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STATE OF COLORADO

INTRODUCED

LLS NO. 10-0305.02 Kristen Forrestal

HOUSE BILL 10-1166

HOUSE SPONSORSHIP

Kefalas, Casso, Fischer, Frangas, Gagliardi, Hullinghorst, Primavera, Tyler, Vigil

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Business Affairs and Labor

A BILL FOR AN ACT

CONCERNING THE USE OF PLAIN LANGUAGE IN INSURANCE POLICIES.

Bill Summary

The bill requires that automobile insurance policies, health benefit plans, limited benefit health insurance, dental plans, and long-term care plans that are issued or renewed on or after July 1, 2011, be written at or below the tenth-grade reading level. Current law does not require any readability level. The bill also requires the text of the policies and plans to be written in 12-point type or larger and to contain an index or table of contents if they are longer than 3 pages or 3,000 words. **Section 2** of the bill applies to automobile insurance policies. **Section 3** applies to health benefit plans, limited benefit health insurance, dental plans, and long-term care plans. **Section 1** makes the violation of either section 2 or 3 an unfair or deceptive act or practice in the business of insurance.

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

SECTION 1. 10-3-1104 (1), Colorado Revised Statutes, is amended BY THE ADDITION OF A NEW PARAGRAPH to read:

10-3-1104. Unfair methods of competition and unfair or deceptive acts or practices. (1) The following are defined as unfair methods of competition and unfair or deceptive acts or practices in the business of insurance:

(hh) VIOLATION OF SECTION 10-4-633.5 OR 10-16-107.3.

SECTION 2. 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 AUTOMOBILE INSURANCE POLICIES SUBJECT TO THIS PART 6 SHALL NOT ISSUE 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 SIXTY 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 TWELVE-POINT TYPE.

(3) A VIOLATION OF THIS SECTION BY AN INSURER IS AN UNFAIR OR DECEPTIVE ACT OR PRACTICE PURSUANT TO PART 11 OF ARTICLE 3 OF THIS TITLE.

SECTION 3. 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 A HEALTH BENEFIT PLAN, LIMITED BENEFIT HEALTH INSURANCE, DENTAL PLAN, OR LONG-TERM CARE PLAN SUBJECT TO THIS ARTICLE SHALL NOT ISSUE 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 SIXTY 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 TWELVE-POINT TYPE.

(3) A VIOLATION OF THIS SECTION BY A CARRIER SHALL BE CONSIDERED AN UNFAIR OR DECEPTIVE ACT OR PRACTICE PURSUANT TO PART 11 OF ARTICLE 3 OF THIS TITLE.

SECTION 4. Act subject to petition - specified effective date - applicability. (1) This act shall take effect July 1, 2011; 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 July 1, 2011, 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 on or after the applicable effective date of this act.