

**2018**

MISSOURI

# **LEGAL MALPRACTICE REPORT**



**MISSOURI  
LEGAL  
MALPRACTICE  
INSURANCE  
REPORT  
2018**

**Department of Insurance, Financial Institutions & Professional Registration  
Statistics Section  
July 2019**



***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 2009 to 2018.

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 2018, the loss ratio for legal malpractice insurance in Missouri was 38 percent. For the 10-year period of claims closed<sup>1</sup>, 535 (26 percent) were closed with payment. Claims closed in 2018 totaled 140, a 5 percent decrease from the previous year. The average payment was \$116,945.

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 2018, the average loss adjustment expense for all claims closed with payment was \$85,739 compared to \$60,248 in 2017.

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 2018 (28 of 140) was initiated by plaintiffs in *bodily injury/property damage - plaintiff*. The largest proportion of all claims closed in 2018 under the major activity code occurred during *commencement of action or proceeding*. Of all claims paid during 2018, 51 percent were settled *before trial or hearing* on the alleged malpractice.

Ninety-two percent of losses in 2018 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-one percent of 2018 claims occurred in the category of *client other than free legal service or member of pre-paid legal plan*.

Only 15 companies reported writing legal malpractice insurance in Missouri for 2018. 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.

## TABLE OF CONTENTS

SECTION	DESCRIPTION	PAGE
I	TEN YEAR SUMMARY .....	3
II	INDEMNITY SUMMARY	
	Area of Law: 10-Year and 2018 Summary .....	9
	Trends of the Top 10 Areas of Law .....	13
	Major Activity: 10-Year and 2018 Summary .....	25
	Trends of the Top 10 Major Activity .....	29
	Alleged Errors or Omissions: 10-Year and 2018 Summary .....	41
	Trends of the Top 10 Alleged Errors or Omissions .....	45
	Claim Disposition: 10-Year and 2018 Summary.....	57
	Trends of the Top 8 Claim Dispositions.....	61
	Years Admitted to Practice: 10-Year and 2018 Summary.....	71
	Trends of Years Admitted to Practice.....	75
	Insured/Claimant Relationship: 10-Year and 2018 Summary .....	81
	Trends of Insured/Claimant Relationship .....	85
III	PREMIUM AND LOSS DATA .....	89



**TEN YEAR  
SUMMARY  
(2009-2018)**

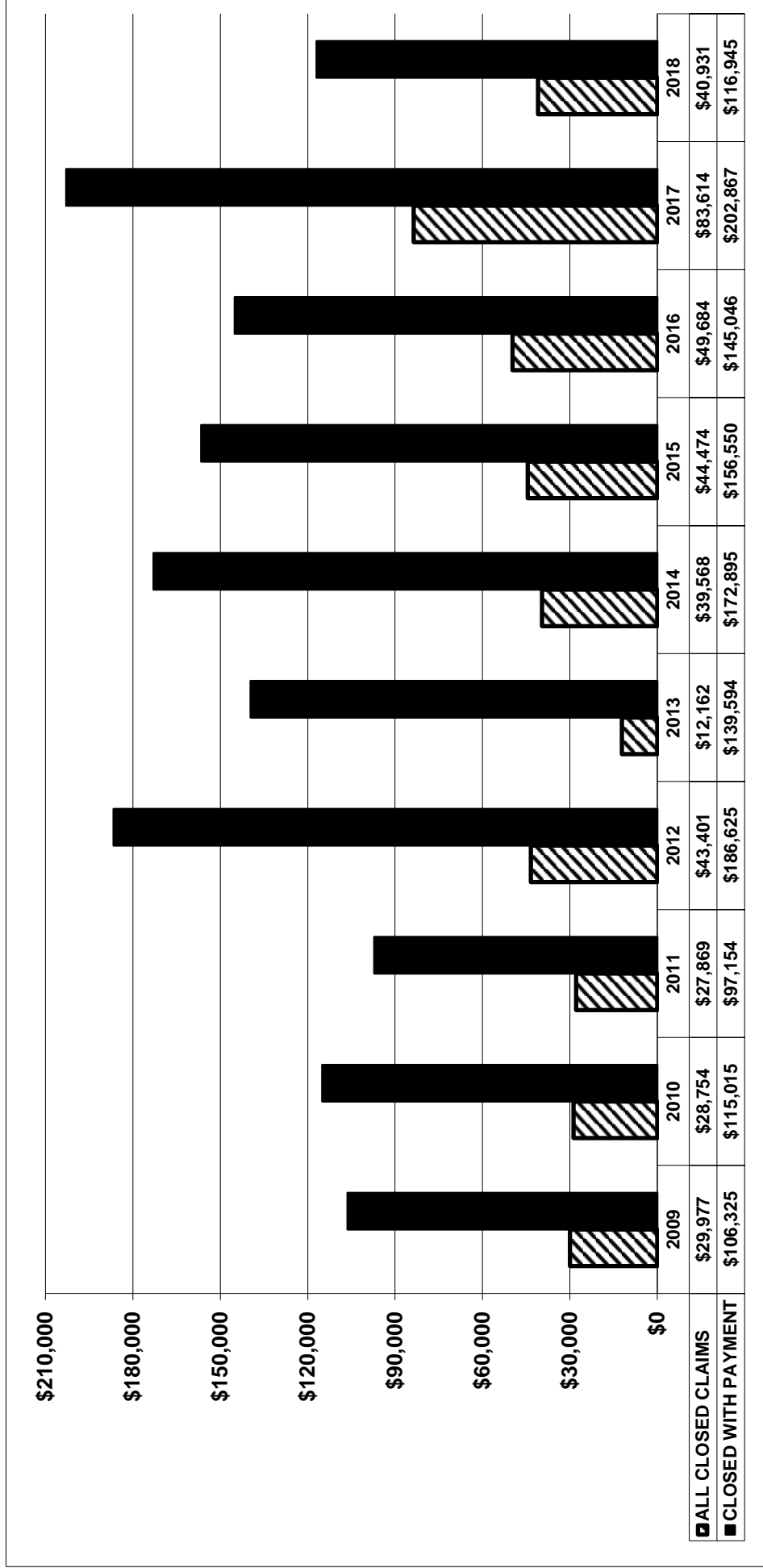


**LEGAL MALPRACTICE EXPERIENCE  
TEN YEAR SUMMARY  
(2009-2018)**

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	2,035	100.0%	\$75,891,425	\$37,293	\$42,454,056	\$20,862
Closed with Payment	535	26.3%	\$75,891,425	\$141,853	\$26,393,325	\$49,333
Closed without Payment	1,501	73.8%	\$0	\$0	\$16,060,731	\$10,700
Claims Settled Through Court Proceedings	182	8.9%	\$5,514,025	\$30,297	\$10,511,425	\$57,755
Court Proceedings Resulting in Payment	26	1.3%	\$5,514,025	\$212,078	\$3,800,363	\$146,168

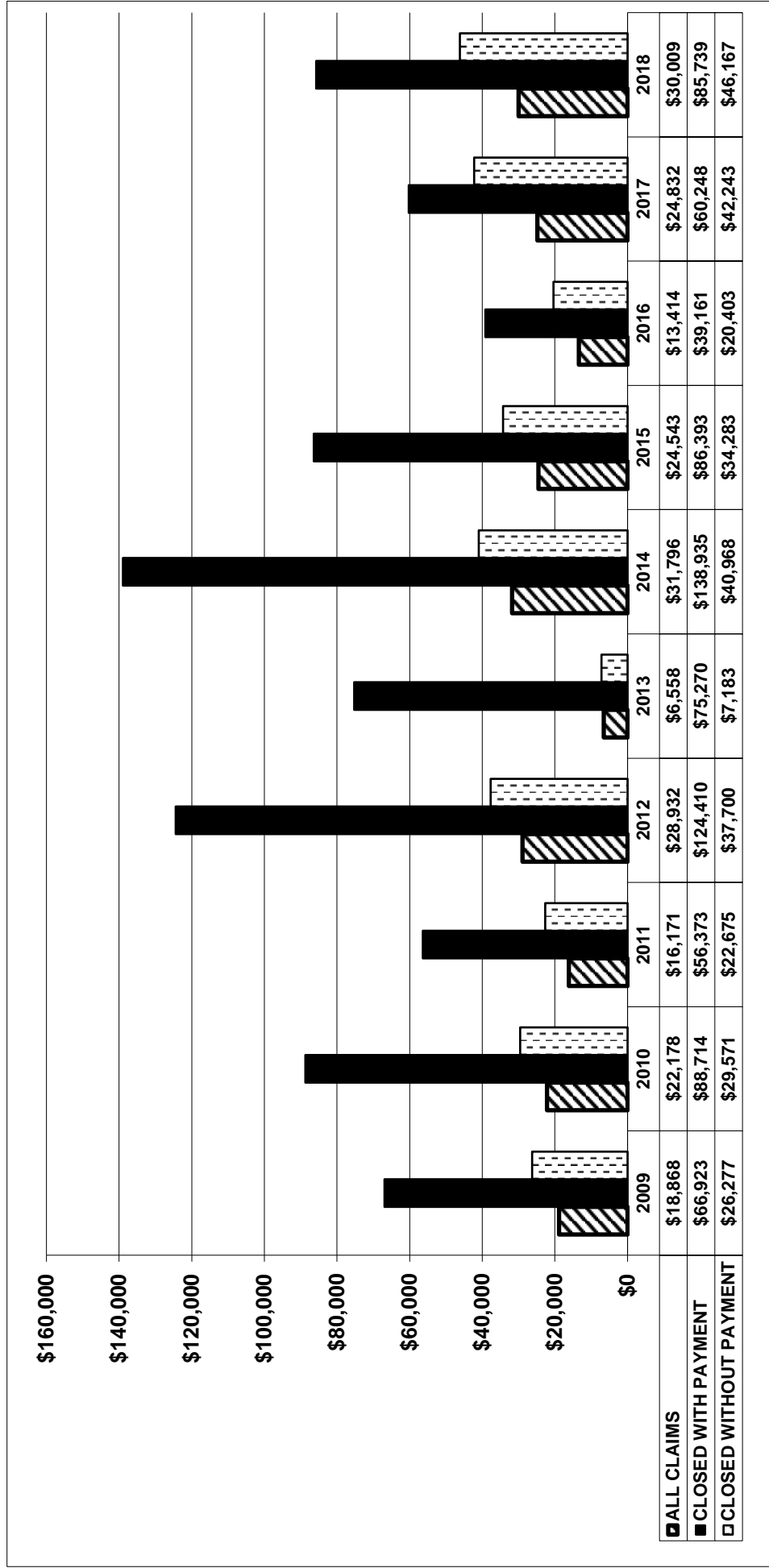
# MISSOURI LEGAL MALPRACTICE INSURANCE

## AVERAGE PAID CLAIM



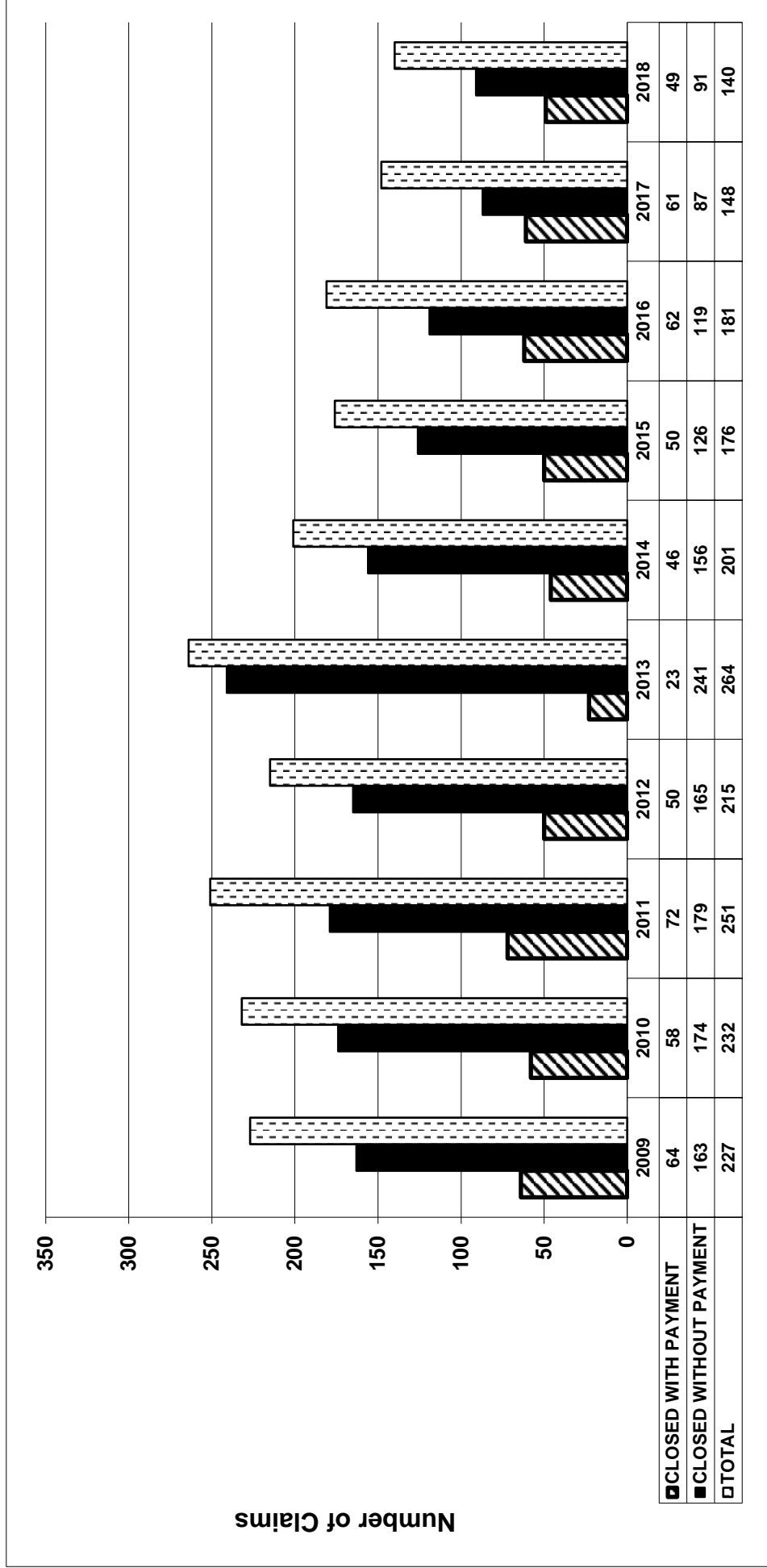


**MISSOURI LEGAL MALPRACTICE INSURANCE**  
**AVERAGE PAID LOSS ADJUSTMENT EXPENSE**



# MISSOURI LEGAL MALPRACTICE INSURANCE

## CLAIM COUNT 2009-2018



**TEN YEAR SUMMARY  
&  
2018 SUMMARY  
BY  
AREA OF LAW**



# LEGAL MALPRACTICE INSURANCE INDEMNITY ANALYSIS FOR YEARS 2009-2018

AREA OF LAW	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
BI/PD - PLAINTIFF	404	131	24.49%	\$174,903	\$22,912,355	30.19%	\$19,428
COLLECTION & BANKRUPTCY	332	71	13.27%	\$62,250	\$4,419,781	5.82%	\$8,761
ESTATE, TRUST & PROBATE	245	71	13.27%	\$109,584	\$7,780,462	10.25%	\$22,656
REAL ESTATE	241	50	9.35%	\$91,368	\$4,568,382	6.02%	\$10,315
FAMILY LAW	224	49	9.16%	\$120,372	\$5,898,232	7.77%	\$15,730
CORPORATE & BUSINESS ORGANIZATION	113	23	4.30%	\$219,624	\$5,051,363	6.66%	\$26,607
BUS TRANSACTION/COMMERCIAL LAW	79	28	5.23%	\$160,869	\$4,504,341	5.94%	\$74,582
WORKERS COMPENSATION	71	22	4.11%	\$174,587	\$3,840,909	5.06%	\$7,116
CRIMINAL	67	9	1.68%	\$23,750	\$213,750	0.28%	\$11,861
BI/PD - DEFENDANT	53	15	2.80%	\$322,238	\$4,833,571	6.37%	\$48,779
CIVIL RIGHTS & COMMISSION	46	11	2.06%	\$141,295	\$1,554,250	2.05%	\$9,557
LABOR LAW	42	17	3.18%	\$133,618	\$2,271,504	2.99%	\$25,505
CONSUMER CLAIMS	25	7	1.31%	\$77,357	\$541,500	0.71%	\$31,389
CONSTRUCTION (BUILDING CONTRACTS)	18	8	1.50%	\$254,086	\$2,032,684	2.68%	\$64,258
LOCAL GOVERNMENT	18	5	0.93%	\$212,234	\$1,061,172	1.40%	\$36,337
TAXATION	16	5	0.93%	\$265,634	\$1,328,169	1.75%	\$25,848
PATENTS, TRADEMARKS, COPYRIGHTS	13	4	0.75%	\$196,875	\$787,500	1.04%	\$188,077
SECURITIES (S.E.C.)	12	2	0.37%	\$83,750	\$167,500	0.22%	\$6,762
GOVERNMENT CONTRACTS & CLAIMS	7	2	0.37%	\$52,500	\$105,000	0.14%	\$4,076
IMMIGRATION & NATURALIZATION	5	2	0.37%	\$142,000	\$284,000	0.37%	\$4,114
ADMIRALTY	2	1	0.19%	\$1,105,000	\$1,105,000	1.46%	\$85,064
ENVIRONMENT	1	1	0.19%	\$330,000	\$330,000	0.43%	\$18,307
NATIONAL RESOURCES	1	1	0.19%	\$300,000	\$300,000	0.40%	\$68,837
<b>TOTAL</b>	<b>2,035</b>	<b>535</b>	<b>100.00%</b>	<b>\$141,853</b>	<b>\$75,891,425</b>	<b>100.00%</b>	<b>\$20,862</b>

# LEGAL MALPRACTICE INSURANCE INDEMNITY ANALYSIS CLAIMS CLOSED IN 2018

AREA OF LAW	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
BI/PD - PLAINTIFF	28	13	26.53%	\$122,658	\$1,594,551	27.83%	\$18,433
FAMILY LAW	24	2	4.08%	\$12,500	\$25,000	0.44%	\$21,343
ESTATE, TRUST & PROBATE	21	8	16.33%	\$120,898	\$967,186	16.88%	\$37,083
COLLECTION & BANKRUPTCY	14	4	8.16%	\$54,938	\$219,750	3.83%	\$17,999
CORPORATE & BUSINESS ORGANIZATION	10	4	8.16%	\$391,290	\$1,565,161	27.31%	\$67,055
REAL ESTATE	10	3	6.12%	\$30,927	\$92,780	1.62%	\$6,095
BUSINESS TRANSACTION/COMMERCIAL LAW	6	4	8.16%	\$129,146	\$516,584	9.01%	\$135,181
CRIMINAL	5	0	0.00%	N/A	\$0	0.00%	\$35,709
LABOR LAW	5	2	4.08%	\$33,875	\$67,750	1.18%	\$14,936
WORKERS COMPENSATION	5	4	8.16%	\$31,875	\$127,500	2.23%	\$4,525
CONSTRUCTION (BUILDING CONTRACTS)	3	1	2.04%	\$103,000	\$103,000	1.80%	\$66,716
BI/PD - DEFENDANT	2	1	2.04%	\$105,060	\$105,060	1.83%	\$512
CONSUMER CLAIMS	2	1	2.04%	\$31,000	\$31,000	0.54%	\$10,729
CIVIL RIGHTS & COMMISSION	1	1	2.04%	\$15,000	\$15,000	0.26%	\$6,167
LOCAL GOVERNMENT	1	0	0.00%	N/A	\$0	0.00%	\$26,052
NATIONAL RESOURCES	1	1	2.04%	\$300,000	\$300,000	5.24%	\$68,837
PATENTS, TRADEMARKS, COPYRIGHTS	1	0	0.00%	N/A	\$0	0.00%	\$0
SECURITIES (S.E.C.)	1	0	0.00%	N/A	\$0	0.00%	\$0
<b>TOTAL</b>	<b>140</b>	<b>49</b>	<b>100.00%</b>	<b>\$116,945</b>	<b>\$5,730,322</b>	<b>100.00%</b>	<b>\$30,009</b>

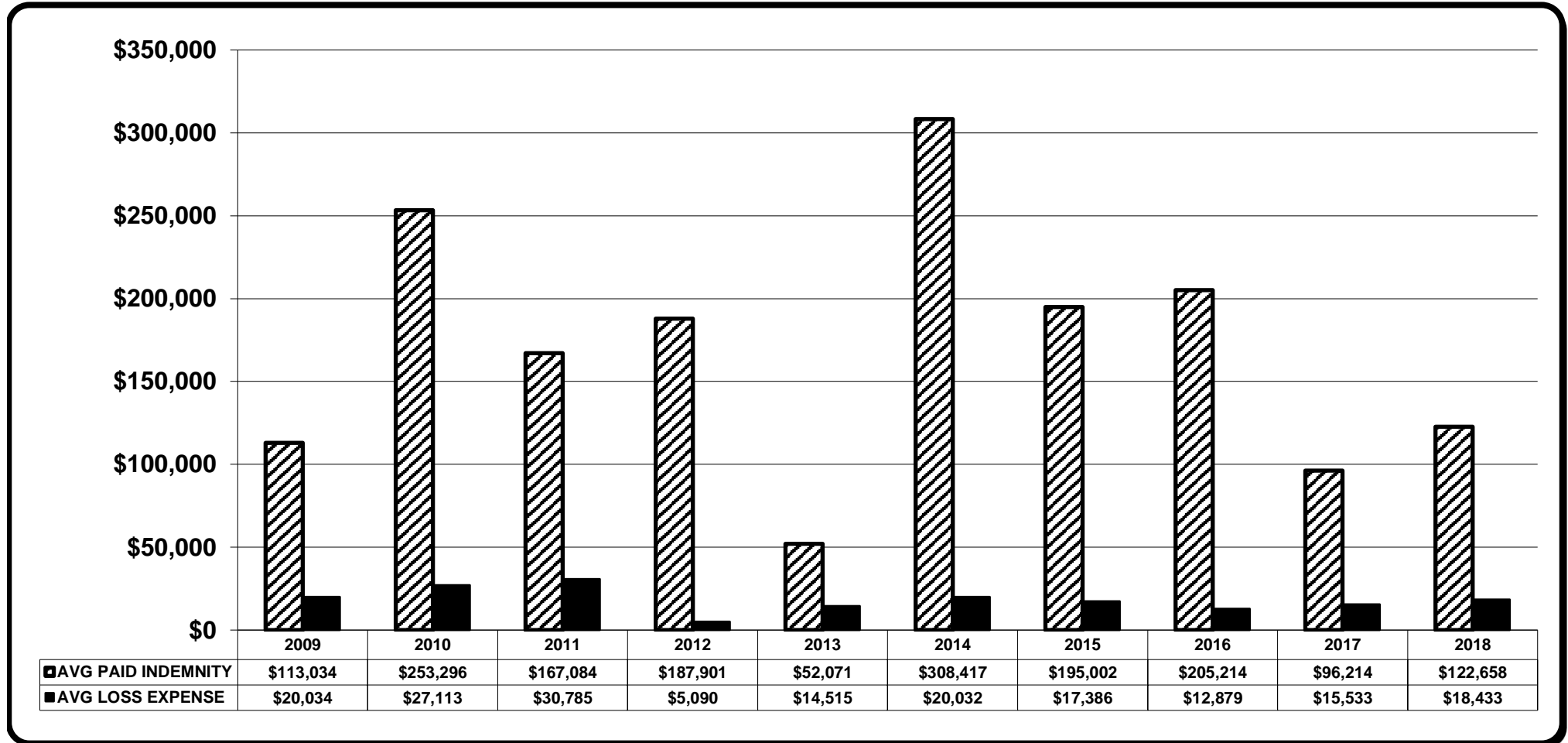
**TRENDS  
OF THE TOP TEN  
AREAS OF LAW  
OF 2018**



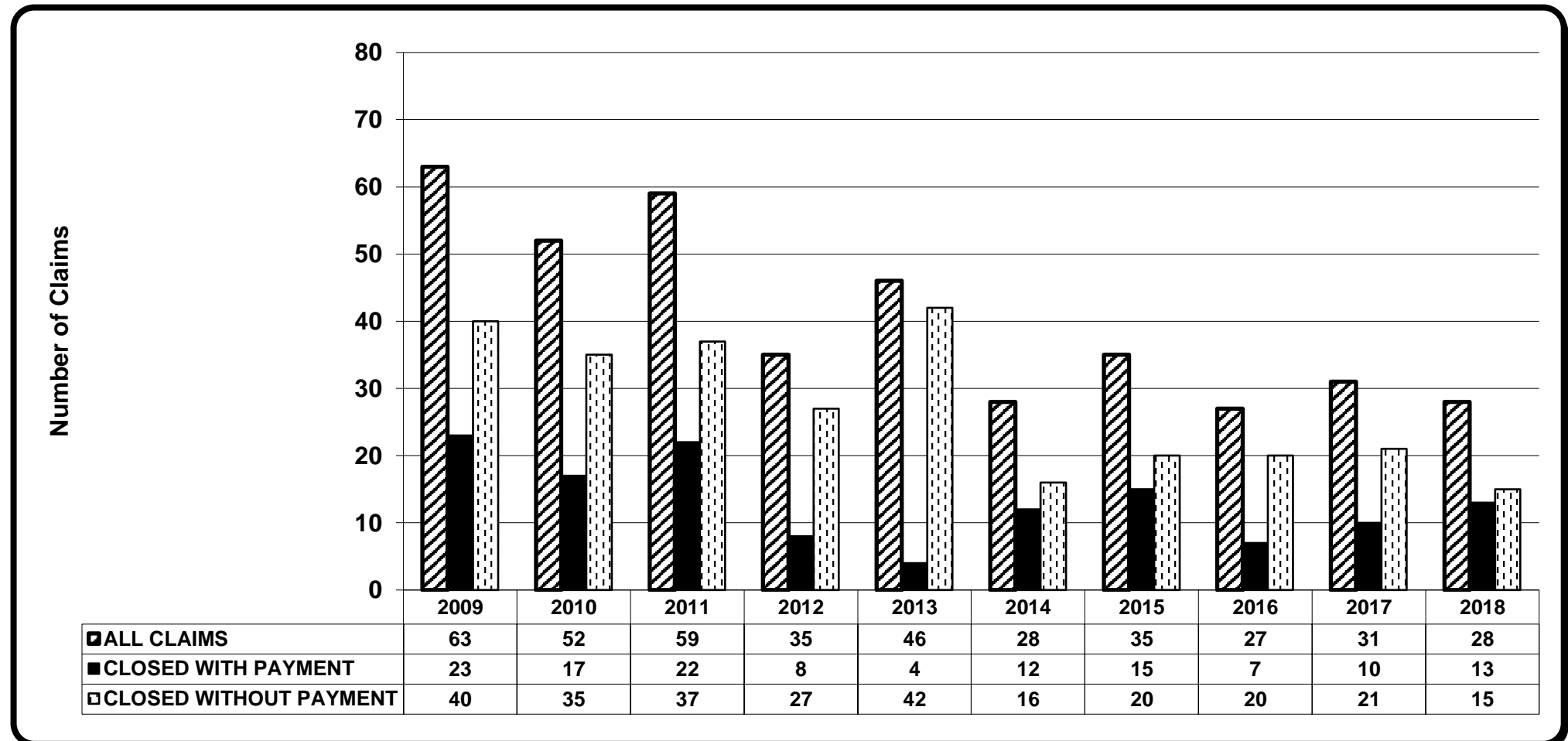


## B/PD - PLAINTIFF

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

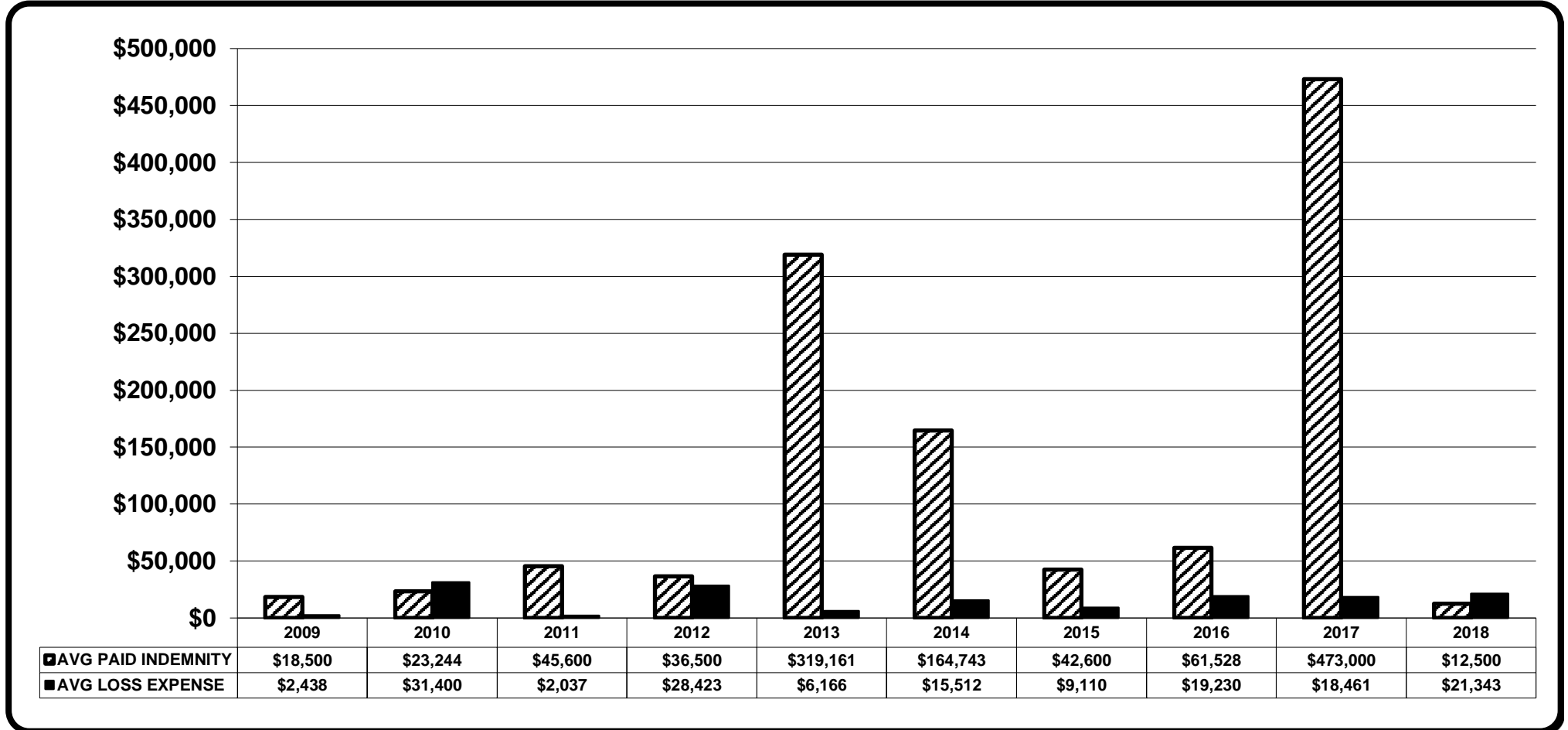


## CLAIM COUNT

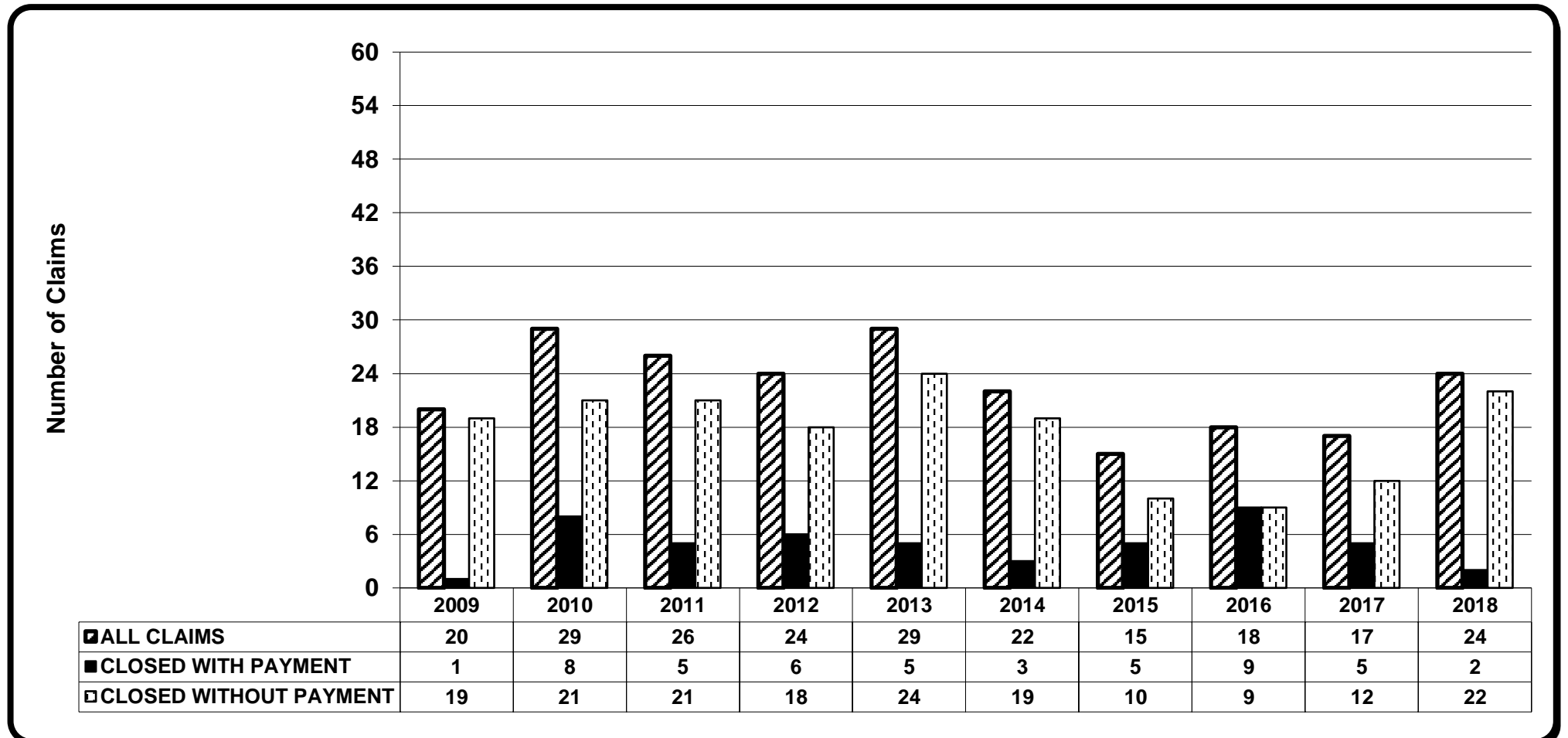


## FAMILY LAW

### AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

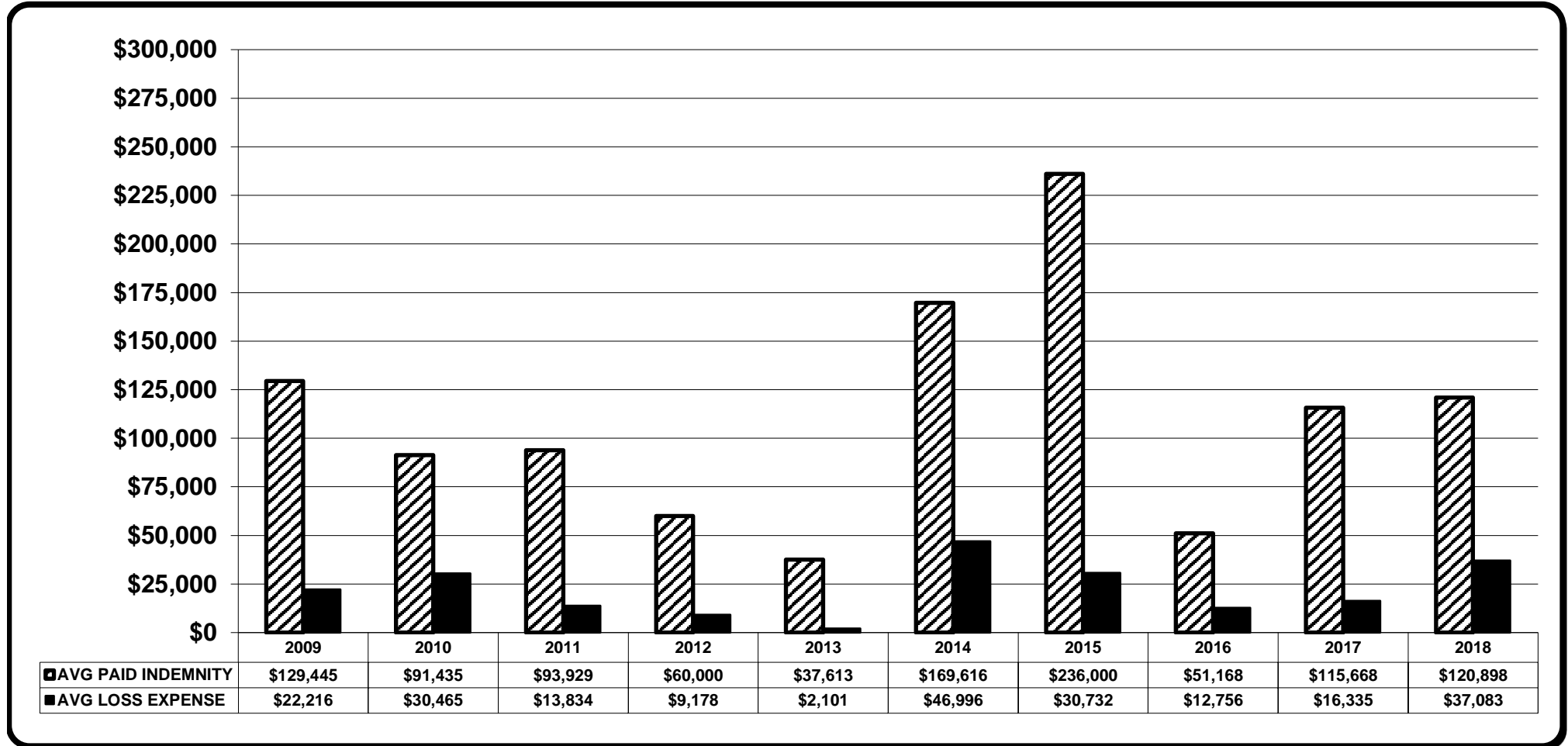


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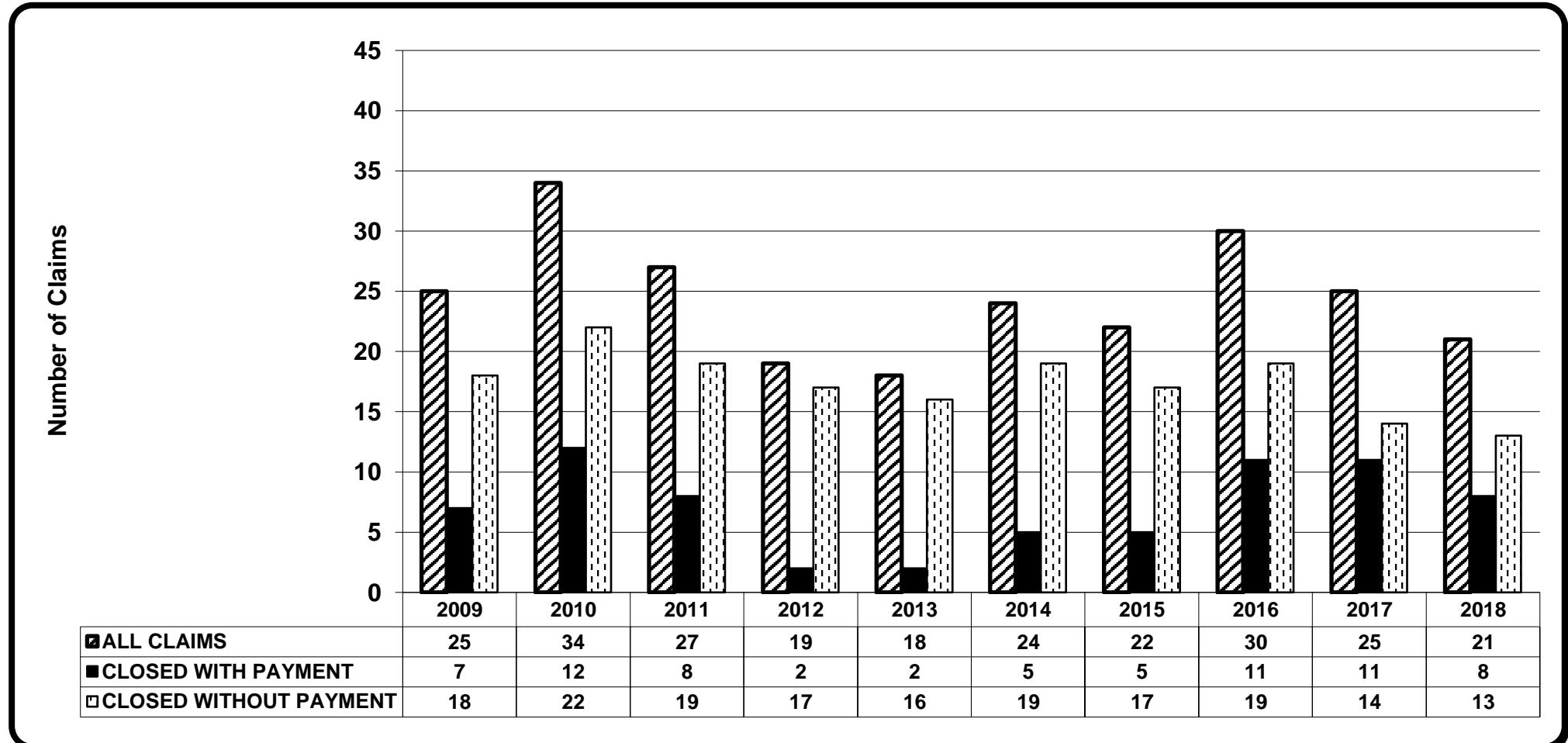


## ESTATE, TRUST & PROBATE

### AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

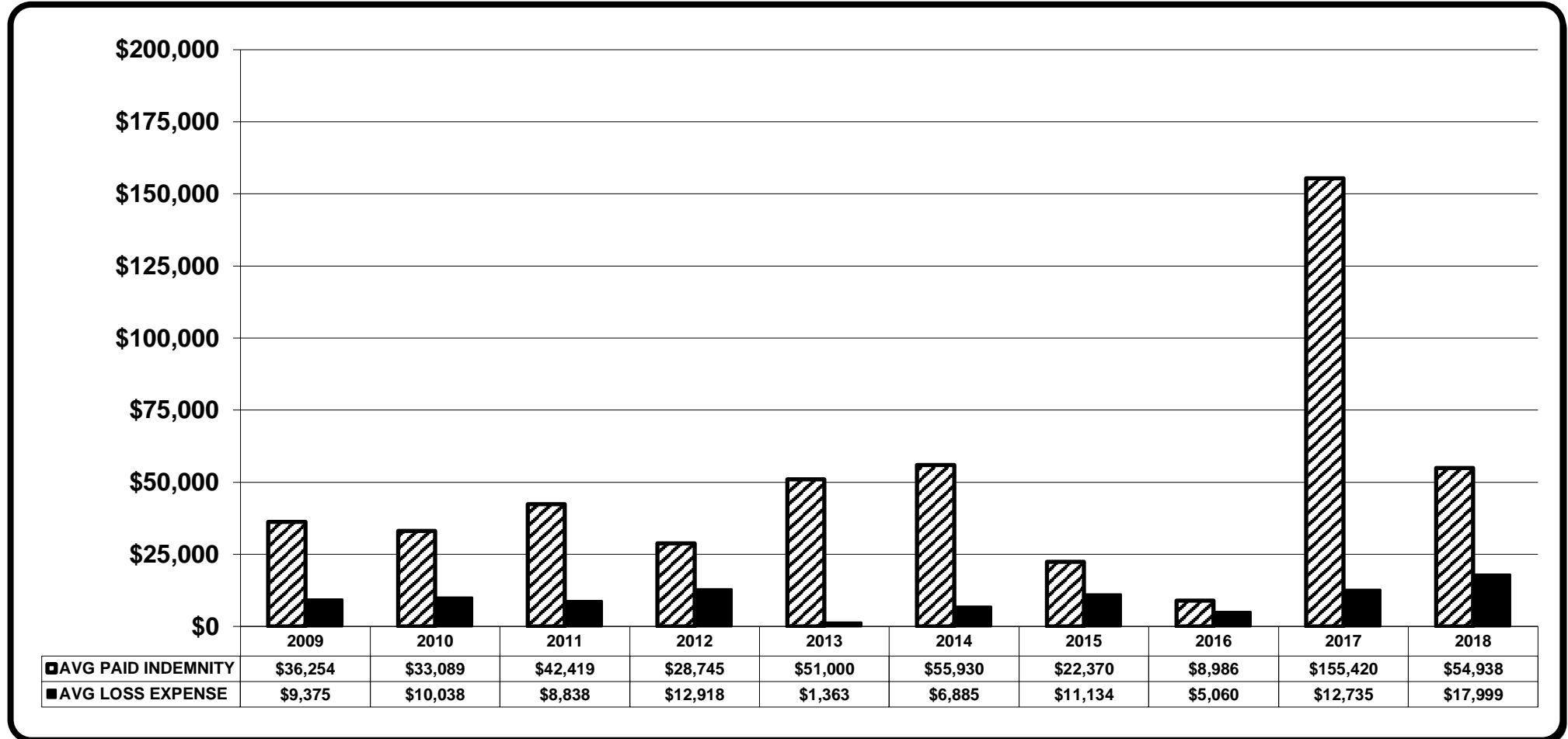


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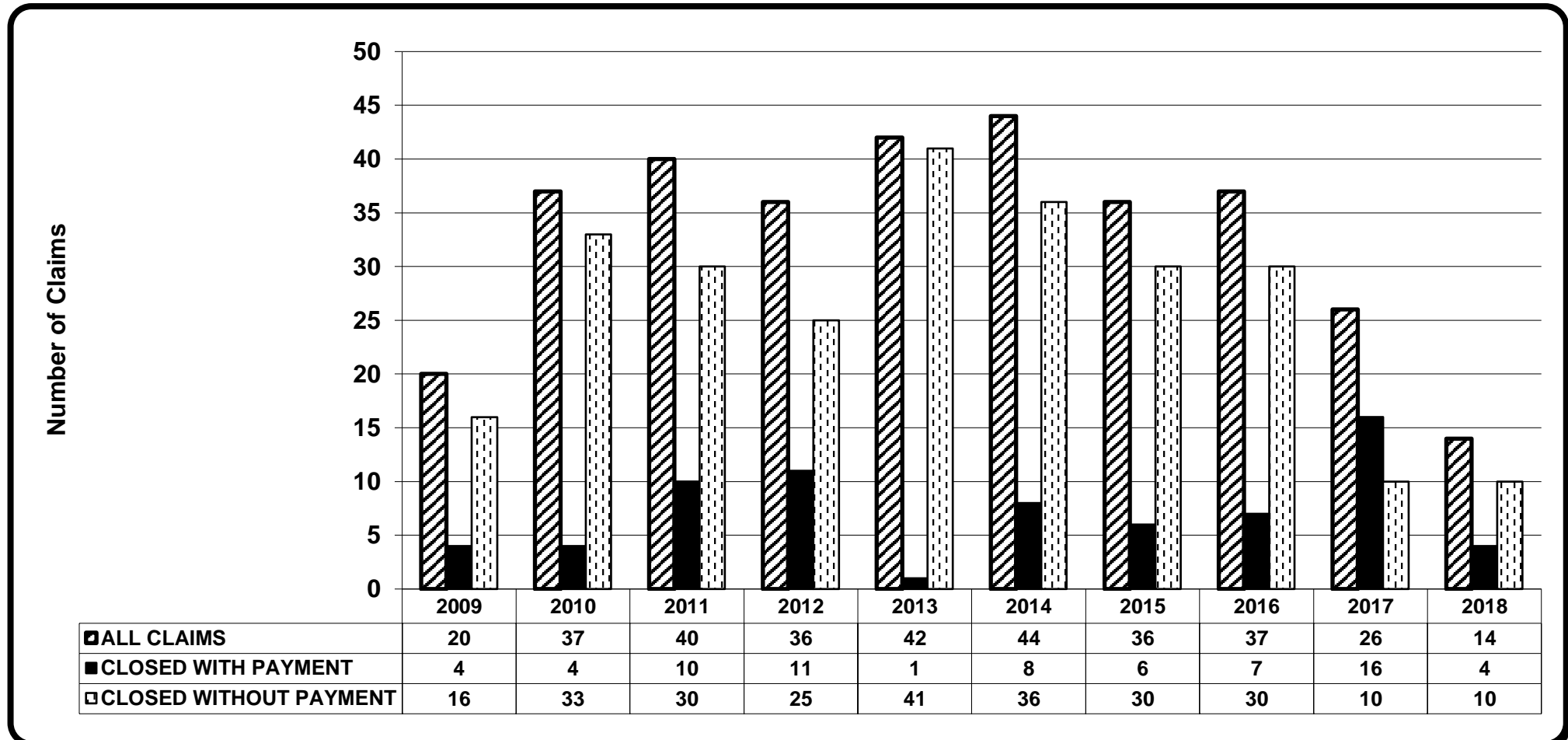


## COLLECTION & BANRUPTCY

### AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

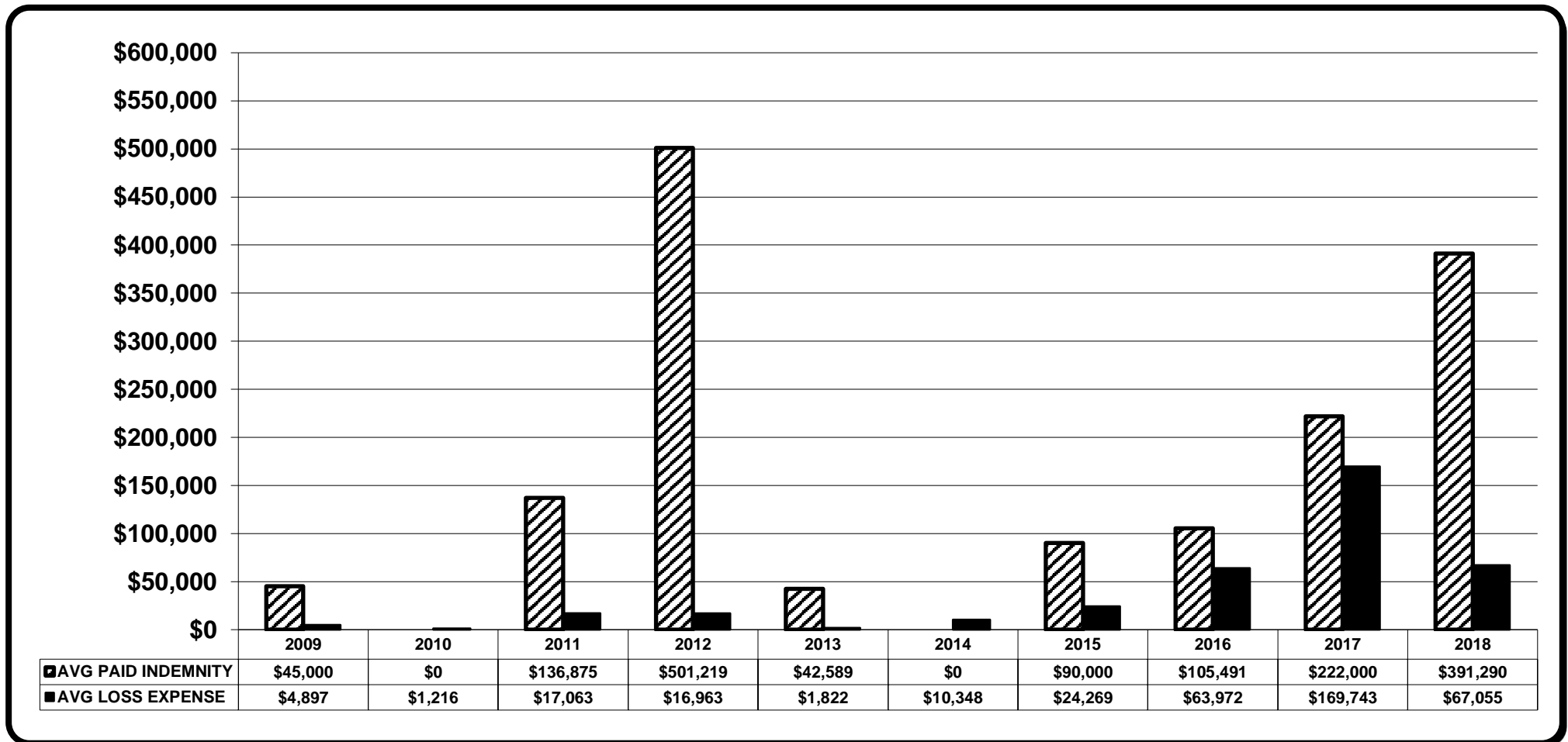


### CLAIM COUNT

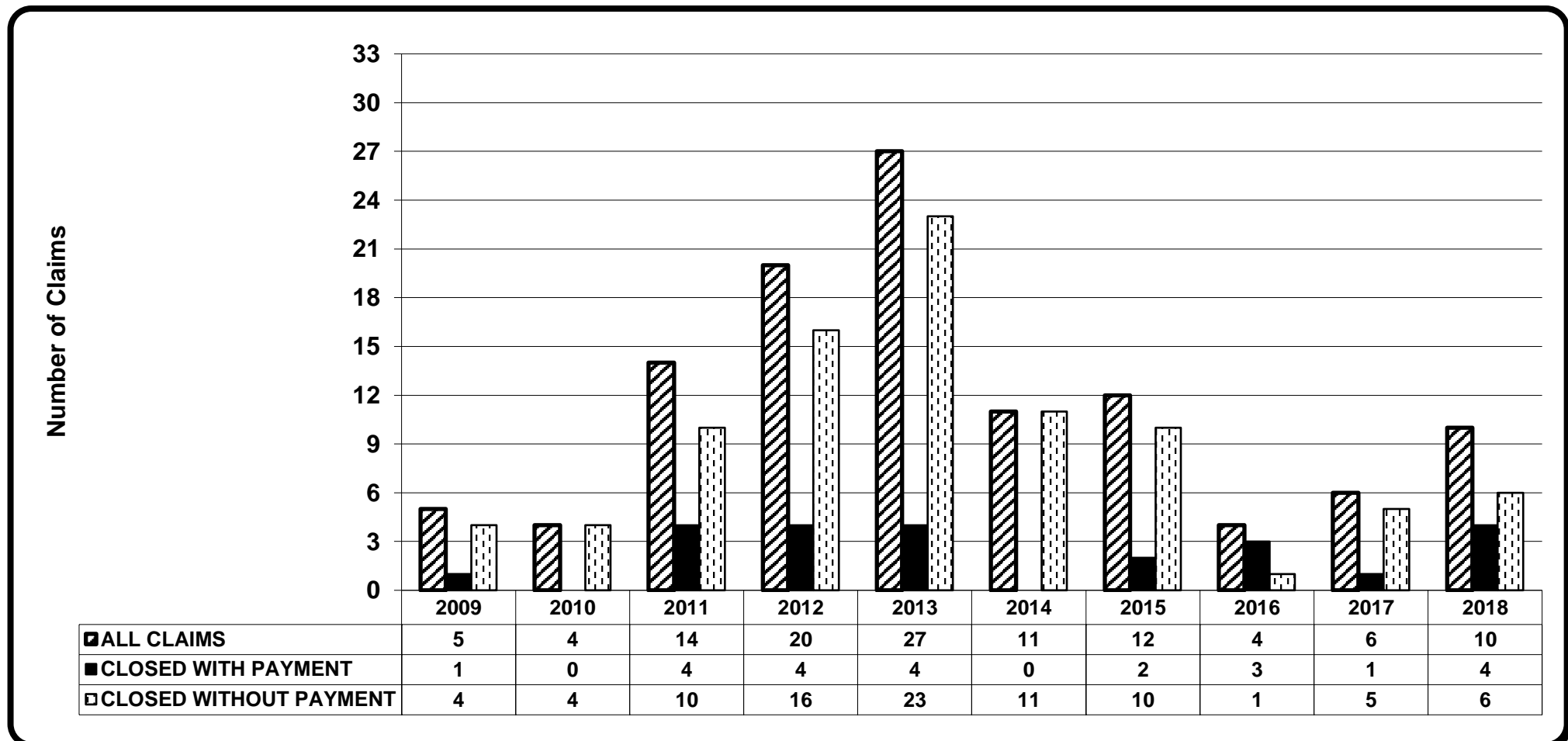


## CORPORATE & BUSINESS ORGANIZATION

### AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

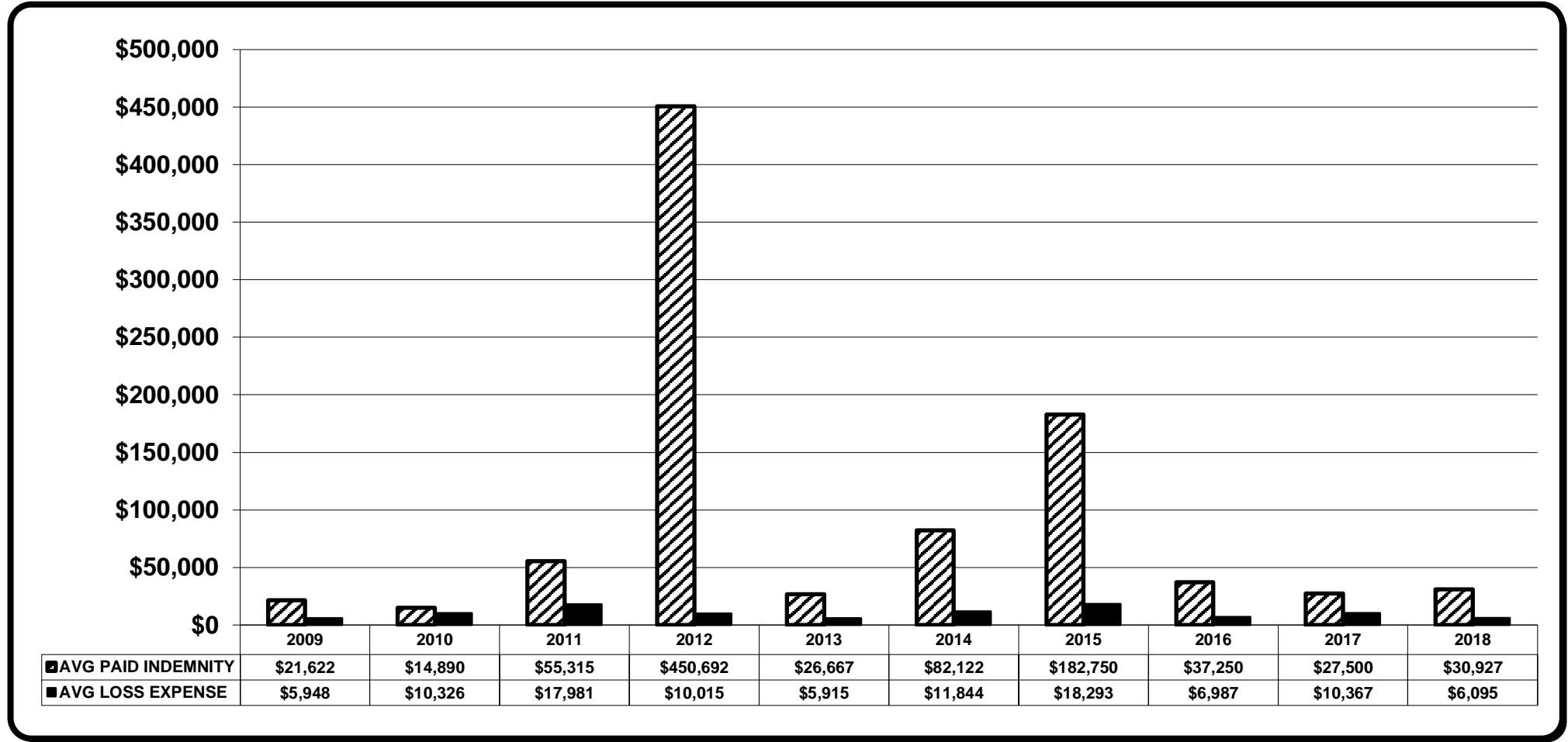


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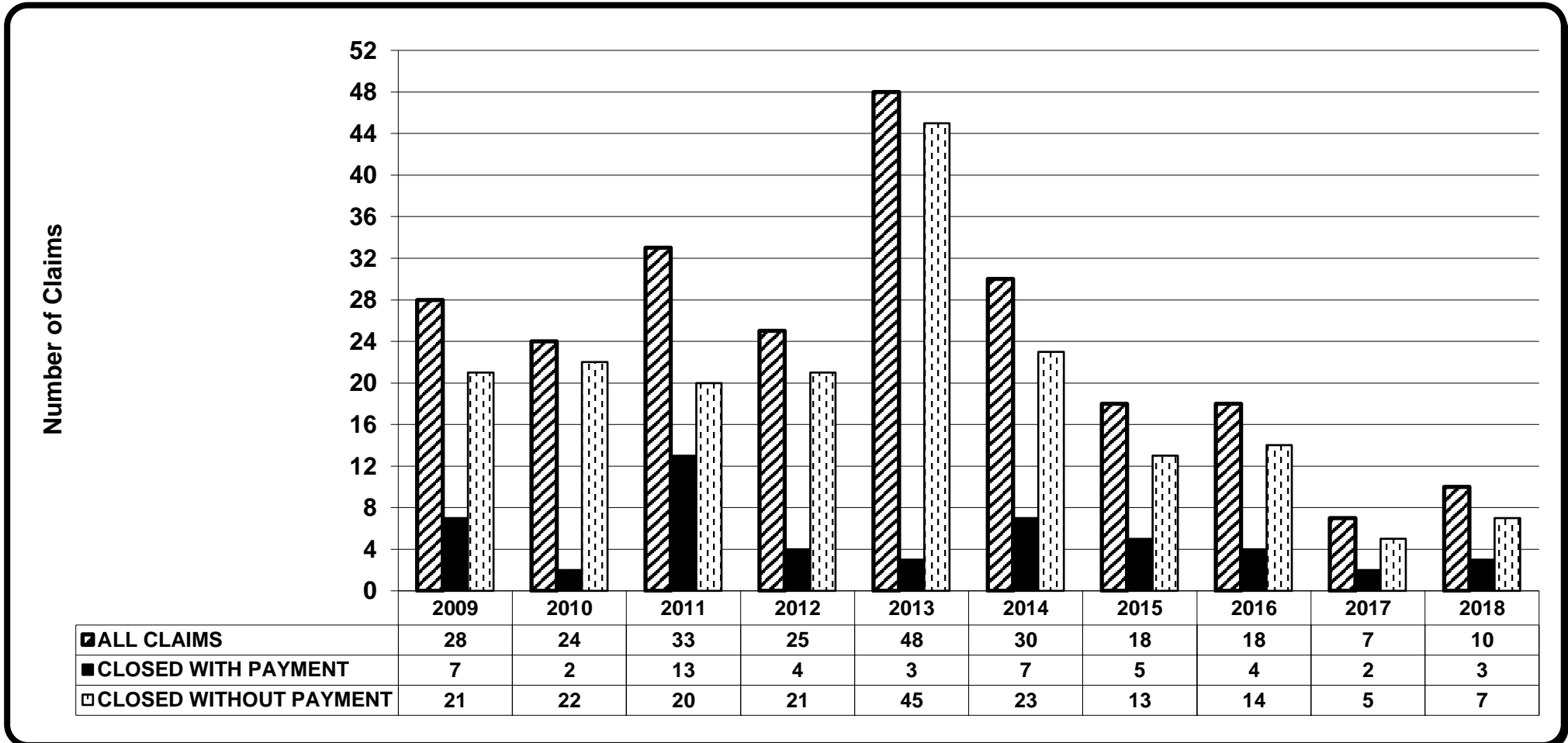


## REAL ESTATE

### AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

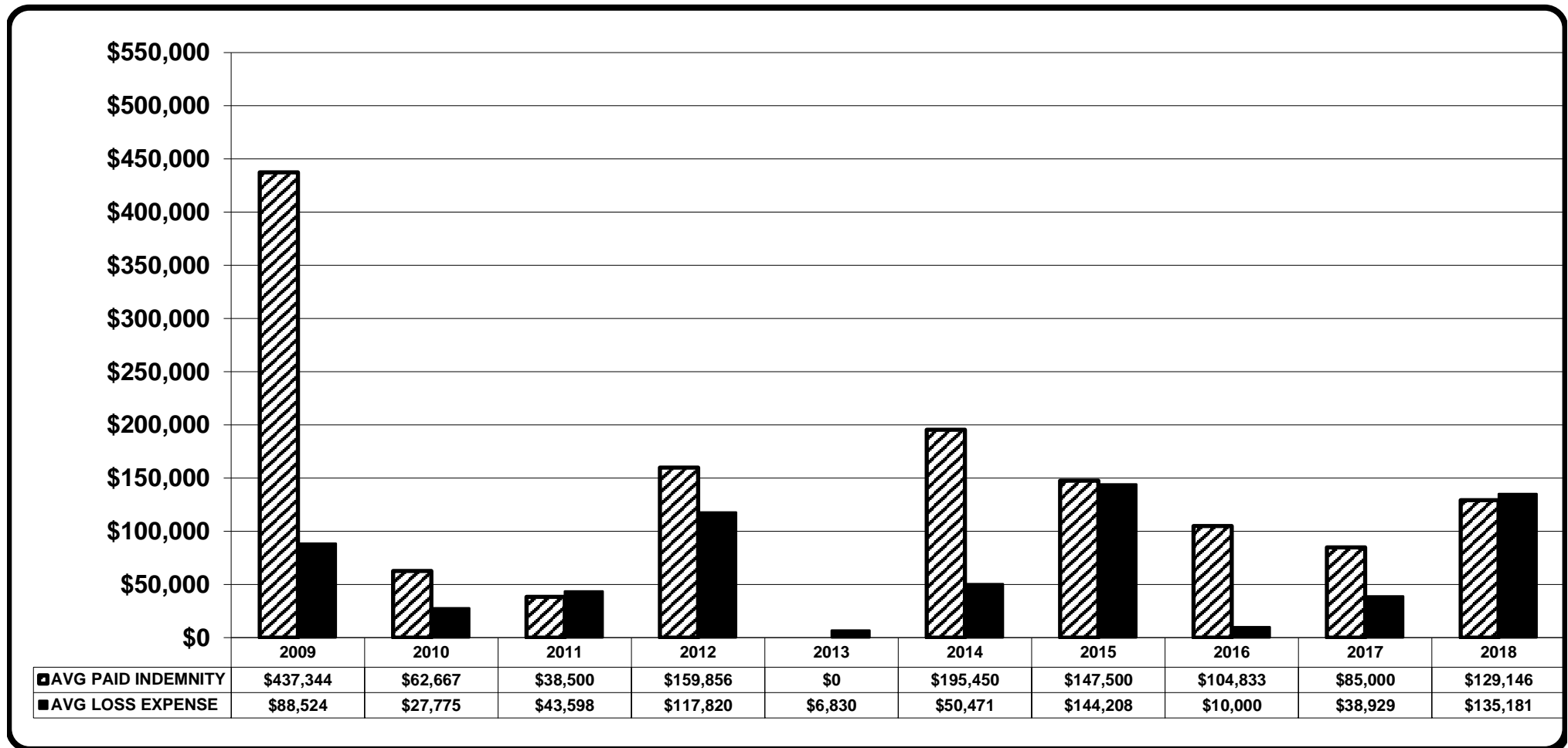


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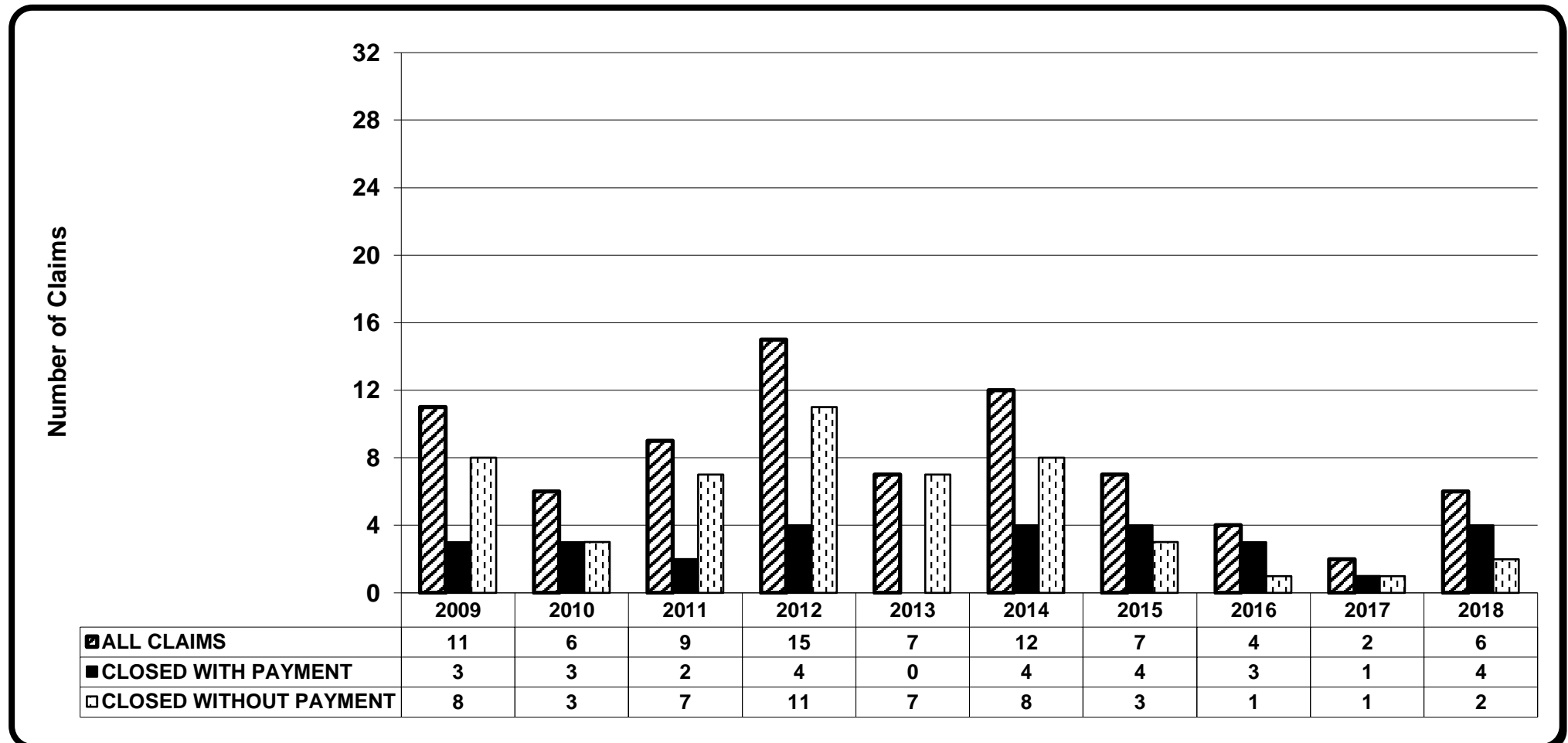


## BUSINESS TRANSACTION/COMMERCIAL LAW

### AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

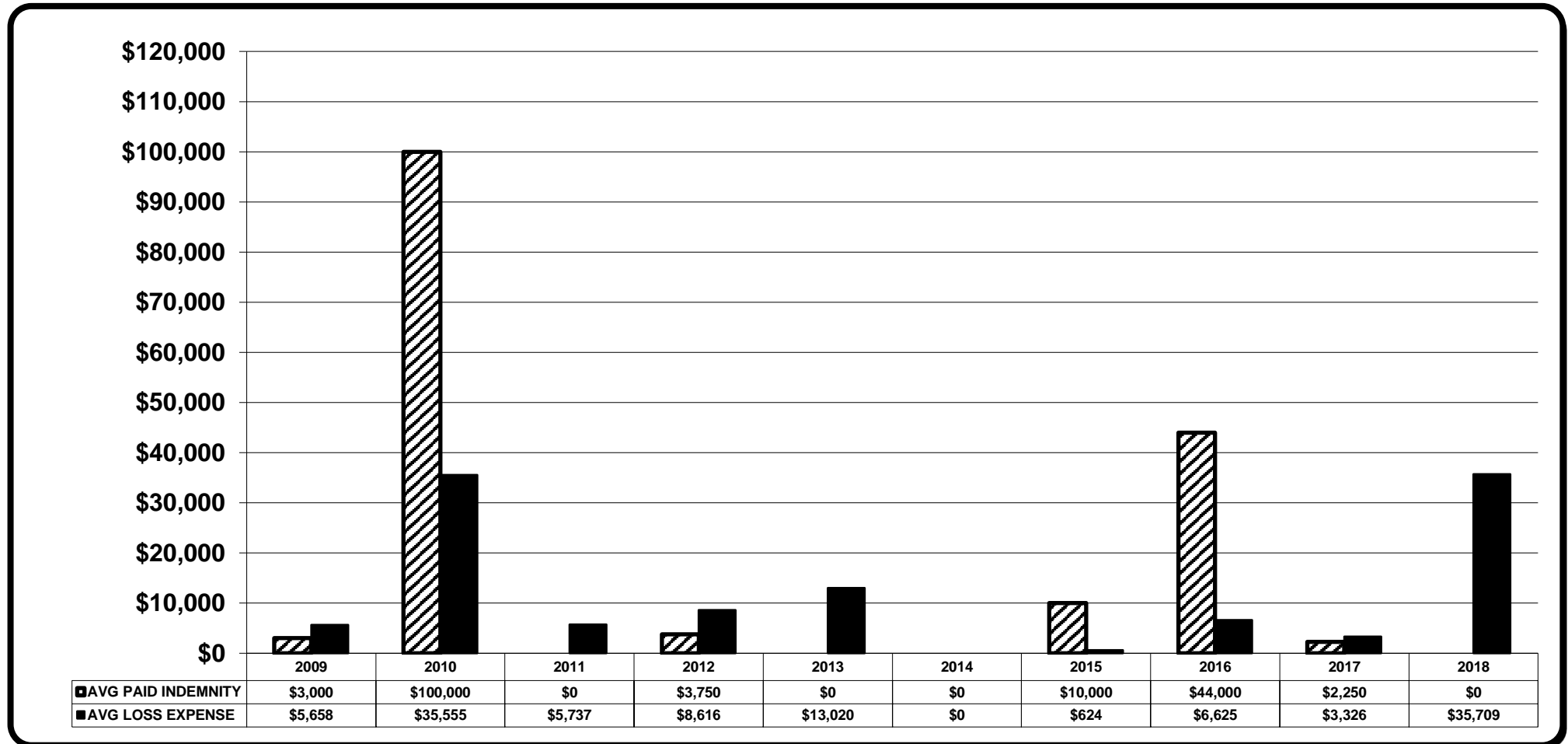


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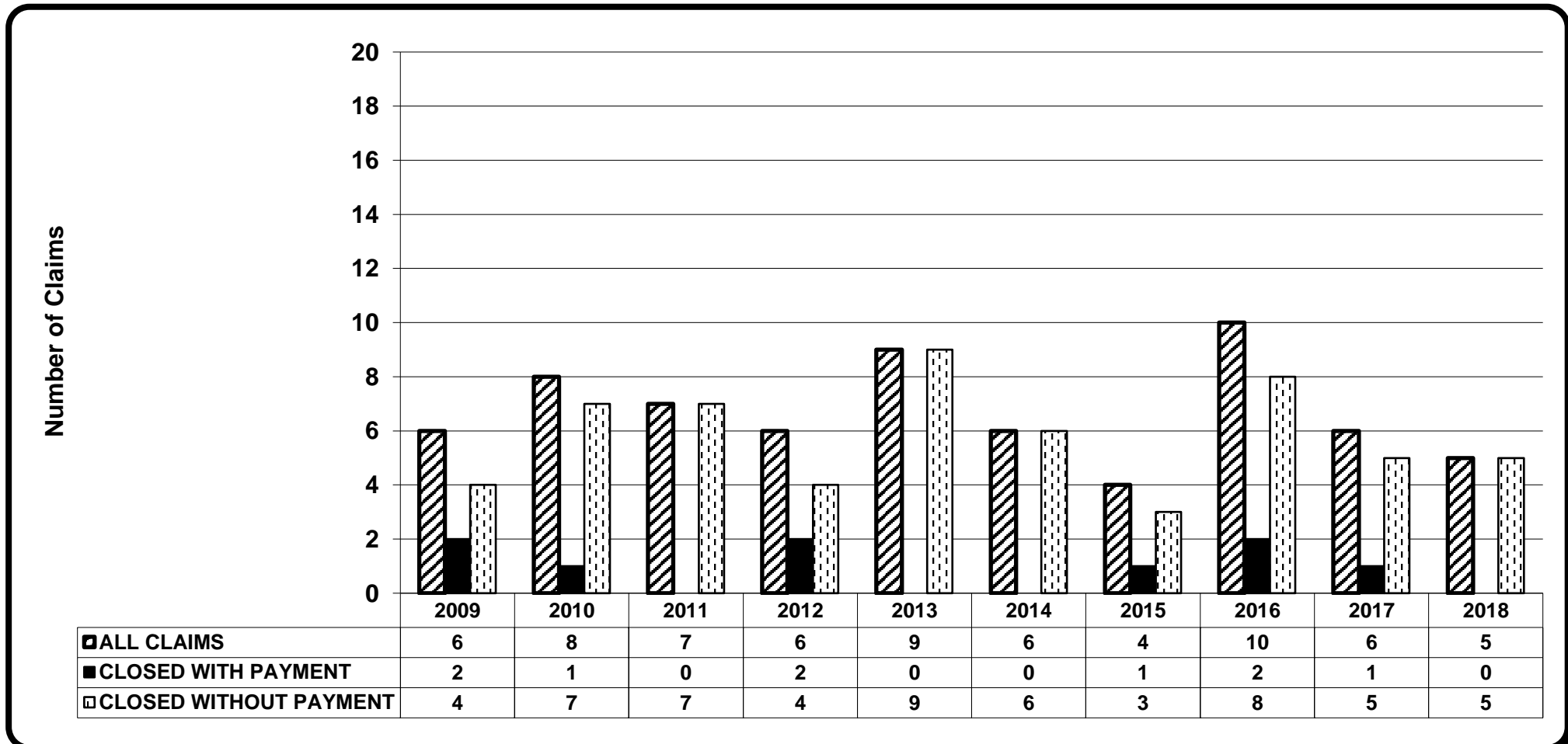


## CRIMINAL

### AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE



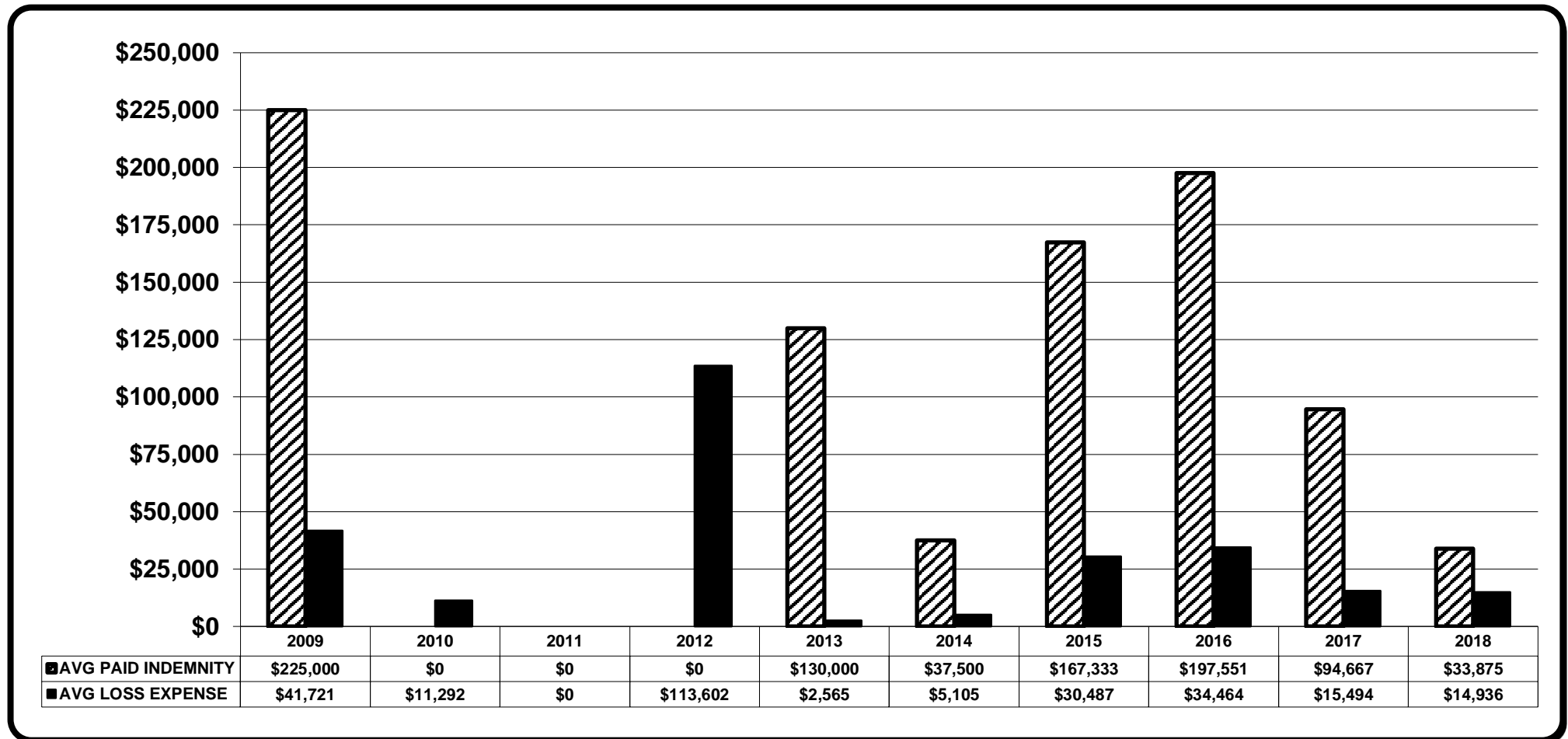
## CLAIM COUNT



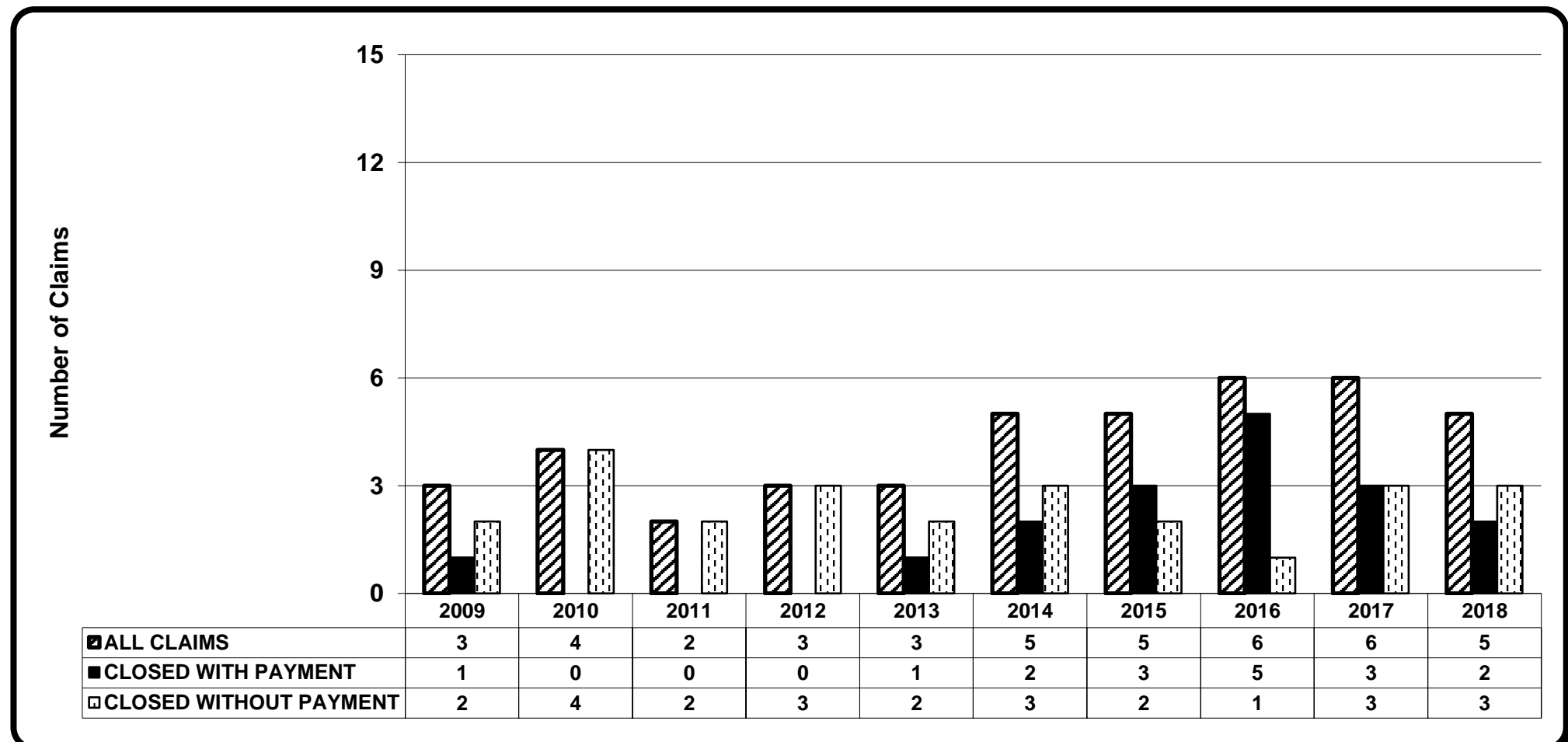


## LABOR LAW

### AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

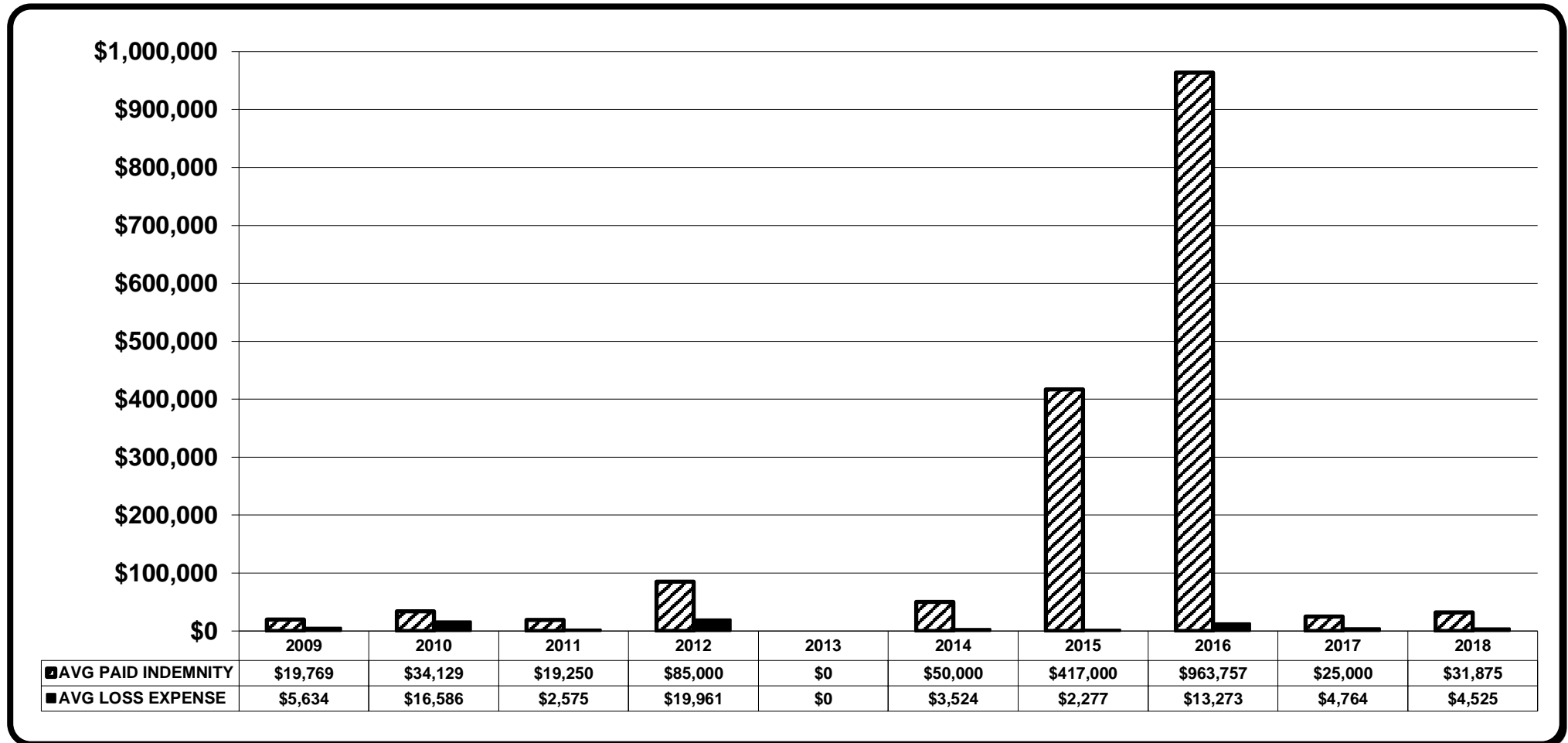


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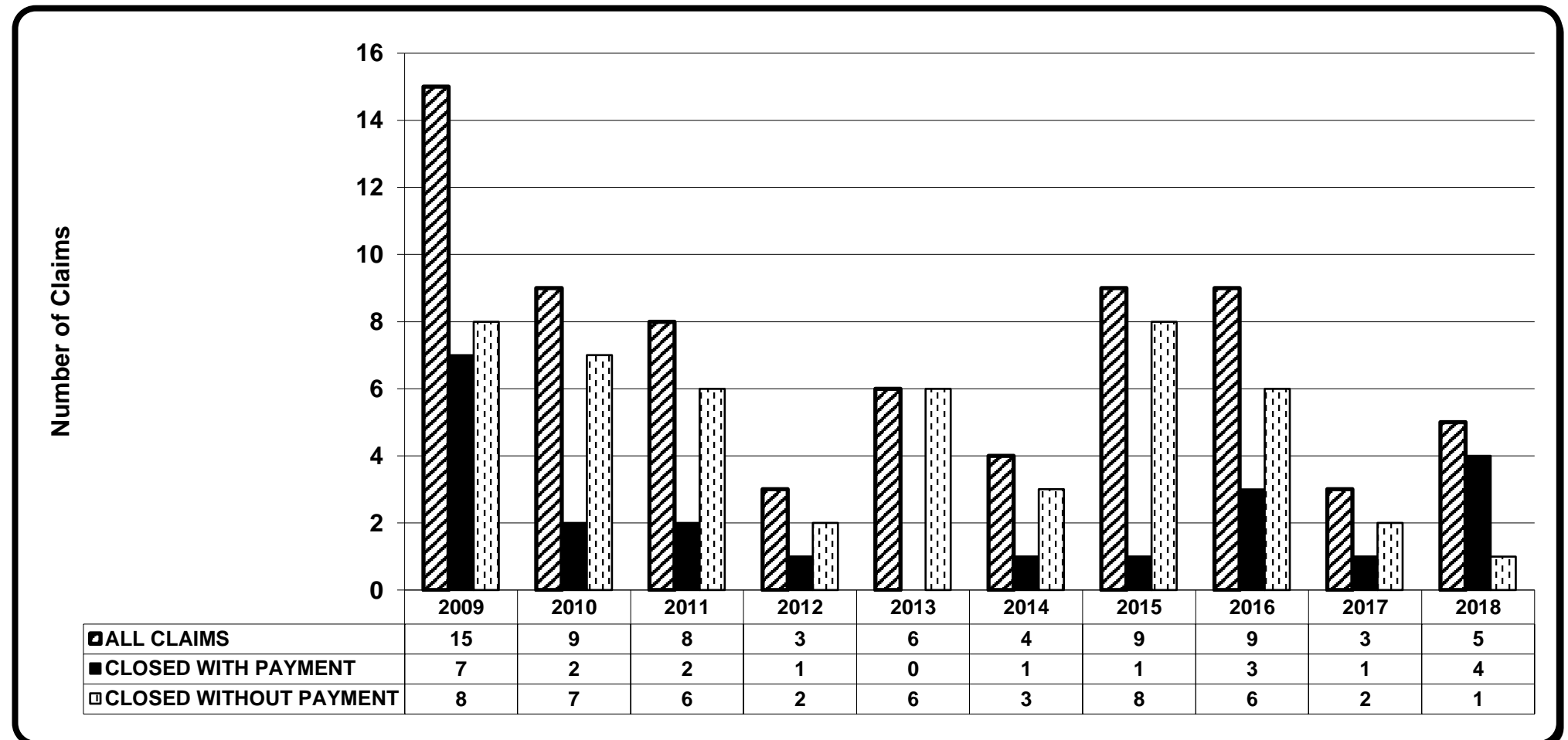


## WORKERS COMPENSATION

### AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE



### CLAIM COUNT



**TEN YEAR SUMMARY  
&  
2018 SUMMARY  
BY  
MAJOR ACTIVITY**



**LEGAL MALPRACTICE INSURANCE  
INDEMNITY ANALYSIS  
FOR YEARS 2009-2018**

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	636	147	27.48%	\$127,016	\$18,671,343	24.60%	\$16,315
OTHER	576	117	21.87%	\$114,124	\$13,352,483	17.59%	\$13,522
PREPARATION, TRANSMITTAL OR FILING	197	80	14.95%	\$91,849	\$7,347,920	9.68%	\$23,302
PRE-TRIAL, PRE-HEARING	188	61	11.40%	\$167,281	\$10,204,156	13.45%	\$35,656
SETTLEMENT AND NEGOTIATION	115	38	7.10%	\$151,872	\$5,771,118	7.60%	\$17,856
CONSULTATION OR ADVICE	98	27	5.05%	\$196,523	\$5,306,126	6.99%	\$42,907
TRIAL OR HEARING	53	20	3.74%	\$421,696	\$8,433,927	11.11%	\$50,615
INVESTIGATION, OTHER THAN LITIGATION	44	14	2.62%	\$96,230	\$1,347,225	1.78%	\$23,415
OTHER WRITTEN OPINION	35	7	1.31%	\$133,447	\$934,128	1.23%	\$24,927
APPEAL ACTIVITIES	32	5	0.93%	\$56,920	\$284,602	0.38%	\$19,467
POST TRIAL OR HEARING	29	8	1.50%	\$357,206	\$2,857,650	3.77%	\$25,246
TAX REPORTING OR PAYMENT	13	5	0.93%	\$100,549	\$502,747	0.66%	\$28,553
EXPARTE PROCEEDINGS	10	1	0.19%	\$5,000	\$5,000	0.01%	\$25,438
REFERRAL TO ANOTHER PROFESSIONAL	7	3	0.56%	\$107,667	\$323,000	0.43%	\$13,092
TITLE OPINION	2	2	0.37%	\$275,000	\$550,000	0.72%	\$39,466
<b>TOTAL</b>	<b>2,035</b>	<b>535</b>	<b>100.00%</b>	<b>\$141,853</b>	<b>\$75,891,425</b>	<b>100.00%</b>	<b>\$20,862</b>

**LEGAL MALPRACTICE INSURANCE  
INDEMNITY ANALYSIS  
CLAIMS CLOSED IN 2018**

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
COMMENCE OF ACTION OR PROCEEDING	38	13	26.53%	\$123,546	\$1,606,100	28.03%	\$41,175
PRE-TRIAL, PRE-HEARING	23	3	6.12%	\$143,667	\$431,000	7.52%	\$19,359
PREPARATION, TRANSMITTAL OR FILING	18	11	22.45%	\$71,872	\$790,597	13.80%	\$10,149
SETTLEMENT AND NEGOTIATION	17	7	14.29%	\$58,287	\$408,008	7.12%	\$4,497
CONSULTATION OR ADVICE	13	3	6.12%	\$235,727	\$707,180	12.34%	\$72,449
OTHER	12	6	12.24%	\$104,888	\$629,327	10.98%	\$34,405
INVESTIGATION, OTHER THAN LITIGATION	9	5	10.20%	\$162,000	\$810,000	14.14%	\$25,938
POST TRIAL OR HEARING	3	0	0.00%	N/A	\$0	0.00%	\$1,512
TRIAL OR HEARING	3	1	2.04%	\$348,110	\$348,110	6.07%	\$53,245
EXPARTE PROCEEDINGS	2	0	0.00%	N/A	\$0	0.00%	\$65,814
APPEAL ACTIVITIES	1	0	0.00%	N/A	\$0	0.00%	\$0
OTHER WRITTEN OPINION	1	0	0.00%	N/A	\$0	0.00%	\$48,132
<b>TOTAL</b>	<b>140</b>	<b>49</b>	<b>100.00%</b>	<b>\$116,945</b>	<b>\$5,730,322</b>	<b>100.00%</b>	<b>\$30,009</b>

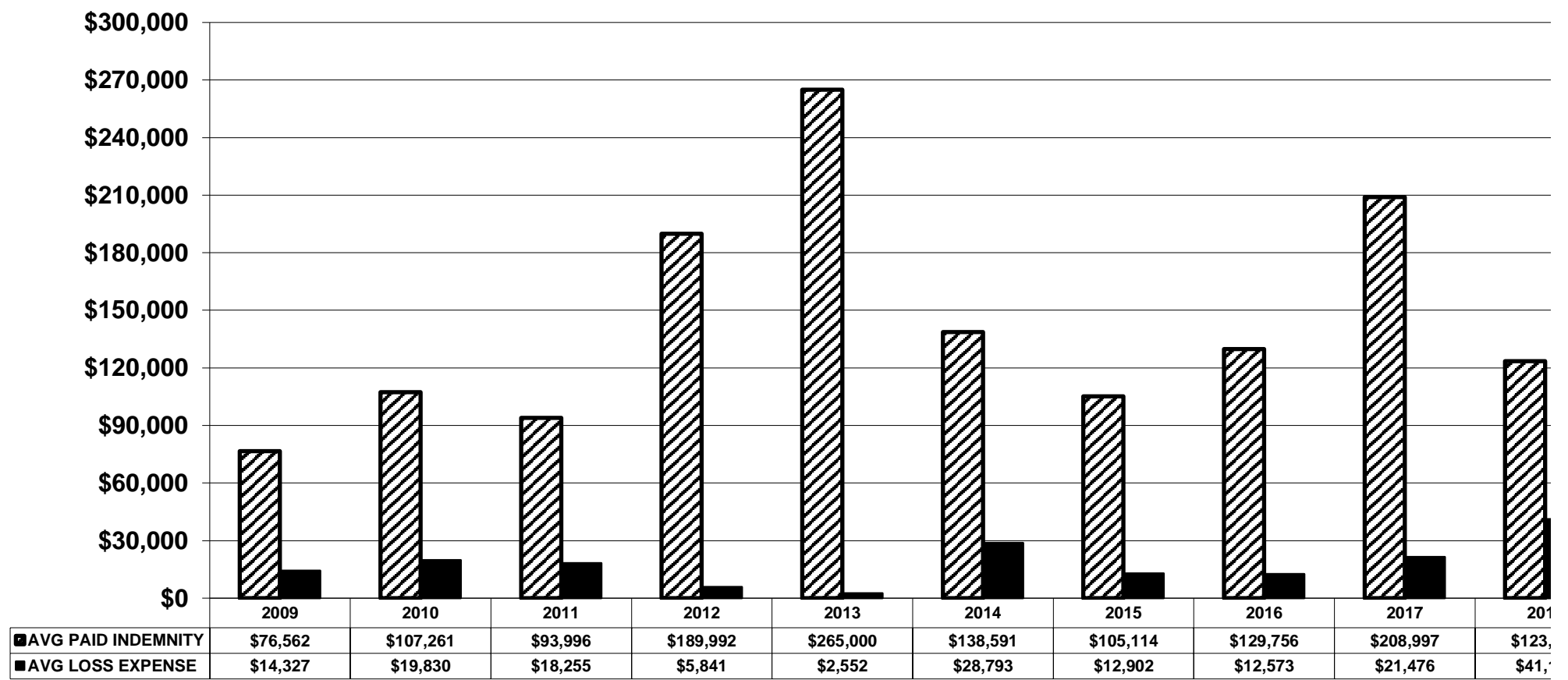
**TRENDS  
OF THE TOP TEN  
MAJOR ACTIVITY  
OF 2018**



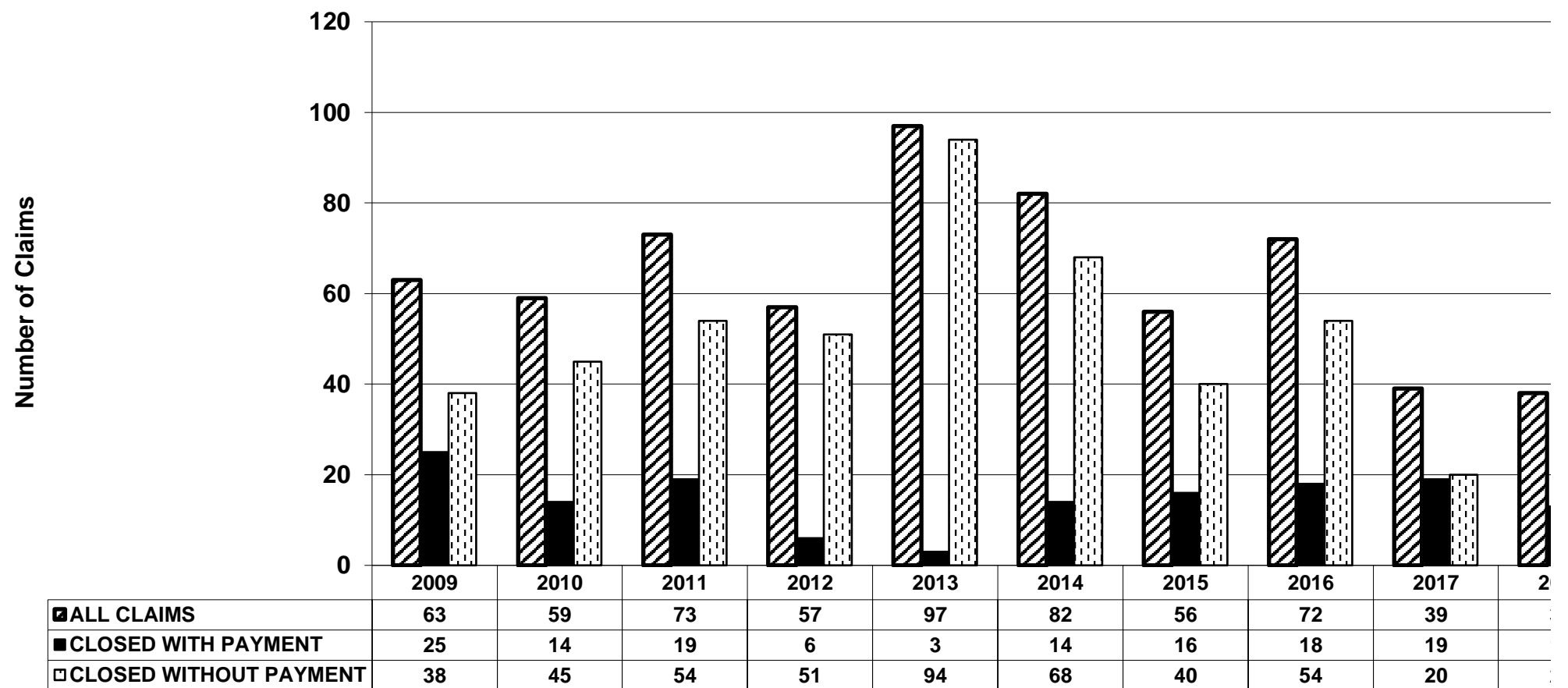


## COMMENCEMENT OF ACTION OR PROCEEDING

### AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

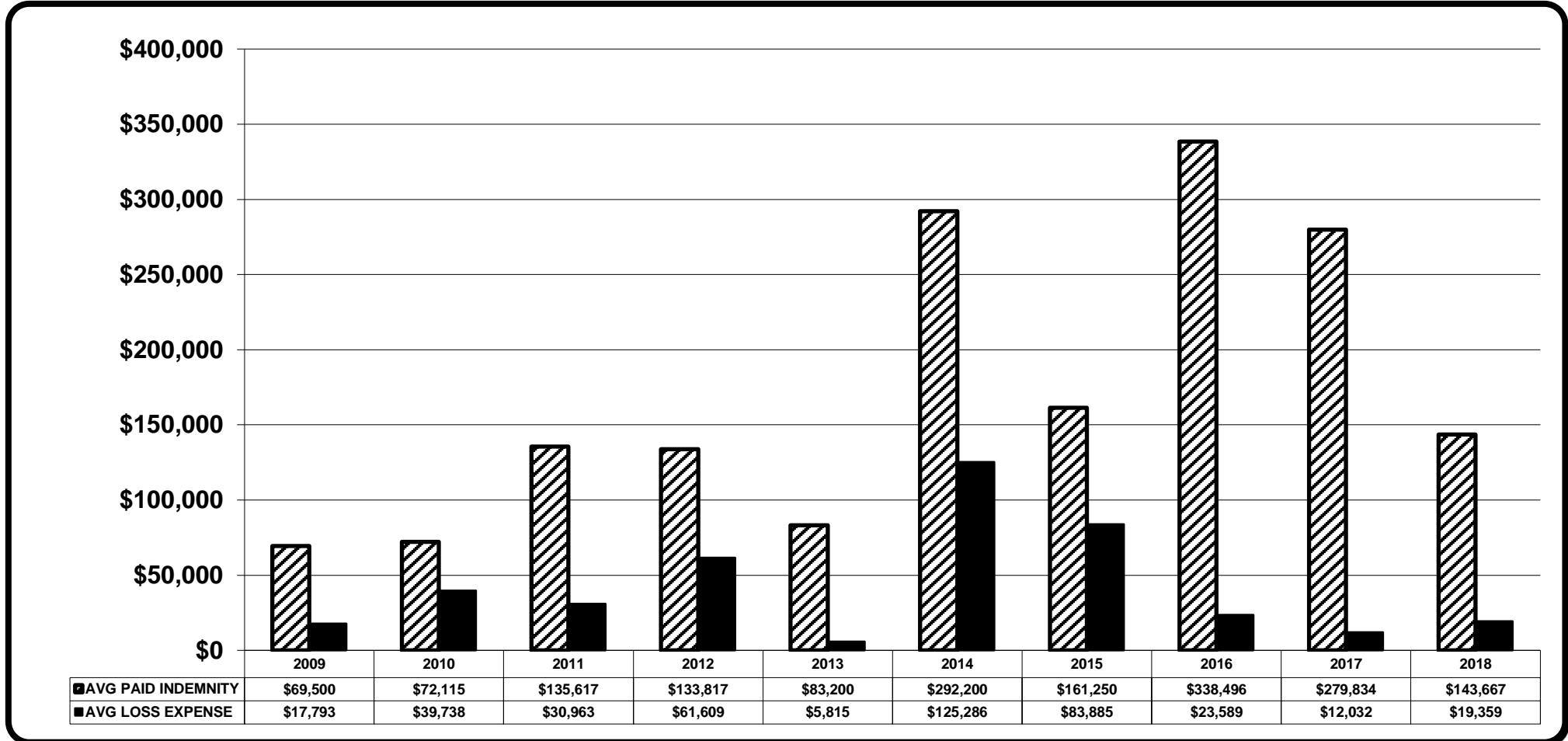


### CLAIM COUNT

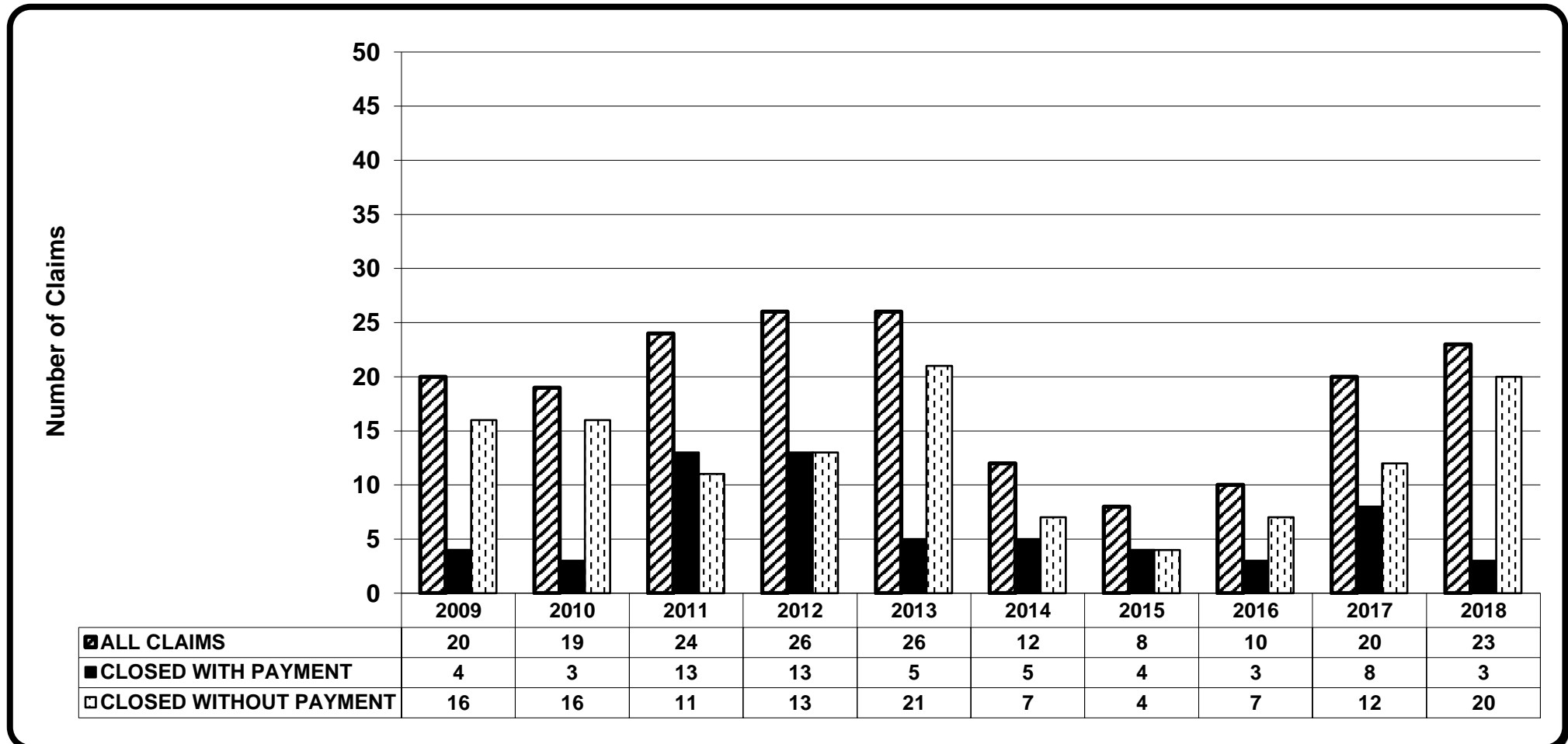


## PRE-TRIAL, PRE-HEARING

### AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

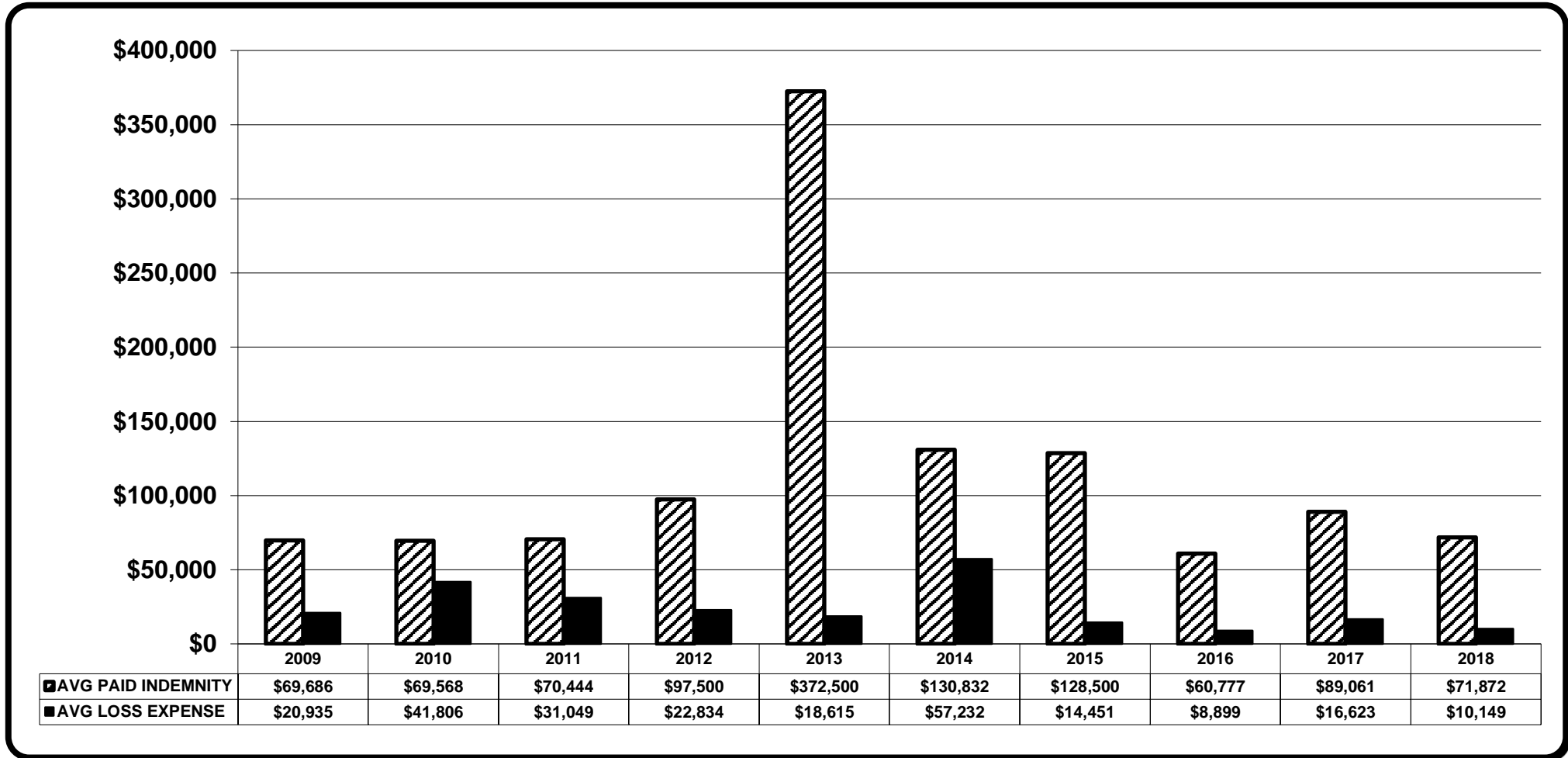


### CLAIM COUNT

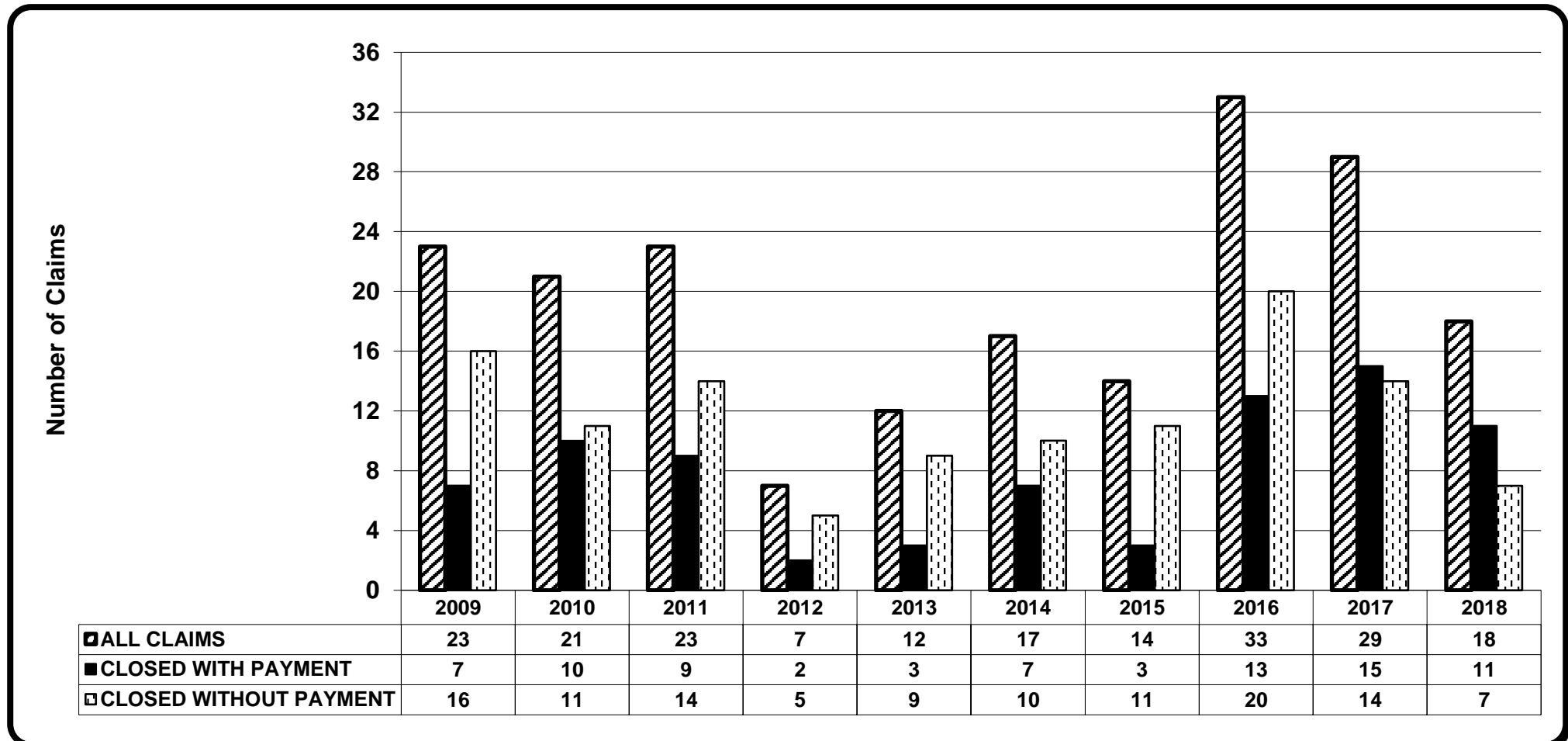


## PREPARATION, TRANSMITTAL OR FILING

### AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

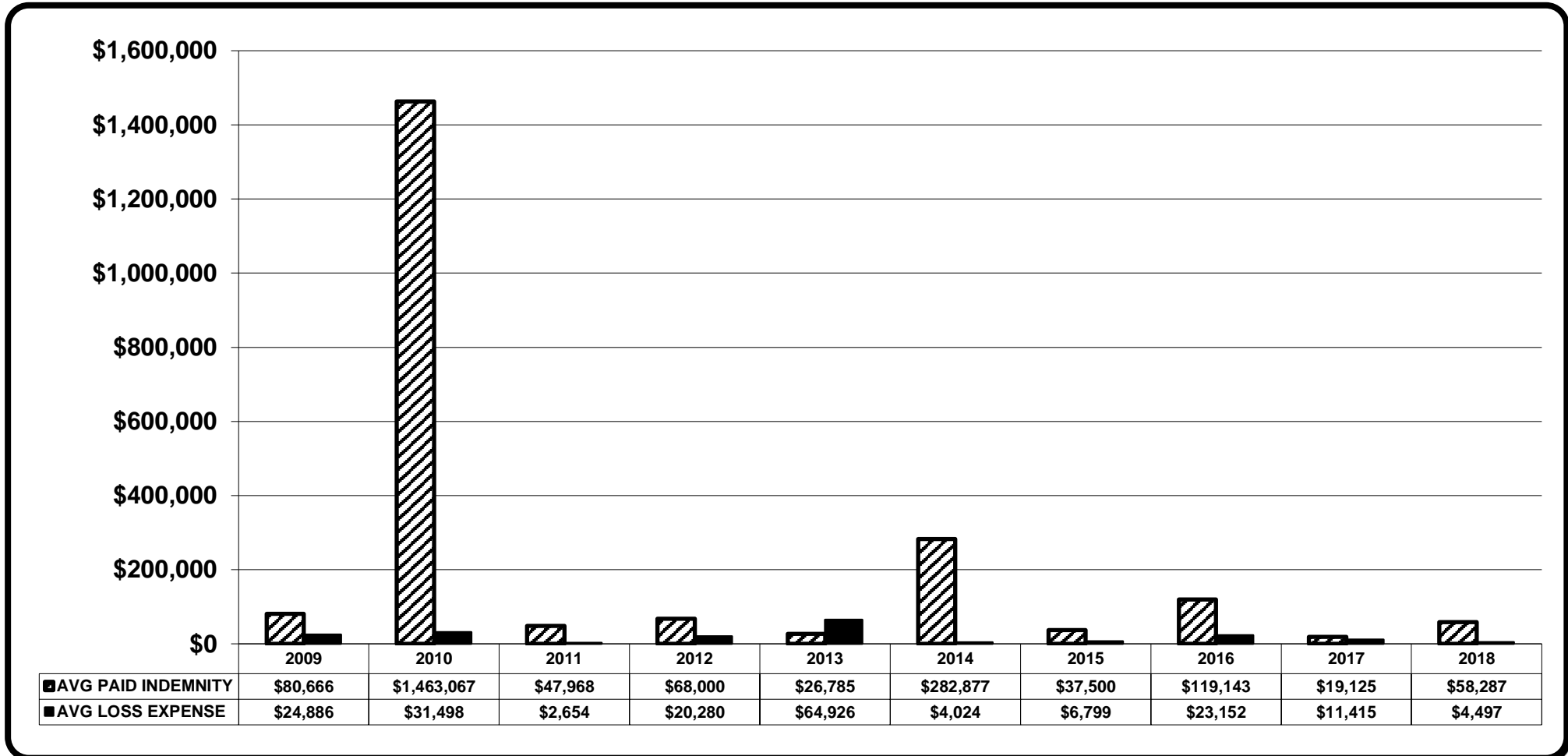


### CLAIM COUNT

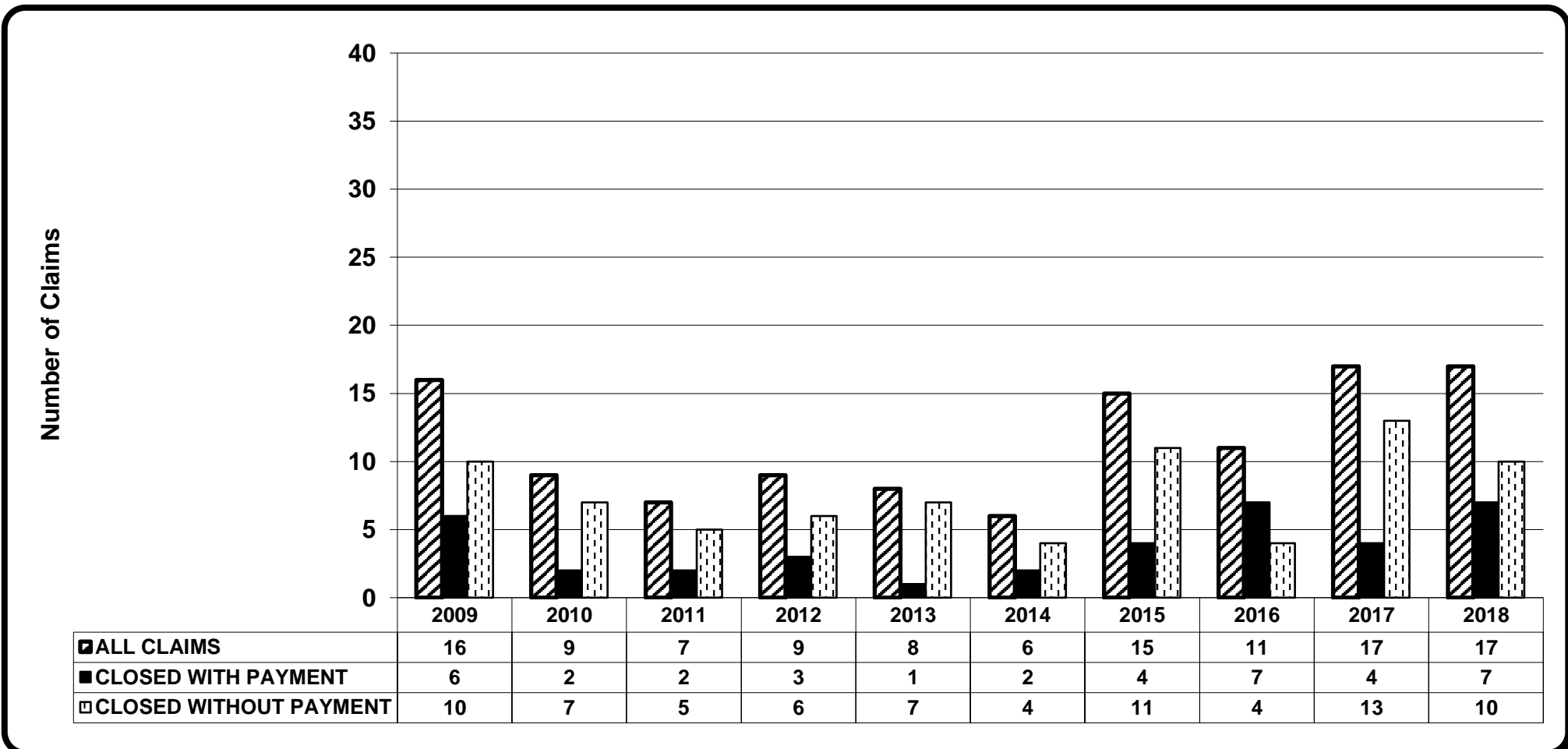


## SETTLEMENT AND NEGOTIATION

### AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

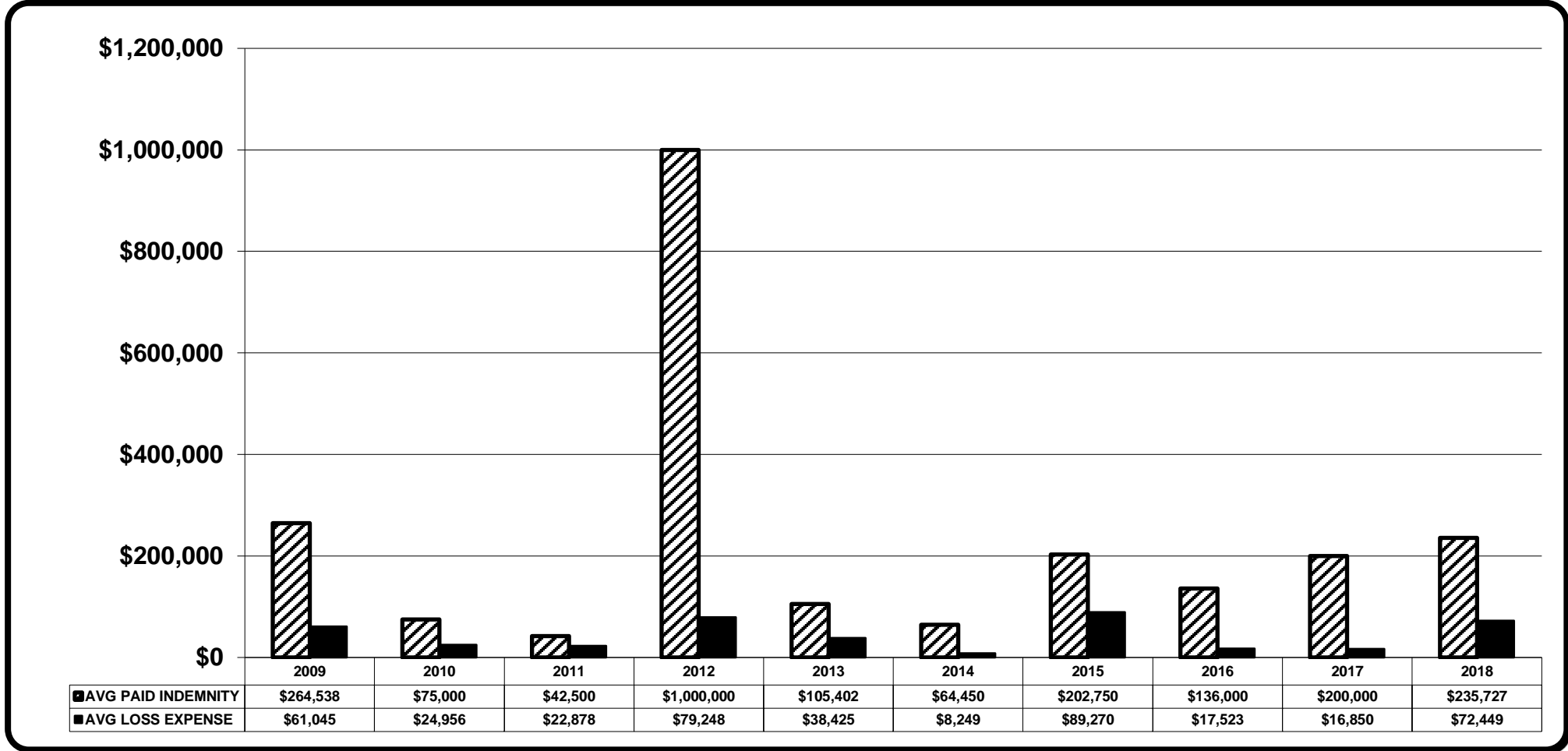


### CLAIM COUNT

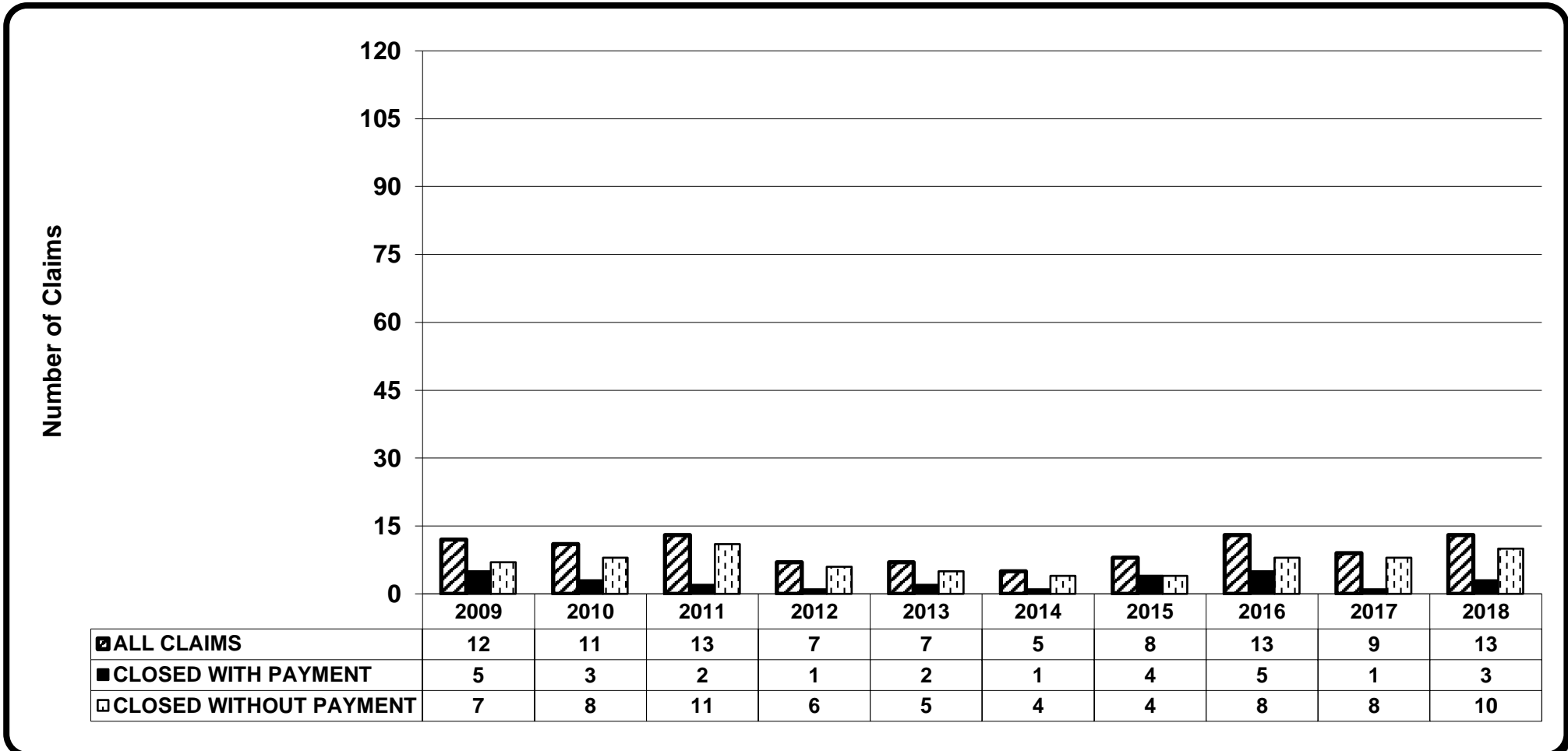


## CONSULTATION OR ADVICE

### AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

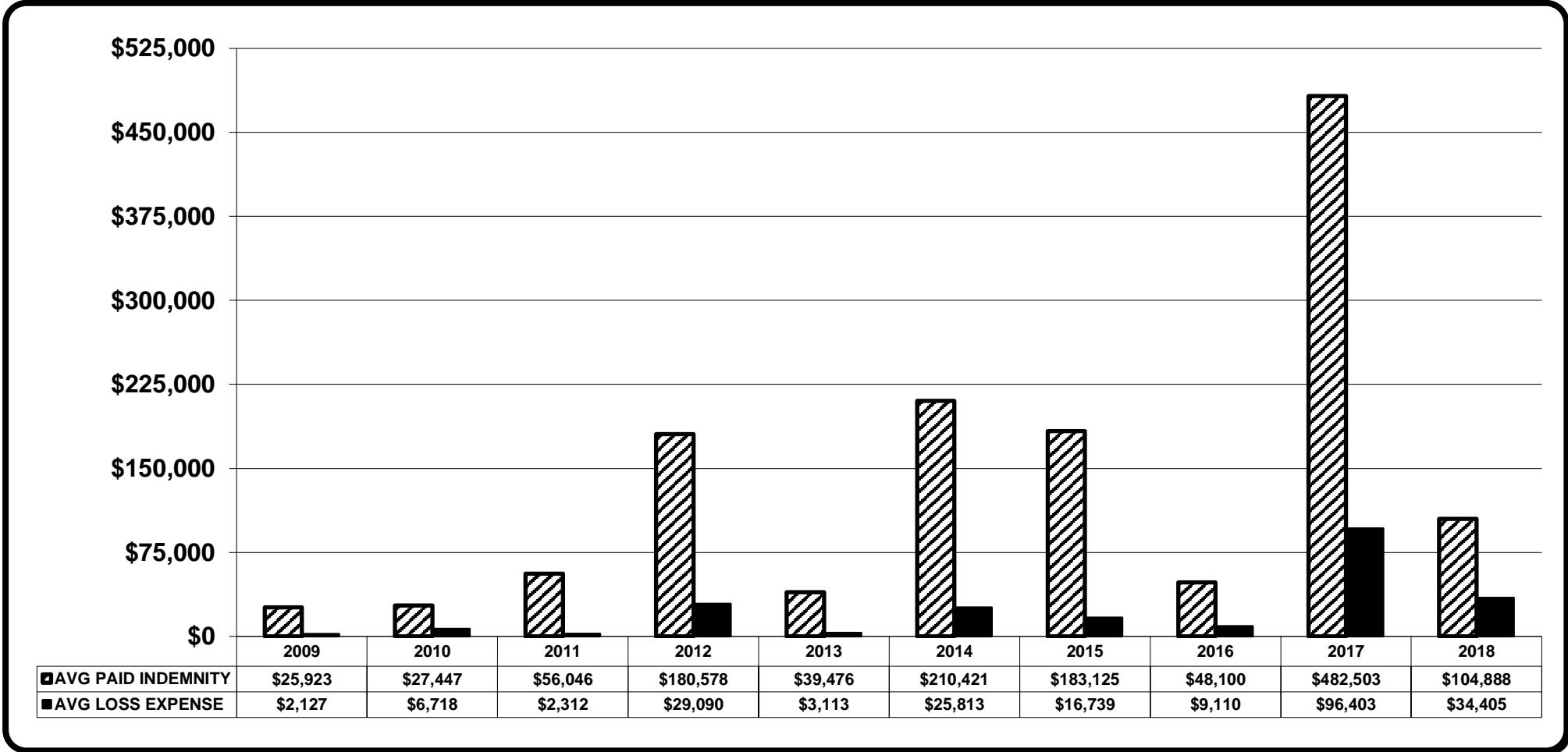


### CLAIM COUNT

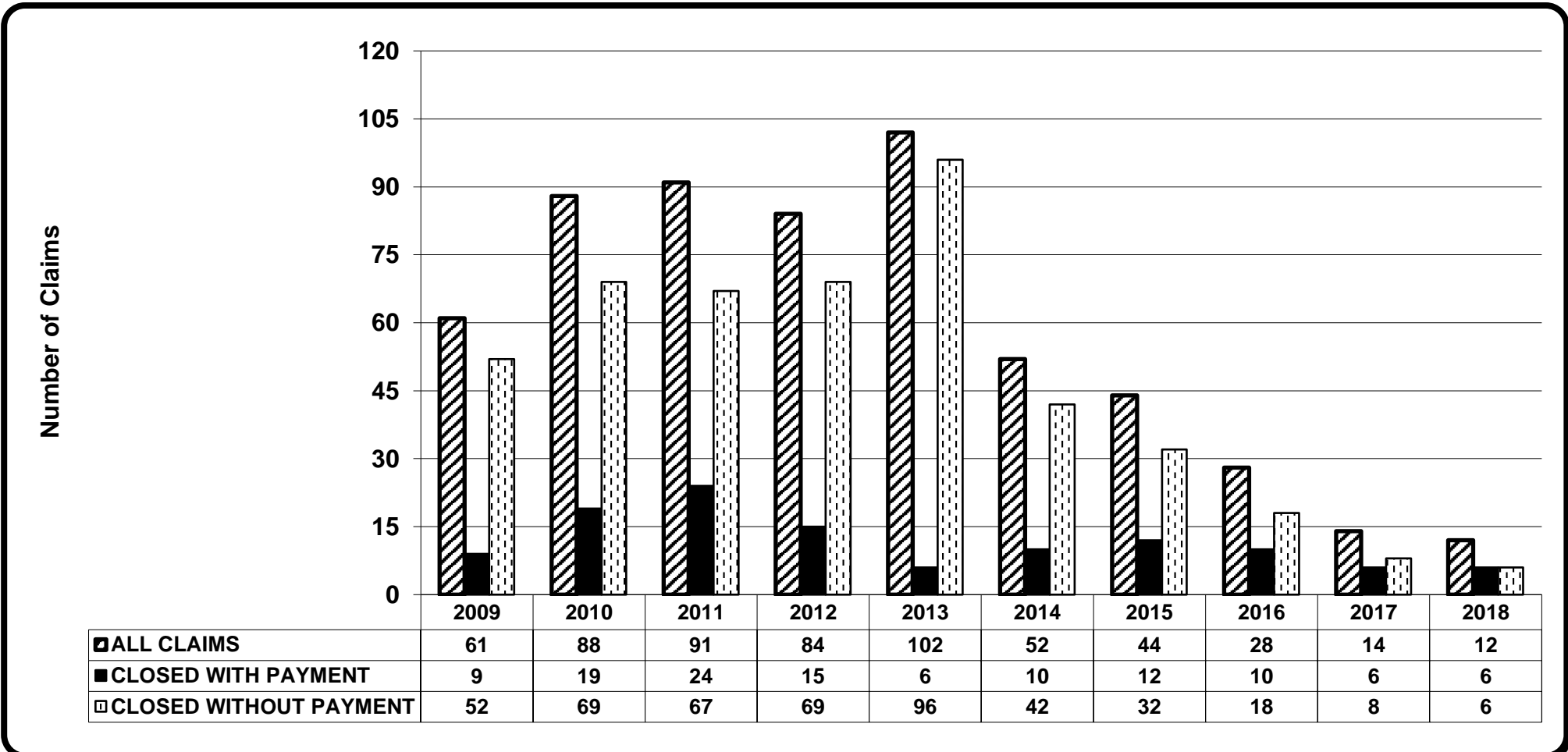


## OTHER

### AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

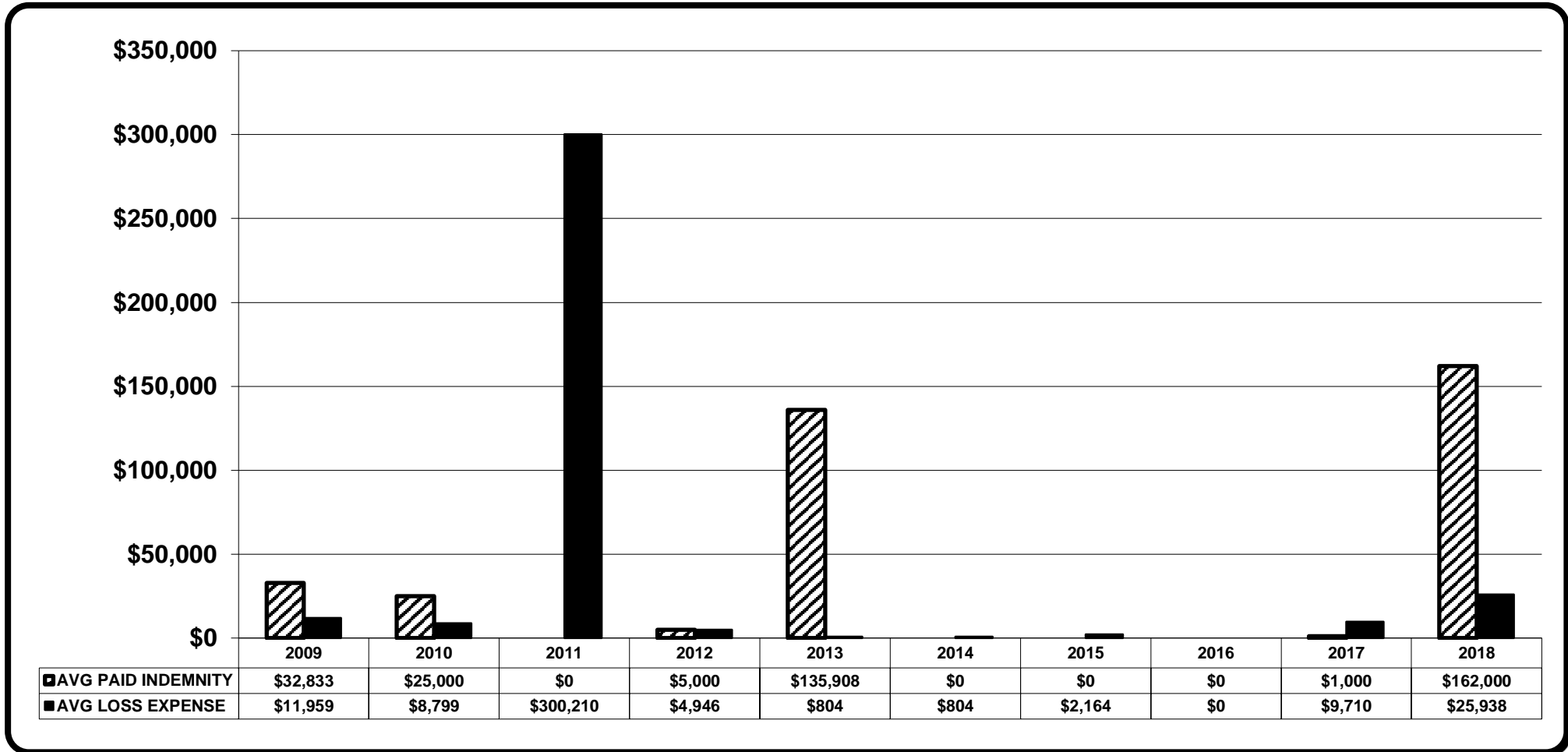


### CLAIM COUNT

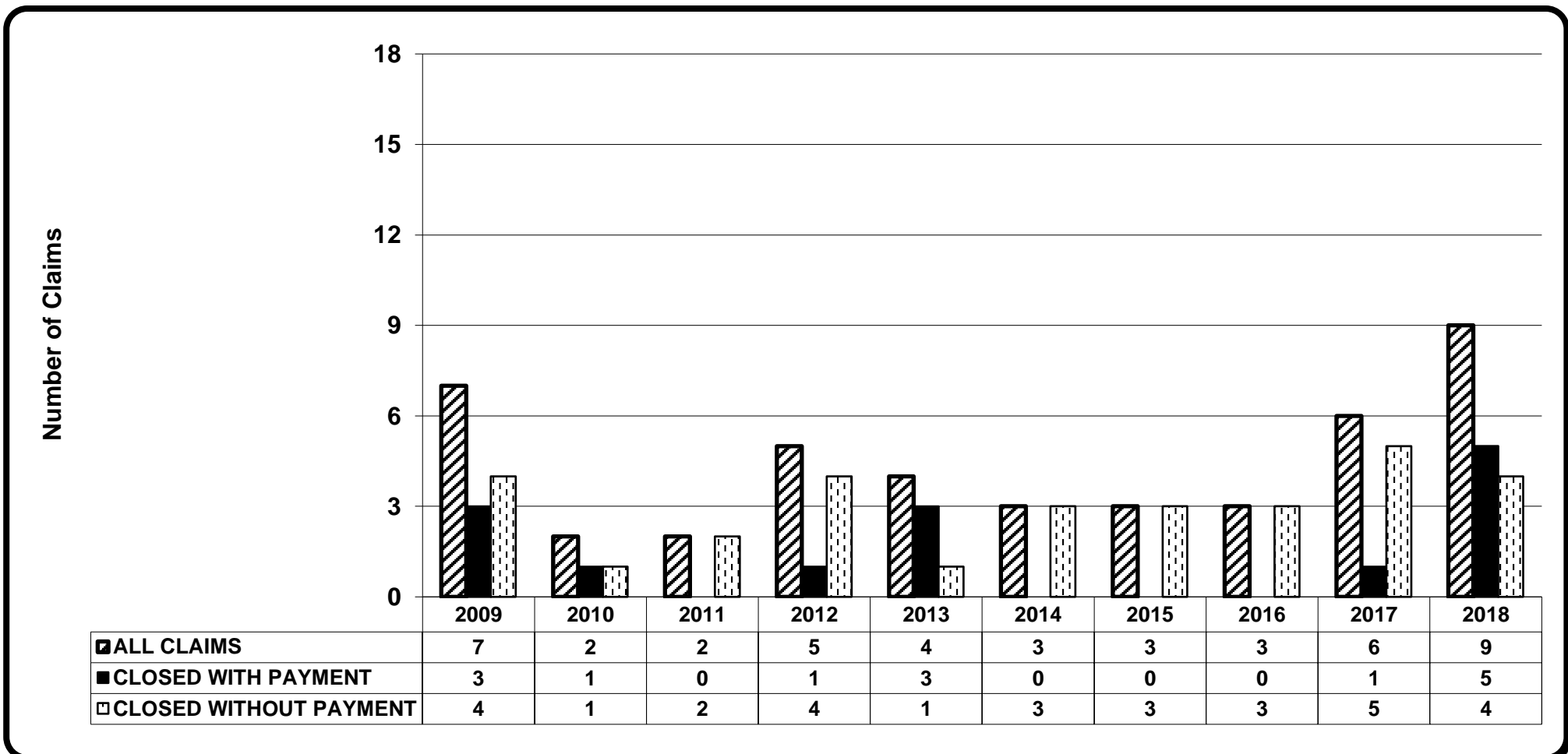


## INVESTIGATION, OTHER THAN LITIGATION

### AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

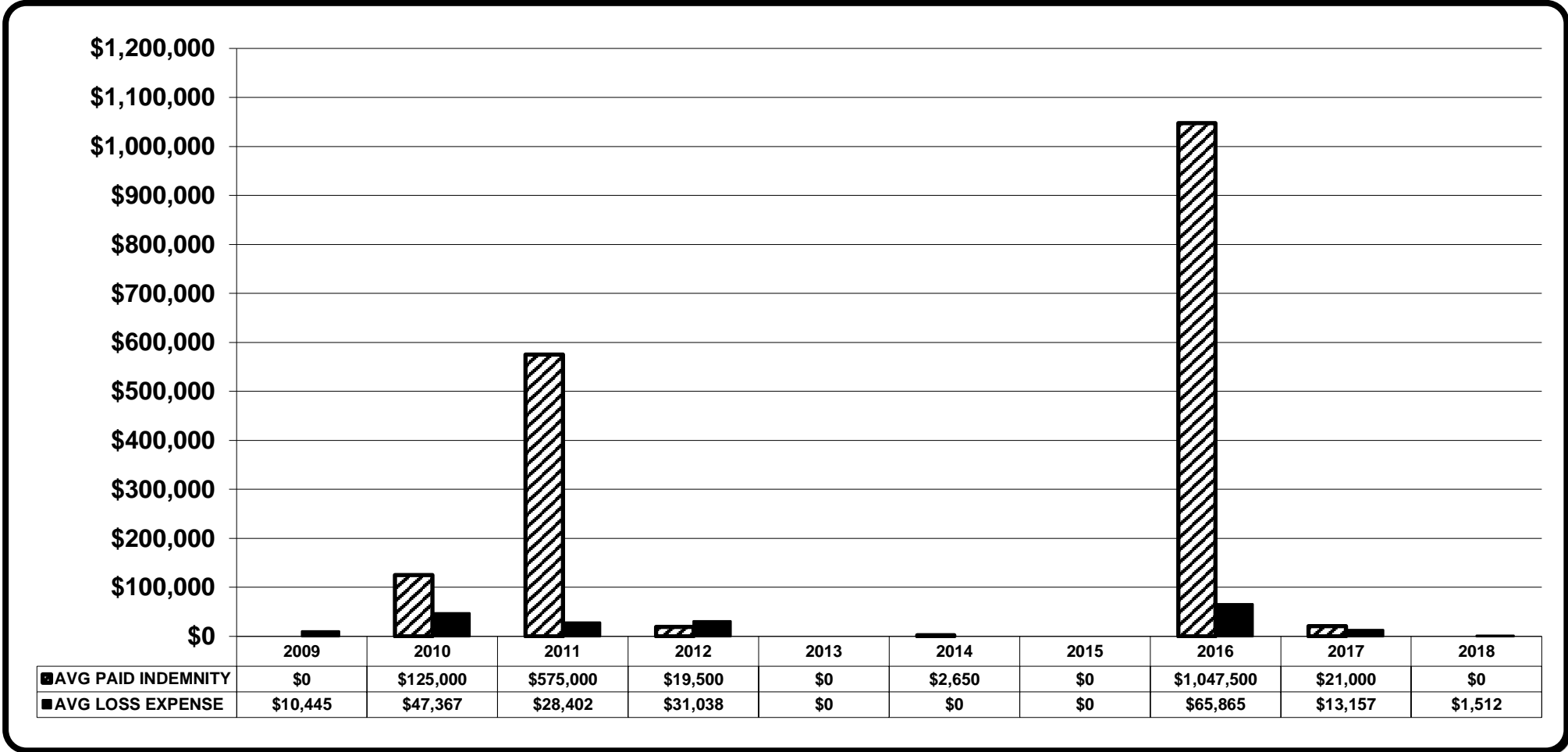


### CLAIM COUNT

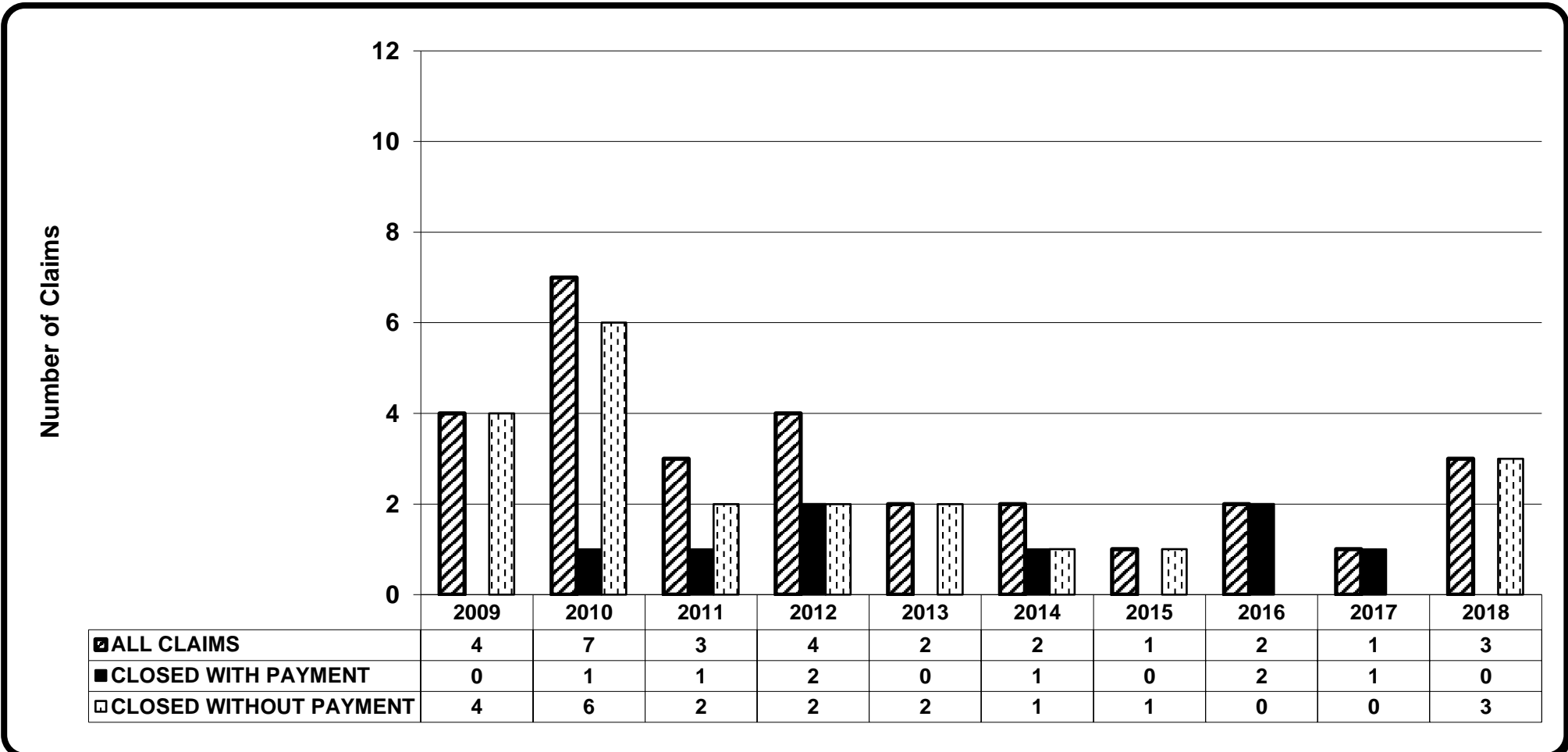


## POST TRIAL OR HEARING

### AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE



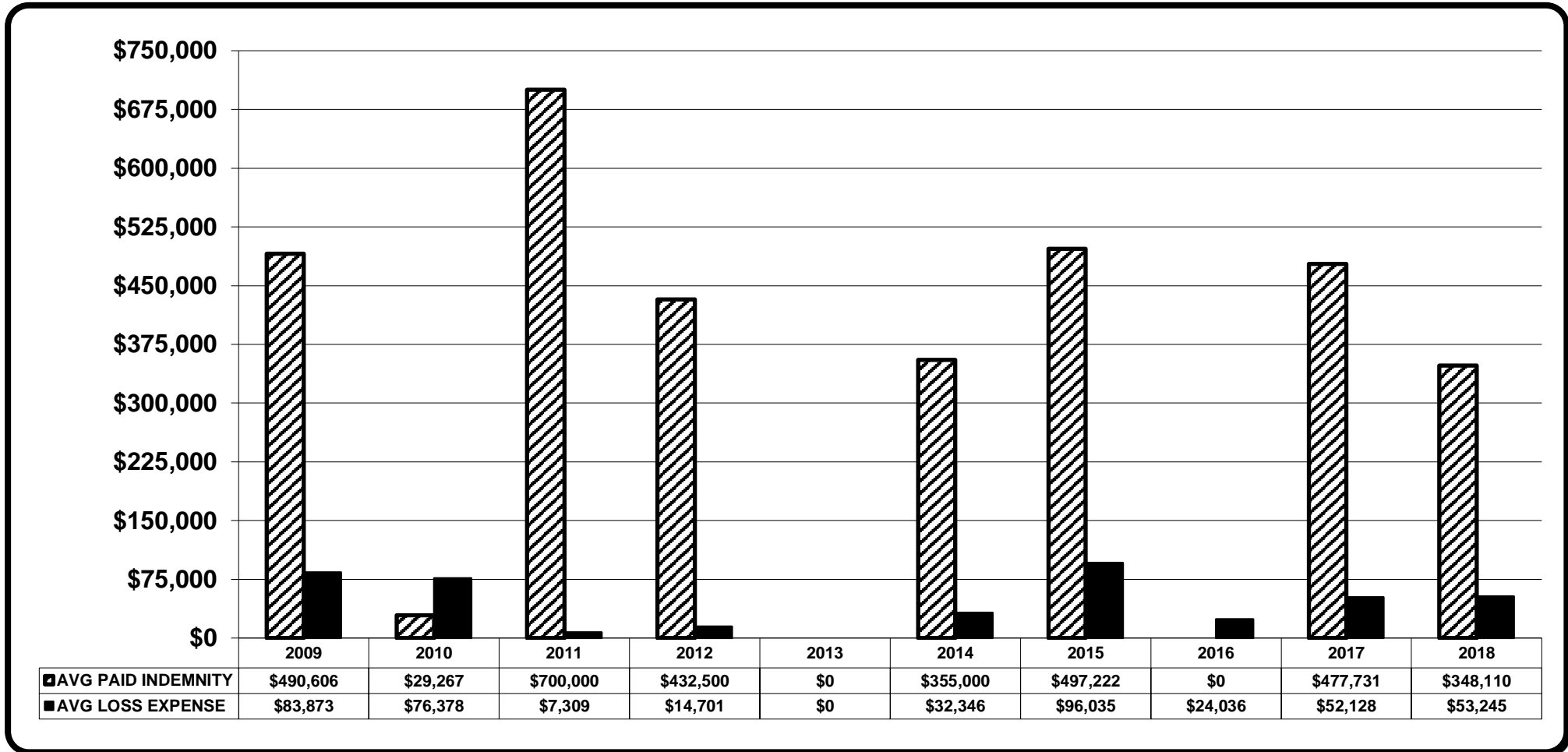
### CLAIM COUNT



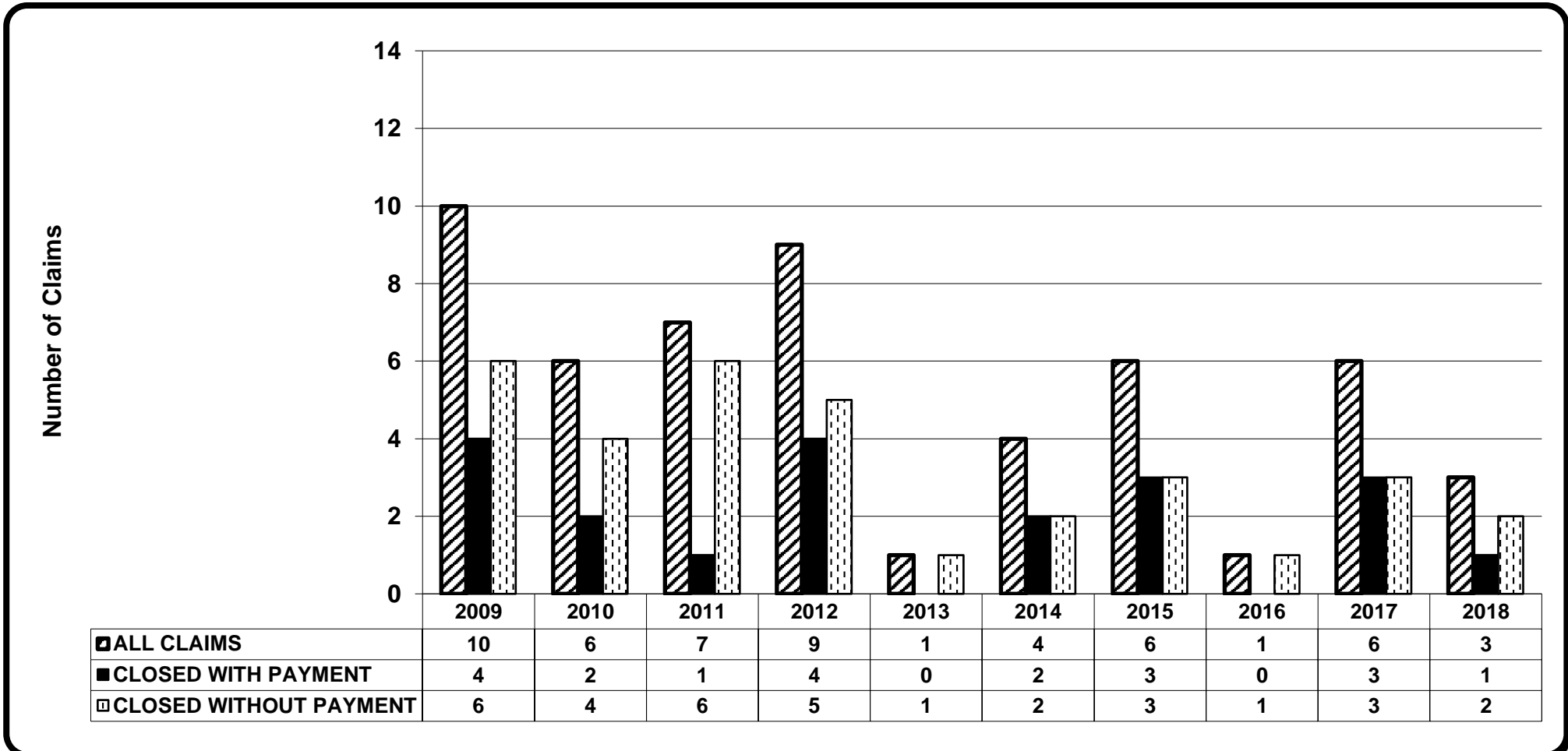


## TRIAL OR HEARING

### AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

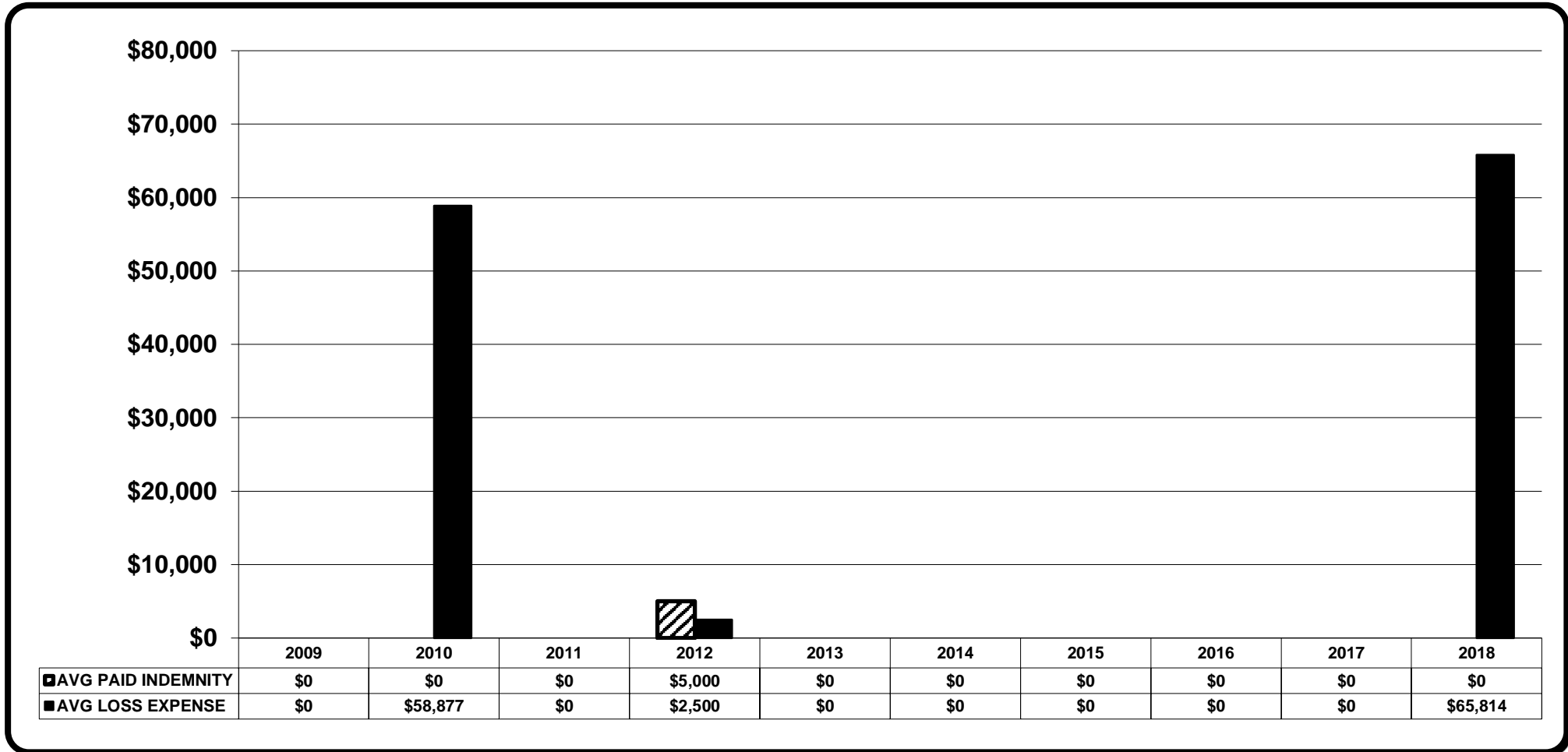


## CLAIM COUNT

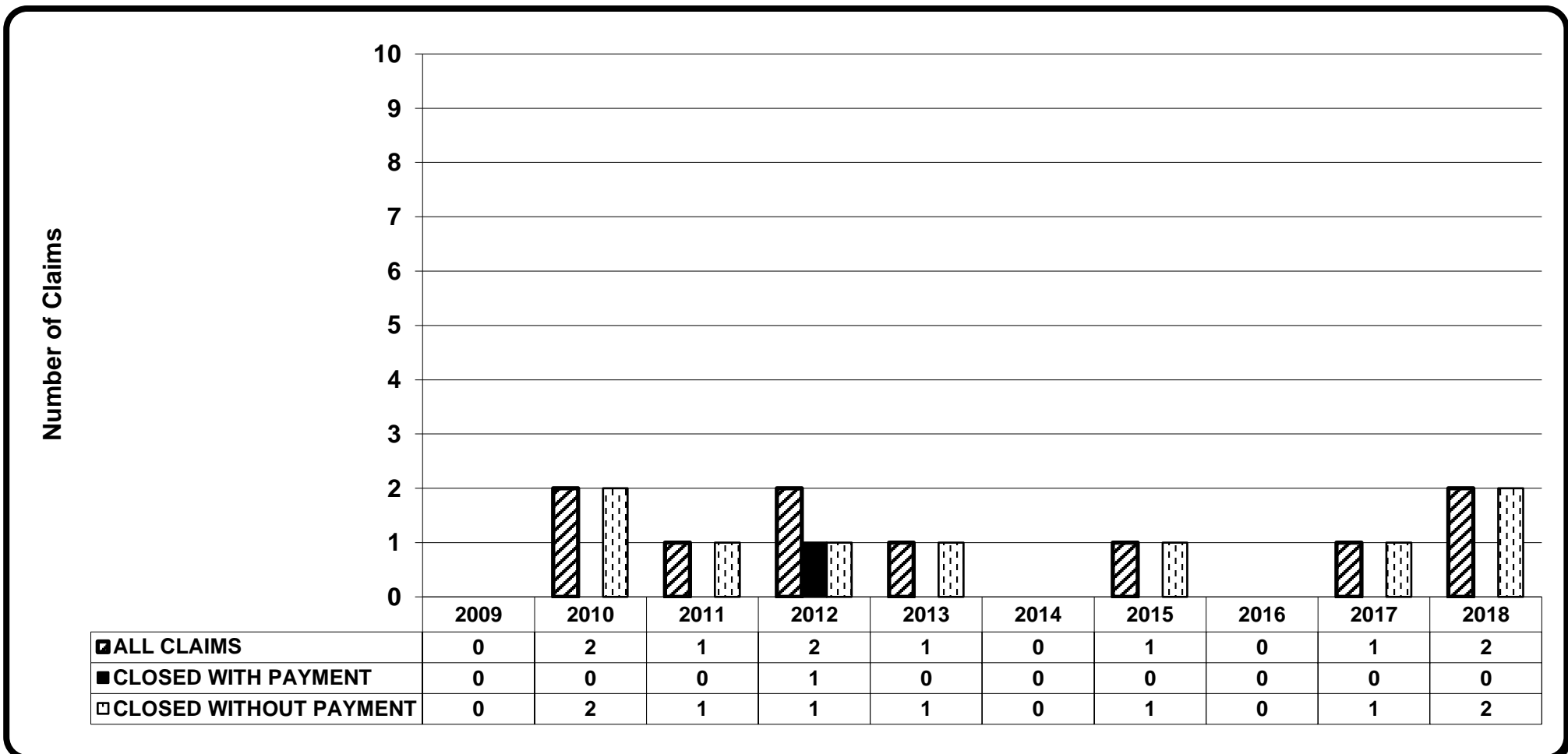


## EXPARTE PROCEEDINGS

### AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE



### CLAIM COUNT



**TEN YEAR SUMMARY  
&  
2018 SUMMARY  
BY  
ALLEGED ERRORS OR OMISSIONS**



# LEGAL MALPRACTICE INSURANCE INDEMNITY ANALYSIS FOR YEARS 2009-2018

ERROR OR OMISSION	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
OTHER	502	60	11.21%	\$100,620	\$6,037,180	7.96%	\$11,723
FAIL TO ASCERTAIN DEADLINE CORRECTLY	249	76	14.21%	\$157,046	\$11,935,497	15.73%	\$7,338
PLANNING OR STRATEGY ERROR	208	62	11.59%	\$210,747	\$13,066,327	17.22%	\$29,594
FAIL TO KNOW OR PROPERLY APPLY THE LAW	181	62	11.59%	\$122,820	\$7,614,834	10.03%	\$26,831
INADEQUATE INVESTIGATION	123	42	7.85%	\$143,528	\$6,028,169	7.94%	\$32,312
FAIL TO FOLLOW CLIENTS INSTRUCTIONS	94	20	3.74%	\$157,962	\$3,159,246	4.16%	\$19,147
FRAUD	93	20	3.74%	\$108,313	\$2,166,266	2.85%	\$39,377
PROCRASTINATION OR LACK OF FOLLOW-UP	83	25	4.67%	\$175,691	\$4,392,278	5.79%	\$17,802
FAIL TO FILE DOCUMENTS WITH NO DEADLINE	74	29	5.42%	\$44,196	\$1,281,679	1.69%	\$12,292
MALICIOUS PROSECUTION OR ABUSE OF PROCESS	73	17	3.18%	\$39,990	\$679,833	0.90%	\$29,688
CONFLICT OF INTEREST	70	24	4.49%	\$310,962	\$7,463,083	9.83%	\$77,714
FAILURE TO CALENDAR PROPERLY	62	37	6.92%	\$107,120	\$3,963,454	5.22%	\$16,449
FAIL TO OBTAIN CLIENTS CONSENT	42	6	1.12%	\$486,694	\$2,920,161	3.85%	\$23,061
FAILURE TO REACT TO CALENDAR	38	17	3.18%	\$108,372	\$1,842,318	2.43%	\$13,104
VIOLATION OF CIVIL RIGHTS	36	6	1.12%	\$70,933	\$425,600	0.56%	\$9,920
CLERICAL ERROR	34	11	2.06%	\$53,258	\$585,842	0.77%	\$14,155
ERROR IN MATHEMATICAL CALCULATION	17	9	1.68%	\$50,554	\$454,989	0.60%	\$13,912
FAIL TO ANTICIPATE TAX CONSEQUENCES	16	4	0.75%	\$373,417	\$1,493,669	1.97%	\$25,628
LIBEL OR SLANDER	14	2	0.37%	\$35,000	\$70,000	0.09%	\$12,506
IMPROPER WITHDRAWAL FROM REPRESENTATION	12	2	0.37%	\$23,750	\$47,500	0.06%	\$2,846
ERROR IN PUBLIC RECORD SEARCH	9	3	0.56%	\$22,833	\$68,500	0.09%	\$8,926
LOST FILE, DOCUMENT OR EVIDENCE	4	1	0.19%	\$195,000	\$195,000	0.26%	\$9,628
NOT SPECIFIED	1		0.00%	N/A	\$0	0.00%	\$0
<b>TOTAL</b>	<b>2,035</b>	<b>535</b>	<b>100.00%</b>	<b>\$141,853</b>	<b>\$75,891,425</b>	<b>100.00%</b>	<b>\$20,862</b>

# LEGAL MALPRACTICE INSURANCE INDEMNITY ANALYSIS CLAIMS CLOSED IN 2018

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
FAIL TO KNOW OR PROPERLY APPLY THE LAW	18	9	18.37%	\$131,701	\$1,185,310	20.68%	\$55,507
PLANNING OR STRATEGY ERROR	16	2	4.08%	\$175,180	\$350,360	6.11%	\$44,665
INADEQUATE INVESTIGATION	13	4	8.16%	\$26,213	\$104,851	1.83%	\$21,634
FAIL TO ASCERTAIN DEADLINE CORRECTLY	12	7	14.29%	\$81,386	\$569,700	9.94%	\$6,665
FRAUD	12	2	4.08%	\$34,500	\$69,000	1.20%	\$26,282
OTHER	10	3	6.12%	\$234,167	\$702,500	12.26%	\$35,461
FAIL TO OBTAIN CLIENTS CONSENT	6	1	2.04%	\$460,161	\$460,161	8.03%	\$21,671
FAILURE TO REACT TO CALENDAR	6	2	4.08%	\$107,500	\$215,000	3.75%	\$1,980
VIOLATION OF CIVIL RIGHTS	6	2	4.08%	\$10,300	\$20,600	0.36%	\$7,768
CONFLICT OF INTEREST	5	3	6.12%	\$441,667	\$1,325,000	23.12%	\$105,191
FAIL TO FOLLOW CLIENTS INSTRUCTIONS	5	2	4.08%	\$63,873	\$127,746	2.23%	\$23,740
FAILURE TO CALENDAR PROPERLY	5	3	6.12%	\$29,060	\$87,180	1.52%	\$6,026
MALICIOUS PROSECUTION OR ABUSE OF PROCESS	5	1	2.04%	\$55,000	\$55,000	0.96%	\$78,959
PROCRASTINATION OR LACK OF FOLLOW-UP	5	0	0.00%	N/A	\$0	0.00%	\$7,164
CLERICAL ERROR	4	3	6.12%	\$87,158	\$261,474	4.56%	\$10,797
ERROR IN MATHEMATICAL CALCULATION	3	2	4.08%	\$65,000	\$130,000	2.27%	\$1,657
FAIL TO FILE DOCUMENTS WITH NO DEADLINE	3	3	6.12%	\$22,147	\$66,440	1.16%	\$0
IMPROPER WITHDRAWAL FROM REPRESENTATION	3	0	0.00%	N/A	\$0	0.00%	\$0
FAIL TO ANTICIPATE TAX CONSEQUENCES	2	0	0.00%	N/A	\$0	0.00%	\$57,084
ERROR IN PUBLIC RECORD SEARCH	1	0	0.00%	N/A	\$0	0.00%	\$0
<b>TOTAL</b>	<b>140</b>	<b>49</b>	<b>100.00%</b>	<b>\$116,945</b>	<b>\$5,730,322</b>	<b>100.00%</b>	<b>\$30,009</b>

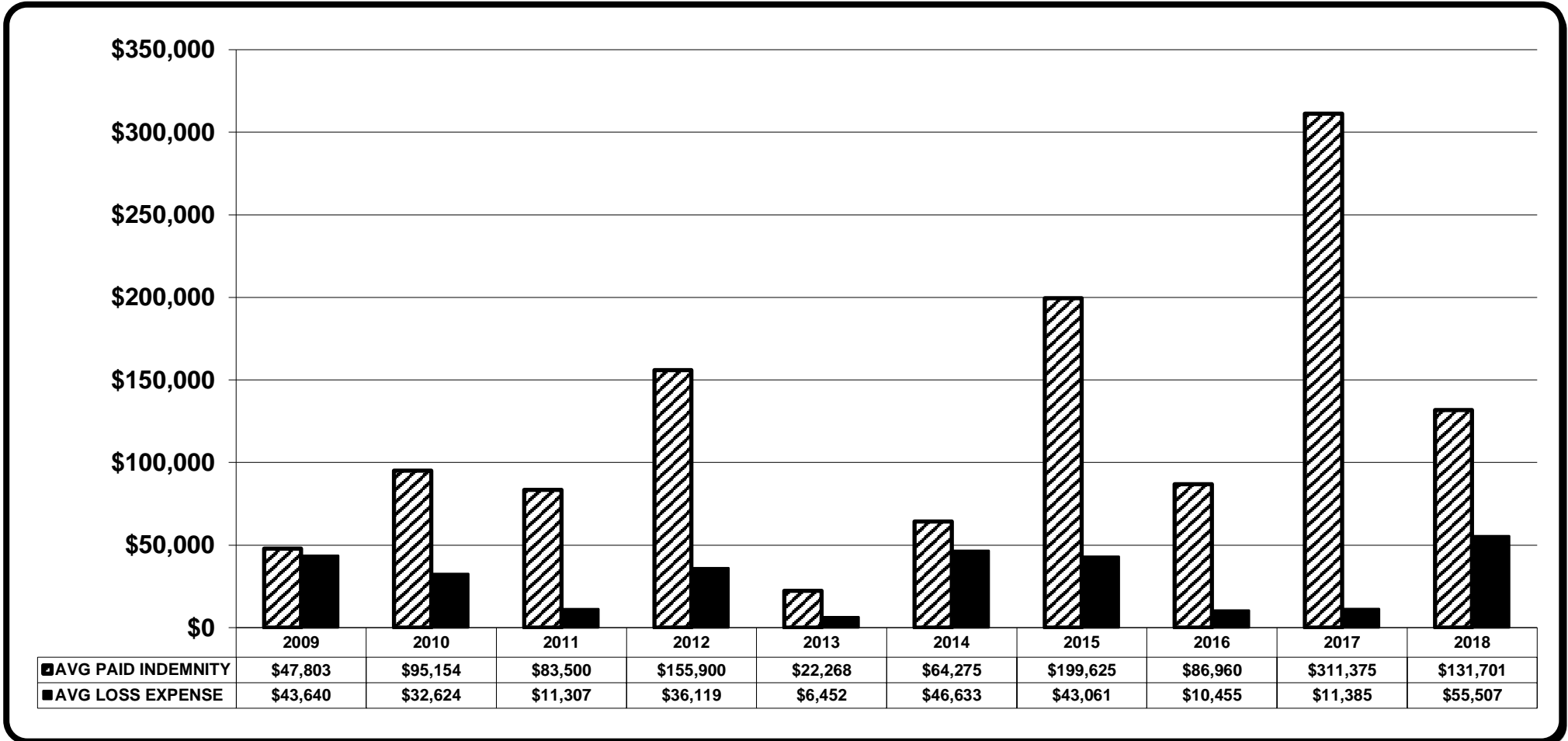
**TRENDS  
OF THE TOP TEN  
ERRORS OR OMISSIONS  
OF 2018**



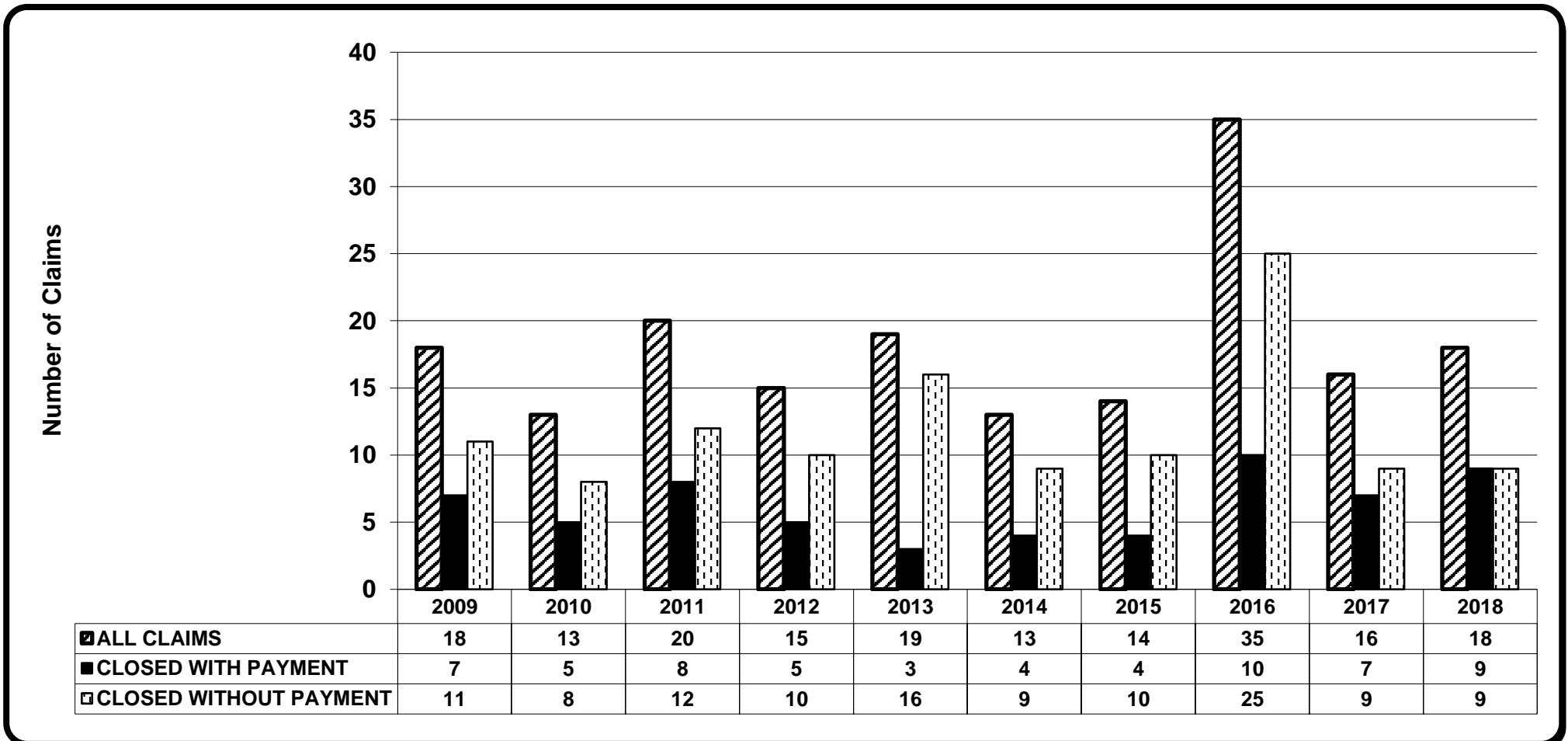


## FAILURE TO KNOW OR PROPERLY APPLY THE LAW

### AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

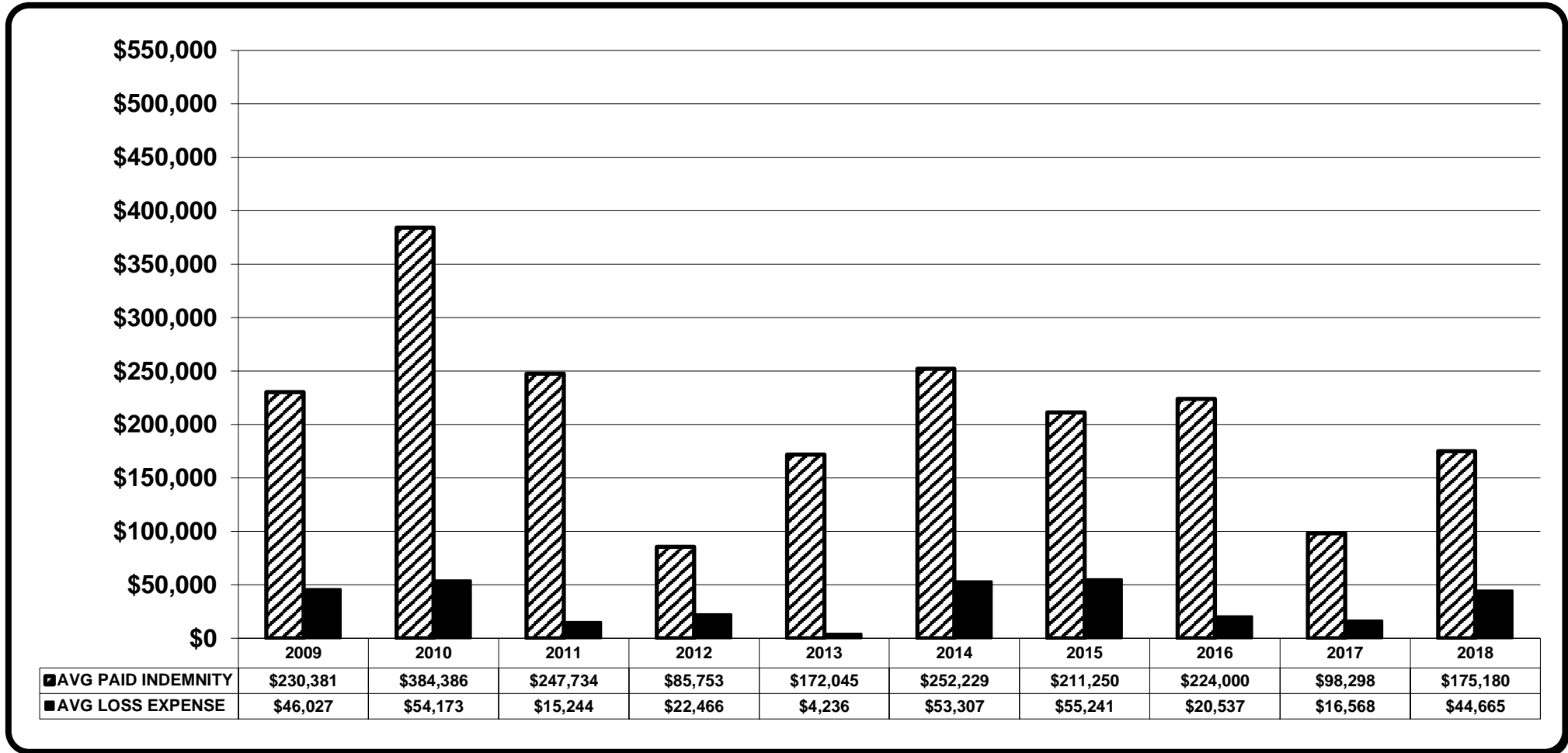


### CLAIM COUNT

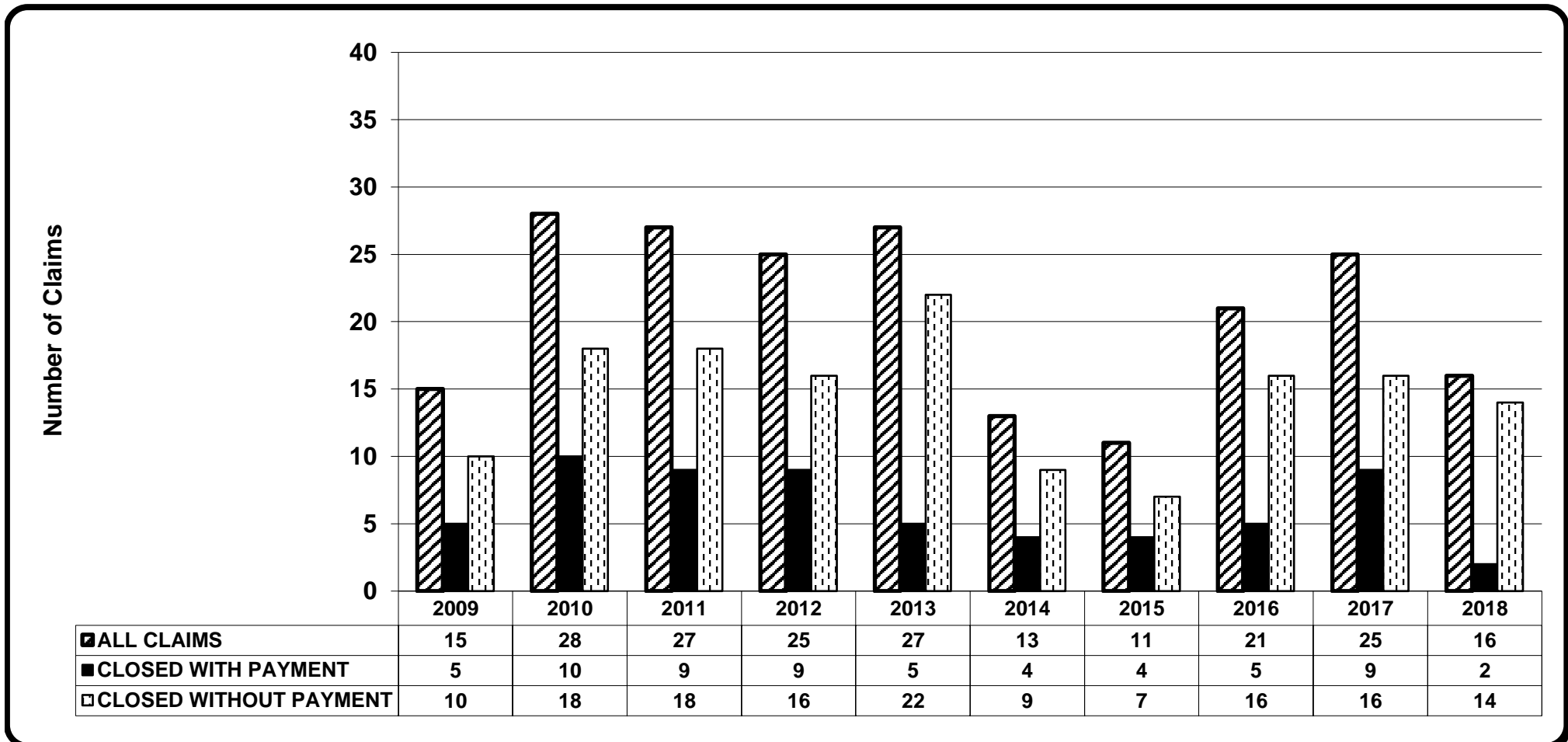


## PLANNING OR STRATEGY ERROR

### AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

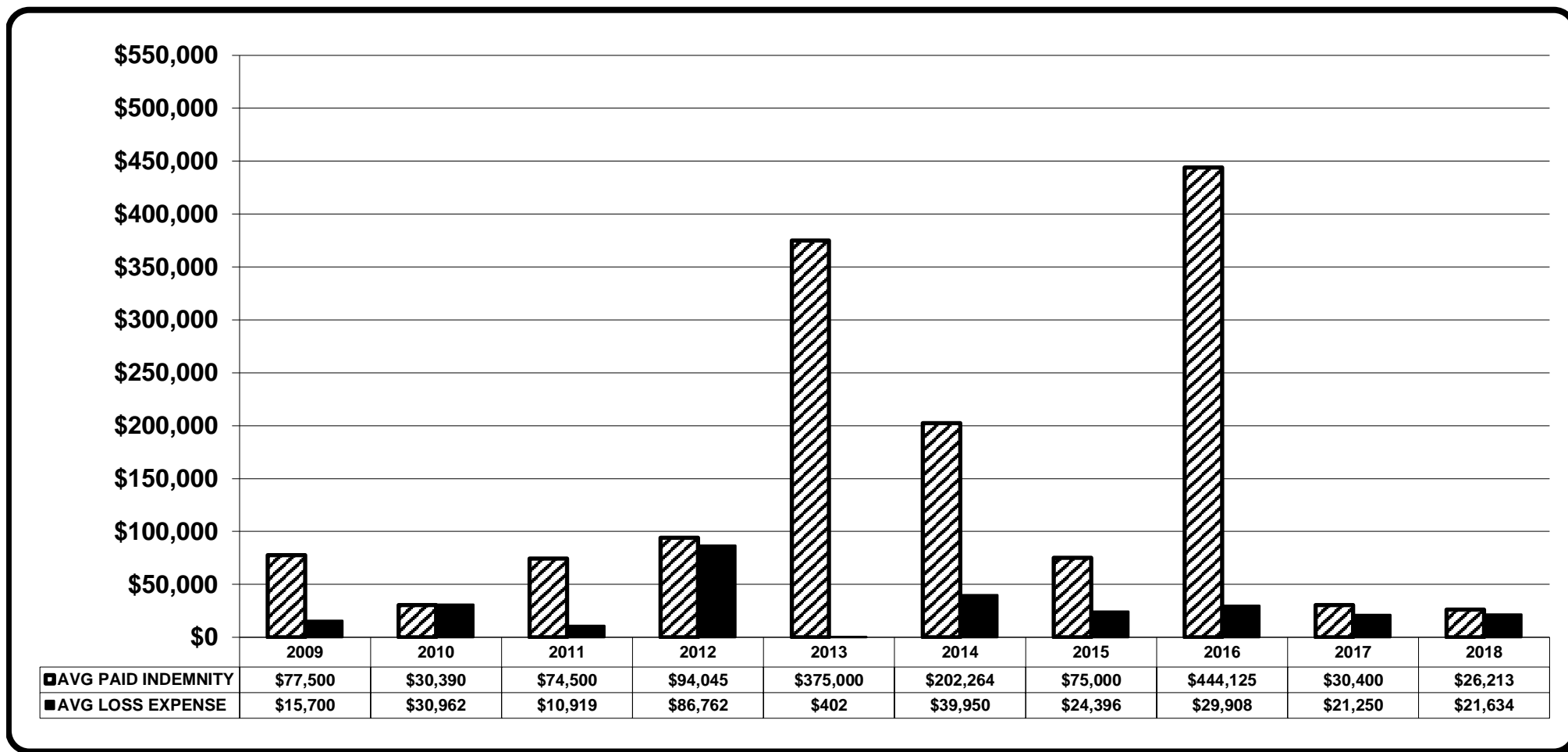


### CLAIM COUNT

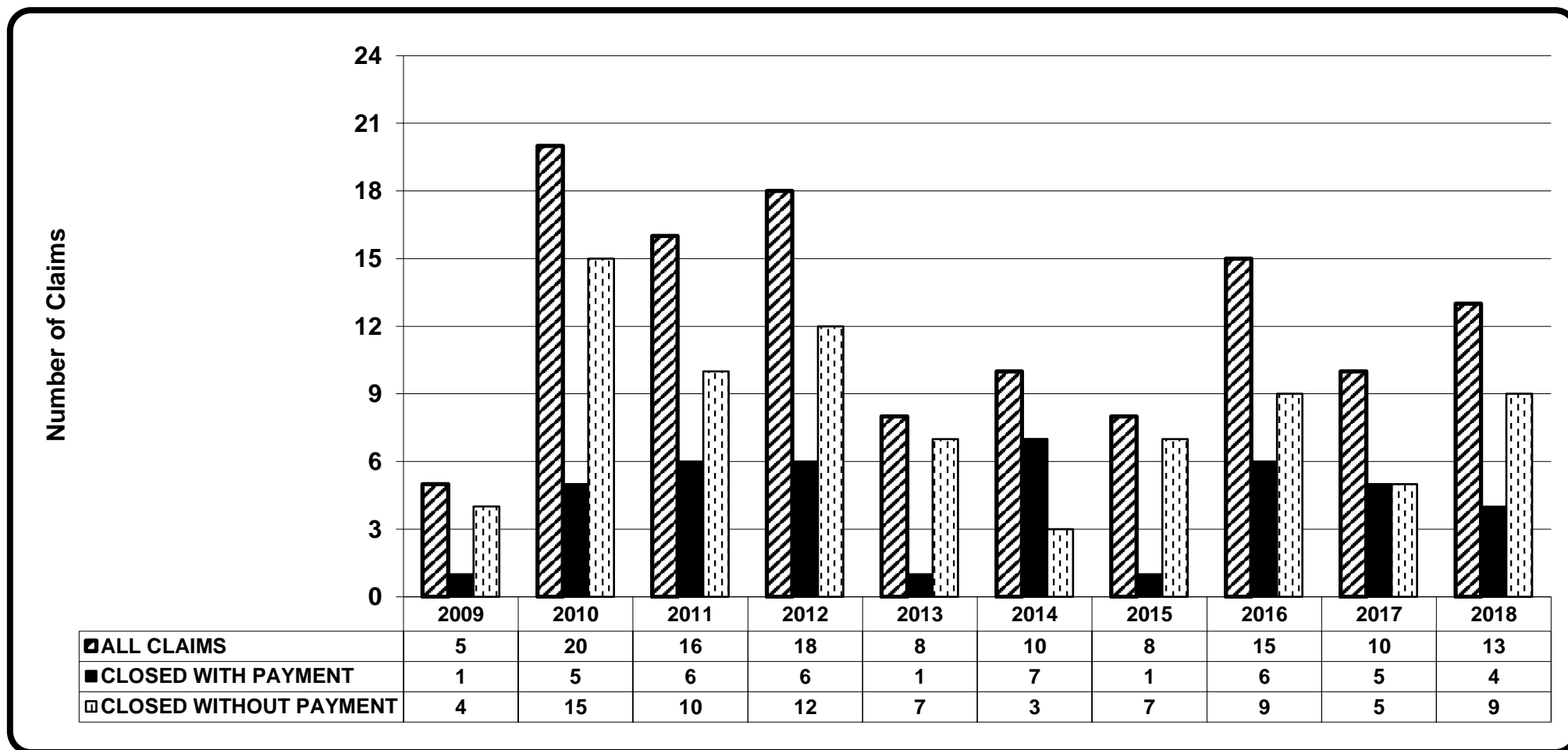


## INADEQUATE INVESTIGATION

### AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

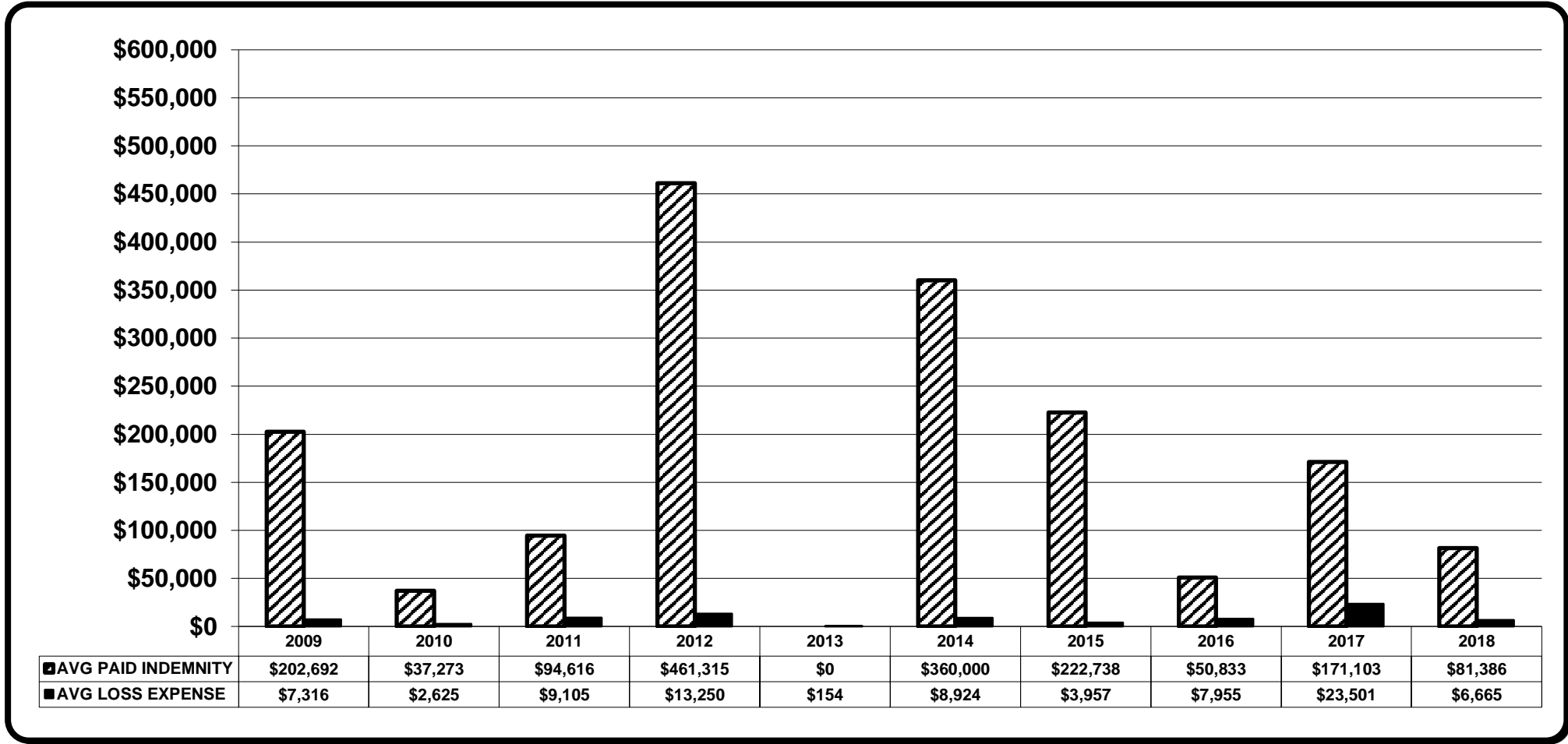


### CLAIM COUNT

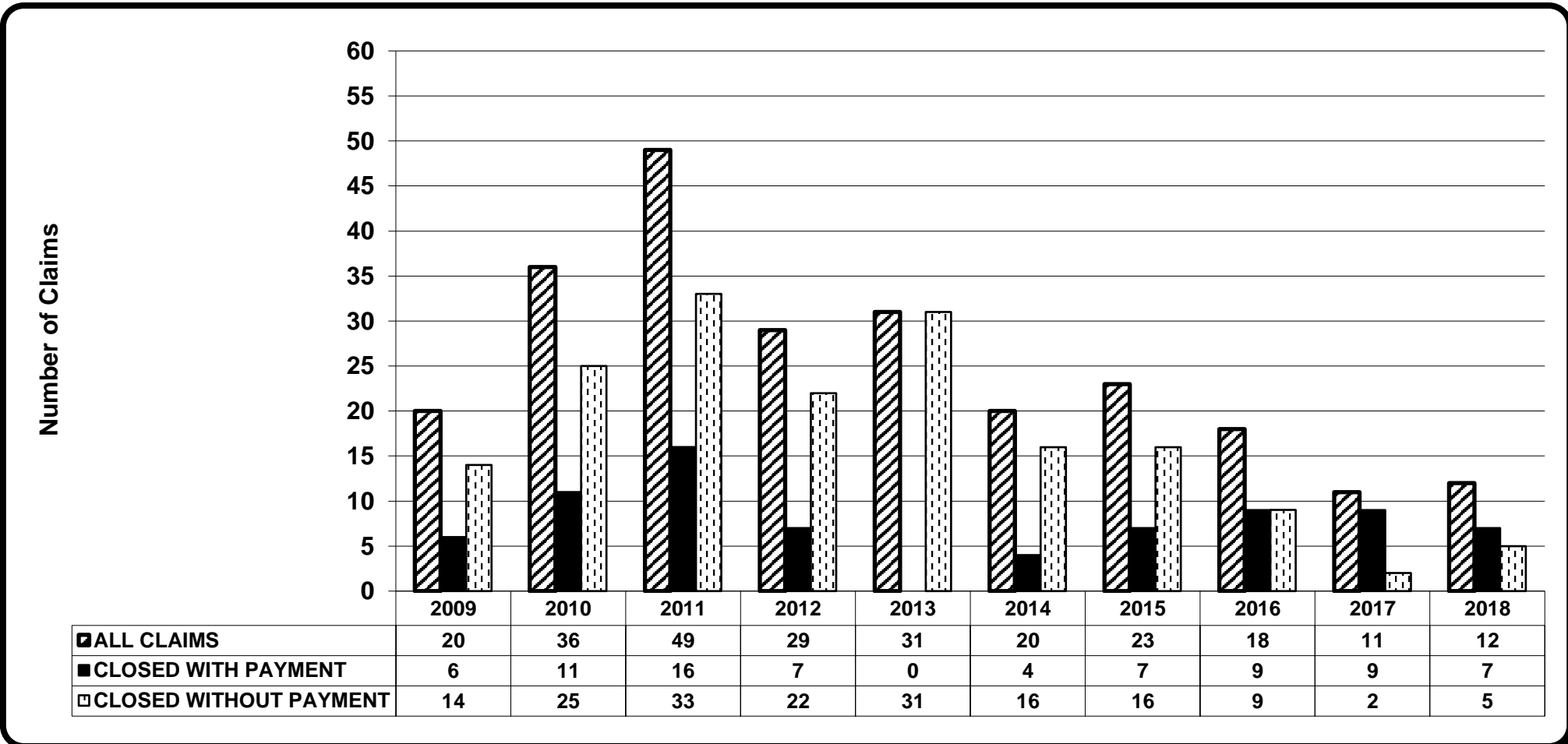


## FAILURE TO ASCERTAIN DEADLINE CORRECTLY

### AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

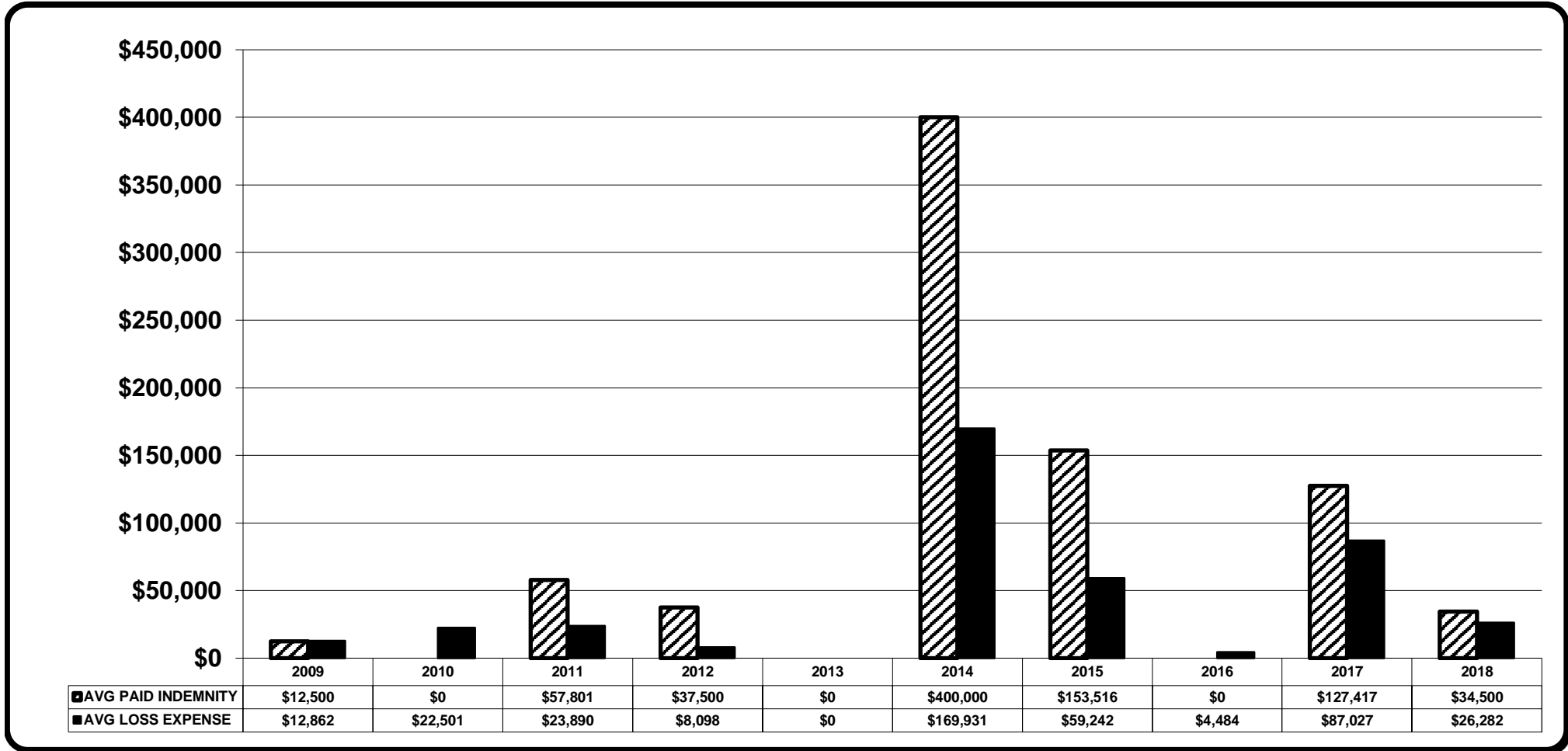


### CLAIM COUNT

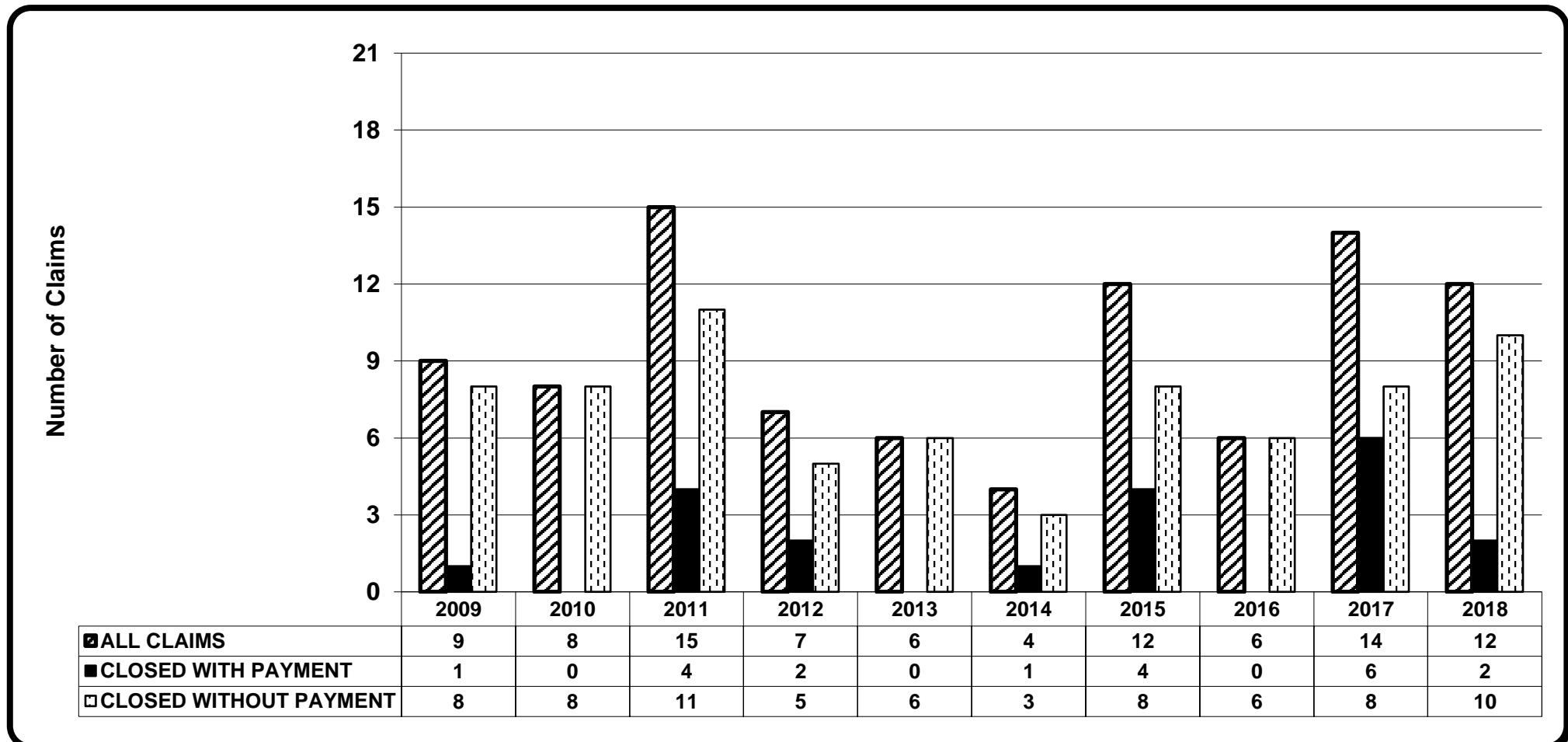


## FRAUD

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

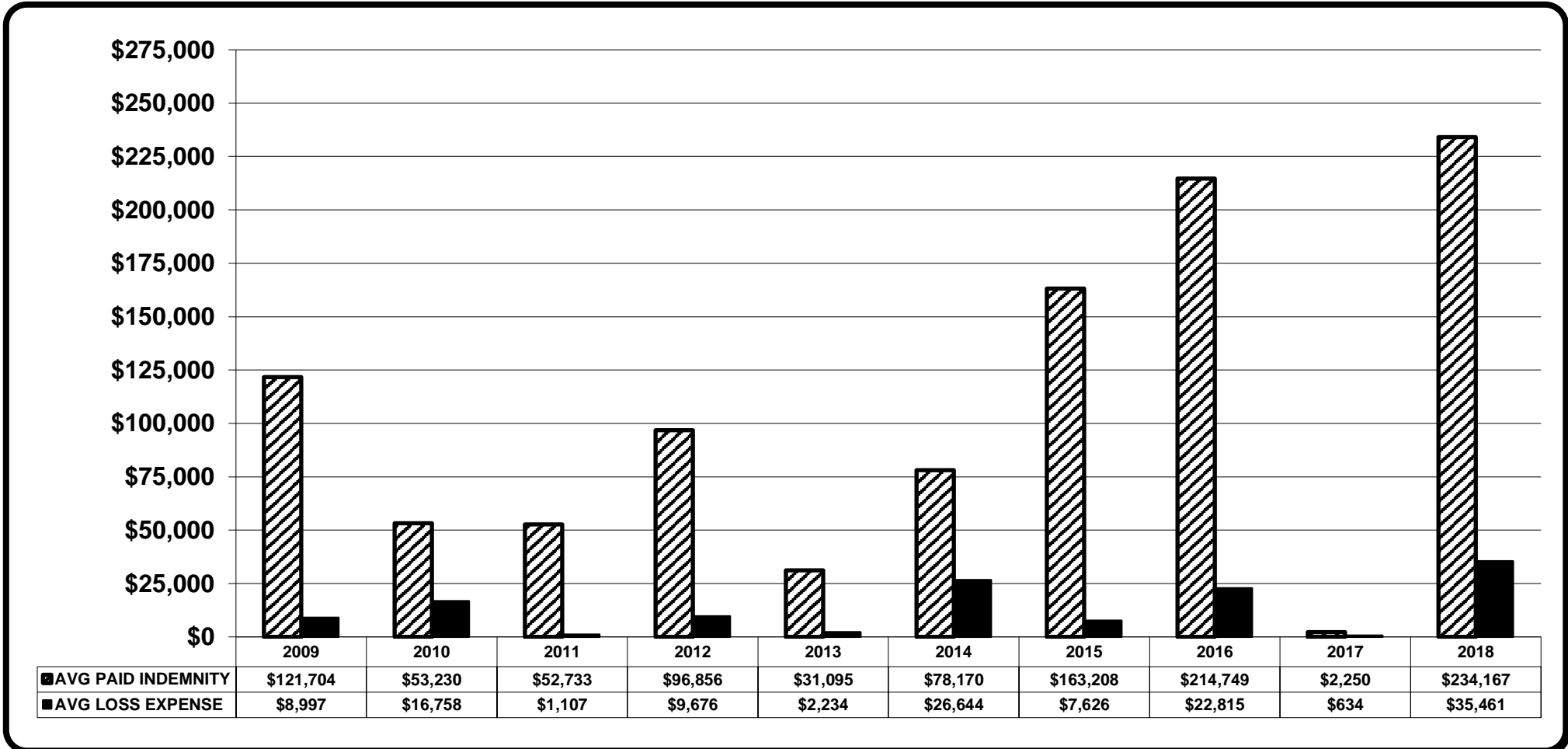


## CLAIM COUNT

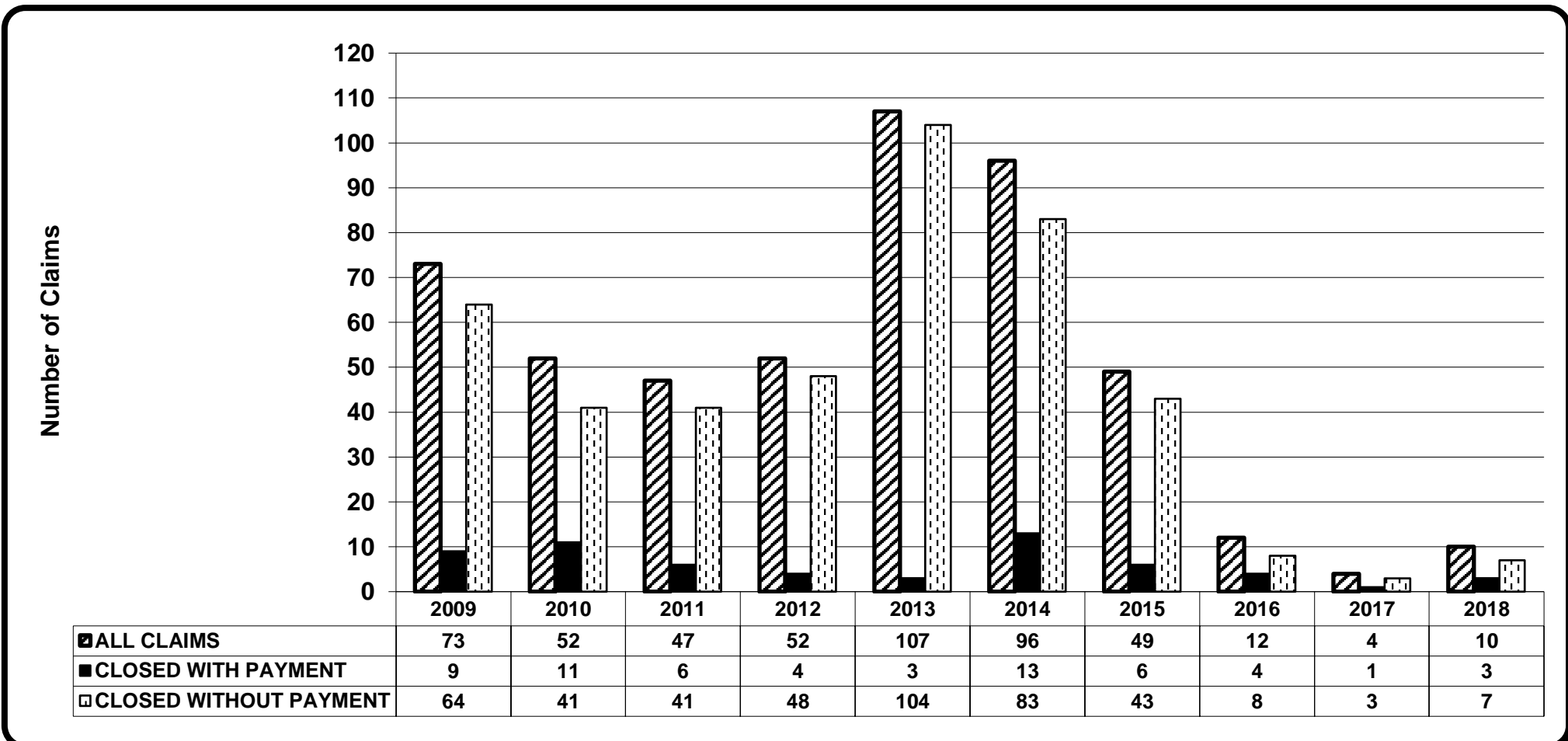


## OTHER

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

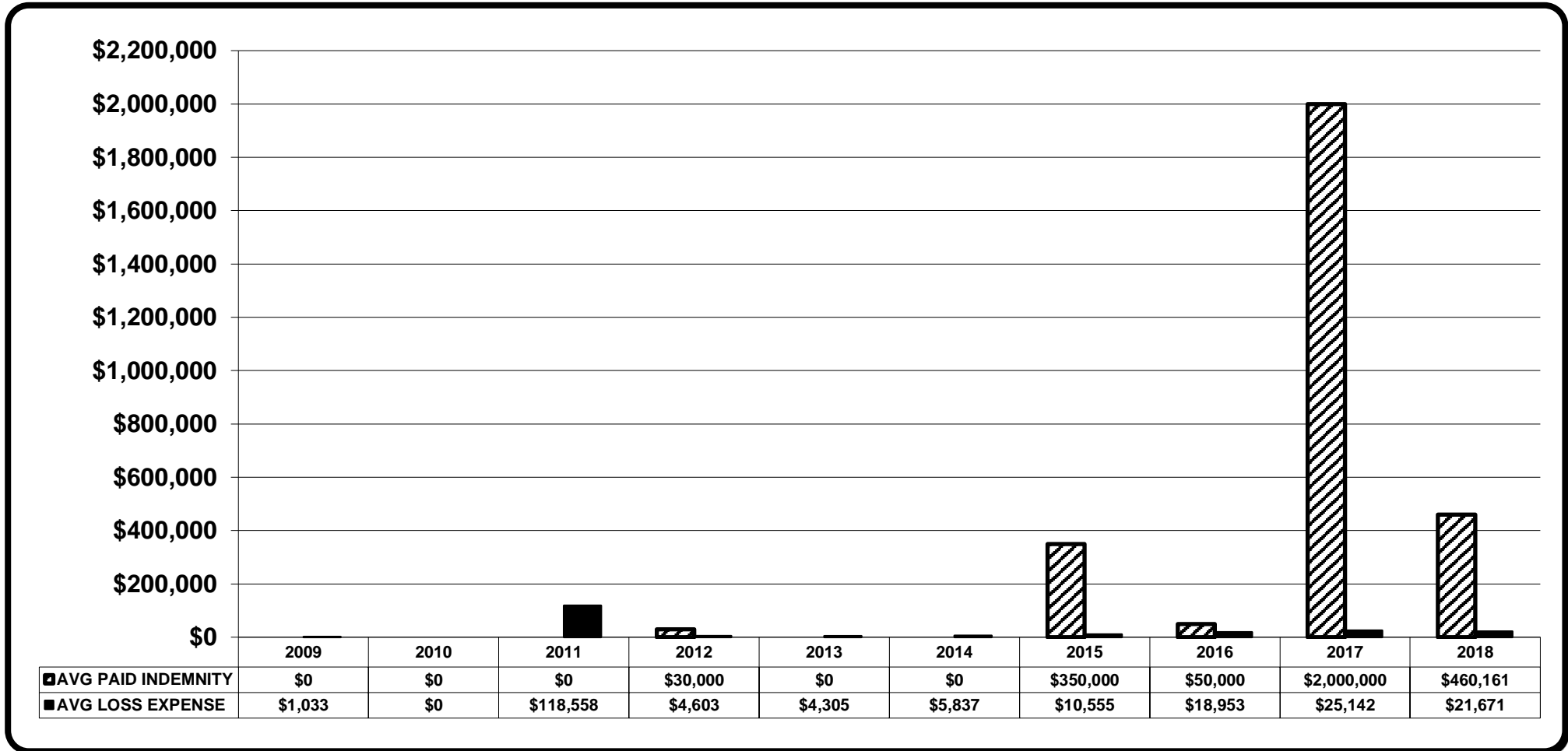


## CLAIM COUNT

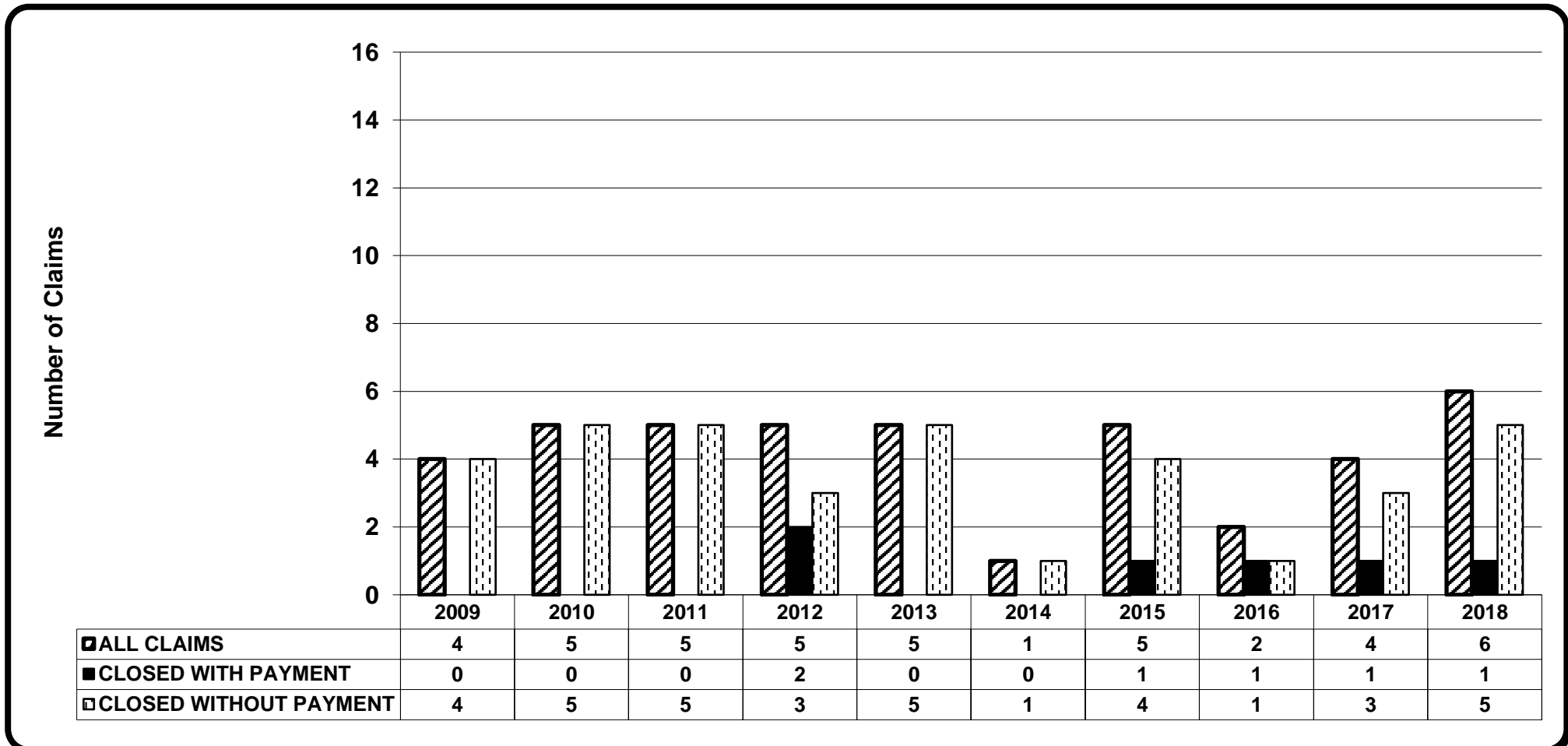


## FAILURE TO OBTAIN CLIENTS CONSENT

### AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

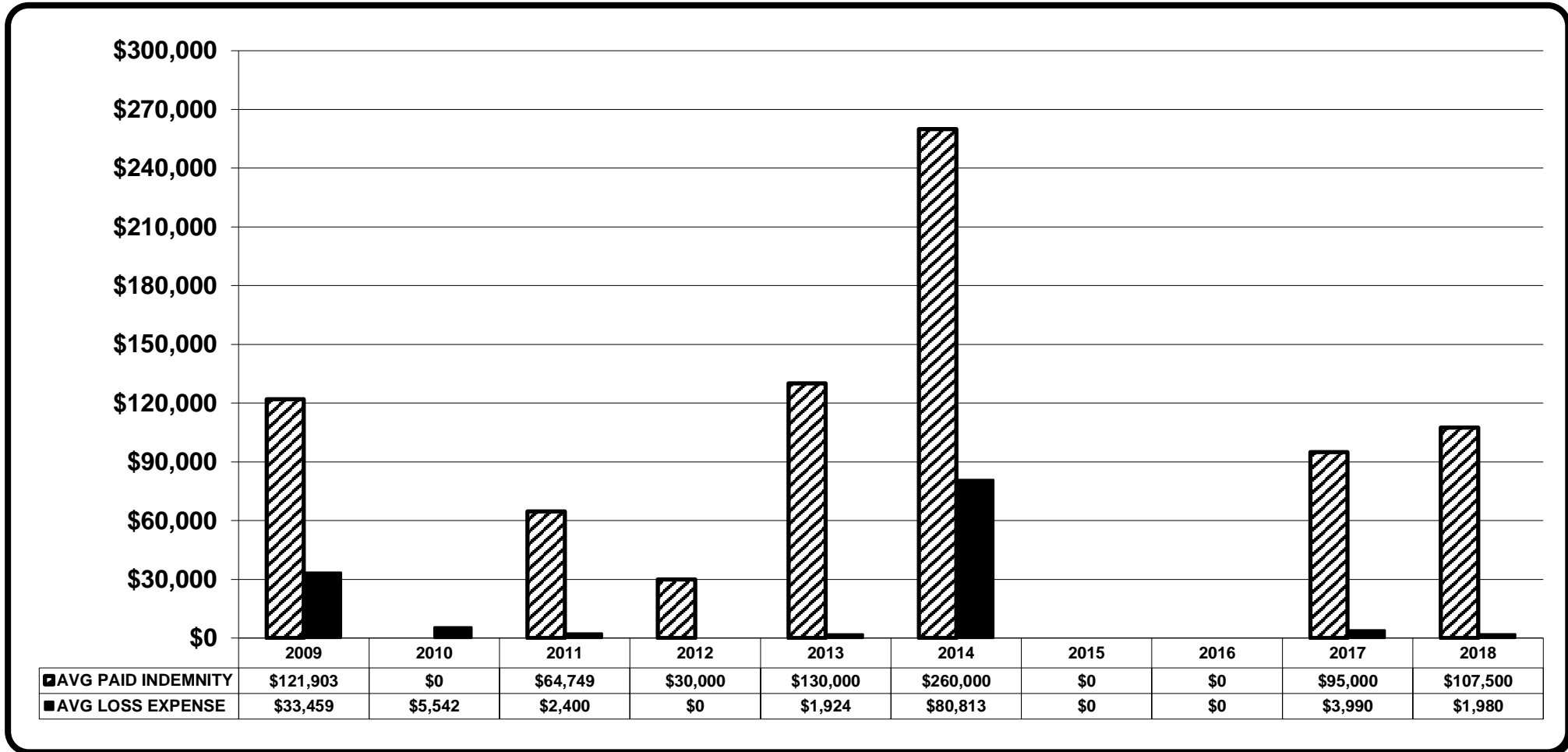


### CLAIM COUNT

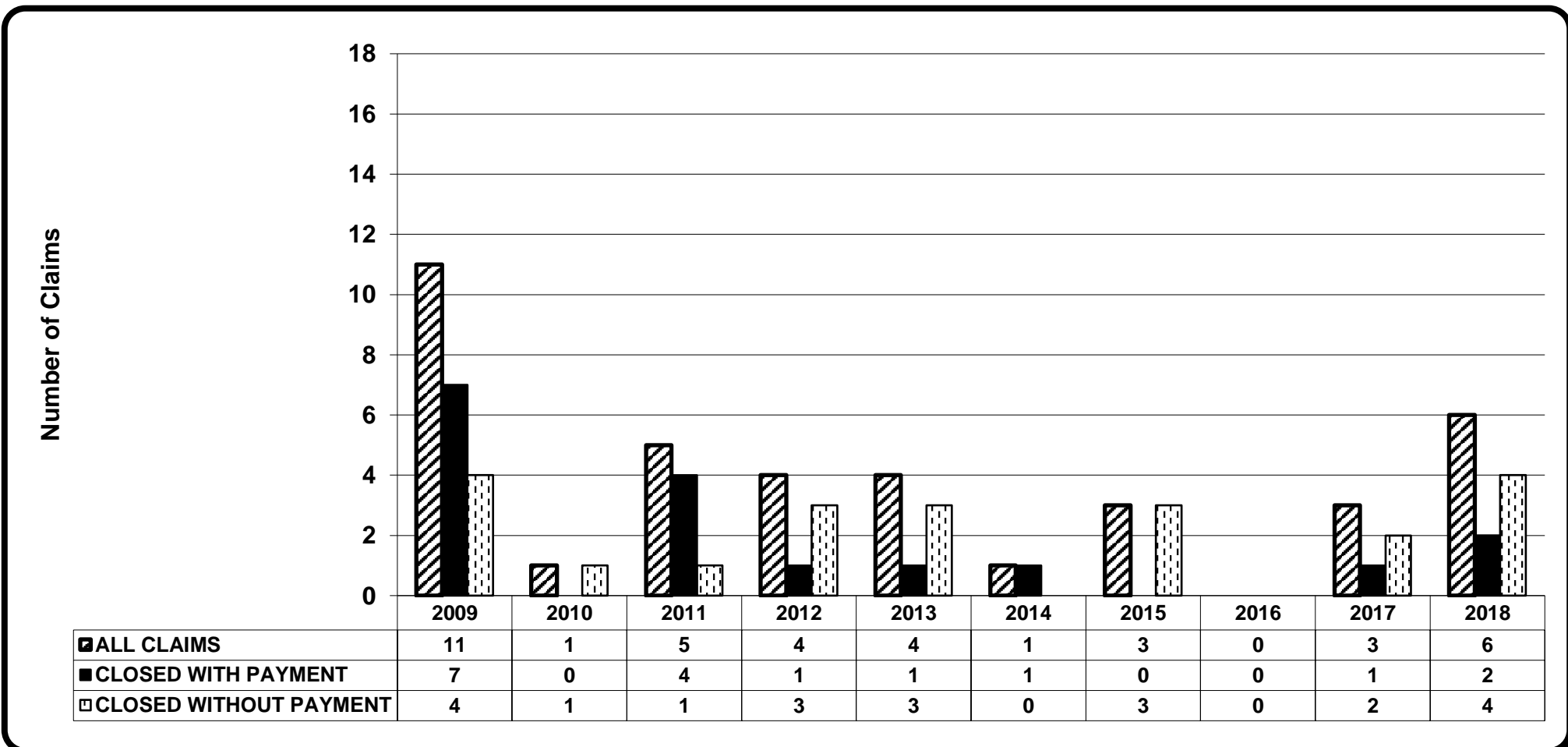


## FAILURE TO REACT TO CALENDAR

### AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE



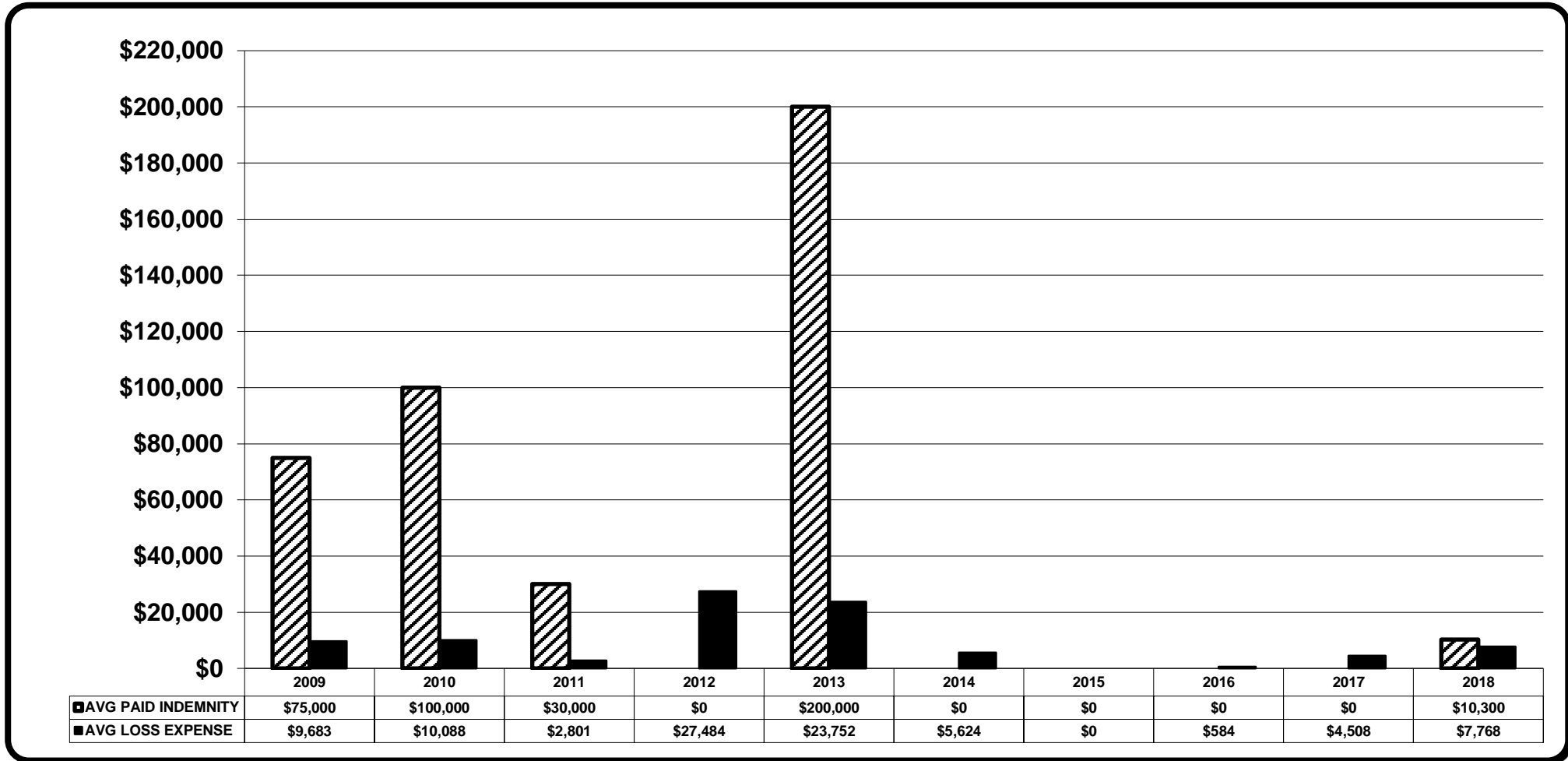
### CLAIM COUNT



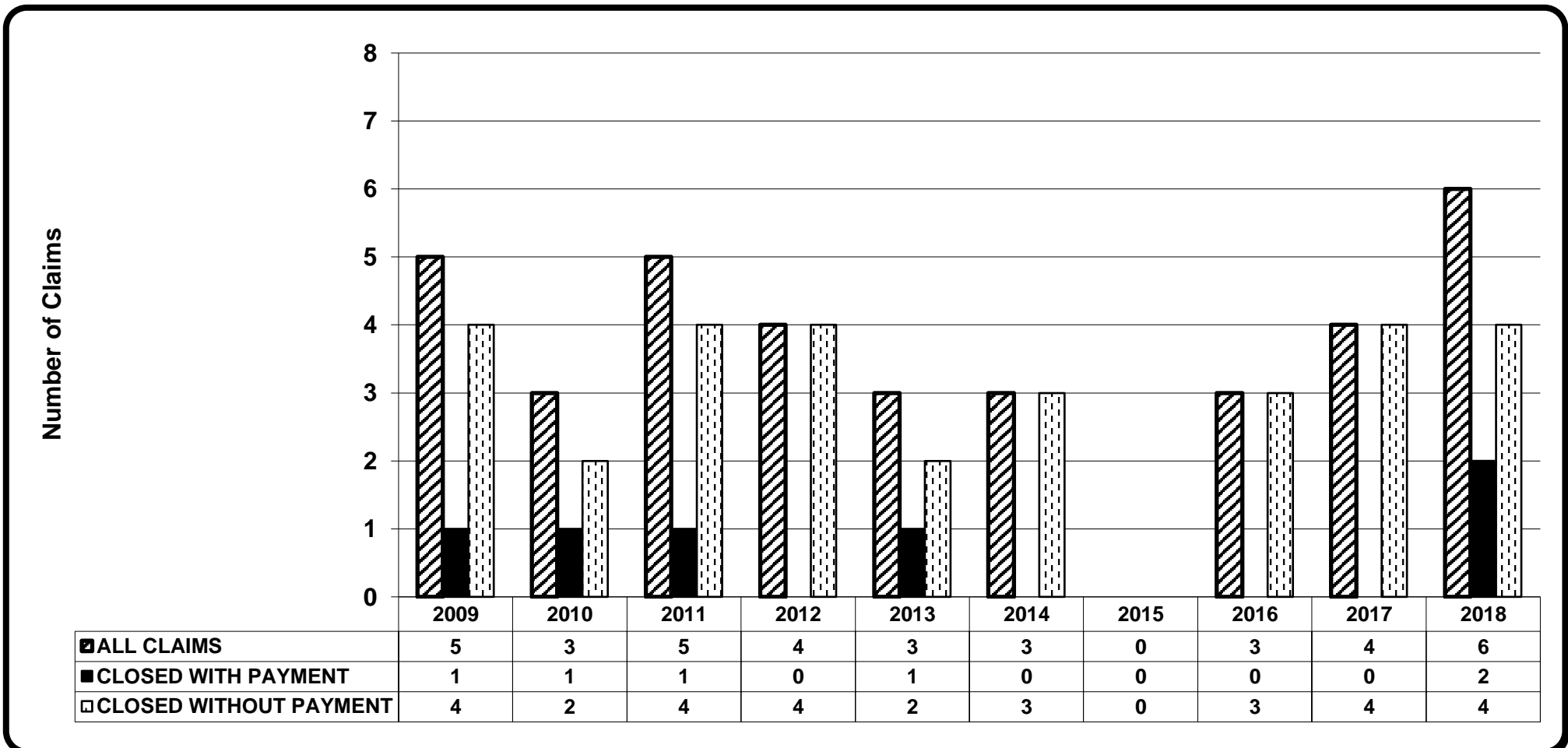


## VIOLATION OF CIVIL RIGHTS

### AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

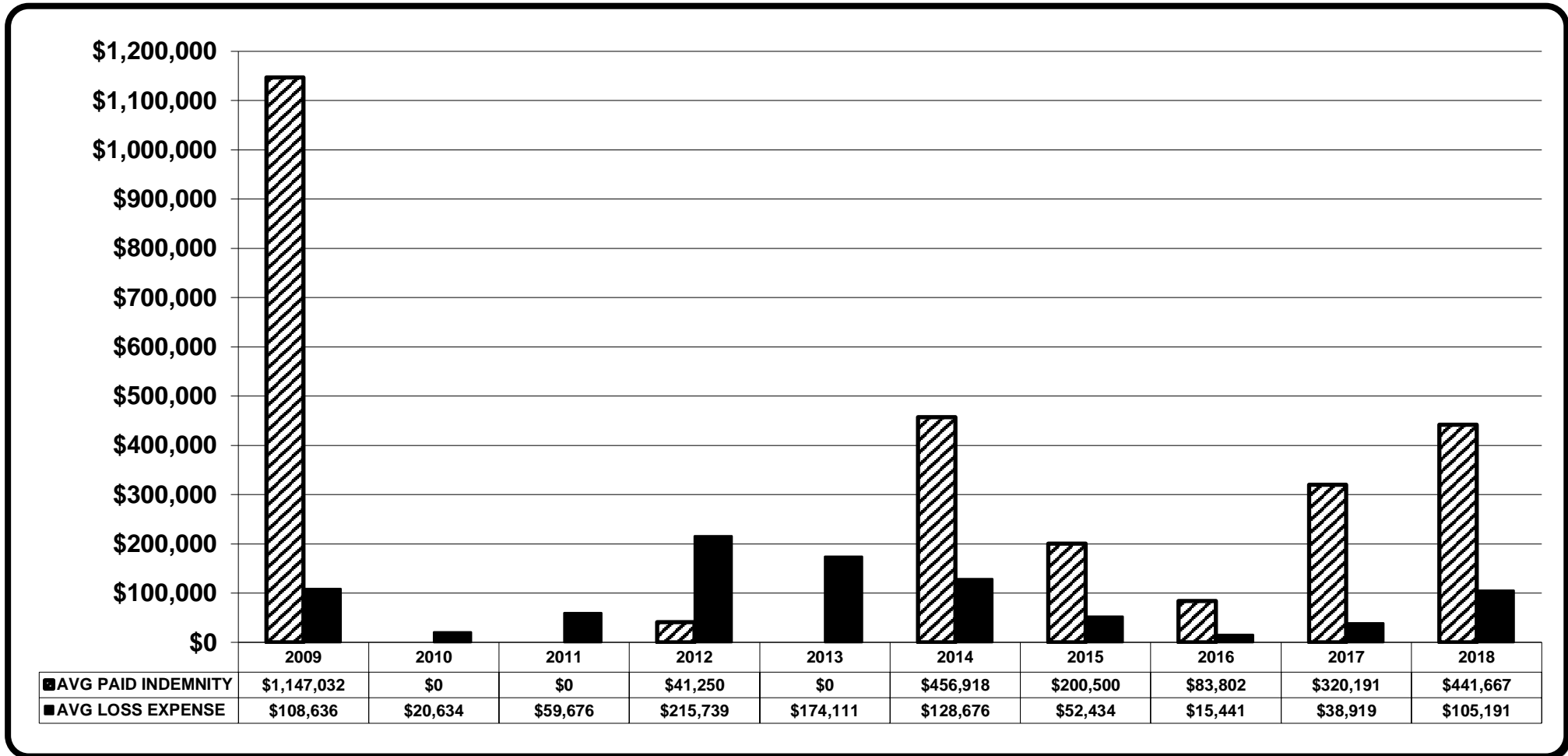


### CLAIM COUNT

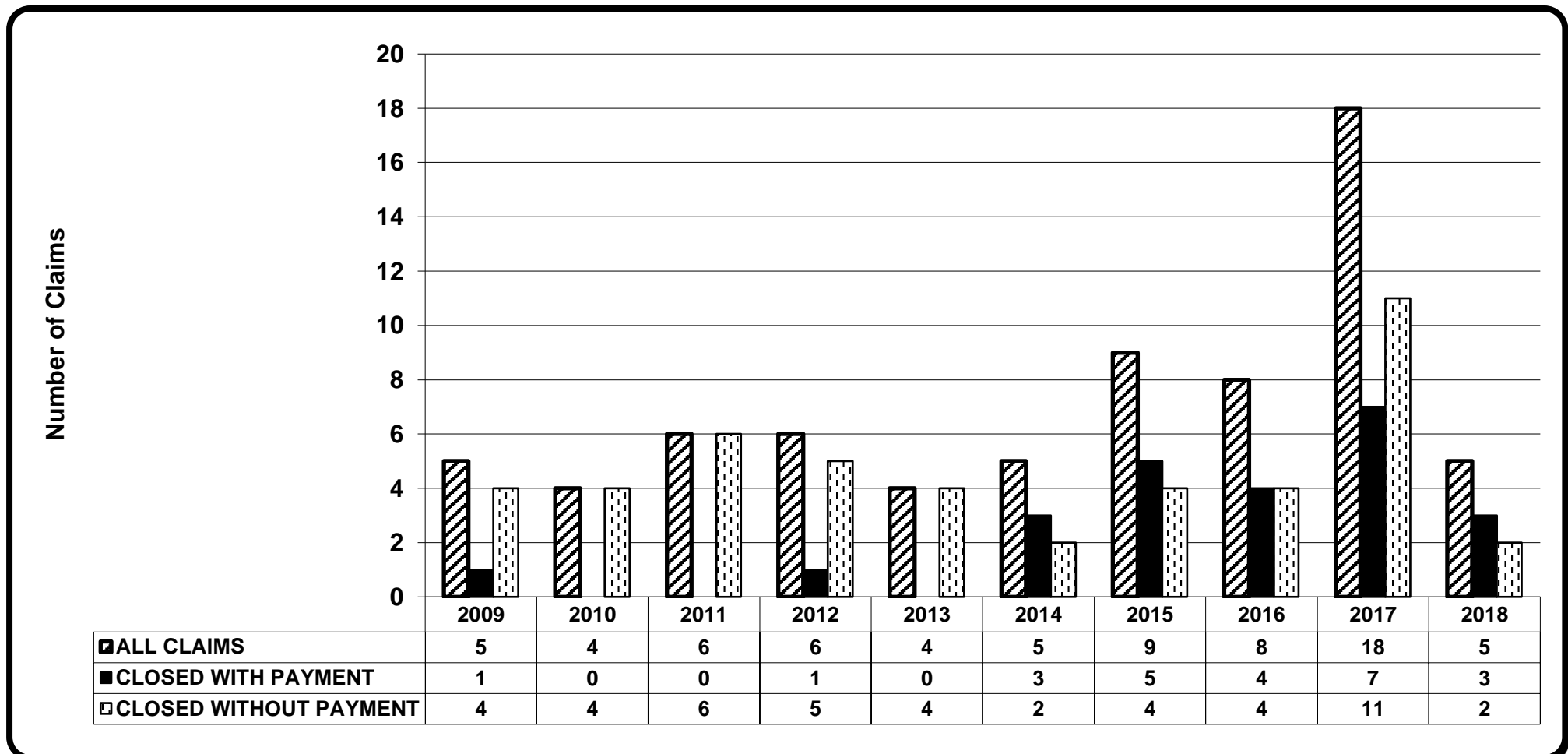


## CONFLICT OF INTEREST

### AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE



### CLAIM COUNT



**TEN YEAR SUMMARY  
&  
2018 SUMMARY  
BY  
CLAIM DISPOSITIONS**



**LEGAL MALPRACTICE INSURANCE  
INDEMNITY ANALYSIS  
FOR YEARS 2009-2018**

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	868	317	59.25%	\$162,051	\$51,370,146	67.69%	\$32,746
BEFORE FILING SUIT OR DEMANDING HEARING	772	191	35.70%	\$99,480	\$19,000,754	25.04%	\$3,833
CLAIM OR SUIT ABANDONED	202	1	0.19%	\$6,500	\$6,500	0.01%	\$2,309
AFTER APPEAL	54	2	0.37%	\$62,500	\$125,000	0.16%	\$59,771
AFTER JUDGMENT, BEFORE APPEAL	45	10	1.87%	\$218,472	\$2,184,719	2.88%	\$62,369
AFTER TRIAL OR HEARING, BEFORE JUDGMENT	36	4	0.75%	\$142,693	\$570,771	0.75%	\$31,837
DURING TRIAL OR HEARING	32	7	1.31%	\$292,632	\$2,048,425	2.70%	\$65,214
DURING APPEAL	15	3	0.56%	\$195,037	\$585,110	0.77%	\$82,946
DURING REVIEW PANEL	11	0	0.00%	N/A	\$0	0.00%	\$8,465
<b>TOTAL</b>	<b>2,035</b>	<b>535</b>	<b>100.00%</b>	<b>\$141,853</b>	<b>\$75,891,425</b>	<b>100.00%</b>	<b>\$20,862</b>

**LEGAL MALPRACTICE INSURANCE  
INDEMNITY ANALYSIS  
CLAIMS CLOSED IN 2018**

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	56	25	51.02%	\$145,978	\$3,649,439	63.69%	\$43,891
BEFORE FILING SUIT OR DEMANDING HEARING	55	22	44.90%	\$77,626	\$1,707,773	29.80%	\$3,331
CLAIM OR SUIT ABANDONED	13	0	0.00%	N/A	\$0	0.00%	\$2,325
AFTER APPEAL	9	1	2.04%	\$25,000	\$25,000	0.44%	\$106,209
DURING APPEAL	3	1	2.04%	\$348,110	\$348,110	6.07%	\$84,186
AFTER JUDGMENT, BEFORE APPEAL	2	0	0.00%	N/A	\$0	0.00%	\$124,152
DURING REVIEW PANEL	1	0	0.00%	N/A	\$0	0.00%	\$73,113
DURING TRIAL OR HEARING	1	0	0.00%	N/A	\$0	0.00%	\$0
<b>TOTAL</b>	<b>140</b>	<b>49</b>	<b>100.00%</b>	<b>\$116,945</b>	<b>\$5,730,322</b>	<b>100.00%</b>	<b>\$30,009</b>

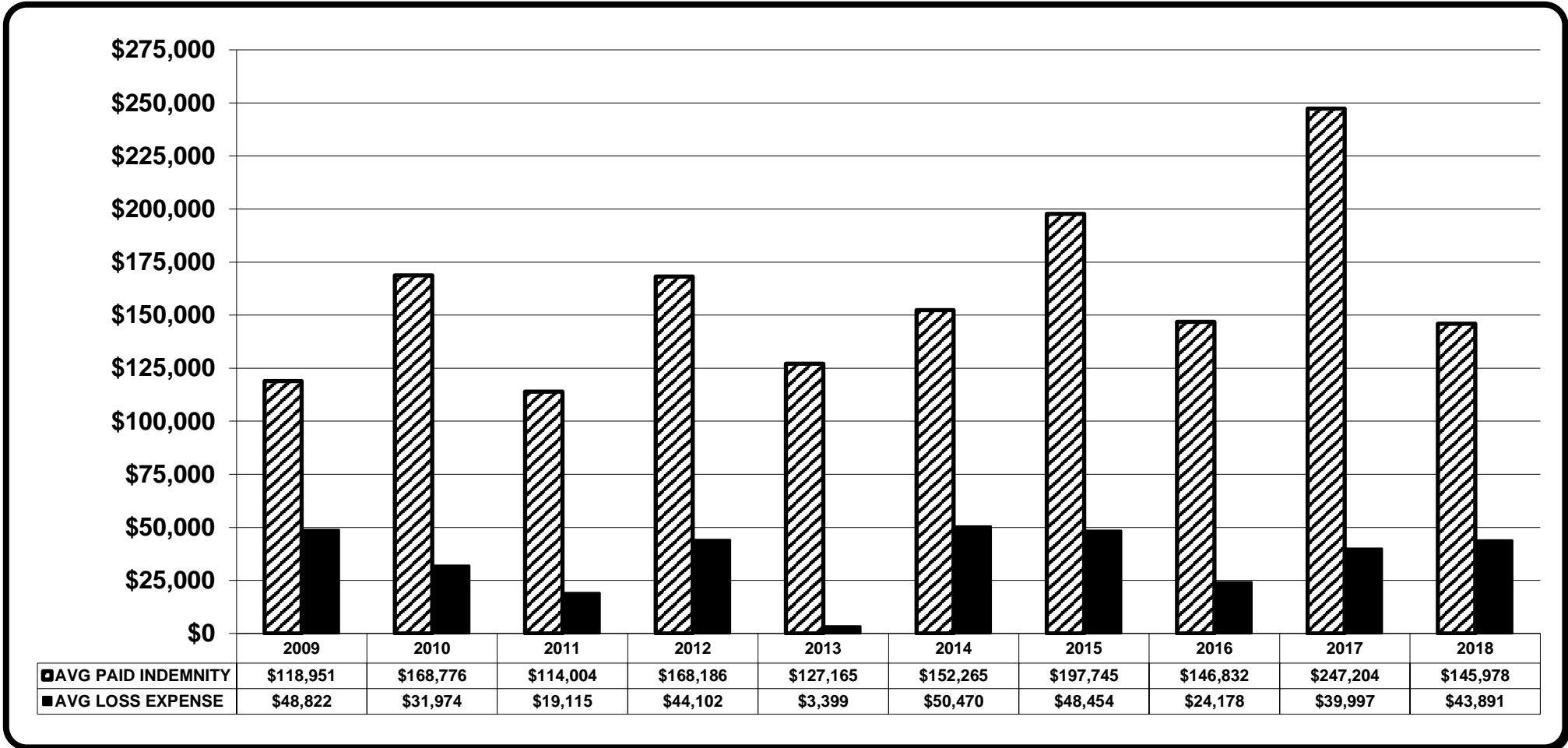
**TRENDS OF  
CLAIM DISPOSITIONS  
OF 2018**



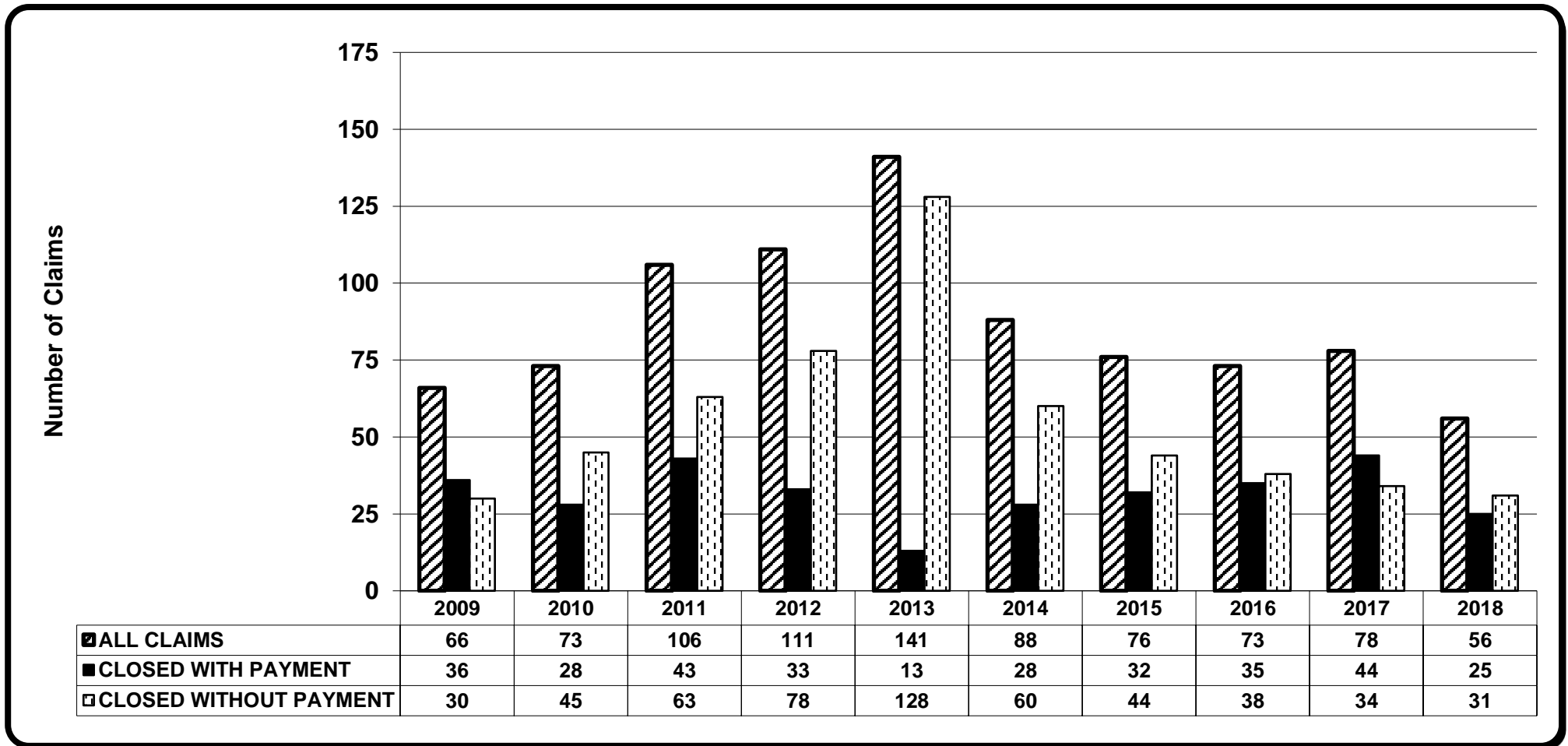


## BEFORE TRIAL OR HEARING

### AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

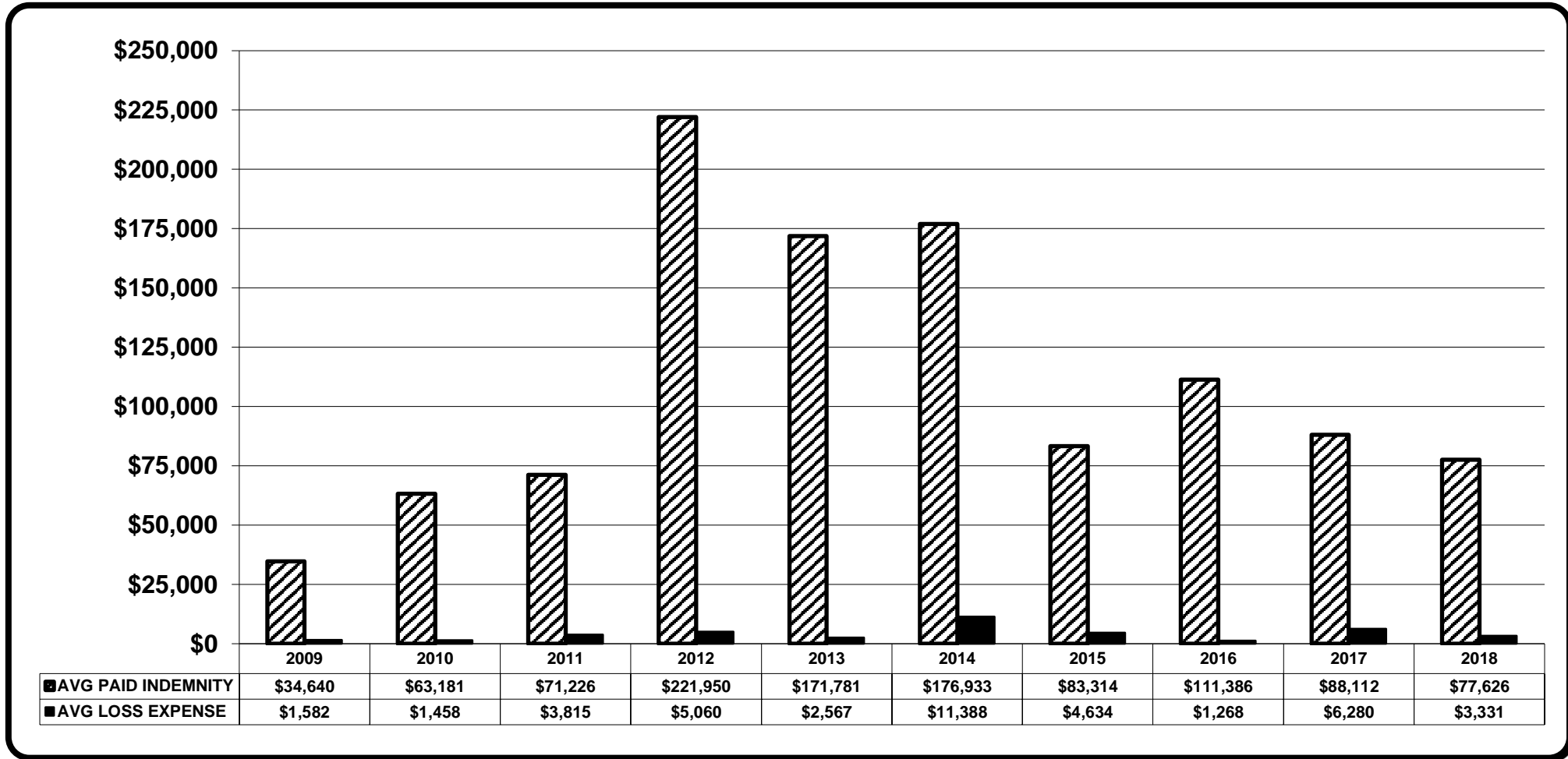


### CLAIM COUNT

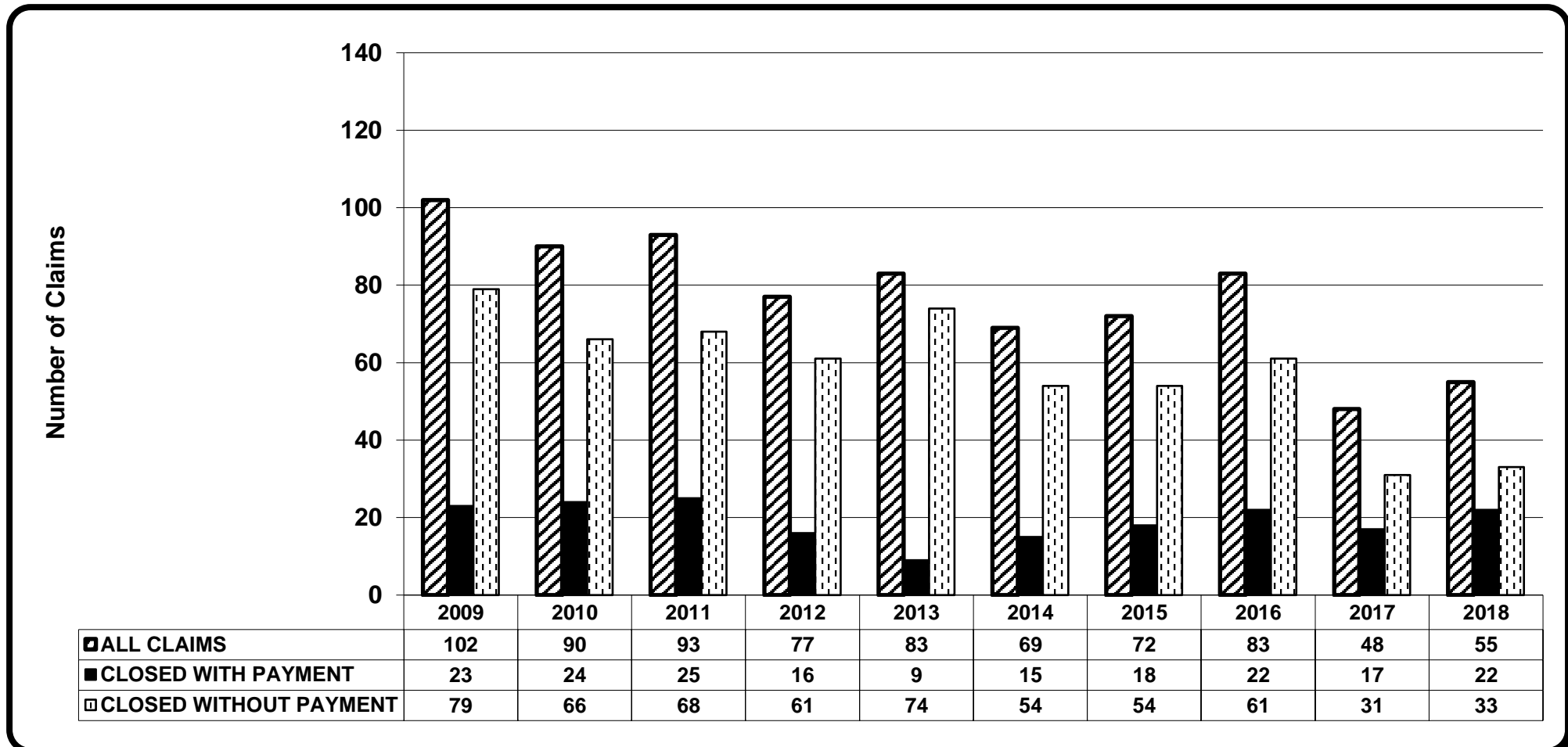


## BEFORE FILING SUIT OR DEMANDING HEARING

### AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

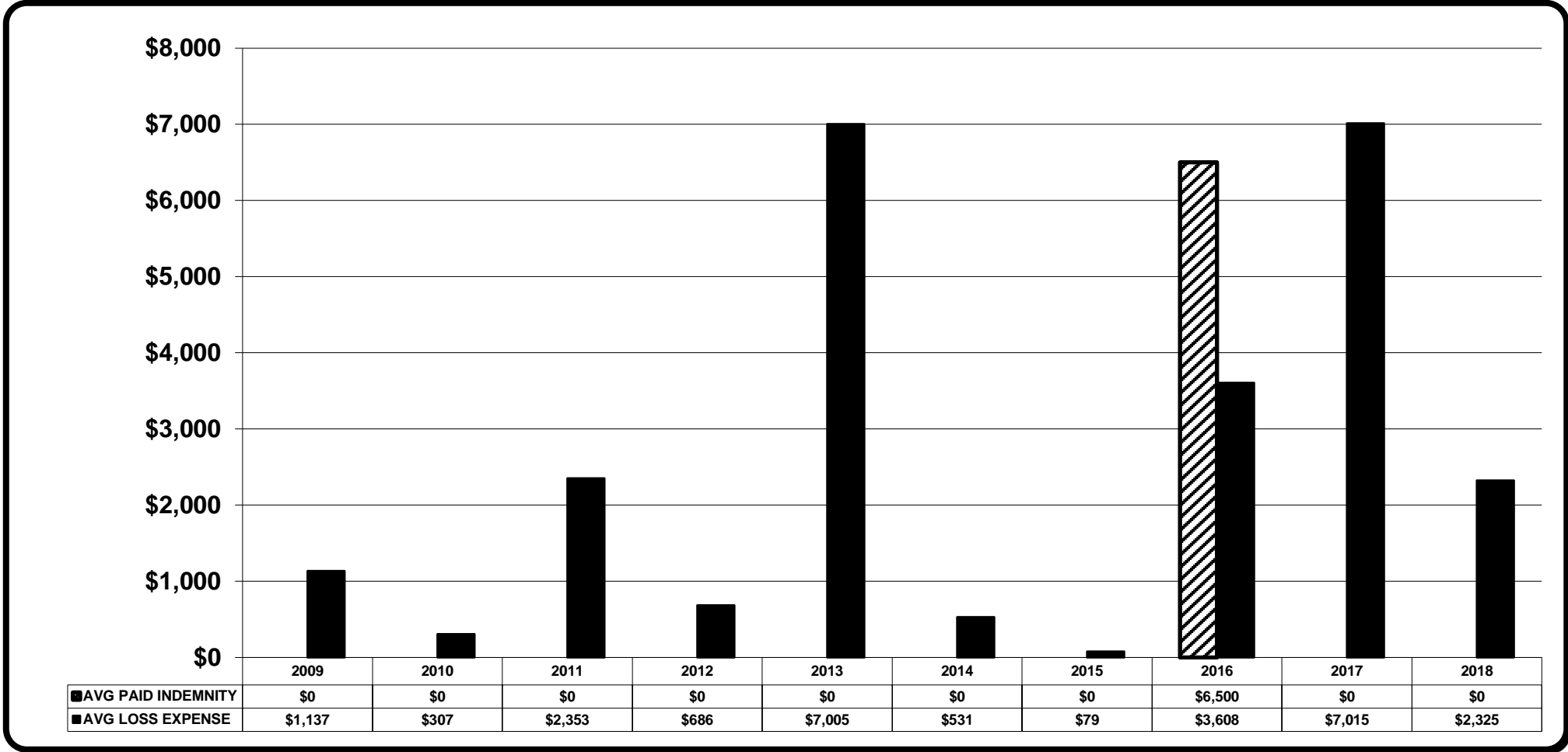


### CLAIM COUNT

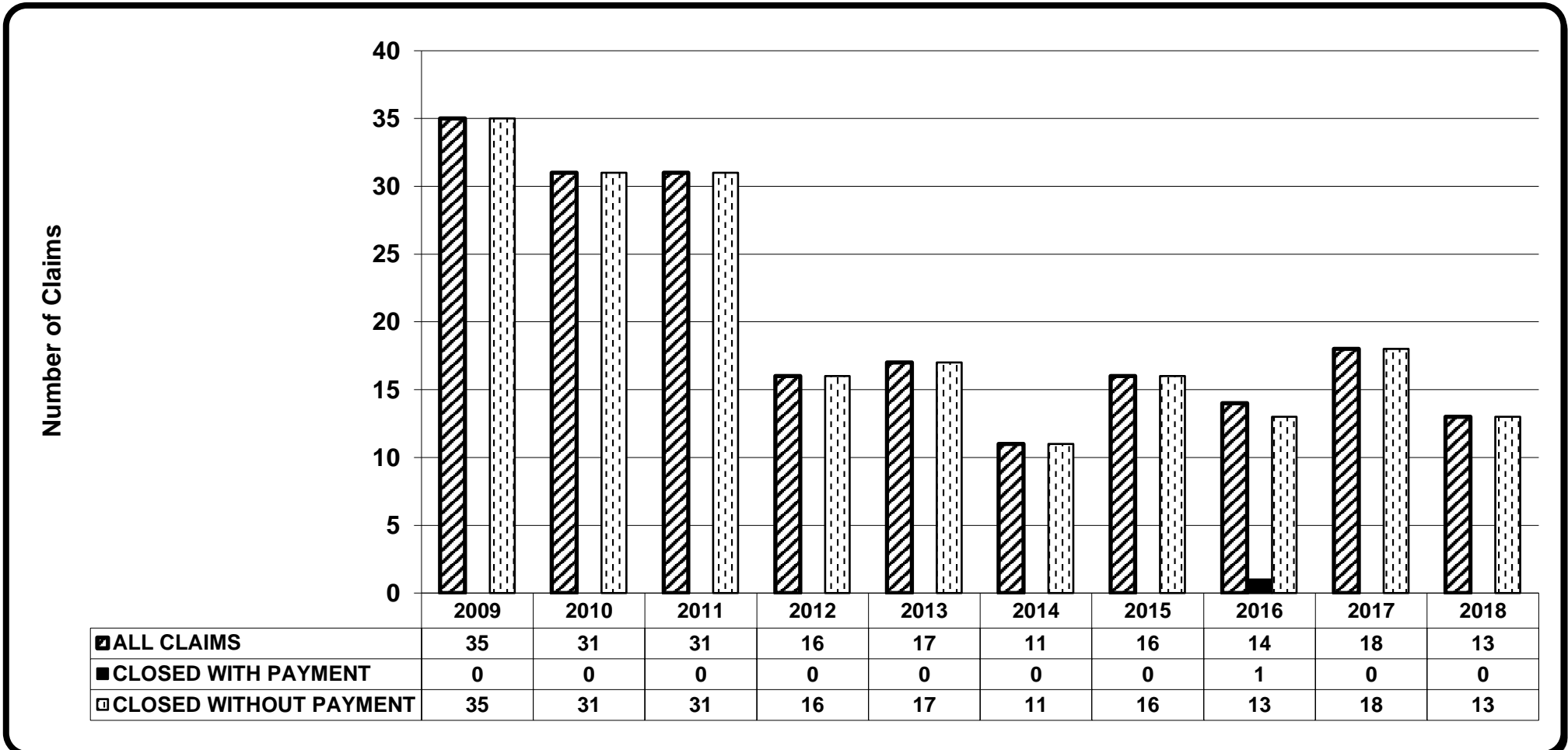


## CLAIM OR SUIT ABANDONED

### AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

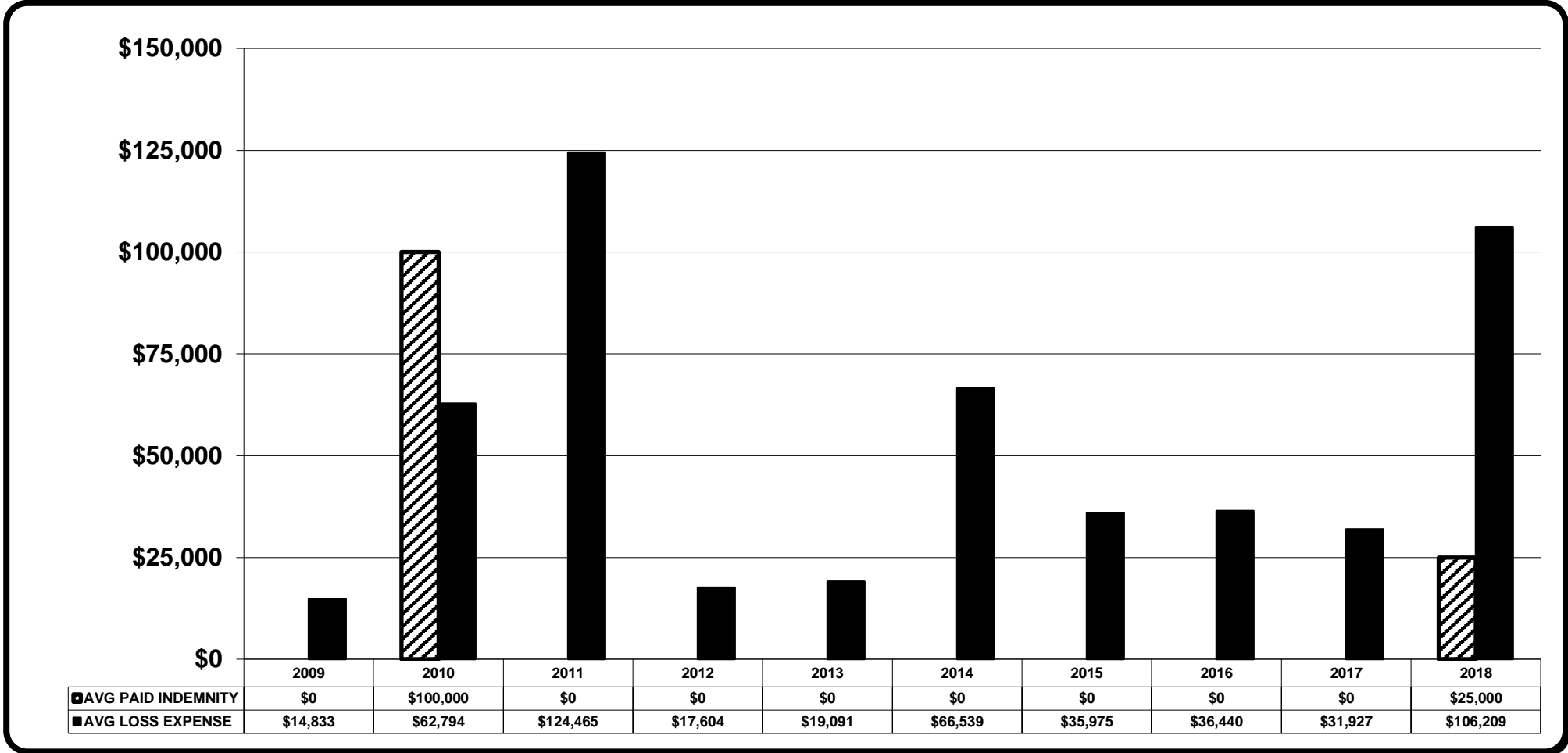


## CLAIM COUNT

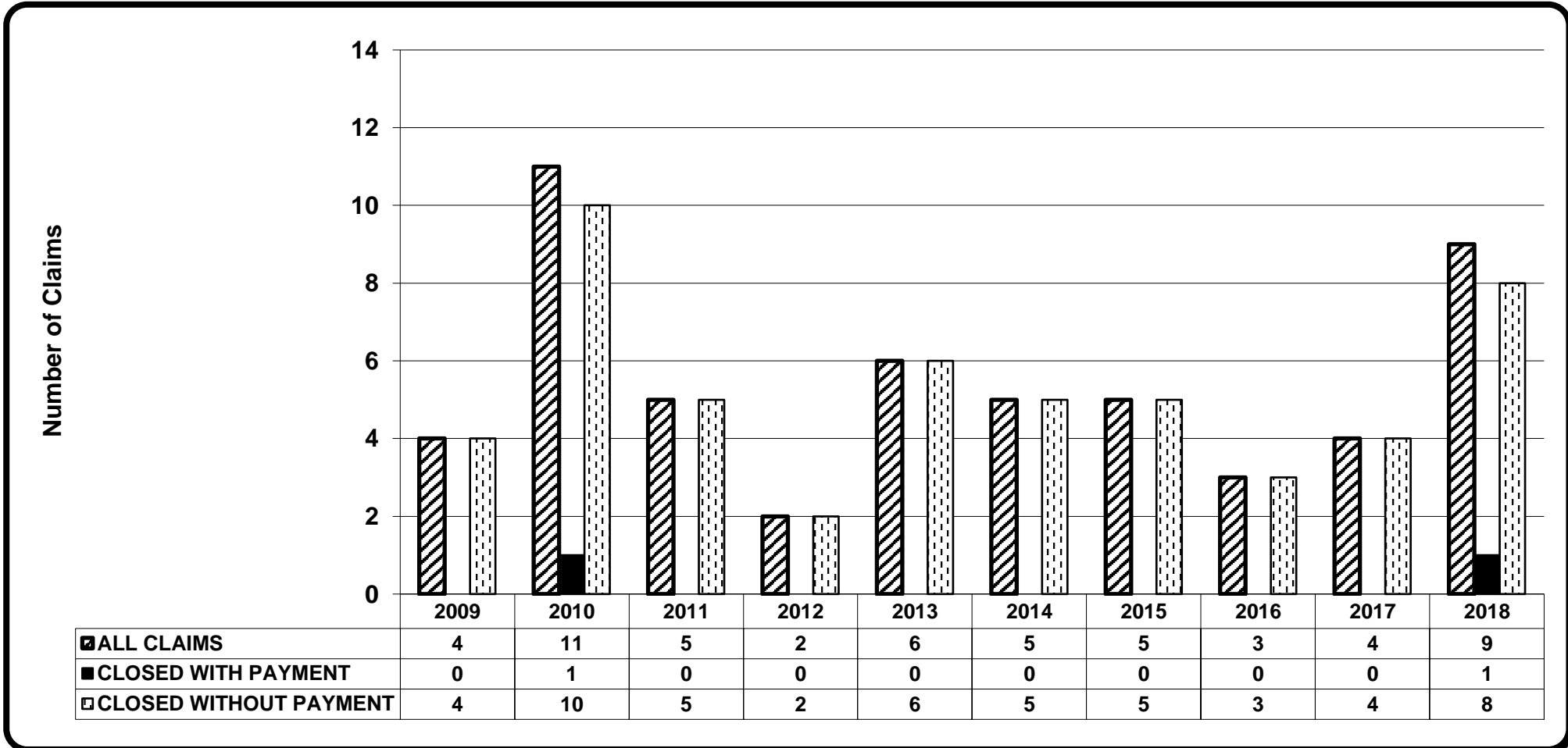


## AFTER APPEAL

### AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

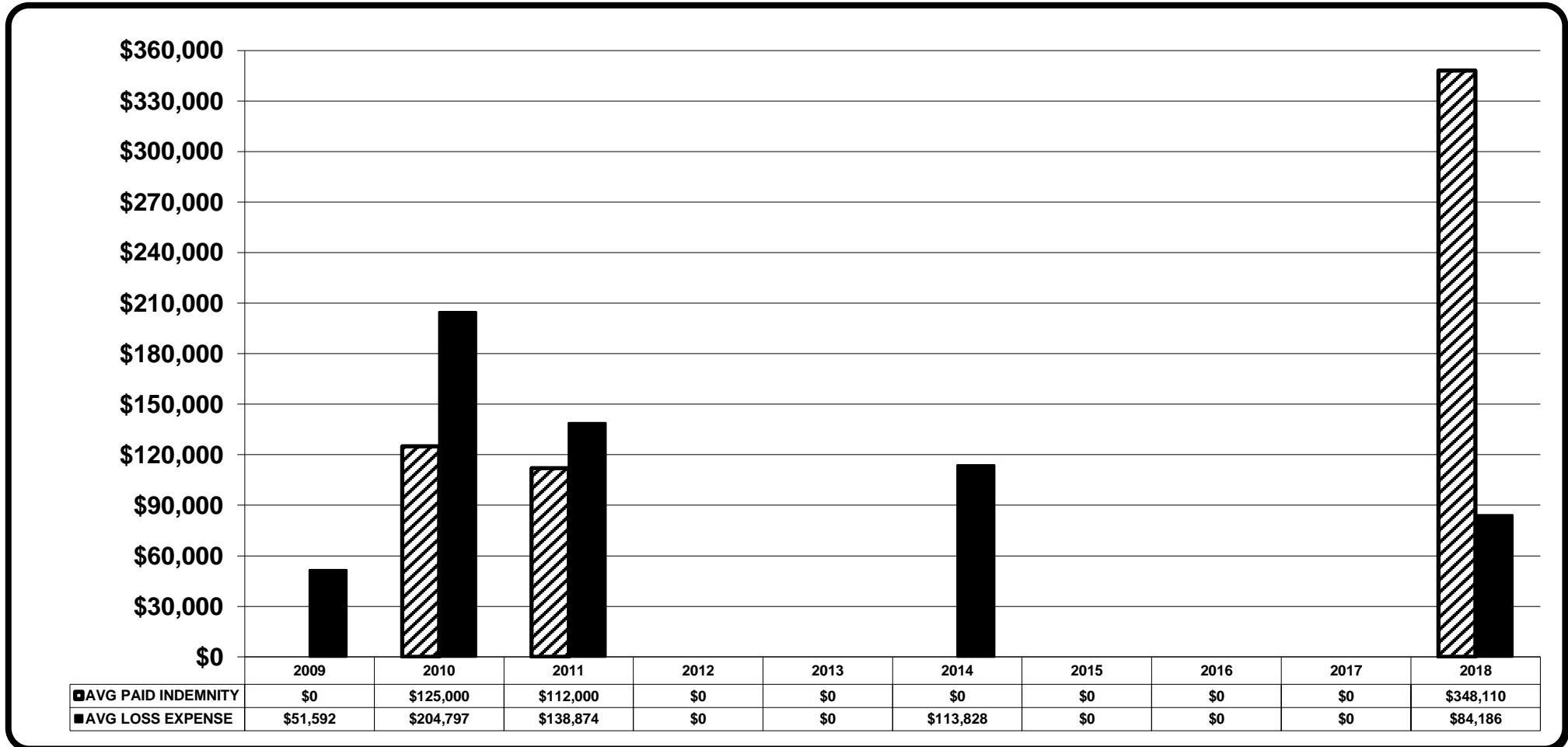


### CLAIM COUNT

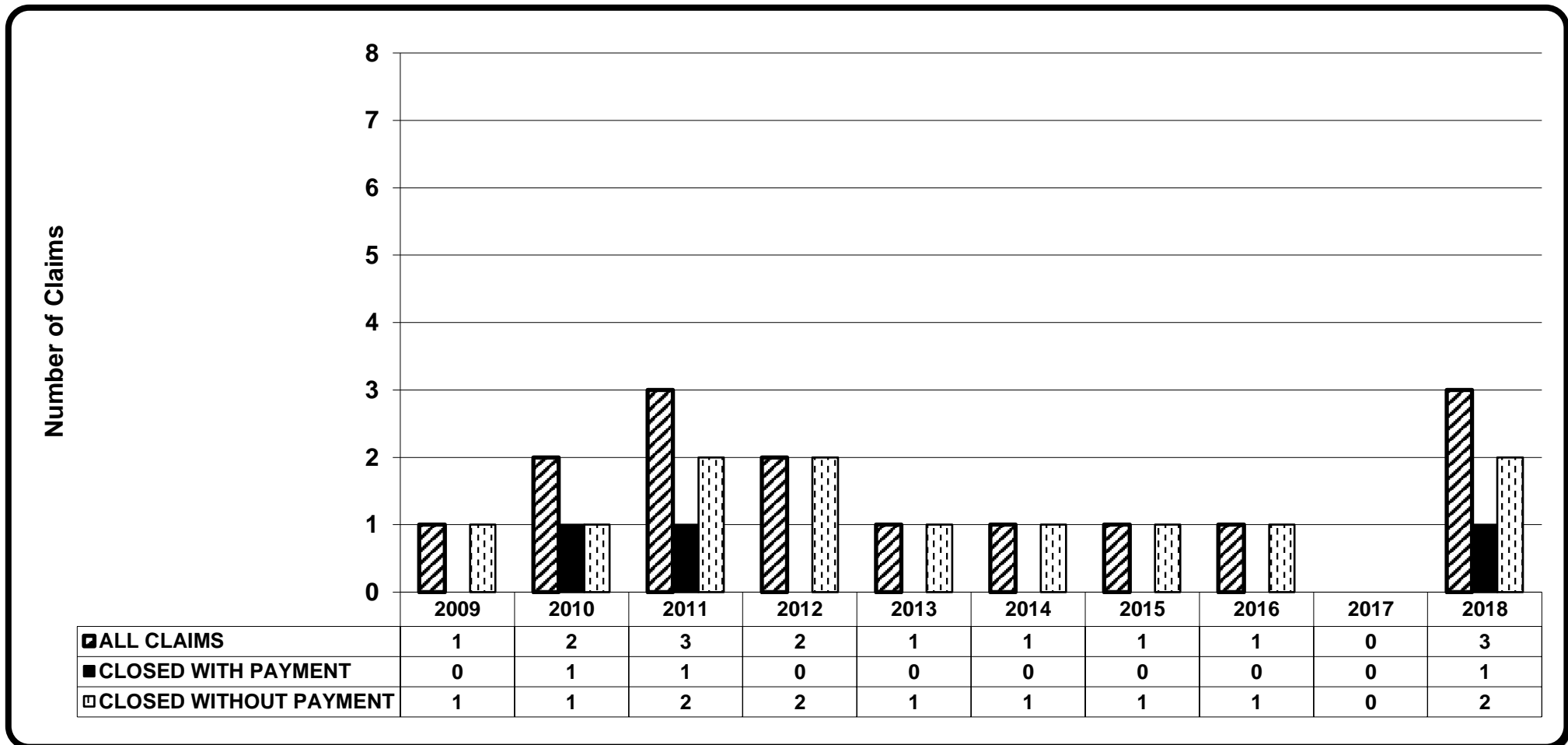


## DURING APPEAL

### AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

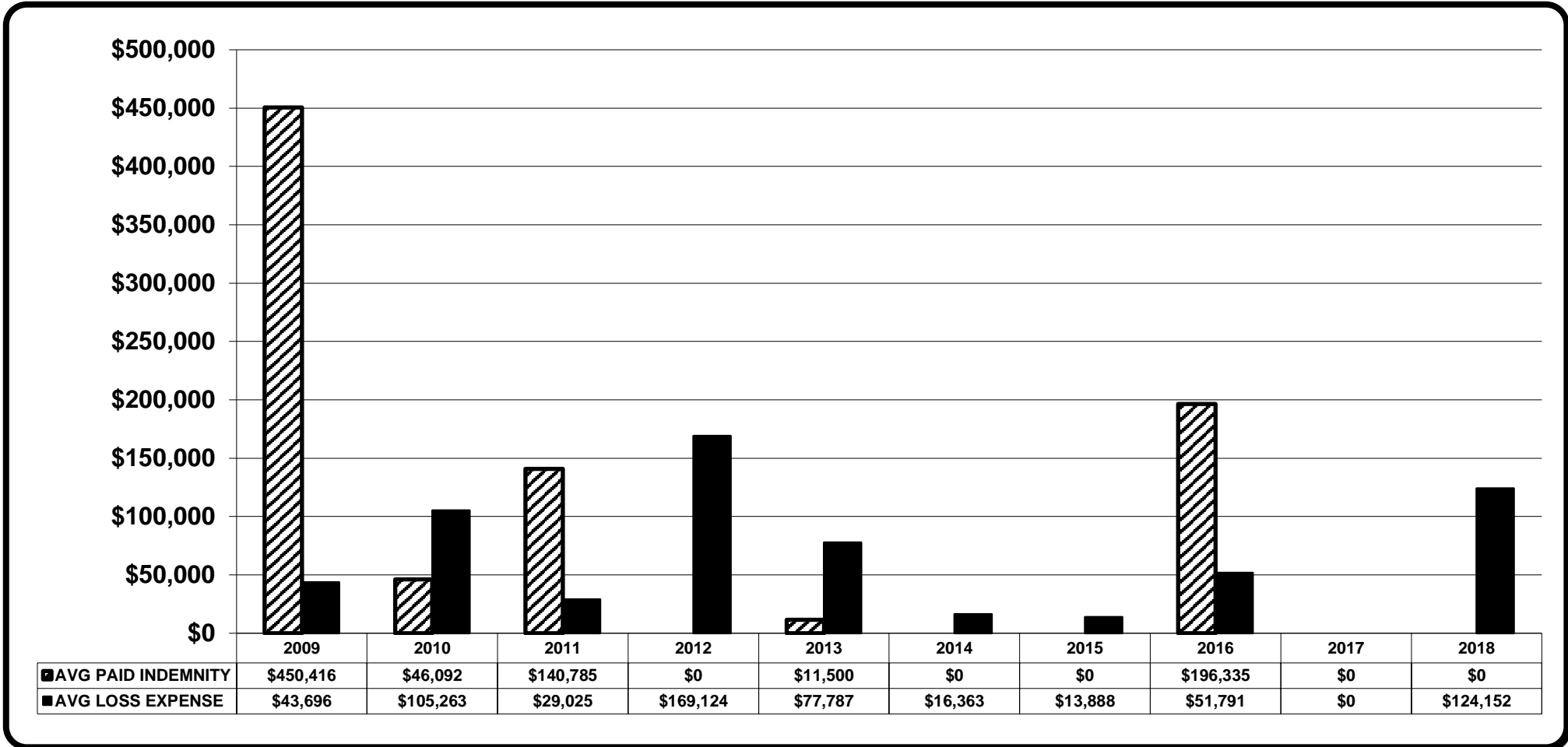


## CLAIM COUNT

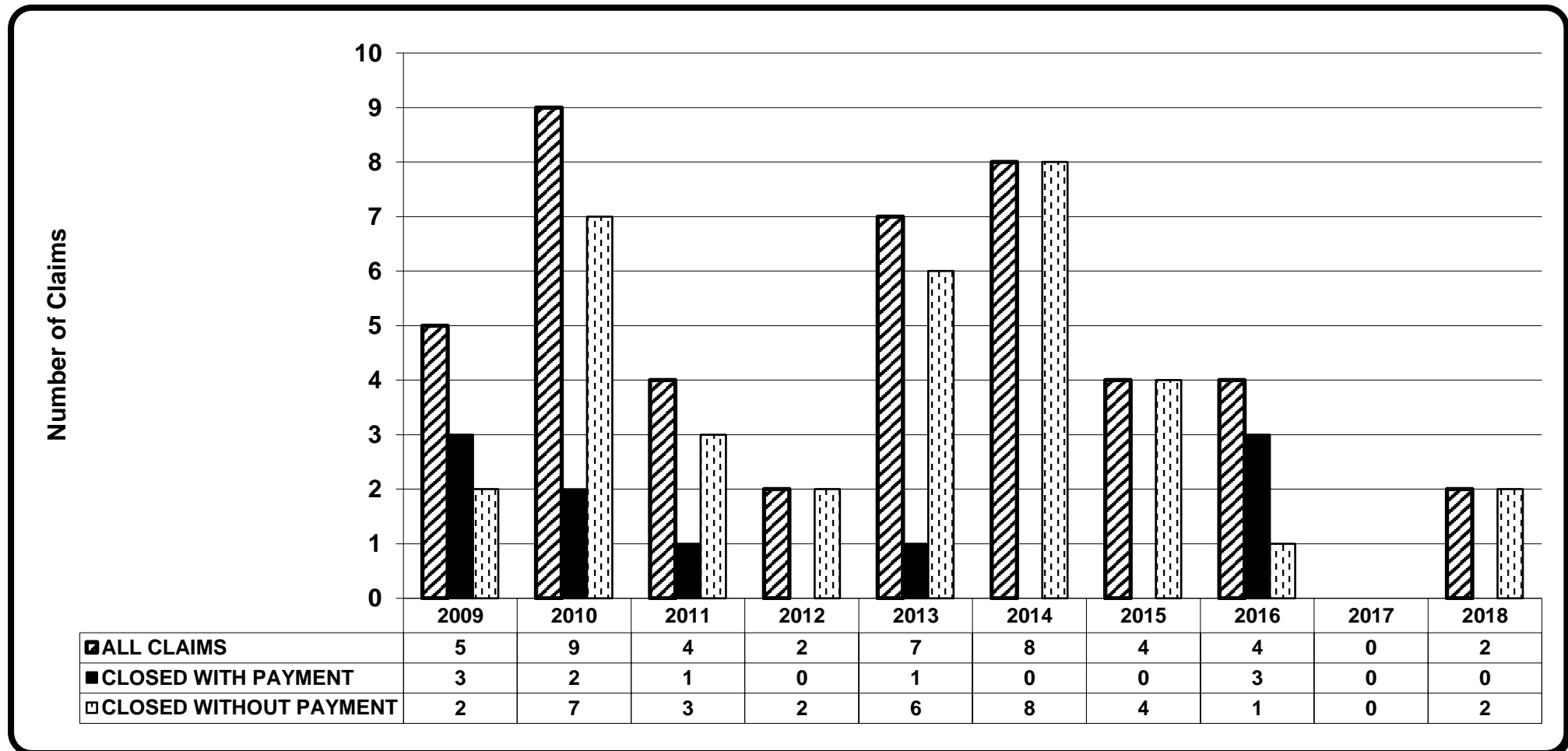


## AFTER JUDGMENT, BEFORE APPEAL

### AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

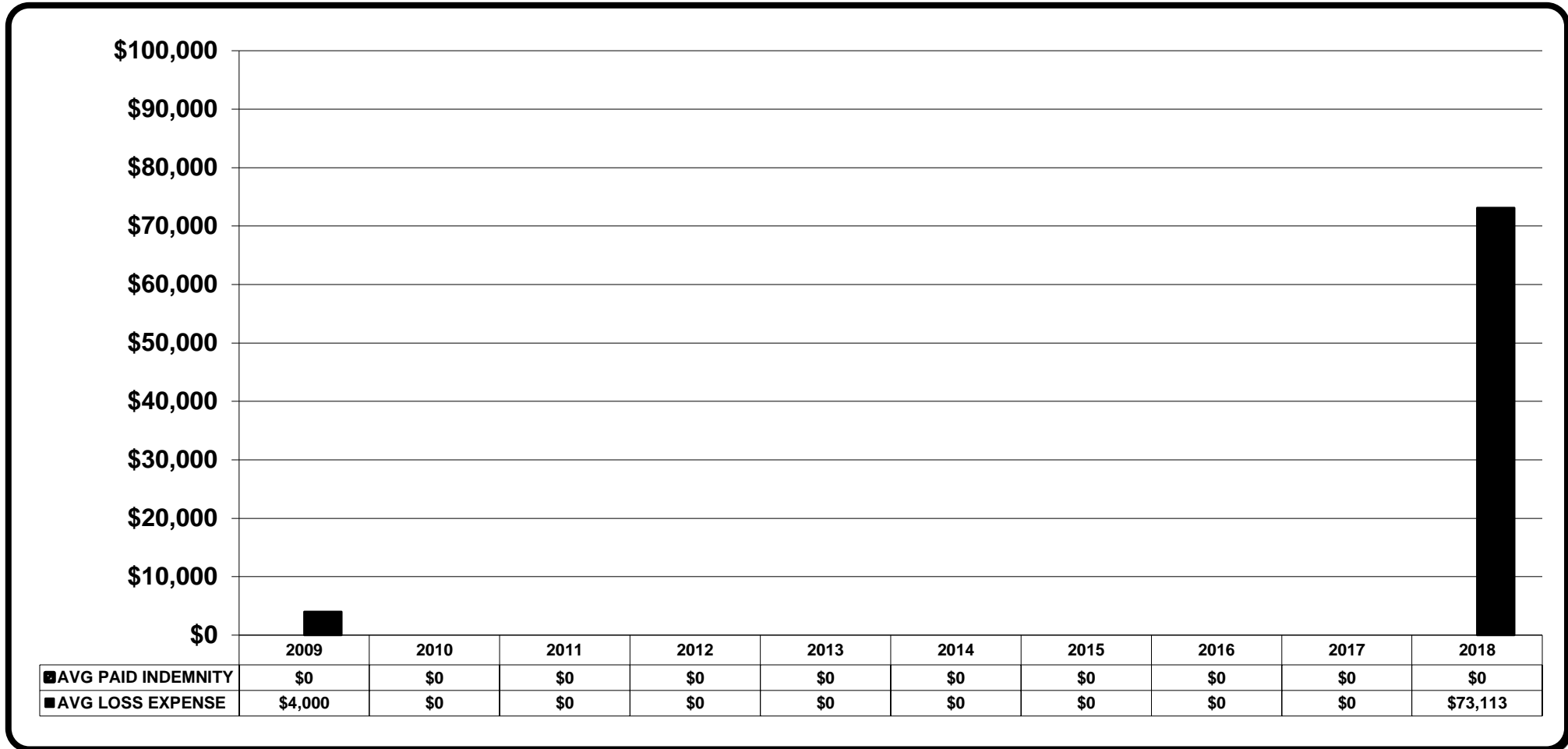


### CLAIM COUNT

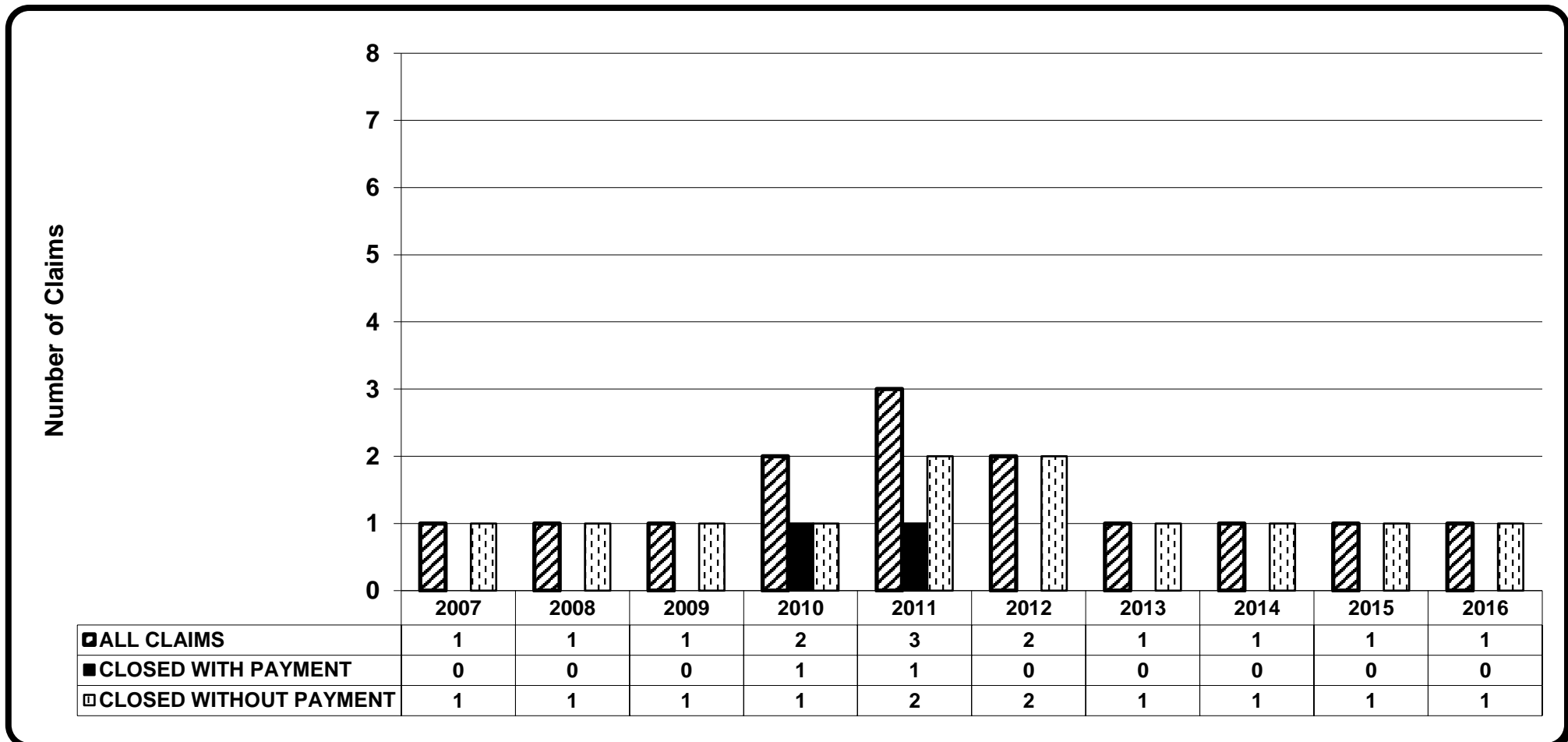


## DURING REVIEW PANEL

### AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

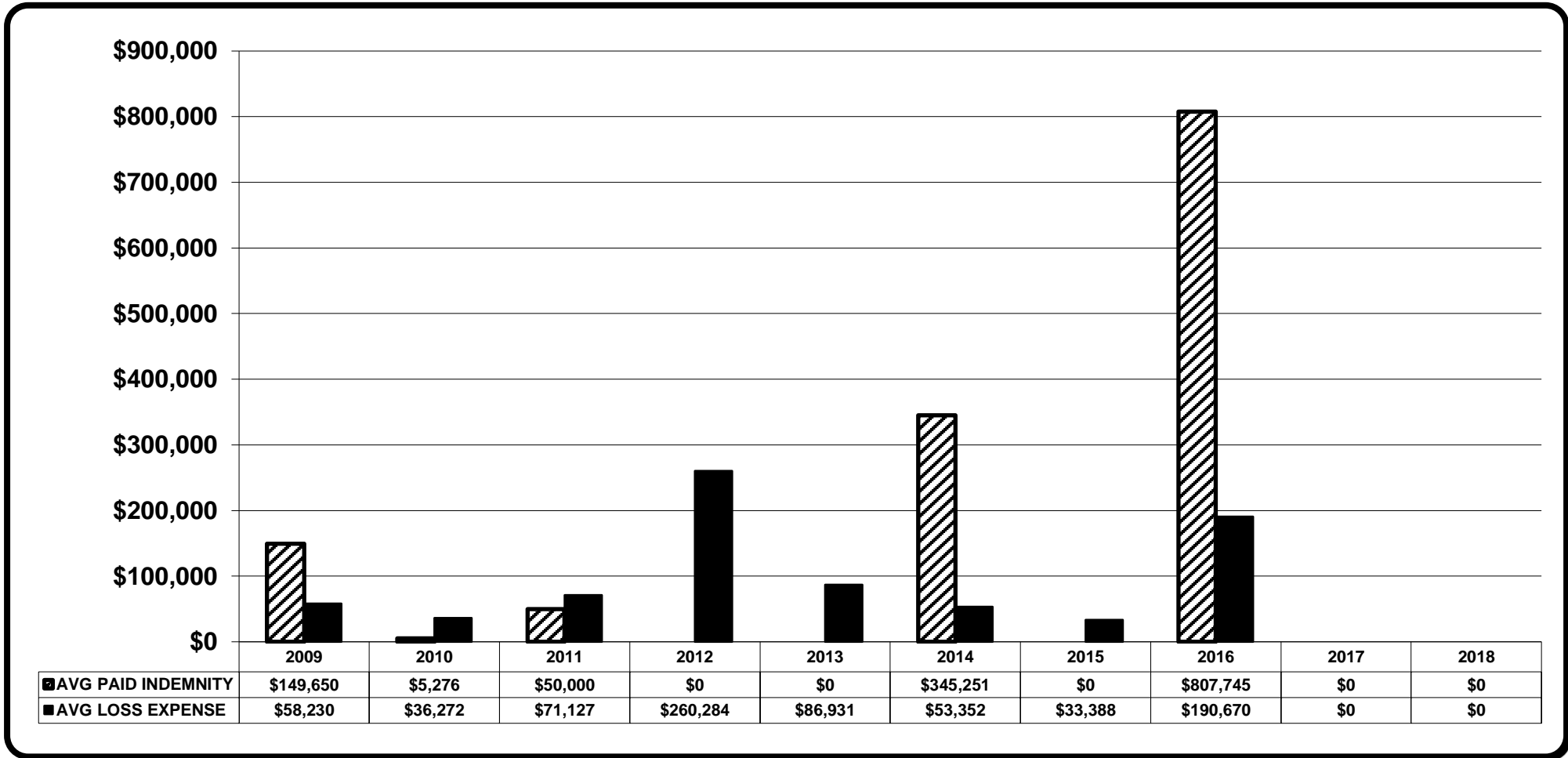


### CLAIM COUNT

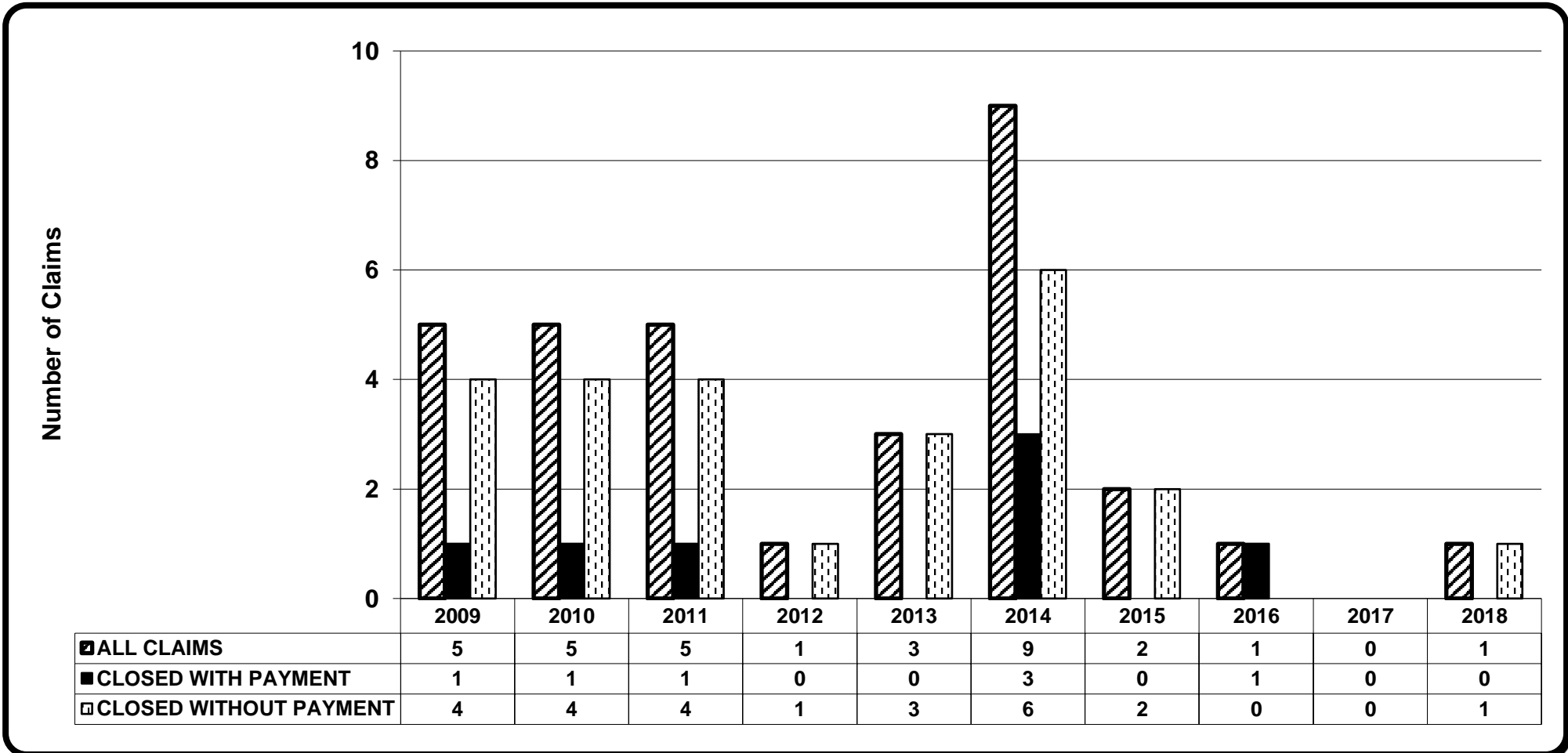


## DURING TRIAL OR HEARING

### AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE



### CLAIM COUNT





**TEN YEAR SUMMARY  
&  
2018 SUMMARY  
BY  
YEARS ADMITTED TO PRACTICE**



**LEGAL MALPRACTICE INSURANCE  
INDEMNITY ANALYSIS  
FOR YEARS 2009-2018**

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	1,928	499	93.27%	\$144,119	\$71,915,426	94.76%	\$21,393
4 TO 10 YEARS	87	30	5.61%	\$92,450	\$2,773,499	3.65%	\$8,828
UNDER 4 YEARS	20	6	1.12%	\$200,417	\$1,202,500	1.58%	\$21,973
<b>TOTAL</b>	<b>2,035</b>	<b>535</b>	<b>100.00%</b>	<b>\$141,853</b>	<b>\$75,891,425</b>	<b>100.00%</b>	<b>\$20,862</b>

**LEGAL MALPRACTICE INSURANCE  
INDEMNITY ANALYSIS  
CLAIMS CLOSED IN 2018**

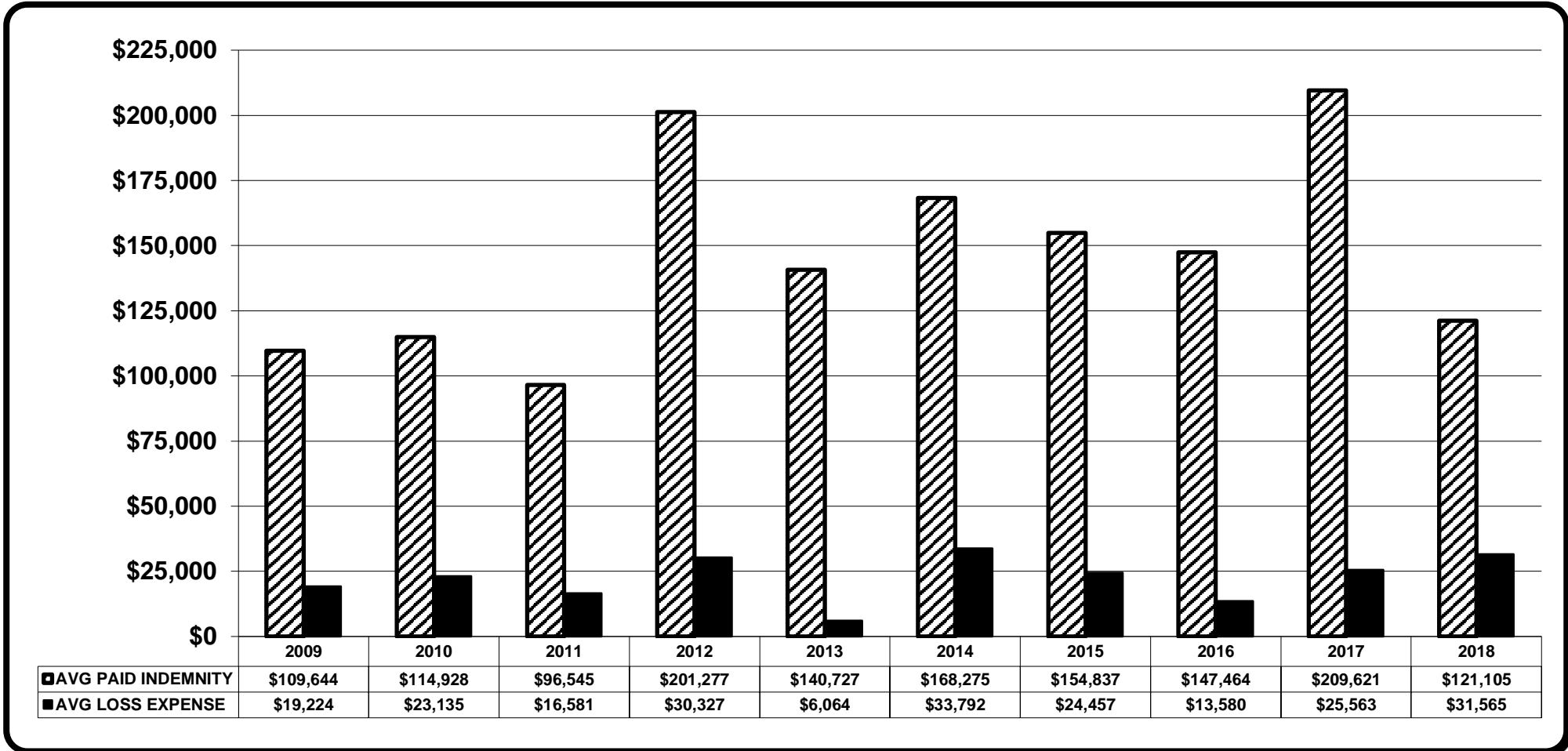
YEARS ADMITTED TO PRACTICE	ALL CLOSED CLAIMS	NUMBER OF PAID CLAIMS	PERCENT OF PAID CLAIMS	AVERAGE INDEMNITY PAID PER PAID CLAIM	TOTAL INDEMNITY	PERCENT OF TOTAL INDEMNITY	AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS
OVER 10 YEARS	121	45	91.84%	\$121,105	\$5,449,725	95.10%	\$31,565
4 TO 10 YEARS	12	3	6.12%	\$86,866	\$260,597	4.55%	\$10,998
UNDER 4 YEARS	7	1	2.04%	\$20,000	\$20,000	0.35%	\$35,696
<b>TOTAL</b>	<b>140</b>	<b>49</b>	<b>100.00%</b>	<b>\$116,945</b>	<b>\$5,730,322</b>	<b>100.00%</b>	<b>\$30,009</b>

**TRENDS  
OF  
YEARS ADMITTED TO PRACTICE  
FOR 2018**

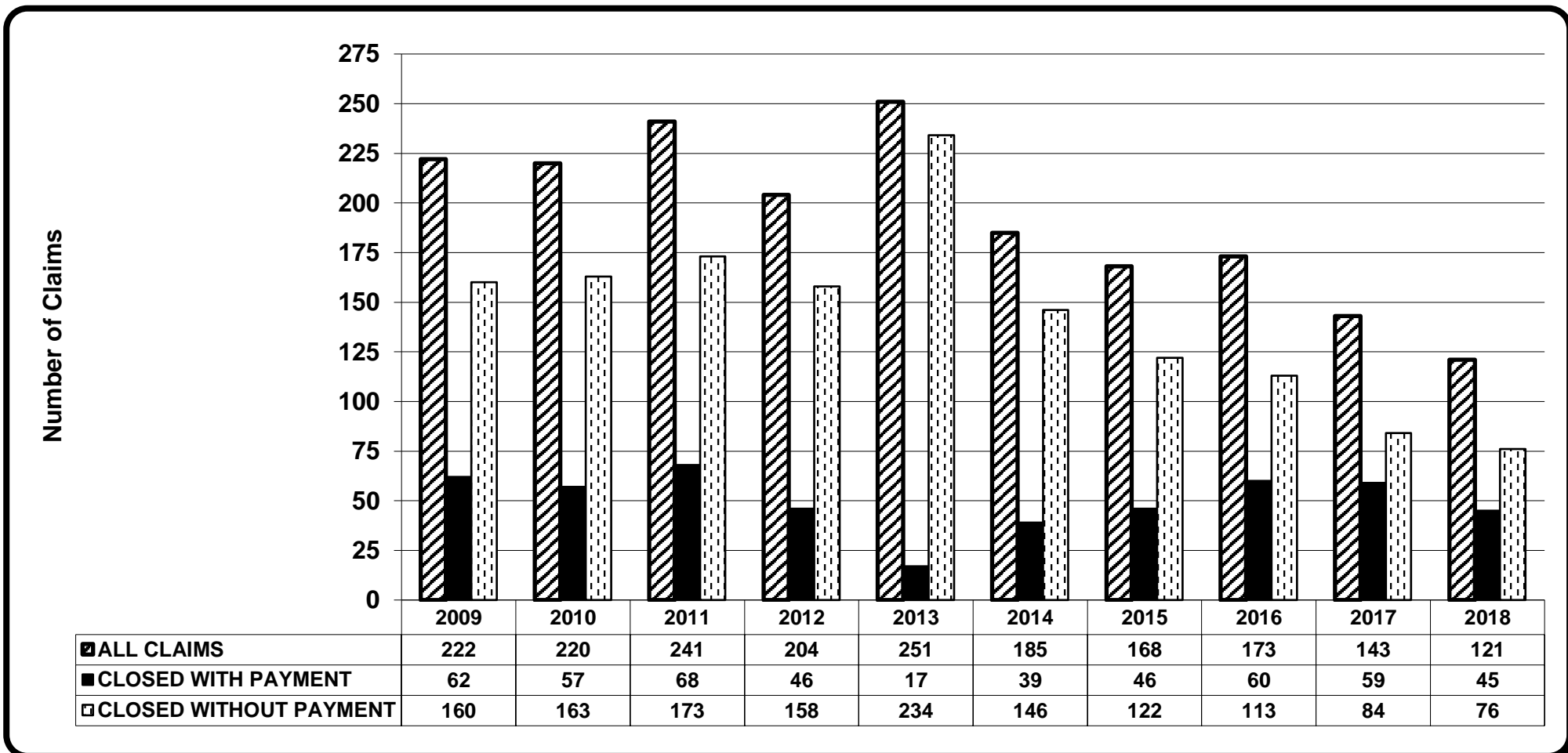


## OVER 10 YEARS

### AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

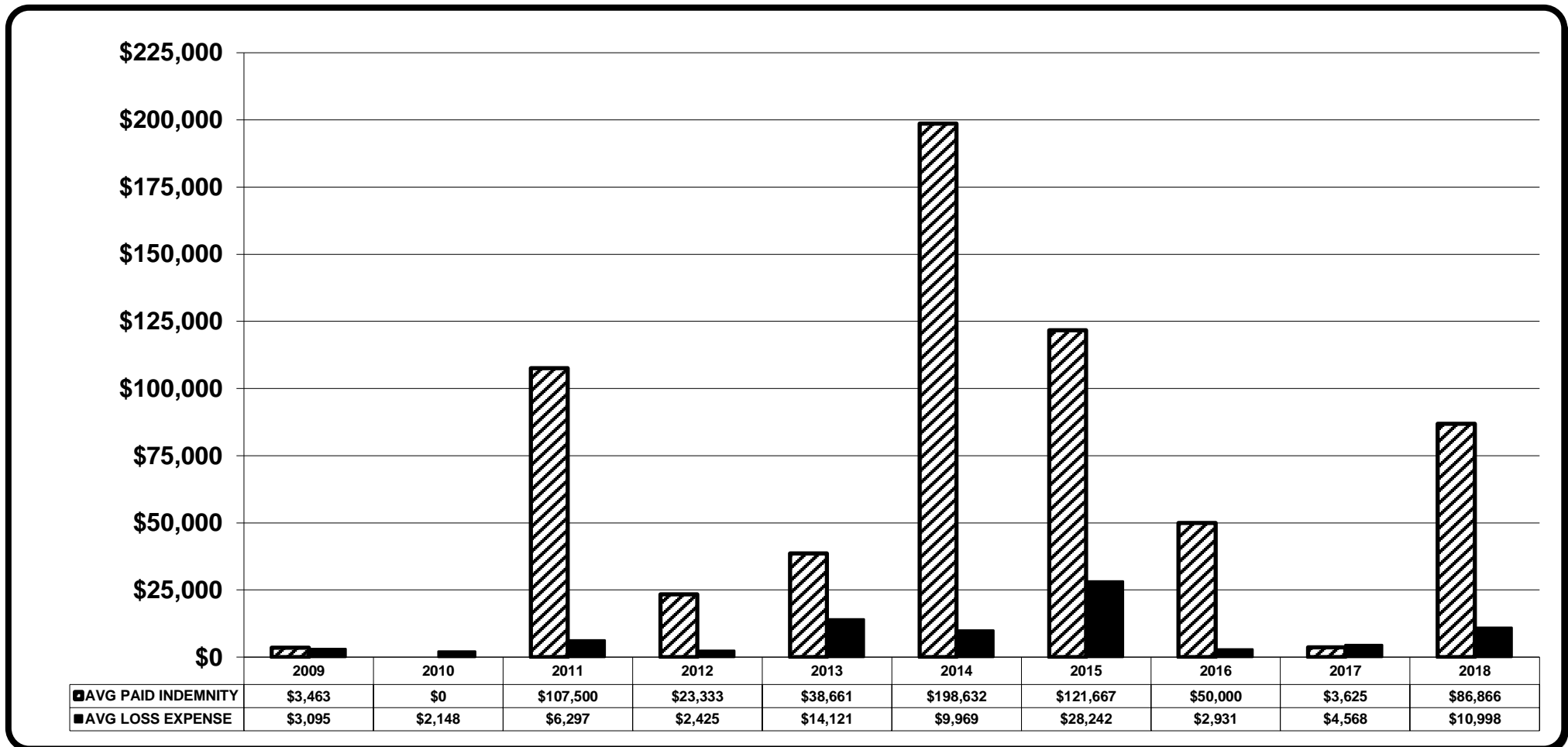


### CLAIM COUNT

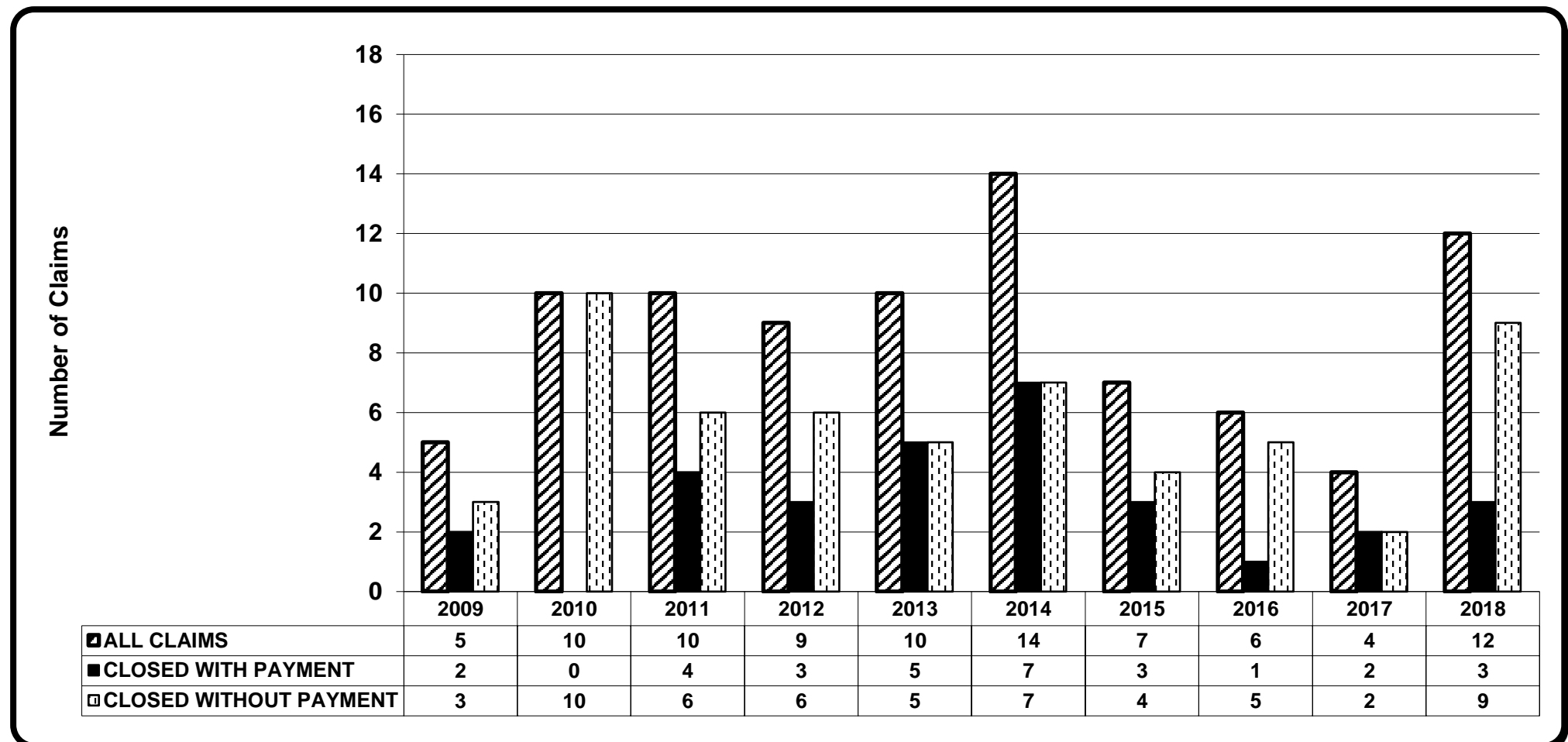


## 4 TO 10 YEARS

### AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE



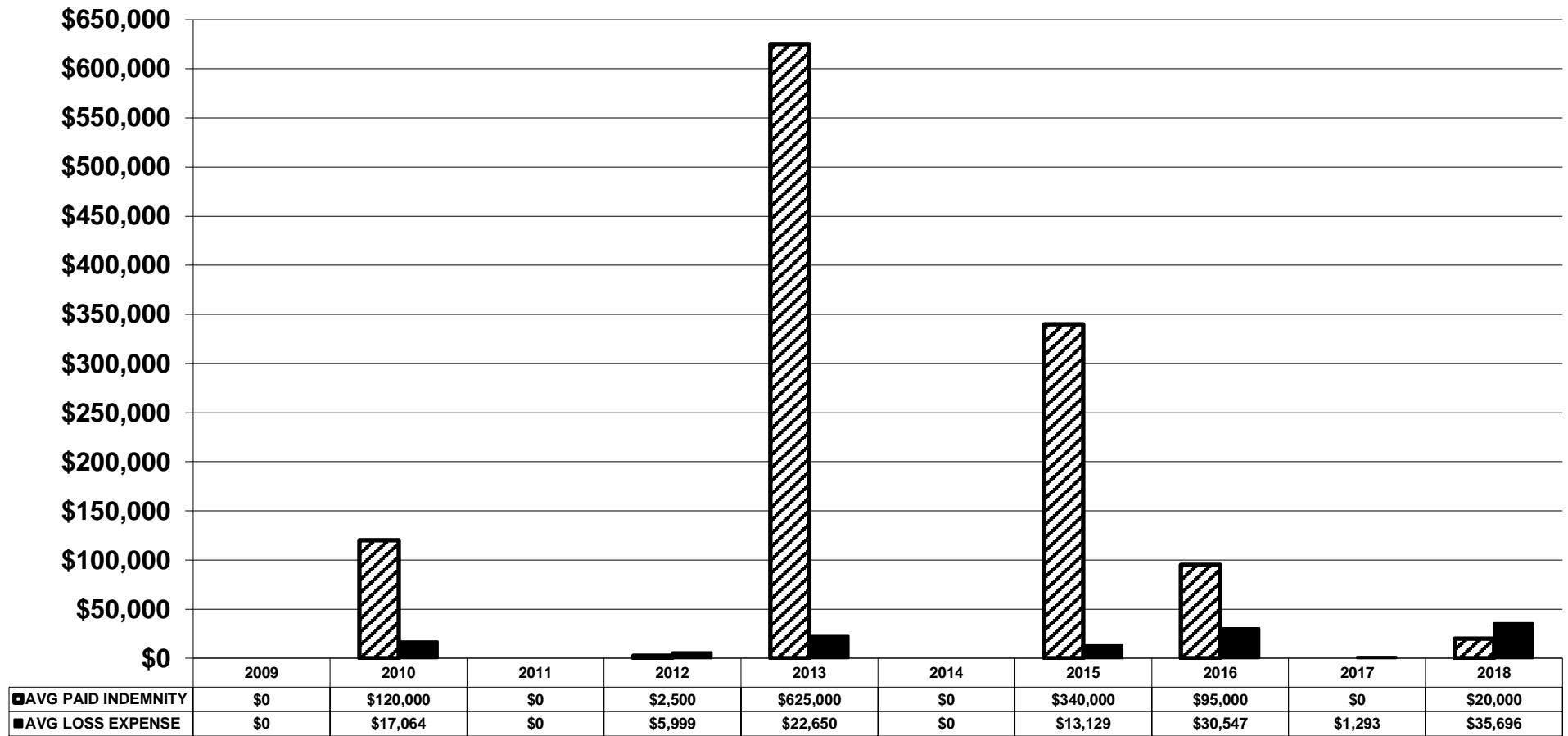
### CLAIM COUNT



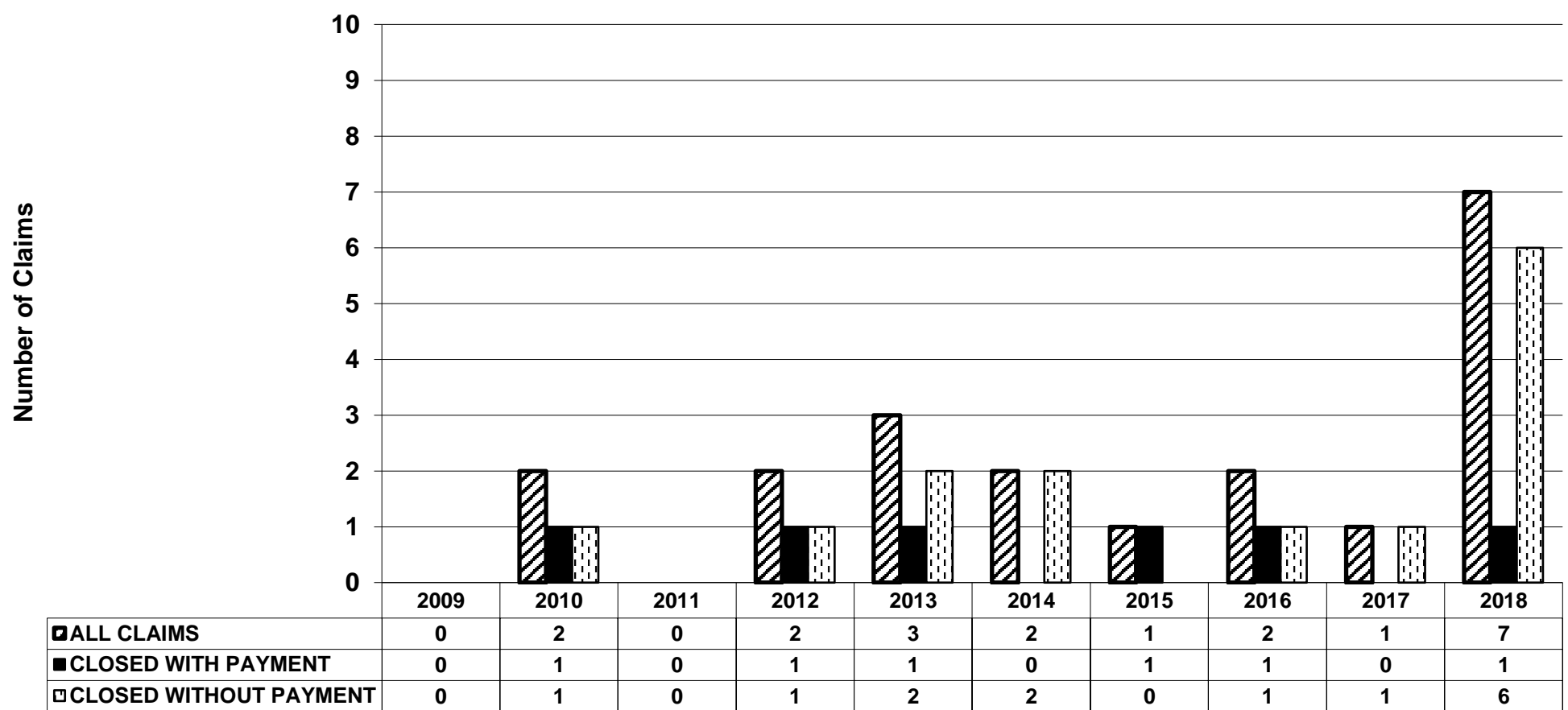


## UNDER 4 YEARS

### AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE



### CLAIM COUNT





**TEN YEAR SUMMARY  
&  
2018 SUMMARY  
BY  
INSURED/CLAIMANT RELATIONSHIP**



**LEGAL MALPRACTICE INSURANCE  
INDEMNITY ANALYSIS  
FOR YEARS 2009-2018**

INSURED'S RELATIONSHIP TO THE CLAIMANT	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
CLIENT OTHER THAN ABOVE	1,418	422	78.88%	\$156,567	\$66,071,208	87.06%	\$23,004
NON-CLIENT	606	110	20.56%	\$85,016	\$9,351,717	12.32%	\$14,215
MEMBER PRE-PAID LEGAL PLAN	8	3	0.56%	\$156,167	\$468,500	0.62%	\$77,768
FREE LEGAL SERVICE	3	0	0.00%	N/A	\$0	0.00%	\$199,386
<b>TOTAL</b>	<b>2,035</b>	<b>535</b>	<b>100.00%</b>	<b>\$141,853</b>	<b>\$75,891,425</b>	<b>100.00%</b>	<b>\$20,862</b>

**LEGAL MALPRACTICE INSURANCE  
INDEMNITY ANALYSIS  
CLAIMS CLOSED IN 2018**

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	94	35	71.43%	\$84,926	\$2,972,400	51.87%	\$31,227
NON-CLIENT	46	14	28.57%	\$196,994	\$2,757,922	48.13%	\$27,519
<b>TOTAL</b>	<b>140</b>	<b>49</b>	<b>100.00%</b>	<b>\$116,945</b>	<b>\$5,730,322</b>	<b>100.00%</b>	<b>\$30,009</b>

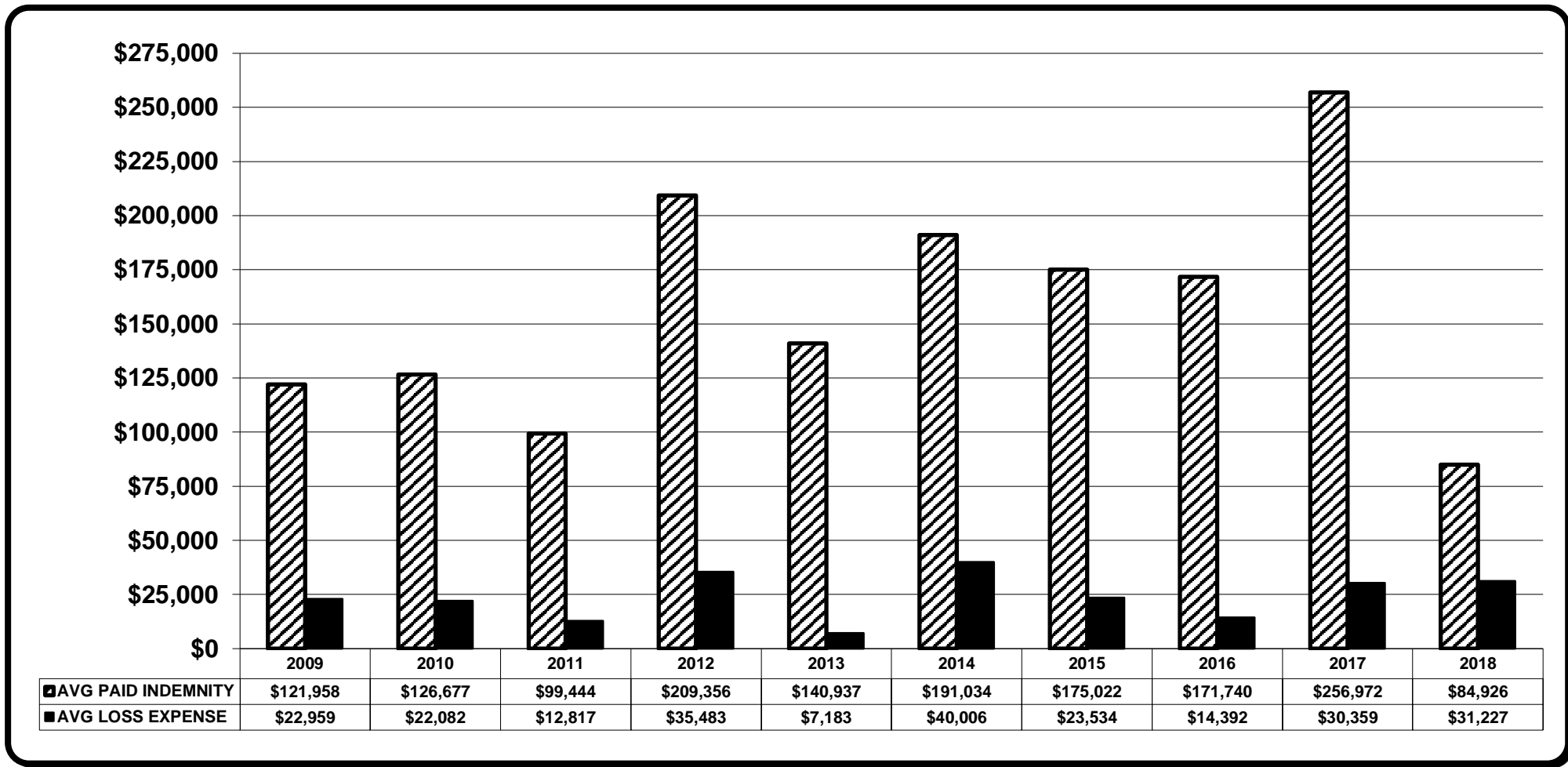
**TRENDS  
OF  
INSURED/CLAIMANT  
RELATIONSHIP  
FOR 2018**



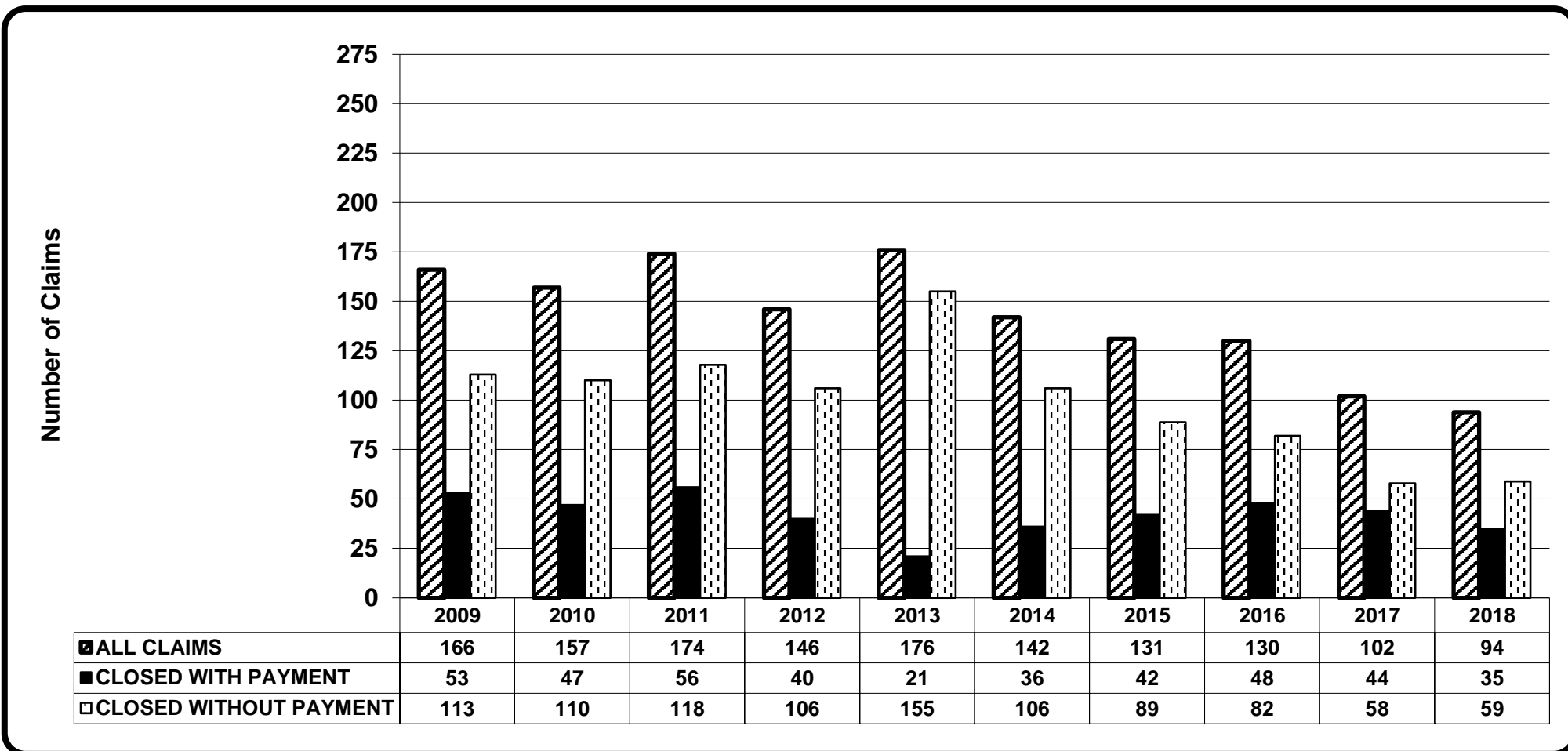


## CLIENT OTHER THAN FREE LEGAL SERVICE OR MEMBER OF PRE-PAID LEGAL PLAN

### AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

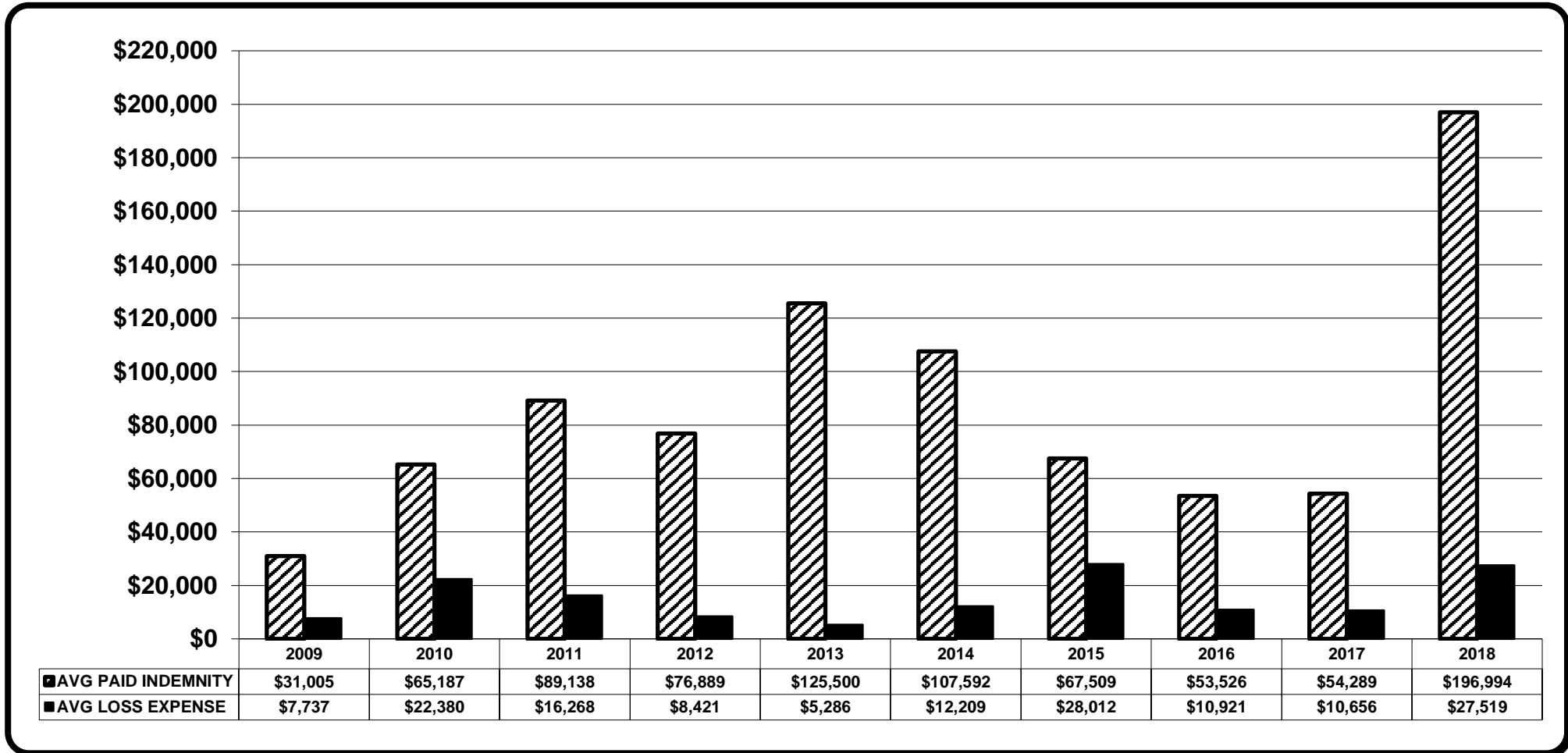


### CLAIM COUNT

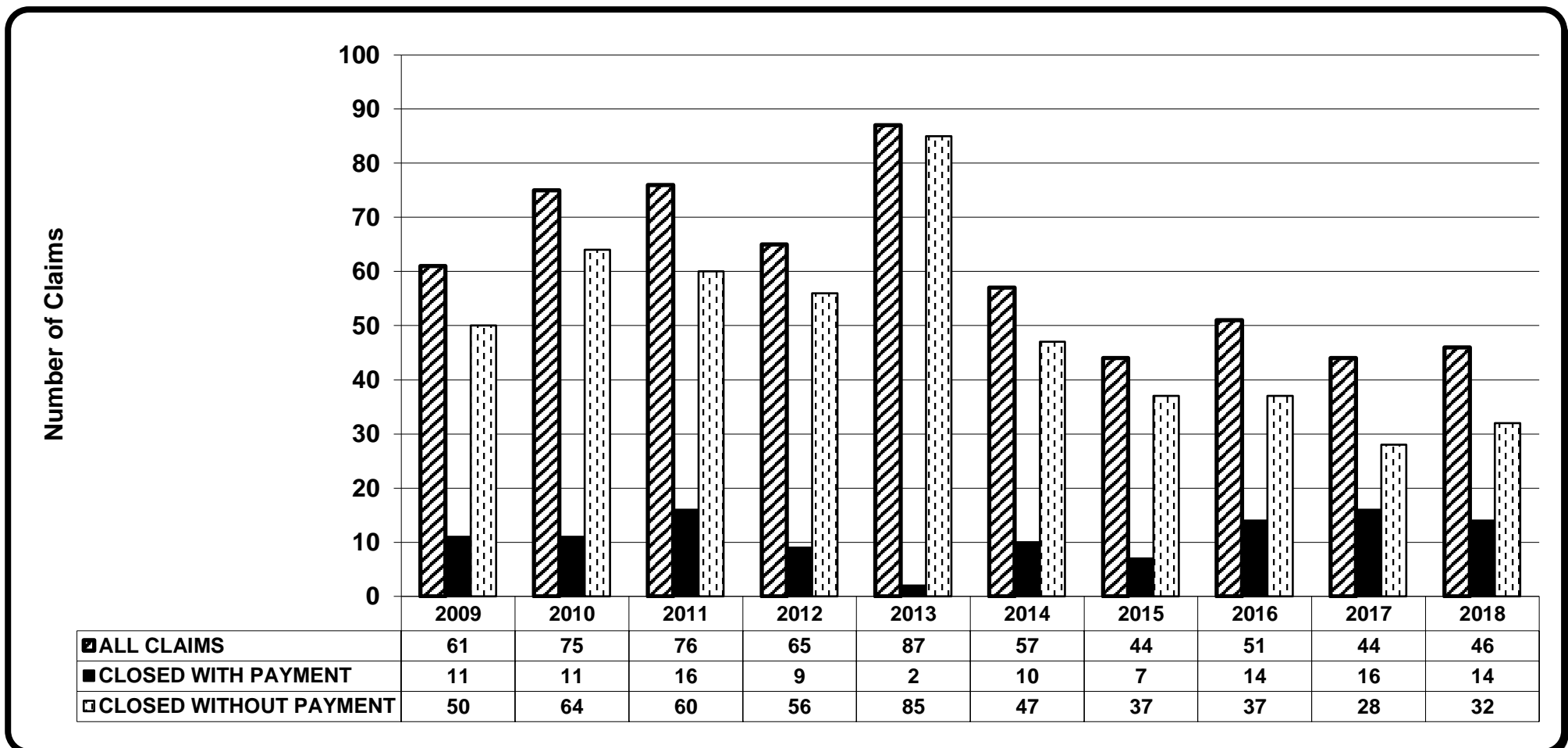


## NON-CLIENT

### AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE



### CLAIM COUNT



# **PREMIUM AND LOSS DATA**



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

**2018 EXPERIENCE**

NAIC Company Code	Company Name	Market Share	Written Premium	Earned Premium	Incurred Losses	Loss Ratio
29513	BAR PLAN MUTUAL INSURANCE COMPANY THE	59.49%	\$9,122,254	\$9,583,393	\$3,877,893	40.46%
20443	CONTINENTAL CASUALTY COMPANY	19.24%	\$2,949,963	\$3,190,618	\$2,078,937	65.16%
32450	ALPS PROPERTY & CASUALTY COMPANY	6.86%	\$1,052,411	\$976,736	\$235,545	24.12%
22292	HANOVER INSURANCE COMPANY THE	4.99%	\$765,192	\$771,829	(\$850,906)	-110.25%
24147	OLD REPUBLIC INSURANCE COMPANY	2.24%	\$343,272	\$382,130	\$332,896	87.12%
37273	AXIS INSURANCE COMPANY	1.74%	\$266,091	\$258,632	\$532,719	205.98%
31194	TRAVELERS CASUALTY AND SURETY CO OF AMER	1.47%	\$225,302	\$212,846	\$30,059	14.12%
23841	NEW HAMPSHIRE INSURANCE COMPANY	1.24%	\$190,091	\$190,127	\$6,700	3.52%
22730	ALLIED WORLD INSURANCE COMPANY	1.19%	\$182,836	\$202,541	\$55,695	27.50%
29459	TWIN CITY FIRE INSURANCE COMPANY	0.84%	\$128,288	\$78,987	\$11,930	15.10%
19518	CATLIN INSURANCE COMPANY INC	0.53%	\$81,517	\$80,607	(\$34,593)	-42.92%
11000	SENTINEL INSURANCE COMPANY LTD	0.06%	\$9,393	\$4,928	\$0	0.00%
22322	GREENWICH INSURANCE COMPANY	0.05%	\$7,036	\$6,416	(\$12,023)	-187.39%
29424	HARTFORD CASUALTY INSURANCE CO	0.03%	\$5,070	\$2,636	\$0	0.00%
16624	ALLIED WORLD SPECIALTY INSURANCE COMPANY	0.03%	\$4,326	\$4,136	\$5,912	142.94%
15865	NCMIC INSURANCE COMPANY	0.00%	\$0	\$0	(\$142)	N/A
16691	GREAT AMERICAN INSURANCE COMPANY	0.00%	\$0	\$0	(\$26,729)	N/A
21970	BEDIVERE INSURANCE COMPANY	0.00%	\$0	\$0	(\$100)	N/A
22136	GREAT AMERICAN INSURANCE CO OF NEW YORK	0.00%	\$0	\$0	(\$17)	N/A
26344	GREAT AMERICAN ASSURANCE COMPANY	0.00%	\$0	\$0	(\$2)	N/A
27154	ATLANTIC SPECIALTY INSURANCE COMPANY	0.00%	\$0	\$0	(\$115,828)	N/A
TOTAL		100.00%	\$15,333,042	\$15,946,562	\$6,127,946	38.43%

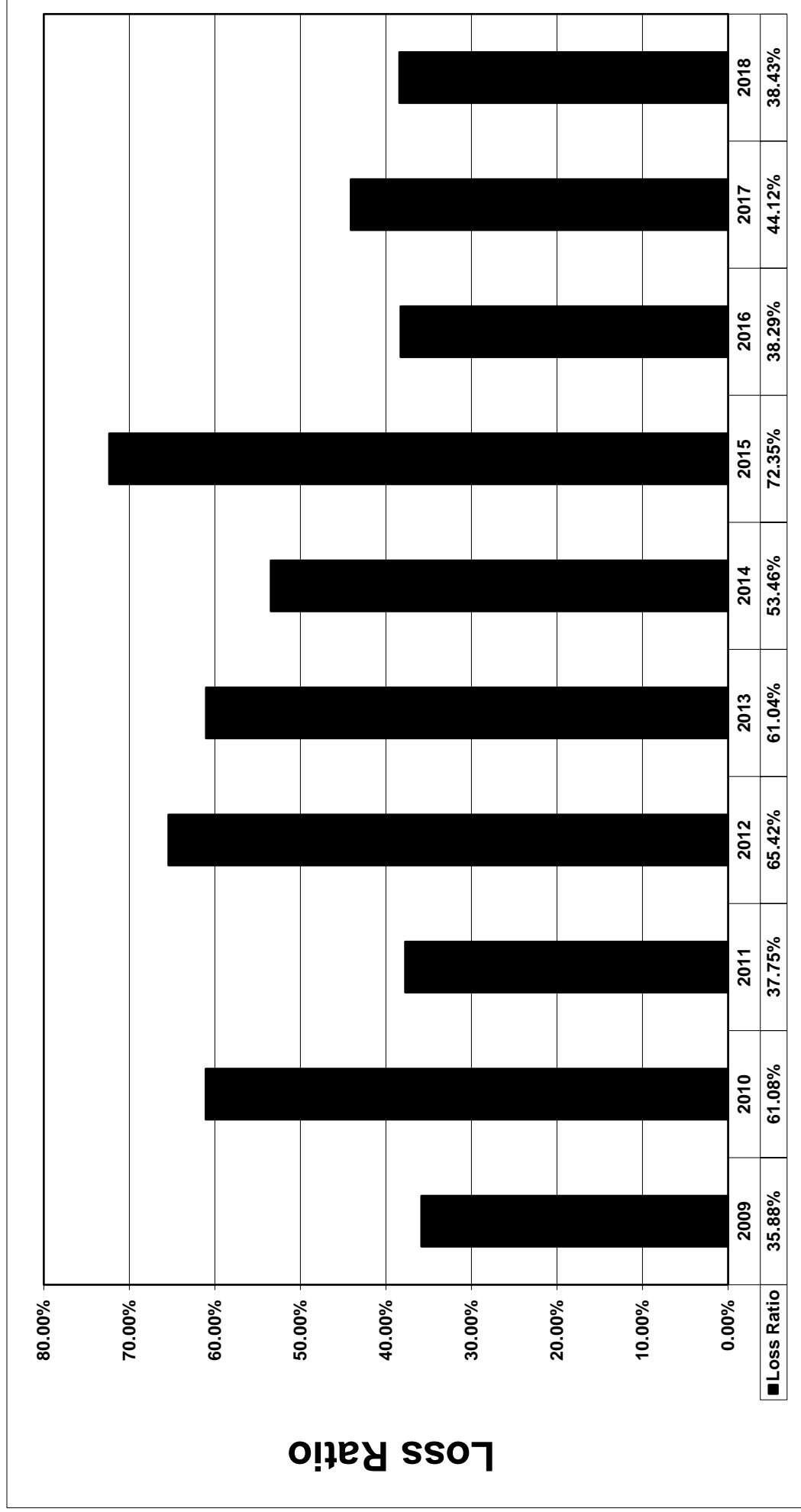
**PAGE 19 SUPPLEMENT  
LEGAL MALPRACTICE EXPERIENCE**

**TEN YEAR SUMMARY**

<b>YEAR</b>	<b>Written Premium</b>	<b>Earned Premium</b>	<b>Incurred Losses</b>	<b>Loss Ratio</b>
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%
2018	\$15,333,042	\$15,946,562	\$6,127,946	38.43%
<b>10-YEAR TOTAL</b>	<b>\$157,460,124</b>	<b>\$158,023,643</b>	<b>\$80,161,334</b>	<b>50.73%</b>

PAGE 19 SUPPLEMENT  
 LEGAL MALPRACTICE EXPERIENCE

TEN YEAR LOSS RATIO SUMMARY







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