

# California Low Cost Automobile Insurance Program

Report to the Legislature  
and  
Consumer Education  
and Outreach Plan

**California Department of Insurance**

**John Garamendi  
Insurance Commissioner**

February 2005



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# Introduction

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

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

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

In January 2004, Commissioner Garamendi reorganized the California Department of Insurance to focus resources and expertise on the Emerging Communities Initiative, with a critical focus on the California Low Cost Automobile Insurance program.

The report that follows includes the Commissioner's assessment of the success of the program, details the activities and accomplishments of the past year, recommends and proposes solutions to improve the program and reduce barriers to successful growth of the program, and outlines the 2005 CLCA Outreach Plan.



# Program and Policy Overview

The CLCA program creates an affordable auto insurance option for low-income, good drivers in Los Angeles County and the City and County of San Francisco.

The California Automobile Assigned Risk Plan (CAARP) administers the CLCA program. CAARP assigns CLCA applications to auto insurers based on each insurer's share of the California voluntary auto insurance market. Only producers (agents/brokers) certified by CAARP are authorized to submit program applications. Currently, there are approximately 8,500 producers in Los Angeles and San Francisco counties that are certified by CAARP.

## Policy Features

The basic CLCA liability policy, as prescribed by state law, is \$10,000/20,000/3,000; providing up to \$10,000 for bodily injury or death per person in an accident, a maximum of \$20,000 for bodily injury or death per accident, and up to \$3,000 property damage for each accident.

The annual base premium rate for a CLCA liability policy is currently \$347 in Los Angeles County and \$314 in the City and County of San Francisco. There is a 25 percent premium surcharge for unmarried male drivers ages 19 through 24. Several installment payment options are available, with a down payment as low as 15 percent of the total cost.

Optional first-party coverage is available at additional cost. These optional coverages include \$1,000 medical payments coverage and uninsured motorist bodily injury coverage of \$10,000/\$20,000. Currently premiums for optional coverage are set at:

- Medical payments coverage: \$26 in Los Angeles and \$24 in San Francisco
- Uninsured motorist coverage: \$64 in Los Angeles and \$39 in San Francisco

## Eligibility Requirements

By statute, the applicant's annual household income may not exceed 250 percent of the federal poverty level. Currently, the annual gross income threshold is \$23,275 for a one-person household and \$47,125 for a four-person household.

Applicants must be at least 19 years of age and a resident of Los Angeles County or San Francisco City and County.

**Additional eligibility criteria include:**

- The 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, and no at-fault accident involving bodily injury or death in the past three years; and no felony or misdemeanor convictions for a violation of the California Vehicle Code
- The value of the vehicle to be insured shall not exceed \$12,000
- The applicant must have been continuously licensed to drive for the previous three years. In meeting the three year standard, up to 18 months of foreign licensure is acceptable, providing the applicant was licensed to drive in the US or Canada for the preceding 18 months
- A CLCA policyholder shall not purchase a non-CLCA liability policy for any vehicle in the household
- Each household is limited to a maximum of two CLCA policies



*3' x 10' Banner*

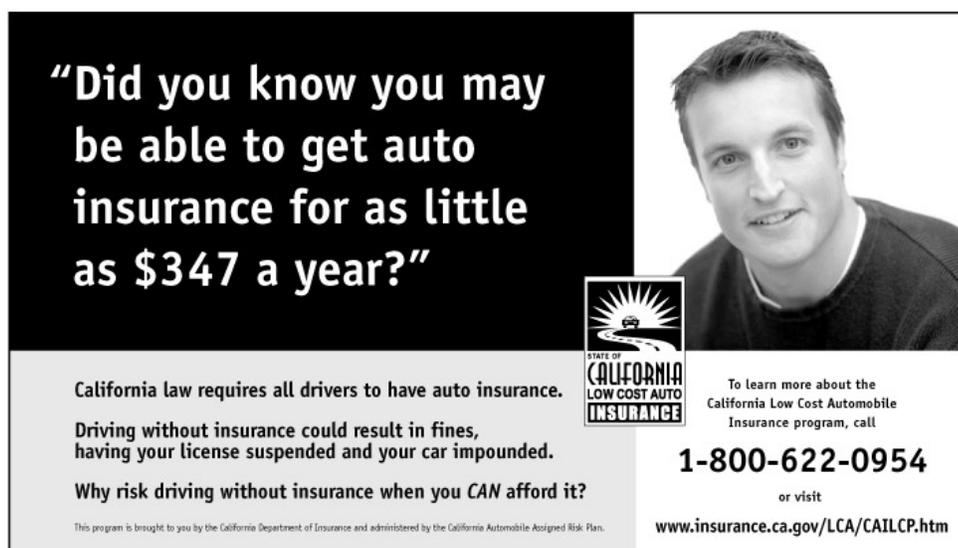
# Outreach Funding Source

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

The Department has used a portion of its SB 940 (Speier) funds to pay for CLCA outreach efforts. SB 940 (Speier) requires insurers to pay an annual fee of 30 cents per vehicle insured in California to fund consumer services related to automobile insurance, ten cents of which may be used for consumer education.

The Department has not requested, nor has the Legislature appropriated, funds specifically for the CLCA program. SB 1427 (Escutia/Speier), as amended by SB 1500 (Speier), requires that the Commissioner submit an outreach plan to the Senate and Assembly Committees on Insurance and Transportation to be eligible for funding through the budget process.

In fiscal year 2004-05, the Department allocated \$655,000 of SB 940 (Speier) funds for CLCA program outreach activities. Given the challenge of the current economic and fiscal climate, the Department is not expecting, nor requesting, additional funding through the budget process at this time. The Department proposes to use \$700,000 of SB 940 (Speier) funds to pay for outreach activities in FY 2005-06. However, it must be noted that SB 940 (Speier) is slated to sunset on January 1, 2007, thus eliminating the only source of funding for outreach for the CLCA program. The Department is proposing legislation this session to eliminate the sunset.



**“Did you know you may be able to get auto insurance for as little as \$347 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?

This program is brought to you by the California Department of Insurance and administered by the California Automobile Assigned Risk Plan.



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

**1-800-622-0954**

or visit

[www.insurance.ca.gov/LCA/CAILCP.htm](http://www.insurance.ca.gov/LCA/CAILCP.htm)

*Newspaper advertisement*

# 2004 – The Year in Review

Commissioner Garamendi's January 2004 reorganization of the Department created the new Community Relations Branch to focus departmental resources and expertise on the CLCA program, as well as other components of the Emerging Communities Initiative. The new Community Relations Branch immediately undertook an extensive assessment of the CLCA program.

## Program Assessment

In the first four months of 2004, the Department conducted a detailed review of all outreach activities since the inception of the program, an analysis of program statistics and an evaluation of previously conducted consumer studies. Additionally, input was solicited from the program administrator, the California Automobile Assigned Risk Plan. The purpose of this review was to assess the effectiveness of outreach activities and to evaluate the various strengths and weaknesses of the program.

### Components of the assessment included:

- Review of outreach methodologies used
- Analysis of program participation and utilization
- Evaluation of reasons for applicant ineligibility
- Review of consumer inquiries by zip code
- Review of advertisements and public service announcements
- Analysis of consumer research studies

To gain insight into the successes and failures of the program, a series of meetings were convened with insurance producers experienced in selling CLCA insurance and with producers who serve low-income and underserved communities. More than 50 producers participated in these meetings. Participating producers were ethnically and geographically diverse, and included independent agents as well as larger agencies.

Finally, to ensure the assessment was comprehensive, a series of meetings were held with community-based organizations, faith-based organizations, and labor organizations, whose primary mission or services are directed at low-income communities and individuals. These meetings solicited feedback about the program and ideas about methods to efficiently and cost-effectively market the program.

## Assessment Findings

The assessment revealed that previous efforts to promote the program had not been successful. Significant barriers to the success of the program were identified, including several inhibitors to potentially eligible individuals qualifying for the program and numerous operational obstacles that undermine the willingness of insurance producers to promote the program and write CLCA policies.

Among the key findings of the assessment was that from the inception of the program through December 31, 2003, only 9,692 policies had been assigned. Materials that had been developed to promote the program lacked a clear and concise message and did not reflect the cultural awareness and sensitivity necessary to successfully market the program in low-income minority communities.

## Outreach Plan Development and Implementation

Based on the assessment findings, a new comprehensive grassroots outreach campaign to promote the CLCA program was developed. The campaign focuses on specifically targeting eligible constituencies, in volume, through community-based organizations, faith-based organizations, labor organizations and other governmental agencies serving low-income communities. It was determined that outreach conducted through groups and organizations that serve low-income communities would yield a larger volume of program eligible consumers than through direct individual outreach efforts.

Implementation of the outreach plan was scheduled to begin in Los Angeles County in August 2004 and the City and County of San Francisco in January 2005.



## **Partnership Development**

Meetings were convened with dozens of organizations to create outreach partnerships for the CLCA program. Plans were developed to promote the program through townhall-style and informational meetings with these organizations, newsletter advertisements and features, inserts in union-member's paychecks and other low-cost means of communication. The Department provided outreach materials for distribution to the organizations' members and constituents.

The following is a partial list of organizations included in partnership development efforts:

### **Community-Based Organizations**

- Alliance for Better Community
- Brotherhood Crusade
- EL RESCATE
- Mexican American Legal Defense and Education Fund
- Mexican American Opportunity Foundation
- Mothers In Action
- Pico Union Westlake Cluster Incorporated
- Salvadoran American Leadership and Educational Fund
- Southern Christian Leadership Conference – Los Angeles

### **Faith-Based Organizations**

- Baptist Ministers Conference
- Clergy and Laity United for Economic Justice (CLUE)
- Crenshaw Christian Center
- First AME Church of Los Angeles
- United Methodist Church of Hollywood
- West Los Angeles Church of God and Christ

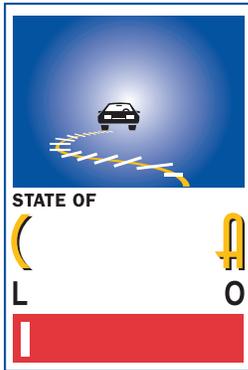
### **Labor Organizations**

- Service Employees International Union – Local 99 (Classified School Employees)
- Service Employees International Union – Local 434B (Home Care Workers)
- Service Employees International Union – Local 1877 (Janitors, Security Guards)

## Message and Material Development

Utilizing an existing contract the Department has with the firm of Ogilvy Public Relations Worldwide for consumer outreach and education, key written and graphic consumer messages were developed. Message development was based on information obtained in the program assessment and in the various community and producer meetings.

These messages were tested in focus groups composed of eligible, low-income, uninsured drivers, including African Americans and Latinos. The focus groups were convened in an effort to develop culturally sensitive and relevant consumer messages and materials. The groups were specifically designed to ensure that all participants were actually eligible for the CLCA program and were representative of targeted constituencies.



In addition to written messages, an array of graphic logos were tested. The selected logo received an overwhelming positive response from the group participants.

Additional testing was done to determine the best type of spokesperson for promoting the program. Overwhelmingly, participants preferred “ordinary people” to celebrities, politicians, or law enforcement officials.

The focus groups revealed two key findings:

- 1) every participant clearly understood that driving without insurance was a violation of state law with significant consequences; and,
- 2) when informed about the availability and cost of CLCA insurance participants demonstrated universal interest and an enthusiastic response.

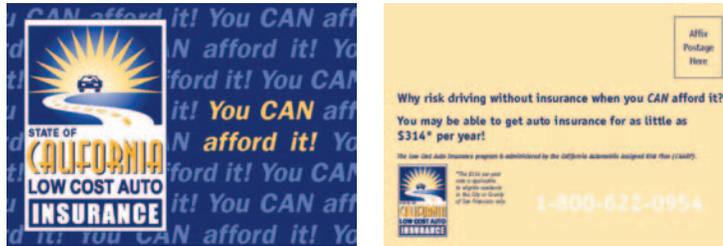
As a result of participant reaction a simple two-sentence message was developed:

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

“You may be able to get insured for as little \$347 per year!”

This message generated a strong and positive reaction both in English and when translated into Spanish.

Outreach materials were developed utilizing the newly tested message and graphics, including informational brochures, postcards and palm cards.



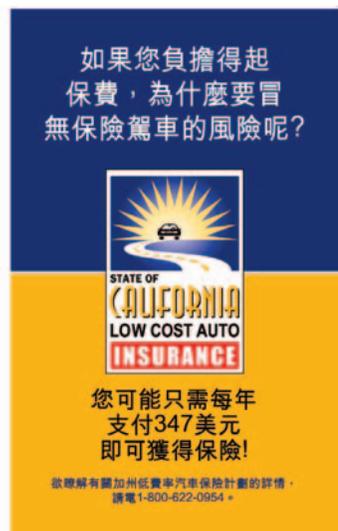
Palm card



English-language brochure



Spanish-language brochure



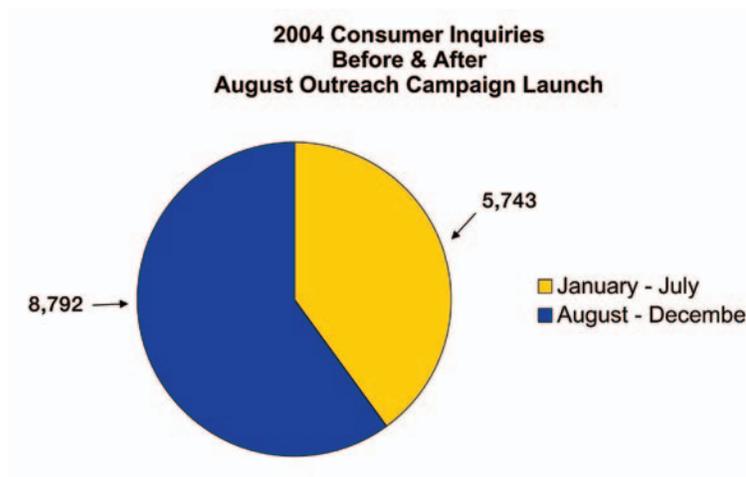
Chinese-language brochure

## Outreach Plan Launch

In August 2004, the Commissioner officially launched the Department's new outreach campaign, incorporating the various elements identified during the assessment, message development and planning phases. The kick-off included press events and stories featuring CLCA policyholders, producers committed to selling CLCA policies and organizations representing low-income communities.



The press coverage generated a significant spike in consumer interest, as evidenced by a dramatic increase in inquiry calls to the CAARP hotline.



Building on the increased public awareness resulting from the press coverage, Department efforts were directed at implementing partnership activities, as previously described.

The Mexican American Opportunity Foundation became the first partner organization to host a townhall meeting showcasing the CLCA program and to make CLCA materials available to their clients. Plans were developed to conduct similar events over the course of the next year with other partner organizations.

## **Governmental Agency Collaboration**

Efforts to integrate the CLCA program with other governmental agencies serving low-income communities were begun, focusing initially on the California Department of Motor Vehicles, the Los Angeles County Department of Public Social Services, and the Housing Authority City of Los Angeles. Initial activities included:

### **Department of Motor Vehicles**

The DMV has placed CLCA materials in many of its offices in Los Angeles and San Francisco. Additionally, DMV staffs have been trained to refer inquiring consumers to the CAARP hotline for further information on the program.

### **Los Angeles County Department of Public Social Service**

A partnership was formed with LA-DPSS to coordinate the distribution of CLCA outreach materials through their 42 district offices. Department staff attended LA-DPSS's regional directors meeting, to educate district office directors on the CLCA program and its benefits for their clientele. Subsequently, the Department was invited to attend regional meetings to train frontline DPSS staff on the CLCA program, as well as to participate in monthly community information meetings.

### **Housing Authority City of Los Angeles**

Department staff participated in quarterly tenant's informational meetings, providing tenants with informational material and an overview of the program. The Housing Authority has invited the Department staff to participate in future outreach opportunities.

### **Advertising Campaign: Community-based and Ethnic-specialty media**

In an effort to cost-effectively reach the largest audience within targeted communities, the Department selected to advertise in community-based and ethnic-specialty press. These ads enable the Department to promote consumer awareness across a broad spectrum of communities and to amplify outreach efforts.

With the assistance of Ogilvy Public Relations Worldwide, the Department placed ads in the following publications, from September 2004 to December 2004:

- IN Los Angeles Magazine
- La Opinión
- LA Sentinel
- The Recycler
- Revista Adelante

To evaluate the effectiveness of advertisements, the Department reviews referral-source statistics provided by CAARP each month.

## Community-Based and Ethnic-Speciality Media

**"Books are expensive, tuition's going up... but you may be able to get auto insurance for as little as \$347 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?

This program is brought to you by the California Department of Insurance and administered by the California Automobile Assigned Risk Plan.

**STATE OF CALIFORNIA  
LOW COST AUTO  
INSURANCE**

To learn more about the California Low Cost Automobile Insurance program, call  
**1-800-622-0954**  
or visit  
[www.insurance.ca.gov/LCA/CAILCP.htm](http://www.insurance.ca.gov/LCA/CAILCP.htm)

Newspaper advertisement targeting specific audience

**"Did you know you may be able to get auto insurance for as little as \$347 a year?"**

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**STATE OF CALIFORNIA  
LOW COST AUTO  
INSURANCE**

**"¿Sabía usted que es posible que pueda comprar un seguro de automóvil por sólo \$347 al año?"**

La ley de California requiere que todos los conductores tengan seguro de automóvil.  
Manejar sin seguro podría resultar en multas, en que le suspendan la licencia y en que las autoridades le confiscen el carro.  
¿Para qué arriesgarse a manejar sin seguro si usted **PUED**E pagar?

Este programa es presentado por el Departamento de Seguros del Estado de California y administrado por el Plan de Seguro Asignado del Automóvil de California.

Si desea obtener más información sobre el programa de Seguros de automóvil de bajo costo de California, llame al  
**1-800-622-0954**  
[www.insurance.ca.gov/LCA/CAILCP.htm](http://www.insurance.ca.gov/LCA/CAILCP.htm)

Bilingual newspaper advertisement

**"¿Sabía usted que es posible que pueda comprar un seguro de automóvil por sólo \$347 al año?"**

**"Did you know you may be able to get auto insurance for as little as \$347 a year?"**

La ley de California requiere que todos los conductores tengan seguro de automóvil.  
Manejar sin seguro podría resultar en multas, en que le suspendan la licencia y en que las autoridades le confiscen el carro.  
¿Para qué arriesgarse a manejar sin seguro si usted **PUED**E pagar?

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?

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**STATE OF CALIFORNIA  
LOW COST AUTO  
INSURANCE**

Bilingual newspaper advertisement

Community-Based and Ethnic-Speciality Media (continued)

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

California's Low Cost Automobile Insurance program provides low-income good drivers with affordable insurance. You may be able to get auto insurance for as little as \$347 per year.

To learn more about the California Low Cost Automobile Insurance program, call **-800-622-0954** or visit [www.insurance.ca.gov/LCA/CAILCP.htmf](http://www.insurance.ca.gov/LCA/CAILCP.htmf)

Newspaper advertisement targeting specific audience

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

El programa de Seguros de automóvil de bajo costo de California brinda la opción de seguro accesible a los buenos conductores con bajos ingresos. ¿Es posible obtener un seguro de automóvil por sólo \$347 al año?

Si desea obtener más información sobre el programa de Seguros de automóvil de bajo costo de California, llame al **-800-622-0954** o visite [www.insurance.ca.gov/LCA/CAILCP.htm2e](http://www.insurance.ca.gov/LCA/CAILCP.htm2e)

Spanish language newspaper advertisement

**“I got auto insurance for \$347 a year. You can too!”**

California law requires all drivers to have auto insurance. Driving without insurance could result in fines, having your license suspended and your car impounded. Why risk driving without insurance when you CAN afford it?

To learn more about the California Low Cost Automobile Insurance program, call **-800-622-0954** or visit [www.insurance.ca.gov/LCA/CAILCP.htm2e](http://www.insurance.ca.gov/LCA/CAILCP.htm2e)

Newspaper advertisement targeting specific audience

## Producer Outreach

The initial program assessment made clear that producer participation and cooperation was vital to the success of the program. Continuing the outreach begun in the assessment phase, meetings were held with a variety of producers serving low-income communities, as well as with selected producer trade associations.

The purpose of these meetings was to raise producer awareness about the CLCA program, to solicit feedback about their experiences with the CLCA program and to solicit additional ideas on program marketing. A standardized needs assessment questionnaire was created to gather producer input and feedback.

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

As a result of producer input, the Department committed to make changes to the program designed to reduce barriers to producer participation.

## Operational Improvements

Issues, problems and proposed solutions identified through producer meetings were categorized by type of authority necessary for implementation.

Key issues that could be resolved without legislative or statutory changes centered on the application process. The following operational changes were implemented in November 2004:

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

The Commissioner communicated with all CAARP certified producers in targeted areas about the renewed focus on the CLCA program and the newly implemented operational changes designed to reduce barriers to producer participation.

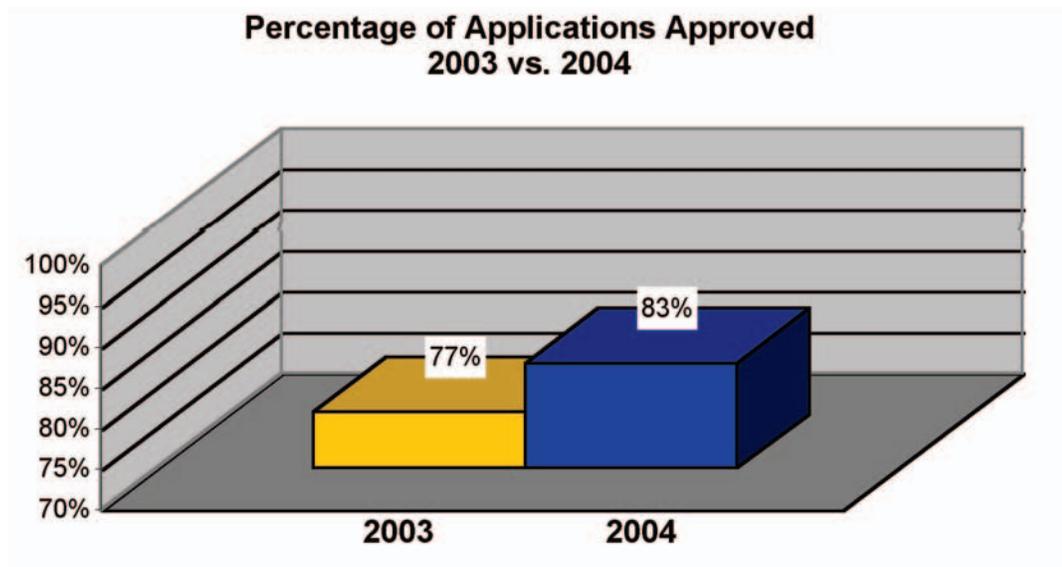
Legislation to eliminate barriers that require statutory changes was introduced in December 2004 by Senator Martha Escutia (SB 20). This legislation is detailed in the 2005 outreach plan summary at the end of this document.

# Performance Measures and Statistics

The following data sets provide key performance statistics demonstrating the growth of the program since inception. Rapid acceleration in growth is noted since the August 2004 outreach campaign launch.

## Program Performance Following August 2004 Outreach Campaign Kick-off

- Generated 8,792 new inquiries in five months – compared to 5,743 in the previous seven months
- Averaged 1,758 new inquiries per month – compared to an average of 820 per month for the previous seven months
- Assigned 3,337 new applications
- Approved 83% of new applications received, compared to 77% in 2003
- Assigned applications in 84 additional low-income zip codes where no policies had previously been assigned



## 2004 Calendar Year Program Statistics

- Generated 14,535 new inquiries
- Received 8,767 applications
- Assigned 7,202 policies
- Achieved a 27% increase in policies assigned compared to 2003 performance
- 85.4% of program policy assignments were for applicants who were uninsured at the time of application (see Figure 1.)

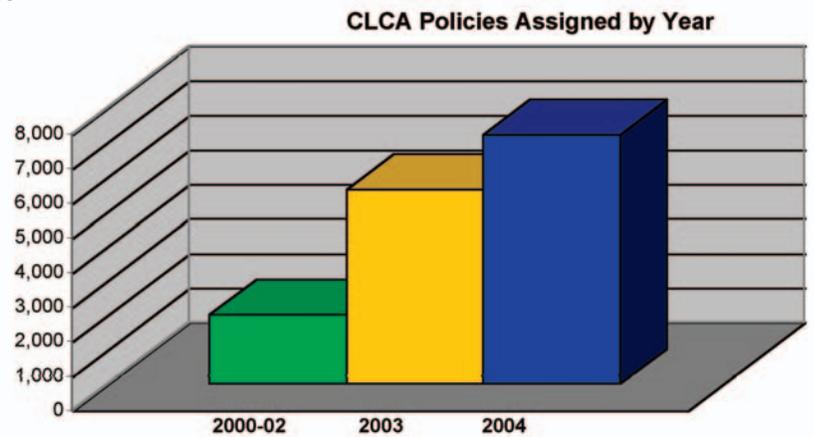


Figure 1.

## Program Statistics since Inception

- 16,893 policies assigned since program inception through 12/31/04
- Over 9,000 policies currently in force
- Renewal rate approximately 55%
- 84.1% of policyholder's annual income is less than \$20,000 (see Figure 2)

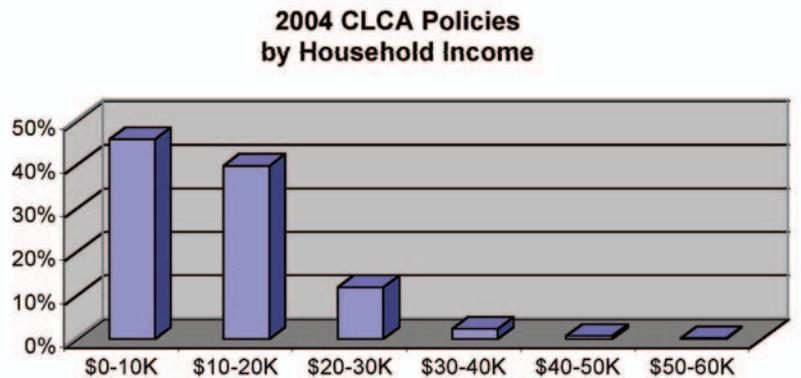


Figure 2.

- The greatest number of policyholders are in the 40-59 age group
- Fewer than 5% of policies sold are to unmarried males ages 19-25
- 36% of policyholders also purchase uninsured motorists coverage
- 19% purchase both uninsured motorists and medical payment coverage

# Commissioner's Determination of Success

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

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

The Insurance Code specifies that rates shall be sufficient to cover losses and expenses incurred by policies issued under the pilot programs. Rate-setting standards also require that rates shall be set so as to result in no subsidy of the program or subsidy of policyholders in one pilot program by policyholders in the other pilot program. The program rates in 2004 generated sufficient premiums, based on the rate-setting criteria.

In determining any adjustment to rates, the Commissioner held a public hearing to consider a rate recommendation by CAARP, as required each year by statute. In 2004, CAARP recommended maintaining all rates. The Commissioner carefully considered CAARP's recommendation and comments submitted during the public hearing period, and the Department's independent actuarial review of the loss and expense data. As a result, the Commissioner adopted CAARP's recommendation to maintain rates in 2004, finding that the current rates and surcharge were adequate and consistent with the rate-setting standards of California Insurance Code sections 11629.72(c) and 11629.92(c).

In January 2005, CAARP will submit an annual rate recommendation and updated loss and expense data. As loss experience warrants, the Commissioner will make necessary rate adjustments, consistent with the rate-setting standards and procedures, to insure success of the program.

## 2 – The Program Served Underserved Communities

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

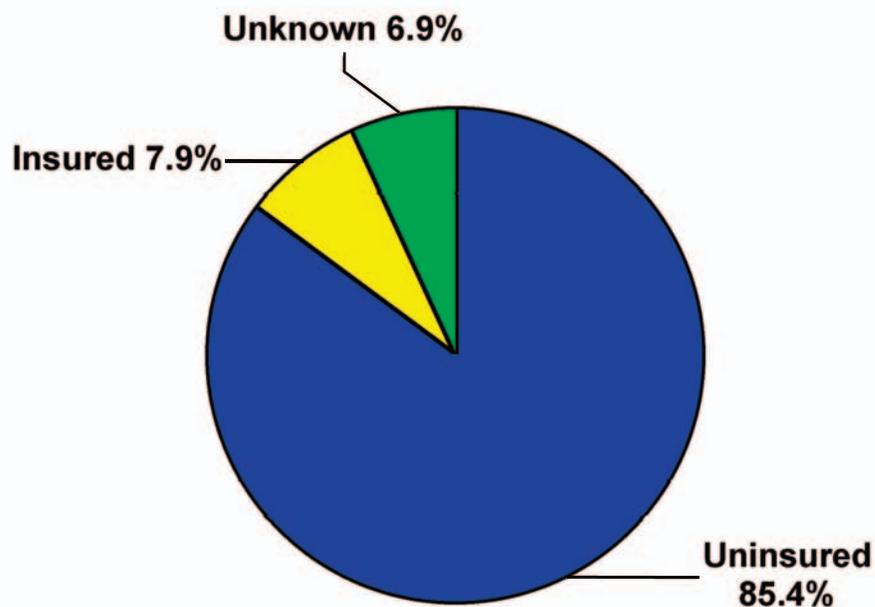
- CAARP statistics document 84.1% of policies issued in 2004 were issued to applicants whose income was at or below \$20,000 per year.
- Many zip codes with high concentrations of low-income consumers show dramatic increases in policies assigned.
- The average number of policies assigned per month increased from 561 per month in the five months preceding the outreach campaign kick-off, to over 667 per month following the kick-off in August 2004.
- The average number of policies assigned per month increased from 469 per month in 2003 to 600 per month in 2004.

### 3–Reduced the Number of Uninsured Drivers

CAARP tracks the number of program applicants who were uninsured at the time of application.

- CAARP’s 2004 report shows that 85.4% of program policies assigned were to applicants that were uninsured at the time of application, therefore, in 2004, at least 6,150 previously uninsured motorists are no longer uninsured

**Status at Time of Application - Uninsured v. Insured**



### 4–Administrative Costs

The Department allocated approximately \$655,000 of SB 940 (Speier) funds for FY 2004-05 CLCA outreach activities. Since the CLCA program is administered by CAARP, administrative costs are reflected in CAARP’s budget. These administrative costs are detailed in a separate report to the legislature by CAARP

# 2005 Outreach Plan Summary

The California Low Cost Automobile Insurance Program 2005 Outreach Campaign has been crafted to incorporate and expand upon the revised 2004 outreach plan, which was initiated in August 2004.

The key objective of the plan during 2005 is to continue to raise consumer awareness of the CLCA program and further increase the volume of program inquiries. This will be accomplished through ongoing grassroots outreach activities, conducted in partnership with various community-based organizations, faith-based organizations, labor organizations and governmental agencies, including the Department of Motor Vehicles and local social service agencies.

In addition, the program will expand its use of community-based and ethnic-specialty press print advertising and implement a “public service announcement” program, to maximize the use of limited SB 940 (Speier) funds, while reaching the greatest number of uninsured drivers in low-income communities.

## **Outreach Program Goals**

- Ensure sustained increases in inquiry volume, with resultant increased volume in new policy issuance, through ongoing outreach efforts
- Eliminate barriers to participation by simplifying the program’s qualification requirements and enrollment process
- Recommend appropriate modifications to the program to enhance accessibility and improve consumer and producer participation and satisfaction
- Broaden the geographic availability of the program, thereby decreasing the number of uninsured motorists on the roads of California

## **San Francisco Component - Outreach Development and Implementation**

- (1) Kick-off media event in San Francisco
- (2) Implement grassroots outreach campaign, including:
  - Prepare culturally sensitive and relevant materials for distribution, including Chinese language materials
  - Selectively identify and recruit individuals and organizations in the City and County of San Francisco interested in partnering in the program outreach effort

## San Francisco Component - Outreach Development and Implementation (continued)

- Community-based organizations and consumer groups:
    - Faith-based organizations
    - Labor organizations
    - Producers
    - Governmental agencies providing services to low-income communities
  - Utilize paid advertising and features in the newsletters or bulletins of participating organizations or groups
- (3) Begin radiobroadcast of informational public service announcements in English and Spanish in targeted media outlets and markets.
- Utilize cable television shows that target ethnic and low-income communities to promote the CLCA program
  - Promote the CLCA program through targeted print advertising in community-based and ethnic-specialty press, i.e., African American, Spanish-language, Asian Pacific Islander community, and LGBT community publications

## Los Angeles Component - Outreach Program Expansion

Expand the 2004 Los Angeles grassroots campaign to additional organizations, groups and partners in an effort to reach increasing numbers of uninsured low-income good drivers.

- (1) Continue developing new program partners and expand partnerships to include:
- Colleges and adult education:
    - Community colleges
    - California State Universities
    - University of California
    - Los Angeles Unified School District Adult Education Programs
  - Retail or “boutique” marketing opportunities

## Los Angeles Component - Outreach Program Expansion (continued)

- Government programs focused on low income constituents
    - CalWorks
    - Lifeline (telephone)
    - LIHEAP (energy)
    - California Healthy Families
  - Legislators and local elected officials
  - Governmental agencies
    - DMV
    - Board of Equalization
    - Los Angeles County Department of Public Social Services
    - Housing Authority City of Los Angeles
  - Expand current partnerships with community-based organizations, faith-based organizations, and labor organizations to include informational meetings, townhall meetings, newsletter features, newsletter advertising and mailings
  - Develop CAARP certified producer communiqués providing updates on administrative changes, success stories, and information on upcoming events to solicit participation
- (2) Expand media campaign, to include:
- Begin broadcast of informational public service announcements in English and Spanish in targeted media outlets and markets
  - Utilize cable television shows that target ethnic and low-income communities to promote the CLCA program
  - Promote the CLCA program through targeted print advertising in community and specialty press, i.e., African American, Spanish-language and Asian Pacific Islander community publications and other publications targeting low-income communities
  - Conduct specialty media roundtables

## **Producer Outreach Component**

Promote increased participation by and collaboration with CAARP certified producers:

- Contact CAARP certified producers with a record of participation in the program to solicit their involvement in community information events
- Attend producer trade organization meetings to disseminate information regarding the changes implemented and to solicit participation in outreach efforts
- Meet with newly certified CAARP producers to inform them of outreach opportunities

## **Evaluation Component**

- Assess progress through weekly and monthly performance reports and revise the plan as needed
- Evaluate effectiveness of media campaign and revise as needed
- Identify additional opportunities to eliminate barriers to eligibility, simplify the application process and improve the CLCA program
- Consider additional regulatory and statutory changes to improve and enhance the program

## **Tracking Impact of Outreach Efforts**

CAARP compiles the following program data reports which track program results and correlates performance with outreach activities:

- Weekly calls generated by a particular outreach method
- Monthly reports on the number of callers “qualified” to apply for the program
- Monthly number of applications assigned, returned, or rejected
- Monthly reports on the number of calls by referral source
- Monthly number of calls by zip code
- Quarterly reports on the number of policy renewals and cancellations
- Monthly reports on the percentage of previously uninsured drivers assigned and other demographic detail

## Statutory Revision Component (Proposed Statutory Changes)

Based on information gleaned from the CLCA program assessment and input from producers, a legislative proposal was developed by the Department and introduced by Senator Martha Escutia (SB 20) in December 2004.

This legislation modifies certain qualification requirements, eliminates the program sunset date and expands the geographic availability of the program.

### Key components of proposed legislation (SB 20):

#### Eliminate Program Sunset Date

The CLCA program is currently scheduled to sunset on January 1, 2007. The program has proved that it can pay for itself, and does not require subsidy from other policyholders, the government, or insurance companies. The circumstances that created the need for this program have not changed. Financial responsibility laws are still in effect, the state still has a large population of uninsured drivers, and our low-income consumers are still unable to afford standard insurance premiums. Elimination of the planned sunset will continue to make this much-needed program available to California's low-income consumers.

#### Expand Program to Additional Counties

The need to expand the CLCA program into additional targeted counties is quantified by three indicators: number of inquiries to CAARP, uninsured vehicle rate, and income data.

The data analyzed indicates that the following six counties have a demonstrated need for the CLCA program. Each of the recommended Counties includes low-income communities, with a high percentage of both uninsured vehicles and population living below the poverty level, with a demonstrated interest in access to the program.

County	*Number of Uninsured Vehicles	Percentage Rate of Uninsured Motorists	**Percentage of Population Below Poverty
Orange	200,056	10.29	10.3
San Bernardino	105,482	10.38	15.8
Alameda	121,434	12.27	11.0
Riverside	87,097	9.37	14.2
San Diego	165,016	8.72	12.4
Fresno	77,933	17.27	22.9

\* Source: The California Department of Insurance website - Estimated Rate of Uninsured Motorist Report 2000.

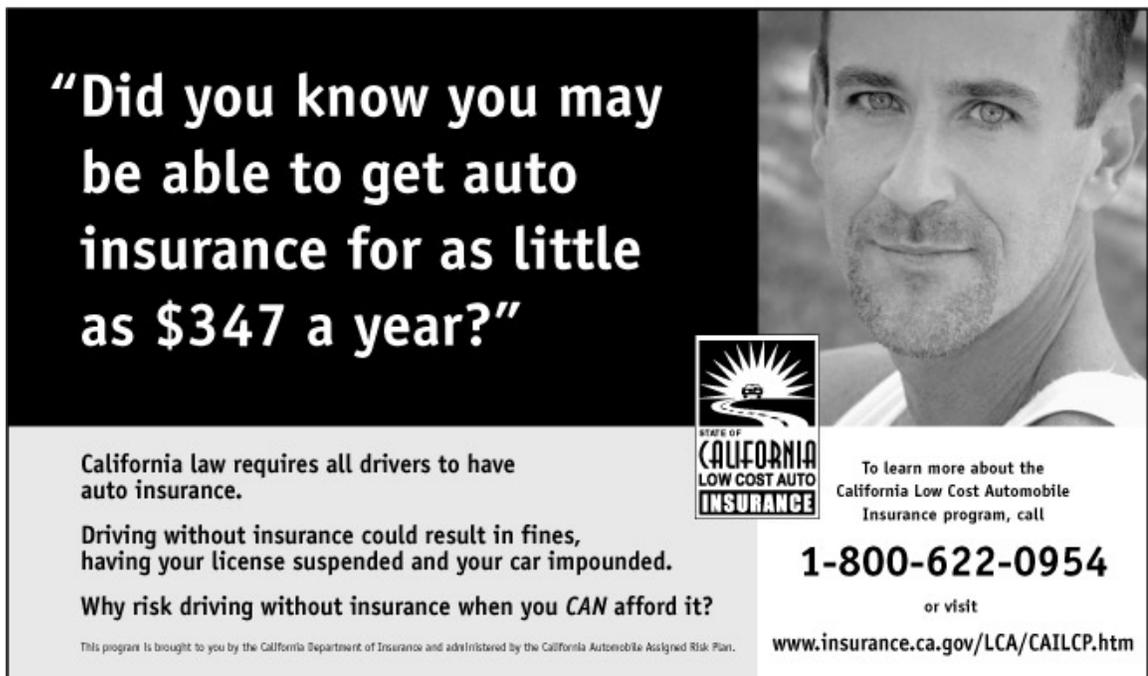
\*\* This is the percentage of the population below the federal poverty level. Income eligibility for the CLCA program is 250 percent of the Federal Poverty Level. Source: 2000 Federal Census.

Eliminate Maximum Number of Policies per Household

Currently, only two CLCA policies are permitted per household. Many low-income California households are multi-generational, often consisting of three or more generations. These households may have more than two vehicles, making them ineligible for the program. The household policy limit has been identified as a major cause of ineligibility for the program through CAARP’s inquiry screening process.

Eliminate Maximum Vehicle Value

Existing law sets the vehicle value threshold for program eligibility at \$12,000. Because a CLCA policy is liability only and does not provide collision coverage, the vehicle value is not relevant and should be eliminated. Vehicle value has been identified as a major cause of ineligibility for the program through CAARP’s inquiry screening process.



**“Did you know you may be able to get auto insurance for as little as \$347 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?

This program is brought to you by the California Department of Insurance and administered by the California Automobile Assigned Risk Plan.



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

**1-800-622-0954**

or visit

[www.insurance.ca.gov/LCA/CAILCP.htm](http://www.insurance.ca.gov/LCA/CAILCP.htm)

*Newspaper advertisement*

FY 2005-2006 CLCA Outreach Budget

Elements	Cost
<p><b>Partnership Outreach</b></p> <p>Using partnerships with community-based organizations, faith-based organizations, and labor organizations to reach potential participants in CLCA consumer education and outreach activities.</p> <ul style="list-style-type: none"> <li>• Purchasing ads in organizational bulletins and newsletters</li> <li>• Postage, mail processing, and bulk distribution of materials</li> <li>• CLCA application technical assistance</li> <li>• Project management and staffing</li> </ul>	<p>\$230,000</p>
<p><b>Outreach Materials (Including Ogilvy &amp; EDD)</b></p> <p>Develop integrated CLCA educational materials: flyers, postcards, posters, inserts, brochures, and press kits.</p> <ul style="list-style-type: none"> <li>• Graphic design, layout and copywriting</li> <li>• Design of materials to be developed for use in outreach efforts with organizations and governmental agencies</li> <li>• Update and refine CLCA targeted mailing list</li> <li>• Printing</li> <li>• Project management</li> </ul>	<p>\$210,000</p>
<p><b>Community Events</b></p> <ul style="list-style-type: none"> <li>• Attend and/or arrange conferences, workshops, community events, and education fairs</li> <li>• Conduct CLCA presentations, workshops, or seminars</li> <li>• Related travel expenses</li> </ul>	<p>\$25,000</p>
<p><b>CLCA Internet Web Page</b></p> <ul style="list-style-type: none"> <li>• Project management</li> </ul>	<p>\$10,000</p>
<p><b>Media – Print, Radio and Public Service Announcements</b></p> <ul style="list-style-type: none"> <li>• Creative and production</li> <li>• Air time and ad space purchase</li> <li>• Project management</li> </ul>	<p>\$200,000</p>
<p><b>Miscellaneous Outreach Activities</b></p>	<p>\$25,000</p>
<p><b>Total</b></p>	<p><b>\$700,000</b></p>

# Conclusion

The Commissioner is committed to the success of the California Low Cost Automobile Insurance Program and believes the activities implemented in 2004 show great promise for future success and for a significant reduction in the number of uninsured drivers on the roads of Los Angeles County and the City and County of San Francisco.

Through the elements described in our 2005 Outreach Plan, the Department expects to further raise consumer awareness and increase the volume of program inquiries and CLCA insurance policies assigned.

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

