

**NONPERSONAL LINES PROPERTY AND CASUALTY INSURANCE POLICY SIMPLIFICATION
MODEL REGULATION**

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Section 1. Authority

This regulation is issued under the authority of [cite Property and Casualty Insurance Policy Simplification Model Act or other insurance law].

Section 2. Implementation Dates

All policies listed in Column A below shall comply with Section 6 of the Act when the policies are newly issued or renewed with effective dates on or after the date shown for the policy in Column B below. For purposes of this section, continuous policies shall be deemed renewed on the beginning date of the next premium period beginning on or after the date in Column B.

A	B
_____	_____
_____	_____
_____	_____

Section 3. Standards

To comply with Section 6 of the Act, policies covered by Section 2 of this regulation shall meet the following standards:

- A. The policy shall include a table of contents or a summary of the organization of the policy.

Comment: Policies not printed in large numbers often do not lend themselves to the use of a table of contents. The summary of organization replaces the table of contents approach. It is intended to be of a general nature, describing for the policyholder the format of the policy. This might include, for example, the contents and location of the declaration page and the general location of other elements of the policy.

- B. Each section shall be self-contained and independent. However, general provisions applicable to more than one section may be included in a common section.
- C. The policy, except for declarations pages, schedules, and tables, shall be printed in not less than ten-point type, one point leaded.
- D. The policy shall be printed in a legible type style with adequate contrast between ink and paper. Captions, headings and spacing shall be used to increase overall legibility.
- E. The policy shall be written in everyday, conversational language, consistent with its standing as a contract. Short sentences and a personal style shall be used wherever possible.
- F. Technical terms and words with special meaning shall be avoided wherever possible.
- G. The policy text shall be scored for readability under the Flesch Reading Ease Test. If a score of at least forty (40) is achieved, the policy text shall be acceptable. If a score lower than forty (40) is achieved, the policy text may be found by the commissioner to be acceptable if the commissioner shall determine that other standards are reasonably met. This principle shall apply to similar results under any other comparable reading ease test. For the purpose of this section a Flesch Reading Ease Test shall be scored by the following method:

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- (1) For a policy containing 10,000 words or less of text, the entire policy shall be analyzed. For a policy containing more than 10,000 words, the readability of two 100-word samples per page may be analyzed instead. The samples shall be separated by at least twenty (20) printed lines.
- (2) The total number of words in the text or sample shall be divided by the total number of sentences. The figure obtained shall be multiplied by 1.015.
- (3) The total number of syllables in the text or sample shall be divided by the total number of words. The figure obtained shall be multiplied by 84.6.
- (4) The sum of the figures computed under Paragraphs (2) and (3) subtracted from 206.835 equals the Flesch Reading Ease Test score.
- (5) For purposes of this subsection, the following procedures shall be used:
 - (a) A contraction, hyphenated word, numbers and letters, when separated by spaces, shall be counted as one word;
 - (b) A unit of text ending with a period, semicolon or colon shall be counted as a sentence;
 - (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 (2) or more equally acceptable pronunciations of a word, the pronunciation containing fewer syllables may be used;
 - (d) At the option of the insurer, any form made a part of the policy may be scored separately or as part of the policy.
- (6) The term "text" as used in this section includes all printed matter except the name and address of the insurer; the name, number or title of the policy or form; the table of contents or summary of the organization of the policy; headings and captions; any words that are defined in the policy; declarations pages, schedules or tables; and any necessary esoteric or medical terminology so identified by the insurer.

Chronological Summary of Action (all references are to the Proceedings of the NAIC).

1981 Proc. 147, 51, 813, 814-816 (adopted).