ASSURANT INC
Form S-1/A
January 13, 2004

As filed with the Securities and Exchange Commission on January 13, 2004.

Registration No. 333-109984

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Amendment No. 2

to

Form S-1

REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

Assurant, Inc. *

(Exact name of Registrant as specified in its charter)

Delaware	**6321**	**39-1126612**
(State or other jurisdiction of incorporation or organization)	*(Primary Standard Industrial Classification Code Number)*	*(I.R.S. Employer Identification No.)*

One Chase Manhattan Plaza, 41st Floor

New York, NY 10005

Telephone: (212) 859-7000

(Address, including zip code, and telephone number, including area code, of Registrant s principal executive offices)

Katherine Greenzang, Esq.

Senior Vice President, General Counsel and Secretary
Assurant, Inc.
One Chase Manhattan Plaza, 41st Floor
New York, NY 10005
Telephone: (212) 859-7021
Facsimile: (212) 859-7034
(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies to:

Gary I. Horowitz, Esq.
Simpson Thacher & Bartlett LLP
425 Lexington Avenue
New York, NY 10017-3954
Telephone: (212) 455-7113
Facsimile: (212) 455-2502

Susan J. Sutherland, Esq.
Skadden, Arps, Slate, Meagher & Flom LLP
Four Times Square
New York, NY 10036
Telephone: (212) 735-2388
Facsimile: (917) 777-2388

Approximate date of commencement of the proposed sale of the securities to the public: As soon as practicable after the Registration Statement becomes effective.

If any of the securities being registered on this form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box. o

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If this form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If delivery of the prospectus is expected to be made pursuant to Rule 434, check the following box. o

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CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Proposed Maximum Aggregate Offering Price(1)(2)	Amount of Registration Fee(3)
Common Stock, par value $0.01 per share	$2,024,000,000	$163,741.60

(1) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(o) under the Securities Act of 1933.

(2) Includes shares subject to the underwriters over-allotment option.

(3) Includes $80,900 previously paid in connection with the initial filing of this Registration Statement and a credit of $40,450.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

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*Prior to the effectiveness of this Registration Statement and in connection with the merger for the purpose of redomestication as described in this Registration Statement, Assurant, Inc., a Delaware corporation, will become the successor to the business and operations of Fortis, Inc., a Nevada corporation.

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The information in this prospectus is not complete and may be changed. These securities may not be sold until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

PROSPECTUS (Subject to Completion)
Issued January 13, 2004

80,000,000 Shares

Common Stock

Fortis Insurance N.V., the selling stockholder in this offering, is offering 80,000,000 shares of our common stock in an underwritten initial public offering. This is our initial public offering and no public market currently exists for our common stock. We will not receive any of the proceeds from the sale of shares by the selling stockholder. We anticipate that the initial public offering price of our common stock will be between $20 and $22 per share.

Fortis N.V. and Fortis SA/NV, through their affiliates, including their wholly owned subsidiary, Fortis Insurance N.V., currently indirectly own 100% of our outstanding common stock. After the offering, we estimate that Fortis Insurance N.V. will own approximately 45% of our common stock, or approximately 37% if the underwriters exercise their over-allotment option in full.

Our common stock has been approved for listing on the New York Stock Exchange under the symbol AIZ.

Investing in our common stock involves risks. See Risk Factors beginning on page 13.

PRICE $ A SHARE

	Price to Public	Underwriting Discounts and Commissions	Proceeds to Selling Stockholder
Per Share	$	$	$
Total	$	$	$

The selling stockholder has granted the underwriters the right to purchase up to an additional 12,000,000 shares to cover over-allotments.

The Securities and Exchange Commission and state securities regulators have not approved or disapproved these securities, or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The underwriters expect to deliver the shares to purchasers on , 2004.

MORGAN STANLEY

CREDIT SUISSE FIRST BOSTON *MERRILL LYNCH & CO.*

CITIGROUP *GOLDMAN, SACHS & CO.* *JPMORGAN*

BEAR, STEARNS & CO. INC.

COCHRAN, CARONIA & CO.

FORTIS INVESTMENT SERVICES LLC
MCDONALD INVESTMENTS INC.
RAYMOND JAMES
SUNTRUST ROBINSON HUMPHREY

, 2004

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Until , 2004, which is the 25th day after the date of this prospectus, all dealers that buy, sell or trade our common stock, whether or not participating in this offering, may be required to deliver a prospectus. This delivery requirement is in addition to the dealers obligation to deliver a prospectus when acting as underwriters and with respect to their unsold allotments or subscriptions.

You should rely only on the information contained in this prospectus. We have not, and the underwriters have not, authorized any other person to provide you with information that is different from that contained in this prospectus. We are offering to sell and seeking offers to buy these securities only in jurisdictions where offers and sales are permitted. The information contained in this prospectus is accurate only as of the date of this prospectus, regardless of the time of delivery of this prospectus or of any sale of common stock.

The states in which our insurance subsidiaries are domiciled have enacted laws which require regulatory approval for the acquisition of control of insurance companies. Under these laws, there exists a presumption of control when an acquiring party acquires 10% or more (5% or more, in the case of Florida) of the voting securities of an insurance company or of a company which itself controls an insurance company. Therefore, any person acquiring 10% or more (5% or more, in the case of Florida) of our common stock would need the prior approval of the state insurance regulators of these states, or a determination from such regulators that control has not been acquired.

In this prospectus, references to the Company, Assurant, we, us or our refer to (1) Fortis, Inc., a Nevada corporation, and its subsidiaries and (2) Assurant, Inc., a Delaware corporation, and its subsidiaries after the consummation of the merger for the purpose of redomestication as described under Corporate Structure and Reorganization. Unless we specifically state otherwise or the context suggests otherwise, the information in this prospectus assumes that the merger as described under Corporate Structure and Reorganization has occurred. Unless the context otherwise requires, references to (1) Assurant, Inc. refer solely to Assurant, Inc., a Delaware corporation, and not to any of its subsidiaries, (2) Fortis, Inc. refer solely to Fortis, Inc., a Nevada corporation, and not to any of its subsidiaries, and (3) Fortis refer collectively to Fortis N.V., a public company with limited liability incorporated as naamloze vennootschap under Dutch law, and Fortis SA/NV, a public company with limited liability incorporated as société anonyme/ naamloze vennootschap under Belgian law, the ultimate parent companies of Fortis Insurance N.V., the selling stockholder in this offering. Unless otherwise stated, all figures assume no exercise of the underwriters over-allotment option. Unless we specifically state otherwise or the context otherwise requires, all references to shares to be outstanding after the offering and percentage ownership after the offering, reflect (1) changes that will take place in connection with the merger for the purpose of redomestication that will occur immediately prior to effectiveness of the registration statement of which this prospectus forms a part, including the exchange in the merger of each share of Class A Common Stock of Fortis, Inc. for 10.75882039 shares of Common Stock of Assurant, Inc., (2) the automatic conversion of each share of Class B Common Stock and each share of Class C Common Stock issued in the merger in accordance with its terms simultaneously with the closing of the offering contemplated by this prospectus into shares of Common Stock of Assurant, Inc. based on a liquidation amount of $1,000 per share divided by the public offering price of our common stock, which assuming an initial public offering price of $21 per share, will result in the issuance of 47.619048 shares of Common Stock of Assurant, Inc. per share of Class B Common Stock and Class C Common Stock, (3) the issuance by us of shares of Common Stock of Assurant, Inc. to Fortis Insurance N.V. simultaneously with the closing of the offering contemplated by this prospectus in exchange for the $744 million capital contribution referred to under Corporate Structure and Reorganization based on the public offering price of our common stock which, assuming an initial public offering price of $21 per share, will result in the issuance of 35,428,571 shares of Common Stock of Assurant, Inc.; and (4) the issuance by us of shares of Common Stock of Assurant, Inc. to certain of our officers and directors pursuant to stock grants to be made on the closing of the offering contemplated by this prospectus which, assuming an initial public offering price of $21 per share, will result in the issuance of 72,262 shares of Common Stock of Assurant, Inc. A price of $21 per share is the midpoint of the price range set forth on the cover of this prospectus. The actual number of shares of Common Stock to be issued pursuant to clauses (2) through (4) above will vary depending upon the final public offering price for our common stock. Accordingly, total shares to be outstanding after the offering, percentage ownership after the offering and as adjusted per share data presented in this preliminary prospectus may change depending on the final public offering price for our common stock. For your convenience, we have provided a glossary, beginning on page G-1, of selected insurance and reinsurance terms and have printed these terms in bold-faced type the first time they are used in this prospectus.

United Kingdom

Neither we nor the selling stockholder has authorized any offer of our common stock being offered pursuant to this prospectus to the public in the United Kingdom within the meaning of the Public Offers of Securities Regulation 1995, as amended (the Regulations). Our common stock may not lawfully be offered or sold to persons in the United Kingdom except in circumstances which do not result in an offer to the public in the United Kingdom within the meaning of the Regulations or otherwise in compliance with all applicable provisions of the Regulations.

This document is for distribution only to persons who (i) are outside the United Kingdom, (ii) have professional experience in matters relating to investments, (iii) are persons falling within Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) or Article 60 (participation in employee share schemes) of The Financial Services and Markets Act 2000 (Financial Promotion) Order 2001 (as amended) or (iv) are persons to whom this document may otherwise lawfully be issued or passed on to (all such persons together being referred to as relevant persons). This document must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this document relates is available only to relevant persons and will be engaged in only with relevant persons.

The Netherlands

Our common stock being offered pursuant to this prospectus shall not be offered, transferred or sold in the Netherlands to any person other than to natural or legal persons who trade or invest in securities in the conduct of their profession or trade within the meaning of section 2 of the Exemption Regulation pursuant

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to The Netherlands Securities Market Supervision Act 1995 (Vrijstellingsregeling Wet toezicht effectenverkeer 1995), which includes banks, securities intermediaries (including dealers and brokers), insurance companies, central governments, large international and supernational institutions, pension funds, other institutional investors and commercial enterprises which, as an ancillary activity, regularly invest in securities in the conduct of a business or a profession.

Belgium

Neither we nor the selling stockholder has authorized any offer of our common stock being offered pursuant to this prospectus to the public in Belgium. The offering is exclusively conducted under applicable private placement exemptions and therefore it has not been notified to, and the prospectus or any other offering material relating to our common stock has not been approved by, the Belgium Banking and Finance Commission (Commission Bancaire et Financière / Commissie voor het Bank- en Financiewezen). Accordingly, the offering may not be advertised and no offers, sales, resales, transfers or deliveries of our common stock or any distributions of the prospectus or any other offering material relating to our common stock may be made, directly or indirectly, to any individual or legal entity in Belgium other than: (i) investors required to invest a minimum of 250,000 (per investor and per transaction); (ii) institutional investors as defined in Article 3, 2°, of Belgian Royal Decree of 7 July 1999 on the public character of financial transactions, acting for their own account; and (iii) persons for which the acquisition of the common stock subject to the offering is necessary to enable them to exercise their professional activity.

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PROSPECTUS SUMMARY

This summary highlights information contained elsewhere in this prospectus and may not contain all of the information that may be important to you. Although this summary highlights important information about us and what we believe to be the key aspects of this offering, you should read this summary together with the more detailed information and our financial statements and the notes to those financial statements appearing elsewhere in this prospectus. You should read this entire prospectus carefully, including the Risk Factors and Forward-Looking Statements sections before making an investment decision.

OUR COMPANY

Overview

We pursue a differentiated strategy of building leading positions in specialized market segments for insurance products and related services in North America and selected other markets. We provide:

- creditor-placed **homeowners insurance**;
- manufactured housing homeowners insurance;
- **debt protection** administration;
- **credit insurance**;
- warranties and extended service contracts;
- individual health and small employer group health insurance;
- group dental insurance;
- **group disability insurance**;
- **group life insurance**; and
- **pre-funded funeral insurance**.

The markets we target are generally complex, have a relatively limited number of competitors and, we believe, offer attractive profit opportunities. In these markets, we leverage the experience of our management team and apply our expertise in **risk management**, underwriting and business-to-business management, as well as our technological capabilities in complex administration and systems. Through these activities, we seek to generate above-average returns by building on specialized market knowledge, well-established distribution relationships and economies of scale.

As a result of our strategy, we are a leader in many of our chosen markets and products. We have leadership positions or are aligned with clients who are leaders in creditor-placed homeowners insurance based on servicing volume, manufactured housing homeowners insurance based on number of homes built and debt protection administration based on credit card balances outstanding. We are also a leading writer of group dental plans sponsored by employers based on the number of subscribers and based on the number of **master contracts** in force and the largest writer of pre-funded funeral insurance measured by face amount of new policies sold. We believe that our leadership positions give us a sustainable competitive advantage in our chosen markets.

We currently have four decentralized operating business segments to ensure focus on critical activities close to our target markets and customers, while simultaneously providing centralized support in key functions. Our four operating business segments are: Assurant Solutions, Assurant Health, Assurant Employee Benefits and Assurant PreNeed. Each operating business segment has its own experienced management team with the autonomy to make decisions on key operating matters. These managers are eligible to receive incentive-based compensation based in part on operating business segment performance and in part on company-wide performance, thereby encouraging strong business performance and cooperation across all our businesses. At the operating business segment level, we stress disciplined underwriting, careful analysis and constant improvement and product redesign. At the corporate level, we provide support services, including investment, asset/liability matching and capital management, leadership development, information technology support and other administrative and finance functions, enabling the operating business segments to focus on their target markets and distribution relationships while enjoying the economies of scale realized by operating these businesses together. Also, our overall strategy and financial objectives are set and continuously monitored at the corporate level to ensure that our capital resources are being properly allocated.

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Our Assurant Solutions segment, which we began operating with the acquisition of American Security Group in 1980, provides specialty property solutions and consumer protection solutions. Specialty property solutions primarily include creditor-placed homeowners insurance (including tracking services) and manufactured housing homeowners insurance. Consumer protection solutions primarily include debt protection administration, credit insurance and warranties and extended service contracts. Our Assurant Health segment, which we began operating with the acquisition of Time Holdings, Inc. (now Fortis Insurance Company) in 1978, provides individual health insurance, including short-term and student medical insurance, and small employer group health insurance. Most of the health insurance products we sell are **preferred provider organization (PPO)** plans. In Assurant Employee Benefits, which we began operating with the acquisition of Mutual Benefit Life Group Division (now Fortis Benefits Insurance Company) in 1991, we provide employer- and employee-paid group dental insurance, as well as group disability insurance and group life insurance. In Assurant PreNeed, which we began operating with the acquisition of United Family Life Insurance Company in 1980, we provide pre-funded funeral insurance, which provides **whole life insurance** death benefits or **annuity** benefits used to fund costs incurred in connection with pre-arranged funerals.

We have created strong relationships with our distributors and clients in each of the niche markets we serve. In Assurant Solutions, we have strong long-term relationships in the United States with six of the ten largest mortgage lenders and servicers based on servicing volume, four of the seven largest manufactured housing builders based on number of homes built, four of the six largest general purpose credit card issuers based on credit card balances outstanding and six of the ten largest consumer electronics and appliances retailers based on combined product sales. In Assurant Health, we have exclusive distribution relationships with leading insurance companies based on total assets, through which we gain access to a broad distribution network and a significant number of potential customers, as well as relationships with independent **brokers**. In Assurant Employee Benefits, we distribute our products primarily through our sales representatives who work through independent employee benefits advisors, including brokers and other intermediaries. In Assurant PreNeed, we have an exclusive distribution relationship with Service Corporation International (SCI), the largest funeral provider in North America based on total revenues, as well as relationships with approximately 2,000 funeral homes.

For the nine months ended September 30, 2003, we generated total revenues of $5,239 million and net income of $263 million. For the year ended December 31, 2002, we generated total revenues of $6,532 million, net income before cumulative effect of change in accounting principle of $260 million and net loss of $1,001 million (after giving effect to a cumulative change in accounting principle of $1,261 million). As of September 30, 2003, we had total assets of $22,873 million, including **separate accounts**. For the nine months ended September 30, 2003 and the year ended December 31, 2002, respectively, we had total revenues of $1,978 million and $2,401 million in Assurant Solutions, $1,536 million and $1,912 million in Assurant Health, $1,062 million and $1,455 million in Assurant Employee Benefits and $545 million and $727 million in Assurant PreNeed.

Competitive Strengths

We believe our competitive strengths include:

Leadership Positions in Specialized Markets. We are a market leader in many of our chosen markets, and we believe that our leadership positions provide us with the opportunity to generate high returns in these niche markets.

Strong Relationships with Key Clients and Distributors. As a result of our expertise in business-to-business management, we have created strong relationships with our distributors and clients in each of the niche markets we serve. We believe these relationships enable us to market our products and services to our customers in an effective and efficient manner that would be difficult for our competitors to replicate.

History of Product Innovation and Ability to Adapt to Changing Market Conditions. We are able to adapt quickly to changing market conditions by tailoring our product and service offerings to the specific needs of our clients. By understanding the dynamics of our core markets, we design innovative products and services to seek to sustain profitable growth and market leading positions.

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Disciplined Approach to Underwriting and Risk Management. We focus on generating profitability through careful analysis of risks, drawing on our experience in core specialized markets and continually seeking to improve and redesign our product offerings based on our underwriting experience. In addition, we closely monitor regulatory and market developments and adapt our approach as we deem necessary to achieve our underwriting and risk management goals.

Prudent Capital Management. We focus on generating above-average returns on a risk-adjusted basis from our operating activities. We believe we have benefited from having the discipline and flexibility to deploy capital opportunistically and prudently to maximize returns to our stockholders. We invest capital in our business segments when we identify attractive profit opportunities in our target markets and also take a disciplined approach towards withdrawing capital when businesses are no longer anticipated to meet our expectations.

Diverse Business Mix and Excellent Financial Strength. We have four operating business segments, which are generally not affected in the same way by economic and operating trends. Our domestic operating insurance subsidiaries have financial strength ratings of A (Excellent) or A- (Excellent) from A.M. Best Company (A.M. Best). Ratings of A and A- are the second highest of ten ratings categorie and the highest and lowest, respectively, within the category based on modifiers (i.e., A and A- are Excellent). Six of our domestic operating insurance subsidiaries have financial strength ratings of A2 (Good) or A3 (Good) from Moody s Investors Service, Inc. (Moody s). Ratings of A2 and A3 are the third highest of nine ratings categories and mid-range and the lowest, respectively, within the category based on modifiers (i.e., A1, A2 and A3 are Good). In addition, seven of our domestic operating insurance subsidiaries have financial strength ratings of A (Strong) or A- (Strong) from Standard & Poor s (S&P). Ratings of A and A- are the third highest of ten ratings categories and mid-range and the lowest, respectively, within the category based on modifiers (i.e., A+, A and A- are Strong). We believe our solid capital base and overall financial strength allow us to distinguish ourselves from our competitors and continue to enable us to attract clients that are seeking long-term financial stability.

Experienced Management Team with Proven Track Record and Entrepreneurial Culture. We have a talented and experienced management team both at the corporate level and at each of our business segments. Our management team has successfully managed our business and executed our specialized niche strategy through numerous business cycles and political and regulatory challenges.

Growth Strategy

Our objective is to achieve superior financial performance by enhancing our leading positions in our specialized niche insurance and related businesses. We intend to achieve this objective by continuing to execute the following strategies in pursuit of profitable growth:

Enhance Market Position in Our Business Lines. We have been selective in developing our product and service offerings and will continue to focus on providing products and services to those markets that we believe offer attractive growth opportunities. We will also seek to continue penetrating our target markets and expand our market positions by developing and introducing new products and services that are tailored to the specific needs of our clients.

Develop New Distribution Channels and Strategic Alliances. Our strong, multi-channel distribution network comprised of leading market participants has been critical to our market penetration and growth. We will continue to be selective in developing new distribution channels as we seek to expand our market share, enter new geographic markets and develop new niche businesses.

Deploy Capital and Resources to Maintain Flexibility and Establish or Enhance Market Leading Positions. We seek to deploy our capital and resources in a manner that provides us with the flexibility to grow internally through product development, new distribution relationships and investments in technology, as well as to pursue acquisitions. As we expand through internal growth and acquisitions, we intend to leverage our expertise in risk management, underwriting and business-to-business management, as well as our technological capabilities in running complex administration systems and support services.

Maintain Disciplined Pricing Approach. We intend to maintain our disciplined pricing approach by seeking to focus on profitable products and markets and by pursuing a flexible approach to product design. We will continue to pursue pricing strategies and adjust our mix of businesses by geography and by product so that we can maintain attractive pricing and margins.

Continue to Manage Capital Prudently. We intend to manage our capital prudently relative to our risk exposure to maximize profitability and long-term growth in stockholder value. Our capital management strategy is to maintain financial strength through conservative and disciplined risk management practices. We will also maintain our conservative investment portfolio management philosophy and properly manage our invested assets in order to match the duration of our insurance product liabilities.

Risks Relating to Our Company

As part of your evaluation of our Company, you should take into account the risks associated with our business. These risks include:

Reliance on Relationships with Significant Clients, Distributors and Other Parties. If our significant clients, distributors and other parties with which we do business decline to renew or seek to terminate our relationships or contractual arrangements, our results of operations and financial condition could be materially adversely affected. We are also subject to the risk that these parties may face financial difficulties, reputational issues or problems with respect to their own products and services, which may lead to decreased sales of products and services.

Failure to Attract and Retain Sales Representatives or Develop and Maintain Distribution Sources. Our sales representatives interface with clients and third party distributors. Our inability to attract and retain our sales representatives or an interruption in, or changes to, our relationships with various third-party distributors could impair our ability to compete and market our insurance products and services and materially adversely affect our results of operations and financial condition. In addition, our ability to market our products and services depends on our ability to tailor our channels of distribution to comply with changes in the regulatory environment.

Effect of General Economic, Financial Market and Political Conditions. Our results of operations and financial condition may be materially adversely affected by general economic, financial market and political conditions, including:

- insurance industry cycles;
- levels of employment;
- levels of consumer lending;
- levels of inflation and movements of the financial markets;
- fluctuations in interest rates;
- monetary policy;
- demographics; and
- legislative and competitive factors.

Failure to Accurately Predict Benefits and Other Costs and Claims. We may be unable to accurately predict benefits, **claims** and other costs or to manage such costs through our loss limitation methods, which could have a material adverse effect on our results of operations and financial condition if claims substantially exceed our expectations.

Changes in Regulation. Legislation or other regulatory reform that increases the regulatory requirements imposed on us or that changes the way we are able to do business may significantly harm our business or results of operations in the future.

For more information about these and other risks, see Risk Factors beginning on page 13. You should carefully consider these risk factors together with all the other information included in this prospectus.

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OUR CORPORATE STRUCTURE AND REORGANIZATION

Assurant, Inc. is a Delaware corporation and is currently a wholly owned subsidiary of Fortis, Inc. Assurant, Inc. has had no operations and nominal financial activity and will be used solely for the purpose of the redomestication of Fortis, Inc., which is organized as a Nevada corporation and of which 100% of the outstanding common stock is currently indirectly owned by Fortis N.V. and Fortis SA/NV. Prior to the effectiveness of the registration statement of which this prospectus forms a part, we will effectuate a merger of Fortis, Inc. with and into Assurant, Inc. for the purpose of redomesticating Fortis, Inc. in Delaware. As a result of the merger, Assurant, Inc. will be domiciled in Delaware and will be the successor to the business, operations and obligations of Fortis, Inc. After the merger, our company will use the name Assurant, Inc. The ongoing operations of Assurant, Inc. will effectively be comprised of the existing operations of Fortis, Inc. and its subsidiaries.

In connection with the merger:

- each share of the existing Class A Common Stock of Fortis, Inc. will be exchanged for 10.75882039 shares of Common Stock of Assurant, Inc.;
- each share of the existing Class B Common Stock of Fortis, Inc. will be exchanged for one share of Class B Common Stock of Assurant, Inc.;
- each share of the existing Class C Common Stock of Fortis, Inc. will be exchanged for one share of Class C Common Stock of Assurant, Inc.;
- each share of the existing Series B Preferred Stock of Fortis, Inc. will be exchanged for one share of Series B Preferred Stock of Assurant, Inc.; and
- each share of the existing Series C Preferred Stock of Fortis, Inc. will be exchanged for one share of Series C Preferred Stock of Assurant, Inc.

In addition, in connection with the offering contemplated by this prospectus:

- we entered into a $650 million senior bridge credit facility in December 2003 and incurred $650 million aggregate principal amount of indebtedness under the facility in connection with the repayments and redemptions described below and for general corporate purposes;
- we entered into a $1,100 million senior bridge credit facility in December 2003 and incurred $1,100 million aggregate principal amount of indebtedness under the facility in connection with the repayments and redemptions described below and for general corporate purposes;
- we will receive a $744 million capital contribution from Fortis Insurance N.V. immediately prior to or simultaneously with the closing of the offering contemplated by this prospectus and will use the proceeds of that capital contribution to repay the $650 million of outstanding indebtedness under the $650 million senior bridge credit facility and $94 million of outstanding indebtedness under the $1,100 million senior bridge credit facility, and simultaneously with the closing of the offering contemplated by this prospectus, we will also repay a portion of the $1,100 million senior bridge credit facility with $31 million in cash;
- we will issue shares of Common Stock of Assurant, Inc. to Fortis Insurance N.V. simultaneously with the closing of the offering contemplated by this prospectus in exchange for the $744 million capital contribution referred to above based on the public offering price of our common stock which, assuming an initial public offering price of $21 per share (the midpoint of the price range set forth on the cover of this prospectus), will result in the issuance of 35,428,571 shares of Common Stock of Assurant, Inc.;
- we redeemed the outstanding $550 million aggregate liquidation amount of 2000 trust capital securities in December 2003 at 100% of the liquidation amount thereof plus (i) accrued interest to the date of redemption and (ii) premium of approximately $73 million;

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- we redeemed the outstanding $699.9 million aggregate liquidation amount of 1999 trust capital securities in December 2003 at 100% of the liquidation amount thereof plus (i) accrued interest to the date of redemption and (ii) premium of approximately $64 million; we redeemed such securities partially with the proceeds of a four-day loan for $650 million that we repaid in December 2003;

- we redeemed the outstanding $196.2 million aggregate liquidation amount of 1997 capital securities in January 2004 at 100% of the liquidation amount thereof plus (i) accrued interest to the date of redemption and (ii) premium of approximately $67 million; and

- each outstanding share of Class B Common Stock and Class C Common Stock of Assurant, Inc. issued in the merger in accordance with its terms simultaneously with the closing of the offering contemplated by this prospectus will be automatically converted into shares of Common Stock of Assurant, Inc. based on a liquidation amount of $1,000 per share divided by the public offering price of our common stock, which assuming an initial public offering price of $21 per share (the midpoint of the price range set forth on the cover of this prospectus), will result in the issuance of 47.619048 shares of Common Stock of Assurant, Inc. per share of Class B Common Stock and Class C Common Stock.

We also intend to repay the $975 million remaining principal amount to be outstanding under the $1,100 senior bridge credit facility with the proceeds of the incurrence of senior long-term indebtedness following the offering.

The purpose of the foregoing transactions is to simplify our capital structure in anticipation of becoming a public company. In addition, we redeemed our indebtedness owed to Fortis in anticipation of Fortis reducing its stock ownership in our Company. The senior bridge credit facilities were entered into in order to fund the redemptions and for general corporate purposes. We will receive the capital contribution from Fortis Insurance N.V. to repay in full the $650 million senior bridge credit facility and to reduce amounts outstanding under the $1,100 million senior bridge credit facility immediately prior to or simultaneously with the closing of the offering contemplated by this prospectus.

See Capitalization.

Assurant, Inc. was incorporated in October 2003. Fortis, Inc. was incorporated in April 1969. Our principal executive offices are located at One Chase Manhattan Plaza, 41st Floor, New York, New York 10005. Our telephone number is 212-859-7000.

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OUR RELATIONSHIP WITH FORTIS

Fortis currently indirectly owns 100% of our outstanding common stock. Upon completion of this offering, we estimate that Fortis will own approximately 45% of our outstanding common stock, or approximately 37% if the underwriters exercise their over-allotment option in full, assuming an initial public offering price of $21 per share, which is the midpoint of the price range set forth on the cover of this prospectus. Fortis will have the right to nominate designees to our board of directors and, subject to limited exceptions, our board of directors will nominate those designees as follows: (i) so long as Fortis owns at least 10% of our outstanding common stock, two designees (out of a maximum of 12 directors); and (ii) so long as Fortis owns less than 10% but at least 5% of our outstanding common stock, one designee. Currently, Fortis has five designees on our board of directors. As Fortis ownership is expected to fall below 50%, three Fortis designees are expected to resign from our board of directors upon the consummation of the offering contemplated by this prospectus.

For so long as Fortis continues to own shares of common stock representing more than one-third of the voting power of our outstanding capital stock entitled to vote on the matter, it will have the power to block a merger or sale of all or substantially all of our assets. In addition, as long as Fortis owns at least 10% of our outstanding common stock, certain significant corporate actions may only be taken with the approval of Fortis Insurance N.V., as stockholder. In addition, we may have conflicts of interest with Fortis that may be resolved in a manner that is unfavorable to us. See Risk Factors Risks Related to Our Relationship with and Separation from Fortis, Description of Share Capital Anti-takeover Effects of Certain Provisions of the Certificate of Incorporation, By-Laws and Delaware General Corporation Law Certificate of Incorporation and By-Laws, Description of Share Capital Shareholders Agreement, Certain Relationships and Related Transactions Shareholders Agreement and Certain Relationships and Related Transactions Cooperation Agreement.

Fortis has advised us that it intends to divest its ownership interest in our Company completely over a period of time. However, Fortis is not subject to any contractual obligation to sell any additional shares of our common stock and, subject to limited exceptions, may not sell or otherwise dispose of any shares for a period of 180 days after the date of this prospectus without the prior written consent of Morgan Stanley & Co. Incorporated on behalf of the underwriters. See Certain Relationships and Related Transactions, Description of Share Capital Shareholders Agreement, Description of Share Capital Registration Rights, Shares Eligible For Future Sale and Underwriting.

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THE OFFERING

Common stock offered by the selling stockholder	80,000,000 shares
Common stock to be outstanding after this offering(1)	145,072,262 shares
Over-allotment option	12,000,000 shares to be offered by the selling stockholder if the underwriters exercise the over-allotment option in full.
Use of proceeds	We will not receive any of the proceeds from the sale of shares by the selling stockholder. The selling stockholder will receive all net proceeds from the sale of the shares of our common stock in this offering.
Dividend policy	Our board of directors currently intends to authorize the payment of a dividend of $0.07 per share of common stock per quarter to our stockholders of record beginning in the second quarter of 2004. Any determination to pay dividends will be at the discretion of our board of directors and will be dependent upon our subsidiaries payment of dividends and/or other statutorily permissible payments to us, our results of operations and cash flows, our financial position and capital requirements, general business conditions, any legal, tax, regulatory and contractual restrictions on the payment of dividends and any other factors our board of directors deems relevant.
New York Stock Exchange symbol	AIZ

(1) The number of shares of common stock shown to be outstanding after the offering reflects the effects of the merger, conversion, capital contribution and stock grants described above and assumes an initial public offering price of $21 per share, which is the midpoint of the price range set forth on the cover of this prospectus.

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SUMMARY CONSOLIDATED FINANCIAL INFORMATION

The following table sets forth our summary historical consolidated financial information for the periods ended and as of the dates indicated. Assurant, Inc. is a Delaware corporation and is currently a wholly owned subsidiary of Fortis, Inc. Assurant, Inc. has had no operations and nominal financial activity and will be used solely for the purpose of the redomestication of Fortis, Inc., which is organized as a Nevada corporation and of which 100% of the outstanding common stock is currently indirectly owned by Fortis N.V. and Fortis SA/NV. Prior to the effectiveness of the registration statement of which this prospectus forms a part, we will effectuate a merger of Fortis, Inc. with and into Assurant, Inc. for the purpose of redomesticating Fortis, Inc. in Delaware. As a result of the merger, Assurant, Inc. will be domiciled in Delaware and will be the successor to the business, operations and obligations of Fortis, Inc. After the merger, our company will use the name Assurant, Inc. The ongoing operations of Assurant, Inc. will effectively be comprised of the existing operations of Fortis, Inc. and its subsidiaries.

The summary consolidated statement of operations data for each of the three years in the period ended December 31, 2002 are derived from the audited consolidated financial statements of Fortis, Inc. and its consolidated subsidiaries included elsewhere in this prospectus, which have been prepared in accordance with **generally accepted accounting principles** in the United States (**GAAP**). The summary consolidated statement of operations data for the nine months ended September 30, 2003 and September 30, 2002 and the summary consolidated balance sheet data at September 30, 2003 are derived from the unaudited interim financial statements of Fortis, Inc. and its consolidated subsidiaries included elsewhere in this prospectus. The unaudited interim financial statements have been prepared on the same basis as the audited consolidated financial statements of Fortis, Inc. and in our opinion, include all adjustments consisting only of normal recurring adjustments, that we consider necessary for a fair statement of our results of operations and financial condition for these periods and as of such dates. These historical results are not necessarily indicative of expected results for any future period. The results for the nine months ended September 30, 2003 are not necessarily indicative of results to be expected for the full year. You should read the following summary consolidated financial information together with the other information contained in this prospectus, including Management s Discussion and Analysis of Financial Condition and Results of Operations and the consolidated financial statements and related notes included elsewhere in this prospectus.

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	For the Nine Months Ended September 30,		For the Year Ended December 31,		
	2003	2002	2002	2001	2000
	(in thousands, except share amounts and per share data)				
Summary Consolidated Statement of Operations Data:					
Revenues					
Net earned premiums and other considerations	$ 4,533,503	$ 4,217,145	$ 5,681,596	$ 5,242,185	$ 5,144,375
Net investment income	456,608	472,324	631,828	711,782	690,732
Net realized gains (losses) on investments	14,808	(92,407)	(118,372)	(119,016)	(44,977)
Amortization of deferred gain on disposal of businesses	52,235	59,941	79,801	68,296	10,284
Gain on disposal of businesses		10,672	10,672	61,688	11,994
Fees and other income	181,588	182,741	246,675	221,939	399,571
Total revenues	5,238,742	4,850,416	6,532,200	6,186,874	6,211,979
Benefits, losses and expenses					
Policyholder benefits	2,657,193	2,560,851	3,429,145	3,238,925	3,208,054
Amortization of deferred acquisition costs and value of businesses acquired	732,657	671,577	876,185	875,703	766,904
Underwriting, general and administrative expenses	1,367,289	1,244,185	1,738,077	1,620,931	1,801,196
Amortization of goodwill				113,300	106,773
Interest expense				14,001	24,726
Distributions on preferred securities of subsidiary trusts	87,854	88,122	118,396	118,370	110,142
Total benefits, losses and expenses	4,844,993	4,564,735	6,161,803	5,981,230	6,017,795
Income before income taxes	393,749	285,681	370,397	205,644	194,184
Income taxes	130,464	86,349	110,657	107,591	104,500
Net income before cumulative effect of change in accounting principle	263,285	199,332	$ 259,740	$ 98,053	$ 89,684
Cumulative effect of change in accounting principle		(1,260,939)	(1,260,939)		

Net income (loss)	$ 263,285	$ (1,061,607)	$ (1,001,199)	$ 98,053	$ 89,684
Per Share Data:					
Net income (loss) per share	$ 31.72	$ (127.90)	$ (120.63)	$ 11.81	$ 10.93
As adjusted net income (loss) per share(1)	$ 2.40	$ (9.69)	$ (9.14)	$ 0.89	$ 0.85
Weighted average of basic and diluted shares of common stock outstanding	8,300,002	8,300,002	8,300,002	8,300,002	8,208,335
As adjusted weighted average of basic and diluted shares of common stock outstanding(1)	109,571,430	109,571,430	109,571,430	109,571,430	105,206,334
Dividends per share:					
Class A Common Stock(2)	$ 17.98	$	$	$ 8.65	$
Class B Common Stock(3)	74.69	74.69	74.69	75.44	37.66
Class C Common Stock(4)	76.68	76.68	76.68	77.45	38.65

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	At September 30, 2003	
	Actual	As Adjusted(5)
	(in thousands, except share amounts and per share data)	
Summary Consolidated Balance Sheet Data:		
Cash and cash equivalents and investments	$11,155,385	$11,224,311
Total assets	22,873,297	22,942,223
Policy liabilities(6)	12,780,855	12,780,855
Debt		975,000
Mandatorily redeemable preferred securities of subsidiary trusts(7)	1,446,074	
Mandatorily redeemable preferred stock	24,160	24,160
Total stockholders equity	$ 2,753,223	$ 3,364,623
Per Share Data:		
Total book value per share(8)	$ 331.71	$ 23.19(9)

(1) Reflects only the following events as if such events had occurred at the beginning of the period indicated:

the exchange of each existing share of Class A Common Stock of Fortis, Inc. for 10.75882039 shares of Common Stock of Assurant, Inc. in the merger for the purpose of redomestication; and

the automatic conversion of each share of Class B Common Stock and each share of Class C Common Stock issued in the merger in accordance with its terms simultaneously with the closing of the offering contemplated by this prospectus into shares of Common Stock of Assurant, Inc. based on a liquidation amount of $1,000 per share divided by the public offering price of our common stock, which assuming an initial public offering price of $21 per share (the midpoint of the price range set forth on the cover of this prospectus), will result in the issuance of 47.619048 shares of Common Stock of Assurant, Inc. per share of Class B Common Stock and Class C Common Stock.

(2) For each of the periods and dates presented, 7,750,000 shares of Class A Common Stock were issued and outstanding; these shares are held by Fortis Insurance N.V., Fortis (US) Funding Partners I LP and Fortis (US) Funding Partners II LP. Each existing share of Class A Common Stock of Fortis, Inc. will be exchanged for 10.75882039 shares of Common Stock of Assurant, Inc. in connection with the merger of Fortis, Inc. with and into Assurant, Inc. and accordingly, the dividends per share data presented may not be meaningful.

(3) For each of the periods and dates presented, 150,001 shares of Class B Common Stock were issued and outstanding, which were issued as a stock dividend; these shares are held by Fortis (US) Funding Partners I LP.

(4) For each of the periods and dates presented, 400,001 shares of Class C Common Stock were issued and outstanding, which were issued as a stock dividend; these shares are held by Fortis (US) Funding Partners II LP.

(5) The as adjusted balance sheet data as of September 30, 2003 reflects the following events as if such events had occurred on September 30, 2003:

the incurrence by us in December 2003 of $1,750 million aggregate principal amount of indebtedness under two senior bridge credit facilities entered into by us, and the subsequent repayment of one of the facilities in full and a portion of the other with $31 million in cash together with the proceeds of a $744 million capital contribution to be received by us from Fortis Insurance N.V. immediately prior to or simultaneously with the closing of the offering contemplated by this prospectus;

the issuance by us of shares of Common Stock of Assurant, Inc. to Fortis Insurance N.V. simultaneously with the closing of the offering contemplated by this prospectus in exchange for the $744 million capital contribution referred to above based on the public offering price of our common stock which, assuming an initial public offering price of $21 per share (the midpoint of the price range set forth on the cover of this prospectus), will result in the issuance of 35,428,571 shares of Common Stock of Assurant, Inc.;

the redemption by us of the mandatorily redeemable preferred securities of subsidiary trusts at 100% of the liquidation amount thereof plus (i) accrued interest to the date of redemption and (ii) aggregate premium of approximately $204 million, which occurred in December 2003 and January 2004;

the consummation of the merger described under Corporate Structure and Reorganization, which will occur immediately prior to the effectiveness of the registration statement of which this prospectus forms a part, including the exchange in the merger of each share of Class A Common Stock of Fortis, Inc. having a par value of $0.10 per share for 10.75882039 shares of Common Stock of Assurant, Inc. having a par value of $0.01 per share;

the automatic conversion of each share of Class B Common Stock and each share of Class C Common Stock issued in the merger in accordance with its terms simultaneously with the closing of the offering contemplated by this prospectus into shares of Common Stock of Assurant, Inc. based on a liquidation amount of $1,000 per share divided by the public offering price of our common stock, which assuming an initial public offering price of $21 per share (the midpoint of the price range set forth on the cover of this prospectus), will result in the issuance of 47.619048 shares of Common Stock of Assurant, Inc. per share of Class B Common Stock and Class C Common Stock; and

the issuance by us of shares of Common Stock of Assurant, Inc. to certain of our officers and directors pursuant to stock grants to be made on the closing of the offering contemplated by this prospectus, which assuming an initial public offering price of $21 per share (the midpoint of the price range set forth on the cover of this prospectus), will result in the issuance of 72,262 shares of Common Stock of Assurant, Inc.

See Capitalization.

(6) Policy liabilities include future policy benefits and expenses, unearned premiums and claims and benefits payable.

(7) The proceeds from the sale of each of these securities were used by the applicable subsidiary trusts to purchase our subordinated debentures, which are eliminated upon consolidation. See Certain Relationships and Related Transactions.

(8) Actual total book value per share based on total stockholders equity divided by 8,300,002 shares issued and outstanding, and, as adjusted total book value per share based on as adjusted total stockholders equity divided by as adjusted 145,072,262 shares issued and outstanding.

(9) Total stockholders equity divided by as adjusted weighted average of basic and diluted shares of common stock outstanding adjusted solely for the events described in footnote (1) above would be $25.13 at September 30, 2003.

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RISK FACTORS

An investment in our common stock involves a number of risks. You should carefully consider the following information about these risks, together with the other information contained in this prospectus, before investing in our common stock. Any of the events or circumstances described as risks below could result in a significant or material adverse effect on our business, results of operations or financial condition and a corresponding decline in the market price of our common stock.

Risks Related to Our Company

Our profitability may decline if we are unable to maintain our relationships with significant clients, distributors and other parties important to the success of our business.

Our relationships and contractual arrangements with significant clients, distributors and other parties with which we do business are important to the success of our business segments. Many of these arrangements are exclusive. For example, in Assurant Solutions, we have exclusive relationships with several mortgage lenders and servicers, retailers, credit card issuers and other financial institutions through which we distribute our products. In Assurant Health, we have exclusive distribution relationships for our individual health insurance products with Insurance Placement Services, Inc. (IPSI), a wholly owned subsidiary of State Farm Mutual Automobile Insurance Company (State Farm), United Services Automobile Association (USAA) and Mutual of Omaha, as well as a relationship with Health Advocates Alliance, the **association** through which we provide many of our individual health insurance products, through Assurant Health s agreement dated September 1, 2003 with its administrator, National Administration Company, Inc. The agreement that provides for our exclusive distribution relationship with IPSI terminates in July 2004, but may be extended if agreed to by both parties. We also maintain contractual relationships with several separate networks of health and dental care providers, each referred to as a PPO, through which we obtain discounts. In Assurant PreNeed, we have an exclusive distribution relationship with SCI. Many of these arrangements have terms ranging from one to five years. Although we believe we have generally been successful in maintaining our client, distribution and related relationships, if these parties decline to renew or seek to terminate these arrangements, our results of operations and financial condition could be materially adversely affected. In addition, we are subject to the risk that these parties may face financial difficulties, reputational issues or problems with respect to their own products and services, which may lead to decreased sales of our products and services. Moreover, if one or more of our clients or distributors consolidate or align themselves with other companies, we may lose business or suffer decreased revenues. A loss of the discount arrangements with PPOs could also lead to higher medical or dental costs and/or a loss of members to other medical or dental plans.

For example, Assurant Solutions lost a few clients over the last three years as a result of bankruptcies and termination of contracts either by it or its clients; however, none of the clients lost was significant to its business. At Assurant Health, client turnover increased slightly over the last three years from issues related to the slowing economy, particularly in 2001 through early 2003; however, none of the clients lost was significant to its business. Similar to Assurant Health, Assurant Employee Benefits client turnover increased slightly over the last three years from issues related to the slowing economy, particularly in 2001 through early 2003, such as companies going out of business and businesses no longer providing benefits; however, none of the clients lost was significant to its business. Assurant PreNeed terminated several client relationships with three funeral home groups in 2003 because of profitability issues with the business; none of the clients terminated was significant to its business.

Sales of our products and services may be reduced if we are unable to attract and retain sales representatives or develop and maintain distribution sources.

We distribute our insurance products and services through a variety of distribution channels, including:

- independent employee benefits specialists;
- brokers;
- managing general agents;

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- life agents;
- financial institutions;
- funeral directors;
- association groups; and
- other third-party marketing organizations.

We do not distribute our insurance products and services through captive or affiliated agents except for a small number of affiliated agents at Assurant Health. Our relationships with these various distributors are significant both for our revenues and profits. In Assurant Health, we depend in large part on the services of independent agents and brokers and on associations, including Health Advocates Alliance, in the marketing of our products. In Assurant Employee Benefits, independent agents and brokers who act as advisors to our customers, market and distribute our products. Independent agents and brokers are typically not exclusively dedicated to us and usually also market products of our competitors. Strong competition exists among insurers to form relationships with agents and brokers of demonstrated ability. We compete with other insurers for sales representatives, agents and brokers primarily on the basis of our financial position, support services, compensation and product features. In addition, by relying on independent agents and brokers to distribute products for us, we face continued competition from our competitors products. Moreover, our ability to market our products and services depends on our ability to tailor our channels of distribution to comply with changes in the regulatory environment. Recently, the marketing of health insurance through association groups has come under increased scrutiny. An interruption in, or changes to, our relationships with various third-party distributors or our inability to respond to regulatory changes could impair our ability to compete and market our insurance products and services and materially adversely affect our results of operations and financial condition.

We have our own sales representatives whose role in the distribution process varies by segment. We depend in large part on our sales representatives to develop and maintain client relationships. Our inability to attract and retain effective sales representatives could materially adversely affect our results of operations and financial condition.

General economic, financial market and political conditions may adversely affect our results of operations and financial condition.

Our results of operations and financial condition may be materially adversely affected from time to time by general economic, financial market and political conditions. These conditions include economic cycles such as:

- insurance industry cycles;
- levels of employment;
- levels of consumer lending;
- levels of inflation; and
- movements of the financial markets.

Fluctuations in interest rates, monetary policy, demographics, and legislative and competitive factors also influence our performance. During periods of economic downturn:

- individuals and businesses may choose not to purchase our insurance products and other related products and services, may terminate existing policies or contracts or permit them to lapse, may choose to reduce the amount of coverage purchased or, in Assurant Employee Benefits and in small group employer health insurance in Assurant Health, may have fewer employees requiring insurance coverage due to rising unemployment levels;
- new **disability insurance** claims and claims on other specialized insurance products tend to rise;

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there is a higher **loss ratio** on credit card and installment loan insurance due to rising unemployment levels; and

insureds tend to increase their utilization of health and dental benefits if they anticipate becoming unemployed or losing benefits.

In addition, general inflationary pressures may affect the costs of medical and dental care, as well as repair and replacement costs on our real and personal property lines, increasing the costs of paying claims. Inflationary pressures may also affect the costs associated with our pre-funded funeral insurance policies, particularly those that are guaranteed to grow with the **Consumer Price Index**.

Our actual claims losses may exceed our reserves for claims, which may require us to establish additional reserves that may materially reduce our earnings, profitability and capital.

We maintain **reserves** to cover our estimated ultimate exposure for claims and claim adjustment expenses with respect to reported and unreported claims incurred but not reported as of the end of each accounting period. Reserves, whether calculated under GAAP or **statutory accounting principles (SAP)**, do not represent an exact calculation of exposure, but instead represent our best estimates, generally involving actuarial projections at a given time, of what we expect the ultimate settlement and administration of a claim or group of claims will cost based on our assessment of facts and circumstances then known. The adequacy of reserves will be impacted by future trends in claims severity, frequency, judicial theories of liability and other factors. These variables are affected by both external and internal events, such as:

changes in the economic cycle;

changes in the social perception of the value of work;

emerging medical perceptions regarding physiological or psychological causes of disability;

emerging health issues and new methods of treatment or accommodation;

inflation;

judicial trends;

legislative changes; and

claims handling procedures.

Many of these items are not directly quantifiable, particularly on a prospective basis. Reserve estimates are refined as experience develops. Adjustments to reserves, both positive and negative, are reflected in the statement of operations of the period in which such estimates are updated. Because establishment of reserves is an inherently uncertain process involving estimates of future losses, there can be no certainty that ultimate losses will not exceed existing claims reserves. During the past three years, we did not experience substantial deviations in actual claims losses from reserve estimates previously established. However, future loss development could require reserves to be increased, which could have a material adverse effect on our earnings in the periods in which such increases are made.

We may be unable to accurately predict benefits, claims and other costs or to manage such costs through our loss limitation methods, which could have a material adverse effect on our results of operations and financial condition.

Our profitability depends in large part on accurately predicting benefits, claims and other costs, including medical and dental costs, and predictions regarding the frequency and magnitude of claims on our disability and property coverages. It also depends on our ability to manage future benefit and other costs through product design, underwriting criteria, **utilization review** or **claims management** and, in health and dental insurance, negotiation of favorable provider contracts. The aging of the population and other demographic characteristics and advances in medical technology continue to contribute to rising health care costs. Our

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ability to predict and manage costs and claims, as well as our business, results of operations and financial condition may be adversely affected by:

- changes in health and dental care practices;
- inflation;
- new technologies;
- the cost of prescription drugs;
- clusters of high cost cases;
- changes in the regulatory environment;
- economic factors;
- the occurrence of catastrophes; and
- numerous other factors affecting the cost of health and dental care and the frequency and severity of claims in all our business segments.

The judicial and regulatory environments, changes in the composition of the kinds of work available in the economy, market conditions and numerous other factors may also materially adversely affect our ability to manage claim costs. As a result of one or more of these factors or other factors, claims could substantially exceed our expectations, which could have a material adverse effect on our results of operations and financial condition.

As industry practices and legal, judicial, social and other environmental conditions change, unexpected and unintended issues relating to claims and coverage may emerge. These issues could materially adversely affect our results of operations and financial condition by either extending coverage beyond our underwriting intent or by increasing the number or size of claims or both. We may be limited in our ability to respond to such changes, by insurance regulations, existing contract terms, contract filing requirements, market conditions or other factors.

Our investment portfolio is subject to several risks that may diminish the value of our invested assets and affect our sales and profitability.

Our investment portfolio may suffer reduced returns or losses that could reduce our profitability.

Investment returns are an important part of our overall profitability and significant fluctuations in the fixed income market could impair our profitability, financial condition and/or cash flows. Our investments are subject to market-wide risks and fluctuations, as well as to risks inherent in particular securities. In particular, volatility of claims may force us to liquidate securities prior to maturity, which may cause us to incur capital losses. If we do not structure our investment portfolio so that it is appropriately matched with our insurance liabilities, we may be forced to liquidate investments prior to maturity at a significant loss to cover such liabilities. For the nine month period ended September 30, 2003, our net investment income was $457 million and our net realized gains on investments were $15 million, which collectively accounted for approximately 9% of our total revenues during such period. For the year ended December 31, 2002, our net investment income was $632 million and our net realized losses on investments were $118 million, which collectively accounted for approximately 8% of our total revenues during such period.

The performance of our investment portfolio is subject to fluctuations due to changes in interest rates and market conditions.

Changes in interest rates can negatively affect the performance of some of our investments. Interest rate volatility can reduce unrealized gains or create unrealized losses in our portfolios. Interest rates are highly sensitive to many factors, including governmental monetary policies, domestic and international economic and political conditions and other factors beyond our control. Fluctuations in interest rates affect our returns on, and the market value of, fixed maturity and short-term investments, which comprised $9,177 million, or 86%, 16

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of the fair value of our total investments as of September 30, 2003 and $8,720 million, or 87%, as of December 31, 2002.

The fair market value of the fixed maturity securities in our portfolio and the investment income from these securities fluctuate depending on general economic and market conditions. The fair market value generally increases or decreases in an inverse relationship with fluctuations in interest rates, while net investment income realized by us from future investments in fixed maturity securities will generally increase or decrease with interest rates. In addition, actual net investment income and/or cash flows from investments that carry prepayment risk, such as mortgage-backed and other asset-backed securities, may differ from those anticipated at the time of investment as a result of interest rate fluctuations. In periods of declining interest rates, mortgage prepayments generally increase and mortgage-backed securities, commercial mortgage obligations and bonds in our investment portfolio are more likely to be prepaid or redeemed as borrowers seek to borrow at lower interest rates, and we may be required to reinvest those funds in lower interest-bearing investments. As of September 30, 2003, mortgage-backed and other asset-backed securities represented approximately $2,024 million, or 19%, of the fair value of our total investments.

Because substantially all of our fixed maturity securities are classified as available for sale, changes in the market value of these securities are reflected in our balance sheet. Similar treatment is not available for liabilities. Therefore, interest rate fluctuations affect the value of our investments and could materially adversely affect our results of operations and financial condition.

We employ asset/ liability matching strategies to reduce the adverse effects of interest rate volatility and to ensure that cash flows are available to pay claims as they become due. Our asset/ liability matching strategies include:

- asset/liability duration management;
- structuring our bond and commercial mortgage loan portfolios to limit the effects of prepayments; and
- consistent monitoring of, and appropriate changes to, the pricing of our products.

However, these strategies may fail to eliminate or reduce the adverse effects of interest rate volatility, and no assurances can be given that significant fluctuations in the level of interest rates will not have a material adverse effect on our results of operations and financial condition.

In addition, Assurant PreNeed generally writes whole life insurance policies with increasing death benefits and obtains much of its profits through interest rate spreads. Interest rate spreads refer to the difference between the death benefit growth rates on pre-funded funeral insurance policies and the investment returns generated on the assets we hold related to those policies. As of September 30, 2003, approximately 82% of Assurant PreNeed s in force insurance policy reserves related to policies that provide for death benefit growth, some of which provide for minimum death benefit growth pegged to changes in the Consumer Price Index. In extended periods of declining interest rates or high inflation, there may be compression in the spread between Assurant PreNeed s death benefit growth rates and its investment earnings. As a result, declining interest rates or high inflation rates may have a material adverse effect on our results of operations and our overall financial condition.

Assurant Employee Benefits calculates reserves for long-term disability and life **waiver of premium** claims using net present value calculations based on current interest rates at the time claims are funded and expectations regarding future interest rates. If interest rates decline, reserves for open and/or new claims would need to be calculated using lower discount rates thereby increasing the net present value of those claims and the required reserves. Depending on the magnitude of the decline, this could have a material adverse effect on our results of operations and financial condition. In addition, investment income may be lower than that assumed in setting premium rates.

Our investment portfolio is subject to credit risk.

We are subject to credit risk in our investment portfolio, primarily from our investments in corporate bonds and preferred stocks. Defaults by third parties in the payment or performance of their obligations could reduce our investment income and realized investment gains or result in investment losses. Further, the value of any particular fixed maturity security is subject to impairment based on the creditworthiness of a given issuer. As of September 30, 2003, we held $8,848 million of fixed maturity securities, or 83% of the fair value of our total invested assets at such date. Our fixed maturity portfolio also includes below investment grade securities, which comprised 6% of the fair value of our total fixed maturity securities at September 30, 2003 and December 31, 2002. These investments generally provide higher expected returns but present greater risk and can be less liquid than investment grade securities. A significant increase in defaults and impairments on our fixed maturity securities portfolio could materially adversely affect our results of operations and financial condition. Other-than-temporary impairment losses on our available for sale securities totaled $17 million for the nine months ended September 30, 2003 and $85 million for the year ended December 31, 2002.

As of September 30, 2003, less than 1% of the fair value of our total investments was invested in common stock; however, we have had higher percentages in the past and may make more such investments in the future. Investments in common stock generally provide higher expected total returns, but present greater risk to preservation of principal than our fixed income investments.

In addition, while currently we do not utilize derivative instruments to hedge or manage our interest rate or equity risk, we may do so in the future. Derivative instruments generally present greater risk than fixed income investments or equity investments because of their greater sensitivity to market fluctuations. Effective as of August 1, 2003, we utilize derivative instruments in managing Assurant PreNeed s exposure to inflation risk. While these instruments seek to protect a portion of Assurant PreNeed s existing business that is tied to the Consumer Price Index, a sharp increase in inflation could have a material adverse effect on our results of operations and financial condition.

Our commercial mortgage loans and real estate investments subject us to liquidity risk.

As of September 30, 2003, commercial mortgage loans on real estate investments represented approximately 8% of the fair value of our total investments. These types of investments are relatively illiquid, thus increasing our liquidity risk. In addition, if we require extremely large amounts of cash on short notice, we may have difficulty selling these investments at attractive prices, in a timely manner, or both.

The risk parameters of our investment portfolio may not target an appropriate level of risk, thereby reducing our profitability and diminishing our ability to compete and grow.

We seek to earn returns on our investments to enhance our ability to offer competitive rates and prices to our customers. Accordingly, our investment decisions and objectives are a function of the underlying risks and product profiles of each of our business segments. However, we may not succeed in targeting an appropriate overall risk level for our investment portfolio. As a result, the return on our investments may be insufficient to meet our profit targets over the long-term, thereby reducing our profitability. If in response we choose to increase our product prices to maintain profitability, we may diminish our ability to compete and grow.

Environmental liability exposure may result from our commercial mortgage loan portfolio and real estate investments.

Liability under environmental protection laws resulting from our commercial mortgage loan portfolio and real estate investments may harm our financial strength and reduce our profitability. Under the laws of several states, contamination of a property may give rise to a lien on the property to secure recovery of the costs of the cleanup. In some states, this kind of lien has priority over the lien of an existing mortgage against the property, which would impair our ability to foreclose on that property should the related loan be in default. In addition, under the laws of some states and under the federal Comprehensive Environmental Response, Compensation and Liability Act of 1980, under certain circumstances, we may be liable for costs of addressing releases or threatened releases of hazardous substances that require remedy at a property securing a mortgage loan held by us. We also may face this liability after foreclosing on a property securing a mortgage loan held by us after a loan default.

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Catastrophe losses, including man-made catastrophe losses, could materially reduce our profitability and have a material adverse effect on our results of operations and financial condition.

Our insurance operations expose us to claims arising out of catastrophes, particularly in our homeowners, life and other personal business lines. We have experienced, and expect in the future to experience, catastrophe losses that may materially reduce our profitability or have a material adverse effect on our results of operations and financial condition. Catastrophes can be caused by various natural events, including hurricanes, windstorms, earthquakes, hailstorms, severe winter weather, fires and epidemics, or can be man-made catastrophes, including terrorist attacks or accidents such as airplane crashes. The frequency and severity of catastrophes are inherently unpredictable. Catastrophe losses can vary widely and could significantly exceed our recent historic results. It is possible that both the frequency and severity of man-made catastrophes will increase and that we will not be able to implement exclusions from coverage in our policies or obtain **reinsurance** for such catastrophes.

The extent of losses from a catastrophe is a function of both the total amount of insured exposure in the area affected by the event and the severity of the event. Most of our catastrophe claims in the past have related to homeowners and other personal lines coverages, which for the nine months ended September 30, 2003 represented approximately 23% of our **net earned premiums and other considerations** in our Assurant Solutions segment. In addition, as of September 30, 2003, approximately 33% of the insurance in force in our homeowners and other personal lines related to properties located in California, Florida and Texas. As a result of our creditor-placed homeowners insurance product, our concentration in these areas may increase in the future. This is because in our creditor-placed homeowners insurance line, we agree to provide homeowners insurance coverage automatically. If other insurers withdraw coverage in these or other states, this may lead to **adverse selection** and increased utilization of our creditor-placed homeowners insurance in these areas.

Claims resulting from natural or man-made catastrophes could cause substantial volatility in our financial results for any fiscal quarter or year and could materially reduce our profitability or harm our financial condition. Our ability to write new business also could be affected. Increases in the value and geographic concentration of insured property and the effects of inflation could increase the severity of claims from catastrophes in the future.

Pre-tax catastrophe losses in excess of $1 million (before the benefits of reinsurance) that we have experienced in recent years are:

- a loss of approximately $10 million incurred in 2001 in connection with tropical storm Allison;
- total losses of approximately $12 million incurred in 2002 in connection with Arizona wildfires, Texas floods and Hurricane Lili; and
- total losses of approximately $18 million incurred in the first nine months in 2003 in connection with various catastrophes caused by windstorms, hailstorms and tornadoes and Hurricane Isabel.

In addition, we estimate a loss of approximately $11 million in the fourth quarter of 2003 related to the wildfires in Southern California. No liquidation in investments was required in connection with these catastrophes as the claims were paid from current cash flow, cash on hand or short-term investments.

In addition, our group life and health insurance operations could be materially impacted by catastrophes such as terrorist attacks or by an epidemic that causes a widespread increase in **mortality**, **morbidity** or disability rates or that causes an increase in the need for medical care. For example, the influenza epidemic of 1918 caused several million deaths. Losses due to catastrophes would not generally be covered by reinsurance and could have a material adverse effect on our results of operations and financial condition. In addition, in Assurant PreNeed the average age of policyholders is in excess of 70 years. This group is more susceptible to epidemics than the overall population, and an epidemic resulting in a higher incidence of mortality could have a material adverse effect on our results of operations and financial condition.

Our ability to manage these risks depends in part on our successful utilization of catastrophic property and life reinsurance to limit the size of property and life losses from a single event or multiple events, and life and disability reinsurance to limit the size of life or disability insurance exposure on an individual insured life.

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It also depends in part on state regulation that may prohibit us from excluding such risks or from withdrawing from or increasing premium rates in catastrophe-prone areas. As discussed further below, catastrophe reinsurance for our **group insurance** lines is not currently widely available. This means that the occurrence of a significant catastrophe could materially reduce our profitability and have a material adverse effect on our results of operations and financial condition.

Reinsurance may not be available or adequate to protect us against losses, and we are subject to the credit risk of reinsurers.

As part of our overall risk and capacity management strategy, we purchase reinsurance for certain risks underwritten by our various business segments. Market conditions beyond our control determine the availability and cost of the reinsurance protection we purchase. For example, subsequent to the terrorist assaults of September 11, 2001, reinsurance for man-made catastrophes became generally unavailable due to capacity constraints and, to the limited extent available, much more expensive. The high cost of reinsurance or lack of affordable coverage could adversely affect our results. If we fail to obtain sufficient reinsurance, it could adversely affect our ability to write future business.

As part of our business, we have reinsured certain life, property and casualty and health risks to reinsurers. Although the reinsurer is liable to us to the extent of the **ceded** reinsurance, we remain liable as the direct insurer on all risks reinsured. As a result, ceded reinsurance arrangements do not eliminate our obligation to pay claims. We are subject to credit risk with respect to our ability to recover amounts due from reinsurers. Our reinsurers may not pay the reinsurance recoverables that they owe to us or they may not pay such recoverables on a timely basis. A reinsurer s insolvency, underwriting results or investment returns may affect its ability to fulfill reinsurance obligations.

Our reinsurance facilities are generally subject to annual renewal. We may not be able to maintain our current reinsurance facilities and, even where highly desirable or necessary, we may not be able to obtain other reinsurance facilities in adequate amounts and at favorable rates. If we are unable to renew our expiring facilities or to obtain new reinsurance facilities, either our net exposures would increase or, if we are unwilling to bear an increase in net exposures, we may have to reduce the level of our underwriting commitments. Either of these potential developments could materially adversely affect our results of operations and financial condition.

We have sold businesses through reinsurance that could again become our direct financial and administrative responsibility if the purchasing companies were to become insolvent.

We have sold businesses through reinsurance ceded to third parties, such as our 2001 sale of the insurance operations of our Fortis Financial Group (FFG) division to The Hartford Financial Services Group Inc. (The Hartford). The assets backing the liabilities on these businesses are held in a trust, and the separate accounts relating to the FFG business are still reflected on our balance sheet. However, we would be responsible for administering this business in the event of a default by the reinsurer. We do not have the administrative systems and capabilities to process this business today. Accordingly, we would need to obtain those capabilities in the event of an insolvency of one or more of the reinsurers of these businesses. We might be forced to obtain such capabilities on unfavorable terms, with a resulting material adverse effect on our results of operations and financial condition. In addition, under the reinsurance agreement, The Hartford is obligated to contribute funds to increase the value of the separate accounts relating to the business sold if such value declines. If The Hartford fails to fulfill these obligations, we will be obligated to make these payments.

We are exposed to the credit risk of our agents in Assurant PreNeed and our clients in Assurant Solutions.

We advance agents commissions as part of our pre-funded funeral insurance product offerings. These advances are a percentage of the total face amount of coverage as opposed to a percentage of the first-year premium paid, the formula that is more common in other life insurance markets. There is a one-year payback provision against the agency if death or lapse occurs within the first policy year. There is a very large producer within Assurant PreNeed and if it were unable to fulfill its payback obligations, it could have an adverse effect on our results of operations and financial condition. However, we have not had any loss experience with this very large producer to date. In addition, we are subject to the credit risk of the parties with which we contract in Assurant Solutions. If these parties fail to remit payments owed to us or pass on payments they collect on our behalf, it could have an adverse effect on our results of operations. For example, a client with whom we do business has declared bankruptcy. In the event that this client does not honor its claims obligation, we would be liable for making payment, which we estimate to be approximately $23 million as of November 25, 2003, net of offsetting collateral. We would also be responsible for administering such claims. Probable and estimable loss contingencies associated with this risk have been accrued.

A further decline in the manufactured housing market may adversely affect our results of operations and financial condition.

The manufactured housing industry has experienced a significant decline in both shipments and retail sales in the last five years. Manufactured housing shipments have decreased from approximately 370,000 in 1998 to 130,000 (annualized) in 2003, representing a 65% decline. Repossessions are at an all time high, resale values have been significantly reduced and several lenders, dealers, manufacturers and vertically integrated manufactured housing companies have either ceased operations or gone bankrupt. This downturn in the industry is the result of several factors, including excess production, aggressive sales practices, reduced underwriting standards and poor lending practices. As a result of this downturn, the industry has experienced consolidation, with the leaders purchasing the weaker competitors. If these downward trends continue, our results of operations and financial condition may be adversely affected.

The financial strength of our insurance company subsidiaries is rated by A.M. Best, Moody s and S&P, and a decline in these ratings could affect our standing in the insurance industry and cause our sales and earnings to decrease.

Ratings have become an increasingly important factor in establishing the competitive position of insurance companies. All of our domestic operating insurance subsidiaries are rated by A.M. Best, six of our domestic operating insurance subsidiaries are rated by Moody s and seven of our domestic operating insurance subsidiaries are rated by S&P. The ratings reflect A.M. Best s, Moody s and S&P s opinions of our subsidiaries financial strength, operating performance, strategic position and ability to meet their obligations to policyholders. The ratings are not evaluations directed to investors and are not recommendations to buy, sell or hold our securities. These ratings are subject to periodic review by A.M. Best, Moody s and S&P, and we cannot assure you that we will be able to retain these ratings.

Most of our domestic operating insurance subsidiaries have A.M. Best financial strength ratings of A (Excellent), which is the second highest of ten ratings categories and the highest within the category based on modifiers (i.e., A and A- are Excellent). Our other domestic operating insurance subsidiaries have A.M. Best financial strength ratings of A- (Excellent), which is the second highest of ten ratings categories and the lowest within the category based on modifiers.

The Moody s financial strength rating is A2 (Good) for one of our domestic operating insurance subsidiaries, which is the third highest of nine ratings categories and mid-range within the category based on modifiers (i.e., A1, A2 and A3 are Good), and A3 (Good) for five of our domestic operating insurance subsidiaries, which is the third highest of nine ratings categories and the lowest within the category based on modifiers.

The S&P financial strength rating is A (Strong) for five of our domestic operating insurance subsidiaries, which is the third highest of ten ratings categories and mid-range within the category based on modifiers (i.e., A+, A and A- are Strong), and A- (Strong) for two of our domestic operating insurance subsidiaries, which is the third highest of ten ratings categories and the lowest within the category based on modifiers.

Rating agencies review their ratings periodically and our current ratings may not be maintained in the future. If our ratings are reduced from their current levels by A.M. Best, Moody s or S&P, or placed under surveillance or review with possible negative implications, our competitive position in the respective insurance industry segments could suffer and it could be more difficult for us to market our products. Rating agencies may take action to lower our ratings in the future due to, among other things:

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the competitive environment in the insurance industry, which may adversely affect our revenues;

the inherent uncertainty in determining reserves for future claims, which may cause us to increase our reserves for claims;

the outcome of pending litigation and regulatory investigations, which may adversely affect our financial position and reputation; and

possible changes in the methodology or criteria applied by the rating agencies.

As customers and their advisors place importance on our financial strength ratings, we may lose customers and compete less successfully if we are downgraded. In addition, ratings impact our ability to attract investment capital on favorable terms. If our financial strength ratings are reduced from their current levels by A.M. Best, Moody s or S&P, our cost of borrowing would likely increase, our sales and earnings could decrease and our results of operations and financial condition could be materially adversely affected.

Contracts representing approximately 18% of Assurant Solutions net earned premiums and fee income for the nine months ended September 30, 2003 contain provisions requiring the applicable subsidiaries to maintain minimum A.M. Best financial strength ratings ranging from A or better to B or better, depending on the contract. Our clients may terminate these contracts if the subsidiaries ratings fall below these minimum acceptable levels. Under our ten-year marketing agreement with SCI, American Memorial Life Insurance Company (AMLIC), one of our subsidiaries in the Assurant PreNeed segment, is required to maintain an A.M. Best financial strength rating of B or better throughout the term of the agreement. If AMLIC fails to maintain this rating for a period of 180 days, SCI may terminate the agreement. In our Assurant Health and Assurant Employee Benefits segments, we do not have any material contracts that permit termination in the case of a ratings downgrade.

Since January 1, 2000, none of the A.M. Best ratings for our domestic operating insurance subsidiaries has been downgraded. On September 25, 2003, the Moody s financial strength rating for Fortis Benefits Insurance Company, one of our domestic operating insurance subsidiaries, was downgraded from A1 (Good) to A2 (Good) and the financial strength rating for John Alden Life Insurance Company, another domestic operating insurance subsidiary, was downgraded from A2 (Good) to A3 (Good) in contemplation of the fact that we will no longer be wholly owned by Fortis after this offering. In addition, on May 2, 2003, Moody s downgraded the insurance financial strength rating of Fortis Benefits Insurance Company from Aa3 (Excellent) to A1 (Good) corresponding to the downgrading of Fortis. These recent downgrades did not have a quantifiable impact on the business of these subsidiaries primarily because our operating insurance companies rely solely on the ratings of A.M. Best for the marketing and sale of their products. S&P re-instituted its rating of our domestic operating insurance subsidiaries as of December 8, 2003 and as of such date rates seven of our domestic operating insurance subsidiaries.

The failure to effectively maintain and modernize our information systems could adversely affect our business.

Our business is dependent upon our ability to keep up to date with technological advances. This is particularly important in Assurant Solutions, where our systems, including our ability to keep our systems fully integrated with those of our clients, are critical to the operation of our business. Our failure to update our systems to reflect technological advancements or to protect our systems may adversely affect our relationships and ability to do business with our clients.

During the nine months ended September 30, 2003, we have spent approximately $90 million in Assurant Solutions, $55 million in Assurant Health, $43 million in Assurant Employee Benefits and $4 million in Assurant PreNeed to maintain, upgrade and consolidate our information systems. In 2004, we plan to spend for these purposes approximately $124 million in Assurant Solutions, $73 million in Assurant Health, $53 million in Assurant Employee Benefits and $5 million in Assurant PreNeed.

In addition, our business depends significantly on effective information systems, and we have many different information systems for our various businesses. We must commit significant resources to maintain and enhance our existing information systems and develop new information systems in order to keep pace with

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continuing changes in information processing technology, evolving industry and regulatory standards and changing customer preferences. As a result of our acquisition activities, we have acquired additional information systems. Our failure to maintain effective and efficient information systems, or our failure to efficiently and effectively consolidate our information systems to eliminate redundant or obsolete applications, could have a material adverse effect on our results of operations and financial condition. If we do not maintain adequate systems we could experience adverse consequences, including:

- inadequate information on which to base pricing, underwriting and reserving decisions;
- the loss of existing customers;
- difficulty in attracting new customers;
- customer, provider and agent disputes;
- regulatory problems, such as failure to meet prompt payment obligations;
- litigation exposure; or
- increases in administrative expenses.

Our management information, internal control and financial reporting systems may need further enhancements and development to satisfy the financial and other reporting requirements of being a public company.

Failure to protect our clients confidential information and privacy could result in the loss of customers, reduction to our profitability and/ or subject us to fines and penalties.

A number of our businesses are subject to privacy regulations and to confidentiality obligations. For example, the collection and use of patient data in our Assurant Health segment is the subject of national and state legislation, including the Health Insurance Portability and Accountability Act of 1996 (HIPAA), and certain of the activities conducted by our Assurant Solutions segment are subject to the privacy regulations of the Gramm-Leach-Bliley Act. We also have contractual obligations to protect certain confidential information we obtain from our existing vendors and clients. These obligations generally include protecting such confidential information in the same manner and to the same extent as we protect our own confidential information. The actions we take to protect such confidential information vary by business segment and may include among other things:

- training and educating our employees regarding our obligations relating to confidential information;
- actively monitoring our record retention plans and any changes in state or federal privacy and compliance requirements;
- drafting appropriate contractual provisions into any contract that raises proprietary and confidentiality issues;
- maintaining secure storage facilities for tangible records; and
- limiting access to electronic information and maintaining a clean desk policy aimed at safeguarding certain current information.

In addition, we must develop, implement and maintain a comprehensive written information security program with appropriate administrative, technical and physical safeguards to protect such confidential information. If we do not properly comply with privacy regulations and protect confidential information we could experience adverse consequences, including regulatory problems, loss of reputation and client litigation.

See Risks Related to Our Industry Cost of compliance with privacy laws could adversely affect our business and results of operations.

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We may not find suitable acquisition candidates or new insurance ventures and even if we do, we may not successfully integrate any such acquired companies or successfully invest in such ventures.

From time to time, we evaluate possible acquisition transactions and the start-up of complementary businesses, and at any given time, we may be engaged in discussions with respect to possible acquisitions and new ventures. While our business model is not dependent upon acquisitions or new insurance ventures, the time frame for achieving or further improving upon our desired market positions can be significantly shortened through opportune acquisitions or new insurance ventures. Historically, acquisitions and new insurance ventures have played a significant role in achieving desired market positions in some, but not all, of our businesses. We cannot assure you that we will be able to identify suitable acquisition transactions or insurance ventures, that such transactions will be financed and completed on acceptable terms or that our future acquisitions or ventures will be successful. The process of integrating any companies we do acquire or investing in new ventures could have a material adverse effect on our results of operations and financial condition.

In addition, implementation of an acquisition strategy entails a number of risks, including among other things:

- inaccurate assessment of undisclosed liabilities;
- difficulties in realizing projected efficiencies, synergies and cost savings;
- failure to achieve anticipated revenues, earnings or cash flow; and
- increase in our indebtedness and a limitation in our ability to access additional capital when needed.

Our failure to adequately address these acquisition risks could materially adversely affect our results of operations and financial condition. Although we believe that most of our acquisitions have been successful and have not had a material adverse impact on our financial condition, we did recognize a goodwill impairment of $1,261 million in 2002 related to an earlier acquisition.

The inability of our subsidiaries to pay dividends to us in sufficient amounts could harm our ability to meet our obligations and pay future stockholder dividends.

As a holding company whose principal assets are the capital stock of our subsidiaries, we rely primarily on dividends and other statutorily permissible payments from our subsidiaries to meet our obligations for payment of interest and principal on outstanding debt obligations, dividends to stockholders (including any dividends on our common stock) and corporate expenses. The ability of our subsidiaries to pay dividends and to make such other payments in the future will depend on their **statutory surplus,** future **statutory earnings** and regulatory restrictions. Except to the extent that we are a creditor with recognized claims against our subsidiaries, claims of the subsidiaries creditors, including policyholders, have priority with respect to the assets and earnings of the subsidiaries over the claims of our creditors. If any of our subsidiaries should become insolvent, liquidate or otherwise reorganize, our creditors and stockholders will have no right to proceed against the assets of that subsidiary or to cause the liquidation, bankruptcy or winding-up of the subsidiary under applicable liquidation, bankruptcy or winding-up laws. The applicable insurance laws of the jurisdiction where each of our insurance subsidiaries is domiciled would govern any proceedings relating to that subsidiary. The insurance authority of that jurisdiction would act as a liquidator or rehabilitator for the subsidiary. Both creditors and policyholders of the subsidiary would be entitled to payment in full from the subsidiary s assets before we, as a stockholder, would be entitled to receive any distribution from the subsidiary.

The payment of dividends to us by any of our operating subsidiaries in excess of a certain amount (i.e., extraordinary dividends) must be approved by the subsidiary s domiciliary state department of insurance. Ordinary dividends, for which no regulatory approval is generally required, are limited to amounts determined by formula, which varies by state. The formula for the majority of the states in which our subsidiaries are domiciled is the lesser of (i) 10% of the statutory surplus as of the end of the prior year or (ii) the prior year s **statutory net income**. In some states, the formula is the greater amount of clauses (i) and (ii). Some states, however, have an additional stipulation that dividends may only be paid out of earned surplus. In addition, as part of the regulatory approval process for the acquisition of American Bankers Insurance Group (ABIG) in 1999, we entered into an agreement with the Florida Insurance Department pursuant to which, until August of

2004, two of our subsidiaries have agreed to limit the amount of ordinary dividends they would pay to us to an amount no greater than 50% of the amount otherwise permitted under Florida law. Likewise, one of our subsidiaries, First Fortis Life Insurance Company (which entity s name will be changed subsequent to the offering contemplated by this prospectus), entered into an agreement with the New York Insurance Department as part of the regulatory approval process for the merger of Bankers American Life Assurance Company into First Fortis Life Insurance Company in 2001 pursuant to which it has agreed not to pay any ordinary dividends to us until fiscal year 2004. See Regulation United States State Regulation Insurance Regulation Concerning Dividends. If insurance regulators determine that payment of an ordinary dividend or any other payments by our insurance subsidiaries to us (such as payments under a tax sharing agreement or payments for employee or other services) would be adverse to policyholders or creditors, the regulators may block such payments that would otherwise be permitted without prior approval. No assurance can be given that there will not be further regulatory actions restricting the ability of our insurance subsidiaries to pay dividends. Based on the dividend restrictions under applicable laws and regulations, the maximum amount of dividends that our subsidiaries could pay to us in 2003 without regulatory approval was approximately $290 million, of which approximately $19 million had been paid as of September 30, 2003. We expect that as a result of, among other things, statutory accounting for our sold businesses, the maximum amount of dividends our subsidiaries will be able to pay to us will be significantly lower in 2004. If the ability of insurance subsidiaries to pay dividends or make other payments to us is materially restricted by regulatory requirements, it could adversely affect our ability to pay any dividends on our common stock and/ or service our debt and pay our other corporate expenses.

Our senior bridge credit facilities and our Series B and Series C Preferred Stock also contain limitations on our ability to pay dividends.

We may be unable to refinance indebtedness under our $1,100 million senior bridge credit facility on a timely basis or on commercially reasonable terms, which may have a material adverse effect on our business.

On a pro forma basis after giving effect to the events described in note 5 to Summary Consolidated Financial Information, we will have $975 million of indebtedness outstanding under our $1,100 million senior bridge credit facility. No assurances can be given that we will be able to secure permanent financing to refinance this indebtedness on a timely basis or on commercially reasonable terms, which may have a material adverse effect on our business.

Risks Related to Our Industry

We face significant competitive pressures in our businesses, which may reduce premium rates and prevent us from pricing our products at rates that will allow us to be profitable.

In each of our lines of business, we compete with other insurance companies or service providers, depending on the line and product, although we have no single competitor who competes against us in all of the business lines in which we operate. Assurant Solutions has numerous competitors in its product lines, but we believe no other company participates in all of the same lines or offers comprehensive capabilities. Competitors include insurance companies and financial institutions. In Assurant Health, we believe the market is characterized by many competitors, and our main competitors include health insurance companies and the Blue Cross/ Blue Shield plans in the states in which we write business. In Assurant Employee Benefits, commercial competitors include benefits and life insurance companies as well as not-for-profit Delta Dental plans. In Assurant PreNeed, our main competitors are two pre-need life insurance companies with nationwide representation, Forethought Financial Services and Homesteaders Life Company, and several small regional insurers. While we are among the largest competitors in terms of market share in many of our business lines, in some cases there are one or more major market players in a particular line of business.

Competition in our businesses is based on many factors, including quality of service, product features, price, scope of distribution, scale, financial strength ratings and name recognition. We compete, and will continue to compete, for customers and distributors with many insurance companies and other financial services companies. We compete not only for business and individual customers, employer and other group customers, but also for agents and distribution relationships. Some of our competitors may offer a broader array of products than our specific subsidiaries with which they compete in particular markets, may have a greater diversity of distribution resources, may have better brand recognition, may from time to time have more competitive pricing, may have lower cost structures or, with respect to insurers, may have higher financial strength or claims paying ratings. Some may also have greater financial resources with which to compete. As a result of judicial developments and changes enacted by the Office of the Comptroller of the Currency, financial institutions are now able to offer a substitute product similar to credit insurance as part of their basic loan agreement with customers without being subject to insurance regulations. Also, as a result of the Gramm-Leach-Bliley Act, which was enacted in November 1999, financial institutions are now able to affiliate with other insurance companies to offer services similar to our own. This has resulted in new competitors with significant financial resources entering some of our markets. Moreover, some of our competitors may have a lower target for returns on capital allocated to their business than we do, which may lead them to price their products and services lower than we do. In addition, from time to time, companies enter and exit the markets in which we operate, thereby increasing competition at times when there are new entrants. For example, several large insurance companies have recently entered the market for individual health insurance products. We may lose business to competitors offering competitive products at lower prices, or for other reasons, which could materially adversely affect our results of operations and financial condition.

In certain markets, we compete with organizations that have a substantial market share. In addition, with regard to Assurant Health, organizations with sizable market share or provider-owned plans may be able to obtain favorable financial arrangements from health care providers that are not available to us. Without our own similar arrangements, we may not be able to compete effectively in such markets.

New competition could also cause the supply of insurance to change, which could affect our ability to price our products at attractive rates and thereby adversely affect our underwriting results. Although there are some impediments facing potential competitors who wish to enter the markets we serve, the entry of new competitors into our markets can occur, affording our customers significant flexibility in moving to other insurance providers.

The insurance industry is cyclical, which may impact our results.

The insurance industry is cyclical. Although no two cycles are the same, insurance industry cycles have typically lasted for periods ranging from two to six years. The segments of the insurance markets in which we operate tend not to be correlated to each other, with each segment having its own cyclicality. Periods of intense price competition due to excessive underwriting capacity, periods when shortages of underwriting capacity permit more favorable rate levels, consequent fluctuations in underwriting results and the occurrence of other losses characterize the conditions in these markets. Historically, insurers have experienced significant fluctuations in operating results due to volatile and sometimes unpredictable developments, many of which are beyond the direct control of the insurer, including competition, frequency of occurrence or severity of catastrophic events, levels of capacity, general economic conditions and other factors. This may cause a decline in revenue at times in the cycle if we choose not to reduce our product prices in order to maintain our market position, because of the adverse effect on profitability of such a price reduction. We can be expected therefore to experience the effects of such cyclicality and changes in customer expectations of appropriate premium levels, the frequency or severity of claims or other loss events or other factors affecting the insurance industry that generally could have a material adverse effect on our results of operations and financial condition.

The insurance and related businesses in which we operate may be subject to periodic negative publicity, which may negatively impact our financial results.

The nature of the market for the insurance and related products and services we provide is that we interface with and distribute our products and services ultimately to individual consumers. There may be a perception that these purchasers may be unsophisticated and in need of consumer protection. Accordingly, from time to time, consumer advocate groups or the media may focus attention on our products and services, thereby subjecting our industries to periodic negative publicity. We may also be negatively impacted if another company in one of our industries engages in practices resulting in increased public attention to our businesses. Negative publicity may result in increased regulation and legislative scrutiny of industry practices as well as increased litigation, which may further increase our costs of doing business and adversely affect our

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profitability by impeding our ability to market our products and services, requiring us to change our products or services or increasing the regulatory burdens under which we operate.

Our business is subject to risks related to litigation and regulatory actions.

In addition to the occasional employment-related litigation to which all businesses are subject, we are a defendant in actions arising out of, and are involved in various regulatory investigations and examinations relating to, our insurance and other related business operations. We may from time to time be subject to a variety of legal and regulatory actions relating to our current and past business operations, including, but not limited to:

- disputes over coverage or claims adjudication;
- disputes regarding sales practices, disclosures, premium refunds, licensing, regulatory compliance and compensation arrangements;
- disputes with our agents, producers or network providers over compensation and termination of contracts and related claims;
- disputes concerning past premiums charged by companies acquired by us for coverage that may have been based on factors such as race;
- disputes relating to customers regarding the ratio of premiums to benefits in our various business segments;
- disputes alleging packaging of credit insurance products with other products provided by financial institutions;
- disputes relating to certain **excess of loss** programs in the London market;
- disputes with taxing authorities regarding our tax liabilities; and
- disputes relating to certain businesses acquired or disposed of by us.

In addition, plaintiffs continue to bring new types of legal claims against insurance and related companies. Current and future court decisions and legislative activity may increase our exposure to these types of claims. Multiparty or class action claims may present additional exposure to substantial economic, non-economic or punitive damage awards. The loss of even one of these claims, if it resulted in a significant damage award or a judicial ruling that was otherwise detrimental, could have a material adverse effect on our results of operations and financial condition. This risk of potential liability may make reasonable settlements of claims more difficult to obtain. We cannot determine with any certainty what new theories of recovery may evolve or what their impact may be on our businesses.

There are various governmental and administrative investigations and proceedings pending against us. For example, an indictment has been issued in Minnesota alleging that one of our subsidiaries and two corporate officers of Assurant Solutions each violated the Minnesota Fair Campaign Practices Act. The outcome of these investigations and proceedings cannot be predicted, and no assurances can be given that such investigations or proceedings or any litigation would not materially adversely affect our results of operations and financial condition. In addition, if we were to experience difficulties with our relationship with a regulatory body in a given jurisdiction, it could have a material adverse effect on our ability to do business in that jurisdiction. See Business Legal Proceedings.

We are subject to extensive governmental regulation, which increases our costs and could restrict the conduct of our business.

Our operating subsidiaries are subject to extensive regulation and supervision in the jurisdictions in which they do business. Such regulation is generally designed to protect the interests of policyholders, as opposed to stockholders and other investors. To that end, the laws of the various states establish insurance departments with broad powers with respect to such things as: