
General Reforms

Extend Sovereign or Charitable Immunity Protections to Nonprofits

Apply state sovereign immunity, tort caps, or charitable immunity caps to qualifying nonprofits that perform quasi-governmental functions. This would align nonprofit exposure with that of state agencies and help prevent catastrophic judgments that threaten organizational viability. Several states already provide such protections, including statutory caps or common-law charitable immunity.

Implement Noneconomic Damages Limitations for Sexual Abuse Claims Against Nonprofits

Adopt or extend limits on noneconomic damages (NEDs) for sexual abuse litigation involving nonprofit child welfare organizations. National studies indicate that NED caps are effective in controlling liability costs while still allowing recovery for economic losses.

Limit or Require Disclosure of Third-Party Litigation Funding (TPLF)

Restrict or prohibit third-party litigation funding in cases against nonprofits or require full disclosure of such funding arrangements. Increased transparency may reduce speculative or excessive litigation driven by external financial interests.

Reviver / Sexual Abuse Claim Reforms

Exempt Nonprofits from Sexual Abuse Claims Statutes

Exclude nonprofits from statute of limitations reviver laws. Alternatives include shorter reviver windows for nonprofits, statutory damage caps or heightened liability standards, such as requiring proof of actual knowledge or gross negligence.

Establish State-Funded Victim Compensation Funds or Mediation Programs

Create state-funded compensation programs for victims of sexual abuse involving nonprofit organizations. These programs can provide timely compensation while avoiding the adversarial civil litigation process, reducing re-traumatization of victims and limiting systemic litigation costs.

Foster Family Agency-Specific Reforms

Liability Safe Harbors for Substantial Compliance

Provide liability safe harbors for nonprofits that substantially comply with applicable licensing, regulatory, and child-safety requirements. This encourages best practices while limiting liability exposure for technical or non-causal violations.

Foreseeability-Based Duties of Care

Limit duties of care owed by foster family agencies to harms that were reasonably foreseeable based on the agency's specific conduct, rather than imposing broad or retroactive duties.

Time-Limited Demand Reform

Adopt reforms that require claimants to submit good-faith settlement demands with sufficient factual detail before litigation, promoting early resolution and reducing unnecessary litigation costs.

Limit Excessive Damages

- Prohibit punitive damages and pre-/post-judgment interest.
- Prohibit state indemnification requirements in insurance contracts.
- Bench trials rather than jury trials in most cases.
- Eliminate joint and several liability for these nonprofit agencies.