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Bond Insurance Penetration Climbs to 5.8% in Q1.

The municipal bond insurance industry showed continued growth in the first quarter of 2015, as insured penetration rose to 5.8%, a sizeable uptick from the 4.3% of long-term bond deals wrapped by insurance in the first quarter a year ago.

Volume Totals

The month of March saw bond insurance more than triple from numbers in the previous year, as \$2.70 billion of long-term bonds were wrapped by insurance, compared with \$865 million for the same period the previous year.

Assured Guaranty led the bond insurance market in par insured volume and total number of deals. They finished the first quarter with a 56.6% market share with insured volume of \$3.353 billion over 270 deals, according to Thomson Reuters data which includes Assured's subsidiary Municipal Assurance Corp.

"Once again, Assured Guaranty retained its market leadership position in the U.S. public finance market," said Robert Tucker, head of communications and investor relations at Assured. "Our first quarter insured new-issue volume increased 134% over our first quarter volume a year ago, substantially outpacing the 72% growth in overall new issuance.

Tucker also said that Assured's wrap was used by 17 credits with an underlying rating in the double-A category to launch new issues. "That indicates market recognition of our financial strength and the other benefits of our insurance," he said.

Build America Mutual grabbed a 39.6% market share, insuring \$2.347 billion in 236 transactions. BAM's market share is down from 48.2% in the first quarter of 2014. Despite the decline in market share from 48.2% in the first quarter of 2014, BAM's insured volume increased by more than \$1 billion and their number of deals increased by more than 100 from that quarter a year ago.

"The first quarter was very successful for BAM, with our primary-market volume up about 75% from a year earlier, and the industry's gains driven by transactions with an issue size below \$50 million and ratings in the single-A or triple-B categories," said Sean McCarthy, chief executive officer and managing director for BAM. "Serving those issuers and the regional broker-dealers that handle their transactions has always been at the core of BAM's mission as a mutual insurer, which is designed for financial strength, ratings durability, and transparency."

McCarthy added that as the insured universe grows, they have seen increased demand from traders, underwriters and investors for BAM's Obligor Disclosure Briefs, which provide credit summaries for every transaction BAM insures.

"We now have more than 1,600 ODBs available for free on our website, and we're increasingly making them available on other platforms as well," said McCarthy. "It's a busy time, but we're seeing the benefits of the robust technology infrastructure we designed starting at the company's

launch and we haven't missed a beat or a bid in keeping up with the market's growth."

National Public Finance Guarantee accounted for a 3.8% share of the insured market share, wrapping \$222 million over three deals in the first quarter.

"Although we do not comment on specifics until our financial results are released, it is clear that our marketing efforts and willingness to work harder are paying off and National is building momentum," said Tom Weyl, head of new business development for National.

"The market is recognizing the value of our financial guarantee as we have insured deals ranging in size from roughly \$2 million to over \$200 million. Our aggressive marketing and deal execution efforts will continue as we strive to touch all municipal market participants," Weyl said.

THE BOND BUYER

BY AARON WEITZMAN

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