



AM Best revises StarStone entities' FSR review status upwards

Samuel Casey September 14, 2020

AM Best has revised its under-review status for the financial strength ratings (FSR) of two StarStone entities from negative to developing after additional information provided on business plans.

The action affects the A- (Excellent) FSR and a- long-term issuer credit rating of StarStone Specialty Insurance Company and StarStone National Insurance Company.

The entities were placed under review with negative implications following the announcement of the \$610mn recapitalisation deal with StarStone US and a consortium of private equity capital led by Ed Noonan in June.

AM Best said the latest revision reflected additional information on business planning provided to the ratings agency and reinsurance support offered by Enstar – currently the majority shareholder of the insurer.

The deal is expected to close by the end of this year, at which point the under-review status will be resolved.

A stable outlook may be assigned if the deal closes under the conditions presented to AM Best, but negative ratings action could occur if the transaction is not successful or business plans change.

Under the terms of the transaction there will be a reshaping of senior management at StarStone US, with Ed Noonan becoming executive chairman and Jeff Consolino taking the CEO role.

Following the announcement of the transaction, StarStone's Lloyd's operation was effectively shuttered, with underwriters placed under consultation.

Ex-Hiscox CUO Richard Watson is in discussions with Enstar about acquiring the Lloyd's operations.