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**Plan to Ensure Youth in Permanent Managing  
Conservatorship are Provided the Opportunity to Complete  
Driver Education Courses and to Obtain a Driver License**

As Required By  
Senate Bill (SB) 983, 81<sup>st</sup> Legislature,  
Regular Session, 2009

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A Report from  
The Texas Department of Family and Protective Services

Submitted to the Governor and the Texas Legislature  
December 2010

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## *Executive Summary*

The Department of Family and Protective Services (DFPS) wants to ensure that all youth in DFPS permanent managing conservatorship (PMC) are provided the opportunities and information available to complete a driver education course and to obtain a Texas driver license. In addition, Child protective Services (CPS) supports youth in his/her efforts in achieving these goals which encourage greater independence for the youth when leaving foster care.

Section 2 of Senate Bill (SB) 983 of the 81<sup>st</sup> Legislature, Regular Session requires DFPS, in cooperation with the Texas Education Agency (TEA) and the Texas Department of Public Safety (DPS), to develop a plan to ensure that each youth in DFPS PMC is provided the opportunity to complete a driver education course and to obtain a driver license before leaving DFPS conservatorship. In addition to developing the plan, DFPS must report cost estimates for providing a driver education course and methods for obtaining affordable liability insurance for youth in foster care.

DFPS, in collaboration with TEA, DPS, and the Texas Department of Insurance (TDI) convened a workgroup to review current laws and statues regarding obtaining a driver license and completing driver education courses. In addition, information was gathered which related to obtaining automobile liability insurance. The workgroup identified both legal and fiscal barriers and issues that impact implementing SB 983 and developed program guidance and recommended legislation to address some of the identified issues and barriers. This discussion resulted in the formulation of a plan to be presented to the legislature on December 1, 2010.

The workgroup identified several factors that can affect the ability of the youth to take driver education courses, apply for and receive a driver license, and obtain affordable automobile insurance. Key factors include:

- Funding limitations for driver education courses, driver license fees, and automobile liability insurance coverage (for youth and/or foster parents);
- Meeting the school attendance requirement and award of a class credit (affects eligibility to get a driver license and complete driver education courses);
- Licensing and staffing limitations of residential treatment facilities or a foster home where the youth is residing; and
- Foster parents' ability to add youth to their personal auto insurance which increases policy costs and liability factors for the foster parents.

DFPS identified short and long term solutions to address some of the factors identified. These solutions include:

- Amending the Transportation Code that would waive driver license fees for youth in foster care and former foster youth (ages 15 to 21);
- Amending the Transportation Code to change the 90 percent school attendance requirement for the purpose of obtaining a driver license for youth in foster care and former foster youth (ages 15 to 21);
- Amending the Texas Education Code § 25.087 so excused school absences for youth in foster care do not prevent their participation in obtaining a driver license.

- Developing additional policy and guidance to DFPS staff, child placing agencies, residential providers and other facilities that serve youth in foster care to ensure that youth are given opportunities and information needed to take a driver education course as funds allow, and to apply for a driver license if eligible; and
- Exploring the feasibility of offering a "Driver Education Course, Driver License and/or Insurance Reimbursement Program" outlining procedures that DFPS staff, residential contract providers, youth, and foster parents would need to follow to be reimbursed for any identified expenses.

This report presents the findings of a review of current law and statutes governing driver licenses, driver education courses, and automobile liability insurance and the impact that these laws and each agency's rules have in relation to implementation of SB 983 bill. In addition, the report includes costs estimates related to each area and information related to identified long and short term solutions.

## ***Introduction***

Senate Bill 983 of the 81<sup>st</sup> Legislature, Regular Session required DFPS, in cooperation with the Texas Education Agency and the Department of Public Safety, to develop a plan to ensure that each youth in DFPS permanent managing conservatorship is provided the opportunity to complete a driver education course and to obtain a driver license before the youth leaves conservatorship. DFPS is required to report the results of this plan to the legislature no later than December 1, 2010, along with cost estimates for providing the driver education course and methods for obtaining affordable liability insurance for youth in foster care. Although not required by Senate Bill 983, DFPS included the Texas Department of Insurance in its meetings and discussions regarding automobile liability insurance.

The bill specifically requires DFPS to focus on obtaining driver licenses for youth before they leave foster care. While a young adult can stay in a paid foster placement until their 21<sup>st</sup> or 22<sup>nd</sup> birthday depending on certain circumstances, DFPS conservatorship ends the day of the youth's 18<sup>th</sup> birthday; therefore, DFPS has concentrated its efforts on youth under age 18, as directed by Senate Bill 983.

## ***Overview***

### *Interagency Workgroup Representation*

*Texas Department of Family and Protective Services (DFPS)*

*Texas Department of Public Safety (DPS)*

*Texas Education Agency (TEA)*

*Texas Department of Insurance (TDI)*

To assist in this effort, DFPS convened a workgroup that included representatives from TEA, DPS, and TDI. The initial meetings consisted of fact finding and information sharing in relation to current laws and statutes governing driver licenses, driver education courses, and automobile liability insurance and the impact that these laws and each agency's rules have in relation to the SB 983 bill requirements. Further discussion within the workgroup consisted of identifying both the legal and fiscal barriers to implement SB 983, developing the plan, and formulating recommended legislation to address the identified issues and barriers.

Input was also received from the Center for Public Policy Priorities (CPPP) recommending DFPS explore certain options related to insurance coverage for foster youth and foster parents. These recommendations included considering legislation granting civil immunity to foster parents from tort lawsuits resulting from an accident caused by the youth in foster care, and reviewing the general purchasing policies/auto insurance coverage for agencies that operate fleets of state owned vehicles to see if similar policies/coverage could be applied to youth in foster care and/or foster parents. These recommendations were taken into consideration and are addressed in another section of this report.

## ***Background Information***

### **Agency Policy and State Laws**

*Current CPS Policy-Driver License*

Current CPS policy provides that when a youth in PMC applies for a Texas driver license, the youth's driver license application must be accompanied by a copy of the court order appointing DFPS as the youth's managing conservator and signed by:

- the supervisor of the youth's caseworker; or
- another CPS staff member at a higher level than the supervisor.

Youth do not have to be accompanied by DFPS staff. The supervisor or other authorized staff member may sign the youth's application and have it notarized.

CPS currently is not required to ensure that all youth in PMC obtain a driver license before they leave conservatorship. However, CPS recognizes the importance of completing a driver education course and obtaining a driver license since access to education, employment, health care and other community-based activities for older youth in care is dependent on access to transportation. The process of enrolling and attending driver education courses and obtaining a driver license is a collaborative effort between the youth, the youth's caseworker, the foster parents, residential provider staff, and other caring adults.

#### *Current Texas Law- How a Youth Under age 18 Obtains a Driver License*

Pursuant to Chapter 521 of the Transportation Code, for youth under age 18 to obtain a Texas driver license, the youth must:

- complete an approved driver education course;
- be enrolled in high-school or a GED program;
- provide Verification of Enrollment and Attendance Form to DPS;
- provide proof of a minimum amount of liability insurance (for the DPS driver's test);
- at age 15 pass both written tests on traffic laws and a vision test (for learner's licenses);
- at age 16 have a learner's license at least 6 months and pass the DPS driving tests; and
- pay a total of \$27.00 in fees for the driver license and exam.

#### *Area Of Concern*

The primary obstacle to youth in foster care in obtaining a driver license is the cost to take an approved driver education course, which may or may not include insurance coverage for the youth during behind-the-wheel instruction, and the cost of liability insurance the youth must obtain before applying for a driver license since the vehicle used to take the DPS driving test must have proof of minimum liability insurance.

### **Texas Driver Education Course Information**

Texas law requires a person under the age of 18 to successfully complete a driver education and traffic safety course approved by TEA under Section §29.902, Education Code; a driver education course approved by TEA under Section §1001.101 Education Code; or a driver education course approved by DPS under Section §521.205, Transportation Code and Texas

Transportation Code §521.204. This can include a driver education program approved by TEA and offered through school districts; private licensed driver education schools; or parent taught driver education. Parent taught driver education includes courses provided by a foster parent. Each of these programs designates specific hours of classroom instruction, behind-the wheel instruction, in-car practice hours and other requirements. A brief description of each driver education program is included below.

- Public schools-driver education courses provided by school districts typically charge approximately \$150 to \$400 per student and may include auto liability insurance for behind-the-wheel and hands-on instruction requirements. However, this is an optional service with approximately 200 schools offering this service. Many rural school districts do not offer such courses. More information on which school districts offer driver education is available at <http://ritter.tea.state.tx.us/drive/publicde.html>
- Private licensed driver education schools- These courses cost an average of \$400 per student. However, while high, this cost includes all training **and** the automobile liability insurance for the youth needed for behind-the-wheel instruction. More information on licensed driver education schools is available at <http://ritter.tea.state.tx.us/drive/activede.html>
- Parent taught driver education-The parent (or foster parent) must complete an approved TEA driver education course to teach. There is a \$20.00 fee for enrolling in the DPS parent taught driver education program, which includes an instruction packet and log forms, and an additional one time cost of \$75-\$175 to obtain the course materials. If a foster parent adds the youth to their insurance policy for behind-the-wheel and hands-on practice training their personal vehicle insurance costs increases along with the potential for any "residual" effects that may occur from an accident that the youth is involved in while driving (i.e., additional surcharges may be applied to the owner's policy for 3 to 5 years). Not all foster parents would be eligible to provide the training course, depending upon their history with driving infractions in the past. More information is available at [www.txdps.state.tx.us/driverlicense/parenttaught.htm](http://www.txdps.state.tx.us/driverlicense/parenttaught.htm).

### *Potential Solutions*

The most obvious solution is to provide funding for a private licensed driver education course to all youth ages 15 through 17. This would ensure that all youth receive the opportunity to take a driver education course, even in rural areas, and would eliminate the issue of having the foster parent place a youth on their insurance policy as a driver during the course which would be required in the parent taught courses and in most of the public school courses. However, the up front cost would be approximately \$1.5 million and does not resolve the issue of the youth being insured as a driver at the time he/she applies for a driver license, which is a current legal requirement.

Another solution would involve obtaining individual insurance coverage for the youth during the behind-the-wheel instruction, hands-on practice training, and while the youth is taking the DPS driving test. Asking the foster parents to place the youth on their own insurance even for a short period is problematic. First, not all foster parents can afford to do this, and second even if the state reimburses the foster parent for the increase in their liability insurance, not all foster parents would be willing to take the risk of a youth being on

their insurance policy due to the residual affects that could occur if the youth is found at fault in a car accident.

Another program available for students is through the **Texas Virtual School Network** (TxVSN) which offers driver education classroom training at participating school districts at no cost to youth in foster care who are enrolled in that school (for other students not enrolled in the public school the costs is \$250). In order for a student to take courses through TxVSN without a fee, the student has to be enrolled in a Texas school district or open enrollment charter school serving grades 9-12, must be physically present on campus to generate part-time or full time average daily attendance, and the course has to satisfy a curriculum requirement for graduation. However, this training does not include the behind-the-wheel and hands-on practice sessions. A student would have to supplement the completion of driver education classroom training from a licensed driver education school that provides liability insurance or from parent taught driver education which would require the youth to be added to the foster parent's insurance policy or for the youth to purchase their own insurance policy. More information on TxVSN is available at <http://txvsn.org/>.

### Available Fund Sources

Currently, there are two possible CPS funding sources that could provide assistance for the driver education course, driver license fees, and liability insurance coverage:

- Preparation for Adult Living (PAL) program (under optional services) may pay for driver education courses and a driver license when funds are available after providing other required PAL services such as life skills training, transitional living allowance, case management services, or aftercare room and board. Typically 100 percent of these funds are spent to provide required PAL services. If any funds remain after a youth's immediate basic needs are met, PAL funds may be used for driver education courses and/or fees for a driver license after the staff evaluates the youth's case. However, DFPS anticipates using all PAL funds for required services and thus PAL funds will not be able provide these services.
- The Education and Training Voucher (ETV) Program may pay for driver education courses, driver license fees, liability insurance, and the purchase of an automobile if the youth is attending an institute of higher education. For youth in PMC, a youth may be eligible to enroll in a dual credit course or other course in which they earn joint high school diploma and college credit. Youth dually enrolled in a college course may use ETV funds to offset the costs of obtaining a driver license. However, the number of youth who will enroll in dual credit course while still in high-school is a small number.

In addition, youth may access charitable sources for funds from Child Welfare Boards, Rainbow Rooms, foster parent associations, Transition Centers or other local community resources for assistance. These funds are limited and/or prioritized to ensure a youth's basic living needs are being met first. Therefore, relying on these fund sources to pay for driver education courses and driver license fees is not practical.

## **Fiscal Projections:**

A review of data from April 1, 2009 to April 1, 2010 indicates an estimated 3,800 youth in PMC (ages 15-17) may be eligible to take driver education courses and apply for a driver license in year one.

As previously noted, youth and young adults cannot receive a driver license without taking driver education courses which is the primary expense. From the data, the average costs for DFPS to fund driver education courses for 3,800 youth will range from \$570,000 (lowest costs-auto insurance not included) for school district driver education courses to \$1,520,000 (highest costs) for private licensed driver education schools. This is an initial cost. Costs after this would be about one-third of the projected figures as new youth come into foster care and as current youth in foster care age out. Additional costs will also include the one time cost of \$27.00 for each of these youth to cover the driver license permit, driver exam and driver license. The initial costs for these fees will be about \$103,000 (for the estimated 3,800 youth). Additional costs will occur as a new group of youth become eligible.

If the foster parent provides parent taught driver education, the foster parent would incur the costs of placing the youth on their automobile insurance policy. Costs will depend on the insurance company, the household and vehicle characteristics, and the specific insurance policy coverage under the foster parent's insurance, therefore an accurate average cost estimate cannot be determined due to various factors and stipulations/policy coverage set by insurance companies. Examples of sample insurance rates are provided in another section of this report.

### *Interagency Workgroup Recommendation-Driver Education Courses*

The interagency workgroup recommended that the best option for youth in DFPS PMC is to attend private licensed driver education schools or classes offered by school districts (if available and if the school district programs provide liability insurance) since most of these costs include vehicle insurance coverage while the youth is receiving all of the training (classroom, behind-the-wheel, and hands-on practice) instruction. Driver education course costs will average between \$150-\$400 per youth depending on which option is available in the area or residence. As previously mentioned, youth in rural communities will have limited options to take driver education courses because of the number of school districts not providing these courses. The availability of private driver education companies may also be limited.

## ***Barriers to Obtaining Driver License***

### **A. School Attendance Requirements:**

*Current Texas Laws-School Attendance and Enrollment Requirements to Receive a Texas Drivers License for Young Adults Under Age 18:*

*80 Day School Attendance /45 day GED Requirement*

Section §521.204 of the Texas Transportation Code require that an applicant for a driver license under age 18 must be either:

- enrolled in a public school, home school, or private school and have attended school for at least 80 days (with a 90 percent attendance) in the fall or spring semester preceding the date of the driver license application; or
- enrolled for at least 45 days, and is enrolled as of the date of the application, in a program to prepare persons to pass the high school equivalency exam.

*90 Percent Attendance Requirement and Award of Class Credit (90 Percent Rule)*

The Texas Education Code requires students to meet a 90 percent attendance requirement and award of a class credit to be eligible to obtain a Verification of Enrollment Form (VOE). To comply with this requirement TEA is responsible for the development of the VOE form which is provided to DPS by students applying for a driver license. Specifically, the Texas Education Code §25.092 states that a student may not be given credit for a class unless the student is in attendance for at least 90 percent of the days the classes are offered. The 90 percent attendance rule applies when determining VOE eligibility. A student is considered eligible for a VOE form when:

- The school considers the student enrolled at the time the student applied for the VOE and the school determines that the student was present 90 percent of the time each class was offered; or
- The student was not awarded credit for each class the semester prior to the application for a VOE form (academic failure), whereas the school examines the attendance records for the previous semester to determine if the student was present 90 percent of the time each class was offered; or
- The student was absent more than 10 percent and did not meet the 90 percent attendance rule for one or more classes the semester prior to the application for a VOE form. The school's attendance committee may approve a plan to allow a student to reinstate the credit for all classes. The student complies with the plan for all classes from the prior semester before application for the VOE form is reinstated.

The Education Code gives schools more leverage over students to receive both a class credit and meet attendance requirements instead of just enrolling in a class for 80 days (as required in the Transportation Code) with no requirement to receive class credits while enrolled.

The issuance or denial of the VOE form is strictly a local school district decision and neither TEA nor DPS can alter a VOE decision. Schools must clearly outline all requirements for issuance of a VOE form and establish formal, published policy to support these requirements.

*Recommended TEA Statutory Change*

To assist with school attendance for youth in foster care, TEA recommends changes to the Transportation Code §521.204 which would contain a provision requiring a student to present evidence that they attended school for at least 90 percent of the days in the fall or spring semester preceding the date of the driver license application. This recommended

statute language would reflect modern school attendance practices. As noted, the current statute only requires attendance for 80 days which does not work for students who have alternative schedules.

DFPS is recommending statute changes to the Texas Education Code § 25.087 to include:

- a school district excusing the youth in foster care from attending school for attending a required court appearance or any court activity; and
- if the youth in foster care does not meet the attendance requirement that they may still obtain a driver license if the school verifies that the student has entered into an agreement to make up missed work that is acceptable to the school.

This change will align with the Texas Education Code which requires that a student may not be given credit for a class unless the student is in attendance for at least 90 percent of the days the classes are offered and which determines VOE eligibility to obtain a driver license.

## **B: Residential Child-Care Licensing Issues**

DFPS contracts with more than 300 licensed residential child-care providers to provide substitute care to children in DFPS' PMC. Through these contracts, DFPS establishes qualifications, services, expectations, and outcomes for 24-hour child-care facilities and child-placing agencies.

For some youth in foster care, their licensed residential child-care may be with residential treatment centers that provide services to children and youth with emotional disorders.

Issues related to obtaining a driver license or taking driver education courses may cause difficulties or not be considered in the best interest of the youth for the following reasons:

- Youth with behavioral and emotional disturbances may not be able to safely operate a motor vehicle;
- Residential treatment centers may not have the personnel to provide the required hours of supervised driving prior to a youth receiving a driver license; and
- Providers must obtain prior approval from their insurance company before allowing a youth to drive a company vehicle. Insurance companies have the right to refuse coverage for youth in when evaluating risk.

As a result, youth in residential treatment centers may not always be good candidates for obtaining a driver license.

## **Summary**

DFPS has identified several factors that can affect the ability of the youth in foster care to take driver education courses, apply for and receive a driver license, and obtain affordable automobile insurance. Key factors include:

- Funding limitations for driver education courses, driver license fees, and automobile liability insurance coverage (for youth and/or foster parents);
- Inability to meet school attendance requirements;
- Inability of foster parents adding youth to their personal auto insurance which increases policy costs and liability factors for the foster parent, and

- Obtaining prior approval from residential treatment center's auto insurance company before allowing a youth to drive a company vehicle

### ***Agency Plan to Ensure Opportunities for Youth to Obtain a Driver License***

#### **A. Policy and Program Guidance**

From the research and information provided by the interagency workgroup, DFPS will develop additional policy and guidance to CPS staff, child placing agencies, residential providers, and other facilities that serve youth in foster care to ensure that he/she are given opportunities to take a driver education course as current funds allow and to apply for a driver license. For those youth that do not have access to these opportunities due to various reasons, he/she will be provided with information and resources needed to pursue these opportunities when available, or upon leaving foster care. In addition, this information and guidance will be incorporated into the PAL Life Skills Training classes and in the experiential learning activities provided by the residential providers. Included in this guidance will be:

- information about Texas driver license laws;
- school attendance and enrollment requirement (90percent rule);
- driver education course information and availability;
- DFPS program information as a funding resource;
- Other funding sources; and
- Information to research affordable insurance policies.

The interagency workgroup members will identify tools and resources to ensure that youth, foster parents, and providers receive this information when youth are considering taking a driver education course, obtaining a driver license, and researching affordable automobile liability insurance policies.

DFPS staff will work with local school districts to ensure that youth have opportunities to enroll in the **Texas Virtual School Network** classroom driver education training since there is no cost to youth in foster care for this classroom training.

DFPS staff and providers will strongly encourage youth to pursue employment opportunities, either through part-time employment or from summer employment programs that allow youth more financial freedom to obtain a driver license, attend driver education courses and purchase automobile liability insurance.

#### **B. Statutory Recommendations**

During the interagency workgroup discussions, each agency reviewed and provided suggestions and recommendations that would improve opportunities for youth in DFPS PMC to be able take a driver education course, obtain a driver license, and obtain affordable automobile insurance. These recommendations are to:

- Amend Transportation Code Section §521.421 to waive all driver license fees for youth in DFPS PMC who are between the 18 and 21 years of age and in the Texas foster care system;

- Amend Transportation Code Section §521.204 so that youth have more options to meet the 90 percent attendance requirement; and
- Amending the Texas Education Code § 25.087 so excused school absences for youth in foster care do not prevent their participation in obtaining a driver's license.

#### *Driver License Fee Waiver*

DPS currently offers driver license fee exemptions to qualified disabled veterans. After further discussion within the workgroup and with no objections from DPS, an amendment to the Texas Transportation Code §521.421 was proposed to waive all driver license fees for current and former youth in DFPS conservatorship, ages 15 to 21. There is no fiscal impact for DFPS for this recommended statute change.

#### *90 Percent School Attendance to Obtain a Driver License*

These changes would align with the Texas Education Code which requires that a student may not be given credit for a class unless the student is in attendance for at least 90 percent of the days the classes are offered and which determines VOE eligibility to obtain a driver license. There is no fiscal impact for DFPS for this recommended statute change.

### **C. Driver Education, Driver License and/or Insurance Reimbursement Program**

DFPS will explore the feasibility of offering a "Driver Education, Driver License and/or Insurance Reimbursement Program". This program would outline procedures that DFPS staff, residential contract providers, youth, and foster parents would need to follow to be reimbursed for any identified expenses. A similar program is currently offered in Arkansas. DFPS will convene an internal workgroup to review how this type of program could be developed, the necessary funding needed, identify any processes for pre-payment and reimbursement, time frames, and other areas such as monitoring a youth's:

- driving records;
- placement stability;
- attendance and completion of PAL classes; and
- school attendance and performance.

If this is a feasible program more foster parents may opt to provide the parent taught driver education course, reducing the need for private driver education courses or school district taught courses, both of which have high costs.

#### ***Ability to Obtain to Automobile Insurance***

Current Texas law requires proof of insurance (or financial responsibility) to operate a motor vehicle with a minimum amount of automobile insurance liability coverage. Most individuals in Texas choose to purchase liability insurance to meet the state law requiring proof of financial responsibility. Automobile liability insurance pays for damages for bodily injury and property damage for which an insured driver becomes legally responsible due to an accident. The current minimum liability limits required by law are \$25,000 for each injured person, up to a total of \$50,000 per accident, and \$25,000 for property damage per

accident. This basic coverage is called "25/50/25" coverage. See Texas Transportation Code §601.072. These limits will increase on January 1, 2011 to "30/60/25" coverage.

Proof of insurance needs to be shown when a driver:

- is asked for it by a law enforcement officer;
- is involved in an accident;
- registers a car or renews the car registration;
- obtains or renews a driver license;
- takes a driving skills tests; or
- gets a car inspected.

TDI and the Office of Public Insurance Council (OPIC) provide [www.helpinsure.com](http://www.helpinsure.com), a free service to help individuals shop for auto insurance. The website lists sample rates for hundreds of driver profiles that closely match individual situations. Information is also available about discounts, detailed policy coverage comparisons, and shopping tips. TDI also publishes "Auto Insurance Made Easy" that provides helpful information applicable to foster parents and youth on topics such as:

- Auto insurance for young drivers;
- Removing children from auto policies;
- Saving money on insurance for young drivers;
- Shopping for auto insurance; and
- Auto insurance for "high risk" drivers.

#### *Automobile Liability Insurance Policy Limitations for Teens and Foster Parents that Affect Accessing Affordable Insurance:*

Automobile insurance rates are regulated by TDI. Filed rates are reviewed to ensure rates are not excessive, inadequate, or unfairly discriminatory.

The age of majority in Texas is 18. As a result, while youth under age 18 are not prohibited from purchasing their own insurance policies, insurers may choose not to enter into the contract without "parental" consent. Minors are at risk of having an insurance contract "voided" because of their age and driving record. Very few insurance companies offer liability insurance to minors, greatly limiting the ability for youth in foster care to purchase their own insurance even if funding were available, and even if DFPS would consent to the youth entering into an insurance contract.

#### *Sample Insurance Rates*

Sample rates are estimates given to TDI by a list of insurance companies. The actual premium is based on individual circumstances and could be higher or lower than sample rates provided. Individuals enter information into a profile page at <https://apps.tdi.state.tx.us/helpinspublic/autoTab.do> to receive samples of annual insurance rates. The profile page requests information on the County/Zip Code of residence, type of auto, how the auto will be used, marital status, gender, age, driving record, credit rating, and coverage limits.

For example, a single female, under age 25, living in Travis County, has no traffic violations, an average credit rating, uses her vehicle to drive to and from work and has a 25/50/25 coverage limit would receive samples of insurance rates beginning at \$769 up to \$2,676 annually. A single male, under age 25, living in Travis County, has 1 at-fault accident, an average credit rating, uses his vehicle to drive to and from work and has a 25/50/25 coverage limit would receive sample insurance rates beginning at \$1200 up to \$4,982 annually. Included are other samples with the same profiles for other counties such as:

Harris County:

Female \$819 to \$4247

Male \$1,009 to \$4,282

Bexar County:

Female \$758 to \$4,024

Male \$969 to \$5,437

Rates will vary because some insurance companies offer discounts for:

- Driver Education Courses
- Good Driving Records
- Good Grades
- Low Mileage
- Multiple Policies
- Young Drivers

## **Automobile Insurance Options**

The interagency workgroup explored several options regarding insurance for youth and foster parents. Options and issues explored were:

- Adding a "youthful" driver to a foster parents' policy. Youth in foster care are considered a member of the foster parent's family and may be added to a foster parent's auto policy. This typically will result in higher premiums for the foster parent but may be less expensive than buying a separate policy for the youth. Adding a youth to a foster parents policy may cause "residual" affects to the policyholder (foster parent) which could include additional surcharges for 3 to 5 years if an accident occurs while the youth is driving a foster parents vehicle, whether they are at fault or not. Another issue is that insurance companies require removing a youth from a policy when the youth is no longer in the home. This presents a problem because foster parents will be put in the position of placing a youth on their policy only to have to remove that youth if the youth changes placement and will increase the cost of the policy.
- Purchasing a "named non-owners" policy (see more information below). This type of policy provides automobile liability coverage for an individual when driving non-owned automobiles. This could be an option for youth to consider since this type of policy can be taken with them when leaving care or changing placements.
- Purchasing monthly insurance policies where available. Some insurance companies specialize in monthly insurance policies but at very high rates. Although the rates are high, these time-limited policies might be a feasible option for the limited time it takes

### *Information Related to Named Non-Owner Policy*

A named non-owner policy is issued when the insured needs coverage only for his/her personal operation of a vehicle not owned by him/her or a family member. These policies are for individuals who may drive someone else's car but do not own a car. A named non-owner policy typically includes liability coverage and may provide medical payment coverage, personal injury protection or uninsured/underinsured motorist coverage if purchased. A named non-owner policy does not provide property damage like comprehensive, collision, towing reimbursement, or rental reimbursement coverage.

### **Other Automobile Insurance Considerations:**

#### *Alternative Methods to Establish Financial Responsibility*

As noted, to operate a vehicle, drivers must show proof of financial responsibility or automobile liability insurance, otherwise penalties such as fines, driver license suspension, and impoundment of the vehicle will be imposed. DFPS explored the Transportation Code §601.122 statute that requires a deposit of cash or securities with the state Comptroller to establish financial responsibility. The Comptroller requires a deposit of \$55,000 per person in cash or securities which would cover damages that result from the ownership, maintenance, use, or operation of a motor vehicle after the date the deposit is made. With an estimated 3,800 youth in DFPS PMC (ages 15-17) the initial cost to DFPS would be about \$209,000,000. Additional costs would be incurred as new youth ages 15 through 17 enter foster care, and when younger youth currently in foster care turn 15. However, unless the youth is in an automobile accident that money is not lost. That is, once the youth leaves foster care the money would be given back to DFPS if no accident has occurred. However, the downside is that, unlike with an insurance policy, there would be no legal representative or entity to negotiate a settlement or defend a lawsuit on behalf of the youth if the youth were involved in an accident.

#### *"Hired" or "Non-owned" Insurance Coverage*

DFPS explored the option of the state ensuring youth in foster care who drive a car, similar to the state ensuring state employees that drive state vehicles. DFPS currently purchases a supplemental "Hired" and "Non-owned" auto insurance policy through the State Office of Risk Management. The "Hired" auto policy's liability coverage can either supplement or replace a car rental agency's liability coverage but doesn't cover physical damage to a rented vehicle. These policies are supplemental automobile liability coverage that protects the company or agency, not necessarily the employee that rented the vehicle. Similar to the "Hired" automobile policy, the "Non-owned" coverage protect the company/agency if the company is sued due to an accident while an employee is on company business in a personal vehicle. Estimated costs to purchase these types of insurance coverage average about \$150 annually. Barriers which prevent these options are:

- Foster parents and youth in foster care are not employees of DFPS; and
- These policies are supplemental policies and the driver must still have their own auto liability insurance coverage

## **Long Term Automobile Insurance Solutions**

### *Reimbursement Program*

As addressed in a prior section, a solution would be for DFPS to explore the feasibility of a reimbursement program for the youth's automobile insurance coverage. DFPS could reimburse foster parents for the additional expense of adding a youth to their policy by promulgating rules with certain provisions and policy guidance. Part of this reimbursement program could also include reimbursing a youth if he/she purchased a named non-owner policy. This is the option that DFPS will explore.

### *Negligent Entrustment*

Input from the CPPP indicates that foster parents have expressed concerns about being sued for "negligent entrustment" that will expose their personal assets and resources if they place a youth in foster care on their insurance policy as a driver. A solution would be to amend state law to provide civil immunity for foster parents for any liability that exceeds the insurance policy limits. This recommendation may require an adjustment to the minimum amount of liability insurance if the foster parent chooses this option, (i.e. some amount greater than the "30/60/25 coverage minimums which will be in effect in January 2011), so as not to put the public at risk if the youth does cause an accident while driving. Providing this statutory change, while it may help to encourage foster parents to place a youth on their own automobile insurance policy, without a reimbursement program, most foster parents are not in the financial position to do so.

### *Fiscal Impact*

A projected fiscal impact to DFPS for the 2012-2013 biennium includes:

- \$103,000 x 2 = \$206,000 for driver license fees (initial costs);
- \$570,000 x 2 = \$1,140,000 (lowest costs) to \$1.5 million x 2 = \$3 million (highest costs) for driver education courses;

Due to the intricate factors that produce rate variations for automobile insurance, the costs for a DFPS reimbursement program for foster parents that place youth on their insurance policies is not known at this time. However, DFPS will convene an internal workgroup to explore other states reimbursement programs, including costs associated with compensating foster parents for increases in their automobile liability insurance.

SB 983 required DFPS to ensure that youth in DFPS PMC are provided opportunities to complete a driver education course and to obtain a driver license. At this time, these opportunities are available but dependent upon current limited funding sources, cooperation from the foster parent or provider, and contingent on the youth complying with the current state laws to obtain a driver license.