

# 2018

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



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**Prepared for the California State Legislature by March 15, 2018, as required by  
Insurance Code Section 11629.85.**

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

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

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

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

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## EXECUTIVE SUMMARY

California's Low Cost Automobile Insurance Program (CLCA) continues to be a 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 2017, there were 16,749 active policies, 9,091 cancelled policies, and 10,060 renewed policies. Statistics from the California Automobile Assigned Risk Plan (CAARP) indicate approximately 95% 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. The California Department of Motor Vehicles (DMV) reported 970,000 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 2017, CDI and CAARP made several changes to the program. CDI and CAARP:

- Introduced a producer certification process allowing the Plan to better enforce sanctions for suspension and revocation of producer certifications.
- Introduced a procedure for policy reinstatement for those policies cancelled for nonpayment of premium or terminated for nonpayment of renewal deposit, eliminating the need for consumers to re-apply.
- Introduced updated application procedures allowing the Plan to retract an abandoned application when a producer fails to do so.
- Deleted historic quota provisions no longer needed and introduced clarification in the current quota provision.
- Deleted historic provisions pertaining to premium payment options and renewals no longer needed in the Plan of Operations.
- Removed references to registered domestic partners because the statutory definition of 'spouse' now includes registered domestic partners.

CLCA's motto for 2017: Apply for low-cost auto insurance, now 100% online! The CLCA program helps income-eligible motorists comply with the law.

## THE PROGRAM

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

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

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

## FUNDING FOR PROGRAM OUTREACH

Funding for California's Low Cost Automobile Insurance Program outreach 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 2017-18 totals \$1,195,155. The use of the funding is as follows:

FY 2017 - 18 ELEMENTS	COST
Advertising and Outreach Contracts	\$1,120,155
Materials Development and Production	\$45,000
Information Systems and Website Maintenance	\$30,000
<b>Total</b>	<b>\$1,195,155</b>

Estimated funding for FY 2018-19 is up to \$1,225,000. Estimated use of funding is allocated as follows:

Proposed FY 2018 - 19 ELEMENTS*	COST
Advertising and Outreach Contracts, Materials Development & Production, and Information Systems and Website Maintenance	Up to \$1,225,000
<b>Total</b>	<b>Up to \$1,225,000</b>

\* While this annual report is based on the calendar year, the budget associated with this program is based on the fiscal year. In addition, the current Outreach and Marketing contract expires June 30, 2018. A new contract will be awarded in late spring 2018. More detailed budget elements are to be determined later in 2018.

## SUMMARY OF 2017 ACTIVITIES

The California Department of Insurance 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 and lessons learned across the year. This grassroots outreach approach is founded on the understanding of income-eligible consumers and recognition that a variety of channels and messages are needed to reach the diverse segments of the income-eligible market in California.

Overall, the campaign focused on populations with the most potential for CLCA program eligibility, taking a multi-pronged approach, and using key influencers to stimulate a consumer call to action. In fiscal year 2017-18, the scope of services included mass media, statewide strategic partnership development, collateral materials development, outreach events, and website maintenance and development. Detailed descriptions are provided in later sections.

*The outreach team targeted organizations serving CLCA eligible consumers, provided educational presentations, supplied them with program collateral and helped identify ways the organizations can promote CLCA to consumers who frequent the organization.*

## 2017 Total Partnerships



Network partners are key, trusted messengers to CLCA eligible consumers. The outreach team secures pro bono collateral material placement to leverage consumer traffic and organization's trusted messenger relationship with their constituency. New partnerships, such as the Community Action Partners of San Bernardino and the Fresno County Department of Social Services, were established to distribute CLCA program information to consumers. Those two organizations alone ordered and committed to distribute a total of 50,000 collateral pieces.

In addition, the contractor established key statewide partnerships, broadening reach to eligible consumers. These efforts targeted law enforcement agencies, senior service agencies, traffic safety programs, colleges, and 211 organizations.



**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



- DMV tip cards
- English posters
- Spanish posters
- Multi-language brochures
- Insurance document holders
- Producer note cards
- FAQs in 11 languages
- Acrylic rack card display
- English/Spanish rack card
- English/Chinese rack card
- Window clings
- Premium rate sheet
- Premium rate calculator
- Outreach banners
- Outreach tablecloths

Collateral materials continue to highlight the availability to apply online, as this method became a top consumer choice in 2017. 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. CDI developed custom materials for each of the targeted campaigns. A Z-card was designed for the senior campaign and opens into a large font design, easy for seniors to read and carry. Custom rack cards were designed for the traffic and college campaigns. Samples are below.

### Custom Targeted Campaign Materials

#### Senior Z-card

**WHY**

Why is this program important?

If you have a 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**

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

**WHAT**

What does it cost?

Whether you are living on a fixed income or preparing to, California's Low Cost Auto Insurance program offers affordable rates that can help you meet your budget.

The annual premiums in California vary by county. There are discounts if the consumer has been a licensed driver for 3 years with a good driving record. To check the rates in your county or calculate a payment schedule, go to [www.mylowcostauto.com/coverage](http://www.mylowcostauto.com/coverage).

**HOW**

How do I sign up?

To apply, follow these 2 steps:

- To get started you'll need to complete the eligibility questionnaire at [www.mylowcostauto.com](http://www.mylowcostauto.com).
- Then complete the application process
  - Meet with a local agent, at no cost. A list of agents will be provided to you after the eligibility questionnaire is completed
  - OR
  - Now 100% online

If you do not have internet access or need additional assistance, please call 1-866-602-8861. [www.mylowcostauto.com](http://www.mylowcostauto.com)

**To get started with the application process you'll need at least one of the following income verification documents:**

- A Medi-Cal card
- A Social Security or pension letter
- SSI (aged, blind, disabled)
- Blank statement from employer
- CalWorks (food stamps)
- A copy of your tax return

**Safety tips for older drivers**

Be safer on the road by addressing the effects of aging on your driving and being aware that your driving ability will almost certainly be impacted by changes to your body. Here are a few tips to keep you safe on the roads:

- Maintain your health.** Keep your hearing, vision and overall health evaluated regularly. Keep any prescription equipment (glasses and hearing aids) up to date. If you don't see well, avoid driving at night.
- Medications.** Know your medications and how they affect your driving ability. Avoid taking any drugs with side effects that may impair your ability to operate machinery.
- Plan your route.** Intersections are especially dangerous for drivers over age 60, and there is no reason to make a risky left turn when three right turns will get you to the same place.
- Stay physically active.** Physical activity may foster quick reaction times.
- Create a healthy buffer zone.** Follow at a greater distance and avoid busy parts of town and busy times of day.
- Check your vehicle.** Get regular tune-ups and check for wear on tires and brakes.

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

**VISIT TO GET STARTED TODAY:**  
[WWW.MYLOWCOSTAUTO.COM](http://WWW.MYLOWCOSTAUTO.COM)

Card Front



Card Back



Traffic Safety Rack Card

**Traffic Safety Starts By Being Insured**

**Why is this program important?**  
If you have a 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 16 years old\*

**What does it cost?**  
The annual premiums in California vary by county. There are discounts if the consumer has been a licensed driver for 3 years with a good driving record. To check the rates in your county or calculate a payment schedule, go to [mylowcostauto.com/coverage](http://mylowcostauto.com/coverage).

**How do I sign up?**  
**TO APPLY, FOLLOW THESE 2 STEPS:**

- 1 Complete the eligibility questionnaire at [mylowcostauto.com](http://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**.

\*For age requirement details please visit [mylowcostauto.com](http://mylowcostauto.com)

**mylowcostauto.com**

College Students Rack Card

**Make the smart choice, get insured today**

**Why is this program important?**  
If you have a 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
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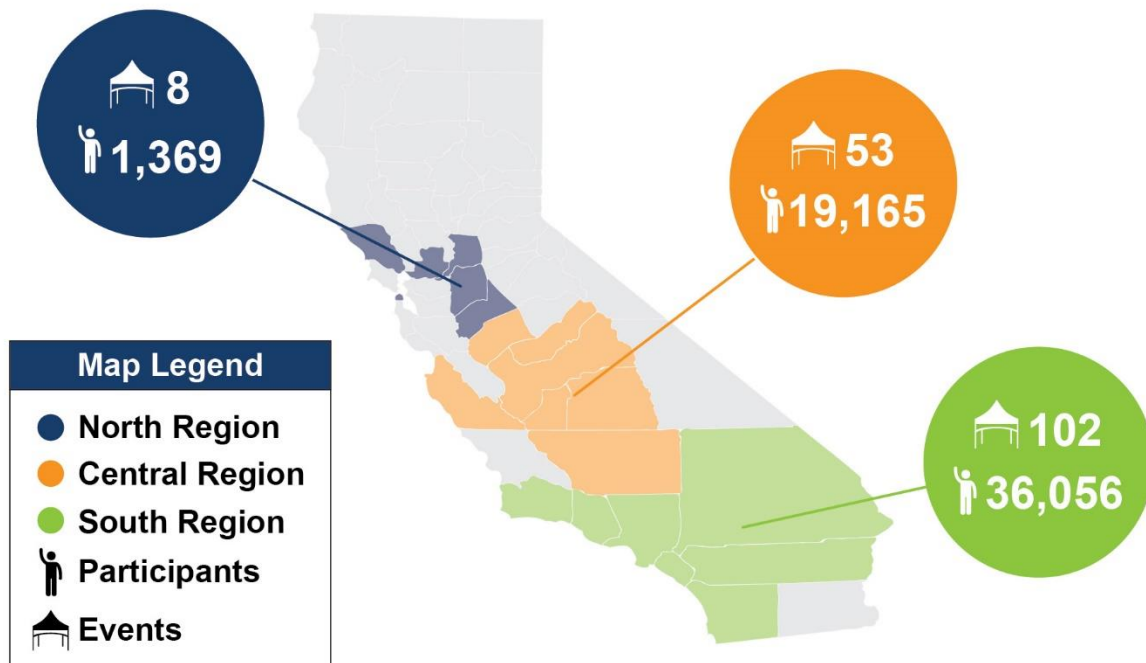
**mylowcostauto.com**

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

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, senior centers, and more.

## Outreach Events

### 163 Total Events and 56,590 Total Participants

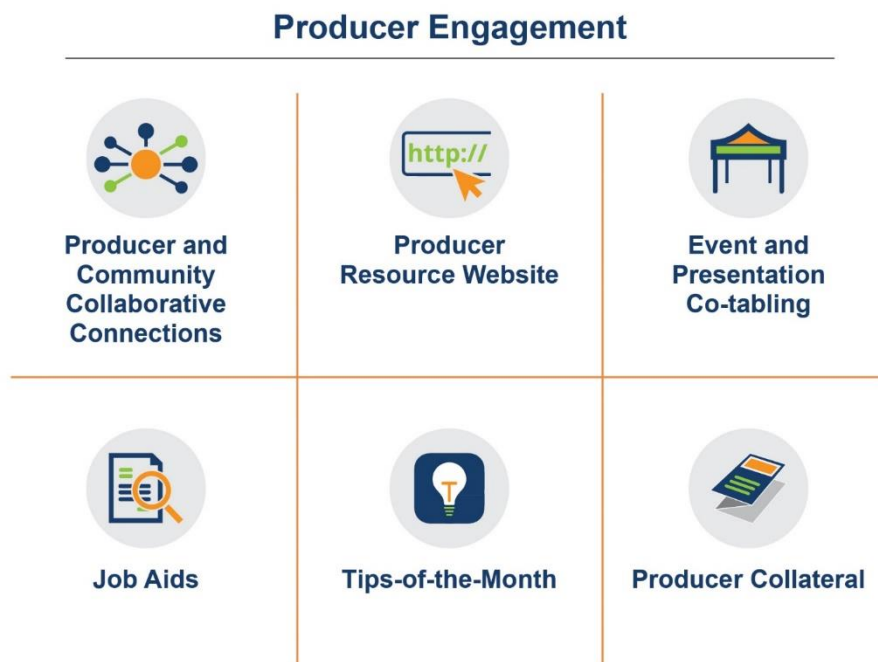


\*Some events were completed by CDI's Consumer Education & Outreach Bureau staff.



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

The outreach team provided support and increased program knowledge via tips-of-the-month, updated training materials, and job aids. Producers were provided a resource website to access program logos, newsletter and social media ads, AB60 resources, and more. Producers were also provided a follow-up note card designed to prompt customers to submit required documents and/or to attend appointments. These efforts were designed to connect producers 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.***

The 2017 ads were refreshed with new images, updated layouts, and a call to action for consumers to complete a CLCA eligibility questionnaire. Marketing efforts delivered 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 over-the-top ads.

#### **OVER THE TOP (OTT) VIDEO PLACEMENT**

OTT is a type of TV/Streaming based where CLCA ads are placed within “on demand” programming where viewers cannot use DVR capabilities. Placements are: 15 and: 30 second spots on TV streaming outlets such as Hulu, Apple TV, and Sling TV.

#### **VIDEOS**

Video shorts are a series of quick: 10 - :15 second spots, both live action and graphic spots. These videos are live on social media, pre-roll, and the CLCA website. They are also used in pro-bono radio spots (4 to date). Video assets performed well across all platforms in 2017 and the team is in the process of producing more social media videos and shorts for launch in 2018.

## NATIVE ADVERTISING

Native advertising is a form of low-cost paid media most often appearing on a news or publication website replicating the look and feel of a news article. Usually information based – the content is useful, interesting, and highly targeted to a specific audience. The marketing team increased placements utilizing Spanish target outlets.



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

Since inception of the online application in February 2016, consumer interest to apply online has proven itself with 77% of eligible consumers who act, selecting the online application rather than selecting a producer. That said, the outreach contractor analyzed website analytics to determine and deploy upgrades that enhanced the consumer experience. In 2017, the IS team accomplished the following website enhancements:

- Introduced remarketing emails to consumers who had initiated, but not yet submitted an online application.
- Refined the eligibility questionnaire for better clarity and consumer screening.
- Enhanced the online application experience:
  - Added an option to upload required documents
  - Added a 'help' button to each application page
  - Added a rate range by county to each application page
  - Updated the payment functionality
- Updated the Producer directory to include languages supported, enabling consumers the ability to select a producer based on language preference.
- Updated the rates and privacy notice.
- Updated the images and added a program video.

## THE RATES

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

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

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

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

As required by California Insurance Code Section 11629.85(c) (5), the rates for each county for calendar years 2017 and 2018 are shown on the following subsequent pages.

Rates for 2018 include a 30% surcharge for single, male drivers; 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 (added by SB 1273 (Lara 2014)).

## 2017 Rates

 <b>CALIFORNIA'S LOW COST AUTO INSURANCE</b>				<b>Making low cost auto insurance available to Californians.</b>							
<b>BASE</b> Rate in the chart below is for most drivers with 3 years of good driving history <b>25%</b> Surcharge if the driver is a single male 19-24 years old <b>30%</b> Surcharge if the driver has less than 3 years of verifiable driving history <small>THE MAXIMUM SURCHARGE ON ANY CLCA POLICY IS 30%, 2017 RATES</small>											
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				

## 2018 Rates



**CALIFORNIA'S  
LOW COST  
AUTO INSURANCE**

# Making low cost auto insurance available to Californians.



**BASE** Rate in the chart below is for most drivers with 3 years of good driving history  
**30%** Surcharge if the driver is a single male 19-24 years old  
**40%** Surcharge if the driver has less than 3 years of verifiable driving history  
**100%** surcharge if policy owners or operators 16-18 years old

THE MAXIMUM SURCHARGE ON ANY CLCA POLICY IS 100%. **2018 RATES**

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



## 2018 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 CLCA 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 markets by developing strategic statewide partnerships (law enforcement, seniors, college students, etc.);
5. Increasing producer knowledge to better serve CLCA populations (tips-of-the-month, web resource page);
6. Increasing community outreach to ethnic populations;
7. Maintaining MyLowCostAuto.com website and online application for consumers.

### Targets

In 2018, the CLCA advertising program will target the following consumers:

- Those who meet the 250% federal poverty level
- Those who have uninsured vehicles
- Latinos
- AB 60 consumers
- Seniors
- Persons 16-18 years of age (SB 1273)

The outreach program targets organizations that serve CLCA specific populations and play an important trusted messenger role to share CLCA information. Program specialists partner with local community organizations to co-present AB 60 and CLCA educational workshops at libraries and community centers. 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 2017-2018 fiscal year objectives for the outreach and advertising plan are provided in the charts below.

Outreach Strategy	2018 Objectives*
Targeted outreach and marketing campaigns	Conduct statewide, targeted CLCA campaigns to seniors/baby boomers, traffic safety programs, and schools/colleges.
DMV collateral kits	Distribute collateral kits to all DMV locations. Support on-site collateral stocking in Tier 1 counties.
Pro-bono public service announcements/ ethnic radio Interviews	Identify and conduct ethnic media opportunities to promote CLCA to targeted, diverse audiences.
Community events	Identify and staff events frequented by the target market.
Presentations and collateral placement	Secure and complete presentations to organizations that interact with the target market.
Law Enforcement Recruitment	Recruit law enforcement as CLCA partners to distribute materials during traffic stops at community service events and in lobbies.
Retention messaging to CLCA consumers	Send auto generated email payment reminders to current policy holders about the importance to follow the law and retain auto insurance.
Producer support	Provide tips-of-the-month, online resource page, and support as requested by producers.

Advertising Strategy	2018 Objectives *
Mass Media	Develop a comprehensive media plan that includes digital media, social media, and advertorials, in primary target counties.
Collateral and Materials Development	Refresh or redesign materials based on the brand evolution, program and rate changes, and stakeholder feedback.

Information Systems	2018 Objectives*
Mylowcostauto.com Website	Provide website maintenance and support. Contractor intends to fix bugs, and maintain site functionality, as well as update site based on legislative program changes or minor enhancements within budget to drive leads, improve data quality, etc.

\*FY 2018-19 program deliverables to be determined midyear 2018

## Community Based Organization Partnership Opportunities

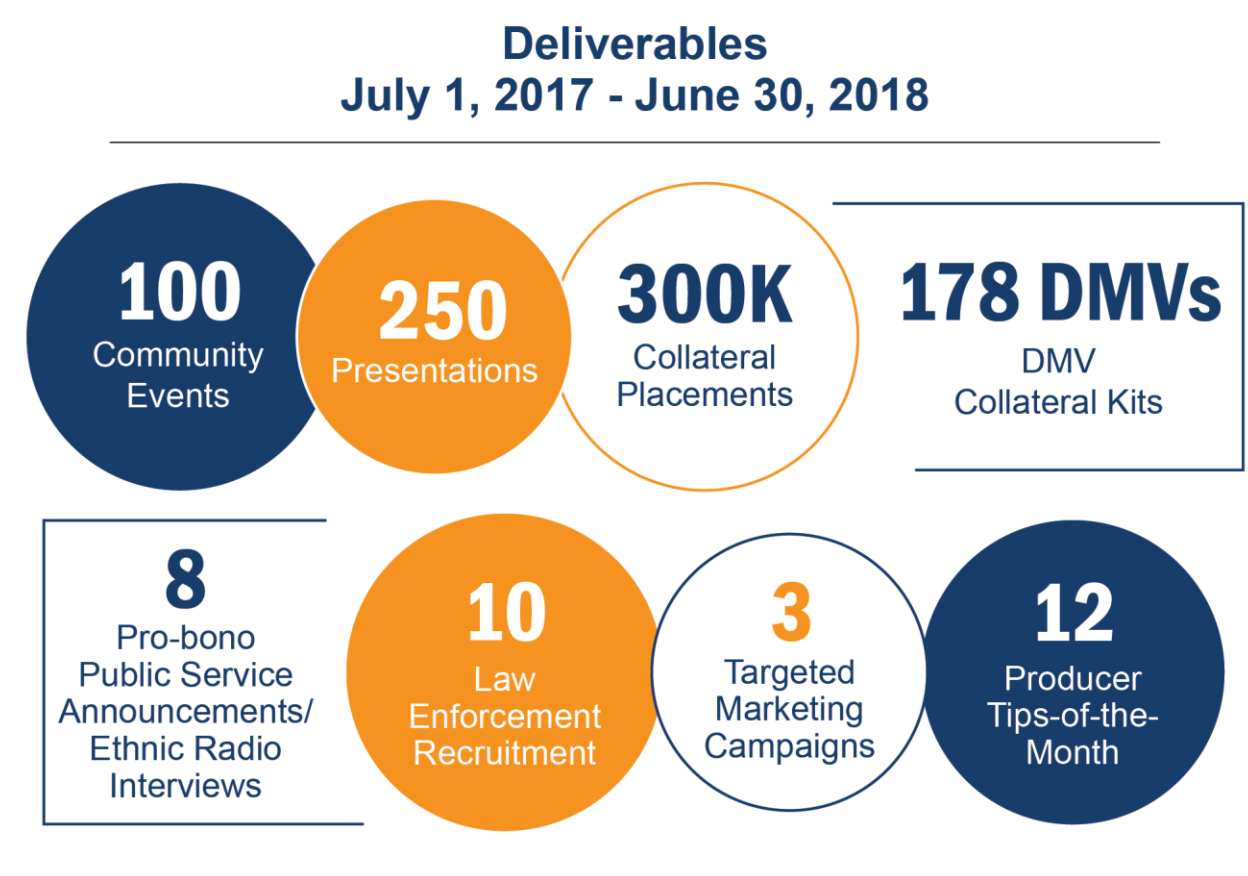
The outreach program design and management contractor will continue to recruit mission aligned community based organizations with the following characteristics for the Outreach Network:

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

The contractor secured 377 Network Partners in 2017. 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 2018.

For fiscal year 2017-2018, the program outreach deliverables are:



\*FY 2018-19 program deliverables to be determined midyear 2018.

## Website

[Mylowcostauto.com](http://Mylowcostauto.com) will continue to drive unique users, more page views and click through traffic in 2018. The website provides 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 detailed 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. The website also includes CLCA certification registration and training links. 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. For 2018, website use data will continually be monitored to identify updates and enhancements to improve the consumer experience and increase leads.

## Social Media

CDI will continue its social media campaign, including the utilization of Facebook and Twitter. The number of Facebook fans increased in 2017 by 12%. CDI’s Twitter page aims to provide educational information to both producers and consumers, highlighting the CLCA program as well as useful driving information. CDI’s Twitter followers have continued to grow over the past year, and as of January 2018 experienced an 8% increase from the previous year. Facebook and Twitter strategies include both traditional/organic social marketing and paid advertising to select the 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-targeting in areas with higher percentages 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.
- Utilizing 3rd party data opportunities to qualify new targeting opportunities such as newly licensed and eligible populations regardless of immigration status, job titles, auto titles, etc.
- Prioritizing 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.
- Optimizing campaigns and tactics to top performing dayparts, days, ad sizes, languages and ad types.
- Testing and evaluating new emerging tactics and strategies such as the Native ads, HTML5 or animated file formats, and video ads opportunities to 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 3rd 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 will update program collateral materials to incorporate yearly rate changes, as well as to refresh images and copy. 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](http://mylowcostauto.com).



### Department of Motor Vehicle Partnership Opportunities

CDI staff will continue to conduct meetings with DMV staff to increase awareness of the CLCA program and will also take the opportunity while at DMV offices to staff booths and meet with members of the public who are visiting DMV offices. CDI staff will also distribute tip cards that provide information about a car owner's legal requirement to purchase insurance and how to avoid unscrupulous sales tactics by producers and other entities.

All 178 DMV field offices will receive CLCA collateral kits in various languages to include program rack cards, acrylic rack card displays, and program posters. In addition, DMVs will be monitored for inventory needs.

The DMV website houses a digital CLCA ad and targets consumers who register a vehicle online. The DMV website, as reported by consumers, is a top referral source for CLCA. CDI has also placed an advertisement in the English & Spanish driver handbooks.

### CALIFORNIA AUTOMOBILE ASSIGNED RISK PLAN (CAARP)

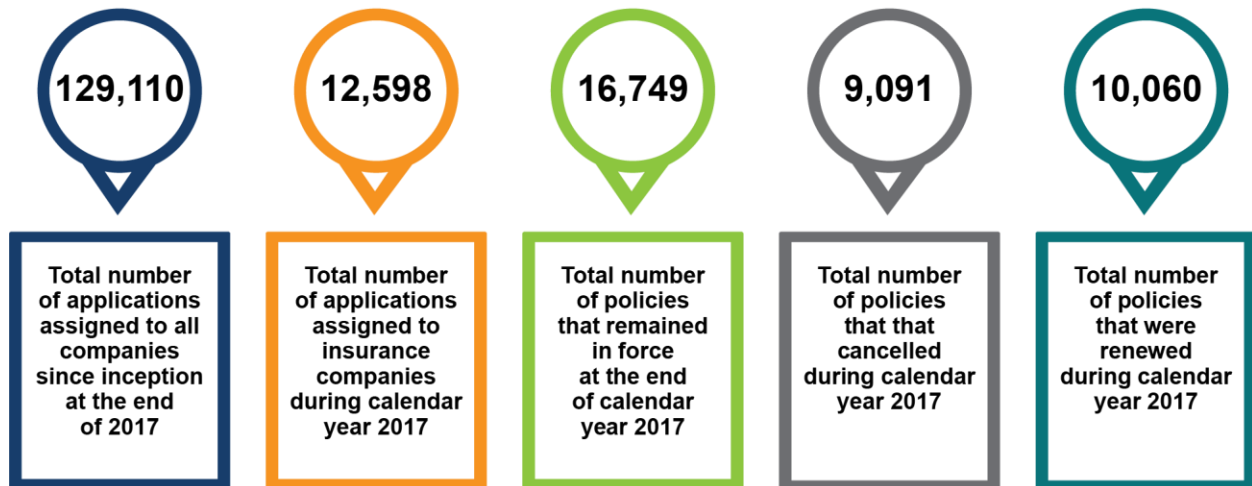
Pursuant to California Insurance Code Section 11629.81, the reporting requirements of the California Automobile Assigned Risk Plan to the Legislature have been combined with the CDI Report to the Legislature.

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 provided online. There are approximately 1,512 CAARP certified producers as of February 8, 2018, of those; approximately 225 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.

## Statistical Records of CAARP Show the Following for Year-End 2017



During 2017, the following CAARP amendments were prepared for the Plan of Operations. The proposed amendments are waiting approval by the Office of Administrative Law.

1. A Program procedure that allows an insurer to apply the application deposit to the outstanding earned premium owed on a prior policy has been revised to permit the insurer to issue a new policy and a cancellation notice when the deposit is not sufficient to cover the earned premium.
  - a. When the deposit premium submitted with the application is insufficient to cover the outstanding earned premium due on the prior policy, the application is no longer returned to the producer as ineligible. The earned premium is no longer a reason for ineligibility.
  - b. The insurer will apply the deposit to the outstanding earned premium due on the prior policy and issue a new policy and notice of cancellation. The amount required to reinstate the new policy includes the earned premium owed and the balance of the deposit premium for the new policy.
  - c. If the producer is aware that an applicant owes an outstanding earned premium for prior coverage at the time of application, the producer should attempt to collect this premium in addition to the application deposit.
2. Proposed revisions to the Plan of Operations, Amendment of Policy Provisions, Low Cost Application, and Policy Change Request – Certification Form that will allow an applicant to be eligible when the vehicle on the application is registered to their spouse.
3. Proposed revisions that will (1) simplify the heading of the form, (2) introduce a generic reference to the process for electronic submission of the completed form, the Low Cost application, and supporting documentation to the Plan, (3) eliminate the need for the cardholder be physically present at the time of completion of the application, and (4) eliminate the requirements that the Producer certify the identity of the cardholder, the name on the card, the transaction is authorized

by the cardholder, and the cardholder was present to sign the CA/LCA Credit/Debit Card Payment Authorization Receipt Form.

4. Proposal to reinforce the medical payments and uninsured motorists public or livery conveyance exclusions and introducing a liability exclusion to explicitly exclude any coverages for an insured while logged into a “transportation technology platform” as a driver, whether or not a passenger is occupying the vehicle.
5. Proposal to revise the “Who Is an Insured” provision to include “any ‘licensed’ *household member....*”

In 2017, the following amendments were approved and most have been implemented by the Plan. Due to programming some will be launched throughout 2018.

1. Introduction of a producer certification process that addresses affiliated producers to allow the Plan to better enforce sanctions for suspension and revocation of producer certifications.
2. Introduction of a procedure for reinstatement of Low Cost auto policies that are cancelled for nonpayment of premium or terminated for nonpayment of renewal deposit because the premium payment is not submitted to the insurer on a timely basis. This procedure should reduce the number of consumers who must re-apply to the Program because their outstanding premium payment or renewal deposit is not submitted to the insurer on a timely basis.
3. Introduction of the following: (1) a procedure that will allow the Plan to retract an EASi application when the producer fails to do so within 20 calendar days from the date of transmission of the EASi application. Retractions must be received by the Plan no later than 15 calendar days from the date of transmittal of the EASi application, (2) expansion of the methods for producer submission of completed paper EASi Retraction Request Forms to include electronic methods, such as fax and e-mail.
4. Deletion of a historic quota provision that is no longer needed and the introduction of clarification in the current quota provision that calculated car years for miscellaneous non-fleet personal vehicles and named non-owner applicants will not be included in the voluntary private passenger non-fleet car years used to determine insurer Low Cost quotas. In addition, the insurer claim handling performance standard pertaining to the availability of evidence of claim payment or reports of other resolution of a claim to producers has been clarified.
5. Deletion of historic provisions pertaining to premium payment options and renewals that are no longer needed in the Plan of Operations.
6. Deletion of historic vehicle eligibility requirements no longer needed in the Plan of Operations.
7. Removal of references to registered domestic partners because the statutory definition of “spouse” includes a registered domestic partner.

## 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 2017 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 80% of policies issued in 2017 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 (82%) vehicle value for policies issued in 2017 was less than \$5,000.

Applications assigned in 2017 totaled 12,599, thus providing access to an affordable insurance option for income-eligible households. At the close of 2017, a total of 16,749 policies were in force.

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

Statistics compiled by CAARP demonstrate that in 2017, 95% 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 2018 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 2018 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 2017.

Although in 2015, with the passage of SB 1273, the eligibility requirements of the program were changed to allow drivers with less than 3 years driving experience to participate in the program with an actuarially 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 45%. Policy sales specific to SB 1273 drivers, however, did increase at a rate of 27% in 2017 compared to 2016.

The statistics reflect that eligibility is an impediment to participation. In 2017, approximately 99,240 Californians expressed interest in the program, while only 42,365 were deemed eligible. In other words, only 43% of those who sought out the program were eligible to participate in it. Roughly, another 12% of consumers were deemed ineligible upon meeting with a producer. Also of note, of those consumers deemed eligible, 40% (16,064) took no further steps to meet with a producer or apply online.

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

For 2017, 42,365 people were deemed eligible for CLCA. Of those eligible, 26% (10,803 applicants) visited a producer or applied online to complete the process of purchasing a CLCA policy. In 2017, policy sales increased by 15% from 2016.

Increasing the percentage of eligible applicants who visit a producer did increase the number of CLCA policies sold to motorists. Refined online eligibility questions helped to increase the percentage of eligible consumers. Applying online was the preferred application method for consumers, yielding better producer conversion rates. Fifty-five percent (9,166) of consumers initiated applications, but never submitted, even when prompted to do so using reminder emails. These initiated applications were not completed and submitted for producer review and follow-up. In 2018, CDI will continue to identify ways to increase consumer engagement upon being deemed eligible.

Closing the sale is a reported producer challenge. Producers report they are waiting for required documents or payment for roughly 54% of their CLCA customers. Hence why CDI created the follow-up note card for producer use, designed to prompt customers to submit required documents and/or to attend appointments.

## CONCLUSION

The program has proudly met the success measures outlined in statute and CDI will continue to work aggressively in 2018 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.