

OFFICIAL PRESS RELEASE



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AM Best Revises Merchants Bonding Outlook to Positive; Affirms A (Excellent) Financial Strength Rating

Merchants Bonding Company™ is pleased to share that AM Best revised the outlooks for Merchants Bonding Company (Mutual) and Merchants National Bonding, Inc. to positive from stable while affirming the companies' A (Excellent) Financial Strength Rating and "a+" (Excellent) Long-Term Issuer Credit Rating.

According to AM Best, the ratings reflect Merchants Bonding's balance sheet strength, assessed as strongest, along with its strong operating performance, neutral business profile and appropriate enterprise risk management.

The shift from a stable to positive outlook reflects Merchants Bonding's financial strength, driven by consistent surplus growth, disciplined underwriting results and a high-quality investment portfolio. AM Best also cited favorable loss reserve development and a solid liquidity position, supported by consistently positive underwriting and operating cash flows.

"This recognition reflects the strength of our balance sheet, a testament to people, our underwriting discipline and our long-term commitment to responsible growth," said Elisabeth Sandersfeld, CFO, CRO, Corporate Secretary & Treasurer of Merchants Bonding. "The positive outlook affirms the strategic priorities that have guided our decisions for years; to generate long term value for all of our stakeholders. We are proud that AM Best recognizes the financial strength and performance reflective of our common sense solutions and our dedication to first class experiences."

AM Best also attributed the revised outlook to Merchants Bonding's:

- consistently profitable underwriting performance
- geographic diversification across all 50 states and the District of Columbia
- continued investments in technology, including enterprise AI capabilities
- selective underwriting practices and strong reinsurance program

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Merchants Bonding Company is the 8th largest surety in the United States, and the largest in Iowa. Merchants has held an AM Best Rating of "A" excellent or better since 1958. Merchants is unique in the property and casualty insurance industry, focusing solely on surety bonding since it was founded in Des Moines, Iowa, in 1933. Merchants is privately held and led by fourth generation descendants of its founder, with offices across the United States and corporate headquarters in West Des Moines, Iowa.

For More Information: Melíssa Harden, Chief Marketing & Communications Officer
Direct: 515-561-9032; mharden@merchantsbonding.com