

**Testimony**  
**Senate Bill 1390 – Department of Human Services**  
**House Human Services Committee**  
**Representative Price, Chairman**  
**January 23, 2007**

Chairman Price and members of the House Human Services Committee, I am Paul Ronningen, Director of the Children and Family Services Division of the Department of Human Services. I am here to share some history and payment patterns regarding the foster care liability policy.

In 2004, the Department reviewed the foster care liability policy regarding the cost and coverage. Foster Care Liability Insurance was 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 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 claims paid were under "C" and "D". The review also showed that if we dropped the "C" and "D" coverage our premium would still be about \$55,000 and there was no language in our previous policy that stated it covered intentional acts.

The Department developed a policy that mirrored our insurance policy, which included a review team made up of staff from our Children and

Family Services, Legal Services and the Fiscal Administration Division to review each claim submitted.

In addition, foster parents are required to submit their claim to their insurance company first. If the claim is denied the Department will then screen the claim for reimbursement. If the insurance company pays the claim, the foster parent typically has a deductible to incur.

Since July of 2004 we have had two claims denied, totaling \$3,505 and paid three claims totaling approximately \$1,900. Of the two claims that were denied, a claim 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 a claim for \$500 was denied because the deductible was not paid.

The Department did contact Bain Insurance for a quote on HB 1390. Based on the language of HB 1390 four separate policies would be required, covering motor vehicle, aircraft, watercraft and a general liability policy. The liability policy alone would be approximately \$78,000. Currently, the Department budgeted \$20,000, with \$8,820 of general fund for our "self insurance".

Finally, I have attached information from the Montana Foster care Children Self-Insurance Program (See Attachment A). The program:

- Caps claims by foster parents at \$2,500 per occurrence,
- Pays the lower of the cost to repair or replace the damaged property,
- Covers malicious acts of the foster child and
- The Department pays a \$100 deductible

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