

Options in Basic Equine Insurance

Major medical? Surgical? Mortality? Sure equine insurance can offer peace of mind to the horse owner, but what does it all really mean? And can I afford it?

By Gretchen Ditto

The basic types of coverage purchased by most horse owners are mortality and major medical policies, which roughly correspond to life and health insurance for people. Generally, mortality insurance reimburses a horse owner if the horse dies. Depending on the policy, the owner may receive payment for the full or partial value of the horse. Medical and surgical policies cover the costs associated with treatment of an injury or illness. An owner can purchase mortality coverage alone, but medical and surgical policies are generally available only in combination with mortality.

Mortality Insurance

Every horse has value. Though not pleasant thought, it's important to consider what it would cost to replace your horse if he should die. Are you prepared to pay the cost yourself, or do you need an insurance policy that will help to bear the burden?

Most mortality policies cover virtually any cause of death, including natural occurrences such as colic as well as fatal injuries resulting from accidents, fire, lightning and other causes. Frequently, humane destruction and theft are also covered. Some policies even protect against freak accidents, like a horse being fatally injured by wild dogs or by falling debris from an airplane. Although age limits vary by provider, full mortality coverage normally is available to horses as young as 24 hours and as old as 17 years. When evaluating a policy make sure the exclusions are clearly spelled out. A company might be reluctant to pay, for example, if a horse dies due to real or perceived negligence or other human error.

Another consideration in choosing a mortality policy is the amount of coverage you actually need. You can insure up to 100 percent of the value of your horse, but obviously, the more expensive the horse, the higher the premiums will be. Rates depend on several factors, including the horse's current value, age, sex, breed and discipline. For most owners, **value** is the one variable that is the most difficult to determine. Basically the question you want to answer is "How much would it cost to buy another horse similar to mine?"

Loss of Use

A variation on mortality coverage is called "loss of use," which pays a percentage of the horse's value should an injury leave him permanently unable to perform in the discipline identified in the policy. For instance, if an injury ends a jumper's career the owner may collect up to 60 percent of the horse's insured value. But be sure to read the fine print: Many loss-of-use policies give the insurance company the right to take possession of the horse after paying a claim. Others offer two choices: a higher reimbursement if the insurer keeps the horse or a lower reimbursement if the owner keeps the horse.

Medical And Surgical Insurance

Technological advancements are having a tremendous impact on equine health care, but the costs of certain treatments can be prohibitive. An insurance policy may help you avoid the heartbreaking decision of whether you can afford the veterinary measures that could save your horse's life.

As the name suggests major medical/surgical insurance covers medical and surgical treatment for illnesses and injuries that occur during the insurance policy period. Some companies describe their coverage simply as "major medical," but it often includes surgery as well. Typically, the coverage includes diagnostics, medications, surgery and postoperative care.

Medical/surgical policies usually do not cover routine care such as vaccines and dental treatment, nor do most policies cover elective or cosmetic surgeries or treatment for developmental or congenital birth defects. Alternative therapies, such as chiropractic, acupuncture or magnetic therapy, are often excluded from policies, but some companies review such treatments on a case-by-case basis. Other exclusions are pretty

commonsense; for example, don't expect reimbursement if someone other than a certified veterinarian performs surgery on the animal.

Weighing the Costs

Whether you buy mortality insurance alone or in conjunction with medical/surgical insurance, your annual premiums will vary depending on your horse, your location and the terms you choose. For mortality coverage you can generally expect to pay premiums of anywhere from 2.5 percent to 4 percent of the horse's value. That means, for example, that the cost of the annual premium to insure a horse valued at \$7,000 will likely be between \$220 to \$280. Obviously the lower the declared value of the horse being insured, the lower the premiums, and vice versa; however, many providers charge a standard \$150 minimum for mortality policies.

Adding major medical/surgical insurance to your mortality policy generally means that you'll pay an additional flat fee that is based on the coverage limit and the amount of the deductible, the sum you must pay if you make a claim. Plan on spending an average of \$150 to \$250 per year in addition to the mortality premium. Most providers offer several different major medical/surgical policies, which are available for flat rates determined by the coverage limit (typically \$5,000 to \$10,000), the deductible (typically \$150 to \$250), and the details of the coverage. Cost does not vary for each particular horse, as does with mortality policies.

You can save money on medical coverage by opting for a slightly cheaper "surgical-only" policy, which typically covers only the costs of surgery and postoperative care. These policies frequently will not cover any diagnostic work or hospital costs that occur before surgery. Surgical-only policies are not as common as major medical, simply because the coverage is not as broad, and the cost savings often are minimal. American Equine Insurance Group, for example, sells its major medical/surgical coverage only \$50 more than its surgical-only policy.

Many people also save money by purchasing mortality coverage for less than the full value of their horses. "I always insure my horses, but my main concern is the medical benefits, not the mortality" says Debbie Rosen, an eventing competitor and trainer based in Agoura, California. "Full-value mortality is cost-prohibitive for me, but I insure for less than full value on mortality because I want the medical and surgical coverage. I never want to be in a position of having to put a horse down simply because I can't afford the treatment that might save him"

This attitude isn't uncommon, says Rich Maggard of West Coast Equine Insurance Services in Central Point, Oregon: "Some people can accept the financial loss of a horse's death, thinking that it's money that's already been paid. It's water under the bridge. But most horse owners I know would spend their last dime to give their horse the medical care that could save his life." Some owners will decrease the horse's insured value as he gets older because they want to be able to purchase major medical coverage but feel they don't need as much mortality coverage.

However much the premiums might be, they're still much cheaper than buying a new horse or paying for major surgery. "A lot of people think insurance is more expensive than it really is," says Andy Beauchamp of Equine Insurance Specialists in Muncie, Indiana. "If you purchase the minimum mortality coverage, which costs \$150, along with major medical insurance for \$150, you're paying only \$25 per month ? less than a dollar a day."

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