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## Your New Horse Isn't Insurable. Now What?

Imagine you are in the process of finding and purchasing your dream horse. You've taken the time to try different horses, maybe you've had this horse on trial for some time and you know it's the right one for you. You are satisfied with the results of the pre-purchase exam and, at last, funds are transferred from your account to the seller and this special horse is officially yours! It is an exciting new adventure until you go to insure your horse and learn that your trusty new steed already had a prior "loss of use" claim filed for it and could no longer be insured. What happens now?

In this article, Laura Connaway, founder and president of [Connaway & Associates Equine Insurance Services, Inc.](#), clarifies how these claims are made and paid, and Armand Leone, Jr., of [Leone Equestrian Law](#), gives perspective on actionable steps one can take should you find yourself in this situation.



*When going to insure a horse you have just purchased, you may find that insurance carriers place exclusions on the policy or that insurance is altogether denied because the horse had a pre-existing condition. For this reason, it's important to get a sense for the whole picture by speaking with a trusted insurance agency and ensuring that the pre-purchase exam is conducted by a trusted veterinarian prior to making a purchase.*

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### Filing Loss of Use Claims

First, let's define "loss of use." According to Connaway, there are two types of "loss of use" claims that can be made: Full Loss of Use (FLOU) and Accidental/External Loss of Use (ALOU).

"FLOU reimburses you a percentage of your horse's insured value — typically 50% — if the horse becomes permanently unable to perform its intended use due to an incident such as lameness or injury during the policy period," shared Connaway. "The horse must be considered permanently unable to perform in its intended discipline by the horse owner's veterinarian. Once this is determined, the insurance carrier has the right to enlist a veterinarian of their choosing to examine the horse. If the veterinarians do not agree, a third veterinarian that is acceptable to the two previous veterinarians will examine the horse and their opinion will stand. Internal issues — which affect the interior of the horse such as a ligament — and exterior issues — which are visible on the exterior of the horse such as a laceration — are considered.

"Similarly, ALOU reimburses a percentage of your horse's insured value — also typically 50% — if the horse becomes permanently unable to perform its intended use due to a visible, external, accidental, or violent means injury," continued Connaway. "The difference in this claim, however, is that the injury is a result of an external, visible, or violent-means injury — such as a trailer accident or crashing through a fence — that causes lacerations that result in permanent lameness. The process of determination is the same as with FLOU, but only external issues are considered."

As an insurance agency, Connaway's team works with many different A-rated insurance carriers to help customers find the carrier and insurance policy that best suits their needs. Connaway notes that insuring guidelines vary from insurance company to insurance company and that each entity will follow its own guidelines when reviewing a horse's risks to determine coverage acceptance.

"When our agency insures a new horse for a customer, we are insuring 'pending company acceptance,'" said Connaway explaining that the buyer can submit an application and health form to an individual insurance carrier prior to the purchase to see if the horse they are considering has a record of claims with that particular carrier. The horse should be under contract for purchase so that the potential buyer has an insurable interest prior to submitting the application to the insurance carrier for review.

"As a step in the insuring process, each insurance carrier has the right to review its internal database and search for the horse being insured," she continued. "The carrier may then elect to add exclusions to the policy for pre-existing conditions based on the carrier's knowledge of previous claims that have been paid. The carrier also has the right to decline to provide coverage."

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*This article originally ran on [The Plaid Horse](#) on April 21, 2022.*

### About Connaway & Associates Equine Insurance Services, Inc.

*At Connaway & Associates, teamwork allows horse people to protect horse people. Since 1992, Connaway & Associates has built a strong reputation as a reliable partner in competition and in business. Connaway & Associates is licensed in 48 states and offers competitive insurance coverage options through several A-rated admitted insurance carriers. Connaway & Associates does the work so its clients can enjoy their passion for horses. For more information on Connaway & Associates and its offerings, visit [www.connaway.net](http://www.connaway.net).*