

PRESS RELEASE

Core Specialty Confirms Assignment of A- (Excellent) Financial Strength Ratings by AM Best to Subsidiaries StarStone Specialty Insurance Company and StarStone National Insurance Company

Cincinnati, OH: December 23, 2020/PRNewswire – Core Specialty Insurance Holdings, Inc. (“Core Specialty” or the “Company”) announced today that AM Best has removed from under review with developing implications and affirmed the Financial Strength Ratings of A- (Excellent) and the Long-Term Issuer Credit Ratings of “a-” of StarStone Specialty Insurance Company and StarStone National Insurance Company. The outlook assigned to these Credit Ratings is stable.

Jeff Consolino, President and Chief Executive Officer of Core Specialty commented “Core Specialty completed the recapitalization of StarStone U.S. Holdings, Inc. on November 30, 2020, bringing pro forma Shareholders’ Equity to over \$900 million. We are pleased that AM Best has removed its under review status and affirmed the ratings of our two insurance operating subsidiaries.”

The full text of the AM Best release appears below.

AM Best Removes from Under Review with Developing Implications and Affirms Credit Ratings of StarStone Specialty Insurance Company and StarStone National Insurance Company

OLDWICK, N.J., December 22, 2020—AM Best has removed from under review with developing implications and affirmed the Financial Strength Ratings of A- (Excellent) and the Long-Term Issuer Credit Ratings of “a-” of StarStone Specialty Insurance Company and StarStone National Insurance Company (collectively Core Specialty). The outlook assigned to these Credit Ratings (ratings) is stable. Both companies are domiciled in Wilmington, DE.

The ratings reflect Core Specialty’s balance sheet strength, which AM Best categorizes as very strong, as well as its adequate operating performance, limited business profile and appropriate enterprise risk management.

The removal from under review status follows the execution of the sale of Core Specialty to its new ultimate parent company, Core Specialty Insurance Holdings, Inc. While the previous owners have maintained their nominal dollar investments, new investors have been brought in, which has diluted the prior owner’s stake to below a majority interest. The new owners include various investment funds with experience in industry sector start-ups and private investments.

The affirmation of the ratings reflects Core Specialty’s recent recapitalization and revised business plan. The group has brought on new executive management, namely at the CEO and Executive Chairman positions, to expand into new lines of business. Additionally, part of the recapitalization included removing the legacy reserve liabilities from the group’s balance sheet. As a result, the group benefits from a lack of

legacy reserves, while still maintaining various seasoned business lines. However, the group's expansion into new property lines, as well as adding new management, brings some level of execution risk, which AM Best will monitor in the near- to mid-term.

This press release relates to Credit Ratings that have been published on AM Best's website. For all rating information relating to the release and pertinent disclosures, including details of the office responsible for issuing each of the individual ratings referenced in this release, please see AM Best's [Recent Rating Activity](#) web page. For additional information regarding the use and limitations of Credit Rating opinions, please view [Guide to Best's Credit Ratings](#). For information on the proper media use of Best's Credit Ratings and AM Best press releases, please view [Guide for Media - Proper Use of Best's Credit Ratings and AM Best Rating Action Press Releases](#).

AM Best is a global credit rating agency, news publisher and data analytics provider specializing in the insurance industry. Headquartered in the United States, the company does business in over 100 countries with regional offices in New York, London, Amsterdam, Dubai, Hong Kong, Singapore and Mexico City. For more information, visit www.ambest.com.

About Core Specialty

Core Specialty offers a diversified range of property and casualty insurance products for small to mid-sized businesses. From its 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.corespecialty.com.

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