

## MORTALITY AND LOSS OF USE INSURANCE ISSUES

If you train, show, or breed horses, you are well aware of the financial commitments involved. You may have already explored insurance coverages to protect against risks. Even if you just own one sport horse, you may want to consider your insurance options, especially if the horse's value is significant. If you are leasing or trying a horse during a pre-purchase inspection period, insurance coverage may be required by the lease or contract. A fine horse should be protected because injury can easily occur and major medical expenses can cost an unexpected fortune. Loss of use, theft, and mortality are also issues to consider. This article discusses the general types of coverages available and issues to spot. It also provides a general range of current pricing, which you should confirm with your agent.

A Full Mortality policy provides insurance protection for your horse and can cover foals, stallions, mares and geldings of any breed. This type of coverage insures your horse against death due to an accident, injury, illness or disease. It usually includes humane destruction to relieve incurable and excessive suffering. It can also include theft and transportation protections. The premium is usually based upon value, breed, age and use of the horse. (example: \$10,000 value x 3.5% rate = \$350 annually--race horse and foals are generally higher). Generally most horses can be covered.

Limited Mortality insurance covers your horse for specific perils, such as: fire, lightning, wind storm, earthquake, flood, theft, etc.... Unlike Full Mortality, you are not covered for a non-accidental cause of death or destruction and, therefore, it is not very often sold.

Major Medical is an endorsement to a mortality policy and it provides coverage for reasonable and customary charges for treatment performed by a licensed veterinarian necessitated by an accident, injury, illness or disease. Just like with your own health insurance, be sure to understand the limits on coverage and any deductibles. Often, policies start at

\$5000 worth of coverage per insured animal for emergency vet care or emergency surgery, subject to a \$250 medical deductible per claim, for which the premium may be around \$150-500 a year. Because of the deductible, this is not going to be good for small veterinary bills. Pre-existing conditions are generally excluded. But this is affordable protection against major, unexpected bills, especially surgeries. Some carriers require an additional premium payment for surgical coverage, so be sure to understand what is covered and what is not.

Accidental Loss of Use is an optional disability coverage that is added by endorsement to your Full Mortality policy. As a lame mare or stallion still has value, this coverage is usually only for performance geldings. This coverage pays upon an accidental injury in which the horse is permanently lame and cannot perform the functions as stated in the policy. Loss of Use coverage provides a payment of 50-75% of the horse's declared value under the Full Mortality section of the policy. Annual premiums range between 1.8-2.3% of the declared value on the Full Mortality portion of the policy and whether you wish to purchase accident, sickness or illness coverage.

Full Loss of Use covers not only accidental losses, but also many lameness issues that are health related. It may run up to 3.75% of the declared value for an annual premium but covers things like development of navicular disease. Not surprisingly, it requires a full veterinary examination and x-rays. Any abnormalities may make the horse ineligible and not many horses qualify. When shopping for insurance, you may want to look for A-rated agencies. Look for agencies that have been around for a while and have knowledge of horse issues. **H**

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