



DEPARTMENT OF COMMERCE & INSURANCE

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

ORDER

After full consideration and review of the report of the financial examination of The Bar Plan Mutual Insurance Company for the period ended December 31, 2024, together with any written submissions or rebuttals and any relevant portions of the examiner's workpapers, I, Angela L. Nelson, Director of the Missouri Department of Commerce and Insurance pursuant to section 374.205.3(3)(a), RSMo, adopt such examination report. After my consideration and review of such report, workpapers, and written submissions or rebuttals, I hereby incorporate by reference and deem the following parts of such report to be my findings and conclusions to accompany this order pursuant to section 374.205.3(4), RSMo: summary of significant finding, company history, management and control, territory and plan of operation, growth of company and loss experience, reinsurance, accounts and records, financial statements, comments on financial statement items, financial statement changes resulting from examination, and summary of recommendations.

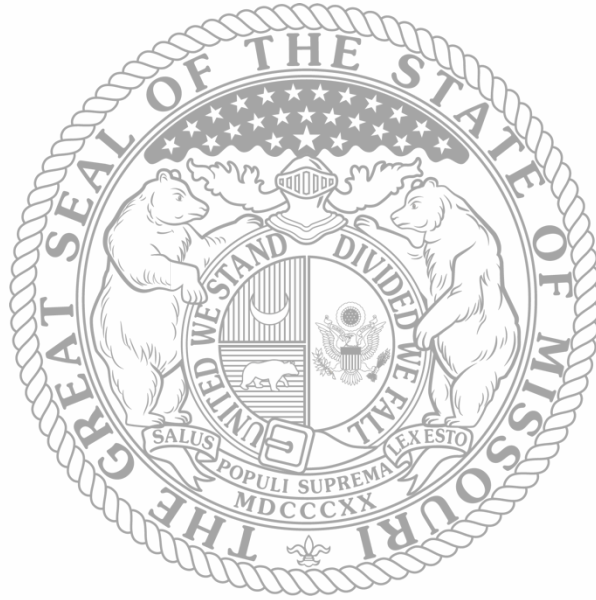
Based on such findings and conclusions, I hereby ORDER that the report of the financial examination of The Bar Plan Mutual Insurance Company as of December 31, 2024, be and is hereby ADOPTED as filed and for The Bar Plan Mutual Insurance Company to take the following action or actions, which I consider necessary to cure any violation of law, regulation or prior order of the Director revealed by such report: (1) account for its financial condition and affairs in a manner consistent with the Director's findings and conclusions.

So ordered, signed and official seal affixed this 23rd day of March, 2026.



A handwritten signature in blue ink, reading "Angela L. Nelson", is written over a horizontal line.

Angela L. Nelson, Director
Department of Commerce and Insurance



REPORT OF
FINANCIAL EXAMINATION OF

THE BAR PLAN MUTUAL INSURANCE COMPANY

AS OF
DECEMBER 31, 2024

STATE OF MISSOURI
DEPARTMENT OF COMMERCE & INSURANCE

JEFFERSON CITY, MISSOURI

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St. Louis, MO
February 13, 2026

Honorable Angela L. Nelson, Director
Missouri Department of Commerce and Insurance
301 West High Street, Room 530
Jefferson City, Missouri 65101

Director Nelson:

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

The Bar Plan Mutual Insurance Company (NAIC #29513)

hereinafter referred to as such, as BPM, or as the Company. Its administrative office is located at 622 Emerson Road, Suite 100, St. Louis, Missouri 63141, telephone number (314) 965-3333. The fieldwork for this examination began on April 21, 2025, and concluded on the above date.

SCOPE OF EXAMINATION

Period Covered

The Missouri Department of Commerce and Insurance (Department) has performed a multi-state financial examination of The Bar Plan Mutual Insurance Company. The last examination of the Company by the Department covered the period of January 1, 2017, through December 31, 2019. The current examination covers the period of January 1, 2020, through December 31, 2024, as well as a review of any material transactions and events occurring subsequent to the examination period through the date of this report.

Procedures

We conducted our examination in accordance with the National Association of Insurance Commissioners (NAIC) *Financial Condition Examiners Handbook (Handbook)*, except where practices, procedures, and applicable regulations of the Department or statutes of the state of Missouri prevailed. The *Handbook* requires that we plan and perform the examination to evaluate the financial condition, assess corporate governance, identify current and prospective risks of the Company, and evaluate system controls and procedures used to mitigate those risks. An examination also includes the identification and evaluation of significant risks that could cause the Company's surplus to be materially misstated, both on a current and prospective basis.

This examination also included a review of significant estimates made by management and evaluation of management's compliance with Statutory Accounting Principles. The examination does not attest to the fair presentation of the financial statements included herein. If, during the course of the examination an adjustment is identified, the impact of such adjustment will be documented separately following the Company's financial statements.

All accounts and activities of the Company were considered in accordance with the risk-focused examination process. Those activities considered in the examination as key to BPM included Claims & Reserving, Investments, Premiums & Underwriting, Reinsurance, Related Parties, Capital & Surplus, and Expenses. The examination also included a review and evaluation of information technology general controls.

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

SUMMARY OF SIGNIFICANT FINDINGS

There were no material adverse findings, significant non-compliance issues or material changes to the balance sheet or income statement identified during the examination.

COMPANY HISTORY

General

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

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

Mergers, Acquisitions, and Major Corporate Events

No mergers, acquisitions or other major corporate events occurred during the examination period.

Dividends and Capital Contributions

BPM does not have any stockholders; therefore, there are no stockholder dividends.

No policyholder dividends or contributions were paid during the examination period.

Surplus Notes

The Company had a surplus note that was outstanding during the entire examination period. This surplus note was originally issued on September 21, 2006. The original issue amount of the note on that date was \$5,000,000. The value of the note as of December 31, 2024, was \$5,018,867 and is being administered by Wilmington Trust Company, a non-affiliate, as the trustee.

MANAGEMENT AND CONTROL

Board of Directors

The management of the Company is vested in a Board of Directors that are elected by the policyholders. The Company's Articles of Incorporation and Bylaws, combined, specify that there shall be no less than nine or more than eleven members. The Board of Directors elected and serving as of December 31, 2024, were as follows:

<u>Name and Address</u>	<u>Principal Occupation and Business Affiliation</u>
Robert Buckley Columbia, Missouri	Attorney Schreimann, Rackers, & Francka, LLC
John Gunn St. Louis, Missouri	Attorney The Gunn Law Firm, P.C.
Kent Hyde Springfield, Missouri	Partner Hyde, Love & Overby LLP
Aaron Cooper Jefferson City, Missouri	Chief Financial Officer Healthcare Services Group
Athena Dickson Parkville, Missouri	Partner Siro Smith Dickson, PC
Lauren Collins St. Louis, Missouri	Attorney Automobile Club of Missouri
Ann Hagan Mexico, Missouri	Retired
Brian Kinman Clayton, Missouri	Chief Executive Office Kinman 902 LLC
Karen McCarthy Ladue, Missouri	Chief Executive Officer The Bar Plan Mutual Insurance Company

Senior Officers

The officers elected and serving, as of December 31, 2024, were as follows:

<u>Name</u>	<u>Office</u>
Karen McCarthy	President
John Gunn	Secretary and Treasurer
Patrick O’Leary	Executive Vice President
Tina Daniels	Assistant Treasurer
Kimberly Edgar	Vice President
Teresa Niederwimmer	Vice President
Brian Bostrom	Vice President
Christina Lewis Abate	Vice President

Principal Committees

The Company’s Bylaws give the Board of Directors the power to establish a committee. The Bylaws permit the establishment of a committee through a majority vote of its directors. The Company’s existing committees and membership at December 31, 2024, were as follows:

Executive Committee

Kent Hyde - Chair
Ann Hagan
John Gunn

Corporate Governance

Kent Hyde - Chair
Ann Hagan
John Gunn

Claims Committee

Ann Hagan - Chair
Kent Hyde
Robert Buckley

Compensation Committee

Kent Hyde - Chair
Brian Kinman
John Gunn

Investment Committee

Kent Hyde - Chair
John Gunn
Lauren Collins
Brian Kinman
Athena Dickson
Aaron Cooper

Audit Committee

Ann Hagan - Chair
Brian Kinman
Aaron Cooper
Robert Buckley
John Gunn

Corporate Records

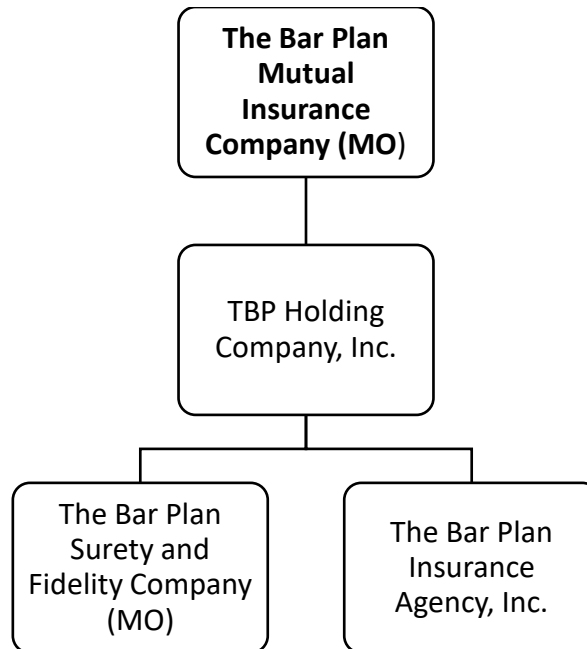
The Company’s Articles of Incorporation and Bylaws were reviewed. There were no revisions to either document during the examination period. The minutes of the Board of Directors, committees, and policyholder meetings were reviewed for the period under examination.

Holding Company, Subsidiaries, and Affiliates

BPM is a member of an Insurance Holding Company System, as defined by Section 382.010 RSMo (Definitions). An Insurance Holding Company System Registration Statement was filed by BPM each year of the examination period. BPM does not have any stockholders or a controlling entity due to its formation as a mutual insurer. The Company is ultimately controlled by its policyholders, which elect the Board of Directors.

Organizational Chart

The following organizational chart depicts the applicable portion of the holding company group as of December 31, 2024.



All subsidiaries are fully owned unless noted otherwise.

Intercompany Transactions

The following agreements represent significant contracts executed with affiliated entities that were in effect as of December 31, 2024. A brief description of these agreements are as follows:

Tax Allocation Agreement: The agreement, effective November 9, 1998, is between BPM, The Bar Plan Surety and Fidelity Company (BPSF), and the other affiliated members of The Bar Plan Holding Company. Per the terms of the agreement, each party is responsible for its own taxes incurred, credits gained and professional fees.

Quota Share Reinsurance Agreement: The agreement, effective January 1, 2021, is between BPM and BPSF. Per the terms of the agreement, BPSF cedes 100% of its premiums and losses on all new and in-force bonds to BPM. BPM pays a 17.5% ceding commission to BPSF.

Administrative, Management and Marketing Services Agreement: The agreement, effective August 18, 2008, is between BPM and The Bar Plan Insurance Agency, Inc. (BP Agency). Per the terms of the agreement, BP Agency provides marketing services to BPM. In return, BPM provides management and administrative services. The charges for the agreement are based on the actual costs.

TERRITORY AND PLAN OF OPERATION

The Company is licensed under Chapter 379 RSMo (Insurance Laws Other Than Life) as a property and casualty insurer in Missouri. At year-end 2019, the Company was also licensed in 47 other states and the District of Columbia. The Company writes Lawyers Professional Liability insurance on a claims-made basis. Its client base consists primarily of sole practitioners and small law firms. The Company also writes surety bond business. Five states accounted for 93.9% of the Company's 2024 written premium: Missouri (61.9%), Kansas (14.0%), New Mexico (7.2%), Tennessee (5.6%), and Indiana (5.2%).

The Company produces business through direct marketing and independent agents. In Missouri and Kansas, business is produced by BP Agency (under an agreement described in the Intercompany Transactions section above) and by independent agents. In Tennessee, the business is produced by an agent that is 50% owned by the Tennessee Bar Association. In New Mexico, the business is produced by an unaffiliated agency with a significant portion of the market.

In Indiana, the business was exclusively produced by an agency that was endorsed by the Indiana Bar Association. However, this agency is under new ownership and is moving a large amount of business to the new carrier. The Company has begun to implement a new plan to increase market share in Indiana moving forward.

GROWTH OF COMPANY AND LOSS EXPERIENCE

The table below summarizes the Company's premium writings and writing ratios for the period under examination:

(\$000s omitted)

Year	Net Premiums Written	Change in Net Premiums	Capital and Surplus	Ratio of Net Premiums to Surplus
2020	\$ 8,667	\$ (72)	\$ 16,225	0.53
2021	9,155	488	16,397	0.56
2022	9,276	121	14,444	0.64
2023	8,749	(527)	15,412	0.57
2024	7,959	(790)	15,628	0.51

The table below summarizes the Company's incurred losses and loss ratios for the period under examination:

(\$000s omitted)

Year	Net Premiums Earned	Net Losses and Loss Adjustment Expenses	Loss Ratio
2020	\$ 8,647	\$ 5,413	0.63
2021	9,243	5,022	0.54
2022	9,304	4,513	0.49
2023	9,049	4,434	0.49
2024	8,368	5,026	0.60

REINSURANCE

General

The Company's premium activity on a direct written, assumed, and ceded basis for the period under examination is detailed below:

(\$000s omitted)

Premium Type	2020	2021	2022	2023	2024
Direct Premiums Written	\$ 13,559	\$ 14,448	\$ 14,718	\$ 14,091	\$ 13,037
Reinsurance Assumed:					
Affiliates	0	708	526	379	358
Non-Affiliates	0	0	0	0	0
Reinsurance Ceded:					
Affiliates	0	0	0	0	0
Non-Affiliates	4,892	6,001	5,968	5,721	5,436
Net Premiums Written	\$ 8,667	\$ 9,155	\$ 9,276	\$ 8,749	\$ 7,959

Assumed Reinsurance

Effective January 1, 2021, the Company entered into a reinsurance agreement with its subsidiary, BPSF. Under the agreement, BPSF cedes 100% of its premiums and losses on all new and in-force bonds to the Company. In return, the Company pays BPSF a ceding commission of 17.5%.

Ceded Reinsurance

LPL Excess of Loss (Layer 1)

The Company's first layer of excess of loss reinsurance for its LPL business is \$750,000 excess of \$250,000. This agreement, effective January 1, 2024, is between the Company and a panel of reinsurance companies.

LPL Excess of Loss (Layer 2)

The Company's second layer of excess of loss reinsurance for its LPL business is \$4 million excess of \$1 million. This agreement, effective January 1, 2024, is between the Company and a panel of reinsurance companies.

LPL Excess of Loss (Layer 3)

The Company's third layer of excess of loss reinsurance for its LPL business is \$5 million excess of \$5 million. This agreement, effective July 1, 2024, is between the Company and a panel of reinsurance companies.

LPL Excess of Loss (Layer 4)

The Company's fourth layer of excess of loss reinsurance for its LPL business is \$10 million excess of \$10 million. This agreement, effective July 1, 2024, is between the Company and a panel of reinsurance companies.

Reinsurance cessions under layers 1 and 2 are automatic. Reinsurance cessions under layers 3 and 4 are not automatic but determined by the Company on an individual risk basis.

LPL Facultative Coverage

In addition to layers 1 through 4 of the excess of loss coverage of its LPL reinsurance program, the Company also has the option to enter into facultative agreements with individual reinsurance companies. As of December 31, 2024, the Company had multiple active agreements where this reinsurance option had been exercised.

Surety Bond Quota Share

Effective January 1, 2024, the Company entered into a reinsurance agreement with a panel of reinsurance companies for its surety bond business. The Company's participation in the agreement varies by the amount of the bond penalty. For bond penalties in amounts up to \$583,333, the Company retains 60% of the claims. For bond penalties of \$583,334 to \$3,000,000, the Company retains a percentage that is equal to the percentage that \$350,000 bears to the total bond penalty.

The Company is contingently liable for all reinsurance losses ceded to others. This contingent liability would become an actual liability in the event that an assuming reinsurer fails to perform its obligations under the reinsurance contract.

ACCOUNTS AND RECORDS**Independent Auditor**

The certified public accounting (CPA) firm, Armanino LLP, in St. Louis, Missouri, performed the statutory audit of the Company for the years 2020 through 2024. Reliance was placed upon the CPA workpapers as deemed appropriate.

Actuarial Opinion

The Company's actuarial opinion regarding loss reserves, loss adjustment expense (LAE) reserves, and other actuarial items was issued by Charles C. Emma, FCAS, MAAA for all years in the examination period. Mr. Emma is employed by Risk International Services, LLC in St. Charles, Illinois.

Consulting Actuary

Pursuant to a contract with the Department, Kristine Fitzgerald, ACAS, MAAA, FCA of Actuarial & Technical Solutions, Inc., reviewed the underlying actuarial assumptions and methodologies used by BPM to determine the adequacy of loss reserves and LAE reserves. Ms. Fitzgerald determined that the Company made a reasonable provision for the loss and LAE reserves that were reported in the statutory financial statements, as of December 31, 2024.

Information Systems

In conjunction with this examination, Kimberly Dobbs, AES, CISA, Information Systems Examiner-in-Charge with the Department, conducted a review of the Company's information systems.

FINANCIAL STATEMENTS

The following financial statements are based on the statutory financial statements filed by the Company with the Department and present the financial condition of The Bar Plan Mutual Insurance Company for the period ending December 31, 2024. The accompanying comments on financial statements reflect any examination adjustments to the amounts reported in the financial statements and should be considered an integral part of the financial statements. The failure of any column of numbers to add to its respective total is due to rounding or truncation.

There may have been additional differences found in the course of this examination, which are not shown in the "Comments on Financial Statement Items." These differences were determined to be immaterial concerning their effect on the financial statements, and therefore were only communicated to the Company and noted in the workpapers for each individual key activity.

ASSETS

As of December 31, 2024

	Assets	Nonadmitted Assets	Net Admitted Assets
Bonds	\$ 20,400,098	\$	\$ 20,400,098
Stocks:			
Common Stocks	10,767,145	27,035	10,740,110
Cash, Cash Equivalents, and Short-Term Investments	1,729,043		1,729,043
Investment Income Due and Accrued	118,996		118,996
Premiums and Considerations:			
Uncollected Premiums and Agents' Balances in the Course of Collection	460,751	144,291	316,460
Deferred Premiums, Agents' Balances, and Installments Booked but Deferred and Not Yet Due	1,082,088		1,082,088
Accrued Retrospective Premiums			
Reinsurance:			
Amounts Recoverable from Reinsurers	570,816		570,816
Other Amounts Receivable Under Reinsurance Contracts	3,149		3,149
Net Deferred Tax Asset	501,110		501,110
Guaranty Funds Receivable or on Deposit	1,038		1,038
Electronic Data Processing Equipment and Software	2,767,050	2,734,015	33,035
Furniture and Equipment, Including Health Care Delivery Assets	43,415	43,415	
Receivables from Parent, Subsidiaries, and Affiliates	84,550		84,550
Aggregate Write-Ins for Other-Than-Invested Assets	368,376	300,186	68,190
TOTAL ASSETS	\$ 38,897,625	\$ 3,248,942	\$ 35,648,683

LIABILITIES, SURPLUS AND OTHER FUNDS

As of December 31, 2024

Losses	\$	7,975,259
Reinsurance Payable on Paid Losses and Loss Adjustment Expenses		1,560
Loss Adjustment Expenses		5,009,341
Commissions Payable, Contingent Commissions, and Other Similar Charges		28,105
Other Expenses		231,561
Taxes, Licenses, and Fees		(4,491)
Unearned Premiums		4,214,562
Advance Premiums		706,631
Ceded Reinsurance Premiums Payable (Net of Ceding Commissions)		945,137
Funds Held by Company Under Reinsurance Treaties		256,619
Amounts Withheld or Retained by Company for Account of Others		643,634
Aggregate Write-Ins for Liabilities		12,954
TOTAL LIABILITIES	\$	20,020,872
Surplus Notes		5,018,867
Unassigned Funds (Surplus)		10,608,944
TOTAL CAPITAL AND SURPLUS	\$	15,627,811
TOTAL LIABILITIES AND SURPLUS	\$	35,648,683

STATEMENT OF INCOME
For the Year Ended December 31, 2024

Premiums Earned	\$ 8,367,887
DEDUCTIONS:	
Losses Incurred	2,501,083
Loss Adjustment Expenses Incurred	2,525,285
Other Underwriting Expenses Incurred	4,603,994
Total Underwriting Deductions	<u>\$ 9,630,362</u>
Net Underwriting Gain (Loss)	\$ (1,262,475)
Net Investment Income Earned	135,959
Net Realized Capital Gains	866,819
Net Investment Gain (Loss)	\$ 1,002,778
Finance and Service Charges Not Included in Premiums	150,237
Aggregate Write-Ins for Miscellaneous Income	<u>710</u>
NET INCOME (LOSS)	<u>\$ (108,750)</u>

RECONCILIATION OF CAPITAL AND SURPLUS
Changes from January 1, 2020 to December 31, 2024

(\$000s omitted)

	2020	2021	2022	2023	2024
Capital and Surplus,					
Beginning of Year	\$ 16,185	\$ 16,225	\$ 16,397	\$ 14,444	\$ 15,412
Net Income (Loss)	98	645	325	30	(109)
Change in Net Unrealized					
Capital Gains (Losses)					
Less Capital Gains Tax	231	629	(1,019)	761	7
Change in Net Deferred					
Income Tax	307	206	189	107	(240)
Change in Nonadmitted					
Assets	(596)	(1,375)	(1,421)	70	557
Change in Provision for					
Reinsurance		67			
Change in Surplus Notes				2	(2)
Aggregate Write-Ins for					
Gains and Losses in					
Surplus			(26)	(2)	2
Net Change in Capital and					
Surplus	40	172	(1,953)	967	216
Capital and Surplus, End					
of Year	\$ 16,225	\$ 16,397	\$ 14,444	\$ 15,412	\$ 15,628

COMMENTS ON FINANCIAL STATEMENT ITEMS

None.

FINANCIAL STATEMENT CHANGES RESULTING FROM EXAMINATION

None.

SUMMARY OF RECOMMENDATIONS

None.

SUBSEQUENT EVENTS

There were no significant subsequent events noted from December 31, 2024, through the date of the report.

ACKNOWLEDGMENT

The assistance and cooperation extended by the officers and the employees of The Bar Plan Mutual Insurance Company during the course of this examination is hereby acknowledged and appreciated. In addition to the undersigned, Conner Nilges, CFE, Examiner-In-Charge, and Justin Lamb, MBA, and Ken Tang, CFE, examiners for the Missouri Department of Commerce and Insurance, also participated in this examination.

VERIFICATION

State of Missouri)
) ss
 County of Cole)

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



Joshua Nash, CPA, CFE
 Examiner-In-Charge
 Missouri Department of Commerce and
 Insurance

Sworn to and subscribed before me this 18th day of February 2026.

My commission expires: March 4, 2028 Kathryn Latimer
 Notary Public

KATHRYN LATIMER NOTARY PUBLIC - NOTARY SEAL STATE OF MISSOURI MY COMMISSION EXPIRES MARCH 4, 2028 COLE COUNTY COMMISSION #12418395

SUPERVISION

The examination process has been monitored and supervised by the undersigned. The examination report and supporting workpapers have been reviewed and approved. Compliance with NAIC procedures and guidelines as contained in the *Financial Condition Examiners Handbook* has been confirmed, except where practices, procedures, and applicable regulations of the Missouri Department of Commerce and Insurance and statutes of the state of Missouri prevailed.

Handwritten signature of Michael R. Shadowens in cursive script.

Michael Shadowens, CFE
Assistant Chief Financial Examiner
Missouri Department of Commerce and
Insurance