

We help lawyers build a **better** practice.



2020

THE
BAR PLAN
Annual Report

PRESIDENT'S LETTER

You can learn a lot about your organization and your people when faced with new and unprecedented challenges. COVID-19 threw a lot of curve-balls at all of us and challenged us in so many ways -- and all at once! I learned that The Bar Plan was prepared and resilient, and that our team rose to every challenge even while reinventing how we do business.

Our top priority was to our customers and the legal community. We made sure we continued to provide timely and effective service even as our methods, and the needs of our customers, were rapidly changing. We developed and made available a comprehensive set of resources to help lawyers and firms manage through the pandemic. We worked with attorneys to make sure their coverage didn't lapse due to unprecedented new challenges they were facing. And we provided comprehensive CLE programming at no cost to ensure that requirements for CLE hours could be easily met.

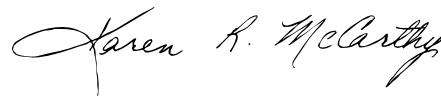
When a team is as deeply engaged with lawyers and the legal profession as ours is, we were not only well positioned to be of assistance in a crisis, we felt a moral and ethical obligation to act. We leveraged our resources and our positions of leadership within the Bar to ensure lawyers' questions were answered and their needs were met. And we did all of this while focusing on our core business and the needs of our customers and staff.

The pandemic also helped place a spotlight on well-being issues. In conjunction with our many efforts to support attorney well-being initiatives and the efforts of the Bar, we formed a well-being committee to provide education and resources to support our staff. It has been invaluable, and I want to thank the professionals who have assisted us in these ongoing efforts and our staff who have embraced them. They will make us stronger and healthier as an organization, to the benefit of all of our constituencies.

As you will see from this Annual Report, 2020 was a profitable year for The Bar Plan despite all of the challenges. This is a great testament to the hard work and many talents of our staff, and our many loyal customers and business partners.

But the greatest measure of success in 2020, and for which I am most grateful, is that we were able to do this with health and safety as our top priority.

Best regards,



Karen McCarthy
President and CEO



As a mutual insurance company owned by our policyholders, our mission is to be here for our insureds over the long term. To achieve this, we have steadfastly maintained a strong balance sheet while seeking modest annual income to maintain a strong surplus. This approach has earned us an “A” “Exceptional” Financial Strength Rating from Demotech, Inc., and it has provided our insureds with peace of mind in knowing that The Bar Plan will be here for them in their time of need.

FINANCIAL

Statutory Statements of Admitted Assets, Liabilities, and Surplus
Years ended December 31, 2020 and 2019
(Dollars in thousands)

	2020	2019
ADMITTED ASSETS		
Bonds	\$21,875	\$22,864
Common stocks	10,641	10,429
Real estate - home office	1,092	1,192
Receivable for securities	-	-
Cash & short-term investments	1,033	1,592
Total cash and invested assets	34,641	36,077
Receivables:		
Premium receivable	2,174	2,489
Reinsurance recoverable on paid losses	126	86
Profit commission receivable	27	33
Accrued investment income	115	131
Receivable from subsidiaries	235	80
Other Assets:		
Deferred tax asset, net	358	260
Federal income tax recoverable	81	68
Electronic data processing equipment	48	20
Other assets	104	116
TOTAL ADMITTED ASSETS	\$37,909	\$39,360
LIABILITIES AND SURPLUS		
Liabilities:		
Reserve for losses	\$8,624	\$9,814
Reserve for loss adjustment expenses	6,115	6,546
Commissions payable	64	57
Accrued expenses	211	174
Taxes, licenses, and fees	17	119
Unearned premiums	4,744	4,724
Advanced premiums	822	773
Remittances and items not allocated	113	31
Accounts withheld by company for accounts of others	384	298
Ceded reinsurance premiums payable	492	497
Payable for securities	-	9
Unclaimed funds	30	32
Payable to subsidiaries	-	34
Reinsurance payable on paid losses	-	-
Provision for reinsurance	67	67
Total liabilities	21,683	23,175
Surplus:		
Surplus note	5,008	5,011
Unassigned surplus	11,218	11,174
Total surplus	16,226	16,185
TOTAL LIABILITIES AND SURPLUS	\$37,909	\$39,360

Statutory Statements of Operations and Changes in Surplus
Years ended December 31, 2020 and 2019
(Dollars in thousands)

	2020	2019
Net premiums earned	\$8,647	\$9,087
Losses incurred	2,969	2,060
Loss adjustment expense incurred	2,444	3,513
Other underwriting expense incurred	4,041	4,378
Net underwriting gain (loss)	(807)	(864)
Investment Income:		
Investment income, net of investment expenses	172	348
Net realized capital loss on investments - net of federal income tax for 2013 and 2012 of \$0 and \$0, respectively	(158)	65
Net investment income	14	413
Loss on disposal of EDP Software	-	(2,314)
Other income, net	878	223
Income (loss) before federal income taxes	85	(2,542)
Federal income taxes expense (benefit)	(13)	(13)
Net income (loss)	\$98	\$(2,529)
Other changes in surplus:		
Net increase/(decrease) in non-admitted assets	(596)	2,446
Change in net unrealized capital gains/(losses) on bonds and common stock	231	750
Change in provision of reinsurance	-	-
Change in net deferred income tax	307	(150)
Cumulative effect of changes in accounting principles	-	-
Prior year tax period adjustment	-	-
Change in surplus	40	517
Surplus, beginning of year	16,185	15,668
Surplus, end of year	\$16,225	\$16,185

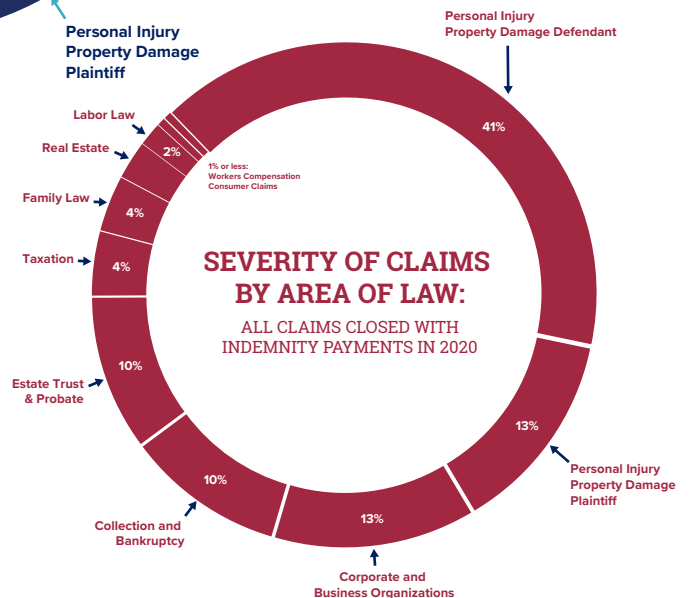
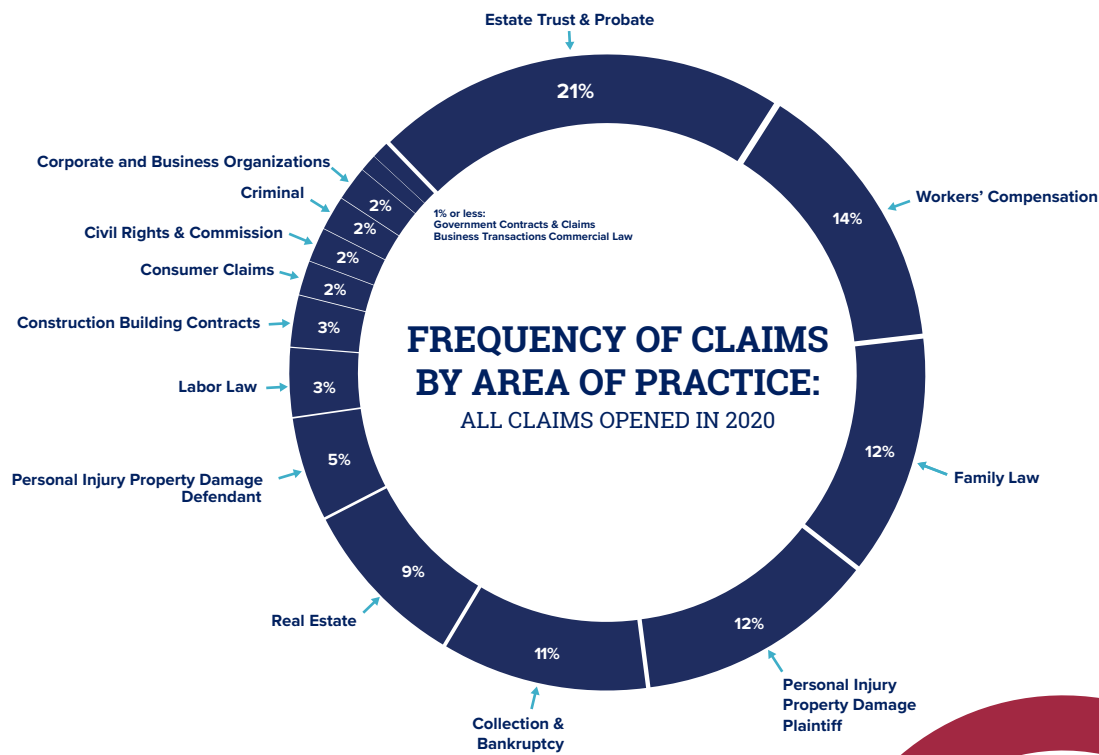
Net Income: **\$98,000**

Total Admitted Assets: **\$37 Million**

Policyholder Surplus: **\$16 Million**



CLAIMS



2020 represented an unusual year for managing LPL Claims because litigation activities were often delayed or rescheduled due to COVID-19, and those that did take place were often performed remotely.

Despite all the challenges, The Bar Plan closed more claims than it opened, with 128 new and reopened claims versus 164 claims that were closed. 65 of these closed claims included an indemnity payment, with an average indemnity payment of \$134,104.

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WE HELPED LAWYERS

When COVID-19 lockdowns began in March, The Bar Plan kicked into high gear to find remote solutions for the attorneys who rely on our programming and resources. Our attorneys worked closely with our Marketing Department to create a comprehensive COVID-19 resource page addressing ethics and risk management issues of working from home, videoconferencing, remote notarization, pandemic claims issues, and more.

The Bar Plan Foundation also generously agreed to offer all of its CLE programming free of charge throughout the entire year. For the first time ever, all CLE programming took place via webinar, resulting in 2,748 attendees at 72 hours of programs, representing a \$300,000 commitment to the legal community. This included two separate 9-hour webinars, an 8-hour webinar, and numerous other offerings. Our Risk Managers also partnered for a pre-recorded video relating to COVID-19 Ethics Concerns for Law Firms which The Missouri Bar offered free to all Missouri attorneys over multiple broadcasts.



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