



RICARDO LARA
CALIFORNIA INSURANCE COMMISSIONER

NOTICE

TO: All Property and Casualty Insurance Companies Licensed or Doing Business in California, Surplus Line Insurers, Reinsurers, and Other Stakeholders

FROM: Insurance Commissioner Ricardo Lara

DATE: October 22, 2025

RE: Follow-Up Request to Initiate or Increase Liability Insurance Coverage Offerings for Foster Family Agencies (FFAs) in California

In August 2024, I issued a [Notice](#) raising awareness of an increasing insurance coverage crisis affecting Foster Family Agencies (FFAs) in California. That Notice served as an encouragement for all property and casualty insurance companies licensed or doing business in California to initiate or expand their offerings for coverage to FFAs so that these important non-profit agencies could continue to serve thousands of vulnerable children and youth in the state's foster care system.

That Notice also requested that insurance companies considering expansion in this market provide their thoughts on how to make this coverage more accessible and identify potential barriers, so that solutions could be found to prevent this vulnerable population from experiencing further loss of insurance coverage options.

To date, no insurers have submitted a rate filing to my Department that would initiate or expand their offerings for coverage to FFAs.

The California Budget Act of 2025 ([Assembly Bill 102](#), Chapter 5, Statutes of 2025) made available \$31.5 million for the California Department of Social Services (CDSS) to distribute to eligible licensed FFAs to help support continued operation of FFA providers impacted by the potential increase in liability insurance. CDSS issued a [Letter](#)¹ on August 19, 2025, detailing instructions for FFAs to apply for funding, which will be available for disbursement until all funds are allocated or by June 30, 2027.

¹ <https://www.cdss.ca.gov/Portals/9/FCARB/FCARL/FCARL2025-03.pdf?ver=6ao2whsTZqkMBx-dd9e9Lw%3d%3d>

This is a critical matter that must be addressed as, without insurance coverage, nonprofit FFAs will be unable to continue their important work because they will be unable to meet contractual requirements to secure liability insurance coverage including, but not limited to, the following coverage categories: Improper Sexual Conduct and Physical Abuse Liability, Social Services Professional Liability, Commercial General Liability, Employment Benefits Liability, and Directors' and Officers' (D&O) coverage.

With this new Notice and the current availability of state funds for FFA providers, I reiterate my urgent request for all property and casualty insurance companies licensed or doing business in California to initiate or expand their offerings for coverage to FFAs. I also reiterate my request that insurance companies provide their input on how to make this coverage more accessible and identify any potential barriers to coverage, so that permanent solutions can be found and implemented.

Based on the response to this follow-up Notice, if I find that liability insurance for FFAs is substantially unavailable in the voluntary insurance market and that the public interest requires this availability, I may need to explore the feasibility of alternative solutions under my authority to assist in securing that insurance coverage.

My Rate Regulation team remains committed to processing any new and/or pending filings that are intended to address the urgent need reaffirmed in this Notice.

Questions pertaining to this Notice can be directed to:

Ken Allen
Deputy Commissioner for Rate Regulation
Ken.Allen@insurance.ca.gov