

Second Regular Session  
Sixty-seventh General Assembly  
STATE OF COLORADO

**REREVISED**

*This Version Includes All Amendments  
Adopted in the Second House*

LLS NO. 10-0305.02 Kristen Forrestal

**HOUSE BILL 10-1166**

**HOUSE SPONSORSHIP**

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

**SENATE SPONSORSHIP**

**Newell,**

**House Committees**

Business Affairs and Labor

**Senate Committees**

Business, Labor and Technology

**A BILL FOR AN ACT**

101 **CONCERNING THE USE OF PLAIN LANGUAGE IN INSURANCE POLICIES.**

**Bill Summary**

*(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at <http://www.leg.state.co.us/billsummaries>.)*

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

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.  
*Capital letters indicate new material to be added to existing statute.  
Dashes through the words indicate deletions from existing statute.*

SENATE  
3rd Reading Unam ended  
M arch 29, 2010

SENATE  
Am ended 2nd Reading  
M arch 26, 2010

HOUSE  
3rd Reading Unam ended  
M arch 16, 2010

HOUSE  
Am ended 2nd Reading  
M arch 15, 2010

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.

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

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

6 **10-4-633.5. Automobile insurance policies - plain language**  
7 **required.** (1) (a) AN INSURER ISSUING OR RENEWING AUTOMOBILE  
8 INSURANCE POLICIES SUBJECT TO THIS PART 6 SHALL NOT ISSUE OR RENEW  
9 A POLICY UNLESS THE TEXT OF THE POLICY FORM DOES NOT EXCEED THE  
10 TENTH-GRADE LEVEL, AS MEASURED BY THE FLESCH-KINCAID GRADE  
11 LEVEL FORMULA, OR DOES NOT SCORE LESS THAN FIFTY AS MEASURED BY  
12 THE FLESCH READING EASE FORMULA.

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

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

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

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

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

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

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

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

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

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

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

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

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

12 **10-16-107.3. Health insurance policies - plain language**  
13 **required.** (1) (a) A CARRIER ISSUING OR RENEWING A HEALTH BENEFIT  
14 PLAN, LIMITED BENEFIT HEALTH INSURANCE, DENTAL PLAN, OR  
15 LONG-TERM CARE PLAN SUBJECT TO THIS ARTICLE SHALL NOT ISSUE OR  
16 RENEW THE PLAN UNLESS THE TEXT OF THE PLAN DOES NOT EXCEED THE  
17 TENTH-GRADE LEVEL AS MEASURED BY THE FLESCH-KINCAID GRADE  
18 LEVEL FORMULA OR DOES NOT SCORE LESS THAN FIFTY AS MEASURED BY  
19 THE FLESCH READING EASE FORMULA.

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

24 (2) THE HEALTH BENEFIT PLAN, LIMITED BENEFIT HEALTH  
25 INSURANCE, DENTAL PLAN, OR LONG-TERM CARE PLAN SHALL CONTAIN AN  
26 INDEX OR TABLE OF CONTENTS IF THE PLAN IS MORE THAN THREE PAGES IN  
27 LENGTH OR IF THE TEXT OF THE PLAN EXCEEDS THREE THOUSAND WORDS.

1 THE INDEX, TABLE OF CONTENTS, AND TEXT OF THE PLAN SHALL BE  
2 PRINTED IN NOT LESS THAN TEN-POINT TYPE.

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

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

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

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

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

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

21 (II) ANY POLICY LANGUAGE THAT IS DRAFTED TO CONFORM TO THE  
22 REQUIREMENTS OF ANY FEDERAL LAW OR REGULATION; ANY POLICY  
23 LANGUAGE REQUIRED BY ANY COLLECTIVELY BARGAINED AGREEMENT;  
24 ANY MEDICAL TERMINOLOGY; ANY WORDS THAT ARE DEFINED IN THE  
25 POLICY; AND ANY POLICY LANGUAGE REQUIRED BY LAW OR REGULATION  
26 IF THE CARRIER IDENTIFIES THE LANGUAGE OR TERMINOLOGY EXCEPTED  
27 AND CERTIFIES IN WRITING THAT THE LANGUAGE OR TERMINOLOGY IS

1 ENTITLED TO BE EXCEPTED.

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

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

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

11 **- applicability.** (1) This act shall take effect January 1, 2012; except  
12 that, if a referendum petition is filed pursuant to section 1 (3) of article V  
13 of the state constitution against this act or an item, section, or part of this  
14 act within the ninety-day period after final adjournment of the general  
15 assembly, then the act, item, section, or part shall not take effect unless  
16 approved by the people at the general election to be held in November  
17 2010 and shall take effect on January 1, 2012, or on the date of the  
18 official declaration of the vote thereon by the governor, whichever is  
19 later.

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