Article Title: ARCHIVE | Guidance | Criteria | Insurance | Bond: Methodology And Assumptions For Analyzing Bond Insurance Capital Adequacy Data: (EDITOR'S NOTE: —This article is no longer current. The relevant information has been incorporated into "Methodology And Assumptions For Analyzing Bond Insurance Capital Adequacy," which was originally published on July 1, 2019.) Overview And Scope This article provides additional information and guidance related to the analytical application of S&P; Global Ratings' "Methodology And Assumptions For Analyzing Bond Insurance Capital Adequacy." It is intended to be read in conjunction with those criteria. For an explanation of guidance documents, please see the description at the end of this article. Guidance For the purposes of our bond insurance capital adequacy criteria, we place U.S. municipal and non-U.S. local and regional government bonds into risk categories to represent the stressed losses (i.e., scenario default rate and loss given default) that are expected to be realized in a 'AAA' stress scenario. Our recovery analysis divides the U.S. public finance (USPF) and non-U.S. LRG debt market into four groupings, each with its own expected recovery rate parameters. Table 1 (for USPF) and table 2 (for non-U.S. LRGs) illustrate the groupings and the public-finance sectors that are within each risk category. Key Publication Information Original publication date: July 1, 2019 This article is related to "Methodology And Assumptions For Analyzing Bond Insurance Capital Adequacy," published on July 1, 2019. We may revise this guidance from time to time when market dynamics warrant reevaluating the variables and assumptions we generally use in our analysis. Risk category 1 obligations generally have the highest recoveries because of the nature of the funds from which these obligations can be repaid, unless, for example, a foreign currency obligation of a non-U.S. LRG obligor is exposed to potential local currency stress. In that case, we consider recovery to be lower and similar to risk category 2 with no currency risk/stress. Recoveries for risk categories 1, 2, and 3 are higher than for corporate assets given the ability of a municipal entity to maintain its operations and generate additional revenues for eventual repayment. Issuers within risk category 4 are more corporate-like, in our view, and have lower recovery assumptions. Table 1 Table 2 CRA mapping - corporate and government ratings If we have determined that a mapping is possible for a CRA (see "Mapping A Third Party's Internal Credit Scoring System"), then we may determine the corresponding rating input by applying the statistical analysis described in step 3 of our mapping criteria to the credit rating scale of the other CRA. All CRAs are eligible for consideration when assessing the underlying rating input for unrated exposures. We have completed a mapping of Moody's and Fitch ratings in scope of this section as of the date of publication. When we apply the criteria relating to other CRAs (see "Appendix I: Rating Inputs" in the criteria), we look to the long-term Moody's or Fitch issuer or issue rating. We then lower it by one notch for investment-grade ratings and by two notches for speculative-grade ratings to determine the rating input. When the issuer or issue has ratings from multiple CRAs, the lowest of all the notched ratings is used. Related Publications Related criteria Methodology And Assumptions For Analyzing Bond Insurance Capital Adequacy, July 1, 2019 Related research Criteria And Guidance: Understanding The Difference, Dec. 15, 2017