



Bloodstock & Equestrian



The bloodstock and equestrian market has always been a specialized area. The very high values of bloodstock insurance contrast with the broader coverage and lower values in the large amateur equestrian sector.

The valuation of racing horses, for example, follows the performance of the horse and the racing regulations. After its racing career, the best performer will go to stud to be used for breeding. Some studs manage a breeding stock valued at U.S.\$300 million or more. High performing stallions (with insured top values reaching U.S.\$80 million) are shuttled, according to the breeding season, between the southern and northern hemisphere to make full use of them all year round. In contrast, the amateur equestrian sector has much lower values and a different risk profile.

Insurable Risks

Insurable risks associated with this activity are mortality, breeding success, infertility and transit risks.

The acceptance of a risk requires analysis of the animal's health including x-rays, checks on pedigree, age, racing and breeding performance. Building a worldwide network to verify the submitted data with surveyors and veterinarians is the secret of success in bloodstock insurance.

Due to the nature of the risk and the values attached, bloodstock premium tariffs are expensive, compared to livestock herd insurance.

Underwriting Market

The bloodstock insurance sector is handicapped by the relatively small written premium volume globally and the high exposures and frequency of claims. It is difficult for the direct insurance or the reinsurance market to build up a balanced portfolio on bloodstock alone. This explains why traditional bloodstock markets, such as Lloyd's Syndicates, are increasingly seeking to diversify into the equestrian and livestock sectors to improve their spread. Underwriters are typically wary of losing high individual values, or several horses in one event such as a stable fire, or a disease outbreak during an auction or competition.



Market Needs

The main demands for coverage in the equestrian or pleasure horse market are for veterinary fees, third party liability, and mortality. Covers can be offered for theft of saddlery and tack as well as transit risks.

From the insurer's perspective, low premium amounts per policy have necessitated efficient product distribution channels, and direct marketing tools such as e-commerce and tele-marketing. Due to the smaller liabilities involved, reinsurance demand is limited to catastrophic risks.