

**QUARTERLY STATEMENT**

**OF THE**

**TEXAS BUILDERS INSURANCE COMPANY**

**of** \_\_\_\_\_ **DALLAS** \_\_\_\_\_

**in the state of** \_\_\_\_\_ **TEXAS** \_\_\_\_\_

**TO THE**

**Insurance Department**

**OF THE**

**STATE OF**

**FOR THE QUARTER ENDED**

**March 31, 2020**

**PROPERTY AND CASUALTY**

**2020**



27170202020100101

QUARTERLY STATEMENT

AS OF MARCH 31, 2020
OF THE CONDITION AND AFFAIRS OF THE

Texas Builders Insurance Company

NAIC Group Code 3478, 3478 NAIC Company Code 27170 Employer's ID Number 74-2439728

Organized under the Laws of Texas State of Domicile or Port of Entry TX

Country of Domicile US

Incorporated/Organized May 9, 1987 Commenced Business June 9, 1987

Statutory Home Office 5420 Lyndon B. Johnson Freeway Suite 1100, Dallas, TX US 75240-2345

Main Administrative Office 5420 Lyndon B. Johnson Freeway Suite 1100, Dallas, TX US 75240-2345

Mail Address 5420 Lyndon B. Johnson Freeway Suite 1100, Dallas, TX US 75240-2345

Primary Location of Books and Records 5420 Lyndon B. Johnson Freeway Suite 1100, Dallas, TX US 75240-2345

Internet Website Address www.hallmarkgrp.com

Statutory Statement Contact Felica M. Smith 817-348-1887

fsmith@hallmarkgrp.com 817-348-1820

OFFICERS

Table with 2 columns: Name, Title. Includes Naveen Anand (President), Jeffrey Ray Passmore (Chief Financial Officer, Treasurer & Secretary), Christopher James Kenney (Vice President).

VICE-PRESIDENTS

Table with 4 columns: Name, Title, Name, Title. Empty rows for vice-presidents.

DIRECTORS OR TRUSTEES

Table with 4 columns: Name, Title, Name, Title. Includes Naveen Anand, Christopher James Kenney, Kenneth Russell Krissinger, Jeffrey Ray Passmore, Mark Edward Schwarz, Charles Edward Stauber, Tarek Nghi Timol.

State of Texas

County of Dallas

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.

Signatures and titles of Naveen Anand, Jeffrey R. Passmore, and Christopher J. Kenney.

Subscribed and sworn to before me this 11th day of May, 2020

a. Is this an original filing? [X] 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	7,619,625		7,619,625	8,453,721
2. Stocks:				
2.1 Preferred stocks				
2.2 Common stocks	107,341	107,341		
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 (\$ 1,638,841), cash equivalents (\$ 63,994), and short-term investments (\$ 2,500,411)	4,203,246		4,203,246	3,103,253
6. Contract loans (including \$ 0 premium notes)				
7. Derivatives				
8. Other invested assets				
9. Receivables for securities				148,694
10. Securities lending reinvested collateral assets	1,207		1,207	
11. Aggregate write-ins for invested assets				
12. Subtotals, cash and invested assets (Lines 1 to 11)	11,931,419	107,341	11,824,078	11,705,668
13. Title plants less \$ 0 charged off (for Title insurers only)				
14. Investment income due and accrued	56,948		56,948	102,164
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection				
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ 0 earned but unbilled premiums)				
15.3 Accrued retrospective premiums (\$ 0) and contracts subject to redetermination (\$ 0)				
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers	45,323		45,323	21,503
16.2 Funds held by or deposited with reinsured companies				
16.3 Other amounts receivable under reinsurance contracts	245,600		245,600	245,600
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	20,317		20,317	15,682
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)	12,299,607	107,341	12,192,266	12,090,617
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
28. Total (Lines 26 and 27)	12,299,607	107,341	12,192,266	12,090,617

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)				

NONE

NONE

## LIABILITIES, SURPLUS AND OTHER FUNDS

	1	2
	Current Statement Date	December 31, Prior Year
1. Losses (current accident year \$ 0)	920,891	974,613
2. Reinsurance payable on paid losses and loss adjustment expenses		
3. Loss adjustment expenses	93,216	93,887
4. Commissions payable, contingent commissions and other similar charges		
5. Other expenses (excluding taxes, licenses and fees)	31,100	15,000
6. Taxes, licenses and fees (excluding federal and foreign income taxes)		
7.1. Current federal and foreign income taxes (including \$ 0 on realized capital gains (losses))	145,383	149,197
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 \$ 0 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)		
10. Advance premium		
11. Dividends declared and unpaid:		
11.1. Stockholders		
11.2. Policyholders		
12. Ceded reinsurance premiums payable (net of ceding commissions)	102,370	102,370
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	74,779	47,863
20. Derivatives		
21. Payable for securities	101,718	
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)	1,469,457	1,382,930
27. Protected cell liabilities		
28. Total liabilities (Lines 26 and 27)	1,469,457	1,382,930
29. Aggregate write-ins for special surplus funds		
30. Common capital stock	2,500,000	2,500,000
31. Preferred capital stock		
32. Aggregate write-ins for other than special surplus funds		
33. Surplus notes		
34. Gross paid in and contributed surplus	2,995,851	2,995,852
35. Unassigned funds (surplus)	5,226,960	5,211,835
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)	10,722,811	10,707,687
38. Totals (Page 2, Line 28, Col. 3)	12,192,268	12,090,617

DETAILS OF WRITE-IN LINES		
2501. ....	<b>NONE</b>	
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. ....	<b>NONE</b>	
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. ....	<b>NONE</b>	
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 \$ 0)			
1.2 Assumed (written \$ 0)			
1.3 Ceded (written \$ 0)			
1.4 Net (written \$ 0)			
DEDUCTIONS:			
2. Losses incurred (current accident year \$ 0):			
2.1 Direct	(157)	(41,251)	(23,179)
2.2 Assumed			
2.3 Ceded	(529)	36,692	
2.4 Net	372	(77,943)	(23,179)
3. Loss adjustment expenses incurred	329	(2,957)	6,873
4. Other underwriting expenses incurred	55,261	9,667	43,206
5. Aggregate write-ins for underwriting deductions			
6. Total underwriting deductions (Lines 2 through 5)	55,962	(71,233)	26,900
7. Net income of protected cells			
8. Net underwriting gain (loss) (Line 1 minus Line 6 + Line 7)	(55,962)	71,233	(26,900)
<b>INVESTMENT INCOME</b>			
9. Net investment income earned	68,003	46,121	209,265
10. Net realized capital gains (losses) less capital gains tax of \$ 22	84	(92)	(488)
11. Net investment gain (loss) (Lines 9 + 10)	68,087	46,029	208,777
<b>OTHER INCOME</b>			
12. Net gain or (loss) from agents' or premium balances charged off (amount recovered \$ 0 amount charged off \$ 0)			
13. Finance and service charges not included in premiums			
14. Aggregate write-ins for miscellaneous income			
15. Total other income (Lines 12 through 14)			
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15)	12,125	117,262	181,877
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)	12,125	117,262	181,877
19. Federal and foreign income taxes incurred	(3,836)	19,133	18,311
20. Net income (Line 18 minus Line 19) (to Line 22)	15,961	98,129	163,566
<b>CAPITAL AND SURPLUS ACCOUNT</b>			
21. Surplus as regards policyholders, December 31 prior year	10,707,687	10,539,577	10,539,577
22. Net income (from Line 20)	15,961	98,129	163,566
23. Net transfers (to) from Protected Cell accounts			
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$ (1,149)	(5,471)	8,881	12,609
25. Change in net unrealized foreign exchange capital gain (loss)			
26. Change in net deferred income tax	4,635	(5,609)	(15,244)
27. Change in nonadmitted assets		2,811	7,179
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			
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)	15,125	104,212	168,110
39. Surplus as regards policyholders, as of statement date (Lines 21 plus 38)	10,722,812	10,643,789	10,707,687

DETAILS OF WRITE-IN LINES			
0501. ....			
0502. ....			
0503. ....			
0598. Summary of remaining write-ins for Line 05 from overflow page	<b>NONE</b>		
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	<b>NONE</b>		
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	<b>NONE</b>		
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			(6,202)
2. Net investment income	134,648	116,268	321,361
3. Miscellaneous income			
4. Total (Lines 1 to 3)	134,648	116,268	315,159
5. Benefit and loss related payments	77,913	89,827	(16,418)
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts			
7. Commissions, expenses paid and aggregate write-ins for deductions	13,249	9,142	50,806
8. Dividends paid to policyholders			
9. Federal and foreign income taxes paid (recovered) net of \$ 0 tax on capital gains (losses)			
10. Total (Lines 5 through 9)	91,162	98,969	34,388
11. Net cash from operations (Line 4 minus Line 10)	43,486	17,299	280,771
<b>Cash from Investments</b>			
12. Proceeds from investments sold, matured or repaid:			
12.1 Bonds	1,948,814	1,937,083	4,057,258
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			
12.7 Miscellaneous proceeds	249,205	57,779	(148,168)
12.8 Total investment proceeds (Lines 12.1 to 12.7)	2,198,019	1,994,862	3,909,090
13. Cost of investments acquired (long-term only):			
13.1 Bonds	1,141,511	2,200,109	3,303,062
13.2 Stocks			
13.3 Mortgage loans			
13.4 Real estate			
13.5 Other invested assets			
13.6 Miscellaneous applications			
13.7 Total investments acquired (Lines 13.1 to 13.6)	1,141,511	2,200,109	3,303,062
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)	1,056,508	(205,247)	606,028
<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			
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)			
<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)	1,099,994	(187,948)	886,799
19. Cash, cash equivalents and short-term investments:			
19.1 Beginning of year	3,103,253	2,216,454	2,216,454
19.2 End of period (Line 18 plus Line 19.1)	4,203,247	2,028,506	3,103,253

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

20.0001			
20.0002			
20.0003			

---

## NOTES TO FINANCIAL STATEMENTS

---

### PROPERTY

Note	Description	Page
1	Summary of Significant Accounting Policies .....	6.1
2	Accounting Changes and Corrections of Errors .....	6.1
3	Business Combinations and Goodwill .....	6.1
4	Discontinued Operations .....	6.1
5	Investments .....	6.1
6	Joint Ventures, Partnerships and Limited Liability Companies.....	6.2
7	Investment Income .....	6.2
8	Derivative Instruments .....	6.2
9	Income Taxes.....	6.2
10	Information Concerning Parent, Subsidiaries and Affiliates .....	6.4
11	Debt .....	6.4
12	Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit Plans.....	6.5
13	Capital and Surplus, Dividend Restrictions and Quasi-Reorganizations .....	6.5
14	Contingencies .....	6.5
15	Leases .....	6.5
16	Information About Financial Instruments With Off-Balance Sheet Risk and Financial Instruments With Concentrations of Credit Risk .....	6.5
17	Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities .....	6.5
18	Gain or Loss to the Reporting Entity From Uninsured Plans and the Uninsured Portion of Partially Insured Plans .....	6.5
19	Direct Premium Written/Produced by Managing General Agents/Third Party Administrators .....	6.5
20	Fair Value Measurement .....	6.6
21	Other Items .....	6.6
22	Events Subsequent .....	6.6
23	Reinsurance .....	6.6
24	Retrospectively Rated Contracts & Contracts Subject to Redetermination .....	6.6
25	Changes in Incurred Losses and Loss Adjustment Expenses .....	6.7
26	Intercompany Pooling Arrangements .....	6.7
27	Structured Settlements .....	6.7
28	Health Care Receivables .....	6.7
29	Participating Policies .....	6.7
30	Premium Deficiency Reserves .....	6.7
31	High Deductibles .....	6.7
32	Discounting of Liabilities for Unpaid Losses or Unpaid Loss Adjustment Expenses .....	6.7
33	Asbestos/Environmental Reserves .....	6.7
34	Subscriber Savings Accounts .....	6.7
35	Multiple Peril Crop Insurance .....	6.7
36	Financial Guaranty Insurance .....	6.7

## NOTES TO FINANCIAL STATEMENTS

### 1. Significant Accounting Policies

#### A. Accounting Practices

The accompanying statutory-basis financial statements have been prepared in conformity with statutory accounting practices prescribed or permitted by the Texas Department of Insurance (the Department). Such practices vary from U. S. generally accepted accounting principles (GAAP). The Company has no permitted practices. The National Association of Insurance Commissioners' (NAIC) *Accounting Practices and Procedures Manual* has been adopted as a component of prescribed practices by the State of Texas (NAIC SAP). For the Company, there are no significant differences between Texas prescribed practices and the NAIC's *Accounting Practices and Procedures Manual*. Such practices differ from state to state, may differ from company to company within a state and may change in the future.

<u>NET INCOME</u>	<u>SSAP#</u>	<u>F/S Page</u>	<u>F/S Line #</u>	<u>2020</u>	<u>2019</u>
(1) Texas Builders Insurance Company	XXX	XXX	XXX	15,961	163,566
(2) State Prescribed Practices: NONE					
(3) State Permitted Practices: NONE					
(4) NAIC SAP	XXX	XXX	XXX	15,961	163,566
<u>SURPLUS</u>					
(1) Texas Builders Insurance Company	XXX	XXX	XXX	10,722,812	10,707,687
(2) State Prescribed Practices: NONE					
(3) State Permitted Practices: NONE					
(4) NAIC SAP	XXX	XXX	XXX	10,722,812	10,707,687

#### 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

a.	The aggregate Amount of unrealized Losses:	(1)
	Less than 12 Months	1,493
	12 Month or Longer	6,403
b.	The aggregate related Fair Value of Securities with Unrealized Losses:	(2)
	Less than 12 Months	186,563
	12 Month or Longer	14,346

#### R. Prepayment Penalty and Acceleration Fees

	<u>General Account</u>
(1) Number of CUSIPs	-
(2) Aggregate Amount of Investment Income	-



## NOTES TO FINANCIAL STATEMENTS

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

Not applicable.

### 7. Investment Income

No Changes.

### 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 carry-backs for existing temporary differences that reverse during a timeframe corresponding with the Internal Revenue Service tax loss carry-back 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, electronic data processing equipment and operating software and any net positive goodwill, plus 3) the amount of remaining gross 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 non-admitted.

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 March 31, 2020 and the change from the prior year are comprised of the following components:

	3/31/2020			12/31/2019		
	<u>Ordinary</u>	<u>Capital</u>	<u>Total</u>	<u>Ordinary</u>	<u>Capital</u>	<u>Total</u>
1. a. Gross Deferred Tax Assets.....	\$ 23,923	3,534	27,457	25,206		25,206
b. Statutory Valuation Allowance Adjustment.....	\$ -	-	-	-	-	-
c. Adjusted Gross Deferred Tax Assets (1a - 1b).....	\$ 23,923	3,534	27,457	25,206		25,206
d. Deferred Tax Assets Nonadmitted.....						
e. Subtotal Net Admitted Deferred Tax Asset (1c - 1d).....	\$ 23,923	3,534	27,457	25,206	-	25,206
f. Deferred Tax Liabilities.....	\$ 7,140		7,140	7,139	2,385	9,524
g. Net Admitted Deferred Tax Asset / (Net Admitted Deferred Tax Liability) (1e - 1f).....	\$ 16,783	3,534	20,317	18,067	(2,385)	15,682

	Ordinary	Capital	Total
1. a. Gross Deferred Tax Assets.....	\$ (1,283)	3,534	2,251
b. Statutory Valuation Allowance Adjustment.....			
c. Adjusted Gross Deferred Tax Assets (1a - 1b).....	\$ (1,283)	3,534	2,251
d. Deferred Tax Assets Nonadmitted.....			
e. Subtotal Net Admitted Deferred Tax Asset (1c - 1d).....	\$ (1,283)	3,534	2,251
f. Deferred Tax Liabilities.....	\$ 1	(2,385)	(2,384)
g. Net Admitted Deferred Tax Asset / (Net Admitted Deferred Tax Liability) (1e - 1f).....	\$ (1,284)	5,919	4,635

The Company does not have a 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

	3/31/2020			12/31/2019		
	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.	\$ 21,356	-	21,356	22,501	-	22,501
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.	\$ -	-	-	-	-	-
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	1,604,802	X X X	X X X	1,603,602
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.	\$ 2,567	3,534	6,101	2,705	-	2,705
d. Deferred Tax Assets Admitted as the result of application of SSAP No. 101. Total ( 2(a) + 2(b) + 2(c) )	\$ 23,923	3,534	27,457	25,206	-	25,206

	Ordinary	Change Capital	Total
2. (cont'd) Admission Calculation Components SSAP No. 101			
a. Federal Income Taxes Paid In Prior Years Recoverable Through Loss Carrybacks.	\$ (1,145)	-	(1,145)
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.	\$ -	-	-
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	1,200
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.	\$ (138)	3,534	3,396
d. Deferred Tax Assets Admitted as the result of application of SSAP No. 101. Total ( 2(a) + 2(b) + 2(c) )	\$ (1,283)	3,534	2,251

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

	2020	2019
a. Ratio Percentage Used to Determine Recover Period And Threshold Limitation Amount.	9523.5%	9514.2%
b. Amount Of Adjusted Capital And Surplus Used To Determine Recovery Period And Threshold Limitation In 2(b)2 Above. \$	10,702,495	10,692,004

4. The impact of tax planning strategies on the admissibility of deferred tax assets:

	3/31/2020		12/31/2019		Change	
	Ordinary	Capital	Ordinary	Capital	Ordinary	Capital
1 Admitted Gross DTA	23,923	3,534	25,206	-	(1,283)	3,534
2 Percentage of DTA						
3 Net Admitted DTA	23,923	3,534	25,206	-	(1,283)	3,534

As reported on the statutory balance sheet for the most recently filed statement with the domiciliary state commissioner adjusted in accordance with SSAP No. 10R Paragraph 10.b.ii.

B. Does the Company's Tax-planning strategies include the use of reinsurance? No

C. Current income taxes incurred consist of the following major components:

	3/31/2020	12/31/2019	Change
1 Current Income Tax			
a. Federal.....	\$ (3,858)	22,426	(26,284)
b. Foreign.....	\$ -	-	-
c. Subtotal.....	\$ (3,858)	22,426	(26,284)
d. Federal Income Tax on net capital gains.....	\$ 22	(130)	152
e. Utilization of capital loss carry-forwards.....	\$ -	-	-
f. Other.....	\$ -	(3,985)	3,985
g. Federal and foreign income taxes incurred.....	\$ (3,836)	18,311	(22,147)

## NOTES TO FINANCIAL STATEMENTS

1 Discounting of unpaid losses.....	\$	23,923	25,206	(1,283)
2 Unearned premium reserve.....	\$	-	-	-
3 Policyholder reserves.....	\$	-	-	-
4 Investments.....	\$	-	-	-
5 Deferred acquisition costs.....	\$	-	-	-
6 Policyholder dividends accrual.....	\$	-	-	-
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.....	\$	23,923	25,206	(1,283)
b. Statutory valuation allowance adjustment.....	\$	-	-	-
c. Nonadmitted.....	\$	-	-	-
d. Admitted ordinary deferred tax assets (2a99 - 2b - 2c).....	\$	23,923	25,206	(1,283)
e. Capital:				
(1) Investments.....	\$	3,534	-	3,534
(2) Net capital loss carry-forward.....	\$	-	-	-
(3) Real estate.....	\$	-	-	-
(4) Other (including items <5% of total capital tax assets).....	\$	-	-	-
(99) Subtotal.....	\$	3,534	-	3,534
f. Statutory valuation allowance adjustment.....	\$	-	-	-
g. Nonadmitted.....	\$	-	-	-
h. Admitted capital deferred tax assets (2e99 - 2f - 2g).....	\$	3,534	-	3,534
i. Admitted deferred tax assets (2d + 2h).....	\$	27,457	25,206	2,251
Deferred Tax Liabilities:				
a. Ordinary				
(1) Investments.....	\$	7,140	7,140	-
(2) Fixed assets.....	\$	-	-	-
(3) Deferred and uncollected premium.....	\$	-	-	-
(4) Policyholder reserves.....	\$	-	-	-
(5) Other (including items <5% of total ordinary tax liabilities).....	\$	-	-	-
(99) Subtotal.....	\$	7,140	7,140	-
b. Capital:				
(1) Investments.....	\$	-	2,385	(2,385)
(2) Real Estate.....	\$	-	-	-
(3) Other (including items <5% of total capital tax liabilities).....	\$	-	-	-
(99) Subtotal.....	\$	-	2,385	(2,385)
c. Deferred tax liabilities (3a99 + 3b99).....	\$	7,140	9,525	(2,385)
Net deferred tax assets/liabilities (2i - 3c).....	\$	20,317	15,681	4,636

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

- A. No changes.
- B. No changes.
- C. No changes.
- D. No changes.
- E. No changes.
- F. No changes
- G. No changes

### 11. Debt

Not applicable.

---

## NOTES TO FINANCIAL STATEMENTS

---

### **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. Outstanding Shares: No changes.

C. Dividend Rate of Preferred Stock: Not applicable.

D. Dividend Restrictions: No changes.

E. Dates and Amounts of Dividends Paid: No changes.

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

G. 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

The portion of unassigned funds (surplus) represented or reduced by each item below is as follows:

Net unrealized gains or (losses)	\$ (5,471)
Net deferred income tax	\$4,635
Non-admitted Assets Values	-

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**

A. Contingent Commitments: No changes.

B. Guaranty Fund and Other Assessments: No changes.

C. Gain Contingencies: Not applicable.

D. 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**

No changes

## NOTES TO FINANCIAL STATEMENTS

### 20. Fair Value Measurement

#### Fair Value Measurements

1. Fair Value Measurements at Reporting Date
  - a. Assets at fair Value

Discription	(Level 1)	(Level 2)	(Level 3)	Total
Cash Equivalent: MMFund	\$ 63,994	\$ -	\$ -	\$ 63,994
Bonds: Industrial & Misc	\$ -	\$ 143,922	\$ -	\$ 143,922
Total Assets at Fair Value	\$ 63,994	\$ 143,922	\$ -	\$ 207,916

- b. Liabilities at fair value  
Not Applicable

2. Fair Value Measurements in (Level 3) of the Fair Value Hierarchy  
There were no transfer into or from Level 3 during the first quarter of 2020.

3 C. 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 March, 31 2020.

Type of Financial Instrument	Aggregate Fair Value	Admitted Assets	(Level 1)	(Level 2)	(Level 3)	Not Practicable (Carrying Value)
Bonds	\$ 8,012,998	\$ 7,619,625		\$ 8,012,998	-	
Cash, Cash Equivalents and Short Term Investment	\$ 4,203,246	\$ 4,203,246	\$ 4,203,246			
Total	\$ 12,216,244	\$ 11,822,871	\$ 4,203,246	\$ 8,012,998	-	

### 21. Other Items

Not Applicable

### 22. Events Subsequent

On March 11, 2020 the Company informed the Texas Department of Insurance (TDI) that the Audit Committee of Hallmark Financial Services, Inc (“Hallmark”), the ultimate parent of the Company, terminated the audit engagement of BDO USA, LLP. BDO’s audit reports on the Company’s financial statements as of and for the years ended December 31, 2017 and 2018, did not contain any adverse opinion or disclaimer of opinion as to conformity with accounting practices prescribed or permitted by the TDI. The decision to change accountants was approved by the Audit Committee of Hallmark as well as the Company’s board of directors.

On March 12, 2020, the Audit Committee engaged Baker Tilly Virchow Krause, LLP (“BT”) as the Company’s independent registered public accounting firm for the fiscal year ended December 31, 2019. During the two most recent fiscal years ended December 31, 2018 and 2017, and through the subsequent interim periods preceding such appointment, the Company did not consult with BT regarding either (i) the application of accounting principles to a specified transaction, either completed or proposed, or the type of audit opinion that might be rendered on the Company’s financial statements, or (ii) any matter that was either the subject of a disagreement (as defined in Item 304(a)(1)(iv) of Regulation S-K and the related instructions to Item 304 of Regulation S-K), or a “reportable event” (as defined in Item 304(a)(1)(v) of Regulation S-K).

### 23. Reinsurance

- A. No changes.
- B. No changes.
- C. No changes.
- D. No changes.
- E. No changes.
- F. No changes.
- F. No changes.

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

No changes.

## NOTES TO FINANCIAL STATEMENTS

---

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

Reserves as of December 31, 2019 were \$1.06 million. As of March 31, 2020, \$0.05 million has been paid for incurred claims and claim adjustment expenses attributable to insured events of prior years. Reserves remaining for prior years are now \$1.01 million as a result of re-estimation of unpaid claims and claim adjustment expenses principally. Therefore, there has been a \$1 thousand favorable prior-year development since December 31, 2019 to March 31, 2020. The decrease is generally the result of ongoing analysis of recent loss development trends. Original estimates are increased or decreased, as additional information becomes known regarding individual claims.

### **26. Intercompany Pooling Arrangements**

Not applicable.

### **27. Structured Settlements**

Not applicable.

### **28. Health Care Receivables**

Not applicable.

### **29. Participating Policies**

Not applicable.

### **30. Premium Deficiency Reserves**

Not applicable.

### **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.

### **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 [ X ]

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.

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). 06/04/2015

6.4 By what department or departments?  
 Texas 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 [ X ] No [ ]

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 .....	\$ 107,341	\$ 107,341
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) .....	\$ 107,341	\$ 107,341
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 [ ] N/A [ X ]  
 If no, attach a description with this statement.

16. For the reporting entity's security lending program, state the amount of the following as of the 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 invested 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 invested 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 ]

21. By assigning FE to a Schedule BA non-registered private fund, the reporting entity is certifying the following elements of each self-designated FE fund:

- a. The shares were purchased prior to January 1, 2019.
- b. The reporting entity is holding capital commensurate with the NAIC Designation reported for the security.
- c. The security had a public credit rating(s) with annual surveillance assigned by an NAIC CRP in its legal capacity as an NRSRO prior to January 1, 2019.
- d. The fund only or predominantly holds bonds in its portfolio.

## GENERAL INTERROGATORIES

- e. The current reported NAIC Designation was derived from the public credit rating(s) with annual surveillance assigned by an NAIC CRP in its legal capacity as an NRSRO.
- f. The public credit rating(s) with annual surveillance assigned by an NAIC CRP has not lapsed.

Has the reporting entity assigned FE to Schedule BA non-registered private funds that complied with the above criteria?

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 [ ] N/A [X]  
 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 [ ] No [X]

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 [X]

## SCHEDULE F - CEDED REINSURANCE

Showing All New Reinsurers - Current Year to Date

1	2	3	4	5	6	7
NAIC Company Code	ID Number	Name of Reinsurer	Domiciliary Jurisdiction	Type of Reinsurer	Certified Reinsurer Rating (1 through 6)	Effective Date of Certified Reinsurer Rating
<b>NONE</b>						

## 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	N					
2. Alaska	AK	N					
3. Arizona	AZ	N					
4. Arkansas	AR	N					
5. California	CA	N					
6. Colorado	CO	N					
7. Connecticut	CT	N					
8. Delaware	DE	N					
9. District of Columbia	DC	N					
10. Florida	FL	N					
11. Georgia	GA	N					
12. Hawaii	HI	N					
13. Idaho	ID	N					
14. Illinois	IL	N					
15. Indiana	IN	N					
16. Iowa	IA	N					
17. Kansas	KS	N					
18. Kentucky	KY	N					
19. Louisiana	LA	N					
20. Maine	ME	N					
21. Maryland	MD	N					
22. Massachusetts	MA	N					
23. Michigan	MI	N					
24. Minnesota	MN	N					
25. Mississippi	MS	N					
26. Missouri	MO	N					
27. Montana	MT	N					
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	N					
35. North Dakota	ND	N					
36. Ohio	OH	N					
37. Oklahoma	OK	N					
38. Oregon	OR	N					
39. Pennsylvania	PA	N					
40. Rhode Island	RI	N					
41. South Carolina	SC	N					
42. South Dakota	SD	N					
43. Tennessee	TN	N					
44. Texas	TX	L		77,913	89,827	1,980,712	2,294,488
45. Utah	UT	N					
46. Vermont	VT	N					
47. Virginia	VA	N					
48. Washington	WA	N					
49. West Virginia	WV	N					
50. Wisconsin	WI	N					
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		77,913	89,827	1,980,712	2,294,488

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					

NONE

- (a) Active Status Counts
- L - Licensed or Chartered - Licensed insurance carrier or domiciled RRG 1
  - E - Eligible - Reporting entities eligible or approved to write surplus lines in the state \_\_\_\_\_
  - 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 \_\_\_\_\_
  - N - None of the above - Not allowed to write business in the state (other than their state of domicile - See DSLI) 56

## 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
... .. Aerospace Holdings, LLC	Texas	20-0785668
... .. Aerospace Claims Management Group	Texas	75-2853986
... .. 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
... .. 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.	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	27.900	Newcastle Partners, L.P.	N	
		00000	45-8544756				ACO Holdings, Inc. (Inactive Co)	TX	UDP	Hallmark Financial Services, Inc.	Ownership	100.000	Newcastle Partners, L.P.	N	
		00000	75-2341879				American Hallmark G.A., Inc.	TX	UDP	ACO Holdings, Inc. (Inactive Co)	Ownership	100.000	Newcastle Partners, L.P.	N	
		00000	75-1693596				Hallmark Claim Services, Inc.	TX	UDP	ACO Holdings, Inc. (Inactive Co)	Ownership	100.000	Newcastle Partners, L.P.	N	
		00000	20-0785668				Aerospace Holdings, LLC	TX	UDP	Hallmark Financial Services, Inc.	Ownership	100.000	Newcastle Partners, L.P.	N	
		00000	75-2853986				Aerospace Claims Management Group	TX	UDP	Aerospace Holdings, LLC	Ownership	100.000	Newcastle Partners, L.P.	N	
		00000	52-2099239				Aerospace Insurance Managers, Inc.	TX	UDP	Aerospace Holdings, LLC	Ownership	100.000	Newcastle Partners, L.P.	N	
		00000	20-0786154				Aerospace Special Risk, Inc.	TX	UDP	Aerospace Holdings, LLC	Ownership	100.000	Newcastle Partners, L.P.	N	
		00000	N/A				Mannequin PCC Ltd. Cell A-22*	GG	UDP	Aerospace Holdings, LLC	Ownership	100.000	Newcastle Partners, L.P.	N	
		00000	02-0557327				Heath XS, LLC	NJ	UDP	Hallmark Financial Services, Inc.	Ownership	100.000	Newcastle Partners, L.P.	N	
		00000	26-2010050				CITON Agency, Inc	FL	UDP	Hallmark Financial Services, Inc.	Ownership	49.000	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	100.000	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	100.000	Newcastle Partners, L.P.	N	
		00000	75-1661749				CYR Insurance Management Company	TX	UDP	American Hallmark Ins. Co. of TX	Ownership	100.000	Newcastle Partners, L.P.	Y	
3478	Hallmark Financial Services Group	29408	74-0814987				Hallmark County Mutual Insurance Company	TX	OTH	Mutual Ownership	Other	100.000	Newcastle Partners, L.P.	N	
		00000	41-2130851				TBIC Holding Corporation	TX	UDP	American Hallmark Ins. Co. of TX	Ownership	100.000	Newcastle Partners, L.P.	N	
3478	Hallmark Financial Services Group	27170	74-2439728				Texas Builders Insurance Company	TX	UDP	TBIC Holding Corporation	Ownership	100.000	Newcastle Partners, L.P.	N	
		00000	37-1417618				TBIC Risk Management, Inc.	TX	UDP	Texas Builders Insurance Company	Ownership	100.000	Newcastle Partners, L.P.	Y	
		00000	75-2825542				Effective Claims Management, Inc.	TX	UDP	Hallmark Financial Services, Inc.	Ownership	100.000	Newcastle Partners, L.P.	N	
		00000	75-2652618				American Hallmark Insurance Services, Inc	TX	UDP	Hallmark Financial Services, Inc.	Ownership	100.000	Newcastle Partners, L.P.	N	
		00000	74-2228153				TGA Insurance Managers Inc.	TX	UDP	Hallmark Financial Services, Inc.	Ownership	100.000	Newcastle Partners, L.P.	N	
		00000	74-2774138				TGA Special Risk	TX	UDP	Hallmark Financial Services, Inc.	Ownership	100.000	Newcastle Partners, L.P.	N	
		00000	74-1683629				Pan American Acceptance Corporation	TX	UDP	Hallmark Financial Services, Inc.	Ownership	100.000	Newcastle Partners, L.P.	N	
3478	Hallmark Financial Services Group	34037	47-0718164				Hallmark Insurance Company	AZ	UDP	Hallmark Financial Services, Inc.	Ownership	100.000	Newcastle Partners, L.P.	N	
3478	Hallmark Financial Services Group	19530	31-1334827				Hallmark National Insurance Company	AZ	UDP	Hallmark Insurance Company	Ownership	100.000	Newcastle Partners, L.P.	N	

12

Asterik	Explanation
<h1 style="font-size: 48px; margin: 0;">NONE</h1>	



### 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				
2. Allied lines				
3. Farmowners multiple peril				
4. Homeowners multiple peril				
5. Commercial multiple peril				
6. Mortgage guaranty				
8. Ocean marine				
9. Inland marine				
10. Financial guaranty				
11.1 Medical professional liability-occurrence				
11.2 Medical professional liability-claims made				
12. Earthquake				
13. Group accident and health				
14. Credit accident and health				
15. Other accident and health				
16. Workers' compensation		(157)		
17.1 Other liability-occurrence				
17.2 Other liability-claims made				
17.3 Excess Workers' Compensation				
18.1 Products liability-occurrence				
18.2 Products liability-claims made				
19.1, 19.2 Private passenger auto liability				
19.3, 19.4 Commercial auto liability				
21. Auto physical damage				
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	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		(157)		

DETAILS OF WRITE-INS			
3401.	<b>NONE</b>		
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 Current Quarter	2 Current Year to Date	3 Prior Year Year to Date
1. Fire			
2. Allied lines			
3. Farmowners multiple peril			
4. Homeowners multiple peril			
5. Commercial multiple peril			
6. Mortgage guaranty			
8. Ocean marine			
9. Inland marine			
10. Financial guaranty			
11.1 Medical professional liability-occurrence			
11.2 Medical professional liability-claims made			
12. Earthquake			
13. Group accident and health			
14. Credit accident and health			
15. Other accident and health			
16. Workers' compensation			
17.1 Other liability-occurrence			
17.2 Other liability-claims made			
17.3 Excess Workers' Compensation			
18.1 Products liability-occurrence			
18.2 Products liability-claims made			
19.1, 19.2 Private passenger auto liability			
19.3, 19.4 Commercial auto liability			
21. Auto physical damage			
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			

DETAILS OF WRITE-INS			
3401.	<b>NONE</b>		
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)	2020 Loss and LAE Payments on Claims Reported as of Prior Year-End	2020 Loss and LAE Payments on Claims Unreported as of Prior Year-End	Total 2020 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. 2017 + prior	793	275	1,068	55		55	709	(7)	312	1,014	(29)	30	1
2. 2018													
3. Subtotals 2018 + prior	793	275	1,068	55		55	709	(7)	312	1,014	(29)	30	1
4. 2019													
5. Subtotals 2019 + prior	793	275	1,068	55		55	709	(7)	312	1,014	(29)	30	1
6. 2020	X X X	X X X	X X X	X X X			X X X				X X X	X X X	X X X
7. Totals	793	275	1,068	55		55	709	(7)	312	1,014	(29)	30	1

8. Prior Year-End Surplus As Regards Policyholders

10,714

	Col. 11, Line 7 As % of Col. 1, Line 7	Col. 12, Line 7 As % of Col. 2, Line 7	Col. 13, Line 7 As % of Col. 3, Line 7
1.	-3.657	2. 10.909	3. 0.094
			Col. 13, Line 7 Line 8
			4. 0.009

## 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?	NO
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?	NO

**Explanation:**

- Question 1: Company does not write this type of Business.  
 .....  
 .....
- Question 2: Company does not write this type of Business.  
 .....  
 .....
- Question 3: Company does not write this type of Business.  
 .....  
 .....
- Question 4: Company does not write this type of Business.  
 .....  
 .....

**Bar Code:**



27170202049000010



27170202045500010



27170202036500010



27170202050500010

---

**OVERFLOW PAGE FOR WRITE-INS**

---

### 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)		

**NONE**

### 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)		

**NONE**

### 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)		

**NONE**

### 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	8,561,062	9,420,073
2. Cost of bonds and stocks acquired	1,141,511	3,303,061
3. Accrual of discount	2,986	14,183
4. Unrealized valuation increase (decrease)	(5,471)	12,608
5. Total gain (loss) on disposals	107	(618)
6. Deduct consideration for bonds and stocks disposed of	1,948,920	4,056,640
7. Deduct amortization of premium	24,308	131,605
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		
11. Book/adjusted carrying value at end of current period (Lines 1 + 2 + 3 + 4 + 5 - 6 - 7 + 8 - 9 + 10)	7,726,967	8,561,062
12. Deduct total nonadmitted amounts	107,341	107,341
13. Statement value at end of current period (Line 11 minus Line 12)	7,619,626	8,453,721

## 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)	8,459,440	3,341,908	2,117,257	(6,685)	9,677,406			8,459,440
2. NAIC 2 (a)	394,559		81,250	(254)	313,055			394,559
3. NAIC 3 (a)	132,710			(3,135)	129,575			132,710
4. NAIC 4 (a)	17,011		306	(16,705)				17,011
5. NAIC 5 (a)								
6. NAIC 6 (a)								
7. Total Bonds	9,003,720	3,341,908	2,198,813	(26,779)	10,120,036			9,003,720
<b>PREFERRED STOCK</b>								
8. NAIC 1								
9. NAIC 2								
10. NAIC 3								
11. NAIC 4								
12. NAIC 5								
13. NAIC 6								
14. Total Preferred Stock								
15. Total Bonds & Preferred Stock	9,003,720	3,341,908	2,198,813	(26,779)	10,120,036			9,003,720

202

(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 \$ 2,500,411; 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	2,500,411	X X X	2,503,657	4,000	1,011

## 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	550,000	
2. Cost of short-term investments acquired	2,200,397	1,084,329
3. Accrual of discount	14	
4. Unrealized valuation increase (decrease)		
5. Total gain (loss) on disposals		
6. Deduct consideration received on disposals	250,000	525,491
7. Deduct amortization of premium		8,838
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)	2,500,411	550,000
11. Deduct total nonadmitted amounts		
12. Statement value at end of current period (Line 10 minus Line 11)	2,500,411	550,000

**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	835,555	258,166
2. Cost of cash equivalents acquired	2,190,870	4,829,453
3. Accrual of discount		
4. Unrealized valuation increase (decrease)		
5. Total gain (loss) on disposals		
6. Deduct consideration received on disposals	2,962,431	4,251,521
7. Deduct amortization of premium		543
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)	63,994	835,555
11. Deduct total nonadmitted amounts		
12. Statement value at end of current period (Line 10 minus Line 11)	63,994	835,555

**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
303531-D6-1	FAIRBANKS NORTH STAR BORO ALASKA		02/11/2020	NATIONAL FINL SVCS CORP.		70,941	70,000.00	595	1FE
397370-GB-7	GREENWOOD TEX INDPT SCH DIST		01/21/2020	NATIONAL FINL SVCS CORP.		100,997	100,000.00	1,300	1FE
68608U-KT-2	OREGON ST		02/07/2020	NATIONAL FINL SVCS CORP.		331,587	330,000.00	1,037	1FE
973024-WW-8	WINCHESTER MASS		02/11/2020	NATIONAL FINL SVCS CORP.		102,345	100,000.00	1,133	1FE
2499999	Subtotal - Bonds - U.S. Political Subdivisions of States, Territories and Possessions				X X X	605,870	600,000.00	4,065	X X X
100868-AS-7	BOSTON MASS HSG AUTH CAP PROGRAM REV		02/07/2020	NATIONAL FINL SVCS CORP.		51,626	50,000.00	896	1FE
42353P-BG-3	HEMET CALIF CMNTY FACS DIST NO 1999-1 SP		01/30/2020	NATIONAL FINL SVCS CORP.		82,945	80,000.00	1,588	Z
473020-LY-9	JEFFERSON CNTY KY CAP PROJS CORP REV		02/11/2020	NATIONAL FINL SVCS CORP.		102,767	100,000.00	875	1FE
708793-KX-1	PENNSYLVANIA HSG FIN AGY		02/18/2020	NATIONAL FINL SVCS CORP.		51,564	50,000.00	549	1FE
744829-BF-8	PUEBLO CNTY COLO CTFS PARTN		02/18/2020	NATIONAL FINL SVCS CORP.		41,116	40,000.00	390	1FE
773755-BS-1	ROCKLIN CALIF UNI SCH DIST CTFS PARTN		01/30/2020	NATIONAL FINL SVCS CORP.		102,967	100,000.00	1,525	1FE
798343-DB-2	SAN JUAN CAPISTRANO CALIF CMNTY REDEV AG		01/30/2020	NATIONAL FINL SVCS CORP.		51,537	50,000.00	13	1FE
967244-XD-1	WICHITA KANS		02/14/2020	NATIONAL FINL SVCS CORP.		51,121	50,000.00	396	1FE
3199999	Subtotal - Bonds - U.S. Special Revenue and Special Assessment and all Non-Guaranteed Obligations				X X X	535,643	520,000.00	6,232	X X X
8399997	Subtotal - Bonds - Part 3				X X X	1,141,513	1,120,000	10,297	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
8399999	Total - Bonds				X X X	1,141,513	1,120,000.00	10,297	X X X
9999999	Totals				X X X	1,141,513	X X X	10,297	X X X

E04

**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	For e i g n	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consid- eration	Par Value	Actual Cost	Prior Year Book/ Adjusted Carrying Value	Unrealized Valuation Increase/ (Decrease)	Current Year's (Amort- ization)/ 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 Contractua Maturity Date	NAIC Designation and Administrative Symbol
36241K-AP-3 912828-MP-2	GN 781814 - RMBS UNITED STATES TREASURY		03/01/2020 02/15/2020	Paydown Maturity @ 100.00		425 1,500,000	424.95 1,500,000.00	430 1,574,852	426 1,504,226		(1) (4,226)		(1) (4,226)		425 1,500,000				4 27,188	10/15/2034 02/15/2020	1 1
0599999	Subtotal - Bonds - U.S. Governments				X X X	1,500,425	1,500,424.95	1,575,282	1,504,652		(4,227)		(4,227)		1,500,425				27,192	X X X	X X X
076465-TW-3 742378-HJ-4 918118-MS-6	BEDFORD TEX PRINCETON TEX UVALDE TEX		02/01/2020 02/18/2020 02/01/2020	Maturity @ 100.00 Call @ 100.00 Maturity @ 100.00		50,000 205,000	50,000.00 205,000.00	51,042 206,669	50,000 205,085			(85)	(85)		50,000 205,000				1,025 715 2,563	02/01/2020 02/15/2020 02/01/2020	Z 1FE 1FE
2499999	Subtotal - Bonds - U.S. Political Subdivisions of States, Territories and Possessions				X X X	255,000	255,000.00	257,711	255,085		(85)		(85)		255,000				4,303	X X X	X X X
196558-RX-0	COLORADO RIVER TEX MUN WTR DIST W		01/01/2020	Maturity @ 100.00		105,000	105,000.00	106,487	105,000						105,000				1,838	01/01/2020	1FE
3128K2-C7-2	FH A41894 - RMBS		03/01/2020	Paydown		14	14.01	14	14						14					01/01/2036	1
3128L0-RC-8	FH A68583 - RMBS		03/01/2020	Paydown		13	12.54	13	13						13					11/01/2037	1
3128L0-V6-6	FH A68737 - RMBS		03/01/2020	Paydown		169	168.95	172	172		(3)		(3)		169				2	11/01/2037	1
3128M4-ET-6	FH G02546 - RMBS		03/01/2020	Paydown		20	20.46	21	21						20					11/01/2036	1
3128M4-SS-3	FH G02929 - RMBS		03/01/2020	Paydown		424	424.01	428	427		(3)		(3)		424				4	04/01/2037	1
3128MB-V6-1	FH G13137 - RMBS		03/01/2020	Paydown		126	126.09	122	125		2		2		126				2	05/01/2023	1
3128MM-KX-0	FH G18309 - RMBS		03/01/2020	Paydown		184	184.46	189	186		(2)		(2)		184				3	05/01/2024	1
31395A-5A-9	FHR 2809C EH - CMO/RMBS		03/01/2020	Paydown		520	520.34	492	514		7		7		520				7	06/15/2024	1
31398K-A5-9	FHR 3589E PA - CMO/RMBS		03/01/2020	Paydown		83	83.17	86	84		(1)		(1)		83				1	09/15/2039	1
31371K-NL-1	FN 254295 - RMBS		03/01/2020	Paydown		260	260.34	261	260						260				5	04/01/2022	1
31371L-CD-9	FN 254868 - RMBS		03/01/2020	Paydown		269	268.68	272	271		(3)		(3)		269				3	09/01/2033	1
31371M-EP-8	FN 255842 - RMBS		03/01/2020	Paydown		143	143.31	143	143		1		1		143				2	09/01/2035	1
31371N-CY-9	FN 256687 - RMBS		03/01/2020	Paydown		87	87.47	86	86		1		1		87				1	04/01/2037	1
31402D-MP-2	FN 725866 - RMBS		03/01/2020	Paydown		170	169.74	165	166		4		4		170				2	09/01/2034	1
31402R-DG-1	FN 735503 - RMBS		03/01/2020	Paydown		162	161.78	161	161		1		1		162				2	04/01/2035	1
31403J-SA-5	FN 750313 - RMBS		03/01/2020	Paydown		753	752.71	741	742		11		11		753				7	11/01/2033	1
31405R-G8-3	FN 796823 - RMBS		03/01/2020	Paydown		149	149.27	151	151		(2)		(2)		149				2	09/01/2034	1
31409G-N6-9	FN 870813 - RMBS		03/01/2020	Paydown		74	73.77	73	73		1		1		74				1	10/01/2036	1
31409X-NT-2	FN 881602 - RMBS		03/01/2020	Paydown		116	115.52	118	117		(2)		(2)		116				1	02/01/2036	1
31410S-NL-7	FN 895995 - RMBS		03/01/2020	Paydown		13	12.85	13	13						13					07/01/2036	1
31413J-UL-6	FN 947087 - RMBS		03/01/2020	Paydown		40	40.45	41	41						40				1	10/01/2037	1
31414S-Y6-4	FN 975133 - RMBS		03/01/2020	Paydown		8	8.11	8	8						8					05/01/2038	1
31416R-HJ-5	FN AA7432 - RMBS		03/01/2020	Paydown		428	427.86	427	427		1		1		428				5	06/01/2039	1
31419B-YG-4	FN AE1610 - RMBS		03/01/2020	Paydown		891	890.83	917	910		(19)		(19)		891				7	10/01/2040	1

EIS

### 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
										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.							
3199999	Subtotal - Bonds - U.S. Special Revenue and Special Assessment Non-Guaranteed Obligati				X X X	110,116	110,116.72	111,601	110,125		(6)		(6)	110,116				1,896	X X X	X X X	
1248MG-AP-9	CBASS 07CB1 A6 - RMBS		03/01/2020	Paydown		419	418.72	163	150		269		269	419				1	01/25/2037	1FM	
12667F-RY-3	CWALT 0422CB 1A1 - CMO/RMBS		03/01/2020	Paydown		172	172.19	171	172		1		1	172				2	10/25/2034	1FM	
23242M-AD-3	CWL 06S3 A4 - RMBS		03/01/2020	Paydown		1,257	1,096.75	722	982		115		115	1,097		160	160	22	01/25/2029	1FM	
362334-AN-4	GSR 061F 216 - CMO/RMBS		03/01/2020	Paydown		10	27.96	28	22	5		5	28		(18)	(18)		6	02/25/2036	1FM	
362334-AN-4	GSR 061F 216 - CMO/RMBS		03/01/2020	Paydown		271	306.39	303	245	59	2	61	306		(36)	(36)		2	02/25/2036	4FM	
85208N-AA-8	SPRINTS 161 A1 - ABS		03/20/2020	Paydown		31,250	31,250.00	31,531	31,354		(100)		(100)	31,250				390	03/20/2023	2FE	
96950F-AD-6	WILLIAMS PARTNERS LP		03/15/2020	Maturity @ 100.00		50,000	50,000.00	52,877	50,079		(79)		(79)	50,000				1,313	03/15/2020	2FE	
3899999	Subtotal - Bonds - Industrial and Miscellaneous (Unaffiliated)				X X X	83,379	83,272.01	85,795	83,004	64	208		272	83,272		106	106	1,736	X X X	X X X	
8099999	Subtotal - Bonds - SVO Identified Funds				X X X														X X X	X X X	
8299999	Subtotal - Bonds - Unaffiliated Bank Loans				X X X														X X X	X X X	
8399997	Subtotal - Bonds - Part 4				X X X	1,948,920	1,948,814	2,030,389	1,952,866	64	(4,110)		(4,046)	1,948,813		106	106	35,127	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	1,948,920	1,948,813.68	2,030,389	1,952,866	64	(4,110)		(4,046)	1,948,813		106	106	35,127	X X X	X X X	
9999999	Totals					1,948,920	X X X	2,030,389	1,952,866	64	(4,110)		(4,046)	1,948,813		106	106	35,127	X X X	X X X	

E03.1

- 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 DB - Part E**
- NONE    Schedule DL - Part 1**
- NONE    Schedule DL - Part 2**



### SCHEDULE E - PART 2 - CASH EQUIVALENTS

Show Investments Owned End of Current Quarter

1	2	3	4	5	6	7	8	9
CUSIP	Description	Code	Date Acquired	Rate of Interest	Maturity Date	Book/Adjusted Carrying Value	Amount of Interest Due & Accrued	Amount Received During Year
4812C0-66-2	JPMORGAN:US GVT MM AGCY		03/31/2020	0.220		63,994	1,207	
8699999	All Other Money Market Mutual Funds					63,994	1,207	
						63,994	1,207	
						63,994	1,207	

E14

8899999 Total Cash Equivalents

63,994

1,207