

# **Bond Case Briefs**

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## **Build America Mutual (BAM) Awarded Highest S&P Rating.**

Build America Mutual (BAM) announced in July that Standard & Poor's (S&P) has rated the company AA with a stable outlook, which is the highest rating S&P currently assigns to financial guarantors. Endorsed by the National League of Cities, Build America Mutual Assurance Company is the nation's first mutual municipal bond insurer and has upheld an AA rating year after year.

For more than 150 years, S&P's Rating Services has provided high-quality market intelligence, including credit ratings, research and thought leadership. "S&P's rating action recognizes BAM's progress in winning broad acceptance for our guaranty and the inherent strength of our capital model as a mutual insurer, and we look forward to continuing to add issuer members, who use our guaranty to achieve more efficient and lower-cost access to the capital markets," said Seán W. McCarthy, BAM's Chief Executive Officer.

The [S&P report](#) said BAM's rating reflects the company's "extremely strong capital adequacy and very strong competitive position." BAM's high-quality insured portfolio, in which 85 percent of the credits are rated A or higher, was also recognized as a credit strength. BAM has no exposure to credits rated below investment grade, including Puerto Rico and other U.S. territories, and its underwriting guidelines include limits on exposure to any single risk, as well as geographic concentration and exposure to credits that could be impacted by natural disasters.

Other factors cited by S&P in support of the rating are BAM's conservative, low-risk investment strategy, strong enterprise risk-management controls and veteran management team. S&P has rated BAM AA, which is the highest rating S&P currently assigns to financial guarantors, since it was founded in 2012.

"NLC is pleased to endorse BAM because BAM is uniquely situated to provide cities and towns not only access to municipal bond insurance that will facilitate their financing and reduce their costs, but also the unique benefits of membership in a mutual insurance company," said NLC Executive Director Clarence E. Anthony. "The S&P rating further affirms the value that BAM brings to the municipal bond issuers and bond holders," he added.

As of August 2014, BAM has written more than 1,200 policies, insuring more than \$8.9 billion of municipal securities. The present value of the interest savings it has delivered to issuers exceeds \$100 million.

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