



# THE STATE BAR OF CALIFORNIA

FINANCE

180 HOWARD STREET, SAN FRANCISCO, CALIFORNIA 94105-1639

TEL (415) 538-2200

## MEMORANDUM

**DATE:** June 25, 2009  
**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, 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 March 31, 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- Analysis of New Claims Paid, Rejected or Withdrawn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 March, 256 new claims in the amount of \$3.3 million were filed. By comparison, 211 claims in the amount of \$2.4 million were filed through the first quarter of 2008. Based on the current claims payout ratio of 39.98%, the estimated outstanding claims liability is approximately \$5.6 million. Total cash and investments available to address this liability at the end of March are \$15.3 million as compared to \$13.8 million as of the first quarter of 2008.

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

March 31, 2009

YEAR TO DATE ACTIVITIES

	<b>\$1 - 2500</b>		<b>\$2,501 - 5,000</b>		<b>\$5,001 - 10,000</b>		<b>\$10,001 - 25,000</b>		<b>\$25,001 - 49,999</b>		<b>\$50,000</b>		<b>\$50,001 - 100,000</b>		<b>TOTAL</b>	
	<b>#</b>	<b>Amount</b>	<b>#</b>	<b>Amount</b>	<b>#</b>	<b>Amount</b>	<b>#</b>	<b>Amount</b>	<b>#</b>	<b>Amount</b>	<b>#</b>	<b>Amount</b>	<b>#</b>	<b>Amount</b>	<b>#</b>	<b>Amount</b>
<b>Prior Years' Claims</b>	160	250,658.33	136	539,083.49	115	920,120.33	118	\$2,060,435.92	63	\$2,201,243.33	118	\$5,900,000.00	0	\$0.00	710	11,871,541.40
<b>New Claims '09</b>	37	\$51,212.81	70	\$267,196.90	67	\$498,129.24	42	\$664,020.16	12	\$396,804.72	28	\$1,400,000.00	0	\$0.00	256	\$3,277,363.83
<b>Paid Claims '09</b>	(16)	(\$23,352.22)	(10)	(\$30,537.69)	(1)	(\$2,705.33)	(2)	(\$38,817.50)	(3)	(\$78,261.91)	0	\$0.00	0	\$0.00	(32)	(\$173,674.65)
<b>Rejected Claims '09</b>	(2)	(2,859.68)	0	(3,377.62)	(1)	(\$13,870.09)	(2)	(\$44,380.00)	(1)	(\$75,000.00)	(1)	(\$50,000.00)	0	\$0.00	(7)	(\$189,487.39)
<b>Withdrawn Claims '09</b>	(7)	(\$10,220.00)	(12)	(\$46,246.00)	(11)	(\$90,450.00)	(5)	(\$89,192.63)	(2)	(\$72,000.00)	(11)	(\$550,000.00)	0	\$0.00	(48)	(\$858,108.63)
<b>Claims Outstanding</b>	172	<u>\$265,439.24</u>	184	<u>\$726,119.08</u>	169	<u>\$1,311,224.15</u>	151	<u>\$2,552,065.95</u>	69	<u>\$2,372,786.14</u>	134	<u>\$6,700,000.00</u>	0	<u>\$0.00</u>	879	<u>13,927,634.56</u>
<b>New claims % to total</b>	14.45%	1.56%	27.34%	8.15%	26.17%	15.20%	16.41%	20.26%	4.69%	12.11%	10.94%	42.72%	0.00%	0.00%	100.00%	100.00%
<b>Claims paid % to total</b>	50.00%	13.45%	31.25%	17.58%	3.13%	1.56%	6.25%	22.35%	9.38%	45.06%	0.00%	0.00%	0.00%	0.00%	100.00%	100.00%
<b>Claims rejected or withdrawn % to total</b>	16.36%	1.25%	21.82%	4.74%	21.82%	9.96%	12.73%	12.75%	5.45%	14.03%	21.82%	57.27%	0.00%	0.00%	100.00%	100.00%
<b>Claims outstanding % to total</b>	19.57%	1.91%	20.93%	5.21%	19.23%	9.41%	17.18%	18.32%	7.85%	17.04%	15.24%	48.11%	0.00%	0.00%	100.00%	100.00%

THE STATE BAR OF CALIFORNIA  
CLIENT SECURITY FUND  
CLAIMS AGING REPORT

As of March 31, 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	57,900.00			0	0.00	(1)	(6,100.00)	(1)	(6,100.00)	2	51,800.00
2004	8	341,170.00			0	0.00	(5)	(240,000.00)	(5)	(240,000.00)	3	101,170.00
2005	29	517,723.12			(1)	(3,010.00)	(2)	(60,490.00)	(3)	(63,500.00)	26	454,223.12
2006	67	1,043,074.79			(7)	(8,323.32)	(4)	(82,709.68)	(11)	(91,033.00)	56	952,041.79
2007	181	3,024,386.94			(4)	(37,840.88)	(5)	(16,174.12)	(9)	(54,015.00)	172	2,970,371.94
2008	421	6,837,286.55			(18)	(120,472.05)	(18)	(277,388.09)	(36)	(397,860.14)	385	6,439,426.41
2009			256	3,277,363.83	(2)	(4,028.40)	(19)	(314,734.13)	(21)	(318,762.53)	235	2,958,601.30
<b>TOTAL</b>	<b><u>710</u></b>	<b><u>11,871,541.40</u></b>	<b><u>256</u></b>	<b><u>3,277,363.83</u></b>	<b><u>(32)</u></b>	<b><u>(173,674.65)</u></b>	<b><u>(55)</u></b>	<b><u>(1,047,596.02)</u></b>	<b><u>(87)</u></b>	<b><u>(1,221,270.67)</u></b>	<b><u>879</u></b>	<b><u>13,927,634.56</u></b>
<b>Average</b>		\$16,720		\$12,802		\$5,427		\$19,047		\$14,038		\$15,845

Estimated Claim Payout Ratio: **39.98%**  
Estimated Claim Liability: **\$5,568,268**

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

As of **March 31, 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	-	0	-	(1)	(50,000.00)	(1)	(50,000.00)	0	0.00
2002-2003	4	107,900.00	0	-	0	-	(2)	(56,100.00)	(2)	(56,100.00)	2	51,800.00
2002-2004	12	449,070.00	0	-	0	-	(7)	(296,100.00)	(7)	(296,100.00)	5	152,970.00
2002-2005	41	966,793.12	(1)	(3,010.00)	(1)	(3,010.00)	(9)	(356,590.00)	(10)	(359,600.00)	31	607,193.12
2002-2006	108	2,009,867.91	(8)	(11,333.32)	(8)	(11,333.32)	(13)	(439,299.68)	(21)	(450,633.00)	87	1,559,234.91
2002-2007	289	5,034,254.85	(12)	(49,174.20)	(12)	(49,174.20)	(18)	(455,473.80)	(30)	(504,648.00)	259	4,529,606.85
2002-2008	710	11,871,541.40	(30)	(169,646.25)	(30)	(169,646.25)	(36)	(732,861.89)	(66)	(902,508.14)	644	10,969,033.26
2002-2009			<b>256</b>	<b>3,277,363.83</b>	<b>(32)</b>	<b>(173,674.65)</b>	<b>(55)</b>	<b>(1,047,596.02)</b>	<b>(87)</b>	<b>(1,221,270.67)</b>	<b>879</b>	<b>13,927,634.56</b>
Claims Pending on	March 31, 2009			<b>879</b>								
Net Asset in Client Security Fund :												
As of	12/31/2008	<b>4,304,519</b>										
As of	3/31/2009	<b>9,702,111</b>										

\*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.07 through MAR.09

**PAID CLAIMS**

Month Covered	Amount	Mo. Ave. Payout Ratio	24 Mo. Rolling Average	Cumulative Paid Total
APR.07	149,671	24.69%		149,671
MAY 07	383,458	47.72%		533,129
JUN.07	179,873	32.78%		713,002
JUL.07	391,620	38.39%		1,104,622
AUG.07	305,314	42.65%		1,409,936
SEP.07	328,431	75.35%		1,738,367
OCT.07	137,120	16.34%		1,875,487
NOV.07	416,361	40.31%		2,291,848
DEC.07	1,521,774	50.53%		3,813,622
JAN.08	101,143	46.12%		3,914,765
FEB.08	26,499	30.51%		3,941,264
MAR.08	198,899	39.60%		4,140,163
APR.08	781,549	59.96%		4,921,712
MAY 08	184,594	13.48%		5,106,306
JUN.08	377,723	56.36%		5,484,029
JUL.08	636,186	43.28%		6,120,215
AUG.08	299,932	28.67%		6,420,147
SEP.08	626,516	46.72%		7,046,663
OCT.08	380,744	50.26%		7,427,407
NOV.08	78,814	19.99%		7,506,221
DEC.08	945,674	43.44%		8,451,895
JAN.09	11,380	42.73%		8,463,275
FEB.09	7,410	1.74%		8,470,685
MAR.09	154,885	20.16%		8,625,570
	<b><u>8,625,570</u></b>		<b>39.98%</b>	

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

March 31, 2009

	<u>1st Qtr</u>
Beginning Balance	710
Add: Reinstated Claims	
New Claims	256
Less: Paid / Rejected or Withdrawn	87
TOTAL	879
CLAIMS OUTSTANDING AMT.	13,927,635
# Of Active Attorneys	163,954
Cost Per Active Attorney	\$85
ESTIMATED CLAIMS LIAB.	
Claims Payout Ratio	39.98%
Estimated Claim Amount *	\$5,568,268
# of Active Attorneys	163,954
Cost per Active Attorney	\$34
CLAIM ACTIVITIES IN %:	
NEW CLAIMS - YTD	
1 - 2,500	1.56%
2,501 - 5,000	8.15%
5,001 - 10,000	15.20%
10,001 - 25,000	20.26%
25,001 - 49,999	12.11%
50,000	42.72%
CLAIMS PAID - YTD	
1 - 2,500	13.45%
2,501 - 5,000	17.58%
5,001 - 10,000	1.56%
10,001 - 25,000	22.35%
25,001 - 49,999	45.06%
50,000	0.00%
REJ./WDRAWN - YTD	
1 - 2,500	1.25%
2,501 - 5,000	4.74%
5,001 - 10,000	9.96%
10,001 - 25,000	12.75%
25,001 - 49,999	14.03%
50,000	57.27%
CLAIMS O/S-CUM. - YTD	
1 - 2,500	1.91%
2,501 - 5,000	5.21%
5,001 - 10,000	9.41%
10,001 - 25,000	18.32%
25,001 - 49,999	17.04%
50,000	48.11%
NET ASSET, END OF PERIOD	\$9,702,111

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