Kroll Bond Rating Agency Affirms Assured Guaranty Municipal’s AA+ Financial Strength Rating and Assigns Assured Guaranty (Europe) plc a AA+ Financial Strength Rating Both with Stable Outlooks

Release Date:
Thursday, January 3, 2019 4:08 pm EST

Dateline City:
NEW YORK

NEW YORK--(BUSINESS WIRE)--Kroll Bond Rating Agency (KBRA) affirmed its insurance financial strength rating of AA+ for Assured Guaranty Municipal Corp. (AGM), and assigned Assured Guaranty (Europe) plc (AGE), a wholly owned subsidiary of AGM, a AA+ insurance financial strength rating, both with Stable Outlooks. AGM is a financial guaranty subsidiary of Assured Guaranty Ltd. (together with its subsidiaries, Assured Guaranty)(NYSE:AGO).

KBRA noted the following key strengths supporting AGM’s and AGE’s AA+ rating:

- AGM’s substantial claims paying resources and proven management team, and a corporate governance framework and credit and risk management processes considered to be strong and reflective of industry best practices.
- AGE’s local management team that exhibits extensive financial guaranty expertise in key sectors of the European market, and a financial position that is strong due to a combination of intragroup reinsurance and support arrangements, which serve to bolster the company’s stand-alone capital base.
- AGM’s and AGE’s ability to withstand KBRA’s stress case loss analysis which incorporates significant deterioration across multiple sectors across the breadth their insured portfolios.
- Additionally, while KBRA acknowledged that some recent developments in Puerto Rico may signal a more positive path going forward, their analysis incorporated higher severity assumptions applicable to AGM’s Puerto Rico exposure than their current stress scenario. Based on those higher assumptions, KBRA determined that these results were consistent with AGM's rating, and that ultimate loss recoveries would have to approach zero to place downward pressure on AGM's rating.

“We are pleased that KBRA has once again recognized the strength of the Assured Guaranty franchise by affirming AGM’s strong AA+ rating, reflecting the high level of protection available to investors in AGM-insured bonds and by assigning AGE a AA+ rating based on its strong corporate governance structure, experienced underwriting team and robust capital support from AGM,” said Dominic Frederico, President and CEO of Assured Guaranty.

AGM and AGE affiliates Assured Guaranty Corp. (AGC) and Municipal Assurance Corp. (MAC) are rated AA and AA+, respectively, with Stable Outlooks by KBRA. Additionally, AGM, AGC, MAC, and AGE are all rated AA with Stable Outlooks by S&P.

Assured Guaranty is the leading provider of financial guaranty insurance. Including AGM and its affiliates, the group has $12 billion of claims-paying resources. Assured Guaranty generates approximately $400 million of annual investment income from its high-quality, fixed-income investment portfolio. On average, $2 billion of municipal bonds insured by Assured Guaranty companies trade each week.

Cautionary Statement Regarding Forward-Looking Statements:

Any forward-looking statements made in this press release reflect Assured Guaranty's current views with respect to future events and are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Such statements involve risks and uncertainties that may cause actual results to differ materially from those set forth in these statements. These risks and uncertainties include, but are not limited to, those resulting from Assured Guaranty's inability to maintain its current financial ratings; further actions that the rating agencies may take with respect to the financial strength ratings of Assured Guaranty; adverse developments in Assured Guaranty's insured or investment portfolio; and other risks and uncertainties that have not been identified at this time, management’s response to these factors, and other risk factors identified in Assured Guaranty’s filings with the Securities and Exchange Commission. Readers are cautioned not to place undue reliance on these forward-looking statements, which are made as of January 3, 2019. Assured Guaranty undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

Assured Guaranty Ltd. is a publicly traded (NYSE: AGO) Bermuda-based holding company. Its operating subsidiaries provide credit enhancement products to the U.S. and international public finance, infrastructure and structured finance markets. More information on Assured Guaranty Ltd. and its subsidiaries can be found at AssuredGuaranty.com.