



AMB Credit Report - Business Professional

06040 American Bankers Life Assurance Company of Florida

As of December 14, 2009

Company Information

11222 Quail Roost Drive
Miami, FL 33157

Top Officer: **S. Craig Lemasters**
Top Officer's Title: **CEO**
Chief Financial Officer: **N/A**
Secretary: **Jeannie A. Aragon-Cruz**

Telephone: **305-253-2244**

Fax: **305-252-6987**

Web: www.assurantsolutions.com

A.M.Best Number: **06040**

NAIC Number: **60275**

FEIN Number: **590676017**

History: American Bankers Life Assurance Company of Florida began business in 1952.

Licensing: The company is licensed in the District of Columbia, Guam, Puerto Rico, U.S. Virgin Islands, AL, AK, AZ, AR, CA, CO, CT, DE, FL, GA, HI, ID, IL, IN, IA, KS, KY, LA, ME, MD, MA, MI, MN, MS, MO, MT, NE, NV, NH, NJ, NM, NC, ND, OH, OK, OR, PA, RI, SC, SD, TN, TX, UT, VT, VA, WA, WV, WI and WY. It is also licensed in all Canadian provinces and territories. The company is also licensed in all the British Virgin Islands and Haiti.

Best's Ratings

Financial Strength Ratings

Rating: **A- g (Excellent)**
Affiliation Code: **g (Group)**
Financial Size Category: **VIII (\$100 Million to \$250 Million)**
Outlook: **Stable**
Action: **Affirmed**
Effective Date: **11/18/2009**

Issuer Credit Rating

Long-Term: **a-**
Outlook: **Stable**
Action: **Affirmed**
Effective Date: **11/18/2009**

Previous FSR Rating Event

A- g (Excellent) 2008

Security Ratings

No data available

Rating Rationale

Rating Rationale: The rating assignment of American Bankers Life Assurance Company of Florida (ABLAC) reflects its long history of being a leader within the credit insurance and debt protection industry, its access to the numerous distribution sources and territories the organization utilizes to write new business through, and its adequate level of capitalization to support projected growth targets. Offsetting rating factors include the challenges ABLAC is currently facing with respect to premium growth in its credit insurance business, the company's concentrated profile, and its declining operating earnings over the past few years.

Within Assurant Solutions, ABLAC has positioned itself as a recognized name in association with credit and debt protection services. Assurant's broad distribution network includes banks, credit card issuers, mortgage lenders, financial institutions, retailers, credit unions, utilities, auto dealerships and lenders, consumer finance companies, and independent agents through which it jointly markets its property/casualty and life/health products. Its targeted product development activities encourage the cultivation of new and existing client relationships, further entrenching the organization's expertise in the marketplace. The credit card-related insurance market has gone through major changes this decade. While these changes have had a significant impact on ABLAC, the organization is positioned to adapt to the new environment. In addition, Assurant is expanding its credit insurance presence outside of the United States, since non-domestic locations have more favorable competitive and regulatory environments. It is expected that, pending approval from the state of Florida, the company will dividend a larger amount to its parent and maintain a lower amount of capital going forward. ABLAC will continue to maintain an appropriate level of capital available to support its international growth initiatives. Despite the recent decline in earnings and continued dividend payments to its parent, the company maintains an adequate level of capital and surplus for its current level of insurance and investment risk as measured by Best's Capital Adequacy Ratio (BCAR).

A.M. Best believes that ABLAC will continue to be challenged to return to historical levels of profitability as substantial changes in the credit insurance market over the last few years have driven a shift in product mix and have hindered market penetration. Assurant Solutions, as a whole, has shifted its emphasis towards debt-related products, which have become more popular with the consumer than credit insurance in the U.S. With the acceptance of debt deferment and debt cancellation products in the company's core market segments, most of its U.S.-based credit card accounts have ceased writing



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Rating Rationale

new traditional credit insurance business. Because of this, ABLAC has experienced a significant decline in its direct domestic premium income levels over the past few years. As an offset to the decline, Assurant Solutions has begun to support the administration of debt protection products and has maintained a relationship with its existing accounts through its ability to administer debt products. These relationships give the organization the opportunity to sell other insurance products and collect fee income going forward. Additionally, ABLAC is faced with increased regulatory and pricing pressures, as well as the weakened economic environment, which present added challenges to both its top and bottom lines.

Business Review

BUSINESS REVIEW

American Bankers Life Assurance Company (ABLAC) has historically been the lead life/health company of the American Bankers Insurance Group, Inc. (ABIG). In August of 1999, United Family Life Insurance Company, a subsidiary of Assurant, Inc., purchased ABIG. In 2006, ABIG was moved within Assurant from underneath an ex-affiliate, United Family Life, to Interfinancial, Inc., an intermediate holding company.

Following the purchase by Assurant, ABIG was combined with the organization's own credit insurance operations (the American Security Group) to form the Assurant Solutions Group.

Note: The commentary above is an excerpt. Please refer to the [AMB Credit Report - Insurance Professional](#) for the complete text.



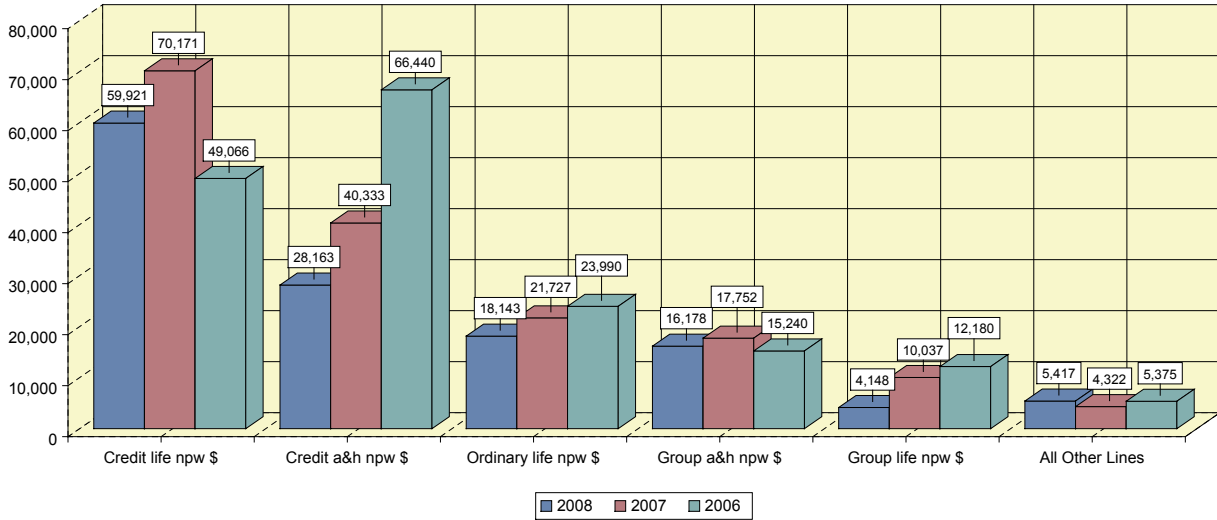
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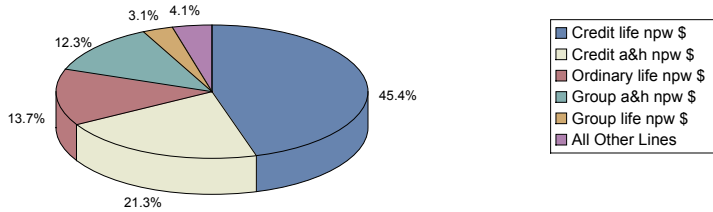
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Top Lines and States of Business (\$000)

3-Year Net Premiums & Deposits Trend Analysis

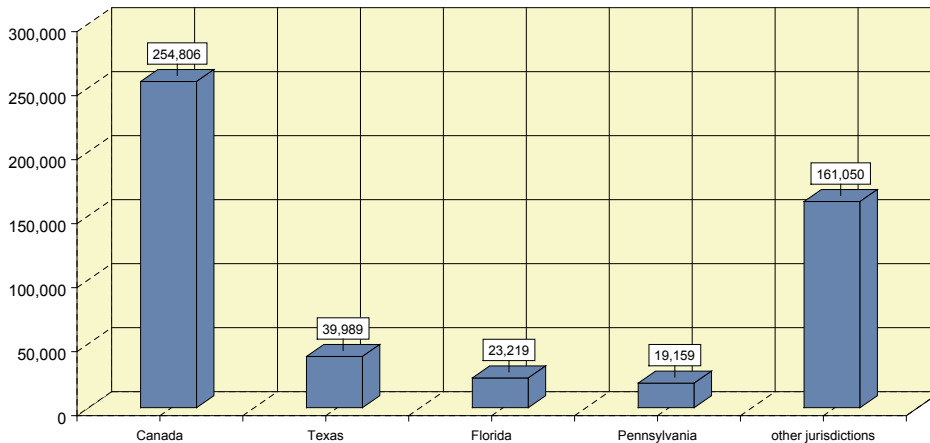


Top Lines of Business (Net Premiums Written & Deposits)



	2008	2007	2006
Credit life npw \$	59,921	70,171	49,066
Credit a&h npw \$	28,163	40,333	66,440
Ordinary life npw \$	18,143	21,727	23,990
Group a&h npw \$	16,178	17,752	15,240
Group life npw \$	4,148	10,037	12,180
All Other Lines	5,417	4,322	5,375
Total	131,970	164,342	172,291

Top States of Business (Direct Premiums Written)



	2008
Canada	254,806
Texas	39,989
Florida	23,219
Pennsylvania	19,159
other jurisdictions	161,050
Total	498,223



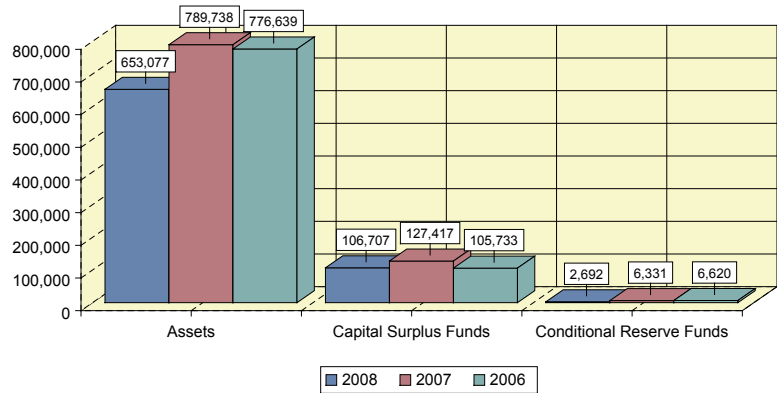
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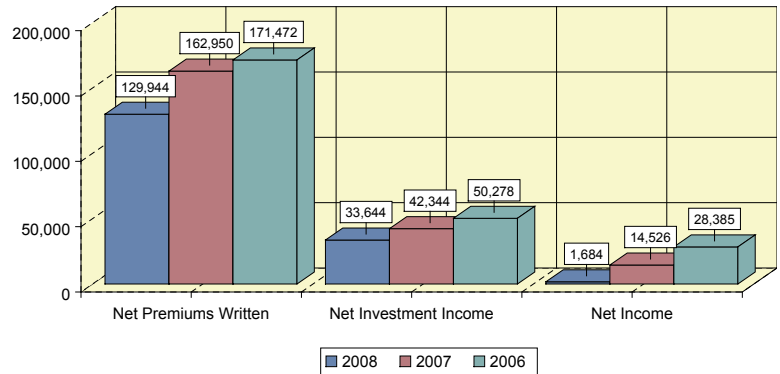
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Key Financial Indicators (\$000)

	Assets	Capital Surplus Funds	Conditional Reserve Funds
2008	653,077	106,707	2,692
2007	789,738	127,417	6,331
2006	776,639	105,733	6,620



	Net Premiums Written	Net Investment Income	Net Income
2008	129,944	33,644	1,684
2007	162,950	42,344	14,526
2006	171,472	50,278	28,385



Profitability Tests (%)

	Benefits Paid to NPW & Deposit	NOG to Total Assets	Operating Return on Equity	Net Yield
2008	50.6	2.4	14.9	5.21
2007	51.4	1.7	11.6	6.16
2006	47.3	3.1	16.6	6.54

Underwriting Experience (\$000)

	2008	2007	Change Amount	Change %
Direct Premiums Written	498,102	515,531	-17,429	-3.40%
Net Premiums & Deposits	131,969	164,342	-32,373	-19.70%
Net Operating Gain After Tax	17,480	13,532	3,948	29.20%
Net Income	1,684	14,526	-12,842	-88.40%
Total Admitted Assets	653,077	789,738	-136,661	-17.30%
Capital Surplus Funds	106,707	127,417	-20,710	-16.30%



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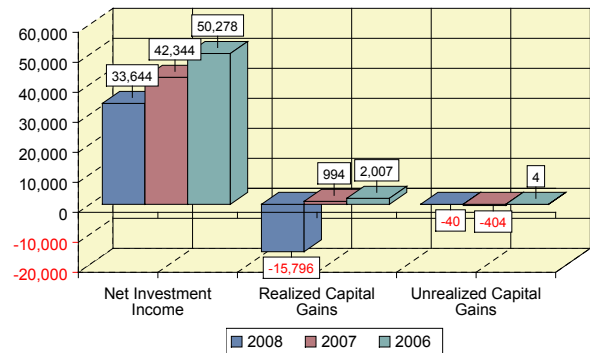
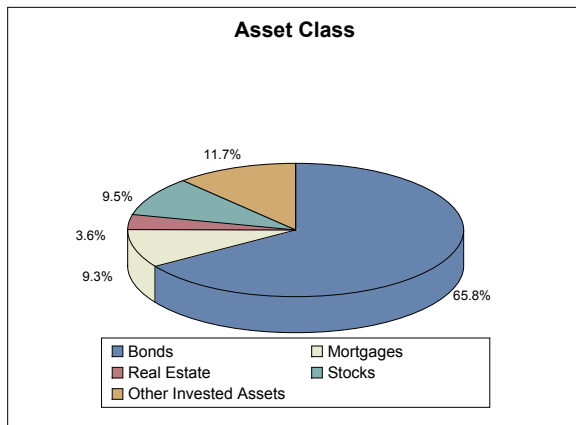
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Investment Portfolio Analysis (\$000)

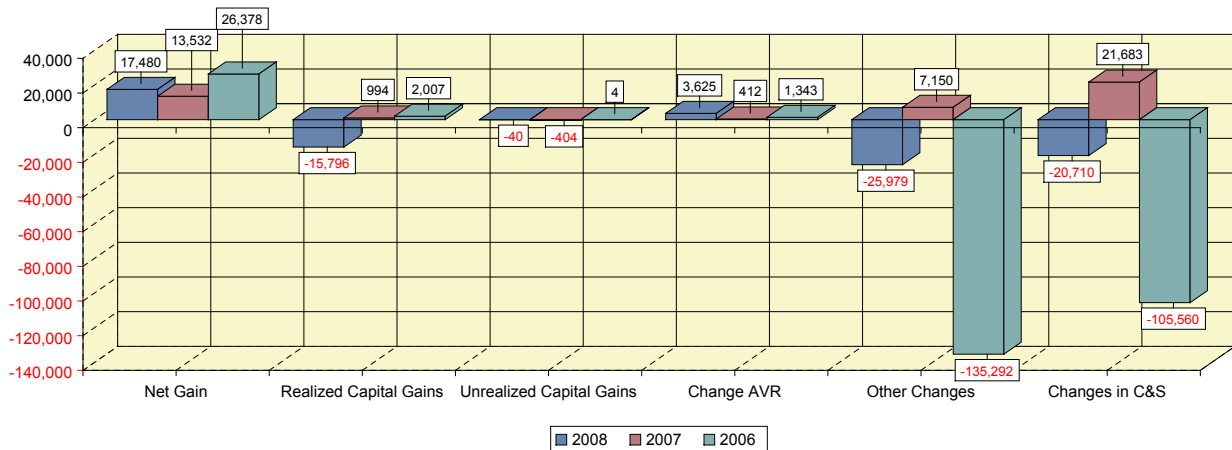
Asset Class	2008
Bonds	392,937
Mortgages	55,529
Real Estate	21,750
Stocks	56,989
Other Invested Assets	69,998
Total	597,203

Investment Income Analysis (\$000)

	Net Investment Income	Realized Capital Gains	Unrealized Capital Gains
2008	33,644	-15,796	-40
2007	42,344	994	-404
2006	50,278	2,007	4



Sources of Capital Growth (\$000)



	Net Gain	Realized Capital Gains	Unrealized Capital Gains	Change AVR	Other Changes	Changes in C&S
2008	17,480	-15,796	-40	3,625	-25,979	-20,710
2007	13,532	994	-404	412	7,150	21,683
2006	26,378	2,007	4	1,343	-135,292	-105,560
3-Year Total	57,389	-12,795	-440	5,379	-154,121	-104,587



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Balance Sheet (\$000)

ASSETS	2008
Total bonds	392,937
Total preferred stocks	53,171
Total common stocks	3,818
Mortgage loans	55,529
Real estate	21,750
Contract loans	6,726
Cash & short-term inv	57,698
Premis and consids due	10,795
Accrued invest income	5,882
Other assets	44,771
Total Assets	653,077
LIABILITIES	2008
Net policy reserves	399,322
Deposit type contracts	8,294
Policy claims	30,868
Payable on reins	32,437
Interest maint reserve	1,046
Comm taxes expenses	32,214
Asset val reserve	2,692
Funds held reinsurance	24,746
Other liabilities	14,751
Total Liabilities	546,370
CAPITAL & SURPLUS	2008
Common stock	4,472
Paid-in & contrib surpl	77,356
Unassigned surplus	24,878
Total Liab & Cap	653,077

Summary of Operations

INCOME	2008
Ordinary life	18,143
Individual annuities	479
Credit life	59,921
Group life	4,148
Acc & health group	16,178
Acc & health credit	28,163
Acc & health other	2,913
Total premiums	129,944
Supplementary contracts	81
Net invest income	33,644
Amort interest maint res	330
Comm & exp reins ceded	140,289
Other income	-4,875
Total operating income	299,413
DISBURSEMENTS	2008
Death benefits	35,222
Annuity benefits	327



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Summary of Operations

DISBURSEMENTS	2008
Surrender benefits	15,612
Acc & health benefits	15,888
Int on policy funds	-800
Supplementary contracts	531
Incr life reserves	-21,003
Incr A&H reserves	-10,051
Commissions	151,135
Comm exp reins assumed	15,413
Insur taxes lic & fees	15,075
General ins expenses	67,535
Misc operating expense	76
Total disbursements	284,959
Net gain before FIT	14,454
Federal Income Tax	-3,026
Net gain after FIT	17,480

Note: The most recent data contained in this AMB Credit Report is "Quality Checked" indicating that this financial data was recorded after having cleared A.M. Best Quality Checks.

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