

# INSURANCE SURVEY FINDINGS – MAY 2024

ZERO TO FIVE MONTANA

## INSURANCE SURVEY SUMMARY FINDINGS

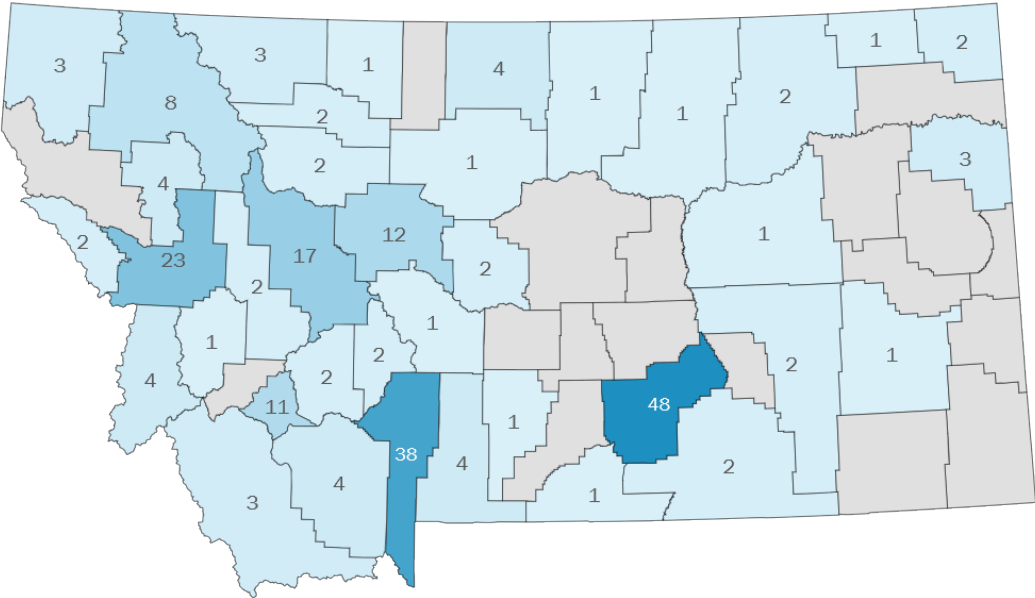
- Survey respondents represented a broad section of Montana counties, with the greatest number of responses from Yellowstone County and Gallatin County.
- Almost all respondents are currently licensed/registered.
- The vast majority of respondents currently have general liability insurance for their business.
- Two-thirds of respondents spent at least \$1,000 per year on general liability insurance.
- Nearly three in five respondents reported an increase in the cost of their insurance over the past year.
- More than one in five respondents have at least one feature that may be considered higher risk.
- Difficulty finding and affording insurance are key issues for providers.
- The vast majority of respondents are interested in joining a business liability insurance pool.
- Respondents seek better prices and robust coverage in deciding to join an association for insurance purposes.

## BACKGROUND INFORMATION

The MCCBC Child Care Provider Insurance Survey, fielded in April 2024, yielded 228 responses. Thirty-eight counties were represented (Figure 1). Twenty-two percent of responses came from Yellowstone County, followed by 17 percent from Gallatin County, 10 percent from Missoula County, and eight percent from Lewis and Clark County. Six respondents, who did not indicate their county, are not included in Figure 1.

**Figure 1. Yellowstone and Gallatin Counties Had the Highest Number of Survey Respondents**

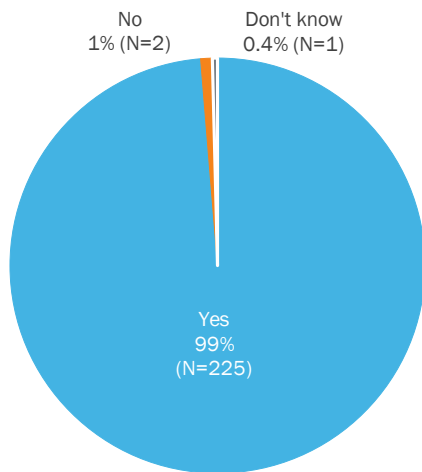
Number of Insurance Survey responses by county (N=222)



Almost all survey respondents (99%) reported that their programs were licensed/registered (Figure 2). Two respondents were not licensed/registered, and one did not know whether they were licensed/registered.

**Figure 2. Most Survey Respondents Were Licensed/Registered**

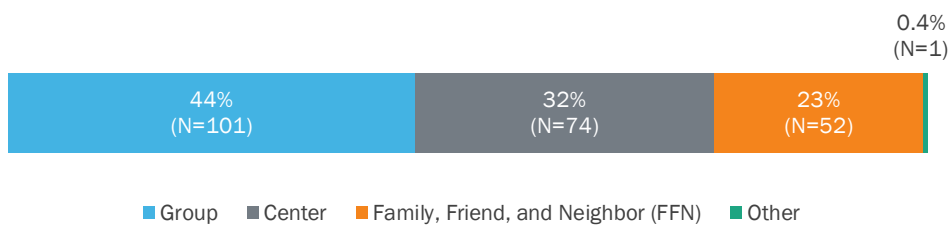
Percent of Insurance Survey respondents by license/registration status (N=228)



The largest group of survey respondents were group providers (44%), followed by centers (32%) and family, friend, and neighbor (FFN) providers (23%; Figure 3).<sup>1</sup> One respondent, who had an unlicensed outdoor preschool program, listed their program type as “other.”

**Figure 3. A Variety of Provider Types Responded to the Insurance Survey**

Percent of Insurance Survey respondents by provider type (N=228)



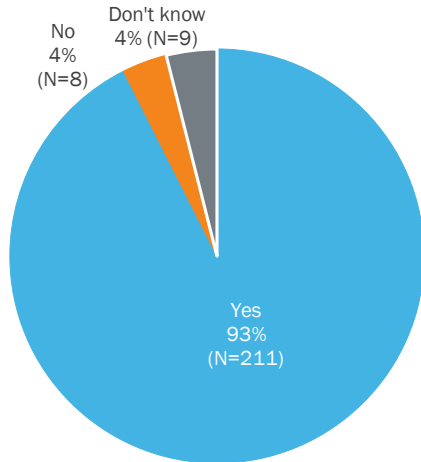
<sup>1</sup> Respondents who indicated that their program type was “Family” are included in the “Family, Friend, and Neighbor (FFN)” category.

## BUSINESS LIABILITY INSURANCE INFORMATION

The vast majority of respondents (93%) indicated that they had business liability insurance (Figure 4). Nine respondents (4%) did not know, and eight respondents (4%) did not have insurance.

**Figure 4. Almost All Insurance Survey Respondents Had Business Liability Insurance**

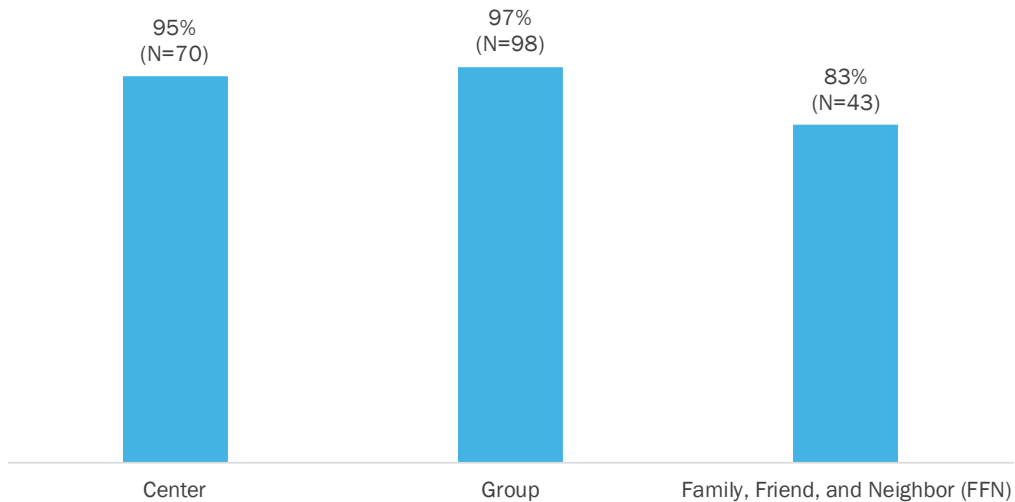
Percent of Insurance Survey respondents by insurance status (N=228)



Providers operating centers (95%) and group providers (97%) were more likely to have business liability insurance than family, friend, and neighbor providers (83%; Figure 5).

**Figure 5. Centers and Group Providers Were More Likely to Have Insurance than Family, Friend, and Neighbor Providers**

Percent of Insurance Survey respondents with insurance by provider type (N=227)

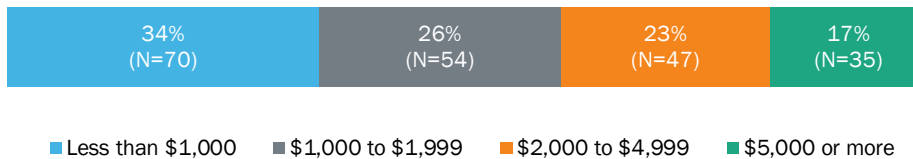


## COST OF INSURANCE

Figure 6 shows the annual cost of business liability insurance broken down into four categories. About one in three respondents (34%) spent less than \$1,000 on insurance, and smaller proportions spent between \$1,000 and \$1,999 (26%) or between \$2,000 and \$4,999 (23%). Nearly one in five (17%) reported spending \$5,000 or more per year on insurance. The average cost of insurance was \$2,959, and the median cost was \$1,400. The cost of insurance ranged from \$160 to \$30,000.

### Figure 4. Two in Five Providers Spent \$2,000 or More Per Year on Insurance

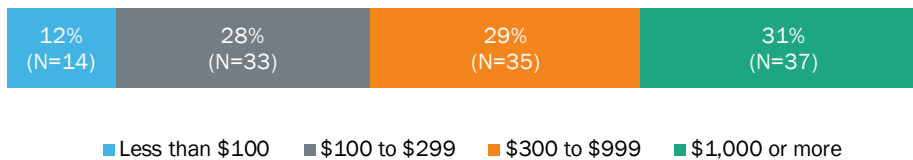
Cost of business liability insurance as reported by Insurance Survey respondents (N=206)



Nearly three in five respondents (57%; N=121) said that their annual rate increased over the past year. Among those, about one-third (31%) experienced an increase of \$1,000 or more (Figure 7). The average increase in cost of insurance was \$950, and the median increase in cost was \$350. The increase in cost of insurance ranged from \$8 to \$15,000.

### Figure 7. Cost of Insurance Rose by \$1,000 or More for Nearly One-Third of Respondents who Reported an Increase

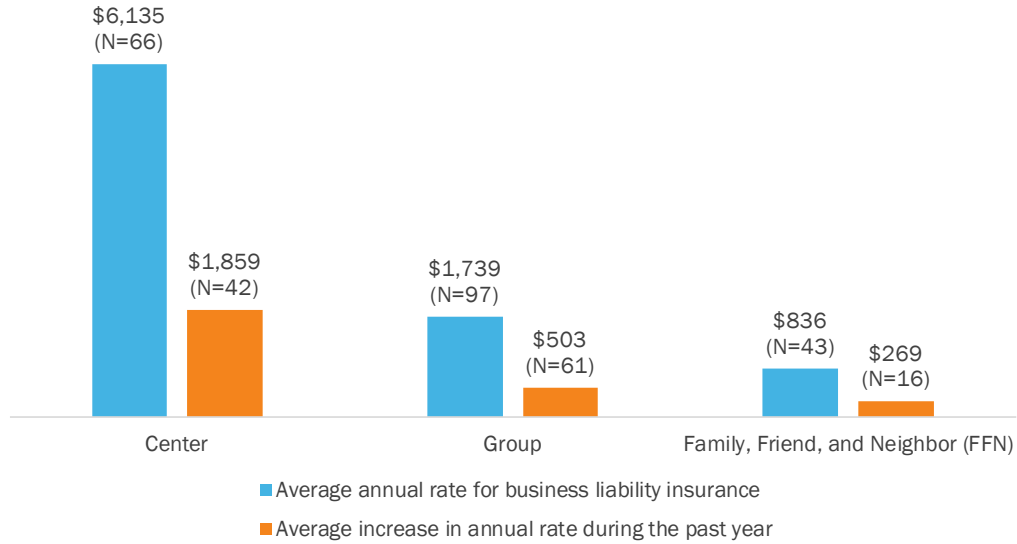
Increase in cost of business liability insurance over the past year as reported by Insurance Survey respondents (N=119)



The average cost of business liability insurance reported by centers (\$6,135) is significantly higher than that reported by group providers (\$1,739) and family, friend, and neighbor providers (\$836; Figure 8). Similarly, the average increase in the annual rate during the past year was highest for centers (\$1,859), while group providers reported an average \$503 increase and family, friend, and neighbor providers reported an average \$269 increase.

**Figure 8. Cost of Insurance Rose by \$1,000 or More for Nearly One-Third of Respondents who Reported an Increase**

Average cost of business liability insurance (N=206) and average annual rate increase during past year (N=119) as reported by Insurance Survey respondents

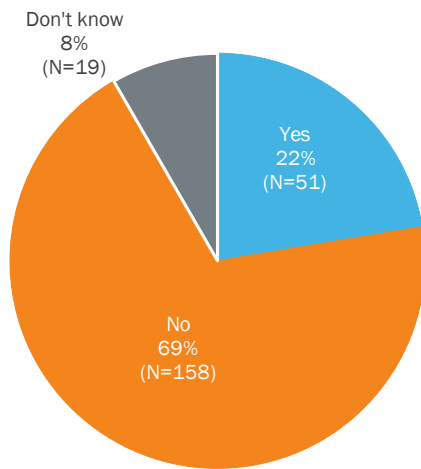


## CHALLENGES IN OBTAINING INSURANCE

Just over one in five respondents reported having at least one feature that may be considered higher risk by insurers (Figure 9). Examples of such features provided in the survey included being on a busy road or in a mobile home, having pets present, or being located next to a bar or dispensary.

**Figure 9. About One-Fifth of Respondents Have at Least One Feature That May Be Considered Higher Risk**

Insurance survey respondents reporting at least one feature that may be considered higher risk (N=228)



Survey respondents were asked to provide any information about their experience securing liability insurance (Figure 10). Among the 131 individuals who responded to the open-ended question, nearly half (48%) said it was difficult to find insurance, either because their insurer stopped covering child care, or they have found it hard to secure generally. One-third of open-ended responses (33%) described affordability issues, including large annual increases, general unaffordability, and no relief in rates despite having no history of claims.

**Figure 10. Difficulty Finding and Affording Insurance are Key Issues for Providers**

Open-ended responses providing further information about Insurance Survey respondent experiences securing liability insurance (N=131 open-ended responses)

	Difficult to find insurance	Affordability Issues	Satisfied with insurance	High risk factors limit options	Insurance restricts number of children in care	Other
<b>N</b>	63	43	24	17	9	9
<b>Percent</b>	48%	33%	18%	13%	7%	7%

Nearly one in five open-ended responses (18%) described satisfaction with their insurance experience, which included ease in finding insurance, the ability to secure an endorsement on their homeowner's insurance, and the ability to secure insurance through a school district or other umbrella policy. Thirteen percent of open-ended responses cited difficulty securing insurance based on higher-risk factors that limited their insurance options, including:

- Operating out of a mobile home;
- Presence of dogs in the location;
- Providing transportation to or integration of enrichment activities such as swimming or gymnastics;
- Providing care to children with special needs; and
- Location on a busy road.

A smaller proportion of open-ended responses (7%) described insurance restrictions that limit the number of children in care. These include insurers who won't cover an increased licensed child care ratio; providers who cannot increase the number of children without exceeding the limit of their homeowner endorsement; and insurers who restrict the hours that care can be provided, limiting service to non-traditional schedules.

Other responses related to providers' experiences securing liability insurance included:

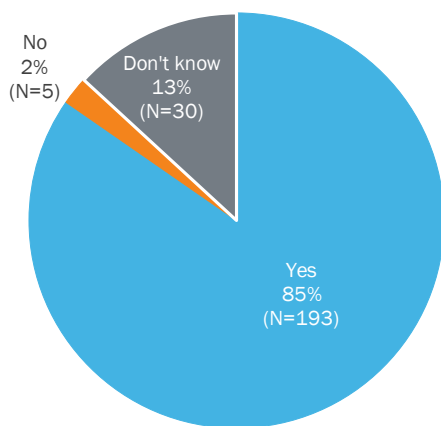
- Ability to secure monthly versus annual payments to help increase affordability;
- Desire for a state or association option to provide health insurance for child care providers;
- Having insurance but feeling stuck with current options based on limited access and affordability more broadly;
- Risking non-renewal if they file a claim;
- Frustration with the special training required, especially related to sexual misconduct training; and
- Inability to find providers to cover outdoor preschools.

## INTEREST IN BUSINESS LIABILITY INSURANCE POOL

The vast majority of respondents (85%) reported interest in joining a business liability insurance pool (Figure 11). Overall, 85% of respondents indicated that they were interested, while 13% didn't know and 2% said they were not interested.

**Figure 11. Most Respondents are Interested in a Business Liability Insurance Pool**

Percent of Insurance Survey respondents by interest in business liability insurance pool (N=228)



Among the five respondents who were not interested in joining the pool, four provided open-ended responses explaining why they were not interested. Three of these four respondents were child care centers or group

providers that received insurance through an umbrella agency (such as a school district or university), and one respondent had not experienced any issues or challenges obtaining insurance.

There were no significant differences between provider types in the level of interest in joining an insurance pool.

**PROVIDER CONSIDERATIONS IN JOINING AN ASSOCIATION FOR INSURANCE PURPOSES**

Survey respondents were asked to provide input on what they would consider in deciding whether to join an association for insurance purposes (Figure 12). Nearly three-quarters of open-ended responses indicated desire to join if they could secure a more affordable option. Half of respondents would also consider joining if the options provided adequate coverage, including coverage at least as good as current policies, or policies that cover enrichment activities, state-licensed child care ratios, and overlap coverage.

Just over ten percent (11%) of responses sought greater consistency and less fluctuation in pricing from year to year. Seven percent of responses would consider an association if the options include better customer service and an accessible, simple enrollment and participation process. Seven percent of responses indicated uncertainty in participation, and five percent indicated hesitancy to participate stemming from concern over having to pay for other providers mistakes in a pooled structure, and interest in access to insurance without requiring association membership and dues. Four percent of responses provided other considerations including: interest in a monthly payment option, interest in available funding if needed to cover a claim, and access to medical benefits for early care and education providers.

**Figure 12. Respondents Seek Better Prices and Robust Coverage in Potential Association Option**

Open-ended responses providing further information about what Insurance Survey respondents would look for in deciding to join an association for insurance purposes (N=131 open-ended responses)

	Better price	Adequate coverage	Customer service	Consistency in price	Don't know	Hesitant to participate	Other
<b>N</b>	94	65	15	9	9	7	5
<b>Percent</b>	72%	50%	11%	7%	7%	5%	4%

Report prepared by:



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