

**Testimony**  
**Engrossed House Bill 1390 – Department of Human Services**  
**Senate Human Services Committee**  
**Senator Lee, Chairman**  
**February 28, 2007**

Chairman Lee and members of the Senate Human Services Committee, I am Don Snyder, the administrator of the Foster Care Program of the Children and Family Services Division for the Department of Human Services. I am here to share some history and payment patterns regarding the foster care liability policy. The Department does support House Bill 1390.

In 2004, the Department reviewed the foster care liability policy regarding the cost and coverage, because premiums were increasing at a rapid rate. The renewal cost for this insurance was quoted at approximately \$78,000 while annual claims were less than \$5,000.

The previous and current coverage was a four-part coverage:

- A. Bodily injury and property damage.
- B. Physical and sexual abuse sub limit defense fees for sexual abuse.
- C. Property damage to property of others \$250 deductible with a \$5,000 max payout.
- D. Property damage to insured's property.

All prior claims paid were under section "C" and "D". The review also showed that if the Department dropped the "C" and "D" coverage, its premium would still be about \$55,000.

The Department determined that it would be able to insure the risk itself for far less than the premium being paid. The Department developed a

policy that mirrored its insurance policy and which included a review team made up of staff from Children and Family Services, Legal Services, and the Fiscal Administration Division to review each claim submitted.

Under the current policy, a foster parent is required to submit a claim to the foster parent's insurance company first. If the insurance company pays the claim, the foster parent typically has a deductible to incur. If the claim is denied by the foster parent's insurer, the Department screens the claim for reimbursement.

Since July of 2004, the Department has reviewed two claims that were denied, totaling \$3,505, and has paid three claims totaling approximately \$2,900. Of the two claims that were denied, one claim(windshield) for \$3,000 was denied because the damage was caused by an intentional act of the foster child, which is excluded in our past and current policy; and one claim(TV- at day care) for \$500 deductible was denied because: 1. there was no coverage for damages intentionally caused by the foster child, 2. no coverage for damages to property other than that belonging to that of the foster parents.

Currently, the Department has budgeted \$20,000, with \$8,820 of general fund dollars budgeted to pay claims under our policy.

This concludes my testimony. I would be happy to answer any questions.