STATE OF NEW JERSEY
DEPARTMENT OF BANKING AND INSURANCE

IN THE MATTER OF THE ACQUISITION OF CONTROL OF LANCER INSURANCE COMPANY OF NEW JERSEY BY CORE SPECIALTY INSURANCE HOLDINGS, INC., CORINTHIAN DF HOLDINGS AND AFFILIATED ENTITIES, CAVELLO BAY REINSURANCE LIMITED AND AFFILIATED ENTITIES AND DAVID DELANEY, JR. AND OXFORD GROUP, LLC	)	HEARING OFFICER'S REPORT

Procedural History

In accordance with N.J.S.A. 17:27A-2, by a filing dated May 21, 2021, and supplemented through December 1, 2021, Core Specialty Insurance Holdings, Inc., and Corinthian DF Holdings, L.P., Corinthian DF GP, LLC., Corinthian SK GP, LLC, Dragoneer CF GP, LLC, Matthew Ebbel, Marc Stad (the "Corinthian Applicants"), and Enstar Group Limited, Kenmare Holdings, Ltd., Cavello Bay Reinsurance Limited ("the Cavello Bay Applicants"), and David P. Delaney, Jr. and Oxford Group, LLC. (the "Delaney Applicants" and, together with Core Specialty, the Corinthian Applicants and the Cavello Bay Applicants, collectively, the "Applicants") filed with the Department of Banking and Insurance (the "Department") an application to acquire control (the "Form A Filing") of Lancer Insurance Company of New Jersey ("LICNJ" or the "Domestic Insurer"), a New Jersey domiciled insurance company that is a wholly owned subsidiary of Lancer Financial Group, Inc., an Illinois corporation ("LFG"). As a result of the proposed transaction, LFG will be a direct, wholly owned subsidiary of Core Specialty Insurance Holdings, Inc. ("Core Specialty"), as described in greater detail below.

On April 15, 2021, an Acquisition Agreement and Plan of Merger (the "Merger Agreement") was signed by and among LFG, Core Specialty, Clearance Merger Sub, Inc., an Illinois corporation ("Merger Sub I"), Clarence Merger Sub, LLC, a Delaware limited liability company ("Merger Sub II") and the LFG stockholders listed in the Merger Agreement.

In addition to this Form A Filing, regulatory approvals were filed with, and approvals received from, the Illinois Department of Insurance regarding the acquisition of Lancer Insurance Company by Core Specialty Insurance Holdings, Inc., dated October 1, 2021; and a Form A regarding the Acquisition of Control of StarStone National Insurance Company and StarStone Specialty Insurance Company by David P. Delaney, Jr. and Oxford Group, LLC was filed by the Delaney Applicants with the Delaware Department of Insurance, dated October 20, 2021.

Pursuant to N.J.S.A. 17:27A-2(d) and after notice was provided in papers of general circulation and on the Department's website, a public hearing was held on the Form A filing on December 1, 2021. Pursuant to N.J.A.C. 11:1-35.6(g), the public hearing was conducted based on the documents filed. The hearing panel and Department staff determined that the documents filed in connection with the proposed acquisition satisfied the requirements of N.J.S.A. 17:27A-2(b). Public comments were allowed to be submitted to the Department through the close of business on December 1, 2021, and no comments were received. The record was closed on December 1, 2021.

<u>Findings of Fact</u>

LICNJ was incorporated on August 27, 1979 and commenced business on October 5, 1979. LICNJ is a New Jersey-domiciled property and casualty insurer, licensed to write insurance in New Jersey, Delaware, Pennsylvania, Maryland, Virginia and the District of Columbia. As stated above, LICNJ is a wholly owned subsidiary of LFG.

LFG also owns Lancer Insurance Company, an Illinois domiciled insurance company ("LIC"). LFG is ultimately controlled by David P. Delaney, Jr., an individual who owns 45.16% of the ownership interest in LFG, Timothy D. Delaney, an individual who owns 45.16% of the ownership interest in LFG, and Oxford Group, LLC, which owns 9.68% of the ownership interest in LFG. David P. Delaney, Jr. is the sole manager of Oxford Group, LLC and exercises exclusive control of the limited liability company pursuant to the terms of the operating agreement governing that entity.

LICNJ was formerly known as ARI Casualty Company and was purchased by LFG from AmTrust in February 2020. Effective September 1, 2020, LICNJ began writing Commercial Multi-Peril, Other Liability, Fire and Allied Lines and Equipment Breakdown coverages for small to medium-sized business as well as Commercial Auto coverages. In 2020, LICNJ wrote direct written premium only in New Jersey. Premiums written in New Jersey included the following lines of business: 1) commercial auto; 2) commercial multiple peril; 3) marine lines combined; 4) other and product liability lines combined and 5) fire and allied lines combined. Together with its affiliate LIC, an Illinois-domiciled property and casualty insurer licensed to write insurance in all 50 U.S. States, the District of Columbia and Puerto Rico, LICNJ offers a variety of products primarily focused on commercial and private auto insurance.

Core Specialty was formed on May 22, 2020 as an insurance holding company, and shortly thereafter acquired the U.S. operations of the StarStone reporting segment ("StarStone U.S.") of Enstar Group Limited ("Enstar") pursuant to a Stock Purchase Agreement, dated June 10, 2020. Core Specialty has equity backing from a subsidiary of Enstar, Cavello Bay

Reinsurance ("Cavello Bay") and funds managed by SkyKnight Capital, L.P. ("SkyKnight"), Dragoneer Investment Group, LLC ("Dragoneer" and together with SkyKnight, "Corinthian") and Aquiline Capital Partners LLC ("Aquiline").

Core Specialty operates through StarStone Specialty Insurance Company, a U.S. excess and surplus lines insurer, and StarStone National Insurance Company, a U.S. admitted markets insurer. Through its subsidiaries, Core Specialty offers a diversified range of property and casualty insurance products for small to midsized businesses. Core Specialty 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.

Through the operations of StarStone US, Core Specialty is engaged in property and casualty insurance, focusing on specialized commercial products for businesses. StarStone US offers property, casualty and specialty products in the United States through its two insurance company subsidiaries, StarStone Specialty Insurance Company ("SSIC") and StarStone National Insurance Company ("SNIC"). SSIC operates on a surplus lines basis in the United States. SNIC, a wholly owned subsidiary of SSIC, is licensed in all 50 states and the District of Columbia. SSIC and SNIC sell their products principally using wholesale brokers through offices in several states.

The current stockholders of Core Specialty along with their respective ownership percentages are as follows: Corinthian DF Holdings, L.P. (56.51%); Cavello Bay (26.04%); Aquiline Financial Services Fund IV L.P. (11.08%); and board/management and other investors (6.37%).[1] As a result of the proposed transaction, these ownership percentages will be diluted

[1] The pro forma beneficial ownership of Core Specialty as of March 31, 2020 is as follows: Corinthian DF Holdings, L.P. (54.55%); Cavello Bay (24.71%); Aquiline Financial Services Fund IV L.P. (10.07%); LFG Capital Partners LLC (0.53%); and all other shareholders (9.51%).

upon the Closing with the addition of the Delaney Applicants and Timothy Delaney as stockholders of Core Specialty. Notably, Aquiline Financial Services Fund IV L.P. will no longer be a controlling person of Core Specialty and its insurer subsidiaries and this status change will be notified to the Delaware Department of Insurance as part of the Delaney Applicants' separate Form A application regarding Core Specialty's existing insurer subsidiaries to the Delaware Department of Insurance.

Corinthian DF Holdings, L.P., a Delaware limited partnership, was formed on May 13, 2020 as a joint investment vehicle controlled by SkyKnight and Dragoneer. Currently, it owns 56.51% of the common stock of Core Specialty. Since its formation, Corinthian DF Holdings, L.P. has not engaged in any business other than in connection with its investment in Core Specialty. The general partner of Corinthian DF Holdings, L.P. is Corinthian DF GP, LLC. As the general partner, Corinthian DF GP, LLC has sole control of Corinthian DF Holdings, L.P., including voting rights.

Corinthian DF GP, LLC is a Delaware limited liability company that was formed on May 13, 2020 to be the general partner of Corinthian DF Holdings, L.P. Since its formation, Corinthian DF GP, LLC has not engaged in any business other than in connection with Corinthian's Core Specialty investment. The members of Corinthian DF GP, LLC are Corinthian SK GP, LLC and Dragoneer CF GP, LLC.[2]

The limited partners of Corinthian DF Holdings, L.P. are Dragoneer Global Fund II, L.P., Dragoneer Opportunities Fund IV, L.P., SkyKnight Capital Fund II, L.P., and Corinthian DC Holdings, LP. As limited partners, these investors have no power to direct or cause the direction

[2] Corinthian DF GP, LLC does not produce audited financial statements. The Form A Filing included unaudited financial statements for the periods ending December 31, 2020 and March 31, 2021. Corinthian had total assets of $510 million with expenses of $140,380 as of December 31, 2020 and $144,476 as of March 31, 2021. Corinthian DF GP, LLC, Corinthian SK GP, LLC and Dragoneer CF GP, LLC do not have any economics and, therefore, do not produce standalone financial statements.

of the management and policies of Corinthian DF Holdings, L.P. and, therefore, do not control Corinthian DF Holdings, L.P. as such term is defined in N.J.S.A. 17:27A-1.

Corinthian SK GP, LLC, a Delaware limited liability company, was formed on May 19, 2020 to be a member of Corinthian DF GP, LLC. Since its formation, Corinthian SK GP, LLC has not engaged in any business other than in connection with Corinthian's Core Specialty investment. The sole managing member of Corinthian SK GP, LLC is Matthew Ebbel.

Dragoneer CF GP, LLC, a Cayman limited liability company, is the managing member of Corinthian DF GP, LLC. Dragoneer CF GP, LLC does not conduct any business operations other than in its capacity as a general partner or managing member in Dragoneer's organizational structure. The sole managing member of Dragoneer CF GP, LLC is Marc Stad.

Matthew Ebbel is the managing partner and founder of SkyKnight. Founded in 2015, SkyKnight manages over $1 billion in private equity capital on behalf of institutional family offices and leading foundations and endowments. Mr. Ebbel is also a current member of the Board of Directors of Core Specialty, AmWINS, MedVet, Watco, WhiteWater Express, and AeroCare.[3]

Marc Stad is the founder and managing partner of Dragoneer. Dragoneer is an investment firm with over $10 billion in long-duration capital from large endowments, foundations, sovereign wealth funds, allocators, and family offices. The firm has a global orientation and invests in market leaders, primarily in the financial services and technology sectors. Mr. Stad is also a current member of the Board of Directors of Core Specialty and AmWINS.[4]

[3] Personal financial documents for Michael Ebbel were submitted confidentially as part of this Form A Filing.
[4] Personal financial documents for Marc Stad were submitted confidentially as part of this Form A Filing.

Enstar is a Bermuda domiciled holding company, operating with and through affiliates in Bermuda, the United States, the United Kingdom, Continental Europe, Australia, and other international locations. The group's core focus is acquiring and managing insurance and reinsurance companies and portfolios of insurance and reinsurance business in run-off. Since Enstar's formation, the group completed or announced the acquisition of over 100 insurance and reinsurance companies and portfolios of business.[5]

Kenmare Holdings Ltd. is a Bermuda domiciled limited liability holding company incorporated under the laws of Bermuda on August 16, 2001. It is a wholly owned subsidiary of Enstar. Kenmare does not conduct any business operations other than in connection with its investment in its subsidiaries and affiliated companies within the Enstar group of companies.

Cavello Bay is a Bermuda domiciled limited liability company incorporated under the laws of Bermuda on April 8, 2015. It is a wholly owned subsidiary of Kenmare Holdings Ltd., and is ultimately owned by Enstar. Cavello Bay is registered as a Class 3B reinsurer under the Insurance Act 1978 of Bermuda, amendments thereto and related regulations.

Cavello Bay provides reinsurance for affiliated insurance companies in order to provide capital relief to certain Enstar owned insurance entities in the form of reducing net exposure and to pool Enstar's reserves and invest the proceeds into higher yielding investments. Cavello Bay also writes third party reinsurance via Loss Portfolio Transfers of run off exposures and writes third party and affiliated Quota Share reinsurance or Adverse Development Cover.

David P. Delaney, Jr. is the co-founder of the Lancer group of companies, and has been the chief executive and a Director since 1982. Mr. Delaney will acquire a direct ownership

[5] Audited annual consolidated financial statements of Enstar for the Years ended 2020, 2019, 2018, 2017 and 2016 were included within the Form A as well as unaudited quarterly consolidated statements of Enstar for the First Quarter of 2021. As of December 31, 2020, Enstar had $138 million in cash and cash equivalents.

interest in Core Specialty equal to approximately 9.04% upon the Closing. As further described below, Mr. Delaney controls Oxford Group, LLC in his capacity as the sole manager of the company. Upon the Closing, Oxford Group, LLC will acquire an ownership interest in Core Specialty equal to approximately 2.71%. Additionally, Mr. Delaney holds a controlling interest in LFG Capital Partners LLC. Upon the Closing, LFG Capital Partners LLC will hold an ownership interest in Core Specialty equal to approximately 0.43%.

Upon the Closing, David Delaney will collectively control a 12.18% ownership interest in Core Specialty through his direct ownership and shares held by Oxford Group, LLC and LFG Capital Partners LLC. David Delaney will also hold a seat on the Board of Directors of Core Specialty.[6]

Oxford Group, LLC is organized as a holding company. It holds 9.68% of the shares of LFG's common stock. David Delaney owns 12.72% of the membership interests in Oxford Group, LLC and, under the terms of the operating agreement of Oxford Group, LLC, David Delaney is the sole manager of the company and exclusively holds the power to replace himself as manager. Further, under the operating agreement, the members have no right to control the management of Oxford Group, LLC, leaving Mr. Delaney in exclusive control of Oxford Group, LLC.[7]

Core Specialty will acquire, through a series of mergers, all of the issued and outstanding shares of capital stock of LFG, which wholly owns LICNJ. Merger Sub I and Merger Sub II were formed as acquisition vehicles solely for the purpose of effectuating the Merger Transactions.

[6] Personal financial documents for David Delaney were submitted confidentially as part of this Form A Filing.
[7] Unaudited annual financial statements of Oxford Group, LLC for the Years ended 2020, 2019, 2018, 2017 and 2016 were included with the confidential Form A. Oxford Group, LLC does not produce audited financial statements.

Under the terms of the Merger Agreement, immediately prior to the closing of the Merger Transactions, David. P Delaney, Jr. will convey and deliver up to 8.0051 LFG shares to LFG in exchange for an aggregate consideration equal to $4,622,039.61 per share (an aggregate of $36,999,889) and Timothy D. Delaney will convey and deliver up to 11.4668 LFG shares to LFG in exchange for an aggregate consideration equal to $4,622,039.61 per share (an aggregate of $53,000,003).

At the Closing, Merger Sub I will merge with and into LFG, with LFG surviving the merger (the "First Surviving Company"). Following the first merger, the First Surviving Company will merge with and into Merger Sub II with Merger Sub II surviving the merger ("Post-Close LFG"). Post-Close LFG will be renamed Lancer Financial Group, LLC. After giving effect to the Merger Transactions, Post-Close LFG will be a direct, wholly owned subsidiary of Core Specialty.

After the consummation of the proposed transaction, Merger Sub I and Merger Sub II, each an acquisition vehicle formed solely for the purpose of effecting the Merger Transactions, will no longer function independently from Post-Close LFG. The purchase price will consist of $53 million of Core Specialty common shares and $165 million of Core Specialty preferred shares for a total consideration of $218 million. The $53 million of common shares and $165 million of preferred shares of Core Specialty that the stockholders will receive will represent an approximately 19.5% interest in the voting securities of Core Specialty.

After giving effect to the proposed transaction, Core Specialty will be the sole member of Post-Close LFG. The business and affairs of Post-Close LFG will be managed by a board of managers. The board will consist of Joseph (Jeff) E. Consolino and Edward Noonan, who will each be a manager of Post-Close LFG. The officers will be Mr. Consolino as President and Robert F. Kuzloski as Secretary.[8]

After giving effect to the proposed transaction, the post-merger beneficial ownership of Core Specialty is as follows: Corinthian DF Holdings, L.P. (44.06%); Cavello Bay (19.96%); David P. Delaney Jr., collectively (12.18%); Aquiline Financial Services Fund IV L.P. (8.64%); Timothy D. Delaney (7.47%); and all other shareholders (7.68%).

The Applicants have represented that the Domestic Insurer will continue to maintain its separate corporate existence and will continue operations as currently conducted following the closing of this transaction. LICNJ along with its affiliates LIC and Lancer Management Company, a New York corporation holding insurance producer licenses ("LMC"), will operate as a separately managed division of Core Specialty, retaining the Lancer brand and management team. David Delaney, the current CEO of each of LFG, LIC and LICNJ, will continue with the companies by joining the Board of Directors of Core Specialty upon the Closing. Mr. Delaney will also continue in his role as CEO of LIC and LICNJ. The current President and Chief Operating Officer of LIC and LICNJ will continue in his role.[9]

The management team of Core Specialty will remain substantially the same after giving effect to the Merger Transactions. Jeff Consolino will continue to be Chief Executive Officer and President of Core Specialty and Edward Noonan will continue to be the Executive Chairman of Core Specialty. Robert Kuzloski will continue to be General Counsel and Secretary of Core

[8] Jeff Consolino is currently the chief executive officer and president of Core Specialty. Edward Noonan is currently the executive chairman for Core Specialty. Robert Kuzloski is currently the general counsel and secretary of Core Specialty.
[9] Matthew T. Jenkins is LFG's current President and Chief Operating Officer as well as the President and Chief Operating Officer of each of LIC and LICNJ. In addition to continuing his current roles for LIC and LICNJ, Mr. Jenkins will serve as President of Core Specialty's Lancer Division after the Closing.

Specialty. Existing management of LFG will manage Core Specialty's Lancer Division after the Closing. Individual officers of LFG and the Domestic Insurer may continue in the Lancer division after closing subject to the provisions of Section 6.06 of the Merger Agreement.

The Core Specialty Board of Directors will be comprised of the current Board of Directors with the addition of David P. Delaney, Jr.[10], who will work with Mr. Consolino and other members of the Board and management to integrate the two businesses.

The Applicants have represented that Core Specialty has no present plans or proposals to cause the Domestic Insurer to declare any extraordinary dividend following the Closing, to liquidate the Domestic Insurer, to sell the assets of the Domestic Insurer (other than in ordinary course) or to merge the Domestic Insurer with any person or persons. Further, the Applicants have no present plans or proposals to make any other material change in the Domestic Insurer's corporate structure, business operations or management other than as described in this Form A Filing.

The above-described merger transactions were unanimously approved by Core Specialty's and LFG's Boards of Directors and by the stockholders of LFG. As noted above, in addition to this Form A Filing, regulatory approvals were filed and approval received with the Illinois Department of Insurance regarding LIC, dated October 1, 2021, and a Form A filed by the Delaney Applicants with the Delaware Department of Insurance dated October 20, 2021. The completion of the merger transactions is not conditioned on receipt of financing by Core Specialty.

[10] At the Closing, Core Specialty will amend its Stockholders Agreement and enter into an Amended and Restated Stockholders Agreement (the "Amended Stockholders Agreement"). The Board of Directors will be expanded to include one Delaney representative. In addition, the Amended Stockholders Agreement will eliminate the requirement that the Corinthian DF Holdings, L.P. representatives to the Board of Directors approve all actions of the Board of Directors. In lieu of such right, an approval requirement of at least two Corinthian DF Holdings, L.P. representatives to the Board of Directors was added to the Amended Stockholders Agreement for certain actions by Core Specialty. The Amended Stockholders Agreement contains other customary stockholder related items including certain voting, conversion, removal and consent rights and conditions.

Based on audited consolidated financial statements filed by Core Specialty, it reported a net loss of $18.6 million, at year–end 2020. As noted at the onset, Core Specialty was formed on May 22, 2020. Based on audited consolidated financial statements of Enstar Group Limited and Subsidiaries, as of December 31, 2020, 2019, and 2018, reported net earnings of $1.7 billion, $902.2 million, and ($162,354) million, respectively. Applicants David P. Delaney, Marc Ebbel, and Marc Stad submitted confidential personal financial documents.

Analysis

N.J.S.A. 17:27A-2(d)(1) provides that the Commissioner shall approve an acquisition of control of a domestic insurer unless he or she finds that one or more of the seven disqualifying factors set forth therein exist. The statute provides in pertinent part:

> (1) The Commissioner shall approve any merger or other acquisition of control … unless, after a public departmental hearing thereon, he [or she] finds that:
>
> (i) After the change of control the domestic insurer … would not be able to satisfy the requirements for the issuance of a license to write the line or lines of insurance for which it is presently licensed;
>
> (ii) The effect of the merger or other acquisition of control would be substantially to lessen competition in insurance in this State or tend to create a monopoly therein … [applying the competitive standard as set forth in the statute];
>
> (iii) The financial condition of any acquiring party is such as might jeopardize the financial stability of the insurer, or prejudice the interest of its policyholders;
>
> (iv) The financial condition of any acquiring party is such that (a) the acquiring party has not been financially solvent on a generally accepted accounting principles basis, or if an insurer, on a statutory accounting basis, for the most recent three fiscal years immediately prior to the date of the proposed acquisition (or for the whole of such lesser period as such acquiring party and any predecessors thereof shall have been in existence); (b) the acquiring party has not generated net before-tax profits from its

> normal business operations for the latest two fiscal years immediately prior to the date of acquisition (or for the whole of such lesser period as such acquiring party and any predecessors thereof shall have been in existence); or (c) the acquisition debt of the acquiring party exceeds 50% of the purchase price of the insurer;
>
> (v) The plans or proposals which the acquiring party has to liquidate the insurer, sell its assets or consolidate or merge it with any person, or to make any other material change in its business or corporate structure or management, are unfair and unreasonable to policyholders of the insurer and not in the public interest;
>
> (vi) The competence, experience and integrity of those persons who would control the operation of the insurer are such that it would not be in the interest of policyholders of the insurer and of the public to permit the merger or other acquisition of control; or
>
> (vii) The acquisition is likely to be hazardous or prejudicial to the insurance buying public.

Upon a thorough review of the documents submitted into evidence, the hearing panel and the Department have determined that none of the seven disqualifying factors set forth above should result if the proposed acquisition is effectuated. Each of these factors is discussed below.

First, after the acquisition, LICNJ will continue to meet the requirements to transact the business for which they are presently licensed pursuant to Title 17 of the New Jersey Statutes. There is nothing in the record to indicate that after the proposed transaction LICNJ would not be able to continue to satisfy the requirements to transact the business for which they are presently licensed.

Second, it does not appear that the proposed transaction will substantially lessen competition in the New Jersey insurance market or tend to create a monopoly therein. N.J.S.A. 17:27A-2(d)(1)(ii) provides that in applying this competitive standard, the standard set forth in

N.J.S.A. 17:27A-4.1(d) shall apply. That statute utilizes a complex formula based on the market shares of the insurers involved in the transaction. The statute by its terms does not apply if, as an immediate result of the acquisition, there would be no increase in the overall market share of the involved insurers after the acquisition. The Applicants submitted a Form E filing. Here, the transaction meets these exemption standards in all lines of business because the Applicants and LICNJ do not compete in any other lines of business. Accordingly, the proposed transaction will not violate the competitive standard set forth in N.J.S.A. 17:27A-4.1 because it does not substantially lessen competition in New Jersey or tend to create a monopoly therein.

Third, it does not appear that the financial condition of the Applicants will jeopardize the financial condition of the Domestic Insurer. For the year 2020, Core Specialty reported $37.7 million in revenues. Enstar Group Limited and Subsidiaries, as of December 31, 2020, 2019, and 2018, reported a revenue of $2.6 billion, $2.2 billion, and $619,106 million, respectively.

Fourth, it appears that the financial condition of the Applicants is such that they have been solvent on a basis of generally accepted accounting principles for the three-year period immediately prior to the date of the proposed acquisition. Additionally, Enstar reported a net income of $1.7 billion in 2020, $0.9 billion in 2019, and ($162) million in 2018. Core Specialty's estimated total cash on hand balance (including cash equivalents and without taking into account the proceeds of any debt offering) was approximately $999 million, or in excess of 100% of the total consideration. Applicants David P. Delaney, Marc Ebbel, and Marc Stad submitted confidential personal financial documents, which were reviewed for adequacy and did not present concern. The Applicants have not obtained debt financing and state no funding to pay for the Merger Consideration will come from the Domestic Insurer. As such, the transaction will satisfy the requirements of N.J. Stat. Ann. § 17:27A-2(d)(1)(iv)(c).

Fifth, the applicant does not propose to liquidate LICNJ or sell its assets. As set forth above, the applicant does not intend to change the business operations, corporate structure, management, or general plan of operations other than may arise in the ordinary course of business.

Sixth, there is nothing in the record from which it may be concluded that the competence, experience, and integrity of the persons who will control the operations of LICNJ are such that it would not be in the best interest of the policyholders and of the public to permit the acquisition of control. Following the transaction, the Applicants will attain ultimate control of LICNJ and there are no anticipated changes to the executive officers and only a change in the Board of Directors. Following the transaction, the Applicants intend to maintain LICNJ's business operations, corporate structure, and management.

Seventh, there is nothing in the record from which it may be concluded that the proposed transaction is likely to be hazardous or prejudicial to the insurance buying public for the reasons set forth above.

Recommendation

Based on the foregoing analysis, the hearing panel and Department staff recommend that the proposed transaction be approved.

Upon a thorough review of the foregoing, I concur with the findings, analysis and recommendations of the hearing panel and Department staff. I therefore recommend that the proposed transaction be approved.

December 9, 2021	/*s/ John Rossakis*
Date	John Rossakis Hearing Officer

JR LICNJ by Core Specialty Officer Report/Orders

Exhibits List

In the Matter of the Acquisition of Control of Lancer Insurance Company of New Jersey by Core Specialty Insurance Holdings, Inc., and Corinthian DF Holdings, L.P., Corinthian DF GP, LLC., Corinthian SK GP, LLC, Dragoneer CF GP, LLC, Matthew Ebbel, Marc Stad (the “Corinthian Applicants”), and Enstar Group Limited, Kenmare Holdings, Ltd., Cavello Bay Reinsurance Limited (“the Cavello Bay Applicants”), and David P. Delaney, Jr., Oxford Group, LLC (the “Delaney Applicants” and, together with Core Specialty, the Corinthian Applicants and the Cavello Bay Applicants, collectively, the “Applicants”)

Exhibit 1 – Form A Statement, received June 22, 2021

Exhibit 2 – Amended Exhibit C–3, received October 22, 2021

Exhibit 3 – Exhibits and Schedules referenced in the Agreement and Plan of Merger, received November 4, 2021

Exhibit 4 – Premerger Notifications governed by the Hart–Scott–Rodino Antitrust Improvements Act of 1976, as amended (the “HSR Act”), transaction numbers #20212028 and 20212027, received November 9, 2021.

Exhibit 5 - Waiver of 20–day notice of hearing submitted by Cynthia J. Borrelli, Esq., Bressler, Amery & Ross, PC, for Lancer Insurance Company of New Jersey

Exhibit 6 – Waiver of 20–day notice of hearing submitted by Cynthia J. Borrelli, Esq., Bressler, Amery & Ross, PC, for Oxford Group, LLC.

Exhibit 7 – Waiver of 20–day notice of hearing submitted by Cynthia J. Borrelli, Esq., Bressler, Amery & Ross, PC, on behalf of David P. Delaney.

Exhibit 8 – Waiver of 20–day notice of hearing submitted by Lara Zaitzeff, Esq., Skadden, Arps, Slate, Meagher & Flom, LLP, for Dragoneer CF GP, LLC.

Exhibit 9 – Waiver of 20–day notice of hearing submitted by Lara Zaitzeff, Esq., Skadden, Arps, Slate, Meagher & Flom, LLP, for Enstar Group Limited

Exhibit 10 – Waiver of 20–day notice of hearing submitted by Lara Zaitzeff, Esq., Skadden, Arps, Slate, Meagher & Flom, LLP, for Kenmare Holdings Limited

Exhibit 11 – Waiver of 20–day notice of hearing submitted by Lara Zaitzeff, Esq., Skadden, Arps, Slate, Meagher & Flom, LLP, on behalf of Matthew Ebbel.

Exhibit 12 – Waiver of 20–day notice of hearing submitted by Lara Zaitzeff, Esq., Skadden, Arps, Slate, Meagher & Flom, LLP, on behalf of Marc Stad

Exhibit 13 – Waiver of 20–day notice of hearing submitted by Lara Zaitzeff, Esq., Skadden, Arps, Slate, Meagher & Flom, LLP, for Cavello Bay Reinsurance Limited

Exhibit 14 – Waiver of 20–day notice of hearing submitted by Lara Zaitzeff, Esq., Skadden, Arps, Slate, Meagher & Flom, LLP, for Core Specialty Insurance Holdings, Inc.

Exhibit 15 – Waiver of 20–day notice of hearing submitted by Lara Zaitzeff, Esq., Skadden, Arps, Slate, Meagher & Flom, LLP, for Corinthian DF GP, LLC

Exhibit 16 – Waiver of 20–day notice of hearing submitted by Lara Zaitzeff, Esq., Skadden, Arps, Slate, Meagher & Flom, LLP, for Corinthian DF Holdings, L.P.

Exhibit 17 – Waiver of 20–day notice of hearing submitted by Lara Zaitzeff, Esq., Skadden, Arps, Slate, Meagher & Flom, LLP, for Corinthian SK GP, LLC

Exhibit 18 – Affidavit of Publication of Notice of Hearing in The Record, reflecting publication on November 24, 2021

Exhibit 19 – Affidavit of Publication of Notice of Hearing in Courier Post, reflecting publication on November 24, 2021

Exhibit 20 – Affidavit of Publication of Notice of Hearing in Star Ledger, reflecting publication on November 24, 2021

JR LICNJ by Core Specialty Exhibit List/Orders