



THE STATE BAR OF CALIFORNIA

180 HOWARD STREET, SAN FRANCISCO, CALIFORNIA 94105-1639

FINANCE

TEL (415) 538-2200

MEMORANDUM

DATE: November 28, 2007
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, 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 third quarter ended September 30, 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- Analysis of New Claims Paid, Rejected or Withdrawn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 September, 726 new claims in the amount of \$9.2 million were filed. By comparison, 1,119 claims in the amount of \$8.6 million were filed through the third quarter of 2006. Based on the current claims payout ratio of 42.27%, the estimated outstanding claims liability is approximately \$5.5 million. Total cash and investments available to address this liability at the end of September are \$10.2 million as compared to \$9.0 million as of the third quarter of 2006.

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

For 3rd Quarter 2007

CURRENT MONTH'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	70	\$106,434.77	42	\$170,027.18	44	\$342,115.47	38	\$649,663.42	22	\$758,581.47	41	\$2,050,000.00	257	\$4,076,822.31
Paid Claims	(69)	(\$104,375.89)	(41)	(\$133,853.26)	(26)	(\$155,778.58)	(19)	(\$251,349.27)	(5)	(\$154,555.58)	(6)	(\$225,452.67)	(166)	(\$1,025,365.25)
Rejected Claims	(1)	(16,496.33)	0	(30,075.56)	(1)	(\$48,062.43)	(2)	(136,264.24)	(1)	(57,036.23)	(2)	(174,547.33)	(7)	(\$462,482.12)
Withdrawn Claims	(23)	(\$31,061.66)	(15)	(\$52,350.00)	(7)	(\$52,178.95)	(4)	(90,000.00)	(6)	(208,431.69)	(5)	(250,000.00)	(60)	(\$684,022.30)
Net change for the month	(23)	(\$45,499.11)	(14)	(\$46,251.64)	10	\$86,095.51	13	\$172,049.91	10	\$338,557.97	28	\$1,400,000.00	24	\$1,904,952.64
New Claims % to total	27.24%	2.61%	16.34%	4.17%	17.12%	8.39%	14.79%	15.94%	8.56%	18.61%	15.95%	50.28%	100.00%	100.00%

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

September 30, 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	396,237.16	190	733,077.65	125	959,321.36	99	1,703,681.12	42	1,439,670.05	88	4,400,000.00	797	9,631,987.34
New Claims '07	219	321,119.33	147	570,480.51	127	985,386.29	105	1,804,367.32	53	1,787,056.86	75	3,750,000.00	726	9,218,410.31
Claims Paid '07	(143)	(\$207,505.59)	(111)	(\$320,712.50)	(67)	(\$360,743.67)	(49)	(\$485,216.66)	(13)	(\$390,225.15)	(13)	(\$512,452.01)	(396)	(2,276,855.58)
Rejected Claims '07	(7)	(27,879.33)	(1)	(101,683.30)	(2)	(136,390.26)	(4)	(428,917.67)	(3)	(180,120.17)	(10)	(637,547.99)	(27)	(1,512,538.72)
Withdrawn Claims '07	(61)	(\$94,871.45)	(43)	(\$160,766.25)	(23)	(\$190,601.22)	(28)	(507,175.05)	(11)	(\$388,724.43)	(15)	(750,000.00)	(181)	(2,092,138.40)
Claims Outstanding	261	<u>387,100.12</u>	182	<u>720,396.11</u>	160	<u>1,256,972.50</u>	123	<u>2,086,739.06</u>	68	<u>2,267,657.16</u>	125	<u>6,250,000.00</u>	919	<u>12,968,864.95</u>
New claims % to total	30.17%	3.48%	20.25%	6.19%	17.49%	10.69%	14.46%	19.57%	7.30%	19.39%	10.33%	40.68%	100.00%	100.00%
Claims paid % to total	36.11%	9.11%	28.03%	14.09%	16.92%	15.84%	12.37%	21.31%	3.28%	17.14%	3.28%	22.51%	100.00%	100.00%
Claims rejected or withdrawn % to total	32.69%	3.41%	21.15%	7.28%	12.02%	9.07%	15.38%	25.97%	6.73%	15.78%	12.02%	38.49%	100.00%	100.00%
Claims outstanding % to total	28.40%	2.98%	19.80%	5.55%	17.41%	9.69%	13.38%	16.09%	7.40%	17.49%	13.60%	48.19%	100.00%	100.00%

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

As of September 30, 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	(1)	(2,000.00)	(1)	(2,000.00)	8	18,002.00
2002	18	190,637.74			(4)	(6,115.00)	(1)	(11,733.00)	(5)	(17,848.00)	13	172,789.74
2003	29	387,543.64			(4)	(23,838.09)	(2)	(34,619.88)	(6)	(58,457.97)	23	329,085.67
2004	62	1,116,289.55			(14)	(28,043.00)	(23)	(474,107.96)	(37)	(502,150.96)	25	614,138.59
2005	148	2,206,326.81			(39)	(256,927.63)	(29)	(620,673.05)	(68)	(877,600.68)	80	1,328,726.13
2006	528	5,701,037.60			(212)	(1,215,363.61)	(75)	(1,285,551.30)	(287)	(2,500,914.91)	241	3,200,122.69
2007			726	9,218,410.31	(123)	(746,568.25)	(77)	(1,175,991.93)	(200)	(1,922,560.18)	526	7,295,850.13
TOTAL	797	9,631,987.34	726	9,218,410.31	(396)	(2,276,855.58)	(208)	(3,604,677.12)	(604)	(5,881,532.70)	919	12,968,864.95
Average		\$12,085		\$12,698		\$5,750		\$17,330		\$9,738		\$14,112

Estimated Claim Payout Ratio: **42.27%**
Estimated Claim Liability: **\$5,481,939**

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

As of September 30, 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	-		(1)	(2,000.00)		(1)	(2,000.00)		11	28,152.00	
1993-2002	30	220,789.74				(4)	(6,115.00)		(2)	(13,733.00)		(6)	(19,848.00)		24	200,941.74	
1993-2003	59	608,333.38				(8)	(29,953.09)		(4)	(48,352.88)		(12)	(78,305.97)		47	530,027.41	
1993-2004	121	1,724,622.93				(22)	(57,996.09)		(27)	(522,460.84)		(49)	(580,456.93)		72	1,144,166.00	
1993-2005	269	3,930,949.74				(61)	(314,923.72)		(56)	(1,143,133.89)		(117)	(1,458,057.61)		152	2,472,892.13	
1993-2006	797	9,631,987.34				(273)	(1,530,287.33)		(131)	(2,428,685.19)		(404)	(3,958,972.52)		393	5,673,014.82	
1993-2007			726		9,218,410.31	(396)	(2,276,855.58)		(208)	(3,604,677.12)		(604)	(5,881,532.70)		919	12,968,864.95	
Claims Pending on	September 30, 2007					919											

Net Asset in Client Security Fund :

As of	12/31/2006	2,325,593
As of	9/30/2007	4,645,043

*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.05 through SEP.07

PAID CLAIMS

Month Covered	Amount	Mo. Ave. Payout Ratio	24 Mo. Rolling Average	Cumulative Paid Total
OCT.05	334,403	30.58%		334,403
NOV.05	503,702	46.21%		838,105
DEC.05	791,842	45.44%		1,629,947
JAN.06	0	0.00%		1,629,947
FEB.06	234,562	22.68%		1,864,509
MAR.06	410,881	41.85%		2,275,390
APR.06	255,696	25.67%		2,531,086
MAY.06	568,820	48.07%		3,099,906
JUN.06	569,784	56.97%		3,669,690
JUL.06	295,246	43.32%		3,964,936
AUG.06	405,046	44.54%		4,369,982
SEP.06	227,000	32.31%		4,596,982
OCT.06	503,610	52.60%		5,100,592
NOV.06	428,897	36.83%		5,529,489
DEC.06	1,413,725	59.97%		6,943,214
JAN.07	108,661	43.50%		7,051,875
FEB.07	60,241	29.71%		7,112,116
MAR.07	369,586	28.46%		7,481,702
APR.07	149,671	24.69%		7,631,373
MAY.07	383,458	47.72%		8,014,831
JUN.07	179,873	32.78%		8,194,704
JUL.07	391,620	38.39%		8,586,324
AUG.07	305,314	42.65%		8,891,638
SEP.07	328,431	75.35%		9,220,069

9,220,069

42.27%

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

September 30, 2007

	<u>1st Qtr</u>	<u>2nd Qtr</u>	<u>3rd Qtr</u>
Beginning Balance	797	866	895
Add: Reinstated Claims			
New Claims	246	223	257
Less: Paid / Rejected or Withdrawn	177	194	233
TOTAL	866	895	919
CLAIMS OUTSTANDING AMT.	10,621,674	11,006,181	12,968,865
# Of Active Attorneys	155,835	156,264	157,280
Cost Per Active Attorney	\$68	\$70	\$82
ESTIMATED CLAIMS LIAB.			
Claims Payout Ratio	40.74%	41.72%	42.27%
Estimated Claim Amount *	\$4,327,270	\$4,591,779	\$5,481,939
# of Active Attorneys	155,835	156,264	157,280
Cost per Active Attorney	\$28	\$29	\$35
CLAIM ACTIVITIES IN %:			
NEW CLAIMS - YTD			
1 - 2,500	3.69%	4.06%	3.48%
2,501 - 5,000	6.55%	7.78%	6.19%
5,001 - 10,000	13.47%	12.56%	10.69%
10,001 - 25,000	22.21%	22.54%	19.57%
25,001 - 49,999	21.79%	19.88%	19.39%
50,000	32.30%	33.18%	40.68%
CLAIMS PAID - YTD			
1 - 2,500	8.29%	8.24%	9.11%
2,501 - 5,000	18.54%	14.93%	14.09%
5,001 - 10,000	18.39%	16.38%	15.84%
10,001 - 25,000	20.09%	18.69%	21.31%
25,001 - 49,999	24.72%	18.83%	17.14%
50,000	9.97%	22.93%	22.51%
REJ./WDRAWN - YTD			
1 - 2,500	2.94%	3.06%	3.41%
2,501 - 5,000	6.21%	7.32%	7.28%
5,001 - 10,000	11.58%	9.22%	9.07%
10,001 - 25,000	23.93%	28.88%	25.97%
25,001 - 49,999	6.17%	12.34%	15.78%
50,000	49.17%	39.18%	38.49%
CLAIMS O/S-CUM. - YTD			
1 - 2,500	3.68%	3.63%	2.98%
2,501 - 5,000	6.93%	6.91%	5.55%
5,001 - 10,000	10.28%	10.61%	9.69%
10,001 - 25,000	18.01%	17.34%	16.09%
25,001 - 49,999	17.31%	17.44%	17.49%
50,000	43.78%	44.07%	48.19%
NET ASSET, END OF PERIOD	\$7,582,871	\$6,566,859	\$4,645,043

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