



Q&A

Behind the Merger of Lancer and Core Specialty With Lancer's Tim H. Delaney

At the dawn of the new year, the luxury ground transportation industry was surprised by the news that Lancer Insurance was merging with Core Specialty Insurance. Lancer, of course, is a ubiquitous authority in our industry, not only as a leading provider of insurance to operators, but the company's reps also contribute regularly to our pages. While Core Specialty may be a new name to our readership, this merger cements them as a major presence in the marketplace. We spoke to Lancer Vice President Tim H. Delaney, a veteran with 23 years of insurance experience, about the merger, and what it means to our industry.



Chauffeur Driven: Can you tell us a bit about Core Specialty?

Tim H. Delaney: Core Specialty, as a company, is a new entrant in specialty insurance, but its management team consists of some of the most seasoned veterans in the industry. The relationship between the senior executives at Core and Lancer dates back almost 40 years.

CD: Why was this merger a good fit for the two companies?

THD: This merger is, first and foremost, premised upon the common values of our management teams. We also share a strong conviction that the specialty insurance business needs to be approached differently than more standard lines. Specifically, we believe that commercial auto is a line of business that requires a bold investment in underwriting expertise, impeccable claims handling, and a wide array of value-added resources for policyholders.

CD: What does the merger mean for the insurance marketplace?

THD: This merger should be seen as a positive sign by those in this industry. Some of the world's most successful and well-respected insurance executives decided to endorse what Lancer provides to this transportation sector and that comes at a time when many insurance carriers are moving away from the luxury ground transportation segment. We, at Lancer, have always viewed this market as an essential industry that will continue to innovate and thrive. Now, as part of Core Specialty, Lancer can build upon the 35 years of stability and partnership we've enjoyed with operators and expand our offerings over time in a thoughtful way.

CD: What impact will the merger have on Lancer's current client base and brokers?

THD: In the short term, Lancer's current clients and brokers will not be impacted by the merger, other than being backed by a stronger financial base. Lancer has retained its employees and management team, all of whom are committed to providing the outstanding level of service our policyhold-

ers and brokers have come to expect from us. Protecting our culture and the relationships we have forged over the years remains a top priority. In the medium to longer term, our goal is to put the strength and expertise that Core Specialty brings to several lines of business to work in the transportation world.

CD: How does it affect the Lancer brand?

THD: The Lancer brand will not change, nor will the manner in which our policyholders and brokers do business with us. Lancer will continue operating as it has for decades, but now as a division of Core Specialty. It's also worth noting that the Delaney family, who founded Lancer back in 1985, is a significant shareholder of the newly combined entity. Dave Delaney, formerly Lancer's CEO, has joined Core Specialty's Board of Directors, and will be closely involved in the integration of the businesses.

CD: What's the current state of the insurance marketplace? What trends are you noticing?

THD: The transportation insurance marketplace is in a state of transition. Insurance companies are still dealing with a long list of issues that are fueling higher claims costs. Despite 10 years of rate increases, profitability for the industry as a whole has remained elusive. Many insurers are finally recognizing the increased claims costs as a new normal and are adjusting their rates and strategies accordingly. That trend is particularly pronounced in the excess and reinsurance markets but holds true for primary carriers as well.



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CD: Do you think mergers and acquisitions are going to be part of a trend in the insurance industry?

THD: Although I am not an expert on mergers and acquisitions, there certainly has been an abundance of them over the past several years, and all signs point toward the trend continuing both on the broker and carrier side. I think going forward that the primary motivator for any merger or acquisition will be to acquire talent and/or technology. I believe that the driving factor for carriers, in particular, will be technology with a focus on improving the claims process and outcomes.

CD: What do you expect to see in the transportation marketplace over the next five years?

TBH: Transportation companies are definitely facing a lot of headwinds right now, but I am very optimistic that the stronger operators will be better in five years than they are today. In the short term, I see a lot of pent-up demand. In the bigger picture, I think some of the technology coming to market over the next few years will end up being more synergistic with the industry rather than the disruption many fear. I also believe that

the societal changes occurring in everything from how we work and commute to how we shop for groceries or visit a restaurant all bring with them opportunities for the chauffeured transportation industry to innovate profitably. As a member of the family that founded Lancer, I'm very excited to work with the industry to make sure its insurance offerings keep pace.

CD: Any final thoughts?

THD: Lancer shares a proud history with the chauffeured transportation industry, and as a result of this newly completed merger, an even brighter future. Going forward, Lancer will continue to deliver insurance solutions and value-added services that can only come from decades of experience serving limousine business owners. But, with Core Specialty's additional capital and resources, we now have expanded capabilities that will enable us to better serve luxury ground transportation operators as their needs evolve far into the future. **[CD]**



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