



ASSURANT

October 22, 2012

Statements on California Lender-placed Insurance Rate Agreement

Following is the statement provided by Assurant during the news conference held by California Department of Insurance Commissioner Dave Jones in Sacramento, Calif.

Today's agreement between American Security Insurance Co. and the California Department of Insurance, to reduce rates on lender-placed insurance, reflects prior loss experience and current assumptions about future experience that will apply going forward in the state.

We recognize the value these savings will bring to consumers in California and appreciate the cooperation shown by Commissioner Jones and the California Department of Insurance.

We strive to set reasonable rates, and dedicate significant resources to help consumers avoid lender-placed coverage in the first place. When someone's insurance lapses, lender-placed insurance provides a necessary safety net that protects the interests of homeowners and lenders alike. With this agreement, we look forward to continuing to provide that safety net in the state of California.

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The following statement provides additional detail, including the estimated financial impact, of the California lender-placed rate reduction announced today and disclosed on Form 8-K filed with the SEC. The Form 8-K is available in the Investor Relations section of www.assurant.com

American Security Insurance Company, a subsidiary of Assurant, Inc. (the "Company"), reached agreement with the California Department of Insurance to reduce the premium rates for its lender-placed hazard insurance product by 30.5 percent.

Insurance rates can vary significantly between states based on actual loss experience, catastrophe exposure, state requirements and prospective views of product and market performance. This rate reduction reflects factors specific to California including continued favorable loss experience in the state and different assumptions about future experience.

The new rates in California will be implemented in January 2013 and will apply to policies issued or renewed with effective dates after implementation.

For 2012, American Security Insurance Company estimates that it will record approximately \$140 million of gross written premiums and \$108 million of net earned premiums in California for the type of policies that are subject to the rate reduction. This is based on actual September year-to-date California results of \$105 million in gross written premiums and \$81 million in net earned premiums.

On the basis of 2012 placement rates and the current book of business, the Company estimates that annualized net earned premiums and net income would be reduced by approximately \$33 million and \$18 million, respectively. The actual effect of the California rate decrease on the Company's net earned premiums and net income over the course of 2013 and beyond will depend on a variety of factors, including the Company's mix of lender-placed insurance products, lapse rates, rate and timing of renewals, placement rates, changes in client contracts and actual expenses incurred.

The statements in the preceding paragraph are forward-looking. Actual results may differ materially from the estimates we have given because of a variety of factors, including those listed above. A detailed discussion of the risk factors affecting our results can be found in our SEC reports, including our 2011 Form 10-K and upcoming Third Quarter 2012 Form 10-Q.

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