



THE STATE BAR OF CALIFORNIA

FINANCE

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MEMORANDUM

DATE: November 2, 2009
TO: Board of Governors
FROM: Peggy Van Horn, Chief Financial Officer
SUBJECT: Status of Claims Activities – Client Security Fund
Through the Quarter Ended June 30, 2009

A series of reports are generated to report claims activity within the Client Security Fund each quarter. These reports include:

- Claims Activity for the quarter ended June 30, 2009
- Claims Aging Report
- Cumulative Claims Aging Report
- 24 Month Rolling Average of Claims Paid
- Analysis of New Claims Paid, Rejected or Withdrawn

Through the end of June, 609 new claims in the amount of \$7 million were filed. By comparison, 434 claims in the amount of \$5.4 million were filed through the second quarter of 2008. Based on the current claims payout ratio of 40.63%, the estimated outstanding claims liability is approximately \$6 million. Total cash and investments available to address this liability at the end of June are \$14.1 million as compared to \$12.5 million as of the second quarter of 2008.

THE STATE BAR OF CALIFORNIA
CLIENT SECURITY FUND
STATUS ON CLAIMS ACTIVITIES

June 30, 2009

YEAR TO DATE ACTIVITIES

	\$1 - 2500		\$2,501 - 5,000		\$5,001 - 10,000		\$10,001 - 25,000		\$25,001 - 49,999		\$50,000		\$50,001 - 100,000		TOTAL	
	#	Amount	#	Amount	#	Amount	#	Amount	#	Amount	#	Amount	#	Amount	#	Amount
Prior Years' Claims	160	\$252,048.33	136	\$539,453.49	115	\$920,120.33	118	\$2,060,435.92	63	\$2,210,243.33	118	\$5,900,000.00	0	\$0.00	710	\$11,882,301.40
New Claims '09	132	\$201,047.59	162	\$634,920.64	147	\$1,104,869.06	82	\$1,257,538.33	27	\$886,022.30	59	\$2,950,000.00	0	\$0.00	609	\$7,034,397.92
Paid Claims '09	(31)	(\$37,768.89)	(38)	(\$140,259.79)	(21)	(\$127,602.49)	(17)	(\$178,709.29)	(15)	(\$371,584.39)	(11)	(\$507,500.10)	0	\$0.00	(133)	(\$1,363,424.95)
Rejected Claims '09	(3)	(\$4,559.68)	(1)	(\$10,695.19)	(1)	(\$40,872.05)	(4)	(\$169,490.58)	(2)	(\$276,016.92)	(4)	(\$242,499.90)	0	\$0.00	(15)	(\$744,134.32)
Withdrawn Claims '09	(31)	<u>(\$54,819.05)</u>	(32)	<u>(\$127,555.09)</u>	(29)	<u>(\$237,193.81)</u>	(17)	<u>(\$269,110.41)</u>	(6)	<u>(\$213,949.41)</u>	(20)	<u>(\$1,000,000.00)</u>	0	<u>\$0.00</u>	(135)	<u>(\$1,902,627.77)</u>
Claims Outstanding	227	<u>\$355,948.30</u>	227	<u>\$895,864.06</u>	211	<u>\$1,619,321.04</u>	162	<u>\$2,700,663.97</u>	67	<u>\$2,234,714.91</u>	142	<u>\$7,100,000.00</u>	0	<u>\$0.00</u>	1,036	<u>\$14,906,512.28</u>
New claims % to total	21.67%	2.86%	26.60%	9.03%	24.14%	15.71%	13.46%	17.88%	4.43%	12.60%	9.69%	41.94%	0.00%	0.00%	100.00%	100.00%
Claims paid % to total	23.31%	2.77%	28.57%	10.29%	15.79%	9.36%	12.78%	13.11%	11.28%	27.25%	8.27%	37.22%	0.00%	0.00%	100.00%	100.00%
Claims rejected or withdrawn % to total	22.67%	2.24%	22.00%	5.22%	20.00%	10.51%	14.00%	16.57%	5.33%	18.51%	16.00%	46.94%	0.00%	0.00%	100.00%	100.00%
Claims outstanding % to total	21.91%	2.39%	21.91%	6.01%	20.37%	10.86%	15.64%	18.12%	6.47%	14.99%	13.71%	47.63%	0.00%	0.00%	100.00%	100.00%

THE STATE BAR OF CALIFORNIA
CLIENT SECURITY FUND
CLAIMS AGING REPORT

As of June 30, 2009

(By Year)

Year Claim Filed	Gross Claims Prior Year		Current Year		Claims Paid		Claims Rejected or Withdrawn		Total Claims Processed		Claims Outstanding	
	#	AMOUNT	#	AMOUNT	#	AMOUNT	#	AMOUNT	#	AMOUNT	#	AMOUNT
2002	1	50,000.00			0	0.00	(1)	(50,000.00)	(1)	(50,000.00)	0	0.00
2003	3	59,290.00			(2)	(53,190.00)	(1)	(6,100.00)	(3)	(59,290.00)	0	0.00
2004	8	341,170.00			(1)	(50,000.00)	(6)	(241,170.00)	(7)	(291,170.00)	1	50,000.00
2005	29	517,943.12			(4)	(5,367.17)	(5)	(123,137.24)	(9)	(128,504.41)	20	389,438.71
2006	67	1,043,074.79			(11)	(61,515.25)	(6)	(153,189.36)	(17)	(214,704.61)	50	828,370.18
2007	181	3,024,386.94			(16)	(254,881.88)	(15)	(134,411.73)	(31)	(389,293.61)	150	2,635,093.33
2008	421	6,846,436.55			(58)	(700,652.72)	(53)	(899,418.62)	(111)	(1,600,071.34)	310	5,246,365.21
2009			609	7,034,397.92	(41)	(237,817.93)	(63)	(1,039,335.14)	(104)	(1,277,153.07)	505	5,757,244.85
TOTAL	<u>710</u>	<u>11,882,301.40</u>	<u>609</u>	<u>7,034,397.92</u>	<u>(133)</u>	<u>(1,363,424.95)</u>	<u>(150)</u>	<u>(2,646,762.09)</u>	<u>(283)</u>	<u>(4,010,187.04)</u>	<u>1036</u>	<u>14,906,512.28</u>

Average		\$16,736		\$11,551		\$10,251		\$17,645		\$14,170		\$14,389
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Estimated Claim Payout Ratio: **40.63%**
Estimated Claim Liability: **\$6,056,516**

**THE STATE BAR OF CALIFORNIA
CLIENT SECURITY FUND
CUMULATIVE CLAIMS AGING REPORT**

As of **June 30, 2009**

(Cumulative)

YEAR TO DATE

Year Claim Filed	Gross Claims Prior Years		Current Year		Claims Paid		Claims Rejected or Withdrawn		Total Claims Processed		Claims Outstanding	
	#	AMOUNT	#	AMOUNT	#	AMOUNT	#	AMOUNT	#	AMOUNT	#	AMOUNT
2002 Only	1	50,000.00	0	-	(1)	(50,000.00)	(1)	(50,000.00)	0	0.00		
2002-2003	4	109,290.00	(2)	(53,190.00)	(2)	(56,100.00)	(4)	(109,290.00)	-	0.00		
2002-2004	12	450,460.00	(3)	(103,190.00)	(8)	(297,270.00)	(11)	(400,460.00)	1	50,000.00		
2002-2005	41	968,403.12	(7)	(108,557.17)	(13)	(420,407.24)	(20)	(528,964.41)	21	439,438.71		
2002-2006	108	2,011,477.91	(18)	(170,072.42)	(19)	(573,596.60)	(37)	(743,669.02)	71	1,267,808.89		
2002-2007	289	5,035,864.85	(34)	(424,954.30)	(34)	(708,008.33)	(68)	(1,132,962.63)	221	3,902,902.22		
2002-2008	710	11,882,301.40	(92)	(1,125,607.02)	(87)	(1,607,426.95)	(179)	(2,733,033.97)	531	9,149,267.43		
2002-2009			609	7,034,397.92	(133)	(1,363,424.95)	(150)	(2,646,762.09)	(283)	(4,010,187.04)	1,036	14,906,512.28
Claims Pending on June 30, 2009				1,036								

Net Asset in Client Security Fund :

As of	12/31/2008	4,304,519
As of	6/30/2009	7,988,982

*The number of rejected claims only reflects those claims that were 100% rejected or withdrawn.

**THE STATE BAR OF CALIFORNIA
CLIENT SECURITY FUND**

**24 MONTH ROLLING AVERAGE
OF CLAIMS PAID RATIO**

Period of: JUL.07 through JUN.09

PAID CLAIMS

Month Covered	Amount	Mo. Ave. Payout Ratio	24 Mo. Rolling Average	Cumulative Paid Total
JUL.07	391,620	38.39%		391,620
AUG.07	305,314	42.65%		696,934
SEP.07	328,431	75.35%		1,025,365
OCT.07	137,120	16.34%		1,162,485
NOV.07	416,361	40.31%		1,578,846
DEC.07	1,521,774	50.53%		3,100,620
JAN.08	101,143	46.12%		3,201,763
FEB.08	26,499	30.51%		3,228,262
MAR.08	198,899	39.60%		3,427,161
APR.08	781,549	59.96%		4,208,710
MAY.08	184,594	13.48%		4,393,304
JUN.08	377,723	56.36%		4,771,027
JUL.08	636,186	43.28%		5,407,213
AUG.08	299,932	28.67%		5,707,145
SEP.08	626,516	46.72%		6,333,661
OCT.08	380,744	50.26%		6,714,405
NOV.08	78,814	19.99%		6,793,219
DEC.08	945,674	43.44%		7,738,893
JAN.09	11,380	42.73%		7,750,273
FEB.09	7,410	1.74%		7,757,683
MAR.09	154,885	20.16%		7,912,568
APR.09	398,024	42.07%		8,310,592
MAY.09	287,574	40.71%		8,598,166
JUN.09	504,153	44.37%		9,102,319
	<u>9,102,319</u>		40.63%	

THE STATE BAR OF CALIFORNIA
 CLIENT SECURITY FUND
 ANALYSIS OF NEW CLAIMS PAID, REJECTED
 OR WITHDRAWN, ESTIMATED
 CLAIMS LIABILITY PER ACTIVE
 ATTORNEY

June 30, 2009

	<u>1st Qtr</u>	<u>Jun-09</u>
Beginning Balance	710	879
Add: Reinstated Claims		
New Claims	256	353
Less: Paid / Rejected or Withdrawn	87	196
TOTAL	879	1036
CLAIMS OUTSTANDING AMT.	13,927,635	14,906,512
# Of Active Attorneys	163,954	164,696
Cost Per Active Attorney	\$85	\$91
ESTIMATED CLAIMS LIAB.		
Claims Payout Ratio	39.98%	40.63%
Estimated Claim Amount *	\$5,568,268	\$6,056,516
# of Active Attorneys	163,954	164,696
Cost per Active Attorney	\$34	\$37
CLAIM ACTIVITIES IN %:		
NEW CLAIMS - YTD		
1 - 2,500	1.56%	2.86%
2,501 - 5,000	8.15%	9.03%
5,001 - 10,000	15.20%	15.71%
10,001 - 25,000	20.26%	17.88%
25,001 - 49,999	12.11%	12.60%
50,000	42.72%	41.94%
50,001 - 100,000	0.00%	0.00%
CLAIMS PAID - YTD		
1 - 2,500	13.45%	2.77%
2,501 - 5,000	17.58%	10.29%
5,001 - 10,000	1.56%	9.36%
10,001 - 25,000	22.35%	13.11%
25,001 - 49,999	45.06%	27.25%
50,000	0.00%	37.22%
50,001 - 100,000	0.00%	0.00%
REJ./WDRAWN - YTD		
1 - 2,500	1.25%	2.24%
2,501 - 5,000	4.74%	5.22%
5,001 - 10,000	9.96%	10.51%
10,001 - 25,000	12.75%	16.57%
25,001 - 49,999	14.03%	18.51%
50,000	57.27%	46.94%
50,001 - 100,000	0.00%	0.00%
CLAIMS O/S-CUM. - YTD		
1 - 2,500	1.91%	2.39%
2,501 - 5,000	5.21%	6.01%
5,001 - 10,000	9.41%	10.86%
10,001 - 25,000	18.32%	18.12%
25,001 - 49,999	17.04%	14.99%
50,000	48.11%	47.63%
50,001 - 100,000	0.00%	0.00%
NET ASSET, END OF PERIOD	\$9,702,111	\$7,988,982

*Based upon 24 month rolling weighted average of claims paid ratio (See page 4)