Guaranty insurance performs a critical role in a society, which lets economic entities without sufficient trust participate a business by supplying them with additional credit. Due to this attribute, recent sluggish economic growth has been obstructing the expansion of guaranty insurance market. This research was conducted to seek out the new possible markets for the Korean guaranty insurance industry.

According to the analysis of this report, Korean guaranty insurers are already providing most guaranty-insurance products except the bond insurance. Judging from the history of Korea and US financial guaranty markets, providing financial guaranty insurance for private-sector’s debts caused large-scale losses when the financial market crashed. On the other hand, as we can see in the US’ case, bond insurance on municipalities’ debts can be stably managed.

As suggested by this report, financial guaranty insurance for municipal bonds has the potential to become a new source of income for Korean insurers and also help Korean municipalities procure funds more easily, under the premise of sound financial regulations and insurers’ efforts to enhance their insurance risk management abilities,