

PRESS RELEASE

Core Specialty Completes Integration of Hallmark Financial Services, Inc.’s Excess & Surplus Lines Operations; Comments on Hallmark AM Best Ratings Action

- ***Excess & Surplus Lines Casualty business is now operational on Core Specialty’s platform and has been integrated into the existing Core Specialty Business Units***
- ***Effective today, StarStone Specialty Insurance Company, Core Specialty’s excess & surplus lines subsidiary, and StarStone National Insurance Company are the policy-issuing carriers for business previously underwritten by Hallmark’s E&S subsidiaries and are no longer reliant on Hallmark insurance entities for new policy issuance of this business***
- ***Since the recapitalization of StarStone U.S., Core Specialty has made significant investment in its underwriting, finance and human resources platforms. This investment has allowed us to integrate the Hallmark E&S business with greater speed than originally contemplated***

Cincinnati, OH: May 5, 2023/Globe Newswire/ – Core Specialty Insurance Holdings, Inc. and its subsidiaries (“Core Specialty” or the “Company”) announced today that it has completed the integration of Hallmark Financial Services, Inc.’s Excess & Surplus Lines operations. The business acquired from Hallmark Financial Services, Inc. (“Hallmark”) represents that portion of Hallmark’s Specialty Commercial Segment that is distributed through the wholesale insurance brokerage channel (“Hallmark E&S”). Core Specialty and Hallmark have successfully worked 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.

Management and the approximately 170 employees of the Hallmark E&S business, based in Dallas, Atlanta and Jersey City, New Jersey, have transitioned to Core Specialty. Well-regarded industry veteran Gerald A. Dupre, Jr., continues to lead the combined excess & surplus lines business.

Jeff Consolino, Core Specialty’s Founder, President and Chief Executive Officer, said: “Core Specialty’s vision is to become the leading specialty insurer and the Hallmark E&S integration achieves another milestone in our mission. Core Specialty is truly ‘ready to go’, a theme we continue to emphasize since the recapitalization. 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. Our combined E&S business ranked 19th among the top 20 E&S groups on a pro forma basis in 2022 with \$1.2bn in combined premiums written and are well aligned for continued profitable growth. Market conditions continue to be favorable in our E&S business lines and overall.

Hallmark had done an admirable job of assembling and nurturing this profitable business which strongly complements Core Specialty’s business. We note today AM Best’s downgrade of Hallmark’s claim-paying ability ratings to B++ (Very Good) and can assure our customers and



their brokers that their policies will continue to benefit from our A- (Excellent) rating, our 100% net quota share of the Hallmark E&S business and access to our paper, ratings and systems upon renewal. In addition, for outstanding Hallmark E&S policies written by insurance company affiliates of Hallmark on October 1, 2022 or after, StarStone Specialty Insurance Company may offer a cut-through endorsement if requested and when appropriate. Core Specialty did not acquire any insurance company entities as part of the transaction and the transaction excluded loss reserves associated with the Hallmark E&S business which were retained by Hallmark.”

About Core Specialty

Core Specialty offers a diversified range of property and casualty insurance products for small to midsized 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 & surplus lines insurer, and StarStone National Insurance Company, Lancer Insurance Company, and Lancer Insurance Company of New Jersey, each of which is 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 and the Lancer entities are Financial Size Category VIII. For further information about Core Specialty, please visit www.corespecialty.com.

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