

QUARTERLY STATEMENT

OF THE

HALLMARK INSURANCE COMPANY

of SCOTTSDALE

in the state of ARIZONA

TO THE

Insurance Department

OF THE

STATE OF

FOR THE QUARTER ENDED

September 30, 2020

PROPERTY AND CASUALTY

2020



34037202020100103

QUARTERLY STATEMENT

AS OF SEPTEMBER 30, 2020
OF THE CONDITION AND AFFAIRS OF THE

Hallmark Insurance Company

| | | | | | | |
|---------------------------------------|---|----------------|-------------------|--|----------------------|------------|
| NAIC Group Code | 3478 | 3478 | NAIC Company Code | 34037 | Employer's ID Number | 47-0718164 |
| | (Current Period) | (Prior Period) | | | | |
| Organized under the Laws of | Arizona | | | State of Domicile or Port of Entry | | |
| Country of Domicile | US | | | AZ | | |
| Incorporated/Organized | June 20, 1988 | | | Commenced Business | | |
| Statutory Home Office | 8601 North Scottsdale Road Suite 300 | | | August 23, 1988 | | |
| | (Street and Number) | | | (City or Town, State, Country and Zip Code) | | |
| Main Administrative Office | 5420 Lyndon B. Johnson Freeway Suite 1100 | | | | | |
| | (Street and Number) | | | | | |
| | Dallas, TX US 75240-2345 | | | 817-348-1600 | | |
| | (City or Town, State, Country and Zip Code) | | | (Area Code) (Telephone Number) | | |
| Mail Address | 5420 Lyndon B. Johnson Freeway Suite 1100 | | | Dallas, TX US 75240-2345 | | |
| | (Street and Number or P.O. Box) | | | (City or Town, State, Country and Zip Code) | | |
| Primary Location of Books and Records | 5420 Lyndon B. Johnson Freeway Suite 1100 | | | Dallas, TX US 75240-2345 | | |
| | (Street and Number) | | | (City or Town, State, Country and Zip Code) (Area Code) (Telephone Number) | | |
| Internet Website Address | www.hallmarkgrp.com | | | | | |
| Statutory Statement Contact | Felica M. Smith | | | 817-348-1887 | | |
| | (Name) | | | (Area Code) (Telephone Number) (Extension) | | |
| | fsmith@hallmarkgrp.com | | | 817-348-1820 | | |
| | (E-Mail Address) | | | (Fax Number) | | |

OFFICERS

| | Name | Title |
|----|----------------------------|--|
| 1. | Naveen Anand | President |
| 2. | Christopher James Kenney # | Chief Financial Officer, Treasurer & Secretary |
| 3. | David Michael Webb # | Vice President |

VICE-PRESIDENTS

| Name | Title | Name | Title |
|------|-------|------|-------|
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |

DIRECTORS OR TRUSTEES

| | | | |
|------------------------|--------------------------|----------------------------|---------------------|
| Naveen Anand | Christopher James Kenney | Kenneth Russell Krissinger | Mark Edward Schwarz |
| Charles Edward Stauber | Tarek Nghi Timol | David Michael Webb # | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |

State of Texas

County of Dallas ss

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

| | | |
|----------------|--|----------------|
| | | |
| (Signature) | (Signature) | (Signature) |
| Naveen Anand | Christopher J. Kenney | David M. Webb |
| (Printed Name) | (Printed Name) | (Printed Name) |
| 1. | 2. | 3. |
| President | Chief Financial Officer, Treasurer & Secretary | Vice President |
| (Title) | (Title) | (Title) |

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

a. Is this an original filing? [X] Yes [] No
b. If no: 1. State the amendment number
2. Date filed
3. Number of pages attached

ASSETS

| | Current Statement Date | | | 4 December 31 Prior Year Net Admitted Assets |
|---|------------------------|--------------------------------|--|---|
| | 1 Assets | 2 Nonadmitted Assets | 3 Net Admitted Assets (Cols. 1 - 2) | |
| 1. Bonds | 151,838,845 | | 151,838,845 | 205,430,518 |
| 2. Stocks: | | | | |
| 2.1 Preferred stocks | 6,471,684 | | 6,471,684 | 2,364,288 |
| 2.2 Common stocks | 26,378,225 | | 26,378,225 | 50,510,351 |
| 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 (\$ 15,955,166), cash equivalents (\$ 47,198,197), and short-term investments (\$ 11,341,973) | 74,495,336 | | 74,495,336 | 8,818,221 |
| 6. Contract loans (including \$ 0 premium notes) | | | | |
| 7. Derivatives | | | | |
| 8. Other invested assets | | | | |
| 9. Receivables for securities | 189,445 | | 189,445 | 7,395,185 |
| 10. Securities lending reinvested collateral assets | | | | |
| 11. Aggregate write-ins for invested assets | | | | |
| 12. Subtotals, cash and invested assets (Lines 1 to 11) | 259,373,535 | | 259,373,535 | 274,518,563 |
| 13. Title plants less \$ 0 charged off (for Title insurers only) | | | | |
| 14. Investment income due and accrued | 1,045,935 | | 1,045,935 | 1,479,261 |
| 15. Premiums and considerations: | | | | |
| 15.1 Uncollected premiums and agents' balances in the course of collection | 32,286,915 | | 32,286,915 | 34,210,029 |
| 15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ 0 earned but unbilled premiums) | 4,369 | | 4,369 | 90,532 |
| 15.3 Accrued retrospective premiums (\$ 0) and contracts subject to redetermination (\$ 0) | | | | |
| 16. Reinsurance: | | | | |
| 16.1 Amounts recoverable from reinsurers | 16,471,456 | | 16,471,456 | 7,586,194 |
| 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 | 4,965,747 | 1,003,577 | 3,962,170 | 3,002,400 |
| 19. Guaranty funds receivable or on deposit | 4,566 | | 4,566 | 6,040 |
| 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) | 314,152,523 | 1,003,577 | 313,148,946 | 320,893,019 |
| 27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts | | | | |
| 28. Total (Lines 26 and 27) | 314,152,523 | 1,003,577 | 313,148,946 | 320,893,019 |

| DETAILS OF WRITE-IN LINES | | | | |
|---|------|--|--|--|
| 1101. | NONE | | | |
| 1102. | | | | |
| 1103. | | | | |
| 1198. Summary of remaining write-ins for Line 11 from overflow page | | | | |
| 1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above) | | | | |
| 2501. | 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) | | | | |

LIABILITIES, SURPLUS AND OTHER FUNDS

| | 1 | 2 |
|--|---------------------------|----------------------------|
| | Current Statement Date | December 31, Prior Year |
| 1. Losses (current accident year \$ 49,340,150) | 105,295,423 | 93,504,659 |
| 2. Reinsurance payable on paid losses and loss adjustment expenses | 18,834,788 | 30,395,680 |
| 3. Loss adjustment expenses | 20,830,362 | 17,433,747 |
| 4. Commissions payable, contingent commissions and other similar charges | 7,968 | 8,446 |
| 5. Other expenses (excluding taxes, licenses and fees) | 73,879 | 12,577 |
| 6. Taxes, licenses and fees (excluding federal and foreign income taxes) | 272,074 | 672,515 |
| 7.1. Current federal and foreign income taxes (including \$ 0 on realized capital gains (losses)) | 1,048,445 | 987,071 |
| 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 \$ 33,700,742 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) | 66,309,892 | 71,905,596 |
| 10. Advance premium | | |
| 11. Dividends declared and unpaid: | | |
| 11.1. Stockholders | | |
| 11.2. Policyholders | | |
| 12. Ceded reinsurance premiums payable (net of ceding commissions) | 19,356,578 | 14,346,423 |
| 13. Funds held by company under reinsurance treaties | 59,293 | 59,293 |
| 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 | 23,271 | (413,897) |
| 20. Derivatives | | |
| 21. Payable for securities | 507,855 | 649,137 |
| 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 | (2,317,141) | |
| 26. Total liabilities excluding protected cell liabilities (Lines 1 through 25) | 230,302,687 | 229,561,247 |
| 27. Protected cell liabilities | | |
| 28. Total liabilities (Lines 26 and 27) | 230,302,687 | 229,561,247 |
| 29. Aggregate write-ins for special surplus funds | | |
| 30. Common capital stock | 3,500,000 | 3,500,000 |
| 31. Preferred capital stock | | |
| 32. Aggregate write-ins for other than special surplus funds | | |
| 33. Surplus notes | | |
| 34. Gross paid in and contributed surplus | 41,137,233 | 41,137,233 |
| 35. Unassigned funds (surplus) | 38,209,026 | 46,694,539 |
| 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) | 82,846,259 | 91,331,772 |
| 38. Totals (Page 2, Line 28, Col. 3) | 313,148,946 | 320,893,019 |

| DETAILS OF WRITE-IN LINES | | |
|---|-------------|--|
| 2501. Loss on retroactive reinsurance | (2,317,141) | |
| 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) | (2,317,141) | |
| 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 \$ 50,486,515) | 52,810,429 | 40,515,684 | 56,282,136 |
| 1.2 Assumed (written \$ 112,471,825) | 118,318,839 | 102,416,243 | 140,653,464 |
| 1.3 Ceded (written \$ 50,453,140) | 53,028,364 | 41,163,068 | 57,135,117 |
| 1.4 Net (written \$ 112,505,200) | 118,100,904 | 101,768,859 | 139,800,483 |
| DEDUCTIONS: | | | |
| 2. Losses incurred (current accident year \$ 67,237,211): | | | |
| 2.1 Direct | 38,648,344 | 26,676,699 | 39,232,340 |
| 2.2 Assumed | 74,802,719 | 57,325,990 | 91,467,658 |
| 2.3 Ceded | 38,493,361 | 26,645,475 | 39,263,942 |
| 2.4 Net | 74,957,702 | 57,357,214 | 91,436,056 |
| 3. Loss adjustment expenses incurred | 15,667,339 | 12,325,159 | 22,441,932 |
| 4. Other underwriting expenses incurred | 29,338,965 | 30,827,883 | 41,122,322 |
| 5. Aggregate write-ins for underwriting deductions | 697,105 | | |
| 6. Total underwriting deductions (Lines 2 through 5) | 120,661,111 | 100,510,256 | 155,000,310 |
| 7. Net income of protected cells | | | |
| 8. Net underwriting gain (loss) (Line 1 minus Line 6 + Line 7) | (2,560,207) | 1,258,603 | (15,199,827) |
| INVESTMENT INCOME | | | |
| 9. Net investment income earned | 4,186,411 | 6,688,381 | 8,831,197 |
| 10. Net realized capital gains (losses) less capital gains tax of \$ (67,703) | (250,717) | 1,815,510 | 1,834,434 |
| 11. Net investment gain (loss) (Lines 9 + 10) | 3,935,694 | 8,503,891 | 10,665,631 |
| OTHER INCOME | | | |
| 12. Net gain or (loss) from agents' or premium balances charged off (amount recovered \$ 0 amount charged off \$ 0) | (325,149) | (217,682) | (313,659) |
| 13. Finance and service charges not included in premiums | 13,815 | 17,503 | 22,803 |
| 14. Aggregate write-ins for miscellaneous income | | | |
| 15. Total other income (Lines 12 through 14) | (311,334) | (200,179) | (290,856) |
| 16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15) | 1,064,153 | 9,562,315 | (4,825,052) |
| 17. Dividends to policyholders | | | |
| 18. Net income, after dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Line 16 minus Line 17) | 1,064,153 | 9,562,315 | (4,825,052) |
| 19. Federal and foreign income taxes incurred | 124,761 | 2,202,673 | (742,353) |
| 20. Net income (Line 18 minus Line 19) (to Line 22) | 939,392 | 7,359,642 | (4,082,699) |
| CAPITAL AND SURPLUS ACCOUNT | | | |
| 21. Surplus as regards policyholders, December 31 prior year | 91,331,772 | 102,607,102 | 102,607,102 |
| 22. Net income (from Line 20) | 939,392 | 7,359,642 | (4,082,699) |
| 23. Net transfers (to) from Protected Cell accounts | | | |
| 24. Change in net unrealized capital gains or (losses) less capital gains tax of \$ 0 | (10,384,675) | 4,741,564 | 1,058,323 |
| 25. Change in net unrealized foreign exchange capital gain (loss) | | | |
| 26. Change in net deferred income tax | 1,963,347 | (478,958) | (180,487) |
| 27. Change in nonadmitted assets | (1,003,577) | 377,533 | 377,533 |
| 28. Change in provision for reinsurance | | 52,000 | 52,000 |
| 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 | | (7,000,000) | (8,500,000) |
| 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) | (8,485,513) | 5,051,781 | (11,275,330) |
| 39. Surplus as regards policyholders, as of statement date (Lines 21 plus 38) | 82,846,259 | 107,658,883 | 91,331,772 |

| DETAILS OF WRITE-IN LINES | | | |
|---|---------|--|--|
| 0501. Loss on retroactive reinsurance | 697,105 | | |
| 0502. | | | |
| 0503. | | | |
| 0598. Summary of remaining write-ins for Line 05 from overflow page | | | |
| 0599. Totals (Lines 0501 through 0503 plus 0598) (Line 05 above) | 697,105 | | |
| 1401. | | | |
| 1402. | | | |
| 1403. | | | |
| 1498. Summary of remaining write-ins for Line 14 from overflow page | | | |
| 1499. Totals (Lines 1401 through 1403 plus 1498) (Line 14 above) | | | |
| 3701. | | | |
| 3702. | | | |
| 3703. | | | |
| 3798. Summary of remaining write-ins for Line 37 from overflow page | | | |
| 3799. Totals (Lines 3701 through 3703 plus 3798) (Line 37 above) | | | |

NONE

NONE

CASH FLOW

| | 1 | 2 | 3 |
|--|-------------------------|-----------------------|---------------------------------|
| Cash from Operations | Current Year To Date | Prior Year To Date | Prior Year Ended December 31 |
| 1. Premiums collected net of reinsurance | 119,524,633 | 112,930,755 | 148,575,818 |
| 2. Net investment income | 5,184,351 | 7,174,567 | 9,362,213 |
| 3. Miscellaneous income | (311,335) | (200,179) | (290,856) |
| 4. Total (Lines 1 to 3) | 124,397,649 | 119,905,143 | 157,647,175 |
| 5. Benefit and loss related payments | 82,481,715 | 64,437,553 | 78,375,935 |
| 6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts | | | |
| 7. Commissions, expenses paid and aggregate write-ins for deductions | 43,139,978 | 41,613,575 | 55,360,576 |
| 8. Dividends paid to policyholders | | | |
| 9. Federal and foreign income taxes paid (recovered) net of \$ 0 tax on capital gains (losses) | (8,291) | 584,000 | 584,000 |
| 10. Total (Lines 5 through 9) | 125,613,402 | 106,635,128 | 134,320,511 |
| 11. Net cash from operations (Line 4 minus Line 10) | (1,215,753) | 13,270,015 | 23,326,664 |
| Cash from Investments | | | |
| 12. Proceeds from investments sold, matured or repaid: | | | |
| 12.1 Bonds | 66,734,194 | 65,119,909 | 88,655,083 |
| 12.2 Stocks | 16,262,800 | 8,079 | 2,177,826 |
| 12.3 Mortgage loans | | | |
| 12.4 Real estate | | | |
| 12.5 Other invested assets | | | |
| 12.6 Net gains (or losses) on cash, cash equivalents and short-term investments | | | |
| 12.7 Miscellaneous proceeds | 7,064,459 | 398,730 | (5,232,648) |
| 12.8 Total investment proceeds (Lines 12.1 to 12.7) | 90,061,453 | 65,526,718 | 85,600,261 |
| 13. Cost of investments acquired (long-term only): | | | |
| 13.1 Bonds | 14,445,535 | 61,574,531 | 90,530,676 |
| 13.2 Stocks | 6,206,738 | 36,681 | 5,447,143 |
| 13.3 Mortgage loans | | | |
| 13.4 Real estate | | | |
| 13.5 Other invested assets | | | |
| 13.6 Miscellaneous applications | | | |
| 13.7 Total investments acquired (Lines 13.1 to 13.6) | 20,652,273 | 61,611,212 | 95,977,819 |
| 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) | 69,409,180 | 3,915,506 | (10,377,558) |
| 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 | 59,293 | | 59,293 |
| 16.5 Dividends to stockholders | | 7,000,000 | 8,500,000 |
| 16.6 Other cash provided (applied) | (2,575,604) | 17,941 | (477,738) |
| 17. Net cash from financing and miscellaneous sources (Line 16.1 through Line 16.4 minus Line 16.5 plus Line 16.6) | (2,516,311) | (6,982,059) | (8,918,445) |
| 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) | 65,677,116 | 10,203,462 | 4,030,661 |
| 19. Cash, cash equivalents and short-term investments: | | | |
| 19.1 Beginning of year | 8,818,220 | 4,787,559 | 4,787,559 |
| 19.2 End of period (Line 18 plus Line 19.1) | 74,495,336 | 14,991,021 | 8,818,220 |

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

| | | | |
|---------|--|--|--|
| 20.0001 | | | |
| 20.0002 | | | |
| 20.0003 | | | |

NOTES TO FINANCIAL STATEMENTS

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|----------|---|------|
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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</u> <u>Page</u> | <u>F/S Line</u> <u>#</u> | <u>2020</u> | <u>2019</u> |
|--|--------------|---------------------------|-----------------------------|----------------------|-----------------------|
| (1) Hallmark Insurance Company state basis | XXX | XXX | XXX | \$ 939,392 | \$ (4,082,699) |
| (2) State Prescribed Practices: NONE | | | | | |
| (3) State Permitted Practices: NONE | | | | | |
| (4) NAIC SAP | XXX | XXX | XXX | <u>\$ 939,392</u> | <u>\$ (4,082,699)</u> |
| <u>SURPLUS</u> | | | | | |
| (5) Hallmark Insurance Company state basis | XXX | XXX | XXX | \$ 82,846,259 | \$ 91,331,772 |
| (6) State Prescribed Practices: NONE | | | | | |
| (7) State Permitted Practices: NONE | | | | | |
| (8) NAIC SAP | XXX | XXX | XXX | <u>\$ 82,846,259</u> | <u>\$ 91,331,772</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

In accordance with SSAP 68 the net purchase price of \$5.7 million related to the December 31, 2010 acquisition of Hallmark National Insurance Company (“HNIC”) was being amortized over 10 years. During the first quarter of 2020 the Company determined that the decline in the fair value of HNIC was other than temporary, and the investment in HNIC was written down to its statutory value and a realized loss of \$576 thousand was recognized as a reduction to surplus through the change in unrealized losses.

4. Discontinued Operations

Not applicable.

5. Investments

| | |
|---|-----------|
| a. The aggregate Amount of unrealized losses: | |
| Less than 12 months | 448,854 |
| 12 Months or Longer | 65,521 |
| b. The aggregate related fair value of securities with unrealized losses: | |
| Less than 12 months | 4,888,389 |
| 12 Months or Longer | 823,293 |

R. Prepayment Penalty and Acceleration Fees

| | |
|---|------------------------|
| | <u>General Account</u> |
| (1) Number of CUSIPs | 10 |
| (2) Aggregate Amount of Investment Income | 255,645 |

6. Joint Venture, Partnerships, and Limited Liability Companies

Not applicable.

NOTES TO FINANCIAL STATEMENTS

7. Investment Income

- A. No changes.
- B. Amounts Nonadmitted: Not applicable.

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, electronic data processing equipment and operating software and any net positive goodwill, plus 3) the amount of remaining gross deferred income tax assets that can be offset against existing gross deferred income tax liabilities after considering the character (i.e., ordinary versus capital) of the deferred tax assets and liabilities. The remaining deferred income tax assets are 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, 2020 and the change from the prior year are comprised of the following components:

| 1. | 9/30/2020 | | | 12/31/2019 | | |
|--|--------------|-----------|-----------|------------|-----------|-----------|
| | Ordinary | Capital | Total | Ordinary | Capital | Total |
| a. Gross Deferred Tax Assets..... | \$ 4,127,198 | 1,011,834 | 5,139,032 | 4,105,142 | 116,106 | 4,221,248 |
| b. Statutory Valuation Allowance Adjustment..... | \$ - | - | - | - | - | - |
| c. Adjusted Gross Deferred Tax Assets (1a - 1b)..... | \$ 4,127,198 | 1,011,834 | 5,139,032 | 4,105,142 | 116,106 | 4,221,248 |
| d. Deferred Tax Assets Nonadmitted..... | \$ - | 1,003,577 | 1,003,577 | - | - | - |
| e. Subtotal Net Admitted Deferred Tax Asset (1c - 1d) \$ | 4,127,198 | 8,257 | 4,135,455 | 4,105,142 | 116,106 | 4,221,248 |
| f. Deferred Tax Liabilities..... | \$ 173,285 | | 173,285 | 190,958 | 1,027,890 | 1,218,848 |
| g. Net Admitted Deferred Tax Asset / (Net Admitted Deferred Tax Liability) (1e - 1f)..... | \$ 3,953,913 | 8,257 | 3,962,170 | 3,914,184 | (911,784) | 3,002,400 |

| | Change | | |
|--|-------------|-------------|-------------|
| | Ordinary | Capital | Total |
| a. Gross Deferred Tax Assets..... | \$ 22,056 | 895,728 | 917,784 |
| b. Statutory Valuation Allowance Adjustment..... | \$ - | - | - |
| c. Adjusted Gross Deferred Tax Assets (1a - 1b)..... | \$ 22,056 | 895,728 | 917,784 |
| d. Deferred Tax Assets Nonadmitted..... | \$ - | 1,003,577 | 1,003,577 |
| e. Subtotal Net Admitted Deferred Tax Asset (1c - 1d) \$ | 22,056 | (107,849) | (85,793) |
| f. Deferred Tax Liabilities..... | \$ (17,673) | (1,027,890) | (1,045,563) |
| g. Net Admitted Deferred Tax Asset / (Net Admitted Deferred Tax Liability) (1e - 1f)..... | \$ 39,729 | 920,041 | 959,770 |

The Company does not have a valuation allowance against its deferred assets as the Company does not believe it is more likely than not that some portion or all the gross deferred tax assets will not be realized.

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

NOTES TO FINANCIAL STATEMENTS

| 2. 2 | 9/30/2020 | | | 12/31/2019 | | | |
|--|-----------|-----------|-------|------------|-----------|-----------|------------|
| Admission Calculation Components SSAP No. 101 | Ordinary | Capital | Total | Ordinary | Capital | Total | |
| a. Federal Income Taxes Paid In Prior Years Recoverable Through Loss Carrybacks. | \$ | - | - | 2,109,657 | - | 2,109,657 | |
| 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. | \$ | 3,962,169 | - | 3,962,169 | 1,879,081 | - | 1,879,081 |
| 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 | 11,857,151 | X X X | X X X | 13,298,551 |
| 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. | \$ | 165,028 | 8,257 | 173,285 | 116,404 | 116,106 | 232,510 |
| d. Deferred Tax Assets Admitted as the result of application of SSAP | | | | | | | |
| No. 101. Total (2(a) + 2(b) + 2(c)) | \$ | 4,127,197 | 8,257 | 4,135,454 | 4,105,142 | 116,106 | 4,221,248 |

| | | Change | | |
|---|---|----------|-------------|-------------|
| | | Ordinary | Capital | Total |
| Admission Calculation Components SSAP No. 101 | | | | |
| a. | Federal Income Taxes Paid In Prior Years Recoverable Through Loss Carrybacks. | \$ | (2,109,657) | (2,109,657) |
| 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. | \$ | 2,083,088 | 2,083,088 |
| 1. | Adjusted Gross Deferred Tax Assets to be Realized Following the Balance Sheet Date. | \$ | | |
| 2. | Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold | \$ | X X X | X X X |
| c. | Adjusted Gross Deferred Tax Assets (Excluding the Amount Of Deferred Tax Assets From 2(a) and 2(b) above) Offset by Gross Deferred Tax Liabilities. | \$ | 48,624 | (107,849) |
| d. | Deferred Tax Assets Admitted as the result of application of SSAP No. 101. Total (2(a) + 2(b) + 2(c)) | \$ | 22,055 | (107,849) |
| | | | | (85,794) |

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

| 3. | 2020 | 2019 |
|--|---------------|------------|
| a. Ratio Percentage Used to Determine Recover Period And Threshold Limitation Amount. | 401.3% | 449.4% |
| b. Amount Of Adjusted Capital And Surplus Used To Determine Recovery Period And Threshold Limitation In 2(b)2 Above. | \$ 78,884,089 | 99,801,748 |

| | 9/30/2020 | | 12/31/2019 | | Change | |
|--|-----------------|----------------|-----------------|----------------|-----------------|----------------|
| | <u>Ordinary</u> | <u>Capital</u> | <u>Ordinary</u> | <u>Capital</u> | <u>Ordinary</u> | <u>Capital</u> |
| 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) | \$ 4,127,198 | 1,011,834 | 4,105,142 | 116,106 | 22,056 | 895,728 |
| 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) | \$ 4,127,198 | 8,257 | 4,105,142 | 116,106 | 22,056 | (107,849) |
| 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? | | | | | | |
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C. Current income taxes incurred consist of the following major components:

| | | <u>9/30/2020</u> | <u>12/31/2019</u> | <u>Change</u> |
|----|---|------------------|-------------------|---------------|
| 1. | Current Income Tax | | | |
| a. | Federal..... | \$ (3,975) | (616,523) | 612,548 |
| b. | Foreign..... | \$ - | - | - |
| c. | Subtotal..... | \$ (3,975) | (616,523) | 612,548 |
| d. | Federal Income Tax on net capital gains..... | \$ (85,895) | (125,099) | 39,204 |
| e. | Utilization of capital loss carry-forwards..... | \$ - | - | - |
| f. | Other..... | \$ 122,682 | (731) | 123,413 |
| g. | Federal and foreign income taxes incurred..... | \$ 32,812 | (742,353) | 775,165 |

NOTES TO FINANCIAL STATEMENTS

| | | | | |
|----|--|--------------|------------|-------------|
| 2. | Deferred Tax Assets: | | | |
| a. | Ordinary | 9/30/2020 | 12/31/2019 | Change |
| | (1) Discounting of unpaid losses..... | \$ 1,342,183 | 1,085,106 | 257,077 |
| | (2) Unearned premium reserve..... | \$ 2,785,015 | 3,020,035 | (235,020) |
| | (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)..... | \$ - | - | - |
| | (99) Subtotal..... | \$ 4,127,198 | 4,105,141 | 22,057 |
| b. | Statutory valuation allowance adjustment..... | \$ - | - | - |
| c. | Nonadmitted..... | \$ - | - | - |
| d. | Admitted ordinary deferred tax assets (2a99 - 2b - 2c)..... | \$ 4,127,198 | 4,105,141 | 22,057 |
| e. | Capital: | | | |
| | (1) Investments..... | \$ 1,011,834 | 116,106 | 895,728 |
| | (2) Net capital loss carry-forward..... | \$ - | - | - |
| | (3) Real estate..... | \$ - | - | - |
| | (4) Other (including items <5% of total capital tax assets)..... | \$ - | - | - |
| | (99) Subtotal..... | \$ 1,011,834 | 116,106 | 895,728 |
| f. | Statutory valuation allowance adjustment..... | \$ - | - | - |
| g. | Nonadmitted..... | \$ 1,003,577 | - | 1,003,577 |
| h. | Admitted capital deferred tax assets (2e99 - 2f - 2g)..... | \$ 8,257 | 116,106 | (107,849) |
| i. | Admitted deferred tax assets (2d + 2h)..... | \$ 4,135,455 | 4,221,247 | (85,792) |
| 3. | Deferred Tax Liabilities: | | | |
| a. | Ordinary | | | |
| | (1) Investments..... | \$ 163,521 | 188,501 | (24,980) |
| | (2) Fixed assets..... | \$ - | - | - |
| | (3) Deferred and uncollected premium..... | \$ - | - | - |
| | (4) Policyholder reserves..... | \$ - | - | - |
| | (5) Other (including items <5% of total ordinary tax liabilities)..... | \$ 9,764 | 2,456 | 7,308 |
| | (99) Subtotal..... | \$ 173,285 | 190,957 | (17,672) |
| b. | Capital: | | | |
| | (1) Investments..... | \$ - | 1,027,890 | (1,027,890) |
| | (2) Real Estate..... | \$ - | - | - |
| | (3) Other (including items <5% of total capital tax liabilities)..... | \$ - | - | - |
| | (99) Subtotal..... | \$ - | 1,027,890 | (1,027,890) |
| c. | Deferred tax liabilities (3a99 + 3b99)..... | \$ 173,285 | 1,218,847 | (1,045,562) |
| 4. | Net deferred tax assets/liabilities (2i - 3c)..... | \$ 3,962,170 | 3,002,400 | 959,770 |

D. Operating loss carryforward

As of September 30, 2020, there is no net operating loss carryforward and no tax credit carryforwards available for tax purposes.

The amounts of Federal income taxes incurred that are available for recoupment in the event of future net losses are:

| | | | |
|------|----------|---------|---------|
| | Ordinary | Capital | Total |
| 2020 | 342,449 | - | 342,449 |
| 2019 | - | - | - |
| 2018 | - | - | - |

The aggregate amounts of deposits admitted under Section 6603 of the Internal Revenue Code are \$0.

10. Information Concerning Parent, Subsidiaries and Affiliates

A. 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.

NOTES TO FINANCIAL STATEMENTS

13. Capital Surplus, Dividend Restrictions and Quasi Reorganizations

- 1. Outstanding Shares: No changes.
- 2. Dividend Rate of Preferred Stock: Not applicable.
- 3. Dividend Restrictions: No changes
- 4. Dates and Amounts of Dividends Paid:

On March 1,2019, the Company declared an ordinary dividend of \$2,500,000 in cash to its sole shareholder, Hallmark Financial Services, Inc., which dividend was paid on March 15, 2019

On May 30, 2019, the Company received an ordinary cash dividend of \$500,000 from its subsidiary HNIC.

On May 14, 2019, the Company declared an ordinary dividend of \$3,000,000 in cash to its sole shareholder, Hallmark Financial Services, Inc., which dividend was paid on May 30, 2019.

On August 14, 2019, the Company declared an ordinary dividend of \$1,500,000 in cash to its sole shareholder, Hallmark Financial Services, Inc., which dividend was paid on September 3, 2019.

On September 3, 2019, the Company received an ordinary cash dividend of \$250,000 from its subsidiary HNIC.

On November 15, 2019, the Company declared an ordinary dividend of \$1,500,000 in cash to its sole shareholder, Hallmark Financial Services, Inc., which dividend was paid on December 16, 2019.

On December 16, 2019, the Company received an ordinary cash dividend of \$250,000 from its subsidiary HNIC.

- 5. Portion of the Company’s Profits that may be paid as Ordinary Dividends to Stockholders:

No changes.

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

- 7. Mutual Surplus Advances: Not applicable.
- 8. Company Stock Held for Special Purposes: Not applicable.
- 9. Changes in Special Surplus Funds: Not applicable.

- 10. Changes in Unassigned Funds:

| | |
|----------------------------------|-----------------|
| Net unrealized gains or (losses) | \$ (10,384,675) |
| Net deferred income tax | \$ 1,963,347 |
| Change in nonadmitted asset | \$ (1,063,787) |

- 11.Surplus Notes: Not applicable.
- 12. Impact of Restatement Due to Quasi Reorganizations: Not applicable.
- 13. Effective Date of Quasi Reorganizations: Not applicable.

14. Contingencies

- A. Contingent Commitments: No changes.
- B. Guaranty Fund and Other Assessments: No changes.
- C. Gain Contingencies: Not applicable.
- D. Claims Related Extra Contractual Obligation and Bad Faith Losses Stemming from Lawsuits: Not applicable.
- E. All Other Contingencies: No changes.

15. Leases

Not applicable.

NOTES TO FINANCIAL STATEMENTS

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

Not applicable.

20. Fair Value Measurement

A.

A.

1. Fair Value Measurements at Reporting Date

| a. Assets at fair Value | (Level 1) | (Level 2) | (Level 3) | Total |
|--|------------|------------|-----------|------------|
| Cash Equivalent: MMFund | 7,629,113 | - | - | 7,629,113 |
| Bonds: Industrial & Miscellaneous | - | 1,610,129 | - | 1,610,129 |
| Bank Loans | | 15,917,360 | | 15,917,360 |
| Preferred Stocks: Industrial & Miscellaneous | 1,193,501 | - | - | 1,193,501 |
| Common Stocks: Industrial & Miscellaneous | 1,412,598 | - | - | 1,412,598 |
| Total assets at fair value | 10,235,212 | 17,527,489 | - | 27,762,701 |

2. Fair Value Measurements in (Level 3) of the Fair Value Hierarchy
Not applicable.

3.

a. No equity security transfers between levels in 2020.

C.

The table below reflects the fair value and admitted values of all admitted assets that are financial instruments of the company and are categorized into the three -level fair value hiearachy at September 30, 2020.

| Type of Financial Instrument | Aggregate Fair Value | Admitted Assets | (Level 1) | (Level 2) | (Level 3) | Not Practicable (Carrying Value) |
|--|----------------------|-----------------|------------|-------------|-----------|----------------------------------|
| Bonds | 153,930,304 | 151,838,846 | | 153,836,904 | 93,400 | |
| Preferred Stocks | 6,930,693 | 6,471,684 | 6,930,693 | | | |
| Common Stocks | 2,397,228 | 2,397,228 | 2,397,228 | | | |
| Cash, Cash Equivalents, and Short term Investments | 74,495,336 | 74,495,336 | 63,154,138 | 11,341,198 | | |
| Total | 237,753,561 | 235,203,094 | 72,482,059 | 165,178,102 | 93,400 | - |

21. Other Items

Not applicable.

22. Events Subsequent

No changes.

23. Reinsurance

A. No changes.

B. No changes.

C. No changes.

D. No changes.

NOTES TO FINANCIAL STATEMENTS

E. No changes.

F. Retroactive Reinsurance.

On July 16, 2020, AHIC, HIC, HSIC, HCM and HNIC (collectively, the “Hallmark Insurers”), entered into a Loss Portfolio Transfer Reinsurance Contract to be effective as of January 1, 2020 (the “LPT Contract”) with DARAG Bermuda Ltd. (“DARAG Bermuda”).

The Hallmark LPT Contract was consummated on July 31, 2020. The Company recorded a \$.7 million pre-tax loss during the third quarter of 2020 attributable to the closing of the LPT Contract.

Pursuant to the LPT Contract, (a) the Hallmark Insurers ceded to the Reinsurers all existing and future claims for losses occurring on or prior to December 31, 2019 on the binding primary commercial automobile liability insurance policies and the brokerage primary commercial automobile liability insurance policies issued by the Hallmark Insurers (the “Subject Business”) up to an aggregate limit of \$240.0 million, with (i) the first layer of \$151.2 million in reinsurance provided by DARAG Bermuda, (ii) the Hallmark Insurers retaining a loss corridor of the next \$24.9 million in losses on the Subject Business, (iii) DARAG Bermuda reinsuring a second layer of \$27.8 million above the first layer and the Hallmark Insurers’ loss corridor, and (iv) DARAG Guernsey reinsuring the top layer of \$36.1 million in losses on the Subject Business, in each case net of third-party reinsurance and other recoveries; (b) the Hallmark Insurers will continue to manage and retain the benefit of other third-party reinsurance on the Subject Business; and (c) the Hallmark Insurers paid the Reinsurers a net reinsurance premium of \$92.6 million. In connection with the closing, the parties also entered into a Services Agreement and a Trust Agreement. Pursuant to the Services Agreement, DARAG Bermuda assumed responsibility for certain administrative services, including claims handling, for the Subject Business. Pursuant to the Trust Agreement, the Reinsurers made initial cash deposits in the aggregate amount of \$96.7 million into collateral trust accounts with The Bank of New York Mellon, as trustee, to be held as security for the Reinsurers’ obligations to the Hallmark Insurers under the LPT Contract

RETROACTIVE REINSURANCE

| | | Reported Company | |
|----|---|-----------------------|--------------|
| | | As: <u>Assumed</u> | <u>Ceded</u> |
| a. | Reserves Transferred: | | |
| | 1. Initial Reserves | \$ 0 | (4,459,959) |
| | 2. Adjustments - Prior Year(s) | \$ 0 | 0 |
| | 3. Adjustments - Current Year | \$ 0 | 0 |
| | 4. Current Total | \$ 0 | (4,459,959) |
| b. | Consideration Paid or Received: | | |
| | 1. Initial Consideration | \$ 0 | 5,157,064 |
| | 2. Adjustments - Prior Year(s) | \$ 0 | 0 |
| | 3. Adjustments - Current Year | \$ 0 | 0 |
| | 4. Current Total | \$ 0 | 5,157,064 |
| c. | Paid Losses Reimbursed or Recovered: | | |
| | 1. Prior Year(s) | \$ 0 | 2,508,790 |
| | 2. Current Year | \$ 0 | 0 |
| | 3. Current Total | \$ 0 | 2,508,790 |
| d. | Special Surplus from Retroactive Reinsurance: | | |
| | 1. Initial Surplus Gain or Loss | \$ 0 | 0 |
| | 2. Adjustments - Prior Year(s) | \$ 0 | 0 |
| | 3. Adjustments - Current Year | \$ 0 | 0 |
| | 4. Current Year Restricted Surplus | \$ 0 | 0 |
| | 5. Cumulative Total Transferred to Unassigned Funds | \$ 0 | (697,105) |
| e. | All cedents and reinsurers involved in all transactions included in summary totals above: | | |

| Column 1: Cedents and Reinsurers Company Name | <u>Assumed Amt</u> | <u>Ceded Amt</u> |
|---|--------------------|------------------|
| DARAG Bermuda AA-3191423 | 4,459,959 | |
| Total* | \$ 4,459,959 | 0 |

* Total amounts must agree with totals in a. 4 above. Include the NAIC Company Code or Alien Insurer Identification Number for each insurer listed.

G. No changes.

24. Retrospective Rated Contracts and Contracts Subject to Redetermination

NOTES TO FINANCIAL STATEMENTS

No changes.

25. Changes in Incurred Loss and Adjustment Expenses

Reserves as of December 31, 2019 were \$110.9 million. As of September 30, 2020, \$53.4 million has been paid for incurred claims and claim adjustment expenses attributable to insured events of prior years. Reserves remaining for prior years are now \$68.4 million as a result of re-estimation of unpaid claims and claim adjustment expenses principally on commercial auto liability and general liability lines of insurance. Therefore, there has been \$10.9 million of unfavorable prior-year development since December 31, 2019 to September 30, 2020. The increase is generally the result of ongoing analysis of recent loss development trends. Original estimates are increased or decreased, as additional information becomes known regarding individual claims.

26. Intercompany Pooling Arrangements

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

The names, NAIC company codes and intercompany 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.

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

NOTES TO FINANCIAL STATEMENTS

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.

000819913

4.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement?

Yes [] No [X]

If yes, complete and file the merger history data file with the NAIC.

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

| 1 Name of Entity | 2 NAIC Company Code | 3 State of Domicile |
|---------------------|------------------------|------------------------|
| | | |
| | | |

5. If the reporting entity is subject to a management agreement, including third-party administrator(s), managing general agent(s), attorney-in-fact, or similar agreement, have there been any significant changes regarding the terms of the agreement or principals involved?
If yes, attach an explanation.

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

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.

12/31/2018

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).

06/26/2020

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

6.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with Departments?

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

6.6 Have all of the recommendations within the latest financial examination report been complied with?

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

GENERAL INTERROGATORIES

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

7.2 If yes, give full information

.....

.....

.....

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

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

.....

.....

.....

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

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

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

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

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

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

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

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

(e) Accountability for adherence to the code.

Yes [X] No []

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

.....

.....

.....

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

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

.....

.....

.....

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

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

.....

.....

.....

FINANCIAL

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

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

GENERAL INTERROGATORIES

INVESTMENT

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

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

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

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

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

14.2 If yes, please complete the following:

| | 1 | 2 |
|---|---|--|
| | Prior Year-End Book/Adjusted Carrying Value | Current Quarter Book/Adjusted Carrying Value |
| 14.21 Bonds | \$ | \$ |
| 14.22 Preferred Stock | \$ | \$ |
| 14.23 Common Stock | \$ 25,186,659 | \$ 23,980,997 |
| 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) | \$ 25,186,659 | \$ 23,980,997 |
| 14.28 Total Investment in Parent included in Lines 14.21 to 14.26 above | \$ | \$ |

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

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

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

16.1 Total fair value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2 \$

16.2 Total book adjusted/carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2 \$

16.3 Total payable for securities lending reported on the liability page \$

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

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

| 1 | 2 |
|----------------------|--|
| Name of Custodian(s) | 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 | 2 | 3 |
|---------|-------------|-------------------------|
| Name(s) | Location(s) | Complete Explanation(s) |
| | | |
| | | |

GENERAL INTERROGATORIES

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

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

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

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

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

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

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

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

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

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

18.2 If no, list exceptions:
.
.
.
.

19. By self-designating 5GI securities, the reporting entity is certifying the following elements for each self-designated 5GI security:
- a. Documentation necessary to permit a full credit analysis of the security does not exist or an NAIC CRP credit rating for an FE or PL security is not available.
 - b. Issuer or obligor is current on all contracted interest and principal payments.
 - c. The insurer has an actual expectation of ultimate payment of all contracted interest and principal.

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

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

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

21. By assigning FE to a Schedule BA non-registered private fund, the reporting entity is certifying the following elements of each self-designated FE fund:
- a. The shares were purchased prior to January 1, 2019.
 - b. The reporting entity is holding capital commensurate with the NAIC Designation reported for the security.
 - c. The security had a public credit rating(s) with annual surveillance assigned by an NAIC CRP in its legal capacity as an NRSRO prior to January 1, 2019.
 - d. The fund only or predominantly holds bonds in its portfolio.

GENERAL INTERROGATORIES

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

Has the reporting entity assigned FE to Schedule BA non-registered private funds that complied with the above criteria? Yes [☐] No [☒]

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?
If yes, attach an explanation.

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

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?
If yes, attach an explanation.

Yes [] No [X]

3.1 Have any of the reporting entity's primary reinsurance contracts been canceled?

Yes [] No [X]

3.2 If yes, give full and complete information thereto:

.....

.....

.....

.....

.....

4.1 Are any of the liabilities for unpaid losses and loss adjustment expenses other than certain workers' compensation tabular reserves (see Annual Statement Instructions pertaining to disclosure of discounting for definition of "tabular reserves") discounted at a rate of interest greater than zero?

Yes [] No [X]

4.2 If yes, complete the following schedule:

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

5. Operating Percentages:

5.1. A&H loss percent _____ %

5.2. A&H cost containment percent _____ %

5.3. A&H expense percent excluding cost containment expenses _____ %

6.1 Do you act as a custodian for health savings accounts?

Yes [] No [X]

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

\$ _____

6.3 Do you act as an administrator for health savings accounts?

Yes [] No [X]

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

\$ _____

7. Is the reporting entity licensed or chartered, registered, qualified, eligible or writing business in at least two states?

Yes [X] No []

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

Yes [] No []

SCHEDULE F - CEDED REINSURANCE

Showing All New Reinsurers - Current Year to Date

[illegible]

SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN
Current Year To Date - Allocated by States and Territories

| | | 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 |
| States, Etc. | | | | | | | | |
| 1. Alabama | AL | L | 533,747 | 807,238 | 43,555 | 3,072,342 | 936,229 | 796,101 |
| 2. Alaska | AK | L | 61,348 | 86,818 | 25,000 | | 79,188 | 55,910 |
| 3. Arizona | AZ | L | 1,438,261 | 804,588 | 571,272 | 394,229 | 740,480 | 626,749 |
| 4. Arkansas | AR | L | 372,464 | 453,150 | 39,736 | 191,571 | 451,253 | 496,858 |
| 5. California | CA | L | 8,743,326 | 9,324,428 | 2,630,036 | 4,740,263 | 5,846,130 | 5,909,711 |
| 6. Colorado | CO | N | | | | | | |
| 7. Connecticut | CT | N | | | | | | |
| 8. Delaware | DE | L | 292,794 | 358,180 | 67,785 | 214 | 1,994,492 | 67,752 |
| 9. District of Columbia | DC | N | | | | | | |
| 10. Florida | FL | L | 2,166,862 | 2,415,562 | 1,042,997 | 453,101 | 4,326,922 | 2,063,177 |
| 11. Georgia | GA | L | 2,271,826 | 1,037,364 | 1,389,746 | 249,372 | 927,569 | 1,038,301 |
| 12. Hawaii | HI | L | 284,770 | 345,902 | 130,779 | 823,032 | 544,696 | 4,382,209 |
| 13. Idaho | ID | L | 349,851 | 283,877 | 366,514 | 911,324 | 671,949 | 620,656 |
| 14. Illinois | IL | L | 213,363 | 1,655,696 | 1,337,992 | 6,151,589 | 1,833,531 | 1,295,664 |
| 15. Indiana | IN | L | 1,580,993 | 2,013,689 | 367,606 | 575,830 | 1,080,881 | 2,115,643 |
| 16. Iowa | IA | L | 231,300 | 247,569 | (17,662) | | 730,242 | 183,874 |
| 17. Kansas | KS | L | 376,263 | 481,149 | 227,222 | 483,247 | 652,732 | 727,428 |
| 18. Kentucky | KY | L | 576,369 | 242,591 | 454,526 | 104,282 | 402,620 | 1,233,317 |
| 19. Louisiana | LA | L | 517,425 | 870,728 | 824,039 | 454,056 | 2,806,290 | 1,034,096 |
| 20. Maine | ME | N | | | | | | |
| 21. Maryland | MD | L | 677,663 | 1,128,942 | 529,496 | 174,538 | 1,460,373 | 1,583,519 |
| 22. Massachusetts | MA | L | 203,948 | 308,211 | 200,000 | 1,103,319 | 244,583 | 246,734 |
| 23. Michigan | MI | L | 1,255,948 | 1,905,176 | 98,541 | 159,838 | 854,018 | 845,356 |
| 24. Minnesota | MN | L | 511,501 | 596,488 | 5,513,132 | 246,336 | 233,915 | 267,828 |
| 25. Mississippi | MS | L | 204,903 | 290,062 | 322,818 | 2,745,246 | 356,153 | 624,775 |
| 26. Missouri | MO | L | 1,297,695 | 5,431,436 | 2,229,159 | 83,770 | 4,056,634 | 3,759,184 |
| 27. Montana | MT | L | 366,597 | 348,933 | 117,126 | (1,271) | 197,088 | 215,428 |
| 28. Nebraska | NE | L | 1,189,891 | 275,412 | 22,372 | 26,457 | 302,288 | 162,876 |
| 29. Nevada | NV | L | 261,833 | 350,886 | 95,926 | 2,045,105 | 193,545 | 214,238 |
| 30. New Hampshire | NH | L | 138,640 | 166,891 | 2,943 | 156,163 | 96,558 | 85,395 |
| 31. New Jersey | NJ | L | 253,407 | 256,756 | 74,574 | 203,972 | 64,094 | 64,872 |
| 32. New Mexico | NM | L | 226,230 | 315,218 | 115,845 | 230,850 | 284,903 | 280,287 |
| 33. New York | NY | L | 1,054,655 | 788,608 | 509,127 | 310,714 | 1,683,472 | 303,127 |
| 34. North Carolina | NC | L | 629,812 | 869,608 | 490,284 | 97,555 | 517,633 | 637,200 |
| 35. North Dakota | ND | L | 122,974 | 96,785 | | | 76,807 | 83,874 |
| 36. Ohio | OH | L | 1,153,348 | 1,420,969 | 387,302 | (5,422) | 1,204,851 | 936,907 |
| 37. Oklahoma | OK | L | 1,394,921 | 2,063,649 | 712,475 | 21,406 | 831,808 | 815,832 |
| 38. Oregon | OR | L | 507,692 | 452,085 | 67,485 | (23,231) | 336,704 | 365,572 |
| 39. Pennsylvania | PA | L | 1,010,562 | 1,294,790 | 229,437 | 530,887 | 2,818,156 | 1,529,358 |
| 40. Rhode Island | RI | L | 55,107 | 66,178 | | 19,373 | 102,711 | 109,772 |
| 41. South Carolina | SC | L | 337,371 | 348,555 | 282,339 | 151,401 | 606,398 | 477,832 |
| 42. South Dakota | SD | L | 104,010 | 138,211 | | 99,456 | 52,157 | 54,502 |
| 43. Tennessee | TN | L | 1,165,751 | 1,254,931 | 1,862,474 | 209,331 | 1,051,060 | 757,020 |
| 44. Texas | TX | L | 14,024,798 | 4,570,880 | 7,806,328 | 1,682,605 | 4,609,687 | 6,149,199 |
| 45. Utah | UT | L | 1,707,856 | 564,733 | 116,875 | 260,185 | 5,640,941 | 512,252 |
| 46. Vermont | VT | N | | | | | | |
| 47. Virginia | VA | N | | | | | | |
| 48. Washington | WA | L | 28,956 | 26,852 | 34,796 | 58,253 | 90,868 | 37,889 |
| 49. West Virginia | WV | L | 72,484 | 100,037 | | 15,837 | 174,835 | 200,221 |
| 50. Wisconsin | WI | L | 380,302 | 426,677 | 148,535 | 13,024 | 1,504,398 | 195,137 |
| 51. Wyoming | WY | L | 136,700 | 283,851 | | 12,424 | 378,789 | 465,475 |
| 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 | 50,486,517 | 47,570,339 | 31,470,532 | 29,232,573 | 54,050,631 | 44,629,107 |

| DETAILS OF WRITE-INS | | | | | | | |
|----------------------|---|-------|------|--|--|--|--|
| 58001. | | X X X | NONE | | | | |
| 58002. | | X X X | | | | | |
| 58003. | | X X X | | | | | |
| 58998. | Summary of remaining write-ins for Line 58 from overflow page | X X X | | | | | |
| 58999. | Totals (Lines 58001 through 58003 plus 58998) (Line 58 above) | X X X | | | | | |

| | | |
|-----|--|----|
| (a) | Active Status Counts | |
| | L – Licensed or Chartered - Licensed insurance carrier or domiciled RRG | 45 |
| | E – Eligible - Reporting entities eligible or approved to write surplus lines in the state | |
| | D - Domestic Surplus Lines Insurer (DSLII) - Reporting entities authorized to write surplus lines in the state of domicile | |
| | R - Registered - Non-domiciled RRGs | |
| | Q - Qualified - Qualified or accredited reinsurer | |
| | N – None of the above - Not allowed to write business in the state (other than their state of domicile - See DSLII) | 12 |

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

PART 1 - ORGANIZATIONAL CHART

| | | |
|--|------------|------------|
| Schwarz 2012 Family Trust (Mark E. Schwarz, Sole Trustee) | Texas | |
| . NCM Services, Inc. | Texas | |
| ...Newcastle Capital Group, LLC | Texas | |
| Newcastle Capital Management, L.P. | Texas | |
| 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 Insurance Managers, Inc. | Texas | 52-2099239 |
|Aerospace Special Risk, Inc. | Texas | 20-0786154 |
|Mannequin PCC Ltd. Cell A-22* | Guernsey | N/A |
|Heath XS, LLC | New Jersey | 02-0557327 |
|CITON Agency, Inc. 49% | Florida | 26-2010050 |
|American Hallmark Ins. Co. of TX. (43494)* | Texas | 75-1817901 |
|Hallmark Specialty Ins. Co. (26808)* | Oklahoma | 74-2378996 |
|CYR Insurance Management Company | Texas | 75-1661749 |
|Hallmark County Mutual Insurance Company (29408)* | Texas | 74-0814987 |
|TBIC Holding Corporation. | Texas | 41-2130851 |
|Texas Builders Insurance Company (27170)* | Texas | 74-2439728 |
|TBIC Risk Management, Inc. | Texas | 37-1417618 |
|Effective Claims Management, Inc. | Texas | 75-2825542 |
|American Hallmark Insurance Services, Inc | Texas | 75-2652618 |
|Hallmark Specialty Underwriters, Inc | Texas | 74-2228153 |
|TGA Special Risk | Texas | 74-2774138 |
|Pan American Acceptance Corporation | Texas | 74-1683629 |
|Hallmark Insurance Company (34037)* | Arizona | 47-0718164 |
|Hallmark National Insurance Company (19530)* | Arizona | 31-1334827 |

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) | * |
| 000000 | | 00000 | 0 | 0 | 0 | | | TX | | Schwarz 2012 Family Trust (Mark E. Schwarz, Sol | | | Newcastle Partners, L.P. | N | |
| | | 00000 | 0 | 0 | 0 | | | TX | | NCM Services, Inc. | | | Newcastle Partners, L.P. | N | |
| | | 00000 | 0 | 0 | 0 | | | TX | | Newcastle Capital Group, LLC | | | Newcastle Partners, L.P. | N | |
| | | 00000 | 0 | 0 | 0 | | | TX | | Newcastle Capital Management, L.P. | | | Newcastle Partners, L.P. | N | |
| | | 00000 | 87-0447375 | 0 | 819913 | NASDAQ | Hallmark Financial Services, Inc. | TX | UDP | Newcastle Partners, L.P., Mark E. Schwarz, Genera | Ownership | 27.900 | Newcastle Partners, L.P. | N | |
| | | 00000 | 45-8544756 | 0 | 0 | | ACO Holdings, Inc. (Inactive Co) | TX | UDP | Hallmark Financial Services, Inc. | Ownership | 100.000 | Newcastle Partners, L.P. | N | |
| | | 00000 | 75-2341879 | 0 | 0 | | American Hallmark G.A., Inc. | TX | UDP | ACO Holdings, Inc. (Inactive Co) | Ownership | 100.000 | Newcastle Partners, L.P. | N | |
| | | 00000 | 75-1693596 | 0 | 0 | | Hallmark Claim Services, Inc. | TX | UDP | ACO Holdings, Inc. (Inactive Co) | Ownership | 100.000 | Newcastle Partners, L.P. | N | |
| | | 00000 | 75-2339280 | 0 | 0 | | Hallmark Finance Corporation | TX | UDP | ACO Holdings, Inc. (Inactive Co) | Ownership | 100.000 | Newcastle Partners, L.P. | N | |
| | | 00000 | 20-0785668 | 0 | 0 | | Aerospace Holdings, LLC | TX | UDP | Hallmark Financial Services, Inc. | Ownership | 100.000 | Newcastle Partners, L.P. | N | |
| | | 00000 | 75-2853986 | 0 | 0 | | Aerospace Claims Management Group | TX | UDP | Aerospace Holdings, LLC | Ownership | 100.000 | Newcastle Partners, L.P. | N | |
| | | 00000 | 75-2925120 | 0 | 0 | | Aerospace Flight (Inactive Co) | TX | UDP | Aerospace Holdings, LLC | Ownership | 100.000 | Newcastle Partners, L.P. | N | |
| 000000 | | 00000 | 52-2099239 | 0 | 0 | | Aerospace Insurance Managers, Inc. | TX | UDP | Aerospace Holdings, LLC | Ownership | 100.000 | Newcastle Partners, L.P. | N | |
| | | 00000 | 20-0786154 | 0 | 0 | | Aerospace Special Risk, Inc. | TX | UDP | Aerospace Holdings, LLC | Ownership | 100.000 | Newcastle Partners, L.P. | N | |
| | | 00000 | N/A | 0 | 0 | | Mannequin PCC Ltd. Cell A-22* | GG | UDP | Aerospace Holdings, LLC | Ownership | 100.000 | Newcastle Partners, L.P. | N | |
| | | 00000 | 02-0557327 | 0 | 0 | | Heath XS, LLC | NJ | UDP | Hallmark Financial Services, Inc. | Ownership | 100.000 | Newcastle Partners, L.P. | N | |
| | | 00000 | 01-0756829 | 0 | 0 | | Hardscrabble Data Solutions, LLC | NJ | UDP | Hallmark Financial Services, Inc. | Ownership | 100.000 | Newcastle Partners, L.P. | N | |
| | | 00000 | 26-2010050 | 0 | 0 | | 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 | 0 | 0 | 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 | 0 | 0 | Hallmark Specialty Ins. Co | OK | UDP | American Hallmark Ins. Co. of TX | Ownership | 100.000 | Newcastle Partners, L.P. | N | |
| | 0 | | 00000 | 75-1661749 | 0 | 0 | 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 | 0 | 0 | Hallmark County Mutual Insurance Company | TX | OTH | Mutual Ownership | Other | 100.000 | Newcastle Partners, L.P. | N | |
| | 0 | | 00000 | 41-2130851 | 0 | 0 | TBIC Holding Corporation | TX | UDP | American Hallmark Ins. Co. of TX | Ownership | 100.000 | Newcastle Partners, L.P. | N | |
| 000000 | 3478 | Hallmark Financial Services Group | 27170 | 74-2439728 | 0 | 0 | Texas Builders Insurance Company | TX | UDP | TBIC Holding Corporation | Ownership | 100.000 | Newcastle Partners, L.P. | N | |
| | 0 | | 00000 | 37-1417618 | 0 | 0 | TBIC Risk Management, Inc. | TX | UDP | Texas Builders Insurance Company | Ownership | 100.000 | Newcastle Partners, L.P. | Y | |
| | 0 | | 00000 | 75-2825542 | 0 | 0 | Effective Claims Management, Inc. | TX | UDP | Hallmark Financial Services, Inc. | Ownership | 100.000 | Newcastle Partners, L.P. | N | |
| | 0 | | 00000 | 75-2652618 | 0 | 0 | American Hallmark Insurance Services, Inc. | TX | UDP | Hallmark Financial Services, Inc. | Ownership | 100.000 | Newcastle Partners, L.P. | N | |
| | 0 | | 00000 | 74-2228153 | 0 | 0 | Hallmark Specialty Underwriters, Inc. | TX | UDP | Hallmark Financial Services, Inc. | Ownership | 100.000 | Newcastle Partners, L.P. | N | |
| | 0 | | 00000 | 74-2774138 | 0 | 0 | TGA Special Risk | TX | UDP | Hallmark Financial Services, Inc. | Ownership | 100.000 | Newcastle Partners, L.P. | N | |
| | 0 | | 00000 | 74-1683629 | 0 | 0 | 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 | 0 | 0 | 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 | 0 | 0 | Hallmark National Insurance Company | AZ | UDP | Hallmark Insurance Company | Ownership | 100.000 | Newcastle Partners, L.P. | N | |

| Asterik | Explanation |
|---------|-------------|
| | NONE |

PART 1 – LOSS EXPERIENCE

| Lines of Business | Current Year to Date | | | Prior Year to Date Direct Loss Percentage |
|---|--------------------------------|--------------------------------|--------------------------------|---|
| | 1 Direct Premiums Earned | 2 Direct Losses Incurred | 3 Direct Loss Percentage | |
| 1. Fire | | | | |
| 2. Allied lines | | | | |
| 3. Farmowners multiple peril | | | | |
| 4. Homeowners multiple peril | 108,804 | (3,995) | -3.7 | 31.4 |
| 5. Commercial multiple peril | | | | |
| 6. Mortgage guaranty | | | | |
| 8. Ocean marine | | | | |
| 9. Inland marine | | | | |
| 10. Financial guaranty | | | | |
| 11.1 Medical professional liability-occurrence | | | | |
| 11.2 Medical professional liability-claims made | | | | |
| 12. Earthquake | | | | |
| 13. Group accident and health | | | | |
| 14. Credit accident and health | | | | |
| 15. Other accident and health | | | | |
| 16. Workers' compensation | | | | |
| 17.1 Other liability-occurrence | 6,652,117 | 8,768,710 | 131.8 | 78.2 |
| 17.2 Other liability-claims made | | | | |
| 17.3 Excess Workers' Compensation | | | | |
| 18.1 Products liability-occurrence | | | | |
| 18.2 Products liability-claims made | | | | |
| 19.1, 19.2 Private passenger auto liability | | 55,087 | | |
| 19.3, 19.4 Commercial auto liability | 25,737,008 | 14,245,717 | 55.4 | 42.1 |
| 21. Auto physical damage | 1,096,180 | 1,412,385 | 128.8 | 58.4 |
| 22. Aircraft (all perils) | 19,216,320 | 14,170,441 | 73.7 | 67.8 |
| 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 | 52,810,429 | 38,648,345 | 73.2 | 65.8 |

| 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 | | | |
| 2. Allied lines | | | |
| 3. Farmowners multiple peril | | | |
| 4. Homeowners multiple peril | 31,239 | 100,599 | 136,164 |
| 5. Commercial multiple peril | | | |
| 6. Mortgage guaranty | | | |
| 8. Ocean marine | | | |
| 9. Inland marine | | | |
| 10. Financial guaranty | | | |
| 11.1 Medical professional liability-occurrence | | | |
| 11.2 Medical professional liability-claims made | | | |
| 12. Earthquake | | | |
| 13. Group accident and health | | | |
| 14. Credit accident and health | | | |
| 15. Other accident and health | | | |
| 16. Workers' compensation | | | |
| 17.1 Other liability-occurrence | 1,403,601 | 3,261,456 | 11,363,087 |
| 17.2 Other liability-claims made | | | |
| 17.3 Excess Workers' Compensation | | | |
| 18.1 Products liability-occurrence | | | |
| 18.2 Products liability-claims made | | | |
| 19.1, 19.2 Private passenger auto liability | | | |
| 19.3, 19.4 Commercial auto liability | 9,555,266 | 26,312,752 | 16,083,818 |
| 21. Auto physical damage | 385,685 | 1,120,434 | 1,127,523 |
| 22. Aircraft (all perils) | 7,151,667 | 19,691,275 | 18,859,746 |
| 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 | 18,527,458 | 50,486,516 | 47,570,338 |

| 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) | 2020 Loss and LAE Payments on Claims Reported as of Prior Year-End | 2020 Loss and LAE Payments on Claims Unreported as of Prior Year-End | Total 2020 Loss and LAE Payments (Cols 4 + 5) | Q.S. Date Known Case Loss and LAE Reserves on Claims Reported and Open as of Prior Year-End | Q.S. Date Known Case Loss and LAE Reserves on Claims Reported or Reopened Subsequent to Prior Year-End | Q.S. Date IBNR Loss & LAE Reserves | Total Q.S. Loss and LAE Reserves (Cols 7 + 8 + 9) | Prior Year-End Known Case Loss and LAE Reserves Developed (Savings)/Deficiency (Cols. 4 + 7 - 1) | Prior Year-End IBNR Loss and LAE Reserves Developed (Savings)/Deficiency (Cols. 5 + 8 + 9 - 2) | Prior Year-End Total Loss and LAE Reserve Developed (Savings)/Deficiency (Cols. 11 + 12) |
| 1. 2017 + prior | 17,444 | 7,436 | 24,880 | 16,716 | 671 | 17,387 | 12,487 | 1,137 | 1,960 | 15,584 | 11,759 | (3,668) | 8,091 |
| 2. 2018 | 12,641 | 14,391 | 27,032 | 15,465 | 204 | 15,669 | 9,507 | 495 | 4,492 | 14,494 | 12,331 | (9,200) | 3,131 |
| 3. Subtotals 2018 + prior | 30,085 | 21,827 | 51,912 | 32,181 | 875 | 33,056 | 21,994 | 1,632 | 6,452 | 30,078 | 24,090 | (12,868) | 11,222 |
| 4. 2019 | 28,113 | 30,916 | 59,029 | 18,885 | 1,449 | 20,334 | 19,671 | 1,081 | 17,579 | 38,331 | 10,443 | (10,807) | (364) |
| 5. Subtotals 2019 + prior | 58,198 | 52,743 | 110,941 | 51,066 | 2,324 | 53,390 | 41,665 | 2,713 | 24,031 | 68,409 | 34,533 | (23,675) | 10,858 |
| 6. 2020 | X X X | X X X | X X X | X X X | 22,048 | 22,048 | X X X | 13,787 | 43,931 | 57,718 | X X X | X X X | X X X |
| 7. Totals | 58,198 | 52,743 | 110,941 | 51,066 | 24,372 | 75,438 | 41,665 | 16,500 | 67,962 | 126,127 | 34,533 | (23,675) | 10,858 |

8. Prior Year-End Surplus As
Regards Policyholders

91,332

Col. 11, Line 7
As % of Col. 1,
Line 7

Col. 12, Line 7
As % of Col. 2,
Line 7

Col. 13, Line 7
As % of Col. 3,
Line 7

1. 59.337 2. -44.887 3. 9.787

Col. 13, Line 7
Line 8

4. 11.888

SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

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

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

Explanation:

- Question 1:

Not Applicable
- Question 2:

Not Applicable
- Question 3:

Not Applicable
- Question 4:

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 | 258,305,160 | 250,933,368 |
| 2. Cost of bonds and stocks acquired | 20,652,273 | 95,977,818 |
| 3. Accrual of discount | 217,269 | 418,733 |
| 4. Unrealized valuation increase (decrease) | (10,384,678) | 1,058,323 |
| 5. Total gain (loss) on disposals | 177,112 | 1,707,744 |
| 6. Deduct consideration for bonds and stocks disposed of | 83,252,639 | 91,009,237 |
| 7. Deduct amortization of premium | 781,881 | 957,916 |
| 8. Total foreign exchange change in book/adjusted carrying value | | |
| 9. Deduct current year's other-than-temporary impairment recognized | 499,507 | |
| 10. Total investment income recognized as a result of prepayment penalties and/or acceleration fees | 255,645 | 176,327 |
| 11. Book/adjusted carrying value at end of current period (Lines 1 + 2 + 3 + 4 + 5 - 6 - 7 + 8 - 9 + 10) | 184,688,754 | 258,305,160 |
| 12. Deduct total nonadmitted amounts | | |
| 13. Statement value at end of current period (Line 11 minus Line 12) | 184,688,754 | 258,305,160 |

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 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
|------|-----------------------------------|--|---|---|---|--|---|--|--|
| | | Book/Adjusted Carrying Value Beginning of Current Quarter | Acquisitions During Current Quarter | Dispositions During Current Quarter | Non-Trading Activity During Current Quarter | Book/Adjusted Carrying Value End of First Quarter | Book/Adjusted Carrying Value End of Second Quarter | Book/Adjusted Carrying Value End of Third Quarter | Book/Adjusted Carrying Value December 31 Prior Year |
| 2020 | BONDS | | | | | | | | |
| | 1. NAIC 1 (a) | 106,777,155 | 1,092,003 | 35,484,017 | (38,594) | 111,001,539 | 106,777,155 | 72,346,547 | 73,677,491 |
| | 2. NAIC 2 (a) | 78,519,271 | 103,656 | 4,717,981 | (2,710,806) | 91,375,808 | 78,519,271 | 71,194,140 | 97,250,808 |
| | 3. NAIC 3 (a) | 15,942,087 | | 627,507 | 2,158,212 | 15,482,165 | 15,942,087 | 17,472,792 | 33,147,130 |
| | 4. NAIC 4 (a) | 1,744,399 | | 4,992 | 427,934 | 2,787,538 | 1,744,399 | 2,167,341 | 1,765,089 |
| | 5. NAIC 5 (a) | | | | | | | | |
| | 6. NAIC 6 (a) | | | | | | | | |
| | 7. Total Bonds | 202,982,912 | 1,195,659 | 40,834,497 | (163,254) | 220,647,050 | 202,982,912 | 163,180,820 | 205,840,518 |
| | PREFERRED STOCK | | | | | | | | |
| | 8. NAIC 1 | 1,988,240 | | | 6,115 | 1,854,912 | 1,988,240 | 1,994,355 | 2,323,288 |
| | 9. NAIC 2 | | | | | | | | |
| | 10. NAIC 3 | | 3,346,973 | | (33,968) | 41,000 | | 3,313,005 | 41,000 |
| | 11. NAIC 4 | 1,081,299 | | | 83,025 | | 1,081,299 | 1,164,324 | |
| | 12. NAIC 5 | | | | | | | | |
| | 13. NAIC 6 | | | | | | | | |
| | 14. Total Preferred Stock | 3,069,539 | 3,346,973 | | 55,172 | 1,895,912 | 3,069,539 | 6,471,684 | 2,364,288 |
| | 15. Total Bonds & Preferred Stock | 206,052,451 | 4,542,632 | 40,834,497 | (108,082) | 222,542,962 | 206,052,451 | 169,652,504 | 208,204,806 |

(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 \$ 11,341,973; 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 | 11,341,974 | X X X | 11,340,610 | | 1,560 |

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 | 410,000 | 250,522 |
| 2. Cost of short-term investments acquired | 44,577,864 | 8,242,903 |
| 3. Accrual of discount | 10,601 | 5,441 |
| 4. Unrealized valuation increase (decrease) | | |
| 5. Total gain (loss) on disposals | | 1,591 |
| 6. Deduct consideration received on disposals | 33,650,000 | 8,025,000 |
| 7. Deduct amortization of premium | 6,491 | 65,457 |
| 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) | 11,341,974 | 410,000 |
| 11. Deduct total nonadmitted amounts | | |
| 12. Statement value at end of current period (Line 10 minus Line 11) | 11,341,974 | 410,000 |

- NONE Schedule DB - Part A and B Verification**
- NONE Schedule DB - Part C - Section 1**
- NONE Schedule DB - Part C - Section 2**
- NONE Schedule DB - Verification**

SCHEDULE E PART 2 - VERIFICATION

(Cash Equivalents)

| | 1 | 2 |
|---|--------------|---------------------------------|
| | Year To Date | Prior Year Ended December 31 |
| 1. Book/adjusted carrying value, December 31 of prior year | 2,998,799 | 18,431 |
| 2. Cost of cash equivalents acquired | 87,598,431 | 10,180,233 |
| 3. Accrual of discount | | |
| 4. Unrealized valuation increase (decrease) | | |
| 5. Total gain (loss) on disposals | | |
| 6. Deduct consideration received on disposals | 43,399,033 | 7,195,612 |
| 7. Deduct amortization of premium | | 4,253 |
| 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) | 47,198,197 | 2,998,799 |
| 11. Deduct total nonadmitted amounts | | |
| 12. Statement value at end of current period (Line 10 minus Line 11) | 47,198,197 | 2,998,799 |

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 |
|---|---|------------------|--|---|--|---|--|--|--|
| 256444-AU-4 722195-MC-5 | DODGE CNTY NEB SCH DIST NO 594 PINAL CNTY ARIZ UNI SCH DIST NO 43 APACH | | 09/29/2020 07/27/2020 | NATIONAL FINL SVCS CORP NATIONAL FINL SVCS CORP | | 51,553 102,969 | 50,000.00 100,000.00 | 875 350 | Z 1FE |
| 2499999 | Subtotal - Bonds - U.S. Political Subdivisions of States, Territories and Possessions | | | | X X X | 154,522 | 150,000.00 | 1,225 | X X X |
| 13034J-BN-0 283307-BP-0 513799-WL-6 834666-DL-0 899053-AQ-5 940436-EH-7 988515-KJ-0 | CALIFORNIA INFRASTRUCTURE & ECONOMIC DEV EL MONTE CALIF CTF5 PARTN LANCASTER CALIF REDEV AGY TAX ALLOCATION SOMERSET CNTY N J IMPT AUTH REV TUKWILA WASH LOC IMPT DIST NO 33 WASHINGTON TWP N J MUN UTILS AUTH UTIL S YUMA ARIZ MUN PPTY CORP REV | | 09/09/2020 09/25/2020 09/09/2020 08/28/2020 09/10/2020 09/09/2020 09/02/2020 | NATIONAL FINL SVCS CORP NATIONAL FINL SVCS CORP NATIONAL FINL SVCS CORP NATIONAL FINL SVCS CORP NATIONAL FINL SVCS CORP NATIONAL FINL SVCS CORP NATIONAL FINL SVCS CORP | | 46,368 250,556 46,458 56,024 103,656 82,470 204,922 | 45,000.00 240,000.00 45,000.00 55,000.00 100,000.00 80,000.00 200,000.00 | 163 2,279 625 802 3,524 400 1,488 | 1FE 1FE 1FE 1FE 2FE 1FE 1FE |
| 3199999 | Subtotal - Bonds - U.S. Special Revenue and Special Assessment and all Non-Guaranteed Obligations | | | | X X X | 790,454 | 765,000.00 | 9,281 | X X X |
| 8399997 | Subtotal - Bonds - Part 3 | | | | X X X | 944,976 | 915,000 | 10,506 | X X X |
| 8399998 | Summary Item from Part 5 for Bonds | | | | X X X | X X X | X X X | X X X | X X X |
| 8399999 | Total - Bonds | | | | X X X | 944,976 | 915,000.00 | 10,506 | X X X |
| 74915M-30-8 | QURATE RETAIL 8 0 PRF | | 09/23/2020 | RAYMOND JAMES & ASSOCIATES | 34,300.000 | 3,346,973 | | | 3FE |
| 8499999 | Subtotal - Preferred Stock - Industrial and Miscellaneous (Unaffiliated) Perpetual Preferred | | | | X X X | 3,346,973 | X X X | | X X X |
| 8999997 | Subtotal - Preferred Stock - Part 3 | | | | X X X | 3,346,973 | X X X | | X X X |
| 8999998 | Summary Item from Part 5 for Preferred Stocks | | | | X X X | X X X | X X X | X X X | X X X |
| 8999999 | Total - Preferred Stock | | | | X X X | 3,346,973 | X X X | | X X X |
| 02209S-10-3 00206R-10-2 126650-10-0 | ALTRIA GROUP ORD AT&T ORD CVS HEALTH ORD | | 09/29/2020 09/29/2020 09/29/2020 | RAYMOND JAMES & ASSOCIATES RAYMOND JAMES & ASSOCIATES RAYMOND JAMES & ASSOCIATES | 10,000.000 10,000.000 6,000.000 | 383,045 281,325 345,590 | | | XX XX XX |
| 9099999 | Subtotal - Common Stock - Industrial and Miscellaneous (Unaffiliated) Publicly Traded | | | | X X X | 1,009,960 | X X X | | X X X |
| 9799997 | Subtotal - Common Stock - Part 3 | | | | X X X | 1,009,960 | X X X | | X X X |
| 9799998 | Summary Item from Part 5 for Common Stocks | | | | X X X | X X X | X X X | X X X | X X X |

E04

SCHEDULE D - PART 3

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

[illegible]

E04.1

SCHEDULE D - PART 4

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

| CUSIP Ident- ification | 2 Description | 3 F o r e i g n | 4 Disposal Date | 5 Name of Purchaser | 6 Number of Shares of Stock | 7 Consid- eration | 8 Par Value | 9 Actual Cost | 10 Prior Year Book/ Adjusted Carrying Value | Change in Book/Adjusted Carrying Value | | | | | 16 Book/ Adjusted Carrying Value at Disposal Date | 17 Foreign Exchange Gain (Loss) on Disposal | 18 Realized Gain (Loss) on Disposal | 19 Total Gain (Loss) on Disposal | 20 Bond Interest/ Stock Dividends Received During Year | 21 Stated Contractua Maturity Date | 22 NAIC Designation and Administrative Symbol | |
|---|--|--|--|---|--|--|--|--|--|--|---|---|---|---|---|--|---|--|--|---|--|--|
| | | | | | | | | | | 11 | 12 | 13 | 14 | 15 | | | | | | | | |
| | | | | | | | | | | 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. | | | | | | | | |
| 303531-WQ-6 306482-FH-8 721663-VA-7 96811N-AD-8 | FAIRBANKS NORTH STAR BORO ALASKA FALLBROOK UTIL DIST TEX PIMA CNTY ARIZ WILDFLOWER RANCH ARIZ CMNTY FACS | | 08/04/2020 09/01/2020 07/01/2020 05/19/2020 | Call @ 100.00 Maturity @ 100.00 Maturity @ 100.00 Call @ 100.00 | | | 100,000 120,000 60,000 | 100,000.00 120,000.00 60,000.00 | 102,157 121,685 60,593 | 100,000 120,000 60,000 | | | | 100,000 120,000 60,000 | | | | | 3,297 4,200 2,100 400 | 11/01/2024 09/01/2020 07/01/2020 07/15/2022 | 1FE 1FE 1FE Z | |
| 2499999 | Subtotal - Bonds - U.S. Political Subdivisions of States, Territories and Possessions | | | | X X X | 280,000 | 280,000.00 | 284,435 | 280,000 | | | | | 280,000 | | | | | 9,997 | X X X | X X X | |
| 13034J-BJ-9 155750-AT-9 221553-BE-9 315599-BE-9 3136AA-GW-0 3136AB-S2-0 391577-LN-1 394350-BA-9 44237N-AQ-5 44667S-AR-1 574216-QD-2 60416S-JB-7 60416Q-GG-3 63916P-AR-6 647310-Z2-0 684907-SZ-2 882750-NE-8 92812U-K5-6 986026-BP-6 | CALIFORNIA INFRASTRUCTURE & ECONO CENTRAL VALLEY SUPPORT SVCS JT PW COSTA MESA CALIF PUB FING AUTH REV FESTIVAL RANCH CMNTY FACS DIST ARI FNR 2012-154 CP - CMO/RMBS FNR 2013-6 QP - CMO/RMBS GREATER ARIZ DEV AUTH INFRASTRUCT GREENE CNTY ARK SALES & USE TAX RE HOUSTON TEX HOTEL OCCUPANCY TAX HUNTINGTON PK CALIF PUB FING AUTH MARYLAND ST HEALTH & HIGHER EDL FA MINNESOTA ST HSG FIN AGY MINNESOTA ST HSG FIN AGY HOMEOWN NAVAJO CNTY ARIZ UNI SCH DIST NO 1 W NEW MEXICO ST SEVERANCE TAX ORANGE CNTY FLA HSG FIN AUTH HOME TEXAS ST DEPT HSG & CMNTY AFFAIRS VIRGINIA ST HSG DEV AUTH COMWLTH M YOLO CNTY CALIF IMPT BD ACT 1915 | | 08/15/2020 09/01/2020 06/22/2020 06/02/2020 09/25/2020 09/01/2020 08/03/2020 06/26/2020 09/01/2020 07/16/2020 06/02/2020 09/02/2020 09/15/2020 06/03/2020 07/01/2020 07/30/2020 09/02/2020 09/01/2020 08/06/2020 | Maturity @ 100.00 Call @ 100.00 Call @ 100.00 Call @ 100.00 Paydown Paydown Maturity @ 100.00 Call @ 100.00 Maturity @ 100.00 Call @ 100.00 Call @ 100.00 Call @ 100.00 Call @ 100.00 Call @ 100.00 Maturity @ 100.00 Call @ 100.00 Call @ 100.00 Paydown Call @ 100.00 | | 200,000 25,000 54,755 39,626 15,000 1,100,000 50,000 30,000 110,043 100,000 60,000 95,000 30,758 10,000 | 200,000.00 25,000.00 54,755.21 39,626.30 15,000.00 1,100,000.00 50,000.00 30,000.00 110,043.42 100,000.00 60,000.00 95,000.00 30,757.75 10,000.00 | 204,812 25,571 54,618 39,527 15,348 921,294 51,694 30,000 110,043 100,737 65,555 94,715 30,719 10,277 | 200,000 25,000 54,658 39,539 15,000 1,079,654 30,000 110,043 100,000 62,856 94,756 30,725 10,000 | | | | 97 87 20,346 (1,694) 33 | 97 87 20,346 (1,694) 33 | 54,755 39,626 15,000 1,100,000 50,000 30,000 110,043 100,000 62,472 94,761 30,758 10,000 | | | | | 10,000 748 383 982 692 750 3,879 1,667 8 1,084 2,179 67 2,750 1,569 2,846 581 288 | 08/15/2020 06/01/2025 08/01/2021 07/01/2026 01/25/2043 02/25/2043 08/01/2020 03/01/2021 09/01/2020 09/01/2022 07/01/2026 01/01/2032 02/01/2046 07/01/2024 07/01/2020 09/01/2040 07/01/2041 04/25/2042 09/02/2028 | 1FE 1FE Z Z 1 1 Z 1FE 1FE 1FE Z 1FE 1FE 1FE 1FE 1FE 1FE Z |
| 3199999 | Subotal - Bonds - U.S. Special Revenue and Special Assessment Non-Guaranteed Obligati | | | | X X X | 1,920,182 | 1,920,182.68 | 1,754,910 | 1,852,231 | | 18,490 | | 18,490 | 1,922,415 | | (2,233) | (2,233) | | 30,473 | X X X | X X X | |
| 009090-AB-7 02376Y-AA-5 00206R-DN-9 69342W-AB-7 29379V-AP-8 42824C-AG-4 50077L-AH-9 | AIR CANADA 2015-1 PASS THROUGH TRU AMERICAN AIRLINES INC - ABS AT&T INC CIAGEN 2015 A1 - CDO ENTERPRISE PRODUCTS OPERATING LL HEWLETT PACKARD ENTERPRISE CO KRAFT HEINZ FOODS CO | C | 09/15/2020 07/15/2020 07/23/2020 08/20/2020 09/01/2020 08/17/2020 07/02/2020 | Paydown Paydown Call @ 100.00 Maturity @ 100.00 Maturity @ 100.00 Call @ 100.00 Maturity @ 100.00 | | 57,651 44,137 1,045,576 181,602 1,101,000 501,235 159,000 | 57,650.91 44,136.50 1,000,000.00 181,601.52 1,101,000.00 500,000.00 159,000.00 | 56,282 44,247 1,021,730 181,602 1,148,497 504,245 157,660 | 56,975 44,282 1,019,260 181,602 1,115,948 502,018 158,620 | | 675 (145) (5,052) (14,948) (1,791) 380 | 675 (145) (5,052) (14,948) (1,791) 380 | 57,651 44,137 1,014,208 181,602 1,101,000 500,227 159,000 | | | (14,208) (14,208) (227) (227) | | 2,234 2,317 74,198 5,448 57,252 16,335 4,452 | 09/15/2024 07/15/2025 03/01/2022 08/20/2020 09/01/2020 10/15/2020 07/02/2020 | 2FE 3FE 2FE Z 2FE 2FE 3FE | | |

SCHEDULE D - PART 4

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

| CUSIP Ident- ification | 2 Description | 3 F o r e i g n | 4 Disposal Date | 5 Name of Purchaser | 6 Number of Shares of Stock | 7 Consid- eration | 8 Par Value | 9 Actual Cost | 10 Prior Year Book/ Adjusted Carrying Value | Change in Book/Adjusted Carrying Value | | | | | 16 Book/ Adjusted Carrying Value at Disposal Date | 17 Foreign Exchange Gain (Loss) on Disposal | 18 Realized Gain (Loss) on Disposal | 19 Total Gain (Loss) on Disposal | 20 Bond Interest/ Stock Dividends Received During Year | 21 Stated Contractua Maturity Date | 22 NAIC Designation and Administrative Symbol |
|------------------------------|--|--|---------------------------|-------------------------------|--|-----------------------------|-----------------------|-------------------------|---|--|--|---|--|--|---|--|---|--|---|--|--|
| | | | | | | | | | | 11 | 12 | 13 | 14 | 15 | | | | | | | |
| | | | | | | | | | | 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. | | | | | | | |
| 615369-AG-0 | MOODY'S CORP | | 09/03/2020 | Call @ 100.00 | | 1,650,595 | 1,600,000.00 | 1,624,464 | | | | | | 1,616,114 | | (16,114) | (16,114) | 82,128 | 12/15/2021 | 2FE | |
| 84474Y-AB-2 | SOUTHWEST AIRLINES CO PASS THROU | | 08/01/2020 | Paydown | | 189,444 | 189,444.00 | 210,283 | 204,427 | | (8,350) | | (8,350) | 189,444 | | | | 12,598 | 08/01/2022 | 2FE | |
| 85208N-AA-8 | SPRNTS 161 A1 - ABS | | 09/20/2020 | Paydown | | 125,000 | 125,000.00 | 126,125 | 125,418 | | (14,983) | | (14,983) | 125,000 | | | | 3,130 | 03/20/2023 | 2FE | |
| 90932Q-AB-2 | UNITED AIRLINES 2014-2 PASS THROUGH | | 09/03/2020 | Paydown | | 26,209 | 26,209.11 | 26,960 | 26,782 | | (418) | | (418) | 26,209 | | | | 1,212 | 03/03/2024 | 3FE | |
| 3899999 | Subtotal - Bonds - Industrial and Miscellaneous (Unaffiliated) | | | | | X X X | 5,081,449 | 4,984,042.04 | 5,102,095 | 3,435,332 | | (45,205) | | (45,205) | 5,014,592 | | (30,549) | (30,549) | 261,304 | X X X | X X X |
| 8099999 | Subtotal - Bonds - SVO Identified Funds | | | | | X X X | | | | | | (45,205) | | (45,205) | | | (30,549) | (30,549) | | X X X | X X X |
| 88233F-AK-6 | 2018 INCREMENTAL TERM LOAN:VISTRA | C | 09/30/2020 | Call @ 151.16 | | 5,910 | 3,909.89 | 3,910 | 3,910 | | | | | 3,910 | | 2,000 | 2,000 | 65 | 12/31/2025 | 2FE | |
| 57163K-AH-1 | 2019 REFINANCING TERM LOAN:MARRIO | | 09/30/2020 | Call @ 169.55 | | 4,207 | 2,481.25 | 2,469 | 2,471 | | 1 | | 1 | 2,473 | | 1,734 | 1,734 | 32 | 08/29/2025 | 3FE | |
| 88078F-BJ-6 | 2019 U.S. TERM LOAN COMMITMENTS:TE | | 09/30/2020 | Call @ 226.73 | | 4,251 | 1,875.00 | 1,875 | 1,875 | | | | | 1,875 | | 2,376 | 2,376 | 49 | 01/31/2024 | 3FE | |
| 44969C-BH-2 | INCREMENTAL TERM B2 DOLLAR LOAN:Q | | 09/30/2020 | Various | | 4,199 | 2,500.00 | 2,500 | 2,500 | | | | | 2,500 | | 1,699 | 1,699 | 18 | 01/13/2025 | 3FE | |
| 88078F-BH-0 | INCREMENTAL U.S. TERM LOAN 2018:TER | | 09/30/2020 | Call @ 371.97 | | 6,730 | 1,809.30 | 1,805 | 1,808 | | | | | 1,808 | | 4,922 | 4,922 | 17 | 01/31/2024 | 3FE | |
| 05377J-AR-3 | NEW TRANCHE B TERM LOAN:AVIS BUDG | | 09/30/2020 | Call @ 187.92 | | 4,387 | 2,334.54 | 2,335 | 2,335 | | | | | 2,335 | | 2,053 | 2,053 | 42 | 08/06/2027 | 3FE | |
| 37252K-AP-7 | REFINANCING TERM LOAN:GEO GROUP, I | | 09/30/2020 | Call @ 197.56 | | 2,272 | 1,150.22 | 1,152 | 1,030 | | 121 | | 121 | 1,151 | | 1,121 | 1,121 | 18 | 03/22/2024 | 3FE | |
| C0102M-AK-1 | REPLACEMENT TERM LOAN (2019):AIR C | | 09/30/2020 | Call @ 100.00 | | 2,500 | 2,500.00 | 2,488 | 2,493 | | 1 | | 1 | 2,495 | | 5 | 5 | 49 | 10/06/2023 | 3FE | |
| 81727P-AB-2 | TENTH AMENDMENT TERM LOAN:SENSA | | 09/30/2020 | Call @ 100.00 | | 1,278 | 1,278.05 | 1,275 | 1,276 | | | | | 1,276 | | 2 | 2 | 29 | 09/20/2026 | 2FE | |
| 29267Y-AM-4 | TERM B LOAN:ENERGIZER HOLDINGS, IN | | 09/30/2020 | Call @ 100.64 | | 100,889 | 100,250.63 | 100,251 | 100,251 | | | | | 100,251 | | 638 | 638 | 2,501 | 12/17/2025 | 3FE | |
| 98310C-AC-6 | TERM B LOAN:WYNDHAM HOTELS & RES | | 09/30/2020 | Call @ 100.00 | | 2,500 | 2,500.00 | 2,498 | 2,499 | | | | | 2,499 | | 1 | 1 | 32 | 03/28/2025 | 3FE | |
| 92940J-AB-4 | TERM B-1 LOAN:W.R. GRACE & CO.-CONN | | 09/30/2020 | Call @ 306.68 | | 2,825 | 921.05 | 920 | 920 | | | | | 920 | | 1,904 | 1,904 | | 02/21/2025 | 2FE | |
| 16117L-BX-6 | TERM B-2 LOAN:CHARTER COMMUNICATI | | 09/30/2020 | Call @ 169.51 | | 8,327 | 4,912.50 | 4,906 | 4,908 | | | | | 4,908 | | 3,419 | 3,419 | 63 | 02/01/2027 | 2FE | |
| 605024-AN-8 | TERM B2 LOAN:MISSION BROADCASTING | | 08/01/2020 | Call @ 99.97 | | | 11.49 | 11 | 11 | | | | | 11 | | | (11) | (11) | | 01/17/2024 | 3FE |
| 605024-AN-8 | TERM B2 LOAN:MISSION BROADCASTING | | 08/01/2020 | Call @ 99.97 | | | | | | | | | | | | | | | | 01/17/2024 | Z |
| 65336R-AR-9 | TERM B2 LOAN:NEXSTAR BROADCASTIN | | 08/01/2020 | Call @ 98.14 | | | 5,441.58 | 5,509 | 5,493 | | | | | 5,493 | | (5,493) | (5,493) | | 01/17/2024 | 3FE | |
| 65336R-AR-9 | TERM B2 LOAN:NEXSTAR BROADCASTIN | | 08/01/2020 | Call @ 98.14 | | | | | (12) | | 12 | | 12 | | | | | | | 01/17/2024 | Z |
| 92940J-AD-0 | TERM B-2 LOAN:W.R. GRACE & CO.-CONN | | 09/30/2020 | Call @ 306.68 | | 4,842 | 1,578.95 | 1,577 | 1,577 | | | | | 1,578 | | 3,265 | 3,265 | | 02/21/2025 | 2FE | |
| 605024-AQ-1 | TERM B3 LOAN:MISSION BROADCASTING | | 04/01/2020 | Call @ 100.00 | | | | | | | | | | | | | | | 46 | 01/17/2024 | 3FE |
| 22207E-BG-8 | TERM LOAN B:COTY INC. | | 09/29/2020 | Call @ 100.00 | | 5,000 | 5,000.00 | 4,988 | 4,878 | | 112 | 1 | | 113 | 4,992 | 8 | 8 | 118 | 03/28/2025 | 4FE | |
| 03852J-AR-2 | TERM LOAN:ARAMARK SERVICES, INC. | 09/30/2020 | Call @ 161.17 | | 2,015 | 1,250.00 | 1,248 | | | | | | 1,249 | | 766 | 766 | 16 | 01/27/2027 | 3FE | | |
| 11823L-AH-8 | TERM LOAN:BUCKEYE PARTNERS, L.P. | 09/30/2020 | Call @ 193.38 | | 4,834 | 2,500.00 | 2,488 | 2,488 | | 1 | | 1 | 2,489 | | 2,347 | 2,347 | 70 | 10/16/2026 | 3FE | | |
| 404122-BA-0 | TRANCHE B-12 TERM LOAN:HCA INC. | 09/30/2020 | Call @ 169.38 | | 2,085 | 1,231.25 | 1,231 | 1,231 | | | | | 1,231 | | 855 | 855 | 16 | 03/13/2025 | 2FE | | |
| 81760H-AG-7 | TRANCHE D TERM LOAN:SERVICEMASTE | 09/30/2020 | Call @ 100.00 | | 49,999 | 49,998.75 | 49,936 | 49,938 | | 7 | 7 | 7 | 49,944 | | 54 | 54 | 733 | 11/05/2026 | 3FE | | |
| 58446H-AR-3 | TRANCHE N TERM LOAN:MEDIACOM ILLI | 09/30/2020 | Various | | 222,187 | 221,865.10 | 221,310 | 221,538 | | 52 | 52 | 52 | 221,590 | | 597 | 597 | 3,284 | 02/15/2024 | 3FE | | |
| 95810D-AR-2 | U.S. TERM B4 LOAN:WESTERN DIGITAL C | 07/30/2020 | Call @ 101.68 | | 103,423 | 101,711.79 | 98,660 | 100,260 | | | 253 | | 253 | 100,513 | 2,910 | 2,910 | 1,796 | 04/29/2023 | 2FE | | |
| 8299999 | Subtotal - Bonds - Unaffiliated Bank Loans | | | | | X X X | 544,660 | 519,011 | 515,342 | 515,678 | 233 | 328 | | 561 | 517,491 | | 27,172 | 27,172 | 8,994 | X X X | X X X |
| | | | | | | | | | | | | | | | | | | | | | |

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 Ident- ification | Description | F o r e i g n | Disposal Date | Name of Purchaser | Number of Shares of Stock | Consid- eration | Par Value | Actual Cost | Prior Year Book/ Adjusted Carrying Value | Unrealized Valuation Increase/ (Decrease) | Current Year's (Amort- ization)/ Accretion | Current Year's Other Than Temporary Impairment Recognized | Total Change in B./A.C.V. (11+12-13) | Total Foreign Exchange Change in B./A.C.V. | Book/ Adjusted Carrying Value at Disposal Date | Foreign Exchange Gain (Loss) on Disposal | Realized Gain (Loss) on Disposal | Total Gain (Loss) on Disposal | Bond Interest/ Stock Dividends Received During Year | Stated Contractua Maturity Date | NAIC Designation and Administrative Symbol |
| | | | | | | | | | | | | | | | | | | | | | |
| 8399997 | Subtotal - Bonds - Part 4 | | | | X X X | 7,826,291 | 7,703,236 | 7,656,782 | 6,083,241 | 233 | (26,387) | | (26,154) | | 7,734,498 | | (5,610) | (5,610) | 310,768 | X X X | X X X |
| | | | | | | | | | | | | | | | | | | | | | |
| 8399998 | Summary Item from Part 5 for Bonds | | | | X X X | X X X | X X X | X X X | X X X | X X X | X X X | X X X | X X X | X X X | X X X | X X X | X X X | X X X | X X X | X X X | X X X |
| | | | | | | | | | | | | | | | | | | | | | |
| 8399999 | Total - Bonds | | | | X X X | 7,826,291 | 7,703,236.06 | 7,656,782 | 6,083,241 | 233 | (26,387) | | (26,154) | | 7,734,498 | | (5,610) | (5,610) | 310,768 | X X X | X X X |
| E05.2 | | | | | | | | | | | | | | | | | | | | | |
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| 9999999 | Totals | | | | | 7,826,291 | X X X | 7,656,782 | 6,083,241 | 233 | (26,387) | | (26,154) | | 7,734,498 | | (5,610) | (5,610) | 310,768 | X X X | X X X |

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

SCHEDULE E - PART 1 - CASH

Month End Depository Balances

[illegible]

SCHEDULE E - PART 2 - CASH EQUIVALENTS

Show Investments Owned End of Current Quarter

[illegible]

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