

May 2025 FFA Insurance Evaluation Survey Results

The California Alliance of Child and Family Services (CA Alliance) represents over 160 nonprofit community-based organizations that provide services to children, youth, and families across the state in public human services systems.

The California Alliance partnered with the California Department of Social Services (CDSS) to conduct a survey of Foster Family Agencies (FFAs) to assess the impact of increasing liability insurance costs due largely to the sudden departure of the Nonprofit Insurance Alliance of California (NIAC) from the insurance market. This survey builds upon a similar survey conducted in February 2025, which found that FFAs saw an average annual increase of \$158,945 in liability insurance costs. In our most recent survey, conducted in early May 2025, we received responses from 66 FFAs, covering all 58 counties across the state, to measure the impact of increasing liability insurance costs on agencies. Our May survey indicates that FFAs are paying an average of \$163,484 more in annual liability insurance costs than the prior year.

Many organizations, including FFAs, nonprofits, local governments, and schools, are experiencing drastic increases in liability insurance costs. For FFAs, the insurance crisis became alarming when NIAC, which previously insured 90% of FFAs, announced they would no longer be renewing liability insurance coverage for agencies, and gave little advance notice to FFAs regarding its changes in business operations. This forced FFAs to find alternate insurance carriers, which are proving to be more costly and too often unaffordable, making agencies vulnerable to closures due to insufficient funds. These impacts not only affect the organizations, their staff, families, and children they serve, but the child welfare system at large. According to statewide data, there are 220 FFAs serving over 7,400 foster children and the families that care for them, accounting for 1 in 5 foster youth statewide. FFAs play a key role in achieving secure placements and permanency with resource families, particularly for youth with higher needs who would otherwise be placed in congregate care settings.

FFA Demographic Data

The scope of work and services that FFAs provide is diverse and helps address a variety of youth needs. These services include supporting family reunification efforts, offering parenting classes, substance abuse counseling, mental health services, and other resources. FFAs also support family recruiting efforts, train foster families and provide 24/7 emergency crisis support. This makes FFAs uniquely qualified to serve foster youth with higher needs. If these agencies close, youth who need more assistance will not have as many options for services and supports that are crucial for their care.

- 63 agencies reported that the total number of Resource Family Approved (RFA) homes they currently serve is 4,920.
 - FFAs are crucial in supporting the child welfare system and the children and youth they care for. When a child is unable to reunify with family members, FFAs help recruit and train resource families to ensure they can provide a safe, licensed home for foster children and youth while also obtaining the tools and skills needed to provide the adequate care and support that meets the needs of the foster children, particularly those with higher needs.
 - FFAs help keep children in home-based foster care settings.
- The total number of RFA homes that were approved for Intensive Services Foster Care (ISFC) was 1,486
 - ISFC family homes assist the highest-need children and youth in care, and FFAs support nearly 100% of ISFC homes.
- FFAs often serve multiple counties across California by accepting foster care placements from them. This survey had respondents from all 58 counties across the state. Of the survey respondents, the most represented counties included Riverside (59%), San Bernardino (53%), and Los Angeles (47%).

Increasing Insurance Costs

Liability insurance costs have increased dramatically in 2025 compared to the previous year:

- Liability Insurance accounting for all responding FFAs increased, on average, from \$286,935 annually to \$450,419 annually. This marks an unprecedented \$163,484 annual average increase in liability insurance costs from the previous year.
 - The smallest annual increase reported was \$4,154, and the largest was \$660,550.
 - 60 agencies reported that the minimum amount of funding needed to sustain their agency until the next year was an average amount of \$143,255.
 - The top 25% of organizations with the highest increase in liability insurance costs saw their costs skyrocket from \$354,548 to \$720,618. This marks an unprecedented \$366,070 increase.

The Impact of Higher Insurance Costs

FFAs are at risk of completely collapsing if the state chooses not to support our budget ask of \$42.2M:

- 32% of agencies reported they have laid off staff due to higher insurance costs.
 - FFA providers are struggling to serve youth and families against sustainability and workforce challenges. FFA staff are trained to support resource families in crisis and the children and youth they care for.
 - More staff layoffs lead to disruption and diminished care for children and families and reduced placement availability for youth. For example, research has shown that permanency for foster youth decreases each time they acquire a new social worker. More specifically, there is only a 3% achievement of permanency for foster youth with three or more social workers, compared to 74.5% with one social worker.¹
- 11% of FFAs have already reduced their capacity due to higher insurance costs, by closing some of their offices.
 - Since FFAs are not allowed to provide services to children or homes located more than two hours by car from the administrative office or suboffice(s) providing the service, the closure of offices reduces the number of homes and children an FFA can serve.
- 60% of FFAs reported that they will not be able to sustain the higher costs of insurance by their next renewal date:
 - 33% reported that their FFA will be at risk of closing entirely
 - 27% reported that they will be at risk of reducing capacity
- 66% of agencies have their renewals coming up by the end of 2025. With the majority of FFA renewals coming up before the end of this year, the need for funding to help offset the insurance costs is imminent for FFAs, as their upcoming insurance renewal date is when agencies are expecting another increase in liability insurance costs and face potential reduction in services, staff, and closures within the next few months.
 - Between August and October, 14% of responding agencies will have their insurance renewals due.
 - From November through the end of December, an additional 20% of responding agencies will have their renewals coming up.
- 34% of responding agencies will have their renewals coming up in January 2026 through November 2026
 - From January till the end of March 2026, 25% of agencies will have their renewals. After April 2026, 9% of agencies will have their renewal

¹ "2023 FFAs Provider Survey Findings Report." *2023 FFAs Provider Survey Findings Report*, California Alliance of Child and Family Services, 4 Apr. 2024, www.cacfs.org/news/2023-ffas-provider-survey-findings-report.

How the Insurance Crisis is Impacting the Children, Youth and Families that FFAs Serve:

Some FFAs reported impacts to the organization after having to unexpectedly pay astronomically more for insurance:

- *FFAs Share the Impacts to their Workforce & What this Means for Children, Youth and Families:*
 - “We laid off staff who provide one-on-one support and peer partners who provide engagement, family finding and reunification support. We cannot support doing supervised visits due to low staffing. Resource families will not get the support for afterhours interventions. We don't have staff to run the resource parent support groups...”
 - “We have instituted a hiring freeze and had to increase the cost of health benefits to our employees to help offset our rising costs. Our staff are having to carry heavier loads which affects the quality of care and service we are able to provide to our children, youth, and families.”
- *FFAs are Forced to Place Restrictions on Foster Youth Placements – Limiting Placement Capacity:*
 - “Due to the expectation[s] of the insurance company, we must be very selective [of] who we place in one of our FFA homes. A youth's history may exclude them from placement in one of our homes.”
 - Given insurance restrictions, FFAs are unable to place foster children in homes that have pools, which limits the amount of resource families that are willing and available to care for children in the child welfare system.
- *FFAs Obligated to Reduce Funding for Supports to Foster Youth that are Underfunded within the System:*
 - FFAs work very hard to gather philanthropic funding to help support the needs of foster children, youth and families. This includes using funding to provide foster children with holiday presents, birthday presents, vouchers to visit families, instruments, among other things.
 - “Higher insurance premiums have significantly strained our FFA’s budget, reducing the funds available for essential community services and programming. We’ve had to cut back on certain outreach activities, delay equipment upgrades, increase social workers caseloads, and limit participation in some events due to redirected financial resources. These increased costs have made it more difficult to maintain the level of service our members and community have come to expect.”

Conclusion

The survey results paint a stark picture of the crisis facing FFAs across California. In response, *the CA Alliance is requesting \$42.2 million in emergency funding— with \$31.5 million allocated toward offsetting skyrocketing insurance costs.* This critical investment would provide immediate relief to FFAs, helping prevent further closures while the CA Alliance, in collaboration with CDSS and other partners, works toward a sustainable, long-term solution to the insurance crisis.

Without this funding:

- More FFAs will be forced to shut down offices and services, drastically reducing access to safe, home-based placements for foster youth.
- An increase in youth being placed in unsafe, unlicensed settings such as hotel rooms, office spaces, and juvenile detention centers.
- Collapse of specialized care for youth with complex needs that FFAs uniquely provide.
- Overwhelming county child welfare systems, unable to accommodate the influx of vulnerable children.
- Hinder the ability to meet the goals set forth by the Governor’s Administrations to revamp the child welfare system, with less providers to help implement the changes and meet the immediate needs of youth.

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