



**WEDNESDAY, DECEMBER 9, 2015**

**Insurance Issues: Is There  
a Light at the End of the  
Tunnel or a Train?**

**MODERATOR:**

**Brad McKinzie:** Vice President/General Manager, Los Alamitos Racing Assoc.; Vice President, Finish Line Self Insurance

**SPEAKERS:**

**Lupo Elizaide, J.D., CSP,** St. Loss Control Consultant, Lockton Insurance Brokers, LLC

**Terence J. Meyocks,** National Manager, Jockeys' Guild, Inc.,

**John P. Unick,** Managing Director, Equine and Special Risk, Bolton & Company

**Ms. Wendy Davis:** — making it in the room promptly. I hope everybody got their coffee. Ready for another great panel session.

I'd like to thank our sponsor for this panel session, and that's AQHA. Also, for the luncheons and you can see our sponsors up on the screen, AQHA and the Jockey Club sponsor our mentor lunch.

Sky World Racing is hosting our networking lunch, and that is a buffet. It is in the same room that we had the breakfast.

It's a new event this year, so please, everybody, once we're done with this session, if you are not a mentor and are not going up to the mentor lunch, which is in the Ventana Room, which is just upstairs, please join us for the networking luncheon.

This is one of those panel sessions that Brad and I talked about.

We actually asked for input about sessions and what would be important to talk about at the symposium.

Brad sent me an email and he said, "This one isn't sexy, but this is really important." The more we talked, it made all the sense in the world that this may not be social media and all those other things, and bells and whistles, but this is the issue that could — it can bring racing to its knees.

We all thought it was a really important topic to bring here to the symposium.

I'd like to thank Brad because he really is the person who thought about this, put it all together, and really ran with it.

We certainly could not have done it without Brad.

He is not just the moderator, but he is really the creator of this panel.

For you folks who may not know Brad, he's the vice president and general manager of Los Alamitos.

He also serves as the group administrator for Finish Line self-service — Self Insurance Group, and it —

**Brad McKinzie:** We're also self-service.

**Ms. Wendy Davis:** Self-service, sorry —

**[Laughter]**

and provides worker's comp insurance for 99 percent of California Thoroughbred and Quarter Horse industry.

Terry, or Brad shared with me some of the numbers of what it would cost without this group just to do business in California, and it just floored me.

I just couldn't believe it.

Without taking any more time, because I know we're a little — starting a little bit late, again, thank you so much, Brad.

I certainly appreciate it and appreciate all our panelists for being here.

**Mr. Brad McKinzie:** Thank you, Wendy.

I wanna commend all of you for getting up in the morning to listen to people talk about insurance.

You get special bonus points.

If there's any students here, then you should get double credit, by the way, I think, for — there you go. Double credit. Double credit for listening to people talk about insurance.

As Wendy said, my name's Brad McKinzie, from Los Alamitos.

Joining me here on this panel will be Terry Meyocks, who's the managing director of the Jockeys' Guild;

John Unick, who is the executive vice president, Bolton Insurance Brokers and down at the end, Lupo Elizalde, who is the senior loss control consultant for Lockton Insurance Brokers.

The way we plan on doing this is that I'll speak a little bit and then we'll have the guys come up and talk, and I may talk a little bit in between to kind of set the plate and set the groundwork for what they're gonna be talking about.

It's also beneficial to me cuz I've found I have a hard time holding a room for more than two or three minutes at a time, so this should work out a little bit better for me.

Just to start things off, to set up the plate, is, as you can see from my title, I'm the vice president and general manager at Los Alamitos.

I'm also the group administrator, Finish Line Self Insurance Group.

I'm in a position where I think a lot of you people in this room are gonna find yourself if you're a racetrack operator or a head of a horseman's organization.

You may not think you're gonna get in the insurance business, but believe me, you need to be because we're the only ones that have a real vested interest in making sure that we can deliver this product.

Everything that's talked about here at this seminar this week, the new innovations, the new ways to bring in fans, it all falls apart if this industry can't provide affordable insurance for our employees.

As I said, I'm not an insurance guy. I'm a racetrack guy. My idea of insurance people was formed — I don't know if you remember the Woody Allen movie, *Take the Money and Run*, where he was an inmate in a prison and when they misbehaved they were sent to solitary for three days with an insurance salesman.

Well, that's kind of the — that's the way I looked at insurance. Well, my attitude has certainly changed from our — what we've been facing in California.

Before we start bringin' up the panelists I wanna give you some numbers, just so you can see the scope of the issue that we're facing.

In California alone, to provide worker's comp coverage for the jockeys, exercise riders, and grooms, just for the Thoroughbred business, not for the Quarter Horse business, and we cover 'em both, but just for the Thoroughbred business, \$13 million a year.

Imagine that: \$13 million coming out of this industry just to provide insurance.

It's annually \$5 million from our trainers to cover the grooms and the exercise riders and the hot walkers.

Another \$3 million or so to — for the owners to cover jockeys.

Then, luckily, in California, we have a subsidy fund, which is state-mandated, where we get a little percentage of the handle that brings in another \$6 million.

Cuz if not, then our rates would double.

Those are the kind of numbers that we're facing.

The title of this panel is, Is There a Light at the End of the Tunnel or a Train? Listen, I don't wanna ruin the punchline for you, but it's a train.

**[Laughter]**

**Mr. Brad McKinzie:** It's just a question of whether we're gonna get on that train or whether that train's gonna run us over.

One of the driving issues in insurance is coverage of jockeys. California is one of four states where jockeys are considered employees and are covered by worker's comp insurance.

Terry Meyocks is the general — director of the Jockeys' Guild. That's one of his main focuses is jockey insurance and how we cover these riders.

I think Terry can set the plate for where he wants the Jockeys' Guild to be in the future and what we're all gonna be facing in the future.

With that, I'd like to introduce Terry Meyocks.

**[Applause]**

**Mr. Terence J. Meyocks:** Thank you, Brad.

Good morning, everybody. Since the beginning of the Jockeys' Guild in 1940, some of the major issues at the forefront at that time were, one, workin' for adequate insurance coverage for the jockeys, two, improvin' the safety equipment and medical care on track, and we're still talkin' about it today.

Currently, the Jockeys' Guild provides to our members: life insurance up to \$125,000.00; an AD&D policy up to \$125,000.00, which covers 24/7; temporary disability of \$250.00 for the first eight weeks, and if you're out for — we'll cover up to \$200.00 for the remainder of the two years.

The Jockeys' Guild also provides additional benefits such as prescriptions, copays, durable medical goods, supplies, medical copays, such as doctor's visits, for approximately 53 permanently disabled members of the Jockeys' Guild.

Although, some of the Jockey Guild members that are disabled also receives benefits from the Permanently Disabled Jockeys Fund, which is a separate organization with separate application procedures which provides benefits to Guild and non-Guild members.

The Permanently Disabled Jockeys Fund provides benefits to 59 disabled jockeys. These are individuals with catastrophic injuries. They receive \$1,000.00 per month, and that is \$59,000.00 a month goin' out each month basically without any guaranteed funding.

For the most part, the only source of monies coming in is from donations, karaoke events, and autograph sessions.

It is not if a jockey is going to be injured, it's when a jockey will be injured.

It is the only profession where an ambulance is found on the field as you're doin' your job.

The Guild and its members strongly encourage all on-track racetracks and states without worker's comp to have at least a million dollars on-track accident policy.

However, in light of rising costs and the fact that the medical coverage of the policy is only for two or three years, it is truly not adequate.

The vast majority of racetracks today do carry \$1 million on-track accident policy.

As Brad mentioned, in the United States there's only four states where the worker's comp is in place. They are New York, New Jersey, California, and Maryland.

Let me briefly explain the worker's comp compared to the on-track accident policies.

In worker's comp states, it provides both medical coverage for covered injuries and a weekly income during that period that a jockey is unable to ride based on the on-track injury.

It is legislative and the funding does vary.

On-track accident policies provided by the racetracks provides medical coverage for on-track injuries, but limited to two or three years, depending on the policy.

Provides a weekly income of only \$200.00 per week, regardless of the income, during the time that the rider's unable to ride, up to 104 weeks.

There are a number of challenges of current insurance coverage.

A lack in communication and information, track change insurance providers without advising the jocks of the change, causing jockeys to provide old information to medical providers, which cause billing issues, delay in benefits, and debt control against the jockeys.

Insurance coverage and policies vary from track to track, even in the same state.

Each insurance provider has different procedures and forms that need to be completed by the injured jockeys before they will begin the coverage or providing benefits.

Jockeys do not get the forms in a timely manner or do not receive them at all because they have returned home to recover for their injuries.

Jockeys have challenges gettin' the forms completed by the doctors and hospitals or, once they are completed, they are not accepted by the insurance provider.

Some forms have to be notarized.

Temporary disability benefits of \$200.00 per week, regardless of the jockey's income, is extremely low.

Riders return to work too quickly and risk additional injuries as a result. Higher insurance premiums at the racetracks are based on the number of incidents at that particular racetrack.

The Guild, over the years, has worked extensively with the industry to improve the safety standards to prevent injuries of jockeys, exercise riders, and horses, and in turn, hope to reduce the risk of liabilities for racetracks, owners, and horsemen by addressing several issues including the following: race day medications; drug testing; pre-race exams; model rules pertaining to qualified jockeys for licensin'; regulation to the use of shockwave therapy; medical procedures and response protocols, including paramedics versus EMTs, and the importance of trauma centers; increasing the scale of weights; continued working with manufacturers to

ensure the products are suitable for — reliable for jockeys and exercise riders; continue to work with the ARCI to ensure proper rules are accepted, enforced in all racing jurisdictions; continue workin' with the industry group to gain support for safety initiatives.

We actively are participating in ASCM subcommittees and attend semi-annual meetings to ensure standards are in the best interest of the jockeys and other riders.

In 2015 we established the Research and Development Committee, which includes 24 organizations representing all aspects of the Thoroughbred industry, as well as the Quarter Horse industry, including all the members of the panel here today, to define and enhance the safety standards, as well as improvements to helmets and safety vests.

Steps still need to improve the safety of racin'.

All tracks should be required to be accredited by the NTRA Safety and Integrity Alliance.

All racetracks should be required to participate in the jockey health and information system and the jockey injury database, gathering data regarding jockey injuries.

It should be mandatory that all racetracks have a minimum of a million dollars for on-track accident policies.

Concussion protocols and procedures similar to professional sports, NCAA, youth soccer programs.

These concussions must — needs to be established.

Pre-race examinations made mandatory before our races.

Not allowing any race-day medications with the exception of third-party administration of Lasix.

Only provide a jockey license to those jockeys that are physically fit and able to show competence and demonstration of a riding ability.

All racetracks need to be — have a proper warning system in place for training and racin'.

Racetracks need to do a better job of communicatin' with jockeys, hospitals, and insurance providers.

Solutions. Lookin' to establish a national worker's compensation program. The Guild, 20 years ago, proposed a national plan to have been administered by the United States Department of Labor Office Worker's Compensation Fund based on

existing federal statutes covering longshoremen and workers in various other industries.

That coverage for those who were hurt while workin' could include jockeys, as well as exercise riders.

Provision of this Act have already been incorporated and several other statutes providing worker's comp for other types of employees.

Injured riders would receive a compensation rate based on their average weekly wagers for as long as the effects of the injury continue.

Injured riders would have all reasonable and related medical costs covered.

They would also be eligible for vocation rehabilitation.

Should an oversight committee of the industry representative be established pertaining to the industry issues?

This oversight could include racetracks, regulators, horseman's organizations, the Jockeys' Guild, NTRA Safety and Integrity Alliance, TOBA, the Jockey Club, and other affected parties.

The committee could consider where the funding would come from and who would contribute.

We should consider all the sources of revenue so it's not just the owners, trainers, and racetracks payin', but also possibly the ADWs, OTBs, and others.

This committee or subcommittee be established to create a centralized loss control center, like other professional sports leagues.

This subcommittee could possibly review the research analysis of the racetrack incidents bein' gathered today by the jockey injury database that we established with the Jockey Club, Keeneland, and workin' with the University of Kentucky.

Where are we gonna be at in five years from now if we leave things status quo?

We are not going to find a solution and things are not gonna get — and things are only gonna get worse if we do not come together as an industry.

The only way that we are going to improve the safety of our athletes is makin' sure that all industry participants are doing their part to ensure that the standards are the best possible.

We must find a way to provide adequate coverage for all riders when they are injured.

When accidents do occur, we need to do everything possible to provide care and benevolence to the riders who are injured.

Finally, it's essential to keep costs under control for racetracks to survive, keep owners in the game, trainers in business, and to ensure that the jockeys and exercise riders are adequately covered in the event of injuries.

Thank you very much.

**[Applause]**

**Mr. Brad McKinzie:** Thank you, Terry.

I wanna follow up just a little bit on what Terry had to say.

As he explained, there are four states where jockeys are covered by worker's comp, California bein' one of 'em.

If a jockey is covered by worker's comp, all of their medical bills are paid, they get a permanent disability payment based upon a loss of earnings, and so they're basically taken care of for their lives.

In only four states are jockeys covered like that.

The rest of the states, as Terry said, they do — tracks provide a \$1 million accident and health coverage.

This industry, I think, has to make a decision on what is our obligation to jockeys?

Do we have a moral obligation to cover these people?

Because I can tell you, the \$1 million that they've had to fight and work hard to get is woefully inadequate.

I can tell you, unfortunately, we know from experience.

If you have a paralyzed rider, it is between \$4 and \$5 million to cover that rider, provide his health benefits, his permanent disability for his lifetime.

There's a \$4 million gap.

What does this industry — do we have, which I feel we do, a moral obligation to take of these people?

If we do, how do we pay for it? Cuz that's the real key.

I think we probably all would like to do it, but how do you pay for it?

In California, as I said, we have a \$6 million subsidy fund, which is taken — we take one half of one percent out of the exotic bets and it goes to worker's comp subsidies.

Other jurisdictions, I believe, need to start looking at things like this because it's — Terry's gonna be out there working to improve insurance for jockeys.

We need to be ready for it because we need to be prepared to pay for it.

If you look, in California, we cover through a self-insurance group.

In New York, they have the Jockey Injury Fund.

In the other two worker's comp states, it's basically the state fund that covers 'em.

Right now in worker's comp there's not one private insurance carrier whose doin' jockey workers' comp.

Not one.

That's the challenge for the future.

Somebody who is uniquely qualified to talk about this, about where we were, where we are now, and where we he thinks this market's going is John Unick.

John's been involved in the horse racing business for almost 20 years.

His group write jockey accident and health policies for numerous, numerous racetracks.

He was instrumental in 2002 informing a captive insurance company, which basically saved the California thoroughbred industry, which was very close to being put out of business by rates that were as high as —

I want you to listen to this number.

Right now, the state fund in California, if we weren't around to provide coverage for trainers, if you were a trainer, you'd be paying \$66.00 in insurance premium for every \$100.00 in payroll.

Obviously, an industry can't support that.

John Unick is also our broker at Finish Line and was integral in getting our program set up.

As I said, I think he is uniquely qualified to talk about where these markets are going and what we can predict in the future.

With that, John Unick.

**Mr. John P. Unick:** Thanks, Brad.

Appreciate it.

Thanks for everybody for showing up.

I mean, insurance is not an easy topic.

It tends to take a pretty serious tone, and I think we've kind of broached upon a lot of really serious subjects here that are realities of this industry.

I'm John Unick. I'm the executive vice president of Bolton and Company, managing director of equine and special risk for Bolton.

I currently represent probably 50-plus racetracks throughout the United States and horseman's associations.

At one particular point I probably have done deals with practically every jurisdiction in horse racing.

Worker's comp can be a pandemic that hits this industry.

Anybody in this room that doesn't kinda understand that probably wasn't living durin' the times that California horse racing between, let's say, 2000 and 2003.

It really got to the point where anybody that was on the inside looking at these numbers, it was real and it really did almost end the industry.

I think that it also showed, though, that when a crisis hits, like 9/11 actually was the catalyst for a lot of it because it sent the reinsurance markets into a new strata of what risk was.

Goin' back to a crisis, it does tend to unite people. I do think there was a lot of good things that happened because of the California worker's comp crisis.

We actually did get rates under control.

Kinda skippin' around here so there's no perfect way to go about this, but ultimately, it just comes down to creating a vehicle for reform.

Creating the vehicle is usually a single inured entity.

In order to create that vehicle, you need critical mass.

Luckily, California had critical mass because those are staggering numbers.

When Brad says he's doing it for 13 million that is the best bargain on the street, so to speak, because they're self-insured.

They're very fortunate to have a very wealthy owner at Los Al that takes on all the liability for the California horse racing industry and luckily has a deep enough balance sheet to do that.

The bottom line is, if that was on the open market, it'd be very doubtful that we would get a guaranteed cost writer to write it.

It would go to the state fund. At the rates that Brad quoted of \$66.00 per \$100.00 and \$300.00 per jock start — so a jock on a base rate makes \$100.00 per jock start and the insurance carrier wants \$300.00 to insure.

**[Laughter]**

Do the math and I think that a lot of people would be lookin' for the light switch to just kinda say, the heck with this.

Anyway, goin' to Brad's point, my estimate would be that if the state fund did this, it would be probably a \$25 or \$30 million number.

We're barely gettin' by with 13 million, and add another nearly 20 million to that or 15 or 20 million, and I don't like the prospects of where our industry is going in California.

Going to insurance, I just have a couple of notes here.

It's contributed to many tracks going out of business.

Blue Ribbon Downs, many fairs.

It's a huge operating cost.

Unfortunately, it's usually a double edged sword for smaller tracks, as well, because smaller tracks tend to not have maybe the safest work conditions.

They're kinda hand to mouth, and they're lookin' to save costs.

Their insurance premiums tend to be higher.

They don't have the critical mass, and underwriters, rightfully so, are definitely afraid to insure them.

Cuz, don't forget, insurance companies are in the business to make a profit, just like we are all in business to make a profit.

My job as a broker is to tee things up to them that is going to make or perceive to be — to make an insurance company a profit.

Therein lies a big challenge for any insurance broker with respect to this industry.

This is an educational forum.

I don't wanna get into self-promotion, but insurance is all based on relationships.

The most important thing is to have very key relationships at the highest levels of the insurance carriers for any insurance broker so that we can deliver things to them that are going to stand the test of time.

Probably the most proud that I am, and I have a lot of clients in this room, is any insurance program that we've created has stood the test of time.

That's not an easy thing to do within this industry because there is always gonna be a very finite appetite for this risk.

There's not a lot of insurance carriers that are gonna be lined up around the block to wanna save our hide.

We have to get very creative with them and very realistic with them to make sure that these are gonna be sustainable products.

Because if we create a product that is something that loses the carrier a lot of money in the first year because we sold them somethin' that wasn't what the numbers had indicated or they lose a lot of money, well guess what?

All insurance carriers talk, and then we're right back to the insurer of last resorts and it's, again, potentially game-ending.

It's a very serious adult topic and it's gotta — it ultimately calls for everybody holding hands at a realistic level to make sure that we can sustain the premiums and the loss control and the claims management, ultimately, that it takes to get these claims under control.

I'm more of a question and answers guy, so I'm gonna kinda end it there and —

**Mr. Brad McKinzie:** All right. Thank you, John.

By the way, I was just reading the old synopsis of this.

Wendy mentioned it, but they put it right in print on our panel, "although not a sexy topic".

Speaking for my fellow panelists, we take that personally, I believe.

**[Laughter]**

**Mr. Brad McKinzie:** I mean, we're all dressed up.

It's about as sexy as you make insurance.

**[Laughter]**

**Brad McKinzie:** John touched on it.

Our next speaker, Lupo Elizalde, is a senior loss control consultant.

His job is to go into industries and tell them how they can reduce losses, how they can reduce injuries.

I've been on the other side of this thing and I can tell you what happens when we — in horse racing when we start talking about reducing accidents.

Everybody kinda rolls their eyes and says, "Oh, there's nothin' we can do. It's a horse, and horses fall. These things just happen."

Well, we better change that attitude.

Cuz is there anybody in the room that thinks that healthcare costs are gonna go down over the next ten years or that legal costs are gonna go down over the next ten years or that insurance companies are gonna wanna make less money over the next ten years?

No.

The only way that we're gonna be able to control costs in this industry is to reduce accidents.

Bringing someone in with a fresh set of eyes I think is the best thing that we can do.

As a very quick example, in our business in California, at Finish Line, 60 percent of our incurred losses are exercise riders.

It's a simple way to think about it.

We have 26,000 starts in California, so that means 26,000 times a year there's a jockey on the back of a horse where he could get hurt.

Exercise riders, because those horses go to the track just about every day, 1.5 million times in the course of the year are exercise riders on the back of a horse.

We've learned that the majority of those 60 percent of our incurred losses by exercise riders don't happen on the racetrack when a horse stumbles or falls.

They happen coming and going to the racetrack.

Horses flip, horses bolt, trainers send horses up with no groom holding onto 'em, the horse runs into a fence.

The majority of those accidents happen not while they're galloping.

That's a risk that we can do something about.

Those are the types of things that everybody in this room needs to be thinking about.

That's why it's good that we have Lupo Elizalde here.

As I said, he's the senior loss control consultant for Lockton.

He's been involved in horse racing for a few years, but he comes to us from other industries with a fresh set of eyes on what we can possibly do to reduce accidents in our business. With that, I'd like to introduce Lupo.

**Mr. Lupo Elizalde:** Thanks.

Thanks, Brad. I got ten minutes, I understand, right?

I'm on the clock officially.

**Mr. Brad McKinzie:**

[Laughter]

**Mr. Lupo Elizalde:** I probably have an hour's worth of information I'd love to be able to share with everybody.

I'll condense that, obviously, to ten minutes.

I'm available — I know we're gonna have a question and answer after this, but I'm happy to meet with anybody after to discuss in more detail what I cover here this morning.

Good morning, and thanks for being here.

I'd like a show of hands from folks out there in terms of individuals that work for tracks and entities.

Have you guys seen and been able to control injuries on the racetrack, to exercise riders or jockeys?

Have you guys been able to reduce the number of incidents at your organizations? If you have, then raise your hand.

**Mr. Brad McKinzie:**

[Laughter]

**Mr. Lupo Elizalde:** I have one hand. One hand up in this group. Obviously, we've been — this country — horse racing in this country has been around since the 1700s, 1800s. I would have thought you guys would have already solved —

[Laughter]

**Mr. Brad McKinzie:**

[Laughter]

**Mr. Lupo Elizalde:** — solved that problem and been able to address rider safety and be able to now control and prevent these falls from horses.

[Laughter]

Obviously, it's not the case.

As Brad said, I bring a different perspective to preventing rider injuries.

This morning I'd like to discuss the challenges and opportunities for improvement in the racing industry.

I'd also like to share with you some of my observations and conclusions.

However, I think it's important to provide you with some information on my personal perspective as a loss control professional.

Let's see a show of hands again of individuals that have had direct contact with the senior loss control consultant assigned and charged with preventing rider injuries.

Anybody in the group?

Okay.

I've been in the loss control and safety profession for close to 30 years.

I know I don't look that old.

During that time, I've serviced a wide range of industries and companies.

My loss control approach is comprised of two critical components.

The first being conducting a comprehensive gap analysis.

What does that mean?

Well, it means taking a look at every job, every individual that touches a horse, every — and that goes, I guess, starting from the individuals that break horses and whether the horses are being broke properly before they're even brought to the track, that these riders are getting on.

That covers groomers, that covers outriders, that covers exercise riders, that covers trainers.

That gap analysis covers that whole group, okay?

The other thing is, I implement a three-pillar strategy.

What is a three-pillar strategy?

Essentially, it's something that is developed in the loss control industry that essentially takes a look at the equipment that is utilized in the industry.

It takes a look at the processes and procedures of all of those individuals and groups I've just mentioned.

It also takes a look at the training that's provided, the type of training, the amount of training, and when the training takes place.

Here are some observations.

I guess one of the first observations was, all of the entities I've interacted with believe that they are doing enough to address the issue, or it's not really their responsibility.

That goes for the racetrack operators, down to the trainers, and down to the riders.

The other observation is, there is no formal uniform safe work practices that are established.

That goes for the groomers, riders, and any other of those groups that I've just mentioned.

Then, thirdly, there isn't a system in place to capture the necessary loss data on rider falls.

We need to be able to have individuals at each track that can investigate an accident or an incident by rider and be able to capture all the necessary data to be able to identify the root cause.

Without identifying the root cause of an injury, all you end up with is a rider fell from a horse.

You're not able to drill down to be able to identify, was it an issue with training?

Was it an issue with equipment?

Was it an issue with processes?

You're not able to do that.

What happens is, then, is it takes a lot more resources and a lot more time, obviously, to be able to go in there and do that gap analysis and conduct all those studies, to be able to identify what the real root cause of these problems are so that you can make changes.

Unless we get to a point we're able to actually capture all of that really important data, it really is tough to come up with solutions.

Those are my three observations.

To me, I just wanna bring this up because this is one of the things that I've found.

This is a mindset of a lotta folks in the industry that I've found over the last few years that I've been involved with racetracks is, you have an eleven-hundred-pound animal, high-spirited animal, right?

Now you have this rider that's getting on this animal, so it's inevitable.

It's not preventable.

There's no way you're gonna be able to prevent riders from falling.

There's nothing we can do.

That was a common theme at all of my interactions with all the folks I talked to.

To that I say, I don't agree.

An example I would give would be the NFL and their recent concussion initiative.

That's the same argument that they had is that we have 350-pound linemen, we have 280-pound linebackers running four three-forties going head-on, and there's no way that we can prevent concussions.

The initiative that the NFL just kicked off probably a few years ago is making great strides.

Obviously, that initiative began with, number one, training for coaches at every level.

Focusing on equipment, making sure that they had the safest equipment.

They've even gone so far as to restrict the number of practice hours, the number of hours that they're allowed to tackle.

All of those things have actually been very important in their, I guess — important to what they're trying to achieve was to reduce and, as much as they can, those concussions.

They're doin' a pretty good job.

When I hear that a fall from a horse or injuries to riders is not preventable, I guess I'd have to argue with that.

Maybe it's just my profession and my perspective, but there are things that can be done.

To that point, there are quite a few things that are being done.

Jockeys' Guild is involved currently with looking into improving the gear, the helmets, specifically.

There are things being done in the industry.

When I actually looked at the things that were being done in this industry, I saw that, really, the primary focus was on limiting or minimizing or reducing the injury to the rider with the helmet and vest.

It's really focusing on after the rider actually falls off the horse.

What about everything that happens before the rider even gets on a horse?

I had an interesting conversation with an outrider.

Spoke Spanish, by the way.

I'm bilingual; I speak Spanish.

I actually spoke to him in Spanish.

It was new to me, obviously, but he actually confided in me that he's seen situations where a horse has become unmanageable and ultimately resultin' in an injury because the bit was put in backwards.

Okay?

In that situation, was that injury preventable?

If we listen to the critics and say, well, no, it wasn't preventable, or it — because it's an animal, its eleven-hundred-pound animal, and it's a rider, it's gonna happen.

However, if we take a look at that example, if the bit had been in properly and somebody had inspected or double-checked and QA'd that and made sure that equipment was put on properly, we could have probably avoided that fall and that injury.

Those are the types of things that I look at.

Then the other thing I'd like to look at is, I know we had two students or two people that mentioned — two gals back there that mentioned they were students.

Can you tell me what — is it a riding school program, or what kinda program it is that you're involved with at the school?

**Audience Member:** We're in the race track industry program so it kinda covers a broad spectrum of the racing industry.

**Audience Member:** No riding school.

**Audience Member:** No riding school, no.

**Mr. Lupo Elizalde:** Okay.

I looked at a couple of riding schools and looked at some of the materials that they actually provide in terms of coursework.

There was nothing at all in terms of rider safety and equipment.

I guess it — when I look at that is, there's a lot more that can be done and be addressed to be able to actually reduce those losses.

Two key initiatives I think that the industry can start with.

Obviously, it's a problem that's an ongoing problem and it hasn't been solved yet.

I think if I were to say, or somebody was to ask me, well, what can I do, or how can we get started?

I would say to them that the two key initiatives that are needed, number one is to improve the data gathering system and process.

Make sure that the individuals that are charged with investigating these accidents have the knowledge and the ability to identify the root cause.

Okay?

The couple of tracks that I visited, one had a security officer that was taking in the information.

They had no idea about identifying root causes and drilling down whether it was equipment failure, was it safety training process failure?

Then the other individual at the other track that was charged with investigating the incident, taking down the information, was an emergency response person.

Again, that individual had no idea or any training with respect to what information they needed to be able to capture so that we could identify the root cause and then be able to then focus limited resources or any resources to be able to make corrections and reduce those losses.

The other initiative I would say that would be hugely important would be rider safety awareness.

I didn't see any of that at the track, as well, and I think that's somewhere you could definitely start in terms of trying to make everybody that's involved with the racetrack more aware of rider safety.

Again, also specifically, falls from horses, which is the number one loss driver in terms of racetrack injuries.

I think with that, I'll go ahead and end it, but hopefully that was some information that was enlightening and perhaps useful to you.

Thank you.

**Mr. Brad McKinzie:** All right, Lupo.

Thank you.

Just to follow up on what he said, if you'll listen.

He asked how many in the room have interacted with the senior loss control specialist at the racetrack or the association?

I mean, the reason nobody, really hardly anybody raised their hand is it doesn't exist.

There is no senior loss control consultant to worry about, well, might be one and we'll be happy to hear from you.

When you go into a state and you get a trainer's license, how many racing commissions insist that that trainer be able to pass a basic safety protocol or even have a basic safety protocol?

I'm gonna say damn few.

How many jockeys, before they get their jockey's license, have to understand basics of safety, things they can do to make them safe?

Grooms and the like?

If you're the jurisdiction, we're gonna wanna talk to you, but it's not — I can tell you it's not industry-wide.

**Audience Member:** Brad?

**Mr. Brad McKinzie:** Yes?

**Audience Member:** Quick comment on that.

The National HBPA is ran by —

It does not address the —

What it does address, though, is it does create kind of a standard practice and safety measures for — environment of an —

It goes through a couple of different classes that they go through to actually learn about this. Dr. — has been doing this for at least 15 years.

**Mr. Brad McKinzie:** Is it a prerequisite for licensing in any jurisdiction?

**Audience Member:** No. No, it's something the National HBPA

**Mr. Brad McKinzie:** Right.

**Audience Member:** —

**Mr. Brad McKinzie:** You've been proactive and you've set up the standards and you have a protocol.

Well, it needs to be, in my opinion, part of the licensing process.

If the grooms and the trainers don't understand what you're putting together, it needs to be part of the system far more than it is now, in my opinion.

**Mr. John P. Unick:** That creates the stick, obviously, so that they go to the Groom Elite Program, which is an excellent program, and definitely can help in overall loss control and prevention of injuries.

It just comes down to racing regulators to adhere to mandating that they go to the Groom Elite Program.

**Audience Member:** At the tracks cost?

**Mr. John P. Unick:** Yeah, right.

All the stuff that we mentioned here costs a lot of money.

**Mr. Brad McKinzie:** It'll save a lot more.

**Mr. John P. Unick:** Yep, I agree.

**Mr. Brad McKinzie:** It'll save a lot more.

**Mr. John P. Unick:** I agree.

**Mr. Brad McKinzie:** Just very quickly before we close it up and open up to more questions and some input, just real quick about what we've done in California.

We've heard it referenced to self-insurance.

Basically, ten years ago we formed a self-insurance group.

Well, what is a self-insurance group?

It's an industry that basically says we can't stand the insurance business anymore.

We can't take it, with the rates.

We will do our own insurance, and so you have to have collateral.

Basically, in our group, we take the first million dollars in losses and then we go out and get excess insurance to cover over that.

The members, who are the trainers, they pay premiums, and then we pay the losses, ourselves.

Self-insurance is a vehicle that, I don't know, in different jurisdictions if it makes sense or not, but it's something that you can do.

We've been able to hold our costs out in California for the last five years.

Self-insurance in California is not rare at all.

Disneyland's self-insured.

Most every state, most every city in jurisdiction's self-insured.

Simply because I think we probably got the most screwed up insurance environment in the world in California, and a lot of entities are sayin' we don't want any part of it.

It doesn't necessarily — there's no button to push where we're gonna walk out of a room and say, ah! The insurance situation is solved.

It's always gonna be bad. We're in a risky business.

It's gonna be expensive.

What we do at Finish Line and what I would suggest to the people in this room is, it gives us control.

We can control our claims.

We know exactly what's going on.

As Lupo said, at a push of a button, we can pull up how many groom claims we had, how many exercise riders claims we had.

I would encourage any jurisdiction to have that ability.

If someone's in your state racing horses and there's an accident, there needs to be a central clearinghouse so that insurance companies and the like can understand what kind of risk that they're getting into.

The other thing I would encourage you to do it, if you think for one second that someone's gonna come along and offer you a jockey accident health policy or worker's comp for your trainers, and then that's the end of your involvement, you're wrong.

At some level you need to be involved.

You need to be involved in the claims.

You need to be involved in managing the claims.

Cuz if you're not, it's gonna fail.

You need to be involved and stay on top of this on a daily, daily basis.

As John alluded to, cheaper isn't better.

Someone could come in and say, well, I can do this coverage for you for less.

You're not interested in less for that year.

You're interested in somebody who's gonna be with you five years down the road.

Insurance companies are the greatest people in the world to get along with until they have to come up with some money.

Then it gets a lot tougher.

The group that we have with Finish Line, we're entering our fourth year with 'em.

The first three years we were with 'em we had a catastrophic injury where they had to dig into their pocket and pay, and they're still with us.

That's what you're lookin' for.

You're looking for somebody in the long run.

We're a disjointed industry.

We don't have a safety czar.

I mean, it sounds like you guys might be the closest thing we have to it.

Somehow or other, we need to try to unify this thing because without it, I don't believe we're gonna be able to keep providing this coverage.

In closing, before I open it up to questions, I just wanna read a new — something from a new release.

It said that the summit will focus on the feasibility of a national insurance program for the racing industry which could potentially include worker's comp, horseman's group health, and accident insurance.

A quote from the executive director of the HBPA, "This problem isn't going to go away.

The goal will be to draw up an action plan to try and help coordinate industry efforts to address the insurance problems currently faced by the horse racing industry." 2003, University of Arizona Racing Symposium.

I don't think that we've made the strides that we need to, to protect ourselves from what I think could be a real oncoming problem.

We've got the ability to solve it as best we can.

It's just we need to be far more active and involved.

With that, I'd like to open it up to questions and also some input from people on what — maybe what you're doing in your different jurisdictions to try to address these issues.

**Audience Member:** Microphone?

**Mr. John Wayne:** I think most people — I think most people in the room know who I am.

I'm John Wayne.

I'm with the Delaware Thoroughbred Racing Commission, executive director.

I've been there for 17 years.

I'm very fortunate.

I have commissioners that really care a lot about jockeys and they care a lot about horses. It makes it so much easier to be in a jurisdiction, and you get support from the track management and the legislators to do things that enhance the medical issues for riders.

One of the things you touched about — well, let me also add that we get a tremendous, a lot of support from Terry Meyocks and Mindy, Herbie Rivera, that come and visit us periodically during the season.

In Delaware we have a policy where all riders, we have a meeting with the riders with the stewards.

They go over safety issues.

We have a handout that we provide them.

We talk to them with the outriders so that they know the rules of the racetrack, for new riders that come in town.

We have a nutritional program to make healthy choices.

We have those programs so that we outreach to the spouses of jockeys so that they know what the — what to prepare for.

We had one rider that told us that his daily regimen was a piece of toast and a cup of tea, and he would ride at night at another venue, and then he'd have his dinner after that.

I say, "How can you exist like that?"

We try to give them healthy choices that don't — don't drink empty calories: high sugar, high caffeine drinks, but more high protein meals.

We've done that.

We've partnered with the University of Delaware, and that's worked out very well.

The other thing that we did is we had a meeting with our — we're very fortunate.

We have a Trauma One center across the street from our racetrack, Christiana Hospital.

We have frequent meetings with them. If a jockey goes down in an injury during a race, the video — International Sound provides us with a video on a CD, or an image that I can send over to the hospital.

If they can't pick it up electronically, either myself or my investigator will hand deliver it over to the hospital.

We also make that video available to the Jockeys' Guild so they're aware of it.

That's worked out very well.

They fast track riders that go down in an injury.

They realize it's very similar to a motorcycle accident.

It's not that they sit on a gurney in the waiting room, waiting for somebody to get to them.

The doctors can look at the video and they can see whether or not — they could see the mud and everything, but they don't know — if the jockey says, well, I hurt over here, but then they see the video and they see, well, he's also maybe suffered some trauma to the head or the other side of his body.

At least they have something to look at.

That's worked out very, very well.

We have a lot of cooperation there.

It's a team effort.

We always try to improve every day that we're out there so that it's safe for the riders.

**Mr. Brad McKinzie:** Thank you.

Any input on what you're doin'?

The young lady here?

**Audience Member:** Mindy.

**Mr. Brad McKinzie:** Mindy?

Oh.

**Audience Member:** One thing, if I may, to address the — what we're doing to address the issues prior to a rider going down.

**Mr. Brad McKinzie:** Can you identify —

**Audience Member:** Oh, I'm sorry.

**Mr. Brad McKinzie:** — yourself, maybe, to the room so we can —

**Audience Member:** Mindy Coleman from the Jockeys' Guild.

One of the thing we're doing, not just working with the equipment prior to — and I think Terry alluded to it before — is the jockey injury database.

It's exactly what you were addressing is gathering the data with when riders do go down.

We're working in some of the racetracks.

Unfortunately, not all are participating.

We're trying to gather as much data as we possibly can.

**Mr. Brad McKinzie:** Good.

**Audience Member:** Unfortunately, it's just limited to what we're able to do and it's just with the riders.

A lot of times we're only gathering the data from the — during the races.

We're getting when a rider goes down and what's causing, where they're hitting the racetrack, whether it's the ground, the rail, what equipment they're wearing, that

— so we can at least — it's limited right now, but we're starting to gather that information.

We're working with the racetracks that are willing to do it.

We're not doing it for purposes of suing.

We're doing it

[laughter]

to try and — for preventative reasons to see what we can do to create a safer racing environment.

That's one thing that we are doing.

As far as the other stops, I mean, we have been doin' a lot with the industry and I think overall trying to — I mean, our motto literally is, if you have safe jockeys you're gonna have safer horses, and if you have safe horses, you're gonna have safer jockeys.

I mean, a lot of the stuff that we do—

**Mr. Brad McKinzie:** Absolutely.

**Audience Member:** — even pertaining to medication and a lot of initiatives that the Guild's doing is for that reason.

I mean, we wanna have safer horses out there for the jockeys to get on so that we can prevent some of those accidents.

I think we're trying to work with the rest of the industry and get input, seeking input from the horsemen and everything else.

If there are other programs, like you're saying, education, I mean, the jockeys, we're open to those kind of things if you have that information.

Anything that can be sent.

**Audience Member:** My suggestion would be to reach out to — talk to Karen and those guys — see what they have.

I was thinking that something on the safety regarding that —

Is that something you'd wanna reach out to —

**Mr. Brad McKinzie:** We've been speaking to the riders and, Chris, everything's about — and Chris is no longer with 'em.

It's Remi Bellocq, who used to be with the HBPA.

Remi used to ride.

Chris set the standards about safety.

That's everything that Chris was talkin' about is safety, but it's eight or ten students a year that's comin' through.

There's a lotta loopholes there.

**Audience Member:** The other thing is, is a lot of our apprentice riders that are coming into the United States are not coming from that school.

I mean, they're coming, they're getting licensed, and it's one of the — the model rule that we had adopted to get — for somebody to get licensed as an apprentice rider.

Unfortunately, not every jurisdiction has adopted that rule of what is required.

In our model rule, it says that they have to seek — the stewards seek recommendations, including from the horsemen's organization at that track, to get approval before a jockey gets licensed.

I mean, they're supposed to get recommendations from the outrider, the jocks — and the jock's representatives, and as well as the horsemen's organization or the horseman at that track.

**Audience Member:** That's the model rule?

**Audience Member:** Yes.

**Mr. Terence J. Meyocks:** Yes.

The reason that model rule is there — and John alluded to Blue Ribbon Downs is out of business.

The first year I was involved with the Guild was back in 2007.

There were two jocks that got killed.

One was at Blue Ribbon Downs.

He came out of retirement.

He hadn't ridden in ten years.

He showed up at the racetrack with no helmet, no vest, nothin'.

The second horse he rode, he fell and got killed.

At the same time, there was another rider at a different racetrack.

Basically was an exercise rider.

He fell off during a race, lost his balance.

He went to use the whip, lost his balance, and died.

We went that year, Jeff Johnson, who's the regional manager, and myself, went to — and Dan Fick was with us.

Basically, he said, "We need to have a rule."

It's not only young riders, but it's older riders that we need — the stewards, before they sign off on a license, they need to basically talk to the head outrider, the starter, the head of the horsemen's organization, the Jocks' Guild, as Mindy was alludin' to, and get the necessary approval and sign off and recommend, or not recommend, to the stewards.

There was one Hall of Fame trainer that basically, one year that we were in Santa Anita, was frontin' for a jock.

Was workin' with a jock for four or five months.

We brought him in.

I was there that day.

Brought him in and talked to a couple of other riders and, I think, Mike Smith and Gary Stevens were there, and David Flores.

They put him on the equicizer.

Well, he fell off the equicizer.

It's not in anybody's best interest to have a rider out there that's not qualified or not prepared.

**Mr. Brad McKinzie:** Yes?

**Mr. Dan Fick:** I'm an accredited steward.

I'm also on the board of directors of Groom Elite.

I was glad to hear that you gentlemen appreciate the Groom Elite program and listenin' to John Moss.

The program's been held in Iowa with the HBPA there and in a number of states around the country.

It also does training for grooms at prisons that are facilitate and hold retired racehorses so that they might have jobs at farms in the industry when they get out.

It's an excellent program.

Been goin' on for 15 years.

Unfortunately, there's limited support for it within the industry, especially with the national organizations.

It runs the risk of going away.

Even in California we've made a presentation.

Would you be interested in us coming in and establish a permanent Groom Elite program in California, training people out there to run the program?

Didn't get much of a response.

Had the same thing happen in a number of other states.

The point I'm trying to make is, is I think the programs are out there, the model rules are out there, the protocols are out there in a number of jurisdictions for safety.

Groom Elite not only teaches safety to grooms, but also they have two trainers' classes that they teach safety to.

It's just not getting effectively enforced and required at the local level.

We don't have the top down enforcement that we need.

**Mr. Doug Moore:** I'm with the Washington Horse Racing Commission.

There's been a lotta talk about safety for jockeys and safety for grooms.

Right at the start, you already mentioned that 60 percent of your injuries are exercise riders.

We have a program in Washington that an exercise rider applies for a license, we have a study guide that they have to study to explain safety equipment, safety procedures.

They have to pass a written test before they're ever allowed on a horse.

Then they're scrutinized by the outriders, the clockers, under a probationary program.

That way we're trying to ensure that we have safe exercise riders.

That sounds to me like where the biggest part of your injuries are, so I think each jurisdiction should be looking closer at a tougher program to get better qualified exercise riders on the racetrack.

**Mr. Terence J. Meyocks:** One thing, Doug, I mentioned, oh, a year ago, to a trainer that's got over a hundred horses, and I said to him, "Do you know what safety vests they're wearin', what type of helmets they're wearin'?"

Cuz then when I saw his rider got killed in New York and stuff, and we're all worried about insurance and makin' sure to take — but we're also worried about their wellbeing.

He said, "I have no idea what equipment they're wearin', what helmet, what vest."

I think we all gotta do a better job in makin' sure — when I see jocks wearin' the Caliente and the Japanese vests that we know that's not in their best interest, we try to explain to 'em and tell 'em.

We'd also need more cooperation from the stewards and the clerk of scales and the regulators to makin' sure that, one, we know what helmets and vests are workin'.

We're seein' today a lot more of these newer helmets are causin' more concussions.

We need to work together as an industry and protect everybody and be more like a family than worry about our own interest.

I don't know if that's ever gonna happen in our industry.

**Ms. MaryAnn O'Connell:** I'm from the Washington HBPA.

For the last probably 15 years, the Washington HBPA manages all of the horse racing industry claims that happened in the morning.

All of the grooms, we actually cover jockeys in the morning as exercise riders.

We have been really fortunate because what Doug said about having to approve exercise riders, I've heard of multiple of HBPA's say, "Oh, I wish we could do that. That would be so good."

Their state laws prevent them on a right to work.

It's not always the horsemen that are behind the problem.

It's the state regulations.

We're a state insurance fund, and our biggest frustration managing claims is not getting state investigators out there when we say there's a problem, and getting them to look at safety.

We've had a few come out and do some safety issues, but they don't know the industry, and so it's really tough.

The track and the commission and us work together continually for safety.

We just did a helmet buy-back program that was a cooperative effort where they turned in their old helmet.

A lot of 'em didn't wanna turn in that old Caliente because it was more comfortable or whatever.

In order to get their \$100.00 voucher toward a new helmet, they had to turn in that bad helmet.

We also had a vest buying program, as well.

In the first year that we took over managing claims, the first two years, we saved \$2 million in claims.

They went down.

A lot of that was fraud.

Cuz if you don't see the claim happening, your rates will go up because of just fraudulent claims.

One thing I wanted to ask Brad was, in California, do you have experience rating?

Cuz we find that two or three trainers are 90 percent of our claims.

We don't have experience ratings in our system, and it seems like that would help, cuz —

**Mr. Brad McKinzie:** With our self-insurance group, we don't use individual insurance mods.

If we see a trainer that has multiple claims, we'll go and talk to 'em, find out what the problem is.

One of the main reasons we don't have experience mods or use them to set rates is that the major accidents are somewhat happenstance.

A trainer who has a horse go down may not even be his fault.

Clips heels with another horse, and a rider is seriously injured.

That would just — his mod rate would just go out of control.

What we do is we have a group mod rate that we try to follow.

We'll see certain trainers that do have a lot of claims.

When I go and talk to 'em, I can tell you there's one thing that they always have in common.

They have no interest whatsoever in managing their employees.

They just are out there working.

They don't take any interest in it.

Well, when you tell 'em, "We're gonna kick you out of this group," then they have a — then they get an interest in it.

It's on the ground.

What trainers don't understand, to a large degree, is that they're employers.

These people are their employees and there are rules and there's things that you need to follow.

The more you can get that into their head, the better off you are.

I have a question.

Your program there in Washington, how is it funded?

Your safety, is it funded out of the handle?

How do you fund that program?

**Audience Member:** It's funded by the trainers.

We've changed it to a — to cover exercise riders and pony people.

We worked with the Department of Labor and Industries, which is a state agency, to set up normally in Washington.

Just to preface that, it's an hourly rate and they turn in hours, but we worked — because we're helping to control claims, we worked with the commission and the Department of Labor and Industries.

We do a per day per stall rate to cover — that covers exercise riders and pony people, because we figured the risk is the horse.

We collect that and I do all the billing for that.

The commission collects the money.

Then the grooms are paid on a monthly flat rate.

**Mr. Brad McKinzie:** That's an interesting point.

I should have brought it up at Finish Line.

We also use a per day per stall.

I would suggest to anybody out there who's looking to put together an insurance program to try to find some other method other than payroll to set your rates.

Per stall per day is much more — you quantify it.

You know it's — everybody's payin' the same.

Payroll is what kinda got us in trouble in California ten years ago.

We couldn't do our program if we didn't do it on a per stall per day basis.

**Mr. Brad McKinzie:** All right. Well, once again, thank you for braving a panel on insurance.

Someday it'll all be prepaid back to you in karma.

I'm not sure when, but it'll happen to you someday.

**[Laughter]**

**Audience Member:** It was sexy.

**Mr. Brad McKinzie:**

**[Laughter]**

Yeah.

[Applause]

**Audience Member:** Thanks



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