

QUARTERLY STATEMENT

OF THE

HALLMARK NATIONAL INSURANCE COMPANY

of **SCOTTSDALE**

in the state of **ARIZONA**

TO THE

Insurance Department

OF THE

STATE OF

FOR THE QUARTER ENDED

September 30, 2019

PROPERTY AND CASUALTY

2019



19530201920100103

QUARTERLY STATEMENT

AS OF SEPTEMBER 30, 2019
OF THE CONDITION AND AFFAIRS OF THE

Hallmark National Insurance Company

NAIC Group Code 3478, NAIC Company Code 19530, Employer's ID Number 31-1334827, State of Domicile or Port of Entry AZ, Statutory Home Office 8601 North Scottsdale Road Suite 300, Main Administrative Office 5420 Lyndon B. Johnson Freeway Suite 1100, Mail Address 5420 Lyndon B. Johnson Freeway Suite 1100, Primary Location of Books and Records 5420 Lyndon B. Johnson Freeway Suite 1100, Internet Website Address www.hallmarkgrp.com, Statutory Statement Contact Felica M. Smith

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, Title, Name, Title. 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 ss

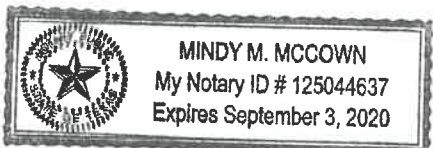
The officers of this reporting entity being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any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

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 before me this 8th day of November, 2019

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

Mindy M. McCown (Signature)



ASSETS

	Current Statement Date			4 December 31 Prior Year Net Admitted Assets
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	
1. Bonds	68,777,918		68,777,918	65,728,379
2. Stocks:				
2.1 Preferred stocks	230,952		230,952	242,248
2.2 Common stocks	2,621,450		2,621,450	2,212,500
3. Mortgage loans on real estate:				
3.1 First liens				
3.2 Other than first liens				
4. Real estate:				
4.1 Properties occupied by the company (less \$ 0 encumbrances)				
4.2 Properties held for the production of income (less \$ 0 encumbrances)				
4.3 Properties held for sale (less \$ 0 encumbrances)				
5. Cash (\$ 4,159,810), cash equivalents (\$ 530,943), and short-term investments (\$ 1,140,000)	5,830,753		5,830,753	4,842,557
6. Contract loans (including \$ 0 premium notes)				
7. Derivatives				
8. Other invested assets				
9. Receivables for securities	1,046,684		1,046,684	1,304,632
10. Securities lending reinvested collateral assets				
11. Aggregate write-ins for invested assets				
12. Subtotals, cash and invested assets (Lines 1 to 11)	78,507,757		78,507,757	74,330,316
13. Title plants less \$ 0 charged off (for Title insurers only)				
14. Investment income due and accrued	620,211		620,211	614,820
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	10,339,968		10,339,968	7,827,164
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ 0 earned but unbilled premiums)	25,097		25,097	(5,431)
15.3 Accrued retrospective premiums (\$ 0) and contracts subject to redetermination (\$ 0)				
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers	525,686		525,686	225,078
16.2 Funds held by or deposited with reinsured companies				
16.3 Other amounts receivable under reinsurance contracts				
17. Amounts receivable relating to uninsured plans				
18.1 Current federal and foreign income tax recoverable and interest thereon				
18.2 Net deferred tax asset	1,099,717		1,099,717	897,453
19. Guaranty funds receivable or on deposit				
20. Electronic data processing equipment and software				
21. Furniture and equipment, including health care delivery assets (\$ 0)				
22. Net adjustment in assets and liabilities due to foreign exchange rates				
23. Receivables from parent, subsidiaries and affiliates				
24. Health care (\$ 0) and other amounts receivable				
25. Aggregate write-ins for other than invested assets				
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	91,118,436		91,118,436	83,889,400
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
28. Total (Lines 26 and 27)	91,118,436		91,118,436	83,889,400

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	2
	Current Statement Date	December 31, Prior Year
1. Losses (current accident year \$ 12,453,221)	26,684,324	27,241,960
2. Reinsurance payable on paid losses and loss adjustment expenses	7,476,590	8,152,857
3. Loss adjustment expenses	3,671,447	3,188,019
4. Commissions payable, contingent commissions and other similar charges	12,512	8,175
5. Other expenses (excluding taxes, licenses and fees)	99,975	58,654
6. Taxes, licenses and fees (excluding federal and foreign income taxes)	164,954	160,737
7.1. Current federal and foreign income taxes (including \$ 0 on realized capital gains (losses))	1,260,857	708,942
7.2. Net deferred tax liability		
8. Borrowed money \$ 0 and interest thereon \$ 0		
9. Unearned premiums (after deducting unearned premiums for ceded reinsurance of \$ 4,899,671 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)	21,602,045	16,502,974
10. Advance premium		
11. Dividends declared and unpaid:		
11.1. Stockholders		
11.2. Policyholders		
12. Ceded reinsurance premiums payable (net of ceding commissions)	1,831,325	1,301,617
13. Funds held by company under reinsurance treaties		
14. Amounts withheld or retained by company for account of others		
15. Remittances and items not allocated		
16. Provision for reinsurance (including \$ 0 certified)		
17. Net adjustments in assets and liabilities due to foreign exchange rates		
18. Drafts outstanding		
19. Payable to parent, subsidiaries and affiliates	21,042	19,238
20. Derivatives		
21. Payable for securities		
22. Payable for securities lending		
23. Liability for amounts held under uninsured plans		
24. Capital notes \$ 0 and interest thereon \$ 0		
25. Aggregate write-ins for liabilities		
26. Total liabilities excluding protected cell liabilities (Lines 1 through 25)	62,825,071	57,343,173
27. Protected cell liabilities		
28. Total liabilities (Lines 26 and 27)	62,825,071	57,343,173
29. Aggregate write-ins for special surplus funds		
30. Common capital stock	2,400,000	2,400,000
31. Preferred capital stock		
32. Aggregate write-ins for other than special surplus funds		
33. Surplus notes		
34. Gross paid in and contributed surplus	20,600,000	20,600,000
35. Unassigned funds (surplus)	5,293,365	3,546,227
36. Less treasury stock, at cost:		
36.1. 0 shares common (value included in Line 30 \$ 0)		
36.2. 0 shares preferred (value included in Line 31 \$ 0)		
37. Surplus as regards policyholders (Lines 29 to 35, less 36)	28,293,365	26,546,227
38. Totals (Page 2, Line 28, Col. 3)	91,118,436	83,889,400

DETAILS OF WRITE-IN LINES		
2501.	NONE	
2502.		
2503.		
2598. Summary of remaining write-ins for Line 25 from overflow page		
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)		
2901.	NONE	
2902.		
2903.		
2998. Summary of remaining write-ins for Line 29 from overflow page		
2999. Totals (Lines 2901 through 2903 plus 2998) (Line 29 above)		
3201.	NONE	
3202.		
3203.		
3298. Summary of remaining write-ins for Line 32 from overflow page		
3299. Totals (Lines 3201 through 3203 plus 3298) (Line 32 above)		

STATEMENT OF INCOME

	1	2	3
	Current Year To Date	Prior Year To Date	Prior Year Ended December 31
UNDERWRITING INCOME			
1. Premiums earned:			
1.1 Direct (written \$ 7,453,439)	6,809,178	5,411,238	8,328,683
1.2 Assumed (written \$ 36,901,840)	31,802,768	27,182,160	36,312,162
1.3 Ceded (written \$ 7,453,439)	6,809,178	5,411,238	8,328,683
1.4 Net (written \$ 36,901,840)	31,802,768	27,182,160	36,312,162
DEDUCTIONS:			
2. Losses incurred (current accident year \$ 18,224,160):			
2.1 Direct	2,900,253	2,895,853	1,840,757
2.2 Assumed	17,924,129	21,187,216	26,225,731
2.3 Ceded	2,900,253	2,895,853	1,840,757
2.4 Net	17,924,129	21,187,216	26,225,731
3. Loss adjustment expenses incurred	3,851,612	(2,259,179)	(889,251)
4. Other underwriting expenses incurred	9,633,713	6,865,201	9,296,078
5. Aggregate write-ins for underwriting deductions			
6. Total underwriting deductions (Lines 2 through 5)	31,409,454	25,793,238	34,632,558
7. Net income of protected cells			
8. Net underwriting gain (loss) (Line 1 minus Line 6 + Line 7)	393,314	1,388,922	1,679,604
INVESTMENT INCOME			
9. Net investment income earned	1,677,774	1,323,295	1,795,730
10. Net realized capital gains (losses) less capital gains tax of \$ (3,331)	443,438	(66,755)	(76,721)
11. Net investment gain (loss) (Lines 9 + 10)	2,121,212	1,256,540	1,719,009
OTHER INCOME			
12. Net gain or (loss) from agents' or premium balances charged off (amount recovered \$ 0 amount charged off \$ 68,026)	(68,026)	(55,007)	(77,199)
13. Finance and service charges not included in premiums		72	72
14. Aggregate write-ins for miscellaneous income			
15. Total other income (Lines 12 through 14)	(68,026)	(54,935)	(77,127)
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15)	2,446,500	2,590,527	3,321,486
17. Dividends to policyholders			
18. Net income, after dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Line 16 minus Line 17)	2,446,500	2,590,527	3,321,486
19. Federal and foreign income taxes incurred	555,356	419,821	558,878
20. Net income (Line 18 minus Line 19) (to Line 22)	1,891,144	2,170,706	2,762,608
CAPITAL AND SURPLUS ACCOUNT			
21. Surplus as regards policyholders, December 31 prior year	26,546,227	24,110,743	24,110,743
22. Net income (from Line 20)	1,891,144	2,170,706	2,762,608
23. Net transfers (to) from Protected Cell accounts			
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$ 84,783	403,730	68,695	(117,786)
25. Change in net unrealized foreign exchange capital gain (loss)			
26. Change in net deferred income tax	38,865	(90,661)	(52,239)
27. Change in nonadmitted assets	163,399	4,565	(32,099)
28. Change in provision for reinsurance			
29. Change in surplus notes			
30. Surplus (contributed to) withdrawn from protected cells			
31. Cumulative effect of changes in accounting principles			
32. Capital changes:			
32.1 Paid in			
32.2 Transferred from surplus (Stock Dividend)			
32.3 Transferred to surplus			
33. Surplus adjustments:			
33.1 Paid in			
33.2 Transferred to capital (Stock Dividend)			
33.3 Transferred from capital			
34. Net remittances from or (to) Home Office			
35. Dividends to stockholders	(750,000)	(125,000)	(125,000)
36. Change in treasury stock			
37. Aggregate write-ins for gains and losses in surplus			
38. Change in surplus as regards policyholders (Lines 22 through 37)	1,747,138	2,028,305	2,435,484
39. Surplus as regards policyholders, as of statement date (Lines 21 plus 38)	28,293,365	26,139,048	26,546,227

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	3
	Current Year To Date	Prior Year To Date	Prior Year Ended December 31
Cash from Operations			
1. Premiums collected net of reinsurance	34,888,215	26,942,431	35,968,504
2. Net investment income	1,926,574	1,953,483	2,488,574
3. Miscellaneous income	(68,025)	(54,935)	(77,127)
4. Total (Lines 1 to 3)	36,746,764	28,840,979	38,379,951
5. Benefit and loss related payments	23,261,644	25,024,459	31,897,791
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts			
7. Commissions, expenses paid and aggregate write-ins for deductions	9,147,214	6,816,429	9,256,976
8. Dividends paid to policyholders			
9. Federal and foreign income taxes paid (recovered) net of \$ 0 tax on capital gains (losses)	110	(843,825)	(843,824)
10. Total (Lines 5 through 9)	32,408,968	30,997,063	40,310,943
11. Net cash from operations (Line 4 minus Line 10)	4,337,796	(2,156,084)	(1,930,992)
Cash from Investments			
12. Proceeds from investments sold, matured or repaid:			
12.1 Bonds	23,272,533	15,351,967	20,488,268
12.2 Stocks			
12.3 Mortgage loans			
12.4 Real estate			
12.5 Other invested assets			
12.6 Net gains (or losses) on cash, cash equivalents and short-term investments		2,010	2,010
12.7 Miscellaneous proceeds	(25,622)	163,863	
12.8 Total investment proceeds (Lines 12.1 to 12.7)	23,246,911	15,517,840	20,490,278
13. Cost of investments acquired (long-term only):			
13.1 Bonds	26,104,460	20,810,260	22,351,091
13.2 Stocks		202,468	2,612,141
13.3 Mortgage loans			
13.4 Real estate			
13.5 Other invested assets			
13.6 Miscellaneous applications	(257,949)	646,459	1,037,243
13.7 Total investments acquired (Lines 13.1 to 13.6)	25,846,511	21,659,187	26,000,475
14. Net increase (or decrease) in contract loans and premium notes			
15. Net cash from investments (Line 12.8 minus Line 13.7 and Line 14)	(2,599,600)	(6,141,347)	(5,510,197)
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	750,000	125,000	125,000
16.6 Other cash provided (applied)			
17. Net cash from financing and miscellaneous sources (Line 16.1 through Line 16.4 minus Line 16.5 plus Line 16.6)	(750,000)	(125,000)	(125,000)
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)	988,196	(8,422,431)	(7,566,189)
19. Cash, cash equivalents and short-term investments:			
19.1 Beginning of year	4,842,557	12,408,746	12,408,746
19.2 End of period (Line 18 plus Line 19.1)	5,830,753	3,986,315	4,842,557

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

20.0001			
20.0002			
20.0003			

NOTES TO FINANCIAL STATEMENTS

PROPERTY

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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 Arizona Department of Insurance (the AZDOI). 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 Arizona (NAIC SAP). For the Company, there are no significant differences between Arizona prescribed practices and the NAIC's *Accounting Practices and Procedures Manual*. Such practices differ from state to state, may differ from company to company within a state, and may change in the future.

<u>NET INCOME</u>	<u>SSAP#</u>	<u>F/S Page</u>	<u>F/S Line #</u>	<u>2019</u>	<u>2018</u>
(1) Hallmark National Insurance Company state basis	XXX	XXX	XXX	\$ 1,891,144	\$ 2,762,608
(2) State Prescribed Practices: NONE					
(3) State Permitted Practices: NONE					
(4) NAIC SAP	XXX	XXX	XXX	<u>\$ 1,891,144</u>	<u>\$ 2,762,608</u>
 <u>SURPLUS</u>					
(5) Hallmark National Insurance Company state basis	XXX	XXX	XXX	\$ 28,293,365	\$ 26,546,227
(6) State Prescribed Practices: NONE					
(7) State Permitted Practices: NONE					
(8) NAIC SAP	XXX	XXX	XXX	<u>\$ 28,293,365</u>	<u>\$ 26,546,227</u>

B. Use of Estimates

No changes.

C. Accounting policies

No changes.

2. Accounting Changes and Correction of Errors

Not applicable.

3. Business Combinations and Goodwill

Not applicable.

4. Discontinued Operations

Not applicable.

5. Investments

D. Loan-Backed Securities

a. The aggregate amount of unrealized losses:

1. Less than 12 Months	\$ 74,519
2. 12 Months or Longer	\$ 25,170

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

1. Less than 12 Months	\$ 1,881,186
2. 12 Months or Longer	\$ 343,900

R. Prepayment Penalty and Acceleration Fees

	General Account
(1) Number of CUSIPs	5
(2) Aggregate Amount of Investment Income	\$ 25,621

6. Joint Venture, Partnerships, and Limited Liability Companies

Not applicable.

7. Investment Income

No Changes.

NOTES TO FINANCIAL STATEMENTS

8. Derivative Instruments

Not applicable.

9. Income Taxes

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

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

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

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

	9/30/2019			12/31/2018		
	Ordinary	Capital	Total	Ordinary	Capital	Total
a. Gross Deferred Tax Assets.....	\$ 1,177,989	24,754	1,202,743	941,018	154,835	1,095,853
b. Statutory Valuation Allowance Adjustment.....	\$ -	-	-	-	-	-
c. Adjusted Gross Deferred Tax Assets (1a - 1b).....	\$ 1,177,989	24,754	1,202,743	941,018	154,835	1,095,853
d. Deferred Tax Assets Nonadmitted.....	\$ -	-	-	163,399	-	163,399
e. Subtotal Net Admitted Deferred Tax Asset (1c - 1d).....	\$ 1,177,989	24,754	1,202,743	777,619	154,835	932,454
f. Deferred Tax Liabilities.....	\$ 50,798	52,228	103,026	35,001	-	35,001
g. Net Admitted Deferred Tax Asset / (Net Admitted Deferred Tax Liability) (1e - 1f).....	\$ 1,127,191	(27,474)	1,099,717	742,618	154,835	897,453

	Change		
	Ordinary	Capital	Total
a. Gross Deferred Tax Assets.....	\$ 236,971	(130,081)	106,890
b. Statutory Valuation Allowance Adjustment.....	\$ -	-	-
c. Adjusted Gross Deferred Tax Assets (1a - 1b).....	\$ 236,971	(130,081)	106,890
d. Deferred Tax Assets Nonadmitted.....	\$ (163,399)	-	(163,399)
e. Subtotal Net Admitted Deferred Tax Asset (1c - 1d).....	\$ 400,370	(130,081)	270,289
f. Deferred Tax Liabilities.....	\$ 15,797	52,228	68,025
g. Net Admitted Deferred Tax Asset / (Net Admitted Deferred Tax Liability) (1e - 1f).....	\$ 384,573	(182,309)	202,264

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

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

NOTES TO FINANCIAL STATEMENTS

	9/30/2019			12/31/2018		
	Ordinary	Capital	Total	Ordinary	Capital	Total
2. Admission Calculation Components SSAP No. 101						
a. Federal Income Taxes Paid In Prior Years Recoverable Through Loss Carrybacks.	\$ 1,116,003	-	1,116,003	563,977	-	563,977
b. Adjusted Gross Deferred Tax Assets Expected To Be Realized (Excluding The Amount Of Deferred Tax Assets From 2(a) above) After Application of the Threshold Limitation. (The Lesser of Through Loss Carrybacks.	\$ 32,962	-	32,962	333,475	-	333,475
1. Adjusted Gross Deferred Tax Assets to be Realized Following the Balance Sheet Date.	\$ -	-	-	-	-	-
2. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold	\$ X X X	X X X	4,069,094	X X X	X X X	3,867,777
c. Adjusted Gross Deferred Tax Assets (Excluding the Amount Of Deferred Tax Assets From 2(a) and 2(b) above) Offset by Gross Deferred Tax Liabilities.	\$ 29,024	24,754	53,778	(119,833)	154,835	35,002
d. Deferred Tax Assets Admitted as the result of application of SSAP No. 101. Total (2(a) + 2(b) + 2(c))	\$ 1,177,989	24,754	1,202,743	777,619	154,835	932,454

	2019 Change		
	Ordinary	Capital	Total
Admission Calculation Components SSAP No. 101			
a. Federal Income Taxes Paid In Prior Years Recoverable Through Loss Carrybacks.	\$ 552,026	-	552,026
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.	\$ (300,513)	-	(300,513)
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	240,434
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.	\$ 148,858	(130,081)	18,777
d. Deferred Tax Assets Admitted as the result of application of SSAP No. 101. Total (2(a) + 2(b) + 2(c))	\$ 400,371	(130,081)	270,290

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

	2019	2018
a. Ratio Percentage Used to Determine Recover Period And Threshold Limitation Amount.	656.2%	618.9%
b. Amount Of Adjusted Capital And Surplus Used To Determine Recovery Period And Threshold Limitation In 2(b)2 Above.	\$ 27,193,648	25,648,774

	9/30/2019		12/31/2018		Change	
	Ordinary	Capital	Ordinary	Capital	Ordinary	Capital
4. Impact of Tax Planning Strategies						
a. Determination of Adjusted Gross Deferred Tax Assets and Net Admitted Deferred Tax Assets, By Tax Character As A Percentage.						
1. Adjusted Gross DTAs Amount From Note 9A1(c)	\$ 1,177,989	24,754	941,018	154,835	236,971	(130,081)
2. Percentage of Adjusted Gross DTAs By Tax Character Attributable To The Impact of Tax Planning Strategies	\$					
3. Net Admitted Adjusted Gross DTAs Amount from Note 9A1(e)	\$ 1,177,989	24,754	777,619	154,835	400,370	(130,081)
4. Percentage of Net Admitted Adjusted Gross DTAs by Tax Character Attributable To The Impact of Tax Planning Strategies	\$					
b. Does the Company's Tax-planning Strategies include the use of reinsurance?						
					NO	

NOTES TO FINANCIAL STATEMENTS

C. Current income taxes incurred consist of the following major components:		<u>9/30/2019</u>	<u>12/31/2018</u>	<u>Change</u>
1.	Current Income Tax			
a.	Federal.....	\$ 570,350	604,764	(34,414)
b.	Foreign.....	\$ -	-	-
c.	Subtotal.....	\$ 570,350	604,764	(34,414)
d.	Federal Income Tax on net capital gains.....	\$ (3,331)	(20,393)	17,062
e.	Utilization of capital loss carry-forwards.....	\$ -	-	-
f.	Other.....	\$ (11,663)	(25,493)	13,830
g.	Federal and foreign income taxes incurred.....	\$ <u>555,356</u>	<u>558,878</u>	<u>(3,522)</u>
2.	Deferred Tax Assets:			
a.	Ordinary			
	(1) Discounting of unpaid losses.....	\$ 270,703	247,892	22,811
	(2) Unearned premium reserve.....	\$ 907,286	693,126	214,160
	(3) Policyholder reserves.....	\$ -	-	-
	(4) Investments.....	\$ -	-	-
	(5) Deferred acquisition costs.....	\$ -	-	-
	(6) Policyholder dividends accrual.....	\$ -	-	-
	(7) Fixed assets.....	\$ -	-	-
	(8) Compensation and benefits accrual.....	\$ -	-	-
	(9) Pension accrual.....	\$ -	-	-
	(10) Receivables - nonadmitted.....	\$ -	-	-
	(11) Net operating loss carry-forward.....	\$ -	-	-
	(12) Tax credit carry-forward.....	\$ -	-	-
	(13) Other (including items <5% of total ordinary tax assets).....	\$ -	-	-
	Subtotal.....	\$ <u>1,177,989</u>	<u>941,018</u>	<u>236,971</u>
b.	Statutory valuation allowance adjustment.....	\$ -	-	-
c.	Nonadmitted.....	\$ -	163,399	(163,399)
d.	Admitted ordinary deferred tax assets (2a99 - 2b - 2c)...	\$ <u>1,177,989</u>	<u>777,619</u>	<u>400,370</u>
e.	Capital:			
	(1) Investments.....	\$ 24,754	154,835	(130,081)
	(2) Net capital loss carry-forward.....	\$ -	-	-
	(3) Real estate.....	\$ -	-	-
	(4) Other (including items <5% of total capital tax assets)...	\$ -	-	-
	Subtotal.....	\$ <u>24,754</u>	<u>154,835</u>	<u>(130,081)</u>
f.	Statutory valuation allowance adjustment.....	\$ -	-	-
g.	Nonadmitted.....	\$ -	-	-
h.	Admitted capital deferred tax assets (2e99 - 2f - 2g).....	\$ <u>24,754</u>	<u>154,835</u>	<u>(130,081)</u>
i.	Admitted deferred tax assets (2d + 2h).....	\$ <u>1,202,743</u>	<u>932,454</u>	<u>270,289</u>
3.	Deferred Tax Liabilities:			
a.	Ordinary			
	(1) Investments.....	\$ 50,798	35,001	15,797
	(2) Fixed assets.....	\$ -	-	-
	(3) Deferred and uncollected premium.....	\$ -	-	-
	(4) Policyholder reserves.....	\$ -	-	-
	(5) Other (including items <5% of total ordinary tax).....	\$ -	-	-
	Subtotal.....	\$ <u>50,798</u>	<u>35,001</u>	<u>15,797</u>
b.	Capital:			
	(1) Investments.....	\$ 52,228	-	52,228
	(2) Real Estate.....	\$ -	-	-
	(3) Other (including items <5% of total capital tax l).....	\$ -	-	-
	Subtotal.....	\$ <u>52,228</u>	<u>-</u>	<u>52,228</u>
c.	Deferred tax liabilities.....	\$ <u>103,026</u>	<u>35,001</u>	<u>68,025</u>
4.	Net deferred tax assets/liabilities.....	\$ <u>1,099,717</u>	<u>897,453</u>	<u>202,264</u>

NOTES TO FINANCIAL STATEMENTS

D. Operating loss carryforward

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

	<u>Ordinary</u>	<u>Capital</u>	<u>Total</u>
2019	563,689	-	563,689
2018	552,314	-	552,314
2017	-	-	-

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

10. Information Concerning Parent, Subsidiaries and Affiliates

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

11. Debt

Not applicable.

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

Not applicable.

13. Capital Surplus, Dividend Restrictions and Quasi Reorganizations

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

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

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

On August 14, 2019 the Company declared an ordinary dividend of \$250,000 in cash to its sole shareholder, Hallmark Insurance Company, which dividend was paid on September 3, 2019.
- E. Portion of the Company's Profits that may be paid as Ordinary Dividends to Stockholders: No changes.
- F. Restrictions Placed on the Unassigned Funds, Including for Whom the Surplus is Being Held: Not applicable.
- G. Mutual Surplus Advances: Not applicable.
- H. Company Stock Held for Special Purposes: Not applicable.
- I. Changes in Special Surplus Funds: Not applicable.
- J. Changes in Unassigned Funds:

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

NOTES TO FINANCIAL STATEMENTS

Net unrealized gains (losses)	\$ 403,730
Net deferred income taxes	\$ 38,865
Nonadmitted assets	\$ 163,399
Dividends to parent	\$ (750,000)

K. Surplus Notes: Not applicable.

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

M. Effective Date of Quasi Reorganizations: Not applicable.

14. Contingencies

K. Contingent Commitments: No changes.

L. Guaranty Fund and Other Assessments: No changes.

M. Gain Contingencies: Not applicable.

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

E. All Other Contingencies: No changes.

15. Leases: Not applicable.

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

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

Not applicable.

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

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

Name and Address of Managing General Agent or Third Party Administrator	FEIN Number	Exclusive Contract	Types of Business Written	Type of Authority Granted	Total Direct Premiums Written/ Produced by
Heath XS, LLC Two Lincoln Centre, 5420 Lyndon B Johnson Freeway, Suite 1100 Dallas, TX 75240-2345	02-055327	No	Commercial umbrella and excess liability, excess property, medical professional liability.	B,P,U	\$ 2,748,651
Hallmark Specialty Underwriters, Inc. 7550 IH 10W, Suite 1400 San Antonio, TX 78229	74-2228153	No	Commercial property/casualty	C,CA,B,P,U	\$ 3,861,020
AmWINS Program Underwriters, Inc. 214 Senate Avenue, Suite 201 Camp Hill, PA 17011	25-1835859	No	Liability	B,P,U	\$ 688,131
Triad Insurance Management & Services 117 John Robert Thomas Drive Exton, PA 19341	23-3060386	No	Commercial Auto	B,P,U	\$ 155,637
Total					<u>\$ 7,453,439</u>

NOTES TO FINANCIAL STATEMENTS

20. Fair Value Measurement

1. Fair Value Measurements at Reporting Date

a. Assets at fair Value	(Level 1)	(Level 2)	(Level 3)	Total
Cash Equivalent	\$ 530,943	-	-	530,943
Bonds: Political Subdivision	-	-	-	-
Bonds: U.S. Special Revenue	-	-	-	-
Bonds: Industrial & Misc.	-	-	-	-
Preferred Stock:	-	-	-	-
Common Stock: Indust & Misc	\$ 2,621,450	-	-	2,621,450
Total assets at fair value	\$ 3,152,393	-	-	3,152,393

b. Liabilities at fair value

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

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

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

Type of Financial Instrument	Aggregate Fair Value	Admitted Assets	Fair Value Hierarchy			Not Practicable (Carrying Value)
			(Level 1)	(Level 2)	(Level 3)	
Bonds:	\$ 69,319,647	68,777,918	-	69,319,647	-	-
Common Stock:	\$ 2,621,450	2,621,450	2,621,450	-	-	-
Preferred Stock:	\$ 239,394	230,952	239,394	-	-	-
Cash, Cash Equivalents, and Short term Investments:	\$ 5,830,753	5,830,753	4,690,753	1,140,000	-	-
Total	\$ 78,011,244	77,461,073	7,551,597	70,459,647	-	-

21. Other Items

Not applicable.

22. Events Subsequent

Not applicable.

23. Reinsurance

A. No changes.

B. No changes.

C. No changes.

D. No changes.

O. No changes.

F. No changes.

G. No changes.

24. Retrospective Rated Contracts and Contracts Subject to Redetermination

No changes.

25. Changes in Incurred Loss and Adjustment Expenses

Reserves as of December 31, 2018 were \$30.4 million. As of September 30, 2019, \$14.8 million has been paid for claims and claim adjustment expenses attributable to insured events of prior years. Reserves remaining for prior years are now \$16.4 million as a result of re-estimation of unpaid claims and claim adjustment expenses. Therefore, there has been \$0.8 million of unfavorable development since December 31, 2018 through September 30, 2019. Original estimates are increased or decreased, as additional information becomes known regarding individual claims.

NOTES TO FINANCIAL STATEMENTS

26. Intercompany Pooling Arrangements

Effective, January 1, 2011 the Company is a participant in an intercompany pooling arrangement. The lead company of the pool is American Hallmark Insurance Company of Texas (AHIC). Under the terms of the arrangement, the underwriting risk for all lines of business of the intercompany pool participants are reinsured with AHIC. The pool or net underwriting risk remaining after reinsurance is transacted with third parties by AHIC is then retro ceded to the pool participants based on pool participation percentages. The provision for reinsurance and the write-off of uncollectible reinsurance are reported in the statutory financial statements of AHIC and are not allocated to the other pool participants.

On August 27, 2019, the pooling percentages were changed to reflect a capital contribution between Hallmark Financial Services, Inc. (“HFS”) and AHIC. The names, NAIC company codes and intercompany revised pooling percentages of the companies participating in the pool are as follows:

<u>Pool Participant</u>	<u>NAIC Company Code</u>	<u>Pool Participation%</u>
American Hallmark Insurance Company of Texas	43494	32.0
Hallmark Insurance Company	34037	32.0
Hallmark Specialty Insurance Company	26808	26.0
Hallmark National Insurance Company	19530	10.0

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

27. Structured Settlements

Not applicable.

28. Health Care Receivables

Not applicable.

29. Participating Policies

Not applicable.

30. Premium Deficiency Reserves

No changes.

31. High Deductibles

Not applicable.

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

Not applicable.

33. Asbestos/Environmental Reserves

Not applicable.

34. Subscriber Savings Accounts

Not applicable.

35. Multiple Peril Crop Insurance

Not applicable.

36. Financial Guaranty Insurance

Not applicable.

GENERAL INTERROGATORIES

PART 1 – COMMON INTERROGATORIES

GENERAL

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

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

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

2.2 If yes, date of change: _____

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

GENERAL INTERROGATORIES

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

7.2 If yes, give full information

.....

.....

.....

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

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

.....

.....

.....

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

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

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

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

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

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

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

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

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

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

.....

.....

.....

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

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

.....

.....

.....

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

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

.....

.....

.....

FINANCIAL

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

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

GENERAL INTERROGATORIES

INVESTMENT

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

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

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

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

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

14.2 If yes, please complete the following:

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

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

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

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

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

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

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

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

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

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

GENERAL INTERROGATORIES

17.3 Have there been any changes, including name changes, in the custodian(s) identified in 17.1 during the current quarter?

Yes [] No [X]

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

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

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

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

17.5097 For those firms/individuals listed in the table for Question 17.5, do any firms/individuals unaffiliated with the reporting entity (i.e., designated with a "U") manage more than 10% of the reporting entity's assets?

Yes [] No [X]

17.5098 For firms/individuals unaffiliated with the reporting entity (i.e., designated with a "U") listed in the table for Question 17.5, the total assets under management aggregate to more than 50% of the reporting entity's assets?

Yes [] No [X]

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

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

18.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Investment Analysis Office been followed?

Yes [X] No []

18.2 If no, list exceptions:

.....

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

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

Has the reporting entity self-designated 5GI securities?

Yes [] No [X]

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

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

Has the reporting entity self-designated PLGI securities?

Yes [] No [X]

GENERAL INTERROGATORIES

PART 2 - PROPERTY & CASUALTY INTERROGATORIES

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

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

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

3.2 If yes, give full and complete information thereto:

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

4.2 If yes, complete the following schedule:

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

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

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

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

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

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

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

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

General Interrogatories
Part 2
Property & Casualty Interrogatories

1. If the reporting entity is a member of a pooling arrangement, did the agreement or the reporting entity's participation change? **Yes**

Effective January 1, 2011 the Company is a participant in an intercompany pooling arrangement. The lead company of the pool is American Hallmark Insurance Company of Texas (AHIC). Under the terms of the arrangement, the underwriting risk for all lines of business of the intercompany pool participants are reinsured with AHIC. The pool or net underwriting risk remaining after reinsurance is transacted with third parties by AHIC is the retro ceded to the pool participants based on pool participation percentages. The provision for reinsurance and the write-off of uncollectible reinsurance are reported in the statutory financial statements of AHIC and are not allocated to the other pool participants.

On August 27, 2019, the pooling percentages were changed to reflect a capital contribution between Hallmark Financial Services, Inc. ("HFS") and AHIC. The names, NAIC company codes and intercompany revised pool percentages of the companies participating in the pool are as follows:

<u>Pool Participant</u>	<u>NAIC Company Code</u>	<u>Pool Participation %</u>
American Hallmark Insurance Company of Texas	43494	32.0
Hallmark Insurance Company	34037	32.0
Hallmark Specialty Insurance Company	26808	26.0
Hallmark National Insurance Company	19530	10.0

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

SCHEDULE F - CEDED REINSURANCE

Showing All New Reinsurers - Current Year to Date

1 NAIC Company Code	2 ID Number	3 Name of Reinsurer	4 Domiciliary Jurisdiction	5 Type of Reinsurer	6 Certified Reinsurer Rating (1 through 6)	7 Effective Date of Certified Reinsurer Rating
		U.S. Insurers				
35300	95-3187355	Allianz Global Risks US Insurance Company	IL	Authorized		
27847	95-2769232	Insurance Company of the West	CA	Authorized		
		All Other Insurers				
00000	98-0351953	AXA XL Bermuda Limited	BMU	Unauthorized		
00000	AA-1120082	Arcus Syndicate 1856	GBR	Authorized		
00000	AA-1320052	Caisse Centrale de Reassurance	FRA	Unauthorized		
00000	AA-3194101	Everest Reinsurance Company	BMU	Unauthorized		
00000	AA-3191190	Hamilton Re, Ltd	BMU	Unauthorized		
00000	AA-5420050	Koean Reinsurance Company	KOR	Unauthorized		
00000	AA-3190871	Lancashire Insurance Company Ltd.	BMU	Unauthorized		
00000	AA-1128791	Lloyds Syndicate No. 2791 (MAP)	GBR	Authorized		
00000	AA-1120171	Lloyds Syndicate No. 3010 Cathedral	GBR	Authorized		
00000	AA-1120181	Lloyds Syndicate No. 5886 (WBC)	GBR	Authorized		

SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN

Current Year To Date - Allocated by States and Territories

States, Etc.	1 Active Status (a)	Direct Premiums Written		Direct Losses Paid (Deducting Salvage)		Direct Losses Unpaid	
		2 Current Year to Date	3 Prior Year to Date	4 Current Year to Date	5 Prior Year to Date	6 Current Year to Date	7 Prior Year to Date
1. Alabama	AL	L					
2. Alaska	AK	N					
3. Arizona	AZ	L					
4. Arkansas	AR	L					
5. California	CA	N					
6. Colorado	CO	L	30,072	17,195	65,554	101,486	23,247
7. Connecticut	CT	N					
8. Delaware	DE	N					
9. District of Columbia	DC	N					
10. Florida	FL	N					
11. Georgia	GA	L					
12. Hawaii	HI	N					
13. Idaho	ID	N					
14. Illinois	IL	L					
15. Indiana	IN	L				(8,921)	15,975
16. Iowa	IA	L					15,975
17. Kansas	KS	L	43,538	19,051	22,883	37,855	12,022
18. Kentucky	KY	L			28,944	17,025	(1,749)
19. Louisiana	LA	N					43,251
20. Maine	ME	N					
21. Maryland	MD	L		(1,177)	47,264	19,764	13,300
22. Massachusetts	MA	N					30,790
23. Michigan	MI	N					
24. Minnesota	MN	L					
25. Mississippi	MS	L				(1,414)	
26. Missouri	MO	L	38,515	24,028	38,719	12,913	24,859
27. Montana	MT	N					2,332
28. Nebraska	NE	N					
29. Nevada	NV	N					
30. New Hampshire	NH	N					
31. New Jersey	NJ	N					
32. New Mexico	NM	N					
33. New York	NY	N					
34. North Carolina	NC	L	340,417	41,564	4,546	1,418	118,935
35. North Dakota	ND	L					24,801
36. Ohio	OH	L		84		30,512	
37. Oklahoma	OK	E	7,000,897	6,434,275	1,348,530	1,466,197	7,640,300
38. Oregon	OR	N					7,529,178
39. Pennsylvania	PA	L					
40. Rhode Island	RI	N					
41. South Carolina	SC	L					
42. South Dakota	SD	L					
43. Tennessee	TN	L			(1,092)	149,929	26,661
44. Texas	TX	Q					59,547
45. Utah	UT	L					25
46. Vermont	VT	N					25
47. Virginia	VA	N					
48. Washington	WA	N					
49. West Virginia	WV	L					(11,976)
50. Wisconsin	WI	L					(11,976)
51. Wyoming	WY	N					
52. American Samoa	AS	N					
53. Guam	GU	N					
54. Puerto Rico	PR	N					
55. U.S. Virgin Islands	VI	N					
56. Northern Mariana Islands	MP	N					
57. Canada	CAN	N					
58. Aggregate Other Alien	OT	X X X					
59. Totals	X X X		7,453,439	6,535,020	1,555,348	1,788,909	7,887,432
							7,756,650

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

NONE

(a) Active Status Counts

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

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART

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

Notes:

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

SCHEDULE Y

PART 1A - DETAIL OF INSURANCE HOLDING COMPANY SYSTEM

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
Group Code	Group Name	NAIC Company Code	ID Number	Federal RSSD	CIK	Name of Securities Exchange if Publicly Traded (U.S. or International)	Names of Parent, Subsidiaries Or Affiliates	Domiciliary Location	Relationship to Reporting Entity	Directly Controlled by (Name of Entity / Person)	Type of Control (Ownership, Board, Management, Attorney-in-Fact, Influence, Other)	If Control is Ownership Provide Percentage	Ultimate Controlling Entity(ies)/Person(s)	Is an SCA Filing Required? (Y/N)	*
		00000	87-0447375		819913	NASDAQ	Hallmark Financial Services, Inc.	TX	UDP	Newcastle Partners, L.P., Mark E. Schwarz, General	Ownership	27.900	Newcastle Partners, L.P.	N	
		00000	45-8544756				ACO Holdings, Inc. (Inactive Co)	TX	UDP	Hallmark Financial Services, Inc.	Ownership	100.000	Newcastle Partners, L.P.	N	
		00000	75-2341879				American Hallmark G.A., Inc.	TX	UDP	ACO Holdings, Inc. (Inactive Co)	Ownership	100.000	Newcastle Partners, L.P.	N	
		00000	75-1693596				Hallmark Claim Services, Inc.	TX	UDP	ACO Holdings, Inc. (Inactive Co)	Ownership	100.000	Newcastle Partners, L.P.	N	
		00000	75-2339280				Hallmark Finance Corporation	TX	UDP	ACO Holdings, Inc. (Inactive Co)	Ownership	100.000	Newcastle Partners, L.P.	N	
		00000	20-0785668				Aerospace Holdings, LLC	TX	UDP	Hallmark Financial Services, Inc.	Ownership	100.000	Newcastle Partners, L.P.	N	
		00000	75-2853986				Aerospace Claims Management Group	TX	UDP	Aerospace Holdings, LLC	Ownership	100.000	Newcastle Partners, L.P.	N	
		00000	75-2925120				Aerospace Flight (Inactive Co)	TX	UDP	Aerospace Holdings, LLC	Ownership	100.000	Newcastle Partners, L.P.	N	
		00000	52-2099239				Aerospace Insurance Managers, Inc.	TX	UDP	Aerospace Holdings, LLC	Ownership	100.000	Newcastle Partners, L.P.	N	
		00000	20-0786154				Aerospace Special Risk, Inc.	TX	UDP	Aerospace Holdings, LLC	Ownership	100.000	Newcastle Partners, L.P.	N	
		00000	N/A				Mannequin PCC Ltd. Cell A-22*	GG	UDP	Aerospace Holdings, LLC	Ownership	100.000	Newcastle Partners, L.P.	N	
		00000	02-0557327				Heath XS, LLC	NJ	UDP	Hallmark Financial Services, Inc.	Ownership	100.000	Newcastle Partners, L.P.	N	
		00000	01-0756829				Hardscrabble Data Solutions, LLC	NJ	UDP	Hallmark Financial Services, Inc.	Ownership	100.000	Newcastle Partners, L.P.	N	
		00000	26-2010050				CITON Agency, Inc	FL	UDP	Hallmark Financial Services, Inc.	Ownership	49.000	Newcastle Partners, L.P.	N	
3478	Hallmark Financial Services Group	43494	75-1817901				American Hallmark Ins. Co. of TX	TX	UDP	Hallmark Financial Services, Inc.	Ownership	100.000	Newcastle Partners, L.P.	N	
3478	Hallmark Financial Services Group	26808	74-2378996				Hallmark Specialty Ins. Co	OK	UDP	American Hallmark Ins. Co. of TX	Ownership	100.000	Newcastle Partners, L.P.	N	
		00000	75-1661749				CYR Insurance Management Company	TX	UDP	American Hallmark Ins. Co. of TX	Ownership	100.000	Newcastle Partners, L.P.	Y	
3478	Hallmark Financial Services Group	29408	74-0814987				Hallmark County Mutual Insurance Company	TX	OTH	Mutual Ownership	Other	100.000	Newcastle Partners, L.P.	N	
		00000	41-2130851				TBIC Holding Corporation	TX	UDP	American Hallmark Ins. Co. of TX	Ownership	100.000	Newcastle Partners, L.P.	N	
3478	Hallmark Financial Services Group	27170	74-2439728				Texas Builders Insurance Company	TX	UDP	TBIC Holding Corporation	Ownership	100.000	Newcastle Partners, L.P.	N	
		00000	37-1417618				TBIC Risk Management, Inc.	TX	UDP	Texas Builders Insurance Company	Ownership	100.000	Newcastle Partners, L.P.	Y	
		00000	75-2825542				Effective Claims Management, Inc.	TX	UDP	Hallmark Financial Services, Inc.	Ownership	100.000	Newcastle Partners, L.P.	N	
		00000	75-2652618				American Hallmark Insurance Services, Inc	TX	UDP	Hallmark Financial Services, Inc.	Ownership	100.000	Newcastle Partners, L.P.	N	
		00000	74-2228153				TGA Insurance Managers Inc.	TX	UDP	Hallmark Financial Services, Inc.	Ownership	100.000	Newcastle Partners, L.P.	N	
		00000	74-2774138				TGA Special Risk	TX	UDP	Hallmark Financial Services, Inc.	Ownership	100.000	Newcastle Partners, L.P.	N	
		00000	74-1683629				Pan American Acceptance Corporation	TX	UDP	Hallmark Financial Services, Inc.	Ownership	100.000	Newcastle Partners, L.P.	N	
3478	Hallmark Financial Services Group	34037	47-0718164				Hallmark Insurance Company	AZ	UDP	Hallmark Financial Services, Inc.	Ownership	100.000	Newcastle Partners, L.P.	N	
3478	Hallmark Financial Services Group	19530	31-1334827				Hallmark National Insurance Company	AZ	UDP	Hallmark Insurance Company	Ownership	100.000	Newcastle Partners, L.P.	N	

SCHEDULE Y
PART 1A - DETAIL OF INSURANCE HOLDING COMPANY SYSTEM

Asterik	Explanation
	NONE

PART 1 – LOSS EXPERIENCE

Lines of Business	Current Year to Date			4 Prior Year to Date Direct Loss Percentage
	1 Direct Premiums Earned	2 Direct Losses Incurred	3 Direct Loss Percentage	
1. Fire	502,770	243,447	48.4	46.0
2. Allied lines	178,537	(48,303)	-27.1	60.7
3. Farmowners multiple peril				
4. Homeowners multiple peril				
5. Commercial multiple peril				
6. Mortgage guaranty				
8. Ocean marine				
9. Inland marine	5,435	(3,165)	-58.2	97.2
10. Financial guaranty				
11.1 Medical professional liability-occurrence	197,134	101,893	51.7	71.0
11.2 Medical professional liability-claims made	648,534	738,358	113.9	51.9
12. Earthquake	13,634			
13. Group accident and health				
14. Credit accident and health				
15. Other accident and health				
16. Workers' compensation				
17.1 Other liability-occurrence	2,907,952	806,684	27.7	19.6
17.2 Other liability-claims made		(3,726)		60.0
17.3 Excess Workers' Compensation				
18.1 Products liability-occurrence	37,104	(32,596)	-87.9	103.0
18.2 Products liability-claims made				
19.1, 19.2 Private passenger auto liability		21,872		15224.7
19.3, 19.4 Commercial auto liability	2,162,410	1,014,153	46.9	89.6
21. Auto physical damage	155,668	61,636	39.6	72.6
22. Aircraft (all perils)				
23. Fidelity				
24. Surety				
26. Burglary and theft				
27. Boiler and machinery				
28. Credit				
29. International				
30. Warranty				
31. Reinsurance-Nonproportional Assumed Property	XXX	XXX	XXX	XXX
32. Reinsurance-Nonproportional Assumed Liability	XXX	XXX	XXX	XXX
33. Reinsurance-Nonproportional Assumed Financial Lines	XXX	XXX	XXX	XXX
34. Aggregate write-ins for other lines of business				
35. TOTALS	6,809,178	2,900,253	42.6	53.5

DETAILS OF WRITE-INS				
3401.	NONE			
3402.				
3403.				
3498. Summary of remaining write-ins for Line 34 from overflow page				
3499. Totals (Lines 3401 through 3403 plus 3498) (Line 34)				

PART 2 – DIRECT PREMIUMS WRITTEN

Lines of Business	1 Current Quarter	2 Current Year to Date	3 Prior Year Year to Date
1. Fire	244,286	726,735	502,221
2. Allied lines	101,428	271,307	193,893
3. Farmowners multiple peril			
4. Homeowners multiple peril			
5. Commercial multiple peril			
6. Mortgage guaranty			
8. Ocean marine			
9. Inland marine	1,632	5,133	7,911
10. Financial guaranty			
11.1 Medical professional liability-occurrence		240,431	
11.2 Medical professional liability-claims made	97,054	638,489	547,995
12. Earthquake	7,628	8,429	25,580
13. Group accident and health			
14. Credit accident and health			
15. Other accident and health			
16. Workers' compensation			
17.1 Other liability-occurrence	911,045	3,005,636	2,482,184
17.2 Other liability-claims made			
17.3 Excess Workers' Compensation			
18.1 Products liability-occurrence		48,144	43,989
18.2 Products liability-claims made			
19.1, 19.2 Private passenger auto liability			(1,204)
19.3, 19.4 Commercial auto liability	1,340,384	2,315,143	2,619,460
21. Auto physical damage	10,829	193,992	112,991
22. Aircraft (all perils)			
23. Fidelity			
24. Surety			
26. Burglary and theft			
27. Boiler and machinery			
28. Credit			
29. International			
30. Warranty			
31. Reinsurance-Nonproportional Assumed Property	XXX	XXX	XXX
32. Reinsurance-Nonproportional Assumed Liability	XXX	XXX	XXX
33. Reinsurance-Nonproportional Assumed Financial Lines	XXX	XXX	XXX
34. Aggregate write-ins for other lines of business			
35. TOTALS	2,714,286	7,453,439	6,535,020

DETAILS OF WRITE-INS				
3401.	NONE			
3402.				
3403.				
3498. Summary of remaining write-ins for Line 34 from overflow page				
3499. Totals (Lines 3401 through 3403 plus 3498) (Line 34)				

PART 3 (000 omitted)

LOSS AND LOSS ADJUSTMENT EXPENSE RESERVES SCHEDULE

	1	2	3	4	5	6	7	8	9	10	11	12	13
Years in Which Losses Occurred	Prior Year-End Known Case Loss and LAE Reserves	Prior Year-End IBNR Loss and LAE Reserves	Total Prior Year-End Loss and LAE Reserves (Cols. 1 + 2)	2019 Loss and LAE Payments on Claims Reported as of Prior Year-End	2019 Loss and LAE Payments on Claims Unreported as of Prior Year-End	Total 2019 Loss and LAE Payments (Cols 4 + 5)	Q.S. Date Known Case Loss and LAE Reserves on Claims Reported and Open as of Prior Year-End	Q.S. Date Known Case Loss and LAE Reserves on Claims Reported or Reopened Subsequent to Prior Year-End	Q.S. Date IBNR Loss & LAE Reserves	Total Q.S. Loss and LAE Reserves (Cols 7 + 8 + 9)	Prior Year-End Known Case Loss and LAE Reserves Developed (Savings)/Deficiency (Cols. 4 + 7 - 1)	Prior Year-End IBNR Loss and LAE Reserves Developed (Savings)/Deficiency (Cols. 5 + 8 + 9 - 2)	Prior Year-End Total Loss and LAE Reserve Developed (Savings)/Deficiency (Cols. 11 + 12)
1. 2016 + prior	6,148	1,406	7,554	4,914	144	5,058	3,272	279	355	3,906	2,038	(628)	1,410
2. 2017	4,001	2,546	6,547	4,188	125	4,313	2,821	216	755	3,792	3,008	(1,450)	1,558
3. Subtotals 2017 + prior	10,149	3,952	14,101	9,102	269	9,371	6,093	495	1,110	7,698	5,046	(2,078)	2,968
4. 2018	5,701	10,628	16,329	5,039	401	5,440	4,370	531	3,799	8,700	3,708	(5,897)	(2,189)
5. Subtotals 2018 + prior	15,850	14,580	30,430	14,141	670	14,811	10,463	1,026	4,909	16,398	8,754	(7,975)	779
6. 2019	X X X	X X X	X X X	X X X	7,039	7,039	X X X	4,607	9,352	13,959	X X X	X X X	X X X
7. Totals	15,850	14,580	30,430	14,141	7,709	21,850	10,463	5,633	14,261	30,357	8,754	(7,975)	779

8. Prior Year-End Surplus As Regards Policyholders

26,546

Col. 11, Line 7	Col. 12, Line 7	Col. 13, Line 7
As % of Col. 1,	As % of Col. 2,	As % of Col. 3,
Line 7	Line 7	Line 7
1. <u>55.230</u>	2. <u>-54.698</u>	3. <u>2.560</u>
		Col. 13, Line 7
		Line 8
		4. <u>2.935</u>

SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

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

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

Explanation:

Question 1: Not applicable.

Question 3: Not applicable.

Bar Code:



OVERFLOW PAGE FOR WRITE-INS

SCHEDULE A - VERIFICATION**Real Estate**

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

NONE**SCHEDULE B - VERIFICATION****Mortgage Loans**

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

NONE**SCHEDULE BA - VERIFICATION****Other Long-Term Invested Assets**

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

NONE**SCHEDULE D - VERIFICATION****Bonds and Stocks**

	1 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value of bonds and stocks, December 31 of prior year	68,183,126	64,569,881
2. Cost of bonds and stocks acquired	26,104,460	24,863,232
3. Accrual of discount	134,127	105,263
4. Unrealized valuation increase (decrease)	403,731	(117,786)
5. Total gain (loss) on disposals	440,107	(99,124)
6. Deduct consideration for bonds and stocks disposed of	23,272,533	20,461,290
7. Deduct amortization of premium	388,318	750,072
8. Total foreign exchange change in book/adjusted carrying value		
9. Deduct current year's other than temporary impairment recognized		
10. Total investment income recognized as a result of prepayment penalties and/or acceleration fees	25,621	73,022
11. Book/adjusted carrying value at end of current period (Lines 1 + 2 + 3 + 4 + 5 - 6 - 7 + 8 - 9 + 10)	71,630,321	68,183,126
12. Deduct total nonadmitted amounts		
13. Statement value at end of current period (Line 11 minus Line 12)	71,630,321	68,183,126

SCHEDULE D - PART 1B

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

NAIC Designation	1 Book/Adjusted Carrying Value Beginning of Current Quarter	2 Acquisitions During Current Quarter	3 Dispositions During Current Quarter	4 Non-Trading Activity During Current Quarter	5 Book/Adjusted Carrying Value End of First Quarter	6 Book/Adjusted Carrying Value End of Second Quarter	7 Book/Adjusted Carrying Value End of Third Quarter	8 Book/Adjusted Carrying Value December 31 Prior Year
BONDS								
1. NAIC 1 (a)	39,306,690	3,114,644	4,239,420	(1,159,669)	37,990,524	39,306,690	37,022,245	35,978,154
2. NAIC 2 (a)	29,251,823	6,004,117	3,443,371	1,083,102	28,017,309	29,251,823	32,895,671	30,106,224
3. NAIC 3 (a)								
4. NAIC 4 (a)								
5. NAIC 5 (a)								
6. NAIC 6 (a)								384,000
7. Total Bonds	68,558,513	9,118,761	7,682,791	(76,567)	66,007,833	68,558,513	69,917,916	66,468,378
PREFERRED STOCK								
8. NAIC 1	230,953				230,953	230,953	230,953	242,248
9. NAIC 2								
10. NAIC 3								
11. NAIC 4								
12. NAIC 5								
13. NAIC 6								
14. Total Preferred Stock	230,953				230,953	230,953	230,953	242,248
15. Total Bonds & Preferred Stock	68,789,466	9,118,761	7,682,791	(76,567)	66,238,786	68,789,466	70,148,869	66,710,626

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

NAIC 1 \$ 1,140,000; NAIC 2 \$ 0; NAIC 3 \$ 0; NAIC 4 \$ 0; NAIC 5 \$ 0; NAIC 6 \$ 0

SCHEDULE DA - PART 1

Short-Term Investments

	1	2	3	4	5
	Book/Adjusted Carrying Value	Par Value	Actual Cost	Interest Collected Year To Date	Paid for Accrued Interest Year To Date
9199999	1,140,000	X X X	1,154,859	23,263	9,856

SCHEDULE DA - VERIFICATION

Short-Term Investments

	1	2
	Year To Date	Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year	739,999	470,346
2. Cost of short-term investments acquired	1,253,589	1,153,999
3. Accrual of discount		
4. Unrealized valuation increase (decrease)		
5. Total gain (loss) on disposals		2,010
6. Deduct consideration received on disposals	840,000	872,200
7. Deduct amortization of premium	13,589	14,156
8. Total foreign exchange change in book/adjusted carrying value		
9. Deduct current year's other than temporary impairment recognized		
10. Book/adjusted carrying value at end of current period (Lines 1 + 2 + 3 + 4 + 5 - 6 - 7 + 8 - 9)	1,139,999	739,999
11. Deduct total nonadmitted amounts		
12. Statement value at end of current period (Line 10 minus Line 11)	1,139,999	739,999

NONE Schedule DB - Part A and B Verification

NONE Schedule DB - Part C - Section 1

NONE Schedule DB - Part C - Section 2

NONE Schedule DB - Verification

SCHEDULE E PART 2 - VERIFICATION

(Cash Equivalents)

	1	2
	Year To Date	Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year	1,206,188	1,164,642
2. Cost of cash equivalents acquired	21,219,886	23,464,437
3. Accrual of discount		
4. Unrealized valuation increase (decrease)		
5. Total gain (loss) on disposals		
6. Deduct consideration received on disposals	21,895,130	23,422,891
7. Deduct amortization of premium		
8. Total foreign exchange change in book/adjusted carrying value		
9. Deduct current year's other than temporary impairment recognized		
10. Book/adjusted carrying value at end of current period (Lines 1 + 2 + 3 + 4 + 5 - 6 - 7 + 8 - 9)	530,944	1,206,188
11. Deduct total nonadmitted amounts		
12. Statement value at end of current period (Line 10 minus Line 11)	530,944	1,206,188

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

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

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

SCHEDULE D - PART 3

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

1 CUSIP Ident- ification	2 Description	3 Foreign	4 Date Acquired	5 Name of Vendor	6 Number of Shares of Stock	7 Actual Cost	8 Par Value	9 Paid for Accrued Interest and Dividends	10 NAIC Designation and Administrative Symbol/ Market Indicator (a)
681662-BZ-4 841399-DR-6	OMAHA-DOUGLAS CNTY NEB PUB BLDG COMM SOUTHEAST LOC SCH DIST OHIO PORTAGE CNTY		07/31/2019 07/10/2019	NATIONAL FINL SVCS CORP NATIONAL FINL SVCS CORP		50,998 86,229	50,000.00 85,000.00	563 387	1FE 1FE
2499999	Subtotal - Bonds - U.S. Political Subdivisions of States, Territories and Possessions				X X X	137,227	135,000.00	950	X X X
119147-EU-6 130685-BP-4 34061M-BB-1 473020-LX-1 668823-DH-7 71782U-AW-8 74529J-RH-0 74529J-RK-3 74529J-RL-1 801112-AP-8 801321-LE-8 802595-BJ-6	BUENA PARK CALIF CMNTY REDEV AGY TAX ALL CALIFORNIA ST PUB WKS BRD LEASE REV FLORIDA DEPT OF CHILDRENS & FAMILY SVCS JEFFERSON CNTY KY CAP PROJS CORP REV NORWALK CALIF REDEV AGY PHILADELPHIA PA HSG AUTH CAP FD PROGRAM PUERTO RICO SALES TAX FING CORP SALES TA PUERTO RICO SALES TAX FING CORP SALES TA PUERTO RICO SALES TAX FING CORP SALES TA SANTA ANA CALIF GAS TAX REV CTFS PARTN SANTA BARBARA CNTY CALIF CTFS PARTN SANTA ROSA CALIF CTFS PARTN		07/12/2019 09/26/2019 07/02/2019 07/11/2019 07/31/2019 08/06/2019 08/01/2019 08/01/2019 08/01/2019 07/31/2019 07/02/2019 07/31/2019	NATIONAL FINL SVCS CORP NATIONAL FINL SVCS CORP NATIONAL FINL SVCS CORP NATIONAL FINL SVCS CORP NATIONAL FINL SVCS CORP NATIONAL FINL SVCS CORP CORPORATE ACTION CORPORATE ACTION CORPORATE ACTION NATIONAL FINL SVCS CORP NATIONAL FINL SVCS CORP NATIONAL FINL SVCS CORP		103,193 87,383 51,470 51,143 30,767 51,458 134,403 3,755 53,690 30,646 35,681 51,241	100,000.00 85,000.00 50,000.00 50,000.00 30,000.00 50,000.00 140,000.00 4,000.00 56,000.00 30,000.00 35,000.00 50,000.00	2,109 342 653 249 463 458 531 16 233 105 139 188	1FE 1FE 1FE 1FE 2FE 1FE Z Z Z 2FE 1FE 1FE
3199999	Subtotal - Bonds - U.S. Special Revenue and Special Assessment and all Non-Guaranteed Obligations				X X X	684,830	680,000.00	5,486	X X X
02209S-BA-0 05565E-BF-1 14913Q-2W-8 278642-AS-2 278865-AU-4 31428X-AS-5 377373-AJ-4 391164-AF-7 40573L-AG-1 41283L-AQ-8 832696-AB-4 501044-DB-4 709599-AH-7 913017-AS-8 928668-AN-2	ALTRIA GROUP INC BMW US CAPITAL LLC CATERPILLAR FINANCIAL SERVICES CORP EBAY INC ECOLAB INC FEDEX CORP GLAXOSMITHKLINE CAPITAL PLC GREAT PLAINS ENERGY INC HALFMOON PARENT INC HARLEY-DAVIDSON FINANCIAL SERVICES INC J M SMUCKER CO KROGER CO PENSKE TRUCK LEASING CO LP UNITED TECHNOLOGIES CORPORATION VOLKSWAGEN GROUP OF AMERICA FINANCE LLC		09/17/2019 09/19/2019 09/26/2019 09/17/2019 09/25/2019 09/25/2019 09/25/2019 09/24/2019 07/26/2019 09/17/2019 07/02/2019 08/01/2019 09/17/2019 09/27/2019 09/19/2019	MORGAN STANLEY CO WELLS FARGO SECURITIES BONY/TORONTO DOMINION SECURITI MORGAN STANLEY CO WELLS FARGO SECURITIES WELLS FARGO SECURITIES MORGAN STANLEY CO WELLS FARGO SECURITIES BONY/TORONTO DOMINION SECURITI BONY/TORONTO DOMINION SECURITI BONY/TORONTO DOMINION SECURITI BONY/TORONTO DOMINION SECURITI MORGAN STANLEY CO WELLS FARGO SECURITIES BONY/TORONTO DOMINION SECURITI		513,235 508,140 550,870 505,820 517,885 505,310 510,585 529,110 575,249 557,116 615,000 504,720 532,265 546,260 558,619	500,000.00 500,000.00 545,000.00 500,000.00 500,000.00 500,000.00 500,000.00 495,000.00 565,000.00 560,000.00 600,000.00 503,000.00 500,000.00 500,000.00 550,000.00	1,697 6,351 5,336 1,872 3,295 2,042 7,267 7,349 7,097 3,967 4,667 145 4,604 3,524 7,698	2FE 1FE 1FE 2FE 1FE 2FE 1FE 2FE 2FE 2FE 2FE 2FE 2FE 2FE 2FE
3899999	Subtotal - Bonds - Industrial and Miscellaneous (Unaffiliated)				X X X	8,030,184	7,818,000.00	66,911	X X X
8399997	Subtotal - Bonds - Part 3				X X X	8,852,241	8,633,000	73,347	X X X

E04

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

SCHEDULE D - PART 3

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

1 CUSIP Ident- ification	2 Description	3 Foreign	4 Date Acquired	5 Name of Vendor	6 Number of Shares of Stock	7 Actual Cost	8 Par Value	9 Paid for Accrued Interest and Dividends	10 NAIC Designation and Administrative Symbol/ Market Indicator (a)
8399998	Summary Item from Part 5 for Bonds				X X X	X X X	X X X	X X X	X X X
8399999	Total - Bonds				X X X	8,852,241	8,633,000.00	73,347	X X X
9999999	Totals				X X X	8,852,241	X X X	73,347	X X X

E04.1

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

SCHEDULE D - PART 4

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

1 CUSIP Ident- ification	2 Description	3 F o r e i g n	4 Disposal Date	5 Name of Purchaser	6 Number of Shares of Stock	7 Consid- eration	8 Par Value	9 Actual Cost	10 Prior Year Book/ Adjusted Carrying Value	Change in Book/Adjusted Carrying Value					16 Book/ Adjusted Carrying Value at Disposal Date	17 Foreign Exchange Gain (Loss) on Disposal	18 Realized Gain (Loss) on Disposal	19 Total Gain (Loss) on Disposal	20 Bond Interest/ Stock Dividends Received During Year	21 Stated Contractua Maturity Date	22 NAIC Designation and Administrative Symbol/Mark Indicator (a)
										11 Unrealized Valuation Increase/ (Decrease)	12 Current Year's (Amort- ization)/ Accretion	13 Current Year's Other Than Temporary Impairment Recognized	14 Total Change in B./A.C.V. (11+12-13)	15 Total Foreign Exchange Change in B./A.C.V.							
68608K-DA-3	OREGON ST		06/18/2019	Call @ 100.00														40	08/01/2022	1FE	
1799999	Subtotal - Bonds - U.S. States, Territories and Possessions					X X X												40	X X X	X X X	
69342W-AB-7	CIBOLO CANYONS SPECIAL I		09/01/2019	Call @ 100.00		52,479	52,478.55	51,186	52,479		460		460	51,730		748	748	1,574	08/20/2020	2FE	
256309-VA-0	DODGE CITY KANS		08/02/2019	Call @ 100.00		40,000	40,000.00	40,082	40,072		(28)		(28)	40,043		(43)	(43)	500	09/01/2020	Z	
356014-BA-7	FREDON TWP N J		07/15/2019	Maturity @ 100.00		200,000	200,000.00	203,762	200,000					200,000				7,500	07/15/2019	Z	
399262-DU-5	GROSSMONT CALIF UN HIGH SCH DIST		08/01/2019	Maturity @ 100.00		50,000	50,000.00	50,829	50,000					50,000				2,000	08/01/2019	1FE	
598104-BA-4	MIDVALE UTAH		09/15/2019	Maturity @ 100.00		100,000	100,000.00	102,019	100,000					100,000				4,200	09/15/2019	1FE	
667913-DM-6	NORTHWEST HARRIS CNTY MUN UTIL DI		09/01/2019	Maturity @ 100.00		325,000	325,000.00	330,350	325,000					325,000				12,025	09/01/2019	1FE	
798135-TN-9	SAN JOSE CALIF		07/26/2019	Call @ 100.00		50,000	50,000.00	51,064	50,000					50,000				2,338	09/01/2022	1FE	
798135-WP-0	SAN JOSE CALIF		07/26/2019	Redemption		125,000		125,000	125,000					125,000					09/01/2022	1FE	
798135-ZF-9	SAN JOSE CALIF		07/26/2019	Call @ 100.00		50,000	50,000.00	50,914	50,000					50,000				1,891	09/01/2019	1FE	
947389-BX-9	WEBB CITY MO		07/24/2019	Call @ 100.00		30,000	30,000.00	30,426			(426)		(426)	30,000				238	09/01/2021	1FE	
981305-Q3-2	WORCESTER MASS		09/15/2019	Maturity @ 100.00		70,000	70,000.00	71,133	70,000					70,000				2,800	09/15/2019	1FE	
2499999	Subtotal - Bonds - U.S. Political Subdivisions of States, Territories and Possessions					X X X	1,092,479	967,478.55	981,765	1,062,551		6		6	1,091,773		705	705	35,066	X X X	X X X
042822-AA-4	ARROYO GRANDE CALIF REDEV AGY TAX		09/03/2019	Maturity @ 100.00		30,000	30,000.00	30,929	30,302		(302)		(302)	30,000				1,396	09/01/2019	Z	
10628N-AS-9	BREA CALIF PUB FING AUTH LOC AGY RE		08/28/2019	Call @ 100.00		50,000	50,000.00	50,824	50,000					50,000				2,000	09/01/2021	1FE	
169551-KF-4	CHINO CALIF REDEV AGY TAX ALLOC		08/15/2019	Call @ 100.00		25,000	25,000.00	25,531	25,000					25,000				969	09/01/2019	1FE	
169551-KJ-6	CHINO CALIF REDEV AGY TAX ALLOC		08/15/2019	Call @ 100.00		250,000	250,000.00	257,203	250,000					250,000				10,300	09/01/2022	1FE	
169551-KM-9	CHINO CALIF REDEV AGY TAX ALLOC		08/15/2019	Call @ 100.00		60,000	60,000.00	61,309	60,000					60,000				2,472	09/01/2025	1FE	
18085P-LJ-1	CLARK CNTY NEV ARPT REV		06/26/2019	Call @ 100.00														12,500	07/01/2025	1FE	
40064R-DL-0	GUAM INTL ARPT AUTH REV		09/03/2019	Call @ 100.00		90,000	90,000.00	99,540	94,605		(1,214)		(1,214)	93,392		(3,392)	(3,392)	2,250	10/01/2021	2FE	
54243E-CF-8	LONG BEACH CALIF SPL TAX		09/01/2019	Call @ 100.00		15,000	15,000.00	15,464	15,000					15,000				469	10/01/2026	Z	
567833-EB-0	MARIN CNTY CALIF CTFS PARTN		08/01/2019	Maturity @ 100.00		50,000	50,000.00	51,204	50,000					50,000				2,300	08/01/2019	1FE	
605171-BA-4	MISSION TEX REDEV AUTH TAX INCREME		08/28/2019	Call @ 100.00		305,000	305,000.00	327,832	311,093		(6,093)		(6,093)	305,000				15,250	09/01/2025	1FE	
60637B-CP-3	MISSOURI ST HSG DEV COMMN SINGLE F		09/01/2019	Call @ 100.00		10,000	10,000.00	9,925	9,933		1		1	9,935		65	65	167	11/01/2041	1FE	
641279-LL-6	NEVADA HSG DIV SINGLE FAMILY MTG R		09/03/2019	Call @ 100.00		10,000	10,000.00	10,000	10,000					10,000				121	10/01/2024	1FE	
67232P-AY-9	OAKLAND CALIF REDEV AGY REV		09/03/2019	Maturity @ 100.00		280,000	280,000.00	295,753	286,300		(6,300)		(6,300)	280,000				21,000	09/01/2019	Z	
684907-SZ-2	ORANGE CNTY FLA HSG FIN AUTH HOME		08/01/2019	Call @ 100.00		50,000	50,000.00	54,629	46,390		(699)		(699)	52,537		(2,537)	(2,537)	1,249	09/01/2040	1FE	
69647P-AW-8	PALM BAY FLA SPL ASSMT		06/25/2019	NATIONAL FINL SVCS C														77	07/01/2025	1FE	
74529J-PY-5	PUERTO RICO SALES TAX FING CORP SA		08/01/2019	Unknown		134,403	140,000.00	121,100			213		213	121,313		13,090	13,090	7,057	07/01/2040	Z	
74529J-PZ-2	PUERTO RICO SALES TAX FING CORP SA		08/01/2019	Unknown		3,755	4,000.00	3,370			3		3	3,373		382	382	308	07/01/2053	Z	
74529J-QA-6	PUERTO RICO SALES TAX FING CORP SA		08/01/2019	Unknown		53,690	56,000.00	48,106			23		23	48,129		5,561	5,561	3,068	07/01/2058	Z	

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

SCHEDULE D - PART 4

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

1	2	3	4	5	6	7	8	9	10	Change in Book/Adjusted Carrying Value					16	17	18	19	20	21	22	
										11	12	13	14	15								
CUSIP Identification	Description	For eign	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consid-eration	Par Value	Actual Cost	Prior Year Book/ Adjusted Carrying Value	Unrealized Valuation Increase/ (Decrease)	Current Year's (Amort-ization)/ Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Change in B./A.C.V. (11+12-13)	Total Foreign Exchange Change in B./A.C.V.	Book/ Adjusted Carrying Value at Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest/ Stock Dividends Received During Year	Stated Contractua Maturity Date	NAIC Designation and Administrative Symbol/Mark Indicator (a)	
796245-AK-4 797048-AT-2 79164T-AJ-1 882750-NE-8 892397-FV-7 89546R-KP-8 92812U-K5-6	SAN ANTONIO TEX CONVENTION CTR HO SAN BUENAVENTURA CALIF REDEV AGY ST LOUIS MO INDL DEV AUTH LEASEHOL TEXAS ST DEPT HSG & CMNTY AFFAIRS TRACY CALIF OPER PARTNERSHIP JT PW TRI-CNTY MET TRANSN DIST ORE REV VIRGINIA ST HSG DEV AUTH COMWLTH M		07/01/2019 07/05/2019 07/15/2019 09/01/2019 08/01/2019 09/23/2019 09/01/2019	Call @ 100.00 Call @ 100.00 Maturity @ 100.00 Call @ 100.00 Maturity @ 100.00 Call @ 100.00 Paydown			360,000 475,000 10,000 50,000 90,000 33,403	360,000.00 475,000.00 10,000.00 50,000.00 90,000.00 33,402.63	367,686 468,930 9,483 51,017 90,781 33,365	360,000 468,930 9,483 50,000 90,000 33,365			6,070 2 37	6,070 2 37	360,000 475,000 9,974 50,000 90,000 33,403				26 26	1,017 7,900 291 2,438 2,355 604	07/15/2020 08/01/2020 07/15/2019 07/01/2041 08/01/2019 11/01/2019 04/25/2042	2FE 1FE Z 1FE Z 1FE 1FE
3199999	Subtotal - Bonds - U.S. Special Revenue and Special Assessment Non-Guaranteed Obligati				X X X	2,435,251	2,443,402.63	2,444,459	2,250,401		(8,259)		(8,259)		2,422,056		13,195	13,195	97,558	X X X	X X X	
E05.1 009090-AB-7 41283L-AD-7 487836-BC-1 50077L-AH-9 524901-AS-4 67515U-AA-8 67111C-AA-6 774341-AB-7 111013-AM-0 84474Y-AB-2 85208N-AA-8 86803U-AB-7 90932Q-AB-2	AIR CANADA 2015-1 PASS THROUGH TRU HARLEY-DAVIDSON FINANCIAL SERVICE KELLOGG CO KRAFT HEINZ FOODS CO LEGG MASON INC OCTR 6 X - CDO OFSBS 8 X - CDO ROCKWELL COLLINS INC SKY PLC SOUTHWEST AIRLINES CO PASS THROU SPRNTS 161 A1 - ABS SUNTORY HOLDINGS LTD UNITED AIRLINES INC - ABS	C C C C C C C C C C C C	09/15/2019 09/15/2019 09/04/2019 09/16/2019 07/15/2019 08/01/2019 08/01/2019 07/15/2019 09/16/2019 09/01/2019 09/20/2019 09/29/2019 09/03/2019	Paydown Maturity @ 100.00 VARIOUS Call @ 100.00 Maturity @ 100.00 Paydown Paydown Maturity @ 100.00 Maturity @ 100.00 Paydown Paydown Maturity @ 100.00 Paydown		19,217 1,000,000 516,947 408,423 250,000 80,000 60,714 500,000 530,000 56,830 31,250 500,000 18,364	19,216.97 1,000,000.00 515,000.00 407,000.00 250,000.00 80,000.00 60,714.29 500,000.00 530,000.00 56,829.64 31,250.00 500,000.00 18,364.08	18,761 1,004,030 538,139 403,569 252,488 80,000 60,714 522,965 534,611 63,081 31,531 504,745 18,571	18,914 1,001,535 524,579 404,135 250,604 80,000 60,714 507,991 531,666 60,343 30,859 501,778 18,561			303 (1,535) (7,567) 1,440 (604) 552 (162) (1,778) (197)	303 (1,535) (7,567) 1,440 (604) 390 (1,778) (197)	19,217 1,000,000 517,013 405,576 250,000 80,000 60,714 500,000 530,000 56,830 31,250 500,000 18,364			(2,013) 1,424	(2,013) 1,424	635 24,000 19,342 11,396 6,750 353 1,590 26,250 13,913 3,779 774 12,750 820	09/15/2024 09/15/2019 11/15/2019 07/02/2020 07/15/2019 07/15/2028 08/16/2029 07/15/2019 09/16/2019 08/01/2022 03/20/2023 09/29/2019 03/03/2024	2FE 2FE 2FE 2FE 2FE Z 1FE 2FE 1FE 2FE 2FE 2FE 2FE	
3899999	Subtotal - Bonds - Industrial and Miscellaneous (Unaffiliated)				X X X	3,971,745	3,968,374.98	4,033,205	3,991,679	552	(23,270)		(22,718)		3,968,964		(589)	(589)	122,352	X X X	X X X	
8199999	Subtotal - Bonds - SVO Identified Funds				X X X															X X X	X X X	
8299999	Subtotal - Bonds - Bank Loans				X X X															X X X	X X X	
8399997	Subtotal - Bonds - Part 4				X X X	7,499,475	7,379,256	7,459,429	7,304,631	552	(31,523)		(30,971)		7,482,793		13,311	13,311	255,016	X X X	X X X	
8399998	Summary Item from Part 5 for Bonds				X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X
8399999	Total - Bonds				X X X	7,499,475	7,379,256.16	7,459,429	7,304,631	552	(31,523)		(30,971)		7,482,793		13,311	13,311	255,016	X X X	X X X	
9999999	Totals					7,499,475	X X X	7,459,429	7,304,631	552	(31,523)		(30,971)		7,482,793		13,311	13,311	255,016	X X X	X X X	

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

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

SCHEDULE E - PART 2 - CASH EQUIVALENTS

Show Investments Owned End of Current Quarter

1 CUSIP	2 Description	3 Code	4 Date Acquired	5 Rate of Interest	6 Maturity Date	7 Book/Adjusted Carrying Value	8 Amount of Interest Due & Accrued	9 Amount Received During Year
261908-10-7 31846V-41-9 94975H-29-6	DREYFUS TRS OBS CM INST FIRST AMER:TRS OBG V WELLS FRGO TREASURY PLUS CL I MMF		09/03/2019 09/04/2019 09/04/2019	1.740 1.670 1.710			6	1
8599999	Exempt Money Market Mutual Funds – as Identified by SVO					1	6	1
4812C0-66-2	JPMORGAN:US GVT MM AGCY		09/25/2019	1.670		530,942	6,284	
8699999	All Other Money Market Mutual Funds					530,942	6,284	
8899999	Total Cash Equivalents					530,943	6,290	1

E13

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



19530201945000130

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

States, Etc.	1 Direct Premiums Written	2 Direct Premiums Earned	Direct Losses Paid		5 Direct Losses Incurred	Direct Losses Unpaid		8 Direct Losses Incurred But Not Reported	
			3 Amount	4 Number of Claims		6 Amount Reported	7 Number of Claims		
1. Alabama	AL								
2. Alaska	AK								
3. Arizona	AZ								
4. Arkansas	AR								
5. California	CA								
6. Colorado	CO								
7. Connecticut	CT								
8. Delaware	DE								
9. District of Columbia	DC								
10. Florida	FL								
11. Georgia	GA								
12. Hawaii	HI								
13. Idaho	ID								
14. Illinois	IL								
15. Indiana	IN								
16. Iowa	IA								
17. Kansas	KS								
18. Kentucky	KY								
19. Louisiana	LA								
20. Maine	ME								
21. Maryland	MD								
22. Massachusetts	MA								
23. Michigan	MI								
24. Minnesota	MN								
25. Mississippi	MS								
26. Missouri	MO								
27. Montana	MT								
28. Nebraska	NE								
29. Nevada	NV								
30. New Hampshire	NH								
31. New Jersey	NJ								
32. New Mexico	NM								
33. New York	NY								
34. North Carolina	NC								
35. North Dakota	ND								
36. Ohio	OH								
37. Oklahoma	OK	69,117	239,900	132,500	2	116,480	245,000	1	144,458
38. Oregon	OR								
39. Pennsylvania	PA								
40. Rhode Island	RI								
41. South Carolina	SC								
42. South Dakota	SD								
43. Tennessee	TN								
44. Texas	TX								
45. Utah	UT								
46. Vermont	VT								
47. Virginia	VA								
48. Washington	WA								
49. West Virginia	WV								
50. Wisconsin	WI								
51. Wyoming	WY								
52. American Samoa	AS								
53. Guam	GU								
54. Puerto Rico	PR								
55. US Virgin Islands	VI								
56. Northern Mariana Islands	MP								
57. Canada	CAN								
58. Aggregate Other Alien	OT								
59. Totals		69,117	239,900	132,500	2	116,480	245,000	1	144,458

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

NONE

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



19530201945000130

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

States, Etc.	1 Direct Premiums Written	2 Direct Premiums Earned	Direct Losses Paid		5 Direct Losses Incurred	Direct Losses Unpaid		8 Direct Losses Incurred But Not Reported
			3 Amount	4 Number of Claims		6 Amount Reported	7 Number of Claims	
1. Alabama	AL							
2. Alaska	AK							
3. Arizona	AZ							
4. Arkansas	AR							
5. California	CA							
6. Colorado	CO							
7. Connecticut	CT							
8. Delaware	DE							
9. District of Columbia	DC							
10. Florida	FL							
11. Georgia	GA							
12. Hawaii	HI							
13. Idaho	ID							
14. Illinois	IL							
15. Indiana	IN							
16. Iowa	IA							
17. Kansas	KS							
18. Kentucky	KY							
19. Louisiana	LA							
20. Maine	ME							
21. Maryland	MD							
22. Massachusetts	MA							
23. Michigan	MI							
24. Minnesota	MN							
25. Mississippi	MS							
26. Missouri	MO							
27. Montana	MT							
28. Nebraska	NE							
29. Nevada	NV							
30. New Hampshire	NH							
31. New Jersey	NJ							
32. New Mexico	NM							
33. New York	NY							
34. North Carolina	NC							
35. North Dakota	ND							
36. Ohio	OH							
37. Oklahoma	OK	51,121	23,755		1,519			9,396
38. Oregon	OR							
39. Pennsylvania	PA							
40. Rhode Island	RI							
41. South Carolina	SC							
42. South Dakota	SD							
43. Tennessee	TN							
44. Texas	TX							
45. Utah	UT							
46. Vermont	VT							
47. Virginia	VA							
48. Washington	WA							
49. West Virginia	WV							
50. Wisconsin	WI							
51. Wyoming	WY							
52. American Samoa	AS							
53. Guam	GU							
54. Puerto Rico	PR							
55. US Virgin Islands	VI							
56. Northern Mariana Islands	MP							
57. Canada	CAN							
58. Aggregate Other Alien	OT							
59. Totals		51,121	23,755		1,519			9,396

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

NONE

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



19530201945000130

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

States, Etc.	1 Direct Premiums Written	2 Direct Premiums Earned	Direct Losses Paid		5 Direct Losses Incurred	Direct Losses Unpaid		8 Direct Losses Incurred But Not Reported
			3 Amount	4 Number of Claims		6 Amount Reported	7 Number of Claims	
1. Alabama	AL							
2. Alaska	AK							
3. Arizona	AZ							
4. Arkansas	AR							
5. California	CA							
6. Colorado	CO							
7. Connecticut	CT							
8. Delaware	DE							
9. District of Columbia	DC							
10. Florida	FL							
11. Georgia	GA							
12. Hawaii	HI							
13. Idaho	ID							
14. Illinois	IL							
15. Indiana	IN							
16. Iowa	IA							
17. Kansas	KS							
18. Kentucky	KY							
19. Louisiana	LA							
20. Maine	ME							
21. Maryland	MD							
22. Massachusetts	MA							
23. Michigan	MI							
24. Minnesota	MN							
25. Mississippi	MS							
26. Missouri	MO							
27. Montana	MT							
28. Nebraska	NE							
29. Nevada	NV							
30. New Hampshire	NH							
31. New Jersey	NJ							
32. New Mexico	NM							
33. New York	NY							
34. North Carolina	NC							
35. North Dakota	ND							
36. Ohio	OH							
37. Oklahoma	OK	758,682	582,013		722,251	400,000	1	389,492
38. Oregon	OR							
39. Pennsylvania	PA							
40. Rhode Island	RI							
41. South Carolina	SC							
42. South Dakota	SD							
43. Tennessee	TN							
44. Texas	TX							
45. Utah	UT							
46. Vermont	VT							
47. Virginia	VA							
48. Washington	WA							
49. West Virginia	WV							
50. Wisconsin	WI							
51. Wyoming	WY							
52. American Samoa	AS							
53. Guam	GU							
54. Puerto Rico	PR							
55. US Virgin Islands	VI							
56. Northern Mariana Islands	MP							
57. Canada	CAN							
58. Aggregate Other Alien	OT							
59. Totals		758,682	582,013		722,251	400,000	1	389,492

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

NONE



19530201950500103

DIRECTOR AND OFFICER INSURANCE COVERAGE SUPPLEMENT

Year To Date For The Period Ended 2019

NAIC Group Code 3478

NAIC Company Code 19530

Company Name Hallmark National Insurance Company

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

1. Monoline Policies

1 Direct Written Premium	2 Direct Earned Premium	3 Direct Losses Incurred
\$	\$	\$ (3,726)

2. Commercial Multiple Peril (CMP) Packaged Policies

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

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

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

2.31 Amount quantified: \$ _____

2.32 Amount estimated using reasonable assumptions: \$ _____

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