

Tacoma Equine Hospital

3112 – 156th Street E. Tacoma, WA 98446 ♦ 253.535.6999

Insuring Your Horse

You love your horse. You've bonded through showing, team penning, and trail riding. You want to be able to provide top-notch medical care for your horse when he or she becomes sick, but emergency veterinary care and surgery are expensive. And, after purchasing this horse, your savings are depleted, leaving little cushion in case of an accident. By insuring your horse as you would insure yourself, you may be able to protect your investment, and more importantly, have peace of mind that your friend will be taken care of in his time of need.

There are many types of equine insurance: mortality, major medical and surgical, mare and stallion fertility and loss of use. What type and how much you insure for depends on your situation and the value of your horse.

The first thing to do is to pick up the phone and call a local agent that is familiar with your discipline (jumping vs. barrel racing vs. breeding, etc.) The agent can help you determine a fair market value for your horse and the best insurance package for your situation. Local agents represent the various underwriting companies around the country and each of these companies have their own policy variations. The following outline is simply that, an outline of the basics of equine insurance. You should talk to the individual agents to get more specific details regarding coverage.

Fair Market Value. This is where it starts and you'll need an expert in the field to help determine that. This could be your trainer or an agent familiar with your discipline of riding. If you have just purchased your horse, it's easy... it's the purchase price. If it's a stallion, you need to consider the stud fee and the number of mares serviced, number of foals produced, and his show record. A show horse is worth what someone will pay for it and the show success must be considered. **Remember: don't overstate the value of your horse.** You will be paying more in premiums over time and the underwriter, in the case of mortality, will only pay the "Fair Market Value". But if you understate it to avoid paying higher premiums, the underwriter will only pay the equivalent value of the premiums you've been paying and what is stated on the policy. The "Fair Market Value" can, and should, be adjusted each year with renewal. These are a few reasons to find an agent you not only feel comfortable with, but one who is competent in your discipline. They can be an invaluable resource.

Mortality Insurance. This is a life insurance policy for your horse, with you as the beneficiary. There are three types of mortality insurance: binding, limited, and full mortality.

Binding Mortality coverage insures the horse from the minute you buy it, before a veterinarian examines it, just in case something happens during transport.

Limited Mortality includes accidental death from an external and visible death, or very specific restricted perils, i.e.: fire, earthquake, shooting, theft, etc.

Full Mortality covers all reasons for death including euthanasia for humane reasons. These policies pay only the fair market value of the horse at its time of death.

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Most policies are renewable and subject to underwriting approval each year. A veterinary exam may be necessary. Depending upon the health of the horse the previous year, you may have an exclusion the following year. Each company treats pre-existing conditions differently, so you should have your agent explain the policy. Some companies offer guaranteed renewal endorsements to eliminate exclusions.

A **major medical and surgical extension** can be added to your mortality insurance for a relatively small premium. This is especially helpful for folks with medium and lower range valued horses they truly love. Most life-saving surgeries and medical treatments can be successful, but are very expensive. Many companies offer \$5,000 worth of medical coverage for only \$150 per year. This coverage does not cover minor ailments and preventative care, but does cover severe lameness, disease, or surgery. The higher the medical limit, the higher the premium, but the coverage is not allowed to exceed the value of the animal.

Premiums are calculated based on the horse's function and are dependant upon the company issuing the policy. For instance, Appaloosas and Paints premiums are generally 3.4% of their declared value; show jumper premiums are 3.7% of their declared value; and Polo ponies are 5.25% of their declared value. Premium percentages are proportional to the number of claims received.

For a more complete article regarding insuring horses, please refer to "The Horse" magazine, February 2001. You can also call our office for recommended agents in the area.