



2300 Vartan Way, Suite 103
Harrisburg, PA 17110
Phone: (717) 657-9000
Fax: (717) 657-0959
www.pacca.org

**Pennsylvania House of Representatives
Children & Youth Committee
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**Testimony on House Bill 685
Liability Insurance – Family Day Care Homes**

**Presented By
Terry Casey
President
Pennsylvania Child Care Association
(PACCA)**

**Pennsylvania Child
Care Association**

**"Serving Pennsylvania's
Child Care Professionals"**

Good morning, my name is Terry Casey and I am the President of the Pennsylvania Child Care Association (PACCA). PACCA is a statewide non-profit association representing organizations and individuals with a professional and business interest in the child care field.

Our membership is very diverse and includes primarily certified or licensed child care providers. These providers care for the Commonwealth's children in regulated center, group and family day care settings. Our members provide care to over 200,000 children in the Commonwealth from infants through school age. PACCA advocates for quality, affordable child care for all who need and desire it in Pennsylvania. We focus our energies on the development of sound public policy aimed at improving the provision of and access to child care services in the Commonwealth.

I thank the House Committee for Children & Youth for giving PACCA the opportunity to testify today on HB 685, which requires liability insurance for family child care homes.

Center-based child care facilities are currently required to obtain liability insurance. This legislation would mandate the same for family child care homes. Family child care facilities are 100% home based, registered by the state and legally permitted to care for up to 6 children.

The major concern in the operation of child care programs is the need to provide a safe and healthful environment for children and staff. Strict adherence to licensing regulations is an important part of ensuring safety. As the owner or operator of a child care program knows or should know, they are responsible for the well being of the children in their care and must follow basic safety and health precautions. If a child is injured or becomes ill because of negligence or deliberate actions by the operator or their staff, the owner/operator is liable. Liability resulting from an accident can be lessened if it is clear the program and the operator and/or staff have been diligent in trying to keep children safe.

No matter how cautious child care providers are, accidents can happen. As you are aware, insurance does not protect against accidents. Insurance provides protection against financial loss for the program and individuals responsible for the program.

Liability insurance is generally considered essential to protect the owner and any staff financially. The insurance company that provides the policy will often insist that the program adhere to additional requirements beyond those in the state regulations. These requirements are usually designed to minimize the chance that the provider will need to file a claim. Some insurance companies consider the characteristics of the program when deciding which type of insurance to buy. For example, does the program have its own playground area, swimming pool, animals at the facility on a daily basis, and so on? Insurers believe that these characteristics are more likely to incur an incident that will result in a claim being filed, and they want to minimize exposure to a liability claims.

Many insurance companies will not insure a family child care home. Insurance companies operate on the premise that family child care homes are harder to supervise, even though those operating legally are limited to caring for 6 children. One reason is that state inspections are conducted less often than in center-based programs. Though most home-based providers would support annual inspections, due to a lack of resources, Pennsylvania conducts only random inspections of 15% of home-based providers on an annual basis. As referenced previously, two other common reasons home-based providers are denied coverage include a swimming pool on the property or that the family owns a dog of a particular breed.

PACCA knows of only a few insurance companies that will insure home based providers IF they own their home. Ownership assumes a greater degree of control over repairs and changes to structure and property that can minimize accidents and, therefore, claims. These companies will write a rider to the homeowner's policy. However, PACCA has found that many of the few policies available to family child care homes are not in sync with state regulations. Many typically will not insure a home based provider if they care for more than four (4) children at a time, while Pennsylvania's regulations allow a home based provider to care for up to six (6) unrelated children at a time (unless infants are present). So again, home-based providers may be in the uncomfortable position of risking exposure to a lawsuit if an accident happens and they are not able to secure liability insurance. Alternatively, reducing the number of children they care for in order to qualify for

liability insurance will have a significant economic impact on thousands of parents and providers.

PACCA notes for the Committee that not all home-based providers own their home; many rent. These providers are even less likely to be able to secure liability insurance. I would ask you to consider that in some neighborhoods home-based providers who rent may be the only available and convenient state-regulated program for working parents.

So far I have been speaking to the ability to obtain liability insurance. Additional considerations for the provider include the amount of coverage and costs. I would also ask that the committee keep in mind that home based providers earn considerably less than center-based providers and are less able to pay the higher costs of insurance plans.

PACCA recognizes all of the challenges inherent in this issue. The association's position is that we recommend that home-based providers obtain liability insurance as a matter of best business practice, to protect the business owner in case of accidents. However, requiring home-based family providers to carry liability insurance is a bit more complicated and often outside their control or ability to secure.

No concern, however, is more critical than the safety of a child in care. The association feels strongly that children should be in safe, healthy and quality

programs and we educate and mentor providers to this end. The number of children entering child care grows each year. Child care programs are dealing on a daily basis with many important concerns regarding the health, safety and quality of care for children. Health and social issues that had little impact on child care programs a decade ago have become major factors in establishing policies and procedures both by the child care program and by the state. Concerns about health and safety issues and their resulting legal implications have made administration more difficult.

PACCA believes that the best protection we can give to children in care is to provide affordable access to regulated providers who are consistently and fairly monitored by trained, licensing inspectors. To make this a reality, the Department of Public Welfare must be given the financial resources to monitor state-regulated family day care providers on a more frequent and consistent basis.

For the same reasons, liability policies for family child care homes need to be affordable and designed to protect and accommodate the children, their families, and the providers who serve them. Mandates that are impossible to meet will only drive providers underground, which would vastly decrease safety and quality and destroy the ability state's ability to monitor them.

PACCA notes that many communities in the state rely significantly on home-based family providers. We appeal to the Children & Youth Committee to keep in mind

the critical role they play in the lives of the thousands of families and children they serve. The Commonwealth could go far in assisting these providers in meeting the needs of children and families while protecting the fiscal viability of their businesses in a myriad of ways.

PACCA and our members welcome the opportunity to work with you to help find solutions to this issue. Liability insurance is important to many providers and a reassuring resource to moms like Victoria Dougherty. We do not want another mother to experience the emotional and heartfelt pain she has had to endure.