



Construction insurtech MGU Shepherd secures capacity from Core Specialty

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Insurtech start-up Shepherd has secured capacity from Core Specialty to begin writing a book of construction-focused excess liability business, *The Insurer* can reveal.

Core Specialty, the former StarStone US business that was rebooted in 2020, will serve as a hybrid fronting carrier, with the specialty insurer understood to be retaining a significant portion of the risk underwritten by managing general underwriter Shepherd.

Jeff Consolino-led Core Specialty was recapitalised to over \$900mn with \$610mn of new private equity investment from Dragoneer Investment Group, SkyKnight Capital and Aquiline Capital Partners, along with a rollover of Enstar's existing holding and \$60mn from management and other investors.

Core Specialty is supported by a panel of reinsurers through a quota share agreement. Among those reinsurers is Greenlight Re, whose Greenlight Re Innovations arm made a seed financing investment in Shepherd back in September.

As *The Insurer* reported at the time, as well as making an investment in Shepherd, there was an expectation Greenlight Re would also provide underwriting capacity to the MGU in some form.

Shepherd has established a captive that will also take a share of the risk being written.

With the capacity agreement now in place, Shepherd will begin underwriting business.

Shepherd CEO Justin Levine told *The Insurer* the MGU can offer clients up to \$10mn of excess liability capacity. The coverage it is offering will attach on excess liability towers at \$2mn, although it will also take positions further up the program.

"We are countrywide in terms of appetite, and we have no real restriction in terms of geography," Levine said.

"We have broad support for most construction classes in terms of our underwriting authority," he added.

Shepherd was launched in early 2021 by Levine after he had secured support from start-up accelerator Y Combinator.

Levine's background combines both insurance and technology. He has previously served as enterprise risk manager for Hunter Roberts Construction Group, while he also launched and led a network-based vendor management platform for the construction industry called TradeTapp, which was subsequently acquired by Autodesk Construction Solutions.

Alongside Levine are fellow co-founders Stephen Buonpane, who serves as chief insurance officer, and chief technology officer Mohamed El Mahallawy.

The business bolstered its insurance expertise in August last year with the hire of Constantine Hadjipateras from The Hartford as head of underwriting.

Tech partnerships

As Levine told this publication back in August, Shepherd's launch has coincided with an "explosion of data" about contractors in the construction industry, including information about factors that influence projects being delivered on time as well as financials.

That increased data has come about due to heightened use of emerging technology in the construction market.

And Shepherd will itself harness that data to support its underwriting having partnered with construction management software platform Procore.

Under that partnership, contractors can allow Shepherd to access their Procore profiles and use the information stored on that system to support the MGU's underwriting.



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Justin Levine, CEO, Shepherd

"To us, it's a way to benefit the client and the broker," said Levine, adding that there is no penalty to contractors that do not share their data.

The Procore partnership is expected to be the first of several tie-ups that Shepherd enters into with construction technology platforms.

"We want to be data-centric in how we engage, and so we are being quite focused with our initial partners, and Procore is the first one," said Levine.

"We want to be replicating that with other tech providers in the construction space as we continue to grow over the course of the year," he added.

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In-house policy admin platform

Shepherd's underwriting is also supported by a policy admin platform that the business has built in-house which allows it to rate, quote and bind coverage.

"Our guarantee to the brokerage market is 24-hour response on any submission that comes to the Shepherd team," said Levine.

"That is very important in terms of our initial focus on underwriting efficiency and speed," he added.