

NY licences Build America Mutual as bond insurer

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[Standard & Poor's](#) provided a shot in the arm to the municipal bond insurance market Monday as it provided [Build America Mutual Assurance Company](#) with a AA rating.

The designation – the highest of any insurer – will allow municipalities to buy bond insurance on municipal bonds up to \$75 million. As a mutual insurer, the company will be owned by the issuers who are also its policyholders.

[New York Superintendent of Financial Services Benjamin Lawsky](#), who licensed BAM for state bond insurance, hailed the company and its business model.

“BAM’s unique business model will create dozens of jobs within the state,” Lawsky said. “Further, the company should enable smaller and mid-sized communities to undertake essential capital projects that are good for the economy. The department will closely monitor BAM to safeguard against the problems that the bond insurance market encountered during the height of the economic crisis.”

On Long Island, BAM could provide bond insurance for important capital projects, such as the installation of sewers necessary for economic development.

Kevin Law, president of the [Long Island Association](#), said that aspect alone would make it a win for the region.

“As Long Island’s municipalities continue to face financial hardships brought on by the weak economy, the availability of bond insurance is critical to cut borrowing costs for capital projects and thus the LIA applauds Superintendent Lawsky for helping our municipalities invest in infrastructure projects that will create jobs while keeping costs to taxpayers lower,” Law said.

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