

FINAL BILL REPORT

2SSB 5341

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SYNOPSIS AS ENACTED

Brief Description: Providing liability insurance to foster parents.

SPONSORS: Senate Committee on Ways & Means (originally sponsored by Senators L. Kreidler, Bailey, Murray, Talmadge, Stratton and Bauer).

SENATE COMMITTEE ON FINANCIAL INSTITUTIONS & INSURANCE

SENATE COMMITTEE ON WAYS & MEANS

HOUSE COMMITTEE ON HUMAN SERVICES

BACKGROUND:

According to the Foster Parent Liability Task Force study conducted in 1989, there are 6,100 licensed foster homes in the state. They serve a population of children placed for long term, short term and treatment based care. Until 1985, the state purchased commercial insurance for foster parents at an annual cost of between \$73,400 to \$87,054. In 1986, due to an increase in cost (\$137,700), and only one available carrier, the coverage was cancelled. The Department of Social and Health Services (DSHS) began to provide coverage under the Foster Parent Reimbursement Plan for property damage or loss and initial emergency medical treatment. The limits are \$5,000 per occurrence. Under a 1989 law the Attorney General will provide a defense, but the act did not provide for payment of judgments against foster parents.

Claims for personal injury liability may be covered by homeowners' policies, although common exclusions apply to severely limit coverage for claims arising out of the foster parent experience. The carriers serving the homeowners market reported no plans to extend coverage to foster parent related claims.

Several states have taken steps to provide insurance coverage for foster parents either through the purchase of a group commercial policy, assessment of insurers doing business in the state to fund a pool, or a self-insurance program. Under these state programs, foster homes are typically afforded \$300,000 per occurrence annual coverage. Two commercial carriers reported to the task force that they would make coverage available to the state for an annual premium of approximately \$315,000 but the foster parents report the coverage is not broad enough.

SUMMARY:

The Legislature recognizes that foster parents take unique liability risks caring for foster children that may prevent some people from serving as foster parents. Assuring insurance to cover those risks may encourage more people to serve.

The state is required to provide foster parents with liability insurance for their acts or the acts of their foster children through either the purchase of commercial coverage or self-insurance at a cost of up to \$500,000 per biennium. This ceiling includes staffing and administrative costs. The existing foster parent reimbursement plan for emergency medical care and for property damage is not affected. Foster parent liability for the willful or malicious acts of their foster children is made identical to natural/adoptive parents.

If the Secretary of DSHS opts to self-insure, he or she may set an upper limit to claims paid. The act is contingent upon funding in the budget.

VOTES ON FINAL PASSAGE:

Senate	48	0	
House	98	0	(House amended)
Senate	47	0	(Senate concurred)

EFFECTIVE: July 1, 1991