



Oregon Department of
Early Learning and Care

Liability Insurance for Child Care Providers

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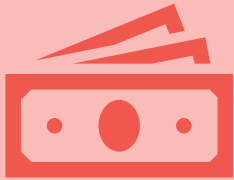
Senate Committee on Early Childhood and Behavioral Health

Liability Insurance Overview

- Designed to protect child care programs and providers in cases of property damage, injuries, accidents, theft, allegations of abuse, and lawsuits.
- In Oregon, child care providers who participate in Baby Promise, Preschool Promise, Oregon Prenatal to Kindergarten, and Multnomah County's Preschool For All are required to hold liability insurance.



Big Picture Trends



Cost of liability insurance for child care providers has **risen drastically**



The number of companies willing to insure child care programs has **decreased**.

As a result, many **providers nationwide are no longer able to find insurance** for their programs at a price they can afford.

The Child Care Insurance Crisis



25 - 40%

Approval rate for early education insurance submissions. Most agents won't even get a quote.



200 - 500%

Premium increased with less coverage, even with no claim history, compared to two years ago.

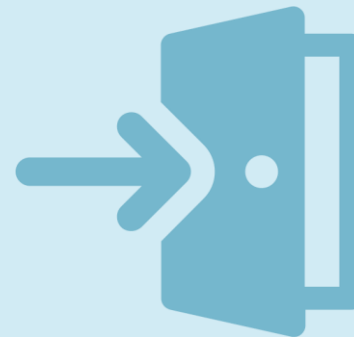


2 in 3

Early education businesses are struggling to operate because of insurance issues.

70% +

Of policies now exclude essential services like field trips, injuries on the playground, or transportation.



2

The number of admitted carriers willing (under perfect conditions) to write policies nationally (mostly).

Source:
[Playground TCA-Comply Slide Deck Oct 2025](#)

What is causing the insurance crisis?



Economic factors

High inflation, rise in operational, labor, and material costs, and frequency in claims and size of payouts.

"Insurance companies' growing reliance on reinsurance coverage, which is when companies purchase their own insurance policies to mitigate risk, also passes increased costs onto policyholders – in this case, child care providers."- 'The Perfect Storm': Child Care Providers' Challenges in Accessing and Affording Liability Insurance | Bipartisan Policy Center

Access to provider information

Minor and immediately corrected non-compliances have been cited as a reason to drop or not renew a provider's insurance. -[Getting child care insurance is a new challenge for care providers](#)

Increase in claims

"One insurance company reported that the number of claims filed against child care providers has gone up, as have the resulting payouts, increasing the perceived risk from the insurer's perspective. And child abuse claims, in particular, are costly to litigate or settle." -[Getting child care insurance is a new challenge for care providers](#)

Deregulation

Increasing the number of children in ratios of the # of children per adult/staff has increased insurance rates. -[Rising Liability Insurance Costs Pose an "Existential Threat" to Child Care Providers](#)

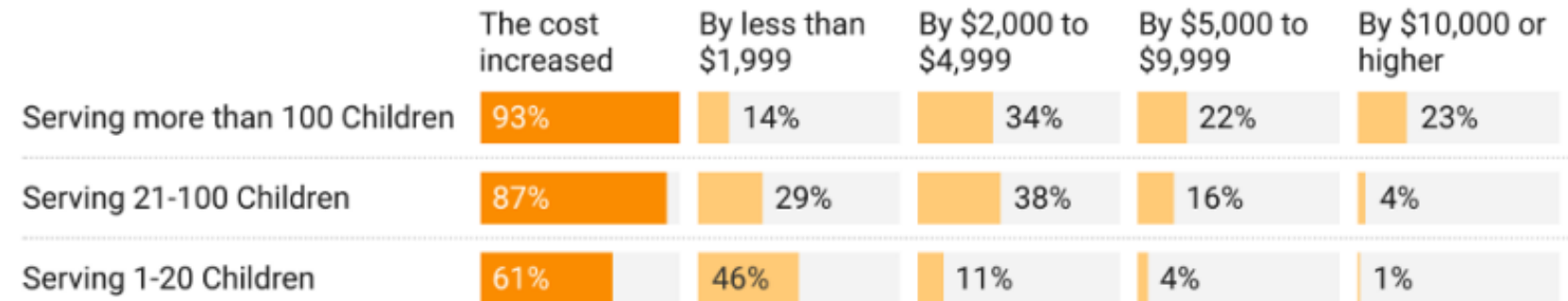
2024 National Study



80%

of providers had seen their liability insurance increase between May 2023 – May 2024.

Programs serving more children reported greater cost increases over the last year



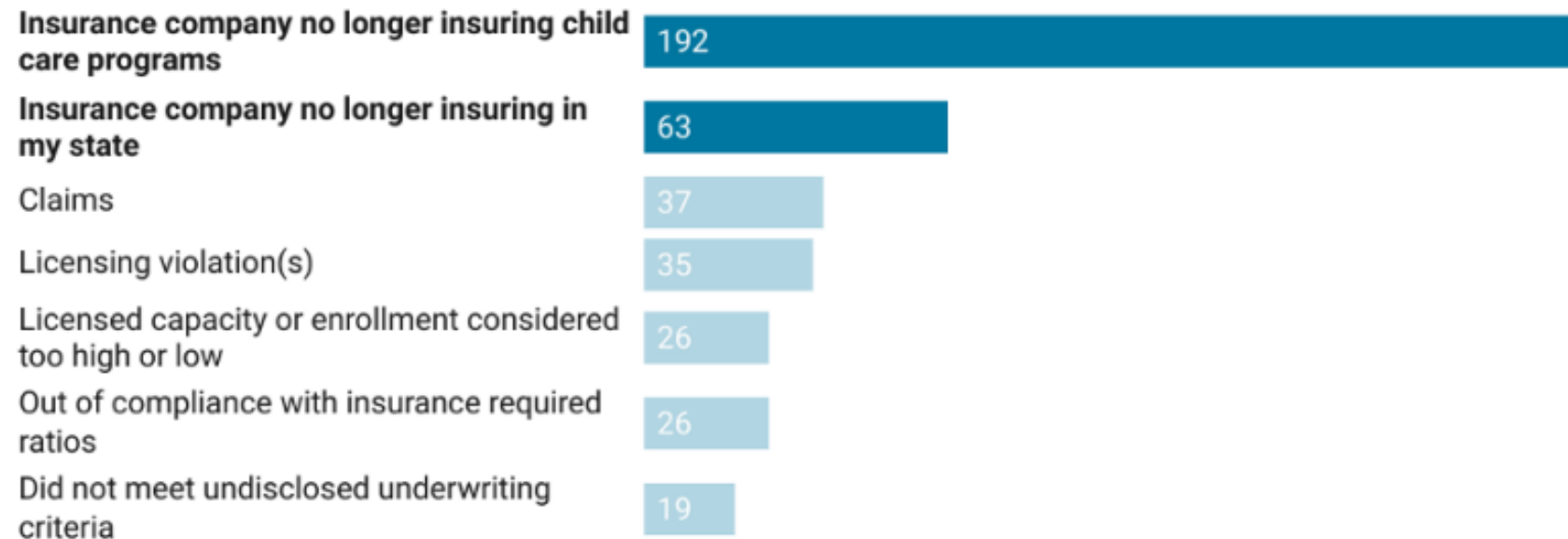
2024 National Study



64%

of providers either
denied coverage or
received
"non-renewal
notification"

Top named reasons for non-renewal or denial of liability insurance among survey respondents



Initial Oregon Data: Child Care Business Sustainability Survey



2024 Survey
of 378 licensed child care
programs

41%

of providers worry about
rising insurance costs

31%

worry about the availability of
insurance

2025 Survey
of 478 licensed child care
programs

42%

Of providers worry about
rising insurance costs

39%

providers expressed concern
about having their policy
canceled

One provider shared:
*"I have had an
extremely difficult
time getting liability
[insurance] and it has
almost doubled in 5
years. I have never
had a claim."*

Initial Oregon Data:



Anecdotal Evidence

- Reports from providers that **insurance is becoming increasingly harder to find**
- Reports of **rising insurance costs for providers who report that they serve children with special needs**. At least one provider reports being **denied coverage because they serve children with disabilities**.
- Reports that **sexual abuse and molestation (SAM) insurance has increased by thousands of dollars** over the past few years, and many family child care homes are being denied SAM insurance.
 - Having a **new male staff member increased SAM rate by 2K**

One provider shared:

*"Where this is really becoming impossible is the Sexual Abuse & Molestation (SAM) coverage. I've been told I need to add a separate rider. I was quoted about **\$5,000** for that rider alone. That additional rider would **bring my total annual insurance cost to over \$7,500 a year**. For me, that is more than a **75% increase** in total insurance cost."*

What Other States Are Doing



- In 2024, the **legislature in Nebraska** proposed Legislative Resolution 429, an interim study on child care liability insurance. The study must examine the rationale and legislative history behind requiring liability insurance for child care licensure, assess the historical and current costs and availability of such insurance and its impact on child care affordability, compare licensing requirements and insurance access across states, and provide legislative recommendations to improve access to and affordability of liability insurance for providers. The LR was referred to the Health and Human Services Committee but did not advance further. If this action is taken up in the 109th session, it will be conducted by First Five Nebraska.
- **In Montana**, a survey of child care providers published in May 2024 by First Five Montana showed that the cost of liability insurance was rising, providers were having difficulty finding coverage and were interested in joining an insurance pool. Advocates pushed for legislation to find solutions to this issue, but the bill did not advance through session.
- A **new law passed in North Carolina in July 2025** mandates a workgroup to study affordable solutions to liability insurance for child care providers.
- **In Connecticut, a bill was passed in 2025** that will require the Office of Early Childhood with support from the Insurance Department and the Attorney General to conduct a study regarding liability insurance for child care facilities, specifically focusing on the factors behind the rising costs of liability insurance. The report will be submitted by July 1, 2026.

Potential Solutions



Discounts: Insurance companies could offer "Safe Provider" discounts, in the same way that auto insurance offers Safe Driver discounts. A provider in good standing with licensing could be offered some type of safe provider certification.

Reinsurance Pools: Reinsurance pools represent a strategic alliance where multiple insurance companies join forces to provide coverage for risks that are too large or too complex for a single insurer to handle alone. This collaborative approach not only diversifies the risk but also amplifies the capacity of the insurance sector to underwrite policies that cover substantial losses, such as those resulting from natural disasters or large-scale liability claims. By pooling resources, insurers can stabilize the market, share expertise, and enhance their bargaining power, which is beneficial in negotiating terms with reinsurers or when entering new markets.

Damages Caps: Damage caps legislation limits the amount of damages a plaintiff can be awarded. This could help mitigate the concerns for excessively large payouts and reduce the cost of premiums.

Community-based Catastrophe Insurance: "A public-private model in which a government agency or nonprofit organization coordinates group insurance for multiple properties in the community. If arranged by local government, premiums can be assessed as a fee alongside property taxes." This model is being considered by states as a solution to the rising cost of wildfire insurance in areas that are prone to fire activity.



Next steps

- Monitor the legislation being introduced and moving in several states that will study the causes and potential solutions
- Design and implement a survey by Winter 2026 of DELC's grantees who are required to carry insurance
- Gather additional provider experiences with providers
 - Participating in shared service networks
 - Members of the Every Child Belongs Advisory Committee and possible connections to the suspension and expulsion ban being implemented July 1, 2026



Thank You