

**Getting & Keeping Insurance for Your Early Childhood Program**

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Sam Phillips, AIS, AAI, ACSR



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**Who Am I?**

"If you don't want the truth, don't ask me. If you want something sugarcoated, go eat a donut." - Unknown



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**POLL QUESTION**

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*Which of the following have you personally encountered with your program's business insurance?*

*(select all that apply)*

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- Abuse/Molestation - Male employee had improper contact with several children - **\$2,874,978**
- Child slid down slide with rope around his neck, rope got caught and choked him - **\$1,504,572**
- Mother of a child attending party slipped & Fell on bubbles from bubble maker - **\$863,447**
- 8 month old infant found unresponsive while taking a nap, pronounced dead at the hospital - **\$846,157**
- 10 month old child was burned when he reached and pulled a bottle warmer on himself - **\$575,000**
- Child was suffocated under a bean bag while playing hide and seek - **\$515,000**
- Employee handled 2 year old roughly, hit the child, and force feeding - **\$121,969**
- Staff was changing child's diaper on changing table, turned to get powder, and the child rolled off, broken arm - **\$109,687**
- Child Fell from the playground slide and broke her eye socket - **\$102,382**

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## Insurance Companies Have Left the Industry



"Unfortunately, our markets have asked us to take a pause on all new business childcare risks, so we are no longer able to accept submissions/offer quotes."

"We are pulling back on daycare/preschool with what we are seeing in the marketplace. We are still looking to write Montessori schools, tutoring center and before and after school facilities."

"At this time, we are unable to consider this account for the following reason(s): We are not in the market to expand our daycare product. If anything changes we will reach out to you..."

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## Licensing Inspections are Harshly Scrutinized

"Markets also look to see if they have had any violations which play a huge part in their determining whether the risk is suitable or not. So, hopefully this day care has no violations."

"There was a complaint where a child was left on the playground due to lack of supervision. There were also concerns regarding lack of self-reporting incident and nap time. Please advise what steps have been taken in order to correct these items."

"We will need to decline due to the inspection report violations. Just to name a few violations the X location had a complaint for unsafe equipment. There is also a deficiency with paperwork for licensing."

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## Onsite Leadership is Under a Microscope

“Not the news you were looking for but **we have to decline** to offer terms for this one. I tried to get it but with the lack of experience from the owners and the fact that **the director has bounced from position to position** in very short periods of time, we do not feel like this would be a good fit.

I also reviewed [her] current childcare center. **Under her leadership she has had several high deficiencies and with this being a new venture, it's very concerning.**”

- Underwriter

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## The Ugly Truth

“You're right about **the daycare industry being uninsurable** these days. The daycares have become targets with false abuse claims and nominal injury claims that they want mid six figure settlements for.

The premiums are not generally high on these accounts and **the new insurance premiums are going to be prohibitive...**”

- Senior Claim Adjuster

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## Our Industry in Crisis

“Super sad. There's a non-profit center in Nebraska that just **closed today because they couldn't find liability insurance.** They've been in operation over 50 years, certified 3 out of 5 in our quality rating improvement system, 88 slot licensed capacity, not a 24 hour facility. Not a franchise. They tried 60 different plans but all were denied.”

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## Tips to Keep Insurance



- Temporarily suspend services that leave you exposed:
  - Renting your facility for events
  - Indoor rock climbing
  - Trips to lakes or oceans
  - Skiing
  - Trampolines or inflatables
    - *Then remove the photos & verbiage showing you engaged in these activities from your website & social!*
- Pay small claims out of pocket.
- Don't let your coverage lapse due to non-payment!

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## Pay Your Premiums

**"We are declining to reinstate due to non-payment of premium."**

"They have made payments before so they are aware of our billing. They have also received a notice of intent to cancel statement on 4/25/24 and that also included the date and time of cancellation which was today.

**The decline on the reinstatement will stand."**  
- Underwriter




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## Tips to Find New Insurance




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## Start Early



- *Biggest mistake = Thinking it won't happen to you!*
- 30-45 = average # of days before policy expires to notify you
- 30 = average # of days for underwriting to review
- 15 = average # of days to collect applications and data from you
- Find your certificate of insurance.
- Make note of your expiration date.

**It's a marathon, not a sprint!**

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## Specialists Make a Difference

### Be Selective

Do they have a license in your state? How long have they been an agent? Do they carry errors & omissions insurance? Have they taken extra insurance training? What's their WHY?

### Make Specialization a Priority

What percentage of their clientele are early education owners? How long have they been insuring this industry? Are they willing to provide references?

### Ask About Market Access

What companies do they have that are still quoting childcare? Are they A-rated? Have people with those companies complained about how claims are handled?

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## Locate This Data First

### Know your:

- Construction type (frame, joisted masonry, noncombustible, etc.)
- Roof type (metal, asphalt shingles, rubber membrane, etc.)
- Square footage
- Year built
- For older structures, year fully renovated and/or modernized

### Last year updates were made to:

- Roof
- HVAC
- Plumbing
- Electrical

**Even if You're Only Leasing the Building!**

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## Complete Applications Entirely & Carefully

- 1) Pay attention to how questions are worded.
- 2) Answer every question. N/A is better than leaving blank.
- 3) Attach supporting documents:
  - o Full copies of policies (do not redact premiums)
  - o Current childcare license(s)
  - o Accreditation certificate(s)
  - o Resume of someone with experience (new ventures only)
  - o Written abuse prevention and reporting procedures
  - o Current valued loss runs

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## Current Valued Loss Runs

- Must be printed/generated within 60 days of expiration.
- No claims = 5 years of loss history
  - Liability claim = 10 years of loss history

Expiration Date = 8/31/24  
Single Account Loss Run  
Date of 8/1/24

Expiration Date = 7/31/24  
Single Account Loss Run  
Date must be between 7/1/24 - 8/31/24  
Date of 7/6/24

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## Tell a Better Story With a Narrative

- ✓ **Management** – Years of relevant experience and educational background, association involvement, and your philosophy toward making the premises safe and secure.
- ✓ **Claims** – Full claim details (not just loss runs) including how the incident(s) occurred and corrective action taken to prevent similar claims from happening again.
- ✓ **Training** – Policy and procedures manual, documentation of ongoing staff training, written abuse prevention policy & frequency of abuse training, remedial staff training efforts to prevent future incidents, if you use 1Place to help you maintain compliance.
- ✓ **Protection** – Camera surveillance, burglar, fire & water alarms, door alarms to keep children from wandering, exterior lighting facing autos, pinch guards, onsite security.
- ✓ **Maintenance** – Documented repairs and updates around your facility, routine maintenance schedules and inspections on vehicles, plumbing, play equipment, irrigation system, sprinkler maintenance & winterization schedule.
- ✓ **Compliance** – Violations happen, but how you own them and revealing what you've changed to prevent them from happening again tells a much better story than the state website does.

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### Share Features That Make You Less "Risky"

- ✓ Wind or Hailstorm Proof Construction
- ✓ Back Up Generators
- ✓ LifeVac Choking Devices in Every Classroom
- ✓ No Child Left Behind Auto Alarms
- ✓ Water Leak Detection Sensors
- ✓ PB&J TV Safer Schools & Smarter Operations




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### Reduce Property Exposure



- Have annual inspections of plumbing, electrical, roof, & HVAC performed by licensed techs.
- Collect a certificate of liability from all of them or don't let them step foot near your building!
- Have exterior irrigation system inspected by installers to make sure it's spraying properly in the intended direction.
- Keep drains, gutters, & roofs free of debris.
- Keep trees trimmed back from the building.
- Replace your water heater proactively – they have a life expectancy!
- **Know where your shut-off valves are!**
- **Then train your team on where they are located and how to shut them off. Early response is key!**
- Install water detection sensors and/or leak flow detection connected to shut-valve app tech.

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### Reduce Fire Sprinkler Exposure



- Maintain adequate heat.
- Ask for an approved antifreeze solution in wet pipe systems to prevent freezing.
- Contact service provider 2 months prior to extreme cold to winterize system, or better yet, have a winterization contract!
- Insulate sprinkler pipes in attics or other areas where heat cannot be maintained especially within 15' of exterior walls.
- Install heating wrap or heat tracing - an electrical system used to maintain or raise the temperature of the sprinkler pipe so that the water in the pipe does not freeze.

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### Reduce Auto Exposure

- Have vehicles routinely inspected by a mechanic.
- Install fleet telematics or GPS tracking.
- Have cages welded around catalytic converters or install theft alarms.
- Keep vehicles in well-lit or fenced in areas to deter vandalism & theft.
- Install no child left behind alarm systems.
- Implement a driver safety training program.
- Order motor vehicle records (MVR's) on drivers before you let them behind the wheel.
- Review motor vehicle records on every employee before you let them drive kids around!




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### Reduce Liability Exposure



- Utilize floor mats & runners in wet areas.
- Implement IPlace compliance software.
- Replace wood chips on a scheduled basis, or install more durable fall zone surfacing.
- Conduct monthly trainings on the most significant licensing violations and how to avoid them.
- Create a mentorship program that pairs new employees with seasoned team members.
- Have fence inspected regularly and worn panels and paint replaced as needed.
- Have commercial play equipment inspected by certified playground inspector.
- Use lower than required ratios.
- Don't ignore the red flags in hostile employees.
- Install pinch guard or hinge guards on doors.

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### Common Violations Linked to Insurance Claims



- Trip hazards/uneven ground
- Broken or missing parts
- Protruding bolts or fixtures
- Gaps between 3.5-9"
- Splinters on wood pieces
- Cracks & holes in equipment

- Hot liquids within reach
- Chemical exposure
- Negligent supervision
- Improper discipline
- Diapering




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## Violations That Scare Insurance Companies:



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## Neglectful Supervision



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## Access to Hazardous Chemicals



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## Playground Hazards

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## Background Checks



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**KEY TAKEAWAY:**

*Control what you can.  
Prevent what can be prevented.  
Then, control the narrative.*

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**Contact Me**

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**Comply**  
Payroll | HR | Benefits | Insurance

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