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S&P: Detroit's Bankruptcy Plan Outcome Will Not Lead to a Reevaluation of Recovery Assumptions for Bond Insurers.

The approval of Detroit's plan of adjustment will require the legacy bond insurers to continue to make claim payments related to the city's unlimited tax General Obligation (GO) bonds. When considering the claims the bond insurers have already paid and those they will pay in the future, the ultimate loss given default for bond insurers' insured exposures in the aggregate is approximately 26% of debt service. The claims that Assured Guaranty Ltd. (Assured) and National Public Finance Guarantee Corp. (National) will make on future debt service for their unlimited tax GO insured exposure are much less than 26%, with Detroit responsible for the balance of the payments. For Assured and National, the capital adequacy analysis Standard & Poor's Ratings Services…

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