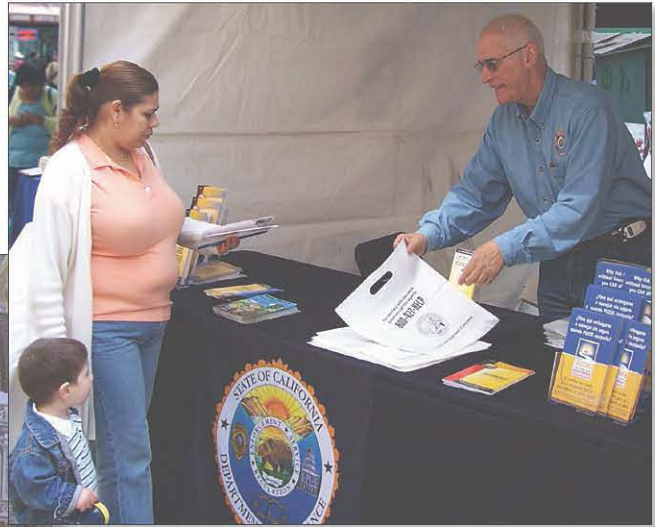


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The California Low Cost Automobile Insurance program (CLCA) was enacted in 1999 to create an affordable insurance option for low-income good drivers in Los Angeles County and the City and County of San Francisco in order to comply with California's financial responsibility laws. (SB 171, Escutia and SB 527, Speier.)

In 2002 the California Low Cost Automobile Insurance Program was modified and enhanced by legislation, (SB 1427, Escutia). SB 1427 established the requirement for an annual report to the Senate and Assembly Committees on Insurance and the Senate and Assembly Committees on Transportation, detailing the Insurance Commissioner's plan to inform the public about the availability of the CLCA program. In 2004, SB 1500 (Speier) added further requirements to report on the Commissioner's determination of success of the program, based on specified criteria.

In 2005, SB 20 (Escutia) extended the sunset date to January 1, 2011, modified eligibility criteria, mandated that the program become available in six enumerated counties on April 1, 2006, and authorized expansion of the program to all counties in California, based upon the Commissioner's determination of need.

Insurance Commissioner Steve Poizner is committed to reducing the number of uninsured drivers on California roads. With the passage of SB 1500, which requires the Department of Motor Vehicles to suspend or revoke the registration of a vehicle without proof of financial responsibility, Commissioner Poizner firmly believes the best way to encourage Californians to abide by the law is to make insurance affordable and available to all consumers. The Commissioner has made the California Low Cost Automobile Insurance program a key component of his priorities. This auto insurance initiative is one in a series of Department of Insurance programs and public education activities that focus on improving access to and the availability of insurance services throughout the state.

The report that follows includes the Commissioner's assessment of the success of the program, details the activities and accomplishments of the past year, and outlines the consumer education and outreach plan for 2008.

# Program & Policy Overview

The California Low Cost Automobile Insurance Program (CLCA) provides an affordable auto insurance option for low-income, good drivers. As of December 2007 the program is now available in all 58 counties within the State of California.

The California Automobile Assigned Risk Plan (CAARP) administers the CLCA program. CAARP assigns CLCA applications to licensed auto insurers based on each insurer's share of the California voluntary auto insurance market. Only producers (agents/brokers) certified by CAARP are authorized to submit program applications. Currently, there are approximately 7,000 producers certified by CAARP.

## Policy Features

The basic CLCA liability policy limits, as prescribed by state law, are \$10,000 for bodily injury or death per person in an accident, \$20,000 for bodily injury or death per accident, and \$3,000 property damage for each accident.

The annual premium rate for a CLCA liability policy varies by county (*see rate chart on page 16*). There is a 25 percent surcharge for unmarried male drivers ages 19 through 24. Several installment options are available, with a down payment as low as 15 percent of the total cost.

Two optional coverages, providing first-party benefits, are also available at additional cost. An insured may purchase medical payments coverage with \$1,000 limits and uninsured motorist bodily injury coverage, with the same limits as the underlying liability policy. Current premiums for these optional coverages vary by county (*see rate chart on page 16*). Premiums are set by county in accordance with statutory rate-setting standards.

## Eligibility Requirements

- By statute, the applicant's annual household income may not exceed 250 percent of the federal poverty level. Currently, the annual gross income threshold is \$26,000 for a one-person household and \$53,000 for a four-person household.
- An applicant must be a "good driver," defined as having no more than one at-fault property damage accident, or no more than one "point" for a moving violation, but not both, no at-fault accident involving bodily injury or death in the past three years; and no felony or misdemeanor conviction for a violation of the California Vehicle Code.
- An applicant must be at least 19 years of age and a resident of an eligible county.
- The applicant must have been continuously licensed to drive for the previous three years. In meeting the three year standard, up to 18 months of foreign licensure is acceptable, providing the applicant was licensed to drive in the United States or Canada for the preceding 18 months.
- The value of the vehicle to be insured may not exceed \$20,000.
- No more than two low-cost policies per person are permitted.
- A CLCA policyholder may not purchase a non-CLCA liability policy for any vehicle in the household.

# Consumer Education & Outreach Funding Sources

The legislation that established the CLCA program in 1999 did not address the need for, nor provide funding for, consumer education and outreach. In 2000, utilizing existing California Department of Insurance resources, the Department initiated a CLCA awareness campaign to inform consumers of the availability of the program.

In 2005, AB 1183 (Vargas) authorized the use of up to five cents (\$0.05) of the 10-cent fee imposed on insurers for the purpose of improving consumer functions, subject to budget approval, to inform consumers about the existence of any low cost automobile insurance program authorized in law. In fiscal year 2007-08, the Department allotted \$1,100,000.00 of these funds for the CLCA program.

AB 1183 requires the Department to explain, with as much specificity as is reasonably possible, the objectives for the use of the funds and quantitative criteria by which the Legislature may evaluate the effectiveness of the department's use of funds. Performance measures and statistics and objectives and methods selected for raising awareness about the program contained elsewhere in this report reflect the effective use of funds.

The Department proposes to use \$2,660,000 of the funds allocated, pursuant to Insurance Code Section 1872.8, to fund the CLCA statewide consumer education and outreach plan in fiscal year 2008-2009. Quantitative criteria as measures of success for the consumer education and outreach plan include:

- Increased CLCA inquiries to the CAARP hotline
- Increased number of CLCA policies assigned
- Increased producer participation in the CLCA program

The California Low Cost Automobile Insurance Program 2007 Consumer Education and Outreach Plan incorporated and built upon the methods employed in the 2006 plan to meet the challenges of the program expansion to new counties.

## **There were two core objectives of the 2007 Consumer Education and Outreach Plan:**

- Continue to develop and enhance consumer education and outreach activities in eligible counties through partnerships with community and faith-based organizations and government agencies
- Launch consumer outreach efforts in the six pending expansion counties. Implement program expansion to additional counties as may be determined by the Commissioner



# Consumer Education & Outreach Funding Sources

## The 2007 consumer education and outreach plan consisted of six primary elements:

- Development of educational materials in frequently spoken languages and distribution of materials in partnership with community based organizations and government agencies
- Participation in community and government agency-sponsored consumer events
- Participation in training and development opportunities, targeting agencies and organizations that serve CLCA eligible low-income residents and include CAARP certified producers
- Utilization of affordable, community and ethnic-specialty media to advertise the CLCA program
- Periodic evaluation and refinement of outreach methods
- Implementation of further expansion of the program, as determined by the Commissioner

## 2007 – The Year in Review

The most important event in 2007 was the expansion of the program to all 58 counties. To implement the expansion, the 2007 Consumer Education and Outreach Plan incorporated and expanded upon successful activities in 2006 that focused on partnerships with government agencies and community based organizations. In 2007, the Department continued to focus outreach efforts on five major goals:

- Continue and enhance consumer education and outreach event activities in collaboration with government agencies and community based organizations in CLCA eligible counties
- Promote the program through targeted mixed media advertising
- Develop and distribute targeted consumer education materials
- Conduct an analysis of need for the CLCA program in additional counties throughout the state and coordinate expansion meetings
- Implement program expansion into additional counties



# Consumer Education & Outreach Funding Sources

## 2007 CLCA STATEWIDE EXPANSION



# Consumer Education & Outreach Funding Sources

The primary focus of the Department's 2007 outreach activities was to continue to raise consumer awareness and increase the volume of program inquiries. This was accomplished in partnership with various community-based organizations, faith-based organizations, and state and local government agencies that serve potentially eligible consumers.

## 2007 Outreach and Education Activities in Partnership with Government Agencies & Community Based Organizations

Consumer outreach and education efforts in 2007 focused on the development and distribution of easy-to-understand, in-language outreach materials and increased collaboration with government agencies and community based organizations.

Efforts to integrate the CLCA program with other state and local governmental agencies that serve low-income residents continued. During 2007 we worked with agencies such as the Los Angeles Department of Public and Social Services (LADPSS), the Department of Motor Vehicles (DMV) offices throughout California, One-Stop and CalWorks offices to educate their staff on the CLCA program. We specifically targeted these organizations as hosts for our expansion meetings and provided these organizations with outreach materials when the program became available in their county. The organizations were enthusiastic about the program and expressed their belief that it would greatly benefit their clients.

In an effort to reach even more local agencies and organizations, the department developed and produced a DVD for distribution to the leadership of over 700 agencies and organizations throughout the state. The DVD provided an introduction to the CLCA program and encouraged the targeted organization to include the program as tool in their services portfolio. The DVD also encouraged recipients to call the department to schedule a presentation for their staff and community partners. Initial feedback has been positive and we anticipate an ever increasing number of partnerships will be developed as a result of this effort.

Throughout 2007, the Department continued to develop relationships and partnerships with community based organizations in every county. Department staff participated in a wide variety of events hosted by partner organizations ranging from Senior Citizen Organizations to work force development agency events and resource fairs. Program materials were distributed to community based organizations and the public in each of the 58 California counties. A more detailed listing of the Department's 2007 outreach activities is provided on the next page.



# Consumer Education & Outreach Funding Sources

## Community Event Sponsors

---

Congresswoman Loretta Sanchez  
Assemblyman Bob Huff (60<sup>th</sup> District)  
Assemblyman Pedro Nava  
Councilwoman Jan Perry  
AARP & Orange County Register  
Abraham Friedman Occupational Center  
Acacia Adult Day Services  
Access Entertainment (Fiesta Broadway)  
Arcadia Community Center  
Asian Pacific Women's Center  
Buena Park Senior Center  
Center for Community & Family Services  
Children's Network of Solano County  
Chinese American Public Affairs Committee  
City of Claremont  
City of Manhattan Beach Parks & Recreation  
City of Monterey Park  
City of San Fernando Department of Recreation  
& Community Services  
Compton Family Health Collaborative  
Downtown Oakland Senior Center  
Episcopal Community Services  
Festival De La Familia (16<sup>th</sup> Annual Festival)  
Fontana Community Assistance Program  
Grace Elliot Community Center  
Great Beginnings for Black Babies  
Greater New Unity Baptist Church  
Happy Camp Family Resource Center  
Intercommunity Child Guidance Center  
Intercommunity Child Guidance Center  
Joslyn Senior Center & City of Claremont  
Kern County Aging & Adult Services  
Kern County Aging & Adult Services  
Latin American Agents Association  
Loma Linda University Drayson Center  
Los Angeles City Department of Parks &  
Recreation  
Los Angeles Sentinel  
Mendocino Works Employment Resource  
Center  
Mexican American Opportunity Foundation  
NAIW International  
NBC 11 & Telemundo  
New Life in Christ Church  
North Sacramento Family Resource Center  
One Generation Senior Center  
Pomona Adult & Career Education Campus  
Professional Business Women of California  
Safekids (Los Angeles)  
San Francisco Safety Awareness  
Shriners Hospital for Children  
South Bay Family Healthcare & City of  
Gardena  
South Los Angeles Health Projects  
St. Francis Medical Center  
Teen Challenge Ministry Institute  
Teen Road To Safety, Inc.  
Toni Johnson-Chavis M.D.  
West Oakland Senior Center  
Willowbrook Senior Center  
YMCA

# Consumer Education & Outreach Funding Sources

## Consumer Education Partnership Sponsors

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California Association for Bilingual Education	Garvey High School
Capistrano Valley High School	Immaculate Heart High School (Los Angeles)
Chaffey College	LA County Board of Supervisors
City of Los Angeles Parks & Recreation	Los Angeles Community Adult School
City of Pomona Community Services Department	Los Angeles County Board of Supervisors
City of San Fernando Dept of Recreation	Los Angeles County Department of Public & Social Services
Clearlake High School	Marlton Learning School
Clearlake High School	Neighborhood Housing (City of Los Angeles)
Dana Point High School	Park West High School
Department of Motor Vehicles	Pomona High School
Diamond Ranch High School	Pomona Unified School District
Diamond Ranch High School	Riverside Police Department
Employment Development Department	Sacramento County HICAP Office
Evans Community Adult School	Temple City High School
Ganesha High School	Willowbrook Senior Center
Garey High School	

## Public Forums

---

Amador	Glen	Mariposa	Nevada	Shasta	Tulare
Alpine	Humboldt	Marin	Placer	Sierra	Tuolumne
Butte	Inyo	Mendocino	Plumas	Siskiyou	Trinity
Calaveras	Kings	Merced	San Benito	Solano	Yolo
Colusa	Lake	Modoc	San Luis	Sonoma	Yuba
Del Norte	Lassen	Mono	Obispo	Sutter	
El Dorado	Madera	Napa	Santa Cruz	Tehama	

# Consumer Education & Outreach Funding Sources

## Training and Development Presentations

---

Abraham Friedman Occupational Center	Kings Community Action Organization
Alpine County Board Chambers	Lassen Career Center
Arcadia Community Center	Marin County Asset Building Collaborative
Calaveras Works & Human Services Agency	Marin County Department of Health & Human Services
California Association of Work Experience Educators	Mendocino County Health & Human Services
California Department of Drug & Alcohol Programs	Mendocino Works Employment Resource Center
California Human Development Corporation	Merced Chamber of Commerce
Cal-Works & Employment Services (Humboldt County)	Modoc Joint Unified School District
Cal-Works & Employment Services (Sutter County)	Mono County Social Services
CalWorks/Human Care Alliance	Mother Lode Job Training
Catholic Charities of Los Angeles	Nevada County Board of Supervisors
Children's Network of Solano County	Oakland Workforce Collaborative
City of Moorpark Community Services Dept.	One Stop Center (Yuba County)
Colusa County Department of Health & Human Services	Placer County Health & Human Services
Department of Motor Vehicles (Bellflower)	Redding Housing Authority & Community Action Agency
Department of Motor Vehicles (Chico)	Rural Human Services (Del Norte County)
Department of Motor Vehicles (Fullerton)	Sacramento County HICAP Office
Department of Motor Vehicles (Los Angeles)	San Benito County Health & Human Services Agency
Department of Motor Vehicles (Norco)	San Luis Obispo County Department of Social Services
Department of Motor Vehicles (Pomona)	Sierra County Board of Supervisors
Department of Motor Vehicles (Poway)	Sonoma County Board of Supervisors
Department of Motor Vehicles (Rancho Cucamonga)	Sonoma County Job Links
Department of Motor Vehicles (Whittier)	Teen Road to Safety Inc.
Downtown Oakland Senior Center	Tehama County Library
El Dorado County Chamber of Commerce	Trinity County Human Response Network
El Dorado County Social Services	Tuolumne Community Action Agency (Amador)
Employment Development Department	Tustin Area Senior Center
Glen County Human Resources Agency	Work Connection (Plumas County)
Inyo County Health & Human Services	Yolo County Department of Employment & Social Services

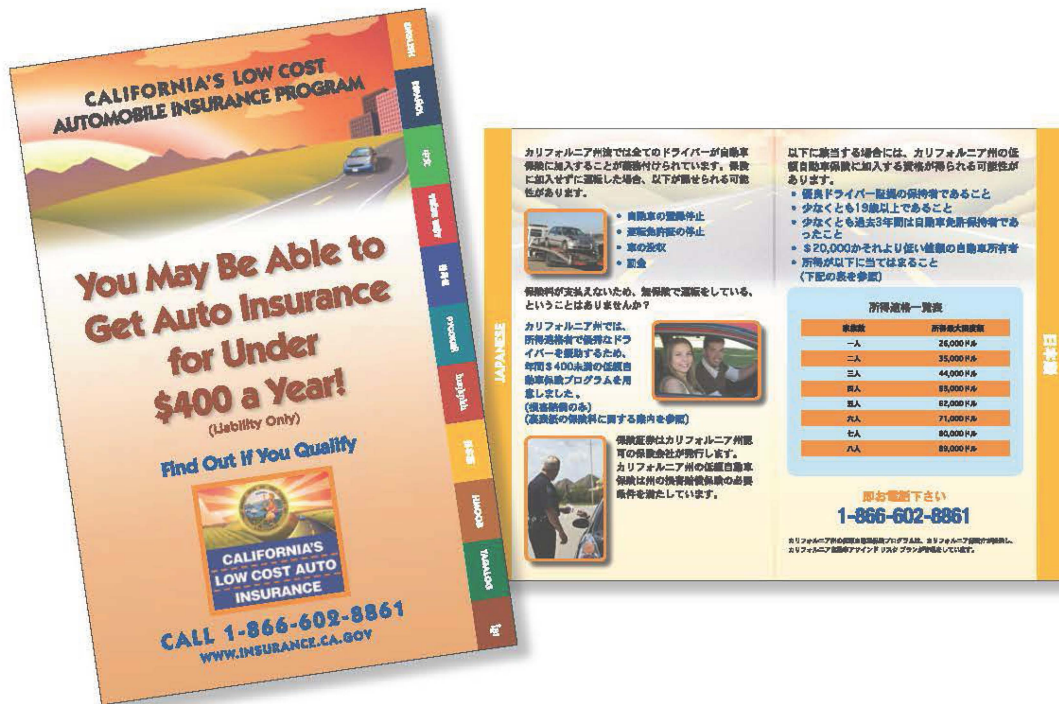
# Consumer Education & Outreach Funding Sources

## CLCA Outreach Materials Development and Distribution

CLCA Brochures are currently available in eleven languages: English, Spanish, Chinese, Cambodian, Tagalog, Hmong, Japanese, Armenian, Russian, Korean, and Vietnamese.

Program brochures were distributed to government agencies and community based organizations throughout the State of California.

During 2007, the Department distributed over 590,000 CLCA brochures. The distribution of these brochures was through partner organizations and to the general public at community events.



## Producer Outreach

Department staff also educated insurance producers on the CLCA program seeking to increase their participation in the program.

- Department staff participated in the training course of CAARP providing information to newly licensed producers on the California Low Cost Automobile Insurance Program. This participation with CAARP provided newly licensed producers, seeking certification with CAARP, a first hand opportunity to ask questions of our staff about the program.
- Whenever possible local agents are invited to participate in outreach events in an effort to increase their exposure to consumers interested in and potentially eligible for the CLCA program.



# Consumer Education & Outreach Funding Sources

## Advertising Campaign

The 2007 advertising campaign was designed to identify the most effective and affordable media sources to reach low-income uninsured drivers. As a result of monitoring referral sources and the findings from 2006 focus groups, the Department focused the CLCA advertising campaign on a combination of cable TV ads, English and Spanish language radio, government agency publications and select community print publications.

## Cable Television

In an effort to determine the affordability and effectiveness of advertising on cable television, the department ran a pilot cable ad in the Sacramento media market. The Sacramento market was chosen because it had not been targeted in previous CLCA media marketing campaigns.

While the cable ad was being aired CAARP data reports were monitored to evaluate ad impact and after the buy had concluded a consumer survey was conducted to measure consumer ad recall and awareness of the program's existence.

CAARP data showed an increase in the number of consumer calls originating from Sacramento County during the cable ad. Sacramento moved up to second position, with only Los Angeles County receiving more consumer calls. Historically Sacramento County has ranked sixth and/or seventh for the highest number the consumer calls by county.

The consumer survey showed consumers in Sacramento County had a higher level of recall than that of consumers residing in counties exposed only to print and radio advertising.



30- Second Television Commercial



# Consumer Education & Outreach Funding Sources

## Print Advertising

The print media campaign was focused on advertising in government agency publications such as, the Department of Motor Vehicles Driver's Handbook (in seven languages), the Child Support Services handbook and other publications handled by the Office of State Publishing. Additional print advertising was placed in community press publications in association with community events and outreach efforts. The Department participated in public service announcement opportunities whenever possible. Print advertising was also placed in community press to compliment program participation in community events.

**California's Low Cost Automobile Insurance Program**

The State of California has developed a program to help income eligible good drivers get low cost automobile insurance for under \$400 a year. (Liability Only)

HOUSEHOLD SIZE	MAXIMUM INCOME
1 PERSON	\$25,000
2 PEOPLE	\$32,000
3 PEOPLE	\$40,000
4 PEOPLE	\$48,000
5 PEOPLE	\$56,000
6 PEOPLE	\$64,000

**You may qualify if:**

- You have a good driving record
- You are at least 19 years of age
- You have been licensed to drive for at least three years
- You own a vehicle that is valued at \$20,000 or less
- Your income qualifies (see chart to left)
- You live in one of the qualifying counties

To find out rates and if the program is available in your county:  
**CALL 1-866-602-8861**

**El Registro de su Vehículo se le Revocará, si Usted no Tiene Seguro**

Usted no tiene que arriesgarse a manejar sin seguro de auto. El Programa de Seguro de Auto del Estado de California a Bajo Costo se ha elaborado para ayudar a los buenos conductores que reúnan los requisitos, según los ingresos, a que obtengan seguro de auto a bajo costo, por menos de \$400 al año. (Solamente responsabilidad civil)

Usted puede cumplir con los requisitos para el Programa de Seguro de Auto del Estado de California a Bajo Costo si:

- usted tiene buenos antecedentes de manejo
- usted tiene por lo menos 19 años de edad
- usted ha tenido su licencia de conducir durante por lo menos tres años
- usted es propietario de un vehículo con un valor de \$20,000 o menos
- sus ingresos cumplen con los requisitos
- usted vive en uno de los condados que cumplen con los requisitos

**Averigüe si Usted Reúne los Requisitos**

**¡Llame hoy!**  
**1-866-602-8861**  
[WWW.INSURANCE.CA.GOV](http://WWW.INSURANCE.CA.GOV)

Far Right: DMV Poster in Spanish / Right: DMV ad for Seniors

**California's Low Cost Automobile Insurance Program**

**Auto Insurance for under \$400/year!**

**Call 1-866-602-8861**

**CALIFORNIA'S LOW COST AUTO INSURANCE**

The State of California's Low Cost Automobile Insurance Program, for income eligible good drivers, is brought to you by The California Department of Insurance and administered by the California Automobile Assigned Risk Plan.

**¡Celebre!**

El Estado de California ha elaborado un programa para ayudar a los buenos conductores que reúnan los requisitos, según los ingresos, a que obtengan seguro de auto a bajo costo, por menos de \$400 al año.

Usted puede cumplir con los requisitos para el Programa de Seguro de Auto de California a Bajo Costo, si:

- usted tiene buenos antecedentes de manejo
- usted tiene por lo menos 19 años de edad
- usted ha tenido su licencia de conducir durante por lo menos tres años
- usted es propietario de un vehículo con un valor de \$20,000 o menos
- sus ingresos cumplen con los requisitos
- usted vive en uno de los condados que cumplen con los requisitos

**Llame al 1-866-602-8861**

Posters in English & Spanish

Magazine ads in English & Spanish

**El Programa de Seguro de Automóvil de California a Bajo Costo**

**¡Seguro de Automóvil Por menos de \$400.00 por año!**

**llame a 1-866-602-8861**

**SEGURO DE AUTO DE CALIFORNIA A BAJO COSTO**

El Departamento de Seguros de California les ofrece el Programa de Seguro de Automóvil de California a Bajo Costo a buenos conductores cuyos ingresos reúnen los requisitos. El programa está administrado por el Plan de Asignación de Riesgos Automovilísticos de California.

**Celebrate!**

The State of California has developed a program to help income eligible good drivers get low cost automobile insurance for under \$400 a year.

You can qualify for California's Low Cost Automobile Insurance Program if:

- you have a good driving record
- you are at least 19 years of age
- you have been licensed to drive for at least three years
- You own a vehicle that is valued at \$20,000 or less
- your income qualifies
- you live in one of the qualifying counties

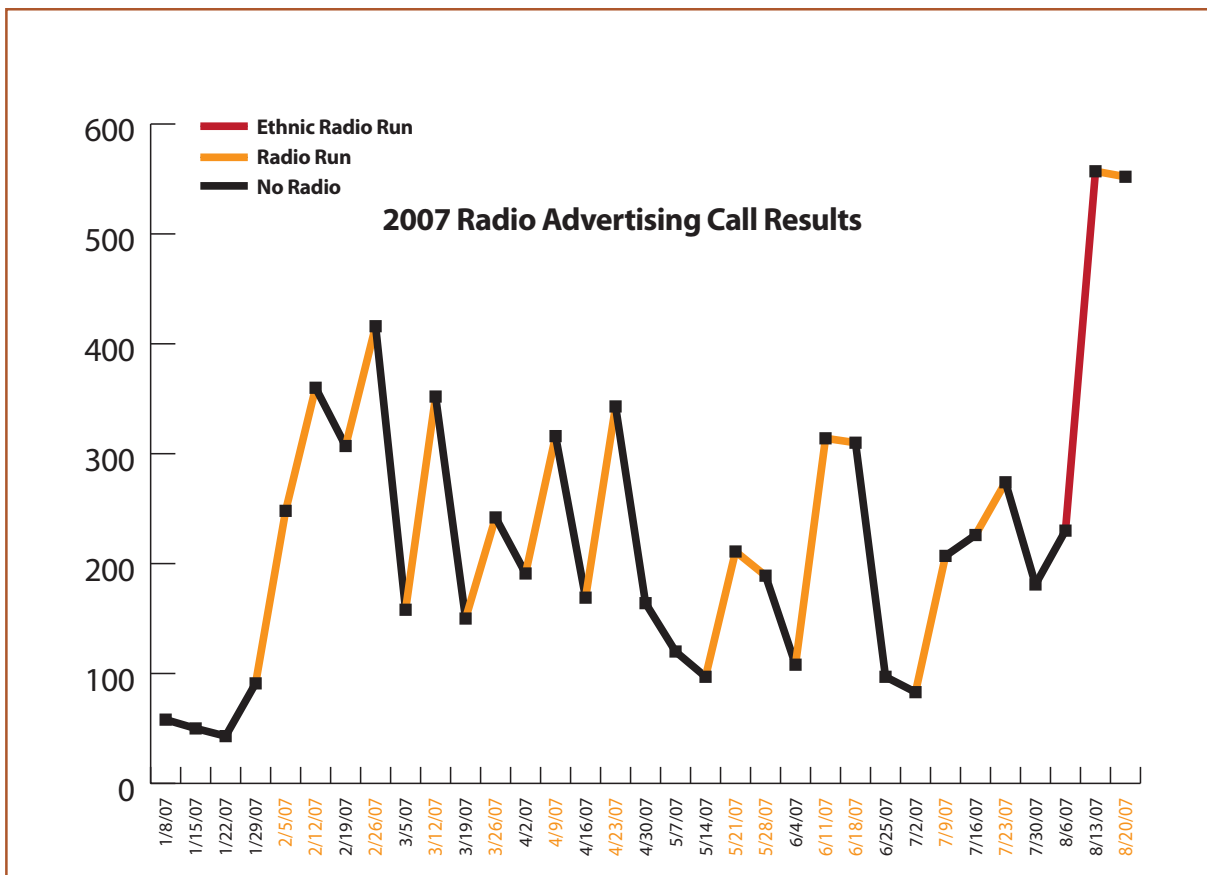
**Call Today 1-866-602-8861**

# Consumer Education & Outreach Funding Sources

## Radio Advertising

Working in collaboration with its social marketing firm, and in an effort to maximize advertising results, the Department focused radio advertising buys with individual stations that serve targeted consumer groups in large media markets. The CLCA radio spot was provided in-language for Hmong and Spanish radio stations. In addition, the buys were negotiated to include PSA insertions, information distribution at station community events and earned media opportunities.

The Spanish radio campaign resulted in a dramatic increase in Spanish speaking calls to the CAARP hotline.



# Performance Measures & Statistics

Insurance Commissioner Steve Poizner identified the CLCA program as a top priority for the department in his 2007 Strategic Plan. The Strategic Plan directed staff to expedite program expansion to the balance of the state. Within the first six weeks of his administration the Commissioner conducted two community events on the expansion of the program.

On May 01, 2007, the California Low Cost Automobile Insurance Program was placed under the direction of the Consumer and Education Outreach Bureau (CEOB). The placement of CLCA under CEOB brought additional staffing resources, which allowed for quicker expansion of the program from 16 to all 58 counties in a matter of seven (7) months.

## Performance Measures and Statistics

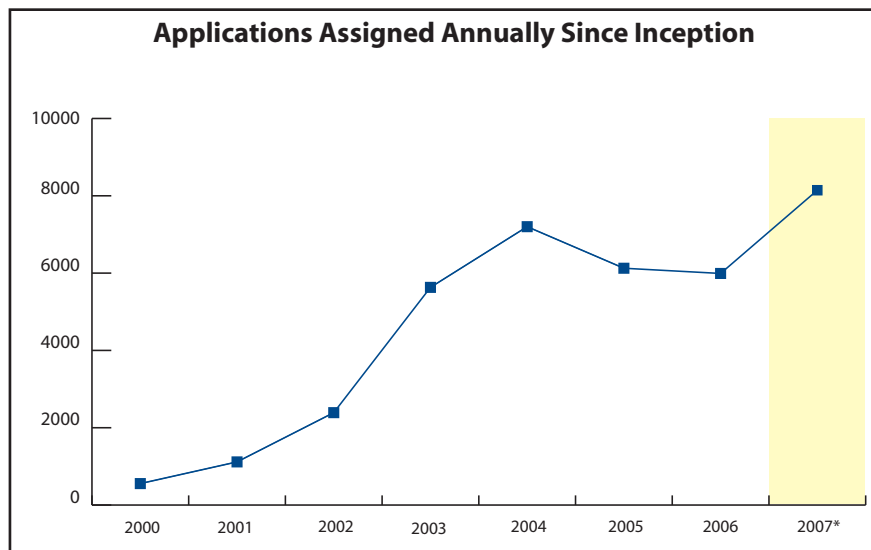
### 2007 Calendar Year Program Statistics

Applications Assigned:	8,144
Applications Received:	9,971
Percentage of applications eligible for assignment:	82%
Policies in Force:	11,519
Hotline Inquiries:	103,454 <i>(compared to 37,351 in 2006)</i>
Hotline Inquiries by Language:	<i>English</i> 72,542 <i>Spanish</i> 30,122 <i>Chinese</i> 790
2007 Average Number of Policies Assigned by Month:	679
Retention Rate:	50%
Assignments with Uninsured Motorist Bodily Injury Coverage (UMBI):	2859 (35%)
Assignments with Medical Payments Coverage:	1842 (23%)
Assignments with both UMBI and Medical Coverages:	1777 (22%)
Applicants with Income of \$20,000 or Less:	6404 (78%)
Predominant Age Group:	40-59 (3420 Applicants or 42%)
Predominant Vehicle Value:	\$2,000-\$5,000 (3145 Applicants or 39%)
% Applicants without Insurance at Time of Application:	6,251 or 77%

# Performance Measures & Statistics

## Program Statistics Since Inception in 2000

Policies Assigned:	37,154
Applications Received:	47,174
Percentage of Applications Assigned:	82 %
Hotline Inquiries:	238,744
Hotline Inquiries by Language:	<i>English</i> 178,611 (78%) <i>Spanish</i> 57,509 (20%) <i>Chinese</i> 2,624 (1%)
Assignments with Uninsured Motorist Bodily Injury Coverage (UMBI) Since March 2003:	12,465 (38%)
Assignments with Medical Payment Coverage Since March 2003:	7,571 (23%)
Assignments with both UMBI and Medical Coverages Since March 2003:	7,314 (22%)
% Applicants without Insurance at Time of Application:	83%
% Applicants with Income of \$20,000 or Less:	79%
Predominant Age Group:	40-59 (42%)
Predominant Household Income Group:	\$0 - \$10,000 (45%)
Predominant Vehicle Value:	\$2,000 - \$5,000 (39%)

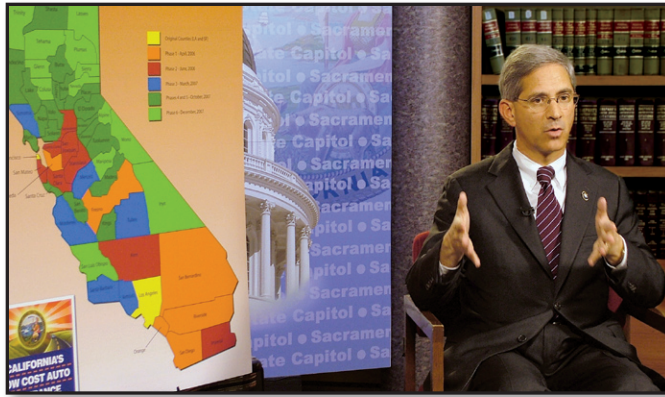


\*2007 was the first complete year for the full statewide program to be in effect.

# Commissioner's Determination of Success

## Commissioner's Determination of Success

The Commissioner has determined that the California Low Cost Automobile Insurance program was successful in meeting each of the measurements of success specified in California Insurance Code section 11629.85, as amended by SB 1500 (Speier), SB 20 (Escutia) and AB 1183 (Vargas).



### 1. Rates Were Sufficient to Meet Statutory Rate-Setting Standards

The Insurance Code specifies that rates shall be sufficient to cover losses and expenses incurred by policies issued under the program. Rate-setting standards also require that rates shall be set so as to result in no projected subsidy of the program or subsidy of policyholders in one county by policyholders in any other county. Consistent with these standards, the program rates in effect during 2007 generated sufficient premiums to cover losses and expenses incurred by CLCA policies issued under each respective county program.

As loss experience warrants, the Commissioner will make necessary rate adjustments, consistent with the rate-setting standards and procedures of California Insurance Code section 11629.72(c).

Recent legislation (Statutes 2005, chapter 435) authorized the expansion of the program to all counties in California, based upon a determination of need made by the Commissioner. Following statutory procedures, the Commissioner has determined such a need existed in all counties within the State of California. To implement the expansion of the program to all counties, the Commissioner, in consultation with CAARP, set premiums for each of the counties so that each county program will generate sufficient premiums to meet statutory rate-setting standards.

Insurance Code section 11629.85(d)(1) provides that the program is successful, in part, if the plan generated sufficient premiums to pay for the costs of medical care and property losses covered under the policy during the year. Based on this specification, the Commissioner has determined that the program has been successful.

*Premiums for 2007 are listed on the following page.*



# Commissioner's Determination of Success

## CALIFORNIA LOW COST AUTOMOBILE INSURANCE PROGRAM

### RATES BY COUNTY

#### *Private Passenger Automobile Liability Rates*

\$10,000/\$20,000 Bodily Injury and \$3,000 Property Damage Liability,

\$10,000/\$20,000 Uninsured Motorists, and

\$1,000 Medical Payments

### LIABILITY RATES

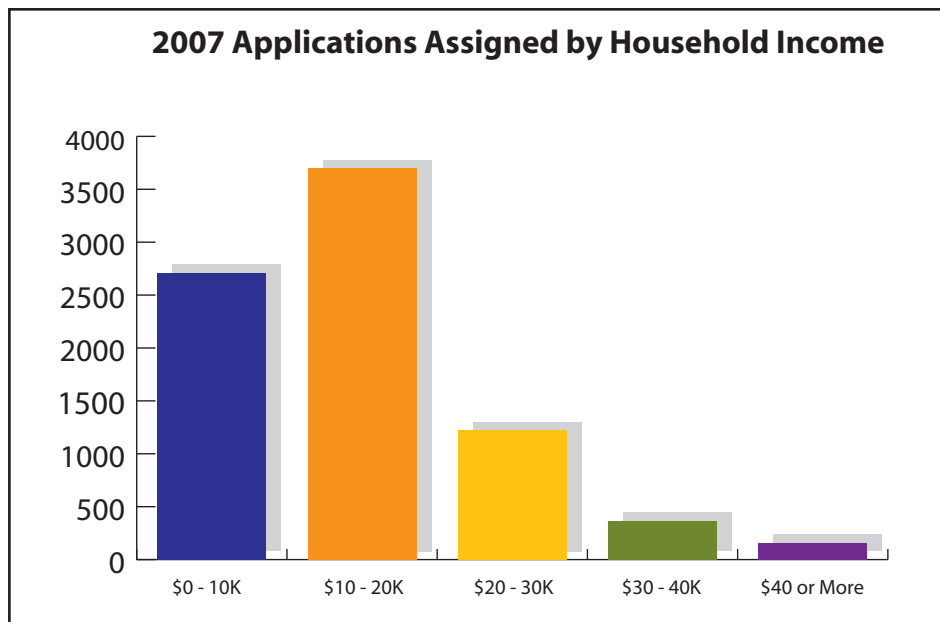
COUNTY	BASIC PREMIUM	COUNTY	BASIC PREMIUM
Alameda	\$318.00	Orange	\$308.00
Alpine	\$311.00	Placer	\$314.00
Amador	\$280.00	Plumas	\$276.00
Butte	\$253.00	Riverside	\$243.00
Calaveras	\$275.00	Sacramento	\$378.00
Colusa	\$284.00	San Benito	\$274.00
Contra Costa	\$313.00	San Bernardino	\$280.00
Del Norte	\$285.00	San Diego	\$265.00
El Dorado	\$285.00	San Francisco	\$336.00
Fresno	\$295.00	San Joaquin	\$292.00
Glenn	\$288.00	San Luis Obispo	\$226.00
Humboldt	\$263.00	San Mateo	\$303.00
Imperial	\$208.00	Santa Barbara	\$220.00
Inyo	\$271.00	Santa Clara	\$286.00
Kern	\$236.00	Santa Cruz	\$252.00
Kings	\$273.00	Shasta	\$260.00
Lake	\$268.00	Sierra	\$297.00
Lassen	\$286.00	Siskiyou	\$259.00
Los Angeles	\$350.00	Solano	\$304.00
Madera	\$253.00	Sonoma	\$270.00
Marin	\$297.00	Stanislaus	\$354.00
Mariposa	\$279.00	Sutter	\$291.00
Mendocino	\$260.00	Tehama	\$280.00
Merced	\$267.00	Trinity	\$288.00
Modoc	\$292.00	Tulare	\$222.00
Mono	\$286.00	Tuolumne	\$279.00
Monterey	\$210.00	Ventura	\$280.00
Napa	\$277.00	Yolo	\$286.00
Nevada	\$263.00	Yuba	\$286.00

# Commissioner's Determination of Success

## 2. Program Served Underserved Communities

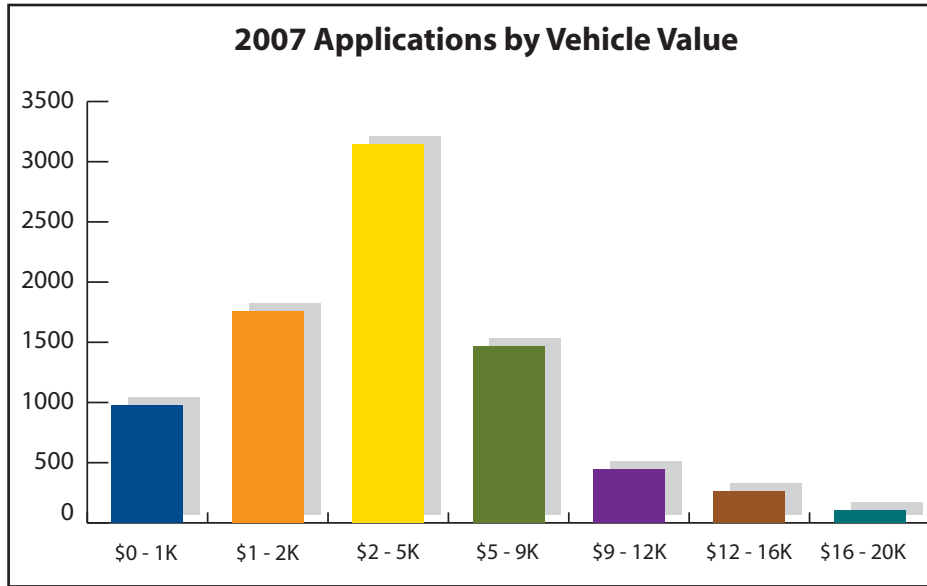
The Department believes it is meeting this standard, as evidenced by the following:

- Household incomes of all policyholders do not exceed 250% of the federal poverty level. In fact, CAARP statistics document that 78.4% of policies issued in 2007 were issued to applicants whose household income was at or below \$20,000 per year.
- 8,144 policies were assigned in 2007, thus providing access to an affordable insurance option for low-income households

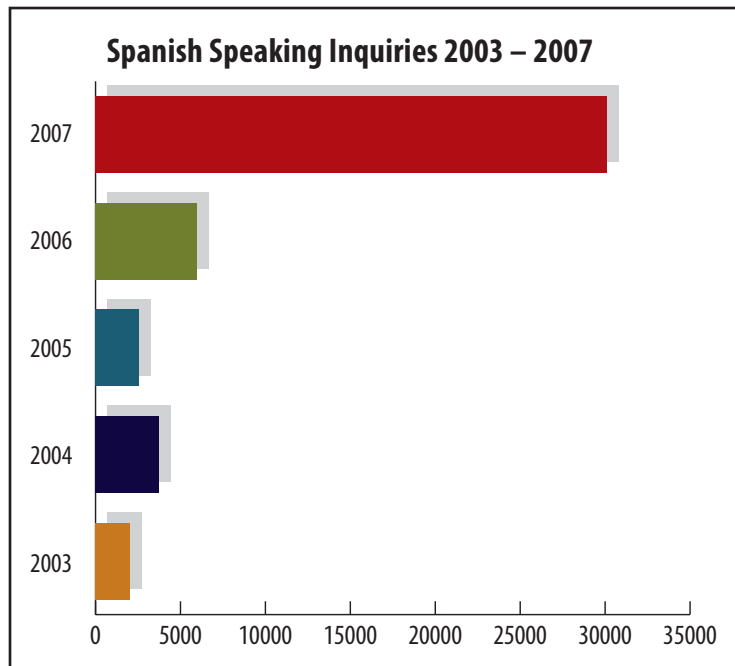


# Commissioner's Determination of Success

- An applicant's vehicle at the time of application can not exceed \$20,000. The predominant vehicle value for policies issued in 2007 was less than \$5,000.



- Spanish language inquiries increased by over 500% from 5,956 in 2006 to 30,122 in 2007.

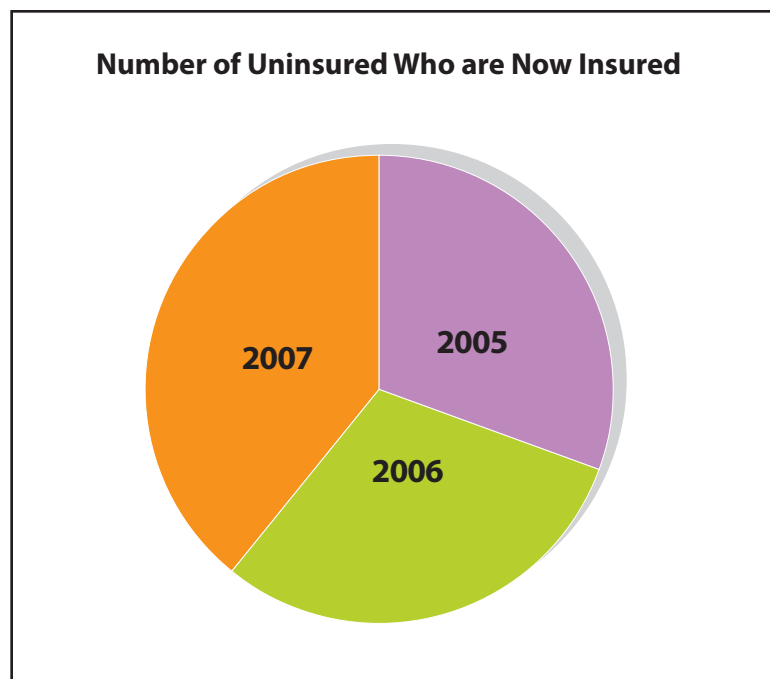


# Commissioner's Determination of Success

### 3. Program Offered Access to Previously Uninsured Motorists, thus reducing the Number of Uninsured Drivers

Statistics compiled by CAARP demonstrate that, in 2007, 77% of new policies assigned were to applicants who were uninsured at the time of application. With the implementation of the CLCA, thousands of formerly uninsured drivers are now insured through the CLCA Program.

By year end 2006 the CLCA program was available in 16 counties. At year end 2007, the CLCA has been expanded to all 58 counties, resulting in increased access to this affordable auto insurance option for low-income good drivers.



### 4. Administrative Costs

For fiscal year 2007-08 the Department allocated approximately \$1,100,000 of SB 940 (Speier) and AB 1183 (Vargas) funds for CLCA consumer education and outreach activities. The CLCA program is administered by CAARP, whose administrative costs are reflected and reported in the accompanying annual CAARP report and budget.

# 2008 Consumer Education & Outreach Plan Summary

The California Low Cost Automobile Insurance Program 2008 Consumer Education and Outreach Plan incorporates and builds upon the methods employed in the 2007 plan to meet the challenges of promoting the program statewide.

## The core objective of the 2008 Consumer Education and Outreach Plan:

- Continue to develop and enhance consumer education and outreach activities in all counties through partnerships with community and faith-based organizations and government agencies to increase consumer awareness of program availability

To accomplish the 2008 plan, the Department will continue to build upon its efforts to raise consumer awareness about the program in collaboration with community based organizations, faith-based organizations and government agencies. The Department will also continue to utilize affordable ethnic and specialty media for the placement of advertisements, working with its consulting social marketing firm, and seek opportunities to increase producer participation.

## Consumer Education and Outreach Materials Development and Distribution

The Department will distribute brochures and other outreach materials in partnership with government agencies, community and faith based organizations for delivery to their clientele.

The Department currently distributes materials through over 3,500 organizations. Supplies of materials to partner organizations will be replenished periodically throughout the year and upon request.

CLCA outreach materials will also be distributed directly to consumers at community events and to producers requesting materials.

## Participation in community and government agency-sponsored events

The Department intends to work with governmental agencies, community and faith-based organizations and producers to increase public awareness about the CLCA program.

The Department intends to continue existing outreach partnerships and expand outreach partnerships with other state and local governmental agencies, which serve low-income consumers, to increase consumer awareness of the existence of the CLCA program.

The Department will continue to provide the DMV with materials for inclusion in their mailings of SB 1500 notifications sent to uninsured drivers regarding the requirements to provide proof of financial responsibility. DMV mailings will contain information on the availability of the CLCA program and CLCA hotline number at the CAARP location.

The Department will seek new opportunities to participate in consumer events, train staff about the program, and encourage distribution of materials.



# 2008 Consumer Education & Outreach Plan Summary

Outreach materials will be provided to the Los Angeles County Department of Public and Social Services for dissemination to low-income residents served by LADPSS. Department staff will provide training to LADPSS staff on the program and will participate in LADPSS sponsored community information events.

The Department will collaborate with social service agencies in every county to increase consumer awareness of the program.

The Department will continue to encourage community based organizations to distribute program outreach materials, and continue to provide information directly to consumers by participation in a wide variety of events hosted by partner organizations. The Department will continue to provide training to staff at community-based and faith-based organizations.

The Department will continue to seek opportunities to inform producers in eligible counties about the program, and partner with CAARP to provide producer training.

## Training and Development Opportunities

One of the key components of the 2008 plan is to continue and expand training opportunities for staff at agencies and organizations that serve low-income residents so that they become knowledgeable about the program and on-site resources for the program.

## Media Campaign

A key goal of the CLCA advertising campaign will be to increase consumer awareness of the availability of the CLCA program through a complimentary mix media campaign. Building on experience and results of studies, such as the 2006 focus groups, the 2007 consumer survey and analysis of CAARP data, the 2008 advertising campaign will utilize a combination of TV ads, Spanish radio, government agency publications, select community print publications and Public Service Announcements.

Building on momentum generated by the 2007 media campaign, this year's campaign will initially target fifteen counties making up the Sacramento-Stockton-Modesto DMA (designated market area). In addition, as funding allows advertising will also target under served communities in Fresno, Los Angeles, San Francisco Bay Area and San Diego.

# 2008 Consumer Education & Outreach Plan Summary

## Television

Working in collaboration with its social marketing contractor the Department will focus program advertising buys in targeted CLCA markets with large populations of low-income uninsured drivers.

Based on results of the 2007 pilot cable buy, the social marketing firm will develop 60 second spots that will rotate with the existing 30 second spot to increase program imprint. The ads will run on stations serving the predominant age and income demographics of program applicants.



## Print Advertising

The print media campaign will focus on advertising in government agency publications such as, the Department of Motor Vehicles Driver's Handbook (in seven languages), the Child Support Services handbook and other publications handled by the Office of State Publishing. Additional print advertising will be placed in community press in association with community events. The Department will also seek out public service announcement opportunities.

## Radio Advertising

Working in collaboration with its social marketing firm, and in an effort to maximize advertising results, the Department will focus program advertising buys with individual stations that serve targeted consumer groups in large media markets. In addition, the buys will be negotiated to include PSA insertions, information distribution at station community events and earned media opportunities.



2008 Poster to hang in DMV offices

# 2008 Consumer Education & Outreach Plan Summary

## Tracking Impact of Consumer Education and Outreach Activities

The impact of consumer education and outreach activities will be evaluated based on various data reports compiled by CAARP. The individual components of the outreach plan will be adjusted to focus resources on the activities that yield the best results.

### 1. Assess progress through CAARP statistical reports and revise plan as needed

- Review and evaluate weekly calls generated by a particular consumer education and outreach method
- Review and evaluate monthly reports on the number of callers “qualified” to apply for the program
- Review and evaluate monthly number of applications assigned, returned, or rejected
- Review and evaluate monthly number of calls by county
- Review and evaluate quarterly reports on the number of policy renewals and cancellations
- Review and evaluate monthly reports on the percentage of previously uninsured drivers assigned and other demographic details

### 2. Evaluate effectiveness of print media and radio advertising campaign and revise as needed

- Review and evaluate CAARP data reports on the number of calls by referral source
- Evaluate feedback provided to the Department by publications and radio

### 3. Identify opportunities to eliminate barriers to program eligibility

- Consult with CAARP regarding application process and other identified problems
- Review feedback and comments obtained from consumers
- Review CAARP reports on ineligible callers by reason

### 4. Identify regulatory and statutory changes to improve and enhance the program

- Obtain feedback from CAARP certified agents regarding the CLCA program
- Review feedback and comments obtained from consumers through town hall meetings, consumer education and outreach events and the CDI Hotline.
- Review CAARP monthly reports on ineligible callers by reason

# 2008 Consumer Education & Outreach Plan Summary

## FY 2008-2009 CLCA PROPOSED CONSUMER EDUCATION AND OUTREACH BUDGET

ELEMENTS	COST
<b>Consumer Education and Outreach</b>	<b>\$1,100,000</b>
<p>In partnership with community based organizations and government agencies, provide local education on the availability of the program and disseminate CLCA consumer outreach materials to increase consumer awareness about the program.</p> <ul style="list-style-type: none"> <li>● Local outreach delivery contracts</li> <li>● Statewide partnership development</li> <li>● Project management and staffing</li> </ul>	
<b>Consumer Outreach Materials Development and Production</b>	<b>\$150,000</b>
<p>Develop and produce integrated CLCA consumer education and outreach materials: brochures, posters, inserts, flyers, collateral, and press kits</p> <ul style="list-style-type: none"> <li>● Graphic design and layout</li> <li>● Design and produce consumer education materials for use in with local community based organizations and government agency partnerships</li> <li>● Update and develop specialized distribution lists</li> <li>● Printing and production</li> <li>● Postage, shipping and handling for bulk distribution of materials</li> <li>● Social marketing and consulting contract (TMD Group, Inc)</li> <li>● Project management and staffing</li> </ul>	
<b>Community Partnership Development and Events</b>	<b>\$300,000</b>
<ul style="list-style-type: none"> <li>● Organize and conduct consumer education and outreach presentations for delivery to low-income service providers and consumers</li> <li>● Attend and/or arrange conferences, workshops, community events and education fairs</li> <li>● Related staffing and travel expenses</li> <li>● Project management and staffing</li> </ul>	
<b>CLCA Internet Web Page</b>	<b>\$5,000</b>
<ul style="list-style-type: none"> <li>● Project management</li> </ul>	
<b>Media and Advertising</b>	<b>\$1,100,000</b>
<ul style="list-style-type: none"> <li>● Cable advertising development, production and buys</li> <li>● Radio advertising development, production and buys</li> <li>● Print advertising development, production and buys</li> <li>● Social marketing and consulting contract (TMD Group, Inc)</li> <li>● Project management</li> </ul>	
<b>Miscellaneous Consumer Education and Outreach Activities</b>	<b>\$5,000</b>
<b>TOTAL</b>	<b>\$2,660,000</b>

# Conclusion

The Commissioner considers the California Low Cost Automobile Insurance program a key component to making insurance affordable and available to all consumers in California, and is committed to the program's success. He believes the program shows promise in helping reduce the number of uninsured drivers on California roads.

Through the elements described in the 2008 Consumer Education and Outreach Plan, the Department expects to further raise consumer awareness, increase the volume of inquiries about the program and the number of policies assigned.

The Commissioner seeks to aggressively promote the program to underserved communities in order to make insurance affordable to more Californians.

The Commissioner is committed to making the California Low Cost Automobile Insurance program a model for the nation.

