

The Great Insurance Debate

Whether you have a championship-winning show partner, a solid ranch horse or just a backyard trail mount, insurance can protect your investment.

Article by Jennifer Zehnder • Illustration by Kevin Cordtz



“Insurance is all about appraising the value of your horse,” says cutter Brett Cogburn, “or just loving your horse so much that you’re willing to do it.”

The Clayton, Oklahoma, trainer is just one veteran horseman who considers insurance a necessary part of the horse ownership process—in some cases.

Equine insurance, the purchase of which is standard procedure for some of the horse world’s greats, is now a realistic option for the everyday equine. With annual rates based on a horse’s breeding, age, performance, and market and/or replacement value, owners can select from coverages that include mortality, major medical/surgical, and loss-of-use or permanent disability.

While horsemen can’t take the risk out of horse ownership, by insuring their horses accordingly they can take comfort in knowing that a policy might allow them to save their horses’ lives through veterinary measures, or protect their investments should theft or untimely death occur.

“Everybody has his own philosophy, but most of my customers are middle-class people like me,” says Cogburn. “And I’m always worried about covering them [customers] on the dollar end.

“I tell my owners, ‘If you can’t afford to lose him, insure your horse and there’s no way you shouldn’t break even.’”

Un-Muddying the Insurance Waters

Equine insurance policies might vary in rates and terms, but, as a general rule, three types of coverages are the most common: mortality, major medical/surgical and loss-of-use.

Mary Anne Kean, director of mortality underwriting for Market Insurance of Virginia, and Butch Human, president of Star H Equine Insurance of North Carolina, offer the following insights regarding equine insurance.

Why should a person consider insuring their horse?

Kean: Insurance protects your investment. Many horsepeople are unable to financially sustain the loss, an expensive illness or injury to their horse. That's where insurance comes in.

Human: I have one simple guideline: If the loss of your horse would create a financial hardship if you had to replace him, then consider insurance.

For insurance purposes, how do I determine my horse's worth?

Kean: Insurance rates are calculated on a horse's value. For mortality policies, the purchase price is a good starting base. If it's a homebred, other costs such as the breeding fee factor in.

Human: There are two schools of thought when determining a horse's value—potential market value and investment value. If your horse is for sale, I don't have a problem with the first approach as long as the potential market value is realistic. If the answer is "Heavens no, he's not for sale. He'll die in our backyard," then I suggest the second method—based on what you have invested in the horse.

What are some of the more common policies available?

Kean: Most people choose mortality and major medical/surgical policies. A mortality policy reimburses an owner if his horse dies. The amount depends upon policy coverage. Annual policy rates range from 3 to 5 percent of the horse's value.

A major medical/surgical policy can be added to a mortality policy to cover major medical and surgical treatment of non-pre-existing conditions should illness or injury occur. Several coverage levels with a per-claim deductible are available, and veterinary checks are sometimes required.

Human: Another mortality policy add-on to consider is loss-of-use coverage—for an additional average rate of 3 percent. If, as a result of injury or sickness, your horse becomes permanently unable to be used for its stated policy use, you can collect between 50 to 75 percent of the mortality insurance value. This policy generally requires an extensive veterinary check.

A word of caution—some companies state that in the event of a loss-of-use claim, the insurance company will take possession of and become the owner of your horse. Other companies allow you to keep your horse. Read your policy carefully.

What happens if I have a claim?

Kean: Policies vary, but generally a mortality claim requires a veterinary autopsy to determine the cause of death. Claims must be filed in a timely manner with your agent and/or company. If a horse needs to be euthanized, be sure to get consent from your company first. In the case of theft, shooting or vehicular involvement, police also should be notified.

For a major medical/surgical claim, call your veterinarian first and take care of your horse. Be sure to contact your agent as soon as possible no matter how minor the injury. Occasionally minor injuries can spiral into serious and sometimes life-threatening problems.

Human: Your insurance company has your horse's best interests in mind. Don't be afraid to talk to their agents. If you have a medical/surgical claim and your veterinarian recommends a procedure as the best treatment for that injury or illness, most of the time, unless it's something experimental or controversial, it'll be covered under your policy—if your agent did his homework and found you a good policy.

A Necessary Evil: The Case for Insurance

"Equine insurance is just like any other health insurance," says trainer Carol Metcalf of Pilot Point, Texas. "Read the fine print, ask the right questions and you should be okay."

Metcalf, who has made the rounds in Western pleasure, Western riding, reining and working cow horse events, has never been a big fan of equine insurance.

"I am if it's the right situation," she explains. "A horse's value determines if he gets insured at our barn."

Metcalf speaks from bittersweet experience as she recalls an instance in which tragedy struck before a horse was insured. A busy schedule was partly to blame for not getting her newly purchased stallion prospect covered, she remembers. Two weeks to the day after she brought the colt home, he died in a freak accident.

"It was 9:30 in the morning when he started to colic," she recalls. "By 12:30, he had survived the surgery fine—but fell and broke his neck coming out of the anesthesia."

"That was a big wake-up call for me, and I think insurance is important in those situations. I should have been smarter and insured him before I hauled him home."

Today, Metcalf places set values on horses in her program, insuring those above a certain value for mortality and, sometimes, major medical/surgical.

"I cringe every time I have to pay my premiums," she says, "but if something did happen, it would sure be nice to get a return on my investment."

Who You Know: Shopping for Agents

"Know your agent," suggests horsewoman Colleen McQuay of Tioga, Texas, "and know that your agent is going to go to work for you."

McQuay and her husband, Tim, have insured their breeding stallions, main show horses and select broodmares for mortality, major medical/surgical and loss-of-use with several companies through the years.

"When we were young, we insured with people we knew in the horse business, who happened to be agents," she explains. "They were agents, but they were also friends so we had some pretty good guidance starting out."

Today, with an established reputation in the English and Western worlds, the McQuays are constantly solicited by insurance agents. But that doesn't stop the couple from doing their homework.

"We've been very selective, of course," she says. "We shop policies, but we definitely make decisions based on who we're dealing with—how much personal service and follow-through they offer when we need them."

In the McQuays' experience, agents who know your business—jumpers, reining horses or otherwise—are going to have more competitive rates.

"They know the industry and are more in-tune to the value of and demands placed on horses within that discipline," she says.

In her 25 years of insuring horses, McQuay says she's had to collect on only one policy. But, what would have normally been a clear-cut mortality reimbursement turned into a three-month ordeal because her then-insurance company sold, leaving her to deal with new agents unfamiliar with her policies.

"It was the normal insurance office procedure—go through 25 steps before you pay the check out," she remembers. "I collected on the policy, but it took a lot of persistence on our part."

"I can't stress the importance of knowing your agent enough. The right agent makes all the difference."

Jennifer Zehnder is a WH associate editor. For more information about equine insurance, visit Market Insurance at horseinsurance.com, or Star H Equine Insurance at starhorseinsurance.com. Send comments on this article to adr@westernhorseman.com.