



DIAMOND STATE INSURANCE COMPANY

EQUINE MORTALITY POLICY

Program administered by



PART I. DEFINITIONS

- (1) **ADDRESS:** As stated in Item B of the Declarations, hereinafter called the Address.
- (2) **COMPANY:** Diamond State Insurance Company, hereinafter called the Company.
- (3) **DECLARATIONS:** Equine Mortality Policy Declarations Form AEM 100, hereinafter called the Declarations.
- (4) **DEDUCTIBLE:** As stated in Item F of the Declarations, hereinafter called the Deductible.
- (5) **NAMED INSURED:** The individual, partnership, corporation, or entity as stated in Item B of the Declarations, hereinafter called the Insured.
- (6) **POLICY:** Equine Mortality Policy Form AEM 200 (04/07), hereinafter called the Policy.
- (7) **POLICY PERIOD:** As stated in Item C of the Declarations, hereinafter called the Policy Period.
- (8) **PREMIUM:** As stated in Item D of the Declarations, hereinafter called the Premium.
- (9) **SCHEDULE:** As stated in Item J of the Declarations, hereinafter called the Schedule.

PART II. AGREEMENT

IN CONSIDERATION of the payment of the Premium stated in the Schedule, including subsequent endorsements, and subject to all of the terms, conditions, limitations, and definitions of this Policy, the Company agrees:

- (1) With the Insured that in the event of the death during the Policy Period, or within thirty (30) days after the expiration of the Policy Period, of any insured horse specified in the Schedule, including subsequent endorsements, as a result of any accident or injury occurring, or illness or disease first manifesting itself during the Policy Period, and subject to immediate notice of such accident, illness, or disease having been given to the Company prior to the expiration of the Policy Period, the Company will indemnify the Insured for the actual cash value of such horse at the time of the accident or the manifestation of the disease or illness causing its death up to but not exceeding the limit of the Company's liability specified in the Schedule applicable to such horse, less any Deductible.
- (2) With the Insured that in the event of theft during the Policy Period of any insured horse specified in the Schedule, including subsequent endorsements, or death directly resulting from theft but in either event subject to immediate notice having been given to the Company prior to the expiration of the Policy Period, and subject to exclusions (5) and (6), the Company will indemnify the Insured for the actual cash value of such horse at the time of loss up to but not exceeding the limit of the Company's liability specified in the Schedule applicable to such horse, less any Deductible.

PART III. CONDITIONS

- (1) It is a condition precedent to any liability of the Company hereunder that at the commencement of the Policy Period any horse hereby insured is in sound health and free from any illness, disease, lameness, injury, or physical disability whatsoever and that all such current or prior conditions have been disclosed to the Company.
- (2) It is a condition precedent to any liability of the Company hereunder that at the commencement of the Policy Period the Insured is the sole owner of each horse hereby insured. This insurance shall cease to cover a horse immediately when the Insured sells it or parts with any ownership interest in it whatsoever, whether temporarily or permanently, unless the change is approved by the Company and endorsed on the Policy.

- (3) It is a condition precedent to any liability of the Company hereunder that there have been no attempted thefts of any of the Insured's horses, nor threats against the Insured or any of the Insured's horses, during the twelve (12) months prior to the inception date of coverage under the Policy.
- (4) The Company will allow castration or spaying operations of an insured horse dependent upon prior notification to the Company. In the event that notification is not given to the Company prior to such operation, this insurance shall cease to cover such horse so operated on at midnight standard time at the Address of the Insured, preceding the day of such operation. The Company reserves the right to adjust the insured value of the horse, if necessary, at the time the Insured notifies the Company of the castration or spaying of the horse.
- (5) In the event of any horse hereby insured being entered or raced in any claiming, selling, or combination race at any time during the Policy Period where the claiming, selling, or combination price shall be less than the Company's limit of liability applicable to such horse specified in the Schedule, the Company's limit of liability shall thereby automatically be reduced to a sum equal only to the lowest amount for which such horse could have been claimed or sold in any such race. The Insured, upon demand within sixty (60) days thereafter, shall be entitled to a return of the unearned premium on the amount by which the limit of liability was thus reduced, computed on a pro rata basis from the date when such horse was so entered or raced.
- (6) It is a condition precedent to any liability of the Company hereunder that:
 - (a) The horse shall have remained within the limits of the continental United States of America and Canada during the entire Policy Period, **unless additional territorial limits are approved by the Company in writing and endorsed hereon**, and
 - (b) The horse shall not have been used at any time during the Policy Period for a purpose which is not declared.
- (7) It is a condition precedent to any liability of the Company hereunder that:
 - (a) The Insured shall at all times provide proper care and attention for each horse hereby insured, and
 - (b) In the event of any illness, disease, lameness, injury, accident, or physical disability whatsoever of or to an insured horse, the Insured shall immediately at the Insured's own expense employ a licensed veterinarian and shall, if required by the Company, allow removal for treatment, and
 - (c) In the event of the death of an insured horse, the Insured shall immediately at the Insured's own expense arrange for a postmortem and necropsy examination to be made by a licensed veterinarian, and
 - (d) Under either condition 7(b) or 7(c), the Insured shall immediately give notice by telephone to the entity specified in Item G of the Declarations, who will retain a consulting veterinarian on the Company's behalf if deemed necessary.
- (8) No liability arises under this Policy for loss of an insured horse by theft until at least thirty (30) days after the incident of theft is reported to the Company, and then only in the event that the horse has not been recovered during that period.
- (9) It is a condition precedent to any liability of the Company hereunder that:

The Insured will immediately report any theft or disappearance by telephone to the entity specified in Item G of the Declarations. The Insured shall also immediately report any theft or disappearance to the police and other appropriate law enforcement agencies and follow strictly their recommendations, except that in no case shall the Insured pay or promise to pay a ransom, or give similar assurances of any such nature to any third party.

Should the Insured pay or promise to pay a ransom or give similar assurances of any such nature to any third party, no coverage in respect of the horse concerned will be afforded under this Policy from midnight local standard time at the Address of the Insured preceding the day on which such payment, promises to pay or similar assurances have been given.
- (10) In the event of any payment under this Policy for theft, the Company reserves the right to take title and possession of the horse if subsequently recovered.
- (11) In the case of a mare, no coverage is afforded under this Policy for any embryo within the mare nor for any of her foals, unless such embryo or foal is separately insured hereunder.
- (12) In the event of any loss insured hereunder, the Insured shall file with the Company a detailed, sworn proof of loss within sixty (60) days thereafter. The Insured shall, upon the written request of the Company, submit to examinations under oath with respect to any loss presented to the Company. The Insured shall, in addition, as requested by the Company, similarly submit agents, employees, and representatives of the Insured to such examinations under oath upon the written request of the Company. Such written request by the Company to examine the Insured shall be served upon the Insured within thirty (30) days after receipt of the sworn proof of loss at the Address stated in Item B of the Declarations. The Insured shall produce for Company's examination, with permission to copy, all records, documents, and receipts that the Company may require.

- (13) If at the time of any loss the Insured has any other insurance in force applicable to such horse, whether or not such insurance is valid or collectible, the Company shall be released from all liability in connection with such horse unless the Insured has previously notified the Company in writing of such other insurance and the Company has agreed to such other insurance through an endorsement attached to this Policy. If the agreement of the Company to such other insurance is endorsed on this Policy, the insurance provided under this Policy shall be excess to such other insurance.
- (14) If the Company becomes liable for any payment under this Policy, the Company shall be subrogated to the extent of such payment to all rights or recovery thereon, and the Insured shall execute all papers required and shall do everything that may be necessary to secure and preserve such rights including but not limited to the execution of such documents necessary to enable the Company effectively to bring suit in the name of the Insured and the attendance at hearings and trials.
- (15) This insurance may be cancelled at any time upon the written request of the Insured. If the Policy is cancelled by the Insured, the premium refund, if any, will be computed on the short rate basis stated herein. This insurance may also be cancelled by the Company by delivering to the Insured or by sending to the Insured by mail, registered or unregistered, at the Insured's Address as stated in Item B of the Declarations not less than the written notice of cancellation as stated in Item H of the Declarations. If the Company cancels this Policy, the premium refund, if any, shall be computed on a pro rata basis.

If different requirements for cancellation or termination of policies are applicable because of the laws of the Insured's state, the Company will comply with those requirements.

SHORT RATE SCALE

1 month:	20% of the premium is retained	6 months:	70% of the premium is retained
2 months:	30% of the premium is retained	7 months:	75% of the premium is retained
3 months:	40% of the premium is retained	8 months:	80% of the premium is retained
4 months:	50% of the premium is retained	9 months:	85% of the premium is retained
5 months:	60% of the premium is retained	Over 9 months:	100% of the premium is retained

If a mortality claim payment is made on any horse, no premium refund applicable to that horse shall be made. Additional coverages such as Equine Major Medical and Surgical, Equine Zero Deductible Surgical, Equine Third Party Liability, and Territorial Limits Including Transit may be fully earned as stated in the Schedule or endorsements to the Policy.

- (16) If any Insured shall make any claim knowing it to be false or fraudulent, this insurance shall become void and all claims hereunder shall be forfeited.
- (17) Any breach of a condition precedent to any liability of the Company hereunder shall render the Insured's claim null and void and release the Company from all liability in connection therewith, whether the Insured has personal knowledge of such events or such knowledge is confined to the agent, employee or representative of the Insured or other persons who have care, custody, or control of the horse.
- (18) It is a condition precedent to any liability of the Company hereunder that all suits against the Company or the Insured must be brought within the United States of America, its territories or possessions.

PART IV. EXCLUSIONS

- (1) This insurance does not cover intentional destruction, except that the Company will not invoke this particular exclusion as a defense:
 - (a) Where the Company shall have expressly agreed to the destruction of an insured horse, or
 - (b) Where an insured horse is destroyed while on board an aircraft in flight at the order of the person responsible for the safety of the aircraft who confirms in a sworn statement that in his or her opinion, the horse was so uncontrollable (berserk) as to have been a danger at that time to the safety of the aircraft, crew, passengers, or cargo; or
 - (c) Where an insured horse suffers an injury or is afflicted with an expressly painful or debilitating disease and a licensed veterinarian appointed by the Company shall first have given a certificate that the suffering of that horse is incurable and so excessive that immediate destruction is imperative for humane reasons, or
 - (d) Where an insured horse suffers an injury and a licensed veterinarian appointed by the Insured shall first have given a certificate that the suffering of that horse is incurable and so excessive that immediate destruction is imperative for humane reasons without waiting for the appointment of a veterinarian by the Company.

Provided that in all such cases (1)(a), (1)(b), (1)(c), or (1)(d) the Company shall be given the opportunity of having a postmortem and necropsy examination carried out by its veterinarian should the Company so desire.

- (2) This insurance does not cover the destruction of horse(s) as a consequence of the horse(s) having contracted or been exposed to any contagious or communicable disease, whether by or under the order of any government or public or local authority, or any person or body having jurisdiction in the matter.

- (3) This insurance does not cover any loss directly or indirectly caused by, happening through, or in consequence of:
 - (a) Any surgical operation, except as provided for in Part III, (4), unless conducted by a licensed veterinarian and certified by the veterinarian to have been necessitated solely by accident, disease, or illness and to have been carried out in an attempt to preserve the horse's life, or unless conducted with the prior written consent of the Company, and the payment of any additional required Premium, if any, or
 - (b) Any Medication or Substance unless administered by a licensed veterinarian (or experienced personnel directed by the veterinarian) and certified by the veterinarian to have been of a prophylactic nature or necessitated by accident, disease, or illness; as used herein, "medication or substance" includes any drug, chemical element, chemical compound, hormone, vitamin, protein, or other substance other than unadulterated food or drink; however, this exclusion shall not apply to commonly available nutritional supplements, where the Insured shall have administered the supplements following the product label directions, and for reasons appropriate to the supplements.
 - (c) Malicious, willfull, or intentional acts or omissions by any Insured, or agents, employees, bailees, or representatives of the Insured, or
 - (d) Failure to provide proper care and attention, or
 - (e) Nuclear fission, nuclear fusion, or radioactive contamination.
- (4) This insurance does not cover any loss directly or indirectly caused by, happening through, or in consequence of:
 - (a) Confiscation by or under the order of any government or public or local authority or any person or body having jurisdiction in the matter, or
 - (b) War, whether or not declared, civil war, martial law, insurrection, revolution, invasion, bombardment, or any use of military force, usurped power or confiscation, nationalization, or damage of property by any government, military, or other authority.
- (5) This insurance does not cover any loss, including death, arising from mysterious disappearance, escape, or voluntary parting of possession or title to an insured horse as a result of the Insured (or others to whom the insured horse may have been entrusted) being induced by a fraudulent scheme, trickery, or similar false pretences.
- (6) This insurance does not cover any consequential loss, or injury, or damage to the insured horse except death following theft.

PART V. ARBITRATION CLAUSE

Should there arise a difference of opinion solely concerning the value of a deceased horse which cannot be amicably settled between the Company and the Insured, it is understood and agreed that such difference of opinion shall, by agreement of the Company and the Insured, be submitted for arbitration to three (3) disinterested parties, one to be selected by the Company, one to be selected by the Insured, and one to be selected by the two so selected. A decision of the majority of the three shall be final in each case. Each party shall pay for the expense of its own arbitrator and a pro rata portion of the expenses of the third arbitrator.

PART VI. GENERAL CONDITIONS

- (1) Terms of this Policy which are in conflict with the statutes of those states wherein certain provisions and coverages included under this Policy are not permitted are hereby amended to cover only those provisions and coverages as apply and conform to such statutes.
- (2) No action shall lie against the Company unless as a condition precedent thereto the Insured shall have fully complied with all terms of this Policy.
- (3) In the event of the bankruptcy or insolvency of the Insured, the Company shall not be relieved of any payment hereunder as would have been payable but for such bankruptcy or insolvency.
- (4) Notice to any broker or knowledge possessed by any agent, employee, or representative of the Insured, or by any other person, shall not effect a waiver or a change in any part of this Policy or stop the Company from asserting any right under the terms of this Policy, nor shall the terms of this Policy be waived or changed, except by endorsement issued to form part of this Policy.
- (5) No interest in this Policy may be assigned without the written consent of the Company.