



2020

Report to the Legislature & Consumer Education and Outreach Plan



**CALIFORNIA'S
LOW COST
AUTO INSURANCE**

Sponsored by the California Department of Insurance

Prepared for the California State Legislature by March 15, 2020, as required by Insurance Code Section 11629.85.

California Low Cost Automobile Insurance Program's Hotline: 1.866.602.8861

California Department of Insurance: 1.800.927.4357 | Consumer website: www.insurance.ca.gov

Consumer website: www.mylowcostauto.com | Facebook Page: www.facebook.com/mylowcostauto

Twitter page: www.twitter.com/CALowCostAuto

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EXECUTIVE SUMMARY

California's Low Cost Automobile Insurance Program (CLCA) is a resource and option for Californians seeking affordable car insurance, to meet the State's financial responsibility laws. Since program inception in July 2000, 164,071 Californians have received insurance through the program. At the end of 2019, there were 20,432 active, 14,449 cancelled, 8,082 renewed, and 1,939 reinstated policies. Statistics from the California Automobile Assigned Risk Plan (CAARP) indicate roughly 93% of applications assigned were from uninsured motorists at the time of their CLCA policy application.

In 2019, Senate Bill 570 (SB 570) was approved by Governor Newsom and signed into law, extending California's Low Cost Auto Insurance Program to January 1, 2025, with program enhancements that allow more eligible California households to qualify.

AB 60 (Alejo 2013) and SB 1273 (Lara 2014), reduced barriers to participation in CLCA for income-eligible consumers. AB 60 authorized undocumented immigrants to obtain drivers licenses effective January 1, 2015. Data shows a slight increase in insured vehicles after AB 60 was enacted, especially in counties with higher concentrations of undocumented immigrants, however, the California Department of Insurance (CDI) has not seen a meaningful decrease in uninsured motorists that can be directly tied to AB 60. CLCA sales have grown since 2015, nonetheless, the evidence is inconsistent that this growth is associated with AB 60.

During 2019, CDI and CAARP made the following changes to the program:

- Updated producer certification course requirement to a single online course.
- Permitted insurers to issue a new policy and cancellation notice when the deposit is not sufficient to cover premium.
- Expanded the Limited Assignment Distribution (LAD) buy-out eligibility requirement.
- Revised the CA Low Cost application to include a nonbinary gender category.
- Updated Policy Change Request Form-Certification, streamlining completion.

Amendments were proposed to incorporate changes reflected in SB 570 and are awaiting approval by the Office of Administrative Law (OAL). Changes include:

- Extending the program to January 1, 2025.
- Eliminating the gender distinction in the rate surcharge applied to drivers under 24 years of age.
- Allowing students who are claimed as dependents for income tax purposes to purchase a CLCA policy if the student lives at home.
- Extending the annual eligibility re-certification to three years.
- Removing outdated provisions from the statutes and changing the notice section from all caps to sentence case.
- Updating the government means tested documentation required for determining eligibility.

CLCA's marketing and outreach campaign themes for 2019 highlighted the ease to apply and affordability. The following are taglines used in 2019:

- It's easy to apply! 100% online now.
- All it takes is one small change to save!
- Apply today and start saving!
- You can save big with Low Cost Auto Insurance!

THE PROGRAM

California law requires all drivers of vehicles within the State to 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 consumers with liability insurance protection at affordable rates, meeting 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 in the State.

FUNDING FOR PROGRAM OUTREACH

Funding for California's Low Cost Automobile Insurance Program outreach informs consumers about the program and is funded by a \$0.05 special purpose assessment on each vehicle insured in the state. The authority for the special purpose assessment is scheduled to sunset January 1, 2025 (California Insurance Code Section 1872.81).

2020 funding for the CLCA program totals \$1,225,000. The use of the funding is as follows:

2020 ELEMENTS	COST
Advertising and Outreach Contracts	\$1,136,295
Materials Development and Production	\$61,905
Information Systems and Website Maintenance	\$26,800
Total	\$1,225,000

Estimated funding for 2021 is up to \$1,225,000. The current outreach and marketing contract expires December 31, 2020. More detailed budget elements for 2021 will be determined later in 2020.

SUMMARY OF 2019 ACTIVITIES

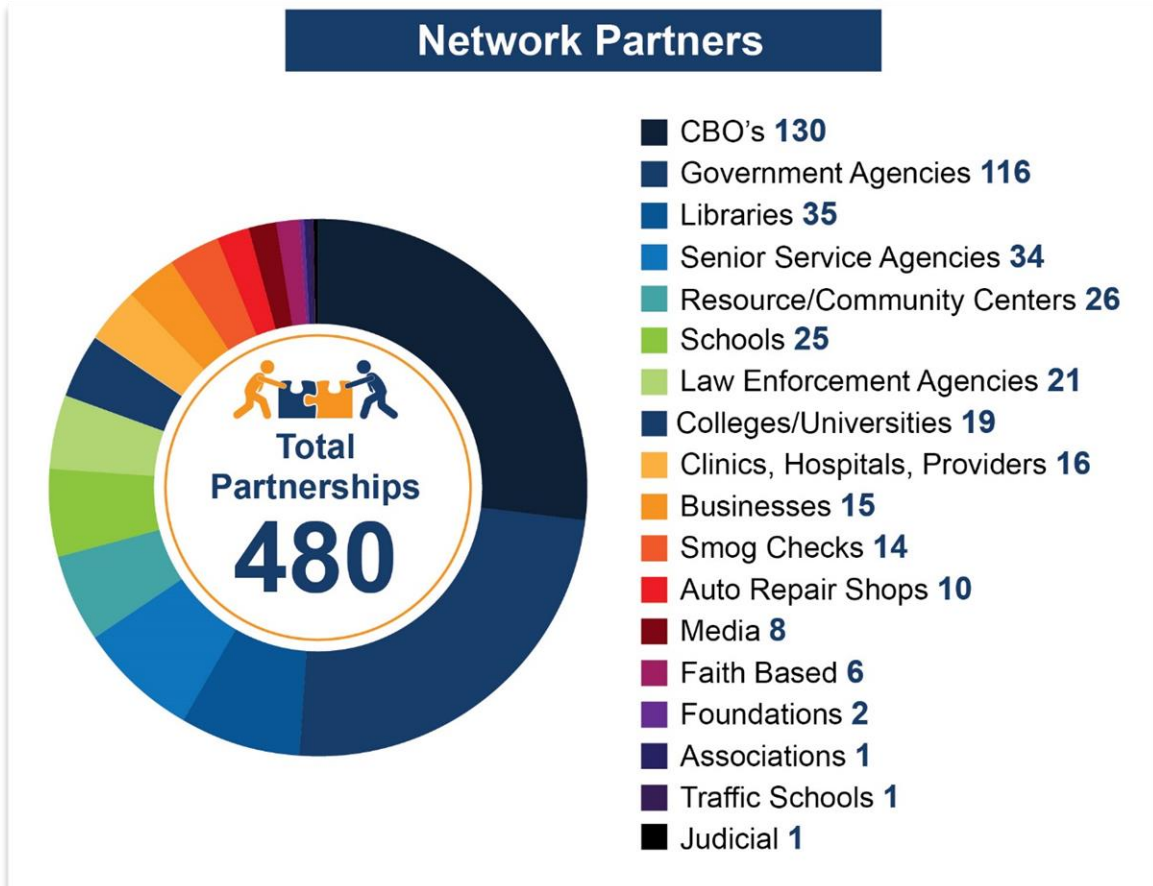
The California Department of Insurance worked with outreach program design and management contractor, Richard Heath & Associates Inc. (RHA), to create a customized outreach and advertising campaign based on demonstrated knowledge of the target consumer. This grassroots outreach approach is founded on the understanding of income-eligible consumers and recognition that a variety of channels and messages are needed to reach the diverse segments of the income-eligible market in California.

Overall, the campaign focused on populations with the most potential for CLCA program eligibility, taking a multi-pronged approach, and using key influencers to stimulate a consumer call to action. The 2019 scope of services included grassroots outreach, partnership development, targeted media, collateral materials development, and website maintenance and development. A summary of activities follows.

Outreach

Partner Engagement

The outreach team targeted local, regional, and statewide organizations serving CLCA eligible consumers, provided educational presentations, supplied them with program collateral, and helped identify ways the organizations can promote CLCA to consumers who frequent the organization. RHA secured 480 partnerships in 2019, categorized by organization type in the graphic below.



Network partners are vital, trusted messengers to CLCA eligible consumers. Partners supplement outreach and education capacity, and interface with low-income and hard-to-reach communities, especially those who are a part of their existing client services or network. They maximize their efforts by overlaying CLCA program information with other low-income program offerings. When working with likely eligible populations, partners offer information and referrals or help screen consumers while delivering their routine services. Partners are trusted storefronts where collateral is displayed in lobbies or at events, and highly visible.

These partners are often a consumer's first introduction to a program and can effectively guide a consumer in their journey to learn about or participate in CLCA. Partners extend reach, are skilled at interfacing with a target population, and often develop robust communications that target the diverse populations in their communities.

New partnerships in 2019 expanded access to targeted populations, such as the Los Angeles County Office of Education – Greater Avenues for Independence (GAIN) program, who provides access to CalWORKs participants when they access employment related services, as well as displays CLCA materials in offices across Los Angeles County.

Law enforcement and probation departments were key collaborative partners, eager to share CLCA information and materials with their community at events, meetings, and during traffic stops.

Department of Motor Vehicles (DMVs) were supplied with informative, multi-language, program cards, a plexiglass card display, and posters, and remain a top referral source for the program.

In addition, RHA established key partnerships with over 75 job centers, serving 22 counties. These centers direct resources to employment seekers or those recently laid off. CLCA is an ideal, Low Cost auto insurance alternative, getting consumers back on the road, driving responsibly.



Livingston Police Department partnering with CLCA at Sikh Awareness Event

Direct-to-Consumer Outreach

Outreach staff participated in 289 statewide community events, informing 43,299 consumers about the program, focused in specific communities to reach populations with the most potential for CLCA program eligibility. *



*Some events were completed by CDI’s Consumer Education & Outreach Bureau staff

The outreach team identified, and staffed events frequented by the target market to provide brand recognition, consumer education, and to help consumers complete eligibility questionnaires to generate new applicants and new partner interest in CLCA. Events take place in local parks, community centers, school campuses, malls, libraries, senior centers, and more.

Events are carefully selected to include those at locations frequented by the target market, to include low-income, uninsured, hard-to-reach, seniors, the Latino community, or undocumented persons (non-citizens). For example, in 2019, Rapid Response Team Workshops became ideal locations to promote CLCA for displaced workers. Workshops provided valuable resources, as many displaced workers experience immediate financial hardships and need affordable auto insurance to pursue new work opportunities.

The outreach team secured ethnic radio/TV interviews and Public Service Announcement (PSA) placements to diverse audiences.

Radio and TV public affairs programming successfully reached thousands of targeted consumers. The outreach team brokered pro bono radio and TV appearances and interviews to promote CLCA. Thirty minute interviews were broadcast or looped during free and open programming airtime. Ethnic media was a very effective, trusted source to promote CLCA. As a public service, many ethnic media outlets guide consumers when it comes to issues such as immigration, health, and how, in general, to operate in American society.



Outreach specialist conducting Spanish television interview with Univision

Producer Support

The outreach team connected producers to events and local collaboratives, as well as provided valuable producer resources online, including useful links, tips and marketing resources to facilitate increased producer engagement with consumers in their local community.





Outreach specialists with Producer, Mike Alexander at Tune-in Tune-up event, Bakersfield

Because producers are consumer-facing, they are a valuable program asset to assisting consumers. The outreach team provided support and increased program knowledge via tips-of-the-month, updated training materials, and job aids.

Producers were provided a resource website to access program logos, newsletter and social media ads, AB 60 resources, and more. These efforts were designed to connect producers to community organizations, as well as to increase conversion rates and enrollments.

Because network partners have trusted relationships with their constituents, the team established relationships between the partners and producers to facilitate trusted messenger introductions to break down barriers for those historically underserved. The team encouraged partners to invite neighborhood producers to be on site at events or workshops to support interested consumers.

Advertising

The 2019 advertising approach remained true to past learning and implementation strategies, but it improved and kept up with platform enhancements and new guidelines for advertisers from Google, Facebook, Twitter, Instagram, and YouTube. These new algorithm changes and platform rules have only increased the ability to quickly identify target behavior patterns and maximize ad effectiveness. As a result, campaign goals to provide well-crafted CLCA messages directed at the program's target audience, in a personal and interactive way, with the goal of turning consumers into loyal customers has continued to be the advertising objective while still yielding optimal results. The specific advertising strategies used in 2019 are detailed below:

The marketing team delivered advertising and mass media marketing optimizing reach and frequency exposure. The overall campaign delivered 44 million impressions and 175,000 clicks to the CLCA website. Eighty-five percent of consumers who visited the site and assessed eligibility were deemed eligible, demonstrating the advertising campaign reaches the target population.

Digital Advertising/Programmatic Buying

Digital media offers the best opportunity to narrowly target multiple and specific audiences in geographically targeted areas. It also allows CLCA the ability to collect, analyze, and respond to consumer behaviors quicker and more effectively. With all digital mediums working together, driven by planned and precise lead generation goals, digital advertising drove more consumers to the website with better conversions. In addition, the ads helped pass along leads to producers and more importantly, generated cost-effective acquisitions for the campaign.



Sample digital ad

Digital advertising included a multi-faceted approach to include:

- Direct digital banner ads placed with targeted websites serving target audiences.
- Programmatic Audience Buying where ads were placed with third party aggregators who served ads on hundreds of sites to the target audience through specific targeting tactics. The ads were targeted across multiple languages in various ad sizes including static, animated, Native, and video.
- Geo-target specific ZIP codes where there is higher propensity for qualification and engagement, optimized throughout the campaign with best performing ads.
- Retargeted ads, utilizing cookies picked up on the CLCA website, served ads back to previous website visitors or Eligibility Questionnaire participants.

Search Engine Marketing (SEM)

Utilizing the number one search engine Google AdWords as well as other search browsers, SEM delivered text ads to consumers who were actively searching products or services such as “low cost auto insurance.” The insurance category continues to be one of the more competitive and expensive search industries in the SEM platform. However, through careful message development and continued monitoring and updates to our keyword list, we delivered over 450,000 impressions and just under 19,000 clicks to the website.

Video

Video shorts continued to be a staple in the 2019 creative lineup, following the success of the 2018 campaign. Added to the video library were three new series: Hero spots, redesigned Animation spots, and Miniature spots.

Placement strategy for video continued to utilize digital format including YouTube, Paid and Organic Social Media, as well as Over- the-Top (OTT) streaming services. These videos were available in both English and Spanish and continue to be one of CLCA’s top performing advertising mechanisms with high viewership and clicks to the website.

The graphics below display an example of each series:



Hero Spot – Drive with Confidence with Low Cost Auto Insurance



Animated Spot – It's the Law in California



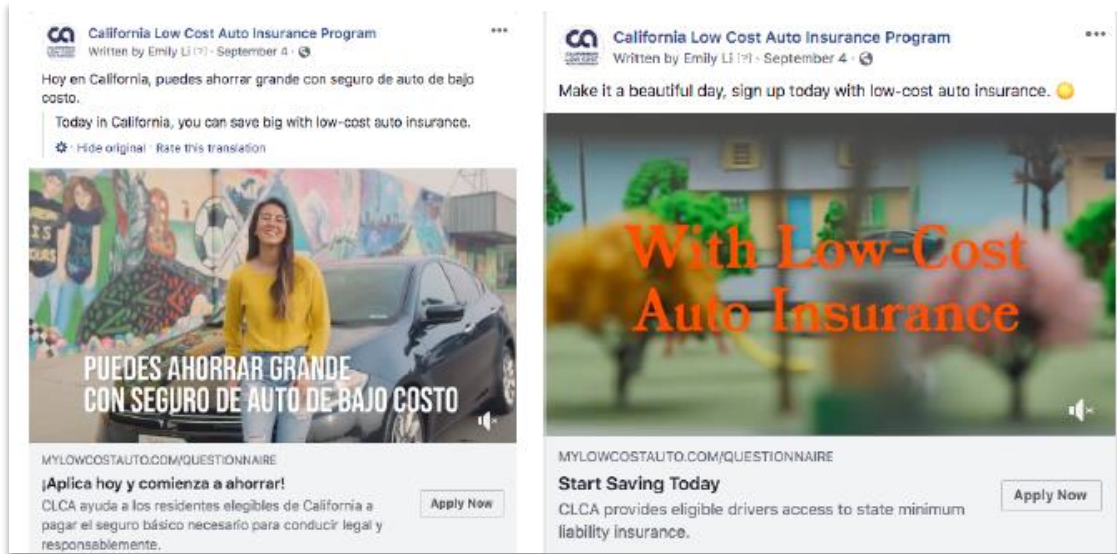
Miniature Spot – One Small Change Can Make a Difference

Social Media

The social media strategy included engagement optimization with platform users driving the most qualified users to the website. Visually compelling and relevant social media messages were crafted to the target consumer. The social media strategy included a mirror audience and video first approach, as these were a top consumer engagement strategy across all platforms.

- Mirror audience strategy consists of viewing user profile queues of consumers who visited the CLCA website and then incorporating those findings/data into the social management algorithm.
- Video first is a strategy based on consumer behavior and the shift of consumer preference to engage more with video content rather than static posts on social platforms.

Top Performing Social Media Ads



Print/Collateral

CLCA collateral efforts for 2019 were met with the continued approach of refreshing designs and imagery, updating message content, and adding new message delivery pieces. Added to the mix were premium rate tear-off sheets used by network partners, producers, and the outreach field team.

Collateral Material



- Acrylic rack card display
- English/Spanish rack card
- English/Chinese rack card
- English posters
- FAQs in 11 languages
- Insurance document holders
- Law enforcement tear-off sheets
- Multi-language brochures
- Premium rate sheet
- Premium rate tear-off sheets
- Producer note cards
- Spanish posters
- Senior Z-cards
- Window clings

Information Systems

The Information Systems (IS) team provided website maintenance and support to preserve site functionality, updated the site based on legislative program changes, and performed site enhancements to drive leads and improve data quality.

Web design and development is critical to the overall outreach and advertising approach. Targeted outreach and advertising efforts are designed to lead consumers to the CLCA website. In addition, evening and weekend callers to the CLCA information line are directed to the website. As such, the website is a one-stop spot where consumers can act.

Website user data was utilized to continuously update, modify, and enhance website design and functionality to meet consumer needs, as well as to yield better program outcomes. Introduced in 2016, the online application continued to be the top next step choice for eligible consumers. In fact, 85% of eligible consumers who act, selected the online application. The remaining 15% either selected a producer for follow-up or accessed a list of producers.

The outreach contractor examined website analytics to determine and deploy upgrades that enhanced the consumer experience. In 2019, the IS team accomplished the following website enhancements:

- Redesigned the webpage layout
- Introduced a chat feature
- Refined the eligibility questionnaire for better clarity and consumer screening
- Removed gender in rate calculations
- Updated the rates and income guidelines
- Enhanced online application
 - Added progress bar
 - Displayed rates across all quick application pages
- Introduced remarketing emails to interested consumers

THE RATES

California Insurance Code section 11629.72 provides that rates for CLCA policies shall be reviewed and revised annually. CAARP shall submit the loss and expense data, with a proposed rate and 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. 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 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 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 years 2019 and 2020 are shown on the subsequent pages.

Rates for 2020 include a 30% surcharge for unmarried persons 19-24, a 40% surcharge for drivers with less than three years of verifiable driving history; and a 100% surcharge for policy owners or operators 16-18 years old.

2019 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
30% Surcharge if the driver is a single male 19-24 years old
40% Surcharge if the driver has less than 3 years of verifiable driving history
100% surcharge if policy owners or operators 16-18 years old
THE MAXIMUM SURCHARGE ON ANY CLCA POLICY IS 100%. 2019 RATES



COUNTY	ANNUAL LIABILITY PREMIUM				COUNTY	ANNUAL LIABILITY PREMIUM			
	BASE	30%	40%	100%		BASE	30%	40%	100%
Alameda	\$321	\$417	\$449	\$642	Orange	\$490	\$637	\$686	\$980
Alpine	\$267	\$347	\$374	\$534	Placer	\$267	\$347	\$374	\$534
Amador	\$267	\$347	\$374	\$534	Plumas	\$267	\$347	\$374	\$534
Butte	\$267	\$347	\$374	\$534	Riverside	\$267	\$347	\$374	\$534
Calaveras	\$267	\$347	\$374	\$534	Sacramento	\$321	\$417	\$449	\$642
Colusa	\$267	\$347	\$374	\$534	San Benito	\$247	\$321	\$346	\$494
Contra Costa	\$321	\$417	\$449	\$642	San Bernardino	\$267	\$347	\$374	\$534
Del Norte	\$267	\$347	\$374	\$534	San Diego	\$267	\$347	\$374	\$534
El Dorado	\$267	\$347	\$374	\$534	San Francisco	\$321	\$417	\$449	\$642
Fresno	\$247	\$321	\$346	\$494	San Joaquin	\$321	\$417	\$449	\$642
Glenn	\$267	\$347	\$374	\$534	San Luis Obispo	\$247	\$321	\$346	\$494
Humboldt	\$267	\$347	\$374	\$534	San Mateo	\$321	\$417	\$449	\$642
Imperial	\$267	\$347	\$374	\$534	Santa Barbara	\$247	\$321	\$346	\$494
Inyo	\$267	\$347	\$374	\$534	Santa Clara	\$321	\$417	\$449	\$642
Kern	\$267	\$347	\$374	\$534	Santa Cruz	\$247	\$321	\$346	\$494
Kings	\$247	\$321	\$346	\$494	Shasta	\$267	\$347	\$374	\$534
Lake	\$267	\$347	\$374	\$534	Sierra	\$267	\$347	\$374	\$534
Lassen	\$267	\$347	\$374	\$534	Siskiyou	\$267	\$347	\$374	\$534
Los Angeles	\$490	\$637	\$686	\$980	Solano	\$267	\$347	\$374	\$534
Madera	\$247	\$321	\$346	\$494	Sonoma	\$267	\$347	\$374	\$534
Marin	\$321	\$417	\$449	\$642	Stanislaus	\$321	\$417	\$449	\$642
Mariposa	\$267	\$347	\$374	\$534	Sutter	\$321	\$417	\$449	\$642
Mendocino	\$267	\$347	\$374	\$534	Tehama	\$267	\$347	\$374	\$534
Merced	\$247	\$321	\$346	\$494	Trinity	\$267	\$347	\$374	\$534
Modoc	\$267	\$347	\$374	\$534	Tulare	\$247	\$321	\$346	\$494
Mono	\$267	\$347	\$374	\$534	Tuolumne	\$267	\$347	\$374	\$534
Monterey	\$247	\$321	\$346	\$494	Ventura	\$267	\$347	\$374	\$534
Napa	\$267	\$347	\$374	\$534	Yolo	\$267	\$347	\$374	\$534
Nevada	\$267	\$347	\$374	\$534	Yuba	\$267	\$347	\$374	\$534

2020 Rates



CALIFORNIA'S LOW COST AUTO INSURANCE

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
30% Surcharge if the driver is a single male 19-24 years old
40% Surcharge if the driver has less than 3 years of verifiable driving history
100% surcharge if policy owners or operators 16-18 years old
 THE MAXIMUM SURCHARGE ON ANY CLCA POLICY IS 100%. **2020 RATES**

COUNTY	ANNUAL LIABILITY PREMIUM				COUNTY	ANNUAL LIABILITY PREMIUM			
	BASE	30%	40%	100%		BASE	30%	40%	100%
Alameda	\$317	\$412	\$444	\$634	Orange	\$483	\$628	\$676	\$966
Alpine	\$263	\$342	\$368	\$526	Placer	\$263	\$342	\$368	\$526
Amador	\$263	\$342	\$368	\$526	Plumas	\$263	\$342	\$368	\$526
Butte	\$263	\$342	\$368	\$526	Riverside	\$263	\$342	\$368	\$526
Calaveras	\$263	\$342	\$368	\$526	Sacramento	\$317	\$412	\$444	\$634
Colusa	\$263	\$342	\$368	\$526	San Benito	\$244	\$317	\$342	\$488
Contra Costa	\$317	\$412	\$444	\$634	San Bernardino	\$263	\$342	\$368	\$526
Del Norte	\$263	\$342	\$368	\$526	San Diego	\$263	\$342	\$368	\$526
El Dorado	\$263	\$342	\$368	\$526	San Francisco	\$317	\$412	\$444	\$634
Fresno	\$244	\$317	\$342	\$488	San Joaquin	\$317	\$412	\$444	\$634
Glenn	\$267	\$347	\$374	\$534	San Luis Obispo	\$244	\$317	\$342	\$488
Humboldt	\$263	\$342	\$368	\$526	San Mateo	\$317	\$412	\$444	\$634
Imperial	\$263	\$342	\$368	\$526	Santa Barbara	\$244	\$317	\$342	\$488
Inyo	\$263	\$342	\$368	\$526	Santa Clara	\$317	\$412	\$444	\$634
Kern	\$263	\$342	\$368	\$526	Santa Cruz	\$244	\$317	\$342	\$488
Kings	\$244	\$317	\$342	\$488	Shasta	\$263	\$342	\$368	\$526
Lake	\$263	\$342	\$368	\$526	Sierra	\$263	\$342	\$368	\$526
Lassen	\$263	\$342	\$368	\$526	Siskiyou	\$263	\$342	\$368	\$526
Los Angeles	\$483	\$628	\$676	\$966	Solano	\$263	\$342	\$368	\$526
Madera	\$244	\$317	\$342	\$488	Sonoma	\$263	\$342	\$368	\$526
Marin	\$317	\$412	\$444	\$634	Stanislaus	\$317	\$412	\$444	\$634
Mariposa	\$263	\$342	\$368	\$526	Sutter	\$317	\$412	\$444	\$634
Mendocino	\$263	\$342	\$368	\$526	Tehama	\$263	\$342	\$368	\$526
Merced	\$244	\$317	\$342	\$488	Trinity	\$263	\$342	\$368	\$526
Modoc	\$263	\$342	\$368	\$526	Tulare	\$244	\$317	\$342	\$488
Mono	\$263	\$342	\$368	\$526	Tuolumne	\$263	\$342	\$368	\$526
Monterey	\$244	\$317	\$342	\$488	Ventura	\$263	\$342	\$368	\$526
Napa	\$263	\$342	\$368	\$526	Yolo	\$263	\$342	\$368	\$526
Nevada	\$263	\$342	\$368	\$526	Yuba	\$263	\$342	\$368	\$526

2020 OUTREACH AND ADVERTISING PLAN

CDI continues to work with outreach program design and management contractor, Richard Heath & Associates Inc. (RHA), to create a customized outreach and advertising campaign. RHA will continue to provide a grassroots outreach approach, founded on the understanding of income-eligible consumers and recognition that a variety of channels and messages are needed to reach the diverse segments of the income-eligible market in California.

Program Goals

CDI's goal through this campaign is to increase enrollment in the CLCA program and decrease the overall number of uninsured motorists.

The expected outreach and advertising goals during 2020 include:

1. Increase the number of consumers enrolled in CLCA annually;
2. Increase awareness of CLCA and the number of people reached through the targeted media and outreach campaigns;
3. Maintain a consumer-friendly website to increase program awareness through increased website total page views per year;
4. Develop local and statewide partnerships to supplement outreach and education capacity, and extend interface and reach to low-income and hard-to-reach communities, and
5. Optimize data capture for re-marketing and CLCA program advertising and growing the consumer database.

Targets

In 2020, the CLCA outreach and advertising program will target the following consumers:

<ul style="list-style-type: none">• Financially eligible consumers	<ul style="list-style-type: none">• Uninsured drivers
<ul style="list-style-type: none">• Drivers in marginalized communities	<ul style="list-style-type: none">• AB 60 drivers
<ul style="list-style-type: none">• Undocumented immigrants	<ul style="list-style-type: none">• Seniors
<ul style="list-style-type: none">• Persons 16-18 years of age	<ul style="list-style-type: none">• Latino and Hispanic drivers

The outreach program targets organizations that serve CLCA specific populations and play an important trusted messenger role to share CLCA information. Outreach Specialists partner with local community organizations to present CLCA educational workshops at schools, libraries, and community centers. The CLCA partner network, with leadership from CLCA Outreach Specialists, also provide outreach and support for other driver-related and income-eligible state programs and services such as the Volunteer Income Tax Assistance (VITA) services, Workforce Development programs, and Health and Human Services.

Objectives

The 2020 objectives for the outreach and advertising plan are provided in the charts below.

Outreach Strategies	Objectives
Recruit and Support Partners	
Network Partner Engagement	Recruit and engage partners to supplement outreach and education capacity and extend interface with low-income and hard-to-reach communities.
Strategic Statewide Partners	Recruit statewide partners who extend outreach to specific, targeted populations and incorporate CLCA into their existing service delivery.
Direct-to-Consumer Outreach	
Events and Presentations	Identify and staff events at locations frequented by the target market and conduct informative presentations to organizations who interact with CLCA target populations and to consumers who attend events.
Pro bono Ethnic Radio/TV Interviews and PSA Placements	Identify and conduct ethnic media opportunities to promote CLCA to diverse audiences.

Advertising Strategies	Objectives
Targeted Media	Develop a comprehensive media plan that includes radio, digital media, and social media in primary target counties, and targeted ZIP codes.
Brand Evolution	Monitor CLCA brand and recommend updates.
Collateral and Materials Development	Refresh or redesign materials based on the brand evolution, program and rate changes, and stakeholder feedback.

IS/IT Strategies	Objectives
Mylowcostauto.com Website	Develop, host and make improvements to consumer-facing website.
EQ and Online Application	Ensure EQ and online application are consumer-friendly and easy to use for the consumer and the Primary Online Producer (POP).
Maintenance and Support	Maintain site functionality and update based on legislative and program changes. Also includes managing the CLCA database and data analytics.

Outreach Strategies

Hard-to-reach consumers require multiple touches through a variety of communication channels before they act. The contractor will continue to complement and reinforce targeted advertising with messaging from trusted sources, such as grassroots and community-based organizations (CBOs), schools, local government and law enforcement. This strategy calls for Outreach Specialists who are deployed to recruit and support partner organizations. The following are central to this outreach strategy:

- **RHA Outreach Specialists:** Outreach Specialists are at the core of our outreach strategy, as they are responsible for all partner engagement efforts. Outreach Specialists are full-time, culturally competent, field staff focused on network building, public relations, outreach activities, and presentations.
- **Network Partners:** Network Partners interact regularly with the intended markets, and increase program awareness through on-site collateral placement, outreach activities and by promoting CLCA through their routine activities with CLCA target populations. Network Partners may be CBOs, social service agencies, schools and other grassroots organizations.
- **Strategic Statewide Partners:** Strategic Statewide Partners are organizations that serve specific CLCA target populations and will deliver program information as a trusted community resource with a larger statewide reach. Examples of these partners include law enforcement agencies, 211 information lines and directories, and Area Agencies on Aging.

The 2020 outreach deliverables are displayed in the graphic below.



Advertising Strategies

Digital display marketing is the primary advertising strategy, as most people do online research before making a purchase decision. Google AdWords, geo-targeting, and social media advertising target specific words or “find” people who have already visited the CLCA website and, at precise and best timing, put the ads in front of a person looking for low cost auto insurance.

Across multiple ethnic groups, income levels, and age, more are moving toward an increased digital world, especially mobile and video. The 2020 plan prioritizes these changing behaviors emphasizing a mobile first strategy and implementation or testing in various video platforms.

The following tactics will drive the 2020 advertising campaign:

- Utilize data to identify key ZIP codes to refine geotargeting.
- Capitalize on media strategies deliver qualified leads.
- Incorporate new media opportunities that deliver targeted and trackable leads.
- Leverage the power of video consumption, a media trend that continues to gain traction across all devices.

The 2020 advertising campaign is based around the following strategies:

Online Advertising

Digital Advertising/Programmatic Buying/Native Advertising

The strategy optimizes ad sets over each platform within the digital space and serves pre-determined California ZIP codes using newly created ads/videos. Placement considerations include digital audience display, native placement, video, and retargeting ads. All ads are developed for English and Spanish placement.

Search Engine Marketing (SEM)

In 2020 the plan is to optimize SEM for a strong allocation towards mobile spending, as there are now more searches on mobile than desktop. According to Google, more than half of all web traffic comes from searches on smartphones and tablets. This aligns with the behavioral patterns of the target Hispanic market.

Video Media

Additional new, video assets will be created and ready for placement spring of 2020. The video assets will be placed on multiple platforms: digital placement, over-the-top (OTT)/Streaming, Social Media, YouTube, and Connected TV. These mediums reach TV viewers with the ability to narrowly define geographic areas and specific demographics. Video continues to be a top marketing strategy consumers gravitate towards.

Social Media

The 2020 plan will continue using the most popular consumption of messaging and content on this platform, which is video first messaging (VFM). VFM’s popularity and traction stems from research siting movement and timing directly affect a consumer’s willingness to watch/engage with a brand’s ads. Accordingly, included in the plan are short :05 to :10 second videos placed into the marketing mix that capture attention while delivering content and converting clicks to the CLCA website.

Collateral Materials

Collateral materials will continue to be updated for any rate and income guideline changes as well as design updates including images used in other ad sets and layout changes. New collateral added to the mix in 2020 will include a redesigned rack card.

Information Systems (IS) Strategies

The CLCA website is the hub for program information, eligibility processing, producer lead generation, and self-guided online applications. All outreach and advertising materials emphasize the call to action to visit the website, where consumers are given easy, two-step directions to get insured.

In 2020, the IS strategy is to continue providing website maintenance and support, as well as make improvements that drive outcomes. Some of these improvements may include:

- Analyzing consumer behavior at each application step, identifying reasons for application abandonment, proposing streamlined application revisions, and encouraging application submission.
- Refreshing and increasing remarketing emails to consumers who have initiated, but not yet submitted an online application.

Department of Motor Vehicle Partnership Opportunities

CDI staff will continue to conduct meetings with DMV staff to increase awareness of 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. Offices will also be monitored for collateral inventory needs.

The DMV website houses a digital CLCA ad and targets consumers who register a vehicle online. The DMV website, as reported by consumers, is a top referral source for CLCA.

CALIFORNIA AUTOMOBILE ASSIGNED RISK PLAN (CAARP)

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

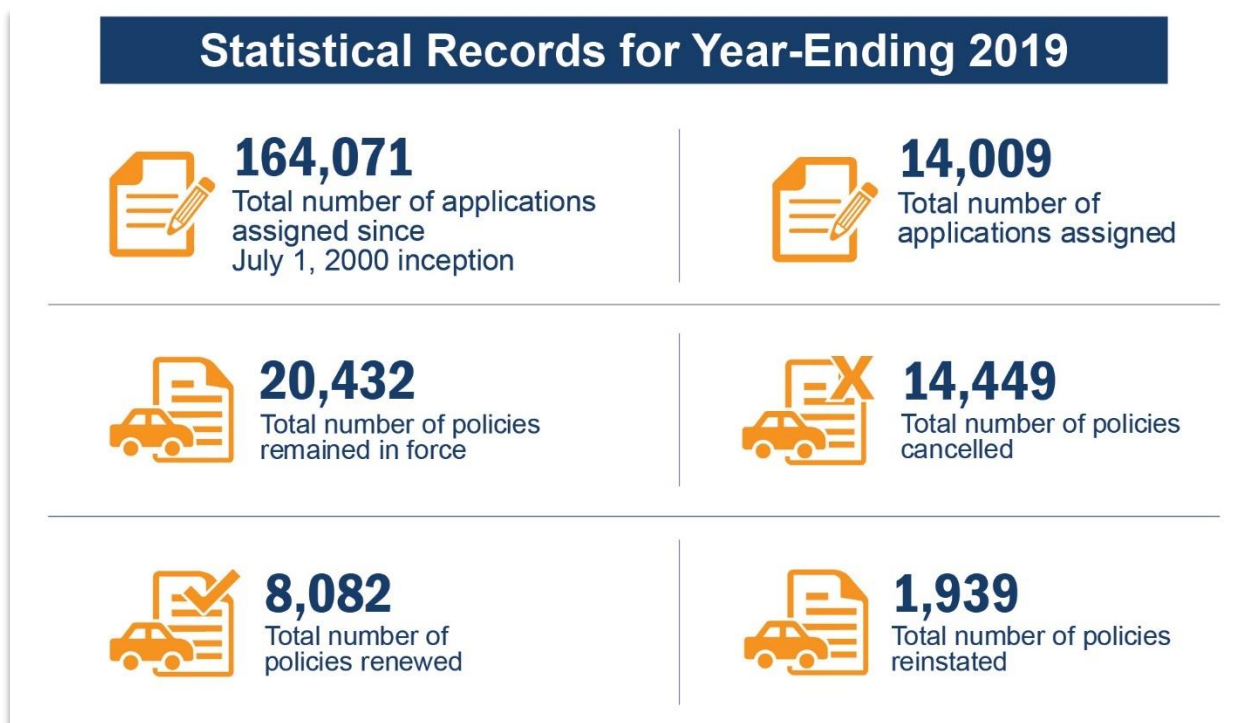
The CLCA program has been administered by the California Automobile Assigned Risk Plan (CAARP) since inception in 2000. CLCA applications are assigned to insurance companies from CAARP's administrative office in Oakland. Applications are submitted by licensed fire and casualty agents or producers who are certified with CAARP to write the CLCA Program. Certification requires completion of training, which is provided online, and verification of valid licensure. There are approximately 1,565 CAARP certified producers as of January 29, 2020, of those; approximately 201 are lead accepting producers.

CAARP supports this insurance program with customer service, monitoring producer compliance, and processing applications for assignment. This includes responding to email and phone inquiries from consumers, producers, and insurance carriers. CAARP, working with the Advisory Committee and CDI, monitors CLCA plan rules and develops rate 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 and data about applicants, issues of eligibility, certified producers, and the number of assigned applications.

During 2019, CAARP prepared amendments for approval by OAL. The following proposed amendments are pending approval by OAL:

1. CLCA zip code statistical guideline pages are consolidated into a single exhibit and includes an authorization for Plan to automatically update when USPS releases changes.
2. In order to comply with CA Regulation 2018-00020 Gender Non-Discrimination in Automobile Insurance Rating;
 - a) Proposed introduction of gender-neutral classification codes for surcharges for married and/or unmarried persons ages 16-24 for the CLCA program.
3. An informational overall rate indication of +5.3% is presented to the California Department of Insurance (CDI) for the CLCA program.
4. Amendments proposed to the Plan of Operations to incorporate Senate Bill 570 changes.



In 2019, the following amendments were approved, and most have been implemented by the Plan. Some will be launched throughout 2020 because of programming.

1. Producer certification on the Producer Certification Application is updated to reflect the transition from a series of four online courses offered by Lunchtime CE to a single online course offered by the CAARP on their Plan website.
2. Plan procedure implemented that allows an insurer to apply the application deposit to the outstanding earned premium owed on a prior personal auto policy has been revised to permit the

insurer to issue a new policy and cancellation notice when the deposit is not sufficient to cover the earned premium.

3. A revision of the CLCA application to include a nonbinary gender category in the Household Information field.
4. Updated edition of the Policy Change Request Form-Certification Form to streamline completion.

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 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 2019 generated sufficient premiums to cover losses and expenses incurred by CLCA policies issued under each respective county program, even though the program consistently issues claim payment of \$4M+ on an annual basis.

Program Served Underserved Communities

Statistics show the program continues to serve and benefit underserved communities across California. Household incomes of all policyholders do not exceed established federal policy guidelines. In fact, CAARP statistics show that approximately 75% of policies issued in 2019 were issued to applicants whose household income was at or below \$20,000 per year. Also, while an applicant's vehicle at the time of application cannot exceed a value of \$25,000, the predominant (80%) vehicle value for policies issued in 2019 was less than \$5,000.

Applications assigned in 2019 totaled 14,009, thus providing access to an affordable insurance option for income-eligible households. At the close of 2019, a total of 20,432 policies were in force.

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

Statistics compiled by CAARP show that in 2019, 93% of applications assigned to the program came from applicants who were uninsured at the time of application. Since the inception of the CLCA program, more than 140,000 formerly uninsured drivers have been or are currently insured through the CLCA program.

STATUTORY REVISIONS

During 2020, 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 2020 Legislative session.

IMPEDIMENTS TO SUCCESS

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

Eligibility Criteria

In 2019, the broad list of eligibility criteria disqualified 16% (10,349) consumers from applying. The program's eligibility criteria are listed below in descending order for disqualifying consumers:

1. Vehicle used for business
2. Have a good driving record
3. California resident
4. Meet income guidelines
5. Own a vehicle valued at \$25,000 or less
6. Must not be a student claimed as dependent
7. Be at least 16 years of age
8. Hold a valid California driver's license
9. All vehicles in the applicant's name, with a limit of 2, must be enrolled

Eligibility requirements including vehicle used for business and qualifying as a "good driver" were most problematic for the CLCA program during 2019.

Some eligibility criteria have changed, over the course of the program, allowing more California households to qualify. In 2015, with the passage of SB 1273, the eligibility requirements were changed to allow drivers with less than 3 years driving experience to participate in the program with a premium surcharge rate of 40%, and the eligibility question was modified for clarity around vehicle used for business, these criteria continued to be top barriers for consumer eligibility.

The statistics reflect that eligibility is an impediment to participation. In 2019, approximately 153,473 Californians expressed interest in the program, while only 54,461 were deemed eligible. In other words, only 35% of those who sought out the program were eligible to participate in it. Roughly, another 3% of consumers were deemed ineligible upon meeting with a producer to sign-up.

Converting “Eligible” Applicants into “Insured” Motorists

In 2019, 54,461 people were deemed eligible for CLCA using the program’s online eligibility questionnaire. Of those eligible, 61% (33,075 applicants) visited a producer or applied online to complete the process of purchasing a CLCA policy. This is a 2% increase from 2018.

Although more eligible applicants reached out to producers, fewer policies were sold to motorists in 2019. Applying online was the preferred application method for consumers, yielding better producer conversion rates. Fifty-four percent (17,961) of consumers-initiated applications, but never submitted, even when prompted to do so using reminder emails. These initiated applications were not completed and submitted for producer review and follow-up. In addition, of those consumers deemed eligible, 36% (19,386) took no further steps to meet with a producer or apply online. Often low-income consumers opt to do nothing, as purchasing auto insurance competes with other more pressing financial priorities.

Closing the sale is a reported producer challenge. Producers report that required documents or payment take more time to collect for roughly 74% of their CLCA customers. Some producers have implemented text message and email reminders with some success, but many consumers are simply not ready to purchase. Best conversion rates are seen when consumers walk into a certified producer’s office.

CONCLUSION

The program has proudly met the success measures outlined in statute and CDI will continue to work aggressively in 2020 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.