

ACT 126

H.B. NO. 2530

A Bill for an Act Relating to Child Care.

*Be It Enacted by the Legislature of the State of Hawaii:*

SECTION 1. The legislature finds that the intent of Act 161, Session Laws of Hawaii 2017 (Act 161), was to strengthen minimum standards on child care to improve the health and safety of children by requiring child care providers to obtain and maintain liability insurance coverage.

The legislature further finds that while insurance coverage for providers of child care services is available, there are a variety of policy limits, premium amounts, coverages, and exclusions from coverage that may be applicable to an individual child care provider, as determined by the market. However, the unavailability of specified coverage and cost of obtaining and maintaining insurance coverage may result in a decrease in the number of regulated home-based family child care and group child care providers across the State. At the end of December 2017, the State had approximately three hundred and fifty independent home-based child care providers. A reduction in available regulated home-based family child care and group child care providers may result in an increase in child care costs at remaining providers. Consequently, families may choose to forego employment to provide their own child care or choose unregulated child care. However, foregoing employment will reduce a family's income and resources, while choosing unregulated child care means the family will not have the benefit of the health and safety measures provided through regulated child care.

The legislature additionally finds that survey responses from home-based child care providers indicate that insurance providers have informed these child

care providers that current homeowners' insurance policies may not be renewed if the providers are conducting a child care business on the insured property. The legislature therefore finds that the inability of homeowners to obtain homeowners' insurance due to providing child care services is an unintended consequence of Act 161.

The purpose of this Act is to:

- (1) Repeal language that requires the department of human services to determine the amount of liability insurance coverage required to be obtained and maintained by child care providers;
- (2) Repeal language that requires child care providers to disclose a summary of information relating to liability insurance coverage to parents and guardians applying for child care at a child care facility; and
- (3) Amend Act 161 by extending the deadline for the department of human services to submit a report to the legislature, amending the information to be included in the report, and extending the implementation and enforcement deadline for the liability insurance requirements until July 1, 2019.

SECTION 2. Section 346-157, Hawaii Revised Statutes, is amended by amending subsections (b) and (c) to read as follows:

“(b) The department shall require all providers to obtain and maintain liability insurance coverage ~~[in an amount determined by the department]~~ as a condition of licensure, temporary permission, or registration to operate a child care facility.

(c) The department, as a condition of continued licensure, temporary permission, or registration, shall require all providers to disclose in writing to each parent or guardian[:

- (1) ~~Applying to have a child cared for at the provider's facility, summary information including the insurer's name and contact information, coverage amounts, and effective dates for the provider's liability insurance coverage at the time of application; or~~
- (2) ~~Within~~, within seven working days of any change, cancellation, or termination of liability insurance coverage, that the coverage has been changed, canceled, or terminated while the parent's or guardian's child is cared for at the provider's facility.”

SECTION 3. Act 161, Session Laws of Hawaii 2017, is amended as follows:

1. By amending section 3 to read:

“SECTION 3. The department of human services shall submit a report to the legislature, no later than twenty days prior to the convening of the regular session of ~~[2018,] 2019~~, on the following issues related to the liability insurance requirements established by section 2 of this Act:

- ~~[(1) The amount of liability insurance coverage required to be obtained by child care providers;~~
  - ~~(2)]~~ (1) The costs incurred by child care providers to obtain liability insurance and the projected impact these costs may have on the rates charged to consumers; and
  - ~~[(3)]~~ (2) Outreach efforts conducted by the department, to ensure compliance with the requirements of this Act.”
2. By amending section 5 to read:

“SECTION 5. This Act shall take effect on July 1, 2017; provided that implementation and enforcement of the liability insurance requirements under section 2 of this Act shall take effect on [January 1, 2019.] July 1, 2019.”

SECTION 4. Statutory material to be repealed is bracketed and stricken. New statutory material is underscored.

SECTION 5. This Act shall take effect upon its approval.

(Approved July 5, 2018.)