



## Insurance Questions for Home-Based Child Care Providers

**Q: Since I watch children in my home, why doesn't my homeowner's policy cover me for liability?**

A: Many people think their homeowner's policy will cover them automatically. All homeowner's policies in Pennsylvania include an endorsement that specifically excludes coverage for in-home child care services. Unfortunately, very few insurance companies in Pennsylvania are willing to add this coverage to your policy.

**Q: I tried to add liability for my in-home day care to my homeowner's policy. Not only wouldn't they do it, they said they'd cancel my insurance because of my day care. How can I get coverage?**

A: Providers are better off getting a separate commercial liability policy. It provides better coverage and at a higher liability limit. From the right source, these policies can be purchased for a reasonable premium. The Pennsylvania Home Based Child Care Providers Association, for example, has a very good program available to its members. Since it's a separate policy, you don't have to disturb your homeowner's policy.

**Q: I do have a rider on my homeowner's policy for my day care. Is there any difference in coverage between it and a separate policy just for my day care?**

A: The rider (endorsement) extends your personal liability to your in-home business. Since it is not commercial insurance, you may find you don't have coverage for situations like administering first aid or medication, or professional liability for "teaching" the children. Additionally, your personal liability limit is usually lower, often only \$300,000, while most commercial policies are written at a much higher, \$1,000,000, limit. With the size of today's law suits, \$300,000 may not be sufficient to protect all your assets.

**Q: What is accident-medical insurance and why do I need it?**

A: This insurance pays the medical expenses when a child in your care is injured REGARDLESS of any fault or negligence by you. Since medical bills are paid by this insurance it helps promote "good will" with the parents. They don't have to worry about deductibles or co-pays coming out of their pocket.

**Q: What is the difference between liability and accident-medical insurance? Do I need both?**

A: Liability insurance protects you when someone or something is injured or damaged as a result of YOUR NEGLIGENCE. If you're not at fault your liability insurance doesn't pay. (You wouldn't expect your car insurance to pay for an accident that wasn't your fault.) Yes, you should have both. Even if you're not negligent, the accident medical insurance will cover the medical bills. (For example, a child falls off a chair while watching a video and breaks an arm or leg.)

**Q: Other than for negligent supervision of children, what liability coverage should I have?**

A: Commercial policies also include incidental medical malpractice-for administering first aid and medication, and preparing and serving foods. Most also include "teachers" professional liability and sexual abuse and molestation arising from negligent hiring, training, and supervision practices.

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**Q: What if a parent sues me for allegedly making fun of or saying bad things about their child, or asking them to leave my child care? Can I get insurance for that?**

A: Yes, it is called Personal Injury Coverage and is usually automatically included in commercial liability policies. It's not included in your homeowner's endorsement coverage, though.

**Q: Will my liability coverage apply if I take the children on a field trip?**

A: Yes, coverage also applies while away from your home, but it does not apply while the children are actually in a vehicle (covered by auto insurance).

**Q: I have a separate room just for my child care. My family doesn't use it. Am I correct that the contents in there are covered by my homeowner's?**

A: Probably not. Since the contents are considered "business personal property," you will have only a limited amount of coverage, usually only \$2500, under your homeowner's policy. A separate commercial property policy is needed to cover your business contents adequately.

**Q: Will my personal auto policy cover me if I transport the children in my car?**

A: Probably, but don't charge for it. Then you could have problems. But be careful: Chances are your insurance may be canceled because you do transport children in your car.

**Q: What if someone else drives — parent, neighbor, employee — are they covered? Am I?**

A: The parent, neighbor, or employee would be covered by their personal auto policy, but you wouldn't be. Chances are, though, you'll also be sued. What you need is hired/non-owned auto coverage.

This protects YOU if you hire a vehicle or someone else uses their vehicle on your behalf.

**Q: I have someone who works for me. What insurance am I required to have for that person?**

A: By law you are required to have workers' compensation insurance for ALL employees, even part-timers. If they are injured while at work, they will be covered for their medical bills, any rehab or therapy, and lost wages. In return they give up the right to sue you.

**Q: Can I get workers' compensation coverage for myself?**

A: Unfortunately not, unless you are incorporated. Employees of a corporation are eligible and you are considered an employee of your

corporation. In Pennsylvania, sole proprietors and partnerships are not eligible for workers' compensation insurance.

**Q: If I'm sick or injured and can't work, I'll lose my income. I can't afford that. How can I protect my income?**

A: You can get this very valuable coverage with a disability income policy. The policy will provide you with a monthly income for a specific period of time — two or five years, for example. There is a waiting period — usually thirty days — that must be fulfilled before benefits begin.

**Q: As a self-employed person, do I qualify for any group health insurance rates?**

A: Only if you are a member of an association that has a health insurance program available for its members. Another good source is your local chamber of commerce. Most have good health insurance programs available to members.

Developed for the Better Kid Care program by:

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