

**QUARTERLY STATEMENT**

**OF THE**

**HALLMARK NATIONAL INSURANCE COMPANY**

of **SCOTTSDALE**

in the state of **ARIZONA**

**TO THE**

**Insurance Department**

**OF THE**

**STATE OF**

**FOR THE QUARTER ENDED**

**June 30, 2019**

**PROPERTY AND CASUALTY**

**2019**



19530201920100102

# QUARTERLY STATEMENT

AS OF JUNE 30, 2019

OF THE CONDITION AND AFFAIRS OF THE

## Hallmark National Insurance Company

NAIC Group Code 3478 (Current Period) , 3478 (Prior Period) NAIC Company Code 19530 Employer's ID Number 31-1334827

Organized under the Laws of Arizona State of Domicile or Port of Entry AZ

Country of Domicile US

Incorporated/Organized October 4, 1991 Commenced Business January 10, 1992

Statutory Home Office 8601 North Scottsdale Road Suite 300 , Scottsdale, AZ US 85253  
(Street and Number) (City or Town, State, Country and Zip Code)

Main Administrative Office 5420 Lyndon B. Johnson Freeway Suite 1100  
(Street and Number)  
Dallas, TX US 75240-2345 817-348-1600  
(City or Town, State, Country and Zip Code) (Area Code) (Telephone Number)

Mail Address 5420 Lyndon B. Johnson Freeway Suite 1100 , Dallas, TX US 75240-2345  
(Street and Number or P.O. Box) (City or Town, State, Country and Zip Code)

Primary Location of Books and Records 5420 Lyndon B. Johnson Freeway Suite 1100 Dallas, TX US 75240-2345 817-348-1600  
(Street and Number) (City or Town, State, Country and Zip Code) (Area Code) (Telephone Number)

Internet Website Address www.hallmarkgrp.com

Statutory Statement Contact Felica M. Smith 817-348-1887  
(Name) (Area Code) (Telephone Number) (Extension)  
fsmith@hallmarkgrp.com 817-348-1820  
(E-Mail Address) (Fax Number)

### OFFICERS

	Name	Title
1.	<u>Naveen Anand</u>	<u>President</u>
2.	<u>Jeffrey Ray Passmore</u>	<u>Chief Financial Officer, Treasurer &amp; Secretary</u>
3.	<u>Christopher James Kenney</u>	<u>Vice President</u>

### VICE-PRESIDENTS

Name	Title	Name	Title

### DIRECTORS OR TRUSTEES

<u>Naveen Anand</u>	<u>Christopher James Kenney</u>	<u>Kenneth Russell Krissing</u>	<u>Jeffrey Ray Passmore</u>
<u>Mark Edward Schwarz</u>	<u>Charles Edward Stauber</u>	<u>Tarek Nghi Timol</u>	

State of Texas

County of Dallas ss

The officers of this reporting entity being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

(Signature)	(Signature)	(Signature)
<u>Naveen Anand</u>	<u>Jeffrey R. Passmore</u>	<u>Christopher J. Kenney</u>
(Printed Name)	(Printed Name)	(Printed Name)
1.	2.	3.
<u>President</u>	<u>Chief Financial Officer, Treasurer &amp; Secretary</u>	<u>Vice President</u>
(Title)	(Title)	(Title)

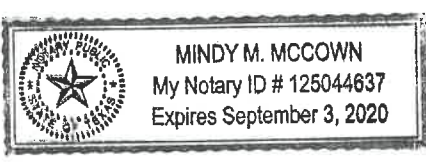
Subscribed and sworn to before me this 8th day of August, 2019

a. Is this an original filing?  Yes  No

b. If no: 1. State the amendment number \_\_\_\_\_

2. Date filed \_\_\_\_\_

3. Number of pages attached \_\_\_\_\_



## ASSETS

	Current Statement Date			4 December 31 Prior Year Net Admitted Assets
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	
1. Bonds	67,483,514		67,483,514	65,728,379
2. Stocks:				
2.1 Preferred stocks	230,952		230,952	242,248
2.2 Common stocks	2,583,800		2,583,800	2,212,500
3. Mortgage loans on real estate:				
3.1 First liens				
3.2 Other than first liens				
4. Real estate:				
4.1 Properties occupied by the company (less \$ 0 encumbrances)				
4.2 Properties held for the production of income (less \$ 0 encumbrances)				
4.3 Properties held for sale (less \$ 0 encumbrances)				
5. Cash (\$ 1,625,462), cash equivalents (\$ 1,249,864), and short-term investments (\$ 1,075,000)	3,950,326		3,950,326	4,842,557
6. Contract loans (including \$ 0 premium notes)				
7. Derivatives				
8. Other invested assets				
9. Receivables for securities	1,107,333		1,107,333	1,304,632
10. Securities lending reinvested collateral assets				
11. Aggregate write-ins for invested assets				
12. Subtotals, cash and invested assets (Lines 1 to 11)	75,355,925		75,355,925	74,330,316
13. Title plants less \$ 0 charged off (for Title insurers only)				
14. Investment income due and accrued	633,242		633,242	614,820
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	10,257,636		10,257,636	7,827,164
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ 0 earned but unbilled premiums)	65,095		65,095	(5,431)
15.3 Accrued retrospective premiums (\$ 0) and contracts subject to redetermination (\$ 0)				
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers	874,150		874,150	225,078
16.2 Funds held by or deposited with reinsured companies				
16.3 Other amounts receivable under reinsurance contracts				
17. Amounts receivable relating to uninsured plans				
18.1 Current federal and foreign income tax recoverable and interest thereon				
18.2 Net deferred tax asset	1,002,715		1,002,715	897,453
19. Guaranty funds receivable or on deposit				
20. Electronic data processing equipment and software				
21. Furniture and equipment, including health care delivery assets (\$ 0)				
22. Net adjustment in assets and liabilities due to foreign exchange rates				
23. Receivables from parent, subsidiaries and affiliates				
24. Health care (\$ 0) and other amounts receivable				
25. Aggregate write-ins for other than invested assets				
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	88,188,763		88,188,763	83,889,400
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
28. Total (Lines 26 and 27)	88,188,763		88,188,763	83,889,400

DETAILS OF WRITE-IN LINES				
1101.				
1102.				
1103.				
1198. Summary of remaining write-ins for Line 11 from overflow page				
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above)				
2501.				
2502.				
2503.				
2598. Summary of remaining write-ins for Line 25 from overflow page				
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)				

## LIABILITIES, SURPLUS AND OTHER FUNDS

	1	2
	Current Statement Date	December 31, Prior Year
1. Losses (current accident year \$ 9,503,476)	26,598,044	27,241,960
2. Reinsurance payable on paid losses and loss adjustment expenses	7,161,067	8,152,857
3. Loss adjustment expenses	3,529,309	3,188,019
4. Commissions payable, contingent commissions and other similar charges	22,512	8,175
5. Other expenses (excluding taxes, licenses and fees)	99,327	58,654
6. Taxes, licenses and fees (excluding federal and foreign income taxes)	158,325	160,737
7.1. Current federal and foreign income taxes (including \$ 0 on realized capital gains (losses))	1,066,430	708,942
7.2. Net deferred tax liability		
8. Borrowed money \$ 0 and interest thereon \$ 0		
9. Unearned premiums (after deducting unearned premiums for ceded reinsurance of \$ 4,558,251 and including warranty reserves of \$ 0 and accrued accident and health experience rating refunds including \$ 0 for medical loss ratio rebate per the Public Health Service Act)	20,074,658	16,502,974
10. Advance premium		
11. Dividends declared and unpaid:		
11.1. Stockholders		
11.2. Policyholders		
12. Ceded reinsurance premiums payable (net of ceding commissions)	1,569,621	1,301,617
13. Funds held by company under reinsurance treaties		
14. Amounts withheld or retained by company for account of others		
15. Remittances and items not allocated		
16. Provision for reinsurance (including \$ 0 certified)		
17. Net adjustments in assets and liabilities due to foreign exchange rates		
18. Drafts outstanding		
19. Payable to parent, subsidiaries and affiliates	19,203	19,238
20. Derivatives		
21. Payable for securities		
22. Payable for securities lending		
23. Liability for amounts held under uninsured plans		
24. Capital notes \$ 0 and interest thereon \$ 0		
25. Aggregate write-ins for liabilities		
26. Total liabilities excluding protected cell liabilities (Lines 1 through 25)	60,298,496	57,343,173
27. Protected cell liabilities		
28. Total liabilities (Lines 26 and 27)	60,298,496	57,343,173
29. Aggregate write-ins for special surplus funds		
30. Common capital stock	2,400,000	2,400,000
31. Preferred capital stock		
32. Aggregate write-ins for other than special surplus funds		
33. Surplus notes		
34. Gross paid in and contributed surplus	20,600,000	20,600,000
35. Unassigned funds (surplus)	4,890,267	3,546,227
36. Less treasury stock, at cost:		
36.1. 0 shares common (value included in Line 30 \$ 0)		
36.2. 0 shares preferred (value included in Line 31 \$ 0)		
37. Surplus as regards policyholders (Lines 29 to 35, less 36)	27,890,267	26,546,227
38. Totals (Page 2, Line 28, Col. 3)	88,188,763	83,889,400

DETAILS OF WRITE-IN LINES		
2501. ....		
2502. ....		
2503. ....		
2598. Summary of remaining write-ins for Line 25 from overflow page		
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)		
2901. ....		
2902. ....		
2903. ....		
2998. Summary of remaining write-ins for Line 29 from overflow page		
2999. Totals (Lines 2901 through 2903 plus 2998) (Line 29 above)		
3201. ....		
3202. ....		
3203. ....		
3298. Summary of remaining write-ins for Line 32 from overflow page		
3299. Totals (Lines 3201 through 3203 plus 3298) (Line 32 above)		

## STATEMENT OF INCOME

	1	2	3
	Current Year To Date	Prior Year To Date	Prior Year Ended December 31
<b>UNDERWRITING INCOME</b>			
1. Premiums earned:			
1.1 Direct (written \$ 4,739,153)	4,436,312	3,589,479	8,328,683
1.2 Assumed (written \$ 24,124,552)	20,552,868	18,291,963	36,312,162
1.3 Ceded (written \$ 4,739,153)	4,436,312	3,589,479	8,328,683
1.4 Net (written \$ 24,124,552)	20,552,868	18,291,963	36,312,162
DEDUCTIONS:			
2. Losses incurred (current accident year \$ 12,157,754):			
2.1 Direct	1,670,061	1,660,400	1,840,757
2.2 Assumed	11,538,789	11,264,036	26,225,731
2.3 Ceded	1,670,061	1,660,400	1,840,757
2.4 Net	11,538,789	11,264,036	26,225,731
3. Loss adjustment expenses incurred	2,531,945	1,291,358	(889,251)
4. Other underwriting expenses incurred	6,256,831	4,720,930	9,296,078
5. Aggregate write-ins for underwriting deductions			
6. Total underwriting deductions (Lines 2 through 5)	20,327,565	17,276,324	34,632,558
7. Net income of protected cells			
8. Net underwriting gain (loss) (Line 1 minus Line 6 + Line 7)	225,303	1,015,639	1,679,604
<b>INVESTMENT INCOME</b>			
9. Net investment income earned	1,121,834	841,037	1,795,730
10. Net realized capital gains (losses) less capital gains tax of \$ 6,126	432,920	(32,134)	(76,721)
11. Net investment gain (loss) (Lines 9 + 10)	1,554,754	808,903	1,719,009
<b>OTHER INCOME</b>			
12. Net gain or (loss) from agents' or premium balances charged off (amount recovered \$ 0 amount charged off \$ 43,636)	(43,636)	(34,412)	(77,199)
13. Finance and service charges not included in premiums		72	72
14. Aggregate write-ins for miscellaneous income			
15. Total other income (Lines 12 through 14)	(43,636)	(34,340)	(77,127)
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15)	1,736,421	1,790,202	3,321,486
17. Dividends to policyholders			
18. Net income, after dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Line 16 minus Line 17)	1,736,421	1,790,202	3,321,486
19. Federal and foreign income taxes incurred	363,724	297,810	558,878
20. Net income (Line 18 minus Line 19) (to Line 22)	1,372,697	1,492,392	2,762,608
<b>CAPITAL AND SURPLUS ACCOUNT</b>			
21. Surplus as regards policyholders, December 31 prior year	26,546,227	24,110,743	24,110,743
22. Net income (from Line 20)	1,372,697	1,492,392	2,762,608
23. Net transfers (to) from Protected Cell accounts			
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$ 76,877	366,081	35,223	(117,786)
25. Change in net unrealized foreign exchange capital gain (loss)			
26. Change in net deferred income tax	(58,137)	(52,083)	(52,239)
27. Change in nonadmitted assets	163,399	2,873	(32,099)
28. Change in provision for reinsurance			
29. Change in surplus notes			
30. Surplus (contributed to) withdrawn from protected cells			
31. Cumulative effect of changes in accounting principles			
32. Capital changes:			
32.1 Paid in			
32.2 Transferred from surplus (Stock Dividend)			
32.3 Transferred to surplus			
33. Surplus adjustments:			
33.1 Paid in			
33.2 Transferred to capital (Stock Dividend)			
33.3 Transferred from capital			
34. Net remittances from or (to) Home Office			
35. Dividends to stockholders	(500,000)	(125,000)	(125,000)
36. Change in treasury stock			
37. Aggregate write-ins for gains and losses in surplus			
38. Change in surplus as regards policyholders (Lines 22 through 37)	1,344,040	1,353,405	2,435,484
39. Surplus as regards policyholders, as of statement date (Lines 21 plus 38)	27,890,267	25,464,148	26,546,227

<b>DETAILS OF WRITE-IN LINES</b>			
0501.			
0502.			
0503.			
0598. Summary of remaining write-ins for Line 05 from overflow page			
0599. Totals (Lines 0501 through 0503 plus 0598) (Line 05 above)			
1401.			
1402.			
1403.			
1498. Summary of remaining write-ins for Line 14 from overflow page			
1499. Totals (Lines 1401 through 1403 plus 1498) (Line 14 above)			
3701.			
3702.			
3703.			
3798. Summary of remaining write-ins for Line 37 from overflow page			
3799. Totals (Lines 3701 through 3703 plus 3798) (Line 37 above)			

## CASH FLOW

	1	2	3
	Current Year To Date	Prior Year To Date	Prior Year Ended December 31
<b>Cash from Operations</b>			
1. Premiums collected net of reinsurance	21,891,559	17,846,249	35,968,504
2. Net investment income	1,282,558	1,193,921	2,488,574
3. Miscellaneous income	(43,636)	(34,340)	(77,127)
4. Total (Lines 1 to 3)	23,130,481	19,005,830	38,379,951
5. Benefit and loss related payments	16,162,883	17,368,565	31,897,791
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts			
7. Commissions, expenses paid and aggregate write-ins for deductions	6,055,607	4,661,430	9,256,976
8. Dividends paid to policyholders			
9. Federal and foreign income taxes paid (recovered) net of \$ 0 tax on capital gains (losses)	110	110	(843,824)
10. Total (Lines 5 through 9)	22,218,600	22,030,105	40,310,943
11. Net cash from operations (Line 4 minus Line 10)	911,881	(3,024,275)	(1,930,992)
<b>Cash from Investments</b>			
12. Proceeds from investments sold, matured or repaid:			
12.1 Bonds	15,773,060	10,138,425	20,488,268
12.2 Stocks			
12.3 Mortgage loans			
12.4 Real estate			
12.5 Other invested assets			
12.6 Net gains (or losses) on cash, cash equivalents and short-term investments		2,010	2,010
12.7 Miscellaneous proceeds	(22,252)	814,880	
12.8 Total investment proceeds (Lines 12.1 to 12.7)	15,750,808	10,955,315	20,490,278
13. Cost of investments acquired (long-term only):			
13.1 Bonds	17,252,220	16,027,344	22,351,091
13.2 Stocks		202,468	2,612,141
13.3 Mortgage loans			
13.4 Real estate			
13.5 Other invested assets			
13.6 Miscellaneous applications	(197,300)	1,066,914	1,037,243
13.7 Total investments acquired (Lines 13.1 to 13.6)	17,054,920	17,296,726	26,000,475
14. Net increase (or decrease) in contract loans and premium notes			
15. Net cash from investments (Line 12.8 minus Line 13.7 and Line 14)	(1,304,112)	(6,341,411)	(5,510,197)
<b>Cash from Financing and Miscellaneous Sources</b>			
16. Cash provided (applied):			
16.1 Surplus notes, capital notes			
16.2 Capital and paid in surplus, less treasury stock			
16.3 Borrowed funds			
16.4 Net deposits on deposit-type contracts and other insurance liabilities			
16.5 Dividends to stockholders	500,000	125,000	125,000
16.6 Other cash provided (applied)			
17. Net cash from financing and miscellaneous sources (Line 16.1 through Line 16.4 minus Line 16.5 plus Line 16.6)	(500,000)	(125,000)	(125,000)
<b>RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS</b>			
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17)	(892,231)	(9,490,686)	(7,566,189)
19. Cash, cash equivalents and short-term investments:			
19.1 Beginning of year	4,842,557	12,408,746	12,408,746
19.2 End of period (Line 18 plus Line 19.1)	3,950,326	2,918,060	4,842,557

Note: Supplemental disclosures of cash flow information for non-cash transactions:

20.0001			
20.0002			
20.0003			

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## NOTES TO FINANCIAL STATEMENTS

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### PROPERTY

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## NOTES TO FINANCIAL STATEMENTS

### 1. Significant Accounting Policies

#### A. Accounting Practices

In 1998, the National Association of Insurance Commissions (NAIC) adopted the Codification of Statutory Accounting Principles (the Codification) guidance, which replaced the prior Accounting and Practice Procedures manuals as the NAIC's primary guidance on statutory accounting. The Codification provides guidance where statutory accounting has been silent and changes current statutory accounting in some areas, (e.g. deferred income taxes are recorded). Effective January 1, 2001, the Arizona Department of Insurance (the AZDOI) adopted the NAIC Accounting Practices and Procedures Manual (the Manual). The Manual, previously known as Codification contains Statements of Statutory Accounting Principles (SSAP). The accompanying financial statements have been prepared in conformity with the Manual and accounting practices prescribed or permitted by the AZDOI.

<u>NET INCOME</u>	<u>SSAP#</u>	<u>F/S Page</u>	<u>F/S Line #</u>	<u>2019</u>	<u>2018</u>
(1) Hallmark National Insurance Company state basis	XXX	XXX	XXX	\$ 1,372,697	\$ 2,762,608
(2) State Prescribed Practices: NONE					
(3) State Permitted Practices: NONE					
(4) NAIC SAP	XXX	XXX	XXX	<u>\$ 1,372,697</u>	<u>\$ 2,762,608</u>
<u>SURPLUS</u>					
(5) Hallmark National Insurance Company state basis	XXX	XXX	XXX	\$ 27,890,267	\$ 26,546,227
(6) State Prescribed Practices: NONE					
(7) State Permitted Practices: NONE					
(8) NAIC SAP	XXX	XXX	XXX	<u>\$ 27,890,267</u>	<u>\$ 26,546,227</u>

#### B. Use of Estimates

No changes.

#### C. Accounting policies

No changes.

### 2. Accounting Changes and Correction of Errors

Not applicable.

### 3. Business Combinations and Goodwill

Not applicable.

### 4. Discontinued Operations

Not applicable.

### 5. Investments

#### D. Loan-Backed Securities

##### a. The aggregate amount of unrealized losses:

1. Less than 12 Months	\$ 10,446
2. 12 Months or Longer	\$ 24,706

##### b. The aggregate related fair value of securities with unrealized losses:

1. Less than 12 Months	\$ 641,724
2. 12 Months or Longer	\$ 797,274

#### R. Prepayment Penalty and Acceleration Fees

	General Account
(1) Number of CUSIPs	3
(2) Aggregate Amount of Investment Income	\$ 22,251

### 6. Joint Venture, Partnerships, and Limited Liability Companies

Not applicable.

### 7. Investment Income

No Changes.



## NOTES TO FINANCIAL STATEMENTS

### 8. Derivative Instruments

Not applicable.

### 9. Income Taxes

The Company files a consolidated Federal income tax return with HFS (EIN 87-0447375) and its affiliates with the exception of Hallmark County Mutual Insurance Company. Pursuant to a written tax sharing agreement, the Company's provision for income taxes, if any, equals or approximates tax expense or benefit computed on a separate return basis.

SSAP 101, *Income Taxes*, a replacement of SSAP 10 and SSAP 10R, was adopted on January 1, 2012. SSAP No. 101 includes a valuation allowance criterion whereby only gross deferred tax assets that are more likely than not to generate a tax benefit are potentially admissible. Under SSAP 101, deferred income tax assets are limited to 1) the amount of federal income taxes paid in prior years that can be recovered through loss carrybacks for existing temporary differences that reverse during a timeframe corresponding with the Internal Revenue Service tax loss carryback provisions, not to exceed three years, plus 2) the lesser of the remaining gross deferred income tax assets expected to be realized within three years of the balance sheet date or 15% of capital and surplus excluding any net deferred income tax assets that can be offset against existing gross deferred income tax liabilities after considering the character (i.e., ordinary versus capital) of the deferred tax assets and liabilities. The remaining deferred income tax assets are nonadmitted.

Deferred income taxes do not include amounts for state taxes. Under GAAP, state taxes are included in the computation of deferred income taxes.

A. The net deferred tax asset/(liability) at June 30, 2019 and the change from the prior year are comprised of the following components:

	6/30/2019			12/31/2018		
	Ordinary	Capital	Total	Ordinary	Capital	Total
1.						
a. Gross Deferred Tax Assets	\$ 1,088,563	24,754	1,113,317	941,018	154,835	1,095,853
b. Statutory Valuation Allowance Adjustment	\$ -	-	-	-	-	-
c. Adjusted Gross Deferred Tax Assets (1a - 1b)	\$ 1,088,563	24,754	1,113,317	941,018	154,835	1,095,853
d. Deferred Tax Assets Nonadmitted	\$ -	-	-	163,399	-	163,399
e. Subtotal Net Admitted Deferred Tax Asset (1c - 1d)	\$ 1,088,563	24,754	1,113,317	777,619	154,835	932,454
f. Deferred Tax Liabilities	\$ 35,001	75,601	110,602	35,001	-	35,001
g. Net Admitted Deferred Tax Asset /						
(Net Admitted Deferred Tax Liability) (1e - 1f)	\$ 1,053,562	(50,847)	1,002,715	742,618	154,835	897,453

	Change		
	Ordinary	Capital	Total
a. Gross Deferred Tax Assets	\$ 147,545	(130,081)	17,464
b. Statutory Valuation Allowance Adjustment	\$ -	-	-
c. Adjusted Gross Deferred Tax Assets (1a - 1b)	\$ 147,545	(130,081)	17,464
d. Deferred Tax Assets Nonadmitted	\$ (163,399)	-	(163,399)
e. Subtotal Net Admitted Deferred Tax Asset (1c - 1d)	\$ 310,944	(130,081)	180,863
f. Deferred Tax Liabilities	\$ -	75,601	75,601
g. Net Admitted Deferred Tax Asset /			
(Net Admitted Deferred Tax Liability) (1e - 1f)	\$ 310,944	(205,682)	105,262

The Company currently has no valuation allowance against its deferred assets as the Company does not believe it is more likely than not that some portion or all the gross deferred tax assets will not be realized.

The amount of admitted adjusted gross deferred tax assets admitted pursuant to the deferred tax admission calculation.

**NOTES TO FINANCIAL STATEMENTS**

	6/30/2019			12/31/2018		
	Ordinary	Capital	Total	Ordinary	Capital	Total
2. Admission Calculation Components SSAP No. 101						
a. Federal Income Taxes Paid In Prior Years Recoverable Through Loss Carrybacks.	\$ 909,912	-	909,912	563,977	-	563,977
b. Adjusted Gross Deferred Tax Assets Expected To Be Realized (Excluding The Amount Of Deferred Tax Assets From 2(a) above) After Application of the Threshold Limitation. (The Lesser of Through Loss Carrybacks.	\$ 135,519	-	135,519	333,475	-	333,475
1. Adjusted Gross Deferred Tax Assets to be Realized Following the Balance Sheet Date.	\$ -	-	-	-	-	-
2. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold	\$ X X X	X X X	4,069,094	X X X	X X X	3,867,777
c. Adjusted Gross Deferred Tax Assets (Excluding the Amount Of Deferred Tax Assets From 2(a) and 2(b) above) Offset by Gross Deferred Tax Liabilities.	\$ 43,131	24,754	67,885	(119,833)	154,835	35,002
d. Deferred Tax Assets Admitted as the result of application of SSAP No. 101. Total ( 2(a) + 2(b) + 2(c) )	\$ 1,088,562	24,754	1,113,316	777,619	154,835	932,454

	2019 Change		
	Ordinary	Capital	Total
Admission Calculation Components SSAP No. 101			
a. Federal Income Taxes Paid In Prior Years Recoverable Through Loss Carrybacks.	\$ 345,935	-	345,935
b. Adjusted Gross Deferred Tax Assets Expected To Be Realized (Excluding The Amount Of Deferred Tax Assets From 2(a) above) After Application of the Threshold Limitation. (The Lesser of Through Loss Carrybacks.	\$ (197,956)	-	(197,956)
1. Adjusted Gross Deferred Tax Assets to be Realized Following the Balance Sheet Date.	\$ -	-	-
2. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold	\$ X X X	X X X	201,317
c. Adjusted Gross Deferred Tax Assets (Excluding the Amount Of Deferred Tax Assets From 2(a) and 2(b) above) Offset by Gross Deferred Tax Liabilities.	\$ 162,965	(130,081)	32,884
d. Deferred Tax Assets Admitted as the result of application of SSAP No. 101. Total ( 2(a) + 2(b) + 2(c) )	\$ 310,944	(130,081)	180,863

The risk-based capital level to determine the applicable realization period and percentage from the Realization Threshold Limitation Table for RBC Reporting Entities is:

	2019	2018
3. a. Ratio Percentage Used to Determine Recover Period And Threshold Limitation Amount.	648.8%	618.9%
b. Amount Of Adjusted Capital And Surplus Used To Determine Recovery Period And Threshold Limitation In 2(b)2 Above.	\$ 26,887,552	25,648,774

	6/30/2019		12/31/2018		Change	
	Ordinary	Capital	Ordinary	Capital	Ordinary	Capital
4. Impact of Tax Planning Strategies						
a. Determination of Adjusted Gross Deferred Tax Assets and Net Admitted Deferred Tax Assets, By Tax Character As A Percentage.						
1. Adjusted Gross DTAs Amount From Note 9A1(c)	\$ 1,088,563	24,754	941,018	154,835	147,545	(130,081)
2. Percentage of Adjusted Gross DTAs By Tax Character Attributable To The Impact of Tax Planning Strategies	\$					
3. Net Admitted Adjusted Gross DTAs Amount from Note 9A1(e)	\$ 1,088,563	24,754	777,619	154,835	310,944	(130,081)
4. Percentage of Net Admitted Adjusted Gross DTAs by Tax Character Attributable To The Impact of Tax Planning Strategies	\$					
b. Does the Company's Tax-planning Strategies include the use of reinsurance?					NO	

## NOTES TO FINANCIAL STATEMENTS

C. Current income taxes incurred consist of the following major components:		<u>6/30/2019</u>	<u>12/31/2018</u>	<u>Change</u>
1.	Current Income Tax			
a.	Federal.....	\$ 369,850	604,764	(234,914)
b.	Foreign.....	\$ -	-	-
c.	Subtotal.....	\$ 369,850	604,764	(234,914)
d.	Federal Income Tax on net capital gains.....	\$ (6,126)	(20,393)	14,267
e.	Utilization of capital loss carry-forwards.....	\$ -	-	-
f.	Other.....	\$ -	(25,493)	25,493
g.	Federal and foreign income taxes incurred.....	\$ <u>363,724</u>	<u>558,878</u>	<u>(195,154)</u>
2.	Deferred Tax Assets:			
a.	Ordinary			
	(1) Discounting of unpaid losses.....	\$ 245,426	247,892	(2,466)
	(2) Unearned premium reserve.....	\$ 843,137	693,126	150,011
	(3) Policyholder reserves.....	\$ -	-	-
	(4) Investments.....	\$ -	-	-
	(5) Deferred acquisition costs.....	\$ -	-	-
	(6) Policyholder dividends accrual.....	\$ -	-	-
	(7) Fixed assets.....	\$ -	-	-
	(8) Compensation and benefits accrual.....	\$ -	-	-
	(9) Pension accrual.....	\$ -	-	-
	(10) Receivables - nonadmitted.....	\$ -	-	-
	(11) Net operating loss carry-forward.....	\$ -	-	-
	(12) Tax credit carry-forward.....	\$ -	-	-
	(13) Other (including items <5% of total ordinary tax assets).....	\$ -	-	-
	Subtotal.....	\$ 1,088,563	941,018	147,545
b.	Statutory valuation allowance adjustment.....	\$ -	-	-
c.	Nonadmitted.....	\$ -	163,399	(163,399)
d.	Admitted ordinary deferred tax assets (2a99 - 2b - 2c)...	\$ 1,088,563	777,619	310,944
e.	Capital:			
	(1) Investments.....	\$ 24,754	154,835	(130,081)
	(2) Net capital loss carry-forward.....	\$ -	-	-
	(3) Real estate.....	\$ -	-	-
	(4) Other (including items <5% of total capital tax assets)...	\$ -	-	-
	Subtotal.....	\$ 24,754	154,835	(130,081)
f.	Statutory valuation allowance adjustment.....	\$ -	-	-
g.	Nonadmitted.....	\$ -	-	-
h.	Admitted capital deferred tax assets (2e99 - 2f - 2g).....	\$ 24,754	154,835	(130,081)
i.	Admitted deferred tax assets (2d + 2h).....	\$ 1,113,317	932,454	180,863

## NOTES TO FINANCIAL STATEMENTS

3.	Deferred Tax Liabilities:				
	a. Ordinary				
	(1) Investments.....	\$	35,001	35,001	-
	(2) Fixed assets.....	\$	-	-	-
	(3) Deferred and uncollected premium.....	\$	-	-	-
	(4) Policyholder reserves.....	\$	-	-	-
	(5) Other (including items <5% of total ordinary tax	\$	-	-	-
	Subtotal.....	\$	35,001	35,001	-
	b. Capital:				
	(1) Investments.....	\$	75,601	-	75,601
	(2) Real Estate.....	\$	-	-	-
	(3) Other (including items <5% of total capital tax li	\$	-	-	-
	Subtotal.....	\$	75,601	-	75,601
	c. Deferred tax liabilities.....	\$	110,602	35,001	75,601
4.	Net deferred tax assets/liabilities.....	\$	1,002,715	897,453	105,262

### D. Operating loss carryforward

- (1) As of June 30, 2019, there are no operating loss and no tax credit carryforwards for tax purposes.
- (2) The amount of Federal income taxes incurred that are available for recoupment in the event of future net losses are:

	<u>Ordinary</u>	<u>Capital</u>	<u>Total</u>
2019	357,598	-	117,859
2018	552,314	-	552,314
2017	-	-	-

The aggregate amount of deposits admitted under Section 6603 of the Internal Revenue Code are -0-.

### 10. Information Concerning Parent, Subsidiaries and Affiliates

- A. Nature of Relationships: No changes.
- B. No changes.
- C. No changes.
- D. No changes.
- E. No changes.

### 11. Debt

Not applicable.

### 12. Retirement Plans, Deferred Compensation, Post Employment Benefits and Compensated Absences and Other Post Retirement Benefit Plans

Not applicable.

### 13. Capital Surplus, Dividend Restrictions and Quasi Reorganizations

- A. The number of shares of each class of capital stock authorized, issued and outstanding: No changes.
- B. Dividend Rate of Preferred Stock: No changes.
- C. Dividend Restrictions: No changes.
- D. Dates and Amounts of Dividends Paid:

On March 20, 2018 the Company declared an extraordinary dividend of \$125,000 in cash to its sole shareholder, Hallmark Insurance Company, which dividend was paid on March 20, 2019.

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## NOTES TO FINANCIAL STATEMENTS

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On May 14, 2019 the Company declared an ordinary dividend of \$500,000 in cash to its sole shareholder, Hallmark Insurance Company, which dividend was paid on May 30, 2019.

E. Portion of the Company's Profits that may be paid as Ordinary Dividends to Stockholders: No changes.

F. Restrictions Placed on the Unassigned Funds, Including for Whom the Surplus is Being Held: Not applicable.

G. Mutual Surplus Advances: Not applicable.

H. Company Stock Held for Special Purposes: Not applicable.

I. Changes in Special Surplus Funds: Not applicable.

J. Changes in Unassigned Funds:

Unassigned funds or surplus have been increased or (decreased), in part, by the items shown below:

Net unrealized gains (losses)	\$ 366,081
Net deferred income taxes	\$ (58,137)
Nonadmitted assets	\$ 163,399

K. Surplus Notes: Not applicable.

L. Impact of Restatement Due to Quasi Reorganizations: Not applicable.

M. Effective Date of Quasi Reorganizations: Not applicable.

### 14. Contingencies

K. Contingent Commitments: No changes.

L. Guaranty Fund and Other Assessments: No changes.

M. Gain Contingencies: Not applicable.

N. Claims Related Extra Contractual Obligation and Bad Faith Losses Stemming from Lawsuits: Not applicable.

E. All Other Contingencies: No changes.

15. Leases: Not applicable.

16. Information about Financial Instruments with Off-Balance Sheet Risk and Financial Instruments with Concentration of Credit Risk: Not applicable.

### 17. Sales, Transfer and Servicing of Financial Assets and Extinguishment of Liabilities

Not applicable.

18. Gain or Loss to the Reporting Entity from Uninsured A&H Plans and the Underinsured Portion of Partially Insured Plan: Not applicable.

### 19. Direct Premium Written/Produced by Managing General Agents/Third Party Administrators

## NOTES TO FINANCIAL STATEMENTS

Name and Address of Managing General Agent or Third Party Administrator	FEIN Number	Exclusive Contract	Types of Business Written	Type of Authority Granted	Total Direct Premiums Written/ Produced by
Heath XS, LLC Two Lincoln Centre, 5420 Lyndon B Johnson Freeway, Suite 1100 Dallas, TX 75240-2345	02-055327	No	Commercial umbrella and excess liability, excess property, medical professional liability.	B,P,U	\$ 1,838,556
Hallmark Specialty Underwriters, Inc. 7550 IH 10W, Suite 1400 San Antonio, TX 78229	74-2228153	No	Commercial property/ casualty	C,CA,B,P,U	\$ 2,162,525
AmWINS Program Underwriters, Inc. 214 Senate Avenue, Suite 201 Camp Hill, PA 17011	25-1835859	No	Liability	B,P,U	\$ 641,331
Triad Insurance Management & Services 117 John Robert Thomas Drive Exton, PA 19341	23-3060386	No	Commercial Auto	B,P,U	\$ 96,741
Total					<u>\$ 4,739,153</u>

### 20. Fair Value Measurement

#### 1. Fair Value Measurements at Reporting Date

a. Assets at fair Value	(Level 1)	(Level 2)	(Level 3)	Total
Cash Equivalent	\$ 1,249,865	-	-	1,249,865
Bonds: Political Subdivision	-	-	-	-
Bonds: U.S. Special Revenue	-	-	-	-
Bonds: Industrial & Misc.	-	-	-	-
Preferred Stock:	-	-	-	-
Common Stock: Indust & Misc	\$ 2,583,800	-	-	2,583,800
Total assets at fair value	<u>\$ 3,833,665</u>	<u>-</u>	<u>-</u>	<u>3,833,665</u>

#### b. Liabilities at fair value

#### 2. Fair Value Measurements in (Level 3) of the Fair Value Hierarchy

There have been no transfers into or from Level 3 during 2019.

3. The table below reflects the fair value and admitted values of all admitted assets that are financial instruments of the Company and are categorized into the three-level fair value hierarchy at June 30, 2019.

Type of Financial Instrument	Aggregate	Admitted				Not
	Fair Value	Assets	(Level 1)	(Level 2)	(Level 3)	Practicable (Carrying Value)
Bonds:	\$ 67,968,157	67,483,514		67,968,157		
Common Stock:	\$ 2,583,800	2,583,800	2,583,800			
Preferred Stock:	\$ 239,850	230,952	239,850			
Cash, Cash Equivalents, and Short term Investments:	\$ 3,950,326	3,950,326	2,875,326	1,075,000		
Total	<u>\$ 74,742,133</u>	<u>74,248,592</u>	<u>5,698,976</u>	<u>69,043,157</u>	<u>-</u>	<u>-</u>

### 21. Other Items

Not applicable.

### 22. Events Subsequent

Not applicable.

### 23. Reinsurance

A. No changes.

B. No changes.

C. No changes.

## NOTES TO FINANCIAL STATEMENTS

D. No changes.

O. No changes.

F. No changes.

G. No changes.

### 24. Retrospective Rated Contracts and Contracts Subject to Redetermination

No changes.

### 25. Changes in Incurred Loss and Adjustment Expenses

Reserves as of December 31, 2018 were \$30.4 million. As of June 30, 2019, \$10.9 million has been paid for claims and claim adjustment expenses attributable to insured events of prior years. Reserves remaining for prior years are now \$19.7 million as a result of re-estimation of unpaid claims and claim adjustment expenses. Therefore, there has been \$0.2 million of unfavorable development since December 31, 2018 through June 30, 2019. Original estimates are increased or decreased, as additional information becomes known regarding individual claims.

### 26. Intercompany Pooling Arrangements

The Company is a participant in an intercompany pooling arrangement. The lead company of the pool is American Hallmark Insurance Company of Texas (AHIC). Under the terms of the arrangement, the underwriting risk for all lines of business of the intercompany pool participants are reinsured with AHIC. The pool or net underwriting risk remaining after reinsurance is transacted with third parties by AHIC is then retro ceded to the pool participants based on pool participation percentages. The provision for reinsurance and the write-off of uncollectible reinsurance are reported in the statutory financial statements of AHIC and are not allocated to the other pool participants.

The names, NAIC company codes and intercompany pooling percentages are as follows:

<u>Pool Participant</u>	<u>NAIC Company Code</u>	<u>Pool Participation%</u>
American Hallmark Insurance Company of Texas	43494	34.0
Hallmark Insurance Company	34037	32.0
Hallmark Specialty Insurance Company	26808	24.0
Hallmark National Insurance Company	19530	10.0

All of the above pool companies are party to reinsurance agreements with non-affiliated reinsurers covering business subject to the pooling agreement and have contractual rights of direct recovery from the non-affiliated reinsurers under the terms of such reinsurance agreements.

### 27. Structured Settlements

Not applicable.

### 28. Health Care Receivables

Not applicable.

### 29. Participating Policies

Not applicable.

### 30. Premium Deficiency Reserves

No changes.

### 31. High Deductibles

Not applicable.

### 32. Discounting of Liabilities for Unpaid Losses or Unpaid Loss Adjustment Expenses

Not applicable.

### 33. Asbestos/Environmental Reserves

Not applicable.

## **NOTES TO FINANCIAL STATEMENTS**

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**34. Subscriber Savings Accounts**

Not applicable.

**35. Multiple Peril Crop Insurance**

Not applicable.

**36. Financial Guaranty Insurance**

Not applicable.



# GENERAL INTERROGATORIES

## PART 1 – COMMON INTERROGATORIES

### GENERAL

1.1 Did the reporting entity experience any material transactions requiring the filing of Disclosure of Material Transactions with the State of Domicile, as required by the Model Act? Yes [ ] No [ X ]

1.2 If yes, has the report been filed with the domiciliary state? Yes [ ] No [ ]

2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes [ ] No [ X ]

2.2 If yes, date of change: \_\_\_\_\_

3.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer? Yes [ X ] No [ ]

If yes, complete Schedule Y, Parts 1, and 1A.

3.2 Have there been any substantial changes in the organizational chart since the prior quarter end? Yes [ ] No [ X ]

3.3 If the response to 3.2 is yes, provide a brief description of those changes.  
 .....  
 .....  
 .....

3.4 Is the reporting entity publicly traded or a member of a publicly traded group? Yes [ X ] No [ ]

3.5 If the response to 3.4 is yes, provide the CIK (Central Index Key) code issued by the SEC for the entity/group 0000819913

4.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes [ ] No [ X ]

If yes, complete and file the merger history data file with the NAIC for the annual filing corresponding to this period.

4.2 If yes, provide the name of entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1 Name of Entity	2 NAIC Company Code	3 State of Domicile
.....		
.....		

5. If the reporting entity is subject to a management agreement, including third-party administrator(s), managing general agent(s), attorney-in-fact, or similar agreement, have there been any significant changes regarding the terms of the agreement or principals involved? Yes [ ] No [ X ] N/A [ ]  
 If yes, attach an explanation.

6.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2018

6.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. 12/31/2013

6.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). 06/11/2015

6.4 By what department or departments?  
 Texas Department of Insurance, Ohio Department of Insurance, Oklahoma Department of Insurance, and Arizona Department of Insurance.  
 .....  
 .....

6.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with Departments? Yes [ X ] No [ ] N/A [ ]

6.6 Have all of the recommendations within the latest financial examination report been complied with? Yes [ X ] No [ ] N/A [ ]

## GENERAL INTERROGATORIES

7.1 Has this reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? Yes [ ] No [ X ]

7.2 If yes, give full information

.....

.....

.....

8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board? Yes [ ] No [ X ]

8.2 If response to 8.1 is yes, please identify the name of the bank holding company.

.....

.....

.....

8.3 Is the company affiliated with one or more banks, thrifts or securities firms? Yes [ ] No [ X ]

8.4 If response to 8.3 is yes, please provide below the names and location (city and state of the main office) of any affiliates regulated by a federal regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.

1 Affiliate Name	2 Location (City, State)	3 FRB	4 OCC	5 FDIC	6 SEC
.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....

9.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards?

(a) Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;

(b) Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;

(c) Compliance with applicable governmental laws, rules, and regulations;

(d) The prompt internal reporting of violations to an appropriate person or persons identified in the code; and

(e) Accountability for adherence to the code. Yes [ X ] No [ ]

9.11 If the response to 9.1 is No, please explain:

.....

.....

.....

9.2 Has the code of ethics for senior managers been amended? Yes [ ] No [ X ]

9.21 If the response to 9.2 is Yes, provide information related to amendment(s).

.....

.....

.....

9.3 Have any provisions of the code of ethics been waived for any of the specified officers? Yes [ ] No [ X ]

9.31 If the response to 9.3 is Yes, provide the nature of any waiver(s).

.....

.....

.....

## FINANCIAL

10.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? Yes [ ] No [ X ]

10.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: \$ \_\_\_\_\_

## GENERAL INTERROGATORIES

### INVESTMENT

11.1 Were any of the stocks, bonds, or other assets of the reporting entity loaned, placed under option agreement, or otherwise made available for use by another person? (Exclude securities under securities lending agreements.) Yes [ ] No [ X ]

11.2 If yes, give full and complete information relating thereto:  
 .....  
 .....  
 .....

12. Amount of real estate and mortgages held in other invested assets in Schedule BA: \$ \_\_\_\_\_

13. Amount of real estate and mortgages held in short-term investments: \$ \_\_\_\_\_

14.1 Does the reporting entity have any investments in parent, subsidiaries and affiliates? Yes [ ] No [ X ]

14.2 If yes, please complete the following:

	1	2
	Prior Year-End Book/Adjusted Carrying Value	Current Quarter Book/Adjusted Carrying Value
14.21 Bonds .....	\$ _____	\$ _____
14.22 Preferred Stock .....	\$ _____	\$ _____
14.23 Common Stock .....	\$ _____	\$ _____
14.24 Short-Term Investments .....	\$ _____	\$ _____
14.25 Mortgage Loans on Real Estate .....	\$ _____	\$ _____
14.26 All Other .....	\$ _____	\$ _____
14.27 Total Investment in Parent, Subsidiaries and Affiliates (Subtotal Lines 14.21 to 14.26) .....	\$ _____	\$ _____
14.28 Total Investment in Parent included in Lines 14.21 to 14.26 above .....	\$ _____	\$ _____

15.1 Has the reporting entity entered into any hedging transactions reported on Schedule DB? Yes [ ] No [ X ]

15.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes [ ] No [ ]  
 If no, attach a description with this statement.

16. For the reporting entity's security lending program, state the amount of the following as current statement date:

16.1 Total fair value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2	\$ _____
16.2 Total book adjusted/carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2	\$ _____
16.3 Total payable for securities lending reported on the liability page	\$ _____

17. Excluding items in Schedule E - Part 3 - Special Deposits, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section 1, III - General Examination Considerations, F. Outsourcing of Critical Functions, Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook? Yes [ X ] No [ ]

17.1 For all agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:

1 Name of Custodian(s)	2 Custodian Address
JP Morgan Chase .....	1111 Polaris Parkway Suite, 3J OH-0634, Columbus OH, 43240 .....
.....	.....

17.2 For all agreements that do not comply with the requirements of the NAIC Financial Condition Examiners Handbook, provide the name, location and a complete explanation:

1 Name(s)	2 Location(s)	3 Complete Explanation(s)
.....	.....	.....
.....	.....	.....

## GENERAL INTERROGATORIES

17.3 Have there been any changes, including name changes, in the custodian(s) identified in 17.1 during the current quarter? Yes [ ] No [ X ]

17.4 If yes, give full and complete information relating thereto:

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason

17.5 Investment management - Identify all investment advisors, investment managers, broker/dealers. Including individuals that have the authority to make investments decisions on behalf of the reporting entity. For assets that are managed internally by employees of the reporting entity, note as such. ["..that have access to the investment accounts";"..handle securities"]

1 Name of Firm or Individual	2 Affiliation
Mark Schwarz	I
Wes Olfers	I
James Dvorak	I

17.5097 For those firms/individuals listed in the table for Question 17.5, do any firms/individuals unaffiliated with the reporting entity (i.e., designated with a "U") manage more than 10% of the reporting entity's assets? Yes [ ] No [ X ]

17.5098 For firms/individuals unaffiliated with the reporting entity (i.e., designated with a "U") listed in the table for Question 17.5, the total assets under management aggregate to more than 50% of the reporting entity's assets? Yes [ ] No [ X ]

17.6 For those firms or individuals listed in the table for 17.5 with an affiliation code of "A" (affiliated) or "U" (unaffiliated), provide the information for the table below.

1 Central Registration Depository Number	2 Name of Firm or Individual	3 Legal Entity Identifier (LEI)	4 Registered With	5 Investment Management Agreement (IMA) Filed

18.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Investment Analysis Office been followed? Yes [ X ] No [ ]

18.2 If no, list exceptions:

.....  
 .....  
 .....

19. By self-designating 5GI securities, the reporting entity is certifying the following elements for each self-designated 5GI security:

- a. Documentation necessary to permit a full credit analysis of the security does not exist or an NAIC CRP credit rating for an FE or PL security is not available.
- b. Issuer or obligor is current on all contracted interest and principal payments.
- c. The insurer has an actual expectation of ultimate payment of all contracted interest and principal.

Has the reporting entity self-designated 5GI securities? Yes [ ] No [ X ]

20. By self-designating PLGI securities, the reporting entity is certifying the following elements of each self-designated PLGI security:

- a. The security was purchased prior to January 1, 2018.
- b. The reporting entity is holding capital commensurate with the NAIC Designation reported for the security.
- c. The NAIC Designation was derived from the credit rating assigned by an NAIC CRP in its legal capacity as a NRSRO which is shown on a current private letter rating held by the insurer and available for examination by state insurance regulators.
- d. The reporting entity is not permitted to share this credit rating of the PL security with the SVO.

Has the reporting entity self-designated PLGI securities? Yes [ ] No [ X ]

## GENERAL INTERROGATORIES

### PART 2 - PROPERTY & CASUALTY INTERROGATORIES

1. If the reporting entity is a member of a pooling arrangement, did the agreement or the reporting entity's participation change? Yes [ ] No [X] N/A [ ]  
 If yes, attach an explanation.

2. Has the reporting entity reinsured any risk with any other reporting entity and agreed to release such entity from liability, in whole or in part, from any loss that may occur on the risk, or portion thereof, reinsured? Yes [ ] No [X]  
 If yes, attach an explanation.

3.1 Have any of the reporting entity's primary reinsurance contracts been canceled? Yes [ ] No [X]

3.2 If yes, give full and complete information thereto:  
 .....  
 .....  
 .....

4.1 Are any of the liabilities for unpaid losses and loss adjustment expenses other than certain workers' compensation tabular reserves (see Annual Statement Instructions pertaining to disclosure of discounting for definition of "tabular reserves") discounted at a rate of interest greater than zero? Yes [ ] No [X]

4.2 If yes, complete the following schedule:

1 Line of Business	2 Maximum Interest	3 Discount Rate	TOTAL DISCOUNT				DISCOUNT TAKEN DURING PERIOD			
			4 Unpaid Losses	5 Unpaid LAE	6 IBNR	7 TOTAL	8 Unpaid Losses	9 Unpaid LAE	10 IBNR	11 TOTAL
.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
TOTAL			.....	.....	.....	.....	.....	.....	.....	.....

5. Operating Percentages:  
 5.1. A&H loss percent \_\_\_\_\_ %  
 5.2. A&H cost containment percent \_\_\_\_\_ %  
 5.3. A&H expense percent excluding cost containment expenses \_\_\_\_\_ %

6.1 Do you act as a custodian for health savings accounts? Yes [ ] No [X]

6.2 If yes, please provide the amount of custodial funds held as of the reporting date. \$ \_\_\_\_\_

6.3 Do you act as an administrator for health savings accounts? Yes [ ] No [X]

6.4 If yes, please provide the balance of the funds administered as of the reporting date. \$ \_\_\_\_\_

7. Is the reporting entity licensed or chartered, registered, qualified, eligible or writing business in at least two states? Yes [X] No [ ]

7.1 If no, does the reporting entity assume reinsurance business that covers risks residing in at least one state other than the state of domicile of the reporting entity Yes [ ] No [ ]

## SCHEDULE F - CEDED REINSURANCE

Showing All New Reinsurers - Current Year to Date

1 NAIC Company Code	2 ID Number	3 Name of Reinsurer	4 Domiciliary Jurisdiction	5 Type of Reinsurer	6 Certified Reinsurer Rating (1 through 6)	7 Effective Date of Certified Reinsurer Rating
		U.S. Insurers				
27847	95-2769232	Insurance Company of the West	CA	Authorized		
		All Other Insurers				
00000	AA-1320052	Caisse Centrale de Reassurance	FRA	Unauthorized		
00000	AA-3194101	Everest Reinsurance Company	BMU	Unauthorized		
00000	AA-3191190	Hamilton Re, Ltd	BMU	Unauthorized		
00000	AA-3190871	Lancashire Insurance Company Ltd.	BMU	Unauthorized		
00000	AA-1128791	Lloyds Syndicate No. 2791 (MAP)	GBR	Authorized		
00000	AA-1120181	Lloyds Syndicate No. 5886 (WBC)	GBR	Authorized		

## SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN

### Current Year To Date - Allocated by States and Territories

States, Etc.	1 Active Status (a)	Direct Premiums Written		Direct Losses Paid (Deducting Salvage)		Direct Losses Unpaid	
		2 Current Year to Date	3 Prior Year to Date	4 Current Year to Date	5 Prior Year to Date	6 Current Year to Date	7 Prior Year to Date
1. Alabama	AL	L					
2. Alaska	AK	N					
3. Arizona	AZ	L					
4. Arkansas	AR	L					
5. California	CA	N					
6. Colorado	CO	L	20,123	8,947	26,815	84,061	22,281
7. Connecticut	CT	N					
8. Delaware	DE	N					
9. District of Columbia	DC	N					
10. Florida	FL	N					
11. Georgia	GA	L					
12. Hawaii	HI	N					
13. Idaho	ID	N					
14. Illinois	IL	L					
15. Indiana	IN	L				(8,921)	15,975
16. Iowa	IA	L					15,975
17. Kansas	KS	L	18,128	4,398	8,423	22,665	2,771
18. Kentucky	KY	L			41,855	13,974	(1,749)
19. Louisiana	LA	N					43,251
20. Maine	ME	N					
21. Maryland	MD	L		(1,177)		14,630	13,300
22. Massachusetts	MA	N					35,790
23. Michigan	MI	N					
24. Minnesota	MN	L					
25. Mississippi	MS	L				141	
26. Missouri	MO	L	26,417	13,633	87,531	13,689	18,413
27. Montana	MT	N					(5,100)
28. Nebraska	NE	N					
29. Nevada	NV	N					
30. New Hampshire	NH	N					
31. New Jersey	NJ	N					
32. New Mexico	NM	N					
33. New York	NY	N					
34. North Carolina	NC	L	32,073	26,551		1,418	51,727
35. North Dakota	ND	L					15,309
36. Ohio	OH	L		84		26,903	
37. Oklahoma	OK	E	4,642,412	3,429,046	956,198	1,103,391	6,934,931
38. Oregon	OR	N					6,684,014
39. Pennsylvania	PA	L					
40. Rhode Island	RI	N					
41. South Carolina	SC	L					
42. South Dakota	SD	L					
43. Tennessee	TN	L			(486)	77,956	26,661
44. Texas	TX	Q					135,051
45. Utah	UT	L					25
46. Vermont	VT	N					25
47. Virginia	VA	N					
48. Washington	WA	N					
49. West Virginia	WV	L					(11,976)
50. Wisconsin	WI	L					(11,976)
51. Wyoming	WY	N					
52. American Samoa	AS	N					
53. Guam	GU	N					
54. Puerto Rico	PR	N					
55. U.S. Virgin Islands	VI	N					
56. Northern Mariana Islands	MP	N					
57. Canada	CAN	N					
58. Aggregate Other Alien	OT	X X X					
59. Totals	X X X		4,739,153	3,481,482	1,120,336	1,327,242	7,092,253
							6,982,864

DETAILS OF WRITE-INS							
58001.		X X X					
58002.		X X X					
58003.		X X X					
58998.	Summary of remaining write-ins for Line 58 from overflow page	X X X					
58999.	Totals (Lines 58001 through 58003 plus 58998) (Line 58 above)	X X X					

(a) Active Status Counts

L - Licensed or Chartered - Licensed insurance carrier or domiciled RRG	24
E - Eligible - Reporting entities eligible or approved to write surplus lines in the state	1
D - Domestic Surplus Lines Insurer (DSL) - Reporting entities authorized to write surplus lines in the state of domicile	_____
R - Registered - Non-domiciled RRGs	_____
Q - Qualified - Qualified or accredited reinsurer	1
N - None of the above - Not allowed to write business in the state (other than their state of domicile - See DSLI)	31

**SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP****PART 1 - ORGANIZATIONAL CHART**

Newcastle Partners, L.P., Mark E. Schwarz, General Partner 27.9%	Texas	
... Hallmark Financial Services, Inc.	Nevada	87-0447375
... .. ACO Holdings, Inc. (Inactive Co)	Texas	45-8544756
... .. American Hallmark G.A., Inc.	Texas	75-2341879
... .. Hallmark Claim Services, Inc.	Texas	75-1693596
... .. Hallmark Finance Corporation	Texas	75-2339280
... .. Aerospace Holdings, LLC	Texas	20-0785668
... .. Aerospace Claims Management Group	Texas	75-2853986
... .. Aerospace Flight (Inactive Co)	Texas	75-2925120
... .. Aerospace Insurance Managers, Inc.	Texas	52-2099239
... .. Aerospace Special Risk, Inc.	Texas	20-0786154
... .. Mannequin PCC Ltd. Cell A-22*	Guernsey	N/A
... .. Heath XS, LLC	New Jersey	02-0557327
... .. Hardscrabble Data Solutions, LLC	New Jersey	01-0756829
... .. CITON Agency, Inc. 49%	Florida	26-2010050
... .. American Hallmark Ins. Co. of TX. (43494)*	Texas	75-1817901
... .. Hallmark Specialty Ins. Co. (26808)*	Oklahoma	74-2378996
... .. CYR Insurance Management Company	Texas	75-1661749
... .. Hallmark County Mutual Insurance Company (29408)*	Texas	74-0814987
... .. TBIC Holding Corporation.	Texas	41-2130851
... .. Texas Builders Insurance Company (27170)*	Texas	74-2439728
... .. TBIC Risk Management, Inc.	Texas	37-1417618
... .. Effective Claims Management, Inc.	Texas	75-2825542
... .. American Hallmark Insurance Services, Inc	Texas	75-2652618
... .. Hallmark Specialty Underwriters, Inc (f/k/a TGA Insurance Managers Inc.)	Texas	74-2228153
... .. TGA Special Risk	Texas	74-2774138
... .. Pan American Acceptance Corporation	Texas	74-1683629
... .. Hallmark Insurance Company (34037)*	Arizona	47-0718164
... .. Hallmark National Insurance Company (19530)*	Arizona	31-1334827

*Notes:*

\* Denotes affiliated insurer. Unless otherwise stated, subsidiaries listed above are 100% owned by respective parent



## SCHEDULE Y

### PART 1A - DETAIL OF INSURANCE HOLDING COMPANY SYSTEM

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
Group Code	Group Name	NAIC Company Code	ID Number	Federal RSSD	CIK	Name of Securities Exchange if Publicly Traded (U.S. or International)	Names of Parent, Subsidiaries Or Affiliates	Domiciliary Location	Relationship to Reporting Entity	Directly Controlled by (Name of Entity / Person)	Type of Control (Ownership, Board, Management, Attorney-in-Fact, Influence, Other)	If Control is Ownership Provide Percentage	Ultimate Controlling Entity(ies)/Person(s)	Is an SCA Filing Required? (Y/N)	*
		00000	87-0447375		819913	NASDAQ	Hallmark Financial Services, Inc.	TX	UDP	Newcastle Partners, L.P., Mark E. Schwarz, General	Ownership	27.9	Newcastle Partners, L.P.	N	
		00000	45-8544756				ACO Holdings, Inc. (Inactive Co)	TX	UDP	Hallmark Financial Services, Inc.	Ownership	100.0	Newcastle Partners, L.P.	N	
		00000	75-2341879				American Hallmark G.A., Inc.	TX	UDP	ACO Holdings, Inc. (Inactive Co)	Ownership	100.0	Newcastle Partners, L.P.	N	
		00000	75-1693596				Hallmark Claim Services, Inc.	TX	UDP	ACO Holdings, Inc. (Inactive Co)	Ownership	100.0	Newcastle Partners, L.P.	N	
		00000	75-2339280				Hallmark Finance Corporation	TX	UDP	ACO Holdings, Inc. (Inactive Co)	Ownership	100.0	Newcastle Partners, L.P.	N	
		00000	20-0785668				Aerospace Holdings, LLC	TX	UDP	Hallmark Financial Services, Inc.	Ownership	100.0	Newcastle Partners, L.P.	N	
		00000	75-2853986				Aerospace Claims Management Group	TX	UDP	Aerospace Holdings, LLC	Ownership	100.0	Newcastle Partners, L.P.	N	
		00000	75-2925120				Aerospace Flight (Inactive Co)	TX	UDP	Aerospace Holdings, LLC	Ownership	100.0	Newcastle Partners, L.P.	N	
		00000	52-2099239				Aerospace Insurance Managers, Inc.	TX	UDP	Aerospace Holdings, LLC	Ownership	100.0	Newcastle Partners, L.P.	N	
		00000	20-0786154				Aerospace Special Risk, Inc.	TX	UDP	Aerospace Holdings, LLC	Ownership	100.0	Newcastle Partners, L.P.	N	
		00000	N/A				Mannequin PCC Ltd. Cell A-22*	GG	UDP	Aerospace Holdings, LLC	Ownership	100.0	Newcastle Partners, L.P.	N	
		00000	02-0557327				Heath XS, LLC	NJ	UDP	Hallmark Financial Services, Inc.	Ownership	100.0	Newcastle Partners, L.P.	N	
		00000	01-0756829				Hardscrabble Data Solutions, LLC	NJ	UDP	Hallmark Financial Services, Inc.	Ownership	100.0	Newcastle Partners, L.P.	N	
		00000	26-2010050				CITON Agency, Inc	FL	UDP	Hallmark Financial Services, Inc.	Ownership	49.0	Newcastle Partners, L.P.	N	
3478	Hallmark Financial Services Group	43494	75-1817901				American Hallmark Ins. Co. of TX	TX	UDP	Hallmark Financial Services, Inc.	Ownership	100.0	Newcastle Partners, L.P.	N	
3478	Hallmark Financial Services Group	26808	74-2378996				Hallmark Specialty Ins. Co	OK	UDP	American Hallmark Ins. Co. of TX	Ownership	100.0	Newcastle Partners, L.P.	N	
		00000	75-1661749				CYR Insurance Management Company	TX	UDP	American Hallmark Ins. Co. of TX	Ownership	100.0	Newcastle Partners, L.P.	Y	
3478	Hallmark Financial Services Group	29408	74-0814987				Hallmark County Mutual Insurance Company	TX	OTH	Mutual Ownership	Other	100.0	Newcastle Partners, L.P.	N	
		00000	41-2130851				TBIC Holding Corporation	TX	UDP	American Hallmark Ins. Co. of TX	Ownership	100.0	Newcastle Partners, L.P.	N	
3478	Hallmark Financial Services Group	27170	74-2439728				Texas Builders Insurance Company	TX	UDP	TBIC Holding Corporation	Ownership	100.0	Newcastle Partners, L.P.	N	
		00000	37-1417618				TBIC Risk Management, Inc.	TX	UDP	Texas Builders Insurance Company	Ownership	100.0	Newcastle Partners, L.P.	Y	
		00000	75-2825542				Effective Claims Management, Inc.	TX	UDP	Hallmark Financial Services, Inc.	Ownership	100.0	Newcastle Partners, L.P.	N	
		00000	75-2652618				American Hallmark Insurance Services, Inc	TX	UDP	Hallmark Financial Services, Inc.	Ownership	100.0	Newcastle Partners, L.P.	N	
		00000	74-2228153				TGA Insurance Managers Inc.	TX	UDP	Hallmark Financial Services, Inc.	Ownership	100.0	Newcastle Partners, L.P.	N	
		00000	74-2774138				TGA Special Risk	TX	UDP	Hallmark Financial Services, Inc.	Ownership	100.0	Newcastle Partners, L.P.	N	
		00000	74-1683629				Pan American Acceptance Corporation	TX	UDP	Hallmark Financial Services, Inc.	Ownership	100.0	Newcastle Partners, L.P.	N	
3478	Hallmark Financial Services Group	34037	47-0718164				Hallmark Insurance Company	AZ	UDP	Hallmark Financial Services, Inc.	Ownership	100.0	Newcastle Partners, L.P.	N	
3478	Hallmark Financial Services Group	19530	31-1334827				Hallmark National Insurance Company	AZ	UDP	Hallmark Insurance Company	Ownership	100.0	Newcastle Partners, L.P.	N	



## PART 1 – LOSS EXPERIENCE

Lines of Business	Current Year to Date			4 Prior Year to Date Direct Loss Percentage
	1 Direct Premiums Earned	2 Direct Losses Incurred	3 Direct Loss Percentage	
1. Fire	308,092	193,592	62.8	31.7
2. Allied lines	108,778	(48,304)	-44.4	4.5
3. Farmowners multiple peril				
4. Homeowners multiple peril				
5. Commercial multiple peril				
6. Mortgage guaranty				
8. Ocean marine				
9. Inland marine	3,710	2,565	69.1	26.7
10. Financial guaranty				
11.1 Medical professional liability-occurrence	115,384	58,976	51.1	85.0
11.2 Medical professional liability-claims made	426,250	574,982	134.9	70.0
12. Earthquake	11,560			
13. Group accident and health				
14. Credit accident and health				
15. Other accident and health				
16. Workers' compensation				
17.1 Other liability-occurrence	1,912,422	(158,055)	-8.3	10.1
17.2 Other liability-claims made				68.1
17.3 Excess Workers' Compensation				
18.1 Products liability-occurrence	26,076	(28,400)	-108.9	116.1
18.2 Products liability-claims made				
19.1, 19.2 Private passenger auto liability				15126.7
19.3, 19.4 Commercial auto liability	1,428,242	15,138	1.1	69.4
21. Auto physical damage	95,798	981,713	1024.8	43.7
22. Aircraft (all perils)		77,854		
23. Fidelity				
24. Surety				
26. Burglary and theft				
27. Boiler and machinery				
28. Credit				
29. International				
30. Warranty				
31. Reinsurance-Nonproportional Assumed Property	XXX	XXX	XXX	XXX
32. Reinsurance-Nonproportional Assumed Liability	XXX	XXX	XXX	XXX
33. Reinsurance-Nonproportional Assumed Financial Lines	XXX	XXX	XXX	XXX
34. Aggregate write-ins for other lines of business				
35. TOTALS	4,436,312	1,670,061	37.6	46.3

DETAILS OF WRITE-INS				
3401.				
3402.				
3403.				
3498. Summary of remaining write-ins for Line 34 from overflow page				
3499. Totals (Lines 3401 through 3403 plus 3498) (Line 34)				

## PART 2 – DIRECT PREMIUMS WRITTEN

Lines of Business	1	2	3
	Current Quarter	Current Year to Date	Prior Year Year to Date
1. Fire	380,352	482,449	380,502
2. Allied lines	172,158	169,879	142,939
3. Farmowners multiple peril			
4. Homeowners multiple peril			
5. Commercial multiple peril			
6. Mortgage guaranty			
8. Ocean marine			
9. Inland marine	1,477	3,501	3,429
10. Financial guaranty			
11.1 Medical professional liability-occurrence		240,431	
11.2 Medical professional liability-claims made	156,035	541,435	673,480
12. Earthquake	801	801	21,106
13. Group accident and health			
14. Credit accident and health			
15. Other accident and health			
16. Workers' compensation			
17.1 Other liability-occurrence	848,394	2,094,591	1,380,822
17.2 Other liability-claims made			
17.3 Excess Workers' Compensation			
18.1 Products liability-occurrence		48,144	43,989
18.2 Products liability-claims made			
19.1, 19.2 Private passenger auto liability			(1,204)
19.3, 19.4 Commercial auto liability	548,564	974,759	767,945
21. Auto physical damage	127,674	183,163	68,474
22. Aircraft (all perils)			
23. Fidelity			
24. Surety			
26. Burglary and theft			
27. Boiler and machinery			
28. Credit			
29. International			
30. Warranty			
31. Reinsurance-Nonproportional Assumed Property	XXX	XXX	XXX
32. Reinsurance-Nonproportional Assumed Liability	XXX	XXX	XXX
33. Reinsurance-Nonproportional Assumed Financial Lines	XXX	XXX	XXX
34. Aggregate write-ins for other lines of business			
35. TOTALS	2,235,455	4,739,153	3,481,482

DETAILS OF WRITE-INS				
3401.				
3402.				
3403.				
3498. Summary of remaining write-ins for Line 34 from overflow page				
3499. Totals (Lines 3401 through 3403 plus 3498) (Line 34)				

**PART 3 (000 omitted)**

**LOSS AND LOSS ADJUSTMENT EXPENSE RESERVES SCHEDULE**

	1	2	3	4	5	6	7	8	9	10	11	12	13
Years in Which Losses Occurred	Prior Year-End Known Case Loss and LAE Reserves	Prior Year-End IBNR Loss and LAE Reserves	Total Prior Year-End Loss and LAE Reserves (Cols. 1 + 2)	2019 Loss and LAE Payments on Claims Reported as of Prior Year-End	2019 Loss and LAE Payments on Claims Unreported as of Prior Year-End	Total 2019 Loss and LAE Payments (Cols 4 + 5)	Q.S. Date Known Case Loss and LAE Reserves on Claims Reported and Open as of Prior Year-End	Q.S. Date Known Case Loss and LAE Reserves on Claims Reported or Reopened Subsequent to Prior Year-End	Q.S. Date IBNR Loss & LAE Reserves	Total Q.S. Loss and LAE Reserves (Cols 7 + 8 + 9)	Prior Year-End Known Case Loss and LAE Reserves Developed (Savings)/Deficiency (Cols. 4 + 7 - 1)	Prior Year-End IBNR Loss and LAE Reserves Developed (Savings)/Deficiency (Cols. 5 + 8 + 9 - 2)	Prior Year-End Total Loss and LAE Reserve Developed (Savings)/Deficiency (Cols. 11 + 12)
1. 2016 + prior	6,148	1,406	7,554	3,704	84	3,788	4,195	188	478	4,861	1,751	(656)	1,095
2. 2017	4,001	2,546	6,547	2,872	51	2,923	3,308	157	971	4,436	2,179	(1,367)	812
3. Subtotals 2017 + prior	10,149	3,952	14,101	6,576	135	6,711	7,503	345	1,449	9,297	3,930	(2,023)	1,907
4. 2018	5,701	10,628	16,329	3,920	285	4,205	4,819	316	5,241	10,376	3,038	(4,786)	(1,748)
5. Subtotals 2018 + prior	15,850	14,580	30,430	10,496	420	10,916	12,322	661	6,690	19,673	6,968	(6,809)	159
6. 2019	X X X	X X X	X X X	X X X	3,457	3,457	X X X	2,905	7,549	10,454	X X X	X X X	X X X
7. Totals	15,850	14,580	30,430	10,496	3,877	14,373	12,322	3,566	14,239	30,127	6,968	(6,809)	159

8. Prior Year-End Surplus As Regards Policyholders

26,546

Col. 11, Line 7	Col. 12, Line 7	Col. 13, Line 7
As % of Col. 1,	As % of Col. 2,	As % of Col. 3,
<u>Line 7</u>	<u>Line 7</u>	<u>Line 7</u>
1. <u>43.962</u>	2. <u>-46.701</u>	3. <u>0.523</u>
		<u>Col. 13, Line 7</u>
		<u>Line 8</u>
		4. <u>0.599</u>

## SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

The following supplemental reports are required to be filed as part of your statement filing. However, in the event that your company does not transact the type of business for which the special report must be filed, your response of NO to the specific interrogatory will be accepted in lieu of filing a "NONE" report and a bar code will be printed below. If the supplement is required of your company but is not being filed for whatever reason enter SEE EXPLANATION and provide an explanation following the interrogatory questions.

	Response
1. Will the Trusteed Surplus Statement be filed with the state of domicile and the NAIC with this statement?	NO
2. Will Supplement A to Schedule T (Medical Professional Liability Supplement) be filed with this statement?	YES
3. Will the Medicare Part D Coverage Supplement be filed with the state of domicile and the NAIC with this statement?	NO
4. Will the Director and Officer Insurance Coverage Supplement be filed with the state of domicile and the NAIC with this statement?	YES

**Explanation:**

Question 1: Not applicable.  
 .....  
 .....

Question 3: Not applicable.  
 .....  
 .....

**Bar Code:**



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**OVERFLOW PAGE FOR WRITE-INS**

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**SCHEDULE A - VERIFICATION****Real Estate**

	1 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year		
2. Cost of acquired:		
2.1 Actual cost at time of acquisition		
2.2 Additional investment made after acquisition		
3. Current year change in encumbrances		
4. Total gain (loss) on disposals		
5. Deduct amounts received on disposals		
6. Total foreign exchange change in book/adjusted carrying value		
7. Deduct current year's other than temporary impairment recognized		
8. Deduct current year's depreciation		
9. Book/adjusted carrying value at the end of current period (Lines 1 + 2 + 3 + 4 - 5 + 6 - 7 - 8)		
10. Deduct total nonadmitted amounts		
11. Statement value at end of current period (Line 9 minus Line 10)		

**SCHEDULE B - VERIFICATION****Mortgage Loans**

	1 Year To Date	2 Prior Year Ended December 31
1. Book value/recorded investment excluding accrued interest, December 31 of prior year		
2. Cost of acquired:		
2.1 Actual cost at time of acquisition		
2.2 Additional investment made after acquisition		
3. Capitalized deferred interest and other		
4. Accrual of discount		
5. Unrealized valuation increase (decrease)		
6. Total gain (loss) on disposals		
7. Deduct amounts received on disposals		
8. Deduct amortization of premium and mortgage interest points and commitment fees		
9. Total foreign exchange change in book value/recorded investment excluding accrued interest		
10. Deduct current year's other than temporary impairment recognized		
11. Book value/recorded investment excluding accrued interest at end of current period (Lines 1 + 2 + 3 + 4 + 5 + 6 - 7 - 8 + 9 - 10)		
12. Total valuation allowance		
13. Subtotal (Line 11 plus Line 12)		
14. Deduct total nonadmitted amounts		
15. Statement value at end of current period (Line 13 minus Line 14)		

**SCHEDULE BA - VERIFICATION****Other Long-Term Invested Assets**

	1 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year		
2. Cost of acquired:		
2.1 Actual cost at time of acquisition		
2.2 Additional investment made after acquisition		
3. Capitalized deferred interest and other		
4. Accrual of discount		
5. Unrealized valuation increase (decrease)		
6. Total gain (loss) on disposals		
7. Deduct amounts received on disposals		
8. Deduct amortization of premium and depreciation		
9. Total foreign exchange change in book/adjusted carrying value		
10. Deduct current year's other than temporary impairment recognized		
11. Book/adjusted carrying value at end of current period (Lines 1 + 2 + 3 + 4 + 5 + 6 - 7 - 8 + 9 - 10)		
12. Deduct total nonadmitted amounts		
13. Statement value at end of current period (Line 11 minus Line 12)		

**SCHEDULE D - VERIFICATION****Bonds and Stocks**

	1 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value of bonds and stocks, December 31 of prior year	68,183,126	64,569,881
2. Cost of bonds and stocks acquired	17,252,220	24,863,232
3. Accrual of discount	88,252	105,263
4. Unrealized valuation increase (decrease)	366,081	(117,786)
5. Total gain (loss) on disposals	426,794	(99,124)
6. Deduct consideration for bonds and stocks disposed of	15,773,060	20,461,290
7. Deduct amortization of premium	267,397	750,072
8. Total foreign exchange change in book/adjusted carrying value		
9. Deduct current year's other than temporary impairment recognized		
10. Total investment income recognized as a result of prepayment penalties and/or acceleration fees	22,251	73,022
11. Book/adjusted carrying value at end of current period (Lines 1 + 2 + 3 + 4 + 5 - 6 - 7 + 8 - 9 + 10)	70,298,267	68,183,126
12. Deduct total nonadmitted amounts		
13. Statement value at end of current period (Line 11 minus Line 12)	70,298,267	68,183,126

## SCHEDULE D - PART 1B

Showing the Acquisitions, Dispositions and Non-Trading Activity  
During the Current Quarter for all Bonds and Preferred Stock by NAIC Designation

NAIC Designation	1 Book/Adjusted Carrying Value Beginning of Current Quarter	2 Acquisitions During Current Quarter	3 Dispositions During Current Quarter	4 Non-Trading Activity During Current Quarter	5 Book/Adjusted Carrying Value End of First Quarter	6 Book/Adjusted Carrying Value End of Second Quarter	7 Book/Adjusted Carrying Value End of Third Quarter	8 Book/Adjusted Carrying Value December 31 Prior Year
<b>BONDS</b>								
1. NAIC 1 (a)	37,990,524	2,040,946	2,017,123	1,292,343	37,990,524	39,306,690		35,978,154
2. NAIC 2 (a)	28,017,309	7,021,311	4,412,927	(1,373,870)	28,017,309	29,251,823		30,106,224
3. NAIC 3 (a)								
4. NAIC 4 (a)								
5. NAIC 5 (a)								
6. NAIC 6 (a)								384,000
7. Total Bonds	66,007,833	9,062,257	6,430,050	(81,527)	66,007,833	68,558,513		66,468,378
<b>PREFERRED STOCK</b>								
8. NAIC 1	230,953				230,953	230,953		242,248
9. NAIC 2								
10. NAIC 3								
11. NAIC 4								
12. NAIC 5								
13. NAIC 6								
14. Total Preferred Stock	230,953				230,953	230,953		242,248
15. Total Bonds & Preferred Stock	66,238,786	9,062,257	6,430,050	(81,527)	66,238,786	68,789,466		66,710,626

(a) Book/Adjusted Carrying Value column for the end of the current reporting period includes the following amount of short-term and cash-equivalent bonds by NAIC designation:

NAIC 1 \$ 1,075,000; NAIC 2 \$ 0; NAIC 3 \$ 0; NAIC 4 \$ 0; NAIC 5 \$ 0; NAIC 6 \$ 0



## SCHEDULE DA - PART 1

### Short-Term Investments

	1	2	3	4	5
	Book/Adjusted Carrying Value	Par Value	Actual Cost	Interest Collected Year To Date	Paid for Accrued Interest Year To Date
9199999	1,075,000	X X X	1,089,656	3,469	8,203

## SCHEDULE DA - VERIFICATION

### Short-Term Investments

	1	2
	Year To Date	Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year	739,999	470,346
2. Cost of short-term investments acquired	987,068	1,153,999
3. Accrual of discount		
4. Unrealized valuation increase (decrease)		
5. Total gain (loss) on disposals		2,010
6. Deduct consideration received on disposals	640,000	872,200
7. Deduct amortization of premium	12,068	14,156
8. Total foreign exchange change in book/adjusted carrying value		
9. Deduct current year's other than temporary impairment recognized		
10. Book/adjusted carrying value at end of current period (Lines 1 + 2 + 3 + 4 + 5 - 6 - 7 + 8 - 9)	1,074,999	739,999
11. Deduct total nonadmitted amounts		
12. Statement value at end of current period (Line 10 minus Line 11)	1,074,999	739,999

**NONE**    **Schedule DB - Part A and B Verification**

**NONE**    **Schedule DB - Part C - Section 1**

**NONE**    **Schedule DB - Part C - Section 2**

**NONE**    **Schedule DB - Verification**

## SCHEDULE E PART 2 - VERIFICATION

(Cash Equivalents)

	1	2
	Year To Date	Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year	1,206,188	1,164,613
2. Cost of cash equivalents acquired	14,064,030	23,464,437
3. Accrual of discount		
4. Unrealized valuation increase (decrease)		
5. Total gain (loss) on disposals		
6. Deduct consideration received on disposals	14,020,353	23,422,862
7. Deduct amortization of premium		
8. Total foreign exchange change in book/adjusted carrying value		
9. Deduct current year's other than temporary impairment recognized		
10. Book/adjusted carrying value at end of current period (Lines 1 + 2 + 3 + 4 + 5 - 6 - 7 + 8 - 9)	1,249,865	1,206,188
11. Deduct total nonadmitted amounts		
12. Statement value at end of current period (Line 10 minus Line 11)	1,249,865	1,206,188

**NONE**    **Schedule A - Part 2 and 3**

**NONE**    **Schedule B - Part 2 and 3**

**NONE**    **Schedule BA - Part 2 and 3**

### SCHEDULE D - PART 3

Show All Long-Term Bonds and Stock Acquired During the Current Quarter

1 CUSIP Ident- ification	2 Description	3 Foreign	4 Date Acquired	5 Name of Vendor	6 Number of Shares of Stock	7 Actual Cost	8 Par Value	9 Paid for Accrued Interest and Dividends	10 NAIC Designation and Administrative Symbol/ Market Indicator (a)
13063B-ZY-1 68608K-DA-3	CALIFORNIA ST OREGON ST		05/02/2019 05/07/2019	NATIONAL FINL SVCS CORP NATIONAL FINL SVCS CORP		72,044 56,280	70,000.00 55,000.00	327 648	1FE 1FE
1799999	Subtotal - Bonds - U.S. States, Territories and Possessions				X X X	128,324	125,000.00	975	X X X
243667-WH-1 413956-ER-0 786225-FN-7 947389-BX-9	DEDHAM MASS HARRIS CNTY TEX MUN UTIL DIST NO 284 SADDLE BROOK TWP N J SCH DIST WEBB CITY MO		06/14/2019 05/15/2019 05/07/2019 05/31/2019	NATIONAL FINL SVCS CORP NATIONAL FINL SVCS CORP NATIONAL FINL SVCS CORP NATIONAL FINL SVCS CORP		40,752 136,997 101,099 86,208	40,000.00 135,000.00 100,000.00 85,000.00	142 998 836 988	1FE 1FE 1FE 1FE
2499999	Subtotal - Bonds - U.S. Political Subdivisions of States, Territories and Possessions				X X X	365,056	360,000.00	2,964	X X X
057864-AQ-3 119147-EU-6 34161D-AP-0 69647P-AW-8 801112-AU-7 801321-LG-3 802447-EV-0 892397-GS-3 892397-GT-1	BALDWIN CNTY ALA PUB BLDG AUTH BLDG REV BUENA PARK CALIF CMNTY REDEV AGY TAX ALL FLORIDA ST DEPT TRANSN ST INFRASTRUCTURE PALM BAY FLA SPL ASSMT SANTA ANA CALIF GAS TAX REV CTFS PARTN SANTA BARBARA CNTY CALIF CTFS PARTN SANTA MONICA CALIF REDEV AGY TAX ALLOCAT TRACY CALIF OPER PARTNERSHIP JT PWRS AUT TRACY CALIF OPER PARTNERSHIP JT PWRS AUT		05/13/2019 06/14/2019 05/13/2019 05/31/2019 06/11/2019 06/26/2019 05/31/2019 05/15/2019 05/31/2019	NATIONAL FINL SVCS CORP NATIONAL FINL SVCS CORP NATIONAL FINL SVCS CORP NATIONAL FINL SVCS CORP NATIONAL FINL SVCS CORP NATIONAL FINL SVCS CORP NATIONAL FINL SVCS CORP NATIONAL FINL SVCS CORP NATIONAL FINL SVCS CORP		51,091 51,590 51,088 61,165 25,551 51,218 77,093 61,458 51,147	50,000.00 50,000.00 50,000.00 60,000.00 25,000.00 50,000.00 75,000.00 60,000.00 50,000.00	968 828 924 1,045 503 164 1,425 770 769	1FE 1FE 1FE 1FE 2FE 1FE 1FE Z Z
3199999	Subtotal - Bonds - U.S. Special Revenue and Special Assessment and all Non-Guaranteed Obligations				X X X	481,401	470,000.00	7,396	X X X
00287Y-BE-8 025816-BY-4 94973V-AX-5 00206R-AX-0 053332-AS-1 126650-BW-9 428236-BV-4 28336L-BV-0 501044-DB-4 774341-AH-4 87165B-AC-7 501044-CX-7	ABBVIE INC AMERICAN EXPRESS CO ANTHEM INC AT&T INC AUTOZONE INC CVS CAREMARK CORP HP INC KINDER MORGAN INC KROGER CO ROCKWELL COLLINS INC SYNCHRONY FINANCIAL THE KROGER CO		05/22/2019 04/05/2019 04/11/2019 05/17/2019 05/22/2019 05/22/2019 04/24/2019 05/17/2019 06/12/2019 06/19/2019 06/05/2019 06/21/2019	BONY/TORONTO DOMINION SECURITI BONY/TORONTO DOMINION SECURITI BONY/TORONTO DOMINION SECURITI BONY/TORONTO DOMINION SECURITI BONY/TORONTO DOMINION SECURITI BONY/TORONTO DOMINION SECURITI BONY/TORONTO DOMINION SECURITI BONY/TORONTO DOMINION SECURITI BONY/TORONTO DOMINION SECURITI MORGAN STANLEY CO BONY/TORONTO DOMINION SECURITI BONY/TORONTO DOMINION SECURITI		505,920 510,615 503,420 878,603 596,400 611,717 521,054 527,663 1,226,605 503,434 512,780 608,160	500,000.00 500,000.00 500,000.00 850,000.00 600,000.00 600,000.00 500,000.00 504,000.00 1,228,000.00 500,000.00 504,000.00 600,000.00	469 7,863 6,510 630 1,625 619 8,848 6,006 10,816 3,733 5,880 8,800	2FE 1FE 2FE 2FE 2FE 2FE 2FE 2FE 2FE 2FE 2FE 2FE
3899999	Subtotal - Bonds - Industrial and Miscellaneous (Unaffiliated)				X X X	7,506,371	7,386,000.00	61,799	X X X
8399997	Subtotal - Bonds - Part 3				X X X	8,481,152	8,341,000	73,134	X X X

E04

(a) For all common stock bearing the NAIC market indicator 'U' provide: the number of such issues 0.

### SCHEDULE D - PART 3

Show All Long-Term Bonds and Stock Acquired During the Current Quarter

1 CUSIP Ident- ification	2 Description	3 Foreign	4 Date Acquired	5 Name of Vendor	6 Number of Shares of Stock	7 Actual Cost	8 Par Value	9 Paid for Accrued Interest and Dividends	10 NAIC Designation and Administrative Symbol/ Market Indicator (a)
8399998	Summary Item from Part 5 for Bonds				X X X	X X X	X X X	X X X	X X X
8399999	Total - Bonds				X X X	8,481,152	8,341,000.00	73,134	X X X
9999999	Totals				X X X	8,481,152	X X X	73,134	X X X

E04.1

(a) For all common stock bearing the NAIC market indicator 'U' provide: the number of such issues 0.

### SCHEDULE D - PART 4

Show All Long-Term Bonds and Stock Sold, Redeemed or Otherwise Disposed of  
During the Current Quarter

1	2	3	4	5	6	7	8	9	10	Change in Book/Adjusted Carrying Value					16	17	18	19	20	21	22
										11	12	13	14	15							
CUSIP Identification	Description	Forfeiture	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consideration	Par Value	Actual Cost	Prior Year Book/Adjusted Carrying Value	Unrealized Valuation Increase/(Decrease)	Current Year's (Amortization)/Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Change in B./A.C.V. (11+12-13)	Total Foreign Exchange Change in B./A.C.V.	Book/Adjusted Carrying Value at Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest/Stock Dividends Received During Year	Stated Contractual Maturity Date	NAIC Designation and Administrative Symbol/Market Indicator (a)
68608K-DA-3	OREGON ST		06/18/2019	Call @ 100.00		10,000	10,000.00	10,233			(233)		(233)		10,000					08/01/2022	1FE
1799999	Subtotal - Bonds - U.S. States, Territories and Possessions				X X X	10,000	10,000.00	10,233			(233)		(233)		10,000					X X X	X X X
69342W-AB-7	CIBOLO CANYONS SPECIAL I		05/01/2019	Adjustment										2,634		(2,634)	(2,634)		08/20/2020	2FE	
181059-KA-3	CLARK CNTY NEV SCH DIST		06/17/2019	Call @ 100.00		285,000	285,000.00	296,792	287,577		(2,577)		(2,577)	285,000				6,413	06/15/2019	2FE	
234830-AZ-0	DALLAS CNTY TEX SCHS		04/01/2019	VARIOUS														33,042	06/01/2018	Z	
413956-ER-0	HARRIS CNTY TEX MUN UTIL DIST NO 284		06/13/2019	Call @ 100.00		135,000	135,000.00	136,997			(1,997)		(1,997)	135,000				1,404	09/01/2022	1FE	
2499999	Subtotal - Bonds - U.S. Political Subdivisions of States, Territories and Possessions				X X X	420,000	420,000.00	433,789	287,577		(4,574)		(4,574)		422,634		(2,634)	(2,634)	40,859	X X X	X X X
042822-AA-4	ARROYO GRANDE CALIF REDEV AGY TAX		04/01/2019	Call @ 100.00														195	09/01/2019	2FE	
151001-CN-2	CELEBRATION CMNTY DEV DIST FLA SPL		05/01/2019	VARIOUS				21,176										1,158	05/01/2020	2FE	
18085P-LJ-1	CLARK CNTY NEV ARPT REV		06/26/2019	Call @ 100.00		500,000	500,000.00	543,800	509,038		(9,038)		(9,038)	500,000				12,500	07/01/2025	1FE	
194304-AT-8	COLLEGE PARK GA BUSINESS & INDL DE		05/01/2019	Call @ 100.00					96,234									1,934	02/01/2020	1FE	
3137AW-B2-0	FHR 4135C BQ - CMO/RMBS		04/01/2019	Paydown														1,710	11/15/2042	1	
3136AA-6W-0	FNR 12154A CP - CMO/RMBS		04/01/2019	Paydown														2,905	01/25/2043	1	
3136AB-S9-5	FNR 136J QD - CMO/RMBS		04/01/2019	Paydown														1,288	02/25/2043	1	
3136AB-S2-0	FNR 136J QP - CMO/RMBS		04/01/2019	Paydown														2,588	02/25/2043	1	
353151-CC-5	FRANKLIN CNTY N Y SOLID WASTE MGMT		06/01/2019	Maturity @ 100.00		225,000	225,000.00	249,174	227,520		(2,520)		(2,520)	225,000				5,625	06/01/2019	2FE	
373539-S6-3	GEORGIA ST HSG & FIN AUTH REV		04/01/2019	Call @ 100.00														1	06/01/2044	1FE	
378452-EU-6	GLENDAL CALIF REDEV AGY TAX ALLOC		04/01/2019	Call @ 100.00														581	12/01/2021	1FE	
392100-KA-0	GREATER LATROBE PA SCH AUTH SCH B		04/15/2019	Maturity @ 100.00		50,000	50,000.00	50,301	50,000					50,000				563	04/15/2019	Z	
401613-EL-4	GUERNSEY CNTY OHIO		04/01/2019	Call @ 100.00														263	12/01/2026	Z	
50964B-BV-5	LAKE ELSINORE CALIF SCH FING AUTH R		04/01/2019	Adjustment		50,000	(50,000.00)	51,119	50,000					50,000					10/01/2022	1FE	
54243E-CF-8	LONG BEACH CALIF SPL TAX		04/01/2019	Call @ 100.00														469	10/01/2026	Z	
57586N-XK-2	MASSACHUSETTS ST HSG FIN AGY		04/01/2019	Call @ 100.00														1	12/01/2020	1FE	
59455T-QF-2	MICHIGAN MUN BD AUTH REV		05/01/2019	VARIOUS					8,333									1,800	11/01/2019	Z	
59469W-AM-6	MICHIGAN ST STRATEGIC FD SOLID WAS		04/01/2019	Call @ 100.00														4,799	01/01/2021	2	
60416S-JB-7	MINNESOTA ST HSG FIN AGY		04/01/2019	Call @ 100.00														66	01/01/2032	1FE	
60637B-CP-3	MISSOURI ST HSG DEV COMMN SINGLE F		05/01/2019	VARIOUS		5,000	5,000.00	4,963	4,967					4,967		33	33	254	11/01/2041	1FE	
641279-LL-6	NEVADA HSG DIV SINGLE FAMILY MTG R		04/01/2019	Call @ 100.00														640	10/01/2024	1FE	
658895-6A-0	NORTH DAKOTA ST MUN BD BK		04/01/2019	Call @ 100.00														694	10/01/2019	1FE	
684907-SZ-2	ORANGE CNTY FLA HSG FIN AUTH HOME		05/01/2019	Call @ 100.00					51,029					(3,051)		3,051	3,051	437	09/01/2040	1FE	
69647P-AW-8	PALM BAY FLA SPL ASSMT		06/25/2019	NATIONAL FINL SVCS C		15,000	15,000.00	15,291			(291)		(291)	15,000					07/01/2025	1FE	
697387-DT-2	PALO ALTO CALIF UTIL REV		05/03/2019	Call @ 100.00		10,000	10,000.00	10,352	10,000					10,000				53	06/01/2021	1FE	

(a) For all common stock bearing the NAIC market indicator 'U' provide: the number of such issues 0.

### SCHEDULE D - PART 4

Show All Long-Term Bonds and Stock Sold, Redeemed or Otherwise Disposed of During the Current Quarter

1	2	3	4	5	6	7	8	9	10	Change in Book/Adjusted Carrying Value					16	17	18	19	20	21	22
										11	12	13	14	15							
CUSIP Identification	Description	Forfeiture	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consideration	Par Value	Actual Cost	Prior Year Book/Adjusted Carrying Value	Unrealized Valuation Increase/(Decrease)	Current Year's (Amortization)/Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Change in B./A.C.V. (11+12-13)	Total Foreign Exchange Change in B./A.C.V.	Book/Adjusted Carrying Value at Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest/Stock Dividends Received During Year	Stated Contractual Maturity Date	NAIC Designation and Administrative Symbol/Market Indicator (a)
74529J-QB-4	PUERTO RICO SALES TAX FING CORP SA		06/06/2019	Call @ 81.04		1,621	2,000.00	1,657			22		22		1,679		(58)	(58)		07/01/2024	Z
796245-AK-4	SAN ANTONIO TEX CONVENTION CTR HO		06/18/2019	Call @ 100.00		50,000	50,000.00	52,335	50,679		(233)		(233)		50,446		(446)	(446)	1,654	07/15/2020	2FE
86768M-AP-7	SUNRISE FLA SPL ASSMT		05/01/2019	VARIOUS					35,289					(438)		438	438	2,440	05/01/2020	2FE	
882750-NE-8	TEXAS ST DEPT HSG & CMNTY AFFAIRS		05/01/2019	VARIOUS		5,000	5,000.00	4,985	19,211		1		1	5,026		(26)	(26)	640	07/01/2041	1FE	
89546R-KP-8	TRI-CNTY MET TRANSN DIST ORE REV		04/01/2019	Call @ 100.00														83	11/01/2019	1FE	
92022N-CT-5	VALLEY WTR DIST WASH WTR REV		04/01/2019	Call @ 100.00														1,050	12/01/2019	1FE	
924190-LY-5	VERMONT HSG FIN AGY		04/01/2019	Call @ 100.00														20	05/01/2037	1FE	
92812U-K5-6	VIRGINIA ST HSG DEV AUTH COMWLTH M		06/01/2019	Paydown		30,281	30,280.74	30,243	30,247		34		34	30,281				2,226	04/25/2042	1FE	
95648M-EL-9	WEST VIRGINIA ECONOMIC DEV AUTH LE		05/01/2019	VARIOUS				3	24,857									906	05/01/2023	1FE	
3199999	Subtotal - Bonds - U.S. Special Revenue and Special Assessment Non-Guaranteed Obligati				X X X	941,902	842,280.74	1,014,223	1,188,580		(12,025)		(12,025)		938,910		2,992	2,992	49,543	X X X	X X X
009090-AB-7	AIR CANADA 2015-1 PASS THROUGH TRU	C	04/01/2019	Paydown															2,479	09/15/2024	2FE
02376X-AA-7	AMERICAN AIRLINES INC - ABS		05/01/2019	Paydown		60,977	60,976.97	61,587	61,373		(397)		(397)	60,977				8,902	04/01/2024	2FE	
053332-AU-6	AUTOZONE INC		04/21/2019	Maturity @ 100.00		500,000	500,000.00	496,220	499,429		571		571	500,000				4,063	04/21/2019	2FE	
14149Y-BL-1	CARDINAL HEALTH INC		06/14/2019	Maturity @ 100.00		500,000	500,000.00	501,295	500,324		(324)		(324)	500,000				4,870	06/14/2019	2FE	
24735T-AA-6	DELTA AIR LINES INC - ABS		06/01/2019	VARIOUS		521,051	521,051.36	567,946	527,250		(6,199)		(6,199)	521,051				17,911	11/07/2020	2FE	
263534-CL-1	E I DU PONT DE NEMOURS AND CO		05/14/2019	Call @ 100.00		500,000	500,000.00	494,510	496,547		959		959	497,506		2,494	2,494	5,989	05/01/2020	1FE	
30219G-AH-1	EXPRESS SCRIPTS HOLDING CO		06/15/2019	Maturity @ 100.00		179,000	179,000.00	179,623	179,136		(136)		(136)	179,000				2,014	06/15/2019	2FE	
631103-AD-0	NASDAQ OMX GROUP INC		05/01/2019	VARIOUS		601,521	590,000.00	635,495	610,689		(6,556)		(6,556)	604,134		(14,134)	(14,134)	37,535	01/15/2020	2FE	
67515U-AA-8	OCTR 6 X - CDO		05/01/2019	Paydown		80,000	80,000.00	80,000	80,000					80,000				3,997	07/15/2028	1FE	
67111C-AA-6	OFBSBS 8 X - CDO	C	05/01/2019	Paydown		60,714	60,714.29	60,714	60,714					60,714				2,718	08/16/2029	1FE	
824348-AZ-9	SHERWIN-WILLIAMS CO		06/15/2019	Maturity @ 100.00		500,000	500,000.00	545,095	511,939		(11,939)		(11,939)	500,000				18,125	06/15/2019	2FE	
84474Y-AB-2	SOUTHWEST AIRLINES CO PASS THROU		04/01/2019	Paydown														6,943	08/01/2022	2FE	
84858E-AA-4	SPIRIT AIRLINES CLASS B PASS THROUG		05/01/2019	Paydown		17,196	17,195.91	17,088	17,116		80		80	17,196				4,177	10/01/2025	2FE	
85208N-AA-8	SPRNTS 161 A1 - ABS		06/20/2019	Paydown		31,250	31,250.00	31,531	30,859	552	(162)		390	31,250				1,862	03/20/2023	2FE	
210795-QA-1	UNITED AIRLINES INC - ABS		05/01/2019	Paydown		22,804	22,804.36	24,059	23,590		(786)		(786)	22,804				2,065	10/11/2021	2FE	
210795-QC-7	UNITED AIRLINES INC - ABS		05/01/2019	Paydown		6,762	6,761.65	7,066	6,942		(180)		(180)	6,762				903	04/29/2022	2FE	
90932Q-AB-2	UNITED AIRLINES INC - ABS		04/01/2019	Paydown														853	03/03/2024	2FE	
91913Y-AR-1	VALERO ENERGY CORP		05/01/2019	VARIOUS		409,916	400,000.00	436,496	416,987		(4,878)		(4,878)	412,109		(12,109)	(12,109)	27,883	02/01/2020	2FE	
928668-AB-8	VOLKSWAGEN GROUP OF AMERICA FINA	C	05/23/2019	Maturity @ 100.00		520,000	520,000.00	520,572	520,139		(139)		(139)	520,000				5,528	05/23/2019	1FE	
959802-AT-6	WESTERN UNION CO		05/22/2019	Maturity @ 100.00		495,000	495,000.00	506,707	497,233		(2,233)		(2,233)	495,000				8,291	05/22/2019	2FE	
3899999	Subtotal - Bonds - Industrial and Miscellaneous (Unaffiliated)				X X X	5,006,191	4,984,754.54	5,166,004	5,040,267	552	(32,319)		(31,767)		5,008,503		(23,749)	(23,749)	167,108	X X X	X X X
8199999	Subtotal - Bonds - SVO Identified Funds				X X X															X X X	X X X
8299999	Subtotal - Bonds - Bank Loans				X X X															X X X	X X X

E05.1

(a) For all common stock bearing the NAIC market indicator 'U' provide: the number of such issues 0.



### SCHEDULE D - PART 4

Show All Long-Term Bonds and Stock Sold, Redeemed or Otherwise Disposed of During the Current Quarter

1 CUSIP Ident- ification	2 Description	3 F o r e i g n	4 Disposal Date	5 Name of Purchaser	6 Number of Shares of Stock	7 Consid- eration	8 Par Value	9 Actual Cost	10 Prior Year Book/ Adjusted Carrying Value	Change in Book/Adjusted Carrying Value					16 Book/ Adjusted Carrying Value at Disposal Date	17 Foreign Exchange Gain (Loss) on Disposal	18 Realized Gain (Loss) on Disposal	19 Total Gain (Loss) on Disposal	20 Bond Interest/ Stock Dividends Received During Year	21 Stated Contractua Maturity Date	22 NAIC Designation and Administrative Symbol/Market Indicator (a)
										11 Unrealized Valuation Increase/ (Decrease)	12 Current Year's (Amort- ization)/ Accretion	13 Current Year's Other Than Temporary Impairment Recognized	14 Total Change in B./A.C.V. (11+12-13)	15 Total Foreign Exchange Change in B./A.C.V.							
8399997	Subtotal - Bonds - Part 4				X X X	6,378,093	6,257,035	6,624,249	6,516,424	552	(49,151)		(48,599)		6,380,047		(23,391)	(23,391)	257,510	X X X	X X X
8399998	Summary Item from Part 5 for Bonds				X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X
8399999	Total - Bonds				X X X	6,378,093	6,257,035.28	6,624,249	6,516,424	552	(49,151)		(48,599)		6,380,047		(23,391)	(23,391)	257,510	X X X	X X X
9999999	Totals					6,378,093	X X X	6,624,249	6,516,424	552	(49,151)		(48,599)		6,380,047		(23,391)	(23,391)	257,510	X X X	X X X

E05.2

(a) For all common stock bearing the NAIC market indicator 'U' provide: the number of such issues . . . . . 0 .

- NONE    Schedule DB - Part A - Section 1**
- NONE    Schedule DB - Part B - Section 1**
- NONE    Schedule DB - Part D - Section 1**
- NONE    Schedule DB - Part D - Section 2**
- NONE    Schedule DL - Part 1**
- NONE    Schedule DL - Part 2**



## SCHEDULE E - PART 2 - CASH EQUIVALENTS

Show Investments Owned End of Current Quarter

1 CUSIP	2 Description	3 Code	4 Date Acquired	5 Rate of Interest	6 Maturity Date	7 Book/Adjusted Carrying Value	8 Amount of Interest Due & Accrued	9 Amount Received During Year
31846V-41-9 94975H-29-6	FIRST AMER:TRS OBG V WELLS FRGO TREASURY PLUS CL I MMF		03/04/2019 03/04/2019	2.100 2.200		2		2
8599999	Exempt Money Market Mutual Funds – as Identified by SVO					2		2
4812C0-66-2	JPMORGAN:US GVT MM AGCY		06/20/2019	2.160		1,249,863	2,891	
8699999	All Other Money Market Mutual Funds					1,249,863	2,891	
8899999	Total Cash Equivalents					1,249,865	2,891	2

E13

Designate the type of health care providers reported on this page. Physicians



19530201945000120

**SUPPLEMENT "A" TO SCHEDULE T  
EXHIBIT OF MEDICAL PROFESSIONAL LIABILITY PREMIUMS WRITTEN  
ALLOCATED BY STATES AND TERRITORIES**

States, Etc.	1 Direct Premiums Written	2 Direct Premiums Earned	Direct Losses Paid		5 Direct Losses Incurred	Direct Losses Unpaid		8 Direct Losses Incurred But Not Reported	
			3 Amount	4 Number of Claims		6 Amount Reported	7 Number of Claims		
1. Alabama	AL								
2. Alaska	AK								
3. Arizona	AZ								
4. Arkansas	AR								
5. California	CA								
6. Colorado	CO								
7. Connecticut	CT								
8. Delaware	DE								
9. District of Columbia	DC								
10. Florida	FL								
11. Georgia	GA								
12. Hawaii	HI								
13. Idaho	ID								
14. Illinois	IL								
15. Indiana	IN								
16. Iowa	IA								
17. Kansas	KS								
18. Kentucky	KY								
19. Louisiana	LA								
20. Maine	ME								
21. Maryland	MD								
22. Massachusetts	MA								
23. Michigan	MI								
24. Minnesota	MN								
25. Mississippi	MS								
26. Missouri	MO								
27. Montana	MT								
28. Nebraska	NE								
29. Nevada	NV								
30. New Hampshire	NH								
31. New Jersey	NJ								
32. New Mexico	NM								
33. New York	NY								
34. North Carolina	NC								
35. North Dakota	ND								
36. Ohio	OH								
37. Oklahoma	OK	31,743	160,821	(2,500)	1	6,747	270,000	2	144,725
38. Oregon	OR								
39. Pennsylvania	PA								
40. Rhode Island	RI								
41. South Carolina	SC								
42. South Dakota	SD								
43. Tennessee	TN								
44. Texas	TX								
45. Utah	UT								
46. Vermont	VT								
47. Virginia	VA								
48. Washington	WA								
49. West Virginia	WV								
50. Wisconsin	WI								
51. Wyoming	WY								
52. American Samoa	AS								
53. Guam	GU								
54. Puerto Rico	PR								
55. US Virgin Islands	VI								
56. Northern Mariana Islands	MP								
57. Canada	CAN								
58. Aggregate Other Alien	OT								
59. Totals		31,743	160,821	(2,500)	1	6,747	270,000	2	144,725

DETAILS OF WRITE-INS									
58001.									
58002.									
58003.									
58998.	Summary of remaining write-ins for Line 58 from overflow page								
58999.	Totals (Lines 58001 through 58003 plus 58998) (Line 58 above)								

**NONE**

Designate the type of health care providers reported on this page.  
Other Health Care Professionals



19530201945000120

**SUPPLEMENT "A" TO SCHEDULE T**  
**EXHIBIT OF MEDICAL PROFESSIONAL LIABILITY PREMIUMS WRITTEN**  
**ALLOCATED BY STATES AND TERRITORIES**

States, Etc.	1 Direct Premiums Written	2 Direct Premiums Earned	Direct Losses Paid		5 Direct Losses Incurred	Direct Losses Unpaid		8 Direct Losses Incurred But Not Reported
			3 Amount	4 Number of Claims		6 Amount Reported	7 Number of Claims	
1. Alabama	AL							
2. Alaska	AK							
3. Arizona	AZ							
4. Arkansas	AR							
5. California	CA							
6. Colorado	CO							
7. Connecticut	CT							
8. Delaware	DE							
9. District of Columbia	DC							
10. Florida	FL							
11. Georgia	GA							
12. Hawaii	HI							
13. Idaho	ID							
14. Illinois	IL							
15. Indiana	IN							
16. Iowa	IA							
17. Kansas	KS							
18. Kentucky	KY							
19. Louisiana	LA							
20. Maine	ME							
21. Maryland	MD							
22. Massachusetts	MA							
23. Michigan	MI							
24. Minnesota	MN							
25. Mississippi	MS							
26. Missouri	MO							
27. Montana	MT							
28. Nebraska	NE							
29. Nevada	NV							
30. New Hampshire	NH							
31. New Jersey	NJ							
32. New Mexico	NM							
33. New York	NY							
34. North Carolina	NC							
35. North Dakota	ND							
36. Ohio	OH							
37. Oklahoma	OK	33,935	12,903		36			7,913
38. Oregon	OR							
39. Pennsylvania	PA							
40. Rhode Island	RI							
41. South Carolina	SC							
42. South Dakota	SD							
43. Tennessee	TN							
44. Texas	TX							
45. Utah	UT							
46. Vermont	VT							
47. Virginia	VA							
48. Washington	WA							
49. West Virginia	WV							
50. Wisconsin	WI							
51. Wyoming	WY							
52. American Samoa	AS							
53. Guam	GU							
54. Puerto Rico	PR							
55. US Virgin Islands	VI							
56. Northern Mariana Islands	MP							
57. Canada	CAN							
58. Aggregate Other Alien	OT							
59. Totals		33,935	12,903		36			7,913

DETAILS OF WRITE-INS								
58001.								
58002.								
58003.								
58998.	Summary of remaining write-ins for Line 58 from overflow page							
58999.	Totals (Lines 58001 through 58003 plus 58998) (Line 58 above)							

**NONE**



19530201945000120

Designate the type of health care providers reported on this page.  
Other Health Care Facilities

**SUPPLEMENT "A" TO SCHEDULE T**  
**EXHIBIT OF MEDICAL PROFESSIONAL LIABILITY PREMIUMS WRITTEN**  
**ALLOCATED BY STATES AND TERRITORIES**

States, Etc.	1 Direct Premiums Written	2 Direct Premiums Earned	Direct Losses Paid		5 Direct Losses Incurred	Direct Losses Unpaid		8 Direct Losses Incurred But Not Reported	
			3 Amount	4 Number of Claims		6 Amount Reported	7 Number of Claims		
1. Alabama	AL								
2. Alaska	AK								
3. Arizona	AZ								
4. Arkansas	AR								
5. California	CA								
6. Colorado	CO								
7. Connecticut	CT								
8. Delaware	DE								
9. District of Columbia	DC								
10. Florida	FL								
11. Georgia	GA								
12. Hawaii	HI								
13. Idaho	ID								
14. Illinois	IL								
15. Indiana	IN								
16. Iowa	IA								
17. Kansas	KS								
18. Kentucky	KY								
19. Louisiana	LA								
20. Maine	ME								
21. Maryland	MD								
22. Massachusetts	MA								
23. Michigan	MI								
24. Minnesota	MN								
25. Mississippi	MS								
26. Missouri	MO								
27. Montana	MT								
28. Nebraska	NE								
29. Nevada	NV								
30. New Hampshire	NH								
31. New Jersey	NJ								
32. New Mexico	NM								
33. New York	NY								
34. North Carolina	NC								
35. North Dakota	ND								
36. Ohio	OH								
37. Oklahoma	OK	716,188	367,909	80,000	1	627,176	550,000	3	279,416
38. Oregon	OR								
39. Pennsylvania	PA								
40. Rhode Island	RI								
41. South Carolina	SC								
42. South Dakota	SD								
43. Tennessee	TN								
44. Texas	TX								
45. Utah	UT								
46. Vermont	VT								
47. Virginia	VA								
48. Washington	WA								
49. West Virginia	WV								
50. Wisconsin	WI								
51. Wyoming	WY								
52. American Samoa	AS								
53. Guam	GU								
54. Puerto Rico	PR								
55. US Virgin Islands	VI								
56. Northern Mariana Islands	MP								
57. Canada	CAN								
58. Aggregate Other Alien	OT								
59. Totals		716,188	367,909	80,000	1	627,176	550,000	3	279,416

DETAILS OF WRITE-INS									
58001.									
58002.									
58003.									
58998.	Summary of remaining write-ins for Line 58 from overflow page								
58999.	Totals (Lines 58001 through 58003 plus 58998) (Line 58 above)								

**NONE**



19530201950500102

# DIRECTOR AND OFFICER INSURANCE COVERAGE SUPPLEMENT

Year To Date For The Period Ended 2019

NAIC Group Code ..... 3478

NAIC Company Code ..... 19530

Company Name Hallmark National Insurance Company

If the reporting entity writes any director and officer (D&O) business, please provide the following:

1. Monoline Policies

1 Direct Written Premium	2 Direct Earned Premium	3 Direct Losses Incurred
\$ _____	\$ _____	\$ _____

2. Commercial Multiple Peril (CMP) Packaged Policies

2.1 Does the reporting entity provide D&O liability coverage as part of a CMP packaged policy? Yes [ ] No [ X ]

2.2 Can the direct premium earned for D&O liability coverage provided as part of a CMP packaged policy be quantified or estimated? Yes [ ] No [ X ]

2.3 If the answer to question 2.2 is yes, provide the quantified or estimated direct premium earned amount for D&O liability coverage in CMP packaged policies

2.31 Amount quantified: \$ \_\_\_\_\_

2.32 Amount estimated using reasonable assumptions: \$ \_\_\_\_\_

2.4 If the answer to question 2.1 is yes, provide direct losses incurred (losses paid plus change in case reserves) for the D&O liability coverage provided in CMP packaged policies. \$ \_\_\_\_\_