AVMA PLIT Annual Report of Trustees for the
Fiscal Year Ending December 31, 2012

AVMA PLIT Mission Statement: “To provide a valuable AVMA member service that protects the assets and reputations of the participants and enhances the image of the profession.”

2012 Executive Overview

The AVMA PLIT-sponsored Program is thriving and financially stable. The 2012 highlights include:

- The AVMA PLIT completed its fiftieth year of service to AVMA members on December 31, 2012.
- A new Trustee was appointed—Dr. Jim Benefield
- A new position was created for Vice Chair—Dr. Andrew Clark elected
- Rates for professional liability primary and excess malpractice limits decreased 15% for classes I (equine) and II (food animal) and 5% for classes III (mixed practice) and IV (small animal); the 2012 policy term concluded with 59,168 certificates.
- A new higher limit option of $50,000 became available for the veterinary license defense endorsement to cover legal fees to defend actions against a veterinary license.
- New product launched for group personal excess liability protection.
- Hurricane Sandy preparedness and response—business insurance clients were proactively contacted before and after Hurricane Sandy to provide toll-free and online claim reporting information as well as disaster preparedness and recovery resources; carriers were prepared with catastrophic loss teams and appraisers.
50th Anniversary

The 50th anniversary was branded as “50 Years Protecting You and Your Assets,” and the three tenets were security, stability, and strength. Milestones were highlighted in the electronic and print publications, advertisements, avmaplit.com, and mailings. A special educational program—A Privilege to Practice, Strategies for Protection—was created by the Trust Veterinarians and was the first of its kind for the PLIT. This program marked the 50th anniversary at the Annual AVMA Convention in San Diego and was promoted to AVMA members, students, practice managers, and technicians. The goal was to educate the entire veterinary team on improving client compliance and satisfaction to reduce the likelihood of a malpractice suit or board complaint as well as to educate about the top claim drivers and exposures for on-the-job injuries and practice losses—claims that affect every veterinary team member. To accompany the educational program, five testimonial videos were produced, which included clients with professional liability, veterinary license defense, workers’ compensation, and business property claims. The testimonial videos have been archived for viewing at avmaplit.com. An article highlighting the PLIT’s 50th was published in JAVMA’s June 15 issue.

Professional Liability Insurance Program

Professional Liability

Professional liability coverage responds when veterinarians are accused of malpractice or professional negligence. The number of participants for professional liability coverage increased 2.42% in 2012. As of December 31, 2012, 59,168 AVMA member veterinarians purchased professional liability insurance through the program, representing 78.49% of all active AVMA members.

A four-tiered rating classification system is used so that premium levels relate to the claims incurred by each practice class. The breakdown of participation by practice classification is as follows:

<table>
<thead>
<tr>
<th>Professional Activity of Professional Liability Participants</th>
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<tbody>
<tr>
<td>Class I Predominantly Equine</td>
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<tr>
<td>Class II Mixed Predominantly Food Animal</td>
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<tr>
<td>Class III Mixed Predominantly Small Animal</td>
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<tr>
<td>Class IV Small Animal Exclusive</td>
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Rates for professional liability primary and excess malpractice limits decreased 15% for classes I (equine) and II (food animal) and 5% for classes III (mixed practice) and IV (small animal). The primary limit decrease was slightly larger in California, which resulted in uniform rates nationwide. The potential cost savings ranges up to $417 based on the veterinarian’s professional activity and primary limit.
Top ten unique program features:

1. The professional liability policy protects you wherever you legally practice.
2. Individual rates never increase as a result of reporting a potential claim or for payment of defense or indemnity.
3. Consent to settle clause—no claim can be settled without your written consent or a court order. This unique benefit protects your professional reputation and discourages frivolous lawsuits.
4. The insurance company uses a network of attorneys experienced in veterinary malpractice.
5. Court costs and fees for defense attorneys are covered in addition to policy limits.
6. Veterinarians serving as PLIT Trustees and Trust Veterinarians provide valuable expertise and review every malpractice allegation submitted.
7. A team of advocates works on your behalf: the PLIT Trustees and Advisors, the PLIT Trust Veterinarians, and HUB International Midwest Limited (PLIT broker and administrator).
8. Coverage extends to veterinary activities such as giving presentations, consulting, clinical instructing, and serving as a member of a licensing or veterinary accreditation board.
9. Non-veterinarian employees are covered by the insured practice owner’s policy.
10. The group buying power and market leverage of 59,000 veterinarians.

Excess Professional Liability (Additional Professional Liability Coverage)

To be eligible for excess professional liability coverage, a primary liability limit of $1,000,000 per claim and $3,000,000 aggregate is required. More than 61.44% of the program participants were eligible for excess liability in 2012, and 2,380 veterinarians purchased excess liability. Excess liability limits may be purchased in $1 million increments up to an additional $5 million in coverage. As a result, veterinarians can purchase limits up to $6 million per claim and $8 million annual aggregate. The PLIT emphasizes the need for adequate coverage limits to the membership.

Veterinary License Defense Endorsement

As of December 31, 2012, 41,752 veterinarians had added the veterinary license defense endorsement to their professional liability certificate. Coverage provides legal defense costs to defend complaints made against veterinary licenses. Effective January 1, 2012, a second higher limit option of $50,000 was offered; the original option was $25,000.

Extension (Animal Bailee) Endorsement

The extension (animal bailee) endorsement covers clinic owners for loss or injury to animals in their custody. Covered perils include fire, theft, escape, and attack by other animals, flood, and other external causes not related to treatment. Limits are available up to $1 million per animal. In 2012, 17,431 locations were covered by this endorsement.

Veterinarians purchasing the extension endorsement are also eligible for embryo and semen storage and transportation coverage. As of December 31, 2012, 152 veterinarians purchased this coverage.
**Student Liability**

Malpractice insurance is available to veterinary students for $10 per calendar year for part-time and volunteer work, as well as for externships and preceptorships for schools that do not provide coverage. Once the $10 fee has been paid each calendar year, the PLIT will pay subsequent student applications during the same calendar year. To be eligible for coverage, students must be a member of the Student AVMA and be sponsored by a veterinarian insured through the PLIT-sponsored Program. The student is provided the same limits of insurance as his or her sponsoring veterinarian; 334 student liability endorsements were purchased in 2012.

**Business Insurance Program**

**Workers’ Compensation**

PLIT-sponsored workers’ compensation insurance provides coverage for employee work-related injuries or disease without regard to fault including medical payments, disability, survivor benefits, and rehabilitation expenses. Workers’ compensation through the PLIT-sponsored Program is not available in monopolistic states: North Dakota, Ohio, Washington, and Wyoming. As of December 31, 2012, there were 6,503 in-force workers’ compensation policies placed through the PLIT-sponsored Program.

Unique program features:

1. Waiver of automatic subrogation for policies underwritten with The Hartford and Travelers. Typically workers’ compensation insurance carriers have the right to recover from veterinarians’ clients if their animals bite or cause employee injuries. This standard insurance provision does not work for the veterinary profession as it fosters bad feelings between veterinarians and their clients.

2. Veterinary-specific risk management resources and educational offerings

3. Claims-handling expertise with national claims coordinators

4. Optional endorsement to cover volunteers (in some states, the endorsement is automatic)

5. For policies underwritten by The Hartford, the program is structured as a safety group that allows the insurer to pay dividends to policyholders when claims experience is favorable

6. Higher than average workers’ compensation policy limits

**Property and General (Business) Liability—Package Designed Specifically for Veterinarians**

In 2012, there were 5,746 package policies (also referred to a business owner’s policy or a BOP) placed through the PLIT-sponsored Program. In addition to providing property and general (business) liability coverages, this package policy includes enhanced protection for damage to property off-premises and in transit, perishables such as biologicals, and damage to buildings and contents caused by animals in your care, custody, or control. Through the PLIT-sponsored Program, AVMA members have access to mechanical breakdown and business interruption coverage. Umbrella liability is available in $1 million increments to enhance protection.
Unique program features:

1. Veterinary stretch endorsement, which provides coverage for industry specific exposures (damage caused by animals) and a blanket coverage limit.
   a. With a coverage blanket, there’s no individual limit applied to covered loss areas including: accounts receivable, computers and media, personal property of others, property (eg. perishable stock) as a result of a change in temperature, and valuable papers and records. A blanket limit provides broader coverage.

2. Coverage extends to property damage caused by animals (excluded by most standard policy forms)

3. Increased spoilage limits for biologicals

4. Mobile loss of income and extra expense—special endorsement for mobile veterinarians

5. Claims-handling expertise with national claims coordinators

Hurricane Sandy—Disaster Preparedness and Recovery Resources

Business insurance clients were proactively contacted before and after Hurricane Sandy to provide toll-free and online claim reporting information, based on the client’s carrier. Also, a joint message from PLIT and GHLIT regarding claim reporting was posted on the AVMA @work blog.

Our carriers had auto and property appraisers on standby and ready to assist affected clients. The Hartford and Travelers had local team members as well as out-of-state teams staging in surrounding areas for prompt deployment into affected areas as soon as it was safe to do so and approved by local authorities.

Following Hurricane Sandy, a ‘Disaster Recovery Resources’ communication was emailed, which shared information, direction, and resources to help in the aftermath of Sandy’s destruction. The communication included useful links to articles including:

- After the Disaster Clean-Up and Safety Tips
- Hurricane Preparedness Checklist for Pre- and Post-storm
- After the Flood Safety Tips for Business Owners, provided by The Hartford

Links were also provided to FEMA disaster assistance resources such information for the first step after a flood, clean-up, wet recovery, salvage, building reconstruction, and more.

Data Breach and Cyber Liability

Coverage is also available to protect practice owners against data breach and privacy exposures. A breach is defined as an event in which personally identifiable information (PII) is potentially put at risk – either in electronic or paper format. Data breach coverage responds to loss, theft, accidental release, or accidental publication of PII and includes coverage for legal and forensic services, public relations and crises management, notification expenses, and defense and liability expenses.
Commercial Automobile Insurance

As of December 31, 2012, there were 842 commercial auto policies placed through the PLIT-sponsored Program.

Employment Practices Liability Insurance

The demand for employment practices liability (EPL) insurance continues to increase. At the end of 2012, the in-force policy count was 1,286. The PLIT-sponsored Program protects employers against allegations such as workplace sexual harassment and discriminatory hiring and firing practices.

Unique program features:

1. An optional punitive damages sublimit is available, which provides coverage if a court awards punitive or exemplary damages above what is required to compensate the plaintiff. (Punitive damages are imposed to punish the defendant.) Most EPL policies exclude coverage for punitive damages.

2. CNA employment practices liability (EPL) policyholders can receive free unlimited human resources consulting advice through the H.R. Help Line, which is provided by a national law firm that specializes in employment law. The attorneys who service the H.R. Help Line do not act as legal counsel to callers, but rather as human resources consultants, providing information regarding employment laws and risk control strategies. For example, callers can receive guidance about the impact of certain employment laws upon their workplace and general information about the implementation of human resources policies and procedures.

3. Beyond HR℠—an online management training and education platform, which offers trackable training on important topics such as retaliation, wrongful termination, and harassment. This platform also offers a variety of other features to assist veterinary practices in mitigating employment practices risks, such as:
   • A searchable database of articles and checklists on important workplace topics.
   • Refresher bulletins to support the online training modules.
   • A model employment handbook and model policies and forms.
   • Webinars on current employment issues.
   • Best practices minutes — podcasts on various workplace topics such as disability accommodation, bullying, social media and cyber crime.

Directors’ and Officers’ Liability

The PLIT-sponsored Program offers directors’ and officers’ liability coverage to protect the assets of a veterinary organization as well as the personal assets of the directors and officers who sit on a board for an association, emergency clinic, or other type of veterinary organization.
**Personal Insurance Program**

**Auto, Renters, Homeowners, and More**

The PLIT-sponsored Program offers personal insurance products underwritten by Liberty Mutual Insurance Company. Coverage is available for personal auto, homeowners, renters, personal umbrella liability, valuable possessions, boats, yachts, seasonal dwellings, and recreational vehicles. As of December 31, 2012, there were 1,823 policies in-force.

**Group Personal Excess Liability**

This product launched in February 2012 and is underwritten by Chubb. Personal excess provides another layer of liability protection over individual primary personal insurance policies. As of December 31, 2012, 54 policies were in-force.

**Marketing**

1. Four issues of the newsletter, *Professional Liability*, were mailed to insured members, veterinary students, and veterinary college libraries. Additionally, one issue was mailed to non-insured AVMA members. Articles included closed malpractice claims, the communications corner, tips to improve your medical records, and ‘Inside the PLIT’ profiles.

2. *Equine Update, Production Medicine* and *Companion Animal* (each a yearly publication) were inserted in the *Professional Liability* mailings to insured members.

3. Four issues of *Safety Bulletin* were mailed with the *Professional Liability* newsletter. Topics covered return-to-work programs for injured employees, OSHA standard changes, security planning, and radiation safety. *Safety Bulletin* addresses important risk management issues related to professional liability, workers’ compensation, and business insurance.

4. A newsletter for the business insurance lines, *Business Insurance Update*, was published three times and mailed to all members with a business insurance policy. The third issue was also distributed to all professional liability program participants. Topics included open and closed claims, restraint and bite prevention programs, top claim drivers, ERISA and fiduciary fundamentals, and lessons learned from Hurricane Sandy.

5. An electronic newsletter, *Newsbite*, established monthly contact with more than 40,000 clients, prospects, and industry associates. Highlights included time-sensitive information as well as a detailed calendar of events and quick links to safety tools and resources at www.avmaplit.com.

6. Our four main target groups for new business are students, recent graduates, active AVMA members, and practice owners. Direct marketing is a key element in our promotional activities. This includes a combination of letters, postcards, die-cut pieces, and self-mailers. Approximately twenty mailings to these prospect groups mailed throughout 2012.

7. State associations and specialty organizations received mailings including loss control and coverage information. The PLIT actively supports the state and specialty veterinary associations through advertising, sponsorships, and convention attendance. Newsletters and press releases
were sent to state and specialty associations on important issues for the associations and their members.

8. www.avmaplit.com provides information, educational resources, articles, employee training, claim reporting, applications, and more. The site is tailored for our seven target groups: practice owners, employed veterinarians, office managers, mobile practitioners, emergency clinics, students, and associations. The site archives our quarterly publications, webinars, and clients testimonial videos. Mailings encourage prospects to apply online for a quotation and to access business insurance information online.

**PLIT Education Programs**

The PLIT’s insurance broker, HUB International Midwest Limited, works with the Trust Veterinarians and Trustees to manage the extensive education and promotional activities that attract new participants, retain existing members, educate practitioners, and control losses. Additionally, the activities increase the visibility of PLIT-sponsored products and services among AVMA members. Educational activities in 2012 included the following:

1. Trust Veterinarians Dr. Linda Ellis, Dr. Rodney Johnson, Dr. Nina Mouledous, and Dr. Karen Wernette made presentations at each of the U.S. colleges of veterinary medicine, Prince Edward Island, Ross University, St. George’s University, and St. Matthew’s University. In addition to educating veterinary students on malpractice risk management, the Trust Veterinarians provided information on PLIT business insurance and other programs.

2. The PLIT co-hosted a complimentary webinar session with The Hartford on August 16, “Data Breach 101—How to Avoid a Virtual Catastrophe,” which focused on data breach risks and how to avoid them. The webinar featured speaker Eduard Goodman, Chief Privacy Officer of Identity Theft 911—a leading provider of identity management and data risk management services. The PLIT also hosted a webinar on January 17, 2012, “Top 3 Reasons Why Veterinarians Need Personal Excess Liability.” The webinar highlighted the policy details of this new coverage as well as the importance of adding it to a veterinarian’s personal insurance portfolio.

3. Trust Veterinarians and HUB International Midwest Limited representatives attended, exhibited, or presented at conferences and meetings for: AABP, AAEP, AAHA, AASV, ABVP, AVMA, AVMA Leadership, AzVMA Desert West Connection, CVC East, CVC Central, CVC West, CVMA (Chicago), Florida Association of Equine Practitioners, FVMA Workshop (Florida), ISVMA (Illinois), IVMA (Indiana), KVMA (Kentucky), Lake Erie CE Seminar, Midwest Veterinary Conference, MVMA (Minnesota), National Conference on Equine Law, New England VMA, Opportunities in Equine Practice Symposium (OEPS), SAGE, SAVMA Symposium, Society for Theriogenology, Southwest Veterinary Symposium, Texas Equine Veterinary Association Symposium, The North American Veterinary Conference, Tuskegee Annual Conference, Veterinary Emergency and Critical Care Symposium, Veterinary Hospital Managers Association Annual Conference, VSIPP Conference, Western Veterinary Conference, and WVMA Practice Management (Wisconsin).
Risk Management

The PLIT website, www.avmaplit.com, contains information, loss control resources, and applications for all PLIT programs. Additionally, members can access the PLIT articles archives and newsletters. Professional liability program participants can make policy changes, obtain a claim form, and check their payment status online. In 2012, there were 55,814 visitors to avmaplit.com. The website also features interactive web-based employee training. Designed to assist with veterinary staff training, the programming covers essential safety precautions. In 2012, 648 courses were completed online:

- Controlled Substances (76)
- Hazard Communication (84)
- Restraint and Bite Prevention (148)
- Lifting Techniques (90)
- Personal Protective Equipment (93)
- Slip, Trip, Fall Prevention (89)
- Managing Regulatory Inspections (68)

Five written safety programs are available online for emergency action planning, returning-to-work, accident investigation and reporting, hazard communication, and emergency action planning.

In 2012, HUB Risk Services completed ten onsite practice visits, and The Hartford completed fifty. The purpose of the practice visits is to help clients with a high number of workers’ compensation claims or a high severity of injuries to reduce risks and eliminate employee injuries.

The PLIT veterinary-specific safety manual provides an employee training tool for the veterinary industry. This is available for purchase on CD-ROM and in print. The next edition will be published in 2013. The manual is designed to guide veterinarians and staff members through the risk management process to:

- Identify exposures, hazards, and losses
- Evaluate current controls
- Develop custom solutions
- Implement solutions
- Measure results and evaluate solutions

Student Activities

Scholarships—The PLIT donated $96,000 in scholarships to veterinary schools in an effort to assist future veterinarians with the overwhelming concern of student debt. A $3,000 scholarship was donated to each of the thirty-two veterinary schools that the Trust Veterinarians visit each year. The PLIT worked with each college scholarship committee to put the scholarships in place for 2012 and allowed the committees to review and choose the recipient at each school.

Ram Leadership Conference—The PLIT sponsored two veterinary students to attend this SCAVMA event at Colorado State University in January 2012. Dr. Karen Wernette also attended.

SAVMA Symposium—The PLIT was a bronze sponsor of the 2012 SAVMA Symposium at Purdue University. The PLIT exhibited and provided 1,000 promotional items (scrub tops, stadium blankets, and book lights) to students who stopped at the PLIT booth and completed a brief contact and survey card.

Veterinary Business Management Association (VBMA)—The PLIT was a sponsor for the 2012 national VBMA meeting, and Dr. Ellis attended the event. In 2012, a motion was approved for the PLIT to provide a grant of $50,000 facilitated through the American Veterinary Medical Foundation to VBMA
chapters at US, Ross, and St. George veterinary colleges to help fund their Business Certification Programs.

**Veterinary Leadership Experience (VLE)**—The PLIT sponsored $50,000 for the 2012 VLE event. Two of the PLIT Trustees attended along with one veterinary student who won the VLE entry sponsorship at the 2011 OEPS event.

**University of Guelph**—The PLIT provided a $26,462 grant to the University of Guelph to fund an abstract proposal titled, “Referring veterinarians’ expectations of equine veterinary specialists and equine referral care centers.” The PLIT requested that the proposal also include small animal practice.

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**Trust Veterinarians**

The PLIT was served by CEO Dr. Rodney Johnson and three Trust Representatives in 2012*: Dr. Linda Ellis, Dr. Nina Mouledous, and Dr. Karen Wernette. The Trust Veterinarians have many years of practice experience and they:

1. Review all reported veterinary malpractice claims.
2. Speak to veterinarians about potential allegations of malpractice and provide guidance.
3. Refer the insurance company to qualified veterinary experts to assist in defense.
4. Provide professional advice to the insurance company and its attorneys.
5. Educate veterinarians and team members on risk management and business insurance needs.

*In April 2013, Dr. Janet Donlin was hired as the new CEO to replace Dr. Rodney Johnson, who is retiring.

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**Administrative Activity**

In addition to routine correspondence and processing, the Trust Veterinarians and HUB International Midwest Limited handle numerous non-routine items. HUB employees answer inquiries on interpretations of insurance coverage, claims management, coverage advice, and much more. HUB also maintains the risk management responsibilities, providing enhanced safety information and support for program participants. Veterinarians routinely call the PLIT office for guidance in avoiding situations that may give rise to claims. The Trust Veterinarians are available to discuss these specific situations with veterinarians as well as the insurance company claim representatives.

*Phone: 800-228-PLIT (7548)  Fax: 888-PLIT-FAX (754-8329)  info@avmaplit.com  www.avmaplit.com*
AVMA PLIT Trustees

R.C. Ebert II, DVM (Chair)
Andrew R. Clark, DVM, MBA (Elected Vice Chair August 2012)
Rosemary LoGiudice, DVM, (Secretary)
Jim W. Benefield, DVM (Term began August 2012)
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J. Karl Wise, PhD, CAE (Liaison-Trustee)

This report contains only a general description of coverages and does not include all the benefits and limitations found in the policies. Coverages may vary. All references to coverage are subject to the policy’s conditions and exclusions. The insurance policy and not this report will form the contract between the insured and the insurance company.