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Automotive Insurance Policies for Youth in Foster Care

According to the Vermont Department of Children and Families (DCF), barriers to obtaining automotive insurance can prevent youth from receiving a driver's license, impairing youths' ability to achieve important educational and employment milestones.¹ Many foster parents do not place foster youth on their automotive insurance policies due to added costs and potential liability.² Consequently, youth in foster care struggle to acquire motor vehicle insurance because many insurance companies do not allow minors to sign for their own policies.³ This report examines current Vermont and federal policies and summarizes the efforts of several states to increase foster youths' ability to procure automotive insurance.

Vermont State Policy

Of the 1,329 total foster youth within Vermont in 2018, 330 are between 15 and 19 years old, prime ages during which a youth may seek a driver's permit and license.⁴ Of these youth, 241 are between 16 and 19 years old, and 89 are 15 years of age.⁵ Thirty-three percent live in residential settings, colloquially known as group homes, while the remainder live in family foster homes.⁶

In FY17, 65 percent of age-eligible foster youths had driver's permits, and 38 percent had driver's licenses.⁷ Financial and case-working services for those transitioning out of foster care are provided through a DCF contract with the Vermont Youth Development Program (YDP), a

¹ State of Vermont Department for Children and Families, *Supporting Adolescents in DCF Custody* (Vermont: 2017), 7-8 <http://dcf.vermont.gov/sites/dcf/files/160.pdf>.

² Texas Department of Family and Protective Services, *Plan to Ensure Youth in Permanent Managing Conservatorship Are Provided the Opportunity to Complete Driver Education Courses and to Obtain a Driver License* (Texas: 2010), 13-17 https://www.dfps.state.tx.us/About_DFPS/Reports_and_Presentations/Agencywide/documents/2010/2010-12-21_SenateBill_983_Report.pdf.

³ Texas Department of Family and Protective Services, *Plan to Ensure Youth*, 13-17.

⁴ Amanda, Churchill, Department of Children and Families Policy Coordinator, Department of Children and Families, Agency of Human Services, State of Vermont, email message sent to authors, February 1, 2018.

⁵ Churchill, 2017.

⁶ Churchill, 2017.

⁷ Churchill, 2017.

statewide organization that supports children in the custody of the Vermont Department of Children and Families.⁸

Under DCF's Transition to Adulthood policy, youth should be encouraged to obtain driver's licenses to prepare for self-sufficiency after leaving foster care.⁹ DCF works with foster youth to find suitable automotive insurance options.¹⁰ Youth, caregivers, and the YDP can contribute to covering the cost of automotive insurance.¹¹ As of 2017, the average annual cost for automotive insurance in Vermont was \$963 per policyholder.¹² Including a minor on a family insurance plan increases rates by an average of 93.5 percent.¹³ In FY2017, the YDP provided 201 youth investment grants for a total of \$60,030, which helped cover the costs of "car insurance, car repairs, bus passes, and gas cards."¹⁴ The average grant size provided was \$289 per child, and 19 percent of the grants awarded that year were designated for transportation expenses, including driver's education classes and automotive insurance.¹⁵ Sixty-eight percent of funding for the YDP comes from State of Vermont, and the remainder is provided by the federal government through the John H. Chafee Foster Care Program.¹⁶

Federal Policy

Pursuant to the Preventing Sex Trafficking and Strengthening Families Act of 2014, the Federal Government delegates responsibility to states to develop "a reasonable and prudent standard of parenting."¹⁷ The Act directs the Secretary of Health and Human Services to provide assistance to states with regard to the best practices for assisting foster parents with the application of such a guideline.¹⁸ This standard must be upheld in a manner that while protecting children from harm also allows them to experience age appropriate activities and other developmental milestones, including receiving a driver's license.¹⁹ In addition to this law, the Federal Government has established the John H. Chafee Foster Care Independence Program, which ensures that youth who are more than likely to remain in the foster care

⁸ Churchill, 2017.

⁹ State of Vermont Department for Children and Families, *Supporting Adolescents in DCF Custody*, 8. <http://dcf.vermont.gov/sites/dcf/files/160.pdf>.

¹⁰ State of Vermont Department for Children and Families, *Supporting Adolescents in DCF Custody*, 8.

¹¹ State of Vermont Department for Children and Families, *Supporting Adolescents in DCF Custody*, 8.

¹² "State Car Insurance Rates," CarInsurance.com, last modified May 22, 2017, accessed February 9, 2018, <https://www.carinsurance.com/state-car-insurance-rates/>.

¹³ Nick Diullo, "Study: Insuring Teen Drivers Getting Cheaper but Family Premiums Can Easily Double," InsuranceQuotes.com, last modified June 16, 2017, <https://www.insurancequotes.com/auto/teen-driving-insurance-rates-6142017>.

¹⁴ Diullo, "Study: Insuring Teen Drivers," 2017.

¹⁵ The Youth Development Program. *YDP Annual Report 2017*. (2017) <https://drive.google.com/file/d/0B5643sG4h5sFTGkwVERaNIJPYXM/view>.

¹⁶ The Youth Development Program, *YDP Annual Report 2017*, 2017; The Youth Development Program. *Youth Development Program Report*. (April 8, 2014), <https://legislature.vermont.gov/assets/Documents/2014/WorkGroups/Senate%20Health%20and%20Welfare/Youth%20Services/W~Kreig%20Pinkham~Youth%20Development%20Program-%20Report%20Date%204-8-14~4-9-2014.pdf>.

¹⁷ Preventing Sex Trafficking and Strengthening Families Act of 2014, Pub. L. No. 113-183, Page 128 Stat. 1919 (2014).

¹⁸ Preventing Sex Trafficking and Strengthening Families Act of 2014, 2014.

¹⁹ Preventing Sex Trafficking and Strengthening Families Act of 2014, 2014.

system until they are adults are able to participate in age appropriate activities.²⁰ The program also aims to ensure that those leaving foster care are self-sufficient.²¹

Policies of Other States

Foster Child Procurement of Insurance

On May 5, 2017, the Arizona Legislature passed Senate Bill (SB) 1341, an amendment to Arizona Revised Statutes (ARS), Title 20-1106, regarding the capacity of minors to procure their own insurance.²² SB 1341 grants authority to foster youth of at least 16 years of age who are enrolled in the State of Arizona's Independent Living Program to contract automotive insurance independently.²³

Florida has a similar policy in which foster youth under the age of eighteen are eligible to receive their own automotive insurance; however, insurance companies have the power to refuse to insure youth due to the high risks associated with new drivers.²⁴ Minors seeking to acquire automotive insurance must either obtain a court order or participate in the Keys to Independence Program administered by the Florida Department of Children and Families.²⁵ The Keys to Independence Program provides insurance for young drivers through the Florida Automotive Joint Underwriting Association (FAJUA).²⁶ Florida is one of four states with a Joint Underwriting Association (JUA), which pools the premiums of companies within the state, allowing for automotive insurance options with lower standards for enrollment, but often higher rates.²⁷ Currently, Vermont has a JUA, but does not have a special program to address the insurance needs of foster youth.²⁸

Delaware's General Assembly collaborated with the American International Group (AIG) Centennial Insurance Company to develop an inexpensive insurance plan for youth in foster care.²⁹ The program does not receive any state funding, but does accept donations from private individuals and organizations to help offset costs.³⁰

²⁰ Preventing Sex Trafficking and Strengthening Families Act of 2014, 2014.

²¹ "John H. Chafee Foster Care Independence Program," US Department of Health & Human Services, last modified June 28, 2012, <https://www.acf.hhs.gov/cb/resource/chafee-foster-care-program>.

²² Leslie Hess, *Regulatory Bulletin 2017-02* (Phoenix, AZ: Arizona Department of Insurance, 2017).

<https://insurance.az.gov/sites/default/files/documents/files/DOI%20REGULATORY%20BULLETIN%2020170809.3.pdf>.

²³ Amendment to Section 20-1106, Arizona Revised Statutes; Relating to Insurance Contracts, S.B. 1341, Arizona 53rd Leg. (2017).

²⁴ Keys to Independence. "Insurance." Sponsored by the State of Florida and the Florida Department of Children and Families, accessed February 1, 2018. <http://www.keystoindependencefl.org/insurance>.

²⁵ Keys to Independence, "Insurance," 2018.

²⁶ Keys to Independence, "Insurance," 2018..

²⁷ Insurance Information Institute. *Residual Markets*. Last modified December 2006.

²⁸ 8 V.S.A. § 4982

²⁹ "Delaware Children in Foster Care Gain Important Rite of Passage," The Department of Services for Children, Youth, and Their Families, news release, (July 31, 2008), accessed February 7, 2018,

http://kids.delaware.gov/pdfs/news_SB262_DriverEducFosterKids.pdf

³⁰ The Department of Services for Children, Youth, and Their Families, "Delaware Children in Foster Care", 2008.

Reimbursement Initiatives

Florida's Keys to Independence Program also assists foster youth with paying for automotive insurance. The program reimburses one hundred percent of insurance costs to youth in foster homes.³¹ Foster youth must participate in a driver's education class in order to receive reimbursement; they may be reimbursed for participating in such courses and for additional fees associated with testing for and obtaining a license.³² The program is funded by the Florida Department of Children and Families through annual appropriations of \$800,000, although yearly expenditures are considerably lower than the yearly allotment, with actual costs for the 2015-2016 calendar year reaching \$330,185.³³ In May 2017, the Florida Legislature granted permanency to the program and expanded coverage to foster youths over the age of eighteen and for up to six months after a youth leaves the foster program.³⁴

Tennessee provides reimbursement for insurance costs to youth over the age of eighteen who chose to remain in Extended Foster Care, but it does not provide insurance reimbursement to minors.³⁵

Some states directly reimburse foster parents for the cost of automotive insurance. Utah's Administrative Code: Rule R512-309 took effect on December 1, 2017, and offers reimbursement to foster parents under the state's minimum liability insurance policy.³⁶ Foster parents may be reimbursed for the additional costs of adding a foster child to their insurance plan.³⁷ Reimbursement depends on the availability of funds appropriated by the State Legislature which are distributed through the Child and Family Services Administration Office.³⁸ To qualify, a foster parent must sign as the adult responsible for the foster child, and must agree to provide the youth with the state's minimum insurance coverage.³⁹ Similar to Utah's policy, the State of Arkansas allows foster parents to apply for reimbursement of the additional costs of adding a foster child to their automotive insurance.⁴⁰

³¹ Keys to Independence. "Step 6: Auto Insurance Reimbursement." Sponsored by the State of Florida and the Florida Department of Children and Families. (n.d), accessed February, 6, 2018. <http://www.keystoindependencetfl.org/step6>.

³² Florida Department of Children and Families. *Keys to Independence, Legislative Report*. June 2016.

³³ Florida House of Representatives. March 8, 2017. *Bill CS/HB 217: Children Obtaining Driver Licenses, House of Representatives Staff Analysis*. Accessed February 7, 2018. <https://www.flsenate.gov/Session/Bill/2017/217/Analyses/h0217c.HCA.PDF>; Florida Senate. March 15, 2017. *Bill Analysis and Fiscal Impact Statement*. Accessed February 7, 2018. <https://www.flsenate.gov/Session/Bill/2017/60/Analyses/2017s00060.pre.ap.PDF>.

³⁴ Children Obtaining Driver Licenses, S.B. 60, Florida 2017 Leg. Session.

³⁵ State of Tennessee Department of Children's Services, *How to Get Your Driver License or Take a Driver's Ed Course*, 6.

³⁶ Utah Office of Administrative Rules. *Utah Administrative Code*, accessed February 6, 2018.

<https://rules.utah.gov/publicat/code/r512/r512-309.htm>.

³⁷ Utah's Division of Child and Family Services. Revised June 2016. *Out-of-Home Services, Practice Guidelines*, accessed February 7, 2018. https://utahfostercare.org/wp-content/uploads/2016/07/dcfcs-practice_guidelines-2016.pdf.

³⁸ Utah's Division of Child and Family Services, *Out-of-Home Services*, 2018.

³⁹ Utah Office of Administrative Rules. *Utah Administrative Code*, 2018.

⁴⁰ Arkansas Department of Human Services, Division of Children and Family Services. *Family Foster Parent Handbook*. (Dec. 2008), accessed February 7, 2018. https://www.sos.arkansas.gov/uploads/rulesRegs/Arkansas%20Register/2008/dec_2008/016.15.08-009.pdf.

State Automotive Insurance Plans

Although no states currently cover foster youth under the same state automotive insurance plan as state employees, in 2010, Texas considered establishing such a policy.⁴¹ One issue with this proposal was that Texas only purchases “Hired” and “Non-owned” coverage for their employees, and both of these plans are supplemental, requiring drivers to have their own automotive liability insurance.⁴² Another barrier to this plan is that foster parents and youth are not state employees and thus could not be easily included.⁴³ Vermont’s state insurance, provided through the State of Vermont’s Risk Management Division, would not be able to accommodate insurance policies for foster youth under current law because Vermont does not provide liability coverage for personal vehicles, even if the vehicle is used for official business.⁴⁴

Reducing Liability and Accident Forgiveness for Foster Parents

One barrier to foster parents placing youth on their policy is the risk of legal liability if youth are involved in an accident. Adding foster youth to a family insurance plan may result in loss of “personal assets and resources” for the foster parents if they are sued for “negligent entrustment” after the child is involved in an accident.⁴⁵ One solution considered but not adopted by Texas was to provide civil immunity for any liability that exceeds insurance policy limits.⁴⁶ In Alaska, foster parents are not liable for negligence or willful misconduct of the youth while driving beyond what is covered by insurance.⁴⁷ In Vermont, rates increase an average of 18 percent after an at-fault accident, another concern associated with adding a foster child to a family insurance policy.⁴⁸ No states have policies preventing increases in foster parents’ insurance after an accident by a foster child on their plan.⁴⁹

Conclusion

Some states have taken the lead on the issue of automotive insurance for foster youth with programs such as Florida’s Keys to Independence program, enacted by the Florida State Legislature, which assists foster youth with obtaining and affording automotive insurance. Utah has created a policy through which foster parents may be reimbursed for the cost of adding a child to their insurance plans, thereby incentivizing foster parents to encourage foster children to pursue a driver’s license. The State of Vermont offers few options for foster youth seeking to

⁴¹ Texas Department of Family and Protective Services, *Plan to Ensure Youth*, 17.

⁴² Texas Department of Family and Protective Services, *Plan to Ensure Youth*, 17.

⁴³ Texas Department of Family and Protective Services, *Plan to Ensure Youth*, 17.

⁴⁴ Agency of Administration: Buildings and General Services, “Operations and Administration,” Vermont Official State Website, accessed February 6, 2018, <http://bgs.vermont.gov/gbs/fleet/operations>

⁴⁵ Texas Department of Family and Protective Services, *Plan to Ensure Youth*, 17.

⁴⁶ Texas Department of Family and Protective Services, *Plan to Ensure Youth*, 17.

⁴⁷ State of Alaska Department of Health & Social Services, *Alaska’s Resource Family Handbook* (2016), 69.

<http://dhss.alaska.gov/ocs/Documents/Publications/pdf/ResourceFamilyHandbook.pdf>.

⁴⁸ “How Much Does Insurance Go Up After an Accident?,” CarInsurance.Com, last modified December 3, 2017, accessed February 7, 2018, <https://www.carinsurance.com/how-much-does-insurance-go-up-after-accident.aspx>.

⁴⁹ This statement is based on our own research of publicly available information regarding the policies of all 50 states.

obtain automotive insurance. Through youth investment grants, the YDP covers some of the costs of driver's insurance for foster youth in Vermont. One of the barriers to youth in foster care seeking a driver's license is the financial risk to foster parents of adding a child to their insurance plan. Policies in other states indicate that should the State of Vermont adopt policies to assist foster youth in obtaining automotive insurance, a greater number may seek to obtain a driver's license, which is demonstrated to facilitate their transition into adulthood.

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