

THE BAR PLAN

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

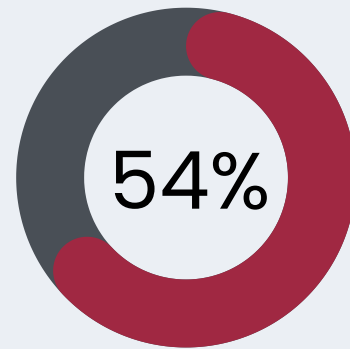
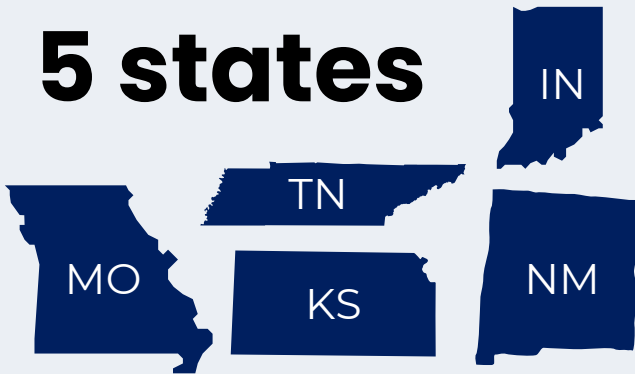
2021 ANNUAL REPORT



THE BAR PLAN BY THE NUMBERS

Malpractice Insurance offered in

5 states



Malpractice Insurance Market Share in Missouri*

Court bonds offered in all

50 states



4,569 in force bonds

at the end of 2021, which was a



31%

increase in business over 2020

The Bar Plan is the sole endorsed carrier for lawyers professional liability insurance and court bonds by

2 state bar associations:



||| TENNESSEE BAR ASSOCIATION

Our risk managers answered over ethics questions through our FREE risk management hotline**

100



and held

19

continuing legal education ("CLE") webinars at rates much lower than most other providers



*As reported by the Missouri Department of Commerce & Insurance, using 2020 statistics.

**The Bar Plan's risk management hotline is provided free to all.

PRESIDENT'S LETTER



I am proud to report that, despite the many personal and professional difficulties caused by the COVID-19 pandemic in 2021, The Bar Plan team worked harder than ever to serve our policyholders and the legal community. We undertook a full review of the company's policies and procedures, from staffing to office space, to ensure that The Bar Plan was providing the services that lawyers want and need while keeping costs as low as possible. Many changes were made, but perhaps the most dramatic ones were the sale of our building and the move to smaller, more modern office space. This move will reduce costs and support an improved customer experience through innovation, technology, and collaboration. Pictures of our new office appear throughout this document.

As you will see from this Annual Report, 2021 was a profitable year as we experienced

modest claim losses and a gain on the sale of our building. We will continue to build on this success as we embark on further improvements in 2022, such as the launch of a new software system that will improve efficiency and expand our business intelligence capabilities.

Despite the many changes taking place, please know that you can continue to count on us to provide the protection and service you have come to expect.

Best regards,

A handwritten signature in black ink, reading "Karen R. McCarthy".

Karen R. McCarthy
President and CEO

The Bar Plan has made numerous changes to keep costs low for our policyholders

FINANCIALS

Statutory Statements of Admitted Assets, Liabilities, & Surplus

ADMITTED ASSETS	
Bonds	\$22,567,975
Common Stocks:	
Affiliated Common Stocks of Subsidiaries	6,101,020
Unaffiliated Common Stocks	4,656,475
Real Estate	0
Cash On Deposit	1,827,768
Short-term Investments	<u>1,085,855</u>
Subtotal Cash and Invested Assets	<u>36,239,093</u>
Reinsurance Recoverable	27,526
Premium Finance Receivable	2,018,007
Reinsurance Premiums Receivable	88,238
Deferred Tax Asset	397,472
FIT Recoverable	0
Electronic Data Processing Equipment	40,224
Interest Due and Accrued	99,125
Receivable from Parent, Subsidiaries, and Affiliates	16,740
Profit Commission Receivable	0
Receivable for Sale of Securities	0
Guaranty Funds Receivable	1,325
Miscellaneous Assets	<u>95,151</u>
TOTAL	<u>\$39,022,901</u>
LIABILITIES	
Loss Reserves	\$8,403,498
Loss Adjustment Expense Reserves	6,795,411
Reinsurance Payable on Paid Losses & LAE	(20,325)
Other Expenses	339,994
Taxes, Licenses and Fees (excluding federal income taxes)	(57,237)
Unearned Premium	4,951,607
Profit Commission Payable	114,568
Amounts Withheld	462,614
Reinsurance Ceded Balances Payable	978,978
Provision for Reinsurance	0
Payable to Parent, Subsidiaries, and Affiliates	94,381
Remittances & Items Not Allocated (Unprocessed Premium)	164,138
Advanced Premium	364,827
Payable for Securities	0
FIT Payable	0
Guarantee Funds Payable	0
Unclaimed Funds	<u>33,073</u>
TOTAL	<u>22,625,527</u>
SURPLUS	
Policyholder Contributions	0
SSAP 10R Election	0
Surplus Notes	5,007,755
Unassigned Funds	<u>11,389,619</u>
TOTAL	<u>16,397,374</u>
TOTAL LIABILITIES AND SURPLUS	<u>\$39,022,901</u>

Statutory Statements of Operations & Changes in Surplus

Net Premiums Earned	9,242,916
Net Losses Incurred	1,235,800
Net Loss Adjustment Expense Incurred	3,786,574
Other Underwriting Expense Incurred	5,172,827
UW Gain/(Loss)	(952,285)
Net Investment Gain or (Loss)	192,515
Gain on sale of building	657,362
Miscellaneous Income	744,201
(Tax Incurred)/Benefit	3,372
Net Income/(Loss)	645,165
Change in Surplus	172,013
Surplus	16,397,374
Loss & LAE Ratio	54.3%
Expense Ratio	56.5%
Combined Ratio	110.8%

The Bar Plan has maintained an "A" "Exceptional" Financial Stability Rating from Demotech, Inc. since 2012. The Bar Plan earned its "A" "Exceptional" rating based on a strong balance sheet, key financial indicators, and demonstrable financial stability.

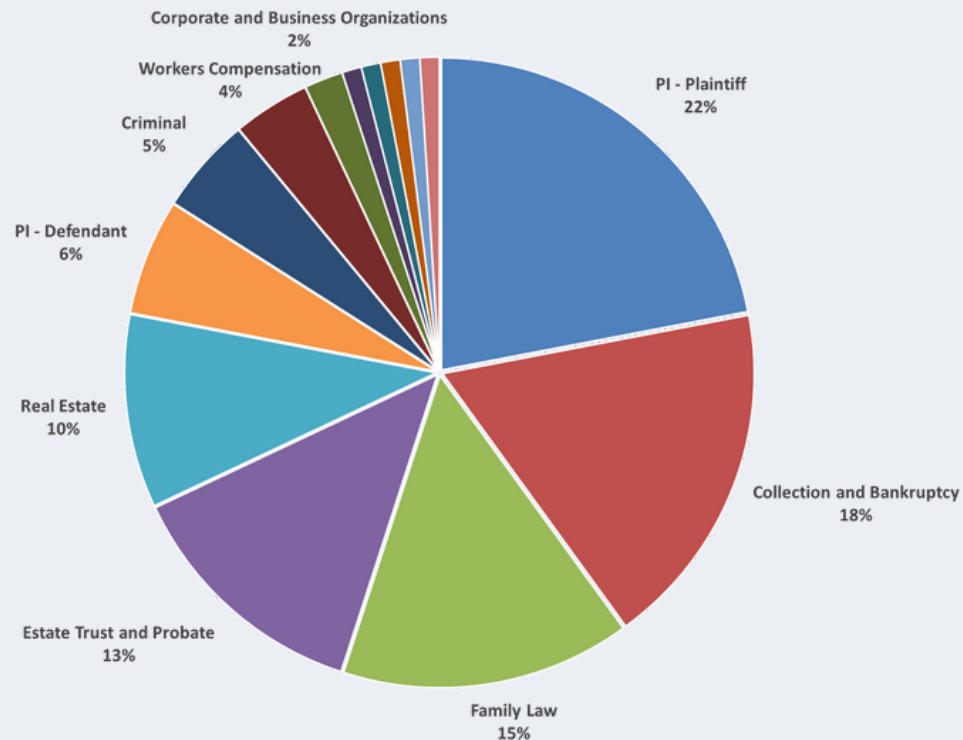
Demotech, a financial analysis firm specializing in evaluating the financial stability of regional and specialty insurers, was the first company to review and rate these types of companies since 1985. Demotech assigns accurate, reliable and proven Financial Stability Ratings® (FSRs) for Property & Casualty insurers and Title companies. FSRs are a leading indicator of financial stability, providing an objective baseline of the future solvency of an insurer. Unlike other ratings agencies, Demotech focuses on objective measures rather than subjective measures that often unfairly penalize regional, specialty companies. Demotech's philosophy is to review and evaluate insurers based on objective financial criteria rather than solely on financial size.



CLAIMS-FREQUENCY

Percentage of claims reported by area of law

Claims Reported 1/1/21-12/31/21



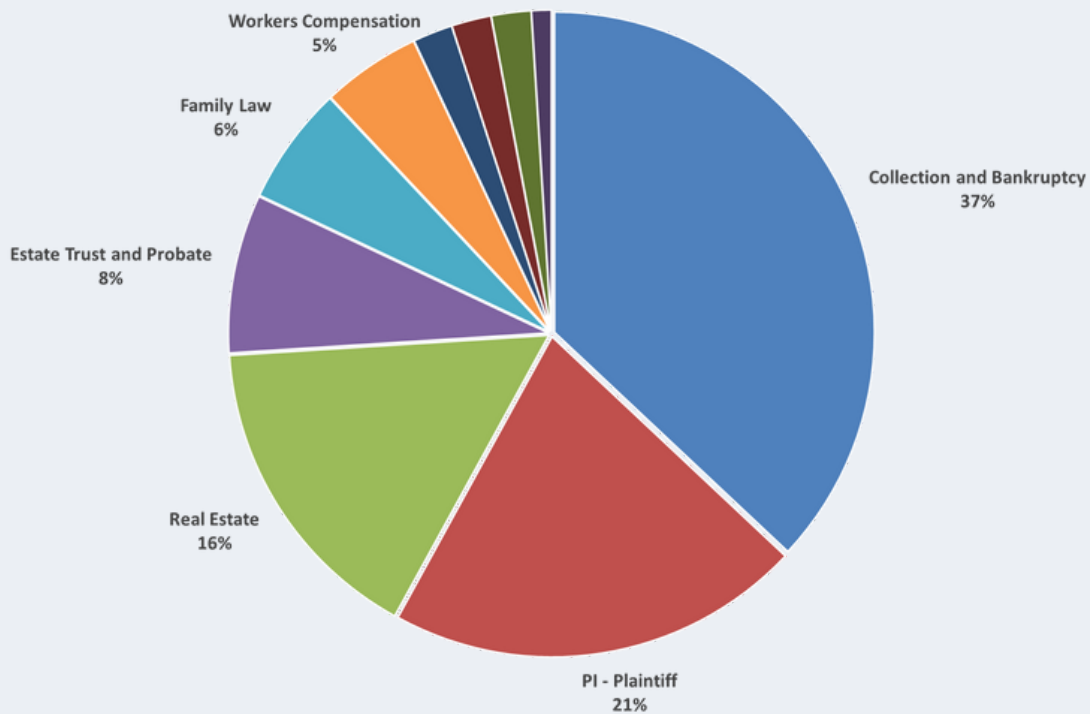
1% Local Government
1% Immigration/Naturalization
1% Government Contracts
1% Business Transaction
1% Construction/Building Contracts



CLAIMS-SEVERITY

Percentage of dollars spent on closed claims by area of law

Claims Closed with
payment 1/1/21-12/31/21



2% or less PI – Defendant
Corporate/Business Organizations
Government Contracts
Labor Law





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