



Issue Brief

TEXAS ALLIANCE OF CHILD AND FAMILY SERVICES



Liability Insurance Crisis Among Texas Foster Care Providers

Liability insurance is a critical yet increasingly inaccessible requirement for foster care providers in Texas. Rising premiums, limited carrier availability, and burdensome policy changes, combined with costly lawsuits and settlements, threaten the viability of these essential services, potentially leaving thousands of children without placement and destabilizing the child welfare system. Foster care providers are required by contract to maintain liability insurance, but the availability of coverage, skyrocketing premiums, and insufficient coverage threaten the ability of providers to continue their critical work.



Key Findings of TACFS Member Survey

Insurance Costs and Availability:

Over the past decade,

72% of foster care providers

in Texas have had to change their insurance coverage due to market constraints.

In the last five years alone,

53% of providers

reported premium increases exceeding 50%, with some experiencing hikes over 100%.

Many insurers decline to underwrite foster care-specific policies, combining them instead with broader categories like daycare or other child-serving organizations.

Impact on Providers and Services:

- Providers are unable to expand services or take on higher-needs children due to prohibitive insurance costs and outright refusal of carriers to provide coverage.
- If current trends persist, thousands of children could lose placement because their providers cannot maintain required coverage.

Systemic Risks to Community-Based Care (CBC):

Single Source Continuum Contractors (SSCCs), who assume state responsibilities for nearly half of the children in Texas foster care, face amplified risks. Loss of liability coverage could force SSCCs to terminate contracts, disrupting community-based care and related services like residential care, family preservation, and prevention programs.

Unexplained Premium Increases:

Providers report no correlation between premium hikes and the scope of their services, nor any significant claims activity, though lawsuits remain a constant threat.

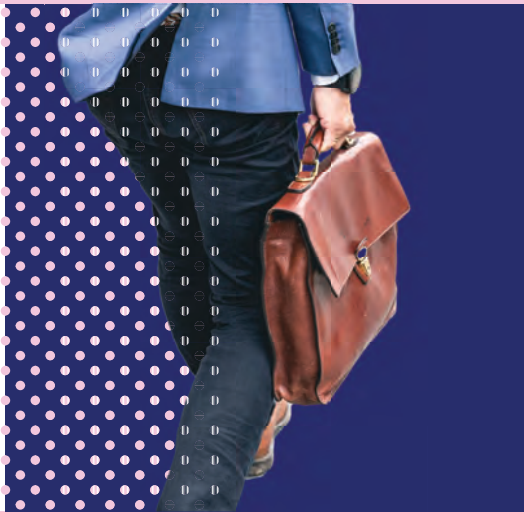
Real-Life Implications



Failure to address this crisis risks profound harm, including re-traumatization of vulnerable children and youth, job losses among care staff, and ripple effects on local communities. Providers unable to secure or afford liability insurance may exit the market, leaving gaps in the care infrastructure and reducing options for children in foster care.

Stakeholder Perspectives

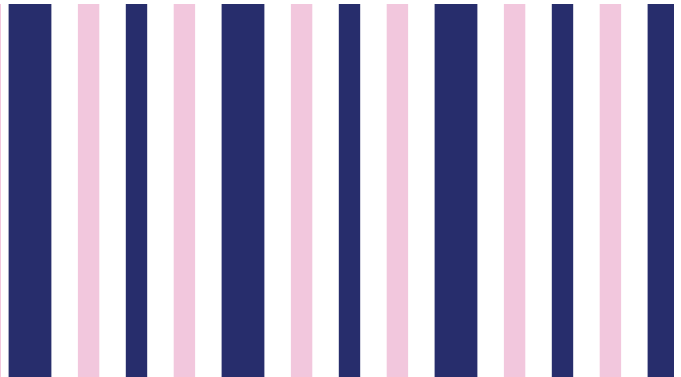
- Providers express frustration over the disconnect between rising costs and unchanged service profiles.
- Insurance companies' refusal to renew coverage without claims history is a recurring issue.
- Affected organizations highlight that every dollar diverted to excessive premiums diminishes resources available for child and family services.



Policy Recommendations

- Reinforce the protections of the Charitable Immunities and Liabilities Act and establish what employers must do to be considered in good standing.
- Encourage broader insurance market and lawsuit reforms.
- Ensure that rising insurance costs are adequately captured in provider cost reports and rates.
- Consider the requirements for liability insurance and determine if those levels are appropriate.

The growing liability insurance crisis poses an existential threat to the Texas foster care system. Comprehensive, affordable insurance is vital for providers to continue serving children and families effectively. A coordinated effort involving policymakers, insurers, and child welfare organizations is essential to safeguard this critical safety net.



Learn more at tacfs.org/89th.

Contact us at policy@tacfs.org for more information.