



THE STATE BAR OF CALIFORNIA

180 HOWARD STREET, SAN FRANCISCO, CALIFORNIA 94105-1639

FINANCE

TEL (415) 538-2200

MEMORANDUM

DATE: February 21, 2008
TO: Board of Governors
FROM: Peggy Van Horn, Chief Financial Officer
SUBJECT: Status of Claims Activities – Client Security Fund
Through the Year Ended December 31, 2007

Attached for your review are a series of reports for the claims activities within the Client Security Fund for the year ended December 31, 2007. These reports include:

- Claims Activity for the year ended December 31, 2007
- Claims Aging Report
- Cumulative Claims Aging Report
- 24 Month Rolling Average of Claims Paid
- Analysis of New Claims Paid, Rejected or Withdrawn

For the year ended 2007, 1,013 new claims in the amount of \$12.9 million were filed, compared to 1,314 claims in the amount of \$10.9 million were filed in 2006. Based on the current claims payout ratio of 45%, the estimated outstanding claims liability is approximately \$5 million. Total cash and investments available to address this liability at the end of December 2007 are \$9.5 million, compared to \$7.7 million in 2006.

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

For 4th 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	74	\$115,645.35	85	\$344,285.57	43	\$334,268.87	37	\$703,268.71	15	\$554,544.00	33	\$1,650,000.00	287	\$3,702,012.50
Paid Claims	(86)	(\$104,995.27)	(42)	(\$151,837.07)	(44)	(\$290,993.49)	(29)	(\$365,891.25)	(9)	(\$292,336.94)	(21)	(\$869,200.53)	(211)	(\$2,075,254.55)
Rejected Claims	(4)	(15,025.87)	(6)	(32,212.75)	(2)	(\$75,028.17)	(1)	(133,167.40)	(2)	(117,535.81)	0	(180,799.47)	(15)	(\$553,769.47)
Withdrawn Claims	(46)	(\$71,024.58)	(66)	(\$267,375.47)	(31)	(\$205,315.39)	(17)	(294,839.80)	(16)	(565,764.21)	(17)	(850,000.00)	(193)	(\$2,254,319.45)
Net change for the month	(42)	(\$75,400.37)	(29)	(\$107,139.72)	(34)	(\$237,068.18)	(10)	(\$90,629.74)	(12)	(\$421,092.96)	(5)	(\$250,000.00)	(132)	(\$1,181,330.97)
New Claims % to total	25.78%	3.12%	29.62%	9.30%	14.98%	9.03%	12.89%	19.00%	5.23%	14.98%	11.50%	44.57%	100.00%	100.00%

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

December 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	411,178.16	190	734,569.65	125	959,473.89	99	1,703,681.12	42	1,439,670.05	88	4,400,000.00	797	9,648,572.87
New Claims '07	293	437,472.83	232	918,168.41	170	1,319,655.16	142	2,508,186.03	68	2,343,964.02	108	5,400,000.00	1,013	12,927,446.45
Claims Paid '07	(209)	(\$312,500.86)	(153)	(\$472,549.57)	(111)	(\$651,737.16)	(78)	(\$851,107.91)	(22)	(\$682,562.09)	(34)	(\$1,381,652.54)	(607)	(4,352,110.13)
Rejected Claims '07	(11)	(42,905.20)	(7)	(133,896.05)	(4)	(211,418.43)	(5)	(562,085.07)	(5)	(297,655.98)	(10)	(818,347.46)	(42)	(2,066,308.19)
Withdrawn Claims '07	(107)	<u>(\$165,896.03)</u>	(109)	<u>(\$428,141.72)</u>	(54)	<u>(\$395,916.61)</u>	(45)	<u>(802,014.85)</u>	(27)	<u>(\$954,488.64)</u>	(32)	<u>(1,600,000.00)</u>	(374)	<u>(4,346,457.85)</u>
Claims Outstanding	219	<u>327,348.90</u>	153	<u>618,150.72</u>	126	<u>1,020,056.85</u>	113	<u>1,996,659.32</u>	56	<u>1,848,927.36</u>	120	<u>6,000,000.00</u>	787	<u>11,811,143.15</u>
New claims % to total	28.92%	3.38%	22.90%	7.10%	16.78%	10.21%	14.02%	19.40%	6.71%	18.13%	10.66%	41.77%	100.00%	100.00%
Claims paid % to total	34.43%	7.18%	25.21%	10.86%	18.29%	14.98%	12.85%	19.56%	3.62%	15.68%	5.60%	31.75%	100.00%	100.00%
Claims rejected or withdrawn % to total	28.37%	3.26%	27.88%	8.76%	13.94%	9.47%	12.02%	21.27%	7.69%	19.53%	10.10%	37.71%	100.00%	100.00%
Claims outstanding % to total	27.83%	2.77%	19.44%	5.23%	16.01%	8.64%	14.36%	16.90%	7.12%	15.65%	15.25%	50.80%	100.00%	100.00%

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

As of December 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	(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			(5)	(37,844.09)	(4)	(47,619.88)	(9)	(85,463.97)	20	302,079.67
2004	62	1,116,715.79			(17)	(63,488.24)	(28)	(588,171.11)	(45)	(651,659.35)	17	465,056.44
2005	148	2,206,326.81			(46)	(324,930.63)	(40)	(798,288.26)	(86)	(1,123,218.89)	62	1,083,107.92
2006	528	5,717,196.89			(262)	(1,742,484.32)	(112)	(1,881,496.68)	(374)	(3,623,981.00)	154	2,093,215.89
2007			1013	12,927,446.45	(273)	(2,177,247.85)	(230)	(3,083,457.11)	(503)	(5,260,704.96)	510	7,666,741.49
TOTAL	797	9,648,572.87	1013	12,927,446.45	(607)	(4,352,110.13)	(416)	(6,412,766.04)	(1,023)	(10,764,876.17)	787	11,811,143.15
Average		\$12,106		\$12,762		\$7,170		\$15,415		\$10,523		\$15,008

Estimated Claim Payout Ratio: **42.45%**
Estimated Claim Liability: **\$5,013,830**

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

As of December 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	-	(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			(9)	(43,959.09)	(6)	(61,352.88)	(15)	(105,311.97)	44	503,021.41
1993-2004	121	1,725,049.17			(26)	(107,447.33)	(34)	(649,523.99)	(60)	(756,971.32)	61	968,077.85
1993-2005	269	3,931,375.98			(72)	(432,377.96)	(74)	(1,447,812.25)	(146)	(1,880,190.21)	123	2,051,185.77
1993-2006	797	9,648,572.87			(334)	(2,174,862.28)	(186)	(3,329,308.93)	(520)	(5,504,171.21)	277	4,144,401.66
1993-2007			1,013	12,927,446.45	(607)	(4,352,110.13)	(416)	(6,412,766.04)	(1,023)	(10,764,876.17)	787	11,811,143.15
Claims Pending on	December 31, 2007			787								

Net Asset in Client Security Fund :

As of	12/31/2006	2,325,593
As of	12/31/2007	2,990,889

*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: JAN.06 through DEC.07

PAID CLAIMS

Month Covered	Amount	Mo. Ave. Payout Ratio	24 Mo. Rolling Average	Cumulative Paid Total
JAN.06	0	0.00%		0
FEB.06	234,562	22.68%		234,562
MAR.06	410,881	41.85%		645,443
APR.06	255,696	25.67%		901,139
MAY.06	568,820	48.07%		1,469,959
JUN.06	569,784	56.97%		2,039,743
JUL.06	295,246	43.32%		2,334,989
AUG.06	405,046	44.54%		2,740,035
SEP.06	227,000	32.31%		2,967,035
OCT.06	503,610	52.60%		3,470,645
NOV.06	428,897	36.83%		3,899,542
DEC.06	1,413,725	59.97%		5,313,267
JAN.07	108,661	43.50%		5,421,928
FEB.07	60,241	29.71%		5,482,169
MAR.07	369,586	28.46%		5,851,755
APR.07	149,671	24.69%		6,001,426
MAY.07	383,458	47.72%		6,384,884
JUN.07	179,873	32.78%		6,564,757
JUL.07	391,620	38.39%		6,956,377
AUG.07	305,314	42.65%		7,261,691
SEP.07	328,431	75.35%		7,590,122
OCT.07	137,120	16.34%		7,727,242
NOV.07	416,361	40.31%		8,143,603
DEC.07	1,521,774	50.53%		9,665,377
	<u>9,665,377</u>		42.45%	

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

December 31, 2007

	<u>1st Qtr</u>	<u>2nd Qtr</u>	<u>3rd Qtr</u>	<u>4th Qtr</u>
Beginning Balance	797	866	895	919
Add: Reinstated Claims				
New Claims	246	223	257	287
Less: Paid / Rejected or Withdrawn	177	194	233	419
TOTAL	866	895	919	787
CLAIMS OUTSTANDING AMT.	10,621,674	11,006,181	12,968,865	11,811,143
# Of Active Attorneys	155,835	156,264	157,280	158,079
Cost Per Active Attorney	\$68	\$70	\$82	\$75
ESTIMATED CLAIMS LIAB.				
Claims Payout Ratio	40.74%	41.72%	42.27%	42.45%
Estimated Claim Amount *	\$4,327,270	\$4,591,779	\$5,481,939	\$5,013,830
# of Active Attorneys	155,835	156,264	157,280	158,079
Cost per Active Attorney	\$28	\$29	\$35	\$32
CLAIM ACTIVITIES IN %:				
NEW CLAIMS - YTD				
1 - 2,500	3.69%	4.06%	3.48%	3.38%
2,501 - 5,000	6.55%	7.78%	6.19%	7.10%
5,001 - 10,000	13.47%	12.56%	10.69%	10.21%
10,001 - 25,000	22.21%	22.54%	19.57%	19.40%
25,001 - 49,999	21.79%	19.88%	19.39%	18.13%
50,000	32.30%	33.18%	40.68%	41.77%
CLAIMS PAID - YTD				
1 - 2,500	8.29%	8.24%	9.11%	7.18%
2,501 - 5,000	18.54%	14.93%	14.09%	10.86%
5,001 - 10,000	18.39%	16.38%	15.84%	14.98%
10,001 - 25,000	20.09%	18.69%	21.31%	19.56%
25,001 - 49,999	24.72%	18.83%	17.14%	15.68%
50,000	9.97%	22.93%	22.51%	31.75%
REJ./WDRAWN - YTD				
1 - 2,500	2.94%	3.06%	3.41%	3.26%
2,501 - 5,000	6.21%	7.32%	7.28%	8.76%
5,001 - 10,000	11.58%	9.22%	9.07%	9.47%
10,001 - 25,000	23.93%	28.88%	25.97%	21.27%
25,001 - 49,999	6.17%	12.34%	15.78%	19.53%
50,000	49.17%	39.18%	38.49%	37.71%
CLAIMS O/S-CUM. - YTD				
1 - 2,500	3.68%	3.63%	2.98%	2.77%
2,501 - 5,000	6.93%	6.91%	5.55%	5.23%
5,001 - 10,000	10.28%	10.61%	9.69%	8.64%
10,001 - 25,000	18.01%	17.34%	16.09%	16.90%
25,001 - 49,999	17.31%	17.44%	17.49%	15.65%
50,000	43.78%	44.07%	48.19%	50.80%
NET ASSET, END OF PERIOD	\$7,582,871	\$6,566,859	\$4,645,043	\$2,990,889

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