

SENATE JUDICIARY COMMITTEE
Senator Thomas Umberg, Chair
2025-2026 Regular Session

AB 2333 (Pellerin)
Version: April 27, 2026
Hearing Date: June 23, 2026
Fiscal: No
Urgency: No
ME

SUBJECT

Child welfare nongovernmental organizations

DIGEST

This bill extends the January 1, 2027 sunset date of the provisions enacted in AB 2496 (Pellerin, Ch. 403, Stats. 2024) for an additional year.

EXECUTIVE SUMMARY

As explained in the Senate Judiciary Committee analysis of AB 2496:

[Foster Family Agencies (FFA)] are nonprofit entities that contract with county placing departments to find placements for children who require more intensive care than a typical foster family home, usually as an alternative to a group home or short-term residential therapeutic program (STRTP). FFAs recruit, certify and train foster parents and provide social workers and other supports to the foster families. By law, an FFA's processes are distinct from the resource family licensing procedures.

FFAs' contracts with counties require FFAs to maintain liability insurance; NIAC, the bill's sponsor, is a state-authorized risk pool for a wide range of nonprofit organizations that insures 90 percent of the FFAs in California. According to NIAC, a recent change in the legal landscape has resulted in several high-value jury verdicts and settlements against FFAs; as a result, NIAC says, it will stop renewing FFA insurance policies unless the Legislature passes legislation to modify FFAs' potential exposure for harms caused by third parties, including foster parents approved by the FFA. The bill, as currently in print, makes significant changes to how a foster child injured in a placement made by an FFA could pursue a claim against an FFA for its failures in the placement process, as well as a claim against an FFA's insurer alleging bad faith.

The author brought AB 2496 to buy some time to work with stakeholders on a solution that allows FFAs to continue to operate and that protects foster children's rights.

The author brings AB 2333 in order to provide stability while a longer-term solution to the insurance crisis is developed. AB 2333 extends the sunset date of AB 2496 from January 1, 2027 to January 1, 2028. The author explains that the extension also allows additional time for the Department of Social Services to report their findings to the Legislature as was required by AB 2496. The additional time gives all parties another year to find a long-term solution to the problem. This bill is author-sponsored and is supported by All For Kids, California Alliance of Child and Family Services, Seneca. No timely opposition has been received by the Committee. This bill passed out of the Senate Human Services Committee on a vote of 5 to 0. Should this bill pass out of this Committee it will then be referred to the Senate Appropriations Committee.

PROPOSED CHANGES TO THE LAW

Existing law:

- 1) Provides that it is the public policy of this state that foster family agencies or noncustodial adoption agencies, also known as FFAs, provide necessary services to vulnerable youth and are integral to the foster care system. (Code Civ. Proc. 1062.31.)
- 2) Provides that an FFA, which contracts with a public entity for the provision of foster youth services, may be held liable for injury or damage caused by the FFA's negligence but not for the injury or damage caused by the public entity. (Code Civ. Proc. 1062.33 (a).)
- 3) Requires the FFA and the public entity to each bear the cost of insuring against their respective acts and omissions and defending against claims arising from those risks. (Code Civ. Proc. 1062.33 (a).)
- 4) Prohibits the above provisions from being waived or suspended by a court, and specifies that certain indemnification provisions in contracts between FFAs and public entities are void as against public policy and unenforceable. (Code Civ. Proc. 1062.3(b).) Specifically, any provision in a nongovernmental organization contract for child, youth, and family services in which a public entity is indemnified, held harmless, or insured for damages, claims, losses, or expenses arising from injury or damage, including, but not limited to, bodily injury, mental anguish, property damage, or economic or noneconomic damages or loss, caused by or resulting from a public entity's negligence or intentional conduct, in whole or in part, shall be void as against public policy and unenforceable. (*Id.*)

- 5) Repeals these above provisions in paragraphs 1) through 4) on January 1, 2027.
(Code Civ. Proc. 1062.34.)

This bill extends the repeal of the above provisions by one year by changing the sunset provision from January 1, 2027 to January 1, 2028.

COMMENTS

1. Extends the provisions adopted through AB 2496 by one year

According to the author:

Foster family agencies, known as FFAs, serve some of the most vulnerable children in public care. These nonprofit organizations provide invaluable support and guidance to foster families and are an integral part of California's foster system. In recent years, FFAs have struggled to access liability insurance and in August of 2024, the insurer of 90% of California's FFAs announced that it would non-renew its contracts with FFAs. Since then, over two dozen FFAs have closed their doors. FFAs that have been able to secure liability coverage have faced six-digit premium increases, representing increases of 200 to 400%.

In response to the looming insurance crisis, I authored AB 2496 in 2024, which provided that FFAs could not be held liable for harm caused by the actions or negligence of the county and that FFAs and counties bear the costs of insuring themselves against their respective acts and omissions.

In 2025, the California Department of Social Services was required to report to the Legislature available options to make insurance available to foster family agencies. Unfortunately, this report has not yet materialized and DSS has yet to make concrete recommendations to the Legislature. In order to ensure that the insurance market does not deteriorate further while a long-term solution is found, AB 2333 extends the sunset date of the indemnification provisions of AB 2496 from January 1, 2027 to January 1, 2028.

As of April 1, 2024, 8,161 children in foster care in California were in FFA placements, which is just under 20 percent of the state's total foster care population.¹ See the Senate Judiciary Committee analysis of AB 2496 (Ch. 403, Stats. 2024) for a detailed background on FFAs and the need for the provisions that were codified through that bill.

¹ California Child Welfare Indicators Project, University of California at Berkeley, Report: Children in Care—Point in Time Count, CWS/CMS 2024 Quarter 1 Extract (retrieved Jun. 27, 2024), available at <https://ccwip.berkeley.edu/childwelfare/reports/PIT/MTSG/r/ab636/s> (link current as of June 27, 2024).

2. Support

According to All For Kids in support of the bill:

Following the August 2024 decision by the Nonprofit Insurance Alliance of California (NIAC) to non-renew policies, which previously insured 90% of FFAs, no admitted insurers have reentered the market, forcing many of our colleague agencies to purchase costlier, lower coverage plans from non-admitted carriers simply to meet contractual and safety requirements. While our agency was one of the few not covered by NIAC, and have maintained coverage with our carrier, this has only been possible through absorbing hefty increases in our premiums.

Should the indemnification provisions of AB 2496 not be extended, it would reintroduce even more uncertainty into an already fragile insurance market. Maintaining the indemnification protections enacted in 2024 provides continuity and market stability while longer-term solutions to the insurance crisis are identified. To be clear, AB 2333 does not shield FFAs from accountability as we remain fully responsible for claims arising from our own acts or omissions. The bill simply extends provisions prohibiting counties from requiring FFAs extend our insurance to cover county conduct, reinforcing clear lines of responsibility and reducing unnecessary market risk.

SUPPORT

All For Kids
California Alliance of Child and Family Services
Seneca

OPPOSITION

None known

RELATED LEGISLATION

Pending legislation: None known.

Prior legislation: AB 2496 (Pellerin, Ch. 403, Stats. 2024) *See* the Executive Summary for a discussion of this bill.

AB 1997 (Stone, Ch. 612, Stats. 2016) was a clean-up of AB 403 (below), which included eliminating the option to extend an FFA license if it failed to obtain accreditation, as specified.

AB 403 (Stone, Ch. 733, Stats. 2015) implemented the Continuum of Care Reform effort to the state's child welfare system, which included sunseting existing licensure, rate-setting, and other provisions for FFAs and implementing new regimes.

PRIOR VOTES:

Senate Human Services Committee (Ayes 5, Noes 0)

Assembly Floor (Ayes 73, Noes 0)

Assembly Human Services Committee (Ayes 6, Noes 0)
