

Passmore Jeffrey R
 Form 4
 March 06, 2019

FORM 4

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

OMB APPROVAL

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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 *
 Passmore Jeffrey R

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)
 CHIEF ACCOUNTING OFFICER

FORT WORTH, TX 76102

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

(City) (State) (Zip)

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)	7,000	D	

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

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

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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	<u>(1)</u> <u>(2)</u>	09/24/2018		A	8,066	03/31/2021 03/31/2021	COMMON STOCK
RESTRICTED STOCK UNITS	<u>(3)</u> <u>(4)</u>					03/31/2020 03/31/2020	COMMON STOCK
RESTRICTED STOCK UNITS	<u>(5)</u> <u>(6)</u>					03/31/2019 03/31/2019	COMMON STOCK

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
Passmore Jeffrey R 777 MAIN STREET SUITE 1000 FORT WORTH, TX 76102			CHIEF ACCOUNTING OFFICER	

Signatures

STEVEN D. DAVIDSON AS ATTORNEY-IN-FACT FOR JEFFREY R. PASSMORE	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

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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 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 is based on the compound average annual growth rate ("CAAGR") in book value per share from January 1, 2017 to December 31, 2019, and earns 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 is based on the consolidated net combined ratio ("CR%") for the period from from January 1, 2017 to December 31, 2019, and earns a percentage of a share of common stock per restricted stock unit, as follows: (a) CR% greater than 96% earns 0%; (b) 95% CR% earns 50%; (c) 94% CR% earns 60%; (d) 93% CR% earns 80%; (e) 92% CR% earns 100%; (f) 90% CR% earns 110%; (g) 89% CR% earns 120%; (h) 88% CR% earns 135%; and (i) less than 87% CR% 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 is based on the compound average annual growth rate ("CAAGR") in book value per share from January 1, 2016 to December 31, 2018, and earns 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 is based on the consolidated net combined ratio ("CR%") for the period from from January 1, 2016 to December 31, 2018, and earns a percentage of a share of common stock per restricted stock unit, as follows: (a) CR% greater than 96% earns 0%; (b) 95% CR% earns 50%; (c) 94% CR% earns 60%; (d) 93% CR% earns 80%; (e) 92% CR% earns 100%; (f) 90% CR% earns 110%; (g) 89% CR% earns 120%; (h) 88% CR% earns 135%; and (i) less than 87% CR% 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.

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