

## **Animal Mortality Insurance Exclusion and Limitation Notes**

Animal mortality insurance policies have exclusions and limitations. Those noted below are certainly NOT all of them, but are the minimum number that should be known by a prospective insured and an insurance agent. Animal mortality insurance policy forms should be requested for review of the policy details prior to purchasing.

### **List of potential animal mortality insurance exclusions and limitations.**

1. Pre-existing conditions
2. "Loss of Use" insurance coverage
3. Importance of declaring the correct use of the animal
4. Change in ownership will cause your insurance coverage to cease
5. Mysterious disappearance and more
6. The insured must report and received written approval of any non-routine medical procedure.
7. Evidence of ownership and confirmation of purchase price

### **Pre-existing Conditions**

Most animal mortality insurance policies have an exclusion for pre-existing conditions. That is, if a medical condition exists prior to the policy effective date; a claim resulting from that pre-existing condition would NOT be covered. An underwriter may also include a specific exclusion describing and/or modifying a pre-existing condition or other condition(s).

### **"Loss of Use" Insurance Coverage**

Generally, loss of use insurance coverage applies when an animal can no longer engage in the use declared on the policy schedule due to a covered loss. This is more of a disability type of coverage than a death policy and would normally be available only to horses.

There are two types of loss of use causes of loss:

1. "Full Coverage" which normally mirrors the mortality causes of loss; and

2. “Limited” or “Accidental” which would include only cause of loss from outside or external causes.

In addition, claim payment is an amount of insurance that is less than the mortality insurance limit on the policy schedule. Check for specific details.

### **Importance of declaring the correct use of the animal**

This is loss from a use other than that use stated in the policy. Not to be confused with loss of use noted above.

The application requests a declaration of the use of the animal and the policy states that use in the schedule along with the description of the animal. The point is that most policies have an exclusion for an animal’s death that is caused by a use other than that use declared on the policy. A change or correction in animal use must be approved in writing by the insurance company prior to a claim.

### **Change in ownership will cause your insurance coverage to cease**

Any change in ownership from the ownership declared on the application and policy will immediately cause the insurance coverage to cease.

This change in ownership would include:

1. A sale in total or partial of the ownership interest,
2. A lease of the animal; or
3. By any other means.

And as a special note – this exclusion would apply if these changes were either temporary or permanent.

So, it would be necessary to obtain approval in writing prior to any changes to continue to have insurance coverage.

Mysterious disappearance, escape or voluntary parting of ownership or possession of the animal are excluded.

Most mortality insurance policies require written insurance company approval of any non-routine medical procedure prior to starting that medical procedure or suffer a severe penalty on a claim payment.

A common reporting issue would be castrating or otherwise neutering your covered animal without reporting and obtaining written approval from the insurance company.

A claim payment problem would also arise with a misstatement of a gender on the application and the policy. As an example, a horse described and insured as a stallion on the application and policy that is actually a gelding would also suffer a severe penalty on a claim payment.

### **Evidence of ownership and confirmation of purchase price**

In the Insurance world, receipts and evidence of ownership are common documents needed at the time of loss for Automobile Insurance or Homeowner Insurance claims.

The same applies to animal mortality insurance. The reason that this topic is mentioned is that many areas of the country deal in “cash only transactions” in buying and selling animals, with little or no written documentation of the transaction. I can assure a prospective customer or insurance agent that it will be necessary to have proof of ownership with purchase price of the animal prior to a payment of a claim.

As a special note - the purchase price listed in the purchase/sale documentation must confirm the amount declared on the application and policy or severe claims problems will arise.