



PRESS RELEASE

Core Specialty Announces Purchase of Security & Alarm Business Renewal Rights and Related Unearned Premium Reserve from Conifer Holdings, Inc.

- ***Security & Alarm Business produced gross premiums written of \$48 million in 2022***
- ***Transaction to include cash consideration, reimbursement of deferred acquisition costs and Note purchase commitment***

Cincinnati, OH: September 14, 2023 /Globe Newswire/ –Core Specialty Insurance Holdings, Inc. (“Core Specialty”) announced today that Core Specialty and its subsidiaries have entered into a series of transactions with Conifer Holdings, Inc. (“Conifer”) to acquire Conifer’s Security & Alarm Business. The Security & Alarm Business provides general liability, excess/umbrella, and selected other coverages to the niche Security Guards, Alarm Contractors, Private Investigators, and Trade Contractors markets. As part of the transaction, Core Specialty has agreed to (1) pay Conifer \$2.5 million in cash for the exclusive right to underwrite the Security & Alarm Business through October 2025, and the renewal rights to such business thereafter, (2) assume the unearned premium reserve associated with the Security & Alarm Business, and (3) purchase \$5.0 million of Conifer’s 9.75% Senior Unsecured Notes due 2028 (the “New Notes”) which are being offered on a reasonable best efforts basis pursuant to a Conifer registration statement on Form S-4 and Form S-1, as amended, including a prospectus, which was filed with the Securities and Exchange Commission (the “SEC”) and was declared effective by the SEC. Policies for the Security & Alarm Business will be issued by Core Specialty insurance subsidiaries, which are rated A- XII (Excellent) by AM Best, effective with the Transaction closing. The Security & Alarm Business produced \$48 million of gross premiums written in 2022.

Core Specialty will not acquire any insurance company entities as part of the transaction and the transaction does not include loss reserves associated with the Security & Alarm Business which will be retained by Conifer. Core Specialty and Conifer will work together to ensure all policyholders continue to receive industry leading products and services, and to align the operations in the best interests of customers, agents, brokers, and employees. The claims staff currently servicing the Security & Alarm Business have become employees of Core Specialty as part of the transaction.

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

Jeff Consolino, Core Specialty’s Founder, President, and Chief Executive Officer said, “With our ratings, financial strength and capital resources, the Security & Alarm Business is well aligned for continued profitable growth. I would like to welcome our new colleagues to Core Specialty.”

Transaction Structure

Security & Alarm Business renewal rights. Conifer has transferred the exclusive right to underwrite the Security & Alarm Business through October 2025, and the renewal rights to such business thereafter, to a Core Specialty insurance subsidiary for cash consideration of \$2.5 million, which has been paid to Conifer at closing.

Security & Alarm Business unearned premium reserve. Conifer Insurance Company will enter into a quota share reinsurance agreement with a Core Specialty insurance subsidiary to assume 100% of Conifer's unearned premium reserve portfolio of approximately \$31 million related to the acquired Security & Alarm Business. Conifer Insurance Company will receive an estimated \$9 million of net consideration for the acquisition costs associated with the unearned premium reserves, resulting in an increase in statutory capital and associated capital relief to strengthen its balance sheet.

Note purchase commitment. Core Specialty has committed to purchase \$5.0 million of New Notes which are being offered on a reasonable best efforts basis pursuant to a Conifer registration statement on Form S-4 and Form S-1, as amended, including a prospectus, which was filed and declared effective by the SEC.

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. The Company is rated A- XII (Excellent) by AM Best. For further information about Core Specialty, please visit www.corespecialty.com.

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