

Cover Your Assets

Insurance pointers for horse owners, farm owners, and instructor/trainers

BY JENNIFER O. BRYANT



PRECIOUS PROPERTY: *Insurance can protect the value of equine facilities, horses, and horse businesses*

What is insurance? It's a hedge against loss. By investing in an insurance policy, you're essentially betting that you'll suffer a loss that you couldn't otherwise afford to cover. The insurance company, by selling multiple policies, is essentially betting that its revenue will outpace the payouts when losses occur.

Some types of insurance are mandatory, such as for motorists. Others, including equine mortality, are discretionary. In a session at the 2012 Adequan/USDF Annual Convention in New Orleans, equine-insurance experts Shawna Dietrich, Kathy Stringer, and Donna Meyer offered pointers on insurance for the horse industry.

For the Horse Owner

An equine-mortality policy is life insurance for your horse: If he dies or has to be humanely euthanized, the insurance company pays the policy amount.

In deciding whether to purchase a mortality policy, the horse owner must weigh premium costs (a percentage of the horse's value) against how much it would take to purchase a horse of similar value out of pocket.

In other words, as Dietrich put it, "Is self-insurance an OK strategy? Yes, if you have funds to replace the item."

Veterinary bills can be prohibitive, especially when hospitalization is involved. Here again, horse owners can miti-

gate the risk of incurring crippling costs the same way that we help shield ourselves from catastrophic medical bills—through health insurance, or as it's called for horses, major-medical or surgical or colic coverage. (Major-medical coverage is more inclusive; surgical or colic coverage reimburses specific costs, not other kinds of veterinary expenses.)

To be eligible to purchase a major-medical or surgical endorsement for your horse, you'll usually be required to buy a mortality policy. Then you can add the endorsement, which is a flat fee and reimburses covered expenses up to a set limit. ("Covered" is the key with all insurance-related matters: Read all policy language carefully before you buy so that you understand exactly what is and isn't covered, and up to what amount.)

Stringer, of Great American Insurance Group, discussed a recent related policy change by her company. Horse owners who purchase a colic or surgical endorsement (available for horses valued at less than \$15,000) or a major-medical endorsement (for horses whose value exceeds \$15,000) receive, at no extra charge, an additional \$3,500 of colic coverage, she said. The only exception would be a horse whose policy contains a colic "exclusion" (an advance denial of coverage, often for a specified period of time) because of a past colic surgery entailing a bowel resection.

According to Meyer, one trend that may be making its way from the medical world to the horse world is co-payments—specifically "co-pays for diagnostics on an equine major-medical policy," she said.

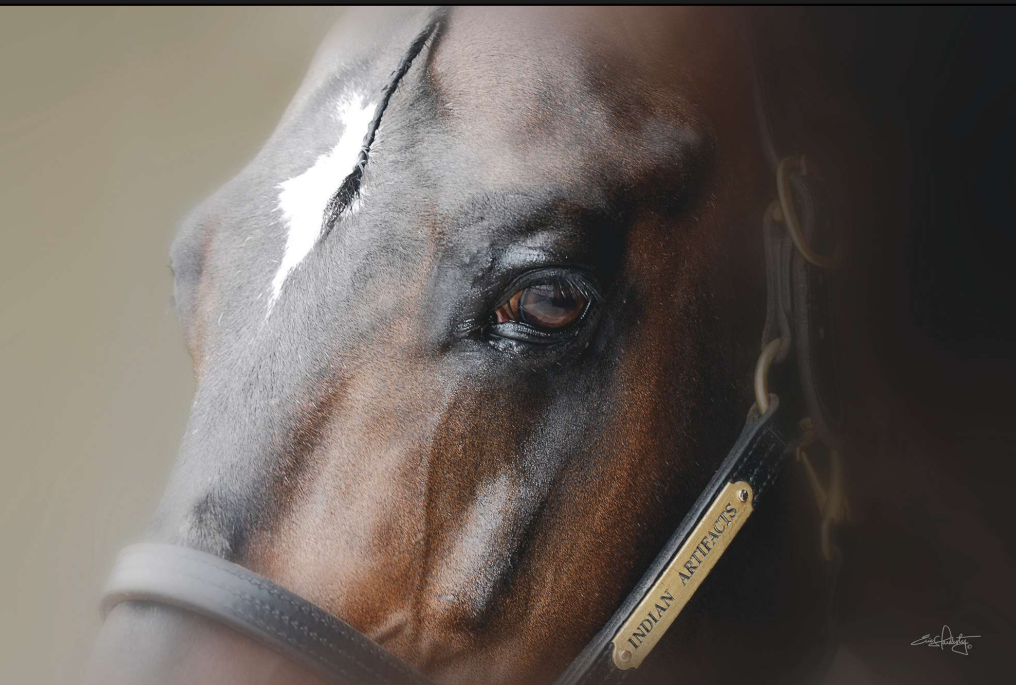
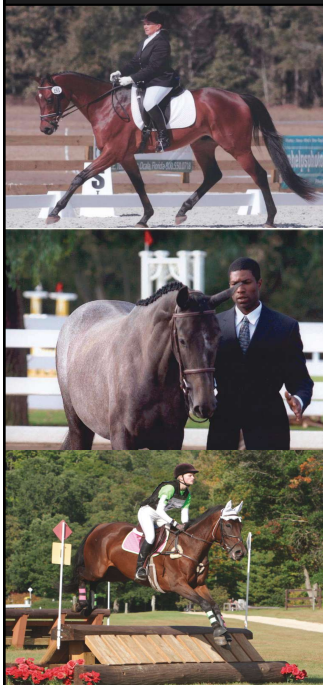
The time during which a horse undergoes a change of ownership—particularly if the seller permits the prospective buyer to take the horse on trial—can be a tricky one for insurance coverage. According to Meyer, if a horse going on trial already has a policy, then the prospective buyer doesn't need to purchase insurance for the trial period. But if the horse is not insured, then the buyer should bind mortality coverage "and probably also major medical" in the event the horse becomes ill or injured, or dies, during the trial period, Meyer said. And the day you sign the check, of course, the horse would no longer be covered under its previous owner's policy.

For the Instructor/Trainer

When it comes to teaching riding lessons or training horses, a primary concern is liability: If a student or a horse were injured (or worse) while on your watch, you'd want ample protection against lawsuits.

Instructors probably must name the farm(s) they teach at as an additional insured on their policies, according to

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Convention Coverage

What About Liability for Horse Owners?

Horse people understand that equines can be unpredictable and potentially dangerous—but tell that to the ignorant bystander who gets bitten or kicked and is now threatening to sue.

An applicable liability policy offers protection against such incidents, but some horse owners may not have one, according to equine-insurance agent Shawna Dietrich. One's horse may or may not be covered under a homeowner's policy, she said; insurance companies and policies differ, so check with your agent.

As a benefit of membership, the US Equestrian Federation offers \$1 million in excess-liability coverage for horse-related accidents or property damage, Dietrich said (more info at usef.org/documents/memberPerks/EquisurePolicyInfo.pdf). (The coverage does not extend to equine-related businesses, such as boarding stables, according to Diane Lesher of Equisure, the policy provider. Those who run equine businesses need their own liability coverage, Lesher said.)

Dietrich. (The carrier she deals with requires all landowners to ensure that all independent contractors—visiting instructors among them—do so, she said.) Fortunately, adding an additional insured is not expensive, she said.

If something happens that results in legal action, “the policy that pays out as primary is the one belonging to the party determined to be at fault by the lawyers,” Dietrich said.

The use of working students is a time-honored equestrian practice, as is the more informal arrangement of having kids help out in exchange for rides or lessons. Both have liability implications. Minimize them, Dietrich advised, by structuring additional activity by a volunteer as a lesson. A true working-student position is a business arrangement—instruction in exchange for work. An instructor should list any working students as such with his or her insurance carrier, she said.

For Farm Owners and Show Organizers

Meyer discussed forms of prevention—specifically, prevention of lawsuits in which equine-related businesses are found to be at fault. She advises covering one's, ahem, assets by taking proactive measures: Post a sign bearing your state's equine-activity statute at the entrance to your farm. Post barn rules prominently. Have students, boarders,

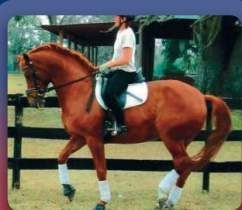
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Hilda is an 4*/FEI Dressage Judge, a "R" Dressage Sport Horse Breeding Judge, "S" Dressage Judge and continues to actively train and compete several horses at the FEI Level. In addition, she is a dedicated teacher, instructing a generation of students from the grass roots to international levels.



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October 26-27, 2013

Mount Holyoke College
South Hadley, MA
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November 2-3, 2013

Willow Draw
Weatherford, TX
Hosted by Fort Worth
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For current details
on these and
future clinics visit
www.usdf.org.

Convention Coverage

horse-shoppers, and others sign appropriate release forms. Get all forms and releases vetted by a lawyer who specializes in equine matters and who knows your state's laws.

Let's say you're a farm owner and a USDF group-member organization (GMO) wants to host a clinic at your facility. Both the GMO and the clinician should name your farm as an additional insured on their policies, Meyer said. Likewise, all independent contractors at a horse show or other equine event—including vendors—should be required to supply a certificate of insurance, she said.

Show organizers: Inform your insurance carrier of all the activities planned for your event, said Meyer. That includes aspects that are not directly horse-related, such as food concessions and even the use of golf carts, she said.

A Complex Subject

Our experts couldn't possibly cover every equine-insurance nuance in one session. Use the overview we've presented here as a jumping-off point for your own "due diligence" in ascertaining what coverage you need and want for your horse, farm, teaching and training business, or horse show. Start by finding out what your existing policies do and don't cover; then have a conversation with a knowledgeable equine-insurance agent to go about filling in any gaps. ▲

Meet the Experts

The three insurance experts on USDF's panel are affiliated with Great American Insurance Group. **Shawna Dietrich** operates Dietrich & Company Equine Insurance Services (dietrich-insurance.com) in Pewee Valley, KY. **Kathy Stringer** is the senior underwriting and marketing manager for Great American Insurance Group's equine-mortality division in Ocala, FL (greatamericaninsurancegroup.com). **Donna Meyer**, College Station, TX, is an equine agent with Taylor Harris Insurance Services (taylorharris.com).



THE PANELISTS: *Equine-insurance experts Shawna Dietrich, Kathy Stringer, and Donna Meyer*

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