

## CHAPTER 143

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**INSURANCE**


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**HOUSE BILL 10-1166**

BY REPRESENTATIVE(S) Kefalas, Casso, Fischer, Frangas, Gagliardi, Hullinghorst, Primavera, Tyler, Vigil, Apuan, Labuda, Merrifield, Middleton, Miklosi, Pace, Priola, Scanlan, Schafer S., Solano, Todd, Carroll T., Court, Kagan, Loper, Soper; also SENATOR(S) Newell, Bacon, Boyd, Carroll M., Foster, Gibbs, Hodge, Hudak, Keller, Romer, Shaffer B., Steadman, Tochtrop, Whitehead, Williams.

**AN ACT****CONCERNING THE USE OF PLAIN LANGUAGE IN INSURANCE POLICIES.**

*Be it enacted by the General Assembly of the State of Colorado:*

**SECTION 1.** Part 6 of article 4 of title 10, Colorado Revised Statutes, is amended BY THE ADDITION OF A NEW SECTION to read:

**10-4-633.5. Automobile insurance policies - plain language required.**

(1) (a) AN INSURER ISSUING OR RENEWING AUTOMOBILE INSURANCE POLICIES SUBJECT TO THIS PART 6 SHALL NOT ISSUE OR RENEW A POLICY UNLESS THE TEXT OF THE POLICY FORM DOES NOT EXCEED THE TENTH-GRADE LEVEL, AS MEASURED BY THE FLESCH-KINCAID GRADE LEVEL FORMULA, OR DOES NOT SCORE LESS THAN FIFTY AS MEASURED BY THE FLESCH READING EASE FORMULA.

(b) IN CONJUNCTION WITH THE REPORT SUBMITTED TO THE COMMISSIONER PURSUANT TO SECTION 10-4-633, THE INSURER SHALL REPORT THE READABILITY SCORES PRIOR TO THE ISSUANCE OR RENEWAL OF A POLICY OR THE USE OF THE POLICY FORM.

(2) THE POLICY FORM SHALL CONTAIN AN INDEX OR TABLE OF CONTENTS IF THE POLICY IS MORE THAN THREE PAGES IN LENGTH OR IF THE TEXT OF THE POLICY EXCEEDS THREE THOUSAND WORDS. THE INDEX, TABLE OF CONTENTS, AND TEXT OF THE POLICY FORM SHALL BE PRINTED IN NOT LESS THAN TEN-POINT TYPE.

(3) FOR PURPOSES OF SUBSECTION (1) OF THIS SECTION, THE FOLLOWING SHALL APPLY:

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*Capital letters indicate new material added to existing statutes; dashes through words indicate deletions from existing statutes and such material not part of act.*

(a) (I) A CONTRACTION, HYPHENATED WORD, OR NUMBERS AND LETTERS, WHEN SEPARATED BY SPACES, SHALL COUNT AS ONE WORD;

(II) A UNIT OF WORDS ENDING WITH A PERIOD, SEMICOLON, OR A COLON, BUT EXCLUDING HEADINGS AND CAPTIONS, SHALL BE COUNTED AS A SENTENCE; AND

(III) A SYLLABLE MEANS A UNIT OF SPOKEN LANGUAGE CONSISTING OF ONE OR MORE LETTERS OF A WORD AS DIVIDED BY AN ACCEPTED DICTIONARY. IF THE DICTIONARY SHOWS TWO OR MORE EQUALLY ACCEPTABLE PRONUNCIATIONS OF A WORD, THE PRONUNCIATIONS CONTAINING FEWER SYLLABLES MAY BE USED.

(b) "TEXT" INCLUDES ALL PRINTED MATTER EXCEPT THE FOLLOWING:

(I) THE NAME AND ADDRESS OF THE INSURER; THE NAME, NUMBER, OR TITLE OF THE POLICY; THE TABLE OF CONTENTS OR INDEX; CAPTIONS AND SUBCAPTIONS; AND SPECIFICATION PAGES, SCHEDULES, OR TABLES; AND

(II) ANY POLICY LANGUAGE THAT IS DRAFTED TO CONFORM TO THE REQUIREMENTS OF ANY FEDERAL LAW OR REGULATION; ANY POLICY LANGUAGE REQUIRED BY ANY COLLECTIVELY BARGAINED AGREEMENT; ANY MEDICAL TERMINOLOGY; ANY WORDS THAT ARE DEFINED IN THE POLICY; AND ANY POLICY LANGUAGE REQUIRED BY LAW OR REGULATION IF THE INSURER IDENTIFIES THE LANGUAGE OR TERMINOLOGY EXCEPTED AND CERTIFIES IN WRITING THAT THE LANGUAGE OR TERMINOLOGY IS ENTITLED TO BE EXCEPTED.

(4) THE COMMISSIONER SHALL PROMULGATE RULES REGARDING THE ELECTRONIC DISSEMINATION OF NEWLY ISSUED OR RENEWED POLICY FORMS OR ENDORSEMENTS.

(5) (a) THE REQUIREMENTS OF THIS SECTION SHALL NOT APPLY TO COMMERCIAL AUTOMOBILE INSURANCE COVERAGE.

(b) FOR THE PURPOSE OF THIS SUBSECTION (5), "COMMERCIAL AUTOMOBILE INSURANCE COVERAGE" MEANS ANY INSURANCE COVERAGE PROVIDED TO AN INSURED, REGARDLESS OF THE NUMBER OF VEHICLES OR ENTITIES COVERED, UNDER A COMMERCIAL AUTOMOBILE, GARAGE, MOTOR CARRIER, OR TRUCKERS COVERAGE POLICY FORM AND RATED USING EITHER A COMMERCIAL MANUAL OR RATING RULE.

**SECTION 2.** Part 1 of article 16 of title 10, Colorado Revised Statutes, is amended BY THE ADDITION OF A NEW SECTION to read:

**10-16-107.3. Health insurance policies - plain language required.** (1) (a) A CARRIER ISSUING OR RENEWING A HEALTH BENEFIT PLAN, LIMITED BENEFIT HEALTH INSURANCE, DENTAL PLAN, OR LONG-TERM CARE PLAN SUBJECT TO THIS ARTICLE SHALL NOT ISSUE OR RENEW THE PLAN UNLESS THE TEXT OF THE PLAN DOES NOT EXCEED THE TENTH-GRADE LEVEL AS MEASURED BY THE FLESCH-KINCAID GRADE LEVEL FORMULA OR DOES NOT SCORE LESS THAN FIFTY AS MEASURED BY THE FLESCH READING EASE FORMULA.

(b) IN CONJUNCTION WITH THE REPORT SUBMITTED TO THE COMMISSIONER PURSUANT TO SECTION 10-16-107.2, THE CARRIER SHALL REPORT THE READABILITY SCORES PRIOR TO THE ISSUANCE OR RENEWAL OF A POLICY OR THE USE OF THE PLAN.

(2) THE HEALTH BENEFIT PLAN, LIMITED BENEFIT HEALTH INSURANCE, DENTAL PLAN, OR LONG-TERM CARE PLAN SHALL CONTAIN AN INDEX OR TABLE OF CONTENTS IF THE PLAN IS MORE THAN THREE PAGES IN LENGTH OR IF THE TEXT OF THE PLAN EXCEEDS THREE THOUSAND WORDS. THE INDEX, TABLE OF CONTENTS, AND TEXT OF THE PLAN SHALL BE PRINTED IN NOT LESS THAN TEN-POINT TYPE.

(3) FOR PURPOSES OF SUBSECTION (1) OF THIS SECTION, THE FOLLOWING SHALL APPLY:

(a) (I) A CONTRACTION, HYPHENATED WORD, OR NUMBERS AND LETTERS, WHEN SEPARATED BY SPACES, SHALL COUNT AS ONE WORD;

(II) A UNIT OF WORDS ENDING WITH A PERIOD, SEMICOLON, OR A COLON, BUT EXCLUDING HEADINGS AND CAPTIONS, SHALL BE COUNTED AS A SENTENCE; AND

(III) A SYLLABLE MEANS A UNIT OF SPOKEN LANGUAGE CONSISTING OF ONE OR MORE LETTERS OF A WORD AS DIVIDED BY AN ACCEPTED DICTIONARY. IF THE DICTIONARY SHOWS TWO OR MORE EQUALLY ACCEPTABLE PRONUNCIATIONS OF A WORD, THE PRONUNCIATIONS CONTAINING FEWER SYLLABLES MAY BE USED.

(b) "TEXT" INCLUDES ALL PRINTED MATTER EXCEPT THE FOLLOWING:

(I) THE NAME AND ADDRESS OF THE CARRIER; THE NAME, NUMBER, OR TITLE OF THE POLICY; THE TABLE OF CONTENTS OR INDEX; CAPTIONS AND SUBCAPTIONS; AND SPECIFICATION PAGES, SCHEDULES, OR TABLES; AND

(II) ANY POLICY LANGUAGE THAT IS DRAFTED TO CONFORM TO THE REQUIREMENTS OF ANY FEDERAL LAW OR REGULATION; ANY POLICY LANGUAGE REQUIRED BY ANY COLLECTIVELY BARGAINED AGREEMENT; ANY MEDICAL TERMINOLOGY; ANY WORDS THAT ARE DEFINED IN THE POLICY; AND ANY POLICY LANGUAGE REQUIRED BY LAW OR REGULATION IF THE CARRIER IDENTIFIES THE LANGUAGE OR TERMINOLOGY EXCEPTED AND CERTIFIES IN WRITING THAT THE LANGUAGE OR TERMINOLOGY IS ENTITLED TO BE EXCEPTED.

(4) THE COMMISSIONER SHALL PROMULGATE RULES REGARDING THE ELECTRONIC DISSEMINATION OF NEWLY ISSUED OR RENEWED POLICY FORMS OR ENDORSEMENTS.

(5) FOR THE PURPOSES OF SUBSECTION (1) OF THIS SECTION, FOR GROUP HEALTH BENEFIT PLANS, THE EVIDENCE OF COVERAGE OR CERTIFICATE OF COVERAGE THAT IS PROVIDED TO THE COVERED PERSON, SHALL BE THE ONLY TEXT FOR THE PURPOSES OF THE FLESCHE-KINCAID GRADE LEVEL FORMULA AND THE FLESCHE READING EASE FORMULA.

**SECTION 3. Act subject to petition - specified effective date - applicability.**

(1) This act shall take effect January 1, 2012; except that, if a referendum petition is filed pursuant to section 1 (3) of article V of the state constitution against this act or an item, section, or part of this act within the ninety-day period after final adjournment of the general assembly, then the act, item, section, or part shall not take effect unless approved by the people at the general election to be held in November 2010 and shall take effect on January 1, 2012, or on the date of the official declaration of the vote thereon by the governor, whichever is later.

(2) The provisions of this act shall apply to automobile insurance policies, health benefit plans, limited benefit health insurance, dental plans, and long-term care plans issued or renewed and being marketed on or after the applicable effective date of this act.

Approved: April 20, 2010