

ANNUAL STATEMENT

OF THE

TEXAS BUILDERS INSURANCE COMPANY

of **DALLAS**

STATE OF **TEXAS**

TO THE

Insurance Department

OF THE

FOR THE YEAR ENDED

December 31, 2019

PROPERTY AND CASUALTY

2019



27170201920100100

ANNUAL STATEMENT

For the Year Ended December 31, 2019
OF THE CONDITION AND AFFAIRS OF THE

Texas Builders Insurance Company

NAIC Group Code 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, 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 Web Site Address www.hallmarkgrp.com, Statutory Statement Contact Felica M. Smith, fsmith@hallmarkgrp.com

OFFICERS

Table with 2 columns: Name, Title. Officers listed: 1. Naveen Anand, President; 2. Jeffrey Ray Passmore, Chief Financial Officer, Treasurer & Secretary; 3. Christopher James Kenney, Vice President.

VICE-PRESIDENTS

Table with 4 columns: Name, Title, Name, Title. All fields are blank.

DIRECTORS OR TRUSTEES

Table with 4 columns: Name, Name, Name, Name. Directors listed: 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

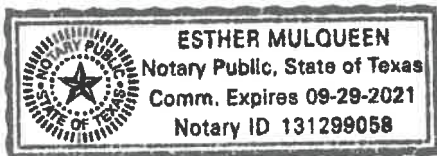
The officers of this reporting entity being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any 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 (President), Jeffrey R. Passmore (Chief Financial Officer, Treasurer & Secretary), and Christopher J. Kenney (Vice President).

Subscribed and sworn to (or affirmed) before me this on this 17th day of February, 2020, by

Signature of Esther Mulqueen

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 Year			Prior Year
	1	2	3	4
	Assets	Nonadmitted Assets	Net Admitted Assets (Cols. 1 - 2)	Net Admitted Assets
1. Bonds (Schedule D)	8,453,721		8,453,721	9,312,733
2. Stocks (Schedule D):				
2.1 Preferred stocks				
2.2 Common stocks	107,341	107,341		
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens				
3.2 Other than first liens				
4. Real estate (Schedule A):				
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 (\$ 1,717,698, Schedule E - Part 1), cash equivalents (\$ 835,555, Schedule E - Part 2), and short-term investments (\$ 550,000, Schedule DA)	3,103,253		3,103,253	2,216,453
6. Contract loans (including \$ 0 premium notes)				
7. Derivatives (Schedule DB)				
8. Other invested assets (Schedule BA)				
9. Receivables for securities	148,694		148,694	525
10. Securities lending reinvested collateral assets (Schedule DL)				
11. Aggregate write-ins for invested assets				
12. Subtotals, cash and invested assets (Lines 1 to 11)	11,813,009	107,341	11,705,668	11,529,711
13. Title plants less \$ 0 charged off (for Title insurers only)				
14. Investment income due and accrued	102,164		102,164	97,452
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	21,503		21,503	178,253
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	15,682		15,682	23,747
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)	12,197,958	107,341	12,090,617	12,074,763
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
28. Total (Lines 26 and 27)	12,197,958	107,341	12,090,617	12,074,763

DETAILS OF WRITE-IN LINES				
1101.				
1102.				
1103.				
1198. Summary of remaining write-ins for Line 11 from overflow page	NONE			
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	NONE			
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)				

LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Year	2 Prior Year
1. Losses (Part 2A, Line 35, Column 8)	974,613	1,138,121
2. Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6)		
3. Loss adjustment expenses (Part 2A, Line 35, Column 9)	93,887	93,238
4. Commissions payable, contingent commissions and other similar charges		
5. Other expenses (excluding taxes, licenses and fees)	15,000	16,348
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))	149,197	131,016
7.2 Net deferred tax liability		
8. Borrowed money \$ 0 and interest thereon \$ 0		
9. Unearned premiums (Part 1A, Line 38, Column 5) (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	108,571
13. Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 20)		
14. Amounts withheld or retained by company for account of others		
15. Remittances and items not allocated		
16. Provision for reinsurance (including \$ 0 certified) (Schedule F, Part 3 Column 78)		
17. Net adjustments in assets and liabilities due to foreign exchange rates		
18. Drafts outstanding		
19. Payable to parent, subsidiaries and affiliates	47,863	47,893
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)	1,382,930	1,535,187
27. Protected cell liabilities		
28. Total liabilities (Lines 26 and 27)	1,382,930	1,535,187
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	2,995,852	2,995,851
35. Unassigned funds (surplus)	5,211,835	5,043,726
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) (Page 4, Line 39)	10,707,687	10,539,577
38. Totals (Page 2, Line 28, Col. 3)	12,090,617	12,074,764

DETAILS OF WRITE-IN LINES		
2501.		
2502.		
2503.		
2598. Summary of remaining write-ins for Line 25 from overflow page	NONE	
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	NONE	
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	NONE	
3299. Totals (Lines 3201 through 3203 plus 3298) (Line 32 above)		

STATEMENT OF INCOME

	1 Current Year	2 Prior Year
UNDERWRITING INCOME		
1. Premiums earned (Part 1, Line 35, Column 4)		(34,429)
DEDUCTIONS:		
2. Losses incurred (Part 2, Line 35, Column 7)	(23,179)	(39,420)
3. Loss adjustment expenses incurred (Part 3, Line 25, Column 1)	6,873	(23,772)
4. Other underwriting expenses incurred (Part 3, Line 25, Column 2)	43,206	36,577
5. Aggregate write-ins for underwriting deductions		
6. Total underwriting deductions (Lines 2 through 5)	26,900	(26,615)
7. Net income of protected cells		
8. Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7)	(26,900)	(7,814)
INVESTMENT INCOME		
9. Net investment income earned (Exhibit of Net Investment Income, Line 17)	209,265	195,311
10. Net realized capital gains (losses) less capital gains tax of \$ (130) (Exhibit of Capital Gains (Losses))	(488)	(69)
11. Net investment gain (loss) (Lines 9 + 10)	208,777	195,242
OTHER INCOME		
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)	181,877	187,428
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)	181,877	187,428
19. Federal and foreign income taxes incurred	18,311	45,317
20. Net income (Line 18 minus Line 19) (to Line 22)	163,566	142,111
CAPITAL AND SURPLUS ACCOUNT		
21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2)	10,539,577	10,410,419
22. Net income (from Line 20)	163,566	142,111
23. Net transfers (to) from Protected Cell accounts		
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$ (2,647)	12,609	(19,955)
25. Change in net unrealized foreign exchange capital gain (loss)		
26. Change in net deferred income tax	(15,244)	5,957
27. Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 28, Col. 3)	7,179	1,045
28. Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1)		
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 (Page 3, Lines 36.1 and 36.2, Column 2 minus Column 1)		
37. Aggregate write-ins for gains and losses in surplus		
38. Change in surplus as regards policyholders for the year (Lines 22 through 37)	168,110	129,158
39. Surplus as regards policyholders, December 31 current year (Lines 21 plus Line 38) (Page 3, Line 37)	10,707,687	10,539,577

DETAILS OF WRITE-IN LINES		
0501.		
0502.		
0503.		
0598. Summary of remaining write-ins for Line 05 from overflow page	NONE	
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	NONE	
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	NONE	
3799. Totals (Lines 3701 through 3703 plus 3798) (Line 37 above)		

CASH FLOW

	1	2
Cash from Operations	Current Year	Prior Year
1. Premiums collected net of reinsurance	(6,202)	(8,259)
2. Net investment income	321,361	262,671
3. Miscellaneous income		
4. Total (Lines 1 through 3)	315,159	254,412
5. Benefit and loss related payments	(16,418)	131,762
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		
7. Commissions, expenses paid and aggregate write-ins for deductions	50,806	38,783
8. Dividends paid to policyholders		
9. Federal and foreign income taxes paid (recovered) net of \$ 0 tax on capital gains (losses)		1,743
10. Total (Lines 5 through 9)	34,388	172,288
11. Net cash from operations (Line 4 minus Line 10)	280,771	82,124
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	4,057,258	1,231,747
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	(148,168)	(144)
12.8 Total investment proceeds (Lines 12.1 to 12.7)	3,909,090	1,231,603
13. Cost of investments acquired (long-term only):		
13.1 Bonds	3,303,062	4,422,537
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)	3,303,062	4,422,537
14. Net increase (decrease) in contract loans and premium notes		
15. Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14)	606,028	(3,190,934)
Cash from Financing and Miscellaneous Sources		
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 (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)		
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS		
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17)	886,799	(3,108,810)
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year	2,216,454	5,325,264
19.2 End of year (Line 18 plus Line 19.1)	3,103,253	2,216,454

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

20.0001		
20.0002		
20.0003		

NONE Underwriting and Investment Exhibit - Part 1

NONE Underwriting and Investment Exhibit - Part 1A

NONE Underwriting and Investment Exhibit - Part 1B

UNDERWRITING AND INVESTMENT EXHIBIT PART 2 – LOSSES PAID AND INCURRED

Line of Business	Losses Paid Less Salvage				5 Net Losses Unpaid Current Year (Part 2A, Col. 8)	6 Net Losses Unpaid Prior Year	7 Losses Incurred Current Year (Cols. 4 + 5 - 6)	8 Percentage of Losses Incurred (Col. 7, Part 2) to Premiums Earned (Col. 4, Part 1)
	1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Recovered	4 Net Payments (Cols. 1 + 2 - 3)				
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 (group and individual)								
15. Other accident and health								
16. Workers' compensation	278,539		138,209	140,330	974,613	1,138,122	(23,179)	
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	X X X							
32. Reinsurance-nonproportional assumed liability	X X X							
33. Reinsurance-nonproportional assumed financial lines	X X X							
34. Aggregate write-ins for other lines of business								
35. TOTALS	278,539		138,209	140,330	974,613	1,138,122	(23,179)	

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

NONE

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2A – UNPAID LOSSES AND LOSS ADJUSTMENT EXPENSES

Line of Business	Reported Losses				Incurred But Not Reported			8 Net Losses Unpaid (Cols. 4 + 5 + 6 - 7)	9 Net Unpaid Loss Adjustment Expenses
	1 Direct	2 Reinsurance Assumed	3 Deduct Reinsurance Recoverable	4 Net Losses Excl. Incurred But Not Reported (Cols. 1 + 2 - 3)	5 Direct	6 Reinsurance Assumed	7 Reinsurance Ceded		
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								(a)	
14. Credit accident and health (group and individual)								(a)	
15. Other accident and health									
16. Workers' compensation	1,675,773		967,356	708,417	383,010		116,813	974,614	93,887
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	X X X				X X X				
32. Reinsurance-nonproportional assumed liability	X X X				X X X				
33. Reinsurance-nonproportional assumed financial lines	X X X				X X X				
34. Aggregate write-ins for other lines of business									
35. TOTALS	1,675,773		967,356	708,417	383,010		116,813	974,614	93,887
DETAILS OF WRITE-IN LINES									
3401.									
3402.									
3403.									
3498. Sum of remaining write-ins for Line 34 from overflow page									
3499. Totals (Lines 3401 through 3403 plus 3498) (Line 34 above)									

NONE

(a) Including \$ 0 for present value of life indemnity claims.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - EXPENSES

	1	2	3	4
	Loss Adjustment Expenses	Other Underwriting Expenses	Investment Expenses	Total
1. Claim adjustment services:				
1.1 Direct	6,873			6,873
1.2 Reinsurance assumed				
1.3 Reinsurance ceded				
1.4 Net claim adjustment services (1.1 + 1.2 - 1.3)	6,873			6,873
2. Commission and brokerage:				
2.1 Direct, excluding contingent				
2.2 Reinsurance assumed, excluding contingent				
2.3 Reinsurance ceded, excluding contingent				
2.4 Contingent—direct				
2.5 Contingent—reinsurance assumed				
2.6 Contingent—reinsurance ceded				
2.7 Policy and membership fees				
2.8 Net commission and brokerage (2.1 + 2.2 - 2.3 + 2.4 + 2.5 - 2.6 + 2.7)				
3. Allowances to manager and agents				
4. Advertising				
5. Boards, bureaus and associations				
6. Surveys and underwriting reports				
7. Audit of assureds' records				
8. Salary and related items:				
8.1 Salaries				
8.2 Payroll taxes				
9. Employee relations and welfare				
10. Insurance				
11. Directors' fees				
12. Travel and travel items				
13. Rent and rent items		9,228		9,228
14. Equipment		2,944		2,944
15. Cost or depreciation of EDP equipment and software		3,404		3,404
16. Printing and stationery		(32)		(32)
17. Postage, telephone and telegraph, exchange and express				
18. Legal and auditing		13,419		13,419
19. Totals (Lines 3 to 18)		28,963		28,963
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of \$ 0				
20.2 Insurance department licenses and fees		14,244		14,244
20.3 Gross guaranty association assessments				
20.4 All other (excluding federal and foreign income and real estate)				
20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4)		14,244		14,244
21. Real estate expenses				
22. Real estate taxes				
23. Reimbursements by uninsured plans				
24. Aggregate write-ins for miscellaneous expenses			19,183	19,183
25. Total expenses incurred	6,873	43,207	19,183	69,263 (a)
26. Less unpaid expenses—current year	93,887	15,000		108,887
27. Add unpaid expenses—prior year	93,238	16,349		109,587
28. Amounts receivable relating to uninsured plans, prior year				
29. Amounts receivable relating to uninsured plans, current year				
30. TOTAL EXPENSES PAID (Lines 25 - 26 + 27 - 28 + 29)	6,224	44,556	19,183	69,963

DETAILS OF WRITE-IN LINES				
2401. Investment Expense			19,183	19,183
2402.				
2403.				
2498. Sum of remaining write-ins for Line 24 from overflow page				
2499. Totals (Lines 2401 through 2403 plus 2498) (Line 24 above)			19,183	19,183

(a) Includes management fees of \$ 0 to affiliates and \$ 0 to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

	1 Collected During Year	2 Earned During Year
1. U.S. Government bonds	(a) 48,764	48,718
1.1 Bonds exempt from U.S. tax	(a) 42,430	70,534
1.2 Other bonds (unaffiliated)	(a) 120,162	90,543
1.3 Bonds of affiliates	(a)	
2.1 Preferred stocks (unaffiliated)	(b)	
2.11 Preferred stocks of affiliates	(b)	
2.2 Common stocks (unaffiliated)		
2.21 Common stocks of affiliates		
3. Mortgage loans	(c)	
4. Real estate	(d)	
5. Contract loans		
6. Cash, cash equivalents and short-term investments	(e) 9,213	18,653
7. Derivative instruments	(f)	
8. Other invested assets		
9. Aggregate write-ins for investment income		
10. Total gross investment income	220,569	228,448
11. Investment expenses		(g) 19,183
12. Investment taxes, licenses and fees, excluding federal income taxes		(g)
13. Interest expense		(h)
14. Depreciation on real estate and other invested assets		(i)
15. Aggregate write-ins for deductions from investment income		
16. Total deductions (Lines 11 through 15)		19,183
17. Net investment income (Line 10 minus Line 16)		209,265

DETAILS OF WRITE-IN LINES			
0901.	NONE		
0902.			
0903.			
0998. Summary of remaining write-ins for Line 09 from overflow page			
0999. Totals (Lines 0901 through 0903 plus 0998) (Line 09 above)			
1501.	NONE		
1502.			
1503.			
1598. Summary of remaining write-ins for Line 15 from overflow page			
1599. Totals (Lines 1501 through 1503 plus 1598) (Line 15 above)			

- (a) Includes \$ 14,183 accrual of discount less \$ 131,606 amortization of premium and less \$ 25,790 paid for accrued interest on purchases.
- (b) Includes \$ 0 accrual of discount less \$ 0 amortization of premium and less \$ 0 paid for accrued dividends on purchases.
- (c) Includes \$ 0 accrual of discount less \$ 0 amortization of premium and less \$ 0 paid for accrued interest on purchases.
- (d) Includes \$ 0 for company's occupancy of its own buildings; and excludes \$ 0 interest on encumbrances.
- (e) Includes \$ 0 accrual of discount less \$ 9,381 amortization of premium and less \$ 7,363 paid for accrued interest on purchases.
- (f) Includes \$ 0 accrual of discount less \$ 0 amortization of premium.
- (g) Includes \$ 0 investment expenses and \$ 0 investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
- (h) Includes \$ 0 interest on surplus notes and \$ 0 interest on capital notes.
- (i) Includes \$ 0 depreciation on real estate and \$ 0 depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

	1 Realized Gain (Loss) on Sales or Maturity	2 Other Realized Adjustments	3 Total Realized Capital Gain (Loss) (Columns 1 + 2)	4 Change in Unrealized Capital Gain (Loss)	5 Change in Unrealized Foreign Exchange Capital Gain (Loss)
1. U.S. Government bonds					
1.1 Bonds exempt from U.S. tax	(434)		(434)		
1.2 Other bonds (unaffiliated)	(184)		(184)	12,609	
1.3 Bonds of affiliates					
2.1 Preferred stocks (unaffiliated)					
2.11 Preferred stocks of affiliates					
2.2 Common stocks (unaffiliated)					
2.21 Common stocks of affiliates					
3. Mortgage loans					
4. Real estate					
5. Contract loans					
6. Cash, cash equivalents and short-term investments					
7. Derivative instruments					
8. Other invested assets					
9. Aggregate write-ins for capital gains (losses)				(2,647)	
10. Total capital gains (losses)	(618)		(618)	9,962	

DETAILS OF WRITE-IN LINES			
0901. TAX EFFECT OF CHANGE IN UNREALIZED GAIN(LOSS)			(2,647)
0902.			
0903.			
0998. Summary of remaining write-ins for Line 09 from overflow page			
0999. Totals (Lines 0901 through 0903 plus 0998) (Line 09 above)			(2,647)

EXHIBIT OF NONADMITTED ASSETS

	1 Current Year Total Nonadmitted Assets	2 Prior Year Total Nonadmitted Assets	3 Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D)			
2. Stocks (Schedule D):			
2.1 Preferred stocks			
2.2 Common stocks	107,341	107,341	
3. Mortgage loans on real estate (Schedule B):			
3.1 First lines			
3.2 Other than first lines			
4. Real estate (Schedule A):			
4.1 Properties occupied by the company			
4.2 Properties held for the production of income			
4.3 Properties held for sale			
5. Cash (Schedule E - Part 1), cash equivalents (Schedule E - Part 2) and short-term investments (Schedule DA)			
6. Contract loans			
7. Derivatives (Schedule DB)			
8. Other invested assets (Schedule BA)			
9. Receivables for securities			
10. Securities lending reinvested collateral assets (Schedule DL)			
11. Aggregate write-ins for invested assets			
12. Subtotals, cash and invested assets (Lines 1 to 11)	107,341	107,341	
13. Title plants (for Title insurers only)			
14. Investment income due and accrued			
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			
15.3 Accrued retrospective premiums and contracts subject to redetermination			
16. Reinsurance:			
16.1 Amounts recoverable from reinsurers			
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		7,179	7,179
19. Guaranty funds receivable or on deposit			
20. Electronic data processing equipment and software			
21. Furniture and equipment, including health care delivery assets			
22. Net adjustment in assets and liabilities due to foreign exchange rates			
23. Receivables from parent, subsidiaries and affiliates			
24. Health care 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)	107,341	114,520	7,179
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			
28. Total (Lines 26 and 27)	107,341	114,520	7,179

DETAILS OF WRITE-IN LINES			
1101.			
1102.			
1103.			
1198. Summary of remaining write-ins for Line 11 from overflow page	NONE		
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	NONE		
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)			

NOTES TO FINANCIAL STATEMENTS

Note	PROPERTY Description	Page
1	Summary of Significant Accounting Policies	14.1
2	Accounting Changes and Corrections of Errors.....	14.2
3	Business Combinations and Goodwill	14.2
4	Discontinued Operations	14.2
5	Investments	14.2
6	Joint Ventures, Partnerships and Limited Liability Companies.....	14.2
7	Investment Income	14.2
8	Derivative Instruments	14.2
9	Income Taxes.....	14.2
10	Information Concerning Parent, Subsidiaries and Affiliates	14.5
11	Debt	14.6
12	Retirement Plans, Deferred Compensation, Postemployment Benefit and Compensated Absences and Other Postretirement Benefit Plans.....	14.6
13	Capital and Surplus, Dividend Restrictions and Quasi-Reorganizations	14.6
14	Contingencies	14.7
15	Leases	14.7
16	Information About Financial Instruments With Off-Balance Sheet Risk and Financial Instruments With Concentrations of Credit Risk	14.7
17	Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities	14.7
18	Gain or Loss to the Reporting Entity From Uninsured Plans and the Uninsured Portion of Partially Insured Plans	14.7
19	Direct Premium Written/Produced by Managing General Agents/Third Party Administrators	14.7
20	Fair Value Measurement	14.8
21	Other Items.....	14.8
22	Events Subsequent.....	14.9
23	Reinsurance.....	14.9
24	Retrospectively Rated Contracts & Contracts Subject to Redetermination.....	14.9
25	Changes in Incurred Losses and Loss Adjustment Expenses.....	14.9
26	Intercompany Pooling Arrangements	14.10
27	Structured Settlements	14.10
28	Health Care Receivables	14.10
29	Participating Policies	14.10
30	Premium Deficiency Reserves	14.10
31	High Deductibles.....	14.10
32	Discounting of Liabilities for Unpaid Losses or Unpaid Loss Adjustment Expenses	14.10
33	Asbestos/Environmental Reserves	14.10
34	Subscriber Savings Accounts	14.10
35	Multiple Peril Crop Insurance.....	14.10
36	Financial Guaranty Insurance.....	14.10

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>State of Domicile</u>	<u>2019</u>	<u>2018</u>
(1) Texas Builders Insurance Company	TX	163,566	142,111
(2) State Prescribed Practices: NONE			
(3) State Permitted Practices: NONE			
(4) NAIC SAP	TX	<u>163,566</u>	<u>142,111</u>
<u>SURPLUS</u>			
(1) Texas Builders Insurance Company	TX	10,707,687	10,539,577
(2) State Prescribed Practices: NONE			
(3) State Permitted Practices: NONE			
(4) NAIC SAP	TX	<u>10,707,687</u>	<u>10,539,577</u>

B. Use of Estimates

The preparation of financial statements in conformity with statutory accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities. It also requires disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

C. Accounting Policy

Premiums earned are recognized based on the monthly coverage period. Deposit premiums are required on the effective date of the policy and are earned upon the expiration of the policy. Annual reporting policies require a full or partial payment on the policy effective date. These amounts are held in unearned premium and are earned on a pro rated basis over the term of the policy.

Policy acquisition cost is recognized on all annual policies at the time the policy is written and billed to the Agent. All reporting policies recognize acquisition cost over the term of the policy when payroll reports are submitted and billed.

In addition, the Company uses the following accounting policies:

1. The Company had \$550,000 in short-term investments at December 31, 2019.
2. Bonds not backed by other loans are stated at amortized cost using the interest method. Non-investment grade bonds are reported at the lower of cost or market value.
3. Common stocks are reported at market value.
4. Preferred stock: Not Applicable
5. The Company has no mortgage loans at December 31, 2019.
6. Loan-backed securities are reported at amortized cost.
7. Accounting policies with respect to subsidiaries:

The investment in subsidiary, TBIC Risk Management, Inc., is carried at \$107,341 on the Company's statutory balance sheet and is fully non-admitted.
8. The Company does not have any investment in joint ventures, partnerships or limited liabilities companies at December 31, 2019.
9. The Company does not have any derivatives at December 31, 2019.
10. The Company has determined that a premium deficiency reserve is not needed as of December 31, 2019.
11. Unpaid losses and loss adjustment expenses include an amount determined from individual case estimates and loss reports and an amount, based on past experience, for losses incurred but not reported while management believes the amount is adequate, the ultimate liability may be in excess of or less than the amount provided. The methods for making such estimates and for establishing the resulting liability are continually reviewed, and any adjustments are reflected in the period determined.

NOTES TO FINANCIAL STATEMENTS

12. The Company has not modified its capitalization policy from the prior period.

13. Pharmaceutical rebate receivables are not applicable to the Company.

2. Accounting Changes and Corrections of Errors:

A. Accounting Changes as a Result of a Change in Accounting Principles and/or Corrections of Errors

None

3. Business Combinations and Goodwill

A. Statutory Purchase Method

Not applicable

B. Statutory Merger

Not applicable

C. Impairment Loss

Not applicable

4. Discontinued Operations

Not applicable

5. Investments

D

a.	The aggregate Amount of unrealized Losses:	(1)
	Less than 12 Months	-
	12 Month or Longer	4,067
b.	The aggregate related Fair Value of Securities with Unrealized Losses:	(2)
	Less than 12 Months	-
	12 Month or Longer	17,011

R. Prepayment Penalty and Acceleration Fees

	General Account
(1) Number of CUSIPs	0
(2) Aggregate Amount of Investment Income	-

6. Joint Ventures, Partnerships and Limited Liability Companies

Not applicable

7. Investment Income

A. Accrued Investment Income

The Company excludes from surplus all investment income due and accrued on bonds in or near default or that is over 90 days past due.

B. Amounts Non-admitted

None

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

NOTES TO FINANCIAL STATEMENTS

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 December 31, 2019 and the change from the prior year are comprised of the following components:

	12/31/2019			12/31/2018		
	<u>Ordinary</u>	<u>Capital</u>	<u>Total</u>	<u>Ordinary</u>	<u>Capital</u>	<u>Total</u>
a. Gross Deferred Tax Assets.....	\$ 25,206		25,206	31,777	5,033	36,810
b. Statutory Valuation Allowance Adjustment.....	-	-	-	-	-	-
c. Adjusted Gross Deferred Tax Assets (1a - 1b).....	\$ 25,206	-	25,206	31,777	5,033	36,810
d. Deferred Tax Assets Nonadmitted.....	-	-	-	7,179	-	7,179
e. Subtotal Net Admitted Deferred Tax Asset (1c - 1d).....	\$ 25,206	-	25,206	24,598	5,033	29,631
f. Deferred Tax Liabilities.....	\$ 7,139	2,385	9,524	5,884	-	5,884
g. Net Admitted Deferred Tax Asset / (Net Admitted Deferred Tax Liability) (1e - 1f).....	\$ 18,067	(2,385)	15,682	18,714	5,033	23,747

	Ordinary	Capital	Total
a. Gross Deferred Tax Assets.....	\$ (6,571)	(5,033)	(11,604)
b. Statutory Valuation Allowance Adjustment.....	-	-	-
c. Adjusted Gross Deferred Tax Assets (1a - 1b).....	\$ (6,571)	(5,033)	(11,604)
d. Deferred Tax Assets Nonadmitted.....	\$ (7,179)	-	(7,179)
e. Subtotal Net Admitted Deferred Tax Asset (1c - 1d).....	\$ 608	(5,033)	(4,425)
f. Deferred Tax Liabilities.....	\$ 1,255	2,385	3,640
g. Net Admitted Deferred Tax Asset / (Net Admitted Deferred Tax Liability) (1e - 1f).....	\$ (647)	(7,418)	(8,065)

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.

	12/31/2019			12/31/2018		
	<u>Ordinary</u>	<u>Capital</u>	<u>Total</u>	<u>Ordinary</u>	<u>Capital</u>	<u>Total</u>
2. Admission Calculation Components SSAP No. 101						
a. Federal Income Taxes Paid In Prior Years Recoverable Through Loss Carrybacks.	\$ 22,501	-	22,501	23,747	-	23,747
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	1,603,602	X X X	X X X	1,578,025
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.	\$ 2,705		2,705	851	5,033	5,884
d. Deferred Tax Assets Admitted as the result of application of SSAP No. 101. Total (2(a) + 2(b) + 2(c))	\$ 25,206	-	25,206	24,598	5,033	29,631

NOTES TO FINANCIAL STATEMENTS

	<u>Ordinary</u>	<u>Capital</u>	<u>Total</u>
Admission Calculation Components SSAP No. 101			
a. Federal Income Taxes Paid In Prior Years Recoverable Through Loss Carrybacks.	\$ (1,246)	-	(1,246)
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	
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.	\$ 1,854	(5,033)	(3,179)
d. Deferred Tax Assets Admitted as the result of application of SSAP No. 101. Total (2(a) + 2(b) + 2(c))	\$ 608	(5,033)	(4,425)

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:

	<u>2019</u>	<u>2018</u>
a. Ratio Percentage Used to Determine Recover Period And Threshold Limitation Amount.	9514.2%	8833.1%
b. Amount Of Adjusted Capital And Surplus Used To Determine Recovery Period And Threshold Limitation In 2(b)2 Above	\$ 10,692,004	10,515,830

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

	12/31/2019		12/31/2018		Change	
	Ordinary	Capital	Ordinary	Capital	Ordinary	Capital
1 Admitted Gross DTA	25,206	-	31,777	5,033	(6,571)	(5,033)
2 Percentage of DTA						
3 Net Admitted DTA	25,206	-	24,598	5,033	608	(5,033)

A. 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. Company's tax planning strategies do not include the use of reinsurance.

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

	<u>12/31/2019</u>	<u>12/31/2018</u>	<u>Change</u>
1 Current Income Tax			
a. Federal.....	\$ 22,426	42,743	(20,317)
b. Foreign.....	\$ -	-	-
c. Subtotal.....	\$ 22,426	42,743	(20,317)
d. Federal Income Tax on net capital gains.....	\$ (130)	(10,815)	10,685
e. Utilization of capital loss carry-forwards.....	\$ -	-	-
f. Other.....	\$ (3,985)	13,389	(17,374)
g. Federal and foreign income taxes incurred.....	\$ 18,311	45,317	(27,006)

NOTES TO FINANCIAL STATEMENTS

		12/31/19	12/31/18	Change
2	Deferred Tax Assets:			
a.	Ordinary			
1	Discounting of unpaid losses.....	\$ 25,206	31,778	(6,572)
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.....	<u>\$ 25,206</u>	<u>31,778</u>	<u>(6,572)</u>
b.	Statutory valuation allowance adjustment.....	\$ -	-	-
c.	Nonadmitted.....	\$ -	7,179	(7,179)
d.	Admitted ordinary deferred tax assets (2a99 - 2b - 2c).....	<u>\$ 25,206</u>	<u>24,599</u>	<u>607</u>
e.	Capital:			
	Investments.....	\$ -	5,033	(5,033)
	Net capital loss carry-forward.....	\$ -	-	-
	Real estate.....	\$ -	-	-
	Other (including items <5% of total capital tax assets).....	\$ -	-	-
	Subtotal.....	<u>\$ -</u>	<u>5,033</u>	<u>(5,033)</u>
f.	Statutory valuation allowance adjustment.....	\$ -	-	-
g.	Nonadmitted.....	\$ -	-	-
h.	Admitted capital deferred tax assets (2e99 - 2f - 2g).....	\$ -	5,033	(5,033)
i.	Admitted deferred tax assets (2d + 2h).....	<u>\$ 25,206</u>	<u>29,632</u>	<u>(4,426)</u>
3	Deferred Tax Liabilities:			
a.	Ordinary			
(1)	Investments.....	\$ 7,140	5,884	1,256
(2)	Fixed assets.....	\$ -	-	-
(3)	Deferred and uncollected premium.....	\$ -	-	-
(4)	Policyholder reserves.....	\$ -	-	-
(5)	Other (including items <5% of total ordinary tax liabilities).....	\$ -	-	-
	Subtotal.....	<u>\$ 7,140</u>	<u>5,884</u>	<u>1,256</u>
b.	Capital:			
(1)	Investments.....	\$ 2,385	-	2,385
(2)	Real Estate.....	\$ -	-	-
(3)	Other (including items <5% of total capital tax liabilities).....	\$ -	-	-
	Subtotal.....	<u>\$ 2,385</u>	<u>-</u>	<u>2,385</u>
c.	Deferred tax liabilities (3a99 + 3b99).....	\$ 9,525	5,884	3,641
	Net deferred tax assets/liabilities (2i - 3c).....	<u>\$ 15,681</u>	<u>23,748</u>	<u>(8,067)</u>

10. Information Concerning Parent, Subsidiaries and Affiliates

A. No changes

B. Detail of Transactions Greater than ½% of Admitted Assets

None

C. Change in Terms of Inter-company Arrangements

None

D. Amounts Due to or from Related Parties

1. At December 31, 2019, The Company owed American Hallmark Insurance Company of TX \$47,867 in Accounts Payable.

E. Guarantees or Contingencies for Related Parties

None

NOTES TO FINANCIAL STATEMENTS

F. Management, Service Contracts, Cost Sharing Arrangements

Certain officers of the Company are also officers of American Hallmark Insurance Company of Texas. Effective June 1, 2011 the Company entered into a management agreement with AHIC. The Company provided underwriting and claims services under the agreement. The agreement automatically renews for successive one-year terms unless terminated.

G. Nature of Relationships that Could Affect Operations

All outstanding shares of the Company are owned by the parent company, TBIC Holding Corporation, a holding Company domiciled in Texas. All outstanding shares of TBIC Holding Corporation are owned by American Hallmark Insurance Company of Texas.

H. Amount Deducted for Investment in Upstream Parent

Not applicable

I. Detail of Investments in Affiliates Greater than 10% of Admitted Assets

Not applicable.

J. Write down for Impairments

None

K. Investment in foreign subsidiary

Not applicable.

L. Downstream Non-insurance Holding Company

Not applicable.

M. All SCA Investments

Not applicable.

N. Investment In Insurance SCA's

Not applicable.

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 and Surplus, Dividend Restrictions and Quasi-Reorganizations

A. Outstanding Shares

No changes.

B. Dividend Rate of Preferred Stock

Not applicable.

C, D, E. Dividend Restrictions

Ordinary dividends may be paid in the amount greater of the prior year's net income or 10% of policyholder's surplus, with a ten-day notice to Texas Department of Insurance. The maximum ordinary dividend payment during 2020 is \$1,070,769.

F. Restrictions on unassigned surplus

Not applicable.

G. Advances to surplus not repaid

Not applicable.

H. Stock held for special purposes

Not applicable

I. Changes in surplus funds from prior periods

Not applicable.

J. Changes in Unassigned Funds

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

NOTES TO FINANCIAL STATEMENTS

Net unrealized gains or (losses)	\$ 12,609
Net deferred income tax	\$ (15,244)
Non-admitted Assets Values	\$ 7,179

K. Surplus Notes – not applicable

L & M. Restatement in quasi-reorganization – not applicable

14. Contingencies

A. Contingent Commitments

No changes

B. Assessments

The Company has received no correspondence from the State Guaranty Fund about insolvencies in process.

C. Gain Contingencies

Not applicable

D. Claims Related Extra Contractual Obligation and Bad Faith Losses Stemming from Lawsuits

Not applicable

E. All Other Contingencies

Lawsuits do arise against the Company in its normal course of business. Contingent liabilities arising from litigation, income taxes or other matters are not, at this time, considered to be material in relation to the financial position of the Company.

15. Leases

A. Lessee Leasing Arrangement

Not applicable

B. Lessor's Leasing Arrangements

Not applicable

16. Information about Financial Instruments with Off-Balance Sheet Risk and Financial Instruments with Concentrations of Credit Risk

Not applicable

17. Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities

A. Transfers of Receivables Reported as Sales

Not applicable

B. Transfer and Servicing of Financial Assets

Not applicable

C. Wash Sales

Not applicable

18. Gains or Loss to the Reporting Entity from Uninsured Plans and the Uninsured Portion of Partially Insured Plans

A. Administrative Services Only (ASO) Plans

Not applicable

B. Administrative Services Contract (ASC) Plans

Not applicable

C. Medicare or Other Similarly Structured Cost Based Reimbursement Contract

Not applicable

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

Not applicable

NOTES TO FINANCIAL STATEMENTS

20. Fair Value Measurements

SSAP 100, Fair Value Measurements, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The three levels of the fair value hierarchy are described as follows:

- Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Company has the ability to access.
- Level 2 – Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable; or inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The Company believes its valuation methods are appropriate and consistent with other market participants. The use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

A. Fair Market Measurements

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

Discription	(Level 1)	(Level 2)	(Level 3)	Total
Cash Equivalent: MMFund	\$ 835,555	\$ -	\$ -	\$ 835,555
Bonds: Industrial & Misc	\$ -	\$ 149,722	\$ -	\$ 149,722
Total Assets at Fair Value	\$ 835,555	\$ 149,722	\$ -	\$ 985,276

B. Liabilities at Fair Value

Not Applicable

2. Fair Value Measurements in Level 3 of the Fair Value Hierarchy

There was no Transfer into or from Level 3 during 4th quarter of 2019

C.

Type of Financial Instrument	Aggregate Fair Value	Admitted Assets	(Level 1)	(Level 2)	(Level 3)	Practicable (Carrying Value)
Bonds	\$ 8,926,039	8,453,721	-	8,453,721	-	
Common Stock	\$ -	-	-	-	-	
Cash, Cash Equivalents and Short Term Investment	\$ 3,103,253	3,103,253	2,553,253	550,000	-	
Total	\$ 12,029,292	11,556,974	2,553,253	9,003,721	-	

21. Other Items

A. Extraordinary Items

Not applicable

B. Troubled Debt Restructuring

Not applicable

C. Other Disclosures

Prior year paid losses and paid defense and containment costs on Schedule P have been restated to properly reflect the data on a report year basis.

D. Balance that is Reasonably Possible to be Uncollectible

At December 31, 2019 and 2018 the Company had no premium receivable due from policyholders.

NOTES TO FINANCIAL STATEMENTS

E. Business Interruption Insurance Recoveries-None

F. State Transferable Tax Credits

None

G. Sub-prime Mortgage Related Risk Exposure

The aggregate for this asset class is as follows:

1. Actual Cost	\$ 50,591
2. Book Adjusted Carrying Value	\$ 49,534
3. Fair Value	\$ 57,884
4. Any other temporary impairment recognized to date	\$ 0

22. Events Subsequent

None

23. Reinsurance

A. Unsecured Reinsurance Recoverable

The Company limits the maximum net loss that can arise from large risks or risks in concentrated areas of exposure by reinsuring (ceding) certain levels of risks with other insurers or reinsurers under general reinsurance contracts known as "treaties." Ceded reinsurance is treated as the risk and liability of the assuming companies. The Company currently maintains excess of loss reinsurance coverage on a per occurrence basis for workers' compensation and employer's liability claims.

At December 31, 2019 the Company had unsecured aggregate recoverable for losses, loss adjustment expenses, contingent commissions and unearned premium in excess of three percent of capital and surplus as shown below:

<u>NAIC Code</u>	<u>Federal ID #</u>	<u>Name of Reinsurer</u>	<u>Amount</u>
25364	13-1675535	Swiss Reinsurance America Corp.	511,000
10357	52-1952955	Platinum Underwriters Reins. Co.	<u>383,000</u>
Total			\$ 894,000

B. Reinsurance Recoverable in Dispute

None

C. Reinsurance Assumed and Ceded

Certain agency agreements and ceded reinsurance contracts provide an additional or return commission based on the actual loss experience of the produced or reinsured business. Amounts accrued at December 31, 2019 are \$245,600 for ceded contingent profit commissions.

D. Uncollectible Reinsurance

None

E. Commutation of Reinsurance

None

F. Retroactive Reinsurance

None

G. Reinsurance Accounted for as a Deposit

None

24. Retrospectively Rated Contracts and Contracts Subject to Re-determination

Not applicable

25. Changes in Incurred Losses and Loss Adjustment Expenses

Incurred losses and loss adjustment expenses attributable to insured events of prior years have decreased by \$15 thousand from \$9.0 million in 2018 to \$8.98 million in 2019 as a result of re-estimation of unpaid loss and loss adjustment expenses in workers comp. The decrease is generally the result of ongoing analysis of recent loss development trends. There are no additional premiums or return premiums as a result of these prior year effects.

NOTES TO FINANCIAL STATEMENTS

26. Inter-company Pooling Arrangements

Not Applicable

27. Structured Settlements

The Company has not purchased any structured settlements to fulfill obligations of claimants.

28. Health Care Receivables

A. Pharmaceutical Rebate Receivables – not applicable

B. Risk Sharing 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

A. Does the Company have on the books, or has it ever written an insured for which you have identified a potential existence of a liability due to asbestos losses? Yes () No (X)

B. C. Ending Reserves

Not applicable

D. Does the Company have on the books, or has it ever written an insured for which you have identified a potential for the existence of a liability due to environmental losses? Yes () No (X)

E. F. Ending 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 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 No
- If yes, complete Schedule Y, Parts 1, 1A and 2.
- 1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations? Yes No N/A
- 1.3 State Regulating? Texas
- 1.4 Is the reporting entity publicly traded or a member of a publicly traded group? Yes No
- 1.5 If the response to 1.4 is yes, provide the CIK (Central Index Key) code issued by the SEC for the entity/group. 0000819913
- 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
- 2.2 If yes, date of change: _____
- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2018
- 3.2 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
- 3.3 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
- 3.4 By what department or departments?
Texas Department of Insurance

- 3.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with departments? Yes No N/A
- 3.6 Have all of the recommendations within the latest financial examination report been complied with? Yes No N/A
- 4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.11 sales of new business? Yes No
- 4.12 renewals? Yes No
- 4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.21 sales of new business? Yes No
- 4.22 renewals? Yes No
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes No
- If yes, complete and file the merger history data file with the NAIC.

GENERAL INTERROGATORIES

5.2 If yes, provide the name of the 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
.....
.....

6.1 Has the 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]

6.2 If yes, give full information:

7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity? Yes [] No [X]

7.2 If yes,
 7.21 State the percentage of foreign control. _____ %
 7.22 State the nationality(s) of the foreign person(s) or entity(s); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(s) (e.g., individual, corporation, government, manager or attorney-in-fact).

1 Nationality	2 Type of Entity
.....
.....

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 the names and locations (city and state of the main office) of any affiliates regulated by a federal financial 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. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
 BDO USA, LLP 600 North Pearl, Suite 1700, Dallas TX, 75201

10.1 Has the insurer been granted any exemptions to the prohibited non-audit services provided by the certified independent public accountant requirements as allowed in Section 7H of the Annual Financial Reporting Model Regulation (Model Audit Rule), or substantially similar state law or regulation? Yes [] No [X]

10.2 If response to 10.1 is yes, provide information related to this exemption:

GENERAL INTERROGATORIES

10.3 Has the insurer been granted any exemptions related to the other requirements of the Annual Financial Reporting Model Regulation as allowed for in Section 18A of the Model Regulation, or substantially similar state law or regulation? Yes [] No [X]

10.4 If response to 10.3 is yes, provide information related to this exemption:

10.5 Has the reporting entity established an Audit Committee in compliance with the domiciliary state insurance laws? Yes [X] No [] N/A []

10.6 If the response to 10.5 is no or n/a, please explain.

11. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?
 Kenneth R. Krissinger, FCAS,MAAA- Chief Actuarial Officer, 5420 Lyndon B Johnson Freeway, Suite 1100
 Dallas, Texas 75240

12.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly? Yes [] No [X]

12.11 Name of real estate holding company	
12.12 Number of parcels involved	
12.13 Total book/adjusted carrying value	\$

12.2 If yes, provide explanation:

13. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:

13.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?

13.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? Yes [] No [X]

13.3 Have there been any changes made to any of the trust indentures during the year? Yes [] No [X]

13.4 If answer to (13.3) is yes, has the domiciliary or entry state approved the changes? Yes [] No [] N/A [X]

14.1 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 []

14.11 If the response to 14.1 is no, please explain:

GENERAL INTERROGATORIES

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

14.21 If the response to 14.2 is yes, provide information related to amendment(s).

.....

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

14.31 If the response to 14.3 is yes, provide the nature of any waiver(s).

.....

15.1 Is the reporting entity the beneficiary of a Letter of Credit that is unrelated to reinsurance where the issuing or confirming bank is not on the SVO Bank List? Yes [] No [X]

15.2 If the response to 15.1 is yes, indicate the American Bankers Association (ABA) Routing Number and the name of the issuing or confirming bank of the Letter of Credit and describe the circumstances in which the Letter of Credit is triggered.

1 American Bankers Association (ABA) Routing Number	2 Issuing or Confirming Bank Name	3 Circumstances That Can Trigger the Letter of Credit	4 Amount
.....
.....

BOARD OF DIRECTORS

16. Is the purchase or sale of all investments of the reporting entity passed upon either by the board of directors or a subordinate committee thereof? Yes [X] No []

17. Does the reporting entity keep a complete permanent record of the proceedings of its board of directors and all subordinate committees thereof? Yes [X] No []

18. Has the reporting entity an established procedure for disclosure to its board of directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees that is in conflict or is likely to conflict with the official duties of such person? Yes [X] No []

FINANCIAL

19. Has this statement been prepared using a basis of accounting other than Statutory Accounting Principles (e.g., Generally Accepted Accounting Principles)? Yes [] No [X]

20.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):

20.11 To directors or other officers	\$ _____
20.12 To stockholders not officers	\$ _____
20.13 Trustees, supreme or grand (Fraternal only)	\$ _____

20.2 Total amount of loans outstanding at the end of year (inclusive of Separate Accounts, exclusive of policy loans):

20.21 To directors or other officers	\$ _____
20.22 To stockholders not officers	\$ _____
20.23 Trustees, supreme or grand (Fraternal only)	\$ _____

21.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement? Yes [] No [X]

21.2 If yes, state the amount thereof at December 31 of the current year:

21.21 Rented from others	\$ _____
21.22 Borrowed from others	\$ _____
21.23 Leased from others	\$ _____
21.24 Other	\$ _____

GENERAL INTERROGATORIES

- 22.1 Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments? Yes [] No [X]
- 22.2 If answer is yes:
- | | | |
|--|----|--|
| 22.21 Amount paid as losses or risk adjustment | \$ | |
| 22.22 Amount paid as expenses | \$ | |
| 22.23 Other amounts paid | \$ | |
- 23.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? Yes [] No [X]
- 23.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: \$ _____

INVESTMENT

- 24.01 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date? (other than securities lending programs addressed in 24.03) Yes [X] No []
- 24.02 If no, give full and complete information, relating thereto:

- 24.03 For security lending programs, provide a description of the program including value for collateral and amount of loaned securities, and whether collateral is carried on or off-balance sheet. (an alternative is to reference Note 17 where this information is also provided)

- 24.04 Does the company's security lending program meet the requirements for a conforming program as outlined in the Risk-Based Capital Instructions? Yes [] No [] N/A [X]
- 24.05 If answer to 24.04 is yes, report amount of collateral for conforming programs. \$ _____
- 24.06 If answer to 24.04 is no, report amount of collateral for other programs. \$ _____
- 24.07 Does your securities lending program require 102% (domestic securities) and 105% (foreign securities) from the counterparty at the outset of the contract? Yes [] No [] N/A [X]
- 24.08 Does the reporting entity non-admit when the collateral received from the counterparty falls below 100%? Yes [] No [] N/A [X]
- 24.09 Does the reporting entity or the reporting entity's securities lending agent utilize the Master Securities Lending Agreement (MSLA) to conduct securities lending? Yes [] No [] N/A [X]
- 24.10 For the reporting entity's security lending program, state the amount of the following as of December 31 of the current year:
- | | | |
|--|----|--|
| 24.101 Total fair value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2 | \$ | |
| 24.102 Total book adjusted/carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2 | \$ | |
| 24.103 Total payable for securities lending reported on the liability page | \$ | |
- 25.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 21.1 and 24.03). Yes [] No [X]

GENERAL INTERROGATORIES

25.2 If yes, state the amount thereof at December 31 of the current year:

	25.21 Subject to repurchase agreements	\$ _____
	25.22 Subject to reverse repurchase agreements	\$ _____
	25.23 Subject to dollar repurchase agreements	\$ _____
	25.24 Subject to reverse dollar repurchase agreements	\$ _____
	25.25 Placed under option agreements	\$ _____
	25.26 Letter stock or securities restricted as to sale - excluding FHLB Capital Stock	\$ _____
	25.27 FHLB Capital Stock	\$ _____
	25.28 On deposit with states	\$ _____
	25.29 On deposit with other regulatory bodies	\$ _____
	25.30 Pledged as collateral - excluding collateral pledged to an FHLB	\$ _____
	25.31 Pledged as collateral to FHLB - including assets backing funding agreements	\$ _____
	25.32 Other	\$ _____

25.3 For category (25.26) provide the following:

1 Nature of Restriction	2 Description	3 Amount
.....
.....

26.1 Does the reporting entity have any hedging transactions reported on Schedule DB? Yes [] No [X]

26.2 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.

LINES 26.3 through 26.5 : FOR LIFE/FRATERNAL REPORTING ENTITIES ONLY:

26.3 Does the reporting entity utilize derivatives to hedge variable annuity guarantees subject to fluctuations as a result of interest rate sensitivity? Yes [] No []

26.4 If the response to 26.3 is YES, does the reporting entity utilize:

	26.41 Special accounting provision of SSAP No. 108	Yes [] No []
	26.42 Permitted accounting practice	Yes [] No []
	26.43 Other accounting guidance	Yes [] No []

26.5 By responding YES to 26.41 regarding utilizing the special accounting provisions of SSAP No. 108, the reporting entity attests to the following: Yes [] No []

- The reporting entity has obtained explicit approval from the domiciliary state.
- Hedging strategy subject to the special accounting provisions is consistent with the requirements of VM-21.
- Actuarial certification has been obtained which indicates that the hedging strategy is incorporated within the establishment of VM-21 reserves and provides the impact of the hedging strategy within the Actuarial Guideline Conditional Tail Expectation Amount.
- Financial Officer Certification has been obtained which indicates that the hedging strategy meets the definition of a Clearly Defined Hedging Strategy within VM-21 and that the Clearly Defined Hedging Strategy is the hedging strategy being used by the company in its actual day-to-day risk mitigation efforts.

27.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity? Yes [] No [X]

27.2 If yes, state the amount thereof at December 31 of the current year. \$ _____

28. 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 []

GENERAL INTERROGATORIES

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

1 Name of Custodian(s)	2 Custodian's Address
JP Morgan Chase	1111 Polaris Parkway, Suite 3J OH1-0634, Columbus OH, 43240

28.02 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)

28.03 Have there been any changes, including name changes, in the custodian(s) identified in 28.01 during the current year? Yes No

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

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

28.05 Investment management - Identify all investment advisors, investment managers, broker/dealers, including individuals that have the authority to make investment 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 Firm or Individual	2 Affiliation
Mark Schwarz	I
Wes Olfers	I
James Dvorak	I

28.0597 For those firms/individuals listed in the table for Question 28.05, 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

28.0598 For firms/individuals unaffiliated with the reporting entity (i.e., designated with a "U") listed in the table for Question 28.05, does the total assets under management aggregate to more than 50% of the reporting entity's invested assets? Yes No

28.06 For those firms or individuals listed in the table 28.05 with an affiliation code of "A" (affiliated) or "U" (unaffiliated), provide the information for the table below.

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

29.1 Does the reporting entity have any diversified mutual funds reported in Schedule D – Part 2 (diversified according to the Securities and Exchange Commission (SEC) in the Investment Company Act of 1940 [Section 5 (b) (1)])? Yes No

29.2 If yes, complete the following schedule:

1 CUSIP #	2 Name of Mutual Fund	3 Book/Adjusted Carrying Value

GENERAL INTERROGATORIES

1 CUSIP #	2 Name of Mutual Fund	3 Book/Adjusted Carrying Value
29.2999 TOTAL		

29.3 For each mutual fund listed in the table above, complete the following schedule:

1 Name of Mutual Fund (from above table)	2 Name of Significant Holding of the Mutual Fund	3 Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to the Holding	4 Date of Valuation
.....
.....

30. Provide the following information for all short-term and long-term bonds and all preferred stocks. Do not substitute amortized value or statement value for fair value.

	1 Statement (Admitted) Value	2 Fair Value	3 Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
30.1 Bonds	9,003,721	9,476,039	472,318
30.2 Preferred stocks			
30.3 Totals	9,003,721	9,476,039	472,318

30.4 Describe the sources or methods utilized in determining the fair values:

Intercontinental Exchange & Thomas Reuters Pricing Service

31.1 Was the rate used to calculate fair value determined by a broker or custodian for any of the securities in Schedule D? Yes [] No [X]

31.2 If the answer to 31.1 is yes, does the reporting entity have a copy of the broker's or custodian's pricing policy (hard copy or electronic copy) for all brokers or custodians used as a pricing source? Yes [] No [X]

31.3 If the answer to 31.2 is no, describe the reporting entity's process for determining a reliable pricing source for purposes of disclosure of fair value for Schedule D:

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

32.2 If no, list exceptions:

33 By self-designating 5GI securities, the reporting entity is certifying the following elements of 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]

GENERAL INTERROGATORIES

34 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 an 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]

35. 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.
- 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]

OTHER

36.1 Amount of payments to trade associations, service organizations and statistical or Rating Bureaus, if any? \$ _____

36.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to trade associations, service organizations and statistical or rating bureaus during the period covered by this statement.

1 Name	2 Amount Paid
.....	\$
.....	\$
.....	\$

37.1 Amount of payments for legal expenses, if any? \$ _____

37.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payments for legal expenses during the period covered by this statement.

1 Name	2 Amount Paid
.....	\$
.....	\$
.....	\$

38.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any? \$ _____

38.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payment expenditures in connection with matters before legislative bodies, officers or departments of government during the period covered by this statement.

1 Name	2 Amount Paid
.....	\$
.....	\$
.....	\$

GENERAL INTERROGATORIES

PART 2 – PROPERTY & CASUALTY INTERROGATORIES

1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force? Yes [] No [X]

1.2 If yes, indicate premium earned on U.S. business only. \$ _____

1.3 What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit? \$ _____

1.31 Reason for excluding

.....

.....

.....

1.4 Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above. \$ _____

1.5 Indicate total incurred claims on all Medicare Supplement insurance. \$ _____

1.6 Individual policies:

Most current three years:

1.61 Total premium earned \$ _____

1.62 Total incurred claims \$ _____

1.63 Number of covered lives _____

All years prior to most current three years:

1.64 Total premium earned \$ _____

1.65 Total incurred claims \$ _____

1.66 Number of covered lives _____

1.7 Group policies:

Most current three years:

1.71 Total premium earned \$ _____

1.72 Total incurred claims \$ _____

1.73 Number of covered lives _____

All years prior to most current three years:

1.74 Total premium earned \$ _____

1.75 Total incurred claims \$ _____

1.76 Number of covered lives _____

2. Health Test:

	1		2	
	Current Year		Prior Year	
2.1 Premium Numerator	\$ _____		\$ _____	
2.2 Premium Denominator	\$ _____		\$ (34,429)	
2.3 Premium Ratio (2.1 / 2.2)				
2.4 Reserve Numerator	\$ _____		\$ _____	
2.5 Reserve Denominator	\$ 1,068,500		\$ 1,231,359	
2.6 Reserve Ratio (2.4 / 2.5)				

3.1 Does the reporting entity issue both participating and non-participating policies? Yes [] No [X]

3.2 If yes, state the amount of calendar year premiums written on:

3.21 Participating policies \$ _____

3.22 Non-participating policies \$ _____

4. For Mutual reporting entities and Reciprocal Exchanges only:

4.1 Does the reporting entity issue assessable policies? Yes [] No []

4.2 Does the reporting entity issue non-assessable policies? Yes [] No []

4.3 If assessable policies are issued, what is the extent of the contingent liability of the policyholders? _____ %

4.4 Total amount of assessments paid or ordered to be paid during the year on deposit notes or contingent premiums. \$ _____

5. For Reciprocal Exchanges Only:

5.1 Does the exchange appoint local agents? Yes [] No []

5.2 If yes, is the commission paid:

5.21 Out of Attorney's-in-fact compensation Yes [] No [] N/A [X]

5.22 As a direct expense of the exchange Yes [] No [] N/A [X]

5.3 What expenses of the Exchange are not paid out of the compensation of the Attorney-in-fact?

.....

.....

.....

5.4 Has any Attorney-in-fact compensation, contingent on fulfillment of certain conditions, been deferred? Yes [] No [X]

5.5 If yes, give full information

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.....

6.1 What provision has this reporting entity made to protect itself from an excessive loss in the event of a catastrophe under a workers' compensation contract issued without limit loss:

.....

.....

.....

GENERAL INTERROGATORIES

PART 2 – PROPERTY & CASUALTY INTERROGATORIES

- 6.2 Describe the method used to estimate this reporting entity's probable maximum insurance loss, and identify the type of insured exposures comprising that probable maximum loss, the locations of concentrations of those exposures and the external resources (such as consulting firms or computer software models), if any, used in the estimation process:
 Determined from Historical Analysis of Loss trends

- 6.3 What provision has this reporting entity made (such as a catastrophic reinsurance program) to protect itself from an excessive loss arising from the types and concentrations of insured exposures comprising its probable maximum property insurance loss?
 Excess of Loss reinsurance \$15,000,000 XS \$1,000,000

- 6.4 Does the reporting entity carry catastrophe reinsurance protection for at least one reinstatement, in an amount sufficient to cover its estimated probable maximum loss attributable to a single loss event or occurrence? Yes [] No [X]
- 6.5 If no, describe any arrangements or mechanisms employed by the reporting entity to supplement its catastrophe reinsurance program or to hedge its exposure to unreinsured catastrophic loss

- 7.1 Has the reporting entity reinsured any risk with any other entity under a quota share reinsurance contract that includes a provision that would limit the reinsurer's losses below the stated quota share percentage (e.g., a deductible, a loss ratio corridor, a loss cap, an aggregate limit or any similar provisions)? Yes [] No [X]
- 7.2 If yes, indicate the number of reinsurance contracts containing such provisions. _____
- 7.3 If yes, does the amount of reinsurance credit taken reflect the reduction in quota share coverage caused by any applicable limiting provision(s)? Yes [] No []
- 8.1 Has this reporting entity reinsured any risk with any other entity and agreed to release such entity from liability, in whole or in part, from any loss that may occur on this risk, or portion thereof, reinsured? Yes [] No [X]
- 8.2 If yes, give full information

- 9.1 Has the reporting entity ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates) for which during the period covered by the statement: (i) it recorded a positive or negative underwriting result greater than 5% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards policyholders; (ii) it accounted for that contract as reinsurance and not as a deposit; and (iii) the contract(s) contain one or more of the following features or other features that would have similar results:
 (a) A contract term longer than two years and the contract is noncancellable by the reporting entity during the contract term;
 (b) A limited or conditional cancellation provision under which cancellation triggers an obligation by the reporting entity, or an affiliate of the reporting entity, to enter into a new reinsurance contract with the reinsurer, or an affiliate of the reinsurer;
 (c) Aggregate stop loss reinsurance coverage;
 (d) A unilateral right by either party (or both parties) to commute the reinsurance contract, whether conditional or not, except for such provisions which are only triggered by a decline in the credit status of the other party;
 (e) A provision permitting reporting of losses, or payment of losses, less frequently than on a quarterly basis (unless there is no activity during the period); or
 (f) Payment schedule, accumulating retentions from multiple years or any features inherently designed to delay timing of the reimbursement to the ceding entity. Yes [] No [X]
- 9.2 Has the reporting entity during the period covered by the statement ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates), for which, during the period covered by the statement, it recorded a positive or negative underwriting result greater than 5% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards policyholders; excluding cessions to approved pooling arrangements or to captive insurance companies that are directly or indirectly controlling, controlled by, or under common control with (i) one or more unaffiliated policyholders of the reporting entity, or (ii) an association of which one or more unaffiliated policyholders of the reporting entity is a member where:
 (a) The written premium ceded to the reinsurer by the reporting entity or its affiliates represents fifty percent (50%) or more of the entire direct and assumed premium written by the reinsurer based on its most recently available financial statement; or
 (b) Twenty-five percent (25%) or more of the written premium ceded to the reinsurer has been retroceded back to the reporting entity or its affiliates in a separate reinsurance contract. Yes [] No [X]
- 9.3 If yes to 9.1 or 9.2, please provide the following information in the Reinsurance Summary Supplemental Filing for General Interrogatory 9:
 (a) The aggregate financial statement impact gross of all such ceded reinsurance contracts on the balance sheet and statement of income;
 (b) A summary of the reinsurance contract terms and indicate whether it applies to the contracts meeting the criteria in 9.1 or 9.2; and
 (c) A brief discussion of management's principle objectives in entering into the reinsurance contract including the economic purpose to be achieved.
- 9.4 Except for transactions meeting the requirements of paragraph 37 of SSAP No. 62R, Property and Casualty Reinsurance, has the reporting entity ceded any risk under any reinsurance contract (or multiple contracts with the same reinsurer or its affiliates) during the period covered by the financial statement, and either:
 (a) Accounted for that contract as reinsurance (either prospective or retroactive) under statutory accounting principles ("SAP") and as a deposit under generally accepted accounting principles ("GAAP"); or
 (b) Accounted for that contract as reinsurance under GAAP and as a deposit under SAP? Yes [] No [X]
- 9.5 If yes to 9.4, explain in the Reinsurance Summary Supplemental Filing for General Interrogatory 9 (Section D) why the contract(s) is treated differently for GAAP and SAP.
- 9.6 The reporting entity is exempt from the Reinsurance Attestation Supplement under one or more of the following criteria:
 (a) The entity does not utilize reinsurance; or, Yes [] No [X]
 (b) The entity only engages in a 100% quota share contract with an affiliate and the affiliated or lead company has filed an attestation supplement; or Yes [] No [X]
 (c) The entity has no external cessions and only participates in an intercompany pool and the affiliated or lead company has filed an attestation supplement. Yes [] No [X]

GENERAL INTERROGATORIES

PART 2 – PROPERTY & CASUALTY INTERROGATORIES

10. If the reporting entity has assumed risks from another entity, there should be charged on account of such reinsurances a reserve equal to that which the original entity would have been required to charge had it retained the risks. Has this been done? Yes [] No [X] N/A []

11.1 Has the reporting entity guaranteed policies issued by any other entity and now in force: Yes [] No [X]

11.2 If yes, give full information

.....

.....

.....

12.1 If the reporting entity recorded accrued retrospective premiums on insurance contracts on Line 15.3 of the asset schedule, Page 2, state the amount of corresponding liabilities recorded for:

12.11 Unpaid losses	\$ _____
12.12 Unpaid underwriting expenses (including loss adjustment expenses)	\$ _____

12.2 Of the amount on Line 15.3, Page 2, state the amount that is secured by letters of credit, collateral and other funds? \$ _____

12.3 If the reporting entity underwrites commercial insurance risks, such as workers' compensation, are premium notes or promissory notes accepted from its insureds covering unpaid premiums and/or unpaid losses? Yes [] No [X] N/A []

12.4 If yes, provide the range of interest rates charged under such notes during the period covered by this statement:

12.41 From	_____ %
12.42 To	_____ %

12.5 Are letters of credit or collateral and other funds received from insureds being utilized by the reporting entity to secure premium notes or promissory notes taken by a reporting entity or to secure any of the reporting entity's reported direct unpaid loss reserves, including unpaid losses under loss deductible features of commercial policies? Yes [] No [X]

12.6 If yes, state the amount thereof at December 31 of current year:

12.61 Letters of Credit	\$ _____
12.62 Collateral and other funds	\$ _____

13.1 Largest net aggregate amount insured in any one risk (excluding workers' compensation): \$ _____

13.2 Does any reinsurance contract considered in the calculation of this amount include an aggregate limit of recovery without also including a reinstatement provision? Yes [] No [X]

13.3 State the number of reinsurance contracts (excluding individual facultative risk certificates, but including facultative programs, automatic facilities or facultative obligatory contracts) considered in the calculation of the amount. _____

14.1 Is the company a cedant in a multiple cedant reinsurance contract? Yes [X] No []

14.2 If yes, please describe the method of allocating and recording reinsurance among the cedants:
Excess of loss per the contractual percentages.

.....

.....

.....

14.3 If the answer to 14.1 is yes, are the methods described in item 14.2 entirely contained in the respective multiple cedant reinsurance contracts? Yes [X] No []

14.4 If the answer to 14.3 is no, are all the methods described in 14.2 entirely contained in written agreements? Yes [] No []

14.5 If the answer to 14.4 is no, please explain:

.....

.....

.....

15.1 Has the reporting entity guaranteed any financed premium accounts? Yes [] No [X]

15.2 If yes, give full information

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.....

16.1 Does the reporting entity write any warranty business? Yes [] No [X]

If yes, disclose the following information for each of the following types of warranty coverage:

		1	2	3	4	5
		Direct Losses Incurred	Direct Losses Unpaid	Direct Written Premium	Direct Premium Unearned	Direct Premium Earned
16.11 Home	\$	_____	\$	_____	\$	_____
16.12 Products	\$	_____	\$	_____	\$	_____
16.13 Automobile	\$	_____	\$	_____	\$	_____
16.14 Other*	\$	_____	\$	_____	\$	_____

* Disclose type of coverage: _____

GENERAL INTERROGATORIES

PART 2 – PROPERTY & CASUALTY INTERROGATORIES

17.1 Does the reporting entity include amounts recoverable on unauthorized reinsurance in Schedule F – Part 3 that is exempt from the statutory provision for unauthorized reinsurance? Yes [] No [X]

Incurred but not reported losses on contracts in force prior to July 1, 1984, and not subsequently renewed are exempt from the statutory provision for unauthorized reinsurance. Provide the following information for this exemption:

17.11 Gross amount of unauthorized reinsurance in Schedule F – Part 3 exempt from the statutory provision for unauthorized reinsurance	\$ _____
17.12 Unfunded portion of Interrogatory 17.11	\$ _____
17.13 Paid losses and loss adjustment expenses portion of Interrogatory 17.11	\$ _____
17.14 Case reserves portion of Interrogatory 17.11	\$ _____
17.15 Incurred but not reported portion of Interrogatory 17.11	\$ _____
17.16 Unearned premium portion of Interrogatory 17.11	\$ _____
17.17 Contingent commission portion of Interrogatory 17.11	\$ _____

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

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

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

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

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

19.1 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]

FIVE – YEAR HISTORICAL DATA

Show amounts in whole dollars only, no cents; show percentages to one decimal place, i.e., 17.6.

	1	2	3	4	5
	2019	2018	2017	2016	2015
Gross Premiums Written (Page 8, Part 1B, Cols. 1, 2 & 3)					
1. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)					
2. Property lines (Lines 1, 2, 9, 12, 21 & 26)					
3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)					
4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)					
5. Nonproportional reinsurance lines (Lines 31, 32 & 33)					
6. Total (Line 35)					
Net Premiums Written (Page 8, Part 1B, Col. 6)					
7. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)		(34,429)	15,515	10,709	(5,457)
8. Property lines (Lines 1, 2, 9, 12, 21 & 26)					
9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)					
10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)					
11. Nonproportional reinsurance lines (Lines 31, 32 & 33)					
12. Total (Line 35)		(34,429)	15,515	10,709	(5,457)
Statement of Income (Page 4)					
13. Net underwriting gain (loss) (Line 8)	(26,900)	(7,814)	(141,796)	510,371	(862,242)
14. Net investment gain (loss) (Line 11)	208,777	195,242	477,856	177,582	182,968
15. Total other income (Line 15)				15,063	1,445,479
16. Dividends to policyholders (Line 17)					
17. Federal and foreign income taxes incurred (Line 19)	18,311	45,317	10,377	178,559	169,083
18. Net income (Line 20)	163,566	142,111	325,683	524,457	597,122
Balance Sheet Lines (Pages 2 and 3)					
19. Total admitted assets excluding protected cell business (Page 2, Line 26, Col. 3)	12,090,617	12,074,761	11,998,993	12,121,126	12,367,836
20. Premiums and considerations (Page 2, Col. 3)					
20.1 In course of collection (Line 15.1)					
20.2 Deferred and not yet due (Line 15.2)					
20.3 Accrued retrospective premiums (Line 15.3)					
21. Total liabilities excluding protected cell business (Page 3, Line 26)	1,382,930	1,535,187	1,588,574	2,015,241	2,630,888
22. Losses (Page 3, Line 1)	974,613	1,138,121	1,217,925	1,282,291	2,159,527
23. Loss adjustment expenses (Page 3, Line 3)	93,887	93,238	133,269	144,846	231,110
24. Unearned premiums (Page 3, Line 9)					
25. Capital paid up (Page 3, Lines 30 & 31)	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000
26. Surplus as regards policyholders (Page 3, Line 37)	10,707,687	10,539,576	10,410,419	10,105,886	9,736,948
Cash Flow (Page 5)					
27. Net cash from operations (Line 11)	280,771	82,124	46,814	(13,282)	(367,528)
Risk-Based Capital Analysis					
28. Total adjusted capital	10,707,685	10,539,577	10,410,419	10,105,885	9,736,948
29. Authorized control level risk-based capital	112,380	119,050	150,165	189,111	235,469
Percentage Distribution of Cash, Cash Equivalents and Invested Assets (Page 2, Col. 3) (Item divided by Page 2, Line 12, Col. 3) x 100.0					
30. Bonds (Line 1)	72.2	80.8	54.0	71.7	31.2
31. Stocks (Lines 2.1 & 2.2)				0.0	1.7
32. Mortgage loans on real estate (Lines 3.1 and 3.2)					
33. Real estate (Lines 4.1, 4.2 & 4.3)					
34. Cash, cash equivalents and short-term investments (Line 5)	26.5	19.2	46.0	28.2	65.1
35. Contract loans (Line 6)					
36. Derivatives (Line 7)					
37. Other invested assets (Line 8)					
38. Receivables for securities (Line 9)	1.3	0.0	0.0	0.0	2.0
39. Securities lending reinvested collateral assets (Line 10)					
40. Aggregate write-ins for invested assets (Line 11)					
41. Cash, cash equivalents and invested assets (Line 12)	100.0	100.0	100.0	100.0	100.0
Investments in Parent, Subsidiaries and Affiliates					
42. Affiliated bonds, (Sch. D, Summary, Line 12, Col. 1)					
43. Affiliated preferred stocks (Sch. D, Summary, Line 18, Col. 1)					
44. Affiliated common stocks (Sch. D, Summary, Line 24, Col. 1)	107,341	107,341	107,341	107,613	107,906
45. Affiliated short-term investments (subtotals included in Schedule DA Verification, Col. 5, Line 10)					
46. Affiliated mortgage loans on real estate					
47. All other affiliated					
48. Total of above Lines 42 to 47	107,341	107,341	107,341	107,613	107,906
49. Total investment in parent included in Lines 42 to 47 above					
50. Percentage of investments in parent, subsidiaries and affiliates to surplus as regards policyholders (Line 48 above divided by Page 3, Col. 1, Line 37 x 100.0)	1.0	1.0	1.0	1.1	1.1

FIVE – YEAR HISTORICAL DATA (Continued)

	1	2	3	4	5
	2019	2018	2017	2016	2015
Capital and Surplus Accounts (Page 4)					
51. Net unrealized capital gains (losses) (Line 24)	12,609	(19,955)	(624)	(101,355)	(5,078)
52. Dividends to stockholders (Line 35)					
53. Change in surplus as regards policyholders for the year (Line 38)	168,110	129,158	304,534	368,937	446,702
Gross Losses Paid (Page 9, Part 2, Cols. 1 & 2)					
54. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	278,539	318,382	400,167	443,339	408,815
55. Property lines (Lines 1, 2, 9, 12, 21 & 26)					
56. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)					
57. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)					
58. Nonproportional reinsurance lines (Lines 31, 32 & 33)					
59. Total (Line 35)	278,539	318,382	400,167	443,339	408,815
Net Losses Paid (Page 9, Part 2, Col. 4)					
60. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	140,330	40,383	192,911	337,329	(178,359)
61. Property lines (Lines 1, 2, 9, 12, 21 & 26)					
62. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)					
63. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)					
64. Nonproportional reinsurance lines (Lines 31, 32 & 33)					
65. Total (Line 35)	140,330	40,383	192,911	337,329	(178,359)
Operating Percentages (Page 4) (Item divided by Page 4, Line 1) x 100.0					
66. Premiums earned (Line 1)	100.0	100.0	100.0	100.0	100.0
67. Losses incurred (Line 2)		114.5	828.5	(5041.6)	10638.1
68. Loss expenses incurred (Line 3)		69.0	42.1	(275.4)	(1550.1)
69. Other underwriting expenses incurred (Line 4)		(106.2)	143.3	651.2	(24788.6)
70. Net underwriting gain (loss) (Line 8)		22.7	(913.9)	4765.8	15800.7
Other Percentages					
71. Other underwriting expenses to net premiums written (Page 4, Lines 4 + 5 - 15 divided by Page 8, Part 1B, Col. 6, Line 35 x 100.0)		(106.2)	143.3	510.6	1699.9
72. Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0)		183.5	870.7	(5317.1)	9087.9
73. Net premiums written to policyholders' surplus (Page 8, Part 1B, Col. 6, Line 35 divided by Page 3, Line 37, Col. 1 x 100.0)		(0.3)	0.1	0.1	(0.1)
One Year Loss Development (\$000 omitted)					
74. Development in estimated losses and loss expenses incurred prior to current year (Schedule P, Part 2-Summary, Line 12, Col. 11)	(15)	(60)	125	(526)	(597)
75. Percent of development of losses and loss expenses incurred to policyholders' surplus of prior year end (Line 74 above divided by Page 4, Line 21, Col. 1 x 100.0)	(0.1)	(0.6)	1.2	(5.4)	(6.4)
Two Year Loss Development (\$000 omitted)					
76. Development in estimated losses and loss expenses incurred 2 years before the current year and prior year (Schedule P, Part 2-Summary, Line 12, Col. 12)	(75)	65	(401)	(1,123)	(1,824)
77. Percent of development of losses and loss expenses incurred to reported policyholders' surplus of second prior year end (Line 76 above divided by Page 4, Line 21, Col. 2 x 100.0)	(0.7)	0.6	(4.1)	(12.1)	(22.6)

NOTE: If a party to a merger, have the two most recent years of this exhibit been restated due to a merger in compliance with the disclosure requirements of SSAP No. 3, Accounting Changes and Correction of Errors?

Yes [] No []

If no, please explain:

.....

SCHEDULE P – ANALYSIS OF LOSSES AND LOSS EXPENSES

SCHEDULE P – PART 1 – SUMMARY

(\$000 omitted)

Years in Which Premiums Were Earned and Losses Were Incurred	Premiums Earned			Loss and Loss Expense Payments							12 Number of Claims Reported Direct and Assumed	
	1 Direct and Assumed	2 Ceded	3 Net (Cols. 1–2)	Loss Payments		Defense and Cost Containment Payments		Adjusting and Other Payments		10 Salvage and Subrogation Received		11 Total Net Paid (Cols. 4 - 5 + 6 - 7 + 8 - 9)
				4 Direct and Assumed	5 Ceded	6 Direct and Assumed	7 Ceded	8 Direct and Assumed	9 Ceded			
1. Prior	X X X	X X X	X X X	275	138	6				143	X X X	
2. 2010	4,936	891	4,045	1,897	97	156		451		2	2,407	X X X
3. 2011	5,206	582	4,624	2,060		323		432		26	2,815	X X X
4. 2012	1,675	102	1,573	530		47		235		46	812	X X X
5. 2013	24	(67)	91					371			371	X X X
6. 2014		31	(31)									X X X
7. 2015		5	(5)									X X X
8. 2016		(10)	10									X X X
9. 2017		(15)	15									X X X
10. 2018		34	(34)									X X X
11. 2019												X X X
12. Totals	X X X	X X X	X X X	4,762	235	532		1,489		74	6,548	X X X

	Losses Unpaid				Defense and Cost Containment Unpaid				Adjusting and Other Unpaid		23 Salvage and Subrogation Anticipated	24 Total Net Losses and Expenses Unpaid	25 Number of Claims Outstanding Direct and Assumed
	Case Basis		Bulk + IBNR		Case Basis		Bulk + IBNR		Other Unpaid				
	13 Direct and Assumed	14 Ceded	15 Direct and Assumed	16 Ceded	17 Direct and Assumed	18 Ceded	19 Direct and Assumed	20 Ceded	21 Direct and Assumed	22 Ceded			
1. Prior	1,623	967	180	117	45		4	2	19			785	X X X
2. 2010	11		70		1		1		4			87	X X X
3. 2011	42		113		5		5		8			173	X X X
4. 2012			20				1		3			24	X X X
5. 2013													X X X
6. 2014													X X X
7. 2015													X X X
8. 2016													X X X
9. 2017													X X X
10. 2018													X X X
11. 2019													X X X
12. Totals	1,676	967	383	117	51		11	2	34			1,069	X X X

	Total Losses and Loss Expenses Incurred			Loss and Loss Expense Percentage (Incurred/Premiums Earned)			Nontabular Discount		34 Inter-Company Pooling Participation Percentage	Net Balance Sheet Reserves After Discount	
	26 Direct and Assumed	27 Ceded	28 Net	29 Direct and Assumed	30 Ceded	31 Net	32 Loss	33 Loss Expense		35 Losses Unpaid	36 Loss Expenses Unpaid
1. Prior	X X X	X X X	X X X	X X X	X X X	X X X			X X X	719	66
2. 2010	2,591	97	2,494	52.492	10.887	61.656				81	6
3. 2011	2,988		2,988	57.395		64.619				155	18
4. 2012	836		836	49.910		53.147				20	4
5. 2013	371		371	1545.833		407.692					
6. 2014											
7. 2015											
8. 2016											
9. 2017											
10. 2018											
11. 2019											
12. Totals	X X X	X X X	X X X	X X X	X X X	X X X			X X X	975	94

Note: Parts 2 and 4 are gross of all discounting, including tabular discounting. Part 1 is gross of only nontabular discounting, which is reported in Columns 32 and 33 of Part 1. The tabular discount, if any, is reported in the Notes to Financial Statements, which will reconcile Part 1 with Parts 2 and 4.

SCHEDULE P – PART 2 – SUMMARY

Years in Which Losses Were Incurred	INCURRED NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)										DEVELOPMENT	
	1	2	3	4	5	6	7	8	9	10	11	12
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	One Year	Two Year
1. Prior	6,412	5,124	5,281	4,988	4,217	3,870	3,662	3,739	3,772	3,800	28	61
2. 2010	3,007	2,579	2,385	2,268	2,086	1,977	1,982	2,058	2,059	2,039	(20)	(19)
3. 2011	XXX	3,644	3,175	2,942	2,923	2,872	2,659	2,642	2,558	2,548	(10)	(94)
4. 2012	XXX	XXX	1,354	1,087	832	742	632	621	611	598	(13)	(23)
5. 2013	XXX	XXX	XXX									
6. 2014	XXX	XXX	XXX	XXX								
7. 2015	XXX	XXX	XXX	XXX	XXX							
8. 2016	XXX	XXX	XXX	XXX	XXX	XXX						
9. 2017	XXX	XXX	XXX	XXX	XXX	XXX	XXX					
10. 2018	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX				XXX
11. 2019	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		XXX	XXX
									12. Totals		(15)	(75)

SCHEDULE P – PART 3 – SUMMARY

Years in Which Losses Were Incurred	CUMULATIVE PAID NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)										11	12
	1	2	3	4	5	6	7	8	9	10	Number of Claims Closed With Loss Payment	Number of Claims Closed Without Loss Payment
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019		
1. Prior	000	1,156	1,599	1,989	2,299	2,170	2,520	2,713	2,891	3,034	XXX	XXX
2. 2010	1,047	1,736	1,826	1,945	1,949	1,927	1,940	1,939	1,955	1,956	XXX	XXX
3. 2011	XXX	1,003	1,759	2,116	2,461	2,485	2,509	2,517	2,380	2,383	XXX	XXX
4. 2012	XXX	XXX	425	562	577	577	577	577	577	577	XXX	XXX
5. 2013	XXX	XXX	XXX								XXX	XXX
6. 2014	XXX	XXX	XXX	XXX							XXX	XXX
7. 2015	XXX	XXX	XXX	XXX	XXX						XXX	XXX
8. 2016	XXX	XXX	XXX	XXX	XXX	XXX					XXX	XXX
9. 2017	XXX	XXX	XXX	XXX	XXX	XXX	XXX				XXX	XXX
10. 2018	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX			XXX	XXX
11. 2019	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		XXX	XXX

SCHEDULE P – PART 4 – SUMMARY

Years in Which Losses Were Incurred	BULK AND IBNR RESERVES ON NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)									
	1	2	3	4	5	6	7	8	9	10
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
1. Prior	3,843	2,077	1,924	1,566	733	599	158	122	64	65
2. 2010	1,343	711	434	311	155	76	46	117	92	71
3. 2011	XXX	1,673	1,059	595	349	322	98	82	128	118
4. 2012	XXX	XXX	730	492	254	165	55	44	34	21
5. 2013	XXX	XXX	XXX							
6. 2014	XXX	XXX	XXX	XXX						
7. 2015	XXX	XXX	XXX	XXX	XXX					
8. 2016	XXX	XXX	XXX	XXX	XXX	XXX				
9. 2017	XXX	XXX	XXX	XXX	XXX	XXX	XXX			
10. 2018	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		
11. 2019	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	

SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN Allocated By States and Territories

States, Etc.	1 Active Status (a)	Gross Premiums, Including Policy and Membership Fees Less Return Premiums and Premiums on Policies Not Taken		4 Dividends Paid or Credited to Policyholders on Direct Business	5 Direct Losses Paid (Deducting Salvage)	6 Direct Losses Incurred	7 Direct Losses Unpaid	8 Finance and Service Charges Not Included in Premiums	9 Direct Premium Written for Federal Purchasing Groups (Included in Col. 2)
		2 Direct Premiums Written	3 Direct Premiums Earned						
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			278,539	(88,245)	2,058,782		
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	(a) 1				278,539	(88,245)	2,058,782		

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

Explanation of basis of allocation of premiums by states, etc.

- (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

Explanation of basis of allocation of premiums by states, etc.

No Premium to report in any state

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.	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

OVERFLOW PAGE FOR WRITE-INS

ALPHABETICAL INDEX TO PROPERTY ANNUAL STATEMENT

Assets	2	Schedule E – Part 3 – Special Deposits	E29
Cash Flow	5	Schedule F – Part 1	20
Exhibit of Capital Gains (Losses)	12	Schedule F – Part 2	21
Exhibit of Net Investment Income	12	Schedule F – Part 3	22
Exhibit of Nonadmitted Assets	13	Schedule F – Part 4	27
Exhibit of Premiums and Losses (State Page)	19	Schedule F – Part 5	28
Five-Year Historical Data	17	Schedule F – Part 6	29
General Interrogatories	15	Schedule H – Accident and Health Exhibit – Part 1	30
Jurat Page	1	Schedule H – Part 2, Part 3 and Part 4	31
Liabilities, Surplus and Other Funds	3	Schedule H – Part 5 – Health Claims	32
Notes To Financial Statements	14	Schedule P – Part 1 – Summary	33
Overflow Page For Write-ins	100	Schedule P – Part 1A – Homeowners/Farmowners	35
Schedule A – Part 1	E01	Schedule P – Part 1B – Private Passenger Auto Liability/Medical	36
Schedule A – Part 2	E02	Schedule P – Part 1C – Commercial Auto/Truck Liability/Medical	37
Schedule A – Part 3	E03	Schedule P – Part 1D – Workers' Comp (Excluding Excess Workers' Comp)	38
Schedule A – Verification Between Years	SI02	Schedule P – Part 1E – Commercial Multiple Peril	39
Schedule B – Part 1	E04	Schedule P – Part 1F – Section 1 – Medical Professional Liability	
Schedule B – Part 2	E05	– Occurrence	40
Schedule B – Part 3	E06	Schedule P – Part 1F – Section 2 – Medical Professional Liability	
Schedule B – Verification Between Years	SI02	– Claims-Made	41
Schedule BA – Part 1	E07	Schedule P – Part 1G – Special Liability (Ocean, Marine, Aircraft (All	
Schedule BA – Part 2	E08	Perils), Boiler and Machinery)	42
Schedule BA – Part 3	E09	Schedule P – Part 1H – Section 1 – Other Liability – Occurrence	43
Schedule BA – Verification Between Years	SI03	Schedule P – Part 1H – Section 2 – Other Liability – Claims-Made	44
Schedule D – Part 1	E10	Schedule P – Part 1I – Special Property (Fire, Allied Lines, Inland Marine,	
Schedule D – Part 1A – Section 1	SI05	Earthquake, Burglary & Theft)	45
Schedule D – Part 1A – Section 2	SI08	Schedule P – Part 1J – Auto Physical Damage	46
Schedule D – Part 2 – Section 1	E11	Schedule P – Part 1K – Fidelity/Surety	47
Schedule D – Part 2 – Section 2	E12	Schedule P – Part 1L – Other (Including Credit, Accident and Health)	48
Schedule D – Part 3	E13	Schedule P – Part 1M – International	49
Schedule D – Part 4	E14	Schedule P – Part 1N – Reinsurance - Nonproportional Assumed Property	50
Schedule D – Part 5	E15	Schedule P – Part 1O – Reinsurance - Nonproportional Assumed Liability	51
Schedule D – Part 6 – Section 1	E16	Schedule P – Part 1P – Reinsurance - Nonproportional Assumed Financial Lines	52
Schedule D – Part 6 – Section 2	E16	Schedule P – Part 1R – Section 1 – Products Liability – Occurrence	53
Schedule D – Summary By Country	SI04	Schedule P – Part 1R – Section 2 – Products Liability – Claims – Made	54
Schedule D – Verification Between Years	SI03	Schedule P – Part 1S – Financial Guaranty/Mortgage Guaranty	55
Schedule DA – Part 1	E17	Schedule P – Part 1T – Warranty	56
Schedule DA – Verification Between Years	SI10	Schedule P – Part 2, Part 3 and Part 4 - Summary	34
Schedule DB – Part A – Section 1	E18	Schedule P – Part 2A – Homeowners/Farmowners	57
Schedule DB – Part A – Section 2	E19	Schedule P – Part 2B – Private Passenger Auto Liability/Medical	57
Schedule DB – Part A – Verification Between Years	SI11	Schedule P – Part 2C – Commercial Auto/Truck Liability/Medical	57
Schedule DB – Part B – Section 1	E20	Schedule P – Part 2D – Workers' Comp (Excluding Excess Workers' Comp)	57
Schedule DB – Part B – Section 2	E21	Schedule P – Part 2E – Commercial Multiple Peril	57
Schedule DB – Part B – Verification Between Years	SI11	Schedule P – Part 2F – Section 1 – Medical Professional Liability	
Schedule DB – Part C – Section 1	SI12	– Occurrence	58
Schedule DB – Part C – Section 2	SI13	Schedule P - Part 2F - Medical Professional Liability - Claims - Made	58
Schedule DB - Part D - Section 1	E22	Schedule P – Part 2G – Special Liability (Ocean Marine, Aircraft (All Perils),	
Schedule DB - Part D - Section 2	E23	Boiler and Machinery)	58
Schedule DB - Verification	SI14	Schedule P – Part 4I – Special Property (Fire, Allied Lines, Inland Marine,	
Schedule DB - Part E	E24	Earthquake, Burglary and Theft)	69
Schedule DL - Part 1	E25	Schedule P – Part 4J – Auto Physical Damage	69
Schedule DL - Part 2	E26	Schedule P – Part 4K – Fidelity/Surety	69
Schedule E – Part 1 – Cash	E27	Schedule P – Part 4L – Other (Including Credit, Accident and Health)	69
Schedule E – Part 2 – Cash Equivalents	E28	Schedule P – Part 4M – International	69

ALPHABETICAL INDEX TO PROPERTY ANNUAL STATEMENT

Schedule P – Part 2H – Section 1 – Other Liability – Occurrence	58	Schedule P – Part 4O – Reinsurance - Nonproportional Assumed Liability	70
Schedule P – Part 2H – Section 2 – Other Liability – Claims – Made	58	Schedule P – Part 4P – Reinsurance - Nonproportional Assumed Financial Lines	70
Schedule P – Part 2I – Special Property (Fire, Allied Lines, Inland Marine, Earthquake, Burglary, and Theft)	59	Schedule P – Part 4R – Section 1 – Products Liability – Occurrence	71
Schedule P – Part 2J – Auto Physical Damage	59	Schedule P – Part 4R – Section 2 – Products Liability – Claims-Made	71
Schedule P – Part 2K – Fidelity, Surety	59	Schedule P – Part 4S – Financial Guaranty/Mortgage Guaranty	71
Schedule P – Part 2L – Other (Including Credit, Accident and Health)	59	Schedule P – Part 4T – Warranty	71
Schedule P – Part 2M – International	59	Schedule P – Part 5A – Homeowners/Farmowners	72
Schedule P – Part 2N – Reinsurance - Nonproportional Assumed Property	60	Schedule P – Part 5B – Private Passenger Auto Liability/Medical	73
Schedule P – Part 2O – Reinsurance - Nonproportional Assumed Liability	60	Schedule P – Part 5C – Commercial Auto/Truck Liability/Medical	74
Schedule P – Part 2P – Reinsurance - Nonproportional Assumed Financial Lines	60	Schedule P – Part 5D – Workers' Comp (Excluding Excess Workers' Comp)	75
Schedule P – Part 2R – Section 1 – Products Liability – Occurrence	61	Schedule P – Part 5E – Commercial Multiple Peril	76
Schedule P – Part 2R – Section 2 – Products Liability – Claims-Made	61	Schedule P – Part 5F – Medical Professional Liability – Claims-Made	78
Schedule P – Part 2S – Financial Guaranty/Mortgage Guaranty	61	Schedule P – Part 5F – Medical Professional Liability – Occurrence	77
Schedule P – Part 2T – Warranty	61	Schedule P – Part 5H – Other Liability – Claims-Made	80
Schedule P – Part 3A – Homeowners/Farmowners	62	Schedule P – Part 5H – Other Liability – Occurrence	79
Schedule P – Part 3B – Private Passenger Auto Liability/Medical	62	Schedule P – Part 5R – Products Liability – Claims-Made	82
Schedule P – Part 3C – Commercial Auto/Truck Liability/Medical	62	Schedule P – Part 5R – Products Liability – Occurrence	81
Schedule P – Part 3D – Workers' Comp (Excluding Excess Workers' Comp)	62	Schedule P – Part 5T – Warranty	83
Schedule P – Part 3E – Commercial Multiple Peril	62	Schedule P – Part 6C – Commercial Auto/Truck Liability/Medical	84
Schedule P – Part 3F – Section 1 – Medical Professional Liability – Occurrence	63	Schedule P – Part 6D – Workers' Comp (Excluding Excess Workers' Comp)	84
Schedule P – Part 3F – Section 2 – Medical Professional Liability – Claims-Made	63	Schedule P – Part 6E – Commercial Multiple Peril	85
Schedule P – Part 3G – Special Liability (Ocean Marine, Aircraft (All Perils), Boiler and Machinery)	63	Schedule P – Part 6H – Other Liability – Claims-Made	86
Schedule P – Part 3H – Section 1 – Other Liability – Occurrence	63	Schedule P – Part 6H – Other Liability – Occurrence	85
Schedule P – Part 3H – Section 2 – Other Liability – Claims-Made	63	Schedule P – Part 6M – International	86
Schedule P – Part 3I – Special Property (Fire, Allied Lines, Inland Marine, Earthquake, Burglary, and Theft)	64	Schedule P – Part 6N – Reinsurance - Nonproportional Assumed Property	87
Schedule P – Part 3J – Auto Physical Damage	64	Schedule P – Part 6O – Reinsurance - Nonproportional Assumed Liability	87
Schedule P – Part 3K – Fidelity/Surety	64	Schedule P – Part 6R – Products Liability – Claims-Made	88
Schedule P – Part 3L – Other (Including Credit, Accident and Health)	64	Schedule P – Part 6R – Products Liability – Occurrence	88
Schedule P – Part 3M – International	64	Schedule P – Part 7A – Primary Loss Sensitive Contracts	89
Schedule P – Part 3N – Reinsurance - Nonproportional Assumed Property	65	Schedule P – Part 7B – Reinsurance Loss Sensitive Contracts	91
Schedule P – Part 3O – Reinsurance - Nonproportional Assumed Liability	65	Schedule P Interrogatories	93
Schedule P – Part 3P – Reinsurance - Nonproportional Assumed Financial Lines	65	Schedule T – Exhibit of Premiums Written	94
Schedule P – Part 3R – Section 1 – Products Liability – Occurrence	66	Schedule T – Part 2 – Interstate Compact	95
Schedule P – Part 3R – Section 2 – Products Liability – Claims-Made	66	Schedule Y – Information Concerning Activities of Insurer Members of a Holding Company Group	96
Schedule P – Part 3S – Financial Guaranty/Mortgage Guaranty	66	Schedule Y - Part 1A - Detail of Insurance Holding Company System	97
Schedule P – Part 3T – Warranty	66	Schedule Y – Part 2 – Summary of Insurer's Transactions With Any Affiliates	98
Schedule P – Part 4A – Homeowners/Farmowners	67	Statement of Income	4
Schedule P – Part 4B – Private Passenger Auto Liability/Medical	67	Summary Investment Schedule	SI01
Schedule P – Part 4C – Commercial Auto/Truck Liability/Medical	67	Supplemental Exhibits and Schedules Interrogatories	99
Schedule P – Part 4D – Workers' Comp (Excluding Excess Workers' Comp)	67	Underwriting and Investment Exhibit Part 1	6
Schedule P – Part 4E – Commercial Multiple Peril	67	Underwriting and Investment Exhibit Part 1A	7
Schedule P – Part 4F – Section 1 – Medical Professional Liability – Occurrence	68	Underwriting and Investment Exhibit Part 1B	8
Schedule P – Part 4F – Section 2 – Medical Professional Liability – Claims-Made	68	Underwriting and Investment Exhibit Part 2	9
Schedule P – Part 4G – Special Liability (Ocean Marine, Aircraft (All Perils), Boiler and Machinery)	68	Underwriting and Investment Exhibit Part 2A	10
Schedule P – Part 4H – Section 1 – Other Liability – Occurrence	68	Underwriting and Investment Exhibit Part 3	11
Schedule P – Part 4H – Section 2 – Other Liability – Claims-Made	68		