

California's Low Cost Automobile Insurance Program  
Sponsored by the California Department of Insurance

**2023 Report to the Legislature &  
Consumer Education and Outreach Plan**

Prepared for the California State Legislature March 15, 2022, 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 (HELP)

Website: [www.mylowcostauto.com](http://www.mylowcostauto.com)

Facebook: [www.facebook.com/mylowcostauto](http://www.facebook.com/mylowcostauto)

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

## **Table of Contents**

Executive Summary	3
The Program	4
Funding For Program Outreach	7
Summary Of 2022 Activities	8
The Rates	14
Outreach And Advertising Plan	15
California Automobile Assigned Risk Plan (CAARP)	18
Determination Of Success	19
Statutory Revisions	20
Impediments To Success	21
Conclusion	22

## **Executive Summary**

The California Low-Cost Auto Insurance (CLCA) program is a state-sponsored program that makes auto insurance affordable. CLCA is designed to provide income-eligible drivers affordable rates to meet California's mandatory insurance law.

CLCA went into effect in 2000 and has provided auto insurance coverage to more than 196,589 California drivers since its inception. In the year 2022, there were a total of 9,981 new applications assigned, 13,984 canceled policies, 15,948 renewed policies, and 1,427 policies reinstated. At the end of 2022, there were a total of 16,371 active policies. According to the California Assigned Risk Plan (CAARP), approximately 77% of applications assigned were from uninsured motorists at the time of their CLCA policy application.

As we are slowly resuming day-to-day operations, more drivers are in search of insurance; a steady increase in visits to the CLCA website evidences this. In 2022 there were 82,935 first-time visits to the CLCA website compared to 71,559 first-time visits in 2021, which shows an increase of 16 percent.

Since its inception, the program has continued to evolve through legislative changes to better meet the needs of California drivers, allowing more Californians to participate. In 2020, SB 570 (Rubio, Chapter 274, Statutes of 2019) extended the CLCA program repeal date to January 1, 2025, eliminated gender distinction in rate surcharge, allowed for students claimed as dependents to purchase a plan in the program, and extended the annual eligibility recertification to three years.

**During 2022, the California Department of Insurance (CDI) and CAARP have made the following improvements regarding the program:**

- Hosted webinars designed to inform and engage CLCA Certified Producers by sharing communication assets available at no cost to Producers to utilize in their own community outreach efforts
- Launched a new analytics system through QR codes to determine where outreach materials are the most successful

## The Program

Pursuant to Vehicle Code Section 16020 California law requires all drivers of vehicles within the State maintain evidence of financial responsibility. The Department of Motor Vehicles requires that car owners provide proof of auto liability insurance in order to register their car. According to the Insurance Information Institute, approximately 16 percent of all cars on California’s roads are uninsured. California’s Low Cost Automobile Insurance Program (CLCA) was established by the Legislature in 1999 and exists pursuant to California Insurance Code Section 11629.7 as a program designed to provide income-eligible persons with auto liability insurance at affordable rates as a way to meet California’s financial responsibility laws.

The CLCA Program was established under the California Department of Insurance (CDI) and began operation in 2000 as a pilot program for the counties of Los Angeles and San Francisco. This program remained as a pilot program for those counties until April 2006 when the Legislature authorized expansion of the program into all 58 counties of the State as deemed necessary by the California Insurance Commissioner.

Currently, there are approximately 20,000 policies enrolled in the CLCA program. The policies are sold by licensed insurance agents or brokers (called “Producers”) and issued by California licensed insurance companies. The application process, and the assignment of applications to insurance companies, is managed by the California Automobile Assigned Risk Plan (CAARP).

### **To be eligible, applicants must meet the following requirements:**

- Have a valid California driver’s license, including AB 60 license
- Own a vehicle valued at \$25,000 or less
- Be at least 16 years of age
- Have a good driving record
- Meet income eligibility requirements

Income eligibility requirements per household (“household” is defined as all persons listed on a federal or state income tax form) effective 2022 are:

- |            |             |
|------------|-------------|
| • 1 person | \$32,200.00 |
| • 2 people | \$43,550.00 |

- 3 people \$54,900.00
- 4 people \$66,250.00
- 5 people \$77,600.00

The applicant must provide proof of household income and/or proof of supplemental statewide or federal assistance program enrollment, which may include: CalFresh, CalWORKS, California Lifeline, LIHEAP (Low Income Home Energy Assistance), Medi-Cal/Medicaid, State of CA Employment Development Department (EDD), Supplemental Security Income (SSI), Social Security/pension, tax returns, W-2 form, 1099 form, or payroll stub.

**THE POLICY**

California Insurance Code Section 11629.745 provides that an agent or broker (producer) shall inform every prospective automobile insurance policyholder of the existence of the CLCA program when an applicant inquires about a policy for minimum limits. If the consumer qualifies for the policy and wishes to purchase the policy, the producer is required to submit the application and supporting documentation into the California Automobile Assigned Risk Plan (CAARP) for issuance of the policy. If the producer is not certified by CAARP, the producer is required to provide the toll-free telephone number for CAARP as an option for coverage.

The program provides affordable, liability-only auto insurance that meets the state’s financial responsibility laws as outlined in California Insurance Code Section 11629.71. The policy limits are as follows:

**CLCA Basic Liability Policy limits:**

- \$10,000 bodily injury or death per person
- \$20,000 bodily injury or death per accident
- \$3,000 property damage liability per accident

Consumers could have added more coverage for an additional charge of \$39-\$104 per year:

- \$1,000 medical payments per person
- \$10,000 uninsured motorist bodily injury per person

- \$20,000 uninsured motorist bodily injury per accident
- The program does not offer comprehensive or collision coverage (coverage that will repair the driver's own vehicle after an accident) but this coverage can be purchased from an insurance agent in addition to the CLCA policy.
- As stated above, uninsured motorist coverage is available to consumers at an additional premium charge.
- The policy has an initial term of one year and is renewable on an annual basis thereafter.
- The policy covers the person named in the policy (named insured), and any other operator of the automobile, provided the use is permissive and consistent with the scope of the permission granted to the user. However, the policy contains an exception to members of the named insured's household who do not satisfy the eligibility requirements of California Insurance Code Section 11629.73.
- CLCA policies are issued by insurance companies holding certificates of authority issued by the California Department of Insurance (CDI)

### **APPLICATION PROCESS**

Consumers can apply for CLCA online at the [mylowcostauto.com](http://mylowcostauto.com) website, call toll free 866-602-8861, or find a nearby insurance agent/broker. Once the consumer submits their application, a representative (or their insurance agent) will confirm all information and obtain the proof of income. Once payment is processed online or over the phone, the consumer will e-sign the documents, a temporary insurance card will be issued representing the consumer's proof of insurance. Within 45 days an insurance carrier will be assigned to manage the policy.

The insurance carrier assigned in 2022 were either AIPSO or one of the two limited assignment distribution (LAD) insurance carriers: 21st Century Insurance Company or Integon Insurance Company." Within 45 days, the insurer will contact the consumer and send them an Insurance Declaration Page and an additional insurance card. The assignment period is for 36 consecutive months but if the consumer wishes to continue with their CLCA policy they must complete a renewal questionnaire and return it to the insurance carrier on an annual basis.

## **Funding For Program Outreach**

The California Department of Insurance is tasked with advertising and informing the public about the California Low Cost Auto Insurance Program. The California Low Cost Auto Insurance Program is funded by a \$.05 special purpose assessment on each vehicle insured in the state. Estimated funding for 2023 is up to \$1.2 million.

The use of the funding is estimated as follows:

Estimated Funding For 2023:

Budget Marketing and Advertising \$1,110,000.00

Materials Development and Production \$90,000.00

Total Budget 2023 \$1,200,000.00

## **Summary Of 2022 Activities**

In 2022, the California Department of Insurance (CDI) contracted with Sherpa Marketing Solutions, Trimex Outdoor Inc., Cordoba Consulting Services, Foundation for California Community Colleges, and Radiowave on the development and implementation of marketing and advertising efforts in local communities across the state. The scope of work included partnerships with community-based non-profit organizations more attuned to our diverse communities, media support, and development of diverse communication materials. In addition, CDI continued its bi-annual, best-practices webinars with CLCA Certified Producers designed to share program updates and maximize program visibility.

As Californians resume daily activities outside the home and slowly came of out the pandemic, in-person events became more accessible. Because of this, there was opportunity to join an abundance of different events throughout the State and inform the public of the program. Partnerships were established with Senate and Assembly district offices and local non-profit organizations that had similar goals of informing the community of local resources.

Social media outreach along with virtual meetings and presentations continued ensuring those who wanted to practice precaution had an alternative option. The CDI outreach team was flexible and accommodating to continue its mission of informing the community, fully adapting to the ever-changing societal conditions put before them.

### **Social media strategy has focused on compelling and relevant social media messages and key points:**

- Affordable auto insurance that fits your budget
- Drive with confidence and peace of mind because you have the auto insurance coverage you need
- CLCA is a state-sponsored program

181 Presentations, Meetings, and Events

57,974 Informational Materials Distributed



48,273,365 Outreach and Social Media Impressions

## **EDUCATIONAL MATERIALS**

The educational materials continue to use more user-friendly versions, reminding consumers that if they qualify for State and county benefits they may qualify for the CLCA program. Each of the educational materials now includes a QR code that can be scanned with cell phones leading potential consumers to the mylowcostauto.com website and providing the option to apply through their mobile devices at their convenience.

The improved marketing strategy utilizes a brand-new analytics system through dynamic QR codes usage. This technology allows us to determine whether consumers are successfully accessing the information.

The marketing materials used by producers, nonprofit agencies and elected leaders ranged from large posters, flyers, postcards, and rackcards. All materials are offered in English and Spanish, with other downloadable materials available in nine other languages. These materials can be acquired, at no charge, by ordering or downloading the digital version that is on the CLCA website.

## **PARTNERSHIPS**

### **Sherpa Marketing Solutions**

Until June 2022, Sherpa Marketing Solutions continued its strategy of marketing to California consumers by developing diverse communication materials in over 10 languages for distribution by nonprofit groups and CLCA Certified Producers. CLCA messaging was reinforced with the development and production of educational videos.

These videos were utilized by the CDI outreach team during community meetings as well as CLCA digital media platforms, which were shared with elected officials throughout the state to help disseminate the information. Production included videos in English, Spanish and Hmong.

### **Trimex Outdoor, Inc.**

A community-based advertising campaign featured three different types of outreach including CLCA posters (60x30), 8x8 Countertop Ad and 4x8 Take-One

brochure boxes at 282 laundromats located within the specified underserved communities identified by CDI. Collectively, the public viewed CLCA messaging more than 30 million times over the year.

Statistics show that low-income renters are the primary users of laundromats, where 87% of customers live within a mile of the facility and the median household income is \$28,000.

### **The campaign covered 6 Regions throughout the State.**

Region 1: Los Angeles, Orange County, Oxnard-Ventura, San Gabriel

Region 2: Santa Maria, Fresno, Modesto, Earlimart, Parlier, Lamont, Freedom

Region 3: Stockton, San Joaquin, San Jose, Oakland, Redwood City, Richmond

Region 4: Sacramento

Region 5: San Bernardino-Riverside, Coachella Valley

Region 6: San Diego, Imperial Valley

### **Cordoba Consulting Services**

#### **Consumer Research**

To understand the needs of consumers further and to ultimately improve our outreach strategy, CDI sought to learn consumers' opinions and behaviors toward the CLCA program. A two-part study of California drivers was designed in partnership with LA-based research and strategy firm Cordoba Consulting Services (CCS).

#### **Qualitative Research**

For the first phase of the study, CCS conducted qualitative research among identified groups across California in order to:

- Explore the opinions and behavior of existing and lapsed CLCA customers
- Gauge awareness and interest among eligible consumers who may be driving without insurance

Eighteen (18) focus groups were conducted from August 16 to September 1, 2022. The focus groups were a diverse demographic across California, with an

emphasis on underserved zip codes. All sessions were conducted virtually via Zoom. An additional nine (9) in depth one-on-one phone interviews was conducted among uninsured drivers to explore their journey to obtaining affordable auto insurance, gaining deeper insights into how we can better serve the uninsured population. There was a total of 125 participants in the qualitative portion of the study. Groups were offered in English or Spanish.

**All respondents were selected to meet the following criteria:**

- Age 18+ and self-identify as Caucasian, African American, Latino, Asian American, Native American, mixed, or other
- Licensed to drive in CA; own a car/drive regularly/good driving record
- Meet income eligibility requirement
- Uninsured, insured by CLCA, or a past participant of the CLCA

**Quantitative Research**

The second part of the consumer study consisted of a survey of 1,050 California adults who meet the eligibility criteria for CLCA. Both current and qualified uninsured drivers were surveyed. Approximately two-thirds of the respondents were contacted online and the remaining one-third by phone, text or online pop-up survey, in order to reach the most representative group of participants possible. The length of the survey was approximately 15 minutes. The survey was conducted in November and December 2022.

The research yielded actionable insights into customer satisfaction and improvements to the program, as well as how to better reach uninsured California drivers who may qualify for the CLCA program.

- The CLCA program enjoys high customer satisfaction. However, changes could be made to the program, such as improved customer service.
- Awareness of the CLCA program continues to be an issue, especially among income-eligible uninsured.

**Foundation for California Community Colleges**

CDI partnered with the Foundation for California Community Colleges (FCCC) to bring awareness of the California Low-Cost Auto Insurance Program to their

student population. Through this partnership, FCCC provided opportunities for community college students to learn about the CLCA program.

FCCC raises awareness of CLCA by developing strategic outreach to these students in partnership with campus liaisons. FCCC trains student ambassadors to provide peer-to-peer outreach directly to students and student organizations.

Additionally, FCCC is creating and developing student-friendly outreach materials for dissemination across the California Community College system and conducting social media marketing to reach all 115 campuses and surrounding communities.

**FCCC 2022 Summary**

Materials Disseminated	Social Media (Impressions)
3,260 CLCA Posters 163 CDI Posters 163,000 Bilingual Postcards 73,350 Stickers	490,914 Views

In 2022, FCCC conducted two social media campaign ads across multiple platforms (Facebook, Instagram, Twitter, and LinkedIn). The two campaign ads delivered 490,914 views across all social media platforms.

Additionally, a digital outreach toolkit was developed and is located on the FCCC website. The digital toolkit provides our college partners with social media images and ready-to-copy examples of social media content. Digital outreach is encouraged to be shared through the college’s official social media platforms on Instagram, Twitter, LinkedIn, and Facebook.

**Campaign Views:**

**Ad #1**

Facebook	Instagram	Twitter English	Twitter Spanish	LinkedIn
34,811 views	33,644 views	31,358 views	67,851 views	49,420 views

**Ad #2**

<b>Facebook</b>	<b>Instagram</b>	<b>Twitter English</b>	<b>Twitter Spanish</b>
40,388 views	39,584 views	72,625 views	121,233 views

The 68 student ambassadors serve as an advocate to help connect their peers with valuable resources, such as CalFresh, mental health resources, and low-cost auto insurance. This holistic approach supports students’ basic needs. Statewide outreach activities for community college students reached an estimated 3,091 students. Outreach included in-person and virtual events, social media marketing, and material dissemination.

**Department of Motor Vehicles**

CLCA has expanded its partnership with the DMV to air a silent commercial in English and Spanish throughout all 180 field offices. A dynamic QR code was created to capture when the public scanned it with their cellular devices. The ad began airing on October 2022 and the year-end total amount of scans for the English ad was 71 scans, and for the Spanish ad, it was 87 scans.

**Radiowave**

Radio advertisements began airing on 24 stations in four (4) regions of California’s six (6) underserved areas. English and Spanish 15, 30, and 60 second ads of the “You Know You Need Auto Insurance” commercial aired to promote the CLCA program. By using radio advertisements, CLCA ads were able to reach audiences in a larger scale.

The ads collectively aired a total of 2,489 times and the amount of impressions were: 10,868,500.

## **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 2021 and 2022 are shown on the subsequent page. Rates for 2021 and 2022 include a 30% surcharge for unmarried persons 19-24 years old, 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.

## **Outreach and Advertising Plan**

The 2023 Outreach and Advertising plan will continue to build on communication platforms developed in 2022. The California Department of Insurance's (CDI) goal through this campaign will continue to focus on generating visibility for CLCA and decrease the overall number of uninsured motorists in the state. The CLCA program will continue to educate consumers through CDI's outreach team and provide a direct link to the Department for consumer resources. The CDI outreach team will continue its focus on partnerships with legislative district offices, local governments, education and community-based nonprofit organizations to create grassroots awareness of the program.

### **The expected outreach and advertising goals during 2023 include:**

- Increase the number of uninsured drivers enrolled in the CLCA program;
- Increase awareness of CLCA through targeted media and outreach campaigns;
- Maintain and update a consumer-friendly website;
- Develop local and statewide trusted messenger partnerships to increase outreach and education capacity and extend interface that will ultimately reach larger numbers of low-income and hard-to-reach communities;
- Optimize social media and direct marketing and advertising opportunities through partnerships with Federal, State, County and Local City legislative offices and community-based organizations; and
- Enhance partnerships with key state government agencies to increase opportunities for cross functional collaborations

A major resource for the outreach program is organizations serving CLCA specific populations who play an important trusted messenger role to share CLCA information. The team will partner with local elected officials and local community-based organizations to present CLCA educational workshops virtually and when available, in-person at schools, libraries and community centers. The team will also conduct direct outreach and support through other driver-related and income-eligible state programs and services, including the DMV, CalWORKs and County Public Health Offices.

## **Outreach Strategies**

The Outreach and Marketing Teams will work together to complement and reinforce advertising with messaging from trusted sources, such as grassroots and community-based organizations (CBOs), schools, community colleges, local government and law enforcement. This strategy calls for outreach staff to continue to build relationships with legislative and partner organizations that will help deliver the messages through the following strategies:

- **CDI Outreach Team:** Outreach staff are at the core of our outreach strategy as they are responsible for developing relationships with Federal, State and Local community partners.
- **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. Network Partners may be community-based organizations, social service agencies, schools, community colleges and other grassroots organizations.
- **Strategic Statewide Partners:** Strategic Statewide Partners are organizations that serve specific populations, including potential CLCA participants, 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 local senior centers.

## **Advertising Strategies**

The advertising plan will be to develop and execute integrated marketing, communications and community engagement. This effort will include, but not be limited to, regional, in-language, and marketing and communications campaigns throughout the state of California.

## **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 2023, the IS



strategy is to continue working collaboratively with the website host to provide maintenance and support, as well as make improvements that streamline the application process.

## **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 1,279 CAARP certified producers as of January 23, 2023. 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.

## **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 CLCA program rates be sufficient to cover losses and expenses incurred by policies issued under the program. Rate-setting standards also require rates to 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, program rates in 2022 generated sufficient premiums to cover losses and expenses incurred by CLCA policies. In 2022, the program issued claim payments in the amount of \$3.7M+.

### **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 250% of the federal poverty limit. In 2022, CAARP statistics show approximately 82% of policies issued were 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 vehicle value for policies issued in 2022 was less than \$5,000.

### **CLCA program offered access to previously uninsured motorists, thus reducing the number of uninsured drivers**

Statistics compiled by CAARP show that in 2022, 77% 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 155,000 formerly uninsured drivers have been or are currently insured through the CLCA program.

## **Statutory Revisions**

During 2023, CDI will continue to monitor participation in the CLCA program against established California Code laws and CAARP Plan Guidelines to determine the need for statutory revisions during the 2023 Legislative session.

## **Impediments to Success**

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

### **Modernized Customer Service**

CLCA consumers want improved customer service, including paying their premium online without an extra transaction fee. Currently, CLCA consumers pay different customer service fees depending on their carrier. CLCA consumers would like to utilize the same services that are customarily provided by insurance carriers.

### **Expansion beyond liability coverage**

Many consumers purchase vehicles using car loans, and most auto loans require car insurance that covers physical damage to the consumer's vehicle, which is not available for purchase through the CLCA program. Therefore, income-eligible consumers cannot participate in CLCA due to the program's focus on liability-only insurance.

## **Conclusion**

The CLCA program successfully accomplished all requirements outlined by statutes and continues to track the program's analytics while being responsive to emerging challenges and opportunities. CDI will continue to work aggressively in 2023 to spread awareness of the CLCA program and will continue to advocate for greater accessibility on behalf of low-income eligible motorists.