



PRESS RELEASE

Core Specialty Announces Completion of StarStone U.S. Recapitalization

November 30, 2020

- **Rebranded Core Specialty positioned to be a market leader in the specialty property & casualty insurance markets**
- **Jeff Consolino named CEO and Ed Noonan Executive Chairman; highly respected industry veterans join the Core Specialty Board**
- **Pro forma Shareholders' Equity of over \$900 million after capital raise led by Dragoneer, SkyKnight and Aquiline**
- **Investment to provide fresh capacity to specialty property & casualty markets in a period of escalating rates**

CINCINNATI, OH, November 30, 2020 /PRNewswire/ – Core Specialty Insurance Holdings, Inc. ("Core Specialty" or the "Company") announced today that it has completed the recapitalization of StarStone U.S. Holdings, Inc. ("StarStone U.S."). The recapitalization was led by SkyKnight Capital, L.P. ("SkyKnight"), Dragoneer Investment Group ("Dragoneer") and Aquiline Capital Partners LLC ("Aquiline," and together with SkyKnight and Dragoneer, the "Investors"). Enstar Group Limited (NASDAQ:ESGR) ("Enstar") has received a combination of cash consideration and shares in Core Specialty as part of the recapitalization.

The Recapitalization

The \$610 million in new equity capital provided by the Investors, together with the rollover of Enstar's existing ownership, and an additional equity purchase of over \$60 million from management and selected other investors, will increase the equity capitalization of the Company to over \$900 million.

After giving effect to the recapitalization, SkyKnight and Dragoneer will each have beneficial ownership of approximately 27%, Enstar 25%, Aquiline 11%, management and Directors 6% and other investors 4%.

Loss Portfolio and Adverse Development Cover

In conjunction with the capital infusion, one of Enstar's wholly owned subsidiaries has entered into a combination loss portfolio and adverse development cover reinsurance agreement with the Company.

New Management Team and Board of Directors

As part of the capital infusion, Core Specialty has appointed a new management team and Board of Directors. Jeff Consolino will be President & CEO and Ed Noonan will be Executive Chairman. The Core Specialty Board of Directors will include Messrs. Noonan and Consolino; Paul O'Shea and Robert Campbell from Enstar; Steve DeCarlo; Dom Adesso; Don Larson; Matthew Ebbel, Managing Partner of SkyKnight; Marc Stad, Managing Partner of Dragoneer; and Chris Watson, Partner of Aquiline. The additions of Messrs. Adesso and Larson have not been announced previously. Each of the members of Core Specialty's Board of Directors have an exceptional track record of building successful businesses.

Jeff Consolino is an accomplished insurance industry leader with more than 28 years of sector experience. Most recently, Jeff was Executive Vice President, Chief Financial Officer and a Director of American Financial Group, Inc.

("AFG"). He was previously a founding executive of Validus Holdings, Ltd. ("Validus Group") where he served as President & Chief Financial Officer and a Director.

Ed Noonan brings more than 40 years of industry experience to the Company. He served most recently as Chairman and CEO of Validus Group, a position he held from 2005 to 2018. Under Mr. Noonan's and Mr. Consolino's leadership, Validus Group experienced significant growth from its start-up formation. Validus ultimately was acquired by AIG in 2018 after more than a decade as a leading independent public company with Mr. Noonan as CEO. Mr. Noonan also served as President and CEO of American Re from 1997 to 2002, after joining the firm in 1983.

Rebranding as Core Specialty

Core Specialty's vision is to become the leading specialty insurer. The new name represents the company's purpose – to be the core, or most important part, of their clients' businesses, and their commitment as a specialist to niche insurance markets. These foundational elements of the brand, combined with a striking visual expression and vibrant new logo, comprise an identity that conveys a bold energy and an inspired confidence.

Commenting on the rebranding, Mr. Consolino said "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. 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."

More information about Core Specialty can be found by visiting www.corespecialtyinsurance.com.

Achievements Prior to Closing and Additions at Closing

Mr. Consolino joined the Company as a consultant with immediate effect following the June 2020 announcement of the recapitalization. During this period, the Company has: created an Excess & Surplus Property Division (a sixth specialty business unit, led by Alison Oliphant); managed the A.M. Best review process leading to Company ratings of A- "Excellent" (developing); received additional equity commitments of \$50 million; added two highly qualified Directors; and recruited key executive, underwriting and support roles. Financial results for the Company have been very strong through the first nine months of 2020. Adjusted for intercompany cessions, the combined ratio was 94.9% through the nine months of 2020. Rate increases through the first nine months of 2020 were 8% across the Company's entire portfolio and 17% excluding workers' compensation.

Effective with the closing of the recapitalization, Mr. Consolino became President & CEO and Mr. Noonan became Executive Chairman. Newly-announced additions to the Core Specialty Board include Messrs. Adesso and Larson. Mr. Adesso was President and CEO of Everest Re Group before retiring at the end of 2019 and brings more than 41 years of experience in the (re)insurance market. Mr. Larson is the retired President and Chief Operating Officer of Great American Insurance Company, where he worked for more than 40 years including with Mr. Consolino. Rob Kuzloski joins Core Specialty as Executive Vice President & General Counsel after previously serving as General Counsel for Validus where he was a key business partner with Messrs. Consolino and Noonan. William Vens joins Core Specialty as Executive Vice President & Chief Financial Officer after working most recently at AFG with Mr. Consolino and previously as Chief Financial Officer of Protective Insurance Corporation, a publicly traded insurer specializing in transportation and workers' compensation.

Commentary

"Core Specialty is truly 'ready to go', a theme we are emphasizing as part of our Company rebranding. 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," said Mr. Consolino. "I am delighted and honored to formally become President & CEO of the Company after working with StarStone U.S. over the past six months. The Company has many talented underwriters and employees and we have had a great response from insureds and their distribution partners. Premium pricing has only further escalated across our classes of business since June, including commercial property, D&O, excess casualty, marine & aviation and professional liability. 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. 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."

Mr. Noonan said: “We have assembled a Board comprised of company founders and business builders which we believe is second to none. 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. We are very pleased to partner with patient, long-term investors Dragoneer and SkyKnight who bring a valuable network across both the technology and insurance industries. Following the formation and successful sale of Validus, we are also excited that Aquiline has again invested with us.”

Mr. Ebbel said: “We are excited to partner with Jeff, Ed and Enstar to build Core Specialty into an exceptional specialty carrier executing across both admitted and E&S lines of business. This partnership has been nearly a decade in the making, and we believe this is the ideal time for the Company to execute on an expansion strategy with both a clean balance sheet and fresh capital.”

Mr. Stad said: “At Dragoneer, we focus on partnering with exceptional teams that are building truly differentiated businesses in large markets. We look forward to working with Jeff and Ed as they build a leading specialty carrier at a time when we see very positive, long-term market trends. We have been impressed by Jeff and Ed’s track record of operational excellence, orientation towards disciplined underwriting, and usage of both data and technology.”

Dominic Silvester, CEO of Enstar, said: “We are impressed with the actions taken to date and Enstar is committed to realizing Core Specialty’s full potential as a specialty commercial property & casualty insurer. Enstar will work with the Company, as opportunities warrant, in our ongoing acquisition activities and we are pleased to maintain our significant investment in the Company. In August, we announced an exchange agreement with Trident V, L.P. and its affiliated funds managed by Stone Point Capital. In the exchange transaction, Enstar will acquire all the Trident V Funds’ interest in the recapitalized Core Specialty, resulting in Enstar having approximately 25% beneficial ownership of the Company, subject to regulatory approvals and closing conditions.”

Jeff Greenberg, Chairman and CEO of Aquiline, noted: “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.”

-Ends-

NOTES TO EDITOR

About Core Specialty

Core Specialty offers a diversified range of property and casualty insurance products for small to mid-sized businesses. From eight underwriting offices spanning the U.S. the Company focuses on niche markets, local distribution, and superior underwriting knowledge, offering traditional as well as innovative insurance solutions to meet the needs of its customers and brokers. Core Specialty is an insurance holding company operating through StarStone Specialty Insurance Company, a U.S. excess and surplus lines insurer, and StarStone National Insurance Company, a U.S. admitted markets insurer. All Core Specialty Insurance entities are AM Best rated A- (Excellent), Financial Size Category of XII. For further information about Core Specialty, please visit www.corespecialtyinsurance.com.

About Enstar Group Limited

Enstar is a NASDAQ-listed leading global insurance group that offers innovative capital release solutions through its network of group companies in Bermuda, the United States, the United Kingdom, Continental Europe, Australia, and other international locations. A market leader in completing legacy acquisitions, Enstar has acquired over 100 companies and portfolios since its formation in 2001. For further information about Enstar, see www.enstargroup.com.

About SkyKnight Capital, L.P.

Founded in 2015, SkyKnight manages over \$1.5 billion in private equity capital on behalf of institutional family offices and leading foundations and endowments. SkyKnight makes long-term investments into high-quality businesses in acyclical growth sectors alongside exceptional management teams. www.skyknightcapital.com

About Dragoneer Investment Group

Dragoneer is a growth-oriented investment firm with over \$10 billion in long-duration capital from many of the world's largest endowments, foundations, sovereign wealth funds, allocators, and family offices. Dragoneer has a history of partnering with management teams in companies characterized by sustainable differentiation and superior economic models. The firm has a global orientation and invests in market leaders, primarily in the financial services and technology sectors.

<https://dragoneer.com/>

About Aquiline Capital Partners LLC

Aquiline Capital Partners, founded in 2005, is a private investment firm based in New York and London investing in businesses across the financial services sector in financial technology, insurance, investment management, business services, credit and healthcare. The firm has \$5.3 billion in assets under management as of December 31, 2019. For more information about Aquiline, its investment professionals, and its portfolio companies, please visit:

www.aquiline.com.

Cautionary Statement

This press release contains certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements include statements regarding the intent, belief or current expectations of Core Specialty and its management team. Investors are cautioned that any such forward-looking statements speak only as of the date they are made, are not guarantees of future performance and involve risks and uncertainties, and that actual results may differ materially from those projected in the forward-looking statements as a result of various factors. Core Specialty undertakes no obligation to update any written or oral forward-looking statements or publicly announce any updates or revisions to any of the forward-looking statements contained herein, to reflect any change in its expectations with regard thereto or any change in events, conditions, circumstances or assumptions underlying such statements, except as required by law.

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