

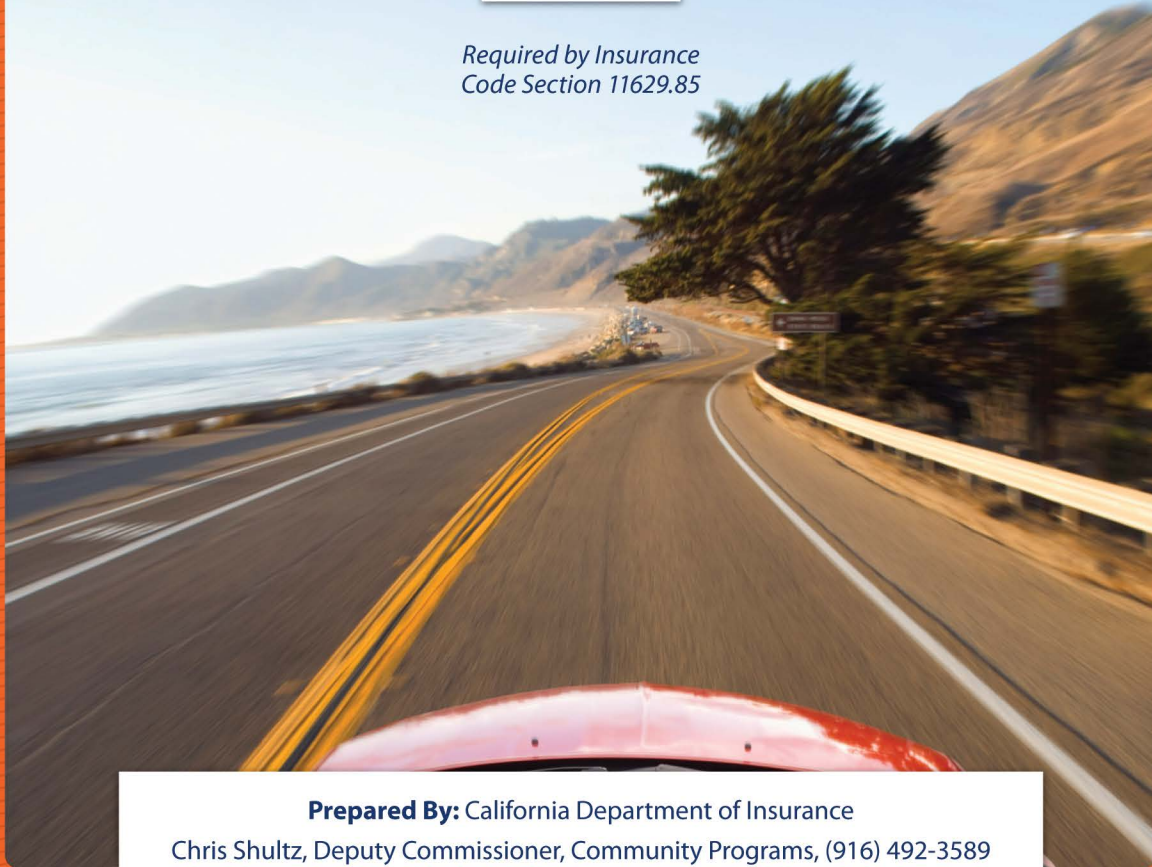


CALIFORNIA'S LOW COST AUTO INSURANCE

Report to the Legislature & Consumer Education and Outreach Plan

2012

*Required by Insurance
Code Section 11629.85*



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California Low Cost Automobile Insurance Program's Hotline: 1-866-602-8861

Consumer website: www.mylowcostauto.com

Facebook Page: www.facebook.com/mylowcostauto

CAARP website: [www.aipos.com/PlanSites/CaliforniaLow Cost.aspx](http://www.aipos.com/PlanSites/CaliforniaLow%20Cost.aspx)

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EXECUTIVE SUMMARY

California's Low Cost Automobile Insurance Program (CLCA) continues to demonstrate solid results for Californians.

Since the program's inception, 79,629 Californians have applied for insurance through the program, of which 66,375 assignments were made. Approximately 59% of the assigned motorists had previously been uninsured. There were 9,791 policies in force at the end of 2011.

Recent changes to the program include implementing a temporary proof of insurance card, thus eliminating the two-week wait for mailed proof of insurance cards needed to register a car with DMV; accepting payments via debit and credit cards; and testing advertising methods like buses, laundromats and gas pump toppers.

The California Department of Insurance has an aggressive public relations campaign for 2011 and 2012, including launching a new website at www.mylowcostauto.com and paid advertising and related publicity in targeted areas.

The Insurance Commissioner is a strong advocate for the program, having successfully extended the sunset as a legislator, and welcomes suggestions from the public and the Legislature about how to improve the program.

This report is the California Department of Insurance's report on 2011 activity and 2012 plans required on or before March 1st of each year by Insurance Code Section 11629.85.

THE PROGRAM

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

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

California's Low Cost Automobile Insurance Program 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. The program was expanded on April 1, 2006, March 30, 2007 and October 1, 2007 into 34 additional counties; and on December 10, 2007, the program became available in all 58 counties of the State.

THE ELIGIBILITY REQUIREMENTS

Eligibility requirements for the program are established in California Insurance Code Section 11629.73. In order to participate in the program individuals must meet the following criteria:

- Applicant's annual household income may not exceed 250 percent of the federal poverty level as set out below:

HOUSEHOLD SIZE (PEOPLE)	MAXIMUM INCOME
1	\$27,225
2	\$36,775
3	\$46,325
4	\$55,875
5	\$65,425
6	\$74,975
7	\$84,525
8	\$94,075

(Federal poverty levels are established annually. The above levels are current as of February 2011. The federal government is expected to release the federal poverty levels sometime in early 2012.)

- An applicant must be a “good driver,” defined as having no more than one at-fault property damage accident, or no more than one “point” for a moving violation, but not both, no at-fault accident involving bodily injury or death in the past three years and no felony or misdemeanor conviction for a violation of the California Vehicle Code.
- An applicant must be at least 19 years of age and a resident of the State of California.
- The applicant must have been continuously licensed to drive for the previous three years. In meeting the three year standard, up to 18 months of foreign licensure is acceptable, providing the applicant was licensed to drive in the United States or Canada for the preceding 18 months.
- The value of the vehicle to be insured, at time of purchase of the CLCA policy, may not exceed \$20,000. No more than two low cost policies per person are permitted.
- A CLCA policyholder may not purchase a non-CLCA liability policy for any vehicle in the household. (E.g. all the cars in the household must either be in the CLCA or out of the CLCA program.
- College student-applicants may not be claimed as a dependent on another person's federal and/or State income tax return.

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 policy limits are defined in California Insurance Code Section 11629.71 as follows:

- The policy offers coverage in the amount of ten thousand dollars (\$10,000) for bodily injury to, or death of, each person as a result of any one accident and, subject to that limit as to one person.
- The amount of twenty thousand dollars (\$20,000) for bodily injury to, or death of all persons as a result of any one accident.
- The amount of three thousand dollars (\$3,000) for damage to property of others as a result of any one accident.
- Medical payments coverage is available to the consumer at an additional premium charge for the coverage.
- Uninsured/Underinsured coverage is available to the consumer at an additional premium charge for the coverage.
- 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.
- 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. (See Eligibility Section above.).
- CLCA policies are issued by insurance companies holding certificates of authority issued by the California Department of Insurance (CDI).

CAARP offers the following payment options for CLCA policies:

- Full Annual Premium
- \$125 deposit with balance to be paid within 30 days.
- Option 1 = \$100 deposit with balance to be paid in 6 bi-monthly installments.
- Option 2 = \$125 deposit with balance to be paid in 5 bi-monthly installments.
- Option 3 = Deposit of 15% of total premium with balance to be paid in 6 bi-monthly installments.

THE RATES

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

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

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

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

When the CLCA program began rates were established for Los Angeles and San Francisco counties only.

The following chart of rates compares the rates for all 58 counties from their inception into the CLCA program up to present. Current rates for the CLCA program were approved on December 20, 2010.

COUNTY	2000 2002	2003 2005	2006	2007 2008	2009	2010	2011
Alameda			\$322.00	\$318.00	\$272.00	\$314.00	\$314.00
Alpine				\$311.00	\$274.00	\$264.00	\$264.00
Amador				\$280.00	\$262.00	\$264.00	\$264.00
Butte				\$253.00	\$233.00	\$277.00	\$277.00
Calaveras				\$275.00	\$232.00	\$264.00	\$264.00
Colusa				\$284.00	\$252.00	\$277.00	\$277.00
Contra Costa			\$317.00	\$313.00	\$267.00	\$314.00	\$314.00
Del Norte				\$285.00	\$243.00	\$277.00	\$277.00
El Dorado				\$285.00	\$263.00	\$264.00	\$264.00
Fresno			\$299.00	\$295.00	\$258.00	\$248.00	\$248.00
Glenn				\$288.00	\$255.00	\$277.00	\$277.00
Humboldt				\$263.00	\$237.00	\$277.00	\$277.00
Imperial			\$210.00	\$208.00	\$161.00	\$264.00	\$264.00
Inyo				\$271.00	\$253.00	\$264.00	\$264.00
Kern			\$239.00	\$236.00	\$254.00	\$264.00	\$264.00
Kings				\$273.00	\$222.00	\$248.00	\$248.00
Lake				\$268.00	\$217.00	\$277.00	\$277.00
Lassen				\$286.00	\$269.00	\$277.00	\$277.00
Los Angeles	\$450.00	\$347.00	\$355.00	\$350.00	\$368.00	\$358.00	\$358.00
Madera				\$253.00	\$223.00	\$248.00	\$248.00
Marin				\$297.00	\$274.00	\$314.00	\$314.00
Mariposa				\$279.00	\$251.00	\$264.00	\$264.00
Mendocino				\$260.00	\$224.00	\$277.00	\$277.00

COUNTY	2000 2002	2003 2005	2006	2007 2008	2009	2010	2011
Merced				\$267.00	\$238.00	\$248.00	\$248.00
Modoc				\$292.00	\$258.00	\$277.00	\$277.00
Mono				\$286.00	\$259.00	\$264.00	\$264.00
Monterey				\$210.00	\$198.00	\$248.00	\$248.00
Napa				\$277.00	\$243.00	\$277.00	\$277.00
Nevada				\$263.00	\$251.00	\$264.00	\$264.00
Orange			\$312.00	\$308.00	\$295.00	\$358.00	\$358.00
Placer				\$314.00	\$284.00	\$264.00	\$264.00
Plumas				\$276.00	\$241.00	\$277.00	\$277.00
Riverside			\$246.00	\$243.00	\$262.00	\$264.00	\$264.00
Sacramento			\$383.00	\$378.00	\$361.00	\$314.00	\$314.00
San Benito				\$274.00	\$253.00	\$248.00	\$248.00
San Bernardino			\$283.00	\$280.00	\$274.00	\$264.00	\$264.00
San Diego			\$268.00	\$265.00	\$264.00	\$264.00	\$264.00
San Francisco	\$410.00	\$314.00	\$322.00	\$336.00	\$302.00	\$314.00	\$314.00
San Joaquin			\$295.00	\$292.00	\$278.00	\$314.00	\$314.00
San Luis Obispo				\$226.00	\$226.00	\$248.00	\$248.00
San Mateo			\$307.00	\$303.00	\$287.00	\$314.00	\$314.00
Santa Barbara				\$220.00	\$231.00	\$248.00	\$248.00
Santa Clara			\$290.00	\$286.00	\$261.00	\$314.00	\$314.00
Santa Cruz				\$252.00	\$213.00	\$248.00	\$248.00
Shasta				\$260.00	\$242.00	\$277.00	\$277.00
Sierra				\$297.00	\$272.00	\$264.00	\$264.00
Siskiyou				\$259.00	\$216.00	\$277.00	\$277.00
Solano				\$304.00	\$271.00	\$277.00	\$277.00
Sonoma				\$270.00	\$251.00	\$277.00	\$277.00
Stanislaus			\$359.00	\$354.00	\$307.00	\$314.00	\$314.00
Sutter				\$291.00	\$279.00	\$314.00	\$314.00
Tehama				\$280.00	\$235.00	\$277.00	\$277.00
Trinity				\$288.00	\$253.00	\$277.00	\$277.00
Tulare				\$222.00	\$209.00	\$248.00	\$248.00
Tuolumne				\$279.00	\$249.00	\$264.00	\$264.00
Ventura				\$280.00	\$267.00	\$264.00	\$264.00
Yolo				\$286.00	\$257.00	\$277.00	\$277.00
Yuba				\$286.00	\$260.00	\$264.00	\$264.00

If there is a single male driver in the household who is 19-24 years-old, the Liability Rate is surcharged an additional 25%.

Note: In Spring 2012, rates are expected to be reduced by an average of 4 percent.

THE APPLICATION PROCESS

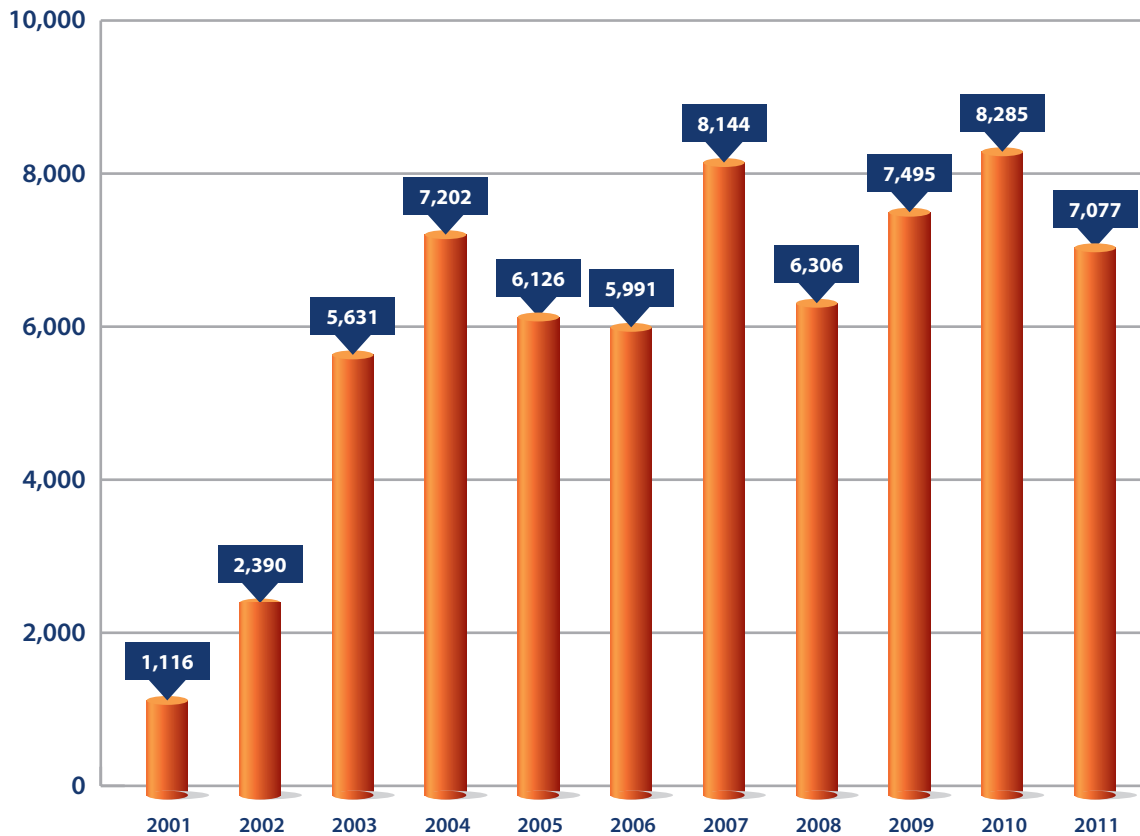
The application process for the CLCA program has become increasingly convenient over the years, with the introduction of the online application process for producers referred to as EASi. The EASi application was implemented in November 2004. This process performs a preliminary eligibility qualification check by pulling the motor vehicle record of the insured to see if they meet the driving requirements of the program along with the other criteria for eligibility.

Producers are also able to download a paper version of the application, which is available in ten languages for manual submission to the CAARP.

There are approximately 2,697 currently active producers in California who are CAARP certified to write CLCA policies.

The CLCA program was only available in Los Angeles and San Francisco during the first six years of the program. During that time, applications assigned were tracked together, not separately by county. These totals are reflected in the graph below.

Total Applications



Applications Assigned Annually by County Since 2006

COUNTY	2006	2007	2008	2009	2010	2011
Alameda	75	150	142	144	228	152
Alpine		0	0	0	0	0
Amador		0	1	4	0	4
Butte		16	51	115	77	54
Calaveras		1	11	14	6	12
Colusa		0	1	3	3	0
Contra Costa	10	113	84	117	118	97
Del Norte		0	3	0	0	0
El Dorado		1	27	35	45	47
Fresno	74	144	93	378	310	267
Glenn		0	3	4	6	0
Humboldt		1	14	40	38	25
Imperial	3	76	39	48	54	21
Inyo		0	0	2	2	0
Kern	3	55	52	121	120	107
Kings		0	3	17	26	14
Lake		0	5	7	12	5
Lassen		0	1	1	1	0
Los Angeles	5,143	5,235	3,354	2,984	3,025	2,701
Madera		0	4	12	14	14
Marin		2	16	18	21	24
Mariposa		0	0	10	4	4
Mendocino		1	3	4	4	2
Merced		26	25	68	90	11
Modoc		0	0	0	1	1
Mono		0	0	0	1	0
Monterey		15	30	45	59	4
Napa		0	5	7	7	14
Nevada		0	20	23	12	5
Orange	75	220	201	278	576	319
Placer		2	22	59	44	38
Plumas		0	1	1	0	0
Riverside	93	323	320	346	462	431
Sacramento	35	276	393	539	444	372
San Benito		0	1	2	6	19
San Bernardino	67	295	201	320	477	473
San Diego	134	359	291	326	443	376
San Francisco	211	241	163	197	208	212
San Joaquin	37	116	114	185	154	146
San Luis Obispo		0	20	39	32	21
San Mateo	10	63	35	45	52	51

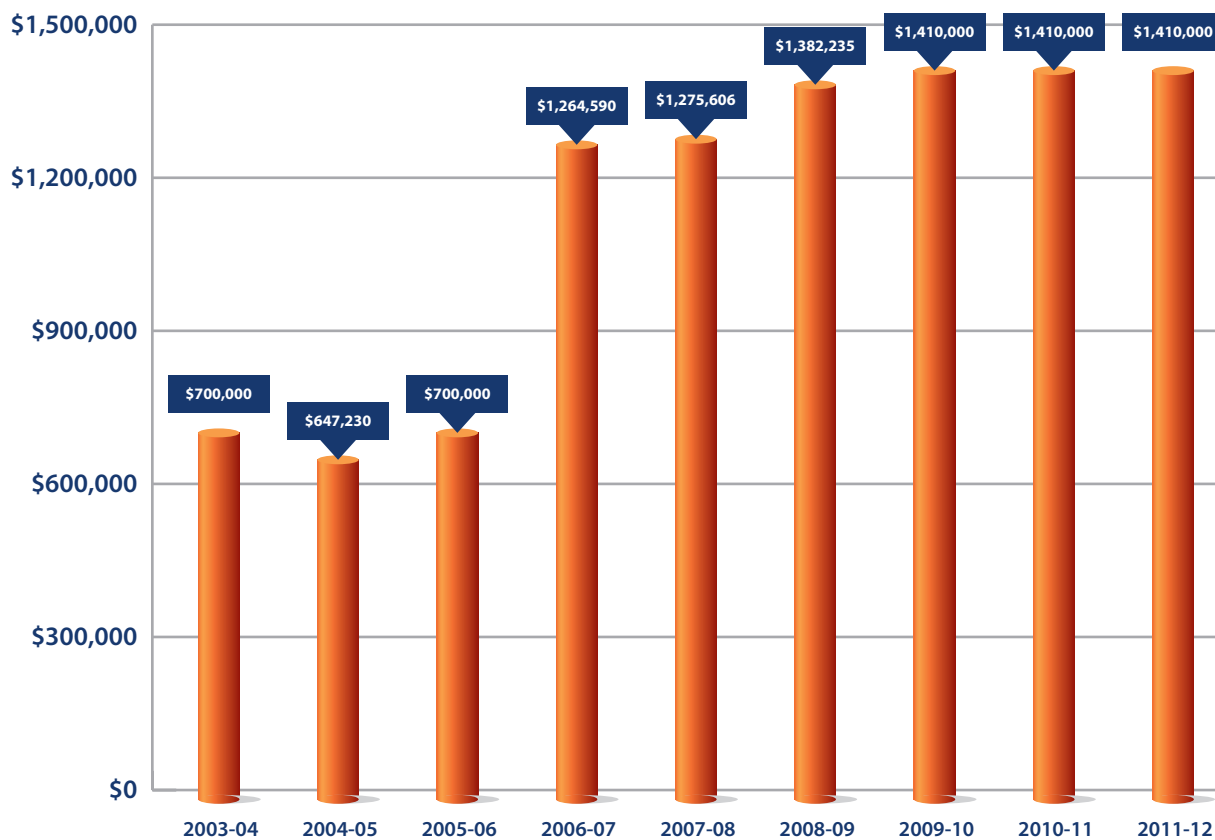
COUNTY	2006	2007	2008	2009	2010	2011
Santa Barbara		19	16	16	19	2
Santa Clara	17	163	170	199	210	146
Santa Cruz		0	2	20	42	56
Shasta		6	49	175	162	121
Sierra		0	0	0	0	0
Siskiyou		0	1	9	7	3
Solano		5	13	26	60	58
Sonoma		61	50	60	84	6
Stanislaus	4	60	71	154	222	167
Sutter		2	11	17	22	13
Tehama		0	6	25	14	14
Trinity		0	2	3	3	0
Tulare		31	28	71	67	4
Tuolumne		2	14	10	18	11
Ventura		63	92	89	109	3
Yolo		0	17	44	50	47
Yuba		1	15	33	33	50
Totals	5,991	8,144	6,306	7,509	8,285	7,077

FUNDING FOR PROGRAM OUTREACH

The legislation that created the CLCA program in 1999 did not provide funding for consumer education and outreach. In 2000, CDI initiated a consumer education and awareness campaign to inform consumers of the availability of the program.

AB 1183 (Vargas 2005) established and AB 601 (Garrick 2009) extended a \$0.05 special purpose assessment on each vehicle insured in the state to inform consumers about California's Low Cost Auto Insurance Program. This revenue source is projected to generate \$1,468,495 in FY 2011-12 and expenditures are projected at \$1,410,000. The authority for the special purpose assessment is scheduled to sunset on January 1, 2015.

Budget Allocations for Outreach Activities Since Inception



2011 CONSUMER EDUCATION AND OUTREACH

Within CDI there exists the Community Programs Branch (CPB), which works to connect with consumers and communities. To achieve this mission, CPB creates and sustains collaborative partnerships with community groups, consumer organizations, small businesses, non-profits, insurance industry organizations, individuals, and government agencies. These partnerships facilitate the dissemination of consumer information on the CLCA program.

Over the course of 2011, CPB enacted many initiatives to garner awareness of CLCA, including community and event sponsorships, earned and paid media as well as outreach and brochure dissemination.

2011 CONSUMER EDUCATION AND OUTREACH BUDGET

For FY 2011-12, CDI allocated \$1,400,000 to promote California's Low Cost Automobile program. The following chart gives a breakdown of CDI's proposed categories of expenditures for this money, followed by the results obtained.

FY 2011 12 ELEMENTS	COST
Consumer Education and Outreach	\$50,000
Materials Development and Production	\$100,000
Community Outreach Events	\$90,000
CLCA Internet Web Page	\$50,000
Earned Media and Advertising	\$1,100,000
Miscellaneous Consumer Education and Outreach Activities	\$10,000
Total	\$1,400,000

Partnership Outreach

During 2011, CDI focused on our continuing partnership with the California Department of Motor Vehicles (DMV). The six DMV offices in zip codes with the highest number of uninsured drivers in Southern California were identified for booth tabling opportunities. Tabling was conducted at DMV offices in Arleta, Pasadena, Fullerton, Westminster, Santa Ana and San Diego. CDI staff was able to connect directly with drivers to explain the CLCA program and encourage drivers to find out if they qualify, distributing approximately 1,200 brochures to interested drivers.

Community College Outreach

For 2011, CDI and its outreach contractor established partnerships with 21 community colleges statewide.

Contractor's staff met with the administration of various colleges and leaders of student groups to explain the CLCA program and encourage their participation as partners. Outcomes included CLCA links on college websites, campus newspaper stories on the program, onsite tabling at campus events, and disseminating information through the administration.

Career Fairs

As the FY 11-12 began, CDI and its outreach contractor identified career fairs within the target markets of Los Angeles, San Diego and the Central Valley. In 2011, one onsite tabling was conducted in Los Angeles. Outcomes included CLCA links on career fair Web pages, CLCA logo placement on distribution materials and disseminating materials to approximately 1,000 attendees.

Collateral Material

For 2011 the core information material distributed was a 12-page, multi-language CLCA brochure. This brochure provided basic information on cost, coverage and eligibility requirements in 11 languages, including: English, Spanish, Chinese, Korean, Hmong, Russian and Tagalog, among others. Additionally, new collateral material was introduced and disseminated, including: E-Grip cards, tip cards, post-it posters, and window clings.

During 2011, CDI distributed approximately 7,000 collateral materials (5,600 brochures, 500 E-grip cards, 700 tip cards, 100 post-it posters and 100 window clings) to community colleges, DMV visitors, and career fair attendees.

Media Outreach

Target Audience

CDI and our outreach contractor determined that the target audience was lower income, younger Latino and African-American males and middle-aged single mothers (segments of the population that are hit particularly hard during an economic downturn).

Media Relations Outreach

CDI's contractor performed extensive media relations efforts around campus outreach that stretched from January to May 2011.

The first phase of the plan focused on traditional media outreach in support of our community college events, CDI deployed the Insurance Commissioner to introduce the program to college students. The efforts culminated in San Diego where Commissioner Jones attended a rally at San Diego City College to engage with students.

CDI's contractor also executed four major events on college campuses and many smaller events at campuses across the state which led to several newspaper and television stories, and secured media briefings at several major ethnic and traditional newspapers statewide.

The second phase included outreach to key California blogs about families and household budgets (so-called "mommy blogs"), cultivating and activating third parties and working with the legislature to communicate with their constituents about the value of the CLCA program.

The third party outreach tapped into a rich and diverse vein of communicators including producers, consumers and community organizations like the Asian Business Association and the Latino Business Association. CDI and our contractor developed a variety of communications pieces for each group's respective use: letters to the editor, newsletter content pieces and other "feature" pieces about the program.

Leveraging the local relationships of legislators who support the program, CDI and our contractor secured two placements about the program in a State Senate newsletter, and crafted a public service announcement script for

senators to use for TV shoots scheduled for early 2012. Our contractor worked with the State Assembly to videotape interviews and begin production on a series of Web reports to feature CLCA producers, consumers and legislators.

CDI and our contractor also pitched the new components of the program (SMS text messaging outreach, new advertising efforts) to traditional and ethnic media, resulting in a wide variety of CLCA information placement on the internet and in newspapers.

Results

In total, media relations efforts resulted in up to 151,924,800 impressions in newspapers, the internet and on television.

Advertising

The 2011 advertising strategy was intended to reach uninsured motorists with a combination of radio, outdoor billboards, ethnic print and public service announcements in the California markets primarily between March and May and October and December 2011.

The strategy was aimed at reaching low-income adults 19+ with an emphasis on Hispanic and African American audiences. The plan utilized outdoor billboard and print advertising along with the “Hard Times” 30 second radio spot. Toward the end of 2011, additional advertising tactics were added into the campaign with an effort to reach the target audience outside of their cars. The newly incorporated advertising avenues included gas pump toppers, bus kings, inside bus posters, the *PennySaver*, and laundromats. All units were chosen based on low income zip codes with high percentages of uninsured drivers.



Left: Bus King



Above: Laundromat Machines



Above: Gas Pump Toppers

Along with radio and outdoor advertising CDI and its contractor placed ethnic print newspaper advertisements throughout key markets, distributed and placed public service announcements throughout the entire state and incorporated online advertising in support of driving traffic to the new website (www.mylowcostauto.com).

The current campaign budget for advertising did not provide the opportunity to advertise in all markets throughout California.

By focusing efforts in fewer markets, CDI was able to receive the best return on investment and effectively reach the target audience. The advertising in 2011 reached a large part of the core audience throughout California by obtaining roughly 472,034,532 total impressions.

Target Markets

Advertising efforts were concentrated in markets with high unemployment rates, a large number of uninsured drivers, and that are poorly served by public transit. The following markets were carefully chosen based on areas with dense populations of the target audience and relatively low costs to effectively reach the audience: Los Angeles, Imperial, Fresno, Bakersfield, Stockton/Modesto and Sacramento.

Radio Advertising Plan

Radio is a primary medium to reach the target audience while they are in their cars. The existing thirty second radio spots conveyed the campaign message and prompted eligible consumers to visit the website. Targeted radio stations were included to reach the following audiences: 1) the general market, 2) Hispanics, 3) African Americans, and 4) seniors.

Radio advertising contributed 80,585,072 total impressions.

Outdoor Advertising Plan

Outdoor billboard posters were placed in key markets in the state. Outdoor advertising allows a high reach with relatively low costs and acts as a supporting medium to radio.

Outdoor billboard advertising contributed 302,200,000 total impressions.

In addition, three CDI pool cars were wrapped with CLCA advertising, and serve as “mobile billboards” as employees travel in the Los Angeles and Sacramento areas.



Above: CLCA Branded Vehicle



Above: Billboard

Ethnic Print Placement

Ensuring the reach of the CLCA message to the Hispanic and African American audience was crucial to the success of this program. A variety of ethnic newspapers fell within key markets to maximize the reach, frequency and delivery of the CLCA message to those audiences in markets that have a high percentage of the target audience.

Several newspapers in the Los Angeles market were chosen to reinforce strong market penetration. Los Angeles also has the largest market for both Hispanic and African American populations throughout the state. Advertisements were strategically placed in the Auto section of the newspapers.

Ethnic print advertising contributed 21,158,249 total impressions.

Public Service Announcements (PSA)

The “Tough Economy” PSA was distributed to TV and radio stations statewide. The 2011 program entailed pushing the message out to a total of 122 radio stations and 310 TV stations in both English and Spanish throughout California.

PSA’s contributed 31,697,338 total impressions.

Online Advertising Campaign

In early 2011 CDI launched a new website, www.mylowcostauto.com. In an effort to drive online users interested in “low cost auto insurance” or “state services” to www.mylowcostauto.com, an online advertising campaign was developed. The campaign included search engine marketing through Google and display advertising; the online campaign was geo-targeted to California.

Online advertising contributed 362,685 total impressions.

Additional Advertising Tactics

In late 2011, supplemental advertising was identified and chosen based on its ability to geo-target by zip code to uninsured drivers and low income areas within designated target markets.

The additional advertising mediums included the *PennySaver*, bus kings and inside bus posters, gas pump toppers, and laundromats.

The new advertising avenues contributed 36,031,188 total impressions.

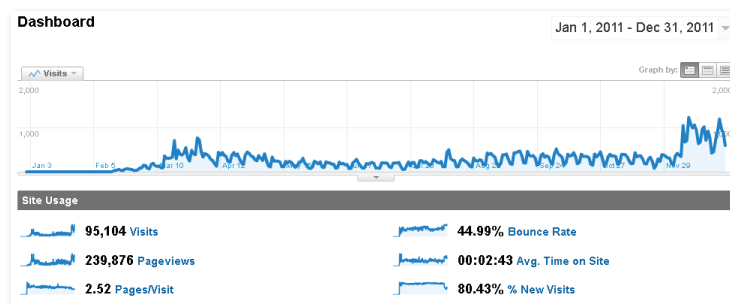
Digital Media Engagement

The following digital media activities were implemented during the 2011 CLCA program:

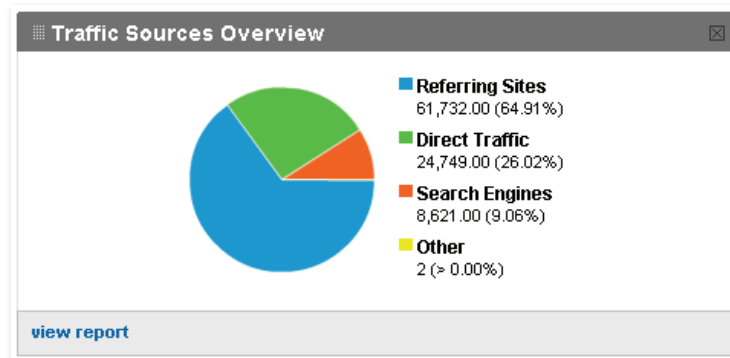
Website Enhancement

The www.mylowcostauto.com website for the CLCA program launched February 2011. The site includes information regarding state program services, eligibility requirements and how to locate a certified CLCA producer in California.

The site has received a total of 76,490 unique visitors and 239,876 page views from February 15, 2011 to December 31, 2011.



Referring sites like www.insurance.ca.gov and www.dmv.ca.gov accounted for 64.91 percent of all traffic to the website. Additionally, 26 percent of traffic to the website was driven by direct traffic. The following chart illustrates the top traffic sources for the mylowcostauto.com website, which is included below.



Overall, the homepage was the most visited location on the website and received 40.31 percent of all page views. The quiz page was the second most visited area of the website, with 18.08 percent of visitors viewing.

Top Content		
Pages	Pageviews	% Pageviews
/	96,690	40.31%
/quiz.php	43,368	18.08%
/index.php	31,221	13.02%
/qualifications.php	27,536	11.48%
/coverage.php	22,942	9.56%

Text Messaging (SMS) Campaign

In late 2011 CDI and our contractor experimented with SMS texting service. Consumers can text “lowcost,” to (65374) for an agent in their area to call or text them directly with information about the CLCA Program. Once users opt in to receive information via text message, they are prompted with two additional questions: 1. “What is your zip code?” and 2. “How did you hear about us?” Both of these questions serve to better understand which communication efforts are reaching our target audience – and where.

In addition, all users who opt in to receive text messages are automatically entered into our database for future communications. This allows us to follow up with interested CLCA candidates to ensure they know how to enroll in the program and/or purchase auto insurance.

Since the SMS campaign launched in early November 2011, CDI has received 1,280 opt-ins and partnered with 71 agents to follow-up with interested consumers. The majority of the campaign SMS opt-in consumers heard about our campaign online and are mainly located in the Los Angeles, San Diego and Sacramento regions.

Social Media

While Facebook does not directly increase CLCA policies, our continued presence on this platform has allowed CDI to achieve the following:

- Reach stakeholders and policy leaders with events, updates and positive news coverage
- Leverage Commissioner Jones’s program involvement
- Increase communication efforts to current CLCA program members and agents to keep them better informed and engaged

The CLCA Facebook page continues to provide unique opportunities for fans to interact and engage with CDI. Since the launch of the page in March 2011 to December 31, 2011, the CLCA Facebook Fan page received 235,789 wall impressions, 25 comments and 91 likes.

Currently, the core information material distributed is a 12-page, multi-language CLCA brochure. This brochure provides basic information on cost, coverage and eligibility requirements in 11 languages, including: English, Spanish, Chinese, Korean, Hmong, Russian and Tagalog, among others.

During 2011, CDI distributed approximately 250,000 CLCA brochures to nearly 1,500 community based organizations for dissemination to their clientele.

Training and Development Opportunity Program

For 2011 CDI continued to provide training & development opportunities for staff at agencies and organizations that serve income eligible consumers. CDI provided the necessary supplies and materials to staffers for distribution to consumers advising of CLCA.

2012 CONSUMER EDUCATION AND OUTREACH BUDGET & PLAN

While the annual report is based on a calendar year, the contracts and budgets associated with this program are based on a fiscal year.

The budget for FY 2012-13 is expected to be \$1.4 million. CDI is currently preparing a Request for Proposal to secure a new advertising and outreach contract for 2012-13, with an option for two one-year extensions. Because the exact 2012-13 expenditures will be based on a Request for Proposal process that is still on-going, the following draft elements are provided.

FY 2012 13 ELEMENTS	COST
Consumer Education and Outreach	\$50,000
Materials Development and Production	\$100,000
Community Outreach Events	\$90,000
CLCA Internet Web Page	\$50,000
Earned Media and Advertising	\$1,100,000
Miscellaneous Consumer Education and Outreach Activities	\$10,000
Total	\$1,400,000

For the period January – June 2012, the following methods will be used to inform consumers about the CLCA program.

Media Relations

Third Party Validators

In 2012 media relations efforts will include use of third party validators to tell the CLCA story in a variety of ways. The third party validators include consumers who have successfully obtained CLCA insurance and producers that support the selling of this product. Each validator will tell their CLCA experience in their own way – via a letter to the editor of their local newspaper, an op ed to their local newspaper or participate in radio interviews. The third party endorsement of the program by people who actually have or sell policies can be an impactful way of reaching others.

Media Roundtables

In 2012 we will convene three media roundtables to educate Spanish and Asian language publications about the availability of the CLCA program, the eligibility requirements and how individuals can apply (two roundtables in Fresno and one in Los Angeles). In the past, these roundtables have been successful in engaging and getting the support of publications that serve specific ethnic communities.

Partnership Outreach

In 2012 partnership outreach efforts will concentrate on establishing partners that help disseminate program information statewide; with an emphasis on establishing partners in the following markets:

- Los Angeles/Greater Los Angeles
- Fresno/Merced County/Stanislaus County
- San Diego/Imperial County
- Northern California

Community Based Organization Partnership Outreach

The following is a partial list of potential partners with which CDI will be conducting outreach:

- **State of California Agencies**
 - Department of Motor Vehicles – CDI staff plan to visit approximately 40 DMV offices to train staff in 2011-12
 - Employment Development Department – CDI staff plan to visit approximately 60 EDD One-Stop Centers to train staff in 2011-12.
- **Consumer Groups**
 - Consumer Action – The Executive Director is on the CAARP Advisory Board
 - Consumer Watchdog – Sponsored AB 1024 9 (Hueso 2011) to implement online application process for consumers.
- **Organized Sports**
 - Professional soccer teams
 - Youth and Adult Soccer Leagues

The outreach efforts will focus on providing organizations with CLCA information in a variety of formats so it can be distributed in a variety of ways (print, online, etc.).

CLCA Collateral Material

The following materials have been developed to promote the program, provide eligibility information, drive motorists to the CLCA website (mylowcostauto.com) and prompt phone calls from consumers who are likely eligible:

- CLCA brochures
- CLCA posters w/tear off information
- CLCA sponsor window clings
- CLCA English/Spanish tip cards

Paid Advertising & Media

The advertising strategy is intended to reach uninsured motorists with a combination of spot radio, outdoor billboards, ethnic print, online advertising and public service announcements in the California markets designed above between January and May 2012.

The strategy is aimed at reaching low-income adults 19+ with an emphasis on Hispanic and African American audiences. The plan is to utilize outdoor billboard and print advertising along with the “Hard Times” 30 second radio spot.

Along with radio and outdoor advertising the recommendation has been made to include ethnic print newspapers advertisements throughout key markets and place public service announcements (radio and TV, English and Spanish) throughout the entire state.

The current contract budget for advertising will not provide the opportunity to advertise in all markets throughout California so advertising efforts will focus on markets with high unemployment rates and a large number of uninsured drivers. By focusing efforts in fewer markets, CDI will be able to receive the best return on investment and effectively reach the target audience.

Target Markets

The following markets were carefully chosen based on areas with dense populations of the target audience and relatively low costs to effectively reach them. Given the state of the economy, it was decided that the unemployment and uninsured motorist rates provide a good barometer to determine the markets with an abundance of potential CLCA participants.

The following markets include: Los Angeles, Imperial, Fresno, Bakersfield, Stockton/Modesto and Sacramento.

Target Audience

For 2012 CDI will continue to focus its efforts towards low income adults ages 18+ with an emphasis on Hispanics, African Americans and seniors.

Radio Advertising Plan

Radio is a primary medium reaching the target audience while they are in their cars. The existing 30 second radio spots will convey the campaign message and drive eligible consumers to the website.

Targeted radio stations will be included to reach the following audiences: 1) the general market, 2) Hispanics, 3) African Americans, and 4) seniors.

Outdoor Advertising Plan

Outdoor billboard posters will be placed in key markets in the state. Outdoor will allow a high reach with relatively low costs and acts as a supporting medium to radio.

General Market Print Placements

In 2012, two print ads were placed in the *PennySaver* (January 4 and January 11) to reach general market audiences in Los Angeles. These two print placements are part of a longer term print ad plan that began in October 2011 and extended into the first two weeks of January 2012.

Ethnic Print Placement

Ensuring the reach of the CLCA message to the Hispanic and African American audience is crucial to the success of this program. CDI will run a print media campaign from April 30 through May 21, 2012 in eight Spanish-language newspapers, four African American newspapers and three Asian Pacific Islander newspapers. All publications fall within key markets to maximize the reach, frequency and delivery of the CLCA message to those audiences in markets that have a high percentage of the target audience.

Gas Pump Toppers

In an effort to reach drivers while they are in their cars, in November 2011 a gas pump topper advertising campaign began in the Fresno, Stockton and Modesto markets. This campaign extended until January 31, 2012 and included CLCA program advertising at 90 gas station locations.

Online

To help users searching for “low cost auto insurance” or “state services” online find www.mylowcostauto.com, an online advertising campaign began in October 2011 and continues through April 2012. The online advertising is geographically targeted to California specific IP addresses and searches. Additionally text and graphic ads are also a part of this effort to reach consumers while online and searching for auto insurance information.

Public Service Announcements (PSAs)

The “Tough Economy” radio and TV PSAs will continue to be pushed for free air time to 122 radio stations and 310 TV stations in both English and Spanish throughout California.

Digital Media Engagement

In 2012, we will continue to promote the mylowcostauto.com website as a source of information, news and updates related to the CLCA Program. We are also planning to translate the site into Spanish to complement our Hispanic outreach efforts. By doing so, the CLCA program will increase its reach to underserved communities and provide information to those who may need it the most.

Text Messaging (SMS) Campaign

In 2012 we will continue the SMS campaign that began in 2011, making it easy for consumers to get connected to an agent via their mobile device phone number. Based on the ongoing success of this effort, additional emphasis may be put on the SMS campaign in the future.

Social Media

CDI and its contractor will continue content development for the CLCA Facebook page. While this page is not a major source of information on the CLCA Program, it does direct visitors to the website and the toll free number for additional information and offers a place to post information, news, events and answer consumer questions.

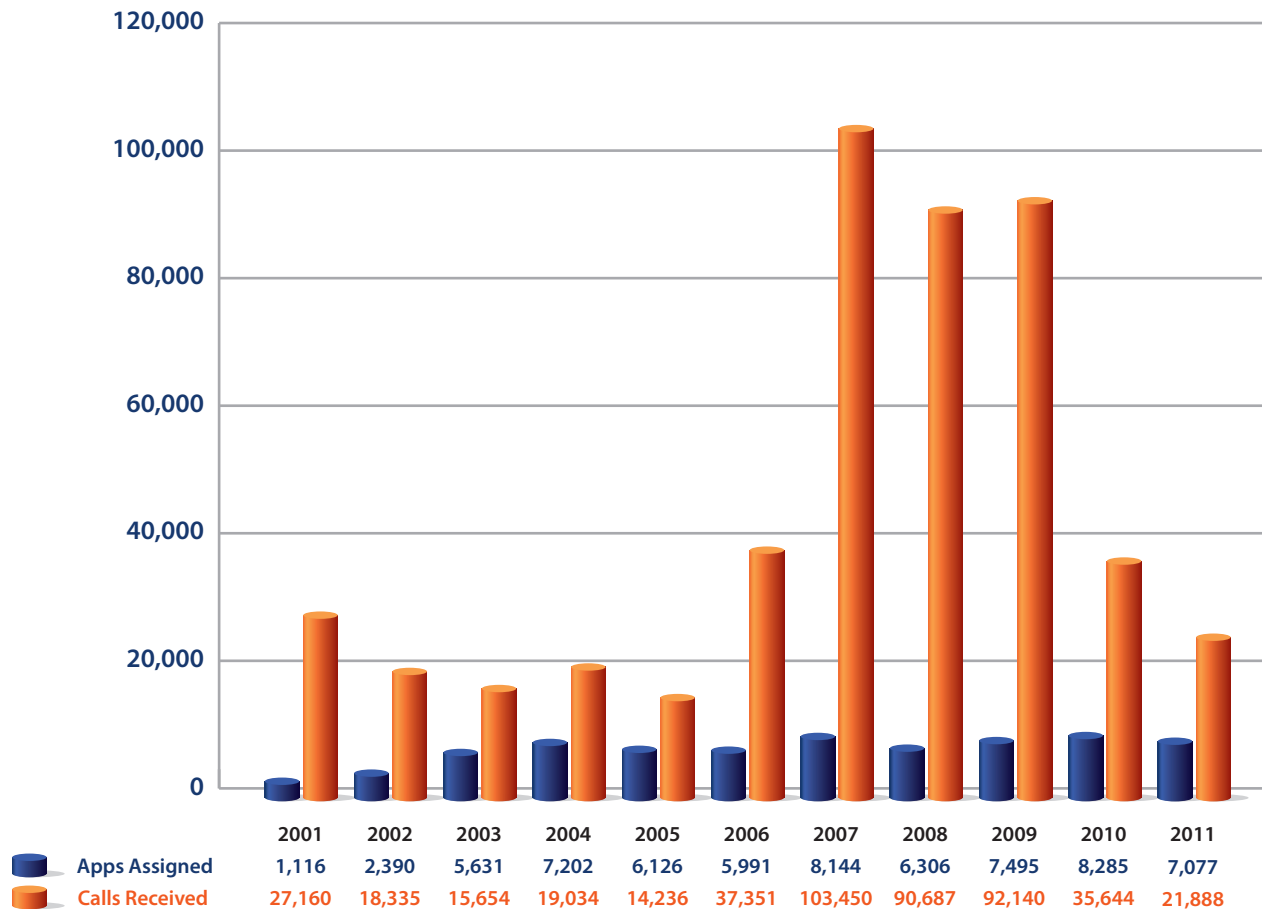
PERFORMANCE MEASURES

2011 CALENDAR YEAR PROGRAM STATISTICS	
Applications Assigned	7,077
Applications Received	7,283
Percentage of Applications Eligible for Assignment:	97%
Policies In Force	9,791
CAARP Hotline Inquiries	21,888
Web Inquiries (www.aipso.com/lowcost & www.aipso.com/bajocosto)	81,975
Web Inquiries (www.insurance.ca.gov/lowcost)	61,182
Web Inquiries (www.mylowcostauto.com)	92,739

According to statistics from CAARP, of the 66,375 applications that have been assigned since inception, approximately 39,363 or 59% of the applicants (who responded to the question regarding previous insurance coverage) were uninsured at the time of applying for a CLCA policy.

A historical view of the calls received vs. applications assigned since the inception of the program is reflected in the following graph:

Total Applications Assigned vs. Total Calls Recieved



DETERMINATION OF SUCCESS

CDI has determined that the California Low Cost Automobile Insurance program addressed each of the success measurements specified in California Insurance Code section 11629.85.

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

California Insurance Code Section 11629.72 provides that rates for the CLCA program shall be sufficient to cover losses and expenses incurred by policies issued under the program. Rate-setting standards also require that rates shall be set so as to result in no projected subsidy of the program or subsidy of policyholders in one county by policyholders in any other county.

Consistent with these requirements, the program rates in effect during 2011 generated sufficient premiums to cover losses and expenses incurred by CLCA policies issued under each respective county program.

2. Program Served Underserved Communities

The program is undoubtedly benefitting low-income communities:

- Household incomes of all policyholders do not exceed established federal policy guidelines. In fact, CAARP statistics document that 85% of policies issued in 2011 were issued to applicants whose household income was at or below \$20,000 per year.
- 7,077 applications were assigned in 2011, thus providing access to an affordable insurance option for income eligible households.
- While law states that an applicant's vehicle at the time of application can not exceed \$20,000, the predominant vehicle value for policies issued in 2011 was less than \$5,000.

3. Program offered Access to Previously Uninsured Motorist, thus reducing the Number of Uninsured Drivers

Statistics compiled by CAARP demonstrate that as of year-end 2011, 59% of applications assigned since the inception of the program, came from applicants who were uninsured at the time of application. With the implementation of the CLCA program, thousands of formerly uninsured drivers are now insured through the CLCA program.

4. CLCA advertising causes uninsured motorists to purchase a policy “better” than CLCA.

Recent legislation (AB 1597, Jones 2010) added a success measure – that the program's advertising caused uninsured motorists to visit a producer and obtain insurance other than CLCA insurance. Three months of data shows that 50 motorists visited a producer in 2011 because of the program's advertising and left with auto insurance other than a CLCA policy.

RECENT PROGRAM IMPROVEMENTS

Temporary Proof of Insurance Cards – In December 2011 CLCA producers began issuance of a new temporary proof of insurance card, thus eliminating the two-week wait for mailed proof of insurance cards needed to register a car with the Department of Motor Vehicles.

Debit and Credit Cards – In late 2011 CAARP advisory board voted to begin the process of accepting debit and credit cards. This change allows consumers to get a temporary proof of insurance card.

STRUCTURAL CHARACTERISTICS THAT MAY REQUIRE STATUTORY REVISIONS

CDI and CAARP do not currently recommend any statutory changes for the 2012 Legislature to consider. It is possible that such issues may arise during the implementation of Assembly Bill 2014 (Hueso 2011), which requires an online application process.

IMPEDIMENTS TO SUCCESS

Program staff view the following as impediments to success:

- ***Downturn in the economy*** – *Economic challenges cause motorists, especially those whose incomes are low, to forego auto insurance or skip payments which causes cancellation. CDI will work with the Employment Development Department to promote CLCA as a lower-cost alternative for out-of-work Californians to keep their auto insurance so they can use their cars to look for a job.*
- ***Converting “eligible” into “insureds”*** – *Last year 37,450 people were deemed eligible through the website or the hotline, but only 9,666 (25%) visited a producer (agent or broker). Of those that visited a producer, 7,622 (79%) bought CLCA or other auto insurance. In short, getting more of the eligible to visit a producer results in a sale three-quarters of the time, and another uninsured motorist is off the road. CDI is working with CAARP to better track eligible callers, and follow up to make it easy for consumers to visit an agent.*
- ***Competitors*** – *A variety of insurers have entered at the low end of the voluntary market, offering liability insurance with higher coverage limits for just a few dollars more per month. This market success should be celebrated, but anecdotally producers tell us that CLCA advertising drives customers to their offices, but they then “up-sell” consumers to a more robust product.*

CONCLUSION

The program has met the success measures outlined in statute for 2011 and CDI will work aggressively during 2012 to promote this program. The Insurance Commissioner is a strong advocate for the program and welcomes suggestions from the public and the Legislature about how to improve the program.