



**CALIFORNIA'S
LOW COST
AUTO INSURANCE**

Sponsored by the California Department of Insurance



2017

Report to the Legislature & Consumer Education and Outreach Plan

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California Automobile Assigned Risk Plan

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Insurance Code Section 11629.85.

California Low Cost Automobile Insurance Program's Hotline: 1.866.602.8861

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

Twitter page: www.twitter.com/CALowCostAuto

CAARP website: www.aipso.com/PlanSites/CaliforniaLowCost.aspx

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EXECUTIVE SUMMARY

California's Low Cost Automobile Insurance Program (CLCA) continues to be a resource and option for Californians seeking affordable car insurance, meeting required laws. Since inception, 121,753 Californians have received insurance through the program. At the end of 2016, there were 14,388 active policies, 633 cancelled policies, and 2,422 renewed policies. Statistics from the California Automobile Assigned Risk Plan (CAARP) indicate approximately 94% of applications assigned were from uninsured motorists at the time of their CLCA policy application.

Because of AB 60 (Alejo 2013) and SB 1273 (Lara 2014), barriers to participation in CLCA were reduced for income-eligible consumers. AB 60 authorized undocumented immigrants to obtain drivers licenses effective January 1, 2015. California Department of Motor Vehicles (DMV) reported that 825,000 undocumented drivers obtained AB 60 drivers licenses since the law's inception in 2015. Preliminarily, data appears to show more insured vehicles because of AB 60, however, the California Department of Insurance (CDI) needs more time to examine results.

During 2016, CDI and CAARP made several changes to the program. CDI and CAARP:

- Introduced the online application. This web-based product is intended to allow consumers to apply for the CLCA insurance product directly online, without having to physically visit a producer's office.
- Contracted with a Primary Online Producer.
- Clarified that a household assignment may be made under the household procedure if the company has a quota and is taking assignments.
- Eliminated the printing and shipping of Plan manuals and forms electronically available on the AIPSO website.
- Updated the private passenger and commercial territory listing to include additional zip codes.
- Increased commission rates for new and renewal business from \$35 to \$50 for CLCA policies.
- Allowed insureds to designate a third party to receive notices of lapse, termination, expiration, etc.
- Implemented a minimum premium of \$50 per policy to reflect insurer obligation for commission payment and insurer costs associated with policy issuance and cancellation.
- Expanded payment methods for installment payments, additional premium payments, and renewal deposit premiums to include an electronic payment option which is available through the assigned insurer.
- Established electronic submissions to the Low Cost EASi application to determine the submission date. USPS will no longer determine the submission date.
- Eliminated the load capacity limit for personal use pickup trucks and vans.

CLCA's motto for 2016: Apply for low-cost auto insurance, now 100% online! The CLCA program will help income-eligible motorists comply with the law and new program regulations.

THE PROGRAM

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

The CLCA program 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 and is 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 CLCA outreach is provided by a \$0.05 special purpose assessment on each vehicle insured in the state used 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 FY 2016-17 totals \$1,089,925. The use of the funding is as follows:

FY 2016 17 ELEMENTS	COST
Advertising and Outreach Contracts	\$996,412
Materials Development and Production	\$43,834
Information Systems and Website Maintenance	\$29,360
Consumer Education and Outreach	\$ 20,319
Total	\$1,089,925

Proposed funding for FY 2017-18 is up to \$1,195,155. Use of funding is preliminarily allocated as follows:

Proposed FY 2017 18 ELEMENTS*	COST
Advertising and Outreach Contracts	\$1,113,428
Materials Development and Production	\$81,727
Total	\$1,195,155

* While this annual report is based on the calendar year, the budget associated with this program is based on the fiscal year. More detailed elements are determined mid-year.

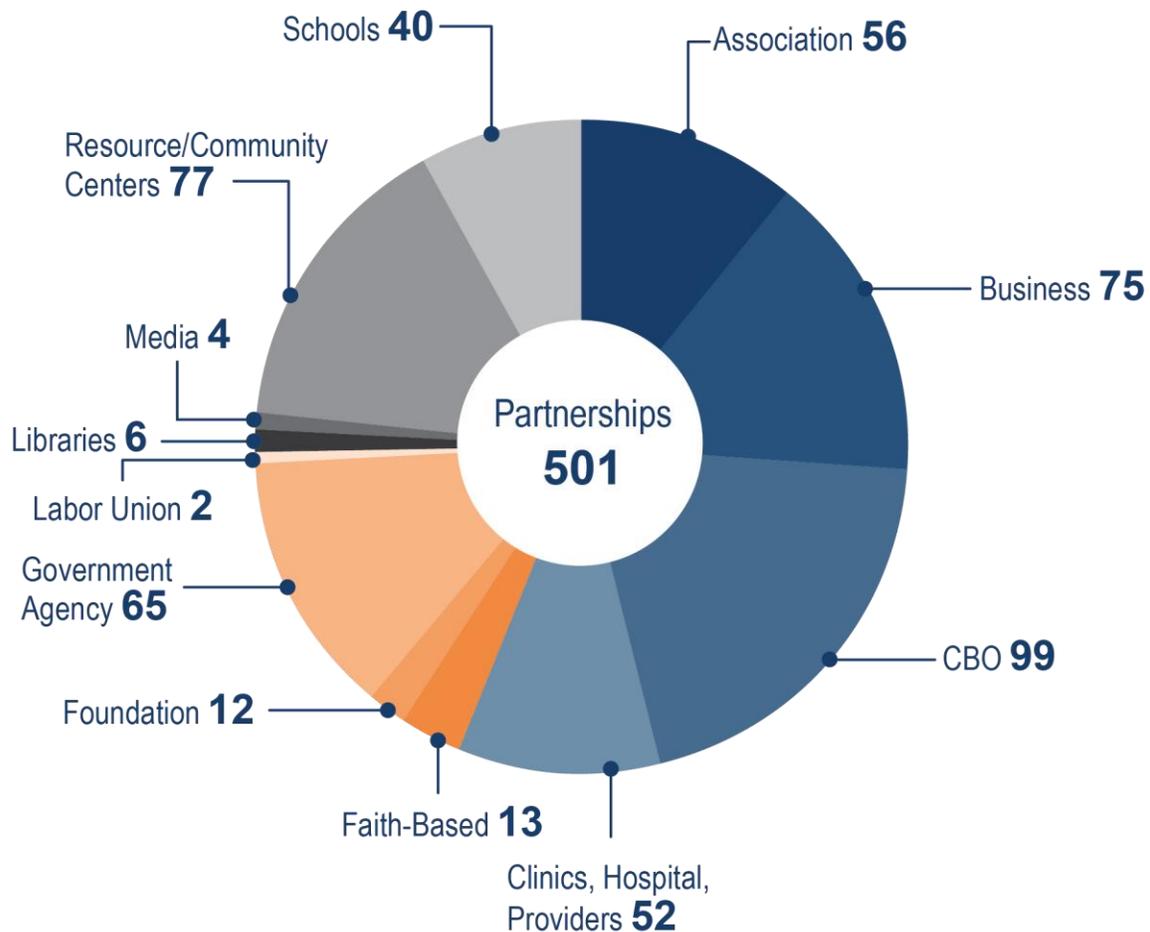
SUMMARY OF 2016 ACTIVITIES

The CDI 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 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, using key influencers to stimulate a consumer call-to-action. The scope of services included partnership development, collateral materials development, outreach events and producer engagement in fiscal year 2016 – 2017. Detailed descriptions are provided in later sections.

Outreach team targeted organizations, serving CLCA eligible consumers, provided an educational presentation, supplied them with program collateral and helped identify ways the organization can promote CLCA to consumers who frequent the organization.

2016 Partnerships - 501



Partnerships increased 30% in 2016, further broadening grassroots outreach efforts. Network partners are key, trusted messengers to CLCA eligible consumers. New partnerships, such as the Hanford Police Department and Los Angeles Unified School District, were established to distribute CLCA program information to consumers. In addition, a partnership with 2-1-1 organizations resulted in the placement of CLCA program information in 33 county directories, both online and phone. 2-1-1 locations also distributed CLCA program information to walk-in consumers.

CDI updated and distributed the collateral materials listed below. Most materials are easily ordered and available at no cost on MyLowCostAuto.com. Other CLCA materials are delivered by outreach team members.

Collateral Materials



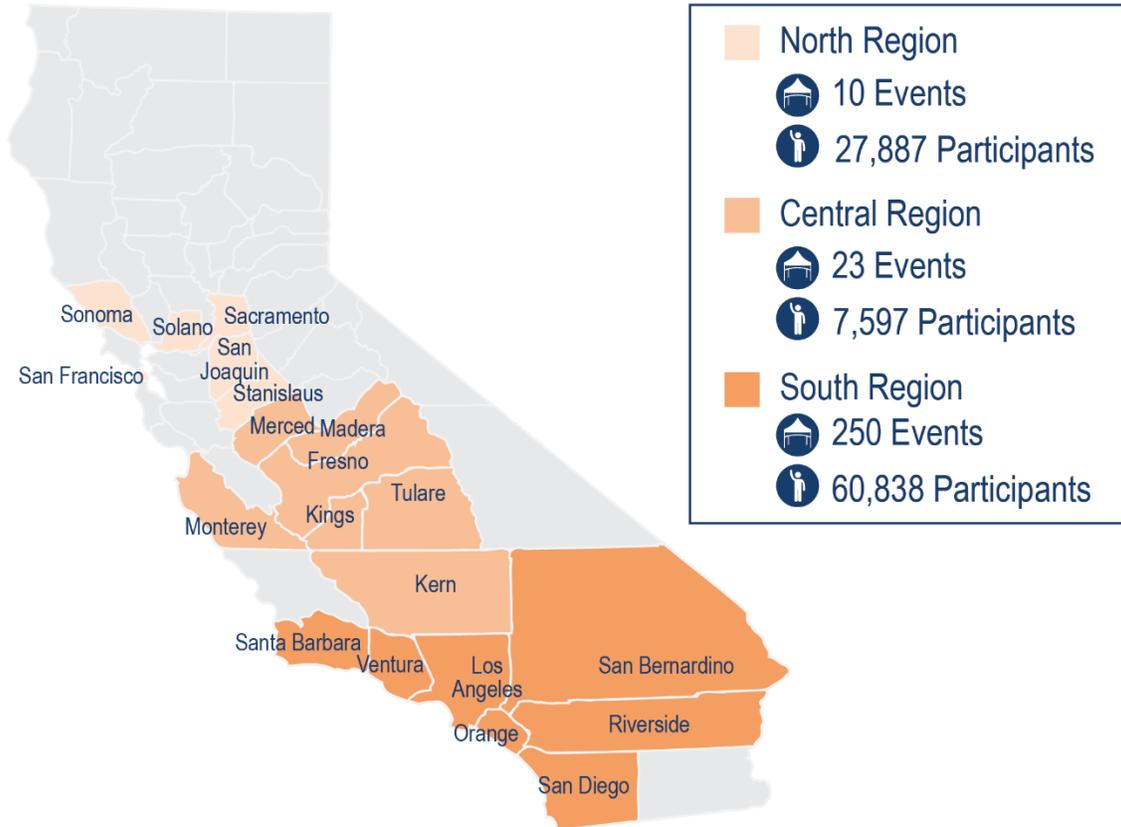
- Multi-language brochure
- English posters
- Spanish posters
- Insurance document holder
- DMV Tip Cards
- FAQs in 7 languages
- English/Spanish rack cards
- English/Chinese rack cards
- Window Clings
- Premium rate sheet
- Premium rate calculator
- Outreach banners
- Pens

CDI updated its collateral materials to include information about applying online. Materials were distributed by outreach staff at events and provided to organizations for placement leveraging consumer traffic and the organizations' trusted messenger relationship with their constituency. No-cost collateral was available for print or order by producers and the public at mylowcostauto.com.

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

Outreach Events

283 Total Events and 96,322 Total Participants



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

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

Outreach staff engaged Lead Accepting Producers (LAP) to provide resources and support to facilitate increased LAP engagement with consumers in their local community.

Producer Engagement



**LAP and
Community
Collaborative
Connections**



**LAP Resource
Website**



**Event and
Presentation
Co-tabling**



Job Aids



Tips-of-the-Month



**Educational
Webinars**

The outreach team reached out to LAPs, provided support and increased program knowledge via tips-of-the-month, updated training materials, development of job aids, educational webinars, and bi-annual surveys to collect LAP feedback. These efforts were designed to connect LAPs to community organizations, as well as to increase conversion rates and enrollments.

The marketing team delivered advertising and mass media marketing, optimizing reach and frequency exposure.



Get Auto Insurance Today with Our All-New Online Application!

CLICK TO START NOW!



The State of California
helps protect families
with **CLCA**



CALIFORNIA'S
LOW COST
AUTO INSURANCE



California Low Cost Auto Insurance Program Like Page

January 23 at 6:00pm

Who loves discounts? If you are a licensed [California](#) driver for three years with a good driving record, you may be eligible for additional savings! Learn more and apply online: bit.ly/1QhMAGe



Many of the 2016 ads were refreshed with new images and updated copy to include the option to apply online. Marketing efforts continued to deliver digital advertising (web banner ads), search engine marketing (SEM), and social media (Facebook and Twitter). In addition, new strategies were added to the marketing mix to include native ads, video pre-rolls and positioning CLCA as a state-sponsored program. Ads and materials were also placed at DMVs to include:

- DMV handbook ads
- DMV electronic bulletin board ads
- 11x18 program posters
- DMV tip cards

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 Insurance 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 2016 and 2017 are shown on the following pages.

Rates for the 30% surcharge for drivers with no documented driving history added by SB 1273 (Lara 2014) are reflected starting 2016.

2016 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
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 01/01/2016.

COUNTY	ANNUAL LIABILITY PREMIUM			COUNTY	ANNUAL LIABILITY PREMIUM		
	BASE	25%	30%		BASE	25%	30%
Alameda	\$301	\$376	\$391	Orange	\$428	\$535	\$556
Alpine	\$253	\$316	\$329	Placer	\$253	\$316	\$329
Amador	\$253	\$316	\$329	Plumas	\$270	\$338	\$351
Butte	\$270	\$338	\$351	Riverside	\$253	\$316	\$329
Calaveras	\$253	\$316	\$329	Sacramento	\$301	\$376	\$391
Colusa	\$270	\$338	\$351	San Benito	\$241	\$301	\$313
Contra Costa	\$301	\$376	\$391	San Bernardino	\$253	\$316	\$329
Del Norte	\$270	\$338	\$351	San Diego	\$253	\$316	\$329
El Dorado	\$253	\$316	\$329	San Francisco	\$301	\$376	\$391
Fresno	\$241	\$301	\$313	San Joaquin	\$301	\$376	\$391
Glenn	\$270	\$338	\$351	San Luis Obispo	\$241	\$301	\$313
Humboldt	\$270	\$338	\$351	San Mateo	\$301	\$376	\$391
Imperial	\$253	\$316	\$329	Santa Barbara	\$241	\$301	\$313
Inyo	\$253	\$316	\$329	Santa Clara	\$301	\$376	\$391
Kern	\$253	\$316	\$329	Santa Cruz	\$241	\$301	\$313
Kings	\$241	\$301	\$313	Shasta	\$270	\$338	\$351
Lake	\$270	\$338	\$351	Sierra	\$253	\$316	\$329
Lassen	\$270	\$338	\$351	Siskiyou	\$270	\$338	\$351
Los Angeles	\$428	\$535	\$556	Solano	\$270	\$338	\$351
Madera	\$241	\$301	\$313	Sonoma	\$270	\$338	\$351
Marin	\$301	\$376	\$391	Stanislaus	\$301	\$376	\$391
Mariposa	\$253	\$316	\$329	Sutter	\$301	\$376	\$391
Mendocino	\$270	\$338	\$351	Tehama	\$270	\$338	\$351
Merced	\$241	\$301	\$313	Trinity	\$270	\$338	\$351
Modoc	\$270	\$338	\$351	Tulare	\$241	\$301	\$313
Mono	\$253	\$316	\$329	Tuolumne	\$253	\$316	\$329
Monterey	\$241	\$301	\$313	Ventura	\$253	\$316	\$329
Napa	\$270	\$338	\$351	Yolo	\$270	\$338	\$351
Nevada	\$253	\$316	\$329	Yuba	\$253	\$316	\$329

2017 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
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%. 2017 RATES

COUNTY	ANNUAL LIABILITY PREMIUM			COUNTY	ANNUAL LIABILITY PREMIUM		
	BASE	25%	30%		BASE	25%	30%
Alameda	\$322	\$403	\$419	Orange	\$470	\$588	\$611
Alpine	\$259	\$324	\$337	Placer	\$259	\$324	\$337
Amador	\$259	\$324	\$337	Plumas	\$275	\$344	\$358
Butte	\$275	\$344	\$358	Riverside	\$259	\$324	\$337
Calaveras	\$259	\$324	\$337	Sacramento	\$322	\$403	\$419
Colusa	\$275	\$344	\$358	San Benito	\$252	\$315	\$328
Contra Costa	\$322	\$403	\$419	San Bernardino	\$259	\$324	\$337
Del Norte	\$275	\$344	\$358	San Diego	\$259	\$324	\$337
El Dorado	\$259	\$324	\$337	San Francisco	\$322	\$403	\$419
Fresno	\$252	\$315	\$328	San Joaquin	\$322	\$403	\$419
Glenn	\$275	\$344	\$358	San Luis Obispo	\$252	\$315	\$328
Humboldt	\$275	\$344	\$358	San Mateo	\$322	\$403	\$419
Imperial	\$259	\$324	\$337	Santa Barbara	\$252	\$315	\$328
Inyo	\$259	\$324	\$337	Santa Clara	\$322	\$403	\$419
Kern	\$259	\$324	\$337	Santa Cruz	\$252	\$315	\$328
Kings	\$252	\$315	\$328	Shasta	\$275	\$344	\$358
Lake	\$275	\$344	\$358	Sierra	\$259	\$324	\$337
Lassen	\$275	\$344	\$358	Siskiyou	\$275	\$344	\$358
Los Angeles	\$470	\$588	\$611	Solano	\$275	\$344	\$358
Madera	\$252	\$315	\$328	Sonoma	\$275	\$344	\$358
Marin	\$322	\$403	\$419	Stanislaus	\$322	\$403	\$419
Mariposa	\$259	\$324	\$337	Sutter	\$322	\$403	\$419
Mendocino	\$275	\$344	\$358	Tehama	\$275	\$344	\$358
Merced	\$252	\$315	\$328	Trinity	\$275	\$344	\$358
Modoc	\$275	\$344	\$358	Tulare	\$252	\$315	\$328
Mono	\$259	\$324	\$337	Tuolumne	\$259	\$324	\$337
Monterey	\$252	\$315	\$328	Ventura	\$259	\$324	\$337
Napa	\$275	\$344	\$358	Yolo	\$275	\$344	\$358
Nevada	\$259	\$324	\$337	Yuba	\$259	\$324	\$337

2017 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 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.

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 2017 include:

1. Increasing the number of consumers enrolled in CLCA annually;
2. Increasing awareness of the CLCA program and the number of people reached through the media campaign;
3. Maintaining a consumer-friendly website to increase program awareness through increased website total page views per year;
4. Increasing the number of producers available to increase conversion rates and enrollments
 - a. Increasing the number of Spanish speaking LAPs;
 - b. Increasing LAPs in geographic areas where leads are robust but LAP representation is low and;
5. Developing partnerships with producers to receive ongoing program feedback and providing support to better serve CLCA populations and increase conversion rates and enrollments.

Targets

In 2017, the CLCA advertising program will continue to target the following consumers:

- Consumers that meet the 250% federal poverty level;
- Consumers with uninsured vehicles;
- Latinos;
- Seniors; and
- Undocumented over the age of 18 (AB 60 license eligible).

The outreach program targets organizations that serve CLCA target populations and play an important trusted messenger role to share CLCA program information. Program Specialists partner with local community organizations to co-present AB 60 and CLCA educational workshops at libraries and community centers. In addition to supporting AB 60 outreach and education, the CLCA partner network, with leadership from CLCA Program Specialists, also provide outreach and support for other driver-related and income-eligible state programs such as the California Earned Income Tax Credit (Cal EITC), Volunteer Income Tax Assistance (VITA) services, and the Traffic Tickets/Infraction Amnesty Program.

Objectives

The 2016-2017 fiscal year objectives for the outreach and advertising plan are provided in the charts below.

Outreach Strategy	2017 Objectives*
Support LAPs to better serve CLCA populations	Recruit key LAPs, provide support and increased program knowledge via newsletter content, updated training materials, job aid development, and bi-annual surveys to collect LAP feedback.
Network Partner/Producer Partnerships	Outreach team connects Network Partners to LAPs to facilitate shared resources, collaborative lead generating events/activities, improve services, build social currency, and develop community cohesiveness.
Presentations and Collateral Placement	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.
Community Events	Identify and staff events frequented by the target market.
Recruit 2-1-1 Organizations as Partners	Recruit 2-1-1 organizations to include CLCA program information in their directory of services to provide eligible and/or inquiring callers.
Community Collaboration	Collaborate with communities to promote the program and broker relationships with service agencies.

Advertising Strategy	2017 Objectives *
Mass Media	Deploy a comprehensive media plan that includes digital media, social media, and advertorials, in primary target counties and pilot in additional counties.
Collateral and Materials Development	Refresh or redesign materials based on the brand evolution, program and rate changes, and LAP feedback.

Information Systems	2017 Objectives*
Mylowcostauto.com Website	CDI, CAARP, and RHA launched the fully online application required by SB 1273 (Lara 2014) on February 1, 2016. RHA will review website metrics and recommend updates to increase consumer engagement and optimize program results.

*FY 2017-18 program deliverables to be determined mid-year 2017.

Community Based Organization Partnership Opportunities

The outreach contractor will continue to recruit the following for the Outreach Network:

- Established successes with the target population;
- Locations in Southern California with a multi-county or statewide reach;
- Proven track record of developing and successfully managing community outreach networks;
- Culturally and linguistically appropriate staff; and
- Ability to engage consumers.

Network Partners¹ conduct outreach activities, including education, about the CLCA program, program enrollment assistance, and provide additional partner referrals.

The contractor secured 501 Network Partners in 2016. These mission-aligned organizations provide pro bono support to the program. They place complimentary ads in their community newsletters, website, or social networking pages and distribute collateral throughout their organization, network, affiliates, and directly to their clients/constituents. The Network Partners have exponentially expanded program reach to the target audience and assist in marketing CLCA to hard-to-reach communities. The contractor anticipates recruiting an additional 350 Network Partners in 2017.

For fiscal year 2016-2017, the program outreach deliverables are:

<i>Deliverable</i>	<i>July 1, 2016 - June 30, 2017*</i>
 Community Events	75
 Presentations	250
 Collateral Placements	300,000
 Support Producers	135 Producers
 Producer Tip-of-the-Month and Job Aids	12
 Producer Recruitment Campaign	4 Campaigns
 Recruit 211 Organizations	4 Organizations
 Pro-bono Ethnic Radio Interviews	4

*FY 2017-18 program deliverables to be determined mid-year 2017.

¹ Network Partners are non-compensated and increase CLCA awareness.

Website

Mylowcostauto.com will continue to drive unique users, more page views, and click through traffic in 2017. The website will continue its consumer education, with qualifying criteria and county pricing information, and a link to an eligibility questionnaire. Google Analytics provides reporting of site traffic. The website will continue to serve as the primary source of information and education about the CLCA program.

To engage producers and make it easier for them to communicate up-to-date CLCA program information to their customers, the “For Agents” page continues to provide a downloadable ordering page for no-cost CLCA materials. Google Analytics will be maintained to provide up-to-date monitoring and reporting.

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 were made in 2016:

- Developed and incorporated the online application;
- Updated ‘How to Apply’ screens with option to apply online;
- Updated ‘select a payment’ page with option for consumer to update payment choice;
- Updated confirmation submission emails to increase clarity;
- Modified occupation list to simplify consumer experience;
- Updated ‘Find an Agent’ page to include:
 - Indication of languages served by producer;
 - Indication of those producers who accept consumer leads; and
- Enhancement of Google Analytics tracking features and reporting.

For 2017, the CLCA website will introduce remarketing emails to consumers to complete and submit their initiated online application. Additionally, website use data will continually be monitored to identify updates and enhancements to improve the consumer experience.

Social Media

CDI will continue its robust social media campaign, including the utilization of Facebook and Twitter. The number of Facebook fans increased from January 2016 to January 2017. CDI’s Twitter page aims to provide educational information to both producers and consumers, highlighting the CLCA program as well as useful driving information. The page also cross promotes with DMV and its programs. CDI’s Twitter followers have continued to grow over the past year, and as of January 2017 experienced a 13% increase from the previous year. Facebook and Twitter strategies include both traditional/organic social marketing and paid advertising to select target population, including Facebook ads created from English and Spanish posts and Twitter lead cards to geographically targeted audiences based on specific hashtag



searches such as #usedcar, #driverslicense, #insurance, etc. Organic content and paid posts will be carefully monitored to optimize engagement. Organic content will reach all markets throughout the state.

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

- Newly licensed eligible populations, regardless of immigration status.
- Geo-target in areas with higher percentage of key demographic categories, psychographic profiles and ethnic priorities. This includes areas such as Los Angeles, Riverside, San Bernardino, San Diego, Sacramento, Fresno, Bakersfield and others.
- Utilize third-party data opportunities to qualify new targeting opportunities such as newly licensed and eligible populations, regardless of immigration status, job titles, auto titles and more. Target groups that utilize other state-funded programs and a higher propensity to qualify and more adaptive to the state program process.
- Prioritize mobile devices - Research shows that lower income and ethnic families have a higher propensity to utilize mobile device as their only or main source to connect to the Internet.
- Optimize campaigns and tactics to top performing dayparts, days, ad sizes, languages and ad types.
- Test and evaluate new emerging tactics and strategies such as the Native ads, HTML5 or animated file formats, and video ads opportunities to increase effectiveness in driving qualified leads to the site.

Digital Advertising

A multi-pronged digital advertising strategy will include:

- Placing ads on targeted websites serving the target audiences.
- Selecting sites by content, topic, propensity to serve our target, and consumer behavior within these sites such as sports sites, search sites, music apps or mobile apps and video.
- Utilizing third-party aggregators who supply data to define audiences and serve ads on hundreds of sites to those target audience specifications.
- Developing retargeting parameters and a database pool where ads are delivered to previous visitors to the website.
- Search engine marketing, utilizing Google AdWords, to place ads based on geographic and keyword data when the target is actively searching for auto insurance or other related topics or words.
- Utilizing multiple ad formats to generate greater reach and opportunities for return on investment. Native Ads include an eye-catching image with a line of copy that is directed to a related landing page. Video ads target a younger audience with a visual message. The standard display ads deliver the greatest inventory opportunities and frequency of message.

Digital ads will be displayed 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 animated, images and video messages. In addition, messaging will highlight the ease to apply online.

To optimize the reach and frequency exposure, ads will be monitored, evaluated, and placed on days that show the best results. Then, based on performance, the impressions per ad will be changed to reflect user interaction.

CLCA Collateral Materials

CDI updated its collateral materials and is in the process of creating a new collateral piece tailored for producers. Like digital materials, collateral will include information about applying online. Materials will be distributed by outreach staff at events and provided to organizations for placement leveraging consumer traffic and the organizations' trusted messenger relationship with their constituency. No-cost collateral will be available for print or order by producers and the public at mylowcostauto.com.

Tri-Language Brochure

CALIFORNIA'S LOW COST AUTO INSURANCE
MyLowCostAuto.com

ENGLISH | SPANISH / ESPAÑOL | CHINESE / 中文

We Make Auto Insurance Affordable to Californians
 You could qualify for reliable automobile insurance for **\$611 or less per year**

CALIFORNIA'S LOW COST AUTOMOBILE INSURANCE PROGRAM IS FINANCED BY THE CALIFORNIA DEPARTMENT OF INSURANCE AND ADMINISTERED BY THE CALIFORNIA AUTOMOBILE LIABILITY REPAIR PLAN.

Call toll free 1-866-602-8861

Rack Cards

Affordable Auto Insurance
 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

Who is eligible?
These are the maximum income levels by household size for eligibility:

- 1 Person - \$30,150
- 2 People - \$40,800
- 3 People - \$51,050
- 4 People - \$61,500

Additional eligibility levels available on the website.

What does it cost?
 The annual premiums in California vary by county, ranging from **\$252 to \$611**. 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.

How do I sign up?
Follow these two steps:

- 1 Complete the eligibility questionnaire at www.mylowcostauto.com
- 2 Then complete the application process
 - Now 100% online
 - OR
 - Meet with a local agent, at no cost

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

Seguro de auto económico
 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 avaluado en \$25,000 o menos
- Cumplir con los requisitos de elegibilidad de ingresos
- Tener por lo menos 19 años de edad

¿Quién es elegible?
Para calificar, este es el límite de ingreso basado en el número de personas en el hogar:

- 1 Persona - \$29,425
- 2 Personas - \$39,825
- 3 Personas - \$50,225
- 4 Personas - \$60,625

Niveles de elegibilidad adicionales disponibles en la página web.

¿Cuánto cuesta?
 Las primas anuales en California varían según el condado, que van desde **\$241 hasta \$556**. 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.

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

- 1 Complete el cuestionario de elegibilidad en www.mylowcostauto.com
- 2 Comuníquese con un agente de seguros sin costo alguno
- 3 Complete el proceso de solicitud

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

Producer Window Clings

The Road to Low Cost Auto Insurance Starts Here

How do I sign up?
 Follow these two steps:

- 1 Complete the eligibility questionnaire at www.mylowcostauto.com
- 2 Then complete the application process
 - Now 100% online
 - OR
 - Meet with a local agent, at no cost

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

We Make Auto Insurance Affordable to Californians

CALIFORNIA'S LOW COST AUTO INSURANCE

Department of Motor Vehicle Partnership Opportunities

AB 60 (Alejo) was signed by the Governor authorizing approximately 1.4 million undocumented immigrants to obtain driver licenses effective January 1, 2015. California Department of Motor Vehicles (DMV) reported that 825,000 undocumented drivers obtained AB 60 drivers licenses since January 1, 2015.

In November of 2016, the California Department of Insurance announced that AB 60 (Alejo 2013), which provided California driver licenses to those who could not submit proof of legal presence in the United States, might have led to a modest decrease in the number of uninsured motorists in California.

According to a preliminary analysis by the California Department of Insurance, in 2015, the first year since the passage of AB 60, the number of insured vehicles increased by 200,000 more vehicles than would have been expected. In the previous three years, the percentage of insured vehicles increased at the same rate as the number of registered vehicles, but the department's analysis showed an unexpected increase in the number of insured vehicles in 2015.

While the department believes the increase in insured automobiles can likely be attributed to AB 60, it is important to note not every new licensee would be expected to yield a newly insured vehicle. In addition, not all 605,000 undocumented drivers that obtained an AB 60 driver license in 2016 will purchase or qualify for CLCA insurance, for a number of reasons:

- Californians do not need auto insurance to obtain a driver license;
- Eligibility requirements for CLCA are not met;
- Prior to AB 60, undocumented immigrants could register a car with a Matricula Consular or an out-of-state driver license; and
- An estimated 25 insurance companies sold automobile insurance to those who owned cars, but did not have a driver license.

CDI's 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 conduct meetings with staff of the DMV to educate 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 will display tip cards and program posters at office locations. The tip card provides information about a car owner's legal requirement to purchase insurance and how to avoid unscrupulous sales tactics by producers and other entities.

For part of 2016, DMV also ran a CLCA ad at locations with an electronic bulletin board. CDI has also placed an advertisement in the English & Spanish driver handbooks.

CALIFORNIA AUTOMOBILE ASSIGNED RISK PLAN (CAARP)

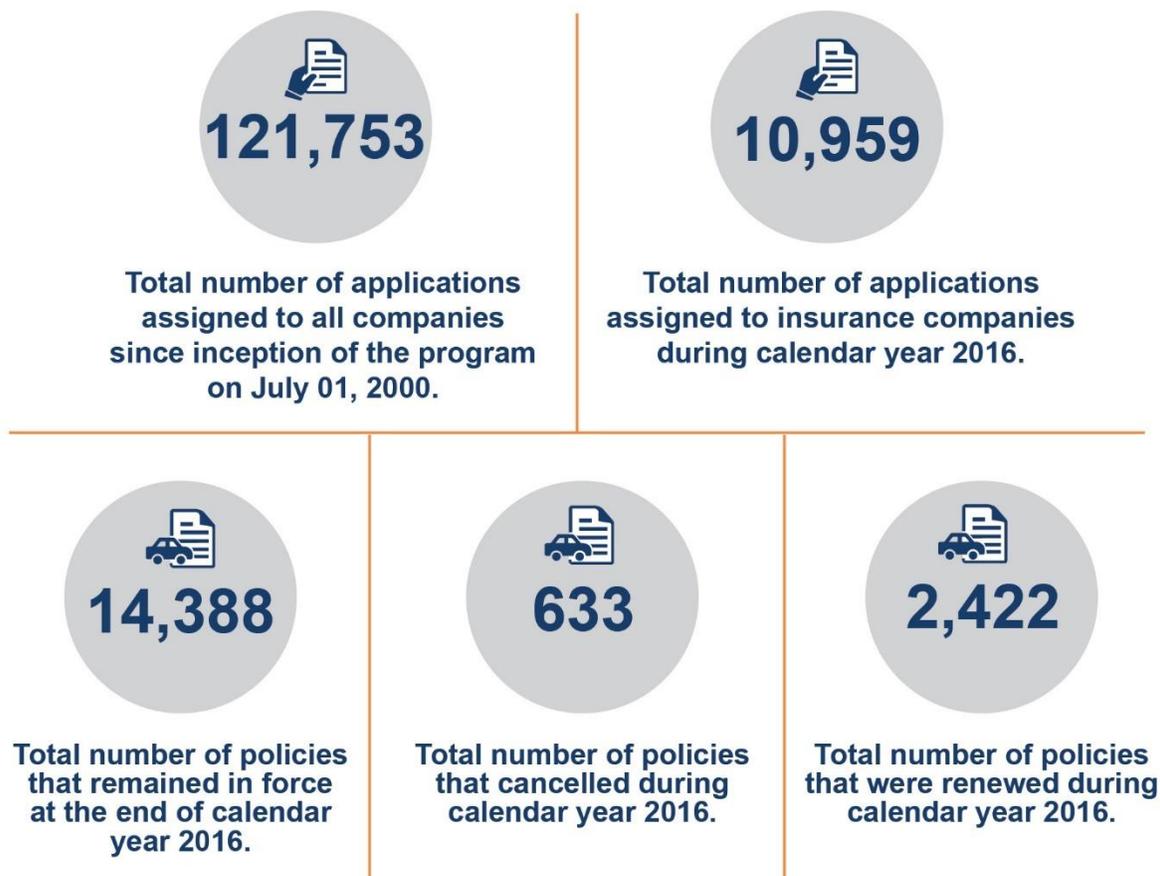
Pursuant to California Insurance Code section 11629.81, the reporting requirements of the California Automobile Assigned Risk Plan to the Legislature have been combined with the CDI Report to the Legislature.

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 San Francisco. 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 primarily provided online. There are approximately 1,460+ CAARP certified producers as of February 16, 2017, of those; approximately 219 are lead accepting producers.

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.

2016 Year-End Policy Statistics



During 2016, the following CAARP amendments were prepared for the Plan of Operations. The proposed amendments are scheduled for approval through the Office of Administrative Hearings in 2017.

1. A procedure was introduced for reinstatement of Low Cost Auto policies that are cancelled for nonpayment of premium or terminated for nonpayment of the renewal deposit, because the premium payment is not submitted to the insurer on a timely basis.
2. Proposal to expand the Low-Cost Program eligibility to include applicants and operators 16 to 18 years of age.
 - a. Applicant eligibility is expanded to include people ages 16 to 18. Applicants include a person 16 through 17 who is an emancipated minor in accordance with California Statutes or (2) a person age 18 who is financially independent.
 - b. A family with an adult driver covered under a Low-Cost Auto policy that has one or more additional drivers ages 16 to 18 in the household may qualify for coverage subject to a surcharge.
 - c. Low Cost Auto Policy coverage will be provided for household members ages 16 through 18 when coverage is specifically requested at the time of application. However, during the policy period, the applicant may request coverage for a driver age 16 to 18 years old.

In 2016, CAARP worked with CDI to implement the following:

1. Clarified that a household assignment may be made under the household procedure if the company has a quota and is taking assignments.
2. Eliminated printing and shipping of Plan manuals and forms electronically available on the AIPSO website.
3. Updated the private passenger and commercial territory listing to include additional zip codes.
4. Increased commissions rates for new and renewal business from \$35 to \$50 for CLCA policies.
5. Allowed insureds to designate a third party to receive notices of lapse, termination, expiration, etc.
6. Implemented a minimum premium of \$50 per policy to reflect insurer obligation for commission payment and insurer costs associated with policy issuance and cancellation.
7. Expanded payment methods for installment payments, additional premium payments, and renewal deposit premiums to include an electronic payment option which is available through the assigned insurer.
8. Established electronic submissions to the Low Cost EASi application to determine the submission date. USPS will no longer determine submission date.
9. Eliminated the load capacity limit for personal use pickup trucks and vans.

In 2016, CAARP worked with CDI to complete the implementation of the provisions of AB 1024 (Hueso 2011), which provides for the establishment of an online producer and web portal, to process online

applications for program-eligible consumers. This web-based product is intended to allow consumers to apply for the CLCA program directly online, without having to physically visit a producer's office.

A Request for Proposal was initiated in 2015 to solicit a producer to provide this service to eligible drivers in California. Pacific Preferred Insurance was selected upon completing the RFP process.

The Primary Online Producer (POP) web portal was successfully implemented and available to the public on February 2, 2016. It has allowed for greater connectivity to consumers, provides a safe and secure means to upload eligibility documents, and allows for an electronic payment option.

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 2016 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 benefit underserved communities throughout California.

Household incomes of all policyholders do not exceed established federal policy guidelines. In fact, CAARP statistics show that approximately 82% of policies issued in 2016 were issued to applicants whose household income was at or below \$20,000 per year. Also, while the 2016 law stated that an applicant's vehicle at the time of application cannot exceed \$25,000, the predominant (84%) vehicle value for policies issued in 2016 was less than \$5,000.

Applications assigned in 2016 totaled 10,959, 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 2016, 94% 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.

STATUTORY REVISIONS

During 2017 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 2017 Legislative session.

IMPEDIMENTS TO SUCCESS

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

Eligibility Criteria

Strict eligibility requirements such as qualifying as a “good driver” (as defined in California Insurance Code section 1861.025) and all vehicles in the household (all persons who can be claimed on a Federal or State Income Tax form) must enroll in CLCA continued to be problematic for the CLCA program during 2016.

Although in 2015, with the passage of SB 1273, the eligibility requirements of the program were changed to allow drivers with less than three years driving experience to participate in the program, with a sound premium surcharge rate of 30%, and the definition of household was changed to reduce restrictions, these criteria remained top barriers for consumer eligibility at a rate of 50%.

The statistics reflect that eligibility is an impediment to participation. In 2016, approximately 109,074 Californians expressed interest in the program, while only 44,621 were deemed eligible. In other words, only 41% of those who sought out the program were eligible to participate in it. Roughly, another 13% of consumers are deemed ineligible upon meeting with a producer. Also of note, of those consumers deemed eligible, 38% (16,031) took no further steps to meet with a producer or apply online.

Converting “eligible” applicants into “insured” motorists

For 2016, 44,621 people were deemed eligible for CLCA, but only 37% of those eligible (16,654 applicants) visited a producer or applied online to complete the process of purchasing a CLCA policy. In 2016, the CLCA program experienced a 3.5% decrease from 2015 in policies assigned. Increased rates coupled with increased competition also play a critical role in policies assigned.

Increasing the number of eligible applicants who visit a producer could increase the number of CLCA policies sold to motorists, however, even with numbers of eligible consumers fluctuating across 2016, sales remained consistent month-to-month. In addition, applying online was the preferred application method for consumers, however, roughly 47% of initiated applications were not completed and submitted for producer review and follow-up. For 2017, CDI will continue to identify ways to increase consumer engagement upon being deemed eligible.

CONCLUSION

The program has proudly met the success measures outlined in statute and CDI will continue to work aggressively in 2017 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.