

National Council
For Adoption

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BUREAU OF
CONSULAR AFFAIRS

December 11, 2003

U.S. Department of State
CA/OCS/PRI
Adoption Regulations Docket Room
SA-29
2201 C Street, NW
Washington, DC 20520

Re: State/AR-01/96

To Whom It May Concern:

Enclosed please find two copies of the National Council For Adoption's (NCFA) comments, with attachments, on 22 CFR Part 96: Proposed Rule for Accreditation of Agencies and Approval of Persons under the Intercountry Adoption Act Of 2000, for the State Department's consideration in promulgating the final regulations. In accordance with the preamble's instructions, NCFA sends the attached by overnight courier service. NCFA has also submitted an electronic copy of the comments. The attachments are not included with the electronic copy of NCFA's comments.

Should you have any questions or concerns about the enclosed, please contact Virginia Ravenel, director of policy and communications (703-299-6633 (ext. 102), vravenel@adoptioncouncil.org) or me.

Thank you.

Sincerely,

Thomas C. Atwood
President and CEO

Comments on 22 CFR Part 96: Proposed Rule for Accreditation of Agencies
and Approval of Persons under the Intercountry Adoption Act of 2000

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ISSUES

The National Council For Adoption (NCFA) submits these comments to the proposed Hague regulations for the State Department's (Department) consideration. NCFA is a national, non-profit adoption policy and advocacy organization whose mission is to promote the well-being of children, birthparents, and adoptive families by advocating for the positive option of adoption. NCFA is also an adoption agency membership organization. NCFA's member agencies include 19 international adoption agencies with 120 offices across the United States. These agencies provide services in more than 30 countries around the globe. NCFA has been a long-time advocate for better regulation of intercountry adoption. NCFA was a participant of the Special Commission on the Practical Operation of the 1993 Hague Intercountry Adoption Convention, convened by the Hague Conference on Private International Law in the Netherlands. NCFA was also a key adoption policymaker involved with ten-year effort that led to the Intercountry Adoption Act of 2000 (IAA).

NCFA's comments follow the order in which the items appear in the proposed regulations.

1) **Preamble: Deemed status**

This comment applies only to:

- (a) The initial accreditation process for those agencies applying to be accredited at the time the Convention enters into force for the United States;
- (b) Accreditation by the Council on Accreditation (COA), as COA is the only existing national accreditor of international adoption service providers; and
- (c) Intercountry adoption service providers accredited or reaccredited by COA within two years from the year of the Convention accreditation site review.

The proposed regulations discount and dismiss the value that COA accreditation plays in promoting quality adoption services. The Department explains in the preamble that it has decided not to allow for deeming because the proposed Subpart F regulations differ substantially from COA's standards and allowing deeming would give COA-accredited agencies an advantage over others in the start-up phase.

While there are differences between the proposed Subpart F regulations and COA's standards, NCFA disagrees that they differ substantially. NCFA does not advocate for "deemed status," i.e., that if accredited by COA, an agency need not undergo Hague accreditation. NCFA recommends, rather, that with regard to the initial accreditation review for agencies seeking to be accredited at the time the Convention enters into force in the United States, whose most recent COA accreditation or reaccreditation was awarded within two years of the year of the Convention accreditation site review, be required only to demonstrate compliance with any regulations: (a) that are more comprehensive or stringent than COA's standards; and (b) for which the accredited agency did not demonstrate compliance with the comparable COA standard(s) during its most recent review process.

Adoptive parents, foreign-born children, birthparents, and adoption agencies will benefit from the above-recommended approach. Duplicative approval processes are not in the public interest for the following reasons:

- a) Re-reviewing standards, compliance with which has already been determined, will require additional time and greater utilization of COA's resources, adding to the cost of the accreditation process and the cost of adopting internationally.
- b) Duplicating review processes will add to the time it takes COA to complete all of the agency review processes for those adoption providers that applied in advance of the transitional application date and delay unnecessarily the date on which the Department will be able to deposit the instrument of ratification at The Hague.
- c) Delaying the date on which the Department deposits the ratification instrument at The Hague could result in the disqualification of US adoption agencies to adopt in countries that have fully implemented the Convention, at least temporarily, thus denying children permanent, loving homes with American adoptive families.
- d) Failing to allow for a more narrowly tailored accreditation review process ignores a viable and appropriate solution by which the Department could minimize the bottlenecking that will be unavoidable as part of the initial accreditation review process, and do so without sacrificing quality.

Not only will the duplicative review result in added costs and time, and potential disqualification of American agencies from providing services in Convention countries, it would do so without added quality assurance. NCFA's above recommendation would also address the Department's concern articulated in the preamble that "deeming" accreditation would give COA-accredited organizations an advantage. COA-accredited international adoption agencies would still be required to undergo the Hague-accreditation process, albeit more limited in scope, and would not be notified about the accreditation decision before the uniform notification date.

Accordingly, NCFA urges the Department to take into consideration any COA analyses of the extent to which the regulatory standards duplicate COA standards in order to decide which standards COA should not be required to review. NCFA recommends further that the extent to which the regulations and standards sufficiently overlap be decided in negotiations between the Department and COA.

2) 96.2: Post-placement and Post-adoption services

NCFA encourages the Department to define "post-adoption services" as part of 96.2 in order to distinguish the term from post-placement monitoring. Post-placement monitoring is identified as an adoption service. So, also, are those services that are necessary because of a disruption before final adoption. The failure to define "post-adoption services" makes it impossible to determine precisely what each activity consists of and how they differ from one another. NCFA proposes the following definition for post-adoption services:

Post-adoption services: Post-adoption services are: supportive services to adoptive families to promote the well-being of adopted persons and families; the stability of adoptive placements; and the prevention of adoption dissolution. Post-adoption services do not include monitoring or reporting after an adoption has taken place, including filing reports that may be required by the country of origin.

Making the above change would bring greater clarity to the regulations.

3) 96.25: Applicability of Hague standards to non-Convention countries

96.25(a) addresses the requirement that adoption agencies provide the accrediting entity access to information and documents, including case files, as part of the evaluation process. The regulation is silent on whether the access applies only to case files for Convention countries. NCFA recommends that the Department revise 96.25(a) to read, in pertinent part, "...including case files in Convention countries." The additional language will reinforce that the IAA applies only to adoption services in Convention countries and that an accreditor is limited to reviewing information about Convention-related adoptions in reaching an accreditation decision.

4) 96.33(e): Sufficient cash reserves

96.33(e) requires that there be "sufficient cash reserves or other financial resources to meet [the adoption provider's] operating expenses for three months." For multi-service agencies, i.e., those that provide services in addition to intercountry adoption, e.g., domestic adoption services, it is unclear whether the requirement for sufficient financial resources applies only to those operating expenses of the intercountry adoption services or also to those of all other services delivered by the agency. NCFA requests that the Department clarify the meaning of this regulation. Clarification will minimize the situations in which an agency and accrediting body interpret the requirement differently and protect the interests of all parties to an adoption.

5) 96.35(b): Suitability of agencies to be accredited

a) 96.35(b)(3)

NCFA advocates for the Department to add language to 96.35(b)(3) to clarify that the requirement to provide information about "licensing suspensions for cause or other negative sanctions" is limited to those sanctions related to the provision of adoption-related services. As drafted, the section would require a multi-service agency to provide information about a sanction for conduct that occurred with regard to another one of its services. For instance, a multi-service agency that also provided foster care services would be required to provide information about a sanction resulting from a foster home violation, which could then be taken into consideration by the accrediting entity in determining suitability for accreditation. Requiring this of multi-service agencies would not be in the public interest for the following reasons: an accrediting body's taking information into account about aspects of service delivery for programs other than intercountry adoption would be unfairly prejudicial to agencies; the accrediting body would be required to expend additional time and resources reviewing this information, which would add to

the expense of the accreditation process and costs of adopting; and agencies are already required under (b)(7) and (b)(8) to provide information about any agency financial irregularities, regardless if related to another service. For these reasons, NCFA recommends that the Department rewrite 96.35(b)(3) to say, in part, "...by oversight bodies against the agency or person relating to the provision of adoption-related services, including the basis and disposition of the sanction(s)." This change would also make (b)(3) consistent with the other subparts of 96.35(b).

b) 96.35(b)(5) and 96.35(b)(6)

96.35(b)(5) requires agencies to submit to the accrediting entity as part of applying for accreditation "any written complaint(s) against the agency or person, relating to the provision of adoption-related services, including the basis and disposition of such complaints" for the prior ten-year period. Without a definition of complaint to guide the agencies in determining what must be included, the regulation is vague and overburdening. This requirement could be interpreted to include an e-mail from an angry or frustrated client "complaining" about an aspect of service delivery, which is then resolved informally, or a client's dissatisfaction with the service provided by the agency that is set forth in writing as part of "consumer satisfaction" questionnaires, e.g., the length of time it took to complete the adoption.

NCFA encourages the Department to define the term "written complaint" and suggests that it be defined as, "a written complaint filed with a licensing or regulatory entity (licensing entity) of which the agency had actual knowledge, whether due to a licensing investigation, required agency response or corrective action, or licensing sanction(s)." Without a precise definition, agencies will be unsure what to report and different accrediting entities may apply different requirements on agencies. The result would be unfair to adoption providers, and, as with 96.35(b)(3), would result in added expense to prospective adoptive parents. NCFA recommends also that the Department reconsider the need to include "malpractice complaints" as part of 96.35(b)(6) in that it appears to be duplicative with 96.35(b)(5). In NCFA's opinion, "malpractice complaints" would be a subset of "written complaints." If it is the Department's opinion that "malpractice complaints" are not within the scope of "written complaints," NCFA recommends that the Department make clear the difference between the two.

6) 96.37(f)(1), 96.37(g), 96.45(b)(7) Education and experience requirements for those conducting home studies and child background studies

a) Educational requirements for employees

NCFA addresses this comment to accredited adoption providers. (The comment would apply, too, to approved persons.) NCFA strongly urges the Department to reconsider the requirement that employees who perform home studies have a master's degree. For the reasons discussed below, NCFA recommends that 96.37(f)(1) be revised to allow accredited agency employees to conduct home studies if they have the education and experience required for non-supervisory employees in 96.37(e)(2), as long as they are supervised by an employee who meets the educational requirements required in 96.37(f)(1). NCFA proposes the following language:

96.37(f) Home studies. The agency's or person's employees who conduct home studies:

(1) (a) Have a ~~minimum of a~~ master's degree from an accredited program of social work education or a master's degree (or doctorate) in a related human service field, including, but not limited to, psychology, psychiatry, psychiatric nursing, counseling, rehabilitation counseling, or pastoral counseling; or

(b) Have a bachelor's degree from an accredited program of social work education; a combination of a bachelor's degree in another human service field and prior experience in family and children's services, adoption, or intercountry adoption; or a bachelor's degree in any field and extensive experience in intercountry adoption. Additionally, the employee is supervised by an employee of the accredited agency or approved person who conducts home studies and who meets the requirements of paragraph (1)(a) of this section.

(2) Are authorized to complete a home study under the laws of the State of the child's proposed residence; and

(3) Meet the INA requirements for home study preparers in 8 CFR 204.3(b) covering home studies in Convention cases.

Similarly, NCFR recommends that the educational requirements set forth in 96.37(g) be revised as follows:

96.37(g) Child background studies. The agency's or person's employees who prepare child background studies:

(1) Have a ~~minimum of a~~ master's degree from an accredited program of social work education or a master's degree (or doctorate) in a related human service field, including, but not limited to, psychology, psychiatry, psychiatric nursing, counseling, rehabilitation counseling, or pastoral counseling; or

(2) Have a bachelor's degree from an accredited program of social work education; a combination of a bachelor's degree in another human service field and prior experience in family and children's services, adoption, or intercountry adoption; or a bachelor's degree in any field and extensive experience in intercountry adoption. Additionally, the employee is supervised by an employee of the accredited agency or approved person who conducts child background studies and who meets the requirements of paragraph (1) of this section.

The Department is appropriately concerned about the need to ensure the quality of home studies and child background studies. The proposed requirement, while well intentioned, fails to recognize the impact it will have on adoption agencies, adoptive parents, children, and birthparents. Many states do not require those who conduct home studies to hold a master's degree. It is already difficult to locate and hire individuals to perform these important functions. Requiring these employees to hold a master's degree will decrease further the already limited pool of qualified applicants. Rural communities will feel the impact all the more. Also, by requiring that these staff hold a graduate degree, there will be a commensurate increase in adoption costs necessitated by higher salary demands.

Not only would this requirement not be in the public interest for the impact on affordable and available human resources, it will discount and dismiss a vast resource of qualified individuals who already conduct home studies and child background studies. The Department

should not undervalue the importance that experience plays in performing home studies and child background studies in order to:

- (i) assess the suitability of prospective adoptive parents to care for foreign-born children; and
- (ii) identify any special needs of American children to enable the receiving country to select adoptive parents who are suitable to adopt and able to meet the needs of the child.

The proposed change recognizes also the value that employees holding graduate degrees have in ensuring quality services. In addition to performing home studies and child background studies themselves, these employees would provide valuable oversight and supervisory functions.

If the Department does not adopt these suggested changes, NCFA urges the Department to grandfather existing home study and child background study personnel, exempting them from the educational requirements so long as they meet the requirements of NCFA's proposed 96.37(f)(1)(b) and 96.37(g)(2), as appropriate.

b) Educational requirements for supervised providers

In NCFA's opinion, accredited agencies (and approved persons) will have a more difficult time supervising the acts of supervised providers versus their own employees, the latter over which an agency or person will have a greater degree of control. In light of this, NCFA does not recommend that the Department change the educational background requirements for supervised providers retained by an accredited agency (or approved person) to perform home studies or child background studies. NCFA proposes the following edit to 96.45(b)(7) to make this distinction:

...(b) The agency or person, when acting as the primary provider and using supervised providers in the United States to provide adoption services, ensures that each such supervised provider operates under a written agreement with the primary provider that:...

(7) Requires the supervised provider to meet the personnel requirements as accredited agencies and approved persons, as provided for in Sec. 96.37, except for those supervised providers conducting home studies or child background studies, who must comply with 96.37(f)(1)(a) and 96.37(g)(1) respectively.

7) 96.41: Complaint processes:

- a) 96.41: Lack of definition of "complaint" regarding agency complaint policies, procedures, and processes:

It is the NCFA's opinion that, as drafted, 96.41 will not be effective in carrying out the intent of the regulation, which is to have an available process by which parties to an adoption can raise legitimate concerns about adoption providers. As an initial matter, NCFA recommends

that the Department change the term "complaint" to "grievance" in order to distinguish 96.41 as a more formal channel of raising a concern, as opposed to informally expressing general dissatisfaction with services received.

NCFA urges that the Department define "complaint" – or "grievance" if the Department accepts the above recommendation – as part of 96.41. Without a definition, the process will be unworkable for all parties to a Convention adoption: prospective adoptive parents, birthparents, adopted persons, and accredited agencies; and also for the accrediting entities and the Department, both of which have roles in resolving complaints. The lack of a clear definition will afford too much discretion to the accrediting body in evaluating whether the agency has complied with complaint management requirements, e.g., to respond to, document, and report complaints; to the Department should they receive a complaint through the Complaint Registry; and to the adoption agency in deciding what client concerns amount to a complaint, triggering these requirements.

By including a definition of what constitutes a complaint – or grievance if the Department accepts the above recommendation – prospective adoptive parents, birthparents, and adopted persons will better understand exactly how to pursue a complaint against an agency; and adoption agencies will be aware what concerns, at a minimum, require follow-up and reporting in accordance with the regulations. (Agencies may choose to prescribe stricter complaint procedures.) In addition, a clear definition will ensure that accrediting bodies and the Department will apply consistent interpretations regarding complaint management for the benefit of adoption agency clients, and to afford the accredited agencies due process.

With the above recommendations in mind, there could be added the following sentence: "A grievance is a written document signed by a grievant that addresses an aspect of service delivery that is governed by the regulations." The above definition, or a similar one, will ensure that individuals have a right to raise concerns about adoption service delivery and that agencies are able to respond meaningfully. Requiring that "grievances" be in writing and signed by the "grievant" will minimize the number of frivolous complaints. The proposed regulations already provide individuals the right to complain to the accrediting entity and the Department should they feel that the adoption agency did not adhere to the complaint procedures or are dissatisfied with the proposed resolution.

b) 96.41(b): Procedures for responding to complaints and improving service delivery.

As drafted, 96.41(b) could be interpreted to allow and even encourage birthparents, prospective adoptive parents, and adopted persons to lodge complaints against a US adoption agency without regard to whether the agency has responsibility over the subject matter of the complaint. In pertinent part, 94.41(b) reads: "The agency. . .permits any birthparent, prospective adoptive parent, or adoptee. . .to lodge a complaint or appeal about any of the services or activities of the agency. . . ." (Emphasis added). The term "activity" is not defined in the regulations. In order to make the provision less vulnerable to inconsistent interpretations, NCFA suggests that the Department revise the regulation as follows: "The agency. . .permits any birthparent, prospective adoptive parent, or adoptee. . .to lodge a complaint or appeal about any of the services or activities of the agency the adoption services provided by the agency."

The suggested revision will be in the interest of adoptive parents, birthparents, and adopted persons by clarifying how to raise formal concerns appropriately. It will also enable adoption agencies not to waste their human and other resources to respond to inappropriate complaints, the effect of which would be to make the adoption process more costly for adoptive parents.

8) **96.42(c) - 96.42(d): Disclosure of birthparent identity in accordance with state law**

96.42(c) states, in pertinent part: "the agency or person preserves and discloses information in its custody about...birthparents' identity in accordance with applicable State law." 96.42(d) states, in pertinent part: "the agency or person protects the privacy of birthparent(s), prospective adoptive parent(s), and adoptees to whom adoption services were provided...." NCFA is in agreement with the Department that the IAA does not include any provision that could imply that Congress intended to regulate the disclosure of birthparent identity. In fact, Sec. 401(c) of the IAA states: "Disclosure of, and access to, ...adoption records that are not Convention records, including records of adoption proceedings conducted in the United States, shall be governed by State law." The appropriateness of 96.42(c)-(d) is reinforced by the IAA's Sec. 503(a), which states that the IAA is not to be construed to preempt state law, except to the extent that state law is inconsistent with the IAA or the Convention, and then only to the extent of the inconsistency.

9) **96.46: Assumption of liability, especially for foreign supervised providers**

NCFA recognizes the need to protect parties to intercountry adoption from negligent or illegal acts of adoption agencies, in part, through available insurance. The Department has interpreted the IAA's mandate for agencies to have in force adequate professional liability coverage (and other appropriate insurance) as requiring primary providers to assume tort, contract, and other civil liability for the acts of foreign supervised providers (96.46) and to maintain a bond, escrow account, or liability insurance in the minimum amount of one million per occurrence in order to cover the associated risks (96.33). In NCFA's opinion, the liability and insurance provisions are not workable.

Most problematic is that very few carriers are willing to write policies that provide primary coverage for intercountry adoption services. (Attachment A). As such, it would be difficult, if not impossible, to obtain coverage for damages up to one million dollars. Policies that are written preclude coverage for acts of foreign providers in a variety of ways, e.g., by excluding from coverage wrongful acts of non-employees and making coverage inapplicable to damages assumed by an insured as part of a contractual agreement. (Attachment B).

Whether Convention countries will even establish an accrediting and approval system for its agencies and attorneys is uncertain, if not unlikely. As a result, primary providers would have to work strictly with foreign governments, or shoulder an enormous risk of supervising foreign providers and persons. Even if primary providers were able to obtain coverage, the premium will rise dramatically. (Attachment A). The fact that, in the end, there would be a right of indemnity will not appreciably address the risk, because insurance carriers would still be

required to defend lawsuits and seek indemnity, which will further increase costs for primary providers. These additional costs will be passed on to adoptive parents driving up the costs of what is already a very expensive process.

The Department should take into consideration the many provisions in 96.46 that will regulate the actions of primary providers vis-à-vis the use of supervised foreign providers. There are also other protections throughout the regulations that will protect parties to intercountry adoptions from illegal and negligent acts. These additional safeguards address specific requirements of how adoption agencies must deliver their services and how clients may raise concerns about the services they have received. Examples of these protections include: 96.35 – 96.40 (Ethical Practices and Responsibilities); 96.39 – 96.40 (Information Disclosure, Fee Practices, and Quality Control Policies and Procedures); 96.41 – 96.43 (Responding to Complaints and Records and Reports Management); 96.68 – 96.72 (Oversight Through Review of Complaints); 96.74 – 96.79 (Adverse Action by the Accrediting Entity); and 96.90 – 96.93 (Dissemination and Reporting of Information by Accrediting Entities).

For the above reasons, NCFA recommends that the Department reconsider the requisite one million per occurrence and imposition of vicarious liability on primary providers. As part of this process, NCFA encourages the Department to evaluate the feasibility of the government taking an active role in making it possible for primary providers to obtain affordable liability insurance. Only by weighing the competing considerations associated with (a) the need for insurance protection to safeguard parties to an adoption, and (b) the impact of insurance requirements on the ability of adoption agencies to provide adoption services will there be in place insurance and liability requirements that promote quality intercountry adoption services in accordance with Convention without creating a process that becomes impossible to deliver or too costly to use.

10) **96.92:** Dissemination of information about complaints

96.92 requires, in part, that accrediting entities (a) verify the receipt, status, and disposition of a complaint upon request of a *member of the public* and (b) to have in place procedures for disclosing information about *unsubstantiated* complaints. NCFA agrees that the ability for adoption agency clients to know an agency's complaint history is fundamental to a sound accreditation system. At the same time, NCFA believes strongly that it is important to protect an adoption agency's right to due process with regard to complaints filed against it. In NCFA's opinion, the current provision is overly broad and should be more narrowly tailored to meet both of these needs. Stated simply, the regulation should enable the public to have up-to-date, accurate information about the quality of an accredited agency's service delivery, all the while balancing this need against an agency's right to due process.

In light of the above, NCFA strongly discourages the Department from requiring (or allowing) accrediting entities to provide information about *unsubstantiated* complaints. The accrediting entities' disclosure procedures should be limited to procedures for disclosing information about substantiated complaints. Allowing disclosure of information about unsubstantiated complaints would be unduly prejudicial to adoption agencies.

Similarly, an accrediting entity should be prohibited from disclosing information about the *status* of a complaint to a person or entity *other than* the complainant and the accredited adoption agency (or approved person) against which the complaint has been raised. While a complainant and an accredited adoption agency (or approved person) that is the subject matter of a complaint should have the right to know the receipt, status, and disposition of a complaint, the public should only have the right to information about substantiated complaints. Unsubstantiated information will certainly promote speculation and will often be unfairly prejudicial to an adoption agency. NCFCA thus recommends that the Department make the following changes to the subparts in 96.92:

(a) ~~The accrediting entity must verify, upon inquiry from a member of the public, whether a complaint was received against an accredited agency or approved person and, if so, provide information about the status of the complaint, including whether it was found to be substantiated or not~~ there have been any substantiated complaints against an accredited agency or approved person, and, if so, provide information about the nature of the complaint and whether any adverse action resulted from the substantiation(s);

(b) The accrediting entity must verify, upon inquiry from a complainant or the accredited adoption agency or approved person against which a complaint was raised, whether a complaint was received and, if so, information about the status of the complaint, including whether it was found to be substantiated or not. The accrediting entity is prohibited from verifying such an inquiry from a member of the public, except as permitted in part (a) of this section.

~~(b)(c)~~ (c) The accrediting entity must have procedures for disclosing to members of the public information about complaints that are substantiated ~~and those that are not substantiated.~~

These disclosure requirements in concert with an efficient complaint review process will ensure the timely disclosure of information about an adoption agency's complaint history, without promoting a rush to judgment.

ATTACHMENT A



May 9, 2003

Theodore Kim
ADOPTION SERVICE INFORMATION AGENCY INC
8555 16th Street
Suite 600
Silver Spring, MD 20910

RE: CONFIRMATION OF NONRENEWAL
Policy # 8168-2021
ADOPTION SERVICE INFORMATION AGENCY INC
Executive Risk Indemnity Inc.
Expiration Date: Jun-08-2003

Dear Theodore:

This letter confirms that the above referenced policy expires on the Policy Expiration Date noted above, at 12:01 a.m. at the address set forth in the Declarations. While we recently received certain underwriting information, please be advised that pursuant to our letter of Mar-25-2003, the above-captioned policy has been nonrenewed. Accordingly, coverage will terminate effective Jun-08-2003.

You may be entitled to certain other information. Please see the Notice of Non-Renewal sent on Mar-25-2003 for specific notification as to what is available to you.

Sincerely,

A handwritten signature in cursive script that reads "Linda M. Domurat".

Linda M Domurat
Underwriter

cc: Deana Bryd
NATIONAL INSURANCE PROFESSIONALS CORP
1040 NE HOSTMARK ST #200
POULSBORO, WA 98370-0000

Renewal of Number
0200003937 01
Policy Number
0200003937 02



INSURANCE COMPANY
195 LAKE LOUISE MARIE ROAD, ROCK HILL, NY 12775-6000

COMMON POLICY DECLARATIONS

Item 1. Named Insured and Mailing Address
ADOPTION SERVICE INFORMATION
(SEE NAMED INSURED ENDT)
7720 ALASKA AVENUE N.W.
WASHINGTON, DC 20012

Agent Name and Address
LIGHTHOUSE UNDERWRITERS, LLC.
1375 PICCARD DRIVE
SUITE 375
ROCKVILLE MD 208500000

Agent No. 1573E
00

Item 2. Policy Period From: 10-03-00 To: 10-03-01 Term: 1 Year
12:01 A.M. Standard Time at your mailing address

Item 3. Business Description: ADOPTION AGENCY
Form of Business: Individual Corporation Partnership Other

Item 4. In return for the payment of the premium, and subject to all the terms of this policy, we agree with you to provide the insurance as stated in this policy.

This policy consists of the following coverage parts for which a premium is indicated. Where no premium is shown, there is no coverage. This premium may be subject to adjustment.

Coverage Part(s)	Premium
Commercial Property Coverage Part	\$ NOT COVERED
Commercial General Liability Coverage Part	\$ NOT COVERED
Professional Liability Coverage Part	\$ 16,548.00
Commercial Crime Coverage Part	\$ NOT COVERED
Boiler and Machinery Coverage Part	\$ NOT COVERED
Commercial Inland Marine Coverage Part	\$ NOT COVERED
Commercial Auto (Business and Truckers) Coverage Part	\$ NOT COVERED
Commercial Garage Coverage Part	\$ NOT COVERED
Total Policy Premium	\$ 16,548.00

Item 5. Forms and Endorsements

Form(s) and Endorsement(s) made a part of this policy at time of issue:

See Schedule of Forms and Endorsements

Countersigned: ROCK HILL, NY

Date: 10-25-00

By: JONATHAN 
Authorized Representative

THIS COMMON POLICY DECLARATION AND THE SUPPLEMENTAL DECLARATION(S), TOGETHER WITH THE COMMON POLICY CONDITIONS, COVERAGE PART(S), COVERAGE FORM(S) AND FORMS AND ENDORSEMENTS, IF ANY, COMPLETE THE ABOVE NUMBERED POLICY.

AON*Aon Risk Services*

October 9, 2003

Ms. Virginia Ravenel
Director of Policy and Communication
National Council For Adoption
225 Washington Street NE
Alexandria, VA 22314

Re: Proposed Hague Regulations

Dear Ms. Ravenel:

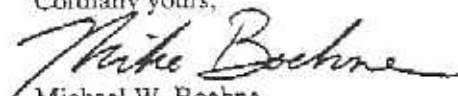
David Pilgrim of Children's Home Society & Family Services (CHSFS) of St. Paul, MN asked me to write and give you my perspective as an insurance broker with respect to the proposed Hague regulations as published in the State Department's Federal register on September 15, 2003.

Section 96.46 (c) of the proposed regulations would require CHSFS or any other primary provider to "assume the tort, contract, and other civil liability for the prospective adoptive parent(s) for the foreign supervised provider's provision of contracted adoptive services and its compliance with subpart F". This would in essence require the primary provider to be responsible for the actions of the foreign supervised provider, even though the primary provider has no real control over the actions of the foreign supervised provider.

In my opinion, this requirement would be virtually uninsurable and would thus expose the primary provider to a risk of considerable financial loss for which no insurance recovery would be available. If the insurance industry did find a way to provide insurance coverage for the exposure created by this provision, it would greatly increase the cost of insurance, which would in turn increase the cost of providing adoption services.

I therefore urge you do everything you can to have the provisions amended in such a way that the liability exposure to adoption agencies is not increased. Should you have any questions, please do not hesitate to call me.

Cordially yours,



Michael W. Boehne
Vice President, Senior Syndicator
Direct Telephone #952-656-8237
Direct Fax #952-656-8695
e-mail: Mike_Boehne@ars.aon.com

cc: David Pilgrim, Children's Home Society & Family Services

Virginia Ravenel

From: Pilgrim, David [DPILGRIM@CHSM.COM]
Sent: Tuesday, October 07, 2003 3:35 PM
To: 'Virginia Ravenel'
Subject: FW: Hague

Importance: High

Below is email from our attorney.

David Pilgrim, MA, LICSW
Vice President, Adoption Services
Children's Home Society & Family Services
651 255 2227
dpilgrim@chsm.com
www.chsm.com

> -----Original Message-----

> From: Arvold, Laura
> Sent: Thursday, October 02, 2003 3:11 PM
> To: Pilgrim, David; Ericson, Kim
> Subject: RE: Hague
> Importance: High

> I have quickly reviewed the page from the Federal Register that was faxed
> to me. I am assuming that we were being asked to review section 96.46
> Using Supervised Providers in other Convention Countries. I have several
> major concerns after reading these regulations:

> This section would place certain responsibilities onto CHSFS as a primary
> provider which uses supervised providers in other countries. One of the
> sections could be handled with redrafting all of our templates to be used
> in these situations. Two areas present MAJOR problems.

> Section 96.46(a) - CHSFS would have to "ensure" (however that is being
> defined) that the supervised provider is (1) in compliance with the laws
> of the Convention Country (THAT WOULD BE IMPOSSIBLE TO DO CONSIDERING THE
> NUMBER OF COUNTRIES WE OPERATE IN AND WOULD BE TOO EXPENSIVE TO HIRE
> ATTORNEYS IN ALL OF THESE COUNTRIES TO DO AUDITS OF HOW THE PROVIDERS ARE
> OPERATING); (2) Are not engaging in practices contrary to the Convention
> This would probably be possible since we are probably trying to do this
> already; (3) Disclose certain items in section 96.35 to the supervised
> provider (CAN'T GIVE OPINION ON THIS SINCE I DON'T HAVE SECTION 95.35 IN
> FRONT OF ME); and (4) does not have a pattern of licensing suspensions
> etc. This again is probably already current practice.

> Section 96.46(b) - List of detailed provisions which could be met by
> careful contract drafting.

> Sections 96.46(c) and (d) - Area of GREAT CONCERN - CHSFS would be
> required to assume all liability for the actions of the supervised
> provider (and get insurance for this and we can still sue the supervised
> provider later.) OUR CONTRACTS ARE CURRENTLY DRAFTED SPECIFICALLY TO NOT
> ASSUME LIABILITY FOR THESE NON-EMPLOYEES' ACTIONS. WE ARE CLEAR IN
> LETTING THE POTENTIAL ADOPTIVE PARENTS KNOW THAT WE CAN'T BE RESPONSIBLE
> FOR THINGS BEYOND OUR CONTROL. THIS WOULD BE EXTREMELY RISKY TO PROMISE.

> David - Are these Regulations in the discussion/comments stage? If so,
> please vehemently object to the two areas above. I am not sure we could
> stay in business under these requirements. Let me know if you need any
> more help in analyzing this situation.

> Laura S. Arvold, Attorney at Law

> General Counsel
> Children's Home Society & Family Services
> WI office - 608-224-1688
> WI Fax - 608-224-1708
> MN direct line: 651-255-2313
> email: larvold@chsm.com

> -----Original Message-----

> From: Johnson, Joan
> Sent: Thursday, October 02, 2003 2:45 PM
> To: Arvold, Laura; Ericson, Kim
> Cc: Pilgrim, David
> Subject: Hauge

> I am faxing to you Laura and leaving on your desk Kim a page from the
> Department of State Federal Register in relation to the Hauge.

> David just called and was at a meeting today in Washington regarding this
> and would like you to review this section and answer the following:

> Laura - does this increase our liability

> Kim - could we get insurance for this? can we get an opinion from our
> insurance carrier as to whether anyone would underwrite this?

> David will be back in the office tomorrow if you have any further
> questions. Thanks!!!

> Joan Johnson
> Program Assistant
> Adoption Program
> 651-255-2298
> jjohnson@chsm.com
> <http://www.chsm.com>

Sat, Oct 11, 2003 1:48 AM

From: Barb Sheler <sheleb@adoptassoc.com>
To: Elizabeth Challa <challe@adoptassoc.com>
Date: Friday, October 10, 2003 1:45 PM
Subject: Prof. Liability Insurance

Elizabeth - I have the information Dick asked me for yesterday regarding our professional liability insurance.

For 11/01-11/02, our fee of \$22,416.75 was paid on 11/9/01 to Stewart Smith.

For 11/02-11/03, our fee of \$34,425.00 was paid on 12/02/02 to Steenland Insurance Agency.

With Steenland, I don't believe they are the actual policy underwriter. We would probably need to check the actual policy to know who the underwriter is. I also have no additional information on Stewart Smith. MYOB does not show an address or any other info. on this record.

Let me know if I can help with any additional info. Thanks - Barb

ATTACHMENT B



united
national
group

PROFESSIONAL LIABILITY COVERAGE PART
THIS IS A CLAIMS MADE AND DEFENSE INCLUDED POLICY
READ YOUR POLICY CAREFULLY.

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy the words "you" and "your" refer to the Named Insured shown in the Declarations. The words "we", "us", and "our" refer to the Company providing this insurance.

The word "insured" means any person or organization qualifying as such under SECTION III-WHO IS AN INSURED. Other words and phrases that appear in quotation marks have special meaning. Refer to SECTION VII-DEFINITIONS.

SECTION I - PROFESSIONAL LIABILITY COVERAGES

Insuring Agreement

We will pay those sums that the insured becomes legally obligated to pay as "compensatory damages" because of injury as a result of a "wrongful act." This insurance applies to injury only if a "claim" for damages because of the injury is first made against the insured and reported to the Company during the "policy period" to which no other insurance applies. This insurance does not apply to injury caused by a "wrongful act" which was committed before the Retroactive Date shown in the Declarations or which occurs after the "policy period."

- a. A "claim" by a person or organization seeking damages will be deemed to have been made when notice of such "claim" is received and recorded by the insured or by us, whichever comes first.
- b. All "claims" arising out of the same "wrongful act" shall be considered as having been made at the time the first "claim" is made.
- c. We will have the right and duty to select counsel and to defend any "suit" seeking damages, but
 1. The amount we will pay for damages is limited as described in SECTION IV-LIMITS OF INSURANCE;
 2. We may, at our discretion, investigate any "wrongful act" and settle any "claim" or "suit" that may result; and
 3. Our right and duty to defend end when we have used up the applicable limit of insurance in the payment of judgments, settlements or "claims" expenses and defense costs described in paragraph 2. below.

2. "Claims" Expenses and Defense Costs

We will pay, with respect to any "claim" or "suit" we defend:

1. All expenses we incur.
2. All reasonable expenses incurred by the insured at our request to assist us in the investigation or defense of the "claim" or "suit."
3. All costs taxed against the insured in the "suit."

1. Our payments will not increase our limit of liability as stated in the declarations.

SECTION II - EXCLUSIONS

This insurance does not apply:

- b. to bodily injury to an employee of the insured arising out of and in the course of employment by the insured;
- c. to any obligation of the insured under any workers' compensation, unemployment compensation or disability benefits law or under any similar law;
- d. to injury arising out of the ownership, maintenance, use or entrustment to others of any aircraft, "auto" or watercraft owned or operated by or rented or loaned to the insured. Use includes operation and "loading and unloading."
- e. to injury arising out of a criminal act by the insured;
- f. to injury for which the insured is obligated to pay damages by reason of the assumption of liability in a contract or agreement. This exclusion does not apply to damages that the insured would have in the absence of a contract or agreement.

SECTION III - WHO IS AN INSURED

If you are designated in the Declarations as:

- a. an individual, you and your spouse are insureds, but only with respect to the conduct of a business of which you are sole owner.
- b. a partnership or joint venture, you are an insured. Your members, your partners and their spouses are also insureds, but only with respect to the conduct of your business.
- c. an organization other than a partnership or joint venture. You are an insured. Your Executive Officers and Directors are insureds, but only with respect to their duties as your Officers and Directors. Your employees and volunteers, whether salaried or contracted, including physician(s), are insureds while acting within the scope of their duties on your behalf. Your stockholders are also insureds, but only with respect to their liability as stockholders.

SECTION IV - LIMITS OF INSURANCE

1. The Limits of Insurance shown in the declarations and the rules below fix the most we will pay under this Coverage Part. Regardless of the number of:
 - a. insureds under this policy;
 - b. "claims" made or "suits" brought alleging "wrongful acts" to which this insurance applies; or
 - c. persons or organizations sustaining injury or damages to which this insurance applies,
 our liability under this Coverage Part is limited as follows:
2. The total amount we will pay for all damages, including "claims" expenses and defense costs, because of injury arising out of all "wrongful acts" to which this Coverage Part applies shall not exceed the limit of liability stated in the declarations as Aggregate.
3. Subject to paragraph 2. above, the most we will pay for all damages, including "Claims" Expenses and Defense Costs, because of injury arising out of any one "wrongful act" to which this Coverage Part applies shall not exceed the the limit of liability stated in the declarations as applicable to Each "claim".

SECTION V - POLICY TERRITORY

This insurance applies to "compensatory damages" for injury caused by a "wrongful act" anywhere in the world, so long as the original suit for such "compensatory damages" is brought in the United States, its territories or possessions, Puerto Rico or Canada.

PROFESSIONAL LIABILITY CONDITIONS

Bankruptcy

Bankruptcy or insolvency of the insured or of the insured's estate will not relieve us of our obligations under this Coverage Part.

Duties In The Event Of a "Wrongful Act," "Claim" Or "Suit"

- a. You must see to it that we are notified as soon as practicable of a "wrongful act" which may result in a "claim". To the extent possible, notice should include:
 1. How, when and where the "wrongful act" took place;
 2. The names and addresses of any injured persons and witnesses; and
 3. The nature and location of any injury or damage arising out of the "wrongful act." Notice of a "wrongful act" is not notice of a "claim".
- b. If a "claim" is received by the insured you must
 1. Immediately record the specifics of the "claim" and the date received; and
 2. Notify us as soon as practicable.

You must see to it that we receive written notice of the "claim" as soon as practicable.
- c. You and any other involved insured must:
 1. Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the "claim" or a "suit";
 2. Authorize us to obtain records and other information;
 3. Cooperate with us in the investigation, settlement or defense of the "claim" or "suit"; and
 4. Assist us, upon our request, in the enforcement of any right against any person or organization which may be liable to the insured because of injury or damage to which this insurance may also apply.
- d. No insureds will, except at their own cost, voluntarily make a payment, assume any obligation, or incur any expense without our consent.

Legal Action Against Us

No person or organization has a right under this Coverage Part:

- a. To join us as a party or otherwise bring us into a "suit" asking for damages from an insured; or
- b. To sue us on this Coverage Part unless all of its terms have been fully complied with.

Person or organization may sue us to recover on an agreed settlement or on a final judgment against an insured obtained an actual trial; but we will not be liable for damages that are not payable under the terms of this Coverage Part or that are in excess of the applicable limit of insurance. An agreed settlement means a settlement and release of liability signed by us, the insured and the claimant or the claimant's legal representative.

Other Insurance

If other collectible insurance with any other insurer is available to you covering a "claim" also covered hereunder (except insurance purchased to apply in excess of the limit of liability hereunder) the insurance hereunder shall be excess of, and not contribute with, such insurance. If you carry other insurance with us covering a "claim" also covered by the policy (other than underlying insurance of which the insurance afforded by this policy is excess) you must elect which policy shall apply and we will be liable under the policy so elected and shall not be liable under any other policy.

Representations

By accepting this policy, you agree:

- a. The statements in the Declarations are accurate and complete;
- b. Those statements are based upon representations you made to us; and
- c. We have issued this policy in reliance upon your representations.

Separation Of Insureds

Except with respect to the Limits of Insurance, and any rights or duties specifically assigned to the first Named Insured, this insurance applies:

- a. As if each Named Insured were the only Named Insured; and
- b. Separately to each insured against whom "claim" is made or "suit" is brought.

Transfer Of Rights Of Recovery Against Others To Us

If the insured has rights to recover all or part of any payment we have made under this Coverage Part, those rights are transferred to us. The insured must do nothing after the loss to impair them. At our request, the insured will bring "suit" or transfer those rights to us and help us enforce them.

Your Right To "Claim" And "Wrongful Act" Information

We will provide the first Named Insured shown in the Declarations the following information relating to this and any preceding professional liability claims-made Coverage Part we have issued to you during the previous three years:

- a. A list or other record of each "wrongful act," not previously reported to any other insurer, of which we were notified in accordance with paragraph 2.a. of this Section. We will include the date and brief description of the "wrongful act" if that information was in the notice we received.
- b. A summary by "policy period," of payments made and amounts reserved. Amounts reserved are based on our judgment. They are subject to change and should not be regarded as ultimate settlement values.

We will provide this information only if we receive a written request from the first Named Insured within 60 days after the end of the "policy period." In this case, we will provide this information within 45 days of receipt of the request. We compile "claim" and "wrongful act" information for our own business purposes and exercise reasonable care in doing so. In providing this information to the first Named Insured, we make no representations or warranties to insureds, insurers or others to whom this information is furnished by or on behalf of the insured. Cancellation or nonrenewal will be effective even if we inadvertently provide inaccurate information.

N VII - DEFINITIONS

"Wrongful act" means any act, error or omission in the furnishing of professional social services. It includes the furnishing of food, beverages, medications or appliances in connection with those services. All "wrongful acts" committed in furnishing of professional services to any one person shall be considered one "wrongful act."

"Suit" means a civil proceeding in which damages for injury to which this insurance applies are alleged. "Suit" includes an arbitration proceeding alleging such damages to which you must submit or submit with our consent.

"Auto" means a land motor vehicle, trailer or semitrailer designed for travel on public roads, including any attached machinery or equipment.

"Loading or unloading" means the handling of persons or property:

- a. After being moved from the place where accepted for movement into or onto an aircraft, watercraft or "auto";
- b. While in or on an aircraft, watercraft or "auto"; or
- c. While being moved from an aircraft, watercraft or "auto" to the place of final delivery.

"Policy period" means the period shown in item 2 of the Declarations.

"Claim" means a written demand upon the insured for "compensatory damages" or services, and shall include the service of suit or institution of arbitration proceedings against the insured. "Claim" does not include reports of accidents, acts, errors, occurrences, offenses or omissions which may give rise to a "claim" under this policy.

"Compensatory damages" shall not include damages imposed upon the insured as punitive or exemplary damages for wanton, willful, outrageous, malicious or reckless conduct or for gross negligence.

SECTION VIII - EXTENDED REPORTING PERIOD

If this insurance is canceled or not renewed for reasons other than the Named Insured's nonpayment of premium; or

If we renew or replace this insurance with insurance that:

- a. Has a Retroactive Date later than the date shown in the Declarations, or
- b. Does not apply to "wrongful acts" on a claims made basis,

then in such event:

- a. This insurance applies to "claims" first made against the insured in writing during the policy period and reported to us within sixty days after the date of cancellation or expiration of the policy. The insurance afforded by this Basic Extended Reporting Period provision applies only if the injury giving rise to the "claim" occurred after the retroactive date shown in the Declarations and prior to the effective date of cancellation or the expiration date. If the Named Insured purchases a Supplemental Extended Reporting Period as provided below, this Basic Extended Reporting Period provision shall not apply.
- b. The Insured may purchase a single Supplemental Extended Reporting Period of twelve, twenty-four or thirty-six months. Payment of an additional premium charge of fifty percent of the premium stated in the Declarations as the current policy premium is required for each twelve months of Supplemental Extended Reporting Period purchased.
- c. To purchase a Supplemental Extended Reporting Period the named insured must give us a written request for a Supplemental Extended Reporting Period. Such request must be received by us or our agent within thirty days of the termination of the policy. The request must specify whether the request is for twelve, twenty-four or thirty-six months. The proper premium amount due must be submitted with the request.
- d. If the Named Insured purchases a Supplemental Extended Reporting Period, then any "claim" first made in writing against the insured during the Supplemental Extended Reporting Period, which is otherwise covered by this insurance, will be deemed to have been made on the last day of the policy period. Such insurance as is afforded by this provision applies only if the injury giving rise to the "claim" occurred after the retroactive date shown in the Declarations and before the effective date of cancellation or the expiration date.
- e. Our total liability under this policy, including the Basic Extended Reporting Period or the Supplemental Extended Reporting Period shall not exceed the limit of liability stated in the Declarations as General Aggregate.

- UNITED NATIONAL INSURANCE COMPANY
- DIAMOND STATE INSURANCE COMPANY
- UNITED NATIONAL SPECIALTY INSURANCE COMPANY

Policy Number GA740177
 Renewal of GA739052

PROFESSIONAL-COMMERCIAL GENERAL LIABILITY POLICY
 DECLARATIONS

Item 1. Named Insured and mailing address

LOS NINOS INTERNATIONAL AID & ADOPTION, DBA: LOS NINOS INTERNATIONAL
 ADOPTION CENTER
 PO BOX 9617
 THE WOODLANDS, TX 77380

Item 2. Policy Period

From: July 28, 2002 ³
 12:01 a.m. Standard Time, at your mailing
 address.
 To: July 28, 2003 ⁴

Item 3. We afford insurance only for the coverages that are indicated below by insertion of a limit of liability. The limit of our liability against each such coverage will be stated herein, subject to all the terms of the policy. Claims expenses and defense costs incident to a claim or legal liability under this policy are included in the limit of liability.

Coverages	Limits of Liability		
PROFESSIONAL LIABILITY	\$ 1,000,000	each claim	(including claims expenses and defense costs)
	\$ 3,000,000	aggregate	(including claims expenses and defense costs)
COMMERCIAL GENERAL LIABILITY			
A. Bodily Injury and Property Damage Liability	\$ 1,000,000	each occurrence	(including claims expenses and defense costs)
Fire Legal Liability	\$ 100,000	each occurrence	(including claims expenses and defense costs)
B. Personal and Advertising Injury Liability	\$ 1,000,000	each occurrence	(including claims expenses, and defense costs)
	\$ 1,000,000	aggregate	(including claims expenses and defense costs)
C. Employer's Non-Owner's Automobile Liability	\$ EXCLUDED	each occurrence	(including claims expenses and defense costs)
Bodily Injury and Property Damage Liability	\$ EXCLUDED	aggregate	(including claims expenses and defense costs)
D. Employee Benefits Liability	\$ 1,000,000	each claim	(including claims expenses and defense costs)
	\$ 1,000,000	aggregate	(including claims expenses and defense costs)

GENERAL LIABILITY HAZARDS	EXPOSURE	ADVANCE PREMIUM
Contractors Liability	\$ IF ANY	Included
Products/Completed Operations Liability	\$ IF ANY	Included
Contractual Liability- All Written Contracts	Included	Included