

**QUARTERLY STATEMENT**

**OF THE**

**HALLMARK NATIONAL INSURANCE COMPANY**

**of COLUMBUS**

**in the state of OHIO**

**TO THE**

**Insurance Department**

**OF THE**

**STATE OF**

**FOR THE QUARTER ENDED**

**March 31, 2013**

**PROPERTY AND CASUALTY**

**2013**



19530201320100101

QUARTERLY STATEMENT

AS OF MARCH 31, 2013  
OF THE CONDITION AND AFFAIRS OF THE

Hallmark National Insurance Company

NAIC Group Code	3478	3478	NAIC Company Code	19530	Employer's ID Number	31-1334827
	(Current Period)	(Prior Period)				
Organized under the Laws of					State of Domicile or Port of Entry	Ohio
Country of Domicile						
Incorporated/Organized	October 4, 1991				Commenced Business	January 10, 1992
Statutory Home Office	41 South High Street Suite 1700				Columbus, OH US 43215	
	(Street and Number)				(City or Town, State, Country and Zip Code)	
Main Administrative Office	777 Main Street Suite 1000					
	(Street and Number)					
	Fort Worth, TX US 76102				817-348-1600	
	(City or Town, State, Country and Zip Code)				(Area Code) (Telephone Number)	
Mail Address	777 Main Street Suite 1000				Fort Worth, TX US 76102	
	(Street and Number or P.O. Box)				(City or Town, State, Country and Zip Code)	
Primary Location of Books and Records	777 Main Street Suite 1000				Fort Worth, TX US 76102	817-348-1600
	(Street and Number)				(City or Town, State, Country and Zip Code)	(Area Code) (Telephone Number)
Internet Website Address	www.hallmarkgrp.com					
Statutory Statement Contact	Felica M Smith				817-348-1887	
	(Name)				(Area Code) (Telephone Number)	(Extension)
	fsmith@hallmarkgrp.com				817-348-1820	
	(E-Mail Address)				(Fax Number)	

OFFICERS

	Name	Title
1.	Kevin Troy Kasitz	President
2.	Jeffrey Ray Passmore	Chief Financial Officer & Treasurer
3.	Cecil Randolph Wise	Secretary

VICE-PRESIDENTS

Name	Title	Name	Title
Christopher James Kenney	Vice President	Mark Joseph Morrison	Executive Vice President

DIRECTORS OR TRUSTEES

Gregory Paul Birdsall	Kevin Troy Kasitz	Christopher James Kenney	Mark Joseph Morrison
Jeffrey Ray Passmore	Mark Edward Schwarz	Cecil Randolph Wise	

State of .....

County of .....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)
Kevin Troy Kasitz	Jeffrey Ray Passmore	Cecil Randolph Wise
(Printed Name)	(Printed Name)	(Printed Name)
1.	2.	3.
President	Chief Financial Officer & Treasurer	Secretary
(Title)	(Title)	(Title)

Subscribed and sworn to before me this  
\_\_\_\_\_ day of \_\_\_\_\_, 2013  
\_\_\_\_\_

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	47,265,218		47,265,218	39,345,460
2. Stocks:				
2.1 Preferred stocks				
2.2 Common stocks	1,574,460		1,574,460	1,535,373
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 (\$ 16,150,886), cash equivalents (\$ 546,964), and short-term investments (\$ 972,467)	17,670,317		17,670,317	21,879,002
6. Contract loans (including \$ 0 premium notes)				
7. Derivatives				
8. Other invested assets				
9. Receivables for securities	506,250		506,250	
10. Securities lending reinvested collateral assets				
11. Aggregate write-ins for invested assets				
12. Subtotals, cash and invested assets (Lines 1 to 11)	67,016,245		67,016,245	62,759,835
13. Title plants less \$ 0 charged off (for Title insurers only)				
14. Investment income due and accrued	454,322		454,322	389,526
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	1,801,998		1,801,998	3,360,544
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ 0 earned but unbilled premiums)	3,136,484		3,136,484	3,104,166
15.3 Accrued retrospective premiums				
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers	1,968,430		1,968,430	2,716,686
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	26,015		26,015	
18.2 Net deferred tax asset	2,247,551	104,477	2,143,074	1,590,828
19. Guaranty funds receivable or on deposit	4,692		4,692	4,692
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)	76,655,737	104,477	76,551,260	73,926,277
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
28. Total (Lines 26 and 27)	76,655,737	104,477	76,551,260	73,926,277

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 \$ 5,146,433)	28,496,924	27,910,522
2. Reinsurance payable on paid losses and loss adjustment expenses	476	476
3. Loss adjustment expenses	6,730,436	6,765,233
4. Commissions payable, contingent commissions and other similar charges	100,677	74,077
5. Other expenses (excluding taxes, licenses and fees)	50,000	40,000
6. Taxes, licenses and fees (excluding federal and foreign income taxes)	93,584	28,155
7.1. Current federal and foreign income taxes (including \$ 0 on realized capital gains (losses))		928,291
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 \$ 3,628,607 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)	18,584,906	17,651,437
10. Advance premium		
11. Dividends declared and unpaid:		
11.1. Stockholders		
11.2. Policyholders		
12. Ceded reinsurance premiums payable (net of ceding commissions)	1,908,137	1,546,743
13. Funds held by company under reinsurance treaties		
14. Amounts withheld or retained by company for account of others		
15. Remittances and items not allocated		
16. Provision for reinsurance (including \$ 0 certified)		
17. Net adjustments in assets and liabilities due to foreign exchange rates		
18. Drafts outstanding		
19. Payable to parent, subsidiaries and affiliates	121,132	106,951
20. Derivatives		
21. Payable for securities	425,567	
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	(1,429,396)	(2,333,286)
26. Total liabilities excluding protected cell liabilities (Lines 1 through 25)	55,082,443	52,718,599
27. Protected cell liabilities		
28. Total liabilities (Lines 26 and 27)	55,082,443	52,718,599
29. Aggregate write-ins for special surplus funds		
30. Common capital stock	2,400,000	2,400,000
31. Preferred capital stock		
32. Aggregate write-ins for other than special surplus funds		
33. Surplus notes		
34. Gross paid in and contributed surplus	20,600,000	20,600,000
35. Unassigned funds (surplus)	(1,531,183)	(1,792,322)
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)	21,468,817	21,207,678
38. Totals (Page 2, Line 28, Col. 3)	76,551,260	73,926,277

DETAILS OF WRITE-IN LINES			
2501. Retroactive reinsurance reserves		(1,429,396)	(2,333,286)
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)		(1,429,396)	(2,333,286)
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 \$ 2,693,207)	2,643,423	4,420,390	14,007,744
1.2 Assumed (written \$ 11,827,973)	10,894,504	8,789,592	40,050,620
1.3 Ceded (written \$ 2,693,207)	2,643,423	4,420,390	14,007,744
1.4 Net (written \$ 11,827,973)	10,894,504	8,789,592	40,050,620
DEDUCTIONS:			
2. Losses incurred (current accident year \$ 6,484,401):			
2.1 Direct	1,226,140	2,642,905	8,358,198
2.2 Assumed	6,713,289	5,381,652	24,174,853
2.3 Ceded	1,226,140	2,642,905	8,358,198
2.4 Net	6,713,289	5,381,652	24,174,853
3. Loss adjustment expenses incurred	1,182,457	937,290	4,632,121
4. Other underwriting expenses incurred	3,870,769	3,164,533	13,548,531
5. Aggregate write-ins for underwriting deductions			
6. Total underwriting deductions (Lines 2 through 5)	11,766,515	9,483,475	42,355,505
7. Net income of protected cells			
8. Net underwriting gain (loss) (Line 1 minus Line 6 + Line 7)	(872,011)	(693,883)	(2,304,885)
INVESTMENT INCOME			
9. Net investment income earned	336,571	252,764	1,003,551
10. Net realized capital gains (losses) less capital gains tax of \$ 0		2,470	51,659
11. Net investment gain (loss) (Lines 9 + 10)	336,571	255,234	1,055,210
OTHER INCOME			
12. Net gain or (loss) from agents' or premium balances charged off (amount recovered \$ 0 amount charged off \$ 11,649)	(11,649)	(22,732)	(78,304)
13. Finance and service charges not included in premiums	122,480	212,070	660,017
14. Aggregate write-ins for miscellaneous income			
15. Total other income (Lines 12 through 14)	110,831	189,338	581,713
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15)	(424,609)	(249,311)	(667,962)
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)	(424,609)	(249,311)	(667,962)
19. Federal and foreign income taxes incurred	(95,686)	951,617	759,181
20. Net income (Line 18 minus Line 19) (to Line 22)	(328,923)	(1,200,928)	(1,427,143)
CAPITAL AND SURPLUS ACCOUNT			
21. Surplus as regards policyholders, December 31 prior year	21,207,678	19,682,643	19,682,643
22. Net income (from Line 20)	(328,923)	(1,200,928)	(1,427,143)
23. Net transfers (to) from Protected Cell accounts			
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$ 0	37,816		24,374
25. Change in net unrealized foreign exchange capital gain (loss)			
26. Change in net deferred income tax	106,760	1,090,138	1,223,863
27. Change in nonadmitted assets	445,486	(313,683)	(296,059)
28. Change in provision for reinsurance			
29. Change in surplus notes			
30. Surplus (contributed to) withdrawn from protected cells			
31. Cumulative effect of changes in accounting principles			
32. Capital changes:			
32.1 Paid in			2,000,000
32.2 Transferred from surplus (Stock Dividend)			
32.3 Transferred to surplus			
33. Surplus adjustments:			
33.1 Paid in			
33.2 Transferred to capital (Stock Dividend)			
33.3 Transferred from capital			
34. Net remittances from or (to) Home Office			
35. Dividends to stockholders			
36. Change in treasury stock			
37. Aggregate write-ins for gains and losses in surplus			
38. Change in surplus as regards policyholders (Lines 22 through 37)	261,139	(424,473)	1,525,035
39. Surplus as regards policyholders, as of statement date (Lines 21 plus 38)	21,468,817	19,258,170	21,207,678

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

CASH FLOW

	1	2	3
Cash from Operations	Current Year To Date	Prior Year To Date	Prior Year Ended December 31
1. Premiums collected net of reinsurance	13,715,595	(6,074,346)	47,888,217
2. Net investment income	339,468	285,618	1,192,334
3. Miscellaneous income	110,831	189,338	581,713
4. Total (Lines 1 to 3)	14,165,894	(5,599,390)	49,662,264
5. Benefit and loss related payments	5,691,995	(8,858,953)	10,946,156
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts			
7. Commissions, expenses paid and aggregate write-ins for deductions	3,754,559	3,317,879	13,730,352
8. Dividends paid to policyholders			
9. Federal and foreign income taxes paid (recovered) net of \$ 0 tax on capital gains (losses)	1,304,106	(313,683)	(298,270)
10. Total (Lines 5 through 9)	10,750,660	(5,854,757)	24,378,238
11. Net cash from operations (Line 4 minus Line 10)	3,415,234	255,367	25,284,026
Cash from Investments			
12. Proceeds from investments sold, matured or repaid:			
12.1 Bonds	2,889,064	1,743,800	8,328,651
12.2 Stocks			
12.3 Mortgage loans			
12.4 Real estate			
12.5 Other invested assets			
12.6 Net gains (or losses) on cash, cash equivalents and short-term investments			
12.7 Miscellaneous proceeds	425,567		
12.8 Total investment proceeds (Lines 12.1 to 12.7)	3,314,631	1,743,800	8,328,651
13. Cost of investments acquired (long-term only):			
13.1 Bonds	10,877,786	2,193,524	16,133,291
13.2 Stocks			1,510,018
13.3 Mortgage loans			
13.4 Real estate			
13.5 Other invested assets			
13.6 Miscellaneous applications	506,250	6,250	
13.7 Total investments acquired (Lines 13.1 to 13.6)	11,384,036	2,199,774	17,643,309
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)	(8,069,405)	(455,974)	(9,314,658)
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			2,000,000
16.3 Borrowed funds			
16.4 Net deposits on deposit-type contracts and other insurance liabilities			
16.5 Dividends to stockholders			
16.6 Other cash provided (applied)	445,486	(332,134)	(304,591)
17. Net cash from financing and miscellaneous sources (Line 16.1 through Line 16.4 minus Line 16.5 plus Line 16.6)	445,486	(332,134)	1,695,409
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)	(4,208,685)	(532,741)	17,664,777
19. Cash, cash equivalents and short-term investments:			
19.1 Beginning of year	21,879,002	4,214,225	4,214,225
19.2 End of period (Line 18 plus Line 19.1)	17,670,317	3,681,484	21,879,002

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

20.0001			
20.0002			
20.0003			

## NOTES TO FINANCIAL STATEMENTS

### PROPERTY

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NOTES TO FINANCIAL STATEMENTS

1. Significant Accounting Policies

A. Accounting Practices

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

NET INCOME	State of Domicile	2013	2012
(1) Hallmark National Insurance Co. state basis	OH	(328,923)	(1,427,143)
(2) State Prescribed Practices: NONE			
(3) State Permitted Practices: NONE			
(4) NAIC SAP	OH	<u>(328,923)</u>	<u>(1,427,143)</u>
SURPLUS			
(1) Hallmark National Insurance Co. state basis	OH	21,468,817	21,207,678
(2) State Prescribed Practices: NONE			
(3) State Permitted Practices: NONE			
(4) NAIC SAP	OH	<u>21,468,817</u>	<u>21,207,678</u>

B. Use of Estimates

No changes.

C. Accounting policies

No changes.

2. Accounting Changes and Correction of Errors

Not applicable.

3. Business Combinations and Goodwill

Not applicable.

4. Discontinued Operations

Not applicable.

5. Investments

Not applicable.

6. Joint Venture, Partnerships, and Limited Liability Companies

Not applicable.

7. Investment Income

No Changes.

8. Derivative Instruments

Not applicable.

9. Income Taxes

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

SSAP 101, *Income Taxes*, a replacement of SSAP 10 and SSAP 10R, was adopted on January 1, 2012. SSAP No. 101 includes a valuation allowance criterion whereby only gross deferred tax assets that are more likely than not to generate a tax benefit are potentially admissible. Under

NOTES TO FINANCIAL STATEMENTS

SSAP 101, deferred income tax assets are limited to 1) the amount of federal income taxes paid in prior years that can be recovered through loss carrybacks for existing temporary differences that reverse during a timeframe corresponding with the Internal Revenue Service tax loss carryback provisions, not to exceed three years, plus 2) the lesser of the remaining gross deferred income tax assets expected to be realized within three years of the balance sheet date or 15% of capital and surplus excluding any net deferred income tax assets that can be offset against existing gross deferred income tax liabilities after considering the character (i.e., ordinary versus capital) of the deferred tax assets and liabilities. The remaining deferred income tax assets are nonadmitted.

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

A. The net deferred tax asset/(liability) at March 31, 2013 and the change from the prior year are comprised of the following components:

1.	03/31/2013			12/31/2012		
	Ordinary	Capital	Total	Ordinary	Capital	Total
a. Gross Deferred Tax Assets.....	\$ 2,262,690	-	2,262,690	2,155,930	-	2,155,930
b. Statutory Valuation Allowance Adjustment.....	\$ -	-	-	-	-	-
c. Adjusted Gross Deferred Tax Assets (1a - 1b).....	\$ 2,262,690	-	2,262,690	2,155,930	-	2,155,930
d. Deferred Tax Assets Nonadmitted.....	\$ 104,477	-	104,477	549,963	-	549,963
e. Subtotal Net Admitted Deferred Tax Asset (1c - 1d).	\$ 2,158,213	-	2,158,213	1,605,967	-	1,605,967
f. Deferred Tax Liabilities.....	\$ 6,608	8,531	15,139	6,608	8,531	15,139
g. Net Admitted Deferred Tax Asset / (Net Admitted Deferred Tax Liability) (1e - 1f).....	\$ 2,151,605	(8,531)	2,143,074	1,599,359	(8,531)	1,590,828

  

	Change		
	Ordinary	Capital	Total
Gross Deferred Tax Assets.....	\$ 106,760	-	106,760
Statutory Valuation Allowance Adjustment.....	\$ -	-	-
Adjusted Gross Deferred Tax Assets (1a - 1b).....	\$ 106,760	-	106,760
Deferred Tax Assets Nonadmitted.....	\$ (445,486)	-	(445,486)
Subtotal Net Admitted Deferred Tax Asset (1c - 1d).	\$ 552,246	-	552,246
Deferred Tax Liabilities.....	\$ -	-	-
Net Admitted Deferred Tax Asset / (Net Admitted Deferred Tax Liability) (1e - 1f).....	\$ 552,246	-	552,246

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.

2.	03/31/2013			12/31/2012		
	Ordinary	Capital	Total	Ordinary	Capital	Total
Admission Calculation Components SSAP No. 101						
a. Federal Income Taxes Paid In Prior Years Recoverable Through Loss Carrybacks.	\$ 857,620	-	857,620	934,612	-	934,612
b. Adjusted Gross Deferred Tax Assets Expected To Be Realized (Excluding The Amount Of Deferred Tax Assets From 2(a) above) After Application of the Threshold Limitation. (The Lesser of Through Loss Carrybacks.	\$ 1,285,454	-	1,285,454	656,216	-	656,216
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	2,884,509	X X X	X X X	2,942,528
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.	\$ 15,139	-	15,139	15,139	-	15,139
d. Deferred Tax Assets Admitted as the result of application of SSAP No. 101. Total ( 2(a) + 2(b) + 2(c) )	\$ 2,158,213	-	2,158,213	1,605,967	-	1,605,967

NOTES TO FINANCIAL STATEMENTS

2. (cont'ud)			Change
Admission Calculation Components SSAP No. 101	Ordinary	Capital	Total
a. Federal Income Taxes Paid In Prior Years Recoverable Through Loss Carrybacks.	\$ (76,992.00)	-	(76,992.00)
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.	\$ 629,238	-	629,238
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	(58,019)
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.	\$ -	-	-
d. Deferred Tax Assets Admitted as the result of application of SSAP No. 101. Total ( 2(a) + 2(b) + 2(c) )	\$ 552,246	-	552,246

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.	2013	2012
a. Ratio Percentage Used to Determine Recover Period And Threshold Limitation Amount.	526.2%	534.1%
b. Amount Of Adjusted Capital And Surplus Used To Determine Recovery Period And Threshold Limitation In 2(b)2 Above.	\$ 19,325,743	19,616,850
4. There was no impact of tax planning strategies on the admissibility of deferred tax assets.		

Current income taxes incurred consist of the following major components:

	03/31/2013	12/31/2012	Change
Current Income Tax			
a. Federal.....	\$ (95,686)	801,986	(897,672)
b. Foreign.....	\$ -	-	-
c. Subtotal.....	\$ (95,686)	801,986	(897,672)
d. Federal Income Tax on net capital gains.....	\$ -	27,817	(27,817)
e. Utilization of capital loss carry-forwards.....	\$ -	-	-
f. Other.....	\$ -	(70,622)	70,622
g. Federal and foreign income taxes incurred.....	\$ (95,686)	759,181	(854,867)

Deferred Tax Assets:

a. Ordinary			
(1) Discounting of unpaid losses.....	\$ 961,747	920,330	41,417
(2) Unearned premium reserve.....	\$ 1,300,943	1,235,600	65,343
(3) Policyholder reserves.....	\$ -	-	-
(4) Investments.....	\$ -	-	-
(5) Deferred acquisition costs.....	\$ -	-	-
(6) Policyholder dividends accrual.....	\$ -	-	-
(7) Fixed assets.....	\$ -	-	-
(8) Compensation and benefits accrual.....	\$ -	-	-
(9) Pension accrual.....	\$ -	-	-
(10) Receivables - nonadmitted.....	\$ -	-	-
(11) Net operating loss carry-forward.....	\$ -	-	-
(12) Tax credit carry-forward.....	\$ -	-	-
(13) Other (including items <5% of total ordinary tax assets).	\$ -	-	-
Subtotal.....	\$ 2,262,690	2,155,930	106,760

NOTES TO FINANCIAL STATEMENTS

b.	Statutory valuation allowance adjustment.....	\$	-	-	-
c.	Nonadmitted.....	\$	104,477	549,963	(445,486)
d.	Admitted ordinary deferred tax assets.....	\$	2,158,213	1,605,967	552,246
e.	Capital:				
	(1) Investments.....	\$			
	(2) Net capital loss carry-forward.....	\$	-	-	-
	(3) Real estate.....	\$	-	-	-
	(4) Other (including items <5% of total capital tax assets)...	\$	-	-	-
	Subtotal.....	\$			
f.	Statutory valuation allowance adjustment.....	\$	-	-	-
g.	Nonadmitted.....	\$	-	-	-
h.	Admitted capital deferred tax assets.....	\$			
i.	Admitted deferred tax assets.....	\$	2,158,213	1,605,967	552,246

	Deferred Tax Liabilities:		<u>03/31/2013</u>	<u>12/31/2012</u>	<u>Change</u>
a.	Ordinary				
	(1) Investments.....	\$	6,608	6,608	-
	(2) Fixed assets.....	\$	-	-	-
	(3) Deferred and uncollected premium.....	\$	-	-	-
	(4) Policyholder reserves.....	\$	-	-	-
	(5) Other (including items <5% of total ordinary tax liabilities).....	\$	-	-	-
	Subtotal.....	\$	6,608	6,608	-
b.	Capital:				
	(1) Investments.....	\$	8,531	8,531	-
	(2) Real Estate.....	\$	-	-	-
	(3) Other (including items <5% of total capital tax liabilities).....	\$	-	-	-
	Subtotal.....	\$	8,531	8,531	-
c.	Deferred tax liabilities.....	\$	15,139	15,139	-
	Net deferred tax assets/liabilities.....	\$	<u>2,143,074</u>	<u>1,590,828</u>	<u>552,246</u>

10. Information Concerning Parent, Subsidiaries and Affiliates

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

11. Debt

Not applicable.

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

Not applicable.

13. Capital Surplus, Dividend Restrictions and Quasi Reorganizations

- A. The number of shares of each class of capital stock authorized, issued and outstanding: No changes.

NOTES TO FINANCIAL STATEMENTS

- B. Dividend Rate of Preferred Stock: Not applicable.
- C. Dividend Restrictions: No changes.
- D. Dates and Amounts of Dividends Paid: No changes.
- E. Portion of the Company’s Profits that may be paid as Ordinary Dividends to Stockholders: No changes.
- F. Restrictions Placed on the Unassigned Funds, Including for Whom the Surplus is Being Held: Not applicable.
- G. Mutual Surplus Advances: Not applicable.
- H. Company Stock Held for Special Purposes: Not applicable.
- I. Changes in Special Surplus Funds: Not applicable.
- J. Changes in Unassigned Funds: No changes.
- K. Surplus Notes: Not applicable.
- L. Impact of Restatement Due to Quasi Reorganizations: Not applicable.
- M. Effective Date of Quasi Reorganizations: Not applicable.

14. Contingencies

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

15. Leases

Not applicable.

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

Not applicable.

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

Not applicable.

18. Gain or Loss to the Reporting Entity from Uninsured A&H Plans and the Underinsured Portion of Partially Insured Plan

Not applicable.

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

Name and Address of Managing General Agent or Third Party Administrator	FEIN Number	Exclusive Contract	Types of Business Written	Type of Authority Granted	Direct Premiums Written/ Produced by
American Hallmark G.A., Inc. 6500 Pinecrest, Suite 100 Plano, TX 75024	75-2341879	No	Personal and Commercial property/casualty	C,CA,B,P,U	\$ 2,693,207

20. Fair Value Measurement

NOTES TO FINANCIAL STATEMENTS

A.
1. Fair Value Measurements at Reporting Date

a. Assets at fair Value

	(Level 1)	(Level 2)	(Level 3)	Total
Bonds	\$ -	\$ 2,950,295	\$ -	\$ 2,950,295
Preferred Stock	-	-	-	-
Common Stock	1,574,460	-	-	1,574,460
Total assets at fair value	\$ 1,574,460	\$ 2,950,295	\$ -	\$ 4,524,755

b. Liabilities at fair value

Not applicable. Not applicable.

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

Not applicable.

21. Other Items

Not applicable.

22. Events Subsequent

Not applicable.

23. Reinsurance

A. No changes.

B. No changes.

C. No changes.

D. No changes.

E. No changes.

F. No changes.

G. No changes.

24. Retrospective Rated Contracts and Contracts Subject to Redetermination

No changes.

25. Changes in Incurred Loss and Adjustment Expenses

Reserves as of December 31, 2012 were \$34.7 million. As of March 31, 2013, \$5.6 million has been paid for claims and claim adjustment expenses attributable to insured events of prior years. Reserves remaining for prior years are now \$29.3 million as a result of re-estimation of unpaid claims and claim adjustment expenses. Therefore, there has been \$0.2 million of unfavorable development since December 31, 2012 to March 31, 2013. Original estimates are increased or decreased, as additional information becomes known regarding individual claims.

26. Intercompany Pooling Arrangements

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

As of September 1, 2012, the pooling percentages were changed to reflect a capital contribution between AHIC and Hallmark Specialty Insurance Company ("HSIC").

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

Pool Participant	NAIC Company Code	Pool Participation%
American Hallmark Insurance Company of Texas	43494	29.8
Hallmark Insurance Company	34037	27.3
Hallmark Specialty Insurance Company	26808	30.3
Hallmark National Insurance Company	19530	12.6

NOTES TO FINANCIAL STATEMENTS

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

27. Structured Settlements

Not applicable.

28. Health Care Receivables

Not applicable.

29. Participating Policies

Not applicable.

30. Premium Deficiency Reserves

No changes.

31. High Deductibles

Not applicable.

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

Not applicable.

33. Asbestos/Environmental Reserves

Not applicable.

34. Subscriber Savings Accounts

Not applicable.

35. Multiple Peril Crop Insurance

Not applicable.

36. Financial Guaranty Insurance

Not applicable.

GENERAL INTERROGATORIES

PART 1 – COMMON INTERROGATORIES

GENERAL

1.1 Did the reporting entity experience any material transactions requiring the filing of Disclosure of Material Transactions with the State of Domicile, as required by the Model Act?

Yes [ ] No [X]

1.2 If yes, has the report been filed with the domiciliary state?

Yes [ ] No [ ]

2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity?

Yes [ ] No [X]

2.2 If yes, date of change:

3.1 Have there been any substantial changes in the organizational chart since the prior quarter end?

Yes [ ] No [X]

3.2 If the response to 3.1 is yes, provide a brief description of those changes.

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

Yes [ ] No [X]

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 [ ] N/A [X]

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

12/31/2008

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.

12/31/2008

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).

03/01/2010

6.4 By what department or departments?

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 [ ]

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

GENERAL INTERROGATORIES

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: \$ \_\_\_\_\_

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:

.....

.....

.....

GENERAL INTERROGATORIES

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

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

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

14.2 If yes, please complete the following:

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

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

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

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

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

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

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

1	2
Name of Custodian(s)	Custodian Address
JPMorgan Chase	1111 Polaris Pkwy, Suite 3J, OH1-0634, 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)

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]

GENERAL INTERROGATORIES

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 Identify all investment advisors, broker/dealers or individuals acting on behalf of broker/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

1 Central Registration Depository	2  Name(s)	3  Address

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

Yes [ X ] No [   ]

18.2 If no, list exceptions:

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

GENERAL INTERROGATORIES

PART 2 - PROPERTY & CASUALTY INTERROGATORIES

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

If yes, attach an explanation.

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

If yes, attach an explanation.

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

3.2 If yes, give full and complete information thereto:

.....

.....

.....

.....

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

4.2 If yes, complete the following schedule:

1	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. \$ \_\_\_\_\_

**NONE      Schedule F**

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

		1	Direct Premiums Written		Direct Losses Paid (Deducting Salvage)		Direct Losses Unpaid	
			2	3	4	5	6	7
States, Etc.		Active Status	Current Year to Date	Prior Year to Date	Current Year to Date	Prior Year to Date	Current Year to Date	Prior Year to Date
1. Alabama	AL	L	(4,147)	58,837	30,898	34,733	124,254	207,382
2. Alaska	AK	N						
3. Arizona	AZ	L	15,739	45,700	1,444	73,917	44,288	127,126
4. Arkansas	AR	L	(4,901)	60,944	73,080	56,939	205,883	354,011
5. California	CA	N						
6. Colorado	CO	L	122,079	72,565	39,717	99,120	4,697	182,636
7. Connecticut	CT	N						
8. Delaware	DE	N						
9. District of Columbia	DC	N						
10. Florida	FL	L			(150)	11,036		
11. Georgia	GA	L	(539)	33,948	924	11,074	110,819	134,134
12. Hawaii	HI	N						
13. Idaho	ID	N						
14. Illinois	IL	L	(4,688)	33,812	11,480	13,804	197,733	229,707
15. Indiana	IN	L	37,285	68,085	70,776	103,974	245,912	366,068
16. Iowa	IA	L		6,953	280	1,599	(3,813)	34,240
17. Kansas	KS	L	35,337	75,882	49,030	11,335	127,422	276,388
18. Kentucky	KY	L	1,184,680	1,317,626	731,214	1,123,694	321,524	1,999,578
19. Louisiana	LA	N						
20. Maine	ME	N						
21. Maryland	MD	L	682,424	598,821	591,888	698,699	804,057	1,241,544
22. Massachusetts	MA	N						
23. Michigan	MI	N						
24. Minnesota	MN	L		30,383	17,760	57,718	(14,552)	166,020
25. Mississippi	MS	L	82,161	108,780	20,508	24,926	267,241	176,457
26. Missouri	MO	L	(243)	33,796	11,032	73,962	139,380	389,600
27. Montana	MT	N						
28. Nebraska	NE	N						
29. Nevada	NV	N						
30. New Hampshire	NH	N						
31. New Jersey	NJ	N						
32. New Mexico	NM	N						
33. New York	NY	N						
34. North Carolina	NC	L						
35. North Dakota	ND	L						
36. Ohio	OH	L	84,926	145,873	107,287	142,843	446,129	616,886
37. Oklahoma	OK	E						
38. Oregon	OR	N						
39. Pennsylvania	PA	L	21,621	53,448	54,389	117,874	180,610	213,634
40. Rhode Island	RI	N						
41. South Carolina	SC	L	27,348	33,182	13,869	50,582	168,765	162,311
42. South Dakota	SD	L						
43. Tennessee	TN	L	275,379	447,915	245,026	273,390	1,132,097	1,325,101
44. Texas	TX	Q						
45. Utah	UT	L	(1,070)	97,960	48,635	84,093	236,599	364,078
46. Vermont	VT	N						
47. Virginia	VA	N						
48. Washington	WA	N						
49. West Virginia	WV	L	139,816	286,753	99,023	268,997	736,754	986,982
50. Wisconsin	WI	L		11,960	8,839	27,513	105,214	166,987
51. Wyoming	WY	N						
52. American Samoa	AS	N						
53. Guam	GU	N						
54. Puerto Rico	PR	N						
55. U.S. Virgin Islands	VI	N						
56. Northern Mariana Islands	MP	N						
57. Canada	CAN	N						
58. Aggregate Other Alien	OT	X X X						
59. Totals		(a) 25	2,693,207	3,623,223	2,226,949	3,361,822	5,581,013	9,720,870

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					

(L) Licensed or Chartered - Licensed Insurance Carrier or Domiciled RRG: (R) Registered - Non-domiciled RRGs: (Q) Qualified - Qualified or Accredited Reinsurer:  
(E) Eligible - Reporting Entities eligible or approved to write Surplus Lines in the state: (N) None of the above - Not allowed to write business in the state.  
(a) Insert the number of L responses except for Canada and Other Alien.

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

PART 1 - ORGANIZATIONAL CHART

Newcastle Partners, L.P., Mark E. Schwarz, General Partner 25.9%	Texas	
... Hallmark Financial Services, Inc.	Nevada	87-0447375
... .. ACO Holdings, Inc. (Inactive Co)	Texas	45-8544756
... .. American Hallmark G.A., Inc.	Texas	75-2341879
... .. Hallmark Claim Services, Inc.	Texas	75-1693596
... .. Hallmark Finance Corporation	Texas	75-2339280
... .. Aerospace Holdings, LLC	Texas	20-0785668
... .. Aerospace Claims Management Group	Texas	75-2853986
... .. Aerospace Flight (Inactive Co)	Texas	75-2925120
... .. Aerospace Insurance Managers, Inc.	Texas	52-2099239
... .. Aerospace Special Risk, Inc.	Texas	20-0786154
... .. Mannequin PCC Ltd. Cell A-22*	Guernsey	N/A
... .. Heath XS, LLC	New Jersey	02-0557327
... .. Hardscrabble Data Solutions, LLC	New Jersey	01-0756829
... .. CITON Agency, Inc. 49%	Florida	26-2010050
... .. American Hallmark Ins. Co. of TX. (43494)*	Texas	75-1817901
... .. Hallmark Specialty Ins. Co. (26808)*	Oklahoma	74-2378996
... .. CYR Insurance Management Company	Texas	75-1661749
... .. Hallmark County Mutual Insurance Company (29408)*	Texas	74-0814987
... .. TBIC Holding Corporation.	Texas	41-2130851
... .. Texas Builders Insurance Company (27170)*	Texas	74-2439728
... .. TBIC Risk Management, Inc.	Texas	37-1417618
... .. Effective Claims Management, Inc.	Texas	75-2825542
... .. American Hallmark Insurance Services, Inc	Texas	75-2652618
... ..Hallmark Specialty Underwriters, Inc (f/k/a TGA Insurance Managers Inc.)	Texas	74-2228153
... .. TGA Special Risk	Texas	74-2774138
... .. Pan American Acceptance Corporation	Texas	74-1683629
... .. Hallmark Insurance Company (34037)*	Arizona	47-0718164
... .. Hallmark National Insurance Company (19530)*	Ohio	31-1334827

Notes:

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



## SCHEDULE Y

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

Asterik	Explanation
	NONE

PART 1 – LOSS EXPERIENCE

Lines of Business	Current Year to Date			4 Prior Year to Date Direct Loss Percentage
	1 Direct Premiums Earned	2 Direct Losses Incurred	3 Direct Loss Percentage	
1. Fire				
2. Allied lines				
3. Farmowners multiple peril				
4. Homeowners multiple peril				
5. Commercial multiple peril				
6. Mortgage guaranty				
8. Ocean marine				
9. Inland marine				
10. Financial guaranty				
11.1 Medical professional liability-occurrence				
11.2 Medical professional liability-claims made				
12. Earthquake				
13. Group accident and health				
14. Credit accident and health				
15. Other accident and health				
16. Workers' compensation				
17.1 Other liability-occurrence				
17.2 Other liability-claims made				
17.3 Excess Workers' Compensation				
18.1 Products liability-occurrence				
18.2 Products liability-claims made				
19.1, 19.2 Private passenger auto liability	2,196,949	961,440	43.8	60.6
19.3, 19.4 Commercial auto liability				
21. Auto physical damage	446,474	264,700	59.3	56.1
22. Aircraft (all perils)				
23. Fidelity				
24. Surety				
26. Burglary and theft				
27. Boiler and machinery				
28. Credit				
29. International				
30. Warranty				
31. Reinsurance-Nonproportional Assumed Property	XXX	XXX	XXX	XXX
32. Reinsurance-Nonproportional Assumed Liability	XXX	XXX	XXX	XXX
33. Reinsurance-Nonproportional Assumed Financial Lines	XXX	XXX	XXX	XXX
34. Aggregate write-ins for other lines of business				
35. TOTALS	2,643,423	1,226,140	46.4	59.8

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

	1 Current Quarter	2 Current Year to Date	3 Prior Year Year to Date
1. Fire			
2. Allied lines			
3. Farmowners multiple peril			
4. Homeowners multiple peril			
5. Commercial multiple peril			
6. Mortgage guaranty			
8. Ocean marine			
9. Inland marine			
10. Financial guaranty			
11.1 Medical professional liability-occurrence			
11.2 Medical professional liability-claims made			
12. Earthquake			
13. Group accident and health			
14. Credit accident and health			
15. Other accident and health			
16. Workers' compensation			
17.1 Other liability-occurrence			
17.2 Other liability-claims made			
17.3 Excess Workers' Compensation			
18.1 Products liability-occurrence			
18.2 Products liability-claims made			
19.1, 19.2 Private passenger auto liability	2,286,212	2,286,212	2,983,220
19.3, 19.4 Commercial auto liability			
21. Auto physical damage	406,995	406,995	640,003
22. Aircraft (all perils)			
23. Fidelity			
24. Surety			
26. Burglary and theft			
27. Boiler and machinery			
28. Credit			
29. International			
30. Warranty			
31. Reinsurance-Nonproportional Assumed Property	XXX	XXX	XXX
32. Reinsurance-Nonproportional Assumed Liability	XXX	XXX	XXX
33. Reinsurance-Nonproportional Assumed Financial Lines	XXX	XXX	XXX
34. Aggregate write-ins for other lines of business			
35. TOTALS	2,693,207	2,693,207	3,623,223

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)	2013 Loss and LAE Payments on Claims Reported as of Prior Year-End	2013 Loss and LAE Payments on Claims Unreported as of Prior Year-End	Total 2013 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. 2010 + prior	5,583	6,500	12,083	1,138	972	2,110	4,224	223	4,541	8,988	(221)	(764)	(985)
2. 2011	4,274	3,250	7,524	1,073	51	1,124	3,792	142	2,969	6,903	591	(88)	503
3. Subtotals 2011 + prior	9,857	9,750	19,607	2,211	1,023	3,234	8,016	365	7,510	15,891	370	(852)	(482)
4. 2012	7,593	7,475	15,068	1,965	442	2,407	6,240	977	6,162	13,379	612	106	718
5. Subtotals 2012 + prior	17,450	17,225	34,675	4,176	1,465	5,641	14,256	1,342	13,672	29,270	982	(746)	236
6. 2013	X X X	X X X	X X X	X X X	1,703	1,703	X X X	2,785	3,173	5,958	X X X	X X X	X X X
7. Totals	17,450	17,225	34,675	4,176	3,168	7,344	14,256	4,127	16,845	35,228	982	(746)	236

8. Prior Year-End Surplus As

Regards Policyholders 21,208

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. 5.628 2. -4.331 3. 0.681  
Col. 13, Line 7  
Line 8

4. 1.113

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 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:



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## OVERFLOW PAGE FOR WRITE-INS

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SCHEDULE A - VERIFICATION  
Real Estate

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

SCHEDULE B - VERIFICATION  
Mortgage Loans

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

SCHEDULE BA - VERIFICATION  
Other Long-Term Invested Assets

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

SCHEDULE D - VERIFICATION  
Bonds and Stocks

	1 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value of bonds and stocks, December 31 of prior year	40,880,833	31,694,598
2. Cost of bonds and stocks acquired	10,877,786	17,643,310
3. Accrual of discount	6,743	24,901
4. Unrealized valuation increase (decrease)	37,817	24,374
5. Total gain (loss) on disposals		79,476
6. Deduct consideration for bonds and stocks disposed of	2,889,064	8,328,651
7. Deduct amortization of premium	74,436	257,175
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)	48,839,679	40,880,833
11. Deduct total nonadmitted amounts		
12. Statement value at end of current period (Line 10 minus Line 11)	48,839,679	40,880,833

SCHEDULE D - PART 1B

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

	1 Book/Adjusted Carrying Value Beginning of Current Quarter	2 Acquisitions During Current Quarter	3 Dispositions During Current Quarter	4 Non-Trading Activity During Current Quarter	5 Book/Adjusted Carrying Value End of First Quarter	6 Book/Adjusted Carrying Value End of Second Quarter	7 Book/Adjusted Carrying Value End of Third Quarter	8 Book/Adjusted Carrying Value December 31 Prior Year
BONDS								
1. Class 1 (a)	27,604,388	10,354,738	2,854,872	(43,643)	35,060,611			27,604,388
2. Class 2 (a)	12,619,450	420,456	34,192	(28,935)	12,976,779			12,619,450
3. Class 3 (a)	100,121	102,592		(2,418)	200,295			100,121
4. Class 4 (a)								
5. Class 5 (a)								
6. Class 6 (a)								
7. Total Bonds	40,323,959	10,877,786	2,889,064	(74,996)	48,237,685			40,323,959
PREFERRED STOCK								
8. Class 1								
9. Class 2								
10. Class 3								
11. Class 4								
12. Class 5								
13. Class 6								
14. Total Preferred Stock								
15. Total Bonds & Preferred Stock	40,323,959	10,877,786	2,889,064	(74,996)	48,237,685			40,323,959

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

NAIC 1 \$ 392,457; NAIC 2 \$ 580,010; 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	972,467	X X X	984,897	19,238	

**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	978,499	100,172
2. Cost of short-term investments acquired		1,464,729
3. Accrual of discount		
4. Unrealized valuation increase (decrease)		
5. Total gain (loss) on disposals		
6. Deduct consideration received on disposals		570,000
7. Deduct amortization of premium	6,032	16,402
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)	972,467	978,499
11. Deduct total nonadmitted amounts		
12. Statement value at end of current period (Line 10 minus Line 11)	972,467	978,499

- 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 - VERIFICATION

(Cash Equivalents)

	1	2
	Year To Date	Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year	499,715	1,035,302
2. Cost of cash equivalents acquired	546,964	499,715
3. Accrual of discount		
4. Unrealized valuation increase (decrease)		
5. Total gain (loss) on disposals		
6. Deduct consideration received on disposals	499,715	1,035,302
7. Deduct amortization of premium		
8. Total foreign exchange change in book/adjusted carrying value		
9. Deduct current year's other than temporary impairment recognized		
10. Book/adjusted carrying value at end of current period (Lines 1 + 2 + 3 + 4 + 5 - 6 - 7 + 8 - 9)	546,964	499,715
11. Deduct total nonadmitted amounts		
12. Statement value at end of current period (Line 10 minus Line 11)	546,964	499,715

**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 or Market Indicator (a)
912828-UK-4	US Treasury Note UK4		02/22/2013	JP Morgan Chase		1,000,078	1,000,000.00	173	1FE
0599999	Total Bonds U. S. Government				X X X	1,000,078	1,000,000.00	173	X X X
145750-LH-6	Carson CA Redev Mgd Proj Area		01/25/2013	The Select Group		103,015	100,000.00	1,639	1FE
180847-3Z-6	Clark Cnty NV Hosp Impt		03/20/2013	The Select Group		203,978	200,000.00	667	1FE
3136AA-6W-0	FNMA 2012-154 CP PAC (22)		01/08/2013	Crews & Associates		1,984,313	1,989,285.82	1,243	1
3136AD-AD-1	FNMA 2013-23 AQ		02/06/2013	Crews & Associates		995,000	1,000,000.00	1,500	1
3136AB-S9-5	FNMA 2013-6 QD		01/17/2013	Crews & Associates		993,000	1,000,000.00	2,014	1
3136AB-S2-0	FNMA 2013-6 QP		01/14/2013	Crews & Associates		1,995,000	2,000,000.00	4,028	1
3136AB-Q8-9	FNMA 2013-6 YC		01/10/2013	Crews & Associates		1,074,655	1,076,000.00	2,167	1
523510-DQ-5	Lee County FL Solid Waste REV		03/21/2013	Crews & Associates		330,390	300,000.00	7,292	1FE
696716-HU-6	Palmdale CA Cmnty Redev Tx Alloc		02/12/2013	The Select Group		104,910	100,000.00	2,264	1FE
70870F-AB-2	Pennsylvania Eco Dev Swr Disp Bio		03/28/2013	Crews & Associates		420,456	400,000.00	5,111	2FE
801453-DR-9	Santa Clara CA Bayshore N Prj Rede		03/05/2013	The Select Group		138,162	135,000.00	1,910	1FE
90565L-EG-2	Union City CA Comm Redev Pr A		01/25/2013	The Select Group		102,592	100,000.00	1,516	3FE
3199999	U.S. Total Bonds Special Revenue and Special Assessment and all Non-Guaranteed Obligations				X X X	8,445,471	8,400,285.82	31,351	X X X
3137AX-FN-8	FHLMC 4146 JB PAC 2		01/03/2013	Crews & Associates		1,432,238	1,450,000.00	705	1
3899999	Total Bonds Industrial and Miscellaneous (Unaffiliated)				X X X	1,432,238	1,450,000.00	705	X X X
8399997	Total Bonds Part 3				X X X	10,877,787	10,850,286	32,229	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	10,877,787	10,850,285.82	32,229	X X X
9999999	Totals				X X X	10,877,787	X X X	32,229	X X X

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

SCHEDULE D - PART 4

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

1	2	3	4	5	6	7	8	9	10	Change in Book/Adjusted Carrying Value					16	17	18	19	20	21	22
										11	12	13	14	15							
CUSIP 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 Contractual Maturity Date	NAIC Desig- nation or Market Indicator (a)
912828-HT-0 912828-HV-5	US Treasury Bond HT0 US Treasury Bond HV5		02/28/2013 03/31/2013	MATURITY MATURITY		885,000 500,000	885,000.00 500,000.00	897,169 517,695	885,472 501,321		(472) (1,321)		(472) (1,321)		885,000 500,000				12,169 6,250	02/28/2013 03/31/2013	1 1
0599999	Total - Bonds - U.S. Governments				X X X	1,385,000	1,385,000.00	1,414,864	1,386,793		(1,793)		(1,793)		1,385,000				18,419	X X X	X X X
230300-AW-5	Culver City CA CTF5 Ser A		01/02/2013	Sink PMT @ 100.00000		50,000	50,000.00	51,319	50,000						50,000					01/01/2016	1FE
1799999	U.S. Total - Bonds - States, Territories and Possessions				X X X	50,000	50,000.00	51,319	50,000						50,000					X X X	X X X
EIS	3136AA-6W-0		03/25/2013	PRINCIPAL RECEIPT		26,665	26,665.46	26,599			67		67		26,665				85	01/25/2043	1
	3136AD-AD-1		03/25/2013	PRINCIPAL RECEIPT		30,490	30,489.58	30,337			152		152		30,490				51	02/25/2043	1
	3136AB-S9-5		03/25/2013	PRINCIPAL RECEIPT		26,108	26,107.78	25,925			183		183		26,108				82	01/25/2043	1
	3136AB-S2-0		03/25/2013	PRINCIPAL RECEIPT		48,697	48,696.54	48,575			122		122		48,697				154	01/25/2043	1
	3136AB-Q8-9		03/25/2013	PRINCIPAL RECEIPT		39,957	39,957.33	39,907			50		50		39,957				126	01/25/2043	1
	403300-CW-4		01/02/2013	MATURITY		200,000	200,000.00	203,000	200,000						200,000				4,600	01/01/2013	1FE
	593493-AV-1		01/02/2013	VARIOUS		34,192	40,000.00	36,083	34,192						34,192					01/01/2015	2FE
	92812U-JK-5		01/02/2013	MATURITY		940,000	940,000.00	937,062	940,000						940,000				18,471	01/01/2013	1FE
3199999	U.S. Total - Bonds - Special Revenue and Special Assessment Non-Guaranteed Obl				X X X	1,346,109	1,351,916.69	1,347,488	1,174,192		574		574		1,346,109				23,569	X X X	X X X
3137AW-B2-0	FHR 4135 BQ		03/15/2013	PRINCIPAL RECEIPT		107,955	107,955.32	107,780	107,783		172		172		107,955				365	11/15/2042	1
3899999	Total - Bonds - Industrial and Miscellaneous (Unaffiliated)				X X X	107,955	107,955.32	107,780	107,783		172		172		107,955				365	X X X	X X X
8399997	Total - Bonds - Part 4				X X X	2,889,064	2,894,872	2,921,451	2,718,768		(1,047)		(1,047)		2,889,064				42,353	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	2,889,064	2,894,872.01	2,921,451	2,718,768		(1,047)		(1,047)		2,889,064				42,353	X X X	X X X
9999999	Totals					2,889,064	X X X	2,921,451	2,718,768		(1,047)		(1,047)		2,889,064				42,353	X X X	X X X

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

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

## SCHEDULE E - PART 1 - CASH

### Month End Depository Balances

[illegible]

## SCHEDULE E - PART 2 - CASH EQUIVALENTS

Show Investments Owned End of Current Quarter

[illegible]

E13