

# Consumer's Guide to Day Care Liability Insurance

OFFICE OF THE COMMISSIONER OF INSURANCE

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## What is liability insurance?

Liability is a duty or responsibility that exists between parties and usually refers to the party that caused injury or damage, or was negligent. Liability insurance provides coverage for the policyholder's legal liability for injuries to another person or damages to another person's property for which the insured is legally liable.

## Should I have day care liability insurance?

Yes. Anyone who operates a day care facility should have insurance to cover property damage and bodily injury to children in their care.

## How can I buy this coverage?

If you operate an unlicensed facility, your homeowner's, tenant's, or condominium policy may or may not include coverage for your day care operation. Some companies include day care coverage without charging any additional premium. Some companies will add coverage as an endorsement and charge an additional premium for it. Other companies exclude coverage for day care. If you already have insurance, make sure you read your policy. *You should also check with your agent to find out if day care coverage is included in your policy* or if it may be purchased for an additional premium.

## If you operate a licensed facility, you need to buy a separate business policy to cover your day care operation.

Under Wisconsin state law (Chapter 48, Wis. Stat.), anyone who is paid to provide care or supervision to four or more children under the age of seven is required to obtain a license.

## What about costs and acceptability?

The costs vary. Premiums may vary significantly from company to company depending on the rating factors used by companies. Previous claims history, years of operation, number of children cared for, and type of facility used will affect the rate. A physical inspection of the premises may be required.

For unlicensed facilities, the rates are generally based on liability limits you carry on your home, tenant, or condominium policy.

For licensed facilities, rates are based on the amount of liability coverage you decide to carry and the number of children that will be in your care.

## What does the insurance cover?

Day care liability protection will provide coverage up to the policy limits for property damage and bodily injury to children in your care to the extent you are held legally liable. Some policies may also provide medical payments coverage.

Generally, day care liability insurance does not cover the use of draft or saddle animals, motor vehicles, watercraft, or intentional acts of physical and sexual abuse. There may be other exclusions in the policy. *You should ask your agent about any exclusions before you buy the policy.*

## How do I increase my chances of getting affordable liability insurance?

Try to bring your facility in line with your insurance company's underwriting guidelines. It may mean fencing in a play area, fencing out the family pet, hiring an experienced helper, or installing a few fire extinguishers and smoke alarms. By making these types of changes you will not only make it easier to get insurance, but it may also reduce the amount you have to pay for insurance. Day care providers can help keep insurance affordable by providing safe and responsible care in a clean, healthy, and risk-free environment.

Do not hesitate to ask your insurance agent about the underwriting requirements regarding day care liability for the companies they represent.

## How do I find this coverage?

If your current agent is unable to assist you, check with other day care operators or go online. The Wisconsin

Early Childhood Association, 1-608-240-9880 or 1-800-783-9322 in Madison or 1-414-278-9322 in Milwaukee, may also be able to assist you.

If you are not satisfied with the service you receive, contact your company or agent. Some other industry associations may be able to help. They are:

Community Coordinated Child Care (4-C), Inc.  
5 Odana Court  
Madison, WI 53719  
1-608-271-9181  
1-800-750-KIDS (5437)  
(Wisconsin Counties of Columbia, Dane, Dodge, Green, Jefferson, Rock, Sauk, and Walworth)  
[www.4-c.org](http://www.4-c.org)

Community Insurance Information Center  
600 West Virginia Street, Suite 101  
Milwaukee, WI 53204  
1-414-291-5360  
[www.insuranceinfo-ciic.org](http://www.insuranceinfo-ciic.org)

Wisconsin Early Childhood Association (WECA)  
([wisconsinearlychildhood.org](http://wisconsinearlychildhood.org))

Madison Office  
744 Williamson Street, Suite 200  
Madison, WI 53703  
1-608-240-9880  
1-800-783-9322

Milwaukee Office  
316 North Milwaukee Street, Suite 410  
Milwaukee, WI 53202  
1-414-278-9322

All companies and agents doing business in Wisconsin are licensed by the Office of the Commissioner of Insurance (OCI). Licensing information about agents and companies can be found on OCI's Web site [oci.wi.gov](http://oci.wi.gov).

If you have a specific complaint about your insurance, refer it first to the insurance company or agent involved. If you do not receive satisfactory answers, contact OCI.

To file a complaint or print a complaint form:

OCI's Web Site  
[oci.wi.gov](http://oci.wi.gov)

Phone  
(608) 266-0103 (In Madison)  
or  
1-800-236-8517 (Statewide)

Mailing Address  
Office of the Commissioner of Insurance  
P.O. Box 7873  
Madison, WI 53707-7873

Electronic Mail  
[ocicomplaints@wisconsin.gov](mailto:ocicomplaints@wisconsin.gov)  
Please indicate your name, phone number, and e-mail address.

**Deaf, hearing, or speech impaired callers may reach OCI through WI TRS**

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