

Market Study Regarding the Availability and Affordability of Insurance Coverage for Child Placing Agencies, Group Foster Homes, Childcare Centers, and Family Childcare Homes in Washington State, including Consideration of the Feasibility of a Joint Underwriting Association to Provide Such Insurance

Prepared for the Washington State Office of the Insurance Commissioner

Prepared by Davies Actuarial, Audit & Consulting, Inc.

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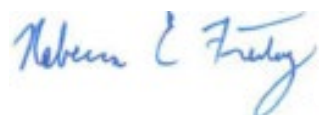
The Honorable Patty Kuderer
Insurance Commissioner, Washington State
302 Sid Snyder Ave. SW
Olympia, WA 98504-0258

Dear Commissioner Kuderer:

Please find attached our market study regarding the availability and affordability of insurance coverage for Child Placing Agencies, Group Foster Homes, childcare centers, and family childcare homes in Washington state, including consideration of the feasibility of a Joint Underwriting Association to provide such insurance.

We appreciate the opportunity to work with you and the Washington Office of the Insurance Commissioner and to assist the Legislature. Please do not hesitate to contact us with any comments or questions.

Sincerely,

A handwritten signature in blue ink that reads 'Rebecca Freitag'.

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I. Executive Summary

Child Placing Agencies (CPAs), Group Foster Homes (GFHs), childcare centers, and family childcare homes are each an important part of the continuum of services provided to Washington state children, youth, and families. They provide essential services to the development of young people and support to the people who care for them.

CPAs are defined by the Washington Department of Children, Youth, and Families (DCYF) as “private agencies licensed by DCYF’s Licensing Division (LD).”¹ Licensing requirements for CPAs are discussed in [Washington Administrative Code \(WAC\) Chapter 110-147](#). DCYF states that there are two types of CPAs in Washington state:

- CPAs that certify foster homes and provide caregiver support services
- CPAs that provide private domestic and/or international adoption services

CPAs in the first category assist DCYF in identifying potentially suitable foster homes for children requiring services with DCYF retaining decision making authority. Once a child has been placed, CPAs provide support to the caregivers. Some entities licensed as CPAs also, under separate licenses and/or contracts, provide “wraparound” services to children in foster care.

Licensing requirements for GFHs are discussed in [WAC Chapter 110-145](#). DCYF describes GFHs as follows:²

Group and residential care programs are each a type of live-in, out-of-home care placement in which staff are trained to work with children and youth. These placements offer a higher level of structure and supervision than what can be provided in a family home setting.

Group and residential programs are operated by private agencies licensed by DCYF and typically provide an array of services, including therapeutic services for children and families and educational and medical services for children and youth.

Childcare centers and family childcare homes are licensed by DCYF and the requirements for licensure are described further by DCYF on its [Child Care/Early Learning Providers webpage](#). Per [WAC 170-296A-0010](#), “family home child care” refers to a licensed facility in which “child care is provided for twelve or fewer children in the family living quarters where the licensee resides.”

As will be documented in further detail later in this report, DCYF requires that the licensed entities described above carry insurance. Additionally, as explained by the US Small Business Administration, having property and liability insurance in place is a key financial protection for any business so that it can remain financially viable in the event of unexpected loss.³ Finally, liability insurance provides security for the payment of damages to an injured party if damages occur as a result of the organization’s acts or omissions (or acts or omissions of its employees or volunteers). The ability to obtain insurance is vital for the CPAs, GFHs, and childcare and early learning providers in Washington state, and the continued operation of these entities is crucial for the many children and youth that rely on these services.

¹ See [Child Placing Agencies | Washington State Department of Children, Youth, and Families](#)

² See [Group Care | Washington State Department of Children, Youth, and Families](#)

³ See <https://www.sba.gov/business-guide/launch-your-business/get-business-insurance>

CPAs, GFHs, childcare and early learning providers, and other market participants have raised concerns regarding the availability and affordability of insurance. Accordingly, in the [2025 supplemental operating budget](#) (ESSB 5167), the Washington state Legislature (Legislature) directed the Washington State Office of Insurance Commissioner (OIC) to “study the feasibility of using a joint underwriting association to provide property and liability insurance coverage for child care centers, group foster homes, family child care homes, child and youth serving organizations, and child placement services.” Furthermore, the study must evaluate, at a minimum:

- Concerns with the cost or availability of property and liability coverages for child care centers, group foster homes, family child care homes, child and youth serving organizations, and child placement services;
- Barriers that child care centers, group foster homes, family child care homes, child and youth serving organizations, and child placement services experience in accessing adequate property and liability coverage;
- Whether and how a joint underwriting association might suit the property and liability coverage needs of child care centers, group foster homes, family child care homes, child and youth serving organizations, and child placement services, and any limitations of a joint underwriting association in meeting the need; and
- Statutory or implementation considerations relevant to legislative deliberations regarding feasibility.

The OIC retained Davies Actuarial, Audit & Consulting, Inc. (Davies, we, our, or us) to assist in research, actuarial analysis, and the preparation of this study. Attorneys from Davis, Malm & D’Agostine, P.C. as well as consultants from Noble Consulting Services were also engaged to assist with research, analysis, and to assist with designing potential policy options.

One of the key charges of the authorizing legislation is the determination of whether the formation of a joint underwriting association (JUA) might be appropriate to provide a source of insurance for the entities in our scope. The International Risk Management Institute (IRMI) defines a JUA as “a nonprofit risk-pooling association established by a state legislature in response to availability crises as respects certain kinds of insurance coverage.”⁴ A JUA is an alternate insurance mechanism that can be established when the voluntary market is not supplying necessary insurance to certain groups. A JUA may assess the voluntary market when the premiums charged to the group are insufficient to pay losses and expenses. If the assessments are too large, insurers may choose to exit the broader voluntary market for the state. For this reason, the establishment of a JUA must consider both insurance availability issues within a specific market as well as the potential for disruption within the wider voluntary market.

In the course of our work, we:

- Conducted interviews and subsequent discussions and correspondence with market participants including:
 - Representatives of CPAs, GFHs and childcare centers;
 - Senior staff at the Washington Association for Children and Families (WACF);
 - Insurance brokers that specialize in the entities in our scope as well as other insurance specialists;

⁴ See <https://www.irmi.com/term/insurance-definitions/joint-underwriting-association>

- DCYF staff; and
 - Washington State Department of Enterprise Services (DES) staff.
- Reviewed responses to a joint DCYF and Washington Early Learning Advisory Council (ELAC) survey regarding the availability and affordability of insurance and conducted follow-up correspondence with respondents;
- Reviewed the [testimony](#) and [supporting materials](#) provided to the Washington State Senate Law and Justice Committee on June 4, 2025, as it related to liability for DCYF and providers of child welfare services;
- Studied the current legislative and litigation environment in Washington state as it relates to child welfare and child care organizations, including, but not limited to [2024 ESSHB 1618](#). ESSHB 1618 eliminated the statute of limitations for recovery of damages for injury suffered as a result of childhood sexual abuse when the act of childhood sexual abuse occurs on or after June 6, 2024;
- Reviewed research, legislation, and initiatives in other states or in the United States as a whole related to the types of entities in our scope;
- Studied Washington contractual and licensing insurance requirements for the entities in our scope;
- Coordinated with the OIC in the issuance of a data call to insurers regarding historical premium and loss information as well as underwriting and rating information for the entities in our scope;
- Reviewed insurance underwriting and rating guidelines for the entities in our scope;
- Performed an actuarial analysis on the loss and premium information received from the data call; and,
- Studied and documented potential policy options, including but not limited to the feasibility of a JUA.

Note that our scope did not ultimately include the broad “child and youth serving organizations” category as initially included in ESSB 5167. When we requested a listing from DCYF of such organizations, it included entities as diverse as counties, tribal governments, housing authorities, public school districts, universities, healthcare staffing organizations, polygraph businesses, physical therapists, counselors, machinist training organizations, large charitable organizations, community youth programs, religious organizations, dental practitioners, and more. The types of losses and the premium charged for the diverse organizations in this listing may be only marginally related to the more focused child-facing activities of the other entities in our scope. Given the strong likelihood that the inclusion of these diverse exposures would distort our analysis, and the timing limitations of our study, we consulted with the OIC on focusing the scope of this report. Based on direction from the OIC, we removed these broad “child and youth serving organizations” from consideration in our analysis and this report.

Note also that, although the scope of the study as outlined in ESSB 5167 included both property and liability insurance, after review of the information gathered through this process (including analysis of data call responses, review of underwriting and rating guidelines, and interviews), we determined that the differentiator between the entities in our scope and other entities was not related to property, auto insurance, or certain other lines of insurance. Although insurance costs may rise over time for these types of insurance, and although all insurance costs are costs borne by the organizations in the scope of our study, the rise in cost of property or auto insurance is not specifically related to the activities performed by CPAs, GFHs, or childcare entities.

The components of insurance which appears to be the key differentiator between entities in our scope and other entities, as will be described further in our report, are general liability (GL) insurance, professional liability (PL) insurance, sexual abuse and molestation (Abuse) coverage, excess or umbrella coverage, and package coverage, which includes both liability and property components. These coverages may be combined within a policy, may have different limits, sublimits, or exclusions (especially Abuse), or may be sold as separate policies. With the view that the most valuable product of this report would be an exploration of the availability and affordability issues *that are unique to the entities in our scope*, we focused our analysis on these coverages. We will reference the GL, PL, Abuse, excess/umbrella, and package coverages in this report as “liability” coverages. We have included [Appendix E](#) further explaining our research regarding property, auto, and other non-liability coverages for the entities in our scope. The appendix will also explain aspects of those coverages that may provide financial challenges to the entities in our scope, even though the rating mechanism is not unique to entities in our scope.

Based on our research and analysis, we found:

- There appears to be a true crisis in the ability of Washington CPAs and GFHs to obtain liability insurance for *prior acts*. In other words, insurance may be available for acts that occur in the future, but **many insurers will not provide new coverage for acts committed by CPAs or GFHs or their employees or volunteers in the past that are currently uninsured because of gaps in insurance coverage**. The distinction between occurrence and claims-made coverage is key to understanding this difficulty and is discussed further in [Appendix A – Insurance Coverage Examples](#). Many of the large payments by DCYF and by private insurers in recent years for the types of entities in our scope relate to acts that plaintiffs state occurred many years in the past. Without insurance for these prior acts, which may have occurred long before the current management or staff of a CPA or GFH joined the organization, the CPA or GFH runs the real risk of financial collapse. If this occurs, victims who have not yet come forward may have limited opportunity to receive compensation while the state’s capacity to serve vulnerable children today could be constrained.
- **CPAs or GFHs that currently have insurance coverage may also encounter availability and affordability challenges renewing or maintaining such coverage, especially if there are historical insurance claims in which they are named**. These CPAs and GFHs may exit the market or may redirect their activities so that they may be able to obtain insurance. (For instance, a child welfare provider may cease providing support to children in the foster care system and, instead, focus on other vulnerable populations). This may not necessarily serve an accountability function if the leadership, staff, and protocols at the CPAs or GFHs are entirely different now than at the time of the historical incidents. In addition, the expertise, procedures, and capacity of such entities may be difficult to recreate on a timeline that serves children requiring services today.
- Although at present, some CPAs or GFHs may be able to obtain coverage for prospective operations, there are broad national trends toward decreased availability based, in part, on insurers’ concerns regarding:
 - Contractual obligations with state agencies, including contractual clauses and “additional insured” requirements;
 - Increasing settlements and awards;
 - Statutes of limitations;

- Standards of fault; and,
 - The potential attachment of multiple policy periods to a claim of abuse.
- There does not currently appear to be a lack of availability of liability insurance for Washington childcare centers or for family childcare homes, although there are certain leading indicators that an availability concern may develop on the horizon. Additionally, childcare facilities with one or more historical claims may have difficulty procuring liability insurance.

Based on our actuarial analysis, we found the liability premiums currently charged for childcare entities to be reasonable in the aggregate in relation to losses. As will be discussed further, the finding that the aggregate premium is actuarially reasonable does not contradict the fact that many of these childcare organizations operate on small budgets and that premiums increases may be difficult for the operators to absorb.

Policy options which we submit for consideration by the Legislature and which are presented in greater detail later in this report include:

- CPAs and GFHs:
 - Although a JUA can address an availability crisis, establishment in current conditions may be difficult given:
 - The large proportion of currently uninsured or underinsured loss related to prior uninsured acts (rather than future occurrences)
 - The potentially catastrophic nature of insurance losses given the nature of the injuries and the current litigation environment
 - The modest premium volume that could be collected from CPAs and GFHs would not be sufficient to fund such losses, requiring assessments from the voluntary market on other casualty lines of business
 - Assessments to fund catastrophic JUA losses could lead to disruption and even withdrawal within the voluntary market for the assessed lines of business
 - The Legislature may instead or additionally wish to consider:
 - Changes to DCYF contractual language such that the CPAs and GFHs need not indemnify the state for the acts/omissions of state employees;
 - Changes to the standard of fault for CPAs and GFHs;
 - Creation of a compensation fund to ensure victims receive recovery for their injuries and, by decoupling such recovery from the operations of current providers, reduce the risk of destabilizing the care being delivered to vulnerable children today;
 - Increasing the contractual amounts paid to CPAs and GFHs to increase the likelihood that entities that can afford liability insurance if it is available;
 - If some of the other policy options above can effectively limit the potentially catastrophic nature of CPA and JUA liability losses, a JUA may become a viable option; and,
 - Joining with other jurisdictions in encouraging federal action.
- Childcare (centers and family home based):

- Monitor the market for future availability concerns, with particular attention to childcare centers with one or more historic insurance claims;
- Should availability of insurance be constricted in the future, consider activating a daycare services JUA similar to the structure considered in 1986 in response to a prior affordability crisis;⁵
- Subsidies to childcare providers to assist with operational costs; and,
- Revised documentation standards for DCYF monitoring visits

In our report, we will present:

- Conditions and limitations of this report;
- Background Information on insurance concepts and the litigation environment in Washington;
- Our research, findings, and recommended policy options related to CPAs and GFHs;
- Our research, findings, and recommended policy options related to childcare and early learning organizations;
- Information about our data call; and
- Detailed appendices, including a survey of experience in other states and our actuarial analysis.

⁵ See RCW 48.88 (established by 1986, c. 141, § 1).

II. Conditions and Limitations

The actuarial review conducted in this study involves the estimation of outcomes of future uncertain events. As such, results are subject to variation from expected values.

The data set from which we conducted these projections was limited in size, especially for the CPA and GFH exposures, as described further in [Appendix D – Actuarial Indications](#). Furthermore, as documented in the [Data Call](#) section of this report, we did not conduct an audit of this data; instead, we reviewed it for reasonability and issued follow-up questions to the insurance companies.

Due to the nature and degree of uncertainty involved in these actuarial projections, there can be no guarantee that these independent estimates will prove adequate or not excessive. However, the assumptions and methodologies we used in our analysis are, in our opinion, reasonable under the circumstances.

[Appendix D – Actuarial Indications](#), including its supporting exhibits, should be evaluated in its entirety by a property and casualty actuary experienced in these lines of business and markets.

The policy options recommended for legislative consideration are based on our research. Although we have attempted to identify potential consequences of each policy option, it is not possible to identify every consequence. Furthermore, the Legislature may choose to execute some options in a manner not contemplated by this study. The outcome of any option or combination of options cannot be guaranteed.

This report should be read and distributed in its entirety, as opposed to parts thereof.

III. Insurance Concepts

Availability and Affordability

When evaluating whether a certain type of insurance is “available” in a specific market, we are determining whether insurance can be purchased at all.

The “markets” we discuss are frequently an intersection of geography, business type, and insurance coverage. For instance, there may or may not be an active insurance “market” for liability insurance for CPAs providing services in the state of Washington.

In some markets, the perception of risk by insurers is so high that it is generally unavailable. This may occur when insurers which historically had written those types of policies leave the market and other insurers determine that the risks involved exceed the premium that could be paid.⁶

If insurance is *unavailable*, the market is in a true crisis and regulators may decide to initiate an alternate insurance mechanism, such as a JUA.

In some markets, insurance may be *available*, but it may be *unaffordable*. Affordability may be measured in relatively objective terms (“is this insurance product priced reasonably considering other similar insurance products, recent trends in losses and litigation, and other specific factors?”) or in more subjective terms (“can the premium expense fit within the insured’s budget?”)

In some instances, challenges in affordability may be a precursor to challenges in availability. There may be a period in which premiums increase steeply that precedes an eventual abandonment of the market by voluntary insurers. However, this is not always the case. There are instances in which insurers are willing to provide coverage within a market if they can collect actuarially sound premiums; those premiums may be perceived as unaffordable to the insureds.

Challenges in availability and affordability are both daunting to insureds; however, affordability issues may be addressed with approaches that are not options when insurance is entirely unavailable.

Actuarially Reasonable Rates

In its [Statement of Principles Regarding Property and Casualty Insurance Ratemaking](#), the Casualty Actuarial Society states that

A rate is reasonable and not excessive, inadequate, or unfairly discriminatory if it is an actuarially sound estimate of the expected value of all future costs associated with an individual risk transfer

In other words, the rate charged by an insurance company for coverage is intended to be an estimate of the total value of loss and expense it will ultimately pay related to this coverage. It is impossible to predict

⁶ Currently, California foster family agencies are experiencing a liability insurance availability crisis, as discussed [further in our report](#).

the exact value of the future claims of each individual insured; however, aggregated over many insureds, the premium charged should be equivalent to the expectation of future loss and underwriting costs.

As described further in the Statement, actuaries use historical information about loss, premium, exposures, projected trends related to future loss experience (including the regulatory and litigation environment) and many other assumptions and considerations to determine actuarially sound rates.

Joint Underwriting Associations (JUAs)

The International Risk Management Institute (IRMI) defines a JUA as “a nonprofit risk-pooling association established by a state legislature in response to availability crises as respects certain kinds of insurance coverage.”⁷ A JUA is an alternate insurance mechanism that can be established when the voluntary market is not supplying necessary insurance to certain groups. One such JUA was established by Washington state in 1993 to provide medical malpractice insurance to nurse midwives and licensed midwives who were experiencing an availability crisis.⁸ Per [RCW 48.87](#), “the association shall be comprised of all insurers possessing a certificate of authority to write and engaged in writing medical malpractice insurance within this state and general casualty companies. Every insurer shall be a member of the association. . . .” The rating plan for this JUA was intended to be “based on sound actuarial principles.” Nevertheless, the nature of a JUA necessitates that if the premium collected is less than the expenses and losses that must be paid, the insurance companies that are members of the JUA will be assessed, generally based on their market share in the voluntary market. Should these assessments be unusually large, the stability of the voluntary insurance market bearing those costs may be at risk. For this reason, the establishment of a JUA must consider both insurance availability issues within a specific market as well as the potential for disruption within the wider voluntary market.

In the course of our research, we found only one state, Minnesota, with a JUA that provides liability insurance related to foster care. However, a) that insurance was provided for liability related to the foster parents, not CPAs or GFHs and b) sexual abuse was excluded from coverage.⁹ We determined that the coverage provided in this JUA was dissimilar from the coverage that may be contemplated in Washington state and concluded our review of the Minnesota JUA.

Frequency, Severity, and Loss Ratio

Actuarial predictions of loss and analysis of the reasonability of premium rates may focus on one or more of the following metrics:

- The *frequency* of claims refers to how often a claim occurs. This is usually described as a ratio of number of claims to an amount such as premium, revenue, or some other exposure metric.
- The *severity* of losses refers to the average loss per claim.
- A *loss ratio* for a given business segment, year, etc, refers to the ratio of loss to premium.

⁷ See <https://www.irmi.com/term/insurance-definitions/joint-underwriting-association>

⁸ The Legislature also created the statutory framework for a childcare JUA in connection with a nationwide childcare liability insurance crisis in the 1980s. See RCW 48.88 (established by 1986, c. 141, § 1); [Child Care: The Emerging Insurance Crisis, Hearings before the US House Select Committee on Children, Youth and Families \(July 1985\)](#).

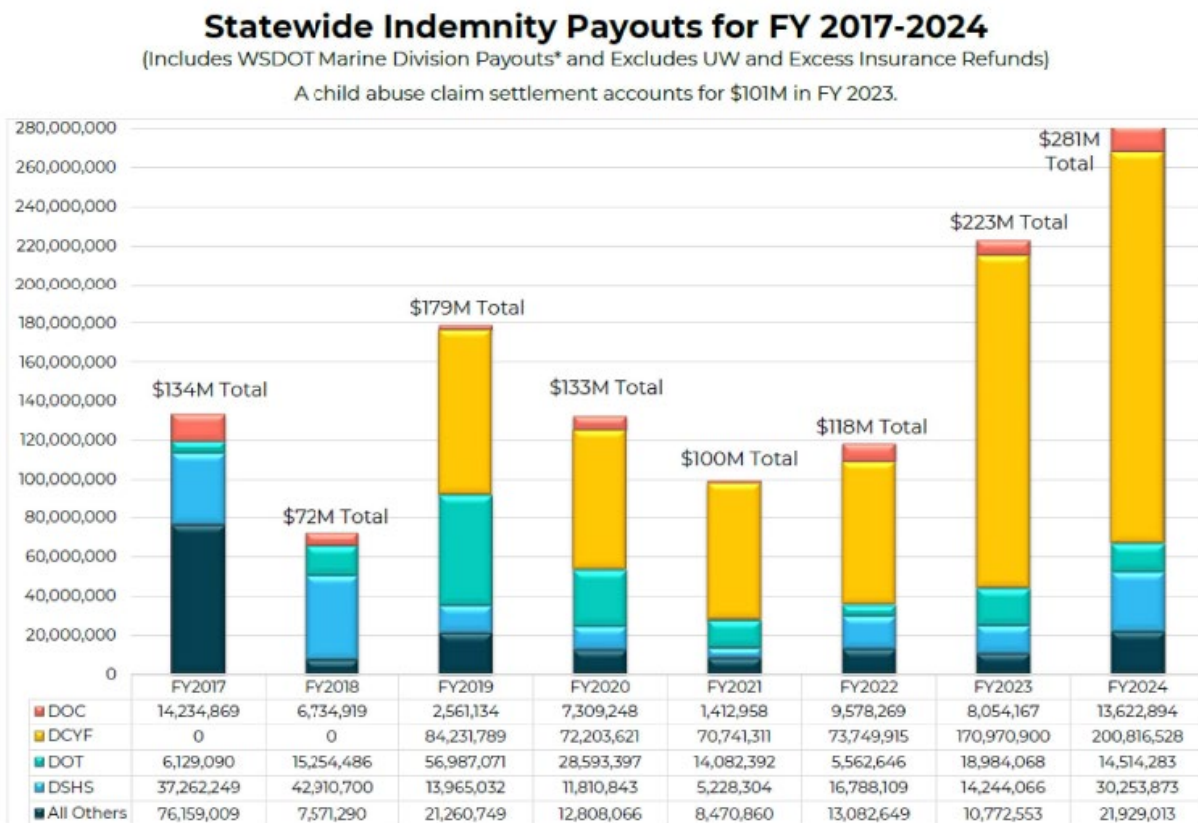
⁹ See www.mjua.org; [FAQ describing foster provider liability insurance coverage](#).

IV. Childhood Sexual Abuse Claims in Washington

A comprehensive study of childhood sexual abuse claims is beyond the scope of this report. The general environment surrounding such claims is highly relevant, however, to the question whether a JUA providing property and liability coverage for child and youth serving organizations could be financially viable. We have therefore prepared a high-level overview of developments based on prior presentations, interviews, data call results, published literature, and general research.

In Washington, the state government appears to be the largest single recipient of claims relating to childhood sexual abuse which is unsurprising given that state agencies will engage with more at-risk and vulnerable children and youth than private entities and will have a qualitatively different relationship with those children than an entity that does not assume responsibility for their care and well-being. The state's experience with such claims may, however, be illustrative of general trends. Further, because many youth- and child-serving entities serve as vendors to the state in support of its larger mission, their experience with childhood sexual abuse claims will be intertwined with the state in many respects.

In a June 4, 2025 report to the Senate Law & Justice Committee, committee staff presented a chart showing a dramatic increase in indemnity payouts from an average of approximately \$123 million in fiscal years 2017-22 to an average of \$252 million in fiscal years 2023-24.¹⁰



¹⁰ See [State Tort Liability](#) (June 4, 2025 presentation). Washington fiscal years run from July 1- June 30. Fiscal year 2024 represents the period from July 1, 2023 – June 30, 2024.

More than 70% of indemnity payouts in 2024 related to the operations of DCYF and its predecessor agencies. DCYF’s subsequent report to the Committee then noted that the frequency of claims had increased materially in recent fiscal years, sharing a chart which showed the average number of claims filed each year increased from an average of 158 per year (2016-22) to nearly 700 per year (2023-25). 1302 claims were filed in fiscal year 2025.¹¹

Claims filed increases each fiscal year



The DCYF presentation noted that the majority of claims paid in fiscal year 2024 related to incidents that occurred prior to 2000 with the 1980s being the decade with the highest representation.

The DCYF presentation, committee staff presentation, and an additional presentation from the Attorney General’s office¹² all highlighted recent developments in Washington common law regarding the duties owed by the state to children in foster care (e.g. reference to the “H.B.H. Decision”) in the preceding chart. These developments have been significant. See H.B.H. v. State, 192 Wash. 2d 154, 176-77 (2018) (“DSHS stands in a special protective relationship with foster children” but this “will not lead to unrestrained liability” because “[t]he State is not vicariously liable for all acts of foster parents” and “the general duty is simply to use reasonable care to protect the other person”); Barlow v. State, 2 Wash. 3d 583, 592-93 (2024) (“Where [a] special relationship is formed, it is accompanied by a heightened duty of care to protect the person from any foreseeable harm, equating that duty to strict liability.”); M.R. v. State, 4 Wash. 3d 702, 721-22 (2025) (Applying the continuing tort doctrine to sexual abuse spanning from childhood to majority, such that “[w]hen at least one act falls within the limitations period [applicable to childhood sexual abuse], the entire course of conduct does too.”) Statutory developments, particularly a 2024 modification to the statute of

¹¹ See [DCYF Tort Liability](#) (June 4, 2025 presentation)

¹² See [State Tort Liability](#) (June 4, 2025 presentation)

limitations regarding childhood sexual abuse claims have also been raised as factors contributing to the increase in claims filed and state payouts.¹³

Developments in the common law regarding state liability can influence the development of case law regarding private entities assisting the state in the provision of services. See, e.g., O.H. v. Secret Harbor, No. 2:23-CV-00060-JNW, 2025 WL 1237590, at *10 (W.D. Wash. Apr. 29, 2025) (applying the analysis of Barlow and H.B.H. to an action regarding a GFH). In addition, the valuation of claims settled by the state can affect expectations with regard to recoveries from private entities. Contractual indemnification provisions which may require private entities to hold the state harmless, fund its defense, and contribute to settlement may also tend to cause convergence between the litigation experience of private and public entities.¹⁴

The data call sought information regarding losses paid by insurers in Washington arising out of reported childhood sexual abuse. The responses received appear to be materially incomplete for a number of reasons including the fact that the data request sought information regarding policies effective since July 1, 2014 to retrieve approximately 10 years of policy information, but many losses may have been paid under occurrence based policies that are much older. In any event, the data produced show that, unsurprisingly, childhood sexual abuse claims present as both frequency and severity risks meaning that there is both a high volume of claims (in relation to the number of insureds, premium collected, and other metrics) and that individual claims can have extremely high values (in excess of \$1 million in many cases and \$10 million in some instances).

There may be some Washington-specific factors contributing to high claim valuations. For example, while legislatures in some jurisdictions have limited the damages recoverable at trial, the right of trial by jury guaranteed in the Washington Constitution has been held to preclude the adoption of such statutes in Washington. See Sofi v. Fibreboard Corp., 112 Wash. 2d 636 (1989). Concerns have also been expressed that application of the Washington Law Against Discrimination in childhood sexual abuse cases may result in the imposition of strict liability on providers of child and youth services. See, e.g., W.H. v. Olympia School Dist., 195 Wash. 2d 779, 792-93 (2020) (regarding application of WLAD strict liability in the case of sexual abuse by a school bus driver); O.H., No. 2:23-CV-00060-JNW, 2025 WL 1237590, at *8-9 (Finding that a GFH may be a “place of public accommodation” subject to WLAD). Concerns have been raised that a strict liability regime would present particular hardship in the context of conduct alleged to have occurred decades ago, for which there are few extant records, deceased witnesses, and clouded or absent memories, over which current staff and management have no control, and for which current staff and management have no personal responsibility.

More generally, we have not attempted to identify the reasons for the number or valuation of claims in recent years vs. past or to project what future trends may be in those regards. We do note, however, concerns that the current level of damages may be the result of increases in recent jury awards that far exceed the impact of economic inflation.

¹³ Statutes of limitations and the effect of the 2024 amendment are discussed further below in [Appendix B – Statutes of Limitation for Civil Claims for Childhood Sexual Abuse](#).

¹⁴ Contractual indemnification provisions are discussed in greater detail below at [CPA and GFH Contracts](#).

V. CPAs and GFHs

CPAs and GFHs appear to be facing a true liability insurance availability and affordability crisis, both in Washington state and nationally.

CPAs are essential entities in the foster care process. They certify and write “home study” reports about potential foster homes which DCYF may then choose to license. They recommend placements in specific foster homes based on information that DCYF provides about children or youth needing placement. They monitor and support the foster caregivers. Some CPAs facilitate adoption. Many CPAs have licensed therapists or other specialists on staff that are uniquely qualified to assist in these placement decisions and offer integrated support through separately licensed “wraparound” services.

GFHs are designed as group residential programs for youth who exhibit substantive behavioral challenges, and can be used as an intermediate step after a more restrictive institutional placement and to facilitate transition to foster care in a family home. Without adequate GFH capacity, vulnerable youth may lose an important link to family and community-based care.

National Information

NOSAC/ACRC Survey Report

The National Organization of State Associations for Children (NOSAC) and the Association of Children’s Residential and Community Services (ACRC) prepared and distributed a July 2025 report entitled, “Insuring Care: How Liability Insurance Access Threatens Community Services for Children.”¹⁵ The report is based on a 2025 national survey of child and family-serving organizations; 327 organizations from 46 states (including Washington state) responded.

The report presents figures regarding the cost of liability insurance premium in 2019 and 2025 based on self-reporting of 238 organizations:

- The average total premium increase (over 5-6 years) was 163%
- 47% of respondents had premium increases over the period of 100% or greater (in other words, the premiums at least doubled)
- Nearly two-thirds of respondents reported difficulty receiving insurance bids
- Nearly two-thirds responded that in this time period, they had changed insurance companies due to coverage limitations, nonrenewal by their insurer, unaffordable premiums, and insurers exiting the market.

Premiums reported in the survey typically related to policies with general liability coverage limits of \$1 million per occurrence or claim and \$3 million annual aggregate coverage; DCYF contracts currently require general liability and professional liability coverage limits of \$1 million per occurrence or claim and \$2 million annual aggregate coverage. The coverage limits which the NOSAC/ACRC report notes as predominant in their survey are comparable enough to the DCYF limits to be meaningful for our review.

¹⁵ The report can be downloaded here: <https://togetherthevoice.org/insuringcare/>

The NOSAC/ACRC report cites a Business Insurance USA article stating that general liability premiums are rising at an average of 8% - 12% annually.¹⁶ Assuming a 10% average annual premium change, the change in the general liability¹⁷ market overall, without regard to challenges in child welfare services, would have represented approximately a 77% increase in six years. (Note that this rate increase is multiplicative; not additive). Reviewing separate annual data from a Marsh & McLennan report, the increase in US liability premiums overall across all markets may have been closer to 40% in that time period.¹⁸ In either event, increases of over 100%, as highlighted in the study, would be significantly higher than the overall US liability market has experienced.

Florida Future of Child Protection Contracting and Funding Workgroup

The Florida legislature created a workgroup in May of 2024 to examine current contracting methods for the provision of foster care and related services, consider the needs of children and families at risk of abuse and neglect, and identify current barriers to implementing certain prevention services. The workgroup delivered its report in October of 2025.¹⁹ The workgroup identified insurance and liability coverage as key “themes” impacting sustainability and accountability for the provision of foster care and related services and noted that the increasing costs of insurance paid by “CBC Lead Agencies” (private entities providing services under direct contract with the state) are diverting resources from the provision of service to children. The working group estimated that the impact was equal to the cost of serving 1,200 to 1,500 children annually.

In addition, the report noted that one of the two underwriters serving the Florida child welfare sector had advised that all sexual conduct/physical abuse and social service professional liability policies would face a 100% premium increase in 2025 and the reduction of limits through elimination of excess/umbrella policies. Further, the insurer warned that Florida foster care nonprofits were at risk of becoming uninsurable under current Florida liability laws. As illustrative examples of these issues, the report noted that one provider was paying 5% of revenue for insurance (vs. a 1% target) and another provider was faced with premium increasing from \$1.2M to \$2.6M between 2024 and 2025 together with what appears to be a \$500,000 self-insured retention. The Florida working group concluded that:

“Without targeted intervention, these insurance constraints threaten the long-term stability of provider participation and, ultimately, the system’s capacity to deliver critical services to vulnerable children and families.”

¹⁶ See [Rising Business Insurance Premiums: What’s Causing the Increase?](#)

¹⁷ Note that child welfare organizations may need to include professional liability insurance, as well as general liability insurance, in their coverage. Trends for professional liability insurance may differ somewhat from general liability insurance. All trends are also variable by state, litigation environment, and specific profession.

¹⁸ See <https://www.marsh.com/en/services/international-placement-services/insights/us-insurance-rates.html>, US Casualty section

¹⁹ See [Future of Child Protection Contracting and Funding Workgroup Report](#)

California Department of Insurance Notices

California is currently undergoing a crisis wherein liability insurance is unavailable for many foster family agencies (FFAs).

On August 23, 2024, Commissioner Ricardo Lara issued a notice to “request to initiate or increase liability insurance coverage offerings for FFAs in California.”²⁰ The notice stated:

. . . many of the state’s more than 200 nonprofit FFAs are on the verge of losing their risk pooling liability coverage, without which they cannot legally operate.

FFAs are nonprofit entities that contract with county placing departments to find placements for children who require more intensive care than a typical foster family home, usually as an alternative to a group home or short-term residential therapeutic program. FFAs recruit, certify, and train foster parents and provide social workers and other support to these foster families.

Over the past few decades, due to an increase in claims, changing risk appetites, and other market conditions, most insurers left or are leaving the insurance market that previously provided commercial liability insurance coverage for these nonprofit FFAs. As a result, this has left a single nonprofit pooled risk arrangement – the Nonprofits Insurance Alliance of California (NIAC) – with providing this required coverage for approximately 90% of the FFAs operating in California.

Primarily due to recent high-valued court judgment settlements against FFAs, which the NIAC is responsible for providing liability coverage for a significant amount of them, the NIAC began issuing nonrenewal notices to some FFAs last month. . . . Those FFAs that are being nonrenewed by the NIAC are unable to readily obtain available and/or affordable replacement coverage, including in either the admitted or surplus lines insurance markets. This lack of coverage will likely force many FFAs to start shuttering their programs, thus upending the stability of the foster children and youth that they serve. On a larger scale, thousands of foster children and youth are potentially at risk of losing their current FFA placement.

The California legislature responded to the crisis with two statutes that do not appear to have substantially improved the FFA liability insurance market.²¹ On October 22, 2025, Commissioner Lara issued a follow up notice stating that:²²

To date, no insurers have submitted a rate filing to my Department that would initiate or expand their offerings to FFAs. . . .

²⁰ See <https://www.insurance.ca.gov/0250-insurers/0300-insurers/0200-bulletins/bulletin-notices-commiss-opinion/upload/Notice-Foster-Family-Liability-Insurance-Availability-August-2024.pdf>

²¹ One statute appropriated \$31.5 million to support FFAs experiencing liability insurance premium increases. The second statute declared that, until January 1, 2027, FFAs “may be held liable for injury or damage caused by the negligence of the FFA but not for the injury or damage caused by [a] public entity” and that, during the same period, FFAs and the State shall each bear the cost of purchasing their own liability insurance and defending actions brought regarding their own acts and omissions. [Cal. Civ. Proc. § 1062.30 - 1062.34.](#)

²² See <https://www.insurance.ca.gov/0250-insurers/0300-insurers/0200-bulletins/bulletin-notices-commiss-opinion/upload/Notice-Foster-Family-Liability-Insurance-Availability-October-2025-FINAL.pdf>

The California Budget Act of 2025... made available \$31.5 million... to distribute to eligible licensed FFAs to help support continued operation of FFA providers impacted by the potential increase in liability insurance...

This is a critical matter that must be addressed as, without insurance coverage, nonprofit FFAs will be unable to continue their important work because they will be unable to meet contractual requirements to secure liability insurance coverage...

With this new Notice and the current availability of state funds for FFA providers... all property and casualty insurance companies [are requested] to initiate or expand their offerings for coverage to FFAs...

Washington State Information

In addition to research regarding the liability insurance market for CPA and FFA-equivalent providers in other jurisdictions, we also sought Washington-specific information through our data call, interviews with market participants, and actuarial analysis.

CPA and GFH Contracts

CPAs and GFHs sign contracts with DCYF related to the services that they provide. We requested contract templates from DCYF, which it provided.²³

Below, we discuss contractual clauses which are related to insurance availability and affordability. We also summarize the insurance coverage that the CPAs and GFHs are required to purchase.

CPA and GFH Provider Contracts – Indemnification Provisions

Standard DCYF contracts with CPAs and GFHs include provisions that control risks to the state and its employees by requiring the private agencies to indemnify the state and make the state a beneficiary under mandatory insurance policies.

Indemnity and insurance provisions can protect a public entity from liability arising out of negligent or wrongful acts by contractors and subcontractors. If broadly worded, however, these provisions can also shield a public entity from the cost of injuries resulting from its own actions or omissions. A broad indemnity provision can also present a number of risks. For example:

- Accountability may be diminished if the responsible party does not bear its own costs;
- The adoption of best practices by a private entity could be frustrated if its liability exposure is fundamentally driven by state operations; and
- If indemnity provisions draw private entities into actions primarily focused on state acts or omissions, overall costs may increase because public entities are generally perceived as “deep pocket” defendants.

²³ The template contract for GFHs was named “Behavioral Rehabilitation Services for Qualified Residential Treatment Programs,” which DCYF stated was “representative of other group home contracts.” For purposes of our report, we will refer to this contract template as a “GFH contract.”

Overbroad indemnification provisions can, therefore, exacerbate problems with the affordability and availability of insurance to private service providers contracting with the state. These concerns have been raised in a number of other jurisdictions including the following:

- [Pennsylvania](#) – Advocates for Pennsylvania agencies providing foster care, adoption, residential treatment, and other services proposed legislation to eliminate government-indemnification provisions, with the goal of increasing accountability (linking responsibility and authority to liability) and making private agencies more attractive to insurers.²⁴ The proposed legislation was adopted, such that “[a] provision in a service provider contract in which a county or municipal government entity is indemnified... from any injury... caused by or resulting from the [public entity’s] negligence, in whole or in part, shall be void as against public policy and unenforceable.” [67 Pa. Cons. Stat. Ann. § 8102\(a\)](#).
- [Massachusetts](#) – Legislation similar to that proposed in Pennsylvania was introduced in Massachusetts in 2023 but was not adopted.²⁵
- [California](#) – As discussed above at [California Department of Insurance Notices](#), in 2025 the California legislature adopted a statute which clarified that an FFA “may be held liable for injury or damage caused by the negligence of the FFA but not for the injury or damage caused by the public entity” and that FFAs and public entities “shall each bear the cost of insuring against their respective acts and omissions and shall each bear the costs of defending itself against claims arising from those risks.” Cal. Civ. Proc. § 1062.30 - 1062.34 ([link](#)). In addition, contracts attempting to cause an FFA to bear liability for “a public entity’s negligence or intentional conduct, in whole or in part, shall be void as against public policy and unenforceable”. *Id.* These provisions are temporary and will be automatically repealed effective January 1, 2027. *Id.*
- [Florida](#) – In 2025, the Florida legislature adopted a statute providing that, on a prospective basis, a subcontractor “provid[ing] foster care and related services is not liable for the acts or omissions of the lead agency; the department; or the officers, agents, or employees thereof.”²⁶ See Fla. Stat. § 409.993(3)(b) ([link](#)).
- [North Carolina](#) – The North Carolina legislature is considering legislation that would make non-governmental contractors and state entities responsible for bearing their own costs to defend and resolve litigation related to their own acts or omissions. See House Bill 547 ([link](#)).

The DCYF contracts with CPAs and GFHs contain identical language regarding indemnification that may raise some of the concerns identified in other jurisdictions. For example, the CPA and GFH contracts require that private agencies are responsible for defending the DCYF and holding it harmless from “any and all claims... of whatsoever kind of nature, arising out of or relating to... the acts or omissions of the Contractor or any Subcontractor.” This language is broad and is not limited to negligent acts by a CPA or GFH. Instead, the language could be interpreted as requiring a contractor to hold DCYF harmless from any action

²⁴ See [Fairness, Accountability, and Service Continuity for Children’s Services Provider Agencies](#).

²⁵ See Children’s League of Massachusetts Whitepaper ([link](#)); 2023-24 Massachusetts Senate Bill 1134 ([link](#)).

²⁶ The Florida Future of Child Protection Contracting and Funding Workgroup, discussed above, recommended extending this protection from subcontractors to the “CBC Lead Agencies” that contract directly with the State.

involving a child for whom the contractor provided services, even if the contractor was not negligent or otherwise at fault.

It is not clear that DCYF has ever taken such a position, but the possibility (coupled with industry concerns that this has occurred in other jurisdictions) may make CPAs and GFHs unattractive risks for insurers. Please see hypothetical examples of how this contract language could impact CPAs and GFHs in [Appendix A – Insurance Coverage Examples](#).

CPA and GFH Provider Contracts – Additional Insured Requirements

The contract templates require that the contractor name the state of Washington, DCYF, its elected and appointed officials, agents, and employees as additional insureds on the contractor's general liability policy. (This does not appear to be a requirement for professional liability coverage). Additional insured status provides the state actors with the benefit of insurance coverage on the contractor's policy and is an additional layer of protection in the event that the indemnification and hold harmless provisions are held unenforceable.²⁷

CPA and GFH Provider Contracts - Insurance Requirements

The required insurance limits and coverage in the template contract provided to us by DCYF include:

- Commercial General Liability (CGL) insurance with a limit of not less than \$2 million per occurrence, and if there is an annual aggregate limit, it must be not less than twice the per occurrence limit. (Sole proprietors with fewer than three contracts can choose alternate coverages if attached to a professional liability policy);
- Business Automobile Liability insurance providing bodily injury and property damage coverage and with a combined single limit of not less than \$1 million per accident;
- Professional liability insurance with a limit of not less than \$1 million per claim and \$2 million annual aggregate; and,
- All required insurance must include coverage for the acts or omissions of the contractor's employees and volunteers.

Liability insurance is essential to the CPA or GFH for the following reasons:

- It is a requirement for licensure.
- Liability insurance provides security for the payment of damages to an injured party if damages occur as a result of the organization's acts or omissions (or acts or omissions of its employees or volunteers).
- Should an uninsured or insufficiently insured claim be brought against a CPA or GFH, the magnitude of the indemnification and defense costs could force the CPA or GFH to close. We note that claims can be brought against an institution for actions that happened many years ago, when the staff, management and protocols were different.

²⁷ See <https://www.irmi.com/term/insurance-definitions/additional-insured>

CPA and GFH Provider Contracts - Contract Rates

CPAs and GFHs are paid for their services by DCYF using standard contract rates that are promulgated by DCYF.²⁸

In discussing the affordability of liability insurance with CPAs and GFHs, broader financial discussions arose. Several CPA and GFH representatives noted that the contractual rates paid for these services are substantially below-cost. This was presented both as a concern (regarding affordability) and a benefit of working with CPAs and GFHs because the shortfall that is now made up by philanthropy would be absorbed by the state if the services were not provided by private nonprofits.

This concern is consistent with a finding in an October 21, 2025 report to the Washington Legislature entitled "[Impacts of Contracting Structures on the Sustainability of Human Services Providers](#)" which finds "contract underpayment as a significant factor contributing to the long-term unsustainability of the human services sector" in Washington state. One of the recommendations in the paper that was unanimously put forth by all members of the workgroup was "ensure that state contracts cover the full costs of delivering services by scaling contracts' scope or budget."

One CPA shared informally gathered data from other Washington child welfare agencies for the 2019 – 2024 period about liability insurance costs, total child welfare expenses, and total contract revenue (amounts paid to the welfare agencies by DCYF). For five of the eight agencies, overall contract revenue adequately paid for or exceeded the total child welfare expense due to receipts for "wraparound" or other non-core services. For three of the agencies, contract revenue ranged from 30% to 60% of child welfare costs; the remainder of the budget needed to be collected using philanthropy or other methods. We do not have sufficient information to interrogate what might be a determining factor in the adequacy of DCYF payments – whether that is related to specific types of services, geographies, staffing choice, or other considerations. Such an exercise would be outside the scope of this project but the additional revenue would increase the affordability of insurance.

The aggregated data across welfare agencies also compared liability insurance cost to child welfare costs and to contract revenue. In both circumstances, the percentage rose from 2019 to 2024. For instance, liability insurance costs represented 1.8% of contract revenue in 2019 and 2.6% of contract revenue in 2024 across all providers in the data provided to us.

Statutes of Limitation

Concerns were expressed in interviews with market participants that a 2024 modification of the statute of limitations applicable to childhood sexual abuse may have destabilized the liability insurance market for all entities serving children in Washington. The subject is addressed in detail in [Appendix B – Statutes of Limitation for Civil Claims for Childhood Sexual Abuse](#). The amendment is recent and we are unaware of firm, quantitative data regarding its effects. Our conclusion, however, is that this area of the law is rapidly developing across the country and that Washington is not an outlier. Further, any effect of the amendment on the availability and affordability of liability insurance for CPAs and GFHs is likely to be indirect and the result of perceptions rather than the law itself.

²⁸See <https://www.dcyf.wa.gov/services/child-welfare-providers/contracted-services>

Washington State Data Call and Actuarial Analysis

With regard to the data call and actuarial analysis, we note that CPAs and GFHs were combined in this analysis because of certain contractual similarities and similarities in the types of claims that are brought. In this situation, the statistical reliability of the two very small datasets²⁹ is enhanced by combining them.

Our methodology for gathering data as well as our detailed actuarial analysis are discussed in the [Data Call](#) section of our report as well as [Appendix D – Actuarial Indications](#). This section provides a summary of our key findings.

Availability of Insurance

Based on the information from our data call, there were two surplus lines insurers³⁰ that provided over 70% of liability insurance premium to CPAs and GFHs in 2024. There were an additional two insurers that provided 15% of the market share; it is unclear whether that was provided on an admitted³¹ or surplus lines basis.³² In 2025, for which we have only a partial year of data, an additional surplus lines insurer entered the market and the three insurers (the two which had provided over 70% of the insurance in 2024 plus the new 2025 entrant) provided 82% of the liability premiums. The market share of the two insurers that had provided 15% of the premium in 2024 dropped to 4% in 2025.

In short, the liability insurance market for GFHs and CPAs is becoming more and more strongly concentrated in a few surplus lines insurers. This is suggestive of a market that may be becoming unstable with heightened risk should any one of the current participants choose to withdraw.

Additionally, based on interviews with insurance professionals and with risk managers at GFHs and CPAs, we understand that insurance is largely unavailable in the following scenarios:

- Should a GFH or CPA have a gap in insurance coverage for exposure in the past, it is nearly impossible to obtain coverage for that period. These gaps can develop somewhat commonly, even when a GFH or CPA is conscientious about insurance coverage. As explained further in [Appendix A – Insurance Coverage Examples](#), if a GFH or CPA is covered under a claims-made policy and that policy is non-renewed for any reason or the coverage limits are deemed to be insufficient, it will be nearly impossible for the GFH or CPA to obtain “prior acts” coverage for the coverage gap that will arise if a new claims-made policy is issued on a going-forward basis. Please see [Appendix A](#) for

²⁹ Based on a listing provided to us by DCFY, in 2025 there were only 51 CPAs in the state and only 72 GFHs once entries were combined at the corporate level.

³⁰ As discussed on the OIC website, “surplus lines insurance is used when other insurers in the market won’t offer coverage because of high risk, it’s uncommon or doesn’t meet their guidelines” See <https://www.insurance.wa.gov/insurance-resources/surplus-line-insurance/surplus-line-insurance> As described further on the OIC website, surplus lines insurance companies are not licensed by the OIC, the OIC is not allowed to review their rates and policies, and surplus lines customers are not protected by state guaranty funds.

³¹ Admitted insurers are licensed to do business in the state in which the insured exposure is located. See <https://www.irmi.com/term/insurance-definitions/admitted-insurer> The OIC has more direct oversight of admitted insurers and reviews filed rates and forms.

³² Some insurance groups may provide insurance on an admitted basis through some companies in the group and on a surplus lines basis through other companies. Based on the data call submissions, it was not always possible to be certain on which basis the insurance was provided.

explanations and examples regarding claims-made coverage, retroactive dates, and gaps in coverage. Note that this situation can arise through no fault of the insured, for instance, if its insurer decides to exit the market.

- Should a GFH or CPA suffer a liability insured loss, it may be declined from any future liability insurance coverage.

Based on information from the data call, it appears that the market for liability insurance for CPAs and GFHs is very small and the number of insurance company participants is decreasing. This creates a strong availability concern. Additionally, based on discussions with insurance professionals and risk managers, our understanding is that insurance may be completely unavailable for uninsured prior periods. It also may be unavailable on a going-forward basis for entities with a past insured claim. Although the initiation of a JUA may be considered in situations of low or nil availability, there are impediments to a JUA in this market, as we will describe below.

Actuarial Reasonability of Premium

As discussed further in [Appendix D – Actuarial Indications](#), we produced liability actuarial indications for CPAs and GFHs on a combined basis. As discussed in [Appendix D](#), the small number of entities in the CPA and GFH dataset³³ make the actuarial predictions less statistically reliable. With this limitation in mind, our primary goal of the actuarial rate indications was to determine whether there is clear evidence that premiums are generally reasonable, evidence that they are substantially inadequate relative to loss, or evidence that they are substantially too high relative to loss.

As noted in [Appendix D](#), our actuarial projections would indicate that, to be actuarially sound, CPA and GFH liability premiums should be more than ten times their current rates. Although the statistical reliability for each of our projections is relatively small, we find the projections reliable enough to conclude that **the current liability premiums in the aggregate are highly inadequate in relation to claims experience**.³⁴ This is likely a function of the types of risks borne by these institutions, the regulatory and litigation environment, and potentially the contractual obligations of these entities to DCYF in tort claims. Clearly, increasing CPA and GFH premiums tenfold would be disastrous to the operating budgets of the service providers and may lead these entities to close, leaving a critical gap in services.

Note that overall Washington claims experience in the child welfare arena has become substantially more frequent and more severe since 2023, as noted above in [Childhood Sexual Abuse Claims in Washington](#) section of our report. Thus, the premiums charged may have only recently been recognized as materially inadequate, leading to more market exits in recent years.

The inadequacy of the current premium rate level stems largely from a small number of very high-value claims. There are two claims in our dataset each with a value over \$10 million, as well as other claims that are very impactful. The presence of these very high-value claims impacts the viability of a potential JUA, as we will discuss further below.

³³ Based on a listing provided to us by DCYF, in 2025 there were only 51 CPAs in the state and only 72 GFHs once records were combined at the corporate level.

³⁴ This is not to say that premium needs to rise at this rate for every CPA or GFH but, rather, that for the market as a whole, premium appears to be a fraction of projected losses.

Feasibility of Implementing a JUA for CPAs and GFHs

Given the current and/or impending liability insurance availability crisis for CPAs and GFHs, it would be natural to suggest a JUA as a vehicle of providing insurance to these essential members of the child welfare community. The chief impediments to the implementation of a JUA in the current environment relate to the potentially catastrophic nature of claims, the likely inability of CPAs and GFHs to fund an insurance mechanism sufficiently to cover those claims, and the potential disruption to the voluntary market should large assessments become necessary.

Generally speaking, the rates and premiums for a JUA are intended to be set at actuarially reasonable levels, as was the mandate for the Washington state midwifery JUA. As [discussed above](#) and in [Appendix D](#), the current premiums for CPAs and GFHs appear to be very inadequate. A JUA providing liability coverage to CPAs and GFHs in the current environment is likely to face losses that are frequently catastrophic – meaning they would be beyond the ability of the entity to pay through internal mechanisms (e.g. premium and surplus) and must therefore be paid through some other mechanism.³⁵ Reinsurance would not be a viable option because the premium to pay for it could not be charged to CPAs and GFHs. Assessments on voluntary market would therefore be the most likely mechanism for laying off the catastrophe risk from a JUA.

Looking to information gathered in the data call, the prevalence of catastrophic losses is clear:

- For accident years 2020 to 2024, our dataset includes 11 claims with reported amounts in excess of \$1 million each, including two claims valued at more than \$10 million. The total reported value of these 11 claims alone exceeds \$50 million.³⁶
- Given DCYF's experience (see above at [Childhood Sexual Abuse Claims in Washington](#)), it is highly unlikely that the claims in our dataset reflect all the liability claims that might ultimately be brought for these accident years. This implies that the total value of claims against CPAs and GFHs for the 2020 – 2024 accident period may substantially exceed \$50 million.

Beyond the data call, we also considered general trends in Washington state child sexual abuse claims which suggest a change in reporting patterns in the early 2020s, when more claims and material losses began to be reported. Figures are presented above (see [Childhood Sexual Abuse Claims in Washington](#)) and data from both the Attorney General's Office and the DCYF suggest that there was a real or perceived changes in social or litigation environment that caused many more claims to be brought forward and for those claims to be settled for/awarded larger amounts. It is difficult to anticipate whether the frequency and severity of losses have leveled off or whether they will continue to grow over time. Figures for 2025 do not suggest a

³⁵ <https://www.irmi.com/term/insurance-definitions/catastrophic-loss>

³⁶ It should be noted that "reported" amounts refer to the amounts paid to date plus "case reserves" established by insurance adjusters to estimate the remaining value to resolve the claim. Frequently, total payments on a large claim by the time it is closed exceed estimates from earlier in the life of the claim. There is, accordingly, material risk that \$50 million is an underestimate of the ultimate exposure on these 11 claims. Also note that one of these claims mentions a "vulnerable adult" in the claim description. Some GFHs may serve both youth and vulnerable adults. It is unlikely that a liability policy for such an entity would be split between the vulnerable adult and the youth population. For this reason, and because premium and losses are not necessarily identifiable on this basis, we included all premium and claims in our actuarial analysis and projections.

pause in growth, however, as the Attorney General’s Office reported that DCYF payouts were approximately \$170 million in 2023, \$200 million in 2024, and approximately \$291 million **through only nine months** of fiscal year 2025. Claim counts against DCYF show a similar trend, increasing from 211 in 2023, to 426 in 2024, and 734 through the first nine months of fiscal year 2025.

The risk related to payments on very old claims (which are a large part of the DCYF payouts) could be mitigated by permitting a JUA to write coverage on a purely prospective basis or with tightly constrained “prior acts” coverage (e.g. no coverage for incidents reported on or after the effective date but occurring before the effective date – please see [Appendix A](#) for further detail). A large part of the current availability crisis, however, is related to past exposure that is either uninsured due to an existing coverage gap or may become uninsured if voluntary carriers exit the market.³⁷ A JUA writing coverage solely on a prospective basis would not, therefore, solve the primary availability problem, would not protect CPAs and GFHs to ensure that they can continue to operate prospectively, and would not provide a source of recovery for historical victims. Even so, the risk of a catastrophic loss remains elevated for CPA and GFH operations such that even a JUA offering purely prospective coverage could not be self-supporting.

Establishing a JUA that would be expected to charge inadequate premium and to impose material assessments on the voluntary market would be contrary to precedent and would raise significant risks of disruption to the markets on which assessment are imposed. Specifically, assessments levied on the voluntary market would risk creating affordability and availability concerns in voluntary markets such as general liability and other property/casualty lines of business, impairing the abilities of many public-serving industries and businesses to acquire insurance. The risk of significant disruption to voluntary markets would be particularly acute if, through a combination of indemnification/additional named insured requirements³⁸ and broad JUA coverage, the cost of defending and settling claims currently paid by the state were to feed through to CPAs/GFHs, the JUA, and the assessment mechanism.

CPA/GFH Findings and Policy Options

In summary, based on our research we found:

1. The market for liability insurance for CPAs and GFHs is restricted to a very small number of insurers, most of them writing business on a surplus lines basis. The small number of insurers willing to take on this risk creates an availability concern.
2. Based on information from insurance professionals and risk managers, liability insurance for gaps in coverage for prior acts (which may have occurred when carriers left the market) is largely unavailable.

³⁷ The nature of claims made coverage, “prior acts” coverage, and retroactive dates are discussed in [Appendix A – Insurance Coverage Examples](#). The Appendix also addresses coverage gaps which may leave an CPA or GFH uninsured for historical acts or omissions.

³⁸ Provision in DCYF contracts requiring indemnification of the state by CPAs and GFHs are discussed, above, at [CPA and GFH Contracts](#).

3. Based on information from insurance professionals and risk managers, going-forward liability insurance for entities with past insured claims may be largely unavailable or at least highly unaffordable.
4. Some CPAs and GFHs have changed the services they provide such that their fiscal model is viable; insurance cost and availability may be one component of those considerations.
5. Child welfare providers are having difficulty obtaining and affording liability insurance on a nationwide basis.
6. Certain aspects of the Washington regulatory and tort environment, including but not limited to indemnification clauses in contracts with DCYF, may create the potential for more severe and more frequent losses and may contribute to concerns regarding insurance availability and affordability.
7. Based on our actuarial indications, we find the liability premiums charged to CPAs and GFHs to be insufficient compared to projected losses. The much higher rates necessary to cover projected loss and expense indicated by our indications would be unaffordable for CPAs and GFHs.
8. We note that there appears to be a trend towards greater frequency of claims as well as higher awards or settlements. We observe this in our data and this observation also corresponds to information provided by DCYF.
9. Given the current claims environment, the initiation of a JUA may prove difficult as:
 - It is unlikely that CPAs and GFHs could pay actuarially supportable premiums
 - The voluntary market may be disrupted if assessments prove to be high. Other types and lines of insurance may be adversely impacted if insurers begin to exit the Washington market
10. It may be most productive to identify and, if possible, impact some of the underlying causes of large payment amounts. Should the frequency and severity of claims begin to diminish (instead of increasing), it is possible that assessments on the voluntary market could be better able to be absorbed and less likely to lead to exits from the voluntary market.

As discussed above, Washington is not alone in experiencing a “hardening” market in liability insurance for child- and youth-serving organizations, particularly those that, like CPAs and GFHs, facilitate foster placements or provide group foster care. A number of other jurisdictions have therefore adopted statutes or are considering bills in response to these pressures. These responses, if adopted in Washington, might increase viability of a JUA providing coverage for CPAs and GFHs.

There tend to be few (if any) legislative actions addressing JUA funding and JUA exposure across the country – because there do not appear to be any JUA’s covering CPA/GFH liability for childhood sexual abuse.³⁹ It should be noted, that California has included an “increased funding” approach as part of its response to a current crisis in the market for foster family agency (“FFA”) liability insurance although a \$31.5 million

³⁹ As noted above, the Minnesota JUA excludes coverage for “[d]amages arising out of sexual abuse or molestation.” [\(link\)](#)

allocation does not appear to have drawn new market participants. See, above, [California Department of Insurance Notices](#). There have, however, been a wide range of legislative responses to control CPA/GFH liability. We collect and report on this legislative activity in [Appendix C – Legislative Responses that may Affect CPA and GFH Liability](#).

With our findings in mind, we present the following policy options, which can be enacted individually or in combination:

Policy Option #1

The Legislature may wish to invalidate the indemnification and hold harmless clauses, as well as the additional insured clauses, in contracts between DCYF and CPAs or GFHs.

As noted [above](#) and in [Appendix A](#), these clauses can cause a CPA or GFH (and for all practical purposes, its insurer) to indemnify DCYF for any damages and to pay for DCYF defense, even in circumstances in which the CPA's or GFH's actions (or inactions) were not the proximate cause for injury.

The "tendering" of DCYF claims to associated contractual parties was discussed in the June 4, 2025 testimony to the Washington Senate Law and Justice Committee and was also presented to us by many insureds and insurance professionals.

This automatic association of a CPA or GFH with a claim brought against DCYF increases both the frequency of the claims that will be brought against these entities as well as the severity (magnitude). Note that the duty to defend a claim is frequently not restricted to policy limits and can be extremely expensive.

As discussed [above](#), there have been initiatives in other states to eliminate or invalidate these types of clauses.

Potential Advantages: Claims against CPAs or GFHs would be restricted to situations in which there was a cause of action against the entity, not only a cause of action against DCYF. The CPA or GFH could still be named in a claim or suit if it indeed was responsible for some damage. This initiative should reduce insurance payments for these entities and enhance insurance availability and affordability.

Potential Disadvantages:

DCYF would bear more of the financial burden of claims against it.

Policy Option #2

The Legislature may wish to change the standard of fault for CPAs and GFHs.

One state has enacted a "safe harbor" statute that shields certain contracted providers of child services from liability if they comply with statutory standards (e.g. conducting timely background checks, reporting allegations of misconduct, taking timely administrative/personnel action, requiring child sexual abuse training, and maintaining adequate insurance) but withdraws this protection if the agency's act or omission is intentional, willfully negligent, or done with a conscious disregard for the safety of others. See [Appendix C – Legislative Responses that may Affect CPA and GFH Liability](#)

The Washington legislature has enacted different standards of negligence in certain discreet contexts. For example:

- [RCW 36.28A.080](#) – enacted in 2023 – states that, “units of local government and their employees. . . are immune from civil liability for damages arising out of the creation and use of the statewide first responder building mapping information system, unless it is shown that an employee acted with gross negligence or bad faith.”
- Chapter 370, Laws of 2024 amended RCW 71.24.907 to provide that responders to behavioral health crises, acting in the course of their employment and under the clinical supervision of a mental health professional or approved medical program director, can only be held liable for their actions or omissions in the event of gross negligence or wanton or willful misconduct.⁴⁰
- [RCW 76.04.183](#) creates a prescribed burn manager program for those who practice prescribed burning in the state. For certified burn managers, “no civil or criminal liability may be imposed by any court. . . for any direct or proximate adverse impacts resulting from a prescribed fire conducted under the provisions of this chapter except upon proof of gross negligence or wanton or willful misconduct.”

Potential Advantages: The nature of CPA and GFH work is inherently difficult. To avoid losing these essential services from the state, and to continue providing assistance to the many children and youth in need, a different standard of fault may be warranted which could reduce the claims against CPAs and GFHs in situations in which the Legislature determines that they have reasonably performed their duties

Potential Disadvantages:

The idea of changing the standard of fault may be difficult to approve, especially when working with the vulnerable children and youth population.

Policy Option #3

The Legislature may wish to create a settlement fund to pay for historical losses once insurance limits are exhausted or for uninsured exposure such that claimants are compensated.

As described in [Appendix A](#), coverage gaps may arise which cannot be insured. Additionally, as described in that appendix, even if insurance is in place, insurance coverage limits may be exhausted by earlier claims, leaving no available recovery for later claimants regarding incidents that occurred in a similar period.

The Legislature may wish to create a fund to pay for these uninsured losses, in the event that the CPA or GFH abided by certain requirements at the time that the incident occurred. As described in [Appendix C – Legislative Responses that may Affect CPA and GFH Liability](#) some states have initiated these types of funds.

This is separate and apart from the possible creation of a JUA to insure future occurrences.

⁴⁰ <https://lawfilesexternal.wa.gov/biennium/2023-24/Pdf/Bills/Session%20Laws/House/2088.SL.pdf#page=1>

Potential Advantages: Claimants who have suffered damage can obtain appropriate recoveries, while CPAs or GFHs will not be forced to go out of business.

Potential Disadvantages:

1. We understand that Washington state is currently experiencing a deficit; funds may not be readily available.
2. The fund would need to be constructed such that CPAs or GFHs were not disincentivized from purchasing appropriate insurance limits or from trying to avoid coverage gaps.

Policy Option #4

The Legislature may wish to increase the contractual rates paid to CPAs and GFHs to better enable them to afford insurance premiums.

This option does not change the landscape of insured losses; it merely creates additional financial support for CPAs and GFHs for the operational insurance costs that they must bear. As noted [earlier](#), based on our actuarial analysis (see [Appendix D](#)), the insurance premiums being charged currently are likely inadequate in the aggregate. CPAs and GFHs may need additional financial support to pay these premiums.

Potential Advantages:

Greater likelihood that CPAs and GFHs can pay their insurance premiums, a necessary operational cost.

Potential Disadvantages:

This policy option would not address the increasing insurance losses faced by CPAs, GFHs, and their insurers (the driving factor) and, as California's experience has shown, may not be sufficient to lessen availability pressures.

Policy Option #5

Should some of the earlier policy options be enacted in the future in order to limit losses, a JUA to provide liability insurance for CPAs and GFHs may be feasible.

Policy Option #6

Join with other jurisdictions in encouraging federal action including a federal victim compensation fund (similar to Option #3) or a revision to the federal bankruptcy code to create settlement trusts for victims of past childhood sexual abuse.

Regarding the possibility of federal legislative action, bankruptcy law -- 11 U.S.C.A. § 524(g) -- facilitates the reorganization, rehabilitation, and emergence as viable economic entities of debtors with asbestos exposure in a manner that balances the interest of current and future creditors. An analogous provision applicable to child-serving entities could be beneficial.

The insurance and recovery issues presented by historical childhood sexual abuse claims bear significant similarity to those presented by asbestos-related liability:

- There is frequently a long “latency” period between the time when exposure (or abuse) occurs and the date on which the injury is recognized;
- While many victims have come forward (i.e. current claimants), there are likely to be other victims who have suffered injuries but not yet come forward (i.e. future claimants);
- Defendants may lack the insurance coverage, assets, and income to fully compensate both current and future claimants.

In the context of asbestos liability, the tension between the interests of current and future claimants was addressed through the creation of trusts that assume the liabilities and assets of the debtor, permitting the reorganized debtor to resume operations while providing continuing support to the trust.⁴¹

An analogous structure, applicable to child-serving entities, may help to protect the interests of both current and future claimants without forcing the dissolution of child-serving entities, including CPAs and GFHs, that provide crucial services to vulnerable children requiring support today. (The continuing support elements appropriate for an asbestos trust may be inapplicable to hypothetical settlement trust, however, because many such entities operate on a non-profit model relying on philanthropic support.) By cabining historical childhood sexual abuse liabilities to a settlement trust, such an approach would significantly reduce the exposure presented by insuring CPAs and GFH’s prospectively and may therefore make a JUA (or voluntary market) potentially viable.

⁴¹ Section 524(g) trusts have produced voluminous scholarship and commentary. *The Features and Limitations of Asbestos Settlement Trusts: A Primer*, contains an accessible introduction for non-experts on the background and structure of 524(g) trusts. See 14 St. John’s Bankr. Research Libr. No. 29 (2022) ([link](#)).

VI. Childcare/Early Learning – Centers and In-Home

Background

The availability of quality childcare is essential to the development of healthy children. It is also critical to the economic health of Washington state, as childcare allows parents to pursue their professions. In Washington state, childcare refers both to the care of children who are younger than school age, and before or after school care for school-aged children.

Because of the importance of quality childcare to families and the economy, Washington state subsidizes childcare for low-income families through two separate programs:

- [Working Connections Child Care \(WCCC\)](#) pays subsidies directly to childcare providers based on family income. Family income must be at or below 60% of the State Median Income at application or 65% when reapplying. The parent, or in a two-parent household both parents, must be engaged in employment or educational activities. Subsidies are provided on a sliding scale based on family income.
- [Early Childhood Education and Assistance Program \(ECEAP\)](#) provides free early learning childcare or preschool for 3-5 year olds. Qualification generally depends on family income (typically the qualification is at or below 36% of the State Median Income) but other qualifications, such as an Individualized Education Program for the child, some children in foster care, or families experiencing homelessness may allow a child to qualify.

Licensure

Licensed childcare can be provided either by a center or by a family home. DCYF licenses such facilities, and a listing of currently licensed facilities is available through the ["Find Child Care/Early Learning"](#) portion of the DCYF website.⁴²

[RCW 43.216.700](#) requires "every licensed child day care center" to obtain and maintain liability insurance with coverage limits of \$100,000 per occurrence (see reference to [RCW 48.88.050](#)) or to self-insure through an "association" as discussed in [RCW 48.90](#).⁴³ Failure to retain adequate insurance can result in the license being denied, suspended, revoked, modified, or not renewed.

ECEAP Provider Contracts

Most licensed childcare organizations do not have contractual obligations to DCYF; however, the small percentage of childcare organizations that provide ECEAP services must contract with DCYF. The required insurance limits and coverage in the template contract provided to us by DCYF include:

- Commercial General Liability (CGL) insurance with a limit of not less than \$2 million per occurrence, and if there is an annual aggregate limit, it must be not less than twice the per occurrence limit;

⁴² Per [WAC 110-16](#), certain "friends, family, and neighbors" (FFN) childcare arrangements may be exempt from licensing requirements, although they are subject to "approval" from DCYF and must also comply with certain basic safety and responsibility requirements.

⁴³ Note that in specific circumstances, a family day care may opt out of the insurance requirement but must provide written notice of such to the parents.

- Business Automobile Liability insurance providing bodily injury and property damage coverage and with a combined single limit of not less than \$1 million per accident;
- Employer’s Liability insurance with limits of not less than \$1 million each accident for bodily injury by accident or \$1 million each employee for bodily injury by disease;
- Property “all risk” insurance, including coverage for earthquake and flood for all locations in which state of Washington data is held, and must cover Computer Property, as well as Business Interruption and Extra Expense that extends to the loss of Computer Property;
- Umbrella insurance over the other policy limits with limits not less than \$3 million; and,
- Professional liability insurance with a limit of not less than \$1 million per claim and \$2 million annual aggregate. The retroactive date must be prior to the date of the contract or the beginning of contract work.

Similar to the contracts for CPAs and GFHs as described [above](#), ECEAP contracts also contain broad indemnification language that could be interpreted as requiring indemnification of the state even where the provider is not negligent or otherwise at fault. It is also required to name the state and DCYF as additional insured (or, perhaps, additional named insured)⁴⁴ on its GL insurance policies.

Family Home Child Care Definition

“Family home child care” is defined in [WAC-170-296A-0010](#) as “a facility licensed by the department where childcare is provided for twelve or fewer children in the family living quarters where the licensee resides.” Additionally, we understand based on correspondence with childcare providers that the maximum of 12 children applies to the number of children that are being cared for at any moment; some family home child cares may provide care for significantly more than 12 children, but have no more than 12 children in their care at a given time.

As the definition for “family home child care” includes up to 12 children, family home child care in Washington may have a greater exposure to liability than family home child care entities in other states in which licenses may be restricted to a smaller number of children.

Insurance companies may include coverage for childcare liability which takes place at the provider’s residence as an endorsement to a homeowners policy.⁴⁵ These insurers have their own rules, filed with the OIC, as to when childcare can be insured as an endorsement⁴⁶ to a homeowners policy, and when it is considered a business that must be insured separately. For instance, two insurance companies in our data call will only consider childcare as an endorsement to a homeowners policy if there are six children or fewer under care; for more than six children, the insurance company considers the childcare arrangement to be a separate business requiring its own liability insurance, even if its location is within the insured’s residence. Several insurance companies restricted the use of a homeowners childcare endorsement to care for three children or fewer. While this means home childcare providers may find liability coverage to be more or less

⁴⁴ The ECEAP contract may contain an ambiguity, stating at one point that DCYF and other should be designated as an “additional named insured”. This term can refer to a different (and much broader) coverage relationship that may not be intended. See <https://www.irmi.com/term/insurance-definitions/additional-named-insured>

⁴⁵ Based on information provided to us by the OIC, we found 17 separate insurance companies with filed endorsements to include daycare as an additional coverage on a homeowners policy.

⁴⁶ See <https://www.irmi.com/term/insurance-definitions/endorsement> which states, “an endorsement is an insurance policy form that changes or adds to the provisions included in one or more other forms used to construct the policy.”

affordable depending on the scale of their operation, this does not present concerns from an actuarial perspective.

Monitoring Visits

According to DCYF policy,⁴⁷ DCYF must conduct at least one monitoring visit to each licensed childcare entity at least once per fiscal year. (The DCYF fiscal year runs from July 1 to June 30). The monitoring visit must be unannounced (except when otherwise approved by a supervisor) and must be at a time when enrolled non-household member children are present. DCYF must document the monitoring visit notes within 10 days of the visit.

Any adverse findings from a monitoring visit are posted on the DCYF [Find Child Care/Early Learning](#) webpage under the relevant childcare provider.

National Information - NAEYC Report

The National Association for the Education of Young Children (NAEYC) published an August 2024 report entitled, "Liability Insurance and Early Childhood Education."⁴⁸ The report summarizes the results and findings from a survey that NAEYC issued to 1173 early childhood educators in 49 states and DC who have responsibility for liability insurance decisions for their programs. The survey was intended to research both availability and affordability issues.

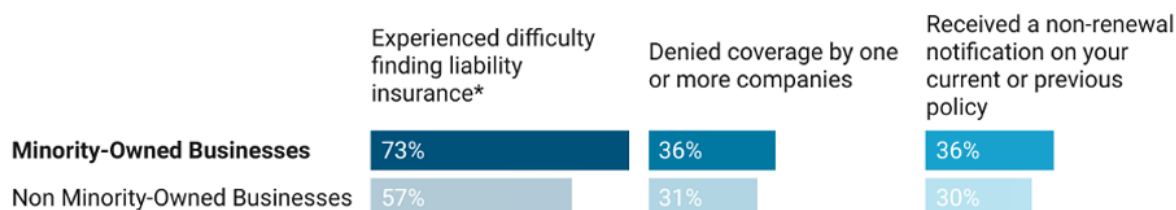
The following graphics from the NAEYC survey may be of interest. Note that these graphics are based on self-reported information from respondents.

The excerpt shown immediately below highlights insureds, separated by minority-owned and non-minority-owned, who received a policy non-renewal or who were denied coverage by one or more companies. A "non-renewal" means that the insurance company provided notice that it would not be renewing coverage on the effective date. These figures highlight potential upcoming *availability* concerns. (At present, all respondents appear to be insured, so insurance remains available, but it appears that some insurance companies may be exiting the childcare market).

⁴⁷ See <https://www.dcyf.wa.gov/sites/default/files/pdf/el-license/POL10.1.8.pdf>

⁴⁸ Report available at https://www.naeyc.org/sites/default/files/wysiwyg/user-64330/2024_liability_insurance_survey_brief_final.pdf

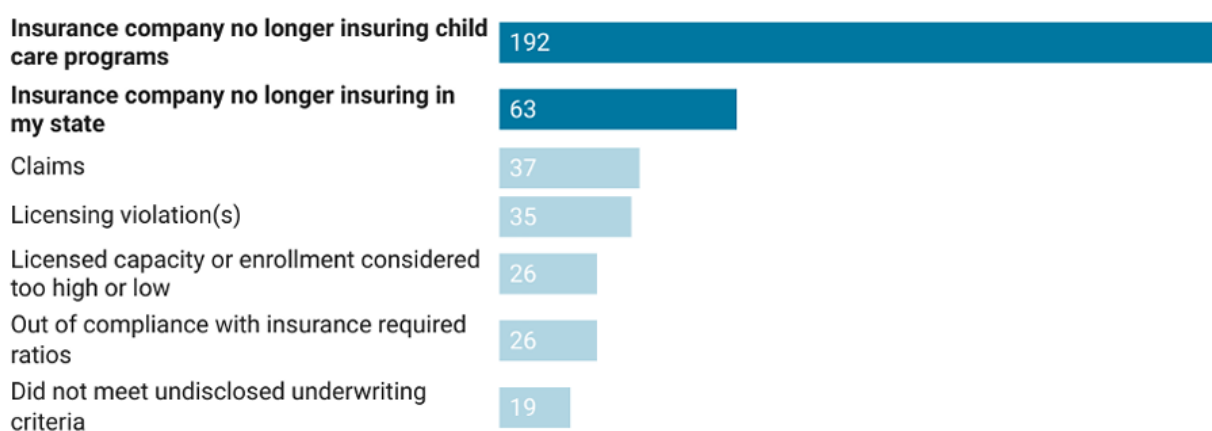
Challenges finding and maintaining liability insurance were more pronounced among minority-owned businesses over the last year.



Respondents were asked "Have you experienced difficulty finding liability insurance or finding affordable insurance over the past year?"; "Has your program been denied liability insurance coverage by one or more insurance companies within the last year (since May 2023)?"; and "Did you receive a non-renewal notification on your current or previous liability insurance policy?". 320 respondents from minority-owned businesses responded to these questions and 671 respondents from non-minority businesses responded to these questions. Percentages are calculated based on the number of valid responses to the question. * Indicates a statistically significant difference in proportions between respondents working in minority-owned vs. non-minority owned programs.

The image shown below provides further self-reported insight as to why liability insurance was non-renewed or denied. Note that the top response was "insurance company no longer insuring child care programs." This again highlights a potential future *availability* concern. Note that the bottom five responses may be specific to individual insureds and may be unrelated to general availability.

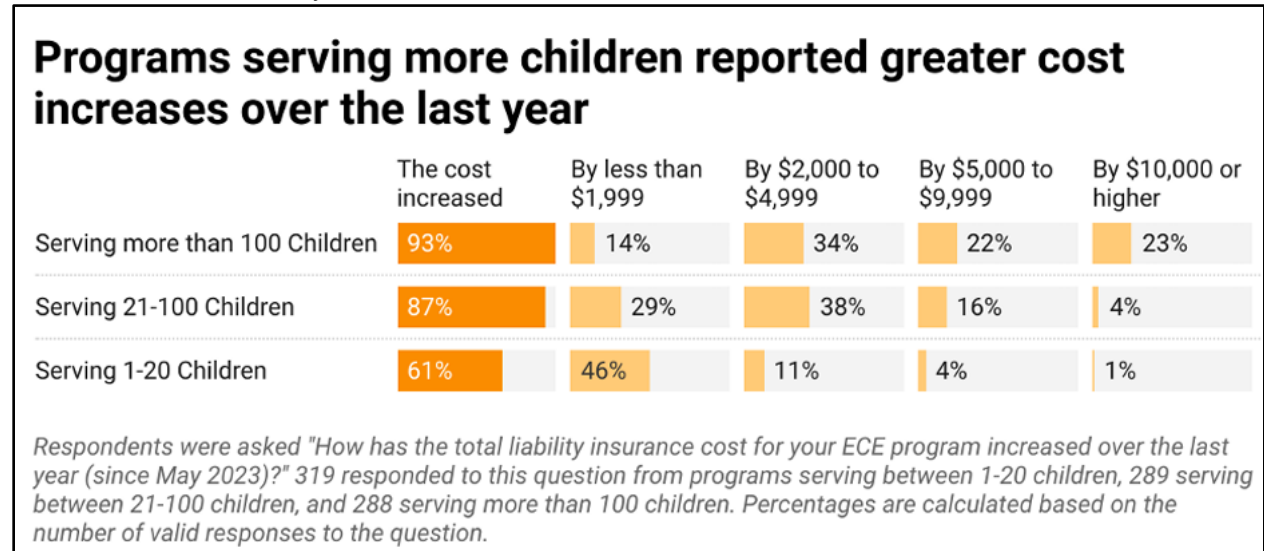
Top named reasons for non-renewal or denial of liability insurance among survey respondents



Respondents were first asked if they had been denied liability insurance or received a non-renewal—334 respondents answered "Yes". Those answering "Yes" were then asked, "Why was your ECE program not renewed or denied liability insurance coverage (select all that apply)? The numbers in the graphic represent a count of the number of times each answer choice was selected.

The image below presents self-reported annual premium changes in dollar amounts. While interesting, and potentially indicative of affordability struggles, the graphic does not disclose the premium from the prior

year, and we are therefore unable to discern the percentage change in premium. An institution serving more than 100 children will necessarily have a sizeable liability premium. Without a percentage change metric, it is impossible to determine if liability insurance price increases are greater for the childcare market than for the overall liability insurance market.



Washington State Information

National information provided in the previous section is valuable in understanding the overarching climate for liability insurance for childcare providers. In this section, we focus on Washington-specific information that we gathered or were provided in the course of our study.

Washington Childcare Provider Survey

DCYF, in cooperation with the Early Learning Advisory Council (ELAC)⁴⁹ created a survey for childcare providers to discuss their recent experiences with obtaining liability insurance. 22 providers responded. The concerns expressed focused on several themes:

- Several respondents stated that an insurance company that had previously provided insurance to many childcare entities had non-renewed their policies. These policies had no material change in exposure or new claims;
- Generally fewer insurance companies that will provide liability insurance for childcare entities;
- Recent rate increases despite a lack of claims. One respondent stated that her insurance costs increased by 150% in one year (in other words, that insurance was 2.5 times as expensive in the second year as in the first). Another provider states that the increase for its day care liability premium was over 270% in one year.
- Anxiety that the submission of a claim may result in a future nonrenewal of coverage; and,

⁴⁹ ELAC was established by the Washington Legislature in 2007. See <https://dcyf.wa.gov/about/community-engagement/elac> which states, "ELAC representatives from around the state meet regularly to provide input and recommendations to DCYF."

- Concern that DCYF monitoring visit documentation can affect insurance renewals and premiums in unintended and outsized ways.⁵⁰

In reviewing the survey responses as well as follow-up correspondence with respondents, we noted that in some circumstances, respondents may be paying what appears to be an actuarially reasonable premium for their exposure given that premium is a small fraction of the limits of liability, but that due to slim operating margins, the premium presented a significant affordability challenge to these businesses.

Washington State Data Call and Actuarial Analysis

Our methodology for gathering data as well as our detailed actuarial analysis are discussed in the [Data Call](#) section of our report as well as [Appendix D – Actuarial Indications](#). This section provides a summary of our key findings in two areas: availability of insurance and reasonability of premiums.

Availability of Insurance (child centers not covered by homeowners endorsements)

Based on the information from our data call, as of 2024,⁵¹ there were nine insurance companies which each wrote 3% or more of the liability premium for childcare centers. There were an additional 18 insurance companies that provided coverage where each company represented less than 3% of the total premium.

Based on responses from the ELAC survey, we understand that one insurance company representing approximately 40% of the premium has been non-renewing policies in the Washington childcare market, in the absence of new claims activity or a material change in exposure. Another company, which represented approximately 9% of the 2024 premium stated in its email response that “these policy types are currently out of appetite for our Human Services program.” It is unclear whether the intent was to include daycare as “out of appetite” or whether that was a reference to CPAs and GFHs. A review of that insurer’s website demonstrates that they are still accepting applications for daycare liability coverage; however, 2025 Washington childcare premium for this insurer was substantially reduced from 2024 premium.⁵²

Notwithstanding the obvious disruption from the apparent lessened appetite of one (or possibly two) large insurers mentioned above, other insurance companies are increasing their Washington premiums and market share in this space in recent years, up to and including 2025.

At this time, based on information from the data call, it appears that insurance remains available for entities with no prior claims. Based on an interview with a broker, availability of future insurance may be an issue for a childcare center with a claim, especially if they are not a large provider and do not have strong negotiating power with insurers.

⁵⁰ One respondent mentioned that her childcare center was cited for having a toy broom for imaginary play within the classroom. The respondent said that the monitor cited her center as violating [WAC 110-300-0260](#) – Storage of hazardous and maintenance supplies, Section (5) which states that items such as saws, power tools, lawn mowers, toilet plungers, toilet brushes and other maintenance and janitorial equipment must be inaccessible to children. The respondent self-reports that her insurance premiums were increased in part because of this documentation.

⁵¹ 2024 was the last full year of data collected in the data call.

⁵² Based on the timing of the data call, premium records were only requested for policies with effective dates through 6/30/2025, so the premium shown for 2025 would be expected to be less than for 2024; however, the 2025 premium was lower by a significant margin than what would have been expected by the date cutoff alone.

Availability of Insurance (homeowners endorsements)

As discussed [above](#), childcare provided in a family home may be eligible for coverage under an endorsement to the provider's homeowners policy, subject to insurer rules regarding maximum number of children in care. Also, as discussed above, many family home childcare providers may actually obtain their liability insurance for their childcare in a separate liability policy.

Six companies provided "homeowners childcare endorsement" information for the data call. Given the divergence of the number of companies with homeowners childcare endorsements on file with the OIC (17) from the companies that provided homeowners endorsement premium information in response to the data call (six), it is possible that our dataset is incomplete and that there are other insurers actively providing this coverage. We found no indication that insurance is unavailable through homeowners childcare endorsements for childcare centers that care for a small number of children (generally 3 or fewer, although for some companies it may be 6 or fewer).

Actuarial Reasonability of Premium (child centers not covered by homeowners endorsements)

As discussed further in [Appendix D – Actuarial Indications](#), we produced actuarial indications related to childcare centers that were not insured by endorsements to homeowners policies. Actuarial rate indications are designed to determine whether a rate increase, a rate decrease, or no rate action is indicated. Additionally, they provide insight as to whether current rates are reasonable in relation to insured losses and other underwriting costs.

Based on the nature of data received from approximately 60 responding insurance companies, and as documented further in [Appendix D](#), we necessarily relied on industry information, rather than information specific to one insurance company, for the some key assumptions, other than historical losses and premiums, used in the indications. This unavoidably creates greater uncertainty in the accuracy of our estimates.

As discussed earlier in this report, we included the following types of coverage in our liability indications: general liability, professional liability, abuse, and excess/umbrella. "Package" policies include both property and liability components and the premium was presented as a whole. Based on our focus on liability premiums, we constructed one set of indications including package coverage (so as to not avoid the liability premium and loss inherent in package) and one set of indications excluding package coverage (to exclude the property premium and loss).

Our rate indication for coverages including package was approximately +5% and the rate indication for coverages excluding package was approximately -23%. Note that the package product included both property and liability claims, but that the indication including package had more statistical reliability. With consideration of the uncertainty inherent in our analysis and the offsetting nature of the two indications, we concluded that current childcare liability premiums are actuarially reasonable in the aggregate, and that that there is no evidence that they are materially inadequate or excessive.

For this reason, if a JUA were to be initiated at some point in the future to provide the same coverage as currently provided by carriers and in an environment consistent with the current environment, the premiums charged to childcare centers would likely not be reduced from current levels. Instead, they would likely continue to increase as economic inflation and other factors push claim and expense values higher. If

a JUA were to be introduced in the future, it might successfully address availability considerations but is unlikely to relieve affordability concerns.

Actuarial Reasonability of Premium (homeowners endorsements)

Based on a review of the premiums presented in the data file, premiums charged for homeowners childcare endorsements were in many instances a flat amount ranging from \$60 to \$150.⁵³ Some companies varied the flat charge depending on the limits selected and the number of children in care. For instance, if an insured chose a \$300,000 per occurrence limit instead of the licensure requirement of \$100,000, premiums would be more expensive, which is reasonable. We did not perform detailed inquiry regarding the reasonability of the premiums charged as they are minimal when compared with the limits of liability provided.

Childcare Findings and Policy Options

In summary, based on our research we found:

1. Some insurance companies appear to be exiting the childcare market nationally while others may be exiting from Washington specifically.
2. At present, insurance appears to remain generally *available*, although childcare centers with historic claims may encounter difficulty in obtaining coverage and/or may need to pay higher premiums.
3. Should insurance companies continue to exit the market, availability problems may arise in the future.
4. Based on our actuarial indications, we find the liability premiums charged to Washington childcare centers to be reasonable in the aggregate. This does not contradict the fact that even actuarially reasonable premium can present affordability challenges given the slim operating margins of these facilities.
5. Should availability challenges arise in the future, a JUA may be a helpful insurance mechanism and appears to be feasible. As the premiums needed may change based on economic inflation, changes in legislation, and the litigation environment, an actuarial pricing study should be engaged at that time. It is likely that for the JUA to be actuarially sustainable, premiums charged may be equal to or above current premiums.
6. There are anecdotal reports that documentation of "deficiencies" at annual monitoring visits by DCYF may have an outsized impact on insurance premiums or potentially even declinations of coverage.

⁵³ Based on the magnitude of the premium, it appears that some companies erroneously included all homeowners premium instead of the portion of the premium related to childcare endorsements alone. These records were excluded from analysis.

Policy Option #1

Based on our findings regarding current availability of liability insurance for childcare entities, we recommend that the OIC monitor the number of companies providing liability insurance to childcare organizations, as well as the market share of each insurance company in this market. Additionally, the OIC may wish to institute a method to collect and track information from childcare entities that are unable to obtain insurance. The OIC's efforts may especially focus on entities that have one or more historic claims.

Potential Advantages: Although liability insurance appears to be available at present for childcare providers, annual or semi-annual monitoring of the market will enable the Legislature to act quickly if availability becomes a pressing issue.

Potential Disadvantages:

1. Time and effort on the part of the OIC and the reporting insurers.
2. As initiating a JUA takes time, there may be some disadvantages to a "monitoring" period; however, we note again that based on the information from our data call, insurance currently appears to be generally available. Further, prior Washington legislation on the subject (RCW 48.88) may help to accelerate the process if necessary.

Policy Option #2

If future monitoring indicates that the insurers willing to offer childcare liability are diminishing and if there are increasing reports of childcare institutions that are unable to obtain insurance, the Legislature may wish to engage an actuarial study at that time and initiate a JUA.

A midwifery JUA was established by Washington state in 1993 to provide medical malpractice insurance to nurse midwives and licensed midwives who were experiencing an availability crisis, and the JUA still exists.

Based on the current actuarial experience, it appears unlikely that any assessments imposed by a childcare JUA on the voluntary market will be substantial enough to create significant disruption. However, this would need to be validated in the future as the tort environment can change rapidly.

As noted above, [2024 ESSHB 1618](#) eliminated the statute of limitations for recovery of damages for injury suffered as a result of childhood sexual abuse when the act of childhood sexual abuse occurs on or after June 6, 2024. Given the change to the statute of limitations, it may be beneficial for the JUA to offer claims-made coverage. For an explanation of claims-made coverage, please see the "[Occurrence vs Claims-Made Coverage](#)" section of [Appendix A](#). The use of a claims-made, as opposed to an occurrence, policy form may help the JUA more accurately assess its losses and needed premiums. The JUA would ideally offer a retroactive date to each insured such that there is no gap in coverage.

Potential Advantages:

1. A JUA could be used to address *availability* challenges if they emerge in the market.
2. For most non-ECEAP childcare providers, DCYF licensing requires only a \$100,000 per occurrence liability limit. This coverage could be provided by a JUA with relatively low risk of catastrophic loss.

3. It is not clear that a childcare JUA would need to offer coverage for catastrophic loss in order to meet the needs of the market. Additionally, the JUA could likely offer coverage on a claims-made basis (see [Appendix A – Occurrence vs Claims-Made Coverage](#) for explanation of this term), permitting more accurate and timely assessments of loss experience and operational results.
4. Based on the data from our data call, it seems unlikely that a childcare JUA would require material assessments so there would be a low likelihood of disruption to other markets.

Potential Disadvantages:

1. If the JUA were to charge actuarially sound rates, it may have minimal impact on premium *affordability*.
2. The initiation and administration of a JUA is a non-trivial exercise.
 - a. The JUA would need to engage experienced underwriters and claims adjusters in addition to administering the traditional operations of an insurance company such as policy issuance, premium collection, and the like.
 - b. Premiums would need to include an expense load to cover these costs. (Note that current premiums include an expense load used by the insurers).
 - c. Expense loads for a JUA may be relatively high (in comparison with commercial insurers, particularly those with national operations and multiple lines of business) because a JUA may have limited opportunity to develop economies of scale.
3. The total premium base is not large. According to the data we received in the data call, current liability premiums for the entire market, including package premium, are approximately \$8 million. Even if the JUA had 100% market share, all of the operations of the JUA, as well as claim payments, would need to be supported by this relatively small revenue. We note that small programs may charge higher rates to cover fixed expenses; small programs also have less predictable results.
4. Should the tort environment change, it is possible that JUA assessments could become much larger than anticipated.

Policy Option #3

To address premium *affordability* concerns, the Legislature may elect to provide subsidies or other financial assistance to encourage the financial viability of childcare organizations.

As noted above, based on our actuarial analysis, we find the currently charged premiums to be actuarially reasonable in the aggregate. If these pose operational concerns for the childcare providers, there may be room to support providers through increased revenue or expense reduction in other areas.

Potential Advantages: Greater operational and financial support for these essential services.

Potential Disadvantages: Budget pressure and competing priorities for scarce state resources.

Policy Option #4

DCYF may wish to ensure that its documentation of monitoring visits is consistent and that the documentation presents the finding(s) such that the reader can easily differentiate between a truly serious or dangerous infraction and a best practice note.

Potential Advantages: The elimination or modification of wording related to “best practice” issues may avoid outsized adverse impacts on insurance renewals.

Potential Disadvantages:

1. Setting standards may be difficult as there is likely a subjective component to these inspections.
2. DCYF would not want to inadvertently provide monitors with the impression that they should not document violations, especially ones that may pose a hazard to the children.

VII. Data Call

We assisted the OIC in the development and issuance of a data call. The data call was issued to all property and casualty entities writing business in Washington state.

Data Call Instructions

The data call instructions are attached as [Appendix F – Data Call Instructions](#). The following are a few explanatory notes related to the data request:

- The data call was issued on August 11, 2025. A June 30, 2025 valuation date for the information was selected in order to receive the most current information that would be readily available to the insurance companies by August 2025. (Loss and premium transaction information may not be available immediately).
- Our intent was to perform an actuarial analysis based on the 2016 – 2024 period, with additional insight based on information as of June 30, 2025
- We requested policy and premium data with effective dates in the July 1, 2014 – June 30, 2025 period. (The January 1, 2025 – June 30, 2025 period was requested in the event that those policies provided insight into current year market development).
- We requested historical losses with incurred dates in the July 1, 2014 – June 30, 2025 period to parallel our premium information. We requested that all losses be evaluated as of June 30, 2025 unless otherwise noted by the company.⁵⁴
- As company data call personnel may not have familiarity with CPAs and GFHs as defined in Washington state, we provided historical listings of insureds as a guide. These listings were provided by DCYF.
- We requested underwriting and rating guidelines or manuals, if applicable. We also requested the forms used to limit or exclude sexual abuse and molestation, if applicable.
- As noted in the cover letter accompanying the data call, “all data submitted as a part of this data call are confidential by law and privileged and not subject to public disclosure under chapter RCW 42.56. [The Commissioner] may prepare and publish reports, analysis, or other documents using the data received from individual property and casualty companies provided that the data in the report is in the aggregate form and does not permit the identification of information related to individual companies.”

Data Call Responses

Insurance companies were requested to provide data no later than September 11, 2025. A number of insurance companies requested extensions to the September 11, 2025 deadline, and they were granted

⁵⁴ Note that the estimated value of a claim may change materially during the life of a claim. When a claim is first reported to an insurance company, the adjuster may estimate its value at a certain amount. This happens before the claim is paid and is called the *case reserve* on the claim. The case reserve may include the estimated indemnity value of the claim as well as the estimated legal costs to defend the claim. As more facts come to light about the claim (through adjusting, discovery, and other means), the estimated value of the claim may go up or down. Interim payments may be made on the claim, especially for attorneys’ defense fees. The exact value of the claim is only known with certainty once all payments have been made and the claim is closed. When we requested a *valuation date* of June 30, 2025, we were requesting estimate of the claim value as of that date. For claims that had been closed as of that date, the valuation will represent the total paid amount. For open claims that represents the most up-to-date estimate as of June 30, 2025.

such extensions. Additionally, as will be described below, our review of the data sometimes uncovered irregularities, leading us to ask the insurers to verify that data was being presented correctly. This frequently resulted in additional or revised data. The last information was sent to us on November 14, 2025. Although we continued to find irregularities in the data past that date, we were unable to ask for further corrections based on the timing of the report mandated by the authorizing legislation.

More than 60 insurance companies provided non-null information⁵⁵ as a response to the data call.

We did not audit the data, but we did check it for reasonability. We sent questions regarding the data to a number of insurance companies. Questions included, but were not limited to, issues such as:

- Losses listed in the data without any matching premium record for the loss policy number.
- Situations in which it appeared that only one policy was listed per insured, instead of all policies over the data call period.
- Missing data fields, data fields populated in incorrect columns, or otherwise possibly incomplete information.

When asked these questions, insurers were generally able to correct the apparent issues. As we did not and could not conduct a detailed audit of the data given the timeline provided by the Legislature, there may have been other errors in the data which we did not capture.

⁵⁵ A null response refers to a data call response in which the insurer has determined that there are no relevant records.

Appendix A – Insurance Coverage Examples

The goal of this appendix is to explain how insurance may or may not cover certain types of claims based on coverage in place and also to explain why there is a growing availability crisis for CPAs and GFHs. For the purposes of this appendix, we will discuss various aspects of insurance coverage and illustrate coverage challenges that may arise with three hypothetical examples:

Occurrence vs Claims-Made Coverage and “Prior Acts” Coverage

Insurance policies are typically written on either an “occurrence” or a “claims-made” basis. “Occurrence” policies generally provide coverage for incidents that “occur” during the policy period regardless of when the incident is discovered or the claim for coverage is reported to the insurer. In contrast, a “claims-made” policy will provide coverage only for claims first reported during the policy period regarding incidents that occurred during a defined period. Because occurrence policies generally do not have a cut-off for the filing of claims, they provide broader coverage than claims-made policies.

Many of the policies with which consumers will be familiar -- for instance homeowners and personal auto policies -- are generally written on an occurrence basis. Historically, until the late 1970s, that was true for the vast majority of commercial policies as well. However, in the late 1970s, commercial insurers began to use claims-made forms more regularly, especially for professional liability insurance and some other liability lines.⁵⁶

To illustrate the difference in coverage, consider the following example, and assume that CPA X’s insurance policy has an effective date of January 1:

Example 1

A child with the initials SC entered the foster care systems and was placed with a foster family at CPA X’s recommendation in March 1985. Soon afterwards, CPA X decides that the placement is inappropriate and recommends to DCYF’s predecessor authority that SCH move to a new foster home in June 1985. In 2025, the now-adult SC first alleges that they have discovered a condition that was a result of the March 1985 placement and alleges that CPA X and DCYF’s predecessor were negligent in its placement and subsequent monitoring. SC brings a claim against CPA X and DCYF in 2025. (DCYF did not exist as its own entity in 1985; the claim may be brought against DCYF or its parent, the Washington Department of Social and Health Services).

If CPA X’s insurance policy effective January 1, 1985 was an occurrence policy, then the duty to defend the CPA and/or indemnify SC for the harm will be covered by that 1985 policy as the alleged abuse occurred in 1985.

In contrast, if CPA X has been insured by claims-made policies starting from 1985 or earlier, the 1985 claims-made policy would not be “triggered” (that is, the event that must occur for a policy to apply to a particular loss) because no claim was made in 1985. Instead, CPA X would need to look to its 2025 claims-made policy for defense and/or indemnity arising from SC’s claim because the claim was made against CPA X during the 2025 policy period. In most cases, however, the making of a claim is not necessarily sufficient to trigger a

⁵⁶ See <https://www.insurancejournal.com/blogs/academy-journal/2016/06/13/411266.htm>

claims-made policy because such policies typically limit the “prior acts” for which they will provide coverage. This is frequently accomplished by means of a “retroactive date” that defines the earliest date of acts for which claims made during the policy period will be covered.

Suppose that in Example 1, CPA X’s claims-made policy effective in 2025 has a retroactive date of January 1, 1980. If so, SC’s claim may be covered under the 2025 policy because it was reported in 2025 and the acts giving rise to the claim came after the January 1, 1980, retroactive date.

If, instead, CPA X’s 2025 claims-made policy had a later retroactive date (for instance January 1, 2010) SC’s claim would **not be covered** by the 2025 policy because events from 1985 precede the retroactive date. Although the claim was made in 2025, the events happened before the retroactive date and thus would not be covered by the policy.

It is not uncommon for entities that are non-renewed for insurance (e.g. if their carrier exits the market) to find that that claims-made coverage is available from other carriers, but only on a purely prospective basis with no coverage for prior acts. This creates a coverage gap for the insured. In some cases, a departing insurer may be willing to sell “tail” coverage to fill the gap but this is not always the case, the “tail” may be of limited duration, and gaps can therefore become common in an unstable market.

Multiple Policy Periods

For the purposes of this discussion, we slightly revise the situation presented in our initial example, assuming that SC was not moved from the initial foster care home after three month (i.e. June 1985) but, instead, remained for several years through September 1989. SC’s claim in 2025 alleges abuse occurring throughout the placement period.

Let us suppose that in Example 2, the CPA was insured under occurrence policies in the 1985-1989 period and that it does have the necessary coverage for the claim against it. Given that the abuse was alleged to have occurred in five different policy years, SC can make a claim against each of the policies (the policy from 1985, the policy from 1986, the policy from 1987, the policy from 1988, and the policy from 1989). If CPA X’s insurance coverage limits were \$1 million per occurrence/\$2 million annual aggregate, policy benefits of \$5 million might be available because five separate insurance policies are involved.⁵⁷

Note that the premium for the insurance may be relatively small compared to the potential payout; in today’s dollars, whether that premium is several thousand dollars or several tens of thousands of dollars, the premium is dwarfed by the potential loss. While this is not an unusual dynamic in general in insurance (consider a personal auto policy which may provide up to \$100,000 liability limits for several thousand dollars of premium), the premium/loss relationship is generally sustainable in other lines of business when losses are infrequent (in comparison with policy numbers) and most losses are well beneath the policy limits. Where a market develops an imbalance between revenue (the premium that could plausibly be charged) and exposure (the frequency and severity/magnitude of losses), it will be difficult for insurers to remain in the market and an availability crisis may result.

⁵⁷ It should be emphasized that these examples are purely hypothetical – coverage would be determined on the basis of policy language which can differ materially from one insurer to another, during different periods, and for different coverage types.

In contrast, if CPA X has been insured under claims-made (rather than occurrence-based) coverage, then the only policy triggered would be the 2025 policy. If that policy had limits of \$1 million per occurrence/\$2 million annual aggregate, then insurance recovery would be limited to \$1 million regardless of the number of calendar years during which SC suffered abuse.

Exhaustion of Limits

Continuing the discussion of Example 1 with the supposition that SC had two siblings (Sibling 1 and Sibling 2) who were placed with the same foster family for the period from 1985-1989. Sibling 1 and Sibling 2 were then prepared to come forward with claims against CPA X and DCYF in 2020 while SC was not prepared to do so until 2025.

If CPA X had occurrence-based coverage with limits of \$1 million per occurrence/\$2 million annual aggregate, the maximum benefits available would likely be \$10 million (the \$2 million annual aggregate for each of the five triggered policies). If after two years of litigation, Sibling 1 and Sibling 2 each recover \$5 million in respect of their injuries, the \$10 million of available limits will be exhausted in 2022. When SC comes forward in 2025, therefore, there will be no further insurance benefits available to provide recovery.

In contrast, if CPA X has been insured under claims-made policies -- including a 2020 policy with \$1 million per occurrence and \$2 million annual aggregate limits and a retroactive date of January 1, 1980 -- then recovery will be materially different. Sibling 1 and Sibling 2, both filing claims that trigger the 2020 claims-made policy, might be able to recover up to \$1 million individually. The 2020 policy's annual aggregate limit would then be exhausted such that CPA X would be effectively uninsured should any similar claims be made against it in 2020.

The insurer that sold the 2020 policy to CPA X might be willing to renew the policy in 2021 but only on the condition that the retroactive date be eliminated. Other carriers might also be willing to provide coverage on a claims-made basis so long as it did not include prior acts coverage. CPA X would then have a coverage gap and, when SC comes forward in 2025, no insurer will defend the claim and there will be no policy benefits available to pay SC. SC's claim is therefore likely to trigger a bankruptcy filing by CPA X, leaving SC with a claim only to whatever assets CPA X possessed and causing significant disruption to any children receiving services provided or facilitated by CPA X in 2025.

Duty to Defend and Eroding Limits

The indemnification amounts noted above are not the only expenses paid by CPA X's insurer. CPA X's insurer also has a duty to provide legal defense to the CPA. (Although many people over the years have been injured and should rightfully be compensated for injury, not every claim is legitimate, and in purchasing insurance, a CPA has also purchased the obligation of the insurer to defend the case). Defense expenses can be quite substantial as well.

It should be noted that some insurance policies include "eroding limits" which means that the cost of providing defense counts against the limit available to pay indemnity.

Building further on Example 1, if CPA X had a policy (occurrence or claims-made) with a \$1 million per occurrence limit that is eroded by defense expenses, then every dollar spent investigating and defending the claim reduces the amount that might subsequently be paid in indemnity. As a result, if CPA X spent \$200,000 investigating and defending against SC's claim, then only \$800,000 in policy benefits would remain available to contribute towards settlement or in the event SC secured a judgment against CPA X.

Indemnification to DCYF and DCYF as Additional Insured

Consider the following example illustrating a new set of circumstances:

Example 2

In January 2016, CPA X certifies foster home Y, and DCYF subsequently licenses the home based on CPA X's certification process and report ("home study").

On May 1, 2016, CPA X receives notice from DCYF that a youth with the initials JS is in need of a foster placement. Based on the information provided by DCYF in the notice, CPA X believes that foster home Y may be a reasonable placement. CPA X suggests that JS be placed in foster home Y, and DCYF agrees. CPA X places JS in foster home Y. CPA X monitors the placement. In August 2016, CPA X learns that the initial information provided by DCYF regarding JS was incomplete, that JS presents an elopement risk that foster home Y is not suited to handle, and that a move to foster home Z may be more appropriate. DCYF agrees and JS is moved to foster home Z.

In February 2025, JS, now an adult, does not dispute the propriety of the home study but alleges that abuse occurred during elopement incidents while at foster home Y and brings a claim against DCYF on grounds that the harms suffered were the reasonably foreseeable result of an inappropriate placement at foster home Y.

In this example as presented, CPA X is not at fault -- it appropriately certified foster home Y and made a recommendation that was appropriate based on the information provided. However, based on the indemnification/hold harmless clauses in its contract with DCYF (see [CPA and GFH Provider Contracts – Indemnification Provisions](#) section of the report, above), DCYF may tender the claim to CPA X and assert that CPA X has the duty to defend and indemnify DCYF because the claim *relates to* services provided by CPA X. Additionally, the DCYF contract required CPA X to name DCYF and the state of Washington as an additional insured on its insurance policy (see [CPA and GFH Provider Contracts – Additional Insured Requirements](#) above); DCYF may then require that CPA X's insurer pay for the defense of DCYF and indemnify it for settlement/judgment.

These two contractual clauses potentially expand the liability of CPA X's insurer to situations in which DCYF, but not the CPA, may have been negligent, and may create reluctance in the insurance market to provide insurance to CPAs and GFHs. Further, if CPA X has a policy with eroding limits, the cost of providing DCYF with a defense in one claim might reduce the benefits available in the event of a separate claim where CPA X is at fault.

Appendix B – Statutes of Limitation for Civil Claims for Childhood Sexual Abuse

A statute of limitations is a law that, in the context of civil claims, establishes a time limit for bringing suit. See *Black's Law Dictionary* 1707 (11th ed. 2019); *Wolf v. State*, 2 Wash 3d 93, 103 (2023). “[S]tatutes of limitation reflect the importance of finality and settled expectations in our civil justice system” and “protect defendants -- and courts -- from the burdens of litigating stale claims by requiring prospective plaintiffs to assert their claims before relevant evidence is lost.” *Fowler v. Guerin*, 200 Wash. 2d 110, 118-19 (2022). Statutes of limitations are crafted to appropriately balance competing concerns. On the one hand, it may be unjust to require a person or entity to defend claims brought when records no longer exist, memories have dimmed, and witnesses are no longer available. On the other, injustice may arise if prospective plaintiffs do not have a fair and reasonable opportunity to discover their injury, assert their claim, and seek recovery. The weighing of these interests is a prudential exercise such that different limitations periods are established for types of injuries, claims, and victims.

In most jurisdictions and for many claims, the statute of limitations begins to run when all of the necessary elements of the cause of action have occurred. See *Restatement (Second) of Torts* § 899 (1979), comment (c); *Restatement (Third) of Torts: Miscellaneous Provisions* § 2 TD No 3 (2024). There are, however, statutes and legal doctrines that “toll” the statute of limitations, extending the period in which a claimant may seek recovery for a wrongful act. For example, where a cause of action accrues to a child, the statute of limitation does not begin running until the minor turns eighteen. See [R.C.W. § 4.16.190](#). Further, Washington courts typically apply the “discovery rule” which holds that “a statute of limitation does not begin to run until the plaintiff, using reasonable diligence, would have discovered the cause of action.” *U.S. Oil & Refining Co. v. State Dep’t of Ecology*, 96 Wash.2d 85, 92-94 (1981). Application of these standard rules can be problematic, however, in the context of child sexual abuse. See, e.g., *Tyson v. Tyson*, 107 Wash.2d 72 (1986) (holding that the discovery rule did not apply to toll the statute of limitations until plaintiff recalled suppressed memory of childhood sexual abuse).

The Legislature reacted to these problems (and the *Tyson* holding) by adopting a statute of limitations specific to childhood sexual abuse in 1988 which expressly applied the discovery rule. See Chapter 144, Laws of Washington 1988 ([link](#)). The Legislature clarified its intent by amending the statute in 1989 and 1991, and including findings that “[c]hildhood sexual abuse is a traumatic experience for the victim causing long-lasting damage,” that “[t]he victim of childhood sexual abuse may repress the memory of the abuse or be unable to connect the abuse to any injury” for an extended period of time, and that “[e]ven though victims may be aware of injuries related to the childhood sexual abuse, more serious injuries may be discovered many years later.” Chapter 212, Laws of Washington 1991 § 1 (legislative findings) ([link](#)); see Chapter 317, Laws of Washington 1989 ([link](#)). From 1991 through 2024, Washington law permitted victims to bring suit for childhood sexual abuse until, following the victim’s eighteenth birthday, the later of: three years after the act alleged to have caused the injury/condition occurred, three years after the victim discovered or reasonably should have discovered the injury/condition was caused by the act, or three years after the victim discovered that the act caused the injury for which the claim is brought. See Chapter 212, Laws of Washington 1991, § 2 ([link](#)). Those provisions remain in effect as of November 2025 with regard to childhood sexual abuse that occurred prior to June 6, 2024, but the statute of limitations has been

eliminated for conduct occurring after that date. See Chapter 253, Laws of Washington 2024, § 1 ([link](#)); RCW 4.16.340 ([link](#)).

In light of the above concerns, other jurisdictions have similarly reconsidered their statutes of limitations for child sex abuse in recent years. The National Conference of State Legislatures (“NCSL”) maintains an online database of existing statutes ([link](#)). It should be noted that the law in this area is changing rapidly and that (like this Appendix) such surveys should be seen as the starting point for research rather than a definitive guide to the law in any particular jurisdiction.⁵⁸ The NCSL’s database is helpful, however, for placing the Washington statute of limitations in context. The Washington statute appears to be within the “mainstream” as there are, for example:

- Several jurisdictions (e.g. [Alaska](#), [Idaho](#), [Michigan](#), [Massachusetts](#), and [Oregon](#)) with statutes of limitation similar to Washington law prior to the 2024 amendment;
- Some states (e.g. [California](#)) with statutes of limitation similar to Washington law after the 2024 amendment;
- Multiple other states (e.g. [Georgia](#) and [Texas](#)) with statutes of limitation that may be more restrictive with regard to the filing of claims than the above-mentioned statutes; and,
- Some jurisdictions (e.g. [Colorado](#), [Maine](#)⁵⁹, and [Vermont](#)) with statutes of limitation that may be more permissive with regard to the filing of claims than the Washington law after the 2024 amendment.

It does not appear, therefore, that Washington is an outlier with regard to its statute of limitations for civil claims for childhood sexual abuse.

The 2024 amendment has been the subject of concerns that certain Washington youth/child-serving organizations may become uninsurable. The prior statute, however, already contained a broad discovery rule such that it is not clear the elimination of the limitations period (with prospective effect) will materially increase overall liability exposures. Any effect that the amendment may have on the availability and affordability of liability insurance for child- and youth-serving organizations may, therefore, be indirect and the result of a generalized sense that the litigation environment is becoming less favorable to defendants.

⁵⁸ Surveys similar to the NCSL database are contained, among other places, in treatises and other secondary sources. See, e.g., *2 Religious Organizations and the Law* § 21:20 (2d) (Chart: State accommodations of statutes of limitations for civil claims of child abuse); 9 A.L.R.5th 321 (Originally published in 1993) (Running of limitations against action for civil damages for sexual abuse of a child). As of November 10, 2025, neither the NCSL database nor the two cited treatises had been updated to reflect Chapter 253, Laws of Washington 2024, § 1.

⁵⁹ The Maine statute attempted to eliminate the statute of limitations for all “[a]ctions based upon sexual acts toward minors” regardless of the date on which the conduct occurred. See Maine Public Law 2021, ch. 301, § 1 (codified at 14 Me. Rev. Stat. § 752-C). The Maine Supreme Court, however, held that the state constitution prevents “a claim [from being] revived after its statute of limitations has expired.” *Dupuis v. Roman Catholic Bishop of Portland*, 331 A.3d 294, 303 (2025).

Appendix C – Legislative Responses that may Affect CPA and GFH Liability

As noted in the body of the report, a number of other jurisdictions have adopted statutes or are considering bills in response to pressures faced by entities providing services similar to those of a Washington CPA or GFH. These responses, if adopted in Washington, might increase viability of a JUA providing coverage for CPAs and GFHs. They include:

- **Limitations on state indemnification provisions** – As discussed [in our report](#), some state contracts with organizations like FFAs and GFHs require the private entity to defend or indemnify the state, even where the private entity is not at fault. Jurisdictions that have either adopted or considered legislation restricting this practice are discussed in the body of the report.
- **Modified statutes of limitation** – Statutes of limitation are addressed in [Appendix B – Statute of Limitations for Childhood Sexual Abuse](#). In Washington, the same statute of limitations applies to all causes of action for childhood sexual abuse. See [RCW 4.16.340](#); [Wolf v. State](#), 2 Wash. 3d 93, 108 (2023). Some jurisdictions, however, have graduated statutes of limitation which differentiate based on the level of fault, such that perpetrators of childhood sexual abuse (or those who knowingly or intentionally protect them) are treated more severely than those with lower levels of culpability (e.g. negligence).⁶⁰

In addition, at least one jurisdiction has amended its statute of limitations to permit extended claim filing periods but applied damages caps to claims filed in those extended periods and prohibited actions in the extended period if the alleged victim is deceased.⁶¹

- **Modified standards of fault** – In most cases, causes of action seeking recovery from non-perpetrators for childhood sexual abuse are based on allegations of negligence.⁶² In some cases, the level of fault or culpability that a claimant must show is reduced because of a unique

⁶⁰ Utah has eliminated the statute of limitation applicable to perpetrators of sexual abuse while retaining a statute of limitations for individuals/entities alleged to have been negligent in failing to prevent it. See 2022 Utah Senate Bill 124 (lines 4199-4276) ([link](#)). Similarly, Florida law provides different statutes of limitation for actions founded on negligence than for intentional torts based on abuse. Compare § 95.11(5) and (8), Fla. Stat. (2025) ([link](#)).

⁶¹ See Md. Code Ann., Courts and Judicial Proceedings, § 5-117 ([link](#)); MD HB1378 (2025 Session) ([link](#)). See also Illinois HB3138 ([link](#)) (proposed two year statute of limitations unless actions are “willful and wanton”).

⁶² It should be noted that some recent Washington lawsuits may have alleged that childhood sexual abuse is a form of discrimination and therefore a statutory violation independent of any negligence. See, e.g., *M.R. v. State*, 4 Wash. 3d 702, 707 (2025); *O.H. v. Secret Harbor*, 2025 WL 1237590, *1 (W.D. Wash. 2025). As this is a recent development that may be limited to Washington, it does not appear that other jurisdictions have considered related legislation.

relationship with the alleged wrongdoer.⁶³ In other cases, the availability or type of damages vary depending on the tortfeasor's culpability.⁶⁴

Legislatures are typically free to supersede, abrogate, or modify the common law. One legislature has done so by enacting a "safe harbor" statute that shields certain contracted providers of child services from liability if they comply with statutory standards (e.g. conducting timely background checks, reporting allegations of misconduct, taking timely administrative/personnel action, requiring child sexual abuse training, and maintaining adequate insurance). The safe harbor protection does not apply if the agency's act or omission is intentional, willfully negligent, or done with a conscious disregard for the safety of others.⁶⁵

- **Limitations on attorneys fees** – Some jurisdictions have identified contingent fees payable to plaintiffs' attorneys as a factor affecting liability for childhood sexual abuse claims. At least one state has imposed statutory caps on such fees.⁶⁶
- **Victim compensation funds** – Providing compensation to victims of historical childhood sexual abuse through the tort system can further goals of accountability. However, if damages (or the potential for damages) exhaust insurance purchased in the past, exceed the assets and income of current service providers, and render CPA and GFH providers uninsurable, remediation through the torts system may jeopardize the provision of services to children today. Instead of defendants and/or their insurers compensating historical victims, recovery may be provided through a compensation fund.

An example of such a fund is the National Vaccine Injury Compensation Program ("VICP") which provides a no-fault alternative to the traditional legal system for compensating vaccine-related injuries. The VICP does not displace traditional torts but offers petitioners a pathway to recovery that may be more certain and less expensive. The costs of the VICP program are widely distributed (an excise tax on covered vaccines) and the rate of loss payments (approximately one per one million doses) is low enough that the program is self-funding.⁶⁷

Replicating a self-funding model for childhood sexual abuse claims would be difficult due to the severity of losses and the narrow base of CPAs and GFHs that might contribute to the fund.

⁶³ The state, for example, owes a heightened duty to protect children in foster care such that it may be liable in circumstances where an ordinary defendant would have no legal responsibility. See *H.B.H. v. State*, 192 Wash. 2d 154, 178 (2018); *Barlow v. State*, 2 Wash. 3d 583, 592-93 (2024) (Heightened duty of care equated with strict liability); *Price v. State*, 33 Wash. App. 2d 1059, 2025 WL 304628 at * 13 (2025) (State's responsibility extends to generally foreseeable risk of abuse).

⁶⁴ For example, some defendants may be immune from suit based on negligence but not from actions alleging willful or wanton conduct. See, e.g., *Zellmer v. Zellmer*, 164 Wash.2d 147, 161-62 (2008) (parents immune to suit for negligent parental supervision but not for willful or wanton misconduct in supervision). Similarly, the types of damages that may be awarded in response to intentional or malicious conduct may be unavailable regarding claims for negligence. See, e.g., *Thorley v. Nowlin*, 29 Wash.App.2d 610, 625-26 (2024) (emotional damages are available for malicious injury to a pet but not for negligence resulting in the death of/injury of a pet).

⁶⁵ See Tex. Civ. Prac. & Rem. Code §§ 84.0068 and 84.007 ([link](#)); Texas Acts 2025, 89th Leg., R.S., Ch. 839 (S.B. 1558) ([link](#)).

⁶⁶ See Md. Code Ann., Courts and Judicial Proceedings, § 5-117 ([link](#)); MD HB1378 (2025 Session) ([link](#)).

⁶⁷ See <https://www.hrsa.gov/vaccine-compensation/>; 2025 VICP data sheet ([link](#)).

Accordingly, New York is considering whether to create a trust fund, supported by dedicated revenue from the corporate franchise tax, to support uninsured public school districts and foster care agencies when childhood sexual abuse settlements/judgments threaten to burden current operations or negatively impact the existing population served.⁶⁸

Likewise, New Hampshire has established a settlement fund to provide victims of sexual abuse at a juvenile detention center with an alternative to pursuing recovery through the tort system.⁶⁹ The fund has been substantially restructured since its establishment in 2022 and, through the third quarter of 2025, had settled approximately \$225 million in claims against the state.⁷⁰ Although the underlying source of liability is different than that presented by CPA/GHF operations because the New Hampshire perpetrators were state employees, the overall structure of a state-supported victim compensation fund could provide a model for Washington.

⁶⁸ See NY Assembly Bill A1891 ([link](#)).

⁶⁹ See <https://www.ydcclaims.nh.gov>; N.H. Rev. Stat. Ann. § 24-M:11-a ([link](#)).

⁷⁰ See YDC Claims Administration Report for 2025 Quarter Three ([link](#)); N.H. Pub. L. No. 122 (2022) ([link](#)); N.H. Pub. L. No. 79, §§ 487-489 (2023) ([link](#)) (revisions include permitting claimants to waive further recovery from the State upon accepting the claim administrator's decision, rather than upon filing the claim); N.H. Pub. L. No. 92 (2024) ([link](#)) (expanding coverage, adding categories of abuse, revising recovery limits, extending claim filing period, capping attorneys fees, and making numerous other revisions); N.H. Pub. L. No. 141, §§ 437-440 (2025) ([link](#)) (shifting claims administrator position from judicial to executive branch, requiring Attorney General review of claim valuations, requiring attorneys fees to be paid out on same schedule as claimant recoveries, and requiring monthly reports to the legislature).

Appendix D – Actuarial Indications

Based on the data collected in the data call, we produced actuarial rate indications for the “liability” lines, as defined earlier in our report. These lines included GL, PL, abuse, and excess and umbrella coverages. As “package” policies include both property and liability components, and as we could not separate the package premiums into property and liability components, we constructed indications both including and excluding package policies.

We prepared two sets of indications for different segments of the business within our scope:

- Childcare/daycare
- CPAs and GFHs combined

The childcare exposures presented a materially different set of circumstances than those of the CPAs and GFHs for several reasons:

- CPAs and GFHs can be contractually “attached” to claims that are primarily made against DCYF, as explained in the [CPA and GFH Contracts](#) section of our report and in [Appendix A](#). This attachment can increase both the frequency and severity of claims brought against CPAs and GFHs. In contrast, most childcare providers (except for the minority providing ECEAP services) are not contractually bound to defend and hold harmless DCYF or to name it as an additional insured.
- CPAs and GFHs work with children and youth in the welfare system and present a different risk exposure than that presented by operating a daycare.

We combined the CPA and GFH datasets because certain aspects of the exposure and claims were similar, because the landscape regarding availability of insurance appeared similar, and because the combination provided a more statistically reliable dataset than either one of the very small datasets on their own.⁷¹

Because many key assumptions in our indications were necessarily based on industry data as opposed to company-specific data, as described further below, our actuarial rate indications are not intended to present firm recommendations regarding premium changes. Instead, our actuarial indications are intended to be indicative as to whether premiums appear generally reasonable, or whether they appear to be materially too high or materially too low for the anticipated loss exposure. Note that these indications do not shed light on whether the current or indicated rates would be considered affordable by policyholders.

The exhibits supporting this appendix demonstrate our technical work; the text in this appendix provides our narrative explanation.

Our actuarial rate indications are based on a loss ratio approach and represent a standard actuarial methodology.

The remainder of the narrative in this appendix is intended for property and casualty actuaries with experience in liability ratemaking.

⁷¹ Based on a listing DCYF provided to us, there were only 51 distinct licensed CPAs and 72 licensed GFH entities when entries were combined at the corporate level in the state of Washington in 2025.

As described in the [Data Call](#) section of this report, we received data from more than 60 insurance companies. We did not audit the data but did review it for reasonability; in some instances, our questions to insurance companies resulted in their providing revised data.

Written premium was provided by the companies. We calculated earned premium by year for each policy and then aggregated it by calendar year for 2016 through 2024. To determine current rate level, we calculated the average filed rate change for each of those years over all filed Washington rate filings with "Other Liability" listed as the type of insurance. We determined the cumulative rate change by year and then derived a current rate level factor by year as shown in Exhibit 3. The earned premium and current rate level factors are used in Exhibits I and II to determine current rate level earned premiums.

Paid and case loss and defense and cost containment expense (DCCE) were provided by the companies and were aggregated by accident year.⁷² Accident year refers to the year of occurrence of the incident. (In our exhibits, we refer to DCCE as allocated loss adjustment expense or ALAE, a common convention). We requested an evaluation date of June 30, 2025.

As it was impractical to determine and apply permissible loss ratios, premium and loss trends, and loss development factors individually by company, we used aggregate industry information to support those assumptions.

Assumptions that were based on a selection of Washington state General Liability rate filings include:

Exhibit VIII – Fixed and variable expense loads

Exhibit VII – Unallocated loss adjustment expense (ULAE) load

Exhibit V – Loss Trend

Exhibit IV – Premium Trend. Note that we selected a premium trend materially below the average trend from the filings as our data presented a mix of exposures, depending on the rating basis of the insurer. Some exposures, such as revenue, are subject to premium trend while others, such as maximum capacity of children, are not.⁷³

Exhibit III – Determination of current rate level factors, based on average rate impact of all Washington General Liability filings over the period. Rate impact information from S&P Global

We used industry Schedule P information aggregated by S&P Global to construct Other Liability reported loss development triangles. See Exhibit VI.

We used a "trend to" date of 12/31/2025 in Exhibits IV and V as our goal was to determine the reasonability of the rates at the time of this report.

⁷² Note that upon review of the data, this did not materially change the matching of claims and premium from what would have been present if we had mapped claims-made policies claims to report year and occurrence policies to accident year.

⁷³ Not all insurers completed the "rating basis" and "number of exposures" fields in the data call; we base our understanding of exposures on the data where this information was included. This lack of consistent reporting regarding exposures was a strong motivator of our using a loss ratio, instead of a pure premium, approach in our rate indications.

Exhibit I presents the rate indications for CPAs and GFHs on a combined basis and Exhibit II presents the rate indications for non-homeowners childcare insurance. In each of those exhibits, Sheet 1 includes “package” premium and loss, and Sheet 2 excludes “package” premium and loss. As the property and liability premiums were indivisible in the package records, we presented indications on both a with and without package basis.

In Exhibits I and II,

- Columns (1) through (5) develop earned premium to trended current rate level earned premium.
- Column (6) presents “reported” loss and ALAE. Reported loss and ALAE is equal to loss and ALAE amounts paid to date plus the case reserves for additional loss and ALAE anticipated to be paid. (Case reserves are established by insurance companies on a claim-by-claim basis to estimate future amounts to be paid for each claim). Reported loss and ALAE was derived from the data call, prior to any actuarial projections.
- Columns (7) through (8) develop reported loss and ALAE to ultimate values using the loss development method. “Ultimate loss and ALAE” is an estimation of the final dollar amount paid for all loss and defense cost for claims in an accident year once all claims in that accident year have been closed.
- Column (9) is a selection of ultimate loss and ALAE.
- Columns (10) and (11) apply loss trend to the ultimate losses selected in Column (9).
- Columns (12) and (13) present an ultimate loss and LAE ratio after application of the ULAE load.
- Column (14) presents reported claim counts.
- Columns (15), (16) and (17) use the experience loss ratio and fixed and variable expenses to calculate an initial rate level indication.
- Column (18) determines credibility based on reported claims and a credibility standard of 1082 claims.

Note that the “total” row for each column references accident years 2016 through 2023 only. We exclude accident year 2024 as the losses are very immature and the industry-based loss development factor is high (greater than 3.50). Projections for accident year 2024 are subject to high variability; we prefer to rely on projections based on more mature data.

Column (18) is a measure of the statistical reliability (or “credibility” in actuarial parlance) of the data given the number of claims reported in the historical period. It is provided for informational purposes. A credibility standard of 100% indicates that the data is fully credible. The further the percentage drops from 100%, the less statistically reliable it is considered. (0% is the low bound on any credibility metric; it can never be lower than 0%). Credibility is not a reflection on the *quality* of the data; rather, it is simply a statistical reflection of the amount of loss data.⁷⁴ Exhibit I Sheet 1 (childcare including package) is the largest dataset and has a substantial credibility of approximately 71%. Exhibit I Sheet 2, Exhibit II Sheet 1 and Exhibit II Sheet 2 each have decreasing amounts of credibility based on the number of claims in their respective datasets.

Frequently, in developing actuarial indications, an alternate data source is used to develop a “complement of credibility” – a separate reasonable prediction - which is weighed with the initial indication in Column

⁷⁴ Actuarial science relies on the “law of large numbers,” and, statistically speaking, larger datasets generally have greater predictive reliability.

(17). In the example of Exhibit I Sheet 1, the indication from Column (17) would be given a weight of 71% and the complement would be given a weight of $100\% - 71\% = 29\%$ to determine a final indication. A reasonable complement of credibility in some circumstances may be countrywide data for the same segment and coverage, for instance. The state-specific data is the most useful for the base indication, as it incorporates regulatory and litigation nuances specific to Washington, and countrywide data could be used to provide an alternate or “complement” view, supported by a larger dataset.

In our situation, however, we do not have a readily available and predictive complement of credibility. For this reason, the credibility statistic in Column (18) of Exhibits I and II is provided only as an indicator of the reliability of this indication. This is consistent with our approach stated earlier that these indications are not intended to be used as definitive guidance on a specific rate increase or decrease; rather, they are intended to be used as a general guideline regarding the adequacy of current rates.

Observations Regarding Rate Indications

All actuarial indications rely on the data captured. In order to create a data call to which the insurers could respond relatively readily, so that we could conduct our study given the timeframe supplied by the Legislature, we limited the information requested to policies with effective dates in the July 1, 2014 – June 30, 2025 period and to losses with incurred dates (accident dates for occurrence policies and report dates for claims-made policies) in that same period. As presented by DCYF (see [Childhood Sexual Abuse Claims in Washington](#)), many claims for incidents in the 1980s or earlier have only come to light in the last few years. If any such claims related to the entities in our scope were covered by occurrence policies, those claims would not be contained in our dataset, as they would attach to policies with effective dates from a much earlier period. Similarly, there may have been instances of abuse in recent years which will only come to light many years in the future. For this reason, it is possible that our indications understate the total indicated rate need, at least as related to occurrence policies.⁷⁵

CPAs and GFHs – Exhibit I

The rate level indication in Column (17) of Exhibit I, Sheet 2 (CPA and GFH Liability including Package) is approximately +1080%. The rate level indication in Column (17) of Exhibit I, Sheet 2 (CPA and GFH Liability excluding Package) is approximately +1535%. These actuarial projections would indicate that, in order to be actuarially sound, CPA and GFH liability premiums should be more than ten times their current rates. Although the credibility for each of these projections is relatively small (24% and 22%, respectively), we find the projections reliable enough to conclude that **the current liability premiums charged for CPAs and GFHs are actuarially inadequate in relation to losses and expenses in the aggregate**. This is likely a function of the types of risks borne by these institutions, the regulatory and litigation environment, and potentially the contractual obligations of these entities to DCYF in tort claims. Based on the feedback and information we have received about the financial impact of current premiums on CPAs and GFHs, it appears that increasing CPA and GFH premiums tenfold would be impossible to absorb in the CPA and GFH operating budgets. We discuss potential policy options in our report.

⁷⁵ Note that the reporting lag inherent in the industrywide “Other Liability” reported development triangle is likely smaller than would be the case for our child and youth-facing experience.

We note three considerations regarding the CPA and GFH data and actuarial indications:

- We understand that certain GFHs may serve both youth and vulnerable adults. It was impossible to separate the premium for these two groups. Additionally, liability insurance for an organization that serves both groups would almost certainly not be divided by group served, as there could be overlap and confusion regarding potential coverage. Insurance policies will almost certainly need to be provided to the GFH as a whole. For this reason, we included all loss and premium data in our analysis.
- We note that the CPA and GFH dataset includes several very large losses, including two losses greater than \$10 million each (one of which applies to a vulnerable adult). In traditional actuarial analyses with a larger dataset, the actuary may choose to limit large losses and then apply an excess factor to the ultimate projected loss. As the goal of our indications was simply to understand the overall rate adequacy, and as the potential for catastrophic losses are inherent to these exposures and a key factor in insurance availability and affordability concerns, we elected to allow these large losses to flow through our indications without adjustment.
- Both of the noted large losses relate to one insured organization. Those claims along with some smaller claims contribute approximately \$32 million of non-package reported loss and ALAE in accident year 2020. We tested the indications after the removal of these claims. Even with the removal of these substantial claims, our CPA and GFH indications (both with and without package premium) demonstrated substantial rate inadequacy related to loss.⁷⁶

We observe that loss ratios appear significantly higher in the 2020 – 2024 accident years⁷⁷ than in accident years 2019 and prior. This is so even before the projection of losses to ultimate; simply comparing reported loss to earned premium produces high loss ratios in the 2020 - 2024 accident period.

Childcare – Exhibit II

The rate level indication in Column (17) of Exhibit II, Sheet 1 (Childcare Liability including Package) is +5.2% with a credibility of 71.1%. If we had a dataset which was 100% statistically credible, a +5.2% rate indication would suggest that rates should be *increased* by 5.2%. The rate level indication in Column (17) of Exhibit II, Sheet 2 (Childcare Liability excluding Package) is -22.6% with a credibility of 56.6%. If we had a dataset which was 100% statistically credible, a -22.6% rate indication would suggest that rates should be *decreased* by 22.6%. Considering the two indications in light of their different credibilities (providing more weight to the Sheet 1 indication than to the Sheet 2 indication) and with consideration of the limits of the industry data used for certain assumptions, **we find the current premiums charged for childcare liability insurance to be reasonable in the aggregate relative to loss experience and reasonable expense assumptions.**

We also note that the indicated loss and LAE ratios in Column (13) appear to be significantly higher in 2022 and subsequent accident years when compared to 2021 and prior accident years for both Sheet 1 and Sheet 2 of Exhibit II. Certainly, there is significant uncertainty in the projection of ultimate loss for these most

⁷⁶ We find that it is most appropriate to construct our exhibits as we have, with the inclusion of those claims, as they demonstrate the potentially catastrophic nature of the losses in this space.

⁷⁷ Or, with the removal of the insured mentioned above, 2021 – 2024 accident years

recent years; however, it is possible that regulations or litigation trends are increasing either the frequency or severity of claims. The OIC may wish to monitor claim trends for childcare entities in the coming years.

Statement of Qualifications

We, Rebecca Freitag and Derek Chapman, are Fellows of the Casualty Actuarial Society Members of the American Academy of Actuaries. We meet the basic education, experience, and continuing education requirements to prepare the actuarial estimates of ultimate loss ratio and related rate indications in this Appendix.

Accident Year	Liability Earned Premium (1)	Liability Current Rate Level Factors (2)	Current Rate Level Earned Premium (3)	Premium Trend Factors (4)	Trended Current Rate Level Earned Premium (5)
2016	307,090	1.633	501,529	1.099	551,251
2017	623,341	1.626	1,013,581	1.088	1,103,037
2018	778,521	1.594	1,240,891	1.077	1,337,039
2019	640,303	1.524	975,627	1.067	1,040,813
2020	457,558	1.369	626,187	1.056	661,412
2021	1,198,710	1.300	1,558,307	1.046	1,629,669
2022	1,705,273	1.197	2,041,710	1.035	2,114,068
2023	1,486,242	1.099	1,633,921	1.025	1,675,076
2024	1,821,140	1.000	1,821,140	1.015	1,848,526

Total 2016-23 7,197,036 9,591,755 10,112,364

Accident Year	Liability Reported Loss & ALAE (6)	Liability Loss Development Factors (7)	Projected Ultimate Loss & ALAE (8)	Selected Ultimate Loss & ALAE (9)	Liability Loss Trend Factors (10)	Liability Trended and Developed Loss & ALAE (11)
2016	0	1.042	0	0	1.902	0
2017	51,404	1.059	54,426	54,426	1.777	96,732
2018	138,649	1.083	150,220	150,220	1.661	249,521
2019	85,866	1.132	97,186	97,186	1.552	150,869
2020	32,245,704	1.221	39,367,220	39,367,220	1.451	57,114,388
2021	5,434,415	1.369	7,438,428	7,438,428	1.356	10,085,749
2022	3,017,134	1.643	4,956,557	4,956,557	1.267	6,280,921
2023	0	2.184	0	0	1.184	0
2024	7,394,653	3.549	26,239,942	26,239,942	1.107	29,042,803

Total 2016-23 40,973,172 52,064,038 52,064,038 73,978,180

Accident Year	ULAE Load (12)	Loss & LAE Ratio (13)	Claim Counts (14)
2016	1.063	0.0%	3
2017	1.063	9.3%	6
2018	1.063	19.8%	12
2019	1.063	15.4%	6
2020	1.063	9179.2%	7
2021	1.063	657.9%	12
2022	1.063	315.8%	13
2023	1.063	0.0%	1
2024	1.063	1670.1%	4

Total 2016-23 777.7% 60

Fixed Expense Load (15)	Variable Expense Load (16)	Rate Level Indication (17)	Credibility (18)
Total 2016-23	3.4%	1081.7%	23.5%

Notes:

- (1), (6), (14) Aggregated from data call submissions
- (2) From Exhibit III
- (3) = (1) x (2)
- (4) From Exhibit IV
- (5) = (3) x (4)
- (7) From Exhibit VI
- (8) = (6) x (7)
- (9) Selected
- (10) From Exhibit V
- (11) = (9) x (10)
- (12) From Exhibit VII
- (13) = (11) x (12) / (5)
- (15), (16) From Exhibit VIII
- (17) = [(13) Total + (15)] / [1 - (16)] - 1
- (18) = min { sqrt [(14)Total / 1082], 1 }

Accident Year	Liability Earned Premium (1)	Liability Current Rate Level Factors (2)	Current Rate Level Earned Premium (3)	Premium Trend Factors (4)	Trended Current Rate Level Earned Premium (5)
2016	167,654	1.633	273,808	1.099	300,953
2017	303,192	1.626	493,005	1.088	536,516
2018	406,611	1.594	648,102	1.077	698,318
2019	377,690	1.524	575,484	1.067	613,935
2020	295,437	1.369	404,318	1.056	427,061
2021	971,674	1.300	1,263,163	1.046	1,321,009
2022	1,252,786	1.197	1,499,951	1.035	1,553,109
2023	1,454,243	1.099	1,598,743	1.025	1,639,011
2024	1,529,542	1.000	1,529,542	1.015	1,552,543

Total 2016-23 5,229,286 6,756,573 7,089,913

Accident Year	Liability Reported Loss & ALAE (6)	Liability Loss Development Factors (7)	Projected Ultimate Loss & ALAE (8)	Selected Ultimate Loss & ALAE (9)	Liability Loss Trend Factors (10)	Liability Trended and Developed Loss & ALAE (11)
2016	0	1.042	0	0	1.902	0
2017	51,404	1.059	54,426	54,426	1.777	96,732
2018	138,649	1.083	150,220	150,220	1.661	249,521
2019	85,866	1.132	97,186	97,186	1.552	150,869
2020	32,245,704	1.221	39,367,220	39,367,220	1.451	57,114,388
2021	5,371,050	1.369	7,351,697	7,351,697	1.356	9,968,151
2022	2,010,749	1.643	3,303,264	3,303,264	1.267	4,185,878
2023	0	2.184	0	60,000	1.184	71,058
2024	7,394,653	3.549	26,239,942	15,000,000	1.107	16,602,249

Total 2016-23 39,903,423 50,324,015 50,384,015 71,836,596

Accident Year	ULAE Load (12)	Loss & LAE Ratio (13)	Claim Counts (14)
2016	1.063	0.0%	3
2017	1.063	19.2%	6
2018	1.063	38.0%	12
2019	1.063	26.1%	6
2020	1.063	14216.4%	7
2021	1.063	802.1%	4
2022	1.063	286.5%	12
2023	1.063	4.6%	1
2024	1.063	1136.7%	4

Total 1077.1% 51

	Fixed Expense Load (15)	Variable Expense Load (16)	Rate Level Indication (17)	Credibility (18)
Total	3.4%	33.9%	1534.7%	21.7%

Notes:

- (1), (6), (14) Aggregated from data call submissions
- (2) From Exhibit III
- (3) = (1) x (2)
- (4) From Exhibit IV
- (5) = (3) x (4)
- (7) From Exhibit VI
- (8) = (6) x (7)
- (9) Selected
- (10) From Exhibit V
- (11) = (9) x (10)
- (12) From Exhibit VII
- (13) = (11) x (12) / (5)
- (15), (16) From Exhibit VIII
- (17) = [(13) Total + (15)] / [1 - (16)] - 1
- (18) = min { sqrt [(14)Total / 1082], 1 }

Accident Year	Liability Earned Premium (1)	Liability Current Rate Level Factors (2)	Current Rate Level Earned Premium (3)	Premium Trend Factors (4)	Trended Current Rate Level Earned Premium (5)
2016	2,609,818	1.633	4,262,271	1.099	4,684,833
2017	3,666,253	1.626	5,961,497	1.088	6,487,644
2018	4,592,059	1.594	7,319,322	1.077	7,886,443
2019	5,385,866	1.524	8,206,420	1.067	8,754,729
2020	7,033,363	1.369	9,625,458	1.056	10,166,910
2021	8,167,385	1.300	10,617,498	1.046	11,103,717
2022	8,017,607	1.197	9,599,421	1.035	9,939,622
2023	7,458,301	1.099	8,199,390	1.025	8,405,915
2024	7,863,178	1.000	7,863,178	1.015	7,981,420
Total 2016-23	46,930,651		63,791,278		67,429,812

Accident Year	Liability Reported Loss & ALAE (6)	Liability Loss Development Factors (7)	Projected Ultimate Loss & ALAE (8)	Selected Ultimate Loss & ALAE (9)	Liability Loss Trend Factors (10)	Liability Trended and Developed Loss & ALAE (11)
2016	1,837,170	1.042	1,914,082	1,914,082	1.902	3,640,042
2017	1,247,914	1.059	1,321,270	1,321,270	1.777	2,348,300
2018	726,413	1.083	787,040	787,040	1.661	1,307,300
2019	1,489,566	1.132	1,685,939	1,685,939	1.552	2,617,198
2020	2,586,933	1.221	3,158,262	3,158,262	1.451	4,582,040
2021	2,718,446	1.369	3,720,909	3,720,909	1.356	5,045,173
2022	7,177,946	1.643	11,791,951	11,791,951	1.267	14,942,693
2023	2,885,438	2.184	6,301,593	6,301,593	1.184	7,462,937
2024	2,912,034	3.549	10,333,360	10,333,360	1.107	11,437,134
Total 2016-23	20,669,826		30,681,046	30,681,046		41,945,684

Accident Year	ULAE Load (12)	Loss & LAE Ratio (13)	Claim Counts (14)
2016	1.063	82.6%	46
2017	1.063	38.5%	41
2018	1.063	17.6%	47
2019	1.063	31.8%	64
2020	1.063	47.9%	86
2021	1.063	48.3%	95
2022	1.063	159.8%	93
2023	1.063	94.4%	75
2024	1.063	152.3%	61

Total 2016-23 66.1% 547

	Fixed Expense Load (15)	Variable Expense Load (16)	Rate Level Indication (17)	Credibility (18)
Total 2016-23	3.4%	33.9%	5.2%	71.1%

Notes:

- (1), (6), (14) Aggregated from data call submissions (11) = (9) x (10)
- (2) From Exhibit III (12) From Exhibit VII
- (3) = (1) x (2) (13) = (11) x (12) / (5)
- (4) From Exhibit IV (15), (16) From Exhibit VIII
- (5) = (3) x (4) (17) = [(13) Total + (15)] / [1 - (16)] - 1
- (7) From Exhibit VI (18) = min { sqrt [(14)Total / 1082], 1 }
- (8) = (6) x (7) (19) = (1 + Future Loss Trend) / (1 + Premium Trend) - 1
- (9) Selected (20) = (17) x (18) + [(19) x (1 - (18))]
- (10) From Exhibit V

Accident Year	Liability Earned Premium (1)	Liability Current Rate Level Factors (2)	Current Rate Level Earned Premium (3)	Premium Trend Factors (4)	Trended Current Rate Level Earned Premium (5)
2016	2,040,995	1.633	3,333,289	1.099	3,663,751
2017	2,928,651	1.626	4,762,123	1.088	5,182,416
2018	3,645,739	1.594	5,810,976	1.077	6,261,226
2019	4,068,130	1.524	6,198,592	1.067	6,612,749
2020	4,886,231	1.369	6,687,016	1.056	7,063,174
2021	5,298,657	1.300	6,888,188	1.046	7,203,626
2022	4,439,360	1.197	5,315,213	1.035	5,503,583
2023	3,402,024	1.099	3,740,064	1.025	3,834,268
2024	3,567,455	1.000	3,567,455	1.015	3,621,100

Total 2016-23 30,709,788 42,735,460 45,324,792

Accident Year	Liability Reported Loss & ALAE (6)	Liability Loss Development Factors (7)	Projected Ultimate Loss & ALAE (8)	Selected Ultimate Loss & ALAE (9)	Liability Loss Trend Factors (10)	Liability Trended and Developed Loss & ALAE (11)
2016	1,447,185	1.042	1,507,771	1,507,771	1.902	2,867,353
2017	193,707	1.059	205,093	205,093	1.777	364,513
2018	434,315	1.083	470,564	470,564	1.661	781,622
2019	597,498	1.132	676,267	676,267	1.552	1,049,815
2020	2,229,563	1.221	2,721,965	2,721,965	1.451	3,949,057
2021	661,498	1.369	905,435	905,435	1.356	1,227,677
2022	2,657,353	1.643	4,365,508	4,365,508	1.267	5,531,947
2023	1,774,044	2.184	3,874,386	3,874,386	1.184	4,588,412
2024	1,213,498	3.549	4,306,100	4,306,100	1.107	4,766,063

Total 2016-23 9,995,163 14,726,989 14,726,989 20,360,395

Accident Year	ULAE Load (12)	Loss & LAE Ratio (13)	Claim Counts (14)
2016	1.063	83.2%	40
2017	1.063	7.5%	32
2018	1.063	13.3%	35
2019	1.063	16.9%	42
2020	1.063	59.4%	44
2021	1.063	18.1%	57
2022	1.063	106.8%	52
2023	1.063	127.2%	45
2024	1.063	139.9%	29

Total 2016-23 47.8% 347

	Fixed Expense Load (15)	Variable Expense Load (16)	Rate Level Indication (17)	Credibility (18)
Total 2016-23	3.4%	33.9%	-22.6%	56.6%

Notes:

- (1), (6), (14) Aggregated from data call submissions
- (2) From Exhibit III
- (3) = (1) x (2)
- (4) From Exhibit IV
- (5) = (3) x (4)
- (7) From Exhibit VI
- (8) = (6) x (7)
- (9) Selected
- (10) From Exhibit V
- (11) = (9) x (10)
- (12) From Exhibit VII
- (13) = (11) x (12) / (5)
- (15), (16) From Exhibit VIII
- (17) = [(13) Total + (15)] / [1 - (16)] - 1
- (18) = min { sqrt [(14)Total / 1082], 1 }
- (19) = (1 + Future Loss Trend) / (1 + Premium Trend) - 1
- (20) = (17) x (18) + [(19) x (1 - (18))]

Washington Liability
All Carriers
On-Level Factor Analysis

Exhibit III

Year	Liability Average Rate Change (1)	Liability CRL Factor (2)
2015	2.8%	1.614
2016	-1.2%	1.633
2017	0.4%	1.626
2018	2.0%	1.594
2019	4.6%	1.524
2020	11.3%	1.369
2021	5.3%	1.300
2022	8.6%	1.197
2023	8.9%	1.099
2024	9.9%	1.000

Notes:

- (1) Average Annual Rate Change from Industry Liability Rate Filings in Washington
- (2) Current Rate Level (CRL) Factor for each year from (1), indexed to 2024

Competitor	Filing Number	Type of Insurance	Historical Premium Trend	Projected Premium Trend
Hiscox	HISC-134077417	General Liability	8.5%	8.5%
Mutual of Enumclaw	ENUX-133993772	Commercial General Liability	0.0%	0.0%
Average			4.3%	4.3%
Selected			1.0%	1.0%

Trend to Date	12/31/2025	Accident Year	Liability Premium Trend
			(1)
		2015	1.110
		2016	1.099
		2017	1.088
		2018	1.077
		2019	1.067
		2020	1.056
		2021	1.046
		2022	1.035
		2023	1.025
		2024	1.015

Notes:

- (a) Premium Trend selected based on consideration of information from industry filings. Note that while some of the exposures in the data call were items subject to premium trend, such as revenue or sales, other exposures, such as number of children, number of professionals, etc, are not subject to premium trend. For this reason, we selected a low premium trend of 1%

Washington Liability
Loss Trend Analysis

Exhibit V

Competitor	Filing Number	Type of Insurance	Historical Loss Trend	Projected Loss Trend
Hiscox	HISC-134077417	General Liability	7.8%	7.8%
Mutual of Enumclaw	ENUX-133993772	Commercial General Liability	7.4%	7.4%
Average			7.6%	7.6%
Selected			7.0%	7.0%

Trend to Date	12/31/2025	Accident Year	Liability Loss Trend
		2015	2.035
		2016	1.902
		2017	1.777
		2018	1.661
		2019	1.552
		2020	1.451
		2021	1.356
		2022	1.267
		2023	1.184
		2024	1.107

Washington Liability
All Carriers

Reported LDFs

S&P Global 12/31/24 Industry Analysis - Based on comprehensive insurance industry Annual Statement Schedule P data.

Other Liability, Occurrence

Weighted Averages

Latest 3	1.993	1.432	1.267	1.164	1.104	1.068	1.033	1.019	1.015	
Latest 6	1.884	1.409	1.250	1.147	1.087	1.057	1.028	1.017	1.015	
All	1.860	1.408	1.241	1.141	1.084	1.053	1.032	1.016	1.015	
Selected	1.884	1.409	1.250	1.147	1.087	1.057	1.028	1.017	1.015	
Cumulative	4.799	2.548	1.808	1.447	1.262	1.161	1.098	1.068	1.050	1.035
% Reported	20.8%	39.2%	55.3%	69.1%	79.3%	86.2%	91.0%	93.6%	95.2%	96.6%

Selected Liability LDFs

	12	24	36	48	60	72	84	96	108	120
Selected	1.950	1.420	1.260	1.155	1.095	1.065	1.030	1.018	1.015	
Cumulative	5.174	2.654	1.869	1.483	1.284	1.173	1.101	1.069	1.050	1.035
Interpolated	18	30	42	54	66	78	90	102	114	126
Cumulative	3.549	2.184	1.643	1.369	1.221	1.132	1.083	1.059	1.042	1.030

Washington Liability
ULAE Load

Exhibit VII

Competitor	Filing Number	Type of Insurance	Selected ULAE Load
Hiscox	HISC-134077417	General Liability	1.070
Mutual of Enumclaw	ENUX-133993772	Commercial General Liability	1.055
Average			1.063
Selected			1.063

Washington Liability
Expense Load

Exhibit VIII

Competitor	Filing Number	Type of Insurance	Fixed Expense	Variable Expense
PMA	OREP-132490185	Commercial General Liability	4.5%	29.5%
Regent Ins Co (QBE)	QBEC-131929197	Commercial Umbrella	11.7%	32.1%
Old Republic	LDDX-133542606	Commercial General Liability	0.7%	20.6%
Hiscox	HISC-134077417	General Liability	0.0%	42.9%
Mutual of Enumclaw	ENUX-133993772	Commercial General Liability	0.0%	44.4%
Average			3.4%	33.9%
Selected			3.4%	33.9%

Appendix E – Other Lines of Insurance

In its [2025 supplemental operating budget](#) (ESSB 5167), the Legislature directed the OIC to “study the feasibility of using a joint underwriting association to provide property and liability insurance coverage for child care centers, group foster homes, family child care homes, child and youth serving organizations, and child placement services.” Note that Washington state is a monopolistic provider of workers’ compensation insurance, and that was not included in our scope. Neither did we include other “stopgap” types of insurance intended to supplement workers’ compensation insurance.

The main body of this report focuses on liability insurance (excluding auto liability) provided to entities in our scope. It includes GL, PL, abuse, excess/umbrella, and package coverages, which for ease of reference, we have earlier defined as “liability” coverages.

Information received from the data call included underwriting and rating guidelines. Based on a review of these guidelines, we determined early in our review that the rating mechanisms for property and commercial auto exposures for the entities in our scope **were not adversely differentiated** from the rating mechanisms for other types of companies. In contrast, the availability and affordability of liability coverages for entities in our scope were adversely differentiated from other types of companies.

The research mandated by the authorizing legislation included:

- Concerns with the cost or availability of property and liability coverages [for entities in scope]...
- Barriers that [entities in scope] experience in accessing adequate property and liability coverage...
- Whether and how a joint underwriting association might suit the property and liability coverage needs of [entities in scope]

Based on our review of underwriting and rating guidelines, we did not find specific concerns with cost or availability, barriers to access, or the potential need for a JUA for the property and commercial auto coverages for entities in our scope.

We do not mean to imply that property or commercial auto insurance is always easy to pay for. These are operational expenses that may be difficult to absorb in a budget with small operating margins. However, the potential financial challenges in paying for these coverages do not appear to be related to adverse differentiation of the entities in our scope in the insurance market.

We note that one GFH cited commercial auto coverage as a significant expense because of the years of driving experience of its typical employees and the number of vehicles that are in use to transport residents. The typical employees are entry-level and necessarily do not have many years of driving experience. Although this is an operational cost that must be accounted for, this is a cost related to typical rating factors in auto insurance.

Appendix F – Data Call Instructions

Washington state data call relating to childcare entities

At the direction of the Washington state Legislature, Insurance Commissioner Patty Kuderer must collect certain data regarding the availability and cost of property and liability insurance coverage for **childcare centers, group foster homes, family childcare homes, and child placement services.**

This is a one-time data call at the direction of the Washington state Legislature. It is not intended to be an annual call.

Confidentiality statement: Pursuant to RCW 48.02.065(8), all data submitted as a part of this data call are confidential by law and privileged and not subject to public disclosure under chapter RCW 42.56. The Commissioner may prepare and publish reports, analysis, or other documents using the data received from individual property and casualty companies so long as the data in the report is in the aggregate form and does not permit the identification of information related to individual companies.

Submission

Due: WORKSHEET AND ADDITIONAL DATA ARE DUE BY COB Thursday September 11, 2025.

- If your company transacts insurance with childcare centers, group foster homes, family childcare homes, or child placement services within the time frames described below, complete the worksheet and return to datacall@oic.wa.gov.
- If after your review your company has NOT transacted insurance with childcare centers, group foster homes, family childcare homes, or child placement services within the time frames described below, do NOT need to return a blank worksheet or notify datacall@oic.wa.gov.
- When you email your worksheet, please change "NAME" in the .xlsx file "NAME_Childcare_Data_Call_Template" to your company name or group.

Worksheet instructions

Tab 1 Contact information

- Please complete the contact information in “Company Info” tab of the attached template.

Tab 2 Policy and Premium

1. **The following request applies to each property and/or liability insurance policy (including package policies) covering childcare centers, group foster homes, family childcare homes, or child placement services with policy effective dates in the 7/1/2014 – 6/30/2025 period.** Liability coverages would include general liability, professional liability, sexual abuse, auto liability (owned or non-owned), package policies, and excess or umbrella. Homeowners endorsements for in-home childcare should also be included.

The definitions of these types of insureds are as follows:

“Childcare centers” refer to “child care/early learning providers” as explained on the Washington State Department of Children, Youth & Families (DCYF) here: <https://dcyf.wa.gov/services/early-learning-providers> **The attached listing provides the names of all child care centers licensed by DCYF to do business in Washington State in 2025, 2021, and 2017. You may use these as a guide to whether you have insureds in this category.**

Group foster homes” are defined as “Group and residential care programs are each a type of live-in, out-of-home care placement in which staff are trained to work with children and youth. These placements offer a higher level of structure and supervision than what can be provided in a family home setting. Group and residential programs are operated by private agencies licensed by DCYF and typically provide an array of services, including therapeutic services for children and families and educational and medical services for children or youth” as explained by DCYF here: <https://dcyf.wa.gov/services/group-care> **The attached listing provides the names of all group foster homes licensed by DCYF to do business in Washington State in 2025, 2021, and 2017. You may use these as a guide to whether you have insureds in this category.**

“Family childcare homes” refer to a childcare facility that operates in a private residence. Insurance coverage for these entities may be provided as an endorsement to a homeowners policy.

“Child placement services” refer to “Child Placing Agencies (CPAs)” as defined by DCYF. This definition includes a) CPAs that certify foster homes and provide caregiver support services and b) CPAs that provide private domestic and/or international adoption services. See <https://dcyf.wa.gov/services/child-placing-agencies> **The attached listing provides the names of all CPAs licensed by DCYF to do business in Washington State in 2025, 2021, and 2017. You may use these as a guide to whether you have insureds in this category.**

2. **Please include policies with Washington State exposures.** If a policy is for a large organization that includes exposures in Washington and other states, please provide the portion of the exposures and premium for Washington State only.
3. **Please note that this data call includes homeowners policies that reflect coverage for in-home childcare. For the purposes of this data call, please separate out premium related to this coverage if possible.**
4. If you provide more than one property, liability, or package policy for an insured, please populate a separate row for each policy you have insured.
5. If one policy can be readily subdivided into separate components (property, liability, etc), please provide information for each component on separate rows:
 - Please repopulate the first six fields for each row
 - Please produce premium and exposure information unique to that component/coverage on each row. Please do not repeat premium and exposure information.

If policy components cannot be readily divided, please provide together on one row.

6. Please note that the following fields have drop-down response options: Type of Insured, Coverage, Claims-Made or Occurrence Form, Rating Basis, Includes Coverage for Non-Owned Auto Liability, and Was Policy Non-Renewed. Many of these also include an "other" selection in which you can provide a free-response.
7. Notes on specific fields:
 - a. The first field, "Type of Insured," identifies the insured as one of the following types, as identified by the Washington Legislature, and as defined in greater detail in Item 1 above:
 - i. Childcare centers
 - ii. Group foster homes
 - iii. Family childcare homes, and
 - iv. Child placement services

Please choose the field that best describes the insured on this policy.

- b. The "Coverage" field contains a drop-down list including the following coverages:
 - i. Property
 - ii. General Liability
 - iii. Professional Liability
 - iv. Excess or Umbrella
 - v. Sexual abuse (if offered separately)
 - vi. Auto Liability (Owned Autos)
 - vii. Non-Owned Auto Liability (if this premium can be populated in its own record)

- viii. Package
- ix. Homeowners Childcare Endorsement
- x. Other (Free Response)

If the policy includes multiple coverages, then to the extent possible, please present unique premium and number of exposures on separate rows, with each row representing one coverage. **Please do not duplicate premium and number of exposure amounts.** If this is impractical, then all premium may be placed on one row, and please use the "other" category to explain the policy.

- c. "Premium" should represent the premium for the term that the policy was in force. In other words, if an annual premium of \$1200 was written and the policy was cancelled pro rata after 7 months, the premium field should demonstrate 7 months of premium (approximately \$700). Per the instructions above, please populate with the premium that is specific for the coverage selected.
- d. The "Rating Basis" field refers to the exposure used for the base rating. For instance, for property, this may be Total Insured Value (TIV) or square feet. For liability coverages, this may be revenue, average number of children, number of staff, number of in-home visits, etc.
- e. The "# of Exposures" field refers to the units of the "rating basis" used to determine the policy premium. For instance, if TIV was selected for "Rating Basis", then the "# of Exposures" may be 200,000. If average number of children was selected for "Rating Basis", the "# of Exposures" may be 50. Please populate with the exposures specific to the coverage selected for the row.
- f. Many policies may have no deductible or attachment point. If this is the case, then please complete the "policy deductible/attachment point" field with a \$0 entry. If this is an excess policy, please make sure this field is populated.

Tab 3 Loss and Claims

1. **Please provide losses for each property and/or liability insurance policy (including package policies)** covering childcare centers, group foster homes, family childcare homes, or child placement services **with incurred dates in the 7/1/2014 – 6/30/2025 period.** Incurred date references accident date for occurrence policies and report date for claims made policies. Liability coverages would include general liability, professional liability, sexual abuse, auto liability (owned or non-owned), package policies,, and excess or umbrella.

The types of insureds are as defined above in the "Policy and Premium" tab instructions, Item 1.

This should include childcare-related claims on homeowners policies.
2. **All numeric fields should be valued as of 6/30/2025** (or if an alternate recent valuation date is used, please inform us of the date).

3. **When responding, please disclose whether claims are recorded by occurrence or by claimant.** For instance, if an instance of negligence or an auto accident affected two children, the insurance company may list that as one claim (one occurrence) or two claims (two claimants).
4. There may be more than one row (loss) per policy number.
5. Please note that the "Type of Insured," "Coverage," "Claims-Made or Occurrence," and "Open/Closed," fields have drop-down response options.
6. Claim Location Address refers to the location of the claim.
7. All loss fields (columns O and Q) refer to the loss paid or reserved by the insurance company, after application of deductible (if any) without regard to any cessions to reinsurers. It should not reflect anticipated or actual subrogation from other parties. Subrogation payments that have already been received should be entered in Column S. Anticipated subrogation should be entered in column T.
8. "Expense" in Columns P and R refers to Defense & Cost Containment Expenses, as defined in the Annual Statement Instructions.
9. Please ensure that the loss description in Column U includes a description of cause of loss.

Additional Information Requested

Non-Worksheet items

Please provide the following non-worksheet items relating to underwriting/pricing background. Please send these items to datacall@oic.wa.gov.

- a. Please provide copies of any underwriting guidelines or manuals and rating guidelines or manuals related to this coverage, separately for each "category" (childcare centers, group foster homes, family childcare homes, and child placement services). This would also include rates and underwriting guidelines for childcare endorsements on homeowners coverage.
- b. When providing copies of items in subsection a., please submit a list any debits or credits in use. For example, there may be debits or credits for prior loss experience (or lack thereof), for licensing of providers, years of experience, etc.
- c. If sexual abuse liability is limited or excluded, please note the form numbers used to limit or exclude such liability, and please provide a template copy of one of each form, identifying the "Type of Insured" (see above) for which it is used.