

**PROPERTY AND CASUALTY INSURANCE  
POLICY SIMPLIFICATION MODEL ACT**

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**Section 1. Title**

This Act may be cited as the Property and Casualty Insurance Policy Simplification Act.

**Section 2. Purpose**

- A. The purpose of the Act is to establish minimum language and format standards to make property and casualty insurance policies easier to read.
- B. This Act is not intended to increase the risk assumed under policies subject to it. Nor is it intended to impede flexibility and innovation in the development of policy forms or content. It does not grant authority to the [Commissioner] to mandate the standardization of policy forms or content.

**Section 3. Definitions**

As used in this Act:

- A. "Casualty insurance" does not include accident and health insurance or disability insurance.
- B. "Commissioner" means the Insurance Commissioner of this state.
- C. "Policy" or "policy form" means any written contract of property or casualty insurance delivered or issued for delivery in this state by or on behalf of any insurer licensed in this state.

**Section 4. Applicability**

- A. This Act shall apply to all policies with effective dates on or after the implementation date established for such policies under Section 5.
- B. No other statute of this state setting simplification standards for language or format shall apply to any policy.

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- C. This Act shall not apply to policies in manuscript form or to the following kinds of insurance:
  - (1) Ocean marine;
  - (2) Surety and financial institution bonds;
  - (3) Reinsurance; or
  - (4) Commercial aviation.
  
- D. Any non-English policy shall be deemed in compliance with Section 6 if it was translated from an English-language policy which complies with Section 6.

**Section 5. Implementation Dates**

- A. Personal Lines Policies. In addition to any other requirements of law, the Commissioner shall by regulation specify the date or dates by which personal lines policies shall comply with Section 6. The date or dates established by the Commissioner for compliance shall not be less than eighteen (18) months or more than thirty-six (36) months from the effective date of the regulation. "Personal lines policies" are policies
  - (1) Solely used to provide homeowners insurance, dwelling fire insurance on one to four family units, or individual fire insurance on dwelling contents; or
  - (2) Principally used to provide primary insurance on private passenger nonfleet automobiles individually owned and used for personal or family needs.
  
- B. All Other Property or Casualty Policies. In addition to any other requirements of law, the Commissioner may by regulation specify which policies, other than those described in A, shall comply with Section 6. The date or dates, if any, established by the Commissioner for compliance may not be less than forty-eight (48) months from the effective date of this Act or twenty-four (24) months from the effective date of the regulation establishing the dates, whichever is later.

**Drafting Note:** Additional lines of insurance should be made subject to policy simplification on a staggered basis. It is strongly recommended that the Commissioner establish such requirements after consultation with an ad hoc committee of interested parties. This committee should suggest additional lines based on such factors as number of policies written (higher volume policies first), whether they are personal lines or commercial lines (personal lines first), and whether they are primary or excess (primary first).

**Section 6. Minimum Policy Simplification Standards**

All policies which, under Section 5, must comply with this section shall be simplified, taking into consideration the following factors:

- A. Use of simple sentence structure and short sentences;
- B. Use of commonly understood words;
- C. Avoidance of technical legal terms wherever possible;

- D. Minimal reference to other sections or provisions of the policy;
- E. Organization of text; and
- F. Legibility.

**Section 7. Outline of Coverage**

An insurer may comply with Sections 5B and 6 for not more than twelve (12) months following the implementation date established by the Commissioner by providing to the policyholder an outline of coverage or a brochure instead of a simplified policy. Such outline or brochure shall comply with Section 6.

**Section 8. Powers of the Commissioner**

- A. The Commissioner may, after notice and hearing, issue reasonable rules or regulations implementing Sections 5 and 6.
- B. The Commissioner may, at his sole discretion, extend any dates under this Act.
- C. The Commissioner shall have sole authority to enforce the provisions of this Act or seek remedies for its violation.

**Section 9. Compliance with Other Statutorily Required Language**

The requirements of any other laws which specify the language or content of any policy may be met by a policy complying with Section 6. However, it must provide protection which, considered as a whole, is not less favorable to the insured than is required by such other laws.

**Section 10. Countersignature Not Required**

Policies issued to comply with Section 6 need not be countersigned by a licensed resident agent.

**Section 11. Effective Date**

This Act shall take effect [insert date].

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

*1980 Proc. II 22, 26, 908, 911-913 (adopted).*

*1981 Proc. I 47, 51, 813, 814 (amended).*

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**This chart is intended to provide readers with additional information to more easily access state statutes, regulations, bulletins or administrative rulings related to the NAIC model. Such guidance provides readers with a starting point from which they may review how each state has addressed the model and the topic being covered. The NAIC Legal Division has reviewed each state’s activity in this area and has determined whether the citation most appropriately fits in the Model Adoption column or Related State Activity column based on the definitions listed below. The NAIC’s interpretation may or may not be shared by the individual states or by interested readers.**

**This chart does not constitute a formal legal opinion by the NAIC staff on the provisions of state law and should not be relied upon as such. Nor does this state page reflect a determination as to whether a state meets any applicable accreditation standards. Every effort has been made to provide correct and accurate summaries to assist readers in locating useful information. Readers should consult state law for further details and for the most current information.**

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**KEY:**

**MODEL ADOPTION:** States that have citations identified in this column adopted the most recent version of the NAIC model in a **substantially similar manner**. This requires states to adopt the model in its entirety but does allow for variations in style and format. States that have adopted portions of the current NAIC model will be included in this column with an explanatory note.

**RELATED STATE ACTIVITY:** Examples of Related State Activity include but are not limited to: older versions of the NAIC model, statutes or regulations addressing the same subject matter, or other administrative guidance such as bulletins and notices. States that have citations identified in this column **only** (and nothing listed in the Model Adoption column) have **not** adopted the most recent version of the NAIC model in a **substantially similar manner**.

**NO CURRENT ACTIVITY:** No state activity on the topic as of the date of the most recent update. This includes states that have repealed legislation as well as states that have never adopted legislation.

| NAIC MEMBER          | MODEL ADOPTION                                   | RELATED STATE ACTIVITY                              |
|----------------------|--|---|
| Alabama              | NO CURRENT ACTIVITY                              |   |
| Alaska               | NO CURRENT ACTIVITY                              |   |
| American Samoa       | NO CURRENT ACTIVITY                              |   |
| Arizona              | NO CURRENT ACTIVITY                              |   |
| Arkansas             | ARK. CODE ANN. §§ 23-80-301 to 23-80-308 (1981). |   |
| California           | NO CURRENT ACTIVITY                              |   |
| Colorado             | NO CURRENT ACTIVITY                              |   |
| Connecticut          |  | CONN. GEN. STAT. §§ 38a-295 to 38a-300 (1979/1984). |
| Delaware             |  | DEL. CODE ANN. tit. 18, §§ 2740 to 2741 (1976).     |
| District of Columbia | NO CURRENT ACTIVITY                              |   |
| Florida              | NO CURRENT ACTIVITY                              |   |
| Georgia              |  | GA. CODE ANN. § 33-3-25 (1981/1988).                |

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| <b>NAIC MEMBER</b> | <b>MODEL ADOPTION</b>   | <b>RELATED STATE ACTIVITY</b>  |
|--------------------|---|--|
| Guam               | NO CURRENT ACTIVITY   |  |
| Hawaii             |   | HAW. REV. STAT. §§ 431:10-101 to 431:10-108 (1988) (Applies to all contracts).               |
| Idaho              | NO CURRENT ACTIVITY   |  |
| Illinois           | NO CURRENT ACTIVITY   |  |
| Indiana            | NO CURRENT ACTIVITY   |  |
| Iowa               | NO CURRENT ACTIVITY   |  |
| Kansas             | NO CURRENT ACTIVITY   |  |
| Kentucky           |   | KY. REV. STAT. ANN. §§ 304.14-420 to 304.14-450 (1988).                                      |
| Louisiana          | NO CURRENT ACTIVITY   |  |
| Maine              |   | ME. REV. STAT. ANN. tit. 24A, §§ 2438 to 2445 (1979).  |
| Maryland           |   | MD. CODE ANN., INS. § 12-107 (1977) (Gives commissioner authority to promulgate regulation). |
| Massachusetts      | NO CURRENT ACTIVITY   |  |
| Michigan           | NO CURRENT ACTIVITY   |  |
| Minnesota          |   | MINN. STAT. §§ 72C.01 to 72C.11 (1977).  |
| Mississippi        | NO CURRENT ACTIVITY   |  |
| Missouri           | NO CURRENT ACTIVITY   |  |
| Montana            | MONT. CODE ANN. §§ 33-15-333 to 33-15-340 (1996) (Model act and regulation combined). |  |
| Nebraska           | NO CURRENT ACTIVITY   |  |



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| <b>NAIC MEMBER</b> | <b>MODEL ADOPTION</b> | <b>RELATED STATE ACTIVITY</b>                      |
|--------------------|-----------------------|--|
| Nevada             | NO CURRENT ACTIVITY   |  |
| New Hampshire      | NO CURRENT ACTIVITY   |  |
| New Jersey         |                       | N.J. STAT. ANN. § 56:12-1 to 56:12-13 (1980/2014). |
| New Mexico         | NO CURRENT ACTIVITY   |  |
| New York           | NO CURRENT ACTIVITY   |  |
| North Carolina     | NO CURRENT ACTIVITY   |  |
| North Dakota       | NO CURRENT ACTIVITY   |  |
| Northern Marianas  | NO CURRENT ACTIVITY   |  |
| Ohio               | NO CURRENT ACTIVITY   |  |
| Oklahoma           | NO CURRENT ACTIVITY   |  |
| Oregon             | NO CURRENT ACTIVITY   |  |
| Pennsylvania       | NO CURRENT ACTIVITY   |  |
| Puerto Rico        | NO CURRENT ACTIVITY   |  |
| Rhode Island       |                       | R.I. GEN. LAWS § 27-5-9.1 (1979).                  |
| South Carolina     |                       | S.C. CODE ANN. §§ 38-61-30 to 38-61-60 (1988).     |
| South Dakota       | NO CURRENT ACTIVITY   |  |
| Tennessee          | NO CURRENT ACTIVITY   |  |
| Texas              | NO CURRENT ACTIVITY   |  |
| Utah               | NO CURRENT ACTIVITY   |  |
| Vermont            | NO CURRENT ACTIVITY   |  |
| Virgin Islands     | NO CURRENT ACTIVITY   |  |

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|--------------------|-----------------------|---|
| Virginia           |                       | VA. CODE ANN. § 38.2-2224 (1986)<br>(Auto only, commissioner authorized to promulgate regulation on readability). |
| Washington         | NO CURRENT ACTIVITY   |   |
| West Virginia      | NO CURRENT ACTIVITY   |   |
| Wisconsin          |                       | WIS. STAT. § 631.22 (1980).   |
| Wyoming            | NO CURRENT ACTIVITY   |   |