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Back From The Brink - Why Bond Insurers Look Attractive Again.

Summary

- Assured Guaranty Ltd and MBIA, Inc. have largely recovered from the financial crisis.
- Assured Guaranty is healthier, but MBIA is poised to catch up.
- The time to invest is now, before the broader investment community catches on.

Since the end of the financial crisis bond insurers have been slowly clawing their way back from the brink of extinction. It wasn't the traditional business of insuring municipal bonds that got the insurers into trouble. It was the collapse in home prices across the country and the insuring of structured products (pools of mortgages) that nearly put the companies out of business. Some insurers have rehabilitated themselves to the point where, after a long absence, they are once again writing new insurance policies on municipal bonds. Assured Guaranty Ltd. (NYSE:AGO) and MBIA (NYSE:MBI), Inc. fall into this category. Others are still struggling mightily and look headed toward liquidation, mainly Ambac (NASDAQ:AMBC) and Syncora (OTCPK:SYCRF) (formerly XL Capital). In this article I will focus on Assured Guaranty and MBIA.

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Seeking Alpha

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