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Assured Guaranty to Acquire CIFG for \$450M.

Assured Guaranty Ltd., the biggest municipal bond insurer, agreed to buy CIFG Holding Inc. for \$450 million in cash, continuing its strategy of acquiring the assets of “legacy” insurers from the financial crisis.

Assured Guaranty said it and its Assured Guaranty Corp. subsidiary entered into the agreement to acquire the parent of financial guaranty insurer CIFG Assurance North America, Inc. The acquisition is expected to be completed mid-2016, subject to receipt of anti-trust and insurance regulatory approvals as well as satisfaction of customary closing conditions. CIFG’s stockholders have already approved the acquisition.

“The acquisition will strengthen Assured Guaranty’s franchise by adding a solid book of business that is consistent with our strategic objectives and will also increase AGC’s capital base and policyholders’ surplus,” Dominic Frederico, president and CEO of Assured, said in a press release.

As part of the transaction, CIFG NA will merge into AGC, which will be the surviving entity. After this merger, the assets and obligations of CIFG NA will become the assets and obligations of AGC, and the bonds insured by CIFG NA will become insured obligations of AGC and, therefore, receive AGC’s financial strength ratings. Additionally, policies associated with the 2009 reinsurance transaction between CIFG NA and AGC that have not been novated to AGC already will become direct obligations of AGC, and the obligations insured by those policies will receive AGC’s financial strength ratings.

“Acquisitions are one of our key strategies, and this is our third acquisition of a legacy bond insurer,” said Frederico.

Assured Guaranty acquired Financial Security Assurance Inc., now Assured Guaranty Municipal Corp., in 2009 and Radian Asset Assurance Inc. last year.

CIFG, a family of financial guaranty companies, was formerly a triple-A monoline insurer. At its height, CIFG was capitalized with nearly \$3 billion in claims-paying resources, providing insurance for investment grade transactions in public finance. As a result of the credit crisis of 2007 and the collapse of the mortgage backed securities market, CIFG was downgraded multiple times by all three rating agencies and eventually had its ratings withdrawn.

The CIFG acquisition is expected to be accretive to Assured Guaranty’s earnings per share, operating shareholders’ equity and adjusted book value. Additionally, the acquisition should enhance the value and market liquidity of the bonds insured by CIFG NA, according to Assured.

As of Dec. 31, CIFG NA had an insured portfolio of \$5.6 billion of net par and approximately \$637 million of statutory capital. Assured Guaranty currently estimates the transaction will increase its statutory capital in 2016 by approximately \$300 million to \$325 million.

The Bond Buyer

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April 13, 2016

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