



**THE STATE BAR
OF CALIFORNIA**

FINANCE

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MEMORANDUM

DATE: April 27th, 2011
TO: Board of Governors
FROM: Christine Wong, Finance Director
SUBJECT: Status of Claims Activities – Client Security Fund
Through the Quarter Ended March 31st, 2011

Attached for your review are a series of reports for the claims activities within the Client Security Fund for the first quarter ended March 31, 2011. These reports include:

- Claims Activity for the quarter ended March 31, 2011
- Claims Aging Report
- Cumulative Claims Aging Report
- 24 Month Rolling Average of Claims Paid
- Analysis of New Claims Paid, Rejected or Withdrawn

For the first quarter ended March 31, 2011, a total of 654 new claims in the amount of \$5.3 million were filed. Comparing to the 1,514 claims for \$7.2 million filed in the same period in 2010, the number of claims and claim amounts filed decreased 56.8% and 26.4%, respectively. The declined in loan modification fraud claim in 2011 is reflected in this quarterly report.

Accrued CSF claims liability as of March 31, 2011 is \$13.5 million, up by \$2.9 million or 27.1% compared to \$10.7 million for the same period in 2010. The claims liability accrual is calculated based on a rolling 24 month historical claims payout ratio of 34.86% applied against total claims submitted and outstanding of \$38.7 million, as of March 31, 2011. Total cash and investments available to address this liability at the end of March, 2011 are \$20.1 million as compared to \$17.2 million as of the same period in 2010.

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

March 31, 2011

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	2,110	\$3,580,990.80	2,859	\$9,822,964.40	615	\$4,371,325.95	270	\$4,378,852.18	93	\$3,181,231.63	144	\$7,200,000.00	21	\$1,982,809.80	6,112	\$34,518,174.76
New Claims '11	196	\$356,824.31	273	\$949,516.90	83	\$601,061.34	51	\$818,771.03	19	\$673,101.95	22	\$1,100,000.00	10	\$835,080.94	654	\$5,334,356.47
Paid Claims '11	(24)	(\$43,722.69)	(17)	(\$62,142.20)	(15)	(\$105,954.96)	(4)	(\$54,625.00)	(2)	(\$41,760.00)	(2)	(\$64,457.12)	0	\$0.00	(64)	(\$372,661.97)
Rejected Claims '11	(1)	(\$1,000.00)	(1)	(\$10,400.00)	0	(\$3,564.00)	(1)	(\$31,500.00)	(3)	(\$126,936.52)	(4)	(\$235,542.88)	0	\$0.00	(10)	(\$408,943.40)
Withdrawn Claims '11	(7)	(\$10,461.26)	(4)	(\$14,342.00)	(7)	(\$52,502.34)	(4)	(\$67,955.00)	(1)	(\$27,000.00)	(3)	(\$150,000.00)	0	\$0.00	(26)	(\$322,260.60)
Claims Outstanding	2,274	<u>\$3,882,631.16</u>	3,110	<u>\$10,685,597.10</u>	676	<u>\$4,810,365.99</u>	312	<u>\$5,043,543.21</u>	106	<u>\$3,658,637.06</u>	157	<u>\$7,850,000.00</u>	31	<u>\$2,817,890.74</u>	6,666	<u>\$38,748,665.26</u>
New claims % to total	29.97%	6.69%	41.74%	17.80%	12.69%	11.27%	7.80%	15.35%	2.91%	12.62%	0.00%	20.62%	1.53%	15.65%	96.64%	100.00%
Claims paid % to total	37.50%	11.73%	26.56%	16.68%	23.44%	28.43%	6.25%	14.66%	3.13%	11.21%	3.13%	17.30%	0.00%	0.00%	100.00%	100.00%
Claims rejected or withdrawn % to total	22.22%	1.57%	13.89%	3.38%	19.44%	7.67%	13.89%	13.60%	11.11%	21.05%	19.44%	52.73%	0.00%	0.00%	100.00%	100.00%
Claims outstanding % to total	34.11%	10.02%	46.65%	27.58%	10.14%	12.41%	4.68%	13.02%	1.59%	9.44%	2.36%	20.26%	0.47%	7.27%	100.00%	100.00%

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

As of March 31, 2011

(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
2005	3	91,868.72			0	0.00	0	0.00	0	0.00	3	91,868.72
2006	19	283,743.95			(2)	(10,208.95)	(3)	(8,700.00)	(5)	(18,908.95)	14	264,835.00
2007	58	1,084,948.23			0	0.00	(4)	(87,750.00)	(4)	(87,750.00)	54	997,198.23
2008	117	2,365,949.50			(4)	(11,560.00)	(1)	(44,500.00)	(5)	(56,060.00)	112	2,309,889.50
2009	2314	11,141,646.36			(22)	(127,657.57)	(7)	(152,947.34)	(29)	(280,604.91)	2285	10,861,041.45
2010	3601	19,550,018.00			(34)	(216,985.45)	(21)	(437,306.66)	(55)	(654,292.11)	3546	18,895,725.89
2011			654	5,334,356.47	(2)	(6,250.00)	-	-	(2)	(6,250.00)	652	5,328,106.47
TOTAL	6112	34,518,174.76	654	5,334,356.47	(64)	(372,661.97)	(36)	(731,204.00)	(100)	(1,103,865.97)	6666	38,748,665.26
Average		\$5,648		\$8,157		\$5,823		\$20,311		\$11,039		\$5,813

Estimated Claim Payout Ratio: **34.86%**
Estimated Claim Liability: **\$13,507,785**

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

As of **March 31, 2011**

(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
2005 Only	3	91,868.72	0	-	0	0.00	0	0.00	0	0.00	3	91,868.72
2005-2006	22	375,612.67	(2)	(10,208.95)	(3)	(8,700.00)	(5)	(18,908.95)	(5)	(18,908.95)	17	356,703.72
2005-2007	80	1,460,560.90	(2)	(10,208.95)	(7)	(96,450.00)	(9)	(106,658.95)	(9)	(106,658.95)	71	1,353,901.95
2005-2008	197	3,826,510.40	(6)	(21,768.95)	(8)	(140,950.00)	(14)	(162,718.95)	(14)	(162,718.95)	183	3,663,791.45
2005-2009	2,511	14,968,156.76	(28)	(149,426.52)	(15)	(293,897.34)	(43)	(443,323.86)	(43)	(443,323.86)	2,468	14,524,832.90
2005-2010	6,112	34,518,174.76	(62)	(366,411.97)	(36)	(731,204.00)	(98)	(1,097,615.97)	(98)	(1,097,615.97)	6,014	33,420,558.79
2005-2011			654	5,334,356.47	(64)	(372,661.97)	(36)	(731,204.00)	(100)	(1,103,865.97)	6,666	38,748,665.26
Claims Pending on	March 31, 2011			6,666								
Net Asset in Client Security Fund :												
	As of	12/31/2010		2,322,315								
	As of	3/31/2011		6,522,958								

*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.09 through MAR.11

PAID CLAIMS

Month Covered	Amount	Mo. Ave. Payout Ratio	24 Mo. Rolling Average	Cumulative Paid Total
APR.09	398,024	42.07%		398,024
MAY.09	287,574	40.71%		685,598
JUN.09	504,153	44.37%		1,189,751
JUL.09	349,652	26.92%		1,539,403
AUG.09	77,845	19.17%		1,617,248
SEPT.09	284,251	44.90%		1,901,499
OCT.09	671,289	62.88%		2,572,788
NOV.09	218,385	28.56%		2,791,173
DEC.09	497,104	47.27%		3,288,277
JAN.10	2,500	1.42%		3,290,777
FEB.10	106,392	15.62%		3,397,169
MAR.10	162,881	31.55%		3,560,050
APR.10	158,270	43.87%		3,718,320
MAY.10	334,727	33.60%		4,053,047
JUN.10	308,843	52.70%		4,361,890
JUL.10	177,043	28.57%		4,538,933
AUG.10	186,118	19.50%		4,725,051
SEPT.10	368,292	40.82%		5,093,343
OCT.10	31,045	2.21%		5,124,388
NOV.10	491,751	60.38%		5,616,139
DEC.10	1,003,262	34.22%		6,619,401
JAN.11	11,260	7.23%		6,630,661
FEB.11	50,467	23.46%		6,681,128
MAR.11	310,935	42.42%		6,992,063
	6,992,063		34.86%	

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

March 31, 2011

	1st Qtr
Beginning Balance	6112
Add: Reinstated Claims	
New Claims	654
Less: Paid / Rejected or Withdrawn	100
TOTAL	6666
CLAIMS OUTSTANDING AMT.	38,748,665
# Of Active Attorneys	170,637
Cost Per Active Attorney	\$227
 ESTIMATED CLAIMS LIAB.	
Claims Payout Ratio	34.86%
Estimated Claim Amount *	\$13,507,785
# of Active Attorneys	170,637
Cost per Active Attorney	\$79
 CLAIM ACTIVITIES IN %:	
 NEW CLAIMS - YTD	
1 - 2,500	6.69%
2,501 - 5,000	17.80%
5,001 - 10,000	11.27%
10,001 - 25,000	15.35%
25,001 - 49,999	12.62%
50,000	20.62%
50,001 - 100,000	15.65%
 CLAIMS PAID - YTD	
1 - 2,500	11.73%
2,501 - 5,000	16.68%
5,001 - 10,000	28.43%
10,001 - 25,000	14.66%
25,001 - 49,999	11.21%
50,000	17.30%
50,001 - 100,000	0.00%
 REJ./WDRAWN - YTD	
1 - 2,500	1.57%
2,501 - 5,000	3.38%
5,001 - 10,000	7.67%
10,001 - 25,000	13.60%
25,001 - 49,999	21.05%
50,000	52.73%
50,001 - 100,000	0.00%
 CLAIMS O/S-CUM. - YTD	
1 - 2,500	10.02%
2,501 - 5,000	27.58%
5,001 - 10,000	12.41%
10,001 - 25,000	13.02%
25,001 - 49,999	9.44%
50,000	20.26%
50,001 - 100,000	7.27%
 NET ASSET, END OF PERIOD	\$6,522,958

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