

## BEST'S HAZARD INDEX

Line	Best's Hazard Index	Underwriting Comments
<a href="#">Automobile Liability</a>	2	Much higher if transport service offered.
Automobile Physical Damage	0	
<a href="#">General Liability</a>	9	Childproof facility crucial.
<a href="#">Product Liability and Completed Operations</a>	4	
<a href="#">Professional Liability</a>	6	
Environmental Impairment Liability	0	
<a href="#">Workers' Compensation</a>	5	Lower for administrators.
<a href="#">Crime</a>	3	
<a href="#">Fire and E.C.: Property</a>	5	May be higher in older buildings.
<a href="#">Business Interruption</a>	4	Immediate availability of replacement space critical.
<a href="#">Inland Marine</a>	4	
Boiler and Machinery	0	

Low 1-3, Medium 4-6, High 7-9, Very High 10

## SIC CODES AND CLASSIFICATIONS

8351	Child Day Care Services
------	-------------------------

## ISO CODES AND CLASSIFICATIONS

41714	Day Care Centers
41715	Child Day Care Centers - Other Than Not-for-Profit
41716	Child Day Care Centers - Not-for-Profit Only
67507	Schools, NOC

## RELATED CLASSIFICATIONS

[Camps - Day and Sleep-over](#)  
[Juvenile Furniture Manufacturing](#)  
[Playgrounds](#)  
[Restaurants](#)  
[Schools - Elementary - Public And Private](#)  
[Schools - Secondary - Public And Private](#)  
[Toy Manufacturing](#)

## **RISK DESCRIPTION**

Twelve million children under six and 17 million school-aged children presently need child care. Experts say millions more children will need daycare in the next few years because more mothers will enter the workforce, welfare overhaul programs will put more mothers to work, and because there are more children - the so-called "baby-boom echo," which refers to the many children born to baby boomers.

Daycare centers provide care for groups of children in a facility designed specifically for that purpose. They are licensed by the state and must meet state standards for child/staff ratios, teacher training, and group size. Centers are operated by for-profit and not-for-profit entities. About one-third of all child care centers in the U.S. are housed in church or synagogue buildings. They may serve children from infancy through kindergarten, but most centers care for children between the ages of two and five.

Family daycare, also referred to as "family child care" or "family day home," is care that occurs in a caregiver's own home, usually for six or fewer children. Family daycare homes may be independently operated or part of an established network of family daycare providers. It is often less expensive than center-based care. The regulation of family child care continues to be an issue of great debate. Many states require family child care homes to be licensed, certified, or registered by a state agency; but some states still exempt small, family child care homes that care for fewer than a certain number of children.

In the early 1960s, only one out of every 20 preschool children was enrolled in a child care center; today, nearly one in three attends a center.

Daycare centers often are staffed by employees with some formal education in child care; many daycare "teachers" have two- or four-year degrees in early childhood education. According to the Occupational Outlook Handbook, employment of child care workers is projected to increase much faster than the average for all occupations through the year 2005. A relatively high turnover rate, combined with an increased demand for child care workers, is expected to create many openings. This, in turn, will create a demand for more daycare centers.

The U.S. is the only western nation with no national policy or commitment to care for young children. Each state has developed its own regulations and licensing requirements for child care centers. Usually, the licensing office is in a social service or health department. State licensing requirements generally assure the basic safety of a facility.

States frequently update their provisions for daycare centers. Two significant areas that many states are reexamining are the infant- and toddler-to-provider ratios and the required training for child care providers. Recently, many states have lowered the infant- and/or toddler-to-provider ratio in the interest of the safety of the children. Suggested ratios are as follows: for infants under the age of 18 months, one staff member for every four infants; for children 18 to 30 months old, one staff member for every seven children; for children 30 months to four years, one staff member for every 10 children; and for children four years old and older, one staff member for every 15 children.

One trend in the daycare industry is that growing numbers of companies are providing on-site daycare for children of employees. Business is the motivating force: company executives have found that providing child care actually improves productivity, profits, and employee retention rates; absenteeism is reduced because employees with children do not need to take time off from work when their children are ill or when a regular daycare provider becomes unavailable. Generally, companies can reduce their liability and remove themselves from the day-to-day operation of a daycare center by hiring a reputable child care company to assume full responsibility for the center's operation; this child care company leases the space for an on-site operation from the company. Many companies choose to subsidize the cost of the child care provided in these centers, thereby lowering rates for employees.

Another aspect of employer-sponsored care is the formation of child care consortiums, whereby several companies combine their resources to develop one child care center for the children of their employees. This type of plan is popular with smaller businesses that cannot support their own daycare centers.

The hours of operation at a daycare center generally range from 7:00 a.m. to 7:00 p.m. But more and more often, daycare centers are open well beyond the traditional daytime hours. As the economy has become more service-based, parents are working during early mornings, evenings, nights, and weekends; in fact, service occupations with a high proportion of shift workers are projected to produce more new jobs than any other employment sector. Also, many employers are implementing schedules other than eight-hour days and five-day weeks - from

compressed work weeks to rotating shifts. It has been estimated that more than 1,000 different work schedules are in use in the U.S. today. Furthermore, the 40-hour work week has become a thing of the past. For some workers, particularly production workers in manufacturing industries, overtime is higher than at any time since World War II; this is due to a combination of factors such as downsizing and economic expansion. Overall, though, service jobs have the highest percentage of shift workers. In particular, the hotel, restaurant, and medical industries have recognized the need for round-the-clock daycare for the children of their employees and have worked to implement programs to provide this support.

## MATERIALS AND EQUIPMENT

Arts and crafts supplies, toys (e.g., blocks, puzzles, dolls, games, balls), books, playground equipment.  
Pillows, blankets, cots or sleeping mats, cribs.  
Dining and kitchen equipment. Bottles. Autoclaves.  
Evacuation cribs. First aid kits.  
Diapers, diapering tables, disposable cleaning towels, training toilets, ointments.  
Cleaning materials.  
Computers, audiovisual equipment, cameras, televisions.

## NARRATIVE LINES OF BUSINESS

### *Automobile Liability*

**Exposures:** Transportation of young children or infants. Personal vehicles used for business purposes.

#### **On-Site Inspection:**

Number, age, type, and condition of insured's vehicles  
Are buses equipped with flashing lights and automatic stop signs?  
When not in use, are vehicles stored in a locked garage or a well-lit, fenced parking lot?

#### **Items to Investigate:**

Does the center transport children, or do outside contractors operate transport services?  
Drivers - ages; training; experience levels; MVRs  
Company vehicles owned or leased  
Certificates of insurance obtained for nonowned vehicles  
Do drivers have the appropriate licenses for school vehicles (CDL with a passenger endorsement)?  
Radius of operations and frequency of travel  
What is the ratio of adults to children in the vehicle? Are safety restraints used for all occupants?  
What does the driver do when a mechanical breakdown occurs or if a child gets injured?  
Who is responsible for maintenance of the vehicles?

## ***General Liability***

**Exposures:** Slips, trips, and falls. Strangulation. Burns. Poisoning. Playground equipment and toys. Swimming or wading pools. Smoke; fire. Communicable diseases. Animals and pets. Poisonous plants.

### **On-Site Inspection:**

What kind of center does the insured operate?

Where is the center located (e.g., near a busy roadway, in a rural area)?

Free-standing structure or part of a multi-occupancy structure

Does a sturdy fence with a childproof latch or alarm surround the property?

Are there any hazardous businesses or operations located near the center?

Level of housekeeping - rooms neat and free of clutter; aisles and hallways sufficiently wide to accommodate traffic; telephone and electrical cords routed out of hallways; floors and floor coverings in good condition; floor coverings securely anchored

Age, type, and condition of furnishings

Are sharp edges on furniture covered with plastic guards? Are slats on furniture and railings on other structures spaced close together? Is all shelving secure?

Is all furniture placed away from windows and shelves to reduce falling hazards? Are cordless window treatments used to reduce the strangulation hazard?

Does the center have a kitchen? Does a door equipped with a child-resistant latch separate the kitchen from the children's areas? Are all hazardous items stored out of reach of the children?

Are electrical outlets raised at least 54 inches above the floor? If not, are outlets tamper-resistant or protected with ground fault circuit interrupters?

Is there protective padding on lolly columns?

Is the hot water temperature maintained at less than 110°?

Is safety glass or its equivalent used in windows and doors, and is it clearly marked?

Are mirrors made of metal or plastic instead of glass?

Are balconies above the first floor protected by barriers?

Are cleaning materials locked up?

Is the playground designed so that supervisors can see broad areas from one position? Is the playground protected from the street and adjacent properties?

What type of impact attenuation material is used under the playground equipment? Are playground surfaces constructed so that water drains from them properly? What materials are used for walkways and other areas in the play yard?

Are the grounds free from poisonous plants?

Is the sandbox maintained in a safe and sanitary manner?

What pool safety measures does the insured have in place?

Is there a sufficient number of accessible exits and usable fire escapes? Are emergency exits equipped with panic hardware?

Are smoke detectors in place and operational? Is there an automatic sprinkler system?

Does the center have evacuation cribs?

Does the center have a separate facility for caring for a sick child?

Is a first aid kit available in each room?

Do sinks have photoelectric cell faucets?

Are parking lots and walkways well lit and well maintained?

### **Items to Investigate:**

How many children does the center accommodate, and what are their ages?

What are the hours of operation?

Is the facility licensed?

What is the date of the last inspection? Were noted deficiencies corrected?

What kind of enterprise was located on the site before the center opened?

What are the qualifications of the people who work at the center?

How are employees screened? Are references contacted? Are fingerprints taken, and are checks made for criminal records before applicants

are hired?

Is a copy of the center's discipline policy posted?

Are employees trained to look for the telltale signs of physical or sexual abuse and to report any such signs immediately to the appropriate authority?

Is the center adequately staffed? What is the ratio of children to adults?

Has the daycare center been tested for acceptable lead levels?

Is an indoor temperature of at least 68°F maintained in all rooms used by children during cold weather?

Do caregivers actively interact with the children to help prevent unsafe activities?

Is an employee designated to check playground equipment on a daily basis before the children are allowed to use it?

Is the staff instructed never to leave infants and children unattended or unsupervised when around water?

Is someone at the center assigned to select and examine all toys? What are that person's qualifications?

Do all toys and juvenile furniture carry the Juvenile Products Manufacturers Association seal of approval?

Are fire drills conducted regularly under qualified supervision?

Has the center ever been cited for code violations?

Are release forms signed by the parents that allow the center to administer medication? Who administers medication, and what are that person's qualifications? Are all medications kept in a locked cabinet?

Are records kept of each child's illnesses and accidents, and are records updated each time a child is medicated?

Are emergency release forms signed by parents authorizing transportation to hospitals in the event of an emergency?

Is at least one staff member trained in first aid and infant/child CPR?

Are all children required to present proof of immunization?

Are children with severe pain or discomfort removed to a separate room or area with sleeping equipment?

Does the local Board of Health provide a list of reportable diseases? Is the center required to inform the Board of Health within a reasonable period of time whenever a child or staff member is diagnosed with a reportable disease, an accident occurs resulting in injury or death, or a child is injured by an animal while in the center's care?

Are children and staff required to wash their hands before eating and after using the bathroom?

Are staff members required to wash their hands before and after diapering an infant, taking a child's temperature, or administering medication, even when using disposable gloves? Are gloves changed after contact with each child, and are they disposed of in a lined, self-closing stepcan?

Are surfaces contaminated with body fluids promptly cleaned and disinfected after each use?

Are diapers changed when needed? Are diaper changing tables supplied with disposable paper covers that are changed after each use? Are diapers and soiled materials discarded into a lined, covered stepcan?

Are latex gloves required to be used for diaper changes, and are they disposed of after each use?

What are the average and maximum numbers of daily visitors?

Have pickup and drop-off procedures been established to ensure the smooth flow of traffic? Are guardians required to sign their children in and out?

Are parents permitted or encouraged to visit and observe the workings of the center at any time?

Are delivery people restricted from areas where children are cared for?

What arrangements are made for children to take naps?

Where are bedding and cots stored, and how are they cleaned?

What is the level of supervision when children are handling animals?

Are physically, mentally, or emotionally disabled children accepted at the center? Is the center equipped to care for individual disabilities?

Field trips - specific procedures to be followed; first aid equipment taken; permission slips required; children "tagged" with identification

Who is responsible for upkeep of common areas? Is this service contracted out?

Is smoking prohibited on the premises?

### ***Product Liability and Completed Operations***

**Exposures:** Tainted or spoiled food. Pest infestations.

#### **Items to Investigate:**

Does the center serve and prepare snacks, meals, and beverages?

Is trash disposed of daily?

Is the food prepared by an outside professional food staff, by the center's staff, or by volunteers?

Has the kitchen been inspected by the local health inspector?

Are food and beverages stored separately from cleaning supplies?

Are leftovers discarded daily?

Is adequate refrigeration available? Who is responsible for maintenance of the refrigeration units?

Does the center use disposable plates and utensils for food service, or does it use plates and utensils that require washing? Is a household or commercial dishwasher used? After rinsing, are dishes sanitized with a bleach solution? Is water for washing dishes at least 170°F?

Who is responsible for providing formula or milk for the infants? Is there a written feeding schedule? If parents provide bottles, are the bottles required to be labeled?

Are bottles cleaned and sterilized after each use?

Does an employee hold each infant during bottle feeding?

Are age-appropriate foods served?

Do centers that serve food require guardians to complete forms stating any food allergies?

Does the center provide diapers, cleaning towels, and ointments, or are these supplied by the parent? If cloth diapers are used, are they rinsed and deposited in a lined, self-closing canister that is labelled with the child's name?

### ***Professional Liability***

**Exposures:** Physical or sexual abuse.

#### **Items to Investigate:**

Does the center forbid employees to engage in any type of corporal punishment? Are employees trained in the proper ways to discipline and restrain unruly children?

Is the center's discipline policy discussed with all guardians? Is a copy of the discipline policy posted for all to examine?

Who is responsible for hiring the staff?

What are the training, experience, reputation, and professional qualifications of the director and of the staff?

How are staff members evaluated, and how often is this done?

Are new employees provided with an operating procedures manual?

Are any of the personnel trained in infant/child CPR and emergency procedures?

Are employees encouraged to take continuing education classes and to join professional organizations?

Is the center accredited by the National Association for the Education of Young Children (NAEYC)?

How closely structured is the program in the center? Does the director plan all programs, or is it left to the discretion of the classroom teacher? Is a daily schedule posted?

Are records kept of all injuries? Are parents notified immediately about any accident involving their children, or any contagious illness in the group?

Is a physical examination or medical certificate required before a child is accepted at the center?

Are inquiries made of parents regarding any health problems? Are facilities maintained to deal with any known problems?

Are medicines dispensed to the children? If so, by whom, and what are that person's qualifications?

Are a child's eating habits discussed with the parents? Are any food allergies or other special food needs noted?

Does the center have a requirement that only authorized persons may pick up a child? How do the staff members make sure a person is "authorized"? Is there a procedure in place for staff members to follow if an unauthorized person attempts to pick up a child or if a non-custodial parent attempts to pick up a child?

Is a person designated to stay with children until the last child is picked up by his or her guardian at the end of the day?

Has the center developed a checklist for daily, weekly, and monthly safety checks? Is this list reviewed with a safety engineer?

### ***Workers' Compensation***

**Exposures:** Strains, sprains, bites, and back injuries. Slips, trips, and falls. Unruly children. Playground equipment. Bloodborne pathogens. Vehicular accidents.

**On-Site Inspection:**

Level of housekeeping - floors and floor coverings in good condition; floor coverings securely anchored; aisles free of clutter  
Electrical equipment properly grounded and in compliance with NFPA 70, National Electrical Code

**Items to Investigate:**

Employees - number; ages; experience levels; training; duties

What is the educational level of the center's employees? Do any employees have a four-year degree in early childhood education? How many have an associate's degree or a certificate from the Child Development Association (CDA)? How many have received training through a high school vocational program?

Are all employees required to have a thorough medical examination at time of employment, and regular examinations thereafter?

Are employees offered the hepatitis B vaccine if they request it?

Are all employees required to wash their hands with soap and water before preparing and serving food, after using the restroom, after assisting a child with using the restroom, after caring for a sick person, and after coming in contact with human or animal bodily fluids?

Are workers required to use disposable gloves for each diaper change, when they come into contact with blood or vomit, or any time first aid must be administered? Is the center in compliance with OSHA standard 1910.1030, Bloodborne Pathogens?

Are employees trained in proper lifting techniques?

Have employees been advised on how to handle unruly children? Are employees advised against wearing dangling earrings or necklaces?

Is playground equipment well-maintained?

Are floors swept or vacuumed daily? Are spills cleaned up immediately? Are toys picked up off the floor and put away after each use?

Are employees required to wear seat belts when operating vehicles?

***Crime***

**Exposures:** Petty cash. Employee dishonesty.

**On-Site Inspection:**

Windows equipped with tamper-proof locks; doors equipped with double cylinder, deadbolt locks

What type of alarm system does the insured have in place?

**Items to Investigate:**

Average and maximum amounts of cash on hand daily

Checks stamped "For Deposit Only" immediately upon receipt

Are employees trained in check and credit card verification procedures?

Is cash stored in a fire-resistant, NRTL-listed safe?

Are accounting functions performed by separate people?

Are both scheduled and unscheduled audits performed?

Are pre-employment reference checks made?

Are drugs or medications stored on the premises? What provisions have been made for the safekeeping of drugs or medications?

Are other articles of value locked away each night?

### ***Fire and E.C.: Property***

**Exposures:** Faulty electrical equipment and wiring. Smoking. Hazards from adjacent structures. Heating equipment. Kitchen facilities. Heavy fire load.

#### **On-Site Inspection:**

Building - age; construction; condition

Layout of premises

Exposures from adjacent structures

Wiring - age; condition; in compliance with NFPA 70, National Electrical Code

Smoke detection and suppression systems - age; type; condition

Fire load (e.g., new/used diapers; sleeping mats, sheets, pillows, and blankets; mattresses; supplies for arts and crafts projects; plastic and wood toys and furnishings; cleaning supplies)

Class ABC fire extinguishers - age; type; condition; sufficient number; annually tagged and inspected

Have firewalls been installed where necessary? Is the furnace or boiler room separated from the rest of the center by a fire door? Are stairways enclosed?

Does the center have a kitchen or kitchenette?

Is smoking allowed on the premises? If so, has a smoking area been designated, and is it furnished with self-closing, fire-resistant receptacles?

#### **Items to Investigate:**

Average and maximum values exposed to loss

Does the insured own or rent the premises?

Is wiring periodically inspected by a licensed electrician?

Level of housekeeping - trash emptied daily; floors swept or vacuumed frequently; all spills cleaned up immediately

Equipment serviced and repaired by qualified personnel

Are employees instructed in the proper use of fire extinguishers?

What is the response time of the local fire service?

How long has the insured been in business?

If the building is new or recently remodelled, was an architect used who specializes in daycare centers?

When in use, are kitchen appliances always watched by an employee?

Has the insured designated someone to make sure that all appliances have been turned off at the end of the day?

Are stoves equipped with hood and duct fire suppression systems that are inspected and cleaned twice a year by a qualified contractor?

Does the building comply with all building codes? Is someone designated to inspect the premises on a daily, weekly, and/or monthly basis and to provide a written report?

### ***Business Interruption***

**Exposures:** Location of facility; availability of nearby replacement space. Extra Expense coverage. Contingent Business Interruption coverage.

**On-Site Inspection:**

Where is the insured's center located (e.g., residential or commercial building)?

Does the insured operate a daycare center exclusively on the premises of another company?

**Items to Investigate:**

Amount of time necessary to rebuild/repair premises

Amount of time necessary to obtain replacement equipment

Availability of temporary or replacement space

Does the insured have a backup plan in case the facilities become inoperative?

### *Inland Marine*

**Exposures:** Computer equipment. Accounts receivable. Valuable papers and records. Office equipment and audiovisual equipment or cameras.

**On-Site Inspection:**

Computers - age; type; condition

Records and files stored in a fire-resistant, NRTL-listed cabinet

Office and/or audiovisual equipment

**Items to Investigate:**

Are computer files backed up daily, and are backup copies stored off premises in a fire-resistant, NRTL-listed safe?

Are copies of all records (e.g., licenses, certifications, safety inspection reports, child medical records) stored off premises in a fire-resistant, NRTL-listed safe?

Does the insured bill clients or receive state or federal funding?

## OSHA REFERENCES

**OSHA Standards:** (Pertinent OSHA standards that apply to this classification; for other appropriate OSHA standards, see the Introduction.)

1910.37	Means of Egress, General
1910.38	Employee Emergency Plans and Fire Prevention Plans
1910.157	Portable Fire Extinguishers
1910.164	Fire Detection Systems
1910.1030	Bloodborne Pathogens