

Frequently Asked Questions About In- Home Child Care Insurance

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 automatically cover them. All homeowner's policies in PA include an endorsement that specifically excludes coverage for in home child care services. Unfortunately very few insurance companies in PA 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. 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 child care professional liability. Additionally your personal liability limit is usually low, 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 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 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 is injured or damaged as a result of your negligence. If you are not at fault your liability insurance will not 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 other liability coverage should I have?

A: Commercial policies also include coverage for administering first aid or medication and preparing and serving foods. They also usually include child care professional liability, abuse and molestation coverage.

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 day care. Can I be insured 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 homeowners endorsement coverage though.

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

A: Yes, if you have a commercial liability policy. Coverage also applies while away from your home.

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

A: Probably not. Since the contents are considered "business personal property" you will only have a limited amount of coverage, usually only \$2,500, under your homeowner's policy. Property coverage can be added to your commercial policy to adequately cover your business contents.

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

A: Probably, but don't charge for it, then you could have problems. But watch it – chances are your insurance may be cancelled because you do transport children in your car.

Q: What if someone else drives (parent, neighbor, and employee) are they covered? Am I?

A: The parent, neighbor or employee would be covered by their personal auto policy, but you wouldn't. Chances are you'll also be sued though. 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: What if 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.

Q: Can I get Workers Compensation for myself?

A: If you are incorporated, yes. A policy can now also be obtained for sole proprietors. Unfortunately partnerships and members of an LLC are still not eligible.

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, 2 or 5 years for example. There is a waiting period, usually 30 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.

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