



“Managing Risks for Dressage Horse Owners”

by Kingsley Edwards

B.Agr.Ec (Syd.), Dip.Fin.Serv. (Ins. Broking), ANZIIF (Snr. Assoc.), C.I.P.

Gow-Gates Insurance Brokers

All dressage horse owners know that any pursuit involving a living, breathing animal always brings with it the potential for things to go wrong. There are, however, some simple strategies to manage those risks in order to minimise their impact on the enjoyment and satisfaction derived from their involvement with their horses.

Two of the main risks inherent in owning a dressage horse are either that the horse suffers an injury or illness so it cannot compete, and/or it dies.

Managing the risk in order to limit the horse's probability of becoming sick or having an accident, largely depends on those who are responsible for its care and the nature of environment in which it lives. Agisting the horse at a farm where the horse is looked after by experienced horse people who place a high priority on the horse's safety in their daily horse management practices (whether by the owner at his or her own property or at a professional agistment farm) is essential in mitigating the risks. The quality of the facilities at that location, especially the standard of stabling, yards/paddocks, fencing and feed, as well as the proximity and access to specialist equine veterinary care, are other important factors in reducing the likelihood of the horse suffering an accident or sickness, or even death.

Despite implementing these strategies, a horse may still sustain an injury or contract an illness/disease which in many cases incurs substantial veterinary costs. These are, however, able to be reduced through insurance via the vet fees extension to the equine mortality policy. This cover reimburses the horse owner for fees charged by the vet for the necessary treatment of a horse arising from illness or injury suffered during the policy period. Importantly, the major veterinary expense of life saving surgical fees, that can quickly rise to thousands of dollars, is included, or can be taken as a separate policy extension, just covering that eventuality.

Where injury or illness does not cause the death of the horse, it may result in the horse no longer being able to be used for its former intention, e.g. being able to perform in dressage competition. The Loss of Use extension to the mortality policy allows for claim to be paid in the circumstances described above and is another means of reducing the exposure of risk for dressage horse owners.

The standard mortality insurance policy most commonly used in Australia is the Lloyd's Equine Policy which basically provides 24 hour cover for the insured horse against death from natural causes (e.g. colic, disease, infection, lightning strike, snake bite, etc). The policy is normally taken out for a period of 12 months, although it can be for a longer or shorter period, if required.

Cover extends to circumstances where the horse sustains an injury or sickness and a vet certifies that the horse's suffering is incurable and so excessive that immediate destruction is imperative for humane reasons. Cover usually includes death whilst in transport of the horse anywhere within Australia and during surgery conducted by a qualified veterinarian under local or general anaesthetic. In addition, the policy covers the risk of loss due to the horse being stolen.



The purpose of this policy is to indemnify the owner by placing him or her in the same financial position after the claim is made, as before the claim was made (through paying the owner the horse's fair market value at the time of loss). This amount is determined in a practical sense by asking "how much would I reasonably expect to receive if I sold my horse today?" If there is any doubt on the value, then consult someone familiar with the market for buying and selling horses who may be able to advise on a realistic price for the sale of the horse, forming the basis for the Sum Insured.

The premium paid by the owner for a mortality insurance policy is calculated as a percentage of the Sum Insured. The amount of premium levied by the insurer is primarily influenced by the age and sex of the insured horse, in addition to a number of other factors.

The Sum Insured is the maximum amount the policy will pay out (provided it is less than or equal to the fair market value). As a consequence, the Sum Insured should represent this fair market value at any given time, so in the event of a claim a prompt settlement can be made without question over the horse's fair market value versus the Sum Insured.

Although this insurance policy provides peace of mind to owners in the knowledge that if the horse dies, they will receive monetary compensation, it does not transfer all the risk. The policy does not cover deliberate destruction by malicious acts, nor does it cover pre-existing conditions (i.e. any illness, disease, lameness, injury or physical disability at the commencement of the insurance will not be covered).

Horse insurance may be purchased directly with insurers (or their agents) or through an insurance broker. The role of an insurance broker is to represent the horse owner in dealings with the insurer which is a distinct advantage for the horse owner. A broker who specialises in equine insurance can make the experience of buying insurance much easier plus ensure the benefits of the cover purchased are maximised by obtaining the most suitable cover at the best price, in addition to assisting in the claims process, both through the provision of a professional and personalised service.

There are, of course, no guarantees for horse owners, but the risk management tools outlined in this article offer a greater likelihood of owners achieving their goal: owning a good performer that remains sound; and also providing financial protection in the unfortunate event of the horse being injured/ill or its death. If the latter occurs, mortality insurance also places the owner of a horse which has died in a position where they can purchase a replacement horse with the claim funds paid, thereby enabling their continued participation in, and ongoing enjoyment from, the sport of dressage.

Should you wish to find out more about horse insurance, please contact the Equine & Bloodstock team on (02) 8267 9999 or by email info@gowgates.com.au.

Disclaimer: The information in the above article is intended as a guide only and should not be relied upon without the seeking independent professional advice.