



Premium Values

BY ESTHER MARR / ANNE M. EBERHARDT PHOTOS

As with life insurance for humans, obtaining equine insurance can be a complicated and expensive endeavor. What kinds of policies to buy, when to obtain insurance, and when to decline coverage are just a few of the many questions new owners face upon first investing in Thoroughbred stock.

One true veteran of the equine insurance business is Syl Kiger, president of Kiger Insurance, who has experience spanning more than 45 years and insured the last two winners of the Triple Crown.

With his family-operated office based in Lexington, Kiger roams the Keeneland sale pavilion each day of its four yearly sales in order to help shoppers get the insurance they need for their horses before the hammer falls. For, as Kiger says, "you never know what could happen."

Depending on the value of a horse, owners can decide whether they want to take a gamble on their investment, or make sure

they are safe rather than sorry should an accident occur. Often times obtaining insurance depends on an individual's own economic situation. In Kiger's opinion, however, most people simply can't afford not to buy insurance.

One of the biggest predicaments comes once an individual decides he or she wants to insure a horse, for how does one choose the right agent for the job?

"You want an ethical, experienced agent," said Kiger. "You can ask around the general public in the horse industry who is ethical and who is not, and who is experienced."

Kiger suggested new owners study equine insurance advertisements in the various Thoroughbred periodicals, call a couple of agents that seem appealing, and ask them for references.

"There are bogus agents walking around, and if (owners) don't get insurance with a reputable, ethical, experi-

To insure, or to 'self-insure'...that is a good question



Taking a gamble on their investment or making sure they are safe rather than sorry is another tough decision for Thoroughbred owners

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enced agent, it could be a real problem," he warned.

Rates for basic mortality insurance policies, which cover death or destruction to relieve inhumane suffering, usually range from 3% to 7% of the value of the horse. The rate is usually higher for foals than for older horses, as babies are more prone to illnesses and accidents.

While most people opt to take care of their insurance payment in one installment, farms with large quantities of stock may sign up for deductible plans. That way, their premium cost will be less up front, but a set deductible amount would be paid if



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Most people who insure have "fall of the hammer" coverage

something happened to one of its horses.

Another policy option is restrictive peril insurance, which is a cheaper form of mortality insurance that only covers death due to fire, lightning, tornado, and/or transit.

The amount of insurance one chooses to take out is based on what a particular insurance company perceives is the value of the horse. One isn't required to insure the entire value of a particular horse, however.

"(The amount you insure) is up to you," Kiger said. "If you have a horse that's worth \$100,000, you can insure him for \$45,000, \$50,000, up to \$100,000. It depends on the individual and their own economic circumstances."

He added, "A person with one horse really ought to insure, but a person with 50 horses? I think that's up to them."

Kiger said one of the most important concepts about obtaining insurance is to secure it even before bidding on a horse at a sale. If the horse is bought privately, purchasing insurance should come immediately after the deal is done.

"Most people that insure (at the sales) have 'fall of the hammer' coverage," he explained. "Why would you wait? If you're going to insure, you should insure right away instead of thinking, 'let's talk about this next week.' What if next week comes and (your horse) is already dead?"

"That's a big part of why we're here. When you're selling thousands of horses, and they're all going out to the vans and stuff, accidents happen. Not that many, but they do happen. It's OK as long as it's not yours."

Due to its size and the hundreds of horses it boards year-round for outside clients, Robert Clay's 2,300-acre Three Chimneys Farm near Midway, Ky., has a farm liability insurance policy to cover itself in the event that someone is hurt in an accident on the farm, or someone becomes ill as a result of one of its products.

"We have the policy to cover that hopefully never-needed liability of somebody being unhappy with something that went



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wrong," said John Hamilton, who handles bloodstock sales at Three Chimneys.

Hamilton noted that Clay also has mortality insurance on the horses at the farm that "suit his philosophy."

"Generally on a big-valued horse, we'll cover it," Hamilton said. "But there are some uninsured horses owned by Mr. Clay. The same goes with clients; they're probably 50/50 on insurance.

"You can overinsure and be insurance poor, or if you have enough horses, you can sort of self-insure, which means all the premiums added together would eat up a claim or two, so it's not worth insuring,"

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Hamilton added. "Most of the people that don't insure are either because they have a small-valued horse or they have a lot of horses, and they're self-insuring in their minds."

Meg Buckley, who co-owns Threave Main Stud near Paris, Ky., said obtaining insurance for mares should be based on what they are worth as well as the value of the stud fees invested in them.

She noted that approximately half of the horses boarded by other clients on her farm are insured, with their values ranging between \$10,000 and \$150,000.

"If you have a mare that has a history of colic issues or hemorrhaging after foaling, it would be wise to insure her, if possible," Buckley advised. "Also, it is important to insure (mares with) no-guarantee stud fees. For foals, weanlings, and yearlings, it should be based on stud fee, physical appearance, and what you think the market value is."

Hamilton said Three Chimneys also buys fertility insurance on new sires soon after syndicate deals have been completed. That way, the farm is covered in case the stallion has problems getting mares in foal.

Allan Chappell, who operates a small breeding operation near Versailles, Ky., with his wife, Lori, said while he has obtained mortality insurance for his horses from time to time, he doesn't have the quality of stock to purchase those policies often.

"One of my 2-year-olds in training is insured, because we think her value justifies it; (her death) would be a hard loss to take," he said. "We also have a farm owner's policy, and from time to time, I've had care custody and control insurance."

Care custody and control insurance is an additional layer of liability coverage for horses that are not farm-owned. This type of insurance defends and protects one's claims for negligent loss. In addition to paying for damage to the horses, it will defend any suit against the farm.

Other endorsements offered by some insurance companies that can be added to equine mortality policies by paying extra



If a mare has been bred on a no-guarantee season, it might be wise to have her insured

premiums include a major medical add-on, which reimburses some veterinary fees; surgical, which will cover a portion of surgery fees; loss of use, which would pay the majority of the animal's value if the insurance company takes possession of a horse incapable of fulfilling the functions for which it was purchased; and trip transit, for importing or exporting a horse internationally by air.

Chappell said he insures his horses through Nina Hahn, who is based out of Paris, Ky.

"I met her through mutual friends in the horse industry several years ago," he explained. Similarly to Kiger, Chappell said one of the key factors in finding a good insurance agent came by obtaining referrals from others.

George Isaacs, who manages Bridlewood Farm near Ocala, Fla., said like most other farms, Bridlewood insures its most valuable stock.

"I would say about 50% of our herd is

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The value of the horse is important when deciding whether to insure

insured,” he said. “Several years ago you could insure your whole herd pretty cost effectively because the premium was low enough at the time, and you could do a deductible-type policy on a large herd, and it would be fairly cost effective, but that’s changed in the last several years. Basically, we self-insure all the horses underneath the value of \$100,000, and anything over the value of that, we underwrite.”

Isaacs said he often tries to urge clients with more valuable horses to obtain insurance.

“If they don’t (have mortality coverage), I try and point out why they probably should if they can afford it,” he said.

Any person who decides to board a horse at Bridlewood or any other farm, Isaacs said, should immediately make the

operation aware of their insurance policy and provide copies of all their records as soon as the animal arrives.

Bridlewood’s insurance company of choice is the Lexington-based Anthony Cecil Insurance. “Someone told me years ago that he was extremely competitive, and I did my research, and I’ve always found him to be so,” Isaacs said.

With a mid-sized Thoroughbred breeding and boarding operation, Nathan Fox’s Richland Hills Farm near Midway, Ky., has a farm package of insurance coverage, with a fairly extensive liability policy.

“It seems like all I do is write checks to insurance companies,” Fox joked. “I pay workmen’s compensation, which is extremely high, plus property liability. We also have a separate farm liability policy

that includes coverage if a horse happened to get loose and hurt someone, so that our clients are covered in that regard.”

Richland Hills also has individual liability policies for each of its stallions, and mortality policies for its mares, foals, and



Bridlewood Farm’s George Isaacs

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not willing to take when considering the value of his investments.

“We run our operation in a first-class manner, and just the way any of the other (big farms) do,” he said. “We stress the

care of the animals above anything else, and we take a lot of pride in the way these horses look and how they’re presented, and in order to do that, insurance coverage is something you have to have.”

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racehorses, as well as a deductible policy for all of those aforementioned horses, along with its stallion interests, unless it’s a stallion’s first year.

“Then you have to buy mortality and congenital infertility (insurance) on top of that for a new horse,” Fox said. “So it’s a very large amount of money. Insurance takes a big slice out of the operating budget of a farm my size every year.

“It’s pretty extreme, because I have to carry the same coverage that a (large) farm like Lane’s End or Three Chimneys carries from a liability standpoint,” he continued. “(Equine insurance costs) can almost be crippling to certain sized farms. A lot of smaller farms take that risk and assume that risk (by not insuring their horses). But we can’t do that, obviously. We’re sort of right in the middle, where we’re paying the full bill, but we don’t have the income that some of the others do.”

Although it’s a pricey process, Fox views insuring his horses as covering a risk he’s

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