



Insuring Your Child Care Business

There are risks that you will face as a business operator. They may be financial, medical, legal or property to name the more common. Risks are generally dealt with through insurance. Insurance is complicated to understand and subject to frequent change.

Always consult your insurance agent about specific insurance needs. It is very important that your insurance company and agent understand your business and have experience insuring child care programs.

The most important insurance you need to protect yourself and your business is adequate business liability insurance. This applies even if you only have one child in your care.

When shopping for insurance for your child care business, it is best to be informed on the type of insurance you need for your business so that you are not over or under insured. Two types of insurance that you will come across are liability and accident-medical insurance.

Liability insurance - will protect your assets and pay for damages.

Accidental-medical coverage - covers any injury or medical fees caused while in your care if you are deemed liable.

What are the different kinds of liability insurance?

Homeowners or renters insurance policies do not protect you unless you childcare business is added to the policy for an extra charge. If it is added, coverage is very limited. It does not provide the much needed child abuse coverage. Some companies limit coverage to the childcare premises only.

General liability insurance provides a broader coverage and extends to cover field trips. It can also be extended to include other coverages, including child abuse, at no additional cost.

Professional Liability/Errors and Omissions insurance is considered by many to be the broadest coverage. It provides coverage for negligent supervision for childcare. It is the same type of insurance carried by doctors, lawyers, real estate and insurance agents.

Business (or Commercial) Liability Insurance should include:

- General liability
- Professional liability - covers you for a teachers acts or omissions
- Contractual Liability - covers your obligations under written agreements. For example, it could cover your obligations to seek medical care in emergencies, take a child on field trips, or to take and pick-up after school
- Legal defense coverage - if sued
- Physical and sexual abuse coverage for you, your family, your employees and residents of your household (whether groundless or not)
- Medical (primary) coverage
- Incidental Malpractice - for giving medication or following dietary needs

- Personal injury - protects you against libel, slander, false arrest, wrongful eviction and malicious prosecution
- Bodily injury
- Field Trips/Off Premised Activities (covers when you are away from your premises: trips to the park, museum, theater or market).
- Accidental Medical Insurance (pays medical bills resulting from an accident, even if it is not your fault - without a deductible is better).

*Look for a policy that pays at least \$20,000 for each child injured as a result of an accident, including while being transported in an automobile. This coverage can be added at a very low cost. Some companies may include your own children enrolled in your childcare. Some will offer coverage for you or your employees.

Business Property Insurance (second most important) should include:

- Coverage for the cost of all property (furniture, appliances, toys, etc.) used in your business in case of fire, theft, damage, etc.
- Business interruption

Automobile Insurance

- Coverage for injuries or damages if your car is being used for business purposes.
- You must contact your insurance agent if you intend to use your vehicle

Worker's Compensation

Workers Comp covers medical costs as well as a portion of lost wages for an employee who is injured or ill on the job as a result of the job. This insurance coverage also protects companies from being sued by staff members for certain workplace conditions that could cause an injury or an illness. Workers Comp will only cover your employee while on the clock.

- In North Dakota this is required if you have employees and must be acquired before you hire any employees.
- An application is in the State of North Dakota New Business Registration Forms consolidated packets <http://www.nd.gov/businessreg/links/doc/greenbook.pdf> or can be obtained from the Workforce Safety and Insurance Policy Services Division 800-777-5033 or 701-328-3800. <https://www.workforcesafety.com>

Personal insurance you may want to consider

- Disability
- Health
- Life
- Long-term care

Cautions

Umbrella policy - Most umbrella policies do not include coverage for injuries sustained in the course of running a business.

Business Liability Endorsement - (Amendment) for family child care providers. This endorsement will not provide you with adequate liability insurance. There is a difference between business liability insurance and a homeowner's liability endorsement.

Additional Child Care Facility's Insurance Needs

Insurance needs vary somewhat between at-home providers and child care facilities. Facility child care program insurance policies should also include the following:

- Employment Practices Liability - covers sexual harassment, wrongful termination, and discrimination claims
- A clause added to general liability that will relieve corporate officers of individual responsibility if the corporation is sued for negligence
- Officers and Directors Liability - covers individuals such as a Board of Directors

- Errors and Omissions Coverage - protects against claims for violation of professional standards of conduct
- Product Liability - protects against claims related to the food you serve
- Fire and Theft - protects your facility and the contents
- Fire Legal Liability - protects if you rent the building and the fire is caused by your negligence. (Applies to out-of-home providers also e.g. - in a church)
- Property - protects your investment if you own the building and equipment.

REMEMBER: ALWAYS CONSULT YOUR AGENT

Shopping for Insurance Coverage?

When looking for an insurance company, be sure to shop around locally, statewide and even nationally. There are many options out there for you to choose from. A few policy holders that others have used in the past are located below, however; we encourage you to find your own insuring agency that meets your personal professional needs.

Assure Child Care & Hays Company

(855) 818-5437

www.assurechildcare.com

First Choice Insurance Services, Inc.

(763) 792-3555

www.firstchoiceforinsurance.com

Slater and Associates Insurance, Inc.

(877) 723-1400

www.slaterinsurance.com

Markel

(888) 515-8537

<http://www.markelchildcare.com/in-home-providers>

This list is not inclusive of all of the insurance companies that offer business liability insurance to child care providers or programs. Child Care Aware® of North Dakota provides business information, not recommendations to a specific business. We cannot guarantee the information concerning any of the business on this list.

Resources

<http://daycare-insurance.net/>

<http://smallbusiness.chron.com/home-child-care-providers-need-insured-13889.html>

<https://www.dcins.com/faq.html>

<http://www.thesilverlining.com/business-insurance/types-of-business-we-insure/childcare>

<http://www.markelinsurance.com/childcare/commercial-centers>