

Limited partnerships: The Company accounts for investments in limited partnerships using the equity method of accounting, which requires an investor in a limited partnership to carry the investment at its proportionate share of the limited partnership's equity. The underlying assets of the Company's investments in limited partnerships are carried primarily at fair value; therefore, the Company's carrying value of limited partnerships approximates fair value. As these investments are not actively traded and the corresponding inputs are based on data provided by the investees, they are classified as Level 3.

Commercial mortgage loans: Commercial mortgage loans are carried primarily at amortized cost along with a valuation allowance for losses when necessary. These investments represent interests in commercial mortgage loans originated and serviced by a third party of which the Company shares, on a pro-rata basis, in all related cash flows of the underlying mortgage loans. The fair value of the Company's investment in these commercial mortgage loans is based on expected future cash flows discounted at the current interest rate for origination of similar quality loans, adjusted for specific loan risk. These investments are classified as Level 3.

Short-term borrowings: The fair value of the Company's short-term borrowings is based on quoted market prices for the same or similar debt, or, if no quoted market prices are available, on the current market interest rates available to the Company for debt of similar terms and remaining maturities.

A summary of the carrying value and fair value by level of financial instruments not recorded at fair value on the Company's consolidated balance sheets at December 31, 2020 and 2019 is as follows:

2020:	Carrying Value	Fair Value			
		Level 1	Level 2	Level 3	Total
Assets:					
Limited partnerships	\$ 7,214	\$ -	\$ -	\$ 7,214	\$ 7,214
Commercial mortgage loans	10,602	-	-	11,425	11,425
Liabilities:					
Short-term borrowings	20,000	-	20,000	-	20,000
2019:					
Assets:					
Limited partnerships	\$ 23,292	\$ -	\$ -	\$ 23,292	\$ 23,292
Commercial mortgage loans	11,782	-	-	12,068	12,068
Liabilities:					
Short-term borrowings	20,000	-	20,000	-	20,000

Note O - Quarterly Results of Operations (Unaudited)

Quarterly results of operations are as follows:

	2020				2019			
	1st	2nd	3rd	4th	1st	2nd	3rd	4th
Net premiums earned	\$ 109,659	\$ 97,730	\$ 117,853	\$ 120,273	\$ 110,012	\$ 115,631	\$ 110,288	\$ 111,357
Net investment income	7,236	6,379	5,486	6,321	6,231	6,500	6,703	6,815
Net realized and unrealized gains (losses) on investments	(27,756)	10,615	144	7,761	6,027	2,889	125	3,848
Losses and loss expenses incurred	81,831	68,208	84,673	84,246	87,122	90,433	84,781	86,132
Net income (loss)	(22,156)	11,367	3,281	11,971	2,748	1,535	(707)	3,771
Net income (loss) per diluted share	\$ (1.56)	\$ 0.80	\$ 0.23	\$ 0.84	\$ 0.18	\$ 0.11	\$ (0.05)	\$ 0.26