

# The Bar Plan Financial Strength

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The Bar Plan Mutual Insurance Company was formed in the mid-1980s to provide lawyers with the broadest possible malpractice coverage at the best possible price, consistent with the long-term financial stability of the company. Almost 35 years later, we remain true to that original purpose and vision.

## Financial Strength Overview

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

One key indicator of financial strength is the Net Written Premium to Surplus ratio. Anything below 2 to 1 is considered excellent. The Bar Plan's ratio is approximately 0.6 to 1. This is far superior to the vast majority of commercial carriers that write lawyers' professional liability insurance. It means The Bar Plan has a very strong capital position for the amount of premium we write. As a mutual insurance company owned by our policyholders, we don't face the financial pressures of commercial stock companies to maximize the return on their investments. The result is quality products backed by a strong company our policyholders can count on to be here for them when they need us.

## National Council of Insurance Legislators

The Model Act to Support State Regulation of Insurance by Requiring Competition Among Rating Agencies was adopted by the National Council of Insurance Legislators (“NCOIL”) in 2017 to require competition in insurer ratings to benefit consumers, duly licensed insurance companies, producers, and other third-party stakeholders by promulgating and embracing insurer rating requirements in laws and regulations that incorporate the enumeration of multiple, competent insurer rating organizations. The Act warns against designating a single rating agency, and defines a “Competent Rating Agency” to include several companies, including Demotech, Inc.

## The Bar Plan Reinsurers

The Bar Plan, like most similar companies, uses reinsurance to reduce financial leverage and to meet the needs of our customers. We utilize Excess of Loss (“XOL”) treaty reinsurance under which we retain only the first \$250,000 of each claim, with the remainder being 100% reinsured. Our treaty participants include a diversified group of well-known, highly-regarded and highly-rated reinsurers to ensure that The Bar Plan and our insureds will be protected for any eventuality.

## Key Facts

- The Bar Plan quickly became the market leader in Missouri and has consistently maintained this position, with a market share of 59% according to the 2017 Legal Malpractice Insurance Report for Missouri, which is the most recent data.
- The Bar Plan maintains an “A” “Exceptional” Financial Stability Rating from Demotech, Inc.
- We write Lawyers' Professional Liability insurance in 5 states and have quickly become a major writer in each new state we have entered.
- We also offer court bonds, life insurance, lawyers' business owner's insurance, and workers' compensation.
- We support lawyers and the practice of law with state-specific ethics and malpractice avoidance CLE programs, a risk management hotline, and practice management and risk management services.
- We are the only endorsed carrier of The Missouri Bar and the Tennessee Bar Association.
- We are a Strategic Partner of the New Mexico State Bar and Sustaining Partner of the Bar Association of Metropolitan St. Louis.

**Read More & View Accompanying Documentation,  
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