June 1, 2017

AVMA Board of Directors

Dear Doctors and Colleagues:

We are pleased to enclose an Executive Summary of the 2016 Annual Report of AVMA LIFE Trust, which we are submitting to the Board of Directors for referral to the House of Delegates, as appropriate.

The final Financial Audit Report will be distributed to the AVMA by July 1, 2016, as the Trust Agreement stipulates.

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

Sincerely,

Carolynn T. MacAllister, DVM
Chair

Enclosure
In 2016, the AVMA LIFE Trust kicked off the celebration of our 60th anniversary. We revealed a new name and a new look, but our dedication to the veterinary community grew even stronger.

Our mission hasn’t changed since we first started offering insurance coverage to veterinarians 60 years ago: “We are veterinarians serving the profession by educating the membership and providing value-based products and services to uniquely protect the financial security of the veterinary community and their families.”

### 2016 Executive Summary

- **AVMA LIFE offers insurance products that include:**
  - Short-Term Disability Income Insurance including a maternity benefit
  - Long-Term Disability Income Insurance with riders for:
    - Future Purchase Options
    - Cost of Living Adjustments
    - Own Occupation coverage
  - Life Insurance
  - Critical Illness
  - Accidental Death & Dismemberment
  - Professional Overhead Expense coverage
  - Hospital Indemnity
  - Rabies Prophylaxis/Titer Reimbursement
  - Student Life and Disability coverage

- The Trust issued more than **68,000 total policies** to **approximately 27,000 members**.
- The Trust remains financially strong with **$107.92M in reserves**.
- Coverage grew by **4,299 new lines of business** with **953 first-time purchasers**.
- After an extensive search, the Trustees selected a **new administrator/broker**. While New York Life remains the carrier of our insurance plans, Pearl will assist in the day-to-day operations of our insurance business.
- Added a **Critical Illness** plan which provides a lump-sum benefit for certain conditions.
Life and Disability Income Insurance continue to serve as the cornerstones of all products we offer member veterinarians. But we can't sit back on our past accomplishments, so the Trustees continue to refine those products to make them relevant for today's needs. In a highly competitive industry, AVMA LIFE is proud that our disability insurance premium rates have not been raised in over 30 years.

Product Enhancements

- The maximum coverage amount on most of our life insurance plans was increased to $2.0M.

- The Long-Term Disability coverage has an optional Future Purchase Option rider for both the member plans and the Student plan. This optional rider gives the policyholder the availability of increasing their coverage amount as their income increases without medical underwriting. In 2016, the benefit maximum of these riders increased to $7,000 and $1,500, respectively.

- The Hospital Indemnity Plan is a good supplement for those who have a high-deductible health plan.

Student initiatives were a high priority in 2016 and the Trust demonstrated that by:
  - Hiring Dr. Katrina Geitner as the Trust Representative for Student Services
  - Providing every eligible SAVMA member with $25,000 of life insurance at no cost to the student
  - Funding $134,000 in sponsorship to veterinary student initiatives
  - Reinstating the on-campus Student Representative program

The Trust welcomed a new Trustee, Dr. Jay Brekke from Colorado. Dr. Brekke replaced Dr. Robert Hatch in July. We extend our thanks to Dr. Hatch for his 12 years of service to the Trust.

New officers were selected at the July Board meeting:
  - Dr. Carolynn MacAllister, Chair
  - Dr. Blair Hollowell, Vice Chair
  - Dr. Paula Rode, Secretary/Treasurer

Policy Activity

Life and Disability Income Insurance continue to serve as the cornerstones of all products we offer member veterinarians. But we can't sit back on our past accomplishments, so the Trustees continue to refine those products to make them relevant for today's needs. In a highly competitive industry, AVMA LIFE is proud that our disability insurance premium rates have not been raised in over 30 years.

<table>
<thead>
<tr>
<th>Product</th>
<th>Policies</th>
<th>Premium</th>
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<tbody>
<tr>
<td>Life Insurance</td>
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<td>Disability Income</td>
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<td>Hospital Indemnity</td>
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<td>AD&amp;D</td>
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Policy Breakdown
New Products on the Horizon

• With the move to Pearl as our broker/administrator, we’re pleased to offer members a more robust website. In 2017, members can access their coverage easier, learn more about insurance trends and pay premiums faster thru our online portal.

• Because our members are at the core of everything we do, we will add a new Member Advocate position in 2017. This person will be available to help our members navigate the vast complexity of medical bills. By working with our Member Advocate, AVMA LIFE members will have a resource who can help them coordinate medical costs from providers, hospitals, and insurance carriers.

• A Family Care rider is being developed as an optional addition to our disability coverage. This benefit will supplement a member’s income when they need to take time off work to care for a loved one who needs assistance because of illness or injury.

• A Chronic Care Acceleration rider is being developed for our Family Group Life coverage. This rider will allow life insurance benefits to be paid in the event of certain conditions.

• We anticipate offering spouse disability coverage by the end of 2017.

Member Programs

AVMA members are the reason we exist, and we are engaged in many programs that support the needs of veterinarians. From participation in national conventions, such as the AVMA Convention, NAVC, and WVC, to state and local events, such as VMG presentations and state VMA meetings, AVMA LIFE offers support through presentations and educational venues.

Our programs and products are specifically designed to meet the diverse needs of veterinarians and their dependents. Those programs include:

• Wellness – The wellbeing of veterinarians and their dependents is of highest concern to the Trust. We have participated in a variety of programs throughout the year to highlight our commitment to the profession and those who are trained as veterinarians:
  – At the AVMA Convention in San Antonio, we again sponsored the Wellness Booth, where AVMA members and their dependents could get a blood panel, various health screenings, and/or a rabies titer. The results of these tests are sent directly to the participant, and they are then encouraged to share this information with their own healthcare provider.
  – An inaugural member of the Wellness Steering Committee, a cross-organizational action group, AVMA LIFE is committed to raising awareness of maintaining a healthy lifestyle and where to seek help to those in need.
  – Co-sponsor of Wellness Webinars with Pet Poison Helpline. Our initial webinar featured Dr. Elizabeth Strand as the keynote speaker and had over 680 participants registered.
  – Co-sponsor of a pilot study called Question, Persuade & Refer (QPR) – Along with AVMA and AVMA PLIT, this program provides training to gatekeepers and instructs on how to identify someone who is in crisis.
  – Co-sponsor of the AAVMC Wellness Symposium in Colorado.
• Student Initiatives – The next generation of AVMA members are extremely important to the Trustees, and we want to make this group of individuals feel welcome in the profession and the association.

Below, we’ve highlighted some of the initiatives that occurred over the past year relative to student activities:

– Dr. Katrina Geitner was hired by the Trust and started in March 2016 as a Trust Representative for Student Services. In this new role, Dr. Geitner works directly with the administration and students at veterinary colleges across the country to educate them on the importance of risk protection. She had the opportunity to visit 8 CVMs in 2016.

– The Trust provided **$134,000 to student programs** in 2016 and visited eight schools where Dr. Geitner and/or a Trustee gave presentations. The student programs funded include $100,000 for the ALL for Students program, $25,000 to the National VBMA, participation at the SAVMA Symposium and National Leadership Conference, and various sponsorships of $300-$500 for a variety of programs at seven CVMs across the country.

– Each veterinary college has an AVMA LIFE agent assigned to it. These individuals serve as the local expert on AVMA LIFE insurance coverage, and they meet with faculty, students, and organizations to speak on a variety of topics, including insurance and financial planning. Additionally, a **Student Representative** program was established in which a veterinary student, representing almost every CVM, receives a $500 stipend per semester to assist our school agents with communications.

– Effective August 1, the Trust is providing every eligible SAVMA member with **$25,000 of life insurance at no cost to the student**. Unfortunately, there were two claims paid to families of students in 2016.

• Fix the Debt – As young veterinarians struggle with the burden of high student debt, AVMA LIFE has taken measures to assist those entering our profession.

– **Credible** – We launched a partnership with Credible to provide student loan refinancing in early 2016, then expanded that relationship to include private student in-school loans later that year. With multiple lenders available through one application and no loan origination fee, 27 student loans were refinanced in 2016, resulting in an estimated accumulated savings of $485,368.

Working with insurance experts, the Trustees of the **AVMA LIFE Trust** have designed a program tailored to veterinarians who are entering the profession, making a change within the profession, or planning for their retirement years. **We look forward to the next 60 years!**