



Stone Point gains majority of Atrium in Enstar asset swap

Samuel Casey August 14, 2020

Enstar has struck a share-swap deal with long-term investor Stone Point Capital which will

leave the private equity firm with 80% of the holding company of Lloyd's business Atrium Underwriting.

The transaction fulfills a long-term ambition of Stone Point, which unsuccessfully attempted to take 100% of Atrium before in July 2013 joining Enstar in its previously announced buyout of Atrium and affiliate Arden Re.

The agreement is conditional upon the closing of the recapitalisation of StarStone US announced in June, which entails private equity investors spearheaded by Jeff Consolino and Ed Noonan injecting \$610mn of capital into the business.

Under the terms of today's deal, Stone Point-managed Trident V Funds will increase its indirect ownership of Atrium from around 36% to around 80%, a notable commitment of American PE capital to the Lloyd's market.

Enstar's indirect ownership of Atrium, via holding company Northshore Holdings, will decrease from around 54% to around 11%. Enstar will retain one Northshore board seat, while Atrium management and Dowling Capital funds will retain minority interests in Northshore.

At the same time Enstar will acquire all of the Trident V Funds' interest in StarStone US, resulting in Enstar having a stake of about 26%.

Under today's agreement, both Enstar and the Trident V Funds will retain their ownership interests in StarStone International, which was placed into run-off as part of the StarStone US capital injection.

At the close of the transaction Trident V Funds will continue to own around 9% of Nasdaq-listed Enstar.

The agreement follows a complex redesign of an Enstar shareholder pact announced last month involving put and call options over a subsidiary housing both StarStone and Atrium.

Enstar CEO Dominic Silvester said today the transaction deepened the two-decade old partnership with Stone Point.

"Enstar is ideally placed to capitalise on the increasing flow of large, attractive legacy opportunities, and will remain invested in high-quality live underwriting businesses with proven leadership, such as Atrium and StarStone US, through meaningful minority stakes and alongside trusted equity partners," he said.

Stone Point CEO Chuck Davis praised the "outstanding management team" at Atrium and added that he looked forward to the continuing relationship with Enstar.

Atrium CEO Richard Harries said that the change will have no operational impact on the business, but was a vote of confidence in the team.

Enstar announced its Q2 results this week, with earnings more than trebling to almost \$800mn.

Atrium improved its underwriting profit by 11% to \$103mn.

Insurance Insider revealed earlier this week that ex-Hiscox CUO Richard Watson is in discussions to acquire StarStone's Lloyd's operations.