



AM Best places Core Specialty ratings under review following Lancer deal

Bernard Goyder April 19, 2021

AM Best has placed the credit ratings of Core Specialty units StarStone Specialty and StarStone National under review with developing implications, following the carrier's agreement to acquire Lancer Insurance Group.

The ratings agency has also put Lancer entities' credit ratings under review. AM Best noted that given Core Specialty embarked on its own recapitalization process last year and the potential "execution risk" related to the merger, the ratings agency "does not anticipate positive rating movement at the immediate close of the merger".

The Lancer deal is expected to close in Q3 2021 once it has received regulatory approval.

Core Specialty is buying Long Island-based Lancer Insurance Company and Lancer Insurance Company of New Jersey, based in Ewing, New Jersey, both of which write commercial auto and other commercial lines business.

A third entity, Illinois-based Lancer Indemnity Company, is not being sold to Core Specialty and will remain independent.

"Lancer Indemnity Company will no longer be part of the group or reinsured by Lancer Insurance Company, from which its rating was derived," noted AM Best today.

Lancer Indemnity Company will receive its own rating from AM Best once the merger is deal is complete, the ratings agency said on Monday.