

## PRESS RELEASE

### **Core Specialty Announces Transfer of Specialty Markets Group from American National Group**

- ***Involves renewal rights and transfer of related unearned premium reserve***
- ***Will operate as 16<sup>th</sup> specialty business unit within Core Specialty's Bond, Credit & Guarantee subsegment***
- ***Specialty Markets Group produced direct premiums written of \$388 million in 2023***

Cincinnati, OH: March 1, 2024 /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 American National Group (“American National”) for the transfer of American National’s Specialty Markets Group to Core Specialty. Mark Walker will join Core Specialty as the President of the newly formed Financial Services Division, which will operate as Core Specialty’s 16th specialty business unit within its Bond, Credit & Guarantee subsegment. The Bond, Credit & Guarantee subsegment is comprised of the Financial Services Division, the recently announced Mortgage Reinsurance Division and (upon the completion of the American Surety Company transaction) the recently announced Surety Division.

American National’s Specialty Markets Group (SMG) is recognized as one of the leading writers of credit-related insurance products in the United States. With over 60 years of experience in the industry, SMG has earned a reputation as an industry leader by offering a wide variety of competitive products and services to the financial marketplace and supporting them with member-focused service. SMG operates in the bank, automobile dealerships, finance companies, and credit union markets.

As part of the transfer, Core Specialty has agreed to (1) pay American National a renewal rights premium for the SMG business renewed over a 12-month period; and (2) assume the unearned premium reserve associated with the SMG business. Under a Prospective Quota Share Reinsurance Agreement, American National will cede, and Core Specialty will reinsure, 100% of the SMG business (net of applicable reinsurance) commencing January 1, 2024 until such time that necessary Core Specialty product filings have been approved and Core Specialty is writing SMG new and renewal business. In the interim, American National will continue to issue new and renewal policies for which it will receive a fronting fee. SMG produced \$388 million of direct premiums written in 2023.

Core Specialty will not acquire any insurance company entities as part of the transfer and the transfer does not include loss reserves associated with SMG which will be retained by American National. Core Specialty and American National 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 staff currently servicing SMG will become employees of Core Specialty as part of the transfer.

Core Specialty expects the transfer 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, "We are pleased to work in collaboration with American National for a second time after the 2023 acquisition of the Medical Stop-Loss business. The Specialty Markets Group business is a line of business we know well and we are excited to add this product line to our Bond, Credit & Guarantee subsegment. The products offered by the Specialty Markets Group have shown strong profitability over time, and the transfer of this business will add further diversification to our company. I would like to welcome our new Specialty Markets Group colleagues to Core Specialty."

Core Specialty and American National were advised by Mayer Brown and Skadden, Arps, Slate, Meagher & Flom LLP, respectively.

### **About Core Specialty**

Core Specialty offers a diversified range of specialty insurance products for small to mid-sized companies. 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 and Standard Life and Accident Insurance Company, a life, accident, and health insurer. All Core Specialty Insurance entities are AM Best rated A- (Excellent). For further information about Core Specialty, please visit [www.corespecialty.com](http://www.corespecialty.com).

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