

# CALIFORNIA'S LOW COST AUTOMOBILE INSURANCE PROGRAM

Report to the legislature and  
Consumer Education and Outreach Plan

March 2007

California Department of Insurance  
Steve Poizner, Insurance Commissioner



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# INTRODUCTION

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

Subsequent legislation, (SB 1427, Escutia), modified and enhanced the program in 2002. Among other things, SB 1427 established the requirement for an annual report to the Senate and Assembly Committees on Insurance and the Senate and Assembly Committees on Transportation, detailing the Insurance Commissioner's plan to inform the public about the availability of the CLCA program. In 2004, SB 1500 (Speier) added further requirements to report on the Commissioner's determination of success of the program, based on specified criteria.

In 2005, SB 20 (Escutia) extended the sunset date to January 1, 2011, modified eligibility criteria, mandated that the program become available in six enumerated counties on April 1, 2006, and authorized expansion of the program to all counties in California, based upon the Commissioner's determination of need.

Insurance Commissioner Steve Poizner is committed to reducing the number of uninsured drivers on California roads. With the passage of SB 1500, which requires the Department of Motor Vehicles to suspend or revoke the registration of a vehicle without proof of financial responsibility, Commissioner Poizner firmly believes the best way to encourage Californians to willfully abide by the law is to make insurance affordable and available to all consumers. To that end, the Commissioner has made the California Low Cost Automobile Insurance program a key component of his priorities and seeks to expand the program to additional underserved communities throughout the state of California. This auto insurance initiative is one in a series of Department of Insurance programs and public education activities that focus on improving access to and the availability of insurance services throughout the state.

The report that follows includes the Commissioner's assessment of the success of the program, details the activities and accomplishments of the past year, and outlines the consumer education and outreach plan for 2007.

# PROGRAM AND POLICY OVERVIEW

The California Low Cost Automobile Insurance Program (CLCA) provides an affordable auto insurance option for low-income, good drivers. The program is now available in 16 counties: in Alameda, Contra Costa, Fresno, Imperial, Kern, Los Angeles, Orange, Riverside, Sacramento, San Bernardino, San Diego, San Francisco, San Joaquin, San Mateo, Santa Clara, and Stanislaus Counties. As authorized by SB 20 (Escutia), the Commissioner may expand the program to all other counties in California, based on his determination of need. In February 2007, the determination of need process, started in 2006, was completed for Merced, Monterey, Santa Barbara, Sonoma, Tulare, and Ventura counties. Once rates are established, the Commissioner anticipates the program will be available in these six additional counties in spring 2007.

- Alameda
- Contra Costa
- Fresno
- Imperial
- Kern
- Los Angeles
- Orange
- Riverside
- Sacramento
- San Bernardino
- San Diego
- San Francisco
- San Joaquin
- San Mateo
- Santa Clara
- Stanislaus

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

## Policy Features

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

The annual premium rate for a CLCA liability policy varies by county (see Rate Chart). There is a 25 percent surcharge for unmarried male drivers ages 19 through 24. Several installment options are available, with a down payment as low as 15 percent of the total cost.

# PROGRAM AND POLICY OVERVIEW

Two optional coverages, providing first-party benefits, are also available at additional cost. An insured may purchase medical payments coverage with \$1,000 limits and uninsured motorist bodily injury coverage, with the same limits as the underlying liability policy. Current premiums for these optional coverages vary by county (see Rate Chart). Premiums for expansion counties will be set in accordance with statutory rate-setting standards.

## Eligibility Requirements

- By statute, the applicant's annual household income may not exceed 250 percent of the federal poverty level. Currently, the annual gross income threshold is \$24,500 for a one-person household and \$50,000 for a four-person household.
- An applicant must be a "good driver," defined as having no more than one at-fault property damage accident, or no more than one "point" for a moving violation, but not both, no at-fault accident involving bodily injury or death in the past three years; and no felony or misdemeanor conviction for a violation of the California Vehicle Code.
- An applicant must be at least 19 years of age and a resident of an eligible county.
- The applicant must have been continuously licensed to drive for the previous three years. In meeting the three year standard, up to 18 months of foreign licensure is acceptable, providing the applicant was licensed to drive in the United States or Canada for the preceding 18 months.
- The value of the vehicle to be insured shall not exceed \$20,000.
- No more than two low-cost policies per person are permitted.
- A CLCA policyholder shall not purchase a non-CLCA liability policy for any vehicle in the household.

# CONSUMER EDUCATION AND OUTREACH FUNDING SOURCES

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

In 2005, AB 1183 (Vargas) authorized the use of up to five cents (\$0.05) of the 10-cent fee imposed on insurers for the purpose of improving consumer functions, subject to budget approval, to inform consumers about the existence of any low cost automobile insurance program authorized in law. In fiscal year 2006-07, the Department allotted \$950,000 of these funds for the CLCA program.

AB 1183 requires the Department to explain, with as much specificity as is reasonably possible, the objectives for the use of the funds and quantitative criteria by which the Legislature may evaluate the effectiveness of the department's use of funds. Performance measures and statistics and objectives and methods selected for raising awareness about the program contained elsewhere in this Report reflect the effective use of funds.

Quantitative criteria as measures of success for the consumer education and outreach plan include:

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

The Department proposes to use \$1,100,000 of the funds allocated, pursuant to Insurance Code Section 1872.8, to fund the consumer education and outreach plan for the CLCA program in fiscal year 2007-08.

# 2006 CONSUMER EDUCATION AND OUTREACH

## 2006 – The Year in Review

The most important event in 2006 was the expansion of the program to 14 other counties. To implement the expansion, the 2006 Consumer Education and Outreach Plan incorporated and expanded upon successful activities in 2005 that focused on a grassroots effort in partnership with other agencies and community based organizations. In 2006, the Department focused outreach efforts on five major goals:

Continue and enhance consumer education and outreach event activities in collaboration with government agencies and community based organizations in CLCA eligible counties

- Promote the program through community based advertising
- Develop and distribute targeted consumer education materials
- Implement program expansion into additional counties
- Conduct an analysis of need for the CLCA program in additional counties throughout the state and coordinate public meetings

The primary focus of the Department's 2006 outreach activities was to continue to raise consumer awareness and increase the volume of program inquiries. This was accomplished in partnership with various community-based organizations, faith-based organizations, and state and local government agencies that serve those eligible for the program.

## Consumer Education and Outreach Activities

Consumer education and outreach activities in 2006 focused on the development and distribution of easy-to-understand outreach materials and increased collaboration with government agencies and community based organizations. The department participated in over 100 events hosted by partner organizations. Advertising concentrated on community based and ethnic specialty press to reach low-income communities in the most economic way. Department staff educated producers on program particulars and sought to increase their participation in the program. A more detailed description of the Department's 2006 outreach activities is provided below.



# 2006 CONSUMER EDUCATION AND OUTREACH

## Consumer Education and Outreach Materials Development and Distribution

In 2006, over 500,000 brochures and outreach materials in English, Spanish, and Chinese were distributed to more than 2,500 government agencies and community based organizations in the sixteen eligible counties. The Consumer Federation of California and Consumer Action were valuable partners in 2006. These organizations dramatically increased consumer program awareness in the newly eligible Northern California counties. Materials were also distributed to over 250 faith-based organizations serving low-income and inner-city communities. Distribution to organizations was repeated periodically throughout the year and upon request.

New materials in various languages were developed including:

- Posters
- Mailing inserts were translated into eight languages for distribution by the LADPSS and various other agencies
- New English and Spanish print advertisements were created for use in community and ethnic publications



2006 - Print Ad's



2006 Poster



2006 #10 Insert: English, Spanish, Armenian, Cambodian, Korean, Russian, Tagalog and Vietnamese

### 2006 Brochures

# 2006 CONSUMER EDUCATION AND OUTREACH

## Governmental Agency Collaboration

Efforts to integrate the CLCA program with other state and local governmental agencies that serve low-income residents continued. These efforts focused on the LADPSS, the California Department of Motor Vehicles (DMV), Head Start Centers, the Women Infants and Children (WIC) program, Housing Authorities, and Workforce Development programs in the sixteen eligible counties.

Specific Inter-governmental activities included:

### Department of Motor Vehicles (DMV)

The DMV distributed CLCA materials in each of the eligible county field offices. Additionally, Department staff trained DMV staff on program eligibility details and encouraged their assistance in referring uninsured consumers to the CAARP hotline for further information on the program.

In October 2006, the DMV implemented SB 1500 (Speier), which requires that the DMV send a notice to affected registered vehicle owners of intent to suspend or revoke registration without proof of insurance submitted within a specified time period. Notification letters sent to vehicle owners residing in one of the sixteen eligible counties also include information on the availability of the CLCA program and CAARP's toll-free hotline number.



Community Event

### Workforce Development Agencies

Department staff provided training to One-Stop and CalWorks staff, providing management and frontline workers with an overview of the CLCA program and informational materials for distribution.

### Los Angeles County Department of Public and Social Services (LADPSS)

Specific materials were developed to accommodate a targeted mailing to over 100,000 LADPSS households. Department staff presented educational programs at LADPSS staff meetings and participated in the 2006 Case Workers Conference in Long Beach.

# 2006 CONSUMER EDUCATION AND OUTREACH

## Community Based Organizations

Throughout 2006, the Department continued to develop relationships and partnerships with numerous community based organizations in each of the eligible counties. These organizations range from Senior Centers to Head Start Centers to One Stop Centers. Department staff participated in a wide variety of events hosted by partner organizations, as detailed below. Materials and other program materials were distributed to over 700 community based organizations in the sixteen eligible counties, more than twice as many organizations as in 2005.

Department staff participated in over 100 community and government agency events in 2006. At these events, Department staff provided on-site program education and distributed outreach materials.

### Training and Development Presentations

- City of Refuge Church – Gardena
- San Diego Job Corp
- San Ysidro DMV
- Fresno Catholic Charities
- Senator Bob Margett Staff
- CalWorks
- Board of Supervisors – San Bernardino
- Faithful Central Church – Inglewood
- Senator Martha Escutia Staff
- Neighborhood Friends
- San Bernardino Catholic Diocese
- Head Start Centers – San Diego
- Assembly Member Gil Cedillo Staff
- San Diego DMV
- Fresno DMV
- California Black Media Association
- Assembly Member Jerome Horton
- Catfish Club – San Diego
- Los Gatos DMV
- Assembly Member Mark Ridley – Thomas
- Nurses Association LA
- Congresswoman Loretta Sanchez
- MAAC Project – San Diego
- Nurses Association Santa Clara
- Assembly Member Cindy Montanez
- Lt. Governor's San Diego Field Office
- Assembly Member Shirley Horton
- Los Angeles DMV
- Bay View Church
- Assembly Member Lynn Daucher
- Imperial County Community Services Organization
- West Angeles COGIC
- San Francisco DMV
- North County Career Center
- Assembly Member Fabian Nunez
- Career Opportunities – San Diego

### Public Forums

- Alameda
- Contra Costa
- Fresno
- Imperial
- Kern
- Orange
- Riverside
- Sacramento
- San Bernardino
- San Diego
- San Joaquin
- San Mateo
- Santa Clara
- Stanislaus

# 2006 CONSUMER EDUCATION AND OUTREACH

## Consumer Education Event Partnerships

- Department of Motor Vehicles
- City of Los Angeles – Neighborhood Housing
- Los Angeles County Department of Public & Social Services
- City of Los Angeles Housing Authority
- LA Urban League
- City of Los Angeles Parks & Recreation
- Riverside Police Dept
- Chinese Chamber of Commerce
- LA Fire Dept
- LA Police Dept
- Evans Community Adult School
- Willowbrook Senior Center
- Girl's Club of LA
- California Highway Patrol
- Head Start Preschool Centers
- Westminster Senior Center
- City of Santa Ana
- City of San Fernando Dept. of Recreation
- Consumer Federation of California
- San Bernardino Dept. of Aging
- Urban Education Partnership
- San Diego County Board of Supervisors
- Robertson Neighborhood Council
- Start Smart Programs
- LA County Board of Supervisors
- 47th District Peoples Council
- California Office of Traffic Safety
- Older California Traffic Safety Task Force
- LAPD Wilshire Community Police Council
- Assembly Member Jerome Horton Community Resources

## Community Events

- 11th Annual Community Day
- Multi-Faith Clergy Council & Sheriff Baca
- Expo & Family Carnival
- Chinese New Year
- Emergency Preparedness Fair
- 50+ Plus Expo
- 15th Annual Consumer Information Fair
- Senator Margett's Women's Conference
- Fresno County CBO Roundtable
- St Francis Medical Center
- Black History Celebration
- Senior Health & Wellness Fair
- Community Street Fair
- Wellness Literacy & Job Fair
- Sylmar Ministry Health Fair
- St Didacus Catholic Church
- Community Resource Fair
- 3rd Annual Senior Conference
- Great Blessings for Black Babies
- Community Health Fair
- State Agency Expo '06
- Cherry Blossom Festival
- Jimmy Stewart Relay Marathon
- Fiesta Broadway
- Festival de la familia
- Professional Business Women of CA
- Pomona Adult School
- Jocelyn Adult Center
- CBO Roundtable – San Diego
- Senior Expo 2006
- Taste of Soul – Los Angeles
- 9th Annual SORO Community Festival
- 26th Annual Gov't Day Panorama City
- Community Unity Day Compton
- Kids Health Fair
- Los Angeles 225th Birthday Celebration
- Kern County Fair
- Compton Adult School
- Lotus Festival

# 2006 CONSUMER EDUCATION AND OUTREACH

## Producer Outreach

Department staff organized educational events for producers in newly launched counties to encourage greater producer participation in the program. A key component of outreach activities in 2006 was to seek opportunities to educate producers and enlist their assistance in raising awareness of the program.

## Administrative Modifications and Operational Improvements

In the fall 2006, CAARP launched a new automated-interactive phone system to handle CLCA program inquiries and track referral sources. The new system fully automates the program eligibility test with telephone prompts. The system also allows eligible consumers to leave their contact information after hours, which has improved consumer access to the program. The Department and CAARP are monitoring the new system for any necessary refinements to ensure ease of use.

## Community Based Advertising Campaign

The consumer education and outreach plan utilized community based and ethnic-specialty press, public service announcements and paid radio advertisements to advertise the CLCA program. The primary advertising goal was to select affordable publications and radio programs that targeted low-income communities within eligible counties.

**You may be able to get insured for less than \$240 per year!**

California's Low Cost Automobile Insurance Program

**866-60-AUTO-1**

Call (866-602-8861)

California's Low Cost Automobile Insurance program provides low-income, good drivers living in Kern County\* with an affordable insurance option.

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

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

Si desea obtener más información sobre el programa de Seguros de automóvil de bajo costo de California, llame al **1-866-60-AUTO-1** (1-866-602-8861).

**“Yo conseguí seguro de automóvil por un poco menos de \$400 al año. ¿Usted también lo puede hacer!”**

La ley de California requiere que todos los conductores tengan seguro de automóvil.

Si desea obtener más información sobre el programa de Seguros de automóvil de bajo costo de California, llame al **1-866-60-AUTO-1** (1-866-602-8861).

**You may be able to get auto insurance for less than \$400 per year.**

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

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

STATE OF CALIFORNIA LOW COST AUTO INSURANCE

To learn more about the California Low Cost Automobile Insurance Program, call **1-866-60-AUTO-1** (1-866-602-8861).

**“¿Sabía usted que es posible que pueda comprar un seguro de automóvil por un poco menos de \$400 al año?”**

La ley de California requiere que todos los conductores tengan seguro de automóvil.

Manejar sin seguro le resultará en multas, y también le podrían suspender su licencia y confiscarle su carro.

¿Para qué arriesgarse a manejar sin seguro?

Si desea obtener más información sobre el programa de Seguros de automóvil de bajo costo de California, llame al **1-866-60-AUTO-1** (1-866-602-8861).

**“Did you know you may be able to get auto insurance for less than \$400 a year?”**

California law requires all drivers to have auto insurance.

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

Why risk driving without insurance when you CAN afford it?

To learn more about the California Low Cost Automobile Insurance Program, call **1-866-60-AUTO-1** (1-866-602-8861).

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

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

¿Es posible obtener un seguro de automóvil por un poco menos de \$400 al año!

Si desea obtener más información sobre el programa de Seguros de automóvil de bajo costo de California, llame al **1-866-60-AUTO-1** (1-866-602-8861).

**“Yo conseguí seguro de automóvil por un poco menos de \$400 al año. ¿Usted también lo puede hacer!”**

La ley de California requiere que todos los conductores tengan seguro de automóvil.

Manejar sin seguro le resultará en multas, y también le podrían suspender su licencia y confiscarle su carro.

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

Si desea obtener más información sobre el programa de Seguros de automóvil de bajo costo de California, llame al **1-866-60-AUTO-1** (1-866-602-8861).



# 2006 CONSUMER EDUCATION AND OUTREACH

## Print Advertising

In an effort to reach the largest audience within eligible communities in the most cost-effective manner, the Department elected to advertise in community based and ethnic-specialty press. These ads enabled the Department to promote consumer awareness across a broad spectrum of communities and to amplify consumer education and outreach efforts. The print advertising campaign was delivered in English and Spanish via publications in each of the sixteen eligible counties. The Department placed ads in the following publications, with the assistance of its consulting public relations firm:

- A.C.C. News – Los Angeles
- Adelante – Los Angeles
- Alameda Globe – East Bay
- Azteca News - Orange
- Bakersfield Observer – So-Cal/Bakersfield
- Berkeley Metro – Berkeley
- Black Voice News–Riverside/San Bernardino
- California Advocate – Fresno
- California Child Support Handbook
- California Curl – Greater San Diego Area
- Campus Circle – Greater Los Angeles Area
- Contra Costa Globe –
- DMV Driver’s Handbook
- El Heraldo Catolico –
- El Hispano – Santa Clara
- El Observador – San Joaquin
- El Sol Del Valle – Imperial
- HOY – Los Angeles
- IN Publications – Los Angeles
- Inglewood Today – Los Angeles
- LA City Beat - Los Angeles
- La Oferta Review – San Joaquin
- La Opinion – Los Angeles
- La Prensa – San Bernardino/Riverside
- LA Sentinel – Los Angeles
- LA Watts Times – Los Angeles
- LA Weekly – Los Angeles
- Long Beach Leader – Long Beach
- Long Beach Times – Long Beach
- MAS & Southwest Voice
- Our Weekly – Los Angeles
- Pace News – Los Angeles
- Pasadena Journal – Precinct Reporter
- Precinct Reporter – San Bernardino/Sac/Oakland/SF
- Sacramento Observer – Sac
- San Diego Monitor
- San Diego Voice and Viewpoint – San Diego
- San Francisco Bay News
- San Francisco Metro – San Francisco
- San Joaquin Metro – Stockton
- San Jose Metro – Santa Clara Area
- Sun Reporter – Alameda
- The Navy Compass – San Diego
- The Scout – San Diego Military
- Tri-County Bulletin – Bakersfield
- Tri-County Sentry – Kern County
- Vida en el Valle – Fresno
- Vida en el Valle – Modesto
- Vida en el Valle – Sacramento
- Vida en el Valle – Stockton
- Westside Story – San Bernardino



# 2006 CONSUMER EDUCATION AND OUTREACH

## Radio Advertising

The Department contracted with Metro Networks for delivery of a CLCA “radio-billboard” advertising program. The program targeted a wide array of Metro Networks radio stations in Los Angeles, San Francisco and the Bay Area. The Metro Networks contract began in June 1, 2005 and concluded May 31, 2006, providing one week of “radio-billboard” advertising each month for the twelve month term.

In addition, the Department provided public service announcement scripts and participated in on-air radio interviews. A sampling of radio stations airing public service announcements or interviews:

- The BEAT 100.3 FM Radio – Los Angeles
- KTYM Radio 1460 AM – Los Angeles
- Radio One KKBT FM – Los Angeles
- La Buena Radio – Fresno
- KBAY Radio – East Bay
- Hmong Radio – Fresno
- KLBN Radio - Fresno

To evaluate the effectiveness of print and radio advertisements, the Department reviews “referral-source” statistics collected by CAARP each month. Based on these statistics, the Department, working with its public relations firm, adjusts print and radio advertising purchases.

## Cable Television

Although Cable TV advertising is usually beyond the program budget, CLCA was invited to participate in several free cable television opportunities. Senator Margett and Assembly member Lynn Daucher invited the Department to discuss the program on their constituent cable shows. The hosts dedicated the entire 30 minutes of programming to constituent education on the CLCA program.

- Republican Membership Cable Television
  - Senator Bob Margett (Interview)
  - Assembly member Lynn Daucher (Interview)
- Comcast Opportunities in Urban Renaissance Television – Alameda (PSA)
- Univision TV – Fresno (Interview)

# 2006 CONSUMER EDUCATION AND OUTREACH

## Expansion to Additional Counties

As authorized by SB 20 (Escutia) the Department expanded the program to fourteen additional counties in 2006, bringing the total to 16 operational counties.

In addition, further expansion is pending in Merced, Monterey, Santa Barbara, Sonoma, Tulare and Ventura Counties. Once rates are established, in consultation with CAARP, the Department anticipates the program will be available in these six new spring 2007.

- April 1, 2006  
– Alameda, Fresno, Orange, Riverside, San Bernardino and San Diego Counties
- June 1, 2006  
– Contra Costa, Imperial, Kern, Sacramento, San Joaquin, San Mateo, Santa Clara and Stanislaus Counties
- Spring 2007  
– Merced, Monterey, Santa Barbara, Sonoma, Tulare and Ventura Counties.

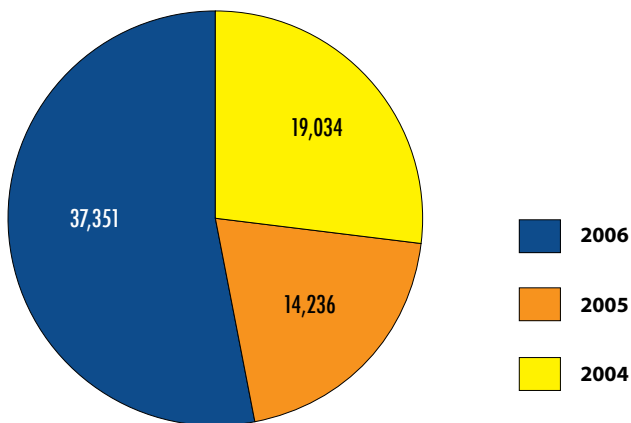




## 2006 Calendar Year Program Statistics

- Applications Assigned: 5,991
- Applications Received: 7,493
- Percentage of applications eligible for assignment: 80%
- Policies In Force: 8,695
- Hotline Inquiries: 37,351, compared to 14,236 in 2005

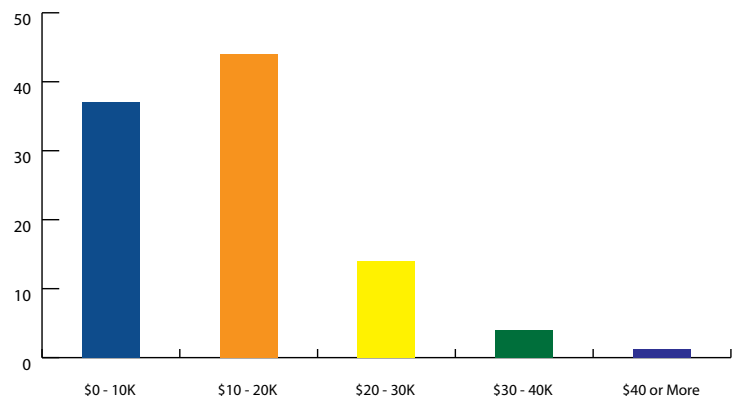
### Annual Hotline Inquiries



- Hotline Inquiries by Language:  
English: 30,535    Spanish: 5,956  
Chinese: 860
- 2006 Average Number of Policies Assigned by Month: 499
- Retention Rate: 50%
- Assignments with Uninsured Motorist Bodily Injury Coverage (UMBI): 2415 (40%)
- Assignments with Medical Payments Coverage: 1608 (27%)

- Assignments with both UMBI and Medical Coverages: 1535 (26%)
- Applicants with Income of \$20,000 or Less: 4859 (81%)
- Predominant Age Group: 40-59 (44%)
- Predominant Vehicle Value: \$2,000-\$5,000 (40%)
- % Applicants Without Insurance at Time of Assignment: 81%

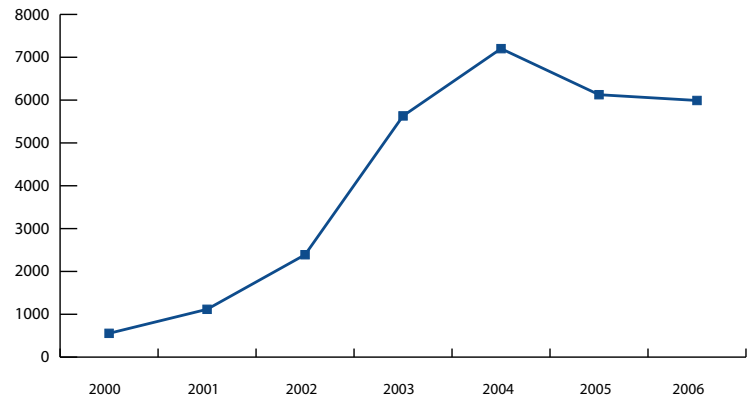
### 2006 Applications Assigned by Household Income



## Program Statistics Since Inception in 2000

- Policies Assigned: 29,010
- Applications Received: 37,203
- Percentage of Applications Assigned: 78.0%
- Hotline Inquiries: 135,290
- Hotline Inquiries by Language:
  - English 106,069 (78%)
  - Spanish 27,387 (20%)
  - Chinese 1,834 (1%)
- Assignments with Uninsured Motorist Bodily Injury Coverage (UMBI) Since March 2003: 9,606 (39%)
- Assignments with Medical Payment Coverage Since March 2003: 5,729 (23%)
- Assignments with both UMBI and Medical Coverages Since March 2003: 5,537 (22%)
- % Applicants Without Insurance at Time of Assignment: 85%
- % Applicants with Income of \$20,000 or Less: 84%
- Predominant Age Group: 40-59 (44%)
- Predominant Household Income Group: \$0 - \$10,000 (44%)
- Predominant Vehicle Value: \$2,000 - \$5,000 (38%)

**Applications Assigned Annually Since Inception**



# COMMISSIONER'S DETERMINATION OF SUCCESS

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

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

The Insurance Code specifies that rates shall be sufficient to cover losses and expenses incurred by policies issued under the program. Rate-setting standards also require that rates shall be set so as to result in no projected subsidy of the program or subsidy of policyholders in one county by policyholders in any other county. Consistent with these standards, the program rates in 2006 generated sufficient premiums to cover losses and expenses incurred by CLCA policies issued under each respective county program.

In determining any adjustment to rates, the Commissioner holds a public hearing to consider a rate recommendation by the California Automobile Assigned Risk Plan, as required each year by statute.

Premiums in 2006 were as follows:

### PRIVATE PASSENGER AUTOMOBILE LIABILITY RATES \$10,000/\$20,000 BODILY INJURY AND \$3,000 PROPERTY DAMAGE LIABILITY 2006 LIABILITY POLICY RATES

County	Rate
Alameda	\$322.00
Contra Costa	\$317.00
Fresno	\$299.00
Imperial	\$210.00
Kern	\$239.00
Los Angeles	\$355.00
Orange	\$312.00
Riverside	\$246.00
Sacramento	\$383.00
San Bernardino	\$283.00
San Diego	\$268.00
San Francisco	\$322.00
San Joaquin	\$295.00
San Mateo	\$307.00
Santa Clara	\$290.00
Stainslaus	\$359.00

# COMMISSIONER'S DETERMINATION OF SUCCESS

In 2006, CAARP submitted its statutorily mandated rate proposal and updated loss and expense data. Based on loss experience in the program, the Commissioner determined, after public hearing, that a slight overall decrease in rates was consistent with rate-setting standards and also determined to maintain the surcharge for certain drivers. The Commissioner has established the following rates, effective January 15, 2007:

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

## PRIVATE PASSENGER AUTOMOBILE LIABILITY RATES

\$10,000/\$20,000 BODILY INJURY AND \$3,000 PROPERTY DAMAGE LIABILITY  
LIABILITY POLICY RATES, EFFECTIVE JANUARY 15, 2007

County	Rate
Alameda	\$318.00
Contra Costa	\$313.00
Fresno	\$295.00
Imperial	\$208.00
Kern	\$236.00
Los Angeles	\$350.00
Orange	\$308.00
Riverside	\$243.00
Sacramento	\$378.00
San Bernardino	\$280.00
San Diego	\$265.00
San Francisco	\$336.00
San Joaquin	\$292.00
San Mateo	\$303.00
Santa Clara	\$286.00
Stainslaus	\$354.00

Recent legislation (Statutes 2005, chapter 435) authorized the expansion of the program to all counties in California, based upon a determination of need made by the Commissioner. Following statutory procedures, the Commissioner has determined such a need exists in Merced, Monterey, Santa Barbara, Sonoma, Tulare and Ventura counties. To implement the expansion of the program to these counties, the Commissioner, in consultation with CAARP, will set premiums for each of the expansion counties so that each county program will generate sufficient premiums to meet statutory rate-setting standards.

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

# COMMISSIONER'S DETERMINATION OF SUCCESS

## 2 – Program Served Underserved Communities

The Department believes it is meeting this standard, as evidenced by the following:

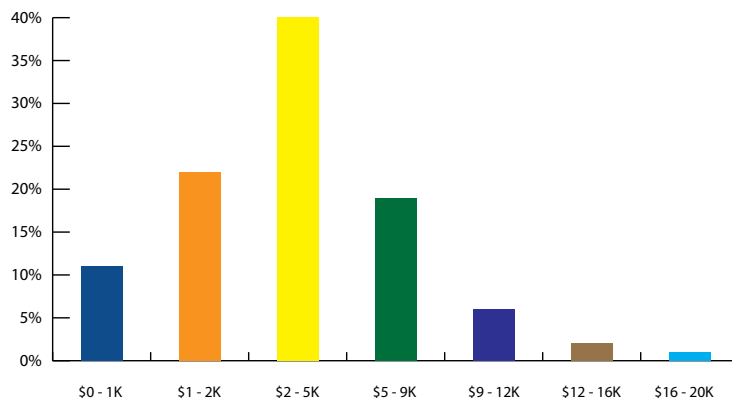
- Household incomes of all policyholders do not exceed 250% of the federal poverty level. In fact, CAARP statistics document that 81% of policies issued in 2006 were issued to applicants whose household income was at or below \$20,000 per year.

### NUMBER OF LOW-INCOME RESIDENTS IN PROGRAM COUNTIES

County	Low-Income-Residents
Alameda	160,075
Contra Costa	76,694
Fresno	198,490
Imperial	31,051
Kern	152,847
Los Angeles	1,778,885
Orange	307,721
Riverside	265,816
Sacramento	190,694
San Bernardino	303,538
San Diego	363,532
San Francisco	84,097
San Joaquin	115,026
San Mateo	47,573
Santa Clara	126,389
Stainslaus	79,736

- Many counties with high concentrations of low-income and minority consumers show increases in policies assigned
- 5,991 policies were assigned in 2006, thus providing access to an affordable insurance option for low-income households
- An applicant's vehicle at the time of application can not exceed \$20,000. The predominant vehicle value for policies issued in 2006 was less than \$5,000

2006 Applications by Vehicle Value



• SOURCE: 2003 U.S. CENSUS BUREAU, CALIFORNIA QUICK FACTS - COUNTY INFORMATION

# COMMISSIONER'S DETERMINATION OF SUCCESS

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

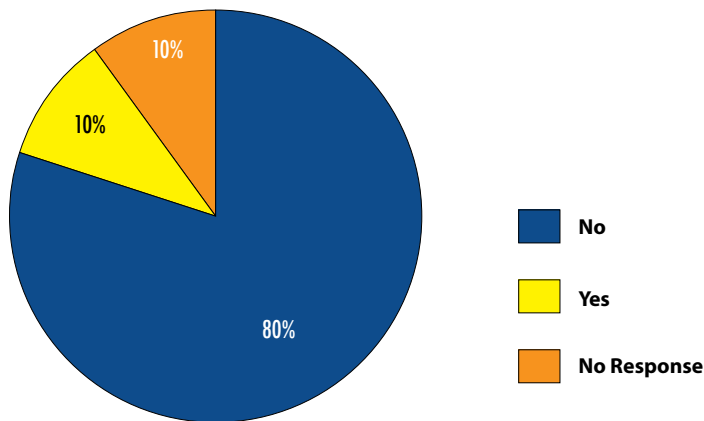
Statistics compiled by CAARP demonstrate that, in 2006, 81% of new policies assigned were to applicants who were uninsured at the time of application. Although the total number of policies issued in 2006 decreased slightly from 2005, the average number of policies issued monthly in 2006 was 499. As a result, thousands of formerly uninsured drivers are now insured through the CLCA Program.

As a result of the Department's 2006 expansion efforts, the number of counties in which the program is available has increased from 2 to 16. Based on the most recent data, there are an estimated 2,923,246 uninsured drivers in these 16 counties. Those eligible now have access to the CLCA program.

### NUMBER AND ESTIMATED RATE OF UNINSURED MOTORISTS IN PROGRAM COUNTIES

County	Number of Uninsured Motorist*	Estimated Rates
Alameda	141,605	13.81%
Contra Costa	63,984	8.72%
Fresno	84,300	17.14%
Imperial	25,329	25.28%
Kern	36,986	8.75%
Los Angeles	1,440,420	23.21%
Orange	208,105	10.12%
Riverside	99,127	8.99%
Sacramento	136,398	15.09%
San Bernardino	126,964	11.02%
San Diego	167,703	8.18%
San Francisco	89,282	21.67%
San Joaquin	49,920	12.82%
San Mateo	81,564	14.33%
Santa Clara	126,674	9.99%
Stainslaus	44,886	14.20%

### 2006 Uninsured at Time of Application



## 4 – Administrative Costs

For fiscal year 2006-07, the Department allocated approximately \$950,000 of SB 940 (Speier) and AB 1183 (Vargas) funds for CLCA consumer education and outreach activities. The CLCA program is administered by CAARP, whose administrative costs are reflected and reported in the accompanying annual CAARP report and budget.

\* SOURCE: 2003 DATA AVAILABLE ON DEPT. OF INSURANCE WEB SITE

# 2007 CONSUMER EDUCATION AND OUTREACH PLAN SUMMARY

The California Low Cost Automobile Insurance Program 2007 Consumer Education and Outreach Plan incorporates and builds upon the methods employed in the 2006 plan to meet the challenges of the program expansion to new counties.

There are two core objectives of the 2007 Consumer Education and Outreach Plan:

- Continue to develop and enhance consumer education and outreach activities in eligible counties through partnerships with community and faith-based organizations and government agencies
- Launch consumer outreach efforts in the six pending expansion counties. Implement program expansion to additional counties as may be determined by the Commissioner

To accomplish the 2007 plan, the Department will continue to build upon its grassroots efforts to raise consumer awareness about the program in collaboration with community based organizations, faith-based organizations and government agencies. The Department will also continue to utilize affordable ethnic and specialty media for the placement of advertisements, working with its consulting public relations firm, and seek opportunities to increase producer participation.

The 2007 consumer education and outreach plan consists of six primary elements:

- Development of educational materials in frequently spoken languages and distribution of materials in partnership with community based organizations and government agencies
- Participation in community and government agency-sponsored consumer events
- Participate in training and development opportunities, targeting agencies and organizations that serve CLCA eligible low-income residents and include CAARP certified producers
- Utilization of affordable, community and ethnic-specialty media to advertise the CLCA program
- Periodic evaluation and refinement of outreach methods
- Implementation of further expansion of the program, as determined by the Commissioner



# 2007 CONSUMER EDUCATION AND OUTREACH PLAN SUMMARY

## Consumer Education and Outreach Materials Development and Distribution

To create an effective message that resonates with eligible consumers, the Department's public relations firm conducted ten focus groups in six program eligible counties to test marketing materials and message. Based on input obtained through focus participants, CLCA outreach materials and message will be refined.

The Department will distribute brochures and other outreach materials in partnership with government agencies, community and faith based organizations within eligible counties for delivery to their clientele.

The Department currently distributes materials through over 2,500 organizations. As new counties come on-line, the list is expanded to include community based organizations and government agencies serving CLCA eligible low-income consumers. Distribution of materials to partner organizations will be repeated periodically throughout the year and upon request.

CLCA outreach materials will also be distributed directly to consumers at community events and to producers requesting materials.



Logo



Pop Up



Banner



# 2007 CONSUMER EDUCATION AND OUTREACH PLAN SUMMARY

## Participation in community and government agency-sponsored events

The Department intends to work with governmental agencies, community and faith-based organizations and producers to increase public awareness about the CLCA program. It will seek opportunities to participate in consumer events, train staff about the program, and encourage distribution of materials.

## Governmental Agency Collaboration

The Department intends to expand existing outreach partnerships with other state and local governmental agencies, which serve low-income consumers, to increase consumer awareness of the existence of the CLCA program. Primary partnerships have been formed with the Los Angeles County Department of Public and Social Services (LADPSS), the state of California Department of Motor Vehicles (DMV), various county housing authorities, and workforce development programs in eligible counties.

Specific Inter-governmental activities include:

### Department of Motor Vehicles (DMV)

- Outreach materials will be distributed through DMV field offices
- Department staff will provide DMV staff training on program details and encourage their assistance in referring uninsured drivers to the CAARP toll-free hotline for further information on the program
- In implementing SB 1500, notifications that the DMV sends out regarding proof of financial responsibility will contain information on the availability of the CLCA program and CAARP's - CLCA hotline number

### Los Angeles County Department of Public and Social Services (LADPSS)

- Outreach materials will be provided for dissemination to low-income residents served by LADPSS
- Department staff will provide training to LADPSS staff on the program
- Department will participate in LADPSS sponsored community information events

### Other Social Service Agencies

- The Department will collaborate with social service agencies in each of the eligible counties to increase consumer awareness of the program

# 2007 CONSUMER EDUCATION AND OUTREACH PLAN SUMMARY

## Workforce Development Agencies

Workforce development agencies predominately serve unemployed and under-employed low-income individuals.

- In collaboration with workforce development agencies, the Department will distribute information to low-income consumers participating in job training programs
- Department staff will provide training for staff at Workforce Development Agencies on the program
- The Department will participate in agency-sponsored community information events and roundtables

## Community Based Organizations

The Department intends to build on existing relationships and expand partnerships with numerous community based organizations in each of the eligible counties.

- The Department will continue to encourage community based organizations to distribute program outreach materials, and continue to provide information directly to consumers by participation in a wide variety of events hosted by partner organizations
- The Department will continue to provide training to staff at community-based and faith-based organizations

## Producer Participation

The Department will continue to seek opportunities to inform producers in eligible counties about the program, and work with CAARP to arrange producer training.

## Training and Development Opportunities

One of the key components of the 2007 plan is to continue and expand training opportunities for staff at agencies and organizations that serve low-income residents so that they become knowledgeable about the program and on-site resources for the program.

# 2007 CONSUMER EDUCATION AND OUTREACH PLAN SUMMARY

## Media Campaign

A key goal of the advertising campaign will be to select the most effective and affordable media channels to reach low-income communities in eligible counties. As a result of monitoring referral sources and findings from focus groups, the Department will be utilizing more radio opportunities in its media campaign in 2007.

## Print Advertising

The print publication campaign will continue to utilize community, specialty press and government publications to advertise the CLCA program. An emphasis will be placed on resource information publications such as AARP Newsletters and DMV Drivers Handbooks. The Department will also seek out public service announcement opportunities.



Poster

## Radio Advertising

Working in collaboration with its public relations firm, and in an effort to maximize advertising benefit, the Department will focus program advertising buys with individual stations that serve several CLCA markets, in addition to PSA and earned media opportunities.

Based on focus group findings, the Department plans to produce 60 second spots providing more detailed program information about the program. The ads will run on stations serving the predominant age and income demographics of program applicants.



# 2007 CONSUMER EDUCATION AND OUTREACH PLAN SUMMARY

## Tracking Impact of Consumer Education and Outreach Activities

The impact of consumer education and outreach activities will be evaluated based on various data reports compiled by CAARP. The individual components of the outreach plan will be adjusted to focus resources on the activities that yield the best results.

### 1. Assess progress through CAARP statistical reports and revise plan as needed

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

### 2. Evaluate effectiveness of print media and radio advertising campaign and revise as needed

- Review and evaluate CAARP data reports on the number of calls by referral source
- Evaluate feedback provided to the Department by publications and radio

### 3. Identify opportunities to eliminate barriers to program eligibility

- Consult with CAARP regarding application process and other identified problems
- Review feedback and comments obtained from consumers
- Review CAARP reports on ineligible callers by reason

Merced County Expansion Meeting



### 4. Identify regulatory and statutory changes to improve and enhance the program

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

# 2007 CONSUMER EDUCATION AND OUTREACH PLAN SUMMARY

## CLCA Program Expansion

As authorized by SB 20, the Commissioner will seek to expand the CLCA program to additional underserved communities throughout the state of California. In making a determination of need, the Commissioner will consider the number or percentage of uninsured drivers within the county, the number or percentage of low-income residents within the county, the availability of affordable automobile insurance in the private automobile insurance market, and input from consumers within the county about the desirability of the program for the county.



Merced County Expansion Meeting

Implementation of further expansion will begin with conducting an analysis and determination of need in counties that would benefit from the availability of the CLCA program. Upon designation of additional counties by the Commissioner, a plan to develop initial consumer awareness of the program and the initiation of key relationships and partnerships with local agencies and community based organizations will be essential. Outreach to CAARP certified producers in the new counties will also be key to the success of the program.



# 2007 CONSUMER EDUCATION AND OUTREACH PLAN SUMMARY

## FY 2007-2008 CLCA Proposed Consumer Education and Outreach Budget

Elements	Cost
<p><b>Consumer Education and Outreach</b></p> <p>In partnership with community based organizations and government agencies, disseminate CLCA consumer education and outreach materials to increase consumer awareness about the program.</p> <ul style="list-style-type: none"> <li>● Postage, shipping and handling for bulk distribution of materials</li> <li>● Project management and staffing</li> </ul>	\$150,000
<p><b>Consumer Education and Outreach Materials Development and Production</b></p> <p>Develop and produce integrated CLCA consumer education and outreach materials: brochures, posters, inserts, flyers, collateral, and press kits</p> <ul style="list-style-type: none"> <li>● Graphic design and layout</li> <li>● Design and produce consumer education materials for use in collaboration with community organizations and government agencies</li> <li>● Update and develop specialized distribution lists</li> <li>● Printing and production</li> <li>● Public relations consulting contract (TMD Group, Inc)</li> <li>● Project management and staffing</li> </ul>	\$435,000
<p><b>Community Outreach Events</b></p> <ul style="list-style-type: none"> <li>● Attend and/or arrange conferences, workshops, community events and education fairs</li> <li>● Organize and conduct CLCA presentations, workshops or events</li> <li>● Related travel expenses</li> <li>● Update and develop specialized distribution lists</li> </ul>	\$95,000
<p><b>CLCA Internet Web Page</b></p> <ul style="list-style-type: none"> <li>● Project management</li> </ul>	\$10,000
<p><b>Media and Advertising</b></p> <ul style="list-style-type: none"> <li>● Print advertising development and production</li> <li>● Print advertising purchases</li> <li>● Radio advertising production</li> <li>● Radio advertising purchases</li> <li>● Public relations consulting contract (TMD Group, Inc)</li> <li>● Project management</li> </ul>	\$400,000
<p><b>Miscellaneous Consumer Education and Outreach Activities</b></p>	\$10,000
<p><b>Total</b></p>	\$1,100,000

# CONCLUSION



\* White - Current CLCA Counties

\*\* Orange - Non CLCA Counties



# CONCLUSION

The Commissioner considers the California Low Cost Automobile Insurance program a key component to making insurance affordable and available to all consumers in California, and is committed to the program's success and expansion. He believes the program shows promise in helping reduce the number of uninsured drivers on California roads.

Through the elements described in the 2007 Consumer Education and Outreach Plan, the Department expects to further raise consumer awareness, increase the volume of inquiries about the program and the number of policies assigned.

The Commissioner seeks to aggressively expand the program to underserved communities in order to make insurance affordable to more Californians, and will implement the program in Merced, Monterey, Santa Barbara, Sonoma, Tulare, and Ventura counties in spring 2007.

The Commissioner is committed to making the California Low Cost Automobile Insurance program a model for the nation.







