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 June 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 August 2, 2010 was 106,541,540.

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ASSURANT, INC.

QUARTERLY REPORT ON FORM 10-Q

FOR THE QUARTERLY PERIOD ENDED JUNE 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 and per share amounts.

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Assurant, Inc.

Consolidated Balance Sheets (unaudited)

At June 30, 2010 and December 31, 2009

	June 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 $10,027,749 in 2010 and $9,684,083 in 2009)	$ 10,651,689	$ 9,966,772
Equity securities available for sale, at fair value (cost - $480,189 in 2010 and $514,349 in 2009)	475,646	512,987
Commercial mortgage loans on real estate, at amortized cost	1,376,226	1,428,027
Policy loans	56,169	56,407
Short-term investments	416,815	453,469
Collateral held under securities lending	133,618	218,129
Other investments	578,583	522,041
Total investments	13,688,746	13,157,832
Cash and cash equivalents	1,003,723	1,318,552
Premiums and accounts receivable, net	523,657	507,933
Reinsurance recoverables	4,661,346	4,212,863
Accrued investment income	161,790	155,757
Deferred acquisition costs	2,422,906	2,504,654
Property and equipment, at cost less accumulated depreciation	272,922	275,420
Deferred income taxes, net	47,371	167,240
Goodwill	924,426	926,398
Value of business acquired	88,316	94,632
Other assets	547,992	548,183
Assets held in separate accounts	1,772,135	1,972,332
Total assets	$ 26,115,330	$ 25,841,796

See the accompanying notes to the consolidated financial statements

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Assurant, Inc.

Consolidated Balance Sheets (unaudited)

At June 30, 2010 and December 31, 2009

	June 30, 2010	December 31, 2009
	(in thousands except number of shares and per share amounts)	
Liabilities		
Future policy benefits and expenses	$ 7,804,668	$ 7,349,633
Unearned premiums	4,963,981	5,153,564
Claims and benefits payable	3,343,642	3,366,327
Commissions payable	222,761	218,060
Reinsurance balances payable	213,372	95,413
Funds held under reinsurance	47,730	49,417
Deferred gain on disposal of businesses	152,794	164,899
Obligation under securities lending	134,758	220,279
Accounts payable and other liabilities	1,401,361	1,388,279
Tax payable	39,690	30,126
Debt	972,110	972,058
Mandatorily redeemable preferred stock	8,160	8,160
Liabilities related to separate accounts	1,772,135	1,972,332
Total liabilities	21,077,162	20,988,547
Commitments and contingencies (Note 14)		
Stockholders equity		
Common stock, par value $0.01 per share, 800,000,000 shares authorized, 107,549,644 and 116,648,714 shares outstanding at June 30, 2010 and December 31, 2009, respectively	1,451	1,447
Additional paid-in capital	2,973,431	2,962,883
Retained earnings	3,340,900	3,054,466
Accumulated other comprehensive income	278,151	65,925
Treasury stock, at cost; 37,612,678 and 28,119,993 shares at June 30, 2010 and December 31, 2009, respectively	(1,555,765)	(1,231,472)
Total stockholders equity	5,038,168	4,853,249
Total liabilities and stockholders equity	$ 26,115,330	$ 25,841,796

See the accompanying notes to the consolidated financial statements

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Assurant, Inc.

Consolidated Statement of Operations (unaudited)

Three and Six Months Ended June 30, 2010 and 2009

	Three Months Ended June 30, 2010	Three Months Ended June 30, 2009	Six Months Ended June 30, 2010	Six Months Ended June 30, 2009
	(in thousands except number of shares and per share amounts)			
Revenues				
Net earned premiums and other considerations	$ 1,849,895	$ 1,875,866	$ 3,756,538	$ 3,750,445
Net investment income	175,196	174,932	349,210	353,411
Net realized gains (losses) on investments, excluding other-than-temporary impairment losses	21,107	(1,828)	26,425	(32,078)
Total other-than-temporary impairment losses	(973)	(3,341)	(1,879)	(28,780)
Portion of net gain recognized in other comprehensive income, before taxes	(982)	(973)	(921)	(973)
Net other-than-temporary impairment losses recognized in earnings	(1,955)	(4,314)	(2,800)	(29,753)
Amortization of deferred gain on disposal of businesses	6,024	6,750	12,105	13,552
Fees and other income	90,027	222,203	166,672	305,909
Total revenues	2,140,294	2,273,609	4,308,150	4,361,486
Benefits, losses and expenses				
Policyholder benefits	905,316	989,402	1,833,312	1,949,744
Amortization of deferred acquisition costs and value of business acquired	362,117	398,493	767,301	786,287
Underwriting, general and administrative expenses	604,244	589,036	1,175,393	1,155,721
Interest expense	15,161	15,160	30,322	30,349
Total benefits, losses and expenses	1,886,838	1,992,091	3,806,328	3,922,101
Income before provision for income taxes	253,456	281,518	501,822	439,385
Provision for income taxes	88,781	88,196	179,924	165,482
Net income	$ 164,675	$ 193,322	$ 321,898	$ 273,903
Earnings Per Share				
Basic	$ 1.47	$ 1.63	$ 2.82	$ 2.32
Diluted	$ 1.46	$ 1.63	$ 2.80	$ 2.31
Dividends per share	$ 0.16	$ 0.15	$ 0.31	$ 0.29
Share Data				
Weighted average shares outstanding used in basic per share calculations	111,893,858	118,482,958	114,341,824	118,188,879

Plus: Dilutive securities	821,259	245,346	749,408	246,152
Weighted average shares used in diluted per share calculations	112,715,117	118,728,304	115,091,232	118,435,031

See the accompanying notes to the consolidated financial statements

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Assurant, Inc.

Consolidated Statement of Stockholders Equity (unaudited)

From December 31, 2009 through June 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	4	44				48
Stock plan compensation expense		16,994				16,994
Change in tax benefit from share-based payment arrangements		(6,490)				(6,490)
Dividends			(35,464)			(35,464)
Acquisition of common stock					(324,293)	(324,293)
Comprehensive income:						
Net income			321,898			321,898
Other comprehensive income:						
Net change in unrealized gains on securities, net of taxes of $(113,044)				221,440		221,440
Net change in other-than- temporary impairment gains recognized in other comprehensive income, net of taxes of $(1,609)				2,987		2,987
Net change in foreign currency translation, net of taxes of $(15)				(16,751)		(16,751)
Amortization of pension and postretirement unrecognized net periodic benefit cost, net of taxes of $(2,450)				4,550		4,550
Total other comprehensive income						212,226
Total comprehensive income						534,124
Balance, June 30, 2010	$ 1,451	$ 2,973,431	$ 3,340,900	$ 278,151	$ (1,555,765)	$ 5,038,168

See the accompanying notes to the consolidated financial statements

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Assurant, Inc.

Consolidated Statement of Cash Flows (unaudited)

Six Months Ended June 30, 2010 and 2009

	Six Months Ended June 30,	
	2010	2009
	(in thousands)	
Net cash provided by (used in) operating activities	$ 318,284	$ (173,757)
Investing activities		
Sales of:		
Fixed maturity securities available for sale	903,107	442,656
Equity securities available for sale	52,130	25,636
Property and equipment and other	46	286
Maturities, prepayments, and scheduled redemption of:		
Fixed maturity securities available for sale	338,003	321,681
Purchases of:		
Fixed maturity securities available for sale	(1,557,907)	(974,824)
Equity securities available for sale	(15,965)	(11,634)
Property and equipment and other	(27,832)	(28,062)
Subsidiary, net of cash transferred	(6,735)	
Change in commercial mortgage loans on real estate	45,053	32,553
Change in short-term investments	36,804	183,343
Change in other invested assets	(40,318)	(19,081)
Change in policy loans	240	1,644
Change in collateral held under securities lending	85,521	31,732
Net cash (used in) provided by investing activities	(187,853)	5,930
Financing activities		
Repayment of mandatorily redeemable preferred stock		(3,000)
Change in tax benefit from share-based payment arrangements	(6,490)	(1,532)
Acquisition of common stock	(312,814)	
Dividends paid	(35,464)	(34,260)
Change in obligation under securities lending	(85,521)	(31,732)
Net cash used in financing activities	(440,289)	(70,524)
Effect of exchange rate changes on cash and cash equivalents	(4,971)	6,849
Change in cash and cash equivalents	(314,829)	(231,502)
Cash and cash equivalents at beginning of period	1,318,552	1,040,684
Cash and cash equivalents at end of period	$ 1,003,723	$ 809,182

See the accompanying notes to the consolidated financial statements

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Assurant, Inc.

Notes to Consolidated Financial Statements (unaudited)

Six Months Ended June 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 June 30, 2010 and for the three and six months ended June 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 six months ended June 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 September 2009, the Financial Accounting Standards Board 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.

Assurant, Inc.

Notes to Consolidated Financial Statements (unaudited)

Six Months Ended June 30, 2010 and 2009

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

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:

	June 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	$ 143,964	$ 7,494	$ (131)	$ 151,327	$
States, municipalities and political subdivisions	856,138	56,446	(713)	911,871	
Foreign governments	577,923	28,177	(1,862)	604,238	
Asset-backed	43,921	2,606	(146)	46,381	1,026
Commercial mortgage-backed	114,201	5,333	(14)	119,520	
Residential mortgage-backed	837,772	43,441	(616)	880,597	1,862
Corporate	7,453,830	556,957	(73,032)	7,937,755	11,361
Total fixed maturity securities	$ 10,027,749	$ 700,454	$ (76,514)	$ 10,651,689	$ 14,249
Equity securities:					
Common stocks	$ 1,026	$ 294	$ (15)	$ 1,305	$
Non-redeemable preferred stocks	479,163	27,863	(32,685)	474,341	
Total equity securities	$ 480,189	$ 28,157	$ (32,700)	$ 475,646	$

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Assurant, Inc.

Notes to Consolidated Financial Statements (unaudited)

Six Months Ended June 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	558,254	19,352	(4,779)	572,827	
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	7,240,026	325,646	(127,998)	7,437,674	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 June 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	$ 566,499	$ 574,543
Due after one year through five years	2,129,541	2,242,944
Due after five years through ten years	2,290,112	2,434,349
Due after ten years	4,045,703	4,353,355
Total	9,031,855	9,605,191
Asset-backed	43,921	46,381
Commercial mortgage-backed	114,201	119,520
Residential mortgage-backed	837,772	880,597

Total	$ 10,027,749	$ 10,651,689

Assurant, Inc.

Notes to Consolidated Financial Statements (unaudited)

Six Months Ended June 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 June 30,		For the Six Months Ended June 30,	
	2010	2009	2010	2009
Proceeds from sales	$ 546,559	$ 281,069	$ 985,134	$ 475,036
Gross realized gains	17,738	7,242	31,412	12,336
Gross realized losses	1,900	2,618	4,406	39,421

We recorded net realized gains (losses), including other-than-temporary impairments, in the statement of operations as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2010	2009	2010	2009
Net realized gains (losses) related to sales and other:				
Fixed maturity securities	$ 14,730	$ 5,088	$ 25,629	$ (3,487)
Equity securities	1,577	(256)	2,741	(21,895)
Commercial mortgage loans on real estate			(6,772)	
Other investments	4,800	(6,660)	4,827	(6,696)
Total net realized gains (losses) related to sales and other	21,107	(1,828)	26,425	(32,078)
Net realized losses related to other-than-temporary impairments:				
Fixed maturity securities	(1,644)	(3,715)	(2,489)	(15,253)
Equity securities	(311)	(599)	(311)	(14,500)
Total net realized losses related to other-than-temporary impairments	(1,955)	(4,314)	(2,800)	(29,753)
Total net realized gains (losses)	$ 19,152	$ (6,142)	$ 23,625	$ (61,831)

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.

For the three and six months ended June 30, 2010, the Company recorded $973 and $1,879, respectively, of OTTI, of which $1,955 and $2,800, respectively, was related to credit losses and recorded as net OTTI losses recognized in earnings, with the remaining $(982) and $(921) related to all other factors and recorded as an unrealized gain component of AOCI. For the three and six

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Assurant, Inc.

Notes to Consolidated Financial Statements (unaudited) (Continued)

Six Months Ended June 30, 2010 and 2009

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

months ended June 30, 2009, the Company recorded $3,341 and $28,780, respectively, of OTTI, of which $4,314 and $29,753, respectively, was related to credit losses and recorded as net OTTI losses recognized in earnings, with the remaining $(973) for both periods related to all other factors and recorded as an unrealized 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.

	2010	2009
Balance, March 31,	$ 106,244	$ 119,022
Additions for credit loss impairments recognized in the current period on securities not previously impaired	485	1,237
Additions for credit loss impairments recognized in the current period on securities previously impaired	1,159	2,237
Reductions for increases in cash flows expected to be collected that are recognized over the remaining life of the security	(21)	
Reductions for credit loss impairments previously recognized on securities which matured, paid down, prepaid or were sold during the period	(2,105)	(16,262)
Balance, June 30,	$ 105,762	$ 106,234

Balance, December 31, 2009	$ 108,053
Additions for credit loss impairments recognized in the current period on securities not previously impaired	485
Additions for credit loss impairments recognized in the current period on securities previously impaired	2,004
Reductions for increases in cash flows expected to be collected that are recognized over the remaining life of the security	(284)
Reductions for credit loss impairments previously recognized on securities which matured, paid down, prepaid or were sold during the period	(4,496)
Balance, June 30, 2010	$ 105,762

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 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.

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Assurant, Inc.

Notes to Consolidated Financial Statements (unaudited) (Continued)

Six Months Ended June 30, 2010 and 2009

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

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 June 30, 2010 and December 31, 2009 were as follows:

	June 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	$ 2,982	$ (131)	$	$	$ 2,982	$ (131)
States, municipalities and political subdivisions	12,657	(239)	12,269	(474)	24,926	(713)
Foreign governments	38,052	(40)	20,477	(1,822)	58,529	(1,862)
Asset-backed			7,667	(146)	7,667	(146)
Commercial mortgage-backed			1,864	(14)	1,864	(14)
Residential mortgage-backed	47,628	(254)	5,372	(362)	53,000	(616)
Corporate	623,782	(17,180)	593,752	(55,852)	1,217,534	(73,032)
Total fixed maturity securities	$ 725,101	$ (17,844)	$ 641,401	$ (58,670)	$ 1,366,502	$ (76,514)
Equity securities:						
Common stocks	$ 163	$ (15)	$	$	$ 163	$ (15)
Non-redeemable preferred stocks	82,345	(4,559)	155,785	(28,126)	238,130	(32,685)
Total equity securities	$ 82,508	$ (4,574)	$ 155,785	$ (28,126)	$ 238,293	$ (32,700)

Assurant, Inc.

Notes to Consolidated Financial Statements (unaudited) (Continued)

Six Months Ended June 30, 2010 and 2009

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

	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 7% of the aggregate fair value of the related securities at June 30, 2010 and December 31, 2009. Approximately 21% of these gross unrealized losses have been in a continuous loss position for less than twelve months at June 30, 2010 and December 31, 2009. The total gross unrealized losses are comprised of 437 and 635 individual securities at June 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 June 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 June 30, 2010, the gross unrealized losses that have been in a continuous loss position for twelve months or more were concentrated in the financial, industrial, and energy industries of the Company s corporate fixed maturity securities. For these concentrations, gross unrealized losses of twelve months or more were $76,107, 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 June 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.

Securities Lending

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 June 30, 2010 and December 31, 2009, our collateral held under securities lending, of which its use is unrestricted, was $133,618 and $218,129, respectively, while our liability to the borrower for collateral received was $134,758 and $220,279, 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 June 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.

Assurant, Inc.

Notes to Consolidated Financial Statements (unaudited) (Continued)

Six Months Ended June 30, 2010 and 2009

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

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.

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.

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 June 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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Assurant, Inc.

Notes to Consolidated Financial Statements (unaudited) (Continued)

Six Months Ended June 30, 2010 and 2009

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

	June 30, 2010			
Financial Assets	**Total**	**Level 1**	**Level 2**	**Level 3**
Fixed maturity securities:				
United States Government and government agencies and authorities	$ 151,327	$	$ 134,112	$ 17,215
State, municipalities and political subdivisions	911,871		911,871	
Foreign governments	604,238	3,112	597,995	3,131
Asset-backed	46,381		46,372	9
Commercial mortgage-backed	119,520		109,523	9,997
Residential mortgage-backed	880,597		880,597	
Corporate	7,937,755		7,818,606	119,149
Equity securities:				
Common stocks	1,305		1,305	
Non-redeemable preferred stocks	474,341		455,534	18,807
Short-term investments	416,815	316,075 b	100,740 c	
Collateral held under securities lending	68,618	50,098 b	18,520 c	
Other investments	257,462	54,834 a	198,421 c	4,207 c
Cash equivalents	794,845	770,503 b	24,342 c	
Other assets	8,168		449	7,719 d
Assets held in separate accounts	1,703,584	1,491,258 a	212,326 c	
Total financial assets	$ 14,376,827	$ 2,685,880	$ 11,510,713	$ 180,234
Financial Liabilities				
Other liabilities	$ 51,634	$ 51,634	$	$

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Assurant, Inc.

Notes to Consolidated Financial Statements (unaudited) (Continued)

Six Months Ended June 30, 2010 and 2009

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

	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	572,827	3,337	566,402	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	7,437,674		7,300,948	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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Assurant, Inc.

Notes to Consolidated Financial Statements (unaudited) (Continued)

Six Months Ended June 30, 2010 and 2009

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

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. 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 six months ended June 30, 2010 and 2009:

	Three Months Ended June 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	$ 186,951	$ 17,642	$ 3,138	$ 603	$ 21,754	$ 124,008	$ 6,126	$ 4,522	$ 9,158
Total (losses) gains (realized/unrealized) included in earnings	(1,274)	(160)	1	1	25	(175)		2	(968)
Net unrealized gains (losses) included in stockholders equity	1,577	89	(8)	(1)	127	2,622	(1,324)	72	
Purchases	8,116						8,116		
Sales	(14,788)	(1,046)			(10,885)	(1,997)		(389)	(471)
Net transfers (1)	(348)	690		(594)	(1,024)	(5,309)	5,889		
Balance, end of period	$ 180,234	$ 17,215	$ 3,131	$ 9	$ 9,997	$ 119,149	$ 18,807	$ 4,207	$ 7,719

	Three Months Ended June 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	$ 190,933	$ 17,147	$ 11	$ 38,395	$ 108,085	$ 12,315	$ 6,046	$ 8,934
Total (losses) gains (realized/unrealized) included in earnings	(914)	188		17	(1,325)		2	204
Net unrealized gains (losses) included in stockholders equity	7,919	(2,526)		2,102	7,474	324	545	

Purchases	16,340				16,074		89	177
Sales	(12,070)		(1)	(10,267)	(954)		(848)	
Net transfers (1)	(22,425)				(14,391)	(7,074)	(960)	
Balance, end of period	$ 179,783	$ 14,809	$ 10	$ 30,247	$ 114,963	$ 5,565	$ 4,874	$ 9,315

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Assurant, Inc.

Notes to Consolidated Financial Statements (unaudited) (Continued)

Six Months Ended June 30, 2010 and 2009

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

	Six Months Ended June 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	(5,741)	(328)	1	1	48	(193)		4	(5,274)
Net unrealized gains (losses) included in stockholders equity	7,374	66	42	5	1,123	6,811	(933)	260	
Purchases	31,436	19,521		588		2,658	8,116	553	
Sales	(21,706)	(2,734)			(11,328)	(5,742)		(885)	(1,017)
Net transfers (1)	(27,260)	690		(594)	(12,134)	(21,111)	5,889		
Balance, end of period	$ 180,234	$ 17,215	$ 3,131	$ 9	$ 9,997	$ 119,149	$ 18,807	$ 4,207	$ 7,719

	Six Months Ended June 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 gains (losses) (realized/unrealized) included in earnings	15	374		10	(2,208)		3	1,836
Net unrealized gains (losses) included in stockholders equity	9,943	(3,559)		4,884	8,298	58	262	
Purchases	26,864				26,376		89	399
Sales	(14,388)		(1)	(10,415)	(2,428)		(1,544)	

Net transfers (1)	(34,336)	(1,404)		(3,141)	(21,757)	(7,074)	(960)	
Balance, end of period	$ 179,783	$ 14,809	$ 10	$ 30,247	$ 114,963	$ 5,565	$ 4,874	$ 9,315

(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.

Assurant, Inc.

Notes to Consolidated Financial Statements (unaudited) (Continued)

Six Months Ended June 30, 2010 and 2009

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

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 June 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,

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.

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Assurant, Inc.

Notes to Consolidated Financial Statements (unaudited) (Continued)

Six Months Ended June 30, 2010 and 2009

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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.

During the first quarter of 2010, the Company recorded a $6,772 additional reserve on one individually impaired commercial mortgage loan measured at a $9,000 fair value as of June 30, 2010. The fair value of the underlying real estate collateral was based on discounted cash flows utilizing current rental and market information. 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).

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

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Assurant, Inc.

Notes to Consolidated Financial Statements (unaudited) (Continued)

Six Months Ended June 30, 2010 and 2009

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

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.

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 June 30, 2010 and December 31, 2009.

	June 30, 2010		December 31, 2009	
	Carrying Value	**Fair Value**	**Carrying Value**	**Fair Value**
Financial assets				
Commercial mortgage loans on real estate	$ 1,376,226	$ 1,458,593	$ 1,428,027	$ 1,442,889
Policy loans	56,169	56,169	56,407	56,407
Financial liabilities				
Policy reserves under investment products (Individual and group annuities, subject to discretionary withdrawal)	$ 965,216	$ 864,903	$ 895,546	$ 817,370
Funds held under reinsurance	47,730	47,730	49,417	49,417
Debt	972,110	992,405	972,058	942,938
Mandatorily redeemable preferred stocks	8,160	8,160	8,160	8,160
Obligations under securities lending	134,758	134,758	220,279	220,279

Assurant, Inc.

Notes to Consolidated Financial Statements (unaudited) (Continued)

Six Months Ended June 30, 2010 and 2009

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

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.

6. Income Taxes

As of December 31, 2009, the Company had a cumulative valuation allowance of $81,688 against deferred tax assets. During the six months ended June 30, 2010, the Company recognized income tax expense of $4,445 and an income tax benefit through accumulated other comprehensive income of $(733). The valuation allowance related to deferred tax assets was increased by $3,712 primarily due to foreign company net operating losses. It is management s assessment that it is more likely than not that $85,400 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 interest expense incurred related to the Senior Notes was $15,047 for the three months ended June 30, 2010 and 2009, respectively, and $30,094 for the six months ended June 30, 2010 and 2009, respectively. There was $22,570 of accrued interest at June 30, 2010 and 2009, respectively. The Company made interest payments of $30,094 on February 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 June 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 six months ended June 30, 2010 and 2009 and there were no amounts relating to the commercial paper program outstanding at June 30, 2010 and December 31, 2009. The Company did not borrow using the 2004 Credit Facility during the six months ended June 30, 2009. The Company made no borrowings using the 2009 Credit Facility and no loans are outstanding at June 30, 2010. The Company does have $24,396 of letters of credit outstanding under the 2009 Credit Facility as of June 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 June 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 June 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	(16,751)	221,440	2,987	4,550	212,226
Balance at June 30, 2010	$ 7,161	$ 415,990	$ 9,262	$ (154,262)	$ 278,151

The amounts in the unrealized gains on securities column are net of reclassification adjustments of $15,538, net of tax, for the six months ended June 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 $(1,156), net of tax, for the six months ended June 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.

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

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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 80,288 and 83,738 for the three months ended June 30, 2010 and 2009, respectively, and 526,255 and 754,804 for the six months ended June 30, 2010 and 2009, respectively. The compensation expense recorded related to RSUs was $3,698 and $2,051 for the three months ended June 30, 2010 and 2009, respectively, and $6,393 and $2,445 for the six months ended June 30, 2010 and 2009, respectively. The related total income tax benefit was $1,294 and $718 for the three months ended June 30, 2010 and 2009, respectively, and $2,237 and $856 for the six months ended June 30, 2010 and 2009, respectively. The weighted average grant date fair value for RSUs granted during the six months ended June 30, 2010 and 2009 was $33.28 and $20.52, respectively.

As of June 30, 2010, there was $19,214 of unrecognized compensation cost related to outstanding RSUs. That cost is expected to be recognized over a weighted-average period of 1.63 years. The total fair value of RSUs vested during the three months ended June 30, 2010 and 2009 was $887 and $4, respectively, and $7,984 and $4 for six months ended June 30, 2010 and 2009, respectively.

Performance Share Units

No PSUs were granted during the three months ended June 30, 2010 and 2009. PSUs granted to employees were 437,882 and 631,066 for the six months ended June 30, 2010 and 2009, respectively. The compensation expense recorded related to PSUs was $5,642 and $(370) for the three months ended June 30, 2010 and 2009, respectively, and $4,335 and $31 for the six months ended June 30, 2010 and 2009, respectively. A portion of the compensation expense recorded during 2009 has been 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 $1,975 and $130 for the three months ended June 30, 2010 and 2009, respectively. The related total income tax benefit was $1,517 and $11 for the six months ended June 30, 2010 and 2009, respectively. The weighted average grant date fair value for PSUs granted during the six months ended June 30, 2010 and 2009 was $33.12 and $16.32, respectively.

As of June 30, 2010, there was $15,445 of unrecognized compensation cost related to outstanding PSUs. That cost is expected to be recognized over a weighted-average period of 1.81 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 six months ended June 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 six months ended June 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.

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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 June 30, 2010 and 2009 or the six months ended June 30, 2010. There were 10,900 restricted shares granted during the six months ended June 30, 2009. The compensation expense recorded related to restricted stock was $404 and $1,052 for the three months ended June 30, 2010 and 2009, respectively, and $1,108 and $2,581 for the six months ended June 30, 2010 and 2009, respectively. The related total income tax benefit recognized was $141 and $368 for the three months ended June 30, 2010 and 2009, respectively, and $388 and $903 for the six months ended June 30, 2010 and 2009, respectively. The weighted average grant date fair value for restricted stock granted during the six months ended June 30, 2009 was $29.77.

As of June 30, 2010, there was $1,007 of unrecognized compensation cost related to outstanding restricted stock. That cost is expected to be recognized over a weighted-average period of 0.78 years. The total fair value of restricted stock vested was $421 and $902 during the three months ended June 30, 2010 and 2009, respectively, and $2,091 and $1,910 for the six months ended June 30, 2010 and 2009, respectively.

Stock Appreciation Rights

There were no SARs granted during the three and six months ended June 30, 2010 and 2009. Currently there are no plans to award SARs in the future. The compensation expense recorded related to SARs was $1,500 and $2,689 for the three months ended June 30, 2010 and 2009, respectively, and $4,245 and $4,844 for the six months ended June 30, 2010 and 2009, respectively. The related total income tax benefit was $525 and $941 for the three months ended June 30, 2010 and 2009, respectively, and $1,486 and $1,695 for the six months ended June 30, 2010 and 2009, respectively.

The total intrinsic value of SARs exercised during the three months ended June 30, 2010 and 2009 was $153 and $366, respectively, and $793 and $417 for the six months ended June 30, 2010 and 2009, respectively. As of June 30, 2010, there was approximately $4,024 of unrecognized compensation cost related to outstanding SARs. That cost is expected to be recognized over a weighted-average period of 0.70 years.

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 six months ended June 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 $456 and $984 for the three months ended June 30, 2010 and 2009, respectively, and $913 and $2,044 for the six months ended June 30, 2010 and 2009, respectively.

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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.

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
Total	9,492,685	$ 34.16	9,492,685

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 six months ended June 30, 2010, the Company repurchased 9,492,685 shares of the Company s outstanding common stock at a cost of $324,293. As of June 30, 2010, there was $445,751 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 June 30, 2010	Three Months Ended June 30, 2009	Six Months Ended June 30, 2010	Six Months Ended June 30, 2009
Numerator				
Net income	$ 164,675	$ 193,322	$ 321,898	$ 273,903
Deduct dividends paid	(17,876)	(17,771)	(35,464)	(34,260)
Undistributed earnings	$ 146,799	$ 175,551	$ 286,434	$ 239,643
Denominator				
Weighted average shares outstanding used in basic earnings per share calculations	111,893,858	118,482,958	114,341,824	118,188,879
Incremental common shares from :				
SARs	202,393	58,368	181,428	59,174
PSUs	452,577		401,691	
ESPP	166,289	186,978	166,289	186,978
Weighted average shares used in diluted earnings per share calculations	112,715,117	118,728,304	115,091,232	118,435,031
Earnings per common share - Basic				
Distributed earnings	$ 0.16	$ 0.15	$ 0.31	$ 0.29
Undistributed earnings	1.31	1.48	2.51	2.03
Net income	$ 1.47	$ 1.63	$ 2.82	$ 2.32
Earnings per common share - Diluted				
Distributed earnings	$ 0.16	$ 0.15	$ 0.31	$ 0.29
Undistributed earnings	1.30	1.48	2.49	2.02
Net income	$ 1.46	$ 1.63	$ 2.80	$ 2.31

Average SARs totaling 3,416,912 and 4,460,151 for the three months ended June 30, 2010 and 2009, respectively, and 3,554,346 and 4,665,504 for the six months ended June 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 six months ended June 30, 2010 and 2009 were as follows:

	Qualified Pension Benefits For the Three Months Ended June 30,		Nonqualified Pension Benefits (1) For the Three Months Ended June 30,		Retirement Health Benefits For the Three Months Ended June 30,	
	2010	2009	2010	2009	2010	2009
Service cost	$ 6,225	$ 5,450	$ 550	$ 550	$ 950	$ 675
Interest cost	7,875	7,350	1,550	1,600	1,150	1,050
Expected return on plan assets	(9,250)	(8,800)			(625)	(475)
Amortization of prior service cost	25	100	225	150	375	325
Amortization of net loss (gain) (2)	2,400	125	475	275		(50)
Net periodic benefit cost	$ 7,275	$ 4,225	$ 2,800	$ 2,575	$ 1,850	$ 1,525

	Qualified Pension Benefits For the Six Months Ended June 30,		Nonqualified Pension Benefits (1) For the Six Months Ended June 30,		Retirement Health Benefits For the Six Months Ended June 30,	
	2010	2009	2010	2009	2010	2009
Service cost	$ 12,450	$ 10,900	$ 1,100	$ 1,100	$ 1,900	$ 1,350
Interest cost	15,750	14,700	3,100	3,200	2,300	2,100
Expected return on plan assets	(18,500)	(17,600)			(1,250)	(950)
Amortization of prior service cost	50	200	450	300	750	650
Amortization of net loss (gain) (2)	4,800	250	950	550		(100)
Curtailment credit / special termination benefits				(549)		
Net periodic benefit cost	$ 14,550	$ 8,450	$ 5,600	$ 4,601	$ 3,700	$ 3,050

(1) The Company s nonqualified plan is unfunded.

(2) Increase is due to a change in the discount rate assumption, which decreased to 6.25% in 2010 from 6.99% in 2009.

During the first six months of 2010, $20,000 in cash was contributed to the qualified pension benefits plan (Plan). An additional $20,000 in cash is expected to be contributed to the Plan over the remainder of 2010.

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

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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 June 30, 2010					
	Solutions	Specialty Property	Health	Employee Benefits	Corporate & Other	Consolidated
Revenues						
Net earned premiums and other considerations	$ 629,682	$ 477,122	$ 467,705	$ 275,386	$	$ 1,849,895
Net investment income	98,956	27,022	12,078	32,599	4,541	175,196
Net realized gains on investments					19,152	19,152
Amortization of deferred gain on disposal of businesses					6,024	6,024
Fees and other income	54,580	18,848	10,248	6,252	99	90,027
Total revenues	783,218	522,992	490,031	314,237	29,816	2,140,294
Benefits, losses and expenses						
Policyholder benefits	228,776	175,206	312,767	190,555	(1,988)	905,316
Amortization of deferred acquisition costs and value of business acquired	261,426	90,531	1,015	9,145		362,117
Underwriting, general and administrative expenses	241,746	99,315	137,786	95,522	29,875	604,244
Interest expense					15,161	15,161
Total benefits, losses and expenses	731,948	365,052	451,568	295,222	43,048	1,886,838
Segment income (loss) before provision (benefit) for income tax	51,270	157,940	38,463	19,015	(13,232)	253,456
Provision (benefit) for income taxes	20,947	54,223	13,163	6,622	(6,174)	88,781
Segment income (loss) after tax	$ 30,323	$ 103,717	$ 25,300	$ 12,393	$ (7,058)	
Net income						$ 164,675

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	Three Months Ended June 30, 2009					
	Solutions	Specialty Property	Health	Employee Benefits	Corporate & Other	Consolidated
Revenues						
Net earned premiums and other considerations	$ 666,935	$ 477,838	$ 468,895	$ 262,198	$	$ 1,875,866
Net investment income	97,106	28,320	12,073	33,466	3,967	174,932
Net realized losses on investments					(6,142)	(6,142)
Amortization of deferred gain on disposal of businesses					6,750	6,750
Fees and other income	51,960	13,642	9,847	7,540	139,214	222,203
Total revenues	816,001	519,800	490,815	303,204	143,789	2,273,609
Benefits, losses and expenses						
Policyholder benefits	261,325	178,167	357,644	186,770	5,496	989,402
Amortization of deferred acquisition costs and value of business acquired	293,559	93,147	2,357	9,430		398,493
Underwriting, general and administrative expenses	215,829	110,269	146,800	88,563	27,575	589,036
Interest expense					15,160	15,160
Total benefits, losses and expenses	770,713	381,583	506,801	284,763	48,231	1,992,091
Segment income (loss) before provision (benefit) for income tax	45,288	138,217	(15,986)	18,441	95,558	281,518
Provision (benefit) for income taxes	17,394	46,989	(5,656)	6,313	23,156	88,196
Segment income (loss) after tax	$ 27,894	$ 91,228	$ (10,330)	$ 12,128	$ 72,402	
Net income						$ 193,322

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	Six Months Ended June 30, 2010					
	Solutions	Specialty Property	Health	Employee Benefits	Corporate & Other	Consolidated
Revenues						
Net earned premiums and other considerations	$ 1,275,046	$ 985,944	$ 935,147	$ 560,401	$	$ 3,756,538
Net investment income	197,409	53,943	23,643	65,409	8,806	349,210
Net realized gains on investments					23,625	23,625
Amortization of deferred gain on disposal of businesses					12,105	12,105
Fees and other income	100,292	31,948	20,656	13,563	213	166,672
Total revenues	1,572,747	1,071,835	979,446	639,373	44,749	4,308,150
Benefits, losses and expenses						
Policyholder benefits	456,407	337,739	646,407	394,797	(2,038)	1,833,312
Amortization of deferred acquisition costs and value of business acquired	555,129	191,062	2,650	18,460		767,301
Underwriting, general and administrative expenses	459,133	205,801	279,270	182,129	49,060	1,175,393
Interest expense					30,322	30,322
Total benefits, losses and expenses	1,470,669	734,602	928,327	595,386	77,344	3,806,328
Segment income (loss) before provision (benefit) for income tax	102,078	337,233	51,119	43,987	(32,595)	501,822
Provision (benefit) for income taxes	42,889	115,038	17,450	15,127	(10,580)	179,924
Segment income (loss) after tax	$ 59,189	$ 222,195	$ 33,669	$ 28,860	$ (22,015)	
Net income						$ 321,898

	As of June 30, 2010					
Segment assets:						
Segment assets, excluding goodwill	$ 10,801,105	$ 3,520,160	$ 1,091,030	$ 2,503,764	$ 7,274,845	$ 25,190,904
Goodwill						924,426
Total assets						$ 26,115,330

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	Six Months Ended June 30, 2009					
	Solutions	Specialty Property	Health	Employee Benefits	Corporate & Other	Consolidated
Revenues						
Net earned premiums and other considerations	$ 1,311,547	$ 971,628	$ 941,241	$ 526,029	$	$ 3,750,445
Net investment income	195,101	57,756	24,550	67,623	8,381	353,411
Net realized losses on investments					(61,831)	(61,831)
Amortization of deferred gain on disposal of businesses					13,552	13,552
Fees and other income	103,991	26,966	19,761	14,298	140,893	305,909
Total revenues	1,610,639	1,056,350	985,552	607,950	100,995	4,361,486
Benefits, losses and expenses						
Policyholder benefits	533,347	345,967	679,604	385,498	5,328	1,949,744
Amortization of deferred acquisition costs and value of business acquired	574,095	187,280	5,832	19,080		786,287
Underwriting, general and administrative expenses	410,897	226,053	293,565	174,200	51,006	1,155,721
Interest expense					30,349	30,349
Total benefits, losses and expenses	1,518,339	759,300	979,001	578,778	86,683	3,922,101
Segment income before provision for income tax	92,300	297,050	6,551	29,172	14,312	439,385
Provision for income taxes	34,095	101,154	2,209	10,022	18,002	165,482
Segment income (loss) after tax	$ 58,205	$ 195,896	$ 4,342	$ 19,150	$ (3,690)	
Net income						$ 273,903
	As of December 31, 2009					
Segment assets:						
Segment assets, excluding goodwill	$ 11,091,800	$ 3,186,740	$ 1,078,567	$ 2,521,667	$ 7,036,624	$ 24,915,398
Goodwill						926,398
Total assets						$ 25,841,796

Assurant, Inc.

Notes to Consolidated Financial Statements (unaudited) (Continued)

Six Months Ended June 30, 2010 and 2009

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

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 June 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 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, are subject to working group settlements negotiated with other market participants. Negotiations are still ongoing or will be scheduled for 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 permanently enjoining 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.

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 AAAm 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 June 30, 2010, compared with December 31, 2009, and our results of operations for the three and six months ended June 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 June 30, 2010 unaudited consolidated financial statements and related notes included elsewhere in this Form 10-Q.

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 such as will, may, anticipates, expects, estimates, projects, intends, plans, believes, targets, forecasts, potential, approximately, or the negative version of tho words and terms with a similar meaning. Any forward-looking statements contained in this report are based upon our historical performance and on current plans, estimates and expectations. The inclusion of this forward-looking information should not be regarded as a representation by us or any other person that the future plans, estimates or expectations contemplated by us will be achieved. Our 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 in the section below entitled 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 and the rules and regulations to be promulgated thereunder on our health and employee benefits businesses and consequent changes that may occur in the market for individual and small group health insurance, disability and dental insurance; (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 contractual arrangements; (iv) losses due to natural and man-made catastrophes; (v) failure to attract and retain sales representatives; (vi) inability of reinsurers to meet their obligations; (vii) unfavorable outcomes in litigation and/or regulatory investigations that could negatively affect our business and reputation; (viii) current or new laws and regulations that could increase our costs and/or decrease our revenues; (ix) 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); (x) inadequacy of reserves established for future claims losses; (xi) failure to predict or manage benefits, claims and other costs; (xii) increases or decreases in tax valuation allowances; (xiii) fluctuations in exchange rates and other risks related to our international operations; (xiv) unavailability, inadequacy and unaffordable pricing of reinsurance coverage; (xv) 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); (xvi) insolvency of third parties to whom we have sold or may sell businesses through reinsurance or modified co-insurance; (xvii) credit risk of some of our agents in Assurant Specialty Property and Assurant Solutions; (xviii) a decline in our credit or financial strength ratings (including the risk of ratings downgrades in the insurance industry); (xix) failure to effectively maintain and modernize our information systems; (xx) failure to protect client information and privacy; (xxi) failure to find and integrate suitable acquisitions and new insurance ventures; (xxii) inability of our subsidiaries to pay sufficient dividends; (xxiii) failure to provide for succession of senior management and key executives; and (xxiv) significant competitive pressures in our businesses and 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, First Quarter 2010 Form 10-Q and this Second Quarter Form 10-Q, as filed with the SEC.

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Company Overview

Assurant is a provider of specialized insurance products and related services in North America and select worldwide markets. We have five reportable segments, four of which are operating segments, Assurant Solutions, Assurant Specialty Property, Assurant Health, and Assurant Employee Benefits. These operating segments have partnered with clients who are leaders in their industries and have built leadership positions in a number of specialty insurance market segments in the United States of America (U.S.) and select worldwide markets. The Assurant operating segments provide 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.

Our remaining segment is Corporate & Other which 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 following discussion is for the three and six months ended June 30, 2010 (Second Quarter 2010 and Six Months 2010, respectively) and the three and six months ended June 30, 2009 (Second Quarter 2009 and Six Months 2009, respectively).

Results for Second Quarter 2010 and Six Months 2010 improved over their comparable 2009 periods because of disciplined decision-making and our ability to adapt and better position our businesses, including redesigning products, reducing expenses, and when necessary, adjusting prices. We are adding new clients, retaining existing accounts and finding opportunities in the areas we have targeted for growth. Overall, we are encouraged and believe our results demonstrate the strength of our specialty strategy.

During Second Quarter 2010, we took advantage of what we believe is an attractive share price by repurchasing 6,066,216 of the Company s outstanding common shares for $215,109, bringing our Six Month 2010 repurchases to 9,492,685 shares. We have decreased our stock repurchase activity entering third quarter since it s the start of hurricane season. We also paid $17,876 in dividends during Second Quarter 2010, as we increased our quarterly dividend to $0.16 per share. This is the sixth consecutive year we have raised our dividend. In total, we returned $232,985 and $359,756 of capital to shareholders during Second Quarter 2010 and Six Months 2010, respectively.

At Assurant Solutions, we continued to see improvements in the United Kingdom (UK) operating results. Our international combined ratio improved 50 basis points from First Quarter 2010, which was slightly below our goal. We added several new clients in Latin America, which has lead to additional expenses ahead of earned revenues. However, we expect further improvements in our international combined ratio over the remainder of 2010.

The slowdown in consumer spending continues to hurt retail sales, however, we are finding new clients both internationally and domestically to increase our sales. Finally, our original equipment manufacturers and wireless strategies have us well-positioned for long-term growth, especially when consumer spending rebounds.

During Second Quarter 2010, Assurant Specialty Property added subprime loans from a new client and an existing partnership with a specialty servicer which helped mitigate the macro-trends of declining loan originations and sub-prime loans outstanding.

At Assurant Health, we experienced modest improvements in the core business due to pricing and product actions we implemented. During Second Quarter 2010, we completed an extensive review of our business and considered a number of possible future strategies for the long-term business in response to the impact of health care reform. See further discussion below in Critical Factors Affecting Results and Liquidity .

At Assurant Employee Benefits, results improved as loss experience continues to be favorable. However, small business clients continue to be challenged by a difficult economic environment. In order to achieve efficiencies, make our products more competitive and position the business for growth, Employee Benefits made the difficult decision to reduce its workforce in order to make the segment stronger moving forward. Even in this difficult environment, we have been able to grow through Disability Reinsurance Management Services (DRMS), our alternative distribution channel. We continue to invest in our voluntary capabilities to remain positioned to meet employer and employee needs for the long term.

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Critical Factors Affecting Results and Liquidity

Our results depend on the adequacy of our product pricing, underwriting and the accuracy of our methodology for the establishment of reserves for future policyholder benefits and claims, returns on and values of invested assets and our ability to manage our expenses. Therefore, factors affecting these items, including unemployment, difficult conditions in financial markets and the global economy, may have a material adverse effect on our results of operations or financial condition. Similarly, the effects of proposed or recently passed government regulation, including the recently passed Patient Protection and Affordable Care Act and the Health Care and Education Reconciliation Act of 2010 (Health Care Reform), on our operations, sales and profitability are not yet known, but could materially and adversely affect our results of operations or financial condition. For more information on these factors, see Item 1A Risk Factors and Item 7 MD&A Critical Factors Affecting Results in our 2009 Annual Report on Form 10-K, and Item 1A-Risk Factors in this report below.

In March 2010, President Obama signed Health Care Reform into law. Provisions of the Health Care Reform become effective at various dates over the next several years. The Department of Health and Human Services (HHS) and The National Association of Insurance Commissioners (NAIC) have yet to issue final regulations and guidance with respect to Health Care Reform. The exact impact of Health Care Reform is not yet fully known, but it will have far-reaching effects on the entire health care delivery system in the United States.

During the Second Quarter 2010, we completed an extensive review of our health business and considered a number of possible future strategies. Three critical themes emerged from our review: we believe there will be significant opportunities for us to sell individual medical insurance products, although the dynamics and characteristics of the post-reform market will be different; specialty expertise will still be required; and we believe that we can earn adequate profits in this business over the long-term, without making large commitments of capital. In order to do so, we know that modifications in our mode of operations will be necessary. Modifications will include lowering the operating costs across the Company and improving efficiency in the distribution of our products. However, all of the Health Care Reform transition rules are not in place. The full impact of Health Care Reform will not be known for many years. For more information, see Item 1A Risk Factors and Item 7 MD&A Critical Factors Affecting Results in our 2009 Annual Report on Form 10-K, and Item 1A-Risk Factors in this report below.

Management believes the Company will have sufficient liquidity to satisfy its needs over the next twelve months including the ability to pay interest on our Senior Notes and dividends on our common shares.

For the six months ended June 30, 2010, net cash provided by operating activities totaled $313,313; net cash used in investing activities totaled $187,853 and net cash used in financing activities totaled $440,289. We had $1,003,723 in cash and cash equivalents as of June 30, 2010. Please see Liquidity and Capital Resources, below for further details.

Critical Accounting Policies and Estimates

Our 2009 Annual Report on Form 10-K described the accounting policies and estimates that are critical to the understanding of our results of operations, financial condition and liquidity. The accounting policies and estimation process described in the 2009 Annual Report on Form 10-K were consistently applied to the unaudited interim consolidated financial statements for the six months ended June 30, 2010.

In our 2009 Annual Report on Form 10-K, our accounting policy and estimation process for goodwill was disclosed. The Health Care Reform legislation discussed above could have a material impact on the valuation of the goodwill attributed to our Health and Employee Benefits segments. Numerous rules and regulations governing transition issues have not yet been issued, making even near-term projections difficult. For example, the 80% minimum medical loss ratio for individual markets is subject to adjustment by HHS, if HHS determines that the requirement is disruptive to the market. Any adjustment to the transition rules for minimum loss ratios could have a material impact on our future results. As key provisions of the legislation are clarified and we are better able to estimate the impact on our results, we could conclude that our goodwill and other intangible assets are impaired. See Item 1A Risk Factors for further details.

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Assurant Consolidated

Overview

The table below presents information regarding our consolidated results of operations:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2010	2009	2010	2009
Revenues:				
Net earned premiums and other considerations	$ 1,849,895	$ 1,875,866	$ 3,756,538	$ 3,750,445
Net investment income	175,196	174,932	349,210	353,411
Net realized gains (losses) on investments	19,152	(6,142)	23,625	(61,831)
Amortization of deferred gain on disposal of Businesses	6,024	6,750	12,105	13,552
Fees and other income	90,027	222,203	166,672	305,909
Total revenues	2,140,294	2,273,609	4,308,150	4,361,486
Benefits, losses and expenses:				
Policyholder benefits	905,316	989,402	1,833,312	1,949,744
Selling, underwriting and general expenses (1)	966,361	987,529	1,942,694	1,942,008
Interest expense	15,161	15,160	30,322	30,349
Total benefits, losses and expenses	1,886,838	1,992,091	3,806,328	3,922,101
Income before provision for income taxes	253,456	281,518	501,822	439,385
Provision for income taxes	88,781	88,196	179,924	165,482
Net income	$ 164,675	$ 193,322	$ 321,898	$ 273,903

(1) Includes amortization of deferred acquisition costs (DAC) and value of business acquired (VOBA) and underwriting, general and administrative expenses.

The following discussion provides a general overall analysis of how the consolidated results were affected by our four operating segments and our Corporate and Other segment for Second Quarter 2010 and Six Months 2010, and Second Quarter 2009 and Six Months 2009. Please see the discussion that follows, for each of these segments, for a more detailed analysis of the fluctuations.

For The Three Months Ended June 30, 2010 Compared to The Three Months Ended June 30, 2009.

Net Income

The Company reported net income of $164,675 in Second Quarter 2010, a decrease of $28,647 or 15%, compared with $193,322 of net income for Second Quarter 2009. The decrease was primarily due to a favorable legal settlement in Second Quarter 2009 of $84,996 (after-tax), net of attorney fees and allowances for related recoverables. Excluding the income related to this settlement, net income would have increased $56,349, primarily due to better underwriting results in all four of our operating segments, including a $17,421 (after-tax) benefit from a reserve decrease due to a legal settlement in Assurant Health and net realized gains on investments, which improved by $16,441 (after-tax).

For The Six Months Ended June 30, 2010 Compared to The Six Months Ended June 30, 2009.

Net Income

Net income increased $47,995, or 18%, to $321,898 for Six Months 2010 from $273,903 for Six Months 2009. The increase was primarily due to better underwriting results in all four of our operating segments, including a $17,421 (after-tax) benefit from a reserve decrease due to a legal settlement in Assurant Health and an increase of $55,546 (after-tax) in net realized gains on investments. These increases were partially offset by the $84,996 (after-tax) favorable legal settlement discussed above.

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Assurant Solutions

Overview

The tables below present information regarding Assurant Solutions segment results of operations:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2010	2009	2010	2009
Revenues:				
Net earned premiums and other considerations	$ 629,682	$ 666,935	$ 1,275,046	$ 1,311,547
Net investment income	98,956	97,106	197,409	195,101
Fees and other income	54,580	51,960	100,292	103,991
Total revenues	783,218	816,001	1,572,747	1,610,639
Benefits, losses and expenses:				
Policyholder benefits	228,776	261,325	456,407	533,347
Selling, underwriting and general expenses	503,172	509,388	1,014,262	984,992
Total benefits, losses and expenses	731,948	770,713	1,470,669	1,518,339
Segment income before provision for income taxes	51,270	45,288	102,078	92,300
Provision for income taxes	20,947	17,394	42,889	34,095
Segment net income	$ 30,323	$ 27,894	$ 59,189	$ 58,205
Net earned premiums and other considerations:				
Domestic:				
Credit	$ 47,343	$ 62,740	$ 98,271	$ 128,681
Service contracts	336,043	354,783	675,139	701,291
Other (1)	12,723	22,054	24,936	36,633
Total domestic	396,109	439,577	798,346	866,605
International:				
Credit	83,360	79,835	170,099	154,008
Service contracts	109,275	97,280	226,464	185,183
Other (1)	5,261	4,107	9,367	7,767
Total international	197,896	181,222	405,930	346,958
Preneed	35,677	46,136	70,770	97,984
Total	$ 629,682	$ 666,935	$ 1,275,046	$ 1,311,547
Fees and other income:				
Domestic:				
Debt protection	$ 8,434	$ 10,232	$ 18,070	$ 19,503
Service contracts	27,509	23,068	50,665	50,777
Other (1)	2,108	5,593	4,663	9,541

Total domestic	38,051	38,893	73,398	79,821
International	6,920	7,330	13,315	13,401
Preneed	9,609	5,737	13,579	10,769
Total	$ 54,580	$ 51,960	$ 100,292	$ 103,991
Gross written premiums (2):				
Domestic:				
Credit	$ 107,259	$ 136,450	$ 211,129	$ 271,796
Service contracts	291,426	245,306	569,155	492,189
Other (1)	15,293	43,985	30,211	59,059
Total domestic	413,978	425,741	810,495	823,044
International:				
Credit	240,348	197,605	486,880	368,984
Service contracts	110,116	98,494	231,408	205,564
Other (1)	6,330	6,734	11,546	12,121
Total international	356,794	302,833	729,834	586,669
Total	$ 770,772	$ 728,574	$ 1,540,329	$ 1,409,713
Preneed (face sales)	$ 216,681	$ 126,263	$ 367,755	$ 229,387
Combined ratios (3):				
Domestic	97.8%	97.6%	97.0%	98.0%
International	107.3%	111.6%	107.5%	109.5%

(1) This includes emerging products and run-off products lines.
(2) Gross written premiums does not necessarily translate to an equal amount of subsequent net earned premiums since Assurant Solutions reinsures a portion of its premiums to insurance subsidiaries of its clients.
(3) The combined ratio is equal to total benefits, losses and expenses divided by net earned premiums and other considerations and fees and other income excluding the preneed business.

For The Three Months Ended June 30, 2010 Compared to The Three Months Ended June 30, 2009.

Net Income

Segment net income increased $2,429, or 9%, to $30,323 for Second Quarter 2010 from $27,894 for Second Quarter 2009, primarily due to better international results driven by improved loss experience in our UK credit insurance business, favorable domestic service contract loss experience and the favorable impact of foreign exchange rates. These favorable items were partially offset by decreased underwriting results in our run-off businesses, which included income from a one-time campaign with Ford Motor Company conducted and completed in Second Quarter 2009. In addition, Second Quarter 2009 net income included a restructuring charge of $2,400 (after-tax).

Total Revenues

Total revenues decreased $32,783, or 4%, to $783,218 for Second Quarter 2010 from $816,001 for Second Quarter 2009 primarily due to three main factors: a decline in domestic service contract net earned premiums related to lower earnings from reduced service contract sales in 2009 from former clients that are no longer in business; the run-off of preneed policies sold before January 1, 2009; and the continued run-off of our domestic credit insurance business. These decreases were partially offset by increases in both our domestic and international service contract businesses resulting from the addition of new clients and the favorable impact of foreign exchange rates. Fees and other income also grew due to increases in preneed business sold after January 1, 2009 and net investment income increased $1,850 mainly due to the favorable impact of foreign exchange rates.

Gross written premiums increased $42,198, or 6%, to $770,772 for Second Quarter 2010 from $728,574 for Second Quarter 2009. This increase was driven by higher domestic service contract business of $46,120, due to the addition of new clients and an increase in automobile service contracts purchased as automobile sales increase. Gross written premiums from our international credit business increased $42,743 due to growth in several countries from both new and existing clients and from the favorable impact of foreign exchange rates. Gross written premiums from our international service contract business increased $11,622, primarily due to favorable foreign exchange rates and growth from existing clients, partially offset by lower premiums in Denmark due to our decision to exit that market in 2009. Gross written premiums from our domestic credit insurance business decreased $29,191 due to the continued runoff of this product line. Other domestic gross written premiums decreased $28,692 mainly due to production from a one-time campaign with Ford Motor Company conducted and completed in Second Quarter 2009. Preneed face sales increased $90,418 primarily the result of increased consumer buying in advance of a less favorable consumer tax rate change effective July 1, 2010 in certain Canadian provinces, as well as growth from our exclusive distribution partnership with SCI and increased sales initiatives.

Total Benefits, Losses and Expenses

Total benefits, losses and expenses decreased $38,765, or 5%, to $731,948 for Second Quarter 2010 from $770,713 for Second Quarter 2009. Policyholder benefits decreased $32,549 due to improved loss experience in our UK credit business, the run-off of preneed policies sold before January 1, 2009 and the continued run-off of our domestic credit business. Selling, underwriting and general expenses decreased $6,216. Commissions, taxes, licenses and fees, of which amortization of DAC is a component, decreased $6,999 due to lower earnings in our domestic service contract business, partially offset by higher earnings in our international business coupled with the unfavorable impact of foreign exchange rates. In addition, Second Quarter 2009 general expenses included a restructuring charge of $3,700.

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For The Six Months Ended June 30, 2010 Compared to The Six Months Ended June 30, 2009.

Net Income

Segment net income increased $984, or 2%, to $59,189 for Six Months 2010 from $58,205 for Six Months 2009 primarily due to better international results including improved loss experience in our UK credit insurance business, favorable domestic service contract loss experience and the favorable impact of foreign exchange rates. In addition, Second Quarter 2009 net income included a restructuring charge of $2,400 (after-tax). These items were partially offset by decreased underwriting results in our run-off businesses, a $4,605 (after-tax) change in the value of our consumer price index caps (derivative instruments that protect against inflation risk in our preneed product), and a higher effective tax rate. The higher effective tax rate was primarily caused by a $2,800 increase in a tax valuation allowance related to deferred tax assets that resulted from our European business restructuring. Due to changes in the mix of earnings by country and increases in state income taxes in the U.S., we expect that the effective tax rate will continue to remain high for the next several quarters.

Total Revenues

Total revenues decreased $37,892, or 2%, to $1,572,747 for Six Months 2010 from $1,610,639 for Six Months 2009 due to three main factors: the run-off of preneed policies sold before January 1, 2009; the continued run-off of our domestic credit business; and decreases in our domestic service contract business related to former clients that are no longer in business. Fees and other income also decreased due to mark-to-market losses associated with our consumer price index caps (discussed above). These decreases were partially offset by growth in our international business from both the addition of new service contract clients and the favorable impact of foreign exchange rates. Net investment income increased due to the favorable impact of foreign exchange rates.

Gross written premiums increased $130,616, or 9%, to $1,540,329 for Six Months 2010 from $1,409,713 for Six Months 2009. This increase was driven by higher international credit business of $117,896 due to growth in several countries from both new and existing clients and from the favorable impact of foreign exchange rates. Gross written premiums from our domestic service contract business increased $76,966 due to the addition of new clients and an increase in service contracts as auto sales increased. Also, gross written premiums increased $21,200 from a one-time First Quarter 2010 true-up of premiums reported by certain third parties in a timelier manner than in the past. This true-up had no effect on net earned premiums. Gross written premiums from our international service contract business increased $25,844, primarily due to favorable foreign exchange rates and growth from existing clients, partially offset by lower premiums in Denmark due to our decision to exit that market in 2009. Gross written premiums from our domestic credit insurance business decreased $60,667, due to the continued runoff of this product line. Other domestic gross written premiums decreased $28,848 mainly due to a one-time campaign with Ford Motor Company conducted and completed in Second Quarter 2009 for which earnings continued into future periods. Preneed face sales increased $138,368 primarily from the result of increased consumer buying in advance of a less favorable consumer tax rate change effective July 1, 2010 in certain Canadian provinces, as well as growth from our exclusive distribution partnership with SCI and increased sales initiatives.

Total Benefits, Losses and Expenses

Improved loss experience in our domestic service contract business from existing and run-off clients, the run-off of preneed policies sold before January 1, 2009, and the continued run-off of our domestic credit business contributed to total benefits, losses and expenses decreasing $47,670, or 3%, to $1,470,669 for Six Months 2010 from $1,518,339 for Six Months 2009. Policyholder benefits decreased $76,940. Selling, underwriting and general expenses increased $29,270. Commissions, taxes, licenses and fees, of which amortization of DAC is a component, increased $21,508 due in part to higher earnings in our international business coupled with the unfavorable impact of foreign exchange rates, partially offset by lower earnings in our domestic service contract business. General expenses increased $7,762 primarily due to costs incurred, which include amortization of previously capitalized upfront bonus payments, as we continue to grow our international business and distribution channels, as well as the unfavorable impact of foreign exchange rates. Partially offsetting these increases is a restructuring charge of $3,700 in Six Months 2009 and cost savings realized as a result of this restructuring in Six Months 2010.

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Assurant Specialty Property

Overview

The tables below present information regarding Assurant Specialty Property s segment results of operations:

	For the Three Months Ended June 30, 2010	For the Three Months Ended June 30, 2009	For the Six Months Ended June 30, 2010	For the Six Months Ended June 30, 2009
Revenues:				
Net earned premiums and other considerations	$ 477,122	$ 477,838	$ 985,944	$ 971,628
Net investment income	27,022	28,320	53,943	57,756
Fees and other income	18,848	13,642	31,948	26,966
Total revenues	522,992	519,800	1,071,835	1,056,350
Benefits, losses and expenses:				
Policyholder benefits	175,206	178,167	337,739	345,967
Selling, underwriting and general expenses	189,846	203,416	396,863	413,333
Total benefits, losses and expenses	365,052	381,583	734,602	759,300
Segment income before provision for income taxes	157,940	138,217	337,233	297,050
Provision for income taxes	54,223	46,989	115,038	101,154
Segment net income	$ 103,717	$ 91,228	$ 222,195	$ 195,896
Net earned premiums and other considerations:				
By major product groupings				
Homeowners (creditor placed and voluntary)	$ 325,735	$ 336,338	$ 680,144	$ 684,785
Manufactured housing (creditor placed and voluntary)	53,686	55,128	111,186	111,004
Other (1)	97,701	86,372	194,614	175,839
Total	$ 477,122	$ 477,838	$ 985,944	$ 971,628
Ratios:				
Loss ratio (2)	36.7%	37.3%	34.3%	35.6%
Expense ratio (3)	38.3%	41.4%	39.0%	41.4%
Combined ratio (4)	73.6%	77.6%	72.2%	76.0%

(1) This primarily includes flood, miscellaneous specialty property and renters insurance products.
(2) The loss ratio is equal to policyholder benefits divided by net earned premiums and other considerations.
(3) The expense ratio is equal to selling, underwriting and general expenses divided by net earned premiums and other considerations and fees and other income.
(4) The combined ratio is equal to total benefits, losses and expenses divided by net earned premiums and other considerations and fees and other income.

For The Three Months Ended June 30, 2010 Compared to The Three Months Ended June 30, 2009.

Net Income

Despite a $4,986 (after-tax) charge for catastrophe losses from Tennessee storms, Second Quarter 2010 segment net income increased $12,489, or 14%, to $103,717 for Second Quarter 2010 from $91,228 for Second Quarter 2009. The improvement reflected lower smaller-scale weather related loss experience and reduced expenses due to continued expense management efforts.

Total Revenues

Total revenues increased $3,192, or 1%, to $522,992 for Second Quarter 2010 from $519,800 for Second Quarter 2009. Growth in creditor-placed homeowners, creditor-placed flood and renters insurance net earned premiums and increased fee income were offset by increased ceded creditor-placed homeowners premiums and lower real estate owned premiums.

Total Benefits, Losses and Expenses

Total benefits, losses and expenses decreased $16,531, or 4%, to $365,052 for Second Quarter 2010 from $381,583 for Second Quarter 2009. The decrease was due to lower policyholder benefits of $2,961 and lower selling, underwriting, and general

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expenses of $13,570. The overall loss ratio decreased 60 basis points primarily due to lower smaller-scale weather related losses, partially offset by $7,670 of reportable catastrophe losses from Tennessee storms. There were no reportable catastrophe losses in Second Quarter 2009. Commissions, taxes, licenses and fees decreased $7,583, primarily due to client contract changes that provided lower commission expense and a release of a premium tax reserve. General expenses decreased $5,987 primarily due to the non-recurrence of a $3,800 restructuring charge in Second Quarter 2009 and continued expense management efforts.

For The Six Months Ended June 30, 2010 Compared to The Six Months Ended June 30, 2009.

Net Income

Segment net income increased $26,299, or 13%, to $222,195 for Six Months 2010 from $195,896 for Six Months 2009. This increase was driven primarily by lower smaller-scale weather related loss experience, reduced expenses due to continued expense management efforts and a one-time favorable adjustment from an unearned premium reserve review of $7,629 (after-tax).

Total Revenues

Total revenues increased $15,485, or 2%, to $1,071,835 for Six Months 2010 from $1,056,350 for Six Months 2009 due to increases in net earned premiums. Net earned premiums increased $14,316, mainly due to the one-time favorable adjustment from an unearned premium reserve review of $13,595.

Total Benefits, Losses and Expenses

Total benefits, losses and expenses decreased $24,698, or 3%, to $734,602 for Six Months 2010 from $759,300 for Six Months 2009. The decrease was due to lower policyholder benefits of $8,228 and lower selling, underwriting, and general expenses of $16,470. The overall loss ratio decreased 130 basis points primarily due to lower smaller-scale weather related losses partially offset by $7,670 of reportable catastrophe losses from Tennessee storms. There were no reportable catastrophe losses for Six Months 2009. Commissions, taxes, licenses and fees decreased $12,010, primarily due to client contract changes that provided lower commission expense and a release of a premium tax reserve. General expenses decreased $4,460 primarily due to the non-recurrence of a $3,800 restructuring charge in Second Quarter 2009 and continued expense management efforts.

Property Catastrophe Reinsurance Program

During Second Quarter 2010, the Company completed its 2010 property catastrophe reinsurance program. As part of the program, certain of the Company s subsidiaries entered into reinsurance agreements providing for $150,000 in multi-year, fully collateralized reinsurance from Ibis Re Ltd. (Ibis Re), a special purpose reinsurance company domiciled in the Cayman Islands.

Ibis Re financed the property catastrophe reinsurance coverage by issuing $150,000 in catastrophe bonds to qualified institutional buyers. As a component of our overall risk management program, the Ibis Re reinsurance consists of two separate layers of coverage for protection against losses from individual hurricane events in Hawaii and along the Gulf and Eastern Coasts of the United States and is designed to complement our existing property catastrophe reinsurance and state-specific reinsurance programs and to enhance our ability to manage risk related to catastrophe losses. For more information on our property catastrophe reinsurance program, see Note 15 to the Notes to Consolidated Financial Statements included elsewhere in this report.

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Assurant Health

Overview

The tables below present information regarding Assurant Health s segment results of operations:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2010	2009	2010	2009
Revenues:				
Net earned premiums and other considerations	$ 467,705	$ 468,895	$ 935,147	$ 941,241
Net investment income	12,078	12,073	23,643	24,550
Fees and other income	10,248	9,847	20,656	19,761
Total revenues	490,031	490,815	979,446	985,552
Benefits, losses and expenses:				
Policyholder benefits	312,767	357,644	646,407	679,604
Selling, underwriting and general expenses	138,801	149,157	281,920	299,397
Total benefits, losses and expenses	451,568	506,801	928,327	979,001
Segment income before provision (benefit) for income taxes	38,463	(15,986)	51,119	6,551
Provision (benefit) for income taxes	13,163	(5,656)	17,450	2,209
Segment net income (loss)	$ 25,300	$ (10,330)	$ 33,669	$ 4,342
Net earned premiums and other considerations:				