

MT Child Care Provider Insurance Survey

In February of 2023, 142 child care providers in Montana responded to a survey asking about their experience with obtaining and retaining insurance for their business. Nearly half (42%) reported that they had been dropped by their insurance since 2019. And among the 69 providers that sought coverage from another carrier since 2019, 25 (or 36%) were denied coverage.

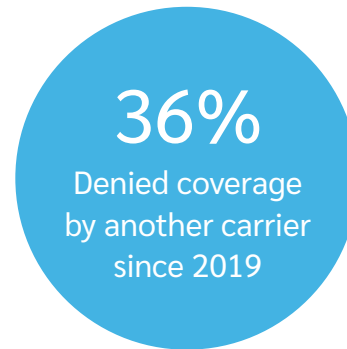


TOP REASONS DROPPED

- 62%** Carrier no longer covers childcare or preschool providers
- 23%** Carrier no longer covers childcare or preschool providers in Montana
- 15%** Other reasons*

Of the 60 survey respondents who provided open ended responses on reasons for dropped coverage, two-thirds (62%) reported that their carrier was no longer covering childcare or preschool providers, and nearly one quarter (23%) indicated that their carrier had dropped this coverage in the state of Montana. Fifteen percent noted other reasons for dropped coverage.

*Other reasons dropped: carrier requires 6:1 ratio, while state allows 8:1; provider uses wading pool; inadequate sidewalk outside of building; operating out of mobile home; dogs present; provider not present for last minute in-home inspection; no reason stated.



TOP REASONS DENIED

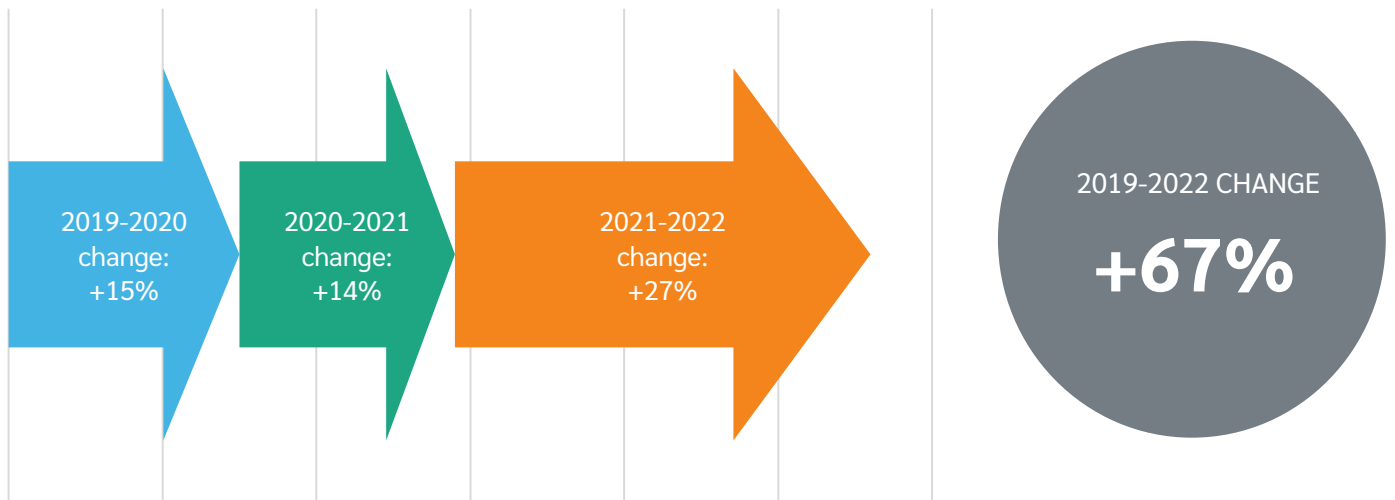
- 50%** Carrier no longer covers childcare or preschool providers
- 14%** Number of children in care exceeds carrier's cap
- 7%** Carrier won't insure mobile homes
- 29%** Other reasons*

Of the 28 survey respondents who provided open ended responses on reasons for insurance denial, half (50%) indicated that their carrier no longer covers childcare providers. Fourteen percent (14%) noted that the number of children they cared for or their child-to-provider ratio exceeds the carrier's cap, and two respondents (7%) were denied because the carrier would not insure a mobile home facility. Eight respondents (29%) provided other responses.

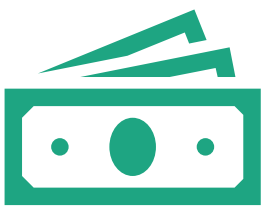
*Other reasons denied: lack of self-closure on fencing; lack of licensure for maximum number of children; provider was owned by a college; provider was caring for infants; provider failed to meet carrier's pillars of qualification; failure to qualify for transportation coverage due to too few cars or too many automobile claims.

RISING INSURANCE PREMIUMS

According to the 101 respondents providing insurance premium information on the survey, on average, premiums for liability insurance for their business have grown annually since 2019.*



MONTANA EXPERIENCE TRACKS WITH NATIONWIDE TRENDS



Montana providers' experience may mirror national trends. Data on all commercial general liability insurance premiums (inclusive of insurance for child care business and all other businesses) shows average premium increases of between 3.9% and 5.7% in each quarter of 2022. The commercial line of business in the insurance industry – including general liability insurance – has seen more than five years of consecutive quarterly premium increases.

Source: The Council of Insurance Agents & Brokers, Commercial Property/Casualty Market Index, Q4/2022

*The MCCBC Child Care Provider Insurance Survey findings are not based on a representative sample of child care providers in Montana. As such, survey findings may differ from the experience of the entire child care provider population in Montana.