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# Protecting your investment - types of insurance cover and policy

Guy Prest

Managing Director

KBIS

Cullimore House

Peasemoor

Newbury

Berkshire RG20 7JN

Guy has ridden since childhood. After leaving school he was commissioned into the Royal Artillery. During his time in the Army he completed the long equitation course at Melton Mowbray followed by 3 years with the Kings Troop RHA. He has also ridden successfully as an amateur jockey winning the Royal Artillery Gold Cup in 1983 and trained National Hunt horses for 6 years before taking over KBIS in 1991. He continues to be closely involved with the sport both with family horses and the pony club and still rides.

His expertise in the equestrian industry has proved invaluable in developing KBIS into one of the leading equine insurance brokers. The company has focused on having a thorough understanding of its customer's requirements by only employing staff who have ridden or are horse owners.

# 16 Protecting your investment - types of insurance cover and policy

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Insurance is like the airbags in your car, you hope you never have to use them but when you do it is too late to change them if they do not work. So it is worth spending a little bit of time and effort to make sure you buy appropriate level and type of insurance.

A riding and competition horse insurance policy in the UK normally allows you to purchase a choice of the following types of cover: Death and theft, permanent loss of use, vets fees, personal accident and legal liability; you can also purchase cover for your tack or trailer if you require. It is important to realise that there is not a standard policy and, with most companies, you have to pick and choose the bits you require. Most people purchase the death and theft plus vets fees cover and, for those wanting greater peace of mind, it is worth paying the extra and including permanent loss of use. This adds cost to the premium and may require the additional expense of a full 5 stage vetting. However, if you have just purchased the horse with a purchase vetting then you already have a suitable certificate.

Each company will have different levels of cover and it is important to realise that a policy which has a much cheaper premium, is probably more limited in the benefits.

I am afraid there is no substitute for spending a few minutes looking at the summary of the policy to find the key facts and noting the limits and conditions.

On a cost front it is worth appreciating that very few other types of insurance have such a high rate of claims as is the case for vets fee cover, with 1 in 4 policies making a claim each year. Combined with the average claim increasing by 65% over the past 5 years, as a result of more expensive veterinary equipment and techniques, this has meant that the premium charged has had to increase proportionally.

My final comment is that every horse owner must make sure that, even if they choose not to insure the horse for a value or for vets fees, it is important to have legal liability cover. You may not need to purchase this from your horse insurer as the membership of various Equine societies can include legal liability cover as a benefit of membership, as is the case with the BHS full membership.

## **Brief summary of standard cover options**

### ***All risks of mortality insurance (ARM) and theft***

This covers your horse up to the sum insured if it is killed, dies or, as a result of the horse being in severe and unremitting pain, your vet advises immediate destruction on humane grounds. Normally included with mortality is loss by theft or straying.

*Most insurance policies are paid out on the market value of your horse so be prepared to answer questions to justify this value by supplying the purchase price or competition results. There is no point in over insuring your horse as you will be paying premium on an amount that you will be unable to claim.*

### **Vets fees cover**

Pays for non-routine vets bills after deduction of an excess. This is probably the area where the cover varies most from company to company and policy to policy. The cost of this cover will rise as the demands on the horse increase. For example, vets fees for an intermediate eventer will be more expensive than those for a pleasure hack. Some companies offer a variety of levels of vets fee cover to suit all budgets.

### **Loss of use insurance**

Loss of use insurance covers the sum insured if the horse becomes **permanently** incapable of performing the tasks for which it is insured. Due to the nature of these claims they are often long and drawn out situations as the horse must first be fully diagnosed and, if possible, treated. Only if this is unsuccessful does it become a claim. Two types of policy are sold:

Loss of use due to accidental external and violent injury only, such as a kick or getting caught in a fence.

Loss of use due to sickness, disease and accidents, includes cover for navicular, degenerative joint disease etc.

Generally, loss of use is offered at 75% or 100% of the insured value of the horse. In the event of a claim, if you wish to keep the horse in retirement, you will normally receive a reduced sum varying from company to company. To receive the full 75% or 100% you must choose to have the horse destroyed.

Most companies require a current full 5 stage vet's certificate for loss of use insurance which includes sickness and disease, with accompanying X rays for higher values. It is in your interest to go to a Company that requires at least a veterinary certificate as this will establish the horse's fitness at the start of your insurance policy.

Loss of use insurance does not cover for loss of value, lack of ability or behavioural problems.

***Tack cover***

Tack cover is for damage or loss by theft and is often limited to saddles and bridles or harness and does not always include cover for rugs.

***Third party/legal liability***

This covers you for your legal liability to a third party for damage caused by your horse resulting in death, disease or bodily injury or damage to property. It is essential to have this cover and it is relatively cheap for up to or £2 million of cover.

***Personal accident***

This normally covers death or permanent disability whilst riding, driving, leading or handling the insured horse and may include dental treatment. Death and permanent disability cover varies from £5,000 to £20,000 and there is normally a reduction in the amount of death cover for riders under 16 years of age.

In summary the devil is in the detail. Spending a few minutes checking the policy summary is time well spent.