

Buying & Owning a Horse

PRE-PURCHASE STEPS

You have found the horse, either through purchase or lease, that meets your every personal and financial need. However, there are still several cost-saving steps to be taken to ensure you are getting the most for your money.

Before committing to buy the horse, take it out on trial to make sure you are 100 percent certain the two of you are right for each other. This may require a deposit, but with the expectation of a refund if the match doesn't work out.

The next step is conducting a pre-purchase veterinary exam. These exams range from a basic physical and soundness test to extensive X-rays and procedures. The more expensive the horse, the more thorough exam you should ask to have done. As tempting as it may be to save money by opting out of a vet check, remember that a couple hundred-dollar pre-purchase exam may save you from a several thousand-dollar mistake.

Once you have decided on the horse, lay down an offer right away, as the horse's value will likely increase in time as it receives more training and experience. Also learn to negotiate or counteroffer on the price. A savvy horse seller is not going to set his or her price on the low end and will expect negotiation. With the down economy sellers are in more of a hurry to get horses off their hands and quality horses are selling for far less. Look for farms that are trying to rapidly downsize their herds, as they will be more likely to negotiate with you on price.

Now that price has been determined, see if the seller is willing to use an installment contract to delay payment in full. And sometimes buyers can finance a horse through the seller. These are more viable options in today's economy where sellers need to be more creative and open to options to get horses sold. It never hurts to ask how a seller can help you out, but again, make sure to get everything in writing or have a contract drawn up.

On the whole, be wary of those too-good-to-be-true bargains — they usually are!



INSURANCE

The biggest financial blow to your equine habit could be losing the use of your horse, or losing your horse altogether. Ask yourself how much you have to lose if something were to happen to your horse and weigh that against the cost of equine insurance. You can insure your horse for mortality for less than he's worth and still receive major medical coverage. With the advancement of today's veterinary technology and the expense of many procedures, major medical coverage is crucial to helping alleviate the costs.

"Shop for rates on all types of insurance — horse, property, vehicle, liability. If you haven't done so recently you may find that better rates are available with alternative issuers. However, don't over-insure," says Dr. Robert Losey, an owner/breeder and a business professor at the University of Louisville.

California equine lawyer Richard W. Craigo suggests that if your horses are already insured, you may want to go back through their policies and determine where you can make reductions. Be willing to risk the loss of your less-valuable stock while making sure the valuable or money-making horses are thoroughly covered.

"Insuring a horse that if it died would qualify for long-term capital gains is a far better investment than one that, if the horse died, would produce ordinary income," says Craigo.

Equine insurance reaches far beyond mortality and major medical coverage. It also spans loss of use, liability, equine businesses, infertility, etc. Determine how much you have to lose and consult with a broker to help you get the best insurance plan for your budget and your horse. Make sure you know exactly what is covered under your plan before you need to use it.