

Specialty Underwriters Alliance, Inc.  
Form SC 13D/A  
March 30, 2009

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

SCHEDULE 13D  
(Rule 13d-101)

INFORMATION TO BE INCLUDED IN STATEMENTS FILED PURSUANT  
TO § 240.13d-1(a) AND AMENDMENTS THERETO FILED PURSUANT TO  
§ 240.13d-2(a)

(Amendment No. 3)1

Specialty Underwriters' Alliance, Inc.

(Name of Issuer)

Common Stock, par value \$.01 per share

(Title of Class of Securities)

84751T309

(CUSIP Number)

STEVEN WOLOSKY, ESQ.  
OLSHAN GRUNDMAN FROME ROSENZWEIG & WOLOSKY LLP  
Park Avenue Tower  
65 East 55th Street  
New York, New York 10022  
(212) 451-2300

(Name, Address and Telephone Number of Person  
Authorized to Receive Notices and Communications)

March 23, 2009

(Date of Event Which Requires Filing of This Statement)

If the filing person has previously filed a statement on Schedule 13G to report the acquisition that is the subject of this Schedule 13D, and is filing this schedule because of §§ 240.13d-1(e), 240.13d-1(f) or 240.13d-1(g), check the following box " .

Note: Schedules filed in paper format shall include a signed original and five copies of the schedule, including all exhibits. See § 240.13d-7 for other parties to whom copies are to be sent.

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1 The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter disclosures provided in a prior cover page.

The information required on the remainder of this cover page shall not be deemed to be “filed” for the purpose of Section 18 of the Securities Exchange Act of 1934 (“Act”) or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

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CUSIP NO. 84751T309

1 NAME OF REPORTING PERSON

Hallmark Financial Services, Inc.

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (a)  (b)

3 SEC USE ONLY

4 SOURCE OF FUNDS

WC, OO

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEM 2(d) OR 2(e)

6 CITIZENSHIP OR PLACE OF ORGANIZATION

Nevada

|   |    |                          |
|---|----|--------------------------|
| NUMBER OF<br>SHARES<br>BENEFICIALLY<br>OWNED BY<br>EACH<br>REPORTING<br>PERSON WITH | 7  | SOLE VOTING POWER        |
|   |    | 1,429,615                |
|   | 8  | SHARED VOTING POWER      |
|   |    | 0                        |
|   | 9  | SOLE DISPOSITIVE POWER   |
|   |    | 1,429,615                |
|   | 10 | SHARED DISPOSITIVE POWER |
|   |    | 0                        |

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

1,429,615

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

9.9%

14 TYPE OF REPORTING PERSON

IC, CO

CUSIP NO. 84751T309

1 NAME OF REPORTING PERSON

American Hallmark Insurance Company of Texas

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (a)  (b)

3 SEC USE ONLY

4 SOURCE OF FUNDS

WC

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEM 2(d) OR 2(e)

6 CITIZENSHIP OR PLACE OF ORGANIZATION

Texas

|   |    |                          |
|---|----|--------------------------|
| NUMBER OF<br>SHARES<br>BENEFICIALLY<br>OWNED BY<br>EACH<br>REPORTING<br>PERSON WITH | 7  | SOLE VOTING POWER        |
|   |    | 1,308,615                |
|   | 8  | SHARED VOTING POWER      |
|   |    | 0                        |
|   | 9  | SOLE DISPOSITIVE POWER   |
|   |    | 1,308,615                |
|   | 10 | SHARED DISPOSITIVE POWER |
|   |    | 0                        |

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

1,308,615

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

9.1%

14 TYPE OF REPORTING PERSON

IC, CO

CUSIP NO. 84751T309

1 NAME OF REPORTING PERSON

Hallmark Specialty Insurance Company

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (a)  (b)

3 SEC USE ONLY

4 SOURCE OF FUNDS

WC

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEM 2(d) OR 2(e)

6 CITIZENSHIP OR PLACE OF ORGANIZATION

Oklahoma

|   |    |                          |
|---|----|--------------------------|
| NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH | 7  | SOLE VOTING POWER        |
|   |    | 100,000                  |
|   | 8  | SHARED VOTING POWER      |
|   |    | 0                        |
|   | 9  | SOLE DISPOSITIVE POWER   |
|   |    | 100,000                  |
|   | 10 | SHARED DISPOSITIVE POWER |
|   |    | 0                        |

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

100,000

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

0.7%

14 TYPE OF REPORTING PERSON

IC, CO

CUSIP NO. 84751T309

1 NAME OF REPORTING PERSON

C. Gregory Peters

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A (a)  x  
GROUP (b)  o

3 SEC USE ONLY

4 SOURCE OF FUNDS

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEM 2(d) OR 2(e)

6 CITIZENSHIP OR PLACE OF ORGANIZATION

USA

|              |    |                          |
|--------------|----|--------------------------|
| NUMBER OF    | 7  | SOLE VOTING POWER        |
| SHARES       |    |                          |
| BENEFICIALLY |    | 0                        |
| OWNED BY     | 8  | SHARED VOTING POWER      |
| EACH         |    |                          |
| REPORTING    |    | 0                        |
| PERSON WITH  | 9  | SOLE DISPOSITIVE POWER   |
|              |    |                          |
|              | 10 | 0                        |
|              |    | SHARED DISPOSITIVE POWER |

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

0

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES  o

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

0%

14 TYPE OF REPORTING PERSON

IN

CUSIP NO. 84751T309

1 NAME OF REPORTING PERSON

Mark E. Pape

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A (a) x  
GROUP (b) o

3 SEC USE ONLY

4 SOURCE OF FUNDS

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS ..  
IS REQUIRED PURSUANT TO ITEM 2(d) OR 2(e)

6 CITIZENSHIP OR PLACE OF ORGANIZATION

USA

|                     |    |                          |
|---------------------|----|--------------------------|
| NUMBER OF<br>SHARES | 7  | SOLE VOTING POWER        |
| BENEFICIALLY        |    | 0                        |
| OWNED BY            | 8  | SHARED VOTING POWER      |
| EACH                |    | 0                        |
| REPORTING           | 9  | SOLE DISPOSITIVE POWER   |
| PERSON WITH         |    | 0                        |
|                     | 10 | SHARED DISPOSITIVE POWER |
|                     |    | 0                        |

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

0

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) o  
EXCLUDES CERTAIN SHARES

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

0%

14 TYPE OF REPORTING PERSON

IN

CUSIP NO. 84751T309

1 NAME OF REPORTING PERSON

Robert M. Fishman

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A (a) x  
GROUP (b) o

3 SEC USE ONLY

4 SOURCE OF FUNDS

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS ..  
IS REQUIRED PURSUANT TO ITEM 2(d) OR 2(e)

6 CITIZENSHIP OR PLACE OF ORGANIZATION

USA

|              |    |                          |
|--------------|----|--------------------------|
| NUMBER OF    | 7  | SOLE VOTING POWER        |
| SHARES       |    |                          |
| BENEFICIALLY |    | 0                        |
| OWNED BY     | 8  | SHARED VOTING POWER      |
| EACH         |    |                          |
| REPORTING    |    | 0                        |
| PERSON WITH  | 9  | SOLE DISPOSITIVE POWER   |
|              |    |                          |
|              | 10 | 0                        |
|              |    | SHARED DISPOSITIVE POWER |
|              |    |                          |
|              |    | 0                        |

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

0

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) o  
EXCLUDES CERTAIN SHARES

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

0%

14 TYPE OF REPORTING PERSON

IN



CUSIP NO. 84751T309

The following constitutes Amendment No. 3 (“Amendment No. 3”) to the Schedule 13D filed by the undersigned. This Amendment No. 3 amends the Schedule 13D as specifically set forth.

Item 4. Purpose of Transaction.

Item 4 is hereby amended to add the following:

On March 26, 2009, Mark Schwarz, Hallmark’s Executive Chairman, delivered a letter to Courtney Smith, the Company’s Chairman and Chief Executive Officer, expressing Mr. Schwarz’s interest in meeting with members of the Company’s Board of Directors consistent with the suggestion of Mr. Smith to Mr. Schwarz on March 2, 2009. A copy of the letter is attached hereto as Exhibit 99.1 and is incorporated herein by reference.

In addition, on March 23, 2009, Hallmark filed an Acquisition Statement on Form A with the Illinois Department of Insurance seeking approval to increase Hallmark’s ownership position in the Company in excess of 10% of the Company’s outstanding Common Stock through open market purchases of Common Stock.

Item 7. Materials to be Filed as Exhibits.

Item 7 is hereby amended to add the following exhibit:

99.1 Letter from Mark Schwarz of Hallmark Financial Services, Inc. to Courtney Smith of Specialty Underwriters’ Alliance Inc., dated March 26, 2009 with respect to a potential meeting with directors of the Company.

CUSIP NO. 84751T309

SIGNATURES

After due inquiry and to the best of his knowledge and belief, each of the undersigned certifies that the information set forth in this statement is true, complete and correct.

Dated: March 27, 2009

Hallmark Financial Services, Inc.

By: /s/ Mark E. Schwarz  
Name: Mark E. Schwarz  
Title: Executive Chairman

American Hallmark Insurance Company of Texas

By: /s/ Mark E. Schwarz  
Name: Mark E. Schwarz  
Title: Director

Hallmark Specialty Insurance Company

By: /s/ Mark E. Schwarz  
Name: Mark E. Schwarz  
Title: Director

By: /s/ C. Gregory Peters  
Name: C. Gregory Peters

By: /s/ Mark E. Pape  
Name: Mark E. Pape

By: /s/ Robert M. Fishman  
Name: Robert M. Fishman