

REPORTS OF SPECIAL COMMITTEES

SPECIAL COMMITTEE ON LAWYER MALPRACTICE INSURANCE

Thomas L. Appler, Chair

The Lawyer Malpractice Insurance Committee continues to maintain a heavy schedule of activity. Four meetings were held during the 1998-99 Bar year. The committee's dual role included that of the Bar's special committee, as well as functioning as the advisory committee to the VSB's endorsed professional liability carrier, American National Lawyers Insurance Reciprocal, Risk Retention Group (ANLIR). In its advisory role, the committee provides oversight of the company's Virginia operations in the areas of risk management, claims administration/handling and underwriting.

While the previous year's activity was focused around reviewing the VSB's endorsement agreement with ANLIR, the past year was noteworthy for considering and approving the first equity distribution to Virginia Lawyers. ANLIR is a non-assessable reciprocal insurance company, owned by the lawyers who purchase professional liability policies. The lawyers' ownership interest is called equity. Equity in the Virginia Lawyers program had accumulated to a level that management decided could support a \$500,000 return of equity from profits earned prior to 1993. The distribution of equity began January 1, 1999; Virginia lawyers who were insured during the period when the profits were earned are sharing in the \$500,000 equity return based upon their relative share of the total premiums paid during the same period. Future equity distributions are expected to be presented by ANLIR's management for committee approval.

The committee continued to monitor the company's operations for profitability during 1998-99. Financial reports are presented to the committee at least semi-annually. The VSB's program remains extremely strong as to both underwriting profits and investment income. The company continues to achieve success in managing the claims of the Virginia program and maintains a very high renewal retention rate.

The committee's risk management subcommittee, chaired by David F. Peters, continued to monitor and coordinate the cooperative risk management program between the VSB and ANLIR, working closely with the Bar's risk managers, Paul Georgiadis and Paul Sinclair, along with ANLIR's Wendy Inge, Assistant Vice President of Risk Management. The subcommittee, the risk managers and ANLIR work closely together to provide a substantive set of services that assist VSB members in avoiding malpractice. The subcommittee's recommendation to furnish certain risk management publications to all members of the VSB (in addition to ANLIR insureds) two times a year continued during the past year.

The risk management program's most significant success continues to be the free malpractice prevention seminars jointly sponsored by the VSB and ANLIR in the spring of every year. Many locations throughout the state continue to draw capacity crowds for these worthwhile malpractice avoidance programs that also offer MCLE credit. Coordination between ANLIR staff and the risk managers, along with expert technical assistance in producing the videos and the welcome involvement of volunteer panelists from throughout the legal community resulted in superior evaluations of these seminars by record numbers of attendees. The committee will continue to emphasize risk management services while maintaining overall expenditures within the annual budget as a significant priority.

The Claims subcommittee, chaired by Jonna McGraw, continued to routinely review claims handling and significant claim exposures with ANLIR claims officers and staff. The regular interchange between the subcommittee and the staff allows the committee to fulfill its advisory responsibility to monitor claims statistics and oversee serious claims. In addition, the Underwriting subcommittee, chaired by Jonathan Schraub, reviewed routine underwriting issues and approved product enhancements, such as disciplinary proceedings legal expense reimbursement.

The continuation of a highly competitive malpractice insurance market requires ANLIR staff and the committee to be creative in maintaining the company's strong market position. This creative teamwork has resulted in a superior or professional liability product for VSB members.

The committee looks forward to its future and continuing efforts to strengthen the VSB's lawyer's malpractice insurance program. Its activities have been considerably aided by the attendance and diligence of committee members,

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subcommittee chairs and a responsive team of managers at ANLIR, almost all of whom are members of the VSB. The efforts of the committee have been further enhanced by the regular and valuable contributions of Tom Edmonds and other members of the VSB staff. The committee encourages and welcomes comments and questions from members of the bar regarding issues relating to its activities and to malpractice-related issues in general. ❀