



Core Specialty Acquires Renewal Rights of American National's Specialty Markets Group

March 1, 2024

Core Specialty has broadened its product capabilities after agreeing a deal to acquire the renewal rights and unearned premium reserve

of American National Group's specialty markets group.

Under the terms of the transaction, Core Specialty will pay American National a renewal rights premium for the specialty markets group business renewed over a 12-month period.

Core Specialty will also assume the unearned premium reserve associated with the specialty markets group business, an operation that generated \$388mn of direct premiums written last year.

A prospective quota share reinsurance agreement will see American National cede and Core Specialty reinsure the entirety of the specialty markets group business – net of applicable reinsurance – from 1 January 2024, until the Jeff Consolino-led carrier's product filings have been approved and it is writing new and renewal business.

Until then, American National will continue to issue new and renewal policies, and for doing so, it will receive a fronting fee.

The transaction will be accretive to Cincinnati, Ohio-based Core Specialty's 2024 earnings per share and return on equity, the carrier said.

It is the second transaction Core Specialty has agreed with American National in the past year.

As previously reported, Core Specialty announced its acquisition of American National MGU medical stop loss business [last June](#), a deal that was completed [in December](#).

American National's MGU medical stop loss business produced over \$300mn of gross premium income in 2022.

Through the newly inked deal, Core Specialty is not acquiring any insurance company entities, and the transaction does not include specialty markets group loss reserves, which will be retained by American National.

The series of transactions will see Mark Walker join Core Specialty as President of the firm's newly formed Financial Services division.

Those staff currently supporting the Specialty Markets Group will also move to Core Specialty.

The Financial Services division will operate as the 16th business unit within Core Specialty's Bond, Credit & Guarantee sub-segment.

That sub-segment now comprises the Financial Services division, the newly launched Mortgage Reinsurance division and, once Core Specialty's American Surety Company transaction completes, its recently announced Surety division.

"We are pleased to work in collaboration with American National for a second time after the 2023 acquisition of the medical stop-loss business," said Consolino, Core Specialty's Founder, President, and CEO.

"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," Consolino stated.

"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," the executive added.

For the deal, Core Specialty was advised by Mayer Brown. American National was advised by Skadden Arps Slate Meagher & Flom LLP.