



# Lloyd's Policy

---

**This Insurance** is effected with certain Underwriters at Lloyd's, London.

**This Policy** is issued in accordance with the limited authorization granted to the Correspondent by certain Underwriters at Lloyd's, London whose syndicate numbers and the proportions underwritten by them can be ascertained from the office of the said Correspondent (such Underwriters being hereinafter called "Underwriters") and in consideration of the premium specified herein, Underwriters hereby bind themselves severally and not jointly, each for his own part and not one for another, their Executors and Administrators.

**The Insured** is requested to read this Policy, and if it is not correct, return it immediately to the Correspondent for appropriate alteration.

All inquiries and complaints regarding this Policy should be addressed to the Correspondent:

**Specialty Managers Group, LLC  
2056 Westings Ave., Suite 20  
Naperville, IL 60563**

## POLICY PROVISIONS

1. **Signature Required.** This Policy shall not be valid unless signed by the Correspondent on the attached Declaration Page.
2. **Correspondent Not Insurer.** The Correspondent is not an Insurer hereunder and neither is nor shall be liable for any loss or claim whatsoever. The Insurers hereunder are those Underwriters at Lloyd's, London whose syndicate numbers can be ascertained as hereinbefore set forth. As used in this Policy "Underwriters" shall be deemed to include incorporated as well as unincorporated persons or entities that are Underwriters at Lloyd's, London.
3. **Cancellation.** If this Policy provides for cancellation and this Policy is cancelled after the inception date, earned premium must be paid for the time the insurance has been in force.
4. **Assignment.** This Policy shall not be assigned either in whole or in part without the written consent of the Correspondent endorsed hereon.
5. **Attached Conditions Incorporated.** This Policy is made and accepted subject to all the provisions, conditions and warranties set forth herein, attached or endorsed, all of which are to be considered as incorporated herein.

**Words and terms appearing in all capital letters (other than headings) are defined in the GLOSSARY below.**

The use of the word “his” “him” or “he” means: his, him, he, her, she, their, them or they, as applicable.

## **GLOSSARY**

As used herein:

1. CLAIMING RACE means:

Any claiming, selling, auction, combination or other type of race in which the ownership interest of the HORSE can change.

2. CYBER INCIDENT means:

a) The use of any application, process, software, code or programme in connection with any electronic equipment (such as a computer, mobile phone, tablet or internet capable electronic device) regardless of whether such use is unauthorised or malicious, or an error, omission or an accident; and/or

b) A computer virus or computer-related hoax.

3. FAIR MARKET VALUE means:

The price at which ownership of the HORSE would change between a willing buyer and a willing seller, neither being under any compulsion to buy or sell and both having reasonable knowledge of relevant facts.

4. HORSE means:

Whole or part interest of the HORSE or HORSES specified in the Schedule.

5. Notwithstanding the guidelines or criteria of any association or organization to the contrary, HUMANE DESTRUCTION, for the purposes of this Insurance and the indemnity provided hereunder, means:

a) that the HORSE incurs an injury or is afflicted with an excessively painful disease, and a VETERINARIAN appointed by the Underwriters shall first have given a certificate that the suffering of the HORSE is incurable and so excessive that immediate destruction is imperative for humane reasons; or

b) that the HORSE incurs an injury and a VETERINARIAN appointed by the INSURED shall first have given a certificate that the suffering of the HORSE is incurable and so excessive that immediate destruction is imperative for humane reasons without waiting for the appointment of a VETERINARIAN by the Underwriters.

6. INSURED means:

The person(s), partnership, corporation or organization specified in the Schedule.

7. POST-MORTEM means:

A post-mortem, which shall include a necropsy examination, made by a VETERINARIAN including, but not limited to establishing the identity, the cause of death or the reason for the HUMANE DESTRUCTION of the HORSE.

8. VETERINARIAN and/or VETERINARY SURGEON means:

A veterinary surgeon experienced in equine practice with a currently valid license, issued by the appropriate government agency, allowing him to practise veterinary medicine.

### INSURING AGREEMENT

The Underwriters agree that, subject to the following terms, conditions and exclusions, in the event of the death or HUMANE DESTRUCTION of the HORSE:

- a) during the period of this Insurance; or
- b) for insurances with an annual period or longer, within ninety (90) days after the expiration of this Insurance

as a result of any accident, injury, illness or disease first occurring and first manifesting itself during the period of this Insurance, and subject to written notice of such accident, injury, illness or disease having been given immediately to the Underwriters and in any event before the expiration of this Insurance, the Underwriters will indemnify the INSURED in respect of the FAIR MARKET VALUE of the HORSE at the time of first manifestation of the accident, injury, illness or disease causing its death or HUMANE DESTRUCTION, up to but not exceeding the limit of the Underwriters' liability specified in the Schedule.

### INSURED'S AGREEMENT

The INSURED agrees to adhere to all of the terms and conditions of this Insurance and agrees that failure to satisfy any terms and conditions of this Insurance shall release the Underwriters from all liability for individual claims or from this Insurance entirely as stated in Condition 13.

### EXCLUSIONS

1. This Insurance does not cover intentional slaughter of the HORSE whether by or under the order of any government or public or local authority or any person or body having or claiming jurisdiction in the matter or otherwise.

The Underwriters will not invoke this exclusion:

- a) where the Underwriters shall have expressly agreed to the destruction of the HORSE; or
- b) in the case of HUMANE DESTRUCTION; or
- c) where the HORSE is destroyed, whilst on board an aircraft, and such destruction is carried out by or on the order of the responsible authority at the time and later confirmed by a sworn statement by said authority that in his opinion the HORSE was so uncontrollable as to have been a danger to the safety of the aircraft, crew, passengers or cargo.

2. This Insurance does not cover death or HUMANE DESTRUCTION directly or indirectly caused by, happening through, in consequence of or contributed to by one or more of the following:
  - a) any surgical operation unless conducted by a VETERINARIAN and certified by him to have been necessitated solely by accident, injury, illness or disease occurring during the period of this Insurance and to have been carried out in an emergency attempt to save the HORSE's life; or
  - b) the giving of any medication unless by a VETERINARIAN (or experienced personnel directed by him) and certified by that VETERINARIAN to have been of a preventative nature or necessitated by accident, injury, illness or disease occurring during the period of this Insurance. As used in this Insurance, medication includes any drug, hormone, vitamin, protein or other substance other than unadulterated food or drink; or
  - c) malicious or willful injury or criminal or intentional acts or omissions by the INSURED, his family, representatives, agents, employees, VETERINARIANS, bailees or other persons who have care, custody or control of the HORSE; or
  - d) failure by the INSURED, his family, representatives, agents, employees, bailees or other persons who have care, custody or control of the HORSE to provide proper care and attention to the HORSE at all times; or
  - e) the use of the HORSE for any purpose other than that specified in the Schedule.
3. This Insurance does not cover death or HUMANE DESTRUCTION directly or indirectly caused by, happening through, in consequence of or contributed to by one or more of the following:
  - a) nuclear reaction, nuclear radiation or radioactive contamination; or
  - b) confiscation or nationalization or requisition by or under the order of any government or public or local authority or any person or body having or claiming jurisdiction in the matter; or
  - c) war, invasion, acts of foreign enemies, hostilities (whether war be declared or not), civil war, rebellion, revolution, insurrection, military or usurped power, strikes, riots or civil commotion; or
  - d) any CYBER INCIDENT.

In any claim, and in any action, suit or proceeding to enforce a claim for death or HUMANE DESTRUCTION under this Insurance, the burden of proving that the death or HUMANE DESTRUCTION does not fall within Exclusion 3(a), (b), (c) or (d) shall be upon the INSURED.

## CONDITIONS

1. It is a condition precedent to any liability of the Underwriters that at the commencement of this Insurance the HORSE is, with the exception only of those conditions which have been completely and accurately disclosed to and accepted in writing by the Underwriters, in sound health and free from any illness, disease, lameness, injury or physical disability whatsoever.

This condition precedent shall also apply in respect of:

- a) any additional sums insured on the HORSE already insured; and/or
- b) any HORSE added to this Insurance; and/or

- c) any other extension of or addition to coverage.

In any of the above cases (a), (b) or (c), this condition precedent must be satisfied as of the date of such increase, addition or other extension of or addition to coverage.

2. The Underwriters' acceptance of a Veterinary Certificate, or Declaration of Health where such declaration has been accepted by the Underwriters as a satisfactory substitute for a Veterinary Certificate, submitted in connection with the INSURED's application for Insurance or any extension of or addition to coverage on the HORSE shall neither remove nor reduce the requirement of full compliance with Condition 1 in respect of the HORSE. However, if the Underwriters have accepted a Veterinary Certificate, or Declaration of Health where such declaration has been accepted by the Underwriters as a satisfactory substitute for a Veterinary Certificate, then the burden of proving that the HORSE was not in sound health or free from any illness, disease, lameness, injury or physical disability whatsoever at the commencement of cover for the HORSE under this Insurance shall be upon the Underwriters.
3. It is a condition precedent to any liability of the Underwriters that, at the commencement of this Insurance (or any increase, extension or addition to coverage), the INSURED is the sole owner of the HORSE. This Insurance shall cease to cover the HORSE immediately when the INSURED sells the HORSE or parts with any interest in the HORSE, whether temporarily or permanently.
4. In the event of the HORSE being operated upon for castration or spaying, this Insurance shall cease to cover such HORSE at midnight, local time, immediately prior to the day of such operation. The INSURED shall be entitled to a pro rata return of premium on the HORSE.
5. In the event that at any time during the period of this Insurance the HORSE is:
  - a) entered or raced in any CLAIMING RACE in which the INSURED's interest in the HORSE as specified in the Schedule could have been claimed or sold at a price that is less than the Underwriters' limit of liability specified in the Schedule, then the Underwriters' limit of liability shall automatically be reduced to the lowest amount for which the INSURED's interest in the HORSE as specified in the Schedule could have been claimed or sold in such race; or
  - b) entered but not sold in a public auction and the Underwriters' limit of liability specified in the Schedule exceeds the highest amount bid in such public auction for the INSURED's interest in the HORSE as specified in the Schedule, then the Underwriters' limit of liability specified in the Schedule shall automatically be reduced upon the HORSE leaving the sale ring to the highest amount bid in such public auction for the INSURED's interest in the HORSE as specified in the Schedule.

In the event that the Underwriters' limit of liability specified in the Schedule is reduced under this condition, the INSURED shall be entitled to a return of premium on the amount by which the Underwriters' limit of liability shall have been reduced, calculated on a pro rata basis from the date of such reduction.

6. It is a condition precedent to any liability of the Underwriters that, during the entire period of this Insurance, the HORSE shall remain within the Continental United States of America or Canada including transits therein and between.
7. It is a condition precedent to any liability of the Underwriters that:
  - a) in the event of any illness, disease, lameness, injury, accident or physical disability whatsoever of or to the HORSE, the INSURED shall immediately, at his own expense, employ a VETERINARIAN and, if required by the Underwriters, allow removal of the HORSE for treatment; and

- b) in the event of the death or HUMANE DESTRUCTION of the HORSE, the INSURED shall immediately at his own expense arrange for a POST-MORTEM to be done by a VETERINARIAN and submit a copy of the report to the Underwriters as soon as possible after the death or HUMANE DESTRUCTION of the HORSE; and
  - c) in the event of either 7a) or b), the INSURED shall immediately give notice to the person or persons specified for the purpose of notification in the Schedule, who will instruct a VETERINARIAN on the Underwriters' behalf, if deemed necessary;
  - d) the Underwriters have the right to have a POST-MORTEM carried out by their VETERINARIAN at their own expense.
8. After receiving permission from the Underwriters, the INSURED shall arrange for the removal and disposal of the remains of the HORSE at his own expense. The Underwriters are entitled to receive any money recoverable by the INSURED in excess of the removal and disposal costs if the remains are sold.
9. It is a condition precedent to any liability of the Underwriters that the INSURED shall file with the Underwriters a detailed sworn proof of loss within sixty (60) days after the death or HUMANE DESTRUCTION of the HORSE.
10. It is a condition precedent to any liability of the Underwriters that the INSURED shall at all times cooperate with the Underwriters and their representatives in the adjustment and investigation of any claim or potential claim by:
- a) providing the Underwriters and their representatives with access to any person(s), information, records and documents they may require; and
  - b) the INSURED, his family, representatives, agents, employees, bailees or other persons having care, custody or control of the HORSE submitting to examinations under oath, if required by the Underwriters.
11. If at the time of death or HUMANE DESTRUCTION of the HORSE the INSURED has any other insurance in force in respect of the HORSE, whether or not such insurance is valid or collectable, the Underwriters shall be released from all liability in connection with the HORSE, unless the agreement of the Underwriters to such other insurance has been obtained and has been endorsed to this Insurance. If the Underwriters have acknowledged in writing that there is such other insurance, then the Underwriters shall only be liable for their proportion of the FAIR MARKET VALUE in the same ratio as the Underwriters' limit of liability on this Insurance bears to the total amount of all insurance coverage on the HORSE for death or HUMANE DESTRUCTION, whether valid or collectable or not.
12. If the Underwriters make any payment under this Insurance, then the Underwriters shall be subrogated, to the extent of such payment, to all rights and remedies of the INSURED against any party and shall be entitled at their own expense to sue in the name of the INSURED.

The INSURED shall execute all documents and give to the Underwriters all such assistance as the Underwriters may require to secure such rights and remedies. The INSURED shall do nothing to jeopardize or extinguish the Underwriters' rights of subrogation.

The Underwriters' rights of subrogation against any third parties who may be legally responsible or liable, in whole or in part, for the loss of the HORSE covered under this Insurance shall have priority over any and all claims of the INSURED against such third parties for any and all monetary damages sustained or alleged to be sustained by the INSURED relating to the loss of the HORSE that are not covered by this Insurance. The Underwriters shall, therefore, be entitled to recover or receive first, to the extent of their payment of a claim under this Insurance, all monetary amounts from any third parties who may be legally responsible or liable, in whole or in part, for the loss of a HORSE, before the INSURED shall be entitled to recover or receive any monetary amounts from such third parties for any and all

monetary damages sustained or alleged to be sustained by the INSURED that are not covered by this Insurance.

IMPORTANT NOTE

Any breach of any of the above Conditions 1 through 12 and/or any one or more of the additional conditions set forth in any endorsement to this Insurance, whether the INSURED has personal knowledge of such circumstances or events or such knowledge is confined to his family, representatives, agents, employees, bailees or other persons who have care, custody or control of the HORSE, shall render the INSURED's claim null and void and release the Underwriters from all liability.

13. This Insurance is null and void from inception and the Underwriters are released from all liability hereunder if the INSURED or anyone acting on behalf of the INSURED has:
- a) concealed, misrepresented, omitted and/or failed to disclose any material fact or circumstance relating to this Insurance; and/or
  - b) submitted any statement or information in connection with a claim or potential claim knowing the same to be false or fraudulent, as regards amount or otherwise.
14. Cancellation
- a) This Insurance may be cancelled on a short rate basis as set out below at the written request of the INSURED stating at what date thereafter such cancellation is to be effective.

Short Rate Scale (being the Underwriters' retained premium)

1 month:	20% of annual rate	6 months:	70% of annual rate
2 months:	30% of annual rate	7 months:	75% of annual rate
3 months:	40% of annual rate	8 months:	80% of annual rate
4 months:	50% of annual rate	9 months:	85% of annual rate
5 months:	60% of annual rate	over 9 months:	100% of annual rate

Plus any additional in full premium, to be retained by the Underwriters for additional risks including but not limited to surgery, transit and foals.

- b) This Insurance may be cancelled by the Underwriters at any time by mailing written notice to the INSURED's address as shown in the Schedule, stating a date at least five (5) days from the date of the notice, when cancellation will be effective. In such case the Underwriters shall return the paid premium less the earned portion calculated on a pro rata basis from the date of such cancellation. Plus any additional in full premium, to be retained by the Underwriters for additional risks including but not limited to surgery, transit and foals.
  - c) If a loss is paid on the HORSE whether by settlement, compromise or otherwise, no return of premium shall be allowed in respect of the HORSE.
15. Provided that coverage under this Insurance has been admitted in writing by the Underwriters and the only dispute between the INSURED and the Underwriters is the FAIR MARKET VALUE of the HORSE, then the dispute shall be submitted to and resolved by three arbitrators selected from the panel of Arbitrators of the American Association of Arbitrators (AAA), in accordance with the Commercial Arbitrators Rules of the AAA in effect at the time of such dispute.



Such arbitration will be the exclusive remedy available to the parties in order to resolve a dispute as to the FAIR MARKET VALUE of the HORSE. The INSURED, however, may not initiate such arbitration against the Underwriters unless the INSURED has first complied with all of the terms and conditions of this Insurance and has given written notice to the Underwriters of his intention to arbitrate within twelve (12) months from the date of loss of the HORSE.

Any such arbitration proceeding shall be held at an Office of the AAA which is closest to where the INSURED resides, or as agreed by the Arbitrators.

All administrative fees and expenses of the AAA and the Arbitrators' fees shall be shared equally between the INSURED and the Underwriters, subject to the final apportionment by the Arbitrators in the award. Attorney fees and witness fees shall be paid by the party incurring them.

The INSURED and the Underwriters shall both be entitled to conduct and obtain discovery as provided for by the Federal Rules of Civil Procedure prior to any hearings conducted by the Arbitrators. Any disputes arising out of or in connection with such discovery shall be submitted to the Arbitrators for determination.

Any award rendered by the Arbitrators shall be final and binding upon the INSURED and the Underwriters and may be entered in any Court of competent jurisdiction.

16. It is agreed that in the event of the failure of the Underwriters to pay any amount claimed to be due, the Underwriters, at the request of the INSURED, will submit to the jurisdiction of any Court of competent jurisdiction within the United States. Nothing in this clause constitutes or should be understood to constitute a waiver of the Underwriters' rights to commence an action in any Court of competent jurisdiction in the United States, to remove an action to a United States District Court, or to seek a transfer of a case to another Court as permitted by the laws of the United States or any State in the United States. It is further agreed that service of process in such suit may be made upon the person named in the Schedule and that in any suit instituted against any one of them upon this Insurance, the Underwriters will abide by the final decision of such Court or of any Appellate Court in the event of an appeal.

The person(s) on whom service of process may be made is/are named in the Schedule and is/are authorized and directed to accept service on behalf of the Underwriters in any such suit and/or upon the request of the INSURED to give a written undertaking to the INSURED that he will enter a general appearance upon the Underwriters' behalf in the event such a suit shall be instituted.

Further, pursuant to any statute of any State, territory or district of the United States which makes provision therefor, the Underwriters designate the Superintendent, Commissioner or Director of Insurance or other officer specified for that purpose in the statute, or his successor or successors in office, as their true and lawful attorney upon whom may be served any law process in any action, suit or proceeding instituted by or on behalf of the INSURED or any beneficiary hereunder arising out of this Insurance, and designate the person(s) named in the Schedule, to whom the said officer is authorized to mail such process or a true copy thereof.

17. The INSURED may not bring legal action against the Underwriters unless the INSURED has first complied with all the terms and conditions of this Insurance and commenced such legal action within twelve (12) months from the date of loss of the HORSE.
18. Terms of this Insurance which are in conflict with the laws of the state or country in which this Insurance is issued are hereby amended to conform to such laws.

## ADDITIONAL COVERAGE: THEFT

This Insurance also covers the following losses which occur during the period of this Insurance:

- (i) theft of the HORSE; or
- (ii) death or HUMANE DESTRUCTION of the HORSE directly resulting from theft of the HORSE.

BUT, IN ADDITION TO THE PRECEDING TERMS, CONDITIONS AND EXCLUSIONS, THIS INSURANCE IS SUBJECT TO THE FOLLOWING:

### ADDITIONAL EXCLUSION

This Insurance does not cover: any loss directly or indirectly arising from unexplained disappearance, escape or voluntary parting of possession of or title to the HORSE as a result of the INSURED, or other persons who have care, custody or control of the HORSE, being induced by fraud, trickery or similar false pretenses.

### ADDITIONAL CONDITIONS

- a) It is a condition precedent to any liability of the Underwriters that prior to the commencement date of this Insurance there has been no theft or attempted theft of the INSURED's equine property, or threat against the INSURED or the INSURED's equine property whether insured hereunder, insured elsewhere or uninsured.
- b) No liability arises under this Insurance for loss of the HORSE by theft until ninety (90) days after the incident is reported to the Underwriters and then only in the event that the HORSE has not been recovered during that period.
- c) It is a condition precedent to any liability of the Underwriters that the INSURED will immediately report the theft of the HORSE to the Underwriters and to the local Police or F.B.I. and follow strictly their recommendations.
- d) Should the INSURED pay or promise to pay a ransom or give similar assurances of any such nature to any third party the Underwriters shall be released from all liability under this Insurance.
- e) In the event of a loss under this Insurance, the Underwriters will indemnify the INSURED in respect of the FAIR MARKET VALUE of the HORSE at the time of the theft, up to but not exceeding the limit of the Underwriters' liability specified in the Schedule.
- f) In the event of any payment under this Insurance, the Underwriters reserve the right to take title and possession of the HORSE if the HORSE subsequently is recovered.
- g) In the case of a mare, no coverage is afforded for any embryo within the mare or for any of her foals, unless such embryo or foal is separately insured under this Insurance.

**LLOYD'S**

One Lime Street London EC3M 7HA