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EQUINE INSURANCE:

WHAT YOU NEED TO KNOW TO PROTECT YOUR HORSE



Deey Halloran, Equidae Insurance



Jade Stanbrook, Foy Insurance

You've just purchased a new horse. Congratulations! With so much to consider during this momentous time, one thing that can be easily overlooked is insuring your new horse, but that could end up being a critical error if the unthinkable should happen. Like any type of insurance, equine insurance protects your investment while ensuring peace of mind. However, navigating the insurance process may seem daunting to those who are new to it, with so many options to consider. National Horseman spoke with two leaders in the equine insurance business, Stacey Halloran of Equidae Insurance and Jade Stanbrook of Foy Insurance, to get their advice about what owners need to know before insuring their horses.

WHY IS INSURING YOUR HORSE IMPORTANT? SHOULD EVERY HORSE BE INSURED?

STACEY HALLORAN: For most families, the purchase of a horse is a significant financial investment worth protecting. Unfortunately, accidents DO happen. A horse owner should consider insuring when they are unable to financially replace or heal their horse because any risk transfers to an insurance company for pennies on the dollar. You insure your house and your car. Why not your horse? Insuring is a personal preference and should be based on the circumstances and objectives of the client. The basic rule of insurance is: bear the risk you can afford; insure the ones you cannot.

JADE STANBROOK: Insuring your horse is so very important for many different reasons. For many of us, the acquisition, care and medical costs associated with horses are a large investment. Insuring your horse is the best way to protect that investment. We should NEVER have to make a decision to deny medical care or euthanize a horse due to financial restrictions, and having insurance alleviates that potential. Insuring your horse allows you to make decisions based on what is best for your horse, not what your wallet dictates. This peace of mind is what the insurance is all about. We insure backyard horses to high-end show horses and everything in between. The ability to insure most every horse is there, with exception of horses aged 21+.

WHAT TYPES OF EQUINE INSURANCE ARE MOST COMMON, AND WHAT DO YOU USUALLY RECOMMEND FOR YOUR CLIENTS?

STACEY HALLORAN: Equine insurance has two components: full mortality/theft and medical coverage. Full mortality coverage is equivalent to life insurance for your horse. It provides death and theft coverage as a result of accident, injury, sickness or disease. Medical coverage is a form of health insurance and provides medical and/or surgical treatment or diagnostic testing for your horse as a result of accident, injury, sickness or disease. Different types of medical

coverage include: major medical (medical, surgical and diagnostic testing), medical assistance, surgical and colic. When insuring your horse, acquiring full mortality coverage is your first step because medical coverage cannot be added without it. If the horse qualifies (when its insured value is \$15,000 or more), we recommend adding major medical coverage because it provides the broadest coverage available. If the insured horse does not qualify for major medical, we advise adding medical assistance to surgical and/or colic endorsements to help provide complete coverage. At Equidae, we want to be sure our insureds have adequate coverage. It's heartbreaking when a loss occurs and an owner doesn't have the necessary financial support to save their passion and investment.

JADE STANBROOK: The most common types of equine insurance are mortality and major medical. The policy itself always starts as a mortality policy, which reimburses you for the value of your horse should they die. Most people choose to add major medical onto their mortality policy because it helps reimburse monies spent on medical bills arising from an accident, injury or illness. There are other options that exist as well, such as surgical only, stallion infertility and loss of use, to name a few. We always try our best to find out what the client is looking for and cater their policy to their needs. For that reason, my recommendations often change. I recommend most often purchasing the major medical with the mortality.

WHAT QUESTIONS SHOULD CLIENTS ASK THEIR INSURANCE AGENT WHEN DECIDING ON A PLAN?

STACEY HALLORAN: I wish all horse owners realized that coverages are not created equally. Most people shop for price instead of coverage—so shop carefully and ALWAYS ask questions. I would first inquire about the insurance company with whom the agent is placing your risk. How long have they been in business "specializing" in equine insurance (longevity often indicates stability)? What is their A.M. Best rating (A+ rating is the highest=financial strength)? Are they an "admitted" insurance company in your state? One of the benefits of working with an admitted company is that they must conform to state regulations, and in the event they become insolvent, the state has the responsibility to pay an insurer's claims. Second, what are the limits and exclusions in the medical coverage being offered? Most horse owners are unaware of time limits that some insurance companies place per claim, beginning with the date of the first treatment. This can be quite a problem when dealing with serious conditions that require extensive medical treatment. Some companies limit diagnostic testing per policy period by as much as \$2,500. This limit can be quickly absorbed by one MRI or multiple scans that are often required. Another important question is what exclusions apply to the policy (i.e. respiratory surgery and

treatment, navicular, arthritis and degenerative joint disease, etc.). Lastly, what is the deductible and co-pay per claim? Co-payments and deductibles are a common form of cost sharing under many equine plans. Pay special attention to these and all cost-sharing structures (limits and exclusions) when choosing a plan.

JADE STANBROOK: The very best way to understand what you are purchasing is to ask questions. There are no stupid questions! I recommend asking if the mortality policy is an agreed value policy. This is very important, and though most policies that exist right now are agreed value, it is best to be sure. I also recommend asking many questions if you are purchasing the major medical coverage. Every company's major medical coverage is different from the next. Be sure to find out if the policy you are purchasing has a co-pay, if there is an option with no co-pay, what the deductible is and what limitations exist within the policy wording. We have policies that have both co-pay and no-copay options, high and low deductible options, and more/less comprehensive coverages for things like harvested tissue treatments. If possible, ask for a copy of the major medical wording, as oftentimes the language in the policy is pretty easy to digest. Lastly, if your horse has had past medical issues, I would inquire as to what possible exclusionary wording may occur. Every company is different with if/when they will place exclusions on the policy so it is important to mention past medical issues to see how they may impact your policy.

WHAT INFORMATION SHOULD THE CLIENT BE PREPARED TO GIVE TO THE AGENT WHILE DISCUSSING POTENTIAL COVERAGE?

STACEY HALLORAN: At Equidae, we like to start with our client's objective and budget. Then, we discuss the insured value for mortality coverage and whether to increase or decrease it. If the horse is a recent purchase, we will use the purchase price. If it's not a recent purchase, we can request an increase in value by submitting the cost of training to date and the show records of the horse. To complete the quoting process, we require the horse's name, age, breed and discipline, and any known past medical issues. All of the required information is available and can be submitted online through our website at www.EquidaeInsurance.com as well, to make the insurance coverage process easier for our clients.

JADE STANBROOK: The most important information a client can give about the horse they wish to insure is: horse's age, breed, discipline, purchase date, purchase price and if since purchase they have paid for training/lessons and/or shown. It is also helpful to know (if they know) whether they want just mortality or are looking for additional coverages as well. We also ask if they have insured the horse or any horse before because this can be helpful when finding the right company to put them with. Lastly, it is helpful if a

client vocalizes what they don't want or didn't like about a previous company/policy so we can avoid future issues.

HOW DOES THE VETERINARY EXAM WORK? WHAT IS NEEDED, AND IS THIS NECESSARY FOR ALL HORSES TO BE INSURED?

STACEY HALLORAN: Horses valued over \$100,000 and foals under 30 days old require a veterinary exam, performed by a licensed veterinarian. Some carriers require a veterinary exam on horses aged 15 to 20 years old valued over \$50,000. Equidae also has veterinary exam forms online, which may be completed by the veterinarian using a digital signature.

JADE STANBROOK: Every company requires a completed application to bind coverages (the application is completed by the client). Some companies require a copy of the pre-purchase exam if one was done and the purchase of the horse was recent. Most companies require a vet exam for horses over the age of 16 (but this varies). We also request a vet form to be completed if the horse has had a past medical issue (in some cases we can accept the discharge papers or invoices from these past medical issues instead of a new vet form). In some cases we don't need a vet form done at all! The vet exams that are required are just wellness forms and don't require any invasive testing.

IS THERE ANY SITUATION WHERE A HORSE WOULD BE CONSIDERED UNINSURABLE? IF SO, WHY?

STACEY HALLORAN: For horses to be insurable, they must be sound and healthy and used for their intended purpose—whether a show horse or a broodmare. If a horse had a previous medical condition in the past, this doesn't necessarily preclude them from insurance in the future. Also, age determines a horse's insurability. Most carriers will not insure horses prior to 24 hours or after 20 years of age. Just like your own life and health coverage, insuring your horse is a process unique to the horse itself. By talking to your agent and asking questions (ALL questions are good questions!), you'll be better informed to decide the best insurance coverage for your horse, your passion, your investment.

JADE STANBROOK: We are unable to offer mortality insurance for horses over the age of 20. We have some limited options for over age 20 horses, but it is a very, very watered-down type of coverage. In rare cases, we cannot insure horses that have had significant medical issues, but that is decided on a case-by-case basis. We try to find something for everyone, but every once in a while we are unable to do so.