



EST. 1960

Stover & Crouch knows Farm & Ranch. Here is what you have to know about your tack.

So, you own a couple of saddles and blankets, a handful of bridles, and a breast collar or two. No doubt you also have the normal menagerie of halters and splint boots, so probably, you've got \$20,000, or so tied up in tack.

Are you sure, absolutely sure, that your insurance covers your tack?

Our good friends and customers Ronnie and Gala Nettles clears this up for us. Please take the time to read the attached article written by Gala. She is one awesome lady.

After reading the article, you may want to learn more about these folks.

Nettles is a champion cutting horse rider and trainer. But these days, his horse barn is transformed into a full-scale production facility building handcrafted stirrups.

And he's made a good living at it. Ronnie is one of the best cutting horse riders and trainers in the world. In 1984, he won The National Cutting Horse Futurity in Fort Worth - the Super Bowl of cutting.

Go check out their handcrafted, self-leveling stirrups. They are masterpieces specially designed to prevent fatigue on your body. You can learn more about Ronnie and Gala Nettles at <http://nettles-stirrups.com>.

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NOPE....YOUR INSURANCE DOESN'T COVER THAT

By Gala Nettles

So you own a couple of saddles and blankets, a handful of bridles, and a breast collar or two. No doubt you also have the normal menagerie of halters and splint boots, so probably, you've got \$20,000, or so tied up in tack.

Did you know, according to research, a thief needs only a screwdriver and as little as seven seconds to break in to any trailer, vehicle or tack room, and only minutes to leave you empty-handed?

You're thinking, "That's what I've got insurance for!"

Are you sure, absolutely sure, that your insurance covers your tack? It may not.

And how far away from a road do you keep your horses? Did you know that if one gets out and is hit by a car, besides the damages incurred, you could get sued?

Again, you're thinking, "That's what I've got insurance for."

But, are you sure, absolutely sure, your insurance covers accidents like this? It may not.

The cold hard fact is that unless you know for certain that you would be covered in these two scenarios, then you're probably not. Insurance coverage for equine owners isn't as black and white as a homeowner's policy. In fact, this year alone three equine insurance cases surfaced in which the owners *thought* they were well covered, only to find out that the insurance they carried did not cover the problems they incurred.

Another cold hard fact? If you're not covered, it's usually not the insurance company's fault. It's usually yours. Too often owners assume the insurance company knows their needs, and they don't. Even if the agent does know your needs, he can only insure that which you tell him to cover.

Now might be a good time to find out exactly what coverage you do have, versus what coverage you need. Here are a few tips to help you.

DEFINING YOURSELF

The purpose of insurance is two-fold: to protect yourself from losing everything you have from things like fire and theft and to protect yourself against lawsuits others might file against you. As the owner of horses the kind of insurance you need depends on your status with them.

For example, do you live in a home in town or on acreage? Do you board a few horses for friends or just board your own? Do you ride for pleasure or have a training business? Business, by the way, means receiving money for anything horse-related - training, boarding, breeding, buying and selling horses. Do any of those things and you have a business. Nothing says it has to be a profitable business, and neither does it matter if a major association classifies you as a non-professional.

In fact, determining the kind of insurance you need is as simple as three letters: IRS. If your income tax shows that some form of equine activity helps pay your rent and buys your groceries, then neither a homeowner's policy nor a farm and ranch policy will pay for those stolen saddles. Why? Because they are considered tools of your trade.

So what kind of insurance works for you? It depends. Equine insurance is not black and white, and to be covered you'd best know all the shades of gray in between.

HOMEOWNERS INSURANCE

“Homeowners insurance coverage is usually for someone in town. This person does not live on large acreage and doesn’t have barns,” explained Dan Onstot with Justin Insurance, Justin, Tx. “Of course, a lot of homeowners policies vary by company, so some may cover a horse or two in the back yard, but more than that, and the liability side of a homeowner’s policy won’t cover you. For example, if someone gets hurt on one of the horses in your back yard, your Homeowners policy may pay for you. Take one of those horses to a show, though, and should it accidentally kick someone, your homeowner’s policy probably may not cover you.”

2. FARM AND RANCH POLICY

The Farm and Ranch policy is an expanded Homeowners’ policy, originally designed to protect the buildings and equipment farmers and ranchers needed to operate. It would also provide liability coverage for Uncle Joe’s broken leg when the family donkey kicked him.

If however, the rancher collected pay for breeding his donkey, it’s an equine business, so his farm and ranch policy isn’t going to cover Uncle Joe.

Ah, but you just own a couple of horses, you say, so that’s not you.

Maybe it isn’t, but maybe it is.

To the insurance companies owning several horses sends up a red flag with the word “business” written all over it, so you will have to prove those pets aren’t for monetary gain - which includes giving riding lessons, training horses and even boarding horses. Should you do any of those activities, you need to add an endorsement specifically for equine activities to your Farm & Ranch Policy to keep some suit-happy person from becoming the new owner of your ranch. Enter the Commercial Equine Liability Policy.

3. COMMERCIAL EQUINE LIABILITY

Homeowners and Farm and Ranch policies exclude commercial equine activities, so the Commercial Equine Liability policy picks up where they leave off. Liability policies protect you if you are sued by an injured party or by someone whose property is damaged who is not a family member or employee.

“The thing I run into all of the time is that so many horse people think their farm and ranch policy covers their horse business,” said Onstot. “If horses are your livelihood, you are considered a commercial business and, therefore, need a commercial liability policy to cover personal injury and property damage. Your Farm and Ranch insurance won’t cover that if you make money with horses.

Still not sure if your insurance would cover Uncle Joe being kicked by your donkey? Call your agent and ask. And also ask if your policy covers your saddles, should they be stolen. Make sure, though, the agent knows how you buy your groceries. Since you’re covering yourself, it’s not a good time to fib. After all, should you need them to pay off in the future, the insurance company might do a little nosing around before writing that check. Right now, though, your agent only knows to cover you according to what you tell him.

A secondary benefit to having Commercial Equine Insurance is that it puts an attorney in your pocket. Not only is the insurance company duty bound to investigate any

accident, they are also duty bound to defend the case. And, they are duty bound to pick up the tab for all of the expense incurred in the investigation and defense on top of your liability limit. In other words, if you own a \$500,000 liability limit policy and the accident investigation and defense cost \$250,000, the insurance company pays both, should you be found liable.

Some approximately 43 states now have laws for equine businesses, which basically state that if someone sues you, they will not collect. The law makes it easier for a judge to dismiss certain cases, but it doesn't say, however, that someone can not sue you. Should that happen, the attorney you must hire will want money.

You also need to make sure you follow those laws correctly.

"You have to make sure that you've followed the state requirements within the legislation to have the protection," stated Mary Phelps, a market equine insurance specialist for Phelps Equine World. "They might include posting specifically worded warning signs, and/or requiring signed waiver of liability forms from participants in equine activities on your property or under your sponsorship. Check with your state affiliate to the American Horse Council to find out your state's requirements."

Waivers and Hold-Harmless agreements are another avenue some horsemen prefer other than insurance. They require those associating with them to sign agreements and while those signatures may, indeed, help should a court case erupt, Karen Guthrie, an insurance professional with Equine World Insurance in Ann Arbor, Michigan, advises Farm and Ranch owners to tread carefully in those waiver waters.

"Waivers are not bullet-proof," she said. "They demonstrate the participant's understanding of the risks inherent in equine activities, but they don't release the farm owner from acts of negligence. And, they don't relinquish the participant's right to sue."

The difference in having an insurance policy versus depending on the laws and agreements is that the policy not only provides you with insurance, it also provides you with an attorney free of cost.

Not everyone needs both insurances though. While horsemen who own their own facility need the Commercial Equine liability to accompany their Farm and Ranch policy, those leasing facilities need only the Commercial Equine Liability. Since a leasee doesn't own the property, his needs are to protect himself. The policy will also protect the landlord, however, from being sued should the trainer's customer get hurt on the landlord's property.

There's one more policy to consider, especially if you're a trainer.

4. CARE CUSTODY AND CONTROL

"The Care, custody, and Control policy is for those who take care of other people's horses," Said Joann Means with Ben Emison Agency Inc. "It's for people such as boarders and trainers and it protects them should the owner or his insurance company sue."

Forget that the owner has his horse insured. That isn't what this policy is about. It's about protecting you – not your property, not your buildings, not others should they be hurt. This policy takes up where all other policies leave off and follows you to shows and on the highway, as well as on your own facilities.

Let's assume that a horse valued at \$100,000 has an accident in your care and then dies. The owner has the horse insured, so the insurance company pays him for his

horse. Few insurance companies are going to shovel out those big claims checks, though, without a little snooping to make sure you weren't negligent. Did you go to sleep at the wheel while hauling a load of horses? Had that hole by the barn that the horse fell in and broke his leg been there a long time?

"While negligence may be hard to prove," continued Means, "the insurance company that paid for that horse can sue the person caring for it, if they think he might have been negligent."

The good news is that Care, Custody and Control insurance is one of the less expensive insurances available and it can be purchased at different levels. The entry level of \$5,000 per animal, up to \$25,000 per total claims is only \$250.00.

I DON'T NEED IT

Kind of smug because you don't own anything so none of this applies to you? Better think again. Just because you don't own anything doesn't mean you can't get sued. The news is full of frivolous lawsuits. Remember the lady who sued McDonalds because the coffee was too hot?

Lawsuits can bankrupt the normal guy and if you're sued, even though it is without just cause, you have to have an attorney. Besides the advantage that the insurance company gives you by providing that attorney, remember that it also has to defend you at their cost. Its like having a lawyer on retainer.

Even if you don't have anything right now for the person who is suing you to get, he can place a judgment against you and it can follow you the rest of your life. In some states the person can even get a lien placed on your truck or house so that the lien has to be paid before the vehicle or house is sold. And your credit report? The judgment is listed there, too.

HOW MUCH DO I NEED?

The question should really be how much risk are you prepared to assume? Sometimes financial means dictate that we have to assume a whole lot more than we want to, but there is still a way to receive a little coverage. With the high costs of litigation and costly judgments, any is better than none.

To get the straight scoop on coverage you must explicitly tell your insurance agent about your lifestyle, so that he or she can explicitly tell you whether you are covered, or just giving away money. Liability premiums are based on the amount of business you do, how many horses you keep in your custody. Armed with that knowledge your agent can help you make the right choices. Problems occur when policy holders think their agent knows all about their business and they don't.

"Insurance companies are not out to deceive the client," stressed Onstot. "They are out to provide the coverage for which you request, so it's important to share every item of your business to get the correct coverage; otherwise you may think you're covered, and again, you aren't."

That means the things you do that aren't declared won't be covered.

FINDING THE RIGHT AGENT FOR YOU

Insurance companies and insurance agencies are two different things. You want the best of both worlds. The insurance agency is the one who writes your coverage and that agency most likely has a handful of insurance companies it uses.

Start with finding the right agent, and you can begin from your easy chair by grabbing a couple of magazines. Companies specializing in the equine business usually advertise in the trade magazines, so browse through them for agencies to visit. You might also call several horse owners or ask equine businesses if they know companies to recommend.

Better than a visit to the agency is a call to ask an agent to come meet with you. A personal walk-through of your facilities will give the agent a better idea of your needs. If he wants your business, he should be willing to do this.

After meeting several agents, choose the person with whom you feel comfortable. Not all personalities fit, but someone at some agency will make you feel comfortable. It may not be the first one with whom you visit either.

Consider if distance is a concern for you. Some people want an agency whose office is in their back yard, while others are only concerned about the service they receive and the office can be in another state.

While you're on this hunt, make sure to ask questions. What are the names and ratings of the insurance companies the agency uses? Onstot suggests that you want your insurance written with a company rated at least A. Does the agency participate in insurance organizations and ongoing education?

You'll also want an agency that is interested in educating you on equine risk and protection, one interested in lowering your premium costs when possible and one savvy enough with the business to offer recommendations to your problems. Most importantly, you'll want an agency that is concerned about you. A good indication is when appointments are kept on time and telephone calls returned, promptly.

THE BOTTOM LINE

Forfeiting the kids' college education because you thought you were covered won't be a good feeling. Neither will losing the ranch to some sue-happy person you never particularly cared for in the first place. So the best thing to do is to carry the best bang for the bucks you can spare.

"No one likes writing checks to insurance companies," admitted Onstot, "and that includes me. But no one likes losing everything they own, either."

The best plan is a plan, and your insurance agent can tell you if you have one that's got you covered. If you have no insurance, talk to an agent and find out what coverage might cost you. After all, some of it is as cheap as \$250.00 a year. And that gets you a lawyer in your back pocket.