



PRESS RELEASE

Core Specialty to Acquire American Surety Company

- ***American Surety Company to operate as a separately managed Division of Core Specialty as expected 15th specialty business unit***
- ***Core Specialty to establish a new Bond, Credit & Guarantee subsegment, including the recently announced Mortgage Reinsurance Division***
- ***Brings \$98mm in 2022 GAAP gross premiums written***

Cincinnati, OH: November 1, 2023/Globe Newswire/ – Core Specialty Insurance Holdings, Inc. and its subsidiaries (“Core Specialty” or the “Company”) and Eighth Amendment Holdings, Inc. (the parent company of American Surety Company (“ASC”) and Underwriters Surety, Inc. (“USI” and, together with ASC, “American Surety”), announced today the signing of a purchase agreement whereby Core Specialty will acquire American Surety in a stock and cash transaction. American Surety will bring Core Specialty over 30 years of surety expertise, as well as a Treasury-listing providing access to additional bonding opportunities. Upon closing, American Surety will become the new Core Specialty Surety Division with two initial product lines: bail bonds and commercial surety bonds.

The acquisition of American Surety will also mark Core Specialty’s formation of a Bond, Credit & Guarantee subsegment, alongside three other subsegments: Property & Short-Tail, Specialty Casualty and Fronted Programs. The Bond, Credit & Guarantee subsegment will initially be comprised of the recently announced Mortgage Reinsurance Division and the Surety Division. These four subsegments allow for enhanced investor disclosure and are an extension of Core Specialty’s business unit philosophy that allows its divisions local decision-making for underwriting and claims with a high degree of autonomy and full accountability.

American Surety shareholders will receive a combination of cash at closing, plus an opportunity to earn shares of Core Specialty. The number of shares received by American Surety shareholders will depend upon the financial performance of the bail bonds and commercial surety bonds product lines during the five years following closing.

As part of the transaction, Core Specialty is providing a capital investment to American Surety prior to closing, which will be used to increase the capital base of ASC and for general corporate purposes. The transaction is expected to close in the first quarter of 2024.

Jeff Consolino, Core Specialty’s Founder, President, and Chief Executive Officer, said, “We are delighted that American Surety will become our 15th Specialty Business Unit. We believe that the surety market represents a highly attractive market segment for us to enter given its strong underwriting profitability over time and barriers to entry. According to AM Best market data, the surety market included approximately \$9 billion in direct premiums written in 2022 and produced a 10-year average combined ratio of 71%. We look forward to working with the American Surety team to further build this business.”

Transaction Advisors

American Surety is being advised by Propel Advisory Group, Inc. as financial advisor, and Faegre Drinker Biddle & Reath LLP as transaction counsel. Core Specialty is being advised by Skadden, Arps, Slate, Meagher & Flom LLP as transaction counsel.

About Core Specialty

Core Specialty offers a diversified range of property and casualty insurance products for small to mid-sized 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.

About American Surety

American Surety Company is a privately held Indiana based Property & Casualty company licensed in all 50 states and the District of Columbia specializing in bail bonds and commercial surety bonds.

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