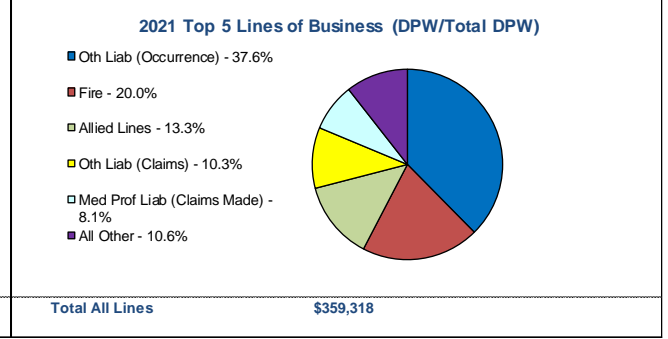
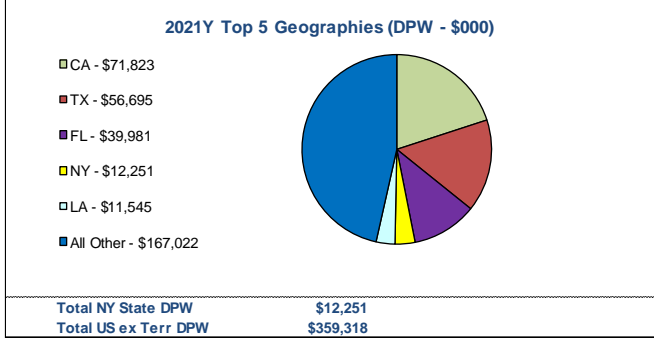
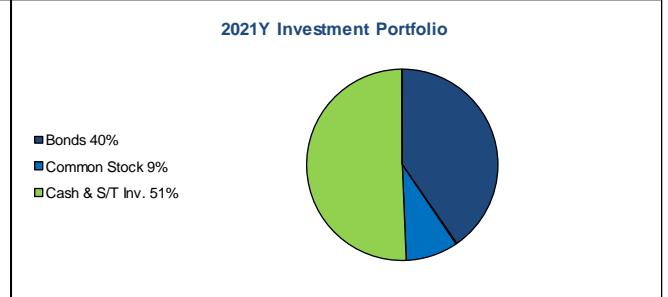
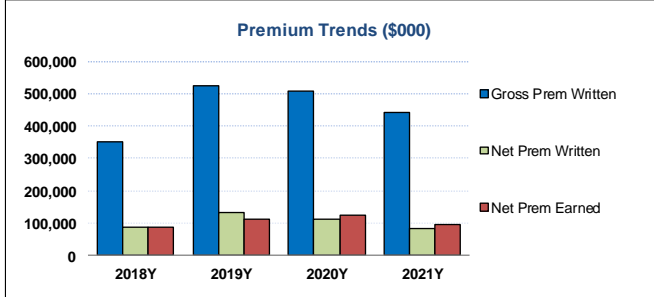
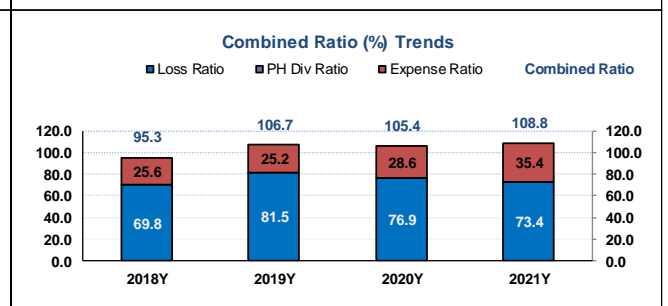
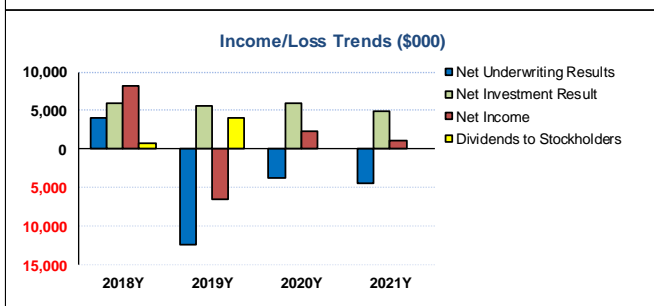




HALLMARK SPECIALTY INSURANCE COMPANY, NAIC #26808
HALLMARK FINANCIAL SERVICES, INC.

Dollars in 000

	2018Y	2019Y	2020Y	2021Y		2018Y	2019Y	2020Y	2021Y
Total Assets	253,402	304,312	267,387	305,440	RBC Ratio (%)	478.1	317.3	275.7	271.5
Total Liabilities	192,430	247,345	215,833	251,765	2yr Res Development	12,641	15,286	25,018	21,624
Policyholder Surplus	60,972	56,967	51,554	53,675	2yr Dev/ Surplus	2138.4%	2662.7%	4103.2%	3795.9%
Cash & Invested Assets	158,848	166,775	136,083	153,200	Affiliated Common Stock	0	0	0	0
Cash & Invested Assets/ Total Assets	62.7%	54.8%	50.9%	50.2%	Affiliated CS / Surplus	0.0%	0.0%	0.0%	0.0%
Net Cash from Operations	-22,166	8,227	-9,367	22,586	Net Reins Recoverable	327,222	448,860	638,759	668,908
Loss & LAE Reserves	73,032	90,137	109,881	107,675	Net Reins Rec / Surplus	536.7%	787.9%	1239.0%	1246.2%
Loss & LAE Reserves/Surplus	119.8%	158.2%	213.1%	200.6%	AMB / S&P Ratings	A- / NR	A- / NR	A- / NR	A- / NR



Top 5 Reinsurers for Hallmark Specialty Ins Co. by Gross Recoverables
Period: 2021Y

Dollars in 000

Reinsurer	Reinsurance Class	Reins Authorized Status	Gross Recov	Over 120 Days Overdue
1 - American Hallmark Insurance Company of Texas	US Affiliated Pooling	Authorized	286,069	0
2 - Swiss Reinsurance America Corporation	US Unaffiliated	Authorized	132,350	0
3 - Munich Reinsurance America, Inc.	US Unaffiliated	Authorized	45,450	0
4 - SCOR Reinsurance Company	US Unaffiliated	Authorized	31,741	0
5 - SiriusPoint Bermuda Insurance Company Ltd.	Non-US Unaffiliated	Unauthorized	25,814	0

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ULTIMATE PARENT – Hallmark Financial Services, Inc.

Corporate Profile		Financial Strength Ratings	
Address:	Hallmark Financial Services, Inc. Two Lincoln Centre Dallas, TX, 75240	S&P Global:	-
Website:	www.hallmarkgrp.com	Moody's:	-
President :	Christopher James Kenney	Fitch:	-
Ticker Symbol:	NASDAQGM: HALL	AM Best - P&C:	-
2021 Form 10-K:	SEC Website		

Highlights (\$000)	2018Y	2019Y	2020Y	2021Y
Total Assets	1,264,894	1,500,861	1,496,717	1,553,598
Total Policy Reserves	825,308	1,009,281	1,110,574	1,101,108
Total Debt	85,804	122,261	120,925	120,275
Total Other Liabilities	30,922	41,176	36,412	38,786
Sep Account Liabilities	0	0	0	0
Total Liabilities	1,009,362	1,238,099	1,329,011	1,378,077
Total Equity	255,532	262,761	167,706	175,521
Total Liab & Equity	1,264,894	1,500,860	1,496,717	1,553,598
Book Value / Share (\$)	14.18	14.50	9.24	9.66
Reserves / Investments & Cash (x)	1.23	1.38	1.72	1.58
Reserves / Liabilities (x)	0.82	0.82	0.84	0.80
Reserves / Equity (x)	3.23	3.84	6.62	6.27
Debt / Equity (x)	0.34	0.47	0.72	0.69
Dec. 31 Closing Price (\$)	10.69	17.57	3.56	4.35
Net Income (\$)	10,347	-1,132	-94,351	9,004
Basic EPS (\$)	0.57	-0.06	-5.20	0.50
Investment Yield (%)	1.14	5.86	-1.47	2.92
Ratios (%)				
Loss Ratio	70.50	82.90	86.20	72.60
Expense Ratio	26.60	25.10	25.10	28.50
PH Dividend Ratio	0.00	0.00	0.00	0.00
Combined Ratio	97.10	108.00	111.30	101.10

Company Description and Notes

Industries: Personal Lines Property, Commercial Auto, Aviation, Commercial and Surplus Lines Property and Casualty Business, Agency, Brokerage and UK based intercompany Reinsurance, Insurance Services, Claims Management and Associated Asset Management

Geography: United States

HISTORY

Hallmark Specialty Insurance Company (Hallmark Specialty) was incorporated in the State of Oklahoma in December 1986 as Gulf States Insurance Company, a subsidiary of Texas General Agency, Inc. Gulf States Insurance Company was formed to replace a Cayman Islands affiliate and on December 31, 1986, the Company assumed a loss portfolio transfer from Gulf States Insurance Company, Cayman Islands. The company was acquired by Hallmark Financial Services, Inc. (Hallmark Financial) in January 2006, and subsequently contributed to American Hallmark Insurance Company of Texas, (American Hallmark) (Texas), its direct parent. The company adopted its current name in December 2007. The company has been eligible to write surplus lines business in New York since December 18, 2014. As of December 31, 2021, Hallmark Specialty is licensed in Oklahoma and operated on a non-admitted basis in forty-nine (49) states and the District of Columbia.

REINSURANCE

Hallmark Specialty is a participant in an intercompany pooling agreement including four (4) affiliates, with its parent, American Hallmark, pool lead, retaining 32%, Hallmark Insurance Company retaining 32%, Hallmark National retaining 10%, and Hallmark Specialty retaining 26%. All business written is ceded to the pool and each company shares in the combined results of the pool. As such, the financial strength of the company is heavily dependent upon the underwriting performance of its fellow pool members, the credit risk of Hallmark Financial, as well as investment risk of its own investment portfolio, managed in common by Hallmark Financial. For the years 2018 through 2020, respectively, Hallmark Specialty net reinsurance recoverable were shown as \$327M, \$449M, \$639M and \$669M, representing 537%, 788%, 1,239% and 1,246% of company surplus.

HOLDING COMPANY

Formed in 1990 with headquarters in Dallas, TX, Hallmark Financial Services writes personal lines property, commercial auto, aviation, commercial and surplus lines property and casualty business, and UK based intercompany reinsurance. AM Best collectively rates seven (7) insurance subsidiaries of the Hallmark Insurance Group, including Hallmark Specialty Insurance Company. For the years 2018 through 2021 the group was rated 'A-' and assigned the financial size of IX (\$250m - \$500m).

SUBSEQUENT NOTEWORTHY OBSERVATIONS

October 7, 2022, Hallmark Financial Services, Inc. and Core Specialty announced the acquisition of Hallmark's E&S lines operations to Core Specialty Insurance Holdings, Inc. for roughly \$40 million in cash plus an estimated \$19.9M of acquisition costs related to some net unearned premium reserves. Hallmark will act as a front carrier for Core on this business going forward. The transaction was effective September 30, 2022.

Important Information Regarding Financial Summaries

This financial summary contains information helpful to New York excess lines brokers in meeting their non-delegable duty to use "due care" in the selection of a financially secure excess line insurer. Definitions of the financial terms used in the summaries appear as pop-up boxes when hovering your mouse over the corresponding text. For additional guidance on assessing insurance company financial statements, please reference "ELANY COMPLIANCE ADVISOR: FUNDAMENTALS OF INSURANCE COMPANY FINANCIAL ANALYSIS".

The Excess Line Association of New York has compiled the insurance company financial information from the Annual Statutory Financial Statements. All ratios, charts, and graphs are based on the compiled information. We have made every effort to ensure all information transcribed for these pages is correct. However, the Excess Line Association of New York cannot attest to the accuracy of data provided by its sources, nor do we make any warranties, either expressed or implied, regarding the accuracy or completeness of information presented in this document. We assume no responsibility for loss or damage resulting from the use of this information.