

Anand Naveen  
 Form 4  
 March 06, 2019

**FORM 4**

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
 Washington, D.C. 20549**

OMB APPROVAL

OMB Number: 3235-0287  
 Expires: January 31, 2005  
 Estimated average burden hours per response... 0.5

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

**STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES**

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person \*  
 Anand Naveen

2. Issuer Name and Ticker or Trading Symbol  
 HALLMARK FINANCIAL SERVICES INC [HALL]

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

(Last) (First) (Middle)  
 777 MAIN STREET, SUITE 1000  
 (Street)

3. Date of Earliest Transaction (Month/Day/Year)  
 09/24/2018

\_\_\_\_ Director \_\_\_\_\_ 10% Owner  
 Officer (give title below) \_\_\_\_\_ Other (specify below)  
 President & CEO

FORT WORTH, TX 76102

(City) (State) (Zip)

4. If Amendment, Date Original Filed(Month/Day/Year)

6. Individual or Joint/Group Filing(Check Applicable Line)  
 Form filed by One Reporting Person  
 Form filed by More than One Reporting Person

**Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned**

| 1. Title of Security (Instr. 3) | 2. Transaction Date (Month/Day/Year) | 2A. Deemed Execution Date, if any (Month/Day/Year) | 3. Transaction Code (Instr. 8) | 4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5) | 5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4) | 6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4) | 7. Nature of Ownership (Instr. 4) |
|---------------------------------|--------------------------------------|--|--------------------------------|---|---|--|-----------------------------------|
| COMMON STOCK                    |                                      |  |                                | (A) or (D)<br>Code V Amount (D) Price                             | 70,900  | D  |                                   |

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

**Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.**

SEC 1474 (9-02)

**Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)**

Edgar Filing: Anand Naveen - Form 4

| 1. Title of Derivative Security (Instr. 3) | 2. Conversion or Exercise Price of Derivative Security | 3. Transaction Date (Month/Day/Year) | 3A. Deemed Execution Date, if any (Month/Day/Year) | 4. Transaction Code (Instr. 8) | 5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5) | 6. Date Exercisable and Expiration Date (Month/Day/Year) | 7. Title and Amount of Underlying Security (Instr. 3 and 4) |
|--|--|--------------------------------------|--|--------------------------------|---|--|---|
| RESTRICTED STOCK UNITS                     | (1) (2)  | 09/24/2018                           |  | A                              | 27,599  | 03/31/2021 03/31/2021                                    | COMMON STOCK  |
| RESTRICTED STOCK UNITS                     | (3) (4)  |                                      |  |                                |   | 03/31/2020 03/31/2020                                    | COMMON STOCK  |
| RESTRICTED STOCK UNITS                     | (5) (6)  |                                      |  |                                |   | 03/31/2019 03/31/2019                                    | COMMON STOCK  |

## Reporting Owners

| Reporting Owner Name / Address  | Relationships |           |                 |       |
|---|---------------|-----------|-----------------|-------|
|   | Director      | 10% Owner | Officer         | Other |
| Anand Naveen<br>777 MAIN STREET<br>SUITE 1000<br>FORT WORTH, TX 76102 |               |           | President & CEO |       |

## Signatures

Steven D. Davidson as Attorney-In-Fact for Naveen Anand 03/06/2019

Signature of Reporting Person Date

## Explanation of Responses:

- \* If the form is filed by more than one reporting person, see Instruction 4(b)(v).
  - \*\* Intentional misstatements or omissions of facts constitute Federal Criminal Violations. See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
- (1) Each restricted stock unit represents the right to receive shares of common stock upon satisfaction of vesting requirements and performance criteria. The performance criteria for one-half of the restricted stock units are based on the compound average annual growth rate ("CAAGR") in book value per share from January 1, 2018 to December 31, 2020, and earn a percentage of a share of common stock per restricted stock unit, as follows: (i) CAAGR less than 7% earns 0%; (ii) 7% CAAGR earns 50%; (iii) 8% CAAGR earns 75%; (iv) 9% CAAGR earns 100%; (v) 10% CAAGR earns 117%; (vi) 11% CAAGR earns 133% shares; and (vii) 12% or greater CAAGR earns 150%.
- (2) Each restricted stock unit represents the right to receive shares of common stock upon satisfaction of vesting requirements and performance criteria. The performance criteria for one-half of the restricted stock units are based on the net combined ratio ("NCR") for the three year period from January 1, 2018 to December 31, 2020, and earn a percentage of a share of common stock per restricted stock unit, as follows: (a) NCR greater than 98% earns 0%; (b) NCR of 97% earns 50%; (c) NCR of 96% earns 75%; (d) NCR of 95% earns

## Edgar Filing: Anand Naveen - Form 4

100%; (e) NCR of 94% earns 110%; (f) NCR of 93% earns 120%; (g) NCR of 92% earns 130%; (h) NCR of 91% earns 140%; and (i) NCR less than 90% earns 150%.

- (3) Each restricted stock unit represents the right to receive shares of common stock upon satisfaction of vesting requirements and performance criteria. The performance criteria for one-half of the restricted stock units are based on the compound average annual growth rate ("CAAGR") in book value per share from January 1, 2017 to December 31, 2019, and earn a percentage of a share of common stock per restricted stock unit, as follows: (i) CAAGR less than 7% earns 0%; (ii) 7% CAAGR earns 50%; (iii) 8% CAAGR earns 67%; (iv) 9% CAAGR earns 83%; (v) 10% CAAGR earns 100%; (vi) 11% CAAGR earns 117% shares; (vii) 12% CAAGR earns 133%; and (viii) 13% or greater CAAGR earns 150%.

- (4) Each restricted stock unit represents the right to receive shares of common stock upon satisfaction of vesting requirements and performance criteria. The performance criteria for one-half of the restricted stock units are based on the net combined ratio ("NCR") for the three year period from January 1, 2017 to December 31, 2019, and earn a percentage of a share of common stock per restricted stock unit, as follows: (a) NCR greater than 96% earns 0%; (b) NCR of 95% earns 50%; (c) NCR of 94% earns 60%; (d) NCR of 93% earns 80%; (e) NCR of 92% earns 100%; (f) NCR of 90% earns 110%; (g) NCR of 89% earns 120%; (h) NCR of 88% earns 135%; and (i) NCR less than 87% earns 150%.

- (5) Each restricted stock unit represents the right to receive shares of common stock upon satisfaction of vesting requirements and performance criteria. The performance criteria for one-half of the restricted stock units are based on the compound average annual growth rate ("CAAGR") in book value per share from January 1, 2016 to December 31, 2018, and earn a percentage of a share of common stock per restricted stock unit, as follows: (i) CAAGR less than 7% earns 0%; (ii) 7% CAAGR earns 50%; (iii) 8% CAAGR earns 67%; (iv) 9% CAAGR earns 83%; (v) 10% CAAGR earns 100%; (vi) 11% CAAGR earns 117% shares; (vii) 12% CAAGR earns 133%; and (viii) 13% or greater CAAGR earns 150%.

- (6) Each restricted stock unit represents the right to receive shares of common stock upon satisfaction of vesting requirements and performance criteria. The performance criteria for one-half of the restricted stock units are based on the net combined ratio ("NCR") for the three year period from January 1, 2016 to December 31, 2018, and earn a percentage of a share of common stock per restricted stock unit, as follows: (a) NCR greater than 96% earns 0%; (b) NCR of 95% earns 50%; (c) NCR of 94% earns 60%; (d) NCR of 93% earns 80%; (e) NCR of 92% earns 100%; (f) NCR of 90% earns 110%; (g) NCR of 89% earns 120%; (h) NCR of 88% earns 135%; and (i) NCR less than 87% earns 150%.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.