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**DEPARTMENT OF SOCIAL SERVICES**  
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GAVIN NEWSOM  
GOVERNOR

September 30, 2024

Pamela E. Davis  
President and Chief Executive Officer  
Nonprofits Insurance Alliance of  
California  
P.O. Box 8507  
Santa Cruz, CA 95061

SUBJECT: NONPROFITS INSURANCE ALLIANCE OF CALIFORNIA - CALIFORNIA  
FFA FOLLOW-UP

Dear Pamela Davis:

The California Department of Social Services (CDSS) has received the Nonprofits Insurance Alliance of California's (NIAC) communication *Important Update – California FFA Follow Up* dated September 10, 2024. The update indicates that the “provision of service of any type to children in a resource home” or “the transfer or porting of resource home approval,” pursuant to the Health and Safety Code sections modified by Assembly Bill (AB) 2496, “will result in a material change in operations that falls outside of <NIACs> underwriting guidelines.” This language all but directs Foster Family Agencies (FFA) insured by NIAC to refuse transfers or porting of approved Resource Families from a closing FFA or a county, on the basis that such acceptance will be considered a material change in operations and immediate grounds to cancel FFAs' insurance. The basis of NIAC's assertion is an assumption that the waiver authority granted by AB 2496 will result in a less rigorous vetting process.

The waiver authority afforded by AB 2496 in no way compromises the health and safety of foster youth or resource families. In no event will any waiver be issued by CDSS that waives a health and safety requirement. Rather, the portability process waivers that are proposed will streamline the administrative process for transferring families if needed, while keeping all the existing health and safety protections. Such streamlining is a necessary response to the state-wide emergency created by NIAC's notice of discontinuation of all FFA insurance coverage in California.

Further, any families currently covered by NIAC that may need to transfer to a new FFA or a county as a result of their FFA closing have already been rigorously vetted by CDSS's background clearance process and the covered FFAs' family evaluations. While it is unlikely that any FFA will be transferring families to another FFA insured by

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NIAC, CDSS fails to understand how the transfer of families from one NIAC insured FFA to another NIAC insured FFA creates any additional exposure or represents a material change in activities by the receiving FFA.

Additionally, the broad nature of NIAC's notice appears to express an intention not to perform its obligations under existing FFA policies or to interfere with the portability process developed by CDSS. As written, NIAC's notice appears to instruct FFAs to disregard licensing requirements or written instructions related to the transfer of families, which could put FFAs in a position to violate licensing requirements. To be clear, FFAs must follow closure requirements enumerated in the Foster Family Agencies Interim Licensing Standards and may utilize waivers offered by CDSS to transfer the families more expeditiously. As part of its communication, NIAC appears to be speculating about what waivers may be issued by CDSS under AB 2496's authority and wrongfully repudiating insurance policies of FFAs based on such speculation.

As previously stated in our August 28, 2024 letter, CDSS is committed to working under compressed timelines to support FFAs, counties, and any impacted foster youth. To help ensure that existing youth placements are maintained, CDSS requests NIAC rescind its *Important Update* communication and extend coverage to all FFAs through June 30, 2025, to provide additional time for FFAs to make necessary, but difficult decisions to support the stability of the foster children they serve.

Thank you for your consideration of this request.

In partnership,



KIM JOHNSON  
Director  
California Department of Social Services

Cc: Melissa Dalske  
Chief Experience Officer