

**A NEW INSURANCE KID IN TOWN  
SPARTA'S COMING LAUNCH BRIGHTENS  
HARTFORD'S OUTLOOK**

Hartford Courant - Hartford, Conn.

Author: DIANE LEVICK; Courant Staff Writer

Date: Aug 3, 2007

Page: E.1

Hartford is getting a brand-new company to support its nickname as the Insurance City: SPARTA Insurance Co., a business insurer with a twist.

It's relatively rare for a new insurer to be created in Connecticut as an independent company, not as part of an existing insurer. So SPARTA's upcoming launch is welcome news in the city, which still has such household names as Aetna, Travelers and The Hartford but is trying to bolster its reputation as an insurance capital.

SPARTA, which completed private funding arrangements Thursday, will sell to groups of customers that have something in common, such as business associations and franchises, instead of selling to individual businesses.

The company will sell traditional commercial auto, general liability, workers' compensation and property insurance to such groups. But it will also sell alternatives to regular insurance that involve customers assuming at least some of the risk of claims, as the SPARTA name suggests: Specialty Program and Risk Transfer Alternatives.

The alternatives could include, for instance, SPARTA sharing a set percentage of the risk of claims with customers, or covering only the highest levels of claims.

In addition, SPARTA will also arrange a "captive" upon request -- an insurance company that would serve only a particular customer group.

SPARTA customers would have to select a separate firm to handle claims up to a certain amount. The company's approach is to offer a wide range of services "unbundled" so the customer group can pick and choose.

"This is not your father's insurance company," said George L. Estes III, SPARTA's chairman and chief executive.

Estes, 59, co-founded and was chief executive of Farmington-based Discover Re, an insurer that was sold in 1995 to USF&G and is now part of The Travelers Cos.

"We hope our presence can add to the ongoing renaissance of the city and that other startup companies will call Hartford home," Estes said.

SPARTA currently has 21 employees in Hartford's CityPlace II, and will soon move from the second floor to 16,000 square feet of leased space on the ninth floor. Estes expects to have 50 to 100 employees in the first year, and believes the workforce could grow over time into the hundreds.

Parent company SPARTA Insurance Holdings Inc. has completed the raising of \$279.1 million of private equity capital from a consortium led by New York-based Corsair Capital. Other investors include Goldman Sachs, York Capital Management, Primus Capital Funds, and KBW Capital Partners.

The \$279.1 million exceeds the total of venture capital invested in Connecticut companies in 2006 -- \$250 million.

The amount of SPARTA's fundraising shows that its investors are confident in the company's ability to thrive in the Hartford area, Estes said.

He noted that insurers in Bermuda, an offshore haven for the business, often have difficulty finding the right talent. "Hartford," he said, "offers a huge advantage to insurance companies because it's an insurance town and there's nothing else like it in the United States."

Hartford Mayor Eddie A. Perez welcomed SPARTA to the city, saying, "Once again, companies are investing in our city, our workforce and our region. We anticipate and look forward to seeing more of this type of activity in Hartford in the near future."

SPARTA's management team includes co-founders Dawne E. Ware and Kevin G. Costello, both former Discover Re employees. Costello, 46, is president and chief operating officer of SPARTA, and previously was executive vice president and chief operating officer for Alea Alternative Risk, a division of Alea Group. Ware, 40, is SPARTA's executive vice president and chief financial officer, and before that, held the same titles at Discover Re.

SPARTA is believed to be the first start-up of an independent insurance company headquartered in Connecticut since 1990, when there were several, including Discover Re. Another was Connecticut Life & Casualty Insurance Co., an auto and homeowners insurer that was sold in 2001 and is now part of Response Insurance in Meriden.

First Connecticut Life Insurance Co., a Torrington-based health insurer, was set up in 1990, but collapsed in the mid-1990s, and state regulators accused the founders of plundering the company.

Darwin Professional Underwriters Inc., a relatively new specialty insurer in Farmington, joined the ranks of Connecticut's publicly traded companies last year. But it was started in 2003 as part of New York-based Alleghany Corp, which kept a substantial stake in Darwin at the initial public offering.

To get SPARTA started, SPARTA Holdings is buying American Employers Insurance Co., an inactive company, from Massachusetts-based OneBeacon Insurance Group. American Employers is useful as a vehicle for SPARTA's formation because it's already licensed in all states.

American Employers will be renamed SPARTA Insurance Co. and recapitalized with about \$255 million, Estes said.

Originally, the name was to be DART, for Developing Alternative Risk Transfer, but more brainstorming led to the catchier SPARTA.

"We like the idea of discipline, commitment and collective purpose that ancient Sparta stands or stood for," said Costello.

Contact Diane Levick at [dlevick@courant.com](mailto:dlevick@courant.com)