

INS 6

STATE OF WISCONSIN)
)
OFFICE OF THE COMMISSIONER OF INSURANCE)

TO ALL TO WHOM THESE PRESENTS SHALL COME, GREETINGS:

I, Susan Mitchell, Commissioner of Insurance and custodian of the official records of said Office, do hereby certify that the annexed order adopting a rule relating to readability standards for insurance policies, was issued by this Office on September 22, 1980.

I further certify that said copy has been compared by me with the original on file in this Office and that the same is a true copy thereof, and of the whole of such original.

IN TESTIMONY WHEREOF, I have hereunto subscribed my name in the City of Madison, State of Wisconsin, this 22nd day of September, 1980.

Susan Mitchell
Commissioner of Insurance

STATE OF WISCONSIN
RECEIVED AND FILED

SEP 22 1980

VEL PHILLIPS
SECRETARY OF STATE

Rev. eff. 12-1-80

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SEP 22 1980
3:22 pm
REVISOR OF STATUTES
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ORDER OF THE COMMISSIONER OF INSURANCE

ADOPTING A RULE

STATE OF WISCONSIN
RECEIVED AND FILED

Relating to readability standards for insurance policies.

SEP 22 1980

VEL PHILLIPS
SECRETARY OF STATE

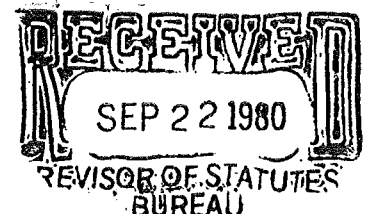
ANALYSIS PREPARED BY THE OFFICE OF THE COMMISSIONER OF INSURANCE

The purpose of section Ins 6.07 is to establish minimum standards for legibility, coherence and understandability of consumer insurance policies issued in Wisconsin as required by s. 631.22, Stats. Subsection (4) of the rule sets a minimum score of 40 on the Flesch reading ease test or a comparable test. Medicare supplement policies are required to achieve a minimum score of 50. A required minimum type size and boldness are set by the rule. Consumer insurance policies are required to include a table of contents and clear definitions and exclusions.

The method for measuring the Flesch reading ease test score is described in subsection (4), paragraph (b). Subsection (5) of the rule lists exemptions; securities subject to federal jurisdiction, group policies, some group annuities and renewal policies are not affected by the rule.

The Commissioner of Insurance has determined under authority provided by s. 631.22 (4), Stats., that delayed application of the effective dates is necessary to prevent an unreasonable burden upon the insurers issuing consumer insurance policies.

Private passenger automobile, homeowners, dwelling fire, individual disability, medicare supplement, and individual life and annuity policies issued or delivered six months or more after the effective date of the rule must be in compliance. Other consumer insurance policies which are issued or delivered



12 months or more after the effective date of the rule must be in compliance.

Town mutual insurance companies and other small insurance companies have 18 months in which to comply.

Pursuant to the authority vested in the Commissioner of Insurance by section 601.41 (3), Wisconsin Statutes, the Commissioner of Insurance hereby adopts a rule interpreting section 631.20 (2) (a) and 631.22, Wisconsin Statutes, as follows:

Section Ins 6.07 is adopted to read:

Ins 6.07 Insurance policy Language Simplification.

(1) Purpose. The purpose of this rule is to establish minimum standards for legibility, coherence and understandability in consumer insurance policies delivered or issued for delivery in the State of Wisconsin on or after the effective dates stipulated in sub. (8). Sections of statutes interpreted or implemented by this rule are ss. 631.20 (2) (a) and 631.22.

(2) Scope. This rule shall apply to "consumer insurance policies" as defined in sub. (3) and not exempted under sub. (5).

(3) Definitions.

(a) In this section "consumer insurance policy" means a life, disability, property or casualty insurance policy, or a certificate or a substitute for a certificate for group life, disability, property or casualty insurance coverage, which is issued to a person for personal, family or household purpose and a copy of which is customarily, in the insurance industry, delivered or is required by law, rule or agreement to be delivered to the person obtaining insurance coverage.

(b) The term "text" as used in this section shall include all printed matter except the following:

1. The name and address of the insurer; the name, number or title of the consumer insurance policy; the table of contents or index; captions and subcaptions; specification pages, schedules or tables; and

2. Any such form language which is drafted to conform to the requirements of any federal law, regulation or agency interpretation; any form language required by any collectively bargained agreement; any medical terminology; any words which are defined in the form; and any form language required by state law or regulation; provided, however, the insurer identifies the language or terminology excepted by this subdivision and certifies, in writing to the commissioner, that the language or terminology is entitled to be excepted by this subdivision.

(4) Minimum standards.

(a) In addition to any other requirements of law, no consumer insurance policy, unless excepted under sub. (5), shall be delivered or issued for delivery in this state on or after the dates such forms must be approved under this section, unless:

1. The text achieves a minimum score of 50 for those policies labeled as Medicare supplement policies as defined by s. Ins 3.39, and a minimum score of 40 for all other policies included under this rule, on the Flesch reading ease test as described in par. (b), or an equivalent score on any other comparable test as provided in par. (c) of this subsection unless a lower score is authorized under sub. (7);

2. It is printed, except for specification pages, schedules and tables, in not less than ten point type, one point leaded;

3. It is appropriately divided and captioned, presented in a meaningful sequence, and the style, arrangement and overall appearance of the policy enhance its understandability;

4. It contains a table of contents or an index of the principal sections of the policy if the policy contains more than 3,000 words or if the policy has more than three pages;

5. It contains a single section listing exclusions, or the exclusions are given at least equal prominence;

6. It defines words and expressions which are not commonly understood, or whose commonly understood meaning is not intended;

7. Cross-referencing between sections of the policy is maintained at a minimum.

(b) For the purposes of this section, a Flesch reading ease test score shall be measured by the following method:

1. For consumer insurance policies containing 10,000 words or less of text, the entire form shall be analyzed. For such forms containing more than 10,000 words, the readability of two 200-word samples per page may be analyzed instead of the entire form. The samples shall be separated by at least 20 printed lines.

2. The number of words and sentences in the text shall be counted and the total number of words divided by the total number of sentences. The figure obtained shall be multiplied by a factor of 1.015.

3. The total number of syllables shall be counted and divided by the total number of words. The figure obtained shall be multiplied by a factor of 84.6.

4. The sum of the figures computed under subdivisions 2. and 3. subtracted from 206.835 equals the Flesch reading ease score for the consumer insurance policy.

5. For purposes of subdivisions 2., 3., and 4., the following procedures shall be used:

a. A contraction, hyphenated word, or numbers and letters, when separated by spaces, shall be counted as one word;

b. A unit of words ending with a period, semicolon, or colon, but excluding headings and captions, shall be counted as a sentence; and

c. A syllable means a unit of spoken language consisting of one or more letters of a word as divided by an accepted dictionary. Where the dictionary shows two or more equally acceptable pronunciations of a word, the pronunciation containing fewer syllables may be used.

(c) Any other reading test may be approved by the commissioner for use as an alternative to the Flesch reading ease test if it is comparable in result to the Flesch reading ease test.

(5) Exemptions. This section does not apply to:

(a) Any policy which is a security subject to federal jurisdiction;

(b) Any group policy; however, this shall not exempt any certificate issued pursuant to a group policy delivered or issued for delivery in this state;

(c) Any group annuity contract which serves as a funding vehicle for pension, profit-sharing or deferred compensation plans;

(d) Renewal policies whose terms are not altered in any way. Changes in premium, monetary limits or language required by federal and state laws and regulations adopted after the effective date of this rule are not alterations under this section.

(e) Any form used in exchange, pursuant to a contractual provision, for an individual life policy delivered or issued for delivery on a form approved prior to the date that the form must be approved under this section.

(6) Certification.

(a) Filings subject to this section shall be accompanied by a certificate signed by an officer of the insurer stating that it meets the minimum reading ease score or stating that the score is lower than the minimum required but should be approved in accordance with sub. (7). To confirm the accuracy of any certification, the commissioner may require the submission of further information to verify the certification in question.

(7) Powers of the commissioner. The commissioner may authorize a lower score than the Flesch reading ease score required in subsection (4) (a) 1, whenever, at the sole discretion of the commissioner, it is found that a lower score: will provide a more accurate reflection of the understandability of a consumer insurance policy; is warranted by the nature of a particular form or type or class of such forms; or is caused by certain language which is drafted to conform to the requirements of any state law, rule or commissioner's interpretation.

(8) Effective date.

(a) This section shall apply to the following consumer insurance policies no later than six months after the effective date of this section:

1. private passenger automobile,
2. homeowners,
3. dwelling fire,
4. individual disability excluding disability income,
5. medicare supplement,
6. individual life and annuity.

(b) This section shall apply to the following consumer insurance policies no later than 12 months after the effective date of this section:

1. renewal policies with altered terms,
2. group disability certificates,
3. disability income,
4. all consumer insurance policies not included under par. (a) and

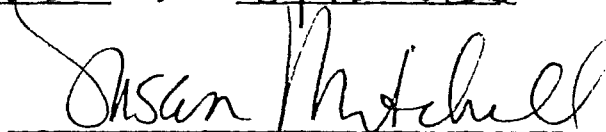
(c) of this subsection.

(c) This section shall apply to all Town Mutual insurers and also other insurers whose written premiums for the most recent calendar year did not exceed \$500,000 statewide, no later than 18 months after the effective date of this section, regardless of the requirements under par. (a) and (b) of this subsection.

(d) Any consumer insurance policy which has been approved prior to the effective date of this rule and meets the standards set by this rule need not be refiled for approval but may continue to be lawfully delivered or issued for delivery in this state upon the filing with the commissioner of a list of the forms and accompanied by a certificate for each form in the manner provided in sub. (6).

(e) The dates in par. (a), (b), (c) and (d) may be extended at the commissioner's sole discretion, but not beyond May 8th, 1982.

Dated at Madison, Wisconsin, this 22nd day of September, 1980.



Susan Mitchell
Commissioner of Insurance