STATE OF CALIFORNIA Dave Jones, *Insurance Commissioner*

DEPARTMENT OF INSURANCE

COMMUNITY PROGRAMS & POLICY INITIATIVES BRANCH
300 CAPITOL MALL, SUITE 1700
SACRAMENTO, CA 95814
(916) 492-3589
(916) 445-5280 (FAX)
www.insurance.ca.gov

TO: Interested Parties
FROM: Chris Shultz, Deputy Commissioner
RE: New Research Report on California's Low Cost Auto Insurance Program
DATE: March 19, 2014

Attached please find a copy of the new report, "California's Low Cost Auto Insurance Program: Understanding Program Components, Data Management, and Purchasing Decisions."

The California Department of Insurance requested this report to increase knowledge about current and potential customers, provide recommendations on improving data management procedures, and provide recommendations regarding programmatic changes to increase participation. The research was conducted by the Institute of Social Research (ISR) at Sacramento State University. The findings include:

Enhancing Eligibility

- Coverage limits deter 16% of customers from buying, according to the ISR research.
- The key reason customers are ineligible is because they are (or someone in their household is) already covered by insurance. Approximately 30% of consumers share a household with someone carrying private insurance (ISR research).
- Criteria limiting the number of vehicles per California Low Cost Auto (CLCA) participant prevented 11.7% (California Automobile Assigned Risk Plan's 2013 annual report to legislature) to 16% (ISR research) of consumers from being eligible for the program.

Outreach to Target Markets

- CDI and CAARP should encourage consumers to apply in person (9 times more likely to buy, according to ISR research) and take the online eligibility quiz.
- The most effective outreach is through the Department of Motor Vehicles (2 times more likely to take the online eligibility quiz than those who learned of program by any other means).
- Latinos (2 times more likely to buy than other ethnic groups), elderly citizens (4 times more likely to buy than those in 20s), and those with lowest incomes (6 times more likely to buy than those with higher incomes) are the main target groups.

Improving Data Collection

- A one-time data collection from the top insurers could gather the number of active policies in force at one particular point-in-time, which would provide a baseline necessary to add and subtract subsequent policies across quarters.
- Changes to Quarterly Report requests sent by CAARP to carriers would better distinguish between new and reassigned policies, add more reasons for canceled policies, and add timelines for renewals.
- CAARP's web quiz should allow consumers to complete all questions, rather than kicking them out at the first "wrong" answer, to receive a better overall picture of ineligibility.

The Department of Insurance will work with CAARP to implement many of these suggestions. CDI is also sponsoring Senate Bill 1273 (Lara) in the 2014 legislative session; CDI hopes that the findings in this report will help inform policymakers about changes that could be made to improve the program. Please contact me at 916-492-3589 if you have any questions.

California's Low Cost Auto-Insurance Program: Understanding Program Components, Data Management, and Purchasing Decisions

Report Prepared for:
The California Department of Insurance

March 2014

David C. Barker, PhD, Director, *Institute for Social Research*
Cristina Larsen, PhD, Research Analyst, *Institute for Social Research*
Allison Musvosvi, Graduate Research Analyst, *Institute for Social Research*
Paul Bianchi, Graduate Research Analyst, *Institute for Social Research*

California State University, Sacramento

ISR

Institute for Social Research | California State University, Sacramento
6000 J Street | Sacramento, CA 95819-6101 | (916) 278-5737

Founded in 1989, the Institute for Social Research (ISR) at Sacramento State University conducts public opinion surveys, performs program/policy evaluations, and provides a comprehensive list of data analytic services (both quantitative and qualitative) for government agencies, non-profits, and the academic community. A multidisciplinary social science organization, the ISR has extensive experience in designing research projects, data collection, data analysis, consulting, and data management. Our projects have enhanced decision-making, improved the use of resources, ensured program fidelity, and advanced the overall quality of programs/policies designed to address various social problems.

The Institute for Social Research
California State University, Sacramento
6000 J Street
Sacramento, CA 95819-6101
916-278-5737
www.csus.edu/isr


https://www.facebook.com/InstituteForSocialResearch


https://twitter.com/SocResearchCSUS

ACKNOWLEDGEMENTS

As with any complex and multifaceted research effort, this study's success is due to the combined efforts of several individuals across organizations. The ISR research team would like to thank all of those who made data collection and interpretation possible, and recognize the California Department of Insurance staff for their assistance and collaboration throughout this project. We are also very grateful to the leadership at CAARP and insurance companies who generously extended their time and expertise.

CONTENTS

EXECUTIVE SUMMARY

In response to the California Department of Insurance (CDI) Request for Expertise dated August 8, 2013, the Institute of Social Research (ISR) at California State University-Sacramento (CSUS) sought to analyze why – with three to four million uninsured cars on California roads – only some 11,000 Californians currently take advantage of the state's Low Cost Auto Insurance Program (CLCA).

Thus, the **Purpose** of this report, and of the analyses described herein, is to offer:

- Actionable information regarding current and potential CLCA customers, and
- Recommendations regarding data management procedures -- with the goal of augmenting public participation in the program

Toward that end, ISR research activities were organized around two primary **Goals**:

1. Enhanced understanding of "data flow" between individual CLCA insurance carriers and the program's administrator (the California Automobile Assigned Risk Plan, or CAARP), so as to more accurately ascertain annual CLCA program (a) inquiries, (b) new policies, (c) renewed policies, and (d) recycled policies;

2. Greater appreciation of the factors that shape CLCA purchasing decisions.

First, in pursuit of **Goal 1**, ISR researchers facilitated a total of eight teleconference meetings with CDI, CAARP and insurance carrier staff over the course of five months (October 2013-February 2014). During this time, the ISR received and reviewed data from CDI, and identified key aspects of the data flow methodology between CAARP and insurance carriers.

Out of that process, several prominent findings – and recommendations – emerged. Recommendations include:

- Due to the general concern about duplication counts of consumer interest, the quiz completion indicators from the online and telephone quiz data represent the most reliable indicator of consumer interest.

- A secondary, albeit less reliable, indicator of consumer interest is created by de-duplicating data within and across telephone, text, email, and website platforms to the extent possible by tagging

each event (inquiry) with a unique identifier. Ideally one could tag each event with a personal identifier, identifying the individual so that duplicate records could be omitted for the same person. Unfortunately, this remains a significant challenge; therefore, at this time, every effort should be made to de-duplicate inquiry events within and across platforms and aggregate for a general sense of consumer interest -- with the caveat that this number represents an overestimation and can include non-consumers (e.g. producer agents visiting a website).

- A one-time CDI request to all top-ten carriers to provide the number of active policies in force at one particular point-in-time would provide CDI with the baseline necessary to add and subtract subsequent policies across quarters, thereby enabling accurate estimate of program enrollees.

- The revised data request form contains a data field for the top-ten carriers to input the number of new policies issued that quarter, as well as a field for them to break out the proportion of these new policies that represent reassignments. This will provide CDI with more accurate data on the proportion of new business that is from first-time versus returning customers.

- Retention data accuracy will be increased by the addition of data fields to the data request form, which adds a cancellation reason originally omitted as well as a breakout for nonrenewal reasons. In addition, the CDI can get a sense of multi-year retention by adding a data request for age of policy at time of renewal.

Second, to address **Goal 2** (listed above), ISR researchers surveyed a representative sample of California residents (N=676) who had at least inquired about the CLCA program (via phone, website, or text) during the previous twelve months. Using these data, we performed a series of statistical analyses to model purchasing outcomes.

Numerous illuminating findings became apparent. Among them:

- Roughly 30% of survey respondents could not buy CLCA insurance because they failed to meet at least one of the eligibility requirements. Of course, we suspect this number is understated, because it is based on survey responses rather than actual eligibility data.

- The most prominent reasons for ineligibility, in order, were (a) already having coverage (~40%), (b) sharing a household with someone carrying private insurance (~30%), making loan payments on a vehicle (~19%), living in a household with more than two vehicles per driver

(16%), and not having a valid driver's license for three consecutive years (~10%).[1] Regarding all other eligibility criteria, more than 90% of respondents met each criterion.

- About 16% of survey respondents were eligible (according to their survey responses), but did not take any steps toward applying (i.e. they inquired about the program but did not complete the eligibility quiz).

- An additional 27% completed the eligibility quiz, and were eligible (again, at least according to their survey responses), but ultimately *chose* not to buy.

- About 24% of those who inquired about the program successfully purchased CLCA insurance and kept it.

- Very few CLCA customers surveyed cancelled it within the past year (15, total).[2]

- Even fewer customers cancelled and repurchased CLCA insurance (5, total).

- 61% of those who carry insurance through the CLCA program indicated that they are "very satisfied" with their insurance, compared to 48% who carry insurance not affiliated with the program (which represents a statistically significant difference).

- Among those who are eligible to buy CLCA insurance, the CLCA program characteristic that steers the most people away from the program pertains to the level of coverage offered. Those who perceive CLCA coverage as insufficient were nearly three times as likely to decide against CLCA insurance as those who consider it sufficient.[3] Or, put another way, if there is anything that could be changed about the program to get more people to buy, it would be the level of coverage offered.

[1] Percentages of those failing to meet individual eligibility criteria total greater than 100%, because they are not mutually exclusive.

[2] However, this is surely a byproduct, in part, of the fact that no one in our sample had purchased CLCA insurance more than twelve months earlier, and most had purchased more recently than that (as little as one-month prior to being interviewed).

[3] This finding mirrors that which we observed when we simply asked respondents why they had not purchased/maintained CLCA insurance.

- Considerations pertaining to program cost, customer service, and length of application process, do ***not*** appear to drive the decision not to purchase CLCA insurance. None of these factors were predictive (at all) of the decision to purchase or not.

- However, the mode through which respondents applied for CLCA coverage had an enormous impact on purchasing. Those who applied in person were nearly 9 times as likely to actually purchase insurance than were those who applied in any other way (online, by phone, or combinations).[4]

- Latino/Hispanic Californians were nearly twice as likely to purchase CLCA insurance than any other racial/ethnic group, everything else being equal. This suggests that outreach efforts to the Latino community are highly effective.

- We did not observe any other differences in purchasing propensity that could be attributed to racial diversity.

- Retirement-age Californians were nearly four times as likely to purchase CLCA insurance than are young adults (in their twenties), all else being equal.

- Among those who qualify, households with the lowest incomes were nearly six times as likely to purchase CLCA insurance as were those with the highest incomes.

- Taking a step back – to the factors that explain why some people fail to complete the eligibility quiz after inquiring about the program – the most important determinant is dissatisfaction with one's current insurance. Not surprisingly, those who either did not have private insurance or were dissatisfied with that insurance were nearly three times as likely to complete the quiz as those who already had insurance and were satisfied with it. By extension, we can infer that the CLCA program does not "steal" customers away from traditional insurance carriers that do not cooperate with the program.

- The most effective method of outreach appears to be the Department of Motor Vehicles. Those who heard about CLCA at the DMV were roughly twice as likely to complete the eligibility quiz through the program as were those who learned about the program by any other means.

[4] However, this relationship may be a byproduct of the likelihood that more serious customers are more inclined to apply in person.

- Those who prefer to handle auto insurance business online, relative to the phone (or other methods), were about 1.75 times as likely to take the quiz after inquiring – suggesting that the online process is perhaps easier/more streamlined than that over the phone.

- Again, Latino/Hispanic Americans are the most inclined to take the eligibility quiz after inquiring – roughly twice as likely as any other racial/ethnic group. However, we did not observe differences in quiz completion according to age, income, or other racial/ethnic differences.

In summary, based on our examination, we conclude that (a) relying on quiz data will best gauge consumer interest, (b) insurance carriers can be leaned on to provide baseline statistics regarding active policy-holders, and the **new fields in the data request form will clarify current perplexity** as it pertains to both the number of new policies (vs. reassignments) and retention statistics.

Furthermore, most people who hold CLCA insurance like it very much. Indeed, the key reason why more people do not purchase CLCA insurance has to do with **eligibility** – with the biggest barrier being coverage restrictions. Relatedly, of those who are eligible but choose not to buy CLCA insurance, the primary cause is **dissatisfaction with the amount of coverage** offered (not dissatisfaction over cost, service, or process).

Finally, when it comes to reaching new customers, it appears that the program does **the best job of reaching Latinos and older Californians**, and those with less income – and it does so most efficiently through information provided at the **Department of Motor Vehicles**. It also appears that the online eligibility quiz is a more successful means of getting potential customers through that first step than is the toll-free number.

Of course, when it comes to the conclusions provided in the latter two paragraphs, one should remember that they are based on ***survey data*** analysis. As such, they are subject to respondent memory errors and self-desirability bias. Accordingly, these conclusions should be considered informative, but not definitive.

INTRODUCTION

In response to the California Department of Insurance (CDI) Request for Expertise dated August 8, 2013, the Institute of Social Research (ISR) at California State University-Sacramento (CSUS) sought to analyze why – with three to four million uninsured cars on California roads – only some 11,000 Californians currently take advantage of the state's Low Cost Auto Insurance Program (CLCA).

Thus, the **Purpose** of this investigation, and therefore of this report, is to offer (a) actionable information regarding current and potential CLCA customers, and (b) recommendations regarding data management procedures -- with the goal of augmenting public participation in the program.

Toward that end, ISR research activities were organized around two primary **Objectives:**

1. Enhanced understanding of "data flow" between individual CLCA insurance carriers and the program's administrator (the California Automobile Assigned Risk Plan, or CAARP), so as to more accurately ascertain annual CLCA program (a) inquiries, (b) new policies, (c) renewed policies, and (d) reassigned policies;

2. Greater appreciation of the factors that shape CLCA purchasing decisions.

In pursuit of **Objective 1**, ISR researchers facilitated a total of eight teleconference meetings with CDI, CAARP and insurance carrier staff over the course of five months (October 2013-February 2014). During this time, the ISR received and reviewed data from CDI, and identified key aspects of the data flow methodology between CAARP and insurance carriers.

Second, to gain insight on **Objective 2**, ISR researchers surveyed a representative sample of California residents (N=676) who had at least inquired about the CLCA program (via phone, website, or text) during the previous twelve months. Using the data collected, we performed a series of statistical analyses to model purchasing outcomes.

This report is organized as follows. First, we provide an overview of the CLCA program. Second, in Part I, we describe methods and findings as they pertain to Goal 1. Third, in Part II, we describe the survey data collection, analytical methods, and findings as they pertain to Goal 2. Fourth, we offer general conclusions, discuss limitations, and provide (tentative) recommendations.

CALIFORNIA'S LOW COST AUTO INSURANCE PROGRAM (CLCA)

CLCA Program Attributes

In the year 2000, the California Legislature implemented the CLCA Program as a way to address the problem of uninsured motorists in the state. The purpose of this program is to provide low cost automobile insurance to good drivers who demonstrate financial need. Current coverage established by the legislature mandates liability limits of $10,000 bodily injury or death per person, $20,000 bodily injury for each accident, and $3,000 property damage for each accident. Optional coverages consist of Medical Payments Coverage at $1,000 per person and Uninsured Motorist Bodily Injury at limits of $10,000/$20,000. Physical Damage (Comprehensive and Collision) coverage is not available under the CLCA Program (CA Insurance Code 11629.71 (a)). CLCA insurance is available to good drivers (as described by the CA Insurance Code 1861.025). The good driver standard is applied to both the applicant and any licensed driver in their household.

Eligibility requirements are as follows:

- Household gross annual income must not exceed 250 percent of the federal poverty level (CA Insurance Code 11629.73(a)).

- Must be at least 19 years of age and been continuously licensed to drive for the past three years (CA Insurance Code 11629.73(b)).

- Must have not had more than one property damage only accident in which they were principally at faulty and/or more than one point for a moving violation on driving record for previous three years (CA Insurance Code 11629.73(c 1&2)).

- Must have not had any at fault accidents involving bodily injury or death in the past three years (CA Insurance Code 11629.73(d)).

- Must have no Vehicle Code felony or misdemeanor convictions on their driving record (CA Insurance Code 11629.73(e)).

- Must not be a college student claimed as a dependent for federal/state income tax purposes (CA Insurance Code 11629.73(f)).

In December 2012, the following enhancements were added as a result of Assembly Bill 1024 (Hueso 2011) legislation:

- Online determination of consumer eligibility
- Online pairing of consumers and producers via AIPSO.com
- Consumer interface in nine languages
- Automatic generation of pending EASi applications
- Automatic notification of a producer/consumer pairing
- Manual reassignment of a producer by CAARP staff when required

This report and recommendations are based on analysis of the CLCA Program since AB 1024 enhancements were implemented (2013 to present).

CLCA Program Administration

Applying: The CLCA Program is administered by the California Automobile Assigned Risk Plan (CAARP). Producers are insurance producers licensed to transact automobile insurance business in California and are certified with CAARP to write CLCA Program insurance. Producers submit applications on behalf of their clients to CAARP, who in turn, assign CLCA applications to specific partnering insurance companies (who may or may not be associated with the insurance producer who initiates the process). Currently there are approximately 1200 CAARP certified producers (CAARP Annual Report to the Legislature, 2013). The vast majority of CLCA applications are processed via the Electronic Application Submission Interface (EASi) system. Findings in this report with respect to application data are restricted to data within the EASi system.

Renewing: CLCA policies are for an initial term of one year, renewable on an annual basis thereafter (CA Insurance Code 11629.71(d)).

Cancelling: Policy cancellations can be initiated by the insured or the insurer. The insurer can cancel a policy if 1) the policy was obtained through fraud, material representation, 2) the insured failed to pay any premiums, 3) the insured purchased additional liability coverage from another vendor, or 4) the insured has purchased or maintained liability coverage for any other vehicles in the household through another vendor. A copy of each cancellation is furnished to the producer and the insured along with a statement of facts in support of each cancellation.

PART I: GOALS, CHALLENGES AND RECOMMENDATIONS FOR IMPROVING DATA COLLECTION

In order to address CDI's need for better data to answer questions about the CLCA Program, the ISR conducted background research on the CLCA Program by reviewing relevant documentation provided by CDI and CAARP, as well as that found online. Over the course of five months (from October 2013 through February 2014), the ISR facilitated a total of eight teleconference meetings and met with staff from the CDI. The purpose of these teleconferences was to learn more about how data is collected, managed, transferred and reported. Throughout the course of these meetings, the ISR gained a deeper understanding of the flow of data within and across these three stakeholder groups. The ISR used this information, in conjugation with data management expertise, to recommend feasible modifications to the data flow instruments and process.

This section addresses issues presented by the CDI in the contract with the ISR in the form of three tasks. These tasks are discussed below in terms of goals, challenges and recommendations for addressing those challenges. Implementation of the following recommendations should enable the CDI to answer key questions about the CLCA Program that it cannot answer sufficiently given current data and data quality issues.

For Goals Two and Three, recommendations center on small, but significant additions to the original quarterly data request form (Appendix A) that CAARP sends the top ten insurance companies (hereafter referred to as carriers). Carriers complete and return these data forms to CAARP, who in turn uses these data (in conjunction with their own) to generate and submit a quarterly data report (Appendix B) to the CDI. The ISR's recommended changes to the data request form (Appendix C), which mirrors recommended changes to the quarterly report, are minor; and they should not represent undue burden to carriers based on information that emerged from our meetings. Nonetheless, these small changes, should they be implemented, would result in CDI being able to answer key CLCA Program questions which are captured in the three goals described below.

GOAL ONE: CLCA PROGRAM INQUIRIES -- INCREASE THE ACCURACY OF THE DATA ON CONSUMERS EXPRESSING AN INTEREST IN THE CLCA PROGRAM.

Goal One Challenges

The CDI provided the ISR with an internally generated tracking sheet that is used to report numbers of interested CLCA consumers, as gleaned from (1) calls to CAARP hotline, (2) inquiries from consumers via SMS text, (3) website hits on CDI contractor (mylowcostauto.com), 4) website hits CAARP (aipso.com/lowcost), and (5) website hits CDI (insurance.ca.gov/lowcost). CDI totals customer inquiries summed across these platforms and uses that total as an indicator of customer interest (for more detail, see Appendix D).

However, CDI worries that this total is misleading, and the ISR concurs. The problem with combining the telephone, website, and text data into one indicator is that the data from different platforms represent different units of analysis (e.g. quiz completion versus inquiry versus visit to a website). Specifically, the data from CAARP, telephone, and website hits reflect the number of eligibility quizzes completed via telephone and online. The text data represent texts sent to CDI from the public who express an interest in the CLCA program. The website hits to CDI and to its contractor represent anyone visiting the website. In addition, individuals may contact the program through multiple platforms and at multiple times causing duplication in data points.

Given the inability to link each inquiry (regardless of platform) to an *individual consumer/potential* consumer, it is impossible to remove duplicate inquiries/events from the same individuals. In the paragraphs that follow, we describe this problem in more detail, before offering a recommendation.

Text Data: The CDI receives text inquiries about the CLCA Program and includes them as one of several indicators for capturing number of interested customers. Although the number of texts received is small relative to phone calls to the CAARP hotline and website hits, there are nevertheless a couple of concerns worth mentioning.

First, the ISR received a sample of text data that included 3,772 records, ranging in dates from 10/25/2012 to 10/25/2013. It is recommended that CDI confirm the data fields and add accurate column headings to reflect the respective variables. For example, the data should be identified and confirmed as (from columns left to right): phone number to which text was sent, how texter heard about the CLCA Program, text body content, phone number from which text was sent, cellphone carrier, texters' first name, texters' zip code, and finally, date and time of text. We also recommend that text data files

continue to be “de-duplicated” (i.e. CDI should continue to omit duplicate records before including them in statistical reports). Using Microsoft Excel, the ISR de-duplicated the CDI text file, which resulted in the identification of 2,425 duplicate records and only 1,347 unique records. A cross-check on the text data received and a summary statistical report indicating number of interested customers suggests that CDI does de-duplicate the text data before inclusion into the statistical report.

Second, the ISR received frequency counts of number of incoming texts by month for the years 2012 and 2013. The frequency counts for texting show a downward trend consistent with a greater emphasis being placed on the hotline and website channels for inquiries about the CLCA Program. The hotline and website quiz portals remain the primary platforms for comprehensive and timely information about the program.

While text data is one indicator of public interest in the program, its robustness as an indicator is questionable, given that it overlaps with other data such as hotline calls, emails, and website hits. Currently, it is possible to de-duplicate records within text data files, but not across platforms. In other words, it is possible that one individual can text CLCA, also call the CAARP hotline, visit the website one or more times and take the quiz.

One recommendation for getting closer to unduplicated counts within text data is to cross check or match text and CAARP hotline phone numbers. This would not eliminate all duplicates (e.g. those who text and call from two different telephone numbers), but it would eliminate those duplicate records representing individuals who both texted and called from the same telephone number -- thereby getting closer to an unduplicated count of interested individuals broken out by inquiry mode (text, hotline, email, website hit).

Email Data: CAARP receives emails occasionally, but they are infrequent and are therefore not tracked. The ISR recommends that consumer inquiries via email be tracked and added to ensure comprehensiveness of all inquiry modes. The CDI should explore expanding email capacity and/or tracking with CAARP, because (a) emailing is free, whereas texting is not, (b) email usage is significantly more prevalent than is texting, (c) some individuals dislike automated hotlines, and (d) emailing would represent an additional link to the online eligibility survey, which could translate into higher rates of eligibility quiz completion.

Telephone Data**:** CAARP tracks eligibility quiz hotline data (1-866-602-8861) and sends these data to CDI for customer interest tracking purposes. These data represent everyone who completed the eligibility quiz by telephone. The system generates a unique identifier for each caller; for those that

complete the quiz, those who are eligible are categorized as such and those who are ineligible are also categorized as such. It remains unclear to us how those who drop out of the quiz for whatever reason (excluding ineligibility) are recorded, data-wise. It would be ideal to have not only the total number who completed the quiz and were eligible/ineligible (which CAARP currently tracks), but also a count of total hotline calls as well as a count of those who started but did not complete the quiz (which CAARP does not track). This would better facilitate an indicator of overall customer interest that is as unduplicated as possible.

In contrast to the eligibility quiz hotline data, CAARP does *not* track the *consumer* hotline (1-800-622-0954) data at all -- which represent *genera*l calls of inquiry. Again, in the interest of deriving a more general indicator of customer interest than can be gleaned from quiz data, which would be as unduplicated as possible, it would be of value to assign a unique identifier to each 800 number incoming call (including the incoming phone number) and combine them with the 866 call data (deduplicating them of course).

Website Data: Currently there are three websites relevant to the CLCA Program: (1) aipso.com/lowcost, 2) insurance.ca.gov/lowcost, and 3) mylowcostauto.com. Hits or visits from all three are broken out and ultimately summed on the CDI tracking sheet as measures of consumer interest (Appendix D). Only one, aipso.com, represents quizzes completed; the other two represent website hits or visits. Website "hits" is a poor indicator of consumer interest in this case for a couple of reasons. First, anyone (not just interested consumers) can visit a website (e.g. insurance producers, CDI staff, etc.). Also, a person can visit a website multiple times and the only data available for tracking is number of visits or "events;" it is impossible to link an individual to their website visits and therefore impossible to remove duplicate records representing multiple events resulting in individual-level data (the latter is necessary for an accurate gauge of number of interested consumers). There is the additional challenge of parsing out number of unique hits to each of the three websites relevant to the CLCA Program: For example, a consumer might first go to the CDI insurance website for information and then click on a link to the mylowcostauto website to take the eligibility quiz.

Goal One Recommendations

For all of the above reasons, **we recommend that completing the eligibility quiz be the key indicator of consumer interest that CDI uses, given that it produces the most reliable data**. In our estimation, this is the best indicator of CLCA Program interest because these are the only data for which it is currently possible to remove duplicate records. Furthermore, for accuracy's sake, we

recommend that CDI consider renaming this variable to *consumers who took the eligibility quiz,* or *eligibility quiz completers*.

A second (and less reliable) indicator of consumer interest is inquiry data comprised of the following: 1) unduplicated texts, 2) unduplicated emails, 3) largely unduplicated telephone call data including 800 and 866 calls, and 4) website hits to mylowcost.auto and aipso.com (visitors should be mostly consumers, while cdi insurance.gov are likely to be a broader audience). With respect to website hits, CAARP indicated in one meeting that it is not possible to determine the URL from which the online quiz taker (aipso.com) came. However, CDI indicated that it may be possible to determine the number of CDI insurance website hits that results in *navigation to the quiz* at aipso.com. This would allow some de-duplication of website hits between those two sites, which would produce a slightly stronger indicator. The challenge remains, however, of tagging each inquiry event with a unique personal identifier so that multiple events (inquiries) by one consumer within and across platforms can be omitted so as to arrive at a unique record/inquiry per person. The complexity and resources necessary to achieve this may render it infeasible; nonetheless, it warrants exploration. In the meantime, it would be useful to collect consumer hotline, texts and emails without unique identifiers, with the understanding that a typical consumer will prefer one mode and will therefore not inquire multiple times through multiple modes. Fortunately, the current system directs consumers to the eligibility quiz very early in the process. This method would constitute an improved gauge of consumer interest; however, the numbers would be slightly inflated due to unavoidable duplicates.

GOAL TWO: CLCA PROGRAM ENROLLMENT -- INCREASE THE ACCURACY OF THE DATA ON CONSUMERS ACTUALLY ENROLLED IN THE CLCA PROGRAM.

Goal Two Challenges

For the purposes of this analysis, “consumers actually enrolled in the CLCA Program” will be operationally defined as “policies currently in force.” Currently, the top ten carriers combine their numbers of active policies with renewals and enter this total in the data field, “TOTAL Number of Policies Currently in Force-New and Renewal” on the original data request form (Appendix A). This number includes all policies in force, and renewals for that quarter. It remains unclear whether the new policies are new to that quarter (likely) or if the carriers are calculating this value the same way. For example, the numbers from some carriers may take into account cancellations and non-renewals, whereas this may not be the case with other carriers. If the revised data request form change for Section I is not adopted, the ISR highly recommends that this data field be explicitly clarified (any, in fact, which remain ambiguous to CDI) and that the data parameters and specific calculations be

elucidated by each of the carriers completing this form. This does not guarantee standardization and/or compliance, but would be a significant step towards increasing the accuracy of this metric. In addition, in order to calculate exactly how many policies are currently in effect, one needs a baseline -- that is, a point in time when one has total number of policies in force.

Goal Two Recommendations

One way to solve this problem would be to request that carriers calculate the actual number of policies in effect at a particular point in time (this would have to be the same date for all the carriers, e.g. the last day of a quarter). This baseline starting figure of existing policies would represent current active policies, combining new (less than a year old) and renewed policies to date. Renewals would be subsumed under the existing crop of active policies and would not need to be factored into subsequent calculations. The CDI can use that baseline as a launching pad to calculate the number of currently enrolled customers per quarter -- by adding new policies underwritten and subtracting existing policies cancelled from that original data point. In other words, from that baseline, each quarter, CDI would add new (including reassigned) policies and subtract cancelled policies (including non-renewed). The request for baseline numbers should not present an undue hardship to insurance carriers; it is likely they can access these data readily from their local databases, which contain up-to-date policy status information. However, CDI would need to verify with the carriers that this assumption is indeed accurate.

By way of illustration, if the carriers provided their totals for existing active policies as of December 31, 2013, and that total was 100 (using small numbers to facilitate the example), these 100 current, active policies represent carryover from previous years and are deemed active. Then, if the carriers have 200 new business assignments (new policies that they underwrote or issued) and 50 cancellations and nonrenewals for the first quarter of 2014 (January, February, and March), that would make the number of active policies for Quarter One 150. This method would provide an accurate and timely number of policies currently in force at the end of each quarter. The benefits of this option is that carriers (1) would not be providing individual policy level data (thereby avoiding consumer privacy and confidentiality concerns), and (2) would only have to calculate and provide this baseline figure once. This option provides the necessary data while minimizing data reporting burden on carriers.

In line with this recommendation is an addition to the quarterly data request form -- a box for entering total number of new policies issued that quarter (Appendix C, Section I). We recommend that carriers report their total number of policies underwritten per quarter in an addition to number of renewals and cancellations that they already report. Number of new policies issued can be used by CDI for

calculation of current enrollees. It is preferable for calculations to be performed on data that come from only one data-source -- in this case, the carriers. So, new policies would be policies underwritten by the carriers, NOT new policy assignments by CAARP. The timeliness and accuracy of the data would be improved since the insurance carriers are the ones with the latest policy status information, and there can be a time lag for when CAARP receives information about policy cancellations. Some newly assigned policies, after all, are not eventually underwritten by the carrier -- including situations in which newly assigned policies are cancelled by the customer within days of the assignment. This new system of reporting would prevent such policies from being counted. Furthermore, this new task should not be overly burdensome on carriers; they should be able to easily extract the data from their policy databases.

GOAL THREE: NEW, RECYCLED, AND RETAINED CLCA PROGRAM ENROLLEES -- IMPROVE DATA SYSTEMS SO THAT CDI CAN DETERMINE THE DEGREE TO WHICH THE CLCA PROGRAM IS SIGNING UP AND RETAINING NEW CUSTOMERS VS. RECYCLING CANCELLED ONES.

Goal Three Challenges

The original quarterly data request form does not contain enough data fields to determine the number of new policies issued, and of those, the number that represent reassignments (recycled or returning customers) within a three-year timeframe. The age of policies over time is also not clear, as are the "when" and "why" that policies are discontinued. Currently, the form does not distinguish new and returning customers, and does not capture policy retention beyond one year. Also missing are additional reasons for cancellation, as well as nonrenewal data. We have broken out the recommendations that follow according to (1) New and Recycled Customers (Appendix C, Section I) and (2) Customer Retention (Appendix C, Sections II and III).

Goal Three Recommendations

New and Recycled Customers: The number of new business assignments reported by CAARP in the quarterly report does not take into account cancellations and renewals, and therefore represents an overestimation of new business. We address this issue above, in our recommendation associated with Goal 2 Challenges, in which we suggest that carriers report the number of new policies underwritten per quarter on the quarterly data form. The data can serve as a basis for CDI to learn what proportion of new business actually represents repeat or returning business (i.e. CLCA applicants that had been customers within the last three years).

Currently, CAARP checks each new incoming application to see if the customer has previously held CLCA insurance within the last three years. The purpose of this check is to return the customer to their former carrier if money is owed to the carrier; this already established process also enables CAARP to distinguish between new customers and "recycled" customers. If they do not do so already, we recommend that CAARP indicate which new assignments are reassignments when they assign a new policy to a carrier, and that the carriers receiving these policies indicate which are reassignments in their database. It would be quite feasible, then, for carriers to report the number of new assignments and the number of reassignments, per quarter, in the designated boxes on the revised data form (per our recommendation; see Appendix C, Section I). For example, 500 new assignments in Quarter 3, and of these 100 (20%), were reassignments. These simple additions to the data request form would provide CDI with the number of new and recycled customers on a quarterly basis.

Customer Retention. Currently CDI is able to determine customer retention within the span of a year from the quarterly data request form, which asks for data regarding the duration that cancelled policies had been in force at the time of cancellation (1-3 months, 4-6 months, 7-9 months, and 10-12 months). This same question should be added to the renewal data that carriers would be reporting to get at customer retention beyond one year (Appendix C, Section III).

Additionally, a review of the California Insurance Code led us to discover an additional cancellation/nonrenewal reason not included on the current data request form: "Purchase of Additional Insurance." as well as for nonrenewal reasons. We recommend these be added to the form (Appendix C, Section II).

Finally, on the original quarterly data request form (Appendix A) is a request that the carriers provide the contact information for those who cancelled or failed to renew their policy so that CDI may follow up with these individuals to learn more about the reasons behind cancellation and nonrenewal. CAARP indicated to the ISR that there is considerable variance in the amount and quality of contact information provided; in fact, compliance with this request is only at about fifty percent. In order to increase compliance, we suggest moving the request to a higher location in the data request form and using red font; we further recommend that during discussions with the carriers about form changes, that this request be fully explained, concerns addressed, and compromises considered. Indeed, accommodating such concerns/requests is likely to produce greater compliance. For example, perhaps carriers would be more comfortable providing phone numbers only and removing all personal identifiers from the data they provide. Or perhaps carriers would prefer to provide this information annually instead of quarterly. Finally, supplying carriers with company specific survey results, upon request, may provide incentive to comply.

Summary of Recommended Changes to Quarterly Data Request Form and Report

Appendix A displays the original Quarterly Data Request form; Appendix C shows the form with our suggested revisions incorporated, which include:

- Rename form "*California Low Cost Automobile Insurance Quarterly Data Request".*
- Remove the heading and box that read "TOTAL Number of Policies Currently in Force – New and Renewal".
- Add a box or line at the top that reads "*Name of your Insurance Company:"*
- Add a box or line at the top that reads "*Date of Form Submission (Today's Date):* "
- Add CDI contact information to facilitate responsivity to questions about completing form.
- Add a due date for submission.
- Change date format from Day-Month-Year to standard Month-Day-Year, or better yet ,just Month-Year
- Add section heading that reads "I. New Policies Issued:"
- Add boxes to Section I that read "Total Number of New Policies Issued" and "Total Number of New Policies Issued that were REASSIGNMENTS".
- Add section heading that reads "II. Cancellations including Non-renewals".
- Add subheading to Section II that reads "Cancellation Reasons".
- Under subheading, add column after "Misrepresentation" column, that reads "*Purchase of Additional Insurance* (per CA Insurance Code 11629.77(a) (3&4)".
- Add subheading that reads "Non-Renewal Reasons".
- Add columns under subheading that reads "Significant Increase in Hazard and No longer eligible".
- Move note up and make clear that contact information is needed for all cancelled and nonrenewed policies, for survey purposes.
- Add section heading that reads "III. Renewals".
- Add policy age columns and rows
- Add a "Notes" box, for any explanations from insurance carriers.

As for the Quarterly Data Report forms sent from CAARP to CDI, please see Appendix E for an example that reflects our suggested additions – which also reflect the recommended changes to the quarterly data request form that we delineated above.

In conclusion, in Part I of this report, in pursuit of Research Objective 1 that we demarcated earlier, we have described the process through which we enhanced our understanding of the "data flow" and management systems in place between CAARP, CDI, and individual insurance carriers. We have identified several ways that we believe will empower CDI to better understand (1) the annual number of potential customers who express interest in the CLCA program, (2) the annual number of individuals who actually enroll in the Program, and (3) the degree to which the Program is signing up new customers, and retaining them, vs. recycling cancelled customers.

Next, in Part II of this report, we turn our attention to addressing Research Objective 2, which is to gain greater appreciation of the factors that shape individual decisions to either purchase CLCA insurance or not.

PART II. UNDERSTANDING CLCA CUSTOMER (POTENTIAL AND ACTUAL) BEHAVIOR THROUGH SURVEY DATA

Part II of this report contains results from statistical analyses performed on survey data to increase understanding of factors that influence CLCA purchasing decisions. In the first subsection, we present results on the composition of survey respondents who had heard about the CLCA Program (676 respondents total) and are included in all subsequent statistical analyses. Next, we provide descriptive statistics (frequency counts and/or percentages) on the most common reasons for ineligibility (for those who were ineligible to apply to the CLCA Program), followed by descriptive statistics on why eligible potential customers did not in fact purchase CLCA insurance. Then we share the results from six logistic regression analyses modeling those factors that were most influential in the decision to purchase CLCA insurance, as well as those factors influencing the decision to complete the eligibility quiz in the first place. In the final analysis, we address CLCA customer satisfaction with insurance and share t-test results, which determine statistically significant differences between those with CLCA insurance versus those with non-CLCA insurance. Appendix F describes the technical specifications of the research design and methodology, whereas Appendix G contains the survey instrument itself with frequencies for each response option.

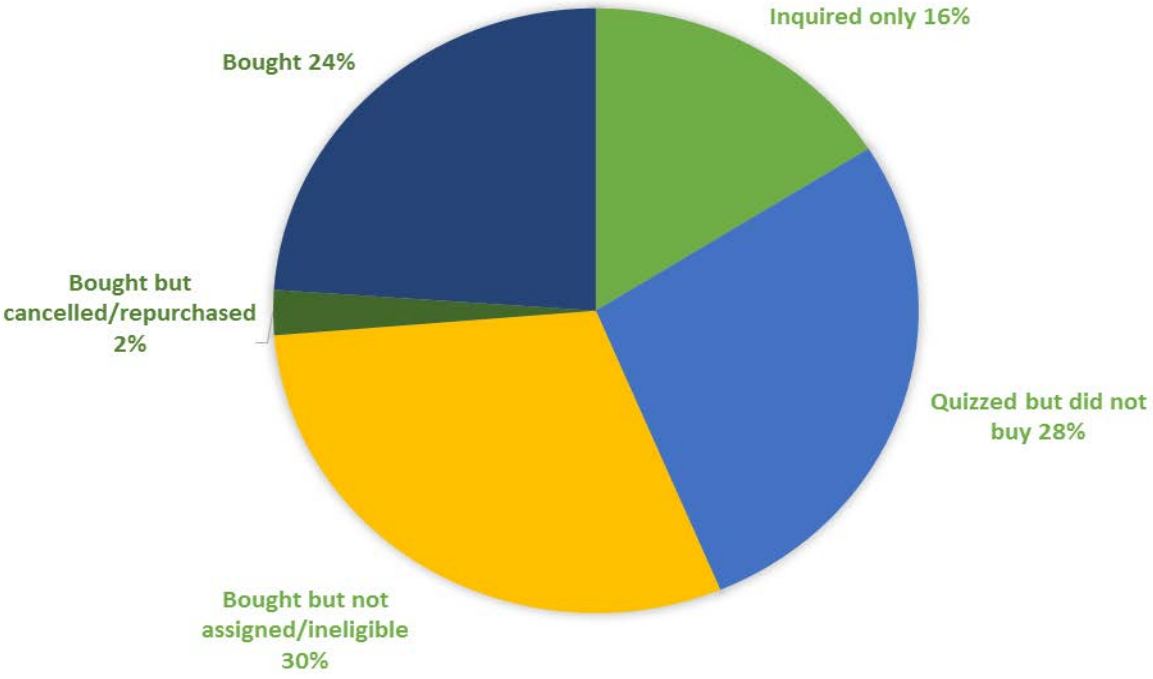
CLCA Customer/Potential Customer Survey Sample

What is the approximate breakdown of those who express some interest in CLCA insurance, in terms of who buys, who cancels, who fails to even apply, and so on? As you can see from Figure 1 (on the next page), approximately 24% of the respondents purchased CLCA insurance and kept it. A few more purchased but then cancelled it within a year, and a (very) few more purchased, cancelled, and then repurchased CLCA insurance.[5] Of primary interest to us is the 44% of our sample who could have purchased CLCA insurance but chose not to do so. Specifically, 16% inquired about the program but did nothing more – choosing not to complete the eligibility quiz. An additional 28% completed the eligibility quiz and were deemed eligible, but ultimately *chose* not to buy CLCA insurance. In sections that follow, we explore the reasons *why* so many potential customers choose to opt out. First, though, it is worth noting that the largest percentage of our sample -- 30% -- could not have purchased CLCA

[5] The number of respondents who purchase and then cancel is almost certainly underestimated, because many of our respondents had just purchased CLCA insurance within a few months of the survey interviews; if all of our interviews had been completed among respondents who had purchased a year or more earlier, we surely would have observed a higher percentage of cancellations or cancellations/repurchases.

insurance, simply because they failed to meet at least one of the eligibility requirements.[6] The next section discusses which particular eligibility criteria present the toughest hurdles for potential CLCA customers to clear.

FIGURE 1: CLCA CUSTOMER SAMPLE (N = 636)

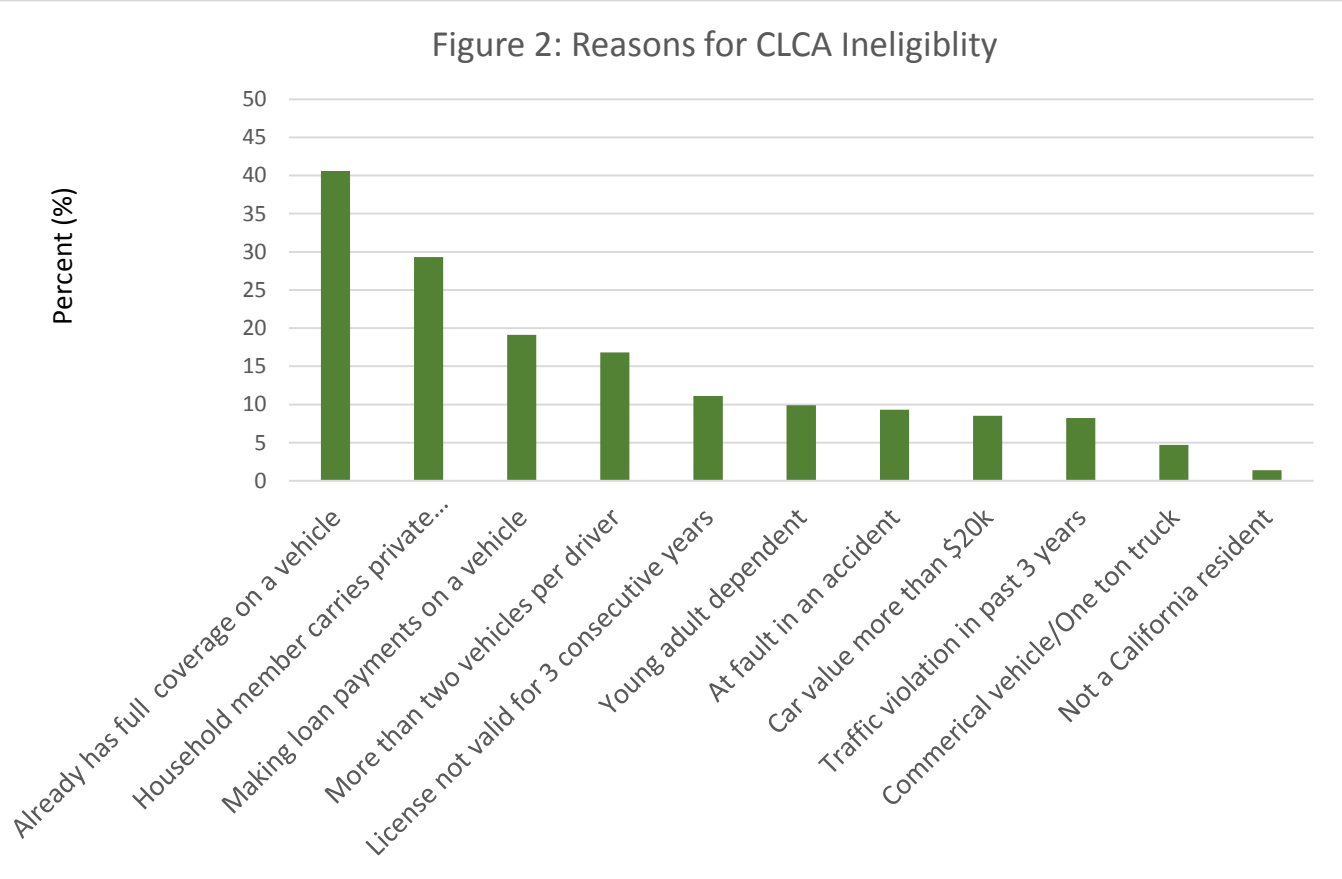


What are the Most Important Determinants of Ineligibility?

We collected survey data on reasons for ineligibility because these data are not currently saved from the quiz-takers who supply an answer to the online or telephone quiz that renders them ineligible. In other words, those that answer a question indicating ineligibility are informed that they are not eligible, but those data are not currently coded and tracked. One recommendation we have is to save and store those data, which would provide more reliable estimates than the survey data we describe here.

[6] What is more, this percentage could very well be an underestimate, because it is based on survey responses rather than actual eligibility data. In other words, in reality, because this percentage is based on self-reports, it is subject to memory lapses and social desirability bias (the tendency for survey respondents to resist admitting socially undesirable information to survey researchers.

Figure 2 depicts the reasons for ineligibility, in order, from most to least common. They are as follows: (a) **respondent already has full coverage (~40%)**, (b) respondent shares household with someone carrying private insurance (~30%), (c) respondent makes loan payments on a vehicle (~19%), (d) respondent lives in a household with more than two vehicles per driver (16%), and (e) respondent fails to maintain a valid driver's license for three consecutive years (~10%). Regarding all other eligibility criteria, more than 90% of respondents met each criterion.[7]

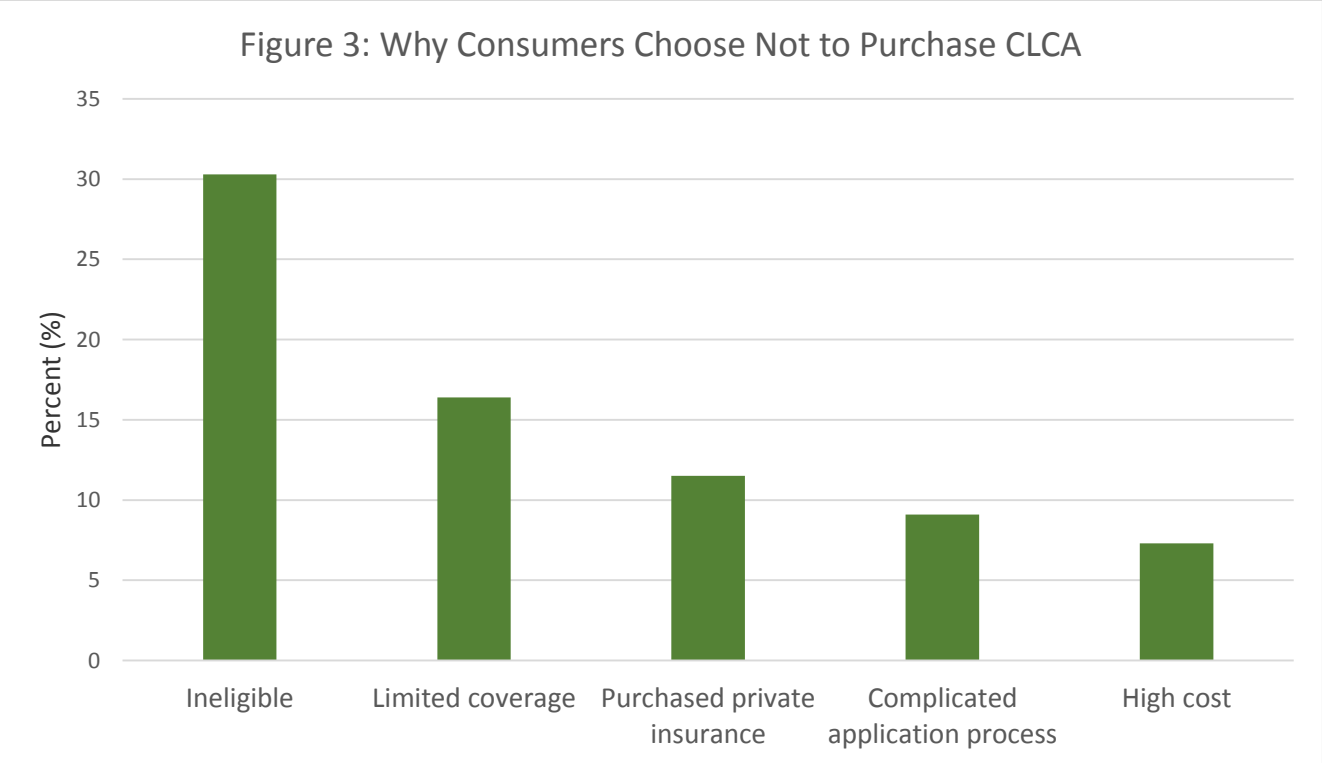


[7] Keep in mind that an individual can be ineligible on one or more items, which is why the percentages total greater than 100%. Importantly, these results should be interpreted with some caution; the eligibility items were asked of respondents with "current status" as the timeframe -- *not* at the time when they were inquiring about the program and considering (or actually took) the quiz.

What Factors Determine Purchasing of CLCA Insurance?

Now we move on to the "meat" of this report, which is considering the reasons why some people choose to purchase CLCA insurance and others do not. First, to those respondents who had indicated that they had not purchased, we simply asked respondents to indicate why – from a list of five options. Figure 3 displays those results. Again, the biggest culprit is ineligibility (suggesting that some legislative reforms – especially pertaining to coverage -- could result in a much higher percentage of low-income Californians taking advantage of the program).

Of those who *chose* not to purchase, though, the highest percentage of respondents indicated that the **limited coverage** offered by the program was the primary impediment that kept them from participating in the program (16%), followed in order by the holding of private insurance (12%), perceiving the application process as too complicated (9%) and perceiving the cost as too high (7%).



However, researchers can only learn so much from directly asking survey respondents to tell us "why" they did something. The nature of a single survey question, by definition, forces respondents to choose only one reason -- even though we know that human decision-making typically involves a more complicated rationale. Furthermore, as we mentioned before, survey respondents often fail to consciously remember the real reasons behind their decisions, instead answering questions "off the top

of their heads", based on social desirability concerns (as we mentioned earlier) or other idiosyncratic reasons.

Accordingly, to gain a more complete and reliable grasp of exactly why some eligible consumers end up buying CLCA insurance whereas others do not, we relied on a regression modeling approach. It is to describing those models that we now turn.

Regression Analyses: Predicting Insurance Outcomes with CLCA Program and Consumer Characteristics

In this section, we examine the relative influence of programmatic factors and consumer factors (including demographics) on our key outcomes of interest – the choice to purchase CLCA insurance and the choice to complete the eligibility quiz in the first place. This analysis employs the use of logistic regression analysis – a technique that enables researchers to estimate the relative influence of a series of "explanatory" or "predictive" factors (a.k.a. variables) over a particular outcome of interest that is dichotomous in nature (e.g. purchasing insurance or not). We conducted all analyses using Statistical Packages for the Social Sciences (SPSS).

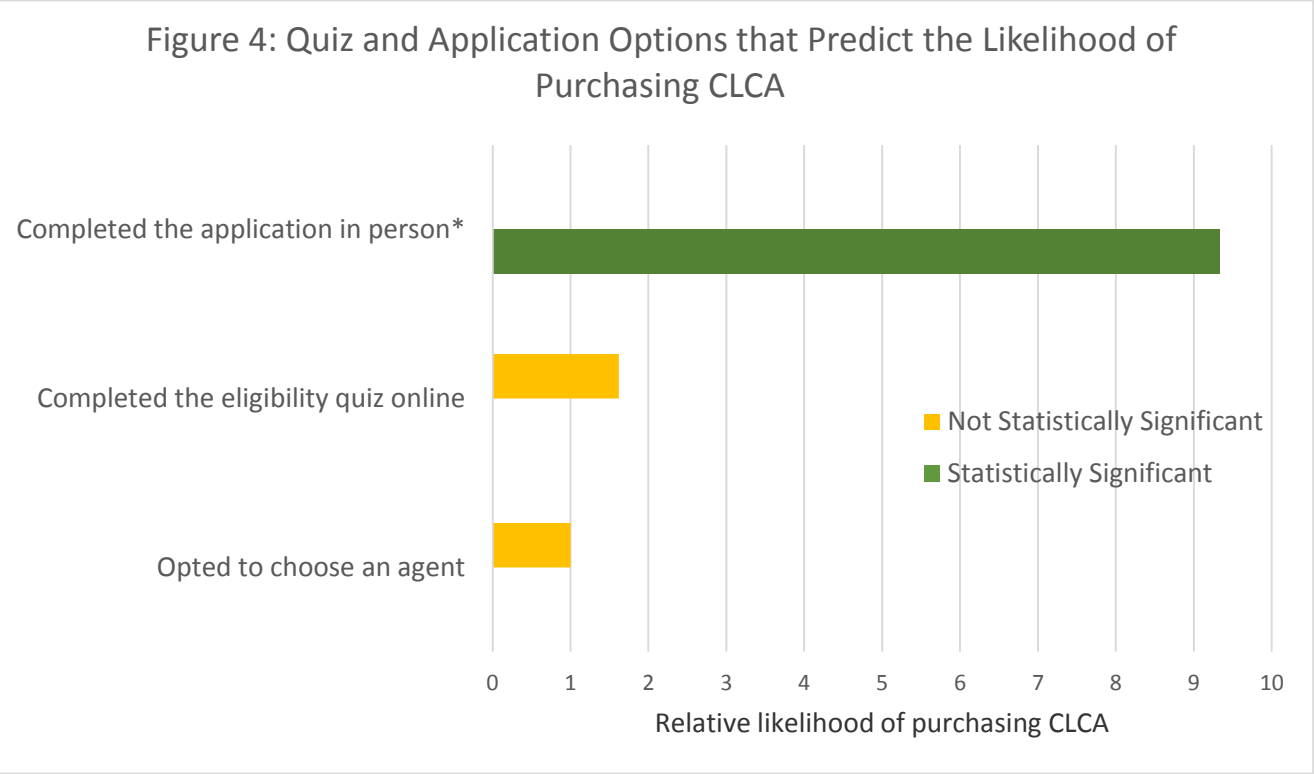
The logistic regression models we present below represent in a multiple-step process. In the first step, the research team conducted brainstorming sessions in which we generated what might logically be considered all possible predictive factors for each of the two outcome variables, quiz completion and CLCA purchase. In the second step, as already mentioned, we collected survey data on each of these predictive factors. Third, we entered the data into a dataset, gave the response categories "codes," and cleaned the data (getting rid of missing responses and so on) – readying it for analysis. Fourth, we created "models" of CLCA purchasing behavior (and quiz completion), to see which variables were independently and statistically significantly predictive – and to what extent.

Focusing in this section on the models predicting actual purchasing decisions, we estimated three separate models – which are distinguished by the type of predictors being examined.

Programmatic Variables: First, we wanted to directly compare the relative impact of difference variables that could be considered programmatic – completing the quiz online versus over the phone (or other modes), completing the application in person vs. another mode, and the decision to contact an agent versus having an agent contact the consumer.[8]

[8] As mentioned earlier, the percentages of respondents who fall into each of these categories is observable in Appendix G.

Figure 4 displays the results. This model predicted 79% of purchasing outcomes correctly, a proportionate reduction in prediction error (beyond what would have been achieved by chance) of 31%. This means that if one had tried to predict whether each individual in our sample had purchased insurance, with no information except the knowledge of how many people in the sample had purchased, and then someone else made the same predictions, armed with the information in the model, the second person would have made 31% fewer errors.



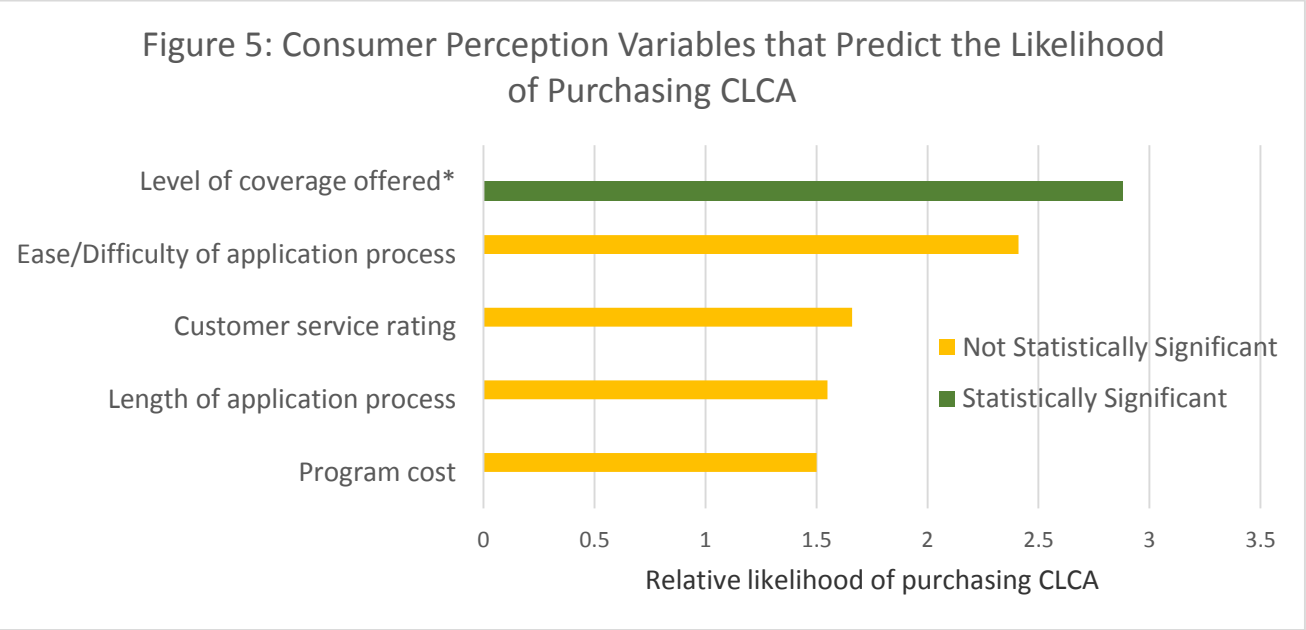
Note: *N = 266; * statistically significant at p < .05; two-tailed test.*
Model predicted 79% of outcomes correctly, a proportionate reduction in prediction error (beyond chance) of 31%.

As the figure reveals, the mode through which respondents applied for CLCA coverage appears to have an enormous impact on purchasing. Those who applied in person were nearly 9 times as likely to actually purchase insurance than were those who applied in any other way (online, by phone, or combinations).[9] Just as importantly, neither of the other variables seem to affect actual purchasing decisions at all. That is, choosing to complete the eligibility quiz online, versus over the phone, and

[9] However, this relationship may be a byproduct of the likelihood that more serious customers are more inclined to apply in person.

opting to choose an agent oneself, rather than having one chosen automatically, appears to have no bearing on whether individuals buy CLCA insurance.

Consumer Perception Variables: What about consumers' perception of price, coverage, customer service, and the application process? Figure 5 displays the relative impact of each of these factors on purchasing decisions, *among those who were eligible to purchase*. As the figure indicates, the variable that steers the most people away from the program pertains to the level of coverage offered. Those who perceive CLCA coverage as insufficient were nearly three times as likely to decide against CLCA insurance as those who consider it sufficient.[10]



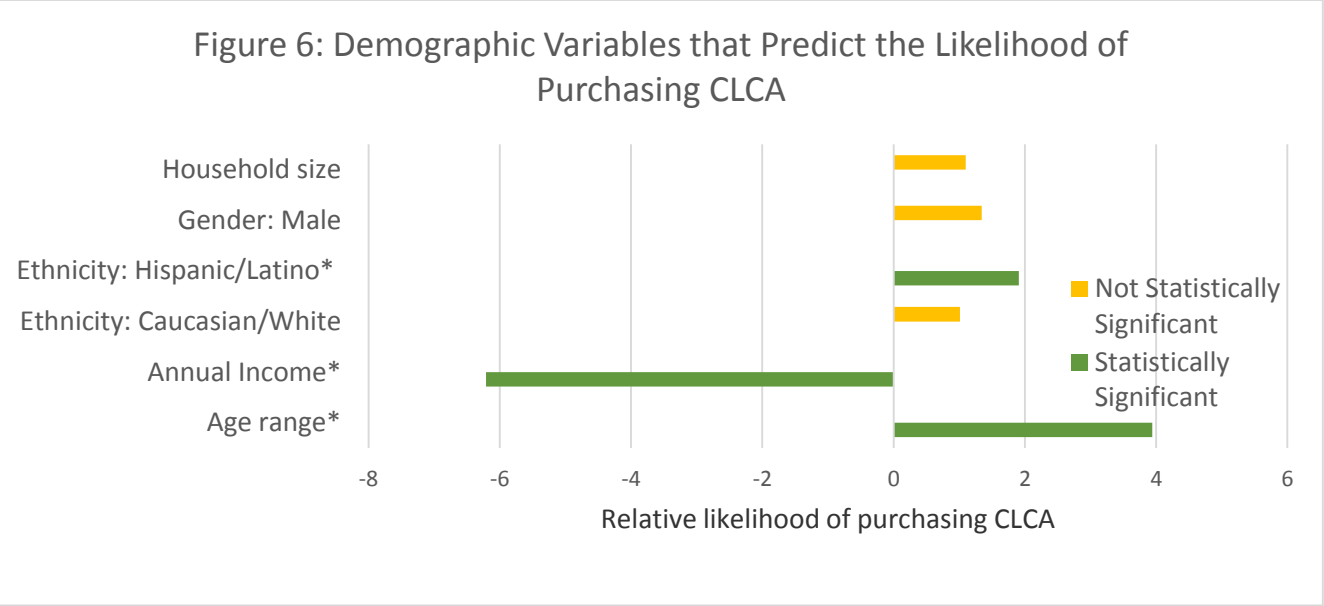
Note: *N = 359; *statistically significant at p < .05; two-tailed test.*
Model predicted 81% of outcomes correctly, a proportionate reduction in prediction error (beyond chance) of 18%.

By contrast, and just as importantly, considerations pertaining to program cost, customer service, and length of application process, do ***not*** appear to drive the decision not to purchase CLCA insurance. Because none of these variables is a statistically significant predictor of purchasing, the relationship

[10] This finding is consistent with that which we observed when we simply asked respondents why they had not purchased/maintained CLCA insurance, as we discussed earlier.

cannot be distinguished from zero. In other words, we do not have evidence that any of these other factors influence the decision to purchase or not.[11]

Consumer Demographics: What about demographic categories of potential consumers? Are some more likely to purchase than others. The answer to this question might provide guidance as to where future outreach efforts should be targeted. Figure 6 provides some insight – showing the results of a model that included the following explanatory variables: Caucasian/white identity (vs. racial minority), Latino/Hispanic ethnicity (vs. not), gender, household-size, consumer age-range, and gross annual income.



Note: *N = 414; *statistically significant at p < .05; two-tailed test.*

Model predicted 73% of outcomes correctly, a proportionate reduction in prediction error (beyond chance) of 14%.

The result that really stands out pertains to income: households with the lowest incomes were nearly six times as likely to purchase CLCA insurance as were those with the highest income. This stands to reason, of course, because the program is designed to benefit lower-income Californians.

[11] However, the ease or difficulty of the application process has potential. If we had been able to collect more data, we might have observed a statistically predictive relationship between perceiving the process as being straightforward and the decision to purchase. For now, though, all we can conclude is that coverage really makes a big difference.

Perhaps more interesting is the effect associated with age. Specifically, among those who are eligible to purchase insurance, retirement-age Californians appear nearly four-times as likely to purchase CLCA insurance as are young adults (in their twenties), all else being equal.

Another salient predictor is Latino/Hispanic ethnicity; Latino/Hispanic Californians were nearly twice as likely to purchase CLCA insurance as non-Latino/Hispanics, everything else being equal. However, when it comes to *racial* differences (Caucasian vs. African American, Caucasian vs. Asian American, etc.), we did not observe any statistically significant differences.[12] On the whole, it appears that current outreach efforts may be more effective at reaching older Californians than younger ones – especially Latinos/Hispanics.

In summary, CLCA insurance appears least attractive to younger and wealthier Californians who are not Latino/Hispanic, those who want more than minimum coverage, and those who do not want to take the time to conduct insurance business in person. Importantly, though, CLCA does *not* appear to be losing customers based on cost, customer service, or negative perceptions of the application process, overall.

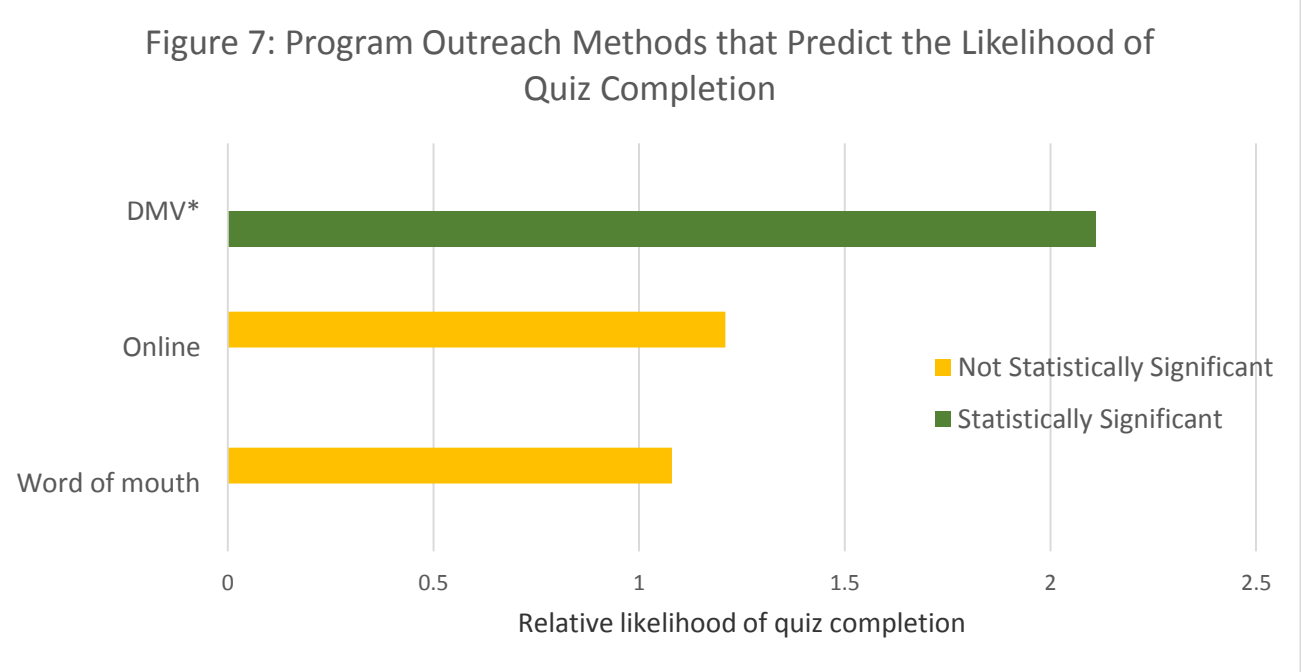
The next section, which begins on the next page, describes results from our efforts to understand why some eligible customers fail to purchase CLCA insurance because they choose to not even complete the eligibility quiz.

[12] Some readers may be unfamiliar with distinctions between ethnicity and racial categories. Latino/Hispanic Americans can be of any race (though they are most often Caucasian).

What Factors Determine Completing the CLCA Program Eligibility Quiz?

The decision to purchase CLCA insurance, is, of course, predicated on the decision to complete the eligibility quiz (determining whether or not one is eligible to apply for CLCA insurance). What specific factors influence the decision to complete the eligibility quiz? In an attempt to address this question, we estimated three separate models – which are, again, distinguished by the type of predictors.

Programmatic Variables: The first model compares the relative impact of variables that could be considered programmatic - program outreach methods. Figure 7 indicates that the model predicted 84% of outcomes correctly.

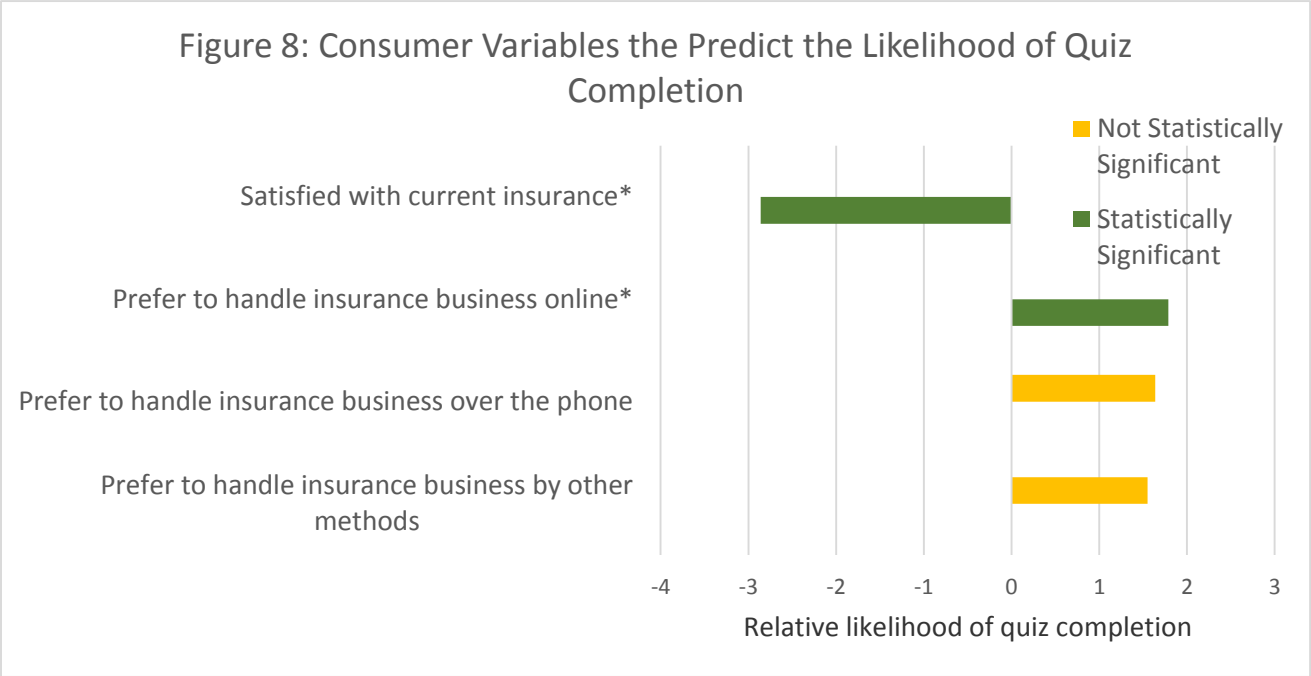


Note: *N = 613; *statistically significant at p < .05; two-tailed test.*
Model predicted 84% of outcomes correctly, a proportionate reduction in prediction error (beyond chance) of 9%.

Of these programmatic variables, the only one that stands out is where respondents first heard about the program. **Those who heard about CLCA at the DMV were roughly twice as likely to complete the eligibility quiz** as were those who learned about the program by any other means, including online or by word of mouth.

Consumer Perception Variables: What about consumer-related factors and quiz completion behavior? In this model, we wanted to compare the relative impact of variables that could be considered

"consumer-based." Specifically, we investigated satisfaction with insurance and preferred mode of conducting insurance business. Our model predicted 85% of outcomes correctly, a proportionate reduction in prediction error of 10%. Figure 8 displays the results.



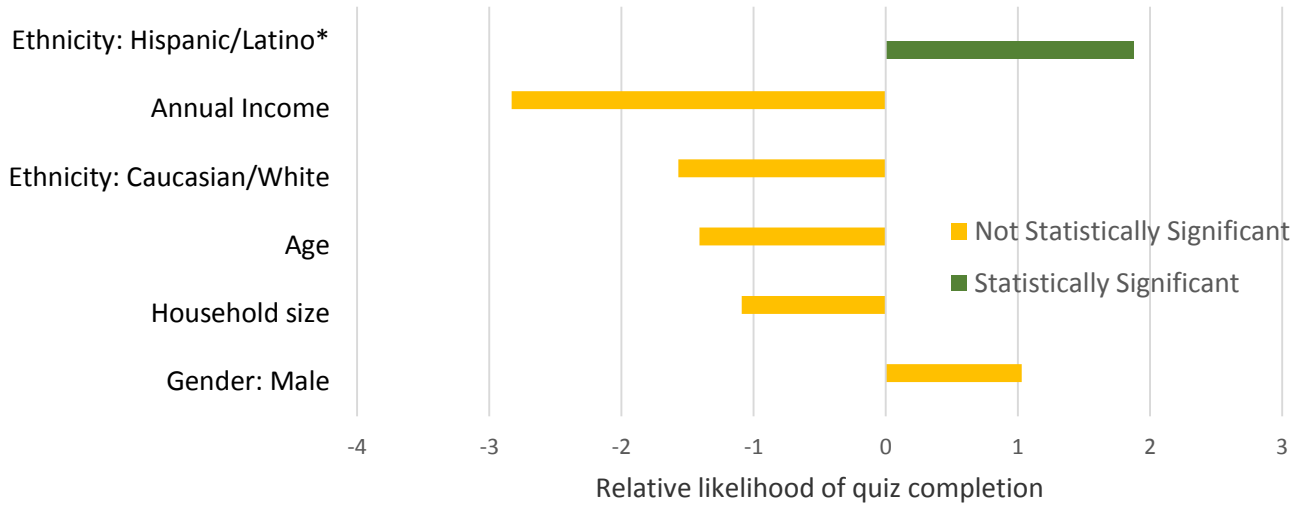
Note: *N = 575; *statistically significant at p < .05; two-tailed test.*
Model predicted 85% of outcomes correctly, a proportionate reduction in prediction error (beyond chance) of 10%.

As we can see, the most important determinant of quiz completion is dissatisfaction with one's current insurance. Not surprisingly, those who either did not have private insurance or were dissatisfied with that insurance were nearly three times as likely to complete the quiz as those who already had insurance and were satisfied with it. By extension, we can infer that the CLCA program does not "steal" customers away from traditional insurance carriers who do not cooperate with the program.

Furthermore, those who prefer to handle auto insurance business online, relative to the phone (or other methods), were about 1.75 times as likely to take the quiz after inquiring – suggesting that the online process is perhaps easier/more streamlined than that over the phone.

Consumer Demographics: Are some demographic groups more likely to complete the quiz than others? Figure 9 displays the model, which predicted 84% of outcomes correctly -- a proportionate reduction in prediction error (beyond chance) of 10%.

Figure 9: Demographic Variables that Predict Likelihood of Quiz Completion



Note: *N = 479; *statistically significant at p < .05; two-tailed test.*
Model predicted 84% of outcomes correctly, a proportionate reduction in prediction error (beyond chance) of 10%.

The only demographic difference that seems to matter is ethnicity. Latino/Hispanic Americans are the most inclined to take the eligibility quiz after inquiring – roughly twice as likely as non-Latinos. Racial differences appear to be unimportant, as are age, gender, and (somewhat surprisingly) household size differences.

One characteristic that deserves more attention is income. Although wealthier sample respondents appear to have been less inclined to finish the quiz than were their poorer counterparts, the relationship was not statistically significant – meaning that we cannot really differentiate this effect from "zero." Given that the program is targeted toward lower income Californians, one would hope to observe differences according to income. The fact that we cannot conclude that any such differences exist, suggests that perhaps some changes should be in order as they pertain to the eligibility quiz process.

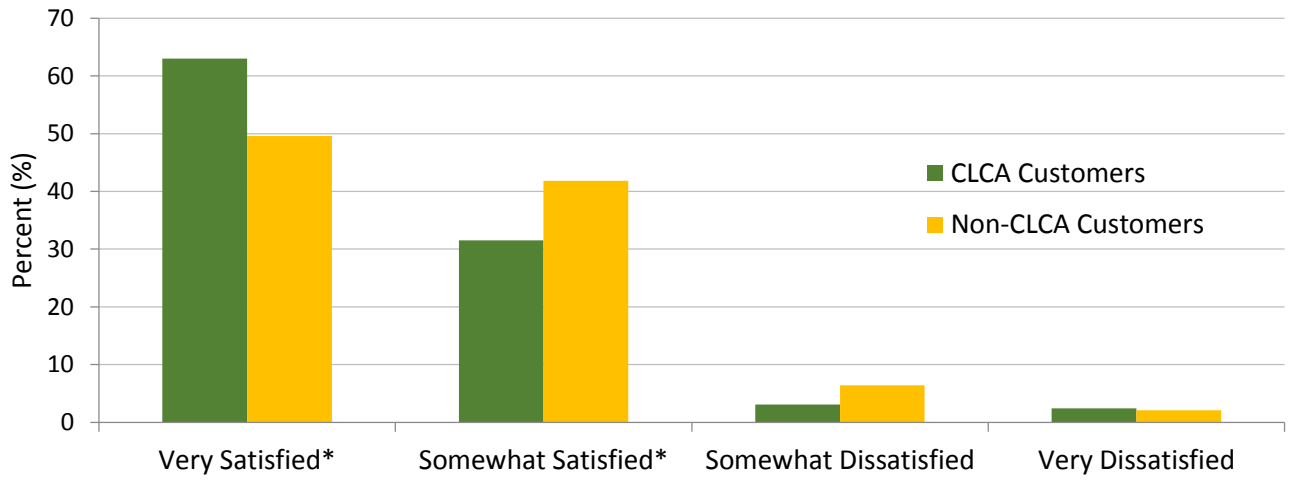
In summary, when it comes to completing the eligibility quiz, outreach efforts seem to be reaching Latino/Hispanics most effectively, and especially through the Department of Motor Vehicles. Furthermore, not surprisingly (but in somewhat of a relief), interest stems primarily from Californians who do not have insurance or are dissatisfied with their current insurance. Finally, the online quiz seems to be reaching people more effectively than the telephone hotline.

How Satisfied are CLCA Program Enrollees?

Finally, we wanted to get a sense of how satisfied CLCA customers are with their insurance, relative to Californians who hold insurance obtained through other means.

As Figure 10 reveals, CLCA customers appear very satisfied with their insurance. Specifically, 61% of those who carry insurance through the CLCA program indicated that they are "very satisfied" with their insurance, compared to 48% who carry insurance not affiliated with the program (which represents a statistically significant difference) – a statistically significant difference (t=2.61; p<.01).

Figure 10: Consumer Insurance Satisfaction Ratings



Note: *N* = 468. Differences between satisfaction ratings of CLCA Customers and Non-CLCA Customers. *Ratings between groups were statistically significant for Very Satisfied and Somewhat Satisfied, $t(250.98) = 2.61$, $p < .05$; $t(245.95) = -2.07$, $p < .05$, respectively; two-tailed test.

CONCLUSION

The ISR research team, in collaboration with the California Department of Insurance, designed this research effort to learn more about (1) how data on customers and potential customers flows within and across stakeholder groups, as well as (2) the factors that influence CLCA insurance purchasing decisions. We conducted a series of meetings with stakeholder groups and collected survey data to address these particular issues. We then developed a descriptive and prescriptive narrative on data flow and performed a series of statistical analyses on survey data, which produced some interesting and informative findings.

Data Management Conclusions and Recommendations

The current data flow configuration allows for CDI to acquire data needed to answer key programmatic questions for the most part. However, slight modification is advisable. Specifically, increasing the amount of data requested quarterly from insurance carriers by CAARP will provide the needed boost to increase the accuracy of current data collected and add additional data needed for CDI to answer program questions about new and returning customers. Through multiple meetings, the research team determined that insurance carriers will be able, quarterly, to report new assignments – including the proportion that represent reassignments (return/recycled business). This is contingent on CAARP communicating this information to the insurance carriers when assigning new applications (based on CAARP's current 3-year matching process which every new application goes through).

The ability of CDI to answer questions about customer retention is limited by the data request form as it now stands. This form captures retention within 12 months, but needs additional fields to allow for the breakout of cancellation and nonrenewal reasons, by age of policy, at time of cancellation. This will allow CDI a more nuanced analysis of when policies cease, after how long, and why. We also consider it worthwhile to capture retention across years to gain a sense of policy longevity. It also may be of value to consider surveying "loyal" customers, in addition to those that drop out of the program, thereby comparing groups of "drop outs" to "stayers" and ultimately developing a profile of CLCA customers.

Salient Findings Regarding Consumer Purchasing Behavior

The research team investigated CLCA insurance purchasing behaviors by conducting an online and telephone survey of customers and potential customers. We investigated factors that could potentially influence auto insurance purchasing decisions, many of which represent areas amenable to policy and program modification.

The results of our survey analyses point to some key "takeaway" points:

- CLCA customers report very high satisfaction levels with their insurance.
- People prefer conducting their business in person, followed by online.
- The most effective outreach method is the Department of Motor Vehicles.
- The CLCA Program is particular effective at reaching Latinos, older people and those in the lower socioeconomic strata.
- Amount of insurance coverage appears to be a definitive factor in determining consumer interest at two points in time – eligibility and purchase.
- A key reason people are ineligible is because they (or someone in their household) is already covered.
- In addition, of those who are eligible but choose not to buy CLCA insurance, the primary cause is dissatisfaction with the amount of coverage offered (not dissatisfaction over cost, service, or process).

It should be noted, however, that with respect to the eligibility data, we recommend that these data be captured at the time of quiz taking, because this would provide more reliable estimates than those provided by our survey data. We know from our meetings that a unique identifier is generated every time a quiz is started. However, currently, the response that "kicks" the individual out of the quiz for ineligibility is not coded; this might be feasible for the online and the phone quizzes and warrants some discussions with IT staff. CDI should also keep in mind, though, that these will not be perfect estimate either, as many people may determine that they are ineligible for one or more reasons simply by reading eligibility criteria from some form of program media and therefore not start the quiz in the first place. Nonetheless, it would be a stronger estimate than what is currently presented.

Implications

Several implications emerge based on these findings. However, they should be considered in light of other programmatic components to which the ISR research team is not privy -- budget and resources, strategic direction, etc. If the goal is to expand the customer base, then clearly outreach efforts to non-Latinos, higher-income, and younger populations should be explored. In addition, efforts should be considered for facilitating in-person transactions to the greatest extent possible, with the understanding that an expanding customer base of younger, higher-income, non-Latinos may be actually prefer online transactions. This suggests that the online platform remain seamless but could possibly benefit from some evaluation for quality improvement purposes.

In addition, some considerations should be given to current eligibility criteria in the way of coverage. This may be at the level of legislative change in terms of loosening eligibility restrictions, e.g. allowing non-CLCA insurance in addition to CLCA insurance in a household or increasing amount of CLCA coverage for the price. At the program level, management may want to ensure that coverage parameters (which can be confusing) are consistently and clearly communicated across all platforms (e.g. websites, telephone, and producer agents). It may be that consumers do not know and/or understand all of their coverage options through the CLCA program.

In terms of expanding the customer base, marketing strategies may want to include an element of drawing customers away from competitors (particularly higher-priced ones) and not restrict recruitment to the uninsured. It may be that there are those out there that are covered and satisfied with their non-CLCA coverage, but may not be aware that they can get the same coverage at a lower price through CLCA.

Limitations

As with any research project, it is important to interpret the results with caution, as there are always unavoidable limitations to every research endeavor. First, the statistical analyses in this project are based on survey data. As such, when interpreting results, one must keep in mind that survey "self-reports" are inherently subject to some degree of measurement error that is attributable to respondent misunderstanding of survey questions. As researchers, we attempted to mitigate these concerns through pilot testing -- which helps ensure that the questions are clear, coherent, and comprehensive. In addition, our CATI staff is trained to maximize comprehension of the questions and they provide ample opportunity for answering clarification questions from respondents. Nonetheless, this source of error cannot be completely eradicated.

In addition, respondents self-reporting on their perceptions and behaviors are subject to memory error, as well as to a form of impression management in which they do not answer truthfully to one or more items. This "self-desirability" bias does not always represent willful misrepresentation; indeed it can often be inadvertent or subconscious – which therefore makes difficult to control, even for the best intentioned. We informed respondents of the confidentiality of their responses; however, some may still have felt uncomfortable with full disclosure on items such as their age, income, and driving record. Finally, some respondents may feel internal pressure to rate a program as more positive than they would normally for fear that negative feedback may threaten the future existence of a program they value.

While these sources of error and bias are troublesome, they do not render survey results invalid, however, they should be taken into consideration when interpreting any survey results.

In summary, the CLCA program appears to be reaching most potential customers. Insurance through the program appears to be priced appropriately, and the process appears relatively straightforward to most potential customers, Indeed, the recent addition of the online eligibility quiz seems to be paying off.

The primary ways that CLCA participation could be expanded would be to ease some eligibility requirements and make it more appealing to customers who desire more than minimum coverage.

Appendices

APPENDIX A ORIGINAL CAARP QUARTERLY DATA REQUEST FORM

TOTAL Number of Policies Currently in Force- New and Renewal	⇨	

DATA FOR QUARTER ENDING **31-Dec-13**

How Long Were Policies in Force Before Lapse/Cancellation During this Quarter	Non-Payment	Misrepresentation	At Insured Request*	Total
1-3 months				
4-6 months				
7-9 months				
10-12 months				

Top Twelve Companies	Please Indicate the # of Renewals for your company during 4th Qtr. 2010	during 4th Qtr. 2013

*The California Dept. of Insurance has also asked you to provide to the Plan Office the NAME/PHONE # of each of the insureds that cancelled at "Insured Request" or "Non-Renewed" during this reporting quarter so that a phone survey can be conducted.

APPENDIX B ORIGINAL CAARP QUARTERLY REPORT

TOTAL# APPLICATIONS ASSIGNED TO ALL COMPANIES SINCE INCEPTION 7-1-2000 THROUGH 9-30-2013 = 84,878

TOTAL# APPLICATIONS ASSIGNED YR TO DATE (ALL COMPANIES) = 7,255

TOTAL# APPLICATIONS ASSIGNED DURING REPORTING PERIOD TO TOP COMPANIES = 2,407

TOTAL# OF POLICIES IN FORCE CURRENT QUARTER (NEW BUSINESS AND RENEWALS) WITH TOP COMPANIES = 11,312

POLICIES THAT CANCELLED WITH TOP COMPANIES CURRENT QUARTER

# MONTHS POLICIES WERE IN FORCE BEFORE LAPSE/CANCELLATION	NON-PAYMENT	MISREPRESENTATION	AT INSURED REQUEST	TOTAL
1-3 MONTHS	281	47	149	477
4-6 MONTHS	298	0	47	345
7-9 MONTHS	115	0	42	157
10-12 MONTHS	158	50	87	295
TOTALS	852	97	325	1,274

APPENDIX B ORIGINAL CAARP QUARTERLY REPORT CONTINUED…

	RENEWALS	RENEWALS	RENEWALS	NEW BUSINESS ASSIGNMENTS	NEW BUSINESS ASSIGNMENTS	NEW BUSINESS ASSIGNMENTS
TOP TEN COMPANIES/COMPANY CODES*	CURRENT QUARTER	SAME QUARTER LAST YEAR	MOST RECENT FOUR QUARTERS	CURRENT QUARTER	SAME QUARTER LAST YEAR	MOST RECENT FOUR QUARTERS
	372	204	1,394	872	829	3,626
	0	0	0	0	39	101
	194	359	1,346	0	0	0
	138	125	635	148	116	563
	O*	27	54	O*	75	22
	44	56	216	77	55	306
	295	318	1,541	752	384	2,275
	56	60	244	79	65	308
	222	362	1,400	296	228	1,123
	182	164	797	99	40	262
TOTALS	1,503	1,675	7,627	2,323	1,831	8,586

Note:* Data is missing from the company. The data is being pursued.

APPENDIX B ORIGINAL CAARP QUARTERLY REPORT CONTINUED…

Renewal RETENTION PERCENTAGES (Used in 3Q 2013 Quotas)

3Q 2013 Estimated	Retention% Same Quarter One Year Ago	Survey Results	Retention%	# of Companies in	2013 Combined Basic Quota of Survey
Plan Volume			3Q 2013 Quotas	Survey	Companies
3,937,67	55%	58%	60%	5	85%

Notes:

This report is based on the following source data:

- New business assignment data is provided by AIPSO. The data is reflective of only those applications for which policies were issued and does not include any applications returned to the Plan.
- Renewal and cancellation data is reported by individual companies.

*The figures for these companies are based on individual company assignments, not groups of companies, unless all affiliated companies are grouped as a single company for quota purposes.

APPENDIX C REVISED CAARP QUARTERLY DATA REQUEST FORM

DATA FOR QUARTER ENDING: December 2013 **Form DUE first week of next quarter**

Name of your Insurance Company: _____

Date of Form Submission (Today's Date):

Questions? Contact Alma at [email and phone]

Section I: New Policies Issued	
Total Number of New Policies Issued	
Total Number of New Policies Issued that were REASSIGNMENTS*	
*This is a subgroup of Total Number of New Policies Issued	

Section II: Cancellations including Nonrenewals**							
	Cancellation Reasons				**Nonrenewal Reasons**		
How Long Were Policies in Force at Time of Lapse/Cancellation?	Non-Payment	Misrepresentation	Purchase of Additional Insurance	At Insured Request	Significant Increase in Hazard	No Longer Eligible	**Total**
1-3 months							
4-6 months							
7-9 months							
10-12 months							
More than 12 months							
GRAND TOTAL							
**Please provide contact information (on a worksheet in this Excel workbook) for all those with cancelled and nonrenewed policies which will be provided to the California Department of Insurance for survey purposes.							

CONTINUED….

Section III: Renewals	
How Long Were Policies in Force at the Time of Renewal?	**Total Number of Renewed Policies**
One Year	
Two Years	
Three Years	
Four or more Years	
GRAND TOTAL	

NOTES:

APPENDIX D CALIFORNIA LOW COST AUTOMOBILE TRACKING SPREADSHEET

2012	Jan	Feb	March	Q1	April	May	June	Q2	July	Aug	Sept	Q3	Oct	Nov	Dec	Q4	Totals
INTERESTED # of Interested Customers																	
Calls to CAARP hotline	1,847	1,670	1,434	**4,951**	1,462	2,218	1,653	**5,333**	1,482	1,581	1,366	**4,429**	1,580	1,188	1,160	**3,928**	**18,641**
Inquiries from consumers via SMS Text	531	530	849	**1,910**	932	1192	746	**2,870**	694	727	698	**2,119**	639	480	113	**1,232**	**8,131**
Website hits on mylowcost.com	11,225	9,981	22,507	**43,713**	33,391	25,678	14,189	**73,258**	11,687	12,101	11,002	**34,790**	10,777	9,639	8,373	**28,789**	**180,550**
Website hits on CAARP	7,149	6,132	4,012	**17,293**	2,831	3,387	2,766	**8,984**	2,426	1,995	2,114	**6,535**	2,298	2,499	9,345	**14,142**	**46,954**
Websites hits on Insurance.ca.gov/lowcost	17,796	13,046	19,429	**50,271**	18,448	19,009	15,810	**53,267**	15,660	15,899	16,331	**47,890**	15,547	13,950	14,359	**43,856**	**195,284**
Total Customer Inquiries	38,548	31,359	48,231	**118,138**	57,064	51,484	35,164	**143,712**	31,949	32,303	31,511	**95,763**	30,841	27,756	33,350	**91,947**	**449,560**
ELIGIBLE # of Eligible Customers (given agents name/phone)																	
CAARP Hotline - Deemed Eligible	1054	961	659	**2,674**	827	1175	931	**2,933**	826	911	798	**2,535**	880	710	668	**2,258**	**10,400**
CAARP/mylowcostauto Web Quiz - Deemed Eligible	2,775	2,364	1,140	**6,279**	766	840	724	**2,330**	702	658	573	**1,933**	585	645	668	**1,898**	**12,440**
Total Customers Eligible	3,829	3,325	1,799	**8,953**	1,593	2,015	1,655	**5,263**	1,528	1,569	1,371	**4,468**	1,465	1,355	1,336	**4,156**	**22,840**
Percentage Eligible vs Customer Inquiries (I/F)	10%	11%	4%	**8%**	3%	4%	5%	**4%**	5%	5%	4%	**5%**	5%	5%	4%	**5%**	**5%**
TRIED TO BUY # of Customers Who Visited Agent/Broker																	
Number bought CLCA policy	613	593	662	**1,868**	604	641	588	**1,833**	668	645	591	**1,904**	581	634	591	**1,806**	**7,411**
Number bought policy other than CLCA	42	49	44	**135**	48	49	37	**134**	42	56	32	**130**	31	49	54	**134**	**533**
Number who left without buying	182	200	229	**611**	228	277	255	**760**	196	169	201	**566**	203	159	240	**602**	**2,539**
Total Customers Who Visited an Agent/Broker	837	842	935	**2,614**	880	967	880	**2,727**	906	870	824	**2,600**	815	842	885	**2,542**	**10,483**
Total bought vs visited broker	78%	76%	76%	**77%**	74%	71%	71%	**72%**	78%	81%	76%	**78%**	75%	81%	73%	**76%**	**76%**

APPENDIX E SUGGESTED ADDITIONS TO ORIGINAL CAARP QUARTERLY REPORT

Total Number of New Policies (including Reassignments) Issued	
	Quarter Total
Total Number of New Policies Issued	
Total Number that were REASSIGNMENTS	

Age of Cancelled Policies	
	Quarter Total
1-3 months	
4-6 months	
7-9 months	
10-12 months	
More than 12 months	
Total Number of Cancelled Policies	

Cancellation Reasons	
	Quarter Total
Non-Payment	
Misrepresentation	
Purchase of Additional Insurance	
At Insured Request	
Total Number of Cancelled Policies	

Age of Nonrenewed Policies	
	Quarter Total
One Year	
Two Years	
Three Years	
Four or more Years	
Total Number of Nonrenewed Policies	

Nonrenewal Reasons	
	Quarter Total
Significant Increase in Hazard	
No Longer Eligible	

APPENDIX F CLCA CUSTOMER/POTENTIAL CUSTOMER SURVEY DEVELOPMENT

- *Pilot testing*

  The survey developers piloted the telephone survey to ensure the questions were both clear and concise, and estimate the time needed to complete the survey. The web version of the survey was also pilot tested on several web enabled mobile devices, including both android and apple devices.

- *Survey software*

  The ISR used Sawtooth Technologies' Sensus questionnaire authoring application and Computer Assisted Telephone Interviewing (WinCATI v4.2) programs to facilitate the telephone interviews. The CATI system automates several administrative controls including sample management, call scheduling, quota restrictions, call disposition monitoring, and interviewer productivity reporting.

  In addition, the ISR administered an online version of the survey using Sacramento State's license of Select Survey .NET online survey software for internet and mobile devices. This application allows the user to create surveys and gather responses online.

- *CATI methodology on number of call backs*

  CATI technology was programed to randomly select participants' phone numbers, these numbers were randomly assigned to different telephone interviewers. The system appropriately rerouted the calls for participants who indicated that they preferred a Spanish speaking interviewer. Calls were transferred to another Spanish speaking interviewer within 10 minutes whenever possible, with a maximum delay of 60 minutes. If the interviewer received a busy signal for the phone call the system allowed the redial after 10 minutes. The CATI system was preset to allow a maximum of three possible call-back opportunities. Repeated phone call attempts increased the impact of randomization techniques. The maximum refusals for each phone call was set at three. Call-back attempts for soft refusals (request to take the survey at a later date/time) were repeated after a minimum of 72 hours from the initial phone call.

  Additionally, Select Survey software was used to administer a web version of the same survey. The software was programmed to allow for only one response per email address and the survey could be completed using either a computer, tablet, or smart phone device.

- *Spanish translation, back translation process*

  The survey instrument was available in English and Spanish after being translated and back-translated by two fluent Spanish-English speakers. The original survey was composed in English. The translator, fluent in both English and Spanish, translated the survey from English into Spanish. In order to assure that the original meaning of the questions was preserved, the survey was back translated from Spanish into English by a second bi-lingual translator. The survey developers compared these two English surveys for accuracy and meaning. This process ensured that both the English and Spanish versions of the survey were equivalent. Most respondents selected English (92.8%) as their preferred language, however 7.2 percent of the sample requested the Spanish version.

- *Sample process and procedures*

  A total of 25,180 contacts were initially provided to the ISR from the California Department of insurance (CDI). However, 2,337 duplicated phone numbers were removed from the sample, as well as an additional 6,475 contacts that did not have an accompanying phone number. A separate sub sample of 12,977 was extracted for contacts with email addresses. Among them, 12,127 were identified by the CDI as those who had inquired about the program, but were not assigned to an insurance agent. This group, labeled “non-assigned”, was emailed the web version of the survey. Also, among the email addresses provided, 850 of them were identified by the CDI as those who had inquired about the program and were assigned to an insurance agent. This group, labeled “assigned”, was emailed the web version of the survey.

  A final total of 16,368 California area code phone numbers were used for the CATI version of the survey and 12,977 email addresses comprised the sampling frame for the web version. Since the CATI and web survey respondents came from the same original sample, an additional question was added to the web survey verifying that the respondent had not already participated in the CATI version of the survey to minimize duplicated responses. Emails were distributed in clusters of 500 at a time, which was the limit for the CSUS server.

APPENDIX G:
CALIFORNIA LOW COST AUTOMOBILE INSURANCE CUSTOMER AND PROSPECTIVE CUSTOMER SURVEY

Hello, my name is _____ and I am a student at Sacramento State University.
We are conducting a short survey about auto insurance.
We aren't selling anything and your participation is voluntary. Your answers are completely confidential.
Am I speaking to an adult who makes auto insurance decisions in the home?
If "no": May I please speak to an adult who makes auto insurance decisions?

a. Repeat intro to new R, if necessary, and then proceed to "Let's get started."

If "yes," Great. Let's get started.

Q1. First, do you prefer to handle your auto insurance business . . .

1. In person (n = 288)
2. Over the phone (n = 89)
3. Online (n = 184)
4. OTHER (n = 248)
5. DON'T KNOW/ NOT SURE (n = 7)

If R volunteers "a combination" or anything similar:
Q2. Is that . . .

1. Over the phone first and then in person (n = 66)
2. Online and then In Person (n = 59)
3. Online and then over the phone (n = 73)
4. Over the phone and then online (n = 32)
5. OTHER (n = 13)
6. DON'T KNOW/ NOT SURE (n = 2)

Q3. And do you currently have auto insurance coverage?

1. YES (n = 579)
2. NO (n = 44)
3. DON'T KNOW/ NOT SURE (n = 1)

IF Coverage:

Q4. How satisfied are you with that insurance? Are you . . .

1. Very satisfied (n = 349)
2. Somewhat satisfied (n = 216)
3. Somewhat dissatisfied (n = 26)
4. Very dissatisfied (n = 22)
5. DON'T KNOW/ NOT SURE (n = 19)

Everyone:

Q5. Have you heard about the state's low cost auto insurance program?

1. YES (n = 676)
2. NO

Q6. How did you hear about the program? Stop me when I get to it.

1. The DMV (n = 149)
2. An insurance agent (n = 37)
3. Online (n = 188)
4. TV or radio ad (n = 56)
5. Billboard (n = 15)
6. Flyer (n = 22)
7. Word of Mouth (n = 129)
8. Social Services dept. or other state agency (n = 33)
9. OTHER (If Volunteered) (n = 18)
10. DON'T KNOW/NOT SURE (n = 18)

Q7. And have you tried to buy insurance through the program, or at least contacted the program for more information, this year?

1. YES (n = 532)
2. NO (n = 137)
3. DON'T KNOW/NOT SURE (n = 3)

If no, skip to ELIGIBILITY Section

If Yes,

Q8. Was that . . .

1. By text (n = 11)
2. Phone (n = 205)

3. Online (n = 212)
4. OTHER (N = 37)
5. In person (n = 49)
6. Mailed-in paperwork (n = 4)
7. Email (n = 2)
8. DON'T KNOW/ NOT SURE (n = 7)
9. REFUSED TO ANSWER (n = 1)

Q9. Did you complete the program's eligibility quiz?

1. YES (n = 535)
2. NO (n = 102)
3. DON'T KNOW/NOT SURE (n = 16)

If no, skip to ELIGIBILITY Section

Q10. And did you actually purchase insurance through the program this year?

1. YES (n = 363)
2. NO (n = 184)
3. DON'T KNOW/NOT SURE (n = 4)

If No,

Q11. And was that mostly because . .

1. It costs too much (n = 12)
2. The coverage is too limited (n = 27)
3. The process is too complicated (n = 15)
4. You found better insurance (n = 19)
5. You weren't eligible (n = 50)
6. OTHER (n = 32)
7. DON'T KNOW/NOT SURE (n = 9)
8. REFUSED TO ANSWER (n = 1)

If purchased,

Q12. And since then, have you . . .

1. Remained insured through the program (n = 293)
2. Canceled (n = 27)
3. Canceled but repurchased (n = 20)
4. DON'T KNOW/NOT SURE (n = 8)

If remained insured

Q13. Has that been for a full year?

1. YES (n = 157)
2. NO (n = 160)
3. DON'T KNOW/NOT SURE (n = 5)

If canceled or canceled but repurchased,

Q14. Which of the following options best explains why you did you not remain insured? Was it because . . .

1. You no longer needed insurance (n = 8)
2. You no longer needed PROOF of insurance (n = 3)
3. You found better insurance (n = 12)
4. You missed an installment payment (n = 24)
5. You did not recertify your income, vehicle, or household information at the end of one year (n = 9)
6. OTHER (n = 51)
7. Still insured, but under 1 year (n = 47)
8. Dropped by agent (n = 1)
9. DON'T KNOW/NOT SURE (n = 37)
10. REFUSED TO ANSWER (n = 7)

Everyone:

Q15. Compared to other auto insurance options, would you say the program's pricing is . . .

1. Affordable (n = 408)
2. A little too high (n = 26)
3. Way too high (n = 13)
4. OTHER (n = 8)
5. DON'T KNOW/NOT SURE (n =21)
6. REFUSED TO ANSWER (n = 2)

Q16. And would you say the program's level of coverage is enough for you?

1. YES (n = 318)
2. NO (n = 130)
3. DON'T KNOW/NOT SURE (n = 26)
4. REFUSED TO ANSWER (n = 3)

If No,

Q17. And Is that because . . .

1. You want to protect your vehicle in an accident (n = 66)
2. You want to protect your assets better (n = 34)
3. Your bank loan requires more insurance (n = 6)
4. DON'T KNOW/ NOT SURE (n = 49)
5. REFUSED TO ANSWER (n = 3)

II. APPLICATION PROCESS SECTION – Ask of everyone except those who did not complete an eligibility quiz

Q18. When you completed the eligibility quiz, was that online or over the phone?

1. Online (n = 291)
2. Over Phone (n = 111)
3. DON'T KNOW/NOT SURE (n =64)
4. REFUSED TO ANSWER (n = 7)

If Online,

Q19. And was that using a . . .

1. Personal computer (n = 264)
2. A smartphone (n = 23)
3. A tablet (n = 4)
4. OTHER (n = 20)
5. In office/person (n = 23)
6. Fax (n = 1)
7. DON'T KNOW/NOT SURE (n =26)
8. REFUSED TO ANSWER (n = 2)

Q20. And after completing the quiz, did you get a list of insurance agent phone numbers to call yourself, or did you opt to have the agent call you?

1. Yes, got list to call (n = 338)
2. No, opted to have agent call (n = 134)
3. DON'T KNOW/NOT SURE (n = 56)
4. REFUSE TO ANSWER (n = 4)

If Yes,

Q21. As best you can remember, did you contact an agent within . . .

1. One day or less (n = 232)
2. 2-5 days (n = 89)
3. More than 5 days (n = 20)
4. Agent never called (n = 20)
5. DON'T KNOW/NOT SURE (n = 36)
6. REFUSED TO ANSWER (n = 2)

If did not get list,

Q22. And did you . . .

1. Choose the agent you wanted to call you (n = 284)
2. Opt to have an agent chosen for you (n = 70)
3. DON'T KNOW/NOT SURE (n = 41)
4. REFUSED TO ANSWER (n = 3)

Q23. And did the agent contact you within . . .

1. One day or less (n = 283)
2. 2-5 days (n = 112)
3. More than 5 days (n = 24)
4. or did the agent never call (n = 52)
5. DON'T KNOW/NOT SURE (n =57)
6. REFUSED TO ANSWER (n = 2)

If no contact was ever made, skip to ELIGIBILITY SECTION

If someone contacted,

Q24. After completing the application process for the low cost auto insurance and making contact with an agent, **HOW** did you complete the application process? Was that . . .

1. In person (n = 181)
2. Over the phone (n = 49)
3. OTHER (n = 28)
4. Or did you not complete the application process (n = 44)
5. DON'T KNOW/NOT SURE (n = 8)

If a combination

Q25. Was that . . .

1. By phone and then in person (n = 63)
2. In person and then by phone (n = 23)
3. Another combination (n = 18)
4. DON'T KNOW/NOT SURE (n = 7)

If another combination.

Q26. What was that combination? _____

Q27. Would you call the customer service that you received from the insurance agent . . .

1. Good (n = 334)
2. Fair (n = 51)
3. Poor (n = 21)
4. DON'T KNOW/NOT SURE (n = 25)
5. REFUSED TO ANSWER (n = 2)

Q28. Overall, would you say the application process was . . .

1. Pretty straightforward (n = 423)
2. Too complicated (n = 25)
3. DON'T KNOW/NOT SURE (n = 22)
4. REFUSED TO ANSWER (n = 3)

Q29. And would you say the application process took . . .

1. Too long (n = 44)
2. About the right amount of time (n = 398)
3. DON'T KNOW/NOT SURE (n = 25)
4. REFUSED TO ANSWER (n = 4)

III. ELIGIBILITY SECTION Ask these questions only if R did not purchase

Q30. Are you a California resident?

1. YES (n = 593)
2. NO (n = 5)
3. REFUSED TO ANSWER (n = 1)

Q31. Are you a young adult who is claimed as a dependent on your family's taxes?

1. YES (n = 38)
2. NO (n = 589)
3. DON'T KNOW/NOT SURE (n = 5)
4. REFUSED TO ANSWER (n = 1)

Q32. Are there more than two vehicles, per driver, in your household?

1. YES (n = 65)
2. NO (n = 565)
3. REFUSED TO ANSWER (n = 1)

Q33. Are any of your vehicles used for commercial purposes, or could any be considered a "one ton" truck?

1. YES (n = 18)
2. NO (n = 609)
3. DON'T KNOW/NOT SURE (n = 3)
4. REFUSED TO ANSWER (n = 1)

Q34. Do you make loan payments on any vehicle?

1. YES (n = 73)
2. NO (n = 552)
3. DON'T KNOW/NOT SURE (n = 1)
4. REFUSED TO ANSWER (n = 3)

Q35. Is any vehicle worth more than $20,000?

1. YES (n = 32)
2. NO (n = 587)
3. DON'T KNOW/NOT SURE (n = 9)
4. REFUSED TO ANSWER (n = 1)

Q36. Do you have full coverage on any vehicle?

1. YES (n =151)
2. NO (n = 464)
3. DON'T KNOW/NOT SURE (n = 9)
4. REFUSED TO ANSWER (n = 1)

Q37. Does anyone in your household have other forms of auto insurance?

1. YES (n = 109)
2. NO (n = 506)
3. DON'T KNOW/NOT SURE (n = 10)
4. REFUSED TO ANSWER (n = 1)

READ THIS SLOWLY.

Q38. Thank you. Now I have to ask a couple of questions about your driving record over the past three years. Remember, your answers are confidential and you do not have to answer. During the last three years, have you ever been without a valid driver's license?

1. YES (n = 41)
2. NO (n = 570)
3. OTHER (n =1)
4. DON'T KNOW/NOT SURE (n = 5)
5. REFUSED TO ANSWER (n = 4)

Q39. And during the last three years, have you had either a misdemeanor or felony for violating vehicle code, or more than one moving violation?

1. YES (n = 30)
2. NO (n = 581)
3. OTHER (n = 1)
4. DON'T KNOW/NOT SURE (n = 4)
5. REFUSED TO ANSWER (n = 5)

Q40. What about an accident involving injury, or more than one accident involving damage, in which you were at fault? Would either of those appear on your record in the past three years?

1. YES (n = 34)
2. NO (n = 574)
3. DON'T KNOW/NOT SURE (n = 7)
4. REFUSED TO ANSWER (n = 4)

IV. DEMOGRAPHICS: Ask everyone

Q41. And for statistical purposes only, stop me when you hear the racial or ethnic group that best describes you:

1. White (n = 268)
2. Hispanic or Latino (n = 177)
3. Black or African American (n = 71)
4. Asian or Asian American (n = 27)
5. Native American or Alaskan Native (n = 10)
6. Pacific Islander (n = 3)
7. Mixed race (n = 15)
8. OTHER (n = 12)
9. Black/White (n = 6)
10. Hispanic/White (n = 8)
11. Native American/White (n = 4)
12. Middle Eastern (n = 2)
13. DON'T KNOW/ NOT SURE (n = 2)
14. REFUSED TO ANSWER (n = 13)

If Mixed":

Q42. What combination of races and/or ethnic groups best describes you? _____

If "Other":

Q43. What is that? _____

Q44. And are you Male or Female?

1. MALE (n = 226)
2. FEMALE (n = 317)
3. REFUSED TO ANSWER (n = 1)

Q45. Is English (Spanish) the language you usually speak at home?

1. YES (n = 572)
2. NO (n = 42)
3. DON'T KNOW/NOT SURE (n = 1)
4. REFUSED TO ANSWER (n = 1)

If no,

Q46. What is the language you usually speak at home? DON'T READ LIST

1. English (n = 8)
2. Spanish (n = 3)
3. Mandarin Chinese(n = 19)
4. Cantonese (n = 0)
5. Russian (n = 0)
6. Farsi (n = 1)
7. Korean (n = 2)
8. Cambodian (n = 2)
9. Armenian (n = 0)
10. Vietnamese (n = 1)
11. OTHER (n = 0)
12. REFUSED TO ANSWER (n = 1)

Q47. How many people are in your household?

1. 1 (n = 141)
2. 2 (n = 126)
3. 3 (n = 104)
4. 4 (n = 92)
5. 5 (n = 44)
6. 6 (n = 17)
7. 7 (n = 9)
8. 8 (n = 6)
9. 9 (n = 0)
10. 10 (n = 1)
11. 0 (n = 1)
12. REFUSED TO ANSWER (n = 1)

Q48. Now stop me when you hear the age group that describes you:

1. Under 19 (n = 2)
2. 19 – 30 (n = 186)
3. 31-54 (n = 262)
4. 55-65 (n = 93)
5. Older than 65 (n = 65)
6. REFUSED TO ANSWER (n = 6)

Q49. And finally, stop me when you hear the income category that best describes your household, before taxes:

1. Under 30,000 dollars (n = 430)
2. 30 to 40 (n = 87)
3. 40 to 50 (n = 39)
4. 50 to 60 (n = 16)
5. 60 to 70 (n = 4)
6. 70 to 80 (n = 3)
7. 80 to 90 (n = 3)
8. 90 to 100 (n = 0)
9. More than 100,000 dollars? (n = 4)
10. DON'T KNOW/NOT SURE (n = 11)
11. REFUSED TO ANSWER (n = 17)