

ASSURANT INC
Form 10-Q
May 03, 2016

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the quarterly period ended March 31, 2016

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 (Commission (I.R.S. Employer
of incorporation) File Number) Identification No.)

28 Liberty Street, 41st Floor
New York, New York 10005
(212) 859-7000

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

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

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

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

Large accelerated filer Accelerated filer

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

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

The number of shares of the registrant's Common Stock outstanding at April 28, 2016 was 61,936,907.

ASSURANT, INC.
 QUARTERLY REPORT ON FORM 10-Q
 FOR THE QUARTERLY PERIOD ENDED MARCH 31, 2016
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Amounts are presented in United States of America (“U.S.”) dollars and all amounts are in thousands, except number of shares and per share amounts.

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Assurant, Inc.

Consolidated Balance Sheets (unaudited)

At March 31, 2016 and December 31, 2015

	March 31, 2016	December 31, 2015
	(in thousands except number of shares and per share amounts)	
Assets		
Investments:		
Fixed maturity securities available for sale, at fair value (amortized cost - \$8,230,871 in 2016 and \$9,470,795 in 2015)	\$ 9,039,747	\$ 10,215,328
Equity securities available for sale, at fair value (cost - \$361,537 in 2016 and \$450,563 in 2015)	403,702	500,057
Commercial mortgage loans on real estate, at amortized cost	872,196	1,151,256
Policy loans	41,124	43,858
Short-term investments	449,691	508,950
Other investments	618,651	575,323
Total investments	11,425,111	12,994,772
Cash and cash equivalents	2,060,815	1,288,305
Premiums and accounts receivable, net	1,331,527	1,260,717
Reinsurance recoverables	8,689,823	7,470,403
Accrued investment income	114,572	129,743
Deferred acquisition costs	3,079,611	3,150,934
Property and equipment, at cost less accumulated depreciation	312,324	298,414
Tax receivable	—	24,176
Goodwill	839,766	833,512
Value of business acquired	38,950	41,154
Other intangible assets, net	274,131	277,163
Other assets	401,111	469,005
Assets held in separate accounts	1,719,454	1,798,104
Total assets	\$ 30,287,195	\$ 30,036,402
Liabilities		
Future policy benefits and expenses	\$ 9,723,211	\$ 9,466,694
Unearned premiums	6,308,939	6,423,720
Claims and benefits payable	3,341,718	3,896,719
Commissions payable	354,965	393,260
Reinsurance balances payable	110,056	132,728
Funds held under reinsurance	101,400	94,417
Deferred gain on disposal of businesses	564,122	92,327
Accounts payable and other liabilities	1,825,894	2,049,810
Tax payable	258,087	—
Debt	1,414,704	1,164,656
Liabilities related to separate accounts	1,719,454	1,798,104
Total liabilities	25,722,550	25,512,435
Commitments and contingencies (Note 16)		

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Stockholders' equity		
Common stock, par value \$0.01 per share, 800,000,000 shares authorized, 62,643,447 and 65,850,386 shares outstanding at March 31, 2016 and December 31, 2015, respectively	1,500	1,497
Additional paid-in capital	3,152,977	3,148,409
Retained earnings	5,044,544	4,856,674
Accumulated other comprehensive income	225,240	118,549
Treasury stock, at cost; 86,945,291 and 83,523,031 shares at March 31, 2016 and December 31, 2015, respectively	(3,859,616) (3,601,162)
Total stockholders' equity	4,564,645	4,523,967
Total liabilities and stockholders' equity	\$ 30,287,195	\$ 30,036,402

See the accompanying notes to the consolidated financial statements

Assurant, Inc.
Consolidated Statements of Operations (unaudited)
Three Months Ended March 31, 2016 and 2015

	Three Months Ended March 31,	
	2016	2015
	(in thousands except number of shares and per share amounts)	
Revenues		
Net earned premiums	\$1,415,238	\$2,159,562
Fees and other income	357,690	279,562
Net investment income	135,707	152,273
Net realized gains on investments, excluding other-than-temporary impairment losses	162,366	6,525
Total other-than-temporary impairment losses	(311) (3,208
Portion of net (gain) loss recognized in other comprehensive income, before taxes	(337) 638
Net other-than-temporary impairment losses recognized in earnings	(648) (2,570
Amortization of deferred gain on disposal of businesses	47,596	3,258
Gain on pension plan curtailment	29,578	—
Total revenues	2,147,527	2,598,610
Benefits, losses and expenses		
Policyholder benefits	543,816	1,210,727
Amortization of deferred acquisition costs and value of business acquired	334,342	369,003
Underwriting, general and administrative expenses	917,359	921,909
Interest expense	14,503	13,778
Total benefits, losses and expenses	1,810,020	2,515,417
Income before provision for income taxes	337,507	83,193
Provision for income taxes	117,189	33,149
Net income	\$220,318	\$50,044
Earnings Per Share		
Basic	\$3.38	\$0.72
Diluted	\$3.34	\$0.71
Dividends per share	\$0.50	\$0.27
Share Data		
Weighted average shares outstanding used in basic per share calculations	65,086,935	69,770,224
Plus: Dilutive securities	833,611	987,325
Weighted average shares used in diluted per share calculations	65,920,546	70,757,549
See the accompanying notes to the consolidated financial statements		

Assurant, Inc.
 Consolidated Statements of Comprehensive Income (unaudited)
 Three Months Ended March 31, 2016 and 2015

	Three Months Ended March 31,	
	2016	2015
	(in thousands)	
Net income	\$220,318	\$50,044
Other comprehensive income (loss):		
Change in unrealized gains on securities, net of taxes of \$(14,836) and \$(28,349), respectively	29,872	57,459
Change in other-than-temporary impairment gains, net of taxes of \$674 and \$481, respectively	(1,251)	(894)
Change in foreign currency translation, net of taxes of \$(1,609) and \$2,654, respectively	11,860	(65,951)
Pension plan curtailment and amortization of pension and postretirement unrecognized net periodic benefit cost, net of taxes of \$(35,651) and \$(1,409), respectively	66,210	2,616
Total other comprehensive income (loss)	106,691	(6,770)
Total comprehensive income	\$327,009	\$43,274
See the accompanying notes to the consolidated financial statements		

Assurant, Inc.

Consolidated Statement of Stockholders' Equity (unaudited)
From December 31, 2015 through March 31, 2016

	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income	Treasury Stock	Total
	(in thousands)					
Balance at December 31, 2015	\$ 1,497	\$ 3,148,409	\$ 4,856,674	\$ 118,549	\$(3,601,162)	\$ 4,523,967
Stock plan exercises	3	(3,781)	—	—	—	(3,778)
Stock plan compensation expense	—	6,514	—	—	—	6,514
Change in tax benefit from share-based payment arrangements	—	1,835	—	—	—	1,835
Dividends	—	—	(32,448)	—	—	(32,448)
Acquisition of common stock	—	—	—	—	(258,454)	(258,454)
Net income	—	—	220,318	—	—	220,318
Other comprehensive income	—	—	—	106,691	—	106,691
Balance, March 31, 2016	\$ 1,500	\$ 3,152,977	\$ 5,044,544	\$ 225,240	\$(3,859,616)	\$ 4,564,645

See the accompanying notes to the consolidated financial statements

Assurant, Inc.
Consolidated Statements of Cash Flows (unaudited)
Three Months Ended March 31, 2016 and 2015

	Three Months Ended March 31,	
	2016	2015
	(in thousands)	
Net cash used in operating activities	\$(339,030)	\$(177,666)
Investing activities		
Sales of:		
Fixed maturity securities available for sale	707,385	452,944
Equity securities available for sale	112,051	14,660
Other invested assets	3,554	6,685
Property and equipment and other	20	10
Subsidiary, net of cash transferred (2)	914,811	65,002
Maturities, calls, prepayments, and scheduled redemption of:		
Fixed maturity securities available for sale	197,638	179,339
Commercial mortgage loans on real estate	25,984	45,887
Purchases of:		
Fixed maturity securities available for sale	(750,742)	(708,069)
Equity securities available for sale	(74,925)	(37,886)
Commercial mortgage loans on real estate	(7,500)	(36,180)
Other invested assets	(18,393)	(5,303)
Property and equipment and other	(22,750)	(22,157)
Subsidiary, net of cash transferred (3)	(10,843)	—
Equity interest (1)	—	(457)
Change in short-term investments	55,539	95,250
Change in policy loans	1,159	1,544
Change in collateral held/pledged under securities agreements	—	2,746
Net cash provided by investing activities	1,132,988	54,015
Financing activities		
Issuance of debt	249,625	—
Change in tax benefit from share-based payment arrangements	1,835	1,559
Acquisition of common stock	(245,804)	(84,329)
Dividends paid	(32,448)	