STATE OF NEW JERSEY
DEPARTMENT OF BANKING AND INSURANCE

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| IN THE MATTER OF THE ACQUISITION OF CONTROL OF LANCER INSURANCE COMPANY OF NEW JERSEY BY ELK MERGER SUB LIMITED, ELK BIDCO LIMITED, ELK PARENT LIMITED, ELK INTERMEDIATE HOLDINGS, LLC, ELK TOPCO, LLC, ELK INSURANCE HOLDINGS, LLC, A. MICHAEL MUSCOLINO, JOSHUA EASTERLY, AND JENNIFER GORDON | ) | HEARING OFFICER'S REPORT |

Procedural History

In accordance with N.J.S.A. 17:27A–2, by a filing dated August 27, 2024, and supplemented by additional filings through May 29, 2025, Elk Merger Sub Limited, Elk Bidco Limited ("Bidco"), Elk Parent Limited, Elk Intermediate Holdings, LLC, Elk Topco, LLC ("Topco"), Elk Insurance Holdings, LLC, (each an "Applicant" and collectively, the "Applicant Entities"), A. Michael Muscolino, Joshua Easterly, and Jennifer Gordon (each an "Applicant" and collectively, the "Individual Applicants", and together with the Applicant Entities, the "Applicants") filed with the New Jersey Department of Banking and Insurance ("Department") an application to acquire control ("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, LLC., an Illinois corporation ("LFG"), a direct wholly owned subsidiary of Core Specialty Insurance Holdings, Inc. ("Core Specialty"). Core Specialty is 19.7% indirectly owned by Enstar Group Limited ("Enstar") as further detailed below. As a result of the proposed transaction described in the Form A Filing ("Proposed Acquisition"), Bidco by acquisition of control of Enstar, will indirectly acquire 19.70% of the issued and outstanding shares of capital stock of LICNJ and, thereby, become a controlling person of the Domestic Insurer.

On July 29, 2024, Enstar entered into an Agreement and Plan of Merger (the "Merger Agreement") with Deer Ltd., a direct wholly-owned subsidiary of Enstar, Deer Merger Sub Ltd., a direct wholly-owned subsidiary of Deer Ltd., Bidco, and Elk Merger Sub Limited, a direct wholly-owned subsidiary of Bidco. Bidco and Elk Merger Sub Limited are backed by equity commitments from investment vehicles managed or advised by affiliates of Sixth Street Partners, LLC. Pursuant to the Merger Agreement, Enstar, Deer Ltd., Deer Merger Sub Ltd., Bidco, and Elk Merger Sub Limited will effect a series of mergers (collectively, the "Mergers"), with Enstar surviving such mergers as a wholly-owned subsidiary of Bidco. The Applicants, through their counsel, represent that no individual or entity, other than the Applicants will acquire either presumptive (10% or more of voting shares) or actual control of the Domestic Insurer within the "Control" definition under applicable New Jersey law as a result of the Proposed Acquisition.

The Applicants designate Elk Insurance Holdings, LLC as the controlling entity of the 19.70% stake in the Domestic Insurer. Applicants indicate Elk Insurance Holdings, LLC is 100% owned and controlled by A. Michael Muscolino, Joshua Easterly, and Jennifer Gordon ("Managing Members"). The Applicants further represent that there is no individual, entity or member that has more than a 10% interest or contractual right to direct or cause the direction of the Managing Members, including the appointment and/or replacement of a Managing Member without the approval of the Department.

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 June 5, 2025. 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 Form A Filing 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 June 5, 2025, and no comments were received. The record was closed on June 5, 2025.

## Findings of Fact

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 transact insurance in New Jersey, Delaware, Pennsylvania, Maryland, Virginia and the District of Columbia. LICNJ is a wholly owned subsidiary of LFG. LFG is a direct wholly owned subsidiary of Core Specialty

LICNJ was formerly known as ARI Casualty Company and was acquired by LFG in February 2020.[1] 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 pursuant to a Stock Purchase Agreement, dated June 10, 2020. On December 10, 2021, the Department approved the proposal of Core Specialty, Corinthian DF Holdings and affiliated entities, Cavello Bay Reinsurance Limited and affiliated entities, David Delaney, Jr. and Oxford Group, LLC to acquire control of LICNJ. As a result of the transaction, LFG became a direct, wholly owned subsidiary of Core Specialty.[2]

Through the operations of its subsidiaries, Core Specialty is engaged in property and casualty insurance, focusing on specialized commercial products for businesses. Core Specialty offers a diverse range of property, casualty, and specialty products in the United States through its various insurance company subsidiaries.

[1] See Department Order A19-117, dated December 30, 2019.
[2] See Department Order A21-13.

In 2020, LICNJ began writing business in New Jersey only, including Commercial Multi–Peril, Other Liability, Fire & Allied Lines and Equipment Breakdown coverages for small to medium–sized business as well as Commercial Auto coverages. In 2022, LICNJ discontinued writing Commercial Multiple–Peril, Other Liability, Fire & Allied Lines and Equipment Breakdown coverages, and the business was transferred to a former affiliate. LICNJ has concentrated its underwriting efforts on Commercial Auto coverages. In 2024, LICNJ continued to write direct written premium solely in New Jersey, including Commercial Auto, Inland Marine and Other Liability–Occurrence.

The beneficial ownership (rounded) of Core Specialty, assuming conversion of preferred shares, is as follows: Corinthian DF Holdings, LP 44% (owned by SkyKnight and Dragoneer), Cavello Bay Reinsurance Limited ("Cavello Bay") 20% (rounded from 19.7%), Aquiline Financial Services Fund IV L.P. 9%, Company directors and management 14%, and other investors 13%. Cavello Bay Reinsurance Limited is a direct wholly owned subsidiary of Kenmare Holdings Ltd. (“Kenmare”), a direct wholly owned subsidiary of Enstar.

Enstar is a Bermuda-based holding company that was formed in 2001 and became a publicly traded company in 2007. Enstar is considered a leading run-off specialist whose primary operations consists of acquiring and managing discontinued business. Enstar and its operating subsidiaries acquire and manage diversified (re)insurance businesses through a network of service companies in Bermuda, the United States, the United Kingdom, Liechtenstein, Belgium, and Australia. Enstar has 790 employees worldwide. Enstar has acquired over 115 insurance and reinsurance companies and portfolios of insurance and reinsurance business since its formation.

Applicant Elk Insurance Holdings, LLC is a newly formed Delaware limited liability company, which was formed on June 12, 2024, to act as the managing member of Topco, Elk

Holdings, LLC, Elk Investments, LLC, and Elk Evergreen, LLC, and to act as the trustee of the Elk Holdings Trust. Elk Insurance Holdings, LLC is 100% owned and controlled by the Managing Members.

Applicant Topco[3] is a newly formed Bermuda exempted limited liability company, and direct wholly owned subsidiary of Elk Insurance Holdings, LLC. At the closing of the Proposed Acquisition, Topco will be controlled by Elk Insurance Holdings, LLC which will hold 100% of the voting membership interests of Topco. Topco was formed on July 23, 2024, to act as an intermediate holding company for Enstar and its subsidiaries.

Applicant Elk Intermediate, LLC is a newly formed Bermuda exempted limited liability company and a wholly owned subsidiary of Topco. Elk Intermediate was formed on August 23, 2024, to act as an intermediate holding company for Enstar and its subsidiaries.

Applicant Elk Parent Limited is a newly formed Bermuda exempted company and a direct wholly owned subsidiary of Elk Intermediate. Elk Parent Limited was formed on July 23, 2024, to act as an intermediate holding company for Enstar and its subsidiaries.

Applicant Bidco is a newly formed Bermuda exempted company. Elk Parent Limited owns 100% of the ordinary shares of Bidco. Bidco was formed on July 23, 2024, to act as a holding company for Enstar and its subsidiaries.

Applicant Elk Merger Sub Limited is a newly formed Bermuda exempted company and a wholly owned subsidiary of Bidco. Elk Merger Sub was formed on July 23, 2024, as a transitory acquisition vehicle and will not survive the Proposed Acquisition.

[3] Pursuant to N.J.S.A. 17:27A-3(J), five disclaimers of control ("Disclaimers") relating to the Applicants' Proposed Acquisition of the Domestic Insurer were filed with and reviewed by the Department. The Disclaimers were conditionally granted and will be effective upon an Order approving the Form A Filing.

Individual Applicant A. Muscolino is a Co–Founder and Partner of Sixth Street based in San Francisco. A. Muscolino is the Global Head of Financial Services, with responsibility for the firm's Insurance and Asset Based Finance platforms. Prior to co-founding Sixth Street, A. Muscolino co-founded FG Companies, a consumer and commercial finance advisory firm.

Individual Applicant J. Easterly is a Co–Founder, Partner, Co-Chief Investment Officer, and Co-President of Sixth Street and the Chief Executive Officer of Sixth Street Specialty Lending ("SLX") based in New York. Mr. Easterly serves as Chairman of SLX's Board of Directors.

Individual Applicant J. Gordon is a Partner and Chief Compliance Officer of Sixth Street based in New York. J. Gordon also serves as a Director of SLX.

Acquisition of control of 19.70% of the issued and outstanding shares of capital stock of Domestic Insurer will occur pursuant to Merger Agreement. Accordingly, through a series of mergers described below, the Applicants will indirectly acquire 19.70% of the issued and outstanding shares of capital stock of LICNJ.

Prior to the First Merger, Enstar will effectuate a reorganization whereby (a) Enstar will contribute (the "Contribution") to Deer Ltd. an amount in cash equal to $500,000,000, and (b) immediately following the Contribution, Deer Merger Sub Ltd. will merge with and into Enstar as part of the "First Merger", with Enstar surviving the merger as a direct wholly owned subsidiary of Deer Ltd.. Following the First Merger, Deer, Ltd. will merge with and into the Enstar as part of the "Second Merger", with Enstar surviving the merger. Following the Second Merger, Elk Merger Sub Limited will merge with and into the Enstar (the "Third Merger" and, together with the First Merger and Second Merger, the "Mergers"), with the Enstar surviving the merger, as a direct wholly owned subsidiary of Bidco. Immediately following the Mergers, Bidco will directly own all of Enstar's Ordinary Shares.

As the Applicants have represented, the Proposed Acquisition is an all cash transaction valued at approximately $5.1 billion of which $0.5 billion will be derived from the First Merger Amount and funded by Enstar's balance sheet, for a total of $4.6 billion to be funded by Bidco and Elk Merger Sub Limited ("Merger Consideration"). The closing of the Proposed Acquisition of control is not subject to a financing condition. Funding sources are equity capital, including the Equity Financing, Preferred Equity Financing and the Debt Commitment, further described in the Form A Statement, and directly below, which will be used by Bidco and Elk Merger Sub Limited. Applicants represent, the precise amounts to be funded will be dependent on a number of variables.

The Applicants will fund their portion of the purchase price to be paid in connection with the Proposed Acquisition (approximately $4.6 billion) from the following sources (1) Equity Financing and (2) borrowed funds in the form of Preferred Equity Financing and Debt Commitment, as follows.

Concerning the Equity Financing, Bidco will acquire a portion of the funds necessary to pay the Merger Consideration through capital contributions from direct or indirect investors in Elk Evergreen and the Co–Investment Vehicles, being the limited partners of (i) the Equity Investors (as defined below), which, in turn, hold interests in Elk Evergreen and (ii) the limited partnership co-investment vehicles described in the Form A Filing ("Co-Investment Vehicles"). In connection with the Equity Financing, Applicants submitted an Equity Commitment Letter which sets forth commitments of each of the persons identified under Schedule A therein ("Equity Investors" or the "TAO Partners") in favor of Bidco, subject to the terms and conditions of which, each of the Equity Investors has committed to purchase, or cause the purchase of, directly or indirectly through one or more intermediate entities, equity securities of Bidco for a purchase price in cash up to an amount applicable to each such Equity Investor set forth in Schedule A to the Equity Commitment

Letter. The commitment amount of all the Equity Investors is approximately $3,512,000,000 in the aggregate (such commitment, the "Equity Financing").

Concerning the Preferred Equity Financing, Applicants have represented, Bidco will also acquire a portion of the funds necessary to pay the Merger Consideration through capital contributions from certain passive investors who will subscribe for a series of perpetual debt like, non–voting, non–convertible preferred shares of stock in Bidco (the "Bidco Preferred Equity"). In connection with the preferred equity financing, Stone Point Credit Adviser LLC (the "Preferred Equity Investor") entered into a preferred equity commitment letter, dated July 29, 2024 (the "Preferred Equity Commitment Letter"), in favor of Bidco, pursuant to which, and subject to the terms and conditions of which, the Preferred Equity Investor has committed to purchase Bidco Preferred Equity for an aggregate liquidation preference of $175,000,000 (such commitment, the "Preferred Equity Financing").

Concerning the Debt Commitment, Bidco has obtained from Barclays Bank PLC ("Barclays") a commitment for debt financing (the "Debt Commitment"). Under a debt financing commitment letter, dated July 29, 2024 (the "Debt Commitment Letter"), by and between Bidco and Barclays, and the fee letter related to the Debt Commitment Letter (the "Debt Financing Fee Letter"), and subject to the terms and conditions of the Debt Commitment Letter and Debt Financing Fee Letter, Barclays has committed to provide to Bidco a total of $3,150,000,000 in debt financing through (i) a senior secured term loan facility in an aggregate principal amount of up to $950,000,000 and (ii) a senior secured backstop revolving credit facility in an aggregate principal amount of up to $2,200,000,000[4]. Applicants have represented that the closing of the Proposed Acquisition is not subject to a financing condition.

Applicants have represented that the basis and terms of the Merger Agreement, including the nature and amount of consideration, were determined by arms' length negotiation between unrelated parties with advice of their respective financial, legal and other advisors. The Merger Consideration was determined in view of the financial position and results of operations of the entities to be acquired, including the past and present business operations, historical and potential earnings, financial condition and prospects, assets and liabilities and such other factors and information as the Applicants considered relevant under the circumstances.

The Applicants state there is no specific allocation of the Merger Consideration to the Proposed Acquisition of control of the Domestic Insurer. LICNJ reported $10,274,093 in Policyholder Surplus as of December 31, 2024 in its Annual Statement filing with the Department.

Upon consummation of the Proposed Acquisition, Domestic Insurer will continue as a direct wholly owned subsidiary of LFG, and in turn a directly wholly owned subsidiary of Core Specialty. Cavello Bay Reinsurance Limited will continue to hold 19.70% ownership within Core Specialty. Cavello Bay will continue as a direct wholly owned subsidiary of Kenmare. Kenmare will continue as a direct wholly owned subsidiary of Enstar. Subsequent to the Mergers Enstar will become a direct wholly owned subsidiary of Bidco.

The practical effect of the Proposed Acquisition will be to replace the public common shareholders of Enstar with Bidco, as a result, Bidco will own 100% of the issued and outstanding voting ordinary shares of capital stock of Enstar. Accordingly, after the Mergers are completed,

[4] Applicants stated the $2,200,000,000 senior secured backstop revolving credit facility is no longer required and thus will not be drawn upon.

Enstar will continue as a privately held company and direct wholly owned subsidiary of Bidco, with Bidco directly owning all of the Enstar Ordinary Shares. As set forth above, Bidco is a direct wholly owned subsidiary of Elk Parent, which is a direct wholly owned subsidiary of Elk Intermediate. Elk Intermediate is a direct wholly owned subsidiary of Elk Topco, the voting securities of which are 100% owned by Elk Insurance Holdings, whose controlling persons are the Managing Members.

The Applicant 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 the Proposed Acquisition. LICNJ along with its affiliates, Lancer Insurance Company, an Illinois domiciled insurance company ("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. Timothy H. Delaney, the current CEO of LICNJ, will continue in his role of CEO of LICNJ.

The management team of Core Specialty will remain substantially the same after giving effect to the Merger. The Core Specialty Board of Directors will be comprised of the current Board of Directors.

The Applicants have represented that they have no present plans or proposals to cause the Domestic Insurer to declare any extraordinary dividends, to liquidate the Domestic Insurer, to sell the assets of the Domestic Insurer (except for transactions, such as investment portfolio transactions, in the ordinary course of business), to merge the Domestic Insurer with any person or persons or, to make any other material change in the Domestic Insurer's business operations, corporate structure or management. The Applicants have no present plans or proposals to make any changes to the executive officers or directors of the Domestic Insurer.

Applicants A. Muscolino, J. Easterly, and J. Gordon submitted confidential personal financial documents. The Applicants also submitted a three–year financial projection of Bidco. The Applicants also submitted the Audited Consolidated Balance Sheet of Enstar Group Limited and its Subsidiaries which reported assets of $20.4 billion, and $20.9 billion, as of December 31, 2024, and 2023, respectively.

## 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 review of the documents submitted into evidence, the Department staff has 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 Acquisition 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 Acquisition 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–4.1d 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. See N.J.S.A. 17:27A-4.1(b)(2)(d). Applicants submitted a Form E Statement Analysis which included Applicants and their related affiliates. Here, the Proposed Acquisition meets these exemption standards in all lines of business because the Applicants, the Applicants' affiliates, and LICNJ do not compete in any lines of business. In this instance, none of the Applicants (which, excluding the Managing Members, are all entities that were formed in connection with the Proposed Acquisition) have any current market share. Further, Applicants' affiliates and the Domestic Insurer do not compete in any lines of business. Accordingly, the Proposed Acquisition 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. Applicants A. Muscolino, J. Easterly, and J. Gordon submitted confidential financial information[5] which were reviewed for adequacy and did not present concern. According to the Individual Applicants' financial information, it does not appear that the financial condition of the Domestic Insurer will be jeopardized. Applicant Entities are entities that were formed in connection with the Proposed Acquisition and submitted three–year financial projections of Bidco ("Bidco Financial Projection"), which were reviewed for adequacy with no concerns noted. Further, Applicants submitted additional unaudited financial information in connection with the Equity Commitment Letter by the Equity Investors set forth under Schedule A. Review of the Combined Statement of Assets, Liabilities and Partners' Capital of Sixth Street

[5] Pursuant to N.J.A.C. 11:1–35, Appendix Exhibit A Item 12(b), financial statements for individuals shall not be public and shall not be considered a public record for the purposes of the "Right–to–Know" law, (now known as the Open Public Records Act) N.J.S.A. 47:1A–1 to –13.

TAO Partners and Affiliated Partnerships ("Unaudited Combined Financial Statements") submitted in connection with the Equity Commitment Letter revealed no concerns.

Fourth, it appears that the financial condition of the Applicants is such that they have been solvent for the three–year period immediately prior to the date of the Proposed Acquisition. Review of the Individual Applicants' financial information revealed no concerns. Bidco's Financial Projections also revealed no concerns. Further, the Audited Consolidated Balance Sheets of Enstar Group Limited and its Subsidiaries ("Enstar Group Audited Consolidated Financial Statements") reported Assets of $20.4 billion, $20.9 billion, and $22.15 billion, at yearend 2024, 2023 and 2022, respectively. Enstar Group Audited Consolidated Financial Statements reported capital and surplus of $6.1 billion, $5.6 billion, and $5.2 billion, at yearend 2024, 2023 and 2022, respectively. Accordingly, the financial condition of the Enstar Group Limited and its Subsidiaries is such that they have been solvent on a basis of the U.S. generally accepted accounting principles for the three–year period immediately prior to the date of the Proposed Acquisition.

The Applicants will fund the purchase price in connection with the Proposed Acquisition (approximately $4.6 billion) from the following sources (1) Equity Financing: Bidco will acquire a portion of the funds necessary to pay the Merger Consideration through capital contributions from direct or indirect investors in Elk Evergreen and the Co-Investment Vehicles. The commitment amount of all the Equity Investors is approximately $3,512,000,000 in the aggregate ("Equity Financing"), (2) Preferred Equity Financing of approximately $175,000,000 and (3) Debt Commitment pursuant to a Debt Commitment Letter by and between Bidco and Barclays of approximately $3,150,000,000.

As required by N.J.S.A. 17:27A–2(d)(1)(iv), funds borrowed under the credit facilities will not exceed 50% of the purchase price to be funded (approximately $4.6 billion). Other than the credit facilities, no other debt will be used to finance any portion of the purchase price for the acquisition.

The Applicants have represented that the stock and assets of the Domestic Insurer will not be pledged or hypothecated as part of the funding of the Merger Consideration by the Applicants, and no debt will be allocated to use for acquisition of the New Jersey Domestic Insurer so that in this manner the Proposed Acquisition does not exceed the 50% debt limitation set forth in N.J.S.A. 17:27A–2. Accordingly, the requirement that the acquisition debt may not exceed 50 percent of the purchase price is satisfied.

Fifth, the Applicants do 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 Proposed Acquisition, the Applicants will attain 19.70% control of LICNJ and there are no anticipated changes to the executive officers and Board of Directors.

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

<u>Recommendation</u>

Based on the foregoing analysis, the hearing panel and Department staff recommend that the Form A Filing 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 Form A Filing be approved.

June 6, 2025
Date

Michael Santitoro
Michael Santitoro
Hearing Officer

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## **Exhibits List**

In the Matter of the Acquisition of Control of Lancer Insurance Company of New Jersey by Elk Merger Sub Limited, Elk Bidco Limited, Elk Parent Limited, Elk Intermediate Holdings, LLC, Elk Topco, LLC, Elk Insurance Holdings, LLC, A. Michael Muscolino, Joshua Easterly, and Jennifer Gordon (each an "Applicant" and collectively, the "Applicants")

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| Exhibit 1 | Form A Statement and related filings dated as of August 27, 2024 |
| Exhibit 2 | Amendment No. 1 dated October 28, 2024 filed by the Applicants concerning the number of members of Elk Topco, LLC Board |
| Exhibit 3 | Amendment No. 2 dated January 10, 2025 filed by the Applicants concerning the Board of Directors of Elk Topco, LLC and Enstar Group Limited |
| Exhibit 4 | Supplement to Form A filing dated as of March 7, 2025. Applicants provided confidential information in response to various inquiries. |
| Exhibit 5 | Supplement to Form A filing dated as of March 28. Applicants provided confidential information in response to various inquiries. |
| Exhibit 6 | Supplement to Form A filing dated as of April 2, 2025. Applicants provided confidential information in response to various inquiries. |
| Exhibit 7 | Supplement to Form A filing dated as of May 9, 2025. Applicants provided confidential information in response to various inquiries. |
| Exhibit 8 | Applicants submitted redacted and confidential biographical affidavits on May 12, 2025 |
| Exhibit 9 | Supplement to Form A filing dated as of May 28, 2025. Applicants provided confidential information in response to various inquiries. |
| Exhibit 10 | Waiver of 20–day notice of hearing submitted by Cynthia J. Borrelli, Esq., Bressler Amery and Ross, P.C., on behalf of the Applicants |
| Exhibit 11 | Waiver of 20–day notice of hearing submitted by Robert C. Juelke, Esq., Hogan Lovells US LLP, on behalf of Robert Kuzloski, EVP and General Counsel of Core Specialty Holdings, Inc., the parent company of the Domestic Insurer, on behalf of the Domestic Insurer |
| Exhibit 12 | Affidavit of Publication of Notice of Hearing in The Record, reflecting publication on May 29, 2025 |
| Exhibit 13 | Affidavit of Publication of Notice of Hearing in Courier Post, reflecting publication on May 29, 2025 |
| Exhibit 14 | Affidavit of Publication of Notice of Hearing in the Star Ledger (on-line version), reflecting publication on May 29, 2025 |