

# SENATE STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

BILL: CS/SB 1058  
 SPONSOR: Children and Families Committee and Senator Bennett  
 SUBJECT: Foster Children/Vehicle Insurance  
 DATE: February 18, 2004      REVISED: \_\_\_\_\_

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Dowds	Whiddon	CF	Fav/CS
2.	_____	_____	BI	_____
3.	_____	_____	AHS	_____
4.	_____	_____	AP	_____
5.	_____	_____	_____	_____
6.	_____	_____	_____	_____

**I. Summary:**

The committee substitute for SB 1058 establishes a pilot program in Sarasota, Desoto, and Manatee counties to assist foster parents with the costs of providing motor vehicle insurance for the foster youth in their care. Through the pilot program, foster parents would be reimbursed for half of the increase in costs for adding a foster youth to their motor vehicle insurance policy. The bill provides for a report to the Governor and Legislature on the outcome of the pilot project and an appropriation of \$50,000.

**II. Present Situation:**

For youth in the foster care system, there are often barriers to participating in the same everyday life experiences as other youth their age. These everyday experiences are important because they are a part of how all youth are prepared for the responsibilities they will assume as adults. The Florida State Youth Advisory Board has long identified as a concern the barriers to driving that are experienced by the youth in Florida’s foster care system. It has been reported that foster care youth who are not able to learn or gain experience driving miss an important part of learning how to be independent, including being able to work. The barriers to these youth driving centers around the liability to the foster parents when the youth drive their vehicles and the costs of the insurance to protect the foster parents from this liability. Estimates of average costs to add a youth driver in Sarasota, Desoto, and Manatee counties can range from \$400 to \$1,904 annually based on the level of liability coverage, the insurance company, and whether the driver is a female or male (see *Economic Impact and Fiscal Note* for details).

A youth who is 15 years of age is authorized to obtain a learner’s driver’s license provided they meet the school attendance requirements of s. 322.091, F.S., and meet the application and testing requirements of s. 322.1615, F.S. When a youth applies for a driver’s license, the application

must be signed by a parent, guardian, or, when there is no parent or guardian, some other responsible adult (s. 322.09, F.S.). Any negligence or willful misconduct of the youth operating a motor vehicle will be imputed to the adult who signed the application. That adult is jointly and severally liable with the youth for any damages caused by the negligent or willful misconduct. In 2001, s. 322.09, F.S., was amended to provide that foster parents or authorized representatives of a residential group home who sign for a foster youth's license do not become liable for any damages or misconduct of the youth (ch. 2001-83, L.O.F.). However, this provision does not relieve any individual, whether he or she signed the application or not, from vicarious liability when he or she allows the foster youth to operate a motor vehicle the individual owns [Hertz Corp. v. Jackson, 617 So.2d 1051(Fla. 1993)]. Thus, the foster parent who owns the motor vehicle continues to assume the liability for the actions of the youth while operating the vehicle.

In the past, some motor vehicle insurance companies did not charge an additional premium when a youth with a learner's driver's license was an occasional driver of the parent's vehicle, until such time as the youth obtained his or her regular driver's license. In 2001, s. 627.746, F.S., was created and prohibited a motor vehicle insurance company from charging an additional premium on a motor vehicle owned by a foster parent for coverage of a youth operating the vehicle while the youth is holding a learner's driver's license. This prohibition is only applicable until the youth obtains a regular driver's license.

### **III. Effect of Proposed Changes:**

The committee substitute for SB 1058 establishes a pilot program in Sarasota, Desoto, and Manatee counties to assist foster parents with the costs of providing motor vehicle insurance for the foster youth in their care. Through the pilot program, foster parents would be reimbursed for half of the increase in costs for adding a foster youth to their motor vehicle insurance policy. The bill provides for a report to the Governor and Legislature on the outcome of the pilot project and an appropriation of \$50,000.

Specifically, the bill expresses the legislative finding that foster parents are responsible for the increased cost in motor vehicle insurance when a foster youth obtains a driver's license. The added insurance cost to insure the foster youth is a barrier to the foster youth gaining independence and employment opportunities. The Department of Children and Families is directed by the bill to establish a pilot program which would provide funds to reimburse foster parents for the increased cost of providing motor vehicle insurance coverage for the foster youth, to the extent that funding is available. The pilot program is created for a 3-year period and is available in Sarasota, Desoto, and Manatee counties. The bill requires the department to reimburse foster parents for one-half of the increased cost that was a result of adding the foster youth to the policy. The foster youth are required to pay one-half of the cost of the increase. Foster parents are ineligible for the reimbursement if the foster youth accumulates six or more points as a result of one or more moving violations.

The Department of Children and Families is directed by the bill to develop procedures for operating the pilot program. These procedures are required to address, at a minimum, determining eligibility, the provision of the reimbursement, limiting the reimbursement to the costs of adding the foster child to the policy, and the allocation of the funds. A report is required by December 31, 2005 to the Governor, President of the Senate, and Speaker of the House of

Representatives regarding the success and outcome of the pilot program and whether the project should be continued, expanded, or terminated. The bill specifically appropriates \$50,000 for FY 2004-2005 from the General Revenue fund to the Department of Children and Families to implement the pilot programs.

The bill provides an effective date of July 1, 2004.

#### **IV. Constitutional Issues:**

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

#### **V. Economic Impact and Fiscal Note:**

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

With this bill, the foster care youth would be required to pay for one-half of the increase in the motor vehicle insurance costs. Based on the cost estimates as described in the subsequent section of this analysis, a foster care youth's responsibility would range from \$200 to \$952 annually depending on whether the youth was male or female and on the company providing the insurance. However, with this insurance, foster care youth would be able to drive which may enable some of them to become and remain employed.

C. Government Sector Impact:

The Department of Financial Services prepared two rough assessments of the average cost per policy to add a youth to the coverage of a motor vehicle insurance policy. These assessments were based on coverage in Sarasota and Desoto counties using the rates of the two most voluminous companies in Florida (State Farm Mutual Automobile Insurance Company and Allstate Property and Casualty Insurance Company), as well as specifically chosen risk characteristics and other assumptions. It was reported that coverage for Manatee county would be consistent with the rates identified for Sarasota and Desoto counties. The difference between the two assessments is that one is based on the minimum liability levels required by law (\$10,000/\$20,000 bodily injuries and

\$10,000 property damage) and the other uses the most common liability levels (\$100,000/\$300,000 bodily injury and \$50,000 property damage). While rates will continue to differ with each family based on their risk characteristics and the specifics of their policies, the results of this analysis still appear to provide a foundation from which to begin to determine the cost of the pilot program.

The increases in costs range from \$790 to \$1,480 annually based on the minimum liability levels for male youth with the variation based on both the geographic location (i.e., Desoto county, rural Sarasota county, and cities in Sarasota county) and on the insurance company. The increases in costs considering the minimum liability levels range from \$400 to \$794 annually for female youth with the variation based on the same factors as for the male youths. When these increased costs are averaged equally across each of the three geographic areas for one of the companies, the increase is \$1,317 for male youth and \$706 for female youth. For the second company, the average is \$804 for male youth and \$408 for female youth.

For the frequently used liability levels, the increases in costs range from \$1,014 to \$1,904 annually for male youth with the same variations as for the minimum liability levels. The increases in costs range from \$510 to \$1,022 annually for female youth considering the frequently used liability levels. When the increased costs are averaged equally across each of the three geographic areas for one of the companies, the increase is \$1,681 for male youth and \$901 for female youth. For the second company, the average is \$1,027 for male youth and \$517 for female youth.

The Department of Children and Families did not identify a fiscal impact not already covered by the appropriation of \$200,000 in the original SB 1058 and they have not yet had the opportunity to assess the fiscal impact for the committee substitute. The department reports that as of September 30, 2003, there were 80 youth of driving age in state custody in Desoto, Sarasota, and Manatee counties, 28 of whom are males and 52 are females. Using the maximum amounts of the increase ranges projected by the Department of Financial Services, the one-half of the increase to be paid through the pilot is estimated to total \$53,228 ( $\$1,904$  divided by 2 then multiplied by 28 = \$26,656 +  $\$1,022$  divided by 2 then multiplied by 52 = \$26,572). This amount assumes that every foster family will participate in the project and will incur the higher increase level.

The Department of Children and Families also raised the issue of the potential for tremendous cost if this pilot was implemented statewide and identified options for reducing the fiscal impact of statewide implementation through such efforts as pursuing payment from the parents for the costs associated with the motor vehicle insurance and establishing master trusts.

## **VI. Technical Deficiencies:**

None.

**VII. Related Issues:**

None.

**VIII. Amendments:**

None.

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This Senate staff analysis does not reflect the intent or official position of the bill's sponsor or the Florida Senate.

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