



**THE STATE BAR
OF CALIFORNIA**

180 HOWARD STREET, SAN FRANCISCO, CALIFORNIA 94105-1639

FINANCE

TEL (415) 538-2200

MEMORANDUM

DATE: April 18, 2007
TO: Board of Governors
FROM: Peggy Van Horn, Chief Financial Officer
SUBJECT: Status of Claims Activities – Client Security Fund
Through the Quarter Ended March 31, 2007

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 March 31, 2007
- 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- Analysis of New Claims Paid, Rejected or Withdrawn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 March, 246 new claims in the amount of \$2.8 million were filed. By comparison, 375 claims in the amount of \$2.9 million were filed through the first quarter of 2006. Based on the current claims payout ratio of 40.74%, the estimated outstanding claims liability is approximately \$4.3 million. Total cash and investments available to address this liability at the end of March are \$7.6 million as compared to \$6.1 million as of the first quarter of 2006.

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

For 1st Quarter 2007

CURRENT QUARTER'S ACTIVITIES

	\$1 - 2500		\$2,501 - 5,000		\$5,001 - 10,000		\$10,001 - 25,000		\$25,001 - 49,999		\$50,000		TOTAL	
	#	Amount	#	Amount	#	Amount	#	Amount	#	Amount	#	Amount	#	Amount
New Claims	76	\$102,784.63	50	\$182,401.05	48	\$375,467.29	36	\$618,787.50	18	\$607,162.98	18	\$900,000.00	246	\$2,786,603.45
Paid Claims	(35)	(\$44,641.15)	(35)	(\$99,809.50)	(21)	(\$99,044.70)	(16)	(\$108,195.02)	(4)	(\$133,131.01)	(2)	(\$53,666.67)	(113)	(\$538,488.05)
Rejected Claims	(4)	(6,619.64)	0	(29,143.43)	0	(49,304.99)	0	(142,927.99)	(1)	(48,856.30)	(8)	(446,333.33)	(13)	(\$723,185.68)
Withdrawn Claims	(17)	(\$29,054.88)	(11)	(\$46,155.37)	(11)	(91,123.60)	(8)	(147,300.00)	(1)	(26,000.00)	(3)	(150,000.00)	(51)	(\$489,633.85)
Net change for the month	20	\$22,468.96	4	\$7,292.75	16	\$135,994.00	12	\$220,364.49	12	\$399,175.67	5	\$250,000.00	69	\$1,035,295.87
New Claims % to total	30.89%	3.69%	20.33%	6.55%	19.51%	13.47%	14.63%	22.21%	7.32%	21.79%	7.32%	32.30%	100.00%	100.00%

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

March 31, 2007

YEAR TO DATE ACTIVITIES

	\$1 - 2500		\$2,501 - 5,000		\$5,001 - 10,000		\$10,001 - 25,000		\$25,001 - 49,999		\$50,000		TOTAL	
	#	Amount	#	Amount	#	Amount	#	Amount	#	Amount	#	Amount	#	Amount
Prior Years' Claims	253	368,760.64	190	728,852.65	125	956,119.16	99	1,692,976.10	42	1,439,670.05	88	4,400,000.00	797	9,586,378.60
New Claims '07	76	102,784.63	50	182,401.05	48	375,467.29	36	618,787.50	18	607,162.98	18	900,000.00	246	2,786,603.45
Claims Paid '07	(35)	(\$44,641.15)	(35)	(\$99,809.50)	(21)	(\$99,044.70)	(16)	(\$108,195.02)	(4)	(\$133,131.01)	(2)	(\$53,666.67)	(113)	(538,488.05)
Rejected Claims '07	(4)	(6,619.64)	0	(29,143.43)	0	(49,304.99)	0	(142,927.99)	(1)	(48,856.30)	(8)	(446,333.33)	(13)	(723,185.68)
Withdrawn Claims '07	(17)	(\$29,054.88)	(11)	(\$46,155.37)	(11)	(\$1,123.60)	(8)	(147,300.00)	(1)	(26,000.00)	(3)	(150,000.00)	(51)	(489,633.85)
Claims Outstanding	273	<u>391,229.60</u>	194	<u>736,145.40</u>	141	<u>1,092,113.16</u>	111	<u>1,913,340.59</u>	54	<u>1,838,845.72</u>	93	<u>4,650,000.00</u>	866	<u>10,621,674.47</u>
New claims % to total	30.89%	3.69%	20.33%	6.55%	19.51%	13.47%	14.63%	22.21%	7.32%	21.79%	7.32%	32.30%	100.00%	100.00%
Claims paid % to total	30.97%	8.29%	30.97%	18.54%	18.58%	18.39%	14.16%	20.09%	3.54%	24.72%	1.77%	9.97%	100.00%	100.00%
Claims rejected or withdrawn % to total	32.81%	2.94%	17.19%	6.21%	17.19%	11.58%	12.50%	23.93%	3.13%	6.17%	17.19%	49.17%	100.00%	100.00%
Claims outstanding % to total	31.52%	3.68%	22.40%	6.93%	16.28%	10.28%	12.82%	18.01%	6.24%	17.31%	10.74%	43.78%	100.00%	100.00%

THE STATE BAR OF CALIFORNIA
 CLIENT SECURITY FUND
 CLAIMS AGING REPORT

As of March 31, 2007

(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
2000	3	10,150.00			0	0.00	0	0.00	0	0.00	3	10,150.00
2001	9	20,002.00			0	0.00	0	0.00	0	0.00	9	20,002.00
2002	18	190,137.74			0	860.00	0	(860.00)	0	0.00	18	190,137.74
2003	29	387,543.64			(1)	(2,524.12)	(1)	(18,975.88)	(2)	(21,500.00)	27	366,043.64
2004	62	1,115,189.55			(1)	(5,000.00)	(9)	(272,278.00)	(10)	(277,278.00)	52	837,911.55
2005	148	2,183,547.66			(15)	(126,354.65)	(9)	(252,693.03)	(24)	(379,047.68)	124	1,804,499.98
2006	528	5,679,808.01			(78)	(321,474.87)	(29)	(393,582.81)	(107)	(715,057.68)	421	4,964,750.33
2007			246	2,786,603.45	(18)	(83,994.41)	(16)	(274,429.81)	(34)	(358,424.22)	212	2,428,179.23
TOTAL	797	9,536,378.60	246	2,786,603.45	(113)	(538,488.05)	(64)	(1,212,819.53)	(177)	(1,751,307.58)	866	10,621,674.47
Average		\$12,028		\$11,328		\$4,765		\$18,950		\$9,894		\$12,265

Estimated Claim Payout Ratio: 40.74%
 Estimated Claim Liability: \$4,327,270

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

As of March 31, 2007

(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
1993-2000	3	10,150.00			0	-	0	0.00	0	0.00	3	10,150.00
1993-2001	12	30,152.00			0	-	0	0.00	0	0.00	12	30,152.00
1993-2002	30	220,289.74			0	860.00	0	(860.00)	0	0.00	30	220,289.74
1993-2003	59	607,833.38			(1)	(1,664.12)	(1)	(19,835.88)	(2)	(21,500.00)	57	586,333.38
1993-2004	121	1,723,022.93			(2)	(6,664.12)	(10)	(292,113.88)	(12)	(298,778.00)	109	1,424,244.93
1993-2005	269	3,906,570.59			(17)	(133,018.77)	(19)	(544,806.91)	(36)	(677,825.68)	233	3,228,744.91
1993-2006	797	9,586,378.60			(95)	(454,493.64)	(48)	(938,389.72)	(143)	(1,392,883.36)	654	8,193,495.24
1993-2007			<u>246</u>	<u>2,786,603.45</u>	(113)	(538,488.05)	(64)	(1,212,819.53)	(177)	(1,751,307.58)	<u>866</u>	<u>10,621,674.47</u>
Claims Pending on	March 31, 2007			866								

Net Asset in Client Security Fund :

As of	12/31/2006	2,325,593
As of	3/31/2007	7,582,871

*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: APR.05. through MAR.07

PAID CLAIMS

Month Covered	Amount	Mo. Ave. Payout Ratio	24 Mo. Rolling Average	Cumulative Paid Total
APR.05.	85,282	20.24%		85,282
MAY.05	286,946	37.22%		372,228
JUN.05	273,542	24.01%		645,770
JUL.05	376,473	44.67%		1,022,243
AUG.05	326,853	37.57%		1,349,096
SEP.05	460,932	42.77%		1,810,028
OCT.05	334,403	30.58%		2,144,431
NOV.05	503,702	46.21%		2,648,133
DEC.05	791,842	45.44%		3,439,975
JAN.06	0	0.00%		3,439,975
FEB.06	234,562	22.68%		3,674,537
MAR.06	410,881	41.85%		4,085,418
APR.06	255,696	25.67%		4,341,114
MAY.06	568,820	48.07%		4,909,934
JUN.06	569,784	56.97%		5,479,718
JUL.06	295,246	43.32%		5,774,964
AUG.06	405,046	44.54%		6,180,010
SEP.06	227,000	32.31%		6,407,010
OCT.06	503,610	52.60%		6,910,620
NOV.06	428,897	36.83%		7,339,517
DEC.06	1,413,725	59.97%		8,753,242
JAN.07	108,661	43.50%		8,861,903
FEB.07	60,241	29.71%		8,922,144
MAR.07	369,586	28.46%		9,291,730

9,291,730

40.74%

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

March 31, 2007

	<u>1st Qtr</u>	<u>2nd Qtr</u>	<u>3rd Qtr</u>	<u>4th Qtr</u>
Beginning Balance	797			
Add: Reinstated Claims				
New Claims	246			
Less: Paid / Rejected or Withdrawn	177			
TOTAL	866			
CLAIMS OUTSTANDING AMT.	10,621,674			
# Of Active Attorneys	155,835			
Cost Per Active Attorney	\$68			
 ESTIMATED CLAIMS LIAB.				
Claims Payout Ratio	40.74%			
Estimated Claim Amount*	\$4,327,270			
# of Active Attorneys	155,835			
Cost per Active Attorney	\$28			
 CLAIM ACTIVITIES IN %:				
 NEW CLAIMS - YTD				
1 - 2,500	3.69%			
2,501 - 5,000	6.55%			
5,001 - 10,000	13.47%			
10,001 - 25,000	22.21%			
25,001 - 49,999	21.79%			
50,000	32.30%			
 CLAIMS PAID - YTD				
1 - 2,500	8.29%			
2,501 - 5,000	18.54%			
5,001 - 10,000	18.39%			
10,001 - 25,000	20.09%			
25,001 - 49,999	24.72%			
50,000	9.97%			
 REJ./WDRAWN - YTD				
1 - 2,500	2.94%			
2,501 - 5,000	6.21%			
5,001 - 10,000	11.58%			
10,001 - 25,000	23.93%			
25,001 - 49,999	6.17%			
50,000	49.17%			
 CLAIMS O/S-CUM. - YTD				
1 - 2,500	3.68%			
2,501 - 5,000	6.93%			
5,001 - 10,000	10.28%			
10,001 - 25,000	18.01%			
25,001 - 49,999	17.31%			
50,000	43.78%			
 NET ASSET, END OF PERIOD	\$7,582,871			

*Based upon 24 month rolling weighted average of claims paid ratio (See page 6).