

Joseph T. Monahan: The insurance problem that is crippling Illinois foster care

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April 24, 2025



Thousands struggling to secure the insurance they need to keep their doors open. With nearly 70% of the state's 18,000 children in foster care depending on them, the results could be catastrophic.

It won't improve without action. If we want to save these organizations — and protect the children they serve — we must address the problem at its financial root.

Insurance companies are run by data. Thus, in an increasingly common display of data-based decision-making, insurers are pulling coverage from nonprofits when the numbers no longer add up. It's not a question of cold-heartedness, but of financial stability and good business.

This crisis will not be solved by pulling heartstrings or pointing fingers. Real solutions require that we change the numbers that drive companies' decisions. And that starts by understanding what their concerns are.

Nationwide and across industries, insurance companies are backing away from the old ways as risks continue to climb. For Illinois in particular, recent large lawsuits with significant payouts have likely contributed to insurers' skittishness around offering

coverage to foster care agencies. Reinsurers — essentially the insurance companies for insurance companies — are also reluctant to back riskier fields. As a result, companies have resorted to pulling back coverage or cutting down their policies while raising prices.

But liability insurance is a legal and operational necessity that foster care agencies cannot function without. If insurance continues to be unavailable and agencies continue to shut down, thousands of children will be forced into a state system that has neither the room nor the money to care for almost 15,000 more children.

Thankfully, the Illinois legislature has already started to take action. Identical House and Senate bills propose a two-year immunity period from civil liability, unless in the case of “willful and wanton conduct.” But strong opposition from trial lawyers will likely stymie these bills. And, while a task force has been formed, the children who rely on us need prompt action. We must continue to search for other options that will provide insurers with the incentives to continue covering these essential organizations.

Creating a larger federal risk pool could diminish the risk and encourage more insurers to continue coverage. Because insurance is a highly regulated industry, it is often conducted on a state-by-state basis. As a result, multiple states are facing a similar crisis. Pushing for a federal insurance pool would lessen the financial risk of covering foster care agencies, benefiting nonprofits and children across the nation.

In the long run, we can’t expect insurers to stay if the underlying conditions don’t change — and that means making foster care agencies safer. Many agencies are operating on a tight budget and with minimal staff. Establishing robust prevention programs with more education, resources, staff and programs can ensure better outcomes for these agencies. The organization, insurance companies and, most importantly, the children themselves will benefit from these initiatives. Similar to how health care providers offer incentives for a healthy lifestyle, the state of Illinois can encourage continued insurance coverage by providing these agencies with the resources and training they need to deliver the results that will bring insurers back.

We must protect our children by speaking the language of the insurers and creating a less risky, more financially enticing market. For thousands of children, this is a question of stability, support and safety. They rely on us for protection from a world they are too young to face alone. Sound financial decisions are a worthy goal, but when those decisions hurt toddlers, children and teens who trust us to care for them, action is a moral mandate.

Joseph T. Monahan, MSW, ACSW, JD, is a board member at Preferra Insurance Co. RRG, a behavioral health liability insurance company overseen by social workers, and founder of the Chicago law firm Monahan Law Group LLC.

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