



# LIABILITY Insurance

## For Small Equine Businesses

By Julie I. Fershtman, Attorney at Law | [www.equinelaw.net](http://www.equinelaw.net)

**QUESTION:** Should a riding instructor with only a few clients forego purchasing a policy of liability insurance merely because her business is small?

**ANSWER:** Definitely not!

**H**orse-related activities have risks, and small equine business operators can be prime targets for claims and litigation, as a result. For example:

- When riding her own horse and using her own equipment in a lesson, a student might fall off and blame the instructor.
- An instructor's school horse might spook during a lesson, causing the rider to fall. The rider might later claim that the instructor is liable because the assigned lesson horse was unsuitable or the environment unsafe.
- A small, five-horse boarding stable owner might return home from her full-time job as a schoolteacher only to discover that a boarder's horse broke through a gate and strayed into a nearby road, causing a collision that severely injured motorists.

Equine professionals sometimes assume that they need no liability insurance because of the small and sporadic nature of their operations. That can be a huge mistake. Equally mistaken is the belief that your state's equine activity liability act will protect you from all possible claims; these laws have some limits. Another mistaken belief is that customers and visitors who sign liability releases will never file a lawsuit; sometimes they do and, worse, their lawsuits could reveal that the liability release is invalid or unenforceable.

### Liability Insurance for Instructors and Professionals

Equine professionals with small operations have every incentive to purchase liability insurance to protect themselves from the risk of litigation. Here are a few suggestions:

- Shop around for reasonable rates, but before you accept the lower rate, make sure that it reflects the same coverage as the higher rate. Compare deductibles, policy limits, conditions, and exclusions.
- Be honest in your application for coverage. Don't under-represent the scope and nature of your equine business activities with the hope that it might trim your premium cost. Chances are that you'll only create trouble with your insurer.
- Consider breaking down the premium cost into manageable parts and planning ways to recover it through your services. A \$1,200 annual liability insurance premium, for example, costs \$100 per month, and only about \$25 a week. Instructors who give only 5 lessons a week can simply raise their rates an extra \$5 to afford this coverage.

- Discuss your equine business operations and insurance needs with a knowledgeable insurance agent. Several agencies even specialize in equine-related business coverages.

### Avoid Insurance Mistakes

Small business operators in the equine industry might assume that they need no business-related insurance because their business activities are infrequent or secondary to their full-time jobs. That can be a mistake. Even small-scale equine professionals are still operating business activities and have every incentive to purchase business insurance for them.

Make sure to avoid common mistakes, which include:

- *Assuming that your homeowner's insurance is the same as your business insurance.* Homeowner's insurance policies typically do not cover business-related activities. In fact, these policies often have "business pursuits" exclusions. Consequently, unless your homeowner's policy accounts for your small equine-related business (through specific endorsements such as an Incidental Business Endorsement), you run a serious risk of being uninsured against business-related claims and lawsuits.
- *Assuming that all business insurance policies are alike.* Equine professionals who engage in a variety of small businesses, such as training, boarding, instruction, and/or hauling should make sure that the business-related policy they receive is designed to apply to all of their business activities.

*This article does not constitute legal advice. When questions arise based on specific situations, direct them to a knowledgeable insurance agent or attorney.*

### About the Author

*Julie Fershtman is one of the nation's most experienced Equine Law practitioners. A Shareholder with the firm Foster Swift Collins & Smith, PC, based in Michigan, she has successfully tried equine cases before juries in 4 states. She has also drafted hundreds of equine industry contracts. She is a Fellow and officer of the American College of Equine Attorneys. Her speaking engagements on Equine Law span 28 states, and she is the author of three books on equine law issues. For more information, please visit [www.fershtmanlaw.com](http://www.fershtmanlaw.com), [www.equinelawblog.com](http://www.equinelawblog.com), and [www.equinelaw.net](http://www.equinelaw.net).*