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### **AM Best Revises Issuer Credit Rating Outlook to Positive for Berkley International Fianzas Mexico S.A.**

**MEXICO CITY, June 6, 2024**—AM Best has revised the outlook to positive from stable for the Long-Term Issuer Credit Rating (Long-Term ICR) and affirmed the Financial Strength Rating (FSR) of A+ (Superior), the Long-Term ICR of “aa-” (Superior) and the Mexico National Scale Rating (NSR) of “aaa.MX” (Exceptional) of Berkley International Fianzas Mexico S.A. (BFM) (Mexico City, Mexico). The outlook of the FSR and NSR is stable.

BFM is a member of W. R. Berkley Insurance Group (Berkley Group), which on a consolidated basis has a balance sheet strength that AM Best assesses as strongest, as well as strong operating performance, a favorable business profile and appropriate enterprise risk management (ERM).

The Credit Ratings (ratings) reflect BFM’s integration with its parent company, W. R. Berkley Corporation (W. R. Berkley), in terms of corporate goals, underwriting, ERM and capital commitments, as well as the substantial reinsurance support from its group through the Berkley Insurance Company.

BFM was formed in November 2016, and is the Mexico surety subsidiary of W. R. Berkley. The company received regulatory approval for operations in June 2017 and issued its first policy that same month. The company offers a mix of administrative surety and a lesser portion of credit and judicial products mainly backed by a comprehensive reinsurance contract with its parent company.

BFM’s strongest level of risk-adjusted capitalization, as measured by Best’s Capital Adequacy Ratio

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—2—

(BCAR), is derived from its strong capital position, strengthened further by the comprehensive reinsurance contract with its parent company and a growing capital base due to reinvestment of earnings. Furthermore, AM Best recognizes W. R. Berkley’s commitment to its subsidiaries providing additional capital fungibility to the Mexico operation.

BFM has been able to grow its business volume during the past seven years; during 2023, BFM presented significant premium growth, taking advantage of the increased construction activity from government projects like the Tren Maya and Dos Bocas Refinery, as well as the surge in industrial activity in northern Mexico, mainly driven by nearshoring. BFM’s experienced underwriting team is expected to use its capabilities to continue providing resources that further develop the company’s business base. The company takes advantage of the reinsurance support received from the Berkley Group, which has allowed BFM to achieve premium sufficiency, and further strengthen profitability through investment income.

If positive rating actions are taken due to the Berkley Group’s operating performance showing continued and sustained outperformance of the “strong” composite and peer benchmarks, BFM’s ratings would mirror those actions.

Negative rating actions could occur to the insurance operations of the Berkley Group if the financial position of the ultimate parent were to weaken, requiring the withdrawal of capital from the various insurance companies or an increase in financial leverage and/or a decline in interest coverage that is not supportive of the current ratings, BFM’s ratings would reflect those actions.

The methodology used in determining these ratings is [Best’s Credit Rating Methodology](#) (Version Jan. 18, 2024), which provides a comprehensive explanation of AM Best’s rating process and contains the different rating criteria employed in the rating process. Best’s Credit Rating Methodology can be found at [www.ambest.com/ratings/methodology](http://www.ambest.com/ratings/methodology).

—MORE—

—3—

Key insurance criteria reports utilized:

- The Treatment of Terrorism Risk in the Rating Evaluation (Version May 23, 2024)
- Evaluating Country Risk (Version May 4, 2023)
- Understanding Global BCAR (Version March 7, 2024)
- Catastrophe Analysis in AM Best Ratings (Version Feb. 8, 2024)
- Available Capital and Insurance Holding Company Analysis (Version Jan. 18, 2024)
- Best's National Scale Ratings (Version May 16, 2024)
- Scoring and Assessing Innovation (Version Feb. 27, 2023)

View a general description of the [policies and procedures](#) used to determine credit ratings. For information on the meaning of ratings, structure, voting and the committee process for determining the ratings and monitoring activities, relevant sources of information and the frequency for updating ratings, please refer to [Guide to Best's Credit Ratings](#).

- Previous Rating Date: June 1, 2023
- Initial Rating Date: Feb. 27, 2018
- Date Range of Financial Data Used: Dec. 31, 2018-Dec. 31, 2023
- This latest rating action is the result of an accepted appeal from W. R. Berkley Corporation (W. R. Berkley)

**Ratings are communicated to rated entities prior to publication. Unless stated otherwise, the ratings were not amended subsequent to that communication.**

**This press release relates to rating(s) that have been published on AM Best's website. For additional rating information relating to the release and pertinent disclosures, including details of the office**

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—4—

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If the ratings referred in this press release do not indicate a specific country suffix, it is understood that they are granted globally and not on a national scale.

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—5—

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