



**BUSINESS
INSURANCE**

DAYCARE INSURANCE COVERAGE

Insurance is an essential part of a daycare or childcare business, whether home-based or not.

Most jurisdictions require proof of insurance in order to issue a child care operating license. Even if you run a home-based daycare business, your homeowners insurance policy may stipulate that you need a business insurance policy or a specific endorsement to operate the business.

In the early planning stage of your business, you will need to contact an insurance agent who is knowledgeable about your area of operation. Ask owners of similar businesses to recommend agents. Second, you will need to discuss the details of your business, its exposures and the different types of insurance that are available to protect it. Your agent should be able to tailor coverage that is specific to your company.

The following are examples of insurance coverage that may be important for daycare or childcare providers to consider. You may not need all of these coverages and some can be bundled as a commercial package policy or business owner's policy. A bundled insurance policy could save you money. Work with your agent to ensure you have proper coverage.

DAYCARE LIABILITY INSURANCE

Daycare liability insurance is required for all childcare providers and is designed to meet the unique needs of the childcare business. It provides owners with liability insurance as well as business property coverage. Liability insurance provides coverage for court costs and legal fees associated with a covered event. Many insurers allow business owners to design a policy that is specific to their daycare's unique needs.

COMMERCIAL GENERAL LIABILITY INSURANCE

A commercial general liability (CGL) policy provides coverage to a business for bodily injury, personal injury and property damage caused by your business operations, products, advertisements or completed operations. A CGL policy shields your business from the expenses of out-of-court settlements, litigation or rulings awarded by the courts.

PROFESSIONAL LIABILITY INSURANCE

Professional liability insurance covers your teachers and childcare workers and their actions while on duty. If your business is sued because a member of your staff is accused of negligence or abuse, professional liability insurance helps pay legal fees and settlements.

COMMERCIAL AUTO LIABILITY INSURANCE

Commercial auto liability insurance is required if your daycare business has its own vehicles and transports children to and from schools. Commercial auto insurance provides liability and physical damage protection for vehicles such as cars, trucks and vans that are used for business.

NON-OWNED OR FOR-HIRE AUTO LIABILITY INSURANCE

If you hire a third-party shuttle service or if any of your workers drive children in privately owned vehicles for field trips or other outings, your business can be held responsible for injuries or property damage if an accident occurs. Non-owned or for-hire auto liability insurance can protect you in these instances.

CORPORAL PUNISHMENT LIABILITY INSURANCE

A daycare business is liable if one of its employees strikes a child or is accused of administering corporal punishment. Corporal punishment liability insurance provides financial protection if your business faces such a lawsuit.

ABUSE AND MOLESTATION LIABILITY INSURANCE

Abuse and molestation liability insurance protects your business from the financial losses caused by allegations of abuse or sexual molestation against your employees. It includes the legal and medical fees involved in the litigation process, as well as court-mandated settlement fees.

FLOOD AND SEWER BACKUP INSURANCE

A flood is a common occurrence and can result in serious loss exposure for businesses. Floods result from greater precipitation than the land can drain. The four most common causes of floods are rising water levels, ice jams, obstructed sewer drains and flood control system failures. The National Flood Insurance Program administered by the Federal Emergency Management Agency is the largest flood insurance underwriter in the United States. There also are commercial and surplus lines insurers that provide coverage for flood exposures. Most homeowners and business insurance policies do not cover flooding or sewer backup unless specific coverage is added to the policy by an endorsement.

WORKERS' COMPENSATION/EMPLOYER LIABILITY INSURANCE

Workers' compensation pays most of the fees, such as medical expenses, when an employee gets sick or injured on the job. The employer liability insurance also protects your business if an employee files a lawsuit claiming the employer's negligence caused the injury or sickness.

EMPLOYMENT PRACTICES LIABILITY INSURANCE

Employment practices liability insurance covers you and your business against allegations of wrongful termination, discrimination and harassment claims filed by employees.

BUSINESS PROPERTY INSURANCE

Business property insurance protects your company's physical assets, inventory, office space or warehouse. This coverage can help protect your business belongings from fire, explosions, burst pipes, theft, vandalism and other identified perils. It will replace stolen office equipment, repair damage to your office if caused by a covered peril and replace loss of income while physical structures or office space are under repair.

CYBER LIABILITY INSURANCE

Cyber liability insurance protects businesses and individuals from internet-based risks such as hacks and information breaches. Policies can cover first-party loss incurred directly by your company, and third-party loss such as the unauthorized access of consumers' data stored by your company.

UMBRELLA LIABILITY INSURANCE

Umbrella liability insurance provides additional liability protection. It covers claims made against you that might exceed your insurance policy's liability limits. Additionally, it may provide coverage for claims made against you that are not listed under your regular insurance policies, such as slander and libel.

BOND

A bond issued by a licensed security company may be needed when a license or permit is required by federal, state or local municipalities to ensure that the services promised by a business are completed according to regulation. Common types include surety, construction, commercial, notary and contractor bonds. To determine whether a bond is needed, check with the licensing or permitting authority.

REMEMBER

Insurance gives you the peace of mind to operate your business knowing it is protected from accidents, theft, legal matters and natural disasters. The right policy, or combination of policies, helps your business overcome a situation that has the potential to drain your resources and take your focus away from your operation. Check with a licensed insurance agent or a licensed insurer to discuss your business insurance needs.

ONE MORE THING TO KNOW

You can perform an online search to locate an agent or insurer. Access the insurance licensing portal on the DISB website or contact our office to verify whether the agent or insurer is licensed or authorized to conduct business in the District of Columbia.

If you have questions about insurance, please call DISB at 202-727-8000 or visit disb.dc.gov.

MISSION

The mission of the Department of Insurance, Securities, and Banking (DISB) is three-fold: (1) cultivate a regulatory environment that protects consumers and attracts and retains financial services firms to the District; (2) empower and educate residents on financial matters; and (3) provide financing for District small businesses.

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