STATE OF MISSOURI

DEPARTMENT OF INSURANCE, FINANCIAL INSTITUTIONS AND PROFESSIONAL REGISTRATION

P.O. Box 690, Jefferson City, Mo. 65102-0690

ORDER

After full consideration and review of the report of the financial examination of The Bar Plan Mutual Insurance Company for the period ended December 31, 2016, together with any written submissions or rebuttals and any relevant portions of the examiner's workpapers, I, Chlora Lindley-Myers, Director of the Missouri Department of Insurance, Financial Institutions and Professional Registration pursuant to section 374.205.3(3)(a), RSMo, adopt such examination report. After my consideration and review of such report, workpapers, and written submissions or rebuttals, I hereby incorporate by reference and deem the following parts of such report to be my findings and conclusions to accompany this order pursuant to section 374.205.3(4), RSMo: summary of significant findings, company history, corporate records, management and control, territory and plan of operations, reinsurance, accounts and records, financial statements, examination changes, comments on financial statements, subsequent events and summary of recommendations.

Based on such findings and conclusions, I hereby ORDER that the report of the financial examination of The Bar Plan Mutual Insurance Company as of December 31, 2016 be and is hereby ADOPTED as filed and for The Bar Plan Mutual Insurance Company to take the following action or actions, which I consider necessary to cure any violation of law, regulation or prior order of the Director revealed by such report: (1) account for its financial condition and affairs in a manner consistent with the Director's findings and conclusions.

So ordered, signed and official seal affixed this 03th day of April, 2018.

Chlora Lindley-Myers

Chlora Lindley-Myers, Director
Department of Insurance, Financial Institutions
and Professional Registration

REPORT OF

FINANCIAL EXAMINATION

THE BAR PLAN MUTUAL INSURANCE COMPANY

As of:

DECEMBER 31, 2016

STATE OF MISSOURI
DEPARTMENT OF INSURANCE, FINANCIAL INSTITUTIONS AND PROFESSIONAL REGISTRATION

JEFFERSON CITY, MISSOURI

Table of Contents

December 21, 2017
St. Louis, MO

Honorable Chlora Lindley-Myers, Director
Missouri Department of Insurance, Financial
Institutions and Professional Registration
301 West High Street, Room 530
Jefferson City, Missouri 65101

Director Lindley-Myers:

In accordance with your financial examination warrant, a comprehensive financial examination has been made of the records, affairs and financial condition of

The Bar Plan Mutual Insurance Company

hereinafter also referred to as the "Bar Plan Mutual" or as the "Company." The Company's main office is located at 1717 Hidden Creek Court, Saint Louis, MO 63131; phone number (314) 965-3333. Examination fieldwork began on August 14, 2017, and concluded on the above date.

SCOPE OF EXAMINATION

Period Covered

The last examination of the Bar Plan Mutual was completed as of December 31, 2011. This examination covers the period of January 1, 2012, through December 31, 2016. This examination also includes material transactions or events occurring subsequent to December 31, 2016.

Procedures

This examination was conducted as a full scope, multi-state comprehensive examination. We conducted our examination in accordance with the NAIC Financial Condition Examiners Handbook "Handbook." The Handbook requires that we plan and perform the examination to evaluate the financial condition, assess corporate governance, identify current and prospective risks of the company and evaluate system controls and procedures used to mitigate those risks. An examination also includes identifying and evaluating significant risks that could cause an insurer's surplus to be materially misstated both currently and prospectively.

All accounts and activities of the Company were considered in accordance with the risk-focused examination process. This includes assessing significant estimates made by management and evaluating management's compliance with Statutory Accounting Principles. The examination does not attest to the fair presentation of the financial statements included herein. If, during the course of the examination an adjustment is identified, the impact of such adjustment will be documented separately following the Company's financial statements. The following key activities were identified: Investments, Claims and Reserves, Premiums, Reinsurance, Related Parties, and Capital and Surplus.

This examination report includes significant findings of fact, as mentioned in Section 374.205 RSMo (Examination, director may conduct, when...), and general information about the insurer and its financial condition. There may be other items identified during the examination, that due to their nature (e.g., subjective conclusions, proprietary information, etc.), are not included in the examination report but are separately communicated to other regulators or the Company.

SUMMARY OF SIGNIFICANT FINDINGS

There were no significant findings resulting from the examination.

COMPANY HISTORY

General

The Company incorporated as The Bar Plan on November 21, 1985, as a non-profit association under RSMo Chapter 383 (Malpractice Insurance). The Company commenced business on January 7, 1986.

On January 1, 1991, the Bar Plan converted to a non-assessable mutual insurance company operating under RSMo Chapter 379 (Insurance Laws Other than Life). The Bar Plan changed its name to The Bar Plan Mutual Insurance Company at that time.

Policyholders' Surplus

Section 379.010 RSMo (Number of incorporators required--classes of insurance--capital and surplus requirements, phase-in.) requires the Company to maintain a minimum surplus of $2.4 million. At year-end 2016, the Company reported surplus as regards policyholders of $17.6 million.

Dividends

The Company has not paid dividends to policyholders over the current examination period.

Policyholder Contributions

When the Company formed, it was funded through a capitalization assessment on each insured attorney. These policyholder contributions were eliminated effective January 1, 1995. That year the Company began refunding policyholder contributions.

In 2009, the Company determined that $2.2 million of member contributions were not eligible for reimbursement and these funds were reclassified from policyholder contributions to unassigned funds. The Missouri Department of Insurance, Financial Institutions and Professional Registration (Department) approved this transaction.

As of December 31, 2015, policyholder contributions were no longer returned to policyholders. The remaining balance of policyholder contributions ($260,300) was transferred to unassigned funds on December 31, 2015. The chart below details the policyholder contributions returned over the current exam period:

Year	Amount
2013	$ 9,600
2014	5,700
2015	12,300
2016	-
Total	$ 27,600

Acquisitions, Mergers and Major Corporate Events

There were no mergers, acquisitions or other major corporate events during the current examination period.

Surplus Debentures

On September 21, 2006, the Company issued a $5 million surplus note with an initial interest rate of 9.1% and a maturity date of September 15, 2036. On September 15, 2011, the initial interest rate converted to a floating rate, equal to the three-month LIBOR (London inter-bank offer rate) plus 3.87%. The note is administered by Wilmington Trust Company, a non-affiliate, as trustee. The chart below details the surplus note activity over the current examination period. All payments were approved by the Department. The surplus note adjustment represents an immaterial adjustment to the interest accrual.

	2013	2014	2015	2016
Surplus Note, beginning of year	$5,009,284	$5,008,564	$5,008,559	$ 5,009,162
Surplus Note - interest	209,740	207,542	210,563	230,379
Surplus Note - payments	(209,740)	(207,542)	(210,563)	(230,379)
Surplus Note - adjustment	(720)	(5)	603	1,004
Surplus note, end of year	$5,008,564	$5,008,559	$5,009,162	$ 5,010,166

CORPORATE RECORDS

The Articles of Incorporation and the Bylaws were reviewed. There were no amendments to the Articles of Incorporation during the examination period. The Bylaws were amended effective September 13, 2013, to allow for communication through updated technology (e-mail), and add Consent in Lieu of a Meeting provision. The Bylaws were amended effective December 13, 2013, to reflect the Company's change from an association regulated under Chapter 383 RSMo (Malpractice Insurance) to a non-assessable mutual insurer regulated under Chapter 379 RSMo (Insurance Other than Life); the change had occurred in 1991. The Bylaws were amended again effective April 8, 2016, to set the annual membership meeting on or about the first day of September.

The minutes of the meetings of the policyholders and of the board of directors were reviewed for the period under examination. The minutes appeared to properly document and approve corporate events and transactions.

MANAGEMENT AND CONTROL

Board of Directors

The management of the Company is vested in a board of nine (9) directors. The directors serving at December 31, 2016, were as follows:

Director	Affiliation
Jerome Brant Liberty, MO	Attorney Withers, Brant, Igoe & Mullenix, PC
Michael Delaney Jefferson City, MO	Retired
John Gunn St. Louis, MO	Attorney The Gunn Law Firm, PC
Ann Hagan Mexico, MO	Attorney Hagan & Maxwell LLC
Kent Hyde Springfield, MO	Attorney Hyde, Love & Overby LLP
Brian Kinman St. Louis, MO	Certified Public Accountant Retired
Walter Lamkin St. Louis, MO	Attorney Lamkin Legal Counsel, LLC
JoAnne Mallonee St. Louis, MO	Insurance Broker HM Risk
Karen McCarthy St. Louis, MO	President and Chief Executive Officer Bar Plan Mutual Insurance Company

Officers

Officers of the Company serving and reported on the Jurat page of the Annual Statement at December 31, 2016, were as follows:

Name	Office
Karen McCarthy	President and Chief Executive Officer
Ann Hagan	Secretary
Michael Delaney	Treasurer
Gregory Klaus	Chief Financial Officer
Patrick O'Leary	Vice-President
Kimberly Edgar	Vice-President
Cynthia Pulvirenti	Vice-President
Teresa Niederwimmer	Vice-President

Committees

At year-end 2016, the Company reported the following standing committees:

Executive
Jerome Brant, Chair
Ann Hagan
Michael Delaney
Kent Hyde

Audit
Ann Hagan, Chair
Brian Kinman
Michael Delaney
Jerome Brant

Claims
Ann Hagan, Chair
Kent Hyde
Jerome Brant

Compensation
Michael Delaney, Chair
Brian Kinman
Walter Lamkin

Investment
Kent Hyde, Chair
John Gunn
Michael Delaney
Brian Kinman

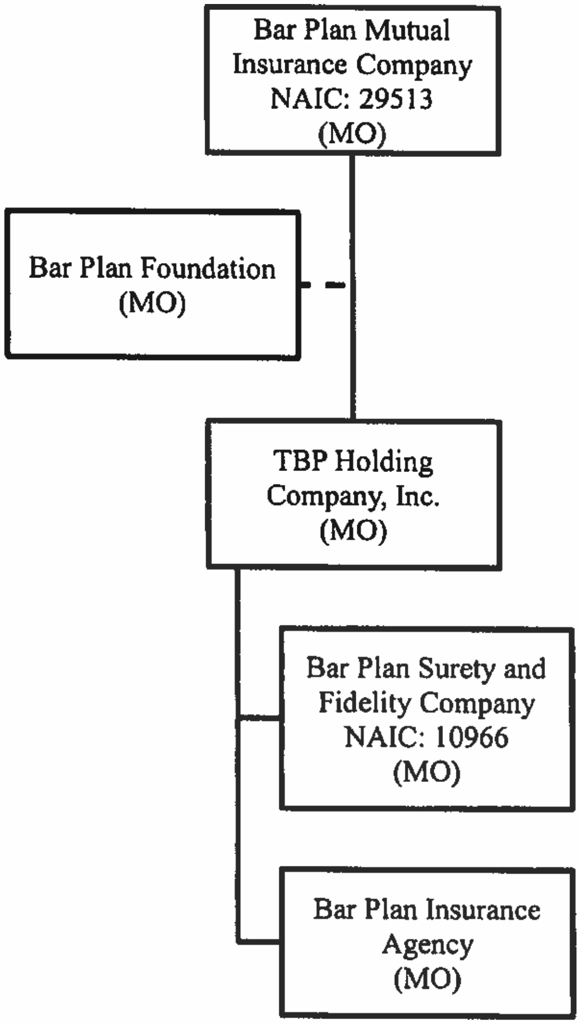
Operations
Kent Hyde, Chair
Karen McCarthy
John Gunn
Walter Lamkin
JoAnne Mallonee

Long Range Planning
Jerome Brant, Chair
Walter Lamkin
Karen McCarthy
John Gunn
JoAnne Mallonee

Ad Hoc Committee
Technology Committee
Brian Kinman, Chair
Michael Delaney
John Gunn

Organizational Chart

The Company is a member of an insurance holding company system as defined in Section 382.010 RSMo (Definitions): the Company is the ultimate controlling entity (UCE) in the system. The following organizational chart depicts the holding company system at December 31, 2016. All subsidiaries are wholly-owned unless otherwise noted. A dotted line indicates an affiliate not within the holding company system.



AFFILIATED TRANSACTIONS

As of December 31, 2016, the Company was party to the following intercompany agreements:

Administrative and Management Services Agreement

Parties: The Bar Plan Mutual Insurance Company and The Bar Plan Surety and Fidelity Company (Surety)

Effective: January 1, 1999, most recent amendment effective January 1, 2016

Terms: Bar Plan Mutual provides to Surety the full and part-time personnel and other resources necessary for the conduct of surety insurance including but not limited to underwriting, record keeping, claim handling, service and billing, accounting, EDP, legal and other general administrative functions. Surety in turn furnishes the Bar Plan Mutual with management oversight, association memberships, and other general administrative functions related to the surety business produced.

Rate(s): In exchange for the services provided, Surety pays the Bar Plan Mutual $18,250 per month, which represents the approximate cost of employees and other overhead costs pertaining to the operation of its business. In turn, the Bar Plan Mutual pays to Surety that share of the board, association assessments and other expenses related to the production of surety business that the Bar Plan Mutual's direct written surety premiums bear to the total of direct written surety premiums produced by both companies. Amounts due under this agreement are paid on or before the 15th day of each month.

Tax Allocation Agreement

Parties: The Company, Surety and all other affiliated members of The Bar Plan Holding Company subject to taxation.

Effective: November 9, 1998, most recent amendment effective November 11, 2008

Terms: Parties agree to file a consolidated tax return. Any additional professional fees or other expenses borne by parent in connection with the production of the tax return shall be allocated among the members in an equitable manner. The agreement shall remain in force for 7 years with all terms and conditions to be renegotiated every 3 years. The latest version of this agreement was approved by the Department on October 10, 2008, with the revision made to eliminate Bar Plan Title, no longer an affiliate, from the agreement.

Rate(s): Each party pays or receives taxes incurred or credits gained on the basis as if the entity had filed separately from the group of companies on a non-consolidated basis.

Agency Agreement

Parties: The Bar Plan Mutual and The Bar Plan Insurance Agency, Inc. (BP Agency)

Effective: August 18, 2008

Terms: BP Agency provides marketing services to the Bar Plan Mutual for the production of insurance premiums and in turn the Bar Plan Mutual provides to BP Agency management and administrative services related to the solicitation of insurance business by BP Agency on behalf of the Company. The Agreement may be terminated by either party with or without cause by written notice at least thirty days prior to the termination. Amounts due under this agreement are settled within 45 days from the end of the month in which the charges accrue.

Rate(s): For the services provided, the Bar Plan Mutual pays to BP Agency a commission on the business produced by BP Agency of 4.0%, less return premiums. BP Agency in turn compensates the Company for services provided by reducing the 4.0% commission by 1.5%, resulting in a net commission rate paid by Bar Plan Mutual to BP Agency of 2.5%.

TERRITORY AND PLAN OF OPERATIONS

The Company is licensed under Chapter 379 RSMo (Insurance Other Than Life) to write liability and surety insurance in Missouri. At year-end 2016, the Company was also licensed in 47 other states and the District of Columbia. The Bar Plan writes Lawyers Professional Liability (LPL) insurance on a claims-made basis; its client base consists primarily of sole practitioners and small law firms. The Company also writes an insignificant amount of surety bond business. Five states accounted for 97.6% of the Company's 2016 written premium: Missouri (62.3%); Kansas (14.7%); Indiana (11.7%); New Mexico (5.7%); and, Tennessee (3.2%).

The Company produces business through direct marketing and independent agents: direct marketing generates approximately one-half of written premiums; independent agents account for the remaining half. In Missouri, business is produced by The Bar Plan Insurance Agency, an affiliate, under an agreement described above (Affiliated Transactions). In Indiana, all business is produced by the Indiana Bar Association's endorsed agent. In Tennessee, the Tennessee Bar Association's captive insurance agency markets the Company's policies there.

REINSURANCE

General

The Company uses quota share and excess of loss reinsurance to limit its exposure. Premiums reported during the current examination period were as follows:

	2013	2014	2015	2016
Direct Premiums Written	$ 17,843,176	$ 17,741,348	$ 17,049,293	$ 16,564,010
Premiums Ceded	(7,093,245)	(7,156,670)	(6,719,208)	(6,583,876)
Net Premiums Written	$ 10,749,931	$ 10,584,678	$ 10,330,085	$ 9,980,134

Ceded

Excess of Loss (Layer 1)

The Company's first layer of excess of loss reinsurance is $750,000 excess of $250,000. This agreement, effective January 1, 2016, is between The Bar Plan Mutual Insurance Company and several authorized reinsurers. The contract reinsures the Company's LPL business written in the states of Missouri, Kansas, Indiana, Tennessee and New Mexico. For policies with a "Separate Defense Expense Limit Endorsement," this agreement provides coverage up to $1,750,000. For policies without the endorsement, coverage is limited to $750,000.

Excess of Loss (Layer 2)

The Bar Plan Mutual Insurance Company's second layer of excess of loss reinsurance is $4,000,000 excess of $1,000,000. This agreement, effective January 1, 2016, is between The Bar Plan Mutual Insurance Company and several authorized reinsurers. The contract reinsures the

Company's LPL business written in the states of Missouri, Kansas, Indiana, Tennessee and New Mexico. For policies with a "Separate Defense Expense Limit Endorsement," this agreement provides coverage up to $5,000,000. For policies without the endorsement, coverage is limited to $4,000,000.

Quota Share
The Company is party to a 50% quota share agreement with three authorized reinsurers: Munich Reinsurance America, Inc. (15%); The Toa Reinsurance Company of America (25%); and, Navigators Insurance Company (10%). The contract reinsures the Company's LPL business written in the state of Tennessee.

Excess of Loss (pro-rata)
The Company and an affiliate, Bar Plan Surety and Fidelity, are parties to a surety pro-rata excess of loss agreement under which they retain 50% of the premiums and losses with a maximum retention of $250,000. This agreement became effective January 1, 2016. For bonds written in excess of $500,000, the retention is the percentage that $250,000 bears to the total bond penalty. This treaty is limited to bonds up to $2,000,000. Bonds issued in excess of $2,000,000 are reinsured facultatively. The counterparties to this agreement are three authorized reinsurers: Endurance Reinsurance Corporation of America (55%); Transatlantic Reinsurance Company (35%); and, Aspen Re America (10%).

The Company remains contingently liable for all reinsurance losses ceded to other insurers. This contingent liability would become an actual liability in the event an assuming reinsurer fails to perform its obligations under the reinsurance agreement.

ACCOUNTS AND RECORDS

General
The Company's general ledger and accounts payable are maintained on Freedom®, a commercially-supported Windows® software program. The Company's two main administration applications are Windows®-based client-server programs. LPL coverage is administered on Infinity-LPL; surety coverage is maintained on Infinity-Bonds.

Independent Accountant
Brown Smith Wallace, LLP, a certified public accounting firm, audited the Company's financial statements for each year under examination. The 2016 audit workpapers were reviewed and used in the examination as deemed appropriate.

Actuarial Opinion
For 2013 and 2014, reserves and related actuarial items were reviewed and certified by Charles Faerber, FSA, ACA, MAAA, of Rudd and Wisdom, Inc. For 2015 and 2016, reserves and related actuarial items were reviewed and certified by Charles Emma, FCA, MAAA, of EVP Advisors, Inc.

Consulting Actuary
Pursuant to a contract with the Department, Kristine Fitzgerald, ACAS, FCA, MAAA, of Actuarial & Technical Solutions, Inc., reviewed the underlying actuarial assumptions and actuarial methods used in determining the reserves and related liabilities. She found that the Company fairly and adequately represented its financial position with respect to the actuarial liabilities.

Information Systems

In conjunction with this examination, Andrew Balas, CFE, AES, CPA, Information Systems Financial Examiner with the Department, conducted a review of the Company's information systems. He found the Company's information technology general controls to be effective.

FINANCIAL STATEMENTS

The following financial statements are based on the statutory financial statements filed by the Company with the Department and present the financial condition of the Company for the period ending December 31, 2016. The accompanying Comments on Financial Statements reflect any examination adjustments to the amounts reported in the Annual Statement and should be considered an integral part of the financial statements. There may have been additional differences found in the course of this examination, which are not shown in the "Comments on Financial Statement Items" section. These differences were determined to be immaterial concerning their effect on the financial statements, and therefore, were only communicated to the Company and noted in the workpapers for each individual Annual Statement item.

ASSETS
As of December 31, 2016

	Assets	Nonadmitted Assets	Net Admitted Assets
Bonds	$ 26,225,846	$ -	$ 26,225,846
Common stocks	10,949,815	-	10,949,815
Properties occupied by the company	1,385,087	-	1,385,087
Cash,cash equivalents and short-term investments	308,947	-	308,947
Investment income due and accrued	295,714	141,124	154,590
Uncollected premiums	3,212,404	51,879	3,160,525
Amounts recoverable from reinsurers	49,377	-	49,377
Other amounts receivable under reinsurance	4,891	-	4,891
Current federal income tax recoverable	30,267	-	30,267
Net deferred tax asset	1,748,700	793,892	954,808
Guaranty funds receivable or on deposit	1,750	-	1,750
Electronic data processing equipment and software	1,169,340	1,129,118	40,222
Furniture and equipment	4,205	4,205	-
Receivables from parent, subsidiaries and affiliates	138,847	-	138,847
Deductible receivable	216,420	139,796	76,624
Due and accrued service charge fees	115,786	-	115,786
Due from employees	(366)	(366)	-
Automobile	27,631	27,631	-
Miscellaneous receivable	31,178	31,178	-
Totals	$ 45,915,839	$ 2,318,457	$ 43,597,382

LIABILITIES AND SURPLUS
As of December 31, 2016

Losses	$ 11,378,173
Loss adjustment expenses	7,530,701
Commissions payable, contingent commissions and other similar charges	64,970
Other expenses	183,537
Taxes, licenses and fees	14,889
Unearned premiums	5,256,786
Advance premium	634,486
Ceded reinsurance premiums payable	585,002
Amounts withheld or retained by company for account of others	194,759
Remittances and items not allocated	24,118
Provision for reinsurance	122,000
Payable to parent, subsidiaries and affiliates	33,108
Unclaimed funds	13,536
Total liabilities	26,036,065
Surplus notes	5,010,166
Unassigned funds (surplus)	12,551,151
Surplus as regards policyholders	17,561,317
Total liabilities and surplus	$ 43,597,382

STATEMENT OF INCOME
For the year ending December 31, 2016

Premiums earned	$ 10,088,015
Losses incurred	1,803,239
Loss adjustment expenses incurred	4,204,153
Other underwriting expenses incurred	4,558,643
Total underwriting deductions	10,566,035
Net underwriting gain (loss)	(478,020)
Net investment income earned	373,034
Net realized capital gains	74,909
Net investment gain	447,943
Finance and service charges not included in premiums	264,455
Miscellaneous	17,143
Total other income	281,598
Net income (pre-tax)	251,521
Federal and foreign income taxes incurred	576
Net income	$ 250,945

RECONCILIATION OF SURPLUS

Surplus as regards policyholders, December 31 prior year	$ 17,286,831
Net income	250,945
Change in net unrealized capital gains	120,884
Change in net deferred income tax	(192,345)
Change in nonadmitted assets	91,002
Change in provision for reinsurance	4,000
Change in surplus as regards policyholders for the year	274,486
Surplus as regards policyholders, December 31 current year	$ 17,561,317

EXAMINATION CHANGES

There were no changes to the financial statements resulting from the examination.

COMMENTS ON FINANCIAL STATEMENTS

There were no comments on the financial statements resulting from the examination.

SUBSEQUENT EVENTS

On January 1, 2018, the Company's quota share reinsurance agreement for business written in the state of Tennessee expired. That business continues to be covered under the excess of loss agreement described in the Reinsurance section of the report above.

SUMMARY OF RECOMMENDATIONS

There were no recommendations resulting from the examination.

ACKNOWLEDGMENT

The assistance and cooperation extended by the officers and staff of The Bar Plan Mutual Insurance Company during the course of this examination is hereby acknowledged and appreciated. In addition to the undersigned, Andy Balas, CFE, AES, CPA; Rick Stamper, CFE; Doug Daniels, CFE, CPA; and Michael Behrens, CFE, examiners for the Department, participated in this examination. Kristine Fitzgerald, ACAS, MAAA, FCA of Actuarial & Technical Solutions, Inc. reviewed the Company's reserves and related actuarial items.

VERIFICATION

State of Missouri)
) ss
County of St. Louis)

I, Thomas J. Cunningham, on my oath swear that to the best of my knowledge and belief the above examination report is true and accurate and is comprised of only facts appearing upon the books, records or other documents of the Company, its agents or other persons examined or as ascertained from the testimony of its officers or agents or other persons examined concerning its affairs and such conclusions and recommendations as the examiners find reasonably warranted from the facts.

Thomas J. Cunningham, CFE, CPA
Examiner-in-Charge
Missouri Department of Insurance,
Financial Institutions and Professional Registration

KIMBERLY WUELLING
Notary Public - Notary Seal
State of Missouri
Commissioned for St. Louis City
My Commission Expires: November 03, 2019
Commission Number: 15992480

Sworn to and subscribed before me this 25th day of Jan 2018

My commission expires:

11-03-2019

Notary Public

SUPERVISION

The examination process has been monitored and supervised by the undersigned. The examination report and supporting workpapers have been reviewed and approved. Compliance with NAIC procedures and guidelines as contained in the Financial Condition Examiners Handbook has been confirmed.

Michael Shadowens, CFE
Assistant Chief Financial Examiner, St. Louis
Missouri Department of Insurance, Financial Institutions and Professional Registration