



Core Specialty to acquire ANAT's \$300mn-premium stop-loss MGU business

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Core Specialty has announced the acquisition of the MGU/medical stop-loss business of Brookfield Re-owned American National Group (ANAT), which will represent the 13th specialty business unit for the Jeff Consolind-led insurer.

Core Specialty will form a medical stop-loss division through the acquisition, which is expected to close in the fourth quarter.

The ANAT MGU/stop-loss business produced over \$300mn of gross premium income in 2022. The business is distributed by managing general underwriters and cedes or retrocedes the majority of the premium and risk associated with the programs underwritten.

Sources told this publication that the ANAT medical stop-loss insurance business has about two dozen programs and Ebitda in the teens. The business is understood to generally take about 5 percent of the risk on the programs.

A Raymond James-led sale process for the business had been underway for a number of months.

Jim Stelling will join Core Specialty as president of the newly formed medical stop-loss division. He was most recently executive vice president, health insurance and specialty markets group operations at American National Insurance Company (ANICO) and has over 20 years of industry experience.

During his tenure at ANICO, Stelling also led health insurance operations and supported the stop-loss business serving as senior vice president, health insurance operations and as vice president of group and health compliance.

The business is being acquired for cash through the acquisition of 100 percent of the stock of Standard Life and Accident Insurance Company and certain reinsurance transactions.

The medical stop-loss division will maintain its presence in League City, Texas after the deal closes. The completion of the transaction will be conditional upon obtaining the required regulatory approvals.

Core Specialty expects the transaction to be accretive to its earnings per share and return on equity in 2024.

https://www.theinsurer.com/news/core-specialty-to-acquire-anats-300mn-premium-stop-loss-mgu-business/?utm_source=listrak&utm_medium=email&utm_term=Core+Specialty+to+acquire+ANAT's+%24300mn-premium+stop-loss+MGU+business&utm_campaign=ins-generic-news-alert

Consolino, Core Specialty's founder, President and CEO, noted that medical stop-loss "is a sizeable and growing market", with over \$26bn in total premium income which has grown at over a 12 percent annual rate since 2014, according to AM Best market data.

"Medical stop-loss is an attractive class of business to us due to its specialty nature, the fact that it does not correlate with our other specialty classes of business, the ability to generate appropriate underwriting profits and the resultant attractive return on capital," Consolino said.

The executive added that together with its fronted programs division, Core Specialty would have over \$750mn of gross premium income and over \$40mn in fee income from these two business units based on full-year 2022 results.

"We look forward to working with Jim Stelling and his team, their specialised managing general underwriters and their existing reinsurance panel," Consolino said.

Stop-loss coverage is used by employers to limit their exposure under self-insured medical plans.

Specific stop-loss provides coverage when claims for an individual reach a threshold while aggregate stop-loss reimburses the employer once the group's total paid claims reach a threshold.

Galveston, Texas-based ANAT was [acquired by Brookfield Reinsurance Partners](#) in 2022 in a transaction valued at \$5.1bn.

Brookfield Re is in the process of acquiring Bermuda-based specialty insurer Argo.

Core Specialty is being advised by JP Morgan as financial advisor and Mayer Brown as transaction counsel. ANAT is being advised by Raymond James and Skadden Arps Slate Meagher & Flom as transaction counsel.