



Core Specialty opens for business after StarStone US completes recap

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Specialty P&C carrier Core Specialty Insurance Holdings has officially launched following the \$900mn recapitalisation of StarStone US Holdings.

The new venture, which is led by president and CEO Jeff Consolino and executive chairman Ed Noonan, has also unveiled its complete board of directors. The board includes former Everest Re Group CEO Dominic Addesso and Don Larson, the Great American Insurance Company veteran who latterly served the company as president and chief operating officer.

At the same time, the business has also revealed that Rob Kuzloski has joined as executive vice president and general counsel after previously serving as Validus' general counsel, while William Vens, formerly of AFG, has been appointed executive vice president and CFO of the nascent carrier.

Prior to AFG, Vens was CFO of Protective Insurance Corporation.

As previously reported, the StarStone US recapitalisation includes \$610mn of new equity capital provided by investors including SkyKnight Capital, Dragoneer Investment Group and Aquiline Capital Partners. The rollover of Enstar's existing ownership combined with an additional equity purchase of more than \$60mn from Core Specialty's management and selected other investors will increase the capitalisation of the new business to over \$900mn.

Following completion of the capitalisation, SkyKnight and Dragoneer will each have beneficial ownership of approximately 27 percent, while Enstar will hold 25 percent. Aquiline will have an 11 percent share with the company's management and directors a further 6 percent. Other investors will have 4 percent.

The launch comes some six months after this publication revealed Bermuda-based legacy and live specialist Enstar was rebooting StarStone US with PE capital in a bid to take advantage of the improving market conditions.

As The Insurer detailed at the time, then AFG chief financial officer Consolino had been lined up as CEO-in-waiting where he would be reunited with his former Validus colleague Noonan.

“Core Specialty has the expanded capital to take on risk, the underwriting talent in place, a proven and decisive leadership team and a track record of making things happen fast,” said Consolino in a statement today.

“Collectively and in each of our specialist niche business units, we intend to operate with strong entrepreneurial spirit and drive, speed, agility, and empowered decision-making. Core Specialty is truly ‘ready to go’, a theme we are emphasising as part of our company rebranding,” Consolino said.

The executive added: “While others in the market struggle with the uncertainties of catastrophe losses and the ultimate cost of the Covid-19 pandemic or are engaged in the time consuming process of raising capital, obtaining licenses and ratings and hiring qualified staff, we have been executing on our clear business plan since arranging for our capital infusion in early June.”

“Great response”

According to Consolino, Core Specialty already has “many talented underwriters and employees” in place, and the rebooted business has had “a great response from insureds and their distribution partners”.

He noted that pricing in Core Specialty’s markets has escalated even further since June when the recapitalisation of the business was first announced, with commercial property, D&O, excess casualty, marine and aviation and professional liability lines all seeing improvements.

These pricing improvements are evidenced in the company’s results for the first nine months of this year. As the business highlighted, adjusted for intercompany cessions, its combined ratio was 94.9 percent through the nine months of 2020.

Turning to rates, average increases through the first nine months of 2020 were 8 percent across the entire portfolio, equal to 17 percent when excluding workers compensation.

“We are more convinced than ever that a specialist insurance company with the right leadership, financial backing, protection from legacy exposures and niche orientation can create significant value in this environment,” Consolino said.

“We’re ready, equipped, and motivated to get the job done, efficiently and professionally, by empowering our expert team to move quickly on behalf of customers and their brokers,” he added.

Executive chairman Noonan said Core Specialty’s newly assembled board “is second to none”. Alongside Consolino, Noonan, Adesso and Larson on the board are: Enstar’s Paul O’Shea and Robert Campbell; AmWINS executive chairman Steve DeCarlo; SkyKnight managing partner Matthew Ebbel; Dragoneer managing partner Marc Stad; and Aquiline partner Chris Watson.

“I have worked closely with Jeff and many of the directors for years and believe the mix of their skills and experience will greatly benefit Core Specialty,” said Noonan.

Jeff Greenberg, the chairman and CEO of Aquiline, said: “Today’s dynamic market conditions have created a need for dedicated underwriting capacity across multiple E&S and admitted lines of business.

“We witnessed the strength of the Validus management team first-hand and believe Jeff and Ed will build a market leader at Core Specialty.”

As previously reported, one of Enstar’s wholly-owned subsidiaries has agreed a combination loss portfolio and adverse development cover reinsurance agreement with Core Specialty, giving it a clean sheet to start writing business.