



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 September 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 September 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- Analysis of New Claims Paid, Rejected or Withdrawn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 September, 1,360 new claims in the amount of \$12 million were filed. Comparing to the 647 claims in the amount of \$9 million filed through the third quarter of 2008, the number of claims and the claim amount filed in 2009 had increased by 110% and 33%, respectively. Based on the current claims payout ratio of 38.94%, the estimated outstanding claims liability is approximately \$6.9 million. Total cash and investments available to address this liability at the end of September 2009 are \$13.1 million as compared to \$10.6 million as of the third quarter of 2008.

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

September 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	\$2,210,302.57	118	\$5,900,000.00	0	\$0.00	710	\$11,882,360.64
New Claims '09	379	\$608,065.10	450	\$1,662,751.42	265	\$1,948,770.00	134	\$2,062,156.33	44	\$1,523,867.94	88	\$4,400,000.00	0	\$0.00	1,360	\$12,205,610.79
Paid Claims '09	(50)	(\$65,828.01)	(54)	(\$195,860.32)	(39)	(\$234,652.53)	(31)	(\$304,894.79)	(18)	(\$451,660.63)	(19)	(\$822,277.04)	0	\$0.00	(211)	(\$2,075,173.32)
Rejected Claims '09	(4)	(\$9,119.27)	(6)	(\$39,952.99)	(4)	(\$88,377.21)	(10)	(\$336,987.67)	(4)	(\$368,116.92)	(6)	(\$427,722.96)	0	\$0.00	(34)	(\$1,270,277.02)
Withdrawn Claims '09	(58)	<u>(\$88,910.27)</u>	(48)	<u>(\$190,816.26)</u>	(46)	<u>(\$375,696.73)</u>	(31)	<u>(\$479,173.42)</u>	(11)	<u>(\$367,997.17)</u>	(30)	<u>(\$1,500,000.00)</u>	0	<u>\$0.00</u>	(224)	<u>(\$3,002,593.85)</u>
Claims Outstanding	427	<u>\$696,255.88</u>	478	<u>\$1,775,575.34</u>	291	<u>\$2,170,163.86</u>	180	<u>\$3,001,536.37</u>	74	<u>\$2,546,395.79</u>	151	<u>\$7,550,000.00</u>	0	<u>\$0.00</u>	1,601	<u>\$17,739,927.24</u>
New claims % to total	27.87%	4.98%	33.09%	13.62%	19.49%	15.97%	9.85%	16.90%	3.24%	12.48%	6.47%	36.05%	0.00%	0.00%	100.00%	100.00%
Claims paid % to total	23.70%	3.17%	25.59%	9.44%	18.48%	11.31%	14.69%	14.69%	8.53%	21.76%	9.00%	39.62%	0.00%	0.00%	100.00%	100.00%
Claims rejected or withdrawn % to total	24.03%	2.29%	20.93%	5.40%	19.38%	10.86%	15.89%	19.10%	5.81%	17.23%	13.95%	45.12%	0.00%	0.00%	100.00%	100.00%
Claims outstanding % to total	26.67%	3.92%	29.86%	10.01%	18.18%	12.23%	11.24%	16.92%	4.62%	14.35%	9.43%	42.56%	0.00%	0.00%	100.00%	100.00%

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

As of September 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			(6)	(7,876.17)	(14)	(218,698.23)	(20)	(226,574.40)	9	291,368.72
2006	67	1,043,074.79			(15)	(90,798.58)	(12)	(206,172.95)	(27)	(296,971.53)	40	746,103.26
2007	181	3,024,386.94			(22)	(332,918.88)	(26)	(326,478.32)	(48)	(659,397.20)	133	2,364,989.74
2008	421	6,846,495.79			(74)	(1,017,032.63)	(90)	(1,424,253.11)	(164)	(2,441,285.74)	257	4,405,210.05
2009			1360	12,205,610.79	(91)	(523,357.06)	(108)	(1,799,998.26)	(199)	(2,323,355.32)	1161	9,882,255.47
TOTAL	<u>710</u>	<u>11,882,360.64</u>	<u>1360</u>	<u>12,205,610.79</u>	<u>(211)</u>	<u>(2,075,173.32)</u>	<u>(258)</u>	<u>(4,272,870.87)</u>	<u>(469)</u>	<u>(6,348,044.19)</u>	<u>1601</u>	<u>17,739,927.24</u>
Average		\$16,736		\$8,975		\$9,835		\$16,562		\$13,535		\$11,081

Estimated Claim Payout Ratio: **38.94%**
Estimated Claim Liability: **\$6,907,928**

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

As of **September 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	(9)	(111,066.17)	(22)	(515,968.23)	(31)	(627,034.40)	10	341,368.72		
2002-2006	108	2,011,477.91	(24)	(201,864.75)	(34)	(722,141.18)	(58)	(924,005.93)	50	1,087,471.98		
2002-2007	289	5,035,864.85	(46)	(534,783.63)	(60)	(1,048,619.50)	(106)	(1,583,403.13)	183	3,452,461.72		
2002-2008	710	11,882,360.64	(120)	(1,551,816.26)	(150)	(2,472,872.61)	(270)	(4,024,688.87)	440	7,857,671.77		
2002-2009			1,360	12,205,610.79	(211)	(2,075,173.32)	(258)	(4,272,870.87)	(469)	(6,348,044.19)	1,601	17,739,927.24
Claims Pending on	September 30, 2009			1,601								

Net Asset in Client Security Fund :

As of 12/31/2008 **4,304,519**
As of 9/30/2009 **6,244,038**

*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: OCT.07 through SEPT.09

PAID CLAIMS

Month Covered	Amount	Mo. Ave. Payout Ratio	24 Mo. Rolling Average	Cumulative Paid Total
OCT.07	137,120	16.34%		137,120
NOV.07	416,361	40.31%		553,481
DEC.07	1,521,774	50.53%		2,075,255
JAN.08	101,143	46.12%		2,176,398
FEB.08	26,499	30.51%		2,202,897
MAR.08	198,899	39.60%		2,401,796
APR.08	781,549	59.96%		3,183,345
MAY.08	184,594	13.48%		3,367,939
JUN.08	377,723	56.36%		3,745,662
JUL.08	636,186	43.28%		4,381,848
AUG.08	299,932	28.67%		4,681,780
SEP.08	626,516	46.72%		5,308,296
OCT.08	380,744	50.26%		5,689,040
NOV.08	78,814	19.99%		5,767,854
DEC.08	945,674	43.44%		6,713,528
JAN.09	11,380	42.73%		6,724,908
FEB.09	7,410	1.74%		6,732,318
MAR.09	154,885	20.16%		6,887,203
APR.09	398,024	42.07%		7,285,227
MAY.09	287,574	40.71%		7,572,801
JUN.09	504,153	44.37%		8,076,954
JUL.09	349,652	26.92%		8,426,606
AUG.09	77,845	19.17%		8,504,451
SEPT.09	284,251	44.90%		8,788,702
	<u>8,788,702</u>		38.94%	

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

	<u>September 30, 2009</u>		
	<u>1st Qtr</u>	<u>2nd Qtr</u>	<u>3rd Qtr</u>
Beginning Balance	710	879	1036
Add: Reinstated Claims			
New Claims	256	353	751
Less: Paid / Rejected or Withdrawn	87	196	186
TOTAL	879	1036	1601
CLAIMS OUTSTANDING AMT.	13,927,635	14,906,512	17,739,927
# Of Active Attorneys	163,954	164,696	165,371
Cost Per Active Attorney	\$85	\$91	\$107
ESTIMATED CLAIMS LIAB.			
Claims Payout Ratio	39.98%	40.63%	38.94%
Estimated Claim Amount *	\$5,568,268	\$6,056,516	\$6,907,928
# of Active Attorneys	163,954	164,696	165,371
Cost per Active Attorney	\$34	\$37	\$42
CLAIM ACTIVITIES IN %:			
NEW CLAIMS - YTD			
1 - 2,500	1.56%	2.86%	4.98%
2,501 - 5,000	8.15%	9.03%	13.62%
5,001 - 10,000	15.20%	15.71%	15.97%
10,001 - 25,000	20.26%	17.88%	16.90%
25,001 - 49,999	12.11%	12.60%	12.48%
50,000	42.72%	41.94%	36.05%
50,001 - 100,000	0.00%	0.00%	0.00%
CLAIMS PAID - YTD			
1 - 2,500	13.45%	2.77%	3.17%
2,501 - 5,000	17.58%	10.29%	9.44%
5,001 - 10,000	1.56%	9.36%	11.31%
10,001 - 25,000	22.35%	13.11%	14.69%
25,001 - 49,999	45.06%	27.25%	21.76%
50,000	0.00%	37.22%	39.62%
50,001 - 100,000	0.00%	0.00%	0.00%
REJ./WDRAWN - YTD			
1 - 2,500	1.25%	2.24%	2.29%
2,501 - 5,000	4.74%	5.22%	5.40%
5,001 - 10,000	9.96%	10.51%	10.86%
10,001 - 25,000	12.75%	16.57%	19.10%
25,001 - 49,999	14.03%	18.51%	17.23%
50,000	57.27%	46.94%	45.12%
50,001 - 100,000	0.00%	0.00%	0.00%
CLAIMS O/S-CUM. - YTD			
1 - 2,500	1.91%	2.39%	3.92%
2,501 - 5,000	5.21%	6.01%	10.01%
5,001 - 10,000	9.41%	10.86%	12.23%
10,001 - 25,000	18.32%	18.12%	16.92%
25,001 - 49,999	17.04%	14.99%	14.35%
50,000	48.11%	47.63%	42.56%
50,001 - 100,000	0.00%	0.00%	0.00%
NET ASSET, END OF PERIOD	\$9,702,111	\$7,988,982	\$6,244,038

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