



# CALIFORNIA'S LOW COST AUTO INSURANCE

Sponsored by the California Department of Insurance



## Report to the Legislature & Consumer Education and Outreach Plan 2015

Prepared for the California State Legislature on March 9, 2015 as required by insurance code section 11629.85

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**California Low Cost Automobile Insurance Program's Hotline: 1.866.602.8861**

Consumer website: [www.mylowcostauto.com](http://www.mylowcostauto.com) | Facebook Page: [www.facebook.com/mylowcostauto](http://www.facebook.com/mylowcostauto)

Twitter page: [www.twitter.com/CALowCostAuto](http://www.twitter.com/CALowCostAuto)

CAARP website: [www.aipso.com/PlanSites/CaliforniaLowCost.aspx](http://www.aipso.com/PlanSites/CaliforniaLowCost.aspx)

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## EXECUTIVE SUMMARY

California's Low Cost Automobile Insurance Program (CLCA) continues to be a very much needed program for Californians. As a result of AB 60 (Alejo 2013) and SB 1273 (Lara 2014) CLCA can be a more relevant program for income eligible consumers and reduce the barriers to participation.

Since inception 99,475 Californians have received insurance through the program. At the end of 2014, there were 12,854 policies in force. According to statistics from the California Automobile Assigned Risk Plan (CAARP), approximately 96% of the applications assigned were from motorists that had been uninsured at the time of application for a CLCA policy.

In September 2014, California Senate Bill 1273 (Lara) was signed into law to be effective January 1, 2015. This legislation expands eligibility for the CLCA program and thereby will allow more low-income drivers to participate in the program. It also:

- Extends the "sunset date" for the CLCA program to January 1, 2020
- Increases the commission paid to producers for each CLCA policy sold from \$35 to \$50
- Increases the limits on the values of vehicles insured under the CLCA program from \$20,000 to \$25,000
- Eliminates the requirement that drivers insured in the CLCA program be continually licensed for three years, thus allowing new drivers and younger drivers to qualify for the program (while incurring an additional surcharge)

During 2014, CDI approved several proposals submitted by the California Assigned Risk Plan that will have an impact on the CLCA program for 2015, including:

- Proposed changes to base premium rates which are effective January 1, 2015
- Changed the definition of "household" for the purpose of establishing income eligibility
- Expanded the list of acceptable documents as proof of income
- Revised the installment payment plan to allow only one simplified installment payment option
- Updated the online eligibility questionnaire

For 2015 CDI proposes a campaign where information will be delivered to potential customers through partnerships with Community Based Organizations and with the Department of Motor Vehicles. The website will continue to be interactive so that consumers can obtain information on the CLCA program as well as begin the initial application process and select an agent.

CDI is expanding program offerings in 2015 by including a multi-pronged approach that encompasses grassroots outreach, mass media advertising, public relations, social network engagement, presentations, eligibility questionnaire assistance, events, and newsletters to reach consumers, increase awareness, and ultimately increase the number of consumers enrolled in CLCA

CDI will also continue to partner with other state agencies to provide outreach to our target communities. This includes the California State Controller's Office, the Employment Development Department and the California Air Resources Board.

The goal of CLCA is to decrease the number of uninsured motorists on the road, and CLCA will undoubtedly accomplish this goal. For 2015, CDI will work towards reviewing and assessing the programs guidelines to identify barriers to eligibility and make appropriate changes were needed.

CLCA's motto for 2015: Auto Insurance is required by Law! The CLCA program will help income eligible motorists comply with the law and new program regulations.

*Prepared for the California State Legislature on March 9, 2015 as required by insurance code section 11629.85.*

## THE PROGRAM

California law requires that all drivers of vehicles within the State maintain evidence of financial responsibility.

California's Low Cost Automobile Insurance Program (CLCA) was established by the State Legislature in 1999 and exists pursuant to California Insurance Code Section 11629.7. The program is designed to provide income eligible persons with liability insurance protection at affordable rates and as a way to meet California's financial responsibility laws.

CLCA began operation in 2000 as a pilot program in the counties of Los Angeles and San Francisco. Since 2007, the program has been available in all 58 counties of the State.

## FUNDING FOR PROGRAM OUTREACH

Funding for California's Low Cost Automobile Insurance Program outreach is provided by a \$0.05 special purpose assessment on each vehicle insured in the state in order to inform consumers about the program. The authority for the special purpose assessment is scheduled to sunset on January 1, 2020 (California Insurance Code Section 1872.81).

The funding for the CLCA program for 2014 and 2015 is \$1,363,812 for each year. The proposed use of the funding is as follows:

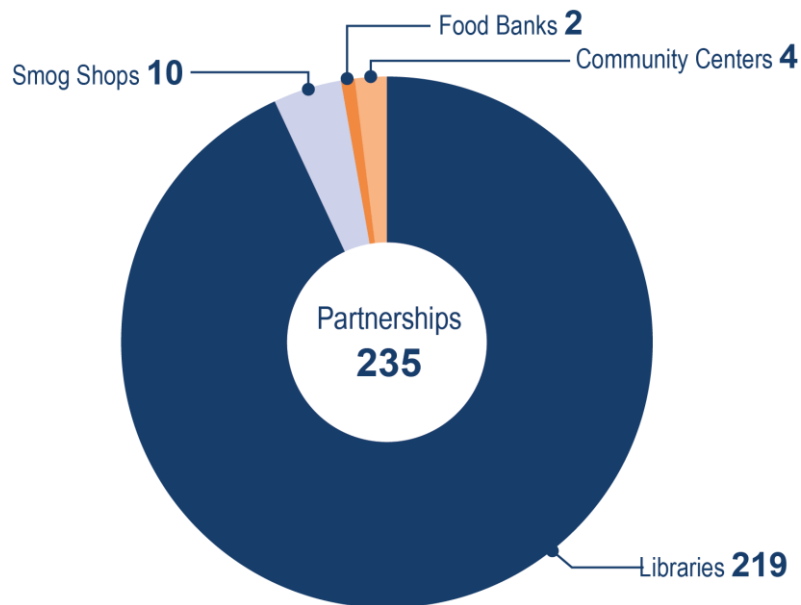
| FY 2015 ELEMENTS                              | COST               |
|---|--------------------|
| Consumer Education and Outreach               | \$66,431           |
| Materials Development and Production          | \$66,056           |
| Community Outreach Events - Travel            | \$3,750            |
| Advertising and Outreach Contracts            | \$1,225,250        |
| Miscellaneous Consumer Education and Outreach | \$2,325            |
| <b>Total</b>                                  | <b>\$1,363,812</b> |

Note: While this annual report is based on the calendar year, the budget associated with this program is based on the fiscal year.

## SUMMARY OF 2014 ACTIVITIES

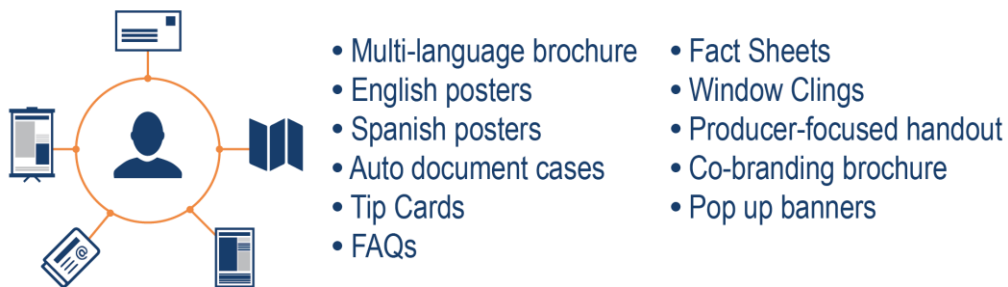
The California Department of Insurance utilized a marketing and advertisement agency for completing the following fiscal year 2013 – 2014 activities.

### Partnerships



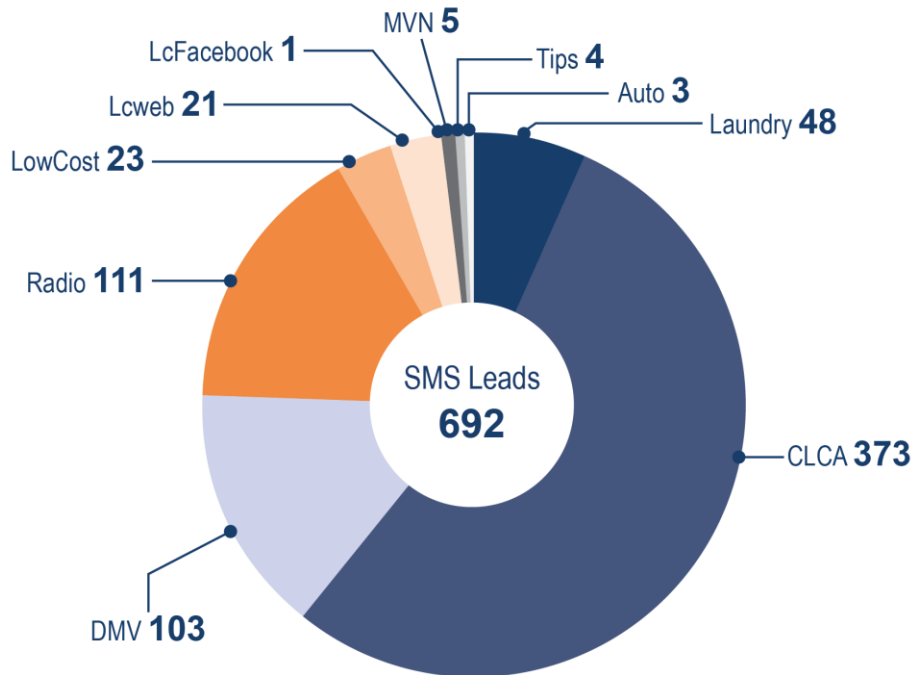
CDI also continued its partnership with the Department of Motor Vehicles at 73 locations.

### Collateral Materials



CDI updated and distributed the collateral materials listed above.

## SMS Leads



Between August 2013 and June 2014, a total of 692 short message services (SMS, i.e. text messages) leads were received and distributed to producers.

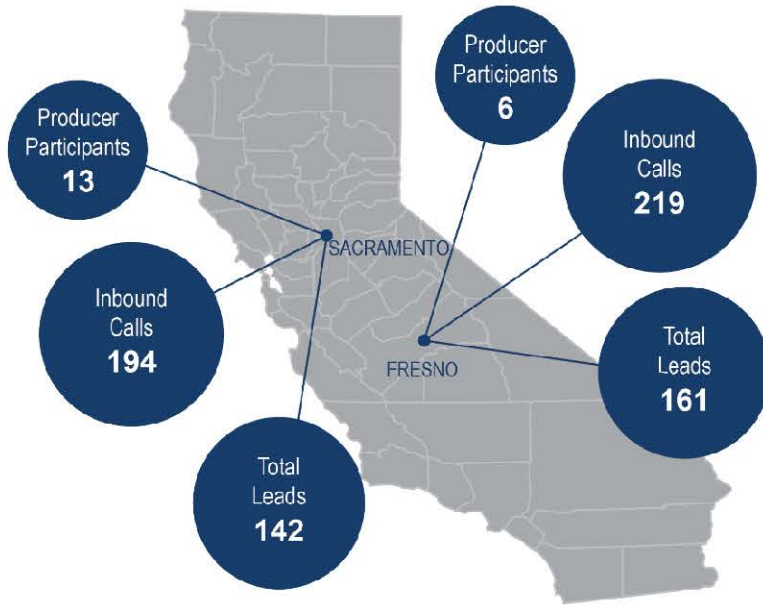
### Social Media

- Grew CLCA page “Likes” to 673 “Likes”, an 18% increase since August 1, 2013
- Maintained CLCA Twitter account, with 300 Twitter followers, a 1,054% increase from August 1, 2013
- Created LinkedIn account with 24 members
- Maintained YouTube channel posting 10 additional videos in Spring 2014

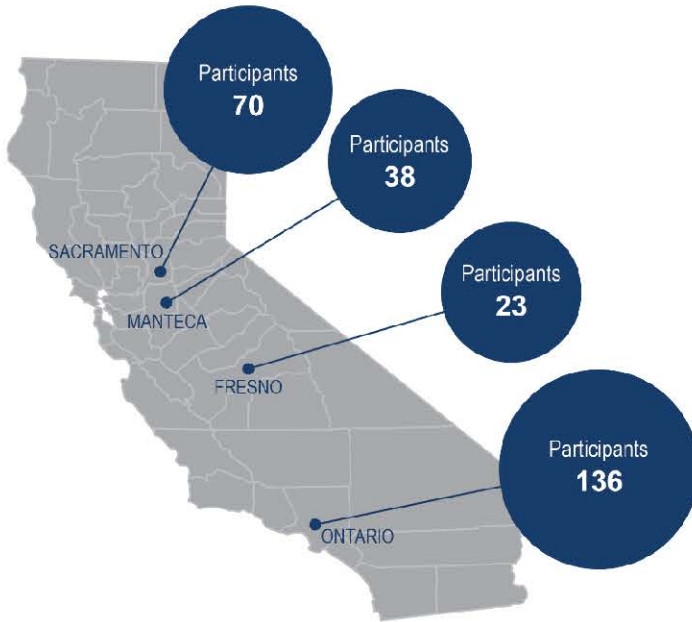
### Producer Contest

- Secured 5 CBS radio advertising prizes valued at \$2,000 each
- Added 56 CAARP certified producers during the contest period
- Executed six-week contest with CLCA policies sold in March reaching more than 1, 000
- Provided survey recap with results
- Awarded prizes to winning producers

## Univision Phone Banks



## Workshops - 267 Participants





## THE RATES

California Insurance Code Section 11629.72 provides that rates for CLCA policies issued under the program shall be reviewed and revised annually and that CAARP shall submit the loss and expense data, together with a proposed rate and the surcharge for the program, to the Commissioner for approval.

The rates are required to be sufficient to cover losses incurred and expenses, including, but not limited to, costs of administration, underwriting, taxes, commissions, and claims adjusting, that are incurred due to participation in the program. The term “losses incurred” means claims paid, claims incurred and reported, and claims incurred but not yet reported.

The rates are required to be set so as to result in no projected subsidy of the program by policyholders of insurers issuing policies under the program who are not participants in the program.

In addition, the rates are required to be set with respect to the program so as to result in no projected subsidy by policyholders in one county of policyholders in any of the other counties.

As required by California Insurance Code Section 11629.85(c)(5), the rates for each county for calendar year 2014 and 2015 are shown on the following subsequent pages.

2015 rates on page 11 illustrate the 30% surcharge for drivers with no documented driving history that were added by SB 1273 (Lara 2014).

## CALENDAR YEAR 2014: CLCA RATES BY COUNTY

| County       | Annual Liability Premium | County          | Annual Liability Premium |
|--------------|--------------------------|-----------------|--------------------------|
| Alameda      | \$276.00                 | Orange          | \$338.00                 |
| Alpine       | \$238.00                 | Placer          | \$238.00                 |
| Amador       | \$238.00                 | Plumas          | \$250.00                 |
| Butte        | \$250.00                 | Riverside       | \$238.00                 |
| Calaveras    | \$238.00                 | Sacramento      | \$276.00                 |
| Colusa       | \$250.00                 | San Benito      | \$226.00                 |
| Contra Costa | \$276.00                 | San Bernardino  | \$238.00                 |
| Del Norte    | \$250.00                 | San Diego       | \$238.00                 |
| El Dorado    | \$238.00                 | San Francisco   | \$276.00                 |
| Fresno       | \$226.00                 | San Joaquin     | \$276.00                 |
| Glenn        | \$250.00                 | San Luis Obispo | \$226.00                 |
| Humboldt     | \$250.00                 | San Mateo       | \$276.00                 |
| Imperial     | \$238.00                 | Santa Barbara   | \$226.00                 |
| Inyo         | \$238.00                 | Santa Clara     | \$276.00                 |
| Kern         | \$238.00                 | Santa Cruz      | \$226.00                 |
| Kings        | \$226.00                 | Shasta          | \$250.00                 |
| Lake         | \$250.00                 | Sierra          | \$238.00                 |
| Lassen       | \$250.00                 | Siskiyou        | \$250.00                 |
| Los Angeles  | \$338.00                 | Solano          | \$250.00                 |
| Madera       | \$226.00                 | Sonoma          | \$250.00                 |
| Marin        | \$276.00                 | Stanislaus      | \$276.00                 |
| Mariposa     | \$238.00                 | Sutter          | \$276.00                 |
| Mendocino    | \$250.00                 | Tehama          | \$250.00                 |
| Merced       | \$226.00                 | Trinity         | \$250.00                 |
| Modoc        | \$250.00                 | Tulare          | \$226.00                 |
| Mono         | \$238.00                 | Tuolumne        | \$238.00                 |
| Monterey     | \$226.00                 | Ventura         | \$238.00                 |
| Napa         | \$250.00                 | Yolo            | \$250.00                 |
| Nevada       | \$238.00                 | Yuba            | \$238.00                 |

## 2015 RATES



### Making low cost auto insurance available to Californians.



**BASE** Rate in the chart below is for most drivers with 3 years of good driving history  
**25%** Surcharge if the driver is a single male 19-24 years old  
**30%** Surcharge if the driver has less than 3 years of verifiable driving history

THE MAXIMUM SURCHARGE ON ANY CLCA POLICY IS 30%. RATES EFFECTIVE 01/01/2015.

| COUNTY       | ANNUAL LIABILITY PREMIUM |       |       | COUNTY          | ANNUAL LIABILITY PREMIUM |       |       |
|--------------|--------------------------|-------|-------|-----------------|--------------------------|-------|-------|
|              | BASE                     | 25%   | 30%   |                 | BASE                     | 25%   | 30%   |
| Alameda      | \$261                    | \$326 | \$339 | Orange          | \$363                    | \$454 | \$472 |
| Alpine       | \$225                    | \$281 | \$293 | Placer          | \$225                    | \$281 | \$293 |
| Amador       | \$225                    | \$281 | \$293 | Plumas          | \$251                    | \$314 | \$326 |
| Butte        | \$251                    | \$314 | \$326 | Riverside       | \$225                    | \$281 | \$293 |
| Calaveras    | \$225                    | \$281 | \$293 | Sacramento      | \$261                    | \$326 | \$339 |
| Colusa       | \$251                    | \$314 | \$326 | San Benito      | \$213                    | \$266 | \$277 |
| Contra Costa | \$261                    | \$326 | \$339 | San Bernardino  | \$225                    | \$281 | \$293 |
| Del Norte    | \$251                    | \$314 | \$326 | San Diego       | \$225                    | \$281 | \$293 |
| El Dorado    | \$225                    | \$281 | \$293 | San Francisco   | \$261                    | \$326 | \$339 |
| Fresno       | \$213                    | \$266 | \$277 | San Joaquin     | \$261                    | \$326 | \$339 |
| Glenn        | \$251                    | \$314 | \$326 | San Luis Obispo | \$213                    | \$266 | \$277 |
| Humboldt     | \$251                    | \$314 | \$326 | San Mateo       | \$261                    | \$326 | \$339 |
| Imperial     | \$225                    | \$281 | \$293 | Santa Barbara   | \$213                    | \$266 | \$277 |
| Inyo         | \$225                    | \$281 | \$293 | Santa Clara     | \$261                    | \$326 | \$339 |
| Kern         | \$225                    | \$281 | \$293 | Santa Cruz      | \$213                    | \$266 | \$277 |
| Kings        | \$213                    | \$266 | \$277 | Shasta          | \$251                    | \$314 | \$326 |
| Lake         | \$251                    | \$314 | \$326 | Sierra          | \$225                    | \$281 | \$293 |
| Lassen       | \$251                    | \$314 | \$326 | Siskiyou        | \$251                    | \$314 | \$326 |
| Los Angeles  | \$363                    | \$454 | \$472 | Solano          | \$251                    | \$314 | \$326 |
| Madera       | \$213                    | \$266 | \$277 | Sonoma          | \$251                    | \$314 | \$326 |
| Marin        | \$261                    | \$326 | \$339 | Stanislaus      | \$261                    | \$326 | \$339 |
| Mariposa     | \$225                    | \$281 | \$293 | Sutter          | \$261                    | \$326 | \$339 |
| Mendocino    | \$251                    | \$314 | \$326 | Tehama          | \$251                    | \$314 | \$326 |
| Merced       | \$213                    | \$266 | \$277 | Trinity         | \$251                    | \$314 | \$326 |
| Modoc        | \$251                    | \$314 | \$326 | Tulare          | \$213                    | \$266 | \$277 |
| Mono         | \$225                    | \$281 | \$293 | Tuolumne        | \$225                    | \$281 | \$293 |
| Monterey     | \$213                    | \$266 | \$277 | Ventura         | \$225                    | \$281 | \$293 |
| Napa         | \$251                    | \$314 | \$326 | Yolo            | \$251                    | \$314 | \$326 |
| Nevada       | \$225                    | \$281 | \$293 | Yuba            | \$225                    | \$281 | \$293 |

## 2015 OUTREACH AND ADVERTISING PLAN

CDI has worked with an outreach program design and management contractor (Richard Heath & Associates Inc. | RHA) to create a customized outreach and advertising campaign based on demonstrated knowledge of the targeted California Low Cost Auto (CLCA) consumer. This grassroots outreach approach is founded on the knowledge of income-eligible consumers and recognition that a number of channels and messages are needed to reach the diverse segments of the income-eligible market in California.

### Program Goals

CDI's goal is to increase the number of consumers enrolled in the CLCA program and decrease the overall number of uninsured motorists.

The expected outreach and advertising goals during 2015 include:

1. Increasing the number of consumers enrolled in CLCA by 25-30% this year
2. Increasing awareness of CLCA program through a targeted media campaign
3. To evaluate and improve upon the current eligibility questions for clarity
4. To generate at least 3,750 new consumer online applications and make referrals to certified producers
5. To increase program awareness through 25-30% increases in website total page views per year
6. To increase program inquires through 25-30% increases in direct phone calls to the CAARP hotline
7. To develop partnerships with producers to increase overall policy sales
8. To learn more about our customer base by capturing demographic information (name, email, phone number) and develop a consumer database.

### Targets

Senate Bill 1273 (Lara 2014) was signed by the Governor and as a result the CLCA program is now available to the estimated 1.4 million newly licensed eligible drivers, regardless of immigration status effective January 1, 2015. The CLCA program will work with organizations such as The Coalition for Humane Immigrant Rights of Los Angeles (CHIRLA) and the National Partnership for New Americans (NPNA) that are conducting outreach and support campaigns related to providing driver's licenses information for newly eligible drivers regardless of immigration status. Immigration advocates are already working to ensure the implementation of AB 60 is successful. Organizations such as Catholic Diocese of California and the coalition DriveCA have been engaged to conduct training workshops and classes in order to prepare newly eligible groups for the DMV process. These organizations are actively engaged in conducting outreach to the newly eligible populations to provide information and resources for applying for a driver's license. Providing CLCA collateral and educating the staff about the program will be an initial step in partnering with these organizations.

## Objectives

The objectives for 2015 of the outreach and advertising plan are provided in the charts below.

| Outreach Strategy                      | Objectives for Year One  |
|--|--|
| Outreach Partner Network               | CDI will secure and train a group of Outreach Partners located in the primary target counties to assist consumers in completing the eligibility questionnaire.   |
| Presentations and Collateral Placement | CDI will secure and complete presentations to organizations that interact with the target market. The call to action is to secure pro bono placement of collateral materials to leverage consumer traffic and the organizations' trusted messenger relationship with their constituency. |
| Events                                 | CDI will identify and staff events frequented by the target market.  |
| Newsletters / Website Links            | CDI will secure pro bono newsletter article placement and website links to disseminate and distribute CLCA information directly to consumers and to those that interface with income-eligible consumers.   |

| Advertising Strategy                 | Objectives for Year One  |
|--------------------------------------|--|
| Brand Evolution                      | CDI will assess existing CLCA brand and recommend a brand evolution that is current and relevant.  |
| Mass Media                           | CDI will develop a comprehensive media plan that includes radio, television, digital media, social media, and mailings in primary target counties. |
| Collateral and Materials Development | CDI will refresh or redesign materials based on the brand evolution. "Auto Insurance is required by law!"  |

## Community Based Organization Partnership Opportunities

For 2015 a majority of outreach to community based organizations will be handled through an outreach program design and management contract which was effective on December 1, 2014. The outreach program will consist of:

- Recruitment and selection of organizations most aligned with our targeted population
- Development of goals, tracking progress, and providing oversight of Outreach Partners<sup>1</sup>
- Conducting outreach activities including education on the CLCA program, program enrollment assistance, and seek referrals through Network Organizations<sup>2</sup> which have similar guidelines for participation by our targeted market.

The outreach program design and management contractor proposes a recruitment plan which consist of choosing from over 200 community based organization that are mission-aligned and with which they have existing relationships and proven successes with our target population; located in Southern California with a multi-county or statewide reach; have a proven track record of developing and successfully managing community outreach networks; have culturally and linguistically appropriate staff







<sup>1</sup> Outreach Partners are contracted with RHA to conduct outreach and increase enrollments.

<sup>2</sup> Network Organizations are non-compensated and increase CLCA awareness through collateral placement.

and have an ability to engage consumers and achieve program goals. The contractor has received interest from several CBOs who have expressed their willingness to broaden their existing relationship with our contractor and CDI to include CLCA.

All outreach efforts will include collateral distribution, web link / newsletter placement, social media, and outreach event participation.

For 2015 the program expects outreach deliverables as follows:

| <i>Deliverable</i>  | <i>December 3, 2014<br/>June 30, 2015</i> |
|---|---|
|  <b>Community Events</b>                 | 60  |
|  <b>Pro Bono Newsletters</b>             | 15  |
|  <b>Presentations</b>                    | 250                                       |
|  <b>Collateral Placements</b>          | 100,000 – 250,000                         |
|  <b>CBO Eligibility Questionnaires</b> | 27,000*                                   |
|  <b>Outreach Partners</b>              | 10-20                                     |

\*The CBO eligibility questionnaire quantity is pending CDI’s approval of RHA’s budget amount for this deliverable and may adjust if target populations outlined in prior sections are not responsive to outreach strategies due to fear or mistrust of government programs. Additionally assumes that a tracking mechanism is in place for CBO participation.

### Website

The [www.mylowcostauto.com](http://www.mylowcostauto.com) website will continue to drive more unique users, have more page views and click through traffic through 2015. The website will continue its consumer education, with qualifying criteria and cost by county information, as well as a link to a questionnaire to determine if consumers qualify. Additionally, to engage producers and make it easier for them to communicate CLCA program information to their customers, a “For Agents” page was created in 2014. For 2015, the “For Agents” page is being refurbished and will have interactive forms and CLCA materials that will be

downloadable and current information pertaining to changes occurring within the CLCA program. Google analytics for up-to-date monitoring and reporting will be maintained. The website will continue to serve as the primary source of information and education about the CLCA program.

The CLCA website is a critical piece of the advertising and outreach plan, serving as the hub of program information and eligibility processing. The following enhancements have been or will be completed as part of the brand refresh in 2015:

- Incorporation of the brand refresh, including colors, fonts and image direction
- Copy editing of website and eligibility questionnaire for consumer-friendly language
- Incorporation of appropriate SB 1273 copy ad eligibility questionnaire edits
- Reconfiguration of page layouts so eligibility questionnaire start is prompted on most pages
- Adjustment of eligibility questionnaire to collect contact information at survey start
- Convert entire website to mobile-friendly, optimizing content placement for mobile use
- Improve search engine optimization
- Incorporation of a social media feed to the home page
- Add appropriate code for retargeted digital advertising
- Enhance google analytics tracking features and reporting

These adjustments will ensure the website is on brand, has improved search engine optimization and is designed for the best user experience possible.

## Social Media

CDI will continue its robust social media campaign, including the utilization of Facebook, Twitter and YouTube. In 2013, CDI added a custom tab for producers to support and encourage CLCA sales efforts. The number of Facebook followers increased 11.7% from July 2013 to January 2014. CDI's Twitter page aims to provide educational information to both producers and consumers, highlighting the CLCA program as well as other useful information related to driving. The page also cross promotes with DMV and its programs. CDI's Twitter followers have grown significantly over the past year, and as of January 2014 had 237 followers, a 930.4% increase from the previous year. CDI's YouTube channel features "Producer Spotlight Videos" from both the 2012-2013 and 2013-2014 efforts and an "Ask an Agent" series. All mediums are maintained and updated on a daily basis to maximize social media reach and effectiveness.

Both an organic content marketing and a paid sponsored post strategy will be utilized for the social media platforms already on Facebook and Twitter:

- Facebook ads, selected posts in English and then subsequently in Spanish will be sponsored in content feeds to geo-, demo- and psycho-graphically targeted audiences beyond the page followers
- Twitter ads, utilization of Twitter lead cards will appear to geographically targeted audiences upon specific hashtag searches such as #usedcar, #driverslicense, #insurance, etc.

Organic content and paid posts will be carefully monitored to optimize engagement. The organic content will reach all markets throughout the state. Daily monitoring of both platforms for timely responsiveness will be completed.

This media strategy allows for geo-, demo- and psycho-graphically targeted advertising while providing a specific call to action and opportunities for engagement for:

- ✓ Newly licensed eligible populations regardless of immigration status
- ✓ Latinos

### Direct Email

Direct email is a cost-effective element even with a higher than normal undeliverable or bounce rate. Database reports for the Southern, Northern and Central California markets, that fulfill the income eligibility requirements, identified almost 700,000 email addresses that meet the same criteria as the direct mail for county of residence, number in household and income eligibility requirements for this program. To enhance synergy across mediums, email communication will be sent monthly, in the same months that radio advertising is scheduled:

- March and April – around tax time which is a natural time for vehicle purchases
- August and September – around the end of harvest season which is when documented and undocumented laborers have more income and time for purchases

These emails will be designed to be mobile friendly with the link to complete the eligibility questionnaire as the most prominent element on the consumer's screen.

### Digital Advertising

A multi-pronged digital advertising strategy will be completed that includes the following:

- Direct ads placed with targeted websites serving our identified audiences
- Aggregator ads placed with third party aggregators who serve ads on hundreds of sites to our target audience specifications
- Retargeted ads utilizing cookies picked up on the CLCA website, serve ads on hundreds of sites following the lead
- Search Engine Marketing, utilizing Google AdWords, place ads utilizing geographic and keyword data

These digital ads will be served up in English or Spanish depending on data cues including source sites or browser preferences, and all digital advertising will be mobile optimized. Ad formats will include static, and potentially animated and video messages.

To optimize the reach and frequency exposure for 6-8 weeks per quarter, avoiding the New Year, the summer months and the Thanksgiving to Christmas holiday season the following schedule will be completed:

- February and March
- April and May
- August and September
- October and November

This media strategy allows for geo-, demo- and psycho-graphically targeted advertising while providing a specific call-to-action for these identified markets depending on the website and visitor audience:

- ✓ Newly licensed eligible populations regardless of immigration status
- ✓ Latinos



## Radio Advertising

Radio advertising comprised of Total Traffic Network sponsorships in English and Spanish will be completed. These 10- to 15-second sponsorship messages capitalize on morning and evening drive times in the highly congested roadways of Southern California.

For maximum reach and frequency, radio advertising will be executed with the following seasonality:

- March and April – around tax time which is a natural time for new car purchases and to specifically target Newly licensed eligible populations regardless of immigration status
- August and September – around the end of harvest season which is when documented and undocumented laborers have more income and time for purchases

This media strategy allows for market-wide brand awareness while providing a specific call-to-action for these identified markets depending on the station format and listening audience:

- ✓ Newly licensed eligible populations regardless of immigration status
- ✓ Latinos

## Targeted Mailings

Targeted mailings to consumers will be regionally diverse and weighted. The benefit of including targeted mailings in an outreach mix are:

- Cost effective outreach method to reach a larger number of consumers
- Provides opportunity for an in-depth overview via written correspondence which adds legitimacy
- In-depth information can be provided regarding CLCA benefits and process to apply

## DMV Advertising

CLCA ads will run on a 12-month program at 16 key DMV locations in Los Angeles, San Bernardino, Orange, San Diego and Riverside Counties through the DMV's Motor Vehicle Network (MVN). These ads are in English and Spanish.

## Newspaper and Community Articles

CDI representatives will secure pro bono newsletter article placement and website links to disseminate and distribute CLCA information directly to consumers and to those that interface with income-eligible consumers.

## Television and Radio Appearances

CDI representatives will leverage opportunities to provide consumer education through television and radio appearances, specifically including messages regarding, CLCA brand refresh and the passage of SB 1273 and explanation of updated eligibility requirements.

Upon identification of a bilingual program spokesperson, local business highlight programs and morning or mid-day news or public affairs programs in English and Spanish will be targeted for appearances.

## CLCA Collateral Materials

CDI has updated or is in the process of updating campaign materials that are distributed as part of its public education and outreach campaign. Materials include:

- Two-sided pamphlets in English and other language
- Double sided English/Spanish DMV tip card
- Auto document case
- CLCA contact business card
- Frequent Asked Question sheets in 11 languages
- Car wraps
- Pop-up banner screen replacements
- Program tablecloths
- Small event banners

**Making low cost auto insurance available to Californians.**

 CALIFORNIA'S LOW COST AUTO INSURANCE | [mylowcostauto.com](http://mylowcostauto.com)

**Why is this program important?**  
If you have a valid driver's license and drive a vehicle, the law requires that you have auto insurance. California's Low Cost Auto Insurance is a state-sponsored program that makes auto insurance affordable, helping you drive responsibly and legally.

**Who qualifies for this program?**  
**Qualifying drivers must:**

- Have a valid California driver's license
- Own a vehicle valued at \$25,000 or less
- Meet income eligibility requirements
- Be at least 19 years old


**What does it cost?**  
The annual premiums in California vary by county, ranging from \$213 to \$472. Discounts are available if the consumer has been a licensed driver with 3 years of good driving history. To check the rates in your county or calculate a payment schedule, go to [www.mylowcostauto.com/coverage](http://www.mylowcostauto.com/coverage).

**How do I sign up?**  
**To apply, follow these 3 steps:**

- 1 Complete the eligibility questionnaire at [www.mylowcostauto.com](http://www.mylowcostauto.com)
- 2 Connect with an insurance agent at no cost
- 3 Complete your paperwork with the agent's assistance

If you do not have Internet access or need additional assistance, please call 1-866-602-8861.

**¡Ahora disponible! Seguro de auto de bajo costo para Californianos.**

 CALIFORNIA'S LOW COST AUTO INSURANCE | [mylowcostauto.com](http://mylowcostauto.com)

**¿Por qué es importante este programa?**  
Si usted tiene una licencia de conducir válida y conduce un vehículo, la ley requiere que usted tenga seguro de auto. California's Low Cost Auto Insurance [Seguro de Auto de Bajo Costo de California] es un programa patrocinado por el estado que hace el seguro de auto accesible, ayudándole a conducir de manera responsable y legal.

**¿Quién califica para este programa?**  
**Los conductores que califican deben:**

- Tener una licencia de conducir válida de California
- Poseer un vehículo evaluado en \$25,000 o menos
- Cumplir con los requisitos de elegibilidad de ingresos
- Tener por lo menos 19 años de edad


**¿Cuánto cuesta?**  
Las primas anuales en California varían según el condado, que van desde \$213 hasta \$472. Hay descuentos disponibles si el consumidor ha sido un conductor con licencia con 3 años y buen historial de conducir. Para ver las tarifas en su condado o calcular un calendario de pagos, vaya a [www.mylowcostauto.com/coverage](http://www.mylowcostauto.com/coverage).

**¿Cómo me inscribo?**  
**Para hacer su solicitud, siga estos 3 pasos:**

- 1 Complete el cuestionario de elegibilidad en [www.mylowcostauto.com](http://www.mylowcostauto.com)
- 2 Comuníquese con un agente de seguros sin costo alguno
- 3 Complete su solicitud con la ayuda de un agente

Si usted no tiene acceso a Internet o necesita asistencia adicional, por favor llame al 1-866-602-8861.

**为加州民众提供低成本汽车保险。**

 CALIFORNIA'S LOW COST AUTO INSURANCE | [mylowcostauto.com](http://mylowcostauto.com)

**为什么这项计划很重要?**  
如果您持有有效的驾驶执照并且驾驶车辆,法律要求您有汽车保险。加州的低成本汽车保险是一项州政府赞助的计划,提供可负担的汽车保险,帮助您负责任和合法地开车。

**谁符合加入这项计划的资格?**  
**合格的驾驶人必须:**

- 持有有效的加州驾驶执照
- 拥有一辆价值或者低于 \$25,000的车辆
- 符合收入资格要求
- 年满19岁

**保险费是多少?**  
一年的保险费在加州因县而异,在\$213至\$472之间。如果持照驾驶人有良好的驾驶记录,则可以享受折扣。欲查看您所在县的保险费或者付款计划,请访问 [www.mylowcostauto.com/coverage](http://www.mylowcostauto.com/coverage)。

**如何报名参加?**  
**欲申请,请遵循下列3个步骤:**

- 1 在[www.mylowcostauto.com](http://www.mylowcostauto.com)网站上填写资格问卷
- 2 免费与保险经纪联系
- 3 在保险经纪的协助下完成申请文件

如果您无法上网或者需要其他帮助,请致电 1-866-602-8861。

## INTERAGENCY PARTNERSHIPS

CDI will continue to develop and maintain inter government agency relationships.

### Department of Motor Vehicle Partnership Opportunities

On October 3, 2013, AB 60 (Alejo) was signed by the Governor authorizing approximately 1.4 million undocumented immigrants to obtain drivers licenses effective January 1, 2015.

In order to assure that these newly licensed drivers do not lose their vehicle registrations for not maintaining insurance on their vehicles, CDI has initiated a campaign to encourage these new drivers to purchase CLCA policies.

Staff of CDI and our contractor will participate in outreach events sponsored by DMV, Mexican Consulates and legislative offices to advise new licensees of the importance of maintaining liability insurance.

CDI staff will continue to do weekly meetings with staff of the DMV to educate them on the CLCA program and will also take the opportunity while at DMV offices to staff booths and meet with members of the public who are visiting DMV offices.

DMV has agreed to distribute 1.5 million tip cards to all new AB 60 license applicants. The tip card provides information on how not to become a victim of unscrupulous sales tactics by insurance agents and other entities.

For 2015 CDI has contracted for 12 months of CLCA public services announcement to be run in 16 DMV locations in Southern California. CDI has also arranged to advertise in the English & Spanish driver handbooks.

### Employment Development Department Partnership Opportunities

CDI staff will continue to visit Employment Development Department (EDD) One-Stop Centers to educate and train staff on CLCA in 2015.

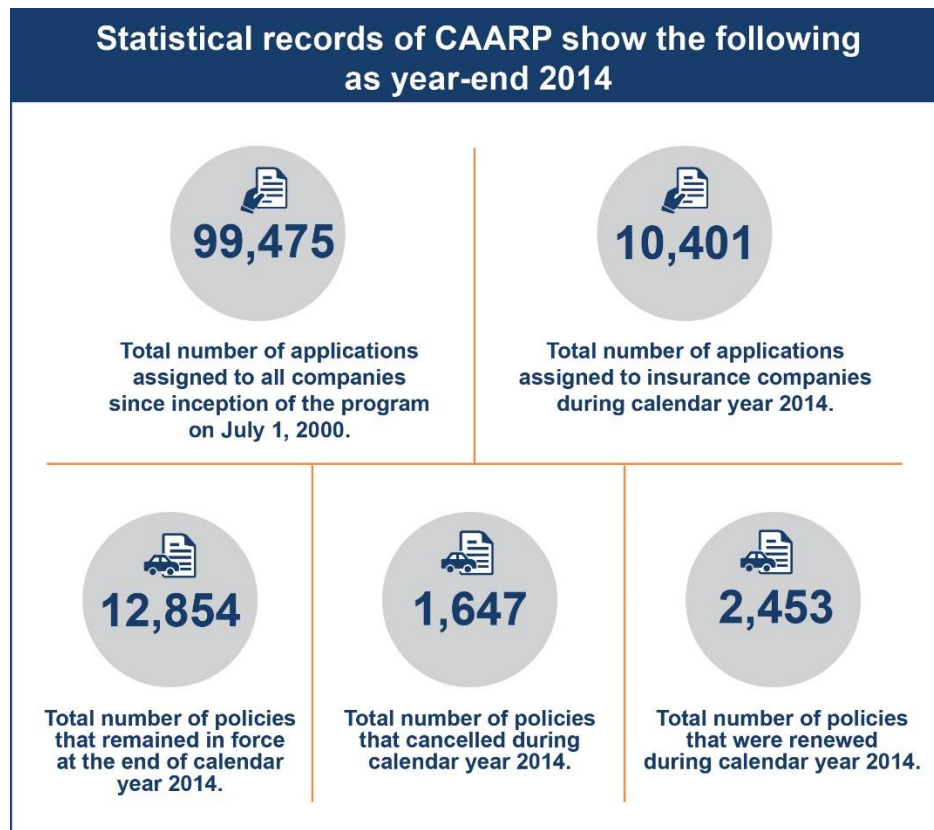
## CALIFORNIA ASSIGNED RISK (CAARP)

Pursuant to California Insurance Code Section 11629.81, the reporting requirements of the California Assigned Risk Plan to the legislature have been combined with the CDI Report to the legislature.

The CLCA program has been administered by the California Automobile Assigned Risk Plan (CAARP) since inception in 2000. CLCA applications are assigned to insurance companies from CAARP's administrative office in San Francisco. Applications are submitted by licensed fire & casualty agents or producers who are certified with CAARP to write the CLCA Program. Certification requires completion of training, which is primarily provided on-line. There are approximately 1,884 CAARP certified producers as of March 5, 2015.

CAARP supports CLCA with customer service, monitoring producer compliance, and processing applications for assignment. This includes responding to email and phone inquiries from consumers, producers, and companies. CAARP, working with the Advisory Committee and CDI, monitors CLCA Plan rules and develops rates proposals for the Commissioner's consideration pursuant to California Insurance Code Section 11629.72.

CAARP collects and maintains data about the CLCA program. This includes information about applicants, certified producers, and the number of assigned applications.



During 2013/2014 CAARP proposed amendments to the Plan of Operations that were approved through the Office of Administrative Hearings in spring 2014. The proposed amendments were:

1. The Electronic Application Submission Interface (EASi) was approved as the exclusive method for submission of CLCA applications. Alternate application submission procedures are available for use if EASi is unavailable for any reason or if the producer does not have access to the internet. EASi was determined to be a more efficient way of submitting applications and reduces application omissions and deficiencies. The application processing can also be expedited for applicants who select the electronic payment options.
2. Eligibility for the CLCA program has been expanded by updating definitions of "family" and "household" used for income eligibility purposes to take into consideration non-traditional households. Eligibility for program applicants was restricted based on references to blood relatives living in the same physical address of CLCA applicants. Strict application of the definition resulted in applicants deemed ineligible for the program. Effective January 1, 2015, the definition of household (for consumer use) has been changed to: A "household" is defined as all persons listed on a federal or state income tax form.
3. CLCA vehicle eligibility guidelines were expanded to allow Vehicle Licensing Fee (VLF) codes, issued by the California Department of Motor Vehicles, to include a depreciation schedule for more expensive vehicles. The vehicle eligibility documentation requirements allow submission of a Certificate of Title when a registration document is not available for an automobile owned by an applicant for a CLCA policy.
4. CLCA Installment Payment Plan: For 2015, a single installment premium payment option was adopted to simplify the installment payment process for consumers. The new installment payment plan requires a deposit of 20% of the estimated annual premium and seven monthly installments. The first installment is due up to 45 days after the effective date of the policy. Remaining installments are billed monthly thereafter. The service charge remains at \$4.00 per installment. The policy is paid in full 4 1/2 months prior to renewal. [In addition, a 36 consecutive month assignment period and enhancements to the renewal process eliminate the need for annual requalification for a CLCA policy.]
5. CLCA Rate Filing: A proposed rate indication increase of 2.2% was approved by the California Department of Insurance on July 10, 2014. These new rates are effective as of January 2015 (see Rate Section).

For 2015, CAARP will work with the Department in implementing the provisions of SB 1273 which requires that a consumer-oriented website be established and maintained and before December 31, 2015 CAARP intends to submit plan, subject to the approval of the commissioner, that will allow consumers to purchase a policy without physically visiting the office of a producer, upload documents, electronic signatures and geographic linking of consumers to producers. The proposal will also include the implementation of AB 1024 (2010), the establishment of an on-line producer who will have responsibility for processing on-line applications of program eligible consumers.

Effective January 2015, AIPSO successfully implemented changes to California's Low Cost Auto (CLCA) Insurance Program as mandated by California's Senate Bill 1273 and California's Department of Insurance, including:

- Modifications to the Electronic Application Submission Interface (EASi)
- Modifications to the EASi brochure
- Modifications to the CLCA program's eligibility questionnaire
- Modifications to the CLCA program's pamphlet in English/Spanish
- Modification of the CLCA program's Rates Chart in all of the program-supported languages
- Translations of online text generated by these changes into all of the program-supported languages
- Modifications to the CLCA program's paper application to reflect these changes
- Filings for revisions to the CLCA program's rating rules, manuals, and forms to reflect these changes
- Modifications to the eligibility questionnaire conducted via telephone

## DETERMINATION OF SUCCESS

CDI has determined that California's Low Cost Automobile Insurance program addressed and achieved each of the success measures specified in California Insurance Code section 11629.85.

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

California Insurance Code Section 11629.72 provides that rates for the CLCA program 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 requirements, the program rates in effect during 2014 generated sufficient premiums to cover losses and expenses incurred by CLCA policies issued under each respective county program.

### Program Served Underserved Communities

The statistics show that the program continues to serve and benefits underserved communities throughout California.

Household incomes of all policyholders do not exceed established federal policy guidelines. In fact, CAARP statistics document that approximately 89% of policies issued in 2014 were issued to applicants whose household income was at or below \$20,000 per year. Also, while the 2014 law stated that an applicant's vehicle at the time of application cannot exceed \$20,000, the predominant vehicle value for policies issued in 2014 was less than \$5,000.

Applications assigned in 2014 totaled 10,401, thus providing access to an affordable insurance option for income eligible households.

## Program Offered Access to Previously Uninsured Motorists, thus Reducing the Number of Uninsured Drivers

Statistics compiled by CAARP demonstrate that in 2014, 96% of applications assigned to the program came from applicants who were uninsured at the time of application. Since the inception of the CLCA program, thousands of formerly uninsured drivers have been or are currently insured through the CLCA program.

CLCA Advertising Causes Uninsured Motorists to Purchase a Policy “Better” than CLCA Assembly Bill 1597 (Jones 2010) added a success measure – that the program’s advertising caused uninsured motorists to visit a producer and obtain insurance other than CLCA insurance. Data shows that 565 motorists visited a producer in 2014 because of the CLCA advertising and left with a “better” policy.

## STATUTORY REVISIONS

During 2015 CDI will continue to monitor participation in the CLCA program against established California Insurance Code laws, and CAARP Plan Guidelines to determine the need for statutory revisions during the 2016 Legislative session. At this time, there are no recommendations to be made to the State Legislature.

## IMPEDIMENTS TO SUCCESS

Program staff members view the following as impediments to greater CLCA success:

### Eligibility Criteria

Very stringent eligibility requirements such as qualifying as a “good driver” (as defined in California Insurance Code Section 1861.025) and the household definition (all persons related by blood or marriage living under the same roof), continued to be problematic for the CLCA program during 2014.

For 2015, with the passage of SB 1273, the eligibility requirements of the program have been changed to allow drivers with less than 3 years driving experience to participate in the program. An actuarially sound premium of surcharge rate of 30% will be applied to the base rate of the premium for each county. Also the definition of household has been changed for the program to define a household as being “All persons who can be claimed on a Federal or State Income Tax form” to address previous issues of being disqualified for a CLCA policy because blood-related relatives lived under the same roof and income from all persons in the living structure being considered one household.

The statistics clearly reflect that eligibility is an impediment to participation. In 2014, approximately 185,311 Californians expressed interest in the program, while only 39,472 were deemed eligible. In other words, only 21% of those who sought out the program were eligible to participate in it.

### Converting “eligible” applicants into “insured” motorists

For 2014, 39,472 people were deemed eligible for CLCA, but only 39% of those eligible (15,262 applicants) visited a producer to complete the process of purchasing a CLCA policy. Of those who visited a producer, 72% (10,996 applicants) purchased CLCA or another auto insurance policy.

Increasing the number of eligible applicants who visit a producer would significantly increase the number of CLCA policies sold to motorists. For 2015 CDI will continue to work with CAARP to increase communication with eligible applicants, and to make it as easy as possible for them to visit a producer to purchase a policy.

### Payment Plan

The installment plans that have been setup for CLCA are outdated and confusing for program participants. A missed or late CLCA installment payment causes cancellation of the CLCA policy.

For 2015, there are only two payment options available: a consumer is able to pay the premium in full or make a 20% down payment and 7 monthly installments thereafter. The simplification of the premium installment plans should help consumers retain their CLCA policies enforce.

## CONCLUSION

The program has proudly met the success measures outlined in statute and CDI will continue to work aggressively in 2015 to promote California's Low Cost Automobile Insurance Program.

The California Department of Insurance will also continue to advocate for changes to enhance the program on behalf of the State's income eligible motorists.