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

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

2. Basis of Presentation

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

The interim financial data as of September 30, 2010 and for the three and nine months ended September 30, 2010 and 2009 is unaudited; in the opinion of management, the interim data includes all adjustments, consisting only of normal recurring adjustments, necessary to a fair statement of the results for the interim periods. The unaudited interim consolidated financial statements include the accounts of the Company and all of its wholly owned subsidiaries. All inter-company transactions and balances are eliminated in consolidation. Certain prior period amounts have been reclassified to conform to the 2010 presentation.

Operating results for the three and nine months ended September 30, 2010 are not necessarily indicative of the results that may be expected for the year ending December 31, 2010. The accompanying unaudited interim consolidated financial statements should be read in conjunction with the audited consolidated financial statements and related notes included in the Company s Annual Report on Form 10-K for the year ended December 31, 2009.

3. Recent Accounting Pronouncements

Recent Accounting Pronouncements - Adopted

On January 1, 2010, the Company adopted the new guidance on transfers of financial assets. This new guidance amends the derecognition guidance and eliminates the exemption from consolidation for qualifying special-purpose entities. The adoption of this new guidance did not have an impact on the Company s financial position or results of operations.

On January 1, 2010, the Company adopted the new guidance on the accounting for a variable interest entity (VIE). This new guidance amends the consolidation guidance applicable to VIEs to require a qualitative assessment in the determination of the primary beneficiary of the VIE, to require an ongoing reconsideration of the primary beneficiary, to amend the events that trigger a reassessment of whether an entity is a VIE and to change the consideration of kick-out rights in determining if an entity is a VIE. The adoption of this new guidance did not have an impact on the Company s financial position or results of operations.

Recent Accounting Pronouncements - Not Yet Adopted

In October 2010, the Financial Accounting Standards Board (FASB) issued amendments to existing guidance on accounting for costs associated with acquiring or renewing insurance contracts. The amendments modify the definition of the types of costs incurred by insurance entities that can be capitalized in the acquisition of new and renewal contracts. Under this amended guidance, acquisition costs are defined as costs that are related directly to the successful acquisition of new or renewal insurance contracts. The

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Assurant, Inc.

Notes to Consolidated Financial Statements (unaudited) (Continued)

Nine Months Ended September 30, 2010 and 2009

(In thousands, except number of shares and per share amounts)

amendments are effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2011. Therefore, the Company is required to adopt this guidance on January 1, 2012. Prospective application as of the date of adoption is required; however retrospective application to all prior periods presented upon the date of adoption is also permitted, but not required. Early adoption is permitted, but only at the beginning of an entity s annual reporting period. The Company is currently evaluating the requirements of the amendments and the potential impact, if any, on the Company s financial position and results of operations.

In September 2009, the FASB issued new guidance on multiple deliverable revenue arrangements. This new guidance requires entities to use their best estimate of the selling price of a deliverable within a multiple deliverable revenue arrangement if the entity and other entities do not sell the deliverable separate from the other deliverables within the arrangement. In addition it requires both qualitative and quantitative disclosures. This new guidance is effective for new or materially modified arrangements in fiscal years beginning on or after June 15, 2010. Earlier application is permitted as of the beginning of a fiscal year. The Company did not apply the guidance early, thus it is required to adopt this new guidance on January 1, 2011. The adoption of this new guidance will not have an impact on the Company s financial position or results of operations.

4. Investments

The following tables show the cost or amortized cost, gross unrealized gains and losses, fair value and other-than-temporary impairment (OTTI) of our fixed maturity and equity securities as of the dates indicated:

	September 30, 2010				
	Cost or Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	OTTI in AOCI (1)
Fixed maturity securities:					
United States Government and government agencies and authorities	$ 168,795	$ 8,734	$ (139)	$ 177,390	$
States, municipalities and political subdivisions	831,906	79,494	(358)	911,042	
Foreign governments	602,062	41,699	(733)	643,028	
Asset-backed	43,817	2,939		46,756	1,095
Commercial mortgage-backed	107,215	6,158		113,373	
Residential mortgage-backed	802,032	45,081	(451)	846,662	3,294
Corporate	7,346,257	769,442	(30,755)	8,084,944	13,272
Total fixed maturity securities	$ 9,902,084	$ 953,547	$ (32,436)	$ 10,823,195	$ 17,661
Equity securities:					
Common stocks	$ 4,408	$ 660	$	$ 5,068	$
Non-redeemable preferred stocks	468,868	37,695	(15,529)	491,034	
Total equity securities	$ 473,276	$ 38,355	$ (15,529)	$ 496,102	$

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Assurant, Inc.

Notes to Consolidated Financial Statements (unaudited) (Continued)

Nine Months Ended September 30, 2010 and 2009

(In thousands, except number of shares and per share amounts)

	December 31, 2009				
	Cost or Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	OTTI in AOCI (1)
Fixed maturity securities:					
United States Government and government agencies and authorities	$ 115,268	$ 5,135	$ (73)	$ 120,330	$
States, municipalities and political subdivisions	873,548	42,499	(5,979)	910,068	
Foreign governments	545,166	18,076	(4,779)	558,463	
Asset-backed	51,834	2,599	(470)	53,963	833
Commercial mortgage-backed	159,780	1,589	(1,462)	159,907	
Residential mortgage-backed	685,373	29,224	(2,594)	712,003	123
Corporate	7,253,114	326,922	(127,998)	7,452,038	8,697
Total fixed maturity securities	$ 9,684,083	$ 426,044	$ (143,355)	$ 9,966,772	$ 9,653
Equity securities:					
Common stocks	$ 5,493	$ 285	$ (1,249)	$ 4,529	$
Non-redeemable preferred stocks	508,856	31,657	(32,055)	508,458	
Total equity securities	$ 514,349	$ 31,942	$ (33,304)	$ 512,987	$

(1) Represents the amount of other-than-temporary impairment gains in accumulated other comprehensive income (AOCI), which, from April 1, 2009, were not included in earnings under the OTTI guidance for debt securities.

The cost or amortized cost and fair value of fixed maturity securities at September 30, 2010 by contractual maturity are shown below. Expected maturities may differ from contractual maturities because issuers of the securities may have the right to call or prepay obligations with or without call or prepayment penalties.

	Cost or Amortized Cost	Fair Value
Due in one year or less	$ 485,313	$ 492,882
Due after one year through five years	2,053,486	2,193,289
Due after five years through ten years	2,346,261	2,573,316
Due after ten years	4,063,960	4,556,917

Total	8,949,020	9,816,404
Asset-backed	43,817	46,756
Commercial mortgage-backed	107,215	113,373
Residential mortgage-backed	802,032	846,662
Total	$ 9,902,084	$ 10,823,195

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Assurant, Inc.

Notes to Consolidated Financial Statements (unaudited) (Continued)

Nine Months Ended September 30, 2010 and 2009

(In thousands, except number of shares and per share amounts)

The following table summarizes the proceeds from sales of available-for-sale securities and the gross realized gains and gross realized losses that have been included in earnings as a result of those sales.

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2010	2009	2010	2009
Proceeds from sales	$ 520,567	$ 452,769	$ 1,505,701	$ 927,805
Gross realized gains	18,846	23,989	50,258	36,325
Gross realized losses	1,689	1,913	6,095	41,334

The following table sets forth the net realized gains (losses), including other-than-temporary impairments, recognized in the statement of operations as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2010	2009	2010	2009
Net realized gains (losses) related to sales and other:				
Fixed maturity securities	$ 14,950	$ 21,290	$ 40,579	$ 17,804
Equity securities	2,239	836	4,980	(21,059)
Commercial mortgage loans on real estate	(9,000)		(15,772)	(5,306)
Other investments	(909)	382	3,918	(1,009)
Total net realized gains (losses) related to sales and other	7,280	22,508	33,705	(9,570)
Net realized losses related to other-than-temporary impairments:				
Fixed maturity securities	(1,055)	(2,631)	(3,544)	(17,884)
Equity securities	(182)	(11)	(493)	(14,511)
Total net realized losses related to other-than-temporary impairments	(1,237)	(2,642)	(4,037)	(32,395)
Total net realized gains (losses)	$ 6,043	$ 19,866	$ 29,668	$ (41,965)

Other-Than-Temporary Impairments

On April 1, 2009, the Company adopted the OTTI guidance which requires entities to separate an OTTI of a debt security into two components when there are credit related losses associated with the impaired debt security for which the Company asserts that it does not have the intent to sell, and it is more likely than not that it will not be required to sell before recovery of its cost basis. Prior to April 1, 2009, the Company was required to determine whether it had the intent and ability to hold the investment for a sufficient period of time for the value to recover. When the analysis of the above factors resulted in the Company s conclusion that declines in market values were other-than-temporary, the cost of the securities was written down to market value and the reduction in value was reflected as a realized loss in the statement of operations. Under the OTTI guidance, the amount of the OTTI related to a credit loss is recognized in earnings, and the amount of the OTTI related to other, non-credit, factors (*e.g.*, interest rates, market conditions, etc.) is recorded as a component of other comprehensive income. In instances where no credit loss exists but the Company intends to sell the security or it is more likely than not that the Company will have to sell the debt security prior to the anticipated recovery, the decline in market value below amortized cost is recognized as an OTTI in earnings. In periods after the recognition of an OTTI on debt securities, the Company accounts for such securities as if they had been purchased on the measurement date of the OTTI at an amortized cost basis equal to the previous amortized cost basis less the OTTI recognized in earnings. For debt securities for which OTTI was recognized in earnings, the difference between the new amortized cost basis and the cash flows expected to be collected will be accreted or amortized into net investment income.

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Assurant, Inc.

Notes to Consolidated Financial Statements (unaudited) (Continued)

Nine Months Ended September 30, 2010 and 2009

(In thousands, except number of shares and per share amounts)

For the three and nine months ended September 30, 2010, the Company recorded $924 and $2,803, respectively, of OTTI, of which $1,237 and $4,037, respectively, was related to credit losses and recorded as net OTTI losses recognized in earnings, with the remaining $(313) and $(1,234) related to all other factors and recorded as an unrealized gain component of AOCI. For the three and nine months ended September 30, 2009, the Company recorded $2,998 and $31,778, respectively, of OTTI, of which $2,642 and $32,395, respectively, was related to credit losses and recorded as net OTTI losses recognized in earnings, with the remaining $356 and $(617), respectively, related to all other factors and recorded as an unrealized loss (gain) component of AOCI.

The following tables set forth the amount of credit loss impairments recognized within the results of operations on fixed maturity securities held by the Company as of the dates indicated, for which a portion of the OTTI loss was recognized in AOCI, and the corresponding changes in such amounts.

	Three Months Ended September 30, 2010	Nine Months Ended September 30, 2010
Balance, beginning of period	$ 105,762	$ 108,053
Additions for credit loss impairments recognized in the current period on securities not previously impaired	9	494
Additions for credit loss impairments recognized in the current period on securities previously impaired	694	2,698
Reductions for securities which the amount previously recognized in other comprehensive income was recognized in earnings because the entity intends to sell the security	(116)	(116)
Reductions for increases in cash flows expected to be collected that are recognized over the remaining life of the security	(3)	(287)
Reductions for credit loss impairments previously recognized on securities which matured, paid down, prepaid or were sold during the period	(2,227)	(6,723)
Balance, end of period	$ 104,119	$ 104,119

	Three Months Ended September 30, 2009	Nine Months Ended September 30, 2009
Balance, beginning of period	$ 106,234	$
Credit losses remaining in retained earnings related to the adoption of OTTI guidance effective April 1, 2009		119,022
Additions for credit loss impairments recognized in the current period on securities not previously impaired	227	1,464

Additions for credit loss impairments recognized in the current period on securities previously impaired	2,404	4,641
Reductions for increases in cash flows expected to be collected that are recognized over the remaining life of the security	(106)	(106)
Reductions for credit loss impairments previously recognized on securities which matured, paid down, prepaid or were sold during the period	(1,906)	(18,168)
Balance, end of period	$ 106,853	$ 106,853

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

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Assurant, Inc.

Notes to Consolidated Financial Statements (unaudited) (Continued)

Nine Months Ended September 30, 2010 and 2009

(In thousands, except number of shares and per share amounts)

affect one or more companies, industry sectors, or countries could result in additional impairments in future periods for other-than-temporary declines in value. Any equity security whose price decline is deemed other-than-temporary is written down to its then current market value with the amount of the impairment reported as a realized loss in that period. The impairment of a fixed maturity security that the Company has the intent to sell or that it is more likely than not that the Company will be required to sell is deemed other-than-temporary and is written down to its market value at the balance sheet date with the amount of the impairment reported as a realized loss in that period. For all other-than-temporarily impaired fixed maturity securities that do not meet either of these two criteria, the Company is required to analyze its ability to recover the amortized cost of the security by calculating the net present value of projected future cash flows. For these other-than-temporarily impaired fixed maturity securities, the net amount recognized in earnings is equal to the difference between the amortized cost of the fixed maturity security and its net present value.

The Company considers different factors to determine the amount of projected future cash flows and discounting methods for corporate debt and residential and commercial mortgage-backed or asset-backed securities. For corporate debt securities, the split between the credit and non-credit losses is driven principally by assumptions regarding the amount and timing of projected future cash flows. The net present value is calculated by discounting the Company s best estimate of projected future cash flows at the effective interest rate implicit in the security at the date of acquisition. For residential and commercial mortgage-backed and asset-backed securities, cash flow estimates, including prepayment assumptions, are based on data from widely accepted third-party data sources or internal estimates. In addition to prepayment assumptions, cash flow estimates vary based on assumptions regarding the underlying collateral including default rates, recoveries and changes in value. The net present value is calculated by discounting the Company s best estimate of projected future cash flows at the effective interest rate implicit in the fixed maturity security prior to impairment at the balance sheet date. The discounted cash flows become the new amortized cost basis of the fixed maturity security.

In periods subsequent to the recognition of an other-than-temporary impairment, the Company generally accretes the discount (or amortizes the reduced premium) into net investment income, up to the non-discounted amount of projected future cash flows, resulting from the reduction in cost basis, based upon the amount and timing of the expected future cash flows over the estimated period of cash flows.

Realized gains and losses on sales of investments are recognized on the specific identification basis.

The investment category and duration of the Company s gross unrealized losses on fixed maturity securities and equity securities at September 30, 2010 and December 31, 2009 were as follows:

	September 30, 2010					
	Less than 12 months		12 Months or More		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Fixed maturity securities:						
United States Government and government agencies and authorities	$ 20,991	$ (139)	$	$	$ 20,991	$ (139)
States, municipalities and political subdivisions	5,596	(188)	10,569	(170)	16,165	(358)
Foreign governments	23,883	(123)	10,968	(610)	34,851	(733)
Residential mortgage-backed	91,819	(322)	2,544	(129)	94,363	(451)
Corporate	153,430	(1,934)	382,393	(28,821)	535,823	(30,755)

Total fixed maturity securities	$ 295,719	$ (2,706)	$ 406,474	$ (29,730)	$ 702,193	$ (32,436)
Equity securities:						
Non-redeemable preferred stocks	$ 39,949	$ (1,948)	$ 148,022	$ (13,581)	$ 187,971	$ (15,529)

Assurant, Inc.

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	December 31, 2009					
	Less than 12 Months		12 Months or More		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Fixed maturity securities:						
United States Government and government agencies and authorities	$ 9,625	$ (50)	$ 777	$ (23)	$ 10,402	$ (73)
States, municipalities and political subdivisions	127,202	(3,974)	17,571	(2,005)	144,773	(5,979)
Foreign governments	77,710	(2,172)	17,445	(2,607)	95,155	(4,779)
Asset-backed	2,859	(43)	9,312	(427)	12,171	(470)
Commercial mortgage-backed	34,805	(313)	29,282	(1,149)	64,087	(1,462)
Residential mortgage-backed	116,771	(1,804)	5,634	(790)	122,405	(2,594)
Corporate	764,708	(28,025)	1,078,051	(99,973)	1,842,759	(127,998)
Total fixed maturity securities	$ 1,133,680	$ (36,381)	$ 1,158,072	$ (106,974)	$ 2,291,752	$ (143,355)
Equity securities:						
Common stocks	$ 98	$ (2)	$ 3,525	$ (1,247)	$ 3,623	$ (1,249)
Non-redeemable preferred stocks	15,595	(248)	214,928	(31,807)	230,523	(32,055)
Total equity securities	$ 15,693	$ (250)	$ 218,453	$ (33,054)	$ 234,146	$ (33,304)

Total gross unrealized losses represent less than 6% and 7% of the aggregate fair value of the related securities at September 30, 2010 and December 31, 2009, respectively. Approximately 10% and 21% of these gross unrealized losses have been in a continuous loss position for less than twelve months at September 30, 2010 and December 31, 2009, respectively. The total gross unrealized losses are comprised of 241 and 635 individual securities at September 30, 2010 and December 31, 2009, respectively. In accordance with its policy described above, the Company concluded that for these securities an adjustment to its results of operations for other-than-temporary impairments of the gross unrealized losses was not warranted at September 30, 2010 and December 31, 2009. These conclusions are based on a detailed analysis of the underlying credit and expected cash flows of each security. As of September 30, 2010, the gross unrealized losses that have been in a continuous loss position for twelve months or more were concentrated in non-redeemable preferred stocks and in the financial, energy, and industrial sectors of the Company s corporate fixed maturity securities. For these concentrations, gross unrealized losses of twelve months or more were $38,217, or 88%, of the total. The gross unrealized losses are primarily attributable to widening credit spreads associated with an underlying shift in overall credit risk premium. As of September 30, 2010, the Company did not intend to sell the securities and it was not more likely than not that the Company would be required to sell the securities before the anticipated recovery of their amortized cost basis.

Collateralized Transactions

The Company engages in transactions in which fixed maturity securities, especially bonds issued by the U.S. government, government agencies and authorities, and U.S. corporations, are loaned to selected broker/dealers. Collateral, greater than or equal to 102% of the fair value of the securities lent, plus accrued interest, is received in the form of cash and cash equivalents held by a custodian bank for the benefit of the

Company. The use of cash collateral received is unrestricted. The Company reinvests the cash collateral received, generally in investments of high credit quality that are designated as available-for-sale under the debt and equity securities guidance. The Company monitors the fair value of securities loaned and the collateral received, with additional collateral obtained, as necessary. The Company is subject to the risk of loss to the extent there is a loss on the re-investment of cash collateral.

As of September 30, 2010 and December 31, 2009, our collateral held under securities lending, of which its use is unrestricted, was $134,348 and $218,129, respectively, while our liability to the borrower for collateral received was $135,248 and $220,279,

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respectively. The difference between the collateral held and obligations under securities lending is recorded as an unrealized loss and is included as part of AOCI. All securities with unrealized losses have been in a continuous loss position for twelve months or longer as of September 30, 2010 and December 31, 2009. The Company has actively reduced the size of its securities lending to mitigate counter-party exposure. The Company includes the available-for-sale investments purchased with the cash collateral in its evaluation of other-than-temporary impairments.

Cash proceeds that the Company receives as collateral for the securities it lends and subsequent repayment of the cash are regarded by the Company as cash flows from financing activities, since the cash received is considered a borrowing. Since the Company reinvests the cash collateral generally in investments that are designated as available-for-sale, the reinvestment is presented as cash flows from investing activities.

The Company also engages in transactions in which bonds issued by the U.S. government, government agencies and authorities, are purchased under agreements to resell (reverse repurchase agreements). The Company may take possession of the securities purchased under agreements to resell. Collateral, greater than or equal to 100% of the fair value of the securities purchased, plus accrued interest, is pledged in the form of cash and cash equivalents or other securities, as provided for in the underlying agreement to selected broker/dealers (secured parties). The use of the cash collateral pledged is unrestricted. Interest earned on the collateral pledged is recorded as investment income. We did not have any receivables under securities loan agreements as of September 30, 2010 or December 31, 2009.

The Company enters into these reverse repurchase agreements in order to initiate short positions in its investment portfolio. The borrowed securities are sold to a third party in the market place. The Company records obligations to return the securities that we no longer hold. The financial liabilities resulting from these borrowings are carried at fair value with the changes in value reported as realized gains or losses. We did not have any obligations to return borrowed securities as of September 30, 2010 or December 31, 2009.

Cash payments for the collateral pledged, subsequent cash adjustments to receivables under securities loan agreements and obligations to return borrowed securities, and the return of the cash collateral from the secured parties is regarded by the Company as cash flows from financing activities, since the cash payments and receipts relate to borrowing of securities under a financing arrangements.

5. Fair Value Disclosures

Fair Values, Inputs and Valuation Techniques for Financial Assets and Liabilities Disclosures

The fair value measurements and disclosures guidance defines fair value and establishes a framework for measuring fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In accordance with this guidance, the Company has categorized its recurring basis financial assets and liabilities into a three-level fair value hierarchy based on the priority of the inputs to the valuation technique.

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

The levels of the fair value hierarchy are described below:

Level 1 inputs utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company has the ability to access.

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Level 2 inputs utilize other than quoted prices included in Level 1 that are observable for the asset, either directly or indirectly, for substantially the full term of the asset. Level 2 inputs include quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active and inputs other than quoted prices that are observable in the marketplace for the asset. The observable inputs are used in valuation models to calculate the fair value for the asset.

Level 3 inputs are unobservable but are significant to the fair value measurement for the asset, and include situations where there is little, if any, market activity for the asset. These inputs reflect management s own assumptions about the assumptions a market participant would use in pricing the asset.

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

The following tables present the Company s fair value hierarchy for assets and liabilities measured at fair value on a recurring basis as of September 30, 2010 and December 31, 2009. The amounts presented below for Collateral held under securities lending, Other investments, Cash equivalents, Other assets, Assets held in separate accounts and Other liabilities differ from the amounts presented in the consolidated balance sheets because only certain investments or certain assets and liabilities within these line items are measured at estimated fair value. Other investments and Other liabilities are comprised of investments in the Assurant Investment Plan, American Security Insurance Company Investment Plan, Assurant Deferred Compensation Plan and the related deferred compensation liability, respectively. Other investments also consist of investments associated with a modified coinsurance arrangement. The fair value amount and the majority of the associated levels presented for Other investments and Assets held in separate accounts are received directly from third parties.

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	September 30, 2010			
Financial Assets	**Total**	**Level 1**	**Level 2**	**Level 3**
Fixed maturity securities:				
United States Government and government agencies and authorities	$ 177,390	$	$ 148,740	$ 28,650
State, municipalities and political subdivisions	911,042		911,042	
Foreign governments	643,028	2,608	637,067	3,353
Asset-backed	46,756		46,756	
Commercial mortgage-backed	113,373		108,564	4,809
Residential mortgage-backed	846,662		846,662	
Corporate	8,084,944		7,956,724	128,220
Equity securities:				
Common stocks	5,068	3,867	1,201	
Non-redeemable preferred stocks	491,034		490,477	557
Short-term investments	452,008	341,949 b	110,059 c	
Collateral held under securities lending	84,349	65,944 b	18,405 c	
Other investments	258,887	51,154 a	203,816 c	3,917 c
Cash equivalents	913,971	880,767 b	33,204 c	
Other assets	7,850		820	7,030 d
Assets held in separate accounts	1,823,764	1,595,360 a	228,404 c	
Total financial assets	$ 14,860,126	$ 2,941,649	$ 11,741,941	$ 176,536
Financial Liabilities				
Other liabilities	$ 49,842	$ 49,842	$	$

Assurant, Inc.

Notes to Consolidated Financial Statements (unaudited) (Continued)

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	December 31, 2009			
Financial Assets	**Total**	**Level 1**	**Level 2**	**Level 3**
Fixed maturity securities:				
United States Government and government agencies and authorities	$ 120,330	$	$ 120,330	$
State, municipalities and political subdivisions	910,068		910,068	
Foreign governments	558,463	3,337	552,038	3,088
Asset-backed	53,963		53,954	9
Commercial mortgage-backed	159,907		127,619	32,288
Residential mortgage-backed	712,003		712,003	
Corporate	7,452,038		7,315,312	136,726
Equity securities:				
Common stocks	4,529	3,525 a	1,004	
Non-redeemable preferred stocks	508,458		502,723	5,735
Short-term investments	453,469	372,861 b	80,608 c	
Collateral held under securities lending	143,129	78,025 b	65,104 c	
Other investments	242,193	53,803 a	184,115 c	4,275 c
Cash equivalents	1,108,459	1,082,546 b	25,913 c	
Other assets	14,344		334	14,010 d
Assets held in separate accounts	1,899,915	1,685,117 a	214,798 c	
Total financial assets	$ 14,341,268	$ 3,279,214	$ 10,865,923	$ 196,131
Financial Liabilities				
Other liabilities	$ 51,410	$ 51,410	$	$

a. Mainly includes mutual funds.
b. Mainly includes money market funds.
c. Mainly includes fixed maturity securities.
d. Mainly includes the Consumer Price Index Cap Derivatives (CPI Caps).

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There were no significant transfers between Level 1 and Level 2 financial assets during the period. However, there were transfers between Level 2 and Level 3 financial assets during the period, which are reflected in the Net transfers line below. Transfers between Level 2 and Level 3 most commonly occur when market observable inputs that were previously available become unavailable in the current period. The remaining unpriced securities are submitted to independent brokers who provide non-binding broker quotes or are priced by other qualified sources.

The following tables summarize the change in balance sheet carrying value associated with Level 3 financial assets carried at fair value during the three and nine months ended September 30, 2010 and 2009:

	Three Months Ended September 30, 2010								
		Fixed Maturity Securities					Equity Securities		
	Total level 3 assets	United States Government and government agencies and authorities	Foreign governments	Asset-backed	Commercial mortgage-backed	Corporate	Non-redeemable preferred stocks	Other Investments	Other Assets
Balance, beginning of period	$ 180,234	$ 17,215	$ 3,131	$ 9	$ 9,997	$ 119,149	$ 18,807	$ 4,207	$ 7,719
Total gains (losses)(realized/unrealized) included in earnings	1,901	(159)		(9)	4	(21)	2,639		(553)
Net unrealized gains (losses) included in stockholders equity	2,505	(85)	222		13	4,796	(2,417)	(24)	
Purchases	12,881	12,812						69	
Sales	(12,640)	(1,133)			(318)	(4,996)	(5,722)	(335)	(136)
Net transfers (1)	(8,345)				(4,887)	9,292	(12,750)		
Balance, end of period	$ 176,536	$ 28,650	$ 3,353	$	$ 4,809	$ 128,220	$ 557	$ 3,917	$ 7,030

	Three Months Ended September 30, 2009							
		Fixed Maturity Securities				Equity Securities		
	Total level 3 assets	Foreign governments	Asset-backed	Commercial mortgage-backed	Corporate	Non-redeemable preferred stocks	Other Investments	Other Assets
Balance, beginning of period	$ 179,783	$ 14,809	$ 10	$ 30,247	$ 114,963	$ 5,565	$ 4,874	$ 9,315

Total (losses) gains (realized/unrealized) included in earnings	(1,007)	1,470	(1)	16	(2,401)		1	(92)
Net unrealized gains (losses) included in stockholders equity	11,651	1,541	1	1,650	8,425	792	(758)	
Purchases	431						206	225
Sales	(18,632)	(14,817)	(1)	(222)	(3,035)		(557)	
Net transfers (1)	(12,085)			(1,760)	(10,237)		(88)	
Balance, end of period	$ 160,141	$ 3,003	$ 9	$ 29,931	$ 107,715	$ 6,357	$ 3,678	$ 9,448

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	Nine Months Ended September 30, 2010								
		Fixed Maturity Securities					Equity Securities		
	Total level 3 assets	United States Government and government agencies and authorities	Foreign governments	Asset-backed	Commercial mortgage-backed	Corporate	Non-redeemable preferred stocks	Other Investments	Other Assets
Balance, beginning of period	$ 196,131	$	$ 3,088	$ 9	$ 32,288	$ 136,726	$ 5,735	$ 4,275	$ 14,010
Total (losses) gains (realized/unrealized) included in earnings	(3,859)	(487)	1	(8)	52	(233)	2,639	4	(5,827)
Net unrealized gains (losses) included in stockholders equity	9,267	(19)	264	5	527	11,604	(3,350)	236	
Purchases	44,317	32,333		588		2,658	8,116	622	
Sales	(59,917)	(3,867)			(22,147)	(25,808)	(5,722)	(1,220)	(1,153)
Net transfers (1)	(9,403)	690		(594)	(5,911)	3,273	(6,861)		
Balance, end of period	$ 176,536	$ 28,650	$ 3,353	$	$ 4,809	$ 128,220	$ 557	$ 3,917	$ 7,030

	Nine Months Ended September 30, 2009							
		Fixed Maturity Securities				Equity Securities		
	Total level 3 assets	Foreign governments	Asset-backed	Commercial mortgage-backed	Corporate	Non-redeemable preferred stocks	Other Investments	Other Assets
Balance, beginning of period	$ 191,685	$ 19,398	$ 11	$ 38,909	$ 106,682	$ 12,581	$ 7,024	$ 7,080
Total (losses) gains (realized/unrealized) included in earnings	(992)	1,844	(1)	26	(4,609)		4	1,744
Net unrealized gains (losses) included in stockholders equity	21,594	(2,018)	1	6,534	16,723	850	(496)	

Purchases	27,295				26,376		295	624
Sales	(33,020)	(14,817)	(2)	(10,637)	(5,463)		(2,101)	
Net transfers (1)	(46,421)	(1,404)		(4,901)	(31,994)	(7,074)	(1,048)	
Balance, end of period	$ 160,141	$ 3,003	$ 9	$ 29,931	$ 107,715	$ 6,357	$ 3,678	$ 9,448

(1) Net transfers are primarily attributable to changes in the availability of market observable information and re-evaluation of the observability of pricing inputs.

Three different valuation techniques can be used in determining fair value for financial assets and liabilities: the market, income or cost approaches. The three valuation techniques described in the fair value measurements and disclosures guidance are consistent with generally accepted valuation methodologies. The market approach valuation techniques use prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities. When possible, quoted prices (unadjusted) in active markets are used as of the period-end date (such as for mutual funds and money market funds). Otherwise, valuation techniques consistent with the market approach including matrix pricing and comparables are used. Matrix pricing is a mathematical technique employed principally to value debt securities without relying exclusively on quoted prices for those securities but rather by relying on the securities relationship to other benchmark quoted securities. Market approach valuation techniques often use market multiples derived from a set of comparables. Multiples might lie in ranges with a different multiple for each comparable. The selection of where within the range the appropriate multiple falls requires judgment, considering both qualitative and quantitative factors specific to the measurement.

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

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

While not all three approaches are applicable to all financial assets or liabilities, where appropriate, one or more valuation techniques may be used. For all the classes of financial assets and liabilities included in the above hierarchy, excluding the CPI Caps and certain privately placed corporate bonds, the market valuation technique is generally used. For certain privately placed corporate bonds and the CPI Caps, the income valuation technique is generally used. For the periods ended September 30, 2010 and December 31, 2009, the application of the valuation technique applied to the Company s classes of financial assets and liabilities has been consistent.

Level 2 securities are valued using various observable market inputs obtained from a pricing service. The pricing service prepares estimates of fair value measurements for our Level 2 securities using proprietary valuation models based on techniques such as matrix pricing which include observable market inputs. The fair value measurements and disclosures guidance, defines observable market inputs as the assumptions market participants would use in pricing the asset or liability developed on market data obtained from sources independent of the Company. The extent of the use of each observable market input for a security depends on the type of security and the market conditions at the balance sheet date. Depending on the security, the priority of the use of observable market inputs may change as some observable market inputs may not be relevant or additional inputs may be necessary. The following observable market inputs (standard inputs), listed in the approximate order of priority, are utilized in the pricing evaluation of Level 2 securities: benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers and reference data. To price municipal bonds, the pricing service uses material event notices and new issue data inputs in addition to the standard inputs. To price residential and commercial mortgage-backed securities and asset-backed securities, the pricing service uses vendor trading platform data, monthly payment information and collateral performance inputs in addition to the standard inputs. To price fixed maturity securities denominated in Canadian dollars, the pricing service uses observable inputs, including but not limited to, benchmark yields, reported trades, issuer spreads, benchmark securities and reference data. The pricing service also evaluates each security based on relevant market information including: relevant credit information, perceived market movements and sector news. Valuation models can change period to period, depending on the appropriate observable inputs that are available at the balance sheet date to price a security. When market observable inputs are unavailable to the pricing service, the remaining unpriced securities are submitted to independent brokers who provide non-binding broker quotes or are priced by other qualified sources and are categorized as Level 3 securities. The Company could not corroborate the non-binding broker quotes with Level 2 inputs.

A non-pricing service source prices certain privately placed corporate bonds using a model with observable inputs including, but not limited to, the credit rating, credit spreads, sector add-ons, and issuer specific add-ons. A non-pricing service source prices our CPI Caps using a model with inputs including, but not limited to, the time to expiration, the notional amount, the strike price, the forward rate, implied volatility and the discount rate.

Management evaluates the following factors in order to determine whether the market for a financial asset is inactive. The factors include, but are not limited to:

There are few recent transactions,

Little information is released publicly,

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

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

The magnitude of the bid-ask spread.

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

The Company generally obtains one price for each financial asset. The Company performs a monthly analysis to assess if the evaluated prices represent a reasonable estimate of their fair value. This process involves quantitative and qualitative analysis and is overseen by investment and accounting professionals. Examples of procedures performed include, but are not limited to, initial and on-going review of pricing service methodologies, review of the prices received from the pricing service, review of pricing statistics and trends, and comparison of prices for certain securities with two different appropriate price sources for reasonableness. Following this analysis, the Company generally uses the best estimate of fair value based upon all available inputs. On infrequent occasions, a non-pricing service source may be more familiar with the market activity for a particular security than the pricing service. In these cases the price used is taken from the non-pricing service source. The pricing service provides information to indicate which securities were priced using market observable inputs so that the Company can properly categorize our financial assets in the fair value hierarchy.

Disclosures for Non-Financial Assets Measured at Fair Value on a Non-Recurring Basis

The Company also measures the fair value of certain assets on a non-recurring basis, generally on an annual basis, or when events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. These assets include commercial mortgage loans, goodwill and finite-lived intangible assets.

For the three months and nine months ended September 30, 2010, the Company recorded an additional reserve of $9,000 and $15,772, respectively, on one individually impaired commercial mortgage loan. Due to the continued decline in the regional commercial real estate market during the quarter, the value of the loan was determined to be zero. The fair value measurement was classified as Level 3 (unobservable) inputs in the fair value hierarchy.

The Company utilizes both the income and market valuation approaches to estimate the fair value of its reporting units in Step 1 of the goodwill impairment test. Under the income approach, the Company determines the fair value of the reporting unit considering distributable earnings which were estimated from operating plans. The resulting cash flows are then discounted using a market participant weighted average cost of capital estimated for the reporting unit. After discounting the future discrete earnings to their present value, the Company estimates the terminal value attributable to the years beyond the discrete operating plan period. The discounted terminal value is then added to the aggregate discounted distributable earnings from the discrete operating plan period to estimate the fair value of the reporting unit. Under the market approach, the Company derives the fair value of the reporting unit based on various financial multiples, including but not limited to: price to tangible book value of equity, price to estimated 2010 earnings and price to estimated 2011 earnings which are estimated based on publicly available data related to comparable guideline companies. In addition, financial multiples are also estimated from publicly available purchase price data for acquisitions of companies operating in the insurance industry. The estimated fair value of the reporting units is more heavily weighted towards the income approach because the earnings capacity of a business is generally considered the most important factor in the valuation of a business enterprise.

Fair Value of Financial Instruments Disclosures

The financial instruments guidance requires disclosure of fair value information about financial instruments, as defined therein, for which it is practicable to estimate such fair value. Therefore, it requires fair value disclosure for financial instruments that are not recognized or are not carried at fair value in the consolidated balance sheets. However, this guidance excludes certain financial instruments, including those related to insurance contracts and those accounted for under the equity method and joint ventures guidance (such as real estate joint ventures).

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For the financial instruments included within the following financial assets and financial liabilities, the carrying value in the consolidated balance sheets equals or approximates fair value. Please refer to the *Fair Value Inputs and Valuation Techniques for Financial Assets and Liabilities Disclosures* section above for more information on the financial instruments included within the following financial assets and financial liabilities and the methods and assumptions used to estimate fair value:

Cash and cash equivalents

Fixed maturity securities

Equity securities

Short-term investments

Other investments

Other assets

Assets held in separate accounts

Collateral held under securities lending

Other liabilities

Liabilities related to separate accounts

In estimating the fair value of the financial instruments that are not recognized or are not carried at fair value in the consolidated balance sheets, the Company used the following methods and assumptions:

Commercial mortgage loans and policy loans: the fair values of mortgage loans are estimated using discounted cash flow analyses, based on interest rates currently being offered for similar loans to borrowers with similar credit ratings. Mortgage loans with similar characteristics are aggregated for purposes of the calculations. The carrying value of policy loans reported in the balance sheets approximates fair value.

Policy reserves under investment products: the fair values for the Company s policy reserves under the investment products are determined using discounted cash flow analysis.

Funds held under reinsurance: the carrying value reported approximates fair value due to the short maturity of the instruments.

Debt: the fair value of debt is based upon matrix pricing performed by the pricing service.

Mandatorily redeemable preferred stock: the fair value of mandatorily redeemable preferred stock equals the carrying value for all series of mandatorily redeemable preferred stock.

Obligations under securities lending: the obligations under securities lending are reported at the amount received from the selected broker/dealers.

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Notes to Consolidated Financial Statements (unaudited) (Continued)

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(In thousands, except number of shares and per share amounts)

The following table discloses the carrying value and fair value of the financial instruments that are not recognized or are not carried at fair value in the consolidated balance sheets as of September 30, 2010 and December 31, 2009.

	September 30, 2010		December 31, 2009	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial assets				
Commercial mortgage loans on real estate	$ 1,355,871	$ 1,470,418	$ 1,428,027	$ 1,442,889
Policy loans	56,685	56,685	56,407	56,407
Financial liabilities				
Policy reserves under investment products (Individual and group annuities, subject to discretionary withdrawal)	$ 1,020,442	$ 943,498	$ 895,546	$ 817,370
Funds held under reinsurance	66,614	66,614	67,700	67,700
Debt	972,137	1,029,356	972,058	942,938
Mandatorily redeemable preferred stocks	8,160	8,160	8,160	8,160
Obligations under securities lending	135,248	135,248	220,279	220,279

The fair value of the Company s liabilities for insurance contracts, other than investment-type contracts, are not required to be disclosed. However, the fair values of liabilities under all insurance contracts are taken into consideration in the Company s overall management of interest rate risk, such that the Company s exposure to changing interest rates is minimized through the matching of investment maturities with amounts due under insurance contracts.

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6. Income Taxes

As of December 31, 2009, the Company had a cumulative valuation allowance of $81,688 against deferred tax assets. During the nine months ended September 30, 2010, the Company recognized income tax expense of $5,177 and an income tax benefit through accumulated other comprehensive income of $(412). The valuation allowance related to deferred tax assets was increased by $4,765 primarily due to foreign company net operating losses. It is management s assessment that it is more likely than not that $86,453 of deferred tax assets will not be realized.

The Company s ability to realize deferred tax assets depends on its ability to generate sufficient taxable income of the same character within the carryback or carryforward periods. In assessing future GAAP taxable income, the Company has considered all sources of taxable income available to realize its deferred tax asset, including the future reversal of existing temporary differences, future taxable income exclusive of reversing temporary differences and carryforwards, taxable income in carryback years and tax-planning strategies. If changes occur in the assumptions underlying the Company s tax planning strategies or in the scheduling of the reversal of the Company s deferred tax assets, the valuation allowance may need to be adjusted in the future.

7. Debt

In February 2004, the Company issued two series of senior notes with an aggregate principal amount of $975,000 (the Senior Notes). The Company received net proceeds of $971,537 from this transaction, which represents the principal amount less the discount. The discount of $3,463 is being amortized over the life of the Senior Notes and is included as part of interest expense on the statement of operations. The first series is $500,000 in principal amount, bears interest at 5.63% per year and is payable in a single installment due February 15, 2014 and was issued at a 0.11% discount. The second series is $475,000 in principal amount, bears interest at 6.75% per year and is payable in a single installment due February 15, 2034 and was issued at a 0.61% discount.

The interest expense incurred related to the Senior Notes was $15,047 for the three months ended September 30, 2010 and 2009, respectively, and $45,141 for the nine months ended September 30, 2010 and 2009, respectively. There was $7,523 of accrued interest at September 30, 2010 and 2009, respectively. The Company made interest payments of $30,094 on February 15, 2010 and 2009 and August 15, 2010 and 2009.

Credit Facility

In March 2004 the Board authorized a $500,000 commercial paper program, to be used for working capital and other general corporate purposes. The Company s commercial paper program requires the Company to maintain liquidity facilities either in an available amount equal to any outstanding notes from the commercial paper program or in an amount sufficient to maintain the ratings assigned to the notes issued from the commercial paper program. The Company s subsidiaries do not maintain commercial paper or other borrowing facilities at their level. Prior to December 18, 2009 this program was backed up by a $500,000 senior revolving credit facility (2004 Credit Facility). This program is currently backed up by a $350,000 senior revolving credit facility, described below, of which $325,604 was available at September 30, 2010, due to outstanding letters of credit.

On December 18, 2009, the Company entered into a three-year unsecured revolving credit agreement (2009 Credit Facility) with a syndicate of banks arranged by JP Morgan Chase Bank, Inc. and Bank of America, Inc. The 2009 Credit Facility replaces the 2004 Credit Facility. The 2009 Credit Facility provides for revolving loans and the issuance of multi-bank, syndicated letters of credit and/or letters of credit from a sole issuing bank in an aggregate amount of $350,000 and is available until December 2012, provided the Company is in compliance with all covenants. The agreement has a sublimit for letters of credit issued under the agreement of $50,000. The proceeds of these loans may be used for the Company s commercial paper program or for general corporate purposes.

The Company did not use the commercial paper program during the nine months ended September 30, 2010 and 2009 and there were no amounts relating to the commercial paper program outstanding at September 30, 2010 and December 31, 2009. The Company did not borrow using the 2004 Credit Facility during the nine months ended September 30, 2009. The Company made no borrowings using the 2009 Credit Facility and no loans are outstanding at September 30, 2010. The Company does have $24,396 of letters of credit outstanding under the 2009 Credit Facility as of September 30, 2010.

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The 2009 Credit Facility contains restrictive covenants. The terms of the 2009 Credit Facility also require that the Company maintain certain specified minimum ratios and thresholds. Among others, these covenants include maintaining a maximum debt to capitalization ratio and a minimum consolidated adjusted net worth. At September 30, 2010 the Company was in compliance with all covenants, minimum ratios and thresholds.

8. Accumulated Other Comprehensive Income

The components of accumulated other comprehensive income, net of tax, at September 30, 2010 are as follows:

	Foreign currency translation adjustment	Unrealized gains on securities	OTTI	Pension under-funding	Accumulated other comprehensive income
Balance at December 31, 2009	$ 23,912	$ 194,550	$ 6,275	$ (158,812)	$ 65,925
Activity in 2010	2,585	433,770	5,205	7,186	448,746
Balance at September 30, 2010	$ 26,497	$ 628,320	$ 11,480	$ (151,626)	$ 514,671

The amounts in the unrealized gains on securities column are net of reclassification adjustments of $23,820, net of tax, for the nine months ended September 30, 2010, for net realized gains (losses) on sales of securities included in net income. The amounts in the OTTI column are net of reclassification adjustments of $(1,310), net of tax, for the nine months ended September 30, 2010, for net realized gains (losses) on sales of securities included in net income.

9. Stock Based Compensation

Long-Term Equity Incentive Plan

In May 2008, the shareholders of the Company approved the Assurant, Inc. Long-Term Equity Incentive Plan (ALTEIP), which authorized the granting of up to 3,400,000 shares of the Company s common stock to employees, officers and non-employee directors. In May 2010, the shareholders of the Company approved an amended and restated ALTEIP, increasing the number of shares of the Company s common stock authorized for issuance to 5,300,000. Under the ALTEIP, the Company may grant awards based on shares of our common stock, including stock options, stock appreciation rights (SARs), restricted stock (including performance shares), unrestricted stock, restricted stock units (RSUs), performance share units (PSUs) and dividend equivalents. All future share-based grants will be awarded under the ALTEIP.

The Compensation Committee of the Board of Directors (the Compensation Committee) awarded PSUs and RSUs in 2010 and 2009. RSUs and PSUs are promises to issue actual shares of common stock at the end of a vesting period or performance period. The RSUs granted to employees under the ALTEIP were based on salary grade and performance and will vest one-third each year over a three-year period. RSUs granted to non-employee directors also vest one-third each year over a three-year period. RSUs receive dividend equivalents in cash during the restricted period and do not have voting rights during the restricted period. PSUs accrue dividend equivalents during the performance period based on a target payout, and will be paid in cash at the end of the performance period based on the actual number of shares issued.

For the PSU portion of an award, the number of shares a participant will receive upon vesting is contingent upon the Company meeting certain pre-established performance goals, identified below, at the end of a three-year performance period. Performance will be measured against these to determine the number of shares a participant will receive. The payout levels can vary between 0% and 150% (maximum) of the target (100%) ALTEIP award amount based on the Company s level of performance against the pre-established performance goals.

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PSU Performance Goals. For 2009, the Compensation Committee established earnings per share (EPS) growth, revenue growth and total stockholder return as the three performance measures for PSU awards. EPS growth is defined as the year-over-year change in GAAP net income divided by average diluted shares outstanding. Revenue growth is defined as the year-over-year change in GAAP total revenues as disclosed in the Company s annual statement of operations. Total stockholder s return is defined as appreciation in Company stock plus dividend yield to stockholders. For 2010, in light of the significant volatility in EPS across the financial services sector, and in response to comments from our investors, the Committee decided to replace growth in EPS with growth in book value per diluted share (BVPS) excluding AOCI as a performance metric. BVPS growth is defined as year-over-year growth of the Company s common equity divided by the period ending fully diluted total shares outstanding. The Company believes this change will provide a more consistent basis for comparing the Company s long-term financial performance to that of our competitors. The other metrics (revenue growth and total stockholder return) remain the same for PSUs awarded in 2010. For the 2009-2011 performance cycle, the actual payout level is determined by ranking the average of the Company s performance with respect to all three measures against the average performance of companies included in the A.M. Best Insurance Index. For the 2010-2012 performance cycle, payouts will be determined by measuring performance against the average performance of companies included in the A.M. Best Insurance Index, excluding those with revenues of less than $1,000,000 or that are not in the health or insurance Global Industry Classification Standard codes. The company believes that this change will enable us to more accurately benchmark our performance against the performance of companies of comparable size that operate one or more businesses similar to ours.

Under the ALTEIP, the Company s Chief Executive Officer (CEO) is authorized by the Board of Directors to grant common stock, restricted stock and RSUs to employees other than the executive officers of the Company (as defined in Section 16 of the Securities Exchange Act of 1934, as amended (the Exchange Act)). Restricted stock and RSUs granted under this program may have different vesting periods.

Restricted Stock Units

RSUs granted to employees and to non-employee directors were 21,425 and 18,096 for the three months ended September 30, 2010 and 2009, respectively, and 549,732 and 772,900 for the nine months ended September 30, 2010 and 2009, respectively. The compensation expense recorded related to RSUs was $3,699 and $2,323 for the three months ended September 30, 2010 and 2009, respectively, and $10,091 and $4,768 for the nine months ended September 30, 2010 and 2009, respectively. The related total income tax benefit was $1,294 and $813 for the three months ended September 30, 2010 and 2009, respectively, and $3,532 and $1,669 for the nine months ended September 30, 2010 and 2009, respectively. The weighted average grant date fair value for RSUs granted during the nine months ended September 30, 2010 and 2009 was $33.42 and $20.60, respectively.

As of September 30, 2010, there was $15,667 of unrecognized compensation cost related to outstanding RSUs. That cost is expected to be recognized over a weighted-average period of 1.4 years. No RSUs vested during the three months ended September 30, 2009. The total fair value of RSUs vested during the three months ended September 30, 2010 was $323 and $8,343 and $5 for the nine months ended September 30, 2010 and 2009, respectively.

Performance Share Units

No PSUs were granted during the three months ended September 30, 2010 and 2009. PSUs granted to employees were 439,934 and 631,066 for the nine months ended September 30, 2010 and 2009, respectively. The compensation expense recorded related to PSUs was $3,206 for the three months ended September 30, 2010. No compensation expense was recorded for the three months ended September 30, 2009 because both the performance and market-based goals were below minimum payout threshold levels. The compensation expense recorded related to PSUs for the nine months ended September 30, 2010 and 2009 was $7,541 and $31, respectively. A portion of the compensation expense recorded during 2009 was reversed during the first quarter of 2010, since the Company s level of actual performance as measured against pre-established performance goals had declined. The related total income tax benefit was $1,122 for the three months ended September 30, 2010 and $2,639 and $11 for the nine months ended September 30, 2010 and 2009, respectively. The weighted average grant date fair value for PSUs granted during the nine months ended September 30, 2010 and 2009 was $33.12 and $16.32, respectively.

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As of September 30, 2010, there was $12,840 of unrecognized compensation cost related to outstanding PSUs. That cost is expected to be recognized over a weighted-average period of 1.57 years.

The fair value of PSUs with market conditions was estimated on the date of grant using a Monte Carlo simulation model, which utilizes multiple variables that determine the probability of satisfying the market condition stipulated in the award. Expected volatilities for awards issued during the nine months ended September 30, 2010 and 2009 were based on the historical stock prices of the Company s stock and peer insurance group. The expected term for grants issued during the nine months ended September 30, 2010 and 2009 was assumed to equal the average of the vesting period of the PSUs. The risk-free rate was based on the U.S. Treasury yield curve in effect at the time of grant.

Long-Term Incentive Plan

Prior to the approval of the ALTEIP, share based awards were granted under the 2004 Assurant Long-Term Incentive Plan (ALTIP), which authorized the granting of up to 10,000,000 new shares of the Company s common stock to employees and officers under the ALTIP, Business Value Rights Program (BVR) and CEO Equity Grants Program. Under the ALTIP, the Company was authorized to grant restricted stock and SARs. Since May 2008, no new grants have been made under this plan.

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

Restricted Stock

There was no restricted stock granted during the three months ended September 30, 2010 and 2009 or the nine months ended September 30, 2010. There were 10,900 restricted shares granted during the nine months ended September 30, 2009. The compensation expense recorded related to restricted stock was $317 and $998 for the three months ended September 30, 2010 and 2009, respectively, and $1,426 and $3,579 for the nine months ended September 30, 2010 and 2009, respectively. The related total income tax benefit recognized was $111 and $349 for the three months ended September 30, 2010 and 2009, respectively, and $499 and $1,253 for the nine months ended September 30, 2010 and 2009, respectively. The weighted average grant date fair value for restricted stock granted during the nine months ended September 30, 2009 was $29.77.

As of September 30, 2010, there was $586 of unrecognized compensation cost related to outstanding restricted stock. That cost is expected to be recognized over a weighted-average period of 0.6 years. The total fair value of restricted stock vested was $240 and $300 during the three months ended September 30, 2010 and 2009, respectively, and $2,330 and $2,210 for the nine months ended September 30, 2010 and 2009, respectively.

Stock Appreciation Rights

There were no SARs granted during the three and nine months ended September 30, 2010 and 2009. Currently there are no plans to award SARs in the future. The compensation expense recorded related to SARs was $1,273 and $2,693 for the three months ended September 30, 2010 and 2009, respectively, and $5,518 and $7,538 for the nine months ended September 30, 2010 and 2009, respectively. The related total income tax benefit was $445 and $943 for the three months ended September 30, 2010 and 2009, respectively, and $1,931 and $2,638 for the nine months ended September 30, 2010 and 2009, respectively.

The total intrinsic value of SARs exercised during the three months ended September 30, 2010 and 2009 was $416 and $1, respectively, and $1,216 and $412 for the nine months ended September 30, 2010 and 2009, respectively. As of September 30, 2010, there was approximately $2,519 of unrecognized compensation cost related to outstanding SARs. That cost is expected to be recognized over a weighted-average period of 0.45 years.

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

Directors Compensation Plan

The Company s Amended and Restated Directors Compensation Plan, as amended, permitted the issuance of up to 500,000 shares of the Company s common stock to non-employee directors. Since May 2008, all grants awarded to directors have been awarded from the ALTEIP, discussed above. There were no common shares issued or expense recorded under the Director s Compensation Plan for the three and nine months ended September 30, 2010 and 2009, respectively.

Employee Stock Purchase Plan

Under the Employee Stock Purchase Plan (ESPP), the Company is authorized to issue up to 5,000,000 new shares to employees who are participants in the ESPP. Eligible employees can purchase shares at a 10% discount applied to the lower of the closing price of the common stock on the first or last day of the offering period. The compensation expense recorded related to the ESPP was $397 and $46 for the three months ended September 30, 2010 and 2009, respectively, and $1,310 and $2,089 for the nine months ended September 30, 2010 and 2009, respectively.

In January 2010, the Company issued 181,718 shares to employees at a discounted price of $21.65 for the offering period of July 1, 2009 through December 31, 2009. In January 2009, the Company issued 133,994 shares to employees at a discounted price of $27.00 for the offering period of July 1, 2008 through December 31, 2008.

In July 2010, the Company issued 142,444 shares to employees at a discounted price of $27.14 for the offering period of January 1, 2010 through June 30, 2010. In July 2009, the Company issued 186,940 shares to employees at a discounted price of $21.68 for the offering period of January 1, 2009 through June 30, 2009.

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

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10. Stock Repurchase

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

Period in 2010	Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Programs
January		$	
February	1,304,915	30.46	1,304,915
March	2,121,554	32.73	2,121,554
April	1,783,816	35.07	1,783,816
May	1,982,400	35.44	1,982,400
June	2,300,000	35.78	2,300,000
July	1,185,000	36.19	1,185,000
August	52,000	38.11	52,000
September			
Total	10,729,685	$ 34.41	10,729,685

On November 10, 2006, the Company s Board of Directors authorized the Company to repurchase up to $600,000 of its outstanding common stock. On January 22, 2010, the Company s Board of Directors authorized the Company to repurchase up to an additional $600,000 of its outstanding common stock.

During the nine months ended September 30, 2010, the Company repurchased 10,729,685 shares of the Company s outstanding common stock at a cost of $369,159. As of September 30, 2010, there was $400,885 remaining under the total repurchase authorization.

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11. Earnings Per Common Share

The following table presents net income, the weighted average common shares used in calculating basic earnings per common share (EPS) and those used in calculating diluted EPS for each period presented below.

	Three Months Ended September 30, 2010	Three Months Ended September 30, 2009	Nine Months Ended September 30, 2010	Nine Months Ended September 30, 2009
Numerator				
Net income	$ 141,670	$ 144,730	$ 463,568	$ 418,633
Deduct dividends paid	(17,238)	(17,701)	(52,702)	(51,961)
Undistributed earnings	$ 124,432	$ 127,029	$ 410,866	$ 366,672
Denominator				
Weighted average shares outstanding used in basic earnings per share calculations	107,806,207	118,184,367	112,137,558	118,187,358
Incremental common shares from :				
SARs	223,192	107,474	197,191	74,106
PSUs	554,883		456,374	
Weighted average shares used in diluted earnings per share calculations	108,584,282	118,291,841	112,791,123	118,261,464
Earnings per common share - Basic				
Distributed earnings	$ 0.16	$ 0.15	$ 0.47	$ 0.44
Undistributed earnings	1.15	1.07	3.66	3.10
Net income	$ 1.31	$ 1.22	$ 4.13	$ 3.54
Earnings per common share - Diluted				
Distributed earnings	$ 0.16	$ 0.15	$ 0.47	$ 0.44
Undistributed earnings	1.14	1.07	3.64	3.10
Net income	$ 1.30	$ 1.22	$ 4.11	$ 3.54

Average SARs totaling 2,960,688 and 4,080,321 for the three months ended September 30, 2010 and 2009, respectively, and 3,355,176 and 4,423,605 for the nine months ended September 30, 2010 and 2009, respectively, were outstanding but were anti-dilutive and thus not included in the computation of diluted EPS under the treasury stock method.

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12. Retirement and Other Employee Benefits

The components of net periodic benefit cost for the Company s qualified pension benefits plan, nonqualified pension benefits plan and retirement health benefits plan for the three and nine months ended September 30, 2010 and 2009 were as follows:

	Qualified Pension Benefits For the Three Months Ended September 30,		Nonqualified Pension Benefits (1) For the Three Months Ended September 30,		Retirement Health Benefits For the Three Months Ended September 30,	
	2010	2009	2010	2009	2010	2009
Service cost	$ 7,956	$ 6,609	$ 741	$ 468	$ 1,328	$ 1,110
Interest cost	8,438	7,562	1,523	1,552	1,353	1,081
Expected return on plan assets	(9,785)	(8,804)			(718)	(547)
Amortization of prior service cost	30	85	206	419	367	417
Amortization of net loss	2,702	3,689	751	658		50
Settlement gain				(610)		
Net periodic benefit cost	$ 9,341	$ 9,141	$ 3,221	$ 2,487	$ 2,330	$ 2,111

	Qualified Pension Benefits For the Nine Months Ended September 30,		Nonqualified Pension Benefits (1) For the Nine Months Ended September 30,		Retirement Health Benefits For the Nine Months Ended September 30,	
	2010	2009	2010	2009	2010	2009
Service cost	$ 20,406	$ 17,509	$ 1,841	$ 1,568	$ 3,228	$ 2,460
Interest cost	24,188	22,262	4,623	4,752	3,653	3,181
Expected return on plan assets	(28,285)	(26,404)			(1,968)	(1,497)
Amortization of prior service cost	80	285	656	719	1,117	1,067
Amortization of net loss (gain) (2)	7,502	3,939	1,701	1,208		(50)
Settlement gain				(1,159)		
Net periodic benefit cost	$ 23,891	$ 17,591	$ 8,821	$ 7,088	$ 6,030	$ 5,161

(1) The Company s nonqualified plan is unfunded.

(2) Increase is due to a change in the discount rate assumption, which decreased to 5.94% in 2010 from 6.25% in 2009.

Our qualified pension benefits plan (Plan) was under-funded by $124,706 and $87,977 (based on the fair value of Plan assets compared to the projected benefit obligation) on a GAAP basis at September 30, 2010 and December 31, 2009, respectively. This equates to an 81% and 84% funded status at September 30, 2010 and December 31, 2009, respectively. The change in under-funded status is mainly due to a decrease in the discount rate used to determine the projected benefit obligation. During the first nine months of 2010, $30,000 in cash was contributed to the qualified pension benefits plan (Plan). An additional $10,000 in cash is expected to be contributed to the Plan over the remainder of 2010.

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13. Segment Information

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

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

The following tables summarize selected financial information by segment:

	Three Months Ended September 30, 2010					
	Solutions	Specialty Property	Health	Employee Benefits	Corporate & Other	Consolidated
Revenues						
Net earned premiums and other considerations	$ 611,264	$ 481,108	$ 467,726	$ 272,416	$	$ 1,832,514
Net investment income	99,084	27,064	11,985	33,599	4,438	176,170
Net realized gains on investments					6,043	6,043
Amortization of deferred gain on disposal of businesses					6,024	6,024
Fees and other income	59,090	18,544	10,027	5,528	31	93,220
Total revenues	769,438	526,716	489,738	311,543	16,536	2,113,971
Benefits, losses and expenses						
Policyholder benefits	223,597	165,977	334,216	189,463		913,253
Amortization of deferred acquisition costs and value of business acquired	276,816	90,931	714	8,389		376,850
Underwriting, general and administrative expenses	219,216	107,061	144,980	87,773	22,944	581,974
Interest expense					15,162	15,162

Total benefits, losses and expenses	719,629	363,969	479,910	285,625	38,106	1,887,239
Segment income (loss) before provision (benefit) for income tax	49,809	162,747	9,828	25,918	(21,570)	226,732
Provision (benefit) for income taxes	17,476	56,094	4,488	8,986	(1,982)	85,062
Segment income (loss) after tax	$ 32,333	$ 106,653	$ 5,340	$ 16,932	$ (19,588)	
Net income						$ 141,670

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Assurant, Inc.

Notes to Consolidated Financial Statements (unaudited) (Continued)

Nine Months Ended September 30, 2010 and 2009

(In thousands, except number of shares and per share amounts)

	Three Months Ended September 30, 2009					
	Solutions	Specialty Property	Health	Employee Benefits	Corporate & Other	Consolidated
Revenues						
Net earned premiums and other considerations	$ 669,344	$ 478,701	$ 470,385	$ 255,968	$	$ 1,874,398
Net investment income	97,681	26,550	11,770	33,039	3,884	172,924
Net realized gains on investments					19,866	19,866
Amortization of deferred gain on disposal of businesses					6,802	6,802
Fees and other income	50,093	15,100	10,140	7,467	83	82,883
Total revenues	817,118	520,351	492,295	296,474	30,635	2,156,873
Benefits, losses and expenses						
Policyholder benefits	248,933	156,076	353,412	182,632	92	941,145
Amortization of deferred acquisition costs and value of business acquired	290,200	88,973	1,428	9,781		390,382
Underwriting, general and administrative expenses	230,017	118,019	146,047	86,748	20,289	601,120
Interest expense					15,160	15,160
Total benefits, losses and expenses	769,150	363,068	500,887	279,161	35,541	1,947,807
Segment income (loss) before provision (benefit) for income tax	47,968	157,283	(8,592)	17,313	(4,906)	209,066
Provision (benefit) for income taxes	16,324	54,126	(3,745)	5,863	(8,232)	64,336
Segment income (loss) after tax	$ 31,644	$ 103,157	$ (4,847)	$ 11,450	$ 3,326	
Net income						$ 144,730

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Assurant, Inc.

Notes to Consolidated Financial Statements (unaudited) (Continued)

Nine Months Ended September 30, 2010 and 2009

(In thousands, except number of shares and per share amounts)

	Nine Months Ended September 30, 2010					
	Solutions	Specialty Property	Health	Employee Benefits	Corporate & Other	Consolidated
Revenues						
Net earned premiums and other considerations	$ 1,886,310	$ 1,467,052	$ 1,402,873	$ 832,817	$	$ 5,589,052
Net investment income	296,493	81,007	35,628	99,008	13,244	525,380
Net realized gains on investments					29,668	29,668
Amortization of deferred gain on disposal of businesses					18,129	18,129
Fees and other income	159,382	50,492	30,683	19,091	244	259,892
Total revenues	2,342,185	1,598,551	1,469,184	950,916	61,285	6,422,121
Benefits, losses and expenses						
Policyholder benefits	680,004	503,716	980,623	584,260	(2,038)	2,746,565
Amortization of deferred acquisition costs and value of business acquired	831,945	281,993	3,364	26,849		1,144,151
Underwriting, general and administrative expenses	678,349	312,862	424,250	269,902	72,004	1,757,367
Interest expense					45,484	45,484
Total benefits, losses and expenses	2,190,298	1,098,571	1,408,237	881,011	115,450	5,693,567
Segment income (loss) before provision (benefit) for income tax	151,887	499,980	60,947	69,905	(54,165)	728,554
Provision (benefit) for income taxes	60,365	171,132	21,938	24,113	(12,562)	264,986
Segment income (loss) after tax	$ 91,522	$ 328,848	$ 39,009	$ 45,792	$ (41,603)	
Net income						$ 463,568
	As of September 30, 2010					
Segment assets:						
Segment assets, excluding goodwill	$ 11,079,132	$ 3,349,518	$ 1,064,584	$ 2,539,930	$ 7,885,975	$ 25,919,139
Goodwill						926,195
Total assets						$ 26,845,334

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Assurant, Inc.

Notes to Consolidated Financial Statements (unaudited) (Continued)

Nine Months Ended September 30, 2010 and 2009

(In thousands, except number of shares and per share amounts)

	Nine Months Ended September 30, 2009					
	Solutions	Specialty Property	Health	Employee Benefits	Corporate & Other	Consolidated
Revenues						
Net earned premiums and other considerations	$ 1,980,891	$ 1,450,329	$ 1,411,626	$ 781,997	$	$ 5,624,843
Net investment income	292,782	84,306	36,320	100,662	12,265	526,335
Net realized losses on investments					(41,965)	(41,965)
Amortization of deferred gain on disposal of businesses					20,354	20,354
Fees and other income	154,084	42,066	29,901	21,765	140,976	388,792
Total revenues	2,427,757	1,576,701	1,477,847	904,424	131,630	6,518,359
Benefits, losses and expenses						
Policyholder benefits	782,280	502,043	1,033,016	568,130	5,420	2,890,889
Amortization of deferred acquisition costs and value of business acquired	864,295	276,253	7,260	28,861		1,176,669
Underwriting, general and administrative expenses	640,914	344,072	439,612	260,948	71,295	1,756,841
Interest expense					45,509	45,509
Total benefits, losses and expenses	2,287,489	1,122,368	1,479,888	857,939	122,224	5,869,908
Segment income (loss) before provision (benefit) for income tax	140,268	454,333	(2,041)	46,485	9,406	648,451
Provision (benefit) for income taxes	50,419	155,280	(1,536)	15,885	9,770	229,818
Segment income (loss) after tax	$ 89,849	$ 299,053	$ (505)	$ 30,600	$ (364)	
Net income						$ 418,633

	As of December 31, 2009					
Segment assets:						
Segment assets, excluding goodwill	$ 11,106,794	$ 3,190,617	$ 1,078,567	$ 2,521,667	$ 7,036,624	$ 24,934,269
Goodwill						926,398
Total assets						$ 25,860,667

14. Commitments and Contingencies

In the normal course of business, letters of credit are issued primarily to support reinsurance arrangements. These letters of credit are supported by commitments with financial institutions. The Company had $24,946 and $28,566 of letters of credit outstanding as of September 30, 2010 and December 31, 2009, respectively.

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

As of December 31, 2009, the Company held litigation reserves of $51,952 as a result of unfavorable outcomes in two ordinary course claim-related lawsuits in its Assurant Health segment. During the second quarter of 2010, the Company paid a total of $25,350 to resolve both matters, and released the remaining reserves.

One of the Company s subsidiaries, American Reliable Insurance Company (ARIC), participated in certain excess of loss reinsurance programs in the London market and, as a result, reinsured certain personal accident, ransom and kidnap insurance risks

Assurant, Inc.

Notes to Consolidated Financial Statements (unaudited) (Continued)

Nine Months Ended September 30, 2010 and 2009

(In thousands, except number of shares and per share amounts)

from 1995 to 1997. ARIC and a foreign affiliate ceded a portion of these risks to retrocessionaires. ARIC ceased reinsuring such business in 1997. However, certain disputes arose regarding these programs. The disputes generally involved multiple layers of reinsurance, and allegations that the reinsurance programs involved interrelated claims spirals devised to disproportionately pass claims losses to higher-level reinsurance layers.

The companies involved in these programs, including ARIC, have resolved many of these disputes. The disputes involving ARIC and an affiliate, Assurant General Insurance Limited (formerly Bankers Insurance Company Limited) (AGIL), for the 1995 and 1996 program years, were the subject of working group settlements negotiated with other market participants. For the 1995 program year, the participants have negotiated a final commutation agreement that extinguishes any future liability between the participants. Negotiations are still ongoing or will be scheduled for the 1996 program year and the remaining programs.

The Company believes, on the basis of information currently available, that the existing loss accruals related to these programs are adequate. However, the inherent uncertainty of resolving these matters, including the uncertainty of estimating whether any settlements the Company may enter into in the future would be on favorable terms, makes it difficult to predict the outcomes with certainty.

As previously disclosed by the Company in its 2009 Annual Report on Form 10-K, the Company entered into a settlement on January 21, 2010 in connection with a complaint filed by the SEC regarding a finite reinsurance arrangement entered into by the Company. The Company consented, without admitting or denying the allegations in the complaint, to the entry of a judgment requiring payment of a civil penalty of $3,500, an expense that the Company accrued as of December 31, 2009, and a permanent injunction prohibiting the Company from violating certain provisions of the federal securities laws. The court approved the settlement in a final judgment entered on January 25, 2010, and the Company paid the penalty during the first quarter of 2010.

In the course of implementing procedures for compliance with the new mandatory reporting requirements under the Medicare, Medicaid, and SCHIP Extension Act of 2007, Assurant Health identified a possible ambiguity in the Medicare Secondary Payer Act and related regulations about which the Company has since had a meeting with representatives of the Centers for Medicare and Medicaid Services (CMS). Assurant Health believes that its historical interpretation and application of such laws and regulations is correct and has requested that CMS issue a written determination to that effect. CMS has not made a determination. The Company does not believe that any loss relating to this issue is probable, nor can the Company make any estimate of any possible loss or range of possible loss associated with this issue.

15. Catastrophe Bond Program

On May 5, 2009, the Company announced the establishment of a multi-year catastrophe bond program to provide reinsurance protection for losses resulting from hurricanes. As part of the program, certain of the Company s subsidiaries (the Subsidiaries) entered into two reinsurance agreements with Ibis Re Ltd., an independent special purpose reinsurance company domiciled in the Cayman Islands (Ibis Re). The Ibis Re agreements provide up to $150,000 of reinsurance coverage for protection against losses over a three-year period from individual hurricane events in Hawaii and along the Gulf and Eastern Coasts of the United States. The agreements expire in May 2012. Ibis Re financed the property catastrophe reinsurance coverage by issuing catastrophe bonds in an aggregate amount of $150,000 to unrelated investors (the Series 2009-1 Notes).

On April 27, 2010, the Subsidiaries entered into two additional reinsurance agreements with Ibis Re providing up to $150,000 of reinsurance coverage for protection against losses over a three-year period from individual hurricane events in Hawaii and along the Gulf and Eastern Coasts of the United States. The agreements expire in May 2013. Ibis Re financed the property catastrophe reinsurance coverage by issuing catastrophe bonds in an aggregate amount of $150,000 to unrelated investors (the Series 2010-1 Notes).

The $300,000 of fully collateralized hurricane coverage, purchased from Ibis Re provides per occurrence first event coverage as part of the Company s catastrophe program. This $300,000 of coverage represents approximately 26.5% of the $1,130,000 of first event coverage (net of reimbursements of the Florida Hurricane Catastrophe Fund) purchased by the Company in excess of the Company s $155,000 retention. The coverage is expected to provide protection for a storm that generates in excess of approximately $450,000 of losses net of any reimbursements from the Florida Hurricane Catastrophe Fund.

Assurant, Inc.

Notes to Consolidated Financial Statements (unaudited) (Continued)

Nine Months Ended September 30, 2010 and 2009

(In thousands, except number of shares and per share amounts)

Under the terms of these reinsurance agreements, the Subsidiaries are obligated to pay annual reinsurance premiums to Ibis Re for the reinsurance coverage. The reinsurance agreements with Ibis Re utilize a dual trigger that is based upon an index that is created by applying predetermined percentages to insured industry losses in each state in the covered area as reported by an independent party and the Subsidiaries covered losses incurred. Reinsurance contracts that have a separate, pre-identified variable (e.g., a loss-based index) are accounted for as reinsurance if certain conditions are met. In the case of the reinsurance agreements with Ibis Re, these conditions were met, thus the Company accounted for them as reinsurance in accordance with the guidance for reinsurance contracts.

Amounts payable to the Subsidiaries under the reinsurance agreements will be determined by the index-based losses, which are designed to approximate the Subsidiaries actual losses from any covered event. The amount of actual losses and index losses from any covered event may differ. For each covered event, Ibis Re pays the Subsidiaries the lesser of the covered index-based losses or the Subsidiaries actual losses. The principal amount of the catastrophe bonds will be reduced by any amounts paid to the Subsidiaries under the reinsurance agreements. The Subsidiaries have not incurred any losses subject to the reinsurance agreements since their inception.

As with any reinsurance agreement, there is credit risk associated with collecting amounts due from reinsurers. In connection with the issuance of the Series 2009-1 Notes, Ibis Re set up two reinsurance trusts to hold certain investments to secure payments to the Subsidiaries under the reinsurance agreements and the repayment of principal to the bondholders, as applicable, and entered into two related total return swap agreements. Refer to the Loss Protection and Capital Management section included in Note 14 of the Company s Annual Report on Form 10-K for the year ended December 31, 2009 for further discussion.

With regard to the Series 2010-1 Notes, the credit risk is mitigated by two reinsurance trust accounts. Each reinsurance trust account has been funded by Ibis Re with money market funds that invest solely in direct government obligations backed by the U.S. government with maturities of no more than 13 months. The money market funds must have a principal stability rating of at least AAA by Standard & Poor s.

At the time the agreements were entered into with Ibis Re, the Company evaluated the applicability of the accounting guidance that addresses variable interest entities (VIEs). Entities which do not have sufficient equity at risk to allow the entity to finance its activities without additional financial support or in which the equity investors, as a group, do not have the characteristic of a controlling financial interest are referred to as VIEs. A VIE is consolidated by the variable interest holder that is determined to have the controlling financial interest (primary beneficiary) as a result of having both the power to direct the activities of a VIE that most significantly impact the VIE s economic performance and the obligation to absorb losses or right to receive benefits from the VIE that could potentially be significant to the VIE. The Company determines whether it is the primary beneficiary of an entity subject to consolidation based on a qualitative assessment of the VIE s capital structure, contractual terms, nature of the VIE s operations and purpose and the Company s relative exposure to the related risks of the VIE on the date it becomes initially involved in the VIE. The Company reassesses its VIE determination with respect to an entity on an ongoing basis.

As a result of the evaluation of the reinsurance agreements with Ibis Re, the Company concluded that Ibis Re is a VIE. However, while Ibis Re is a VIE, the Company concluded that it does not have a significant variable interest in Ibis Re as the variability in Ibis Re s results, caused by the reinsurance agreements, is expected to be absorbed entirely by the bondholders and the Company is not entitled to any residual amounts. Accordingly, the Company is not the primary beneficiary of Ibis Re and does not consolidate the entity in the Company s financial statements.

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

(Dollar amounts in thousands)

This Management s Discussion and Analysis of Financial Condition and Results of Operations (MD&A) addresses the financial condition of Assurant, Inc. and its subsidiaries (which we refer to collectively as Assurant or the Company) as of September 30, 2010, compared with December 31, 2009, and our results of operations for the three and nine months ended September 30, 2010 and 2009. This discussion should be read in conjunction with our MD&A and annual audited consolidated financial statements as of December 31, 2009 included in our Annual Report on Form 10-K for the year ended December 31, 2009 filed with the U.S. Securities and Exchange Commission (the SEC) and the September 30, 2010 unaudited consolidated financial statements and related notes included elsewhere in this Form 10-Q. The 2009 Annual Report on Form 10-K, Third Quarter 2010 Form 10-Q and other documents related to the Company are available free of charge through the SEC website at www.sec.gov and through our website at www.assurant.com.

Some of the statements included in this MD&A and elsewhere in this report, particularly those anticipating future financial performance, business prospects, growth and operating strategies and similar matters, are forward-looking statements within the meaning of the U.S. Private Securities Litigation Reform Act of 1995. You can identify these statements by the fact that they may use words like will, may, anticipates, should, expects, estimates, projects, intends, plans, believes, targets, forecasts, potential, or other forms of those words or sim actual results might differ materially from those projected in the forward-looking statements. The Company undertakes no obligation to update or review any forward-looking statement, whether as a result of new information, future events or other developments.

In addition to the factors described under Critical Factors Affecting Results, the following risk factors could cause our actual results to differ materially from those currently estimated by management: (i) the effects of the Patient Protection and Affordable Care Act as well as the Health Care and Education Reconciliation Act of 2010 and the rules and regulations thereunder (Health Care Reform) on our health and employee benefits businesses; (ii) factors, including the effects of Health Care Reform and the relationship between the Company s market capitalization and its book value, that could result in a material impairment of goodwill on the company s balance sheet; (iii) loss of significant client relationships, distribution sources and contracts; (iv) failure to attract and retain sales representatives; (v) losses due to natural and man-made catastrophes; (vi) a decline in our credit or financial strength ratings (including the risk of ratings downgrades in the insurance industry); (vii) actions by governmental agencies that could result in the reduction of the premium rates we charge; (viii) unfavorable outcomes in litigation and/or regulatory investigations that could negatively affect our business and reputation; (ix) current or new laws and regulations that could increase our costs and/or decrease our revenues; (x) general global economic, financial market and political conditions (including difficult conditions in financial, capital and credit markets, the global economic slowdown, fluctuations in interest rates, mortgage rates, monetary policies, unemployment and inflationary pressure); (xi) inadequacy of reserves established for future claims losses; (xii) failure to predict or manage benefits, claims and other costs; (xiii) increases or decreases in tax valuation allowances; (xiv) fluctuations in exchange rates and other risks related to our international operations; (xv) unavailability, inadequacy and unaffordable pricing of reinsurance coverage; (xvi) diminished value of invested assets in our investment portfolio (due to, among other things, volatility in financial markets, the global economic slowdown, credit and liquidity risk, other than temporary impairments and inability to target an appropriate overall risk level); (xvii) insolvency of third parties to whom we have sold or may sell businesses through reinsurance or modified co-insurance; (xviii) inability of reinsurers to meet their obligations; (xix) credit risk of some of our agents in Assurant Specialty Property and Assurant Solutions; (xx) failure to effectively maintain and modernize our information systems; (xxi) failure to protect client information and privacy; (xxii) failure to find and integrate suitable acquisitions and new insurance ventures; (xxiii) inability of our subsidiaries to pay sufficient dividends; (xxiv) failure to provide for succession of senior management and key executives; and (xxv) significant competitive pressures in our businesses and (xxvi) cyclicality of the insurance industry. For a detailed discussion of the risk factors that could affect our actual results, please refer to the risk factors identified in our SEC reports, including, but not limited to, our 2009 Annual Report on Form 10-K and this Third Quarter 2010 Form 10-Q, as filed with the SEC.

Executive Summary

Assurant has five reportable segments. Our four operating segments are Assurant Solutions, Assurant Sp