

PRESS RELEASE

Core Specialty Completes Merger with Lancer Insurance Company

- ***Lancer to operate as a separately managed Division of Core Specialty, retaining the Lancer brand and management team***
- ***Furtheres Core Specialty's momentum in building the leading specialty insurance company***
- ***Dave Delaney, Lancer's CEO, joins the Core Specialty Board***
- ***Deepens Core Specialty's participation in the commercial auto market, where rates have been escalating***
- ***Pro forma capital exceeds \$1.1 billion***

Cincinnati, OH and Long Beach, NY: December 31, 2021/PRNewswire/ – Core Specialty Insurance Holdings, Inc. and its subsidiaries (“Core Specialty” or the “Company”) and Lancer Insurance Company (“Lancer”), both specialty property and casualty (“P&C”) insurers, announced today the completion of the merger combining the companies in a stock and cash transaction, which was previously announced on April 16, 2021. Lancer brings Core Specialty over 35 years of specialty commercial auto expertise that extends the capabilities of Core Specialty’s existing diversified range of specialty P&C insurance products. This combination joins two highly complementary businesses with a shared strategic vision to become the leading specialty P&C insurer. The companies previously partnered in January 2021 to launch a new excess transportation program. The post-merger Core Specialty will be a further diversified company with an attractive business profile, a clean balance sheet and over \$1.1 billion in equity capital.

This merger with Lancer marks Core Specialty’s first merger or acquisition since the recapitalization of StarStone U.S. in November 2020. The combined Lancer and Core Specialty have approximately 600 total employees. Lancer, which has been a leading provider of premier specialty insurance solutions to businesses and commercial transportation companies across the U.S. for over 35 years, will retain its brand, management team and operating locations. Lancer and Core Specialty are working together to ensure all policyholders continue to receive industry-leading products and services, and to align the combined operations in the best interests of customers, agents, brokers, and employees. Core Specialty operates through a business unit philosophy that allows its Divisions local decision-making for underwriting, claims, and policy servicing with a high degree of autonomy and full accountability.

Lancer shareholders received a combination of Core Specialty common shares, preferred shares and cash in the merger. The newly issued Core Specialty preferred shares will mandatorily convert into common shares upon a Core Specialty initial public offering or certain other specified events. In addition, Lancer’s existing shareholders will retain the financial impact of development on Lancer’s existing reserves for losses and loss adjustment expenses over a five-calendar year period within a specified symmetrical range. The transaction is expected to be accretive to Core Specialty’s earnings per share and return on equity in 2022.



Jeff Consolino will continue to lead the combined company as President and CEO and Ed Noonan will continue as Core Specialty Executive Chairman. Dave Delaney, Lancer's CEO, has joined the Board of Core Specialty and will work closely with Mr. Consolino and senior members of the Lancer and Core Specialty teams in the integration of the businesses. The Core Specialty Board of Directors will comprise the current Board with the addition of Mr. Delaney. Matthew Jenkins, Lancer's President & Chief Operating Officer, will serve as President of Core Specialty's Lancer Division.

Jeff Consolino said: "From conception, Core Specialty's vision has been to become the leading specialty insurer and the Lancer merger continues our very strong progress in our mission. Core Specialty has the 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.

Lancer is a leader in the specialty transportation market with a long track record and a senior management team we know and admire. Lancer will operate as Core Specialty's ninth specialty P&C business unit."

Dave Delaney, Co-Founder and CEO of Lancer, said, "All of us at Lancer are excited to join forces with Core Specialty. Core Specialty's management team is exceptional, and our friendship with Jeff Consolino, Ed Noonan and members of Core Specialty's Board goes back a very long way. I have no doubt Lancer and Core Specialty's combined operating and financial resources will create tremendous growth opportunities for our shareholders, employees, policyholders and distribution partners."

"I have known Dave Delaney for over 30 years. He is an excellent specialty P&C insurance operator, and I am excited that he will be joining the Core Specialty Board. We have assembled a Board for Core Specialty comprised of company founders and business builders which we believe is second to none, and Dave's talents will add meaningfully to our Board. We are also pleased and honored that after decades of building Lancer as an independent, family-controlled enterprise that Dave and his co-shareholders have the confidence in Core Specialty's management, business plan and investors to exchange their Lancer equity for the opportunity to join their future prospects with ours," said Ed Noonan, Executive Chairman of Core Specialty.

Core Specialty Update

Since the June 30, 2020 agreement by Core Specialty to recapitalize StarStone U.S., the Company has grown from four business units to nine through: forming a new Excess & Surplus Property Division, establishing a Marine and Energy Division from the StarStone London managed business, separating and hiring new leadership for our Errors and Omissions Professional Liability and D&O Management Professional Liability Divisions, initiating an Agriculture Division and completing the Lancer merger.

Core Specialty's gross premium written for the twelve-month period ended September 30, 2021 was \$1.7 billion and pro forma for the Lancer merger would be \$1.9 billion.



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); the Starstone companies are Financial Size Category XII. For further information about Core Specialty, please visit www.corespecialty.com.

About Lancer Insurance Company

Lancer Insurance Company has been a leading provider of premier specialty insurance solutions to businesses and commercial transportation companies across the U.S. for over 35 years, leveraging a network of over 2,000 broker relationships. Lancer specializes in auto liability, physical damage, cargo and general liability coverages. Lancer entities are Financial Size Category VIII. Please visit www.lancerinsurance.com for more information.

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