2019

Report to the Legislature & Consumer Education and Outreach Plan

CALIFORNIA'S LOW COST AUTO INSURANCE

Sponsored by the California Department of Insurance

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California Low Cost Automobile Insurance Program's Hotline: 1.866.602.8861
Consumer website: www.mylowcostauto.com | **Facebook Page:** www.facebook.com/mylowcostauto
Twitter page: www.twitter.com/CALowCostAuto
CAARP website: www.aipso.com/PlanSites/CaliforniaLowCost.aspx

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EXECUTIVE SUMMARY

California's Low Cost Automobile Insurance Program (CLCA) continues to be a resource and option for Californians seeking affordable car insurance, to meet required laws. Since inception, 150,062 Californians have received insurance through the program. At the end of 2018, there were 19,931 active policies, 11,964 cancelled policies, and 12,707 renewed policies. Statistics from the California Automobile Assigned Risk Plan (CAARP) indicate approximately 93% of applications assigned were from uninsured motorists at the time of their CLCA policy application.

Because of AB 60 (Alejo 2013) and SB 1273 (Lara 2014), barriers to participation in CLCA were reduced for income-eligible consumers. AB 60 authorized undocumented immigrants to obtain drivers licenses effective January 1, 2015. The California Department of Motor Vehicles (DMV) reported over 1,000,000 undocumented drivers obtained AB 60 drivers licenses since the law's inception in 2015, representing roughly four percent of all driver licenses held in the state. Data shows slightly more insured vehicles because of AB 60, especially in counties with higher concentrations of undocumented immigrants. However, after completion of a study by the Institute of Social Research, the California Department of Insurance (CDI) has yet to see a noted impact to uninsured motorists. Although CLCA sales have grown since 2015, the evidence is inconsistent that this growth is associated with AB 60.

During 2018, CDI and CAARP made several changes to the program. CDI and CAARP:

- Expanded applicant requirements to include consumers ages 16 and 17 who are emancipated minors (or eligible through a parent or guardian) and applicants age 18 who are financially independent.
- Removed the reference to registered domestic partner to accommodate updated statutory definition of 'spouse' that now includes registered domestic partners.
- Removed failure to pay premium owed on a prior policy as a reason for ineligibility.
- Amended definition of applicant requirement that all cars in the household must be insured with CLCA.
- Expanded servicing carriers hours to provide customer service on working days between 8 a.m. – 5 p.m. Pacific Time.
- Expanded EASi application submission timelines and methods.
- Expanded Limited Assignment Distribution companies' buy-out eligibility.

CLCA's marketing and outreach campaign theme for 2018 was affordability. The following are taglines used in 2018:
- Get affordable auto insurance in two easy steps.
- We've got you covered for less!
- We'll help you get affordable coverage. Get auto coverage for less!

THE PROGRAM

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

California's Low Cost Automobile Insurance Program (CLCA) was established by the State Legislature in 1999 and exists pursuant to California Insurance Code Section 11629.7. The program is designed to

provide income-eligible consumers with liability insurance protection at affordable rates that meets California's financial responsibility laws.

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

FUNDING FOR PROGRAM OUTREACH

Funding for California's Low Cost Automobile Insurance Program outreach is provided by a $0.05 special purpose assessment on each vehicle insured in the state used to inform consumers about the program. The authority for the special purpose assessment is scheduled to sunset on January 1, 2020 (California Insurance Code Section 1872.81). CDI is currently sponsoring a bill, Senate Bill 570 (Rubio), that would extend the CLCA program.

2019 funding for the CLCA program totals $1,286,858. The use of the funding is as follows:

2019 ELEMENTS	COST
Advertising and Outreach Contracts	$1,178,664
Materials Development and Production	$73,194
Information Systems and Website Maintenance	$35,000
Total	$1,286,858

The current Outreach and Marketing contract expires on December 31, 2019, as the program sunsets on January 1, 2020. The 2019 program costs are based on a calendar year.
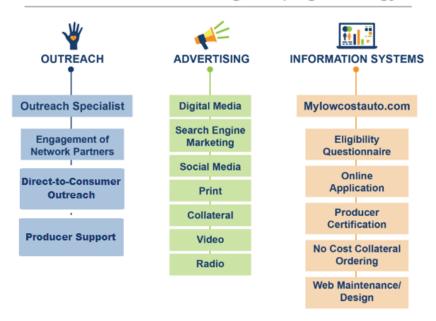
SUMMARY OF 2018 ACTIVITIES

The California Department of Insurance worked with outreach program design and management contractor, Richard Heath & Associates Inc. (RHA), to create a customized outreach and advertising campaign based on demonstrated knowledge of the target consumer. This grassroots outreach approach is founded on the understanding of income-eligible consumers and recognition that a variety of channels and messages are needed to reach the diverse segments of the income-eligible market in California.

Overall, the campaign focused on populations with the most potential for CLCA program eligibility, taking a multi-pronged approach, and using key influencers to stimulate a consumer call to action. The 2018 scope of services included grass-roots outreach, partnership development, targeted mass media, collateral materials development, and website maintenance and development, as depicted in the graphic below.

Outreach and Advertising Campaign Strategy

OUTREACH	ADVERTISING	INFORMATION SYSTEMS
Outreach Specialist	Digital Media	Mylowcostauto.com
Engagement of Network Partners	Search Engine Marketing	Eligibility Questionnaire
Direct-to-Consumer Outreach	Social Media	Online Application
Producer Support	Print	Producer Certification
	Collateral	No Cost Collateral Ordering
	Video	Web Maintenance/ Design
	Radio	

Outreach

Partner Engagement

The outreach team targeted local, regional, and statewide organizations serving CLCA eligible consumers, provided educational presentations, supplied them with program collateral, and helped identify ways the organizations can promote CLCA to consumers who frequent the organization. RHA secured 386 partnerships in 2018, categorized by organization type in the graphic below.

2018 Total Partnerships

Total Partnerships **386**

- CBO's **124**
- Government Agencies **62**
- Schools **49**
- Businesses **37**
- Resource/Community Centers **23**
- Clinics, Hospitals, Providers **20**
- Law Enforcement Agencies **17**
- Senior Service Agencies **17**
- Auto Sales/Shops **12**
- Libraries **10**
- Associations **7**
- Media **5**
- Collaboratives **3**

Network partners are key, trusted messengers to CLCA eligible consumers. They interact regularly with the intended markets, and increase program awareness through on-site collateral placement, outreach activities and by promoting CLCA during their routine activities with CLCA target populations. The outreach team secures pro bono collateral material placement to leverage consumer traffic and organization's trusted messenger relationship with their constituency. New partnerships in 2018 expanded access to targeted populations, such as ValleyCAN (Clean Air Now) Central Valley, who provides access to Tune in Tune Up events throughout the state with access to income-eligible drivers with older vehicles.

Customized collateral kits were delivered to DMVs, statewide, and included informative, multi-language, program cards, a plexiglass card display, and posters.

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

Fontana DMV displaying CLCA materials

Direct-to-Consumer Outreach

Outreach staff participated in 404 statewide community events, informing 82,985 consumers about the program, focused in specific counties to reach populations with the most potential for CLCA program eligibility.*

Outreach Events
404 Total Events and 82,985 Total Participants

North Region	Central Region	South Region
32 Events	116 Events	256 Events
28,853 Participants	14,246 Participants	39,886 Participants

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

The outreach team identified and staffed events frequented by the target market to provide brand recognition, consumer education, and to conduct eligibility questionnaires to generate consumer and new partner interest in CLCA. Events take place in local parks, community centers, school campuses, malls, libraries, senior centers, and more.

Events are carefully selected to include those at locations frequented by the target market, to include low-income, uninsured, hard-to-reach, seniors, Latinos, or undocumented (non-citizens). As an example, in 2018, Rapid Response Team Workshops became ideal locations to promote CLCA to displaced workers. Workshops provided valuable resources, as many displaced workers experience immediate financial hardships and need affordable auto insurance to pursue new work opportunities.

The outreach team secured ethnic radio/TV interviews and Public Service Announcement (PSA) placements to diverse audiences.

Radio and TV public affairs programming successfully reaches thousands of targeted consumers. The outreach team brokered pro bono radio and TV appearances and interviews to promote CLCA. Through successful negotiations, 30-minute interviews were broadcast or looped during free and open programming air time. Customized scripting based on frequently asked questions were developed to help hosts develop interview content.

Outreach specialist conducting radio interview at KBIF 900AM Hmong Radio

Producer Support

The outreach team connected producers to events and local collaboratives, as well as provided valuable producer resources online, including useful links, tips and marketing resources to facilitate increased Producer engagement with consumers in their local community.

Producer Engagement

Producer and Community Collaborative Connections

Producer Resource Website

Event and Presentation Co-tabling

Tips-of-the-Month

Job Aids

Producer Collateral

Outreach specialist with Producer at Faith Community Church Health Fair, Clovis, CA

Because Producers are consumer-facing, they are a valuable program asset to assisting consumers. The outreach team provided support and increased program knowledge via tips-of-the-month, updated training materials, and job aids. Producers were provided a resource website to access program logos, newsletter and social media ads, AB60 resources, and more. These efforts were designed to connect producers to community organizations, as well as to increase conversion rates and enrollments. Because network partners have trusted relationships with their constituents, the team established relationships between the partners and Producers to facilitate a "warm" handoff to break down barriers for those historically underserved. The team encouraged partners to invite neighborhood Producers to be on site at events or workshops to support interested consumers.

Advertising

The advertising approach provided well-crafted CLCA messages directed at the program's target audience, in a personal and interactive way, with the goal of turning consumers into loyal customers. Getting the message to the right people at the right time provided the best chance to increase CLCA sales. Targeted advertising hones in on selected populations both demographically and geographically, yielding optimal results. The specific advertising strategies used in 2018 are detailed below:

The marketing team delivered advertising and mass media marketing optimizing reach and frequency exposure.

Digital Advertising/Programmatic Buying

Digital media offers the best opportunity to narrowly target multiple and specific audiences in geographically targeted areas. It also allows CLCA the ability to collect, analyze, and respond to consumer behaviors quicker and more effectively. With all digital mediums working together, driven by planned and precise lead generation goals, digital advertising drove more consumers to the website with better conversions. In addition, the ads helped pass along leads to partners in the field and more importantly, generated cost effective acquisitions for the campaign as a whole.

Sample digital ad

Digital advertising included a multi-pronged approach to include:

- Direct digital banner ads, placed directly with targeted websites serving target audiences.

- Programmatic Audience Buying where ads were placed with third party aggregators who served ads on hundreds of sites to the target audience through specific targeting tactics. The ads were targeted across multiple languages in various ad sizes including static, animated, Native, and video.
- Geo-target specific zip codes where there is higher propensity for qualification and engagement, optimized throughout the campaign with best performing ads.
- Retargeted ads, utilizing cookies picked up on the CLCA website, served ads back to previous website visitors or Eligibility Questionnaire participants.

Search Engine Marketing (SEM)

Utilizing the number one search engine, Google AdWords and Bing, SEM delivered text ads to consumers who were actively searching products or services such as "low cost auto insurance". The insurance category is one of the more competitive and expensive search industries in the SEM platform, yet the 2018 English and Spanish campaign delivered more than 23,000 clicks to the website and produced over 4,000 calls to the call center.

Video

Video shorts are a series of quick: 10 - :15 second spots, both live action and graphic spots. Videos ran on social media, pre-roll, the CLCA website, and in pro-bono radio spots. In addition, videos were used as part of the over-the-top television, or connected TV, streaming video campaign. An animated educational series was created that performed above expectations.

Social Media

The social media strategy included engagement optimization with platform users driving the most qualified users to the website. Social media messages were crafted that are both visually compelling and relevant to the consumer. The social media strategy included a video first approach, as this was a top consumer engagement strategy across all platforms.

Print/Collateral

CLCA collateral efforts for 2018 were met with the continued approach of refreshing designs and imagery, updating message content, and adding new message delivery pieces. 2018 gave way to two new pieces: A senior focused brochure and Rack Cards designed for two new categories that include college age drivers and a traffic safety focused approach.

Collateral Materials

- English posters
- Spanish posters
- Multi-language brochures
- Insurance document holders
- Producer note cards
- FAQs in 11 languages
- Acrylic rack card display
- Law enforcement tear-off sheets
- English/Spanish rack card
- English/Chinese rack card
- Window clings
- Premium rate sheet
- Premium rate calculator
- Senior Z-cards

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Information Systems

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

Web design and development is critical to the overall outreach and advertising approach. Targeted outreach and advertising efforts are designed to lead consumers to the CLCA website. In addition, evening and weekend callers to the CLCA information line are directed to the website. As such, the website is a one-stop spot where consumers can act.

Website user data was utilized to continuously update, modify, and enhance website design and functionality to meet consumer needs, as well as to yield better program outcomes. Introduced in 2016, the online application continued to be the top next step choice for eligible consumers. In fact, 85% of eligible consumers who act, selected the online application. The remaining 15% either selected a producer for follow-up or accessed a list of producers.

The outreach contractor examined website analytics to determine and deploy upgrades that enhanced the consumer experience. In 2018, the IS team accomplished the following website enhancements:

- Redesigned the next step option workflow
- Revised the apply online workflow
- Redesigned optional demographic question flow to elicit more responses
- Refined the eligibility questionnaire for better clarity and consumer screening
- Updated the rates and income guidelines
- Updated eligibility criteria to include 16-18-year-old applicants to comply with the legislation update

THE RATES

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

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

The rates are required to be set to result in no projected subsidy of the program by policyholders of insurers issuing policies under the program who are not participants in the program. In addition, the rates are required to be set with respect to the program to result in no projected subsidy by policyholders in one county of policyholders in any of the other counties. As required by California Insurance Code Section 11629.85(c) (5), the rates for each county for calendar years 2018 and 2019 are shown on the subsequent page.

Rates for 2019 include a 30% surcharge for single, male drivers; a 40% surcharge for drivers with less than three years of verifiable driving history; and a 100% surcharge for policy owners or operators 16-18 years old.

2018/2019 Rates

California's Low Cost Auto Insurance
Making low cost auto insurance available to Californians.

BASE Rate in the chart below is for most drivers with 3 years of good driving history
30% Surcharge if the driver is a single male 19-24 years old
40% Surcharge if the driver has less than 3 years of verifiable driving history
100% surcharge if policy owners or operators 16-18 years old
THE MAXIMUM SURCHARGE ON ANY CLCA POLICY IS 100%. **2018 RATES**

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

2019 OUTREACH AND ADVERTISING PLAN

CDI continues to work with outreach program design and management contractor, Richard Heath & Associates Inc. (RHA), to create a customized outreach and advertising campaign. RHA will continue to provide a grassroots outreach approach, founded on the understanding of income-eligible consumers and recognition that a variety of channels and messages are needed to reach the diverse segments of the income-eligible market in California.

Program Goals

CDI's goal through this campaign is to increase enrollment in the CLCA program and decrease the overall number of uninsured motorists.

The expected outreach and advertising goals during 2019 include:

1. Increase the number of consumers enrolled in CLCA annually;
2. Increase awareness of CLCA and the number of people reached through the targeted media and outreach campaigns;
3. Maintain a consumer-friendly website to increase program awareness through increased website total page views per year;
4. Develop local and statewide partnerships to supplement outreach and education capacity, and extend interface and reach to low-income and hard-to-reach communities.
5. Develop partnerships with Producers and expand their capacity to serve consumers to increase conversion rates and enrollments; and
6. Optimizing data capture for re-marketing and CLCA program advertising, and growing the consumer database.

Targets

In 2019, the CLCA outreach and advertising program will target the following consumers:

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

The outreach program targets organizations that serve CLCA specific populations and play an important trusted messenger role to share CLCA information. Program specialists partner with local community organizations to present CLCA educational workshops at schools, libraries, and community centers. The CLCA partner network, with leadership from CLCA program specialists, also provide outreach and support for other driver-related and income-eligible state programs such as the Volunteer Income Tax Assistance (VITA) services, Area Agency on Aging, UC Chiefs of Police, and Workforce Development offices.

Objectives

The 2019 objectives for the outreach and advertising plan are provided in the charts below.

Outreach Strategies	Objectives
Recruit and Support Partners	
Network Partner Engagement	Recruit and engage partners to supplement outreach and education capacity, and extend interface with low-income and hard-to-reach communities.
Strategic Statewide Partners	Recruit statewide partners who then extend outreach to specific, targeted populations and incorporate CLCA into their existing service delivery.
Direct-to-Consumer Outreach	
Events and Presentations	Identify and staff events at locations frequented by the target market, and conduct informative presentations to organizations who interact with CLCA target populations and to consumers who attend events.
Pro bono Ethnic Radio/TV Interviews and PSA Placements	Identify and conduct ethnic media opportunities to promote CLCA to diverse audiences.
Producer Support	
Producer Support and Growth	Connect Producers to events and local collaboratives. Maintain Producer Resource Portal with useful links, tips and marketing resources. Recruit Producers in identified underserved areas.

Advertising Strategies	Objectives
Targeted Media	Develop a comprehensive media plan that includes radio, digital media, and social media in primary target counties, and targeted ZIP codes.
Brand Evolution	Monitor CLCA brand and recommend brand updates.
Collateral and Materials Development	Refresh or redesign materials based on the brand evolution, program and rate changes, and stakeholder feedback.

IS/IT Strategies	Objectives
Mylowcostauto.com Website	Develop, host and make improvements to consumer-facing website.
EQ and Online Application	Ensure EQ and online application are consumer-friendly and easy to use for the consumer and the Primary Online Producer (POP).
Maintenance and Support	Maintain site functionality and update based on legislative and program changes. Also includes managing the CLCA database and data analytics.

*2020 program deliverables to be determined later in 2019

Outreach Strategies

Hard-to-reach consumers require multiple contacts through a variety of communication channels before they take action. As such, the contractor will continue to complement and reinforce targeted advertising with messaging from trusted sources, such as grassroots and community based organizations (CBOs), schools, local government and law enforcement. This strategy calls for Outreach Specialists who are deployed to recruit and support partner organizations. The following are central to this outreach strategy:

- *RHA Outreach Specialists:* Outreach Specialists are at the core of the outreach strategy, as they are responsible for all partner engagement efforts. Outreach Specialists are full-time, culturally competent, field staff focused on network building, public relations, outreach activities, presentations and Producer support.
- *Network Partners:* Network Partners interact regularly with the intended markets, and increase program awareness through on-site collateral placement, outreach activities and by promoting CLCA through their routine activities with CLCA target populations. Network Partners may be CBOs, social service agencies, schools and other grassroots organizations.
- *Strategic Statewide Partners:* Strategic Statewide Partners are organizations that serve specific CLCA target populations, and will deliver program information as a trusted community resource with a larger statewide reach. These strategic partnerships are a way to reach untapped niche populations, such as seniors, college students and motorists cited for driving without insurance. Examples of these partners include law enforcement agencies, 211 information lines and directories, and Area Agencies on Aging.

The planned 2019 outreach deliverables are displayed in the graphic below.

Deliverables January 1 - December 31, 2019

- **100** Community Events
- **250** Presentations
- **300K** Collateral Placements
- **4** Partner Online Newsletter
- **8** Pro-bono Public Service Announcements/Ethnic Radio Interviews
- **17** Law Enforcement Recruitment
- **8** Targeted Marketing Campaigns
- **12** Producer Tips-of-the-Month

Advertising Strategies

Digital display marketing is the primary advertising strategy, as most people do online research before making a purchase decision. Google AdWords, geo-targeting, and social media advertising target specific

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words or "find" people who have already visited the CLCA website and, at precise and best timing, put the ads in front of a person looking for low cost auto insurance.

Across multiple ethnic groups, income levels, and age, more are moving toward an increased digital world, especially mobile and video. The 2019 plan prioritizes these changing behaviors by emphasizing a mobile first strategy and implementation or testing in various video platforms.

The following tactics will drive the 2019 advertising campaign:

- Utilize data to identify key ZIP codes to refine geotargeting.
- Capitalize on media strategies that have delivered qualified leads.
- Incorporate new media opportunities that deliver targeted and trackable leads.
- Leverage the power of video consumption, a media trend that continues to gain traction across all devices.

The advertising campaign is based around the following strategies:

Online Advertising

Digital Advertising/Programmatic Buying/Native Advertising
The strategy optimizes ad sets over each platform within the digital space and serves pre-determined California zip codes using newly created ads/videos. Placement considerations include digital audience display, native placement, video, and retargeting ads. All ads are developed for English and Spanish placement.

Search Engine Marketing (SEM)
In 2019 the plan is to optimize SEM for a strong allocation towards mobile spending, as there are now more searches on mobile than desktop. According to Google, more than half of all web traffic comes from searches on smartphones and tablets. This aligns with the behavioral patterns of the target Hispanic market.

Radio Campaigns
The approach to radio placement uses a seasonal one based off documented spikes in buying habits within the target demo that historically fall just before the summer and winter holiday seasons. 2019 flights include March/April and August/September.

The approach includes a two-pronged strategy: Traffic Ad Sponsorship and placement in heavy drive time blocks. By sponsoring Traffic Ad blocks the campaign will have the attention of the listener, as they typically do not change the channel until after the traffic report. A radio ad example is: This traffic update is brought to you by My-Low-Cost-Auto-Dot-Com. California's Low Cost Auto Insurance program. See if you qualify by visiting My-Low-Cost-Auto-Dot-Com today!

Placement in heavy drive time blocks such as morning and evening commutes and lunch breaks allow access to the audience for greater lengths of time.

Video Media
The new video assets will be created and ready for placement spring of 2019. The video assets will fall into the following categories:

- Live action "hero" spots
- Animated educational series
- Live action/animated/stop motion programmatic series

These new video assets will be used on multiple platforms: digital placement, over-the-top (OTT)/Streaming, Social Media, YouTube, and the CLCA Website.

Social Media

The 2019 plan will continue using the most popular consumption of messaging and content on this platform, which is video first messaging (VFM). VFM's popularity and traction stems from research siting movement and timing directly affect a consumer's willingness to watch/engage with a brand's ads. That said, included in the plan are short :05 to :10 second videos placed into the marketing mix that capture attention while delivering content and converting clicks to the CLCA website.

Collateral Materials

Collateral materials will continue to be updated for any rate and income guideline changes as well as design updates including images used in other ad sets and layout changes. New collateral added to the mix in 2019 will be a zone rate tear-off sheet. This new tear-off sheet will be used by Network Partners at events and by Producers as needed.

Sample social media ad

Information Systems Strategies

The CLCA website is the hub for program information, eligibility processing, Producer lead generation, and self-guided online applications. All outreach and advertising materials emphasize the call to action to visit the website, where consumers are given easy, two-step directions to get insured.

Therefore, as in the past, the contractor is committed to working collaboratively with CDI, the Plan Administrator, and the primary online producer to improve the online application and the CLCA website as a whole.

In 2019, the IS strategy is to continue to provide website maintenance and support, as well as make improvements that drive outcomes. Some of these improvements may include:

- Redesign/refresh MyLowCost Auto website to include updated layout, new images, and refined copy.
- Analyzing consumer behavior at each online application step, identifying common stopping points, and proposing application revisions that reduce any pain points and encourage application submission.
- Refreshing re-marketing emails to consumers who have initiated, but not yet submitted an online application.
- Exploring strategies to initiate auto-generated retention emails to existing CLCA policy holders.

Department of Motor Vehicle Partnership Opportunities

CDI staff will continue to conduct meetings with DMV staff to increase awareness of the CLCA program and will also take the opportunity while at DMV offices to staff booths and meet with members of the public who are visiting DMV offices. Offices will also be monitored for collateral inventory needs.

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

CALIFORNIA AUTOMOBILE ASSIGNED RISK PLAN (CAARP)

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

The CLCA program has been administered by the California Automobile Assigned Risk Plan (CAARP) since inception in 2000. CLCA applications are assigned to insurance companies from CAARP's administrative office in Oakland. Applications are submitted by licensed fire and casualty agents or producers who are certified with CAARP to write the CLCA Program. Certification requires completion of training, which is provided online and verification of valid licensure. There are approximately 1,671 CAARP certified producers as of February 1, 2019, of those; approximately 227 are lead accepting producers.

CAARP supports this insurance program with customer service, monitoring producer compliance, and processing applications for assignment. This includes responding to email and phone inquiries from consumers, producers, and insurance carriers. CAARP, working with the Advisory Committee and CDI, monitors CLCA plan rules and develops rate proposals for the Commissioner's consideration, pursuant to California Insurance Code Section 11629.72.

Statistical Records of CAARP Show the Following for Year-End 2018

150,062
Total number of applications assigned to all companies since July 1, 2000 inception

14,588
Total number of applications assigned during 2018 calendar year

19,931
Total number of policies that remained in force at end of calendar year 2018

11,964
Total number of policies cancelled during calendar year 2018

12,707
Total number of policies renewed during calendar year 2018

CAARP collects and maintains data about the CLCA program. This includes information and data about applicants, issues of eligibility, certified producers, and the number of assigned applications.

During 2018, the following CAARP amendments were prepared by the Plan of Operations. The proposed amendments are waiting approval by the Office of Administrative Law.

1. The producer certification course requirement on the Producer Certification Application must be updated to reflect the transition from a series of four online courses offered by LunchtimeCE to a single online course offered by the California Automobile Assigned Risk Plan (CAARP) on their Plan website.
2. The Plan procedure that allows an insurer to apply the application deposit to the outstanding earned premium owed on a prior personal auto policy has been revised to permit the insurer to issue a new policy and a cancellation notice when the deposit is not sufficient to cover the earned premium.
3. Expansion of the LAD buy-out eligibility requirement to give all companies with quotas the option to buy out.
   a) When the private passenger application volume and the estimated Plan private passenger premium volume are low, a company's market share loses relevance in determining eligibility for LAD. It may not be economically feasible for a company with a market share greater than 5% to write their own Plan assignments. Therefore, the LAD buy-out option could be offered to any company with a private passenger quota, eliminating the need for annual Advisory Committee review of individual company requests for exceptions to buy out.
   b) Annually, the Advisory Committee will review the Plan private passenger application volume and monitor the capacity of LAD. If the private passenger application volume for the prior assignment year exceeds 25,000, the Advisory Committee may consider options, such as (1) reinstatement of the buy-out eligibility requirement, (2) soliciting an additional servicing company, or (3) continuing with the optional buy-out for all companies.
   c) If it is necessary for the Advisory Committee to reinstate the buy-out eligibility requirement, a new procedure provides the Advisory Committee with direction on the notification to buy-out companies with market shares greater than 5% that their LAD arrangement is terminated.
4. The expansion of voluntary miscellaneous nonfleet personal vehicles to include low speed vehicles for data reporting purposes. However, calculated car years for low speed vehicles will be excluded from the calculated car years used for quota determination because low speed vehicles are not written by the Plan. Without such clarification, low speed vehicles written in the voluntary market would be reported to AIPSO as private passenger nonfleet car years, which may not be appropriate.
5. There are no proposed changes to the CAARP's LCA rates based on this review. Given the low indicated change no change is being proposed at this time.

6. A revision of the CA Low Cost Application to include a nonbinary gender category in the 'Household Information' field.
7. Updated edition of the Policy Change Request Form-Certification Form to streamline completion of the from.

In 2018, the following amendments were approved and most have been implemented by the Plan. Due to programming some will be launched throughout 2019.

1. Income Eligibility Guidelines were updated to reflect the 2018 Federal Poverty Guidelines levels.
2. The Plan was amended to delete reference to registered domestic partners.
3. Retraction of the EASi application 20 calendar days after the date of transmittal of the EASi application and advise the producer and applicant of their action. In addition, under the alternate EASi application retraction procedure, the methods for submission of retraction forms for EASi applications have been expanded to include mail, delivery, and electronic transmittal.
4. Expanded the applicant requirements to include applicants ages 16 and 17 who are emancipated minors (or eligible through a parent or guardian) and applicants 18 who are financially independent.
5. Remove failure to pay premium owed on a prior policy as a reason for ineligibility for a Low Cost Auto Policy; state the auto must be registered in the name of either the applicant or their spouse; clarify that a pickup truck or van owned or leased for a continuous period of six months or more by a natural person is eligible if it is not used in the occupation, profession, or business of the applicant or a resident household member.
6. Coordinate the disclosure statement requirements for the application pertaining to premium owed on a prior Low Cost Auto Policy with changes to the procedure for insurer handling of new applications when the deposit is insufficient to cover the earned premium due.
7. Insurance Carriers/ LAD servicing carriers must provide customer service on working days between the hours of 8 A.M. and 5 P.M. Pacific Time.
8. An applicant with a good driving record is eligible for the Low Cost Program when they reside in a household where their spouse or another household member is not eligible for the Low Cost Program based on their driving record. However, the spouse or household member is excluded from the Low Cost Policy Coverage.
9. Reinforcing the medical payments and uninsured motorists public or livery conveyance exclusions and introducing a liability exclusion to explicitly exclude any coverages for an insured while logged into a "transportation technology platform" as a driver, whether or not a passenger is occupying the vehicle.

DETERMINATION OF SUCCESS

CDI has determined that California's Low Cost Automobile Insurance program addressed and achieved each of the success measures specified in California Insurance Code section 11629.85.

Rates Were Sufficient to Meet Statutory Rate-Setting Standards

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

Consistent with these requirements, the program rates in effect during 2018 generated sufficient premiums to cover losses and expenses incurred by CLCA policies issued under each respective county program, even though the program consistently issues claim payment of $4M+ on an annual basis.

Program Served Underserved Communities

The statistics show that the program continues to serve and benefit underserved communities throughout California.

Household incomes of all policyholders do not exceed established federal policy guidelines. In fact, CAARP statistics show that approximately 81% of policies issued in 2018 were issued to applicants whose household income was at or below $20,000 per year. Also, while an applicant's vehicle at the time of application cannot exceed a value of $25,000, the predominant (78%) vehicle value for policies issued in 2018 was less than $5,000.

Applications assigned in 2018 totaled 14,588, thus providing access to an affordable insurance option for income-eligible households. At the close of 2018, a total of 19,931 policies were in force.

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

Statistics compiled by CAARP demonstrate that in 2018, 93% of applications assigned to the program came from applicants who were uninsured at the time of application. Since the inception of the CLCA program, thousands of formerly uninsured drivers have been or are currently insured through the CLCA program.

STATUTORY REVISIONS

During 2019 CDI, will continue to monitor participation in the CLCA program against established California Insurance Code laws, and CAARP Plan Guidelines, to determine the need for statutory revisions during the 2019 Legislative session.

IMPEDIMENTS TO SUCCESS

Program staff members view the following as impediments to greater CLCA success.

Eligibility Criteria

Strict eligibility requirements such as qualifying as a "good driver" (as defined in California Insurance Code Section 1861.025) and vehicle used for business were problematic for the CLCA program during 2018.

Although in 2015, with the passage of SB 1273, the eligibility requirements of the program were changed to allow drivers with less than 3 years driving experience to participate in the program with an actuarially sound premium surcharge rate of 40%, and the eligibility question was modified for clarity around vehicle used for business, these criteria were top barriers for consumer eligibility at a combined rate of 66%. Policy sales specific to SB 1273 drivers, however, did increase at a rate of 6% in 2018 compared to 2017.

The statistics reflect that eligibility is an impediment to participation. In 2018, approximately 152,288 Californians expressed interest in the program, while only 53,860 were deemed eligible. In other words, only 35% of those who sought out the program were eligible to participate in it. Roughly, another 6% of consumers were deemed ineligible upon meeting with a producer. Also of note, of those consumers deemed eligible, 39% (21,100) took no further steps to meet with a producer or apply online.

Converting "Eligible" Applicants into "Insured" Motorists

For 2018, 53,860 people were deemed eligible for CLCA. Of those eligible, 55% (29,396 applicants) visited a producer or applied online to complete the process of purchasing a CLCA policy. This is a 29% increase from 2017. Policy sales increased by 16% in 2018 compared to 2017.

Increasing the percentage of eligible applicants who visit a producer did increase the number of CLCA policies sold to motorists. Refined online eligibility questions and revised online next-step options helped to increase the percentage of eligible consumers. Applying online was the preferred application method for consumers, yielding better producer conversion rates. Fifty-six percent (15,596) of consumers initiated applications, but never submitted, even when prompted to do so using reminder emails. These initiated applications were not completed and submitted for producer review and follow-up.

Closing the sale is a reported producer challenge. Producers report they are waiting for required documents or payment for roughly 72% of their CLCA customers. Hence why CDI created the follow-up note card for producer use, designed to prompt customers to submit required documents and/or to attend appointments.

Exploring retention messaging to CLCA customers may increase sales. This could be done by sending emails to those no longer insured with CLCA, the importance to follow the law and retain auto insurance. This strategy is data dependent and may or may not be feasible.

CONCLUSION

The program has proudly met the success measures outlined in statute and CDI will continue to work aggressively in 2019 to promote California's Low Cost Automobile Insurance Program.

The California Department of Insurance will also continue to advocate for changes to enhance the program on behalf of the State's income-eligible motorists.