KBRA Publishes Report on Its Affirmation of AA+ Financial Strength Ratings of AGM and AGE, Both with Stable Outlooks

Release Date:
Monday, January 13, 2020 6:30 am EST

Dateline City:
NEW YORK

NEW YORK--(BUSINESS WIRE)--Kroll Bond Rating Agency (KBRA) has published a detailed report supporting its recent affirmation of the AA+ insurance financial strength ratings of Assured Guaranty Municipal Corp. (AGM) and its wholly owned subsidiary Assured Guaranty (Europe) plc (AGE), 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, skilled management team and ability to withstand KBRA's stress scenario losses as applied across the company's insured portfolio.”
- A “corporate governance framework, credit and risk management processes” that KBRA considers to be “strong and reflective of industry best practices.”
- The benefits to AGE of its extensive intra-group financial support agreements.
- “The substantial and continuing run-off in higher risk components of the insured portfolio, namely structured finance,” while “increased volumes in the U.S. municipal sector have now offset run-off in the insured portfolio and stabilized AGM's leverage ratios, which remain close to historic lows.”
- KBRA continues to incorporate conservative stress severity assumptions in the losses it applies to AGM's Puerto Rico exposure. KBRA also considered AGM's ability to pay even higher Puerto Rico losses than those in its current stress scenario and determined that the results were consistent with AGM's rating, and that ultimate Puerto Rico loss recoveries would have to approach zero for there to be downward pressure on AGM's rating.

"Importantly, KBRA affirmed the AA+ stable financial strength ratings of AGM and AGE after incorporating the impact of our recent acquisition of alternative asset manager BlueMountain Capital Management,” said Dominic Frederico, President and CEO of Assured Guaranty. "KBRA has recognized our commitment to invest in that business in a manner that maintains the capital strength of our insurance subsidiaries. KBRA's rating also recognizes AGM's strong performance in KBRA's portfolio stress analysis and Assured Guaranty's proven management team and risk management framework."

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

Assured Guaranty is the leading provider of financial guaranty insurance. Including AGM and its affiliates, the group has $11 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.

* Aggregate data for operating subsidiaries within the Assured Guaranty Ltd. group. Claims on each subsidiary's insurance policies/financial guarantees are paid from that subsidiary's separate claims-paying resources. See the most recent Financial Supplement of Assured Guaranty Ltd. at www.agltd.com/agldata for the components of claims-paying resources.

Assured Guaranty Ltd., is a publicly traded (NYSE: AGO) Bermuda-based holding company. Assured Guaranty's operating subsidiaries provide credit enhancement products to the U.S. and international public finance, infrastructure and structured finance markets and, as of October 1, 2019, asset management services. More information on Assured Guaranty Ltd. and its subsidiaries can be found at AssuredGuaranty.com.

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 13, 2020. 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.
Ticker Slug:
Ticker: AGO
Exchange: NYSE