May 19, 2014

AVMA Executive Board Members

Dear Doctors and Colleagues:

We are pleased to enclose an Executive Summary of the 2013 Annual Report of the AVMA Group Health and Life Insurance Trust (AVMA GHLIT), which we are submitting to the Executive Board for referral to the House of Delegates, as appropriate.

The final Financial Audit Report will be distributed to the AVMA by July 1, 2014, as the Trust Agreement stipulates. Effective January 1, 2014, the Trust financial reports will be based on a calendar year, therefore, the report that will be sent will reflect the shortened reporting period of May 1, 2013 through December 31, 2013.

Representatives of the AVMA GHLIT will be available during the Reference Committee #6 at the July meeting, should any member wish to ask questions regarding this summary report.

Sincerely,

Dwight D. King, DVM
Chair

Enclosure
AVMA GHLIT MISSION STATEMENT: “WE ARE VETERINARIANS SERVING THE PROFESSION BY EDUCATING AND PROVIDING PRODUCTS AND SERVICES TO UNIQUELY PROTECT THE FINANCIAL SECURITY OF THE VETERINARY COMMUNITY AND THEIR FAMILIES.”

EXECUTIVE SUMMARY

- New AVMA GHLIT Officers effective July 2013:
  ~ Dr. Dwight King, Chair
  ~ Dr. James Peddie, Vice Chair
  ~ Dr. Carolynn MacAllister, Secretary/Treasurer

- Reappointment of Trustees
  ~ Dr. Dwight King
  ~ Dr. Blair Hollowell
  ~ Dr. Carolynn MacAllister

- New Trustee appointed July 2013:
  Dr. Gary Holfinger, replaced Dr. Janet Donlin

- New AVMA Liaison Trustee appointed August 2013
  Dr. David Granstrom, replaced Dr. Karl Wise

- Resignation of Dr. James Brandt, Trustee effective April 7, 2014.

- Launch of the AVMA GHLIT C.A.R.E. Insurance Exchange Marketplace as a replacement for medical coverage previously offered. Insurance policy renewal date of November 1 remains unchanged for non-medical plans.

- Changed from Fiscal Year to Calendar Year End December 31 for financial reporting.

- Launch of 150th Anniversary product in honor of AVMA’s 150 years.

- Branding project - The Trustees have elected to engage 88 Brand Partners in an extensive branding project, results of which will be completed in 4th Quarter 2014.
This Executive Summary covers the operations of the Trust during the past fiscal year May 1, 2013 through December 31, 2013 and 1st Quarter 2014. In addition, we will highlight information on financial status, Trust participation, product offerings, member services and marketing initiatives. In the future, financial reports will be based on a calendar year basis.

HEALTHCARE REFORM

As reported in the November 2013 Insurance Liaison Committee Report, the impact of the Patient Protection and Affordable Act (PPACA) to the Trust medical plans resulted in the termination of all medical policies effective December 31, 2013. Although certificate holders were notified of the pending termination in January 2013, approximately 13,000 retained their GHLIT medical coverage until December 31, 2013.

The Trust thus focused on several main initiatives:

- Educating members on the transition, the changing climate of health insurance and the value GHLIT products bring to the membership.
- Continued support of non-medical products
- Continued financial viability of the Trust

TRUST MANAGEMENT

Over the past 12 months, the Trust was aggressively engaged in a variety of projects to improve the customer experience as well as the overall plan performance. These actions include:

1) Working with our Business Partners on a transition for medical coverage.
2) Developing a Private Insurance Exchange for AVMA members.
3) Veterinary Student engagement through participation in SAVMA and VBMA Sponsorship programs.
4) Transitioned the Disability Income claims administration to New York Life Insurance Company.

FINANCIAL STATUS

The financial status of the Trust is stable although the impact of the medical termination has resulted in a 70% to 80% decrease in income. Whereas, the goal of the GHLIT was previously centered on increasing sales, including medical plan sales, the Trustees have been keenly focused on redefining goals and identifying clear paths to show AVMA members and students the value of GHLIT products.

- Administration expenses in 2013 as a percentage of revenue were 12.8%. These costs have consistently been maintained between 11% - 14% of premium for the past several years.
- The Cost Stabilization Reserve (CSR) decreased from the 2012/2013 policy year-end by $23.1 million to $89.1 million.
TRUST PARTICIPATION
The GHLIT had approximately 13,000 medical certificates issued through December 2013. Even though the medical plans were terminated, our plan participation in the non-medical lines of coverage continues to be strong with 28,685 unique AVMA members holding one or more non-medical certificates. Total policies in force as of March 31, 2014 equaled 71,547.

![Member Participation Graph]

AVMA GHLIT C.A.R.E INSURANCE EXCHANGE
To date, the AVMA GHLIT C.A.R.E. Insurance Exchange has sold 3,038 policies. The exchange offers veterinarians online quoting, shop and compare capabilities, educational literature and videos to help guide members to their best medical insurance plan option. The site is a self-service portal, but offers members the support of a team of experienced, knowledgeable and licensed insurance representatives, should they need assistance in purchasing coverage. Users can also continue to utilize the expertise of GHLIT appointed agents, if they prefer.

Private Insurance Exchange sales for the period of February 2013 through March 2014:
- Under age 65 Medical Plan 1,605 issued
- Medicare Supplement 792 issued
- Medicare Prescription Drug Plan (PDP) 641 issued
PRODUCT OFFERINGS

The Trust is committed to making available competitive insurance coverages that are aligned with the marketplace for every stage of a member’s life and career.

Product lines offered by the AVMA GHLIT include:

- **AVMA 150th Anniversary Life Product Offering**
  
  In celebration of the 150th Anniversary of the AVMA, special underwriting offers have been available to members beginning February 1, 2014 through April 30, 2014. This offering will now be extended to July 31, 2014.

  AVMA members not currently insured will be offered $150,000 of coverage, provided they are under age 50, working 20 hours or more per week and have never been denied Life Insurance coverage.

  Current Trust participants will be offered up to 50% of their existing coverage for Family Group Life Insurance not to exceed $150,000 of additional coverage provided they are under age 50, working 20 hours or more per week and have not been denied Life Insurance coverage.

- **Life Insurance** – Currently, approximately 36,000 policies in place for AVMA members, spouses and dependents. Term insurance is available in 10-year and 20-year levels.
  
  - **Family Life Group Plan** – is still offered for the recent graduate with a guarantee of $100,000 with no medical underwriting.
  
  - **Basic Protection Package** – this package includes accidental death/dismemberment and decreasing term life insurance plus a rabies prophylaxis benefit.

- **Short and Long Term Disability Income Insurance** – Currently, approximately 28,000 policies in force for AVMA members and students. Recent enhancements to the underwriting allow more veterinarians to qualify for this coverage. Short term disability covers both prepartum and postpartum maternity as disabling event.
  
  - **Professional Overhead Expense** – coverage for professional expenses that continue to occur during an extended illness or disability.

- **Hospital Indemnity Plan** – Currently, approximately 3,000 policies in force but seen as a growth market. Good compliment coverage for those with a high deductible medical plan. An out-patient surgical or inpatient hospital stay is covered.

- **Student Life and Disability Plans (Career Start)** – guaranteed to issue to students; coverage includes $100,000 life insurance and $500 a month for disability as well as a special $2,000 benefit if illness or disability, including those related to a pregnancy, lasts over two weeks and causes a student to withdraw from classes for a year. More focus will be placed on educating veterinary students and faculty regarding this important benefit.

- **Large Scale Accidental Death and Dismemberment** – protects veterinarians in the event they lose use of a limb or eye.

- **Dental Plan** – offered to both individuals and staff members

- **Vision Plan** - offered to both individuals and staff members

- **Long Term Care Insurance** – a product gaining in popularity as baby boomers age

For more information on the above products, please visit our website at [www.avmaghlit.org](http://www.avmaghlit.org). The Trustees continue to review additional products to offer veterinarians.
MEDICAL TRANSITION

The transition of the medical plan was a joint effort between the Trust and our business partners. Weekly meetings were held with the business partners.

Milestones include:

- **1st Quarter 2013**
  - AVMA GHLIT C.A.R.E Private Exchange press release was sent to members.
  - Phase 1 of the AVMA GHLIT C.A.R.E Private Exchange (PE) went live in early March. Phase 1 was for members over 65 or soon to be 65. Outboard calls were made by a dedicated Medicare Specialist to members informing them that the AVMA GHLIT C.A.R.E Private Exchange was up and running.
  - Transition Campaign #1, “Sit and Stay” - reasons to keep your medical insurance policy were implemented. Marketing materials, including flyers, emails, etc. were created to announce the campaign. Flyers were included with the medical renewal letters and emails were sent. The information was also added to the website.

- **2nd Quarter 2013**
  - A “Sit and Stay” video was developed. The video was emailed to 15,000+ members, added to the GHLIT website, Facebook and YouTube pages.
  - The website was updated to include information on the GHLIT Private Exchange.
  - The official withdrawal letter from New York Life (NYL) was mailed to members. Included along with the letter from NYL was a cover letter from the Trust.
  - Talking points were created to assist customer service in answering members’ questions regarding the GHLIT Private Exchange and NYL’s withdrawal letter.

- **3rd Quarter 2013**
  - Phase 2 of the PE went live in July.
  - Care Management letters were revised to include a termination date for enrolling in the program.
  - Summary letters were sent to members who were enrolled in the Care Management program. The letter included a summary of the member’s treatment information.
  - The transition of the non-medical products from UMR to NYL started. Weekly calls were held.
  - The Explanation of Benefit statement, phone tree and website were updated to include a message that all medical claims need to be submitted by June 30, 2014.

- **4th Quarter 2013**
  - Phase 3 of the Private Exchange went live in October with 2014 plans.
  - Transition Campaign #2, “The Clock is Ticking”, time to enroll in a medical plan for 2014 started October 1.
  - Talking points were developed for customer service to assist members who had not enrolled in a medical plan by December 15th.
  - Marketing materials and the website were revised to reflect the transition of the non-medical products from UMR to NYL. This included a new PO Box, phone and fax number.
  - The medical plan terminated on December 31st.
MEMBER SERVICES

The AVMA GHLIT currently insures approximately 34% of the total AVMA membership; veterinarians in government, education or corporate environments may be offered various types of coverage through their employer which reduces our potential market.

Customer Service

- The Customer Service Committee meets monthly to review initiatives which will enhance the member experience.
- During 2013, we conducted ongoing customer service surveys soliciting feedback. Based on these, the Customer Service Committee evaluated the responses from members and has enhanced the look, feel and functionality of the GHLIT website.
- Staffing - Joan “Jody” Johnson, DVM continues to be active in her role as Trust Representative and works closely with our business partners to address concerns raised by participants with a goal of improving the overall customer experience. Dr. Johnson is also very involved with those veterinarians turning 65, which are Medicare eligible, providing periodic presentations on Medicare rules. Additionally, Felicia Watson is in her second year as a Trust Representative. Ms. Watson’s focus is on operational aspects and coordinating business partner activities. She has played a pivotal role in the medical plan transition and website enhancements.

Student Services

We have continued our commitment to those entering our profession by leveraging our network of campus agents. Through April 2014, Trust representatives have made 28 campus visits seeing approximately 4,000 students over the past academic year. Our student Career Start program, which combines life and disability coverage, is coverage no student should be without. Priced affordably, we hope to encourage students to consider this important policy. For the 5th year, the AVMA GHLIT presented SAVMA with a sponsorship of $20,000 to support funding for the One Health Initiative. Additionally, the Trust funded $10,000 to the National VBMA.
The 2013 AVMA GHLIT Wellness Booth at the AVMA Annual Convention was again a success. 945 participants took advantage of the free personal evaluation offered by the Trust. The participation results were on par with years past.

This year, as in the past years, AVMA members and their spouse could receive a full blood chemistry panel at no cost. In order to offset the increasing cost of hosting this service, a nominal fee was charged for PSA and Vitamin D testing. Rabies Titers were also available at a nominal fee for veterinarians and their staff.

The AVMA GHLIT co-hosted a Wellness Booth at both the North American Veterinary Conference (January 2014) for the first time and the Western Veterinary Conference (February 2014) with Zoetis at each conference. A combined total of 517 individuals stopped by the Wellness Booth with a net cost to the Trust of $12,230. As we did last year, we charged non-GHLIT participants a nominal fee for the blood work and certain tests.

Additionally, the AVMA GHLIT hosts a sales booth at 5 veterinary conventions and conferences throughout the year and GHLIT appointed agents attend many state and regional meetings.
MARKETING INITIATIVES

As the GHLIT ended its medical plan offering, marketing activities focused on promoting the non-medical products. Product promotion includes: Life, Disability, Professional Overhead, Hospital Indemnity and Dental to AVMA members through the traditional marketing mediums. New marketing initiatives were implemented to supplement the traditional marketing activities. These new initiatives include short animated videos, new web pages and re-marketing ads. In addition to the product portfolio and the Private Exchange, the GHLIT is offering a limited time special anniversary Life insurance product.

A new marketing strategy for this year promoting non-medical products is taking on a more direct and statistical approach to the messaging. The messaging strongly urges members to seek coverage to protect their families and their income as well as establishes a sense of stability promoting the fact that 28,000 members have some type of insurance through GHLIT. The most recent campaigns are using infographics with dramatic statistical facts on injuries, illnesses and protecting your family. (See attached)

Publications

Advertisements in popular trade publications have been a key marketing tactic for the GHLIT to increase the awareness of the GHLIT with the veterinary population. GHLIT’s marketing committee wanted the publication advertising to be with JAVMA on a monthly basis. In the spirit of our new marketing approach, the March edition of JAVMA included an infographic promoting the income protection security a member receives with the AVMA GHLIT Disability Income product.

Direct Mail

Direct mail pieces dropped in the 1st quarter of 2014:
- Turning 65 pieces
- Final Days for Open Enrollment on Health Insurance Exchange Market Place
- 150th Anniversary Product Post Card

Electronic Marketing

- Animal Health SmartBrief
  - 150th Anniversary Life insurance product promotion
- Facebook postings – A minimum of 2 posts per month:
  - Conference information and invitations posts
  - AVMA GHLIT product related posts
  - Reform related posts
  - Animated videos highlighting: open enrollment, graduate guarantee, Non-medical product promotion.
  - Articles of interest
Website Enhancements

The website continues to be updated with optimized words to increase search engine visits as well as reform and transition related materials. The new marketing has a call to action for viewers to go to our website. We are implementing additional online initiatives in the second quarter to drive members to the AVMA GHLIT website including social media.

Social Media

These actions include:
1. Adding more videos to the website, Facebook page and YouTube Channel.
2. Added a page to the website exclusively designed for practice owners.
3. Currently working on adding blogs to the website and Facebook page.
4. Currently working on mobile optimization of the website.

Respectfully submitted,

Dwight D. King, DVM  Chair
James F. Peddie, DVM  Vice Chair
Carolynn T. MacAllister, DVM  Secretary-Treasurer
David E. Granstrom, DVM, PhD, DACVM  Liaison Trustee
Robert L. Hatch, DVM
Gary R. Holfinger, DVM
Blair Hollowell, DVM
Martha O’Rourke, DVM
Paula C. Rode, DVM
Disability Bites!
Protect Your Income With Disability Insurance.

80% of veterinarians are self-employed

More than half of Americans can't cover bills for a year without income.

2.6 years average length long term disabilities last.

Every 7 seconds someone suffers a disabling injury.

28,000 number of veterinarians who trust AVMA GHLIT for disability coverage

$13,715,076 amount of disability benefits paid last year to covered members

When you have all the facts, it's obvious why so many veterinarians continue to rely on the disability coverage through AVMA GHLIT to help replace their income when they can't work due to covered injury or illness.

For more information, contact your AVMA GHLIT agent or call 800.621.6360 or visit www.avmaghlit.org.