



# State of Wisconsin / OFFICE OF THE COMMISSIONER OF INSURANCE

Jim Doyle, Governor  
Sean Dilweg, Commissioner

Wisconsin.gov

August 25, 2010

**Legal Unit**  
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REPORT ON Section Ins 6.05 and 6.07, Wis. Adm. Code,  
relating to policy form language simplification and  
readability

**Clearinghouse Rule No. 10-076**  
Submitted Under s. 227.19 (3), Stats.

(The proposed rule-making order is attached.)

**(a) A detailed statement of basis for the proposed rule and how the rule advances relevant statutory goals or purposes:**

The proposed rule advances two separate goals; updating form filings to include electronic filings and utilization of a standardized transmittal document, and increasing consumer access and understanding of their insurance policies. Section 631.20, Stats., requires an insurer to file forms with OCI and provide insureds with copies of their policies and applications for insurance. This proposed rule revises the requirements for the form filing submission by adding electronic filing and standardizes the transmittal document to National Association of Insurance Commissioners model. Secondly, s. 631.22 (2), Stats., requires insurers to provide policies that are coherent, written in commonly understood language, legible, appropriately divided and captioned by its various sections and presented in a meaningful sequence. The proposed rule increases readability for disability policies from a Flesch score of 40 to 50 and requires insurers to inform consumers on how to access their in force policy.

The proposed rule was developed with the assistance of an advisory council comprised of intermediaries, public members, consumer advocates and

representatives from the insurance industry. The council was charged with developing the reviewing and recommending modifications to the Flesch readability score and how to best increase consumer access to complete in force copies of their insurance policies. The advisory council met 7 times between October 2009 and May 2010 and recommended the proposed rule to the commissioner.

**(b) Summary of the public comments and the agency's responses to those comments:**

**Comment: Request delayed implementation for 2 years for property and casualty insurance or until renewing disability policy is required to be updated under the Patient Protections and Affordable Care Act of 2010.**

Response: The office has increased the delayed effective date from 6 months to 8 months from the effective date of the rule.

**Comment: Delete requirement to provide all portions of the in force policy.**

Response: The office limited the requirement to the individual's in force policy but believes consumers should be able to have all portions of their policy not just the most recent provisions.

**Comment: Broaden the scope of the exemption to smaller domestic companies.**

Response: The office exempted over 60 town mutual companies and significantly limited the scope of insurers required to comply with the rule to address concerns.

**Comment: Relax filing requirements for electronic filing submissions.**

Response: This is contrary to the purpose of the statute and oversight by the office to ensure products provided to consumers are compliant with statutory and regulatory requirements.

**(c) An explanation of any modifications made in proposed rule as a result of public comments or testimony received at a public hearing:**

The office extended the delay effective date from six months to eight months.

**(d) Persons who appeared or registered regarding the proposed rule:**

**Appearances for:**

None

**Appearances against:**

None

**Appearances for information:**

Jim Thusty, Wisconsin Association of Mutual Insurance Companies  
Andy Franken, Wisconsin Insurance Alliance

**Registrations for:**

Tony Langenohl, State Farm Insurance

**Registrations against:**

John Quick, Rural Mutual Insurance Company

**Registrations neither for nor against:**

Monica Groves Bakzo, American Family Insurance  
Kathryn Ambelang, WPS Health Insurance Corp.  
Mary Haffenbredl, Humana Insurance  
Misha Lee, Sentry Insurance  
Tony Langenohl, America's Health Insurance Plans  
Phil Dougherty, Wisconsin Association of Health Plans  
Megge Stein, Group Health Coop- South Central WI

**Letters received:**

Barbara Ulbrich, State Farm Insurance  
Jim Thusty, WAMIC  
Dan Schwartzer, WPPO  
Roger Steinbach, ISO  
Andy Franken, WIA  
Karen Geiger, Anthem  
Beth Kastigar, Consumer Credit Industry Association  
Phil Dougherty, WAHP  
Mary Haffenbredl, Humana  
Daniel Bong, ABC for Health

- (e) An explanation of any changes made to the plain language analysis of the rule under s. 227.14 (2), Stats., or to any fiscal estimate prepared under s. 227.14 (4), Stats.**

None

- (f) The response to the Legislative Council staff recommendations indicating acceptance of the recommendations and a specific reason for rejecting any recommendation:**

All comments were complied with and corrected.

- (g) The response to the report prepared by the small business regulatory review board:**

The small business regulatory review board did not prepare a report.

**(h) Final Regulatory Flexibility Analysis**

A Final Regulatory Flexibility Analysis is Not Required because the rule will not have a significant economic impact on a substantial number of small businesses.

**(i) Fiscal Effect**

See fiscal estimate attached to proposed rule.

Attachment: Legislative Council Staff Recommendations  
August 25, 2010