



ASSURANT

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American Security Insurance Testifies at New York Hearing on Lender-Placed Insurance

NEW YORK, May 17, 2012 - Representatives of American Security Insurance Co., a unit of Assurant Specialty Property, told New York officials today that lender-placed insurance "fulfills an important need" in the nation's mortgage system, as a "safety net" protecting homeowners who otherwise would be without coverage.

The New York Department of Financial Services is conducting hearings on the topic this week in Manhattan. American Security President John Frobose represented the company.

Lender-placed insurance is included in the terms of virtually all home mortgages to ensure continuous insurance coverage, as required by lenders, regulators and mortgage investors. In the event of a lapse in insurance coverage, if a homeowner does not renew or replace their policy, lenders will place insurance on the property.

In written testimony, American Security noted that lender-placed insurance rates in New York, as in other states, are approved in advance by state insurance authorities, and the company follows a thorough process to ensure that homeowners are alerted multiple times to the possible lapse in their coverage. Homeowners may cancel at any time simply by providing proof of acceptable coverage.

Lender-placed insurance "is a critical component of the national residential mortgage system," the company testified. "LPI exists because it meets important needs of homeowners, lenders and investors."

The company added that the rates, as approved by the New York Department of Insurance, are "more expensive than standard insurance, but the difference in price reflects the greater risk that LPI carriers assume." Carriers such as American Security agree to insure each and every property in a lender's mortgage portfolio on which no other acceptable insurance is in effect, without regard to location, condition, occupancy or other risk factors.

Assurant's average lender-placed policy costs about two times the cost of the previous policy; customers are informed about the cost in advance of the placement of our insurance.

The company assured the DFS of its continuing cooperation: "We look forward to a constructive dialogue with the Department, aimed at exploring ways to address any concerns the Department identifies in the course of its investigation."

About Assurant Specialty Property

Assurant Specialty Property is a leading provider of insurance services in partnership with financial institutions, mortgage lenders, manufactured home sellers, auto finance companies, property managers and their customers. Services include insurance tracking and management, lender-placed homeowners insurance, and property and personal coverage such as renters, farm and flood insurance. With more than 5,000 employees in 11 locations, Assurant Specialty Property serves clients and customers in all 50 states.

Assurant Specialty Property is part of Assurant, a premier provider of specialized insurance products and related services in North America and select worldwide markets. Assurant, a Fortune 500 company and a member of the S&P 500, is traded on the New York Stock Exchange under the symbol AIZ. Assurant has approximately \$27 billion in assets and \$8 billion in annual revenue. www.assurant.com.

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