S&P Global
Market Intelligence

Assurant, Inc. NYSE:AIZ

FQ4 2021 Earnings Call Transcripts

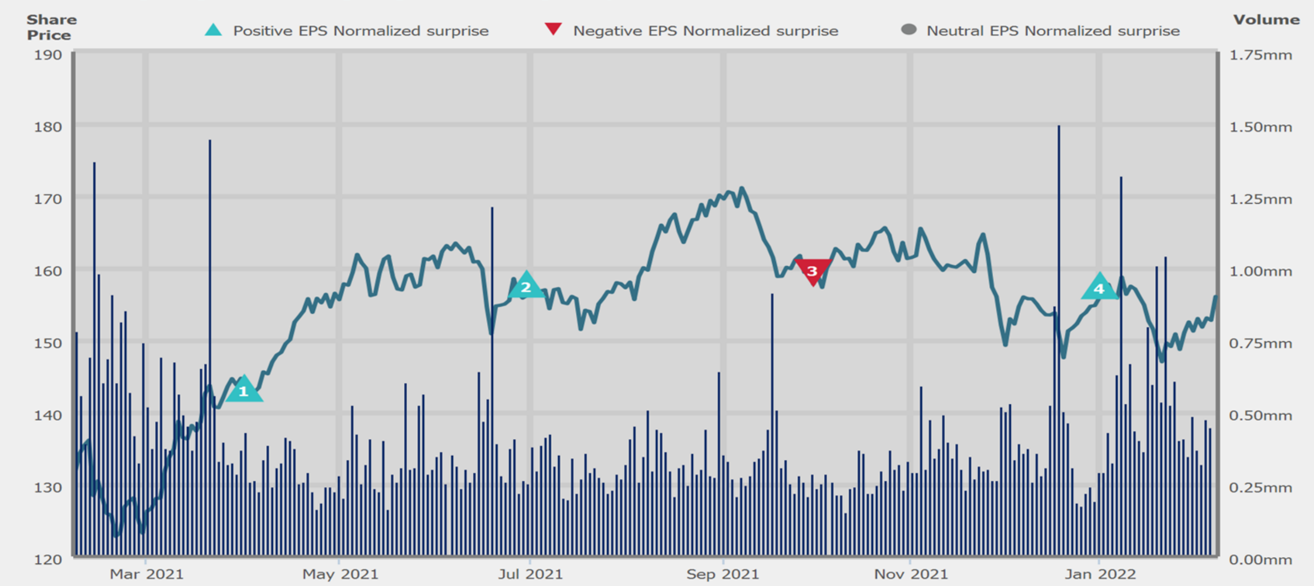
Wednesday, February 09, 2022 1:00 PM GMT

S&P Global Market Intelligence Estimates

	-FQ4 2021-			-FQ1 2022-	-FY 2021-			-FY 2022-
	CONSENSUS	ACTUAL	SURPRISE	CONSENSUS	CONSENSUS	ACTUAL	SURPRISE	CONSENSUS
EPS Normalized	2.31	2.47	▲6.93	2.64	9.19	9.36	▲1.85	11.75
Revenue (mm)	2575.68	2574.90	▼(0.03 %)	2637.04	10188.54	10187.60	▼(0.01 %)	10838.64

Currency: USD
Consensus as of Feb-09-2022 2:59 AM GMT

Stock Price [USD] vs. Volume [mm] with earnings surprise annotations



- EPS NORMALIZED -

	CONSENSUS	ACTUAL	SURPRISE
FQ1 2021	1.94	2.47	▲1 27.32 %
FQ2 2021	2.50	2.99	▲2 19.60 %
FQ3 2021	1.42	1.41	▼3 (0.70 %)
FQ4 2021	2.31	2.47	▲4 6.93 %

Table of Contents

Call Participants

EXECUTIVES

Keith Warner Demmings
President, CEO & Director

Richard Steven Dziadzio
Executive VP & CFO

Suzanne Shepherd
Senior Vice President of Investor Relations & Sustainability

ANALYSTS

Brian Robert Meredith
UBS Investment Bank, Research Division

Grace Helen Carter
BofA Securities, Research Division

Mark Douglas Hughes
Truist Securities, Inc., Research Division

Michael Wayne Phillips
Morgan Stanley, Research Division

Thomas Henry Shimp
Piper Sandler & Co., Research Division

Thomas Patrick McJoynt-Griffith
Keefe, Bruyette, & Woods, Inc., Research Division

Presentation

Operator

Welcome to Assurant's Fourth Quarter and Full Year 2021 Conference Call and Webcast. [Operator Instructions]

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

Suzanne Shepherd
Senior Vice President of Investor Relations & Sustainability

Thank you, operator, and good morning, everyone. We look forward to discussing our fourth quarter and full year 2021 results with you today. Joining me for Assurant's conference call are Keith Demmings, our President and Chief Executive Officer; and Richard Dziadzio, our Chief Financial Officer.

Yesterday, after the market closed, we issued a news release announcing our results for the fourth quarter and full year 2021. The release and corresponding financial supplement are available on assurant.com. We'll start today's call with remarks from Keith and Richard before moving into a Q&A session.

Some of the statements made today are forward-looking. Forward-looking statements are based upon our historical performance and current expectations and are subject to risks, uncertainties and other factors that may cause actual results to differ materially from those contemplated by these statements. Additional information regarding these factors can be found in yesterday's earnings release as well as in our SEC reports.

During today's call, we will refer to non-GAAP financial measures, which we believe are important in evaluating the company's performance. For more details on these measures, the most comparable GAAP measures and a reconciliation of the two, please refer to yesterday's news release and financial supplement.

I will now turn the call over to Keith.

Keith Warner Demmings
President, CEO & Director

Thank you, Suzanne, and good morning, everyone. As I begin my tenure as CEO, I'm extremely proud of the opportunity to lead our nearly 16,000 employees across the world as we support consumers' ever-connected lifestyles. As I reflect on Assurant's transformation over the past several years, not only have we evolved our business model but also significantly expanded the breadth of our offerings and our customer base.

Today, Assurant represents a cohesive group of higher-growth service-oriented businesses serving more than 300 million consumers globally. Collectively, our connected consumer and specialty P&C businesses have generated and are expected to drive continued profitable growth and strong returns.

As we position Assurant for 2022 and beyond, we see compelling opportunities to sustain growth, particularly with the convergence of the connected consumer in the global markets and geographies in which we operate. Continued success will require us to deliver on our vision for the future to empower leading brands to connect, protect and support their customers' connected lifestyles.

Ongoing investments in our people and capabilities will enable us to meet our customers how, where and when they want to be met differentiating our offerings through a superior customer experience. Continuously adapting to the changing needs of the connected consumer will be critical to achieving our long-term growth.

To continue to capture new opportunities, I believe success will require more than ever, our focus on 5 priorities: first, attracting, retaining and developing the best talent to unlock future potential; second, delivering a superior digital-first customer experience; third, deepening our strong partnerships with major clients and prospects worldwide while also developing offerings and capabilities that continue to differentiate Assurant; fourth, accelerating the pace of innovation and prioritizing the necessary investments across our operations and technology; and finally, continuing to further embed and support sustainability and inclusivity for the benefit of all stakeholders and the communities in which we operate.

And already this year, we've made progress in our continued objective to build a more sustainable Assurant. I'm proud of our recognition by CDP on our environmental impact and commitment and our continued inclusion in corporate equality and Bloomberg Gender Equality indices.

I want to take a moment to highlight our lifestyle and housing businesses and how we successfully executed our strategy throughout 2021. Within Connected Living, our mobile device life cycle management solution has enhanced our ability to introduce value-added services and capabilities to monthly device protection plans and trade in and upgrade programs. This has helped expand our market share and further differentiate our offerings. We now cover almost 63 million mobile devices, a figure that's doubled since 2015 and increased 18% in 2021 alone.

At year-end, we launched a partnership with Deutsche Telekom in Germany to provide an innovative mobile phone device protection program and trade-in program. Assurant had already been recognized by Deutsche Telekom for our commitment to sustainability with #GreenMagentaLabel, highlighting how our products and services make a positive climate contribution and reflect a responsible use of resources. This is another example of further integrating ESG into Assurant's business operations and offerings worldwide to drive more value for our partners and for our consumers.

Throughout the year, critical investments continue to drive growth and differentiate the customer experience. Our trade-in and upgrade business, now inclusive of HYLA Mobile, drove exceptional performance, processing over 25 million devices supported by the rollout of 5G as well as our repair, asset disposition and technology capabilities.

We recently expanded our longstanding partnership with Telefonica to provide a comprehensive device trade-in program across several key countries in Europe and Latin America, where Telefonica is a market leader. The program will enable Telefonica to access our leading trade-in technology.

We also continue to integrate mobile service delivery options into our offerings through CPR's local same-day capability and the come-to-you repair capability through our acquisition of Fixt. Demonstrating our commitment to improving the customer experience, CPR by Assurant ranked first in the 2022 Entrepreneurial Franchise 500 for electronics repair. This is a testament to the success of our CPR franchisees and our commitment to provide customers with exceptional experiences, services and support.

And we successfully executed on the major rollout of the in-store repair capability to nearly 500 T-Mobile store locations nationwide, showcasing our ability to adapt to rapidly changing consumer preferences. Over a period of 5 months, we recruited, trained and deployed nearly 2,000 technicians to deliver a seamless experience to T-Mobile customers in store while also converting approximately 10 million Sprint subscribers to Assurant. The in-store repair rollout will continue in 2022 as we further enhance the overall experience for T-Mobile customers.

Turning to our Global Automotive business where we also have a strong track record of growth and innovation, we've continued to capture market share and see significant opportunities ahead. In 2021, we grew global protected vehicles by 10% to nearly 54 million and increased net operating income by 21%. The auto business is critical to the long-term success of Assurant, and we should continue to benefit in the future from increased scale through our alignment with industry leaders and our ability to support customers through digital channels.

Turning to renters. The business grew policies and revenue by 7% in 2021, a testament to strong affinity and property management company channel relationships. We also secured multiyear renewals with 2 top 10 property management companies. Technology and innovation are critical components to our success in this business, and we'll continue to invest in our technology over the next several years to further enhance the customer experience for our 2.6 million policyholders.

Investments in 2021 included the continued rollout of Cover360, launching new customer-facing sales portals and expanding self-service capabilities that leverage machine learning to enable automation of claim payments. Ultimately, our investments should increase policy attachment rates, which have not yet hit mature levels throughout the industry. Additionally, in our attractive P&C offerings, including lender-placed insurance, we have maintained our market-leading position with large U.S. servicers and banks tracking over 30 million loans. Last year alone, we renewed 10 clients and partnered with 2 new clients.

As we look to 2022, we'll continue investments in operations, such as our customer-centric single-source processing platform, differentiating our tracking capabilities and improving efficiency. Overall, I'm pleased that our businesses have delivered on our commitments for 2021 as we delivered value for our clients and customers. We also further demonstrated the resiliency of our unique business model as we navigated the pandemic and manage inflationary pressures.

Excluding reportable catastrophes, we generated 14% earnings per share growth on the high end of our expectations. Net operating income, also excluding cats grew by 11% to $672 million, making 2021 our fifth consecutive year of profitable growth. Our balance sheet remains strong. Combined, our businesses contributed a total of $729 million in dividends to the holding company, representing approximately 100% of segment earnings. This allowed us to return a total of $1 billion in share repurchases and common stock dividends and complete our 3-year $1.35 billion capital return objective.

In addition, we completed 60% of the $900 million we committed to return through share repurchases as part of the sale of our Preneed business. We anticipate returning the remainder by the end of the second quarter.

Next, I'd like to review some initial thoughts for 2022. As we look ahead to sharing our long-term vision, strategy and financial objectives at Investor Day in March, we can make an even more compelling case for the future. Given our ongoing shift to more service-oriented fee-based businesses, we believe adjusted EBITDA rather than net operating income is a better representation of how to evaluate our operating performance for the enterprise and segments.

In 2021, adjusted EBITDA, excluding cats, increased 9% to $1.1 billion, driven by strong results in Global Lifestyle, particularly in Global Automotive and Connected Living as well as a lower corporate loss. In 2022, we expect growth in adjusted EBITDA ex cats of 8% to 10%, a reflection of the strength of our business portfolio. Within Global Lifestyle, we expect adjusted EBITDA to increase by low double digits but likely not exceed the 12% growth we had in 2021. Segment growth will be driven by Connected Living, particularly mobile, even as we make strategic investments to support new business, including continued investments in our in-store mobile repair capabilities.

Within Global Housing, adjusted EBITDA, excluding cats, is expected to grow mid- to high single digits, driven primarily by lender-placed from higher average insured values, operating efficiencies and improved results in specialty offerings. Our Corporate segment is expected to generate a loss of approximately $105 million of adjusted EBITDA, which is in line with our historical levels.

Cash flow generation is also expected to remain strong and is a core component of Assurant's financial profile, allowing us to continue to invest in and transform this company. As we look at our capital management priorities going forward, we'll continue to be strong stewards of capital. Our goal is to continue to maximize long-term value creation through disciplined capital deployment while also maintaining our investment grade and financial strength ratings. Given the attractive business opportunities we see ahead, we expect a more balanced capital deployment mix, targeting compelling investments to drive long-term growth whether organic or through M&A as well as ongoing return of capital to shareholders. We believe this combination will enable us to sustain above-market profitable growth and generate significant value for our shareholders.

We recognize that for periods of time, this may result in higher-than-average levels of holding company liquidity to ensure we have the flexibility to make investments that generate compelling returns while also returning capital mainly through buybacks given the attractiveness of our stock.

Lastly, I wanted to acknowledge and thank all who have supported my transition as CEO over the last several quarters. Your feedback and ongoing dialogue has been incredibly valuable as we collectively look to build upon the success of Assurant for the future. And I want to thank our employees around the world for their extraordinary efforts in 2021, a year in which we again outperformed despite the challenges of the pandemic.

I will turn the call over to Richard to review the fourth quarter results, our '22 outlook and business trends. Richard?

Richard Steven Dziadzio
Executive VP & CFO

Thank you, Keith, and good morning, everyone. As Keith noted, we're pleased with our performance in 2021, which continued to reinforce the strength of earnings and cash flow generation of our businesses. For the fourth quarter, we reported net operating income per share, excluding reportable catastrophes of $2.49, up 21% from the prior year period. Excluding cats, net operating income for the quarter totaled $144 million and adjusted EBITDA amounted to $245 million, a year-over-year increase of 16% and 8%, respectively.

Now let's move to segment results, starting with Global Lifestyle. This segment reported net operating income of $108 million in the fourth quarter, a year-over-year increase of 23%. Growth was driven by strong performance in Global Automotive and Connected Living.

In Global Automotive, earnings increased $12 million or 29% from fourth quarter 2020. The increase is based on 3 main items, including: first, continued organic growth across distribution channels, mainly in the U.S. and including AFAS contributions; second, the loss experienced from select ancillary products; and third, higher investment income.

Connected Living's earnings increased by $9 million or 21% year-over-year, more than offsetting the implementation costs associated with the initial deployment of in-store device repair services with T-Mobile. These costs are primarily related to technician hiring and parts sourcing and will further impact Connected Living's earnings in 2022 as we continue investing in our in-store capabilities.

The fourth quarter increase in Connected Living was primarily driven by 3 items: higher trade-in volumes, including a full quarter of contributions from HYLA and carrier promotions; higher international earnings, including improved performance in Europe and Asia Pacific; and continued mobile subscriber growth in North America, including growth from our cable operator partners. This quarter, Connected Living and Global Automotive results also included a modest tax benefit that improved earnings.

For the quarter, lifestyle's adjusted EBITDA increased 16% to $159 million. Adjusted EBITDA eliminates the segment's increased IT depreciation from higher investments as well as amortization resulting from higher deal-related intangibles from the more recent transactions in T-Mobile and Global Automotive.

As we look at revenues, lifestyle revenues increased by $168 million or 9%. This was driven mainly by continued growth in Global Automotive and Connected Living. In Global Automotive, revenue increased 12%, reflecting strong prior period sales of vehicle service contracts across all distribution channels. In the U.S., we saw continued expansion from our national dealer network and third-party administrators while we benefited internationally from higher volumes with OEMs. As expected, our net written premiums, a key sales metric, continued to normalize compared to the third quarter, but remain elevated. We expect continued normalization into 2022.

Within Connected Living, revenue increased 7%, primarily due to mobile fee income that was driven by strong trading volumes, including contributions from HYLA. Trading volumes continue to be elevated in the fourth quarter, supported by new phone introductions and carrier promotions from the introduction of 5G devices.

Higher revenue growth in domestic mobile subscribers was offset by declines in runoff mobile programs previously mentioned. For the year, mobile subscribers grew 18% to nearly 63 million, driven by growth in North America, including the transition of legacy Sprint subscribers. Excluding the Sprint transition, our North America device count continued to grow at a healthy pace and was up 8%, offsetting declines in other regions.

Looking ahead to 2022, we expect Global Lifestyle adjusted EBITDA to increase by low double digits. Growth will be mainly driven by Connected Living and particularly mobile from continued global expansion in existing and new clients and across device protection and trade-in and upgrade programs.

Given the strategic investments we're making across Lifestyle to support new business opportunities, including in-store service and repair capabilities, we do not anticipate growth to exceed the 12% growth rate we had in 2021.

In Global Automotive, we expect adjusted EBITDA to be stable in 2022 compared to 2021, as we overcome headwinds in investment income and the absence of $10 million of nonrecurring gains we recorded in the first half of 2021.

Moving to Global Housing. Net operating income was $80 million for the fourth quarter compared to $61 million in the fourth quarter of 2020, driven by lower reportable catastrophes. Excluding catastrophe losses, earnings decreased $7 million, mainly due to higher non-cat losses in our Specialty P&C offerings. Non-cat losses included an $8.2 million increase, primarily related to reserve strengthening for runoff claims within our small commercial book. As a reminder, this book stopped adding policies in 2019, but we continue to manage open claims. Absent this reserve increase, earnings were relatively flat as growth in lender-placed was offset modestly by higher non-cat losses.

Recall certain factors in 2020 and the first quarter of 2021 temporarily depressed non-cat loss levels. We do not consider those periods to be representative of historical and future trends. Earnings growth in lender-placed insurance was driven by the higher average insured value of in-force policies and claims processing efficiencies, which were partially offset by the impact of the continued foreclosure moratoriums.

In January, we replaced our existing reinsurance coverage, representing 2/3 of our 2022 catastrophe reinsurance program placement. We were able to continue placing reinsurance, covering multiple years to mitigate changes in the pricing of cat reinsurance in any 1 year. And similar to prior years, the remainder of our reinsurance will be placed around midyear. We will continue to evaluate the risks and rewards of purchasing additional reinsurance as well as alternatives that could more meaningfully reduce our risk.

In Multifamily Housing, underlying growth in our affinity and PMC channels was offset by increased expenses, primarily investments to further strengthen our customer experience, including our digital capabilities. Global Housing revenue increased 2% year-over-year, mainly from higher average insured values and premium rates in lender-placed and growth in multifamily housing. This was partially offset by lower specialty revenues from client runoff.

For 2022, we expect Global Housing's adjusted EBITDA, excluding cats, to grow by mid- to high single digits compared to 2021. This is expected to be driven by 3 factors: first, growth in lender-placed insurance from continued higher average insured values and gradually higher REO volumes due to easing foreclosure moratoriums throughout the year. Growth is expected to be partially offset by the impact of higher labor and material costs.

Second, expense savings initiatives, including our digital-first efforts focused on automation will have a positive impact, albeit partially offset by continued investment initiatives, particularly in Multifamily Housing. And third, improved loss experience in our specialty offerings related to small commercial.

At Corporate, the net operating loss was $24 million, an improvement of $3 million compared to the fourth quarter of 2020. This was mainly driven by higher investment income in the quarter from higher asset balances, including proceeds from the sale of Global Preneed. For 2022, we expect the corporate adjusted EBITDA loss to approximate $105 million, more in line with historical levels.

Turning to holding company liquidity. We ended the year with slightly over $1 billion, primarily due to the proceeds from the sale of our Preneed business. In the fourth quarter, dividends from our operating segments totaled $176 million.
In addition to our quarterly corporate and interest expenses, we had outflows from 3 main items: $290 million of share repurchases; $39 million in common stock dividends; and $5 million related to Assurant Ventures investments.

For 2022, we expect our businesses to continue to generate strong cash flow and at a similar rate to prior years. Within transition to adjusted EBITDA, we expect segment dividends to be roughly 3/4 of segment adjusted EBITDA, including catastrophes. This translates to approximately 100% of segment net operating income. As always, segment dividends are subject to the growth of the businesses, rating agency and regulatory capital requirements and investment portfolio performance.

As Keith mentioned, we expect to provide additional color for 2022, including our outlook on a per share basis that aligns with adjusted EBITDA, along with further detail regarding our long-term view of financial metrics that support Assurant's strategic direction at Investor Day next month. As a result of the expected level of share repurchases, we wanted to note that we expect that our growth on a per share basis will significantly exceed our adjusted EBITDA growth.

In closing, we are really excited to have met our objectives for 2021 despite the difficult operating conditions brought on by the pandemic, and we're excited to be entering 2022 with the positive business momentum we've highlighted today.
And with that, operator, please open the call for questions.

Question and Answer

Operator

[Operator Instructions] Our first question comes from the line of Tommy McJoynt from KBW.

Thomas Patrick McJoynt-Griffith
Keefe, Bruyette, & Woods, Inc., Research Division

So could you guys start off and just talk about some of the impact of inflation on your device repair and upgrade business? Obviously, there's different factors with replacement parts and higher labor and wages. So if you just kind of touch on how you're managing those risks?

Keith Warner Demmings
President, CEO & Director

Sure. Maybe I'll start, talk a little bit about mobile. And then Richard, you can talk more broadly about inflation overall. I'd say, on the mobile business, it's had a relatively neutral impact on our financials. As we've talked about before, the business is largely reinsured and profit shared with our clients. So you do see a little bit of impact on loss ratios, when we're on risk, but it's been fairly immaterial as we look over the course of the last many months.

I would also say, from our perspective, we also think about delivering service to the end consumer and making sure we've got the right levels of inventory. So that's equally important to make sure we're delivering. And we've done a really good job stocking inventory, making sure we've got good lead time for parts delivery. From time to time, we do see delays in terms of claim fulfillment. Sometimes that means some repair might take a little longer or we might have to replace a device versus doing a repair. But overall, customer service has been excellent and NPS scores in terms of what customers are telling us have been really, really strong. So that's more from the parts side.

I'd say in the labor market, no doubt, remains challenging, and this is true across all of the businesses around the world. I would say really proud of how the teams have navigated, not just the labor market, but really the pandemic overall with work from home. I think because we kept health and safety at the front of everything that we did from a decision-making perspective. We built an incredible culture within the organization. And I think we haven't seen a lot of the great resignation that you hear about every day. We've done an incredible job kind of protecting our employee base.

And in fact, we hired 2,000 employees to staff the 500 T-Mobile stores to do repairs and obviously, including leadership positions, did that extremely well in a very challenging market. So really proud of how we've navigated labor. And I think one of our advantages is the talent that we have. But maybe, Richard, just a little bit more on macro inflation as we think about the housing business as well.

Richard Steven Dziadzio
Executive VP & CFO

Sure. Sure. Thanks, Keith. Yes, just in terms of the housing business overall, we have seen some increase in claim costs, and that's a little bit of a headwind. But on the other hand, we've -- as we talked about in our remarks, we have seen an increase in average insured value. So that's, to a certain extent, offset the pressure there.

I guess the other thing I would say, too, is while short term, we do feel some pressure from it, we have factored it into the comments we made today in terms of what we would consider to be the impact of inflation on our businesses in 2022 and the outlook that we gave. And also positive will be rising interest rates that will flow through to investment income. So the higher rates will be helpful both on a short and longer term on the cash that we have in hand today and also on new money coming in, for premiums coming in as we invest it. So overall, we don't see a material impact in the short term or actually as we go further off.

Thomas Patrick McJoynt-Griffith
Keefe, Bruyette, & Woods, Inc., Research Division

Appreciate the feedback. And then just switching gears a little bit to the outlook and to the guidance on EBITDA. So if I look over the past couple of years, the EBITDA margin has kind of been in the 10% to 11% range. When you kind of think of long term where EBITDA should go, do you think you should build in some margin expansion on EBITDA? Or do you think that 10% to 11% is kind of a good long-term rate?

Richard Steven Dziadzio
Executive VP & CFO

Yes. I guess a couple of comments. We will be obviously coming out at Investor Day in -- on March 24, with a longer-term outlook. So we'll be coming to the market with 3-year longer-term financial projections. So that will be a great time for us to lay out our vision for the future. And certainly, if you look at our outlook for '22, strong EBITDA growth. We've signaled 8% to 10%. We saw 9% in 2021.

So continued strong momentum in terms of driving EBITDA growth. And I would also say, we're investing more as well organically to try and set up the future. And we'll talk a lot more about some of those investments and how we think about long-term growth trajectory emerging as we get back together in a few weeks.

Operator

Your next question comes from the line of Michael Phillips from Morgan Stanley.

Michael Wayne Phillips
Morgan Stanley, Research Division

I'm actually -- you just touched on it, but maybe a little bit deeper, if you could, Keith, on the guidance for EBITDA, I guess I was curious -- again, maybe nothing more than what you just said, but I'll see. Curious how much, I guess, overall investment we should think about as being done this year relative to, say, the amount that was done last year as we look at that 8% to 10% guide for EBITDA?

Keith Warner Demmings
President, CEO & Director

Yes. I would say we expect to make more investments overall across the company in 2022 than 2021. We obviously had some material investments when you look at standing up saving a repair with T-Mobile. There was a significant lift to do that, obviously, converting the Sprint business. So there certainly were investments in '21. I would signal a little bit more investment to drive organic growth, and I would probably highlight a couple of areas.

Certainly, we're going to continue to invest in service and repair capabilities, really building out the platform, the technology and the integrations. We talked about investments in digital-first in the prepared remarks, that's a really important priority for the organization. Obviously, it drives efficiency longer term, but it radically improves the customer experience. So that's a big priority.

We've got several new client launches that are planned that obviously take a significant amount of energy to get right and make sure we execute and deliver. And then investment in longer-term growth, new capabilities around the connected home, around innovation to drive new product bundles and new cross-selling opportunities, and I would say, further scaling capability in Europe and Japan. So there's a lot of areas that we're trying to focus on. There's a significant amount of long-term growth potential across all of our product lines. So I would say a pretty balanced set of opportunities.

Michael Wayne Phillips
Morgan Stanley, Research Division

Okay. That's helpful. I'm sure we'll get a lot more details in a few weeks. You mentioned this in the opening comments as well, maybe a little bit more detail here. The expenses that you've incurred from the T-Mobile rollout that was kind of pushed into 4Q and some and now into this year, is that going to be more of a 1Q issue? Or that continue at that same level as we get past 1Q of 2022?

Keith Warner Demmings
President, CEO & Director

Yes. I would say it will moderate from what we saw in the fourth quarter. We did a great job. That was a lot of work, as you can imagine, staffing up 500 stores over the course of really 4 or 5 months and then training onboarding all of our leadership, all of our technicians, just an incredible effort. I was -- the first thing I would say it underscores our ability to not only adapt to changing consumer preferences, but then drive significant focus on execution as a company. And we did the same unit repair launch while we were migrating all of the Sprint business and while we were staffing up to manage all of the Sprint business as well, separate from same unit repair.

So a significant lift, certainly in fourth quarter, I would say. It came in broadly in line with expectations in the quarter. And it will certainly moderate as we get into '22, as we look to the first and second quarter, we'll certainly see more investment going forward, and it will taper as we get through the rest of the year.

Michael Wayne Phillips
Morgan Stanley, Research Division

Okay. One last one, a more higher-level question here. You continue to outpace the market in growth and renter policies pretty significantly. Maybe you can talk about that. And is that something that you think you can continue to do over the long term? It's pretty significant in your growth there versus the run to market in general. So -- and you've done it for -- clearly for quite a while, but I guess should we expect that to continue for the foreseeable future?

Keith Warner Demmings
President, CEO & Director

Yes. I mean we've been really pleased with the performance this year. But as you say, over time, really good, strong, consistent growth and also growing market share. And if you look back over the years, and we'll talk more about that, I'm sure at Investor Day as well, but really strong overall share gains in the market. And we've seen a lot of good trends as well. The product is -- the attachment rates on the products have gone up over time. That's certainly helping.

We've grown our relationships with property management companies, and I certainly expect us to continue to drive policy growth and revenue growth going forward. That's another business that we're investing significantly in trying to evolve how we deliver services, thinking about investments in technology, investments in customer experience, digital integration with our partners and then thinking about other services that we can add that are relevant for renters. So really excited about that business long term and certainly expect momentum to continue as we move forward.

Operator

Your next question comes from the line of Tom Shimp from Piper Sandler.

Thomas Henry Shimp
Piper Sandler & Co., Research Division

Congrats on the strong quarter. So very strong growth in Global Automotive. In the past, you've spoken about the increase in attachment rates from the high 30s to the high 40s, given the increase in prices and technology. Given the chip shortage, there's been a number of reports of buyers paying over sticker for new cars, and we've got used car prices up as much as 40%. So do you believe this is having an effect on attachment rates? And maybe you could just give some general thoughts on whether the pie is getting bigger or whether Assurant is getting a bigger piece of the pie or both?

Keith Warner Demmings
President, CEO & Director

Yes. I think Assurant is definitely getting a bigger piece of the pie. I would say that attachment rates have probably drifted up more because of the mix of business, but we've seen a shift between new and used. And we tend to see slightly higher attach rates on used vehicles. So if you think historically, we've had a 50-50 mix roughly between new and used cars. Today, it's probably 55 used, 45 new. So that would create a little bit higher overall blended attach rate. I wouldn't say that it's significantly changed. Otherwise, we've seen good, strong consistent performance. And as always, it's a focus for our clients.

We've gained market share, no doubt in the market that we've seen a lot of consolidation in the industry. We're partnered with a lot of large publics, a lot of large dealer groups, and they're gaining share through acquisition. I think we've seen more acquisitions in 2021 in terms of the big publics. And then also our franchise dealers have been investing heavily in digital and also sourcing a lot more used car inventory directly from consumers. So a pretty significant improvement in terms of the performance of our clients. And then I'd say we've also won new clients as well in the market, and it's a very fragmented market today. So there's still a lot of opportunity for share gain over time.

Thomas Henry Shimp
Piper Sandler & Co., Research Division

Okay. Great. Maybe moving to mobile. There's been a lot of moving pieces in 5G after what seemed like a delayed rollout. There's an uptick in 5G promotions and activity around that potential catalyst. But then we recently had the delay in 5G implementation due to the FAA. So maybe you could frame for us how to think about the potential benefit from 5G, whether it's total covered mobile device count or trade-in volumes? How should we think about the cadence of the benefit to '22 earnings in the years to follow?

Keith Warner Demmings
President, CEO & Director

Yes. W.e had a significant success in '21, certainly with trade-in volumes at all-time highs. And that's partly due to the acquisition of HYLA and then due to a number of other factors. You point out the promotional activity from clients. Obviously, the migration of 5G, we've seen clients put more focus and energy on trade in. Obviously, it's got sustainability benefits, which is really important. It also provides digital access to consumers at more affordable rates. So there's a lot of reasons why, I would say, trade-in is generally growing as a category. We're seeing a lot more interest around the world with different partners. So from that perspective, I feel really good about that trend continuing.

And then in terms of 5G specifically, I'd say we're still fairly early in the cycle. You've got maybe 20% to 30% of postpaid customers in the key markets that we operate that have migrated to 5G networks. So there's still a lot more opportunity as consumers continue to upgrade devices and adopt 5G. So we'll see continued promotional activity, and we'll see a lot of trade-in volume as we move through 2022. That certainly underpins some of our thinking with our Connected Living growth. And then I think we'll see more globally as this continues to get focused.

Operator

Your next question comes from the line of Mark Hughes from Truist Securities.

Mark Douglas Hughes
Truist Securities, Inc., Research Division

You had mentioned that you're looking to evaluate perhaps alternative risk strategies in Global Housing, maybe a layoff of a material portion of your catastrophe exposure as I understood you to say. I thought that had kind of been put to bed, but it sounds like you're still working on it, still evaluating it. Could you talk about what your thinking is there? How curious that initiative might be?

Keith Warner Demmings
President, CEO & Director

Sure. And maybe I'll start just reinforce a little bit about the business and then I'll address your question. I mean I would just highlight it's a really unique, high-performing business. If you think about the cash flows that generate out of our housing business and the important role that we play in the mortgage value chain. So we're really proud of the business and the results it's delivered.

And I would say if you look at housing overall, we talk about targeting a 17% to 20% ROE after a normal cat load. If you look at 2021, we actually had $114 million of cat losses, so more than what we would consider a normal cat load and still delivered a 16.5% ROE. So broadly, really strong business, great ROEs and generates a ton of cash flow. So we really like the business. It's for a lot of different reasons.

In terms of the comments around the cat exposure, I would say we're always looking for ways to optimize the cat exposure. You've seen a pretty strong track record of reducing risk over the years, and that's not just as we've grown other parts of the company. We've significantly grown parts of housing and then obviously, Lifestyle, which don't have much of any cat exposure at all. We've also dramatically reduced our per event exposure from $240 million to $80 million over the years and then a lot of other decisions around multiyear coverage, exiting certain nonstrategic cat prone markets, et cetera.

So you've seen a lot of discipline, that will no doubt continue as we move forward. But we are always looking to see if there are further ways to optimize. Is there a risk-reward trade-off that we can work with reinsurance partners in a different way to further mitigate the risk, further mitigate the volatility and try to drive the right -- most efficient optimal outcome. And we're going to continue to look at that. I wouldn't say there's anything imminent that we're doing other than this is normal course for us, and it's very important for us to be thinking about our reinsurance and our cat risk all the time.

Mark Douglas Hughes
Truist Securities, Inc., Research Division

And then you had made, I think, a point of saying that you were looking for a balanced mix of investments and share buybacks. If I did the simple person and said, if you look at free cash flow for 2022, is it half share buybacks, half retained for investments or M&A?

Keith Warner Demmings
President, CEO & Director

Yes. And we'll spend more time on capital management, certainly at Investor Day. I would say a couple things. We're not trying to signal a dramatic shift in our philosophy, that's point number 1. We continue to be extremely disciplined as we think about capital management. So that's not going to change. And ultimately, we're trying to maximize returns.

I think what we're more trying to signal is an interest in maintaining greater flexibility. There's lots of attractive opportunities in the market to drive growth, and we want to have a little more flexibility to try and evaluate the best alternatives but obviously being extremely disciplined with how we think about long-term value creation. So we'll talk a little bit more about our expectations for capital deployment in a few weeks, but that would probably be the bigger takeaway for me.

Mark Douglas Hughes
Truist Securities, Inc., Research Division

Yes. And then just one, if I might. You talked about expanding the connected home. Does that suggest an appetite or maybe a broader home warranty exposure?

Keith Warner Demmings
President, CEO & Director

Yes. I think where we play today around the Connected Home is more around the connected technology, the appliances, the electronics that side of the business. We don't really have home warranty within our portfolio today, and that's a big competitive market. There are many strong players in that space. So I think there's an opportunity more uniquely for us as we think about building bundled subscription services to protect more broadly, consumers' connected technology and other products that they have in their homes.

So that's more the angle that we think is appropriate for Assurant. And we'll talk more about that at Investor Day. But we definitely see interesting trends, a lot of appetite from consumers. We operate with a broad range of distribution partners. So there's a lot of interesting bundled services that we think we can bring to bear for sort of the connected consumer of the future.

Operator

[Operator Instructions] Your next question comes from the line of Brian Meredith from UBS Financial.

Brian Robert Meredith
UBS Investment Bank, Research Division

A couple questions here. First, I'm just curious, on the repair centers and T-Mobile stores, is that an exclusive deal? Or could you roll that out to other customers? And what is kind of been the inquiries you've received on doing it? I think that a lot of the other customers would be really interested in that type of a program.

Keith Warner Demmings
President, CEO & Director

Yes. I think you're right. And we've certainly -- you've seen it with our investments dating back a few years, right? We invested in and bought a company called CPR. We also bought Fixt. So we have walk-in repair facilities operated by Assurant. We've got come-to-you repair technicians as well. And now for T-Mobile operating within their store, definitely think we'll see more and more interest from clients around the world as they think about the appropriate repair strategy and claims fulfillment strategy for each brand. So definitely, it's client by client in terms of what's most appropriate and what vision do they want to create for servicing consumers, but I definitely expect to see more appetite over time.

Brian Robert Meredith
UBS Investment Bank, Research Division

And then I'm just curious, one quick one on the catastrophe reinsurance program renewal. It sounds like fairly similar structure to the program. What about the cost of it? What was the additional cost associated with it?

Keith Warner Demmings
President, CEO & Director

Yes. And I would say we're really pleased with the renewal that we got. And Richard, I know works closely on it. Maybe share a couple of thoughts, Richard.

Richard Steven Dziadzio
Executive VP & CFO

Yes. I think as we've said before, on renewals in the beginning, we have to invest. And then as we go along, we make profits over time. And it's gone really well so to date, I mean, to date. Our partners can deliver better solutions for our customers with what we're doing. So it's not just in-service repair. I would say today, we've covered most of it through the end of the year. We're probably about 2/3 of the coverage being placed. And we'll place the rest of it in midyear as you know. And we've had success in the pricing.

We have a good stable of reinsurers. And if we look out in the market, we've had some reinsurers that have -- some insurers have had trouble placing replaced 100%, we placed it at the low end of the market as well. We've heard ranges from anywhere from 5% to 30% on reinsurance. So we've done a really good job.

Brian Robert Meredith
UBS Investment Bank, Research Division

Got you. Got you. So towards the low end of the market, great.

Richard Steven Dziadzio
Executive VP & CFO

Yes, yes. Single -- would put in the kind of the mid- to high single digits overall. So in a really good place.

Brian Robert Meredith
UBS Investment Bank, Research Division

Terrific. Good outcome. And then, I guess, just my last and maybe you'll be touched on this at Investor Day. When I think about your 8% to 10% EBITDA ex cat guidance, for 2022, should I think about that as more margin-driven or revenue-driven?

Keith Warner Demmings
President, CEO & Director

I mean we're -- certainly both. I mean we're going to grow revenues as a company, but we're also expanding margins, if you think about the makeup of our business. We typically have grown profitability at a quicker pace than we've grown revenue just based on some of the ways that revenue flows through the P&L. So I do expect to see margin expansion in terms of the breadth of services that we deliver to clients over time. So definitely growing revenue but growing margins quicker than revenues, which has typically been the case.

Operator

And your final question comes from the line of Grace Carter from Bank of America.

Grace Helen Carter
BofA Securities, Research Division

Looking at the guidance for amortization of intangibles next year, I was wondering if we could clarify any assumptions regarding bolt-on M&A that are included in that estimate. And just given recent market volatility, if we could talk about just the outlook for bolt-on M&A opportunities in the Lifestyle business and if valuations are any more attractive now than they were a few months ago?

Richard Steven Dziadzio
Executive VP & CFO

Keith, do you want to take the first part in terms of the next year?

Keith Warner Demmings
President, CEO & Director

Yes. Just to start with the numbers. I mean doesn't -- the numbers that we've given in the earnings outlook really doesn't include any future acquisitions we buy. It's really the current acquisitions we've done and how it kind of rolls forward. So I would just say, remember, we've done deals at the end of last year where we have HYLA and AFAS, and that's going to be running through.

Richard Steven Dziadzio
Executive VP & CFO

Yes. And in terms of M&A, obviously, we're always looking in the market for attractive opportunities and valuation certainly move around. We've seen really high expectations at times and more tempered at others. But I would say we're definitely interested in acquiring strategic capabilities. You've seen us do, I think, some really good strong foundational acquisitions. If I think back to The Warranty Group, which was a big scale play, gave us a great overlap with our current geographies and really a global leading position around auto.

The acquisition of HYLA that really scaled us as the global leader in trade-in right on the front edge of the 5G super cycle. You saw the acquisition of AFAS, which gave us real strength in the U.S. auto market to complement the acquisition of The Warranty Group. And then some of the mobile acquisitions I talked about, CPR and fixed, really just important capabilities and set the foundation for what we're doing today with T-Mobile.

So I think we're going to continue to look for those types of acquisitions. And we always try to find multiple ways to win. How do we get access to new clients or new distribution channels, new capabilities that can wrap around the services that we already provide and then clearly looking for low risk in terms of integration, execution and financial performance. So we're always looking for those types of deals. That's why we want to maintain flexibility. But as you've seen, we will continue to be disciplined. And we will try to find really strategic opportunities to drive that growth.

Grace Helen Carter
BofA Securities, Research Division

And just another one. Looking at the housing adjusted EBITDA guidance for next year, it sounds like the combined ratio might drift a little below the historical guidance of 86% to 90%. I was just wondering how sustainable maybe a combined ratio below that could be? And just how we should think about that going forward just given ongoing changes in the mix of business with Multifamily Housing kind of outgrowing lender-placed?

Keith Warner Demmings
President, CEO & Director

And Richard, do you want to talk a minute on that?

Richard Steven Dziadzio
Executive VP & CFO

Yes. I think the historical guidance that we give, 86 to 90, is a long-term measure. And I would kind of base things on that. Obviously, it depends on the mix we have within the business. And I think you're exactly right as multifamily grows, that kind of comes into the waiting on it. But I think what's more important, too, is there's the one part, which is the combined operating ratio, the 86 to 90; there is a second part, which is the premiums. And as we see markets changing over time, as we see the forbearance moratoriums running off and we see the inflation average insured values and whatever, I think we're going to see premiums move up as well.

So in terms of profitability when we're talking about lender-placed, for example, we are talking about looking at higher better performance in next year, and that is going to be driven by higher average insured values, the non-cat loss ratio staying at about current levels and that will help profitability overall. And in addition to that, obviously, we're working on our expenses as we go along and the operational efficiencies that we cited are helping the bottom line as well.

Keith Warner Demmings
President, CEO & Director

Great. Thanks, Grace, and thank you, everyone, for participating in today's call. We're very pleased with our performance in 2021 and excited for another year of profitable growth in 2022. We're also looking forward to our upcoming virtual Investor Day on March 24, where we'll have the opportunity to share the Assurant vision, our strategy and multiyear financial objectives. So stay tuned for registration details coming out soon. And in the meantime, please reach out to Suzanne Shepherd and Sean Moshier with any follow-up questions. And thank you very much. Have a great day.

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