



## Core Specialty acquires Conifer's \$48mn GWP security/alarm business

*September 15, 2023*

Core Specialty Insurance Holdings has entered into a series of transactions with Conifer Holdings to acquire its security and alarm business, which produced \$48mn in gross written premium in 2022.

The security and alarm business provides general liability, excess/umbrella, and selected other coverages to the niche security guards, alarm contractors, private investigators, and trade contractors markets.

Core Specialty has agreed to pay Conifer \$2.5mn in cash for the exclusive right to underwrite the security and alarm business through October 2025, and the renewal rights to such business thereafter.

Core Specialty will also assume the unearned premium reserve associated with the business, and purchase \$5.0mn of Conifer's 9.75 percent senior unsecured notes due in 2028.

Conifer Insurance Company will enter into a quota share reinsurance agreement with a Core Specialty insurance subsidiary to assume 100 percent of Conifer's unearned premium reserve portfolio of \$31mn related to the acquired security and alarm business.

In addition, Conifer Insurance Company will receive an estimated \$9mn of net consideration for the acquisition costs associated with the unearned premium reserves.

Policies for the security and alarm business will be issued by Core Specialty insurance subsidiaries, which are rated A- XII (Excellent) by AM Best.

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 and alarm business, which will be retained by Conifer.

The claims staff currently servicing the security and 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.

“With our ratings, financial strength, and capital resources, the security and alarm business is well aligned for continued profitable growth,” said Jeff Consolino, Core Specialty’s founder, President, and CEO.

Core Specialty announced last month that it had entered the mortgage reinsurance market in collaboration with Enact Holdings, with the specialty insurer providing excess of loss reinsurance on selected Freddie Mac and Fannie Mae mortgages.

In June, Core Specialty announced the acquisition of the MGU and medical stop-loss business of Brookfield Re-owned American National Group, which produced over \$300mn in gross premium income in 2022.

The entry into the medical stop-loss market represented the 13th specialty business unit for Core Specialty.

In October last year Core Specialty announced the acquisition of certain Hallmark Financial Services’ commercial specialty operations in a \$59.9mn transaction that propelled the acquirer into a top 20 E&S carrier.

Core Specialty is the former StarStone US business that in late 2020 was recapitalized to over \$900mn with \$610mn from Dragoneer Investment Group, SkyKnight Capital, and Aquiline Capital Partners.