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.”

The AVMA PLIT is financially stable with solid reserves, and we’re pleased to announce that survey results confirm that the PLIT remains a key AVMA member benefit. The PLIT has an excellent business partner relationship with its broker, HUB International Midwest Limited, as well as with its key insurance carriers: Zurich, The Hartford, Travelers, C.N.A, and Liberty Mutual.

2013 Executive Overview

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

- The AVMA PLIT completed its **fifty-first year of service** to AVMA members on December 31, 2013.

- **Rates** for professional liability primary and excess malpractice limits remained unchanged from the prior year. Primary insurance rates were lower in 2013 than in 2005.

- A comprehensive market research study was conducted (by Avenue M) to measure AVMA member perceptions, needs, and interests for business insurance and professional liability offerings. Key findings:
  - “Veterinarians Serving Veterinarians” and price are the **primary motivators for purchasing insurance** through the PLIT-sponsored Program
  - A large percentage of respondents believe that the **level of service** for both professional liability (95%) and business insurance (89%) is excellent.

- The PLIT selected the agency 88 Brand Partners (88) to **enhance brand equity and ensure the longevity and strength of the PLIT brand.** AVMA and AVMA GHLIT also selected 88, which has created the unique opportunity for **cohesive branding efforts** among the three entities.

- In September 2013, the PLIT reached a new milestone—more than 60,000 AVMA members had purchased a professional liability certificate.

- A workers’ compensation dividend was declared totaling $224,218 for policies underwritten by The Hartford. Dividend checks mailed in October 2013. Over the past six years, **dividends exceeding $2.9M** have been returned to policyholders (by law, dividends cannot be declared in advance).
2013 Program Activity and Key Targets Achieved

<table>
<thead>
<tr>
<th>Professional Liability</th>
<th>60,683 certificates</th>
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<tr>
<td>Professional liability</td>
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<td>Veterinary license defense</td>
<td>43,307 endorsements</td>
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<th>Business Insurance</th>
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<tr>
<td>Workers’ compensation</td>
<td>6,559 policies</td>
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<tr>
<td>Package (property/liability)</td>
<td>5,883 policies</td>
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<tr>
<td>Commercial automobile</td>
<td>843 policies</td>
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<tr>
<td>Employment practices liability</td>
<td>1,368 policies</td>
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- 43.52% of 2013 graduates secured professional liability coverage compared to 37.31% for 2012
- New business insurance activity and growth of our signature lines exceeded key targets, and the policy count and premium retention performed above industry standards
- The PLIT call center handled 50,809 incoming calls
- The Trust Veterinarians reviewed every malpractice claim submitted, identified experts and appraisers for claim defense, and also fielded numerous calls daily from insured veterinarians.

**PLIT Breaks New Milestone—Professional Liability Participation Exceeds 60,000**

In late September 2013, the PLIT-sponsored Program celebrated a new milestone—more than 60,000 professional liability certificates were in place for AVMA members. The program has enjoyed substantial growth and security since it commenced in 1962 and insured 2,115 veterinarians. Today, more than five decades later, the PLIT-sponsored program continues to be the top choice for veterinarians, thanks to a strong insurance policy with unique features such as the consent-to-settle clause and the absence of a hammer clause.

Adding to the program’s strength is the PLIT’s lasting commitment to offering competitive rates to AVMA members. Annual primary professional liability premium rates remained unchanged in 2014. **In fact, annual rates have either decreased or remained stable in seven of the last ten years.**

**Business Insurance**

New business insurance activity and growth of our signature veterinary-tailored lines once again exceeded key targets, and the policy count and premium retention performed above industry standards

In October 2013, The Hartford (a primary business insurance provider for the AVMA PLIT-sponsored Program) declared a dividend of $224,218 for the 2008 plan period. Dividend checks totaling $224,218 were mailed to participants for workers’ compensation policies underwritten by The Hartford. This is the final valuation (a review of the program’s performance) for the 2008 plan period; the first valuation of the 2008 plan period returned $271,932 to policyholders.

The Hartford evaluates each plan period after five and six years of performance. This dividend is a result of better than expected claims experience and the group buying power of veterinarians in the PLIT-sponsored Program. Over the past six years, dividends exceeding $2.9M have been returned to policyholders. **By law, dividends cannot be declared in advance.**
Market Research

In June 2013, the PLIT hired Avenue M to conduct a comprehensive market research study. As noted previously, the primary goal of this research was to measure AVMA member perceptions, needs, and interests for business insurance offerings such as workers' compensation, business property and general liability (also referred to as a BOP or package), and employment practices liability. Qualitative research included phone interviews with PLIT business insurance clients, prospects, and former clients; quantitative research involved an electronic survey to our entire pool of clients, prospects, and former clients. Key findings:

- **A large percentage of respondents believe the level of service** for both professional liability (95%) and business insurance (89%) is excellent.

- A large percentage of our colleagues (84%) believe that the PLIT keeps them up-to-date on **veterinary insurance and liability issues** and 82% believe that the PLIT serves as an **advocate in claim management**.

- Colleagues purchase insurance coverage through the PLIT-sponsored Program because they place a high value on “**Veterinarians serving Veterinarians**” and because of **price**.

- More than **50% of our colleagues are extremely likely to recommend** PLIT-sponsored professional liability insurance. That equates to a high net promoter score (+38) which is a loyalty metric that groups customers in 3 categories: promoters, passives and detractors.

This valuable market research study has helped the PLIT optimize its service offering to AVMA members, while also providing a foundation for the brand development efforts currently in progress.

Branding

In Fall 2013, the PLIT identified 88 Brand Partners as their partner for strengthening its brand foundation to ensure the long-term health and relevancy of the PLIT brand to its policyholders. Building on the market research conducted in June 2013, 88 conducted interviews and brand workshops with key stakeholders and qualitative and quantitative research with AVMA Members. The following outlines key learnings to date:

- **The PLIT is an ingrained and highly valued component of the veterinarians’ experience.** The PLIT is viewed as: reliable, supportive, efficient, steadfast, thorough and consistent. There exists a shared belief among members that professional liability insurance is a key category where it is important to choose an organization that understands the unique needs of veterinary professionals.

- **Perceptions of the program’s offering and service experience are exceptionally strong.** Members cite the consistent, integrated and supportive service experience they receive (especially during a claims process) as a key functional, convenient, and emotional benefit.

- **Business Insurance is viewed as more of a commodity than Professional Liability.** The policy’s cost and terms are considered more carefully before a decision is made. However, insights have revealed opportunities for positioning the PLIT’s business insurance offering to be more differentiating and compelling to members.

- **There are opportunities to “sharpen” the PLIT brand positioning, messaging and identity to reinforce the program’s value to members – and position the program for future growth.** While protecting the existing equity in the current brand, 88 is currently exploring ideas for strengthening the brand foundation to appeal to all member audience segments and to support all aspects of the PLIT’s program offering.
With this important phase of the brand development nearly complete, 88 and the PLIT will soon begin the work of developing a strengthened brand foundation in Summer 2014. Both 88 and PLIT will seek opportunities to integrate new messages into communications throughout renewal campaigns beginning this Fall.

**PLIT Educational Outreach and Advocacy**

Educating AVMA members about risk-management issues and acting as an advocate on their behalf remain key components of the PLIT program. A few highlights from 2013:

- The PLIT continues to employ experienced veterinarians who serve as key resources to review and discuss any professional liability claim, and to serve as a liaison with the claim representative of the insurance company. This ensures that the approach that best serves the member’s interest during a claim is taken. (This includes identifying expert and appraisers for claim defense as needed.)

- PLIT veterinarians continue to travel throughout the country providing educational programs at veterinary schools and veterinary conferences.

- The PLIT offers free online employee risk management training at www.avmaplit.com for veterinarians and their staff. Seven web-based training modules address prevalent practice management issues such as hazard communication, safe lifting, and restraint and bite prevention. In 2013, 3,389 courses were taken. (More than 15,000 courses have been taken since the launch of the modules in 2007.)

- In July, the PLIT hosted an educational webinar on the topic of “Can You Fire an Employee for a Facebook Post? What You Need to Know About the National Labor Relations Act and Social Media.” Laura Lapidus, Esq., CNA Risk Control Consulting Director was the featured speaker. Attendees learned how the National Labor Relation’s Board’s new interpretation of employees’ rights with respect to social media affects them and what they may need for compliance.

- The PLIT continues to expand its Disaster Preparedness and Recovery efforts. To support Business Insurance clients in states affected by severe weather and disasters, PLIT sent emails with claim reporting information for their respective insurance carrier. Communications were also coordinated with AVMA and GHLIT.

  In addition, a joint presentation on disaster preparedness was given at the Southern California Veterinary Medical Association conference by Tom Kelly (HUB International Vice President) and Dr. Cheryl Eia (AVMA Assistant Director in the Scientific Activities Division and Coordinator of Emergency Preparedness and Response). Future co-sponsored events are planned related to disaster preparedness and recovery, including at the 2015 AVMA Annual Convention.

**Student Outreach and Sponsorships**

Veterinary students remain a key audience for PLIT efforts, as it is critical to build strong relationships with the next generation of professionals. Through investments in programs, scholarships and education, the PLIT team reinforced the value of the insurance program to future-professionals the earliest stages of their careers.
Details include:

- **NEW! ALL for Students (ALL standing for Achieving, Leading and Learning)**—The PLIT has to date invested $100,000 in this new two-year pilot student program. SCAVMA programs that will be supported include events focused on leadership training, professional development, and community outreach. The program provides up to $7,000 annually at each student chapter.

- **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 32 veterinary schools the Trust Veterinarians visit each year.

- **Veterinary Business Management Association (VBMA)**—A grant of $50,000 was facilitated through the American Veterinary Medical Foundation for VBMA chapters to use for approved activities. The VBMA is a student-driven organization dedicated to advancing the profession through increasing business knowledge, creating networking opportunities, and empowering students to achieve their personal and professional goals.

- **Veterinary Leadership Institute (VLI)**—The PLIT sponsored $75,000 for the 2013 VLE event, and Dr. Andrew Clark (PLIT Chair), Dr. Janet Donlin, (PLIT CEO), and Dr. Karen Wernette (PLIT Trust Veterinarian) attended. The VLI is an organization dedicated to the development of tools and programs that give veterinary professionals the leadership skills necessary to be difference-makers in the profession. This includes enhancing communication skills, which help veterinarians reduce the likelihood of a malpractice suit or board complaint.

- **SAVMA Symposium**—The PLIT was a bronze sponsor of the 2013 SAVMA Symposium at Louisiana State University.

### Proactive Risk Management

The PLIT closely monitors legal cases that challenge the laws regarding non-economic damages, such as the Strickland v Medlen appeal to the Texas Supreme Court. While Carla Strickland is not a PLIT insured, a ruling in favor of non-economic damages would have had a dramatic negative impact on every PLIT professional liability insured. To help maintain the legal precedent, the PLIT contributed $35,000 to the Texas VMA to aid in the legal defense appeal. On April 3, 2013, the court ruled in favor of the appeal and reversed a controversial ruling by a state appellate court that would have allowed the owners of a wrongfully euthanized pet dog to sue for emotional damages.

In August 2013, a risk awareness communication was mailed and emailed to our equine professional liability insureds that focused on the risks associated with providing radiographic reports that are used in equine purchasing decisions. Distributed prior to the annual Kentucky Thoroughbred public auctions, the letter has prompted discussions amongst practitioners and sales industry professionals regarding the potential removal of radiographic reports from the sales process.

### Trust Office

Dr. Janet Donlin joined the AVMA PLIT on April 1, 2013 as Chief Executive Officer. Dr. Donlin took over this position from Dr. Rodney G. Johnson, who retired in April 2013. In her role, Dr. Donlin is responsible for the business operations of the Trust. The three Trust Veterinarians in 2013 were Dr. Linda Ellis, Dr. Nina Mouledous, and Dr. Karen Wernette.
AVMA PLIT Trustees

R.C. Ebert II, DVM (Chair term ended July 2013)
Andrew R. Clark, DVM, MBA (Chair term began July 2013; Vice Chair August 2012-July 2013)
Rosemary LoGiudice, DVM, (Secretary- Treasurer)
Jim W. Benefield, DVM
Stuart Brown II, DVM
John Ehrhardt, DVM
Kent McClure, DVM, JD (Elected Vice Chair July 2013)
David Granstrom, DVM, PhD (Liaison-Trustee; appointed July 2013)
J. Karl Wise, PhD, CAE (Liaison-Trustee; retired July 2013)

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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.