

Child Care Insurance (C) Working Group

June 15, 2026

Welcome and Roll Call

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Massachusetts
New Mexico
Oregon
Pennsylvania
Rhode Island
West Virginia

#1 Consider Adoption of its May 11 and May 26 Meeting Minutes

Commissioner Patty Kuderer (WA)

#2 Hear a Presentation from the National Conference of State Legislatures (NCSL) on Legislative Activity

Jenna Bannon (NCSL)



Child Welfare and Childcare Liability Insurance Legislation

State Legislative Responses to Affordability and Access Challenges

NAIC Child Care Working Group Meeting
June 15, 2026

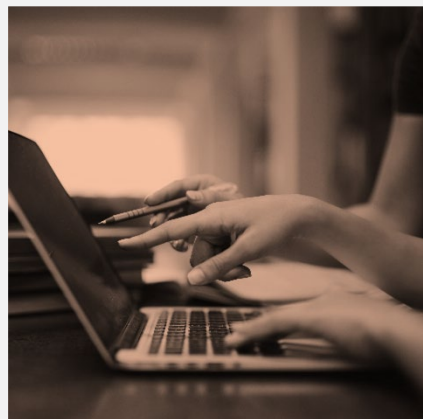


How NCSL Supports Legislators and Legislative Staff



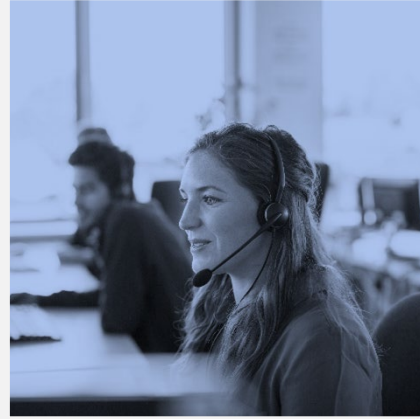
Policy Research

Thousands of ad hoc research requests from legislators and legislative staff fulfilled each year.



Bill Tracking

Forty-five legislative databases covering most state policy matters. Searchable on [NCSL.org](https://www.ncsl.org).



Technical Assistance

In-state informational services and trainings by invitation of state.



Publications

Numerous policy papers, articles and podcasts on [NCSL.org](https://www.ncsl.org); Facebook and LinkedIn videos and 25 newsletters.



Convenings

Three marquee annual events and hundreds of targeted or invitational in-person and on-line meetings and webinars.

NCSL's Children and Families Program

Primary Areas of Focus



- Early Childhood and Childcare (prenatal-5)
- Child Welfare
- Housing and Homelessness
- Economic Security
- Food Security
- Child Support and Family Law

Insurance Availability & Market Pressures

Key Challenges



- Child welfare and childcare providers report **growing difficulty obtaining liability insurance coverage** due to:
 - Significant premium increases
 - Reduced coverage limits
 - Insurers exiting the market entirely
- Insurance is often required for licensure or operation
- **What factors are causing this problem?**
 - Increased litigation and claim severity
 - Growth in historical abuse claims
 - Changes in liability environment

Overview of State Legislative Actions



Clarifying indemnification and liability standards.



Limiting liability exposure for contracted partners.



Commissioning studies or convening working groups.



Exploring risk-sharing or market-stabilization strategies.

Clarifying Indemnification and Liability Standards

States are adjusting statutes and contract rules to better define which party is responsible for specific risks:

Pennsylvania [HB 2214](#) (2022, Enacted)

- Addresses risk allocation between county agencies/municipal government entities and contracted child welfare service providers.
- Prohibits one-sided indemnification clauses that requires a private provider to assume liability for a government agency's negligence.
- Moves to establish mutual indemnification principles where each party is accountable for its own actions.

Florida [SB 7012](#) (2025, Enacted)

- Limits the liability of community-based care lead-agency subcontractors for the acts or omissions of lead agencies or the Department of Children and Families in contracts entered into or renewed after July 1, 2025.



Limiting Liability Exposure for Contracted Partners



Some states are implementing condition immunity frameworks tied to compliance and oversight requirements:

Texas [SB 1558](#) (2025, Enacted)

- Establishes conditional liability protections under state law for qualifying providers.
- Applies to nonprofit entities contracted with the Department of Family and Protective Services or community-based care contractors.

Tennessee [SB 1683](#) (2026, Enacted)

- Provides liability protection to employers, churches, and other entities hosting childcare providers.
- Protects hosts from lawsuits tied to provider negligence if they do not control operations.

Exploring Risk-Sharing or Market-Stabilization Strategies



Some states are changing the broader legal framework that affects claim exposure:

New Hampshire [SB 614](#) (2026, Passed Legislature):

- Creates pooled risk management programs for childcare centers and foster family homes.
- Based on self-insurance model in [Washington](#)
- Similar proposals were introduced this year in Indiana ([HB 1400](#)) and Rhode Island ([SB 2721](#))

Since 2007, **Texas** has a state-supported [liability insurance pool](#) to improve access to affordable coverage for childcare providers.

Commissioning Studies or Convening Working Groups



Some states are gathering data on insurer market participation, claims, premiums, and other factors before making broader policy changes:

Connecticut [HB 5003](#) (2025, Enacted)

Study to assess the availability and affordability of liability insurance for center- and home-based childcare providers.

North Carolina [HB 412](#), (2025, Enacted)

Created a work group of insurance experts and childcare providers to identify strategies to reduce liability insurance costs for both childcare and child welfare.

Oregon [SB 1535](#), (2026, Enacted)

Directs the Department of Early Learning and Care to convene a work group to study liability insurance challenges and develop cost-reduction strategies for childcare providers.

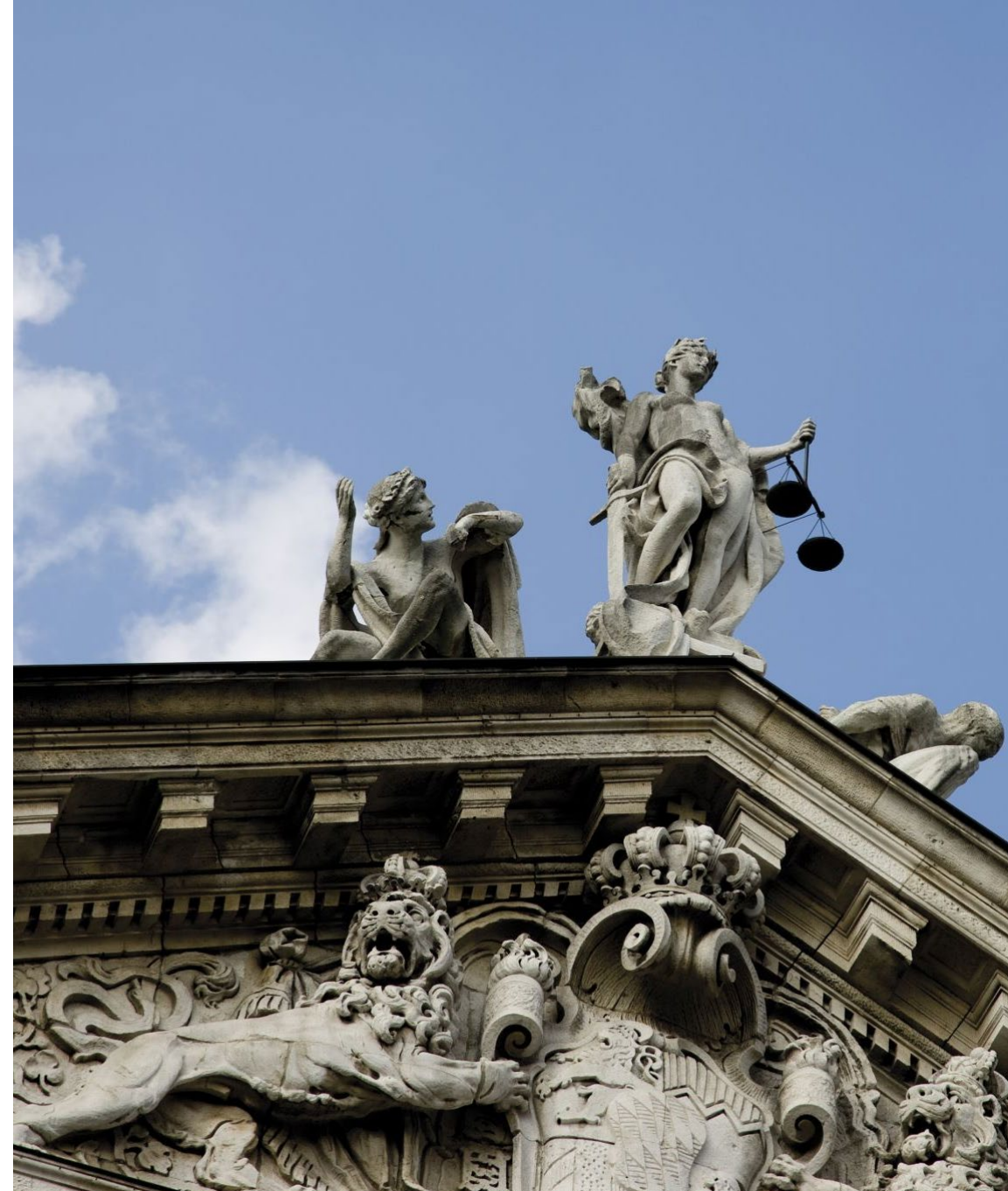
What States Are Thinking About Next

Pennsylvania [HB 2490](#) (2026, Pending)

- Would block counties from using contract language that prevents a provider's insurer from recovering costs from a responsible public entity.

New York [AB 10732](#) (2026, Pending)

- Prohibits insurers from using violations issues by the New York State Office of Children and Family Services as the sole basis for rate adjustments for childcare providers.





Other Resources

- [An Uninsurable and Unavailable Foster Care System: How Lawsuits, Regulations, Social Inflation, and Policy Failures Are Making the Most Vulnerable Children Uninsurable](#), AEI
- [Childcare and Community-Based Child-Welfare Providers Liability Insurance Workgroup Report](#), North Carolina Department of Insurance
- [Insurance Survey Findings – May 2024](#), Zero to Five Montana
- [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
- [Survey Results of Child Welfare Liability Insurance Survey Act](#), Illinois Department of Insurance





Thank you!

Jenna Bannon
Associate Director, Children and Families Program,
NCSL
jenna.bannon@ncsl.org



www.ncsl.org



@NCSLorg



Denver
7700 East First Place
Denver CO 80230

Washington D.C.
444 North Capitol Street NW, Suite 515
Washington, D.C. 20001

#3 Hear Presentations from the Non Profit Insurance Program (NPIP) and Nonprofits Insurance Alliance (NIA) on Risk Pool Insurance Access

**Sarah McDonnell (NPIP) and Pamela Davis
(NIA)**

The Vanishing Safety Net: Keeping Child-Serving Nonprofits Insurable Through Balanced Reform

Pamela Davis

Founder, President and Chief Executive Officer

Nonprofits Insurance Alliance

Nonprofits Insurance Alliance: Often the Only Market for Child-Serving Organizations

About Nonprofits Insurance Alliance (NIA)

- NIA is a group of 501(c)(3) nonprofit insurers serving other nonprofits across the country
- Includes a risk pool and a risk retention group structure, allowing member-owned liability coverage across multiple states
- Founded during a prior nonprofit insurance crisis and has operated for more than 35 years
- Currently insures more than 25,000 nonprofits, many serving vulnerable populations

To the Issue

- Child care, foster care, social service, and other nonprofits serving vulnerable populations depend on liability insurance to operate
- That insurance is becoming harder to find / more expensive / unavailable
- **NIA is often the only remaining market serving these risks, and threats remain to our ability to continue to insure some of the more difficult risks**



NIA Member:
Valley Teen Ranch
Fresno, CA

Why Insurance is Becoming Unavailable, and the Impact on Vulnerable Groups

The Problem

Nonprofits that serve children and vulnerable populations are unable to find or afford insurance

The Drivers

- Rising lawsuit costs (Nuclear verdicts)
- Changes in legal standards:
 - Nonprofits are being held responsible for harm they didn't cause and couldn't reasonably prevent
 - Judges are passing off decisions about law (not facts) to juries
 - Verdicts are being driven more by sympathy and trial tactics than by actual fault
- Revived sexual abuse claims
- Third-party litigation funding

Impact on Children and Vulnerable Groups

- More go without services when nonprofits reduce or eliminate programs or close completely
- Reduction in staff-to-child ratios results in a decline in quality of services
- Gaps in care and enrichment as a result of staff turnover and less experienced employees

What Needs to Change: Restore a Balanced and Insurable System



NIA Member:
The Forgotten Adoption Option
Saint Charles, MD

Restorative Reforms:

- Restore balance and fairness in the legal system
- Hold nonprofits accountable when they fail to meet the standard of care
- Do not hold nonprofits responsible for harm they did not cause or could not reasonably prevent

These Reforms Would Provide:

- Insurable standards of liability
- Predictable outcomes
- Sustainable coverage availability

Practical Paths Forward: Policy Options to Improve Availability and Affordability

Foster Care-Specific Concepts

- Safe harbor for substantial compliance
- Focus on reasonable foreseeability rather than 20/20 hindsight
- Require detailed, good-faith settlement demands before lawsuits
- Limit punitive damages and excessive interest
- Ensure nonprofits only pay for their share of responsibility
- Avoid contract terms that unfairly shift government liability onto nonprofits

Sexual Abuse Claim Context

- Provide modified standards of look-back laws for nonprofits
- Provide state-run victim funds or mediation programs with appropriate guardrails to protect the fund's sustainability for future claims
- Provide faster, less adversarial, and more predictable methods of adjudication

Practical Paths Forward: Policy Options to Improve Availability and Affordability (Continued)

General Reforms

- Apply liability caps or immunity where nonprofits are performing public functions
- Put reasonable limits on non-economic damages (like pain and suffering)
- Require disclosure or limits on outside funding of litigation

The Goal is Balance

- Reduce harm to children by connecting responsibility to the cause of the harm
- Protect victims, preserve accountability, while preserving services for children



NIA Member:
**Greater Hope Foundation
for Children**
Victorville, CA

#4 Other Any Other Matters Brought Before the Working Group

Commissioner Patty Kuderer (WA)

Thank you