

Guidance from Justin Wadham on third party liability insurance

When it comes to third party liability insurance, always speak to an expert

“If you want a job done properly, consult a specialist”. This maxim was, seemingly, never truer than in the context of third party horse-related insurance, writes Justin Wadham.

Recent cases landing on my desk have included a trainer who sought to make a claim under his third party liability insurance policy only to find it covered all of the horses in his care – except racehorses! Another case involved a trainer being told by his insurers that the policy covered all of his racehorses but not if they happen to be at a racecourse.

Much has already been written about the fact that some insurers, ostensibly providing third party cover to racehorse trainers, cover the trainer’s liability only and do not insure the trainer for the benefit and protection of his owners. Accordingly, when the trainer makes a claim on his policy, the insurers, having met the claim, immediately sue the relevant owner under the Animals Act in the trainer’s name – thereby defeating one of the fundamental purposes of the entire policy as well as doing little to enhance the relationship between owner and trainer!

Where trainers are concerned, glaring deficiencies in their third party cover not only mean that they are exposed to the very risks for which they thought they had insurance cover but, additionally, these defects will place them in technical breach of their obligation, as a licensed trainer, to have third party liability insurance.

As set out in paragraph 24 of the Guidance Notes for Applications for a Licence to Train: “All licensed trainers are required to have public liability insurance providing minimum cover of £2 million. This policy must include cover for any award of damages given to a member of the public arising out of the death, bodily injury or damage to property suffered by members of the general public at a recognised race meeting. Owners are likely also to require employers’ liability insurance in accordance with the Employer’s Liability (Compulsory) Insurance Act 1969.”

The third party liability insurance which the ROA provides as an automatic benefit of membership is of inestimable value and should alone be reason enough for any person owning the whole or any part of a racehorse to become a member immediately. A trainer’s third party liability policy may not cover his owners, so the value to ROA members of the ROA scheme is all the greater. Do not allow yourself to insure your third party bloodstock risks through non-specialist channels. You run the risk of buying insurance which fails to cover you for some of the fundamental risks you bought the policy for. Names of specialist bloodstock insurers known to the ROA can be obtained by calling the ROA office (020 7152 0200) or emailing Sadie Evans at sevans@roa.co.uk