



California Low Cost Automobile Insurance Program

Report to the Legislature and
Consumer Education and Outreach Plan

March 2006

California Department of Insurance

John Garamendi, Insurance Commissioner

Table of Contents

Introduction	3
Program and Policy Overview	4
Consumer Education and Outreach Funding Source	6
2005 – The Year in Review	7
Performance Measures and Statistics	23
Commissioner’s Determination of Success	26
2006 Consumer Education and Outreach Plan Summary	31
Conclusion	40

Introduction

The California Low Cost Automobile Insurance (CLCA) pilot program was enacted in 1999 to create an affordable insurance option for low-income, good drivers in Los Angeles County and the City and County of San Francisco to comply with California's financial responsibility laws. (SB 171, Escutia and SB 527, Speier)

Legislative modification and enhancement of the program occurred in 2002, with the enactment of SB 1427 (Escutia). Among other things, the bill established the requirement for an annual report to the Senate and Assembly Committees on Insurance detailing the Insurance Commissioner's plan to inform the public about the availability of the CLCA pilot program. In 2004, SB 1500 (Speier) added additional requirements for the Commissioner to report on the success of the program, based on specified criteria.

In 2005, SB 20 (Escutia) extended the sunset date to January 1, 2011, modified eligibility criteria and expanded the program to additional counties. AB 1183 (Vargas) allocates funds to publicize the existence of the Low Cost Automobile Insurance Program, subject to budget approval.

Insurance Commissioner Garamendi shares the Legislature's commitment to reduce the number of uninsured drivers on California's roads and to make affordable insurance available to all consumers. As such, the Commissioner has made the California Low Cost Automobile Insurance program a key component of his Emerging Communities Initiative. This initiative is a series of California Department of Insurance programs and activities that focus on improving access to and availability of insurance services in low-income communities.

The report that follows includes the Commissioner's assessment of the success of the program, details the activities and accomplishments of the past year and outlines the consumer education and outreach plan for 2006.

Program and Policy Overview

The CLCA program creates an affordable auto insurance option for low-income, good drivers in Los Angeles County and the City and County of San Francisco. Effective April 1, 2006, the program will become available in Alameda, Fresno, Orange, Riverside, San Bernardino, and San Diego Counties. As authorized by SB 20, the Commissioner may also expand the program to other counties, based on his determination of need. During the first quarter of 2006, the Commissioner will hold public town hall meetings in Santa Clara, San Mateo, Contra Costa, Sacramento, San Joaquin, Stanislaus, Kern and Imperial Counties to elicit public input on the need and desirability to extend the program to those counties, as specified in SB 20.

The California Automobile Assigned Risk Plan (CAARP) administers the CLCA program. CAARP assigns CLCA applications to auto insurers based on each insurer's share of the California voluntary auto insurance market. Only producers (agents/brokers) certified by CAARP are authorized to submit program applications. Currently, there are approximately 7,500 producers certified by CAARP.

Policy Features

The basic CLCA liability policy limits, as prescribed by state law, are \$10,000 for bodily injury or death per person in an accident, \$20,000 for bodily injury or death per accident, and \$3,000 property damage for each accident.

The annual base premium rate for a CLCA liability policy is currently \$355 in Los Angeles County and \$322 in the City and County of San Francisco. There is a 25 percent premium surcharge for unmarried male drivers ages 19 through 24. Several installment payment options are available, with a down payment as low as 15 percent of the total cost.

Two optional coverages, providing first-party benefits, are also available at additional cost. An insured may purchase medical payments coverage with \$1,000 limits and uninsured motorist bodily injury coverage, with the same limits as the underlying liability policy.

Currently, premiums for these optional coverages are set at:

- Medical payments coverage: \$29 in Los Angeles and \$26 in San Francisco
- Uninsured motorist coverage: \$65 in Los Angeles and \$39 in San Francisco

Premiums for the expansion counties will be set in accordance with statutory rate-setting standards and have not yet been determined.

Eligibility Requirements

- By statute, the applicant's annual household income may not exceed 250 percent of the federal poverty level. Currently, the annual gross income threshold is \$23,925 for a one-person household and \$48,375 for a four-person household.
- 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.
- Applicants must be at least 19 years of age and a resident of an eligible county.
- 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 US or Canada for the preceding 18 months.
- The value of the vehicle to be insured shall not exceed \$20,000.
- An insured is limited to a maximum of two CLCA policies.
- A CLCA policyholder shall not purchase a non-CLCA liability policy for any vehicle in the household.

Consumer Education and Outreach Funding Source

The legislation that established the CLCA program in 1999 did not address the need for, nor provide funding for, consumer education and outreach. In 2000, the Department initiated a consumer education and awareness campaign to inform consumers of the availability of the program, using existing Department resources.

Since that time, the Department has used a portion of fees authorized for consumer education by SB 940 (Speier) to pay for CLCA consumer education and outreach efforts. In fiscal year 2005-06, the Department allocated \$700,000 to the CLCA program.

In 2005, AB 1183 (Vargas) authorized the use of up to five cents (\$0.05) of the 10-cent fee imposed on insurers for the purpose of improving consumer functions, subject to budget approval, to inform consumers about the existence of any low cost automobile insurance program authorized in law.

AB 1183 also requires the Department to explain, with as much specificity as is reasonably possible, the objectives for the use of the funds and quantitative criteria by which the Legislature may evaluate the effectiveness of the department's use of funds.

The Department proposes to use \$950,000 of the funds allocated, pursuant to section 1872.81 of the Insurance Code to fund the consumer education and outreach plan for the CLCA program in fiscal year 2006-07. Quantitative criteria as measures of success for the consumer education and outreach plan include:

- Increased CLCA inquiries to the CAARP hotline
- Increased CLCA policies assigned
- Increased producer participation in the CLCA program
- Expanded geographic availability of the CLCA program

2005 – The Year in Review

After closely reviewing the results of 2004 consumer education and outreach activities, the Department identified opportunities for improvement, as well as barriers to consumer participation. As a result, the Department directed its efforts in 2005 to the following areas:

- Continue and expand consumer education and outreach activities and collaborations with government agencies and community based groups
- Promote the program through community based advertising campaign
- Develop targeted consumer education materials
- Continue and expand producer outreach
- Pursue legislative changes to reduce structural barriers
- Fully implement administrative and operational improvements initiated in 2004

Consumer Education and Outreach Activities

Consumer education and outreach activities focused on the development and distribution of easy-to-understand materials in frequently spoken languages, increased collaboration with government agencies, participation in numerous events hosted by community based organizations. Each of these activities is described below.

Governmental Agency Collaboration

Efforts to integrate the CLCA program with other state and local governmental agencies that serve low-income constituents continued. These efforts focused on the California Department of Motor Vehicles, the Los Angeles County Department of Public Social Services, the Women Infants and Children (WIC) program, Head Start Centers, and the Housing Authorities of the Cities of Los Angeles and San Francisco.

Specific inter-governmental activities included:

- **Department of Motor Vehicles**

The DMV has placed CLCA materials in Los Angeles and San Francisco field offices. Additionally, the Department staff has provided training to DMV staff on program specifics and encouraged them to refer inquiring consumers to the CAARP hotline for further information on the program.

- **Los Angeles County Department of Public Social Service (DPSS)**

A partnership was formed with LA-DPSS to coordinate the distribution of CLCA education and outreach materials through their 42 district offices. Department staff attended LA-DPSS's regional directors meeting, to educate district office directors on the CLCA program and its benefits for their clientele. CLCA staff also participated at DPSS conducted community information meetings.

- **Housing Authorities of the Cities of Los Angeles and San Francisco**

Department staff participated in quarterly tenant's informational meetings, providing Los Angeles tenants with an overview of the CLCA program and informational material. The Los Angeles Housing Authority has invited Department staff to participate in future outreach opportunities. The San Francisco Housing Authority included a CLCA informational mailer in its monthly billing mailing to targeted participants in Housing Authority programs.

Community Based Organizations

The Department continues to develop relationships and partnerships with numerous community based organizations. These organizations range from One-Stop centers to public-interest groups that provide services to low-income constituents. Department staff participated in a wide variety of events hosted by these organizations, as detailed below. Materials and mailers were distributed to more than 300 community based organizations in Los Angeles and San Francisco counties.

Community Partnership Meetings

- Baptist Ministers Conference
- California Department of Motor Vehicles – San Francisco and Los Angeles Counties Field Offices
- California Highway Patrol – Griffith Park Community Event, East LA, Monterey Park
- California Highway Patrol – Southern Division, Central Office
- City of Los Angeles Neighborhood Housing
- Housing Rights Center
- LIHEAP Management– low-income utility assistance program
- Los Angeles Clergy Council with Los Angeles County Sheriff Lee Baca
- Los Angeles Consistory – Masons
- City of Los Angeles Housing Authority
- Los Angeles County Neighborhood Housing Program
- Los Angeles Urban League
- Los Angeles County Department of Public Social Services – East Los Angeles and Canoga Park Field Offices
- Plaza de La Raza Regional Managers Meeting – Centers located in Whittier, Santa Fe Springs and Pico Rivera
- San Francisco Housing Authority
- Willowbrook Senior Center

Consumer/Client Meetings

- California Highway Patrol Auto Insurance and Safety Seat Fair – Santa Ana
- Carecen Development Department Community Fair
- City of Los Angeles – Emergency Preparedness Fair – Baldwin Hills, Arleta, San Pedro
- City of Los Angeles – 50 Plus Expo
- City of Los Angeles Child Health & Safety Fair sponsored by
- Council Member Wendy Greuel
- City of Los Angeles Environmental Fair – South LA
- City of Los Angeles Lotus Festival – Echo Park

Consumer/Client Meetings (continued)

- Contractor’s State Licensing Board Scam Stoppers – Tarzana
- East Los Angeles Neighborhood Meeting sponsored by Senator Gloria Romero
- El Sereno Annual Resources and Tech Fair
- La Curacao Consumer Children’s Fair
- Latin Book & Family Festival – Pomona
- Los Angeles Avenger Arena Football Games with California Highway Patrol booth
- Los Angeles Child Guidance Center
- Los Angeles Child Guidance Clinic – Parent Support Group
- Los Angeles County Board of Supervisors Government Day – Panorama City
- Los Angeles County Commission on Aging Festival – Carson
- Los Angeles County Fair – Pomona
- Los Angeles Resource Fair
- Meet the California Department of Insurance Senior Event
- Mountainview High School PTA Driver Safety Meeting
- Panorama City Community Event at Evans Adult School
- Pasadena Neighborhood Housing Services
- San Francisco Women’s Conference
- Senior Action Fair
- Senior Benefits Forum sponsored by Senator Richard Alarcon – Pacoima
- Super Senior Saturday sponsored by Neighborhood Housing
- West Los Angeles Emergency Preparedness Fair
- West Valley Community Meeting sponsored by Assembly Member Fran Pavley
- Willowbrook Senior Center – Wise Senior Fair
- Wise Seniors Event

Community Based Advertising Campaign

Print Advertising

In an effort to reach the largest audience within targeted communities in the most cost-effective manner, the Department elected to advertise in community based and ethnic-specialty press. These ads enable the Department to promote consumer awareness across a broad spectrum of communities and to amplify consumer education and outreach efforts. The print advertising campaign was delivered in English, Chinese, and Spanish via publications in San Francisco and Los Angeles. With the assistance of Ogilvy Public Relations Worldwide, the Department placed ads in the following publications:

- Bay Area Reporter
- Catholic Tidings
- Compton Bulletin
- Covenant Times
- El Mensajero
- Frontiers Newsmagazine
- IN Los Angeles Magazine
- La Opinión
- Los Angeles Catholic Diocese Directory
- Los Angeles Sentinel
- Ming Pao, San Francisco
- Revista Adelante
- San Francisco Bay View
- Sing Tao Daily, San Francisco
- The Recycler
- Vida Nueva

Radio Advertising

In 2005, the Department contracted with Metro Networks for a “radio-billboard” advertising program. Metro Networks provides traffic reporting services to a wide array of radio stations in Los Angeles and San Francisco. This contract provides for one week of “radio-billboard” advertising each month. This program commenced in July 2005.

To evaluate the effectiveness of print and radio advertisements, the Department reviews “referral-source” statistics collected and provided by CAARP each month. Based on these statistics, the Department, working with Ogilvy Public Relations Worldwide, adjusts print and radio advertising purchases.

Low Cost Automobile

BAY AREA REPORTER



明報新聞網
WWW.MINGPAONews.COM



如果您負擔得起保費，為什麼要冒無保險開車的風險呢？

加州低費率汽車保險計劃內記錄良好的低收入駕駛人提供負擔得起的保險計劃。

您可能只需每年支付\$314美元即可獲得保險。

1-866-602-8861

或請致電：(310) 602-8861

或請致電：(310) 602-8861

或請致電：(310) 602-8861

www.insurance.ca.gov/LCA/CAILCP.htm

"Why risk driving without insurance when you CAN afford it?"

California's Low Cost Automobile Insurance program provides low-income good drivers with affordable insurance.

You may be able to get auto insurance for as little as \$314 per year!

To learn more about the California Low Cost Automobile Insurance program, call

1-866-60-AUTO-1
(1-866-602-8861)

or visit
www.insurance.ca.gov/LCA/CAILCP.htm



"We got auto insurance for \$314 a year!"

California's Low Cost Automobile Insurance program provides low-income good drivers with an affordable insurance option.

Why risk driving without insurance when you CAN afford it?

To learn more about the California Low Cost Automobile Insurance program, call

1-866-60-AUTO-1
(1-866-602-8861)

or visit
www.insurance.ca.gov/LCA/CAILCP.htm

"Books are expensive, tuition's going up...but you may be able to get auto insurance for as little as \$314 a year!"

California law requires all drivers to have auto insurance.

Driving without insurance could result in fines, having your license suspended and your car impounded.

Why risk driving without insurance when you CAN afford it?

To learn more about the California Low Cost Automobile Insurance program, call

1-866-60-AUTO-1
(1-866-602-8861)

or visit
www.insurance.ca.gov/LCA/CAILCP.htm

如果您負擔得起保費，為什麼要冒無保險開車的風險？

加州低費率汽車保險計劃內記錄良好的低收入駕駛人提供負擔得起的保險計劃。

您可能只需每年支付\$314美元即可獲得保險。

www.insurance.ca.gov/LCA/CAILCP.htm



"Yo conseguí seguro de automóvil por sólo \$347 al año. ¡Usted también lo puede hacer!"

La ley de California requiere que todos los conductores tengan seguro de automóvil. Manejar sin seguro le resultará en multas, y también le podrían suspender su licencia y confiscarle su carro.

¿Para qué arriesgarse a manejar sin seguro si usted PUEDE pagar?

Si desea obtener más información sobre el programa de Seguro de Automóvil de bajo costo de California, llame al

1-866-60-AUTO-1
(1-866-602-8861)

o visite
www.insurance.ca.gov/LCA/CAILCP.htm

"¿Para qué arriesgarse a manejar sin seguro si usted PUEDE pagar?"

El programa de Seguros de automóvil de bajo costo de California ofrece la opción de seguro accesible a los buenos conductores con bajos ingresos.

¿Es posible obtener un seguro de automóvil por sólo \$347 al año?

Si desea obtener más información sobre el programa de Seguro de Automóvil de bajo costo de California, llame al

1-866-60-AUTO-1
(1-866-602-8861)

o visite
www.insurance.ca.gov/LCA/CAILCP.htm

THE COMPTON BULLETIN

Vida

005 Print Advertising



"I got auto insurance for \$314 a year. You can too!"

California law requires all drivers to have auto insurance.

Driving without insurance could result in fines, having your license suspended and your car impounded.

Why risk driving without insurance when you CAN afford it?

To learn more about the California Low Cost Automobile Insurance program, call

1-866-60-AUTO-1
(1-866-602-8861)
or visit
www.insurance.ca.gov/LCA/CAICLP.htm

如果您負擔得起保費，為什麼要冒無保險駕車的風險呢？

加州低費率汽車保險計劃向記錄良好的低收入駕車人提供負擔得起的保險計劃。

您可能只需每年支付\$314美元即可獲得保險。

欲瞭解有關此項保費低廉的保險計劃詳情，請電

1-866-602-8861
或電：(1-866-602-8861)
或瀏覽網頁：
www.insurance.ca.gov/LCA/CAICLP.htm



¿Sabía usted que es posible comprar un seguro de automóvil por sólo \$374 al año?"

La ley de California requiere que todos los conductores tengan seguro de automóvil. Manejar sin seguro le resultará en multas, y también le podrán suspender su licencia y confiscarle su carro.

¿Para qué arriesgarse a manejar sin seguro si usted PUEDE pagar?

Si desea obtener más información sobre el programa de Seguro de automóvil de bajo costo de California, llame al

1-866-60-AUTO-1
(1-866-602-8861)
o visite
www.insurance.ca.gov/LCA/CAICLP.htm

"Did you know you may be able to get auto insurance for as little as \$314 a year?"

California law requires all drivers to have auto insurance.

Driving without insurance could result in fines, having your license suspended and your car impounded.

Why risk driving without insurance when you CAN afford it?

To learn more about the California Low Cost Automobile Insurance program, call

1-866-60-AUTO-1
(1-866-602-8861)
or visit
www.insurance.ca.gov/LCA/CAICLP.htm

"Did you know you may be able to get auto insurance for as little as \$314 a year?"

California law requires all drivers to have auto insurance.

Driving without insurance could result in fines, having your license suspended and your car impounded.

Why risk driving without insurance when you CAN afford it?

To learn more about the California Low Cost Automobile Insurance program, call

1-866-60-AUTO-1
(1-866-602-8861)
or visit
www.insurance.ca.gov/LCA/CAICLP.htm



"¿Sabía usted que es posible comprar un seguro de automóvil por sólo \$374 al año?"

La ley de California requiere que todos los conductores tengan seguro de automóvil. Manejar sin seguro le resultará en multas, y también le podrán suspender su licencia y confiscarle su carro.

¿Para qué arriesgarse a manejar sin seguro si usted PUEDE pagar?

Si desea obtener más información sobre el programa de Seguro de automóvil de bajo costo de California, llame al

1-866-60-AUTO-1
(1-866-602-8861)
o visite
www.insurance.ca.gov/LCA/CAICLP.htm

"¿Para qué arriesgarse a manejar sin seguro si usted PUEDE pagar?"

El programa de Seguros de automóvil de bajo costo de California ofrece la opción de seguro accesible a los buenos conductores con bajos ingresos. ¡Es posible obtener un seguro de automóvil por sólo \$374 al año!

Si desea obtener más información sobre el programa de seguro de automóvil de bajo costo de California, llame al

1-866-60-AUTO-1
(1-866-602-8861)
o visite
www.insurance.ca.gov/LCA/CAICLP.htm



Nueva



Low Cost Automobile 2



**“Traffic brought to y
Department of Insuran
drivers: you may qua
California's Low Cost Au
than three hundred f
Call 866-60-Auto-1. T**

— Low Cost Auto In

2005 Radio Advertising



you by the California
nce. Low-income good
qualify for the State of
uto Insurance. It's less
ifty dollars per year!
That's 866-60-Auto-1"

Insurance Traffic Tag



Consumer Education and Outreach Materials Development and Distribution

Brochures, mailers and other materials were provided to a wide variety of federal, state and local government agencies, and to more than 300 community based organizations in Los Angeles and San Francisco Counties. Additionally, materials were provided to selected faith-based organizations serving low-income, inner-city communities. Distribution to these various organizations was repeated periodically throughout the year and upon request.

Consumer education packets were prepared for distribution at each of the community events that the Department attended. Materials were also provided to producers and trade organizations that expressed interest in promoting the availability of CLCA. New consumer education materials developed include:

- Mailing insert for distribution by various agencies and organizations, translated into English, Spanish and Chinese
- Standardized flier for announcing events promoting the CLCA program

“Why risk driving without insurance when you CAN afford it?”

California's Low Cost Automobile Insurance program provides low-income good drivers with affordable insurance.

You may be able to get auto insurance for as little as \$314 per year.

To learn more about the California Low Cost Automobile Insurance program, call

1-800-622-0954

or visit

www.insurance.ca.gov/LCA/CAILCP.htm

CALIFORNIA LOW COST AUTO INSURANCE

Mailing insert

Why risk driving without insurance when you CAN afford it?

You may be able to get insured for less than \$400 per year!

California's Low Cost Automobile Insurance program provides low-income, good drivers living in Los Angeles and San Francisco Counties with an affordable insurance option.

Call today!
1-866-60-AUTO-1
(1-866-602-8281)

¿Para qué arriesgarse a manejar sin seguro cuando PUEDE costearlo?

Es posible que pueda estar asegurado; por un poco menos de \$400 al año!

El programa de Seguros de automóvil de bajo costo de California ofrece a los buenos conductores de bajos ingresos de los Condados de Los Angeles y San Francisco una opción accesible para comprar seguros.

¡Llame hoy!
1-866-60-AUTO-1
(1-866-602-8281)

如果您負擔得起保費，為什麼要冒險駕駛沒有保險的汽車的風險呢？

您可能只需每年支付400美元即可獲得保險。

加州低價汽車保險計劃向好駕駛者、居住在洛杉磯和舊金山縣的低收入車手提供負擔得起的保險計劃。

現在就打電話
1-866-602-8281

Utility bill inserts



Consumer brochures

- Consumer brochure, translated into English, Spanish and Chinese
- New print advertisements for use in community and minority publications, translated into English, Spanish and Chinese
- Radio sponsorship ads and public service announcements in English and Spanish

Producer Outreach

Outreach meetings were held with a variety of producers and producer trade associations that serve low-income communities. The purpose of these meetings was to increase producer awareness about the CLCA program; to describe automated changes in the application process; to solicit feedback of their experiences with the CLCA program; and to solicit additional ideas on program marketing.

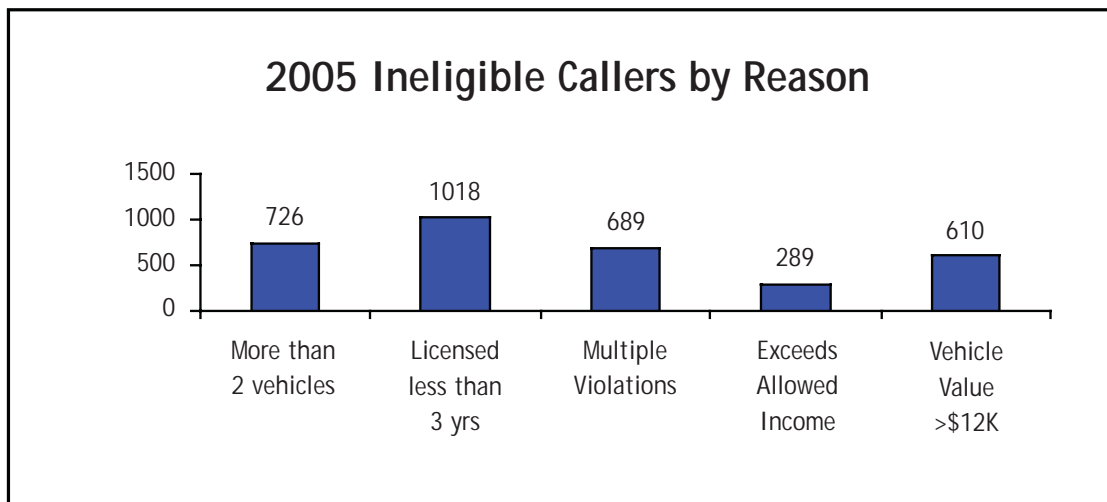


Producers also helped promote the program by participating in press events.

The producers emphasized that the lengthy application process and paperwork burden, combined with the low commission rate, were serious disincentives to producers who might otherwise sell and promote the CLCA program.

Legislative Activity

Legislative objectives for 2005 focused on eliminating or modifying inhibitory eligibility requirements, which were identified as significant obstacles to enrolling low-income drivers in the program. Another objective was to expand the availability of the CLCA program to additional counties with high rates or numbers of uninsured drivers and/or low-income residents.



Department staff worked closely with Senator Escutia and members of the Senate and Assembly Insurance Committees, as well as industry representatives and consumer groups, to adopt a legislative solution to the stated objectives. The final result was the successful adoption of SB 20 (Escutia), which was subsequently signed into law by the governor.

The key elements of SB 20 (Escutia) are described as follows:

Program Sunset Date

SB 20 extended the program sunset date from January 1, 2007 to January 1, 2011.

The program has proven that its rates are sufficient to cover losses and expenses, without subsidy. The need for the program created by the state's financial responsibility laws and the often-high costs of automobile insurance remain. The state continues to have a large population of uninsured, low-income drivers who are unable to afford standard insurance premiums. Extension of the program sunset ensures that this much-needed program remains available.

Maximum Number of Policies per Household

SB 20 permits an individual driver to have two CLCA policies. The household limit on number of policies has been eliminated.

Since inception of the program, a maximum of two policies were permitted per household. Many low-income households in California are multi-generational. These households are likely to have more than two vehicles. The household policy limit was identified as a major cause of exclusion from the program, as documented by CAARP's inquiry screening process and illustrated in the above chart on reasons for ineligibility.

Maximum Vehicle Value

SB 20 increased the maximum vehicle value to \$20,000.

Since program inception, the maximum vehicle value was set at \$12,000. In today's automobile market, many basic pre-owned cars cost in excess of \$12,000. A low-income driver with a disability that requires specialized equipment or modifications to the car is frequently excluded due to the increase in vehicle value. Since the CLCA policy is liability coverage only and does not include collision coverage, the vehicle value is not relevant to program losses and expenses.

Expansion to Additional Counties

SB 20 specifically authorized expansion of the program to Alameda, Fresno, Orange, San Bernardino, Riverside and San Diego Counties, effective April 1, 2006. Additionally, it authorizes the Commissioner to expand the Program throughout the state upon his determination of need, on a county-by-county basis.



The need for expanding the availability of the CLCA program beyond Los Angeles and San Francisco counties is clearly documented in the chart below that demonstrates the number and percentages of uninsured drivers in each county and the corresponding income statistics.

Top 20 Counties by Determination of Need Category

	# Uninsured		% Uninsured		# Low Income		% Low Income	
1	Los Angeles ¹	1,356,239	Imperial³	27.4	Los Angeles ¹	1,778,855	Tulare	23.9
2	Orange ²	200,056	Los Angeles ¹	23.5	San Diego ²	363,532	Fresno ²	22.9
3	San Diego ²	165,016	San Francisco ¹	18.5	Orange ²	307,721	Imperial³	22.6
4	Alameda ²	121,434	Fresno ²	17.3	San Bernardino ²	303,538	Merced	21.7
5	Sacramento³	105,654	San Mateo³	16.3	Riverside ²	265,816	Madera	21.4
6	San Bernardino ²	105,482	Tulare	16.2	Fresno ²	198,490	Kern³	20.8
7	Santa Clara³	103,122	Stanislaus³	13.6	Sacramento³	190,694	Butte	19.8
8	San Mateo³	95,435	Merced	13.5	Alameda ²	160,075	Kings	19.5
9	Riverside ²	87,097	Sacramento³	12.8	Kern³	152,847	Humboldt	19.5
10	Fresno ²	77,933	Alameda ²	12.3	Santa Clara³	126,389	Yolo	18.4
11	San Francisco ¹	75,144	Kings	12.0	San Joaquin³	115,026	Los Angeles ¹	17.9
12	Contra Costa³	45,268	Mendocino	10.4	Tulare	95,958	San Joaquin³	17.7
13	San Joaquin³	41,070	San Bernardino ²	10.4	San Francisco ¹	84,097	Stanislaus³	16.0
14	Ventura	38,173	Orange ²	10.3	Stanislaus³	79,736	Mendocino	15.9
15	Stanislaus³	38,055	Sutter	10.2	Contra Costa³	76,694	San Bernardino ²	15.8
16	Kern³	35,595	Madera	9.7	Ventura	73,388	Sutter	15.5
17	Tulare	33,798	Riverside ²	9.4	Santa Barbara	57,464	Shasta	15.4
18	Sonoma	25,654	Kern³	9.4	Monterey	55,974	Santa Barbara	14.3
19	Imperial³	25,304	Napa	9.3	Merced	51,430	Riverside ²	14.2
20	Monterey	21,330	Monterey	8.8	Butte	42,167	Sacramento³	14.1

1 Original CLCA Pilot Project Counties

2 SB 20 Mandated Expansion Counties

3 Under Consideration by Commissioner for Expansion in Phase II (in bold)

Source: Uninsured rate statistics from CDI Uninsured Motorist Rate Report (1998-2000)

Source: Income statistics from U.S. Census Bureau, 2000 Census

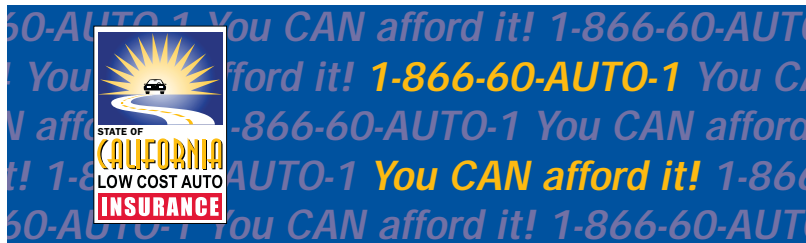
Administrative Modifications and Operational Improvements

Key issues identified in 2004 and revised throughout 2005 that could be resolved without legislative changes centered on the application and enrollment process. The following operational changes were implemented in November 2004 and refined in 2005:

- **On-line application** – This change reduces the time required to complete the application as well as the associated paperwork burden.
- **On-line binding authority** – This function allows producers to obtain on-line binding authority, a policy binding number and effective date, thereby providing clear evidence of binding.
- **On-line DMV driving record verification** – Permits producers to immediately verify whether or not an applicant meets the good driver standard, eliminating the uncertainty of delayed verification of driver qualification.

To inform producers of the operational improvements described above, the Commissioner communicated directly with CAARP certified producers in targeted areas. Information was disseminated about the Department's renewed focus on the CLCA program and the newly implemented operational changes that were designed to reduce barriers to producer participation. The Commissioner and Department staff attended several producer trade group meetings to communicate the same message.

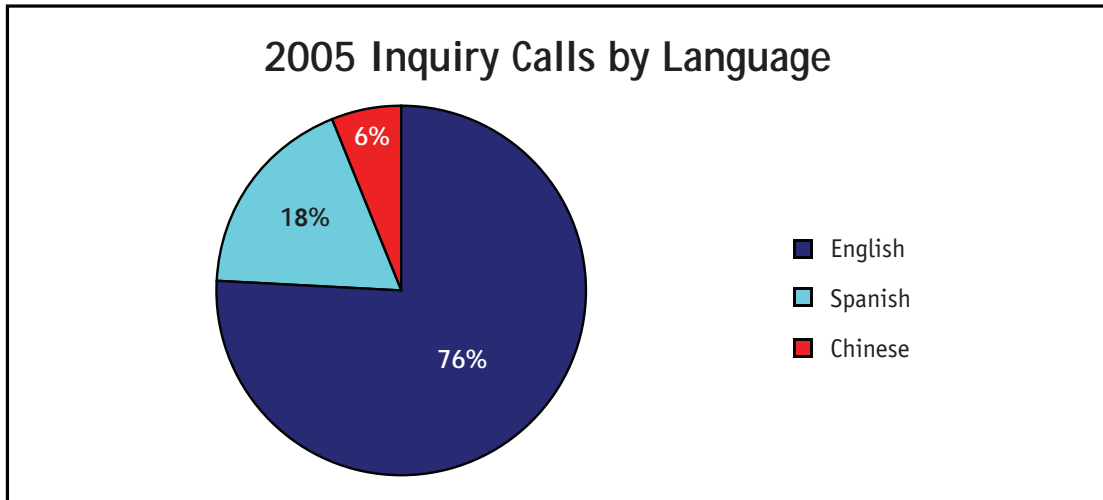
An additional issue identified in 2005 was the lack of a distinctive telephone number available specifically for the CLCA program. Callers to the CAARP hotline dialed a general number that served all CAARP functions. To resolve this issue, a unique and specialized number was obtained for the CLCA program and is being integrated into all CLCA materials.



Performance Measures and Statistics

2005 Calendar Year Program Statistics

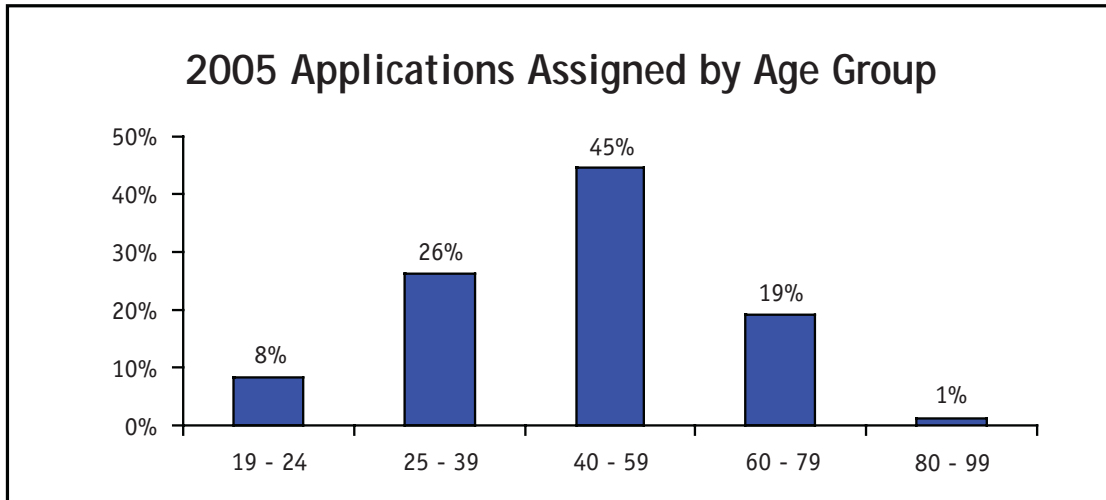
- Policies Currently in Force: 12,240
- Hotline Inquiries: 14,236
 - English: 10,813 (76%)
 - Spanish: 2,569 (18%)
 - Chinese: 854 (6%)



- Applications Received: 7,478
- Policies Assigned: 6,126
- Eligible Applicants Assigned (%): 82%
- Retention rate: 61%
- Assignments with Uninsured Motorist Bodily Injury (UMBI): 2,478 (41%)
- Assignments with Medical Payments Coverage: 1,591 (26%)
- Assignments with both UMBI and Medical: 1,535 (25%)
- Applicants (%) without Insurance at time of assignment: 83%

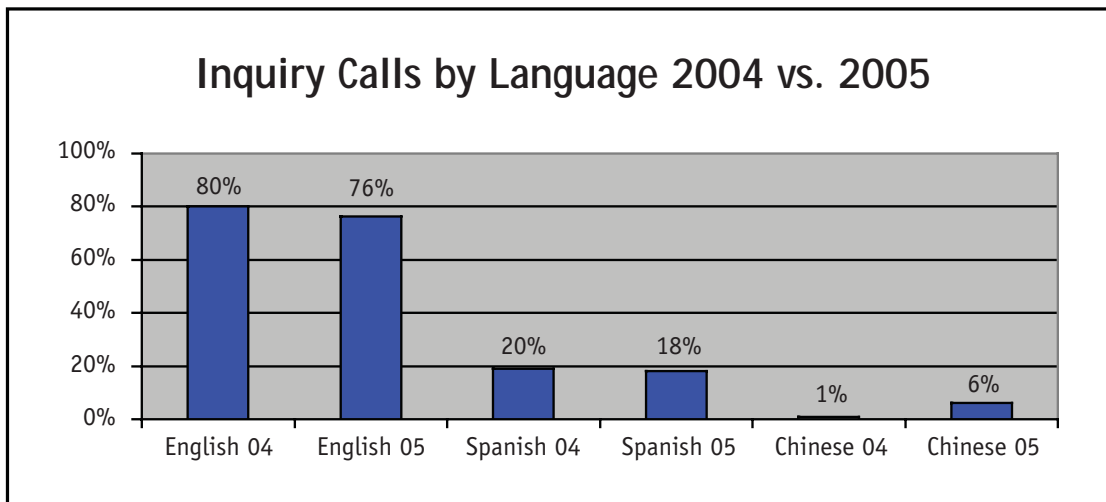
2005 Calendar Year Program Statistics (continued)

- Applicants (%) with Income below \$20,000: 85%
- Predominant Age Group: 40-59 (45%)



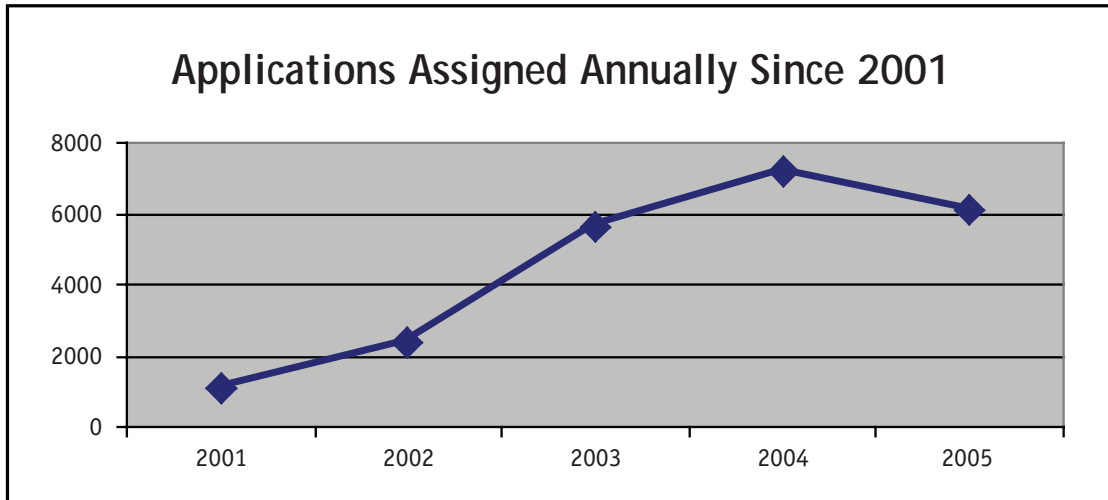
Program Statistics Since Inception

- Hotline Inquiries: 98,038
 - English: 75,504 (77%)
 - Spanish: 21,530 (22%)
 - Chinese: 974 (1%)



Program Statistics Since Inception (continued)

- Applications Received: 29,710
- Policies Assigned: 23,019



- Eligible Applicants Assigned (%): 77%
- Assignments with Uninsured Motorist Bodily Injury (UMBI): 7,191 (38%)
- Assignments with Medical Payments Coverage: 4,121 (22%)
- Assignments with both UMBI and Medical: 4,002 (21%)
- Applicants (%) without Insurance at time of assignment: 85%
- Applicants (%) with Income below \$20,000: 83%
- Predominant Age Group: 40-59 (44%)



Commissioner Garamendi helps potential applicants review eligibility criteria.

Commissioner's Determination of Success

The Commissioner has determined that the CLCA program was successful in meeting each of the measurements of success specified in California Insurance Code section 11629.85, as amended by SB 1500 (Speier), SB 20 (Escutia) and AB 1183 (Vargas).

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

The Insurance Code specifies that rates shall be sufficient to cover losses and expenses incurred by policies issued under the pilot programs. 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 standards, the program rates in 2005 generated sufficient premiums to cover losses and expenses incurred by policies issued under each respective county program.

In 2002, the legislature reduced the statutory annual premiums for a low-cost automobile insurance policy to \$347 for Los Angeles County and \$314 for the City and County of San Francisco, effective March 1, 2003. The legislation also mandated that uninsured motorists and medical payments coverages be made available, at additional cost. Premiums for these coverages were established through the public hearing process.

In determining any adjustment to rates, the Commissioner holds a public hearing to consider a rate recommendation by the California Automobile Assigned Risk Plan (CAARP), as required each year by statute. In 2004, CAARP recommended maintaining all rates for Los Angeles and San Francisco counties as well as maintaining a surcharge for certain drivers.

The Commissioner adopted CAARP's recommendation, finding that the current rates and surcharge were adequate and consistent with statutory rate-setting standards. Thus, premiums in 2005 were as follows:

	Los Angeles County	San Francisco City and County
Liability Policy	\$347	\$314
Uninsured Motorists	\$64	\$39
Medical Payments	\$26	\$24

In January 2005, CAARP submitted its statutorily mandated rate proposal and updated loss and expense data. Based on loss experience, the Commissioner determined that a rate adjustment was necessary to insure success of the program. Consistent with rate-setting standards and procedures, after public hearing, the Commissioner has established the following rates, effective January 20, 2006:

	Los Angeles County	San Francisco City and County
Liability Policy	\$355	\$322
Uninsured Motorists	\$65	\$39
Medical Payments	\$29	\$26

As loss experience warrants, the Commissioner will make necessary rate adjustments, consistent with the rate-setting standards and procedures of California Insurance Code section 11629.72(c).

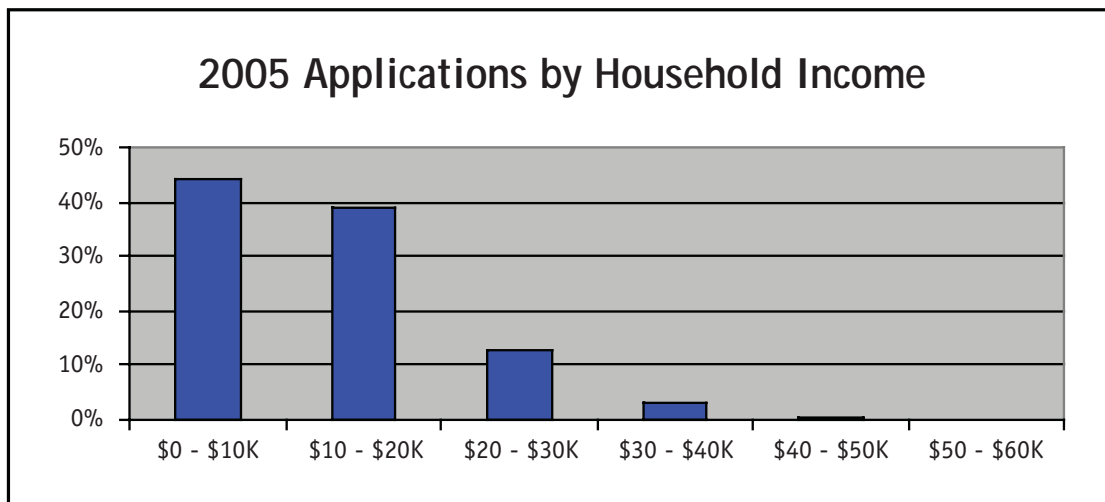
Recent legislation (Statutes 2005, chapter 435) has authorized the expansion of the program to Alameda, Fresno, Orange, Riverside, San Bernardino and San Diego counties, effective April 1, 2006. In consultation with CAARP, the Commissioner will set premiums for each of the expansion counties so that each county program will generate sufficient premiums to meet statutory rate-setting standards.

Insurance Code section 11629.85(d)(1) provides that the program is successful, in part, if the plan generated sufficient premiums to pay for the costs of medical care and property losses covered under the policy during the year. Based on this specification, the Commissioner has determined that the program has been successful.

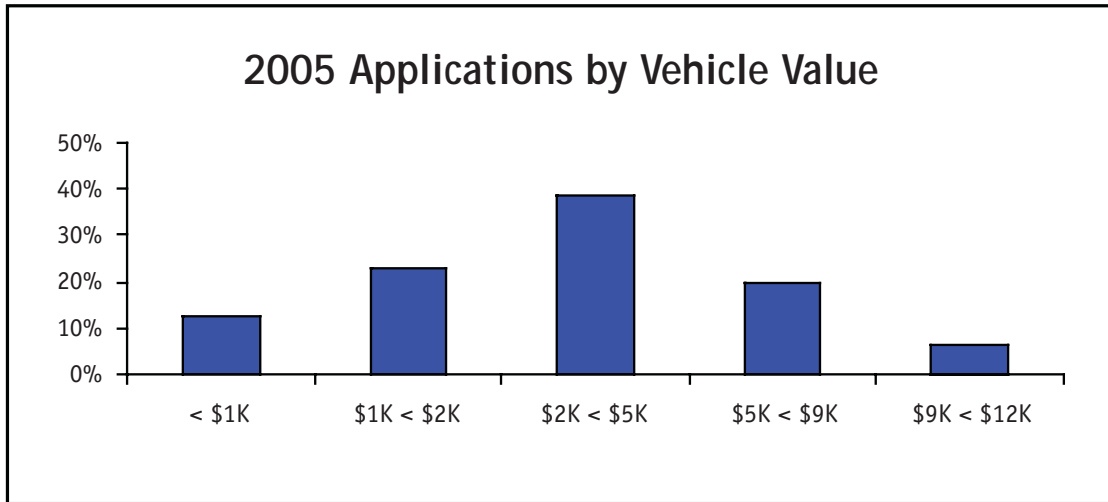
2 - Program Served Underserved Communities

While the term “underserved communities” is not defined in statute, the Department believes it is meeting this goal, as evidenced by the following:

- Household incomes of all policyholders do not exceed 250% of the federal poverty level. In fact, CAARP statistics document 83% of policies issued in 2005 were issued to applicants whose income was at or below \$20,000 per year

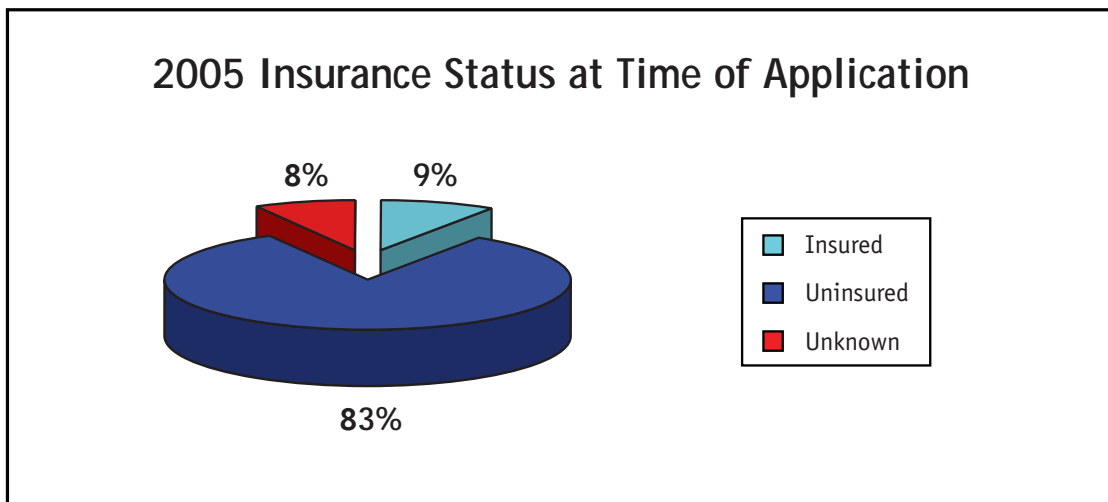


- Many zip codes with high concentrations of low-income consumers show increases in policies assigned
- Over 23,000 policies have been sold since program inception



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

Statistics compiled by CAARP demonstrate that, in 2005 83% of new CLCA policies assigned were to applicants that were uninsured at the time of application. Although the total number of policies issued in 2005 decreased slightly



from 2004, the average number of policies issued monthly in 2005 was approximately 510. As a result, thousands of formerly uninsured drivers are now covered through the CLCA program.

4 - Administrative Costs

For fiscal year 2005-06, the Department allocated approximately \$700,000 of SB 940 (Speier) funds for CLCA consumer education and outreach activities. The CLCA program is administered by CAARP, whose administrative costs are reflected and reported in the accompanying annual CAARP report and budget.



Preparing for a community outreach event in collaboration with the Department of Motor Vehicles in San Francisco.

2006 Consumer Education and Outreach Plan Summary

The California Low Cost Automobile Insurance Program 2006 Consumer Education and Outreach Plan has been crafted to incorporate and expand upon the 2005 plan, and to accommodate expansion of the program to new counties. There are three core components to the 2006 consumer education and outreach plan:

- Continue and enhance Los Angeles and San Francisco consumer education and outreach activities
- Launch CLCA program expansion into the six counties authorized by SB 20 (Escutia)
- Conduct an analysis of need for the CLCA program in additional counties throughout the state. Implement program expansion into additional counties, as determined by the Commissioner.

The key objective of the plan during 2006 is to continue to raise consumer awareness of the CLCA program and further increase the volume of program inquiries and policy assignments. This will be accomplished through ongoing grassroots consumer education and outreach activities, conducted in partnership with various community based organizations, faith-based organizations, labor organizations and federal, state and local government agencies.

The consumer education and outreach plan will continue to utilize community based and ethnic-specialty press to advertise the CLCA program, as well as public service announcements and paid radio advertisements. A key goal of the advertising program will be to select publications and radio programs that specifically target low-income communities.

A major new initiative in 2006 results from the passage of SB 20 (Escutia), which requires the expansion of the CLCA program to six additional counties. SB 20 also authorizes the Commissioner to expand the program to other counties, based on a determination of need.

Consumer Education and Outreach Plan Goals

- Ensure sustained increase in inquiry volume, through ongoing consumer education and outreach activities
- Ensure increase in new policy assignments, through ongoing consumer education and outreach activities
- Expand geographic availability of the CLCA program, thereby decreasing the number of uninsured motorists on the roads of California
- Increase the number of producers who participate in promoting the availability of the CLCA program and are certified to write CLCA policies

2006 Consumer Education and Outreach Plan Outline

Los Angeles and San Francisco Component

Expand the 2005 grassroots campaign to additional governmental agencies and community based organizations. A key activity of the grassroots campaign will be to schedule town hall style informational meetings with selected partners and to participate in meetings and events hosted by partner agencies and organizations.

1) Expand existing outreach partnerships with state and local government agencies:

- Department of Motor Vehicles
- California Highway Patrol
- Women Infants Children (WIC)
- LifeLine
- Department of Public Social Services
- Housing Authorities/Agencies
- Head Start Programs
- Legislators and Local Elected Officials

2) Develop additional outreach partnerships with state and local government agencies:

- California Healthy Families Program
- School-based programs serving low-income families
- CalWorks
- Colleges and Universities
- Adult Education Program
- Local Workforce Investment Boards (WIB)

3) Expand existing partnerships and develop additional collaborations with community based organizations serving seniors and low-income and immigrant communities

- Employment Training Centers
- One-Stop Centers
- Vocational Training Centers
- Senior Centers
- Senior Advocacy Groups (e.g., AARP, California Congress of Seniors)
- Immigrant Assistance Programs
- Low-income Legal Assistance Service and Centers
- Minority Advocacy Groups (e.g., Urban League, Mexican Opportunity Foundation, Organization of Chinese Americans)
- Disability Advocacy Groups
- Faith-Based Organizations
- Labor Organizations

4) Media Campaign

- Community based and ethnic specialty publications
- Paid radio advertising campaign
- Public Service Announcements
- Earned Media Opportunities



Press events promoting the program helped generate consumer interest.

5) Producer Outreach

- Promote participation in the CLCA program by CAARP certified producers
- Disseminate information about opportunities to participate in outreach efforts
- Meet with newly certified CAARP producers to encourage participation

Mandated CLCA Expansion Component (Alameda, Fresno, Orange, Riverside, San Bernardino and San Diego)

Implementation of this component of the consumer education and outreach plan revolves around creating initial consumer awareness of the availability of the program and developing key relationships and partnerships with local agencies and organizations. Outreach to local CAARP certified producers will be essential to successful program expansion.

1) Develop initial media and community awareness plan

- Work with local media to facilitate print and television stories announcing the availability of the CLCA program
- Hold town hall meeting(s) to inform community leaders, consumers and local elected officials of the availability of the CLCA program
- Evaluate opportunities for local print media and radio advertising

2) Develop initial relationships with key local government agencies

- Social Service and housing agencies
- Local Department of Motor Vehicles offices
- County Supervisors and City Council offices
- Other local agencies that serve low-income constituents

3) Develop initial relationships with community based organizations

- Community based organizations that serve seniors, low-income and immigrant communities
- Faith-based organizations
- Local labor organizations

4) Producer Outreach

- Introduce availability of CLCA program to CAARP certified producers
- Encourage producer participation in promoting the availability of the CLCA program
- Disseminate information about opportunities to participate in outreach efforts

Optional CLCA Expansion Component

Implementation of this component of the consumer education and outreach plan begins with conducting an analysis and determination of need and determining counties that will benefit from the availability of the CLCA program. Upon designation of additional expansion counties, a plan to develop initial consumer awareness of the program and initiation of key relationships and partnerships with local agencies and organizations will be essential. Outreach to local CAARP certified producers will also be key to the success of the program.

1) **Conduct determination of need**

- Review uninsured driver statistics by county
- Review income/poverty statistics by county
- Review availability of affordable insurance by county
- Commissioner to make initial determination of need by county
- Conduct community meetings to assess need and interest
- Commissioner to make final determination of eligible counties

2) **Develop initial media and community awareness plan**

- Work with local media to facilitate print and television stories announcing the availability of the CLCA program
- Hold town hall meeting(s) to inform community leaders, consumers and local elected officials of the availability of the CLCA program
- Evaluate opportunities for local print media and radio advertising

3) **Develop initial relationships with key local government agencies**

- Social Service and housing agencies
- Local Department of Motor Vehicles offices
- County Supervisors and City Council offices
- Other local agencies that serve low-income constituents

4) **Develop initial relationships with community based organizations**

- Community based organizations that serve seniors, low-income and immigrant communities
- Faith-based organizations
- Local labor organizations

5) Producer Outreach

- Introduce availability of CLCA program to CAARP certified producers
- Encourage producer participation in promoting the availability of the CLCA program
- Disseminate information about opportunities to participate in outreach efforts

Evaluation Component: Tracking Impact of Consumer Education and Outreach Activities

The impact of consumer education and outreach activities will be evaluated based on various data reports compiled by CAARP. The plan will be dynamically revised based on the on-going evaluation of the effectiveness of various outreach methods.

1) Assess progress through weekly and monthly performance reports and revise plan as needed

- Review and evaluate weekly calls generated by a particular consumer education and outreach method
- Review and evaluate monthly reports on the number of callers “qualified” to apply for the program
- Review and evaluate monthly number of applications assigned, returned, or rejected
- Review and evaluate monthly number of calls by zip code
- Review and evaluate quarterly reports on the number of policy renewals and cancellations
- Review and evaluate monthly reports on the percentage of previously uninsured drivers assigned and other demographic detail

2) **Evaluate effectiveness of print media and radio advertising campaign and revise as needed**

- Review and evaluate weekly and monthly reports on the number of calls by referral source (publications and broadcast media)
- Review and evaluate weekly calls generated by a particular outreach method
- Evaluate feedback provided to the Department by publications and radio stations

3) **Identify additional opportunities to eliminate barriers to eligibility, simplify the application process, improve the CLCA program and further expand the geographic availability**

- Obtain feedback from CAARP certified agents regarding CLCA program
- Consult with CAARP regarding application process and other identified problems
- Review feedback and comments obtained from consumers through town hall meetings, consumer education and outreach events and the CDI Hotline
- Review and evaluate monthly reports of calls outside of eligible counties
- Review monthly reports on ineligible callers by reason

4) **Consider additional regulatory and statutory changes to improve and enhance the program**

- Obtain feedback from CAARP certified agents regarding CLCA program
- Obtain feedback from CAARP regarding application process and other identified problems
- Review feedback and comments obtained from consumers through town hall meetings, consumer education and outreach events and the CDI Hotline
- Review monthly reports on ineligible callers by reason

FY 2006-07 CLCA Proposed Consumer Education and Outreach Budget

Elements	Cost
<p>Consumer Education and Outreach</p> <p>In collaboration with community based organizations and state and local government agencies disseminate CLCA consumer education and outreach materials to increase consumer awareness about the program.</p> <ul style="list-style-type: none"> • Postage, mail processing, and bulk distribution of materials • Purchase advertising space in organizational bulletins and newsletters • Project management and staffing 	\$280,000
<p>Consumer Education and Outreach Materials Development and Production</p> <p>Develop and produce integrated CLCA consumer education and outreach materials: flyers, postcards, posters, inserts, brochures, and press kits</p> <ul style="list-style-type: none"> • Graphic design, layout and copywriting • Design and produce consumer education and outreach materials to for use in collaboration with organizations and government agencies • Update and/or purchase specialized mailing list • Printing and production • Public relations consulting contract (Ogilvy Public Relations Worldwide) • Project and contract management and staffing 	\$250,000
<p>Community Outreach Events</p> <ul style="list-style-type: none"> • Attend and/or arrange conferences, workshops, community events, and education fairs • Organize and conduct CLCA presentations, workshops, or events • Related travel expenses • Project management and staffing 	\$50,000
<p>CLCA Internet Web Page</p> <ul style="list-style-type: none"> • Project management 	\$10,000
<p>Media and Advertising</p> <ul style="list-style-type: none"> • Print advertising development and production • Print advertising purchases • Radio advertising production • Radio advertising purchases • Public Services Announcement development and marketing • Project management 	\$350,000
<p>Miscellaneous Consumer Education and Outreach Activities</p>	\$10,000
<p>Total</p>	\$950,000

Conclusion

The Commissioner is committed to the success of the California Low Cost Automobile Insurance Program and believes the activities and structural program changes implemented in 2005 show great promise for future program success and for a significant reduction in the number of uninsured drivers on the roads of California.

Through the elements described in our 2006 Consumer Education and Outreach Plan, the Department expects to further raise consumer awareness and increase the volume of program inquiries and number of CLCA insurance policies assigned. The Commissioner also anticipates implementing the CLCA program into the six counties specified in SB 20 (Escutia) and determining additional counties that will benefit from the CLCA program.

The California Department of Insurance is committed to making the California Low Cost Automobile Insurance program the best of its kind in the nation.

