

I respectfully oppose AB 185.

Allowing daycare operations within a homeowner's association significantly increases the community's liability exposure. The insurance market for HOAs is already strained, and the introduction of a daycare could render a community ineligible for coverage through standard carriers. This would force associations into surplus lines or non-admitted markets, where premiums are typically two to three times higher.

In the event of an incident involving a child, the association will almost certainly be named in any resulting lawsuit. Even if the daycare operator carries insurance, there is no guarantee that coverage will be in force at the time of a claim. A relevant example is the 2018 Lamplight Village case, in which a child was injured after falling from a swing set. Although additional factors were involved, the judgment against the association totaled \$20 million—highlighting the potential scale of liability.

If a claim is not covered by insurance, the resulting costs are special assessed against all owners. There is a reason childcare facilities are highly regulated and costly: their insurance coverage reflects the true risk and complexity of caring for children. This bill would effectively shift that liability to HOAs and their members.

Furthermore, most licensed daycare centers are not located in communities with deep swimming pools. AB 185 would allow a single individual to supervise up to 12 children in common area pools—an alarming safety concern.

I urge you to reconsider this bill in light of the significant liability burden it places on associations and the potential safety risks to children.

Thanks,

Mindy Martinez, CISR, CIC, CIRMS®, NVEBP, DCAL

Senior Client Executive

NFP Property & Casualty Services, Inc, an AON Company

AZ: P: 602-567-0219 | F: 702-368-4219

NV: P: 702-368-4217 | F: 702.368.4219 | mindy.martinez@nfp.com | NFP.com