VALUING YOUR HORSE FOR INSURANCE

Accepted Methods of Determining An Insurable Value

The starting point;

- If you purchased the horse that amount would be the starting value.
- If you bred the horse yourself, what was the advertised stud fee of its sire? Multiply that number times 3.

Additions;

- If it is a recent purchase, and you paid a professional transporter to bring the horse to you, most companies (not all) will allow you to add that amount to the purchase price.
- If the horse has received professional training (post purchase date), you can add that value to the initial number from above. In the event you get an all-inclusive bill which includes board, the “rule of thumb” is to add 30%-50% of that bill. The assumption is that a portion is for the maintenance of the animal, while the other portion actually enhances its value. If you are a professional trainer yourself, it is permissible to count your time as well.
- If you are actively showing or competing (and doing well), the show record will add value to the above. The companies usually don’t consider “open” or “schooling” shows, but instead they consider results from “breed” shows or specific discipline competitions. The company underwriters have a good grasp on the marketplace, and know the values of comparable horses achieving a similar level of success.

Other considerations;

- If your horse is a stallion and retired from active competition, then his breeding income can be utilized as a factor. Generally speaking, multiply the outside revenue from stud fees by three. Most companies will only consider outside mares bred, and not accept income from your own personal mares.
- If your horse is a broodmare, they will consider the actual sales price of her offspring. If you have a home-bred offspring, its value can be influenced by the actual sales of maternal siblings.

What is NOT considered;

- Travel expenses locating the horse, pre-purchase vet exams, farrier work, board bills, quarantine expenses, personal transportation expenses, training by a non-pro, lesson expenses.

Here are some tips:

It is important to understand that the insurance companies strive to protect your investment. They want to reimburse you for what you have put into the horse to date, not what the horse may become in the future. Above all, they do not wish to create a scenario whereby anyone would profit by the demise of their horse.

Emotions are not insurable. We all love our animals, and wouldn't give them up for a million dollars. But, that doesn't mean we can insure them for that. Be reasonable and be realistic.

"Gift" horses are normally not insurable because you have no investment. Of course, this could change with additional training expenses, or a successful show or competition record.

An appraisal is generally the "last resort" in determining values. Some companies won't accept them at all. Those that do will require a written statement from a notable expert in the breed or discipline, and they must never have had a vested interest in that animal.

Values at the inception of the policy can always be updated. We recommend a quarterly review of your horses performance, and a recap of how much money you have invested in its training.

Remember, as the horse ages, it abilities may start to decline. Most companies start increasing the mortality rates at the mid-teens, and then suggest a reduction in value in the late-teens..

In today's equine market, there are numerous bargains to be found. We frequently get calls saying…."I just bought a $10,000 horse, and I only had to pay $3,500 for it. I want to insure it for $10,000". Unfortunately, they did not buy a $10,000 horse. They just bought a $3,500 horse in the eyes of the insurance companies.