Assurant Sale of Global Preneed and 2021 Outlook Conference Call

PARTICIPANTS

Corporate Participants

Suzanne Shepherd – Senior Vice President, Investor Relations, Assurant, Inc.
Alan Colberg – President, Chief Executive Officer & Director, Assurant, Inc.
Richard Dziadzio – Executive Vice President, Chief Financial Officer, Assurant, Inc.

Other Participants

Bose George – Analyst, Keefe, Bruyette & Woods, Inc.
Brian Meredith – Analyst, UBS Securities
Mark Hughes - Analyst, Truist Securities
Michael Phillips – Analyst, Morgan Stanley & Co.
Gary Ransom – Analyst, Dowling & Partners Securities

MANAGEMENT DISCUSSION SECTION

Operator: Welcome to Assurant's Sale of Global Preneed and 2021 Outlook Conference Call and Webcast. At this time, all participants have been placed in a listen-only mode and the floor will be open for your question following management's prepared remarks. [Operator Instructions]

It is now my pleasure to turn the floor over to Suzanne Shepherd, Senior Vice President of Investor Relations. You may begin.

Suzanne Shepherd, Senior Vice President, Investor Relations, Assurant, Inc.

Thank you, operator, and good morning, everyone. This morning we issued a news release announcing the sale of Global Preneed to CUNA Mutual Group as well as our 2021 outlook for our go-forward operations. In addition to the news release, our Investor Presentation and Form 8-K filing are available on assurant.com. Joining me are Alan Colberg, our President and Chief Executive Officer, and Richard Dziadzio, our Chief Financial Officer. Alan and Richard will begin with prepared remarks to the company, the investor presentation before opening the discussion for Q&A.

Some of the statements made today may be forward-looking including statements about the proposed transaction, the intended use of the transaction net proceeds, and financial metrics related to our 2021 outlook. Actual results may differ materially from those projected in these statements. Additional information on factors that could affect Assurant's results can be found in our SEC reports.

I will now turn the call over to Alan.

Alan Colberg, President, Chief Executive Officer & Director, Assurant, Inc.

Thanks, Suzanne. Good morning, everyone. This morning we announced the signing of a definitive agreement to sell our Global Preneed business and its related legal entities and assets to CUNA Mutual Group for approximately $1.3 billion in cash. On today's call, we'll review the transaction, our expectations for use of proceeds and our 2021 financial outlook for our go-forward operations.

Starting on slide 5, we believe the sale of Global Preneed for approximately $1.3 billion represents a great outcome for Assurant and all of our stakeholders including our shareholders as well as Global Preneed's employees, clients and over 2 million policyholders in North America. The sale is valued at 2.8x Global Preneed's adjusted book value excluding AOCI and 27x price-to-GAAP earnings, a significant transaction premium for a life company. The announcement is the culmination of a robust sales process during which we received strong interest from multiple potential buyers, a testament to Global Preneed's attractive offerings, talented employee base and compelling business strategy.

We believe CUNA Mutual Group is the ideal owner to further advance Global Preneed. With 30 million customers, CUNA Mutual has more than $28 billion in assets and is highly rated by AM Best. Perhaps most importantly is their strong commitment to customer excellence and we've seen their dedication firsthand as CUNA Mutual has been a key partner in our Global Automotive business over the last 23 years. As part of the sale, we have agreed to a multi-year extension of our existing vehicle service contract partnership. We expect to complete the transaction by the end of the third quarter of 2021 subject to regulatory approvals and other customary closing conditions. In the weeks ahead, we will establish a joint team to ensure a seamless transition upon closing for our policyholders and clients supported by our Preneed employees who we expect will join CUNA Mutual after closing. In the interim, we will continue to provide the same exceptional service.

Turning to slide 6, the sale of Global Preneed represents a significant milestone in the transformation of our business portfolio which we initiated in 2015. Our journey has included the exit of our health and employee benefits businesses as well as acquisitions like The Warranty Group and HYLA Mobile. Ultimately, the completion of this transaction will give us a more cohesive portfolio and enable Assurance to further focus on our market-leading Lifestyle and Housing businesses, and more specifically, the growth opportunities we see emerging around the connected world. We believe these businesses, consisting of Connected Living, Global Automotive and Multifamily Housing represents a greatest opportunity to grow our innovative offerings and provide even more value to our clients and deliver a seamless customer experience. And together with our differentiated P&C offerings including our countercyclical lender-placed business, we believe our business portfolio is well-positioned to sustain above market profitable growth and continue to deliver strong cash flow over time. Overall, we should be able to outperform any economic cycle creating significant shareholder value over the long term.

We see this transaction as further positioning Assurant with a more service-oriented, fee-based model as well as multiple recurring revenue streams across our Connected Living, Global Automotive and Multifamily Housing businesses. This will be complemented by our strong specialty P&C offerings. On an adjusted basis, excluding Global Preneed and catastrophe losses, these Connected World businesses represented two-thirds of our 2020 segment net operating income. Going forward, as the proportion of recurring revenue continues to increase, we expect that this will help achieve even greater consistency in our financial performance. Upon the close of the transaction, we will no longer have significant life insurance liabilities, nor exposure to mortality risk further advancing our shift toward a more capital-light business with the lower overall risk profile. In addition, we will have significantly less exposure to interest rate and market volatility.

As we move to slide 7, with all of this we believe our stock remains attractively priced when reflecting the embedded growth of our go-forward operations, superior cash flow and the unique position around the convergence of mobile, auto and home. As such, in our announcement, we also introduced an enhanced capital deployment plan outlining our intentions for the use of the transactions net proceeds. Adjusting for closing cost and taxes, we expect net proceeds to be approximately $1.2 billion.

Consistent with the capital deployment framework we shared at our 2019 Investor Day, we intend to return 75% of the net proceeds for approximately $900 million to shareholders. This entire capital return will be done through share repurchases. We expect to start buybacks in advance of close and complete within one year of closing, as always, subject to board approval. These incremental share repurchases will be in addition to the $470 million we expect to return to shareholders through buybacks and dividends this year related to the completion of our $1.35 billion capital return objective from 2019 to 2021. Our decision to deploy a significant portion of the sale proceeds towards share repurchases reflects the attractiveness of the stock and our confidence in our company's long-term growth prospects. The remaining 25% of proceeds are expected to be deployed through disciplined investments including acquisitions to further bolster and support our connected world businesses and specialty P&C offerings. We expect both our organic initiatives and any strategic acquisitions to generate attractive returns over time and to enhance our strong competitive position and sustain our track record of long-term profitable growth.

Turning to slide 8. With a defined path to Global Preneed and an expected closing by the end of the third quarter, we wanted to provide a view on 2021 for our go-forward business operations which Richard will further detail shortly. Excluding Global Preneed in catastrophe losses, we expect 2021 operating earnings per share to increase by 9% from adjusted 2020 EPS driven by business growth in Global Lifestyle, lower Corporate loss and share repurchases including our enhanced capital deployment plan. This will be partially offset by lower Global Housing earnings compared to very strong 2020 results. As we've previously stated for Assurant overall we expect growth to be back-end weighted. We recognize that as our business evolves, it is also important to evolve our financial disclosure and metrics to align with our business mix and view of value drivers.

In advance of first quarter earnings, we expect to provide updated supplemental information including adjusted EBITDA. With the announcement of the Preneed sale, we believe it is appropriate to introduce new and important metric as a way to measure the financial performance of our go-forward business. Adjusted EBITDA will supplement our traditional net operating income metric, providing a view of underlying business performance. We will continue to evaluate additional metrics of the business segment level to support a deeper understanding of key drivers especially in our evolving mobile and auto businesses.

In summary, the transaction is a successful outcome for all of our stakeholders. It marks an important milestone in insurance transformation journey and will allow us to accelerate our strategy to focus on our market-leading Lifestyle and Housing businesses. Over the long term, we're confident Assurant will continue to create significant shareholder value through double-digit operating EPS growth excluding catastrophes. This transaction will also enable us to take advantage of opportunistic investments and acquisitions to further grow our business and strengthen our competitive position.

I'll now turn the call over to Richard to review our 2021 outlook in more detail.

?

Richard Dziadzio, Executive Vice President, Chief Financial Officer, Assurant, Inc.

Thank you, Alan, and good morning, everyone. We are really pleased with this transaction from all perspectives and I'm now going to walk you through some of the details and impacts of the transaction. First, in terms of accounting, as of January 1st, Preneed and the related entities will be considered discontinued operations. And as a consequence, their results will no longer be included in our continued operations. Given this change and to facilitate a like-for-like presentation this year, I want to start by outlining our 2020 adjusted operating earnings and adjusted operating earnings per share each excluding discontinued operations and catastrophes.

As outlined on slide 9, 2020 adjusted operating earnings and operating earnings per share were $605 million and $9.88 per share, respectively. The adjustment removes $59 million from our previously reported 2020 operating earnings. This is comprised of $48 million of earnings for the Preneed segment and $10 million of other support costs associated with Preneed. These costs will be reported through corporate going forward.

Moving to our 2021 outlook, as shown on the right-hand side of slide 9, we expect to grow operating earnings per share by approximately 9% from 2020 adjusted operating earnings per share excluding catastrophes and discontinued operations. Growth is expected to be driven by a continued underlying business expansion in Global Lifestyle, particularly Connected Living in Global Financial Services and we also expect a lower corporate loss. Operating earnings and EPS growth will be back-end weighted, given the pace of underlying business growth, certain non-recurring items in 2020 and the acceleration of buybacks in the second half of the year.

Now, let's move to the 2021 outlook for each segment. Beginning with Global Lifestyle on slide 10, we expect to grow net operating income by high-single digits from the $437 million we reported in 2020. We expect this to be led by new and expanded mobile programs, continuing to ramp-up throughout the year. This will include the continued transition of Sprint customers to T-Mobile as well as contributions from leasing acquisitions, most notably HYLA. Looking at covered mobile devices, we anticipate increasing our 54 million mobile subscriber base by mid-single digits compared to 2020. This should be led by strong growth in North America and Asia Pacific with muted growth elsewhere. In Global Automotive, our long-term growth story remains intact. With that said, we expect earnings this year to be down modestly due to the non-recurrence of $9 million related to one-time items that benefited us in the first half of 2020 and lower investment income. We also expect increased profitability in Global Financial Services as the business is positioned to steadily improve driven by new partnerships and recovery from the lower volumes and unfavorable loss experience seen in 2020.

Turning to Lifestyle revenues, we anticipate the overall revenue will be relatively flat in 2021 in line with the $7.3 billion we recorded in 2020. This reflects the evolving mix of business to our fee-for-service as well as the previously disclosed client contract change which will negatively impact revenue by approximately $175 million. Regarding trading volumes for the year, we expect overall growth for 2021 which will be reflected in fee income. We believe activity will be highest in the first quarter as trading volumes have remained strong through February. However, consumer preferences for new 5G devices, corresponding care promotions and device availability will also play a role.

Moving now to Global Housing on slide 11; net operating income excluding cats is expected to be lower in 2021 compared to the $371 million we reported in 2020. In 2020, Housing benefited from a reduction in overall claims frequency driving favorable non-cat losses across major lines of business. This contributed to very strong earnings growth of 24% for the year. For 2021, we expect a modest increase in our non-cat loss ratio to more normalized levels as well as slightly higher cat reinsurance costs. We expect both impacts to begin in the first quarter. Growth in Multifamily Housing is expected to continue to be driven by affinity

and P&C channels. We'll continue to invest in order to enhance our competitive position and our offerings which will likely mute earnings growth this year.

Looking ahead to the first quarter, we expect reportable catastrophe losses related to the extreme winter weather including the deep freeze temperatures we saw in February particularly from areas like Texas. We currently estimate between $25 million and $45 million of after-tax cat losses from these events. Overall, Global Housing continues to be a significant contributor. In addition to a strong cash flow, we continue to expect the business to generate above market returns with ROE including catastrophes of 17% to 20% over the long term.

Turning to slide 12. The Corporate segment reflects an adjusted net loss for 2020 of $103 million. This includes the $10 million in enterprise support costs previously mentioned. In 2021, we expect the corporate net operating loss to improve to be closer to $90 million as we continue our expense discipline. This includes the expected elimination of enterprise support costs associated with Preneed by the end of this year. Throughout the enterprise, we will also continue to prioritize investments in product innovation and to further enhance the customer experience.

In addition to our go-forward operating segments, we would expect our interest expense to increase to approximately $90 million due to the issuance of subordinated debt last year and our preferred dividends to decrease to $5 million as our mandatory convertible shares will convert to common shares on March 15th. The sale of Global Preneed will also benefit Assurant by making us less reliant on investment income and reducing exposure to market volatility. With the sale of Preneed, our investment in assets will decline by nearly half and the duration of our portfolio will decrease to just under five years; reducing the interest sensitivity of our assets by approximately two-thirds.

From a capital perspective, we expect segment dividends to approximate segment earnings for the full year. And finally, as Alan mentioned in April, we plan to publish an updated financial supplement which will reflect our historical financial results without Global Preneed. In summary, the sale of Preneed will offer a very successful outcome for all stakeholders and we look forward to providing another update on our first quarter call.

And with that, operator, please open the call for questions.

QUESTION AND ANSWER SECTION

Operator: The floor is now open for questions. [Operator Instructions] Our first question is coming from the Bose George with KBW. Your line is open.

<Q - Bose George - KBW>: Hey all.

<A - Alan Colberg - Assurant, Inc.>: Hey. Good morning, Bose.

<A - Richard Dziadzio - Assurant, Inc.>: Good morning, Bose.

<Q - Bose George - KBW>: Good morning. Congratulations on the transaction.

<A - Richard Dziadzio - Assurant, Inc.>: Thank you.

<Q - Bose George - KBW>: Just a couple of quick questions. Just first, in terms of the buybacks, can you just talk a little bit about the cadence of the buybacks? Is it accelerated, opportunistic or is there any color, that you would be great?

<A - Alan Colberg - Assurant, Inc.>: Yeah. Let me maybe start at a high level and then Richard will certainly add on to this. What we announced today is that we're going to return roughly 75% of the net proceeds via buyback. We need to close, obviously, but as we said we'll plan to return all those proceeds within one year of closing and normally we do buybacks in kind of an orderly fashion. And we would expect to do the same here, but I don't know Richard, anything you would add to that?

<A - Richard Dziadzio - Assurant, Inc.>: Yeah. And good morning, Bose.

<Q - Bose George - KBW>: Good morning.

<A - Richard Dziadzio - Assurant, Inc.>: Yeah. I think two things I'd add to it. First of all, we did confirm in our script at the end of the year that we're still on target to return the $1.35 billion that we talked about at Investor Day. So think about $470 million including dividends being remaining there. That would put us at about $325 million there. In addition to that, as Alan said, well once we do close and that probably will be in the third quarter, we would then to begin to return the $900 million. So we need to work through it but I think we're going to continue to show as we've talked about returning the proceeds, then we will exercise [indiscernible] and it's really a great outcome for everybody here.

<Q - Bose George - KBW>: Okay. Great. Thanks. That makes sense. And then just in terms of potential other strategic actions; are there other things that are possible? Is there anything that could be done under lender-placed and to sort of – yeah, any other thoughts that you have on strategic actions that might make sense down the road?

<A - Alan Colberg - Assurant, Inc.>: Yeah. I think we feel very well-positioned after closing on the sale of Preneed. If you look at our portfolio, really, we have the connected world growth businesses which include Multifamily Housing, Auto and Mobile, and then we have some unique specialty P&C businesses that are broadly countercyclical and generate strong cash flow. So that combination gives us confidence that we're going to outperform in any kind of external macro environment. We'll also see increasing convergence between what we do around the home and what we're doing in Lifestyle and a great example are some of the pilots we have in market now on connected home where we're going to protect everything that's in your house that connects to the Internet in various ways. So, I think broadly about our portfolio, I think we're in a very good place post this transaction. Certainly, with the cat volatility that comes with the parts of Global Housing, we've dramatically reduced that risk to our shareholders over the last five or six years to lowering our retention now to the $80 million per event. We've also been reducing the risk that we don't feel as the right risk-reward trade off. We did that, for example, at the exit of small commercial and we continue to put in place multi-year reinsurance to smooth out the impacts of reinsurance markets. With that said, we're going to continue to look at are there further ways to reduce that cat exposure that ends up hitting our market, hitting our company. So ultimately, we feel really good about where we are and our growth expectation kind of reflects that business mix going forward.

<Q - Bose George - KBW>: Okay. Makes sense. Thanks and congratulations once again.

<A - Alan Colberg - Assurant, Inc.>: Thank you.

Operator: Our next question comes from line of Brian Meredith with UBS. Your line is open.

<A - Alan Colberg - Assurant, Inc.>: Hey good morning, Brian.

<Q - Brian Meredith - UBS Securities>: Good morning. Congrats on the sale.

<A - Alan Colberg - Assurant, Inc.>: Thank you.

<Q - Brian Meredith - UBS Securities>: Two questions here. Just one on guidance; could you talk a little bit about what your assumptions are with respect to the cadence of Sprint conversion? And then the second question is going to be on Global Housing. Just your thoughts with respect to placement rates in your guidance?

<A - Alan Colberg - Assurant, Inc.>: Yeah. No, Brian I appreciate those questions. Let me start at a bit of a higher level which is we gave a bit of an outlook on our earnings call in early February and nothing has changed from that perspective other than we're now going to have some incremental buybacks because of the transaction but the fundamental view we have for this year extraordinarily strong 2020, continued good growth in the earnings of Lifestyle in 2021, Housing to be down a little bit after a very strong 2020. Nothing has really changed there relative to perspective. If you look at Sprint and all of our new programs, those gradually built generally as we've talked about. We started zero and over a period of time of three years or so, maybe four years Japan will gradually pick up those customers as they come in and get a new phone. So we see the potential that a 5G really takes off that could make that quicker but we're still very early days as you look at that. Broadly on the mobile subscriber count, we're expecting mid-single digit growth this year really driven by North America and Asia-Pacific. So continued building the franchise for the future even in a year where we're still working through the final innings of the COVID pandemic. So that's how to think about that. I'm sorry. The last part of your question, Brian?

<A - Richard Dziadzio - Assurant, Inc.>: You want me to jump in on that one, Alan?

<A - Alan Colberg - Assurant, Inc.>: You can jump in on that. Yeah.

<A - Richard Dziadzio - Assurant, Inc.>: Sure. In terms of placement rates, we have seen them I would say plateau last year. We're not expecting any big change as we go forward this year. We've obviously talked about the REOs, real estate owned, and with the forbearance being extended. We don't really see that having a big impact on us this year. We expect at some point that'll come back up and the placement rates will turn back up, but it's really hard to forecast that at this time which is really why when we look at overall Housing, we're saying Housing will be down in 2021 versus 2020 for a couple of reasons. First, the non-cat loss ratio will have a modest increase we talked about. And second, we have some increase in our reinsurance costs, but we're saying it's decreasing but decreasing of what was really a spectacular 2020 where net operating income was up 24% last year.

<A - Alan Colberg - Assurant, Inc.>: Yeah. And as Richard said, we're not expecting any major uptick in placement this year. We are very well-positioned if the Housing market does weaken, but we're not assuming that as we're providing the outlook for 2021.

<Q - Brian Meredith - UBS Securities>: Great. Thank you. [Operator Instructions]

Operator: Your next question comes from the line of Mark Hughes with Truist. Your line is open.

<A - Alan Colberg - Assurant, Inc.>: Hey good morning, Mark.

<Q - Mark Hughes - Truist Securities>: Thank you. Good morning. The 2022 when we think about your capital management aside from this transaction, would we still be looking at it similar to what you've done

the last three years, free cash roughly equal to segment income and similar distribution of buybacks and other corporate purchases?

<A - Alan Colberg - Assurant, Inc.>: Yeah. So Mark, first of all we haven't yet provided a view on 2022. We'll certainly do that at the appropriate time later this year or early next year. So I do think as we think about the future, you could expect we're going to continue our disciplined cash flow management which has been a hallmark of the company. You can expect that our segment earnings will continue to be on average 100% available segment dividends which has been the hallmark of the company for many years. And if you look at underlying growth, we feel very well-positioned to continue to deliver long term, the growth rate we've been delivering double-digit growth rates, but we haven't yet provided a perspective on what we really see for 2022. The other thing I would add is we're going to continue to invest, we mentioned that in materials. It's part of continuing this growth. We've had a track record now of small and profitable growth. We'll continue to invest and ensure that that momentum continues into the foreseeable future. So we feel well-positioned. We just haven't provided an outlook yet for 2022.

<Q - Mark Hughes - Truist Securities>: You mentioned Asia Pacific and North America are contributing to the growth in covered devices, how much are other geographies dragging? How much is still COVID residue?

<A - Alan Colberg - Assurant, Inc.>: Yeah no it's – let me clarify. So Asia Pacific and North America are our primary markets for mobile. So that's where the bulk of our contracts are today with Latin America certainly disrupted in 2020, we're beginning to see some signs of recovery in Latin America, but that's been the most impacted markets from COVID and then Europe, an important market for us, but pretty undeveloped. So we see an opportunity over the coming years to really penetrate and grow Europe, but today it's very fragmented. It doesn't have quite the same structure that we see in Asia Pacific, in North America but we see a lot of opportunity in the future in Europe that we can build and grow our franchise there as well.

<Q - Mark Hughes - Truist Securities>: Richard, the $10 million you mentioned in enterprise support costs, is that incorporated into your guidance, the $10.80 million?

<A - Richard Dziadzio - Assurant, Inc.>: Yes. Yes, it is. I mean essentially, it's two things. It's first, just indirect enterprise support costs that go to Preneed today that will not leave with the sale of Preneed. And then in terms of the other entities that are being sold. There's capital in those entities that gave us the balance of the $10 million. So, think about it as $6 million and $4 million. On the other hand, the indirect costs what we've said in our script too is that we'll be taking those out by the end of this year. So we're not going to let any of those indirect enterprise support costs linger, if I can put it that way, Mark.

<Q - Mark Hughes - Truist Securities>: Yeah. Could you – maybe when you look at the investment income a little bit lower interest rate, how much impact that has on the 2021 number? Obviously, a big impact from taking out the Preneed, but aside from that how much was the lower interest rate headwind to earnings this year?

<A - Alan Colberg - Assurant, Inc.>: And then Mark, maybe let me start in and Richard you can answer that question directly. You know one of the things that this transaction will do for us is again fundamentally alter our risk profile. So our exposure to interest rate movements, the majority of that today is in the Preneed business. So once we close, we are much less exposed to interest rate movements. We also eliminate mortality risk and eliminate that risk from our company. So one of the real outcomes of this transaction in addition to allowing us to focus on Housing and Lifestyle is, it further reduces the risk of our company, but Richard do you want to comment directly on the question?

<A - Richard Dziadzio - Assurant, Inc.>: Yeah. It'll still be a headwind but not as much as it was. If you think about the headwind that we had from investments in 2020, I'd break it down into three components, really was the long term change in interest rates that you talked about, the short term interest rates and real estate gains. The latter real estate gains didn't really have much in the second half of last year. Short term investments they reset right away and so where we were left with the longer term investments. So the way I think about it, by the end of the year, we had taken much of the brunt of the impact of the drop in interest rates. Our portfolios are well-matched as we've talked about. And so it's really new money coming in that gets invested in the lower interest rate environment and that's really a small amount of the total amount of assets that we have in place. Think about a duration going forward of our assets of about a little under five years. So that'll roll through over a period of time if interest rates stayed down. Obviously if they come back up, there won't be an issue. We'll also be looking at the pricing of products as we go forward and which of those products have some kind of interest rate in them. So overall I would say it'll still be some impact but not as much as we felt in the past. And as Alan said, a lot of the interest rate sensitivity goes out of the company now. If we think about the longer duration of Preneed and also the lower assets being down by half, we're estimating that our interest rate sensitivity is decreasing by about two-thirds. So that's a big reduction of interest rate risk going forward.

<Q - Mark Hughes - Truist Securities>: And then I've got a question on renter's insurance. I'm not sure if you've commented on the outlook in that business but what does top line look like there?

<A - Alan Colberg - Assurant, Inc.>: We haven't given a specific number for this year. If you look at last year, for example, we grew policies 8% even in a market – COVID definitely hit the rental market, particularly student housing. We've said over time we expect the growth rate to be high-single digits and our view hasn't fundamentally changed. That continues to be a strong growth business for us, and we would expect over a period of time similar kind of continued growth in that business.

<A - Richard Dziadzio - Assurant, Inc.>: And we did also say that we are investing in that business to stay very relevant in digital and omnichannel distribution. So with that additional investments we've been making, we would say that the income will be muted on that part of the business in 2021.

<Q - Mark Hughes - Truist Securities>: Yeah. And this is a question that may not be for you, maybe just for us to model, but the catastrophe load; any guidance there? Do you have updated thoughts on the appropriate catastrophe load or…?

<A - Richard Dziadzio - Assurant, Inc.>: Yeah. We typically think about it being around – with the exposure that we have going into 2021, we think of it being around $60 million post-tax would be a good figure to use in kind of an average cat year.

<Q - Mark Hughes - Truist Securities>: So that's roughly dollar and earnings per share?

<A - Alan Colberg - Assurant, Inc.>: Yes, yes.

<Q - Mark Hughes - Truist Securities>: Okay. All right. Great. Congratulations. Thank you.

<A - Alan Colberg - Assurant, Inc.>: All right. Thank you.

Operator: Our next question comes from Michael Phillips with Morgan Stanley. Your line is open.

<A - Alan Colberg - Assurant, Inc.>: Hey good morning, Mike.

<Q - Mike Phillips - Morgan Stanley>: Good morning, guys. Thanks. First question is on the remaining part of the proceeds outside of the share repurchase, so I guess the 25% or so, how do you think about prioritizing that between Housing and Lifestyle?

<A - Alan Colberg - Assurant, Inc.>: Generally, the way we think about it is connected world versus the specialty P&C; so connected world includes Multifamily Housing which is part of Housing as well as Auto and Mobile. You should expect the majority of our investments; the vast majority will go into the connected world. Now that's where we have sustained growth. We see enormous opportunity to expand the number of services we provide per subscriber and continue to grow similar to what we've been doing if you look at our M&A over the recent years as well as our investments. The majority is going into that world. In specialty P&C, the biggest investment we've been making is in the technology infrastructure of lender-placed. You've heard us mention on earnings calls that we've been and we still aren't converting to what we call SSP, or single source platform. That is a really differentiated tracking system that gives us a better client consumer experience and sustains our differentiation in that important market. I think the vast majority going into the connected world businesses.

<Q - Mike Phillips - Morgan Stanley>: Okay. Thanks. And that actually leads to a second question, kind of related. You talked a lot about the older devices inside houses these days and how you'll be part of that. Does that present opportunities for partnerships, I guess, with traditional homeowners insurance companies that are also either doing something similar or, if they're not, they're totally providing the insurance for the house? So what kind of opportunities are there for you to partner with something like that?

<A - Alan Colberg - Assurant, Inc.>: It's certainly something we're looking at. I mean our vision broadly around the connected home and connected apartment, again, let me caveat that it's early and we're in pilots on this, but if you think about the consumer challenge of having so many different devices that are from different manufacturers and different partners, we are basically trying to solve the consumer pain point and complexity. And at the end of the day, we're going to provide the best possible outcome and experience for the consumer. We don't need to manufacture every part of that. We can include other partners in it and we do that selectively today already. And I would expect us to continue to do that with a maniacal focus on that consumer experience of managing the complexity of all these devices. We will also probably looking in other ways to reach the consumer. And as the consumer evolves and they acquire things from different channels, we're going to follow the consumer where they go.

<Q - Mike Phillips - Morgan Stanley>: Okay. Makes sense. Thank you. Appreciate it.

<A - Alan Colberg - Assurant, Inc.>: Thank you.

Operator: Our last question comes from the line of Gary Ransom with Dowling & Partners. Your line is open.

<A - Alan Colberg - Assurant, Inc.>: Good morning, Gary.

<Q – Gary Ransom- Dowling>: Good morning. Yeah. Most of my questions have been answered. I do really just had one more about the relationship with CUNA, the buyer. And just you mentioned this 20-year extension, but can you help us understand what's going on there and any other relationships that you might have with the buyer?

<A - Alan Colberg - Assurant, Inc.>: Yeah. So at the end of the day, we had a very robust process here and I feel like we got to a very strong outcome. One of the things on the margin that led us to this conclusion was the long history with CUNA Mutual. That history, 20-plus years, teamed us with the acquisition of The Warranty Group and over the last three years we've built and deepened on that. They're a fantastic partner

for us, the alignment of values and culture. It is the overall kind of best value when we look at it and it gives us an opportunity to continue the dialogue with CUNA of what else can we distribute through them. They have almost 30 million consumers that they service today. They execute through almost 5,000 credit unions in the US; great opportunity to maybe drive more of our products into that channel. They also given their strong ratings and financial position presented very low closing risk, which was also important. We want to make sure that we get to a deal here that gets done and they represent a very good combination of all that. So we're excited that they're the buyer. It really is a great outcome for our shareholders. Certainly, the value that we realize this beyond I think what people expected. And as we talked about, 75% of that is coming back to our shareholders. It's a great outcome for our policyholders. We're going to have a partner who's already in the life insurance business and we'll continue to build on that. It's a great outcome for our clients which is important. We're in a client business. And when we do things like sell something it's important to how we handle that for our clients and then it's a great outcome for our team. We expect our entire Preneed team will move over to CUNA Mutual at closing. So, putting that all together we're excited and look for future opportunities to build our partnership with CUNA.

<Q – Gary Ransom- Dowling>: Is there anything actually in the works at this point; to add more programs or reach more of their consumers?

<A - Alan Colberg - Assurant, Inc.>: Gary, it's early, right? We only landed on the final round recently, but the important thing that was part of the announcement is that we've agreed to this multiyear extension of our current business and that creates lots of opportunities for us with them, and we're always doing that with all of our partners particularly as we add more capability into our connected world businesses, it gives us even more that we can drive into each of our client and partner relationships.

<Q – Gary Ransom- Dowling>: Okay. And maybe one last little one. You answered the question on the cat load, but when you look at – I think you've used a similar cat load for a few years now. And actually when you look at the past few years' catastrophes whether it's fires or wind or freeze, it all seemed to be higher than it used to be. And, I don't know, do you have any thoughts on whether that cat load should be a little bit higher?

<A - Richard Dziadzio - Assurant, Inc.>: Yeah. I think when we do our numbers or when the market is running a numbers, it is taking into account, at least to some extent, I would say, the changes over the last year, seeing some of the metrics there taken into account. But in terms of the cat load that we have it's also a function of the overall exposure. And we have brought down exposures in some areas where we were getting hit by. And then secondly, we've worked on the reinsurance over the years. So, if we look at the average expected loss, it would take into account a little bit of the increase, I think, we've all seen over the last five years maybe. And then also just taking into account the changes we've made on the portfolio. So the $60 million is a similar number but it's similar number with different elements in it, I guess I would say, Gary.

<Q – Gary Ransom- Dowling>: Okay. That's helpful.

<A - Alan Colberg - Assurant, Inc.>: Thank you.

<Q – Gary Ransom- Dowling>: That's it for me and congratulations.

<A - Alan Colberg - Assurant, Inc.>: All right. Excellent. Thank you.

<A - Richard Dziadzio - Assurant, Inc.>: Thank you.

Alan Colberg, President, Chief Executive Officer & Director, Assurant, Inc.

And my thanks, our thanks to everyone for joining us this morning. Please reach out to Suzanne Shepherd or Sean Moshier with any questions on today's announcement and we look forward to updating you on our first quarter earnings call in early May. Thanks, everyone

Operator: Thank you. This does conclude today's teleconference. Please disconnect your lines at this time and have a wonderful day.