2019 AVMA TRUST ANNUAL REPORT

Executive Summary

2019 was a productive year for AVMA LIFE and AVMA PLIT. The organization focused on strategic unification, growth and enhanced member value. Under the leadership of Dr. Joe Kinnarney, Trust Chair, and Tracey Gray-Walker, CEO, the team showed increases in member engagement, product offering and overall awareness. The additional member activity was successfully achieved through collaboration across the broader AVMA family including, but not limited to, AVMA leadership, MARCOM, Axon and Membership with the focus on strengthening and supporting the member experience. The following demonstrates a few of the 2019 Highlights:

- New Trust staff added to increase member service and grow the Trust offerings: Chief Operating Officer, Member Experience Officer, Student Services Representative and a new Trust Veterinarian
- Unified Veterinary School strategy including one Trust Student Ambassador per school
- New enhancements to the LIFE Graduate Guarantee Plan
- Employment Practices Liability Insurance saw a 7% increase
- National Practice Professional Liability policies increased by 40%, which illustrates the strength of the AVMA membership through changing times.

The AVMA Trust provided protection to over 69,000 AVMA members generating over $140 million of annual premium represented by over 193,000 policies across the following coverages:

- Professional Liability policies and endorsements
- Business Insurance
- Life Insurance
- Disability
- Hospital Indemnity
- AD&D
- Homeowners, renters, personal auto
In addition to the coverages listed above, the AVMA Trust offers human capital consulting, risk management resources, wellness resources and many other tools and services. There will be new program offerings in 2020 to further support the needs of today’s AVMA members. One on the horizon is an association retirement plan.

2019 AVMA Trust Highlights

Summaries of LIFE’s and PLIT’s products and coverages with 2019 updates and changes:

AVMA LIFE sponsors insurance products that include:

- Short-Term Disability Income Insurance, includes a maternity benefit
- Term Life Insurance
- Long-Term Disability Income Insurance, with riders for:
  - Future purchase option
  - Cost of living adjustment
  - Own occupation coverage
- Spouse/domestic partner coverage (new this year)
- Student Loan Disability Insurance
- Critical Illness
- Accidental Death & Dismemberment
- Professional Overhead Expense
- Hospital Indemnity
- Rabies Prophylaxis/Titer Reimbursement
- Student Life and Disability Insurance
- Long-term Care
- Dental
- Vision
AVMA LIFE has more than 107,000 total policies in force, serving over 25,000 members. AVMA LIFE remains financially strong with $36.6 million in premium collected. In 2019, new lines of coverage grew by 21%.

**Policy Activity**

Life and disability income insurance continue to serve as the cornerstones of all products offered to 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.

| Policy Breakdown |
|------------------|------------------|------------------|
| **Product**      | **Policies**     | **Premium**      |
| Life Insurance   | 29,050           | $14,973,469      |
| Disability Income| 33,086           | $20,251,360      |
| Hospital Indemnity| 2,431           | $480,705         |
| AD&D             | 18,216           | $206,132         |
| **Total**        | **82,783**       | **$35,911,686**  |

**2019 Program Modifications**

The following enhancements were made to the AVMA LIFE Trust Graduate Guarantee Acceptance Program:

- Increased the Long-Term Disability Income Insurance maximum guaranteed acceptance benefit to $3,500 (previously $2,500)
- Increased the Future Purchase Option maximum guaranteed acceptance
benefit to $2,000 (previously $1,500)

• Increased the activation age on the Future Purchase Option to age 55 (previously age 51)
• Expanded eligibility for coverage increases to be made for up to three years if the maximum guarantee acceptance benefit was still available to the member
• Allowed student members to apply for coverage in their third year of veterinary school, with an effective date of their graduation date
• Changed the name of our supplemental disability product from Supplemental Disability for Educational Expense Obligations to Student Loan Disability Insurance to help with marketing the product

After a comprehensive review of AVMA Life Products the Trust determined the need to address the Long-Term and Short-Term Disability products to ensure the future sustainability of the products and the overall program. Based on the financial review the following changes were made to the AVMA LIFE Trust Long-Term Disability Income Insurance Plan:

• All new business rates were increased current insured rates remained unchanged
• Maximum benefit period for disabilities beginning under age 50 were reduced from up to lifetime to up to age 70

The following changes were made to the following changes to the AVMA LIFE Trust Short-Term Disability Income Insurance Plan:

• Waiting periods for maternity benefits were increased from 9 months to 12 months for current insureds and new business
• Maximum benefit period for disabilities due to pregnancies (without complications) were reduced from 3 months to 1 month
• Designed and launched a new maternity benefit option that allows members to increase their maximum benefit period for disabilities resulting from a routine, normal, or uncomplicated pregnancy by 30 or 60 days
• Enhanced the underwriting process with New York Life by automating the upload and download of applications.
• Began capturing and populating students’ school and graduation date
• Enhanced “Find an Agent” and “Get a Quote” web pages by adding professional designations for all agents
• Created secured electronic distribution capability for agents
• Enhanced agent client management resources to help manage member payment processing and overdue payments

PLIT managed 69,204 Professional Liability policies/endorsements and 17,270 Business Insurance policies.

• **Enhanced Professional Liability offerings.** The team of Trust Veterinarians worked with the program’s Professional Liability carrier (Zurich North America) to review all professional liability claims and spoke with insured members facing potential or actual claims on a daily basis.
• **Expanded business & personal Insurance growth.** The program’s sales and marketing teams bolstered efforts to grow participation in the business and personal insurance markets, producing positive results for enrollment in Business Owner’s Policies and significant growth for Employment Practices Liability coverages.

At year end, 82.5% of eligible AVMA member veterinarians (83,365) were insured with the primary Professional Liability coverage, ending the decade at a new high. In total, Professional Liability policies and endorsements generated $32.59M in premium.

**Business Insurance**

In 2019, the PLIT program added more than 2% to its business insurance policy count—for a total of 17,270 policies and $70.59M in premium. Year over year growth reflects a nearly 7% increase in the book of business for Employment Practices Liability (EPL) policies.
Business Insurance Policy Breakdown

<table>
<thead>
<tr>
<th>Product</th>
<th>Policies</th>
<th>Premium</th>
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<tbody>
<tr>
<td>Workers' Compensation</td>
<td>6,406</td>
<td>$36,199,081</td>
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<tr>
<td>Property</td>
<td>7,215</td>
<td>$21,938,609</td>
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<tr>
<td>Employment Practices Liability</td>
<td>1,908</td>
<td>$ 6,379,420</td>
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<tr>
<td>Auto</td>
<td>872</td>
<td>$ 4,127,059</td>
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<tr>
<td>Other</td>
<td>869</td>
<td>$ 1,955,006</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>16,878</td>
<td><strong>$70,599,175</strong></td>
</tr>
</tbody>
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National Practices

The AVMA trusts have long focused upon and supported the independent practitioner and will continue to do so. However, as the number of national and regional practice combinations and consolidations have grown, AVMA PLIT’s National Practice team continues to build relationships and pursue opportunities across the country in order to support practices of all types. Year-over-year, the team increased engagement to support the demographic change. The efforts have seen favorable results for the profession and the individual veterinarians. The results have generated an increase in premium of 40% through both professional liability and business insurance sales.
2019 AVMA Trust Member Initiatives

The AVMA Trust is focused on engaging and supporting the needs of the members and adding services and products for practice owners, independent veterinarians and students. The Trust participates in national conventions, such as the AVMA Convention, VMX, and WVC, as well as many other regional, state and local veterinary meetings.

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

Wellness Initiatives

The wellbeing of veterinarians and their dependents is a top priority of the Trust. We have participated in a variety of programs throughout the year to highlight our commitment to the profession:

We sponsored the Wellness Booth at the AVMA Convention, WVC, and AAEP, where veterinarians and their dependents may receive various health screenings including rabies titers. The results of these tests are sent directly to participants, who are encouraged to share this information with their own healthcare provider.

- As a member of the Wellness Steering Committee, a cross-organizational action group, we continued to raise awareness on how to maintain a healthy lifestyle and where to seek help for those in need.
- We partnered with Pet Poison Helpline to offer quarterly wellbeing webinars, which touch on topics important to veterinarians and the profession, including mental health, financial health, and communication skills. Throughout 2019, over 1,500 veterinary professionals participated in these webinars.
- We posted wellness tips on our social media channels as part of our #MondayLIFESupport campaign.
2019 AVMA Trust Student Engagement

The Trust is focused on supporting and engaging the veterinary student segment. The next generation of AVMA members are extremely important and we want to make this group of individuals feel welcome in the profession and the association. In addition, the goals are committed to educating and informing them about personal, professional risk management and insurance products to protect themselves, their families and their future practices.

Below, we’ve highlighted some of the key student metrics and initiatives that occurred over the past year:

- The unified Trust provided various types of supports to the veterinary student membership through several outreach initiatives, including support for SAVMA, VBMA, and on-campus activities
- Trust team members visited 36 veterinary colleges and provided virtual visits to an additional three colleges
- Attended the SAVMA Symposium - The Trust engaged with over 1,200 students at the 2019 SAVMA Symposium in Athens, GA. In addition, the Trust delivered a well-received presentation on preventing malpractice claims and board complaints
- Conducted various student marketing initiatives, including LIFE’s Tilt-a-Tale campaign (a whimsical take on Choose Your Own Adventure books) and the Hide & Seek campaign (an interactive quiz), to increase student awareness of AVMA LIFE and the importance of insurance
- Expanded Instagram outreach including an “In the field” contest for veterinary students to share their pictures from veterinary experiences in a variety of settings; reached a following of over 3100
- Created a marketing campaign with VetCandy to distribute the Guide to Vet School, which was viewed over 18,000 times in Fall 2019
- Launched a digital and social media communication strategy to align and support with the veterinary colleges, as well as the digital-native nature of the veterinary student population
- Maintained sponsorship of Vet School Unleashed podcast – with our final
sponsored episode airing in August 2019. Combined the LIFE Student Representative and PLIT Student Ambassador Program into one unified Trust Student Ambassador at each school. The Student Ambassador assists the Student Services Representative, Trust Veterinarians, and school agents with student communication and engagement

- **Sent a letter to leadership at each College of Veterinary Medicine** noting the Trust’s financial contribution to the school and emphasizing the important role of the school’s AVMA Trust team
- Developed a PowerPoint presentation to support school agents during their campus visits
- **Created a cohesive campus visit strategy between the Trust and school agents to support school visits**
- Updated LIFE and PLIT websites to highlight:
  - Trust School visit dates
  - Student Ambassadors contact details
- **Developed and delivered professional liability training** for school agents
- **Created co-branded marketing materials**

**2019 AVMA Family Marketing Initiatives**

The unification of AVMA LIFE and AVMA PLIT has offered tremendous opportunities for collaboration, especially with marketing. We’ve highlighted some of our current marketing integrations below:

- Created and launched AVMA collaborated social media content
- Developed cross brand collaboration strategy to cross-sell products across both brands and entities
- Launched co-branded giveaways
- Created combined LIFE and PLIT marketing strategy and calendars
- Co-branded LIFE and PLIT social media accounts
- Expanded marketing content for collaborative marketing, educational blogs and articles with AVMA’s use positioning in various communications
2020 AVMA Trust Sneak Peek

- Collaborating with various insurance carriers to provide new member products launching in 2020
- Enhancing website improvements: to support improved member experience, share educational tools and streamline account management, updates to avmaplit.com, avmalife.org and avmatrustahp.com are being made throughout the year
- Expanding state VMA relationships: AVMA PLIT increased its state VMA sponsorship presence from 12 states in 2019 to 41 in 2020
- Expanding data gathering and reporting: To optimally gauge the efficacy and ROI of marketing campaigns, the Trust has increased tracking and data collection across its educational and marketing efforts

The COVID-19 pandemic has drastically changed the day-to-day experience for veterinary practices around the country. The AVMA Trust tailored messaging to address new regulation, safety, risk management best practices, and utilizing curbside service and telemedicine effectively.

COVID-19 Outreach Performance

- April COVID-19 email campaign performance (as of 05/05/2020, excludes webinar communications)
  - Average open rate: 34%
  - Average click through rate 14%
- AVMA PLIT Resource Center (launched 04/06/2020)
  - Number of visitors to page: 7,015
- Trust Webinar: Managing your Veterinary Practice through the Coronavirus Coverage (recorded 04/01/2020)
  - 1,210 registrants
- Trust Webinar: Communication in Veterinary Practice in the COVID-19 Crisis (recorded 04/29/2020)
  - 775 registrants
- Trust Webinar: COVID-19 Member FAQ’s (recorded 05/27/2020)
  - 804 registrants