



CALIFORNIA'S LOW COST AUTO INSURANCE

Report to the Legislature & Consumer Education and Outreach Plan

2011

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www.mylowcostauto.com

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EXECUTIVE SUMMARY

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

Since the program's inception, 59,298 Californians have received insurance through the program. Approximately 66% of these motorists had previously been uninsured. There were 11, 516 policies in force at the end of 2010.

Recent changes to the program include giving website visitors and hotline callers immediate access to producers in their area, encouraging producers to use an online application system that reduces application errors, and tracking motorists who visit a producer because of the program's advertising but purchase a "better" policy than CLCA.

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

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

This report is the California Department of Insurance's report on 2010 activity required on or before March 1st of each year. The California Automobile Assigned Risk Plan (CAARP), which manages the program, has recently submitted its report to the Legislature. The CAARP report can be found on the web at: www.aipso.com/PlanSites/CaliforniaLowCost.aspx.

THE PROGRAM

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

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

The CLCA Program began operation in 2000 as a pilot program for the counties of Los Angeles and San Francisco. This program remained as a pilot program for those counties until April 2006 when the Legislature authorized expansion of the program into all 58 counties of the State as deemed necessary by the California Insurance Commissioner. The program was expanded on April 1, 2006, March 30, 2007 and October 1, 2007 into 34 additional counties; and on December 10, 2007, the program became available in all 58 counties of the State.

THE ELIGIBILITY REQUIREMENTS

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

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

Household Size (people)	Maximum Income
1	\$27,075
2	\$36,425
3	\$45,775
4	\$55,125
5	\$64,475
6	\$73,825
7	\$83,175
8	\$92,525

(Federal poverty levels are established annually. The above levels are current as of December 2010.)

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

THE POLICY

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

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

- The policy offers coverage in the amount of ten thousand dollars (\$10,000) for bodily injury to, or death of, each person as a result of any one accident and, subject to that limit as to one person.
- The amount of twenty thousand dollars (\$20,000) for bodily injury to, or death of all persons as a result of any one accident.
- The amount of three thousand dollars (\$3,000) for damage to property of others as a result of any one accident.
- Medical payments coverage is available to the consumer at an additional premium charge for the coverage.
- Uninsured/Underinsured coverage is available to the consumer at an additional premium charge for the coverage.
- The policy has an initial term of one year and is renewable on an annual basis thereafter.
- The policy covers the person named in the policy (named insured), and any other operator of the automobile, provided the use is permissive and consistent with the scope of the permission granted to the user.
- The policy contains an exception to members of the named insured's household who do not satisfy the eligibility requirements of California Insurance Code Section 11629.73. (See Eligibility Section above.).
- CLCA policies are issued by insurance companies holding certificates of authority issued by the California Department of Insurance (CDI).

CAARP offers the following payment options for CLCA policies:

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

THE RATES

CAARP administers the CLCA program. CAARP assigns CLCA applications to licensed auto insurers based on each insurer's share of the California voluntary auto insurance market.

California Insurance Code Section 11629.72 provides that rates for CLCA policies issued under the program shall be reviewed and revised annually and CAARP shall submit the loss and expense data, together with a proposed rate and the surcharge for the program, to the Commissioner for approval. The Commissioner shall act on the recommendation within 90 days of receipt of the recommendations from CAARP.

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

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

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

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

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

County	2000-2002	2003-2005	2006	2007-2008	2009	2010
Alameda			\$322.00	\$318.00	\$272.00	\$314.00
Alpine				\$311.00	\$274.00	\$264.00
Amador				\$280.00	\$262.00	\$264.00
Butte				\$253.00	\$233.00	\$277.00
Calaveras				\$275.00	\$232.00	\$264.00
Colusa				\$284.00	\$252.00	\$277.00
Contra Costa			\$317.00	\$313.00	\$267.00	\$314.00
Del Norte				\$285.00	\$243.00	\$277.00
El Dorado				\$285.00	\$263.00	\$264.00
Fresno			\$299.00	\$295.00	\$258.00	\$248.00
Glenn				\$288.00	\$255.00	\$277.00
Humboldt				\$263.00	\$237.00	\$277.00
Imperial			\$210.00	\$208.00	\$161.00	\$264.00
Inyo				\$271.00	\$253.00	\$264.00
Kern			\$239.00	\$236.00	\$254.00	\$264.00
Kings				\$273.00	\$222.00	\$248.00
Lake				\$268.00	\$217.00	\$277.00
Lassen				\$286.00	\$269.00	\$277.00

County	2000-2002	2003-2005	2006	2007-2008	2009	2010
Los Angeles	\$450.00	\$347.00	\$355.00	\$350.00	\$368.00	\$358.00
Madera				\$253.00	\$223.00	\$248.00
Marin				\$297.00	\$274.00	\$314.00
Mariposa				\$279.00	\$251.00	\$264.00
Mendocino				\$260.00	\$224.00	\$277.00
Merced				\$267.00	\$238.00	\$248.00
Modoc				\$292.00	\$258.00	\$277.00
Mono				\$286.00	\$259.00	\$264.00
Monterey				\$210.00	\$198.00	\$248.00
Napa				\$277.00	\$243.00	\$277.00
Nevada				\$263.00	\$251.00	\$264.00
Orange			\$312.00	\$308.00	\$295.00	\$358.00
Placer				\$314.00	\$284.00	\$264.00
Plumas				\$276.00	\$241.00	\$277.00
Riverside			\$246.00	\$243.00	\$262.00	\$264.00
Sacramento			\$383.00	\$378.00	\$361.00	\$314.00
San Benito				\$274.00	\$253.00	\$248.00
San Bernardino			\$283.00	\$280.00	\$274.00	\$264.00
San Diego			\$268.00	\$265.00	\$264.00	\$264.00
San Francisco	\$410.00	\$314.00	\$322.00	\$336.00	\$302.00	\$314.00
San Joaquin			\$295.00	\$292.00	\$278.00	\$314.00
San Luis Obispo				\$226.00	\$226.00	\$248.00
San Mateo			\$307.00	\$303.00	\$287.00	\$314.00
Santa Barbara				\$220.00	\$231.00	\$248.00
Santa Clara			\$290.00	\$286.00	\$261.00	\$314.00
Santa Cruz				\$252.00	\$213.00	\$248.00
Shasta				\$260.00	\$242.00	\$277.00
Sierra				\$297.00	\$272.00	\$264.00
Siskiyou				\$259.00	\$216.00	\$277.00
Solano				\$304.00	\$271.00	\$277.00
Sonoma				\$270.00	\$251.00	\$277.00
Stanislaus			\$359.00	\$354.00	\$307.00	\$314.00
Sutter				\$291.00	\$279.00	\$314.00
Tehama				\$280.00	\$235.00	\$277.00
Trinity				\$288.00	\$253.00	\$277.00
Tulare				\$222.00	\$209.00	\$248.00
Tuolumne				\$279.00	\$249.00	\$264.00
Ventura				\$280.00	\$267.00	\$264.00
Yolo				\$286.00	\$257.00	\$277.00
Yuba				\$286.00	\$260.00	\$264.00

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

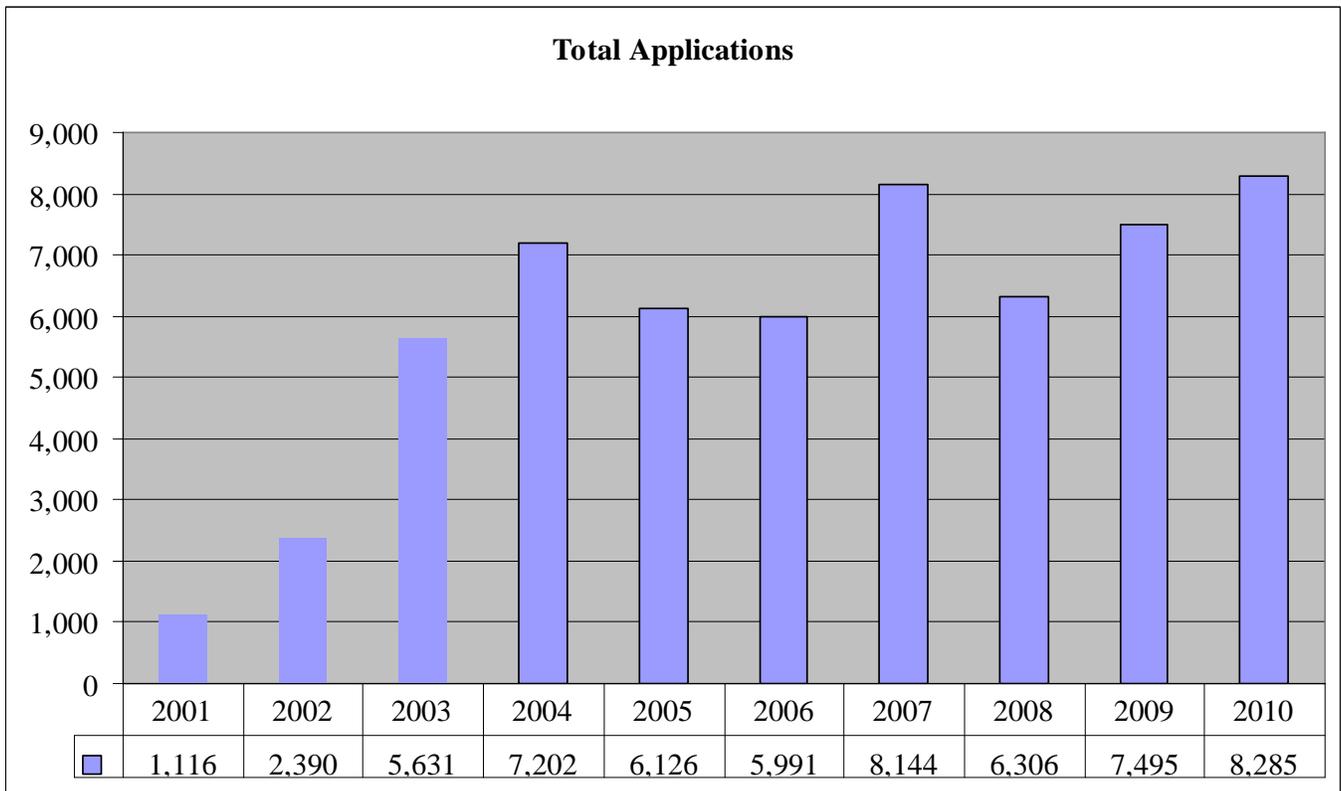
THE APPLICATION PROCESS

The application process for the CLCA program has become increasingly convenient over the years, with the introduction of the online application process referred to as EASi. The EASi application was implemented in November 2004. This process performs a preliminary eligibility qualification check by pulling the motor vehicle record of the insured to see if they meet the driving requirements of the program along with the other criteria for eligibility. During 2010, 96% of the applications were submitted through the EASi system (with a 99.9% accuracy rate) while 4% of applications were submitted on paper (with a 25% accuracy rate).

Additionally, the producer is able to download the paper version of the application, which is available in ten languages for manual submission to the CAARP.

There are approximately 2,208 currently active producers in California who are CAARP certified to write CLCA policies.

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



Applications Assigned Annually by County Since 2006

County	2006	2007	2008	2009	2010
Alameda	75	150	142	144	228
Alpine		0	0	0	0
Amador		0	1	4	0
Butte		16	51	115	77
Calaveras		1	11	14	6
Colusa		0	1	3	3
Contra Costa	10	113	84	117	118
Del Norte		0	3	0	0
El Dorado		1	27	35	45
Fresno	74	144	93	378	310
Glenn		0	3	4	6
Humboldt		1	14	40	38
Imperial	3	76	39	48	54
Inyo		0	0	2	2
Kern	3	55	52	121	120
Kings		0	3	17	26
Lake		0	5	7	12
Lassen		0	1	1	1
Los Angeles	5,143	5,235	3,354	2,984	3025
Madera		0	4	12	14
Marin		2	16	18	21
Mariposa		0	0	10	4
Mendocino		1	3	4	4
Merced		26	25	68	90
Modoc		0	0	0	1
Mono		0	0	0	1
Monterey		15	30	45	59
Napa		0	5	7	7
Nevada		0	20	23	12
Orange	75	220	201	278	576
Placer		2	22	59	44
Plumas		0	1	1	0
Riverside	93	323	320	346	462
Sacramento	35	276	393	539	444
San Benito		0	1	2	6
San Bernardino	67	295	201	320	477
San Diego	134	359	291	326	443
San Francisco	211	241	163	197	208
San Joaquin	37	116	114	185	154
San Luis Obispo		0	20	39	32
San Mateo	10	63	35	45	52

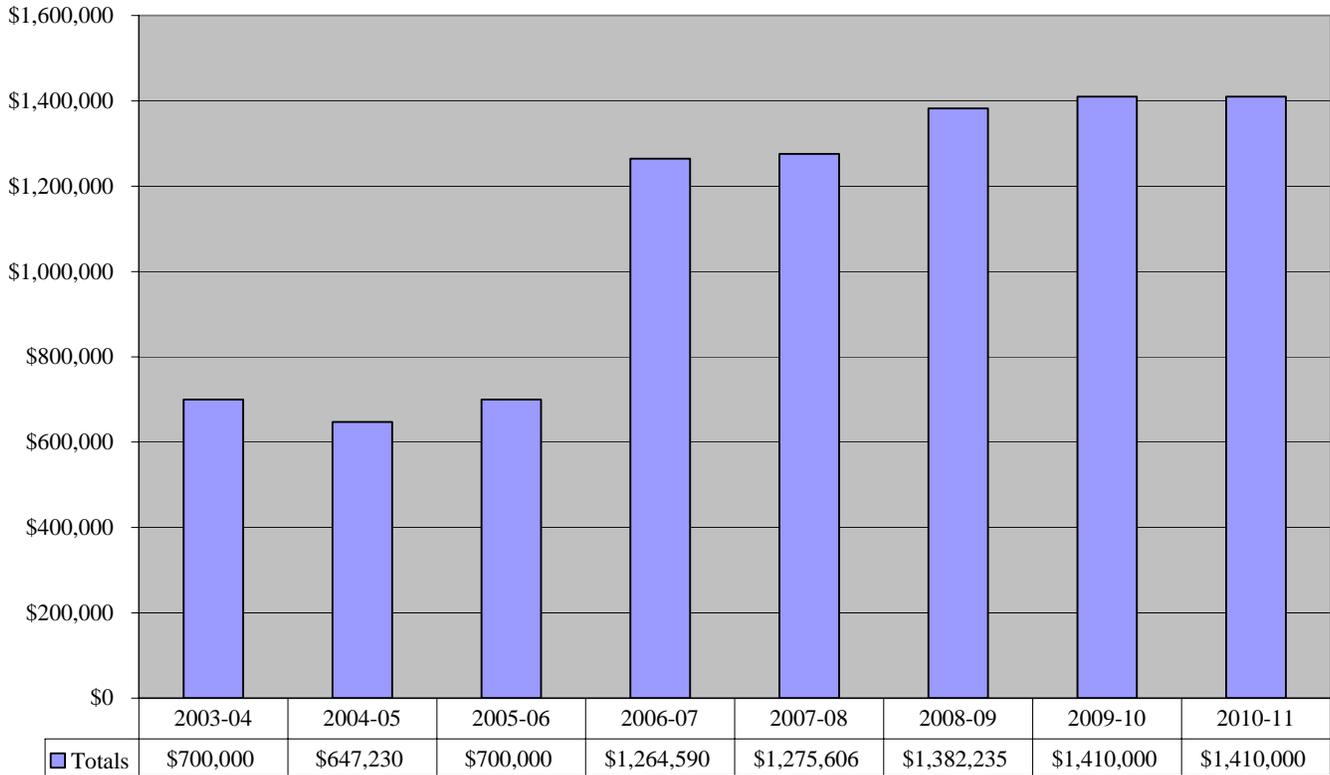
County	2006	2007	2008	2009	2010
Santa Barbara		19	16	16	19
Santa Clara	17	163	170	199	210
Santa Cruz		0	2	20	42
Shasta		6	49	175	162
Sierra		0	0	0	0
Siskiyou		0	1	9	7
Solano		5	13	26	60
Sonoma		61	50	60	84
Stanislaus	4	60	71	154	222
Sutter		2	11	17	22
Tehama		0	6	25	14
Trinity		0	2	3	3
Tulare		31	28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

FUNDING FOR PROGRAM OUTREACH

The legislation (SB 940, Speier, Chapter 884) that created the CLCA program in 1999 did not provide funding for consumer education and outreach. In 2000, CDI initiated a consumer education and awareness campaign to inform consumers of the availability of the program.

Legislation enacted in 2005 (AB 1183, Vargas, Chapter 717) provides for CDI to use up to five-cents (\$0.05) of the thirty-cents (\$0.30) assessment levied against each insured vehicle in the state for the purpose of informing consumers about the existence of the CLCA program.

Budget Allocations for Outreach Activities Since Inception



California Insurance Code section 1872.81, which provides for the \$0.30 cent assessment, is operative until January 1, 2015, unless legislation is enacted to extend the date.

2010 CONSUMER EDUCATION AND OUTREACH

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

Over the course of 2010, CPB enacted many initiatives to garner awareness of CLCA, including community and event sponsorships, earned and paid media as well as outreach and brochure dissemination.

During FY 2009-10, CDI contracted with Ogilvy Public Relations (Ogilvy PR), to assist with the marketing of the CLCA program. The marketing campaign had the following objectives:

- Increase awareness by educating Californians on eligibility requirements of the program to determine if they qualify for the CLCA program before they call the hotline.
- Increase qualified applicant inquiries to the hotline and increase the number who purchase a CLCA insurance policy.
- Renew interest among consumers and producers.

Partnership Outreach

During 2010, CPB focused on our continuing partnerships with the Los Angeles Department of Public and Social Services (LADPSS), the California Department of Motor Vehicles (DMV), Department of Human Services, EDD Centers, the Women Infants and Children (WIC) program, and Workforce Development programs throughout California in order to encourage public agencies to integrate CLCA into their programs.

Working in concert with the City of Los Angeles, CPB continued to partner with their Employee Assistance Program – Community Assistance Centers, to promote the CLCA program to local communities. The Community Assistance Centers function as a “one-stop” facility for eligible community members to receive assisted living benefits. The CLCA program has been added to their electronic benefits systems as a program that eligible members can apply for while being on site at the Community Assistance Centers. The Community Assistance Centers program was launched in February 2010.

Partnership Outreach

CDI’s outreach efforts targeted community groups and organizations in order to reach Latinos in the target areas. CDI and Ogilvy PR sought out credible partners in the Latino community that serve immigrant populations across the key target areas. Outreach efforts were made to the following organizations:

- National Council of La Raza
- League of United Latin American Citizens (LULAC)
- National Association of Latino Elected Officials (NALEO)
- The Tomas Rivera Policy Institute

Community College Outreach

For 2010, CDI and Ogilvy PR identified Latino student groups, administration contacts and special event schedules for community colleges. The partnership outreach supported the intended media relations efforts previously outlined and continued on an ongoing basis throughout the year 2010.

Ogilvy PR staff, on behalf of CDI, met with the administration of various colleges and leaders of student groups to explain the CLCA program and encourage their participation as partners. Outcomes included CLCA links on college websites, campus newspaper stories on the program, and disseminating information through the administration.

Collateral Material

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

During 2010, CDI distributed approximately 150,000 CLCA brochures to nearly 1,500 community based organizations for dissemination to their clientele.

Training and Development Opportunity Program

For 2010 CDI continued to provide training & development opportunities for staff at agencies and organizations that serve income eligible consumers. CDI provided the necessary supplies and materials to staffers for distribution to consumers advising of CLCA.

Government Outreach

During 2010, CDI created new outreach opportunities with government entities such as Cal-Vet and The California National Guard, The League of California Cities and California State Association of Counties. Program information materials were distributed to the membership of each of these entities.

Media Campaign

Target Audience

Studies conducted by Ogilvy PR, using information obtained from The Insurance Research Council (IRC) and the Insurance Institute of America, indicated that uninsured drivers tended to be lower income, younger Latino or African American males. Based on these findings, it was recommended focusing the CLCA message towards the following key audiences:

- Income eligible drivers, primarily males (and secondarily some females)
- Latino, African American and Asian community groups
- Key influencers (i.e., producers, law enforcement, community based organizations, colleges, universities and government agencies)

Media Relations Outreach

The media relations plan focused on media that would have the most reach into the target audiences and will provide newer and faster forms of communication to make information on the CLCA program more timely, relevant and impactful with traditional, digital and ethnic outlets.

Ethnic Media Outreach

All media materials and press conferences are complimented by Spanish media outreach. An emphasis is also placed on ethnic radio and print media placement to compliment the media relations efforts. Radio is widely listened to among the African American and Latino population, especially while driving, according to Ogilvy PR. CDI through Ogilvy PR placed Public Service Announcements (PSAs) on radio stations targeting Latino and African American audiences in four major markets (Sacramento, Central Valley, Los Angeles and San Diego).

Statistics provided by Ogilvy PR demonstrate that during 2010 CDI was able to reach approximately 52 million Californians statewide through radio broadcast announcements, PSA placements, on-line advertisements and print material distribution at events. The media campaign contributed 58,274 total calls to the CLCA hotline resulting in 14,630 qualifying calls and 8,285 assigned applications.

Other media campaign results include:

- Garnered more than 569,563,214 impressions from overall campaign efforts.
- Secured \$1,016,254 in added value from campaign deliverables.
- A total of 43 earned media placements were garnered including: 25 print articles, three television stories, 10 radio stories, five on-line articles, generating more than 20 million impressions reaching 1.9 million Californians.

2011 CONSUMER EDUCATION AND OUTREACH BUDGET & PLAN

While the annual report is based on calendar year, the contracts and budgets associated with this program are based on a fiscal year. The budget for FY 2011-12 is expected to remain at \$1.4 million.

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

During FY 2009-10, CDI contracted with a new public relations firm, Ogilvy Public Relations (Ogilvy PR), to assist with the marketing of the CLCA program. CDI and Ogilvy PR plan to continue the following marketing objectives through June 2011:

- Increase awareness by educating Californians on eligibility requirements of the program to determine if they qualify for the CLCA program before they call the hotline.
- Increase qualified applicant inquiries to the hotline and increase the number who purchase a CLCA insurance policy.
- Renew interest among consumers and producers.

Partnership Outreach

Through June 2011, outreach efforts are concentrated on taking the CLCA program to community colleges statewide. And based on the current unemployment and uninsured motorist rate data, the plan will place a greater emphasis on the following markets:

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

By prioritizing outreach efforts to these target areas, the CLCA program will reach Californians with both the greatest need for cost savings and who are most likely to take advantage of available state resources.

Community College Outreach & On-Site Events

CDI and Ogilvy PR have continued to build upon existing community college partners, while expanding the CLCA program on campuses statewide. New partners have been identified through Ogilvy PR and mutually beneficial opportunities to provide students and staff with available state resources have been created. For 2011 CDI will be reconnecting with last year's partners and identifying back to school exhibit opportunities at key community colleges in the Los Angeles and Fresno areas – and will be traveling to college campuses in Northern California later in the calendar year 2011.

As the 2011 school year continues events will be identified during key periods for student gatherings including: back to school, Mexican Independence Day, Cinco de Mayo among other events in which to participate. A calendar of key events and CLCA exhibit opportunities has been developed.

Additionally, CDI and Ogilvy PR will continue to target Associated Student Governments (ASG) and Associated Student Organizations (ASO), ESL programs and Inter-Club Councils throughout the community college system. CDI and Ogilvy PR staff will make in-person presentations and take advantage of the social media components available for many of these groups. This year CDI will not only be able to post CLCA information and links on various ASG and ASO Facebook and My Space pages – but with the new CLCA program social media channels and micro-site development (www.mylowcostauto.com), we will also be able to cross promote a CLCA program fan page.

Community Based Organization Partnership Outreach

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

State of California Agencies

- Department of Motor Vehicles (expand beyond field offices)
- Department of Health Care Services
- Bureau of Automotive Repair
- Department of Community Services and Development
- Govbenefits.gov
- Employment Development Department

Associations

- California Association of Area Agencies on Aging
- California Welfare Director's Association
- Driving School Association of California

Community Service Organizations

- United Way
- Habitat for Humanity

Faith-based Organizations

- California Council of Churches
- California Catholic Charities
- African American Churches
- Catholic Diocese
- Korean Churches for Community Development
- Friends in Deed – Ecumenical Council of Pasadena Area Churches

Retail Partners

- Thrift Stores
- Salvation Army Stores
- 99 Cent Stores

Business Partners

- Credit Card Companies
- Computer Companies
- Automotive Dealerships

The outreach efforts will be to develop contact information and mailing lists, conduct mailings to primary contacts with information regarding the CLCA program, and follow up to secure involvement and information/order fulfillment for CLCA materials.

CLCA Collateral Material

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

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

Paid Advertising & Media

The advertising strategy is intended to reach uninsured motorists with a combination of spot radio, outdoor billboards, ethnic print and public service announcements in the California markets designed above between March and May 2011. The strategy is aimed at reaching low-income adults 19+ with an emphasis on Hispanic and African American audiences. The plan is to utilize outdoor billboard and print advertising along with the recently developed “Hard Times”30 radio spot.

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

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

The recommended advertising plan reaches a large part of the core audience throughout California by obtaining 78,000,000 total impressions between March and May 2011.

Target Markets

The following markets were carefully chosen based on areas with dense populations of the target audience and relatively low costs to effectively reach them. Given the state of the economy, we felt the unemployment and uninsured motorist rates provide a good barometer to determine the markets with an abundance of potential CLCA participants. The following markets include: Los Angeles, Imperial, Fresno, Bakersfield, Stockton/Modesto and Sacramento.

Target Audience

Low income adults ages 18+ with an emphasis on Hispanics, African Americans and seniors.

Radio Advertising Plan

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

Outdoor Advertising Plan

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

Ethnic Print Placement

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

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

Public Service Announcements (PSA)

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

Social Media & Website

During 2011 CDI intends to launch a strategic social media campaign to support media relations efforts and partnership outreach – specifically outreach with community colleges and the college campus events.

Website Development

The CLCA program has long lacked a clear and concise website to direct eligible motorists for more information.

CAARP has recently maintained two sites -- an English language site at www.aipso.com/lowcost and a Spanish language site at www.aipso.com/bajocosto -- that received a combined 105,416 hits in 2010. The CDI website (www.insurance.ca.gov/lowcost) received 38,835 hits. All three of these sites were information-heavy and did not tie into the marketing materials for the program.

A stand-alone website for the CLCA program was launched in February 2011 at www.mylowcostauto.com with information, eligibility requirements and information for consumers to locate a certified CLCA producer in their respective areas.

The screenshot shows a Windows Internet Explorer browser window displaying the website <http://www.mylowcostauto.com/>. The browser's address bar shows the URL, and the page title is "California's Low Cost Auto Insurance". The website features a navigation menu with links for HOME, ABOUT CLCA, QUALIFICATIONS, COVERAGE, NEWSROOM, RESOURCES, and CONTACTS. A prominent banner reads "Get out and drive Auto insurance for under \$400 a year!". Below the banner, there is a section titled "Low Cost Auto Insurance Program" with a sub-heading "Find out if you qualify!". A "Content blocked by" error message is visible in the bottom left corner of the browser window. The Windows taskbar at the bottom shows the Start button, several application icons, and the system tray with the time 3:26 PM.

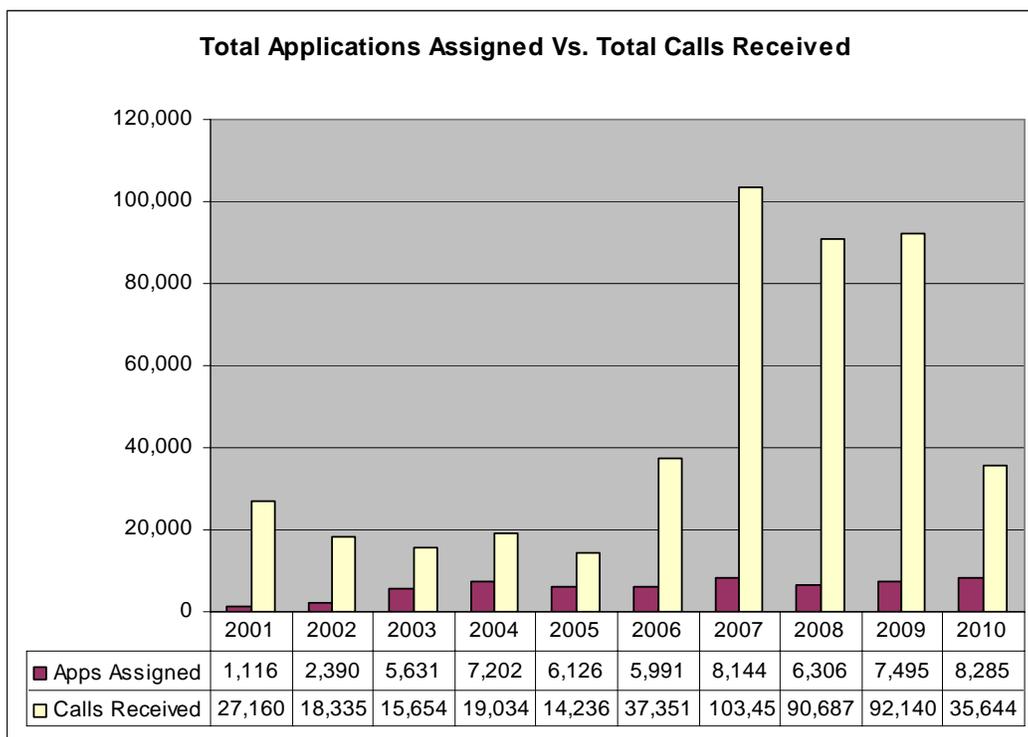
PERFORMANCE MEASURES

2010 Calendar Year Program Statistics

- Applications Assigned: 8,285
- Applications Received: 8,614
- Percentage of Applications Eligible for Assignment: 96%
- Policies In Force: 11,615
- CAARP Hotline Inquiries: 35,644
- Web Inquiries (www.aipso.com/lowcost & www.aipso.com/bajocosto) 105,416
- Web Inquiries (www.insurance.ca.gov/lowcost): 38,835

According to statistics from CAARP, of the 59,298 applications that were assigned since inception, including 8,285 for year 2010, approximately 39,269 or 66% of the applicants (who responded to the question regarding previous insurance coverage) were uninsured at the time of applying for a CLCA policy.

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



DETERMINATION OF SUCCESS

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

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

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

Consistent with these requirements, the program rates in effect during 2009 generated sufficient premiums to cover losses and expenses incurred by CLCA policies issued under each respective county program.

2) Program Served Underserved Communities

The program is undoubtedly benefitting low-income communities:

- Household incomes of all policyholders do not exceed established federal policy guidelines. In fact, CAARP statistics document that 42% of policies issued in 2010 were issued to applicants whose household income was at or below \$20,000 per year.
- 8,285 applications were assigned in 2010, thus providing access to an affordable insurance option for income eligible households.
- While law states that an applicant's vehicle at the time of application can not exceed \$20,000, the predominant vehicle value for policies issued in 2010 was less than \$5,000.

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

Statistics compiled by CAARP demonstrate that in 2010, 66% of new policies assigned were to applicants who were uninsured at the time of application. With the implementation of the CLCA program, thousands of formerly uninsured drivers are now insured through the CLCA program.

4) CLCA advertising causes uninsured motorists to purchase a policy "better" than CLCA.

Recent legislation (AB 1597, Jones 2010) added a success measure -- that the program's advertising caused uninsured motorists to visit a producer and obtain insurance other than CLCA insurance. Three months of data shows that approximately 100 motorists per month visit a producer because of the program's advertising and leave with auto insurance other than a CLCA policy (115 in November 2010, 117 in December 2010, and 93 in January 2011).

CONCLUSION

The program has met the success measures outlined in statute for 2010 and CDI will work aggressively during 2011 to promote this program. The new Insurance Commissioner is a strong advocate for the program and welcomes suggestions from the public and the Legislature about how to improve the program.