

# Equine Insurance: *Do You Have Peace of Mind?*

by Lori Roets

Nothing seemed out of the ordinary that morning. Godiva, a six-year-old Gypsy Vanner Horse mare, quietly ate grain in her stall before going out to her paddock for the day. Nine months in foal, she grazed on a flake of fresh timothy before taking a stroll around the field, seemingly the picture of health. Half an hour later, Godiva lay dead in her pasture with no immediate signs of distress. A subsequent necropsy determined her unborn foal had died and failed to abort causing Godiva to become septic. She appeared normal, until at last, the infection spread through her system, creating a sudden, massive toxic overload – unpreventable and incurable.

Clearly, to those who loved her, the loss of Godiva and her unborn colt was immeasurable. Fortunately, Godiva was insured with an agreed value endorsement, and within 30 days, the claim was settled smoothly and efficiently. Her owners had peace of mind knowing they would not suffer financial injury on top of the emotional loss.

## Who Needs Insurance?

The vast majority of horses in the United States are not insured. Many owners have the impression insurance is only for expensive or highly competitive horses. While a large percentage of this group of horses are indeed insured, equine insurance is available to any horse owner.

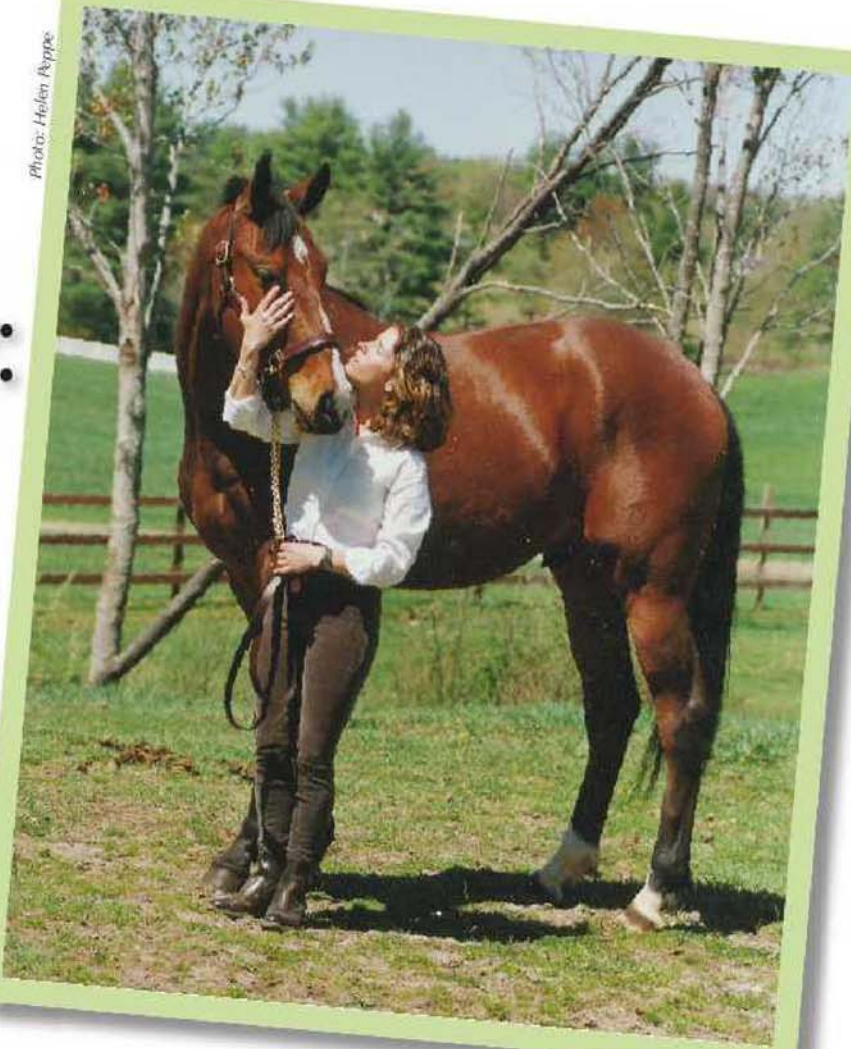
Betsy Minton of Horse & Farm Insurance, LLC ([www.horseandfarminsurance.net](http://www.horseandfarminsurance.net)) in Aiken, South Carolina, says, "The decision to insure your horse is a personal one." Owners should ask themselves if they can afford to replace their horse in the event of loss without suffering financial hardship. If the answer is no, they should consider obtaining insurance. As with any insurance policy, you are buying peace of mind.

## Types of Insurance

Three primary categories of equine insurance are available: basic coverage for perils only, full mortality, and major medical.

Individuals with farm coverage may be able to insure their horses as they can any livestock through an extension to their standard farm policy. This coverage protects only against named perils, such as a lightning strike, barn collapse, theft, or fire, advises Joe Pearson of Tennessee Farm Bureau. Designed for the average family horse, coverage is typically up to \$1,500 per equine (higher values may be possible with

Photo: Helen Ryppe



**Mortality insurance gives owners peace of mind knowing they would not suffer financial injury on top of the emotional loss if a horse were to die.**



Photo: Caren Schippers



Many people believe that equine insurance is available for only expensive or highly competitive horses, when in fact it is available to any horse owner.

appropriate documentation) and is added into the premium of the farm policy. For many horse owners, insurance against perils alone is not enough. For example, in Godiva's case a perils-only policy would not have covered her untimely death.

Full mortality coverage, which covered Godiva, is the most commonly written policy. A mortality policy typically covers loss due to accidental death, theft and ground transportation accidents. Coverage is available for foals as young as 24 hours to horses up to 18 years. Specific coverage may vary by insurer.

Full mortality coverage is a requirement to secure major medical coverage and the applicant must submit a signed application. Betsy Minton says, "Major medical and surgical coverage are available with the choice of a \$7,500 or \$10,000 limit, or one can choose a \$5,000 surgical-only policy. Many of these policies include lameness exams that include advanced procedures as well as the standard colic, medical and surgical coverage."

Special riders for stallion permanent disability, loss of use of show horses, embryo transfer, air transit and other unique conditions are available from some insurers.

#### Values and Costs

Full mortality coverage is available for up to the fair market value of the horse. Fair market value is determined by purchase price for a recently acquired horse. If the value has increased since purchase due to training or competition it is possible to gain an increase with adequate documentation. A signed bill of sale is sufficient to document purchase price. Agreed value endorsements, available for an additional premium, ensure the value agreed to between insurer and insured at the inception of the policy will be paid, without additional valuation requirements, in the event of a claim.

A promotional poster for the 2009 State Fair Raleigh, NC Horse Show. The background features a sunburst pattern. At the top left, the text reads "2009 State Fair RALEIGH, NC". To the right, it says "FAIR DATES OCT. 15th THROUGH OCT. 25th". Further right, it lists "SEPT. 30 - OCT. 4 HUNTERS &amp; JUMPERS" and "OCT. 12 - OCT. 25 HORSE SHOWS". Below this, it says "GOVERNOR JAMES B. HUNT JR. HORSE COMPLEX". The central text reads "A WHOLE LOTTA HAPPY" in large, stylized letters. Below that, there are silhouettes of a rider on a horse and a horse running, flanking the text "2009 HORSE SHOW". At the bottom, it says "FOR MORE DETAILS GO TO: WWW.NCSTATEFAIR.ORG/2009/COMPETITIONS/HORSESHOWS.HTM". There are also several stars and a ribbon graphic scattered throughout the design.



Proper documentation must substantiate the claim at the time of a covered loss.

Cost of mortality coverage depends on how the horse is used. A horse used strictly for pleasure riding or breeding will have lower rates than an upper level event horse. Mortality premiums range from 2.9% to 4.1% of the horse's insured value and are billed annually. The cost for major medical coverage is based on the limit of coverage obtained and ranges from \$250-\$400 per year.

Major medical premiums are "fully earned," meaning there is no refund if the policy is cancelled early. These policies are normally paid in full at inception. Mortality policies are only fully earned in the event of a claim, but a refund for unused premium may be issued upon cancellation of a policy provided no claim has been made. Payment terms are generally available for mortality or perils insurance.

### Information Required

To apply for a policy, owners should provide the horse's name, age, breed, discipline, purchase price and the desired insurance value. Specific coverage needs should also be specified. Requirements for veterinary exams vary by insurance company, but most only require a veterinary exam for values in excess of \$50,000 or for specialized policies. A Statement of Health is generally all that is required for most horses.

Coverage can be bound once the application and Statement of Health is received, although an initial premium pay-

ment may also be required to bind the coverage. If covering a newly purchased horse being transported by a third party, make sure the policy is in force before the horse steps on the trailer.

### When Disaster Strikes

All insurers provide a toll-free number for claims. As soon as proper veterinary care is secured, contact the insurance company to report the situation. Claims adjusters are available 24 hours a day, seven days a week with most large insurers. In case of death, as in the case of Godiva, a necropsy and attending veterinary statement are required to establish cause of death.

### Choosing an Insurer

With many companies to choose from, Betsy Minton says, "It is important to do your homework. Go on the Internet and research the insurers you are considering."

Don't be afraid to ask questions. Are they reputable, established firms? How well do they pay claims? Look for any Better Business Bureau reports on the company. And, of course, compare on price for the specific services you are looking for, but make sure you are comparing policies on an "apples to apples" basis. Match limits and features to ensure you are comparing similar coverage.

The bottom line: Go with the firm and coverage you feel most comfortable with – you are buying peace of mind. ■

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