

# **Bond Case Briefs**

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## **KBRA Report Highlights Growth in Demand for Municipal Bond insurance: Report Notes Bond industry Insurance Penetration Spiked Sharply Higher in First Half of 2020**

HAMILTON, Bermuda-(BUSINESS WIRE)-Assured Guaranty Ltd. (NYSE:AGO) announced today that Kroll Bond Rating Agency (KBRA) issued a report published July 30, 2020 entitled "[Coronavirus \(COVID-19\): Pandemic Fears Spur Market Demand for Bond Insurance](#)".

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The report notes that "bond industry insurance penetration spiked sharply higher (nearly 7%) in the first half of 2020" due to widening credit spreads, increased investor concerns and heightened uncertainty for issuers.

Additionally, KBRA noted that "If the 1H level persists for the remainder of the year, it would be the highest level since 2009."

Kroll further added, "A main reason an issuer or investor may decide to 'wrap' a bond includes the benefit derived from lower interest cost coupled with improved liquidity and credit protection. These benefits are derived from the strength of the insurer's balance sheet behind each policy."

The KBRA report follows S&P Global Rating's (S&P's) report published April 3, 2020 where it, too, pointed out that "in the current macroeconomic environment, demand for the financial guarantee product appears to be growing in the U.S. public finance market."

During this challenging period for the U.S. economy, Assured Guaranty remains committed to its strict underwriting standards while continuing to help lower the cost of funding for municipalities and issuers, and providing enhanced security to investors.

In response to the report, Dominic Frederico, President and CEO of Assured Guaranty, said: "We are seeing significant increases in new business volume for Assured Guaranty in both primary and secondary public finance markets and increased municipal bond insurance penetration for the Company since the start of the COVID-19 pandemic. We will continue to work with issuers, municipalities and our investors on meeting their financing and investing needs through our insurance guarantee and strong capital adequacy."

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