

Equine Insurance: It's an Insure Thing

By Stephanie Stephens

It's not the stuff of exciting conversation: you'd rather discuss who won what at the last show. And, let's face it: when your insurance policy arrives in the mail, you probably don't rush to open the envelope.

But the truth is, equine insurance is a subject you probably should get to know if you don't already, for when you really need it and you're not prepared, ignorance will definitely not be bliss.

Did you realize that, as a USA Equestrian member and competitive equestrian, you already have two excellent automatic benefits?



Competing members receive liability insurance for equine-related incidents involving bodily injury or property damage in the form of a personal excess policy from the Federation's official insurance provider, Equisure, based in Aurora, CO.

The amount is \$1 million and is "in excess of any existing individual liability coverage," according to Diane Leshner, executive vice president of Equisure. "If you don't have primary insurance, ours fills in and becomes primary." The policy, free to you, might cost a minimum of \$140 a year if purchased separately.

This benefit was recently called into play when two member horses escaped from their barn and were hit by a moving vehicle. Another situation involved a horse who decided to chew on a nearby car at a horse show: "The paint looked tasty," reports Leshner, "but, humor aside, our policy kicked in to cover the damage."

Of course, no one likes to contemplate death and permanent disability that can occur while riding. USA Equestrian members, over age 18, however also receive personal accident insurance that, in the event of either catastrophic occurrence, pays up to \$35,000 at a USA Equestrian-sanctioned event or up to \$20,000 elsewhere. Members under age 18 have a \$3,750 death benefit.

Do I Need Insurance?

What's a horse owner to do when considering coverages? First, consult a reputable agent. We've provided a partial list of well-known companies here: their employees are horse people themselves and can talk your talk, and most are generous event sponsors.

If you choose to work with an agent, know that most can work for only one company, while some represent several insurance carriers.

You may have thought that only the most expensive, famous or otherwise accomplished horses need to be insured, but the fact is, you, too, have dedicated considerable funds toward not only the purchase price of your equine partner, but also toward training, veterinary and farrier expenses, as well as entry fees and general care. Your emotional investment carries a substantial, although intangible, price tag.

Chances are, when you add it all up, you could not or would not want to afford the replacement figure. Think of insurance in the form of this simple equation: cost of protection = cost of absorbing the loss.

Enter the mortality policy, a.k.a., the agreed value policy or the horse equivalent of life insurance, and the first coverage you should consider. You can insure up to 100 percent of your horse's value, knowing that the higher that value, the higher the cost of your premiums, which should be between 2.5 and 4 percent of the corresponding value, depending upon the age and use of your horse. Most policies cover death by almost any cause: natural causes such as colic or other serious illness, or accidents, caused by weather or other disasters.

Look closely at exclusions: for example, what's stipulated if your horse requires humane destruction? Assume nothing when you purchase a policy, but do discuss all possibilities thoroughly with your agent.

"An insurance policy is not designed to benefit you, but rather to put you back in the position you were in, to indemnify you," explains Leshner. "You need to figure how much it would cost to purchase another horse just like the one you have."

The burden of proof will be upon you, according to Leshner, to justify the value of the horse. Keep your bill of sale, show records and a record of expenditures. If you get a great deal on a horse, consider hiring an equine appraiser to back you up.

For USA Equestrian members who purchase a mortality policy from Equisure, theft is covered at 100% of value in most cases, and you'll receive \$2,500 for emergency colic surgery or surgery that's a result of an accident, both great benefits.

Medical Can Be Major

With mortality as the base product, then, major medical is an endorsement, likened to human health insurance. It accompanies a mortality policy and costs between \$150 and \$300 a year, a drop in the feed bucket when compared with what you could spend if your horse gets sick or has an accident. Plus, having this type of coverage could spare you the agony of having to decide whether to undertake life-saving veterinary care. If you can't afford it, your horse won't receive it, and the emotional ramifications for you could be significant.



Major medical insurance covers "the big stuff" such as diagnostic testing, surgery and post-operative care and medicines. It doesn't cover routine care and vaccinations, deworming or elective castration, however. Your insurance company sets what's called an "aggregate limit"-usually between \$5,000 and \$10,000, depending upon the company-during the policy term, and a "per occurrence"

deductible is applied to each injury or illness.

If you found the bill from your horse's last major medical episode untenable, you probably can't afford not to add major medical to your coverage.

Loss of use is another available option, designed to pay for partial value or the horse-usually up to 60 to 75 percent-if an injury ends the career as it was originally designated in the policy. Read exclusions carefully on this one, as some companies may take possession of a horse after paying his claim. Your cost will characteristically run between 4.5 and 6 percent of value, plus the cost of the base mortality premium.

For your part, honesty is always the best policy regarding insurance policies, for failure to disclose could severely impact your reimbursement down the road.

Equisure Operations Manager Polly Blomenkamp counsels that "pre-existing conditions can be a touchy subject, so please, be honest and up front on the application. All parties need to know going into this relationship about the magnitude of the condition, the likelihood of a reoccurrence and how long it has existed."

Most companies evaluate pre-existing conditions on a case-by-case basis, in some cases, offering a "temporary exclusion" that may be removed from the policy if no incidents occur for 6 to 12 months.

Issues of Liability

Yes, your personal excess liability, free with your USA Equestrian membership, is a great perk, but don't get confused, warns Blomenkamp: it's not the same as a general liability or professional liability policy, both offered by Equisure.

"Maybe you leave a saddle on the ground in the barn and someone trips over it: that's general liability," she explains. "Or maybe your horse kicks someone's truck, again, resulting in a need for a policy that covers the amount of money you as the horse owner must pay if someone incurs bodily injury or property damage as a result of you or your horse."

Trainers, however, need more extensive coverage, in the form of professional liability. "If, as a trainer, you send a child over a jump after only one lesson, that's when professional liability would come into play.

"Equisure and other companies offer comprehensive insurance for trainers, instructors, assistant trainers, clinicians, judges, professional riders and more, designed to protect horse professionals from claims arising from negligence, error or omission of the insured."

You're advised to always obtain signed releases from customers, and to understand your state's equine liability act.

These state laws "change constantly," notes Leshner, "and a lot of people get a false sense of security from this. If you just post the sign, and do something negligent that causes injury or damage, the state's act will not protect."

Additional policies are available for tack and equipment, property protection, stallion and mare fertility and care, custody and control for non-owned horses in boarding, breeding and training situations, and event liability coverage, which provides a separate policy for each event.

Experts Weigh In

Michael and Laura Whitlow operate Kilkenny Insurance Agency in Wellington, FL. The agency insures many high-level hunters, jumpers and dressage horses. Michael explains his take on basic insurance theory.

"We know that because of 'the law of large numbers' stuff happens. Ask yourself, 'Do you want to transfer that risk from yourself on to an insurance company, whose job it is to pool the risk so individual risk is spread across many risks?' "

He cautions loss-of-use policy buyers to understand that "loss of use has to be permanent, not like human disability insurance. If your jumper can't do grand prix, but can do the adult amateurs, the claim may not apply. Also be warned that some claims can 'sit out there,' for example, when a vet recommends six months' stall rest, and then let's see how the horse is doing."

Marshall and Sterling Insurance, based in Poughkeepsie, NY, also offers a wide variety of general insurance in addition to equine.

Mary Moeller, senior account executive, warns that "the two biggest mistakes people make are to go for price only, and then the company goes out of business. 'Here today, gone tomorrow.' Second, people don't research what they're purchasing. Each company is different, and I believe in talking to the new insured thoroughly, for what they're hearing could be totally different than what I'm saying. It's better if they have something in front of them so they can read it. My job is to interpret those words."

At Newton Baker Insurance Services, Inc., in Lakeview, NC, vice president Sue McNeill advises shoppers to "make sure they're working with an 'A-rated' company. Check the Best's Key Rating Guide that lists all insurance companies. Our company's goal is to provide satisfactory service and to be as accurate as possible."

Sue Bopp is vice president of The EMO Agency, Inc., with a main office in Warrenton, VA. She's seen a steady rise in the acceptance of equine insurance.

"I think because more people are in the game, more people are buying insurance. It used to be, December was a slow time, but now, people are so geared to go to Indio and Florida, our biggest time can be November and December."

She, too, suggests developing a new hobby, that of reading your insurance policy. "If the only time you read it is when you have a claim, and then you're surprised, it's better not to be surprised."

Echoing her fellow insurance agents, Bopp recommends that you understand major medical exclusions: colic is a good example. A horse needs a year free from a condition, in most cases, in order to again be eligible for coverage for that condition.

John Hart, president of American Equine Insurance Group, advises the buyer to be aware of what's called an actual cash value policy. You could own a horse you valued at \$100,000 on day one, but he might only be worth \$20,000 the day he dies, because he's been laid off for a period of time and out of the show ring.

"We stick by the sum insured so long as the horse was worth that amount at any time during the policy period," Hart affirms. He also stresses "the price is not always an indication of the value of the coverage. Compare the coverages quoted and ask your agent to explain the differences."

He cautions that "people need to evaluate their financial risk: for a person who owns an inexpensive horse, the greatest risk is medical, while for a person who owns a very expensive horse, the greatest risk is the loss of the horse itself."

You can't buy directly from Hart's company; rather, ask your agent to quote your horse with American Equine Insurance Group when comparing companies.

Your choice of coverages and of insurance professionals is extensive. Do yourself and your horse a favor: investigate what's available from a variety of sources, then choose the insurance that's exactly right for you and your budget.

Oh, and don't forget to read that policy and understand it before you need it.