

**2017**

MISSOURI

# **LEGAL MALPRACTICE INSURANCE REPORT**

STATISTICS SECTION

**JUNE 2018**



**MISSOURI  
LEGAL  
MALPRACTICE  
INSURANCE  
REPORT  
2017**

**Department of Insurance, Financial Institutions & Professional Registration  
Statistics Section  
June 2018**



***Also Available from DIFP***

**Reports:** The following reports are also available:

- *Missouri Market Share Report*
- *Missouri Real Estate Malpractice (Closed Claim Report)*
- *Missouri Legal Malpractice (Closed Claim Report)*
- *Missouri Products Liability (Closed Claim Report)*
- *Missouri Medical Malpractice Insurance Report*
- *Missouri Health Maintenance Organization Report*
- *Missouri Life, Accident & Health Supplement Report*
- *Missouri Property and Casualty Supplement Report*
- *Missouri Commercial Liability Report*
- *Missouri Mortgage Guaranty Report*
- *Missouri Uninsured Automobile Report*

**Databases:** *for data requests, contact the Statistics Section at 573-751-3163. Some data are available for a fee.*

- *Medicare Supplement Experience Data*
- *Property and Casualty Supplement Data*
- *Missouri Zip Code data for homeowners/ dwelling fire, farmowners (dwelling only, mobile home, earthquake, and private passenger automobile insurance.*

Many reports, including this complaint report, are available at no cost on the DIFP website, at <http://insurance.mo.gov/reports/>. For paper copies, inquire with the Statistics Section at the above number.

The Department of Insurance, Financial Institutions & Professional Registration is an Equal Opportunity Employer.



## DEFINITION OF TERMS

**Indemnity Paid:** The sum of all payments made during the year for the benefit of insurance claimants, before reinsurance has been ceded and/or assumed. These payments include amounts paid in the current year for claims arising from coverage in prior years and exclude amounts which will be paid in future years for claims arising from the current year. Hence, this item is not a measure of the actual cost of current coverages, but only of current cash flows.

**Loss Adjustment Expenses:** The cost involved in an insurance company's adjustment of losses under a policy.

**Direct Premiums Written:** The dollar amount charged when a policyholder contracts for insurance coverage before reinsurance has been ceded and/or assumed.

**Direct Premiums Earned:** The part of premium attributable to the coverage already provided in a given period before reinsurance has been ceded and/or assumed.

**Direct Losses Incurred:** The sum of direct losses paid plus an estimate at the close of the year of the amounts to be paid in the future for all claims arising from the current and all prior years, minus the corresponding estimate made at the close of business for the preceding year. Incurred losses reported include estimated amounts unpaid for incurred-but-not-reported (IBNR) claims.

**Loss Ratio:** The dollar amount of direct losses incurred divided by the dollar amount of premiums earned for the particular line of business being analyzed, expressed as a percentage. This is an accounting representation of the portion of each premium dollar which is needed to honor a company's promise to pay claims.





## **LEGAL MALPRACTICE INSURANCE REPORT EXECUTIVE SUMMARY**

This report summarizes the legal malpractice insurance experience in Missouri from 2008 to 2017.

The charts, graphs and tables in this report are limited to closed claim information and were constructed from data collected by the Department of Insurance, Financial Institutions & Professional Registration as required by Section 383.077 RSMo. The premium and loss data, obtained from the Missouri Page 19 Supplement to the companies' annual statements are presented in the final section.

In 2017, the loss ratio for legal malpractice insurance in Missouri was 44 percent. For the 10-year period of claims closed<sup>1</sup>, 538 (25 percent) were closed with payment. Claims closed in 2017 totaled 147, a 19 percent decrease from the previous year. The average payment was \$204,581.

The cost to an insurer for settling legal malpractice cases (called loss adjustment expense, consisting of legal fees, claim adjustment costs and related items) has fluctuated over the past 10 years. In 2017, the average loss adjustment expense for all claims closed with payment was \$61,252 compared to \$39,666 in 2016.

Indemnity amounts are categorized by claim characteristics, including:

- Area of law in which the insured was retained by the claimant.
- Major activity in which the lawyer was engaged at the time the alleged error or omission occurred.
- Alleged error or omission that was the most significant reason for making the claim.
- The legal disposition of the claim at the closing date.
- The number of years the insured had been in practice at the time of the alleged error or omission.
- The relationship of the insured to the claimant.

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<sup>1</sup> Claims closed may have resulted from incidents in any previous period.

By area of law, the largest share of claims closed in 2017 (31 of 147) was initiated by plaintiffs in *bodily injury/property damage - plaintiff*. The largest proportion of all claims closed in 2017 under the major activity code occurred during *commencement of action or proceeding*. Of all claims paid during 2017, 72 percent were settled *before trial or hearing* on the alleged malpractice.

Ninety-seven percent of losses in 2017 occurred among attorneys with *more than 10 years of practice*. The insured's relationship to the claimant is partitioned into four subclasses: *free legal service, non-client, member of pre-paid legal plan and client other than free service or prepaid legal plan*. Seventy-three percent of 2017 claims occurred in the category of *client other than free legal service or member of pre-paid legal plan*.

Only 14 companies reported writing legal malpractice insurance in Missouri for 2017. Of these, the Bar Plan Mutual Insurance Company was by far the largest, with over 59 percent of the legal malpractice insurance market in this state.

This report was compiled using information submitted by insurance companies. As a result, the accuracy of this report is dependent upon the correctness of each company's data. Copies of this report will be made available in Braille, large print or on audio cassette upon request. Any questions regarding this report should be addressed to the Statistics Section, Department of Insurance, Financial Institutions & Professional Registration, P.O. Box 690, Jefferson City, MO 65102-0690.

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**TEN YEAR  
SUMMARY  
(2008-2017)**

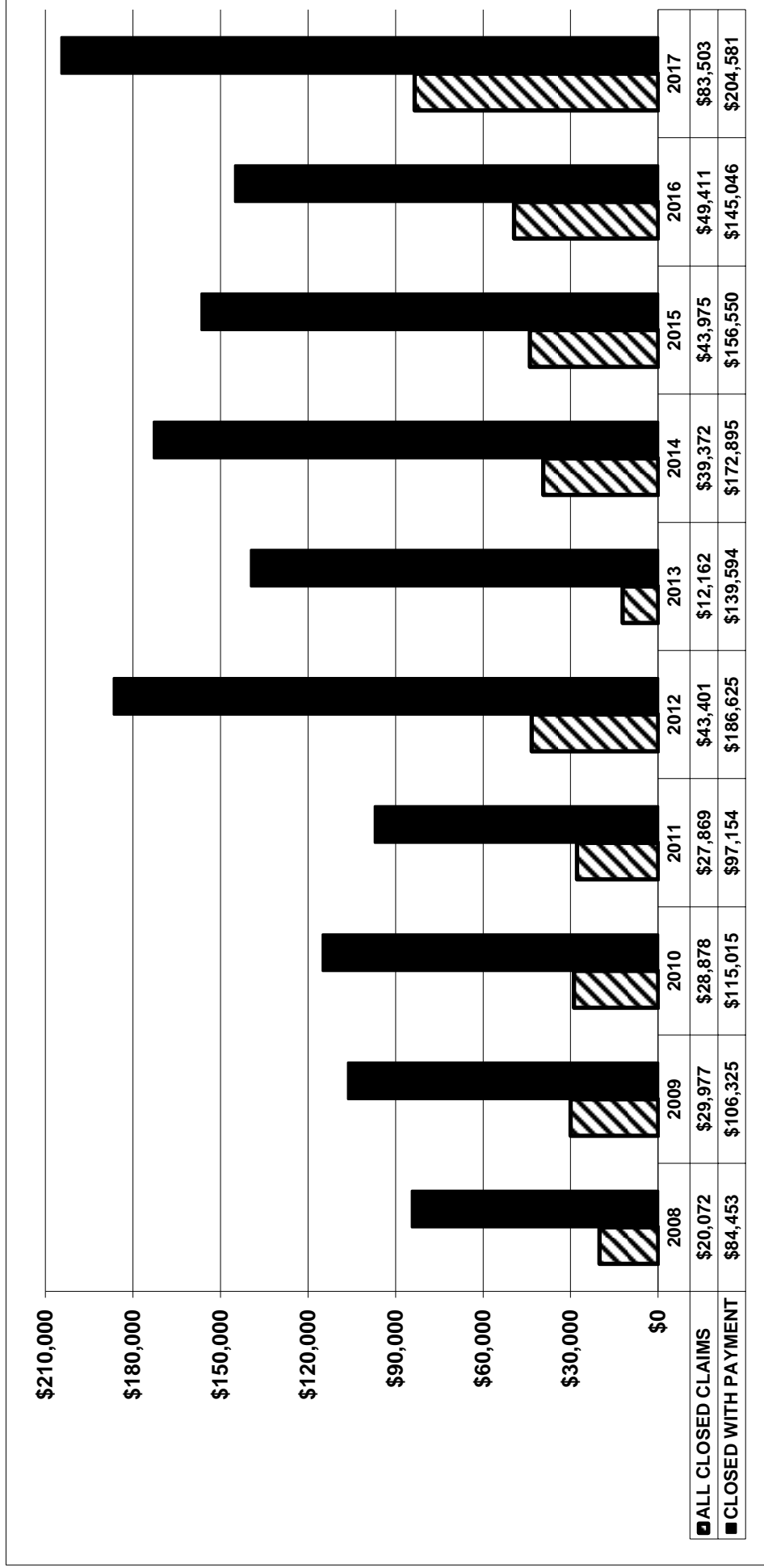


**LEGAL MALPRACTICE EXPERIENCE  
TEN YEAR SUMMARY  
(2008-2017)**

CLOSED CLAIMS	NUMBER OF CLAIMS	PERCENT OF CLAIMS	TOTAL INDEMNITY PAID	AVERAGE INDEMNITY PAID	TOTAL LOSS EXPENSES PAID	AVERAGE LOSS EXPENSE PAID
All Closed Claims	2,120	100.0%	\$74,537,123	\$35,159	\$42,268,172	\$19,938
Closed with Payment	538	25.4%	\$74,537,123	\$138,545	\$26,941,398	\$50,077
Closed without Payment	1,583	74.6%	\$0	\$0	\$15,326,774	\$9,682
Claims Settled Through Court Proceedings	188	8.9%	\$6,140,910	\$32,664	\$10,567,964	\$56,213
Court Proceedings Resulting in Payment	25	1.2%	\$6,140,910	\$245,636	\$4,051,152	\$162,046

# MISSOURI LEGAL MALPRACTICE INSURANCE

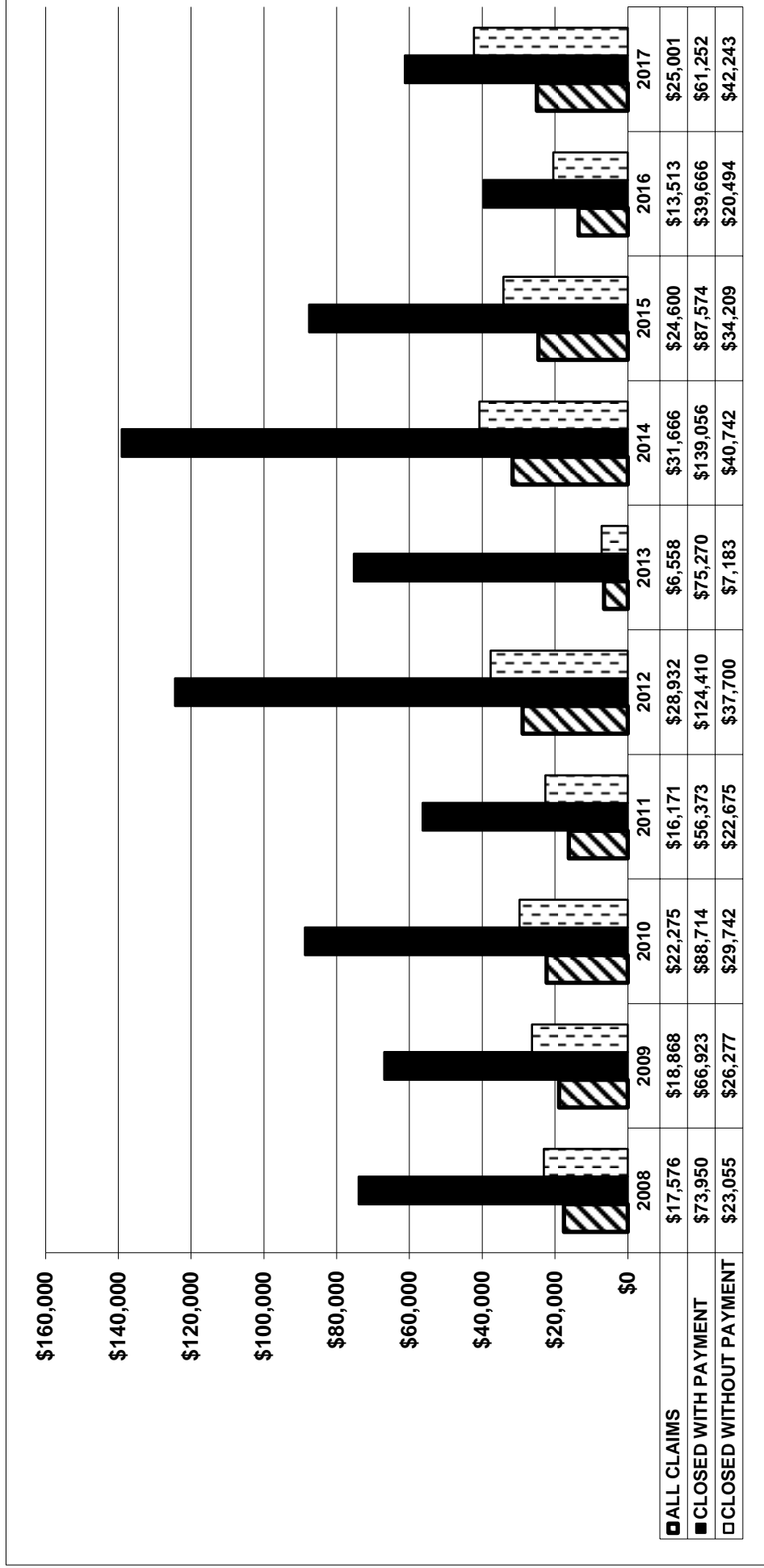
## AVERAGE PAID CLAIM





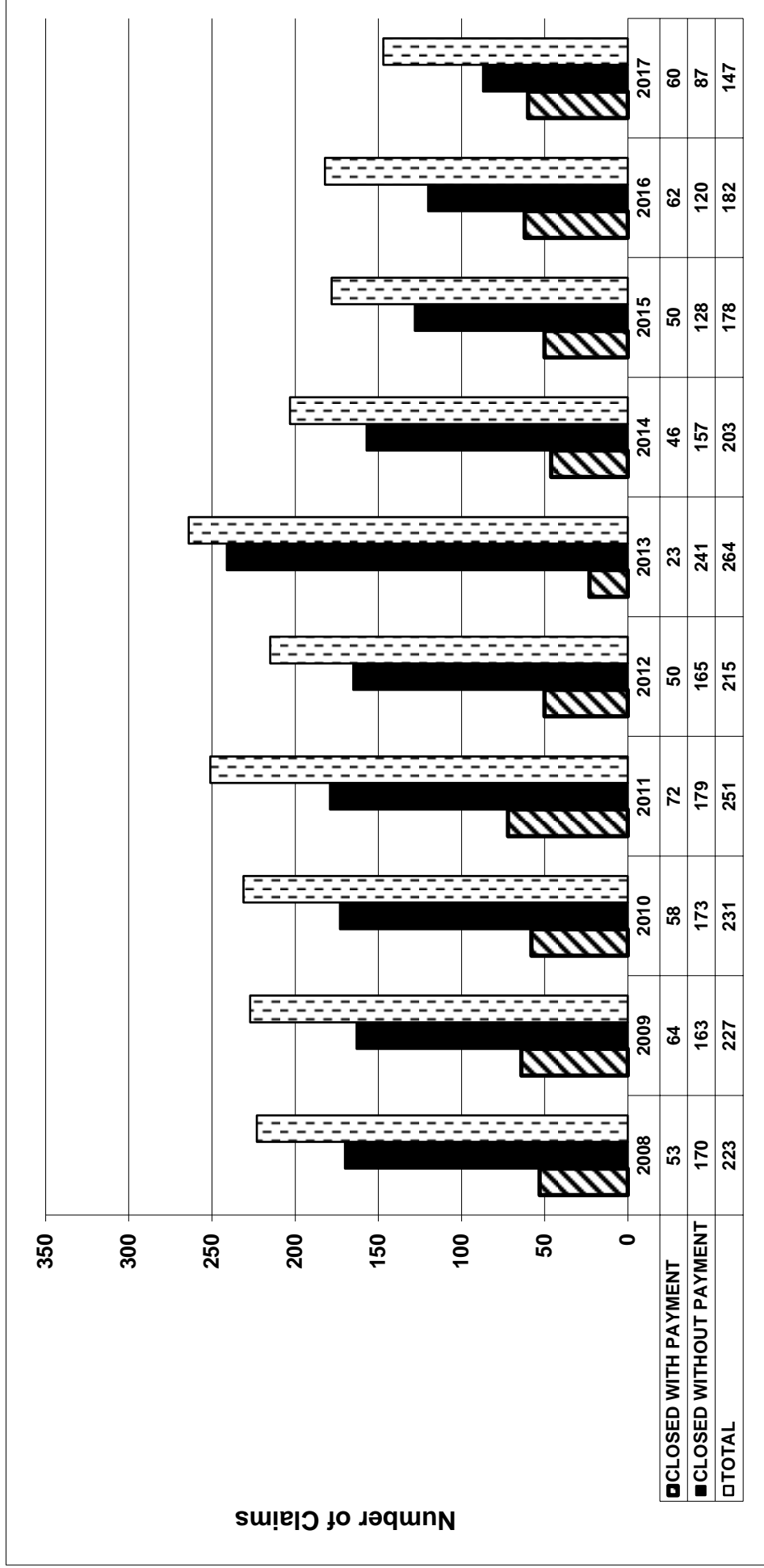
# MISSOURI LEGAL MALPRACTICE INSURANCE

## AVERAGE PAID LOSS ADJUSTMENT EXPENSE



# MISSOURI LEGAL MALPRACTICE INSURANCE

## CLAIM COUNT 2008-2017



**TEN YEAR SUMMARY  
&  
2017 SUMMARY  
BY  
AREA OF LAW**



# LEGAL MALPRACTICE INSURANCE INDEMNITY ANALYSIS FOR YEARS 2008-2017

AREA OF LAW	ALL CLOSED CLAIMS	NUMBER OF PAID CLAIMS	PERCENT OF PAID CLAIMS	AVERAGE INDEMNITY		TOTAL INDEMNITY	PERCENT OF TOTAL INDEMNITY	AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS
				PAID PER CLAIM	PAID CLAIM			
BI/PD - PLAINTIFF	433	141	26.21%	\$163,993	\$23,122,945	31.02%	\$19,657	
COLLECTION & BANKRUPTCY	343	75	13.94%	\$71,040	\$5,328,030	7.15%	\$11,061	
REAL ESTATE	256	52	9.67%	\$92,522	\$4,811,169	6.45%	\$10,139	
ESTATE, TRUST & PROBATE	247	67	12.45%	\$102,768	\$6,885,460	9.24%	\$19,927	
FAMILY LAW	234	51	9.48%	\$121,340	\$6,188,362	8.30%	\$13,784	
CORPORATE & BUSINESS ORGANIZATION	111	20	3.72%	\$176,660	\$3,533,202	4.74%	\$22,462	
BUSINESS TRANSACTION/COMMERCIAL LAW	86	28	5.20%	\$154,848	\$4,335,757	5.82%	\$64,103	
WORKERS COMPENSATION	72	18	3.35%	\$206,301	\$3,713,409	4.98%	\$6,811	
CRIMINAL	66	9	1.67%	\$23,750	\$213,750	0.29%	\$9,626	
BI/PD - DEFENDANT	58	14	2.60%	\$337,751	\$4,728,511	6.34%	\$46,166	
CIVIL RIGHTS & COMMISSION	49	11	2.04%	\$149,023	\$1,639,250	2.20%	\$11,412	
LABOR LAW	44	16	2.97%	\$142,422	\$2,278,754	3.06%	\$26,257	
CONSUMER CLAIMS	24	7	1.30%	\$94,357	\$660,499	0.89%	\$38,338	
LOCAL GOVERNMENT	20	5	0.93%	\$212,234	\$1,061,172	1.42%	\$31,842	
TAXATION	18	5	0.93%	\$265,634	\$1,328,169	1.78%	\$22,999	
CONSTRUCTION (BUILDING CONTRACTS)	17	7	1.30%	\$275,669	\$1,929,684	2.59%	\$56,264	
PATENTS, TRADEMARKS, COPYRIGHTS	14	4	0.74%	\$196,875	\$787,500	1.06%	\$174,643	
SECURITIES (S.E.C.)	10	2	0.37%	\$83,750	\$167,500	0.22%	\$8,114	
GOVERNMENT CONTRACTS & CLAIMS	7	2	0.37%	\$52,500	\$105,000	0.14%	\$4,076	
IMMIGRATION & NATURALIZATION	6	2	0.37%	\$142,000	\$284,000	0.38%	\$3,428	
ENVIRONMENT	3	1	0.19%	\$330,000	\$330,000	0.44%	\$7,548	
ADMIRALTY	2	1	0.19%	\$1,105,000	\$1,105,000	1.48%	\$85,064	
<b>TOTAL</b>	<b>2,120</b>	<b>538</b>	<b>100.00%</b>	<b>\$138,545</b>	<b>\$74,537,123</b>	<b>100.00%</b>	<b>\$19,938</b>	

**LEGAL MALPRACTICE INSURANCE  
INDEMNITY ANALYSIS  
CLAIMS CLOSED IN 2017**

AREA OF LAW	ALL CLOSED CLAIMS	NUMBER OF PAID CLAIMS	PERCENT OF PAID CLAIMS	AVERAGE INDEMNITY PAID PER CLAIM	TOTAL INDEMNITY	PERCENT OF TOTAL INDEMNITY	AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS
BI/PD - PLAINTIFF	31	10	16.67%	\$96,214	\$962,140	7.84%	\$15,533
COLLECTION & BANKRUPTCY	26	16	26.67%	\$155,420	\$2,486,714	20.26%	\$12,735
ESTATE, TRUST & PROBATE	24	10	16.67%	\$117,235	\$1,172,353	9.55%	\$17,016
FAMILY LAW	17	5	8.33%	\$473,000	\$2,365,000	19.27%	\$18,461
BI/PD - DEFENDANT	7	3	5.00%	\$898,807	\$2,696,422	21.97%	\$59,407
REAL ESTATE	7	2	3.33%	\$27,500	\$55,000	0.45%	\$10,367
CORPORATE & BUSINESS ORGANIZATION	6	1	1.67%	\$222,000	\$222,000	1.81%	\$169,743
CRIMINAL	6	1	1.67%	\$2,250	\$2,250	0.02%	\$3,326
LABOR LAW	6	3	5.00%	\$94,667	\$284,000	2.31%	\$15,494
LOCAL GOVERNMENT	4	1	1.67%	\$200,000	\$200,000	1.63%	\$28,605
CONSTRUCTION (BUILDING CONTRACTS)	3	2	3.33%	\$117,500	\$235,000	1.91%	\$37,277
WORKERS COMPENSATION	3	1	1.67%	\$25,000	\$25,000	0.20%	\$4,764
BUSINESS TRANSACTION/COMMERCIAL LAW	2	1	1.67%	\$85,000	\$85,000	0.69%	\$38,929
IMMIGRATION & NATURALIZATION	2	2	3.33%	\$142,000	\$284,000	2.31%	\$10,000
ADMIRALTY	1	1	1.67%	\$1,105,000	\$1,105,000	9.00%	\$170,127
CIVIL RIGHTS & COMMISSION	1	1	1.67%	\$95,000	\$95,000	0.77%	\$11,971
GOVERNMENT CONTRACTS & CLAIMS	1	0	0.00%	N/A	\$0	0.00%	\$0
<b>TOTAL</b>	<b>147</b>	<b>60</b>	<b>100.00%</b>	<b>\$204,581</b>	<b>\$12,274,879</b>	<b>100.00%</b>	<b>\$25,001</b>

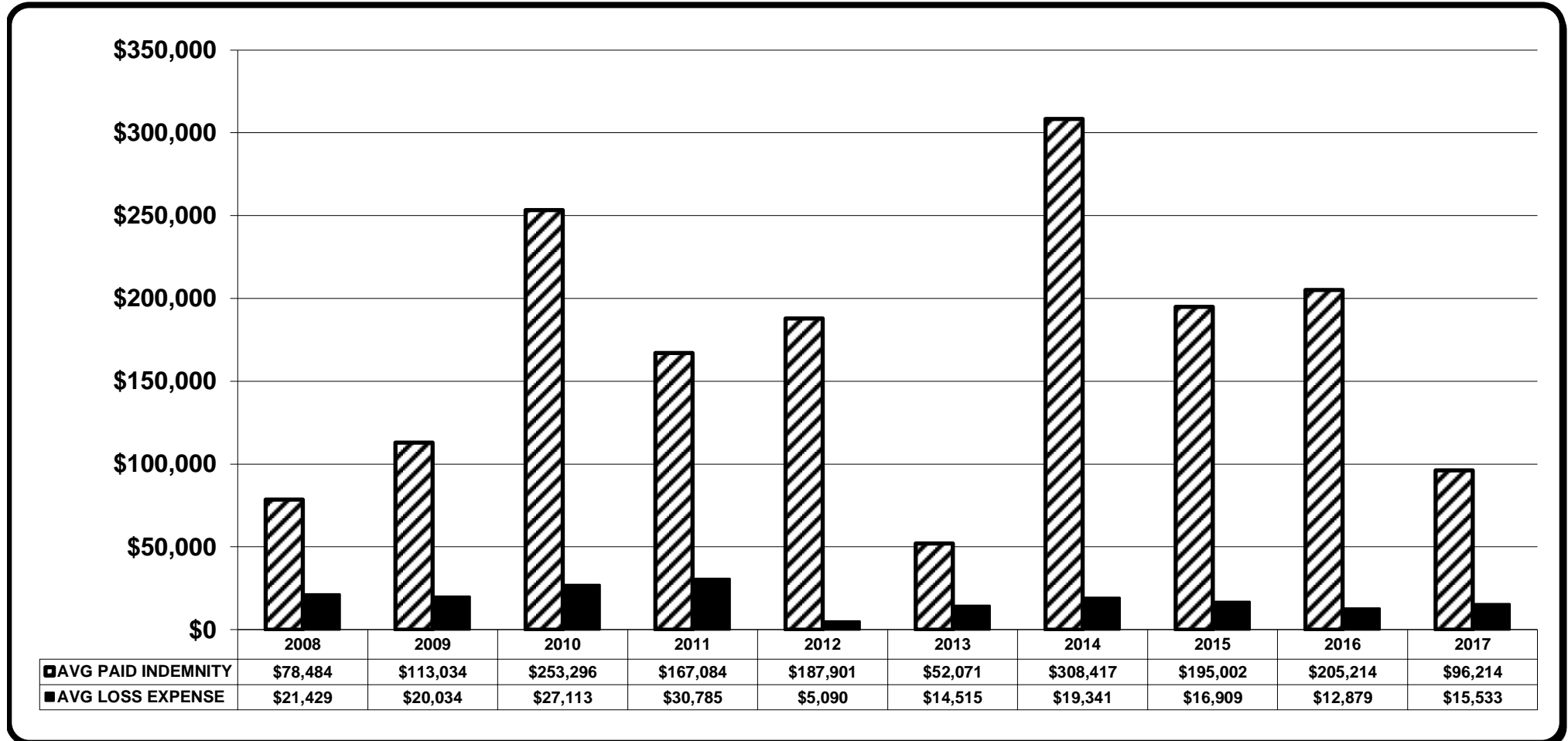
**TRENDS  
OF THE TOP TEN  
AREAS OF LAW  
OF 2017**



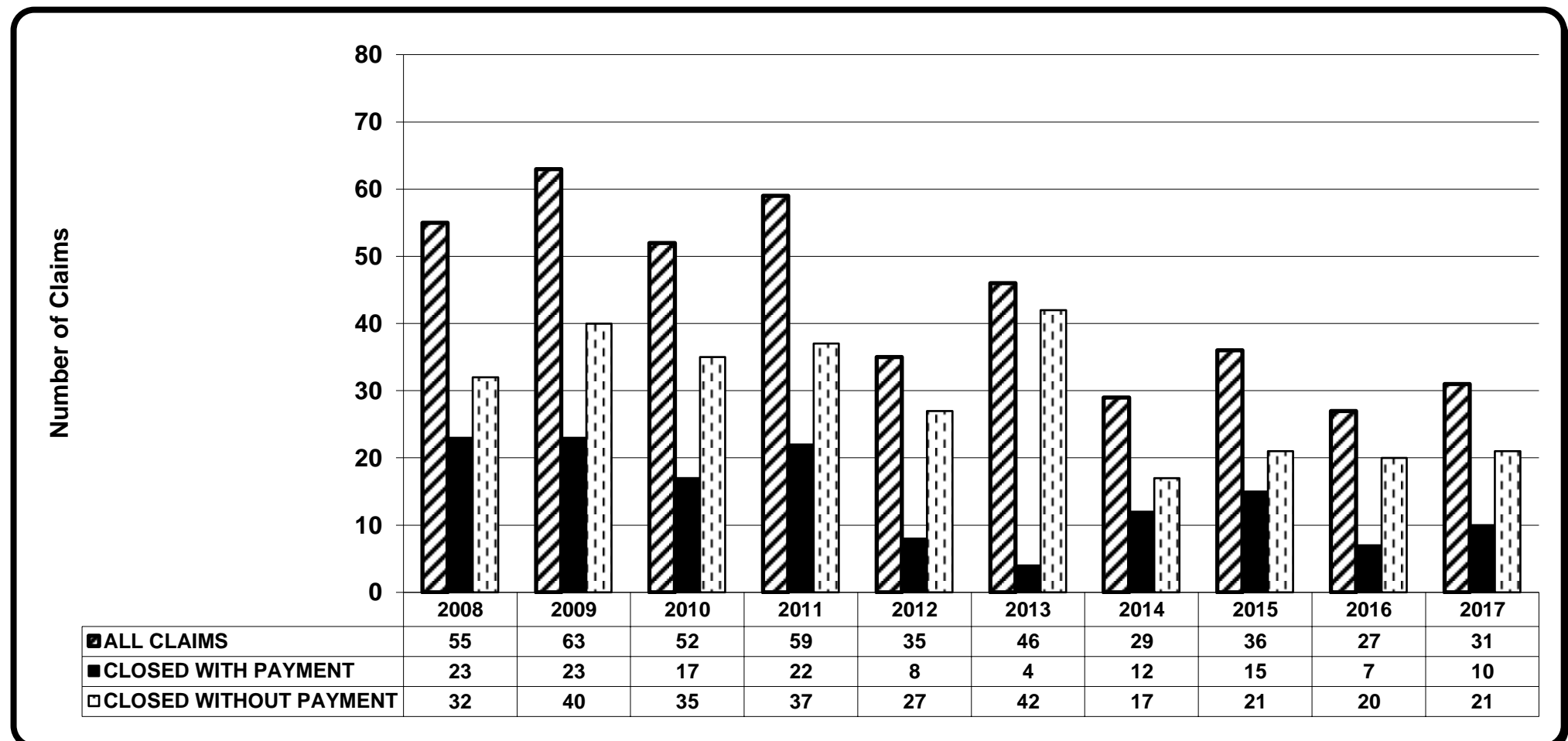


## B/IPD - PLAINTIFF

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

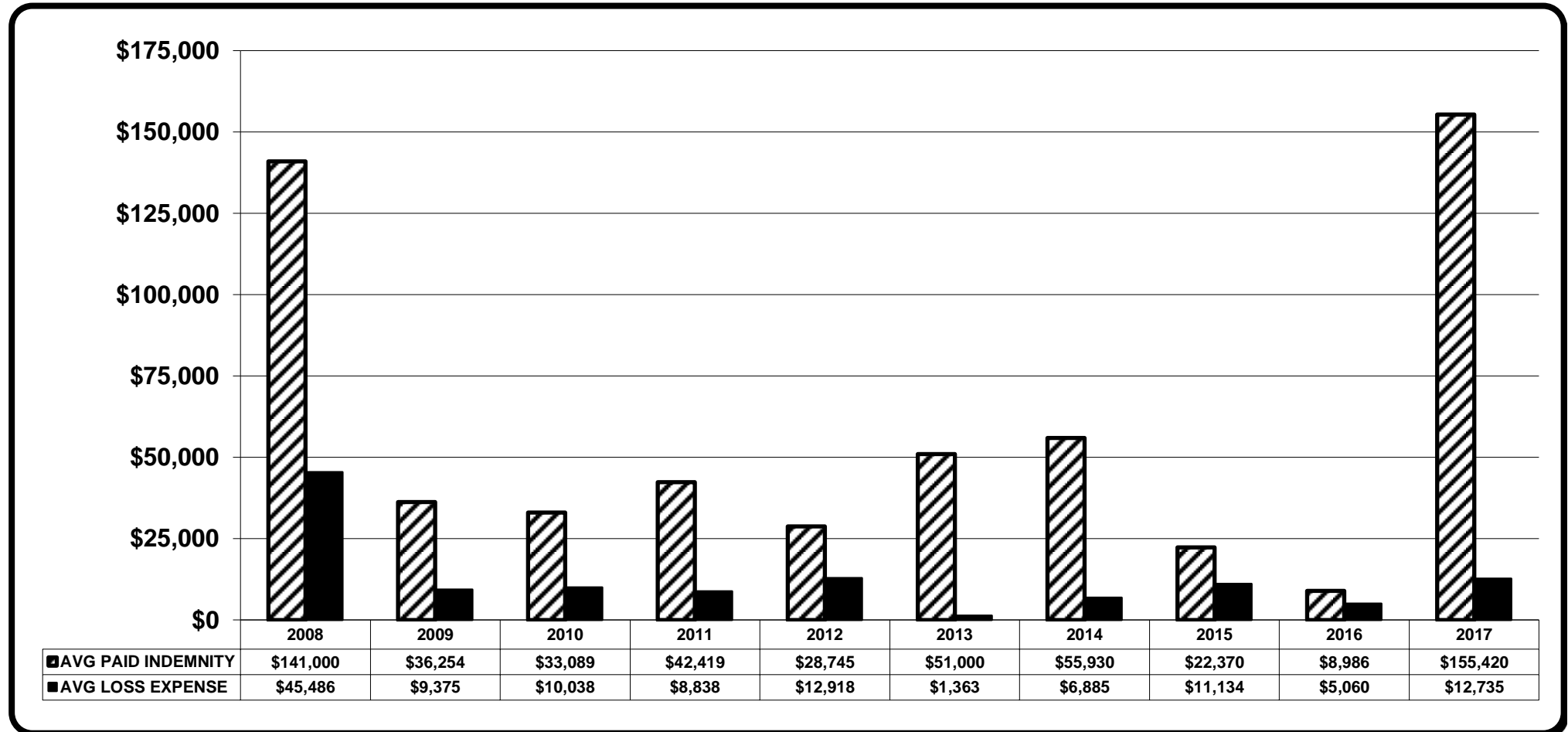


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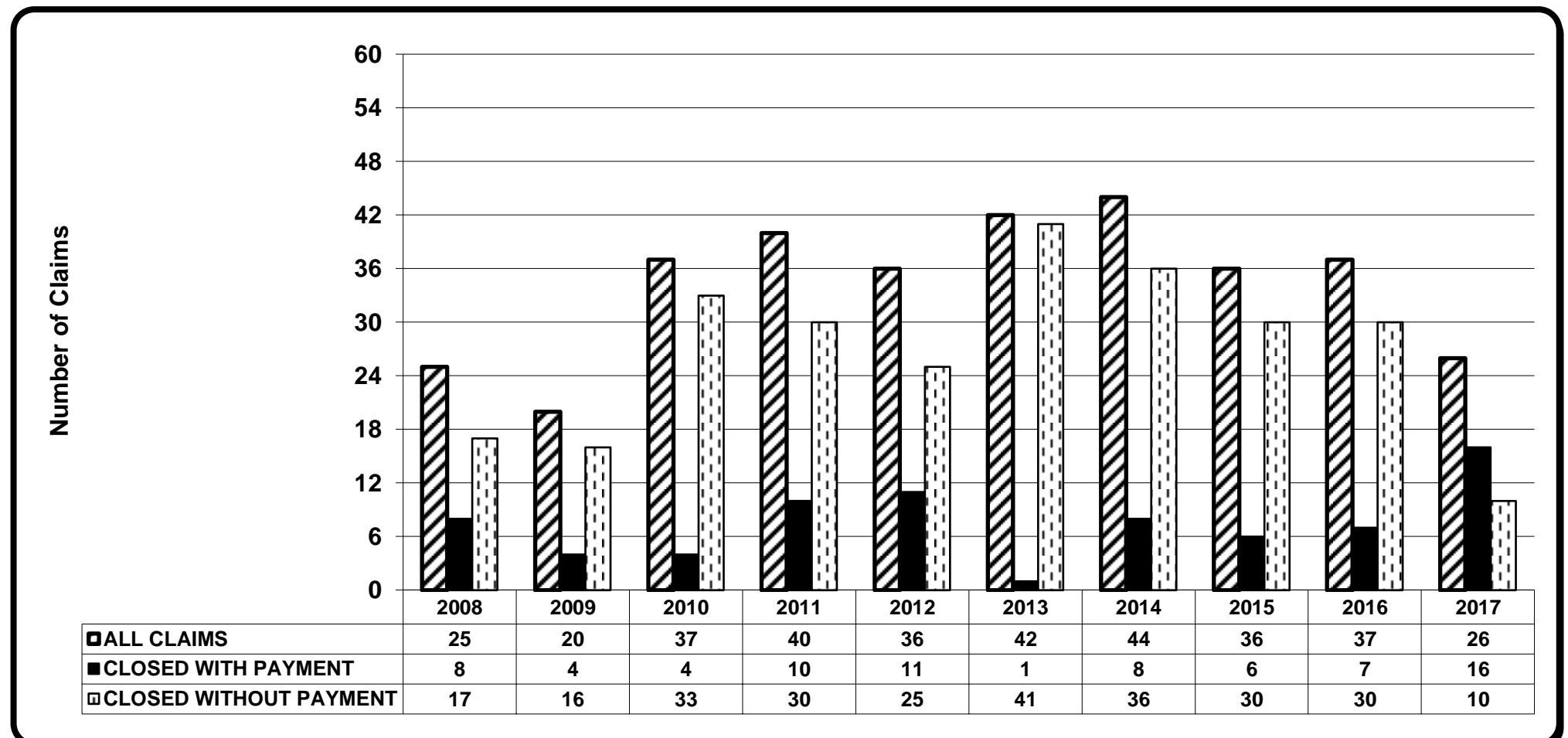


## COLLECTION & BANKRUPTCY

### AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

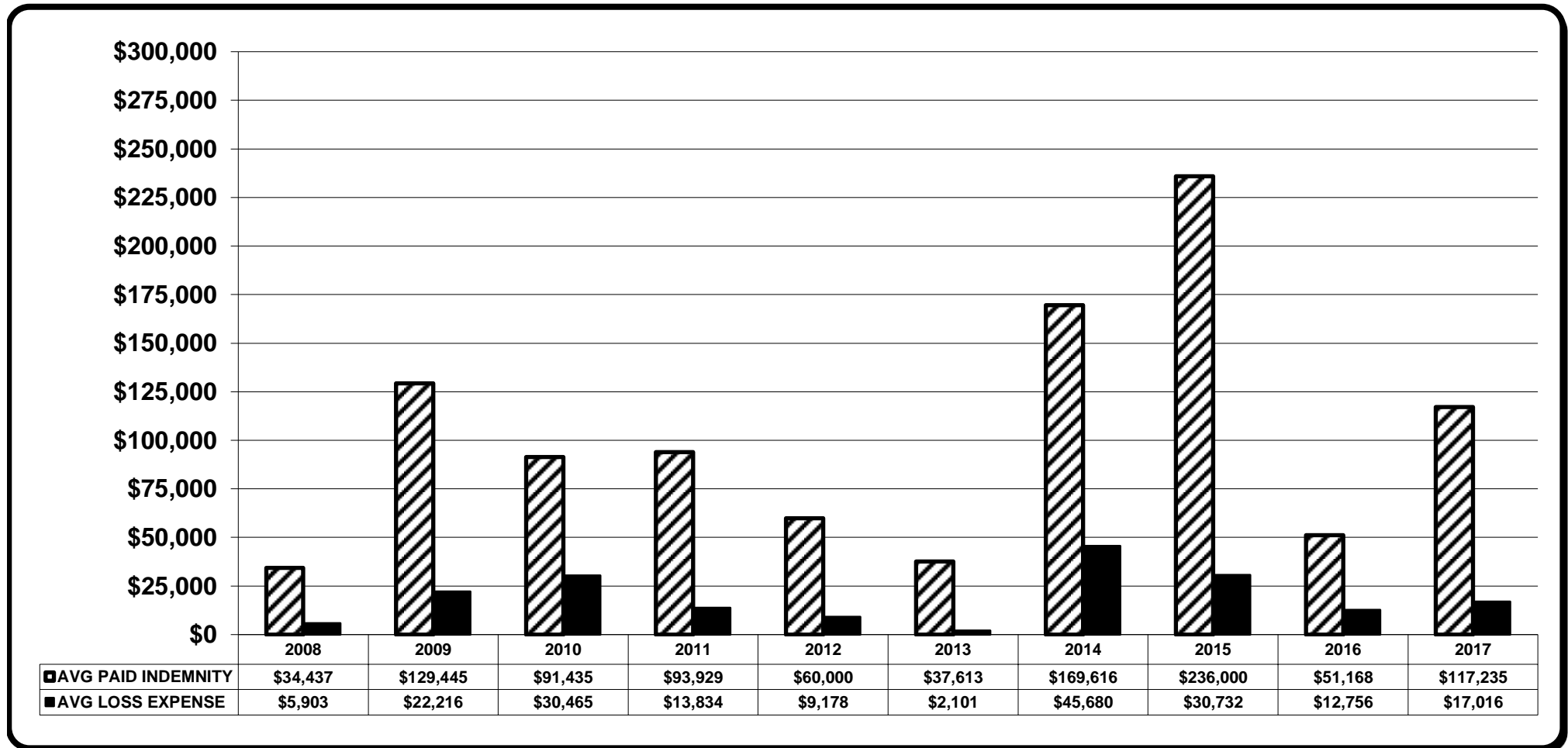


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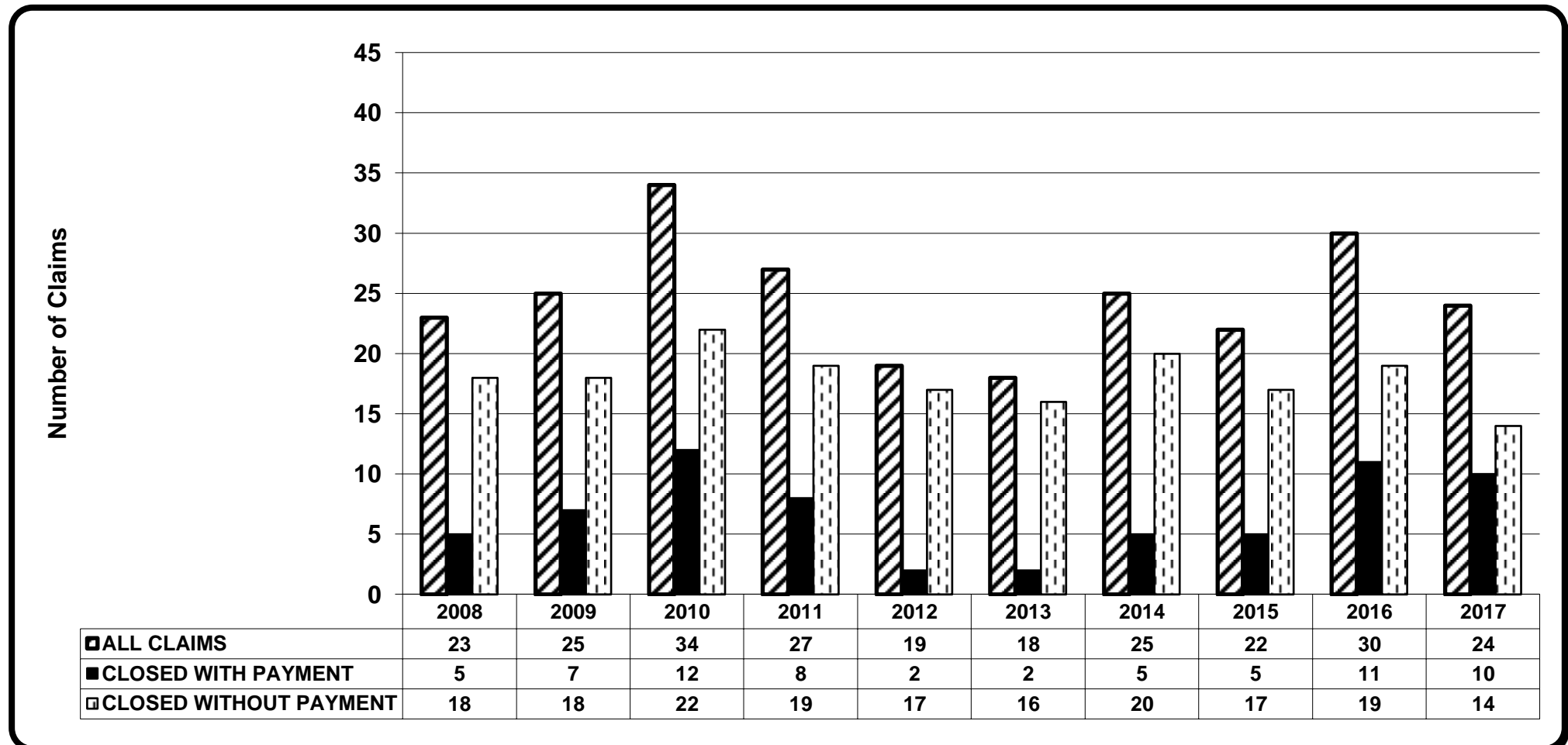


## ESTATE, TRUST & PROBATE

### AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

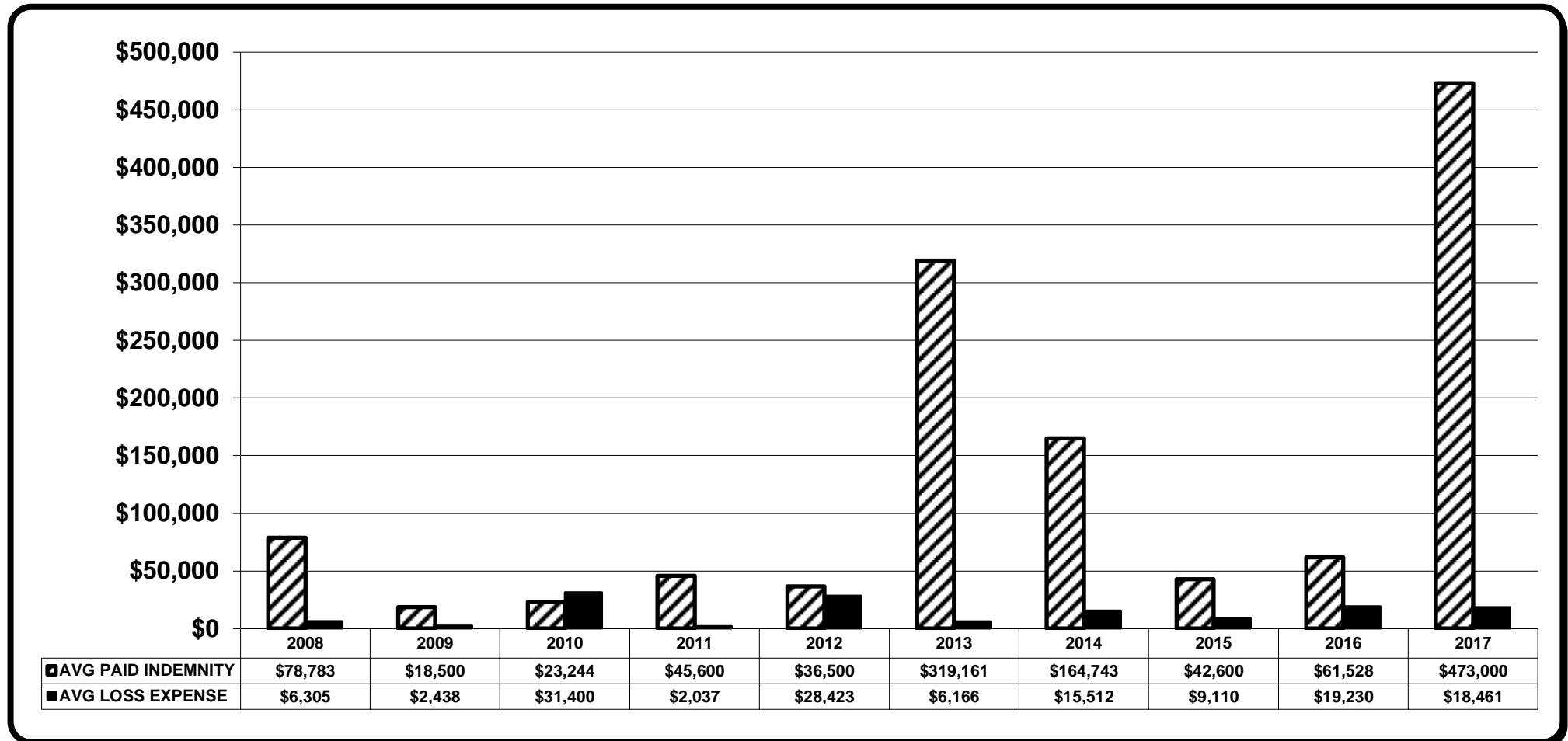


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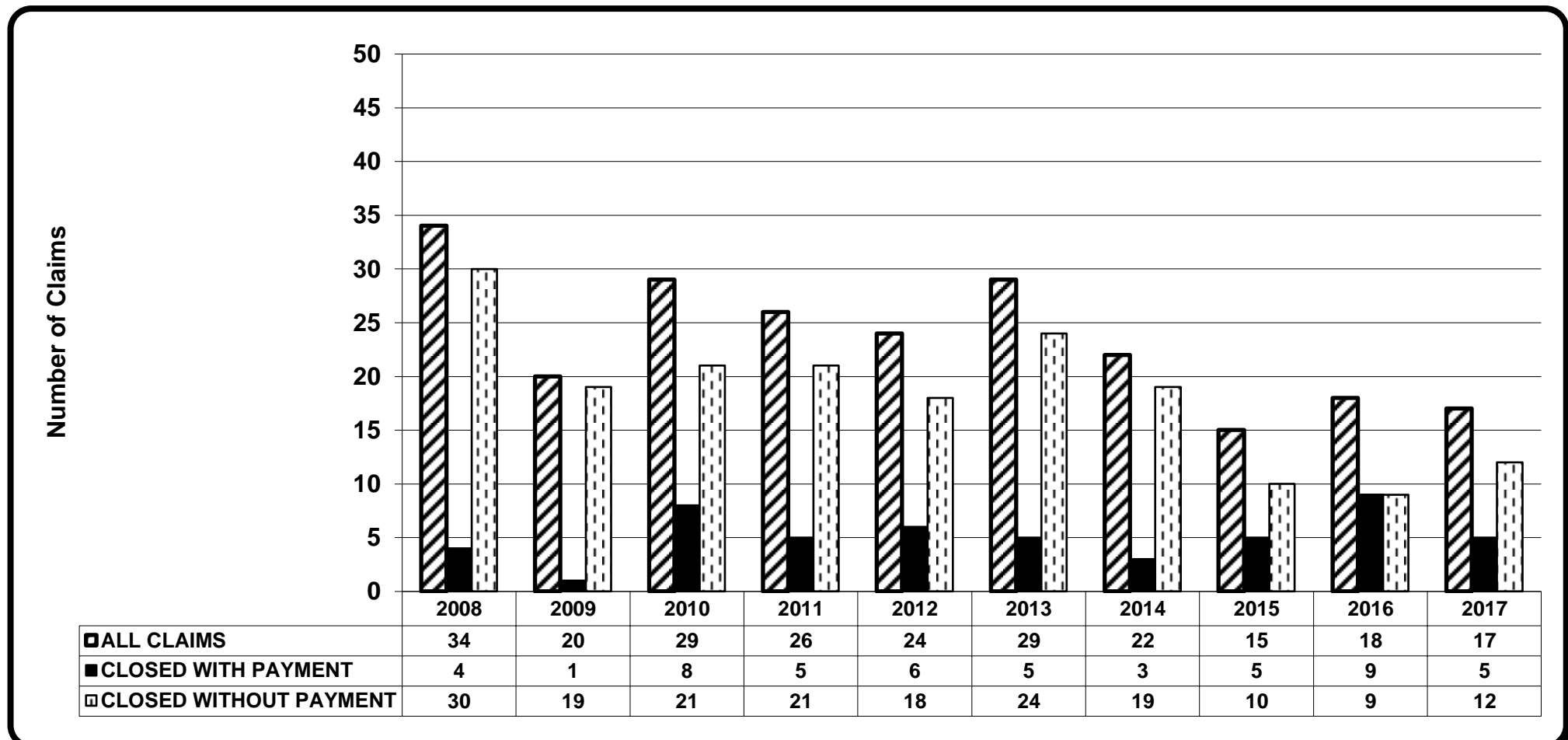


## FAMILY LAW

### AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

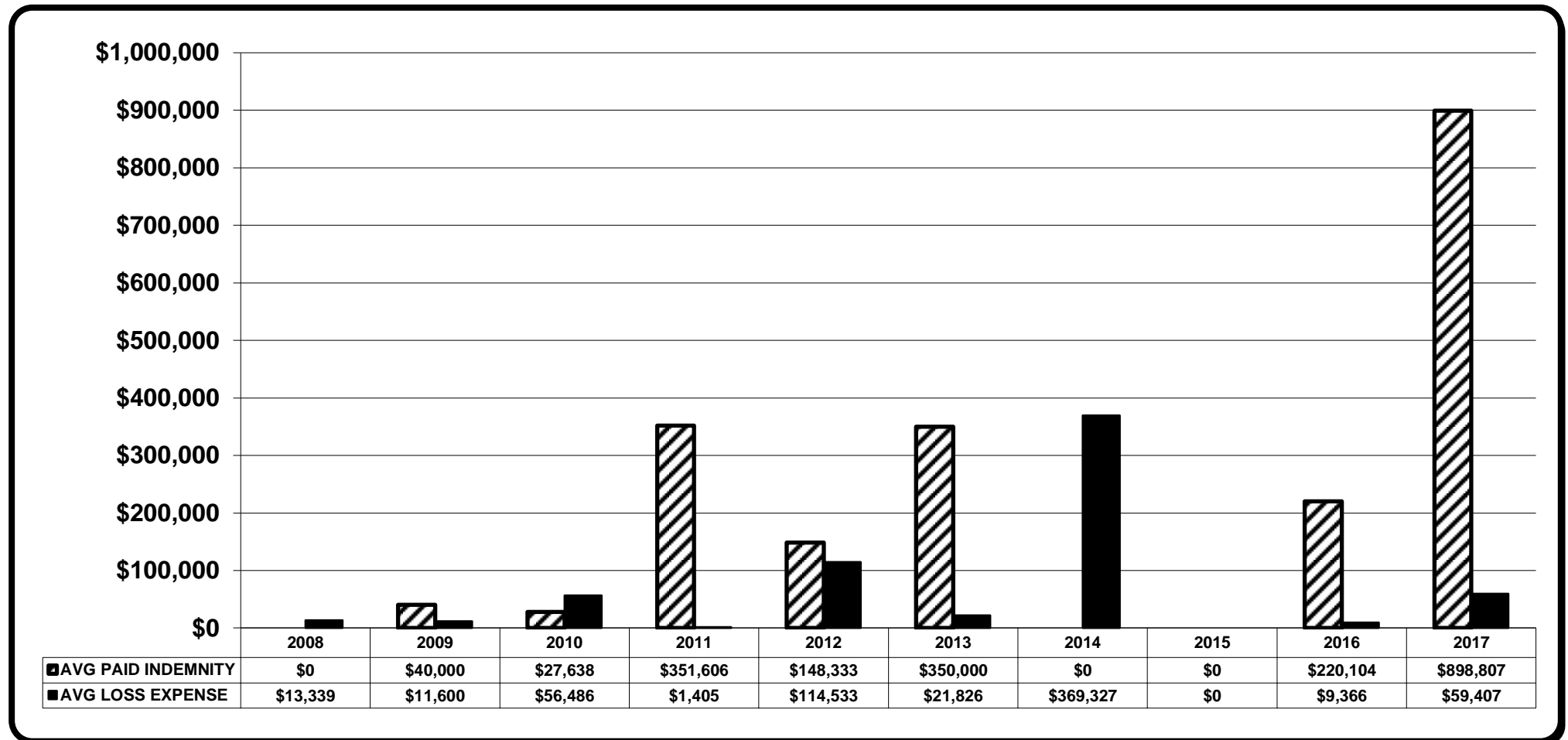


### CLAIM COUNT

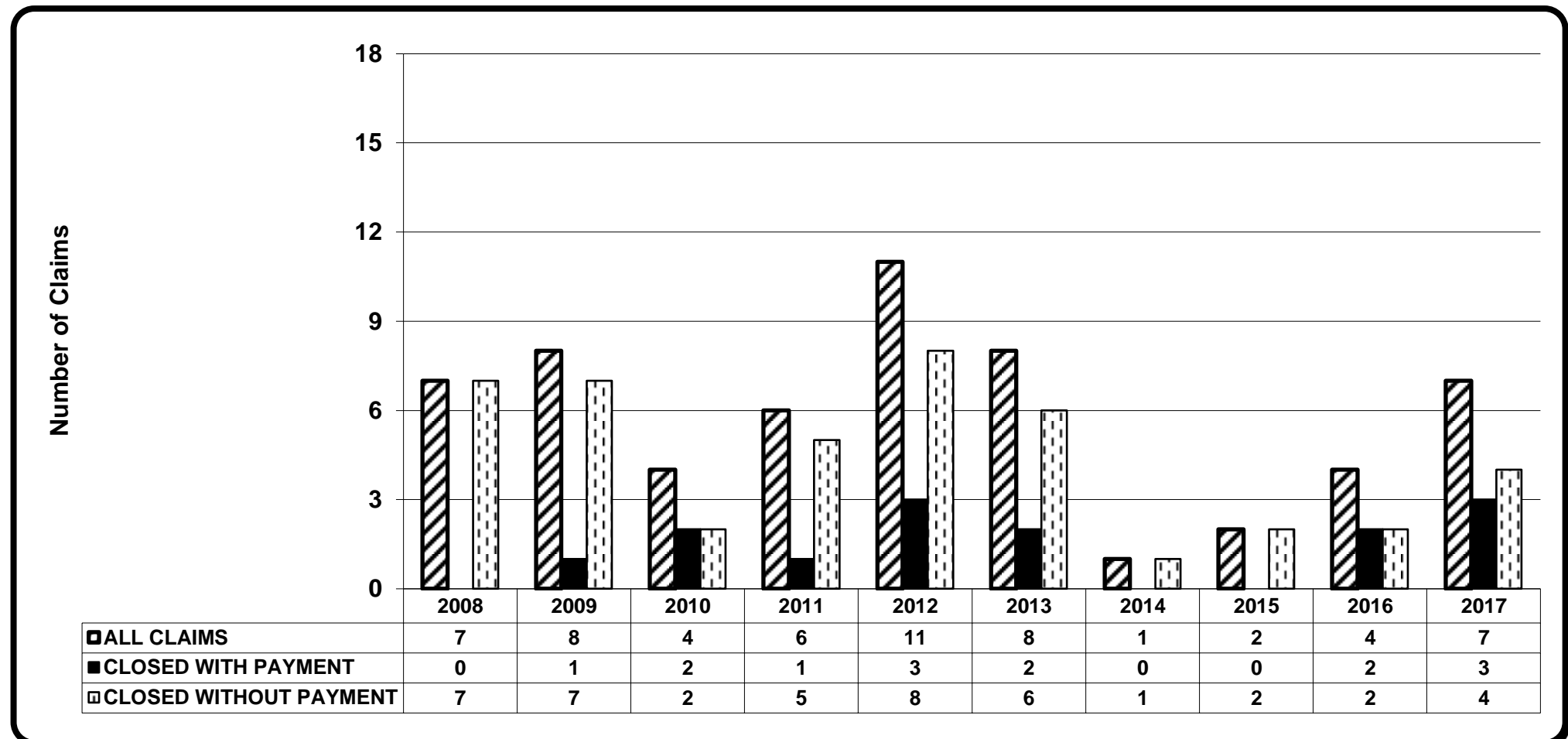


## BI/PD - DEFENDANT

### AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

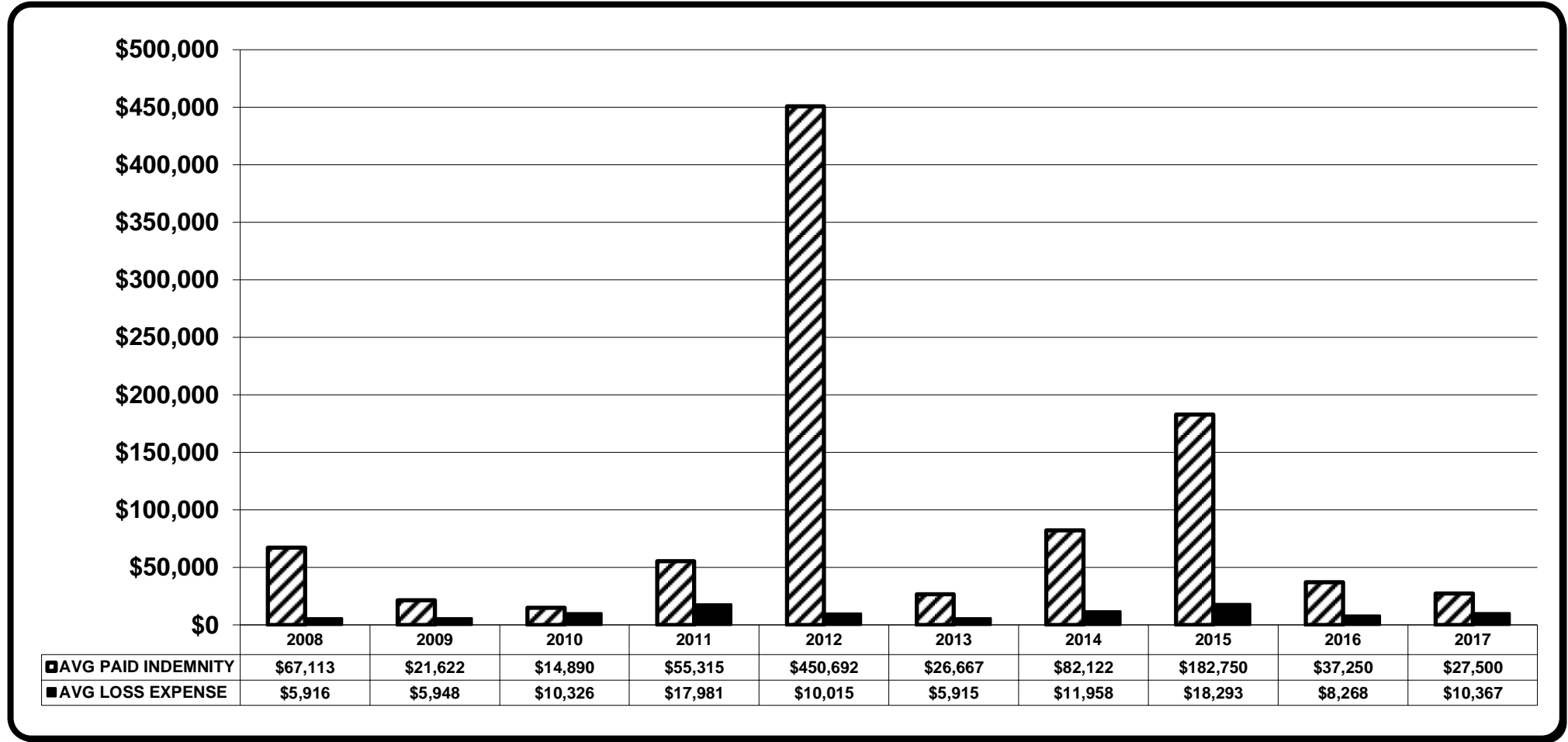


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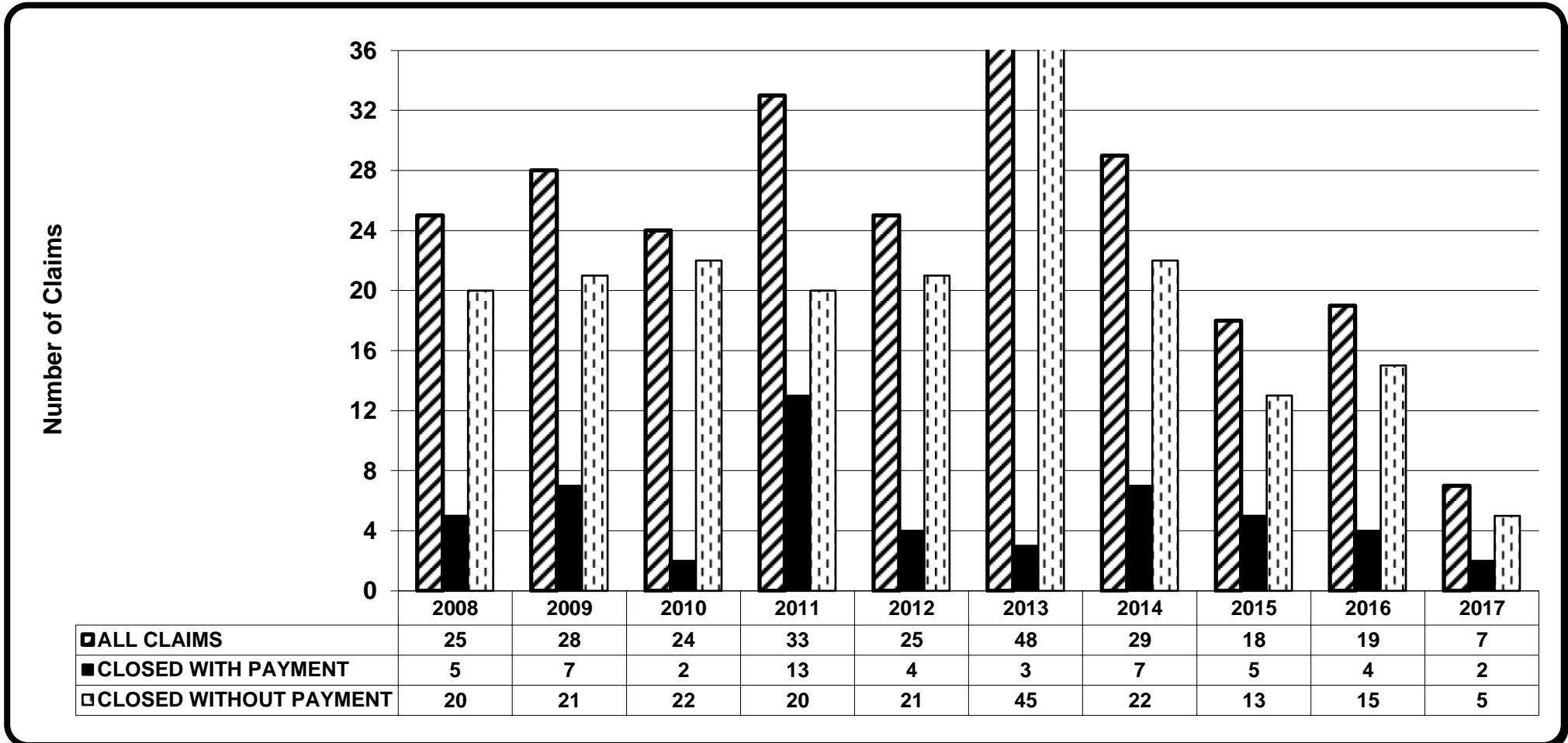


## REAL ESTATE

### AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

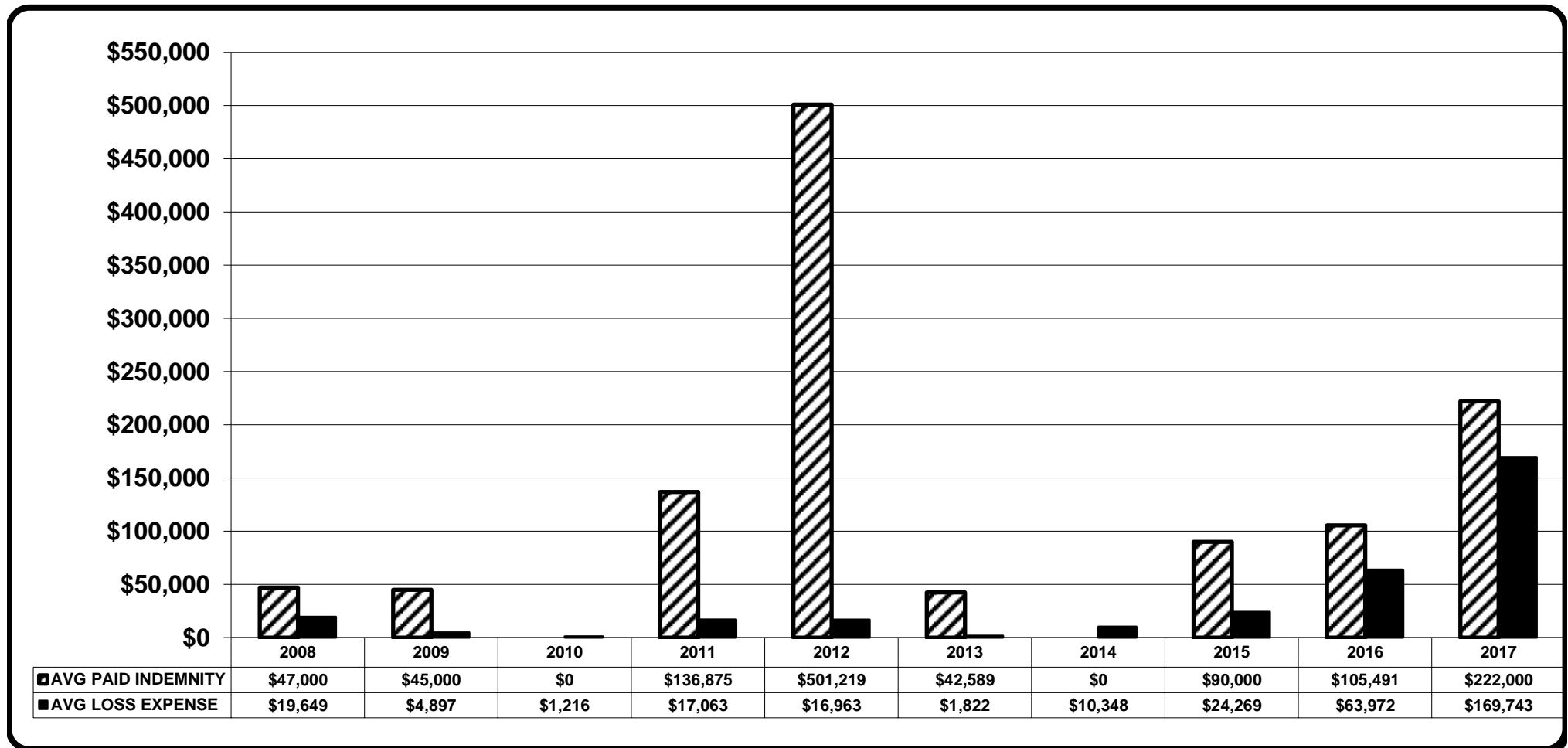


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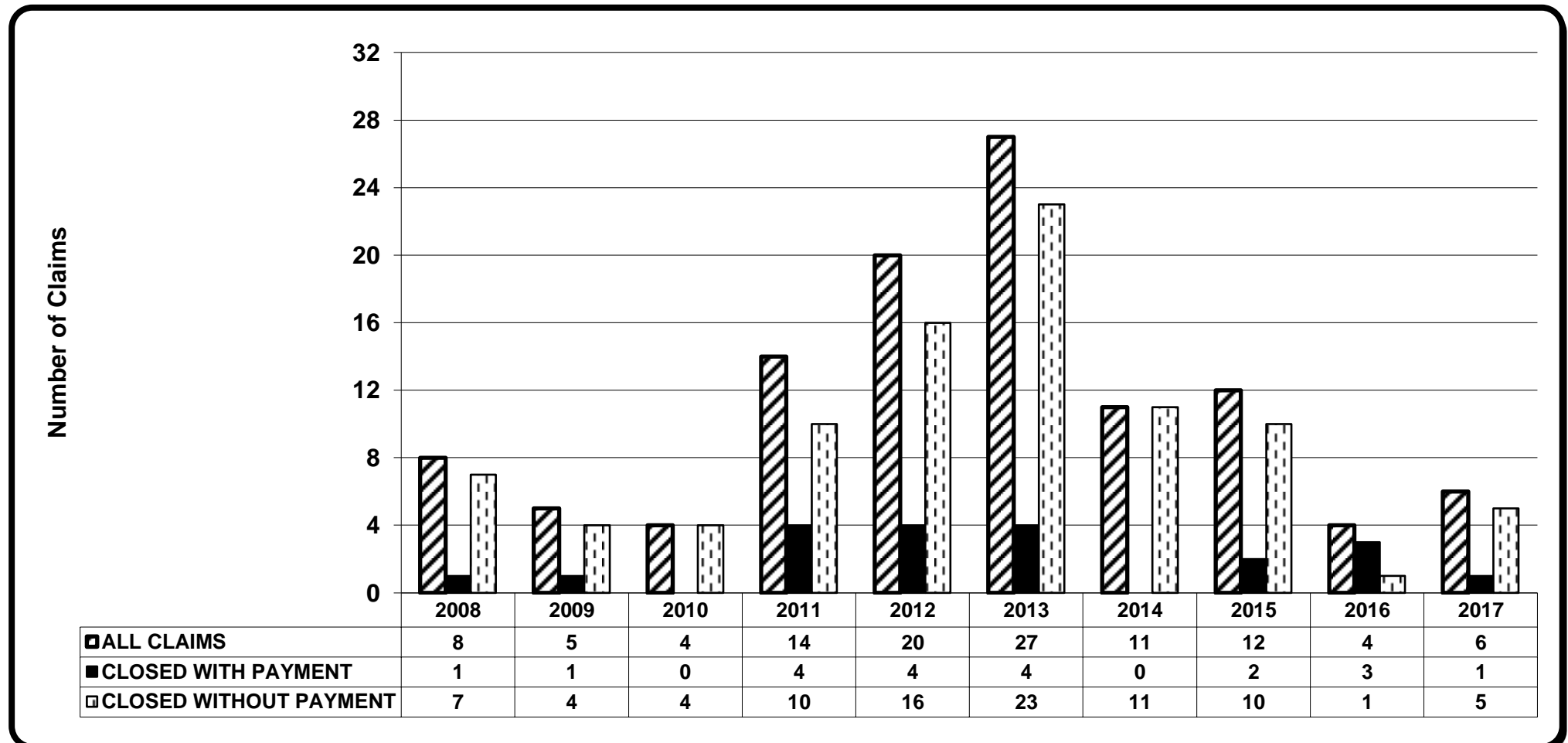


## CORPORATE & BUSINESS ORGANIZATION

### AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

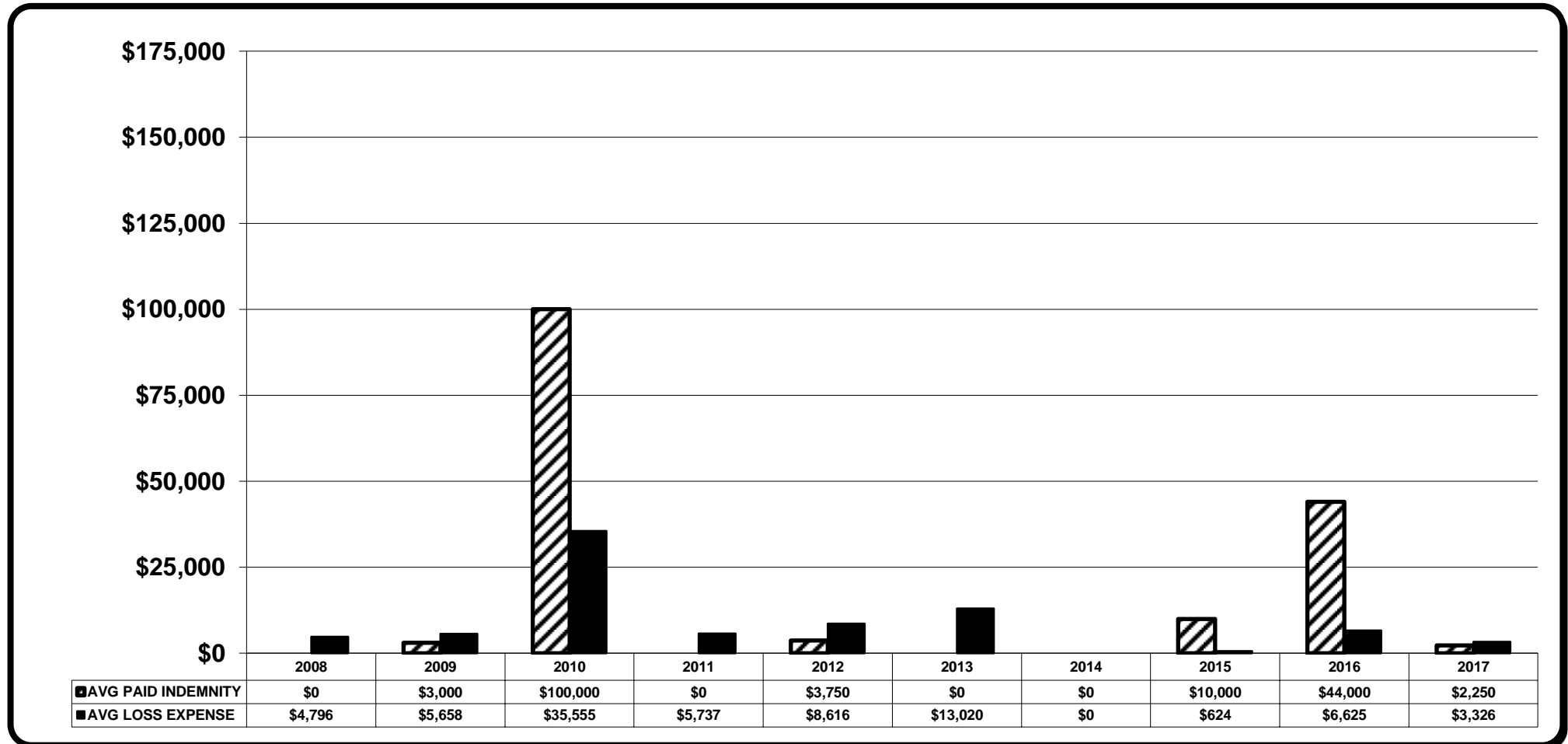


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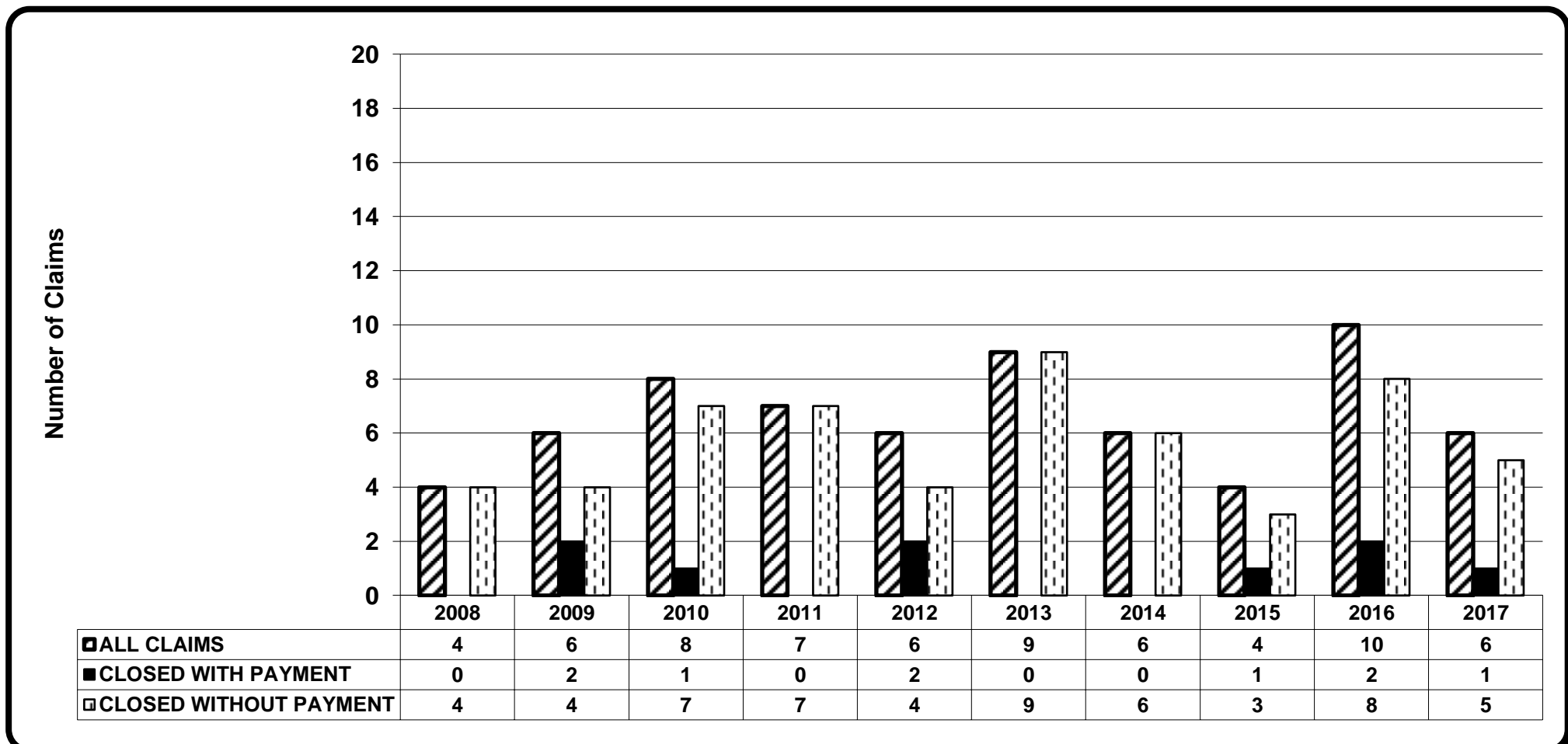


## CRIMINAL

### AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE



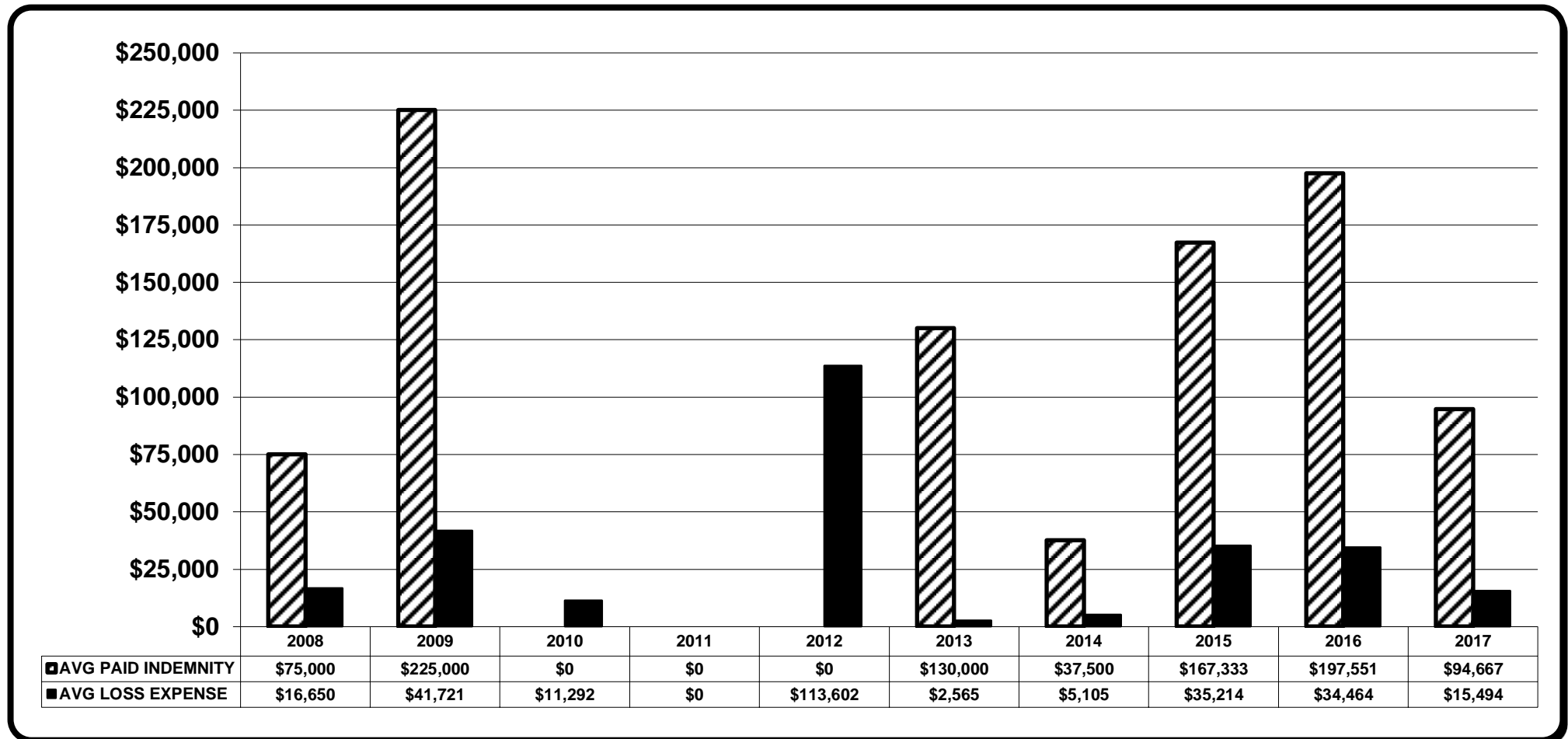
## CLAIM COUNT



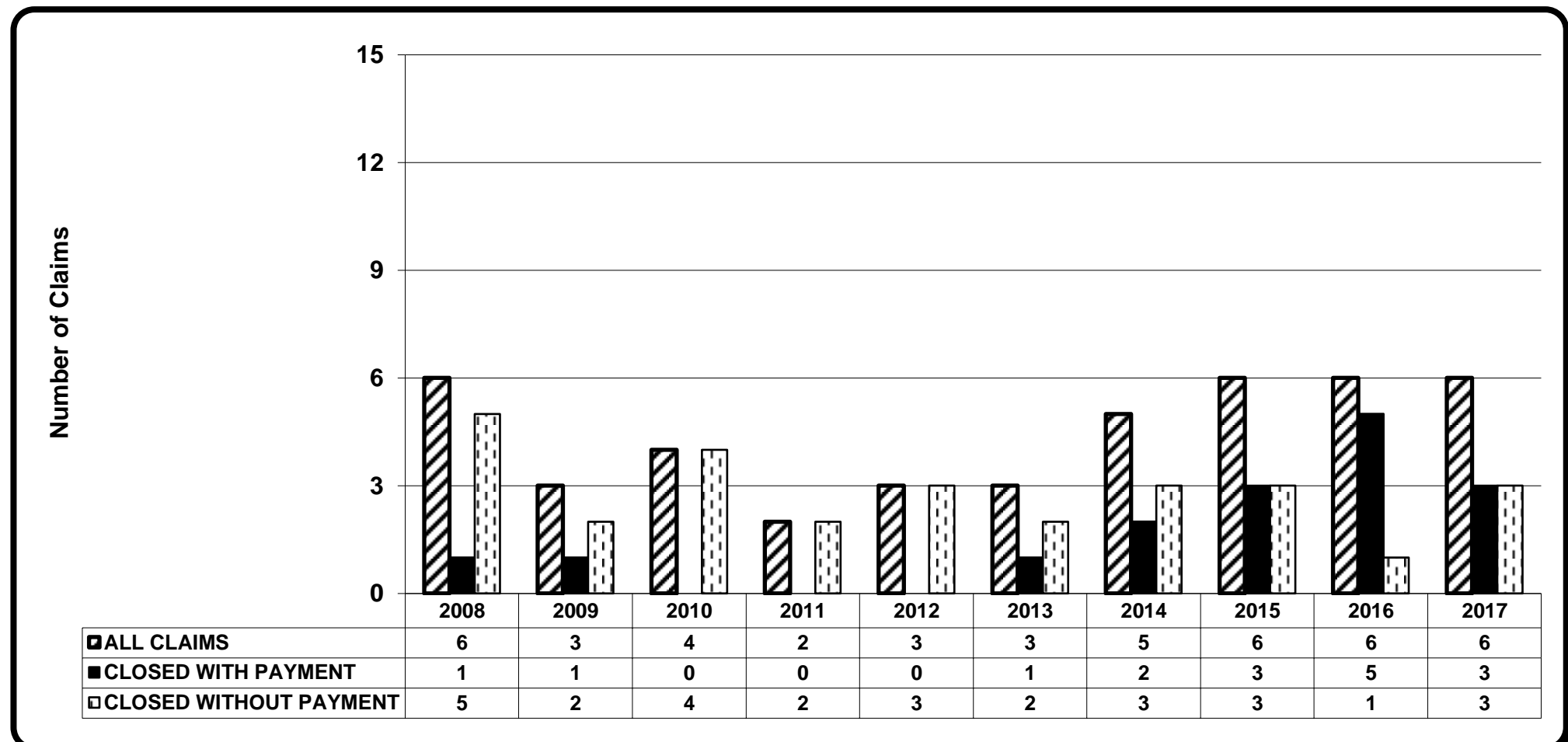


## LABOR LAW

### AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

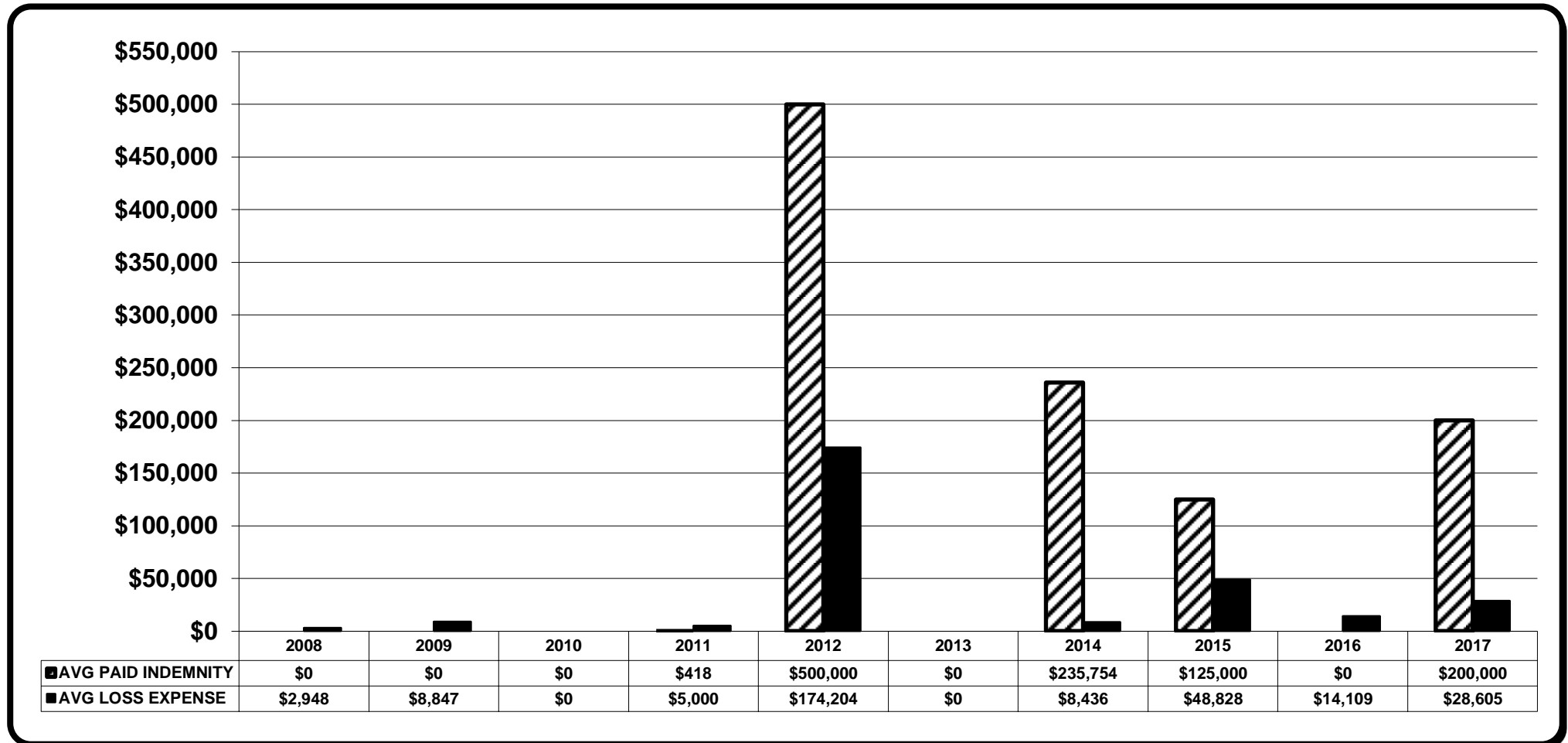


### CLAIM COUNT

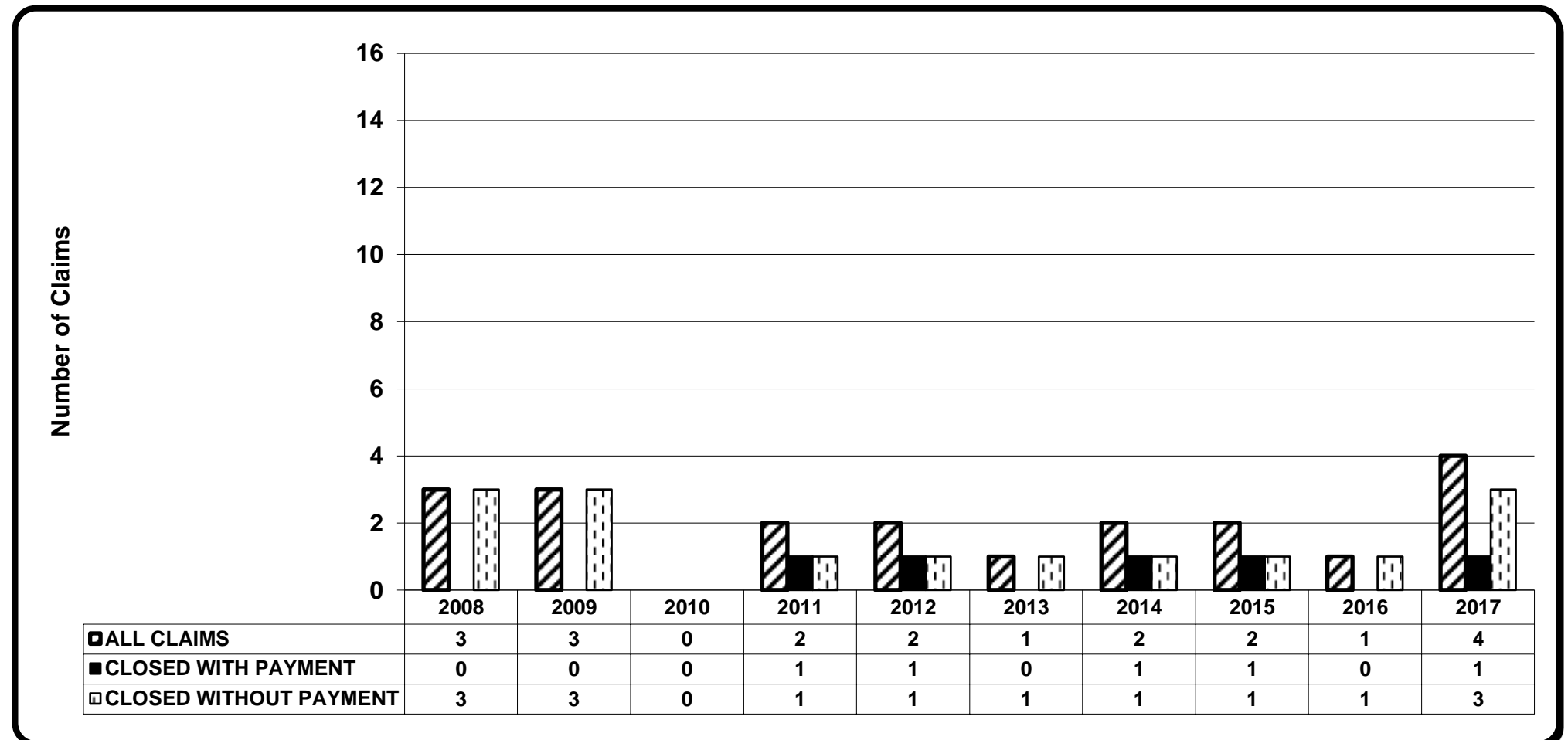


## LOCAL GOVERNMENT

### AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE



### CLAIM COUNT



**TEN YEAR SUMMARY  
&  
2017 SUMMARY  
BY  
MAJOR ACTIVITY**



**LEGAL MALPRACTICE INSURANCE  
INDEMNITY ANALYSIS  
FOR YEARS 2008-2017**

MAJOR ACTIVITY CODE	ALL CLOSED CLAIMS	NUMBER OF PAID CLAIMS	PERCENT OF PAID CLAIMS	AVERAGE INDEMNITY PAID PER PAID CLAIM	TOTAL INDEMNITY	PERCENT OF TOTAL INDEMNITY	AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS
COMMENCEMENT OF ACTION OR PROCEEDING	669	157	29.18%	\$117,548	\$18,454,967	24.76%	\$14,316
OTHER	588	112	20.82%	\$113,801	\$12,745,656	17.10%	\$12,856
PREPARATION, TRANSMITTAL OR FILING	204	77	14.31%	\$89,451	\$6,887,722	9.24%	\$22,728
PRE-TRIAL, PRE-HEARING	190	60	11.15%	\$165,919	\$9,955,156	13.36%	\$34,303
SETTLEMENT AND NEGOTIATION	116	37	6.88%	\$168,571	\$6,237,110	8.37%	\$24,474
CONSULTATION OR ADVICE	101	28	5.20%	\$210,632	\$5,897,708	7.91%	\$45,392
TRIAL OR HEARING	60	20	3.72%	\$411,791	\$8,235,817	11.05%	\$43,819
INVESTIGATION, OTHER THAN LITIGATION	48	12	2.23%	\$51,085	\$613,025	0.82%	\$18,858
POST TRIAL OR HEARING	41	11	2.04%	\$262,453	\$2,886,985	3.87%	\$20,168
APPEAL ACTIVITIES	34	5	0.93%	\$56,920	\$284,602	0.38%	\$18,322
OTHER WRITTEN OPINION	34	7	1.30%	\$133,447	\$934,128	1.25%	\$24,244
TAX REPORTING OR PAYMENT	14	5	0.93%	\$100,549	\$502,747	0.67%	\$26,933
EXPARTE PROCEEDINGS	10	2	0.37%	\$14,250	\$28,500	0.04%	\$18,194
REFERRAL TO ANOTHER PROFESSIONAL	9	3	0.56%	\$107,667	\$323,000	0.43%	\$11,914
TITLE OPINION	2	2	0.37%	\$275,000	\$550,000	0.74%	\$39,466
<b>TOTAL</b>	<b>2,120</b>	<b>538</b>	<b>100.00%</b>	<b>\$138,545</b>	<b>\$74,537,123</b>	<b>100.00%</b>	<b>\$19,938</b>

**LEGAL MALPRACTICE INSURANCE  
INDEMNITY ANALYSIS  
CLAIMS CLOSED IN 2017**

MAJOR ACTIVITY CODE	ALL CLOSED CLAIMS	NUMBER OF PAID CLAIMS	PERCENT OF PAID CLAIMS	AVERAGE INDEMNITY PAID PER CLAIM	TOTAL INDEMNITY	PERCENT OF TOTAL INDEMNITY	AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS
COMMENCEMENT OF ACTION OR PROCEEDING	39	19	31.67%	\$208,997	\$3,970,946	32.35%	\$21,476
PREPARATION, TRANSMITTAL OR FILING	28	14	23.33%	\$88,280	\$1,235,919	10.07%	\$17,217
PRE-TRIAL, PRE-HEARING	20	8	13.33%	\$279,834	\$2,238,672	18.24%	\$12,032
SETTLEMENT AND NEGOTIATION	17	4	6.67%	\$19,125	\$76,500	0.62%	\$11,415
OTHER	14	6	10.00%	\$482,503	\$2,895,020	23.58%	\$96,403
CONSULTATION OR ADVICE	9	1	1.67%	\$200,000	\$200,000	1.63%	\$16,850
INVESTIGATION, OTHER THAN LITIGATION	6	1	1.67%	\$1,000	\$1,000	0.01%	\$9,710
TRIAL OR HEARING	6	3	5.00%	\$477,731	\$1,433,194	11.68%	\$52,128
APPEAL ACTIVITIES	4	2	3.33%	\$78,750	\$157,500	1.28%	\$0
OTHER WRITTEN OPINION	2	1	1.67%	\$45,128	\$45,128	0.37%	\$17,678
EX PARTE PROCEEDINGS	1	0	0.00%	N/A	\$0	0.00%	\$0
POST TRIAL OR HEARING	1	1	1.67%	\$21,000	\$21,000	0.17%	\$13,157
<b>TOTAL</b>	<b>147</b>	<b>60</b>	<b>100.00%</b>	<b>\$204,581</b>	<b>\$12,274,879</b>	<b>100.00%</b>	<b>\$25,001</b>

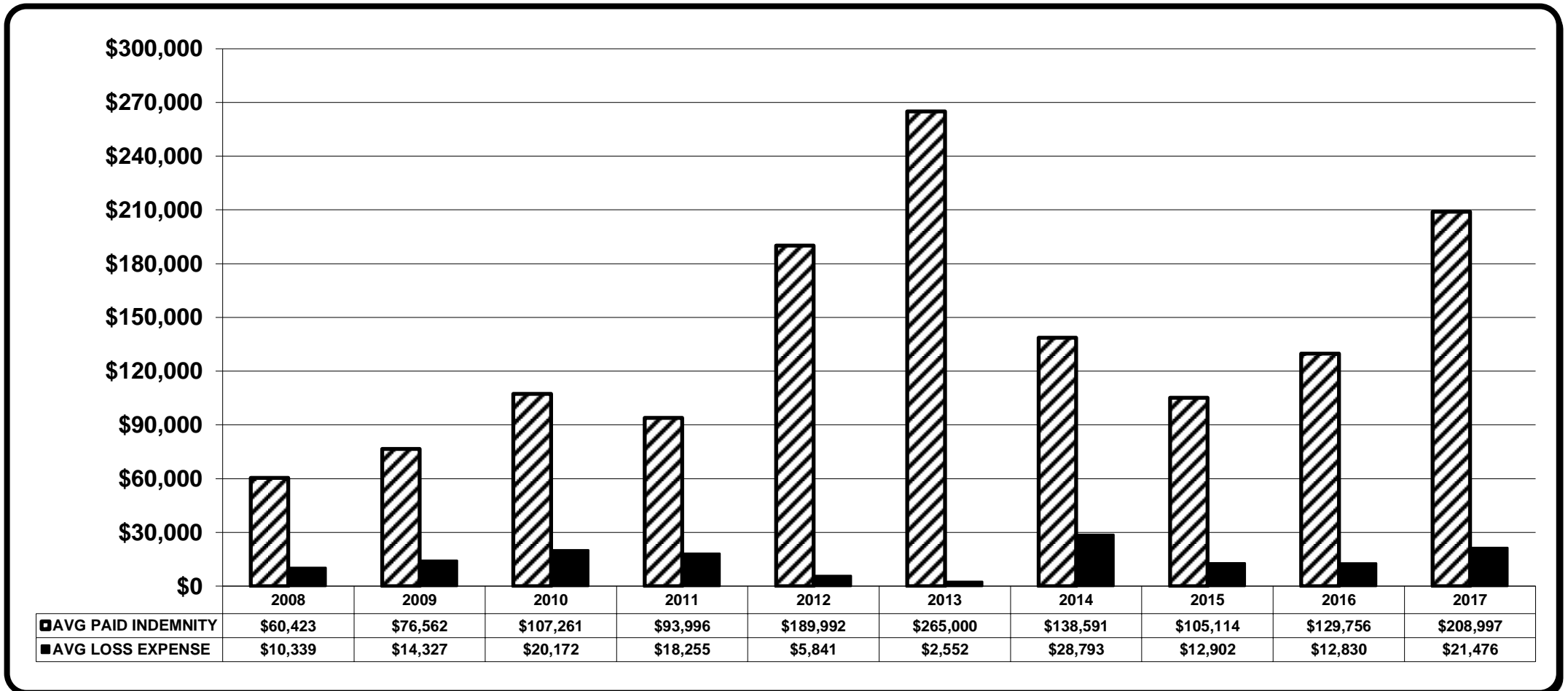
**TRENDS  
OF THE TOP TEN  
MAJOR ACTIVITY  
OF 2017**



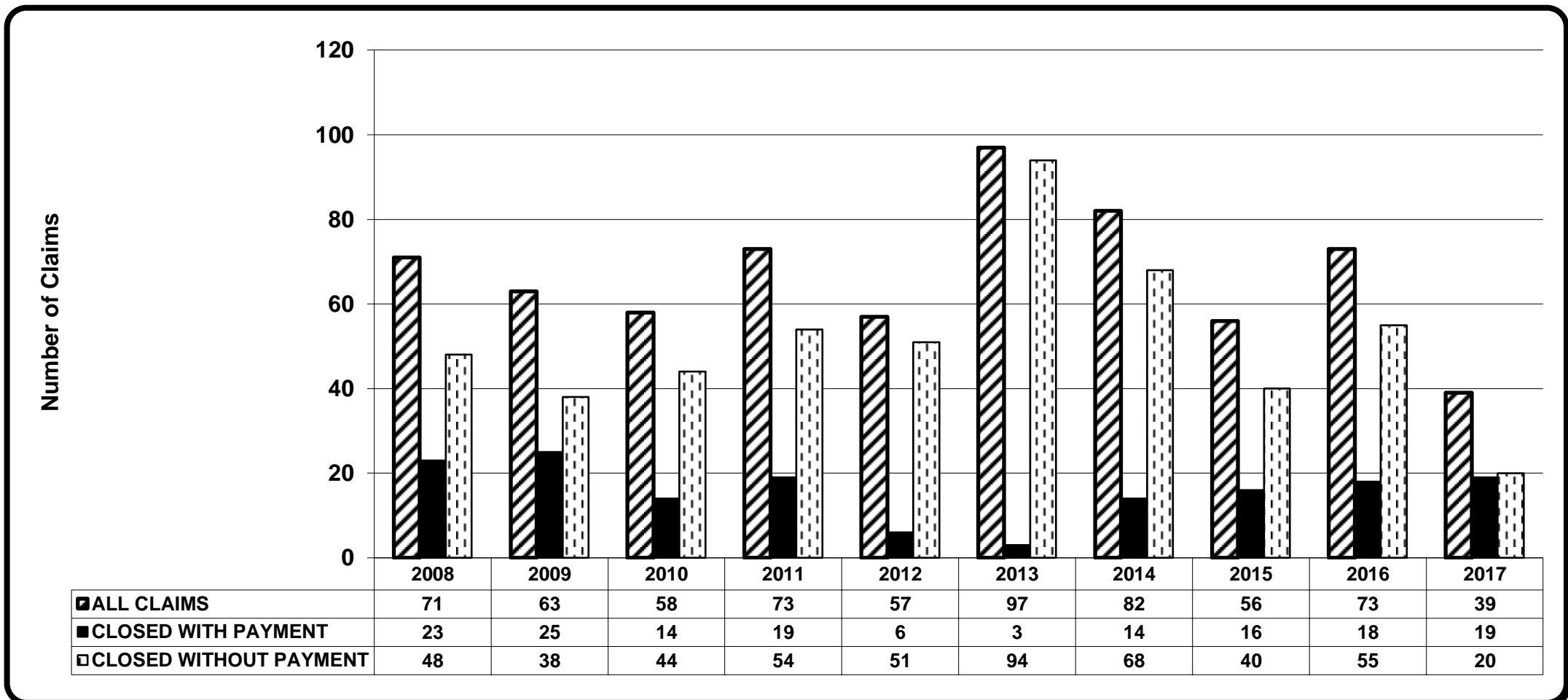


## COMMENCEMENT OF ACTION OR PROCEEDING

### AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

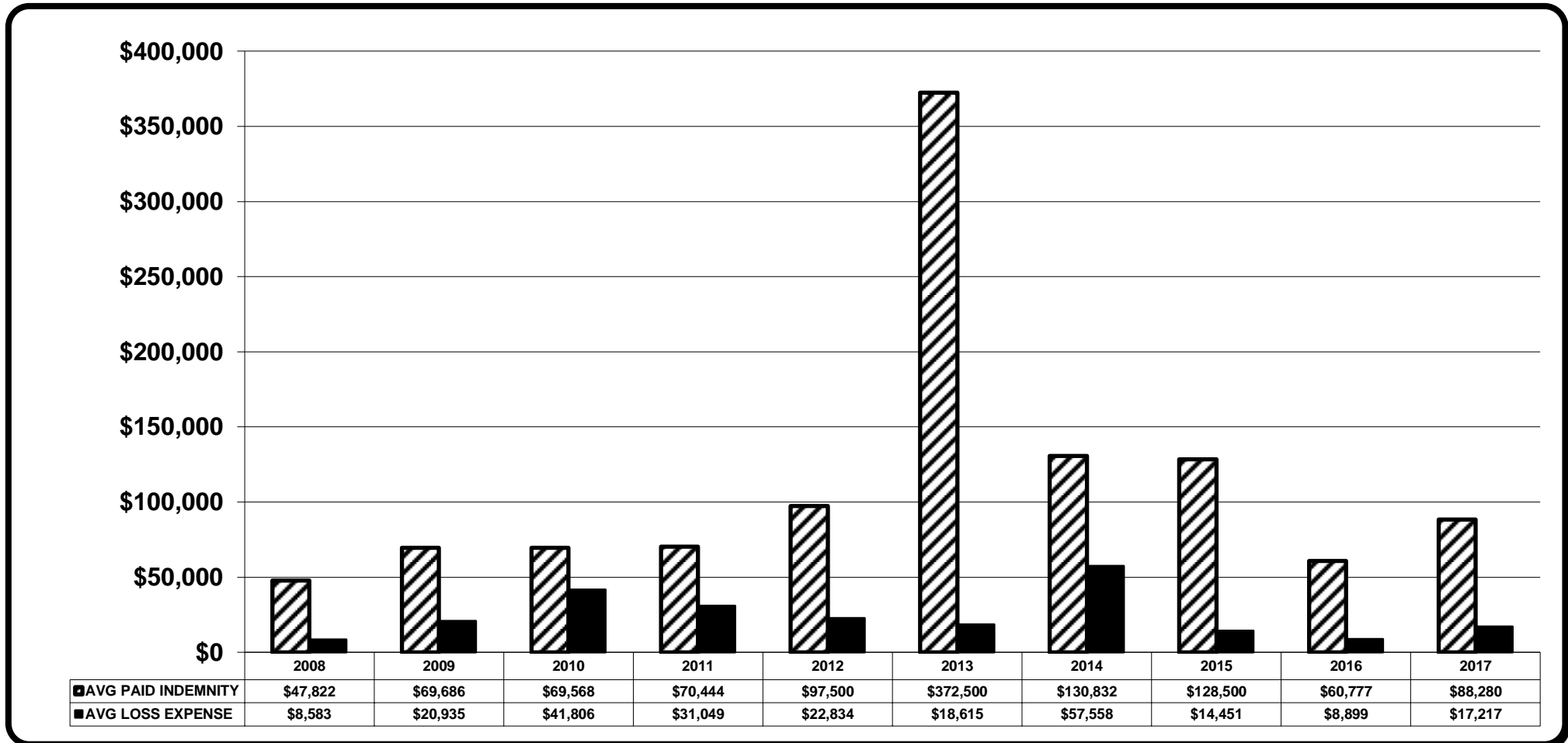


### CLAIM COUNT

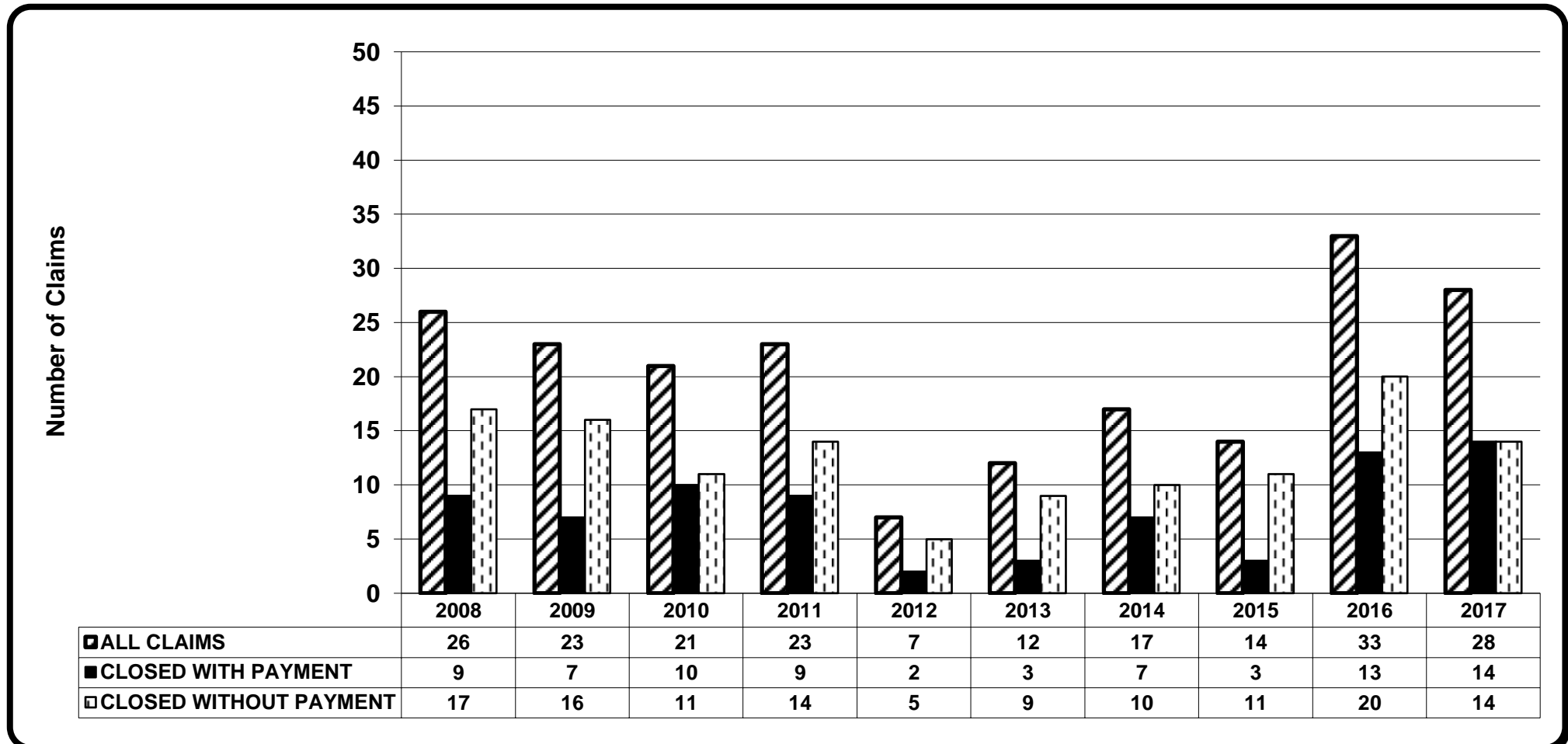


## PREPARATION, TRANSMITTAL OR FILING

### AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

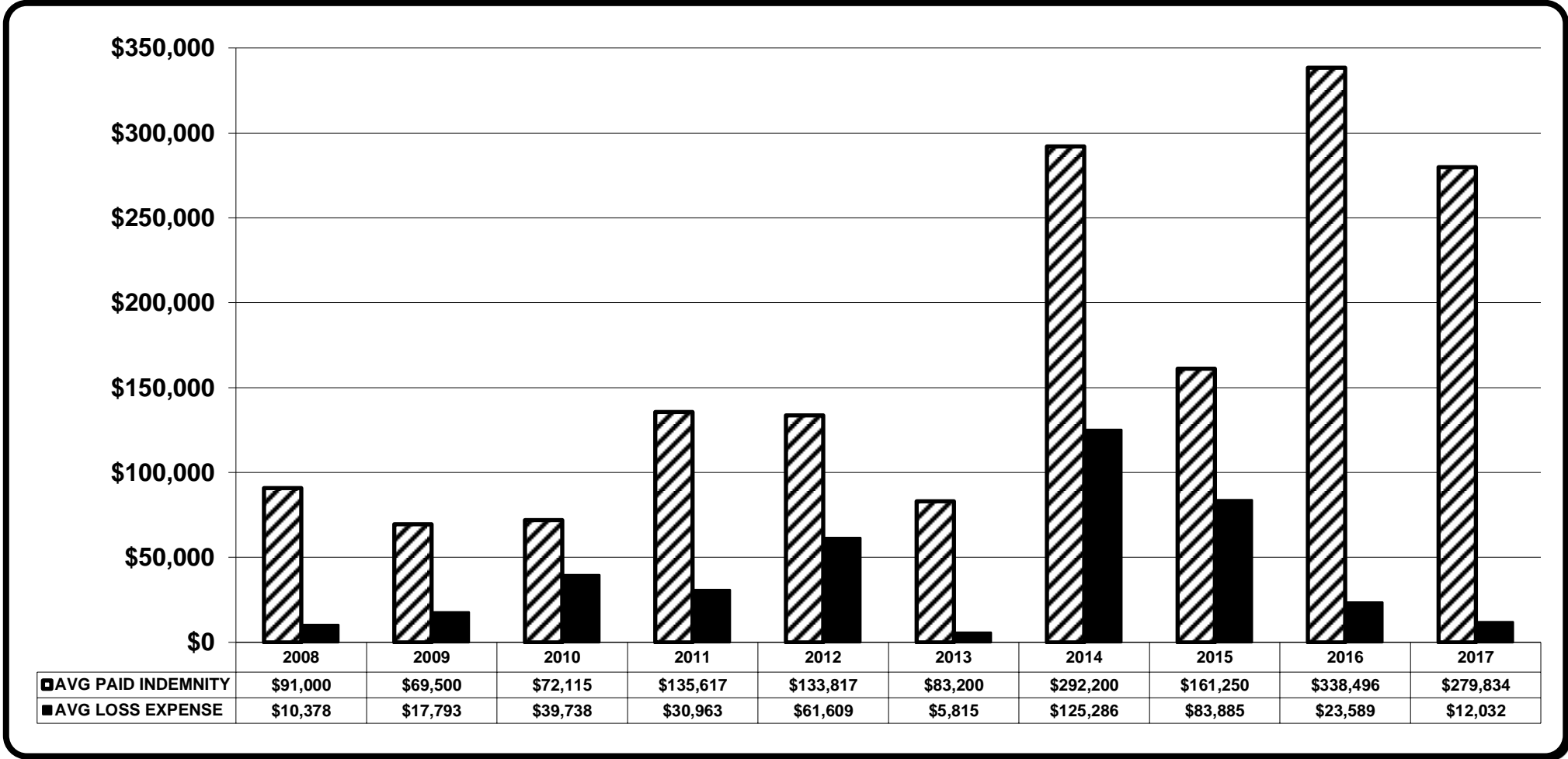


### CLAIM COUNT

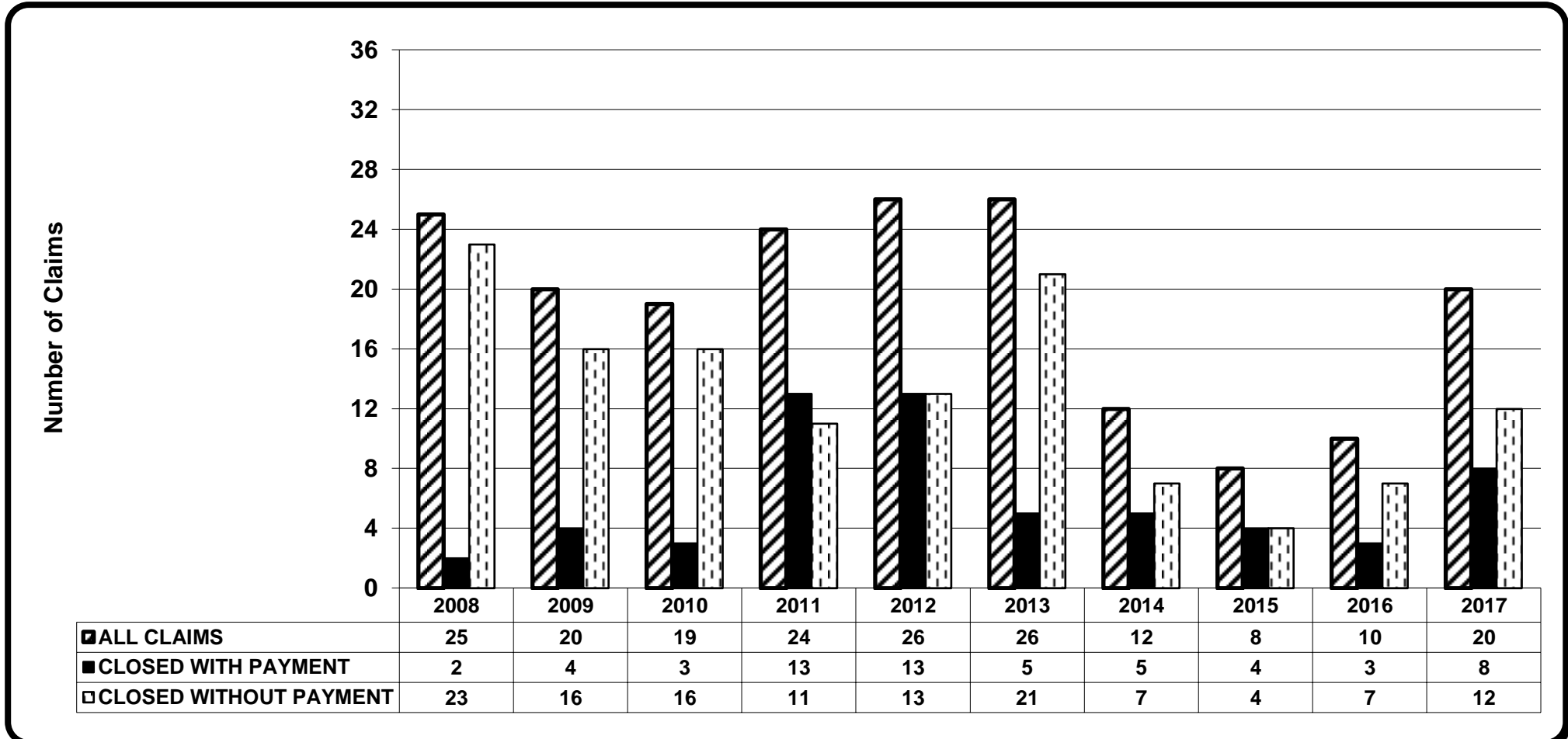


## PRE-TRIAL, PRE-HEARING

### AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

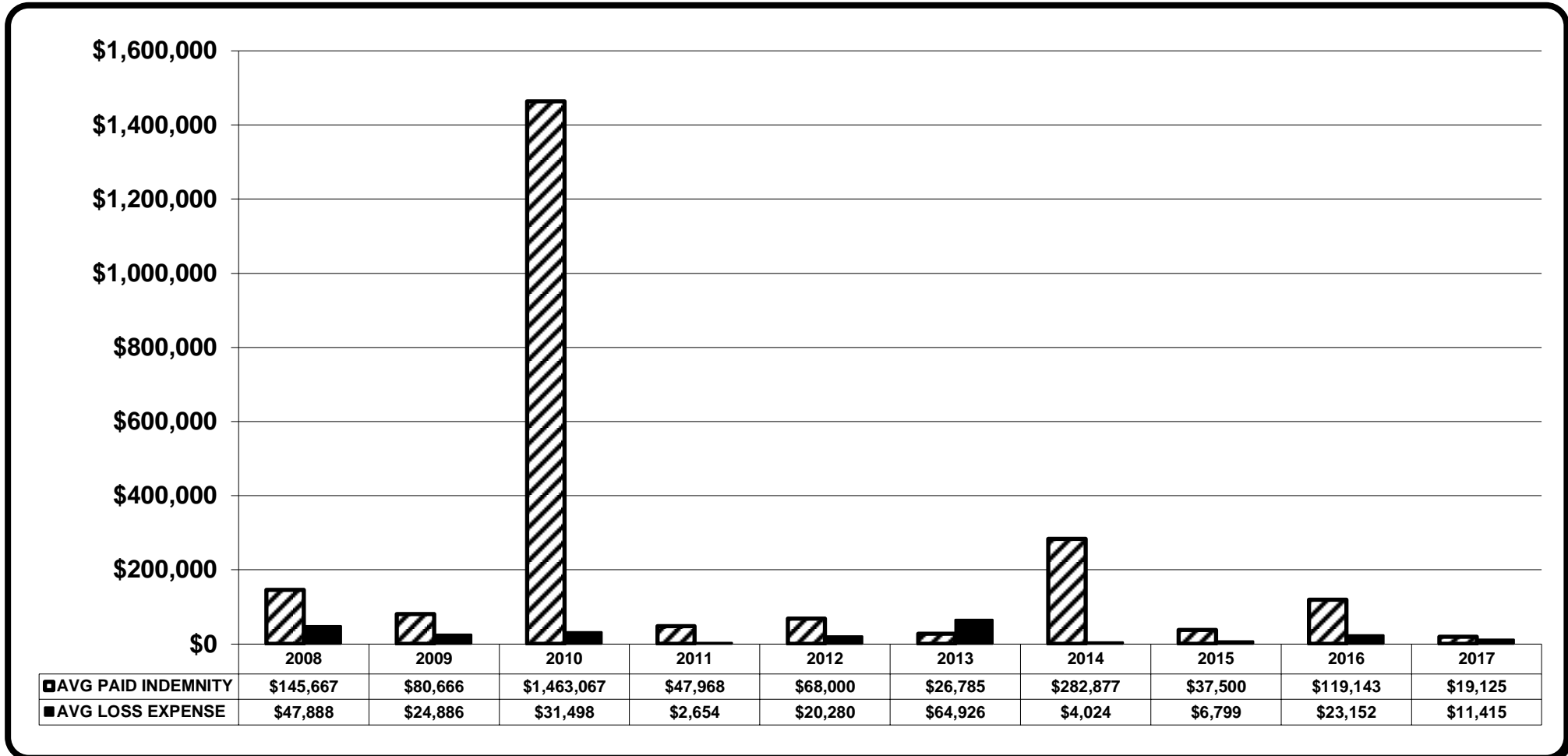


### CLAIM COUNT

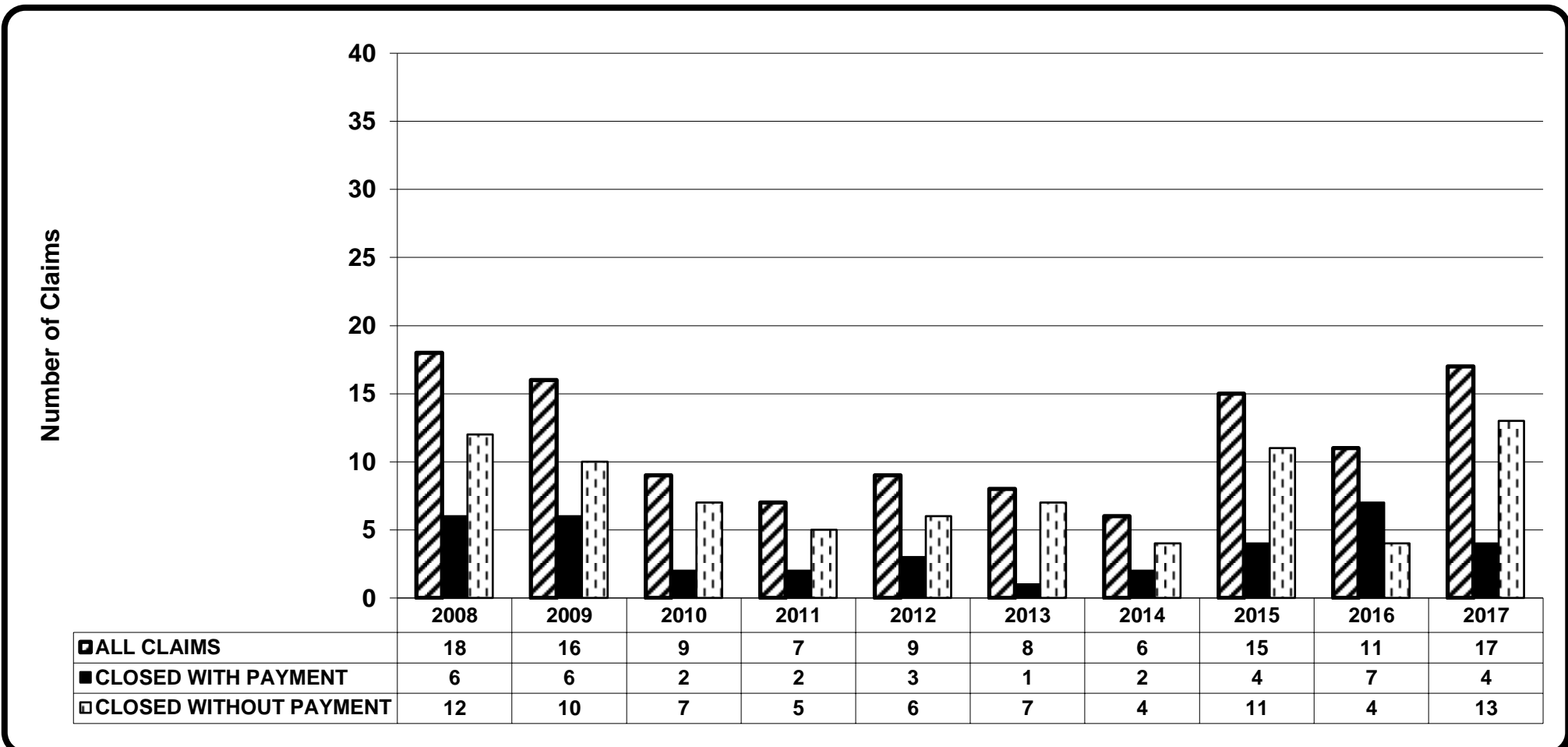


## SETTLEMENT AND NEGOTIATION

### AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

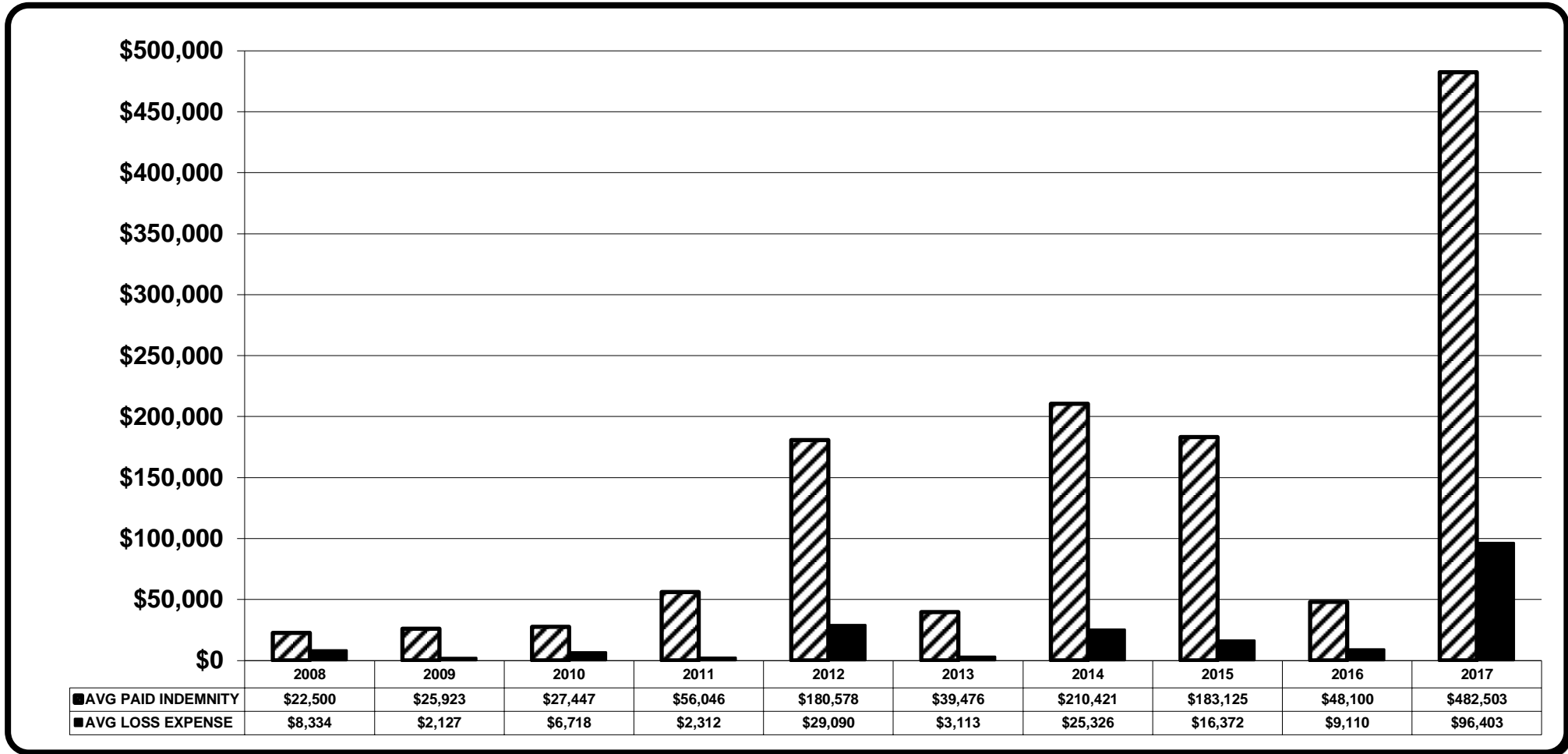


### CLAIM COUNT

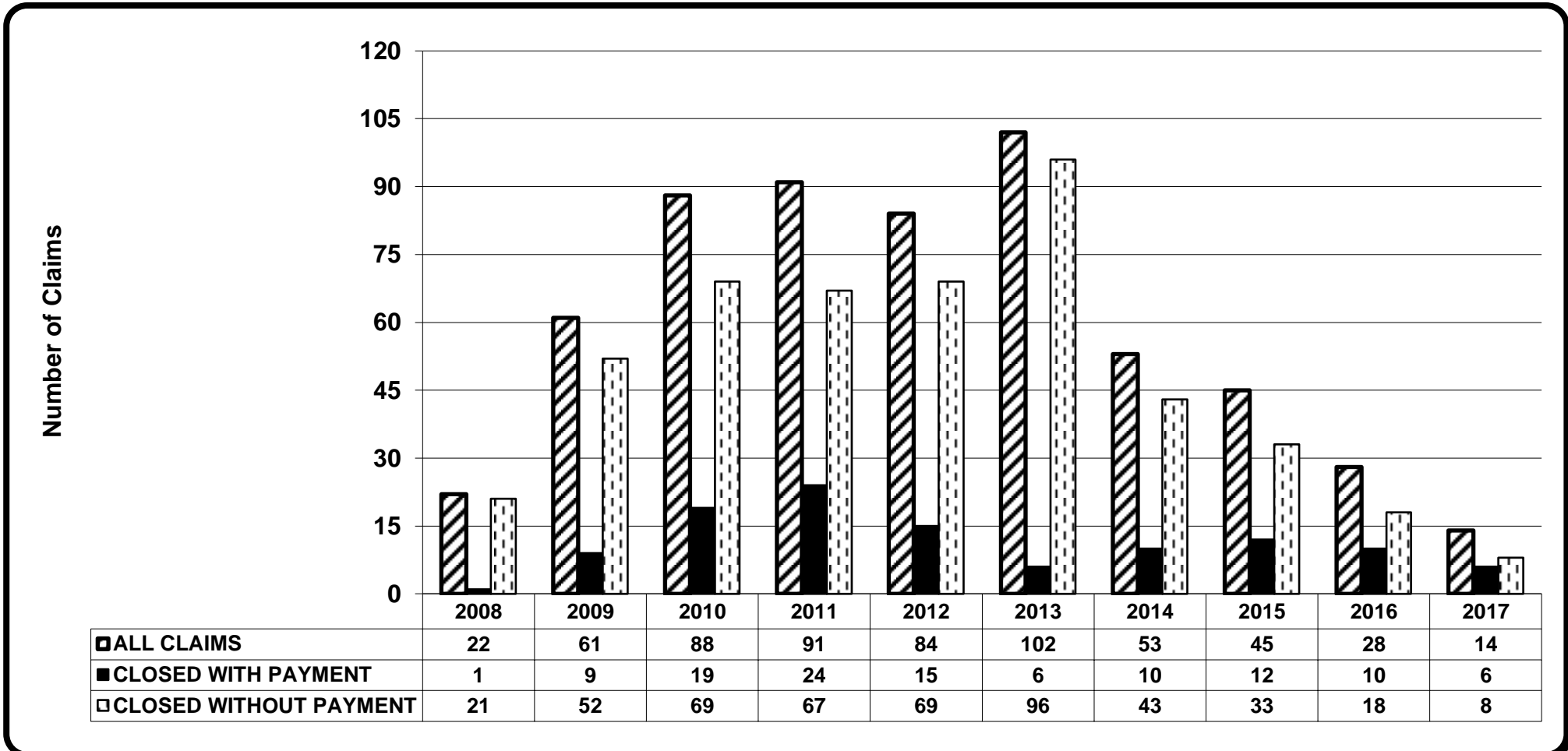


## OTHER

### AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

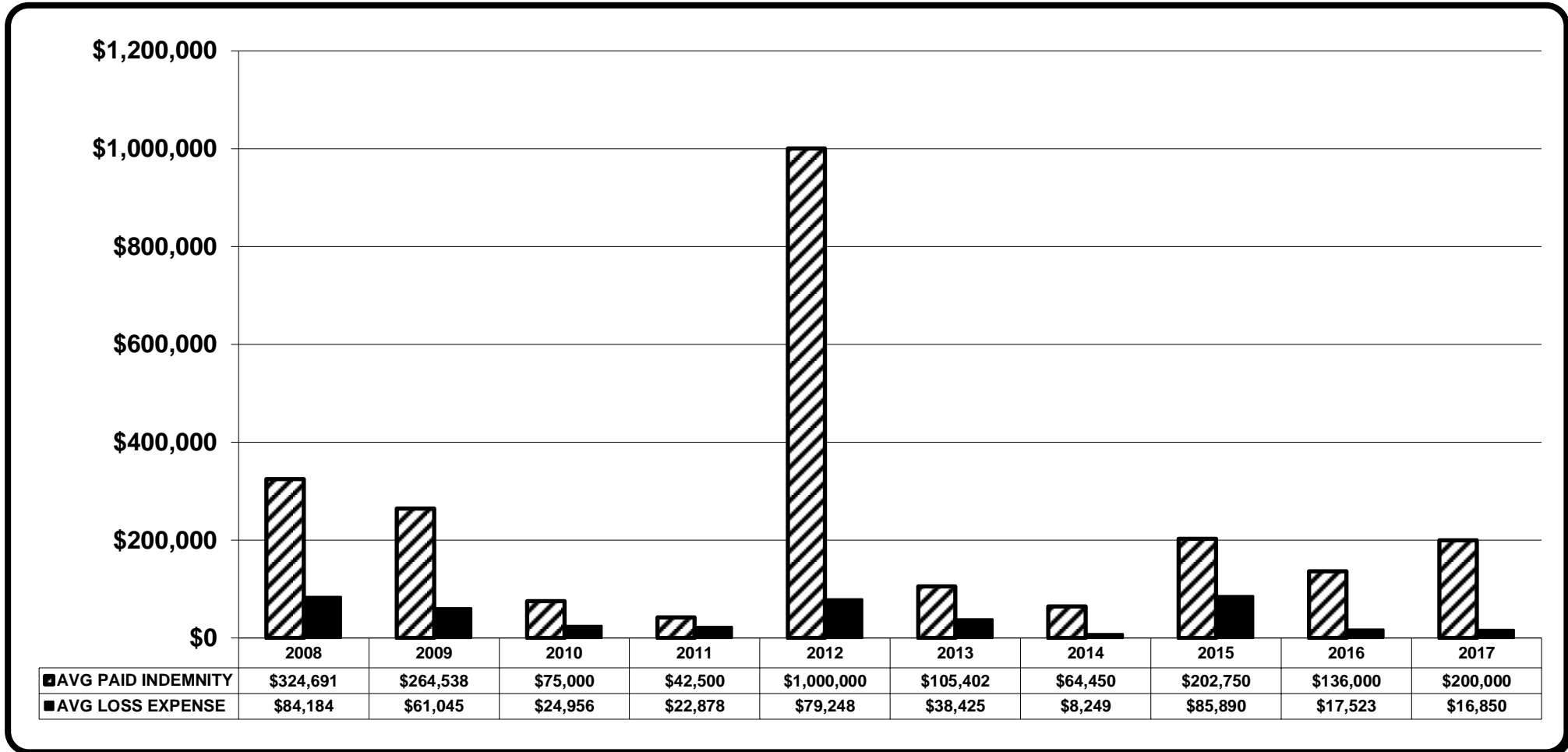


### CLAIM COUNT

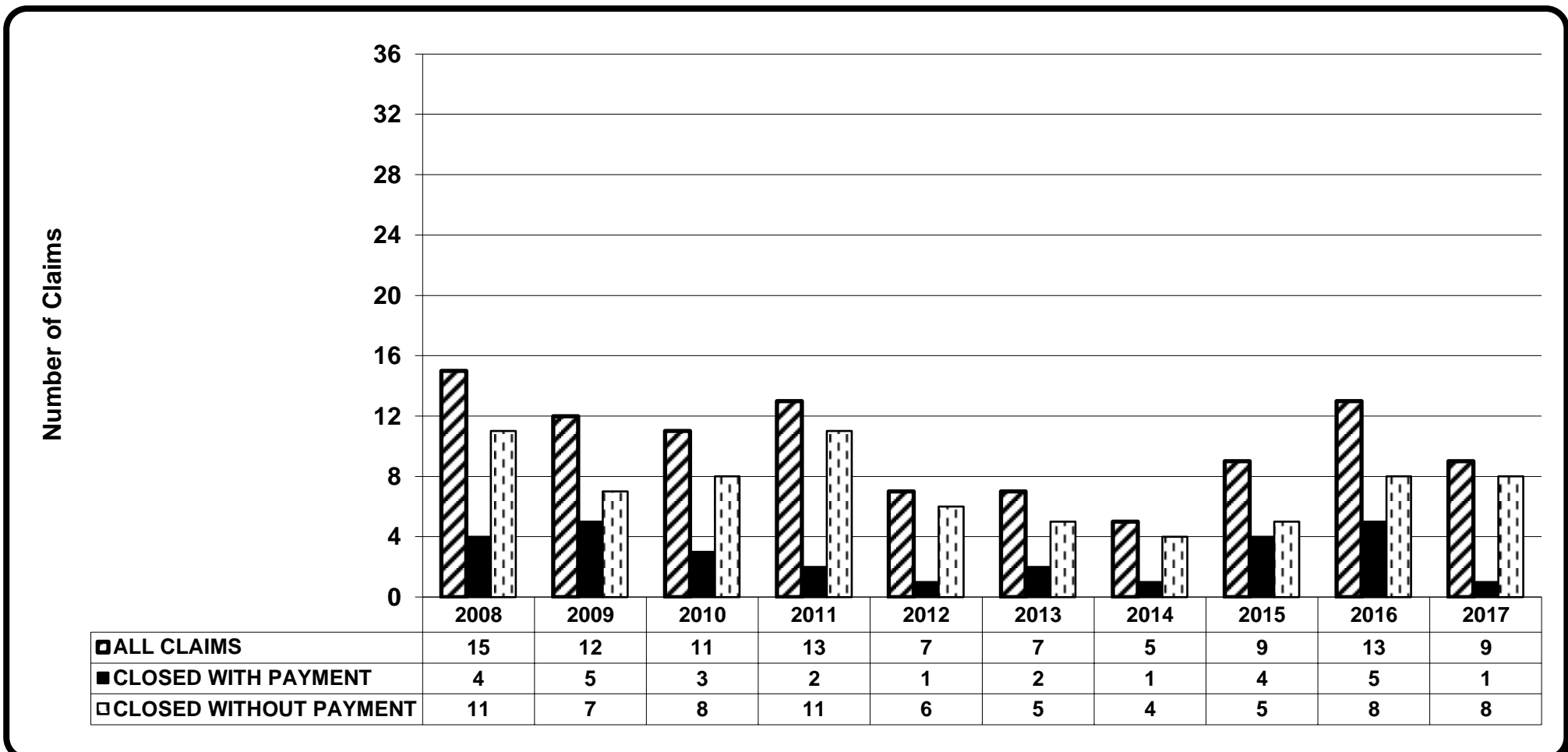


## CONSULTATION OR ADVICE

### AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

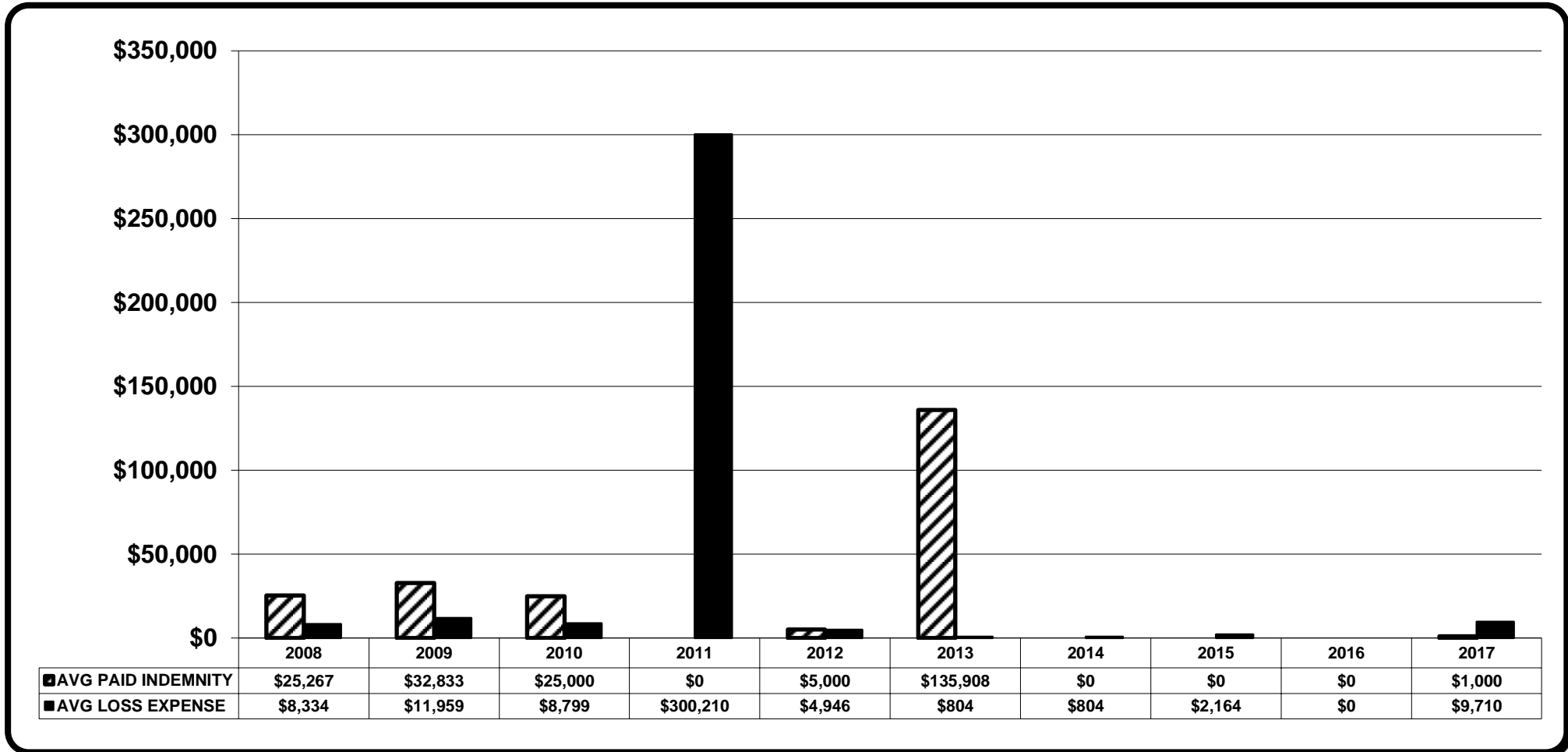


### CLAIM COUNT

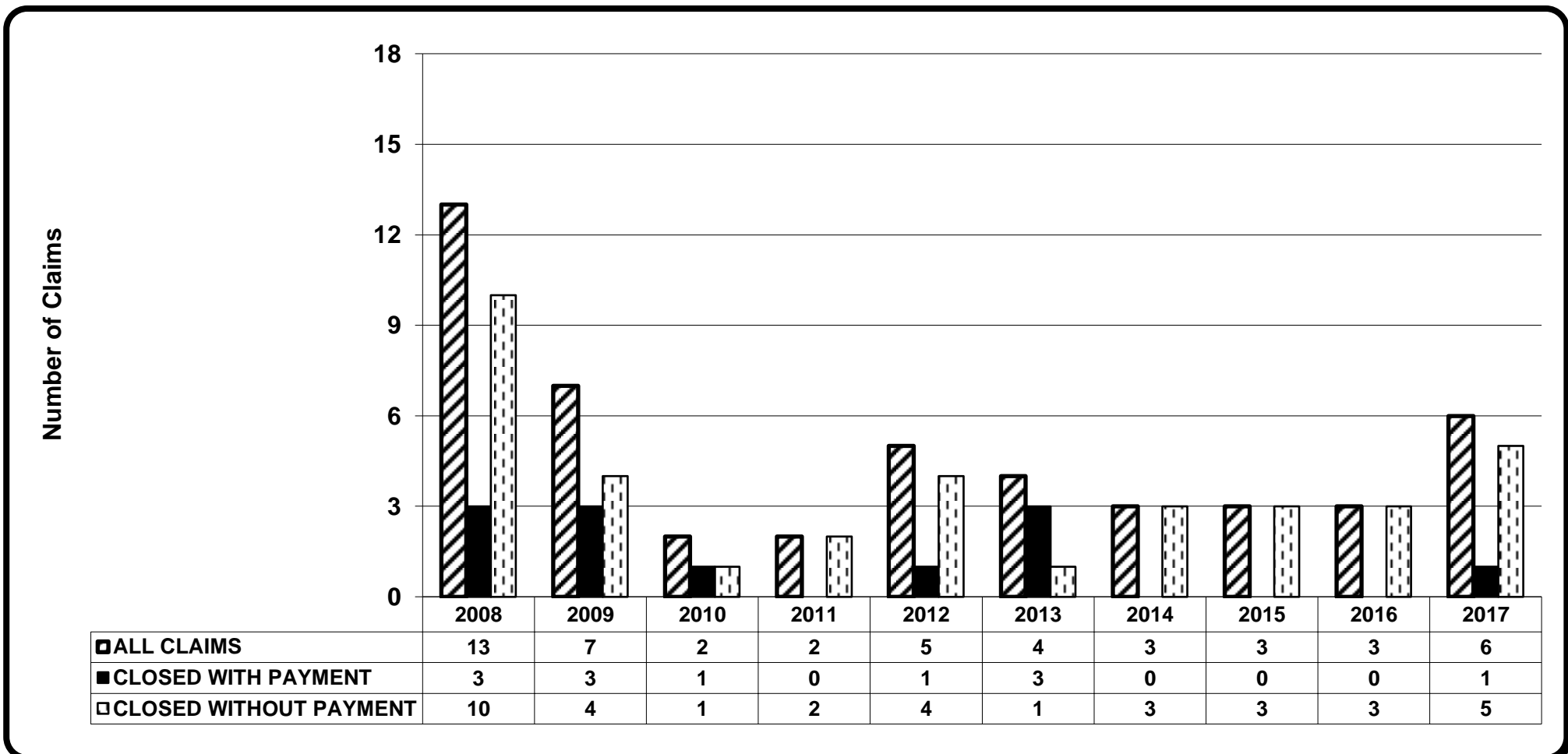


## INVESTIGATION, OTHER THAN LITIGATION

### AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

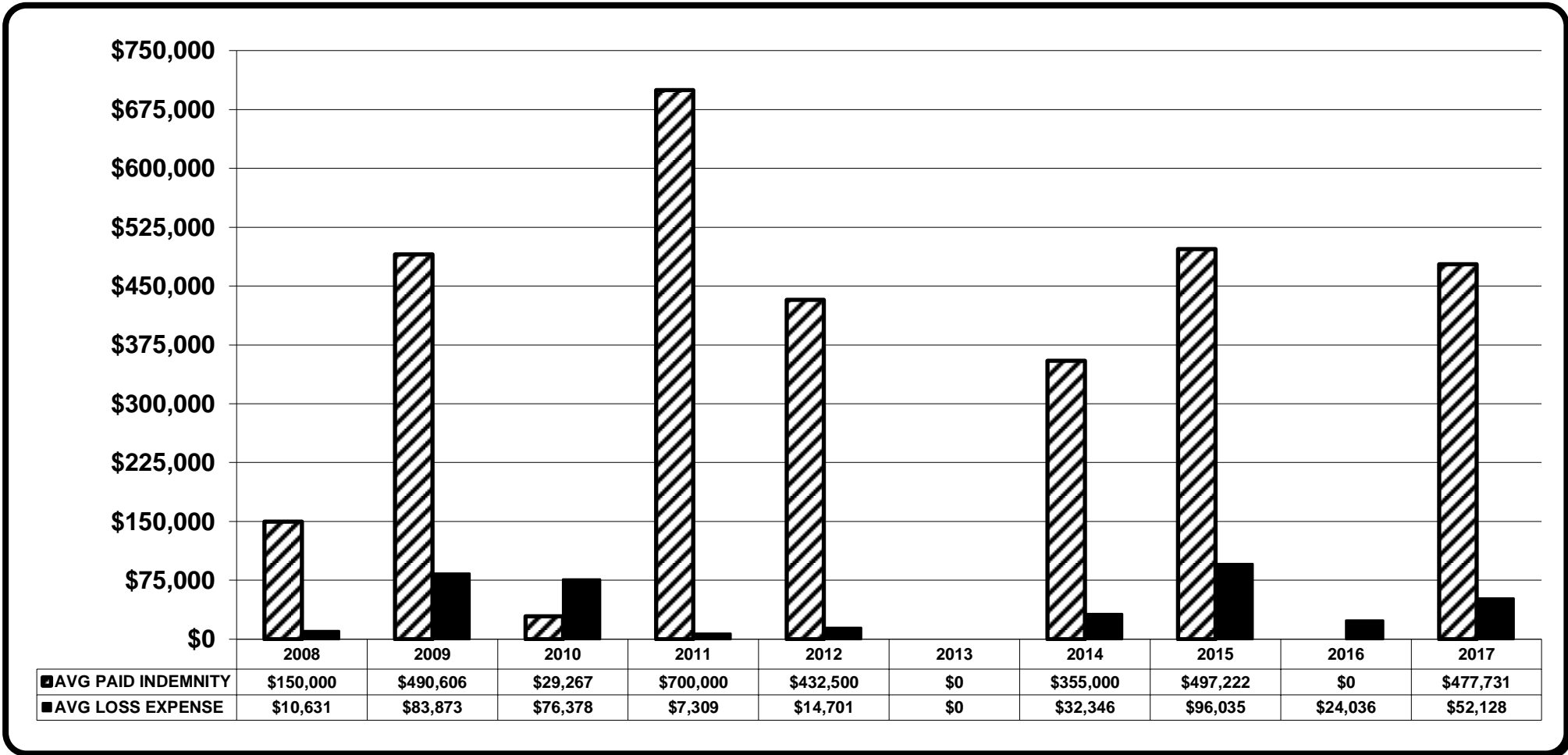


### CLAIM COUNT

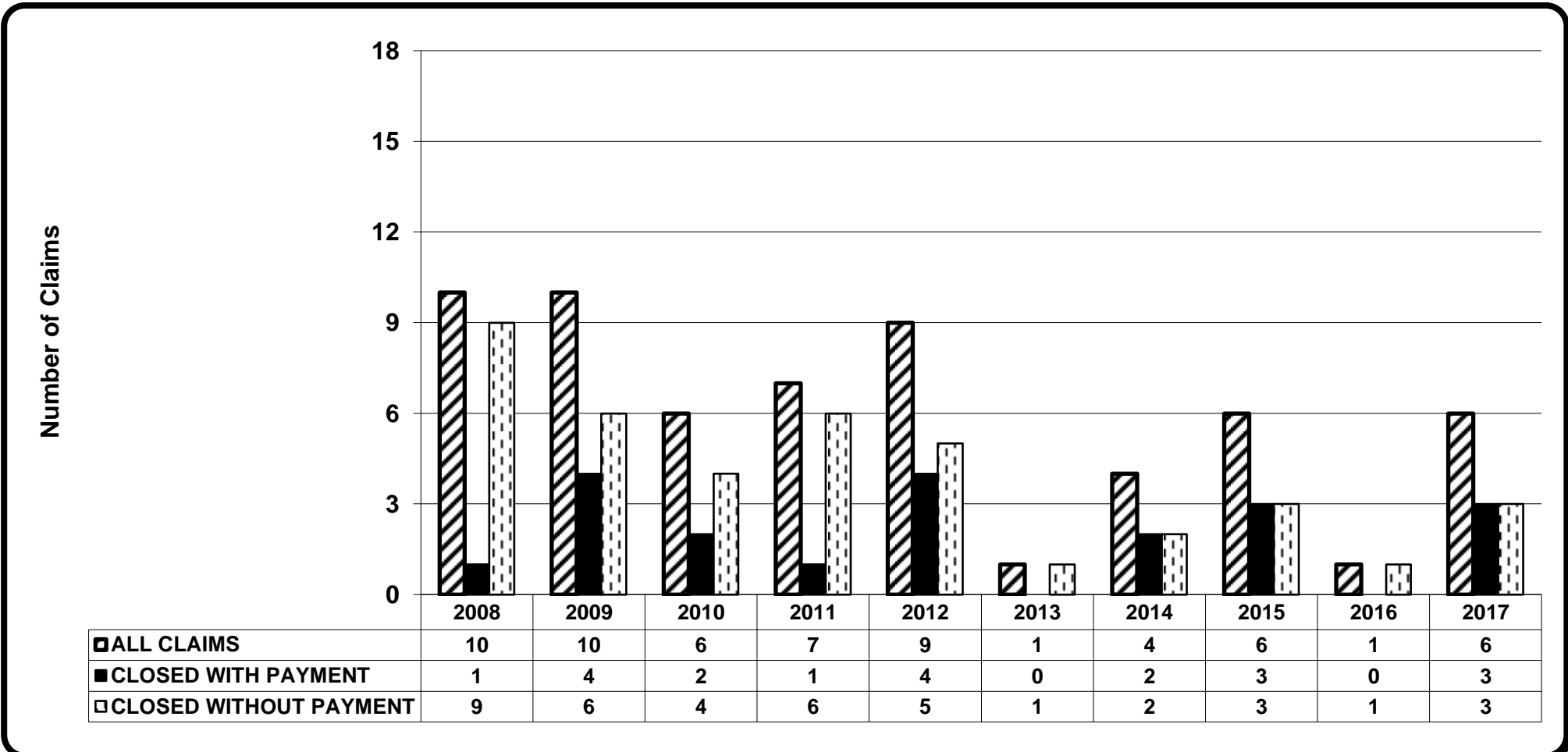


## TRIAL OR HEARING

### AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE



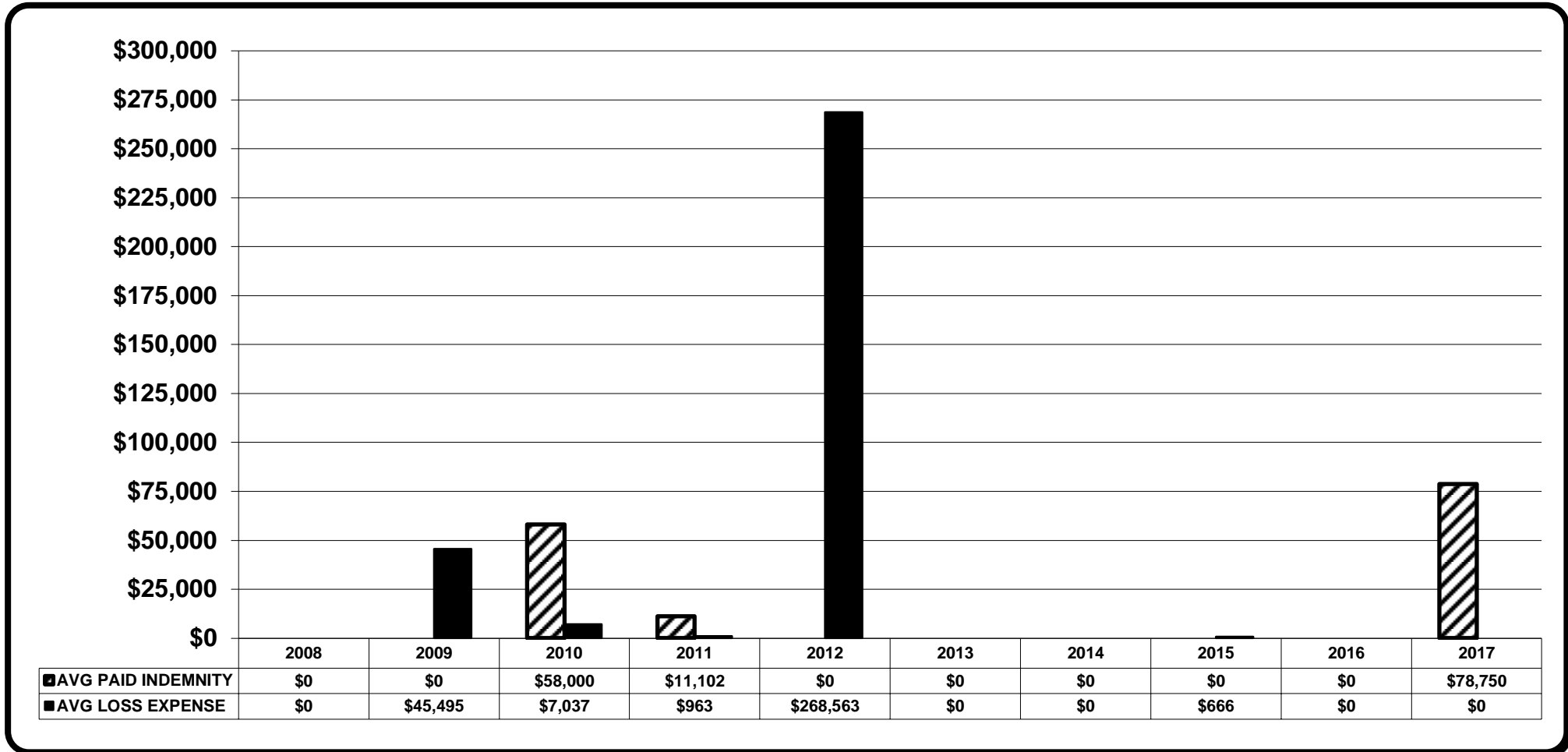
## CLAIM COUNT



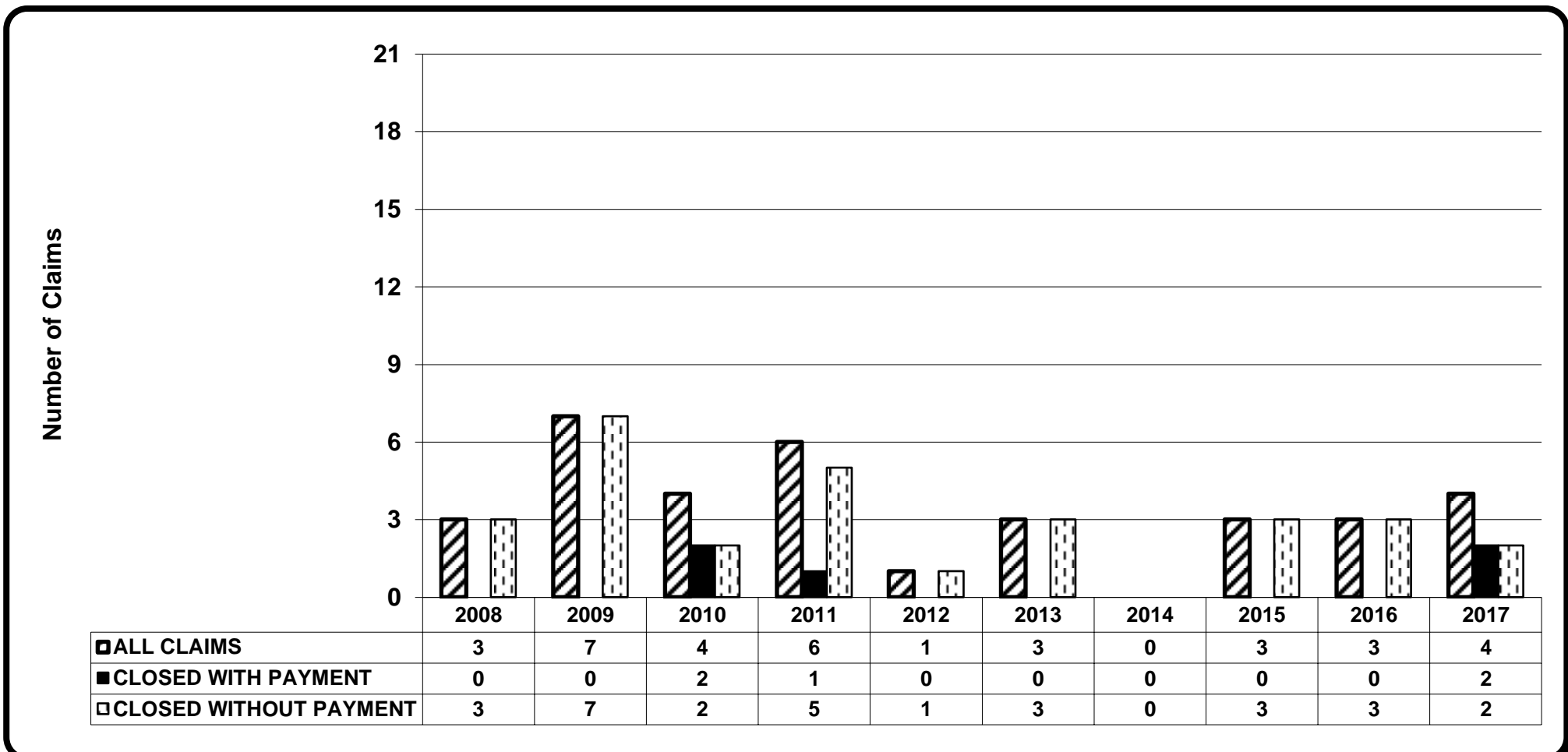


## APPEAL ACTIVITIES

### AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

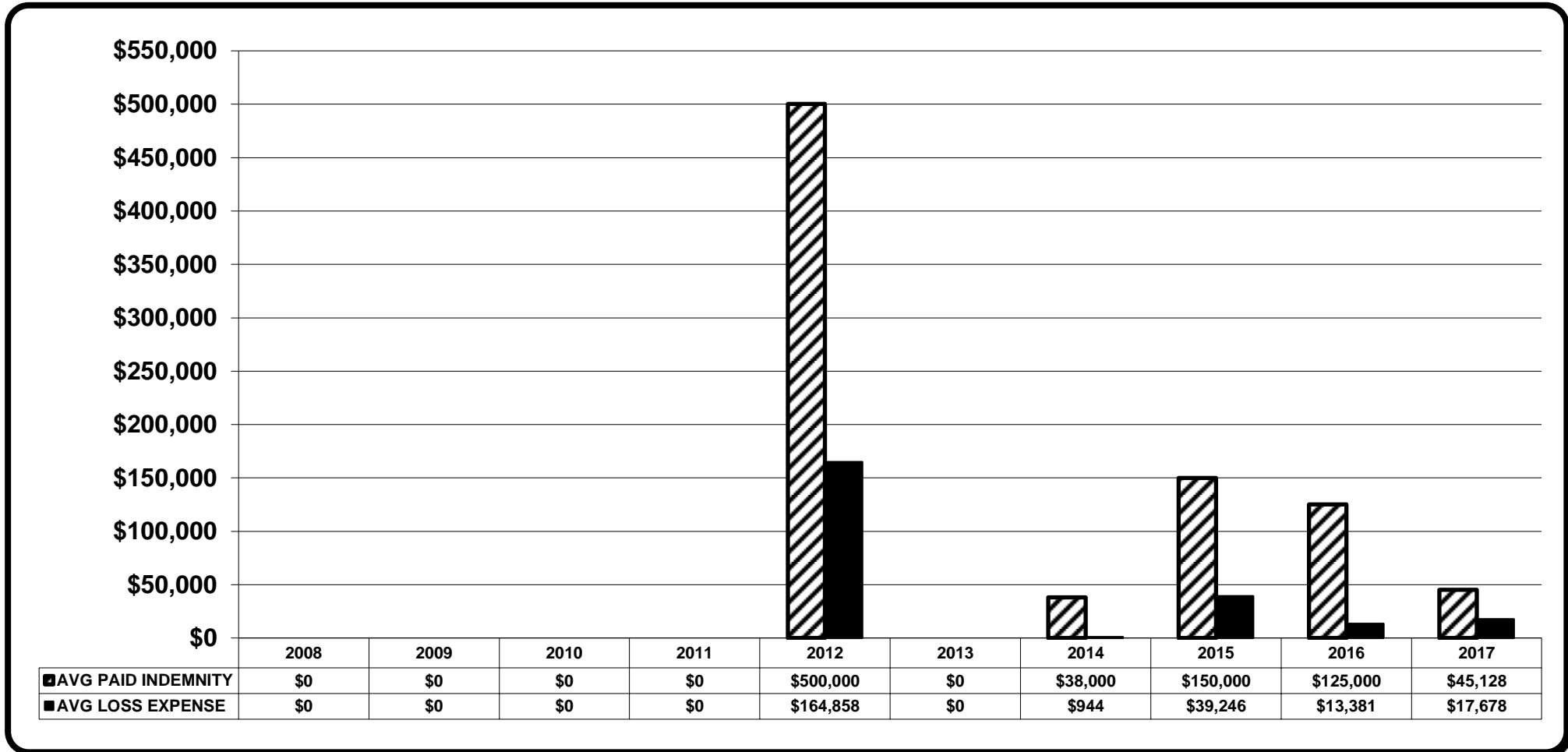


### CLAIM COUNT

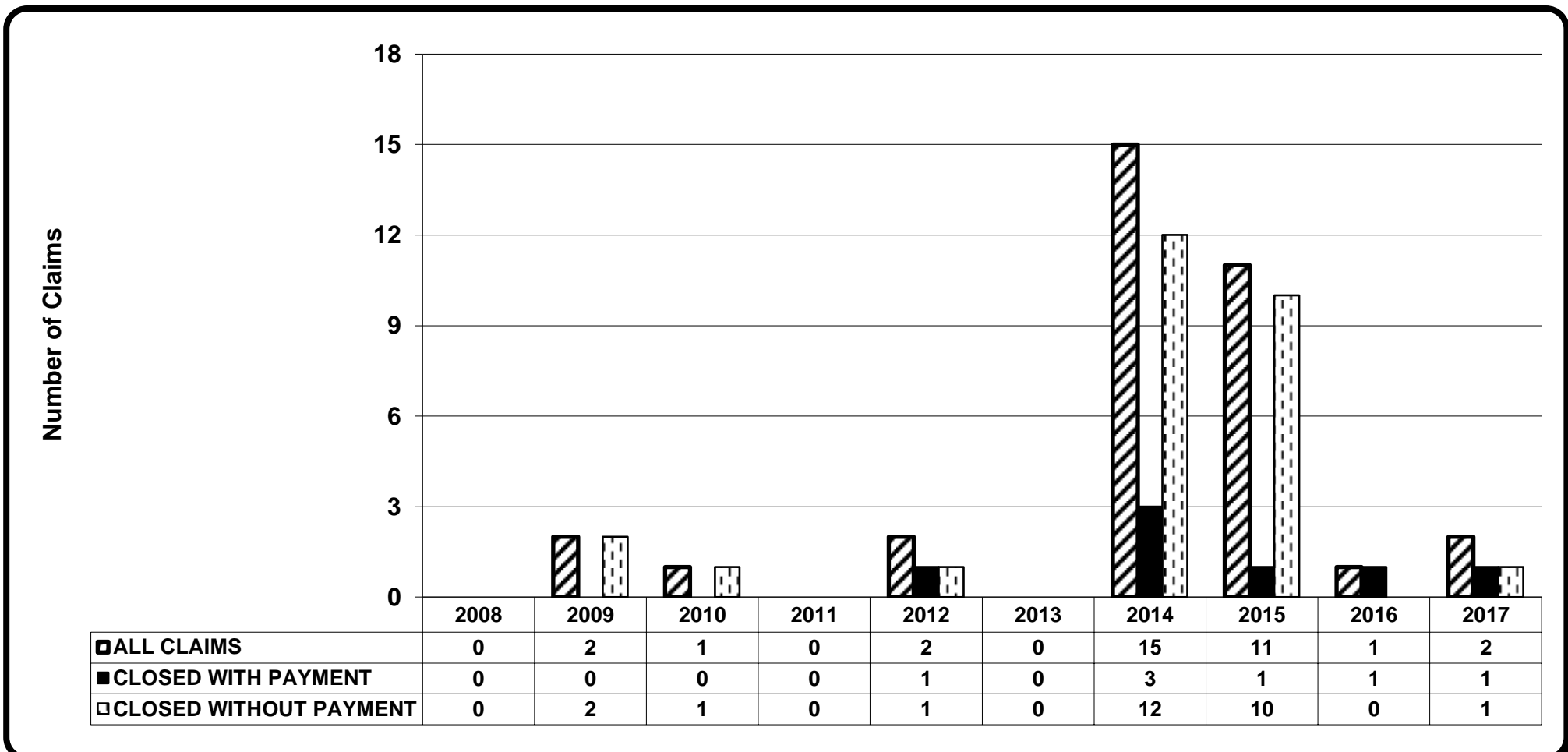


## OTHER WRITTEN OPINION

### AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE



### CLAIM COUNT



**TEN YEAR SUMMARY  
&  
2017 SUMMARY  
BY  
ALLEGED ERRORS OR OMISSIONS**



# LEGAL MALPRACTICE INSURANCE INDEMNITY ANALYSIS FOR YEARS 2008-2017

ERROR OR OMISSION	ALL CLOSED CLAIMS	NUMBER OF PAID CLAIMS	PERCENT OF PAID CLAIMS	AVERAGE INDEMNITY PAID PER PAID CLAIM	TOTAL INDEMNITY	PERCENT OF TOTAL INDEMNITY	AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS
OTHER	527	60	11.15%	\$96,695	\$5,801,680	7.78%	\$11,438
FAIL TO ASCERTAIN DEADLINE CORRECTLY	265	76	14.13%	\$160,587	\$12,204,599	16.37%	\$7,936
PLANNING OR STRATEGY ERROR	213	66	12.27%	\$212,127	\$14,000,361	18.78%	\$30,780
FAIL TO KNOW OR PROPERLY APPLY THE LAW	180	58	10.78%	\$114,371	\$6,633,524	8.90%	\$22,913
INADEQUATE INVESTIGATION	119	40	7.43%	\$149,558	\$5,982,318	8.03%	\$33,265
FAIL TO FOLLOW CLIENTS INSTRUCTIONS	99	18	3.35%	\$167,272	\$3,010,900	4.04%	\$17,387
PROCRASTINATE OR LACK OF FOLLOW-UP	95	28	5.20%	\$166,058	\$4,649,612	6.24%	\$17,665
FAIL TO FILE DOCUMENTS WITH NO DEADLINE	86	26	4.83%	\$46,740	\$1,215,239	1.63%	\$10,632
FRAUD	86	19	3.53%	\$111,961	\$2,127,266	2.85%	\$40,506
MALICIOUS PROSECUTION OR ABUSE OF PROCESS	76	18	3.35%	\$35,824	\$644,833	0.87%	\$24,197
CONFLICT OF INTEREST	75	25	4.65%	\$258,254	\$6,456,350	8.66%	\$69,777
FAILURE TO CALENDAR PROPERLY	67	40	7.43%	\$106,632	\$4,265,273	5.72%	\$18,515
FAILURE TO REACT TO CALENDAR	46	22	4.09%	\$84,355	\$1,855,807	2.49%	\$12,012
FAIL TO OBTAIN CLIENTS CONSENT	42	6	1.12%	\$410,667	\$2,464,000	3.31%	\$22,275
VIOLATION OF CIVIL RIGHTS	37	4	0.74%	\$101,250	\$405,000	0.54%	\$9,646
CLERICAL ERROR	35	11	2.04%	\$32,791	\$360,703	0.48%	\$13,505
LIBEL OR SLANDER	17	2	0.37%	\$35,000	\$70,000	0.09%	\$10,299
ERROR IN MATHEMATICAL CALCULATION	16	8	1.49%	\$41,874	\$334,989	0.45%	\$16,171
FAIL TO ANTICIPATE TAX CONSEQUENCES	15	4	0.74%	\$373,417	\$1,493,669	2.00%	\$19,726
IMPROPER WITHDRAWAL FROM REPRESENTATION	10	2	0.37%	\$23,750	\$47,500	0.06%	\$3,415
ERROR IN PUBLIC RECORD SEARCH	9	4	0.74%	\$79,625	\$318,500	0.43%	\$29,773
LOST FILE, DOCUMENT OR EVIDENCE	4	1	0.19%	\$195,000	\$195,000	0.26%	\$9,628
NOT SPECIFIED	1	0	0.00%	N/A	\$0	0.00%	\$0
<b>TOTAL</b>	<b>2,120</b>	<b>538</b>	<b>100.00%</b>	<b>\$138,545</b>	<b>\$74,537,123</b>	<b>100.00%</b>	<b>\$19,938</b>

**LEGAL MALPRACTICE INSURANCE  
INDEMNITY ANALYSIS  
CLAIMS CLOSED IN 2017**

ERROR OR OMISSION	ALL CLOSED CLAIMS	NUMBER OF PAID CLAIMS	PERCENT OF PAID CLAIMS	AVERAGE INDEMNITY		TOTAL INDEMNITY	PERCENT OF TOTAL INDEMNITY	AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS
				PER PAID CLAIM	INDEMNITY			
PLANNING OR STRATEGY ERROR	25	9	15.00%	\$98,298	\$884,680	\$884,680	7.21%	\$16,568
CONFLICT OF INTEREST	18	7	11.67%	\$320,191	\$2,241,340	\$2,241,340	18.26%	\$38,919
FAIL TO KNOW OR PROPERLY APPLY THE LAW	16	7	11.67%	\$311,375	\$2,179,628	\$2,179,628	17.76%	\$11,385
FRAUD	14	6	10.00%	\$127,417	\$764,500	\$764,500	6.23%	\$87,027
FAIL TO ASCERTAIN DEADLINE CORRECTLY	11	9	15.00%	\$171,103	\$1,539,928	\$1,539,928	12.55%	\$23,501
FAIL TO FOLLOW CLIENTS INSTRUCTIONS	10	4	6.67%	\$79,500	\$318,000	\$318,000	2.59%	\$15,217
INADEQUATE INVESTIGATION	10	5	8.33%	\$30,400	\$152,000	\$152,000	1.24%	\$21,250
PROCRASTINATION OR LACK OF FOLLOW-UP	8	4	6.67%	\$422,742	\$1,690,967	\$1,690,967	13.78%	\$21,371
FAIL TO FILE DOCUMENTS WITH NO DEADLINE	6	4	6.67%	\$81,022	\$324,086	\$324,086	2.64%	\$22,485
FAIL TO OBTAIN CLIENTS CONSENT	4	1	1.67%	\$2,000,000	\$2,000,000	\$2,000,000	16.29%	\$25,142
OTHER	4	1	1.67%	\$2,250	\$2,250	\$2,250	0.02%	\$634
VIOLATION OF CIVIL RIGHTS	4	0	0.00%	N/A	\$0	\$0	0.00%	\$4,508
CLERICAL ERROR	3	1	1.67%	\$75,000	\$75,000	\$75,000	0.61%	\$14,115
FAILURE TO REACT TO CALENDAR MALICIOUS PROSECUTION OR ABUSE OF PROCESS	3	1	1.67%	\$95,000	\$95,000	\$95,000	0.77%	\$3,990
ERROR IN MATHEMATICAL CALCULATION	2	0	0.00%	N/A	\$0	\$0	0.00%	\$1,702
FAILURE TO CALENDAR PROPERLY	2	1	1.67%	\$7,500	\$7,500	\$7,500	0.06%	\$1,055
IMPROPER WITHDRAWAL FROM REPRESENTATION	2	0	0.00%	N/A	\$0	\$0	0.00%	\$0
LIBEL OR SLANDER	1	0	0.00%	N/A	\$0	\$0	0.00%	\$2,993
LOST FILE, DOCUMENT OR EVIDENCE	1	0	0.00%	N/A	\$0	\$0	0.00%	\$42,173
<b>TOTAL</b>	<b>147</b>	<b>60</b>	<b>100.00%</b>	<b>\$204,581</b>	<b>\$12,274,879</b>	<b>\$12,274,879</b>	<b>100.00%</b>	<b>\$25,001</b>

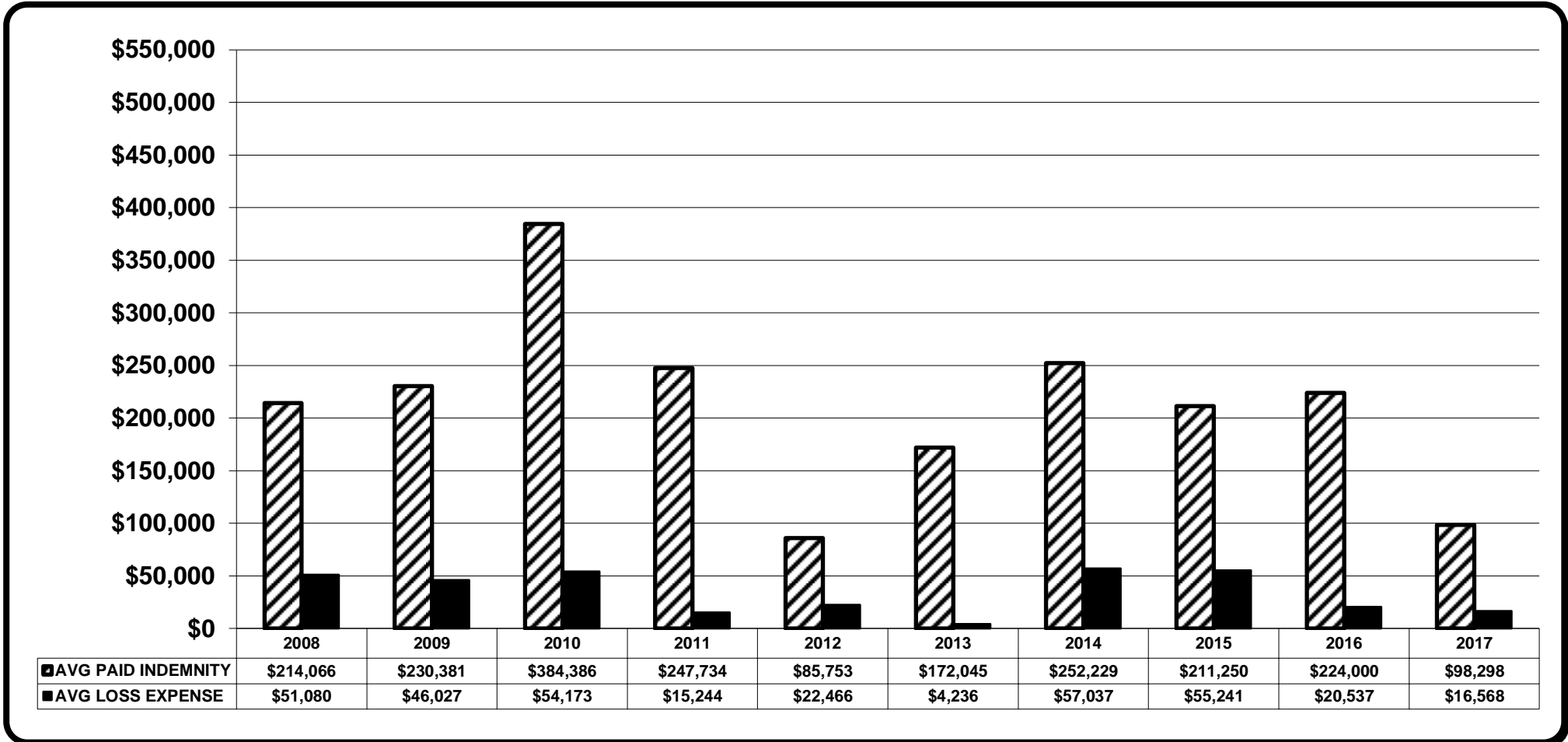
**TRENDS  
OF THE TOP TEN  
ERRORS OR OMISSIONS  
OF 2017**



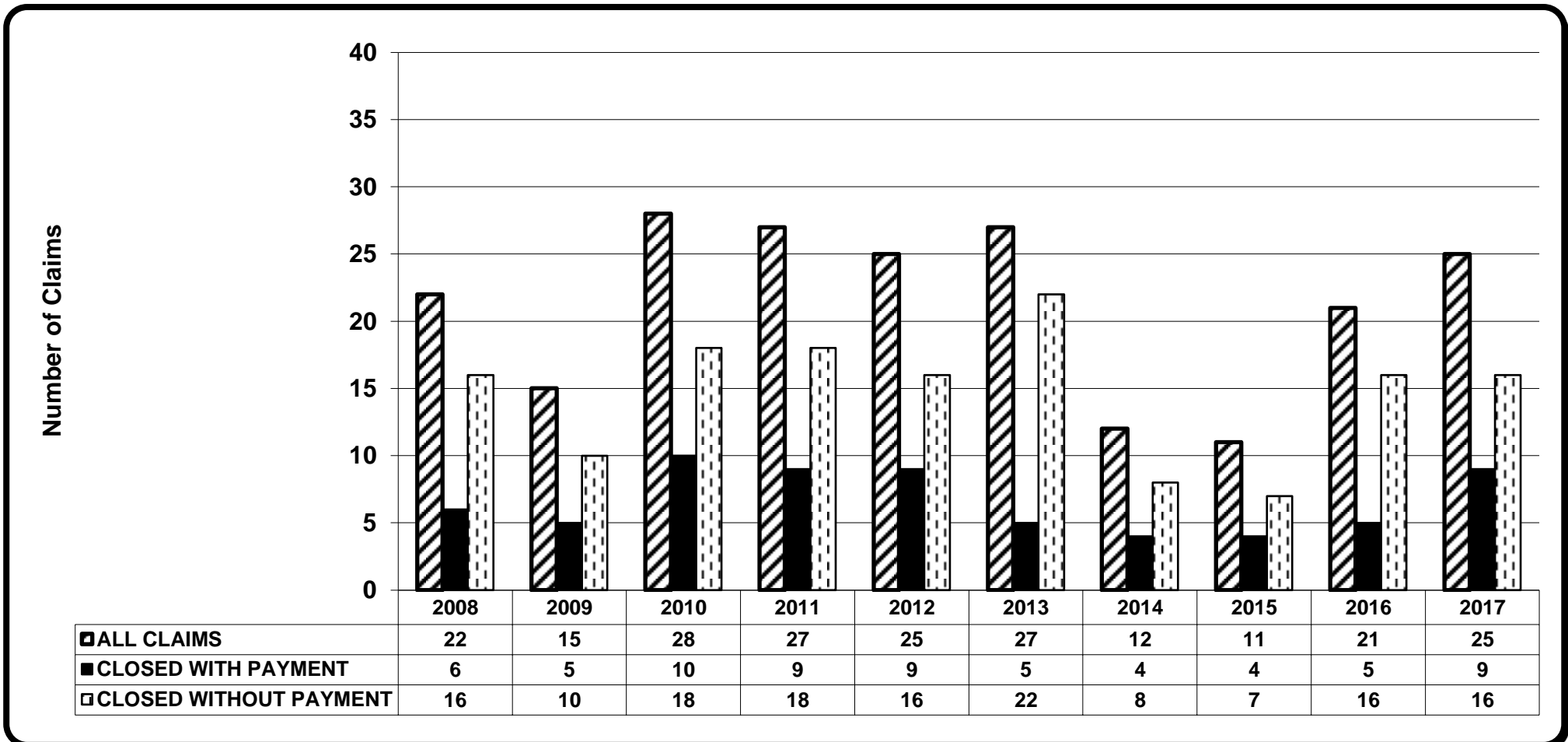


## PLANNING OR STRATEGY ERROR

### AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

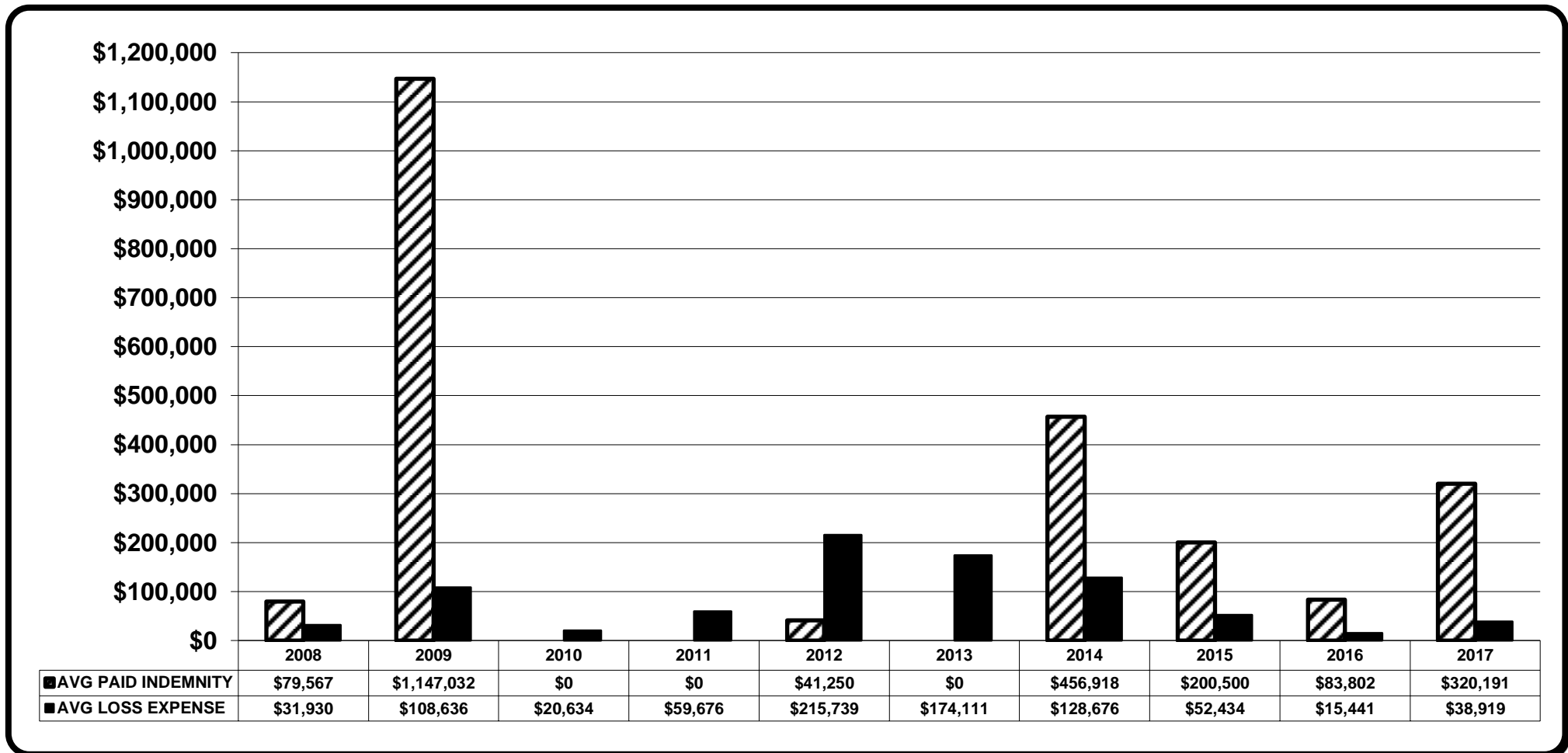


### CLAIM COUNT

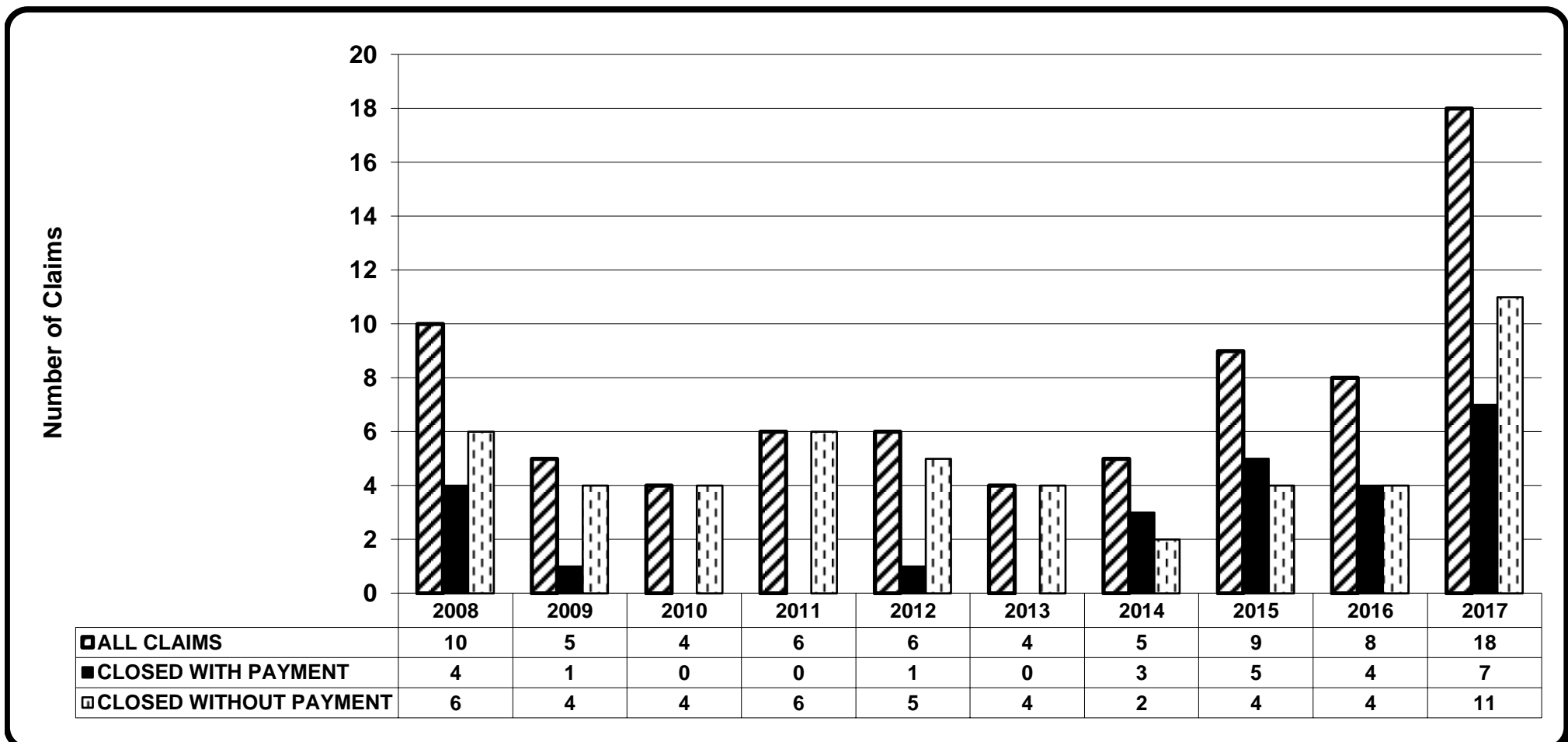


## CONFLICT OF INTEREST

### AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

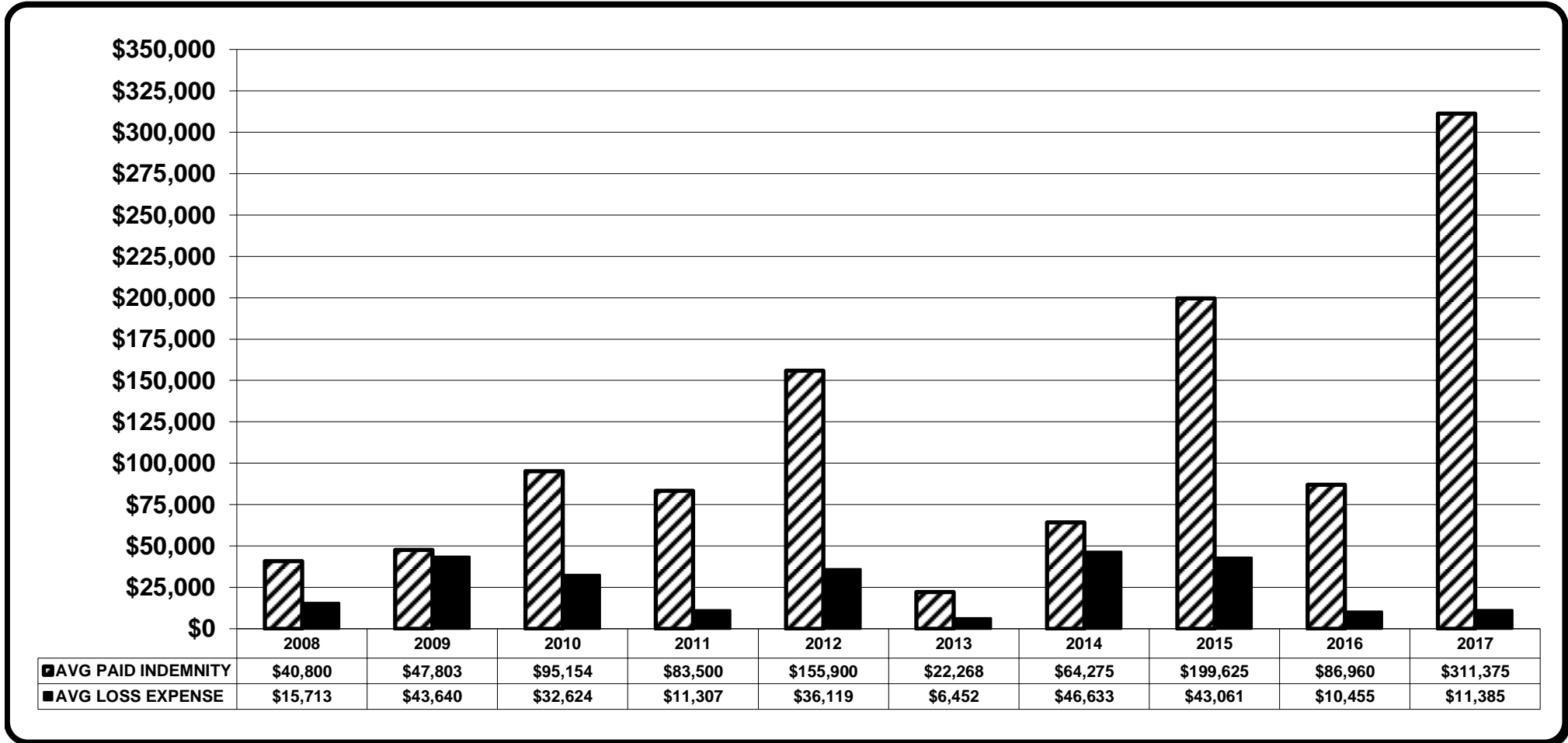


### CLAIM COUNT

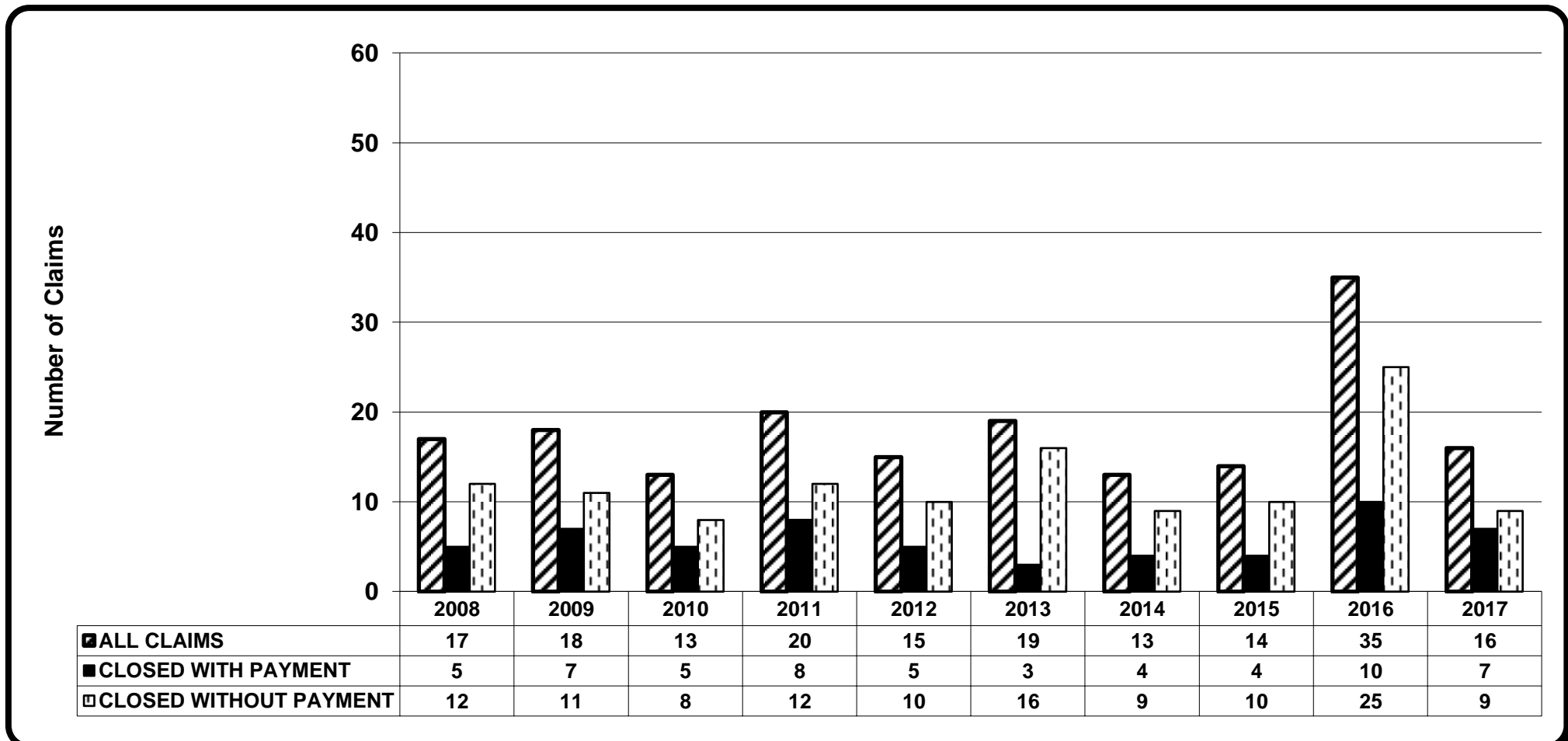


## FAILURE TO KNOW OR PROPERLY APPLY THE LAW

### AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

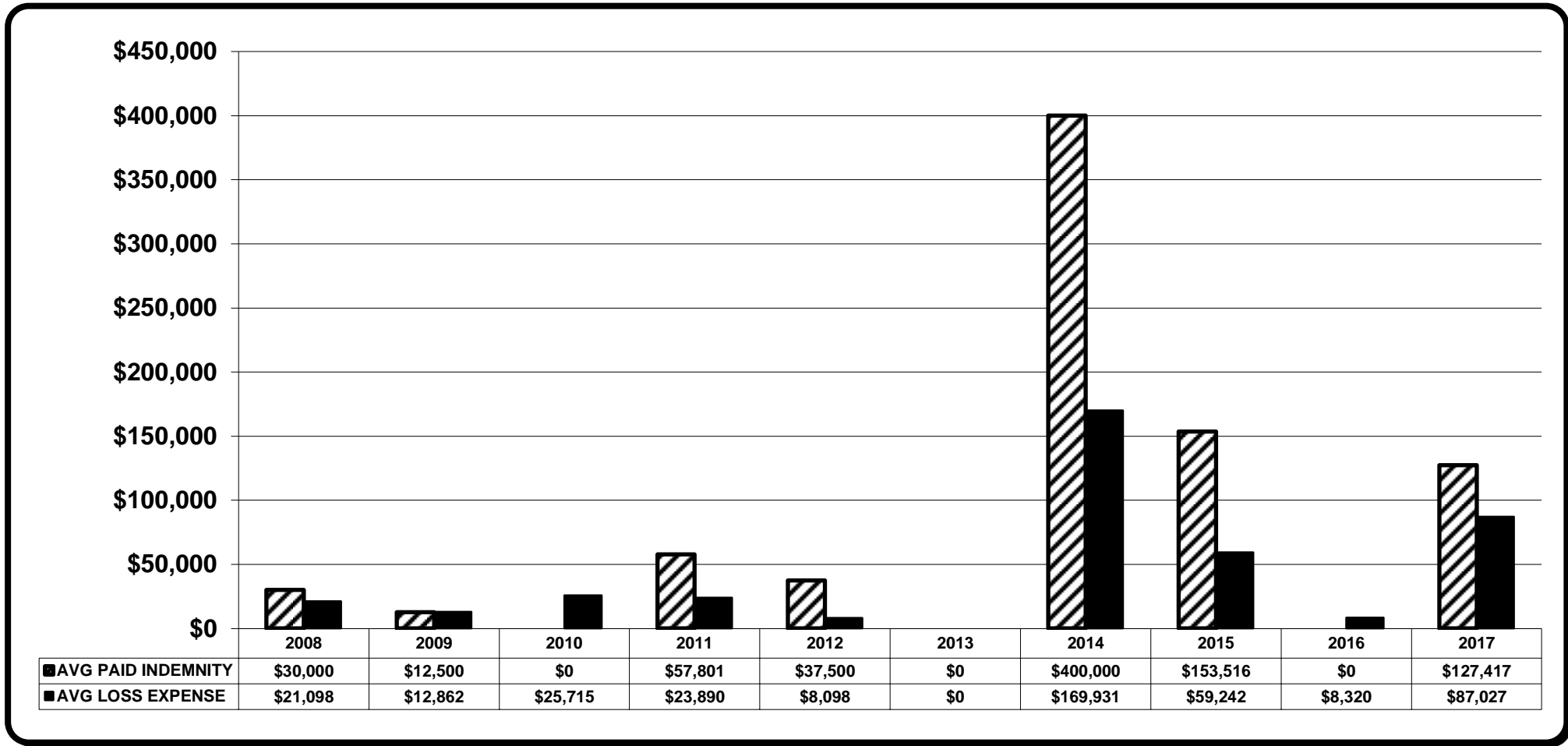


### CLAIM COUNT

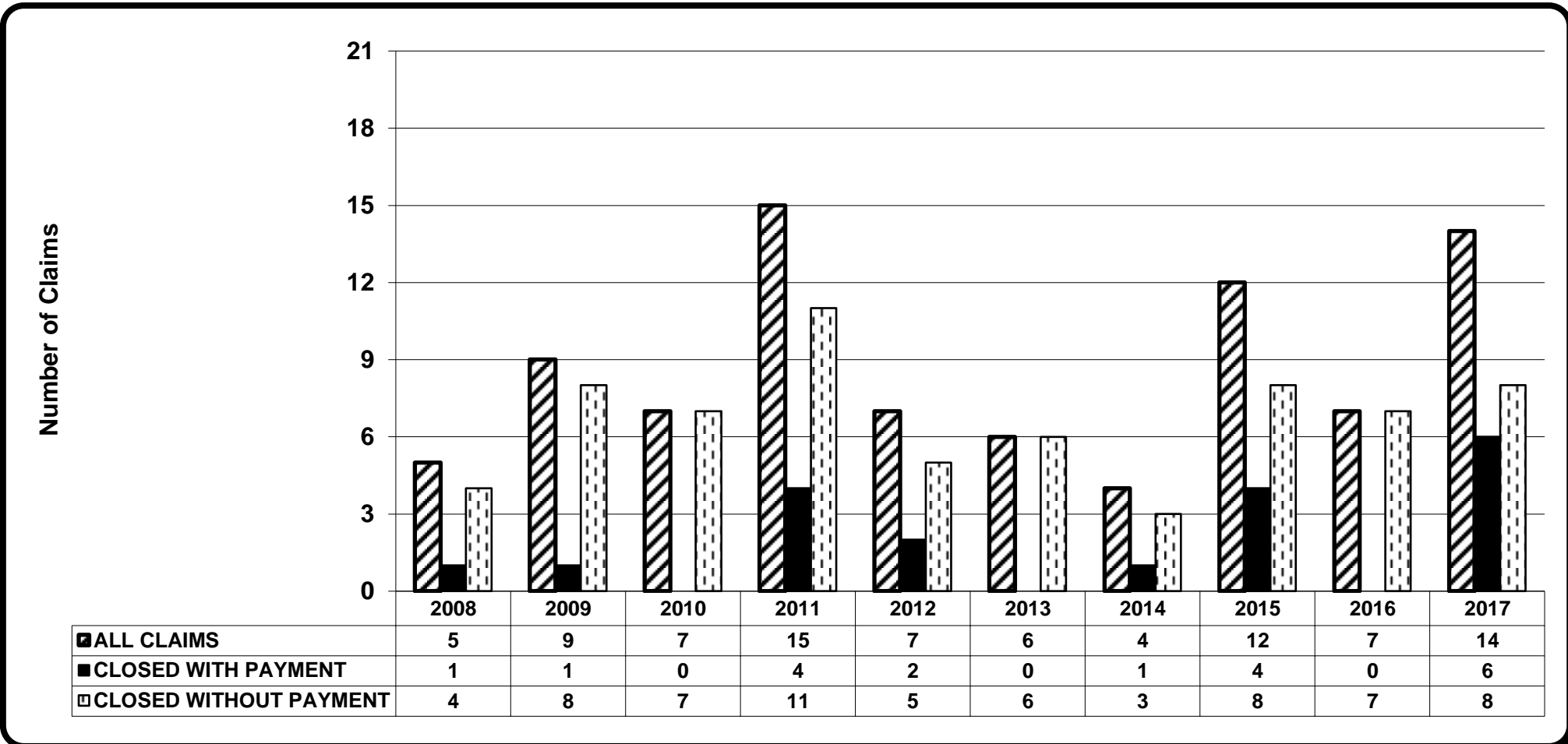


## FRAUD

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

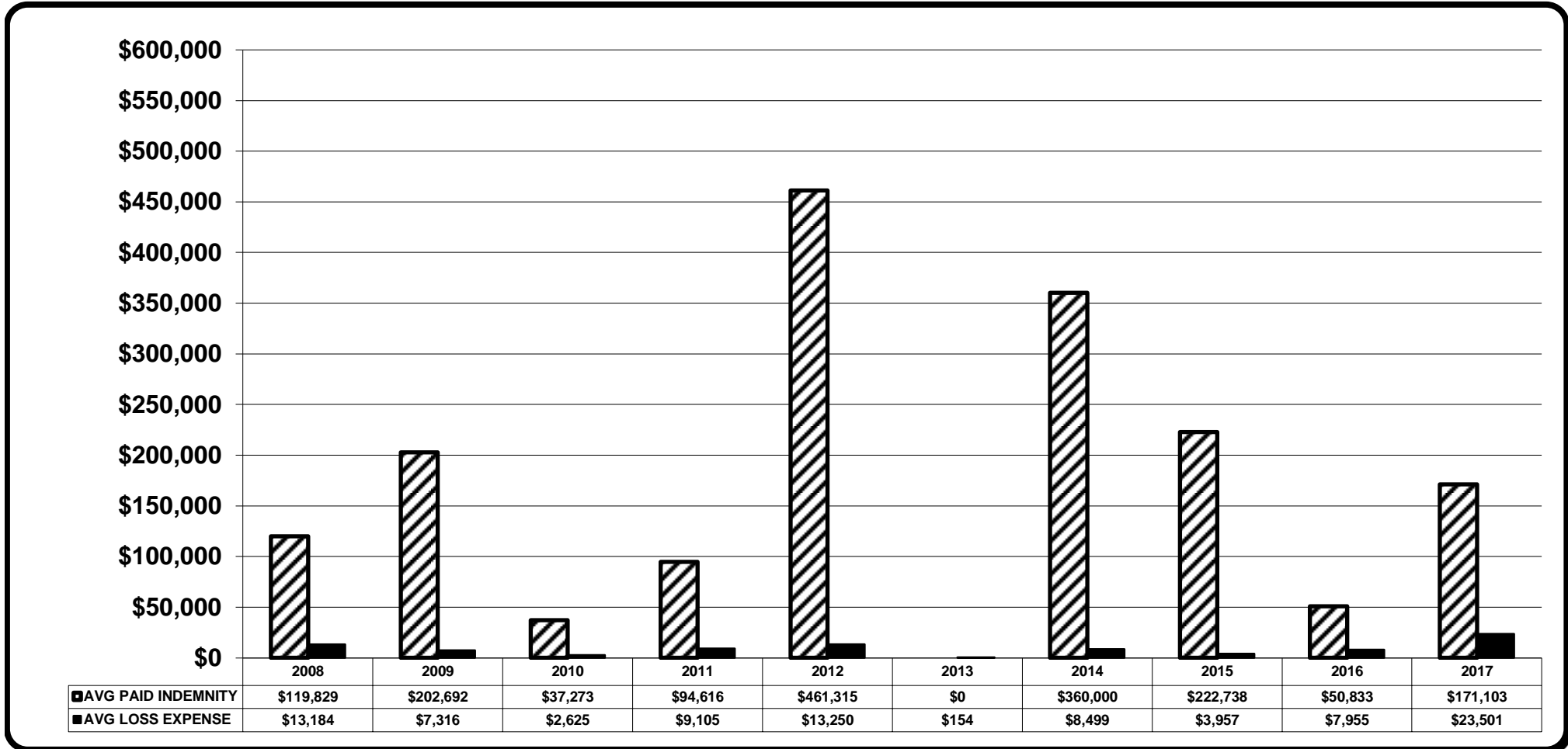


## CLAIM COUNT

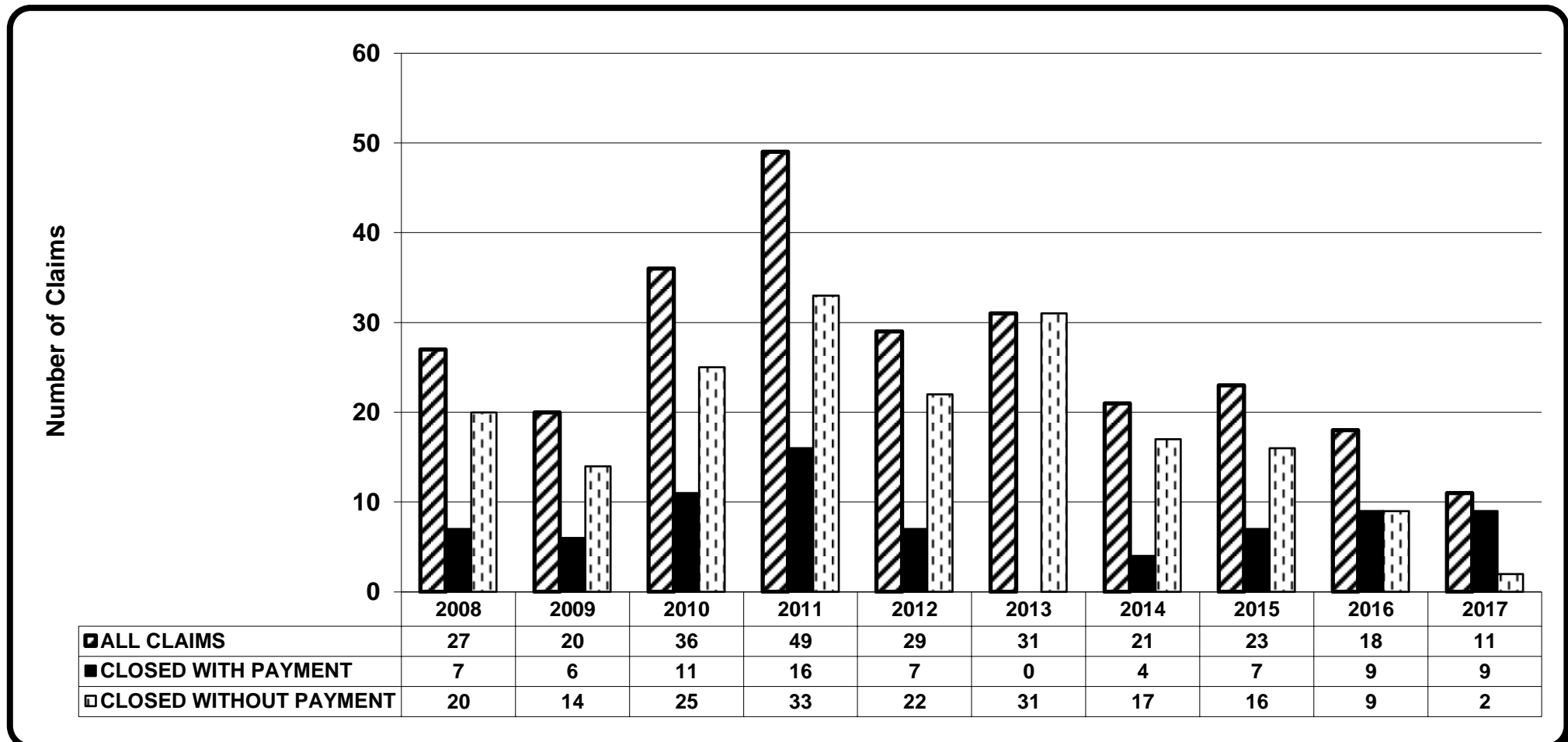


## FAILURE TO ASCERTAIN DEADLINE CORRECTLY

### AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

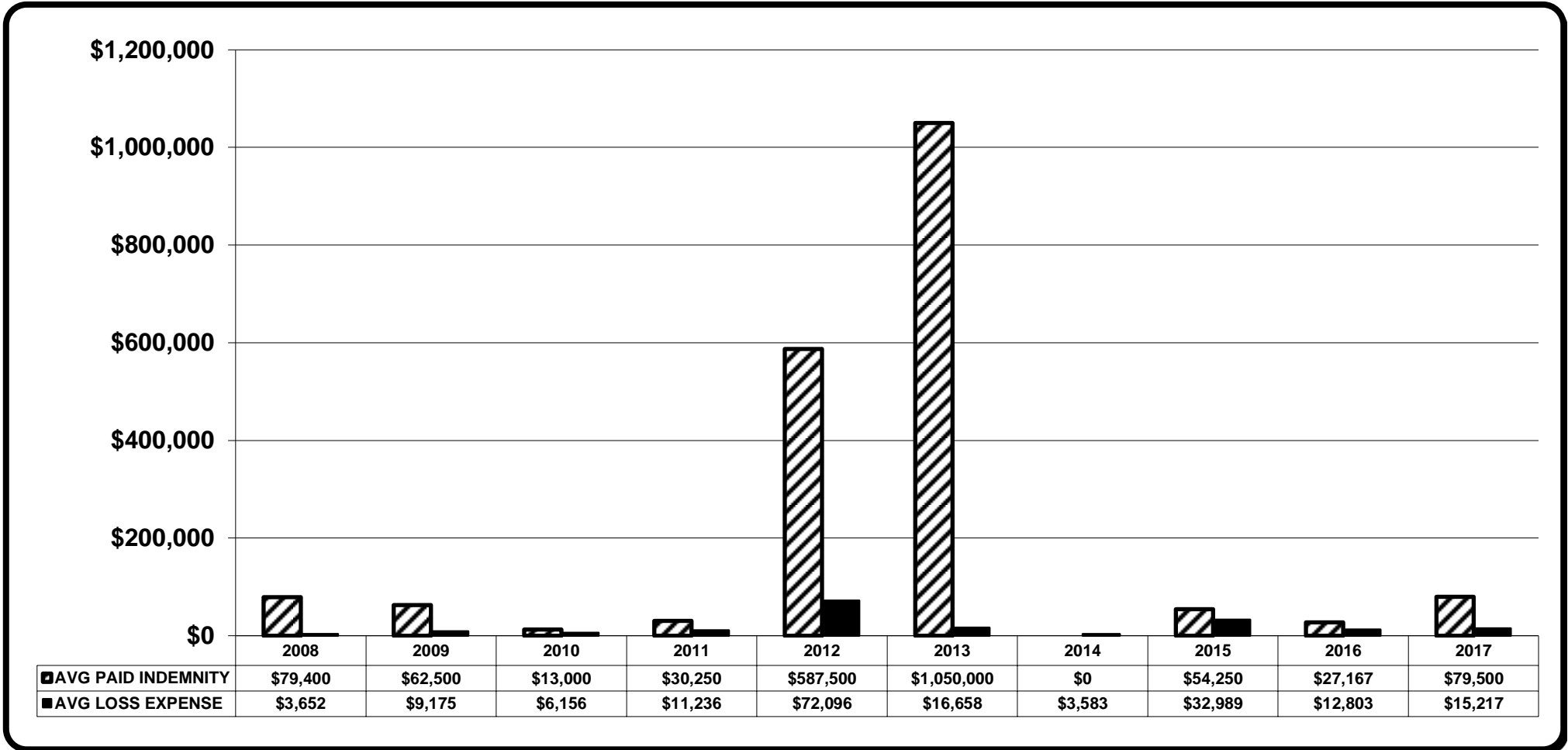


### CLAIM COUNT

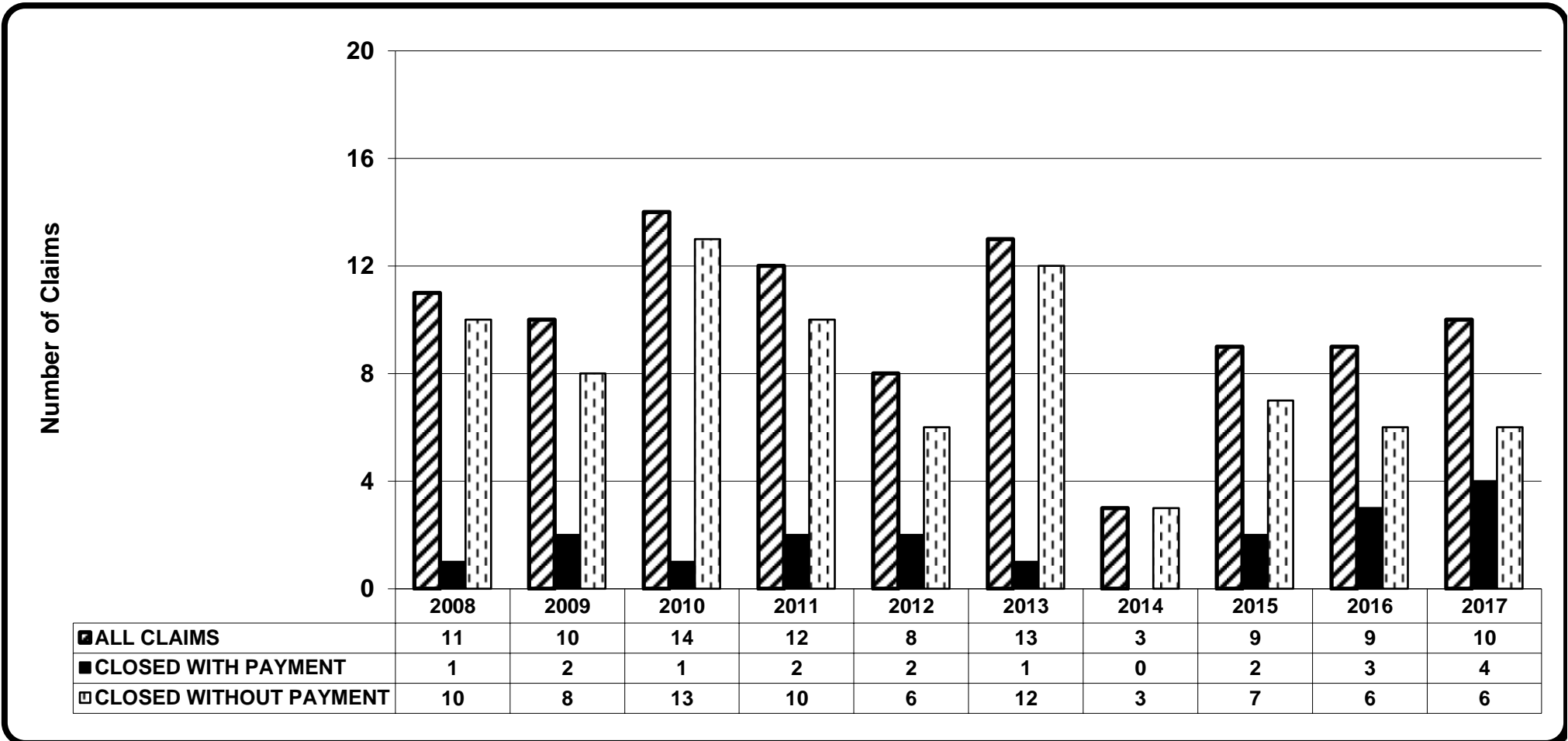


## FAILURE TO FOLLOW CLIENTS INSTRUCTIONS

### AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

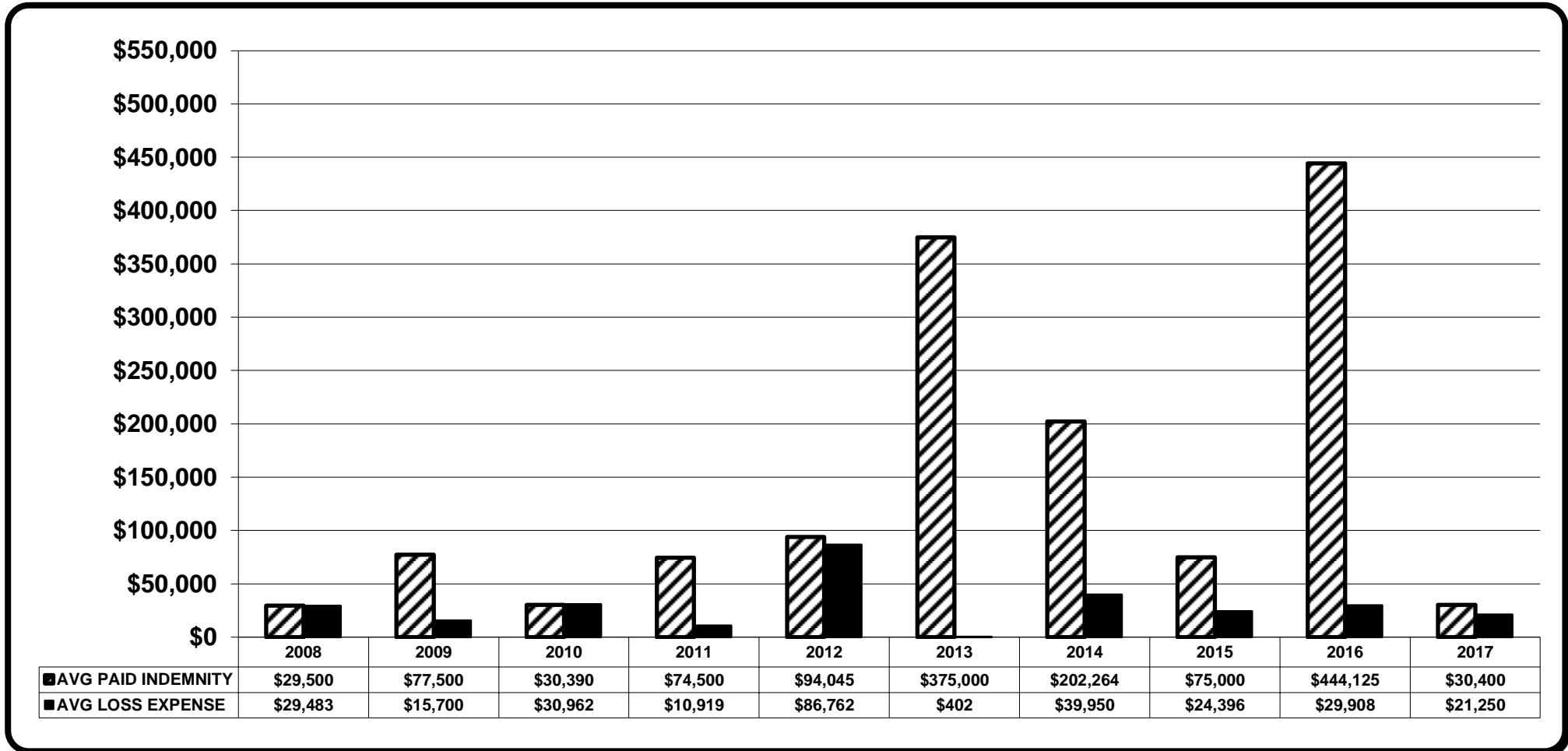


### CLAIM COUNT

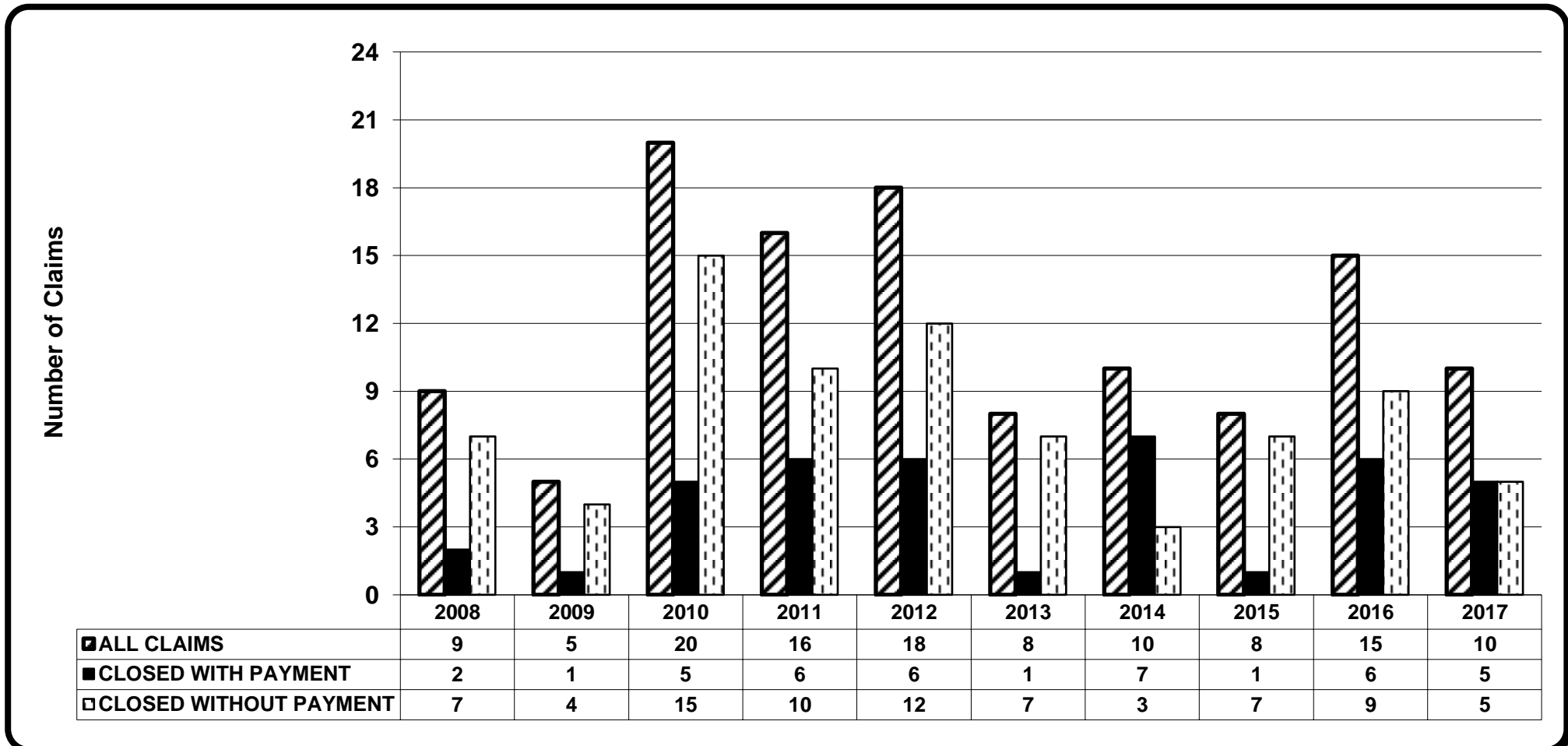


## INADEQUATE INVESTIGATION

### AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

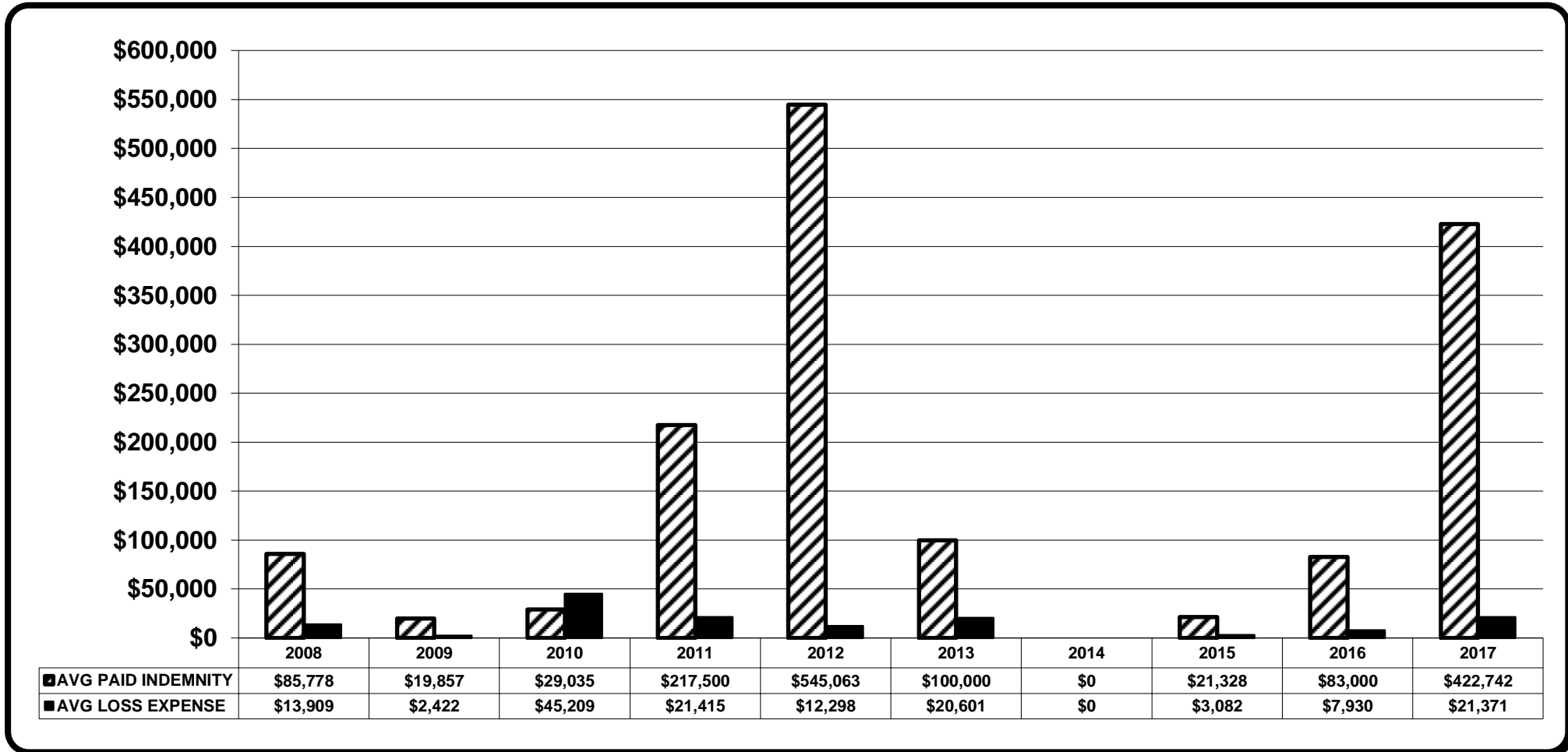


### CLAIM COUNT

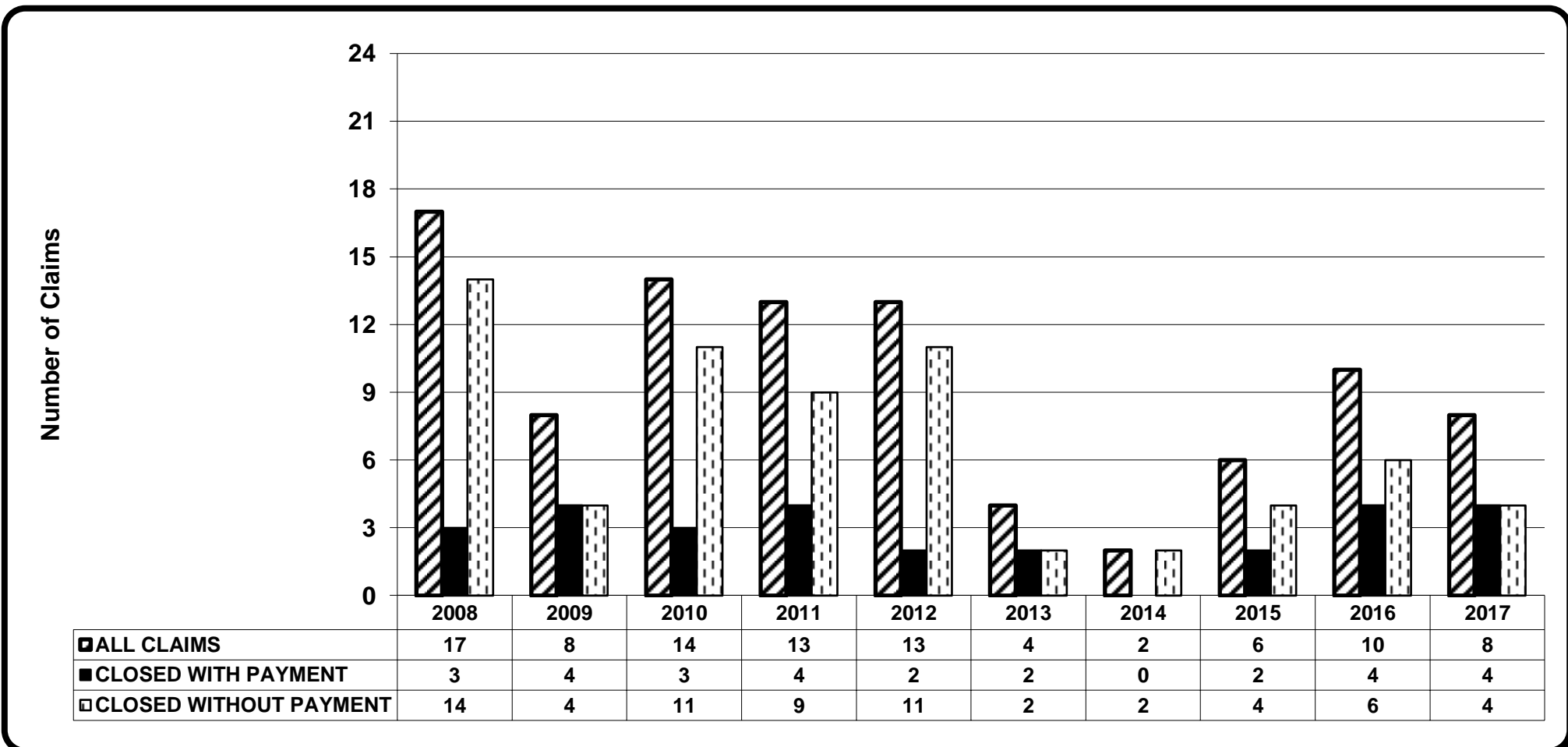


## PROCRASTINATION OR LACK OF FOLLOW-UP

### AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE



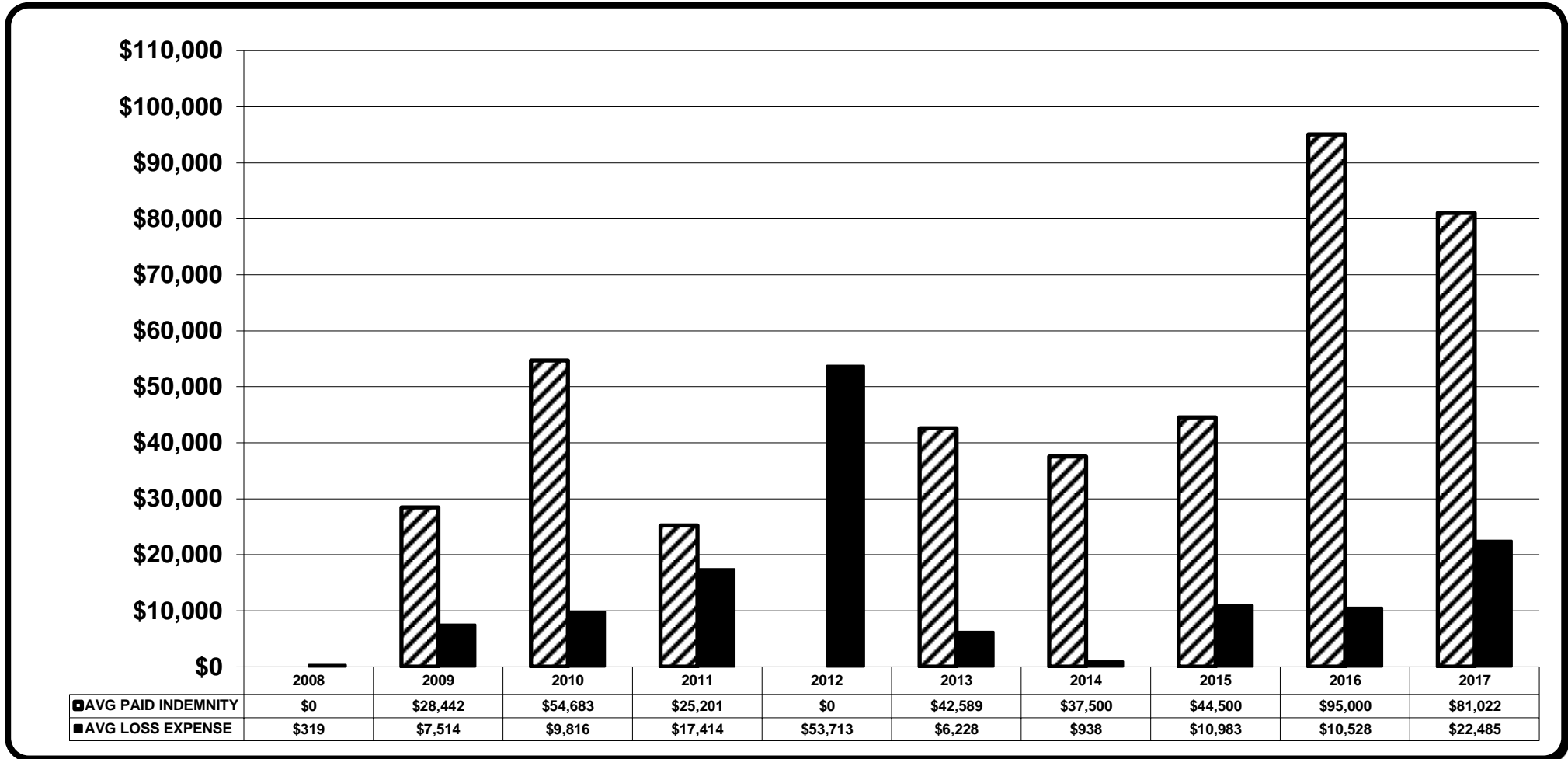
### CLAIM COUNT



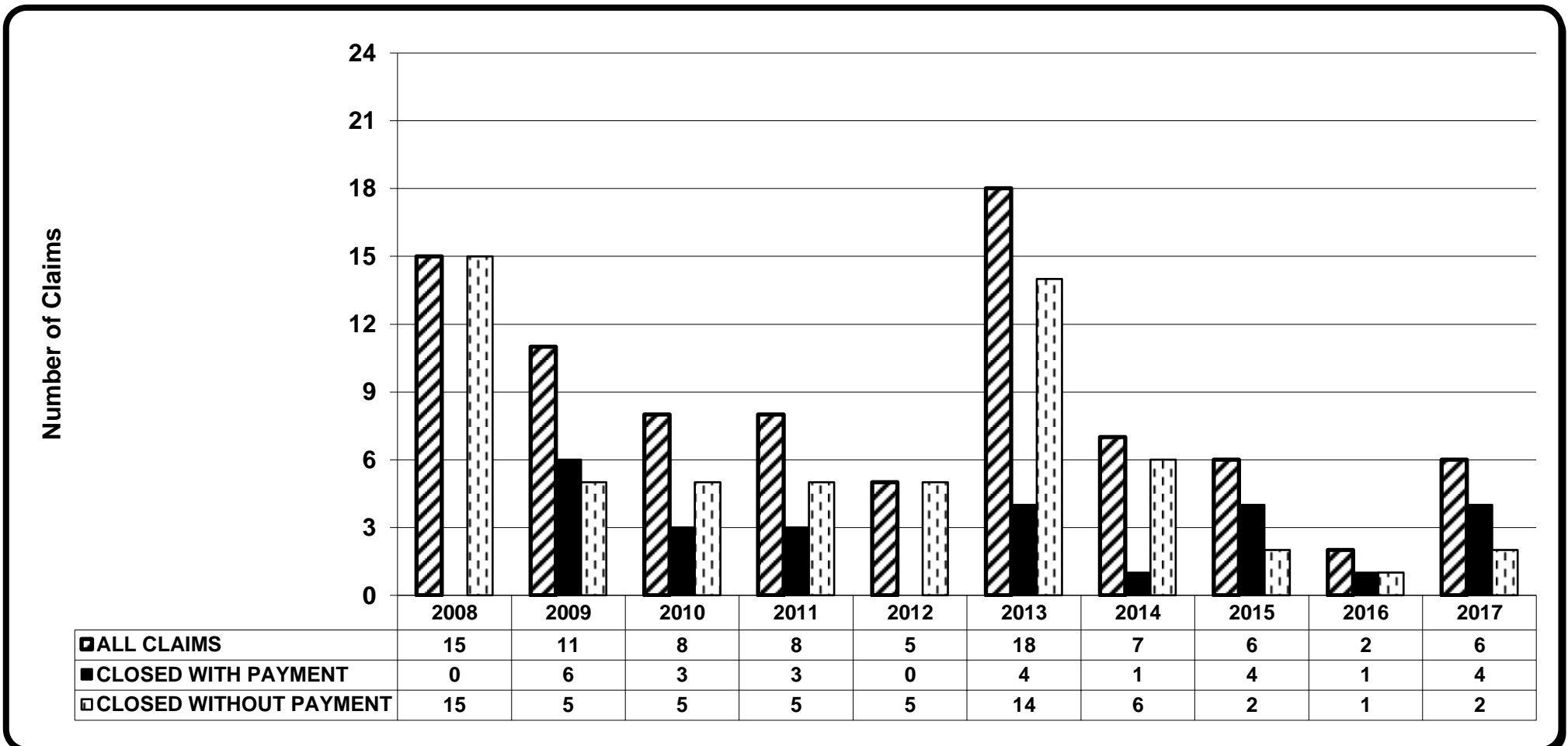


## FAILURE TO FILE DOCUMENTS WITH NO DEADLINE

### AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

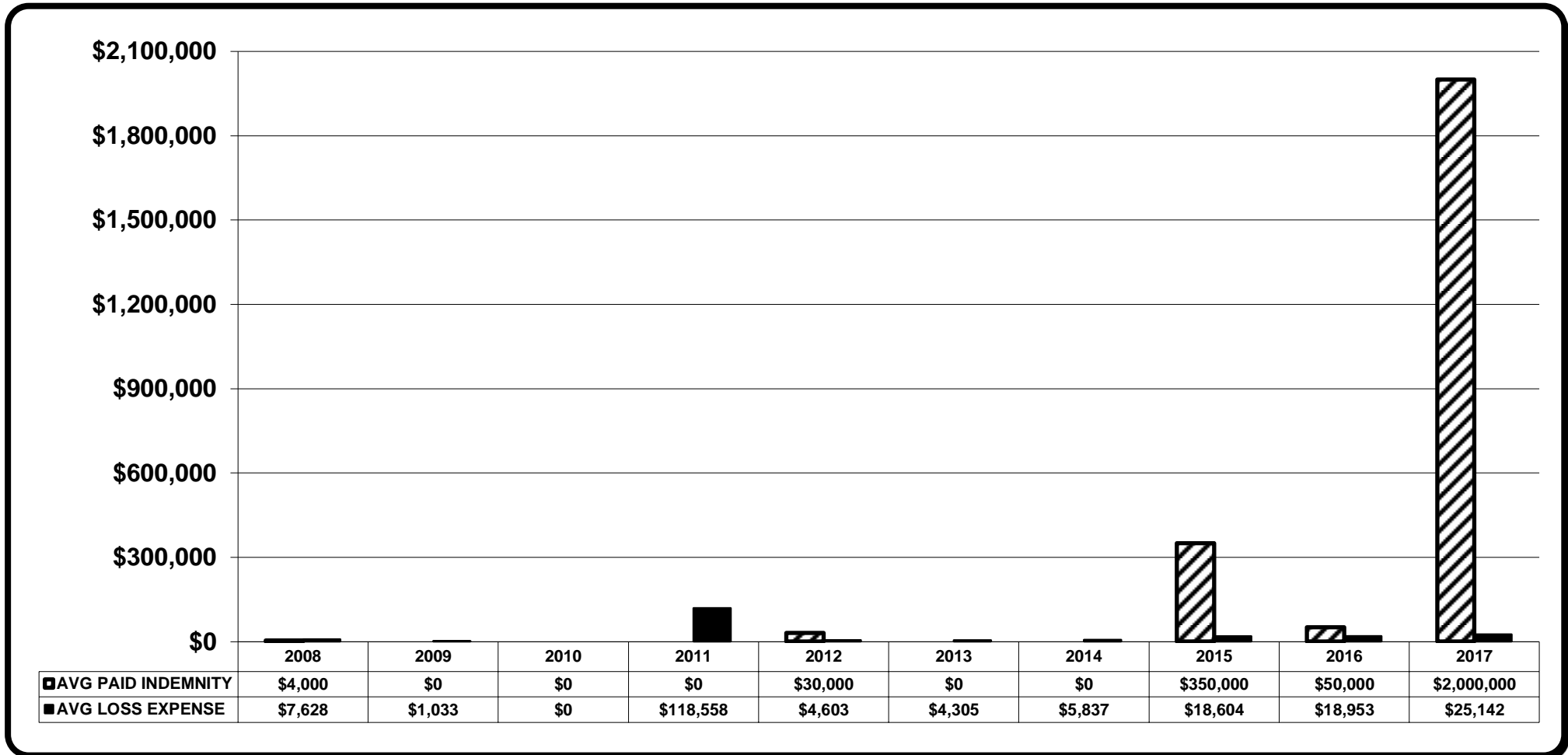


### CLAIM COUNT

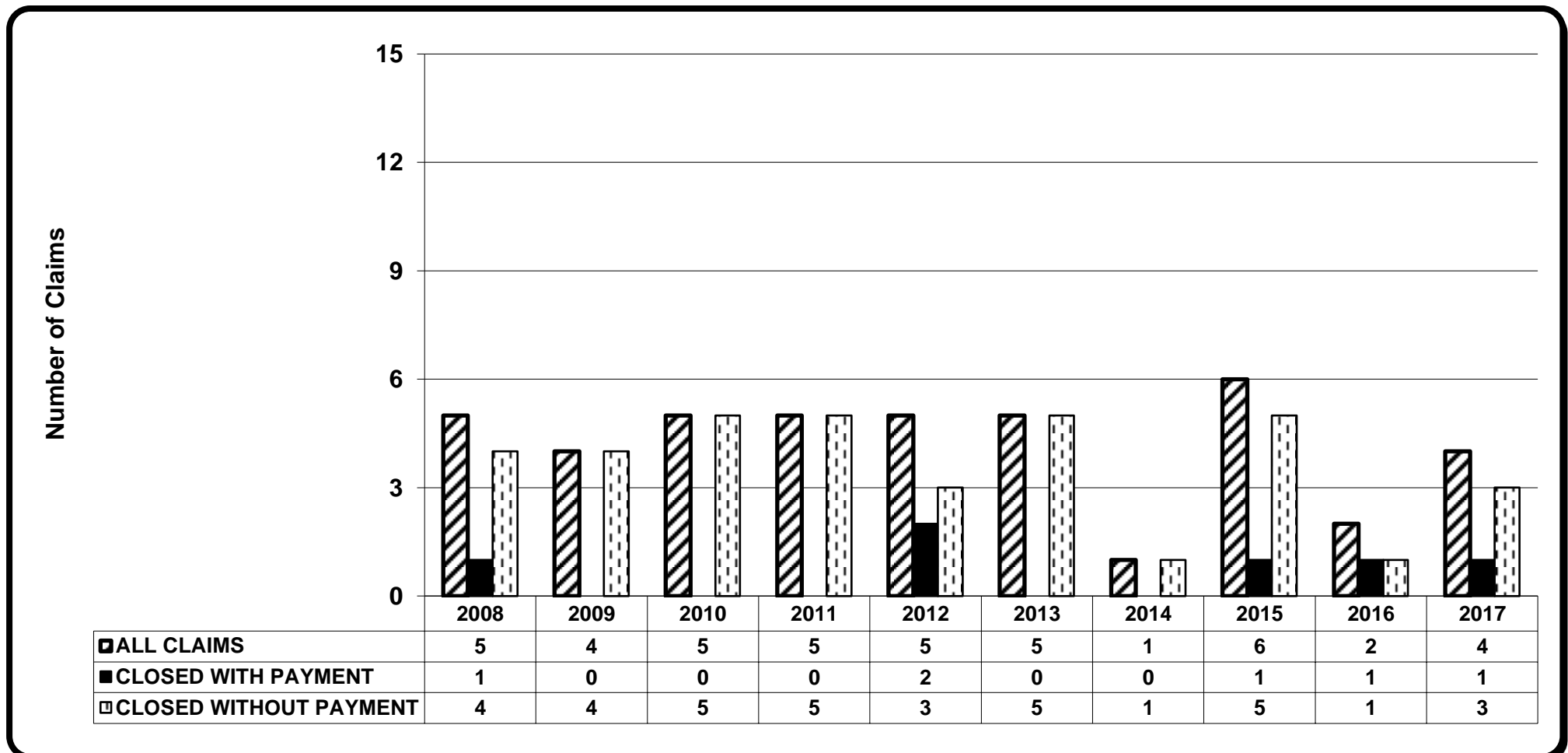


## FAILURE TO OBTAIN CLIENTS CONSENT

### AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE



### CLAIM COUNT



**TEN YEAR SUMMARY  
&  
2017 SUMMARY  
BY  
CLAIM DISPOSITIONS**



**LEGAL MALPRACTICE INSURANCE  
INDEMNITY ANALYSIS  
FOR YEARS 2008-2017**

CLAIM DISPOSITION	ALL CLOSED CLAIMS	NUMBER OF PAID CLAIMS	PERCENT OF PAID CLAIMS	AVERAGE INDEMNITY		TOTAL INDEMNITY	PERCENT OF TOTAL INDEMNITY	AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS
				PAID PER PAID CLAIM	PERCENT OF PAID CLAIMS			
BEFORE TRIAL OR HEARING	883	323	60.04%	\$156,121		\$50,427,011	67.65%	\$31,995
BEFORE FILING SUIT OR DEMANDING HEARING	832	189	35.13%	\$95,041		\$17,962,702	24.10%	\$3,479
CLAIM OR SUIT ABANDONED	206	1	0.19%	\$6,500		\$6,500	0.01%	\$2,306
AFTER APPEAL	54	2	0.37%	\$549,998		\$1,099,995	1.48%	\$66,349
AFTER JUDGMENT, BEFORE APPEAL	46	10	1.86%	\$218,472		\$2,184,719	2.93%	\$55,805
AFTER TRIAL OR HEARING, BEFORE JUDGMENT	39	4	0.74%	\$142,693		\$570,771	0.77%	\$33,517
DURING TRIAL OR HEARING	36	7	1.30%	\$292,632		\$2,048,425	2.75%	\$58,681
DURING APPEAL	13	2	0.37%	\$118,500		\$237,000	0.32%	\$76,798
DURING REVIEW PANEL	11	0	0.00%	N/A		\$0	0.00%	\$7,168
<b>TOTAL</b>	<b>2,120</b>	<b>538</b>	<b>100.00%</b>	<b>\$138,545</b>		<b>\$74,537,123</b>	<b>100.00%</b>	<b>\$19,938</b>

**LEGAL MALPRACTICE INSURANCE  
INDEMNITY ANALYSIS  
CLAIMS CLOSED IN 2017**

CLAIM DISPOSITION	ALL CLOSED CLAIMS	NUMBER OF PAID CLAIMS	PERCENT OF PAID CLAIMS	AVERAGE INDEMNITY PAID PER PAID CLAIM	TOTAL INDEMNITY	PERCENT OF TOTAL INDEMNITY	AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS
BEFORE TRIAL OR HEARING	77	43	71.67%	\$250,627	\$10,776,980	87.80%	\$40,516
BEFORE FILING SUIT OR DEMANDING HEARING	48	17	28.33%	\$88,112	\$1,497,899	N/A	\$6,280
CLAIM OR SUIT ABANDONED	18	0	0.00%	N/A	\$0	N/A	\$7,015
AFTER APPEAL	4	0	0.00%	N/A	\$0	N/A	\$31,927
<b>TOTAL</b>	<b>147</b>	<b>60</b>	<b>100.00%</b>	<b>\$204,581</b>	<b>\$12,274,879</b>	<b>N/A</b>	<b>\$25,001</b>

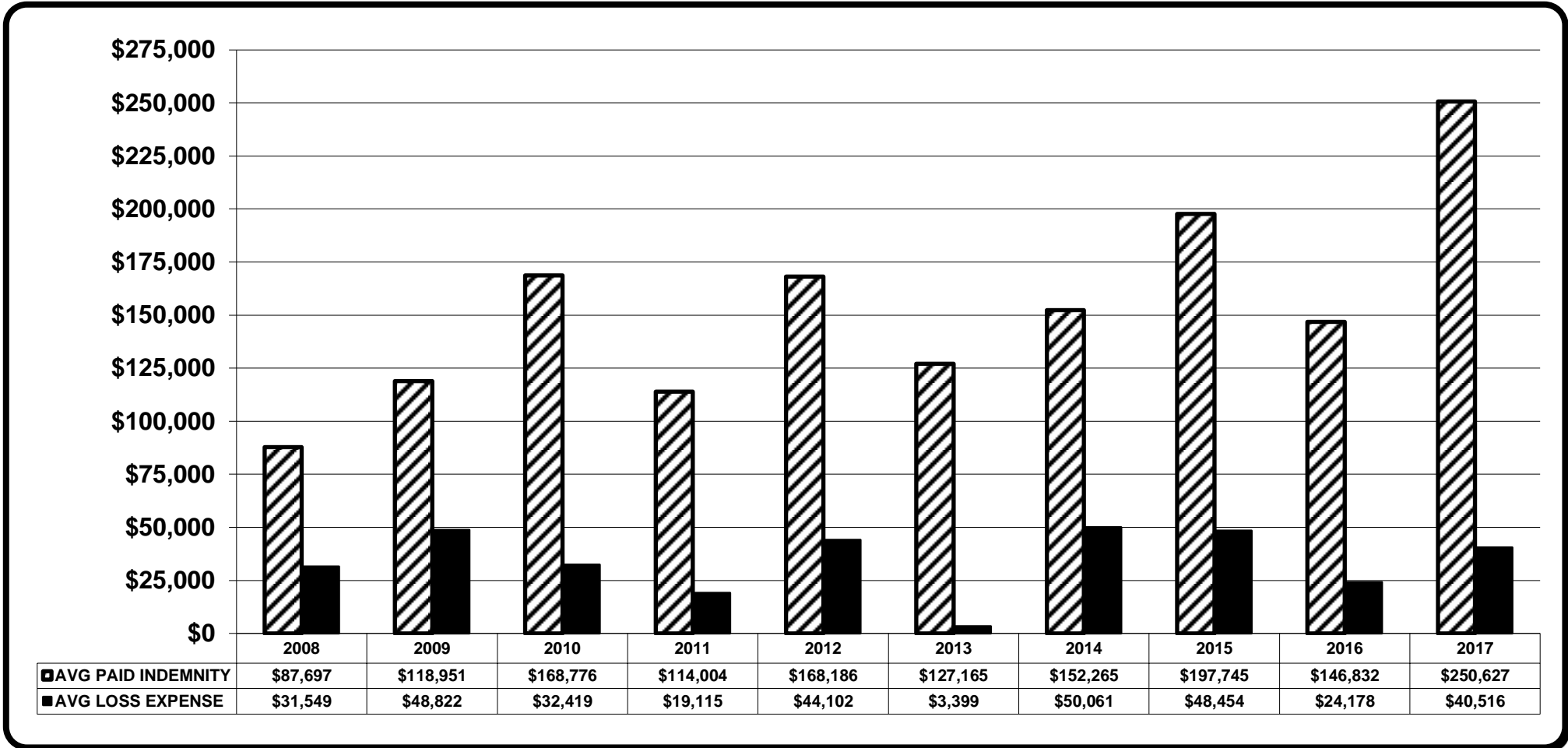
**TRENDS OF  
CLAIM DISPOSITIONS  
OF 2017**



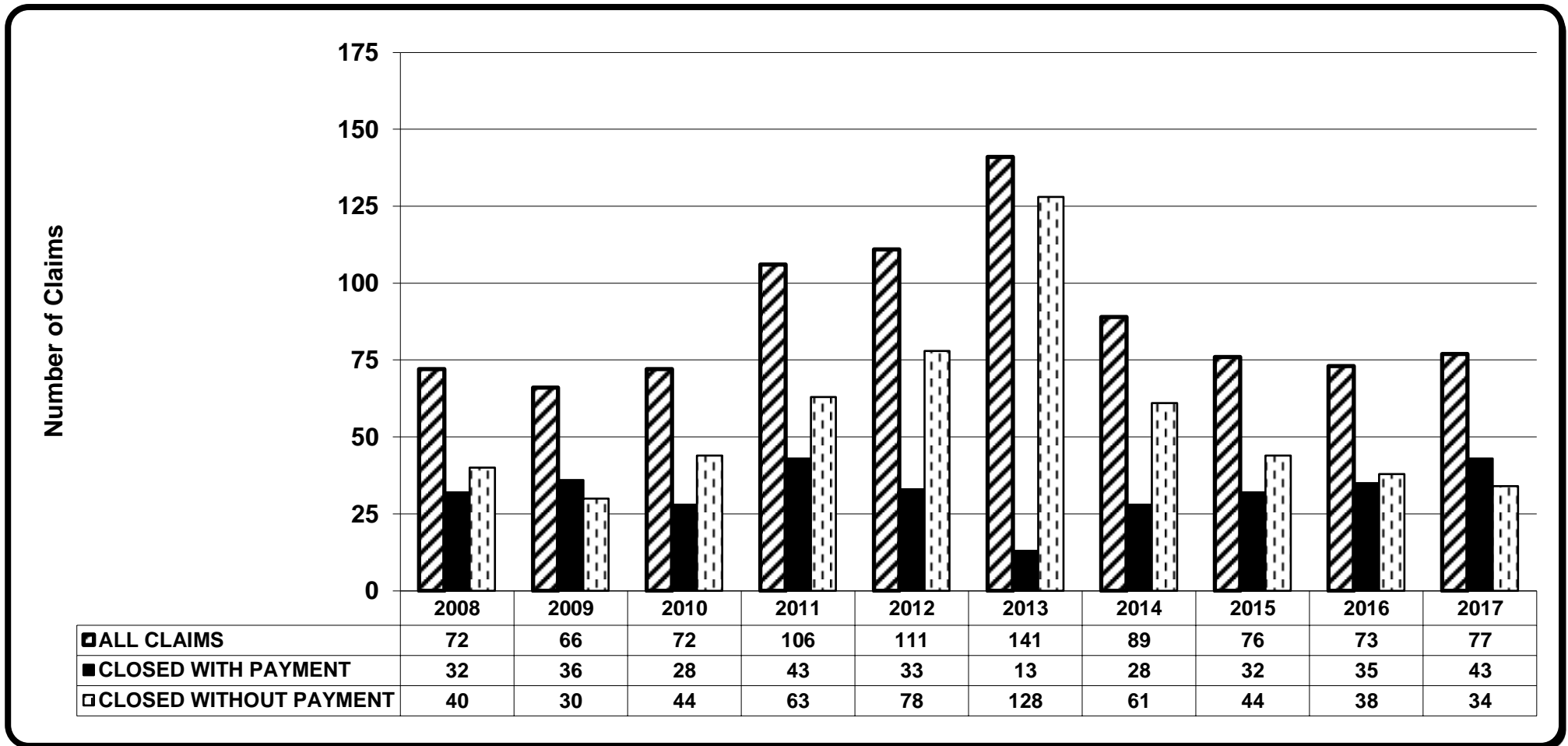


## BEFORE TRIAL OR HEARING

### AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

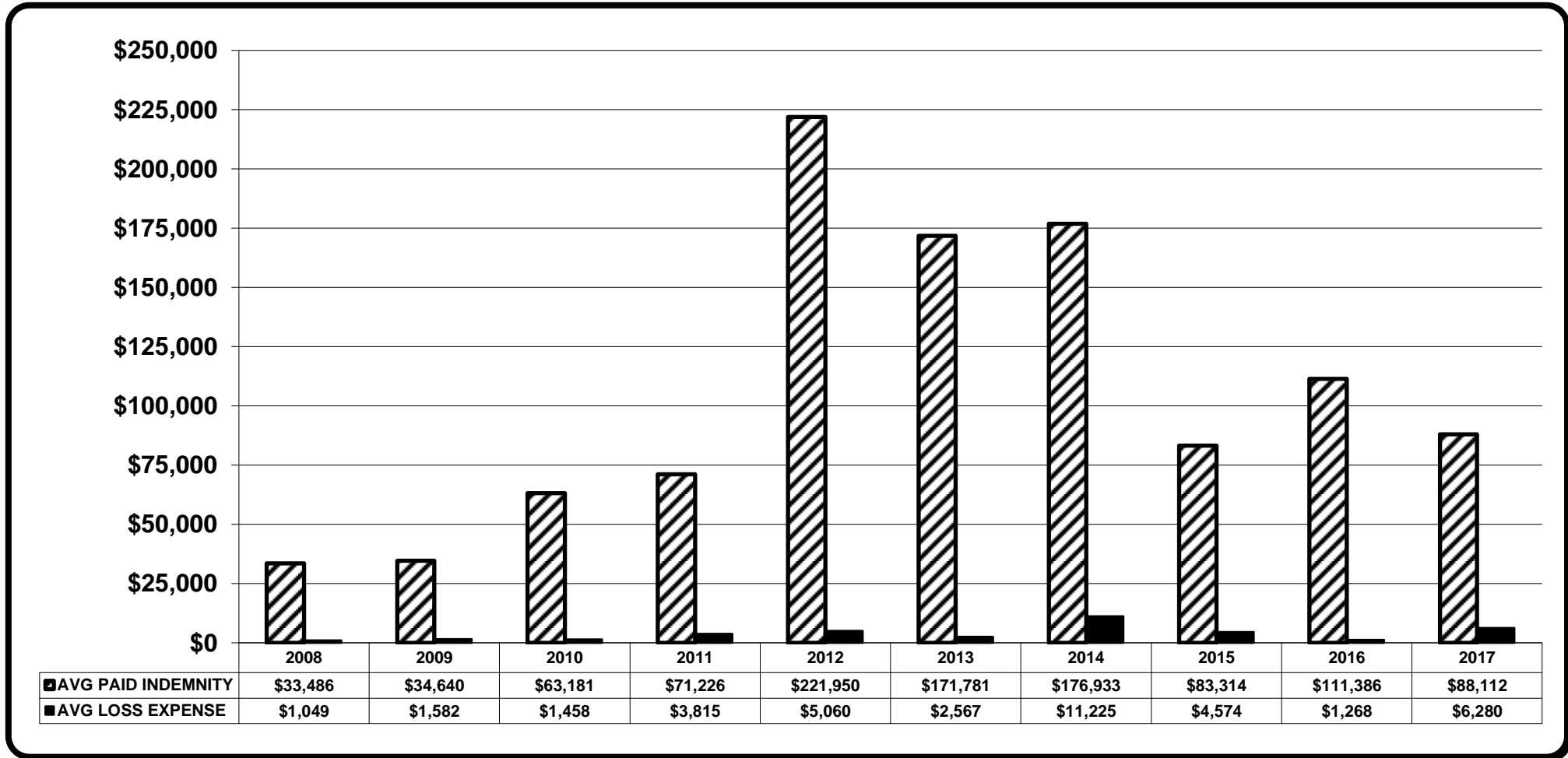


### CLAIM COUNT

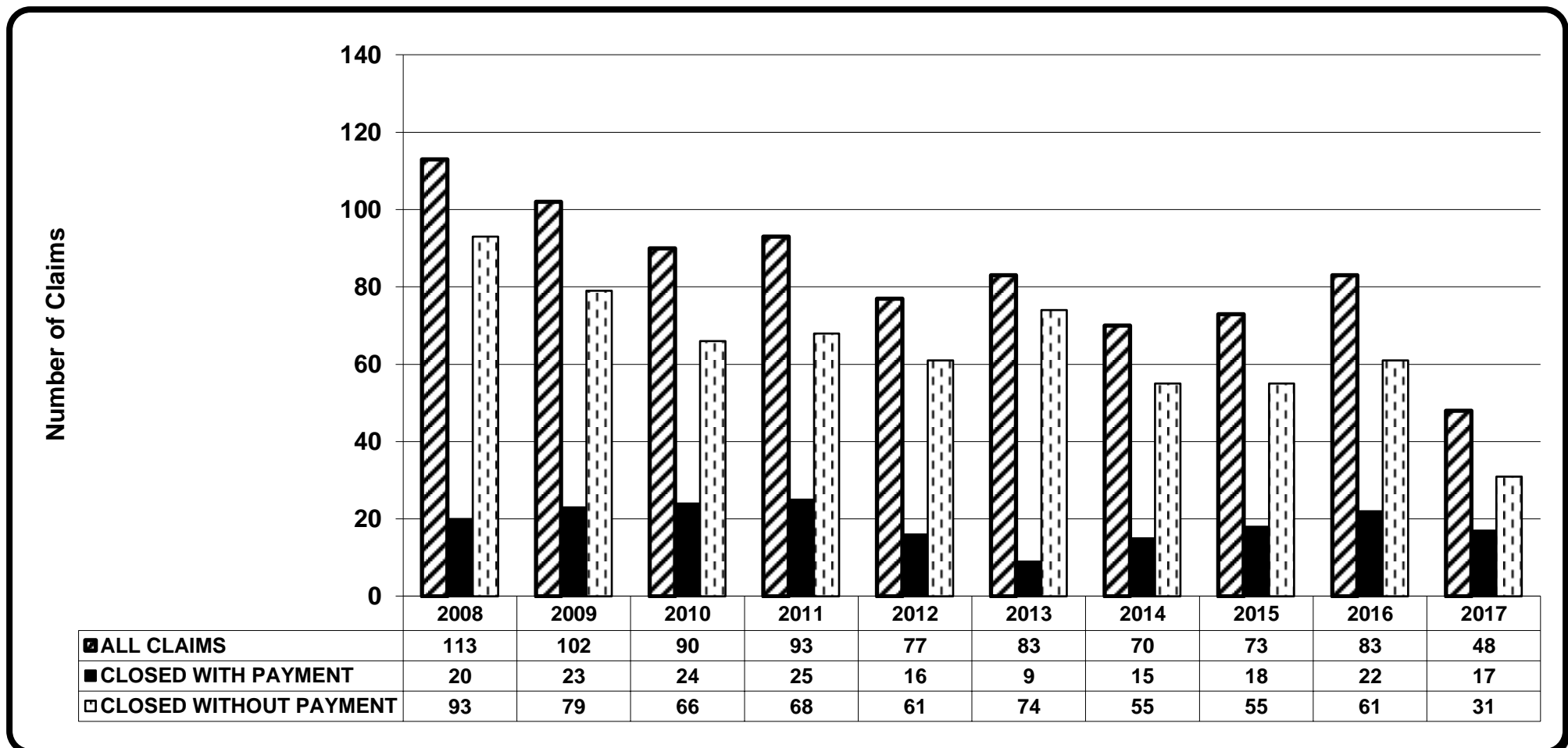


## BEFORE FILING SUIT OR DEMANDING HEARING

### AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

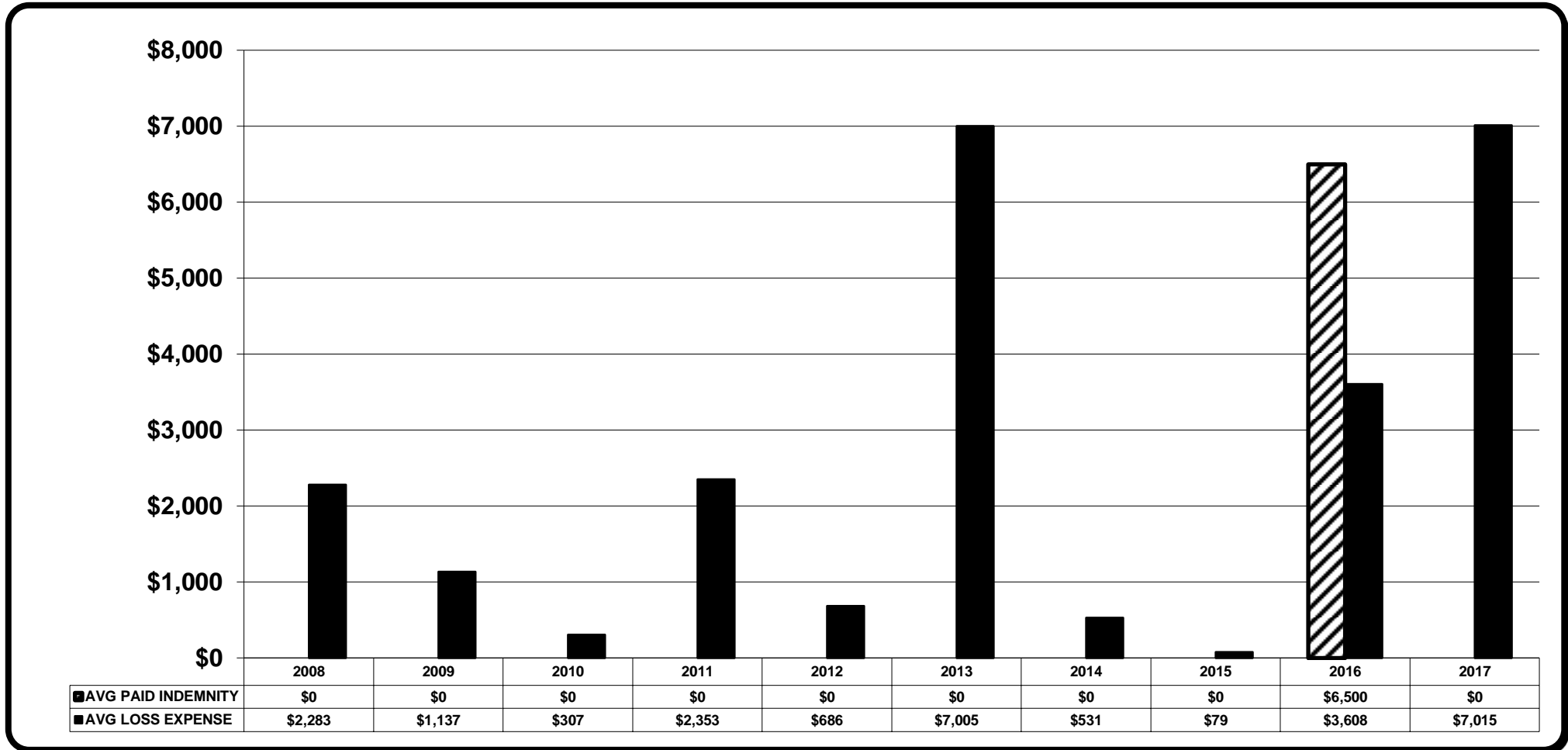


### CLAIM COUNT

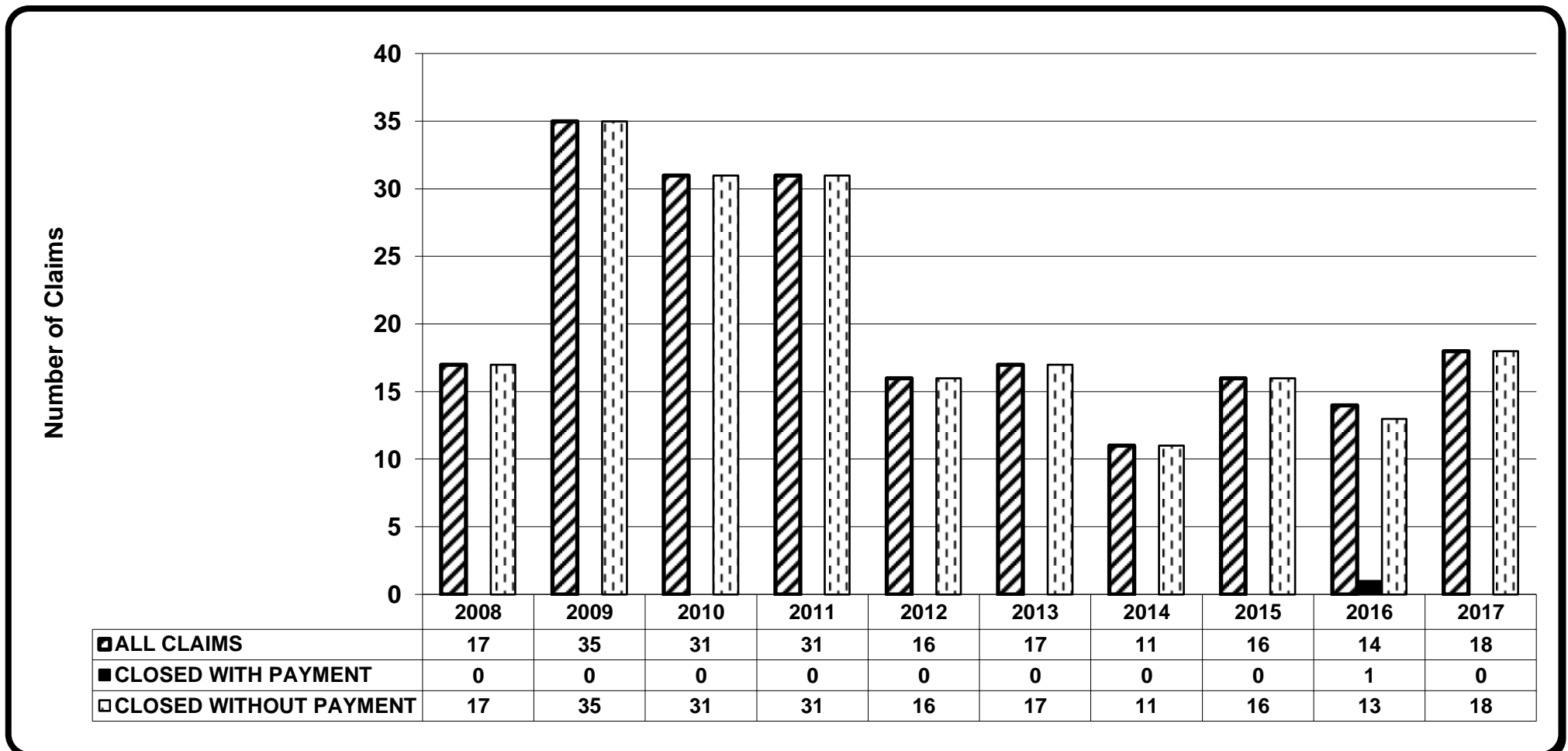


## CLAIM OR SUIT ABANDONED

### AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

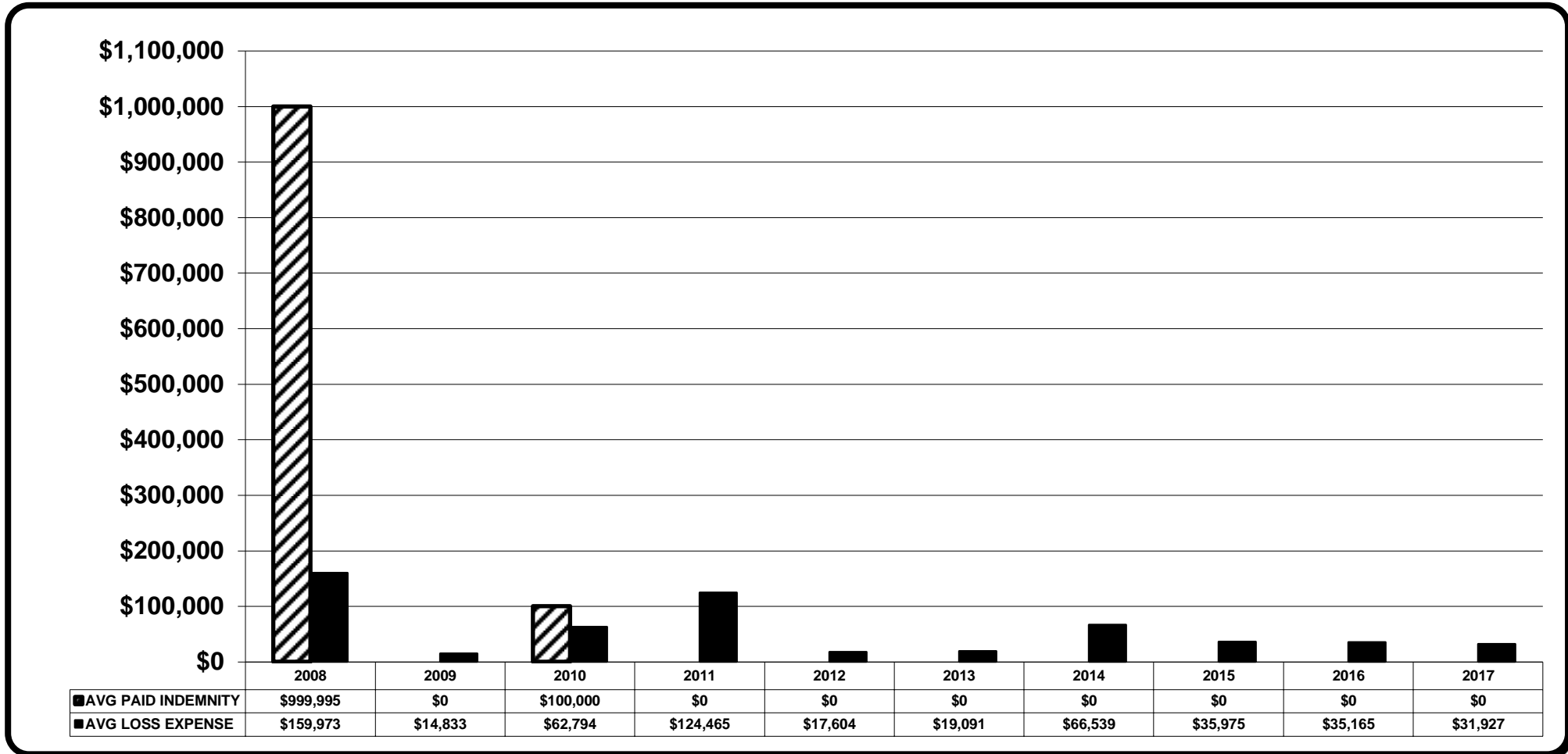


## CLAIM COUNT

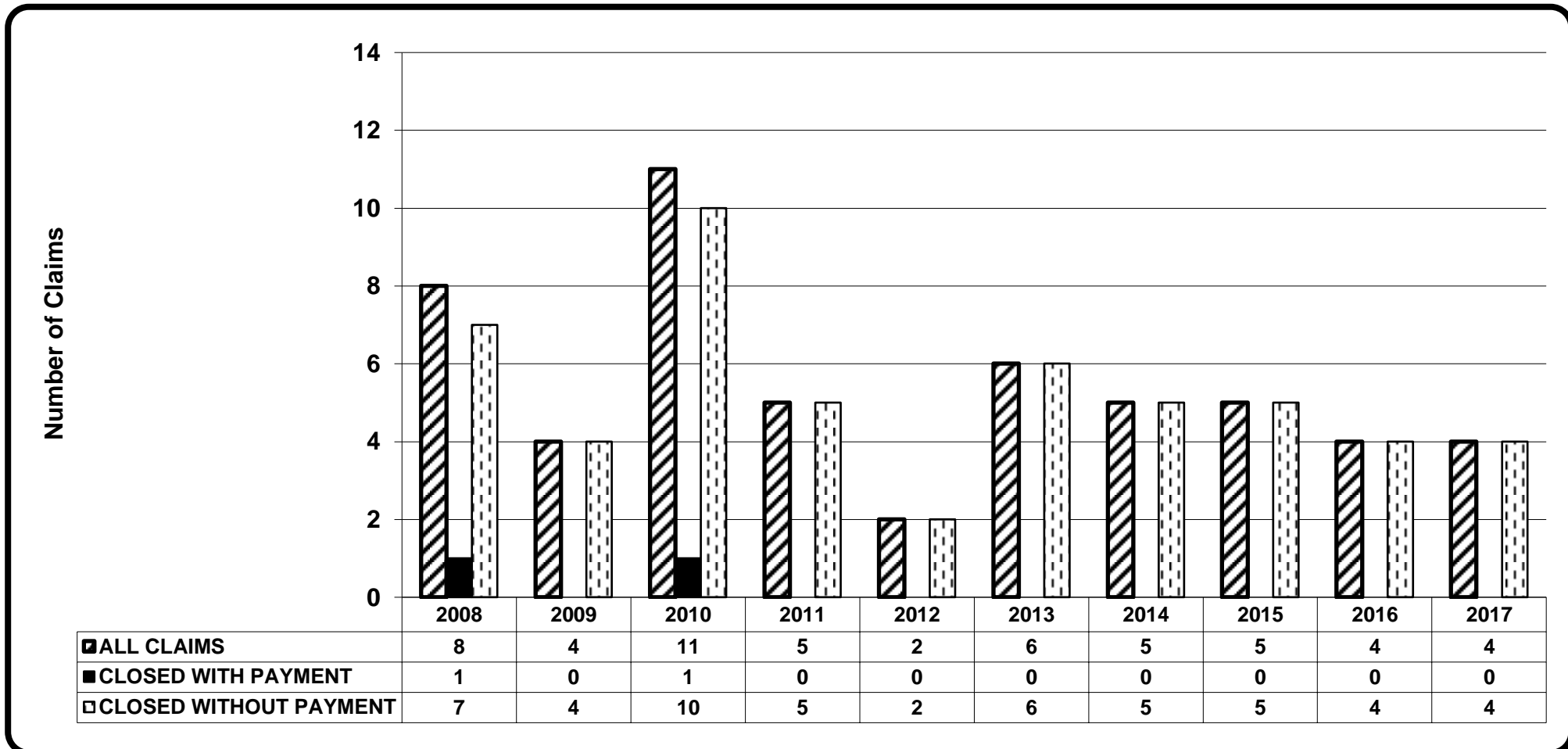


## AFTER APPEAL

### AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE



## CLAIM COUNT



**TEN YEAR SUMMARY  
&  
2017 SUMMARY  
BY  
YEARS ADMITTED TO PRACTICE**



**LEGAL MALPRACTICE INSURANCE  
INDEMNITY ANALYSIS  
FOR YEARS 2008-2017**

YEARS ADMITTED TO PRACTICE	ALL CLOSED CLAIMS	NUMBER OF PAID CLAIMS	PERCENT OF PAID CLAIMS	AVERAGE INDEMNITY PAID PER PAID CLAIM	TOTAL INDEMNITY	PERCENT OF TOTAL INDEMNITY	AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS
OVER 10 YEARS	2,018	502	93.31%	\$140,783	\$70,672,871	94.82%	\$20,455
4 TO 10 YEARS	82	30	5.58%	\$88,130	\$2,643,902	3.55%	\$9,666
UNDER 4 YEARS	20	6	1.12%	\$203,392	\$1,220,350	1.64%	\$9,864
<b>TOTAL</b>	<b>2,120</b>	<b>538</b>	<b>100.00%</b>	<b>\$138,545</b>	<b>\$74,537,123</b>	<b>100.00%</b>	<b>\$19,938</b>

**LEGAL MALPRACTICE INSURANCE  
INDEMNITY ANALYSIS  
CLAIMS CLOSED IN 2017**

YEARS ADMITTED TO PRACTICE	ALL CLOSED CLAIMS	NUMBER OF PAID CLAIMS	PERCENT OF PAID CLAIMS	AVERAGE INDEMNITY PAID PER CLAIM	TOTAL INDEMNITY	PERCENT OF TOTAL INDEMNITY	AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS
OVER 10 YEARS	142	58	96.67%	\$211,511	\$12,267,629	99.94%	\$25,744
4 TO 10 YEARS	4	2	3.33%	\$3,625	\$7,250	0.06%	\$4,568
UNDER 4 YEARS	1	0	0.00%	N/A	\$0	0.00%	\$1,293
<b>TOTAL</b>	<b>147</b>	<b>60</b>	<b>100.00%</b>	<b>\$204,581</b>	<b>\$12,274,879</b>	<b>100.00%</b>	<b>\$25,001</b>

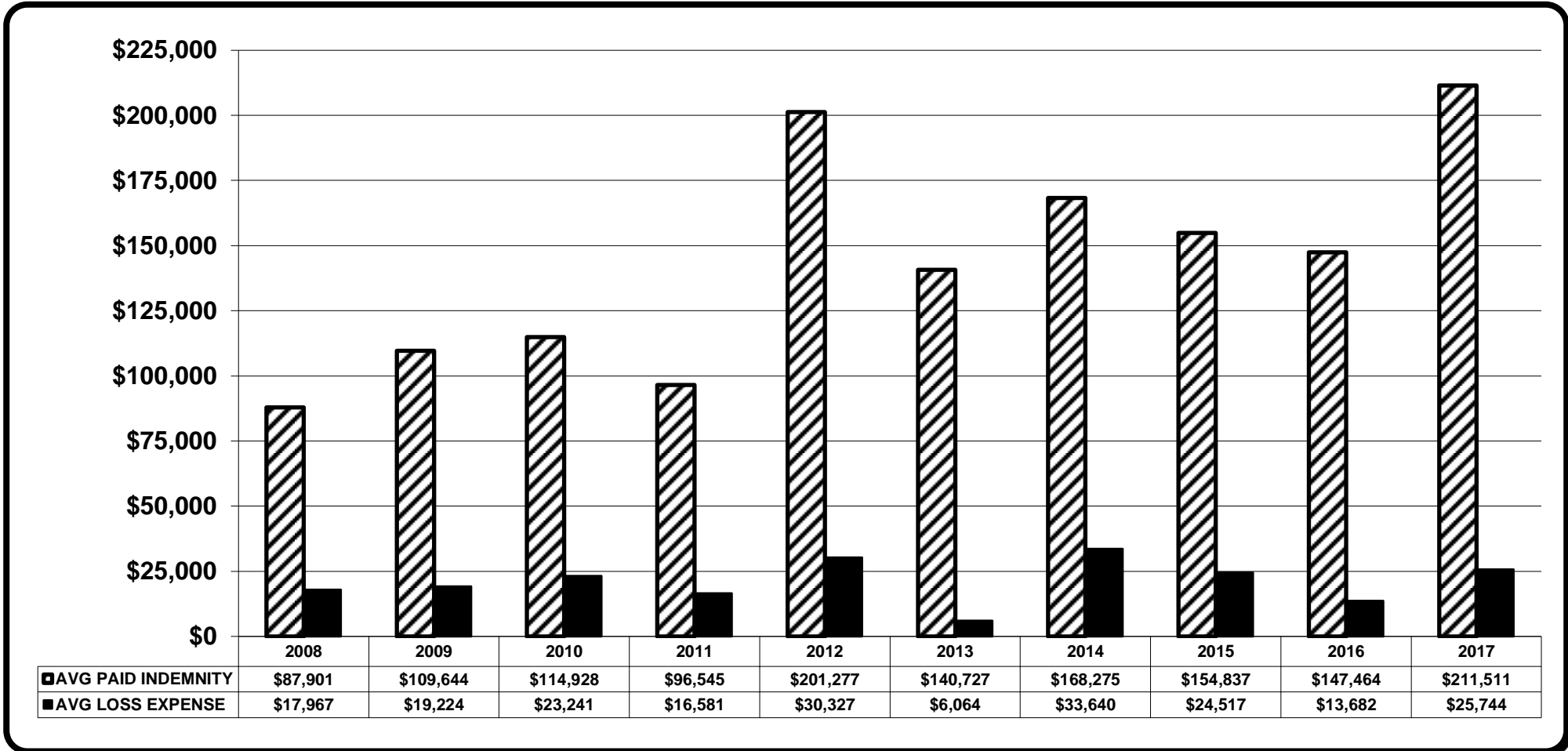


**TRENDS  
OF  
YEARS ADMITTED TO PRACTICE  
FOR 2017**

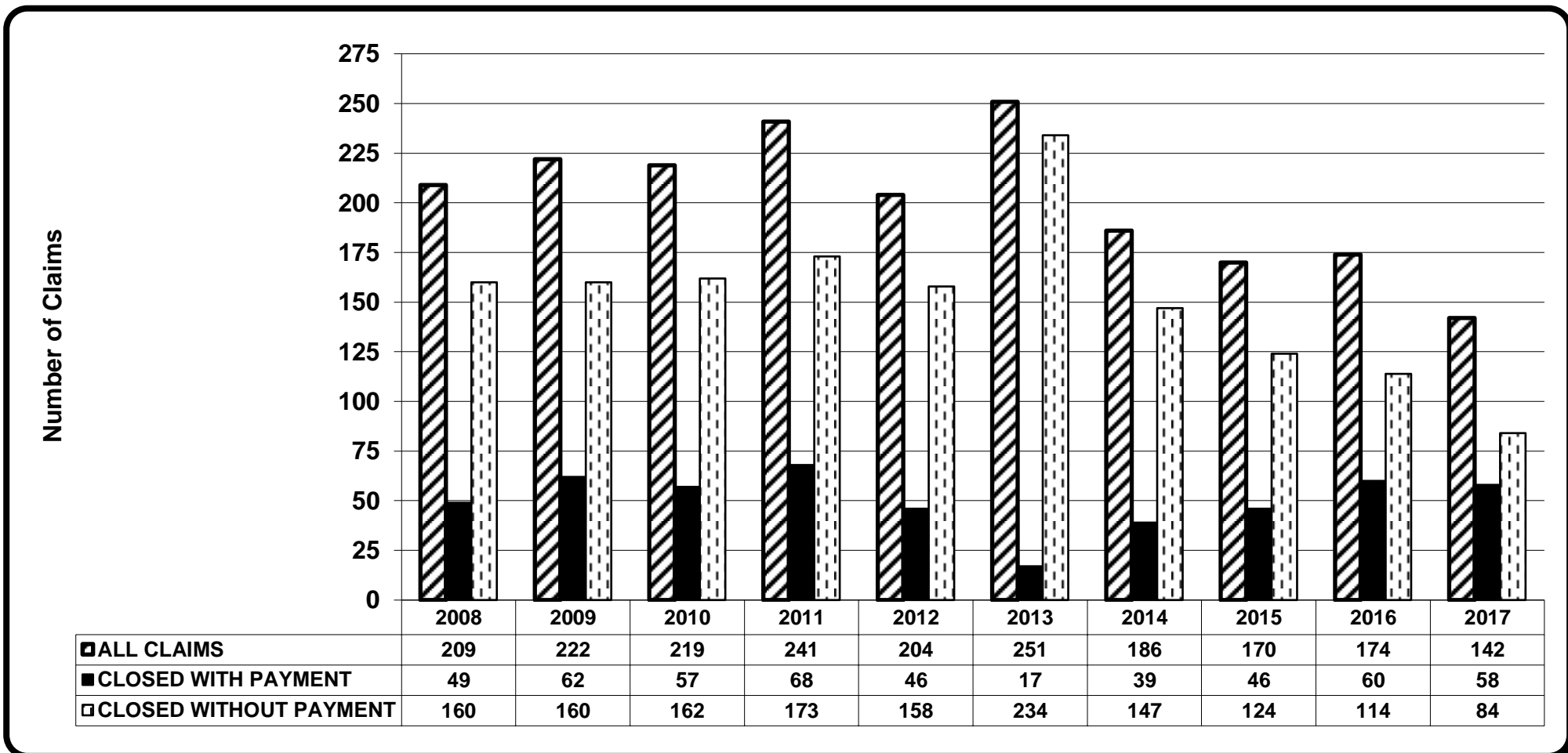


## OVER 10 YEARS

### AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

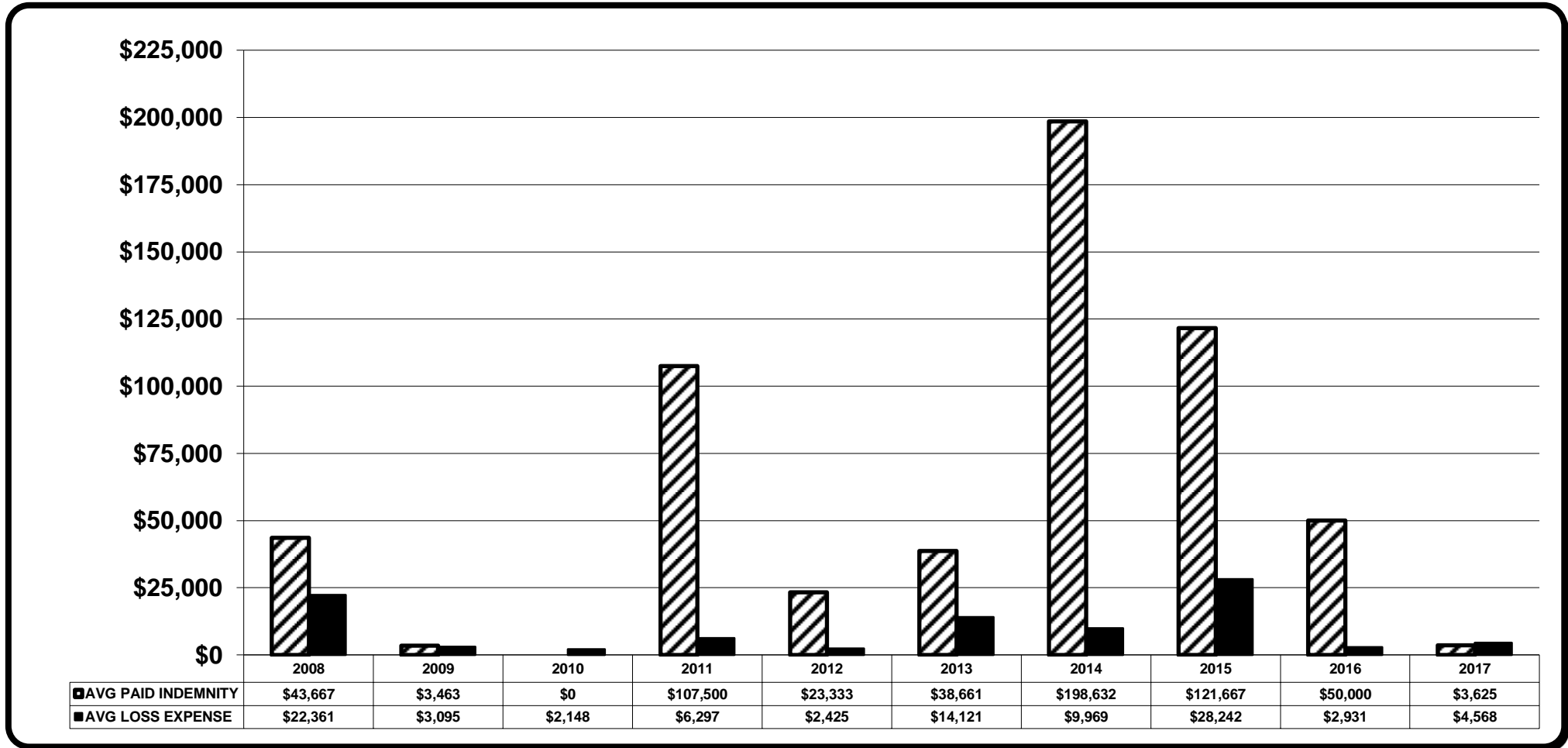


### CLAIM COUNT

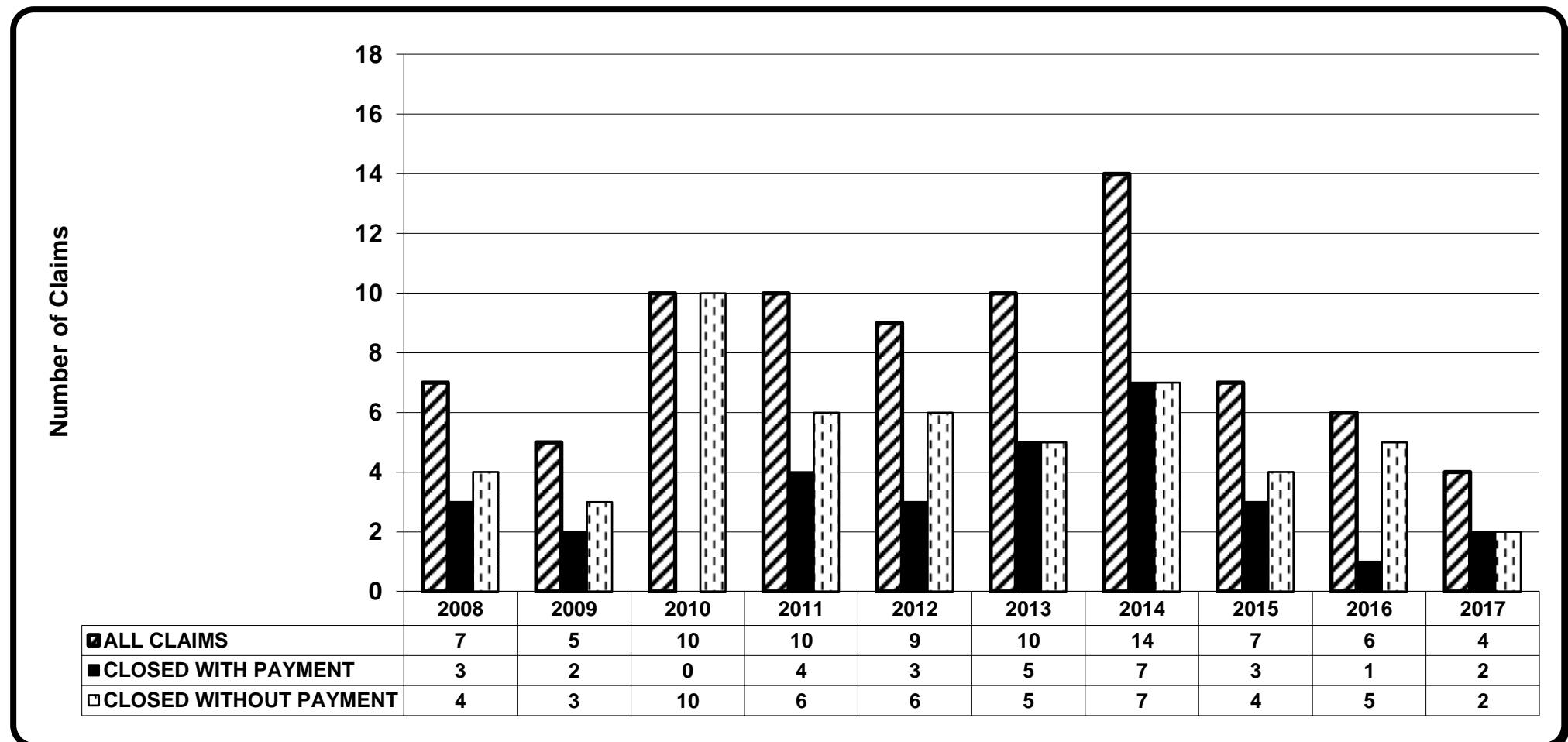


## 4 TO 10 YEARS

### AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

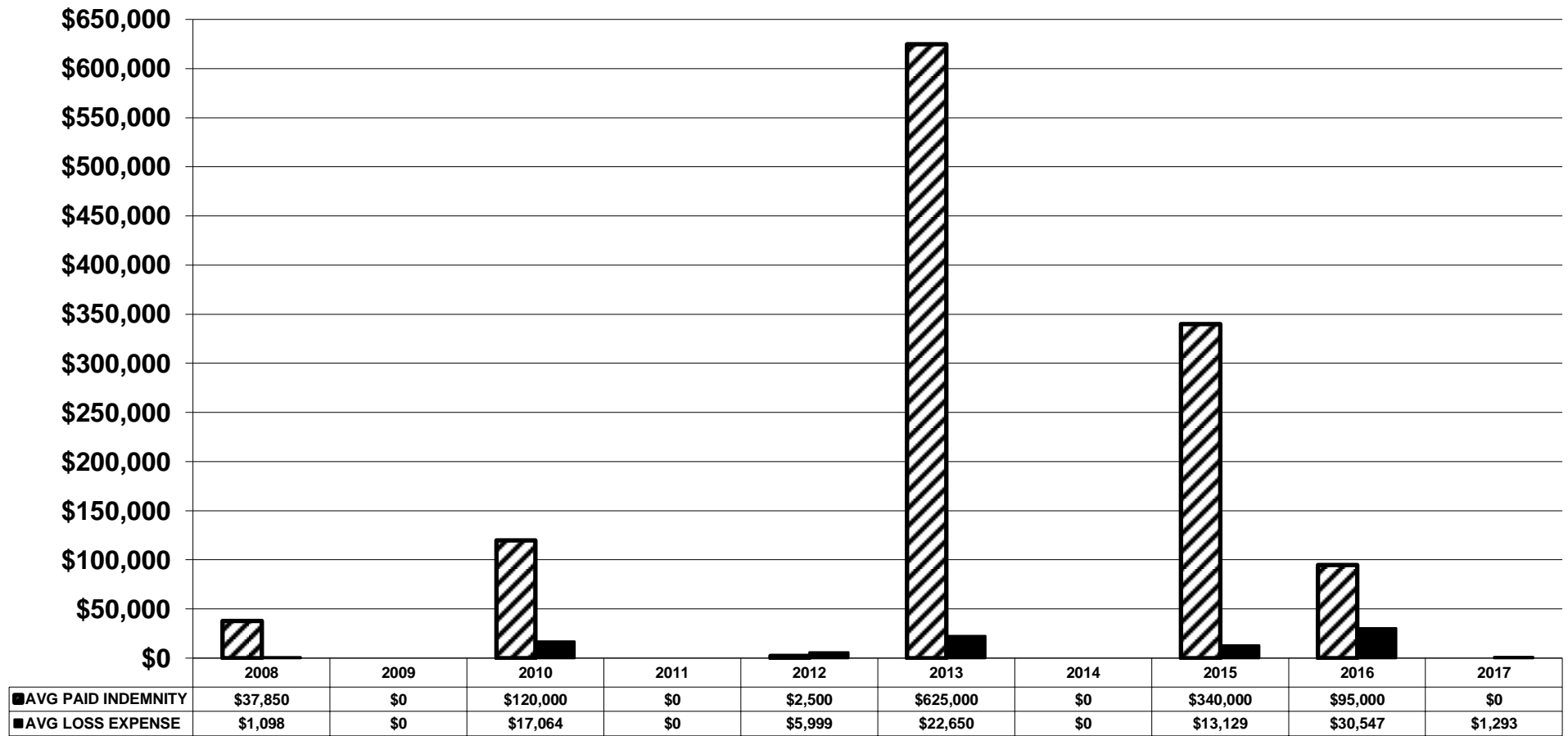


### CLAIM COUNT

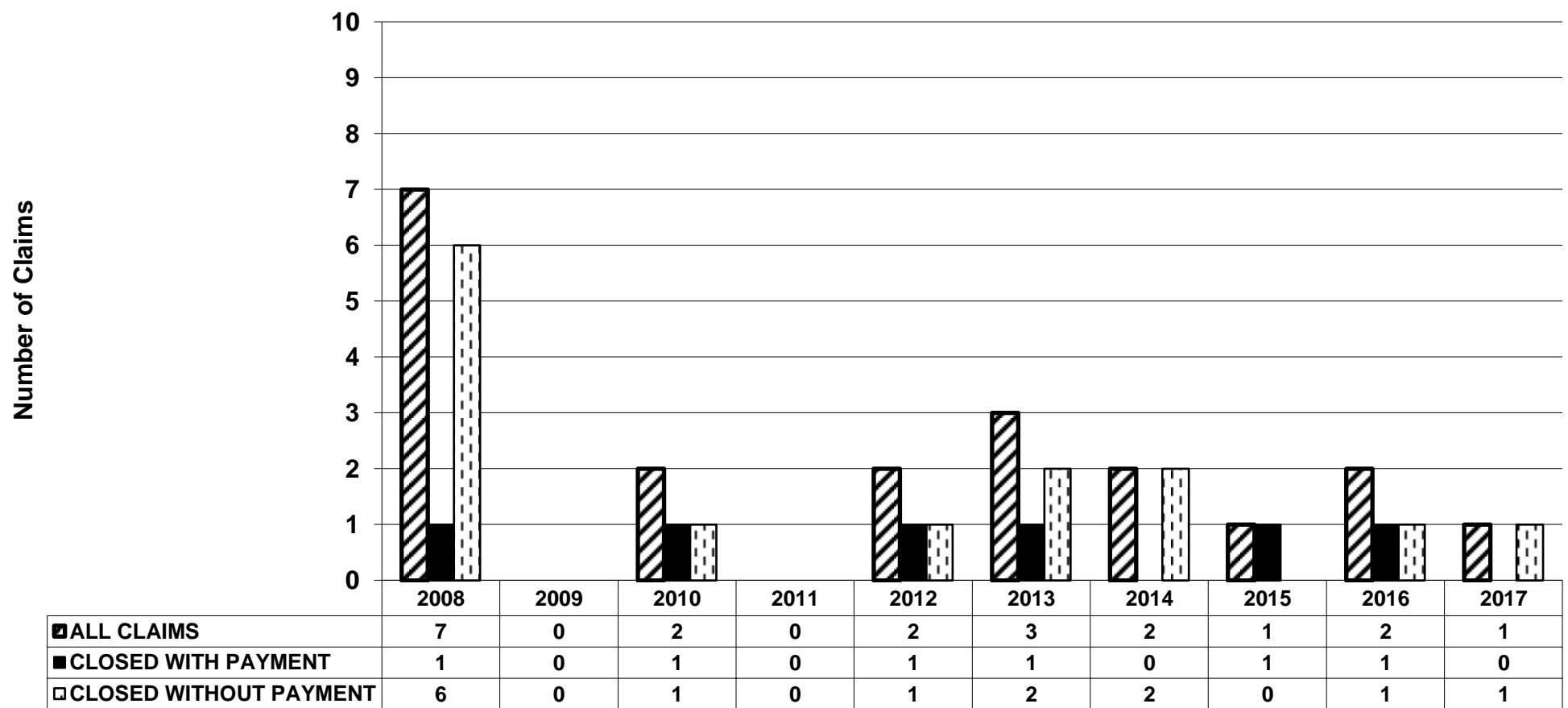


## UNDER 4 YEARS

### AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE



### CLAIM COUNT





**TEN YEAR SUMMARY  
&  
2017 SUMMARY  
BY  
INSURED/CLAIMANT RELATIONSHIP**





**LEGAL MALPRACTICE INSURANCE  
INDEMNITY ANALYSIS  
FOR YEARS 2008-2017**

INSURED'S RELATIONSHIP TO THE CLAIMANT	ALL CLOSED CLAIMS	NUMBER OF PAID CLAIMS	PERCENT OF PAID CLAIMS	AVERAGE INDEMNITY PAID PER CLAIM	TOTAL INDEMNITY	PERCENT OF TOTAL INDEMNITY	AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS
CLIENT OTHER THAN ABOVE	1496	432	80.30%	\$155,296	\$67,087,824	90.01%	\$21,980
NON-CLIENT	612	103	19.14%	\$67,775	\$6,980,799	9.37%	\$13,343
MEMBER PRE-PAID LEGAL PLAN	7	3	0.56%	\$156,167	\$468,500	0.63%	\$87,658
FREE LEGAL SERVICE	5	0	0.00%	N/A	\$0	0.00%	\$121,163
<b>TOTAL</b>	<b>2,120</b>	<b>538</b>	<b>100.00%</b>	<b>\$138,545</b>	<b>\$74,537,123</b>	<b>100.00%</b>	<b>\$19,938</b>

**LEGAL MALPRACTICE INSURANCE  
INDEMNITY ANALYSIS  
CLAIMS CLOSED IN 2017**

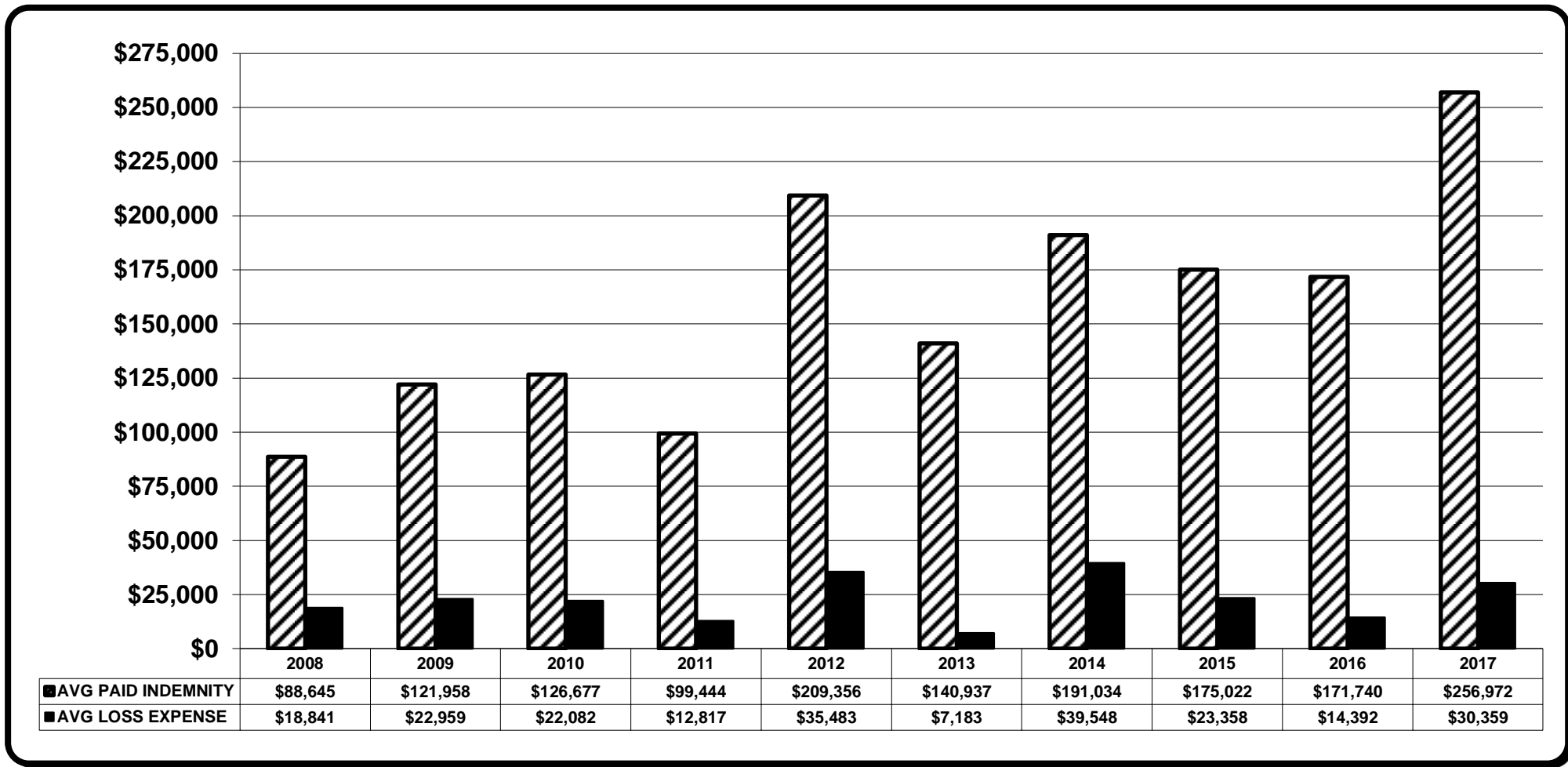
INSURED'S RELATIONSHIP TO THE CLAIMANT	ALL CLOSED CLAIMS	NUMBER OF PAID CLAIMS	PERCENT OF PAID CLAIMS	AVERAGE INDEMNITY PAID PER CLAIM	TOTAL INDEMNITY	PERCENT OF TOTAL INDEMNITY	AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS
CLIENT OTHER THAN ABOVE	102	44	73.33%	\$256,972	\$11,306,751	92.11%	\$30,359
NON-CLIENT	43	15	25.00%	\$51,242	\$768,628	6.26%	\$10,904
FREE LEGAL SERVICE	1	0	0.00%	N/A	\$0	0.00%	\$0
MEMBER PRE-PAID LEGAL PLAN	1	1	1.67%	\$199,500	\$199,500	1.63%	\$109,666
<b>TOTAL</b>	<b>147</b>	<b>60</b>	<b>100.00%</b>	<b>\$204,581</b>	<b>\$12,274,879</b>	<b>100.00%</b>	<b>\$25,001</b>

**TRENDS  
OF  
INSURED/CLAIMANT  
RELATIONSHIP  
FOR 2017**

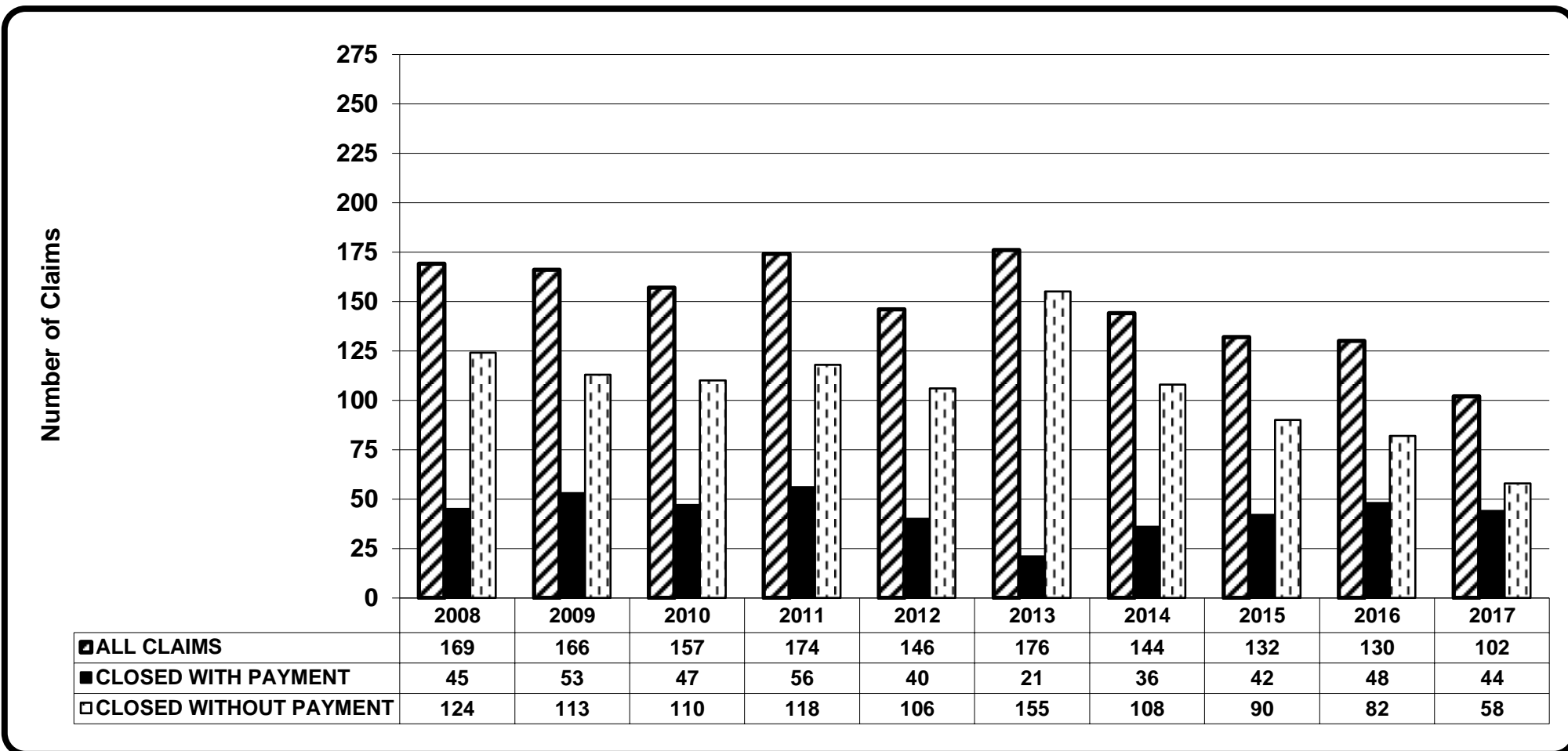


## CLIENT OTHER THAN FREE LEGAL SERVICE OR MEMBER OF PRE-PAID LEGAL PLAN

### AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

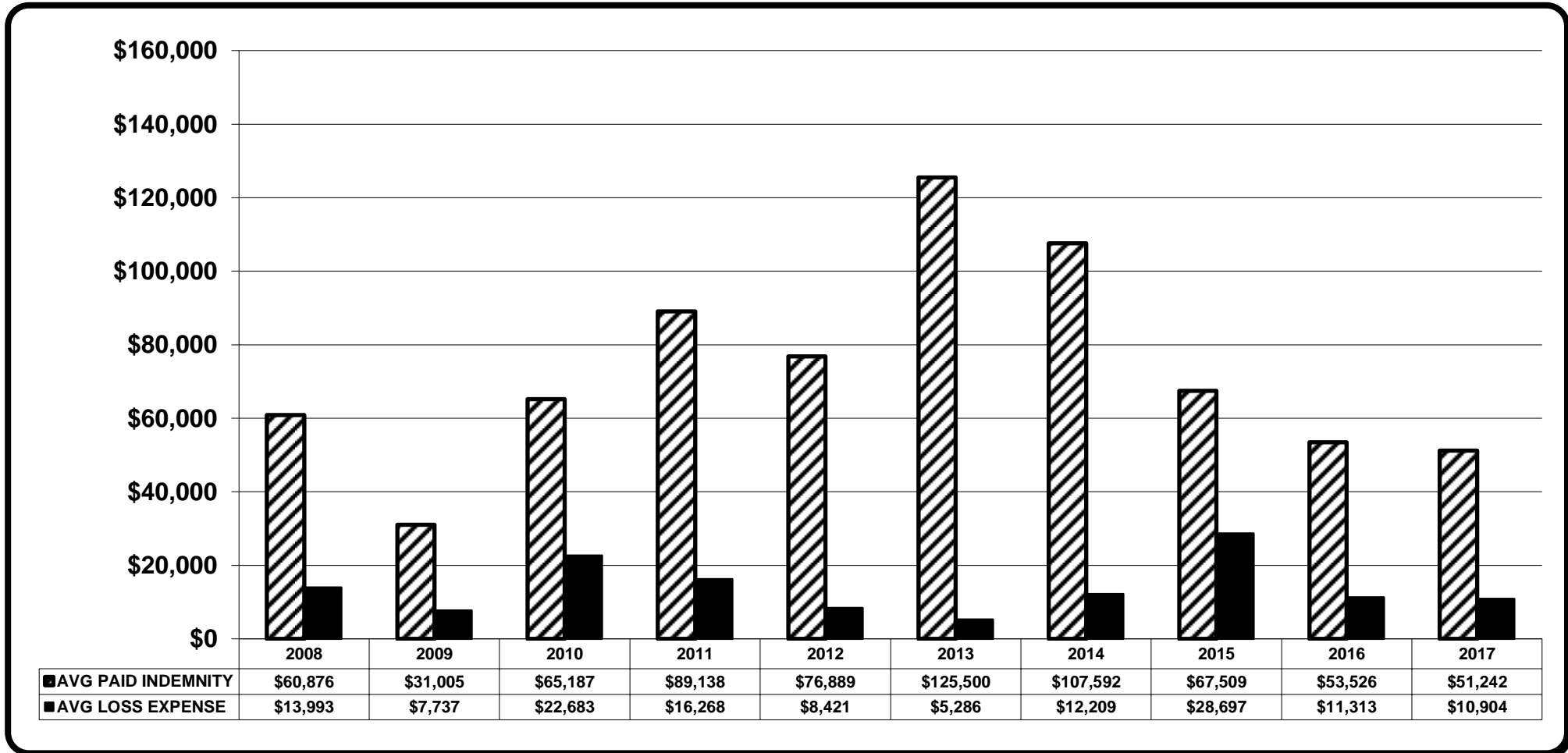


### CLAIM COUNT

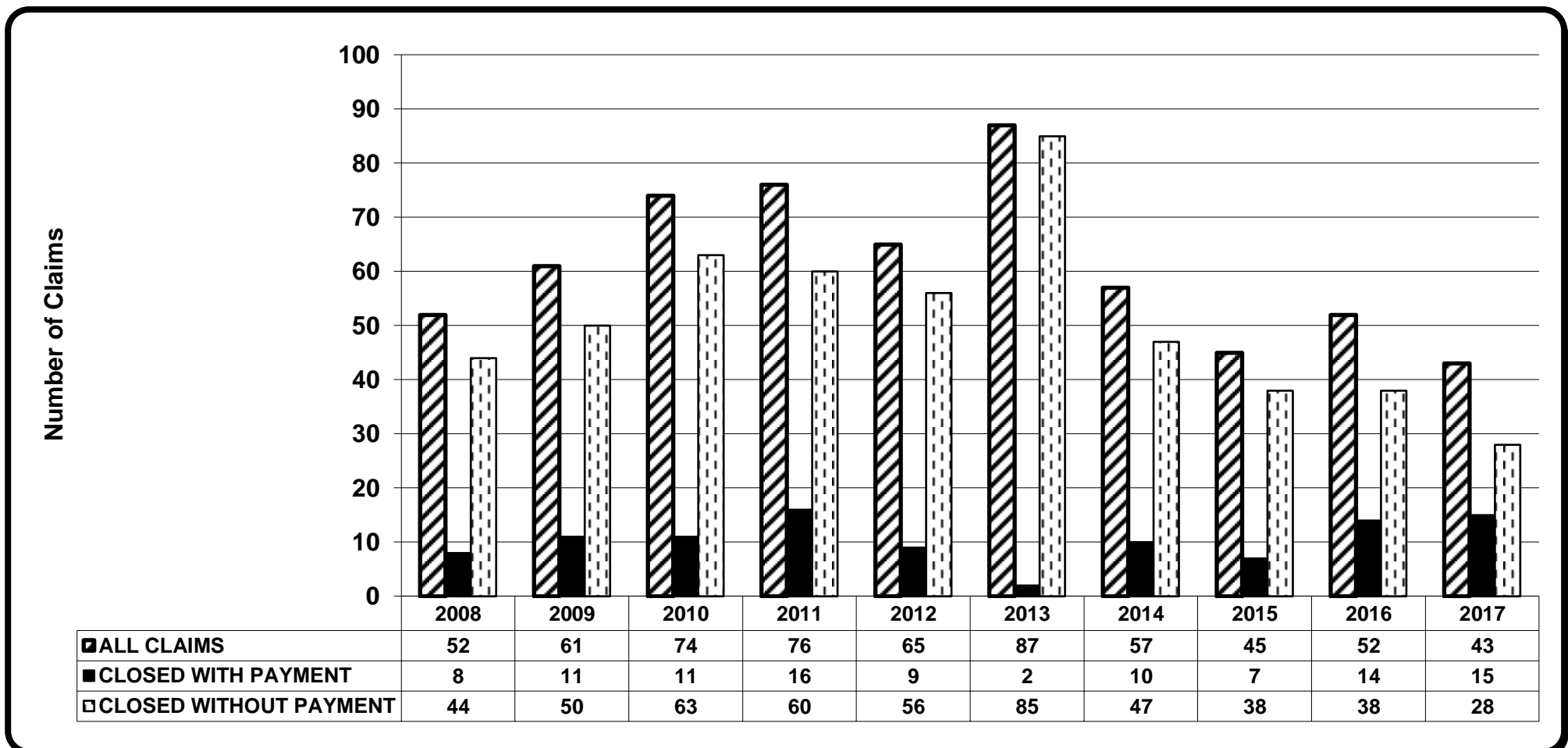


## NON-CLIENT

### AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE



### CLAIM COUNT



# **PREMIUM AND LOSS DATA**





**PAGE 19 SUPPLEMENT  
LEGAL MALPRACTICE EXPERIENCE  
WITH MARKET SHARE**

**2017 EXPERIENCE**

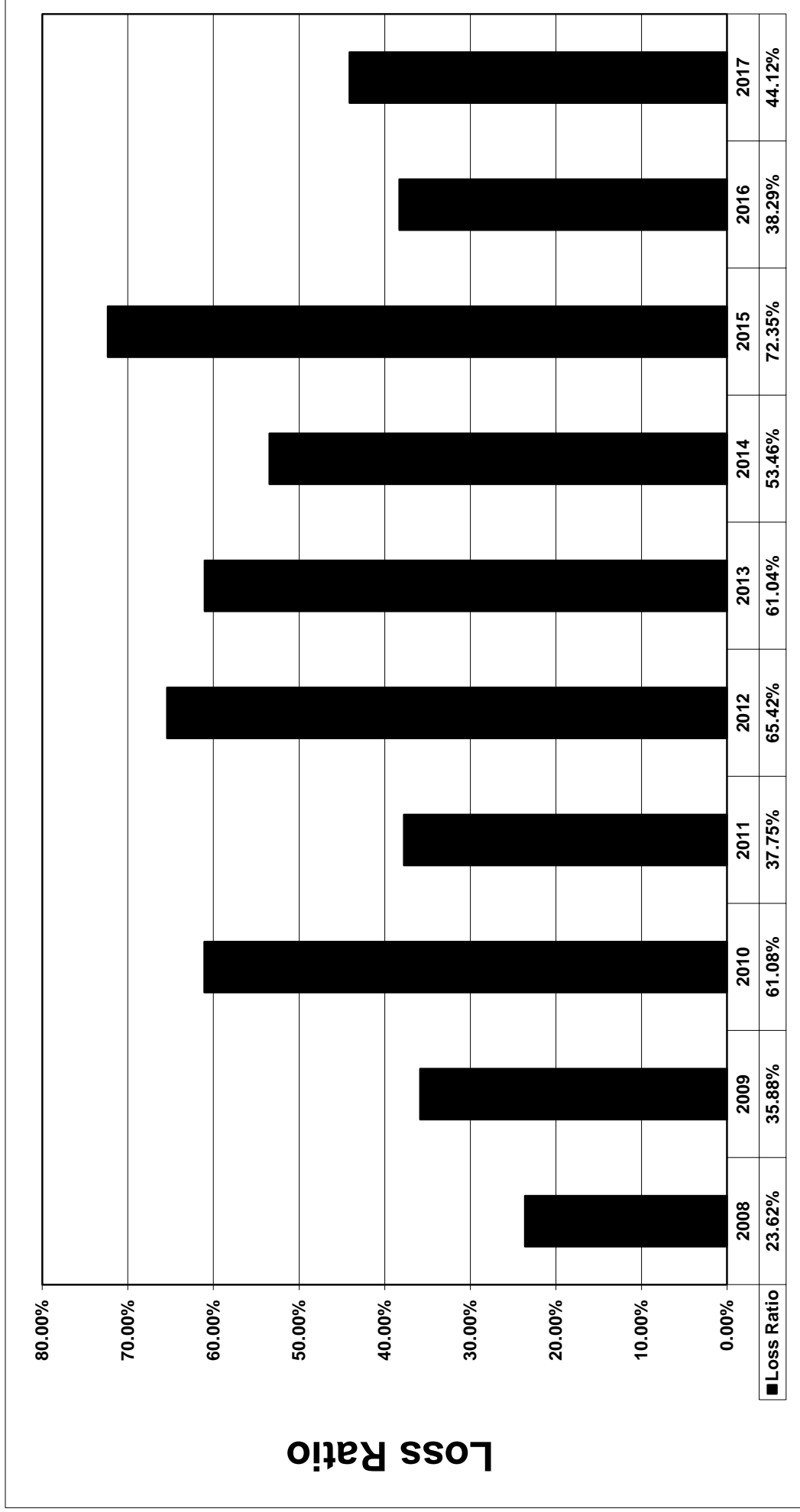
NAIC Company Code	Company Name	Market Share	Written Premium	Earned Premium	Incurred Losses	Loss Ratio
29513	BAR PLAN MUTUAL INSURANCE COMPANY THE	58.67%	\$9,613,029	\$9,810,581	\$1,685,023	17.18%
20443	CONTINENTAL CASUALTY COMPANY	20.45%	\$3,350,932	\$3,428,673	\$3,145,027	91.73%
32450	ALPS PROPERTY & CASUALTY COMPANY	5.12%	\$839,719	\$739,921	\$229,719	31.05%
22292	HANOVER INSURANCE COMPANY THE	4.66%	\$764,159	\$804,753	\$1,536,819	190.97%
39845	WESTPORT INSURANCE CORPORATION	3.76%	\$616,254	\$501,518	\$129,271	25.78%
22730	ALLIED WORLD INSURANCE COMPANY	1.68%	\$275,794	\$231,335	\$83,242	35.98%
37273	AXIS INSURANCE COMPANY	1.61%	\$263,096	\$228,058	\$138,385	60.68%
31194	TRAVELERS CASUALTY AND SURETY CO OF AMER	1.38%	\$226,754	\$218,337	\$0	0.00%
24147	OLD REPUBLIC INSURANCE COMPANY	1.08%	\$176,909	\$148,700	\$57,430	38.62%
29459	TWIN CITY FIRE INSURANCE COMPANY	0.84%	\$137,938	\$140,880	(\$20)	-0.01%
19518	CATLIN INSURANCE COMPANY INC	0.45%	\$73,364	\$103,264	(\$711,217)	-688.74%
22241	MEDMARC CASUALTY INSURANCE COMPANY	0.20%	\$32,519	\$39,831	\$7,029	17.65%
11000	SENTINEL INSURANCE COMPANY LTD	0.07%	\$11,234	\$11,565	\$0	0.00%
29424	HARTFORD CASUALTY INSURANCE CO	0.02%	\$4,053	\$4,053	\$0	0.00%
15865	NCMIC INSURANCE COMPANY	0.00%	\$0	\$0	(\$187)	N/A
16691	GREAT AMERICAN INSURANCE COMPANY	0.00%	\$0	\$0	\$2,731	N/A
21970	BEDIVERE INSURANCE COMPANY	0.00%	\$0	\$0	\$453,137	N/A
22322	GREENWICH INSURANCE COMPANY	0.00%	\$0	\$3,097	(\$6,338)	-204.65%
25585	WATFORD INSURANCE COMPANY	0.00%	\$0	\$0	\$56,469	N/A
27154	ATLANTIC SPECIALTY INSURANCE COMPANY	0.00%	\$0	\$0	\$435,648	N/A
	TOTAL	100.00%	\$16,385,754	\$16,414,566	\$7,242,168	44.12%

**PAGE 19 SUPPLEMENT  
LEGAL MALPRACTICE EXPERIENCE  
TEN YEAR SUMMARY**

<b>YEAR</b>	<b>Written Premium</b>	<b>Earned Premium</b>	<b>Incurred Losses</b>	<b>Loss Ratio</b>
2008	\$16,324,591	\$16,766,853	\$3,959,872	23.62%
2009	\$15,787,723	\$15,994,807	\$5,738,199	35.88%
2010	\$14,955,313	\$15,124,731	\$9,238,427	61.08%
2011	\$14,269,499	\$14,608,084	\$5,514,132	37.75%
2012	\$15,356,950	\$15,088,454	\$9,871,352	65.42%
2013	\$15,843,263	\$15,221,120	\$9,291,232	61.04%
2014	\$16,725,395	\$16,787,627	\$8,975,108	53.46%
2015	\$16,452,459	\$16,412,220	\$11,873,680	72.35%
2016	\$16,350,726	\$16,425,472	\$6,289,090	38.29%
2017	\$16,385,754	\$16,414,566	\$7,242,168	44.12%
<b>10-YEAR TOTAL</b>	<b>\$158,451,673</b>	<b>\$158,843,934</b>	<b>\$77,993,260</b>	<b>49.10%</b>

PAGE 19 SUPPLEMENT  
LEGAL MALPRACTICE EXPERIENCE

TEN YEAR LOSS RATIO SUMMARY





INSURANCE  
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Jefferson City, MO 65102