



**Rise**  
**TO THE TOP**  
**UWC 2024**

## Introducing Lessons From Underwriting Audit

The Underwriting Audit Team cooks up short recipes based on findings from various audits. These lessons are like recipe cards! When you have a dish you know how to make, you can still refer to a recipe card to ensure an important step or ingredient is not forgotten or overlooked.

### *What Is A Lesson From Underwriting Audit?*

Each lesson is quick and concise, takes a minute or two to read, and is based on information found while reviewing various policies. There are a variety of topics, including class guidelines, correct usage of forms, correct completion of fill-in forms, and more!

**To get a taste of how informative and easy-to-read the lessons are, sample the appetizer below!** You can find this recipe and other helpful lessons from Underwriting Audit at Nautilus University! New lessons are published quarterly. Check [Nautilus University.com](https://www.nautilus.com) often so you don't miss new lessons!

### *The Missing Ingredient: State Inspections For In-Home Day Care* **Reviewing The Ingredients**

This audit focused on adherence to the eGuide requirements for In-Home Day Care (82115). This class code references the Consolidated Underwriting Guideline for Day Care (Preschool / In-Home). This particular insured is an in-home day care provider that has been in business for five years. There is a partially completed Nautilus Day Care Application (A007) in the file. The insured is licensed in the state in which they operate. They are licensed for two infants from 2-24 months and four toddlers from 2-3 years old. There are no special needs children. There are three adults providing care. Days and hours of operation include Monday through Friday from 8am-4:30pm. The 2,200-square-foot, two-story, three-bedroom home was built in 2000. The application indicates the proper safety controls and compliance with building codes and health standards. The insured has a formal screening process and completes background checks on all employees. Medical records are maintained, and medical release forms are signed and filed. There are no pools or animals on the premises. The Nautilus Day Care Application is only partially completed and does not include information about annual state inspections. The account documents do not include copies of any state inspections. The Nautilus eGuide requires copies of the two most recent state inspections, and they must not have any open violations.

#### **Taste Test**

Due to the requirement for state inspections and finding none in the file, the auditor searched the [site referenced in the eGuide\\*](#) and found the last two state inspections for the insured. The most recent inspection included three unresolved violations. One addressed the discipline methods used that could cause harm to the health, safety, or welfare of an enrolled child. The second stated that personal products needed to be labeled with the child's name. The third violation addressed the need to separate the family's Rottweiler from the enrolled children.

#### **Lessons In Gastronomy**

State inspections provide a wealth of information on current conditions and are required for this class of business. In this case, the combination of having three unresolved violations, the violation of discipline methods, and the type of dog present make this an unacceptable risk to Nautilus. The eGuide states that "risks with more than two violations that aren't corrected immediately while the state inspector is on-site" are not acceptable and that "aggressive dogs on premises" are prohibited. (Examples of these breeds are listed in the eGuide.) Please refer to the Consolidated Underwriting Guidelines on Day Care (Preschool/In-Home).

\*<https://www.care.com/c/child-care-center-licensing-by-state/>

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