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Enstar provides $130mn ADC to rebooted StarStone US platform

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Live-to-legacy carrier Enstar is entering into a loss portfolio transfer and adverse development cover (ADC) providing a $130mn cap on reserve deterioration to the StarStone US entities that are being rebooted with PE backing.

As reported yesterday, StarStone US is being relaunched as an $850mn capitalized carrier to write US specialty P&C, including property E&S, led by CEO Jeff Consolino and chairman Ed Noonan.

Its backers are private equity trio Aquiline, Dragoneer and SkyKnight with $610mn of capital, Enstar's existing investment rolled over with its $235mn of capital representing 27.8 percent of continued interest in the platform, and another $20mn investment from the management team.

In an SEC filing this morning, Bermudian Enstar revealed that its interests in StarStone US Holdings are being sold to Core Specialty Insurance Holdings, a newly formed entity backed by the PE firms.

In the filing Enstar said that its Clarendon National Insurance Company subsidiary will reinsure all ultimate net loss of the StarStone US companies relating to premium earned at the end of the calendar month prior to the close of the recapitalization deal.

It will receive a $16mn premium to take on the exposure and provide an aggregate liability limit of $130mn in excess of the valuation date reserves.

Enstar will also administer the policies being reinsured as part of the legacy transaction.

The entities being reinsured are E&S/ non-admitted platform StarStone Specialty Insurance Company and admitted carrier StarStone National Insurance Company.

The investor group is also buying StarStone US Intermediaries.

Starstone International update

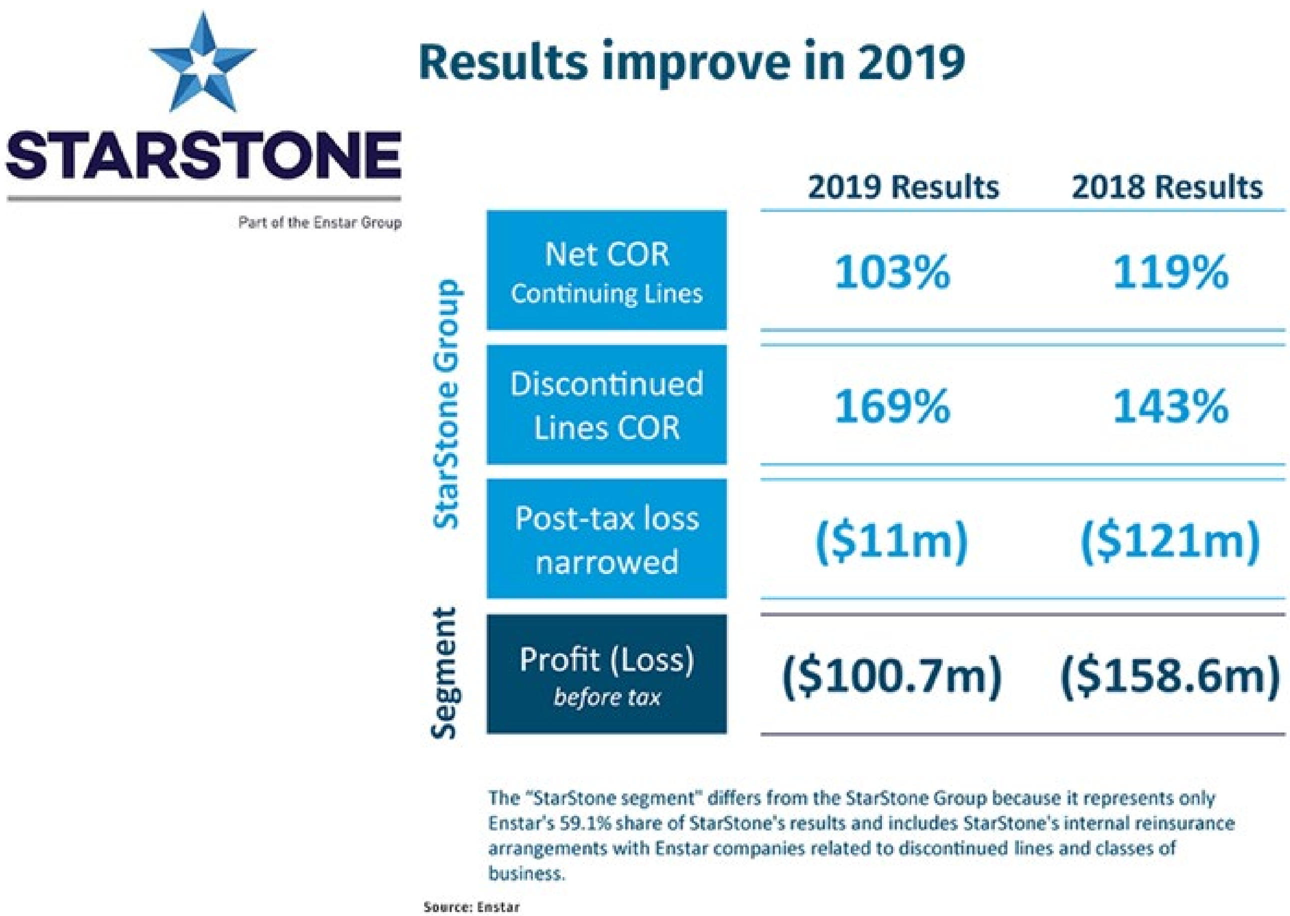
More details have also been disclosed about the plan to put StarStone's international operations into run-off.

In the announcement of the US reboot Enstar revealed that StarStone International would go into run-off with renewal rights to the book transferred to Enstar stablemate Atrium, which manages Lloyd's Syndicate 609.

The Bermudian added that StarStone Group CEO John Hendrickson has stepped down from the role.

In an update on StarStone's website today it was confirmed that the carrier's Lloyd's platform, StarStone Syndicate 1301, its Liechtenstein subsidiary StarStone Insurance SE, and StarStone Insurance Bermuda Limited will be put into immediate run-off.

It added that StarStone continues to evaluate additional "strategic opportunities" for StarStone International business not assumed by Atrium.



"StarStone International will remain appropriately capitalized and suitably staffed to provide a full client service and ensure the company continues to meet its obligations to policyholders," said the statement.

It continued that StarStone subsidiaries VdH and Arena will continue to write business unchanged as strategic options are investigated, while major fronted contracts will also continue unchanged as the carrier discusses options for the arrangements.

https://www.theinsurer.com/news/enstar-provides-130mn-adc-to-rebooted-starstone-us-platform/9158.article

StarStone had previously segmented its book of business into continuing lines and discontinued lines across its operations.

Last year the live book's combined ratio improved from 119 percent to 103 percent, but the discontinued portfolio deteriorated from 143 percent to 169 percent (see chart).