

# Liability Insurance and Early Childhood Education

## What ECE Program Leaders and Advocates Need to Know and Do

### Decreasing Accessibility and Affordability of Liability Insurance

Liability insurance is a necessary and often mandatory protection for early childhood education (ECE) programs operating in schools, centers, and homes. Owners, directors, and educators rely on this coverage to protect themselves and their families from financial losses that could result from claims or lawsuits filed against them due to accidents or injuries that can and do occur when groups of young children play and learn together.

NAEYC's recent ECE field survey with more than 1,100 individuals across 49 states and DC focused on understanding the realities and impacts of rising liability insurance costs as well as coverage reductions, rejections and denials. [Our brief](#), which shares findings and potential solutions put forward by the field, highlighted that:

- › **80% of respondents noted that their programs experienced an increase in liability insurance costs** over the last year. Respondents most frequently indicated their costs increased by up to \$1,999, but among programs serving more than 100 children, nearly 1 in 4 saw their costs increase by more than \$10,000.
- › **62% of respondents reported that their program had difficulty finding liability insurance** or finding affordable liability insurance. **Minority-owned businesses (73%) experienced more challenges finding liability insurance** than non-minority owned businesses (57%).
- › **One-third of respondents (32%) reported that they had been denied coverage in the past year.** The top reasons for non-renewal or denial of liability insurance were: "insurance company no longer insuring child care programs" and "insurance company no longer insuring in my state."

### Impact on Providers, Families, and Programs

According to survey respondents, liability insurance is important because it protects their programs and the families they serve, and it is a state requirement in many states. If they can no longer find or afford liability insurance:

- › 65% of providers in our survey said they would have to close their program. 21% said they would lose their license/key funding or would have to serve fewer children.

### What Can You Do Now?

- › **Participate in advocacy and educational activities with your NAEYC Affiliate, local advocates, policymakers and insurance agencies** to share your stories and raise awareness about the impacts of liability insurance challenges on early childhood education programs, families, and children.
- › **Educate insurance and licensing agencies on the context and impact of regulations and citations**, and help them work together to support safety, clarity, and consistency.
- › **Work in partnership with insurance companies to hold state leaders accountable for requiring and funding ECE programs to keep low child-teacher ratios and group sizes** that support well-being and minimize risk for children, families, and educators. You can refer to NAEYC's brief, [The Costs of Deregulating Child Care](#) for more information.
- › Ask policymakers to take additional action by:
  - **Gathering data on what's happening in your own communities. This could include commissioning a legislative or research study** on the availability and affordability of liability insurance for child care providers, as [Nebraska has proposed](#).
  - **Issuing guidance to support the inclusion of community- and home-based child care and early learning programs who are struggling to access liability insurance in state-funded programs, as Vermont has done.**
  - **Investing in direct subsidization and/or implementing efforts to control the cost of insurance** through discounts, reinsurance pools, caps, policy changes, and other mechanisms.
  - **Increase public funding available to child care and early learning programs, including direct grants to programs and increased reimbursement rates for providers serving children receiving subsidies**, to increase programs' financial stability and maintain and grow a supply of high-quality early care and education.
- › **Remain engaged and talking about liability insurance** with allies within and outside of the ECE field and connect with NAEYC for upcoming resources on the issue by [signing up for our newsletters](#) and following us on [Facebook](#), [Instagram](#), and [LinkedIn](#).