

Making Sense of Recent Changes to Major Medical/Surgical Coverage

Posted At : February 2, 2015 12:00 AM | Posted By : Amy Daum
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There are a lot of changes happening in today's equine insurance market, and a few of those impact horse owners in significant ways, so I thought I would address one specific area – Major Medical/Surgical coverage.

In the last several years, due in large part to drastically rising claims costs—most significantly related to Major Medical/Surgical claims—insurance companies throughout the U.S. have made changes to their Major Medical/Surgical coverages. These changes range from the easily understood increases in premiums and deductibles, and additions of co-pays and coverage sub-limits, to only allowing Major Medical/Surgical coverage on horses valued at certain amounts, or restricting the limit of coverage based on the horse's insured value. In the following blog, I'll try to address these areas in more detail.

First, while the knee jerk reaction by many consumers is to feel that with these changes the insurance company is trying to take advantage or rack up huge profits, to my knowledge, this is not the case. Over the last decade or so there have been great strides in veterinary medicine, from the availability and types of diagnostic tools, to high tech and more effective treatments for lamenesses and illnesses. This is great news for horseowners around the world. The sooner we can diagnose a problem, and the more advanced our treatment options, the better chance we have for our horse's full recovery.

Of course, along with those technological advances come increased costs, and this is where over time the insurance companies that offer Major Medical/Surgical have seen an increasing tide of claims expenses coming their way, enough so that changes become necessary if the companies are going to be able to continue to offer the coverage.

What do you mean, my horse isn't worth enough to have Major Medical/Surgical coverage?!?!

This is a question being asked by many horseowner's these days, even those whose horses have been insured for years. The great majority of companies have instituted minimum value requirements for horses to be eligible for Major Medical/Surgical coverage, therefore with these companies if you have a lower valued horse, you may just have no options for this sort of coverage (with these companies – see below for others that may be more accommodating).

With other companies, they will not pay out an amount under the Major Medical/Surgical endorsement that is higher than the horse's insured value. Which would mean that if the lowest limit of Major Medical/Surgical that the company offers is \$7,500, but you have a pleasure horse worth less than that amount, such as \$5,000, then you would expect that \$5,000 would be the maximum the Major Medical/Surgical endorsement would pay out during the policy period, even if the actual limit (and the amount of coverage that you paid for) was \$7,500. In this situation, you could try to see about increasing the horse's insured value to \$7,500 in order to get the full benefit of the Major Medical/Surgical limit, but this will of course result in a higher premium, or may not

be possible if you cannot substantiate an increased value on the horse.

*****Broadstone does work with one company that has no restrictions regarding the amount of Major Medical/Surgical coverage in relation to the horse's insured value.*** Providing the horse otherwise meets the required underwriting criteria, you could insure the horse for just \$1,000, and still have anywhere from \$5,000 to possibly up to \$15,000 of Major Medical/Surgical coverage. Go here for a [Quote](#).

This can be especially useful if you have recently purchased a horse, such as an off-the-track-Thoroughbred, for an inexpensive amount. Or if you adopted or were gifted a horse. In these cases, you will likely still want the protection of Major Medical/Surgical coverage, and we should be able to help you achieve that.

What about diagnostics? They are getting more and more expensive, and now the insurance companies are making me pay out of pocket.

Most all companies these days require a co-pay or co-insurance, often specifically with regard to diagnostic testing. Basically this usually means that you will be responsible to pay a percentage of certain expenses out-of-pocket (though talk to your agent for specifics). With some companies, this percentage may be restricted to the type of diagnostic test, for others, it will be across the board for all diagnostics. And for other companies, there might be a co-insurance on all expenses, not just diagnostics--again, talk to your agent for details.

We currently work with companies that handle diagnostics in different ways. One applies the percentage out-of-pocket to only certain types of diagnostics, which can be a good compromise. One puts a dollar limit on diagnostics. The other requires a percentage to be paid by the insured for all diagnostics, but interestingly, they will allow the insured to pay an additional premium to waive that diagnostic co-insurance clause, which is a rare option in today's marketplace. So if you are particularly concerned about the potential costs of diagnostic tests of all kinds and willing to pay an additional premium, providing your horse otherwise meets the underwriting criteria (this company has a minimum value requirement), you could potentially see about waiving the diagnostic co-insurance clause.

What about older horses? I heard that I can't get Major Medical/Surgical coverage on my 15-year-old horse?

Actually many companies will offer Major Medical/Surgical coverage for horses through the ages of 18-20, though rates for the Full Mortality coverage generally begin to increase at around 15 or 16, so the Mortality premiums will increase. In addition, the limits of Major Medical/Surgical available for older horses may change over time.

With all these changes to the Major Medical/Surgical coverage, is it really even worth it?

For me, the quick answer is a resounding "Yes!" Having been in the industry for much of two decades, I have seen simple hoof abscesses turn into surgery, and unexpected illnesses result in a week of hospitalization, not to mention the usual colics, lamenesses, and injuries— and all of these easily and quickly add up to thousands in expenses. Insurance is a bit of a hedging of bets, so yes, you could pay a premium that you will never recoup. But for all intents and purposes, that would be the best case scenario. If you do need to use your coverage, while there will be (and always have been) deductibles and possibly co-insurance and other coverage requirements that will not reimburse you for every dollar of expense, having Major Medical/Surgical coverage can allow you to handle as many expenses as possible in your horse's road to recovery.

For more information, go to our [Protect Your Horse](#) and [FAQs](#) pages, and to get a free, online quote, visit our [Quote](#) page.

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