



UPDATE: Core Specialty expected to line up banks as it considers IPO

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Sources linked investment banks JP Morgan and Goldman Sachs as likely candidates to prepare for an S-1 filing and run an IPO of the specialty insurer, but said that no appointments have been made at this stage.

A previous version of this article said JP Morgan and Goldman Sachs had been appointed to lead a listing, though it is understood no firm decisions on appointments are expected until at least year-end.

The exact timing of a potential IPO by Core Specialty could not immediately be determined, but the firm's top executives – including CEO Jeff Consolino and Executive Chair Ed Noonan – have long been open about their ultimate ambitions to seek a listing.

The duo took over the former StarStone U.S. business at the end of 2020 in a transaction that included a recapitalization led by SkyKnight Capital, Dragoneer Investment Group, and Aquiline Capital Partners.

Former owner Enstar received a combination of cash consideration and shares in Core Specialty as part of the deal.

It is generally understood that both Consolino and Noonan have remained actively engaged with industry analysts and banks since the reboot, an approach that has widely been viewed as laying the groundwork for an eventual listing.

The relaunch of StarStone US under the Core Specialty brand was one of a wave of start-ups and recaps seeking to take advantage of surging E&S market conditions amid a generational hard market.

Others included Jack Kuhn-led Westfield Specialty, Greg Hendrick-helmed Vantage Risk, Coaction under Jonathan Ritz, and the relaunched HIIG – rebranded as Skyward Specialty – under Andrew Robinson.

Core Specialty's management team has undertaken major steps to revamp the business, including the recruitment of talent, as well as growing through M&A.

Consolino and Noonan have a well-earned reputation for rapidly scaling businesses through shrewd M&A from their time at Validus, and have continued to successfully push that strategy at Core Specialty.

Major transactions Core Specialty has undertaken include acquiring most of Hallmark's former wholesale distributed E&S business lines worth north of \$400mm in premium last October, in a deal first reported by The Insurer.

Core Specialty also acquired the parent of commercial auto insurer Lancer Insurance Company in 2021, while in June 2023 it purchased the MGU/medical stop-loss business of Brookfield Re-owned American National Group, which represented the rebooted carrier's 13th specialty business unit.

In August the company announced it was entering the mortgage reinsurance market in collaboration with Enact Holdings, providing excess-of-loss reinsurance on selected Freddie Mac and Fannie Mae mortgages.

Last week Core Specialty announced it had entered into a series of transactions with Conifer Holdings to acquire its security and alarm business, which produced \$48mm in gross written premium in 2022.

In July the company announced it was supporting a fine art and collectibles program through Distinguished Programs led by former Axa XL executive Patrick Drummond.

And in April Core Specialty teamed up with cyber insurtech Corvus on a new excess tech E&O and cyber program that offers up to \$5mm in limits for businesses with revenues up to \$500mm, in a deal that marked the insurer's entry into writing cyber.

Core Specialty was also among the final bidders in the sale process for Argo, a potential transaction that was viewed as an alternative route for a public listing, while also providing a path to a Bermuda domicile.

Sources said that Core Specialty's management team are carefully eyeing public market conditions for specialty businesses before looking to pull the trigger on a listing, following the muted response to Fidelis' June IPO, and after Skyward's successful January listing.

Earlier this month Bermuda-based Hamilton Insurance Group confidentially filed a prospectus with the Securities and Exchange Commission, as the company explores a U.S. listing.

A spokesperson for Core Specialty declined to comment.

Editor's Note: An earlier version of this story reported that JP Morgan and Goldman Sachs had been appointed to lead a public listing for Core Specialty. No official appointments for an IPO have been made at this stage and we are happy to provide this clarification.